

Tuesday, 17 July 2018

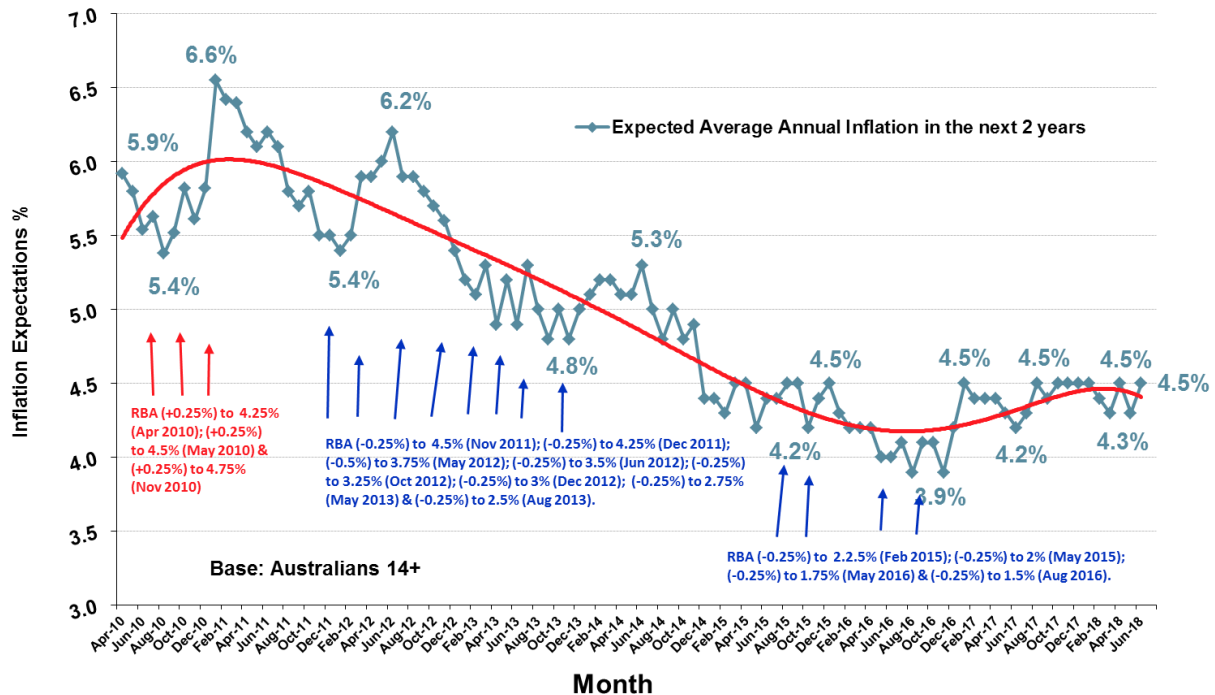
Australia's unemployed have the highest Inflation Expectations at 5.5%

In June Australians expected inflation of 4.5% per year over the next two years. This is up 0.2% from a month ago, and up 0.3% on a year ago in June 2017. Inflation Expectations have now tracked in a narrow range between 4.3-4.5% for 12 straight months since July 2017.

Analysing Inflation Expectations by employment status shows Inflation Expectations are up amongst all categories over the past year however have increased the most amongst unemployed Australians. Unemployed Australians now have Inflation Expectations of 5.5% per year over the next two years an increase of 0.7% from June 2017.

Following this month's, fall Inflation Expectations remain well below the eight year average of 5.0%. June Inflation Expectations are based on a nationwide face-to-face survey of 4,300 Australians aged 14+.

Roy Morgan Inflation Expectations Index – Expected Annual Inflation in next 2 years



Source: Roy Morgan Single Source: Interviews with an average of 4,000 Australians per month aged 14+ (April 2010 – June 2018).

Inflation Expectations up in all States in June – now highest in Tasmania

Analysis of Inflation Expectations by State shows Inflation Expectations increasing in NSW to 4.2%, up in Victoria to 4.7%, up in Queensland to 4.8% and up in South Australia to 4.7%.

Inflation Expectations in Tasmania increased to 5.1% and are now the highest in Australia while Inflation Expectations also increased in WA to 4.1% although remain the lowest of any State.

Inflation Expectations up for supporters of all parties in June

Inflation Expectations for L-NP supporters increased 0.1% to 3.6% in June although they're still well below supporters of all other parties. Inflation Expectations for ALP supporters remain just above the national average at 4.6%, up 0.2%.

Supporters of Independents/Others again have the highest Inflation Expectations of any supporters at 4.9%, up 0.1%, while Greens supporters Inflation Expectations increased 0.2% to 4.2% although remain below the national average.

Inflation Expectations up for all employment categories but lowest for full-time employees

Analysing Inflation Expectations in Australia by employment status in June 2018 compared to a year ago show Inflation Expectations have increased for all employment categories.

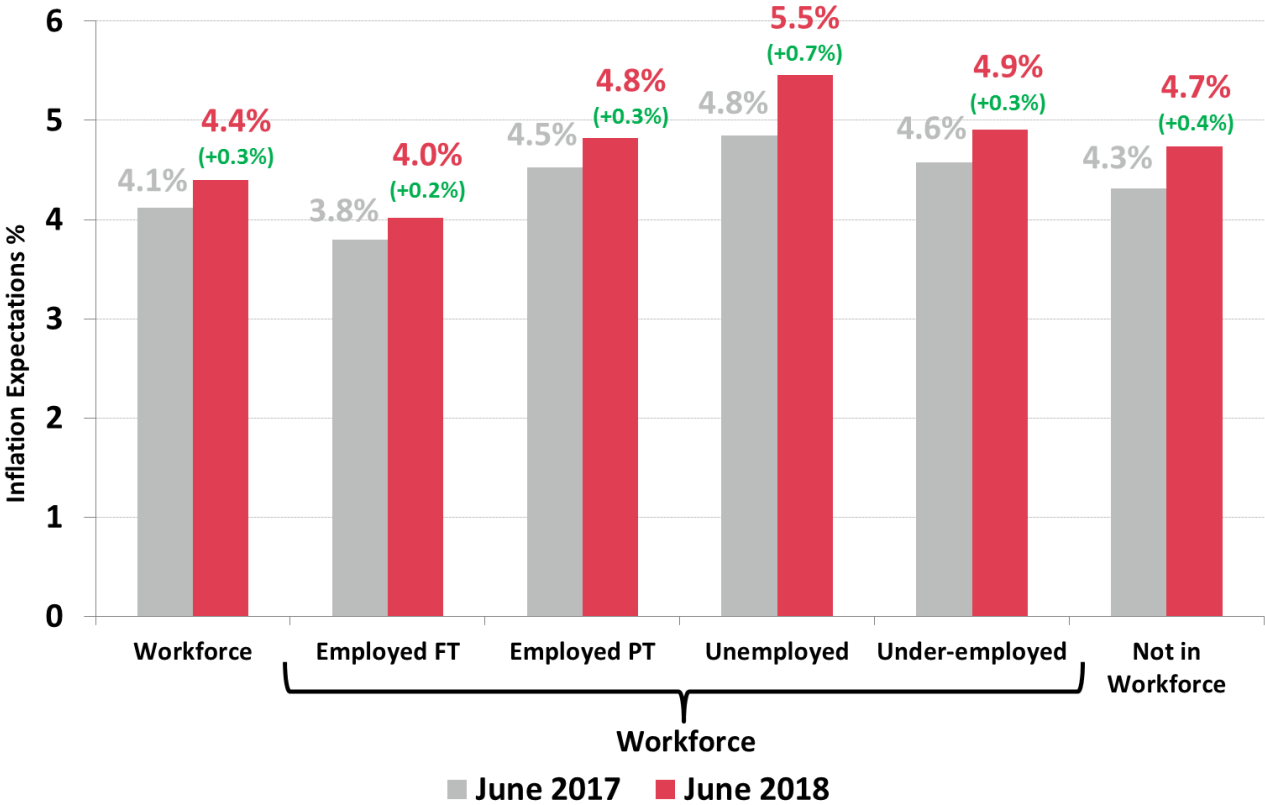
The biggest increase is for unemployed Australians who now have Inflation Expectations of 5.5%, up a significant 0.7% from a year ago while the smallest increase is for Australians employed full-time, up only 0.2% to 4% and the lowest of any employment category.

The Inflation Expectations of the workforce as a whole are now at 4.4%, up 0.3%, and still just below the Inflation Expectations of all Australians now at 4.5%.

Australians employed part-time now have Inflation Expectations of 4.8%, up 0.3% in a year while those who are working part-time but want more work, the under-employed, now have Inflation Expectations of 4.9%, also up 0.3% from a year ago.

Australians not currently in the workforce which includes retired Australians, Australians who are studying, doing home duties or simply not working and not looking for work have Inflation Expectations of 4.7%, up 0.4% from a year ago.

Inflation Expectations by Employment Status June 2017 v June 2018



Source: Roy Morgan Single Source: June 2017, n=4,118 and June 2018, n=4,300. Base: Australians 14+.

Michele Levine, CEO, Roy Morgan, says the increase in Inflation Expectations over the past year has been driven most strongly by unemployed Australians although all employment categories now have higher Inflation Expectations than a year ago:

“Roy Morgan Inflation Expectations are up 0.2% to 4.5% in June and up 0.3% on a year ago. However, despite the increase, Inflation Expectations are yet to break above this mark and have now been at 4.5% or below for nearly four years since November 2014.

“Driving the increase over the past year have been unemployed Australians who’s Inflation Expectations have soared 0.7% to 5.5% and are now clearly higher than any other employment category.

“In contrast, Australians employed full-time now have clearly the lowest Inflation Expectations of 4%, up by only 0.2% on a year ago. The Inflation Expectations of Australians employed part-time, the under-employed, and those not in the workforce are roughly halfway between the two outliers.

“It’s hardly surprising that unemployed Australians have higher Inflation Expectations than those employed full-time and drawing a wage or salary, however the extent of the increase over the last 12-18 months is a concern.

“[In a prior release on Inflation Expectations by employment status](#) we revealed that Australians employed full-time and unemployed Australians had relatively similar Inflation Expectations in late 2016.

“As the latest Roy Morgan employment statistics for June show there are over 1.1 million unemployed Australians (8.7%), and over 1.3 million under-employed Australians (9.7%) who constitute a sizeable voting block as we head towards a Federal Election either later this year or early next year.”

This face-to-face research on Australian inflation expectations was conducted during the month of June 2018 with an Australia-wide cross-section of 4,300 Australians aged 14+.

For comments and information about Roy Morgan’s Inflation Expectations data, please contact:

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Related research findings

Browse our Online Store for an extensive range of profiles on Australians who are [employed](#), including [employed full-time](#) or [employed part-time](#), [under-employed](#), [unemployed](#) and [not in the workforce](#).

Compiled with data from Roy Morgan’s Single Source survey (the largest of its kind in the world, with 50,000 respondents p.a), these ready-made profiles provide a broad understanding of the target audience, in terms of demographics, attitudes, activities and media usage in Australia.

The questions used to calculate the Monthly Roy Morgan Inflation Expectations Index.

1) Prices.

“During the next 2 years, do you think that prices in general will go up, or go down, or stay where they are now?”

2a) If stay where they are now.

“Do you mean that prices will go up at the same rate as now or that prices in general will not go up during the next 2 years?”

2b) If go up or go down.

“By about what per cent per year do you expect prices to (go up/ go down) on average during the next 2 years?”

3) If respondent says more than 5%.

“Would that be (x%) per year, or is that the total for prices over the next 2 years?”



The Roy Morgan Inflation Expectations Index is a forward looking indicator unlike the Consumer Price Index (CPI) and is based on continuous (weekly) measurement, and monthly reporting. The Roy Morgan Inflation Expectations Index is current and relevant.

Monthly Roy Morgan Inflation Expectations Index (2010 – 2018)

<u>Year</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Yearly Average</u>
2010	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	5.9	5.8	5.5	5.6	5.4	5.5	5.8	5.6	5.8	5.7
2011	6.6	6.4	6.4	6.2	6.1	6.2	6.1	5.8	5.7	5.8	5.5	5.5	6.0
2012	5.4	5.5	5.9	5.9	6.0	6.2	5.9	5.9	5.8	5.7	5.6	5.4	5.8
2013	5.2	5.1	5.3	4.9	5.2	4.9	5.3	5.0	4.8	4.9	4.8	5.0	5.0
2014	5.1	5.2	5.2	5.1	5.1	5.3	5.0	4.8	5.0	4.8	4.9	4.4	5.0
2015	4.4	4.3	4.5	4.5	4.2	4.4	4.4	4.5	4.5	4.2	4.4	4.5	4.5
2016	4.3	4.2	4.2	4.2	4.0	4.0	4.1	3.9	4.1	4.1	3.9	4.2	4.1
2017	4.5	4.4	4.4	4.4	4.3	4.2	4.3	4.5	4.4	4.5	4.5	4.5	4.4
2018	4.5	4.4	4.3	4.5	4.3	4.5							4.4
Monthly Average	5.0	4.9	5.0	5.1	5.0	5.0	5.1	5.0	5.0	5.0	4.9	4.9	5.0

Overall Roy Morgan Inflation Expectations Average: 5.0

About Roy Morgan

Roy Morgan is the largest independent Australian research company, with offices in each state of Australia, as well as in the United States and the United Kingdom. A full service research organisation specialising in omnibus and syndicated data, Roy Morgan has over 75 years' experience in collecting objective, independent information on consumers.

Margin of Error

The margin of error to be allowed for in any estimate depends mainly on the number of interviews on which it is based. Margin of error gives indications of the likely range within which estimates would be 95% likely to fall, expressed as the number of percentage points above or below the actual estimate. Allowance for design effects (such as stratification and weighting) should be made as appropriate.

Sample Size	Percentage Estimate			
	40%-60%	25% or 75%	10% or 90%	5% or 95%
5,000	±1.4	±1.2	±0.8	±0.6
10,000	±1.0	±0.9	±0.6	±0.4
20,000	±0.7	±0.6	±0.4	±0.3
50,000	±0.4	±0.4	±0.3	±0.2