

ANZ-ROY MORGAN HONG KONG CONSUMER CONFIDENCE MEDIA RELEASE

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HONG KONG CONSUMER CONFIDENCE HOLDS UP ON THE LAUNCH OF STOCK CONNECT

HIGHLIGHTS

- The new ANZ-Roy Morgan Hong Kong Consumer Confidence Index rose to 131.2 (up 2.7pts) in November, reversing the drop in October when student protests broke out.
- Respondents are more confident about their personal financial situation in November than last month, and 38% (up 7ppts) say their families are 'better off' financially than the same period last year, while just 9% (down 2ppts) say their families are 'worse off' (the lowest level for this indicator since March 2014).
- 40% (up 2ppts) of respondents expect their families will be 'better off' financially this time next year, compared with only 8% (unchanged) that expect their families will be 'worse off' financially.
- In terms of economic conditions in Hong Kong going forward, 48% of respondents (up 1ppt) expect Hong Kong will have 'good times' financially over the next twelve months, while only 15% (down 1ppt) expect 'bad times' financially. In addition, 51% (up 1ppt) of respondents expect Hong Kong will have 'good times' financially during the next five years and 15% (down 1ppt) expect 'bad times'.
- Inflation expectations from respondents inched down 0.1ppt to 4.1% in November.

The Index is based on interviews with 1,000 people per month and provides a robust, representative sample that is quota-controlled by gender and age.

ANZ SENIOR ECONOMIST RAYMOND YEUNG SAID:

"After the negative impact of street protests on community sentiment, the launch of Shanghai-Hong Kong Stock Connect seems to have provided a timely reassurance in the outlook of households— particularly regarding their personal finances.

Given the community's large exposure to stock and property markets, preserving household wealth is crucial to upholding consumer sentiment.

Our survey results reveal the significance of China's ongoing reform to Hong Kong's economy. With the successful launch of Stock Connect, it shows that the central government would stick to its overall policy to maintain "Hong Kong's stability and prosperity" and support the development of the offshore RMB market.

Given that private consumption represents two thirds of Hong Kong's GDP, we need to gauge consumer confidence closely. This ANZ-Roy Morgan Index has done and will do this job."

You can find the ANZ-Roy Morgan Consumer Confidence series on Bloomberg:

AU: ALLX AUANZ <GO>
NZ: ALLX NZANZ <GO>
CN: ALLX CHOANZ <GO>
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SG: ALLX SIANZ <GO>
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VN: ALLX VNANZ <GO>

Previous ANZ-Roy Morgan Consumer Confidence reports for Australia and other countries can be accessed on ANZ Live.

FIGURE 1. ANZ-ROY MORGAN HONG KONG CONSUMER CONFIDENCE INDEX

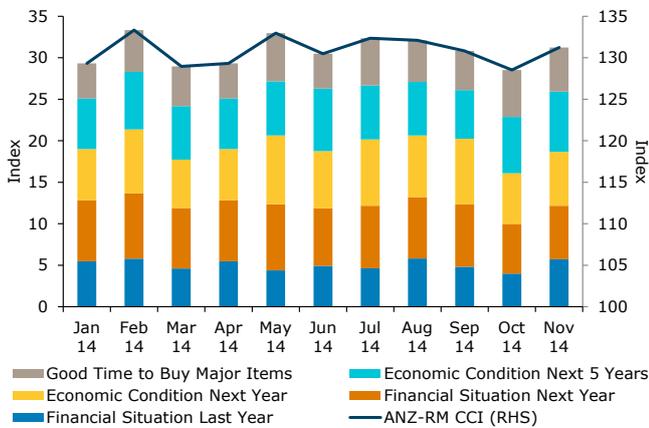
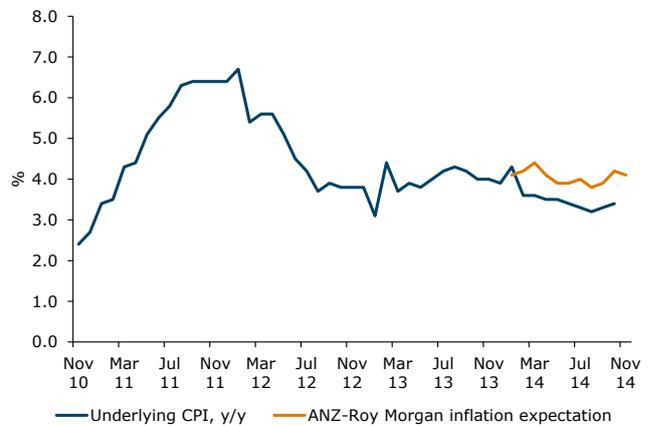


FIGURE 2. ANZ-ROY MORGAN HONG KONG INFLATION EXPECTATIONS VS UNDERLYING CPI



Source: Roy Morgan, ANZ Research

FIGURE 3. ANZ-ROY MORGAN HONG KONG CONSUMER CONFIDENCE

		Jun 14	Jul 14	Aug 14	Sep 14	Oct 14	Nov 14
ANZ-Roy Morgan Consumer Confidence Index		130.5	132.3	132.1	130.8	128.5	131.2
Sub-Index							
1. Financial situation compared with a year ago	Balance	24.6	23.1	29.1	24.1	19.9	28.6
	Better off, %	35.4	34.6	39.7	34.7	30.7	37.6
	Worse off, %	10.8	11.5	10.6	10.6	10.8	9.0
2. Financial situation next year	Balance	34.8	37.7	37.0	37.5	30.0	32.2
	Better off, %	43.3	44.2	44.9	44.0	37.7	40.1
	Worse off, %	8.5	6.5	7.9	6.5	7.7	7.9
3. Economic conditions next year	Balance	34.3	40.0	37.1	39.6	30.5	32.5
	Good, %	47.3	52.2	52.1	53.1	46.7	47.7
	Bad, %	13.0	12.3	15.0	13.5	16.2	15.2
4. Economic conditions next 5 years	Balance	37.7	32.5	32.2	29.3	34.0	36.3
	Good, %	52.5	48.9	51.0	47.2	49.8	50.9
	Bad, %	14.8	16.5	18.8	17.9	15.7	14.6
5. Now a good time/bad time to buy major items	Balance	21.0	28.4	25.1	23.6	28.2	26.5
	Good, %	28.8	34.3	32.1	31.0	36.4	32.9
	Bad, %	7.8	5.9	7.0	7.4	8.2	6.4
Inflation expectation	%	3.9	4.0	3.8	3.9	4.2	4.1

Source: Roy Morgan, ANZ Research

OBJECTIVE

The ANZ-Roy Morgan Consumer Confidence Survey is a survey of Hong Kong's consumer sentiment and expectations. The results are presented in the form of a headline Consumer Confidence Index and Hong Kong's Inflation Expectation. Conventionally, economists rely on 'hard' economic data, such as retail sales, in assessing the sentiment of households. However, there are often time lags between the collection and release of data by statistical departments. Therefore, ANZ and Roy Morgan have developed this consumer confidence index and aim to release the results in the same month the survey is conducted.

DATA COLLECTION

The survey elicits respondents' expectations of inflation and prices. Data are collected from samples of at least 1,000 people per month (12,000 per annum) by telephone. The robust, representative sample is quota-controlled by gender and age. Disaggregation is available by age, gender, household income, occupation, education, employment status and area. Data is projected to the Hong Kong population aged 14 or above.

SURVEY QUESTIONS

One distinctive feature of the ANZ-Roy Morgan survey is its elicitation technique. Importantly, the questions ask about confidence in economic and financial situations – not about feelings. In the core consumer confidence survey, five categories of core questions such as economic wellbeing, financial conditions, price level, and inflation expectation are asked.

CONSUMER CONFIDENCE INDEX

The ANZ-Roy Morgan Consumer Confidence Index is a diffusion index. The index indicates the relative strength of 'good' versus 'bad' or 'better off' versus 'worse off'. The index is computed by taking the arithmetic mean of the net balances (% saying good minus % saying bad) of the five core questions and adding 100. It is a very transparent methodology. As the study is conducted consistently in every data collection, the change in the index can provide a good gauge of consumer confidence over time.

ANZ'S PARTNERSHIP WITH ROY MORGAN

Roy Morgan Research is one of the best known and oldest market research companies in Asia-Pacific, with an unparalleled reputation for reliable, accurate, meaningful, and revealing market research. With more than 70 years' experience tracking most social trends in the region, and the global recognition they have received for pioneering numerous new research methodologies, Roy Morgan is the perfect partner for ANZ in the Asia Pacific region. They offer a unique combination of rigorous and robust systems, which have been tested, refined and proven over almost three quarters of a century to ensure an absolute commitment to accuracy, truth and transparency which means that Roy Morgan matters.

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