

Friday, 22 June 2018

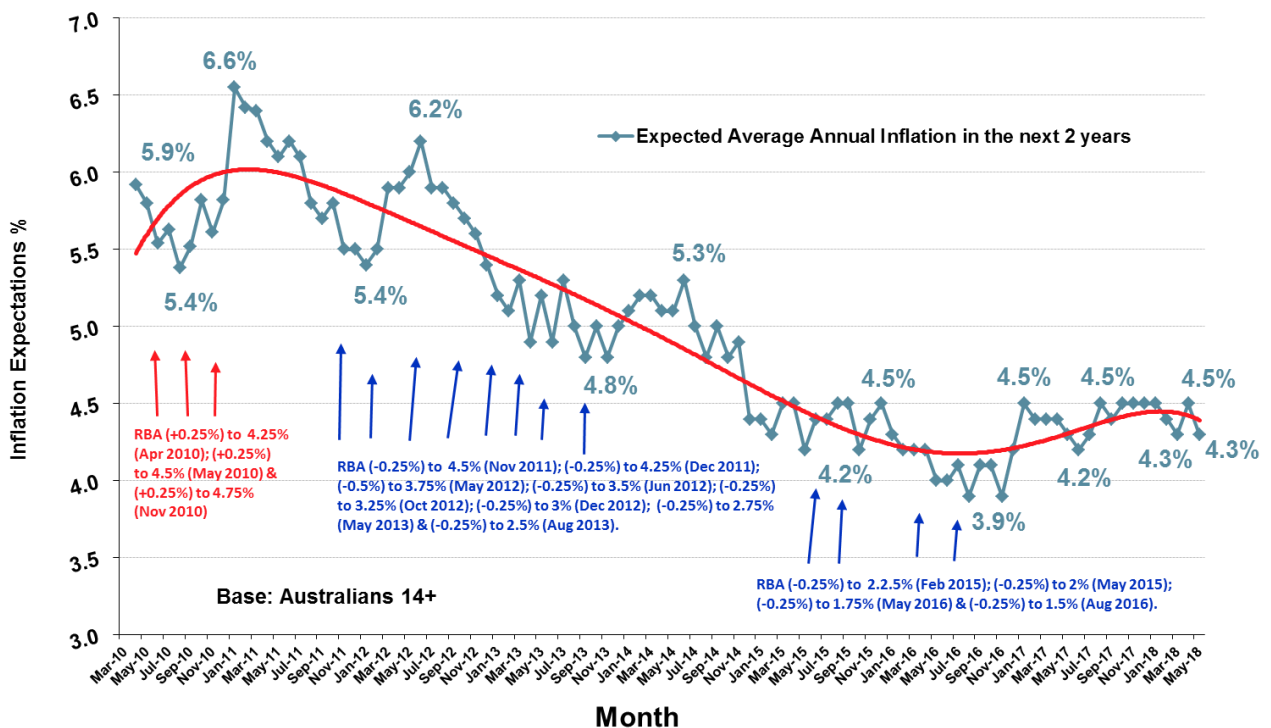
Young Women have Australia's highest Inflation Expectations

In May Australians expected inflation of 4.3% per year over the next two years. This is down 0.2% from a month ago, but unchanged on a year ago in May 2017. Inflation Expectations have now tracked in a narrow range between 4.3-4.5% for 11 straight months.

Analysing Inflation Expectations by gender & age shows women have higher Inflation Expectations than similarly aged men. Women aged 14-34 continue to have Australia's highest Inflation Expectations while middle-aged men aged 50-64 now have the lowest Inflation Expectations of any gender & age. The Inflation Expectation trends of these subgroups are covered in detail later in the release.

Following this month's fall Inflation Expectations remain well below the eight year average of 5.0%. May Inflation Expectations are based on a nationwide face-to-face survey of 4,112 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+ (May 2010 – May 2018).

Inflation Expectations down in NSW, Queensland, SA and Tasmania

Analysis of Inflation Expectations by State shows Inflation Expectations falling in NSW to 4.1%, down in Queensland to 4.7%, down in Tasmania to 4.6%, and down in SA to 3.9%.

Despite the monthly fall Queensland now has the highest Inflation Expectations of any State and SA now has the lowest Inflation Expectations of any State.

In contrast Inflation Expectations were unchanged at 4.6% in Victoria and unchanged at 4.0% in WA.

Inflation Expectations down for supporters of both major parties in May

Inflation Expectations for L-NP supporters fell 0.6% to 3.5% in May and are now clearly below supporters of all other parties. Inflation Expectations for ALP supporters fell 0.1% to 4.4%.

There was little change for supporters of other parties with the Inflation Expectations of Greens supporters up 0.1% to 4.1% while supporters of Independents/Others have unchanged Inflation Expectations of 4.8%.

Inflation Expectations up for men aged 14-34 and women and men over 65 years old

Analysing Inflation Expectations in Australia by gender & age in May 2018 compared to a year ago shows Inflation Expectations have increased for young men and over 65 year olds of both genders while declining, or remaining unchanged, for middle-aged Australians aged between 35-64 years old.

Inflation Expectations for young women aged 14-34 years old remain higher than any other group at 5.3% in May 2018, unchanged on a year ago and nearly a full percentage point higher than any other group.

The Inflation Expectations of their young male peers aged 14-34 years old are comparably lower in May 2018 at 4.5% but have increased by more than any other group over the past year, up by 0.4%.

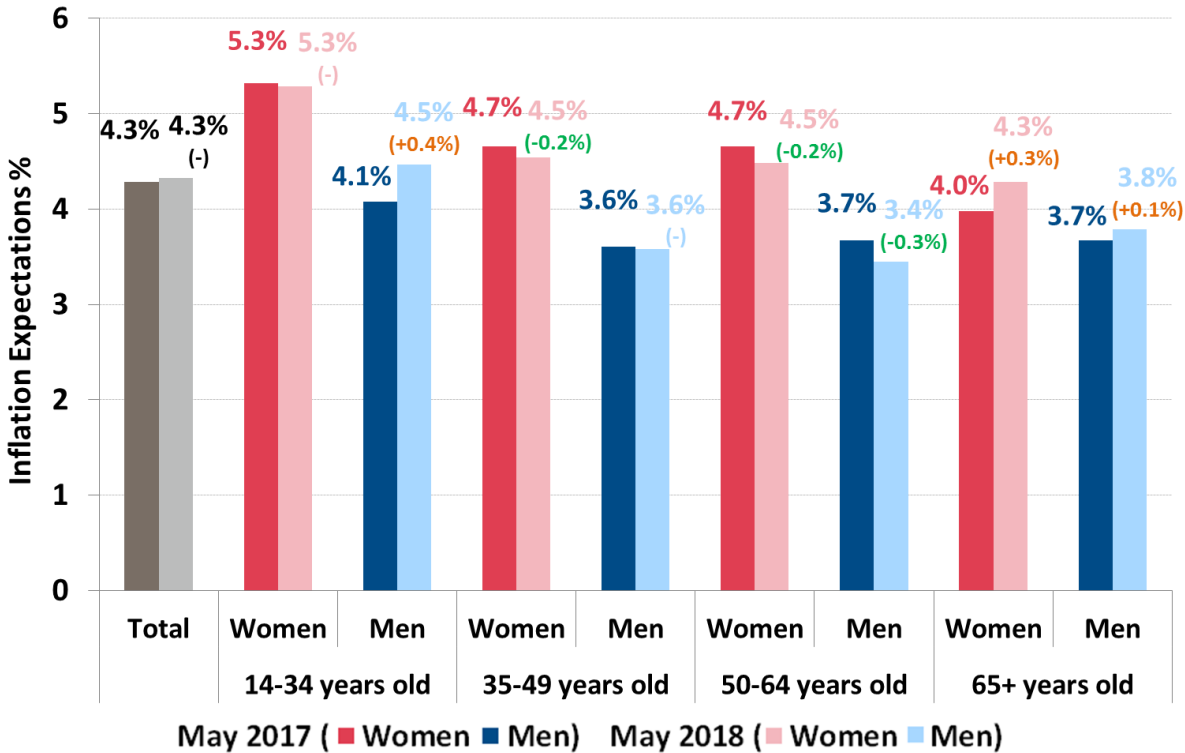
Inflation Expectations for Australians over 65 years old of both genders have also increased from a year ago. Women aged 65+ years old now have Inflation Expectations of 4.3%, up by 0.3% on a year ago and men aged 65+ years old now have Inflation Expectations of 3.8%, up by 0.1% on a year ago.

In contrast Inflation Expectations for middle-aged Australians aged between 35-64 years old are either lower than a year ago, or for men aged 35-49 years old, unchanged at 3.6%.

Inflation Expectations for women aged 35-49 and women aged 50-64 years old are at 4.5% in May 2018 down 0.2% on a year ago while Inflation Expectations for men aged 50-64 years old are now the lowest of any group at 3.4%, down 0.3% on a year ago.

Interestingly, Inflation Expectations for women of all age groups are higher than their male counterparts of the same age by between 0.5% (65+ year olds) to 1.1% (50-64 year olds).

Inflation Expectations by Gender & Age May 2017 v May 2018



Source: Roy Morgan Single Source: May 2017, n=4,196 and May 2018, n=4,112. Base: Australians 14+.

Michele Levine, CEO, Roy Morgan, says Inflation Expectations fell in May but are still contained in a narrow band between 4.3-4.5% where they have been for most of the past 18 months:

“Roy Morgan Inflation Expectations are down 0.2% to 4.3% in May but are unchanged on a year ago. Inflation Expectations have now been in a narrow band between 4.3% to 4.5% for all but one month since late 2016.

“Analysing Inflation Expectations by gender and age reveals women of all ages have higher Inflation Expectations than their male counterparts while young women have easily the highest Inflation Expectations of any group at 5.3%.

“Inflation Expectations for under 35 year olds and those aged 65 years and over are generally higher than a year ago while those in the key working age years of 35-64 generally have lower Inflation Expectations than a year ago.

“Middle-aged Australians aged between 35-64 years old are the most likely to have dependent children and are also the bulk of the Australian mortgage market. Over three-quarters of Australia’s home mortgages are held by this age group which increases their sensitivity to house price expectations which appear to have plateaued over the last year.

“The stability in Inflation Expectations over the last 18 months indicates there are differing opinions on the future direction of the Australian economy although both Business Confidence ([117.1 in May](#)) and Consumer Confidence ([122.1 in mid-June](#)) are above long-term averages.”

This face-to-face research on Australian inflation expectations was conducted during the month of May 2018 with an Australia-wide cross-section of 4,112 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 of different ages, [aged under 25 years old](#), [25-34 years old](#), [35-49 years old](#), [50-64 years old](#) and those aged [65+ years old](#).

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								4.4
Monthly Average	5.0	4.9	5.0	5.1	5.0	5.1	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