

Monday, 11 May 2020

Inflation expectations are higher for women than men of all ages

In April Australians expected inflation of 3.6% annually over the next two years, down 0.4% on March as the impact of COVID-19 hit the Australian economy. Beneath the headline figure for April there are significant differences between key demographics including women and men.

Women expect price increases of 4.2% per year over the next two years while men expect prices to increase 3%. This gap is evident for all age groups and most pronounced for those aged 50-64. Women aged 50-64 expect inflation of 5.2% - higher than any other age group, while men expect inflation of only 3.2%.

Longer-term trends show the inflation expectations of women average being 0.8% higher than men. Another trend we see consistently is higher inflation expectations for older Australians aged 50+ compared to those under that age which is confirmed by the latest April figures.

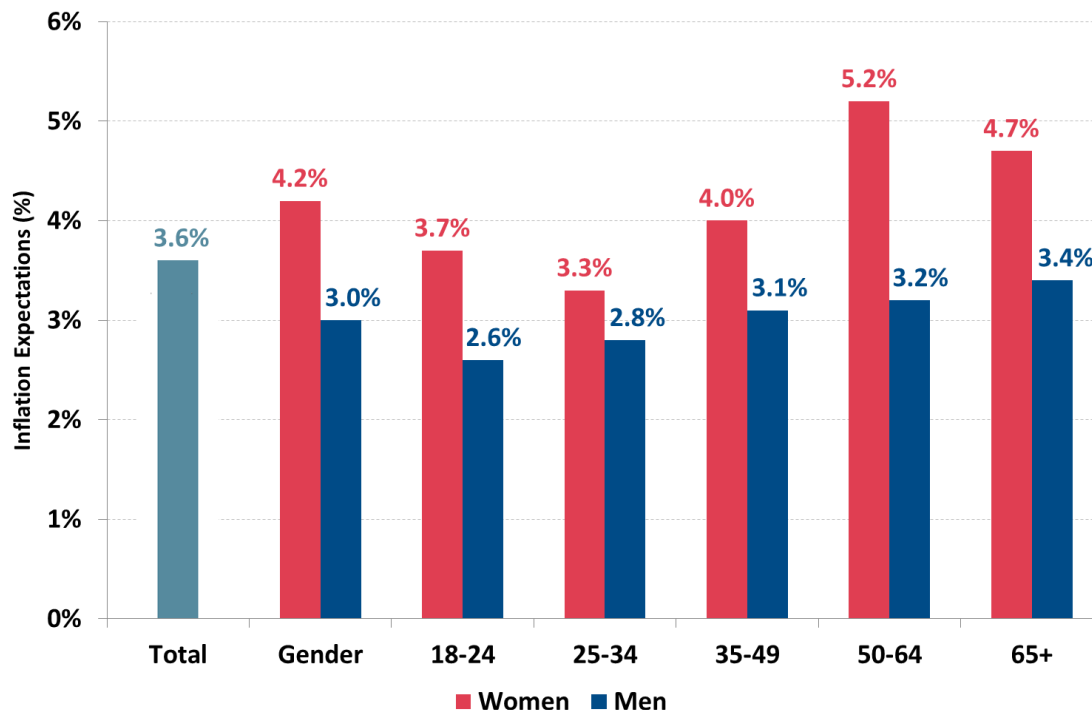
Roy Morgan CEO Michele Levine says the disparity between the inflation expectations of women and men is consistent and even during the COVID-19 pandemic this trend continues:

"Inflation expectations in April show a sharp decline as the Australian economy went into 'lockdown' but long-term trends are holding firm despite the economic upheaval. Australian women see prices increasing at an annual rate of 4.2% over the next two years which is over a third higher than the 3% foreseen by men.

"In addition to the gender 'split' older Australians aged 50+ consistently expect larger price increases than their younger counterparts aged 18-49 and this trend continues despite the COVID-19 'shutdown'.

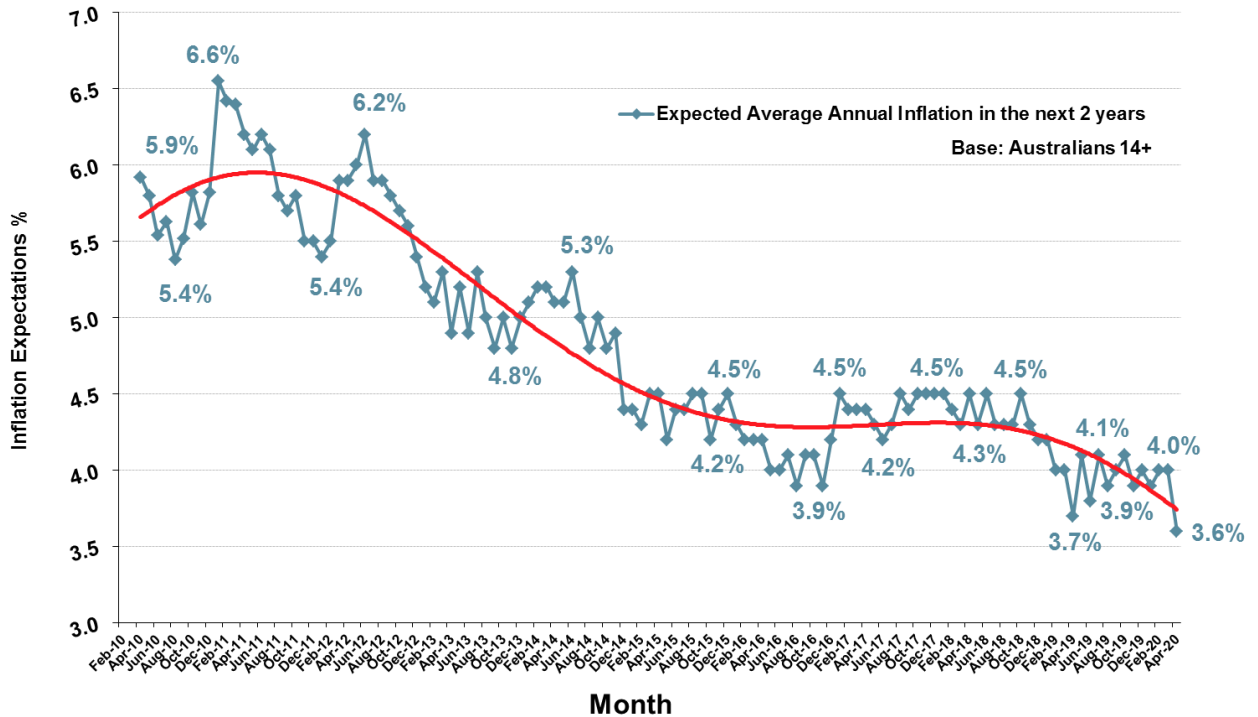
"The April results show even though there is considerable uncertainty surrounding the Australian economy's performance over the next few months longer-term trends concerning price expectations are 'hard to shake'."

Inflation Expectations by Gender & Age: April 2020



Source: Roy Morgan Single Source: April 2020, n=6,018. Base: Australians aged 14+.

Inflation Expectations Index long-term trend – Expected Annual Inflation in next 2 years



Source: Roy Morgan Single Source: Interviews an average of 4,300 Australians per month aged 14+ (Apr. 2010 – Apr. 2020). See below for a comprehensive list of RBA interest rate changes during the time period charted above.

At a State based level people in South Australia (4.0%) and Queensland (3.9%) have the highest inflation expectations over the next two years. People in the ACT have the lowest expectations of price increases at 2.8%. Inflation expectations in other States are clustered around the national average.

Roy Morgan April Inflation Expectations are based on personal interviews with a nationally representative sample of 6,018 Australians aged 14+.

Related research findings

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.

To learn more about the trends for Inflation Expectations as well as Consumer Confidence for different segments and demographics throughout the Australian community, purchase the [Roy Morgan Consumer Confidence Monthly Report](#).

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

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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) “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 – 2020)

<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	n/a	n/a	n/a	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	4.3	4.3	4.3	4.5	4.3	4.2	4.4
2019	4.2	4.0	4.0	3.7	4.1	3.8	4.1	3.9	4.0	4.1	3.9	4.0	4.0
2020	3.9	4.0	4.0	3.6									3.9
Monthly Average	4.8	4.8	4.8	4.8	4.9	4.9	4.9	4.8	4.8	4.8	4.7	4.8	4.8

Overall Roy Morgan Inflation Expectations Average: 4.8

RBA interest rates changes during the time period measured: 2010-2020.

RBA – Interest rate increasing cycle (2010):

2010

April 2010: +0.25% to 4.25%; May 2010: +0.25% to 4.75%, November 2010: +0.25% to 5%.

RBA – Interest rate cutting cycle (2011-2013, 2015-2016 & 2019-2020):

2011

November 2011: -0.25% to 4.5%; December 2011: -0.25% to 4.25%.

2012

May 2012: -0.5% to 3.75%; June 2012: -0.25% to 3.5%; October 2012: -0.25% to 3.25%; December 2012: -0.25% to 3%.

2013

May 2013: -0.25% to 2.75%; August 2013: -0.25% to 2.5%.

2014

There were no RBA interest rate changes during 2014.

2015

February 2015: -0.25% to 2.25%; May 2015: -0.25% to 2%.

2016

May 2016: -0.25% to 1.75%; August 2016: -0.25% to 1.5%.

2017

There were no RBA interest rate changes during 2017.

2018

There were no RBA interest rate changes during 2018.

2019

June 2019: -0.25% to 1.25%; July 2019: -0.25% to 1%; October 2019: -0.25% to 0.75%.

2020

March 4, 2020: -0.25% to 0.5% & March 20, 2020: -0.25% to 0.25%.

About Roy Morgan

Roy Morgan is Australia's largest independent Australian research company, with offices in each state, as well as in the U.S. and U.K. A full-service research organisation, Roy Morgan has over 75 years' experience 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
50,000	±0.4	±0.4	±0.3	±0.2