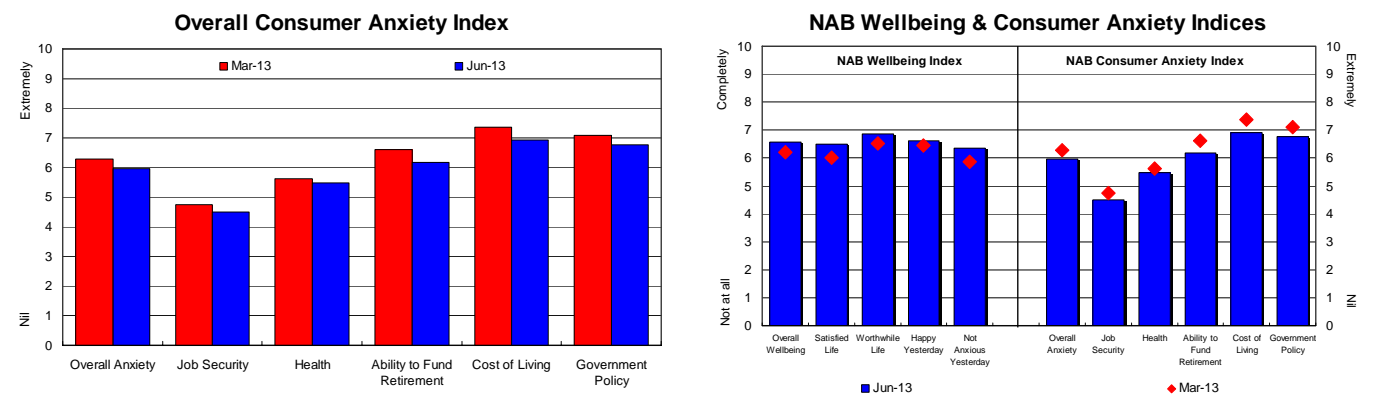


NAB Quarterly Australian Consumer Anxiety Index: June 2013

Consumer anxiety fell in June in line with moderating concerns about future spending/savings plans. Consumers still rate cost of living as their main cause of anxiety, but less so than in Q1. Job security still quite a low concern despite softer forward labour market indicators. Among other findings: QLD and VIC the most anxious states; anxiety up for low income groups; women more anxious than men (especially cost of living); anxiety highest in 30-49 age group, labourers and sales/clerical workers. Significantly, more than one-third still rate anxiety “high” for cost of living. While almost one-quarter of consumers remain very worried about their ability to fund retirement, concerns have eased (see table below).



Anxiety was typically highest for consumers who...

- lived in Queensland or Victoria
- resided in rural towns or the bush
- earned less than \$35,000
- were female
- were aged 30-49 (male or female)
- were divorced
- had no children
- lived in a household with 2 people
- educational attainment was vocational
- were not employed or retired
- worked as a labourer

What are the big changes since our last survey...

- ✗ Victoria and WA more worried about job security
- ✓ regional less anxious about living costs/retirement
- ✗ >\$35k rated overall anxiety higher in Q2
- ✓ women less worried about job security and retirement
- ✗ living costs/retirement bigger worry in 30-49 group
- ✗ widowed only other group rating higher anxiety in Q1
- ✓ those with kids worry less over living costs/retirement
- ✗ health a bigger issue for 3+ person households
- ✗ bachelor/postgrad only group not rating anxiety lower
- ✗ retired people most anxious about government policy
- ✓ “other” workers report big fall in anxiety

A deeper look at the data reveals some significant developments...

- More than one-third of Australians rated their anxiety “high” with regards to cost of living, although this was down from 40.5% in Q1..
- With most of the partial indicators pointing to upward pressure on unemployment rates, we were surprised that more Australians (45.4%) rated their anxiety over job security “very low” compared with Q1 (41.9%).
- We also saw a large fall in those expressing “high” anxiety over ability to fund retirement to 22.6% in Q2 (31% in Q1) which may have been influenced by unexpectedly small changes to compulsory superannuation schemes.

Consumer Anxiety Indicator Categories (%)

	Very Low (0-4)	Low (5-6)	Medium (7-8)	High (9-10)	Average (mean)
Job Security					
Q1 2013	41.9	21.9	19.4	16.7	4.8
Q2 2013	45.4	22.4	18.8	13.4	4.5
Health					
Q1 2013	28.8	30.5	24.6	16.1	5.6
Q2 2013	32.4	28.0	25.5	14.1	5.5
Ability to Fund Retirement					
Q1 2013	21.7	19.1	28.3	31.0	6.6
Q2 2013	26.2	20.8	30.3	22.6	6.2
Cost of Living					
Q1 2013	12.6	19.3	27.6	40.5	7.4
Q2 2013	15.9	23.4	26.6	34.1	6.9
Government Policy					
Q1 2013	13.3	23.8	26.6	36.4	7.1
Q2 2013	19.1	23.3	21.7	36.0	6.8

For more information contact:

Alan Oster, Chief Economist
(03) 8634 2927 0414 444 652

Dean Pearson, Head of Industry
(03) 8634 2331

Robert De Iure, Senior Economist -
Industry Analysis (03) 8634 4611

Brien McDonald, Economist -
Industry Analysis (03) 8634 2331

Anxiety Indicators: directional change since last quarter

Overall Consumer Anxiety	😊
Job Security	😊
Health	😊
Ability to Fund Retirement	😊
Cost of Living	😊
Government Policy	😊

State & Location	Overall Consumer Anxiety	Job Security	Health	Ability to Fund Retirement	Cost of Living	Govt Policy
NSW/ACT	😊	😊	😞	😊	😊	😊
Queensland	😊	😊	😞	😊	😊	😞
SA/NT	😊	😊	😊	😊	😊	😊
Tasmania	😊	😊	😊	😊	😊	😊
Victoria	😊	😞	😊	😊	😊	😊
WA	😊	😞	😊	😊	😊	😊
Capital City	😊	😊	😊	😊	😊	😊
Regional City	😊	😊	😞	😊	😊	😊
Rural Town/Bush	😊	😊	😞	😊	😊	😊
Income						
Over \$100k	😊	😊	😊	😊	😊	😞
\$75-100k	😊	😊	😞	😊	😊	😊
\$50-75k	😊	😞	😊	😊	😊	😊
\$35-50k	😊	😊	😊	😊	😊	😊
Under \$35k	😞	😞	😞	😞	😊	😊
Gender						
Male	😊	😊	😊	😊	😊	😊
Female	😊	😊	😊	😊	😊	😊
Age						
18-29	😊	😊	😞	😊	😊	😊
30-49	😊	😊	😞	😊	😊	😊
50+	😊	😊	😊	😊	😊	😊
Marital Status						
Defacto	😊	😞	😞	😞	😊	😊
Divorced	😊	😊	😊	😊	😊	😊
Married	😊	😊	😊	😊	😊	😊
Single	😊	😊	😊	😊	😊	😊
Widowed	😞	😊	😞	😞	😞	😞
Household Status/Size						
Children	😊	😊	😞	😊	😊	😊
No Children	😊	😊	😊	😊	😊	😊
One	😊	😊	😊	😊	😊	😊
Two	😊	😊	😊	😊	😊	😊
Three +	😊	😊	😞	😊	😊	😊
Education						
Bachelor/Post Grad	😊	😞	😞	😊	😊	😞
Diploma	😊	😊	😊	😊	😊	😊
High School	😊	😊	😊	😊	😊	😊
Vocational	😊	😊	😊	😊	😊	😊
DNF High School	😊	😞	😊	😊	😊	😊
Employment Type						
Professional	😊	😊	😊	😊	😊	😊
Technical	😊	😞	😊	😊	😊	😊
Sales/Clerical	😊	😊	😞	😊	😊	😊
Labourer	😊	😊	😊	😊	😊	😊
Other	😊	😊	😊	😊	😊	😊

LEGEND: 😊 = up 😞 = down 😐 = unchanged

NAB Quarterly Australian Consumer Anxiety Index - Main Findings

Main Findings

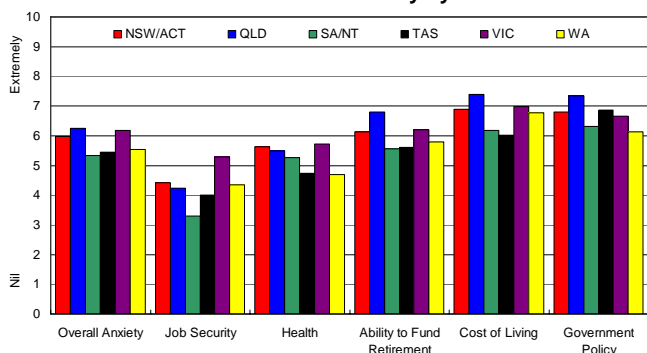
- The NAB Consumer Anxiety Index fell to 6.0 points in Q2 (6.3 points in Q1) indicating “moderate” levels of anxiety. There is however still large variance in anxiety levels around the five survey questions underpinning the index - job security, health, ability to fund retirement, cost of living and government policy.
- Consumers in Queensland and Victoria were the most anxious overall (replacing Tasmania), with all states (especially Queensland) most worried about cost of living (but less so than in Q1). Victoria and WA were the only states to report higher levels anxiety over job security (but these concerns are still quite low). Consumer anxiety was highest in regional cities and rural towns/bush, but lower than in Q1.
- There seems to be a clear relationship between anxiety and income with consumers earning +\$100k again scoring lowest for anxiety. Those earning <\$35k were most anxious group overall except for job security.
- Consumer anxiety fell for both women and men in Q2, but women again reported higher levels of anxiety for all questions (except job security). The main discrepancy was cost of living where some 41% of women rated their anxiety “high” (27% of men). However, women were less anxious about ability to fund retirement than in Q1.
- Consumers anxiety fell most for those aged 30-49 but it was still the most anxious group overall. The 18-29 age group rated their anxiety lowest overall, but were the most anxious group for job security, while those in the 50+ group were very concerned about government policy.
- Widowed people were the only group to report higher anxiety in Q2 and for all survey questions (especially cost of living). Singles were the least anxious group overall, but the most anxious group for job security. Consumers without kids reported slightly higher levels of overall anxiety than those with kids despite the hit to family funds in the federal budget. Household size did not unduly influence overall levels of consumer anxiety in Q2.
- By education, the vocational group (typically also a low income group) was the most anxious in Q2. The bachelor/post grad group was the only group that did not score an improvement in overall anxiety. It was also the most pessimistic for job security, possibly due to the threat to white collar jobs from lower corporate activity.
- Overall consumer anxiety was by far the lowest for retired people, although they were the most anxious about government policy, with almost 46% rating their concern as “high” (9-10 points).

NAB Quarterly Australian Consumer Anxiety Index - Main Charts

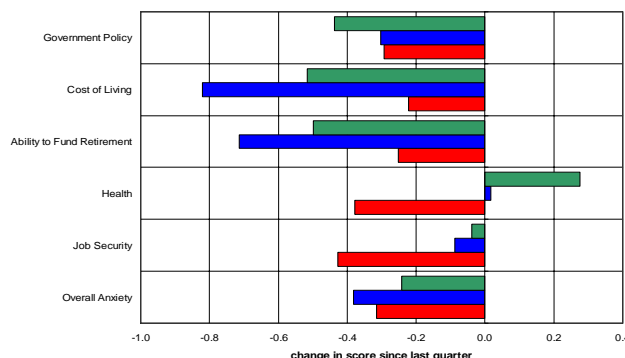
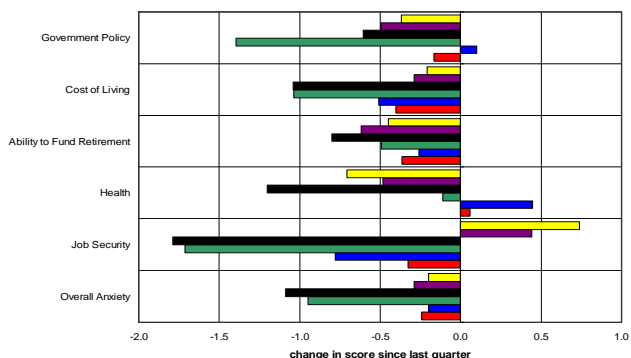
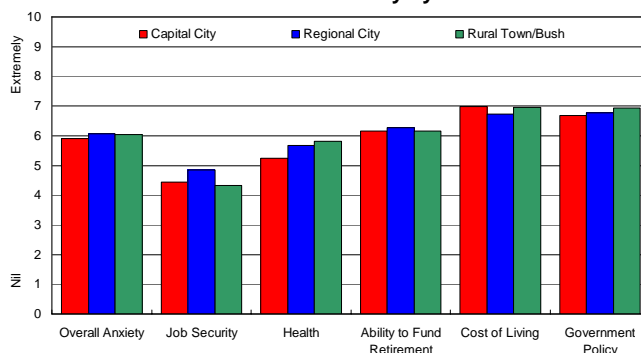
Consumer anxiety fell in all states in Q2. Consumers in QLD and VIC were most anxious overall (replacing TAS). All states (especially QLD) were worried most about cost of living (but less so than in Q1). Concerns regarding government policy were also high in some states. VIC and WA were the only states to report higher levels anxiety over job security, although still quite low.

Consumer anxiety fell in all locations, but remained highest in regional cities and rural towns/bush. Both these groups were much less anxious about their ability to fund retirement and cost of living compared to Q1. However, consumers in regional cities and rural towns/bush were also the only group to report higher anxiety over their health.

Overall Consumer Anxiety by State

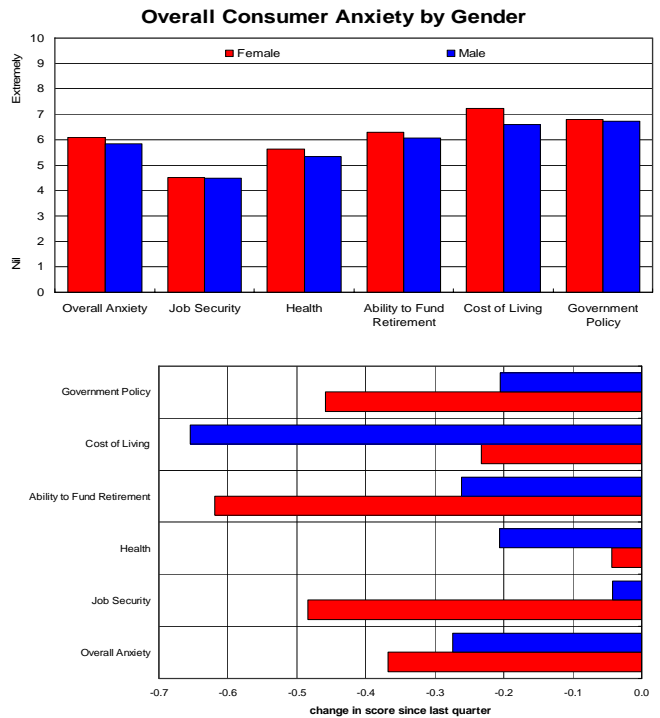
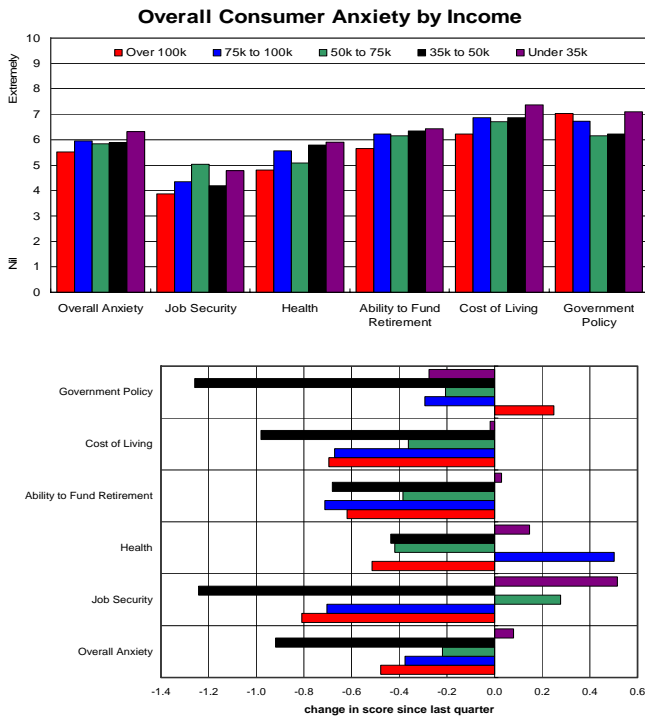


Overall Consumer Anxiety by Location



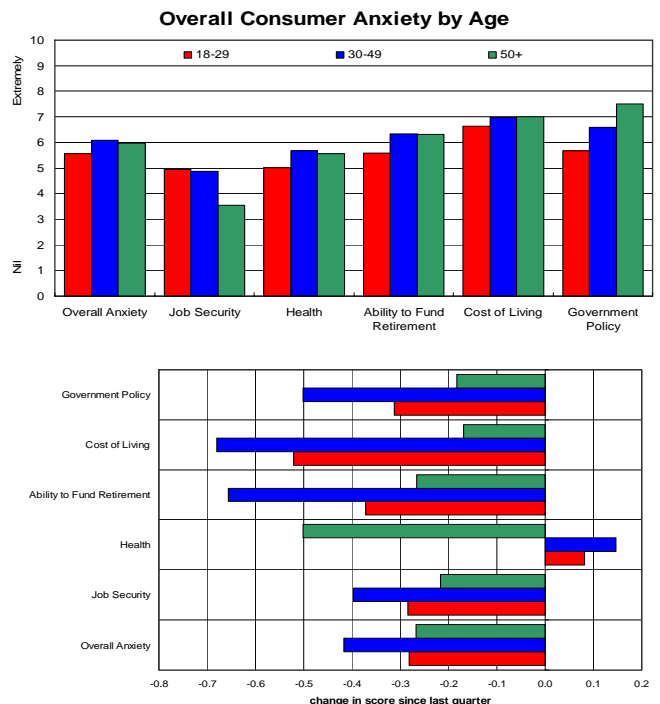
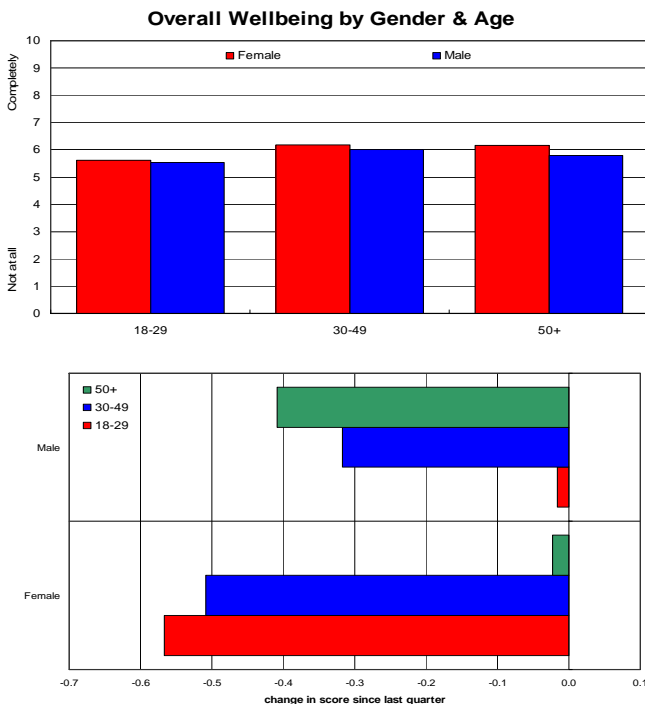
Consumers earning +\$100k were least anxious for all questions bar government policy. Those earning >\$35k were most anxious overall and for all questions except job security, but these concerns have risen since Q1. Anxiety fell most in the \$35-50k group on much lower worries over job security and government policy

Consumer anxiety was lower for women and men in Q2, but women still reported higher anxiety for all survey questions (bar job security). The main discrepancy was cost of living where 40.8% of women rated their anxiety "high" (27.3% for men). However, women were less anxious about ability to fund retirement than in Q1.



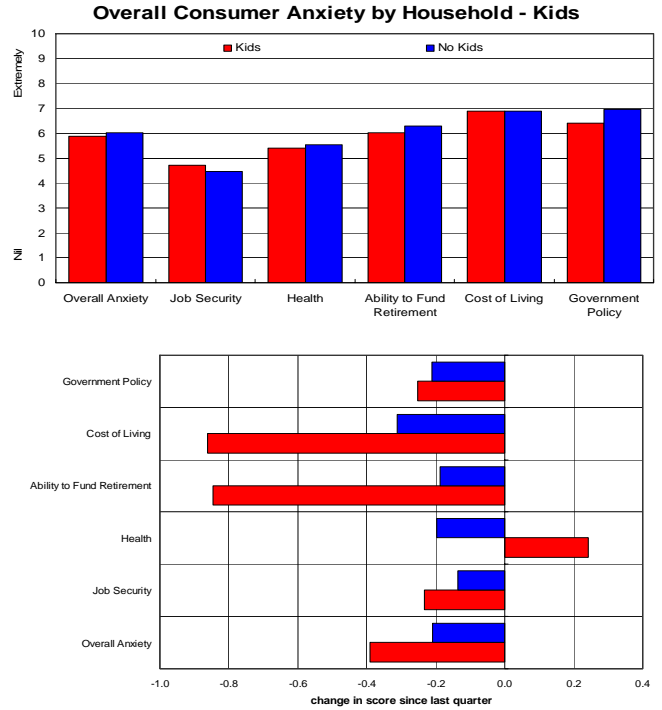
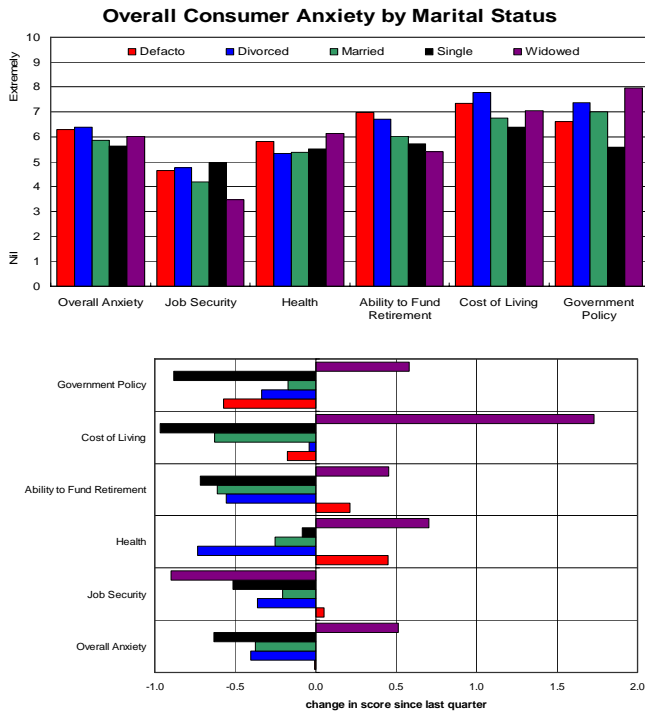
Women reported marginally higher levels of overall anxiety than men in all age groups in Q2. However, the anxiety gap narrowed in the 18-29 and 30-49 age groups with women in both these groups rating their anxiety below Q1 levels. The biggest gap was in the 50+ age group where men were much less anxious this quarter. Interestingly, consumer anxiety for men peaked in the 30-49 age group, but was the same in both the 30-49 and 50+ age group for women.

Consumer anxiety fell most in the 30-49 age group in Q2. However, this group still scored the highest levels of overall anxiety, with respondents in this group most worried about cost of living. This group was also more worried about their health relative to Q1. The 18-29 age group rated their anxiety lowest overall (by some margin), but they were the most anxious group for job security, while those in the 50+ group were very concerned about government policy.



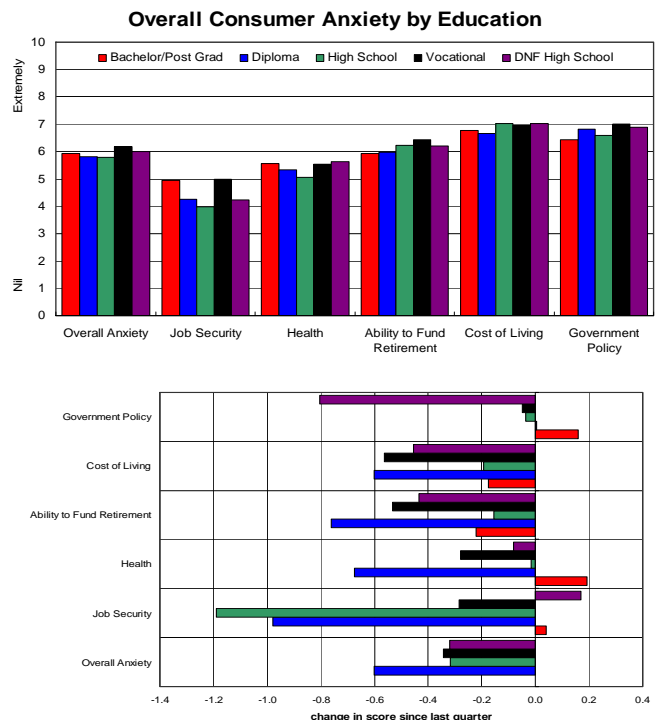
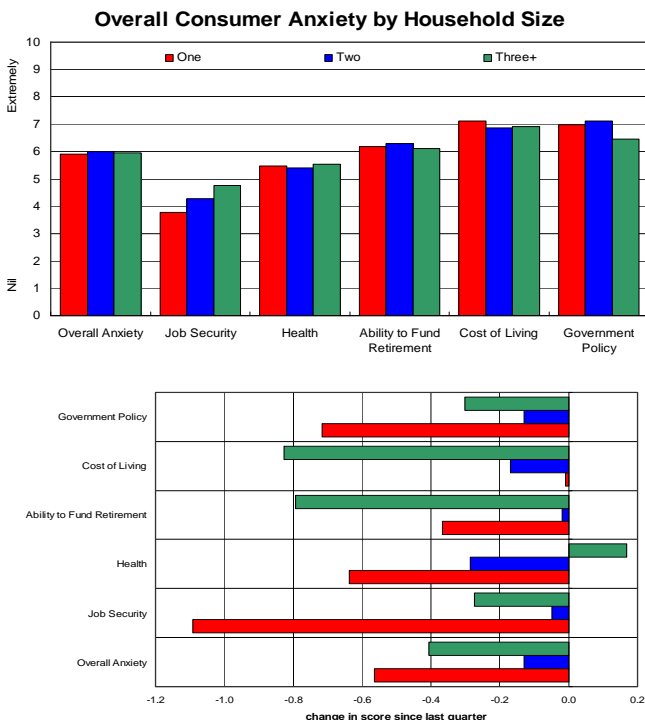
Consumer anxiety was highest for divorcees, but widowed people were the only group that rated their anxiety higher in Q2. Anxiety levels for widowed people rose for all survey questions, especially cost of living (consistent with recent higher cost of living increases reported by the ABS for aged/pensioner households). Singles were the least anxious group overall, but were the most anxious group for job security.

Consumers with no children reported slightly higher levels of overall anxiety than those with children in Q1. Interestingly, consumers with children were also much less anxious about cost of living and ability to fund retirement compared to Q1. However, households with children were also slightly more anxious about their health relative to the last survey.



Household size did not unduly influence overall levels of consumer anxiety in Q2, with all groups reporting lower anxiety, especially singles. All groups rated anxiety over cost of living and government policy highest, with all groups least concerned about job security (especially singles). Households with 3+ people reported slightly elevated anxiety over their health relative to Q1.

Anxiety was highest for the vocational group in Q2 (typically low income earners). Anxiety for bachelor/post grads was unchanged. This group was also the most pessimistic for job security, possibly reflecting the threat to white collar jobs growth from lower corporate activity. Instead, the high school group rated their anxiety over job security much lower than in Q1.

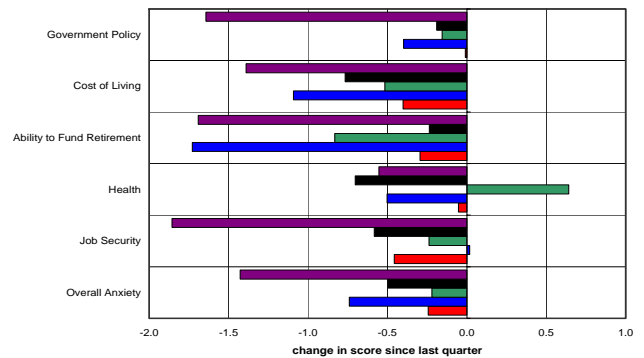
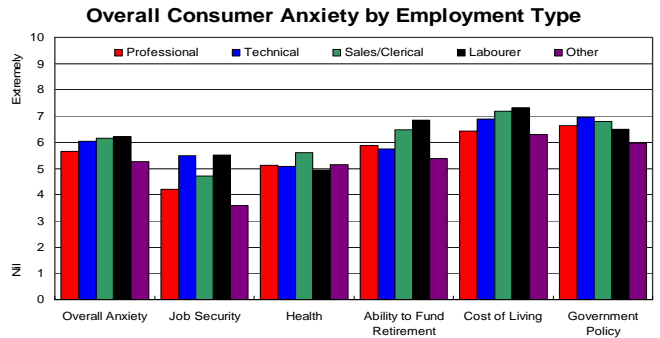
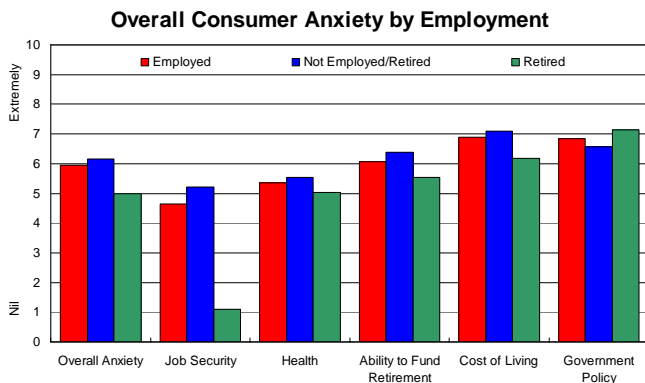


Overall consumer anxiety was highest for those not employed/retired in Q2 2013 with this group scoring the highest anxiety scores for all questions except government policy.

Overall consumer anxiety was by far the lowest for retired people (who also reported significantly higher levels of wellbeing).

However, retired people were also the most anxious about government policy, with almost 46% rating their concern “high” (9-10 points).

Consumers employed in professional jobs and “other” workers were the least anxious overall (and by some margin) in Q2, while labourers were the most anxious group. All workers continue to worry most about the cost of living. “Other” workers rated their anxiety over job security much lower than in Q1, whereas sales/clerical workers were more worried about their health, possibly reflecting the difficulties facing many parts of the retail environment.



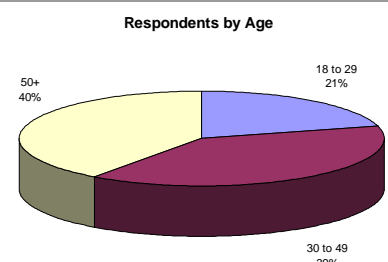
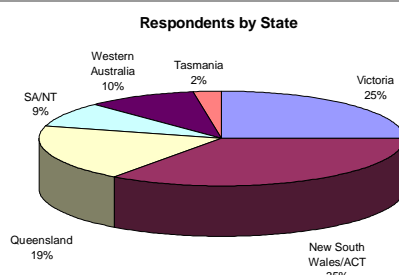
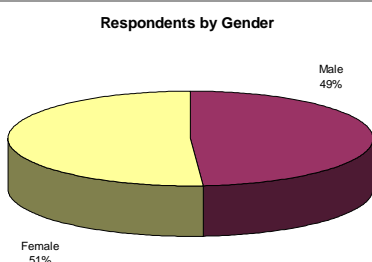
Appendix 1: About the Survey

The NAB Australian Consumer Anxiety Index was launched in April 2013 in conjunction with the NAB Australian Wellbeing Index with the aim of assessing perceptions of wellbeing and consumer stress.

The NAB Australian Consumer Anxiety Index was developed by NAB Group Economics and is based on survey participants’ responses to five questions related to their own concerns about their future spending/savings plans arising from:

- Your job security.
- Your health.
- Your financial security for retirement.
- Your cost of living.
- Government policies.

All questions were answered on a scale of 0-10 where 0 is “not at all concerned” and 10 is “extremely concerned”. Around 1,049 respondents participated in the June 2013 survey, with weights applied to age, location and gender to ensure that the survey reasonably reflects the Australian population. The breakdown of our survey respondents - by age, location, and gender - is shown in the charts below.



Macroeconomic, Industry & Markets Research

Australia

Alan Oster	Group Chief Economist	+(61 3) 8634 2927
Jacqui Brand	Personal Assistant	+(61 3) 8634 2181
Rob Brooker	Head of Australian Economics & Commodities	+(61 3) 8634 1663
Alexandra Knight	Economist - Australia	+(61 3) 9208 8035
Vyanne Lai	Economist - Agribusiness	+(61 3) 8634 0198
Dean Pearson	Head of Industry Analysis	+(61 3) 8634 2331
Robert De Iure	Senior Economist - Industry Analysis	+(61 3) 8634 4611
Gerard Burg	Economist - Industry Analysis	+(61 3) 8634 2788
Brien McDonald	Economist - Industry Analysis & Risk Metrics	+(61 3) 8634 3837
Tom Taylor	Head of International Economics	+(61 3) 8634 1883
John Sharma	Economist - Sovereign Risk	+(61 3) 8634 4514
Tony Kelly	Economist - International	+(61 3) 9208 5049
James Glenn	Economist - Asia	+(61 3) 9208 8129

Global Markets Research - Wholesale Banking

Peter Jolly	Head of Markets Research	+(61 2) 9237 1406
Robert Henderson	Chief Economist Markets - Australia	+(61 2) 9237 1836
Spiros Papadopoulos	Senior Economist - Markets	+(61 3) 8641 0978
David de Garis	Senior Economist - Markets	+(61 3) 8641 3045

New Zealand

Tony Alexander	Chief Economist - BNZ	+(64 4)474 6744
Stephen Toplis	Head of Research, NZ	+(64 4) 474 6905
Craig Ebert	Senior Economist, NZ	+(64 4) 474 6799
Doug Steel	Markets Economist, NZ	+(64 4) 474 6923

London

Nick Parsons	Head of Research, UK/Europe & Global Head of FX Strategy	+(44 20) 7710 2993
Tom Vosa	Head of Market Economics - UK/Europe	+(44 20) 7710 1573
Gavin Friend	Markets Strategist - UK/Europe	+(44 20) 7710 2155

Foreign Exchange

Sydney	+800 9295 1100	+(61 2) 9295 1166
Melbourne	+800 842 3301	+(61 3) 9277 3321
Wellington	+800 64 642 222	+800 64 644 464
London	+800 747 4615	+(44 20) 7796 4761
New York	+1 800 125 602	+1877 377 5480
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