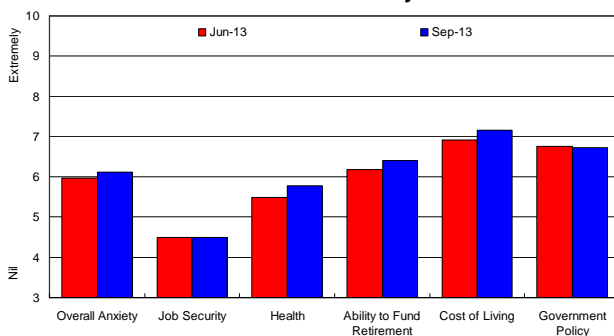


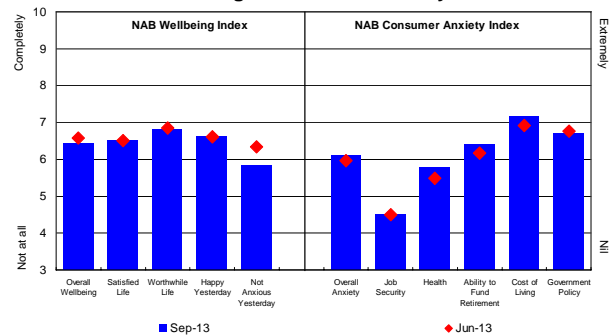
NAB Quarterly Australian Consumer Anxiety Index: September 2013

Consumer anxiety up slightly as domestic economy continues to slow, with cost of living still the biggest concern. Consumer anxiety rose to 6.1 points in Q3 (6.0 points in Q2), underpinned by rising concerns around cost of living, ability to fund retirement and health. Job security concerns still low despite softer labour market. More certainty about future policy framework may help explain slightly lower anxiety over government policy (survey conducted one week before the Federal election). Among other key findings: Tasmanian consumers the most anxious; anxiety increased in all income groups; men now more anxious than women (especially job security and health); anxiety rose most for 18-29 year olds; anxiety higher for those with kids, in full time employment and working in "other" jobs. **NAB's Wellbeing Index** (released today, measuring how Australian's think and feel about their own lives) also deteriorated slightly in Q3.

Overall Consumer Anxiety Index



NAB Wellbeing & Consumer Anxiety Indices



Consumer anxiety typically highest for those who...

- lived in Tasmania
- resided in capital cities
- earned less than \$35,000
- were female (but only marginally ahead of men)
- were aged 50+ (female) or 30-49 (male)
- were divorced
- had children
- lived in a one person household
- educational attainment was diploma
- were in full time employment
- worked in "other" employment

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

- ✗ anxiety highest in Tasmania (replaces Vic & Qld)
- ✓ regional cities report lowest anxiety (replacing capitals)
- ✗ anxiety increases for all income groups
- ✗ men report bigger increase in anxiety than women
- ✗ consumer anxiety increases most for 18-29 year olds
- ✓ widows the only group to report lower anxiety in Q3
- ✓ those with kids now more anxious than those without
- ✗ single person households report much higher anxiety
- ✗ diploma group more anxious for all questions
- ✗ consumer anxiety highest for full time workers
- ✗ "other" workers report big increase in anxiety

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

- Australian consumers still rate the cost of living as their main cause of anxiety. More than one-third (35.5%) rated their anxiety "high" with regards to cost of living, up slightly from 34.1% in Q2.
- Australians have become more anxious about their ability to fund their retirement. Around 27% of Australians expressed "high" concern over their ability to fund their retirement in Q3, up from 22.6% in Q2.
- There was a slight increase in the number of Australians reporting "medium" concerns over job security.
- An expectation of political change and more certainty about the future policy framework (survey conducted prior to Federal election on September 7) may help explain the large fall in the number of Australians reporting "high" anxiety over government policy to 30.9% in Q3 (36% in Q2).

Consumer Anxiety Indicator Categories (%)

	Very Low (0-4)	Low (5-6)	Medium (7-8)	High (9-10)	Average (mean)
Job Security					
Q2 2013	45.4	22.4	18.8	13.4	4.5
Q3 2013	45.1	19.3	22.1	13.4	4.5
Health					
Q2 2013	32.4	28.0	25.5	14.1	5.5
Q3 2013	26.4	30.4	27.4	15.8	5.8
Ability to Fund Retirement					
Q2 2013	26.2	20.8	30.3	22.6	6.2
Q3 2013	21.0	25.0	27.4	26.6	6.4
Cost of Living					
Q2 2013	15.9	23.4	26.6	34.1	6.9
Q3 2013	11.8	23.8	28.9	35.5	7.2
Government Policy					
Q2 2013	19.1	23.3	21.7	36.0	6.8
Q3 2013	14.8	30.7	23.7	30.9	6.7

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Anxiety Indicators: directional change since last quarter

Overall Consumer Anxiety	⊖
Job Security	☹
Health	⊖
Ability to Fund Retirement	⊖
Cost of Living	⊖
Government Policy	☺

	Overall Consumer Anxiety	Job Security	Health	Ability to Fund Retirement	Cost of Living	Govt Policy
State & Location - anxiety increases in all states and regions except Queensland & Victoria						
NSW/ACT	⊖	⊖	⊖	⊖	⊖	☺
Queensland	☺	⊖	⊖	☺	☺	☺
SA/NT	⊖	⊖	⊖	⊖	⊖	⊖
Tasmania	⊖	⊖	⊖	⊖	⊖	☺
Victoria	☺	☺	⊖	⊖	⊖	☺
WA	⊖	☺	⊖	⊖	⊖	⊖
Capital City	⊖	⊖	⊖	⊖	⊖	⊖
Regional City	⊖	☺	⊖	⊖	⊖	⊖
Rural Town/Bush	⊖	⊖	☺	⊖	⊖	☺
Income - anxiety higher for all income levels						
Over \$100k	⊖	⊖	⊖	⊖	⊖	☺
\$75-100k	⊖	⊖	⊖	⊖	☺	☺
\$50-75k	⊖	☺	⊖	⊖	⊖	⊖
\$35-50k	⊖	⊖	⊖	⊖	⊖	⊖
Under \$35k	⊖	☺	⊖	⊖	⊖	☺
Gender - women less concerned about job security but men less anxious about government policy						
Male	⊖	⊖	⊖	⊖	⊖	☺
Female	⊖	☺	☹	⊖	⊖	⊖
Age - all groups more anxious except 30-49 year olds (unchanged)						
18-29	⊖	⊖	⊖	⊖	⊖	⊖
30-49	☹	⊖	⊖	⊖	☹	☺
50+	⊖	☺	⊖	⊖	⊖	⊖
Marital Status - consumer anxiety rose for all groups						
De facto	⊖	⊖	⊖	☺	☹	⊖
Divorced	⊖	☺	⊖	⊖	⊖	☺
Married	⊖	⊖	⊖	⊖	⊖	☺
Single	⊖	☺	⊖	⊖	⊖	⊖
Widowed	⊖	☺	⊖	⊖	⊖	☺
Household Status/Size - all groups report higher anxiety						
Children	⊖	⊖	⊖	⊖	⊖	☺
No Children	⊖	☺	⊖	☺	⊖	☺
One	⊖	⊖	⊖	⊖	⊖	☺
Two	⊖	☺	⊖	⊖	⊖	☺
Three +	⊖	☺	⊖	⊖	⊖	☺
Education - all groups report higher anxiety						
Bachelor/Post Grad	⊖	☺	⊖	⊖	⊖	⊖
Diploma	⊖	⊖	⊖	⊖	⊖	⊖
High School	⊖	⊖	⊖	☺	⊖	☺
Vocational	⊖	☺	⊖	⊖	⊖	☺
DNF High School	⊖	☺	⊖	⊖	⊖	⊖
Employment Type - consumer anxiety lower for sales/clerical workers and labourers						
Professional	⊖	⊖	⊖	⊖	⊖	⊖
Technical	⊖	☺	⊖	⊖	☺	☺
Sales/Clerical	☺	☺	☺	☺	☺	☺
Labourer	☺	⊖	☺	☺	⊖	☺
Other	⊖	⊖	⊖	⊖	⊖	⊖

LEGEND: ☺ = up ⊖ = down ☹ = unchanged

NAB Quarterly Australian Consumer Anxiety Index - Main Findings

Main Findings

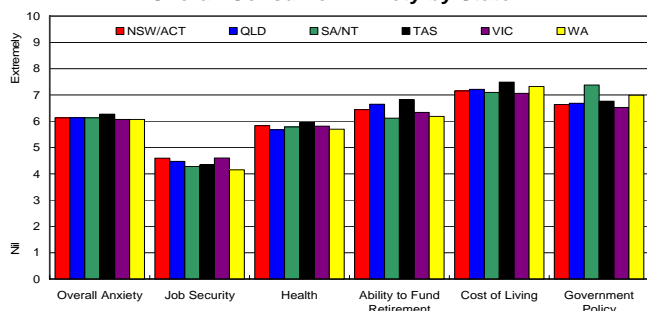
- The NAB Consumer Anxiety Index rose slightly to 6.1 points in Q3 (6.0 points in Q2) indicating still “moderate” levels of anxiety. There remains however large variance in anxiety levels around the five survey questions underpinning the index - job security, health, ability to fund retirement, cost of living and government policy. Cost of living remains the biggest concern for consumers and job security the smallest concern.
- Consumer anxiety increased in all states except Victoria and Queensland. Tasmania was the most anxious state overall. Consumer anxiety rose in all locations in Q3, but increased most in capital cities. Consumers living in regional cities reported the lowest levels of overall anxiety.
- Consumer anxiety increased in all income groups. Those earning +\$100K remain the least anxious group and for all survey questions. Middle income earners (\$50-75K) reported the biggest increase in anxiety in Q3, while those earning >\$35k were most anxious overall and for all survey questions except job security.
- Both males and females reported higher anxiety in Q3, although anxiety increased more for men for all survey questions (except government policy). Overall, males rated anxiety higher than women for job security and health, but women rated their ability to fund retirement, cost of living and government policy higher than men.
- Anxiety increased most for those aged 18-29 (with higher concerns for all survey questions), but the 50+ group now most anxious overall. Those aged 30-49 were slightly less anxious in Q3. By gender, overall anxiety was higher for men aged 18-29. It was broadly similar for both sexes in the 30-49 age group, but males aged 50+ were less anxious than women.
- Anxiety was highest for divorcees and widows in Q3, with both groups especially anxious about cost of living, ability to fund retirement and government policy. Singles and married people were the least anxious overall. However, singles rated highest for job security while married people were least worried about the cost of living. Consumers with no children were slightly less anxious than those with children.
- Consumer anxiety was highest in single person households. By education, anxiety rose for all groups, with the biggest increases seen for those with diplomas and those that did not finish high school (typically also mid/low income groups). Labourers were by far most anxious for cost of living and job security.

NAB Quarterly Australian Consumer Anxiety Index - Main Charts

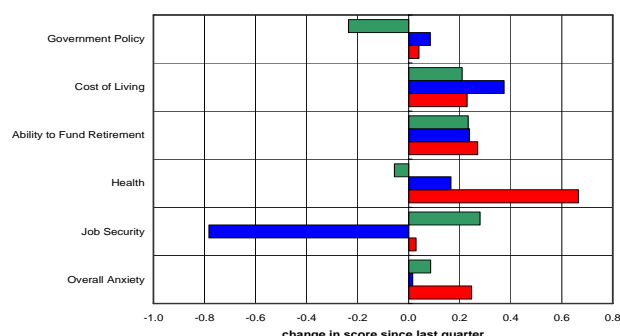
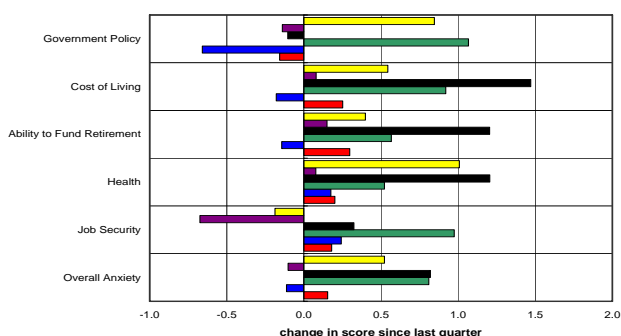
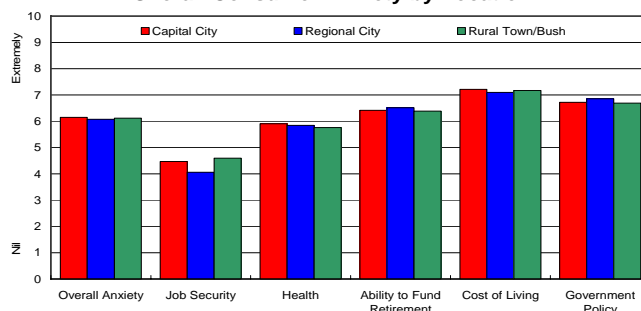
Consumer anxiety increased in all states in Q3 except Victoria (mainly due to reduced job security concerns) and Queensland (where consumers were less anxious about government policy, cost of living and their ability to fund retirement). Consumer anxiety was highest in Tasmania where it rose significantly this quarter on the back of much higher concerns over cost of living, ability to fund retirement and health. Those in SA/NT and WA also reported much higher anxiety in Q3.

Consumer anxiety rose in all locations. Anxiety rose most in capital cities, with this group much more concerned about their health. Those in regional cities rated the lowest levels of anxiety, mainly due to a big drop in job security concerns - although this group was still the most concerned about their ability to fund their retirement and government policy. Those in rural/bush areas were more anxious about cost of living, retirement and job security, but less worried about their health.

Overall Consumer Anxiety by State



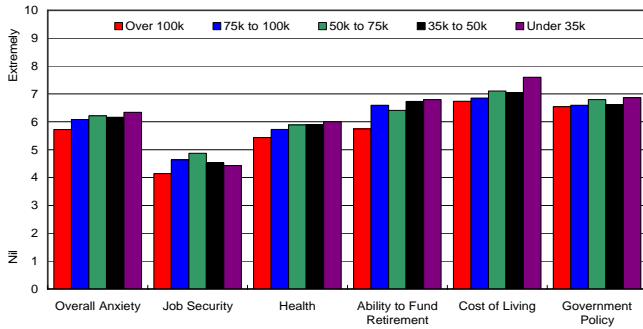
Overall Consumer Anxiety by Location



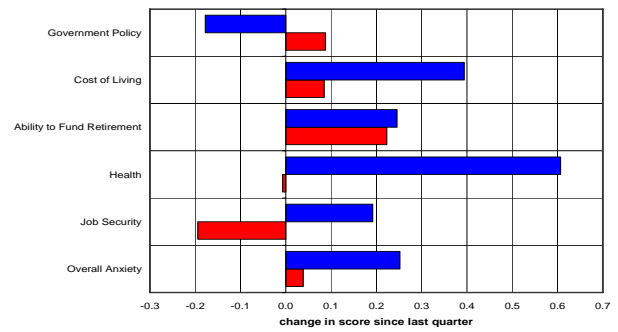
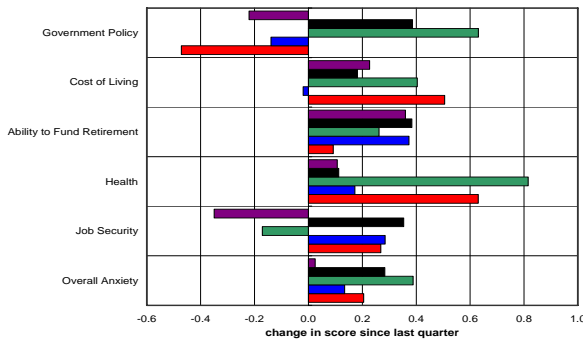
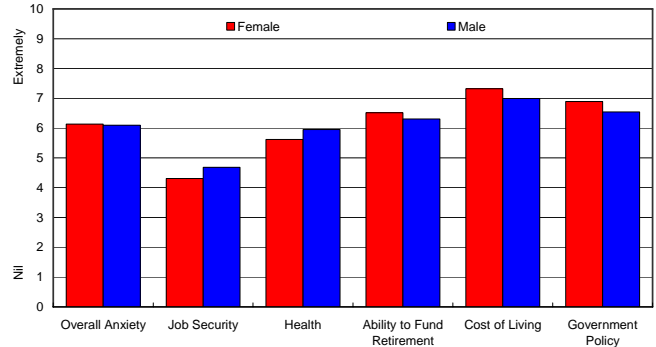
Overall consumer anxiety increased in all income groups in Q3. Despite reporting much higher concerns over their health and cost of living, those earning +\$100K remain the least anxious group overall and for all survey questions. Middle income earners (\$50-75K) reported the biggest increase in anxiety in Q3, led by much bigger concerns about their health and government policy. Those earning >\$35k were most anxious overall and for all questions except job security.

Both males and females reported higher anxiety in Q3, although the increase was bigger for men. As a result, overall anxiety is now broadly the same for both sexes. Males reported higher anxiety than women for all survey questions (especially health and cost of living), except government policy. Overall, males rated anxiety higher than women for job security and health, whereas women rated their concern over their ability to fund retirement, cost of living and government policy higher than men.

Overall Consumer Anxiety by Income



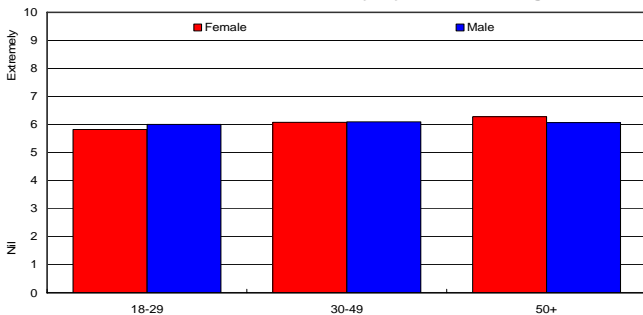
Overall Consumer Anxiety by Gender



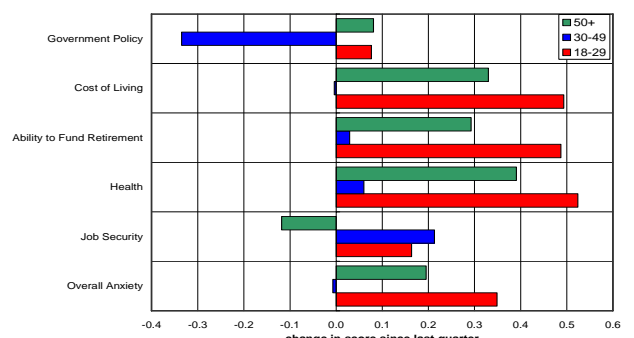
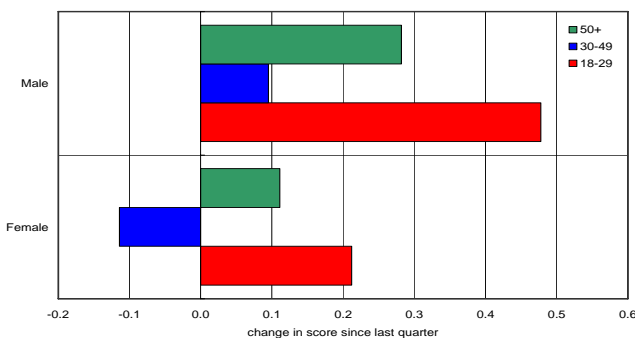
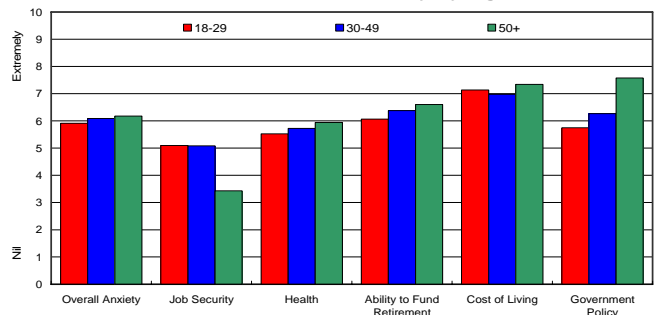
Males aged 18-29 reported higher levels of anxiety than women in this age group. Consumer anxiety in the 30-49 age group was broadly similar for both sexes, but males aged 50+ were less anxious than women in the same age group.

Consumer anxiety increased most in the 18-29 age group (with higher concerns for all survey questions), but overall anxiety is now highest in the 50+ age group (and for all questions except job security). Those aged 30-49 were slightly less anxious in Q3.

Overall Consumer Anxiety by Gender & Age



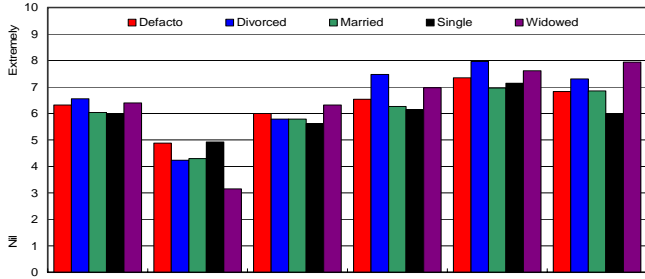
Overall Consumer Anxiety by Age



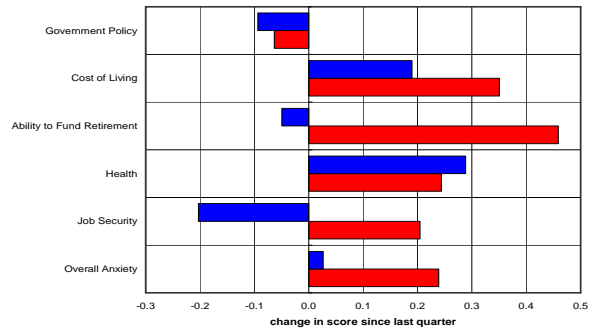
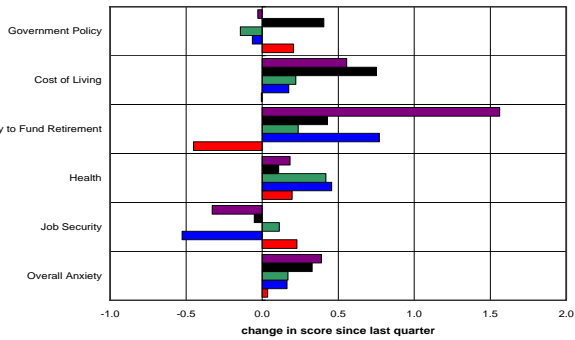
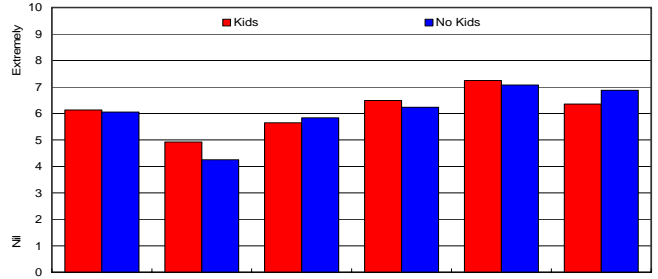
By marital status, consumer anxiety rose in all groups, but rose most for widows. Overall consumer anxiety was highest for divorcees and widows in Q3, with both groups especially anxious about cost of living, ability to fund retirement and government policy. Singles and married people were the least anxious groups overall. Singles and married people were the least anxious groups overall. Singles were however the most anxious group for job security while married people were least worried about the cost of living.

Consumers with no children reported slightly lower levels of overall anxiety than those with children in Q3. Both groups were more worried about the cost of living and their health and less anxious about government policy. Those with kids were significantly more worried about their ability to fund their retirement, while those without kids were less worried. Those with kids were also more worried about job security, while job security concerns for those without kids fell slightly in Q3.

Overall Consumer Anxiety by Marital Status



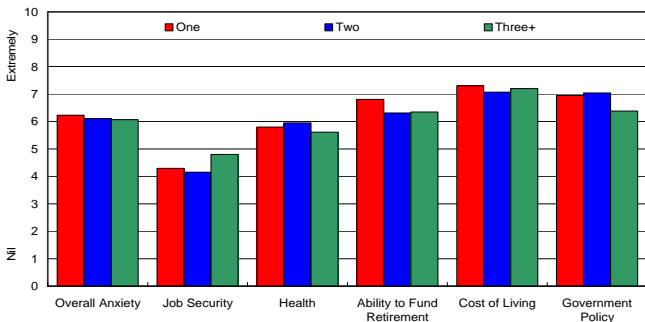
Overall Consumer Anxiety by Household - Kids



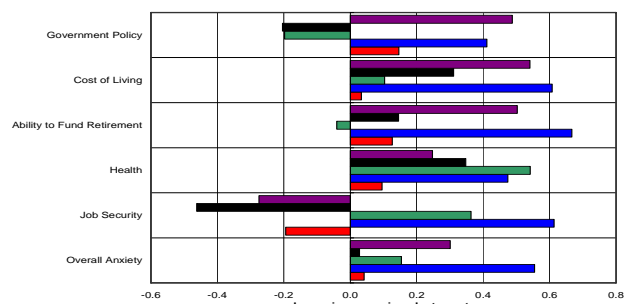
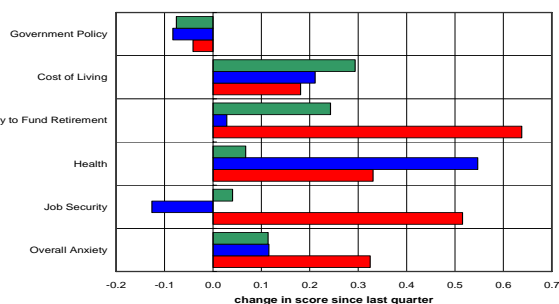
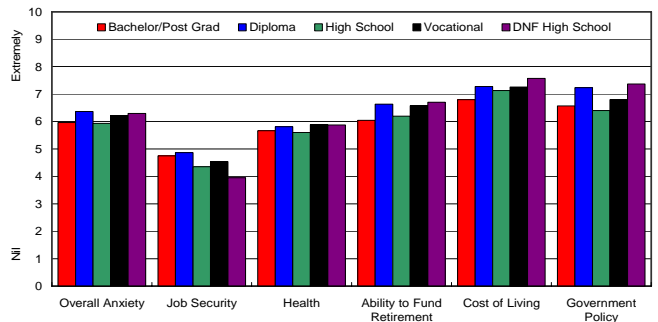
Consumer anxiety was slightly higher for single person households. However, all groups reported higher anxiety in Q3, especially singles who were much more concerned over their ability to fund their retirement and job security. All groups continue to rate anxiety over cost of living highest and remain least concerned about job security.

By educational attainment, consumer anxiety increased in all groups in Q3, with the biggest increases seen for those with diplomas and those that did not finish high school. Interestingly, despite a reported slowdown in employment growth, the vocational, bachelor/post grad and did not finish high school groups all rated their anxiety over job security lower in Q3.

Overall Consumer Anxiety by Household Size

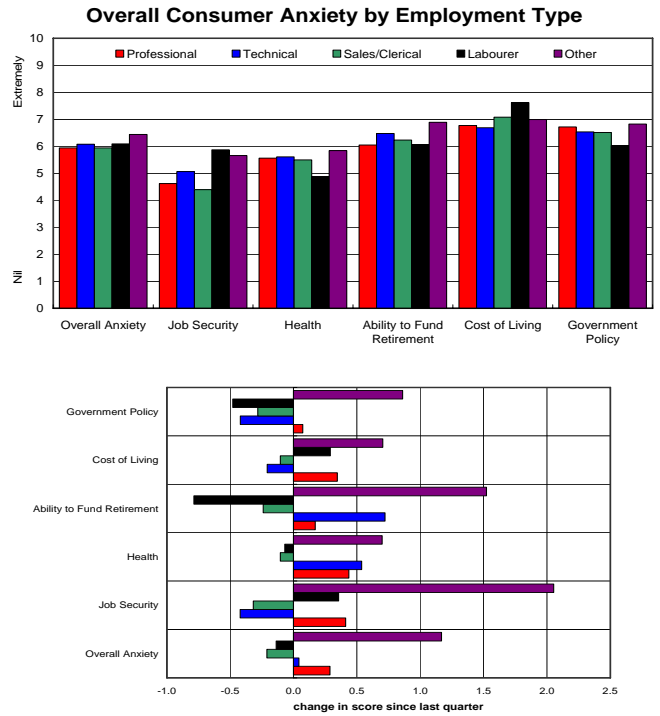
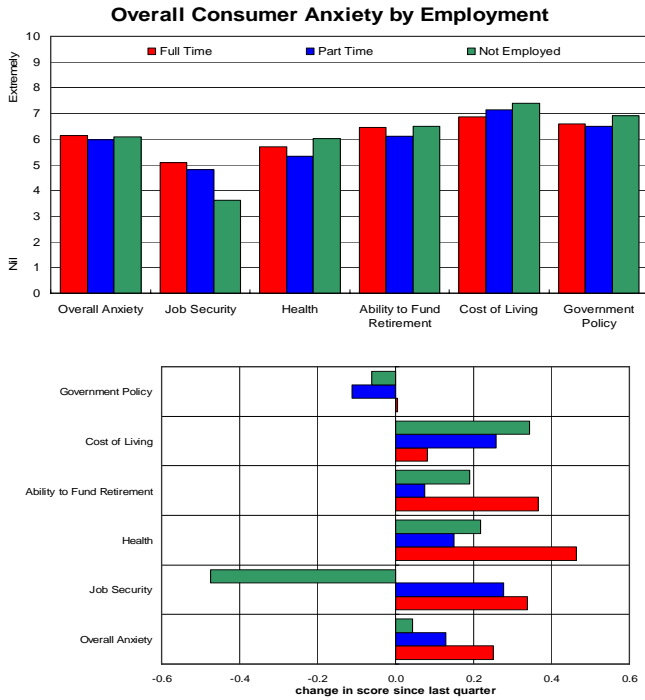


Overall Consumer Anxiety by Education



Overall consumer anxiety increased most for those in full time employment in Q3, with this group more concerned about their health, ability to fund retirement and job security. Those in full time employment were however the least concerned about cost of living. Those not employment rated highest for health, ability to fund retirement, cost of living and government policy, but were the least anxious group for job security. Part timers also expressed heightened anxiety over job security and cost of living.

Consumers employed in “other” categories (e.g. self-employed) reported the biggest increase in overall anxiety in Q3, mainly due to higher concerns over job security and ability to fund retirement. Overall anxiety also increased for professional workers with slightly elevated concerns across all survey questions. Sales/clerical workers and labourers reported slightly lower overall levels of consumer anxiety in Q3. However, labourers remain by far the most anxious group for cost of living and job security.



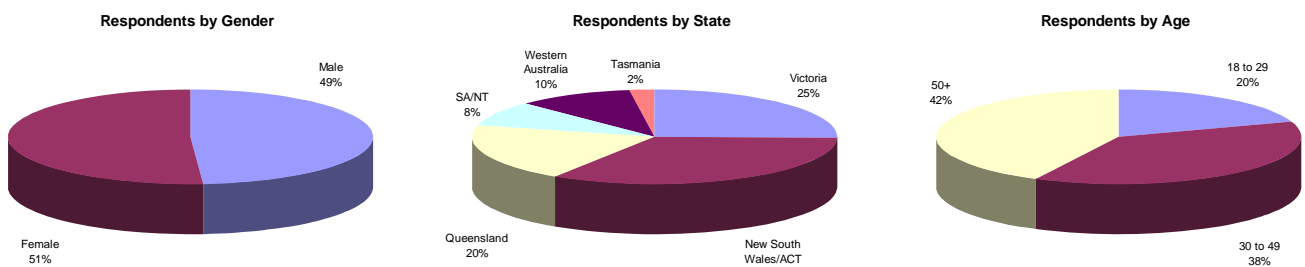
Appendix 1: About the Survey

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 2,062 respondents participated in the September 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.



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Fixed Interest/Derivatives

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