

NAB Quarterly Australian Consumer Anxiety Index: Q1 2014

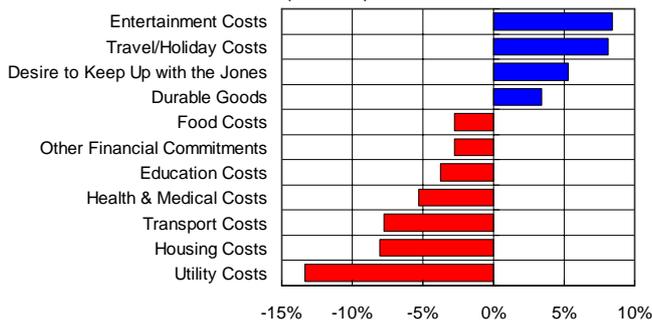
Special Report - Factors Impacting Cost of Living

The cost of living continues to be identified as the biggest source of anxiety for Australian consumers with rising utility bills a key concern. In this special report, we identify those factors that impact most on the cost of living. Overall, the biggest negative influences on cost of living in net balance terms were utility bills, housing costs and transport costs. In contrast, entertainment costs and travel/holiday costs had the least negative impact on the cost of living. A closer look at what drives anxiety in key demographic categories reveals some important differences. By state, utility costs added most to anxiety in NSW/ACT, Victoria and Queensland, whereas housing costs in SA/NT and Tasmania, and food costs in WA were the most negative influences. Utility costs also contributed most to anxiety in all regions, although much more so in regional areas and in rural towns and the bush compared to capital cities. Women and men also said utility bills, housing and transport costs were the biggest negative influences, although all three factors were cited as a much bigger concern by women.

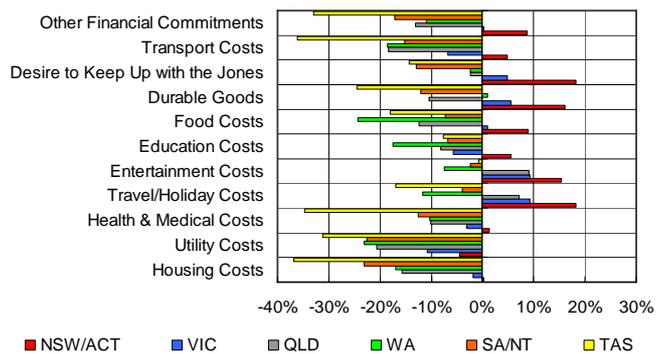
The most important influences on cost of living (in net balance terms*) were utility bills, housing and transport costs. Utility costs remain the biggest source of anxiety in terms of cost of living pressures. Health & medical, education, other financial commitments and food costs also negatively impacted the cost of living but were not as significant. In contrast, entertainment costs and travel/holiday costs, the desire to keep up with the Jones' and durable goods costs were not deemed to have a negative impact on the cost of living in net terms.

There are some notable differences in what drives anxiety over the cost of living between the states. In NSW/ACT, Victoria and Queensland, utility costs added most to anxiety. Housing costs were of greatest concern in SA/NT and Tasmania, while food costs were the most important influence in WA. Also notable was the lower level of concern across all survey questions between the bigger states (NSW/ACT and Victoria) and the smaller under-performing states (Tasmania and SA/NT).

Factors Influencing "Cost of Living"
(net balance)



Key Cost of Living Factors by State
(net balance)

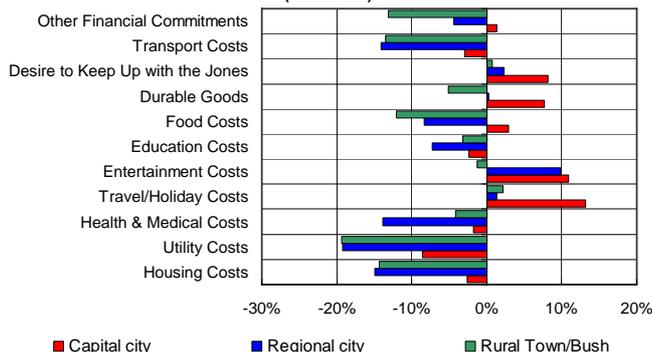


*net balance - difference between positive & negative responses (ignoring neutral responses).

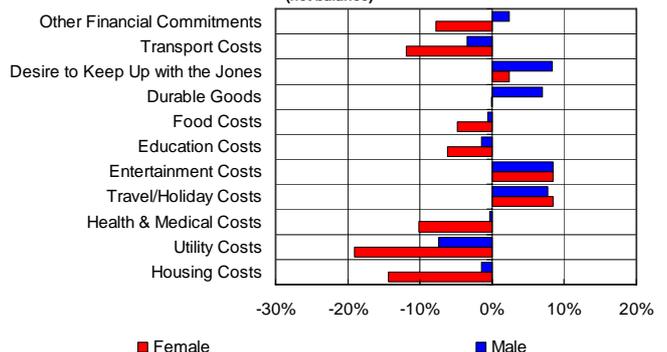
Looking at the most important influences on the cost of living by region suggest that utility costs added most to anxiety in all regions, but more so in regional areas and in rural towns/bush. These areas also expressed much greater anxiety over housing and transport costs compared to city dwellers. Food costs also negatively impacted the cost of living in regional cities and rural towns/bush, but were not significant in capital cities.

Women are much more anxious than men over the cost of living. They cited utility, housing and transport costs as the most negative influences on their cost of living. Men also rated utility and transport costs as the biggest negative influences, but much less so than women. For both men and women, entertainment, travel/holiday costs and the desire to keep up with the Jones' did not have a negative influence on cost of living in net terms.

Key Cost of Living Factors by Region
(net balance)



Key Cost of Living Factors by Gender
(net balance)



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Appendix 1: About the Survey

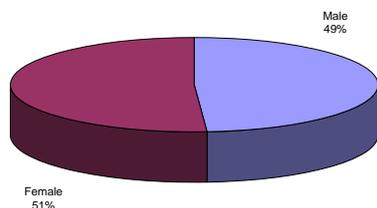
The NAB Australian Consumer Anxiety Index was launched in April 2013 in conjunction with the NAB Australian Wellbeing Index with the aim of assessing perceptions of wellbeing and consumer stress.

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:

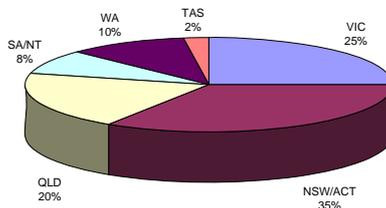
- Your job security.
- Your health.
- Your financial security for retirement.
- Your cost of living.
- Government policies.

All questions were answered on a scale of 0-10 where 0 is "not at all concerned" and 10 is "extremely concerned". Around 2,050 respondents participated in the March 2014 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.

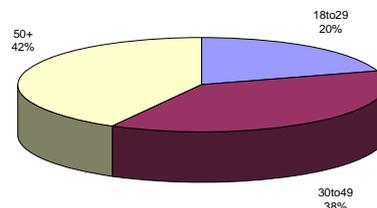
Respondents by Gender



Respondents by State



Respondents by Age



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