

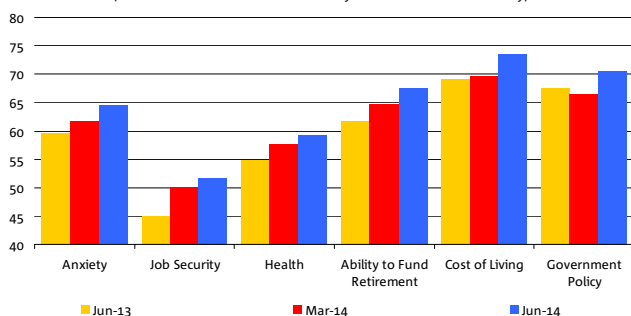
NAB Quarterly Australian Consumer Anxiety Index: Q2 2014

Consumer anxiety spikes post the Federal Government's budget, with low income earners clearly most concerned.

The NAB Consumer Anxiety Index rose to 64.5 points in Q2 (61.7 points in Q1) - its highest level since the survey began in Q1'13 - with elevated anxiety mostly driven by growing concern over government policy (with the survey conducted after the May Federal budget) and cost of living (which remains the single biggest concern for Australian consumers). Consumer anxiety related to ability to fund retirement, health and job security also increased. Anxiety is highest in Victoria, but rose most in WA where the economy continues to feel the strain of the mining boom transition. Women are still more anxious than men, but the gap is closing. Among the other key findings: anxiety is notably higher for low income earners (<\$35K), divorced people and women (18-29) and lowest in Tasmania, for widows and high income earners (>\$100K). Our special report ("**Budget Impacts**") shows that Australian consumers expect the biggest impacts of May's Federal budget over the next 12 months to be felt on their overall financial position, spending on non-discretionary services, access to government benefits and general level of savings, while spending on education and childcare and hours worked will be least affected.

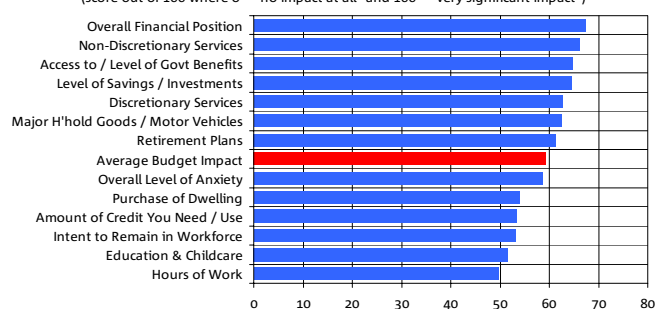
Overall Consumer Anxiety Index

(score out of 100 where 0 = "nil" anxiety and 100 = "extreme" anxiety)



Budget Impacts

(score out of 100 where 0 = "no impact at all" and 100 = "very significant impact")



Consumer anxiety typically highest for those who...

- lived in Victoria, Queensland & WA
- resided in a rural town or the bush
- earned less than \$35,000
- were female
- aged 50+ (women and men)
- were divorced
- had children
- lived in a household of 3+ people
- did not finish high school
- were not employed or not retired
- worked in technical professions

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

- ✗ Consumer anxiety rises for all survey questions
- ✗ Anxiety up most for govt policy and cost of living
- ✗ VIC most anxious state; TAS least anxious overall
- ✓ Anxiety lowest in capital cities (replaces regional)
- ✗ Anxiety among men up sharply across all questions
- ✗ Those earning >\$35K most anxious group overall
- ✗ Anxiety up sharply among 18-29 year olds
- ✗ H'holds with kids worry more about cost of living
- ✗ H'holds with 3+ people now most anxious overall
- ✓ Part timers less worried about jobs and cost of living
- ✗ Job security worries spike for sales/clerical workers

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

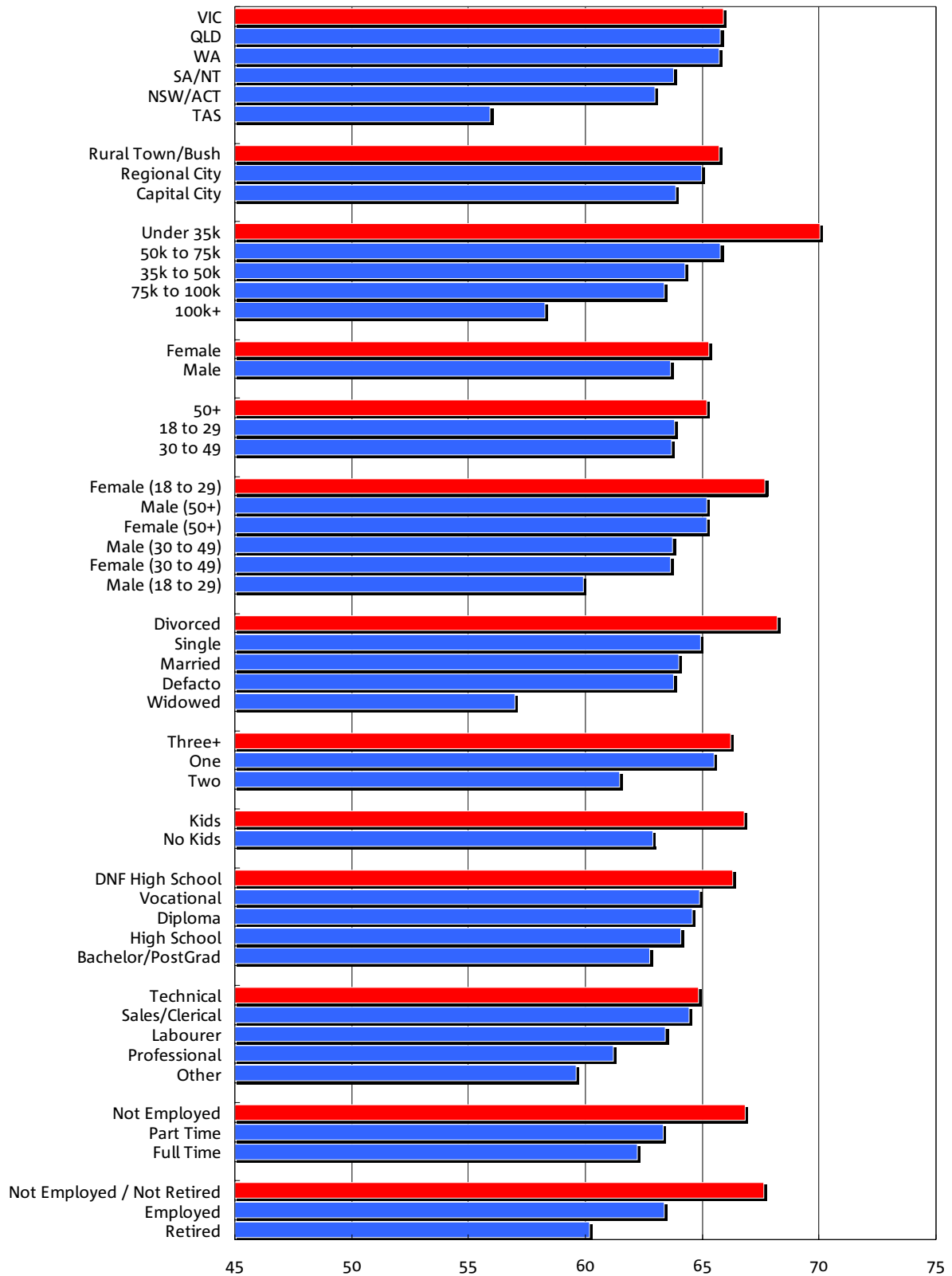
- Around 38% of Australians rated their anxiety over government policy "high" in Q2 (27.7% in Q1), following the federal budget announced in May.
- More Australian's (39.6%) rate "high" anxiety with regards to cost of living; only 1 in 8 rate it "very low".
- Around 1 in 6 Australians report "medium" or "high" anxiety over ability to fund health retirement, up from around 1 in 5 in Q1. Fewer Australians (22.7%) also rate "low" anxiety for job security (26.8% in Q1).

Consumer Anxiety Indicator Categories (%)

	Very Low (0-4)	Low (5-6)	Medium (7-8)	High (9-10)	Average (mean)
Job Security					
Q1 2014	36.5	26.8	19.3	17.4	50.1
Q2 2014	37.7	22.7	21.8	17.8	51.6
Health					
Q1 2014	27.0	31.0	24.6	17.5	57.7
Q2 2014	25.5	29.1	27.2	18.1	59.4
Ability to Fund Retirement					
Q1 2014	20.1	26.7	25.6	27.6	64.7
Q2 2014	19.6	21.2	27.0	32.3	67.4
Cost of Living					
Q1 2014	15.0	21.4	31.7	31.9	69.6
Q2 2014	12.0	19.6	28.8	39.6	73.5
Government Policy					
Q1 2014	16.4	28.4	27.4	27.7	66.4
Q2 2014	15.0	22.9	24.4	37.8	70.6

NAB Consumer Anxiety Index: Demographics

Consumer Anxiety Ranked by Category



0 = "nil" anxiety; 100 = "extreme" anxiety

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						
NSW/ACT	😊	😊	😊	😊	☹️	☹️
Victoria	☹️	☹️	☹️	☹️	☹️	☹️
Queensland	☹️	☹️	☹️	☹️	☹️	☹️
WA	☹️	☹️	☹️	☹️	☹️	☹️
SA/NT	☹️	☹️	☹️	😊	☹️	☹️
Tasmania	😊	😊	😊	☹️	😊	☹️
Capital City	☹️	☹️	☹️	☹️	☹️	☹️
Regional City	☹️	☹️	☹️	☹️	☹️	☹️
Rural Town/Bush	☹️	☹️	☹️	☹️	☹️	☹️
Income						
Over \$100k	☹️	☹️	☹️	😊	😊	☹️
\$75-100k	☹️	😊	☹️	☹️	😊	☹️
\$50-75k	☹️	☹️	☹️	☹️	☹️	☹️
\$35-50k	😊	😊	😊	😊	☹️	☹️
Under \$35k	☹️	☹️	☹️	☹️	☹️	☹️
Gender						
Female	☹️	😊	😊	☹️	☹️	☹️
Male	☹️	☹️	☹️	☹️	☹️	☹️
Age						
18-29	☹️	☹️	☹️	☹️	☹️	☹️
30-49	😊	☹️	☹️	😊	😊	😊
50+	☹️	☹️	☹️	☹️	☹️	☹️
Gender & Age						
Female (18 to 29)	☹️	☹️	☹️	☹️	☹️	☹️
Male (18 to 29)	☹️	☹️	☹️	☹️	☹️	☹️
Female (30 to 49)	😊	😊	😊	😊	😊	😊
Male (30 to 49)	☹️	☹️	☹️	☹️	☹️	☹️
Female (50+)	☹️	☹️	😊	☹️	☹️	☹️
Male (50+)	☹️	☹️	☹️	☹️	☹️	☹️
Marital Status						
Single	☹️	😊	☹️	☹️	☹️	☹️
Defacto	☹️	☹️	☹️	☹️	☹️	☹️
Married	☹️	☹️	😊	☹️	☹️	☹️
Divorced	☹️	😊	☹️	☹️	☹️	☹️
Widowed	☹️	😊	☹️	☹️	☹️	☹️
Household Status/Size						
Children	☹️	☹️	☹️	☹️	☹️	☹️
No Children	☹️	☹️	😊	☹️	☹️	☹️
One	☹️	😊	☹️	☹️	☹️	☹️
Two	☹️	☹️	😊	😊	☹️	☹️
Three +	☹️	☹️	☹️	☹️	☹️	☹️

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LEGEND: 😊 = up ☹️ = down 😐 = unchanged

Anxiety Indicators: directional change since last quarter

	Overall Consumer Anxiety	Job Security	Health	Ability to Fund Retirement	Cost of Living	Govt Policy
Education						
Bachelor/Post Grad	⊘	⊘	😊	😊	⊘	⊘
Diploma	⊘	⊘	⊘	⊘	⊘	⊘
Vocational	⊘	⊘	⊘	😊	⊘	⊘
High School	⊘	😊	⊘	⊘	⊘	⊘
DNF High School	⊘	⊘	⊘	⊘	⊘	⊘
Employment Status						
Full Time	⊘	⊘	⊘	⊘	⊘	⊘
Part Time	⊘	⊘	😊	⊘	⊘	😊
Not Employed	⊘	😊	⊘	⊘	⊘	⊘
Employed	⊘	⊘	⊘	⊘	⊘	⊘
Retired	⊘	😊	⊘	⊘	⊘	⊘
Not Employed/Retired	⊘	😊	⊘	⊘	⊘	⊘
Employment Type						
Professional	😊	⊘	😊	😊	⊘	⊘
Technical	⊘	⊘	⊘	⊘	⊘	⊘
Labourer	⊘	⊘	😊	⊘	⊘	⊘
Sales/Clerical	⊘	⊘	😊	⊘	😊	😊
Other	😊	😊	😊	😊	⊘	😊

LEGEND: 😊 = up ⊘ = down 😐 = unchanged

Main Findings

- ❑ The NAB Consumer Anxiety Index rose to 64.5 points in Q2 (61.7 points in Q1) - its highest level since the survey began in Q1'13. Elevated anxiety among Australian consumers was mostly driven by growing concern over government policy following the May Federal budget and cost of living, which is also at its highest level since the survey began and remains the single biggest concern for Australian consumers. Consumer anxiety related to ability to fund retirement, health and job security also rose in Q2.
- ❑ The May Federal budget has clearly impacted consumer anxiety, with Australian consumers expecting the biggest budget impacts over the next 12 months to be felt on their overall financial position, spending on non-discretionary services (e.g. food, health and utilities), access to government benefits, general level of savings and investments and spending on discretionary services (e.g. eating out, entertainment and travel). The least negative budget impacts are expected to be felt on spending on education and childcare and hours worked (see **Special Report - Budget Impacts also released today**).
- ❑ TAS is the least anxious state overall and across all demographic categories. Consumer anxiety was highest in VIC, but rose most in WA where the mining sector continues to feel the strain of the mining boom transition. Anxiety up most in regional cities, but highest in rural towns/bush and lowest in capital cities.
- ❑ With welfare eligibility criteria and other measures for lower income earners tightened in the budget, anxiety rose sharply for Australian consumers earning <\$35K.
- ❑ Overall, women remain more anxious than men, although men reported much higher levels of anxiety for all survey questions in Q2, especially cost of living and government policy.
- ❑ Consumer anxiety rose notably for 18-29 year olds, but the 50+ group most anxious overall. Anxiety much higher for young women (18-29) compared to men, but similar for women & men in other age groups.
- ❑ Despite reporting significantly higher anxiety over government policy, widows remain the least anxious group overall and the least anxious group across all demographic categories.
- ❑ Consumers with children expressed much higher anxiety over the cost of living and government policy in Q2, possibly reflecting changes to family tax benefits announced in the May Federal Budget.
- ❑ Consumer anxiety increased most for households with 3+ people. This group reported higher anxiety over the cost of living and government policy, and may have reflected the potential impact on household budgets stemming from recent changes to family tax benefits in the recent budget.
- ❑ Those not employed rated government policy, health and cost of living much higher. Weaker sentiment may have been adversely impacted by tighter rules around unemployment benefits announced in the May budget. Sales and clerical workers also reported a very big increase in anxiety around job security.

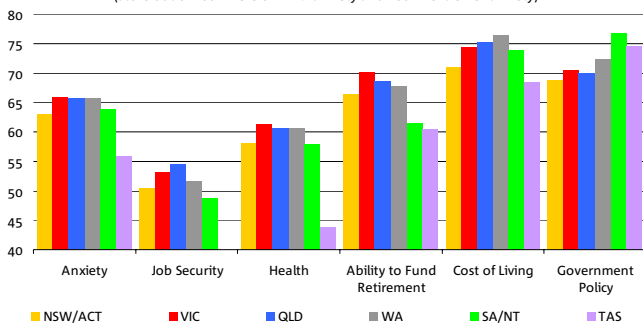
NAB Quarterly Australian Consumer Anxiety Index - Main Charts

Consumer anxiety rose in all states, except NSW/ACT and TAS as concerns over job security and health fell in both states. Consumer anxiety is now lowest in TAS and highest in VIC (replacing NSW/ACT), but rose most in WA, where the mining sector is continuing to feel the strain of the mining boom transition.

Consumer anxiety rose in all locations. Anxiety increased most in regional cities, where the level of concern over government policy and cost of living rose significantly. Overall anxiety was however highest in rural towns/bush (despite being least worried over job security) and lowest in capital cities.

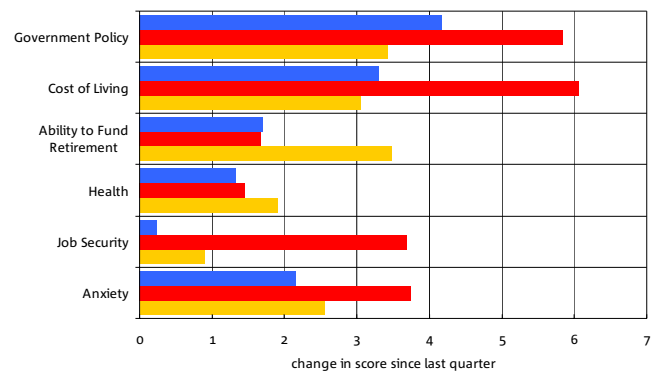
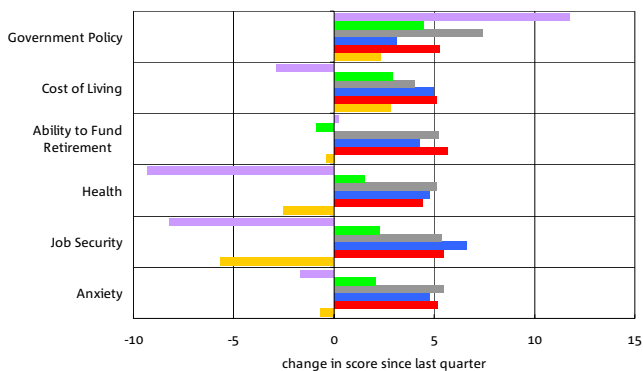
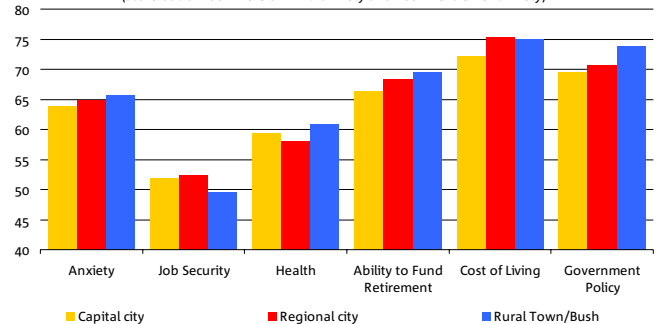
Overall Consumer Anxiety Index by State

(score out of 100 where 0 = "nil" anxiety and 100 = "extreme" anxiety)



Overall Consumer Anxiety Index by Location

(score out of 100 where 0 = "nil" anxiety and 100 = "extreme" anxiety)

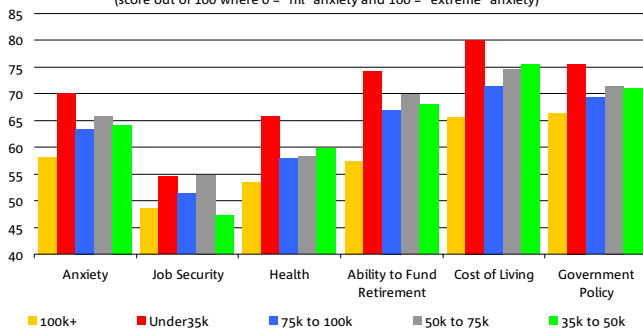


Following changes in the budget to welfare payments and other measures for lower income earners, anxiety rose sharply for those earning <\$35K (and \$50-75K). This group is now the most anxious overall (by some margin) and for all survey questions bar job security.

Overall, women are still more anxious than men. However, men reported much higher levels of anxiety for all survey questions, especially cost of living and government policy, whereas women were slightly less anxious about their health and job security.

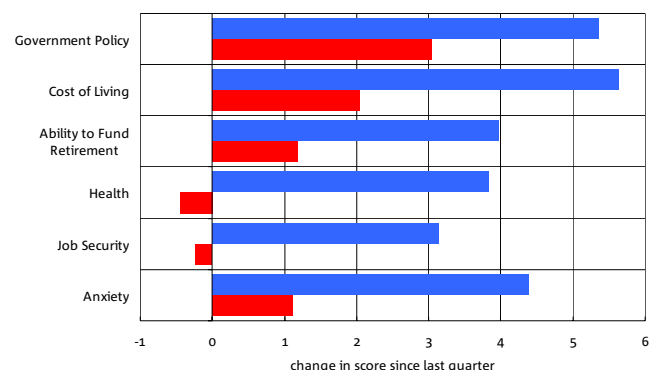
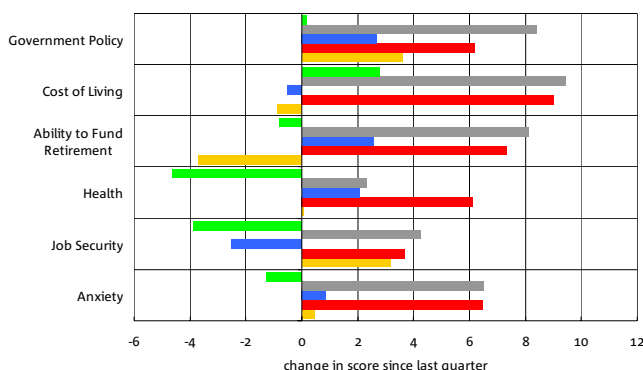
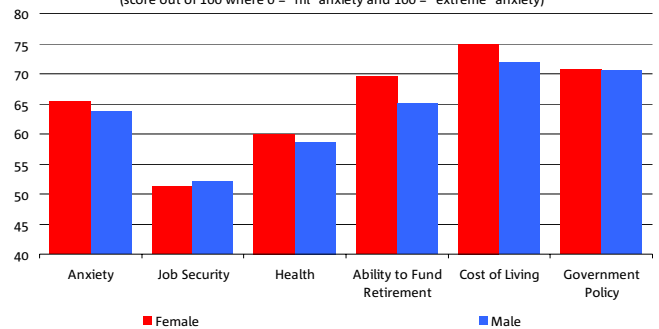
Overall Consumer Anxiety Index by Income

(score out of 100 where 0 = "nil" anxiety and 100 = "extreme" anxiety)



Overall Consumer Anxiety Index by Gender

(score out of 100 where 0 = "nil" anxiety and 100 = "extreme" anxiety)

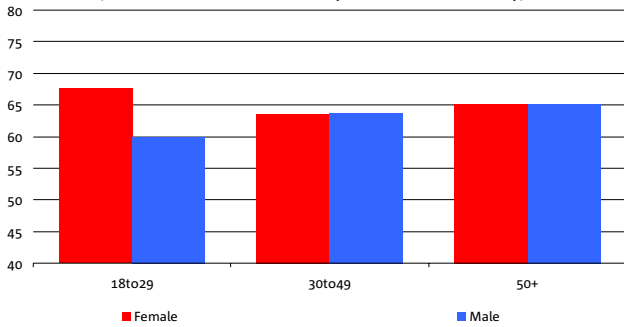


Although males aged 18-29 reported a bigger increase in anxiety levels, anxiety among 18-29 year old women also rose notably and was significantly higher than for males of the same age. In contrast, anxiety levels for women and men were broadly similar at all other age groups.

Consumer anxiety rose notably for 18-29 year olds, led by government policy and cost of living. However, the 50+ group was most anxious overall, especially over government policy and ability to fund retirement, following cuts to entitlements for older Australians announced in the May budget.

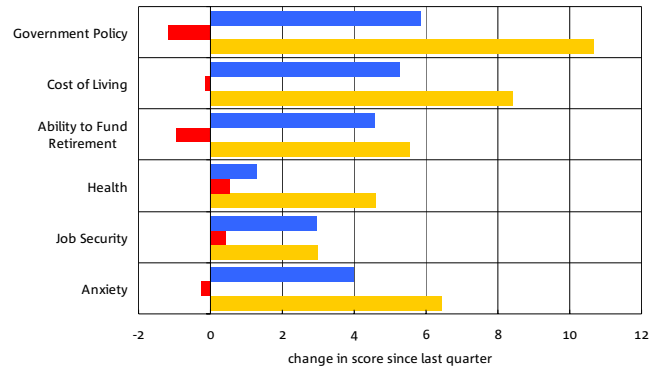
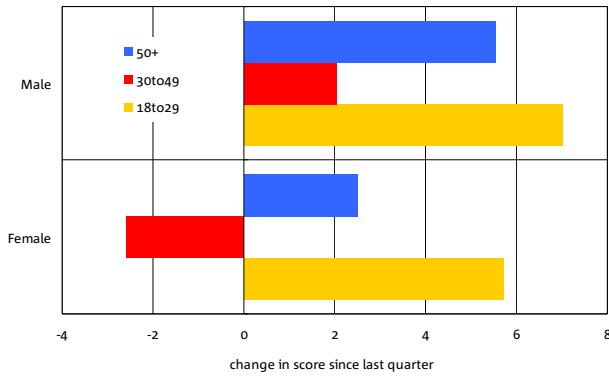
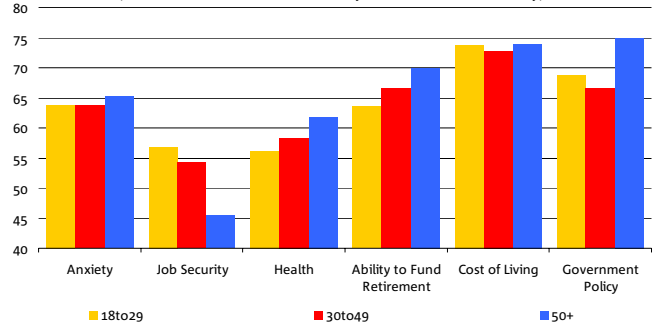
Overall Consumer Anxiety by Gender & Age

(score out of 100 where 0 = "nil" anxiety and 100 = "extreme" anxiety)



Overall Consumer Anxiety Index by Age

(score out of 100 where 0 = "nil" anxiety and 100 = "extreme" anxiety)

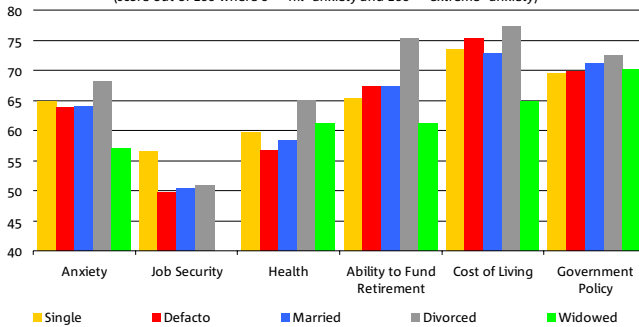


Despite reporting significantly higher anxiety over government policy, widows continue to be the least anxious group in this demographic. In contrast, divorced people remain most anxious overall, especially with regards to ability to fund retirement, health and cost of living.

Consumers with kids reported higher anxiety than those without kids for all survey questions. Significantly, those with kids expressed much higher anxiety over the cost of living and government policy, likely influenced by changes to family tax benefits announced in the May budget.

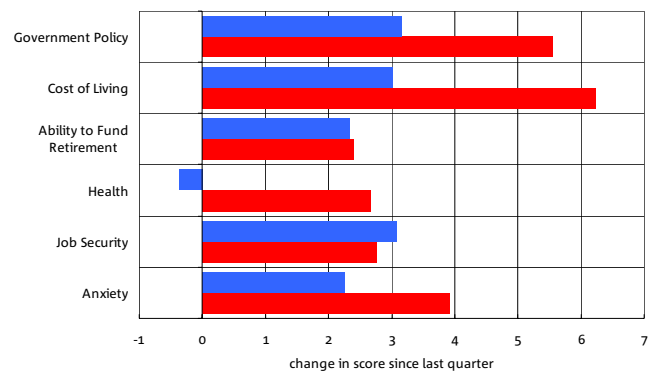
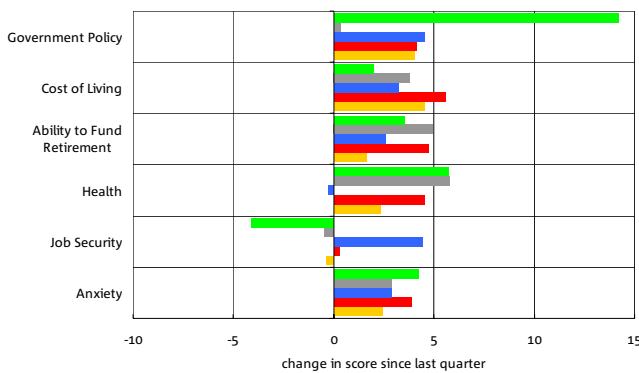
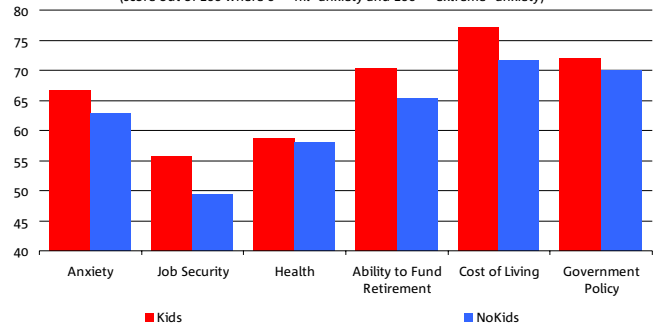
Overall Consumer Anxiety Index by Marital Status

(score out of 100 where 0 = "nil" anxiety and 100 = "extreme" anxiety)



Overall Consumer Anxiety Index by Household - Kids

(score out of 100 where 0 = "nil" anxiety and 100 = "extreme" anxiety)

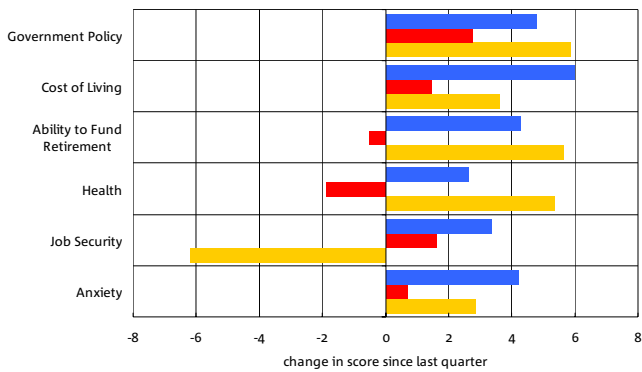
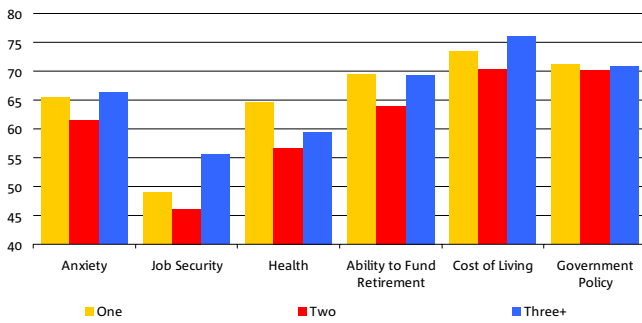


Anxiety increased most for households with 3+ people. This group reported higher anxiety over the cost of living and government policy, which may have reflected the potential impact on household budgets stemming from recent changes to family tax benefits. Singles were much less worried about job security.

Those that did not finish high school rated their anxiety over government policy, cost of living and ability to fund retirement much higher. The High School group were more worried about ability to fund retirement, while the Vocational group were significantly more concerned about their job security.

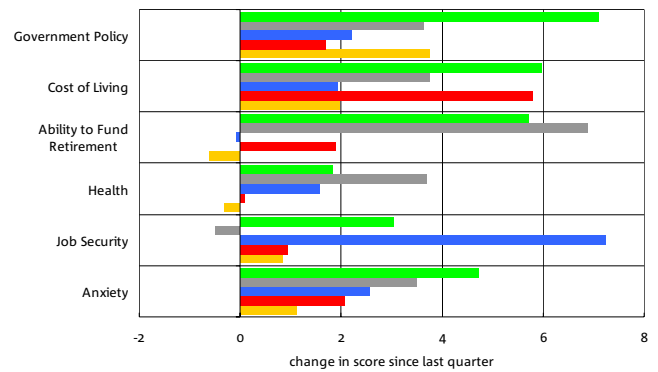
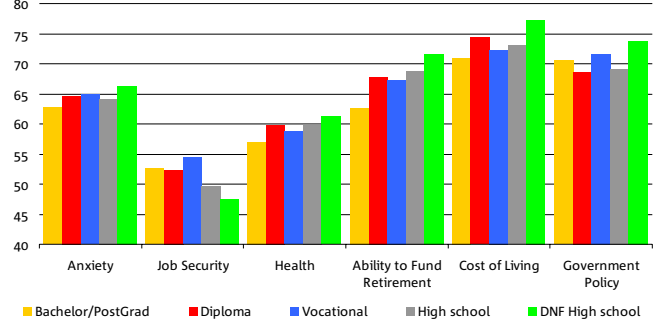
Overall Consumer Anxiety Index by Household Size

(score out of 100 where 0 = "nil" anxiety and 100 = "extreme" anxiety)



Overall Consumer Anxiety Index by Education

(score out of 100 where 0 = "nil" anxiety and 100 = "extreme" anxiety)

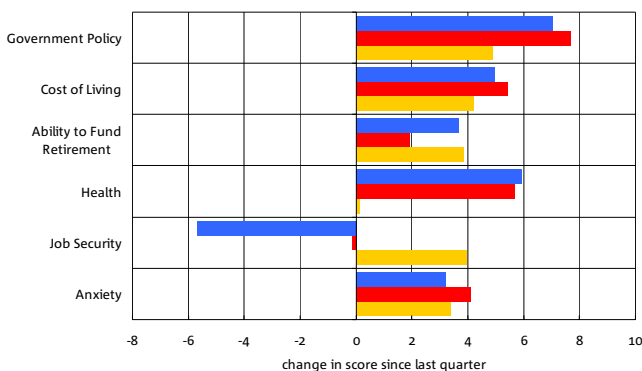
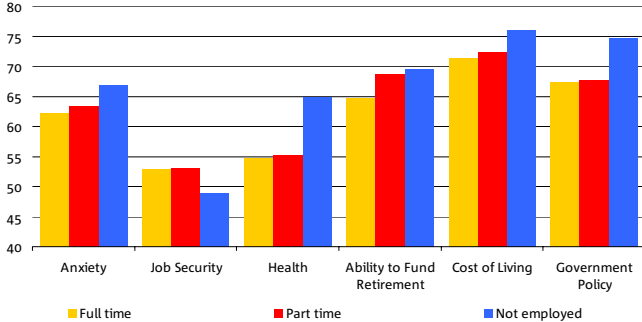


Those not employed rated government policy, health and cost of living much higher in Q2 (possibly due to recent budget changes to unemployment benefits) and well above that for part and full time workers. Part time workers also rated government policy, health and cost of living much higher.

Government policy and cost of living concerns underpinned higher anxiety among all groups in this demographic. Overall, retirees were most anxious with regards to health and government policy, while those not employed or retired were the most worried about ability to fund retirement and cost of living.

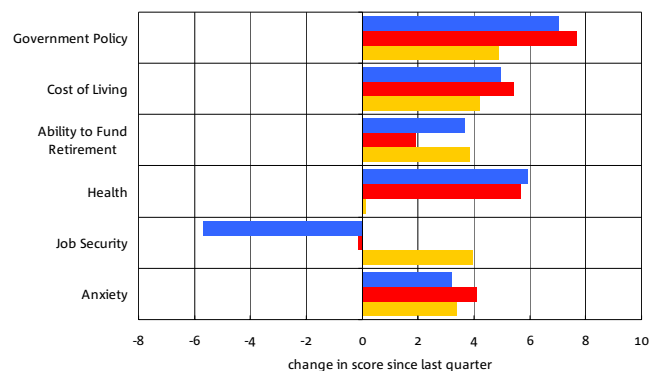
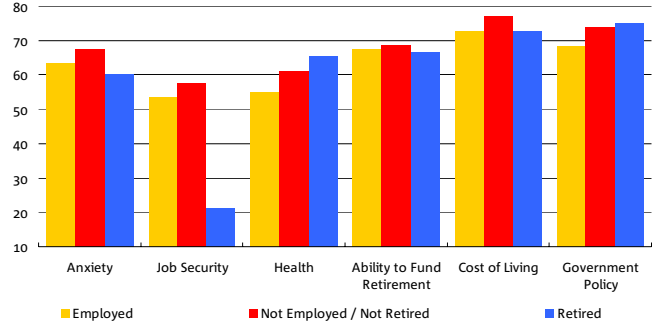
Overall Consumer Anxiety Index by Employment

(score out of 100 where 0 = "nil" anxiety and 100 = "extreme" anxiety)

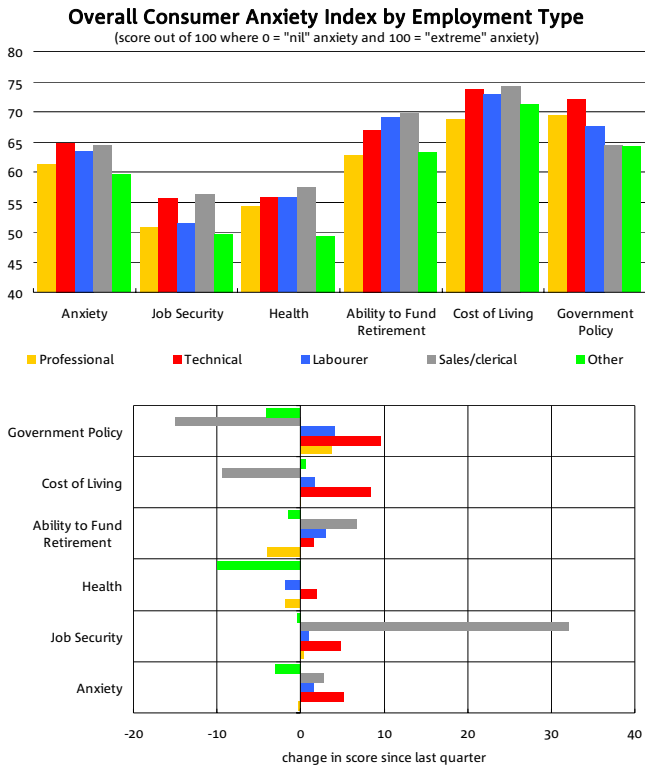


Overall Consumer Anxiety Index by Employment Status

(score out of 100 where 0 = "nil" anxiety and 100 = "extreme" anxiety)



Overall consumer anxiety increased most among technical workers, now also the most anxious group overall. This was largely due to higher worries over government policy and cost of living. Also notable was the very high jump in anxiety around job security for sales/clerical workers and the much lower level of anxiety around government policy and cost of living in this group.



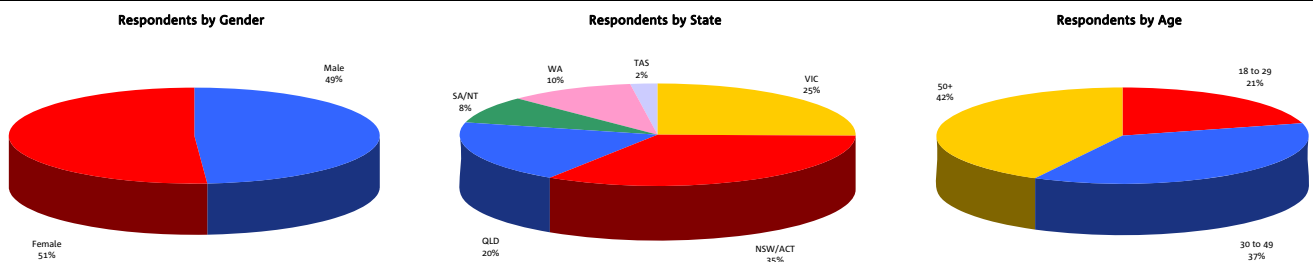
Appendix 1: About the Survey

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 consumer stress and wellbeing.

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 2,200 respondents participated in the Q2 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.



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