

NAB Consumer Anxiety Index: Q3 2014

by NAB Group Economics

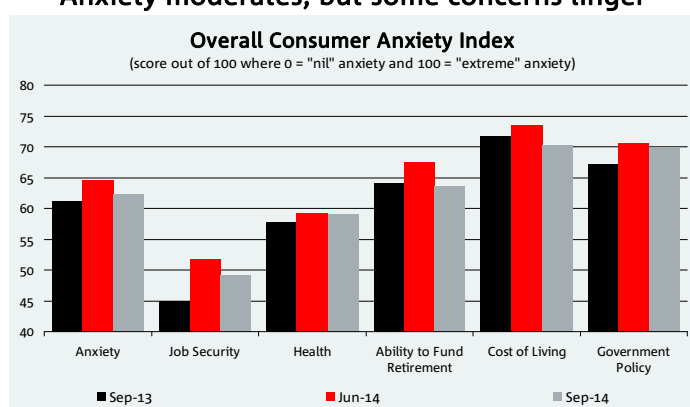
Embargoed until: 11.30am Wednesday 17 September 2014



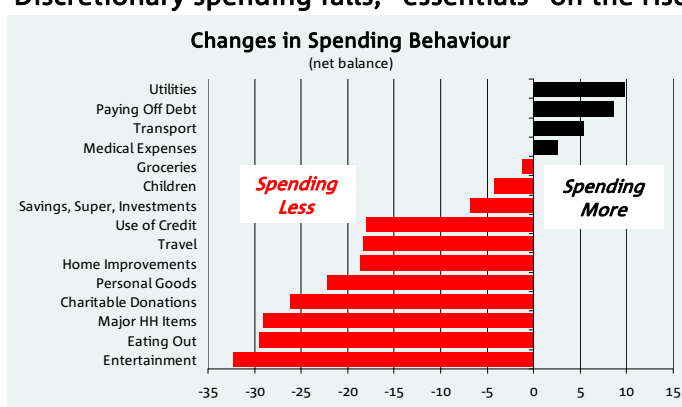
Consumer anxiety moderates after the post budget jump, but concerns over government policy and health costs remain elevated. Consumers have cut back on their discretionary spending as “essentials” control more of the household budget.

The NAB Consumer Anxiety Index fell to 62.3 points in Q3 (64.5 in Q2), led by a notable reduction in concern over ability to fund retirement, cost of living and job security. The cost of living is still the biggest single cause of anxiety for Australians, but post May’s Federal budget, government policy is fast closing the gap. The ability to finance retirement is the biggest cause of consumer’s anxiety, along with providing for the family’s future, health costs and worryingly, the ability to raise \$2,000 in an emergency.

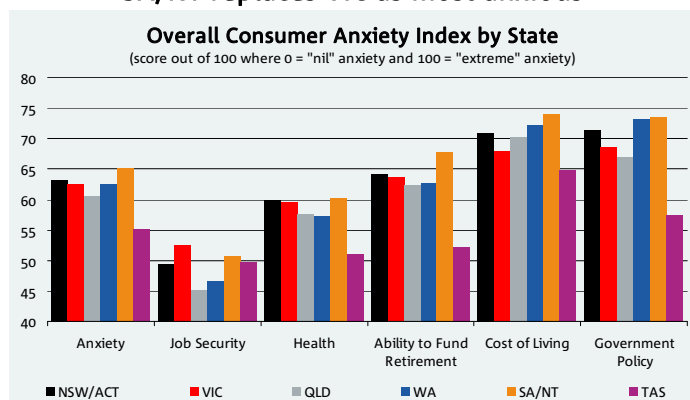
Anxiety moderates, but some concerns linger



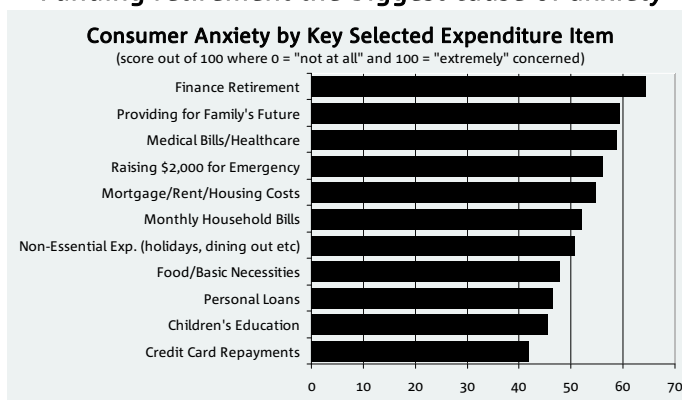
Discretionary spending falls, “essentials” on the rise



SA/NT replaces VIC as most anxious



Funding retirement the biggest cause of anxiety

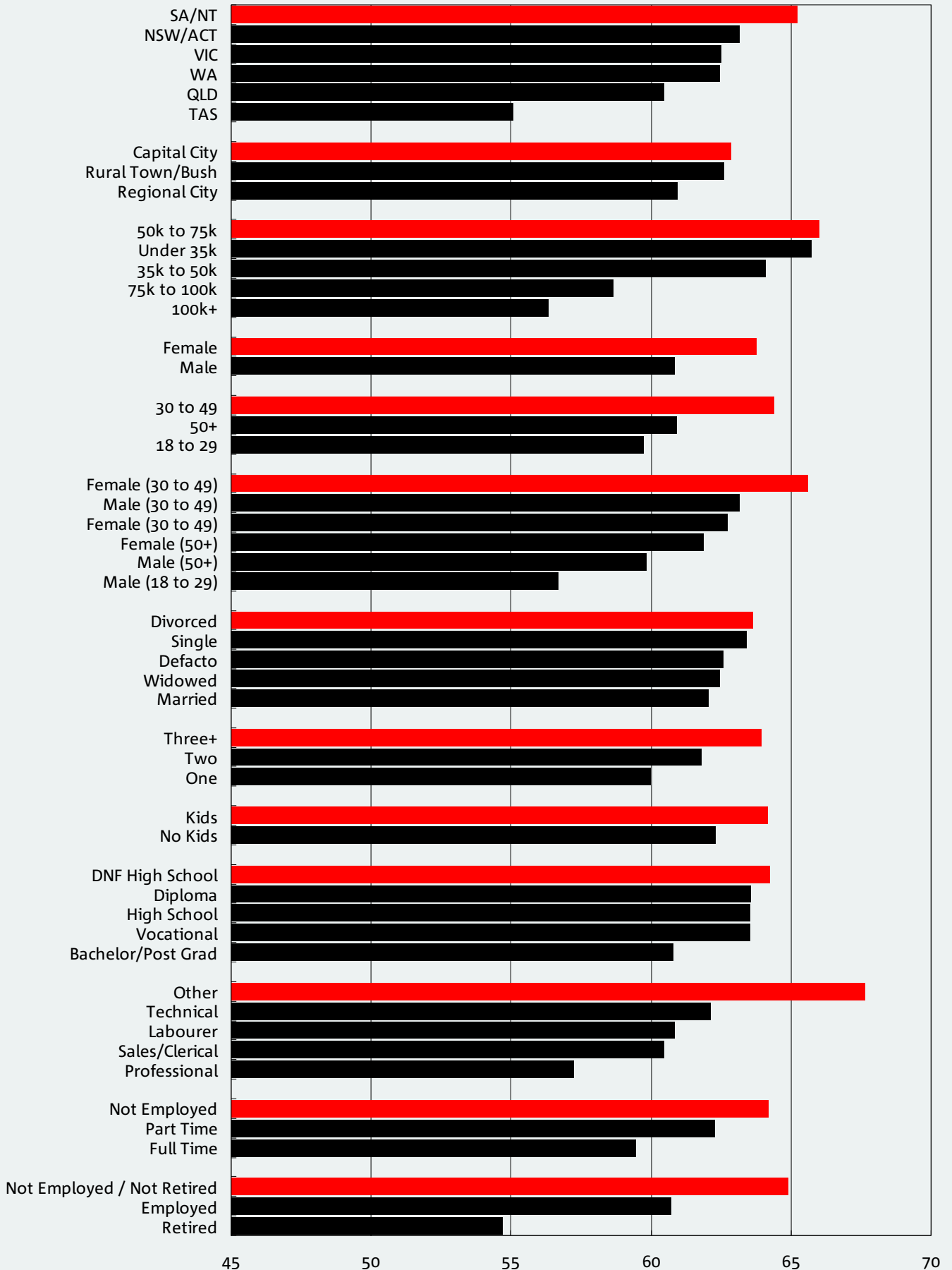


Consumer Anxiety by Category (%)

	Q1 2014	Q2 2014	Q3 2014
Job Security	50.1	51.6	49.2
Health	57.7	59.4	59.0
Retirement	64.7	67.4	63.5
Cost of Living	69.6	73.5	70.2
Govt Policy	66.4	70.6	69.8
Consumer Anxiety	61.7	64.5	62.3



Consumer Anxiety by Key Categories



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	😞	😞	😞	😊	😞	😞
H'hold Status/Size						
Children	😊	😊	😞	😊	😊	😊
No Children	😊	😊	😞	😊	😊	😞
One	😊	😊	😊	😊	😊	😊
Two	😞	😊	😞	😊	😊	😞
Three +	😊	😊	😊	😊	😊	😊

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LEGEND: 😊 = up 😞 = down 😐 = unchanged

Anxiety Indicators: directional change since last quarter (continued)

	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

Consumer anxiety was typically highest for those who...

- Lived in SA/NT
- Resided in a capital city
- Earned \$50-75k
- Aged 30-49 (both women and men)
- Were divorced
- Lived in a household with 3+ people
- Had children
- Did not finish high school
- Were not employed/not retired
- Worked in "other" professions

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

- Consumer anxiety falls for all survey questions
- Anxiety falls most for retirement and cost of living
- SA/NT replaces VIC as the most anxious state; TAS still lowest
- Anxiety lowest in regional cities (replaces capital cities)
- Anxiety gap between women and men widens
- Those aged 30-49 year replace 50+ as most anxious by age
- Women 30-49 among most anxious across all demographics
- Widows report big increase in anxiety
- Anxiety gap between those with and without kids narrows
- Anxiety lower in all professions, except "other" workers

A deeper look at the data also shows...

- Despite a tepid labour market, less than 16% (or just over 1 in 6) Australians rated their anxiety over job security "high" in Q3, down from around 18% in Q2.
- Australians also appear to be less worried about their ability to fund their retirement. Around 28% rated their anxiety "high" in Q3 (down from 32.3% in Q2), while 23.3% rated their anxiety "very low", up from 19.6% in Q2.
- Only 33.1% of Australians (1 in 3) rated "high" levels of anxiety over cost of living in Q3, down from almost 40% in Q2. The number who rated it "very low" increased slightly to 13.7% (12% in Q2), but this still represented just over 1 in 7 Australians.
- The number of Australians who rated their anxiety in relation to government policy "high" fell to 33.2% in Q3 (37.8% in Q2), possibly reflecting opposition to some of the more unpopular budget measures.
- Around 1 in 4 Australians continue to rate "very low" anxiety over their health, while 1 in 6 rated their anxiety "high".

Consumer Anxiety Indicator Categories (%)

		Very Low (0-4)	Low (5-6)	Medium (7-8)	High (9-10)	Average (mean)
Job Security	Q2 2014	37.7	22.7	21.8	17.8	51.6
	Q3 2014	38.7	25.0	20.5	15.7	49.2
Health	Q2 2014	25.5	29.1	27.2	18.1	59.4
	Q3 2014	24.6	31.5	27.5	16.4	59.0
Ability to Fund Retirement	Q2 2014	19.6	21.2	27.0	32.3	67.4
	Q3 2014	23.3	23.7	25.3	27.7	63.5
Cost of Living	Q2 2014	12.0	19.6	28.8	39.6	73.5
	Q3 2014	13.7	24.5	28.7	33.1	70.2
Government Policy	Q2 2014	15.0	22.9	24.4	37.8	70.6
	Q3 2014	13.5	26.9	26.5	33.2	69.8

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