

NAB Consumer Anxiety Index: Q2 2015

by NAB Group Economics

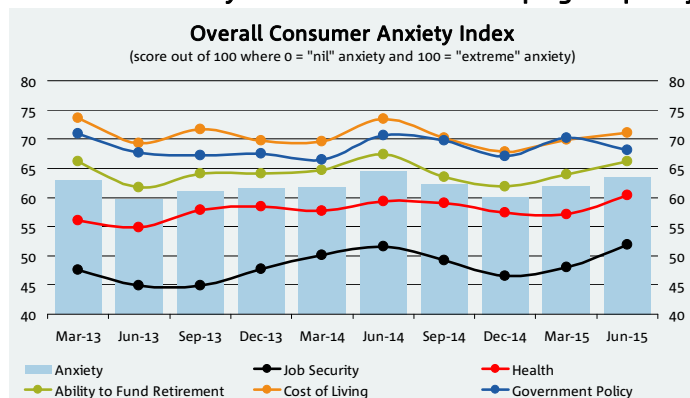
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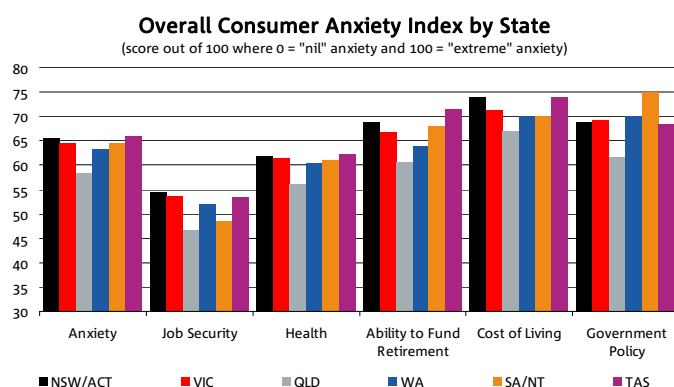
Overall consumer anxiety rose despite falling concern over government policy post the federal budget. The cost of living is again causing the greatest stress, but anxiety has increased most in relation to job security. More consumers are paying off debt and spending on “essentials” like health, transport, utilities and groceries. Interestingly, however, fewer consumers are also cutting back on many “non-essentials” such as travel, eating out, personal goods and major household items. Retirement funding and providing for the family’s future are still the major drivers of anxiety with regards to households’ financial positions.

The NAB Consumer Anxiety Index rose to 63.5 points in Q2’15 (61.8 in Q1’15), with anxiety up in all categories bar government policy. Job security is still causing the least stress, but has risen to its highest level since early-2013. Tasmania reported the biggest increase in anxiety and replaced Victoria as the most anxious state. Divorced people were the most anxious overall (replacing low income earners), whereas anxiety fell notably for young men, who are now the least anxious overall (replacing widows). Anxiety was also much lower for labourers and consumers living in Queensland.

Consumer anxiety rises in all areas except govt policy

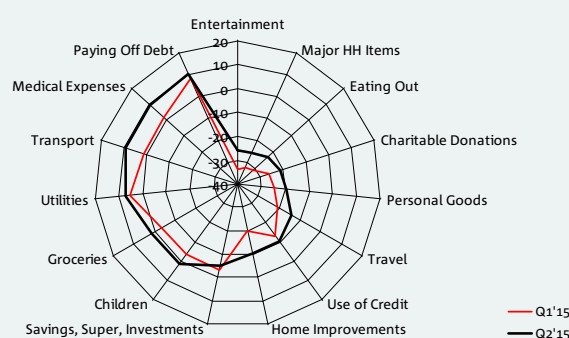


Anxiety highest in TAS, just ahead of NSW/ACT



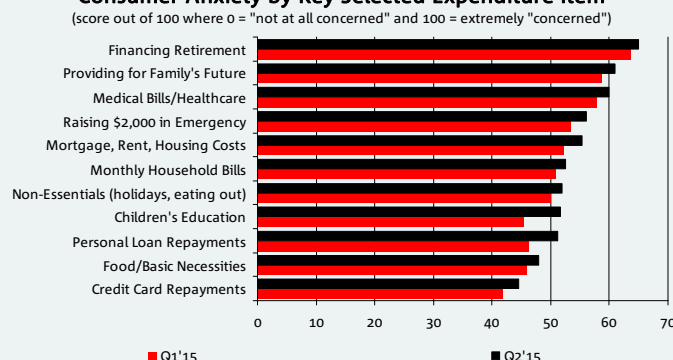
Consumers spending more on “essentials”

Changes in Spending Behaviour (net balance)



Retirement funding causing most stress on finances

Consumer Anxiety by Key Selected Expenditure Item

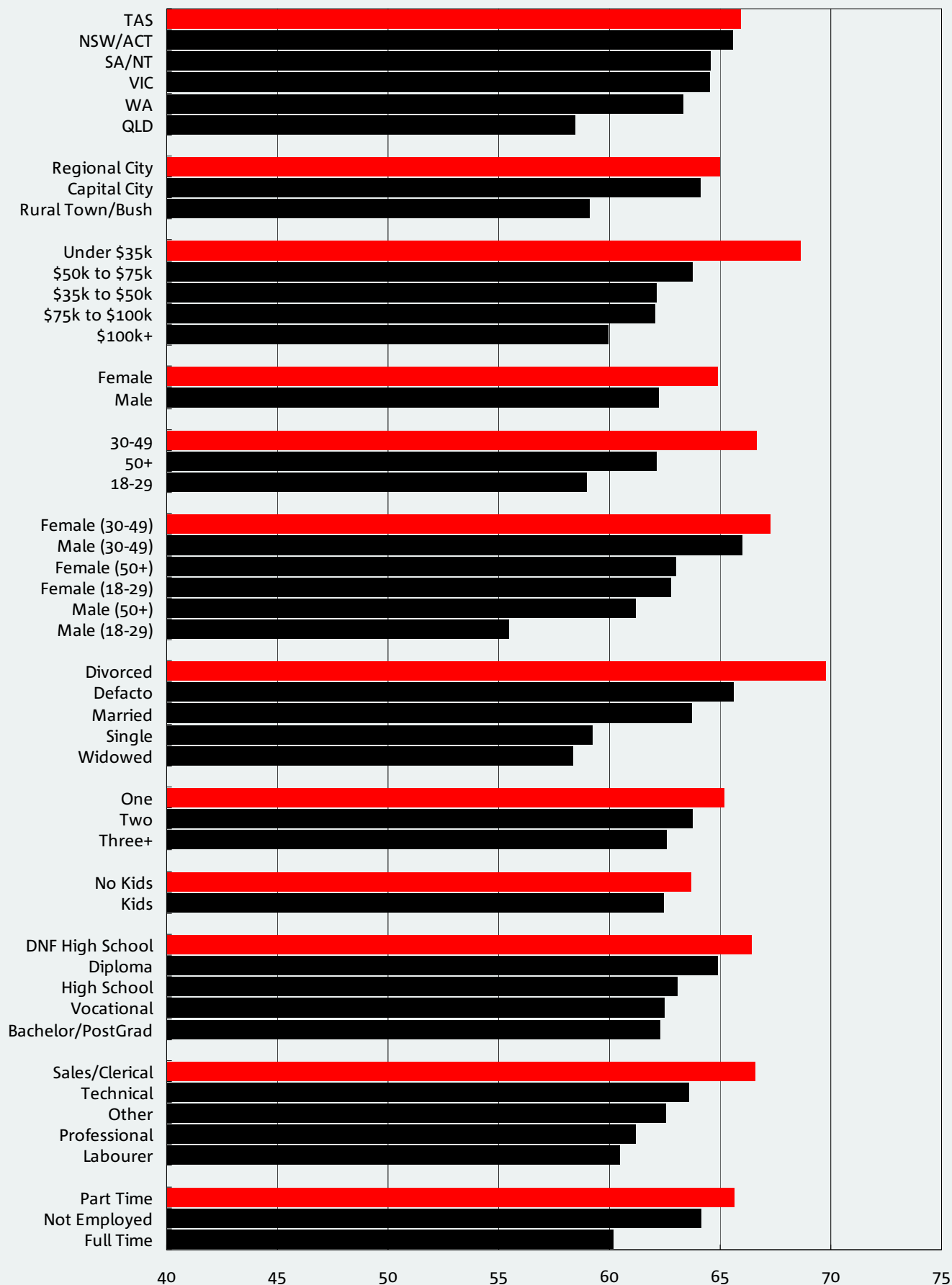


Consumer Anxiety by Category (%)

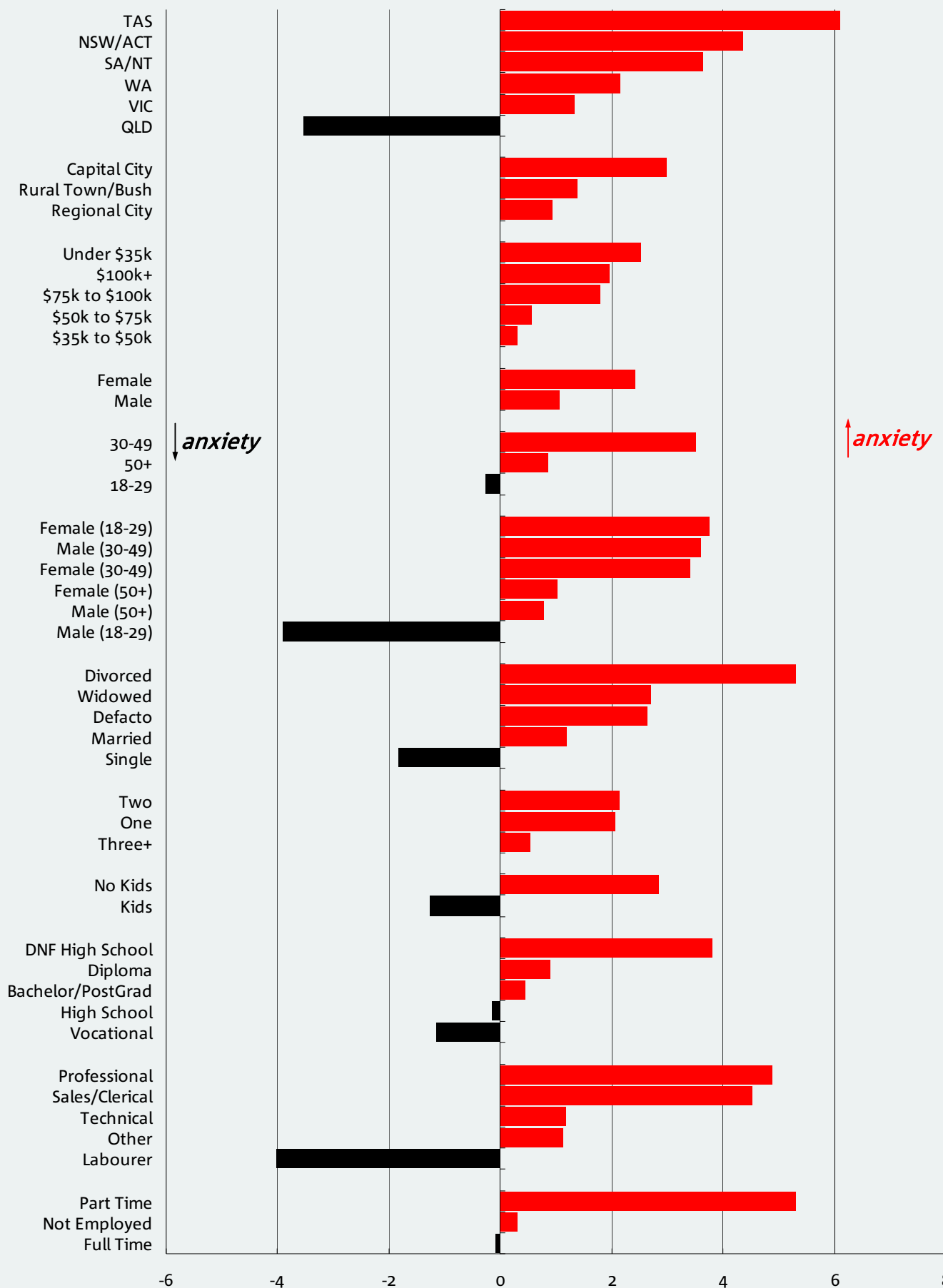
	Q4	Q1	Q2
	2015	2015	2015
Job Security	46.5	48.0	51.9
Health	57.4	57.1	60.4
Retirement	61.8	63.9	66.1
Cost of Living	67.8	69.9	71.1
Govt Policy	67.1	70.3	68.2
Consumer Anxiety	60.1	61.8	63.5



Consumer Anxiety by Key Categories



Consumer Anxiety by Key Categories (change)



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	☹	☹	☹	☹	☹	😊	
Victoria	☹	☹	☹	☹	☹	😊	
Queensland	😊	😊	☹	😊	😊	😊	
WA	☹	☹	☹	😊	☹	☹	
SA/NT	☹	☹	☹	☹	☹	😊	
Tasmania	☹	☹	☹	☹	☹	😊	
Capital City	☹	☹	☹	☹	😊	😊	
Regional City	☹	☹	☹	☹	☹	😊	
Rural Town/Bush	☹	😊	☹	☹	☹	😊	
Income							
Under \$35k	☹	☹	☹	☹	☹	☹	
\$35-50k	☹	☹	☹	☹	☹	😊	
\$50-75k	☹	☹	😊	☹	☹	😊	
\$75-100k	☹	☹	☹	☹	😊	😊	
Over \$100k	☹	☹	☹	☹	☹	😊	
Gender							
Female	☹	☹	☹	☹	☹	😊	
Male	☹	☹	☹	☹	😊	😊	
Age							
18-29	😊	☹	☹	😊	😊	😊	
30-49	☹	☹	☹	☹	☹	☹	
50+	☹	☹	☹	☹	☹	😊	
Age & Gender							
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							
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						
Full Time	⬆️	⬇️	⬇️	⬆️	⬆️	⬆️
Part Time	⬇️	⬇️	⬇️	⬇️	⬇️	⬇️
Not Employed	⬇️	⬇️	⬇️	⬇️	⬇️	⬆️
Occupation						
Professional	⬇️	⬇️	⬇️	⬇️	⬇️	⬆️
Technical	⬇️	⬇️	⬆️	⬇️	⬇️	⬇️
Labourer	⬆️	⬆️	⬆️	⬆️	⬆️	⬆️
Sales/Clerical	⬇️	⬇️	⬇️	⬇️	⬇️	⬆️
Other	⬇️	⬇️	⬆️	⬆️	⬇️	⬆️

LEGEND: ⬆️ = up ⬇️ = down ➡️ = unchanged

Consumer anxiety was typically highest for those who...

- Resided in Tasmania (but only marginally ahead of NSW/ACT)
- Lived in a regional city
- Earned less than \$35,000
- Were female
- Aged 30-49 (overall) and female (30-49)
- Were divorced
- Lived in a single person household
- Did not have children
- Did not finish high school
- Were employed in a sales or clerical role
- Were employed part time

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

- Concerns over government policy recede post budget and replaced by cost of living as the biggest cause of anxiety
- Biggest increase in anxiety seen in TAS, which has now replaced VIC as the most anxious state
- Significant increase in anxiety also seen among divorced people, part time and professional workers
- Divorced people have replaced low income earners (under \$35k) for the highest anxiety overall
- Young men aged 18-29 reported a notable fall in anxiety and are now the least anxious overall (replacing widows)
- There was also a notable fall in anxiety for labourers and consumers living in Queensland.

A deeper look at the data also shows...

- Australian consumers seem to have responded positively to the May federal budget, with the number of consumers rating "high" anxiety over government policy falling to 29.4% in Q2'15 (34.2% in Q1'15). The Q2 survey was conducted in 2 waves, with the first wave conducted prior to the budget (May 6-10) and the second wave post budget (May 20-24).
- The level of anxiety arising from cost of living pressures continues to grow, despite a low inflationary environment, with 1 in 3 consumers rating their anxiety levels "high" in Q2'15 (32.3% in Q1'15). Only 11.8% rated their anxiety "low" (14% in Q1'15).
- Despite contributing the least to overall consumer anxiety, job stress is rapidly becoming a bigger issue for Australian consumers. More than 1 in 5 consumers are now expressing "high" anxiety over their job security (17.2% in Q1'15), while the proportion expressing "very low" anxiety has fallen to 36.7% (41.6% in Q1'15).
- The level of concern among Australian consumers regarding their ability to fund their retirement has also grown, with those reporting "medium" or "high" levels of stress reaching 56.9% in Q2'15 (53.4% in Q1'15).
- Australian consumers are worrying more about their health. Almost 19% rated "high" levels of anxiety over their health (15% in Q1'15), while the number reporting "very low" levels of anxiety fell to 23.1% (27.3% in Q1'15).

Consumer Anxiety Indicator Categories (%)

		Very Low (0-4)	Low (5-6)	Medium (7-8)	High (9-10)	Average (mean)
Job Security	Q1 2015	41.6	21.8	19.3	17.2	48.0
	Q2 2015	36.7	23.5	19.4	20.3	51.9
Health	Q1 2015	27.3	30.6	27.1	15.0	57.1
	Q2 2015	23.1	30.8	27.3	18.7	60.4
Ability to Fund Retirement	Q1 2015	21.8	24.7	23.9	29.5	63.9
	Q2 2015	18.7	24.5	26.9	30.0	66.1
Cost of Living	Q1 2015	14.0	22.0	31.7	32.3	69.9
	Q2 2015	11.8	23.9	31.3	33.0	71.1
Government Policy	Q1 2015	12.3	27.5	26.0	34.2	70.3
	Q2 2015	13.7	30.1	26.8	29.4	68.2

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