

NAB Consumer Anxiety Index: Q3 2015

by NAB Group Economics

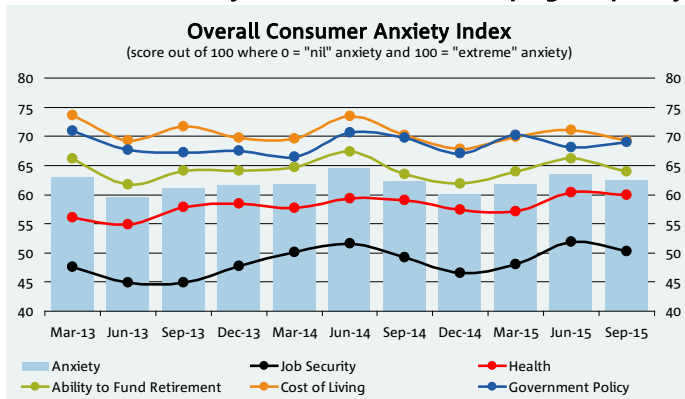
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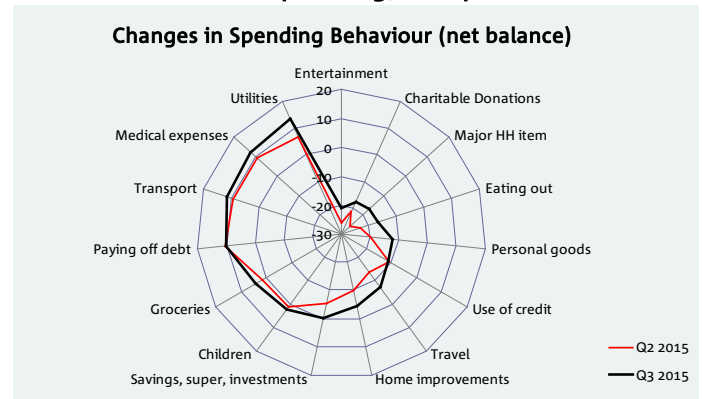
Australian consumers are feeling less anxious. Cost of living concerns have fallen but are still causing the most stress. While anxiety around government policy rose, this was solely driven by Queensland. Spending behaviours are still dominated by “essentials”, but fewer consumers are cutting back on “non-essentials” such as home improvements and travel. Consumers also report lower anxiety for all key expenditure items that impact their household financial positions, including their top 3 concerns - retirement funding, providing for their families and healthcare.

The NAB Consumer Anxiety Index fell to 62.5 points in Q3’15 (63.5 in Q2). Queensland was the only state where anxiety rose (and across all categories), but this does not appear to have had an adverse impact on their spending behaviours. Anxiety fell most in Tasmania (now the least anxious state). For the first time, this report shows changes in spending behaviours across states. Some notable shifts include: Consumer spending behaviours in NSW shifting in favour of travel, home improvements and major household items; spending behaviours in VIC have shifted most towards utilities, eating out and children; QLD consumer spending behaviours rose across the board (especially utilities); a big shift in WA away from spending on children; cuts across the board in SA/NT; and TAS volatile but big shifts towards travel, charity and personal goods.

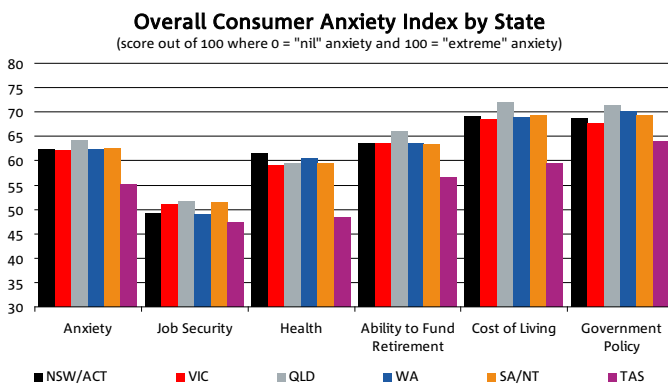
Consumer anxiety fell in all areas except govt policy



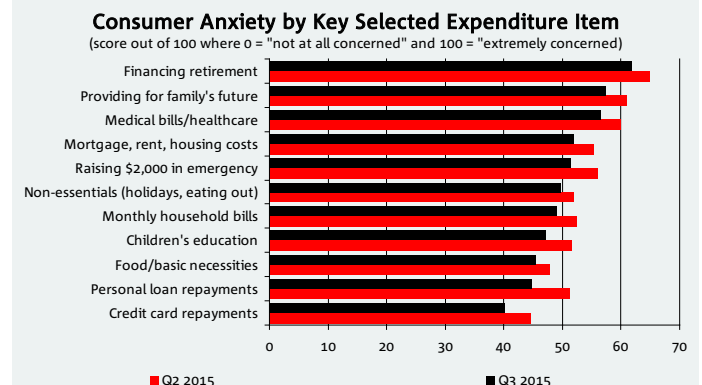
More consumers spending, except debt & credit



Anxiety highest in QLD, lowest in TAS



All expenditure items causing less stress on finances

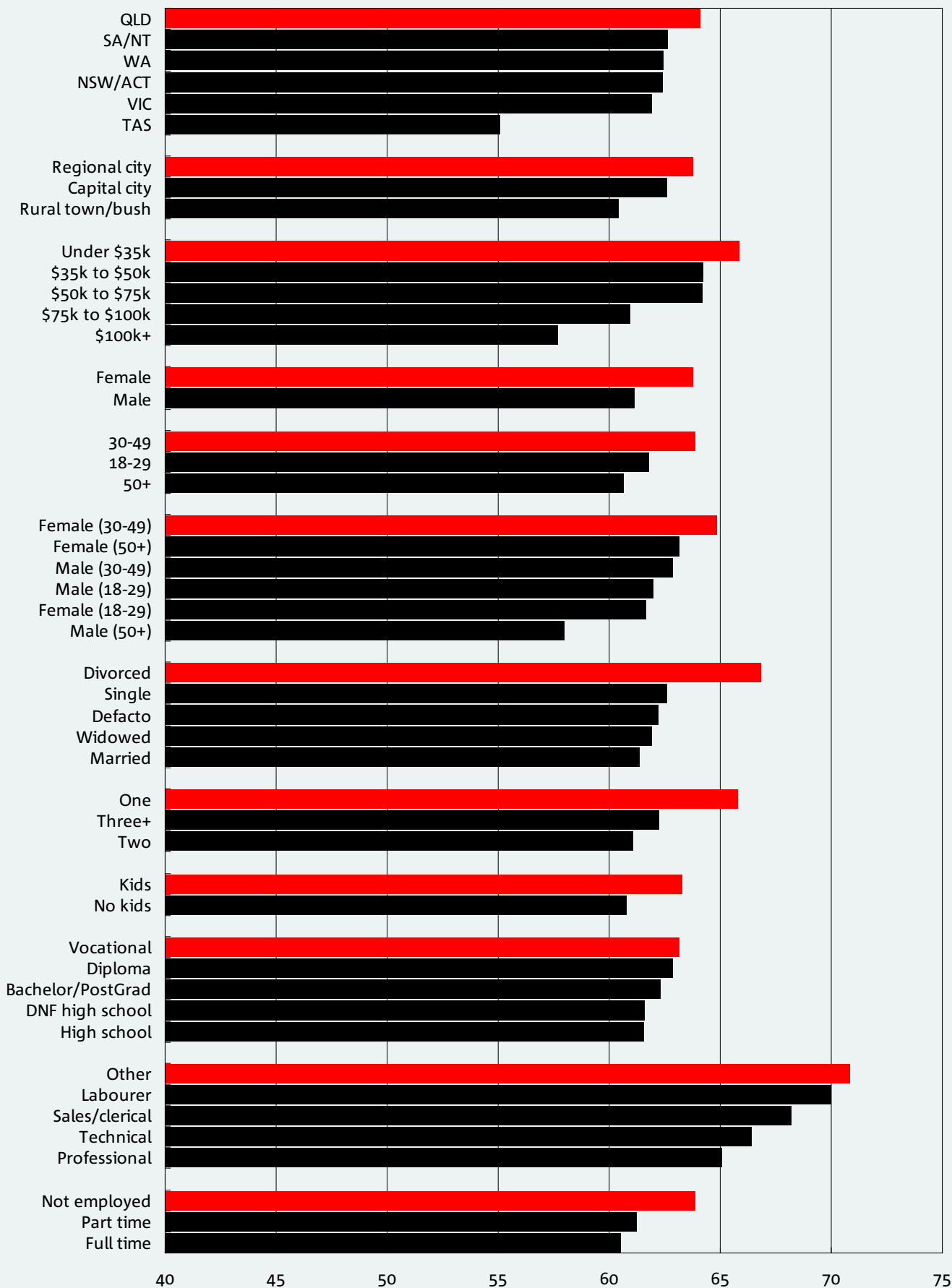


Consumer Anxiety by Category (%)

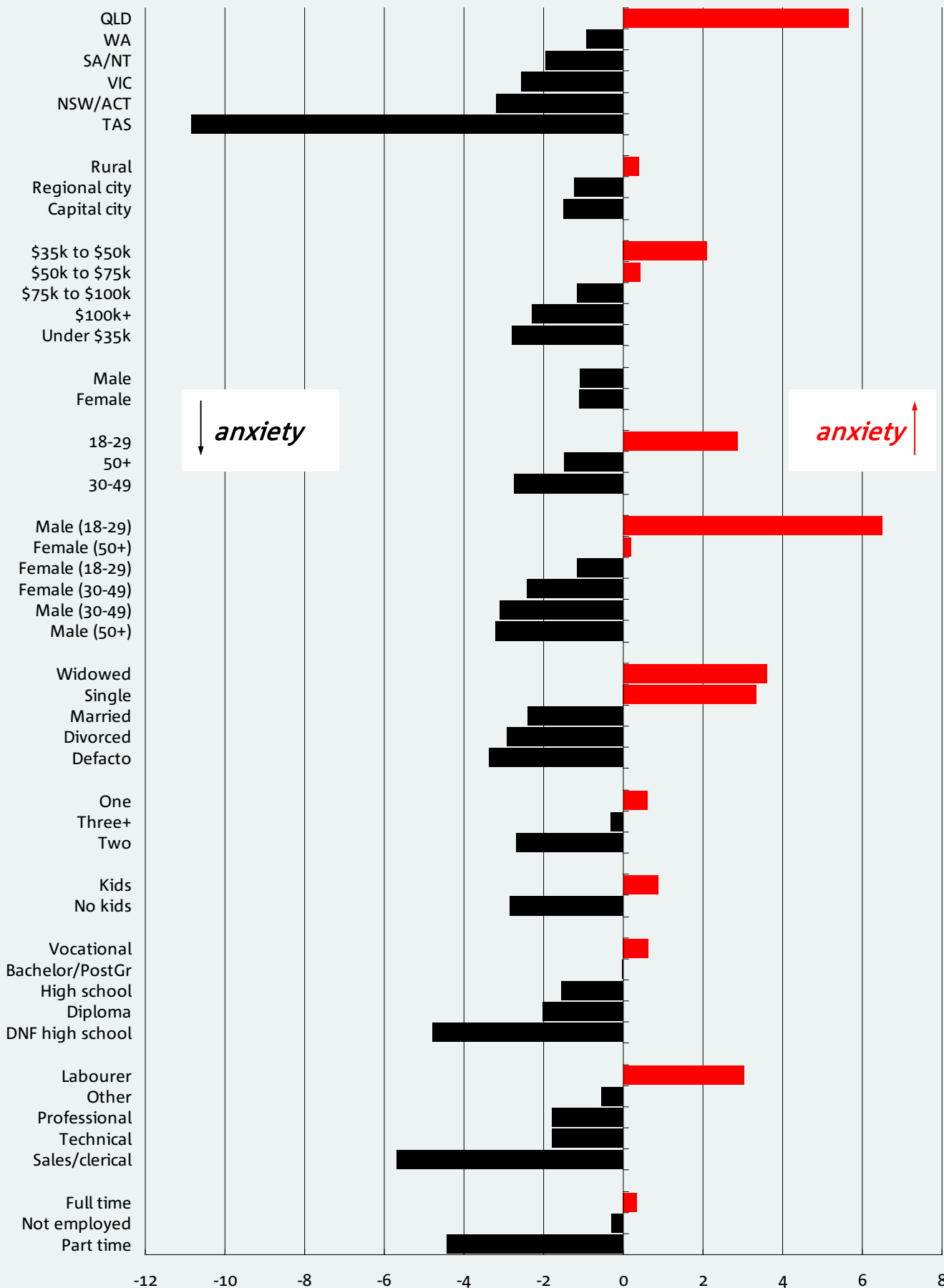
	Q1 2015	Q2 2015	Q3 2015
Job Security	48.0	51.9	50.2
Health	57.1	60.4	59.9
Retirement	63.9	66.1	63.9
Cost of Living	69.9	71.1	69.3
Govt Policy	70.3	68.2	69.0
Consumer Anxiety	61.8	63.5	62.5



Consumer Anxiety by Key Categories



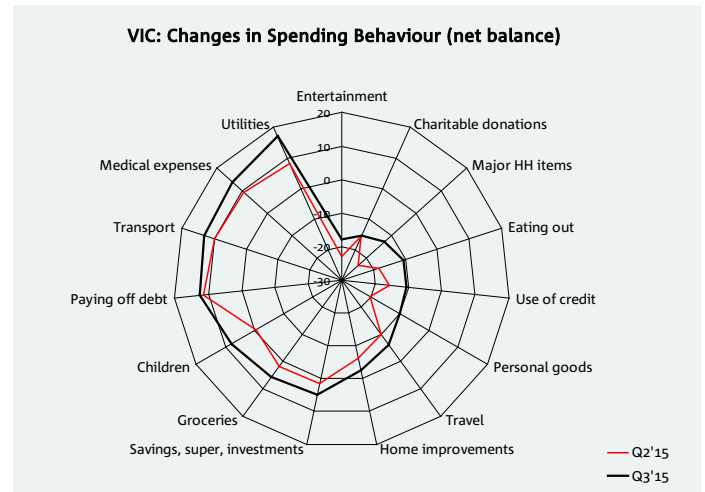
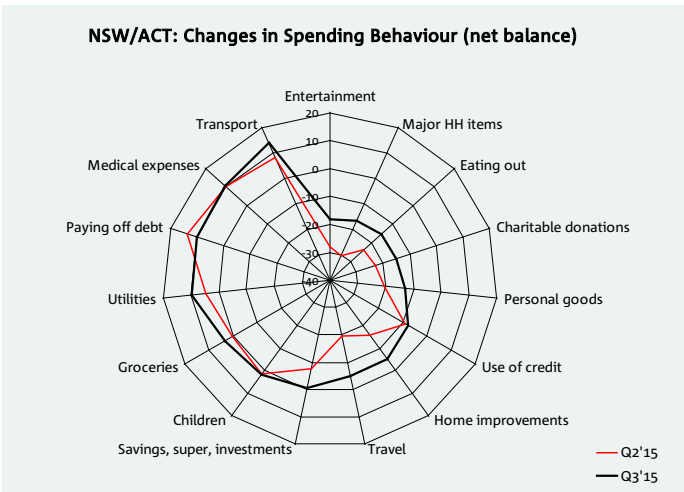
Consumer Anxiety by Key Categories (change)



Changes in Consumer Spending Behaviours by State

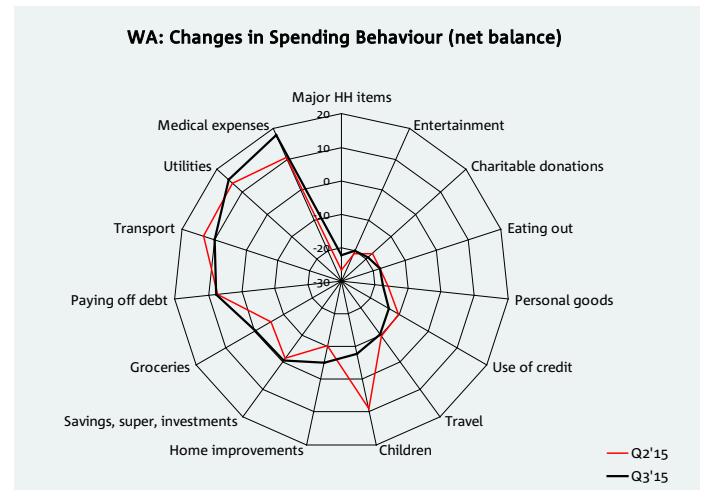
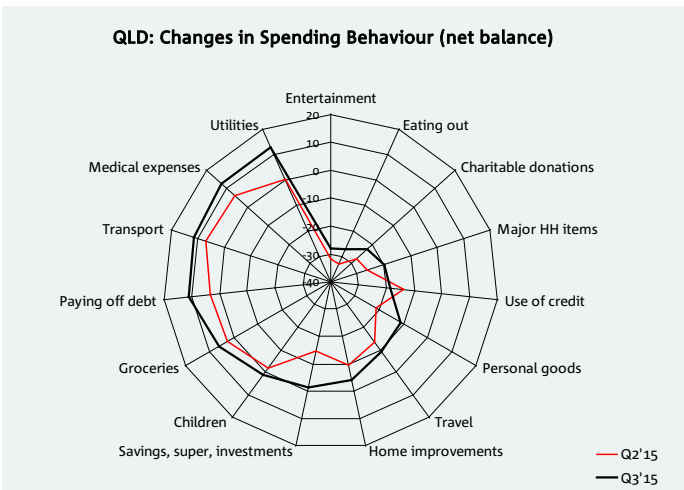
More NSW/ACT consumers spending on travel, home improvements and major household items.

VIC spending shifts most in favour of utilities, eating out and children. Only state where use of credit has risen.



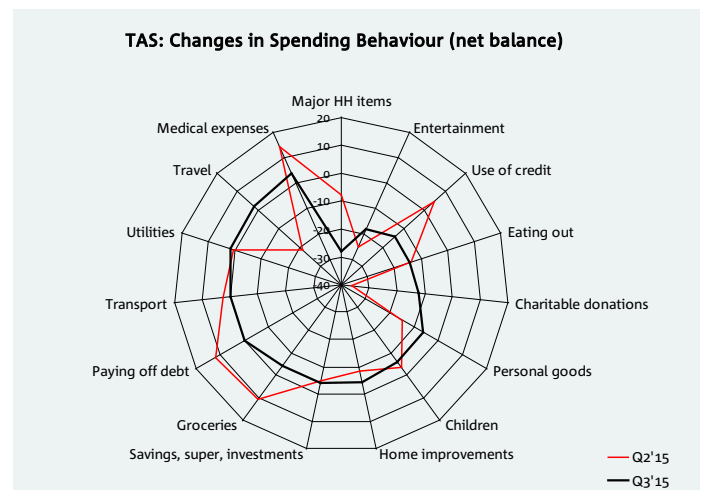
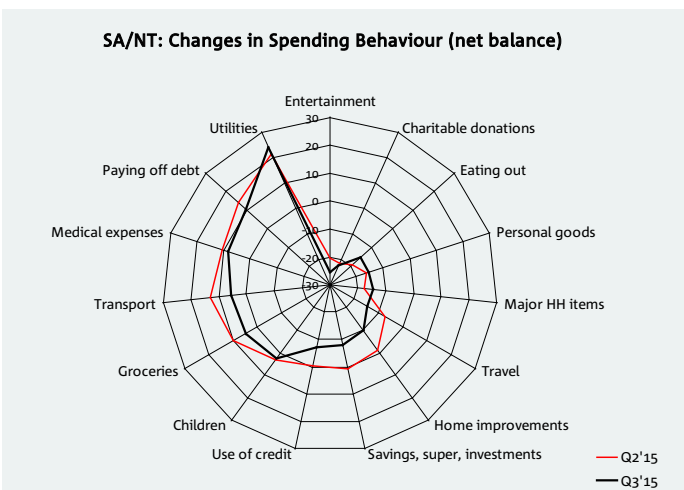
Consumer spending behaviours in QLD increases across the board (especially utilities), except for the use of credit.

Big fall in the balance of WA consumers spending on their children. Biggest increase in medical expenses.



SA/NT bucks trend with cuts across the board, esp. savings & investments, home improvements, travel and use of credit.

TAS volatile. Big rise in consumers travel, charity and personal goods. All other categories lower.



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 Queensland
- 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
- Had children
- Had a vocational qualification (marginally ahead of those with a diploma)
- Were employed in "Other" roles (i.e. self-employed)
- Were not employed

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

- QLD was the only state to report higher anxiety and has also replaced TAS as the most anxious state overall
- Overall consumer anxiety was highest for Other workers (i.e. self-employed) followed by labourers
- Young men aged 18-29 reported the biggest increase in their overall anxiety, followed by Queenslanders
- Notable increases in anxiety were also seen for widows, single people and labourers
- Consumer anxiety fell most in TAS and it now rates the least anxious state in the country (by some margin)
- Notable falls in anxiety were also reported by sales/clerical workers, high school leavers and part time workers

A deeper look at the data also shows...

- Government policy contributed more to consumer stress during the September quarter. Almost 32% of Australian consumers rated their concern over government policy "high" in Q3'15 (29.4% in Q2'15). Increased stress over government policy was driven solely by Queensland, where budget estimates have also been under some scrutiny recently.
- The level of anxiety arising from cost of living pressures fell, with 29% of consumers rating their anxiety levels "high" in Q3'15 (33.3% in Q2'15). Just over 1 in 7 Australians also rated their anxiety "very low" in Q3'15, up from almost 1 in 9 in Q2'15.
- Anxiety around job security also moderated, with solid employment growth during the quarter (especially for part time workers) likely a key contributing factor. Around two-thirds of Australian consumers (62.7%) rated "very low" or "low" anxiety over their job security in Q3'15, up from 60.2% in Q2'15.
- The level of concern among Australian consumers regarding their ability to fund their retirement has improved. Those reporting "very low" or "low" levels of stress in relation to their retirement funding rose to 46.6% in Q3'15 (43.2% in Q2'15).
- Consumers were also slightly less worried about spending on their health. Around 17.3% rated "high" levels of anxiety over their health in Q3'15 (18.7% in Q2'15), while the number reporting "very low" anxiety rose to 23.4% (23.1% in Q2'15).

Consumer Anxiety Indicator Categories (%)

		Very Low (0-4)	Low (5-6)	Medium (7-8)	High (9-10)	Average (mean)
Job Security	Q2 2015	36.7	23.5	19.4	20.3	51.9
	Q3 2015	37.9	24.8	20.0	17.2	50.2
Health	Q2 2015	23.1	30.8	27.3	18.7	60.4
	Q3 2015	23.4	30.4	28.9	17.3	59.9
Ability to Fund Retirement	Q2 2015	18.7	24.5	26.9	30.0	66.1
	Q3 2015	20.5	26.1	27.3	26.1	63.9
Cost of Living	Q2 2015	11.8	23.9	31.3	33.0	71.1
	Q3 2015	13.6	24.7	32.7	29.0	69.3
Government Policy	Q2 2015	13.7	30.1	26.8	29.4	68.2
	Q3 2015	13.8	28.2	26.4	31.6	69.0

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