

ANZ-ROY MORGAN CHINA CONSUMER CONFIDENCE

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Previous ANZ-Roy Morgan Consumer Confidence reports for Australia and other countries can be accessed on ANZ Live.

CHINA CONSUMER CONFIDENCE PICKS UP IN APRIL

HIGHLIGHTS

- The ANZ-Roy Morgan China Consumer Confidence Index rose to 145.0 in April, up from 138.0 in the previous month.
- In terms of personal finances, 46.9% (prev: 41.7%) of the respondents said that their families are 'better off' financially. Meanwhile, 16.3% (prev: 20.3%) said that they are 'worse off'. On their personal financial situations, 68.7% (prev: 65.6%) expected their families to be 'better off' next year, compared with 5.4% (prev: 8.2%) who expected themselves to be 'worse off'.
- On economic conditions, respondents who expect China to have 'good times' over the next year rose to 56.1% (prev: 49.7%), while respondents who expect economic 'bad times' declined to 14.0% (prev: 20.0%). On longer-term economic performance, 63.9% (prev: 62.1%) expect China to have 'good times' and 14.9% (prev: 18.5%) said that there will be 'bad times'.
- The number of respondents who said that 'it is a good time' to buy major items declined to 46.3% (last 47.6%), while the number of respondents who felt that 'it is a bad time' to do so dropped to 6.4% (last 9.7%).
- Inflation expectations eased modestly to 4.02% (prev: 4.14%) in April.

ANZ CHIEF CHINA ECONOMIST (ACTING) RAYMOND YEUNG SAID:

"The rebound in our sentiment indicator is encouraging. Our survey results are consistent with the recent theme of China's stabilisation. During the month, respondents have become more optimistic about the prospects of the broader economic conditions as well as their personal financial conditions.

The data also aptly illustrates our projection of China's rising middle class. The Chinese economy seeks rebalancing. Therefore, maintaining consumers' spending appetites will not only underpin the shift of domestic demand from investment to consumption, but also benefit other economies, from Japan to Australia, that can expect to receive an increasing influx of Chinese tourists. This should provide some relief to countries who are concerned about the impact of China's slowdown."

FIGURE 1. ANZ-ROY MORGAN CHINA CONSUMER CONFIDENCE INDEX

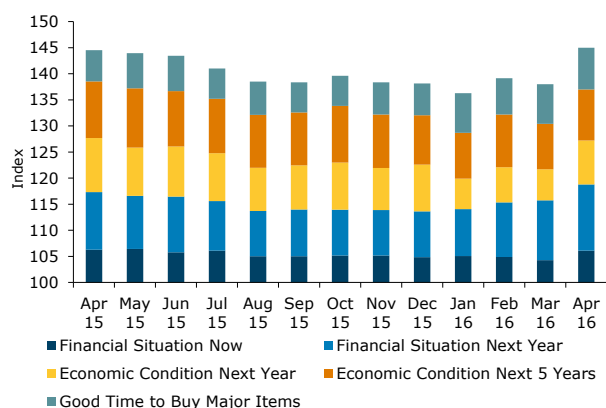
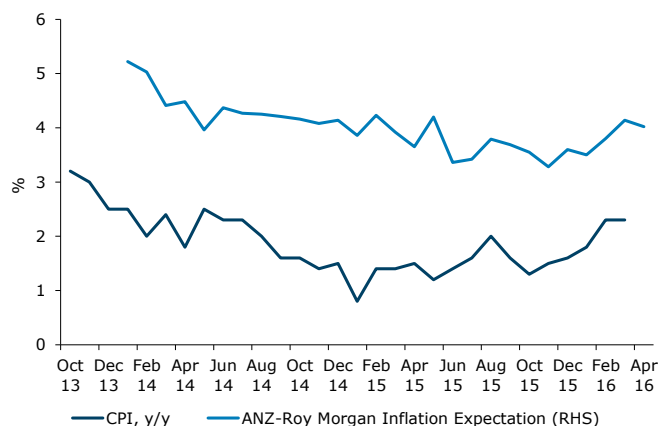


FIGURE 2. ANZ-ROY MORGAN CHINA INFLATION EXPECTATION



Source: Roy Morgan, ANZ Research

FIGURE 3. ANZ-ROY MORGAN CHINA CONSUMER CONFIDENCE

	Nov 15	Dec 15	Jan 16	Feb 16	Mar 16	Apr 16
ANZ-Roy Morgan Consumer Confidence Index	138.4	138.2	136.3	139.2	138.0	145.0
Sub-Index						
1. Financial situation compared with a year ago						
Balance	25.9	24.2	25.3	24.4	21.4	30.6
Better off, %	41.9	40.3	43.1	42.8	41.7	46.9
Worse off, %	16.0	16.1	17.8	18.4	20.3	16.3
2. Financial situation next year						
Balance	43.6	43.9	45.1	52.4	57.4	63.3
Better off, %	50.6	53.8	53.8	58.0	65.6	68.7
Worse off, %	7.0	9.9	8.7	5.6	8.2	5.4
3. Economic conditions next year						
Balance	40.3	44.9	29.1	33.7	29.7	42.1
Good, %	56.0	60.9	51.4	53.2	49.7	56.1
Bad, %	15.7	16.0	22.3	19.5	20.0	14.0
4. Economic conditions next 5 years						
Balance	51.2	47.2	43.9	50.5	43.6	49.0
Good, %	65.0	62.1	62.5	67.4	62.1	63.9
Bad, %	13.8	14.9	18.6	16.9	18.5	14.9
5. Now a good time/bad time to buy major items						
Balance	30.8	30.5	38.1	34.8	37.9	39.9
Good, %	39.5	40.9	45.9	44.8	47.6	46.3
Bad, %	8.7	10.4	7.8	10.0	9.7	6.4
Inflation expectation						
%	3.28	3.60	3.50	3.80	4.14	4.02

Source: Roy Morgan, ANZ Research

SURVEY METHODOLOGY

OBJECTIVE

ANZ-Roy Morgan Consumer Confidence Survey is a survey of China's consumer sentiment and expectations. The results are presented in the form of a headline Consumer Confidence Index and China's Inflation Expectation. As China is moving from an investment-led to a consumer-led economy, consumer confidence becomes an increasingly important indicator of the local economy. Conventionally, economists have been relying on "hard" economic data, such as retail sales, in assessing the sentiment of households. However, there are often time lags between the collection and release of data by the national statistical authorities. Therefore, ANZ and Roy Morgan have developed our own consumer confidence index where the survey results are released in the same month that the survey is conducted.

DATA COLLECTION

The survey elicits respondents' expectations of inflation and prices. By collecting data from samples of at least 1,000 people per month (12,000 per annum) via telephone, the survey is conducted in metropolitan and outer urban areas - not only are 1st, 2nd and 3rd Tier cities included, but Tier 4 cities are also surveyed every month. The robust, representative sample is stratified geographically, with quotas controlled by gender and age. Disaggregation is available by age, gender, household income, occupation, education, employment status, and area. Data is based on members of the Chinese population aged 14 or above.

SURVEY QUESTIONS

As opposed to other consumer sentiment surveys, one distinctive feature of the ANZ-Roy Morgan survey is its elicitation technique. More importantly, the questions ask about confidence in economic and financial situations – not about feelings. In the core consumer confidence survey, five categories of core questions such as economic wellbeing, financial conditions, price level, and inflation expectation are asked.

CONSUMER CONFIDENCE INDEX

ANZ-Roy Morgan Consumer Confidence Index is a diffusion index. The index indicates the relative strength of "good" versus "bad" or "better off" versus "worse off". The index is computed by taking the arithmetic mean of the net balances (% saying good minus % saying bad) of the five core questions and adding 100. It is a very transparent methodology which is conducted consistently in each instance of data collection, so the change of the index will provide a good gauge of consumer confidence over time.

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