

ANZ-ROY MORGAN HONG KONG CONSUMER CONFIDENCE

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

HONG KONG CONSUMER CONFIDENCE EDGED DOWN IN NOVEMBER

HIGHLIGHTS

- ANZ-Roy Morgan Hong Kong Consumer Confidence edged down to 133.3 (down 3.0pts) in November. Confidence components of the survey dropped across the board this month.
- In terms of personal finances now 37.5% (down 2.2ppts) of respondents said their families are 'better off' financially than this time last year, compared with 10.5% (up 0.4ppt) that said their families are 'worse off' financially.
- Currently, 42.8% (down 2.4ppts) of respondents expected their families will be 'better off' financially this time next year, compared with 9.7% (up 0.7ppt) that expected their families to be 'worse off' financially.
- Thinking of economic conditions in Hong Kong going forward, more than half of respondents, 54.6% (down 2.1ppts), expected Hong Kong will have 'good times' economically over the next 12 months, compared with 13.1% (up 0.2ppt) that expected 'bad times'.
- Now 54.1% (down 2.7ppts) of respondents expected Hong Kong will have 'good times' economically during the next five years and 13.8% (down 0.1ppt) expected 'bad times'.
- In November, 32.3% (down 2.9ppts) of respondents said now is a 'good time to buy' major household items in Hong Kong and only 7.5% (up 1.5ppts) said now is a 'bad time to buy' major household items.
- Inflation expectations eased further to 3.1% (down 0.4ppt) in November.

ANZ'S SENIOR ECONOMIST RAYMOND YEUNG SAID:

"The decline of consumer confidence is expected, given the poor performance of the stock market. People tend to be increasingly pessimistic about their own financial condition as well as the economic outlook.

The US Fed is about to increase interest rate in December, indicating a shift of monetary policy regime. Such a change will have a significant implication on global asset prices including Hong Kong's property prices. Any negative wealth effect may affect domestic consumer confidence subsequently. This is a risk the policymakers need to be aware of."

FIGURE 1. ANZ-ROY MORGAN HONG KONG CONSUMER CONFIDENCE INDEX

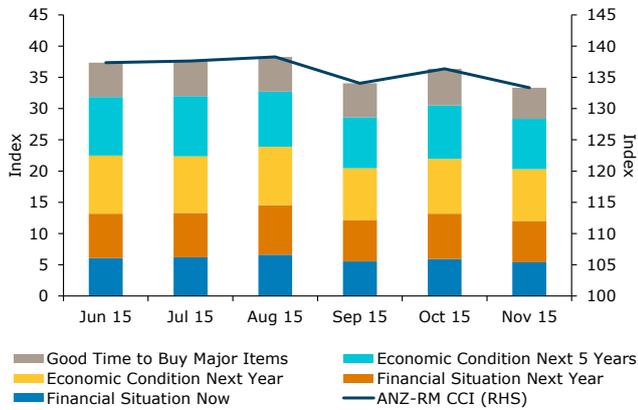
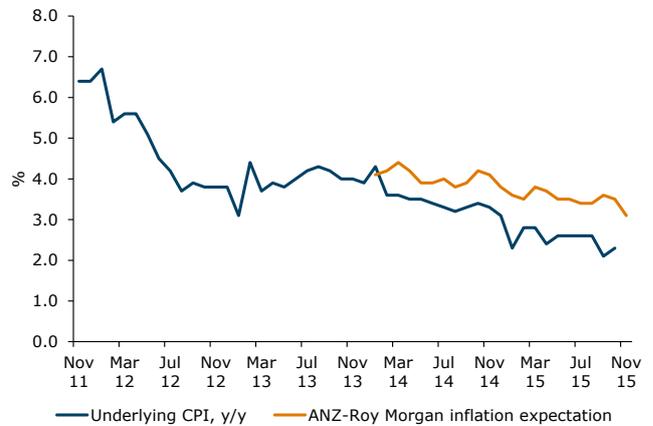


FIGURE 2. ANZ-ROY MORGAN HONG KONG INFLATION EXPECTATIONS VS UNDERLYING CPI



Source: Roy Morgan, ANZ Research

FIGURE 3. ANZ-ROY MORGAN HONG KONG CONSUMER CONFIDENCE

	Jun 15	Jul 15	Aug 15	Sep 15	Oct 15	Nov 15
ANZ-Roy Morgan Consumer Confidence Index	137.3	137.6	138.2	134.0	136.3	133.3
Sub-Index						
1. Financial situation compared with a year ago						
Balance	30.4	30.9	33.1	27.7	29.6	27.0
Better off, %	38.3	40.3	42.6	38.5	39.7	37.5
Worse off, %	7.9	9.4	9.5	10.8	10.1	10.5
2. Financial situation next year						
Balance	35.5	35.6	39.5	33.1	36.3	33.1
Better off, %	43.7	43.5	47.8	43.9	45.2	42.8
Worse off, %	8.2	8.0	8.3	10.8	9.0	9.7
3. Economic conditions next year						
Balance	46.6	45.3	46.8	41.5	43.8	41.5
Good, %	58.2	57.0	57.4	54.6	56.7	54.6
Bad, %	11.6	11.7	10.6	13.1	12.9	13.1
4. Economic conditions next 5 years						
Balance	46.8	48.2	44.1	40.7	42.9	40.3
Good, %	57.7	59.1	56.2	55.0	56.8	54.1
Bad, %	10.9	10.9	12.1	14.3	13.9	13.8
5. Now a good time/bad time to buy major items						
Balance	27.5	28.1	27.8	27.3	29.2	24.8
Good, %	33.3	35.2	34.8	34.5	35.2	32.3
Bad, %	5.8	7.1	7.0	7.2	6.0	7.5
Inflation expectation						
%	3.5	3.4	3.4	3.6	3.5	3.1

Source: Roy Morgan, ANZ Research

OBJECTIVE

The ANZ-Roy Morgan Consumer Confidence Survey is a survey of Hong Kong's consumer sentiment and expectations. The results are presented in the form of a headline Consumer Confidence Index and Hong Kong's Inflation Expectation. Conventionally, economists rely 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 statistical departments. Therefore, ANZ and Roy Morgan have developed this consumer confidence index and aim to release the results in the same month the survey is conducted.

DATA COLLECTION

The survey elicits respondents' expectations of inflation and prices. Data are collected from samples of at least 1,000 people per month (12,000 per annum) by telephone. The robust, representative sample is quota-controlled by gender and age. Disaggregation is available by age, gender, household income, occupation, education, employment status and area. Data is projected to the Hong Kong population aged 14 or above.

SURVEY QUESTIONS

One distinctive feature of the ANZ-Roy Morgan survey is its elicitation technique. 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

The 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. As the study is conducted consistently in every data collection, the change in the index can provide a good gauge of consumer confidence over time.

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