

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 RISES IN DECEMBER

HIGHLIGHTS

- ANZ-Roy Morgan Hong Kong Consumer Confidence rose to 135.9 (up 2.6pts) in December, higher than the long term average of 133.3. The rise was driven by a rise in confidence across all components of the survey except economic conditions in Hong Kong over the next 12 months, which was unchanged.
- In terms of personal finances now 39% (up 1ppt) of respondents said their families are 'better off' financially than this time last year, compared to 9% (down 2ppts) that said their families are 'worse off' financially.
- Now 42% (down 1ppt) of respondents expect their families will be 'better off' financially this time next year compared to 8% (down 2ppts) that expect their families to be 'worse off' financially.
- Thinking of economic conditions in Hong Kong going forward, more than half of respondents (55%; unchanged) expect Hong Kong will have 'good times' financially over the next 12 months, compared to 13% (unchanged) that expect 'bad times' financially.
- Now 57% (up 3ppts) of respondents expect Hong Kong will have 'good times' financially during the next five years and 14% (unchanged) expect 'bad times'.
- Now 36% (up 4ppts) of respondents say now is a 'good time to buy' major household items in Hong Kong and only 6% (down 1ppt) say now is a 'bad time to buy' major household items.
- Inflation expectations eased further to 3.3% (up 0.2ppt from November).

ANZ SENIOR ECONOMIST RAYMOND YEUNG SAID:

"It is a surprising outcome. Both the economic data flows and tumbling stock market point to a shaky domestic confidence in Hong Kong. The impact of more willingness to buy major household items definitely has overwhelmingly distorted the broad picture.

As the Fed is on the brink of hiking interest rates, property prices have already started to react in the past few weeks. The market mostly believes in the reversal of property fortune in Hong Kong next year. This will likely weigh on local consumption due to the negative wealth effect. We see the downside risk to our GDP forecast of 2.5% next year."

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

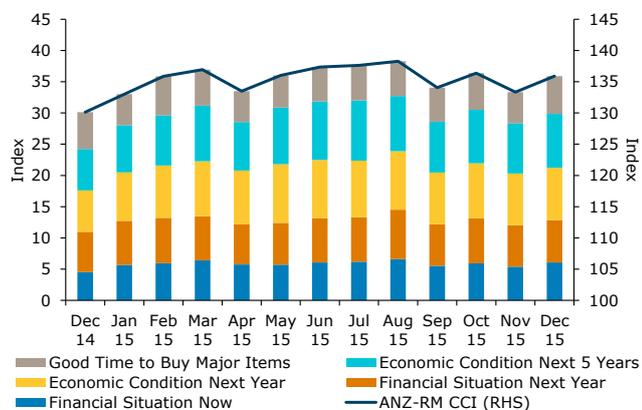
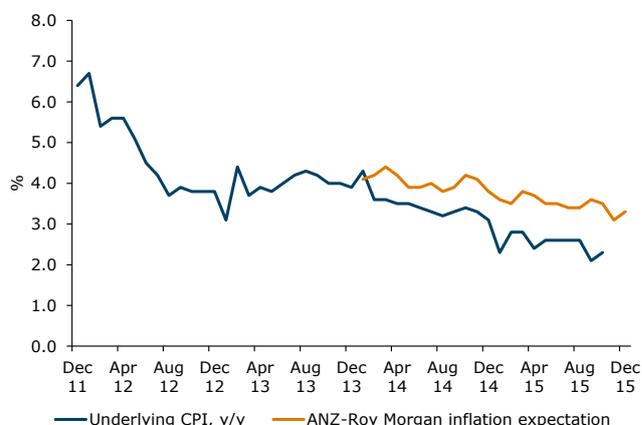


FIGURE 2. ANZ-ROY MORGAN HONG KONG INFLATION EXPECTATIONS VS UNDERLYING CPI



Source: Roy Morgan, ANZ Research

FIGURE 3. ANZ-ROY MORGAN HONG KONG CONSUMER CONFIDENCE

		Jul 15	Aug 15	Sep 15	Oct 15	Nov 15	Dec 15
ANZ-Roy Morgan Consumer Confidence Index		137.6	138.2	134.0	136.3	133.3	135.9
Sub-Index							
1. Financial situation compared with a year ago	Balance	30.9	33.1	27.7	29.6	27.0	30.4
	Better off, %	40.3	42.6	38.5	39.7	37.5	39.1
	Worse off, %	9.4	9.5	10.8	10.1	10.5	8.7
2. Financial situation next year	Balance	35.6	39.5	33.1	36.3	33.1	33.9
	Better off, %	43.5	47.8	43.9	45.2	42.8	42.3
	Worse off, %	8.0	8.3	10.8	9.0	9.7	8.4
3. Economic conditions next year	Balance	45.3	46.8	41.5	43.8	41.5	41.9
	Good, %	57.0	57.4	54.6	56.7	54.6	54.5
	Bad, %	11.7	10.6	13.1	12.9	13.1	12.6
4. Economic conditions next 5 years	Balance	48.2	44.1	40.7	42.9	40.3	43.1
	Good, %	59.1	56.2	55.0	56.8	54.1	57.2
	Bad, %	10.9	12.1	14.3	13.9	13.8	14.1
5. Now a good time/bad time to buy major items	Balance	28.1	27.8	27.3	29.2	24.8	30.2
	Good, %	35.2	34.8	34.5	35.2	32.3	36.5
	Bad, %	7.1	7.0	7.2	6.0	7.5	6.3
Inflation expectation	%	3.4	3.4	3.6	3.5	3.1	3.3

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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