

# ANZ-ROY MORGAN HONG KONG CONSUMER CONFIDENCE

## MEDIA RELEASE

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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 HELD UP DESPITE POLITICAL CONCERN

#### HIGHLIGHTS

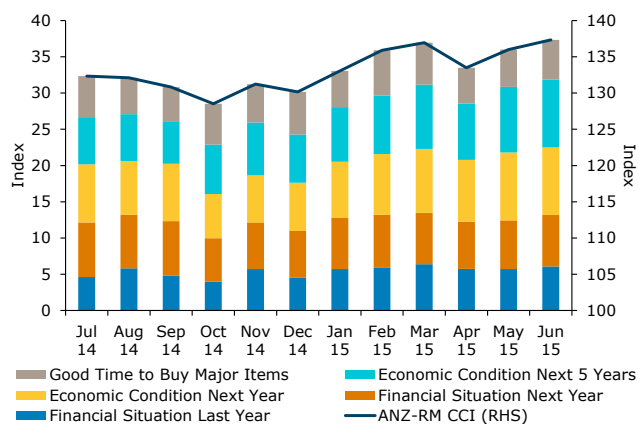
- ANZ-Roy Morgan Hong Kong Consumer Confidence rose to 137.3 (up 1.3pts) in June, driven by high expectations about the city's economic prospect.
- In terms of personal finances, 38.3% (up 1.3ppts) of respondents said their families are 'better off' financially than this time last year compared to 7.9% (down 0.5ppt) that said their families are 'worse off' financially.
- 43.7% (up 1.3ppts) of respondents expect their families will be 'better off' financially this time next year compared with 8.2% (down 0.7ppt) that expect their families to be 'worse off' financially.
- On economic conditions in Hong Kong going forward, 58.2% (up 0.4ppt) expect Hong Kong will have 'good times' economically over the next 12 months (a record high) compared with 11.6% (up 0.7ppt) that expect 'bad times'.
- In addition, 57.7% (up 0.6ppt) of respondents expect Hong Kong will have 'good times' economically during the next five years (a record high) and 10.9% (down 0.9ppt) expect 'bad times' (a record low).
- Also, 33.3% (up 1.4ppts) of respondents say it is a 'good time to buy' major household items now in Hong Kong while only 5.8% (down 0.4ppt) say it is a 'bad time to buy' major household items.
- Inflation expectations remained flat at 3.5% in June.

#### ANZ'S ECONOMIST LOUIS LAM SAID:

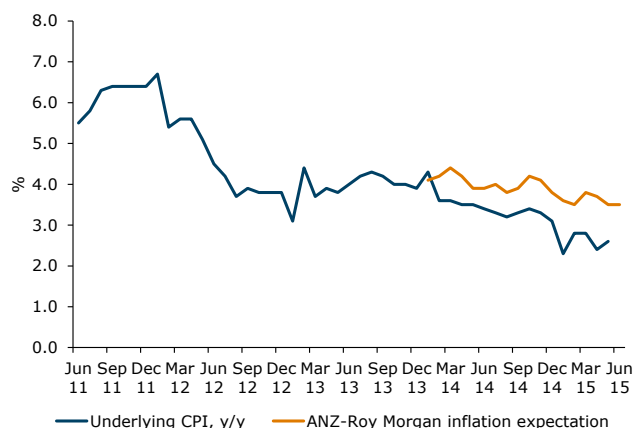
"Although our survey was conducted prior to Legislative Council's voting of the Chief Executive election proposal on 18 June, the rejection of this proposal had been largely expected. It appears that the political debate has little impact on consumer sentiment. Instead, our finding indicates that domestic households remain confident in the stock and property markets. Despite the market correction last week, the launch of Mainland and Hong Kong funds mutual funds recognition scheme and the forthcoming Shenzhen-Hong Kong Stock Connect are still on the cards.

In our view, however, Hong Kong's political condition remains an economic uncertainty. The government need to regain its credibility and focus on economic and social development as quickly as possible. Otherwise, the city's competitiveness would deteriorate and miss the opportunity from China's economic and financial reforms."

**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**

	Jan 15	Feb 15	Mar 15	Apr 15	May 15	Jun 15
<b>ANZ-Roy Morgan Consumer Confidence Index</b>	<b>133.0</b>	<b>135.9</b>	<b>137.0</b>	<b>133.5</b>	<b>136.0</b>	<b>137.3</b>
<b>Sub-Index</b>						
<b>1. Financial situation compared with a year ago</b>						
Balance	28.6	29.8	32.0	28.7	28.6	30.4
Better off, %	37.7	37.2	39.2	39.3	37.0	38.3
Worse off, %	9.2	7.4	7.2	10.6	8.4	7.9
<b>2. Financial situation next year</b>						
Balance	35.2	36.3	35.4	32.5	33.5	35.5
Better off, %	42.3	43.6	41.8	40.7	42.4	43.7
Worse off, %	7.1	7.3	6.4	8.2	8.9	8.2
<b>3. Economic conditions next year</b>						
Balance	38.8	41.8	44.0	42.7	46.9	46.6
Good, %	51.6	55.0	57.7	55.7	57.8	58.2
Bad, %	12.8	13.2	13.7	12.9	10.9	11.6
<b>4. Economic conditions next 5 years</b>						
Balance	37.7	40.3	44.4	38.8	45.3	46.7
Good, %	53.4	54.4	56.8	53.6	57.1	57.7
Bad, %	15.7	14.2	12.4	14.8	11.8	10.9
<b>5. Now a good time/bad time to buy major items</b>						
Balance	24.9	31.3	28.9	24.7	25.7	27.4
Good, %	32.3	37.5	34.2	31.4	31.9	33.3
Bad, %	7.4	6.2	5.3	6.7	6.2	5.8
<b>Inflation expectation</b>						
%	3.6	3.5	3.8	3.7	3.5	3.5

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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