

ANZ-ROY MORGAN TAIWAN CONSUMER CONFIDENCE

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

TAIWAN CONSUMER CONFIDENCE FALLS IN DECEMBER

HIGHLIGHTS

- ANZ-Roy Morgan Taiwan Consumer Confidence fell to 90.5 (down 0.8pts) in December, and is now further below its long-term average of 91.9, and well below its level a year ago in December 2014 (96.3). Households seem to be less confident about Taiwan's medium-term economic conditions.
- In terms of personal finances, now 6% (down 1ppt) of respondents said their families are 'better off' financially than this time last year, the equally lowest level since May 2014, compared to 27% (up 2ppts) that said their families are 'worse off'.
- Now 13% (up 1ppt) of respondents expect their families will be 'better off' financially this time next year, compared to under a quarter (23%; up 3ppts) that expected their families would be 'worse off' financially – the equally highest level since August 2014.
- In addition, 24% (up 5ppts) of respondents expect Taiwan will have 'good times' economically over the next 12 months, while 25% (down 3ppts) of respondents expect 'bad times' economically.
- Now 20% (down 2ppts) expect Taiwan will have 'good times' financially during the next five years and 24% (up 5ppts) of respondents expect Taiwan will have 'bad times' financially – the equally highest proportion since April 2014.
- Also, 12% (up 3ppts) of respondents say now is a 'good time to buy' major household items in Taiwan (the equally highest proportion for this indicator since April 2015), while just under a quarter – 24% (up 3ppts) – of respondents say now is a 'bad time to buy' major household items.
- Inflation expectations rose to 0.8%, down from November's 1.3%.

ANZ'S SENIOR ECONOMIST RAYMOND YEUNG SAID:

"This is the lowest level of household sentiment we have seen since April this year. What's happened in the past half year has hit residents' assessment of the future economic outlook. We start to worry about its impact on domestic consumption.

We have recently changed our interest rate forecast for Taiwan and believe the central bank will cut interest rates by 0.25% in the first half of 2016. They may not be in that much of a hurry to do so this Friday because of the uncertainty stemming from the likely rate hike by the US Fed. But our consumer confidence data is consistent with our policy rate call."

FIGURE 1. ANZ-ROY MORGAN TAIWAN CONSUMER CONFIDENCE INDEX

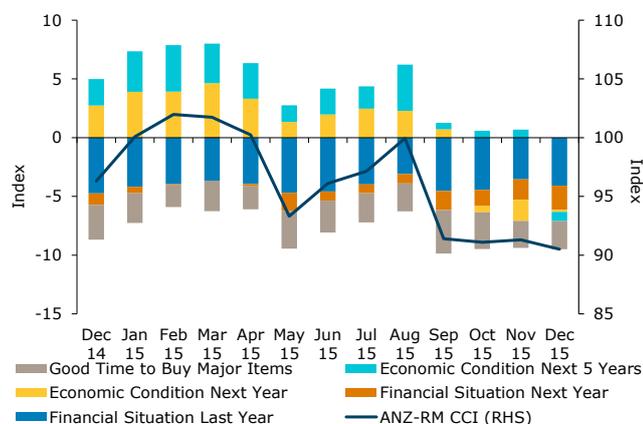
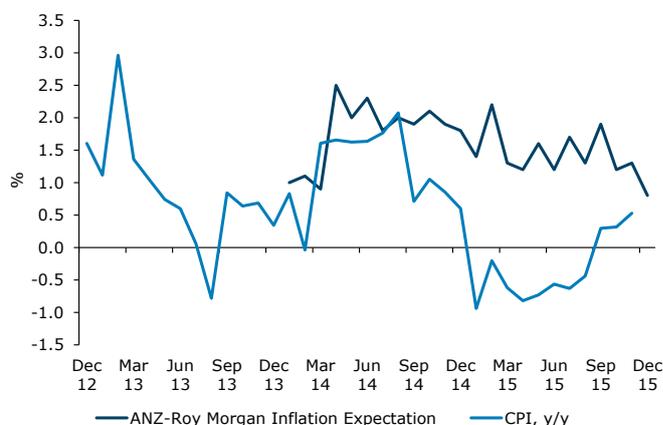


FIGURE 2. ANZ-ROY MORGAN TAIWAN INFLATION EXPECTATION VS CPI



Source: Roy Morgan, ANZ Research

FIGURE 3. ANZ-ROY MORGAN TAIWAN CONSUMER CONFIDENCE

		Jul 15	Aug 15	Sep 15	Oct 15	Nov 15	Dec 15
ANZ-Roy Morgan Consumer Confidence Index		97.1	99.9	91.4	91.1	91.3	90.5
Sub-Index							
1. Financial situation compared with a year ago	Balance	-19.9	-15.5	-22.7	-22.2	-17.7	-20.4
	Better off, %	7.6	9.2	6.8	5.5	7.0	6.3
	Worse off, %	27.5	24.7	29.5	27.7	24.7	26.7
2. Financial situation next year	Balance	-3.7	-4.0	-8.1	-6.9	-8.7	-10.3
	Better off, %	12.8	13.4	11.6	10.1	11.6	13.3
	Worse off, %	16.5	17.4	19.7	17.0	20.3	23.6
3. Economic conditions next year	Balance	12.3	11.4	3.6	-2.7	-9.0	-0.9
	Good, %	32.5	29.9	26.9	23.1	18.9	23.9
	Bad, %	20.2	18.5	23.3	25.8	27.9	24.8
4. Economic conditions next 5 years	Balance	9.5	19.7	2.7	2.9	3.4	-3.9
	Good, %	26.7	33.5	22.2	19.4	21.9	20.1
	Bad, %	17.2	13.8	19.5	16.5	18.5	24.0
5. Now a good time/bad time to buy major items	Balance	-12.5	-11.9	-18.5	-15.6	-11.5	-12.0
	Good, %	10.6	9.8	6.7	7.6	9.1	11.6
	Bad, %	23.1	21.7	25.2	23.2	20.6	23.6
Inflation expectation	%	1.7	1.3	1.9	1.2	1.3	0.8

Source: Roy Morgan, ANZ Research

OBJECTIVE

ANZ-Roy Morgan Consumer Confidence Survey is a survey of Taiwan's consumer sentiment and expectations. The results are presented in the form of a headline Consumer Confidence Index and 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 the national statistical authorities. Therefore, ANZ and Roy Morgan develop this consumer confidence index and aim to release the results in the same month the survey is conducted.

DATA COLLECTION

The survey elicits respondents' expectation 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.

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 being 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 through 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 of the index can provide a good gauge of consumer confidence over time.

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