

ANZ-ROY MORGAN TAIWAN CONSUMER CONFIDENCE MEDIA RELEASE

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TAIWAN CONSUMER CONFIDENCE IMPROVED IN JUNE

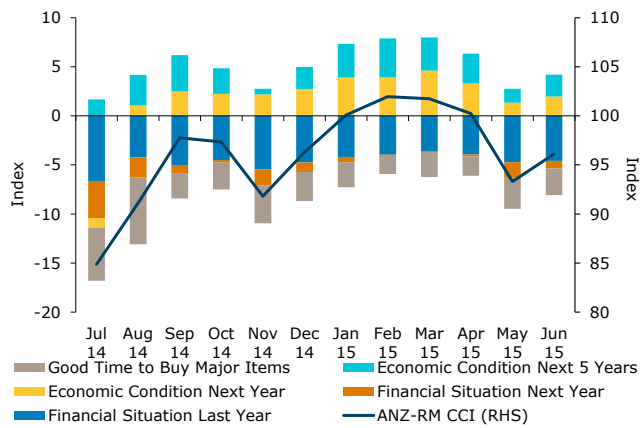
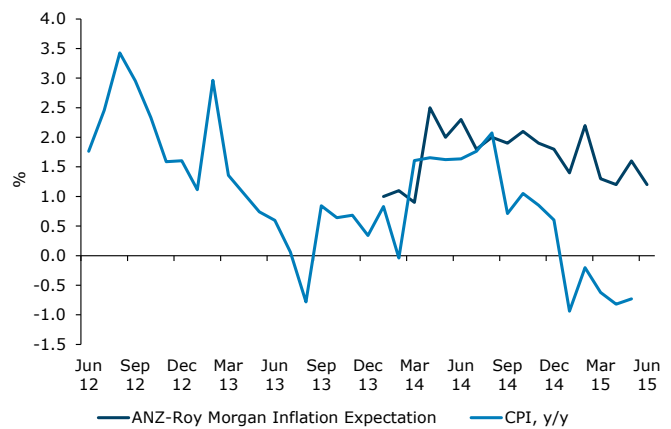
HIGHLIGHTS

- ANZ-Roy Morgan Taiwan Consumer Confidence rose to 96.1 (up 2.8pts) in June, as all sub-indices improved.
- In terms of personal finances now 7.8% (up 1.1ppts) of respondents said their families are 'better off' financially than this time last year compared to 30.7% (up 0.5ppt) that said their families are 'worse off'.
- 14.1% (up 1ppt) of respondents expect their families will be 'better off' financially this time next year while 18% (down 2.7ppts) expect their families will be 'worse off' financially.
- 29.9% (up 1.6ppts) of respondents expect Taiwan will have 'good times' economically over the next 12 months, while 20% (down 1.6ppts) of respondents expect 'bad times' economically.
- Now just over a quarter of respondents, 27% (up 1.9ppts), expect Taiwan will have 'good times' economically during the next five years and just 16% (down 2ppts) of respondents expect Taiwan will have 'bad times'.
- Only 11.2% (up 1.3ppts) of respondents say now is a 'good time to buy' major household items in Taiwan while nearly a quarter, 24.8% (down 1.2ppts), of respondents say now is a 'bad time to buy' major household items.
- The inflation expectations fell to 1.2% in June (down 0.4ppt).

ANZ'S SENIOR ECONOMIST RAYMOND YEUNG SAID:

"The result is not surprising. Taiwan's jobless rate continued to hit the decade low in May and workers experienced an average salary rise of 2-3% from last year. The survey conducted by Ministry of Economic Affairs also indicates a possible rebound of export orders, signaling that external demand is bottoming out. Local sentiment remains upbeat.

Given the current economic condition, we believe the central bank will keep interest rate on hold this week. As inflation remains low, there is no pressing need for the CBC to raise interest rate too soon. We believe that the first rate hike will happen only in March 2016."

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

		Jan 15	Feb 15	Mar 15	Apr 15	May 15	Jun 15
ANZ-Roy Morgan Consumer Confidence Index		100.1	102.0	101.7	100.2	93.3	96.1
Sub-Index							
1. Financial situation compared with a year ago	Balance	-20.9	-19.8	-18.3	-19.7	-23.6	-22.9
	Better off, %	9.7	9.8	11.2	8.0	6.7	7.8
	Worse off, %	30.6	29.6	29.5	27.7	30.2	30.7
2. Financial situation next year	Balance	-2.7	-0.6	0.4	-1.0	-7.6	-3.9
	Better off, %	17.4	18.4	19.0	16.8	13.1	14.1
	Worse off, %	20.1	18.9	18.6	17.8	20.7	18.0
3. Economic conditions next year	Balance	19.5	19.6	22.7	16.6	6.7	9.9
	Good, %	39.1	38.4	40.2	34.7	28.3	29.9
	Bad, %	19.6	18.8	17.4	18.1	21.6	20.0
4. Economic conditions next 5 years	Balance	17.2	19.8	16.8	15.1	7.1	11.0
	Good, %	34.5	35.6	32.9	29.1	25.1	27.0
	Bad, %	17.3	15.8	16.1	14.0	18.0	16.0
5. Now a good time/bad time to buy major items	Balance	-12.7	-9.2	-12.9	-9.8	-16.1	-13.6
	Good, %	13.8	15.2	13.2	14.0	9.9	11.2
	Bad, %	26.5	24.4	26.2	23.8	26.0	24.8
Inflation expectation	%	1.4	2.2	1.3	1.2	1.6	1.2

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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