

ANZ-ROY MORGAN TAIWAN CONSUMER CONFIDENCE MEDIA RELEASE

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TAIWAN CONSUMER CONFIDENCE PLUNGED IN MAY

HIGHLIGHTS

- ANZ-Roy Morgan Taiwan Consumer Confidence plummeted to 93.3 (down 6.9pts) in May. The falling consumer confidence this month was driven by declining confidence across all components of the survey.
- In terms of personal finances, just 6.7% (down 1.3ppts) of respondents said their families are 'better off' financially than this time last year compared with 30.2% (up 2.5ppts) that said their families are 'worse off'.
- 13.1% (down 3.7ppts) of respondents expect their families will be 'better off' financially this time next year, compared to 20.7% (up 2.9ppts), that expect their families will be 'worse off' financially.
- In addition, 28.3% (down 6.4ppts) of respondents expect Taiwan will have 'good times' economically over the next 12 months (the lowest level since May 2014), while 21.6% (up 3.5ppts) of respondents expect 'bad times' economically.
- 25.1% (down 4.0ppts) of respondents expect Taiwan will have 'good times' economically during the next five years (the lowest since April 2014) and 18% (up 4.0ppts) of respondents expect Taiwan will have 'bad times'.
- 9.9% (down 4.1ppts) of respondents say now is a 'good time to buy' major household items in Taiwan, while 26% (up 2.2ppts) of respondents say now is a 'bad time to buy' major household items.
- The inflation expectations rose to 1.6% in May (up 0.4ppt).

ANZ'S SENIOR ECONOMIST RAYMOND YEUNG SAID:

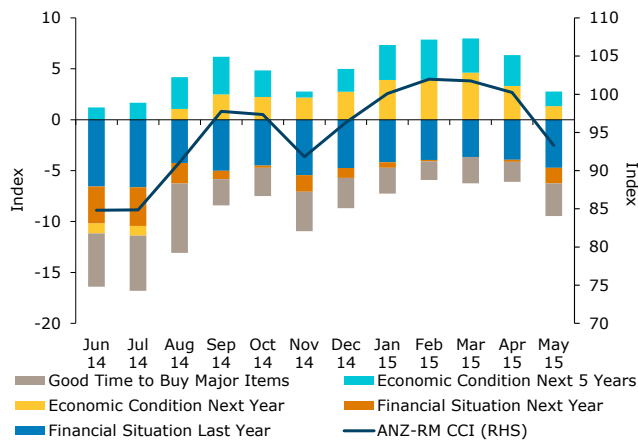
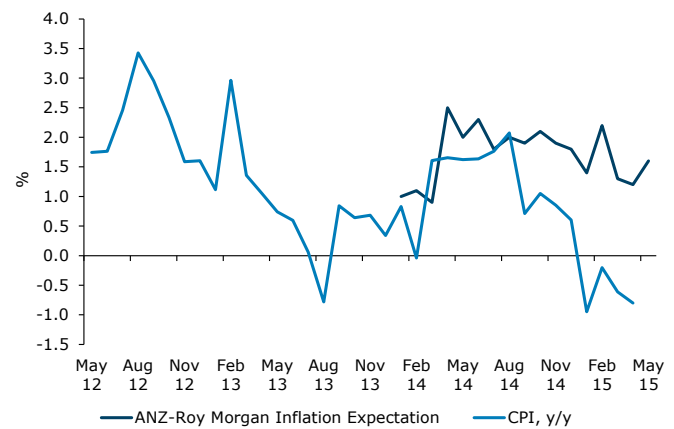
"The plunge of consumer confidence coincides the recent volatility of the stock market and the proposed capital gain tax on real estate transactions. The TAIEX index fell below the psychological threshold of 10,000 and quickly declined to about 9,600 in May. In addition, the Executive Yuan passed the capital gain tax of 35-45% on real estate transaction for properties held within two years, weighing on the property markets.

However, we remain cautiously optimistic on Taiwan's growth outlook despite the increasing downside risks facing the export sector. Some industries seem to have become less competitive because of currency strength and aggressiveness of Korean and Japanese competitors. Despite the downward revision of 2015 GDP growth, the central bank will unlikely increase interest rate this year even if the US Fed starts to hike."

You can find the ANZ-Roy Morgan Consumer Confidence series on Bloomberg:

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

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

		Dec 14	Jan 15	Feb 15	Mar 15	Apr 15	May 15
ANZ-Roy Morgan Consumer Confidence Index		96.3	100.1	102.0	101.7	100.2	93.3
Sub-Index							
1. Financial situation compared with a year ago	Balance	-23.7	-20.9	-19.8	-18.3	-19.7	-23.6
	Better off, %	7.9	9.7	9.8	11.2	8.0	6.7
	Worse off, %	31.6	30.6	29.6	29.5	27.7	30.2
2. Financial situation next year	Balance	-4.9	-2.7	-0.6	0.4	-1.0	-7.6
	Better off, %	16.4	17.4	18.4	19.0	16.8	13.1
	Worse off, %	21.3	20.1	18.9	18.6	17.8	20.7
3. Economic conditions next year	Balance	13.7	19.5	19.6	22.7	16.6	6.7
	Good, %	36.2	39.1	38.4	40.2	34.7	28.3
	Bad, %	22.5	19.6	18.8	17.4	18.1	21.6
4. Economic conditions next 5 years	Balance	11.2	17.2	19.8	16.8	15.1	7.1
	Good, %	32.1	34.5	35.6	32.9	29.1	25.1
	Bad, %	20.9	17.3	15.8	16.1	14.0	18.0
5. Now a good time/bad time to buy major items	Balance	-14.8	-12.7	-9.2	-12.9	-9.8	-16.1
	Good, %	12.6	13.8	15.2	13.2	14.0	9.9
	Bad, %	27.4	26.5	24.4	26.2	23.8	26.0
Inflation expectation	%	1.8	1.4	2.2	1.3	1.2	1.6

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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