

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 EDGED DOWN IN OCTOBER

HIGHLIGHTS

- ANZ-Roy Morgan Taiwan Consumer Confidence dropped to 91.1 (down 0.3pts) in October, much lower than 97.3 in October 2014. The fall in consumer confidence this month was primarily driven by less confidence about Taiwan's economic conditions over the next 12 months.
- In terms of personal finances now just 5.5% (down 1.3ppts) of respondents said their families are 'better off' financially than this time last year (the lowest level for this indicator for over a year since May 2014), compared with 27.7% (down 1.8ppts) that said their families are 'worse off'.
- Now 10.1% (down 1.5ppts) of respondents expected their families will be 'better off' financially this time next year (the lowest record for this indicator for over a year since July 2014), compared with 17.0% (down 2.7ppts) that expected their families will be 'worse off' financially.
- In addition 23.1% (down 3.8ppts) of respondents expected Taiwan will have 'good times' economically over the next 12 months (the lowest record for this indicator for over a year since May 2014), while 25.8% (up 2.5ppts) of respondents expected 'bad times' economically (the highest level for this indicator for over a year since July 2014).
- Now only 19.4% (down 2.8ppts) expected Taiwan will have 'good times' economically during the next five years (the lowest record for this indicator) and 16.5% (down 3.0ppts) of respondents expected Taiwan will have 'bad times'.
- In addition only 7.6% (up 0.9ppt) of respondents said now is a 'good time to buy' major household items in Taiwan, while less than a quarter, 23.2% (down 2.0ppts), of respondents said now is a 'bad time to buy' major household items.
- The inflation expectations fell to 1.2% (down 0.7ppt) in October.

ANZ'S SENIOR ECONOMIST RAYMOND YEUNG SAID:

"Household sentiment seems to have stabilised as stock market appears to have stabilised. Even the Q3 GDP will have likely contracted on the yearly basis for the first time since 2009, domestic demand remains intact. In addition, tourism offers a good buffer to the labour market and unemployment rates stay at historically low level of 3.8%. The cyclical downturn of global trade has not translated into a significant economic contraction in Taiwan.

Against this macroeconomic backdrop, we are confident in our view on Taiwan's monetary policy. Although the central bank cut interest rate recently, the policy interest rate is just a symbolic gesture indicating the monetary policy stance of the CBC. Market interest rates have been very low. Through window guidance, policymakers can influence interest rates offered by banks. If the domestic sentiment holds up, the CBC will likely hold policy rate in December."

FIGURE 1. ANZ-ROY MORGAN TAIWAN CONSUMER CONFIDENCE INDEX

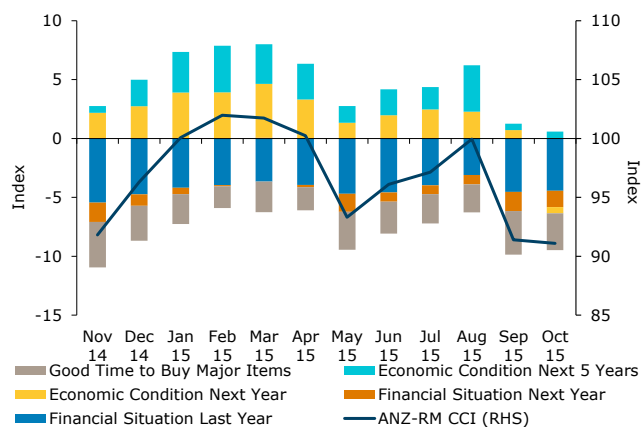
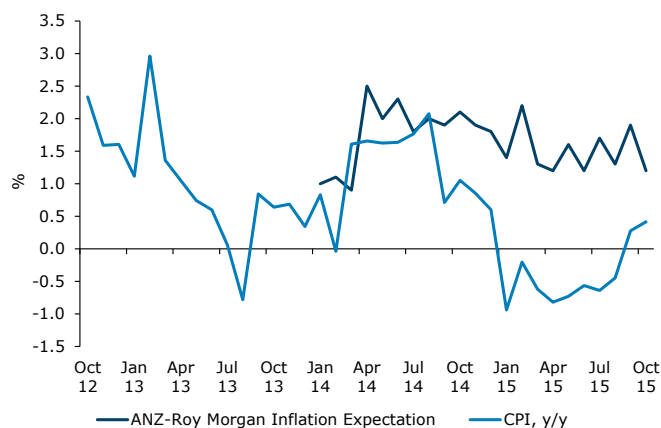


FIGURE 2. ANZ-ROY MORGAN TAIWAN INFLATION EXPECTATION VS CPI



Source: Roy Morgan, ANZ Research

FIGURE 3. ANZ-ROY MORGAN TAIWAN CONSUMER CONFIDENCE

		May 15	Jun 15	Jul 15	Aug 15	Sep 15	Oct 15
ANZ-Roy Morgan Consumer Confidence Index		93.3	96.1	97.1	99.9	91.4	91.1
Sub-Index							
1. Financial situation compared with a year ago	Balance	-23.5	-22.9	-19.9	-15.5	-22.7	-22.2
	Better off, %	6.7	7.8	7.6	9.2	6.8	5.5
	Worse off, %	30.2	30.7	27.5	24.7	29.5	27.7
2. Financial situation next year	Balance	-7.6	-3.9	-3.7	-4.0	-8.1	-6.9
	Better off, %	13.1	14.1	12.8	13.4	11.6	10.1
	Worse off, %	20.7	18.0	16.5	17.4	19.7	17.0
3. Economic conditions next year	Balance	6.7	9.9	12.3	11.4	3.6	-2.7
	Good, %	28.3	29.9	32.5	29.9	26.9	23.1
	Bad, %	21.6	20.0	20.2	18.5	23.3	25.8
4. Economic conditions next 5 years	Balance	7.1	11.0	9.5	19.7	2.7	2.9
	Good, %	25.1	27.0	26.7	33.5	22.2	19.4
	Bad, %	18.0	16.0	17.2	13.8	19.5	16.5
5. Now a good time/bad time to buy major items	Balance	-16.1	-13.6	-12.5	-11.9	-18.5	-15.6
	Good, %	9.9	11.2	10.6	9.8	6.7	7.6
	Bad, %	26.0	24.8	23.1	21.7	25.2	23.2
Inflation expectation	%	1.6	1.2	1.7	1.3	1.9	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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