

## ANZ-ROY MORGAN TAIWAN CONSUMER CONFIDENCE

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### TAIWAN CONSUMER CONFIDENCE FALLS IN SEPTEMBER

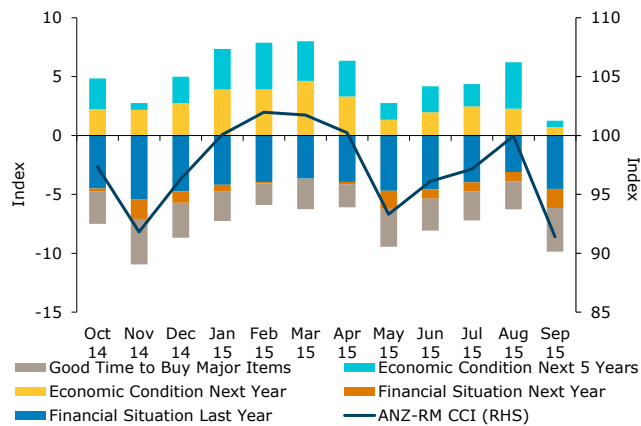
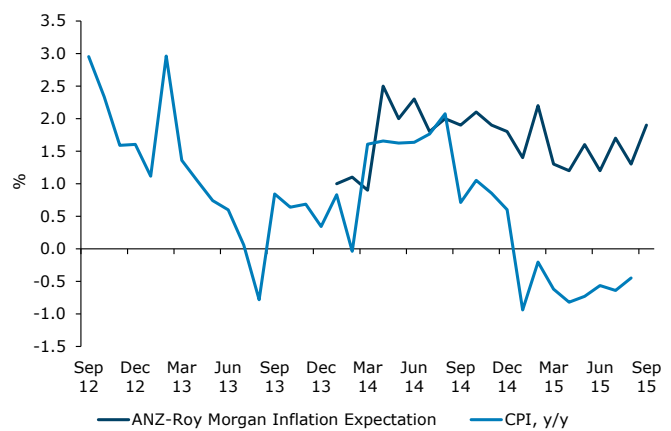
#### HIGHLIGHTS

- ANZ-Roy Morgan Taiwan Consumer Confidence plummeted to 91.4 (down 8.5pts from August) in September, much lower than 97.7 in September 2014. The large fall in consumer confidence in September was driven by decreasing confidence in all components, primarily in Taiwan's economic performance over the next five years.
- In terms of personal finances now 6.8% (down 2.4ppts) of respondents in September said their families are 'better off' financially than this time last year, compared with 29.5% (up 4.8ppts) that said their families are 'worse off'.
- Now 11.6% (down 1.8ppts) of respondents expect their families will be 'better off' financially this time next year, compared with a fifth, 19.7% (up 2.3ppts), that expect their families will be 'worse off' financially.
- In addition, 26.9% (down 3ppts) of respondents expect Taiwan will have 'good times' economically over the next 12 months (the lowest level since May 2014), while 23.3% (up 4.8ppts) of respondents expect 'bad times' economically.
- Now under a quarter of respondents, 22.2% (down 11.3ppts), expect Taiwan will have 'good times' economically during the next five years (a record low) and 19.5% (up 5.7ppts) of respondents expect Taiwan will have 'bad times' financially.
- In addition, 6.7% (down 3.1ppts) of respondents say it is a 'good time to buy' major household items in Taiwan (the lowest level since August 2014), while a quarter, 25.2% (up 3.5ppts), of respondents say now is a 'bad time to buy' major household items.
- The inflation expectations rose to 1.9% (up 0.6ppt) in September.

#### ANZ'S SENIOR ECONOMIST RAYMOND YEUNG SAID:

"As we pointed out last month, consumer sentiment will be badly affected by global equity sell-off and the volatility of foreign currencies, notably the RMB. The September's consumer confidence figure clearly evidences the impact of falling asset prices on household confidence.

More importantly, exports and industrial production have declined in recent months, clouding Taiwan's growth prospect in the near term. As the economic condition has deteriorated very rapidly, we believe that the central bank has shifted its monetary policy stance from neutral to more accommodative. The central bank will continue to ease through open market operation. However, there is no need for the CBC to cut rediscount rate this Thursday, as market interest rates have been very low."

**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**

		Apr 15	May 15	Jun 15	Jul 15	Aug 15	Sep 15
<b>ANZ-Roy Morgan Consumer Confidence Index</b>		<b>100.2</b>	<b>93.3</b>	<b>96.1</b>	<b>97.1</b>	<b>99.9</b>	<b>91.4</b>
<b>Sub-Index</b>							
<b>1. Financial situation compared with a year ago</b>	Balance	-19.7	-23.5	-22.9	-19.9	-15.5	-22.7
	Better off, %	8.0	6.7	7.8	7.6	9.2	6.8
	Worse off, %	27.7	30.2	30.7	27.5	24.7	29.5
<b>2. Financial situation next year</b>	Balance	-1.0	-7.6	-3.9	-3.7	-4.0	-8.1
	Better off, %	16.8	13.1	14.1	12.8	13.4	11.6
	Worse off, %	17.8	20.7	18.0	16.5	17.4	19.7
<b>3. Economic conditions next year</b>	Balance	16.6	6.7	9.9	12.3	11.4	3.6
	Good, %	34.7	28.3	29.9	32.5	29.9	26.9
	Bad, %	18.1	21.6	20.0	20.2	18.5	23.3
<b>4. Economic conditions next 5 years</b>	Balance	15.1	7.1	11.0	9.5	19.7	2.7
	Good, %	29.1	25.1	27.0	26.7	33.5	22.2
	Bad, %	14.0	18.0	16.0	17.2	13.8	19.5
<b>5. Now a good time/bad time to buy major items</b>	Balance	-9.8	-16.1	-13.6	-12.5	-11.9	-18.5
	Good, %	14.0	9.9	11.2	10.6	9.8	6.7
	Bad, %	23.8	26.0	24.8	23.1	21.7	25.2
<b>Inflation expectation</b>	%	1.2	1.6	1.2	1.7	1.3	1.9

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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