

Monday, 12 April 2021

## Inflation Expectations increase to 3.8% in March – far higher for women (4.3%) than men (3.4%)

In March Australians expected inflation of 3.8% annually over the next two years, up 0.1% points on February, and the highest since March 2020 (4.0%).

Inflation Expectations are now 0.9% points below their long-term average of 4.7% but have increased by 0.6% points since reaching a record low of only 3.2% in August 2020.

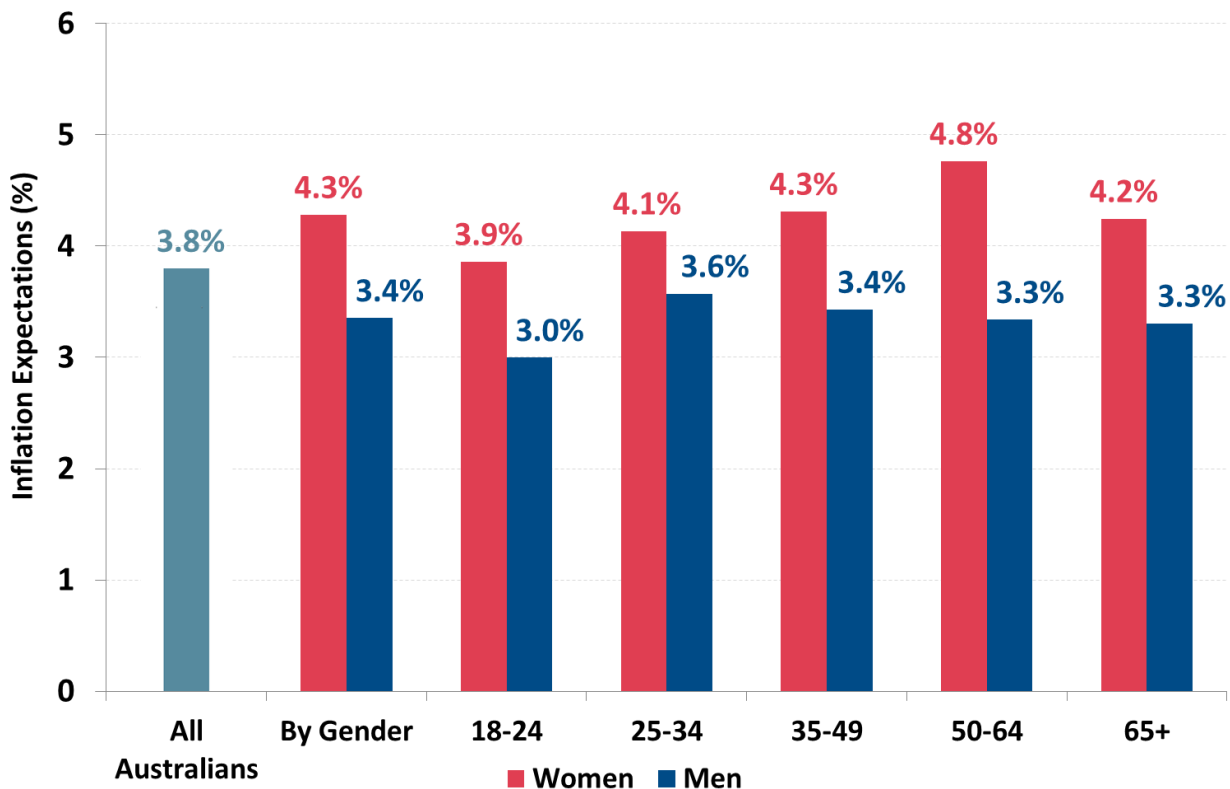
Women's Inflation Expectations are now at 4.3%, up by 0.5% points since the low-point in August 2020, and remain far higher than men's at 3.4% which are up by 0.8% points during the same period.

The Inflation Expectations of women are significantly higher than men across the age spectrum with the largest gap of 1.5% points for people aged 50-64: Women 4.8% cf. men 3.3%.

The lowest Inflation Expectations among women are for those aged 18-24 at 3.9%, but this is still higher than any age cohort of men. From there women's Inflation Expectations increase with age and peak for people aged 50-64 at 4.8% before dropping to 4.2% for those aged 65+.

Young men aged 18-24 also have the lowest Inflation Expectations for men at only 3.0%, but those slightly older aged 25-34 have the highest at 3.6%. There is little difference in Inflation Expectations for men aged 35-49 (3.4%), 50-64 (3.3%) or 65+ (3.3%) – but they are all far lower than women in the same age brackets.

### Inflation Expectations by Gender & Age: March 2021



Source: Roy Morgan Single Source: March 2021, n=5,997. Base: Australians aged 14+.

FOR IMMEDIATE RELEASE

**Inflation Expectations are again highest in Tasmania and are now lowest in South Australia**

On a State-based level Inflation Expectations are highest in Tasmania at 4.6%, an increase of 1.2% points since the low-point of August 2020. Tasmanians go to the polls in three weeks for a State Election called by Premier Peter Gutwein nearly a year earlier than was expected.

Inflation Expectations in Queensland are also significantly higher than the national average at 4.3% (up 0.9% points since August 2020) and are 4% (up 1.3% points) in Western Australia.

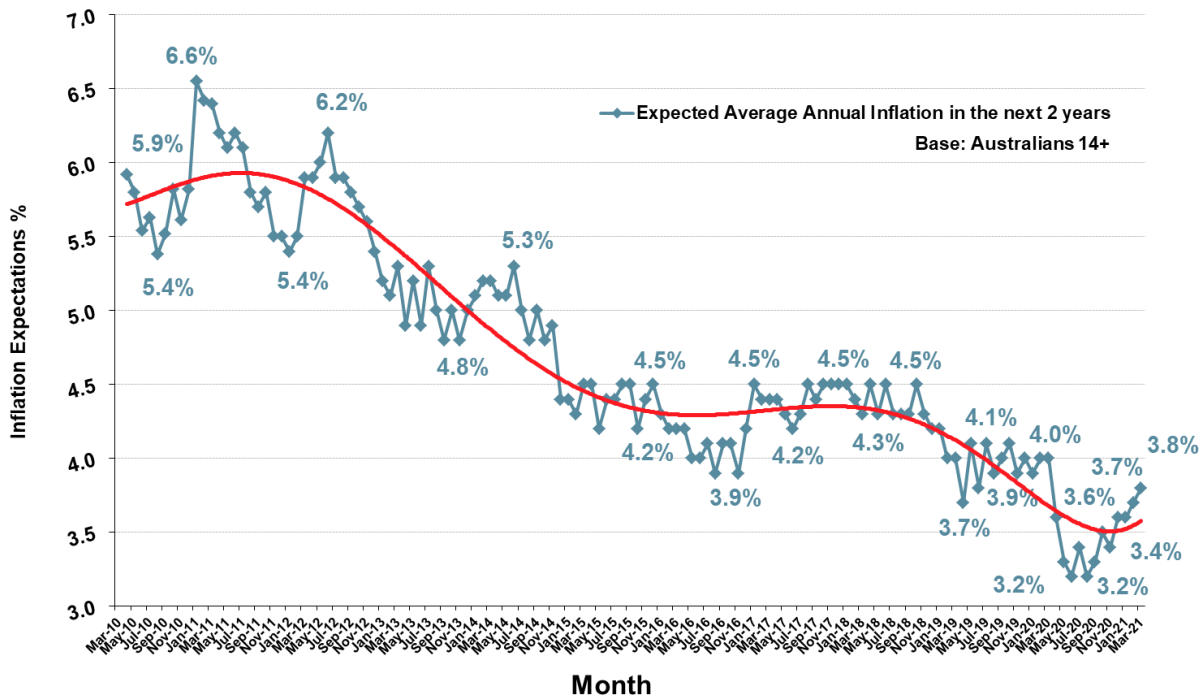
There has been less movement in other States since the low-point in August 2020 with Inflation Expectations now at 3.8% (up 0.6% points) in Victoria and 3.6% (up 0.3% points) in New South Wales.

South Australia has the lowest Inflation Expectations at 3.3%, up by only 0.1% points since August 2020.

As well as increasing Inflation Expectations the [ANZ-Roy Morgan Consumer Confidence Rating has continued to recover and was at 110.9 for the month of March 2021](#), an increase of 21.8pts (+24.5%) since August 2020.

Consumer Confidence for March was the highest monthly figure for the rating since the month of November 2019 (111.2) more than a year ago.

**Inflation Expectations Index long-term trend – Expected Annual Inflation in next 2 years**



*“There continues to be a considerable ‘gender gap’ between women and men when it comes to their expectations of price increases over the next two years with women expecting annual inflation of 4.3% per year compared to only 3.4% for men.*

*“This gap is apparent across all age groups though is largest for people aged 50-64. Women in this age group expect annual inflation of 4.8% over the next two years – significantly higher than any other age group compared to only 3.3% for men of the same age – a gap of 1.5% points.*

*“The smallest gap between the two genders is 0.5% points and is for younger people aged 25-34. Women of this age expect annual inflation of 4.1% over the next two years compared to 3.6% for similarly aged men.*

*“The persistent ‘gender gap’ on Inflation Expectations shows how the two largest segments of the population – men and women – are experiencing the current economy in a significantly different way. Women, who are more likely to be grocery shoppers and visiting the local supermarkets on a frequent basis, can see prices rising at faster rate than men who tend to be less likely to have this day-to-day interaction with fast moving consumer goods.*

*“There are many other prices to keep an eye on when assessing economy-wide inflation such as the prices of services such as housing prices, gas, electricity, internet, health-care, insurance, schooling, transport, clothes and entertainment but many of these types of goods and services are bought on a far more infrequent basis than the weekly grocery spend.*

*“One factor that is also important to note is that Inflation Expectations for both genders have increased significantly since the low-point of August 2020 and men’s Inflation Expectations have actually increased faster over the last seven months.*

*“Since hitting a low of only 2.6% in August 2020 men’s Inflation Expectations have increased by 0.8% points to 3.4% while women’s Inflation Expectations are up by 0.5% points to 4.3% meaning the gap between the two has narrowed.*

*“The largest Government stimulus packages such as the \$100 billion JobKeeper wage subsidy have now ended and the trajectory of Inflation Expectations can act as a pointer towards the health of the Australian economy on a weekly and monthly basis. Inflation Expectations averaged 4% in 2019 (pre-pandemic) and 4.3% from 2015-2018 and at this stage still remain significantly below these levels.”*

The data for the Inflation Expectations series is drawn from the Roy Morgan Single Source which has interviewed an average of 5,997 Australians aged 14+ per month over the last decade from April 2010 – March 2021 and includes interviews with 5,997 Australians aged 14+ in March 2021.

**For comments and information about Roy Morgan’s Inflation Expectations data, please contact:**

**Roy Morgan Enquiries**

Office: +61 (3) 9224 5309

[askroymorgan@roymorgan.com](mailto:askroymorgan@roymorgan.com)

**The Roy Morgan Consumer Confidence Report – Including Inflation Expectations**

To learn more about the trends for Inflation Expectations as well as Consumer Confidence for different segments and demographics throughout the Australian community, purchase the [Roy Morgan Consumer Confidence Monthly Report](#)



## About Roy Morgan

Roy Morgan is Australia's largest independent Australian research company, with offices in each state, as well as in the U.S. and U.K. A full-service research organisation, Roy Morgan has over 75 years' experience collecting objective, independent information on consumers.

### The questions used to calculate the Monthly Roy Morgan Inflation Expectations Index.

**1) Prices:** "During the next 2 years, do you think that prices in general will go up, or go down, or stay where they are now?"

**2a) If stay where they are now:** "Do you mean that prices will go up at the same rate as now or that prices in general will not go up during the next 2 years?"

**2b) If go up or go down:** "By about what per cent per year do you expect prices to (go up/ go down) on average during the next 2 years?"

**3)** "Would that be (x%) per year, or is that the total for prices over the next 2 years?"

The Roy Morgan Inflation Expectations Index is a forward looking indicator unlike the Consumer Price Index (CPI) and is based on continuous (weekly) measurement, and monthly reporting. The Roy Morgan Inflation Expectations Index is current and relevant.

### Monthly Roy Morgan Inflation Expectations Index (2010 – 2021)

<u>Year</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Yearly Average</u>
<b>2010</b>	n/a	n/a	n/a	5.9	5.8	5.5	5.6	5.4	5.5	5.8	5.6	5.8	<b>5.7</b>
<b>2011</b>	<b>6.6</b>	<b>6.4</b>	<b>6.4</b>	<b>6.2</b>	<b>6.1</b>	<b>6.2</b>	<b>6.1</b>	<b>5.8</b>	<b>5.7</b>	<b>5.8</b>	<b>5.5</b>	<b>5.5</b>	<b>6.0</b>
<b>2012</b>	5.4	5.5	5.9	5.9	6.0	6.2	5.9	5.9	5.8	5.7	5.6	5.4	<b>5.8</b>
<b>2013</b>	5.2	5.1	5.3	4.9	5.2	4.9	5.3	5.0	4.8	4.9	4.8	5.0	<b>5.0</b>
<b>2014</b>	5.1	5.2	5.2	5.1	5.1	5.3	5.0	4.8	5.0	4.8	4.9	4.4	<b>5.0</b>
<b>2015</b>	4.4	4.3	4.5	4.5	4.2	4.4	4.4	4.5	4.5	4.2	4.4	4.5	<b>4.5</b>
<b>2016</b>	4.3	4.2	4.2	4.2	4.0	4.0	4.1	3.9	4.1	4.1	3.9	4.2	<b>4.1</b>
<b>2017</b>	4.5	4.4	4.4	4.4	4.3	4.2	4.3	4.5	4.4	4.5	4.5	4.5	<b>4.4</b>
<b>2018</b>	4.5	4.4	4.3	4.5	4.3	4.5	4.3	4.3	4.3	4.5	4.3	4.2	<b>4.4</b>
<b>2019</b>	4.2	4.0	4.0	3.7	4.1	3.8	4.1	3.9	4.0	4.1	3.9	4.0	<b>4.0</b>
<b>2020</b>	<b>3.9</b>	<b>4.0</b>	<b>4.0</b>	<b>3.6</b>	<b>3.3</b>	<b>3.2</b>	<b>3.4</b>	<b>3.2</b>	<b>3.3</b>	<b>3.5</b>	<b>3.4</b>	<b>3.6</b>	<b>3.5</b>
<b>2021</b>	3.6	3.7	3.8										<b>3.7</b>
<b>Monthly Average</b>	<b>4.7</b>	<b>4.8</b>	<b>4.7</b>	<b>4.8</b>	<b>4.8</b>	<b>4.7</b>	<b>4.8</b>	<b>4.7</b>	<b>4.7</b>	<b>4.7</b>	<b>4.7</b>	<b>4.6</b>	<b>4.7</b>

**Overall Roy Morgan Inflation Expectations Average: 4.7**

**RBA interest rates changes during the time-period measured: 2010-2020.**

**RBA – Interest rate increasing cycle (2010):**

#### **2010**

April 2010: +0.25% to 4.25%; May 2010: +0.25% to 4.75%, November 2010: +0.25% to 5%.

**RBA – Interest rate cutting cycle (2011-2013, 2015-2016 & 2019-2020):****2011**

November 2011: -0.25% to 4.5%; December 2011: -0.25% to 4.25%.

**2012**

May 2012: -0.5% to 3.75%; June 2012: -0.25% to 3.5%; October 2012: -0.25% to 3.25%;  
December 2012: -0.25% to 3%.

**2013**

May 2013: -0.25% to 2.75%; August 2013: -0.25% to 2.5%.

**2014**

There were no RBA interest rate changes during 2014.

**2015**

February 2015: -0.25% to 2.25%; May 2015: -0.25% to 2%.

**2016**

May 2016: -0.25% to 1.75%; August 2016: -0.25% to 1.5%.

**2017**

There were no RBA interest rate changes during 2017.

**2018**

There were no RBA interest rate changes during 2018.

**2019**

June 2019: -0.25% to 1.25%; July 2019: -0.25% to 1%; October 2019: -0.25% to 0.75%.

**2020**

March 4, 2020: -0.25% to 0.5%, March 20, 2020: -0.25% to 0.25% & November 6, 2020: -0.15% to 0.10%.

**Margin of Error**

The margin of error to be allowed for in any estimate depends mainly on the number of interviews on which it is based. Margin of error gives indications of the likely range within which estimates would be 95% likely to fall, expressed as the number of percentage points above or below the actual estimate. Allowance for design effects (such as stratification and weighting) should be made as appropriate.

Sample Size	Percentage Estimate			
	40%-60%	25% or 75%	10% or 90%	5% or 95%
5,000	±1.4	±1.2	±0.8	±0.6
50,000	±0.4	±0.4	±0.3	±0.2

