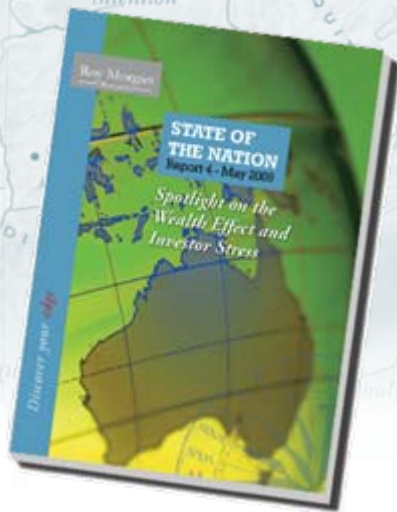
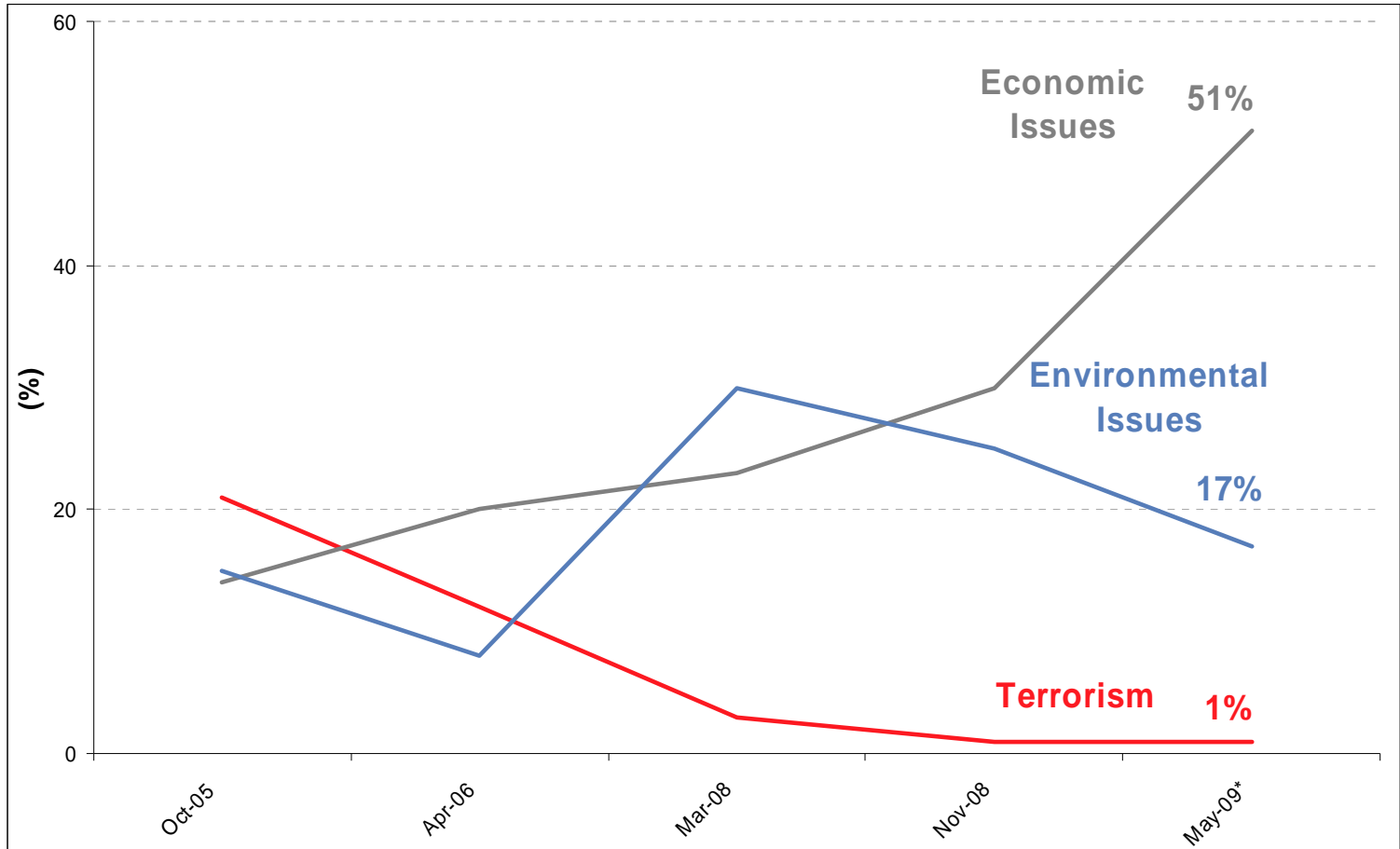


# The State Of The Nation



Report 4 – Spotlight  
on the Wealth Effect  
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available soon at  
[www.roymorganonlinestore.com](http://www.roymorganonlinestore.com)

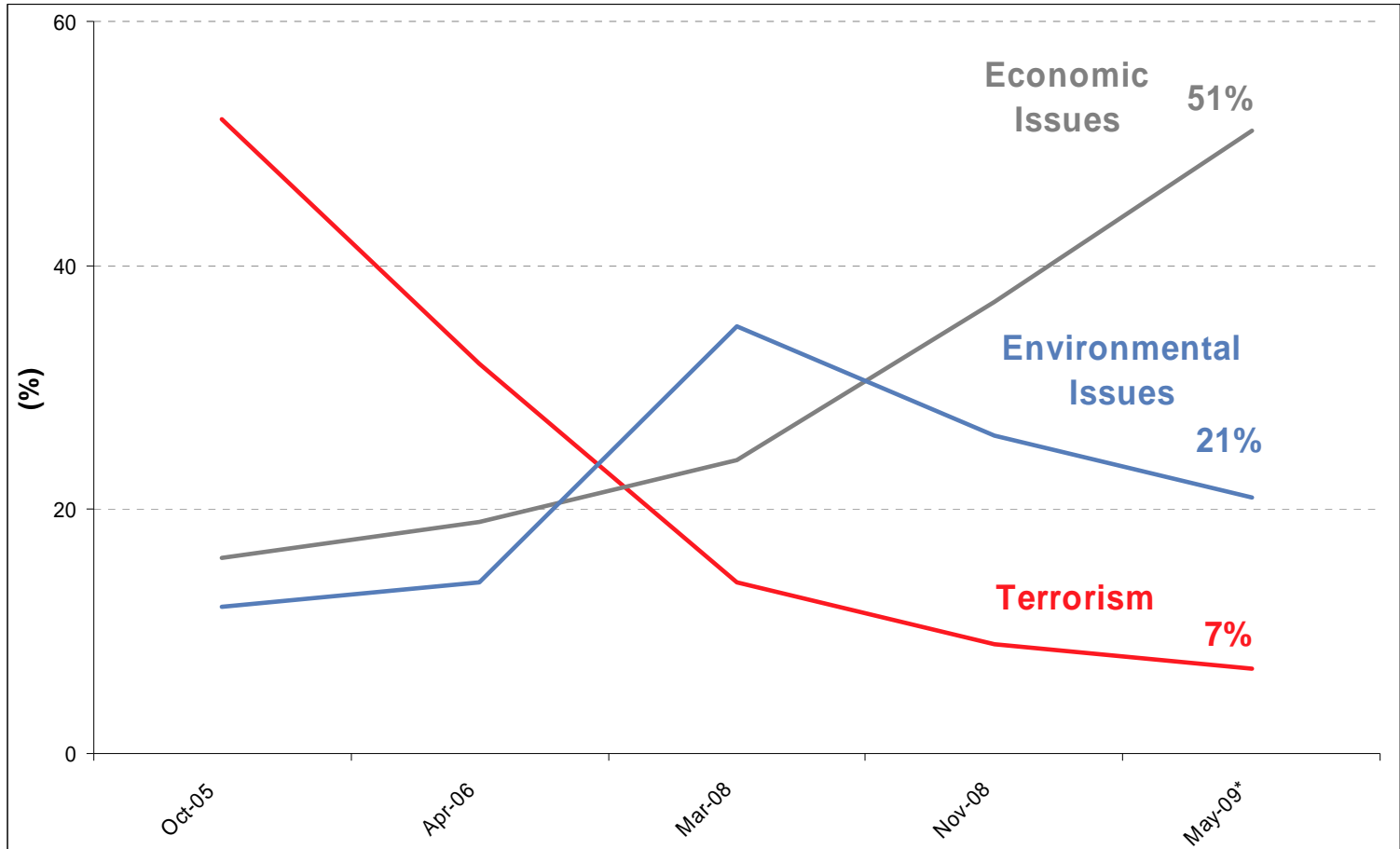
## Most important problem facing the World



Source: Roy Morgan Research

\*Roy Morgan Nationwide telephone poll (n=684) May 20-21, 2009; Aust. Population 14+

# Most important problem facing Australia



Source: Roy Morgan Research

\*Roy Morgan Nationwide telephone poll (n=684) May 20-21, 2009; Aust. Population 14+

**Consumer Confidence**      **101.2** <sup>[1]</sup>

---

**Unemployment**      **7.1%** <sup>[2]</sup>  
**(Including Underemployed**      **14.9%**      **1.67 mil)** <sup>[2]</sup>

---

**Voting Intention**      **ALP 58% vs. L-NP 42%** <sup>[3]</sup>

---

**Better PM**      **Rudd 60.5% vs. Turnbull 26.5%** <sup>[4]</sup>

Source: Roy Morgan Research

<sup>[1]</sup> Roy Morgan Face-to-Face Survey (n=1122) May 16-17, 2009; Aust. Population 14+

<sup>[2]</sup> Roy Morgan Face-to-Face Survey (n=4315) April, 2009; Aust. Population 14+

<sup>[3]</sup> Roy Morgan Face-to-Face Survey (n=999) May 16-17, 2009; Electors

<sup>[4]</sup> Roy Morgan Nationwide telephone poll (n=873) May 20-21, 2009; Electors

## Key Areas of Change

**S**ociety .....

**T**echnology .....

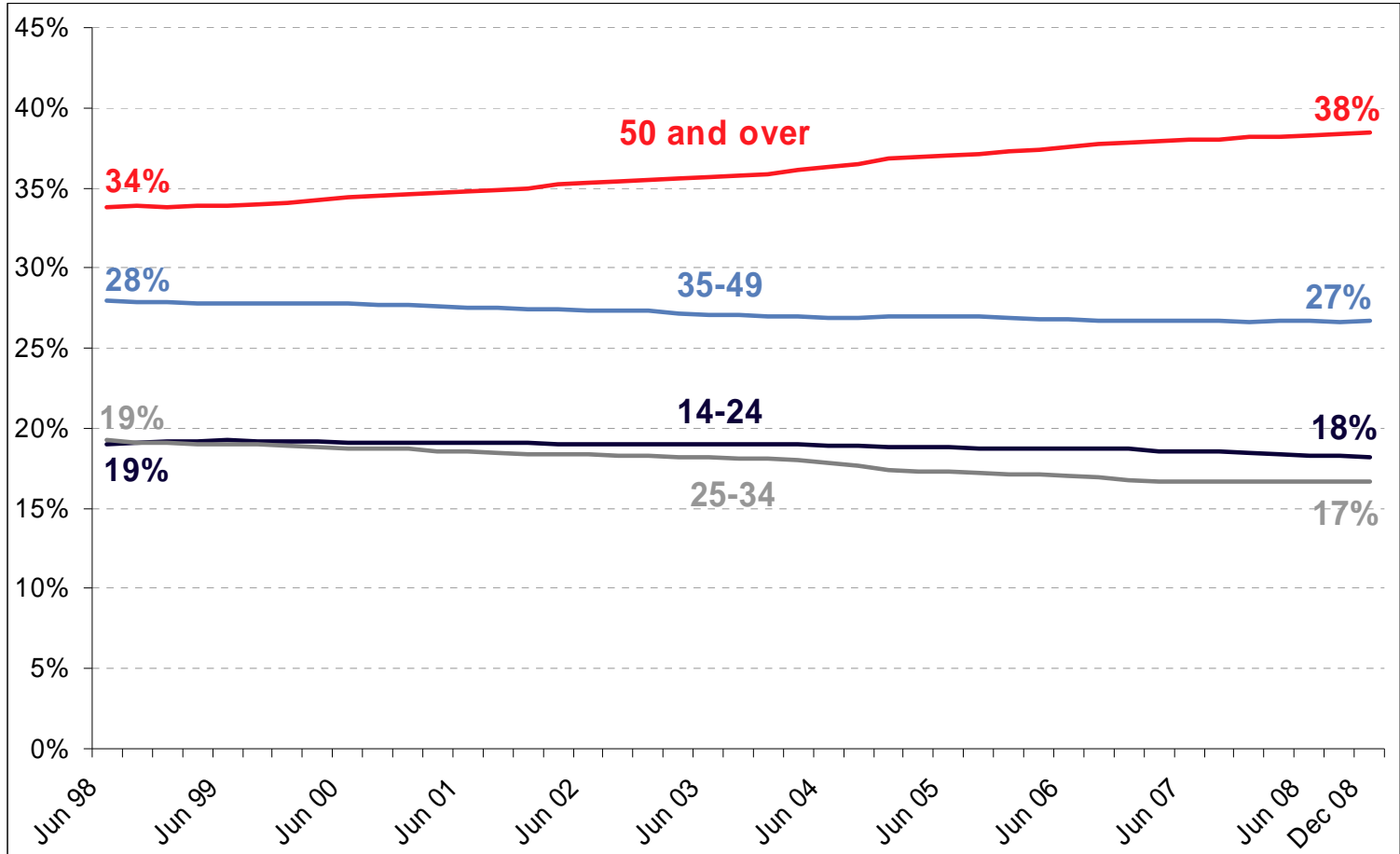
**E**conomy .....

**P**olitical .....

**E**nvironment .....

# SOCIETY

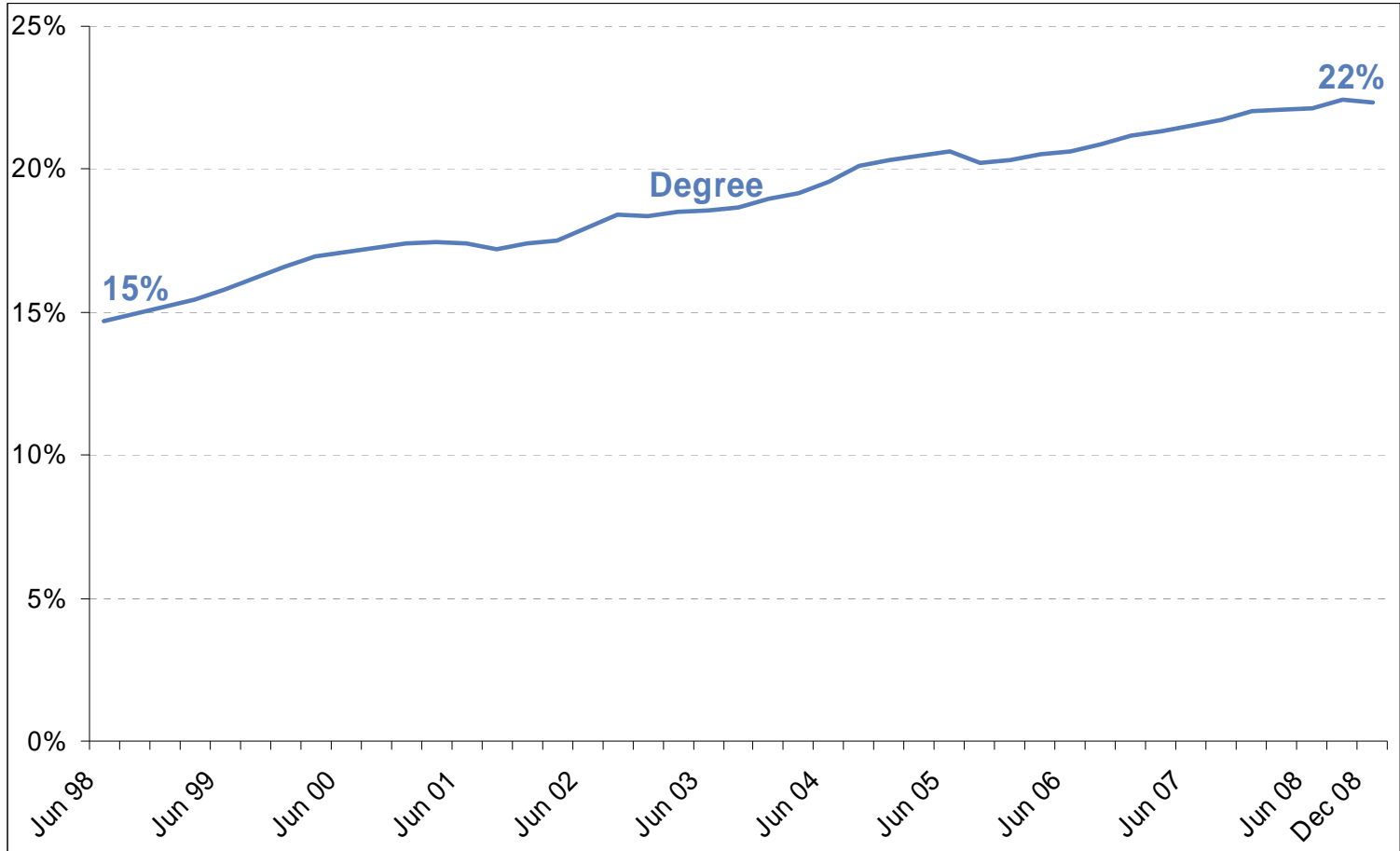
## Ageing Population



Base Aust Population aged 14+; Source: Roy Morgan Research; 12 month moving average.

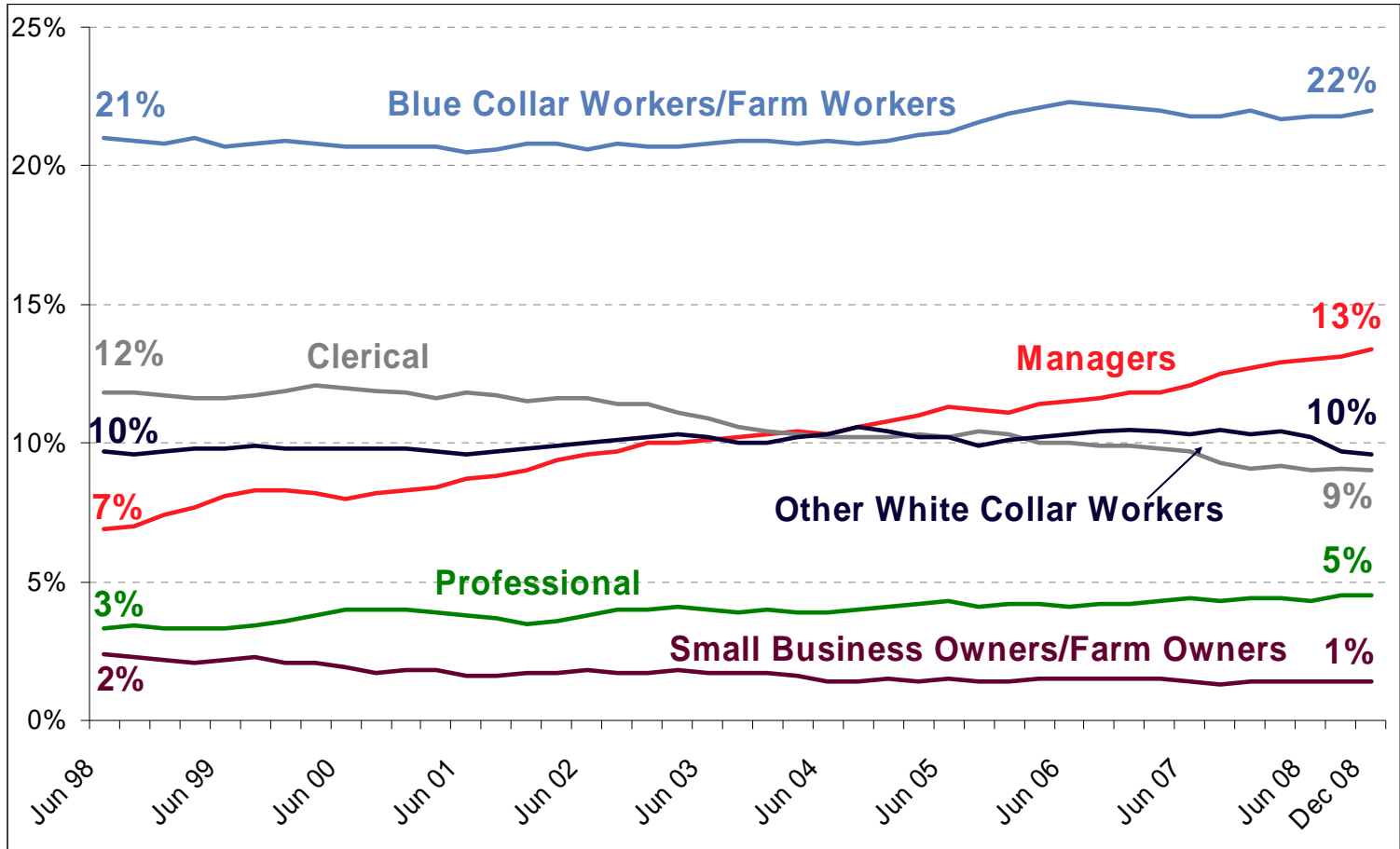
# SOCIETY

## Rising Education Level



Base Aust Population aged 14+; Source: Roy Morgan Research; 12 month moving average.

Discover your edge

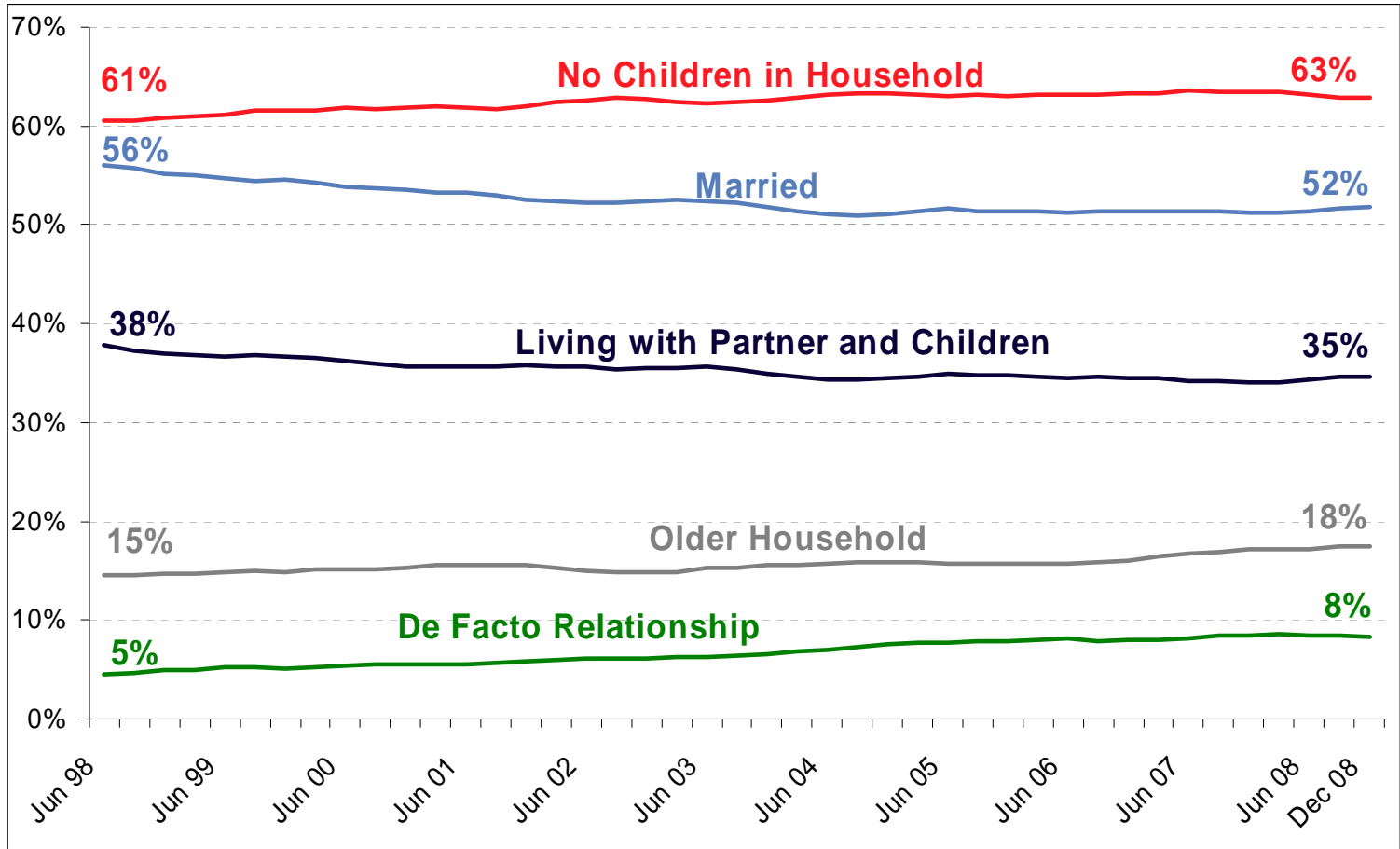


Base Aust Population aged 14+; Source: Roy Morgan Research; 12 month moving average.



# SOCIETY

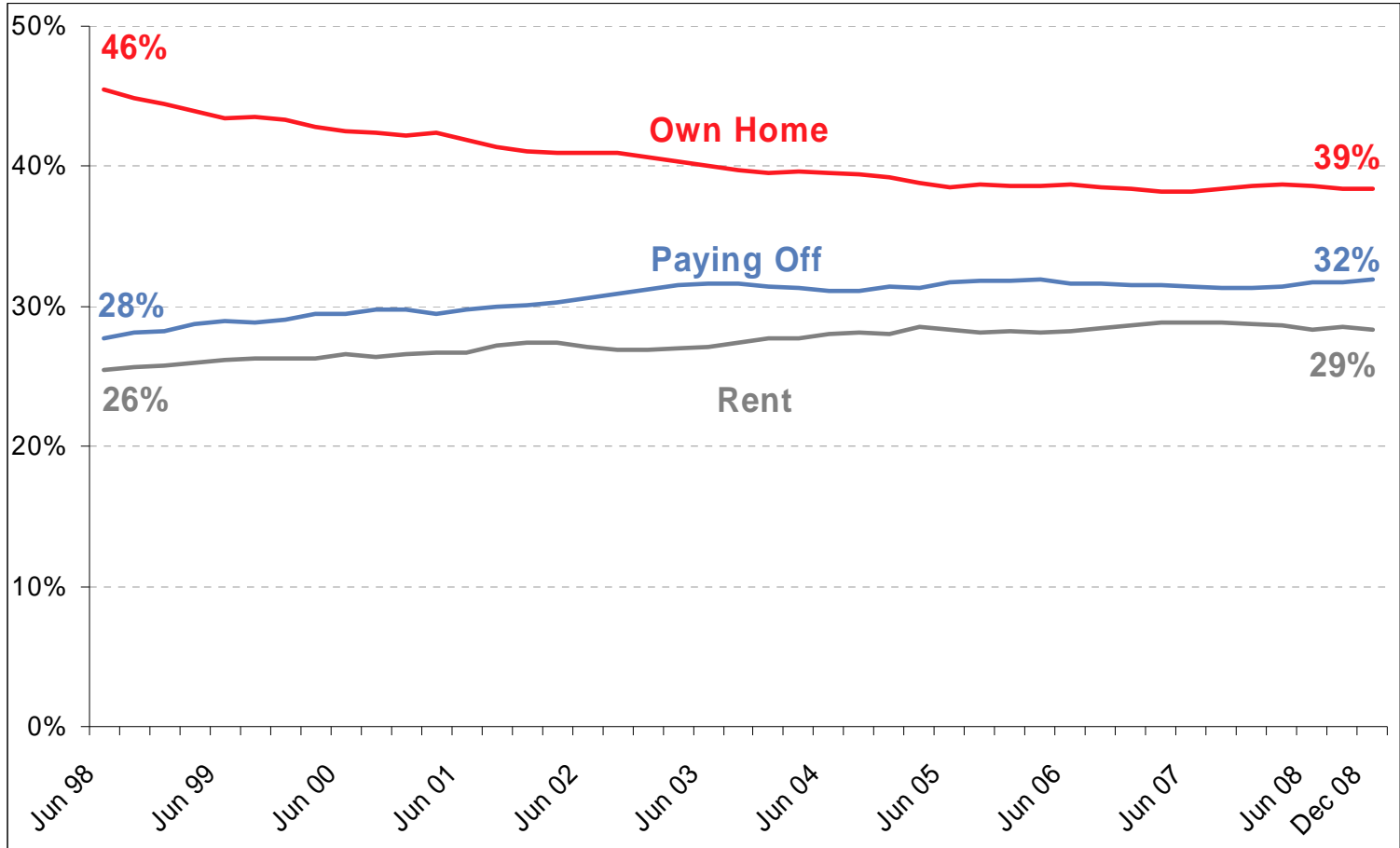
## Change in Household Structure



Base Aust Population aged 14+; Source: Roy Morgan Research; 12 month moving average.

# SOCIETY

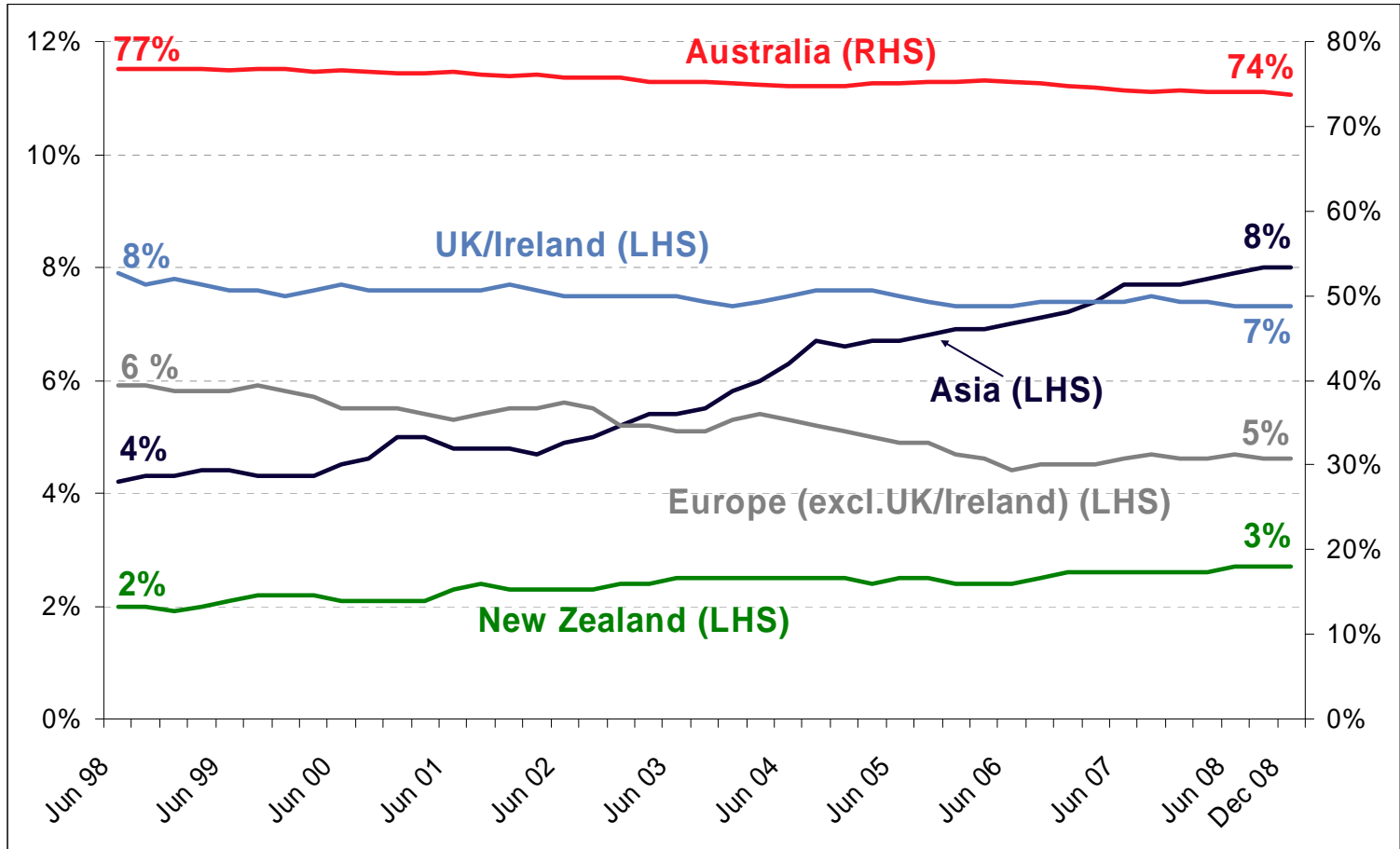
## Home Ownership



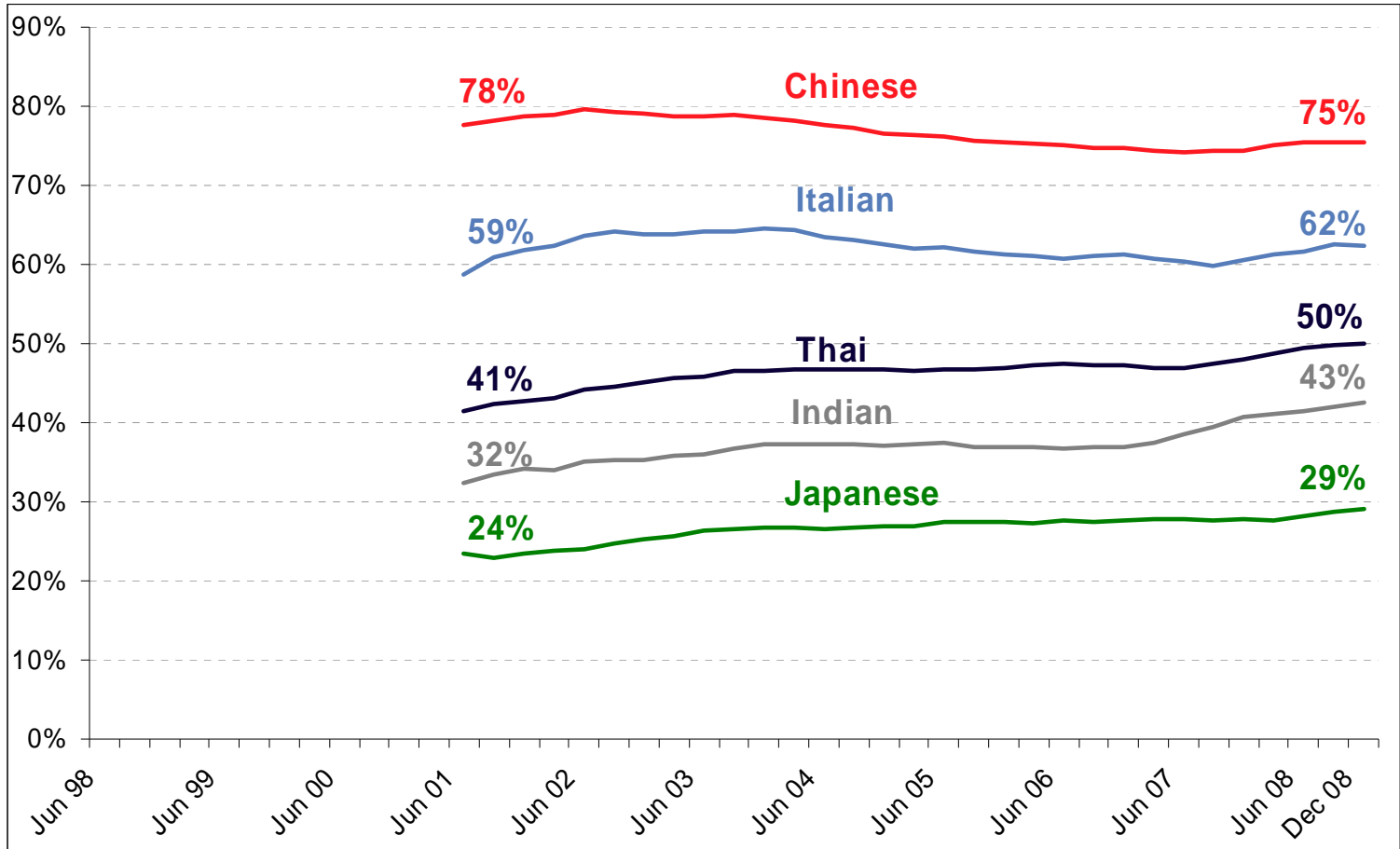
Base Aust Population aged 14+; Source: Roy Morgan Research; 12 month moving average.

# SOCIETY

## Country of Birth



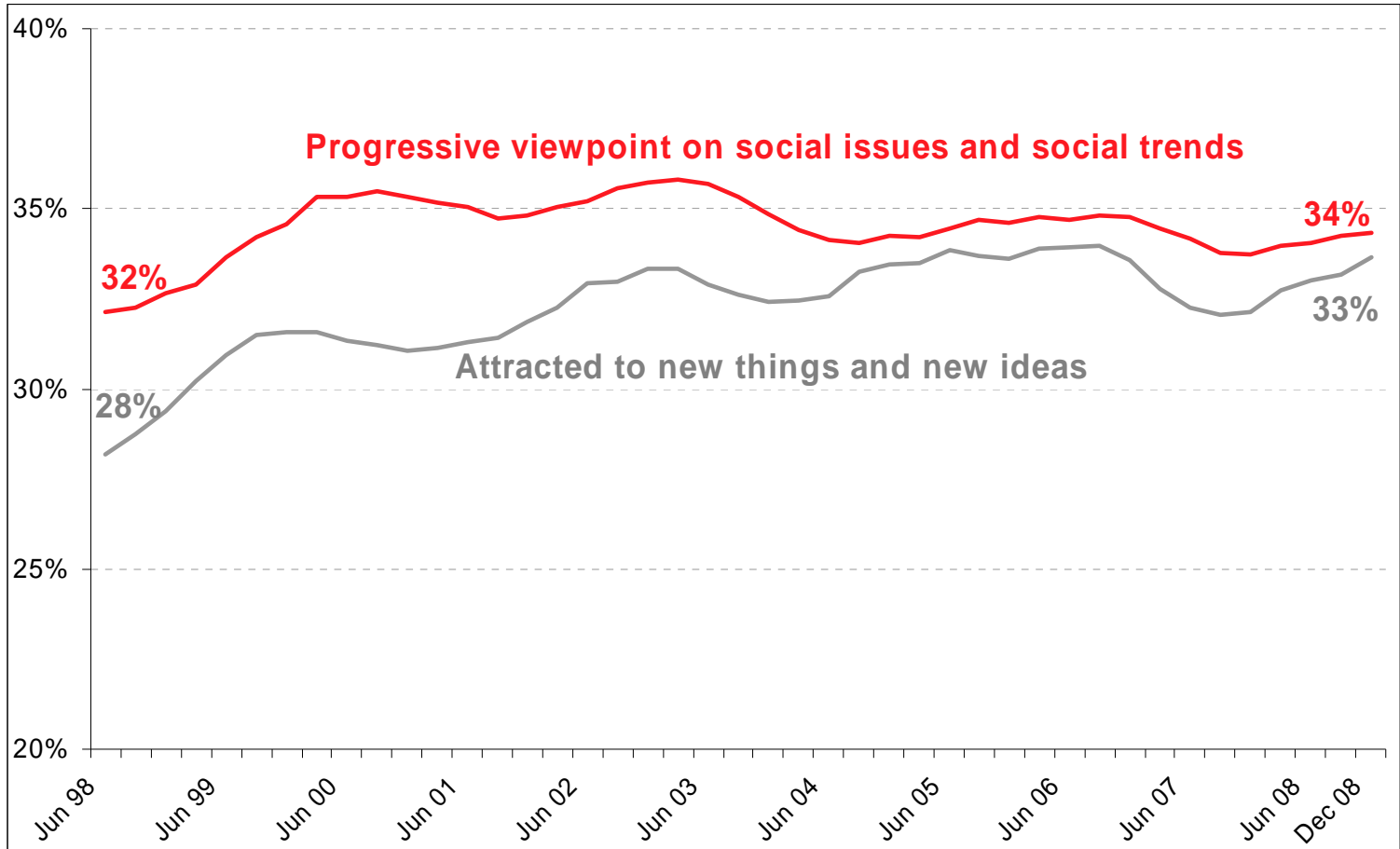
Base Aust Population aged 14+; Source: Roy Morgan Research; 12 month moving average.



Base Aust Population aged 14+; Source: Roy Morgan Research; 12 month moving average.

# SOCIETY

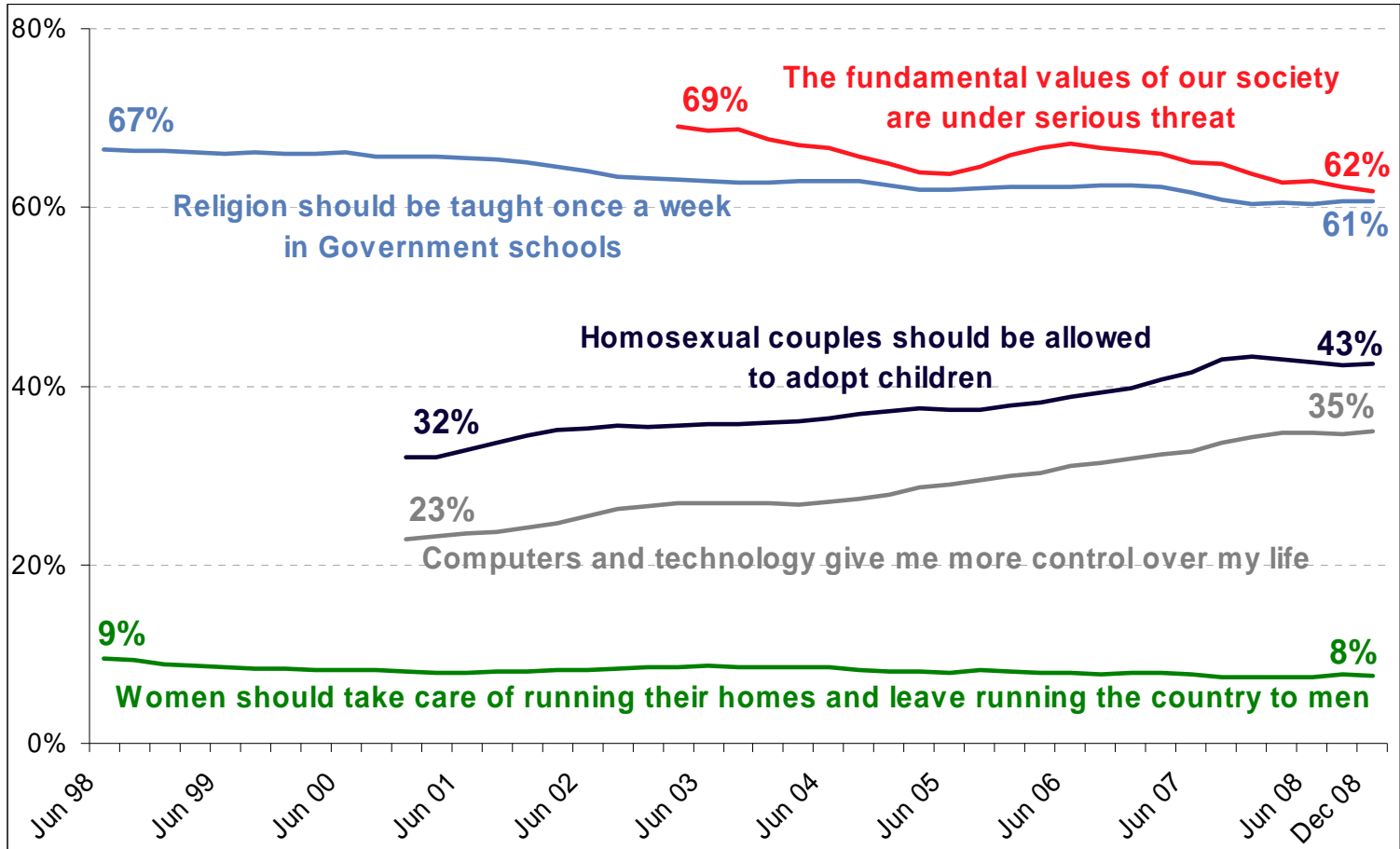
## Australians Becoming More Progressive



Base Aust Population aged 14+; Source: Roy Morgan Research; 12 month moving average.

# SOCIETY

## Australians Becoming More Progressive



Base Aust Population aged 14+; Source: Roy Morgan Research; 12 month moving average.



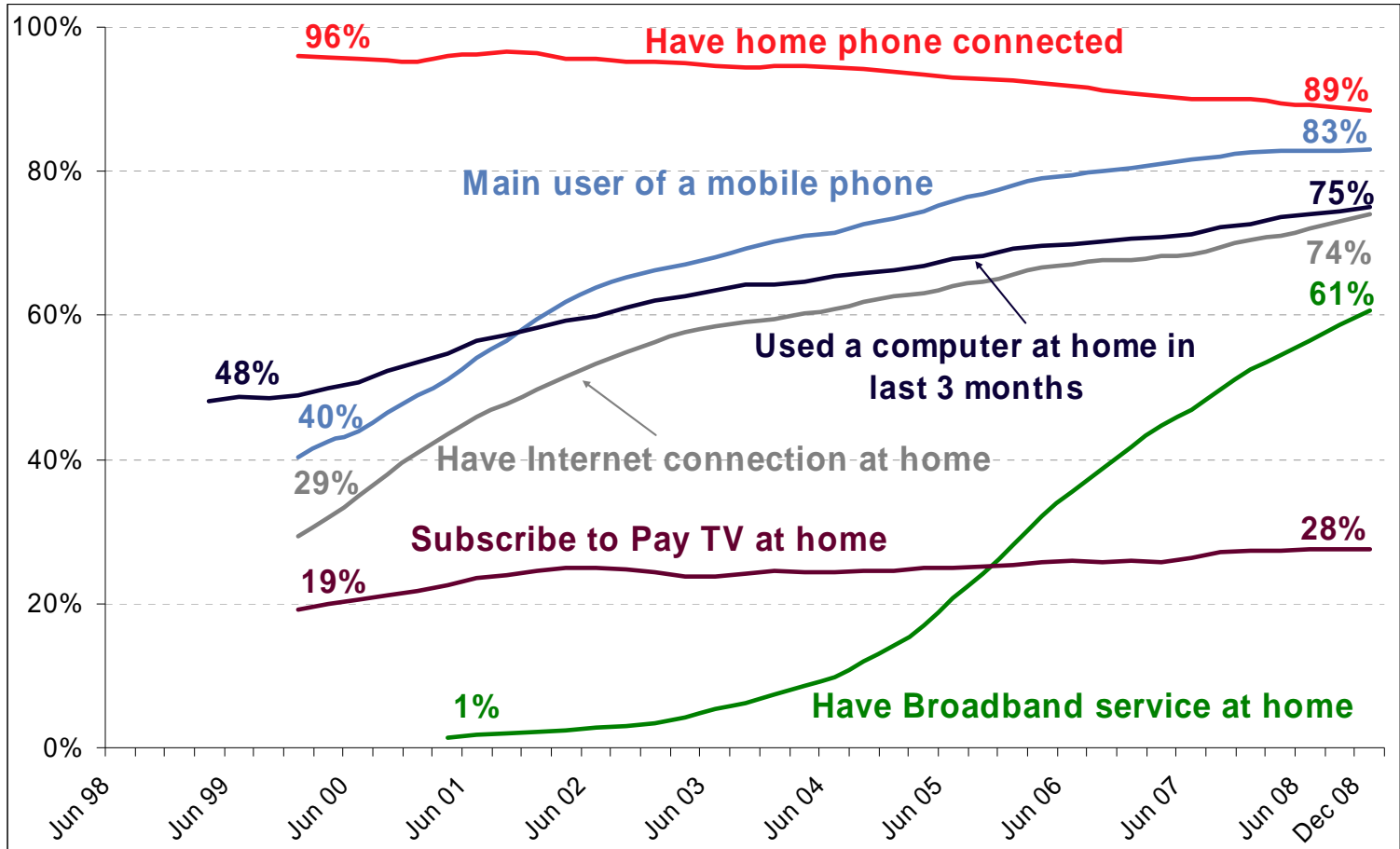
Base Aust Population aged 14+; Source: Roy Morgan Research; 12 month moving average.

- Mobile phones, Internet & Broadband
- New Technology
- Media Consumption
- Banking & Finance
- Shopping on the Internet



# TECHNOLOGY

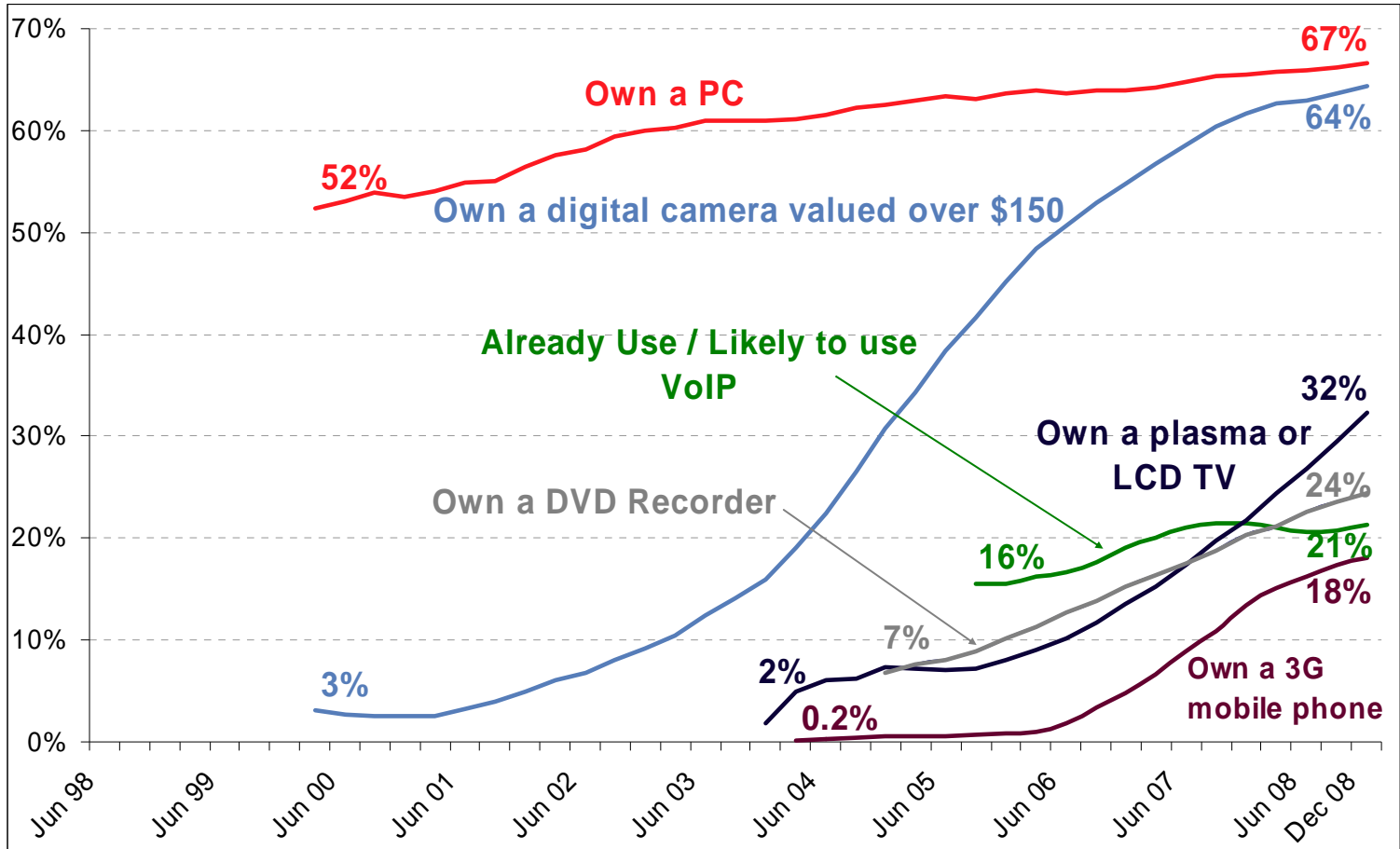
## Telecommunication Take-Up



Base Aust Population aged 14+; Source: Roy Morgan Research; 12 month moving average.

# TECHNOLOGY

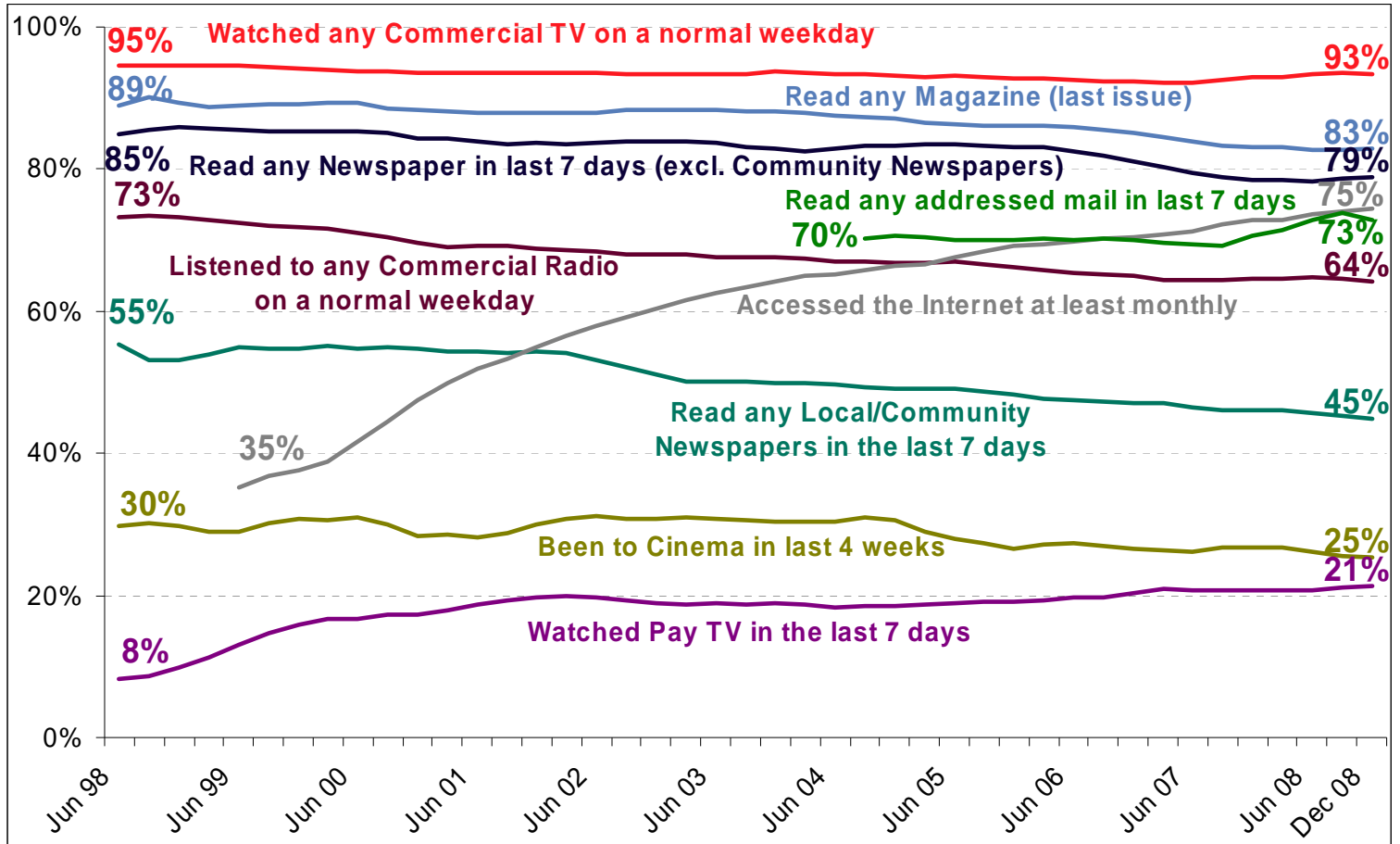
## Ownership of New Technological Product Increasing



Base Aust Population aged 14+; Source: Roy Morgan Research; 12 month moving average.

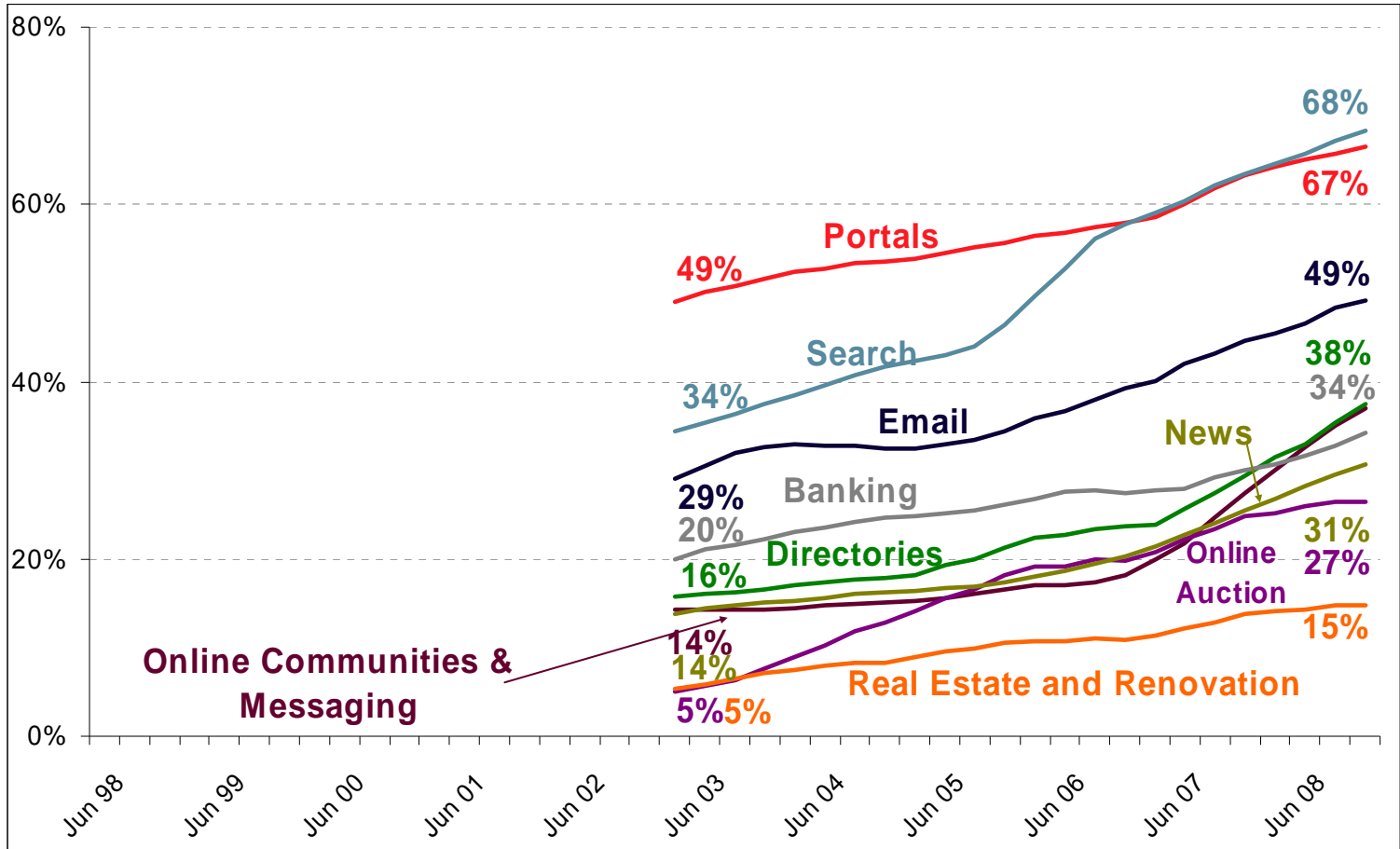
# TECHNOLOGY

## Media Consumption Over Time



Base Aust Population aged 14+; Source: Roy Morgan Research; 12 month moving average.

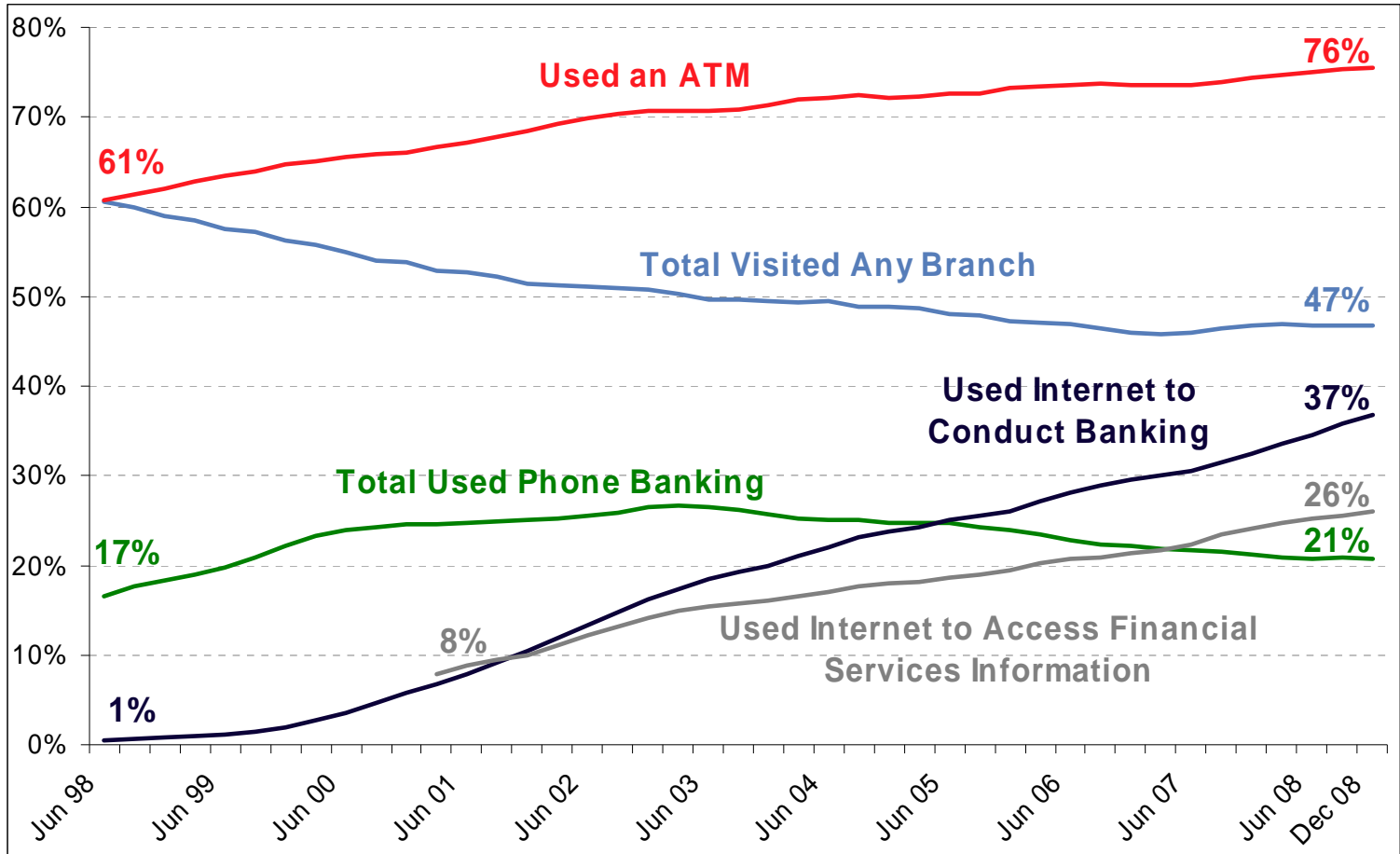
# TECHNOLOGY Website Visitation



Base Aust Population aged 14+; Source: Roy Morgan Research; 12 month moving average.

# TECHNOLOGY

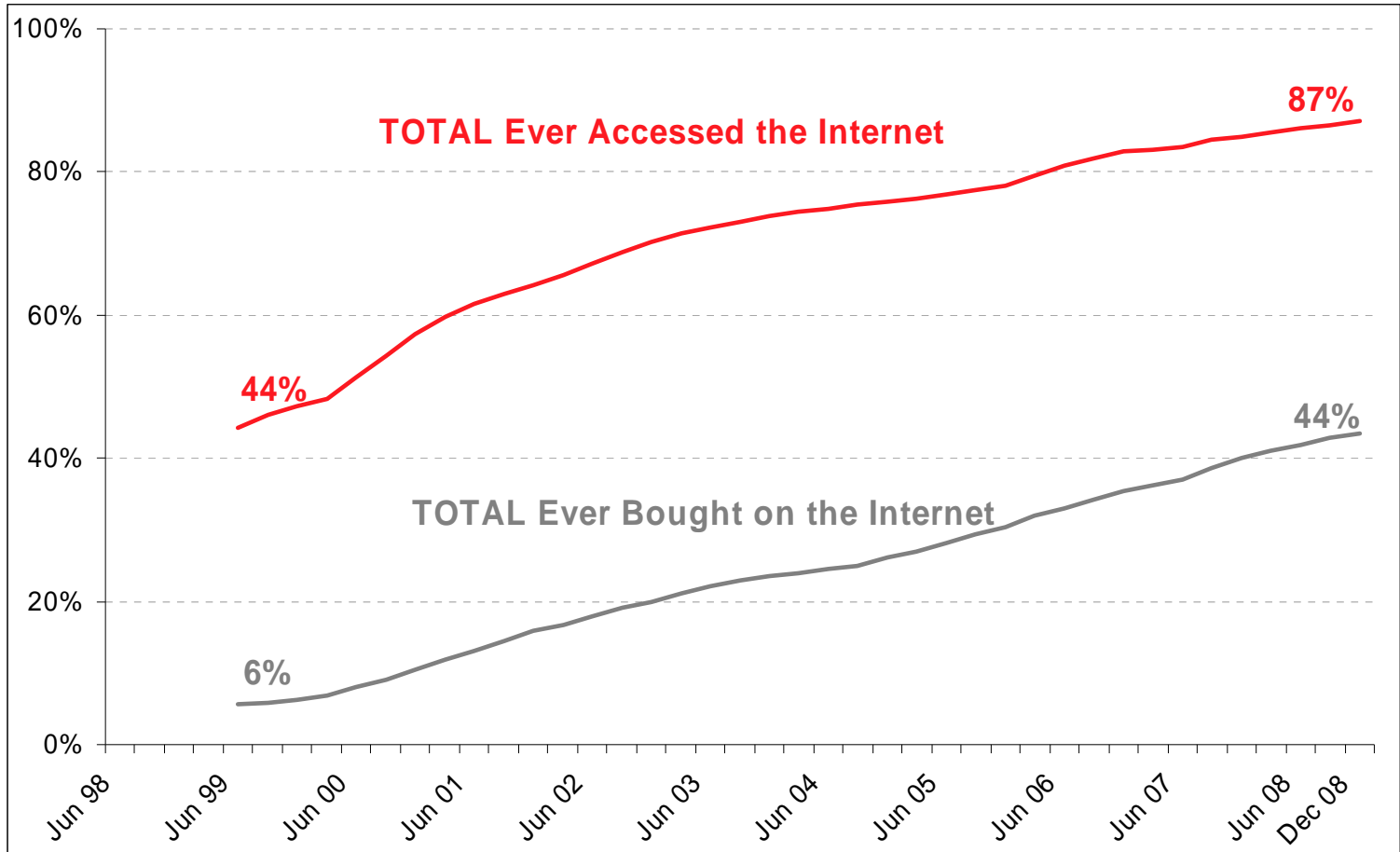
## Technology and Banking



Base Aust Population aged 14+; Source: Roy Morgan Research; 12 month moving average.

# TECHNOLOGY

## Shopping on the Internet

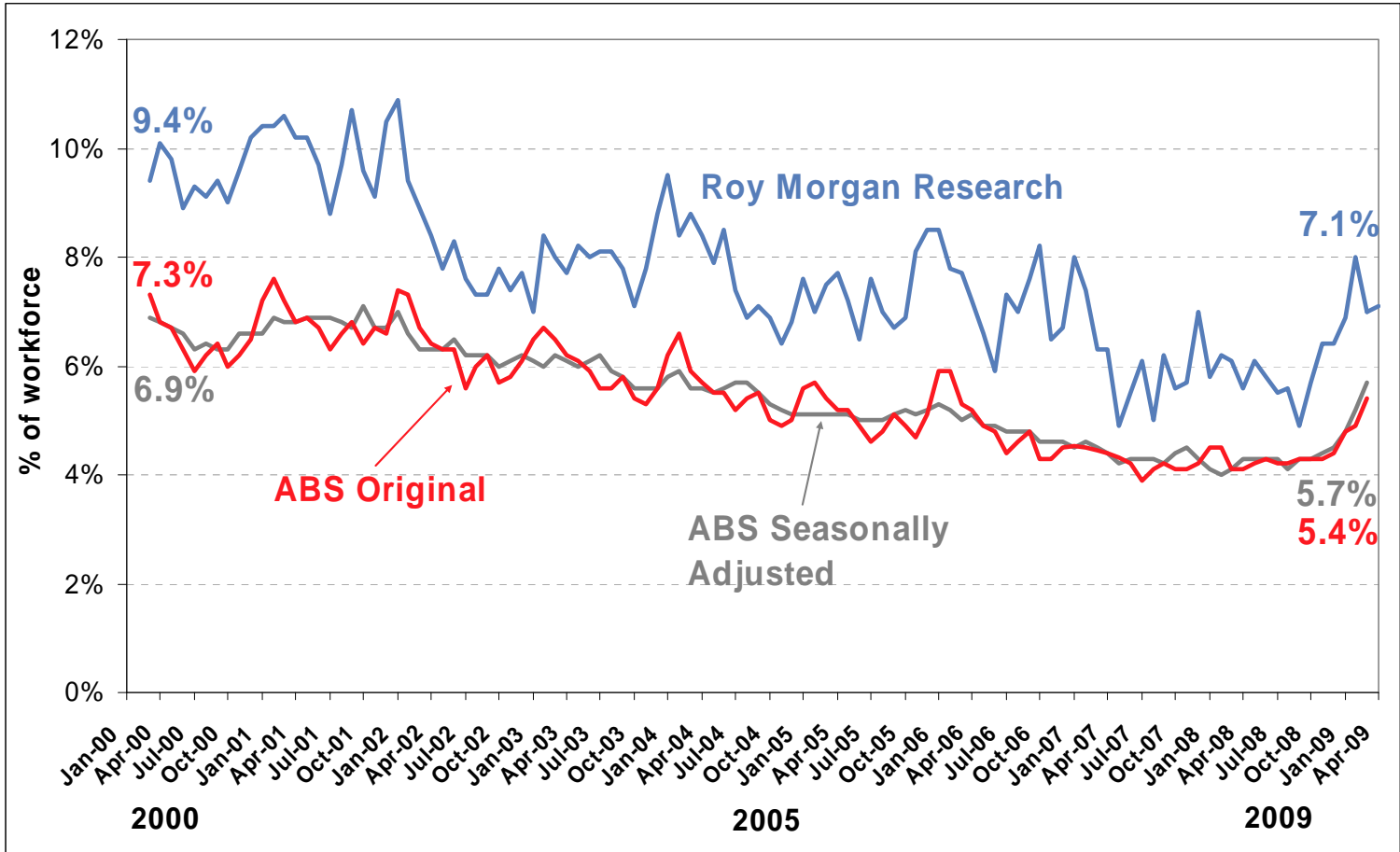


Base Aust Population aged 14+; Source: Roy Morgan Research; 12 month moving average

- Unemployment & Workforce Participation
- Consumer Confidence
- Lead Indicators – Share Market, Interest Rates, Exchange Rates, Superannuation
- Attitudes to Economy and Government Performance

# ECONOMY

## Unemployment

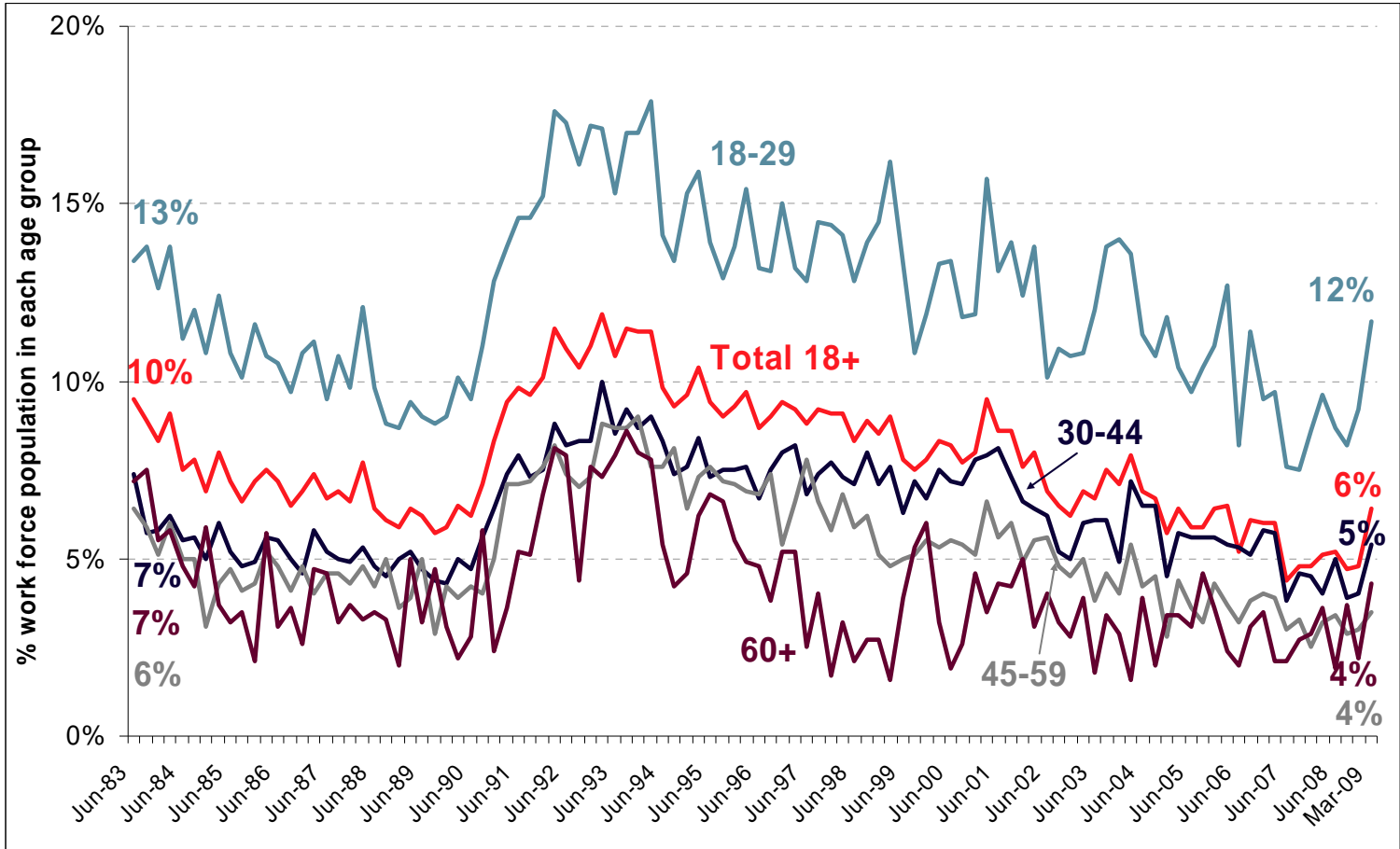


Source: ABS, Roy Morgan Research; Monthly Average



# ECONOMY

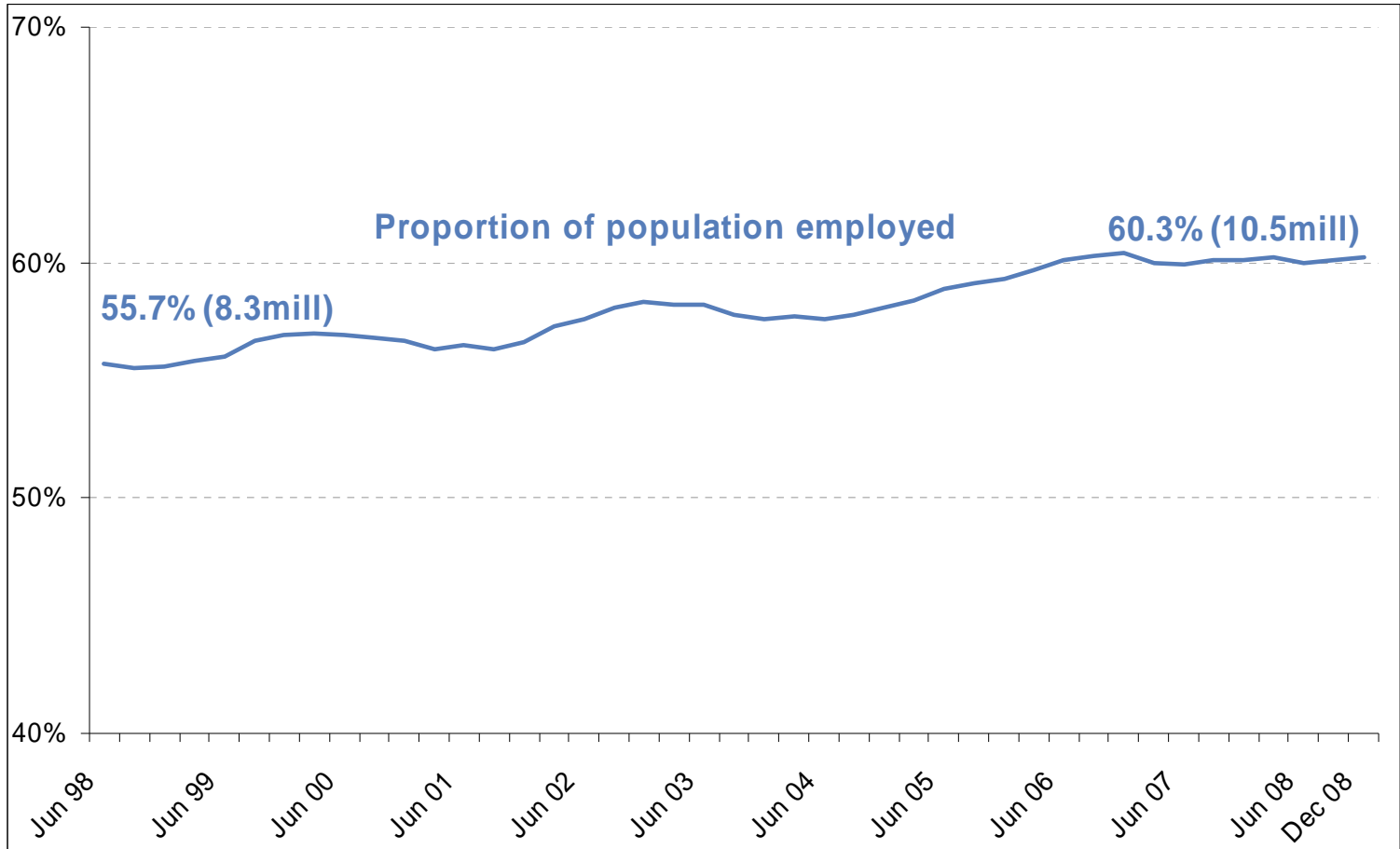
## Unemployment by Age group



Base: Aust population aged 18+ in workforce; Source: Roy Morgan Research; Discrete Quarters

# ECONOMY

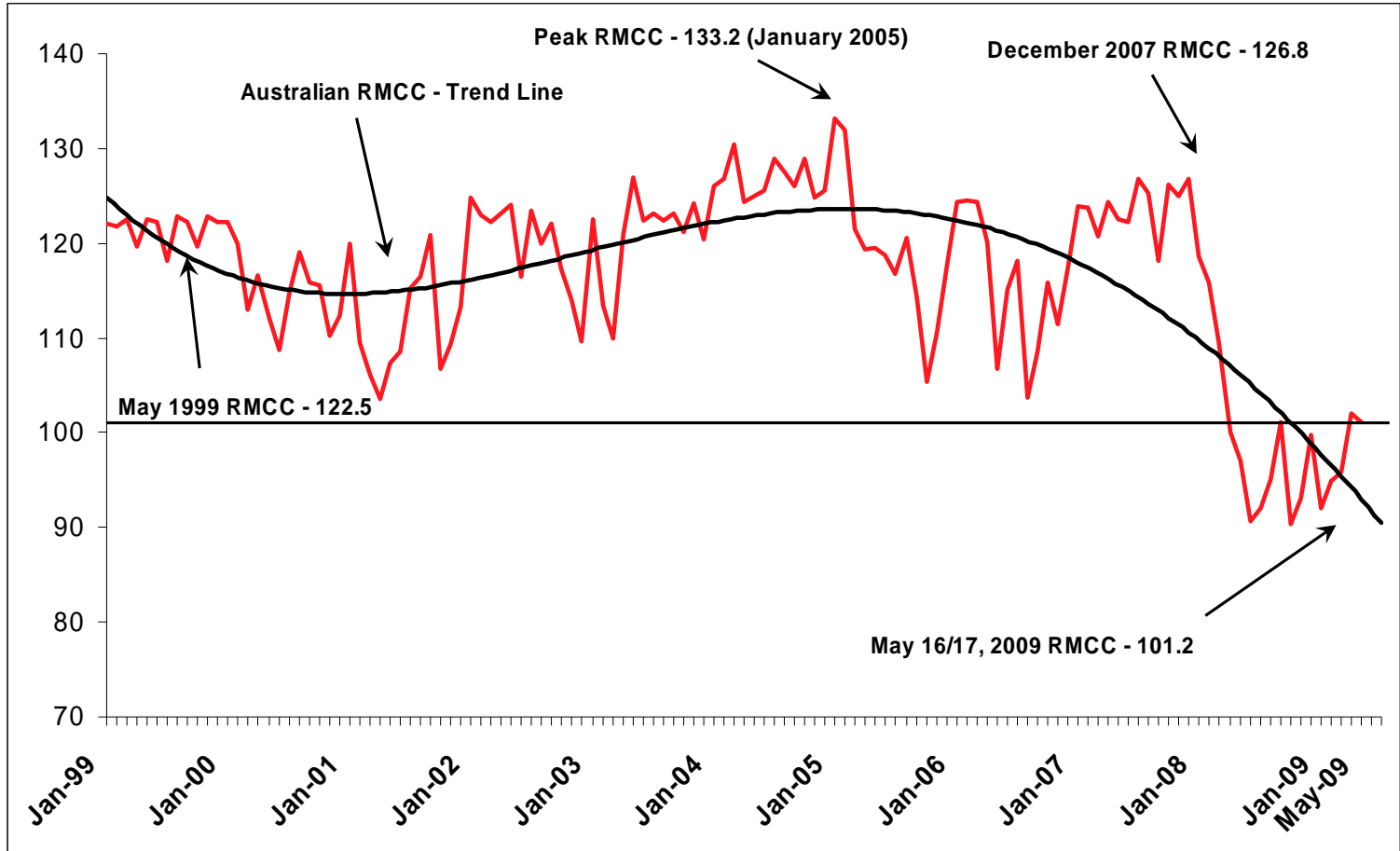
## Real Growth in Employment



Base Aust Population aged 14+; Source: Roy Morgan Research; 12 month moving average.

# ECONOMY

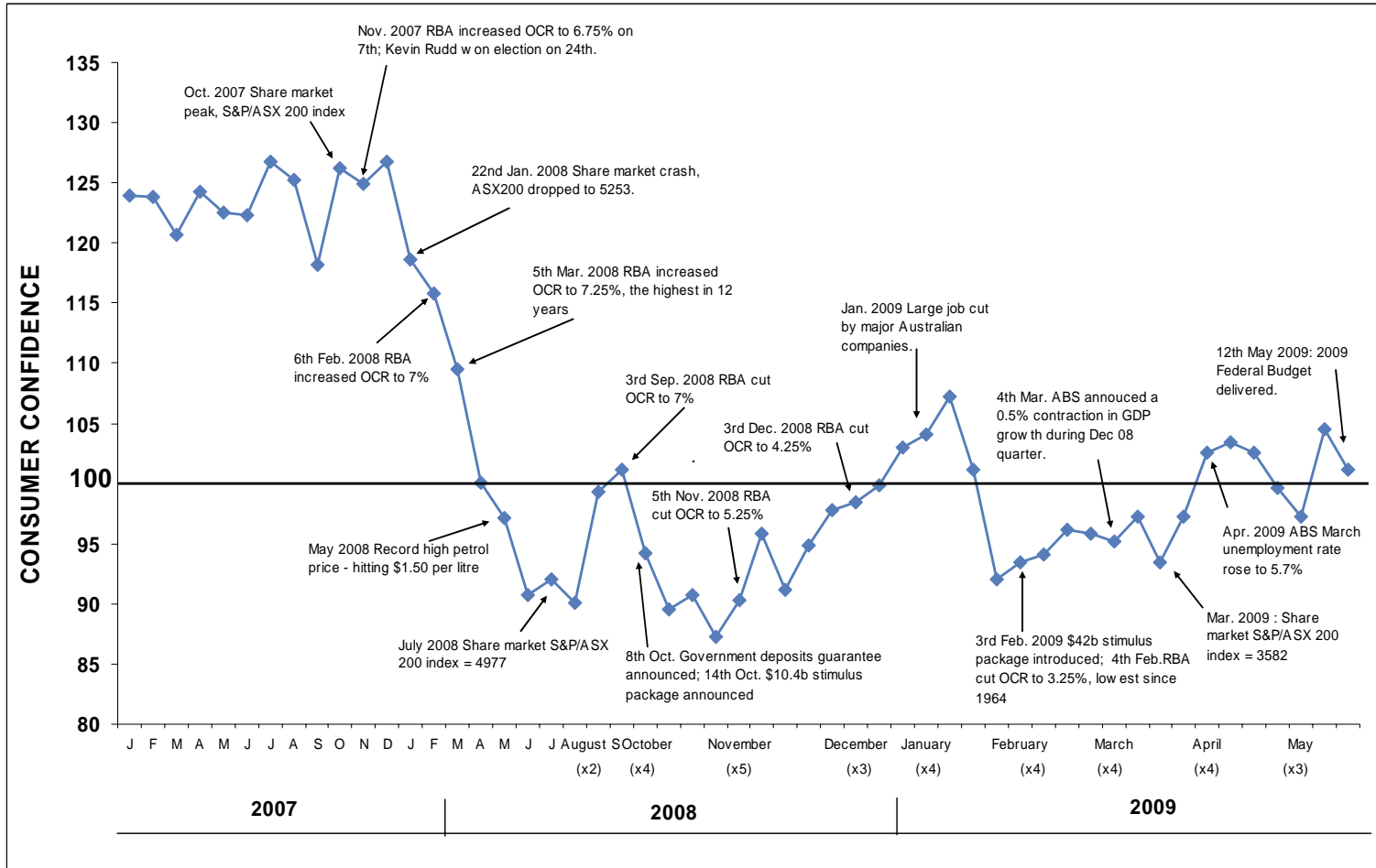
## Roy Morgan Consumer Confidence – Long Term



Base Aust Population aged 14+; Source: Roy Morgan Research.

# ECONOMY

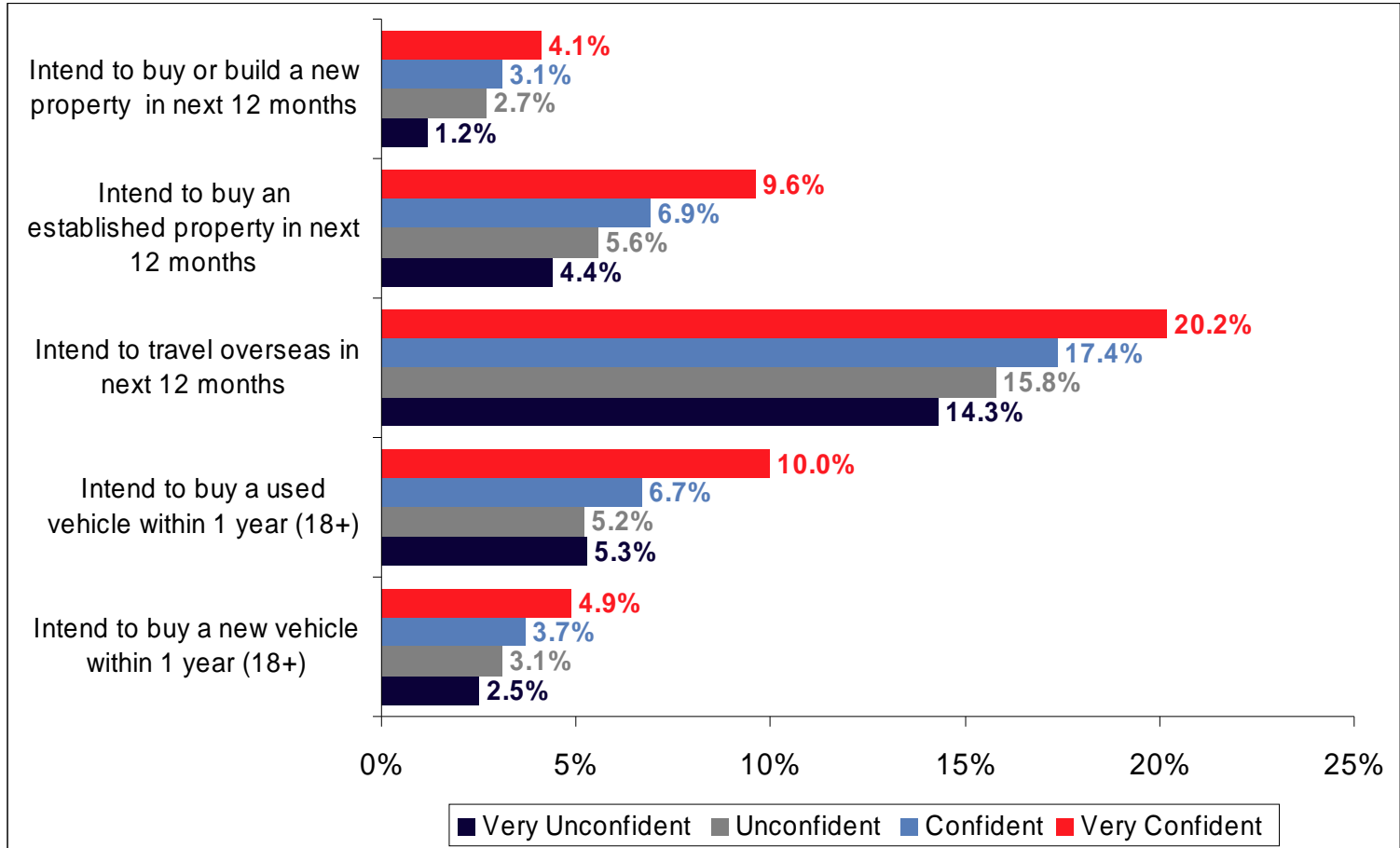
## Roy Morgan Consumer Confidence – Short Term



Base Aust Population aged 14+; Source: Roy Morgan Research;

# ECONOMY

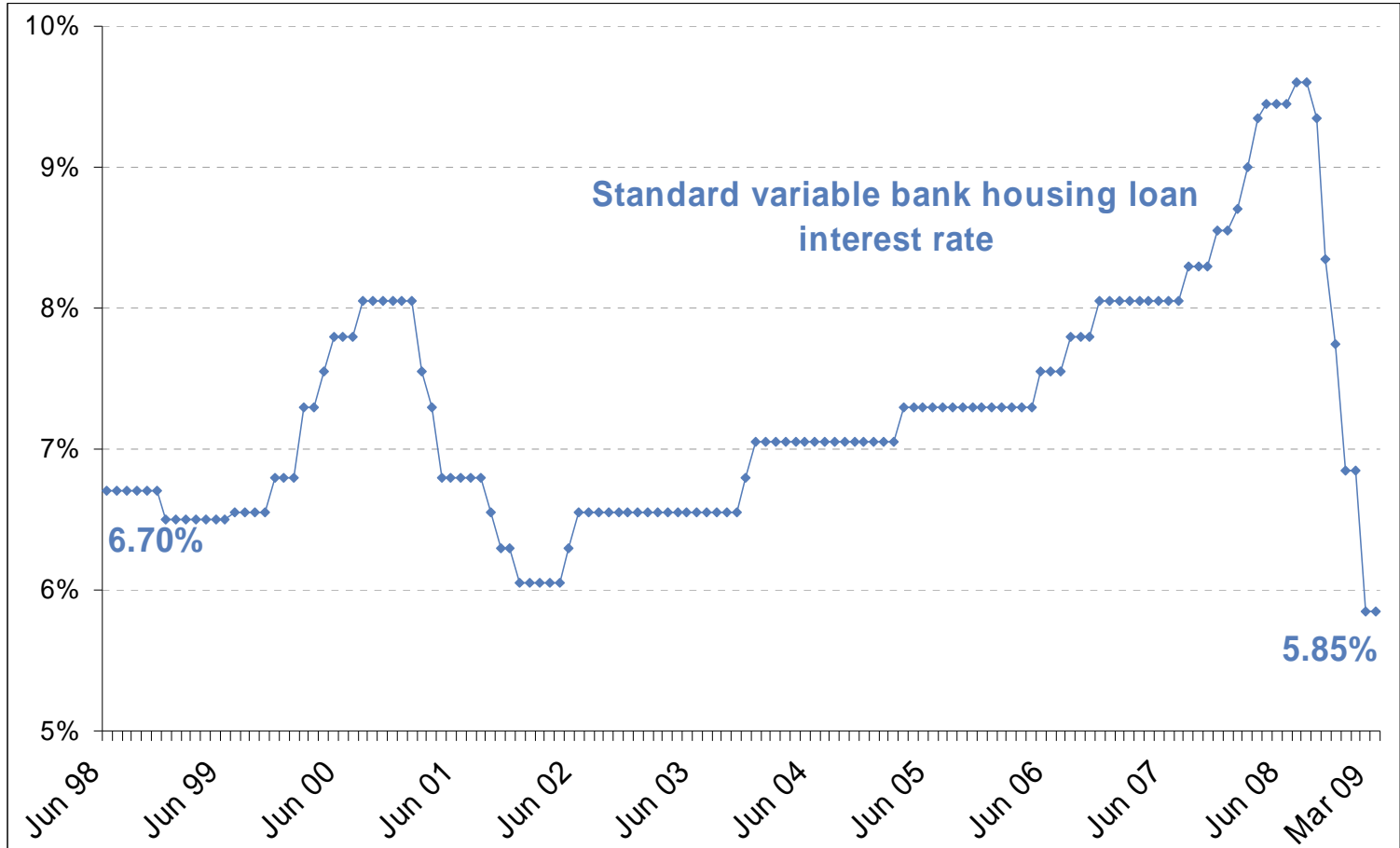
## Impact of Consumer Confidence Level on Economic Activity (Jul-Dec 08)



Base Aust Population 14+ (unless otherwise specified); Source: Roy Morgan Research; Jul-Dec 2008

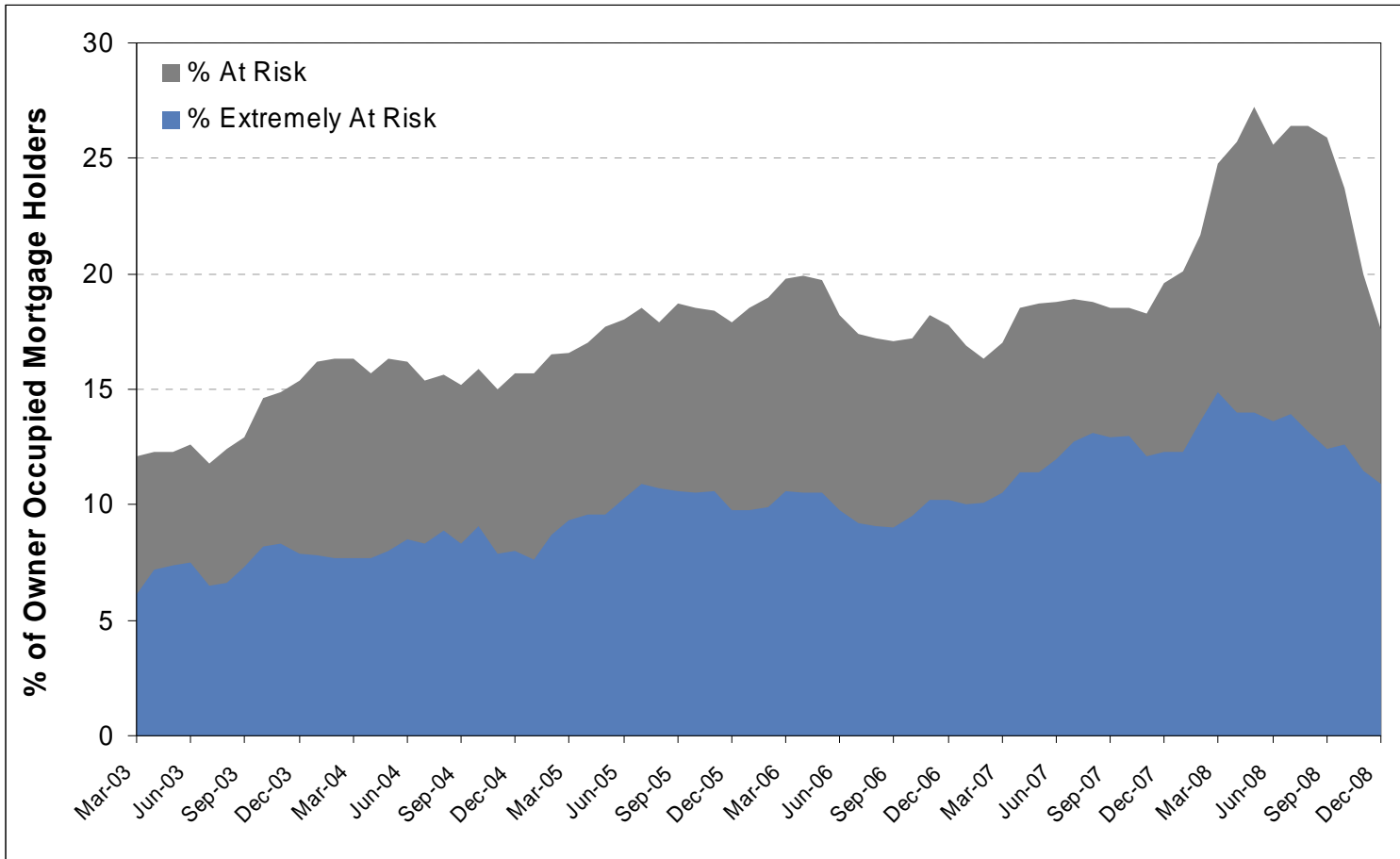
# ECONOMY

## Housing Interest Rates



Source: Reserve Bank of Australia

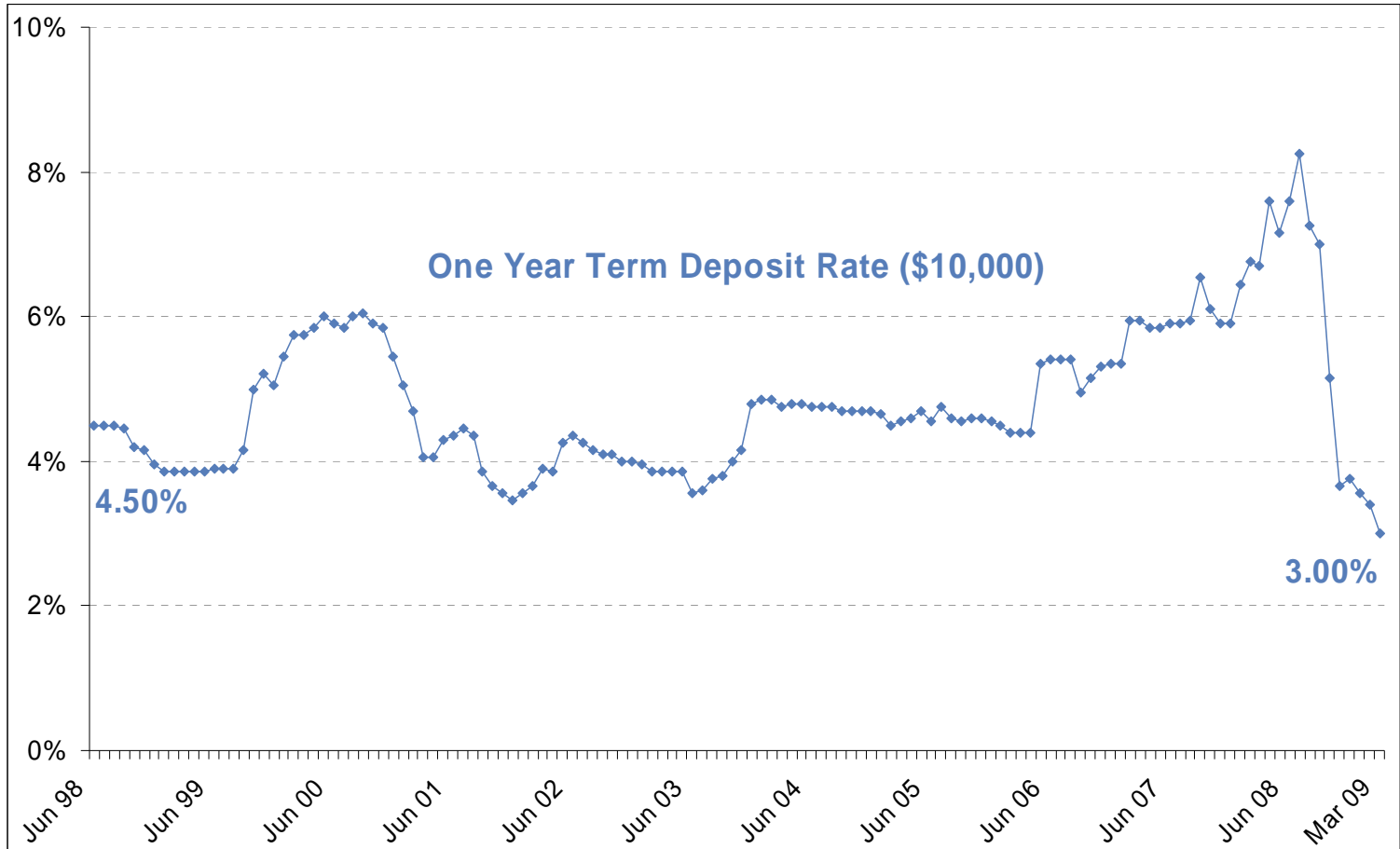
# ECONOMY Mortgage Risk



Source: Roy Morgan Research; 3 month moving average

# ECONOMY

## One Year Term Deposit Rate

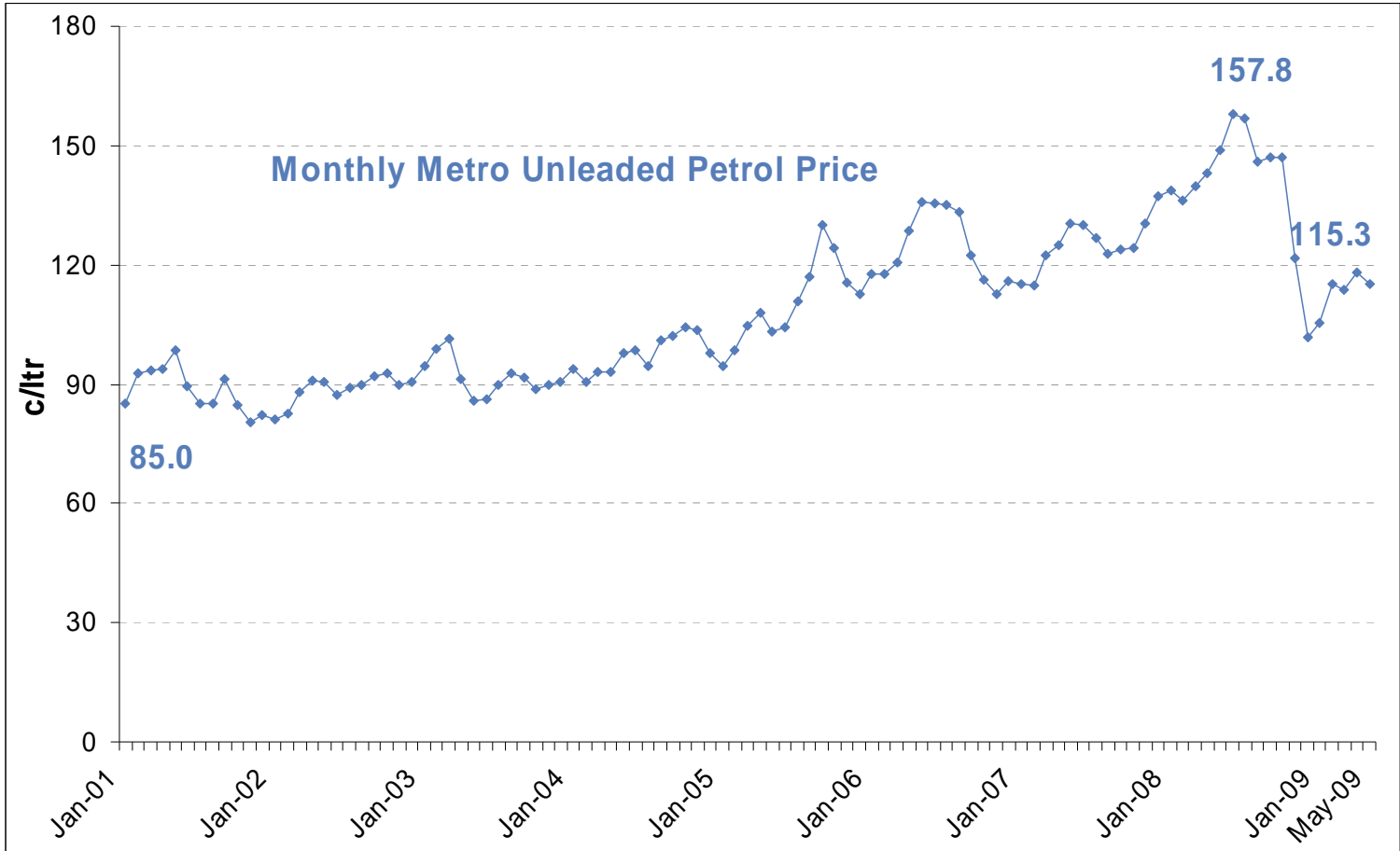


Source: Reserve Bank of Australia



# ECONOMY

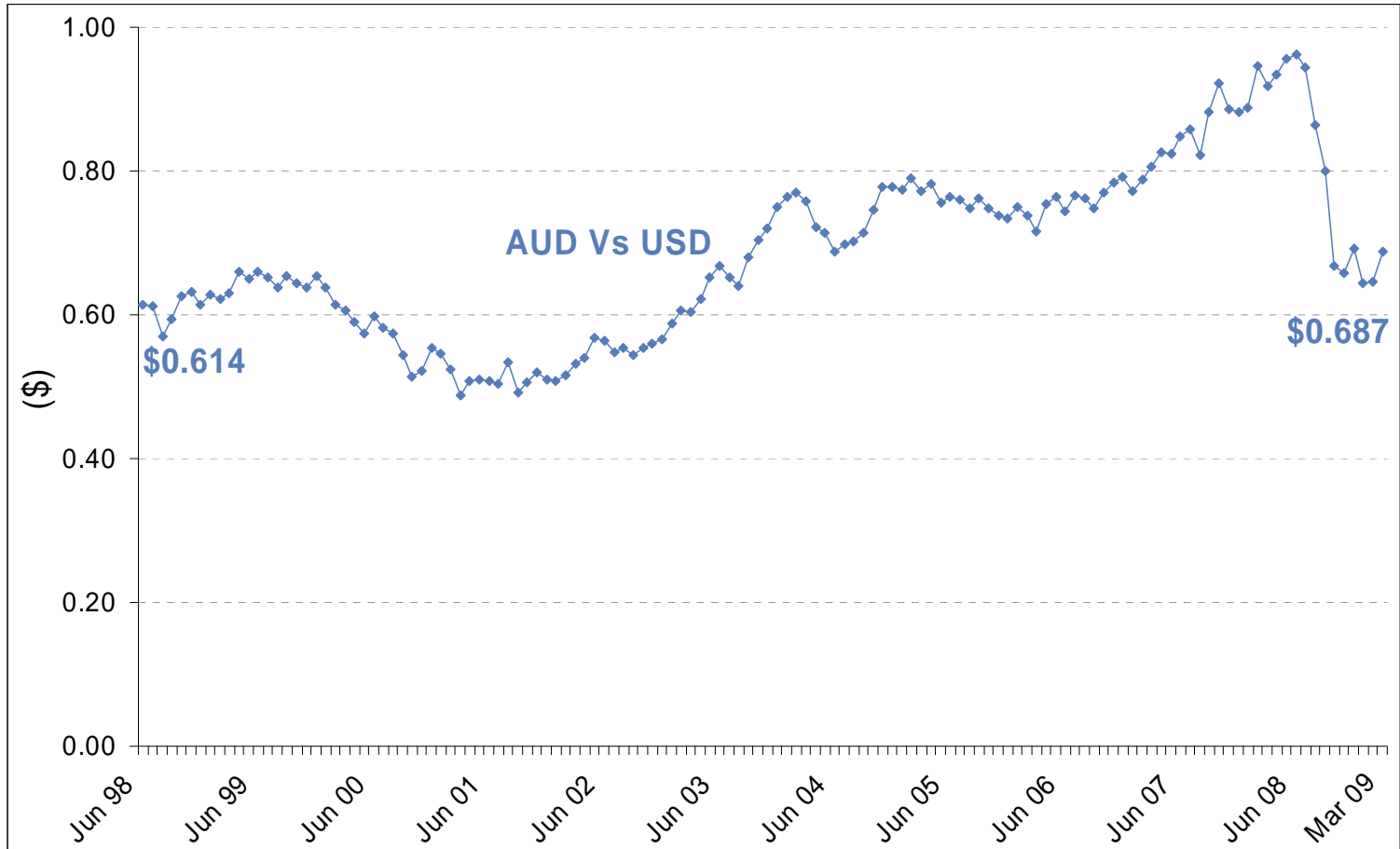
## Petrol Price



Source: FuelWatch

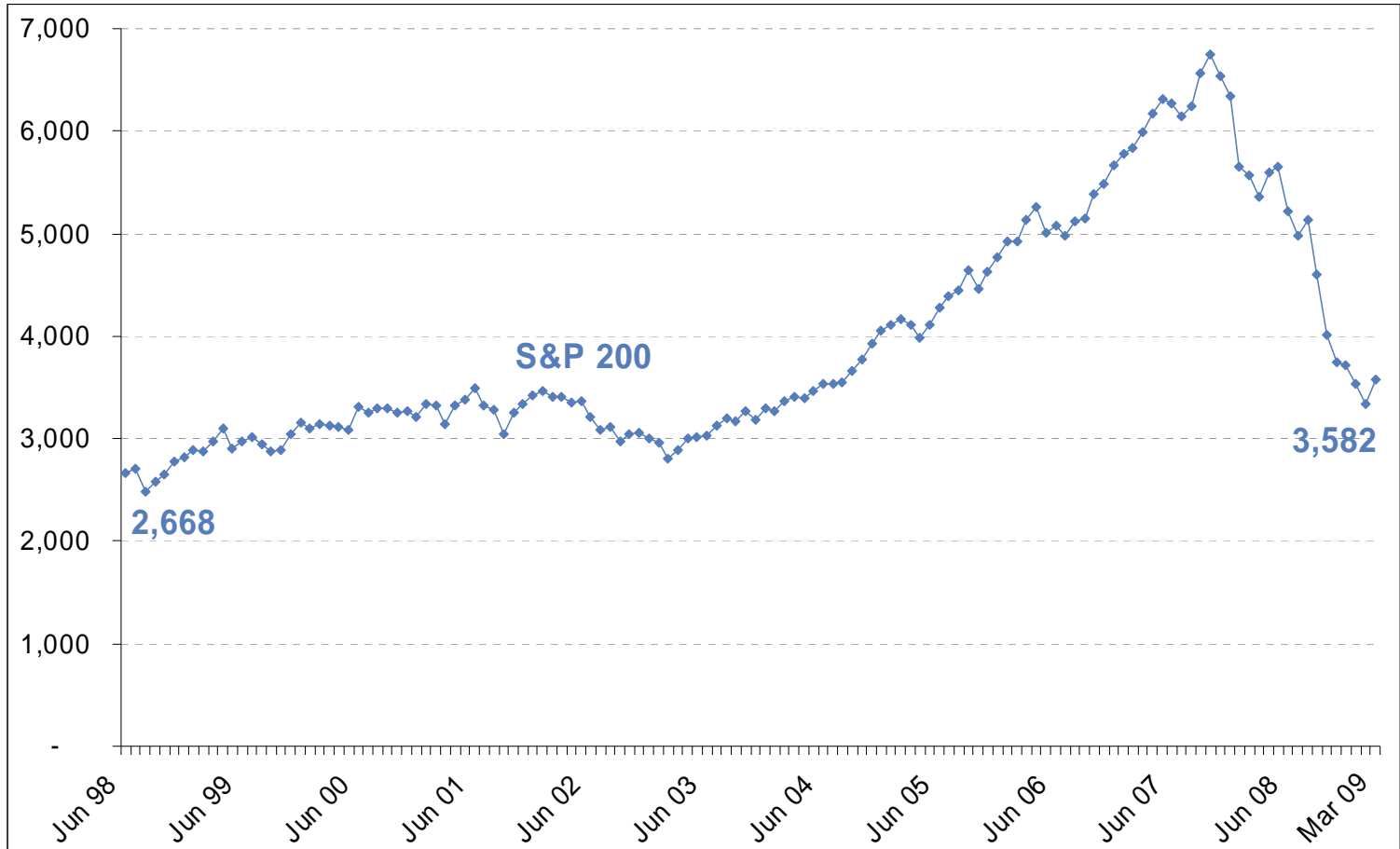
# ECONOMY

## Exchange Rates



Source: Reserve Bank of Australia

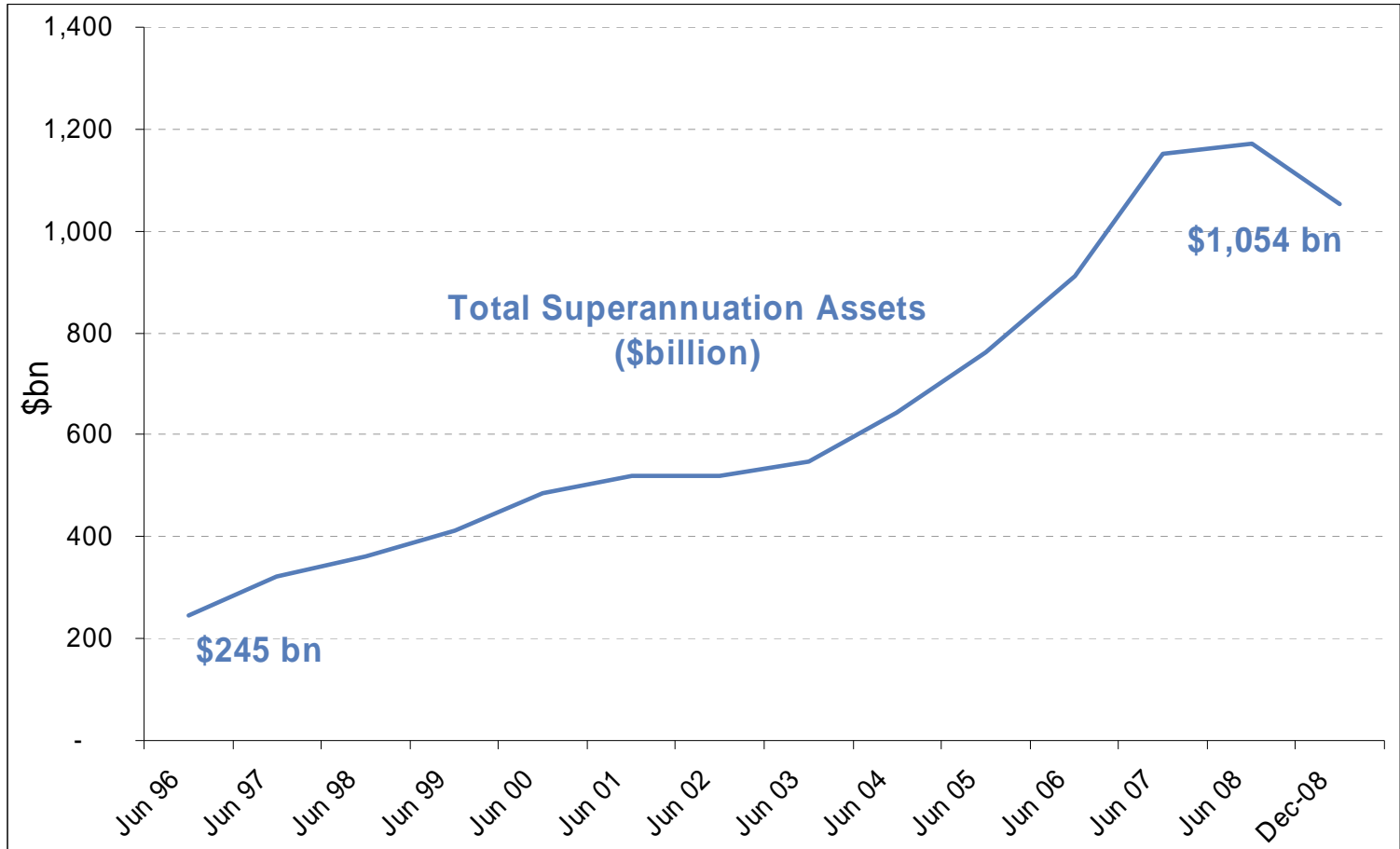
# ECONOMY Share Market



Source: Reserve Bank of Australia

# ECONOMY

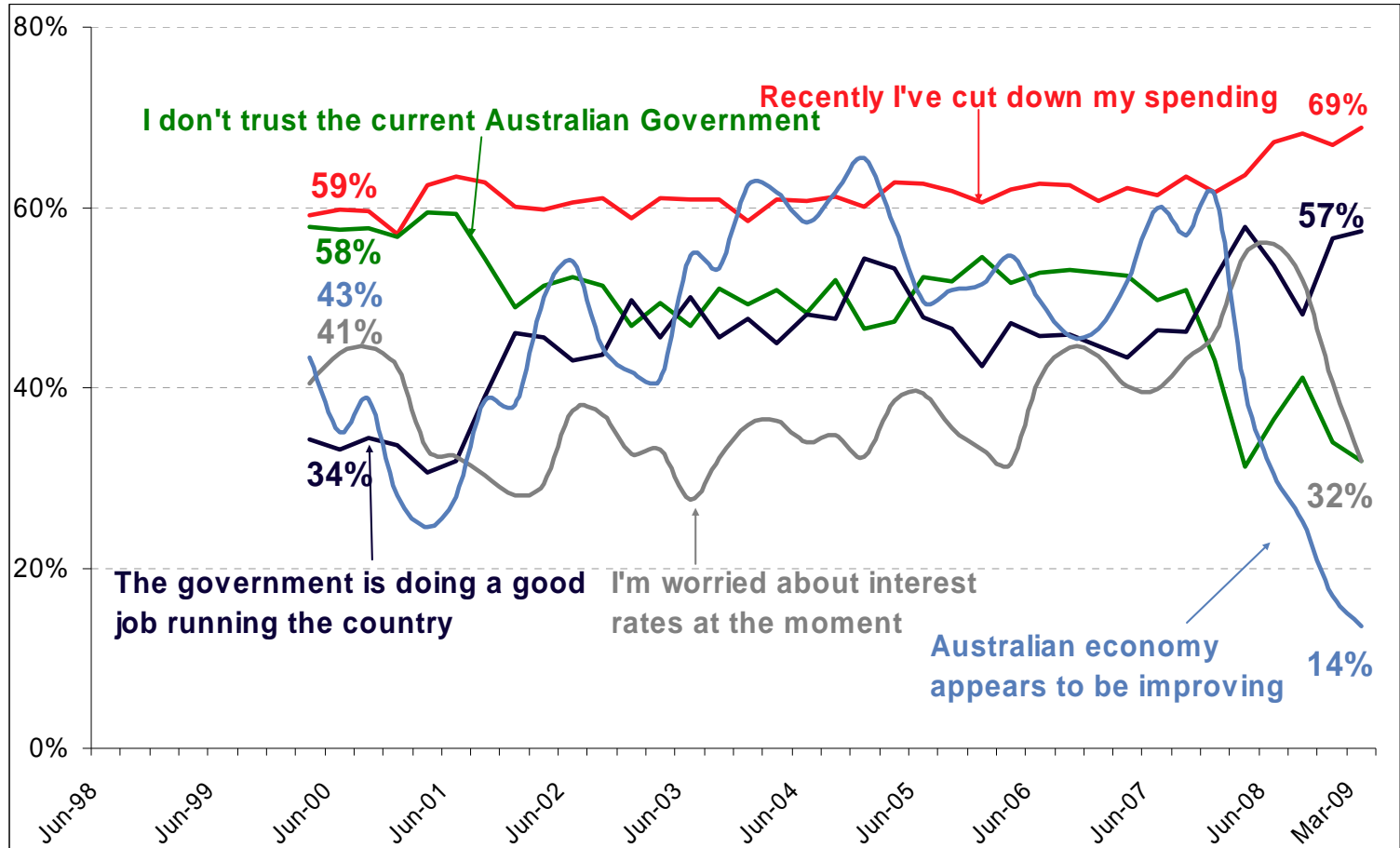
## Total Superannuation Assets



Source: APRA

# ECONOMY

## Attitudes towards the Economy, Finance and Government

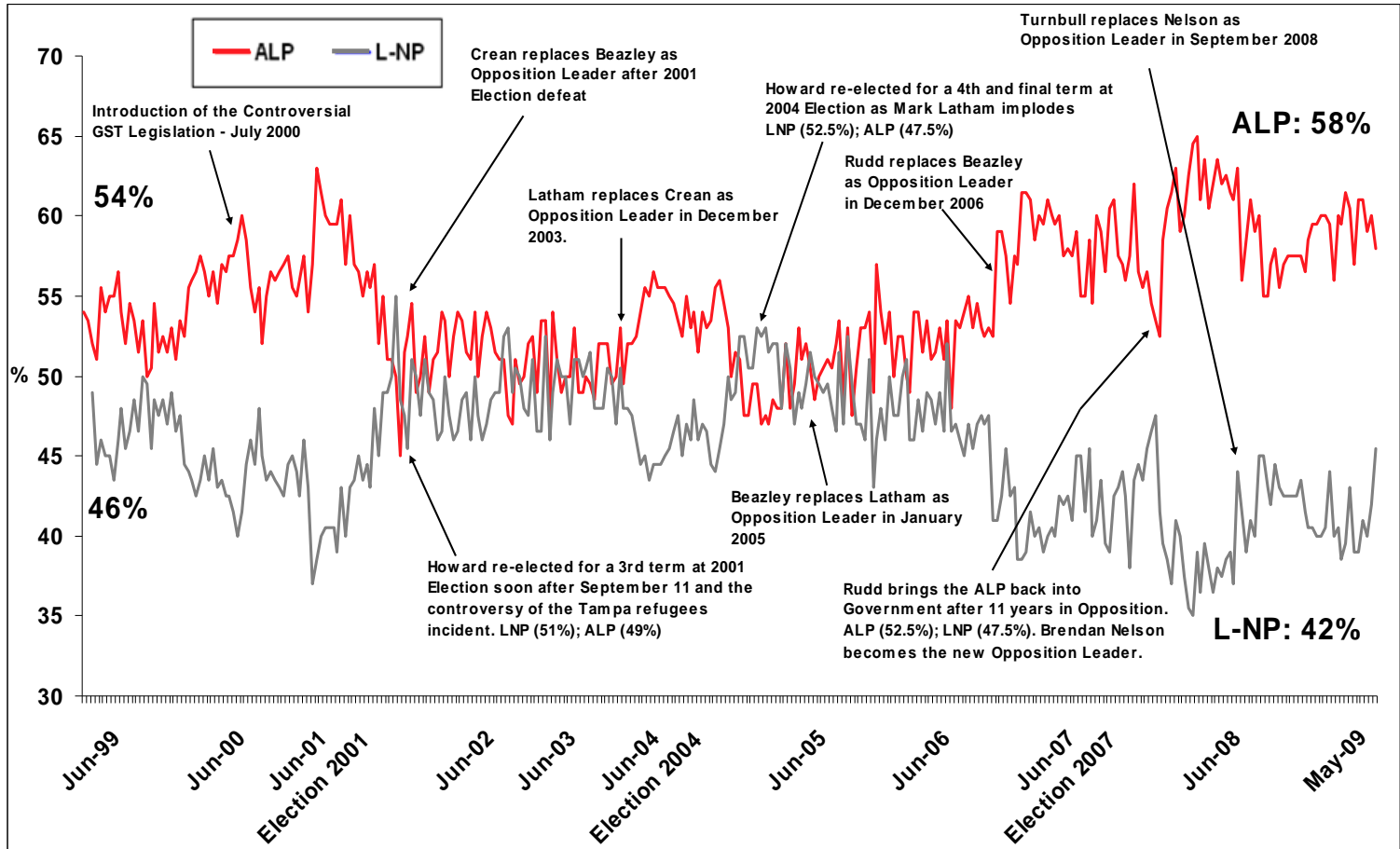


Base Aust Population aged 14+; Source: Roy Morgan Research; 3 month moving average.

- Voting Intentions

# POLITICS

## Voting Intentions



Base: Electors; Source: Roy Morgan Research

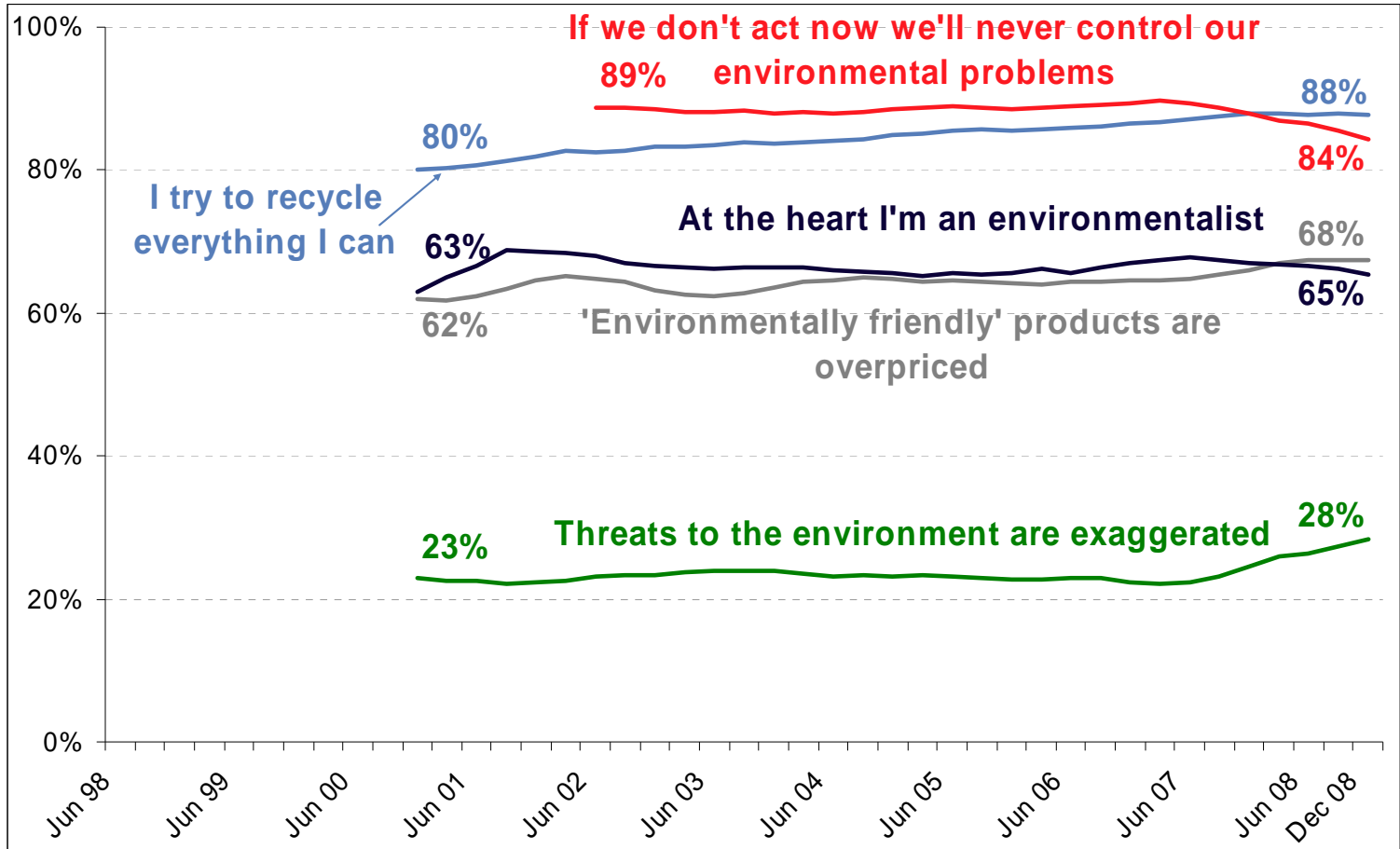
Discover your edge

- Environmental Attitudes
- Behaviour



# ENVIROMENT

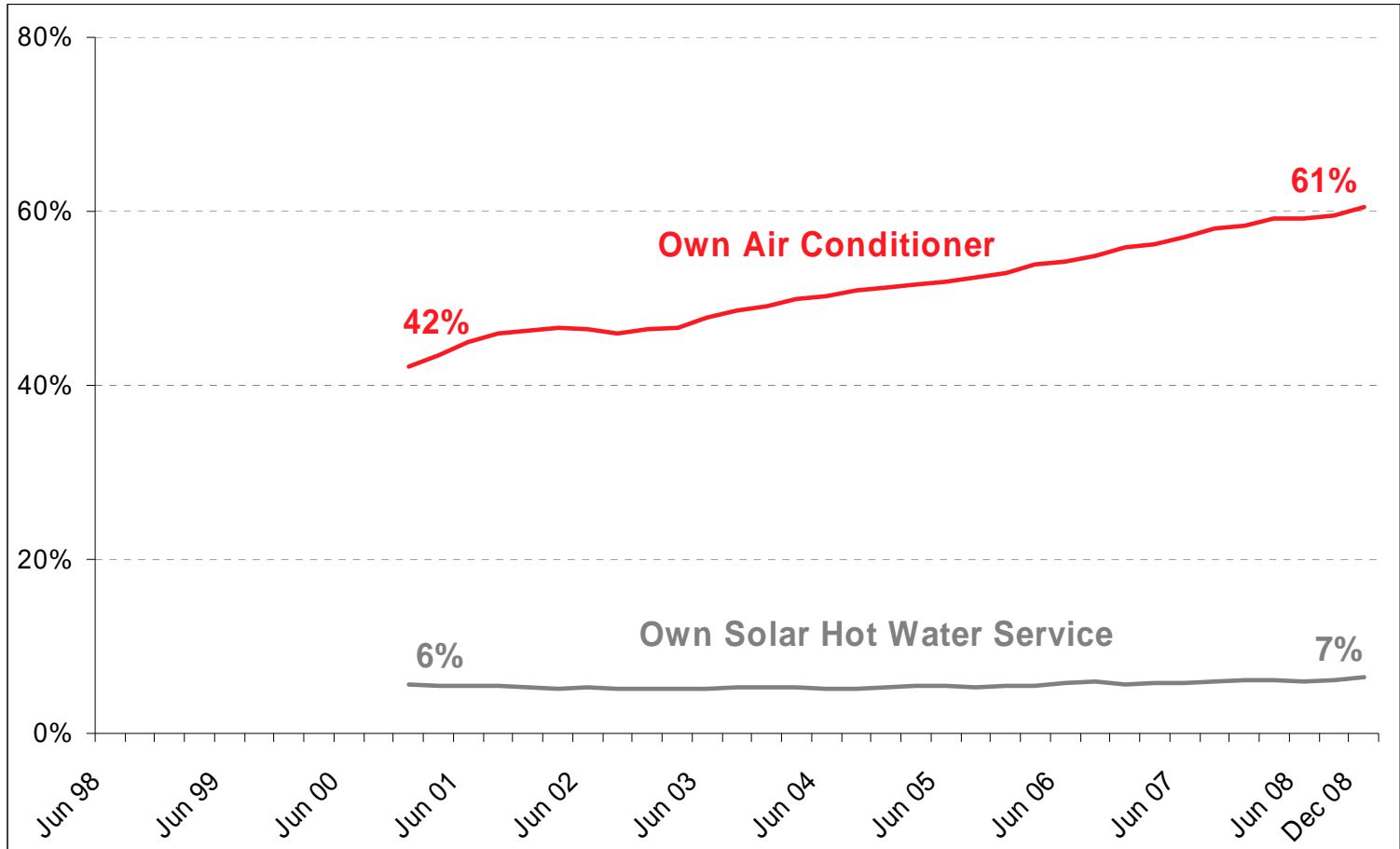
## Environment as an Issue has come of Age



Base Aust Population aged 14+; Source: Roy Morgan Research; 12 month moving average.

# ENVIROMENT

## Air Conditioner and Solar Hot Water Service



Base Aust Population aged 14+; Source: Roy Morgan Research; 12 month moving average.

# Investor Stress

- **The Effect of the Global Financial Crisis (GFC) on Australian Consumers via the “Negative Wealth Effect”.**

- What is the effect of the GFC on Australian consumers?
- In the US and UK, the GFC's most immediate effect is on housing and unemployment due to bad loans and increased interest rates, as Banks restrict credit or foreclose loans on both businesses and consumers. We will not address these issues here.
- In Australia the most immediate impact of the GFC has been through the downturn in financial markets – which is assumed to impact consumers through the “Negative Wealth Effect” or “Investor Stress”.

## What is the Wealth Effect?

- The Wealth Effect, simply stated, is the theory that as consumers grow richer – through increasing value of the investments or assets – they are inclined to spend more money.
- The negative version of this, or “Investor Stress” effect, assumes that as wealth decreases, consumers are less inclined to spend money.
- The purpose of this research is to show to what extent the “Investor Stress” effect has impacted Australian consumers.

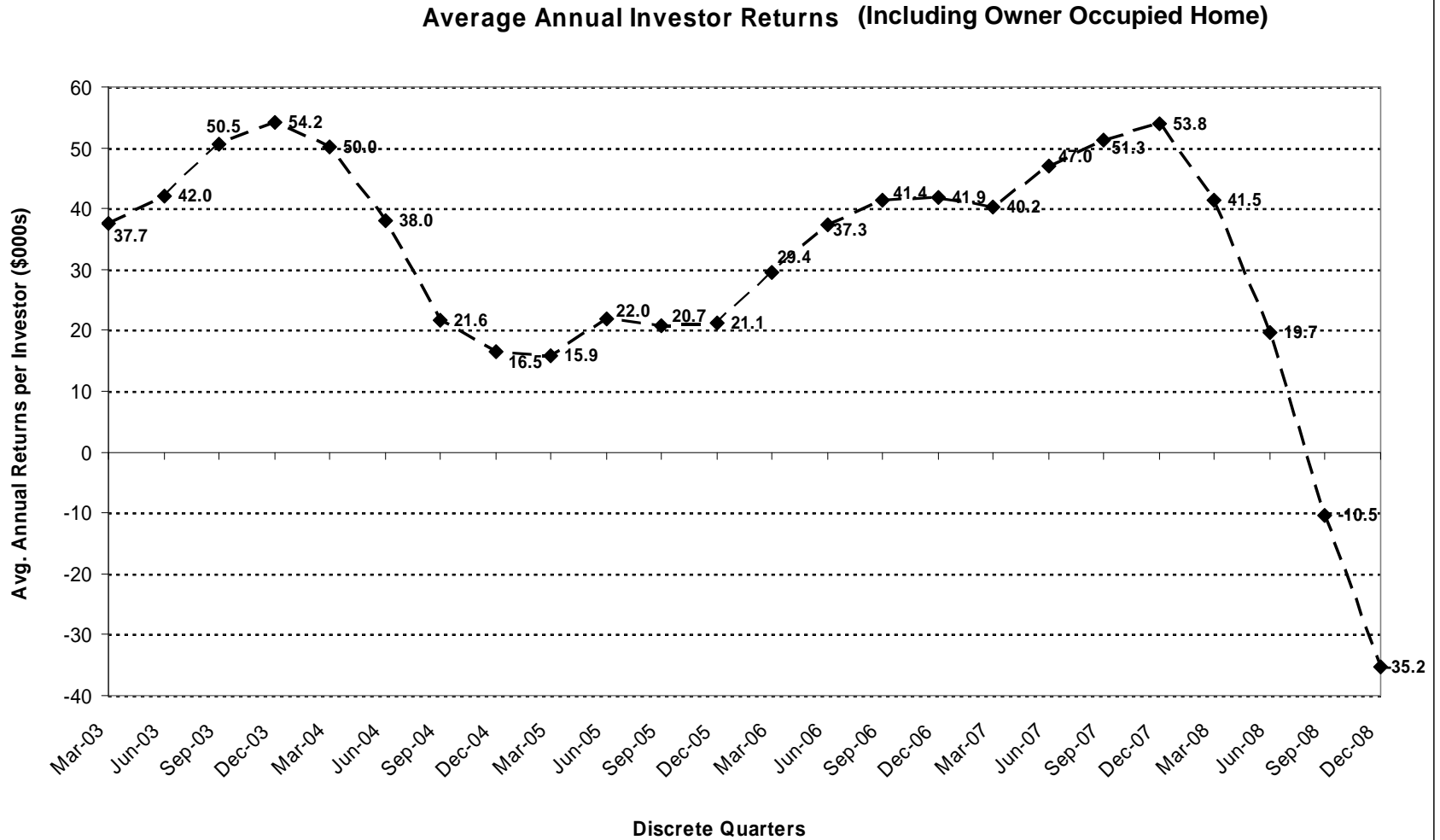
## Understanding the Data

- The following data examines the absolute dollar returns on investments and its effect on “Retail Discretionary Expenditure”. We are using absolute \$ returns (rather than % returns) as this is the simplest definition of “increasing value” in wealth or assets and determines expenditure levels.
- Roy Morgan Single Source captures the value of a wide range of assets, including owner occupied housing, investment properties, bank deposits, superannuation, managed investments and shares.

- Using external data on the rates of return and appreciation of these assets, an overall level of absolute returns has been estimated for each investor. The figures estimate the annual return over the preceding 12 months, and are adjusted each quarter.
- Lastly, our definition of “Retail Discretionary Expenditure” includes purchases of almost any good that is neither food, drink nor groceries from a retailer or department store in Australia.

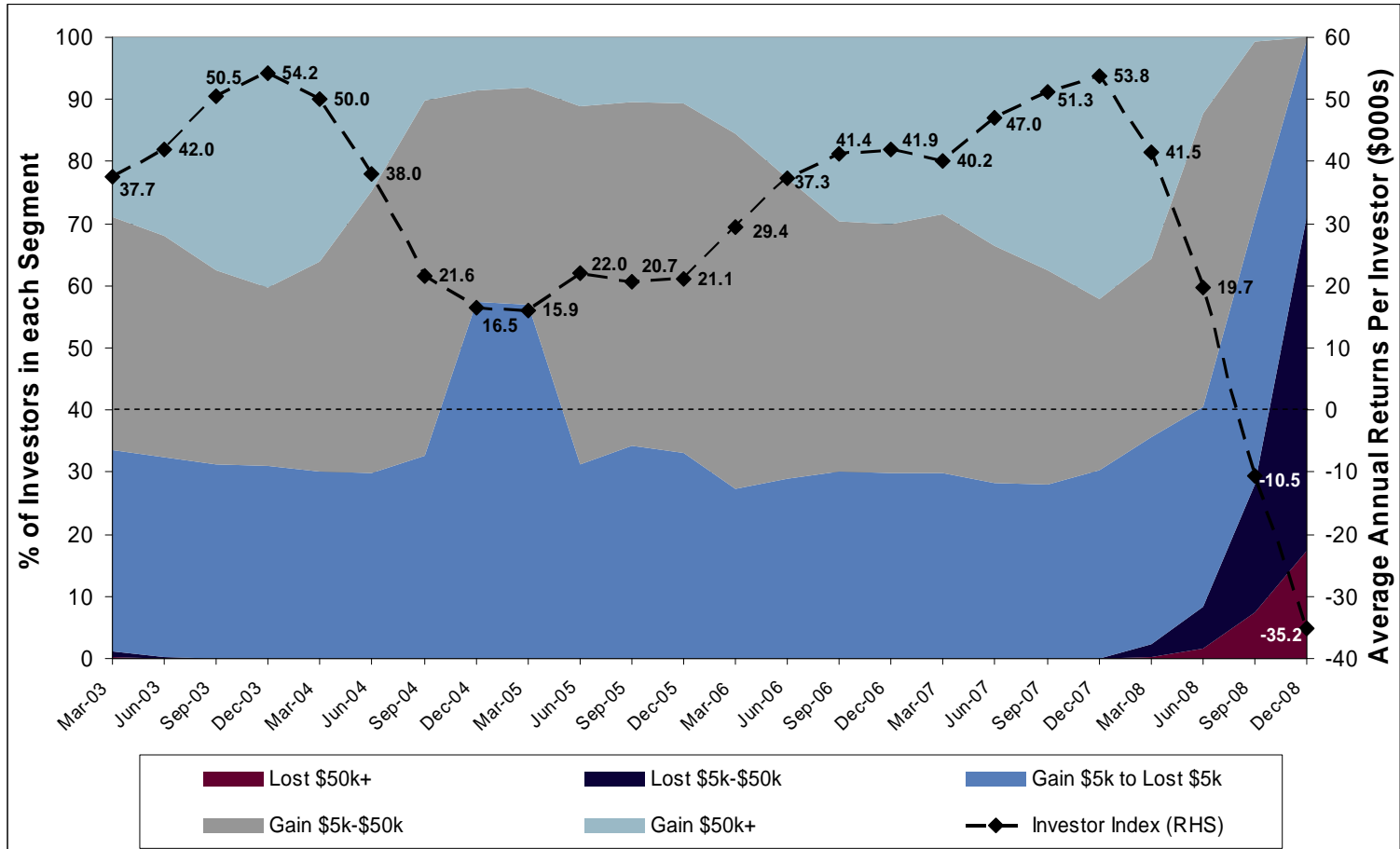


# Average Absolute Returns over Time



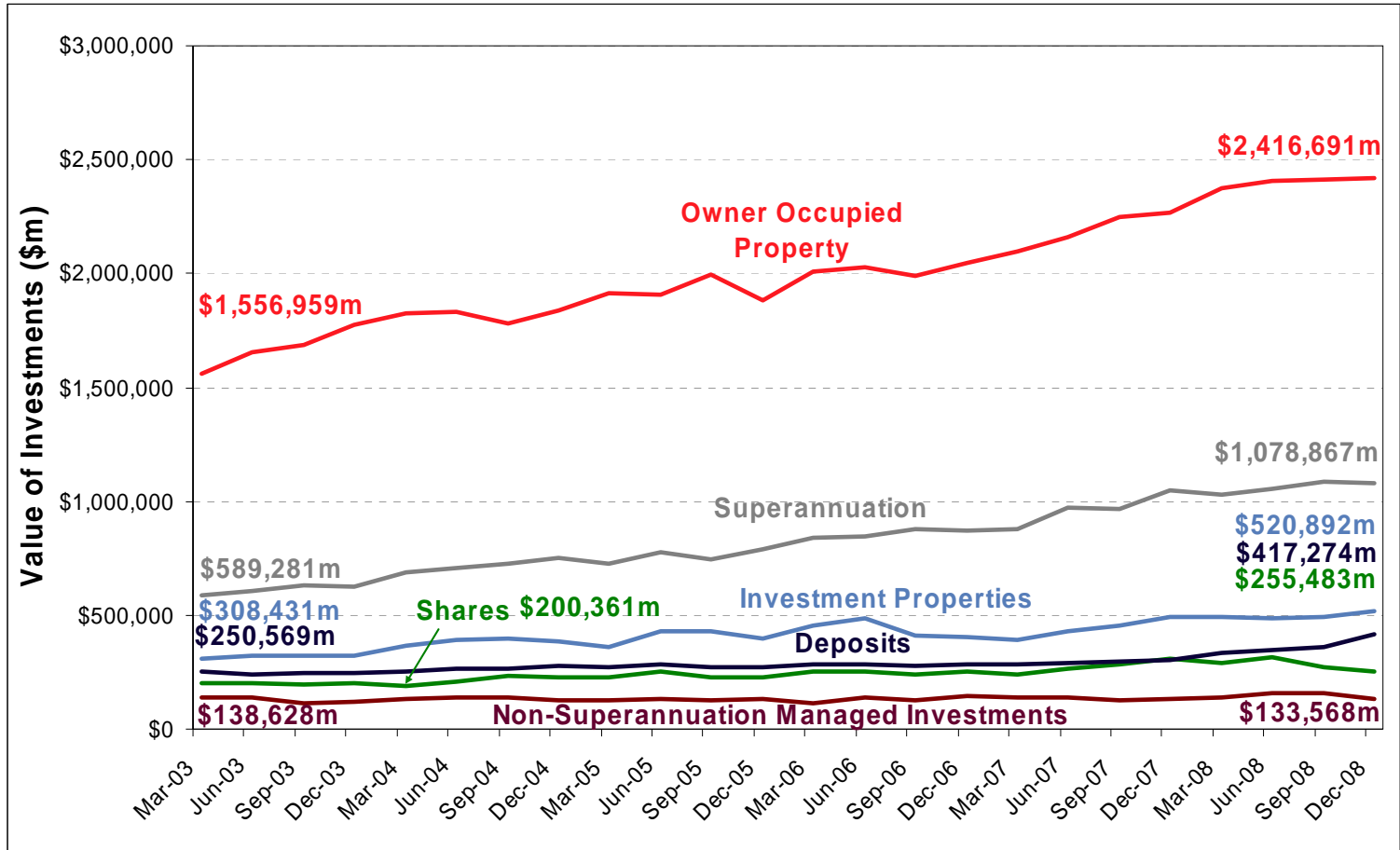
Base Aust Population aged 14+; Source: Roy Morgan Research;

# Distribution of Returns over Investor Population



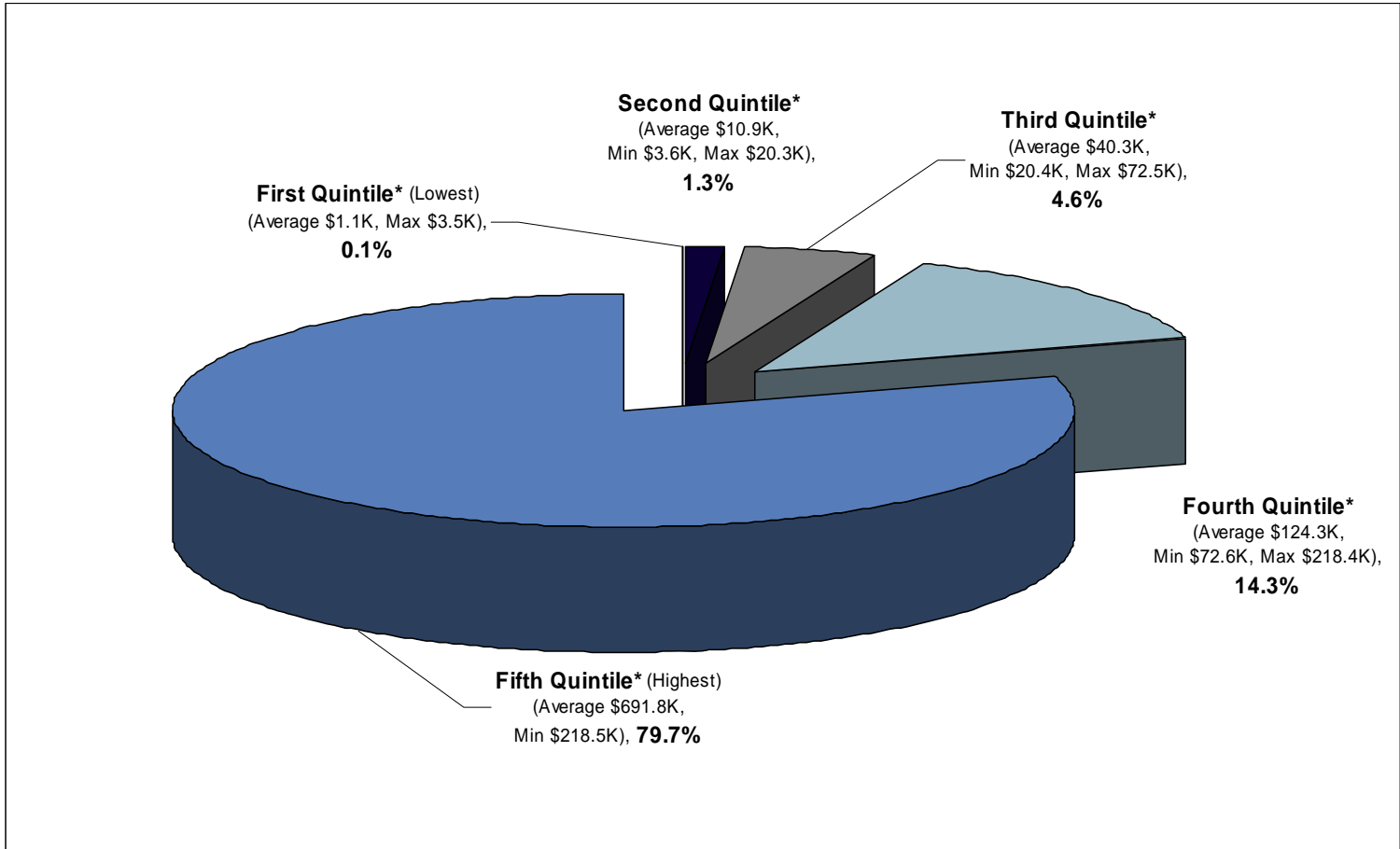
Base Aust Population aged 14+; Source: Roy Morgan Research;

# Values of All Investments



Base Aust Population aged 14+; Source: Roy Morgan Research;

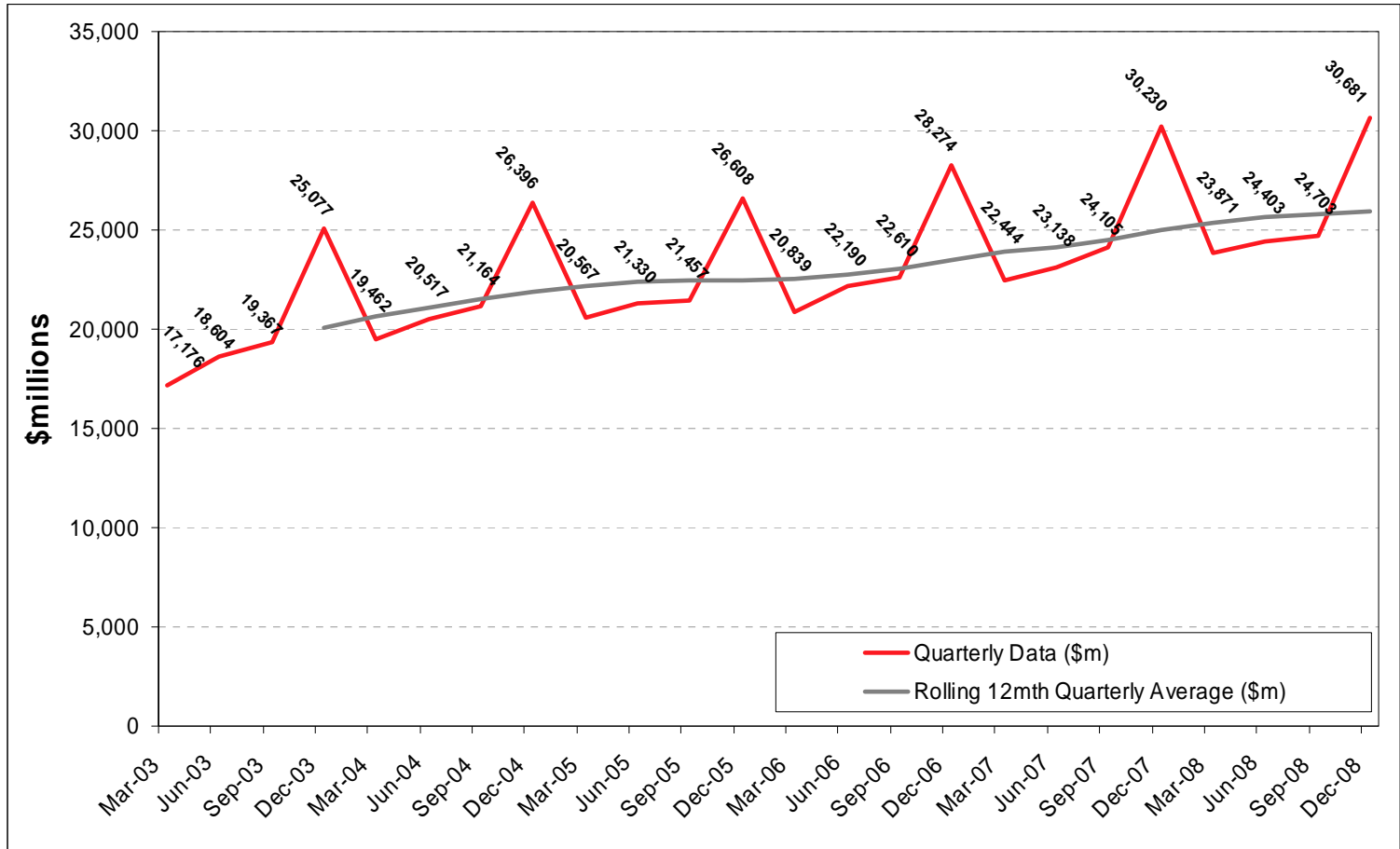
## % of all Investment Dollars (Exc. Owner Occupied Home)



Base Aust Population aged 14+; Source: Roy Morgan Research; Jul-Dec 2008

\*Excluding Owner Occupied Home

# Retail Discretionary Expenditure (\$m)



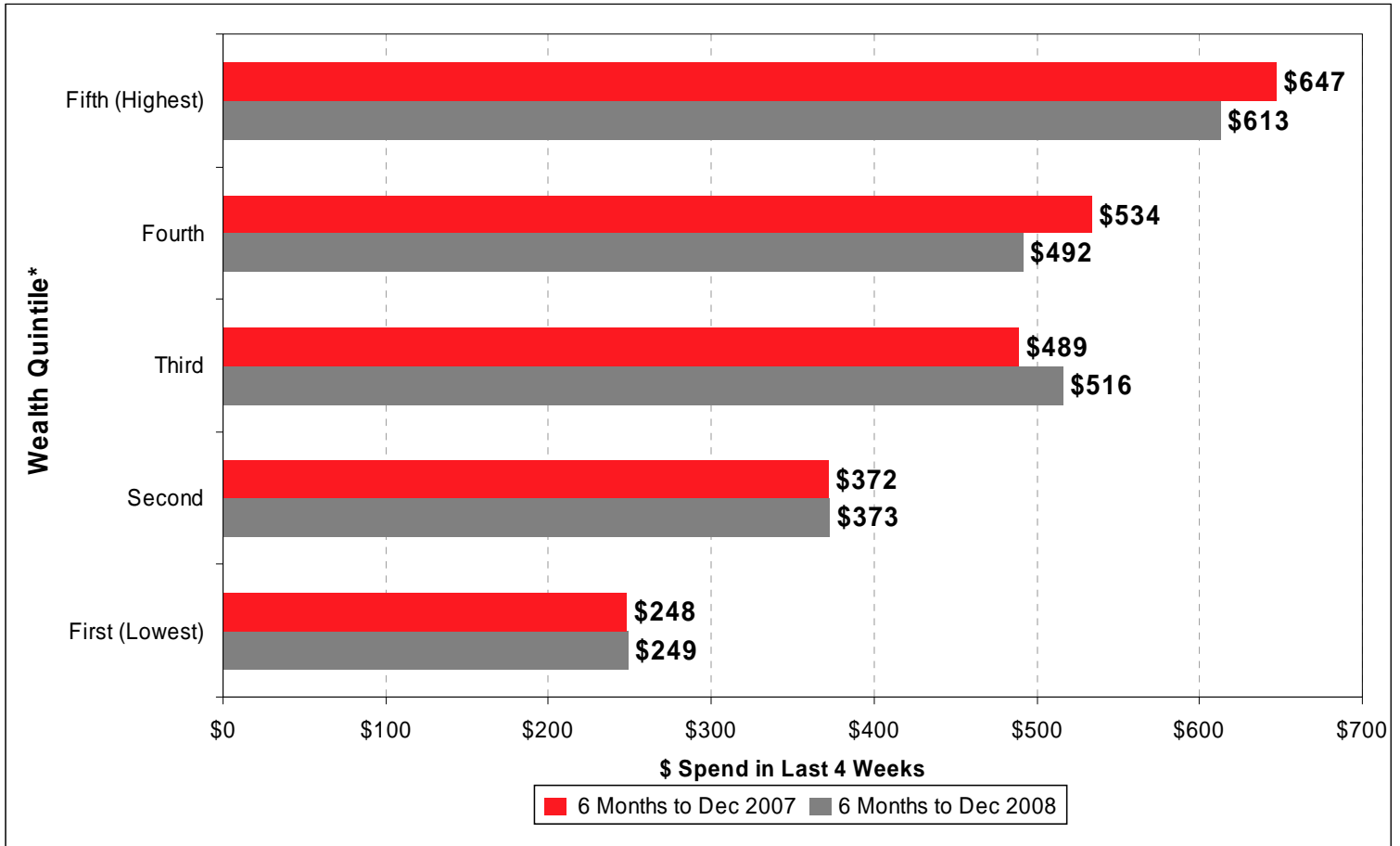
Source Australian Bureau of Statistics

## Consumer Spending and Intention Changes

	6 Months to Dec 2007	6 Months to Dec 2008
Average Retail \$'s spent last 4 weeks	\$464.50	\$455.50
New Car Buying Intention in next 12 months	3.6%	3.4%
\$ spent on "going out" in last 7 days	\$60.48	\$60.51
Intention to Travel Overseas next 12 months	15.0%	16.6%

Base Aust Population aged 14+; Source: Roy Morgan Research;

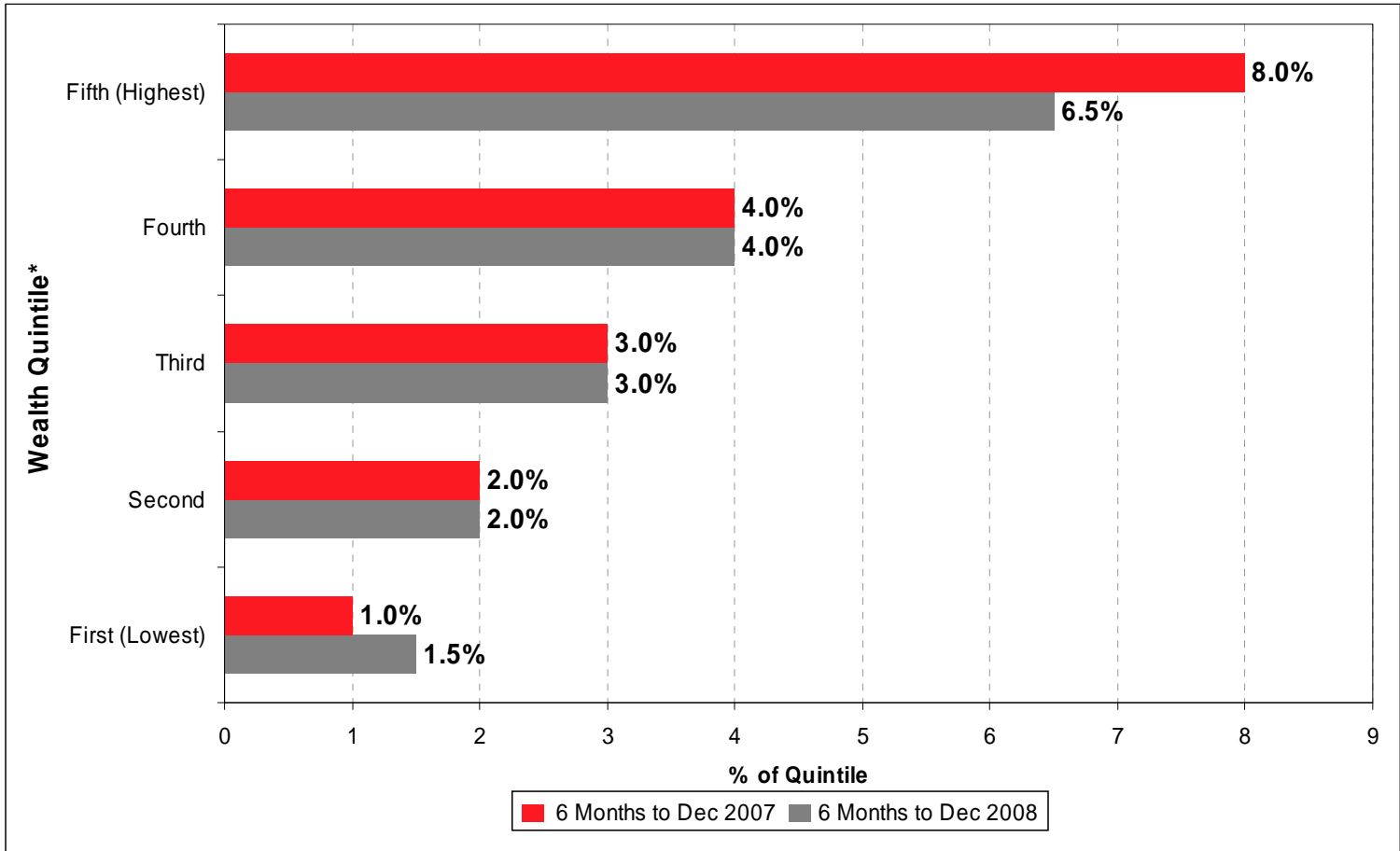
## Average Retail Discretionary Expenditure Data for Wealth Quintiles 2007 vs. 2008



Base Aust Population aged 14+; Source: Roy Morgan Research;

\*Excludes value of owner occupied homes

# Intention to Purchase a New Car in Next 12 Months for Wealth Quintiles 2007 vs. 2008

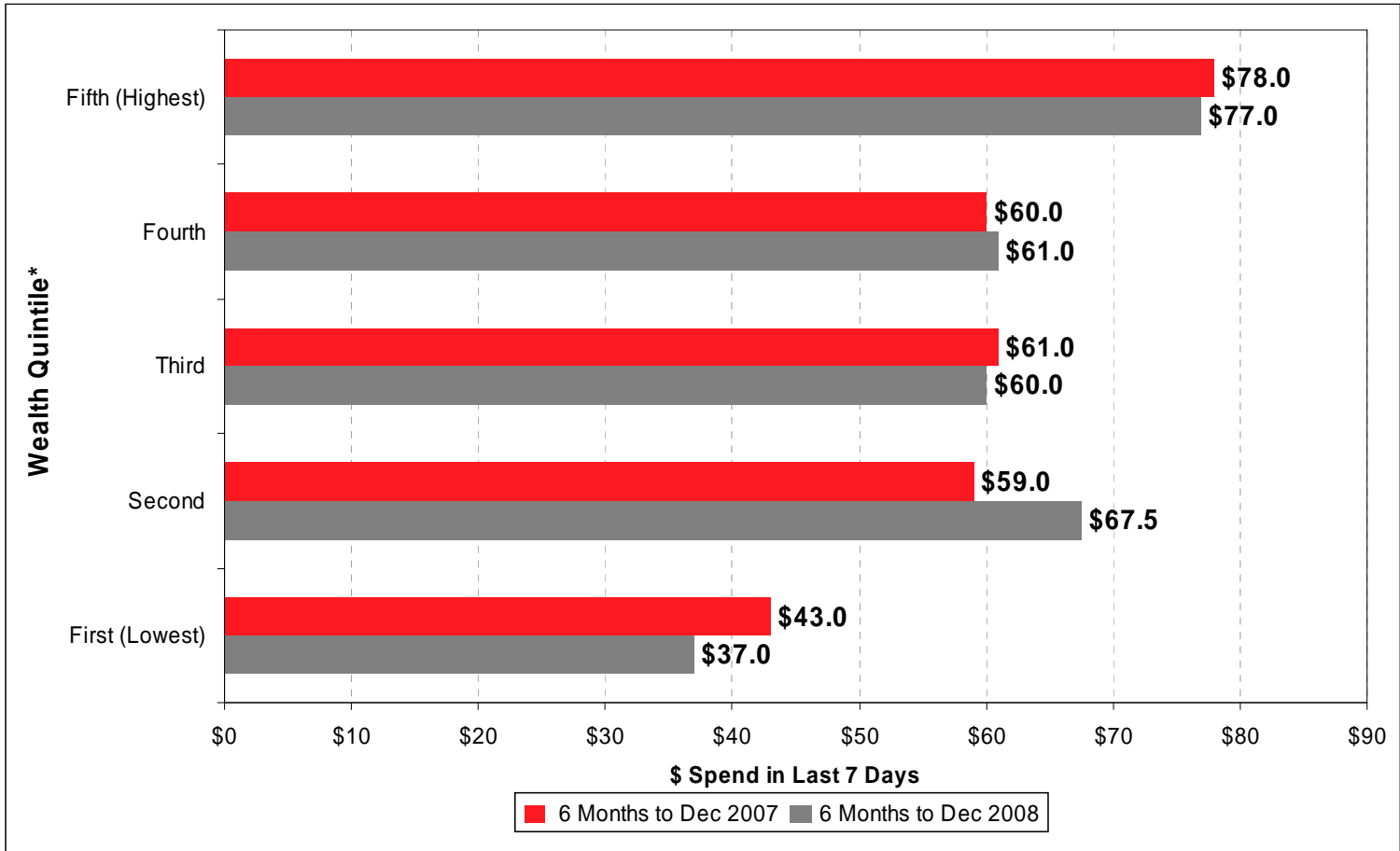


Base Aust Population aged 14+; Source: Roy Morgan Research;

\*Excludes value of owner occupied homes



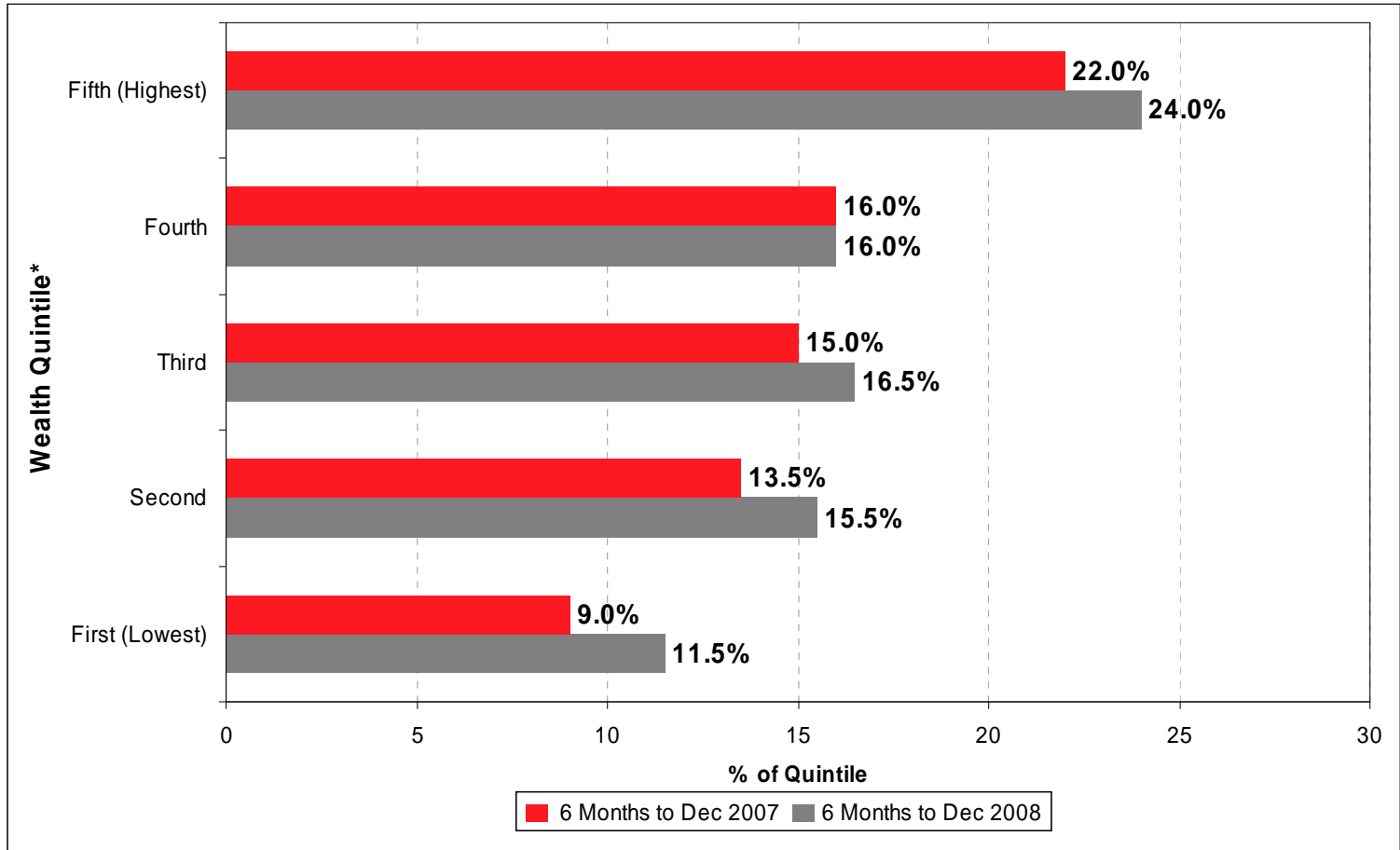
## Expenditure on 'Going Out' for Wealth Quintiles 2007 vs. 2008



Base Aust Population aged 14+; Source: Roy Morgan Research;

\*Excludes value of owner occupied homes

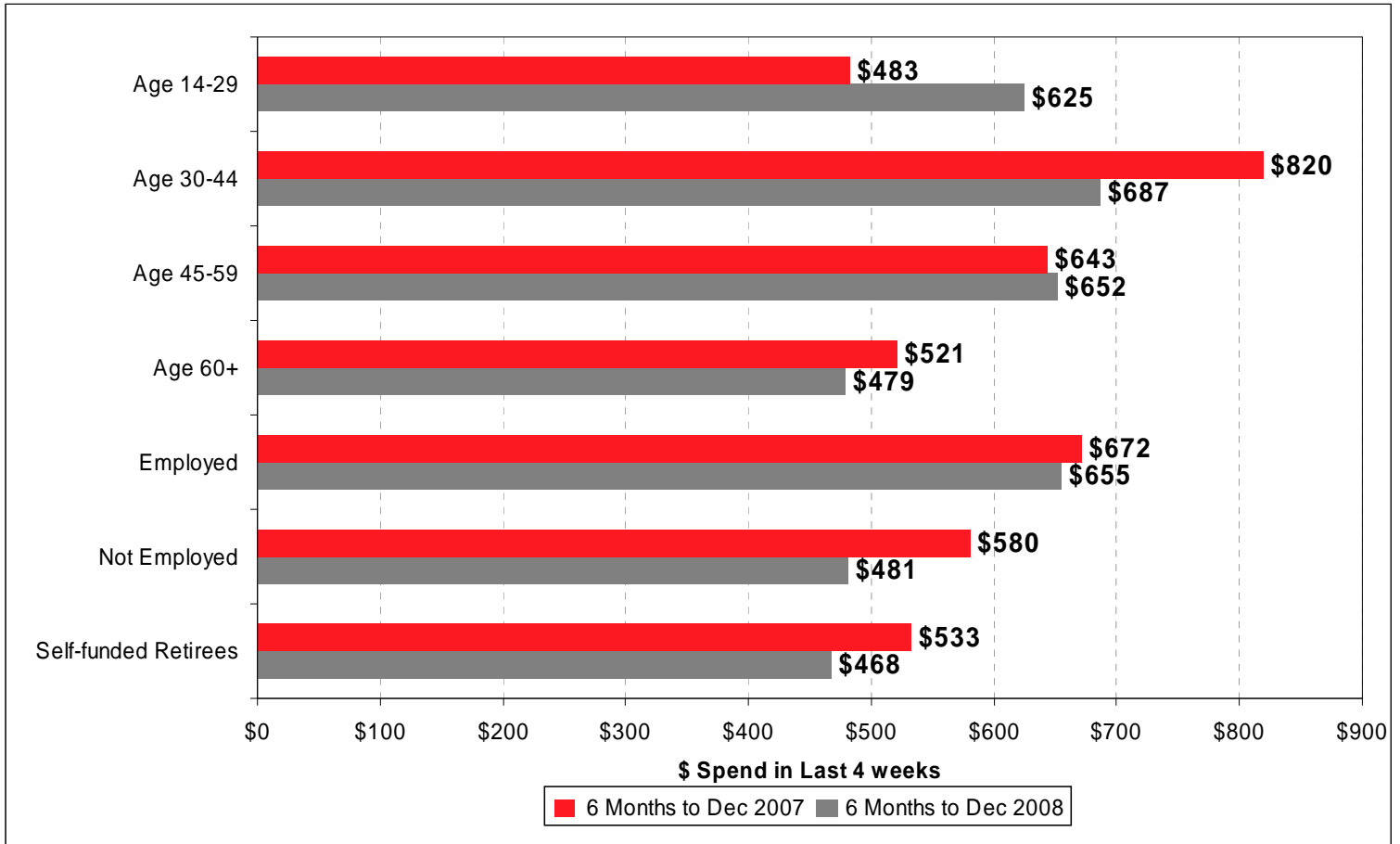
## Intention to Travel Overseas in Next 12 Months for Wealth Quintiles 2007 vs. 2008



Base Aust Population aged 14+; Source: Roy Morgan Research;

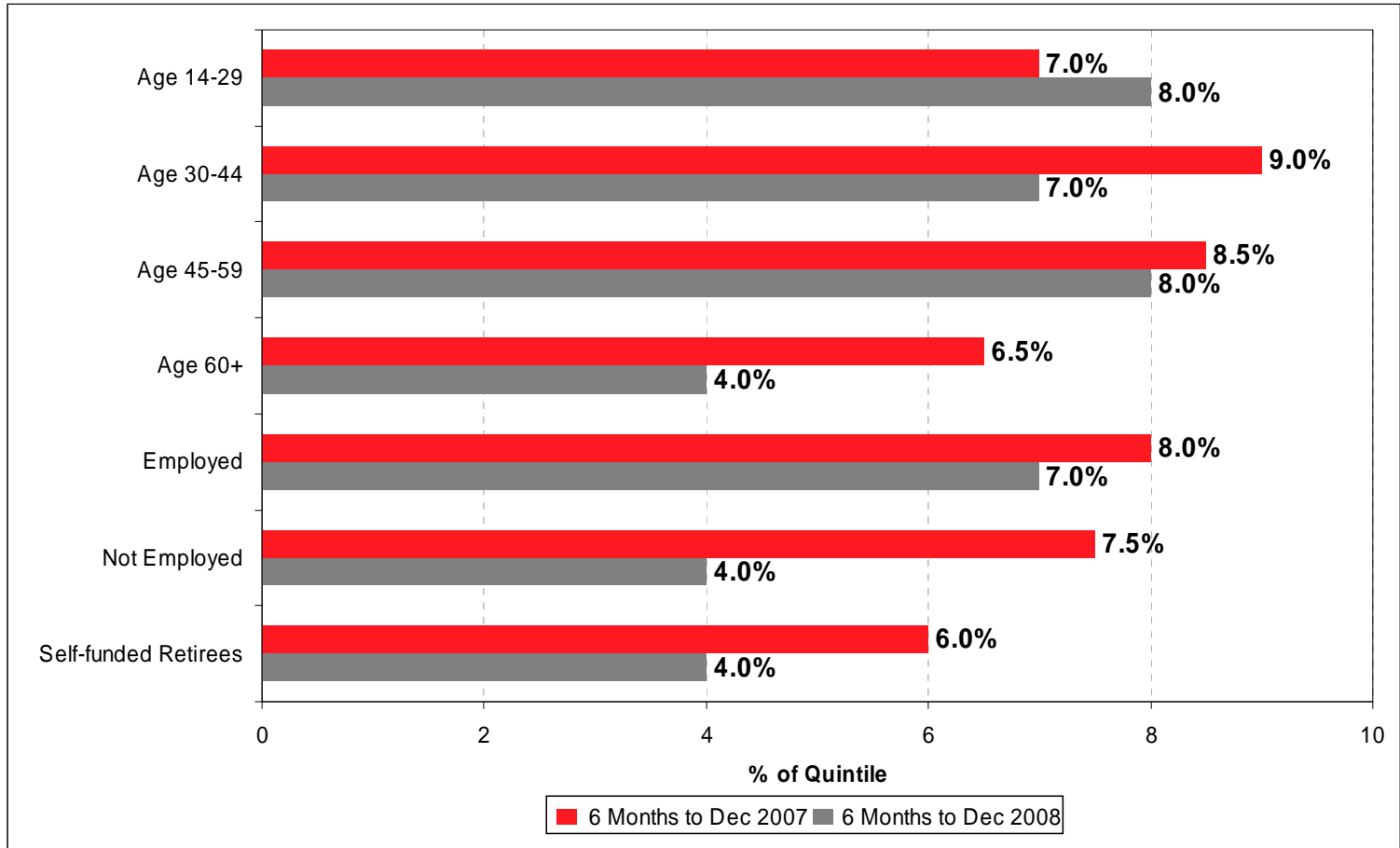
\*Excludes value of owner occupied homes

## Average Retail Discretionary Expenditure by Different Subgroups within the Top 20%



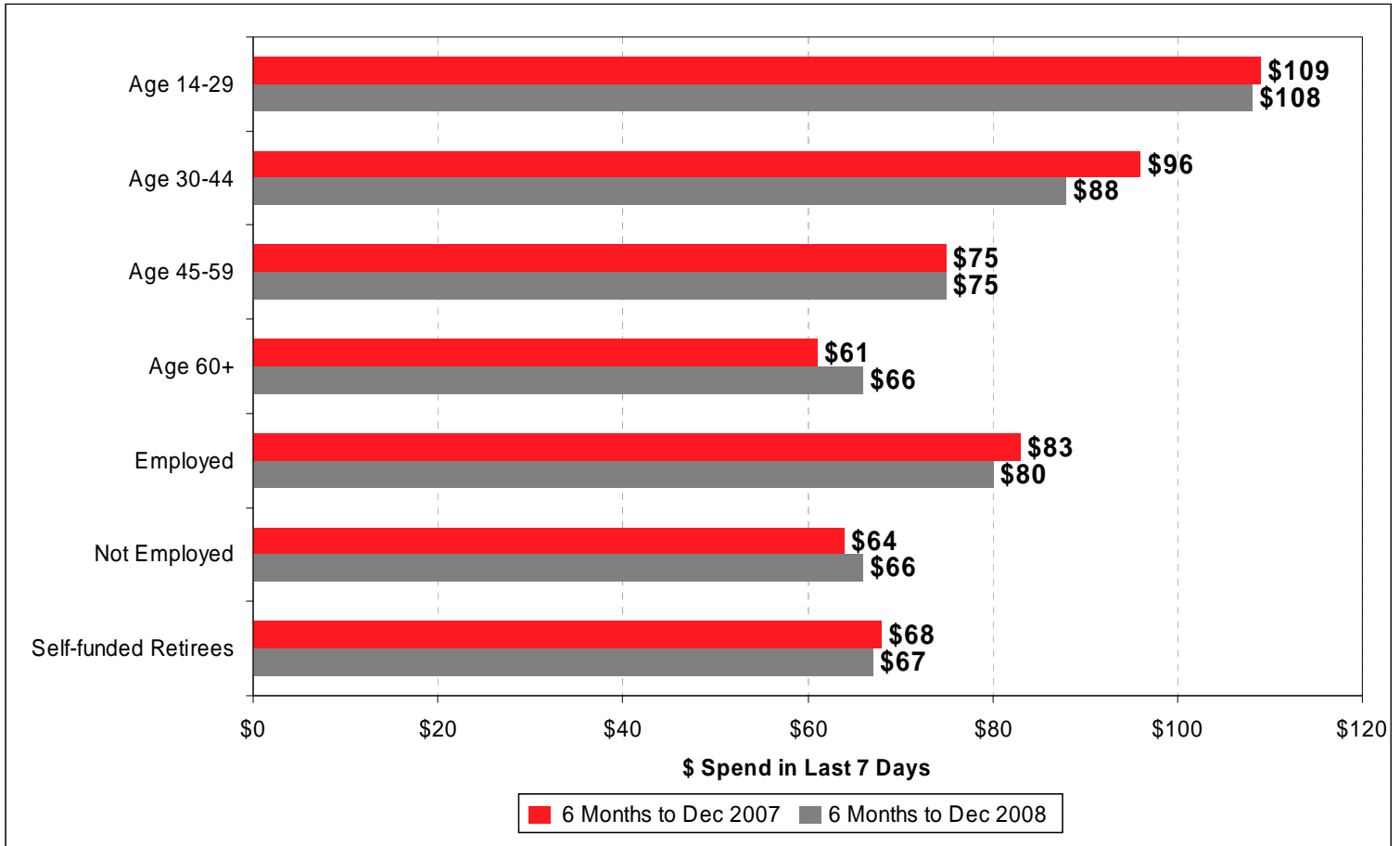
Base Aust Population aged 14+; Source: Roy Morgan Research;

## Intention to Buy Car in Next 12 months by Different Subgroups within the Top 20%



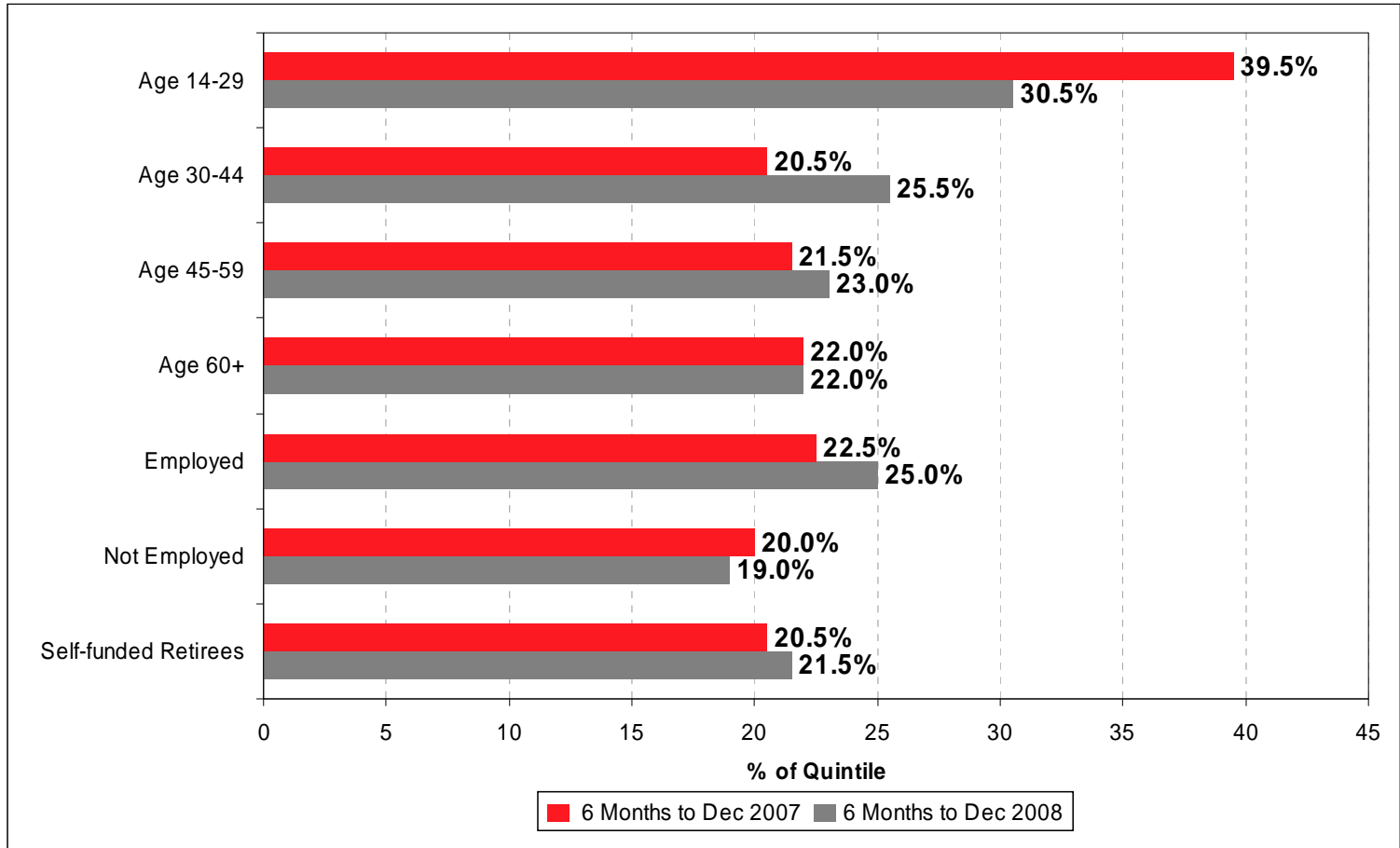
Base Aust Population aged 14+; Source: Roy Morgan Research;

## Average Expenditure 'Going Out' by Different Subgroups within the Top 20%



Base Aust Population aged 14+; Source: Roy Morgan Research;

## Intention to Travel Overseas in Next 12 Months by Different Subgroups within the Top 20%



Base Aust Population aged 14+; Source: Roy Morgan Research;

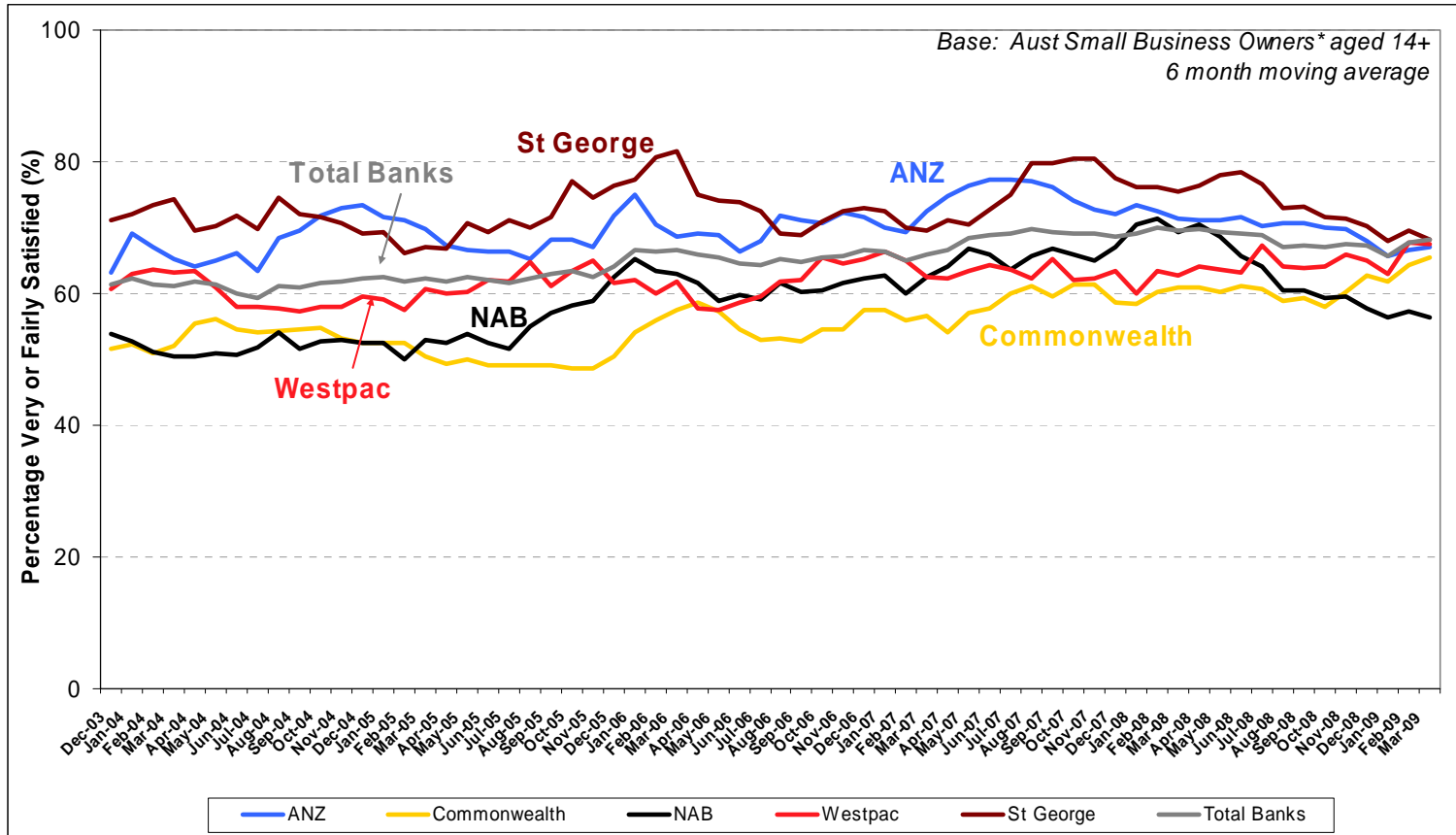
This analysis provides a framework to monitor the coming months in terms of the likely consequences of the GFC for Australian consumers.

**So What?**



- ‘Retail sales’ is not a lead indicator, it is a lag indicator
- Unemployment and under-employment are the key indicators for the economy today.
- Small business is already showing signs of pain and frustration with the banks ( see next slide)
- The sleeper is the blame and criticism that will be levelled at the ‘superannuation’ system – including the Government for enforcing contributions to super and fund managers.

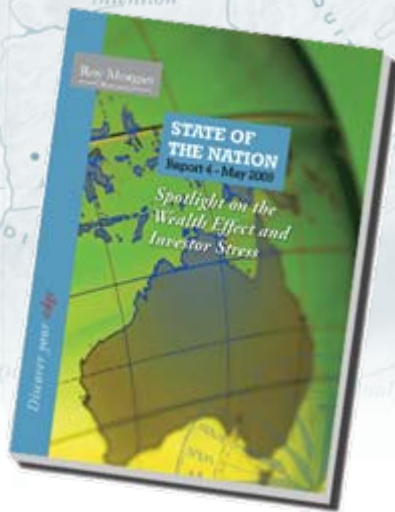
# Small Business Owner Satisfaction with Major Banks



\*Small Business Owners (including Agriculture) includes respondents aged 14+ in a workplace with 1-19 employees, who are either self employed or occupation is Owner, partner or Proprietor.

Source: Roy Morgan Research.

# The State Of The Nation



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and Investor Stress will be  
available soon at  
[www.roymorganonlinestore.com](http://www.roymorganonlinestore.com)