

Economy and media need the power of positive thinking

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WE have all heard about the power of positive thinking, but to most of us, positivity is a bit like the Loch Ness monster — we've heard a lot about it but we haven't really seen it.

Those crazy job numbers prove my point. Employers apparently created 121,000 jobs in August. This was always going to be a huge number even before we saw it as unemployment had incredibly increased from 6 per cent to 6.4 per cent in July and many economists doubted the figures.

Why? The jump was too big and the ABS had changed its sampling method. However, a lot of media outlets reported the bad news headlines of a big jump in the jobless rate but few followed it up with the warning that the number was dodgy.

Fast-forward a month, and when the 121,000 jobs showed it up, just about every news outlet quickly added "but economists are questioning the numbers" and well they should.

That said, unfortunately the media has a bias towards bad news and it's such that if they can question good news, they will do it quicker than they will question bad news.

It's no surprise that the latest Westpac consumer sentiment index fell in August given the negative headlines around that jump in unemployment. But this played a secondary role to the bad vibes around the budget impasse.

Westpac's chief economist, Bill Evans, told me that for the past two months we Aussies have been rattled by the budget blockage.

This consumer confidence slump of 4.6 per cent in September to 94 not surprisingly saw a lot of coverage this week.

However, the ANZ/Roy Morgan consumer sentiment survey, which comes out weekly, showed a 0.6 per cent rise in the past week.

So, which survey tells us more about what is going on now?

CommSec's Craig James says, "You can ignore the monthly consumer confidence result as it reflects the vagaries of survey timing. The more regular ANZ/Roy Morgan survey shows that consumer confidence is trending higher."

On this measure, confidence is just off a seven-month high recorded on July 27. And this is more consistent with the most recent retail reading, which showed annual spending growth had gone from 5.6 to 5.9 per cent, and this is well above the decade average of 4.3 per cent.

Add in the ANZ job ads, which are now at a 17-month high, then the rosier jobs picture might be exaggerated, but it might point to an improving economy.

Imagine if we in the media ran these stories at the top of bulletins in radio- and TV-land? Front pages of newspapers could help as the electronic media relies heavily on the work of print journalists.

And imagine if we kept telling Australians that most economists say the budget was not really all that hard? That's what they are saying, but instead we quote politicians who have an axe to grind.

Positivity is being sacrificed but the victim is the economy.

To misquote John Lennon — gimme some economic truth and positivity will do the trick.

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