

# The Red Book

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February 2014

**Westpac Economics  
with the  
Institutional  
Bank.**

 **estpac**



# Contents

<b>Executive summary</b>	4
<b>The consumer mood: expectations fall</b>	6
<b>Sentiment indicators: spending</b>	8
<b>Special topic</b>	
Interest rate expectations	10
<b>Sentiment indicators</b>	
Durables, cars	12
Housing	13
House prices	13
Risk aversion	14
Job security	15
<b>State snapshot: Victoria</b>	16
<b>Westpac household barometer</b>	18
<b>Summary forecast tables</b>	
Economic & financial forecasts	19
Consumer data and forecasts	21

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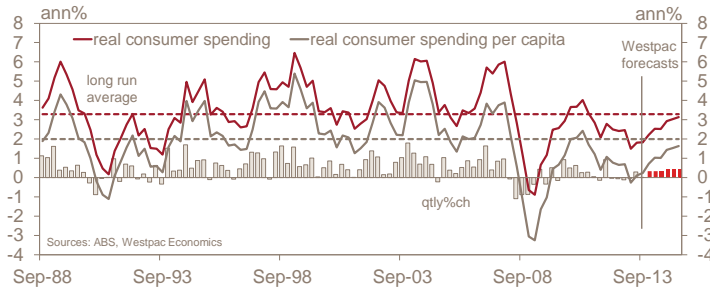
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## Executive summary

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- The **Westpac–Melbourne Institute Index of Consumer Sentiment** fell 3% in Feb following a 1.7% decline in Jan. At 100.2 the Index is back at a ‘neutral’ level having surrendered all of the rate cut and election generated gains between Jul and Nov last year.
- The clear theme in early 2014 is rising concern about the future. Consumer assessments of the economic outlook have led the sentiment decline with a notable deterioration in unemployment expectations as well. We suspect some of this reflects the poor run of business news around the vehicle industry and other struggling businesses such as Qantas and concerns about a tough Budget in May.
- The decline in sentiment also appears to reflect a shift in expectations for interest rates following the RBA’s move to a ‘neutral outlook’ for policy at its Feb meeting. Additional questions on mortgage rate expectations show a clear majority (60%) expect rates to rise over the next 12mths, a clear shift from the neutral outlook when this question was last run in Aug and the most ‘hawkish’ consumers have been on interest rates since late 2011.
- Our **CSI<sup>±</sup>** measure, our modified sentiment indicator that we favour as a guide to actual spending, recorded a milder 1.1% fall in Feb. However, it remains at relatively positive levels overall with readings now in line with our forecast of a gradual pick-up in spending. We expect consumption growth to rise from an estimated 2.2%yr for calendar 2013 to 3%yr in 2014, a better but still below trend pace indicating that consumer caution is still a restraining factor.
- The sub-index on ‘time to buy a major item’ also declined in Feb, falling 1.9%. At 136.3 it remains comfortably above its long run average of 128. So far the declining AUD has done little to dent buyer attitudes although the full impact on prices and affordability may not be apparent. Note that the ‘time to buy a vehicle’ sub-index has been discontinued from the survey, but moves in the ‘time to buy a major item’ sub-index provide a good proxy for this measure.
- The index tracking views on ‘time to buy a dwelling’ held flat in Feb, well off its Sep high but still a comfortable 8pts above its long run average. Readings remain consistent with some cooling off in housing markets from recent strong gains. In a similar vein, the **Westpac Melbourne Institute House Price Expectations Index** also declined 2.2% in Feb although expectations for price growth remained very positive overall.
- The **Westpac Melbourne Institute Unemployment Expectations Index** rose 2.3% in Feb after a 0.7% rise in Jan, taking the Index back to the highest level since Jun last year, and, prior to that, since the GFC (higher readings mean more consumers expect unemployment to rise in the year ahead). Job loss fears are again extreme and look set to continue to be a significant factor weighing on consumer decisions in 2014.

## Consumer spending: a slow, grinding recovery



The new year has begun with an intensifying tug of war. On the positive side: a strengthening upturn in housing markets and a welcome, if modest, lift in consumer spending. On the negative: continued difficulties for many businesses and a looming tightening in government policy.

For Australian consumers, these forces are playing out most critically in labour markets. The issue of job security has been a pervasive, recurring negative for consumers over the last two years and already looks set to be a defining issue in 2014.

This month's **Westpac-Melbourne Institute Consumer Sentiment survey** shows a further decline in 'headline' sentiment to a neutral overall level. However the detail shows a more substantive loss of confidence in the economic outlook and deteriorating expectations for unemployment.

Some of this likely reflects a shift in views on interest rates. The Feb survey shows most consumers now expect rates to be higher in 12mths time. That compares to a 'no change' view in Aug. The RBA's move to a 'neutral outlook' at its Feb meeting has clearly prompted a reassessment.

The loss of confidence in the economic outlook and job security seems to stem from more deep-seated concerns as well. Toyota's decision to end vehicle production in Australia by 2017 came after the Feb survey closed but the widely publicised problems facing the vehicle industry and other businesses such as Qantas seem to have been a factor in early 2014. We suspect they are raising fundamental concerns about the future of Australian industry.

An apparent 'tough-line' approach from the Federal government may be adding to these concerns in terms of both the assistance for 'troubled' sectors and warnings of a significant Budget tightening in May.

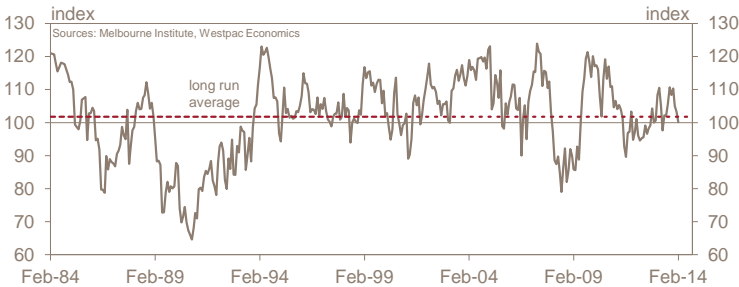
Next month's survey includes additional questions on news heard that should shed more light on the loss of confidence in the economic outlook – showing for example the relative importance of news on the economy, budget, interest rates, and business profits.

It will also provide an update on where consumers see the 'wisest place for savings'. This is a key gauge of risk aversion that could set the tone for 2014. Will it be another year of the 'cautious consumer'? We suspect so.

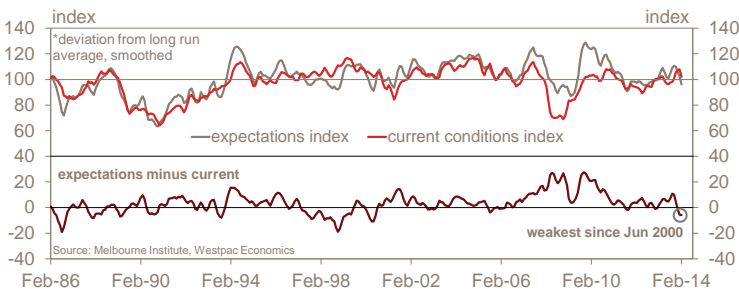
# The consumer mood: expectations fall

- The **Westpac Melbourne Institute Index of Consumer Sentiment** fell 3.0% from 103.3 in Jan to 100.2 in Feb. That follows a 1.7% decline between Dec and Jan (adjusting for a regular holiday-related 'bump' in sentiment that occurs every Jan).
- Confidence has clearly had a soft start to 2014 with the 4.6% decline since Dec erasing all of the optimism leading into the Christmas break. Indeed the back to back declines in Jan and Feb marks the softest start to the year for sentiment since 2009. Perhaps putting this into perspective, the decline is worse than that seen in 2011 when the Qld floods hit.
- The theme in early 2014 appears to be rising concern about the future. Forward-looking components of the index – combined in the 'expectations index' charted below – have declined 5.4% since Dec with readings now below average and well below components tracking views on current conditions. The expectations 'gap' is the widest since Jun 2000.
- The Mar survey includes additional questions on news recall that should give us a better sense of what is behind the loss of confidence about the future. We suspect a run of bad news on businesses (car industry, Qantas etc) and concerns about a tough May Budget are factors.

## 1. Consumer sentiment: back to pre-election levels

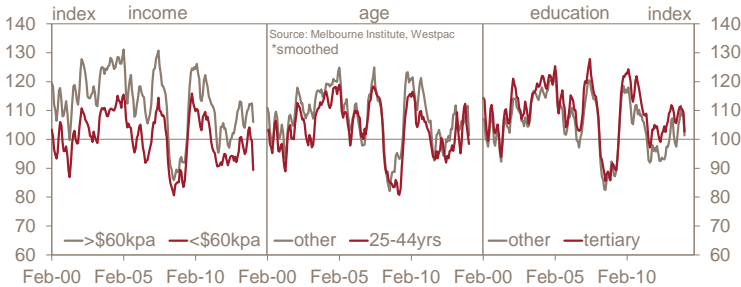


## 2. Consumer sentiment: expectations vs current conditions

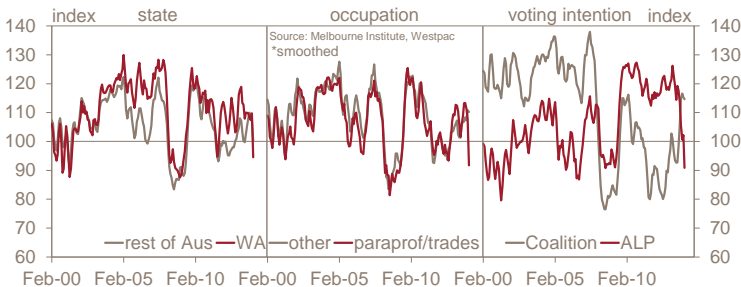


- One clear negative in the Feb survey is a shift in household views on interest rates. An outright majority now expect mortgage rates to rise over the next 12mths compared to a more balanced view back in Aug. The higher than expected Q4 inflation read and the RBA's move to a clear 'neutral outlook' at its Feb meeting have clearly driven the shift which marks the most 'hawkish' consumers have been on the rate outlook since the tail-end of the last tightening cycle in 2011.
- Other aspects of the survey show a cooling in expectations around the housing market (see p13-14) and a further deterioration in unemployment expectations (p6).
- Drilling down to the sub-group detail reveals more pronounced sentiment declines amongst those working as para-professionals (nurses, teachers etc) or in trades (down 16% since Dec); on low to middle incomes (-7.9%); retirees (-8.9%); those in the 35-44 and 65+ age groups (-7.5% and -6.9%); university graduates (-6.7%) those unemployed or out of the workforce (-6.3%) and ALP voters (-8.4%).
- There has also been a more substantive decline amongst consumers living in WA (-13.7%). Indeed, except for the mining tax introduction in 2011 and the GFC in 2008-09, sentiment in WA is at its lowest ebb since 2002.

### 3. Consumer sentiment: selected groups



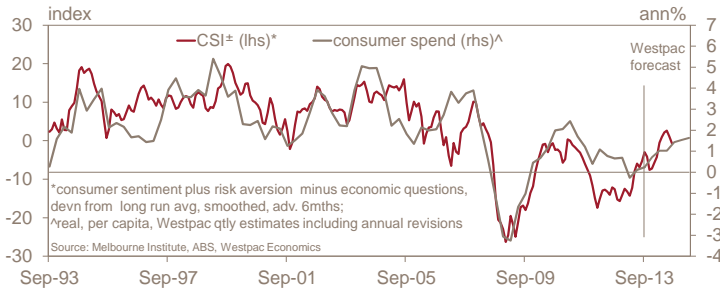
### 4. Consumer sentiment: selected groups



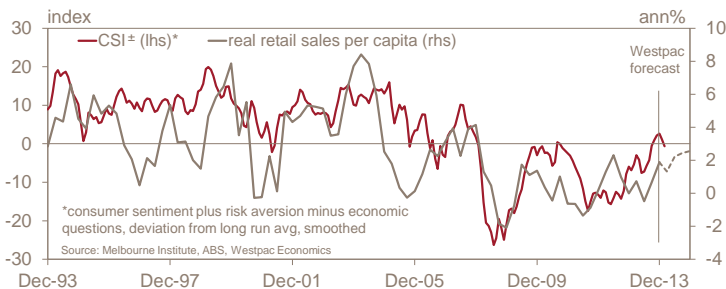
# Sentiment indicators: spending

- Our **CSI<sup>±</sup>** composite recorded a 1.1% fall in Feb following similar modest declines in Jan and Dec. **CSI<sup>±</sup>** combines sub-indexes tracking views on 'family finances' and 'time to buy a major item' with the **Westpac Risk Aversion Index** and provides a good guide to spending with a lag of about 6mths.
- Despite the recent moderation, **CSI<sup>±</sup>** is still pointing to a pick-up in demand. The Index posted a solid rise over the H2 2013, lifted by significantly improved risk aversion. That took the Index from underperforming headline sentiment to outperforming. Recent slippages mean the two measures are now aligned.
- Recent data continues to show a pick up in actual spending as well. The Dec retail report showed another solid monthly gain in sales, the 0.5% rise following gains of 0.7%, 0.5%, 1.0% and 0.5% in the previous five months. That marks the best run of gains since 2010 and the strongest six months for sales growth since 2007. As positive as that is, the 5.7%yr annual growth rate is 'solid' rather than 'strong' by GFC standards.
- The Q4 retail estimates also show price rises have been a big factor, with improved volumes accounting for 0.9% of the 2% rise in nominal sales (i.e. prices rose +1.1%qtr). Annual volume growth of 3.4% is a touch below average.

## 5. CSI<sup>±</sup> vs total consumer spending



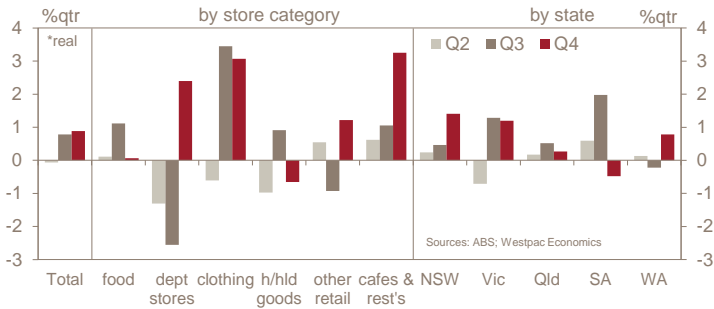
## 6. CSI<sup>±</sup> vs retail sales



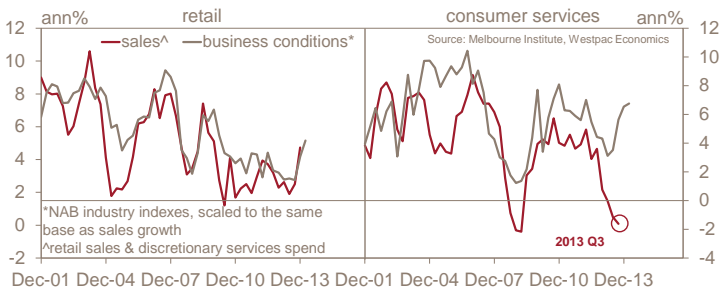


- The retail survey detail shows a mildly positive composition with strong gains for ‘small ticket’ discretionary segments (clothing, cafes & restaurants) and a bounce in volumes for department stores and ‘other retail’. Household goods remains a soft spot as it has been for the last 5yrs. State-wise, NSW and Vic are now outperforming Qld and WA.
- Private business surveys have also registered a significant lift. The NAB business conditions index rose from -0.6 in Q3 to +4.4 in Q4 with a further gain in Jan. The AiG PSI rose from an average of 41.8 in Q3 to 47.7 in Q4, also showing a further rise in Jan.
- Drilling down into the industry detail shows the lift in conditions reported by retailers is very much in line with the recent improvement in nominal retail sales. It suggests ‘more of the same’ rather than a further acceleration.
- Notably, businesses in the ‘consumer services’ sector have reported an even sharper improvement in conditions. Annual growth in actual nominal spending on ‘consumer services’ stalled flat in Q3 (the most recent period for which data is available). The rebound in surveyed conditions suggests Q4 could see a big reversal although these measures have had mixed results as a guide to actual spending.

## 7. Quarterly real retail sales by category & state



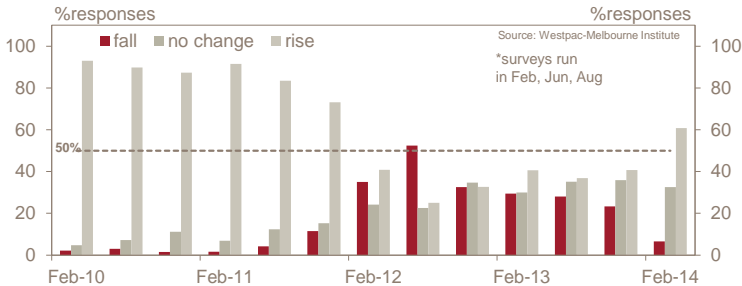
## 8. Retail sales vs reported business conditions



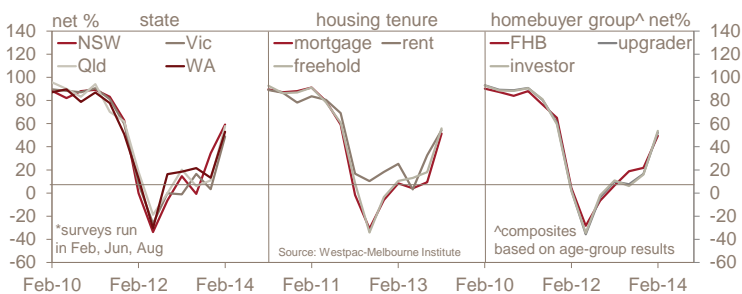
# Special topic: interest rate expectations

- The Feb survey included an extra question on expectations for mortgage rates over the next 12mths. The results show a significant 'hawkish' shift with an outright majority of consumers now expecting rates to rise.
- The results show of those with a view, 60% expect rates to rise over the next 12mths, with 18% expecting increases of more than 1ppt. Despite the RBA's statement that 'a period of stability' would likely be the most 'prudent' course for policy, less than a third expect rates to stay unchanged while a mere 6% expect a decline. The last time this was surveyed, in Aug, the rise/flat/fall mix was 41/36/23.
- The Feb results are the most hawkish since Aug 2011, the tail-end of the RBA's last tightening cycle when the mortgage rate hit 7.8%.
- There is little to glean from the state and demographic breakdowns -- if anything the detail is remarkable for the tight clustering of expectations across the various sub-groups. Consumers in NSW remain the most 'hawkish' on rates with just under two thirds expecting them to rise. Consumers in SA and Vic are less convinced, a nod perhaps to the troubles affecting Australia's vehicle industry which is based in these states. In all cases though, an outright majority (>50%) expect rates to rise.

## 9. Consumers' expectations for mortgage rates next 12mths

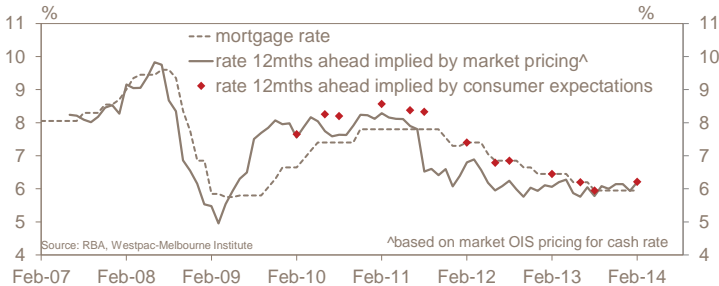


## 10. Interest rate expectations: selected groups

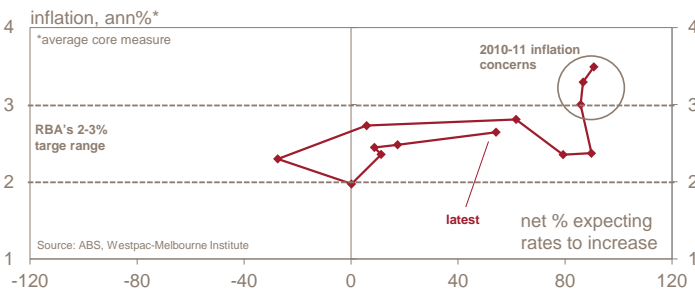


- Several developments would have contributed to the shift in expectations for rates since Aug. Firstly, that previous reading would have been influenced by the RBA's 25bp rate cut in the survey week. Secondly, the surprisingly strong Q4 CPI (released in Jan) cast doubt on the scope for further policy easing. Thirdly, this would have been reinforced by the RBA's shift to a clear 'neutral' stance at its Feb meeting.
- An improved tone to domestic activity data may also have contributed to the shift although we note that other survey responses on the economic and labour market outlook have deteriorated since Aug.
- In a similar vein, surveyed expectations for inflation remain benign with the median year ahead expectation of 2.3% in the lower half of the RBA's target range and little changed from the 2.2% recorded in Aug last year. That suggests the main driver of the shift may be actual inflation reads and shift in RBA rhetoric.
- Consumers' expectations for rates are in line with market pricing and the consensus of economic forecasts. The spread of consumer responses implies a median expectation of a 26bp rise by Feb 2014, almost directly in line with the 25bps 'priced in' by futures markets and the 25bps 'median' forecast of economists.

## 11. Mortgage interest rates: actual vs expected



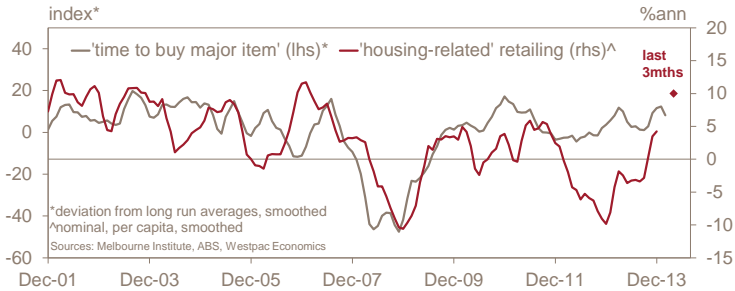
## 12. Consumer mortgage rate expectations vs current inflation



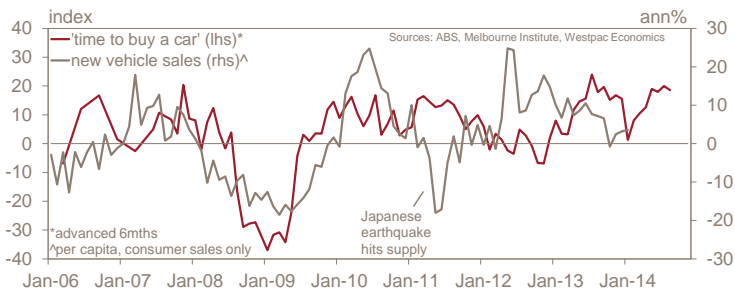
# Sentiment indicators: durables, cars

- The sub-index tracking views on 'time to buy a major item' declined 1.9% in Feb, marking a significant 4.5% decline over the last 3mths. At 136.3, the Index remains well above average.
- We have long thought the high AUD was behind an apparent disconnect between high readings on this measure and weak actual spending on durables. So far the decline in the AUD has done little to dent assessments although that may just be a matter of time - attitudes may shift once price effects are more apparent. Meanwhile, spending on household goods remains weak albeit with a clear pick-up in spending on 'housing related' items.
- The sub-index tracking views on 'time to buy a car' has been discontinued from the survey as part of a recent redesign.
- Our analysis suggests the 'time to buy a major item' index provides a good proxy. There are some divergences, most notably during the GST introduction when the net effect of tax changes saw car prices fall substantially (vs price rises for household durables). The correlation outside this period is around 75%. Accordingly, we will endeavour to use readings on 'time to buy a major item' to model the 'time to buy a car' index going forward. In Feb this showed a 1% decline but at 141 the Index remains very high.

## 13. 'Time to buy a major item' vs 'housing-related' retail



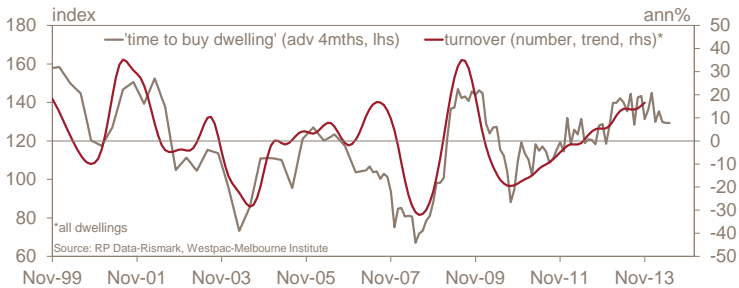
## 14. 'Time to buy a car' vs new vehicle sales



# Sentiment indicators: housing

- Assessments of ‘time to buy a dwelling’ were basically unchanged in Feb after a small 0.4% decline in Jan and a more notable 4.2% drop in Dec. At 129.3 the index remains comfortably above its long run average (123.5) and well above the average over the last 10yrs (115.4).
- That said, recent declines do point to a cooling off in attitudes towards housing. This most likely reflects deteriorating affordability following recent strong price rises. That shows through in the state mix as well with more pronounced declines in states that have seen the strongest price gains, i.e. NSW and more recently, WA and Vic.
- The cooling in sentiment towards housing points to a moderation in activity over the first half of 2014. Our simple model of housing finance approvals based on the ‘time to buy a dwelling’ index and the unemployment expectations index suggests growth in approvals will flatten out by mid year.
- We use owner-occupier finance approvals as a measure of housing market activity but over the last year it may have understated the strength of conditions due to the exclusion of investors. Total turnover suggests the gap is not wide though with total sales up 16.5%yr and finance approvals up 14.3%yr (both in trend terms).

## 15. ‘Time to buy a dwelling’ vs turnover



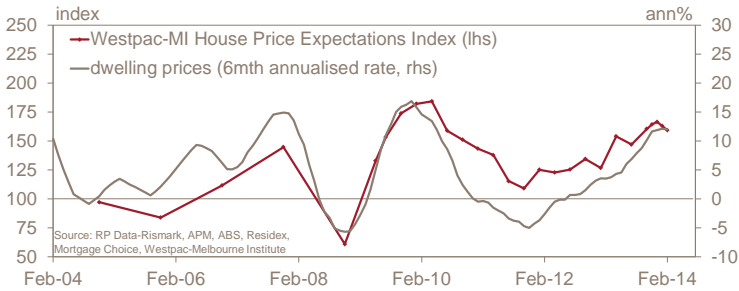
## 16. ‘Time to buy a dwelling’ by state



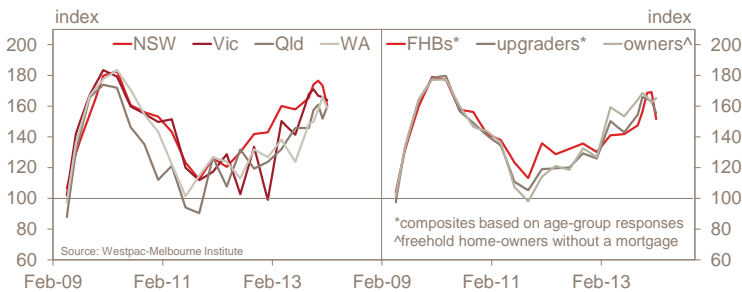
# Sentiment indicators: house prices

- The **Westpac-Melbourne Institute Consumer House Price Expectations Index** declined 2.2% in Feb after an identical decline in Jan. At 159.3 the Index remains well above its historical average of 135.8. The recent moves have been small – at most they point to a marginal moderation in price growth in 2014.
- The latest data on prices has been strong. Available measures show prices nationally rising between 8.1% and 9.7% over 2013 with gains in the second half of the year running at a 10.7-13.5% annualised pace. Although the Sydney market has led the way, Melbourne and Brisbane are showing signs of improvement.
- Of those expressing an opinion, 70% expected prices to rise further in the year ahead with 9.6% expecting double-digit growth. Just over 20% expect no change and 9.6% expect house prices to decline.
- By state, consumers in NSW and Vic are the most positive on prospects for price growth, although optimism has moderated over the last 2mths. Consumers in Qld and WA are not quite as optimistic but have shown a continued rise in expectations since Oct, Qld in particular. Our ‘buyer group’ composites show a sharper pull-back in price expectations across key FHB age-groups.

## 17. House prices: actual vs expected



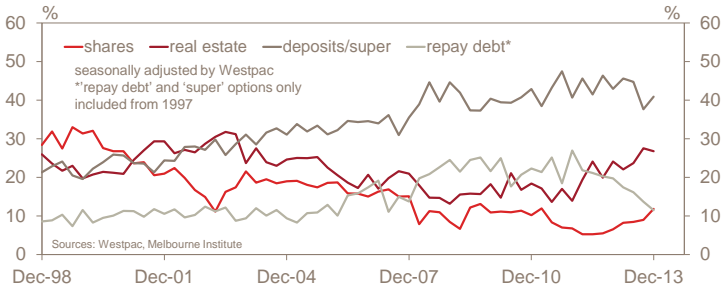
## 18. House price expectations by state, buyer group



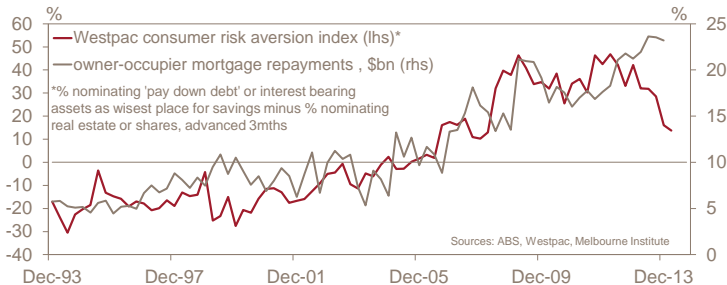
# Sentiment indicators: risk aversion

- The additional questions on the 'wisest place for savings' used to compile the **Westpac Consumer Risk Aversion Index** were not included in Jan or Feb but will be in the next survey due out on Mar 12.
- The Dec update showed a further modest easing in risk aversion buildings on more substantive declines over the previous three quarters. Over 2013 as a whole the key shift has been a continued decline in the proportion nominating 'pay down debt' from a peak of 27% in Q4 2011 to 11.5% in Q4 2013, with rises in the proportion nominating 'real estate' and to a lesser extent 'equities'.
- The Mar update will be of particular interest given the shifting view on the outlook for rates, which may prompt a rethink of the relative merits of 'real estate' vs 'pay down debt'.
- Of equal if not more importance will be whether data in the next few months shows any signs that easing risk aversion is leading to a shift in saving behaviour. Household savings remained elevated in Q3 and latest data on credit and new lending show the pace of mortgage repayments (a key aspect of this saving behaviour) remained high through Q4. The shift in risk aversion may operate with a lag. However, we suspect it will be largely negated by elevated job-loss fears.

## 17. Consumers: 'wisest place for savings'



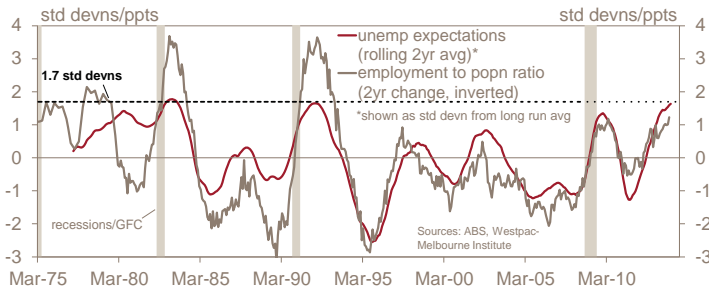
## 18. Westpac Consumer Risk Aversion Index



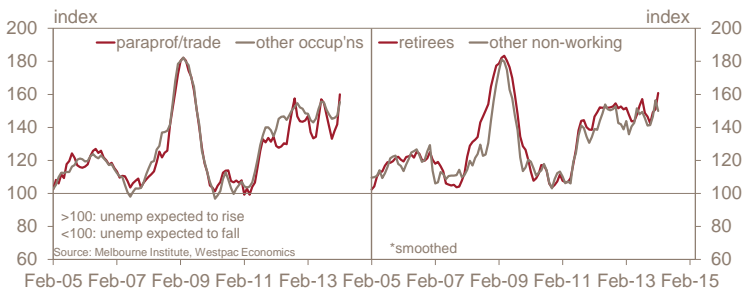
# Sentiment indicators: job security

- The **Westpac-Melbourne Institute Unemployment Expectations Index** rose 2.3% in Feb, marking the fifth consecutive monthly increase. At 155.9, the Index is at its highest level since Jun last year and the second highest since the GFC. Consumers' job loss fears are not only indicative of a renewed round of labour market weakness, they are also back near critical levels that in the past have triggered a clamp-down on discretionary spending.
- The extended duration of these fears is also notable. Unemployment expectations have been high for 2yrs now. Indeed, the last 2yrs marks the highest average reading since 1991-92.
- So far those fears have not been borne out by official figures on unemployment. The unemployment rate has risen, reaching 6% in Jan, but it has not blown out in the way unemployment expectations have been suggesting. However, the measure masks the full extent of weakness in labour markets as increasing numbers of potential workers have dropped out of the labour force.
- The employment to population ratio provides a better metric of the extent of weak employment. It also shows an alarming drop since mid-2013 that is more in line with the consumer view on labour markets. All up, the signs are not good.

## 19. Unemployment expectations vs employment-population ratio



## 20. Unemployment expectations: selected groups

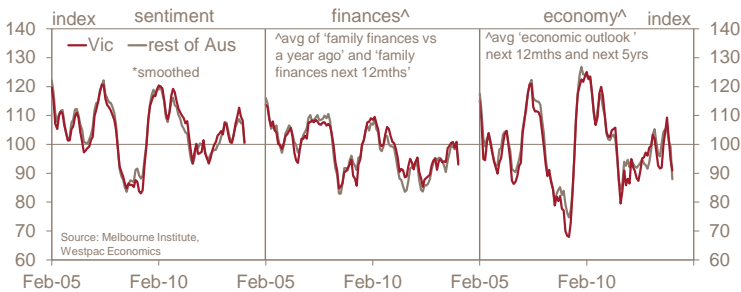




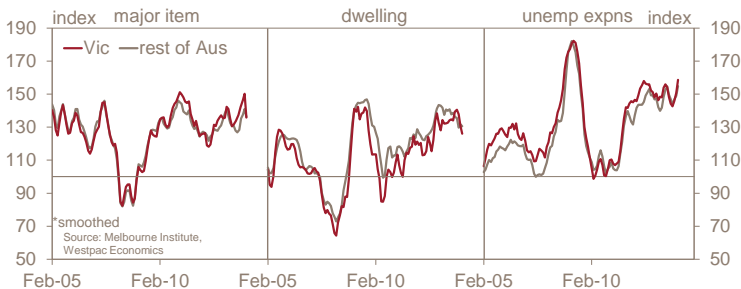
# State snapshot: Victoria

- The last time our snapshot looked at Vic, in Aug last year, the state was clearly struggling with the weakest growth in the major states. Not surprisingly, sentiment in Vic was also more downbeat particularly around prospects for the economy.
- It has been a very mixed bag since then. The Q3 national accounts showed a modest improvement in state demand and housing markets have seen a lift. The labour market has continued to weaken though, with Vic's unemployment rate rising to 6.5% in Jan, well above the national rate of 6.0% and surpassing GFC highs.
- As at Feb, sentiment among Vic consumers is more in line with the rest of the nation, although the gap has been closed by falling sentiment elsewhere rather than an improvement in Vic. Consumers in the state are feeling slightly more pressure on their finances but are a little more constructive on near term economic prospects.
- The picture around unemployment and purchasing attitudes is a little more troubling. Job security is weaker than the other major states with a drop in 'time to buy' indexes suggesting this may be impacting spending decisions. Vic's exposure to sectors such as vehicle manufacturing is likely a factor in this.

## 21. Consumer sentiment, finances & economy: Vic vs Aus



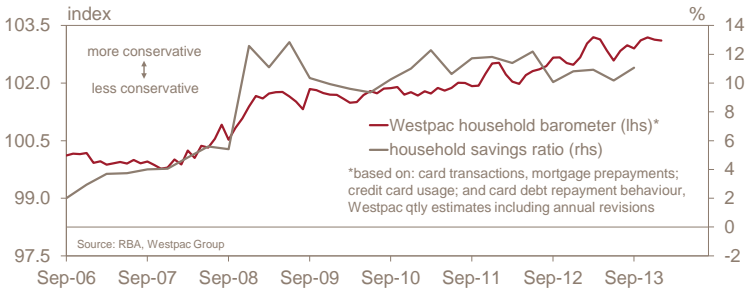
## 22. Consumers views on 'time to buy' & jobs: Vic vs Aus



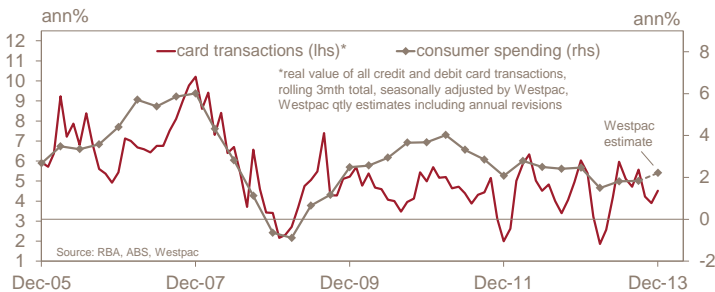
# Westpac household barometer

- The **Westpac Household Barometer** draws on a range of data – including system-wide credit and debit card usage from the RBA, and the mortgage repayment behaviour and credit card usage of Westpac customers – to give a broad proxy for consumers’ financial behaviour.
- The **Barometer** dipped slightly by less than 0.1pt in the 2mths to Jan but remains at a high level with a rising trend over the last 6mths. Readings continue to indicate a very conservative approach to financial behaviour – more prepayment of loans, slow growth in card transactions and a more ‘disciplined’ use of credit.
- The Jan reading remains consistent with sustained high household savings rates, in turn suggesting that the apparent easing in consumer risk aversion has not changed households’ attitudes towards and usage of credit.
- System-wide data on the value of credit and debit card transactions showed a modest lift in Dec with annual growth in the real value of transactions lifting from 3.9% to 4.5%. That is directly in line with the average of the last 5yrs, so solid rather than strong growth. Nominal transaction growth showed a slightly more pronounced pick up due to an uptick in inflation.

## 23. Westpac household barometer



## 24. Card transactions vs real spending growth



# Economic and financial forecasts

## Interest rate forecasts

	Latest (14 Feb)	Mar 14	Jun 14	Sep 14	Dec 14	Mar 15
Cash	2.50	2.50	2.50	2.25	2.00	2.00
90 Day Bill	2.61	2.55	2.30	2.10	2.10	2.10
3 Year Swap	3.17	3.30	3.40	3.10	3.00	3.30
10 Year Bond	4.15	4.10	3.90	3.70	4.00	4.10
10 Year Spread to US (bps)	142	140	130	110	120	110

## International

Fed Funds	0.125	0.125	0.125	0.125	0.125	0.125
US 10 Year Bond	2.73	2.70	2.60	2.60	2.80	3.00
US Fed balance sheet USDtrn	4.16	4.27	4.44	4.57	4.71	4.84
ECB Repo Rate	0.25	0.25	0.25	0.25	0.25	0.25

## Exchange rate forecasts

	Latest (14 Feb)	Mar 14	Jun 14	Sep 14	Dec 14	Mar 15
AUD/USD	0.9000	0.90	0.88	0.87	0.86	0.85
NZD/USD	0.8340	0.84	0.83	0.82	0.81	0.80
USD/JPY	101.97	102	101	100	99	100
EUR/USD	1.3680	1.35	1.31	1.31	1.28	1.27
AUD/NZD	1.0795	1.07	1.06	1.06	1.06	1.06

Sources: Bloomberg, Westpac Economics.

# Economic and financial forecasts

## Australian economic growth forecasts

	2013			2014			
	Q2	Q3	Q4f	Q1f	Q2f	Q3F	Q4f
GDP % qtr	0.7	0.6	0.9	0.5	0.6	0.7	0.7
Annual change	2.4	2.3	2.7	2.7	2.6	2.7	2.6
Unemployment rate %	5.6	5.7	5.8	6.1	6.3	6.4	6.4
CPI % qtr	0.4	1.2	0.8	0.6	0.6	0.8	0.4
Annual change	2.4	2.2	2.7	3.0	3.1	2.7	2.3
CPI underlying % qtr	0.6	0.6	0.9	0.6	0.7	0.5	0.6
ann change	2.5	2.3	2.6	2.7	2.8	2.6	2.4

	Calendar years			
	2012	2013e	2014f	2015f
GDP % ann change	3.6	2.4	2.6	3.0
Unemployment rate %	5.3	5.8	6.4	6.1
CPI % ann change	2.2	2.7	2.3	2.5
CPI underlying % ann change	2.4	2.6	2.4	2.2

Calendar year changes are (1) period average for GDP, employment and unemployment, terms of trade (2) through the year for inflation and wages.

\* GDP & component forecasts are reviewed following the release of quarterly national accounts.

\*\* Business investment and government spending adjusted to exclude the effect of private sector purchases of public sector assets.

# Consumer data and forecasts

## Consumer demand

% change	2013			2014				
	Q1	Q2	Q3	Q4f	Q1f	Q2f	Q3f	Q4f
Total private consumption*	0.4	0.7	0.4	0.7	0.7	0.7	0.8	0.8
annual chg	1.5	1.8	1.8	2.2	2.5	2.5	2.9	3.0
Real labour income, ann chg	-0.3	-0.2	0.7	0.0	0.4	0.3	0.8	1.3
Real disposable income, ann chg**	0.9	-0.4	2.7	1.8	1.7	2.5	2.2	2.7
Household savings ratio	10.9	10.2	11.1	10.6	10.3	10.4	10.6	10.6
Real retail sales, ann chg	2.5	1.2	2.3	3.4	2.8	3.7	3.9	4.1
Motor vehicle sales ('000s)***	894.0	902.1	806.3	837.6	841.8	850.2	867.2	884.5
annual chg	4.1	3.4	-8.6	-8.3	-5.8	-5.8	7.6	5.6

	Calendar years			
	2011	2012	2013f	2014f
Total private consumption, ann chg*	3.1	2.5	1.8	2.8
Real labour income, ann chg	5.3	3.2	0.0	0.7
Real disposable income, ann chg**	4.5	1.8	1.3	2.3
Household savings ratio, %	11.6	11.1	10.7	10.5
Real retail sales, ann chg	0.8	3.1	2.5	3.6
Motor vehicle sales ('000s)	805.8	881.7	860.0	895.0
annual chg	-2.7	9.4	-2.5	4.1

Notes to pages 20 and 21:

\* National accounts definition.

\*\* Labour and non-labour income after tax and interest payments.

\*\*\* Passenger vehicles and SUVs, annualised

^ Average over entire history of survey.

^^ Seasonally adjusted.

# Net % expected rise next 12 months minus % expecting fall (wage expectations is net of % expecting wages to rise and % expecting flat/decline).

Note that questions on mortgage rate, house price and wage expectations have only been surveyed since May 2009.

# Consumer data and forecasts

## Consumer sentiment

	2013					
% change	avg <sup>^</sup>	May	Jun	Jul	Aug	Sep
<b>Westpac–MI Consumer Sentiment Index</b>	<b>101.8</b>	<b>97.6</b>	<b>102.2</b>	<b>102.1</b>	<b>105.7</b>	<b>110.6</b>
family finances vs a year ago	89.8	76.7	83.2	78.6	88.8	87.1
family finances next 12 months	108.5	100.5	105.9	103.0	113.0	114.8
economic conditions next 12 months	90.6	90.8	94.3	95.1	100.3	109.0
economic conditions next 5 years	91.0	91.4	94.3	103.0	102.5	109.8
time to buy major household item	128.1	128.5	133.3	131.1	123.9	132.5
time to buy a motor vehicle	122.8	139.7	138.4	124.2	130.9	133.4
time to buy a dwelling	123.5	142.7	143.3	131.3	136.2	145.0
<b>Westpac–MI Consumer Risk Aversion Index<sup>^^</sup></b>	<b>11.7</b>	<b>-</b>	<b>28.5</b>	<b>-</b>	<b>-</b>	<b>16.1</b>
<b>CSI<sup>‡</sup></b>	<b>103.5</b>	<b>94.0</b>	<b>98.5</b>	<b>97.1</b>	<b>101.4</b>	<b>104.6</b>
consumer mortgage rate expectations#	143.6	-	-	145.6	-	-
<b>Westpac–MI House Price Expectations Index#</b>	<b>43.4</b>	<b>-</b>	<b>8.7</b>	<b>-</b>	<b>17.4</b>	<b>-</b>
consumer wage expectations#	-25.9	-	-	-	-	-
<b>Westpac–MI Unemployment Expectations</b>	<b>128.6</b>	<b>149.1</b>	<b>158.5</b>	<b>152.8</b>	<b>152.7</b>	<b>142.6</b>

	2013			2014	
continued	Oct	Nov	Dec	Jan	Feb
<b>Westpac–MI Consumer Sentiment Index</b>	<b>108.3</b>	<b>110.3</b>	<b>105.0</b>	<b>103.3</b>	<b>100.2</b>
family finances vs a year ago	87.7	99.4	91.6	89.4	85.7
family finances next 12 months	108.5	99.9	103.8	101.2	102.9
economic conditions next 12 months	106.8	107.3	96.7	96.3	89.4
economic conditions next 5 years	101.8	102.4	93.5	90.5	86.3
time to buy major household item	136.8	142.8	139.5	139.0	136.3
time to buy a motor vehicle	135.5	141.8	140.8	142.8	n.a.
time to buy a dwelling	130.0	135.5	129.8	129.4	129.3
<b>Westpac–MI Consumer Risk Aversion Index<sup>^^</sup></b>	<b>-</b>	<b>-</b>	<b>13.7</b>	<b>-</b>	<b>-</b>
<b>CSI<sup>‡</sup></b>	<b>104.4</b>	<b>106.9</b>	<b>105.3</b>	<b>104.0</b>	<b>102.8</b>
consumer mortgage rate expectations#	159.2	164.2	166.5	162.8	159.3
<b>Westpac–MI House Price Expectations Index#</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>54.2</b>
consumer wage expectations#	-	-	-	-	-
<b>Westpac–MI Unemployment Expectations</b>	<b>143.5</b>	<b>144.7</b>	<b>151.4</b>	<b>152.4</b>	<b>155.9</b>

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