

# NAB Consumer Anxiety Index: Q1 2015

by NAB Group Economics

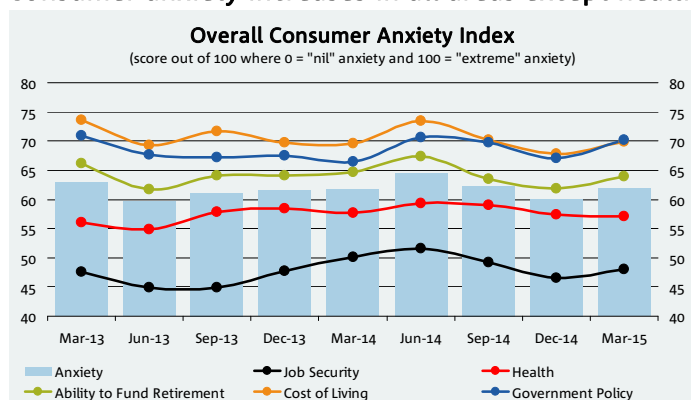
Embargoed until: 11.30am Wednesday 1 April 2015



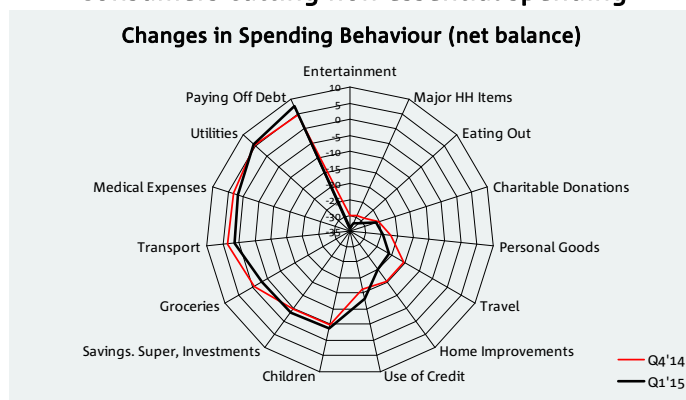
**Consumer anxiety rises, with concern over government policy overtaking cost of living as the single biggest cause of consumer stress. Consumers are responding by allocating more of their budget to paying off debt, utility bills and medical expenses, while cutting back on many "non-essentials". But retirement funding and providing for the family's future are causing the most anxiety with regards households' financial positions.**

The NAB Consumer Anxiety Index rose to 61.8 points in Q1'15 (60.1 in Q4'14), with higher concern in all categories except health. Government policy is now the single biggest cause of anxiety for consumers, just ahead of cost of living. Job security continues to cause the least (albeit rising) stress. NSW/ACT and Tasmania were the only states to report lower anxiety, with consumer anxiety now highest in Victoria. Consumers are allocating a bigger share of the household budget to paying off debt, utilities and medical bills, while cutting back on many "non-essentials", such as entertainment and household items. In terms of their overall household financial position, however, not having enough to retire, being able to provide for the family's future and meet medical costs are causing the greatest concern.

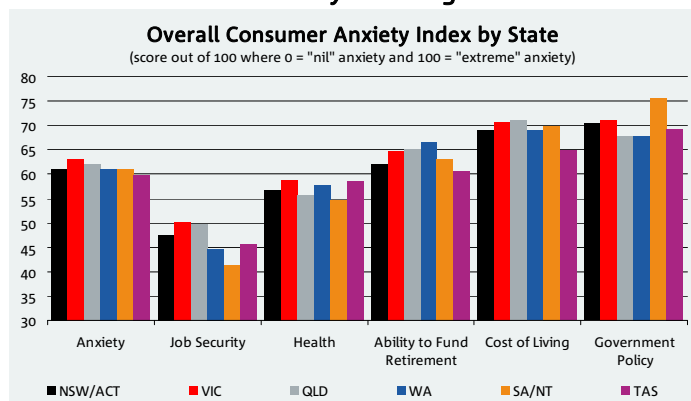
## Consumer anxiety increases in all areas except health



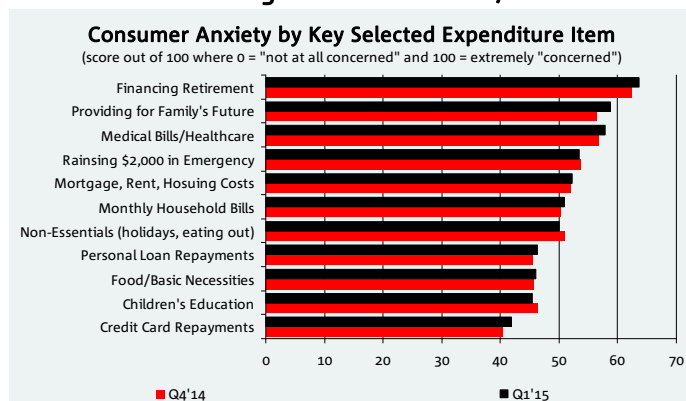
## Consumers cutting non-essential spending



## Consumer anxiety now highest in VIC



## Retirement funding main stress on h/hold finances

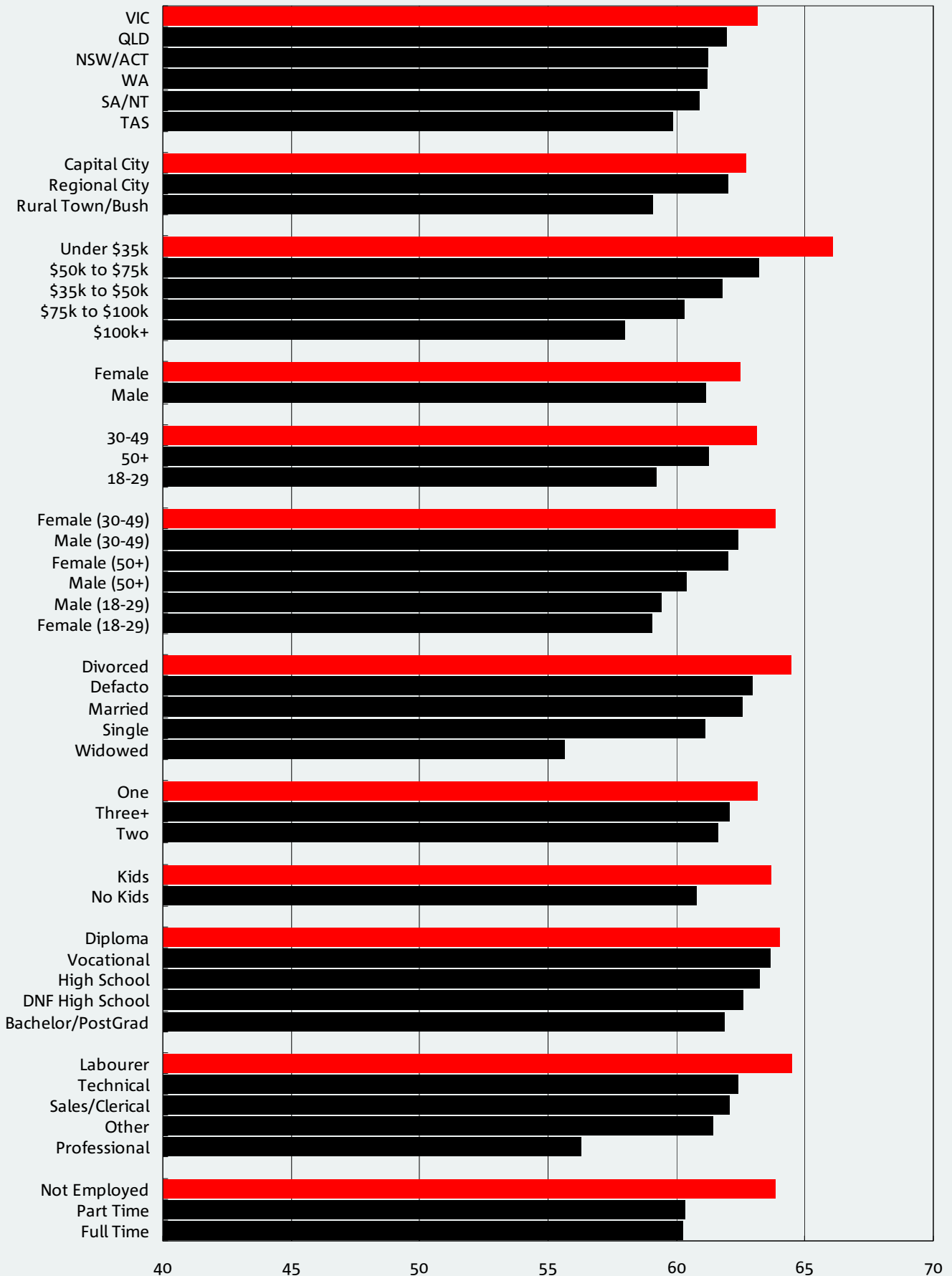


## Consumer Anxiety by Category (%)

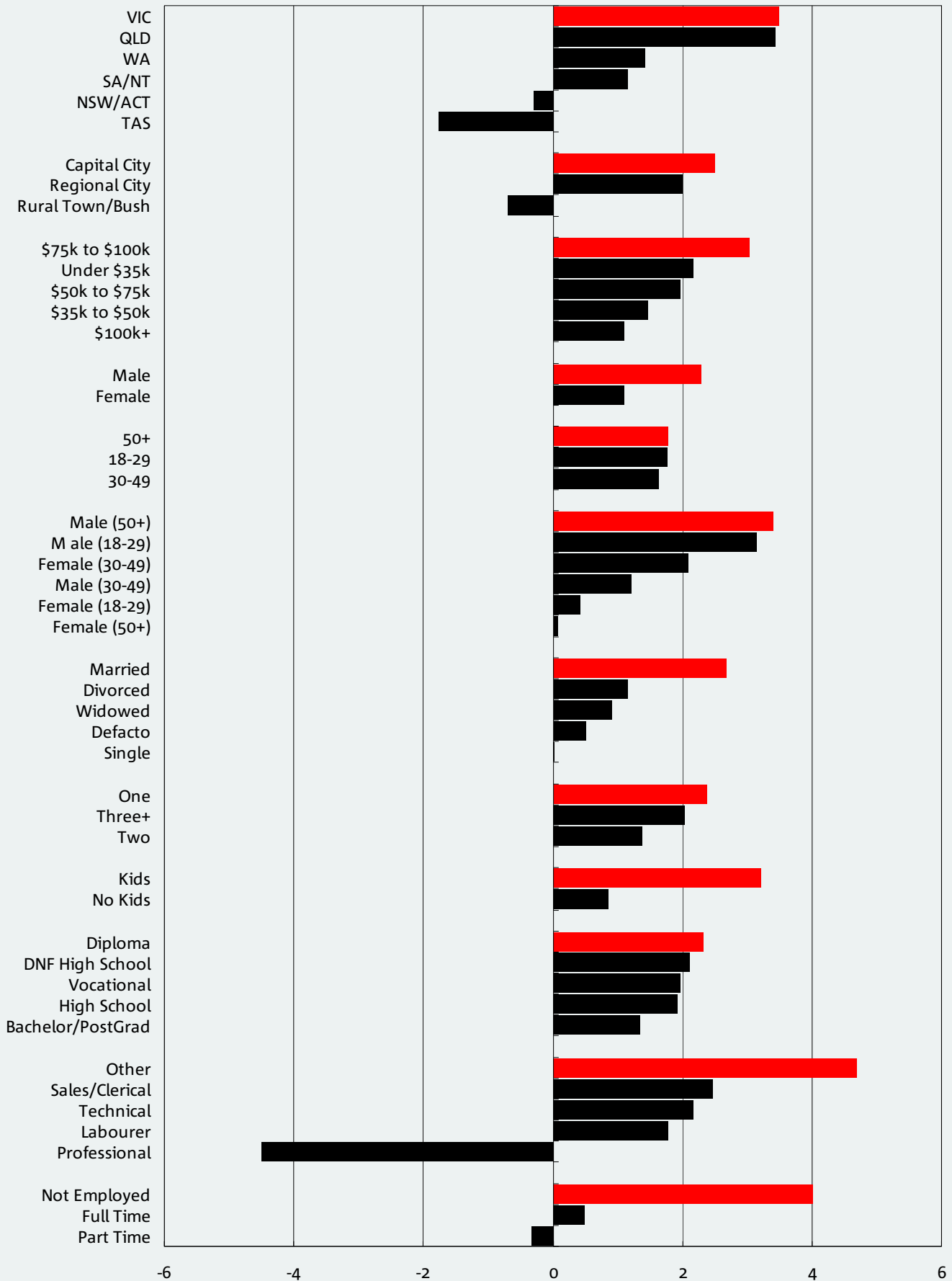
|                         | Q3 2014     | Q4 2014     | Q1 2015     |
|-------------------------|-------------|-------------|-------------|
| Job Security            | 49.2        | 46.5        | 48.0        |
| Health                  | 59.0        | 57.4        | 57.1        |
| Retirement              | 63.5        | 61.8        | 63.9        |
| Cost of Living          | 70.2        | 67.8        | 69.9        |
| Govt Policy             | 69.8        | 67.1        | 70.3        |
| <b>Consumer Anxiety</b> | <b>62.3</b> | <b>60.1</b> | <b>61.8</b> |



### Consumer Anxiety by Key Categories



### Consumer Anxiety by Key Categories (change)



### Anxiety Indicators: directional change since last quarter

|                                 |    |
|---------------------------------|----|
| <b>Overall Consumer Anxiety</b> | ☹️ |
| Job Security                    | ☹️ |
| Health                          | 😊  |
| Ability to Fund Retirement      | ☹️ |
| Cost of Living                  | ☹️ |
| Government Policy               | ☹️ |

|                             | Overall Consumer Anxiety | Job Security | Health | Ability to Fund Retirement | Cost of Living | Govt Policy |
|-----------------------------|--------------------------|--------------|--------|----------------------------|----------------|-------------|
| <b>State &amp; Location</b> |                          |              |        |                            |                |             |
| NSW/ACT                     | 😊                        | 😊            | 😊      | 😊                          | ☹️             | ☹️          |
| Victoria                    | ☹️                       | ☹️           | ☹️     | ☹️                         | ☹️             | ☹️          |
| Queensland                  | ☹️                       | ☹️           | ☹️     | ☹️                         | ☹️             | ☹️          |
| WA                          | ☹️                       | 😊            | ☹️     | ☹️                         | ☹️             | 😊           |
| SA/NT                       | ☹️                       | 😊            | ☹️     | 😊                          | ☹️             | ☹️          |
| Tasmania                    | 😊                        | ☹️           | ☹️     | 😊                          | 😊              | 😊           |
| Capital City                | ☹️                       | ☹️           | 😊      | ☹️                         | ☹️             | ☹️          |
| Regional City               | ☹️                       | ☹️           | ☹️     | ☹️                         | ☹️             | ☹️          |
| Rural Town/Bush             | 😊                        | ☹️           | 😊      | 😊                          | 😊              | 😊           |
| <b>Income</b>               |                          |              |        |                            |                |             |
| Under \$35k                 | ☹️                       | ☹️           | ☹️     | ☹️                         | 😊              | ☹️          |
| \$35-50k                    | ☹️                       | ☹️           | 😊      | ☹️                         | ☹️             | ☹️          |
| \$50-75k                    | ☹️                       | 😊            | ☹️     | ☹️                         | ☹️             | ☹️          |
| \$75-100k                   | ☹️                       | 😊            | ☹️     | ☹️                         | ☹️             | ☹️          |
| Over \$100k                 | ☹️                       | ☹️           | 😊      | ☹️                         | ☹️             | ☹️          |
| <b>Gender</b>               |                          |              |        |                            |                |             |
| Female                      | ☹️                       | 😊            | 😊      | ☹️                         | ☹️             | ☹️          |
| Male                        | ☹️                       | ☹️           | ☹️     | ☹️                         | ☹️             | ☹️          |
| <b>Age</b>                  |                          |              |        |                            |                |             |
| 18-29                       | ☹️                       | ☹️           | ☹️     | ☹️                         | ☹️             | 😊           |
| 30-49                       | ☹️                       | 😊            | 😊      | ☹️                         | ☹️             | ☹️          |
| 50+                         | ☹️                       | ☹️           | 😊      | ☹️                         | ☹️             | ☹️          |
| <b>Age &amp; Gender</b>     |                          |              |        |                            |                |             |
| Female (18 to 29)           | ☹️                       | ☹️           | 😊      | ☹️                         | ☹️             | 😊           |
| Male (18 to 29)             | ☹️                       | ☹️           | ☹️     | ☹️                         | ☹️             | 😊           |
| Female (30 to 49)           | ☹️                       | ☹️           | 😊      | ☹️                         | ☹️             | ☹️          |
| Male (30 to 49)             | ☹️                       | 😊            | 😊      | ☹️                         | ☹️             | ☹️          |
| Female (50+)                | ☹️                       | 😊            | 😊      | ☹️                         | 😊              | ☹️          |
| Male (50+)                  | ☹️                       | ☹️           | ☹️     | ☹️                         | ☹️             | ☹️          |
| <b>Marital Status</b>       |                          |              |        |                            |                |             |
| Single                      | 😐                        | ☹️           | 😊      | 😊                          | 😊              | 😊           |
| Defacto                     | ☹️                       | ☹️           | 😊      | ☹️                         | 😊              | 😊           |
| Married                     | ☹️                       | 😊            | ☹️     | ☹️                         | ☹️             | ☹️          |
| Divorced                    | ☹️                       | ☹️           | 😊      | ☹️                         | ☹️             | ☹️          |
| Widowed                     | ☹️                       | ☹️           | 😊      | 😊                          | 😊              | ☹️          |
| <b>Household Status</b>     |                          |              |        |                            |                |             |
| Children                    | ☹️                       | ☹️           | ☹️     | ☹️                         | ☹️             | ☹️          |
| No Children                 | ☹️                       | ☹️           | 😊      | ☹️                         | ☹️             | ☹️          |
| One                         | ☹️                       | ☹️           | ☹️     | 😊                          | ☹️             | ☹️          |
| Two                         | ☹️                       | ☹️           | 😊      | ☹️                         | ☹️             | ☹️          |
| Three +                     | ☹️                       | ☹️           | ☹️     | ☹️                         | ☹️             | ☹️          |

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LEGEND: 😊 = up ☹️ = down 😐 = unchanged

## Anxiety Indicators: directional change since last quarter (continued)

|                          | Overall Consumer Anxiety | Job Security | Health | Ability to Fund Retirement | Cost of Living | Govt Policy |
|--------------------------|--------------------------|--------------|--------|----------------------------|----------------|-------------|
| <b>Education</b>         |                          |              |        |                            |                |             |
| Bachelor/Post Grad       | ⊘                        | ⊘            | ⊘      | ⊘                          | ⊘              | 😊           |
| Diploma                  | ⊘                        | 😊            | ⊘      | ⊘                          | ⊘              | ⊘           |
| Vocational               | ⊘                        | ⊘            | ⊘      | ⊘                          | ⊘              | ⊘           |
| High School              | ⊘                        | ⊘            | 😊      | ⊘                          | ⊘              | ⊘           |
| DNF High School          | ⊘                        | ⊘            | 😊      | ⊘                          | ⊘              | ⊘           |
| <b>Employment Status</b> |                          |              |        |                            |                |             |
| Full Time                | ⊘                        | 😊            | 😊      | ⊘                          | ⊘              | ⊘           |
| Part Time                | 😊                        | 😊            | 😊      | ⊘                          | 😊              | 😊           |
| Not Employed             | ⊘                        | ⊘            | ⊘      | ⊘                          | ⊘              | ⊘           |
| <b>Employment Type</b>   |                          |              |        |                            |                |             |
| Professional             | 😊                        | 😊            | 😊      | 😊                          | 😊              | 😊           |
| Technical                | ⊘                        | ⊘            | ⊘      | ⊘                          | ⊘              | 😊           |
| Labourer                 | ⊘                        | 😊            | 😊      | ⊘                          | ⊘              | ⊘           |
| Sales/Clerical           | ⊘                        | 😊            | ⊘      | ⊘                          | ⊘              | ⊘           |
| Other                    | ⊘                        | ⊘            | ⊘      | ⊘                          | ⊘              | 😊           |

LEGEND: 😊 = up ⊘ = down ☹ = unchanged

## Consumer anxiety was typically highest for those who...

- Lived in Victoria
- Resided in a capital city
- Earned less than \$35,000
- Were female
- Aged 30-49 (overall) and female (30-49)
- Were divorced
- Lived in a single person household
- Had children
- Had a diploma
- Were employed as labourers
- Were not employed

## What are the big changes since our last Survey...

- Government policy replaces cost of living as the biggest driver of anxiety
- Anxiety rises most for other workers, those not employed and consumers living in VIC & QLD
- VIC now the most anxious state (replaces TAS & NSW/ACT). Consumer anxiety lowest in TAS (mainly cost of living)
- Anxiety gap between young women & men closes. Women 30-49 most anxious by gender & age (replacing women 50+)
- There was a notable fall in anxiety for professional workers, with anxiety in this group now lowest after widows.
- Consumers living in TAS, NSW/ACT, rural towns/bush and part time workers only other groups to report lower anxiety

## A deeper look at the data also shows...

- As we approach the Federal Budget in May, consumer anxiety related to government policy is a significant concern for a large number of Australians, with those rating their anxiety “medium” or “high” rising to 60.2% in Q1’15, up from 55.9% in Q4’14.
- Despite low levels of consumer price inflation, Australians are also worrying more about the cost of living. Around 1 in 3 Australian consumers (32.3%) now rate their concern over the cost of living “high” (up from 28% in Q4’14), while only 36% rate their concern “very low” or “low” (41.4% in Q4’14).
- Although it is contributing least to overall consumer anxiety, job stress is becoming a bigger issue for Australian consumers, with ongoing labour market weakness and rising unemployment reflected in a higher number of consumers expressing “medium” and “high” levels of anxiety over their job security (37% in Q1’15 versus 31% in Q4’14).
- There was a significant increase in the number of Australian consumer expressing “high” levels of anxiety over their ability to fund their retirement, with the number jumping to 29.5%, or nearly 1 in 3 consumers.
- On a positive note, more than 1 in 4 Australians consumers rated “very low” levels of anxiety over their health, although but nearly 1 in 7 are still reporting “high” levels of anxiety.

## Consumer Anxiety Indicator Categories (%)

|                            |         | Very Low (0-4) | Low (5-6) | Medium (7-8) | High (9-10) | Average (mean) |
|----------------------------|---------|----------------|-----------|--------------|-------------|----------------|
| Job Security               | Q4 2014 | 40.9           | 28.1      | 18.0         | 13.1        | 46.5           |
|                            | Q1 2015 | 41.6           | 21.8      | 19.3         | 17.2        | 48.0           |
| Health                     | Q4 2014 | 25.0           | 32.2      | 28.6         | 14.2        | 57.4           |
|                            | Q1 2015 | 27.3           | 30.6      | 27.1         | 15.0        | 57.1           |
| Ability to Fund Retirement | Q4 2014 | 21.9           | 28.7      | 25.2         | 24.2        | 61.8           |
|                            | Q1 2015 | 21.8           | 24.7      | 23.9         | 29.5        | 63.9           |
| Cost of Living             | Q4 2014 | 13.6           | 27.8      | 30.3         | 28.3        | 67.8           |
|                            | Q1 2015 | 14.0           | 22.0      | 31.7         | 32.3        | 69.9           |
| Government Policy          | Q4 2014 | 13.6           | 30.6      | 27.4         | 28.5        | 67.1           |
|                            | Q1 2015 | 12.3           | 27.5      | 26.0         | 34.2        | 70.3           |

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