

Friday, 18 October 2019

Home owners and renters take different views on the level of future inflation

Surveyed in September, Australians as a whole said they expected inflation to increase by 4% annually over the next two years. This is up very slightly (0.1%) on how they were feeling the previous month, but it is down a little (0.3%) on their expectations a year earlier.

However there was a notable difference in the expectations of home owners compared to renters, with the latter taking a much more pessimistic outlook.

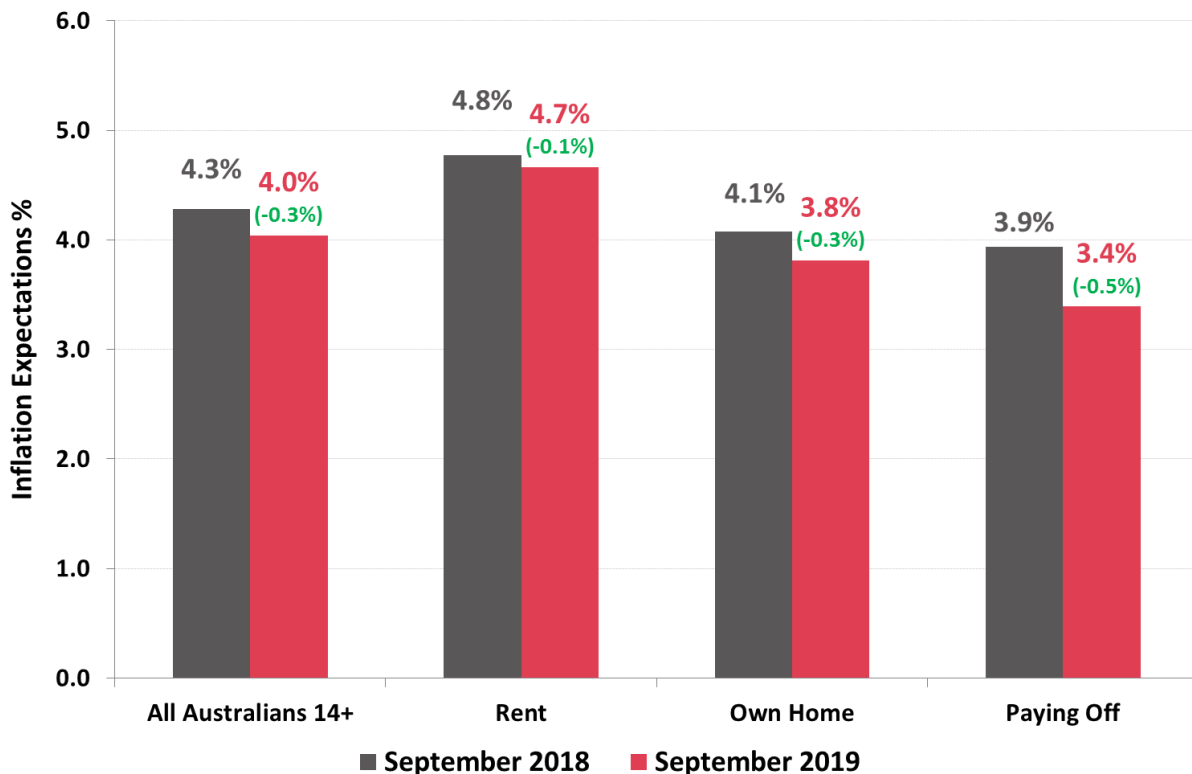
Renters expect inflation to rise 4.7% over the next two years, while home owners expect inflation of 3.8% and those paying off mortgages are expecting only a 3.4% rise.

September Inflation Expectations are based on personal interviews with a nationally representative sample of 4,012 Australians aged 14+. October survey responses will reveal the effect of the RBA's decision to cut interest rates earlier this month, the third such cut this year, taking them to a record low of 0.75%.

"Australian Inflation Expectations have dropped compared to a year ago, but appear to have stabilised at around 4% over the last few months after reaching a low of 3.7% in April – the month before this year's important Federal Election", says Roy Morgan CEO Michele Levine.

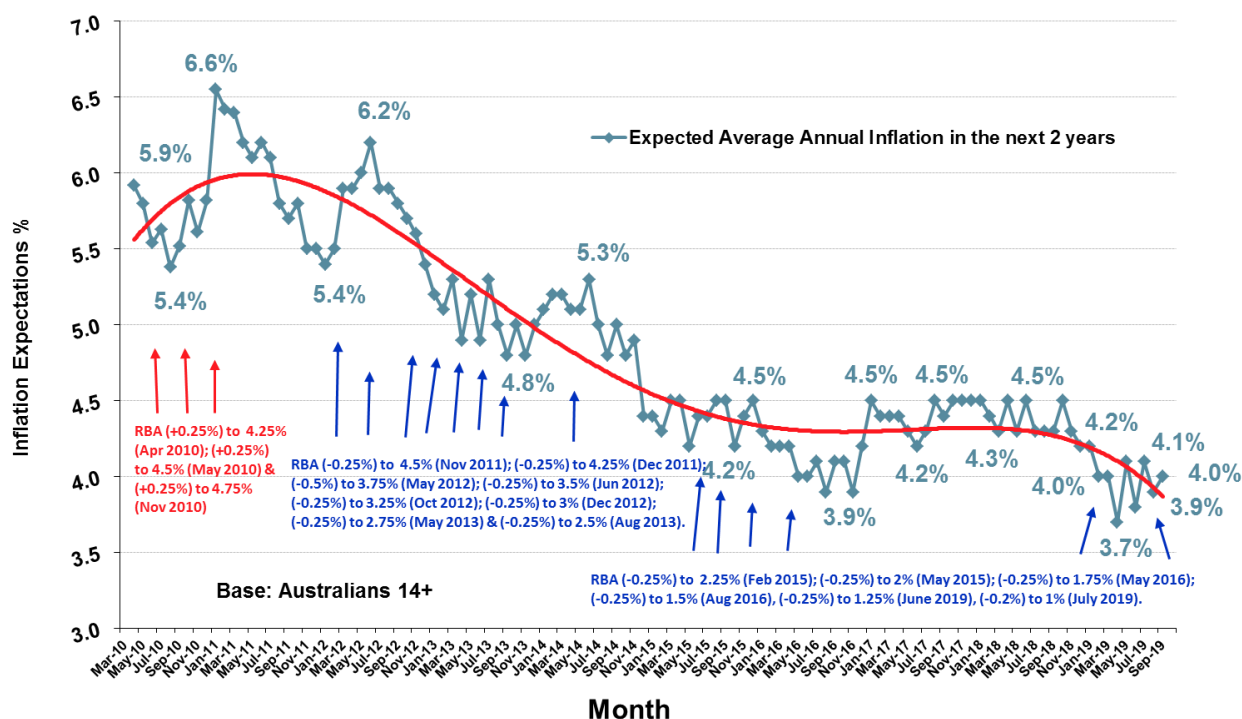
"Australians currently paying off their mortgages are the most optimistic about inflation, which makes sense when one considers they are the biggest beneficiaries of the RBA's decision to cut interest rates to a record low."

Inflation Expectations by Home Ownership Status: September 2018 cf. September 2019



Source: Roy Morgan Single Source: Sept. 2018, n=4,304 and Sept. 2019, n=4,012. Base: Australians 14+.

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



Source: Roy Morgan Single Source: Interview s an average of 4,000 Australians per month aged 14+ (Apr. 2010 – Sep. 2019).

Inflation Expectations highest in big States of NSW, Victoria and Queensland

Analysing Inflation Expectations by State shows higher than average results for Victoria (4.2%), Queensland (4.2%) and New South Wales (4.1%).

Inflation Expectations in South Australia are in line with the national figure at 4% and there are significantly lower than average results for both Western Australia (3.6%) and Tasmania (3.6%).

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.

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

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Related research findings

Visit the Roy Morgan Online Store for a comprehensive range of profiles for discrete [geographic regions within Australia](#) including the States of [New South Wales](#), [Victoria](#), [Queensland](#), [Western Australia](#), [South Australia](#), [Tasmania](#) and defined Australian [Country Regions](#) and also [Capital Cities](#).

Compiled with data from Roy Morgan's Single Source survey (the largest of its kind in the world, with 50,000 respondents p.a), these ready-made profiles provide a broad understanding of the target audience, in terms of demographics, attitudes, activities and media usage in Australia.

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) If respondent says more than 5%: "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 – 2019)

<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>
2010	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	5.9	5.8	5.5	5.6	5.4	5.5	5.8	5.6	5.8	5.7
2011	6.6	6.4	6.4	6.2	6.1	6.2	6.1	5.8	5.7	5.8	5.5	5.5	6.0
2012	5.4	5.5	5.9	5.9	6.0	6.2	5.9	5.9	5.8	5.7	5.6	5.4	5.8
2013	5.2	5.1	5.3	4.9	5.2	4.9	5.3	5.0	4.8	4.9	4.8	5.0	5.0
2014	5.1	5.2	5.2	5.1	5.1	5.3	5.0	4.8	5.0	4.8	4.9	4.4	5.0
2015	4.4	4.3	4.5	4.5	4.2	4.4	4.4	4.5	4.5	4.2	4.4	4.5	4.5
2016	4.3	4.2	4.2	4.2	4.0	4.0	4.1	3.9	4.1	4.1	3.9	4.2	4.1
2017	4.5	4.4	4.4	4.4	4.3	4.2	4.3	4.5	4.4	4.5	4.5	4.5	4.4
2018	4.5	4.4	4.3	4.5	4.3	4.5	4.3	4.3	4.3	4.5	4.3	4.2	4.4
2019	4.2	4.0	4.0	3.7	4.1	3.8	4.1	3.9	4.0				4.0
Monthly Average	4.9	4.8	4.9	4.9	4.9	4.9	4.9	4.8	4.8	4.9	4.9	4.8	4.9

Overall Roy Morgan Inflation Expectations Average: 4.9

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