



Wednesday, 18 September 2019

## Inflation Expectations down to 3.9% in August

**In August, Australians expected annual inflation of 3.9% over the next two years. This is down 0.2% on July and down 0.4% on a year ago in August 2018.**

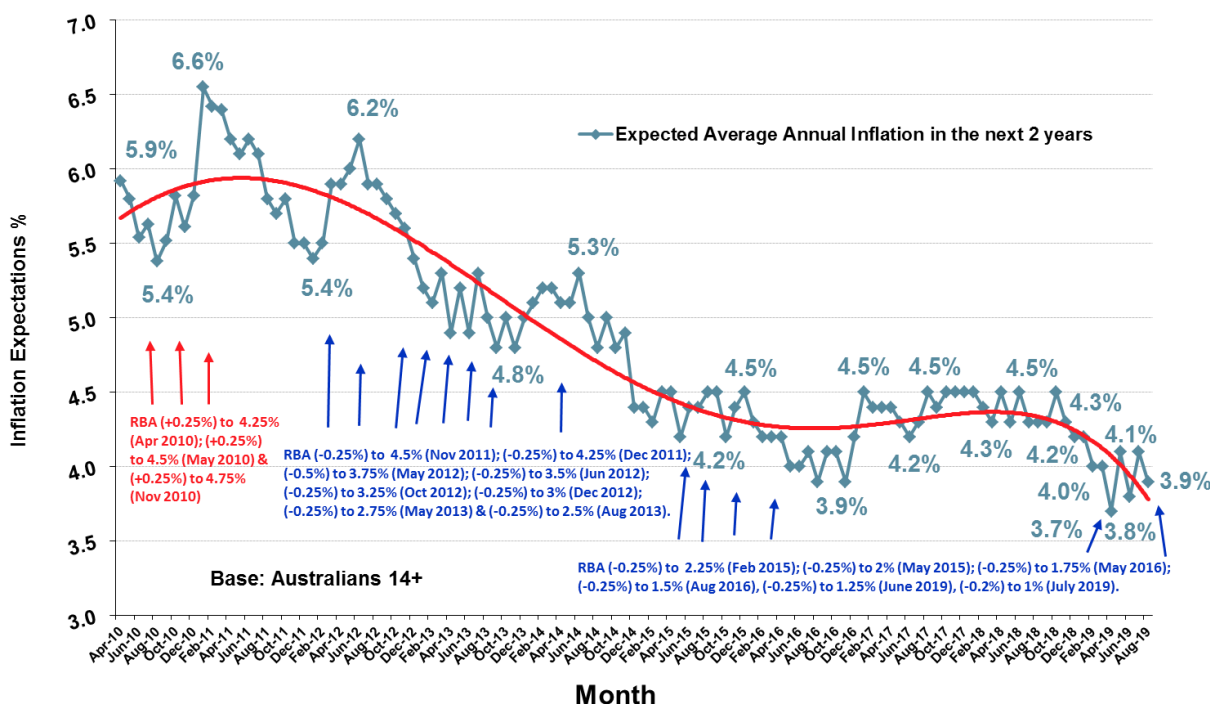
Analysing Inflation Expectations by gender and age compared to a year ago shows the biggest declines have been for women of all ages. Despite this, women continue to have higher Inflation Expectations than men across all age groups. **See below for a full analysis of these results in more detail.**

Inflation Expectations decreased in August after the ABS reported Australia experienced its slowest GDP growth since the GFC in the year to June 2019 of only 1.4%.

These are the latest findings from Roy Morgan's Single Source Survey which is based on in-depth personal interviews conducted face-to-face with over 50,000 Australians per annum in their own homes. Inflation Expectations in August are based on personally interviewing a nationwide representative sample of 3,988 Australians aged 14+.

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](#).

### Roy Morgan Inflation Expectations Index – 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 – Aug. 2019).

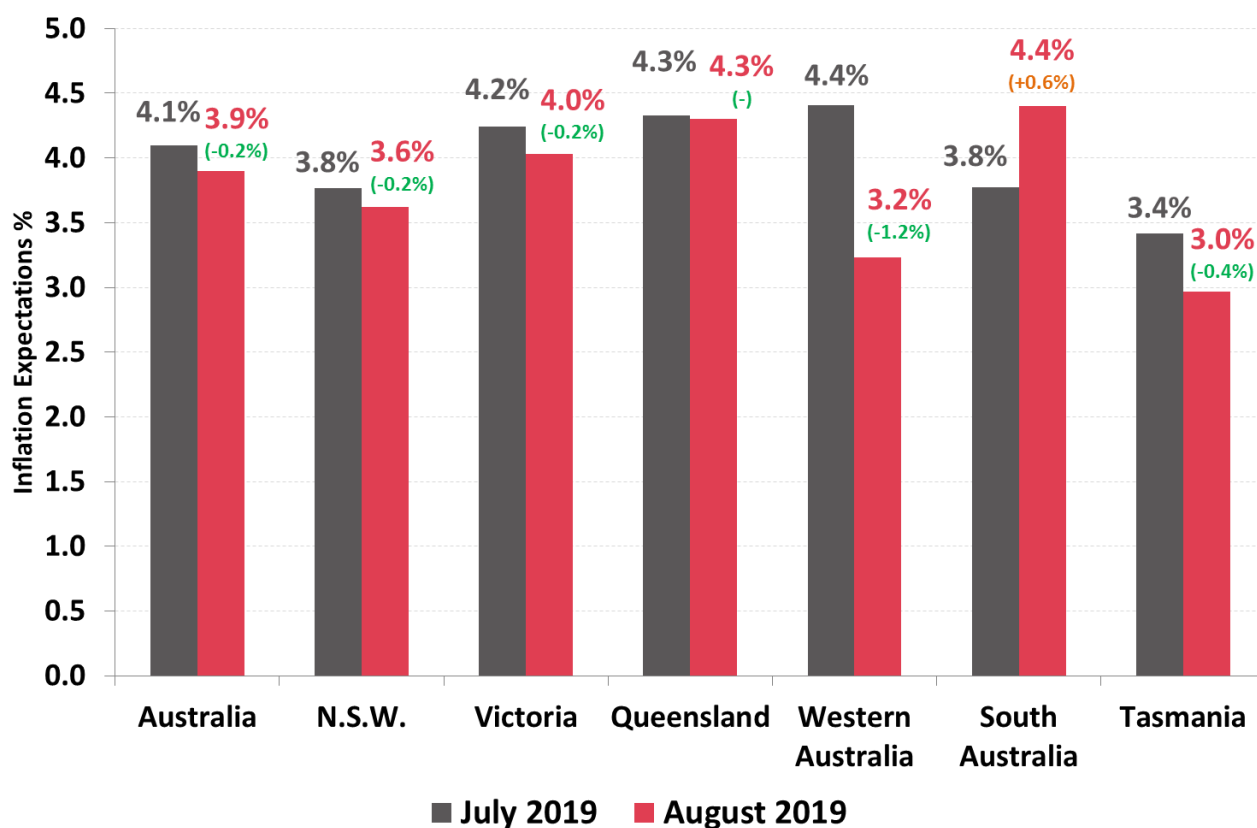
## Inflation Expectations drop in NSW, Victoria and Western Australia but up in South Australia

Analysis of Inflation Expectations by State shows decreases in Australia's two largest States and a significant decline in Western Australia drove the index down in August.

Inflation Expectations fell by 0.2% to 3.6% in New South Wales and by 0.2% to 4% in Victoria. The decline in Western Australia was steeper, down by 1.2% to 3.2%. There was also a decline in Tasmania in which Inflation Expectations dropped 0.4% to 3% and are now the lowest in Australia.

In contrast Inflation Expectations were unchanged at 4.3% in Queensland and bucked the trend elsewhere in Australia by increasing 0.6% to 4.4% in South Australia which now has the highest Inflation Expectations of any State.

### Inflation Expectations by State: July 2019 cf. August 2019



Source: Roy Morgan Single Source: July 2019, n=5,031 and August 2019, n=3,988. Base: Australians 14+.

## Inflation Expectations significantly higher for Women in all age groups

Analysing Inflation Expectations in Australia by gender and age reveals higher Inflation Expectations for women than men in all age groups and highest of all for young women aged 14-34 years old.

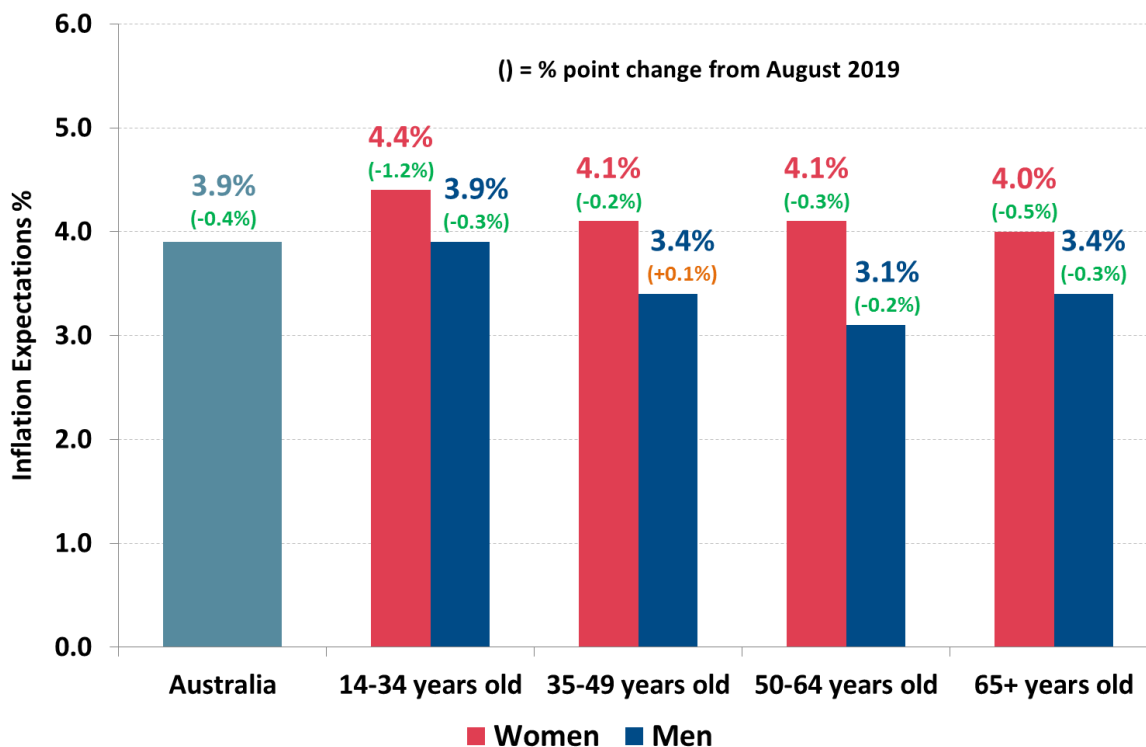
Inflation Expectations for women aged 14-34 years old have declined significantly over the past year, down 1.2% to 4.4%, but are still clearly higher than for men of the same age at 3.9% (down 0.5%).

In fact Inflation Expectations have fallen more for women than men over the past in each age group measured. The biggest gap remains for those aged 50-64 years old where women expect inflation 4.1% (down 0.3%) compared to 3.1% for men (down 0.2%).

Men in this age group have the lowest Inflation Expectations of any age group measured.

In contrast the women with the lowest Inflation Expectations are those aged 65+ years old at 4%, down 0.5% on a year ago. Men in this age group now have Inflation Expectations of 3.4%, down 0.3% on a year ago.

## Inflation Expectations by Gender & Age : August 2018 cf. August 2019



Source: Roy Morgan Single Source: August 2018, n=4,385 and August 2019, n=3,988. Base: Australians 14+.

**Michele Levine, CEO, Roy Morgan, says Inflation Expectations fell 0.2% to 3.9% in August and are down 0.4% from a year ago as the Australian economy deals with lower house prices and an uncertain global economic picture:**

*"Roy Morgan Inflation Expectations fell by 0.2% to 3.9% in August continuing a run of low readings for the indicator. Inflation Expectations have now averaged only 3.9% for the past five months since April in the lead up to the Federal Election.*

*"Inflation Expectations are down significantly on a year ago as lower housing prices wash through the economy. Global economic uncertainties are also in the background with ongoing trade tensions between the US and China, uncertainty about the UK's slated exit from the EU next month and increasing tensions in the Middle East all providing a degree of concern.*

*"Analysing Inflation Expectations by gender and age shows women have contributed more to the fall over the last year than men. However women continue to have clearly higher Inflation Expectations than men in every age group. The differences range from 0.5% for 14-34 year olds (Women 4.4% cf. men 3.9%) up to 1% for 50-64 year olds (Women 4.1% cf. men 3.1%).*

*"If Inflation Expectations remain subdued over the coming months there is a good chance the RBA will follow up its consecutive interest rate cuts in June and July with further cuts later in the year in an effort to stimulate the economy.*

*"Contact Roy Morgan to learn more about the Inflation Expectations of Australians as well as other important indicators such as [Consumer Confidence](#), [Business Confidence](#) as well as Australia's real [unemployment](#) and [under-employment](#)."*

This in-depth face-to-face research on Australian inflation expectations was conducted during the month of August 2019 with an Australia-wide cross-section of 3,988 Australians aged 14+.

**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](#).

Browse our Online Store for an extensive range of reports on Inflation Expectations and [Consumer Confidence](#), [Business Confidence](#), [Federal voting intention](#) and many other profiles.

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.

## About Roy Morgan

Roy Morgan is the largest independent Australian research company, with offices in each state of Australia, as well as in the United States and the United Kingdom. A full service research organisation specialising in omnibus and syndicated data, Roy Morgan has over 75 years' experience in collecting objective, independent information on consumers.

## 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

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

**Overall Roy Morgan Inflation Expectations Average: 4.9**