

CASiE: A Survey of Consumer Attitudes, Sentiments and Expectations

45 years of tracking the Australian economy through booms and busts

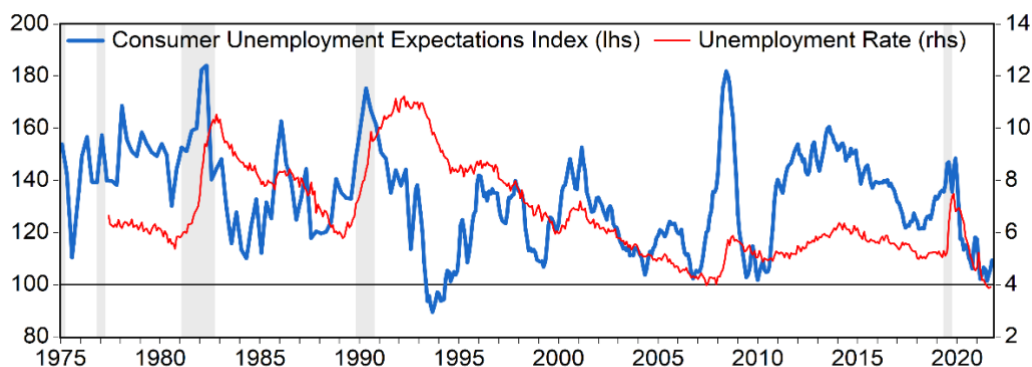
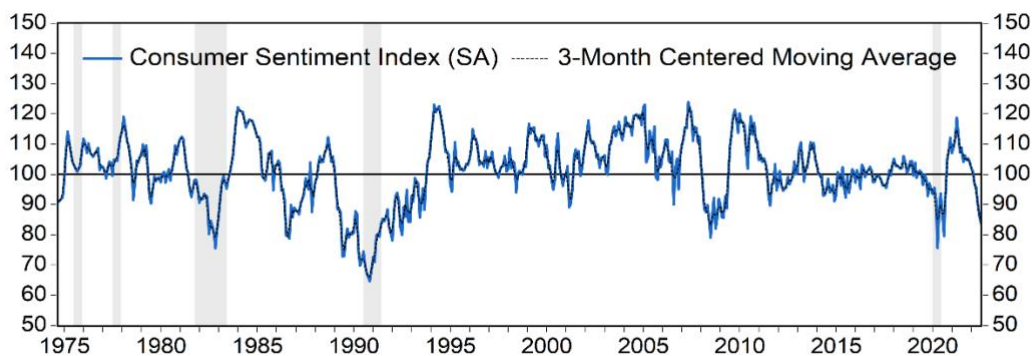
CASiE is a survey which began in 1975 and it is designed to capture consumer confidence in the state of the economy, expectations of employment and inflationary pressures. Over the years, the survey has been expanded to include questions about expectations of wage growth, house prices and most recently, mortgage rates.

CASiE is a monthly survey of 1200 responses. The sample is stratified by gender, location and age to be representative of the Australian population (aged 18+).

CASiE is a repeated cross-sectional survey and demographic features of the respondents include their income and education, employment status (full-time/part-time, self-employed or employed on a fixed/continuing basis) and housing status (renter, mortgagor, outright owner). Unit record data is available from 1995.

This document contains examples of insights from the Survey, and the Reports based on the Survey.

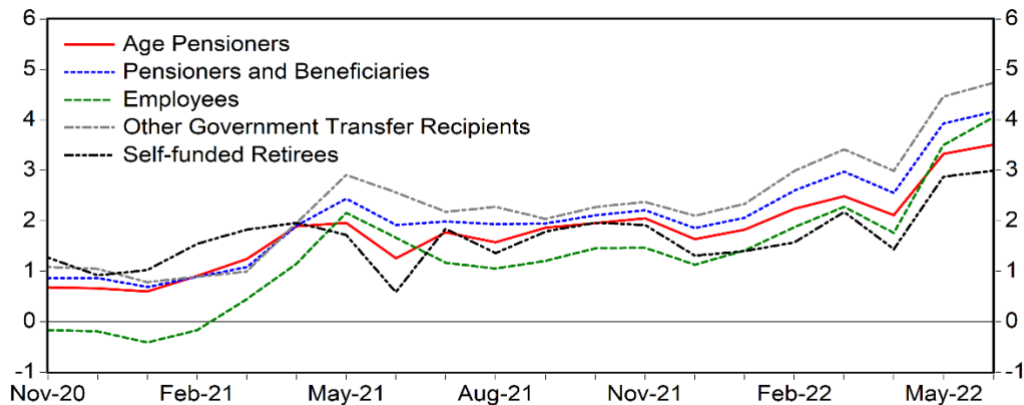
Rate hikes and surging inflation push sentiment to new lows ... but confidence around the labour market remains strong



Source: Melbourne Institute. Notes: shaded areas indicate Australian recessions.

Monthly Cost-of-Living pressures rise substantially for employees with rate hikes

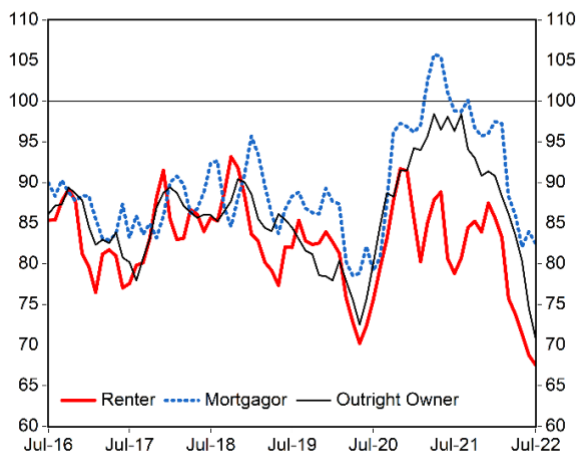
New monthly Cost-of-Living measures produced by the Melbourne Institute reveal that record low interest rates and fiscal policy benefitted employee households in 2020, but looking forward, cost of living pressures seem likely to rise further for interest sensitive employee households.



Notes: Year-end percentage change.
Source: Melbourne Institute.

More renters reported worsening family finances in the last 12 months and growing proportion of renters in relatively more disadvantaged areas

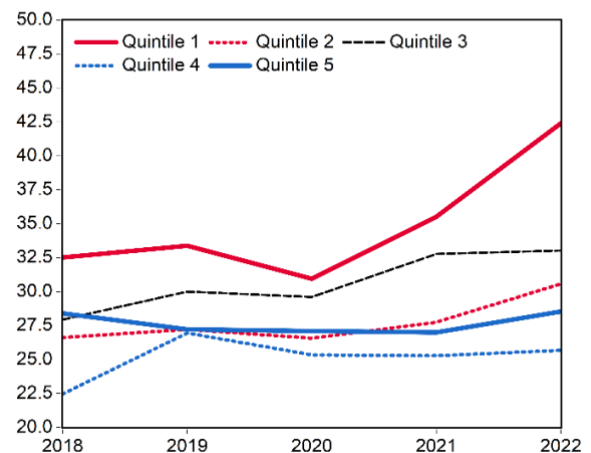
Current Family Finance Index by Housing Status



The Current Family Finance Index is the difference between the weighted proportion of “better-offs” less “worse-offs”, in the last 12 months, plus 100. Values below 100 indicate more people are worse-off.

Source: Melbourne Institute.

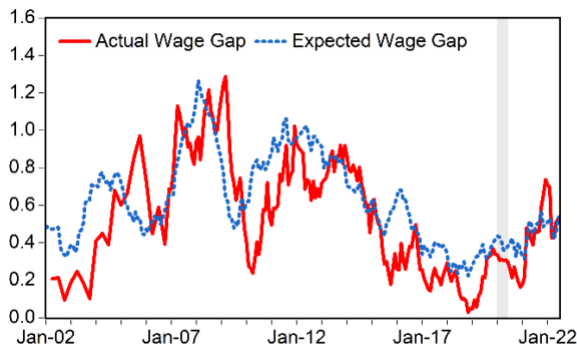
Proportions of Renters by SIEFA IER Quintile



The SEIFA (Socio-Economic Indexes for Areas) are developed by the ABS. Each postcode is assigned a ranking with decile 1 to 10 corresponding with most to least relative social-economic disadvantage.

Source: Melbourne Institute, Australian Bureau of Statistics.

Gender Total Pay Gaps
(Male less Female, 12-month moving averages, percentage points)

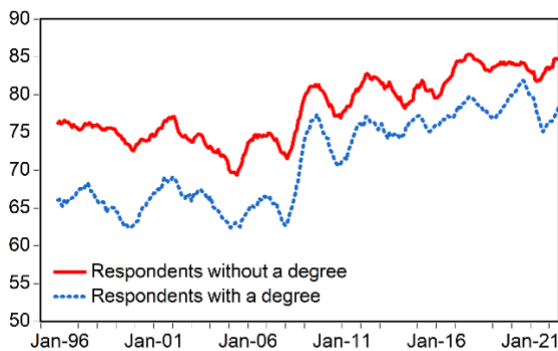


Source: Melbourne Institute.

Gender total pay gaps narrow during downturns, and widen in the recovery phase of the business cycle...

- Gender total pay gaps narrowed during periods of low growth (e.g., early 2000s, GFC and during COVID), and widened during periods of strong economic activity (as in the recovery phase of the business cycle).
- This suggests that a broader economic perspective would help improve understanding of the persistence and drivers of the gender pay gap.

Financial Vulnerability by Education Attainment
(Proportion, 12-month moving averages, %)

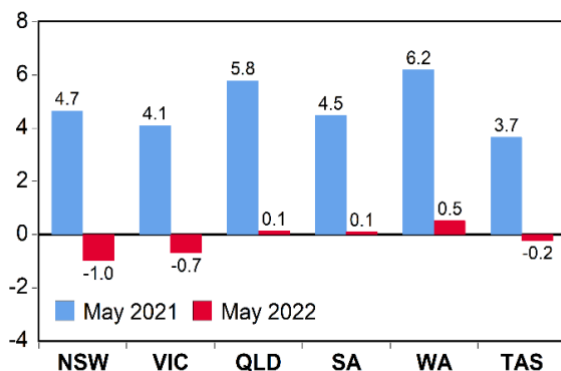


Source: Melbourne Institute.

Majority of Australians reports being financially vulnerable...

- More than 50% of Australians, regardless of educational attainment, report that they are financially vulnerable (i.e., their family finances are worse-off or the same compared to a year ago).
- This suggests that improving educational attainment, by itself is insufficient to improve household financial status, without accompanying improvements in the broader economic environment.

State Leading Indexes of Economic Activity
(Year-ended deviation-from-trend growth, %)



Source: Melbourne Institute.

Growth in activity continues to slow in Australia (especially in NSW and Victoria)

- Despite variations in the rate of economic activity across the states, growth in Australia has slowed markedly post-pandemic and expected to be low in the near future.
- Weaker growth prospects in NSW and VIC, are driven by sharper declines in their housing market activities and by considerably weaker family financial conditions as reported by their residents.

The information noted here are covered in the monthly Reports listed below

- Westpac-MI Survey of Consumer Sentiment: Australia
- Westpac-MI Survey of Consumer Sentiment: NSW, VIC, QLD, WA, SA TAS
- MI Consumer Inflationary and Wage Expectations Report
- Monthly Inflation Gauge and the Cost of Living Report
- Westpac MI Leading Indicator of Activity: Australia
- MI Leading Indicator of Economic Activity: NSW, VIC, QLD, WA, SA, TAS
- Westpac-MI House Price Expectations Index Report (includes Time to Buy a Dwelling Index)
- Westpac-MI Unemployment Expectations Report

Research insights into economic behaviour based on CASiE data: recent publications:¹

- Botha, F. and Nguyen, V.H. (2022) Opposite Nonlinear Effects of Unemployment and Sentiment on Male and Female Suicide Rates: Evidence from Australia, *Social Science & Medicine*, 292(January).
- Tsiaplias, S. (2021) Consumer inflation expectations, income changes and economic downturns. *Journal of Applied Econometrics*, 36(6), 784-807.
- Gillitzer, C., Prasad N., and Robinson, T. (2021) Political Attitudes and Inflation Expectations: Evidence and Implications, *Journal of Money, Credit and Banking*, 53(4), 605-634.
- Broadway, B. and de New, J.P. (2021) The Importance of Economic Expectations for Retirement Entry. *Review of Income and Wealth*, 67,37-60.
- Claus, E. and Nguyen, V.H. (2020) Monetary Policy Shocks from the Consumer Perspective. *Journal of Monetary Economics*, 114, 159-173.
- Tsiaplias, S. (2020). Time-Varying Consumer Disagreement and Future Inflation, *Journal of Economic Dynamics and Control*, 116 (July 2020).
- Bubonya, M., Cobb-Clark, D.A., Christensen, D., Johnson, S.E., Zubrick, S.R. (2019) The Great Recession and Children's Mental Health in Australia, *International Journal of Environmental Research and Public Health*, 537.
- Broadway, B., and Haisken-DeNew, J.P. (2019) Keep calm and consume? Subjective uncertainty and precautionary savings. *Journal of Economic and Finance*, 43, 481–505.
- Claus, E. and Nguyen, V.H. (2018) Consumptor economicus: How do consumers form expectations on economic variables? *Journal of Economic Behavioural and Organization*, 152, 254-275.
- Gillitzer, C., and Prasad, N. (2018) The Effect of Consumer Sentiment on Consumption: Cross-Sectional Evidence from Elections. *American Economic Journal: Macroeconomics*, 10(4), 234-69.
- Lim, G.C. and Tsiaplias, S. (2018) Interest Rates, Local Housing Markets and House Price Over-reactions, *Economic Record*, 94(S1), 33-48.

For more information about Macro@MI and other Reports, see:

<http://melbourneinstitute.unimelb.edu.au/research-programs/macroeconomics>

¹ For publications using CASiE, before 2016, see: <https://melbourneinstitute.unimelb.edu.au/casie/studies-using-casie>