

CONSUMER

STILL UNCERTAIN

confidence

Recent consumer sentiment surveys by Genworth Financial and Allianz have revealed very different levels of confidence in Australia.

GENWORTH HOME BUYER CONFIDENCE INDEX MARCH 2012

The Home Buyer Confidence Index measures the sentiment of mortgage holders and potential mortgage holders about their loan and the overall market.

The Index is based on five factors: the proportion of monthly income used to service debts, the maximum loan-to-value ratio (LVR) borrowers are comfortable borrowing, their last 12 months' repayment history, their next 12 months' repayment expectations and whether it is a good time to buy a home.

96.3

The overall home buyer confidence score – 2.1% higher than September 2011.

99

The confidence score for first-home buyers – 1.5% higher than September 2011.

39%

of home buyers believe it's now a good time to buy a home, 2% higher than the September result and the highest level seen since March 2011.

22%

of homeowners have experienced mortgage stress in the last 12 months, compared to 25% in September 2011.

MORTGAGE STRESS CAUSED BY INTEREST RATES HAS FALLEN FROM

50%

IN SEPTEMBER 2011 TO

32%

IN MARCH 2012.

7%

of potential first-home buyers said the area they wished to buy in was too expensive, down from 21% in September 2011

19%

of first-home buyers said they would be unable to afford repayments – down from 38% in September 2011.

30%

of potential first-home buyers said they were unable to save for a deposit, a drop from 45% in September 2011.

84%

of potential first-home buyers and 78% of average home buyers are not expecting any difficulties meeting repayments in the coming year.

What they said

Ellie Comerford, President and CEO of Genworth, says:

"Despite lenders not passing on the full 50 basis points of cuts, we can see the lowering of the cash rate by the RBA since September 2011 has made a significant impact on borrower sentiment.

"While cost-of-living pressures and an increase in unemployment are likely to strain households, currently these problems are being offset by positive factors such as wage growth, low inflation and interest rate cuts.

"The Australian dream of home ownership is not fading, as increasing affordability improves borrower sentiment."

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ALLIANZ FUTURE OPTIMISM INDEX MARCH 2012

The bimonthly index collated by Allianz and Newspoll measures Australians' level of optimism about the future of the economy. Respondents are asked to rank their level of optimism from zero to 10. These results are then calculated into the overall index score and then broken down into different demographics.

Since the survey began in November 2010, the highest score (therefore, most optimistic) is 32, recorded by NSW participants in November 2010. The lowest (most pessimistic) score is -4, recorded by Coalition voters in July 2011.

The highest-ever overall national index score is 20, recorded in November 2010, and the lowest is 5, recorded in this survey.

Region	SEP-11	NOV-11	JAN-12	MAR-12
National	9	11	8	5
NSW	6	11	7	6
Vic	10	11	3	5
Qld	7	10	4	1
SA	14	6	4	9
WA	27	15	27	15
Gender	SEP-11	NOV-11	JAN-12	MAR-12
Men	14	12	12	7
Women	6	9	4	4
Age	SEP-11	NOV-11	JAN-12	MAR-12
18-34	9	8	11	10
35-49	7	10	5	0
50-64	10	13	3	-3
65+	17	15	13	18

WHAT THEY SAID

Terry Towell, Allianz Australia Managing Director, says:

"Overall, Australians' optimism about the future of the economy has hit a low point in March.

"Looking at the results in more detail reveals that the overall national fall in optimism is being driven by a less optimistic outlook among men, those living in Queensland and WA, and those aged between 35 and 64. In all cases, their optimism about the future of the economy has hit the lowest levels recorded in the last 18 months.

"The overall fall in optimism about the economy is also driven by a fall in sentiment among Western Australians who, while still more optimistic than other Australians, have seen their optimism score nearly half since January.

"Offsetting the fall in optimism in Queensland and WA, has been small increases in the optimism scores of Victorians and South Australians, as well as those aged over 65 years."