Consumer confidence lifts the most in 10½ months
Skilled job vacancies fall the most in 6 years

Consumer sentiment; Skilled Job Vacancies

- **Consumer confidence**: The weekly ANZ-Roy Morgan consumer confidence rating rose by 3.6 per cent – the biggest increase in 10½ months - to 119.5 points. Consumer sentiment is above both the average of 114.3 points held since 2014 and the longer term average of 113.1 points since 1990.

- **Economic conditions**: Consumer views on the economic outlook over the next year rose by 2 per cent to 114.4 points – the highest level in 19 weeks. And sentiment on economic conditions over the next five years rose by 7.7 per cent to 122.0 points – the highest level since 2013.

- **Skilled job vacancies**: In trend terms, the Internet Vacancy Index (IVI) fell by 1.5 per cent to 83.1 points in March - the biggest fall in six years. The index is 3.8 per cent lower than a year ago, but is still 20.7 per cent above the level recorded in March 2014.

*The consumer confidence figures have implications for retailers, and other consumer-focussed businesses. The internet job vacancies data is a leading indicator of the job market and therefore important for consumer-focussed stocks and companies.*

What does it all mean?

- Aussie consumers think that the economy is in pretty good shape. And for good reason. Despite a recent weakening in the leading indicators of employment growth – such as skilled internet job vacancies – actual job creation remains strong. Almost 26,000 jobs were created in March. Over the year to March, 304,700 jobs have been added. Impressively, 289,800 or 95 per cent of the jobs created were full time.

- The prospect of extended holidays over the Easter/Anzac Day period would have lifted consumer spirits. And optimism over tax cuts, falling fixed mortgage rates, low goods prices, rising interest rate cut expectations and solid Chinese economic data probably boosted consumer perceptions of better economic times ahead.

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*Source: ANZ, Roy Morgan Research, CommSec*
What do the figures show?

Consumer Sentiment

- The weekly ANZ-Roy Morgan consumer confidence rating rose by 3.6 per cent – the biggest increase in 10½ months – to 119.5 points. Consumer sentiment is above both the average of 114.3 points held since 2014 and the longer term average of 113.1 points since 1990.
- **Four out of the five major components** of the index rose last week:
  - The estimate of family finances compared with a year ago was **up from +5.4 points to +9.2 points**;
  - The estimate of family finances over the next year was **up from +22.9 points to +29.3 points**;
  - Economic conditions over the next 12 months was **up from +12.2 points to +14.4 points**;
  - Economic conditions over the next 5 years was **up from +13.3 points to +22.0 points**;
  - The measure of whether it was a good time to buy a major household item was **unchanged** at +22.6 points.
- The measure of inflation expectations rose from a 3.9 per cent to 4.2 per cent.

Skilled Vacancies

- The Department of Jobs and Small Business Internet Vacancy Index fell by 1.5 per cent – the biggest fall in six years - to 83.1 points in March.
- It was the third consecutive monthly decline and the index was revised down in February to 84.4 points or a decline of 1.2 per cent (previously reported as down 0.9 per cent).
- The index is 3.8 per cent lower than a year ago, but is still up by 20.7 per cent on the level recorded in March 2014.
- **Decreases in job advertisements were recorded all eight occupational groups in March** with the strongest declines recorded for Labourers (down by 1.8 per cent), Sales Workers (down by 1.6 per cent), Clerical and Administrative Workers (down by 1.4 per cent) and Technicians and Trades Workers (down by 1.4 per cent).
- **Over the year to March 2019, job advertisements fell in six occupational groups**, The strongest declines were recorded for Machinery Operators and Drivers (down by 14.9 per cent), followed by Labourers (down 13.2 per cent) and Sales Workers (down by 11.8 per cent). Community and Personal Service Workers (up by 5.3 per cent) and Professionals (up by 3.1 per cent) were the only occupational groups to record an increase in job advertisements.
- **Over the year to March 2019, the largest increases in job advertisements at a more detailed occupational level** were recorded for Health and Welfare Support Workers (up by 29.4 per cent), Health Diagnostic and Therapy Professionals (up by 26.4 per cent), Medical Practitioners and Nurses (up by 23.2 per cent), Legal, Social and Welfare Professionals (up by 11.0 per cent) and Carers and Aides (up by 8.5 per cent).
- **The largest decreases in job advertisements at the detailed occupational level** were recorded for Other Labourers (down by 17.5 per cent), Drivers and Store persons (down by 16.5 per cent), Sales Assistants and Salespersons (down by 12.2 per cent) and Sales Representatives and Agents (down by 12.0 per cent).
- **Job vacancies decreased in seven states and territories in March**: Northern Territory (down by 2.5 per cent); Victoria (down 1.8 per cent); Tasmania (down by 1.6 per cent); NSW (down by 1.5 per cent); Queensland (down by 0.9 per cent); Western Australia (down by 0.6 per cent) and South Australia (down by 0.3 per cent). But vacancies lifted in the ACT by 0.8 per cent.
- **Over the year to March, job vacancies rose in three of the states and territories**: Tasmania (up by 19.5 per cent); ACT (up 3.4 per cent) and Western Australia (up by 1.0 per cent). Vacancies fell in Northern Territory (down by 10.5 per cent); NSW (down by 6.2 per cent); Queensland (down by 4.3 per cent); South Australia (down by 1.4 per cent) and Victoria (down 0.7 per cent).
What is the importance of the economic data?

- The ANZ/Roy Morgan weekly survey of consumer confidence closely tracks the monthly Westpac/Melbourne Institute consumer sentiment index but the former measure is a timelier assessment of consumer attitudes and is now closely tracked by the Reserve Bank.

- The Department of Jobs & Small Business releases a monthly Internet Vacancy Index. The index is based on a count of online job advertisements newly lodged on three main job boards (SEEK, CareerOne and Australian JobSearch) during the month. The index is the only publicly available source of detailed data for online vacancies, including around 350 occupations (at all skill levels), as well as for all states/territories and 37 regions.

What are the implications for interest rates and investors?

- The Aussie economy – like most global economies – appears to be stabilising after a ‘soft patch’ in late 2018. Despite today’s weaker-than-expected inflation print, economic data releases have broadly improved.

- Data for February (released in April) included: retail sales (up 0.8 per cent), building approvals (up 19.1 per cent), housing finance (up 2.7 per cent) and trade (record surplus of $4.8 billion). Accordingly, Citi’s Australian Economic Surprise Index – which measures data surprises relative to market expectations – is currently near the highest level since August 2017.

- The rising Aussie sharemarket (S&P/ASX200 index is up near 13 per cent so far this year) and the lift in the value of the Aussie dollar (by 0.7 per cent to US71.83 cents) last week were also positive offsets to the negative ‘wealth effect’ of falling property prices.

- But consumers’ perceptions of whether ‘it is a good time to buy a major household item’ remains stuck below the long-run index average of 33.1 points, suggesting that consumers remain cautious about their discretionary spending, especially with petrol prices lifting to six-month highs.

- The Department of Jobs and Small Business’ job ad index is easing from the six-year highs recorded a year ago. But the NAB employment conditions index implies average jobs growth of 20,000 per month, keeping the trend unemployment rate steady at decade lows of 5 per cent.

- Skilled job vacancies remain elevated across an array of occupations. The National Disability Insurance Scheme (NDIS) and ageing population are creating skills shortages in the health services sector. The pace of digital change is supporting employer demand for information professionals. Teachers and farmers are highly sought after in regional areas.

- CommSec expects interest rates to be unchanged for the foreseeable future, but the door remains ajar to a rate cut.

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