

Tuesday, 28 January 2020

Price expectations much higher for Young Parents than Young Couples with no children

Australians as a whole expect prices to increase by 4% annually over the next two years, according to Roy Morgan surveys conducted in December. This is a slight increase of 0.1% on expectations in November, but down 0.2% on a year ago.

Comparing price expectations by Household Life-Cycle* shows Young Parents expect prices to increase by 4.5% annually over the next two years – higher expectations than that of any other household type. In contrast, Young Couples who have no children expect price increases of only 3.3% per year.

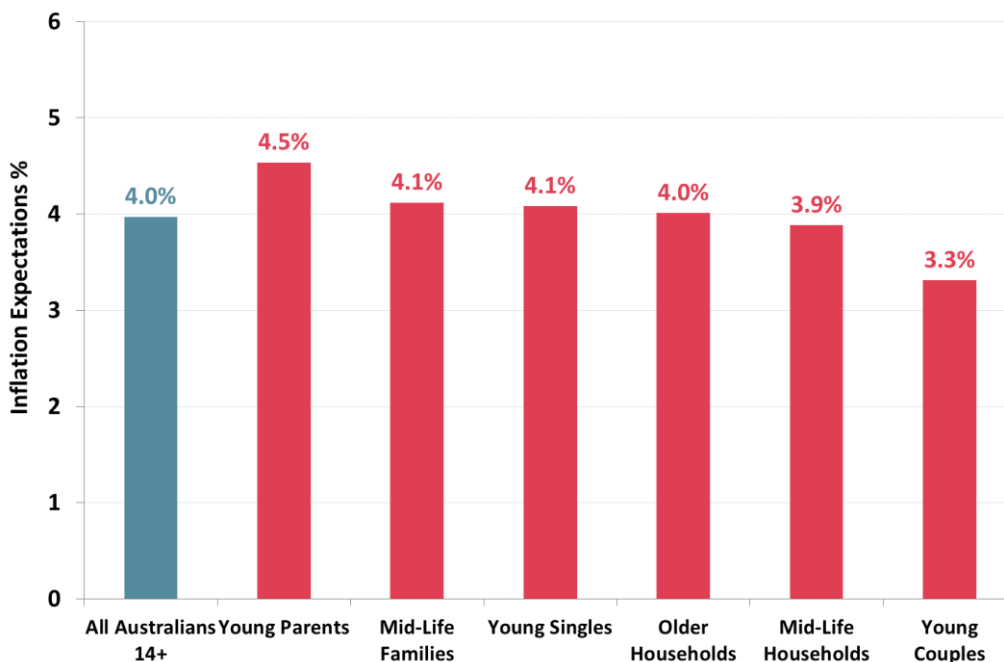
Most Household Life-Cycle segments cluster in the middle between these two, around the national average of 4%. Mid-Life Families (4.1%) and Young Singles (4.1%) are slightly higher, Older Households (4%) are right on the national average and Mid-Life Households (3.9%) are slightly below it.

"Roy Morgan's Inflation Expectations Index measures what Australians believe the future trajectory of prices will be over the next two years. Every Australian brings a unique perspective to the anticipated movement in prices, including which prices are important to them in particular – whether that be food and drink prices, the price at the pump, prices for clothing and footwear, the cost of going to the cricket, or prices for financial products, education, housing or public transport," says Roy Morgan CEO Michele Levine.

"In December, price expectations were at 4%, in line with the average throughout 2019 which was lower than any other year over the past decade. Today's analysis shows the composition of a household plays an important role in determining how Australians expect prices to behave.

"The expectation of Young Parents clearly shows the impact starting a family can have on perceptions. With their growing families, this group is already feeling the pinch and they expect that to continue. This leads to price expectations that are higher than those of older families and households and also higher than their counterparts without young children, who are likely to be enjoying dual incomes without extra expenses such as childcare," said Ms. Levine.

Inflation Expectations by Household Life-Cycle: December 2019



Source: Roy Morgan Single Source: December 2019, n=4,106. Base: Australians 14+.

FOR IMMEDIATE RELEASE

*Household Life-Cycles

The categories are:

- **YOUNG SINGLES:** Head of household is aged under 45, respondent is single, and household has no children under 16*.
- **YOUNG COUPLES:** Head of household is aged under 45, respondent is married/de facto, and household has no children under 16*.
- **YOUNG PARENTS:** Head of household is aged under 45, and household has child(ren) under 16 present (also includes single parents).
- **MID-LIFE FAMILIES:** Head of household is aged between 45 and 64, and household has child(ren) under 16 present.
- **MID-LIFE HOUSEHOLDS:** Head of household is aged between 45-64, and household has no children under 16*.
- **OLDER HOUSEHOLDS:** Head of household is aged 65 or older or retired

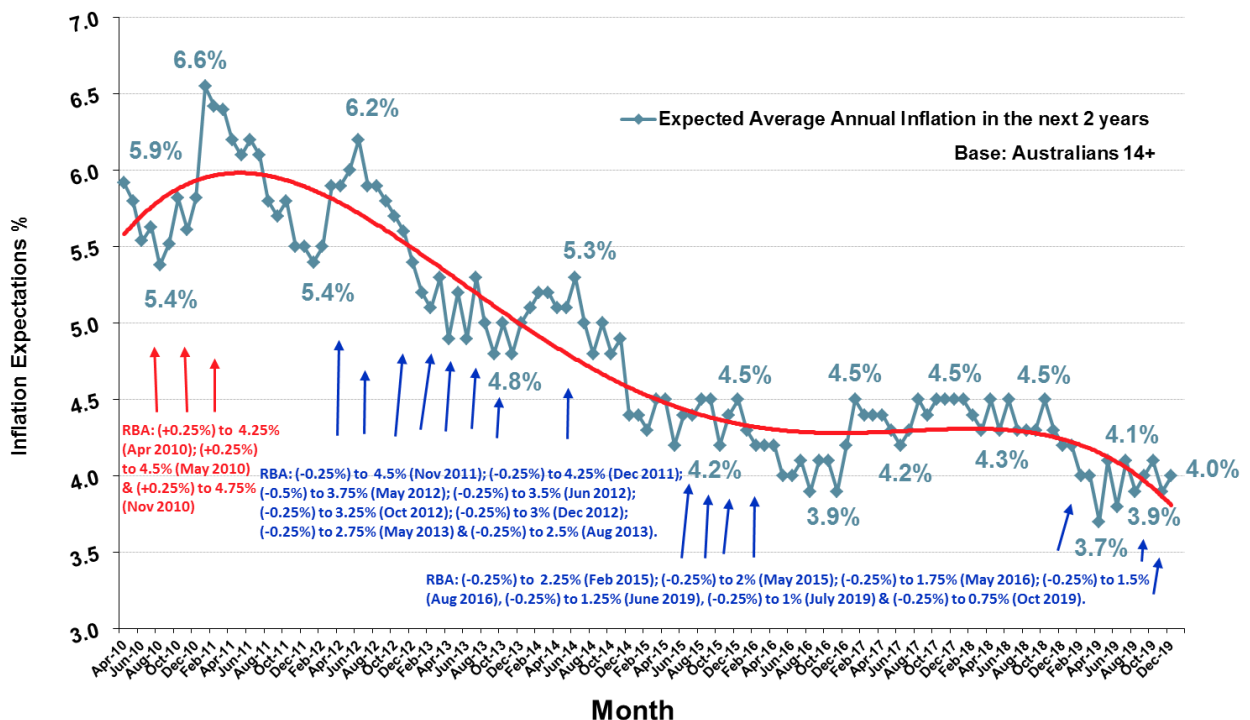
*A small proportion of people in these segments may live in a household where there are children under 16. However such people still qualify for these segments because they are not the parents of those children.

Price expectations highest in Queensland and Tasmania, lowest in WA and SA

There are significant regional differences for price expectations over the next two years. Those in both Queensland (4.6%) and Tasmania (4.5%) have far higher price expectations than anywhere else.

Price expectations in the two largest States of NSW (3.9%) and Victoria (3.8%) are just below the national average while WA (3.7%) and SA (3.7%) have the lowest expectations of all.

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



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

December Inflation Expectations are based on personal interviews with a nationally representative sample of 4,106 Australians aged 14+. Price expectations in 2019 averaged a record low 4% across the year slightly beneath the previous low of 4.1% averaged throughout 2016.

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](#).

Related research findings

Visit the Roy Morgan Online Store for a comprehensive range of profiles on Australians in different Household Life-Cycle segments including [Young Singles](#), [Young Couples](#), [Young Parents](#), [Mid-Life Families](#), [Mid-Life Households](#) and [Older Households](#).

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.

For further comment or information about Roy Morgan's Inflation Expectations data, please contact:

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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.

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) “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	4.1	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	4.8	4.7	4.8	4.9

Overall Roy Morgan Inflation Expectations Average: 4.9