

Tuesday, 11 May 2021

Inflation Expectations virtually unchanged at 3.7% in April – far higher for unemployed (4.5%) than full-time employees (3.4%)

In April Australians expected inflation of 3.7% annually over the next two years, down only 0.1% points on March, although this is the first time since June 2018 that Inflation Expectations are now higher than they were a year ago. Inflation Expectations in April 2020 were at 3.6%.

Inflation Expectations are now 1% point below their long-term average of 4.7% but have increased by 0.5% points since reaching a record low of only 3.2% in August 2020.

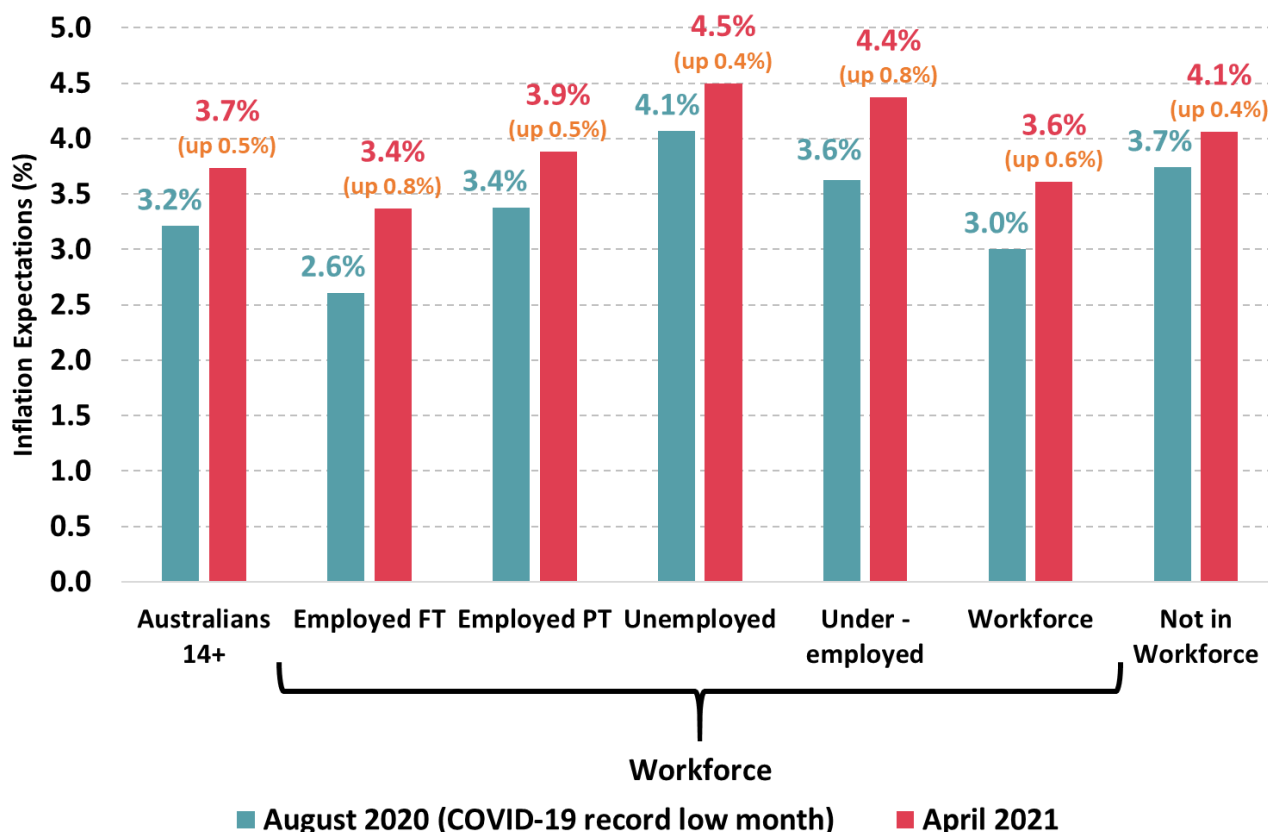
Inflation Expectations are heavily influenced by someone's employment status and unemployed Australians consistently have higher Inflation Expectations than people who are employed or not in the workforce.

Unemployed Australians had Inflation Expectations of 4.5% in April, an increase of 0.4% points since August 2020 when the measure hit a record low.

This is far higher than Australians employed either part-time on 3.9% (up 0.5% points) or full-time on 3.4% (up 0.8% points). Interestingly, Australians who are employed part-time but want more work, the under-employed, have Inflation Expectations of 4.4% (up 0.8% points) – almost as high as the unemployed.

Those Australians not in the workforce who may be retired, on home duties, studying or not working and not looking for work have Inflation Expectations of 4.1% - right in the middle of the employed and unemployed.

Inflation Expectations by Employment Status: August 2020 cf. April 2021



Source: Roy Morgan Single Source: April 2021, n=7,416. Base: Australians aged 14+.

FOR IMMEDIATE RELEASE

Inflation Expectations are again highest in Tasmania and are now lowest in Queensland

On a State-based level Inflation Expectations are again highest in Tasmania at 4.4%, although this is down 0.2% points from March. The measure has ‘run hot’ in Australia’s smallest State and been higher than any other State in every month so far this year.

Last week Tasmanians went to the polls and re-elected the Tasmanian Liberal Government now led by Premier Peter Gutwein for an unprecedented third term. This is the first time in Tasmania’s history the Liberal Party has won three State Elections in a row.

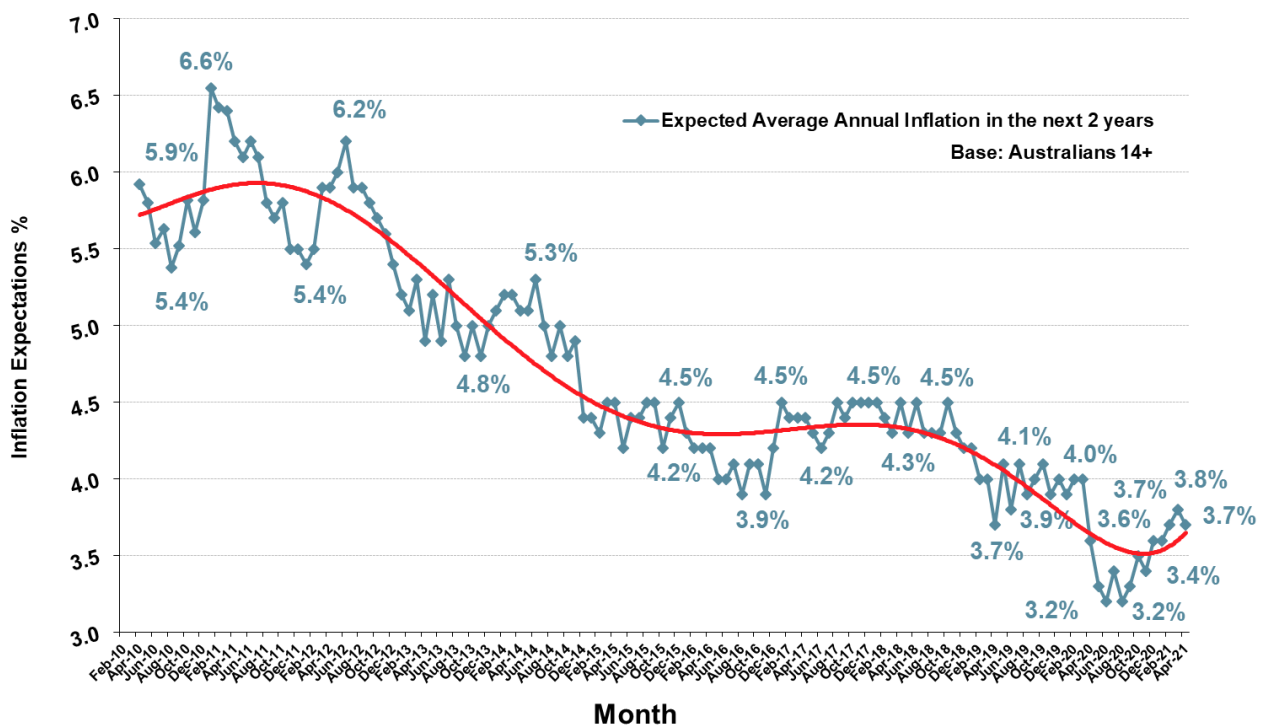
Inflation Expectations are now slightly higher than the national average in NSW at 4% (up 0.4% points from March), WA at 3.8% (down 0.2% points) and SA at 3.8% (up 0.5% points).

Victorian Inflation Expectations are again in line with the national average at 3.7% in April, down 0.1% points from March while Queensland has the lowest Inflation Expectations at 3.5%, down by 0.8% points.

The [ANZ-Roy Morgan Consumer Confidence Rating has continued to recover and was at 112.1 for the month of April 2021](#), an increase of 23pts (+25.8%) since August 2020.

Consumer Confidence for April was the highest monthly figure for the rating since the month of September 2019 (112.8) more than a year ago.

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



Source: Roy Morgan Single Source: Interviewing an average of 4,500 Australians aged 14+ per month (April 2010 – April 2021). See below for a comprehensive list of RBA interest rate changes during the time-period charted above.

Roy Morgan CEO Michele Levine says Inflation Expectations moderated in April, down slightly to 3.7%, but are far higher for unemployed (4.5%) and under-employed (4.4%) Australians:

“Inflation Expectations have stabilised at an average of 3.7% so far during 2021, an increase of 0.2% points on the 2020 annual average of 3.5% - a new record low. Although down slightly in April Inflation Expectations are also up year-over-year for the first time since June 2018.

“The end of the JobKeeper wage stimulus in March as well as the winding back of the ‘boosted’ COVID-19 JobSeeker supplement may have contributed to the small fall in Inflation Expectations in April as the withdrawal of Government support has been a concern for many.

“However, the good news is that despite Government support being reduced the Australian economy appears to be on solid footing with [Roy Morgan Business Confidence hitting a seven-year high of 125.3 in April](#) and the latest [Roy Morgan unemployment figures showing unemployment falling to its lowest since the COVID-19 pandemic](#) began with a record number of Australians now employed.

“Looking at the measure by employment status shows Inflation Expectations have increased across the board since hitting record monthly lows in August 2020. In April Australians employed full-time still have the lowest Inflation Expectations of any employment category at only 3.4%, but this represents an increase of 0.8% points since August 2020 – the largest increase of any employment category.

“As we have seen consistently when looking at Inflation Expectations it is unemployed Australians who perceive prices as rising faster than anyone else. Their Inflation Expectations are now at 4.5%, an increase of 0.4% points since mid-2020.

“If the economic momentum seen in recent months can be maintained in the months ahead we would expect to see Inflation Expectations continue to increase. However, there are clear dangers to this positive outlook with the recent outbreaks of COVID-19 in both Perth and Sydney illustrating that there is the ever-present risk of further border closures and city shutdowns that would reduce prosperity.”

The data for the Inflation Expectations series is drawn from the Roy Morgan Single Source which has interviewed an average of 4,500 Australians aged 14+ per month over the last decade from April 2010 – April 2021 and includes interviews with 7,416 Australians aged 14+ in April 2021.

For comments and information about Roy Morgan’s Inflation Expectations data, please contact:

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The Roy Morgan Consumer Confidence Report – Including Inflation Expectations

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](#)

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.



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 – 2021)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Yearly Average
2010	n/a	n/a	n/a	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
2020	3.9	4.0	4.0	3.6	3.3	3.2	3.4	3.2	3.3	3.5	3.4	3.6	3.5
2021	3.6	3.7	3.8	3.7									3.7
Monthly Average	4.7	4.8	4.7	4.7	4.8	4.7	4.8	4.7	4.7	4.7	4.7	4.6	4.7

Overall Roy Morgan Inflation Expectations Average: 4.7

RBA interest rates changes during the time-period measured: 2010-2020.

RBA – Interest rate increasing cycle (2010):

2010

April 2010: +0.25% to 4.25%; May 2010: +0.25% to 4.75%, November 2010: +0.25% to 5%.

RBA – Interest rate cutting cycle (2011-2013, 2015-2016 & 2019-2020):

2011

November 2011: -0.25% to 4.5%; December 2011: -0.25% to 4.25%.

2012

May 2012: -0.5% to 3.75%; June 2012: -0.25% to 3.5%; October 2012: -0.25% to 3.25%; December 2012: -0.25% to 3%.

2013

May 2013: -0.25% to 2.75%; August 2013: -0.25% to 2.5%.

2014

There were no RBA interest rate changes during 2014.

2015

February 2015: -0.25% to 2.25%; May 2015: -0.25% to 2%.

2016

May 2016: -0.25% to 1.75%; August 2016: -0.25% to 1.5%.

2017

There were no RBA interest rate changes during 2017.

2018

There were no RBA interest rate changes during 2018.

2019

June 2019: -0.25% to 1.25%; July 2019: -0.25% to 1%; October 2019: -0.25% to 0.75%.

2020

March 4, 2020: -0.25% to 0.5%, March 20, 2020: -0.25% to 0.25% & November 6, 2020: -0.15% to 0.10%.

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

