

Monday, 24 February 2020

Inflation expectations much higher among ALP supporters than Liberal, National or Greens supporters

Australians as a whole expect prices to increase by only 3.9% annually over the next two years, according to Roy Morgan surveys conducted in January. This is a slight decrease of 0.1% on December, but down 0.3% on a year ago.

This is the lowest expectation of future price increases to start a year since the series began in 2010 and compares to price expectations of 6.6% annually over the next two years in January 2011.

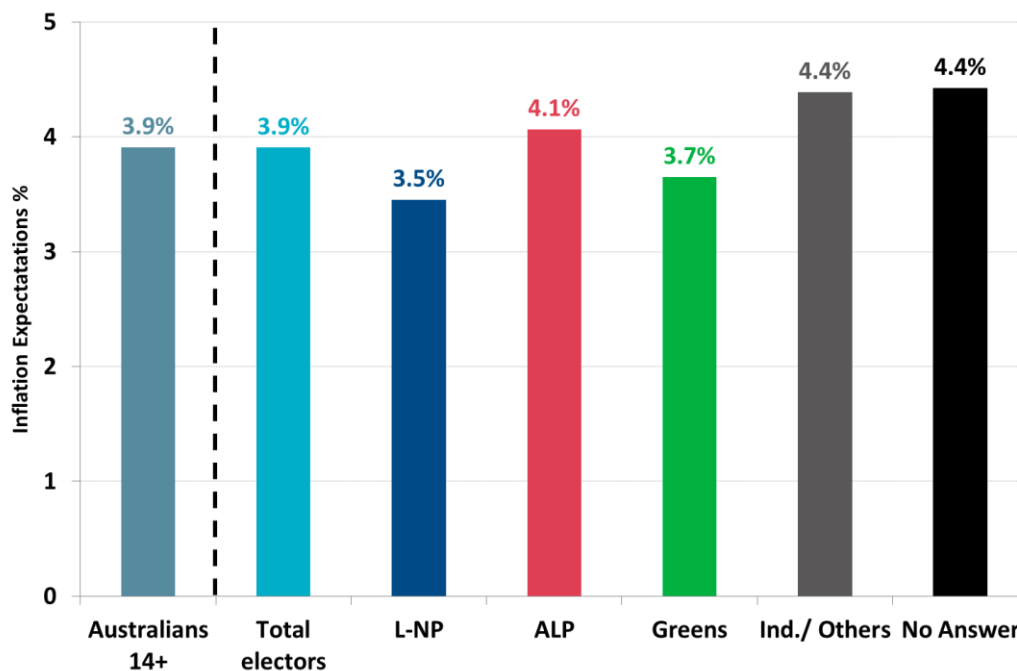
Comparing price expectations by Federal voting intention shows the highest price expectations are held by those voting for Independents/Others at 4.4% annually over the next two years equal to those who can't say who they would vote for – also 4.4%.

In terms of supporters of the major parties ALP supporters expect annual price increases of 4.1% over the next two years which is slightly higher than the national average of 3.9% and significantly higher than both L-NP supporters on 3.5% and also Greens supporters on 3.7%.

"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 footy, or prices for financial products, education, housing or transport," says Roy Morgan CEO Michele Levine.

"Price expectations in January have dropped to only 3.9% and are now below the record low yearly average of 4% in 2019. Importantly, there are clear differences in perceptions of price increases between supporters of different parties. ALP supporters are the only major party supporters with price expectations above the national average at 4.1% whereas there are significantly lower price expectations for both Greens supporters (3.7%) and L-NP supporters (3.5%) that provide a significant drag on the overall index," said Ms. Levine.

Inflation Expectations by Voting Intention: January 2020



Source: Roy Morgan Single Source: January 2020, n=4,052. Base: Australians 14+.

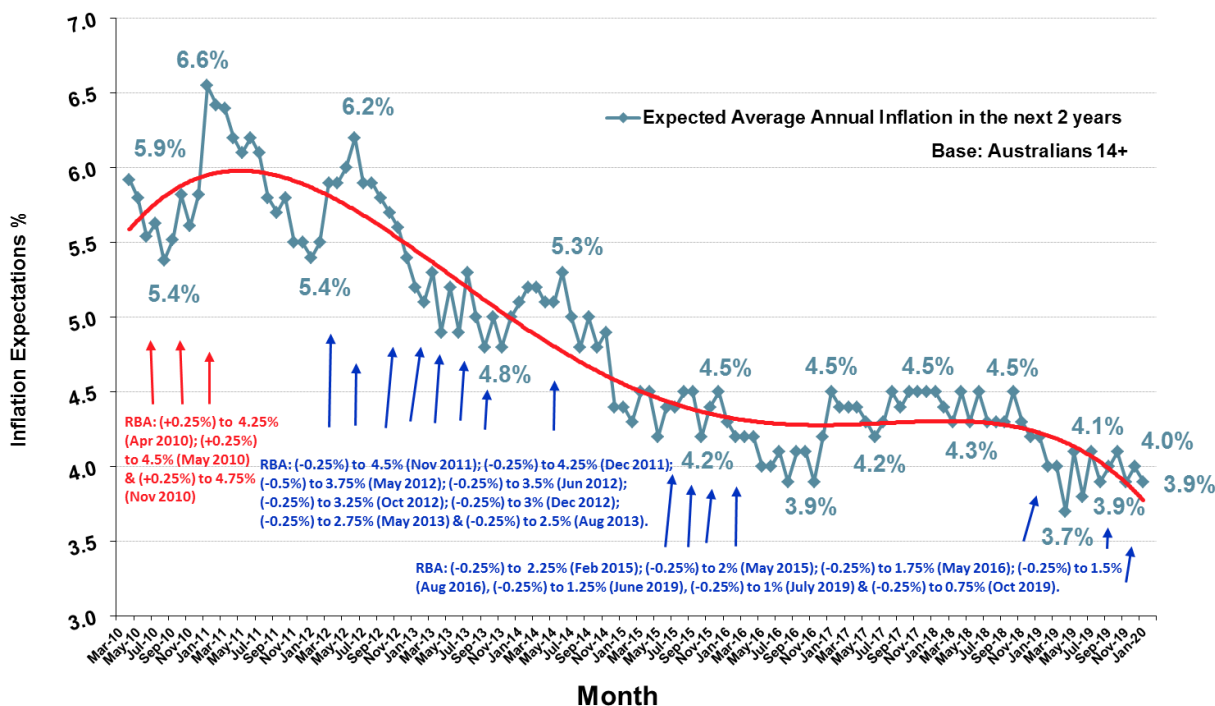
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Price expectations again highest in Queensland and Tasmania, lowest in WA and NSW

There are significant regional differences for price expectations over the next two years. Those in both Tasmania (5.4%) and Queensland (4.4%) continue to have far higher price expectations than anywhere else.

Price expectations in South Australia (4.0%) are marginally above the national average whilst they are slightly below the national average in Victoria (3.8%), NSW (3.7%) and WA (3.7%).

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 – Jan. 2020).

January Inflation Expectations are based on personal interviews with a nationally representative sample of 4,052 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 and the mark of 3.9% for January represents the lowest price expectations to start a year since the series began in April 2010.

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.

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

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Related research findings

Visit the Roy Morgan Online Store for a comprehensive range of profiles on Australians and their voting preferences for political parties including the [Liberal Party](#), [National Party](#), [ALP](#), [Greens](#) and supporters of [Independents/Others](#).

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.

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 – 2020)

<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
2020	3.9												3.9
Monthly Average	4.8	4.8	4.9	4.9	4.9	4.9	4.9	4.8	4.8	4.8	4.7	4.8	4.8

Overall Roy Morgan Inflation Expectations Average: 4.8

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