



CCIWA Consumer Confidence Survey:
December Quarter 2020

Festive cheer as borders safely reopen for Christmas



In line with national sentiment, Western Australian consumer confidence has risen to its highest level in 10 years, according to the December edition of the *CCIWA Consumer Confidence Survey*. The sharp improvement was driven by the State Government's decision to safely reopen interstate borders with 'very low risk' States, record low interest rates and global vaccine progress.

While a clear sign that WA's economic recovery is moving in the right direction, Western Australians remain concerned about rising

international trade tensions and the possibility that WA will experience an uncontrolled outbreak of COVID-19.

That said, Western Australians are less concerned about a second wave of COVID-19 than they were in previous editions of the CCIWA Consumer Confidence Survey, which may reflect the successful containment of recent outbreaks in other States. Two out of three (67%) Western Australians identified COVID-19 as weighing on their confidence this quarter, compared to 81 per cent during the height of the pandemic (June quarter).

Confidence in the short-term outlook surges as interstate borders safely reopen

Short-Term Index up 21 Index Points over the quarter to 125.7

Western Australians' short-term (3 months) confidence has surged to a 10 year high in the December quarter, driven by a significant rise in the proportion expecting stronger conditions and a corresponding fall in those anticipating weaker conditions.

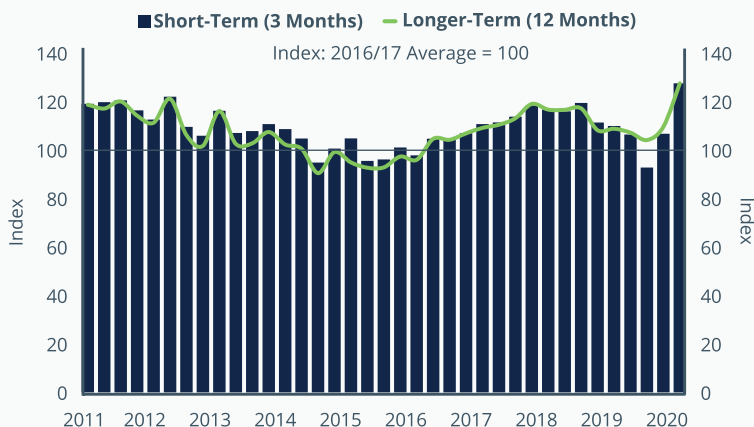
More than four out of ten (44%) Western Australians believe conditions will improve over the next three months, up 23 percentage points since last quarter. Only 14 per cent expect weaker conditions – a seven year low.

Longer-term outlook strengthens on the back of vaccine news and low interest rates

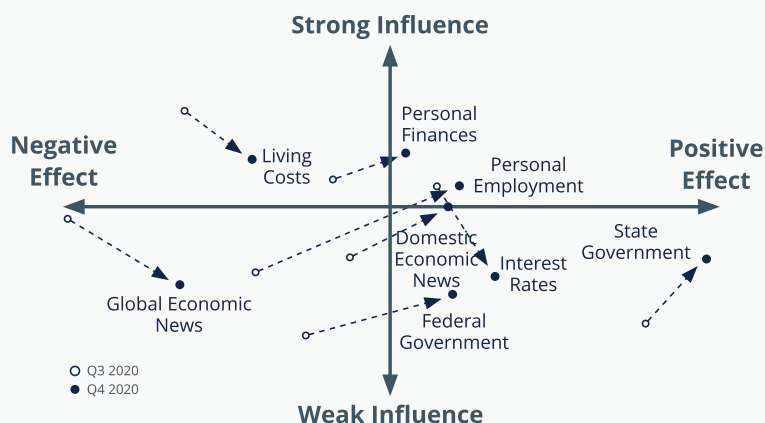
Longer-Term Index up 18.1 Index Points over the quarter to 127.1

Looking to the year ahead, almost six out of ten (59%) Western Australians anticipate conditions

Consumer Confidence
WA Economic Conditions



What influences consumers? - December 2020



will improve over the next twelve months, while around one out of ten (13%) expect conditions to worsen – down 21 percentage points since last quarter. The remaining 28 per cent anticipate no change.

In the following sections, we unpack the key factors influencing Western Australians' confidence in the WA economy.

What's influencing consumer confidence?

State Government Policy Decisions

On 14 November, the State Government transitioned to a controlled border and eased mandatory quarantine restrictions for 'very low risk' States (which have had no community based COVID-19 transmission for 28 days). The decision to safely ease hard border restrictions — made during the survey sample period — was the most significant factor driving confidence this quarter.

Two out of three (69%) Western Australians considered the State Government to have positively influenced their confidence – up 6 percentage points since last quarter.

Interest rates

The RBA's decision to cut the cash rate target to a record low 0.1 per cent and provide forward guidance that interest rates are unlikely to change for at least three years

boosted confidence this quarter. Four out of ten (43%) Western Australians considered interest rates to have increased their confidence – up 10 percentage points since last quarter. Lower interest rates will support WA's housing market and provide cashflow relief to homeowners, particularly those facing high levels of mortgage stress.

Global vaccine progress

On 9 November, US pharmaceutical majors Pfizer and BioNTech announced that their COVID-19 vaccine was proving 90 per cent effective based on interim analysis, sparking hopes that an end to the COVID-19 era is within reach.

These developments lifted the mood of WA consumers, with

two out of five (20%) Western Australians considering global economic news to have increased their confidence – up 8 percentage points since last quarter.

Trade tensions

At the same time, Western Australians remain concerned about the escalation of trade tensions with Australia's largest trading partner. In recent months, the Chinese Government has imposed import restrictions on a range of Australian agricultural goods, including barley, wine and lobsters.

One out of three (34%) Western Australians reported high levels of concern around international trade tensions – up 3 percentage points since last quarter.

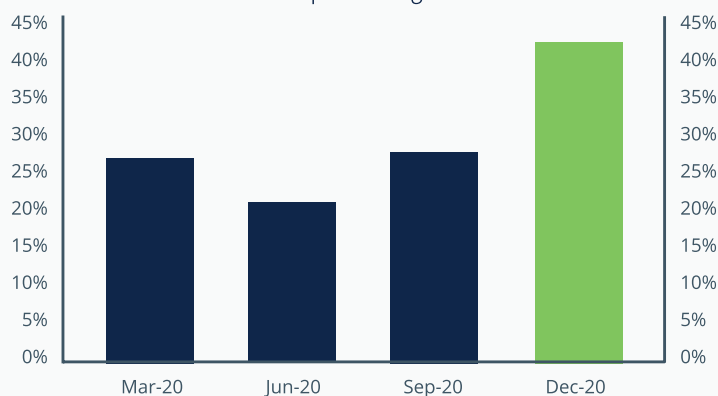
An uncontrolled COVID-19 outbreak in WA

Two out of five (41%) Western Australians reported high levels of concern about the possibility of an uncontrolled COVID-19 outbreak in WA, including almost half (47%) of those aged 18-24 years.

Younger people are disproportionately represented in industries most exposed to the introduction of social distancing measures, such as hospitality, tourism, and accommodation, and are therefore more likely to experience job insecurity if these measures are re-introduced.

Domestic Economic News - Positive Influence on Confidence

Proportion 'Agree'



Taking your best guess, which of the impacts listed below did you experience in April, and which are you currently experiencing?	How results vary across time periods and consumer groups					
	April 2020			November 2020		
Impacts	Total	Younger (18-39 years)	Older (40+ years)	Total	Younger (18-39 years)	Older (40+ years)
Consumer Decisions						
Put off buying a house	8%	15%	4%	6%	11%	3%
Stockpiled goods at home (e.g. groceries/medical supplies)	33%	33%	34%	9%	10%	8%
Paid off more of the mortgage or increased savings	14%	18%	10%	17%	22%	13%
Bought goods online	44%	55%	36%	40%	50%	33%
Received JobKeeper	12%	15%	10%	5%	8%	4%
Received JobSeeker	12%	18%	7%	8%	12%	5%
Withdrew superannuation early	10%	16%	6%	3%	5%	3%
Worked from home	28%	36%	22%	15%	18%	12%
Personal Factors						
Experienced personal relationship difficulties	17%	25%	11%	12%	17%	9%
Put off having kids	6%	14%	1%	5%	10%	2%

The management of COVID-19 outbreaks in other States

While concerns about a second wave remain elevated, they have declined from levels recorded in the June and September editions of the CCIWA Consumer Confidence Survey. This may reflect the success of other States in containing new outbreaks. Indeed, two out of five (41%) Western Australians identified domestic economic news as positively influencing their confidence – up 14 percentage points since last quarter.

A Spotlight on Consumer Behaviour

2020 has been a year like no other. A global pandemic, an unprecedented economic shutdown, and the rollout of the largest fiscal support package in Australia's history. These factors have impacted people's lives and livelihoods in different ways.

In this edition of the *CCIWA Consumer Confidence Survey*, we sought to identify how Western Australians' experiences have changed since the initial COVID-19 lockdown in April.

Stockpiling goods

Forced shutdowns of businesses and tighter restrictions on mobility drove a significant rise in 'hoarding' behaviour during the initial COVID-19 lockdown, with one out of three (33%) Western Australians identifying that they stockpiled goods in April. This figure has since declined to 9 per cent as the imperative to stockpile essential items gradually declined – predominantly driven by the progressive reopening of the domestic economy and sustained evidence of no community transmission in WA.

Work from home

COVID-19 has changed the way we live and work. One significant and potentially long lasting consequence is the acceleration towards flexible working and 'work from home' arrangements.

- More than one out of four (28%) Western Australians worked from home during the initial COVID-19 lockdown, including one out of three (36%) younger workers aged 18-39 years.
- Only 15 per cent of Western Australians identify that they are still working from home. This may reflect improved safety & hygiene

WA's Housing Market	Personal Finances		Financial Stress Indicators		Perception of low interest rates
	Financial position compared with 12 months ago	Regular monthly expenses exceeded regular monthly income last quarter	Borrowed money from friends or family last quarter	Low interest rates as a positive influence on confidence	
Household Profile	Better	Worse	Proportion 'agree'	Proportion 'agree'	Proportion 'agree'
Homeowner with mortgage	30%	22%	22%	7%	55%
Homeowner without mortgage	14%	27%	14%	2%	33%
Renting	23%	36%	30%	27%	30%

CCIWA Christmas Spend Consumer Profile	Average expected spend per person	Proportion spent online	Spend compared with last year?	
Demographic	(\$)	(%)	Higher (%)	Lower (%)
Male	1116	27	8	29
Female	753	30	8	44
Younger (18-39 years)	724	39	11	38
Older (40+ years)	1062	22	5	35
Metro	877	28	8	35
Regional	1114	29	6	40
Total	930	29	8	36

processes in both workplaces and the public transport system, as well as the reduced risk of acquiring COVID-19 locally.

Insights into the property market

It has been a roller coaster ride for WA's residential property market this year. On the one hand, record low interest rates and unprecedented construction stimulus have supported homeowners and first home buyers. On the other, the return of overseas expats and a moratorium on rental evictions have tightened WA's rental supply and pushed up weekly rental prices.

In this edition of the Consumer Confidence Survey, we take a deeper dive into the financial health of

renters and homeowners:

- Three out of ten (30%) renters spent more than they earned over the last three months, almost double the proportion of homeowners (18%).
- More than one out of four (27%) renters borrowed money from friends and family, compared to only 5 per cent of homeowners.
- Homeowners with a mortgage were more likely to consider lower interest rates as positively influencing their confidence (55%) than those without a mortgage (33%).

Christmas spending intentions

With Christmas fast approaching,

we sought to identify the spending expectations of Western Australians on Christmas related purchases (things like presents, food, travel, accommodation, and decorations).

- The average Western Australian plans to spend over \$900 on Christmas and holiday purchases this year. More than one out of three (36%) expect their Christmas spend to be lower than last year.
- Males, older Western Australians (aged 40+ years) and those in regional areas are expected to spend above average this year.
- In bad news for local bricks and mortar stores, nearly one third (29%) of Western Australians' Christmas spend is expected to be online.

Short-term confidence hits **10-year high** 

The **transition** to a **controlled border** was the **most significant factor driving confidence** this quarter

Consumer Confidence - December 2020

Western Australians remain concerned about **rising trade tensions** and the possibility  that WA will experience an **uncontrolled second wave** of COVID-19 cases 

The **average Western Australian**  plans to **spend over \$900** on **Christmas-related purchases** this year

Consumer Confidence	Current Quarter (December)	Previous Quarter (September)	Highest since
Short-Term	125.7	104.7	December 2010
Longer-Term	127.2	109.1	June 2011
Personal Finances	107.3	99.9	September 2015
Job Prospects	106.7	98.8	March 2019

Note: Index figures may have changed from previous editions of Consumer Confidence due to changes in index calculation methodology. Percentage figures may not always add to 100% due to rounding errors.

The index is rebased to the average score of respondents to the 2016-17 financial year. The value of the index can be interpreted as the percentage change in average consumer confidence in a period compared with the average consumer confidence in 2016-17. For instance, the Consumer Confidence Index in December 2020 is 125.7, which suggests that the average score of survey respondents for consumer confidence in December 2020 is 25.7 per cent higher than the average rating in 2016-17.