

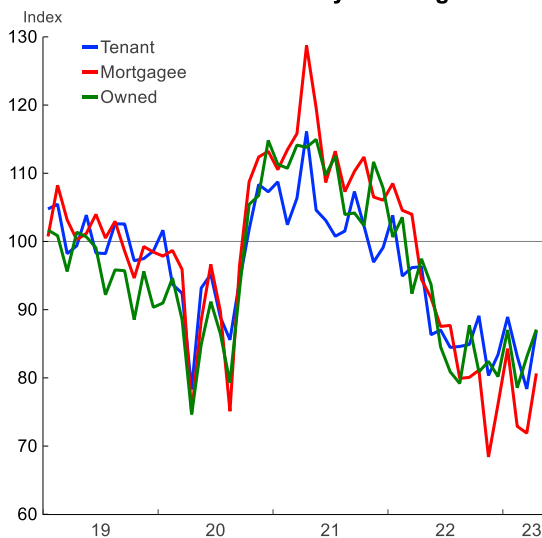


Tuesday, 11 April 2023

## Consumer Sentiment Consumers Rejoice As the RBA Pause

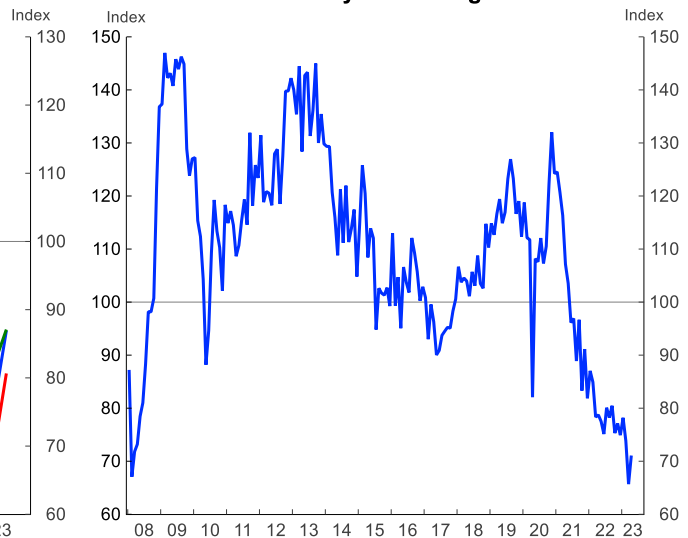
- Consumer sentiment jumped 9.4% in April following the RBA pausing interest rate hikes. This was the strongest monthly gain since October 2020. Confidence among all housing tenure types increased, but those with a mortgage breathed the biggest sigh of relief (12.2%).
- All five sub-indices moved higher – this also happened in January, when the RBA had its de facto pause given it doesn't meet that month. Prior to this, the last time all five sub-indices rose was March 2021.
- Housing is the most interest-rate sensitive part of the economy, making it somewhat unsurprising that housing-related measures surged. The time to buy a dwelling index jumped 8.2% to 71.1 – its largest monthly gain since November 2021. The outcome was driven by surges in NSW (17.6%), Queensland (12.5%), and WA (11.9%). House price expectations also shifted higher, to 130.3 index points – a 16.6% increase in the month.
- Expectations around economic conditions (16.5%) and family finances (12.0%) over the next 12 months surged by over 10%. Views around family finances over the past 12 months were also up 10.5%. Longer-term expectations for the economy were slightly higher, while the time to buy a major household item jumped 9.5% but remained deeply negative at 82.1.
- Despite the lift in April, sentiment remains deeply entrenched in pessimistic territory. While the lows of the cycle may now be behind us, it will likely take some time before sentiment lifts materially.

Consumer Sentiment by Housing Tenure



Sources: Melbourne Institute of Applied Economic & Social Research; Macrobond

Time to Buy a Dwelling Index



Sources: Melbourne Institute of Applied Economic & Social Research; Macrobond

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