

ANZ-ROY MORGAN VIETNAM CONSUMER CONFIDENCE STATISTICAL RELEASE

11 JULY 2014

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CONSUMER CONFIDENCE REBOUNDS IN JUNE

HIGHLIGHTS

The ANZ-Roy Morgan Vietnam Consumer Confidence Index rebounded sharply to 131.0 (up 7.7pts) in June. The ANZ-Roy Morgan Consumer Confidence Index is now just above the 2014 average of 130.5.

This month's increase in Vietnam Consumer Confidence was primarily driven by increasing confidence about personal financial situations amongst the Vietnamese.

- In terms of personal finances, 48% (up 9%) of Vietnamese expect their family will be 'better off' financially this time next year (the highest in 2014) compared to 8% (down 6%) who expect to be 'worse off' financially.
- Now 32% (up 4%) of Vietnamese say their family are 'better off' financially than a year ago (the highest in 2014) compared to 20% (down 7%) who say their family are 'worse off' financially.
- An increasing majority, 57% (up 5%) of Vietnamese expect Vietnam will have 'good times' economically over the next five years compared to only 11% (down 1%) who expect 'bad times' economically.
- In addition 49% (unchanged) of Vietnamese expect Vietnam will have 'good times' financially during the next twelve months and just 16% (unchanged) expect 'bad times' financially.
- An increasing number of Vietnamese 38% (up 5%) say now is a 'good time to buy' major household items compared to 14% (down 2%) who say now is a 'bad time to buy' major household items.

ANZ Chief Economist Asia-Pacific, Glenn Maguire said:

"Vietnamese consumer confidence has rebounded strongly over June on a number of factors, not just an abatement of China-Vietnam tensions.

Though the sharp decline in consumer confidence in May aligned with growing political tensions between China and Vietnam, we believe this was correlated rather than causal. One of the key determinants of consumer confidence in Vietnam appears to be wealth effects derived from both the share market and the gold price and consumer confidence has been tracking the evolution of financial assets closely since the beginning of the year. This dynamic highlights the importance of income/wealth dynamics is driving consumer confidence in economies such as Vietnam that are transiting from low-income to middle-income.

Still, the lingering impact of political tensions between China and Vietnam can be seen. Shorter term dynamics such as changes in perception of wealth tend to impact on the twelve-month outlook whereas more political developments tend to impact on the five year outlook. Though 57% (up 5%) of Vietnamese in June expect Vietnam to enjoy 'good times' economically over the next five years this is only a partial rebound from the 9% decline in the index over May.

The two dynamics that we will be watching closely in coming months will be whether the assessment of the five-year economic outlook continues to recover as tensions ease or whether there is an assessment that the protests have done some lingering damage to the important China-Vietnam relationship. Finally, we expect ongoing positive wealth effects from gold and equity prices to support a higher propensity to spend income gains in coming months. Our inaugural consumer confidence release for Vietnam suggests that consumption is well poised to

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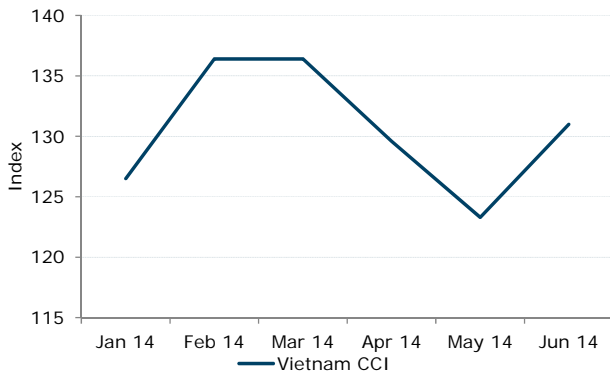
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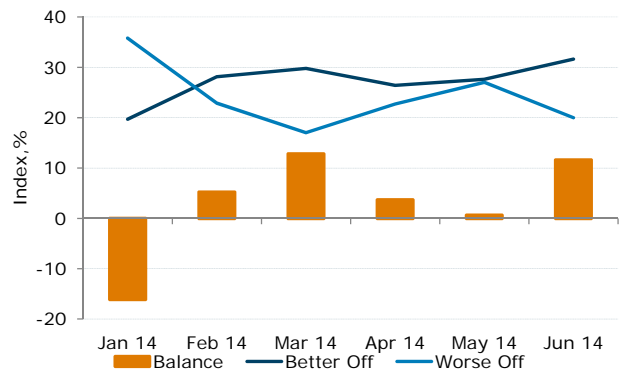
strengthen in the second half of the year, supporting a broader economic recovery in Vietnam.”

FIGURE 1. ANZ-ROY MORGAN VIETNAM CONSUMER CONFIDENCE INDEX



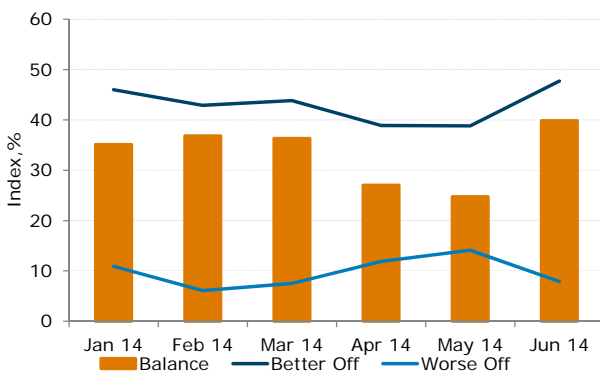
Source: ANZ-Roy Morgan

FIGURE 2. Q1 WOULD YOU SAY YOU AND YOUR FAMILY ARE BETTER OFF FINANCIALLY OR WORSE OFF THAN YOU WERE AT THIS TIME LAST YEAR?



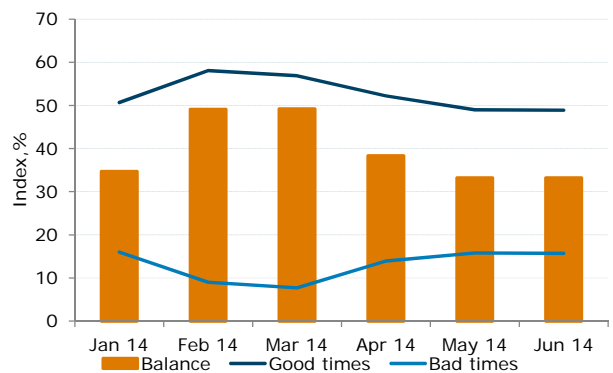
Source: CEIC, ANZ-Roy Morgan

FIGURE 3. Q2 THIS TIME NEXT YEAR, DO YOU AND YOUR FAMILY EXPECT TO BE BETTER OFF FINANCIALLY OR WORSE OFF THAN YOU ARE NOW?



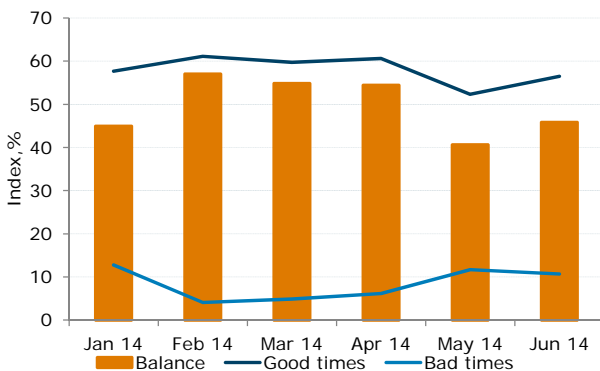
Source: ANZ-Roy Morgan

FIGURE 4. Q3 THINKING OF ECONOMIC CONDITIONS IN VIETNAM AS A WHOLE, IN THE NEXT 12 MONTHS DO YOU EXPECT WE'LL HAVE GOOD TIMES FINANCIALLY, BAD TIMES, OR SOME GOOD AND SOME BAD?



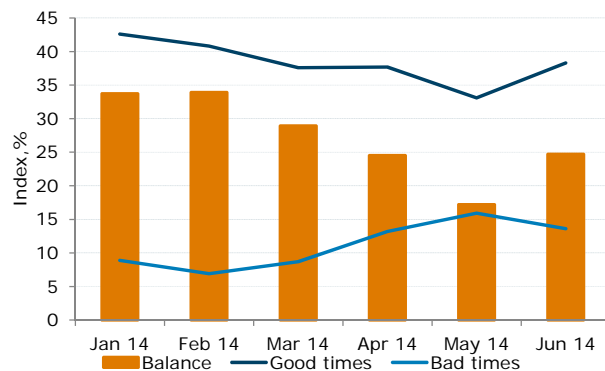
Source: ANZ-Roy Morgan

FIGURE 5. Q4 LOOKING AHEAD, WHAT WOULD YOU SAY IS MORE LIKELY, THAT IN VIETNAM AS A WHOLE, WE'LL HAVE CONTINUOUS GOOD TIMES DURING THE NEXT FIVE YEARS OR SO - OR WE'LL HAVE BAD TIMES - OR SOME GOOD AND SOME BAD?



Source: ANZ-Roy Morgan

FIGURE 6. Q5 GENERALLY, DO YOU THINK NOW IS A GOOD TIME - OR A BAD TIME - FOR PEOPLE TO BUY MAJOR HOUSEHOLD ITEMS?

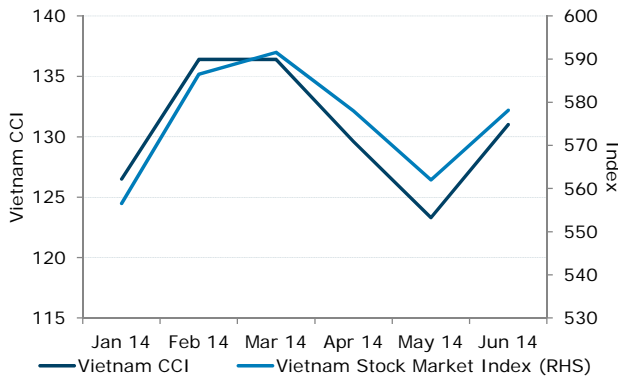


Source: ANZ-Roy Morgan

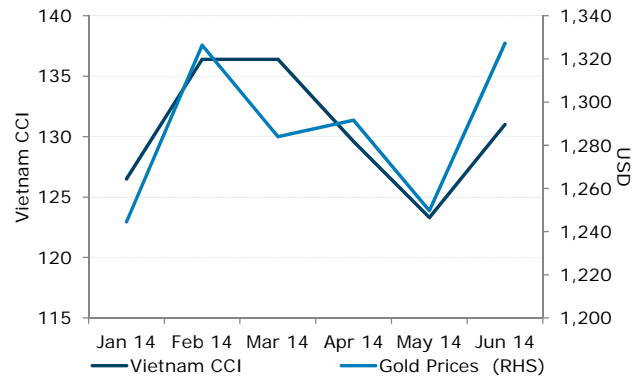
FIGURE 7. INDEX AND STOCK MARKET

FIGURE 8. INDEX AND GOLD PRICES



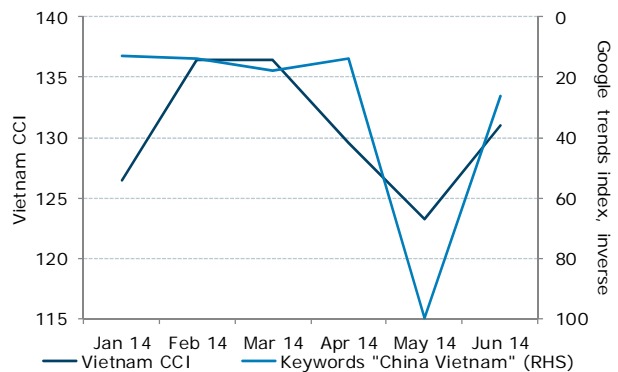


Source: Bloomberg, ANZ-Roy Morgan



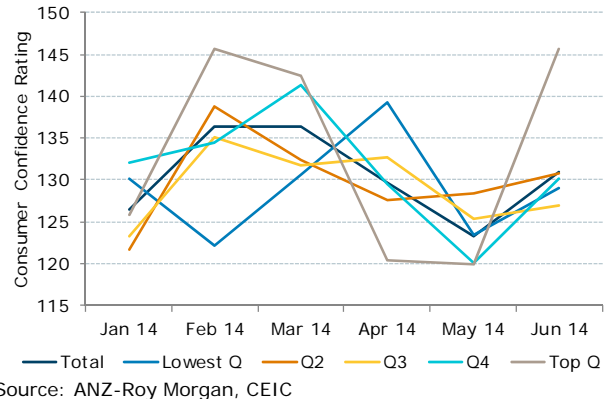
Source: Bloomberg, ANZ-Roy Morgan

FIGURE 9. INDEX AND GOOGLE TRENDS KEYWORDS "CHINA VIETNAM" (100 = PEAK)



Source: ANZ-Roy Morgan, Google trends

FIGURE 10. INDEX VS INCOME QUINTILES



Source: ANZ-Roy Morgan, CEIC

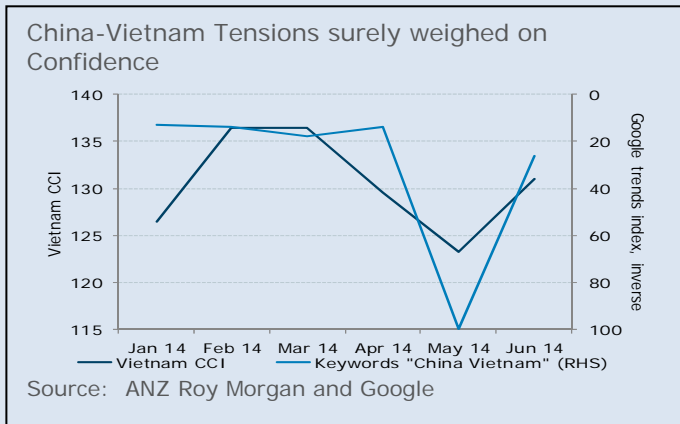
FIGURE 11. ANZ-ROY MORGAN VIETNAM CONSUMER CONFIDENCE TABLE

		Feb-14	Mar-14	Apr-14	May-14	Jun-14
Headline consumer confidence index:		136.4	136.4	129.6	123.3	131.0
Subindices:						
1. Financial situation compared to a year ago	Balance, index	5.2	12.8	3.7	0.6	11.6
	Better off, %	28.1	29.8	26.4	27.6	31.6
	Worse off, %	22.9	17.0	22.7	27.0	20.0
2. Financial situation next year	Balance, index	36.8	36.3	27.0	24.7	39.8
	Better off, %	42.9	43.8	38.9	38.8	47.7
	Worse off, %	6.1	7.5	11.9	14.1	7.9
3. Economic conditions next year	Balance, index	49.1	49.2	38.3	33.2	33.2
	Better off, %	58.1	56.9	52.2	49.0	48.9
	Worse off, %	9.0	7.7	13.9	15.8	15.7
4. Economic conditions next 5 years	Balance, index	57.0	54.8	54.4	40.6	45.8
	Better off, %	61.1	59.7	60.6	52.3	56.5
	Worse off, %	4.1	4.9	6.2	11.7	10.7
5. Best time to buy a major household item	Balance, index	33.9	28.9	24.5	17.2	24.7
	Better off, %	40.8	37.6	37.7	33.1	38.3
	Worse off, %	6.9	8.7	13.2	15.9	13.6

1. Would you say you and your family are better off financially or worse off than you were at this time last year?
2. This time next year, do you and your family expect to be better-off financially or worse off than you are now?
3. Thinking of economic conditions in Vietnam as a whole. In the next 12 months do you expect we'll have good times financially, bad times, or some good and some bad?
4. Looking ahead, what would you say is more likely, that in Vietnam as a whole, we'll have continuous good times during the next five years or so - or we'll have bad times?
5. Generally, do you think now is a good time - or a bad time - for people to buy major household items?

Source: ANZ-Roy Morgan

**ANZ-ROY MORGAN VIETNAM CONSUMER CONFIDENCE MONTHLY DISCUSSION BOX
WHAT CAUSED THE SHARP DECLINE IN VIETNAMESE CONFIDENCE IN APRIL-MAY**



In our first Discussion Box, we look at how consumer confidence was affected by the anti-China protests. The demonstrations, which lasted less than a week, followed the deployment of Chinese oil rigs in the disputed area between Vietnam and China. We note that sentiment has been declining since March, several weeks before the event.

As the chart on the left shows, the decline in the index was largely co-incident with the escalation of tensions between China and Vietnam which we proxy via the incidence of a Google Keywords search.

In terms of assessing whether there is likely to have been a transmission mechanism from the decline in confidence to actual consumer spending and activity, we use our **“Family Financial Perception Index”**, which is the sum of the balance of ANZ- Roy Morgan’s Questions 1 and 2. These questions aim to measure the sentiment about a family’s current financial situation relative to the same period last year, and the expectation of the financial situation next year relative to this year. It could be expected that if perceptions of family finances were to deteriorate strongly, then dynamics such as precautionary savings, which we would expect to suppress spending could emerge. We then focused on two demographic factors: gender and age, as proxies of sensitivity and exposure to negative news.

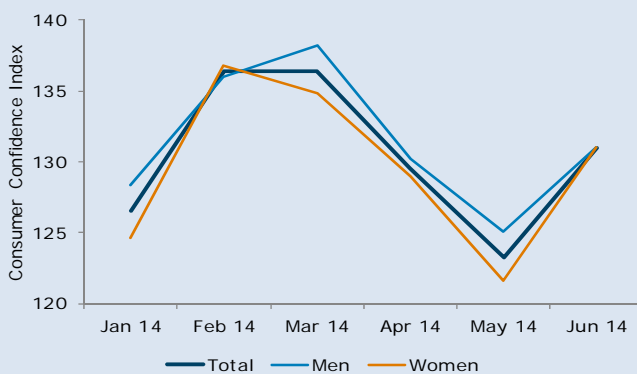
Focusing on gender, we note that women have been broadly less optimistic in the past five months. In May, women’s consumer confidence declined more than it did among men. Over the month, women scored less than men in all five questions. In terms of personal finances, Vietnamese women who said that their families were ‘worse off’ financially than a year ago outnumbered those who said that their family was ‘better off’ a year ago. As many Vietnamese families feature a working male and a female running the household, Vietnamese women may have been more exposed to negative news flow from TV news reporting over the month – the likely key news source for females.

Similarly for age brackets. The largest decline in sentiment occurred among those aged 25-34 years old. People of this generation are likely to be active on the internet, increasing their access to information. With a relatively high internet penetration at 43% (compared to 41% in Thailand and 29% in Indonesia), digital information will likely become a more powerful driver of consumer confidence.

On balance, given the very short and sharp dip in consumer confidence aligned to reporting of China-Vietnam political tensions, we would not expect to see a lasting impact on consumer behaviour.

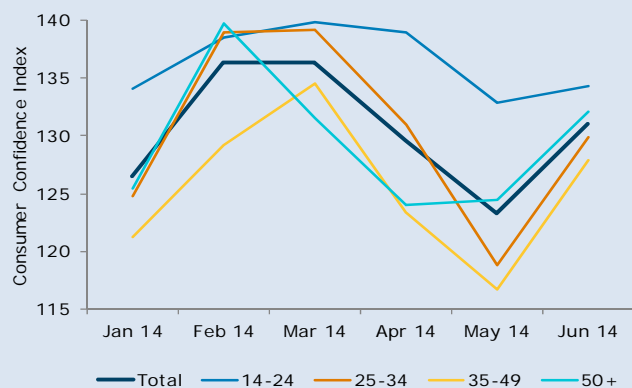
Eugenia F. Victorino

FIGURE I. WOMEN HAVE MORE VARIABLE CONSUMER CONFIDENCE THAN MEN



SOURCE: ANZ-ROY MORGAN

FIGURE II. GREATEST VARIABILITY IN FAMILY FINANCIAL PERCEPTION AMONG 25-34 YEARS OLD



SOURCE: ANZ-ROY MORGAN



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