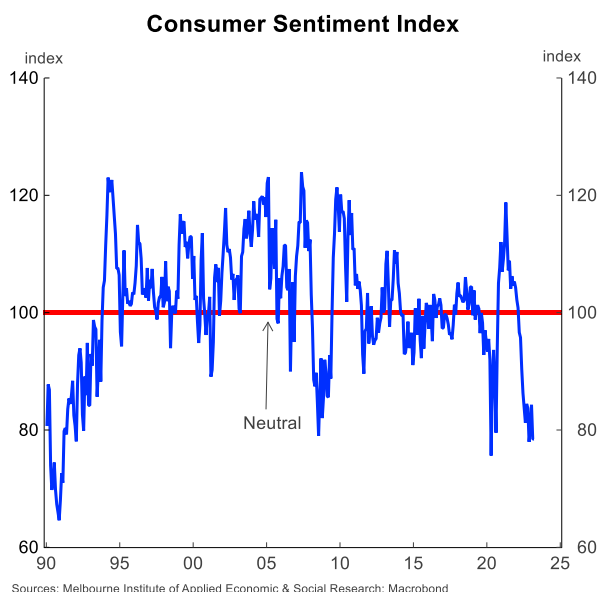


Consumer Sentiment

Possible Pause Unable to Lift Sentiment

- Consumer sentiment remained at recessionary levels in March, unchanged from February at 78.5. There have now been three readings below 80 over the past five months. The last time we saw a cluster of readings below 80 was during the 1990s recession.
- In March, the Reserve Bank (RBA) hiked by 25 basis points. However, the RBA opened the door to a pause in April as recent economic data was weaker than expected. This dovish shift wasn't enough to lift sentiment, and the weaker data likely limited any optimism.
- The sub-indices were mixed. Near-term views (i.e. family finances and economic conditions over the next 12 months) declined, while the 'time to buy a major household item' index dropped to its lowest level since the GFC. Views on family finances over the last 12 months improved and consumers were more optimistic about the longer-term economic outlook.
- The housing market landscape remains complicated as affordability is stretched. The 'time to buy a dwelling' sub-index dropped to 65.7 – its lowest since 1989, when interest rates were at 17%. Despite this, house price expectations rose by 8.6% (to 111.7), following a moderation in the pace of price falls and a slight lift in Sydney prices in February.
- Sentiment remains incredibly weak as inflation, cash rate hikes, and a slowing economy weigh on households. The disconnect between sentiment and spending is likely to continue to narrow, albeit through a slowdown in spending, rather than a material lift in sentiment.



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