

Embargoed until 9:45 A.M. Beijing Time, 25 November 2015

Media Release

Westpac MNI China Consumer Sentiment Indicator Up From Record Low

Rebound in consumer confidence broad-based

Consumer confidence in China regained some ground in November following October's plunge. Consumers were increasingly optimistic about the outlook for long-term business conditions and confidence in the labour market edged higher.

The Westpac MNI China Consumer Sentiment Indicator rose 3% to 113.1 in November, having fallen sharply to a record low of 109.7 in the previous month, with the rate cuts in late October and the accompanying fiscal expansion possibly boosting sentiment. All sub-categories that make up the indicator gained ground, although none fully recovered to September's levels.

The rise in sentiment was led by increased optimism about future business conditions, while respondents were also more upbeat about the current state of business following October's downbeat assessment. Respondents were also increasingly optimistic about the outlook for their household finances, and buying conditions for large durable items turned slightly more favourable, although remained weak. This was accompanied by gains in all measures of expected 'discretionary' spending, led by a more positive outlook for shopping and entertainment spend.

The improved outlook for business conditions and household finances was also reflected in an improvement in labour market sentiment. The Employment Outlook Indicator increased for the first time in four months, edging up to 95.2 in November, although still below the breakeven level of 100.

In spite of a more supportive policy environment for real estate, House Price Expectations fell for the third consecutive month, although it remains relatively high in level terms. Real estate also lost some ground as a preferred destination for savings, although consumers remained positive about participating in the property market, evidenced by a rebound in buying sentiment.

Commenting on the latest survey, Chief Economist of MNI Indicators Philip Uglow said, "The recent round of rate cuts appears to have helped push consumer confidence up from the record low seen in October. Sentiment, though, is significantly down from the September high. Up until October respondents had appeared resilient in the face of a barrage of economic bad news, but subsequent weaker sentiment readings have shown consumers are not fully insulated from the wider economic slowdown."

Westpac's Senior Economist Matthew Hassan said that "The lift in sentiment is a welcome development. Although we viewed last month's sharp drop as mainly an overdue correction bringing Chinese consumer confidence more in line with the softer tone coming from other economic data, there was a risk that sentiment could have gone on to register a deeper shock. A timely easing in policy appears to have helped spur this month's rally. A more stable financial market backdrop, the end to China's 'one child' policy, and the timing of the survey, conducted in the run-up to the Single's Day online spending splurge, may also have helped. Despite these positives, Chinese consumers are clearly still cautious about the outlook for the economy and anxious about the implications for jobs. Sentiment around housing remains a notable positive but even here we are wary of recent slippage and what this may mean for a recovery that has yet to show convincing signs of broadening and strengthening."

For more information:

Naomi Pickens

Media Relations

Deutsche Börse

T+1-212-669-6459

naomi.pickens@deutsche-boerse.com

Tracy Hicks

Media Relations

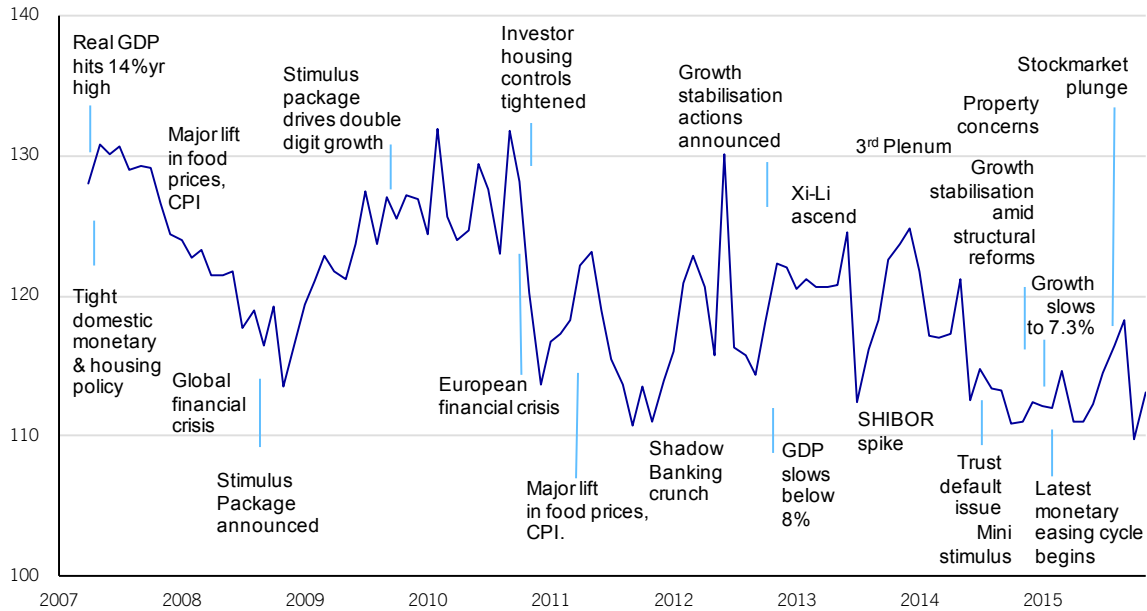
Westpac Institutional Bank

T +61-2-8253-3805

tracy.hicks@westpac.com.au

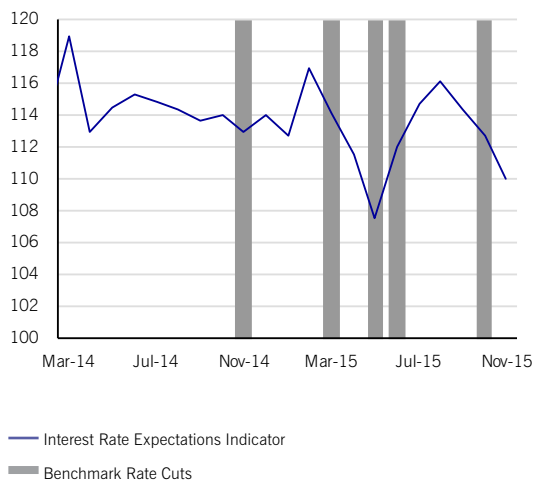
[Sales enquiries: info@mni-indicators.com](mailto:info@mni-indicators.com)

Westpac MNI China Consumer Sentiment Indicator - Event Map



Focus On: Interest Rate Expectations

Expected Change in Interest Rates on Loans



With the latest monetary easing policy cycle unlikely to end in the near term, the interest rate forecasts of both consumers and businesses are significant. Each month as part of the Westpac MNI China Consumer Sentiment Survey we ask respondents about their expectations for interest rates on home and car loans over the coming year.

The resulting Interest Rates Expectations Indicator shows that consumers spent much of 2014 in anticipation of lower interest rates, which were realised in November that year. The trend continued in 2015 until May when expectations crept back closer to long-run levels, only for them to lurch lower again in the wake of renewed concerns over the economy in recent months.

Westpac MNI China CSI and its five components

	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15
Westpac MNI China CSI	112.3	114.5	116.5	118.2	109.7	113.1
Personal Finances: Current	101.0	103.6	106.8	109.8	103.9	106.6
Personal Finances: Expected	114.4	117.3	122.4	120.2	111.4	114.5
Business Conditions: 1 Year	112.4	114.8	117.0	120.5	108.1	112.2
Business Conditions: 5 Years	132.8	133.4	133.2	136.0	124.8	130.1
Durable Buying Conditions	100.8	103.3	102.9	104.6	100.5	101.8

% m/m changes Westpac MNI China CSI and its five components

	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15
Westpac MNI China CSI	1.1%	1.9%	1.8%	1.5%	-7.2%	3.0%
Personal Finances: Current	0.9%	2.5%	3.2%	2.8%	-5.3%	2.6%
Personal Finances: Expected	1.7%	2.5%	4.4%	-1.9%	-7.3%	2.8%
Business Conditions: 1 Year	1.7%	2.2%	1.9%	3.0%	-10.3%	3.8%
Business Conditions: 5 Years	2.4%	0.4%	-0.1%	2.1%	-8.2%	4.2%
Durable Buying Conditions	-1.7%	2.4%	-0.4%	1.7%	-4.0%	1.3%

% y/y changes Westpac MNI China CSI and its five components

	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15
Westpac MNI China CSI	-0.3%	-0.3%	2.8%	4.4%	-1.1%	1.9%
Personal Finances: Current	-7.9%	-4.5%	2.2%	7.6%	2.8%	4.7%
Personal Finances: Expected	-1.5%	0.1%	7.5%	5.9%	0.7%	2.3%
Business Conditions: 1 Year	3.0%	3.9%	5.6%	6.6%	-2.1%	6.0%
Business Conditions: 5 Years	5.1%	-1.6%	-0.6%	1.3%	-4.9%	-1.5%
Durable Buying Conditions	-0.8%	1.1%	-0.5%	1.4%	-0.7%	-1.3%

[Notes to editors:](#)

Sponsor: Westpac Banking Corporation.

Production: MNI Indicators.

Date range: Monthly since April 2007.

Collection method: Computer aided telephone interviews.

Collection period: Ten working days from the first business day of the month in the People's Republic of China.

Sample size and geographic area: Minimum of 1,000 respondents aged between 18 and 64 across 30 cities in the 1st, 2nd and 3rd tiers. That represents a 0.0003% sample size relative to the population of China's 30 largest cities at the time of the 2010 Census.

Cf. The University of Michigan surveys a minimum of 500 respondents in the United States excluding Alaska and Hawaii. That represents a 0.00016% sample size relative to the July 1, 2012 population.

Sampling error: 3.5% for the "All China" series.

Cf. The University of Michigan survey reports a sampling error of 5% at the national level.

Disaggregation: By age, by gender, by income, by region, sub-region and by tier 1 city.

Calculation method: Each individual question is a diffusion index where 100 represents a neutral position, i.e. optimists and pessimists are equal in number. The headline and other composite indicators are weighted measures comprised of the individual diffusion indices.

Seasonal adjustment: The raw data has been analysed for identifiable seasonality using Census X-13. No identifiable seasonal pattern was present.

Headline indicator: the Westpac MNI China CSI is an equally weighted composite of two current and three forward looking assessments, namely current and future personal finances; overall business conditions one and five years ahead; and buying conditions for major household items.

Sub-indicators: these cover consumer perceptions and/or intentions regarding employment conditions, the real estate and equity markets, autos, inflation, gasoline prices and interest rates.

Other available information: household expenditure breakdown, detailed reasoning behind responses, profit and loss on stock investments, and more.

[About MNI Indicators](#)

MNI Indicators specialises in producing business and consumer surveys designed to present an advance picture of the economic landscape and highlight changing trends in business and consumer activity. The timely reports explore attitudes, perspectives and sentiment across the globe, including China, India and Russia. Alongside MNI Indicators' core focus on consumer and business surveys in emerging markets, MNI Indicators produces the renowned Chicago Business Barometer (Chicago PMI), a key leading indicator of the US economy. MNI Indicators is part of MNI, a leading provider of news and intelligence, a wholly owned subsidiary of Deutsche Börse AG, and one of the largest worldwide exchange organisations.

[About Westpac in Asia](#)

With its regional Head Office in Singapore, Westpac is a leading institutional bank providing strong capability and global franchise across Trade, Structured Commodity Finance, Debt Capital Markets, Derivatives FX and Natural Resources. The Bank's goal in Asia is to both support Australian and New Zealand customers in the region, as well as provide a gateway for Asian firms and individuals with interests in Australia and New Zealand.

Westpac has been operating in Asia for 40 years delivering a broad range of financial services to individuals, corporate and institutional customers with branches in Singapore, Shanghai, Beijing, Hong Kong, Mumbai as well as a representative office in Jakarta and a sub-branch in the Shanghai Free Trade Zone.