



Illawarra Regional Information Service

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Media Release

Illawarra residents react to interest rates

The results of the latest *IRIS Consumer Sentiment Survey* reveal modest improvement in Illawarra consumers' optimism over the March quarter.

The March 2010 edition of the survey shows that the *IRIS Consumer Sentiment Index* increased to 90 pts, a marginal gain of 2 pts since the December quarter. This increase was largely due to strong gains in confidence about the future of the national economy. The *Future Economic Expectations Index*, rose 7 pts to reach 107 pts. As the national economy is strengthening, the Reserve Bank has raised the cash rate by a further 25 basis points, placing upward pressure on variable home loans.

Consequently, the *Dwelling Purchase Index*, a measure of sentiment towards buying or building a property, declined in the three months to March. The index fell to 76 pts, which is 11 pts lower than the December 2009 quarter result. Overall 50.5% of the households surveyed felt that it was a 'bad time' to be building or buying a house, up 9.2% pts.

The proportion of Illawarra residents that believe that now is a 'bad time' to borrow money remained stable, increasing by 0.1% pts to a net 46.1%. A net 10.7% of residents reported that their debt position worsened in the past three months.

Meanwhile, the relative financial position of Illawarra households remained stable. The *Current Financial Position Index* stood at 99 pts, which is equal to the long term March quarter average and a marginal 1 pt rise from the December 2009 result. The *Future Financial Position Index* increased by 5 pts to 109 pts. This represents a strong recovery since the December quarter, considering the actions of the Reserve Bank of Australia.

The *Perceived Job Availability Index* has also recorded further growth, up 5 pts to stand at 75 pts. This result is on par with the March quarter average of 76 pts.

Further comment:

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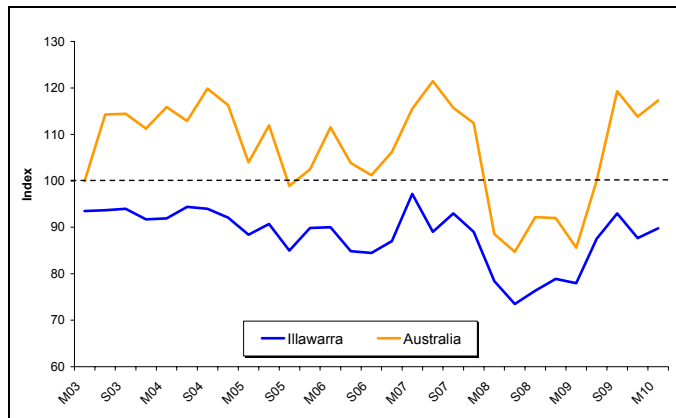
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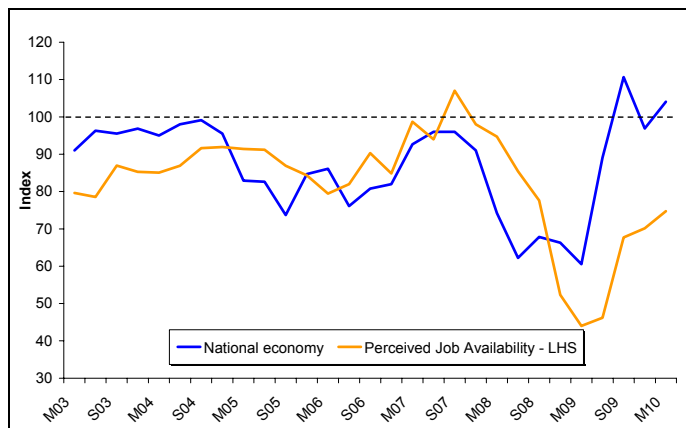
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CONSUMER SENTIMENT INDEX



ECONOMIC CONDITIONS



CONDITIONS FOR BUYING A PROPERTY

