

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates

2014 - 2015

Department/Agency: Treasury

Question: AET 13

Topic: Consumer Confidence and Employment Growth

Reference: Hansard page no. 36 - 25 February 2015

Senator: Wong, Penny

Question:

Senator WONG: Could I put a question on notice, unless the answer is readily available? It goes back to the relationship between consumer confidence and future employment levels. Does Treasury have an indication of what statistical correlation there is between consumer confidence and employment growth? It may be something you wish to take on notice.

Ms Wilkinson: I think we should take it on notice.

Senator WONG: Thank you. I appreciate that.

Answer:

We find the correlation of both key measures of consumer confidence and employment growth to be strongest when consumer confidence leads employment growth by two months. The correlation coefficient is estimated to be around 0.25.

The sample used to estimate the correlation was February 2005 to February 2015.

Employment data comes from ABS cat. no. 6202.0 - Labour Force, Australia. Consumer confidence data comes from the Westpac-Melbourne Institute Consumer Sentiment Index and the ANZ-Roy Morgan Consumer Confidence index.