



## **A Substantial Change in the Tasmanian Economic Index**

**6 July 2010**

**MyState Financial** today reported that the Tasmanian Economic Index's Headline Index had significantly declined 5.3 points for Quarter 2 of 2010.

MyState Limited Managing Director John Gilbert said the drop – reflected in all of the sub indexes - reflected Tasmanians' reaction to a perfect storm of political, domestic and international events.

"The Headline Index – which hit a high of 59.1 in the last quarter of 2009 and leveled off at 58.9 in the first quarter this year – has fallen to significantly 53.6.

"The Tasmanian Economic Index for Quarter 2, 2010, was undertaken during a period of political uncertainty in Tasmania, increasing volatility in international financial markets and the third consecutive RBA interest rate rise" Mr Gilbert said.

"In other words, it was an uncertain environment, almost a perfect storm, at the time when we asked Tasmanians their perceptions of their economic situation and that of the State."

Mr Gilbert said that one of the strongest indicators of uncertainty was the 35-54 year-old demographic – Tasmania's working families, and those nearing retirement.

"This is understandable given that elements of this demographic, statistically speaking, have the largest amount of mortgage debt or are now contemplating retirement and their future income streams may be linked to the equity markets."

Mr Gilbert said Confidence about Debt Repayments was now 44.2, a drop of 5.3 points.

"This is the second lowest level of confidence in debt repayments ever recorded, after Quarter 2, 2008 (41.4).

"People with mortgages and those aged 35-54 years are increasingly concerned about the impact of interest rates on their debt repayments after three straight interest rate rises, a trend which has also been observed on the mainland."

Mr Gilbert said that Confidence in the Tasmanian Economic Situation had fallen 6.6 points to 50.4.

“This was the largest decrease of the Tasmanian Economic Index indices after a slight decline in the last quarter (1.5 points to 57.0).

“The major driver of this overall decline in confidence in the Tasmanian Economic Situation was a 0.9 point decrease in the Future Prosperity measure (5.7 to 4.8).”

Mr Gilbert said the Good Time to Buy index had fallen to 51.4 from the last quarter of 57.8.

“This was the second largest decline for Quarter 2. The Good Time to Buy A House or Property index peaked in Quarter 3, 2009, after six interest rates cuts. Now in the calendar year 2010, we have seen three consecutive interest rate rises and this coupled with continuing global uncertainty, has no doubt impacted adversely upon consumer confidence levels.”

### **Tasmanian Economic Index Highlights Quarter 2, 2010**

<b>INDEX</b>	<b>Qtr 2, 2010 (May)</b>	<b>Qtr 1, 2010 (Feb)</b>
<b>Overall Economic Index</b>	<b>53.6</b>	<b>58.9</b>
Good Time to Buy	51.4	57.8
Tasmanian Economic Situation	50.4	57.0
Confidence in Personal Financial Situation	58.5	62.3
Confidence about Debt Repayments	44.2	49.5

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