

Embargoed: Wednesday 14 September 2011

***Viewpoint* examines the impact of natural disasters on Australia's economic outlook and reveals its contribution to the recent slump in consumer confidence**

14 September 2011, Sydney: Commonwealth Bank today released its fourth issue of *Viewpoint*, a biannual report that examines topical economic and social issues while tracking the wider sentiment of the nation. This issue focuses specifically on the impact on personal income and economic outlook, following some significant natural disasters on the Australian economy.

"The Australian economic story has been a fairly easy sell, both domestically and internationally over the past few years. But the latest *Viewpoint* readings suggest some of the underlying optimism has dissipated, particularly when it comes to our perceptions of how the Australian economy and our personal finances are travelling," said Michael Blythe, Chief Economist, Commonwealth Bank.

Currently, 44% of Australians claim their personal circumstances are worse than they were six months ago, a 10% increase from August 2010. The belief that the economy is strong is also down and now sits at under a quarter of the population.

Natural disasters have taken a toll on sentiment. *Viewpoint* reveals just how widespread the impact can be. Even when people are not directly affected by such disasters, they can feel that they are. Some two-thirds (66%) of Australians believe the recent natural disasters had a negative impact on the national economy.

But almost half (45%) of consumers also believe the natural disasters had a negative impact on their personal finances, suggesting the impact of disasters is quite pervasive, despite the geographic concentration of most natural disasters. In particular, one third believe the natural disasters have increased the cost of living, with essential items such as groceries (fruit and vegetables) and utilities being most frequently mentioned.

Viewpoint also sheds some light on the recovery process following a disaster. As a broad rule of thumb, recovery to pre-disaster levels fluctuates from 6-18 months. The main factors are: the scale of disaster, frequency of disasters, local industry profile and proximity to population hubs.

"The impact of the tragic Victorian bushfires on unemployment, for example, was aided by the regions proximity to other large towns and cities, where alternative employment could be sought. The benefit of nearby large populations is highlighted when comparing the bushfire experience to a region like North Queensland, which, over repeated flooding and cyclone activity, plus the reliance on local agriculture industry is taking longer to recover, with increasing numbers of people relying on unemployment benefits as their only source of income and salary averages in decline," continued Michael Blythe.

About *Viewpoint*

Viewpoint is one of the nation's biggest consumer financial surveys and is a barometer of economic vitality. *Viewpoint* uses an anonymised sample of 1.3 million households, analysis of data from the Bank's 10 million-plus strong customer base and data on daily processing of around 45% of all financial transactions.

Media Release



CommonwealthBank

Every month Commonwealth Bank surveys 2,000 different Australians aged 18-69 to find out how they are feeling about the economy and their personal finances.

Reported biannually, *Viewpoint* offers the nation timely and representative information to allow a more intimate understanding of the economic and financial vitality of Australia. Few reports match the breadth, scale and timeliness of *Viewpoint*.

Produced in conjunction with the University of Canberra's NATSEM, *Viewpoint* and more information on its methodology is available to download at commbank.com.au/viewpoint

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