



TASMANIAN ECONOMIC INDEX POSTS THIRD DEBT CONCERN
19 April 2010

MyState Financial's Tasmanian Economic Index today posted the first drop in its key Headline Index for the first time in 18 months.

MyState Limited managing director John Gilbert described Tasmanians overall mood as now being "cautiously optimistic".

"This quarter's result is the first decrease in the Tasmanian Economic Headline Index since quarter 3, 2008 – some 18 months," Mr Gilbert said.

"The Headline Index now stands at 58.9 – 0.2 points lower than in Quarter 4, 2009.

"This slight drop represents a plateau in the confidence of Tasmanians and they are now 'cautiously optimistic'.

"There were a number of economic and social factors that would have influenced the result, including, but not limited to, Tasmania's relatively low unemployment levels, strong community awareness of the strength of Tasmania's economy, the continuing impact of the reduction in the first home owners grant (FHOG) and three rate increases in Quarter 4, 2009.

"While the election has been topical in recent times the survey was completed before election announcements could affect the outcome.

"The Confidence in Personal Financial Situation index remained fairly steady at 62.3," Mr Gilbert said.

"But the Confidence in Debt Repayment Index has dropped 0.7 points to 49.5 from 50.2 in Quarter 4, 2009. The Tasmanian Economic Situation Index recorded the largest drop this quarter of 1.5 points to 57.0.

"These two indexes were key drivers to the slight drop witnessed in the headline index.

"Some measures of the index recorded slight decreases such as the Confidence in Current Income and Confidence in Future Prosperity which each dropped 0.1 points, while other measures leveled out such as the Confidence in Investment Growth and the Confidence in Debt Repayment indexes.

“The Good Time to Buy index was the only measure to increase this quarter rising to 57.8 and it was driven by strong retail incentives for Tasmanian consumers which made purchasing household appliances, in particular, very attractive.

“It is understandable that confidence has not continued to rise – but it is still pleasing that Tasmanians remain much more optimistic than they did 12 months ago.”

“Lending rates are tipped to increase but they still remain relatively low compared to historical levels.

“Media coverage has centred on themes of ‘mild rebound’ in terms of the Tasmanian and national economy and that Tasmania’s economy continues to be strong maintaining its ‘Triple A’ rating.

“These are positive influences on the confidence of the Tasmanian community. However there is uncertainty about the potential for a rising rate environment. It is this concern which has delivered the plateau in confidence witnessed this quarter.

“But if interest rates continue to rise, as has been tipped, then the overall confidence of Tasmanians could be tested.”

The MyState Financial Tasmanian Economic Index (TEI) highlights included:

INDEX	Qtr 1, 2010 (Feb)	Qtr 4, 2009 (Nov)
Overall Economic Index	58.9	59.1
Good Time to Buy	57.8	56.9
Tasmanian Economic Situation	57.0	58.5
Confidence in Personal Financial Situation	62.3	62.4
Confidence about Debt Repayments	49.5	50.2

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