



Media Release

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Melbourne Institute Household Saving and Investment Report Household financial conditions rise but not enough

According to Dr. Edda Claus “the household financial conditions index rose 23.3 per cent in September to 31.1. September’s rise fell short of offsetting the large 24.3 per cent fall in June and the index is down 1.3 per cent compared to a year ago.”

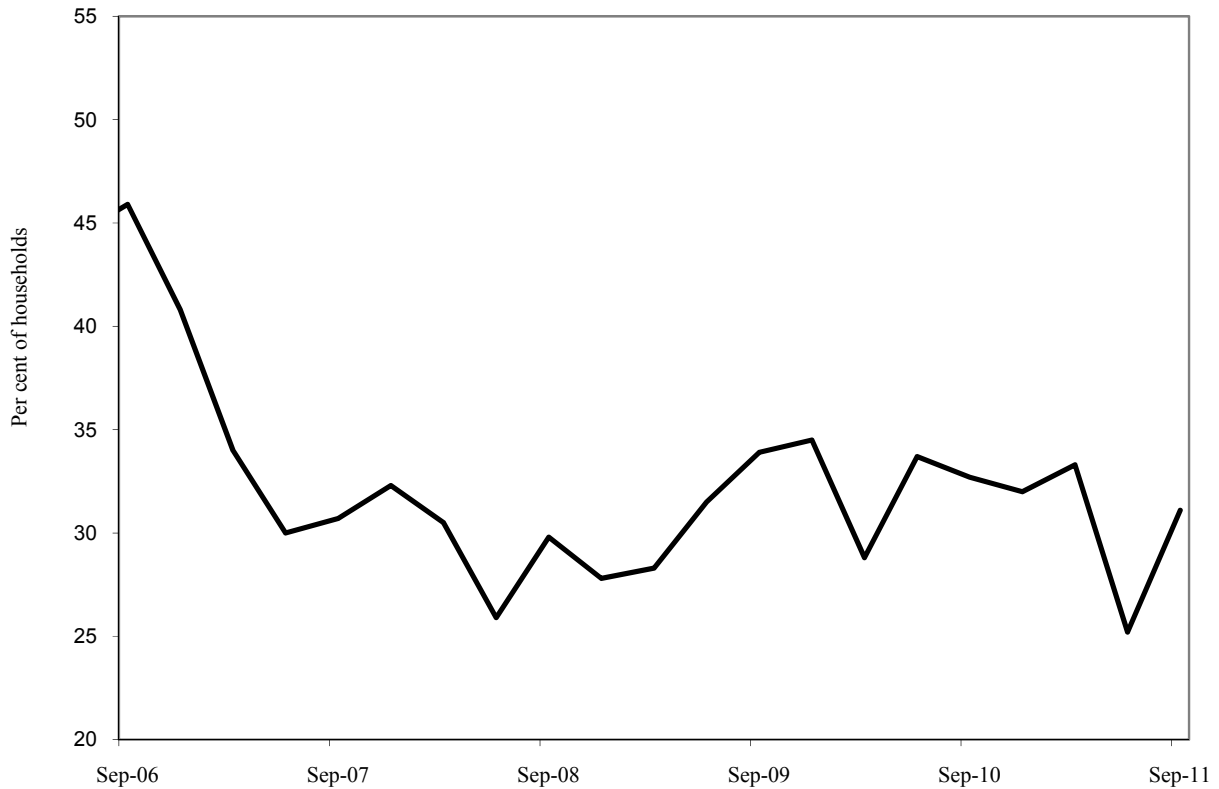
She added “The drivers of the rise in the index in September were a decline in the number households drawing on savings and a rise in the number of households saving a little and saving a lot. Offsetting these improvements was an increase in the share of households running into debt, to 6.6 per cent of all respondents. This is the highest share since September 2007.”

“There are signs that Australians’ appetite for investing in real estate may be abating. This is in line with findings here. The percentage of households nominating ‘buying investment property’ declined to 10.1 per cent in September, the second lowest rate on record. (See Table 3c). The record low was 8.2 per cent in November 2007.”

The Melbourne Institute household financial conditions index shows the proportion of households who are saving, relative to the proportion of households who are running into debt and/or drawing on their savings (see Chart on page 2).



Chart 1: Household Financial Conditions Index



Contact:

Dr Edda Claus

Tel: 03 8344 2141

Email: eclaus@unimelb.edu.au



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ECONOMICS

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<http://www.melbourneinstitute.com/miaesr/publications/indicators/hsr.html>