

Sex, consumer sentiment and the dollar

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The Australian dollar dipped to a four-year low earlier this week. But is that a good thing or a bad thing? Your answer might have something to do with your gender.

The dollar's fortunes have always played on our collective mood. Traditionally, sharp appreciations have buoyed consumers and big slumps have worried them.

Now, there is evidence the sexes have contrasting reactions to currency's ups and downs.

When the Westpac-Melbourne Institute survey of consumer sentiment asked a special question about a sharp fall in the exchange rate last year, there was a striking difference in the responses made by men and women. Half of the males interviewed saw the dollar's slide as favourable, compared with only a third of female respondents. About 29 per cent of women viewed the currency's fall unfavourably, compared with 17 per cent of men.

Why the gender gap?

One possibility is the amount and types of shopping men and women do. A falling dollar tends to increase the cost of everything Australia imports. And because women tend to make most household purchases, they might be more sensitive than men to the higher prices that tend to follow a fall in the exchange rate.

"Women may be more attuned to the impact of the currency on purchasing power," said a Westpac report on the survey results.

The rise of online shopping might also be a factor. Movements in the exchange rate have an immediate effect on the price of goods purchased from overseas websites. It is likely the recent growth in overseas online shopping has intensified consumer interest in the dollar's movements. And because women now make most online purchases, it might help explain the less favourable response that females had to the dollar's fall compared with males.

"Women are probably more aware of the cost advantages that we've seen over the past few years in terms of purchasing offshore," said Matthew Hassan, a Westpac economist who analyses the results of the consumer sentiment survey.

The behaviour of women online shoppers over the past few years underscores how sensitive they are to the dollar's gyrations.

Emma McDermott, who researches online shopping trends for the marketing agency All About Eve, said the very high level of the Australian dollar between 2010 and 2013 coincided with a surge in overseas online shopping by women. This was most noticeable in the purchase of trend-driven and high-end fashion by younger women.

"That was absolutely going off up until about 12 months ago - it was just open slather," she said.

But when the dollar slipped below parity with the US dollar last year and settled in the mid-to-low US90¢ range, the overseas online shopping frenzy tempered.

"As soon as the Aussie dollar started taking a dive, particularly against the US dollar, it went off the boil," Ms McDermott said. "There was definitely an exchange rate effect."

There are probably other factors driving a wedge between the sexes when it comes to feelings about the dollar's movements. Patterns of employment might also be playing a role. Men are more likely to work in big industries that have been badly affected by the prolonged strength in the exchange rate, especially manufacturing. There has been a lot of commentary in the past few years pointing out that a high exchange rate hurts key industries and costs jobs. That might explain the relatively high proportion of men happy to see the dollar's slide.

It is not only the sexes that are divided in their opinions about the dollar's slump. There is an age divide as well. Half the consumers surveyed in the 55 to 64 age group thought the dollar's fall was favourable, compared with less than a third of those in the 25-34 age bracket.

Purchasing habits might also help explain this age gap. Young people do a lot of online shopping on overseas websites and have a strong interest in overseas travel. Both those things get more expensive when the dollar falls.

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