

# Consumer confidence rebounds

By Ken Wu in Hong Kong

The containment of Sars, the end of the Iraq war and economic recovery in the US have triggered a turnaround in consumer confidence in

the Asia-Pacific region, MasterCard has found.

The MasterIndex survey, which interviewed 5,447 people between October and December 2003 in 13 countries in the region, found

consumer sentiment at an average of 64.9, up from 44.9 six months ago.

The index rates 51-100 as optimistic, while 50 is neutral and up to 49 is deemed pessimistic.

The participants were asked their views on the economy, regular income, quality of life, the stockmarket and employment.

The latest turnaround, one of the biggest swings charted by the MasterIndex in its 11-year history, echoes the rebound experienced after the region had recovered from the 1997-98 financial crisis.

Overall, nine of the 13 countries surveyed had a positive view of the six months ahead. Consumers in Indonesia, Korea, the Philippines and Japan were the only markets with a negative view of the near future.

Bouncing back from a post-Sars dip, China scored 83.7 after 68 last time. The country's high rating reflected the substantial economic gains it had made in the past decade, said Stuart

McDonald, senior vice-president of regional business development at MasterCard International.

Japan also made a notable comeback, scoring 31.8 after posting 17.4 previously. As Japan has never scored above 38 in any of the surveys, the latest jump is a sign of "positive pessimism", Mr McDonald said.

Hong Kong rose from 23.2 last time to 81.1, its second-highest on record, and Australia from 45.3 to 80.9.

The index's figures could not be used to compare consumer confidence between countries because of their differences in expectations, said Dr Yuwa Hedrick-Wong, the Asia Pacific economic adviser at MasterCard International.

Japanese consumers, for example, gave lower scores on quality of life than their Chinese counterparts because the Japanese enjoyed a higher standard of living in the 1980s, while living standards in China have improved in recent years.

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