



Do Consumers Cut Back on Spending Before Federal Elections?

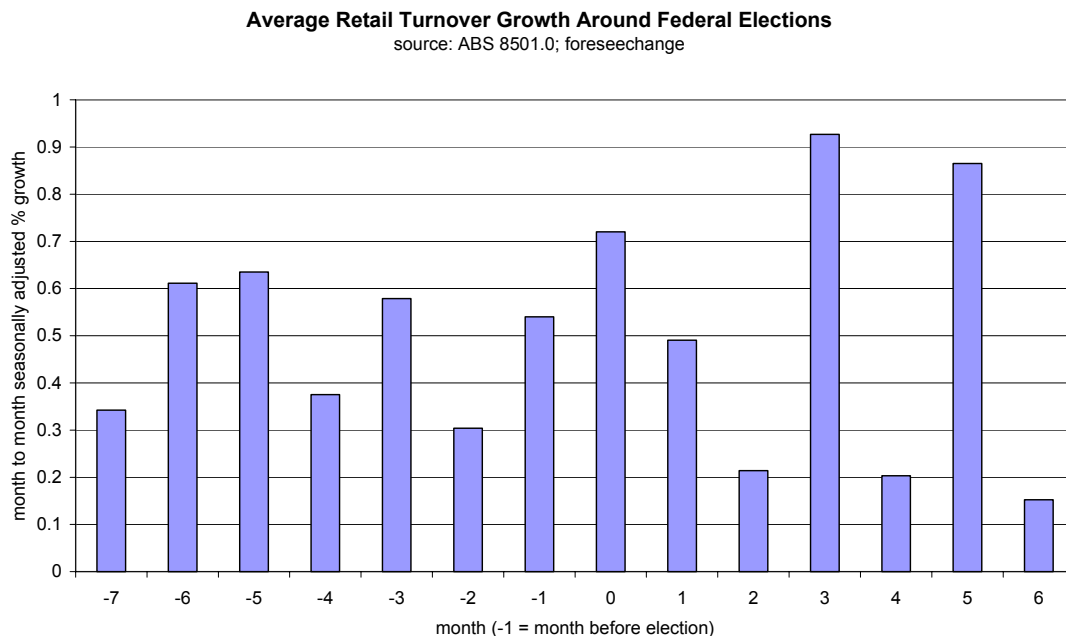
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The answer in **NO!**

I have analysed retail turnover growth in the months surrounding the last seven federal elections. The election dates were:

- 10/11/2001
- 3/10/1998
- 2/3/1996
- 13/3/1993
- 24/3/1990
- 11/7/1987
- 1/12/1984

The average month-to-month seasonally adjusted growth in retail turnover is shown in the chart. The month labeled 0 is the month of the election, the month labeled -1 is the month before the election and the month labeled 1 is the month after the election and so on.



In none of the months before, during, or after the election is the average growth rate statistically significantly different to the overall average of 0.5%.

The average growth rate of the month immediately before the election is 0.54%. The average growth rate of the six months before this month is 0.47% and the average of

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the six months immediately after the election is 0.48%. The average growth rate of the month of the election is 0.72%. But in one election year, 1987, the growth in the month of the election was 2.3%. Leaving this very unusual month out of the calculations results in an average election month growth rate of 0.49%.

Acting on the myth of a slowdown before elections can be costly. Reducing advertising before an election can hand extra market share to the competition thus perpetuating the myth for the pessimistic advertiser.