



## Press Release

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### **Consumer Confidence Holding Up Well in Asia/Pacific says MasterCard MasterIndex™ of Consumer Confidence**

**Vietnam and Hong Kong Top the List  
10 of the 13 Markets Surveyed Show Optimistic Outlook for Next Six Months**

*Hong Kong, 14 July 2005* –MasterCard today announced the results of the latest MasterIndex™ of Consumer Confidence. The bi-yearly survey reveals that consumers in most Asia/Pacific markets continue to have an optimistic economic outlook for the next six months despite economic challenges.

“Consumer confidence over the outlook for the rest of the year is relatively strong in the region, especially seen in the context of worries over the price of oil, economic slowdown in Europe, rising interest rates, and persistent stock market volatility,” commented Dr. Yuwa Hedrick-Wong, economic advisor to MasterCard International in Asia/Pacific.

“Strong income and employment growth is certainly a key factor behind the solid consumer confidence observed so far, especially in a market like Hong Kong. But the overall confidence level masks significant differences within the region.

“While Korean consumers have stopped being pessimistic about the future, levels of optimism have dropped in Australia and New Zealand. These divergent trends clearly reflect how the current business cycle is unfolding at very different ways in the region. Going forward, even greater complexity should be expected. However, at least for 2005, positive consumer sentiments should support double digit growth in retail sales, outbound travel, and household expenditures in general,” added Dr. Yuwa.

Of the 13 markets surveyed, 10 had an optimistic MasterIndex score. **Vietnam and Hong Kong topped the list of markets with a highly positive outlook;** other optimistic markets include China, Indonesia, Singapore, Malaysia, Thailand, Korea, Australia and New Zealand. In particular, **both Korea and Hong Kong have made significant strides over a period ago and a year ago.**

The latest MasterIndex survey was conducted from 3 May to 29 May 2005 and involved 5,440 consumers across 13 key Asia/Pacific markets. Five variables are measured; **employment, economy, regular income, stock market and quality of life.** MasterIndex respondents are asked about their sentiments on these five variables for the next six month.

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Highlights of the latest MasterIndex survey include:

- Vietnam continues to lead the region with the highest score of 92.1. This score is marginally higher when compared to six months ago (90.8). All five economic factors registered highly positive scores
- **Hong Kong (85.5) made a remarkable recovery from the pessimistic 2Q 2003 (23.2), and the entire 2002 and 2001. Consumers are currently highly optimistic on all fronts.**
- China (82.3) continues to be highly optimistic and slightly more so than a period ago and a year ago. Except for sentiments on the Stock Market which saw a dip, the China continues to be very optimistic on the other four variables.
- Indonesia (70.8) remains optimistic, although consumer confidence has dropped from the last period record high of 94.7. Consumer outlooks on Quality of Life, Employment, the Economy and the Stock Market are lower when compared with a period ago.
- Thailand's MasterIndex (60.4) is marginally higher than a period ago (59.4) supported by continued optimism in all five variables.
- Consumers in Korea (54.2) are now much more confident compared to a period and a year ago. They have made a notable comeback on all fronts even though sentiments on Employment are still slightly pessimistic.
- Japan (45.4) has made an impressive rebound even though overall consumer confidence in this market is still slightly pessimistic. This is the second time in the past 12 and a half years of the MasterIndex that consumer sentiments are close to being optimistic. The current MasterIndex is almost twice as high as the market's historical average.

## **MASTERINDEX COUNTRY FINDINGS**

### **HONG KONG**

**Consumer confidence in Hong Kong (85.5) continues to strengthen over period ago (79.2) and year ago (71.2). The current MasterIndex of 85.5 is the second highest on record.**

Sentiments on all five economic factors are at or near record highs especially Employment (93.7 vs. 89.9 period ago), the Economy (90.4 vs. 89.4 period ago), Stock Market (76.9 vs. 71.7 period ago), Quality of Life (82.4 vs. 78.7 period ago) and Regular Income (84.1 vs. 66.4 period ago).

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## **CHINA**

China consumers (82.3) continue to remain highly optimistic about the next six months as they were a period ago (81.3) and a year ago (78.9).

Their sentiments on the Economy (95.4 vs 88.8 period ago), Quality of Life (95.6 vs. 94.2 period ago), Employment (76.3 vs. 68.9 period ago), and Regular Income (94.0 vs. 91.9 period ago) are highly optimistic. Expectations of the Stock Market (50.1 vs. 62.6 period ago) are barely optimistic, severely pulled down by pessimism in Beijing (43.4 vs. 63.6 period ago) and Shanghai (35.0 vs. 58.7 period ago).

## **AUSTRALIA**

Consumer confidence in Australia (56.5), is lower than both a period ago (61.5) and a year ago (63.4). The last three MasterIndexes (including the current) have been on a steady decline since reaching a high of 80.9 in 4Q 2003.

Current consumer sentiments on Regular Income (87.7 vs 66.8 period ago) are at a record high. Outlook on the Economy (60.0 vs 62.0 period ago) remains somewhat positive while sentiments on Employment (53.5 vs 61.4 period ago) and Quality of Life (52.5 vs 57.5 period ago) have in fact become less positive.

## **INDONESIA**

As reflected in the current MasterIndex of 70.8, consumers though still optimistic, have become significantly less so compared to six months ago (94.7).

Consumer confidence on all economic factors, except Regular Income (93.3 vs. 97.4 period ago), have fallen off almost precipitously from a period ago. Loss in optimism is most evident in respect to Quality of Life (49.0 vs. 95.7 period ago) and Employment (57.5 vs. 91.5 period ago). Confidence in the Economy (77.1 vs. 96.1) and the Stock Market (77.2 vs 92.8) also took a substantial hit.

## **JAPAN**

Japan's current MasterIndex of 45.4 is a significant improvement over a period ago (37.7) and the second highest on record. .

Consumer sentiments on the Stock Market (54.7 vs. 53.5 period ago) are slightly optimistic. Those on the Economy (49.4 vs. 36.9 period ago), Regular Income (44.6 vs. 30.7 period ago) and Employment (44.0 vs. 45.4) are close to optimism. However, despite improving sentiments, Japanese consumers still remain pessimistic on Quality of Life (34.4 vs. 21.8 period ago).

## **KOREA**

Korea's MasterIndex of 54.2 is well ahead compared to a period ago (29.6) and a year ago (40.7). This optimism is supported by strong improvement in sentiments on Regular Income (63.5 vs. 55.1 period ago), the Economy (57.6 vs. 20.9 period ago) and the Stock

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Market (57.1 vs. 26.5). Sentiments on Quality of Life (49.4 vs. 23.6 period ago) are about neutral while those on Employment (43.4 vs. 21.8 period ago) are just slightly pessimistic. Both factors have however shown significantly increases.

### **MALAYSIA**

The Malaysian consumer confidence (61.4) has fallen from a period ago (78.0) and a year ago (84.0).

Consumer sentiments on Regular Income (66.1 vs. 78.4 period ago), Quality of Life (64.5 vs. 87.8 period ago), Economy (60.0 vs. 78.2 period ago), Employment (59.5 vs. 74.9 period ago), and to a smaller degree, outlook of the Stock Market (56.8 vs. 70.8 period ago) are slightly optimistic.

### **NEW ZEALAND**

New Zealand's consumers (52.5) are just barely optimistic and has dropped off when compared to a period ago (68.6) and a year ago (56.5). Likewise, consumer sentiments on all five economic factors have fallen off especially when compared to a period ago.

Current consumer sentiments on the Stock Market (32.2 vs. 57.7 period ago), Economy (38.5 vs. 52.6 period ago) and Quality of Life (48.0 vs. 62.4 period ago) are in pessimistic territory. Outlook on Regular Income (84.4 vs. 92.4 period ago) remains very optimistic while that on Employment (59.2 vs. 77.8 period ago) is deemed somewhat optimistic.

### **PHILIPPINES**

Consumer confidence in the Philippines (28.9) continues to decline from a period ago (33.7) and a year ago (54.8). The market shows pessimistic sentiments on Employment (14.9 vs. 23.6 period ago), Economy (17.8 vs. 31.7 period ago), Quality of Life (21.0 vs. 25.0 period ago) and the Stock Market (31.7 vs. 30.0). The current MasterIndex is the lowest recorded.

### **SINGAPORE**

Consumer confidence in Singapore (69.7) is significantly higher than a period ago (58.7) and lower than a year ago (71.9). The current optimism is brought about by improved sentiments on Quality of Life (74.0 vs. 47.7 period ago) and Regular Income (77.3 vs. 55.4 period ago). Outlook on the Economy (71.8 vs. 67.2 period ago) and the Stock Market (62.8 vs 58.3) has also improved slightly. However, sentiments on Employment (62.6 vs. 64.8 period ago) though optimistic, have declined marginally from six months ago.

### **TAIWAN**

Taiwan's current MasterIndex of 38.6 is lower compared to both a period ago (48.2) and year ago (58.6).

Consumers are generally quite pessimistic on all five MasterIndex economic factors – Employment (38.4 vs. 42.1 period ago), Economy (38.4 vs. 48.9 period ago), Regular

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Income (39.8 vs. 69.1 period ago), Stock Market (44.1 vs. 45.1 period ago) and Quality of Life (32.6 vs. 35.8 period ago).

## **THAILAND**

The current MasterIndex of 60.4 stands just marginally higher than a period ago (59.4) and lower than a year ago (69.2).

Consumers indicates an improvement on Employment sentiments (57.7 vs. 52.5 period ago), and a slight gain on Economy (54.2 vs. 52.6 period ago) and the Stock Market (59.8 vs. 56.6 period ago). These gains are however countered by the decline of confidence on Quality of Life (55.3 vs. 59.9 period ago).

## **VIETNAM**

Since its first MasterIndex at 4Q 2003, Vietnamese consumers continue to be highly optimistic on all five economic factors. Its current MasterIndex of 92.1 is slightly higher compared to a period ago (90.8) and a year ago (91.6).

Consumer sentiments on Employment (93.0 vs. 90.3 period ago), Economy (94.7 vs. 92.0 period ago), Regular Income (95.9 vs. 95.9 period ago) and Quality of Life (94.2 vs. 97.2 period ago) continue to be highly positive. There is also improvement in Stock Market sentiments (82.6 vs. 78.8 period ago), generated largely by a greater awareness of the local bourse among survey respondents.

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***NOTE TO EDITORS: This news release is distributed with an accompanying chart (see page 7) that shows current MasterIndex of Consumer Confidence scores by market compared with several significant points in the history of the survey.***

***More information on MasterIndex can be found at the website [www.mastercard-masterindex.com](http://www.mastercard-masterindex.com)***

### **About MasterIndex**

MasterCard's MasterIndex™ of Consumer Confidence survey has over 12-year track record of consumer confidence indices collected from more than 116,000 interviews, unequalled both in scope and history in Asia/Pacific.

The MasterIndex survey of Consumer Confidence is the most comprehensive and longest running of its kind in the region. MasterIndex has demonstrated its precision at several important junctures as a barometer of consumer sentiment. In June 1997, MasterIndex revealed a decline in consumer confidence – one month prior to the devaluation of the Thai baht that triggered the regional financial crisis. More recently in June 2003, MasterIndex for employment in Hong Kong dropped to a low of 20.0. This was subsequently reflected in Hong Kong's unemployment rate, which peaked just before Sept 2003 at 8%.

The survey began in Quarter 2 of 1993 and has been conducted twice yearly since. Thirteen markets participate in the survey: Australia, China, Hong Kong, Indonesia, Japan, Korea, Malaysia, New Zealand, Philippines, Singapore, Taiwan, Thailand and Vietnam. Vietnam

made its debut in the December 2003 report, replacing India, which is now covered by the SAMEA (South Asia/Middle East/Africa) MasterIndex survey. The last Asia/Pacific MasterIndex survey was conducted in May 2005 among a sample of approximately 400 (total sample of 5,440) across the middle and upper income groups in each market, except in China where approximately 600 respondents were surveyed.

The MasterIndex is calculated based upon percentage response figures, with zero as the most pessimistic, 100 as most optimistic and 50 as neutral. Five economic factors are measured: employment, the economy, regular income, stock market and quality of life. The responses are consumers' thoughts on the six months ahead (i.e. July to December 2005). Data collection was via personal and telephone interviews with the questionnaire translated to the local language wherever appropriate and necessary. The survey has a margin of sampling error of plus or minus four percentage points at the 90% confidence level.

#### **About MasterCard International**

MasterCard International is a leading global payments solutions company that provides a broad variety of innovative services in support of our global members' credit, deposit access, electronic cash, business-to-business and related payment programs. MasterCard International manages a family of well-known, widely accepted payment cards brands including MasterCard®, Maestro® and Cirrus® and serves financial institutions, consumers and businesses in over 210 countries and territories. The MasterCard award-winning Priceless® advertising campaign is now seen in 96 countries and in 48 languages, giving the MasterCard brand a truly global reach and scope. For more information go to [www.mastercardinternational.com](http://www.mastercardinternational.com) or refer to our filings with the U.S. Securities and Exchange Commission.

The following Chart shows the performance of each market at different key intervals and important turning points in the history of the Region's MasterIndex of Consumer Confidence™.

### The MasterIndex & The Region

MARKETS	Current 2Q 2005	Period Ago 4Q 2004	Year Ago 2Q 2004	Crisis Average 4Q 97 - 4Q 98	HISTORICAL AVERAGE MASTERINDEX
Australia	56.5	61.5	63.4	43.0	57.2
China	82.3	81.3	78.9	55.6	72.8
Hong Kong	85.5	79.2	71.2	16.9	49.2
Indonesia	70.8	94.7	67.3	27.2	68.6
Japan	45.4	37.7	47.6	5.4	24.3
Korea	54.2	29.6	40.7	26.1	53.3
Malaysia	61.4	78.0	84.0	40.9	75.9
New Zealand	52.5	68.6	56.5	38.5	60.4
Philippines	28.9	33.7	54.8	47.7	51.1
Singapore	69.7	58.7	71.9	34.4	64.2
Taiwan	38.6	48.2	58.6	45.1	50.6
Thailand	60.4	59.4	69.2	25.6	57.8
Vietnam	92.1	90.8	91.6	0.0*	91.2
<b>The Region</b>	<b>61.4</b>	<b>63.2</b>	<b>65.8</b>	<b>34.7</b>	<b>59.7</b>

Note: The Crisis period in the Chart above is based on the reflection of the MasterIndex™ of Consumer Confidence results, which may or may not coincide with actual chronology or the definitions of others.

Historical Average is the mean average of all MasterIndex scores up through Period Ago but not including the Current Period.

\* Ex-Vietnam as this market was not surveyed in 1997/98.