

# ANZ-Roy Morgan NZ Consumer Confidence

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The next issue of the ANZ-Roy Morgan Consumer Confidence is scheduled for release on 1 November 2019 at 10am.

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## Wary

### Summary

- Consumer confidence fell 4 points in September to 114, the lowest read in four years.
- The Current Conditions Index fell 1 point, while the Future Conditions Index fell 6 points.
- The proportion of households who **think it's** a good time to buy a major household item lifted 2 points to 41%.

The ANZ-Roy Morgan Consumer Confidence Index fell 4 points to 114 in September, led by wariness of the future. The Current Conditions Index fell 1 point to 126, while the Future Conditions Index fell 6 points to 106.

**Figure 1. ANZ-Roy Morgan Consumer Confidence**



Source: ANZ Research, Roy Morgan

Turning to the detail:

- Consumers' **perceptions of** their current financial situation fell 5 points to a net 11% feeling financially better off than a year ago.
- A net 23% of consumers expect to be better off financially this time next year, down 4 points versus last month.
- A net 41% think **it's a good time to buy a major household item**, up 2.
- Perceptions regarding the **next year's** economic outlook fell a sharp 9 points to a net 10% expecting conditions to worsen, the lowest in four years. The five-year outlook fell 7 points to +4%.
- Sharp falls in confidence in Wellington (down 10) and Canterbury (down 6) led the drop in the index, but Wellington is nonetheless still the most optimistic region. Confidence fell in every region.
- House price inflation expectations are now weakest in Auckland (2.0%, down 0.7%pts) and strongest in Wellington (3.8%, up 0.2%pts). General inflation expectations remained in recent ranges at 3.5%.

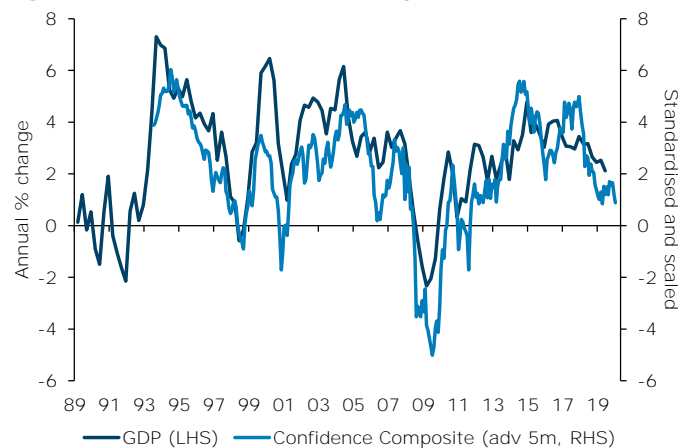
Consumer confidence fell 4 points in August to 114, below its historical average of 120 and the lowest read in four years. Confidence in both current and future conditions fell, but consumers are particularly wary about what the future may bring.

**Despite the fall, one shouldn't overstate the weakness in consumer sentiment.** Households are still feeling pretty robust. Lower interest rates are likely behind the robustness in the proportion of people thinking it is a good time to buy a major household item. The tight labour market is another key support, though employment indicators have deteriorated markedly, so this is a vulnerability going forward.

Our confidence composite gauge combines business expectations and intentions with overall consumer sentiment to capture both the demand and supply side of the economy and give a better indicator for growth than either series alone.

The composite dipped with the fall in consumer confidence, but remains within recent (low) ranges (figure 2). It is consistent with our view that while the slippage in economic growth is set to continue over the second half of the year as the economy battles headwinds, the fundamentals for the New Zealand economy remain decent.

**Figure 2. GDP vs Confidence Composite**



Source: ANZ Research, Roy Morgan, Statistics NZ



## Tables and charts

Survey Summary	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19
No. of Interviews	1,001	1,001	1,000	1,002	1,001	1,001	1,001	1,000

<b>Q1. Would you say you and your family are better off financially or worse off than you were at this time last year?</b>								
Better Off	35	34	36	32	37	37	37	33
Worse Off	21	23	22	22	22	25	22	22
<b>Net Balance</b>	<b>14</b>	<b>12</b>	<b>14</b>	<b>10</b>	<b>15</b>	<b>12</b>	<b>16</b>	<b>11</b>

<b>Q2. This time next year do you and your family expect to be better off financially or worse off than you are now?</b>								
Better Off	44	46	45	39	46	42	44	40
Worse Off	16	17	16	16	17	21	17	17
<b>Net Balance</b>	<b>27</b>	<b>29</b>	<b>30</b>	<b>23</b>	<b>29</b>	<b>21</b>	<b>27</b>	<b>23</b>

<b>Q3. Thinking of economic conditions in New Zealand as a whole, in the next 12 months, do you expect we'll have good times financially, bad times or some good and some bad?</b>								
Good Times	38	39	35	33	38	31	30	26
Bad Times	29	29	26	26	26	33	32	35
<b>Net Balance</b>	<b>9</b>	<b>10</b>	<b>9</b>	<b>7</b>	<b>12</b>	<b>-1</b>	<b>-1</b>	<b>-10</b>

<b>Q4. Looking ahead, what would you say is more likely: that in New Zealand as a whole we'll have continuous good times during the next five years or so, we'll have bad times, or some good and some bad?</b>								
Good Times	38	40	35	32	35	34	33	29
Bad Times	23	20	17	18	19	23	22	24
<b>Net Balance</b>	<b>15</b>	<b>21</b>	<b>18</b>	<b>14</b>	<b>16</b>	<b>11</b>	<b>11</b>	<b>4</b>

<b>Q5. Generally, do you think now is a good time, or a bad time, for people to buy major household items?</b>								
Good Time to Buy	57	56	60	58	56	56	58	58
Bad Time to Buy	18	18	14	16	16	17	19	18
<b>Net Balance</b>	<b>39</b>	<b>38</b>	<b>46</b>	<b>43</b>	<b>40</b>	<b>39</b>	<b>39</b>	<b>41</b>

<b>Q6. During the next 2 years do you think that prices in general will go up, go down, or stay where they are now? And if up, what is the expected percentage per year?</b>								
Go Up	72	73	72	72	71	73	70	70
Go Down	5.8	5.2	4.9	4.7	4.9	5.3	6.5	4.8
<b>Expectation (%)</b>	<b>3.4</b>	<b>3.7</b>	<b>4.0</b>	<b>3.6</b>	<b>4.0</b>	<b>3.1</b>	<b>3.2</b>	<b>3.5</b>

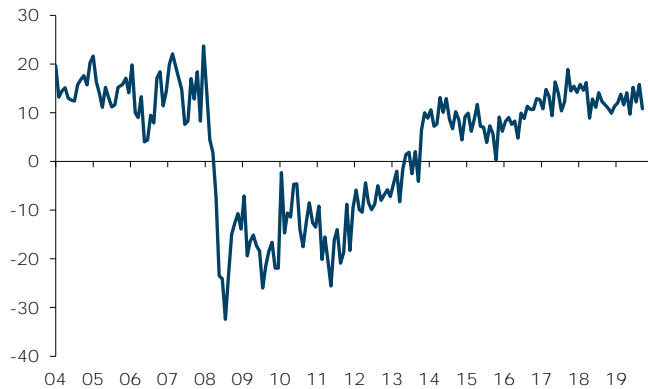
<b>Q7. Specifically thinking about the price of houses during the next 2 years, do you think that the price of houses in general will go up, go down, or stay where they are now? And if up, what is the expected percentage per year?</b>								
Go Up	52	51	51	54	55	55	54	54
Go Down	18.6	17.8	20.1	16.9	15.2	14.2	17.2	14.4
<b>Expectation (%)</b>	<b>2.7</b>	<b>2.7</b>	<b>2.8</b>	<b>2.6</b>	<b>3.1</b>	<b>2.5</b>	<b>2.8</b>	<b>2.8</b>

<b>ANZ Roy Morgan Consumer Confidence Rating</b> (100 plus the unweighted average of the net balances of Q1-5)								
<b>Overall Index</b>	<b>120.8</b>	<b>121.8</b>	<b>123.2</b>	<b>119.3</b>	<b>122.6</b>	<b>116.4</b>	<b>118.2</b>	<b>113.9</b>
Current Conditions	126.2	125.0	129.8	126.2	127.6	125.8	127.2	125.8
Future Conditions	117.3	119.7	118.8	114.7	119.3	110.2	112.2	106.0



## Tables and charts

**Q1. Better off past year**



**Q2. Better off next year**



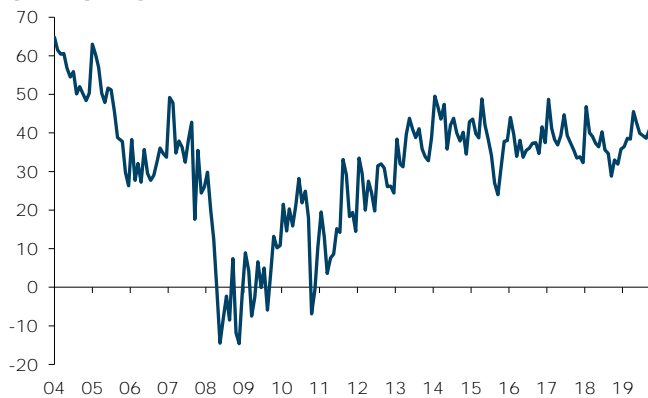
**Q3. NZ economy 12 months' time**



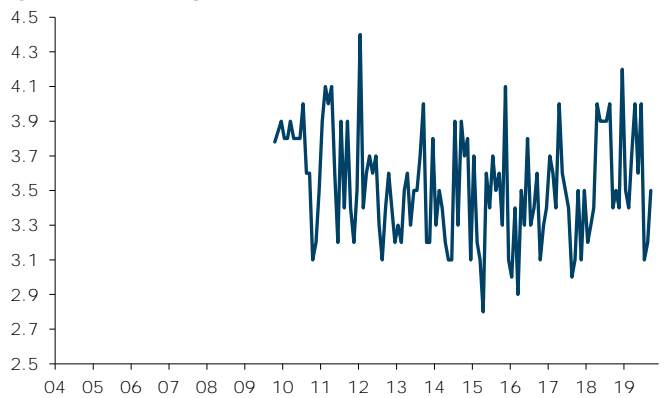
**Q4. Outlook 5 years ahead**



**Q5. Buy major household item**



**Q6. Inflation expectations**



**Q7. House price inflation expectations**



**Current vs future conditions**



Source: ANZ Research, Roy Morgan



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