

ANZ-Roy Morgan NZ Consumer Confidence

31 January 2020



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The next issue of the ANZ-Roy Morgan Consumer Confidence is scheduled for release on 28 February 2020 at 10am.

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Steady as she goes

Summary

- Consumer confidence was unchanged in January (after rounding) at 123, holding onto its recent gains.
- The Current Conditions Index fell 2 points to 130, while the Future Conditions Index was unchanged at 118.
- Significantly, the proportion of households who think it's a good time to buy a major household item lifted another 5 points to 49%.

The ANZ-Roy Morgan Consumer Confidence Index was unchanged at 123 in January, a solid level. Households aren't gung ho, but are feeling resilient.

Figure 1. ANZ-Roy Morgan Consumer Confidence



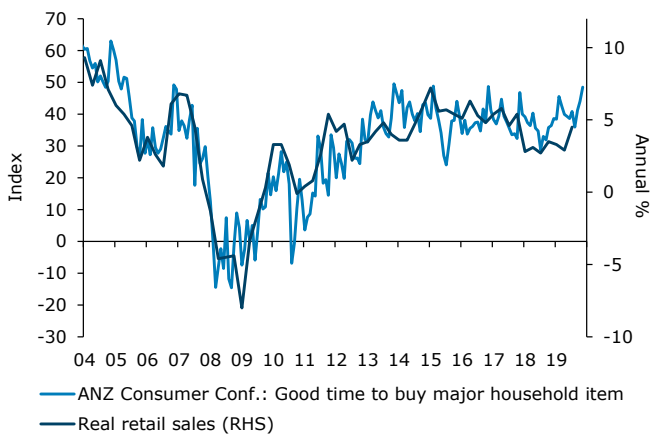
Source: ANZ Research, Roy Morgan

Turning to the detail:

- Consumers' perceptions of their current financial situation fell 8 points. A net 11% feel financially better off than a year ago.
- A net 30% of consumers expect to be better off financially this time next year, unchanged from December.
- A net 49% think it's a good time to buy a major household item, up 5.
- Perceptions regarding the next year's economic outlook rose one more point to a net 10% expecting conditions to improve, well off its low of -10% in September. The five-year outlook eased two points to +13%.
- Confidence rose in two of the five regions, most sharply in the North Island outside of Auckland. Wellington remains the most optimistic region and Canterbury the least.
- House price inflation expectations lifted in Auckland and Other North Island centres, but eased a touch elsewhere. The regions remain stronger than the main centres. The national average rose 0.3%pts to 4.4% y/y, the strongest since May 2017. General inflation expectations rose to 3.7%.

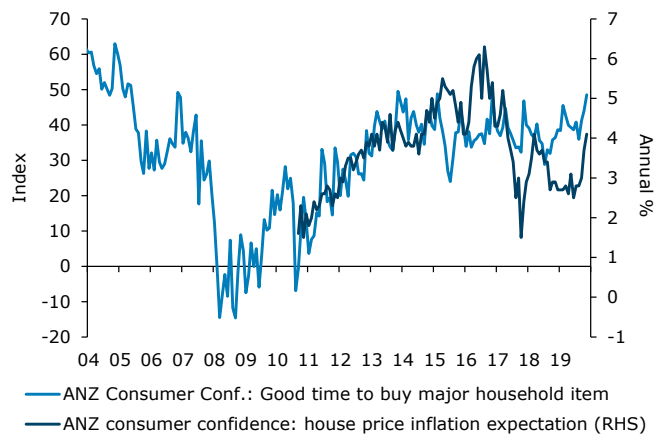
New Zealand consumers are feeling pretty alright about things at the moment – the labour market remains tight, interest rates are low and the housing market is lifting again. While the latter is certainly not good news for everyone, it does tend to provide a bit of buzz on Main Street. While the headline confidence indexes were little changed (at very respectable levels), the proportion of respondents who think it is a good time to buy a major household item rose again to 49%, versus 36% just three months ago. This is only the third time the series has touched this level since January 2014, and will support retail sales and inflation. It is likely related to the sharp lift in house price expectations, though the correlation isn't always exact (figure 3).

Figure 2. ANZ Consumer Confidence "Good time to buy a major household item" and retail sales



Source: Statistics NZ, ANZ Research, Roy Morgan

Figure 3. ANZ Consumer Confidence "good time to buy a major household item" and house price inflation expectations

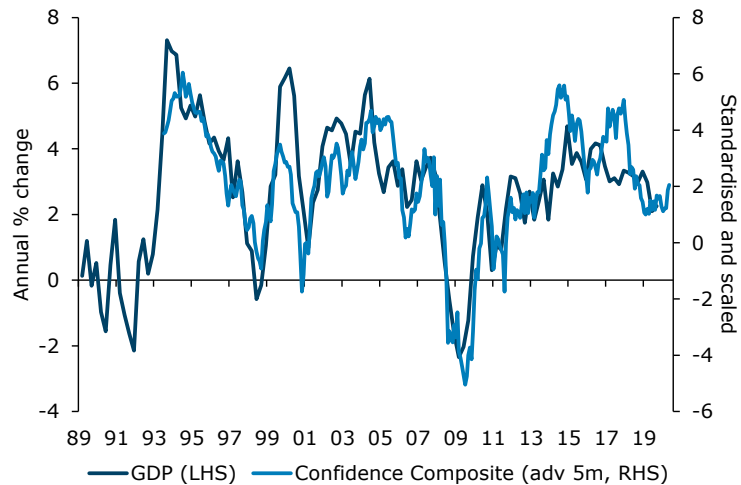


Source: Statistics NZ, ANZ Research, Roy Morgan

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 held onto its gains this month (figure 4). It is consistent with our view that while the headwinds facing the economy should not be underestimated, growth should bottom out around the 2% mark, unless global risks come to fruition.

Figure 4. GDP vs Confidence Composite



Source: ANZ Research, Roy Morgan, Statistics NZ



Tables and charts

Survey Summary	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20
No. of Interviews	1,001	1,001	1,001	1,000	1,001	998	1,004	998

Q1. Would you say you and your family are better off financially or worse off than you were at this time last year?								
Better Off	37	37	37	33	41	37	39	35
Worse Off	22	25	22	22	21	20	20	24
Net Balance	15	12	16	11	20	17	19	11

Q2. This time next year do you and your family expect to be better off financially or worse off than you are now?								
Better Off	46	42	44	40	45	41	45	45
Worse Off	17	21	17	17	16	15	15	15
Net Balance	29	21	27	23	29	26	30	30

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?								
Good Times	38	31	30	26	29	32	35	37
Bad Times	26	33	32	35	31	28	27	26
Net Balance	12	-1	-1	-10	-3	4	9	10

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?								
Good Times	35	34	33	29	32	34	35	34
Bad Times	19	23	22	24	21	19	20	20
Net Balance	16	11	11	4	10	15	15	13

Q5. Generally, do you think now is a good time, or a bad time, for people to buy major household items?								
Good Time to Buy	56	56	58	58	56	58	61	64
Bad Time to Buy	16	17	19	18	20	17	17	15
Net Balance	40	39	39	41	36	41	44	49

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?								
Go Up	71	73	70	70	75	70	74	71
Go Down	4.9	5.3	6.5	4.8	3.8	5.3	4.6	3.3
Expectation (%)	4.0	3.1	3.2	3.5	3.3	3.1	3.1	3.7

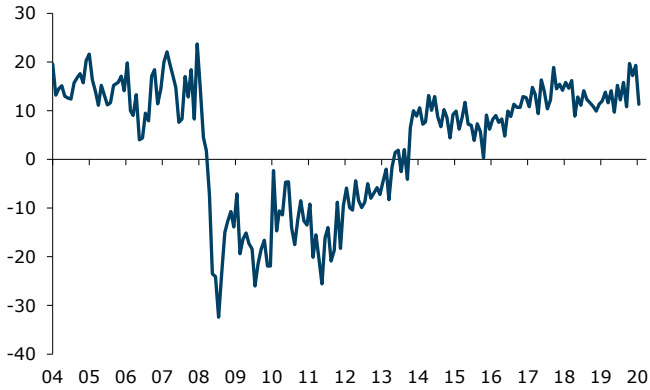
Q7. Specifically thinking about the price of houses during the next 2 years, do you think that the price of houses in general will go up, go down, or stay where they are now? And if up, what is the expected percentage per year?								
Go Up	55	55	54	54	59	66	74	74
Go Down	15.2	14.2	17.2	14.4	11.9	8.1	6.9	6.2
Expectation (%)	3.1	2.5	2.8	2.8	3.0	3.7	4.1	4.4

ANZ Roy Morgan Consumer Confidence Rating (100 plus the unweighted average of the net balances of Q1-5)								
Overall Index	122.6	116.4	118.2	113.9	118.4	120.7	123.3	122.7
Current Conditions	127.6	125.8	127.2	125.8	127.8	129.2	131.7	129.9
Future Conditions	119.3	110.2	112.2	106.0	112.1	115.0	117.7	117.9

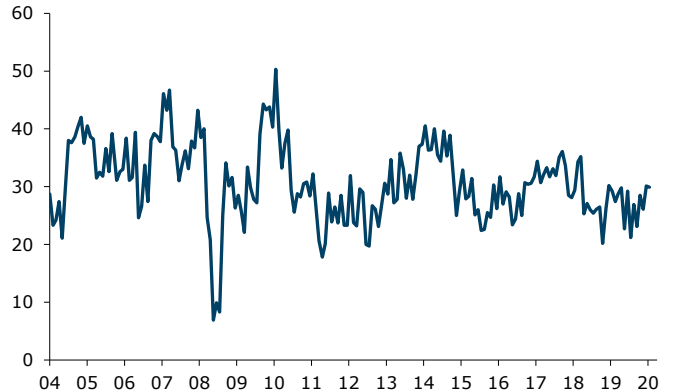


Tables and charts

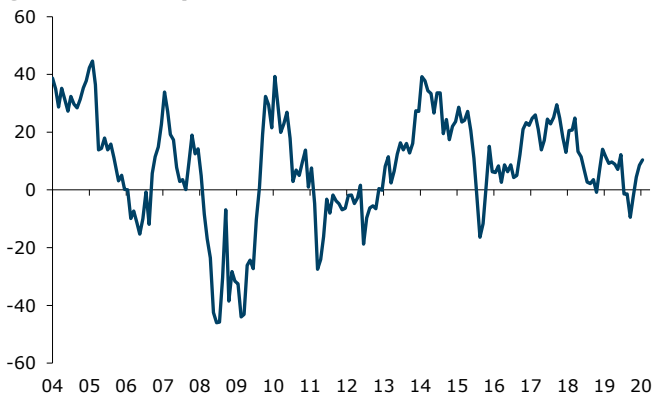
Q1. Better off past year



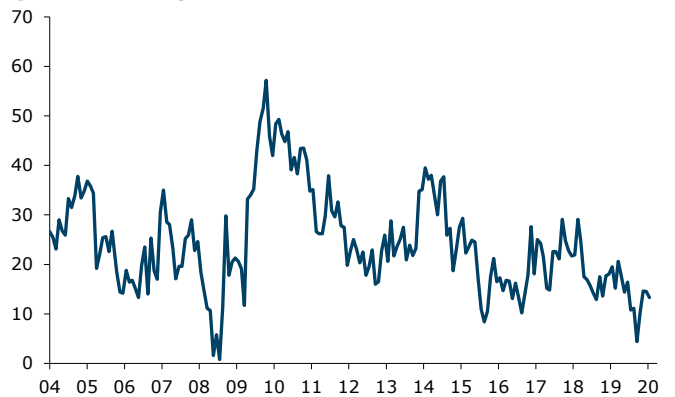
Q2. Better off next year



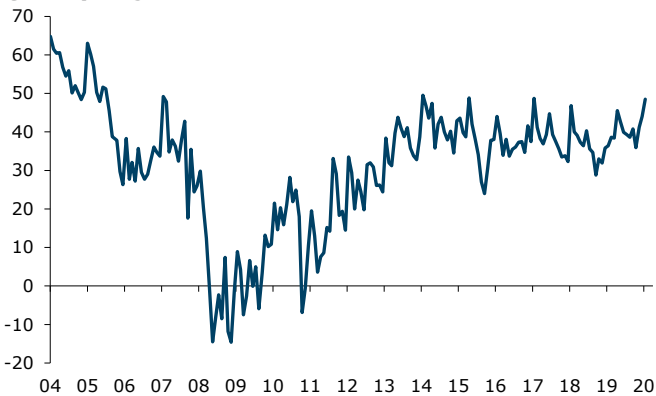
Q3. NZ economy 12 months' time



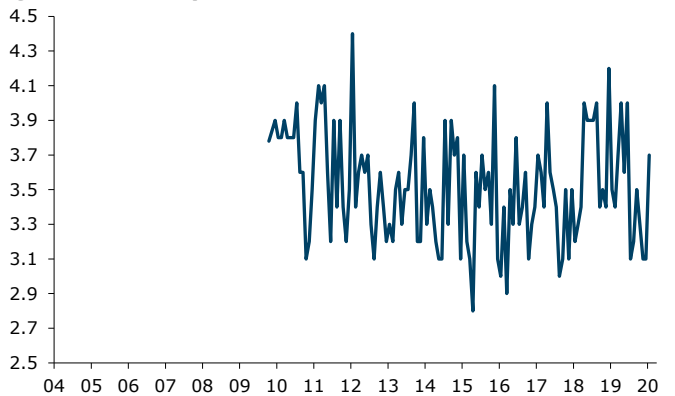
Q4. Outlook 5 years ahead



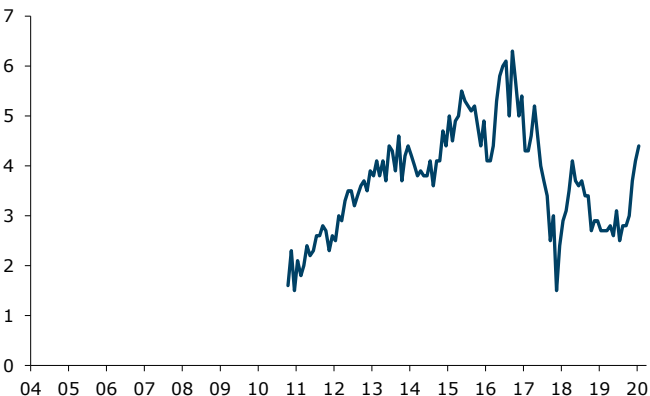
Q5. Buy major household item



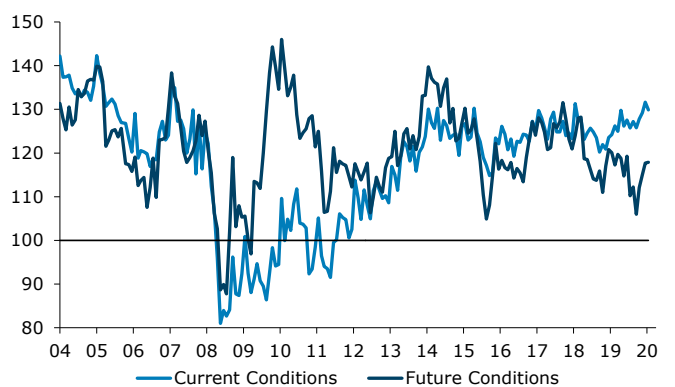
Q6. Inflation expectations



Q7. House price inflation expectations



Current vs future conditions



Source: ANZ Research, Roy Morgan



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