

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 29 May 2020 at 10am.

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Behind the '08 ball

Key points

- Consumer confidence fell 21 points in April to 84.8, about where it troughed in 2008 when the Global Financial Crisis hit.
- The net proportion of households who think it's a good time to buy a major household item plummeted 67 points to -51% (18% thinking it's a good time outweighed by 69% thinking it's a bad time).
- Even when retailers are able to reopen their shops, they're going to find the going very tough, with job security front of mind for consumers.

The ANZ-Roy Morgan Consumer Confidence Index fell off a cliff in April, in the first read since lockdown.

Figure 1. ANZ-Roy Morgan Consumer Confidence



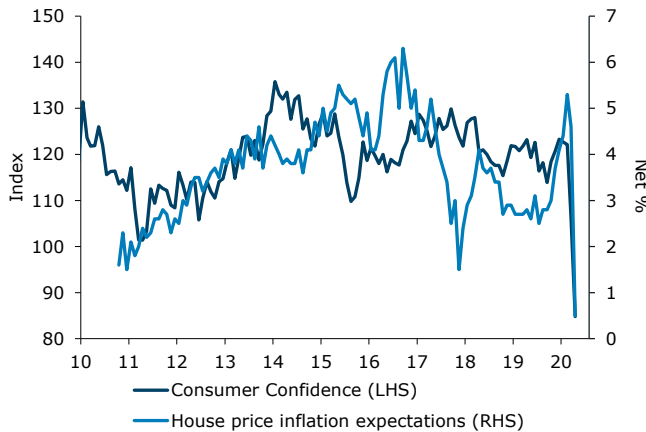
Source: ANZ Research, Roy Morgan

Turning to the detail:

- Consumers' perceptions of their current financial situation fell 16 points. A net 4% feel financially worse off than a year ago (28% better, 31% worse). This number falls into the "could have been worse" category and likely reflects the shielding effect of the wage subsidy scheme.
- A net 14% of consumers expect to be better off financially this time next year, down only 3 points.
- Yet extreme wariness is evident in the fact that a net 51% think it's a bad time to buy a major household item, down 92 points in two months.
- Perceptions regarding the next year's economic outlook dropped another 17 points to a net 56% expecting conditions to worsen, the lowest since the data began in 2004. This series is most correlated with business confidence. The five-year outlook fell only 5 points to +20%.
- House price inflation expectations fell sharply from 4.6% to just 0.5%, with falls in every region, and Wellington and Canterbury mildly negative. Inflation expectations eased 0.2%pts to 3.2%.

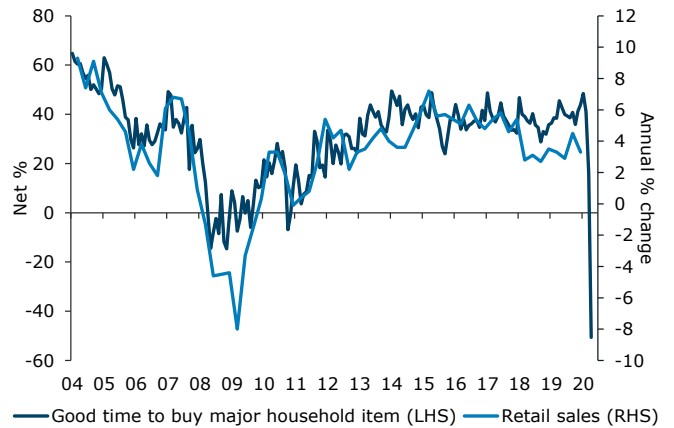
New Zealand consumers are feeling pretty alarmed. Times have changed rapidly – job security is iffy or non-existent for many, the value of their largest asset is looking like flat-lining (figure 2), and the world is suddenly a highly uncertain place. Figure 3 suggests plans are currently to keep wallets firmly shut, even once bricks and mortar retail and sit-down dining reopens.

Figure 2. ANZ Consumer Confidence and house price inflation expectations



Source: ANZ Research, Roy Morgan

Figure 3. ANZ Consumer Confidence “Good time to buy a major household item” and retail sales



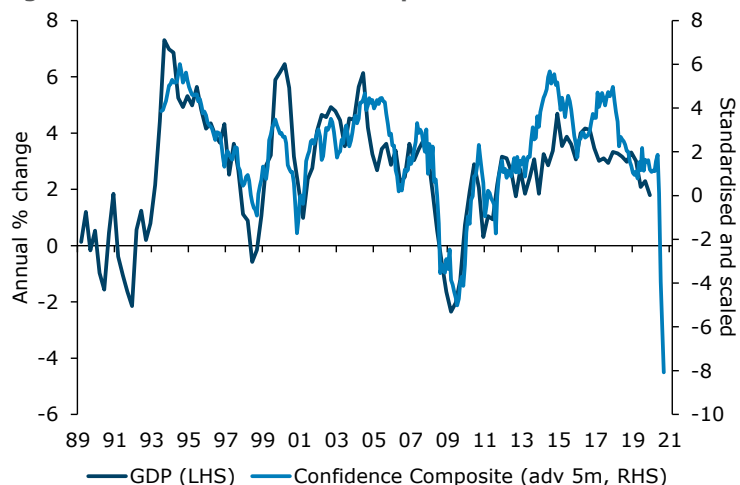
Source: Statistics NZ, ANZ Research, Roy Morgan

The current conditions index fell well below the future conditions index in April. That’s typical in recessions, and we’d expect it to remain a theme for quite some time as the economic fallout from COVID-19 continues to percolate but with respondents recognising that some of the shock is temporary.

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 crashed in April, due to sharp falls in both components (figure 4), and is consistent with our forecast that the economic hit from this event will be considerably more significant than the Global Financial Crisis of 2008 or the recession related to the Asian Financial Crisis of 1998.

The outlook for consumer confidence will, like business confidence, to some extent depend on whether New Zealand continues to make slow but steady progress out of lockdown or backslides. But a lot of damage is already done.

Figure 4. GDP vs Confidence Composite



Source: ANZ Research, Roy Morgan, Statistics NZ



Tables and charts

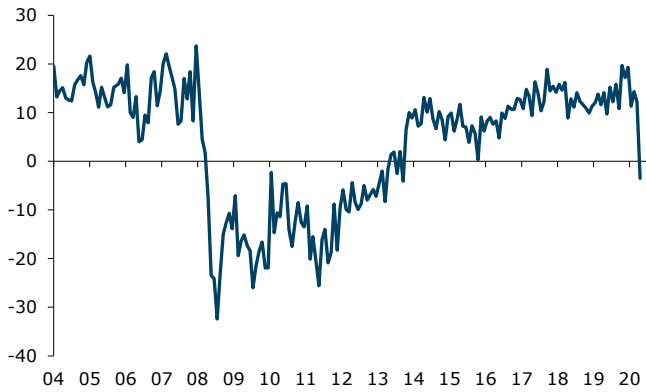
Survey Summary	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20
No. of Interviews	1,000	1,001	998	1,004	998	1,004	1,006	1,021
Q1. Would you say you and your family are better off financially or worse off than you were at this time last year?								
Better Off	33	41	37	39	35	35	34	28
Worse Off	22	21	20	20	24	21	22	31
Net Balance	11	20	17	19	11	14	12	-4
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	40	45	41	45	45	43	37	39
Worse Off	17	16	15	15	15	11	20	24
Net Balance	23	29	26	30	30	32	17	14
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	26	29	32	35	37	30	16	11
Bad Times	35	31	28	27	26	27	55	67
Net Balance	-10	-3	4	9	10	3	-39	-56
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	29	32	34	35	34	37	44	41
Bad Times	24	21	19	20	20	17	19	21
Net Balance	4	10	15	15	13	20	25	20
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	58	56	58	61	64	57	47	18
Bad Time to Buy	18	20	17	17	15	16	31	69
Net Balance	41	36	41	44	49	41	16	-51
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	70	75	70	74	71	73	67	58
Go Down	4.8	3.8	5.3	4.6	3.3	3.0	8.9	12.8
Expectation (%)	3.5	3.3	3.1	3.1	3.7	3.8	3.4	3.2
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	54	59	66	74	74	78	72	37
Go Down	14.4	11.9	8.1	6.9	6.2	5.2	11.9	37.2
Expectation (%)	2.8	3.0	3.7	4.1	4.4	5.3	4.6	0.5
ANZ Roy Morgan Consumer Confidence Rating (100 plus the unweighted average of the net balances of Q1-5)								
Overall Index	113.9	118.4	120.7	123.3	122.7	122.1	106.3	84.8
Current Conditions	125.8	127.8	129.2	131.7	129.9	127.7	114.2	73.0
Future Conditions	106.0	112.1	115.0	117.7	117.9	118.4	101.0	92.7

We sincerely thank those who take the time respond to our surveys at this difficult time.

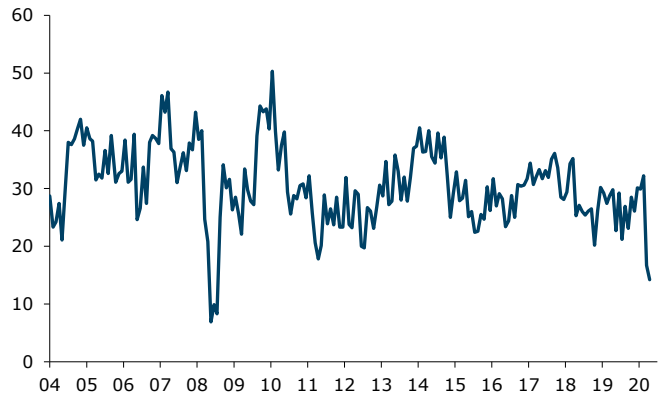


Tables and charts

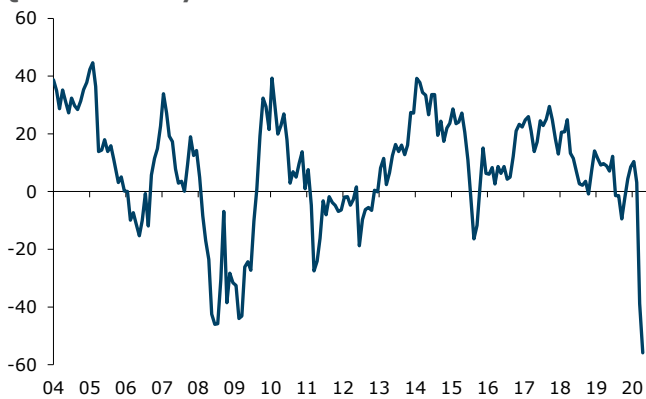
Q1. Better off past year



Q2. Better off next year



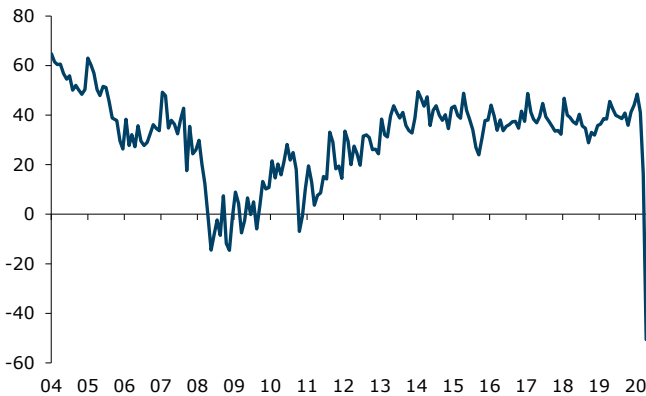
Q3. NZ economy 12 months' time



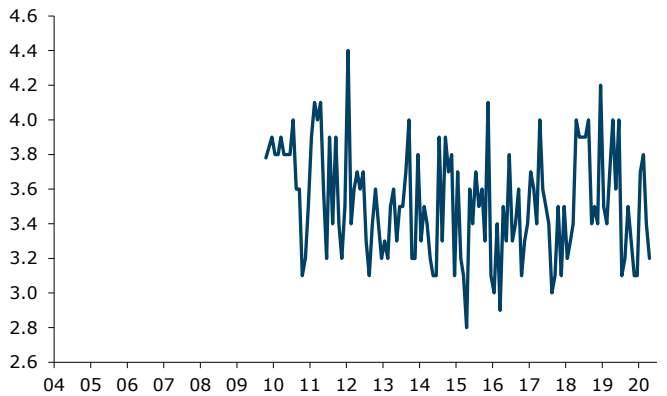
Q4. Outlook 5 years ahead



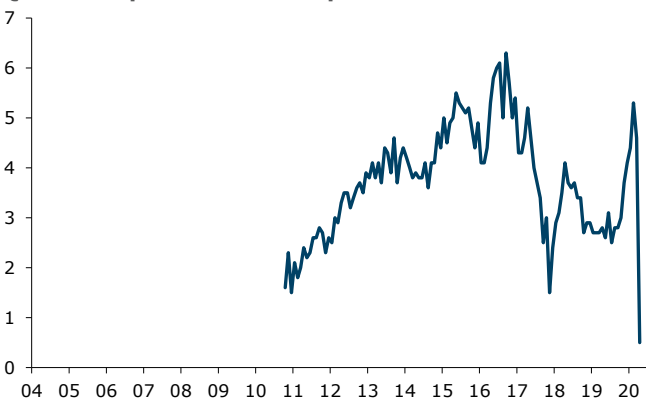
Q5. Buy major household item



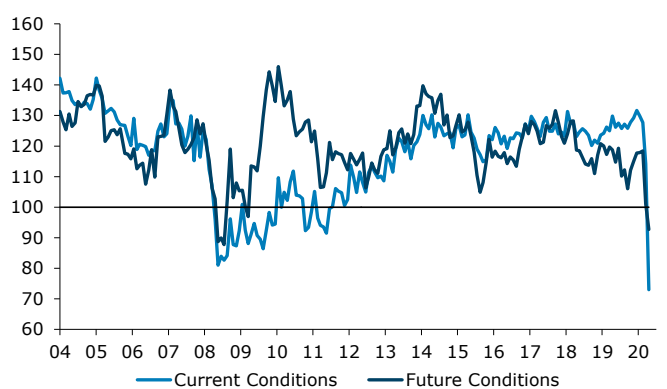
Q6. Inflation expectations



Q7. House price inflation expectations



Current vs future conditions



Source: ANZ Research, Roy Morgan



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