

ANZ-Roy Morgan NZ Consumer Confidence

29 May 2020



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CONTACT:

Sharon Zollner
Chief Economist
 Telephone: +027 664 3554
Sharon.Zollner@anz.com

The next issue of the ANZ-Roy Morgan Consumer Confidence is scheduled for release on 26 June 2020 at 10am.

Contact
research@anz.com

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Still subdued

Key points

- Consumer confidence bounced 12 points in May to 97.3, still well below par.
- The net proportion of households who think it's a good time to buy a major household item recovered 36 points to -15%.
- The bounce is similar to what we've seen in Australia as fiscal and monetary policy measures ease the immediate pressure. But tough times lie ahead.

The ANZ-Roy Morgan Consumer Confidence Index bounced in May, but remains at very subdued levels.

Figure 1. ANZ-Roy Morgan Consumer Confidence



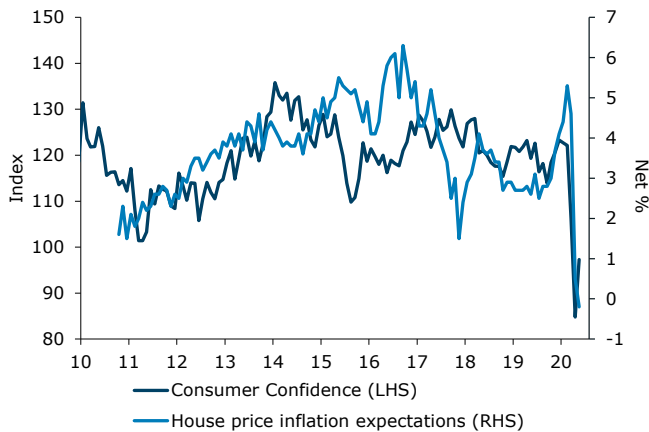
Source: ANZ Research, Roy Morgan

Turning to the detail:

- Consumers' perceptions of their current financial situation lifted a mere 4 points to 0. The same number of respondents feel financially worse off as better off than a year ago. The wage subsidy scheme and lower interest rates have countered job losses so far.
- A net 23% of consumers expect to be better off financially this time next year, up 9 points and the same level as September last year.
- A net 15% think it's not a good time to buy a major household item, a big bounce but still well under par for this series.
- Perceptions regarding the next year's economic outlook lifted 10 points but remains very low at -46%. This series is most correlated with business confidence. The five-year outlook lifted 4 points to 24%.
- House price inflation expectations fell into negative territory at -0.2%, driven by the regions, particularly the South Island outside of Canterbury (-1.5%). Inflation expectations eased 0.3%pts to 2.9%.

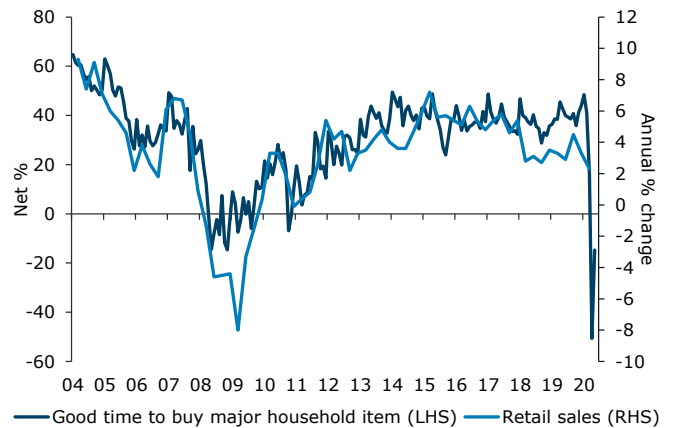
New Zealand consumers are catching their breath. Life is normalising as we move down the lockdown levels and COVID-19 is on the run, but job security has deteriorated markedly, and house prices are expected to go nowhere fast (figure 2). The willingness to buy major household items has bounced to about where it troughed in the last recession – it’s hard to know if that’s good or bad news. But the upshot is that retailers will continue to do it tough well beyond the COVID-19 disruptions.

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

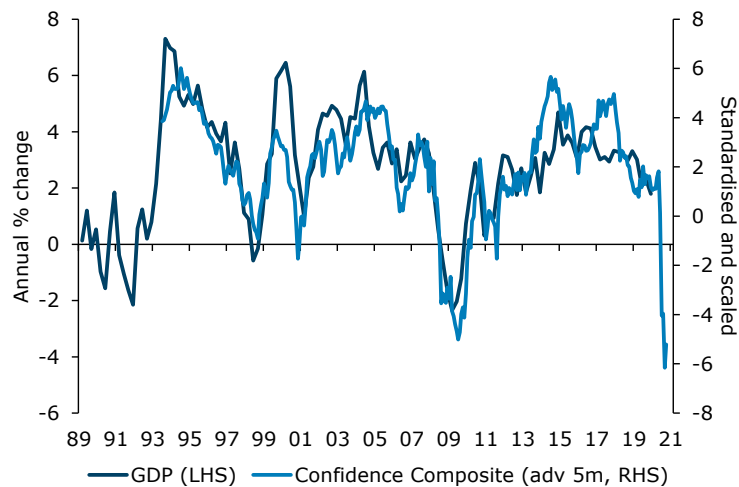


Source: Statistics NZ, ANZ Research, Roy Morgan

The current conditions index remained well below the future conditions index in May, as is typical in recessions. There is considerable optimism that things will be better a year from now, but that’s currently still a pretty low bar, and whether this will translate into a willingness to spend today is questionable.

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 lifted slightly in May (figure 4), but remains at very recessionary levels.

Figure 4. GDP vs Confidence Composite



Source: ANZ Research, Roy Morgan, Statistics NZ

We absolutely should celebrate our success in beating back COVID-19, but the wreckage lies all around us. The loss of jobs in international tourism in particular is a hole that won’t be filled easily or quickly. We see elevated unemployment affecting household sentiment and spending for a long time yet.



Tables and charts

| Survey Summary | Oct-19 | Nov-19 | Dec-19 | Jan-20 | Feb-20 | Mar-20 | Apr-20 | May-20 |
|-------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| No. of Interviews | 1,001 | 998 | 1,004 | 998 | 1,004 | 1,006 | 1,021 | 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 | 41 | 37 | 39 | 35 | 35 | 34 | 28 | 28 |
| Worse Off | 21 | 20 | 20 | 24 | 21 | 22 | 31 | 28 |
| Net Balance | 20 | 17 | 19 | 11 | 14 | 12 | -4 | 0 |

| 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 | 45 | 41 | 45 | 45 | 43 | 37 | 39 | 40 |
| Worse Off | 16 | 15 | 15 | 15 | 11 | 20 | 24 | 17 |
| Net Balance | 29 | 26 | 30 | 30 | 32 | 17 | 14 | 23 |

| 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 | 29 | 32 | 35 | 37 | 30 | 16 | 11 | 15 |
| Bad Times | 31 | 28 | 27 | 26 | 27 | 55 | 67 | 61 |
| Net Balance | -3 | 4 | 9 | 10 | 3 | -39 | -56 | -46 |

| 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 | 32 | 34 | 35 | 34 | 37 | 44 | 41 | 43 |
| Bad Times | 21 | 19 | 20 | 20 | 17 | 19 | 21 | 19 |
| Net Balance | 10 | 15 | 15 | 13 | 20 | 25 | 20 | 24 |

| 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 | 58 | 61 | 64 | 57 | 47 | 18 | 34 |
| Bad Time to Buy | 20 | 17 | 17 | 15 | 16 | 31 | 69 | 48 |
| Net Balance | 36 | 41 | 44 | 49 | 41 | 16 | -51 | -15 |

| 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 | 75 | 70 | 74 | 71 | 73 | 67 | 58 | 61 |
| Go Down | 3.8 | 5.3 | 4.6 | 3.3 | 3.0 | 8.9 | 12.8 | 14.3 |
| Expectation (%) | 3.3 | 3.1 | 3.1 | 3.7 | 3.8 | 3.4 | 3.2 | 2.9 |

| 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 | 59 | 66 | 74 | 74 | 78 | 72 | 37 | 33 |
| Go Down | 11.9 | 8.1 | 6.9 | 6.2 | 5.2 | 11.9 | 37.2 | 39.6 |
| Expectation (%) | 3.0 | 3.7 | 4.1 | 4.4 | 5.3 | 4.6 | 0.5 | -0.2 |

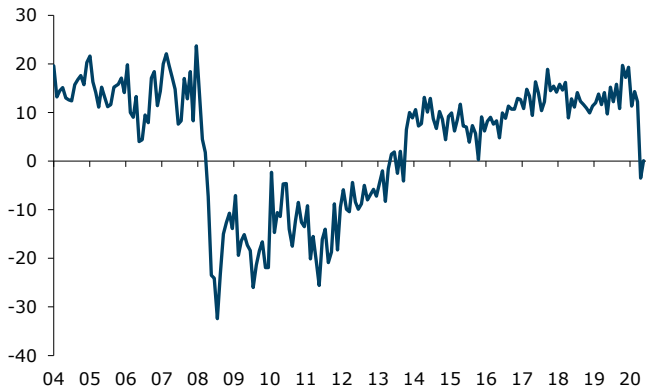
| ANZ Roy Morgan Consumer Confidence Rating (100 plus the unweighted average of the net balances of Q1-5) | | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|
| Overall Index | 118.4 | 120.7 | 123.3 | 122.7 | 122.1 | 106.3 | 84.8 | 97.3 |
| Current Conditions | 127.8 | 129.2 | 131.7 | 129.9 | 127.7 | 114.2 | 73.0 | 92.7 |
| Future Conditions | 112.1 | 115.0 | 117.7 | 117.9 | 118.4 | 101.0 | 92.7 | 100.4 |

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

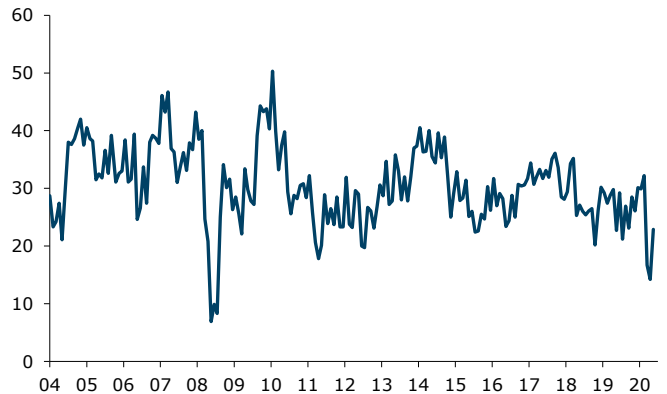


Tables and charts

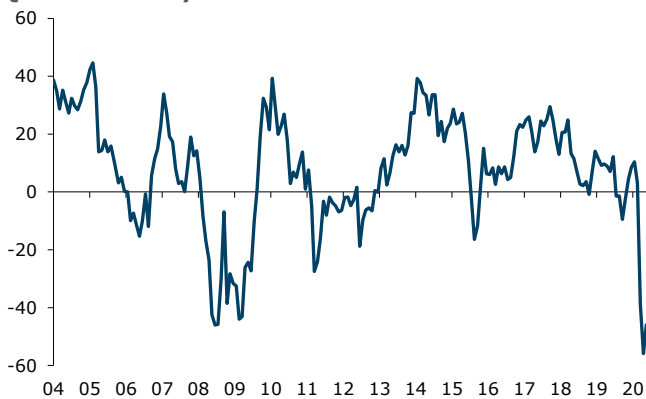
Q1. Better off past year



Q2. Better off next year



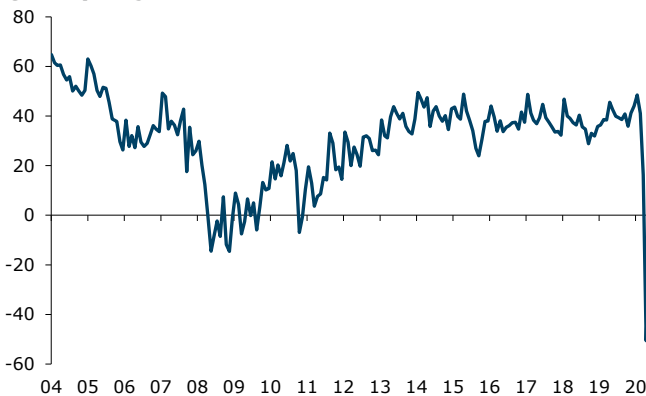
Q3. NZ economy 12 months' time



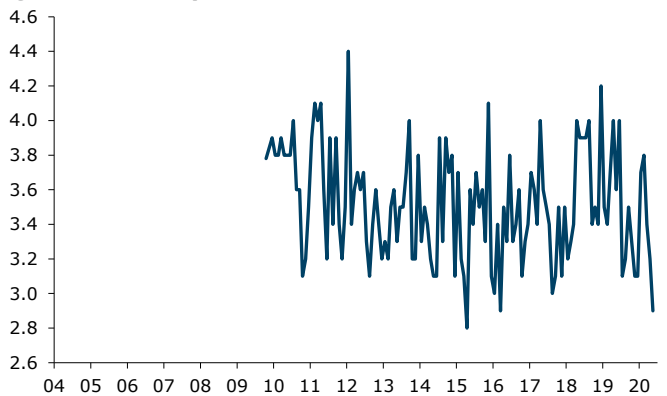
Q4. Outlook 5 years ahead



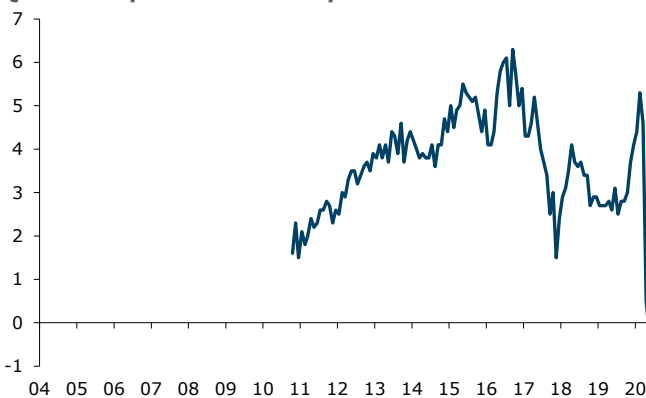
Q5. Buy major household item



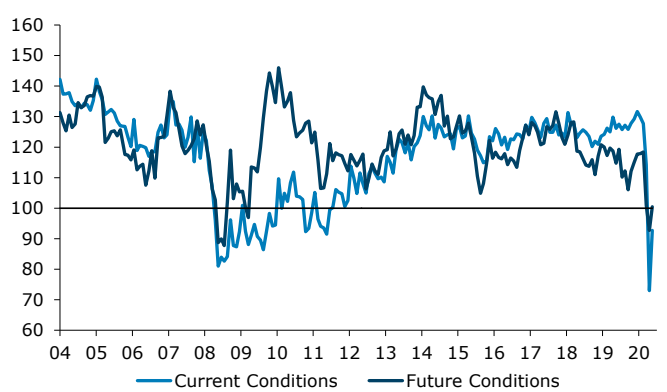
Q6. Inflation expectations



Q7. House price inflation expectations



Current vs future conditions



Source: ANZ Research, Roy Morgan



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