

ANZ-Roy Morgan NZ Consumer Confidence

26 June 2020



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The next issue of the ANZ-Roy Morgan Consumer Confidence is scheduled for release on 31 July 2020 at 10am.

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We do know how lucky we are

Key points

- Consumer confidence bounced another 8 points in June to 104.5, but is still well under its historical average.
- The net proportion of households who think it's a good time to buy a major household item lifted 20 points to +5%, still recessionary levels.
- The bounce is encouraging, but with unemployment set to rise sharply we need to be realistic about how much spring is likely left.

The ANZ-Roy Morgan Consumer Confidence Index recovered further in June. It has made back about half its fall, but is around 2009 levels.

Figure 1. ANZ-Roy Morgan Consumer Confidence



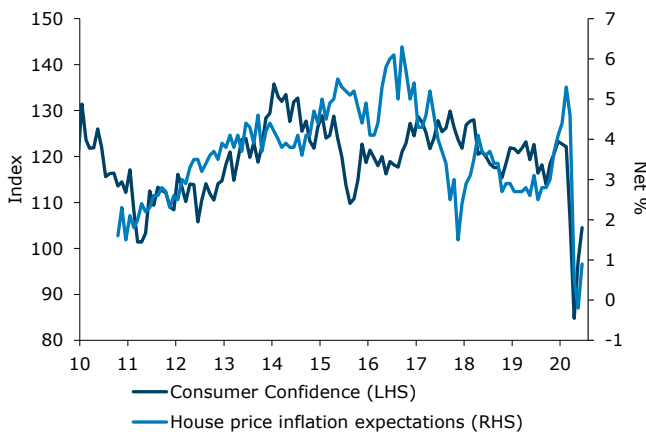
Source: ANZ Research, Roy Morgan

Turning to the detail:

- Consumers' perceptions of their current financial situation lifted 4 points to +4. The wage subsidy scheme and lower interest rates have countered job losses, but this remains a subdued level.
- A net 32% of consumers expect to be better off financially this time next year, up another 9 points – that is a full bounce-back but of course the bar for improvement is lower.
- A net 5% think it is a good time to buy a major household item, back in the black after a big bounce but unfortunately still recessionary.
- Perceptions regarding the next year's economic outlook lifted another 9 points but remains very low at -37%. The five-year outlook broke with the pack, falling 5 points to 19%.
- House price inflation expectations rebounded to 0.9%, but remain negative in the South Island, reflecting its tourism exposure. General inflation expectations were unchanged at 2.9%.

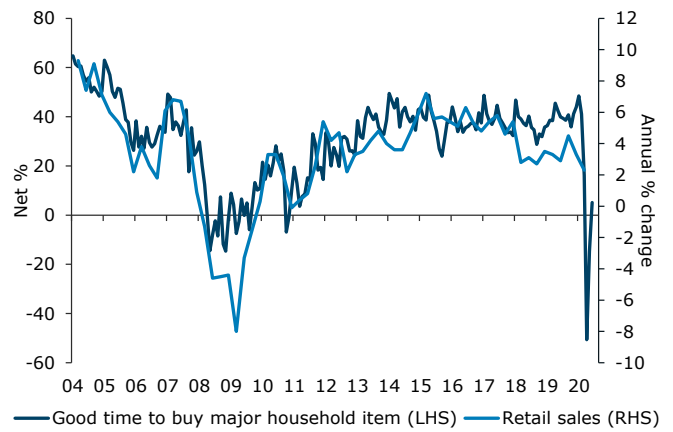
New Zealand consumers are feeling more confident as life returns largely to normal and realise just how lucky we are. We're getting on with our lives. However, we've had a solid dousing of cold water. Many people are worried about their jobs (or have lost them already), and the housing market is expected to be weak (figure 2). Willingness to buy major household items has bounced enormously off its lockdown lows, but remains at the levels prevailing in the last recession – hardly a period that retailers recall with fondness. The current flurry of spending as households spend their involuntary lockdown savings (and international holiday budgets) is likely to peter out relatively soon.

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

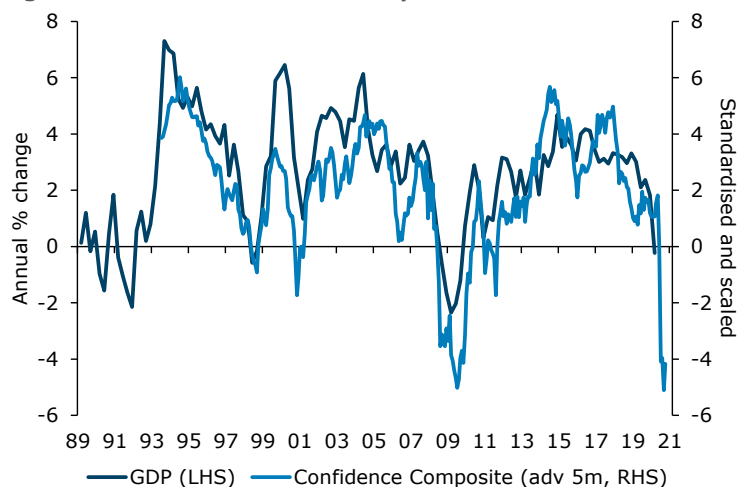


Source: Statistics NZ, ANZ Research, Roy Morgan

The current conditions index and the future conditions index equalised in June. There is increasing optimism that things will be better a year from now. But it should be borne in mind that as the current situation has deteriorated the bar for answering that question in a positive vein has effectively been lowered.

Our confidence composite gauge combines business expectations and intentions with overall consumer sentiment to give a better indicator for growth than either series alone. The composite lifted further in June (figure 4), but remains very low.

Figure 4. GDP vs Confidence Composite



Source: ANZ Research, Roy Morgan, Statistics NZ

New Zealand is in an enviable position globally, but lost tourism jobs won't be easily replaced. It's entirely reasonable for consumers to be wary in what are still very uncertain times.



Tables and charts

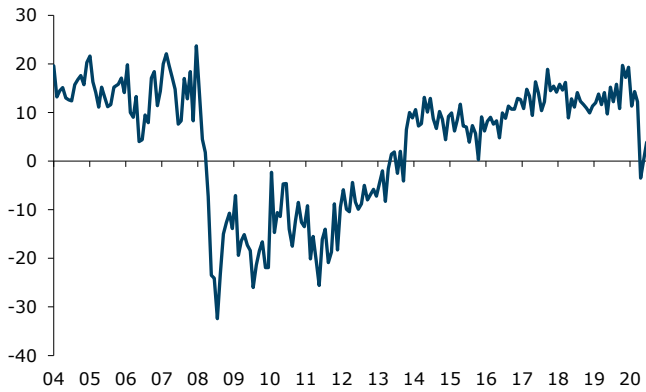
Survey Summary	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
No. of Interviews	998	1,004	998	1,004	1,006	1,021	998	998
Q1. Would you say you and your family are better off financially or worse off than you were at this time last year?								
Better Off	37	39	35	35	34	28	28	31
Worse Off	20	20	24	21	22	31	28	27
Net Balance	17	19	11	14	12	-4	0	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	41	45	45	43	37	39	40	48
Worse Off	15	15	15	11	20	24	17	16
Net Balance	26	30	30	32	17	14	23	32
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	32	35	37	30	16	11	15	16
Bad Times	28	27	26	27	55	67	61	53
Net Balance	4	9	10	3	-39	-56	-46	-37
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	34	35	34	37	44	41	43	37
Bad Times	19	20	20	17	19	21	19	19
Net Balance	15	15	13	20	25	20	24	19
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	61	64	57	47	18	34	42
Bad Time to Buy	17	17	15	16	31	69	48	37
Net Balance	41	44	49	41	16	-51	-15	5
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	74	71	73	67	58	61	62
Go Down	5.3	4.6	3.3	3.0	8.9	12.8	14.3	11.9
Expectation (%)	3.1	3.1	3.7	3.8	3.4	3.2	2.9	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	66	74	74	78	72	37	33	41
Go Down	8.1	6.9	6.2	5.2	11.9	37.2	39.6	31.0
Expectation (%)	3.7	4.1	4.4	5.3	4.6	0.5	-0.2	0.9
ANZ Roy Morgan Consumer Confidence Rating (100 plus the unweighted average of the net balances of Q1-5)								
Overall Index	120.7	123.3	122.7	122.1	106.3	84.8	97.3	104.5
Current Conditions	129.2	131.7	129.9	127.7	114.2	73.0	92.7	104.5
Future Conditions	115.0	117.7	117.9	118.4	101.0	92.7	100.4	104.6

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

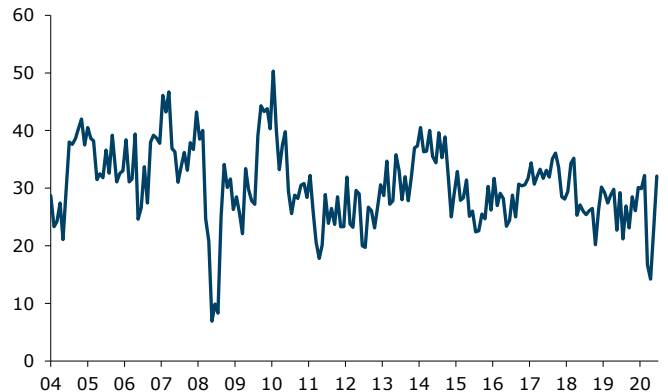


Tables and charts

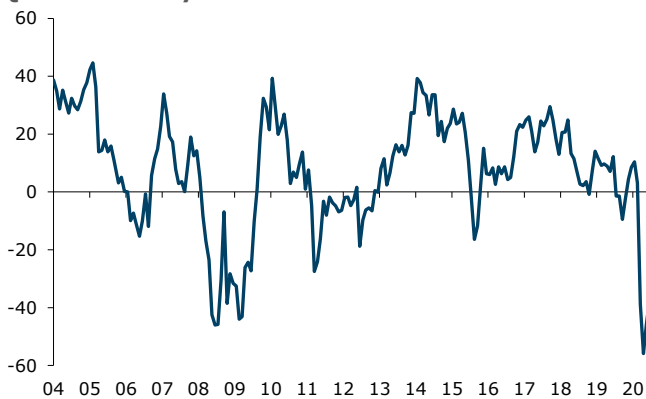
Q1. Better off past year



Q2. Better off next year



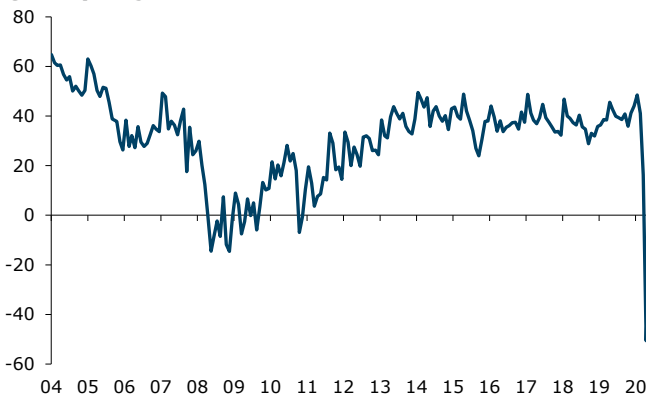
Q3. NZ economy 12 months' time



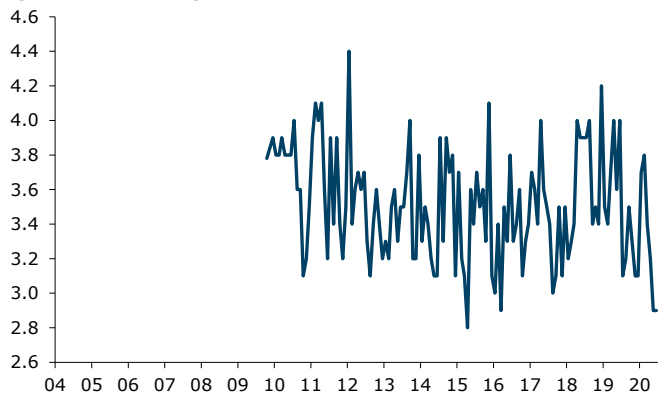
Q4. Outlook 5 years ahead



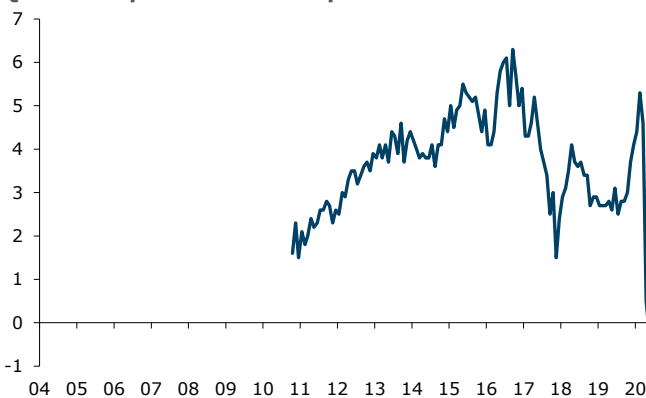
Q5. Buy major household item



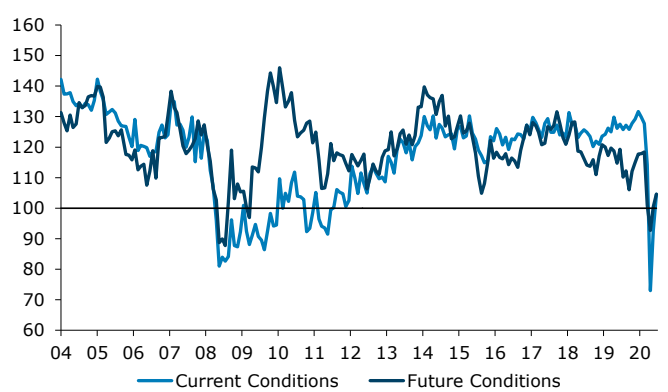
Q6. Inflation expectations



Q7. House price inflation expectations



Current vs future conditions



Source: ANZ Research, Roy Morgan



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