

# ANZ-Roy Morgan NZ Consumer Confidence

28 August 2020



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## Contact

Sharon Zollner for more details.

See [page 5](#).

The next issue of the ANZ-Roy Morgan Consumer Confidence is scheduled for release on 2 October 2020 at 10am.

## Consumers' bubble popped

### Key points

- Consumer confidence eased 4 points to 100.2 in August, well under its historical average of around 120, and around the 2009 average.
- The net proportion of households who think it's a good time to buy a major household item gave up another 3 points, falling to a recessionary -3%.
- Surveying was done throughout the month so will be a roughly 50:50 split before and after the news that COVID-19 was back in the community.

The ANZ-Roy Morgan Consumer Confidence Index fell 4 points in August. It is sitting around 2009 levels, which was not a great year for consumers or retailers.

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



Source: ANZ Research, Roy Morgan

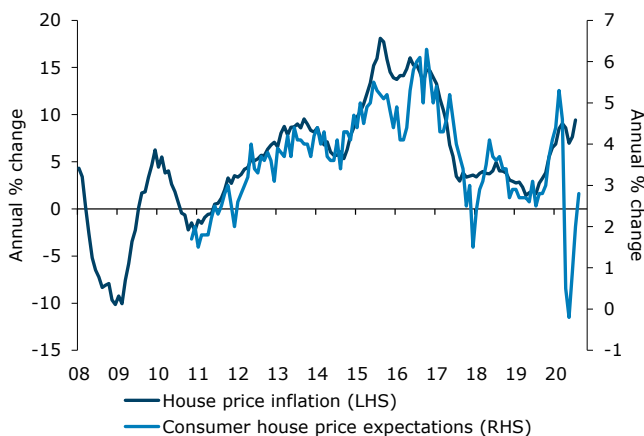
Turning to the detail:

- Consumers' perceptions of their current financial situation eased 1 point to +1. The wage subsidy scheme and lower interest rates will have certainly helped, but this is nonetheless consistent with cautious spending.
- A net 27% of consumers expect to be better off financially this time next year, down another 4 points.
- A net 3% think it is a bad time to buy a major household item, down 3 points, consistent with our view that the vigorous post-lockdown bounce in retail spending has probably largely done its dash.
- Perceptions regarding the next year's economic outlook fell 7 points and remains very low at -41%. The five-year outlook fell 5 points to +17%.
- Despite the gloom, house price inflation expectations lifted 0.8%pts to 2.8%, led by the North Island both in terms of the lift, and in terms of levels (see figure 2, over). They are weakest in Canterbury, and strongest in the North Island outside of Wellington and Auckland.
- General inflation expectations eased from 3.3% to 3.2%.

Reality bites. We're battling COVID-19 once more, and the Auckland hospitality and retail sectors are the cannon fodder. Job insecurity will have increased for many as a result of the second lockdown. But even once that is dealt with, huge uncertainty about the future remains, with the income hit from the loss of international tourists still largely to come, given the seasonality of it.

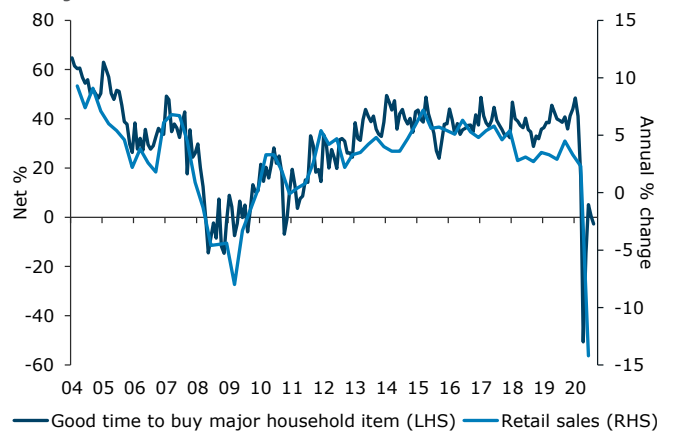
Willingness to buy a major household item is the best spending indicator in the survey (figure 3). It is stuck at the levels prevailing in the last recession. That, plus the return of COVID, cements our view that the post-lockdown bounce in spending was only ever going to be temporary. New Zealand's income is falling, so spending growth should fall too, albeit buffered by fiscal policy.

**Figure 2. House price outcomes and expectations**



Source: REINZ, Roy Morgan, ANZ Research

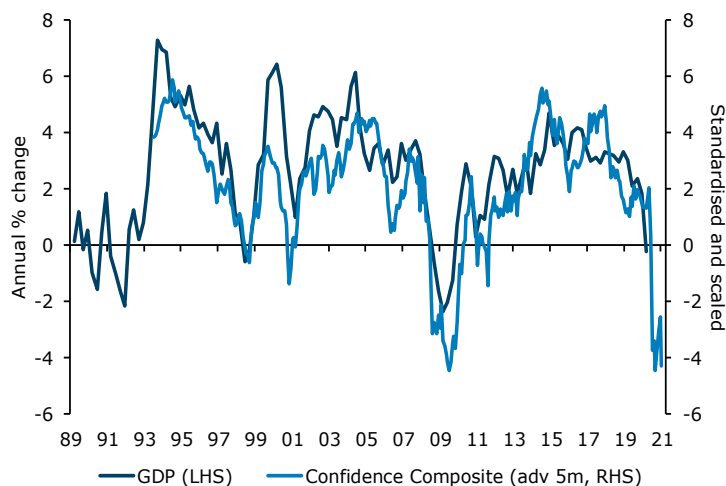
**Figure 3. ANZ Consumer Confidence "Good time to buy a major household item" and retail sales**



Source: Statistics NZ, ANZ Research, Roy Morgan

Our confidence composite gauge combines business expectations and intentions (the preliminary August ANZBO) with consumer sentiment to give a growth indicator. The composite is yet to lift off recent lows (figure 4).

**Figure 4. GDP vs Confidence Composite**



Source: ANZ Research, Roy Morgan, Statistics NZ

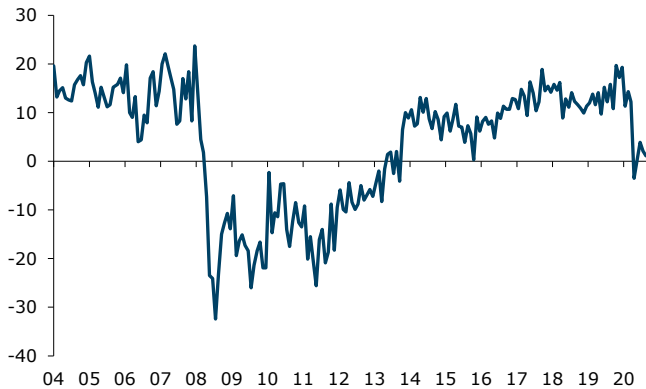
New Zealand remains in an enviable position compared to global peers, but reality is biting – and given our tourism dependency, the economy is going to be damaged no matter how efficient we become at eliminating COVID. We're poorer for a while, and need to consume a bit less. The Government's job is to make sure that the blow doesn't fall too unevenly. That's made more challenging by the fact that record-low (and falling) interest rates are boosting the housing market. Asset price inflation is good for some, but it's not typically going to be the people who are bearing the brunt of this economic shock.

Survey Summary	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20
No. of Interviews	998	1,004	1,006	1,021	998	998	1,001	1,001
<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	35	34	28	28	31	30	28
Worse Off	24	21	22	31	28	27	28	27
<b>Net Balance</b>	<b>11</b>	<b>14</b>	<b>12</b>	<b>-4</b>	<b>0</b>	<b>4</b>	<b>2</b>	<b>1</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	45	43	37	39	40	48	45	40
Worse Off	15	11	20	24	17	16	15	13
<b>Net Balance</b>	<b>30</b>	<b>32</b>	<b>17</b>	<b>14</b>	<b>23</b>	<b>32</b>	<b>31</b>	<b>27</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	37	30	16	11	15	16	17	14
Bad Times	26	27	55	67	61	53	50	54
<b>Net Balance</b>	<b>10</b>	<b>3</b>	<b>-39</b>	<b>-56</b>	<b>-46</b>	<b>-37</b>	<b>-33</b>	<b>-41</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	34	37	44	41	43	37	39	35
Bad Times	20	17	19	21	19	19	18	18
<b>Net Balance</b>	<b>13</b>	<b>20</b>	<b>25</b>	<b>20</b>	<b>24</b>	<b>19</b>	<b>22</b>	<b>17</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	64	57	47	18	34	42	39	38
Bad Time to Buy	15	16	31	69	48	37	39	41
<b>Net Balance</b>	<b>49</b>	<b>41</b>	<b>16</b>	<b>-51</b>	<b>-15</b>	<b>5</b>	<b>0</b>	<b>-3</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	71	73	67	58	61	62	65	67
Go Down	3.3	3.0	8.9	12.8	14.3	11.9	7.9	8.4
<b>Expectation (%)</b>	<b>3.7</b>	<b>3.8</b>	<b>3.4</b>	<b>3.2</b>	<b>2.9</b>	<b>2.9</b>	<b>3.3</b>	<b>3.2</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	74	78	72	37	33	41	49	56
Go Down	6.2	5.2	11.9	37.2	39.6	31.0	22.5	18.5
<b>Expectation (%)</b>	<b>4.4</b>	<b>5.3</b>	<b>4.6</b>	<b>0.5</b>	<b>-0.2</b>	<b>0.9</b>	<b>2.0</b>	<b>2.8</b>
<b>ANZ Roy Morgan Consumer Confidence Rating (100 plus the unweighted average of the net balances of Q1-5)</b>								
<b>Overall Index</b>	<b>122.7</b>	<b>122.1</b>	<b>106.3</b>	<b>84.8</b>	<b>97.3</b>	<b>104.5</b>	<b>104.3</b>	<b>100.2</b>
Current Conditions	129.9	127.7	114.2	73.0	92.7	104.5	101.3	99.2
Future Conditions	117.9	118.4	101.0	92.7	100.4	104.6	106.3	100.9

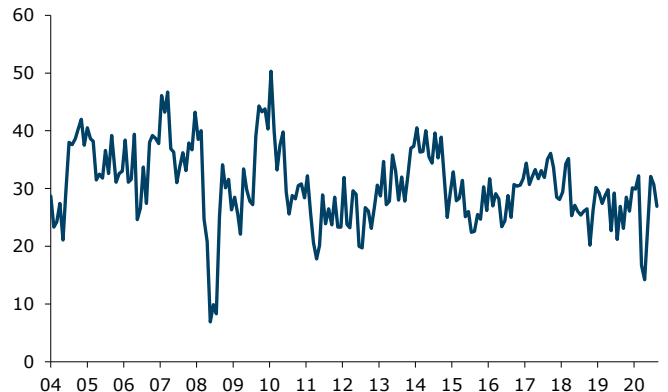


## Tables and charts

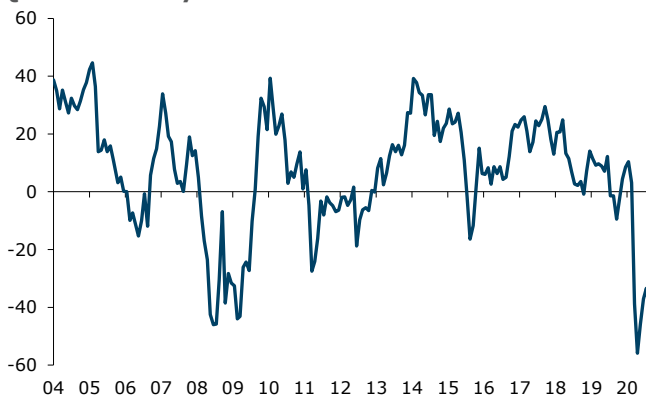
**Q1. Better off past year**



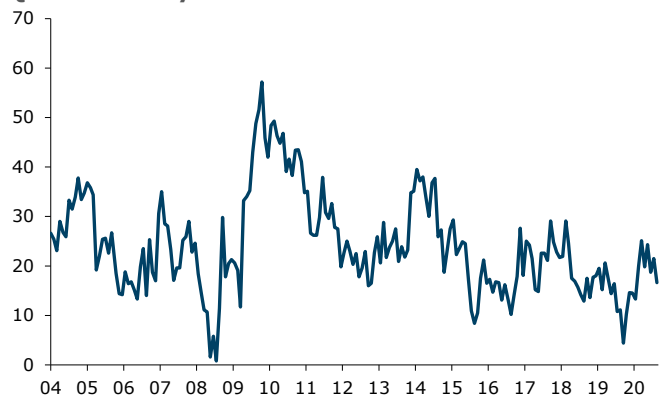
**Q2. Better off next year**



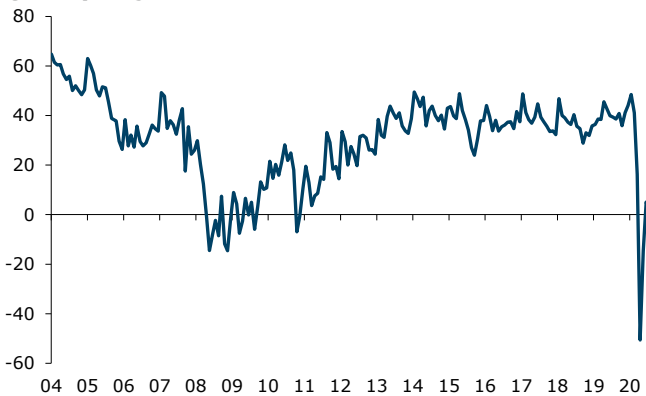
**Q3. NZ economy 12 months' time**



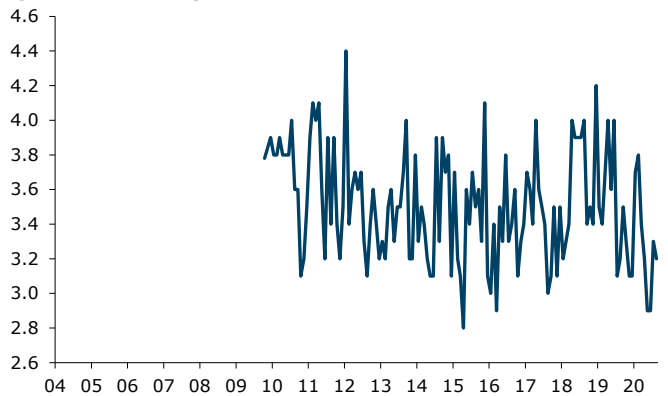
**Q4. Outlook 5 years ahead**



**Q5. Buy major household item**



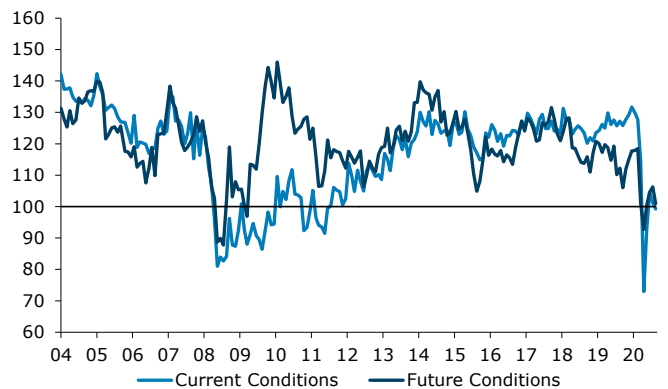
**Q6. Inflation expectations**



**Q7. House price inflation expectations**



**Current vs future conditions**



Source: ANZ Research, Roy Morgan



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