

ANZ-Roy Morgan NZ Consumer Confidence

2 October 2020



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Contact

Liz Kendall for more details.

See [page 5](#).

The next issue of the ANZ-Roy Morgan Consumer Confidence is scheduled for release on 30 October 2020 at 10am.

Steady at a low level

Key points

- Consumer confidence was unchanged at 100.0 in September. It is 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 improved 2 points but remains recessionary at -1%.

The ANZ-Roy Morgan Consumer Confidence Index was steady in September. The initial bounce out of lockdown has given way to wariness consistent with very subdued spending.

Figure 1. ANZ-Roy Morgan Consumer Confidence



Source: ANZ Research, Roy Morgan

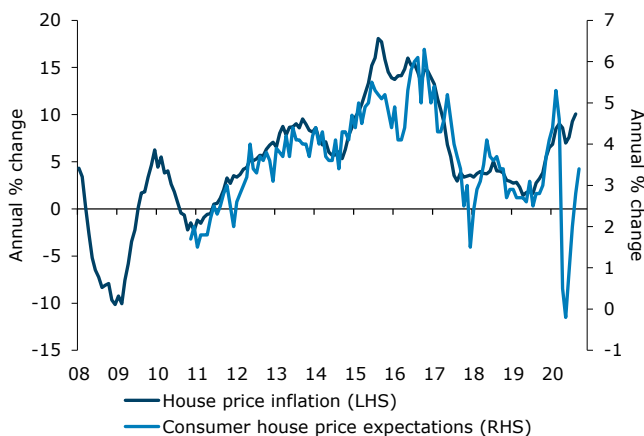
Turning to the detail:

- Consumers' perceptions of their current financial situation fell 3 points to -2, its third consecutive fall. The wage subsidy scheme has been key for supporting housing incomes but is starting to roll off.
- A net 22% of consumers expect to be better off financially this time next year, down another 5 points.
- A net 1% thinks it is a bad time to buy a major household item, an improvement of 2 points. A negative read here is consistent with our view that the vigorous post-lockdown bounce in retail spending was not sustainable.
- Perceptions regarding the next year's economic outlook lifted 7 points but remains very low at -35%. The five-year outlook fell 2 points to +15%.
- Despite everything, house price inflation expectations lifted again, up 0.6%pts to 3.4%. They dipped slightly in Wellington but rose elsewhere. They remain weakest in Canterbury, and strongest in the North Island outside of Wellington and Auckland.
- General inflation expectations were unchanged at 3.2%.

Households remain very concerned about their economic futures. While spending bounced back strongly after the March-April lockdown, it was aided by a fiscal tailwind that is too expensive to be sustained.

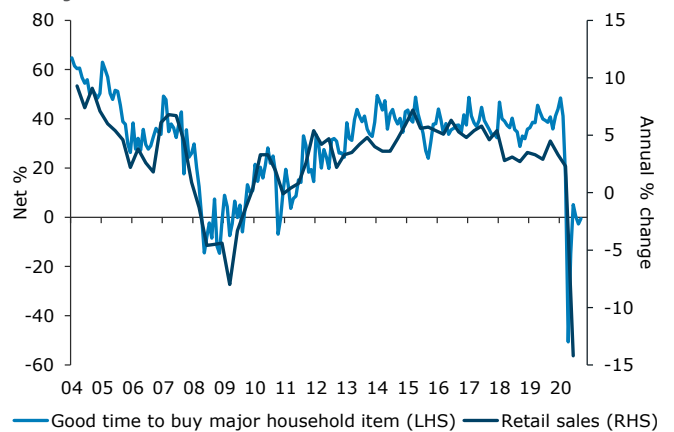
Willingness to buy a major household item is the best spending indicator in the survey (figure 3). It remains at levels consistent with recession. And that makes sense. New Zealand’s aggregate income prospects have taken a significant hit with the loss of tourism revenue. The wage subsidy has muted the impact so far, but tourism is a big employer, and there are lots of worried people out there – not only in tourism but also in retail and hospitality, which are also exposed.

Figure 2. House price outcomes and expectations



Source: REINZ, Roy Morgan, ANZ Research

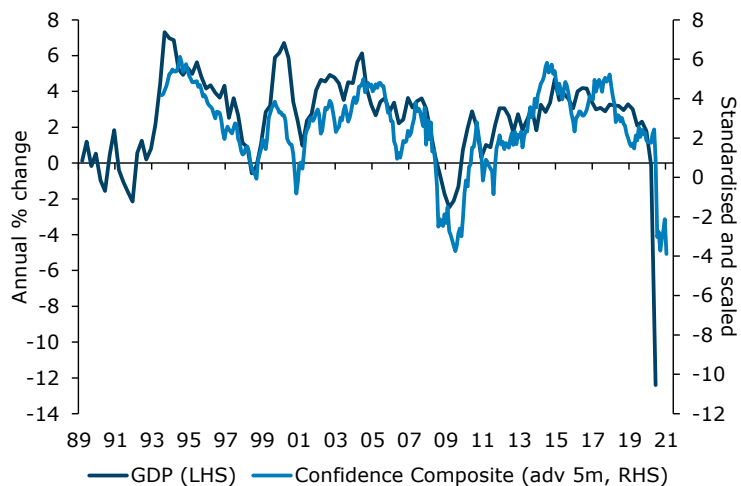
Figure 3. ANZ Consumer Confidence “Good time to buy a major household item” and retail sales



Source: Statistics NZ, ANZ Research, Roy Morgan

Our confidence composite gauge combines lagged business expectations and intentions (from the September ANZBO) with consumer sentiment to give a growth indicator. The composite remains around its lows (figure 4).

Figure 4. GDP vs Confidence Composite



Source: ANZ Research, Roy Morgan, Statistics NZ

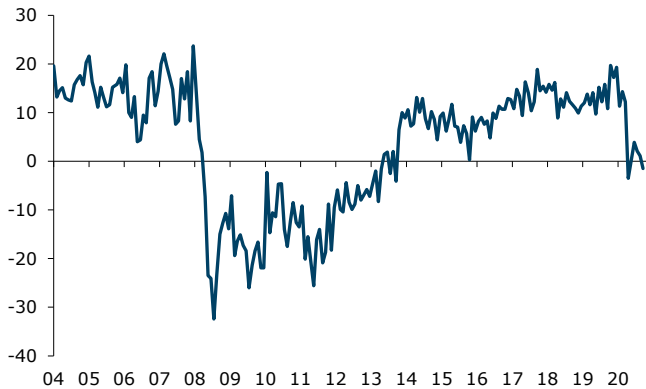
New Zealand is still in the early stages of navigating the complex impacts of COVID-19. Fiscal support has been crucial but needs to be wound back, and households are clearly concerned about the economic damage that will become evident as that occurs. The economy has a large hole looming where summer tourism income used to be. We’re poorer for a while, and need to consume a bit less. It seems people can see through the feel-good vibe from the interest-rate sensitive housing market. In the end, taking us all together, we can’t get rich selling houses to each other.

Survey Summary	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20
No. of Interviews	1,004	1,006	1,021	998	998	1,001	1,001	997
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	35	34	28	28	31	30	28	27
Worse Off	21	22	31	28	27	28	27	29
Net Balance	14	12	-4	0	4	2	1	-2
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	43	37	39	40	48	45	40	40
Worse Off	11	20	24	17	16	15	13	18
Net Balance	32	17	14	23	32	31	27	22
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	30	16	11	15	16	17	14	12
Bad Times	27	55	67	61	53	50	54	47
Net Balance	3	-39	-56	-46	-37	-33	-41	-35
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	37	44	41	43	37	39	35	31
Bad Times	17	19	21	19	19	18	18	17
Net Balance	20	25	20	24	19	22	17	15
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	57	47	18	34	42	39	38	36
Bad Time to Buy	16	31	69	48	37	39	41	37
Net Balance	41	16	-51	-15	5	0	-3	-1
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	73	67	58	61	62	65	67	67
Go Down	3.0	8.9	12.8	14.3	11.9	7.9	8.4	7.2
Expectation (%)	3.8	3.4	3.2	2.9	2.9	3.3	3.2	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	78	72	37	33	41	49	56	65
Go Down	5.2	11.9	37.2	39.6	31.0	22.5	18.5	13.0
Expectation (%)	5.3	4.6	0.5	-0.2	0.9	2.0	2.8	3.4
ANZ Roy Morgan Consumer Confidence Rating (100 plus the unweighted average of the net balances of Q1-5)								
Overall Index	122.1	106.3	84.8	97.3	104.5	104.3	100.2	100.0
Current Conditions	127.7	114.2	73.0	92.7	104.5	101.3	99.2	99.0
Future Conditions	118.4	101.0	92.7	100.4	104.6	106.3	100.9	100.6

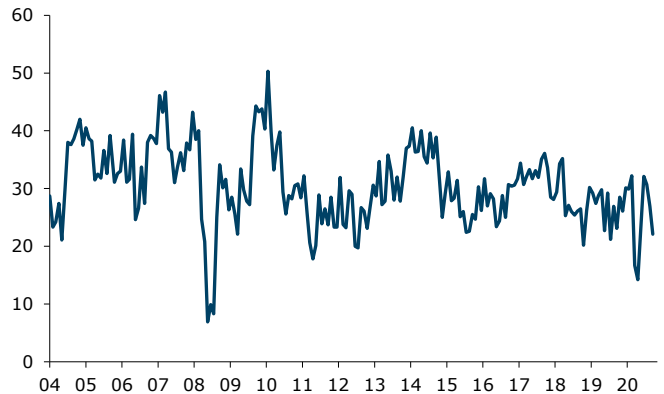


Tables and charts

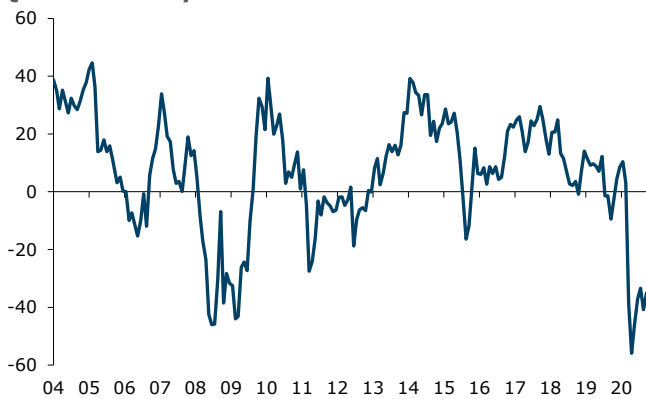
Q1. Better off past year



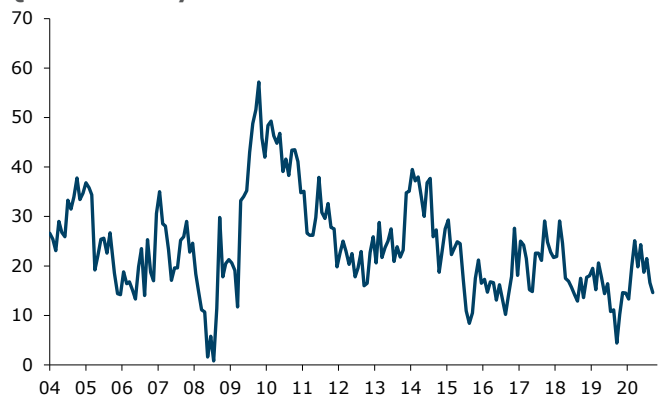
Q2. Better off next year



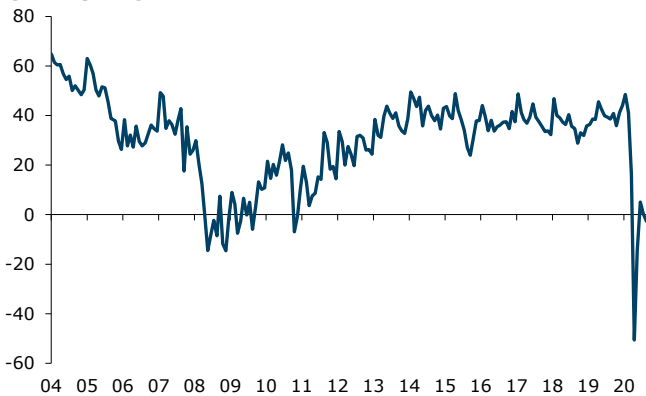
Q3. NZ economy 12 months' time



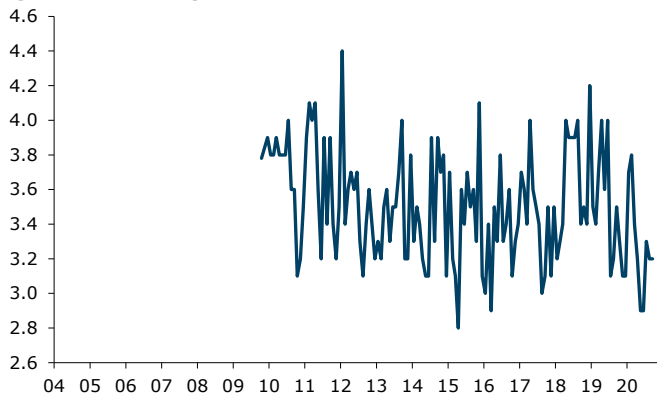
Q4. Outlook 5 years ahead



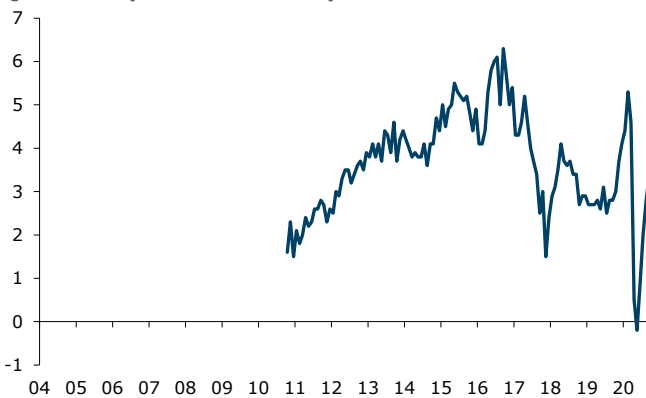
Q5. Buy major household item



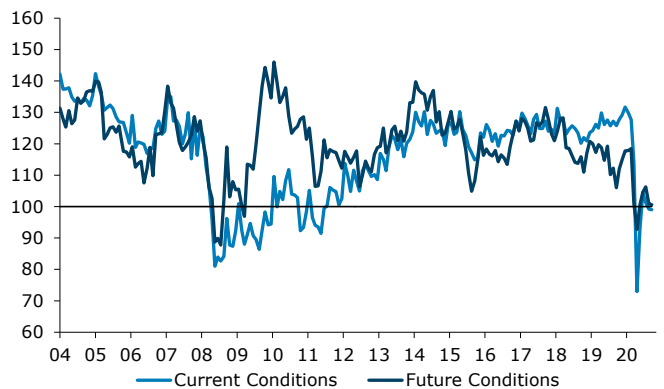
Q6. Inflation expectations



Q7. House price inflation expectations



Current vs future conditions



Source: ANZ Research, Roy Morgan



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