

ANZ-Roy Morgan NZ Consumer Confidence

29 January 2021



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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 26 February 2021 at 10am.

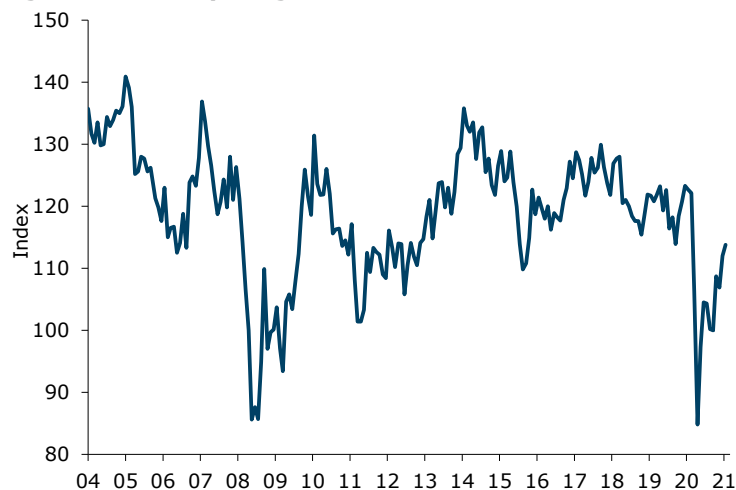
Inching higher

Key points

- Consumer confidence lifted 2 points to 114 in January, led by optimism about the future. Consumer confidence is now not far off its historical average of around 120.
- The proportion of people who believe it is a good time to buy a major household item lifted another 3 points.
- Inflation expectations lifted slightly, and are historically elevated.

The ANZ-Roy Morgan Consumer Confidence Index lifted 2 points in January. It remains well short of 2017-19 levels, unlike business sentiment, but is edging closer to its historical average.

Figure 1. ANZ-Roy Morgan Consumer Confidence



Source: ANZ Research, Roy Morgan

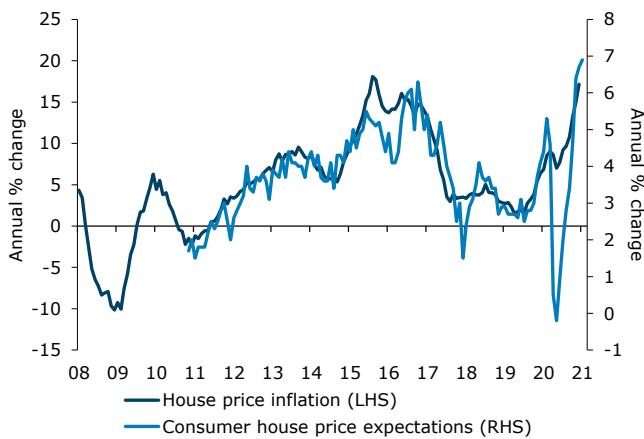
Turning to the detail:

- Perceptions of current financial situations was unchanged at +4.
- A net 28% of consumers expect to be better off this time next year, up 3.
- A net 21% think it is a good time to buy a major household item, up 3 points. Data shows that people have been buying durables despite the recent weakness in this series, reflecting a substitution from overseas holidays and the strength of the housing market.
- Perceptions regarding the next year's economic outlook lifted 5 points to -1%. The five-year outlook eased 1 point to +17%.
- House price inflation expectations lifted another 0.2%pts to 6.9% but regional movements were mixed. They are strongest in the North Island excluding Auckland and Wellington (7.9%).
- CPI inflation expectations lifted 0.2%pts to 4.5%. Household inflation expectations are volatile and average well above actual outcomes, but it is notable that they have been persistently high in recent months.

Household house price expectations are the highest since the question was first asked in late 2010, but the increase is slowing and this indicator does tend to lag the market rather than predict it (figure 2).

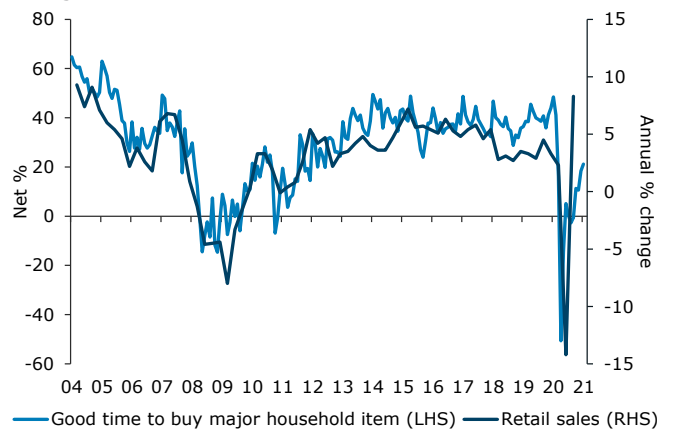
Households still report wariness regarding whether it is a good time to buy a major household item. The latter has historically been the best retail spending indicator in the survey, as it reflects job security, among other factors. However retail spending has outperformed this indicator, likely reflecting in part a reallocation of spending away from international holidays. The strong housing market is likely also contributing, though its relationship with consumer confidence has become less reliable in recent years.

Figure 2. House price outcomes and expectations



Source: REINZ, Roy Morgan, ANZ Research

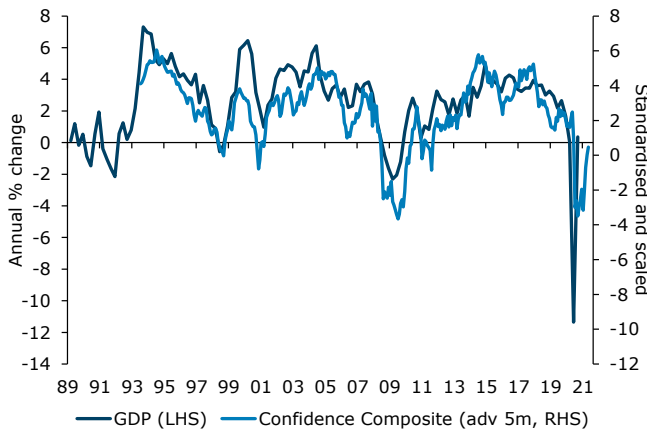
Figure 3. ANZ Consumer Confidence “Good time to buy a major household item” and retail sales



Source: Statistics NZ, ANZ Research, Roy Morgan

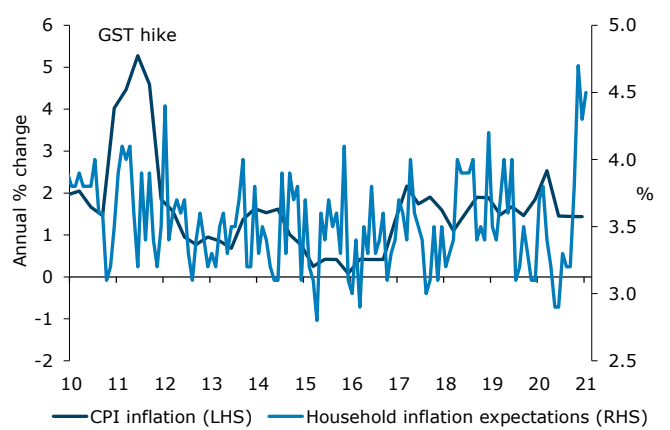
Our confidence composite gauge combines lagged business expectations and intentions with consumer sentiment. The composite continues to lift (figure 4). This will reassure the RBNZ that the economy is maintaining momentum, though there are certainly still challenges and risks ahead. Meanwhile, elevated household inflation expectations are consistent with the CPI outturn last week that showed that supply disruptions are impacting the availability and price of goods (figure 5). It’s not the persistent type of inflation that the RBNZ focuses on, but to the extent it impacts expectations, it matters for the medium-term outlook nonetheless.

Figure 4. GDP vs Confidence Composite



Source: ANZ Research, Roy Morgan, Statistics NZ

Figure 5. Household inflation expectations and CPI



A COVID outbreak remains the most significant downside risk for the economy, but every week brings us that much closer to vaccination and a re-opened border. Keep on scanning, New Zealand.



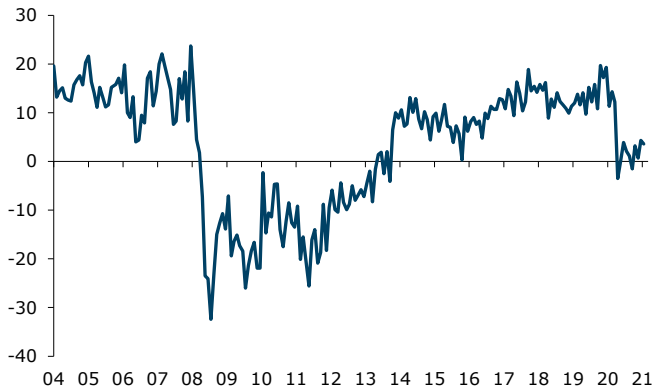
Tables and charts

| Survey Summary | Jun-20 | Jul-20 | Aug-20 | Sep-20 | Oct-20 | Nov-20 | Dec-20 | Jan-21 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| No. of Interviews | 998 | 1,001 | 1,001 | 997 | 1,206 | 1,002 | 1,004 | 1,001 |
| 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 | 31 | 30 | 28 | 27 | 29 | 27 | 28 | 28 |
| Worse Off | 27 | 28 | 27 | 29 | 26 | 27 | 23 | 24 |
| Net Balance | 4 | 2 | 1 | -2 | 3 | 1 | 4 | 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 | 48 | 45 | 40 | 40 | 41 | 43 | 40 | 43 |
| Worse Off | 16 | 15 | 13 | 18 | 14 | 15 | 15 | 14 |
| Net Balance | 32 | 31 | 27 | 22 | 28 | 27 | 25 | 28 |
| 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 | 16 | 17 | 14 | 12 | 17 | 17 | 23 | 24 |
| Bad Times | 53 | 50 | 54 | 47 | 38 | 35 | 28 | 24 |
| Net Balance | -37 | -33 | -41 | -35 | -21 | -18 | -6 | -1 |
| 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 | 39 | 35 | 31 | 36 | 31 | 32 | 32 |
| Bad Times | 19 | 18 | 18 | 17 | 14 | 16 | 14 | 15 |
| Net Balance | 19 | 22 | 17 | 15 | 22 | 15 | 18 | 17 |
| 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 | 42 | 39 | 38 | 36 | 43 | 41 | 47 | 48 |
| Bad Time to Buy | 37 | 39 | 41 | 37 | 31 | 31 | 28 | 27 |
| Net Balance | 5 | 0 | -3 | -1 | 11 | 11 | 18 | 21 |
| 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 | 62 | 65 | 67 | 67 | 70 | 75 | 78 | 80 |
| Go Down | 11.9 | 7.9 | 8.4 | 7.2 | 5.9 | 4.0 | 2.5 | 3.5 |
| Expectation (%) | 2.9 | 3.3 | 3.2 | 3.2 | 3.8 | 4.7 | 4.3 | 4.5 |
| 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 | 41 | 49 | 56 | 65 | 74 | 82 | 81 | 84 |
| Go Down | 31.0 | 22.5 | 18.5 | 13.0 | 9.5 | 6.8 | 6.4 | 5.4 |
| Expectation (%) | 0.9 | 2.0 | 2.8 | 3.4 | 4.6 | 6.4 | 6.7 | 6.9 |
| ANZ Roy Morgan Consumer Confidence Rating (100 plus the unweighted average of the net balances of Q1-5) | | | | | | | | |
| Overall Index | 104.5 | 104.3 | 100.2 | 100.0 | 108.7 | 106.9 | 112.0 | 113.8 |
| Current Conditions | 104.5 | 101.3 | 99.2 | 99.0 | 107.3 | 105.7 | 111.4 | 112.4 |
| Future Conditions | 104.6 | 106.3 | 100.9 | 100.6 | 109.6 | 107.9 | 112.3 | 114.7 |

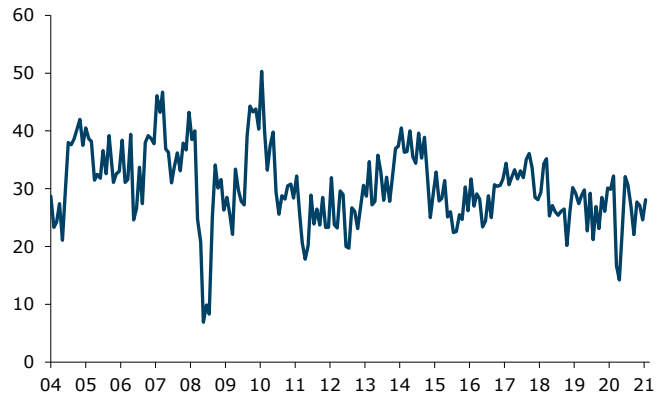


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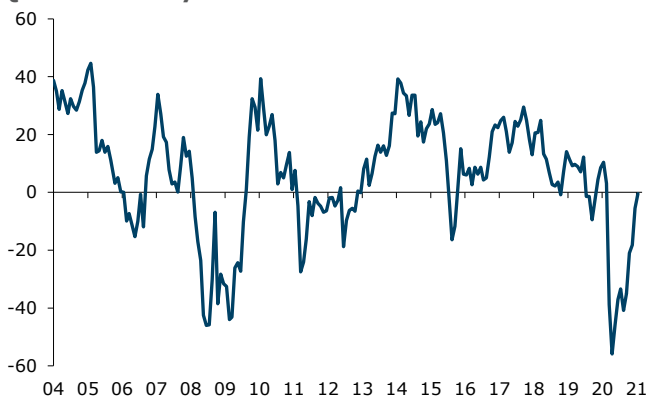
Q1. Better off past year



Q2. Better off next year



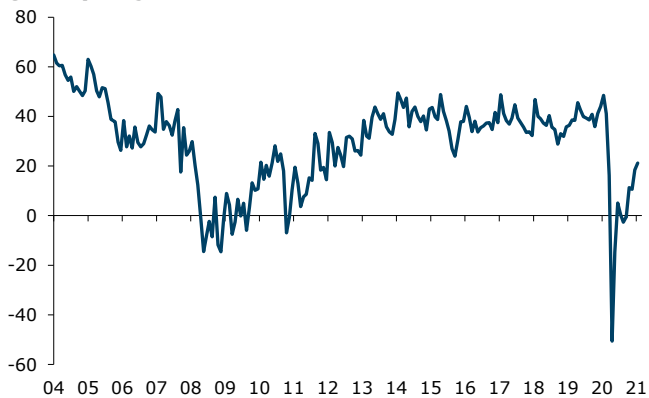
Q3. NZ economy 12 months' time



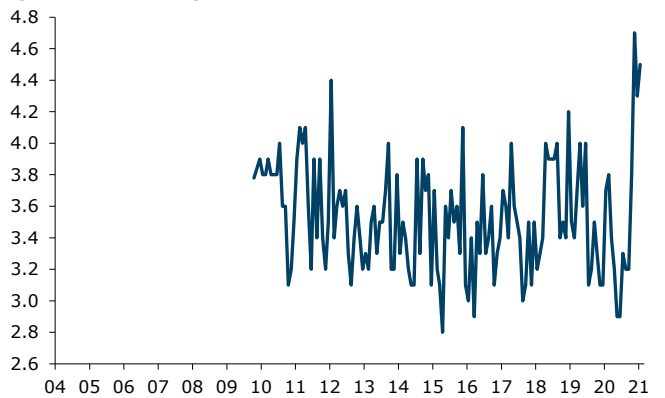
Q4. Outlook 5 years ahead



Q5. Buy major household item



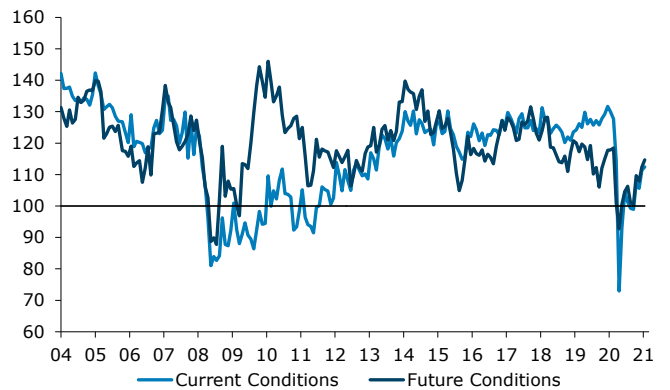
Q6. Inflation expectations



Q7. House price inflation expectations



Current vs future conditions



Source: ANZ Research, Roy Morgan



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