

ANZ-Roy Morgan NZ Consumer Confidence

1 October 2021



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Contact

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See [page 5](#).

The next issue of the ANZ-Roy Morgan Consumer Confidence is scheduled for release on 29 October 2021 at 10am.

Doubts creeping in

Key points

- Consumer confidence eased 5 points to 104.5 in September, led by a decline in the “current conditions” index.
- The proportion of people who believe it is a good time to buy a major household item fell 20 points to -7.
- Inflation expectations were steady at 5.1%. House price inflation expectations eased very slightly to 6.1%.

The ANZ-Roy Morgan Consumer Confidence Index fell 5 points to 104.5 in September.

Figure 1. ANZ-Roy Morgan Consumer Confidence



Source: ANZ Research, Roy Morgan

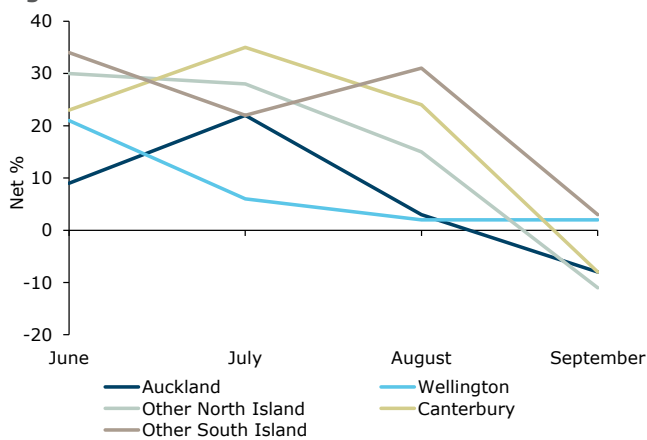
Turning to the detail:

- Perceptions of current financial situations fell 5 points to +7%.
- A net 24% expect to be better off this time next year, up 2.
- A net 7% think it is a bad time to buy a major household item, down 20 points. This is the best retail indicator in the survey, but it makes sense that some of this hit will be lockdown-related and temporary.
- Perceptions regarding the next year’s economic outlook fell 8 points to -13%. The five-year outlook rose 5 points to +12%.
- House price inflation expectations eased 0.2%pts to 6.1%. They rose in Auckland, Wellington and the South Island ex-Canterbury, and eased elsewhere.
- CPI inflation expectations were steady at 5.1%, remaining extremely high versus a more typical historical reading of around 3½%.

Households' response to whether it was a good time to buy a major household item dropped sharply in September. Some of this may reflect temporary lockdown impacts, rather than a rethink of spend or save decisions, but many regions that are back in Level 2 dropped sharply as well.

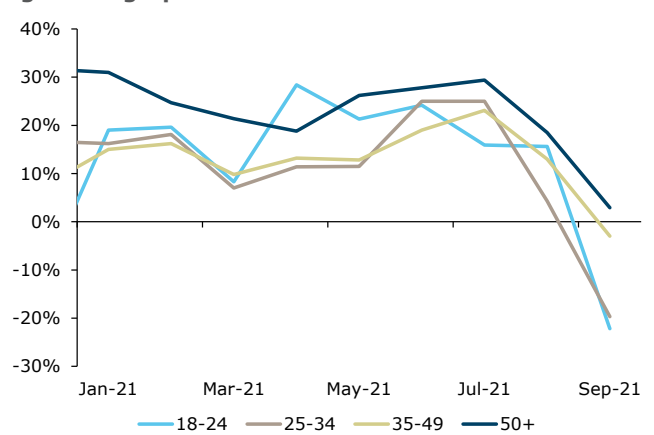
It's a shot across the bow for a retail sector that has been enjoying extremely strong demand. However, some of it may also reflect supply problems – for many durables supply is limited and delays common. And prices are rising. The fall has been particularly pronounced amongst younger adults, who have lower job security generally (and less housing wealth). But some of it may also reflect rising mortgage rates. This series will be key to watch for gauging momentum in the economy as the year progresses.

Figure 2. Good time to buy a major household item by region



Source: ANZ Research, Roy Morgan

Figure 3. Good time to buy a major household item by age demographic

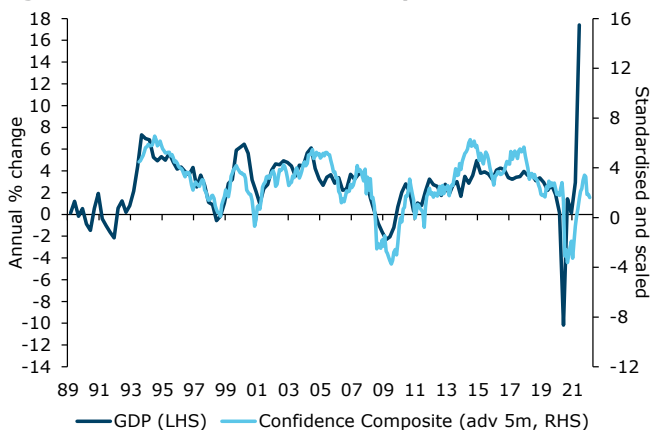


Our confidence composite gauge is a GDP growth indicator created by combining lagged business expectations and intentions with consumer sentiment. The composite is only slightly under pre-COVID levels (figure 4).

Meanwhile, households continue to expect high inflation (figure 5), and rightly so, given the perfect storm of global inflation pressures. This will make it easier for retailers to raise prices without fear of customer backlash, and also impact wage demands in a tight labour market.

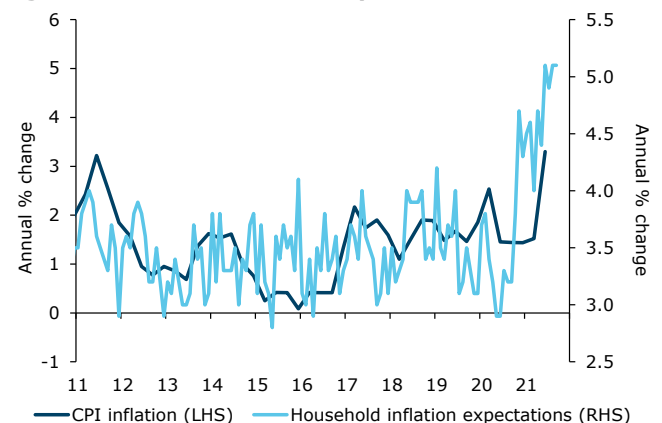
Auckland is hanging in there – overall consumer confidence is down, but no more than it is in Wellington, for example. But with the COVID outbreak refusing to be stamped out, there's a lot of water to flow under the bridge yet.

Figure 4. GDP vs Confidence Composite



Source: ANZ Research, Roy Morgan, Statistics NZ

Figure 5. CPI and inflation expectations





Tables and charts

Survey Summary	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21
No. of Interviews	1,004	1,002	1,004	1,001	1,008	1,001	1,005	1,006

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	26	28	32	31	35	35	34	31
Worse Off	28	26	22	24	21	27	23	25
Net Balance	-2	3	10	7	14	8	12	7

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	42	43	45	43	40	42	42	41
Worse Off	15	13	14	16	18	19	20	17
Net Balance	27	30	31	27	22	23	22	24

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	27	23	29	26	28	28	27	20
Bad Times	25	30	25	26	25	30	31	33
Net Balance	2	-7	4	-1	3	-2	-5	-13

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	33	30	33	34	29	31	30	32
Bad Times	14	16	18	16	19	19	23	20
Net Balance	20	15	15	18	10	12	7	12

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	49	45	46	45	50	51	44	35
Bad Time to Buy	29	31	28	27	28	27	31	42
Net Balance	20	14	18	19	22	24	13	-7

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	81	82	85	84	88	87	89	86
Go Down	3.3	3.7	2.7	2.8	1.7	1.9	3.0	2.0
Expectation (%)	4.6	4.0	4.7	4.4	5.1	4.9	5.1	5.1

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	85	76	72	74	74	77	74	72
Go Down	4.6	10.0	10.9	9.8	7.5	7.2	7.6	7.9
Expectation (%)	7.5	6.1	6.0	5.9	5.8	6.4	6.3	6.1

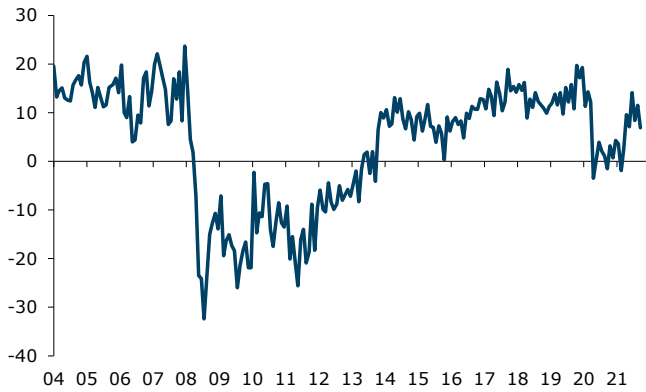
ANZ Roy Morgan Consumer Confidence Rating (100 plus the unweighted average of the net balances of Q1-5)

Overall Index	113.1	110.8	115.4	114.0	114.1	113.1	109.6	104.5
Current Conditions	109.0	108.2	113.7	112.9	117.9	116.1	112.0	100.1
Future Conditions	115.9	112.6	116.7	114.7	111.7	111.0	108.0	107.4

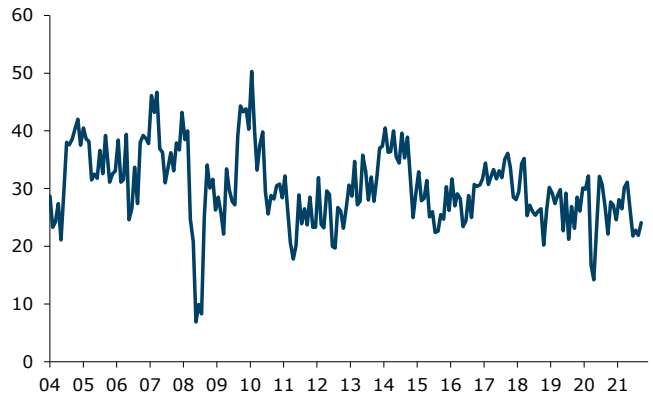


Tables and charts

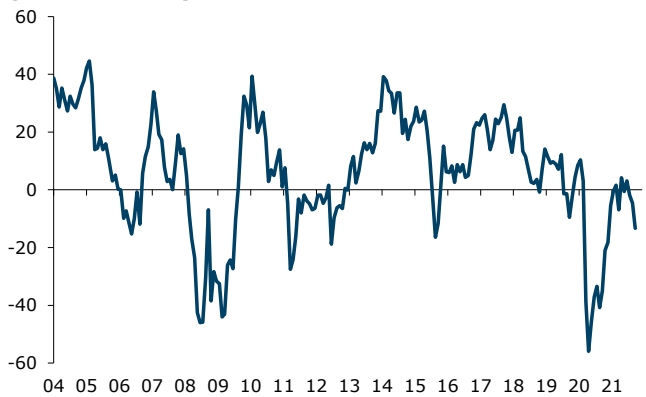
Q1. Better off past year



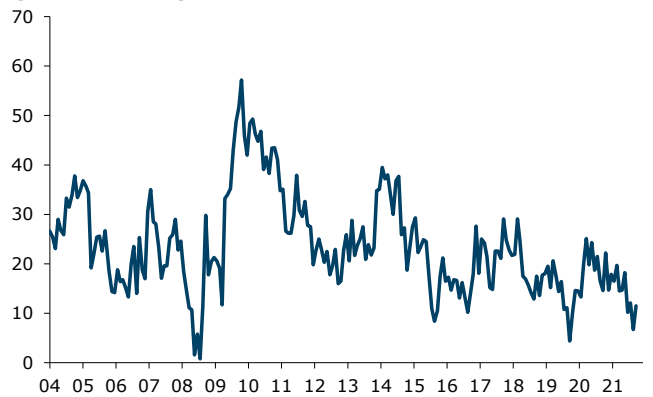
Q2. Better off next year



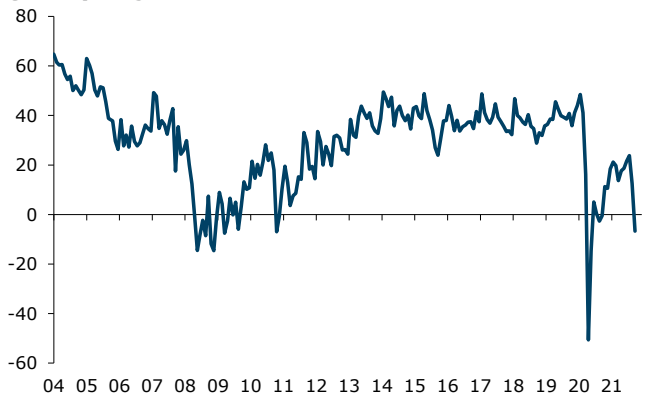
Q3. NZ economy 12 months' time



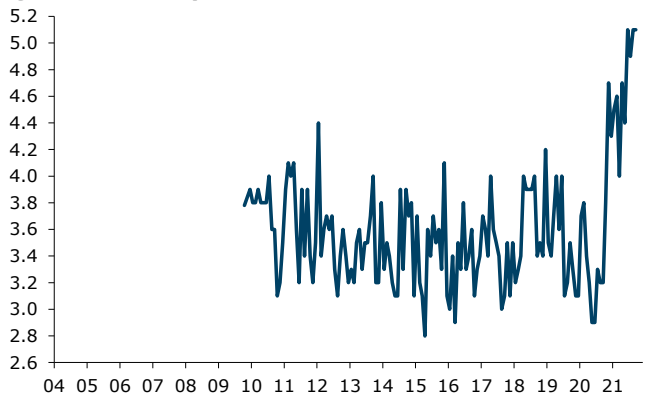
Q4. Outlook 5 years ahead



Q5. Buy major household item



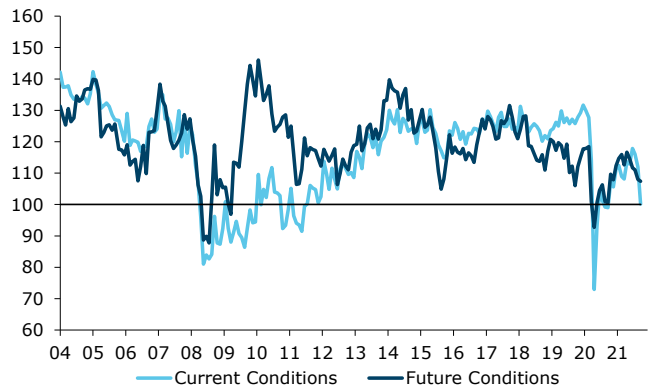
Q6. Inflation expectations



Q7. House price inflation expectations



Current vs future conditions



Source: ANZ Research, Roy Morgan



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