

ANZ-Roy Morgan NZ Consumer Confidence

1 April 2022



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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 April 2022 at 10am.

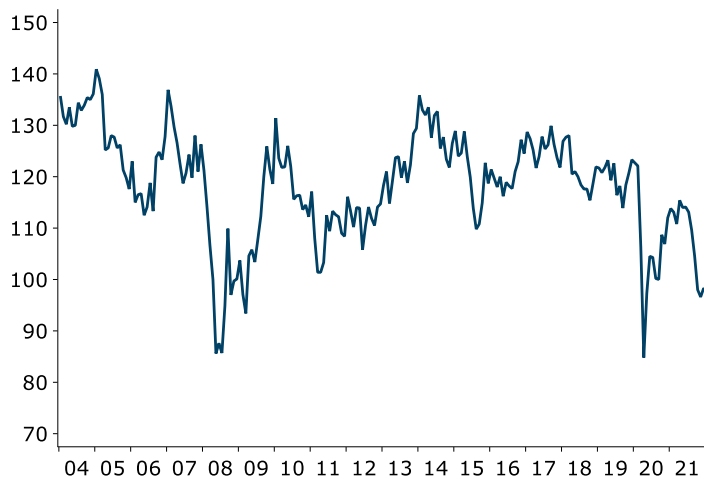
From bad to worse

Key points

- Consumer confidence dropped another 4 points in March to 77.9, a fresh record low in data that data began in 2004.
- The proportion of people who believe it is a good time to buy a major household item fell another 5 points to -26.
- Inflation expectations rose to 6%. House price inflation expectations eased from 4.8% to 2.7%, and are lowest in Wellington (0.7%).

The ANZ-Roy Morgan Consumer Confidence Index dropped further to a fresh record low in March, as a perfect storm of Omicron, rising living costs, a retreating housing market and rising interest rates soured the mood.

Figure 1. ANZ-Roy Morgan Consumer Confidence



Source: Roy Morgan, Macrobond, ANZ Research

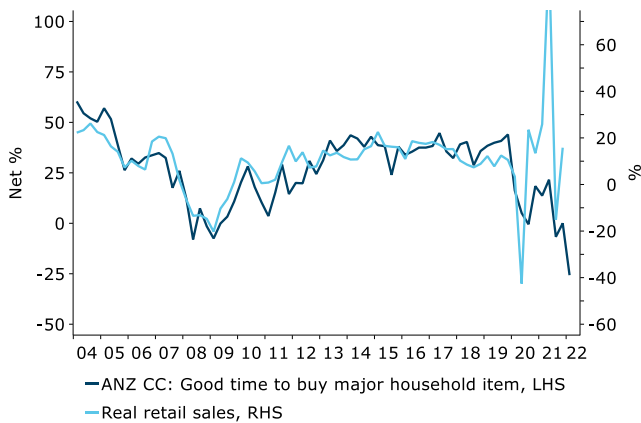
Turning to the detail:

- Perceptions of current personal financial situations fell 6 points to -24%, the lowest since 2011.
- A net 9% expect to be worse off this time next year, down 7 points. That's a record low by a long way, and it's hard to put that down to Omicron alone.
- Households think on balance that it's a terrible time to buy a major household item (-26%, down 5 points). This is the single best economic indicator in the survey.
- Perceptions regarding the next year's economic outlook fell another 3 points to -45%. The five-year outlook lifted slightly to -7%.
- House price inflation expectations fell 2%pts to 2.7%, the lowest since July 2020.
- CPI inflation expectations lifted 0.4%pts to 6.0%, only the second time it's breached the 6% level.

The best retail indicator in the consumer confidence survey is the question of whether it is a good time to buy a major household item. While Covid has caused extreme volatility in the retail data, it's clear the current very subdued answers to the question do not bode well for retailers (figure 2). It's well below the troughs of the 2008/09 recession. It is worth noting that with inflation running around 7%, the implied decline in nominal turnover is considerably smaller than a given fall in real sales, but that isn't much comfort for retailers holding more expensive stock – and potentially more of it than normal due to shipping disruptions over the past couple of years encouraging the holding of more inventory. By age group, there's now a broad consensus that it's time to close the wallet (figure 3).

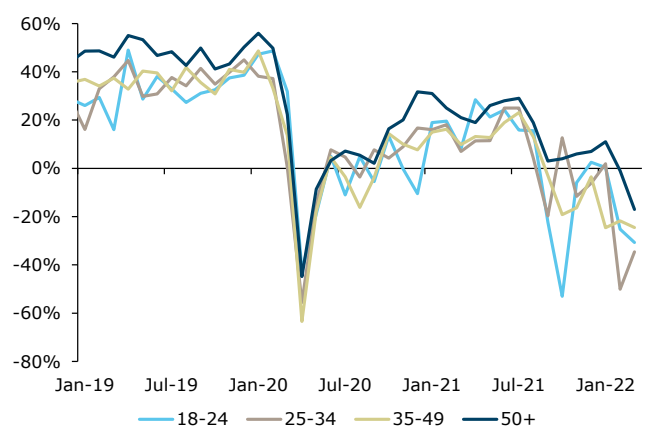
Households are facing something of a perfect storm. Omicron is causing disruption and probably a degree of alarm, but the subdued level of forward-looking indicators highlights that there is a lot more going on than that. Indebted consumers may not like higher interest rates but all consumers hate inflation, the "thief in the night" that eats away at purchasing power and makes households feel that they are going backwards, even with a strong labour market.

Figure 2. Good time to buy a major household item versus retail sales



Source: Roy Morgan, Statistics NZ, Macrobond, ANZ Research

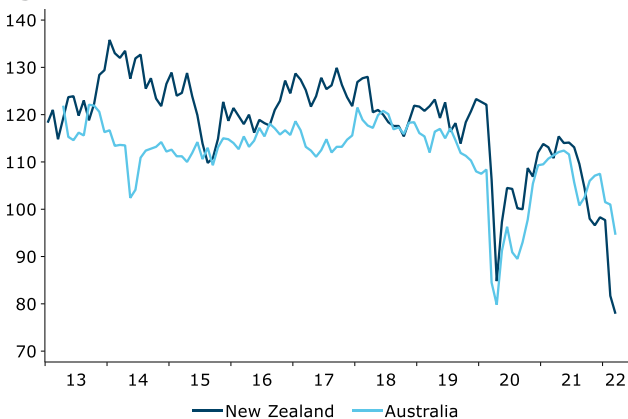
Figure 3. Good time to buy a major household item by age demographic



Confidence is significantly lower than in Australia (figure 4), where both inflation and interest rates are lower, and Omicron less recent.

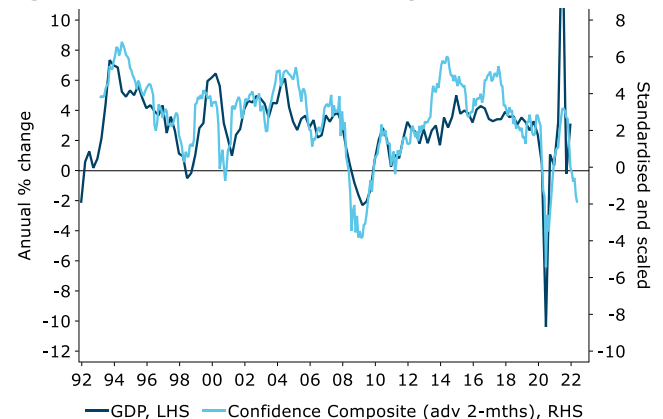
Our confidence composite gauge combines lagged Business Outlook expectations and intentions with consumer sentiment. It is not sending positive vibes about the outlook for GDP growth this year (figure 5).

Figure 4. Australia and NZ consumer confidence



Source: Roy Morgan, Statistics NZ, Macrobond, ANZ Research

Figure 5. GDP vs Confidence Composite

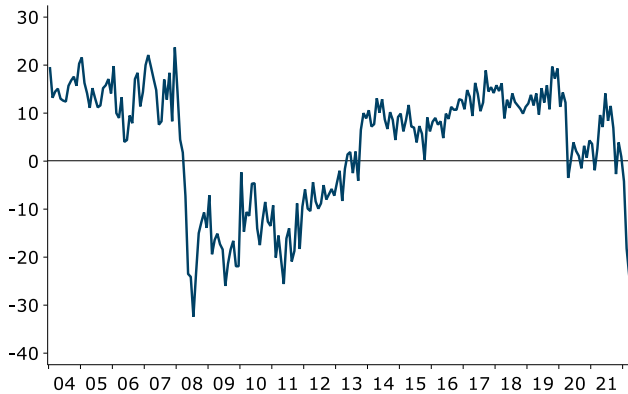


Survey Summary	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22
No. of Interviews	1,005	1,006	1,000	1,004	1,009	981	1,003	1,000
Q1. Would you say you and your family are better off financially or worse off than you were at this time last year?								
Better Off	34	31	28	32	31	28	25	23
Worse Off	23	25	31	28	30	32	43	47
Net Balance	12	7	-3	4	1	-4	-18	-24
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	41	41	39	37	37	33	30
Worse Off	20	17	21	24	25	23	35	39
Net Balance	22	24	20	15	12	14	-2	-9
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	20	18	18	20	18	10	11
Bad Times	31	33	43	47	40	39	52	56
Net Balance	-5	-13	-25	-28	-20	-21	-42	-45
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	30	32	28	25	24	26	19	20
Bad Times	23	20	24	27	26	23	27	27
Net Balance	7	12	4	-2	-1	3	-8	-7
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	44	35	36	37	40	37	28	26
Bad Time to Buy	31	42	42	42	40	40	49	51
Net Balance	13	-7	-7	-6	0	-4	-21	-26
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	89	86	88	91	89	92	92	90
Go Down	3.0	2.0	2.5	1.2	2.3	1.5	2.1	2.7
Expectation (%)	5.1	5.1	6.2	5.7	5.6	5.8	5.6	6.0
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	74	72	75	72	68	67	62	48
Go Down	7.6	7.9	6.7	9.6	11.4	11.1	12.7	23.2
Expectation (%)	6.3	6.1	6.7	5.9	5.3	5.3	4.8	2.7
ANZ Roy Morgan Consumer Confidence Rating (100 plus the unweighted average of the net balances of Q1-5)								
Overall Index	109.6	104.5	98.0	96.6	98.3	97.7	81.7	77.9
Current Conditions	112.0	100.1	95.4	99.2	100.5	96.1	80.6	75.2
Future Conditions	108.0	107.4	99.7	94.9	96.8	98.7	82.5	79.7

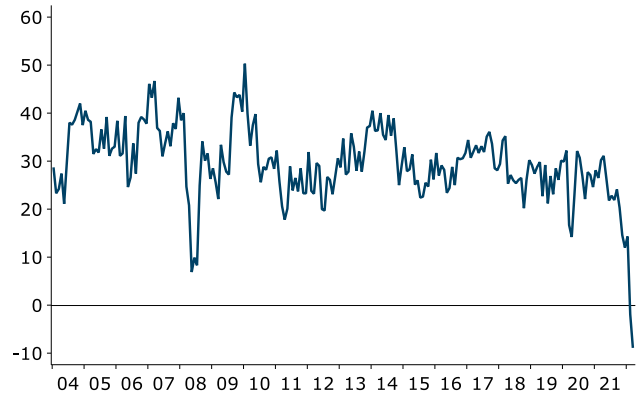


Tables and charts

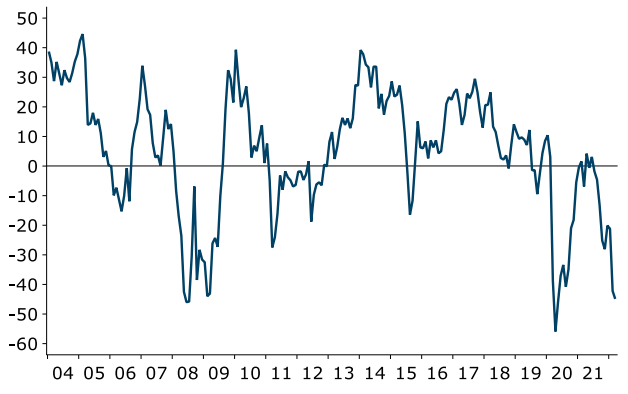
Q1. Better off past year



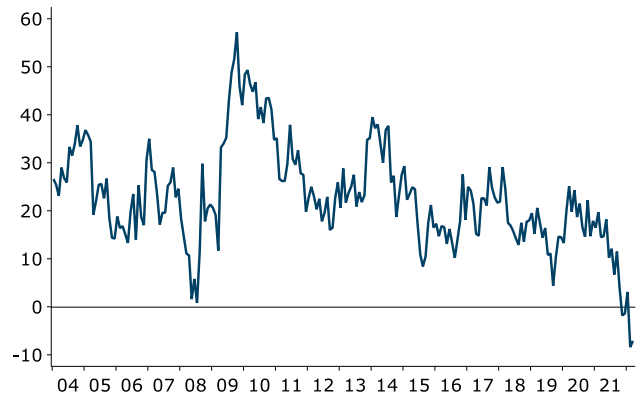
Q2. Better off next year



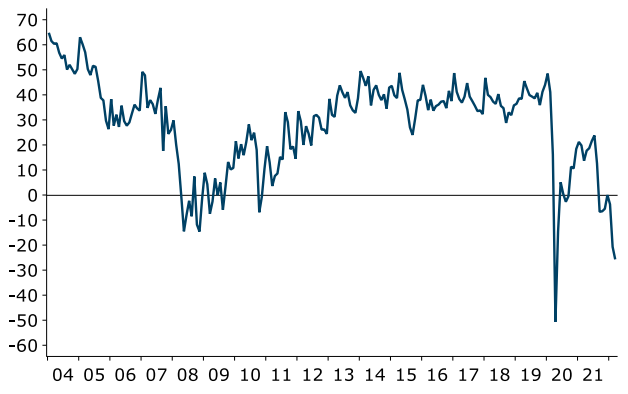
Q3. NZ economy 12 months' time



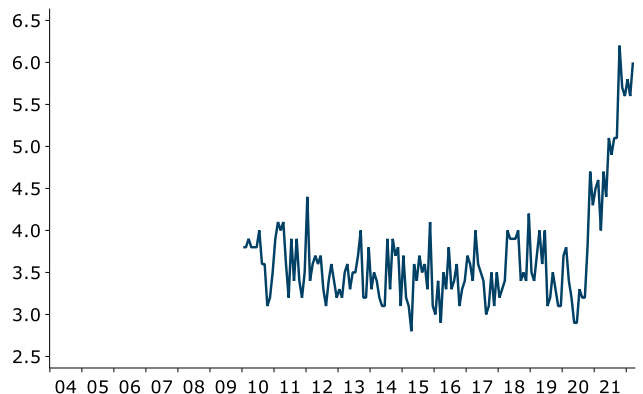
Q4. Outlook 5 years ahead



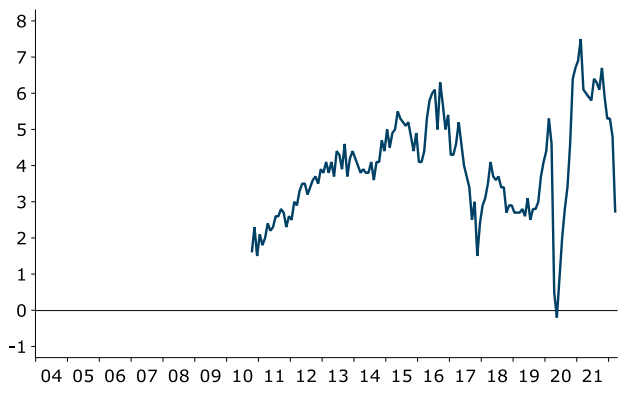
Q5. Buy major household item



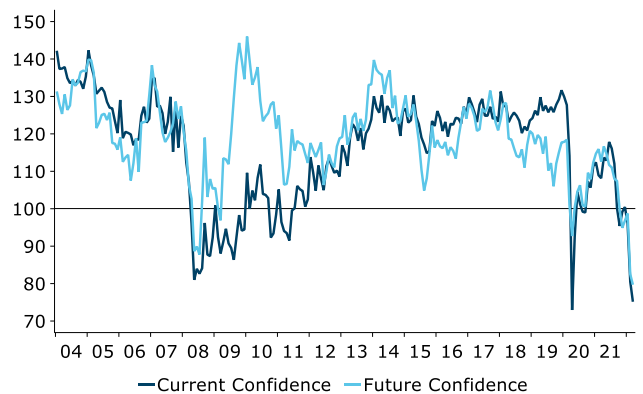
Q6. Inflation expectations



Q7. House price inflation expectations



Current vs future conditions



Source: Roy Morgan, Macrobond, ANZ Research



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