

ANZ-Roy Morgan NZ Consumer Confidence

31 March 2023



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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 28 April 2023 at 10am.

Confused by acronyms or jargon? See a glossary [here](#).

Limbo

Key points

- Consumer confidence eased 2 points in March to 77.7.
- The proportion of people who believe it is a good time to buy a major household item, a key retail indicator, lifted 3 points to -32%, still very low.
- Inflation expectations rose from 5.2% to 5.4%. That's the highest read in nine months. That won't please the RBNZ, though they put more weight on business expectations.

The ANZ-Roy Morgan Consumer Confidence Index eased 2 points in March, remaining very subdued.

Figure 1. ANZ-Roy Morgan Consumer Confidence



Source: Roy Morgan, Macrobond, ANZ Research

Turning to the detail:

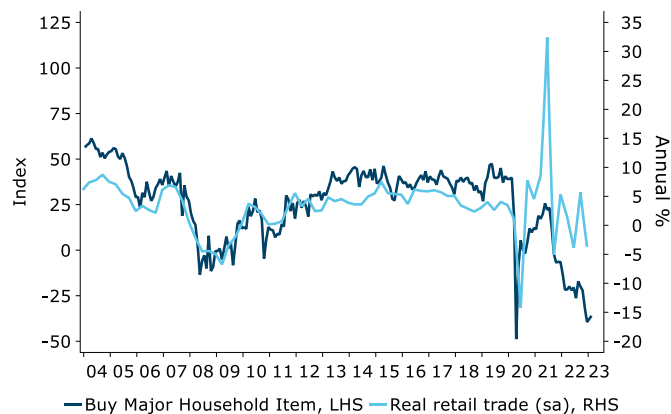
- Perceptions of current personal financial situations lifted 4 points to -26%.
- A net 1% expect to be better off this time next year, down 6.
- A net 32% think it's a bad time to buy a major household item, up 3.
- Perceptions regarding the economic outlook in 12 months' time fell 5 points to -46%. Perhaps reflecting global financial headlines, the 5-year-ahead measure fell from -3% to -10%.
- House price inflation expectations lifted from 0% to 0.6%. They are now strongest in Auckland (though only 1.1%, it does appear to mark a trough) and weakest in Wellington (-0.5%).
- One-year-ahead CPI inflation expectations rose from 5.2% to 5.4%, the highest since June.

Consumers remain very wary, understandably. Interest rates have risen rapidly (though it's been a while since a generalised round of increases), the cost of living is reducing their purchasing power, and now there are alarming headlines about banks, albeit faraway ones. And house prices are

still falling and the old KiwiSaver balance is probably looking a little battered too. But it's not all bad. Wage growth on average is keeping up with inflation, and here and now, job security for most is still very good. We've had a month of much more settled weather to boot.

ANZ card spending is holding up pretty well, though of course people are getting less for their money as prices continue to rise. Households continue to report that they don't consider it to be a particularly good time to buy a major household item. The solid wage growth and excellent job security resulting from the very strong labour market has seen real spending hold up, but our forecasts are for markedly weaker spending this year as higher interest rates bite and the labour market develops some cracks.

Figure 2. Real retail sales versus "good time to buy major item"

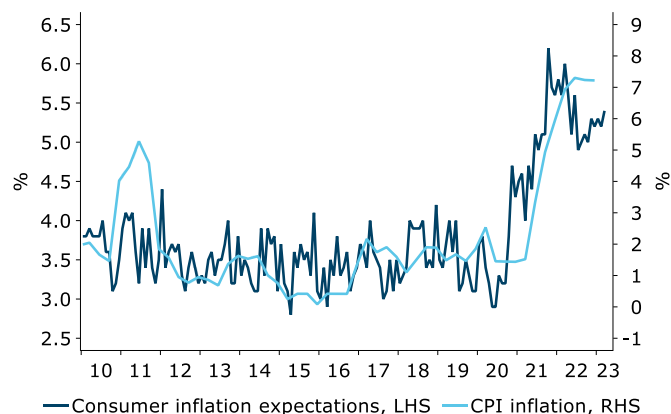


Source: Stats NZ, Macrobond, ANZ Research

Labour market developments will be a key driver of the outlook for household spending. The cost of living, particularly for those with significant debt, is definitely making a dent, and it's not clear those pressures are going to ease anytime soon, with food inflation well into double digits and more people rolling over onto higher mortgage rates. But there is a disconnect between the RBNZ's forecast of rapidly rising unemployment, and the perception on the street.

The RBNZ will not be pleased to see consumer inflation expectations rise again. Indeed, they look to have turned firmly up again. Consumers were the first to spot inflation coming in 2021, beating us pundits. And in a very tight labour market, consumer inflation expectations are likely to matter more than otherwise, as wage demands are more likely to be met.

Figure 3. Consumer inflation expectations versus CPI inflation



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



Tables and charts

Survey Summary	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23
No. of Interviews	1,001	1,010	1,011	995	1,001	1,005	1,007	1,008

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	21	26	28	28	24	23	20	24
Worse Off	46	44	45	43	47	43	50	50
Net Balance	-25	-18	-18	-16	-23	-20	-30	-26

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	32	36	35	34	30	35	37	35
Worse Off	31	32	32	34	39	29	29	34
Net Balance	1	4	4	0	-10	7	7	1

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	12	11	12	12	8	13	11	10
Bad Times	47	43	50	53	62	53	52	56
Net Balance	-35	-32	-39	-41	-54	-40	-41	-46

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	22	19	22	19	19	22	22	19
Bad Times	20	22	21	28	30	23	25	29
Net Balance	2	-3	1	-9	-12	-1	-3	-10

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	28	25	26	21	24	25	22	22
Bad Time to Buy	45	50	48	52	57	53	57	54
Net Balance	-17	-25	-22	-31	-33	-28	-35	-32

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	78	80	84	84	78	79	82	82
Go Down	7.0	7.1	4.4	5.0	6.3	5.1	5.9	4.5
Expectation (%)	5.0	5.1	5.0	5.3	5.2	5.3	5.2	5.4

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	37	32	33	32	29	28	31	35
Go Down	34.9	35.1	37.1	39.8	49.5	41.3	40.8	32.8
Expectation (%)	0.9	0.5	0.5	0.0	-0.8	-0.3	0.0	0.6

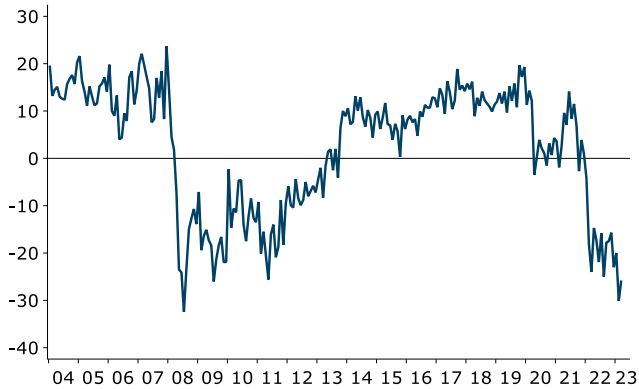
ANZ Roy Morgan Consumer Confidence Rating (100 plus the unweighted average of the net balances of Q1-5)

Overall Index	85.4	85.4	85.4	80.7	73.8	83.4	79.8	77.7
Current Conditions	79.2	78.8	80.5	76.7	72.1	75.9	67.4	71.4
Future Conditions	89.5	89.8	88.8	83.3	74.9	88.5	88.0	81.9

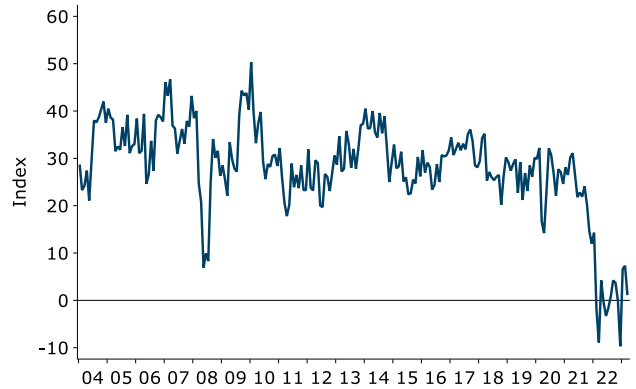


Tables and charts

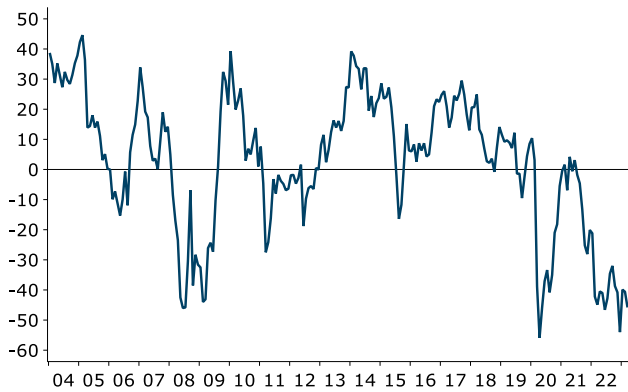
Q1. Better off past year



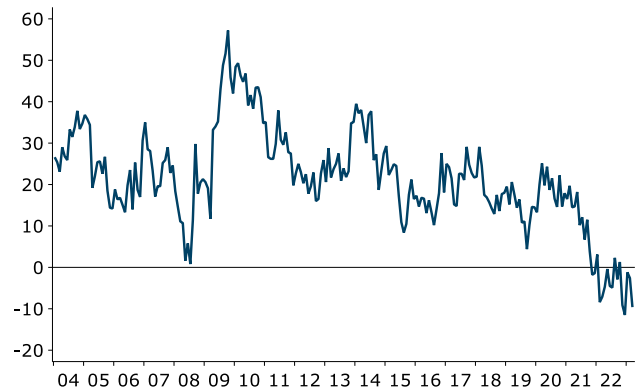
Q2. Better off next year



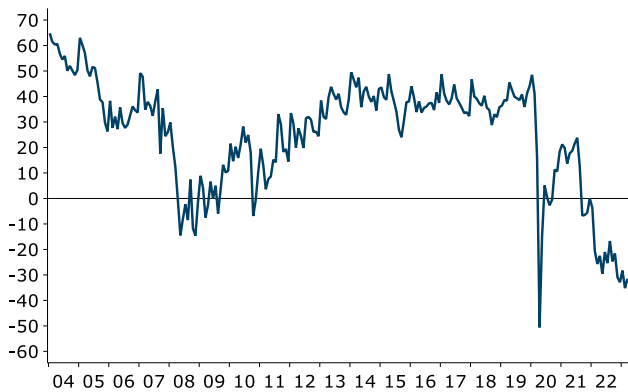
Q3. NZ economy 12 months' time



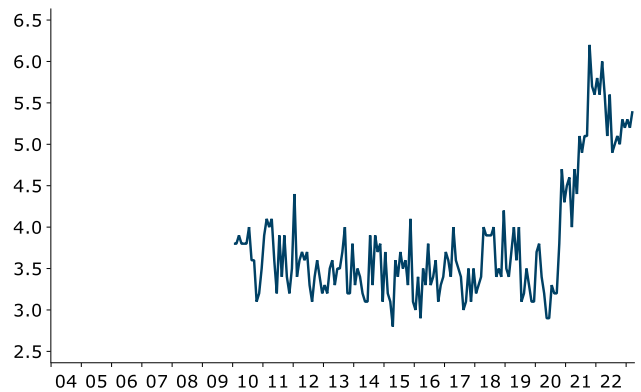
Q4. Outlook 5 years ahead



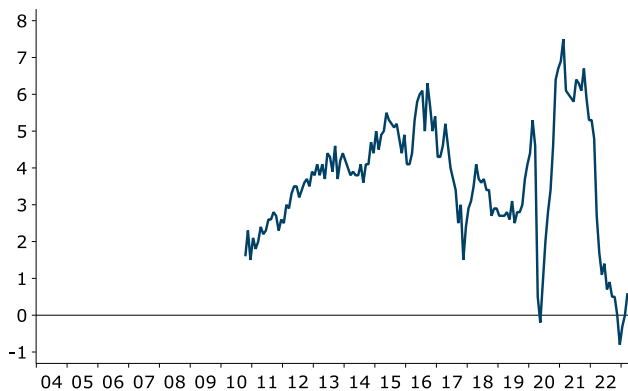
Q5. Buy major household item



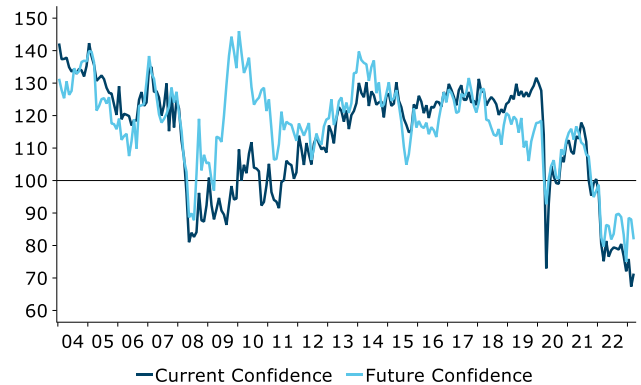
Q6. Inflation expectations



Q7. House price inflation expectations



Current vs future conditions



Source: Roy Morgan, Macrobond, ANZ Research



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