

ANZ-Roy Morgan NZ Consumer Confidence

26 May 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 30 June 2023 at 10am.

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

Inflation expectations fall

Key points

- Consumer confidence was basically flat in May at 79.2, an extremely low level.
- The proportion of people who believe it is a good time to buy a major household item, a key retail indicator, fell 3 points to -34.
- Inflation expectations eased from 5.2% to 4.8%. That's only the second time since mid-2021 that they've dipped under the 5% mark.

The ANZ-Roy Morgan Consumer Confidence Index was flat in May, remaining very subdued.

Figure 1. ANZ-Roy Morgan Consumer Confidence



Source: Roy Morgan, Macrobond, ANZ Research

Turning to the detail:

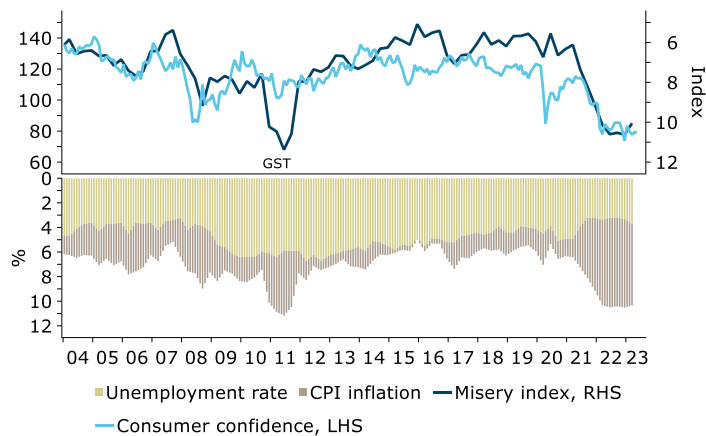
- Perceptions of current personal financial situations lifted 5 points from -25% to -20%.
- A net 5% expect to be better off this time next year, down 1.
- A net 34% think it's a bad time to buy a major household item, down 3.
- Perceptions regarding the economic outlook in 12 months' time lifted 7 points to -43%. The 5-year-ahead measure fell from -2% to -12%.
- House price inflation expectations were little changed at 0.4%. They are strongest in Auckland (1.5% versus 0.3% last month).
- One-year-ahead CPI inflation expectations fell back 5.2% to 4.8%, finally interrupting what was starting to look like an upward trend.

Consumers remain under pressure. While the labour market remains tight, conferring both a high degree of job security and strong wage growth, ongoing cost of living increases, including higher mortgage rates for the 38% of households who have a mortgage, continue to bite. Uncertainty is no doubt also taking a toll, with the RBNZ still attempting to cool the economy in order to bring inflation sustainably lower.

One feature of the data recently has been that retail spending has been more robust than the indicators from this consumer confidence survey would suggest is likely. A few factors are probably at play here, including population growth recently, with net migration soaring. But one factor appears to be an extreme dislike of inflation, even above and beyond its impact on financial wellbeing.

Economists capture this in a “Misery Index”, which is simply the unemployment rate plus the inflation rate. As figure 2 shows, it tends to (inversely) track consumer confidence quite closely, with the recent decline clearly driven by inflation. Inflation in and of itself is not a reason for consumers to decide *en masse* that they’d better save more for a rainy day, the way rising unemployment is. Consumer confidence has therefore overstated the decline in retail spending, and as falling inflation improves things on the misery front, the corresponding bounce in confidence is likely to overstate the likely rebound in retail spending.

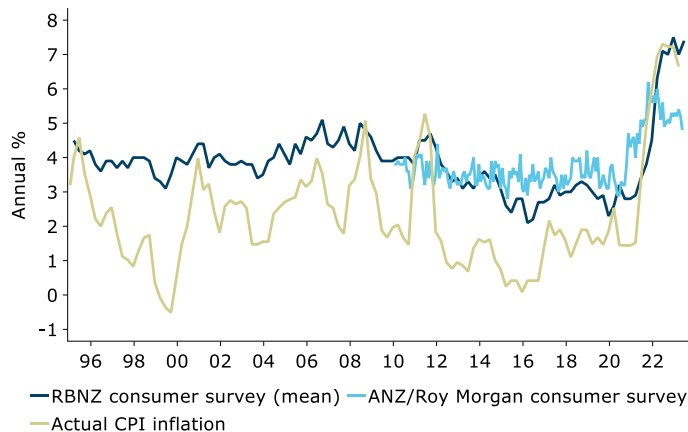
Figure 2. ANZ Consumer confidence and the misery index



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

Household inflation expectations have been more stubborn than those of businesses, but finally saw a decent drop this month. This is in contrast to the RBNZ’s survey of households, which garnered attention this week when it showed a lift back of 7%. As figure 3 shows, the current divergence is unusually large. Neither survey knocks it out of the park in terms of predicting inflation. But the ANZ survey picked the 2021 surge in inflation considerably earlier.

Figure 3. Consumer inflation expectations (1y ahead) versus CPI inflation



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



Tables and charts

Survey Summary	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23
No. of Interviews	1,011	995	1,001	1,005	1,007	1,008	1,004	1,004

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	28	28	24	23	20	24	24	25
Worse Off	45	43	47	43	50	50	49	45
Net Balance	-18	-16	-23	-20	-30	-26	-25	-20

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	35	34	30	35	37	35	36	34
Worse Off	32	34	39	29	29	34	30	28
Net Balance	4	0	-10	7	7	1	6	5

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	12	8	13	11	10	10	12
Bad Times	50	53	62	53	52	56	60	55
Net Balance	-39	-41	-54	-40	-41	-46	-50	-43

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	19	22	22	19	22	16
Bad Times	21	28	30	23	25	29	25	28
Net Balance	1	-9	-12	-1	-3	-10	-2	-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	26	21	24	25	22	22	24	24
Bad Time to Buy	48	52	57	53	57	54	55	58
Net Balance	-22	-31	-33	-28	-35	-32	-31	-34

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	84	84	78	79	82	82	83	80
Go Down	4.4	5.0	6.3	5.1	5.9	4.5	4.8	5.6
Expectation (%)	5.0	5.3	5.2	5.3	5.2	5.4	5.2	4.8

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	33	32	29	28	31	35	32	33
Go Down	37.1	39.8	49.5	41.3	40.8	32.8	39.6	36.2
Expectation (%)	0.5	0.0	-0.8	-0.3	0.0	0.6	0.3	0.4

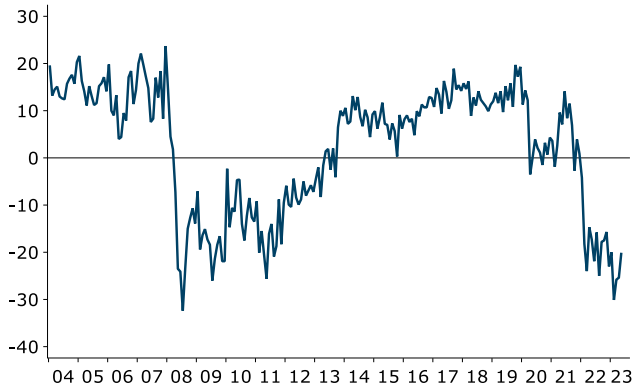
ANZ Roy Morgan Consumer Confidence Rating (100 plus the unweighted average of the net balances of Q1-5)

Overall Index	85.4	80.7	73.8	83.4	79.8	77.7	79.3	79.2
Current Conditions	80.5	76.7	72.1	75.9	67.4	71.4	71.7	73.1
Future Conditions	88.8	83.3	74.9	88.5	88.0	81.9	84.4	83.4

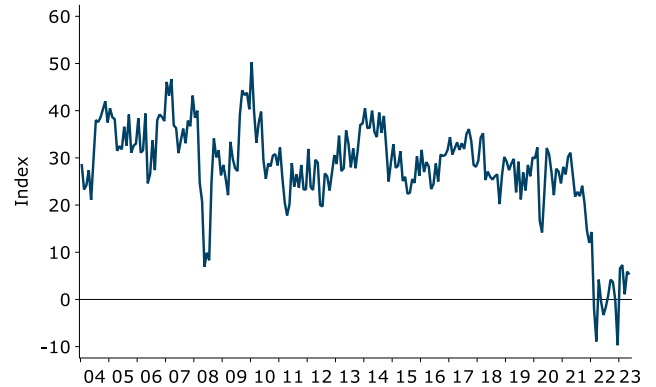


Tables and charts

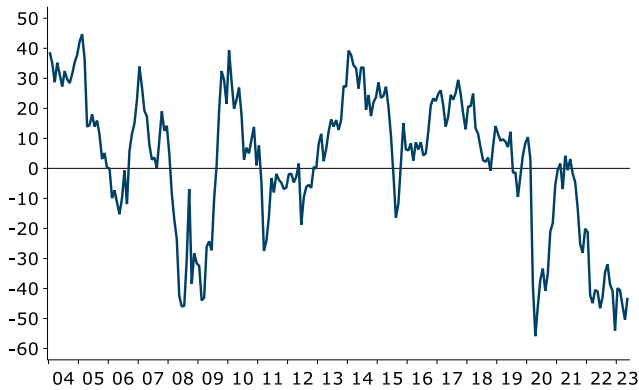
Q1. Better off past year



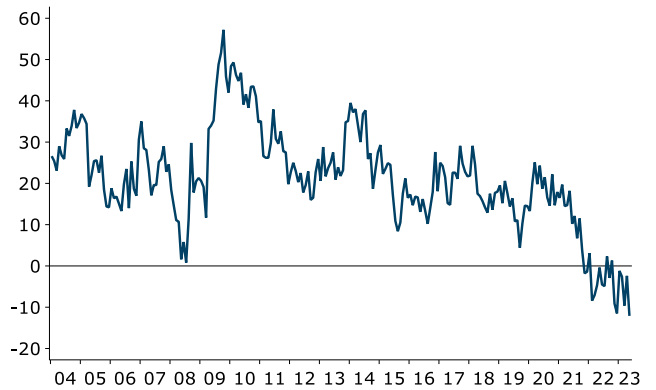
Q2. Better off next year



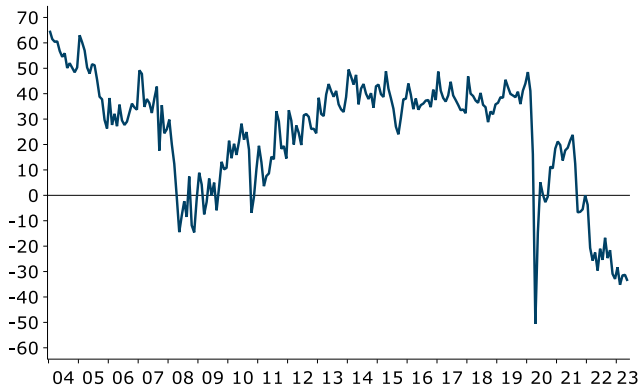
Q3. NZ economy 12 months' time



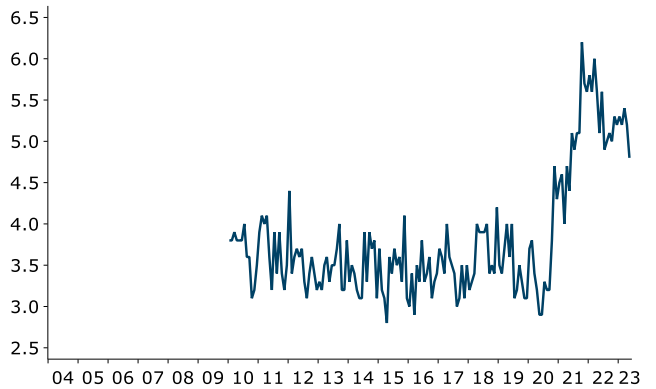
Q4. Outlook 5 years ahead



Q5. Buy major household item



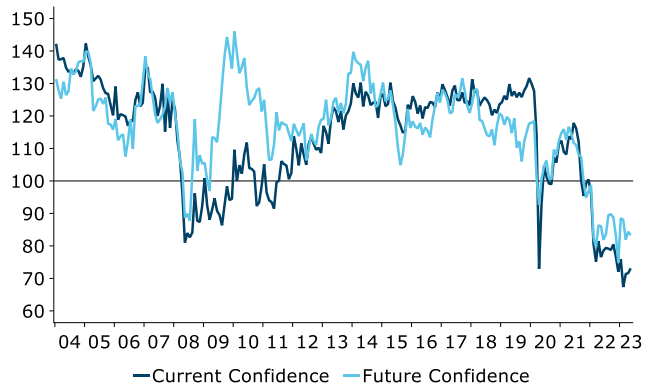
Q6. Inflation expectations



Q7. House price inflation expectations



Current vs future conditions



Source: Roy Morgan, Macrobond, ANZ Research



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