

ANZ-Roy Morgan NZ Consumer Confidence

30 June 2023



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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 28 July 2023 at 10am.

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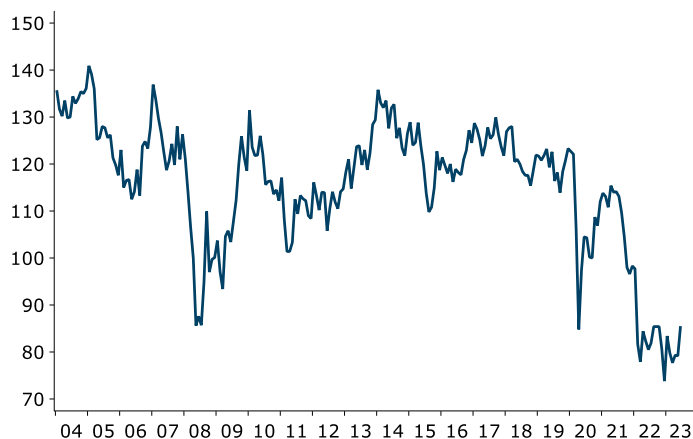
Inflation and rate relief

Key points

- Consumer confidence lifted 6 points in June to 85.5, still a very low level, but the highest read since January last year.
- The proportion of people who believe it is a good time to buy a major household item, a key retail indicator, rose 7 points to -27.
- Inflation expectations dropped sharply from 4.8% to 4.3%. Consumers don't get to set prices but they are half of the wage-negotiation process, so the RBNZ will be very pleased to see that.

The ANZ-Roy Morgan Consumer Confidence Index jumped in June, while remaining very subdued.

Figure 1. ANZ-Roy Morgan Consumer Confidence



Source: Roy Morgan, Macrobond, ANZ Research

Turning to the detail:

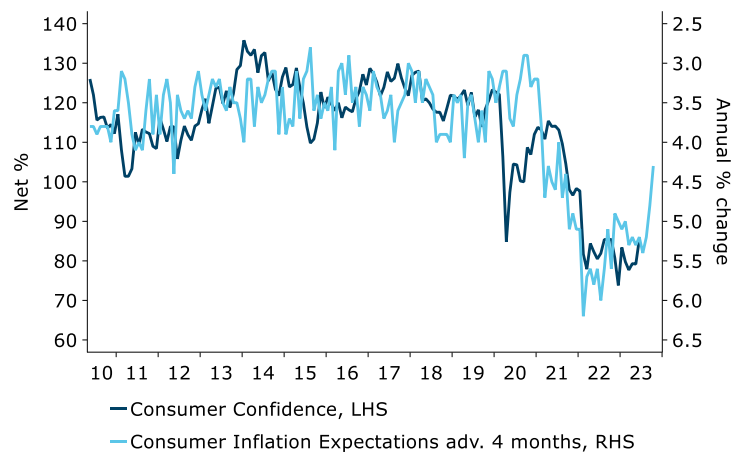
- Perceptions of current personal financial situations fell 4 points from -20% to -24%.
- A net 11% expect to be better off this time next year, up 6.
- A net 27% think it's a bad time to buy a major household item, a 7 point improvement.
- Perceptions regarding the economic outlook in 12 months' time lifted 9 points to -34%. The 5-year-ahead measure jumped from -12% to +1%.
- House price inflation expectations jumped from 0.4% to 1.6%. They are strongest in Auckland (3.1% versus 1.5% last month) but are now positive everywhere.
- One-year-ahead CPI inflation expectations fell back from 4.8% to 4.3%, a sharp fall that the RBNZ will be pleased to see.

It's not all rosy in consumer land. The overall level of confidence remains very subdued. While job security is still excellent on the whole and wage growth historically strong, ongoing cost of living increases continue to bite. There have also been widespread headlines about recession in the past month. Yet despite all that, confidence lifted markedly in June. While the proportion of respondents saying they feel worse off than a year ago lifted, all the forward-looking questions rose.

One contributor may be the RBNZ calling time on rate hikes in the May *Monetary Policy Statement*. Increasing expectations that house price falls are done and dusted could also be a factor, though that certainly isn't good news for everyone. But quite possibly the biggest factor is a fall in inflation expectations.

It's difficult to overstate how much people hate inflation. It's no coincidence that a level shift lower in consumer confidence has been associated with a level shift higher in inflation and inflation expectations (once the initial COVID shock was out of the way). Indeed, lower inflation expectations signal that we're likely to see consumer confidence continue to rise over coming months, barring any nasty surprises. But as we noted last month, actual and anticipated 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, say, rising unemployment would be. Consumer confidence has therefore overstated the decline in retail spending, and any bounce-back in headline consumer confidence may correspondingly overstate the likely rebound.

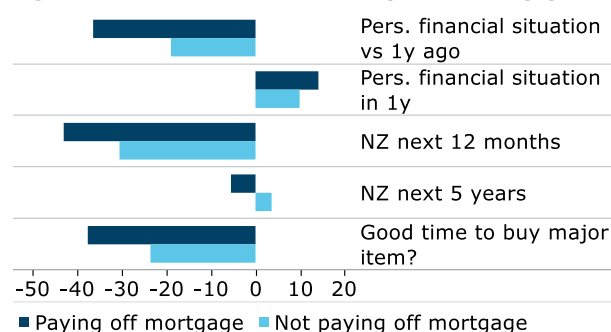
Figure 2. ANZ Consumer Confidence and inflation expectations



Source: Roy Morgan, Macrobond, ANZ Research

We can split the responses by whether people have a mortgage. Figure 3 shows that those with mortgages are generally more pessimistic, with the notable exception of the question about their personal financial situation in a year's time. This suggests that people are expecting lower interest rates within that time frame. For our part, we're not so sure.

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



Source: Roy Morgan, Macrobond, ANZ Research



Tables and charts

Survey Summary	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23
No. of Interviews	995	1,001	1,005	1,007	1,008	1,004	1,004	1,003

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	24	23	20	24	24	25	23
Worse Off	43	47	43	50	50	49	45	47
Net Balance	-16	-23	-20	-30	-26	-25	-20	-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	34	30	35	37	35	36	34	37
Worse Off	34	39	29	29	34	30	28	25
Net Balance	0	-10	7	7	1	6	5	11

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	8	13	11	10	10	12	15
Bad Times	53	62	53	52	56	60	55	49
Net Balance	-41	-54	-40	-41	-46	-50	-43	-34

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	19	19	22	22	19	22	16	24
Bad Times	28	30	23	25	29	25	28	23
Net Balance	-9	-12	-1	-3	-10	-2	-12	1

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	21	24	25	22	22	24	24	25
Bad Time to Buy	52	57	53	57	54	55	58	53
Net Balance	-31	-33	-28	-35	-32	-31	-34	-27

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	78	79	82	82	83	80	72
Go Down	5.0	6.3	5.1	5.9	4.5	4.8	5.6	8.7
Expectation (%)	5.3	5.2	5.3	5.2	5.4	5.2	4.8	4.3

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	32	29	28	31	35	32	33	41
Go Down	39.8	49.5	41.3	40.8	32.8	39.6	36.2	26.4
Expectation (%)	0.0	-0.8	-0.3	0.0	0.6	0.3	0.4	1.6

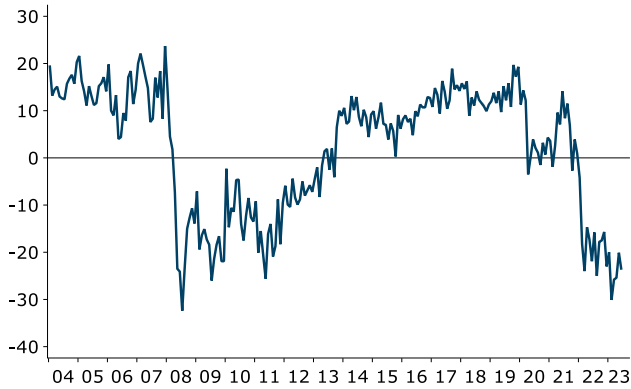
ANZ Roy Morgan Consumer Confidence Rating (100 plus the unweighted average of the net balances of Q1-5)

Overall Index	80.7	73.8	83.4	79.8	77.7	79.3	79.2	85.5
Current Conditions	76.7	72.1	75.9	67.4	71.4	71.7	73.1	74.5
Future Conditions	83.3	74.9	88.5	88.0	81.9	84.4	83.4	92.8

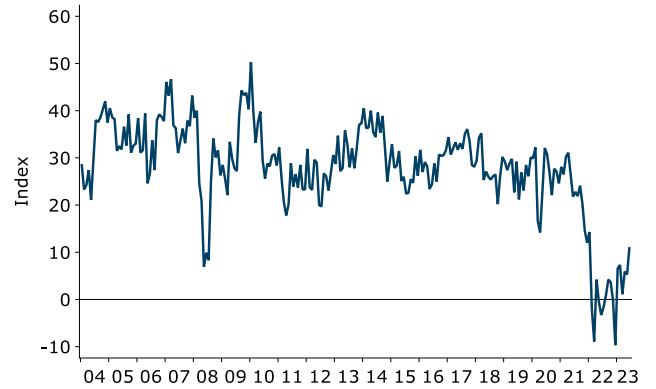


Tables and charts

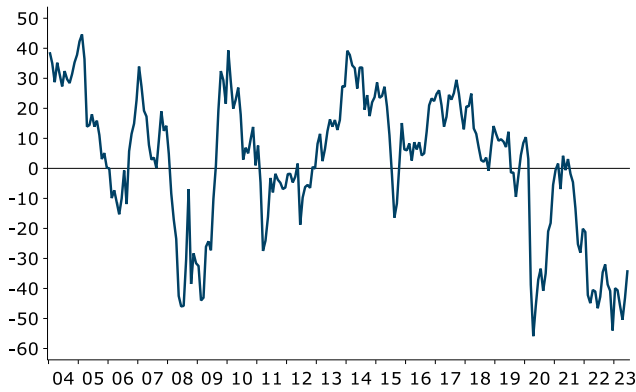
Q1. Better off past year



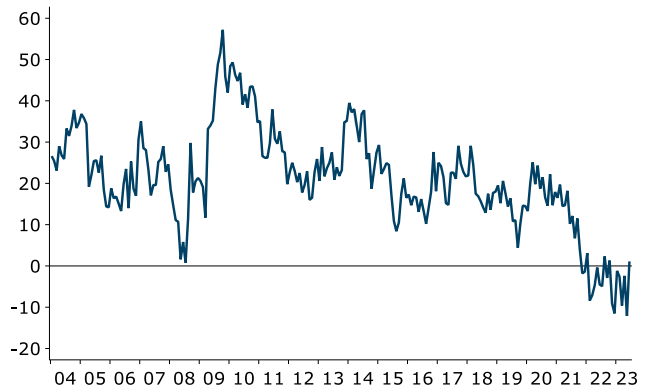
Q2. Better off next year



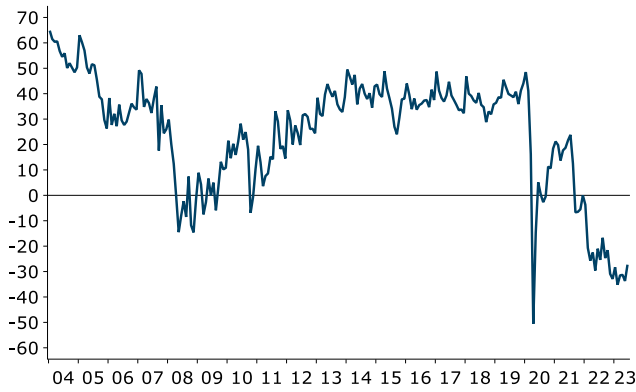
Q3. NZ economy 12 months' time



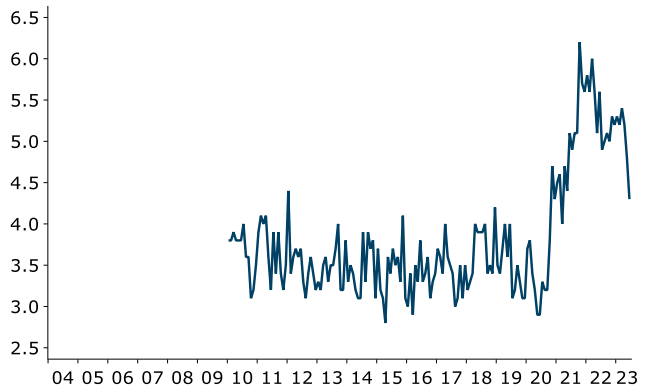
Q4. Outlook 5 years ahead



Q5. Buy major household item



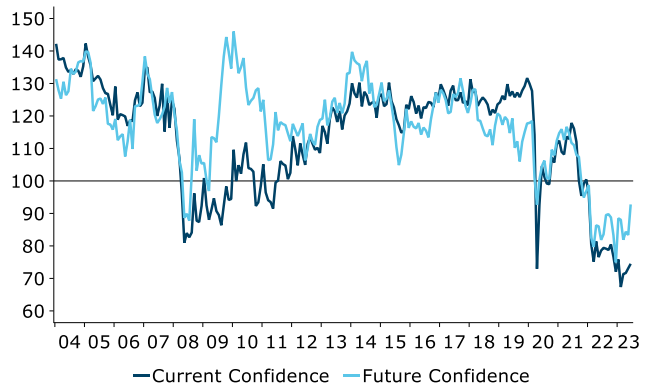
Q6. Inflation expectations



Q7. House price inflation expectations



Current vs future conditions



Source: Roy Morgan, Macrobond, ANZ Research



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Last updated: 18 April 2023

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