

ANZ-Roy Morgan NZ Consumer Confidence

27 October 2023



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Contact

Sharon Zollner for more details.

See [page 6](#).

The next issue of the ANZ-Roy Morgan Consumer Confidence is scheduled for release on 1 December 2023 at 10am.

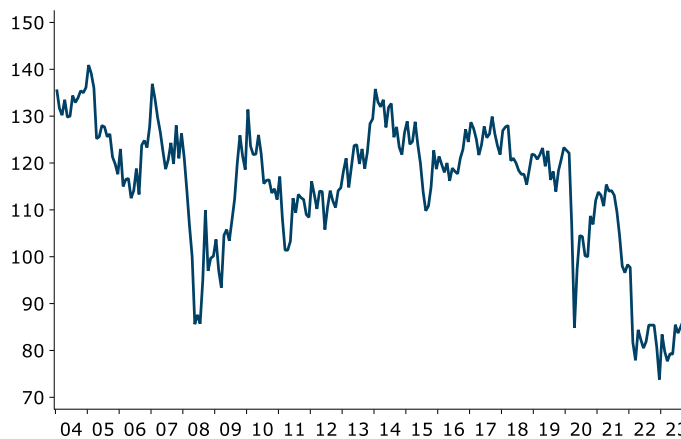
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Creeping higher

Key points

- ANZ-Roy Morgan consumer confidence rose 2 points in October to 88.1, with mixed moves across the questions. By far the biggest jump was in the question about expected economic conditions “in NZ as a whole”.
- Tellingly, the key question of whether it’s a good time to buy a major household item, the best retail indicator, fell 6 points to -38%.
- Inflation expectations rose 0.3ppt to 4.5%, undoing last month’s fall.

Figure 1. ANZ-Roy Morgan Consumer Confidence



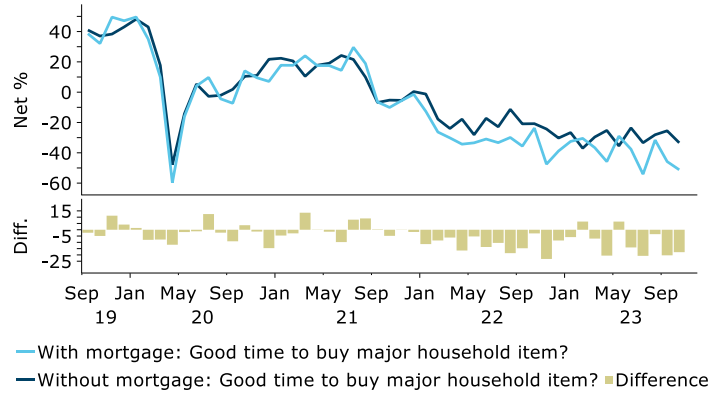
Source: Roy Morgan, Macrobond, ANZ Research

Turning to the detail:

- The future conditions index made up of forward-looking questions rose 6 points, while the current conditions index fell 4 points.
- Perceptions of current personal financial situations fell 2 points to -25%.
- A net 16% expect to be better off this time next year, up 1 point.
- A net 38% think it’s a bad time to buy a major household item, a 6-point deterioration. The level remains very weak, consistent with ongoing softness in per capita retail spending.
- Perceptions regarding the economic outlook in 12 months’ time jumped 14 points to -18%. The 5-year-ahead measure also lifted 2 points to +5%.
- House price inflation expectations lifted again, from 3.2% to 3.8%, the highest read in 20 months. Lifts were seen in every region except the North Island outside of Auckland and Wellington.
- Two-year-ahead CPI inflation expectations lifted from 4.2% to 4.5%, undoing most of the previous month’s fall.

Those paying off a mortgage continue to be more cautious about spending than those who are not, understandably (figure 2). It will be interesting to see over coming months whether the turnaround in the housing market causes this gap to close at all.

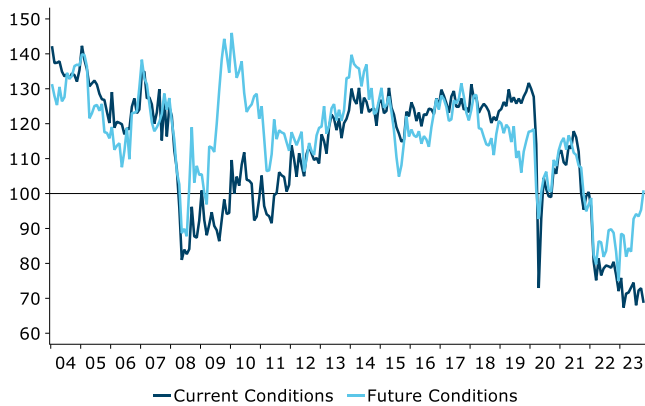
Figure 2. "Better off than last year" split by mortgage status



Source: Roy Morgan, Macrobond, ANZ Research

A gap continues to open between the current and forward-looking questions in the survey. This is typical of periods during which the economy is weak, such as 2009-10 (figure 3). More positively, ultimately, it reflects increasing belief that the worst is past.

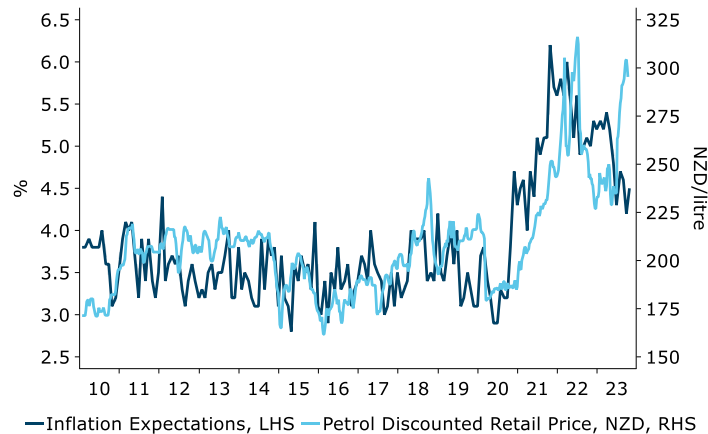
Figure 3. Current and future conditions indexes



Source: Roy Morgan, Macrobond, ANZ Research

Inflation expectations rose 0.3ppt to 4.5%. Recent lifts in petrol prices may have contributed (figure 4) to a hiatus in the downward trend.

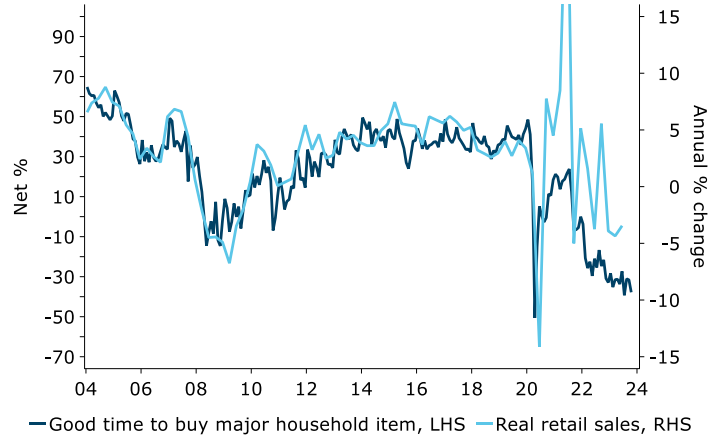
Figure 4. Consumer inflation expectations and petrol prices



Source: Stats NZ, MBIE, Macrobond, ANZ Research

Consumers report ongoing extreme wariness about purchasing major household items. Figure 5 shows that while spending is certainly not strong, this indicator has overstated weakness in the past year, perhaps due to high inbound migration.

Figure 5. Good time to buy a major household item vs. real retail sales



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

The October survey is another mixed bag for the RBNZ. Willingness to spend is low, as the RBNZ requires, but consumers' inflation expectations are still inconsistent with the inflation target, and there hasn't been much progress on that front in recent months.

House price inflation expectations are also lifting. In practice, this measure tends to reflect past house price moves rather than provide leading information about where the housing market is going, but it does suggest that people don't think the lift seen in recent months is a flash in the pan.

Overall, this month's survey fits into the "watch, worry and wait" basket for the Reserve Bank. We continue to expect that in time, the Committee will conclude another hike in the Official Cash Rate is required to ensure progress in bringing inflation down continues.

Survey Summary	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23
No. of Interviews	1,008	1,004	1,004	1,003	1,019	1,009	1,004	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	24	24	25	23	23	22	24	22
Worse Off	50	49	45	47	48	46	46	47
Net Balance	-26	-25	-20	-24	-25	-24	-23	-25

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	36	34	37	38	41	39	38
Worse Off	34	30	28	25	27	28	25	22
Net Balance	1	6	5	11	11	13	15	16

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	10	10	12	15	14	13	14	19
Bad Times	56	60	55	49	45	47	46	37
Net Balance	-46	-50	-43	-34	-32	-34	-32	-18

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	22	16	24	25	23	24	26
Bad Times	29	25	28	23	22	22	21	21
Net Balance	-10	-2	-12	1	3	1	3	5

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	22	24	24	25	19	24	24	20
Bad Time to Buy	54	55	58	53	59	56	56	58
Net Balance	-32	-31	-34	-27	-39	-31	-32	-38

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	82	83	80	72	72	75	75	72
Go Down	4.5	4.8	5.6	8.7	8.2	6.3	5.1	7.5
Expectation (%)	5.4	5.2	4.8	4.3	4.7	4.6	4.2	4.5

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	35	32	33	41	45	49	60	68
Go Down	32.8	39.6	36.2	26.4	23.3	17.8	10.0	10.8
Expectation (%)	0.6	0.3	0.4	1.6	1.9	2.4	3.2	3.8

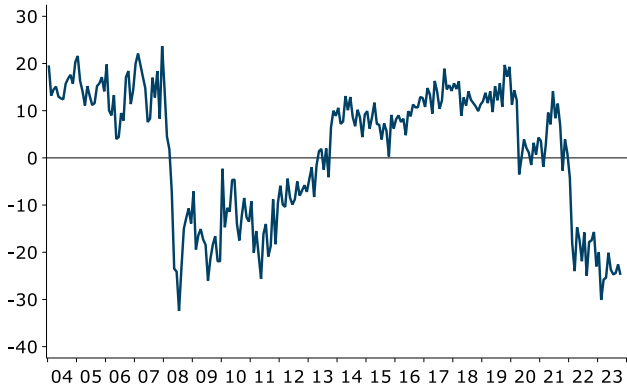
ANZ Roy Morgan Consumer Confidence Rating (100 plus the unweighted average of the net balances of Q1-5)

Overall Index	77.7	79.3	79.2	85.5	83.7	85.0	86.4	88.1
Current Conditions	71.4	71.7	73.1	74.5	68.0	72.3	72.9	68.7
Future Conditions	81.9	84.4	83.4	92.8	94.1	93.5	95.3	100.9

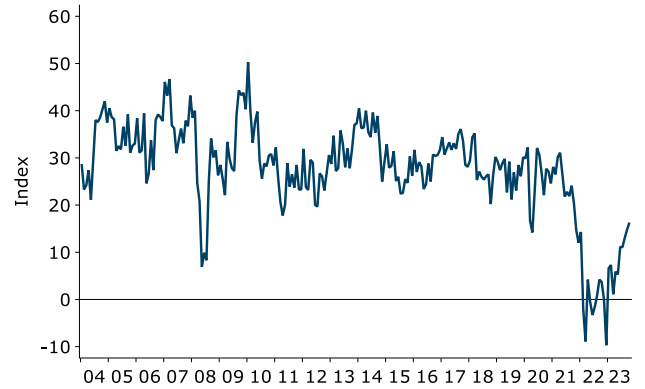


Tables and charts

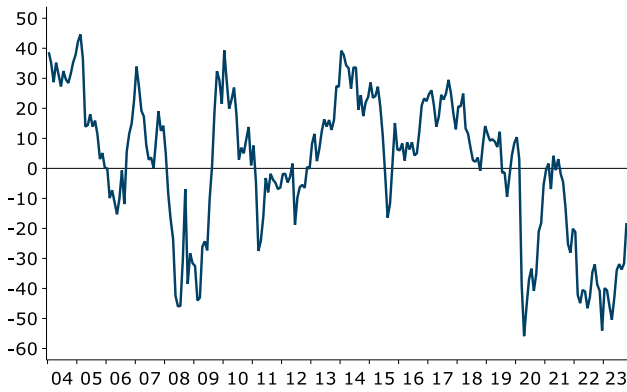
Q1. Better off past year



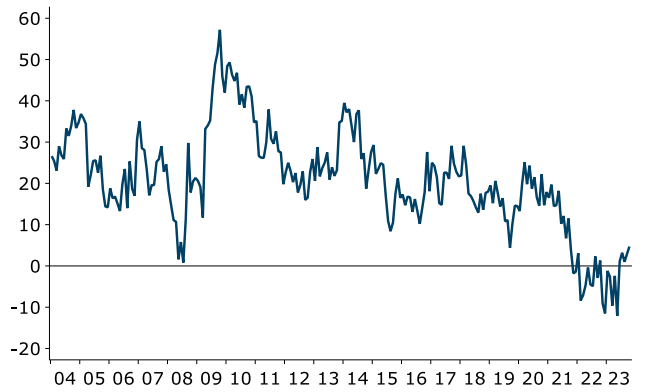
Q2. Better off next year



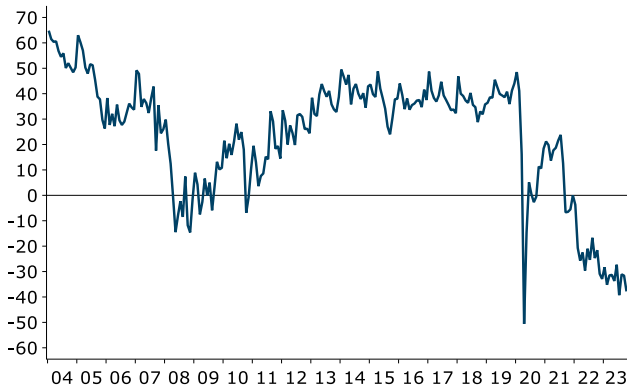
Q3. NZ economy 12 months' time



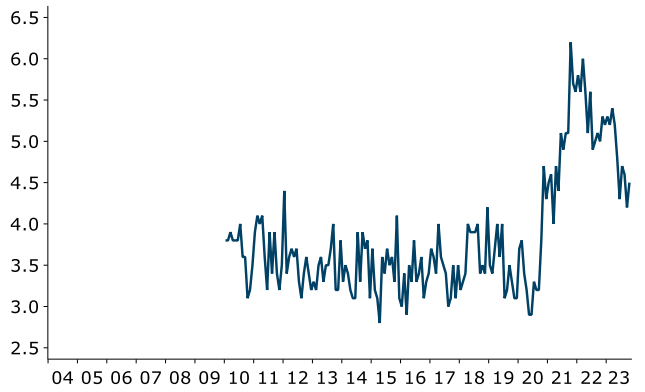
Q4. Outlook 5 years ahead



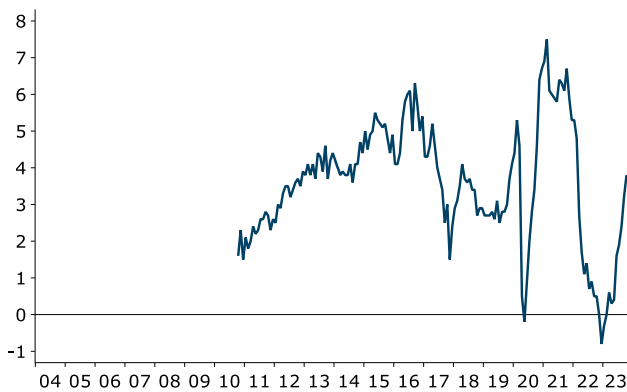
Q5. Buy major household item



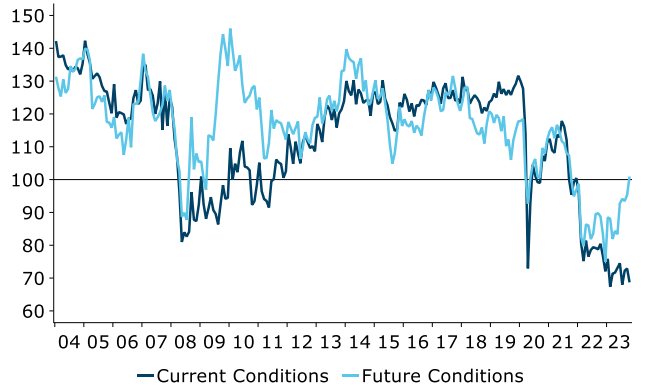
Q6. Inflation expectations



Q7. House price inflation expectations



Current vs future conditions



Source: Roy Morgan, Macrobond, ANZ Research



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