

ANZ-Roy Morgan NZ Consumer Confidence

24 May 2024



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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 27 June 2024 at 10am.

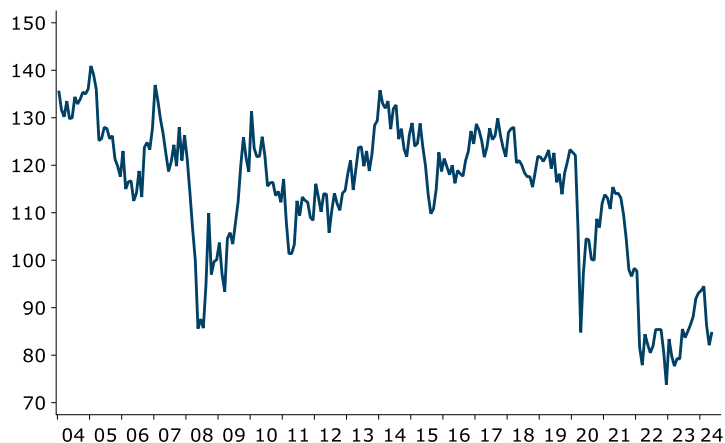
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Going the RBNZ's way

Key points

- ANZ-Roy Morgan Consumer Confidence lifted 4 points in May, perhaps as the shock of the "recession" headlines wore off somewhat. That said, 84.9 is a very weak level, with the historical average sitting above 110.
- Possibly also contributing to the lift in confidence, inflation expectations eased from 4.4% to 3.8%, the lowest read since October 2020. Expected house price inflation eased from 3.5% to 3.2%.

Figure 1. ANZ-Roy Morgan Consumer Confidence



Source: Roy Morgan, Macrobond, ANZ Research

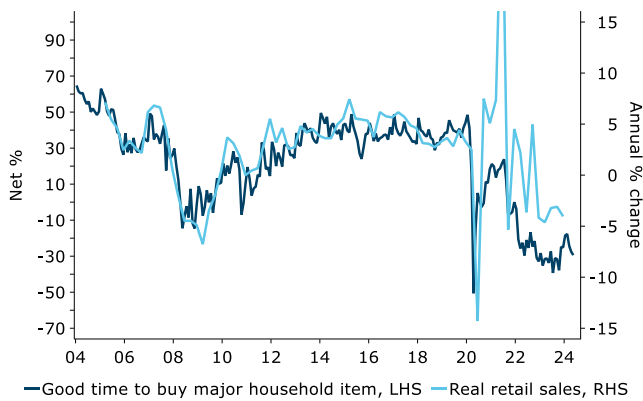
Turning to the detail (for charts see page 5):

- The future conditions index made up of forward-looking questions lifted 5 points to 90, while the current conditions index was unchanged at 78.
- Perceptions of current personal financial situations lifted 2 points to -15%, continuing to recover from the sharp fall seen in March.
- A net 6% expect to be better off this time next year, up 1 point.
- A net 29% think it's a bad time to buy a major household item, down 1 point.
- Perceptions regarding the economic outlook in 12 months' time rose points to -36%. The 5-year-ahead measure rose 8 points to -2%.
- House price inflation expectations eased from 3.5% to 3.2% y/y. This indicator doesn't lead house prices, but nonetheless could impact decisions about large purchases.
- Encouragingly for the RBNZ, two-year-ahead CPI inflation expectations fell from 4.4% to 3.8%, close to the post-2010 average of 3.7%, and closing in on the pre-Covid average of 3.5%.

Consumer confidence plummeted when inflation took off, then recovered as inflation fell – until recession headlines came along and caused another drop. Not all moves in consumer confidence are equally significant. The falls that appear to have been caused by inflation overstated the decline in spending (figure 2), but insofar as recent falls likely reflect weaker job security, they likely do indicate that tough times are set to continue for the retail sector over coming months.

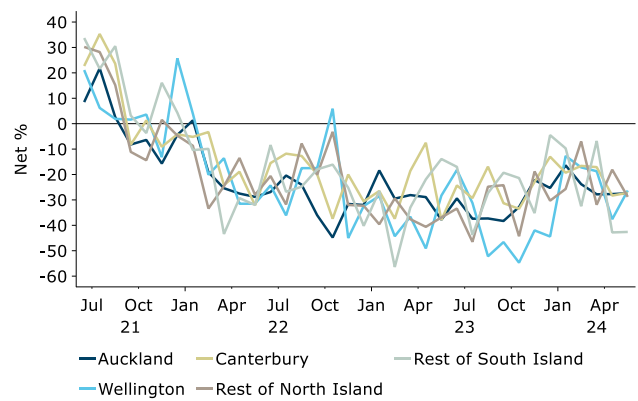
A net 29% of consumers report that it’s a bad time to purchase a major household item, and weakness in these spending categories has been evident in our [card spending data](#) for some time. This wariness is evident around the country (figure 3).

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



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

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

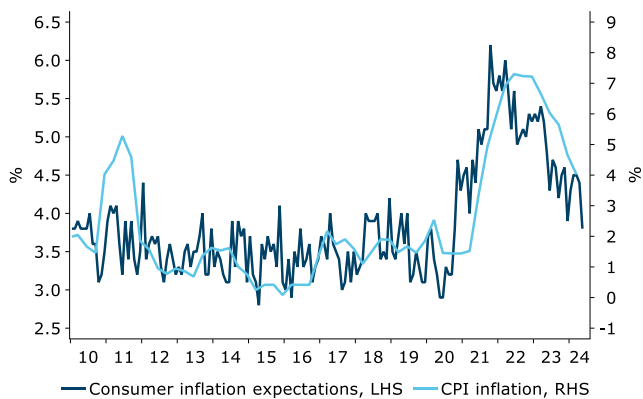


Source: Roy Morgan, Macrobond, ANZ Research

The RBNZ will be pleased to see the fall in inflation expectations. Households don’t set prices, but their expectations can impact wage demands (though that’s less relevant now that the power is very much on the employer side of the desk) and the ease with which businesses can pass on cost increases into their prices. There’s still a way to go, but it’s an encouraging development (figure 4). Households were the quickest to recognise the surge in inflation was coming after all.

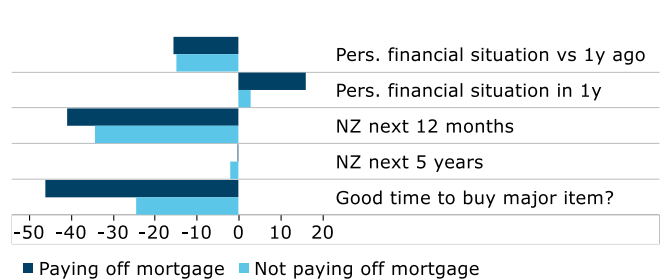
A final interesting data point: those with mortgages remain much more cautious about buying a major household item, but they are more optimistic about their personal financial situation a year from now, likely in anticipation of lower interest rates (figure 5).

Figure 4. Consumer inflation expectations and CPI inflation



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

Figure 5. Those paying off mortgages vs rest



Source: Roy Morgan, Macrobond, ANZ Research



Tables and charts

Survey Summary	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24
No. of Interviews	1,008	1,003	1,008	1,003	1,003	1,002	1,003	1,002

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	22	22	24	24	24	20	22	25
Worse Off	47	41	39	35	37	44	39	40
Net Balance	-25	-19	-16	-12	-12	-23	-17	-15

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	38	40	45	45	41	43	34	36
Worse Off	22	25	21	26	24	24	29	30
Net Balance	16	16	25	19	18	19	5	6

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	19	21	18	19	20	12	11	13
Bad Times	37	42	39	41	40	46	51	49
Net Balance	-18	-21	-21	-22	-20	-34	-40	-36

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	26	33	24	28	29	22	21	24
Bad Times	21	25	22	26	25	28	31	25
Net Balance	5	9	2	1	5	-5	-10	-2

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	20	26	24	29	28	26	21	22
Bad Time to Buy	58	51	49	47	45	51	49	52
Net Balance	-38	-25	-25	-19	-18	-24	-28	-29

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	72	72	71	74	74	76	76	73
Go Down	7.5	7.8	8.3	7.6	5.8	4.1	5.8	7.9
Expectation (%)	4.5	4.6	3.9	4.3	4.5	4.5	4.4	3.8

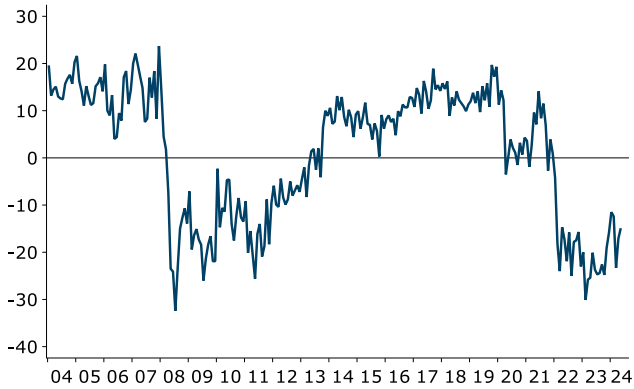
Q7. Specifically thinking about the price of houses during the next 2 years, do you think that the price of houses in general will go up, go down, or stay where they are now? And if up, what is the expected percentage per year?								
Go Up	68	70	69	73	74	67	68	62
Go Down	10.8	9.7	9.7	8.8	6.8	8.8	10.1	11.5
Expectation (%)	3.8	4.2	4.1	3.9	4.1	3.4	3.5	3.2

ANZ Roy Morgan Consumer Confidence Rating (100 plus the unweighted average of the net balances of Q1-5)								
Overall Index	88.1	91.9	93.1	93.6	94.5	86.4	82.1	84.9
Current Conditions	68.7	78.1	79.6	85.0	85.0	76.2	77.7	77.9
Future Conditions	100.9	101.1	102.1	99.4	100.9	93.2	85.0	89.5

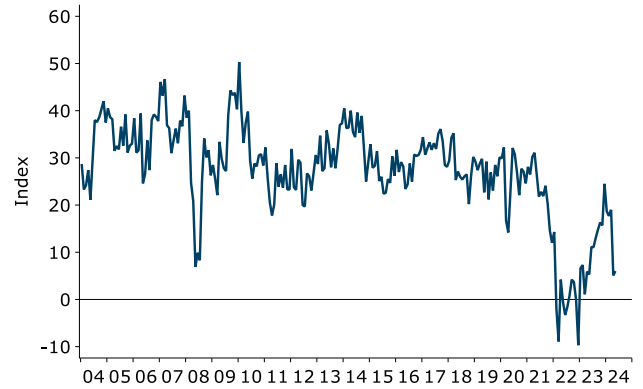


Tables and charts

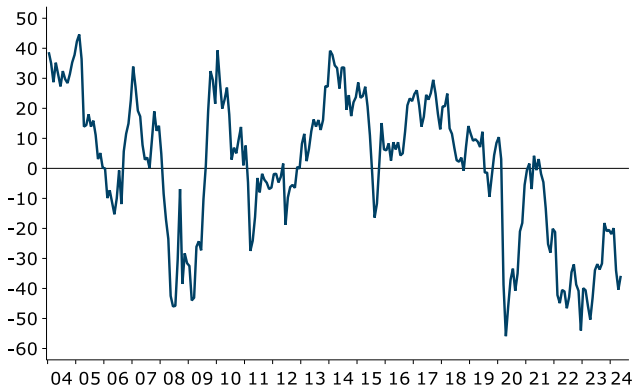
Q1. Better off past year



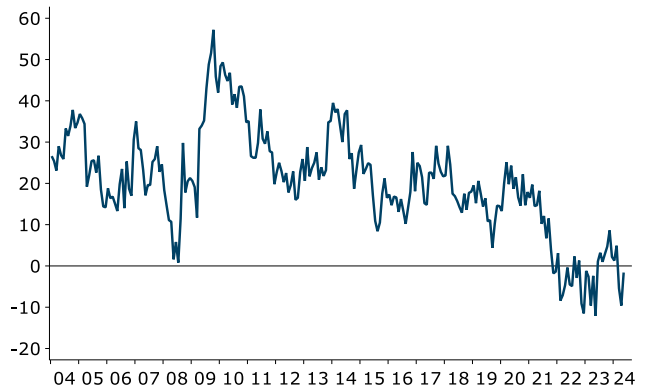
Q2. Better off next year



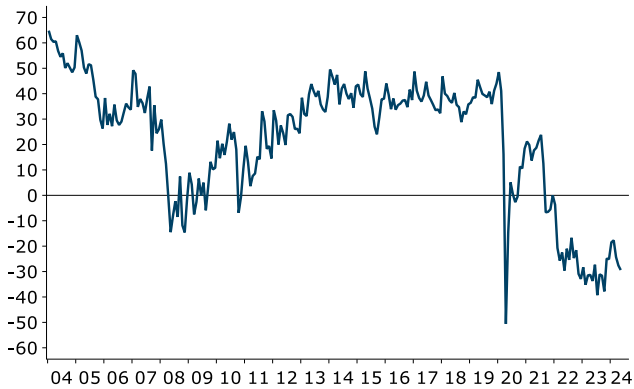
Q3. NZ economy 12 months' time



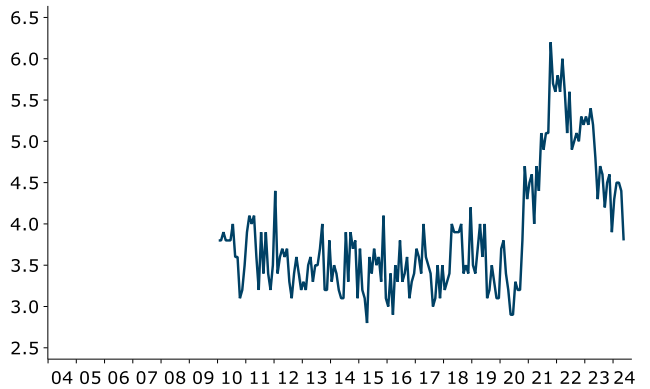
Q4. Outlook 5 years ahead



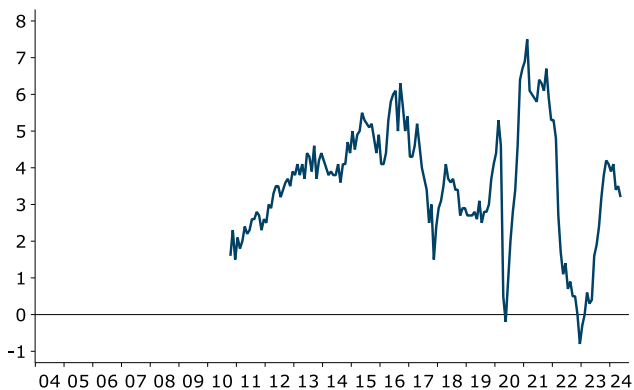
Q5. Buy major household item



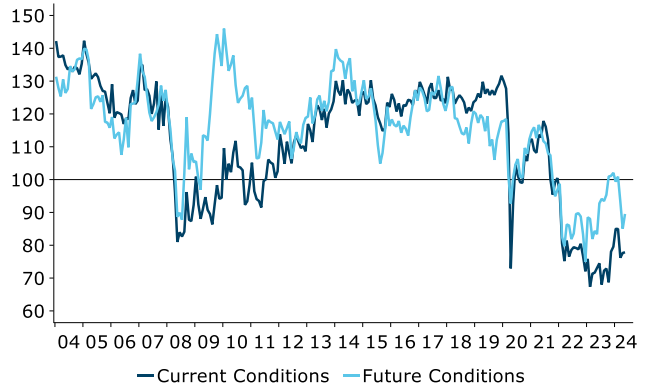
Q6. Inflation expectations



Q7. House price inflation expectations



Current vs future conditions



Source: Roy Morgan, Macrobond, ANZ Research



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Sharon Zollner
Chief Economist

Follow Sharon on X
@sharon_zollner

Telephone: +64 9 357 4094
Email: sharon.zollner@anz.com

General enquiries:
research@anz.com

Follow ANZ Research
@ANZ_Research (global)



David Croy
Senior Strategist

Market developments, interest rates, FX, unconventional monetary policy, liaison with market participants.

Telephone: +64 4 576 1022
Email: david.croy@anz.com



Susan Kilsby
Agricultural Economist

Primary industry developments and outlook, structural change and regulation, liaison with industry.

Telephone: +64 21 633 469
Email: susan.kilsby@anz.com



Miles Workman
Senior Economist

Macroeconomic forecast co-ordinator, economic developments, GDP and activity dynamics, fiscal and monetary policy.

Telephone: +64 21 661 792
Email: miles.workman@anz.com



Henry Russell
Economist

Macroeconomic forecasting, economic developments, labour market dynamics, inflation and monetary policy.

Telephone: +64 21 629 553
Email: henry.russell@anz.com



Natalie Denne
PA / Desktop Publisher

Business management, general enquiries, mailing lists, publications, chief economist's diary.

Telephone: +64 21 253 6808
Email: natalie.denne@anz.com



Kyle Uerata
Economic Statistician

Economic statistics, ANZ proprietary data (including ANZ Business Outlook), data capability and infrastructure.

Telephone: +64 21 633 894
Email: kyle.uerata@anz.com

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