

ANZ-Roy Morgan NZ Consumer Confidence

26 July 2024



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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 30 August 2024 at 10am.

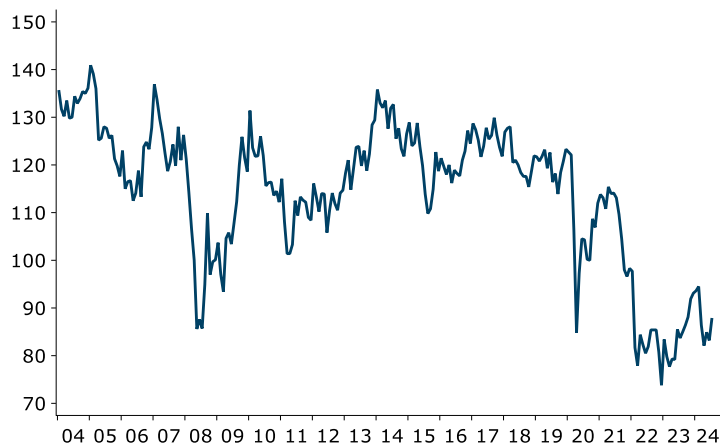
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Looking a little brighter

Key points

- ANZ-Roy Morgan Consumer Confidence rose 5 points in July to 87.9. It's still very low, but has clawed back about half the March-April fall that coincided with 'recession' headlines. The lift was driven by improving expectations rather than the here and now.
- Inflation expectations fell half a percent to 3.7%, the lowest since September 2020. Expected house price inflation dropped a full percent to 2.4%, back around levels prevailing a year ago.

Figure 1. ANZ-Roy Morgan Consumer Confidence



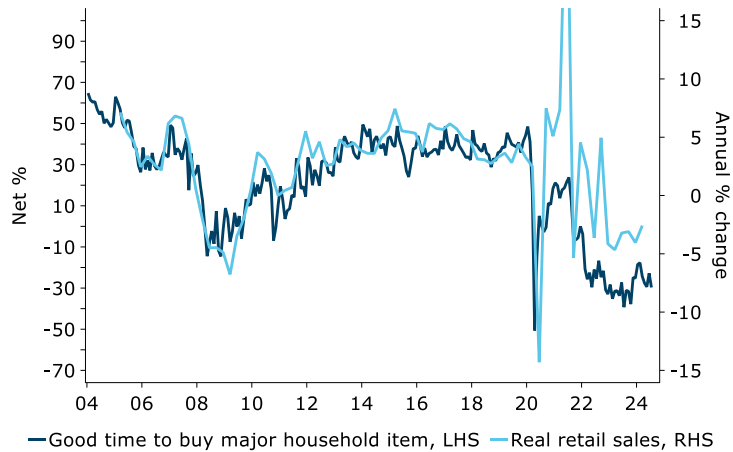
Source: Roy Morgan, Macrobond, ANZ Research

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

- The future conditions index made up of forward-looking questions rose 9 points from 87.0 to 95.7, in contrast to the current conditions index, which fell a point to 76.2.
- Perceptions of current personal financial situations rebounded 4 points to -18%.
- A net 20% expect to be better off this time next year, up 12 points.
- A net 30% think it's a bad time to buy a major household item, with this retail spending indicator giving up last month's gains.
- Perceptions regarding the economic outlook in 12 months' time lifted 7 points to -32%. The 5-year-ahead measure rose 7 points to -1%.
- House price inflation expectations fell from 3.4% to 2.4% y/y. Expectations fell in every region. Auckland is highest, at 2.9%
- Two-year-ahead CPI inflation expectations eased from 4.2% to 3.7% and continue to trend lower in a zig-zag fashion, consistent with annual inflation continuing to fall over the next six months.

High inflation caused a level shift in consumer confidence, perhaps reflecting that high inflation affects everyone, whereas rising unemployment leaves most people untouched. Consumer confidence plummeted when inflation took off, then was recovering as inflation fell until recent months. The rolling over of this indicator is consistent with [our card spending data](#) that indicates a very tough autumn and winter for retailers (figure 2).

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



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

Households' inflation expectations are volatile but continue to trend lower (figure 3). Households don't set prices, but their expectations can impact both wage demands (though the power is now very much with employers) and the ease with which businesses can pass on cost increases into prices. Over this inflation cycle household expectations have led CPI inflation by around six months, and the recent data is consistent with our expectation that inflation will fall back into the 1-3% target band in the next print.

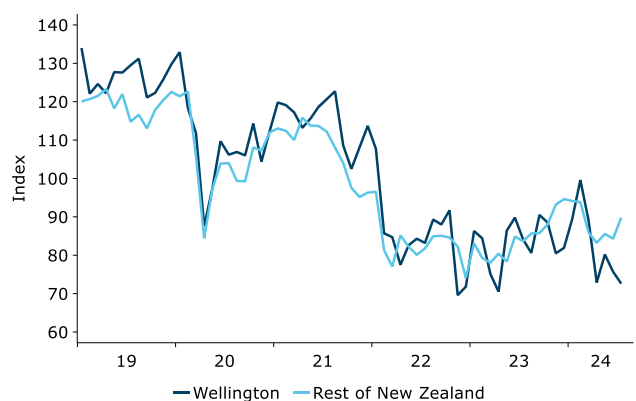
Data on a regional basis is more volatile due to the smaller sample, but figure 4 shows that after being more positive than the rest of the country over 2019-2022, Wellington consumers are now considerably more pessimistic, and didn't take part in the bounce this month. Public sector job cuts are biting, one suspects.

Figure 3. Consumer inflation expectations and CPI inflation



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

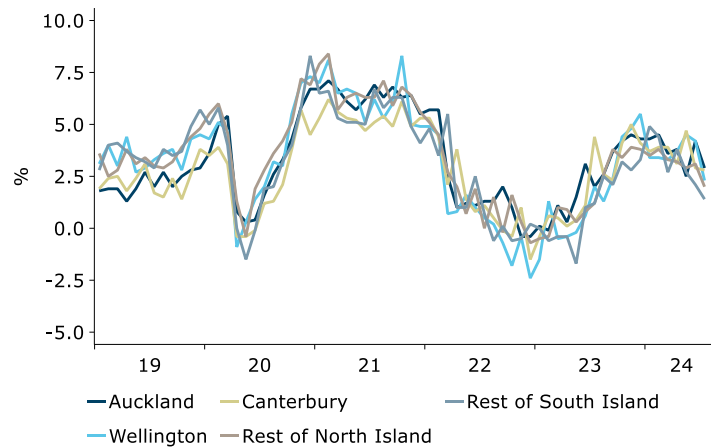
Figure 4. Consumer confidence: Wellington vs rest



Source: Roy Morgan, Macrobond, ANZ Research

House price expectations fell in every region in July, consistent with a softening market. Figure 5 (over) shows house price expectations by region. The recent rollover in expectations is broad-based.

Figure 5. Regional house price expectations



Source: Roy Morgan, Macrobond, ANZ Research

The view

The Kiwi consumer clearly remains in a very cautious mood. With unemployment rising and the cost of living still biting, that's not surprising. Prospects for wealth gains from house prices are also dissipating. The here and now is tough going for many, and nice-to-haves are increasingly being done without – that's corroborated by some pretty grim reading in the likes of our [ANZ card spend chart pack](#). But the light at the end of the tunnel is getting a little brighter – the last month has brought a decent fall in CPI inflation, a general expectation that the RBNZ will cut the Official Cash Rate earlier than previously expected, and even drops in fixed mortgage rates. There's a hint in this month's survey that consumers are perhaps starting to feel a little optimism that the worst will soon be past.



Tables and charts

Survey Summary	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24
No. of Interviews	1,008	1,003	1,003	1,002	1,003	1,002	1,000	1,000

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	24	20	22	25	20	23
Worse Off	39	35	37	44	39	40	42	41
Net Balance	-16	-12	-12	-23	-17	-15	-22	-18

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	45	45	41	43	34	36	37	43
Worse Off	21	26	24	24	29	30	29	23
Net Balance	25	19	18	19	5	6	8	20

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	18	19	20	12	11	13	11	14
Bad Times	39	41	40	46	51	49	50	46
Net Balance	-21	-22	-20	-34	-40	-36	-39	-32

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	24	28	29	22	21	24	21	23
Bad Times	22	26	25	28	31	25	29	24
Net Balance	2	1	5	-5	-10	-2	-8	-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	24	29	28	26	21	22	26	22
Bad Time to Buy	49	47	45	51	49	52	49	52
Net Balance	-25	-19	-18	-24	-28	-29	-23	-30

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	71	74	74	76	76	73	76	70
Go Down	8.3	7.6	5.8	4.1	5.8	7.9	5.4	8.7
Expectation (%)	3.9	4.3	4.5	4.5	4.4	3.8	4.2	3.7

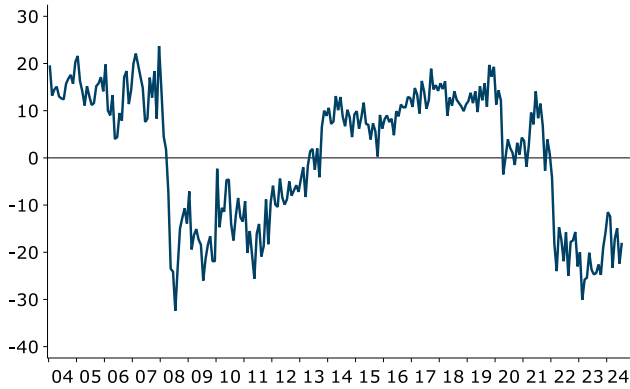
Q7. Specifically thinking about the price of houses during the next 2 years, do you think that the price of houses in general will go up, go down, or stay where they are now? And if up, what is the expected percentage per year?								
Go Up	69	73	74	67	68	62	57	54
Go Down	9.7	8.8	6.8	8.8	10.1	11.5	14.9	18.0
Expectation (%)	69	73	74	67	68	62	57	54

ANZ Roy Morgan Consumer Confidence Rating (100 plus the unweighted average of the net balances of Q1-5)								
Overall Index	93.1	93.6	94.5	86.4	82.1	84.9	83.2	87.9
Current Conditions	79.6	85.0	85.0	76.2	77.7	77.9	77.4	76.2
Future Conditions	102.1	99.4	100.9	93.2	85.0	89.5	87.0	95.7

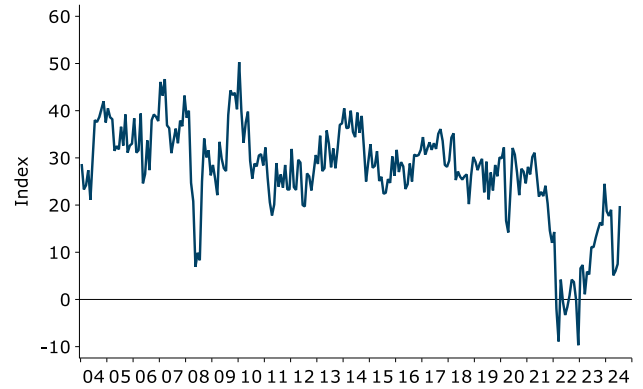


Tables and charts

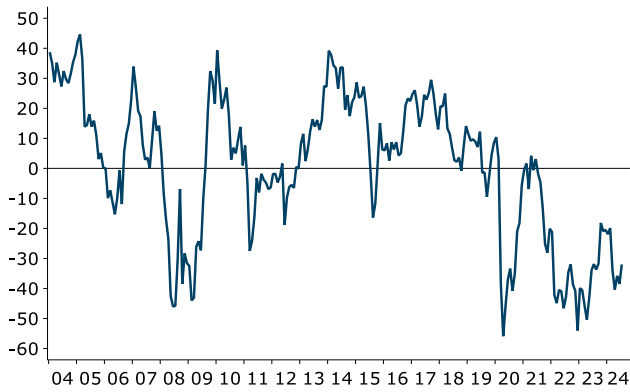
Q1. Better off past year



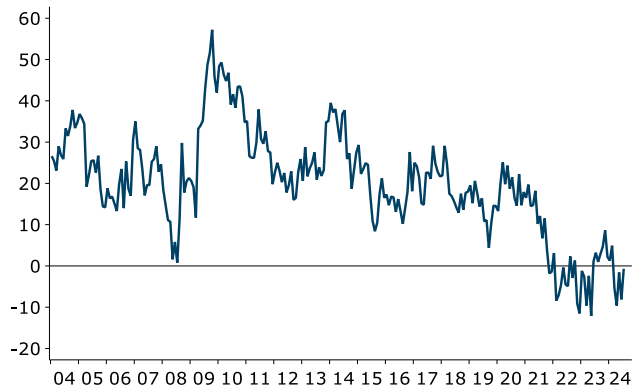
Q2. Better off next year



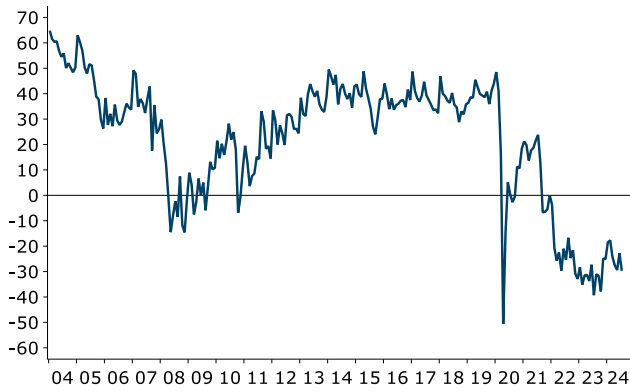
Q3. NZ economy 12 months' time



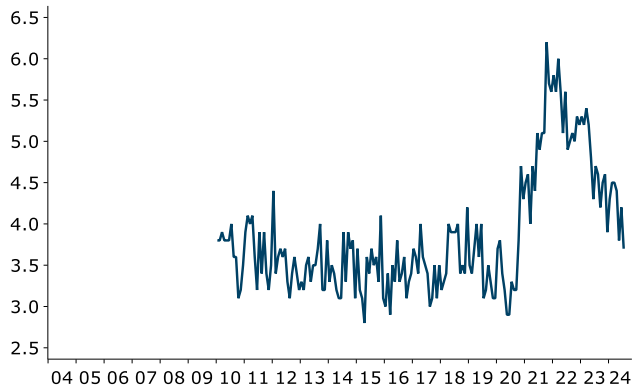
Q4. Outlook 5 years ahead



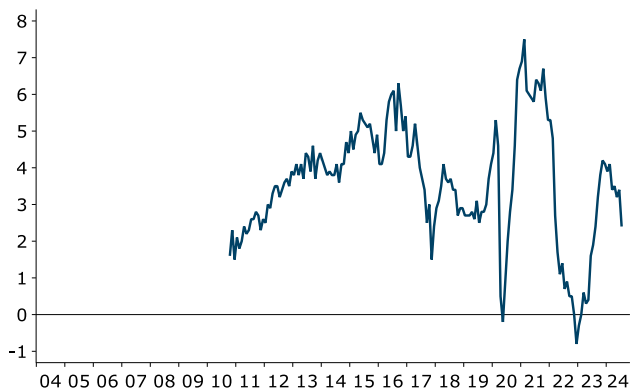
Q5. Buy major household item



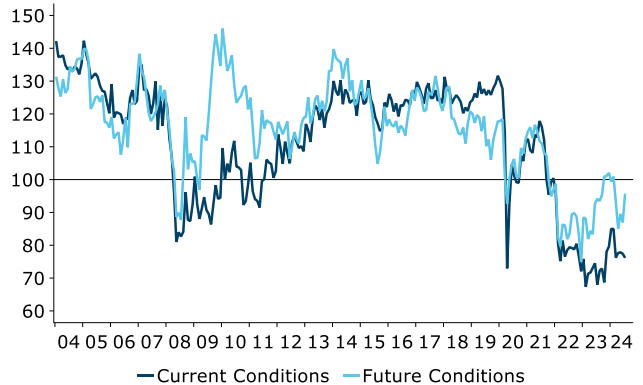
Q6. Inflation expectations



Q7. House price inflation expectations



Current vs future conditions



Source: Roy Morgan, Macrobond, ANZ Research



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