

# ANZ-ROY MORGAN NZ CONSUMER CONFIDENCE COMING UP TRUMPS

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The next issue of the ANZ-Roy Morgan Consumer Confidence is scheduled for release on 17 November 2016 at 1pm.

## SUMMARY

- Consumers have cast their vote: sentiment lifted again in October to its highest level since mid-2015.
- People are feeling more confident about the future, particularly for the broader economy, while opinions on the right-here-and-now eased a touch.
- House price expectations eased off last month's highs.

**This month's survey suggests consumers are united in a state of solid confidence.** The ANZ-Roy Morgan Consumer Confidence Index increased from 121.0 to 122.9. Our seasonally adjusted estimate also rose a point from 125 to 126, its fifth consecutive increase and the highest reading since late 2014. There is little debate: people are feeling pretty good.

**FIGURE 1. ANZ-ROY MORGAN CONSUMER CONFIDENCE**



Source: ANZ, Roy Morgan

**Respondents are not feeling conservative about the future.** The Current Conditions Index was little changed (easing from 124.1 to 122.7), while the Future Conditions Index rose from 119.0 to 123.1.

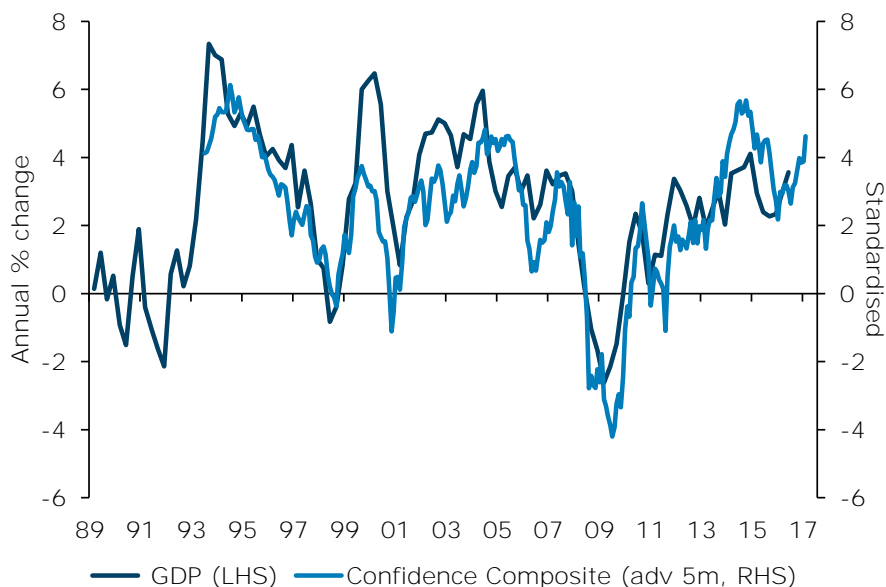
- **A swing in the forward-looking indicators held the balance of power.** Net optimism regarding the short-term economic outlook leapt from +12 to +21 – the highest since mid-2015. Confidence regarding the long-term economic outlook increased from +14 to +18. **It's worth noting** confidence does have a public and private face: a net 30% expect to be **better off financially in 12 months' time**, down a point from September. This is a strong majority but is essentially unchanged from the start of the year. Confidence in the broader economy has lifted from +6 to +21.
- **Concurrent spending indicators still have solid support.** A net 11% feel better off compared to a year ago, again unchanged on last month's reading. **Consumers' enthusiasm to buy a major household item remains strong, at a net 35%. Worry about the Bill later.**

## ANZ-ROY MORGAN CONSUMER CONFIDENCE

**The New Zealand economy continues to make short work of Hills and this is reflected in rising consumer confidence.** GDP growth is accelerating, and the unemployment rate has fallen to 5.1% as good candidates become harder to find. House prices remain a strong platform for home-owners and dairy prices have crossed the floor. No wonder consumers are electing to be liberal with their spending.

**Our confidence composite gauge** (which combines business and consumer sentiment) **continues to flag a solid-to-strong pace of GDP growth over the rest of the year**, heading towards 4 percent. A move that big may fail but the availability of resources appears set to turn-out to be more of a problem for firms than a lack of demand. We expect wage growth to start to move higher soon, which would be another positive for consumers.

**FIGURE 2. GDP VS CONFIDENCE COMPOSITE**



Source: ANZ, Roy Morgan, Statistics NZ

**House price expectations eased from 6.3% to 5.7%.** Given recent volatility it would be a reach to claim that this is due to the recent tightening of the RBNZ's LVR restrictions. But at least it is a move in the right direction. **Inflation expectations dropped from 3.6% to 3.1%.** That's the wrong direction. The RBNZ will be hoping the easing NZD results in a recount next month.

## ANZ-ROY MORGAN CONSUMER CONFIDENCE

Survey Summary	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16
No. of Interviews	1,001	1,000	1,004	1,000	1,000	1,002	1,000	1,001

**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	34	35	31	34	34	37	36	35
Worse Off	27	26	26	24	25	26	25	25
<b>Net Balance</b>	<b>8</b>	<b>8</b>	<b>5</b>	<b>10</b>	<b>9</b>	<b>11</b>	<b>11</b>	<b>11</b>

**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	46	46	40	43	44	44	48	44
Worse Off	17	17	17	19	16	19	18	13
<b>Net Balance</b>	<b>29</b>	<b>28</b>	<b>23</b>	<b>24</b>	<b>29</b>	<b>25</b>	<b>31</b>	<b>30</b>

**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	36	37	36	39	36	35	39	43
Bad Times	33	29	30	30	32	30	27	22
<b>Net Balance</b>	<b>3</b>	<b>9</b>	<b>6</b>	<b>9</b>	<b>4</b>	<b>5</b>	<b>12</b>	<b>21</b>

**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	41	39	39	40	37	37	40	40
Bad Times	24	23	26	24	23	27	26	22
<b>Net Balance</b>	<b>17</b>	<b>17</b>	<b>13</b>	<b>16</b>	<b>13</b>	<b>10</b>	<b>14</b>	<b>18</b>

**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	56	56	55	56	57	58	57	54
Bad Time to Buy	22	18	21	20	21	20	20	20
<b>Net Balance</b>	<b>34</b>	<b>38</b>	<b>34</b>	<b>36</b>	<b>36</b>	<b>37</b>	<b>38</b>	<b>35</b>

**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	64	66	69	69	64	61	62	65
Go Down	8.4	5.4	6.1	4.3	6.0	6.1	6.3	7.5
<b>Expectation (%)</b>	<b>2.9</b>	<b>3.5</b>	<b>3.3</b>	<b>3.8</b>	<b>3.3</b>	<b>3.4</b>	<b>3.6</b>	<b>3.1</b>

**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?

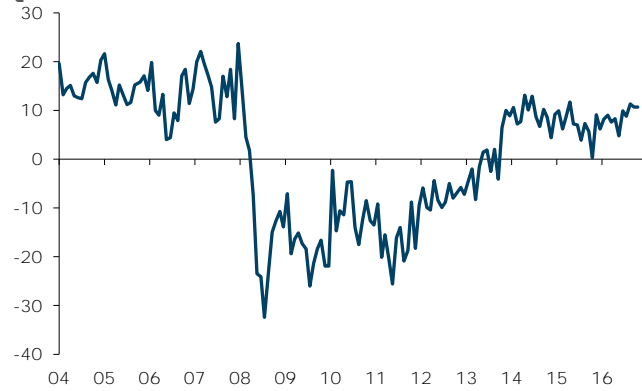
Go Up	74	78	81	81	79	72	79	78
Go Down	9.8	8.9	7.9	7.2	9.4	13.2	9.4	8.2
<b>Expectation (%)</b>	<b>4.4</b>	<b>5.3</b>	<b>5.8</b>	<b>6.0</b>	<b>6.1</b>	<b>5.0</b>	<b>6.3</b>	<b>5.7</b>

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

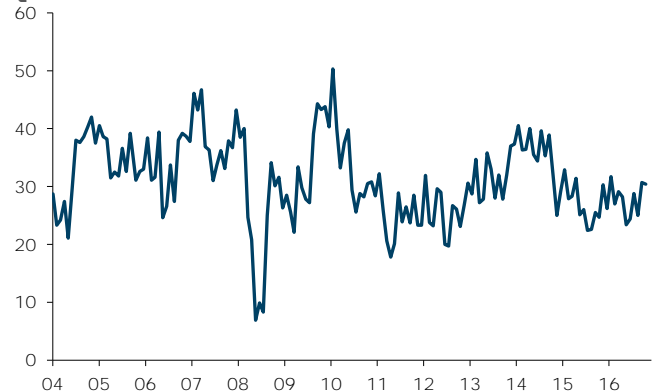
<b>Overall Index</b>	<b>118.0</b>	<b>120.0</b>	<b>116.2</b>	<b>118.9</b>	<b>118.2</b>	<b>117.7</b>	<b>121.0</b>	<b>122.9</b>
Current Conditions	120.8	123.2	119.3	122.7	122.5	124.3	124.1	122.7
Future Conditions	116.2	117.8	114.3	116.4	115.5	113.4	119.0	123.1

# ANZ-ROY MORGAN CONSUMER CONFIDENCE

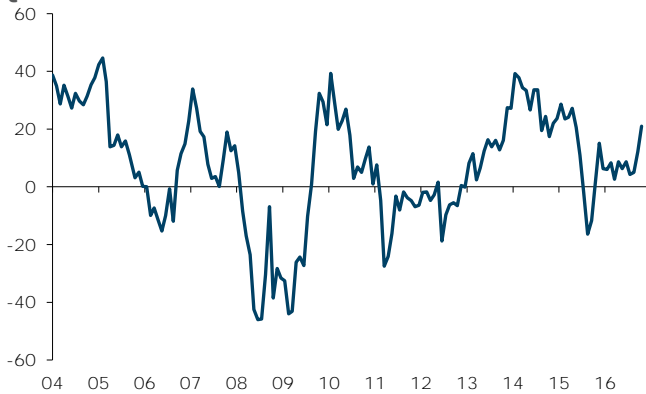
**Q1. BETTER OFF PAST YEAR**



**Q2. BETTER OFF NEXT YEAR**



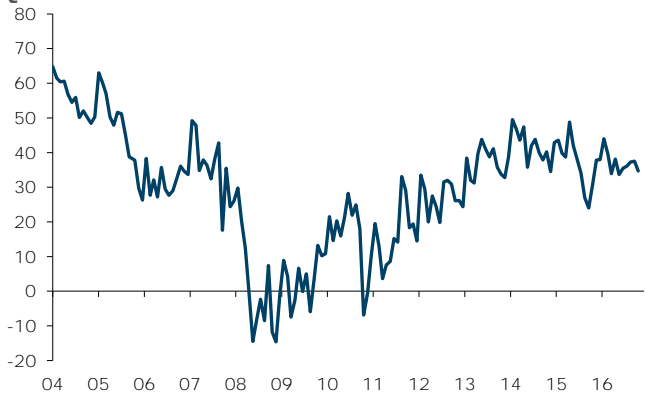
**Q3. NZ ECONOMY 12MTHS TIME**



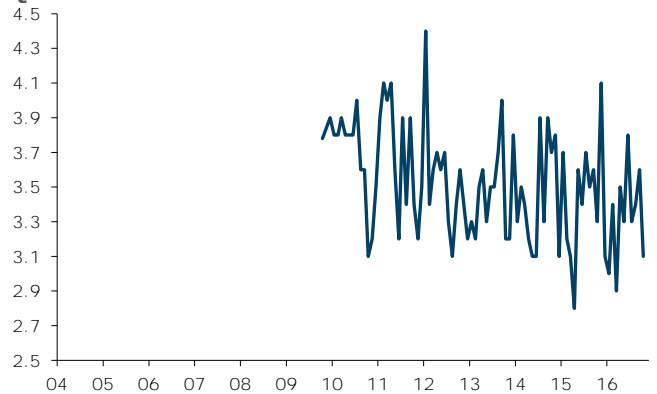
**Q4. OUTLOOK 5YRS AHEAD**



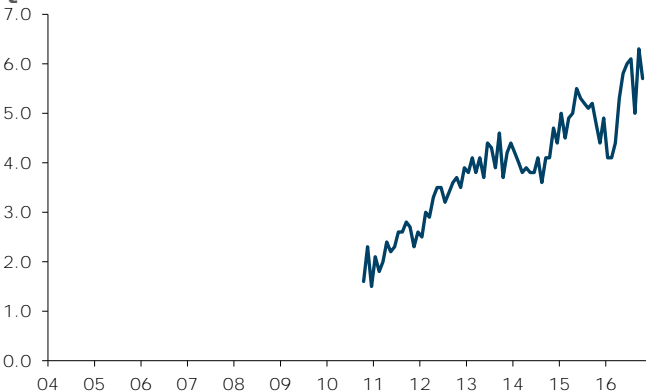
**Q5. BUY MAJOR HOUSEHOLD ITEM**



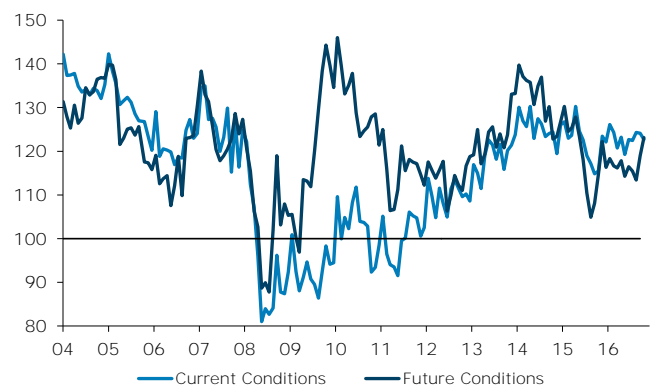
**Q6. INFLATION EXPECTATIONS**



**Q7. HOUSE PRICE EXPECTATIONS**



**CURRENT VS FUTURE CONDITIONS**



Source: ANZ, Roy Morgan



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