

## ANZ-ROY MORGAN NZ CONSUMER CONFIDENCE

June 2017

## CONTACT

**Cameron Bagrie**  
**Chief Economist**

 Telephone: +64 4 802 2212  
 E-mail: cameron.bagrie@anz.com

The next issue of the ANZ-Roy Morgan Consumer Confidence is scheduled for release on 13 July 2017 at 1pm.

## KING OF THE JUNGLE

### SUMMARY

- Consumer sentiment lifted in June, the second consecutive increase.
- An uplift in confidence points to more spending-based activity.
- While housing market momentum is slowing, there is still plenty for consumers to smile about: jobs, a high NZD **that's** keeping prices down, **and the Government's \$2 billion** family package injection, to name just a few.
- House price expectations cooled.

### Consumer sentiment is full of pride, with confidence lifting in June.

This is the second consecutive increase. The ANZ-Roy Morgan Consumer Confidence Index lifted from 123.9 to 127.8, the highest reading since January. The long-run average is 119. In fact, June marks the 10<sup>th</sup> month sentiment has sat north of that average.

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



Source: ANZ, Roy Morgan

### The Current Conditions Index lifted 1 point while the Future Conditions Index had the lion's share of the increase, rising 6 points.

- **Consumers' view of their own financial position waned a tad from +16 to +14.** The level is highly respectable and no reason to growl. When people feel wealthier they are inclined to spend; we are there.
- **A net 45% believe it's a good time to buy a major household item.** Still smiling like a Cheshire cat.
- **Forward-looking indicators increased and are looking more majestic.** Net optimism towards the economy one year out went from +17 to +25, and when assessing the five-year outlook, optimism lifted from +15 to +23. Respondents' views regarding their own financial situation in 12 months' time were little changed at +33 (+32 previously).
- **Seasonally adjusted estimates showed a 3 point lift in headline confidence,** no change in current conditions, and a 4 point increase in future conditions.

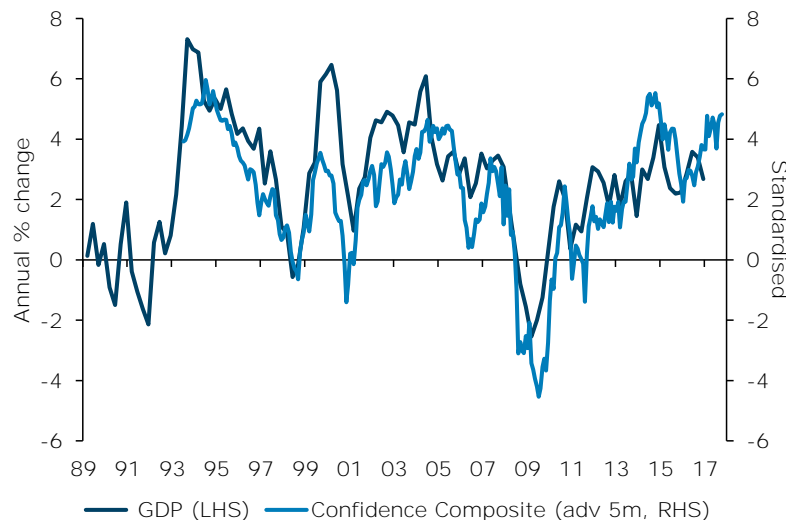
## ANZ-ROY MORGAN NZ CONSUMER CONFIDENCE

**It's tempting to put the uplift down to the 'Simba' (Lion's tour) effect, but we're not buying into that.** There are still plenty of reasons for consumers to be purring:

- **The labour market is on fire.** The unemployment rate is falling and the number of job ads (vacancies) is rising. **It's just a question of time before wage growth starts to accelerate.**
- **Auckland's house price growth has turned from tiger to tabby but the rest of New Zealand is doing fine.** House prices are still rising looking at annual figures; prices in Auckland are up 2% and outside of Auckland they have lifted 11%, **according to the REINZ's house price index.** But that masks a clear turn. Auckland house prices have fallen slightly in the past six months. Auckland households are shrugging it off, with consumer confidence actually lifting in the region over the month.
- **The Government announced a \$2 billion family incomes package** in the 2017 Budget. **That's a massive injection into consumer wallets and the economy overall.**

**Our confidence composite gauge** (which combines business and consumer sentiment, and so covers both the production and spending sides of the economy) **continues to flag roaring economic momentum.** Consumer confidence and firms' own activity expectations are north of average, meaning prospects are the same for GDP growth.

**FIGURE 2. GDP VS CONFIDENCE COMPOSITE**



Source: ANZ, Roy Morgan, Statistics NZ

**Inflation expectations were steady at 3.5%.** While that is down a touch from May (3.6%), they continue to chop around in what is now quite a familiar range.

**National house price expectations eased from 4.6% to 4.0% in June, the lowest since August 2014.** Expectations in Auckland were unchanged at 4.0%.

## ANZ-ROY MORGAN NZ CONSUMER CONFIDENCE

Survey Summary	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17
No. of Interviews	1,002	1,005	1,000	1,000	1,004	1,000	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	36	36	34	37	35	35	38	36
Worse Off	23	24	23	22	22	26	21	22
<b>Net Balance</b>	<b>13</b>	<b>13</b>	<b>11</b>	<b>15</b>	<b>13</b>	<b>9</b>	<b>16</b>	<b>14</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	45	46	48	47	48	48	46	47
Worse Off	14	14	13	16	16	14	15	14
<b>Net Balance</b>	<b>31</b>	<b>32</b>	<b>34</b>	<b>31</b>	<b>32</b>	<b>33</b>	<b>32</b>	<b>33</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	45	45	46	48	44	37	41	45
Bad Times	22	23	21	22	23	23	23	20
<b>Net Balance</b>	<b>23</b>	<b>22</b>	<b>25</b>	<b>26</b>	<b>21</b>	<b>14</b>	<b>17</b>	<b>25</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	47	42	44	45	44	36	38	42
Bad Times	19	24	19	21	23	21	23	19
<b>Net Balance</b>	<b>28</b>	<b>18</b>	<b>25</b>	<b>24</b>	<b>22</b>	<b>15</b>	<b>15</b>	<b>23</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	59	58	65	59	56	56	58	62
Bad Time to Buy	17	20	16	18	18	19	19	17
<b>Net Balance</b>	<b>42</b>	<b>38</b>	<b>49</b>	<b>41</b>	<b>38</b>	<b>37</b>	<b>39</b>	<b>45</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	67	67	66	73	69	73	73	71
Go Down	4.2	5.9	6.4	4.1	6.1	3.1	4.3	5.1
<b>Expectation (%)</b>	<b>3.3</b>	<b>3.4</b>	<b>3.7</b>	<b>3.6</b>	<b>3.4</b>	<b>4.0</b>	<b>3.6</b>	<b>3.5</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?

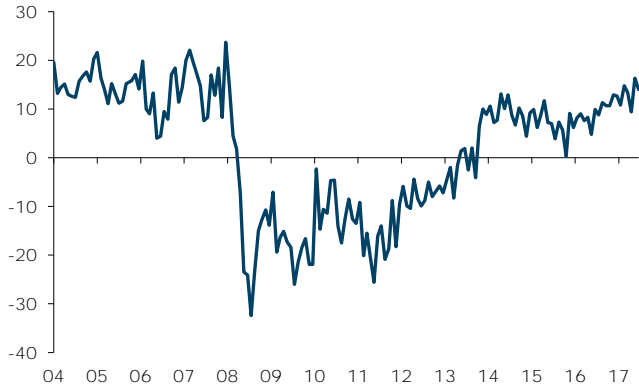
Go Up	71	70	68	67	69	70	66	63
Go Down	10.2	11.3	11.6	12.4	12.0	11.2	10.9	13.2
<b>Expectation (%)</b>	<b>5.0</b>	<b>5.4</b>	<b>4.3</b>	<b>4.3</b>	<b>4.6</b>	<b>5.2</b>	<b>4.6</b>	<b>4.0</b>

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

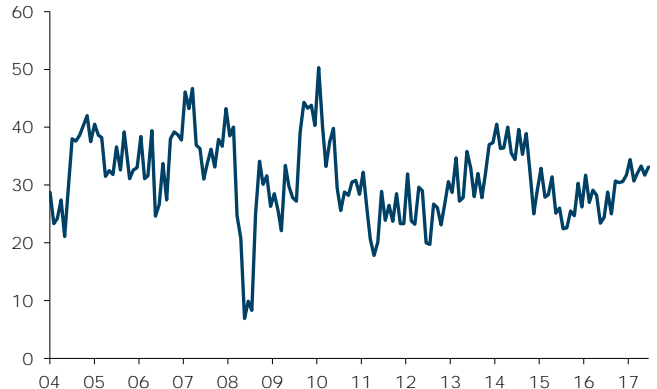
<b>Overall Index</b>	<b>127.2</b>	<b>124.5</b>	<b>128.7</b>	<b>127.4</b>	<b>125.2</b>	<b>121.7</b>	<b>123.9</b>	<b>127.8</b>
Current Conditions	127.3	125.1	129.8	128.0	125.9	123.2	127.8	129.4
Future Conditions	127.2	124.1	128.1	127.0	124.8	120.8	121.2	126.7

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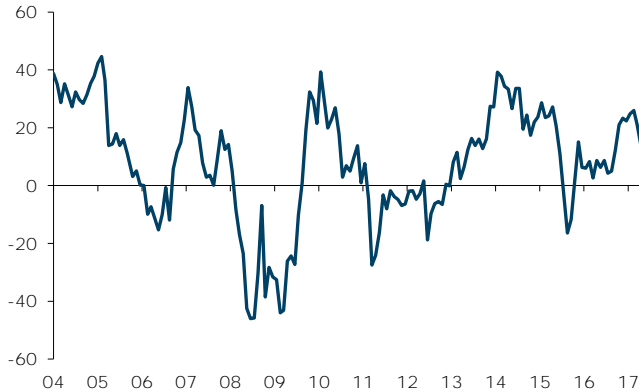
**Q1. BETTER OFF PAST YEAR**



**Q2. BETTER OFF NEXT YEAR**



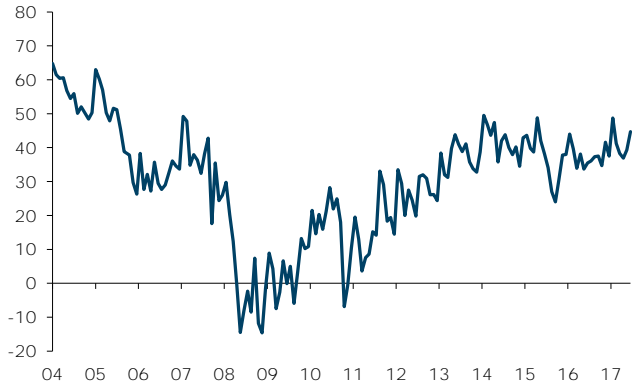
**Q3. NZ ECONOMY 12 MONTHS TIME**



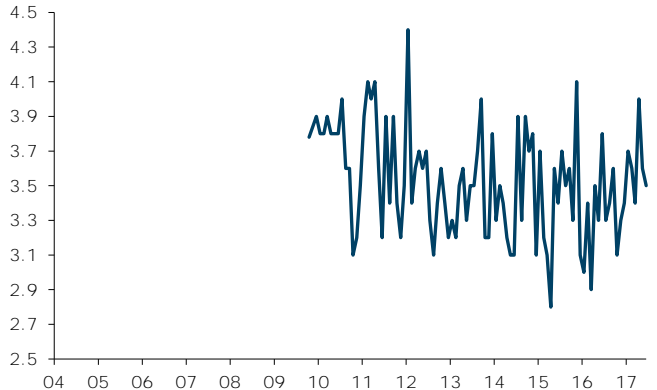
**Q4. OUTLOOK 5 YEARS AHEAD**



**Q5. BUY MAJOR HOUSEHOLD ITEM**



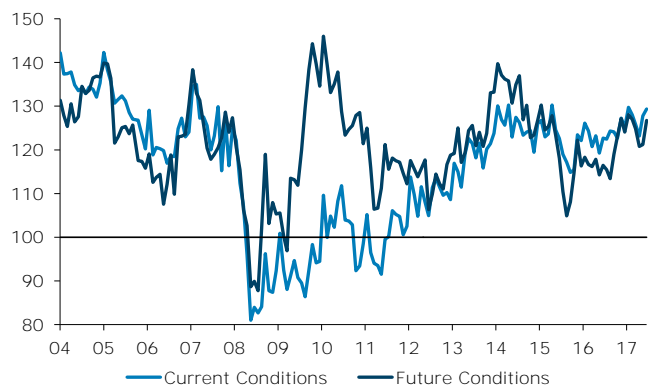
**Q6. INFLATION EXPECTATIONS**



**Q7. HOUSE PRICE EXPECTATIONS**



**CURRENT VS FUTURE CONDITIONS**



Source: ANZ, Roy Morgan



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