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The next issue of the ANZ-Roy Morgan Consumer Confidence is scheduled for release on 29 March 2019 at 10am.

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Sweet as

Summary

- Consumer confidence fell 1 point in February and sits around average levels.
- Perceptions of current conditions lifted 2 points, while the future conditions index fell 3 points.
- The proportion of households who **think it's** a good time to buy a major household item lifted 3 points.

Consumer confidence was pretty steady in February. The ANZ-Roy Morgan Consumer Confidence Index fell 1 point to 121, around its historical average. Households are feeling better about the here and now, but marginally warier about the future. The Current Conditions Index lifted 2 points to 126, while the Future Conditions Index eased 3 points to 117.

Figure 1. ANZ-Roy Morgan Consumer Confidence



Source: ANZ, Roy Morgan

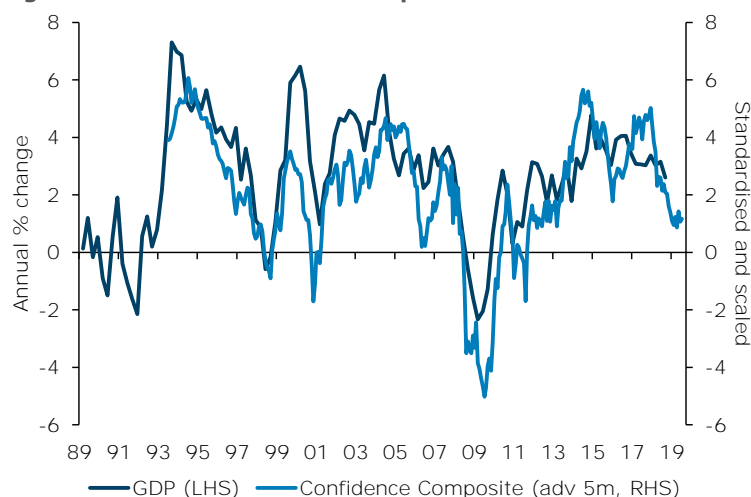
Turning to the detail:

- Consumers' **perceptions of** their current financial situation lifted 2 points to a net 14% feeling financially better off than a year ago.
- A net 27% of consumers expect to be better off financially this time next year, down 2 points.
- A net 39% think **it's a good time to buy a major household item**, up 3 points.
- Perceptions regarding the **next year's** economic outlook fell 3 points to a net 9% expecting conditions to improve. The five-year outlook dropped 5 points to +15%.
- Canterbury lifted the most (up 8 points to 123) but the rest of the South Island pipped it as the most confident region at 126.
- House price inflation expectations were unchanged at 2.7%. They remain weakest in Auckland (1.9%).
- Inflation expectations fell 0.1pts to 3.4%.

Consumers are feeling relatively serene. There is perhaps a touch of wariness regarding the overall economic outlook, but slightly above-average confidence regarding their personal situations. The lift in the proportion thinking it is a good time to buy a major household item to healthy levels suggests that small declines in Auckland house prices are not having much impact on willingness to spend.

Our confidence composite gauge combines business expectations and intentions with overall consumer sentiment to capture both the demand and supply side of the economy and give a better indicator for growth than either series alone. It continues to suggest momentum in the economy has slowed considerably (figure 2), but the composite has stopped declining. We see economic growth averaging around 2½% over the next couple of years, with already-high household debt and declining (but still positive) population growth limiting consumption’s contribution.

Figure 2. GDP vs Confidence Composite



Source: ANZ, Roy Morgan, Statistics NZ



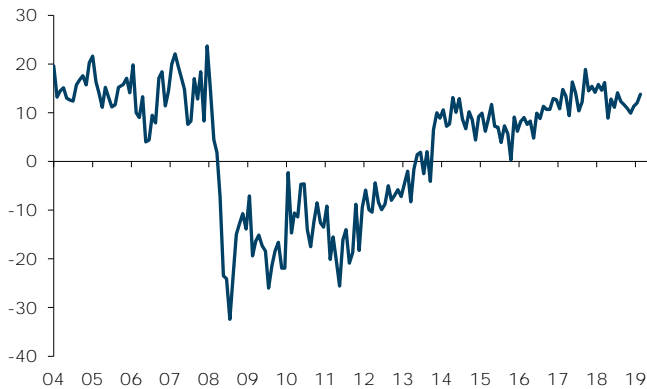
Tables and charts

Survey Summary	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19
No. of Interviews	1,009	1,004	1,009	999	1,000	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	34	34	34	35	34	34	34	35
Worse Off	20	22	22	25	24	23	22	21
Net Balance	14	12	12	11	10	11	12	14
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	43	45	45	41	44	46	45	44
Worse Off	18	19	18	21	18	16	16	16
Net Balance	25	26	27	20	26	30	29	27
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	33	32	35	33	37	40	38	38
Bad Times	30	30	32	34	30	26	27	29
Net Balance	3	2	4	-1	7	14	12	9
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	38	36	39	35	40	40	41	38
Bad Times	24	23	22	21	22	22	22	23
Net Balance	14	13	18	14	18	18	20	15
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	55	53	51	54	52	56	55	57
Bad Time to Buy	19	18	22	21	21	20	19	18
Net Balance	36	35	29	33	32	36	36	39
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	78	77	78	78	75	74	70	72
Go Down	4.2	3.6	5.2	4.1	5.0	4.9	6.5	5.8
Expectation (%)	3.9	4.0	3.4	3.5	3.4	4.2	3.5	3.4
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	59	57	60	55	56	56	56	52
Go Down	10.8	13.1	12.5	12.9	14.8	15.4	15.7	18.6
Expectation (%)	3.7	3.4	3.4	2.7	2.9	2.9	2.7	2.7
ANZ Roy Morgan Consumer Confidence Rating (100 plus the unweighted average of the net balances of Q1-5)								
Overall Index	118.4	117.6	117.6	115.4	118.6	121.9	121.7	120.8
Current Conditions	124.9	123.5	120.2	122.0	120.9	123.6	124.2	126.2
Future Conditions	114.1	113.7	115.9	111.0	117.0	120.8	120.1	117.3

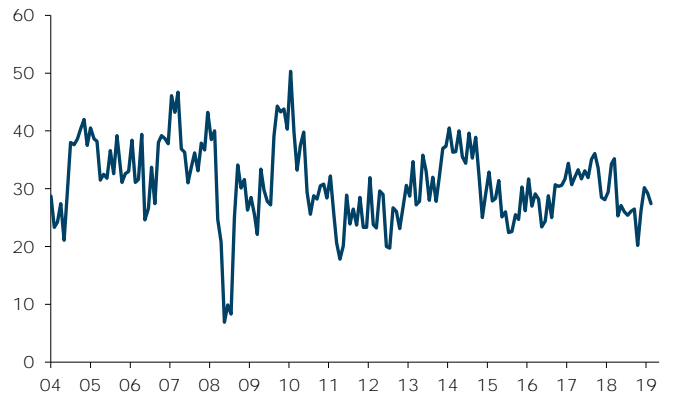


Tables and charts

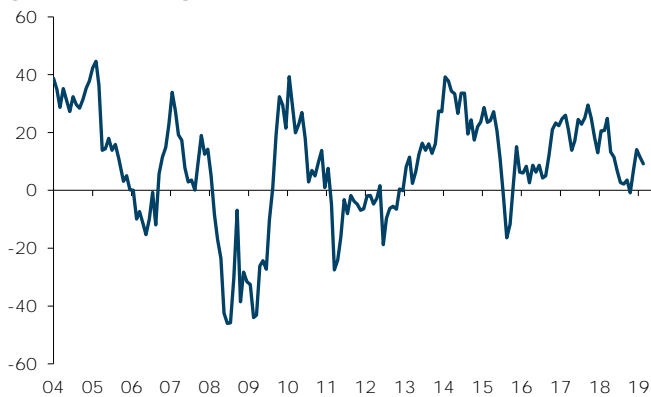
Q1. Better off past year



Q2. Better off next year



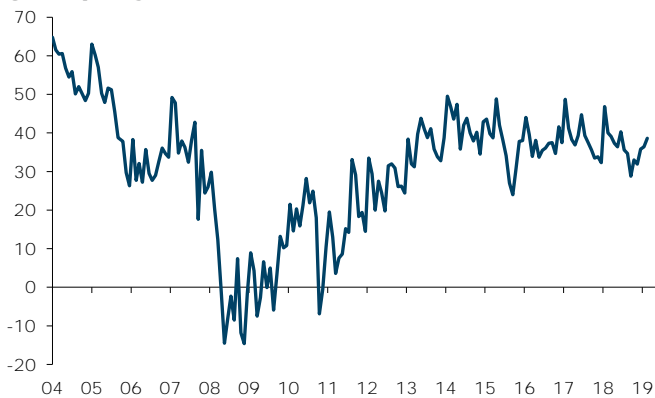
Q3. NZ economy 12 months' time



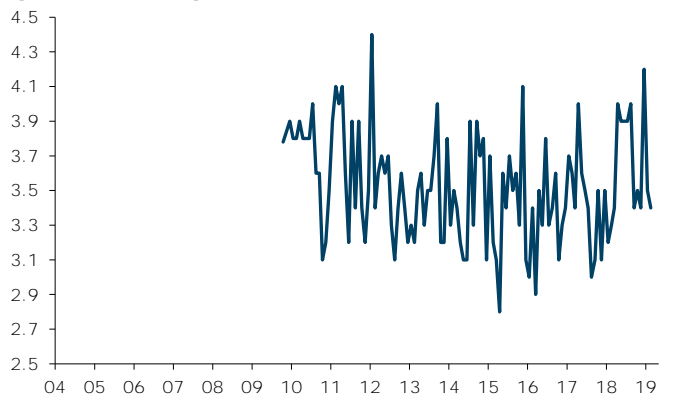
Q4. Outlook 5 years ahead



Q5. Buy major household item



Q6. Inflation expectations



Q7. House price inflation expectations



Current vs future conditions



Source: ANZ, Roy Morgan



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