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The next issue of the ANZ-Roy Morgan Consumer Confidence is scheduled for release on 1 March 2019 at 10am.

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## Pretty happy New Year

### Summary

- Consumer confidence was unchanged in January, slightly above average.
- Perceptions of current conditions were unchanged, while the future conditions index fell 1 point.
- The proportion of households who **think it's** a good time to buy a major household item was also unchanged.

Consumer confidence was about as exciting as a pet rock in January, with the ANZ-Roy Morgan Consumer Confidence Index unchanged at 122: 7 points off its October low, but also 6 points off its March 2018 high. The overall index sits a smidgen above the historical average. The Current Conditions Index was unchanged at 124, while the Future Conditions Index eased 1 point to 120.

**Figure 1. ANZ-Roy Morgan Consumer Confidence**



Source: ANZ, Roy Morgan

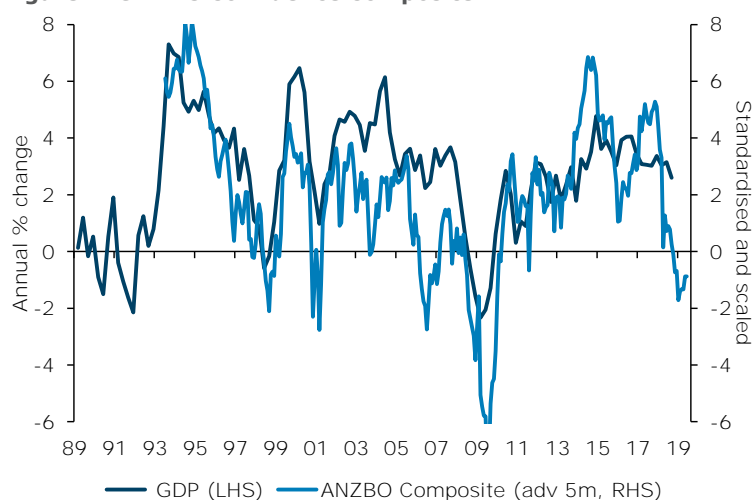
Turning to the detail:

- Consumers' **perceptions of** their current financial situation lifted 1 point to a net 12% feeling financially better off than a year ago.
- A net 29% of consumers expect to be better off financially this time next year, down 1 point.
- A net 36% think **it's a good time to buy a major household item**, flat.
- Perceptions regarding the **next year's** economic outlook fell 2 points to a net 12% expecting conditions to improve. The five-year outlook lifted 2 points to +20%.
- South Island ex-Canterbury lifted the most (up 8 points to 125) but Wellington remains the most confident region (134). Confidence in Canterbury fell 9 points to reclaim the wooden spoon at 115.
- House price inflation expectations eased from 2.9% to 2.7%. They remain weakest in Auckland (1.8%) and Canterbury (1.9%).
- Inflation expectations fell 0.7%pts to 3.5%, **unwinding December's spike**. The impact of petrol prices is clear in this data.

Consumers are feeling pretty good about things, with some concerns about the overall economic outlook but slightly above-average confidence regarding their own situations. The proportion thinking it is a good time to buy a major household item remains consistent with ongoing spending, though the data on retail spending growth will be affected by slowing population growth.

Our confidence composite gauge combines business expectations and intentions with overall consumer sentiment to capture both the demand and supply side of the economy. It continues to suggest momentum in the economy has slowed markedly (figure 2), but it has found a floor as business sentiment has bounced somewhat. We see growth of around 2½% for the next couple of years, with consumption supported by the strong labour market but capped by weaker population growth, high household debt and a flat-to-weaker Auckland housing market.

**Figure 2. GDP vs Confidence Composite**



Source: ANZ, Roy Morgan, Statistics NZ



## Tables and charts

Survey Summary	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19
No. of Interviews	1,002	1,009	1,004	1,009	999	1,000	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	33	34	34	34	35	34	34	34
Worse Off	21	20	22	22	25	24	23	22
<b>Net Balance</b>	<b>11</b>	<b>14</b>	<b>12</b>	<b>12</b>	<b>11</b>	<b>10</b>	<b>11</b>	<b>12</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	44	43	45	45	41	44	46	45
Worse Off	18	18	19	18	21	18	16	16
<b>Net Balance</b>	<b>26</b>	<b>25</b>	<b>26</b>	<b>27</b>	<b>20</b>	<b>26</b>	<b>30</b>	<b>29</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	33	32	35	33	37	40	38
Bad Times	30	30	30	32	34	30	26	27
<b>Net Balance</b>	<b>7</b>	<b>3</b>	<b>2</b>	<b>4</b>	<b>-1</b>	<b>7</b>	<b>14</b>	<b>12</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	38	36	39	35	40	40	41
Bad Times	26	24	23	22	21	22	22	22
<b>Net Balance</b>	<b>16</b>	<b>14</b>	<b>13</b>	<b>18</b>	<b>14</b>	<b>18</b>	<b>18</b>	<b>20</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	57	55	53	51	54	52	56	55
Bad Time to Buy	16	19	18	22	21	21	20	19
<b>Net Balance</b>	<b>40</b>	<b>36</b>	<b>35</b>	<b>29</b>	<b>33</b>	<b>32</b>	<b>36</b>	<b>36</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	78	78	77	78	78	75	74	70
Go Down	3.8	4.2	3.6	5.2	4.1	5.0	4.9	6.5
<b>Expectation (%)</b>	<b>3.9</b>	<b>3.9</b>	<b>4.0</b>	<b>3.4</b>	<b>3.5</b>	<b>3.4</b>	<b>4.2</b>	<b>3.5</b>

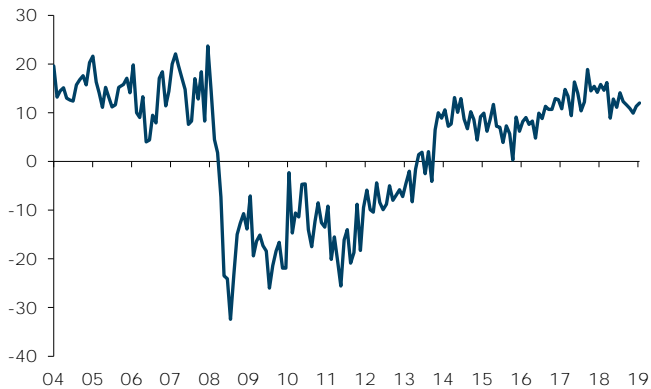
Q7. Specifically thinking about the price of houses during the next 2 years, do you think that the price of houses in general will go up, go down, or stay where they are now? And if up, what is the expected percentage per year?								
Go Up	63	59	57	60	55	56	56	56
Go Down	11.4	10.8	13.1	12.5	12.9	14.8	15.4	15.7
<b>Expectation (%)</b>	<b>3.6</b>	<b>3.7</b>	<b>3.4</b>	<b>3.4</b>	<b>2.7</b>	<b>2.9</b>	<b>2.9</b>	<b>2.7</b>

ANZ Roy Morgan Consumer Confidence Rating (100 plus the unweighted average of the net balances of Q1-5)								
<b>Overall Index</b>	<b>120.0</b>	<b>118.4</b>	<b>117.6</b>	<b>117.6</b>	<b>115.4</b>	<b>118.6</b>	<b>121.9</b>	<b>121.7</b>
Current Conditions	125.7	124.9	123.5	120.2	122.0	120.9	123.6	124.2
Future Conditions	116.2	114.1	113.7	115.9	111.0	117.0	120.8	120.1

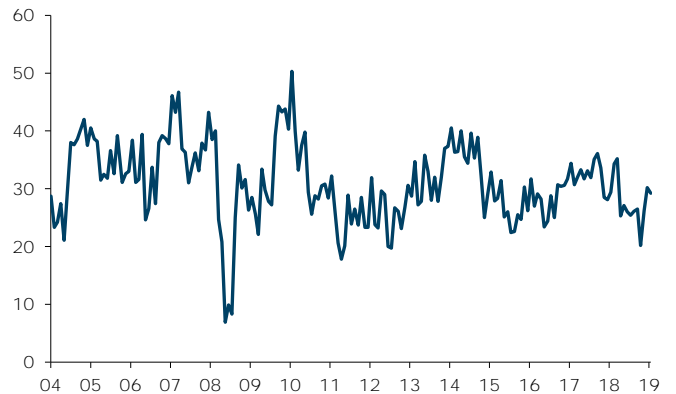


## Tables and charts

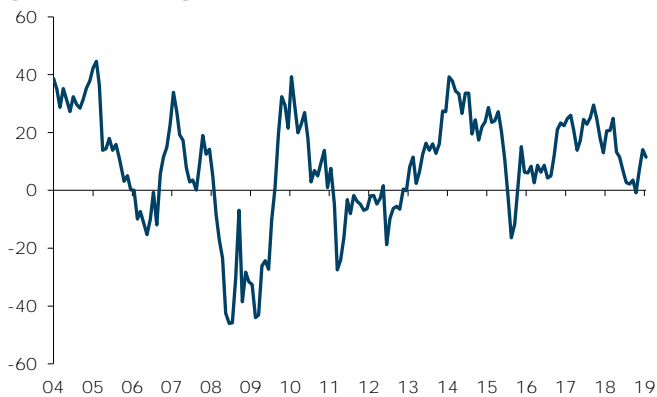
**Q1. Better off past year**



**Q2. Better off next year**



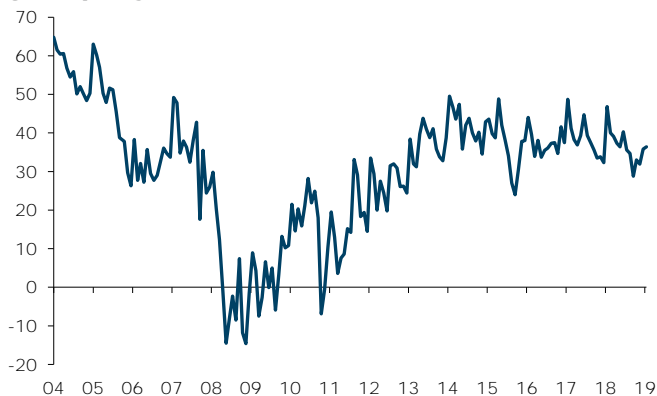
**Q3. NZ economy 12 months' time**



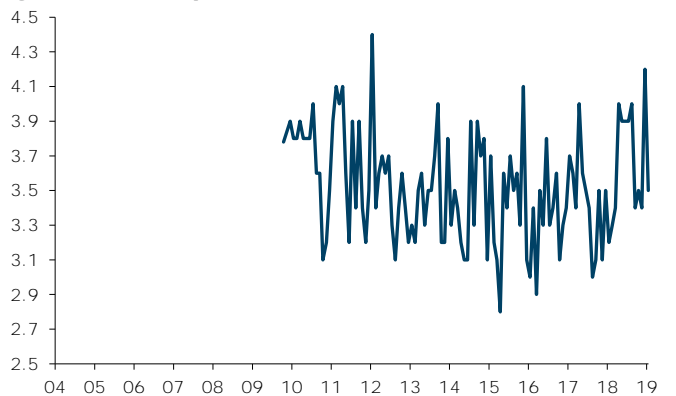
**Q4. Outlook 5 years ahead**



**Q5. Buy major household item**



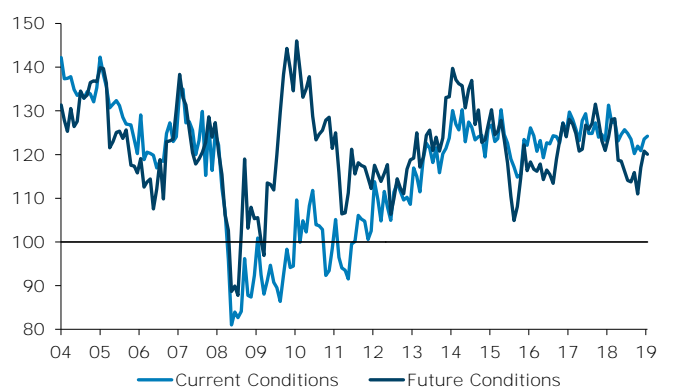
**Q6. Inflation expectations**



**Q7. House price inflation expectations**



**Current vs future conditions**



Source: ANZ, Roy Morgan



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