

ANZ-Roy Morgan NZ Consumer Confidence

1 November 2019



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

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As you were

Summary

- Consumer confidence rose 4 points in October to 118, reversing last month's fall.
- The Current Conditions Index rose 2 points, while the Future Conditions Index rose 6 points. **Both indexes reversed last month's moves.**
- The proportion of households who **think it's** a good time to buy a major household item fell 5 points to 36%, back where it was late last year.

The ANZ-Roy Morgan Consumer Confidence Index rose 4 points to 118 in October. The overall index, the Current Conditions Index (up 2 to 128) and the Future Conditions Index (up 6 to 112) all came very close to precisely reversing last month's falls.

Figure 1. ANZ-Roy Morgan Consumer Confidence



Source: ANZ Research, Roy Morgan

Turning to the detail:

- Consumers' **perceptions of** their current financial situation **is the best it's** been since 2007, rising 9 points to a net 20% feeling financially better off than a year ago.
- A net 29% of consumers expect to be better off financially this time next year, up 6 points versus last month.
- A net 36% think **it's a good time to buy a major household item**, down 5.
- Perceptions regarding the **next year's** economic outlook rose 7 points to a net 3% expecting conditions to worsen. The five-year outlook rose 6 points to +10%.
- Confidence rose in every region, but most sharply in the North Island outside of Auckland and Wellington. Wellington remains the most optimistic region, and the South Island ex-Canterbury the least.
- House price inflation expectations lifted a touch in Auckland (2.5%, up 0.5%pts) but fell in Wellington (2.8%, down 1.0%pts) and Canterbury (1.4%, down 1.0%pts). General inflation expectations were little changed at 3.3%.

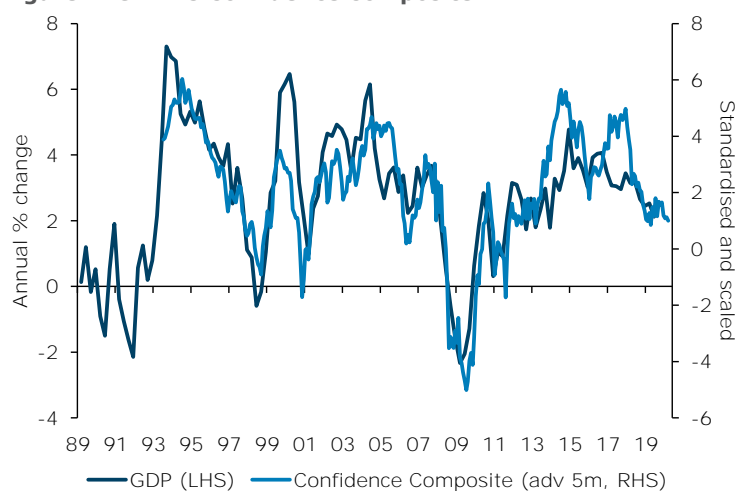
Consumer confidence lifted 4 points this month to 118, close to its historical average of 120. Confidence in both current and future conditions lifted. Consumers remain warier about the future than about how things currently stand.

Courtesy of a still-tight labour market and lower interest rates, households are feeling pretty good. The one black mark in the survey was a lower proportion of people thinking it is a good time to buy a major household item, but the 5 point fall just took it back to where it sat late last year. **Firms' employment** intentions and job ads have deteriorated in recent months, but we are yet to find out how this will feed through into employment.

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.

The composite was little changed, remaining within recent (low) ranges (figure 2). It is consistent with our view that while firms are doing it a bit tough at the moment as the economy battles headwinds, the fundamentals for the New Zealand economy remain decent.

Figure 2. GDP vs Confidence Composite



Source: ANZ Research, Roy Morgan, Statistics NZ



Tables and charts

| Survey Summary | Mar-19 | Apr-19 | May-19 | Jun-19 | Jul-19 | Aug-19 | Sep-19 | Oct-19 |
|-------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| No. of Interviews | 1,001 | 1,000 | 1,002 | 1,001 | 1,001 | 1,001 | 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 | 36 | 32 | 37 | 37 | 37 | 33 | 41 |
| Worse Off | 23 | 22 | 22 | 22 | 25 | 22 | 22 | 21 |
| Net Balance | 12 | 14 | 10 | 15 | 12 | 16 | 11 | 20 |

| 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 | 45 | 39 | 46 | 42 | 44 | 40 | 45 |
| Worse Off | 17 | 16 | 16 | 17 | 21 | 17 | 17 | 16 |
| Net Balance | 29 | 30 | 23 | 29 | 21 | 27 | 23 | 29 |

| 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 | 39 | 35 | 33 | 38 | 31 | 30 | 26 | 29 |
| Bad Times | 29 | 26 | 26 | 26 | 33 | 32 | 35 | 31 |
| Net Balance | 10 | 9 | 7 | 12 | -1 | -1 | -10 | -3 |

| 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 | 40 | 35 | 32 | 35 | 34 | 33 | 29 | 32 |
| Bad Times | 20 | 17 | 18 | 19 | 23 | 22 | 24 | 21 |
| Net Balance | 21 | 18 | 14 | 16 | 11 | 11 | 4 | 10 |

| 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 | 60 | 58 | 56 | 56 | 58 | 58 | 56 |
| Bad Time to Buy | 18 | 14 | 16 | 16 | 17 | 19 | 18 | 20 |
| Net Balance | 38 | 46 | 43 | 40 | 39 | 39 | 41 | 36 |

| 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 | 73 | 72 | 72 | 71 | 73 | 70 | 70 | 75 |
| Go Down | 5.2 | 4.9 | 4.7 | 4.9 | 5.3 | 6.5 | 4.8 | 3.8 |
| Expectation (%) | 3.7 | 4.0 | 3.6 | 4.0 | 3.1 | 3.2 | 3.5 | 3.3 |

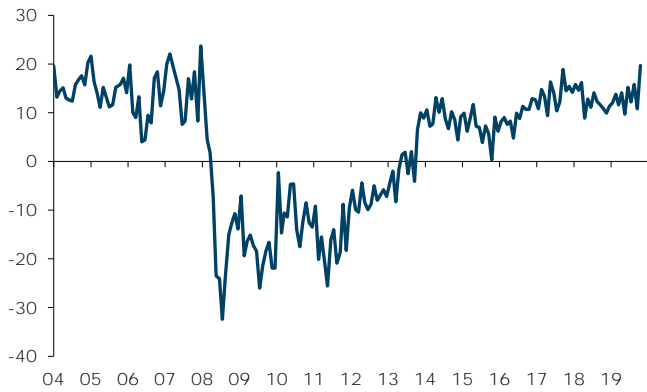
| Q7. Specifically thinking about the price of houses during the next 2 years, do you think that the price of houses in general will go up, go down, or stay where they are now? And if up, what is the expected percentage per year? | | | | | | | | |
|---|------------|------------|------------|------------|------------|------------|------------|------------|
| Go Up | 51 | 51 | 54 | 55 | 55 | 54 | 54 | 59 |
| Go Down | 17.8 | 20.1 | 16.9 | 15.2 | 14.2 | 17.2 | 14.4 | 11.9 |
| Expectation (%) | 2.7 | 2.8 | 2.6 | 3.1 | 2.5 | 2.8 | 2.8 | 3.0 |

| ANZ Roy Morgan Consumer Confidence Rating (100 plus the unweighted average of the net balances of Q1-5) | | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Overall Index | 121.8 | 123.2 | 119.3 | 122.6 | 116.4 | 118.2 | 113.9 | 118.4 |
| Current Conditions | 125.0 | 129.8 | 126.2 | 127.6 | 125.8 | 127.2 | 125.8 | 127.8 |
| Future Conditions | 119.7 | 118.8 | 114.7 | 119.3 | 110.2 | 112.2 | 106.0 | 112.1 |



Tables and charts

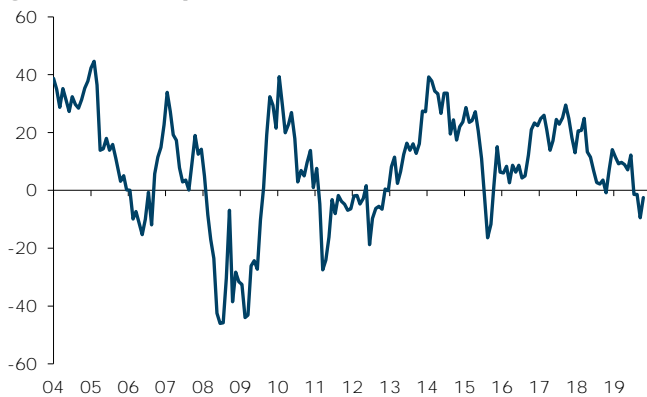
Q1. Better off past year



Q2. Better off next year



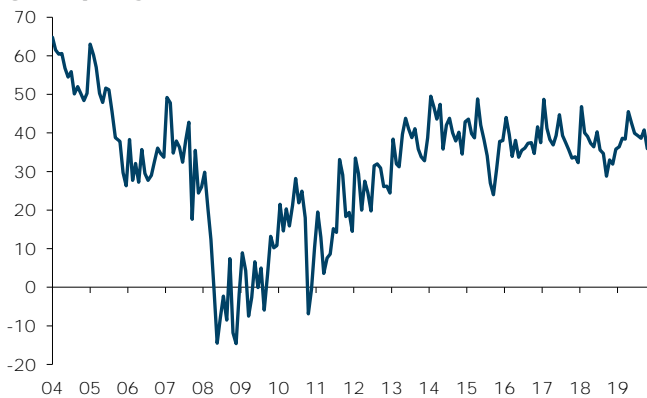
Q3. NZ economy 12 months' time



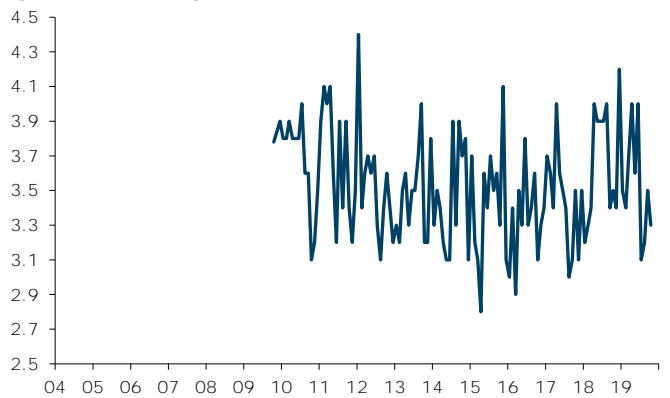
Q4. Outlook 5 years ahead



Q5. Buy major household item



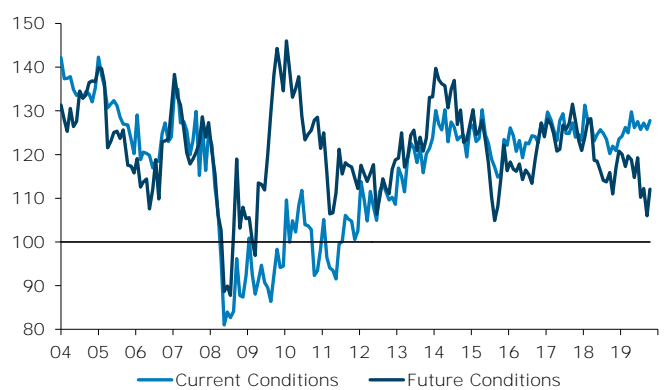
Q6. Inflation expectations



Q7. House price inflation expectations



Current vs future conditions



Source: ANZ Research, Roy Morgan



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