

ANZ-Roy Morgan NZ Consumer Confidence

30 April 2021



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Contact

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See [page 5](#).

The next issue of the ANZ-Roy Morgan Consumer Confidence is scheduled for release on 28 May 2021 at 10am.

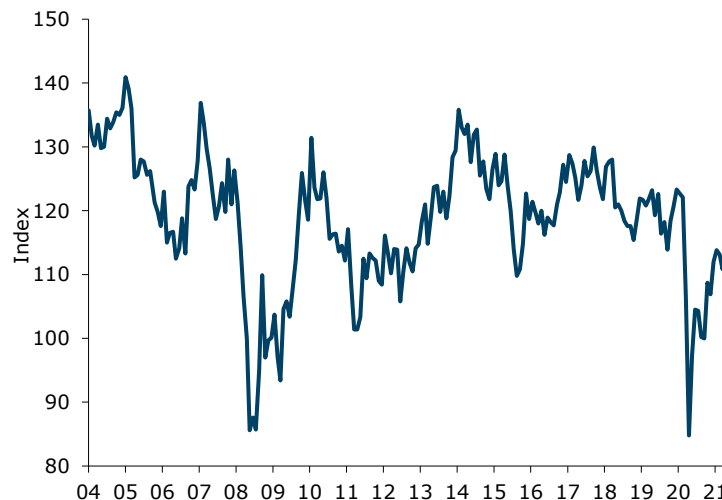
Back on the up

Key points

- Consumer confidence lifted 4 points to 115 in April.
- The proportion of people who believe it is a good time to buy a major household item, a key retail indicator, lifted 4 points to +18.
- Inflation expectations bounced back to close to recent highs, while house price inflation expectations were unchanged.

The ANZ-Roy Morgan Consumer Confidence Index rose 4 points to 115 in April, still a little short of its historical average of 120.

Figure 1. ANZ-Roy Morgan Consumer Confidence



Source: ANZ Research, Roy Morgan

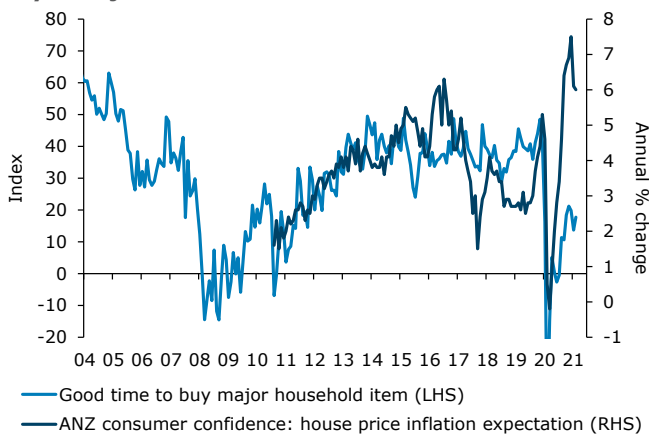
Turning to the detail:

- Perceptions of current financial situations lifted 7 points to +10%, its strongest post-COVID level.
- A net 31% expect to be better off this time next year, up 1.
- A net 18% think it is a good time to buy a major household item, up 4 points. This is the single best retail indicator in the survey.
- Perceptions regarding the next year's economic outlook rose 11 points to +4%. The five-year outlook was unchanged at +15%.
- House price inflation expectations were little changed at 6%, a historically very high level. They fell in Auckland and the South Island, but lifted in the North Island outside of Auckland.
- CPI inflation expectations jumped 0.7%pts to 4.7%, back to recent highs.

Household house price inflation expectations appear to have peaked, but do not appear to be meaningfully retreating in light of recent policy changes.

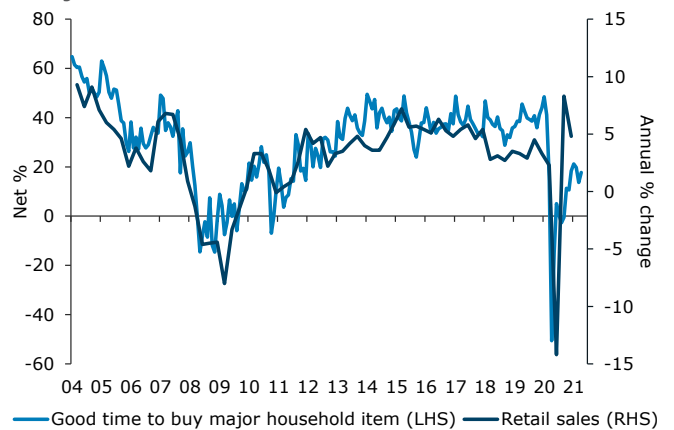
Figure 2 shows that households continue to be much warier about buying a major household item than exceptionally strong house price inflation expectations would suggest they 'should' be, reflecting uncertainty about the economic outlook. Their self-reported wariness about spending would normally be a reliable indicator that retailers are doing it tough, but people have in fact been spending anyway (figure 3). This likely reflects substitution for lost overseas holidays, the housing boom and interest-free deals – not to mention that massive fiscal stimulus deferred much of the income hit from COVID to another day. But one way or another the gap needs to close.

Figure 2. House price expectations and "Good time to buy a major household item?"



Source: REINZ, Roy Morgan, ANZ Research

Figure 3. ANZ Consumer Confidence "Good time to buy a major household item?" and retail sales

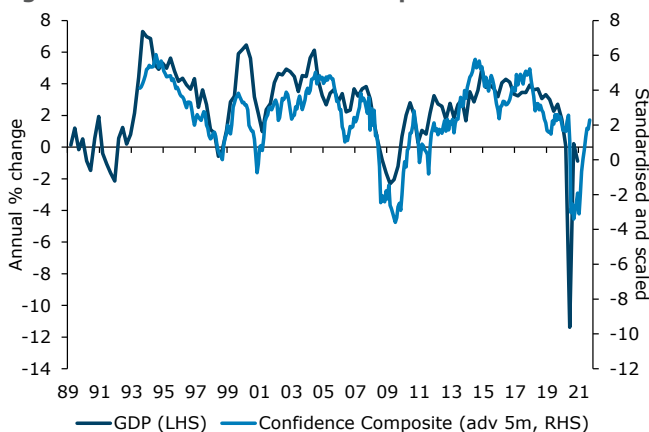


Source: Statistics NZ, ANZ Research, Roy Morgan

Our confidence composite gauge combines lagged business expectations and intentions with consumer sentiment. The composite remains around average levels (figure 4), consistent with our view that the economy will find it harder to grow from here, but will muddle through.

Meanwhile, households are expecting a lot more inflation. They often do, but now the difference is extreme (figure 5) (note the data is smoothed). Higher household inflation expectations make it easier for retailers to raise prices without fear of losing market share. And if the labour market is tight, higher household inflation expectations can also impact wage demands. Wage inflation is the type of persistent inflation that it is harder for the Reserve Bank to ignore, compared to cost inflation caused by temporary shortages of goods.

Figure 4. GDP vs Confidence Composite



Source: ANZ Research, Roy Morgan, Statistics NZ

Figure 5. Inflation expectations





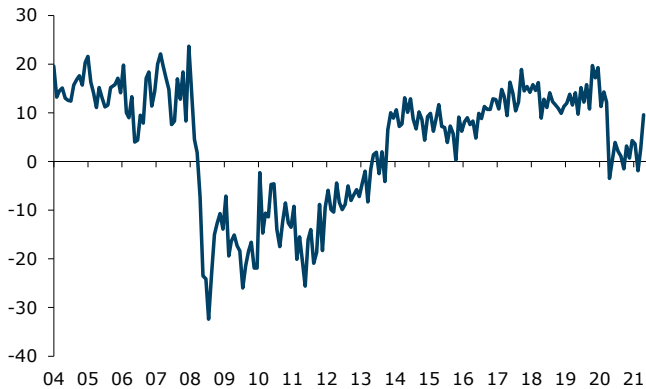
Tables and charts

Survey Summary	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21
No. of Interviews	997	1,206	1,002	1,004	1,001	1,004	1,002	1,004
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	27	29	27	28	28	26	28	32
Worse Off	29	26	27	23	24	28	26	22
Net Balance	-2	3	1	4	4	-2	3	10
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	40	41	43	40	43	42	43	45
Worse Off	18	14	15	15	14	15	13	14
Net Balance	22	28	27	25	28	27	30	31
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	12	17	17	23	24	27	23	29
Bad Times	47	38	35	28	24	25	30	25
Net Balance	-35	-21	-18	-6	-1	2	-7	4
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	31	36	31	32	32	33	30	33
Bad Times	17	14	16	14	15	14	16	18
Net Balance	15	22	15	18	17	20	15	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	36	43	41	47	48	49	45	46
Bad Time to Buy	37	31	31	28	27	29	31	28
Net Balance	-1	11	11	18	21	20	14	18
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	70	75	78	80	81	82	85
Go Down	7.2	5.9	4.0	2.5	3.5	3.3	3.7	2.7
Expectation (%)	3.2	3.8	4.7	4.3	4.5	4.6	4.0	4.7
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	65	74	82	81	84	85	76	72
Go Down	13.0	9.5	6.8	6.4	5.4	4.6	10.0	10.9
Expectation (%)	3.4	4.6	6.4	6.7	6.9	7.5	6.1	6.0
ANZ Roy Morgan Consumer Confidence Rating (100 plus the unweighted average of the net balances of Q1-5)								
Overall Index	100.0	108.7	106.9	112.0	113.8	113.1	110.8	115.4
Current Conditions	99.0	107.3	105.7	111.4	112.4	109.0	108.2	113.7
Future Conditions	100.6	109.6	107.9	112.3	114.7	115.9	112.6	116.7

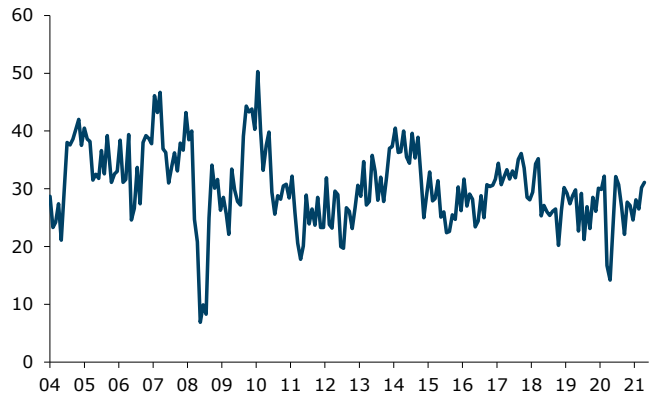


Tables and charts

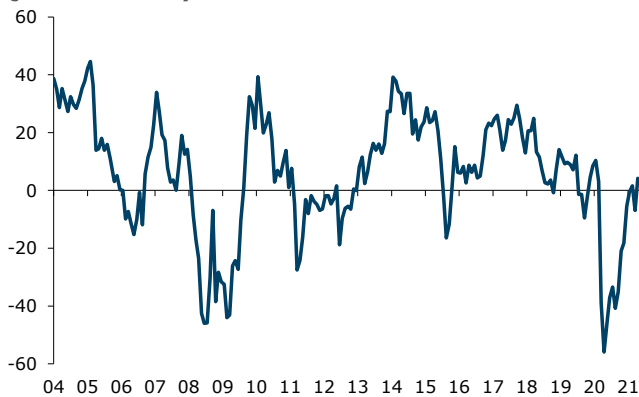
Q1. Better off past year



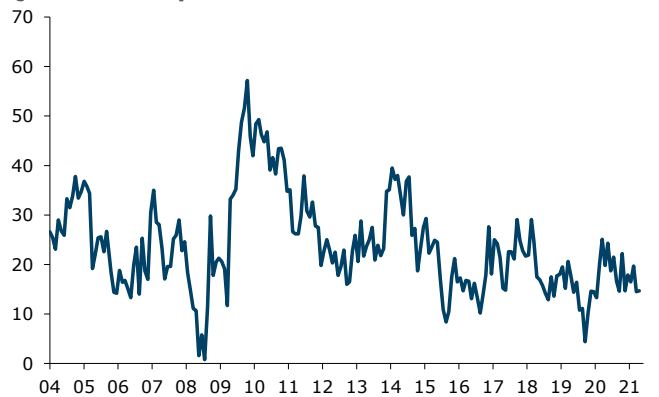
Q2. Better off next year



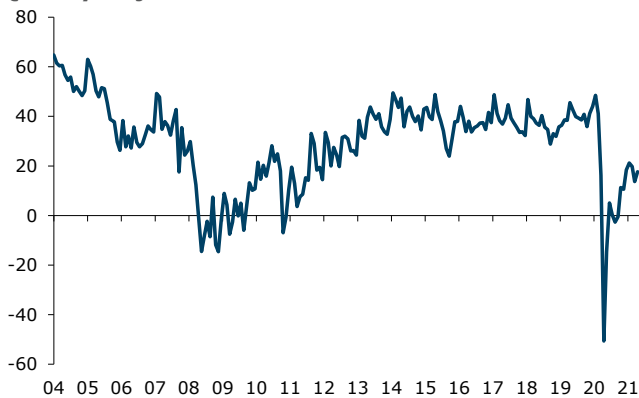
Q3. NZ economy 12 months' time



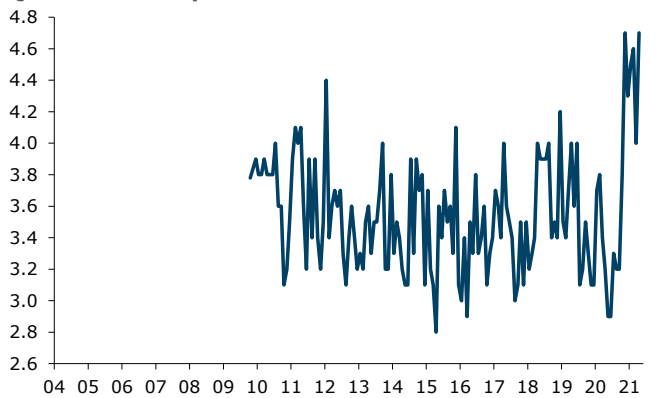
Q4. Outlook 5 years ahead



Q5. Buy major household item



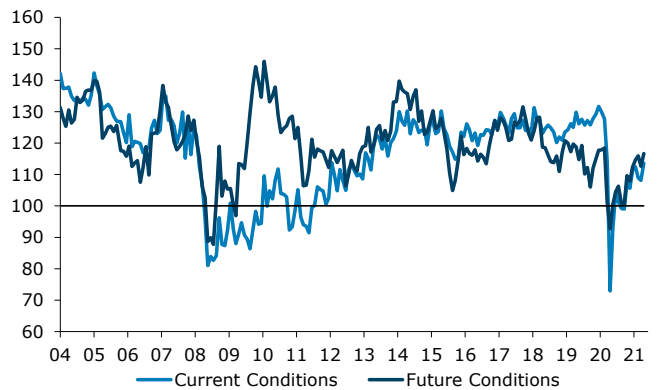
Q6. Inflation expectations



Q7. House price inflation expectations



Current vs future conditions



Source: ANZ Research, Roy Morgan



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