

ANZ-Roy Morgan Consumer Confidence

November 2009

Taking a breather

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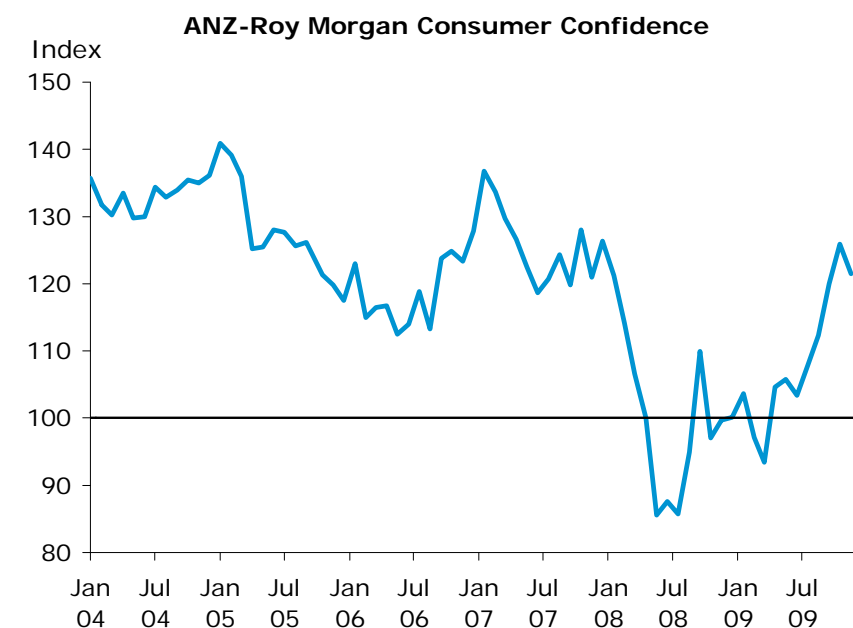
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- > **Consumer confidence down 4.4 points in November.**
- > **Nonetheless, the aggregate level of confidence remains high.**
- > **A massive dichotomy remains between future conditions and current conditions with the latter remaining below 100.**
- > **The current conditions reading is the key for spending and could have an important bearing on the upcoming holiday shopping season.**

The ANZ-Roy Morgan Consumer Confidence measure bucked a four month rising trend, slipping 4.4 points in November to 121.5. It is too soon to tell whether this is a temporary drop following the previous month's strong gains, or the start of a new trend. Despite the pullback in the month, the level of confidence remains high and well above the 100 neutral reading.

ANZ Roy Morgan Consumer Confidence		
	Level	Change
Nov-08	99.7	2.7
Dec-08	100.1	0.4
Jan-09	103.7	3.6
Feb-09	97.1	-6.6
Mar-09	93.4	-3.7
Apr-09	104.6	11.2
May-09	105.8	1.2
Jun-09	103.4	-2.4
Jul-09	107.8	4.4
Aug-09	112.3	4.5
Sep-09	120.0	7.7
Oct-09	125.9	5.9
Nov-09	121.5	-4.4

The survey was conducted from November 2 to 15, across New Zealand by telephone with a cross section of 1,020 people aged 14 and over.

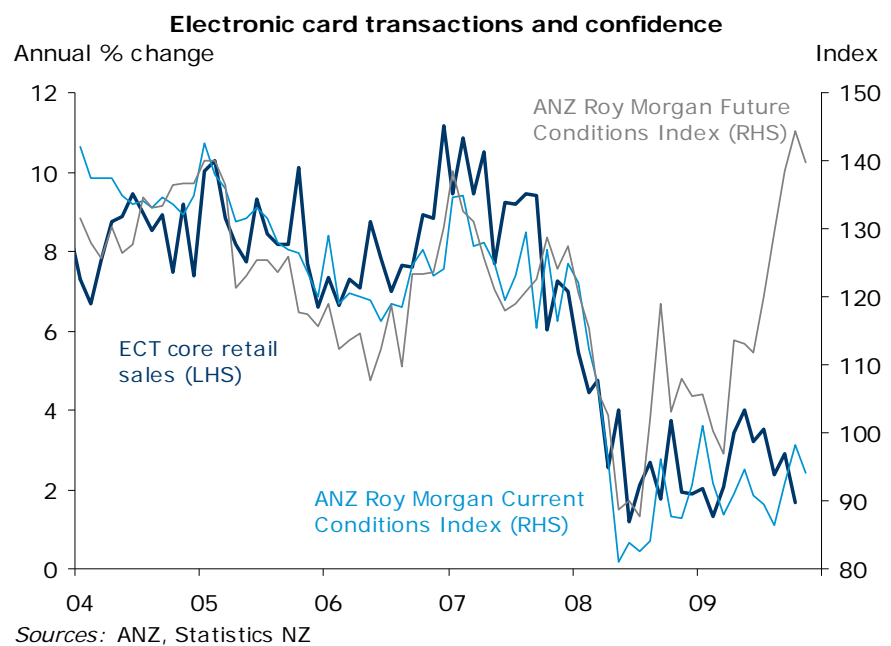


Sources: ANZ, Roy Morgan

All the component questions that make up our confidence measure fell bar one. The biggest decline was about the outlook over the next five years, which fell 11.3 points. Nonetheless a net 46 percent still expect to be better off over the coming five years. Expectations about economic conditions over the coming 12 months retreated by 3 points, as did perceptions about whether it is a good time to buy a major household item. But all remain firmly in positive territory. While the economy may have emerged from recession and house prices are up over 9 percent from their January lows, more people are still feeling worse off financially compared to a year ago.

The gulf between our Future Conditions and Current Conditions indexes remain wide. With the economy at an inflection point, it is only natural to expect current conditions to lag expectations somewhat. Any improvement must start with better expectations towards the future. However, the magnitude of the divide indicates deeper forces that are shaping the outlook. Future Conditions fell 4.6 points to 139.7 but the level remains elevated.

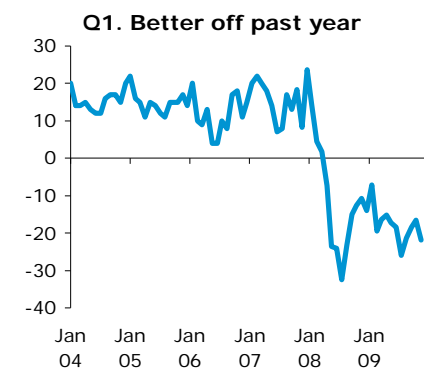
The Current Conditions Index has proven to be the key leading gauge for spending and remains below the key 100 benchmark, falling 4.1 points to 94.2 in November. This suggests consumers will remain cautious about their spending decisions heading into the all important holiday shopping season.



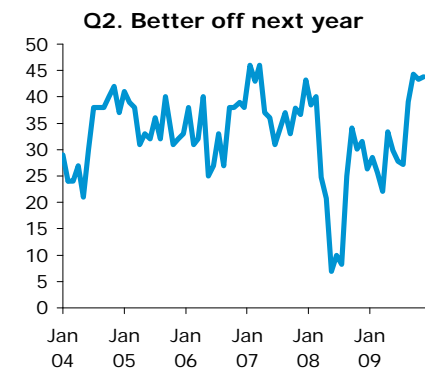
Looking at the details of this month's survey, males continue to be more confident than females across all the component questions, and more males actually expect better economic conditions over the next 12 months compared to last month. A net 17 percent of males think now is a good time to buy a major household item (down 2 points), compared to only a net 3 percent for females (down 4 points). Across the regions, Aucklanders are the most confident (down 1.4 points to 126.1), taking over the mantle from Wellingtonians (down 8.1 points to 120.3). Non-Canterbury South Island recorded the largest decline in confidence (down 9.7 points) and continues to be the least confident at 108.1.

This month's survey results do not include our key question on inflation expectations as we assess various methodological issues. However, we remain committed to including this in the survey going forward.

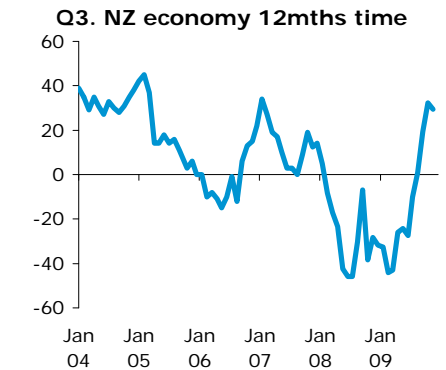
Survey Summary	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09
No. of Interviews	1,060	1,117	1,038	1,039	1,013	1,058	1,109	1,020
Q1. Would you say you and your family are better-off financially or worse off than you were at this time last year?								
Better Off	25	24	24	20	23	25	23	22
Worse Off	40	42	43	46	44	43	39	44
Net Balance	-15	-18	-19	-26	-21	-18	-17	-22
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	51	50	49	47	55	56	56	57
Worse Off	18	20	21	20	16	12	12	13
Net Balance	33	30	28	27	39	44	43	44
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	27	29	26	31	40	47	53	52
Bad Times	53	53	53	41	39	28	21	22
Net Balance	-26	-24	-27	-10	1	19	32	29
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, or we'll have bad times, or some good and some bad?								
Good Times	55	54	52	56	62	64	68	59
Bad Times	22	20	17	13	13	13	11	13
Net Balance	33	34	35	43	49	51	57	46
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	41	45	42	45	37	45	48	48
Bad Time to Buy	44	39	42	40	43	42	35	38
Net Balance	-3	6	0	5	-6	3	13	10
ANZ Roy Morgan Consumer Confidence Rating (100 plus the unweighted average of the five net balances)								
	104.6	105.8	103.4	107.8	112.3	120.0	125.9	121.5



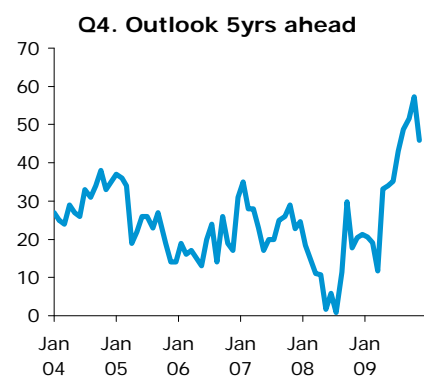
Sources: ANZ, Roy Morgan



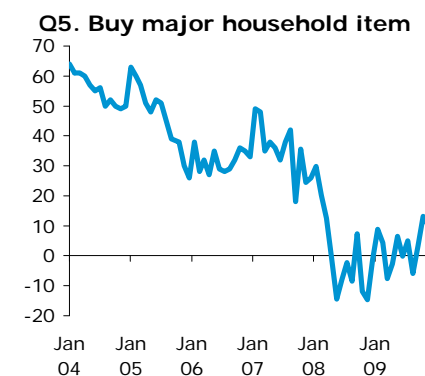
Sources: ANZ, Roy Morgan



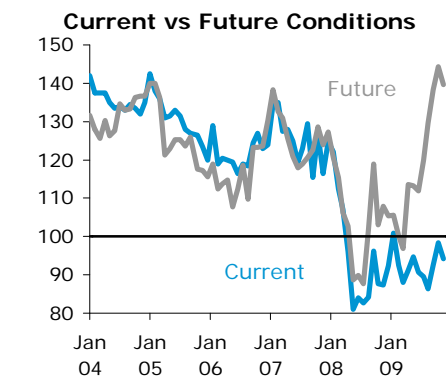
Sources: ANZ, Roy Morgan



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- Adjudicated bankrupt;
- Prohibited by an Act or by a court from taking part in the management of a company or a business;

- Subject of an adverse finding by a court in any proceeding that has been taken against them in their professional capacity;
- Expelled from or has been prohibited from being a member of a professional body; or
- Placed in statutory management or receivership.

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- Providing a cheque payable to the relevant product or service provider and crossed 'not transferable'; or

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