

ANZ-Roy Morgan Consumer Confidence

January 2010

Summer heights high

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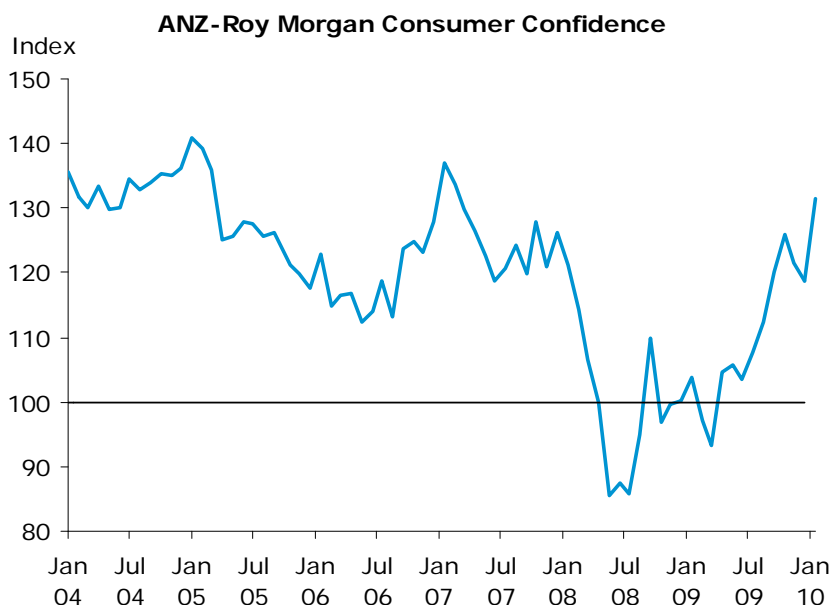
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- > **Consumer confidence jumps to a 3-year high.**
- > **Consumer's view of both current and future conditions has lifted sharply.**
- > **Significantly, the current conditions measure has risen through 100 and portends of a preparedness to open the wallet.**

The ANZ-Roy Morgan Consumer Confidence measure rose 13 points in January – the largest monthly movement since September 2008.

ANZ Roy Morgan Consumer Confidence		
	Level	Change
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
Dec-09	118.6	-2.9
Jan-10	131.4	12.8

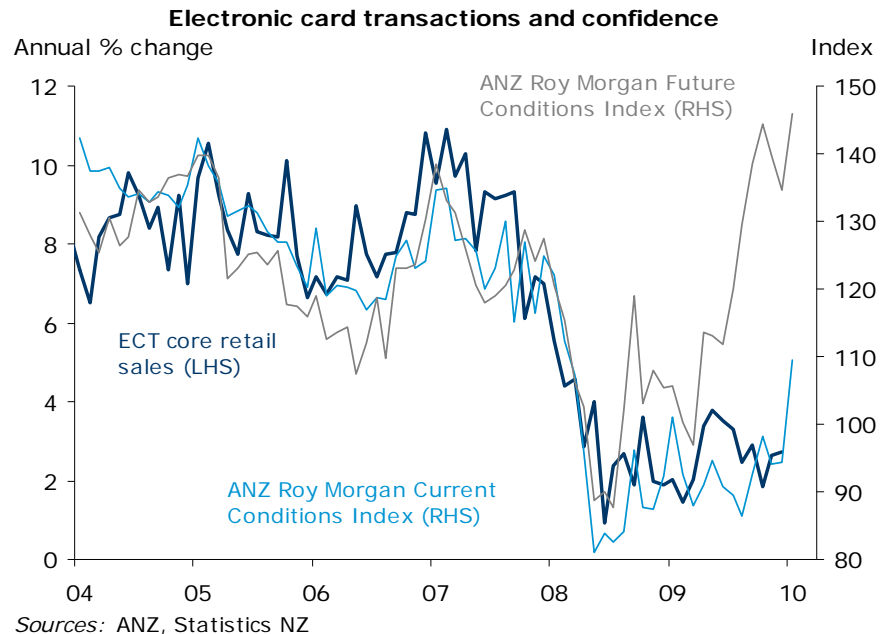
The survey was conducted from January 4 to 10, across New Zealand by telephone with a cross section of 2,049 people aged 14 and over.



Greater optimism was across the board with all the five questions that make up consumer confidence lifting. Consumer's view towards their own financial position a year out rose 10 percentage points to a net 50 percent. A net 39 percent expect better times for the economy over the coming year, up 17 points. A net 48 percent expect better times over the next five years. The laggard remains how families view their financial position, compared to a year earlier. A net 2 percent think they are worse off. But this is still a sizeable jump on the minus 22 percent reading in December.

Consumer's views of both current and expected conditions have lifted sharply. Overwhelmingly positive views towards the future continues to dominate consumer confidence readings. The future conditions index in the survey has rocketed to 146 – an all-time high since the survey's inception in 2004. We've noted previously the importance of current

conditions as a more significant flag-bearer of future spending trends. **The current conditions measure of our survey lifted 15 points and is now modestly above the key 100 level. This portends of a preparedness to open the wallet.**

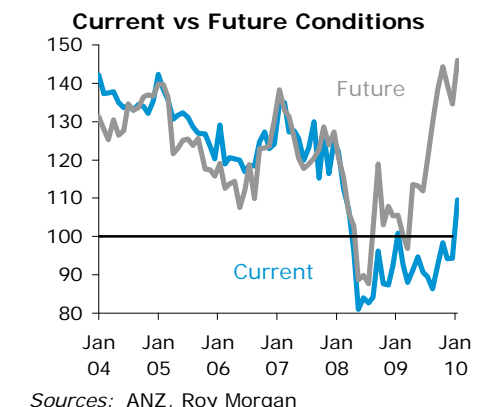
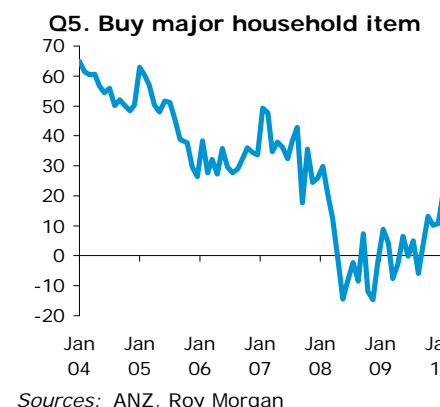
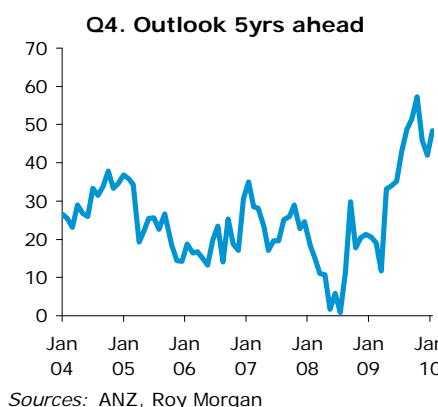
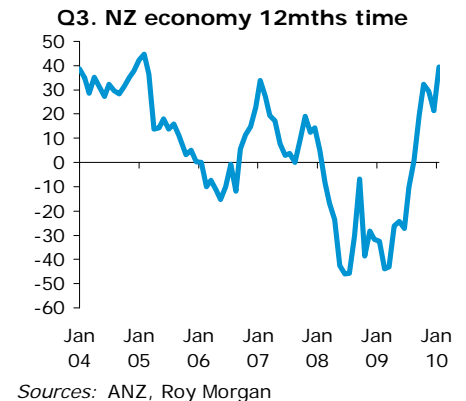
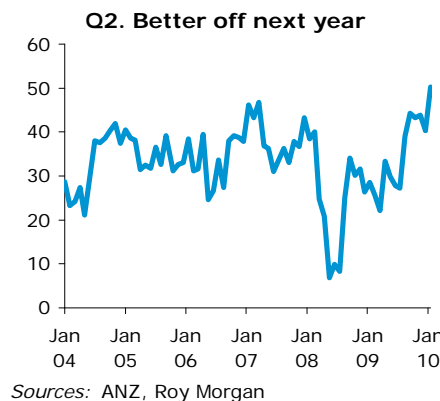
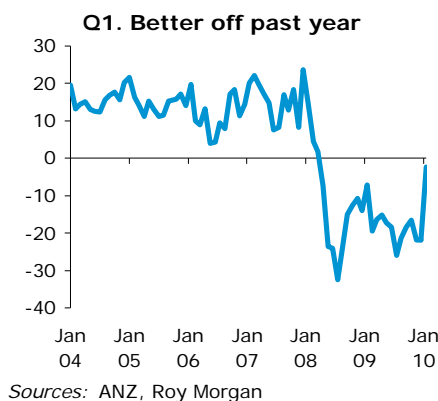


It is difficult to identify the cadaver behind such a large jump. On one hand, we need to acknowledge the wide gap between expected and current conditions, and with the former leading, it is only natural for the latter to play a degree of catch-up. But with each passing day, the combination of a recovery in housing and prospective peak in the unemployment rate in early 2010 is giving an aura of confidence. **While challenges remain, the lift in consumer confidence gives some heart over what 2010 may bring.**

In terms of the detail of this month's survey, males recorded a larger lift in consumer confidence compared to females. The male confidence measure was 136 in the first month of the year (up 14 pts from December) versus 127 for females (up 12 pts). Confidence was up over all age bands. The youngest age group remain the most confident with a confidence measure of 139 in January (up 3 pts). The magnitude of the lift grew progressively larger by age band. The 50+ age group recorded a confidence measure of 124 (up 16 pts from a month earlier). Confidence lifted across all regions. The higher urbanised areas (Auckland, Wellington and Canterbury) were ahead of the other regions.

Two-year ahead inflation expectations were down a tad on the month prior. Respondents expect the inflation rate to average 3.8 percent, down a percentage point on December. We continue to monitor trends in this question. Rather than a pure measure of inflation expectations *per se*, we view it as a barometer of trends in wage bargaining behaviour, which are in themselves critical components of any monetary policy framework. As the time series builds in length, its informational importance will grow.

Survey Summary	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10
No. of Interviews	1,038	1,039	1,013	1,058	1,109	1,020	1,025	2,049
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	24	20	23	25	23	22	23	31
Worse Off	43	46	44	44	39	44	45	33
Net Balance	-18	-26	-21	-18	-17	-22	-22	-2
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	49	47	55	56	56	57	55	61
Worse Off	21	20	16	12	12	13	15	10
Net Balance	28	27	39	44	43	44	40	50
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	26	31	40	48	53	52	47	57
Bad Times	53	42	39	28	21	22	25	17
Net Balance	-27	-10	1	19	32	29	22	39
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	52	56	62	64	68	59	56	61
Bad Times	17	13	13	13	11	13	14	13
Net Balance	35	43	49	52	57	46	42	48
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	42	45	37	45	48	48	48	53
Bad Time to Buy	42	40	43	41	35	38	37	32
Net Balance	0	5	-6	3	13	10	11	22
ANZ Roy Morgan Consumer Confidence Rating (100 plus the unweighted average of the five net balances)								
	103.4	107.8	112.3	120.0	125.9	121.5	118.6	131.4



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The Bank (in respect of itself and its principal officers) makes the following investment broker disclosure to you pursuant to section 41G of the Securities Markets Act 1988.

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- Associate Member of Investment Savings & Insurance Association of NZ;
- Financial Markets Operations Association; and
- Institute of Finance Professionals.

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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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At the time of providing this disclosure statement it is not practicable to provide accurate disclosure of the fees payable for all securities that may be advised on. However, this information will be disclosed to you should you seek advice from one of the Bank's investment advisers on a specific investment.

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- UDC Finance Limited (UDC), as a wholly owned subsidiary of the Bank, is an associated person of the Bank. UDC may receive remuneration from a third party relating to a security sold by the Investment Adviser.
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- Share in a limited partnership;
- Superannuation schemes and bonds;
- Group investment funds;
- Life insurance products;
- Derivative products including interest rate and currency forward rate contracts and options; and
- Other forms of security, such as participatory securities.

PROCEDURES FOR DEALING WITH INVESTMENT MONEY OR INVESTMENT PROPERTY

If you wish to pay investment money to the Bank you can do this in several ways such as by:

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

- Making an automatic payment or payment through another electronic delivery mechanism operated by the Bank.

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Any investment money lodged with the Bank for the purchase of securities offered by the Bank, its subsidiaries or any third parties will be deposited in accordance with your instructions, to your nominated account or investment. Such money will be held by the Bank according to usual banking terms and conditions applying to that account or the particular terms and conditions relating to the investment and will not be held by the Bank on trust unless explicitly accepted by the Bank on those terms. Any investment money or property accepted by the Bank on trust will be so held until disbursed in accordance with your instructions. Any investment property lodged with the Bank will be held by the Bank as bailee according to the Bank's standard terms and conditions for holding your property.

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The Bank will keep adequate records of the deposit of investment moneys or property and all withdrawals and dealings with such money or property, using the account/investment number allocated to your investment. You may have access to those records upon request.

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