

ANZ-Roy Morgan Consumer Confidence

February 2010

Southern chill

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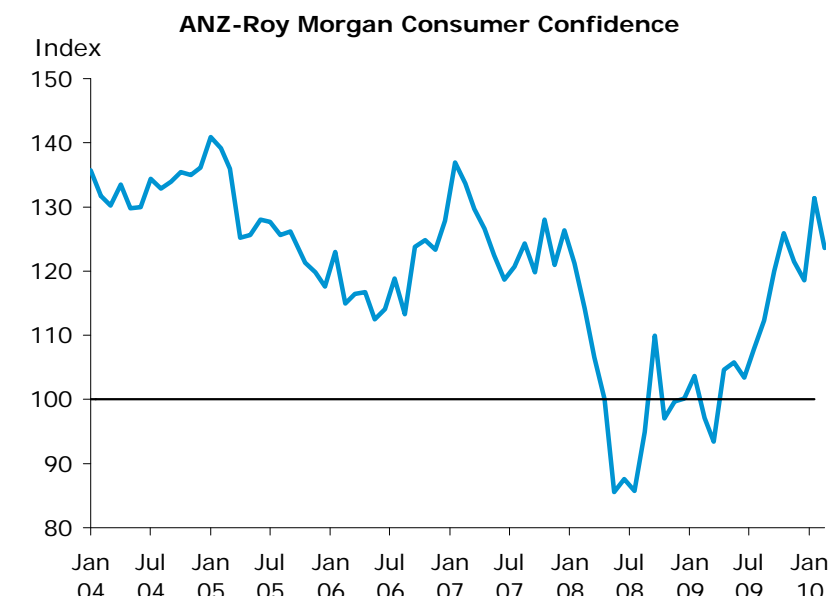
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- > **Consumer confidence eases, but remains positive.**
- > **Consumer's view of both current and future conditions are down.**
- > **The current conditions measure is back at 100, indicating a lack of conviction on behalf of consumers towards opening the wallet.**

The ANZ-Roy Morgan Consumer Confidence measure fell 8 points in February. Despite this fall the overall level remains high.

ANZ Roy Morgan Consumer Confidence		
	Level	Change
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
Feb-10	123.6	-7.8

The survey was conducted from 1-14 February, across New Zealand by telephone with a cross section of 1,047 people aged 14 and over.



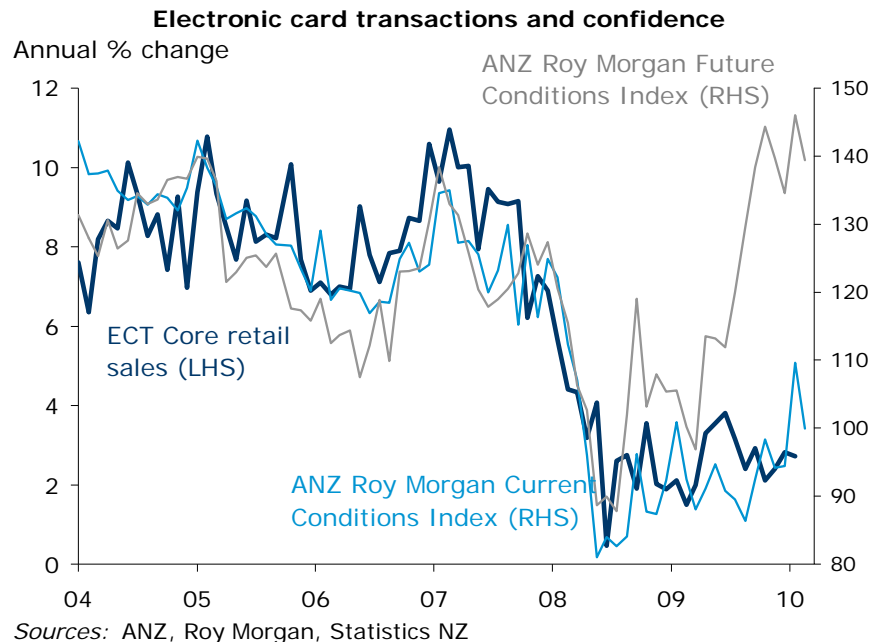
Sources: ANZ, Roy Morgan

Reduced optimism was apparent across the board. A net 15 percent believe they are worse off relative to a year ago, down 13 points on January. Conversely, consumers remain very optimistic towards the coming 12 months. A net 40 percent expect to be better off financially and 29 percent expect better times for the economy. But both are down 10 points on the month prior. A net 15 percent believe it a good time to buy a major household item – a positive sign, but still down 7 points on January's reading. Enthusiasm towards the New Zealand economy five years out went against the easing trend, rising a point, with a net 49 percent optimistic towards long-term prospects.

Consumer's views of both current and expected conditions eased.

The future conditions index within the survey (a combination of expectations towards the economy 1 and 5 years out, and consumer's expected financial position a year out) eased to 139. This is down 7 points on January's

all-time high, but still lofty relative to history. **The current conditions measure of our survey fell 10 points and now sits on the key 100 level. The lack of conviction in regard to current conditions (it has wobbled at or around 100 for six months) suggests consumers remain cautious in regard to spending.**

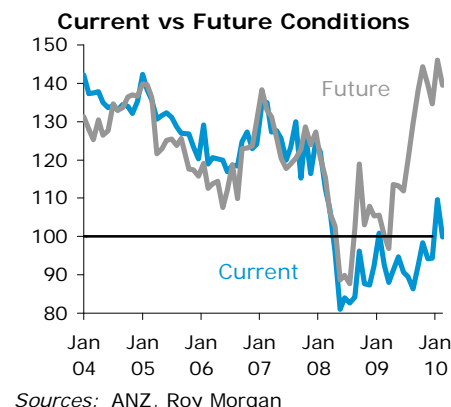
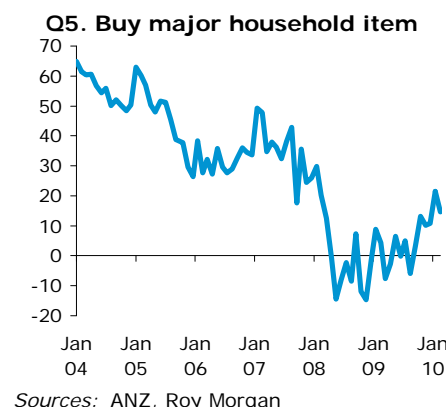
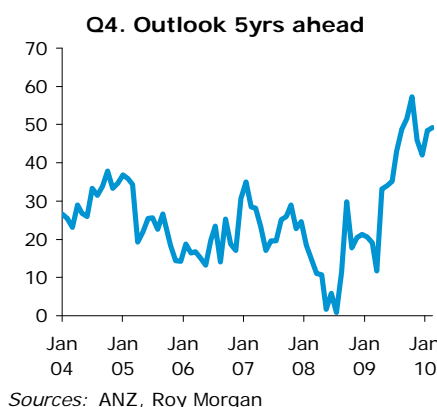
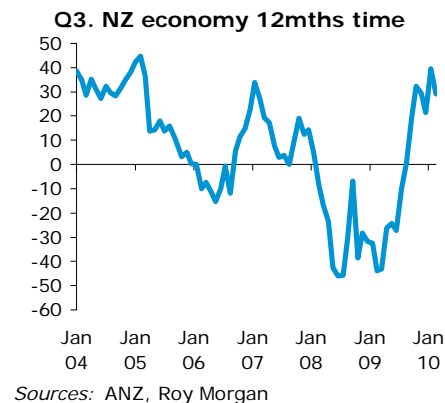
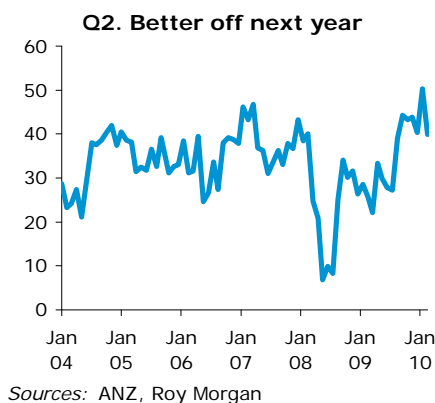
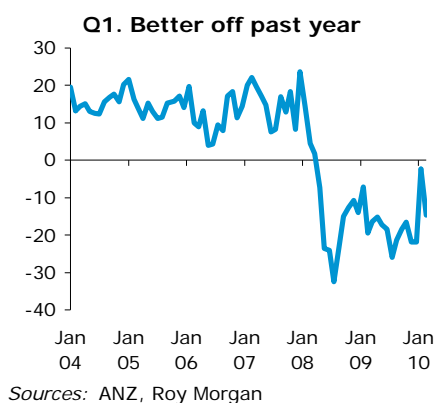


Faced with a rising unemployment rate and rapidly softening housing market it is perhaps of little surprise to see confidence ease. And we need to bear in mind that January did record the largest lift in the history of the survey. The elevated confidence readings against this backdrop still give an aura of improvement for the economy, although the failure of current conditions to lift in a sustainable fashion is a clear pointer that the recovery process will be gradual and guarded.

In terms of the detail of this month's survey, males recorded a larger drop in consumer confidence compared to females. The male confidence measure was 127 in February (down 10 pts from January) versus 121 for females (down 6 pts). Confidence was up 8 pts to 147 for the youngest age band (14-17 years), but lower across the other age groups. Confidence was narrowly higher in Wellington, ahead of the rest of the North Island. The weaker level of confidence in the South Island was most noteworthy with respect to the Current Conditions Index. In the South Island the index dropped 17 pts to sit at 91 (below the neutral 100 level). The same measure in the North Island dropped just 7 pts, to sit at 103.

Two-year ahead inflation expectations remained unchanged at 3.8 percent. As this is a new question to the survey, we do not have sufficient data to assess its relevance. However, going forward, we view such information as another important gauge in regards to the trajectory for medium-term inflation trends.

Survey Summary	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10
No. of Interviews	1,039	1,013	1,058	1,109	1,020	1,025	2,049	1,047
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	20	23	25	23	22	23	31	26
Worse Off	46	44	44	39	44	45	33	41
Net Balance	-26	-21	-18	-17	-22	-22	-2	-15
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	47	55	56	56	57	55	61	57
Worse Off	20	16	12	12	13	15	10	17
Net Balance	27	39	44	43	44	40	50	40
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	31	40	48	53	52	47	57	53
Bad Times	42	39	28	21	22	25	17	24
Net Balance	-10	1	19	32	29	22	39	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	56	62	64	68	59	56	61	63
Bad Times	13	13	13	11	13	14	13	14
Net Balance	43	49	52	57	46	42	48	49
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	45	37	45	48	48	48	53	49
Bad Time to Buy	40	43	41	35	38	37	32	34
Net Balance	5	-6	3	13	10	11	22	15
ANZ Roy Morgan Consumer Confidence Rating (100 plus the unweighted average of the five net balances)								
	107.8	112.3	120.0	125.9	121.5	118.6	131.4	123.6



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- Associate Member of Investment Savings & Insurance Association of NZ;
- Financial Markets Operations Association; and
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- 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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