

ANZ-Roy Morgan NZ Consumer Confidence

30 August 2019



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The next issue of the ANZ-Roy Morgan Consumer Confidence is scheduled for release on 27 September 2019 at 10am.

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Slightly under par

Summary

- Consumer confidence lifted 2 points in August to 118, slightly below the historical average.
- The Current Conditions Index rose 1 point, while the Future Conditions Index lifted 2 points.
- The proportion of households who **think it's** a good time to buy a major household item was unchanged at a respectable 39%.

The ANZ-Roy Morgan Consumer Confidence Index rose 2 points to 118 in **August, unwinding some of last months' 6-point fall**. The Current Conditions Index rose 1 point to 127, while the Future Conditions Index lifted 2 points to 112.

Figure 1. ANZ-Roy Morgan Consumer Confidence



Source: ANZ Research, Roy Morgan

Turning to the detail:

- Consumers' **perceptions of** their current financial situation rose 4 points to a net 16% feeling financially better off than a year ago.
- A net 27% of consumers expect to be better off financially this time next year, a solid 6 point bounce-back versus last month.
- A net 39% think **it's a good time to buy a major household item**, unchanged.
- Perceptions regarding the **next year's** economic outlook were unchanged at a net 1% expecting conditions to worsen. The five-year outlook was unchanged at +11%.
- Improvements in confidence in Auckland and Canterbury led the lift in the index. The only region where confidence fell was the North Island excluding Auckland and Wellington.
- House price inflation expectations remain weakest in Canterbury (1.5%) and are strongest in the rest of the South Island (3.8%). General inflation expectations were little changed at 3.2%.

Consumer confidence rose 2 points in August to 118, not far below its historical average of 120. Confidence in both current and future conditions lifted, but consumers continue to be more sure about the here and now.

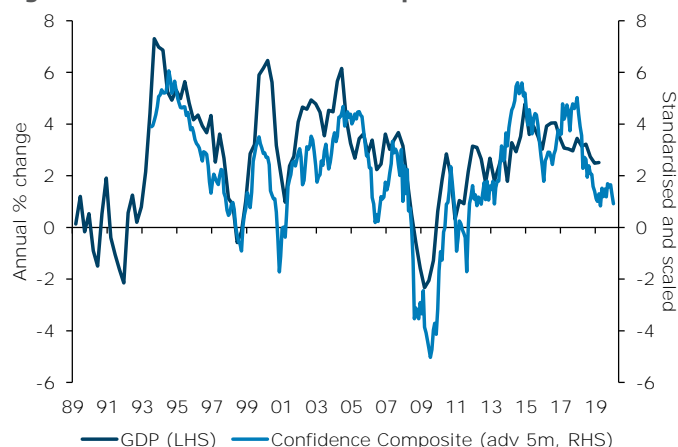
Households are feeling relatively robust at the moment. Low interest rates are set to provide another support. A key downside risk over the year ahead is that employment indicators have deteriorated: employment intentions out of key business surveys (ANZBO, QSBO, PMI) and job ads. While the labour market is undeniably tight at the moment, that appears set to change.

For now, however, the proportion of people who **think it's** a good time to buy a major household item remains high, which is good news for retailers.

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 remains within recent low ranges, in line with our pick that while economic growth slowed this year it is finding a floor (figure 2). We expect that the 50bp OCR cut delivered in August will filter through to consumers in time which should lift confidence, as long as the labour market holds up.

Figure 2. GDP vs Confidence Composite



Source: ANZ Research, Roy Morgan, Statistics NZ



Tables and charts

Survey Summary	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19
No. of Interviews	1,000	1,001	1,001	1,000	1,002	1,001	1,001	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	35	34	36	32	37	37	37
Worse Off	22	21	23	22	22	22	25	22
Net Balance	12	14	12	14	10	15	12	16

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

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	38	38	39	35	33	38	31	30
Bad Times	27	29	29	26	26	26	33	32
Net Balance	12	9	10	9	7	12	-1	-1

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	41	38	40	35	32	35	34	33
Bad Times	22	23	20	17	18	19	23	22
Net Balance	20	15	21	18	14	16	11	11

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	55	57	56	60	58	56	56	58
Bad Time to Buy	19	18	18	14	16	16	17	19
Net Balance	36	39	38	46	43	40	39	39

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	70	72	73	72	72	71	73	70
Go Down	6.5	5.8	5.2	4.9	4.7	4.9	5.3	6.5
Expectation (%)	3.5	3.4	3.7	4.0	3.6	4.0	3.1	3.2

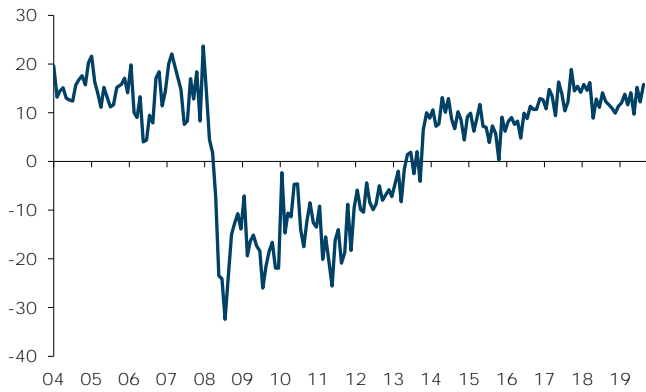
Q7. Specifically thinking about the price of houses during the next 2 years, do you think that the price of houses in general will go up, go down, or stay where they are now? And if up, what is the expected percentage per year?								
Go Up	56	52	51	51	54	55	55	54
Go Down	15.7	18.6	17.8	20.1	16.9	15.2	14.2	17.2
Expectation (%)	2.7	2.7	2.7	2.8	2.6	3.1	2.5	2.8

ANZ Roy Morgan Consumer Confidence Rating (100 plus the unweighted average of the net balances of Q1-5)								
Overall Index	121.7	120.8	121.8	123.2	119.3	122.6	116.4	118.2
Current Conditions	124.2	126.2	125.0	129.8	126.2	127.6	125.8	127.2
Future Conditions	120.1	117.3	119.7	118.8	114.7	119.3	110.2	112.2

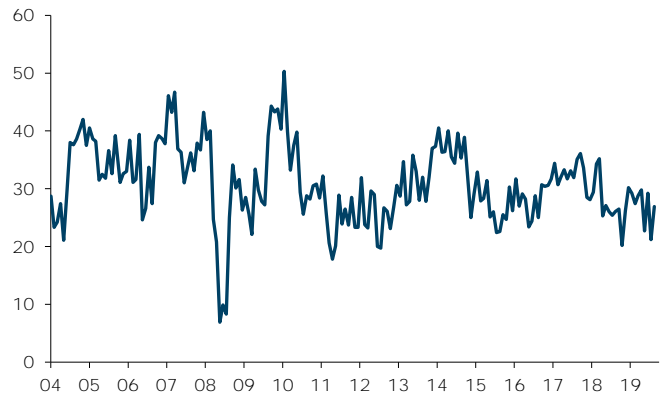


Tables and charts

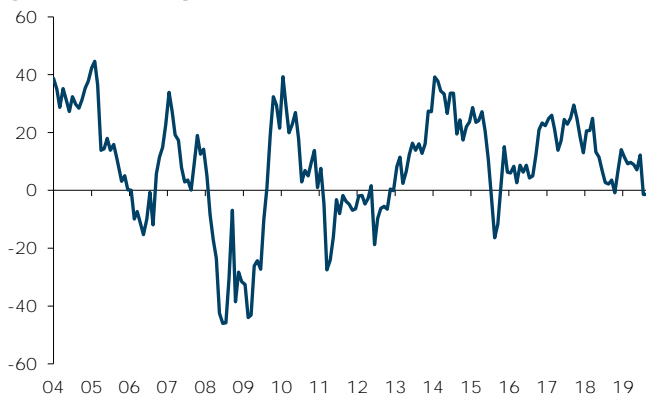
Q1. Better off past year



Q2. Better off next year



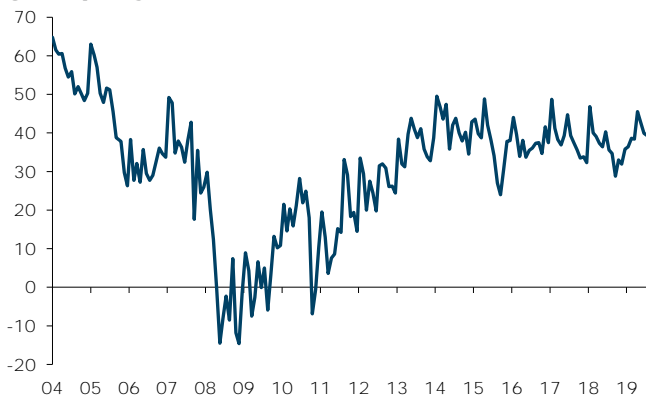
Q3. NZ economy 12 months' time



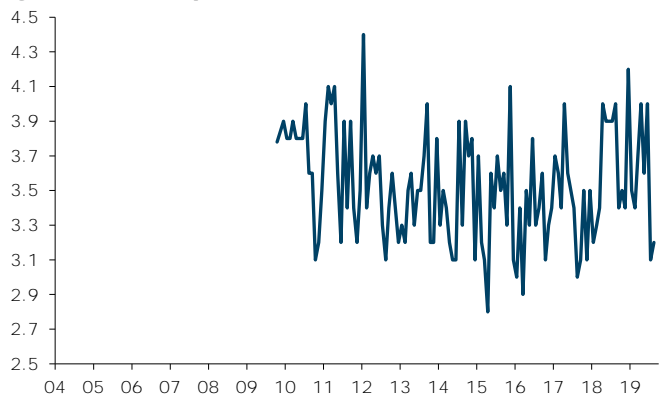
Q4. Outlook 5 years ahead



Q5. Buy major household item



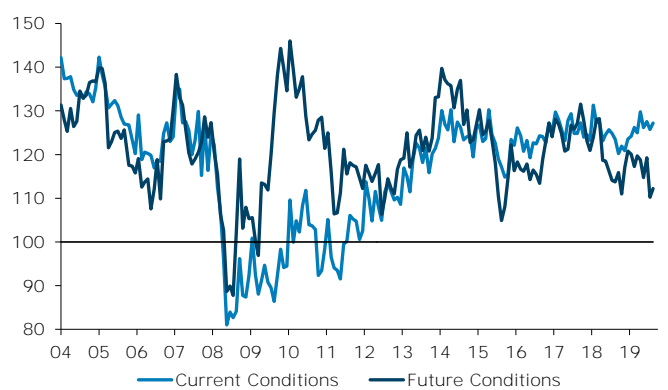
Q6. Inflation expectations



Q7. House price inflation expectations



Current vs future conditions



Source: ANZ Research, Roy Morgan



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