

ANZ-Roy Morgan NZ Consumer Confidence

28 June 2019



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The next issue of the ANZ-Roy Morgan Consumer Confidence is scheduled for release on 2 August 2019 at 10am.

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Still solid

Summary

- Consumer confidence rose 3 points in June to 123, above the historical average.
- The Current Conditions Index rose 2 points and the Future Conditions Index lifted 4 points.
- The proportion of households who **think it's** a good time to buy a major household item fell 3 points but remains at solid levels.

The ANZ-Roy Morgan Consumer Confidence Index rose 3 points to 123, **unwinding most of last month's fall to sit a bit above** its historical average. The Current Conditions Index rose 2 points to 128, while the Future Conditions Index rose 4 points to 119.

Figure 1. ANZ-Roy Morgan Consumer Confidence



Source: ANZ Research, Roy Morgan

Turning to the detail:

- Consumers' **perceptions of** their current financial situation lifted 5 points to a net 15% feeling financially better off than a year ago.
- A net 29% of consumers expect to be better off financially this time next year, up 6 points.
- A net 40% think **it's a good time to buy a major household item**, down 3.
- Perceptions regarding the **next year's** economic outlook lifted 5 points to a net 12% expecting conditions to improve. The five-year outlook rose 2 points to +16%.
- By region, Wellington continues to lead the charge, unchanged at 128. The least confident region is the North Island excluding Auckland and Wellington, though it rose 5 points to 119.
- Nonetheless this is the region with the strongest house price inflation expectations, up 0.3%pts to 3.4%. The various regions are quite tightly bunched around the national average of 3.1% (up 0.5%pt).
- Inflation expectations rose 0.4%pts to 4.0%.

Consumer confidence rose 3 points in June to be above its historical average of 120. As has been the case for some time, the current conditions index (127.6) sits well above confidence in future conditions (119.3), though the latter rose more this month.

Consumer confidence has proven resilient in the face of housing market softness in Auckland and Christchurch. No doubt stronger housing markets elsewhere helped, along with the strong labour market and lower mortgage rates. Despite the clearly cooling economy, confidence in the future of the economy lifted. This will have helped support the high proportion of people still thinking it's a good time to buy a major household item, which will be supportive of spending in the near term (figure 2).

Figure 2. Good time to buy major household item vs. real retail sales

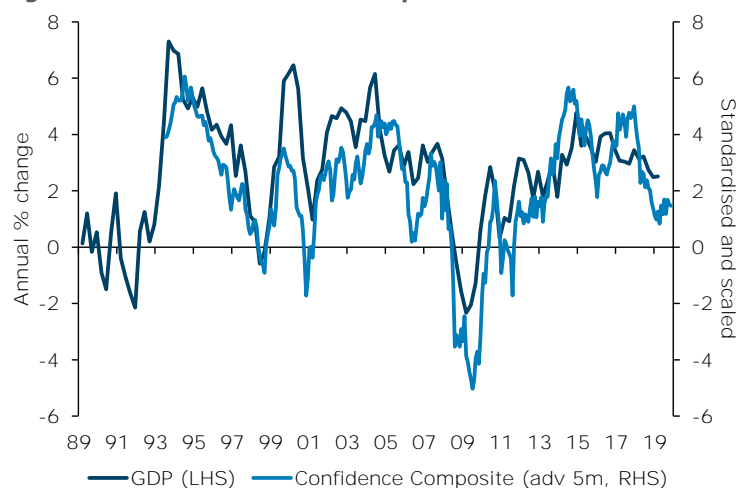


Source: ANZ Research, Roy Morgan, Statistics NZ

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 is consistent with our expectation that economic growth will find a floor mid-year (figure 3). We expect a fairly modest recovery in growth, while the Reserve Bank is forecasting something more vigorous. It is too soon for leading indicators such as our confidence composite and the ANZ Light Traffic Index to come down on one side or the other.

Figure 3. GDP vs Confidence Composite



Source: ANZ Research, Roy Morgan, Statistics NZ



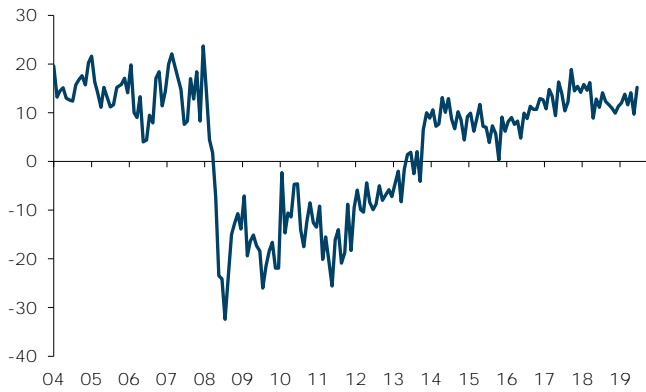
Tables and charts

Survey Summary	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19
No. of Interviews	1,000	1,000	1,000	1,001	1,001	1,000	1,002	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	34	34	35	34	36	32	37
Worse Off	24	23	22	21	23	22	22	22
Net Balance	10	11	12	14	12	14	10	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	44	46	45	44	46	45	39	46
Worse Off	18	16	16	16	17	16	16	17
Net Balance	26	30	29	27	29	30	23	29
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	37	40	38	38	39	35	33	38
Bad Times	30	26	27	29	29	26	26	26
Net Balance	7	14	12	9	10	9	7	12
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	40	40	41	38	40	35	32	32
Bad Times	22	22	22	23	20	17	18	19
Net Balance	18	18	20	15	21	18	14	16
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	52	56	55	57	56	60	58	56
Bad Time to Buy	21	20	19	18	18	14	16	16
Net Balance	32	36	36	39	38	46	43	40
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	75	74	70	72	73	72	72	71
Go Down	5.0	4.9	6.5	5.8	5.2	4.9	4.7	4.9
Expectation (%)	3.4	4.2	3.5	3.4	3.7	4.0	3.6	4.0
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	56	56	52	51	51	54	55
Go Down	14.8	15.4	15.7	18.6	17.8	20.1	16.9	15.2
Expectation (%)	2.9	2.9	2.7	2.7	2.7	2.8	2.6	3.1
ANZ Roy Morgan Consumer Confidence Rating (100 plus the unweighted average of the net balances of Q1-5)								
Overall Index	118.6	121.9	121.7	120.8	121.8	123.2	119.3	122.6
Current Conditions	120.9	123.6	124.2	126.2	125.0	129.8	126.2	127.6
Future Conditions	117.0	120.8	120.1	117.3	119.7	118.8	114.7	119.3



Tables and charts

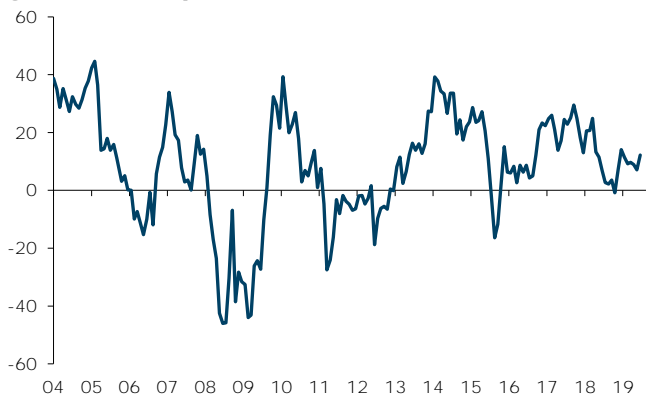
Q1. Better off past year



Q2. Better off next year



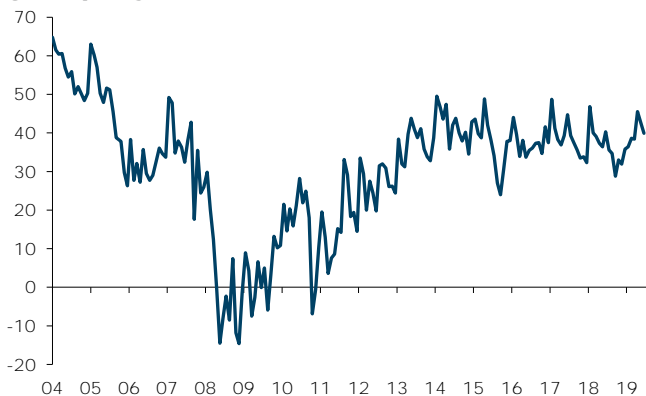
Q3. NZ economy 12 months' time



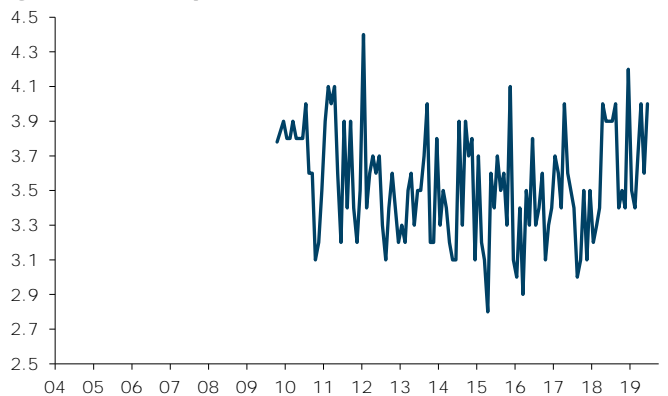
Q4. Outlook 5 years ahead



Q5. Buy major household item



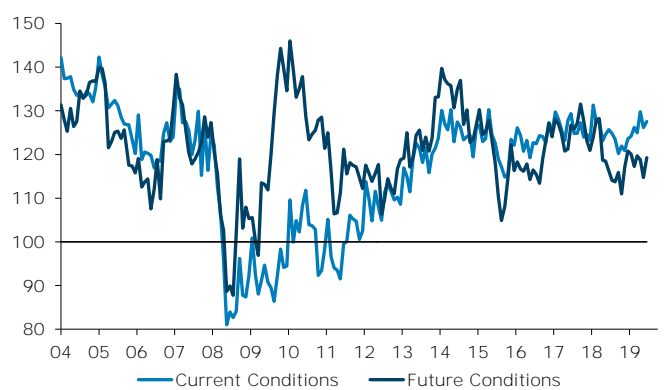
Q6. Inflation expectations



Q7. House price inflation expectations



Current vs future conditions



Source: ANZ Research, Roy Morgan



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