

## ANZ-Roy Morgan NZ Consumer Confidence

29 November 2019



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The next issue of the ANZ-Roy Morgan Consumer Confidence is scheduled for release on 20 December 2019 at 10am.

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## Summer is coming

### Summary

- Consumer confidence lifted 3 points in November to 121, building on a 4 point rise last month.
- The Current Conditions Index rose 1 point (to 129), while the Future Conditions Index rose 3 points (to 115).
- The proportion of households who **think it's** a good time to buy a major household item lifted 5 points to 41%, **recovering last month's fall**.

The ANZ-Roy Morgan Consumer Confidence Index rose 3 points to 121 in November. The lift was driven by increased confidence about the economic outlook, but confidence that **it's a good time to buy a major item** lifted as well.

**Figure 1. ANZ-Roy Morgan Consumer Confidence**



Source: ANZ Research, Roy Morgan

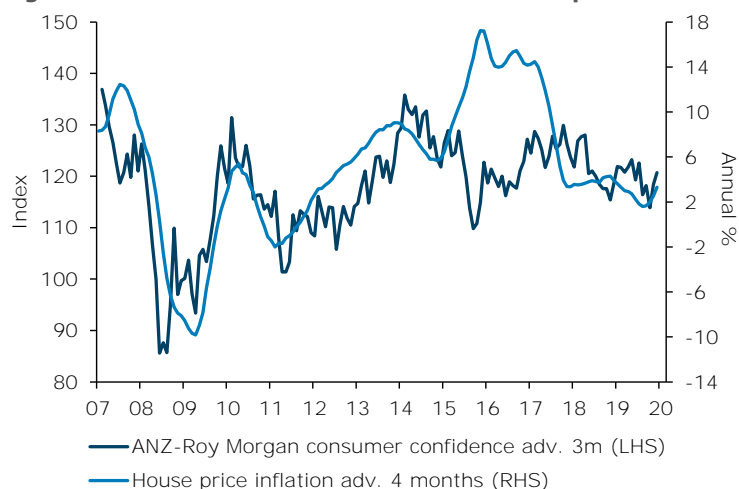
Turning to the detail:

- Consumers' **perceptions of** their current financial situation dipped 3 points, but remains above its average read for this year. A net 17% feel financially better off than a year ago.
- A net 26% of consumers expect to be better off financially this time next year, down 3 points versus last month.
- A net 41% think **it's a good time to buy a major household item**, up 5.
- Perceptions regarding the **next year's** economic outlook rose another 7 points to a net 4% expecting conditions to improve. The five-year outlook rose 5 points to +15%.
- Confidence rose in three of the five regions, most sharply in Canterbury. Wellington remains the most optimistic region and the South Island ex-Canterbury the least.
- House price inflation expectations lifted in all regions, most sharply in Wellington (up 1.5%pts to 4.3%). Auckland had the weakest lift (up 0.3%pts to 2.8%). The national average rose 0.7%pts to 3.7%, the strongest since July last year. General inflation expectations eased 0.2%pts to 3.1%.

The 3 point lift in consumer confidence took the series just above its historical average of 120. Confidence in both current and future conditions lifted, but not across all questions: fewer respondents reported that they currently feel better off compared to a year ago, and that they expect to be better off a year from now.

Things are pretty good for New Zealand households right now. They have a lot of debt, certainly, **as the Reserve Bank’s Financial Stability Report again pointed out this week, but jobs are pretty easy to find, there’s been some decent wage growth, and the housing market is lifting** – not the slam dunk for consumer confidence that it used to be (figure 2) but still important.

**Figure 2. ANZ Consumer Confidence and house price inflation**

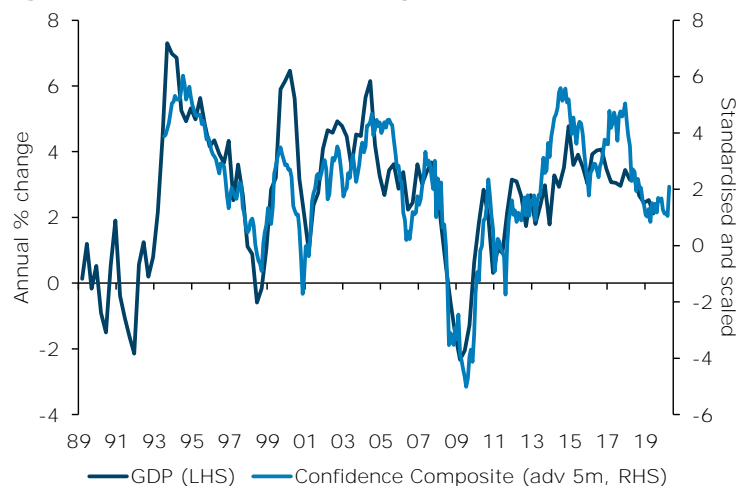


Source: ANZ Research, Roy Morgan, REINZ

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 lifted sharply this month (figure 3), primarily due to the sharp lift in ANZBO indicators. It is consistent with our view that while the headwinds facing the economy are real, growth should bottom out around the 2% mark, as easing monetary conditions and remarkably resilient commodity prices (touch wood) feed through.

**Figure 3. GDP vs Confidence Composite**



Source: ANZ Research, Roy Morgan, Statistics NZ



## Tables and charts

Survey Summary	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19
No. of Interviews	1,000	1,002	1,001	1,001	1,001	1,000	1,001	998

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	36	32	37	37	37	33	41	37
Worse Off	22	22	22	25	22	22	21	20
<b>Net Balance</b>	<b>14</b>	<b>10</b>	<b>15</b>	<b>12</b>	<b>16</b>	<b>11</b>	<b>20</b>	<b>17</b>

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	39	46	42	44	40	45	41
Worse Off	16	16	17	21	17	17	16	15
<b>Net Balance</b>	<b>30</b>	<b>23</b>	<b>29</b>	<b>21</b>	<b>27</b>	<b>23</b>	<b>29</b>	<b>26</b>

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	35	33	38	31	30	26	29	32
Bad Times	26	26	26	33	32	35	31	28
<b>Net Balance</b>	<b>9</b>	<b>7</b>	<b>12</b>	<b>-1</b>	<b>-1</b>	<b>-10</b>	<b>-3</b>	<b>4</b>

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	35	32	35	34	33	29	32	34
Bad Times	17	18	19	23	22	24	21	19
<b>Net Balance</b>	<b>18</b>	<b>14</b>	<b>16</b>	<b>11</b>	<b>11</b>	<b>4</b>	<b>10</b>	<b>15</b>

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	60	58	56	56	58	58	56	58
Bad Time to Buy	14	16	16	17	19	18	20	17
<b>Net Balance</b>	<b>46</b>	<b>43</b>	<b>40</b>	<b>39</b>	<b>39</b>	<b>41</b>	<b>36</b>	<b>41</b>

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	72	72	71	73	70	70	75	70
Go Down	4.9	4.7	4.9	5.3	6.5	4.8	3.8	5.3
<b>Expectation (%)</b>	<b>4.0</b>	<b>3.6</b>	<b>4.0</b>	<b>3.1</b>	<b>3.2</b>	<b>3.5</b>	<b>3.3</b>	<b>3.1</b>

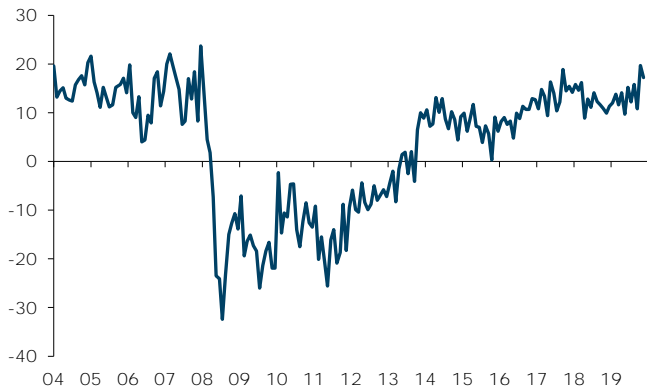
Q7. Specifically thinking about the price of houses during the next 2 years, do you think that the price of houses in general will go up, go down, or stay where they are now? And if up, what is the expected percentage per year?								
Go Up	51	54	55	55	54	54	59	66
Go Down	20.1	16.9	15.2	14.2	17.2	14.4	11.9	8.1
<b>Expectation (%)</b>	<b>2.8</b>	<b>2.6</b>	<b>3.1</b>	<b>2.5</b>	<b>2.8</b>	<b>2.8</b>	<b>3.0</b>	<b>3.7</b>

ANZ Roy Morgan Consumer Confidence Rating (100 plus the unweighted average of the net balances of Q1-5)								
<b>Overall Index</b>	<b>123.2</b>	<b>119.3</b>	<b>122.6</b>	<b>116.4</b>	<b>118.2</b>	<b>113.9</b>	<b>118.4</b>	<b>120.7</b>
Current Conditions	129.8	126.2	127.6	125.8	127.2	125.8	127.8	129.2
Future Conditions	118.8	114.7	119.3	110.2	112.2	106.0	112.1	115.0

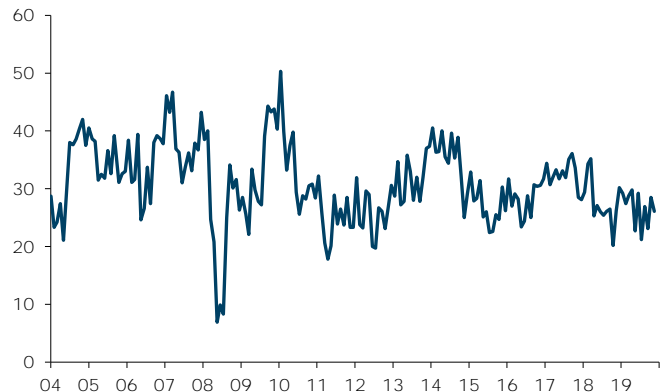


## Tables and charts

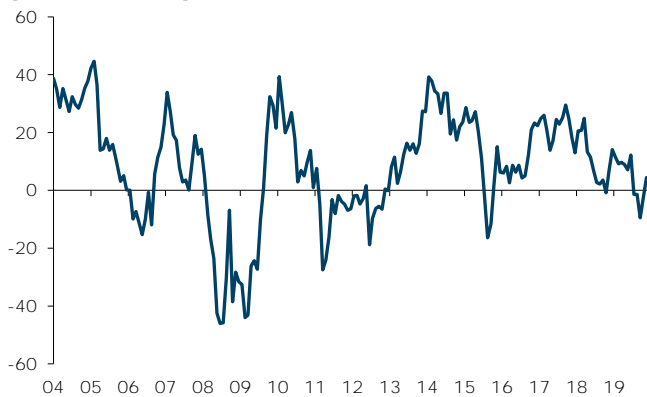
**Q1. Better off past year**



**Q2. Better off next year**



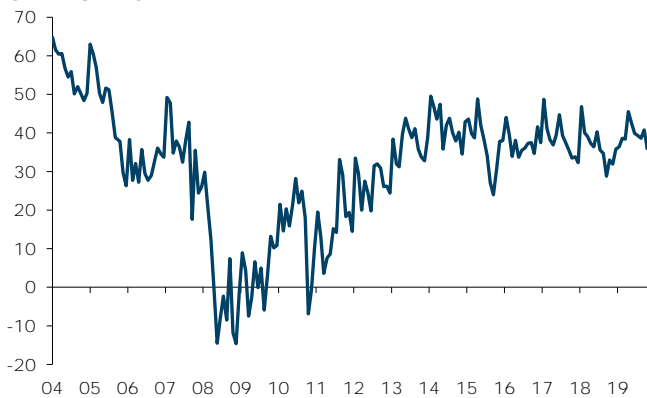
**Q3. NZ economy 12 months' time**



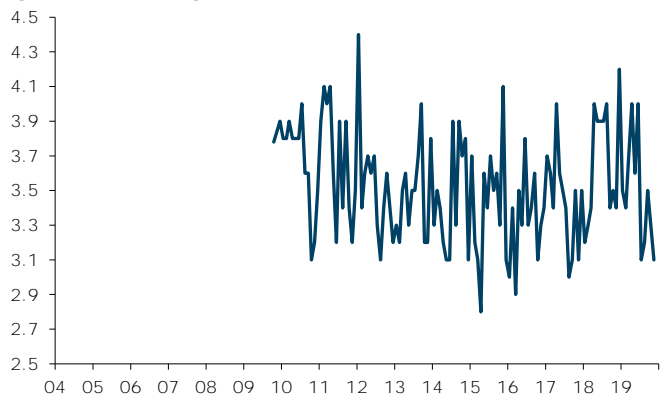
**Q4. Outlook 5 years ahead**



**Q5. Buy major household item**



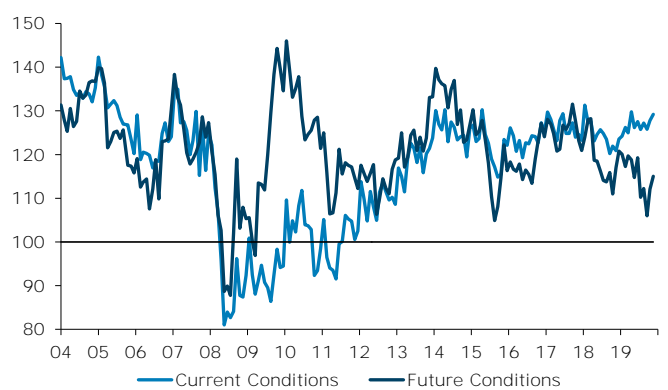
**Q6. Inflation expectations**



**Q7. House price inflation expectations**



**Current vs future conditions**



Source: ANZ Research, Roy Morgan



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