

ANZ-Roy Morgan NZ Consumer Confidence

28 February 2020



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The next issue of the ANZ-Roy Morgan Consumer Confidence is scheduled for release on 27 March 2020 at 10am.

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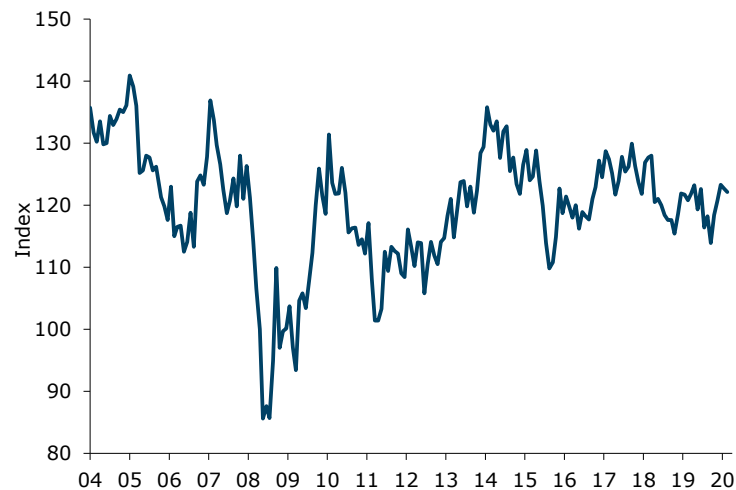
Started solid

Key points

- Consumer confidence eased 1 point in February to 122. This is a solid start to the year, following gains made at the end of 2019.
- The proportion of households who think it's a good time to buy a major household item fell back to 41%, still a strong level.
- Consumers are feeling good for now, but emerging global risks could weigh in coming months due to the worrying COVID-19 outbreak.

The ANZ-Roy Morgan Consumer Confidence Index fell just a smidgen in February, and is still solid. Households are feeling pretty good about life.

Figure 1. ANZ-Roy Morgan Consumer Confidence



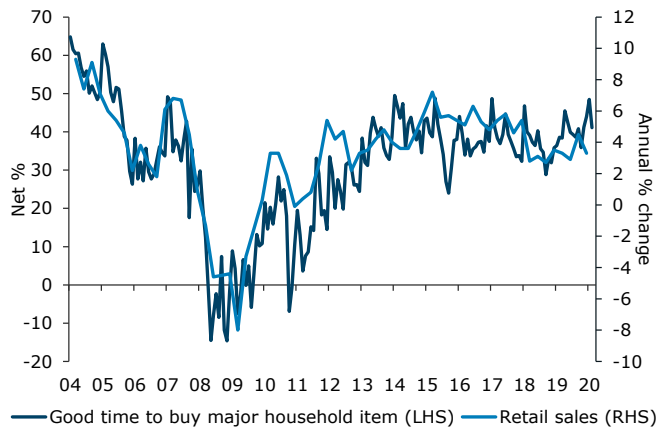
Source: ANZ Research, Roy Morgan

Turning to the detail:

- Consumers' perceptions of their current financial situation rose 3 points. A net 14% feel financially better off than a year ago.
- A net 32% of consumers expect to be better off financially this time next year, up 2 points.
- A net 41% think it's a good time to buy a major household item, down 8, but still strong. The bullish housing market will be supporting this result.
- Perceptions regarding the next year's economic outlook fell 7 points to a net 3% expecting conditions to improve, the weakest since October. This series is most correlated with business confidence. The five-year outlook rose 7 points to +20%.
- Confidence rose in three of the five regions, but Wellington suffered a dramatic fall from grace, going from strongest to weakest (down 15).
- House price inflation expectations lifted in every region, but the regions remain stronger than the main centres. The national average rose 0.9%pts to 5.3% y/y, the strongest since late 2016. Inflation expectations rose 0.1%pts to 3.8%.

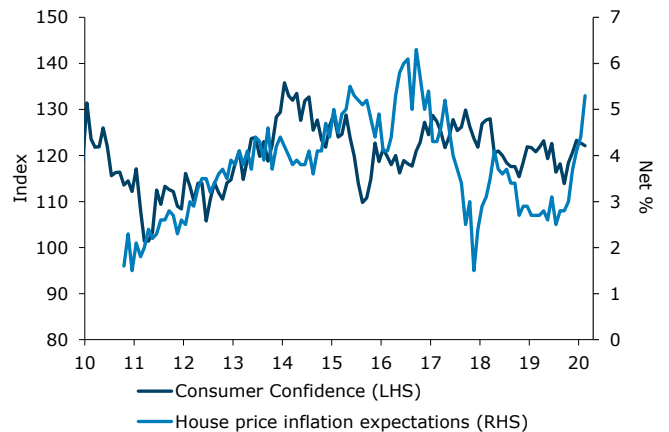
New Zealand consumers are feeling pretty happy with their lot at the moment – the lifting housing market is making homeowners feel richer, job opportunities are relatively plentiful, and interest rates are low. Expectations of good times continuing will support spending today (figures 2 and 3). But as our Business Outlook survey yesterday showed, businesses are becoming more worried about the outlook. For our part, we have been revising down our growth forecasts markedly in response to the global COVID-19 outbreak.

Figure 2. ANZ Consumer Confidence “Good time to buy a major household item” and retail sales



Source: Statistics NZ, ANZ Research, Roy Morgan

Figure 3. ANZ Consumer Confidence and house price inflation expectations

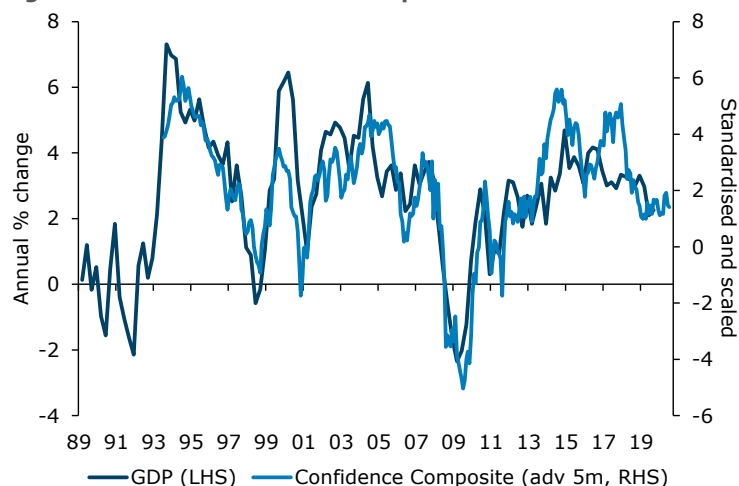


Source: ANZ Research, Roy Morgan

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 held onto its gains in February (figure 4), with the economy starting the year strong. But business expectations did slip as last month progressed. Where the world economy goes, New Zealand usually follows, and a stall in economic activity is entirely possible over the first half of the year as tourism, export and import disruptions work their way through.

Consumers are certainly not at the pointy end of the economy as regards global shocks, and for now, are pretty insulated. But emerging developments could weigh on confidence in coming months. Let’s hope the shock is brief enough and distant enough that households remain untouched, but it must be said that the “sharp but short” economic scenario is slipping away as cases of COVID-19 outside of China continue to rise rapidly.

Figure 4. GDP vs Confidence Composite



Source: ANZ Research, Roy Morgan, Statistics NZ



Tables and charts

Survey Summary	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20
No. of Interviews	1,001	1,001	1,000	1,001	998	1,004	998	1,004

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	37	37	33	41	37	39	35	35
Worse Off	25	22	22	21	20	20	24	21
Net Balance	12	16	11	20	17	19	11	14

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	42	44	40	45	41	45	45	43
Worse Off	21	17	17	16	15	15	15	11
Net Balance	21	27	23	29	26	30	30	32

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	30	26	29	32	35	37	30
Bad Times	33	32	35	31	28	27	26	27
Net Balance	-1	-1	-10	-3	4	9	10	3

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	34	33	29	32	34	35	34	37
Bad Times	23	22	24	21	19	20	20	17
Net Balance	11	11	4	10	15	15	13	20

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	56	58	58	56	58	61	64	57
Bad Time to Buy	17	19	18	20	17	17	15	16
Net Balance	39	39	41	36	41	44	49	41

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	73	70	70	75	70	74	71	73
Go Down	5.3	6.5	4.8	3.8	5.3	4.6	3.3	3.0
Expectation (%)	3.1	3.2	3.5	3.3	3.1	3.1	3.7	3.8

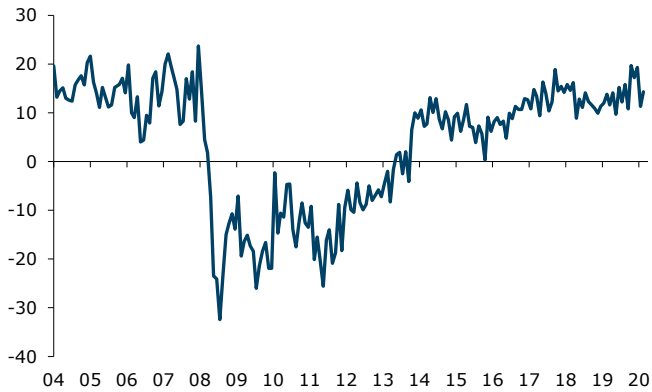
Q7. Specifically thinking about the price of houses during the next 2 years, do you think that the price of houses in general will go up, go down, or stay where they are now? And if up, what is the expected percentage per year?								
Go Up	55	54	54	59	66	74	74	78
Go Down	14.2	17.2	14.4	11.9	8.1	6.9	6.2	5.2
Expectation (%)	2.5	2.8	2.8	3.0	3.7	4.1	4.4	5.3

ANZ Roy Morgan Consumer Confidence Rating (100 plus the unweighted average of the net balances of Q1-5)								
Overall Index	116.4	118.2	113.9	118.4	120.7	123.3	122.7	122.1
Current Conditions	125.8	127.2	125.8	127.8	129.2	131.7	129.9	127.7
Future Conditions	110.2	112.2	106.0	112.1	115.0	117.7	117.9	118.4

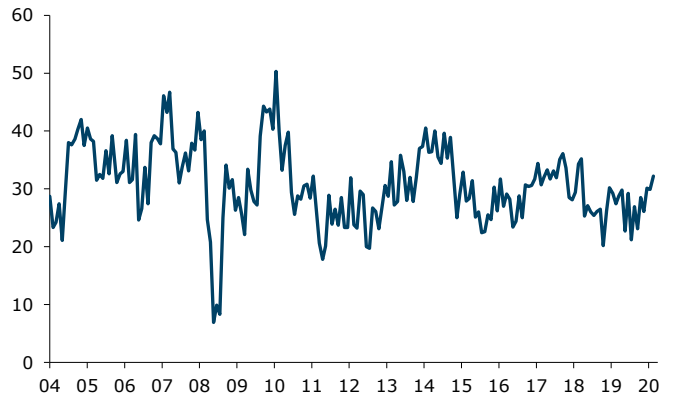


Tables and charts

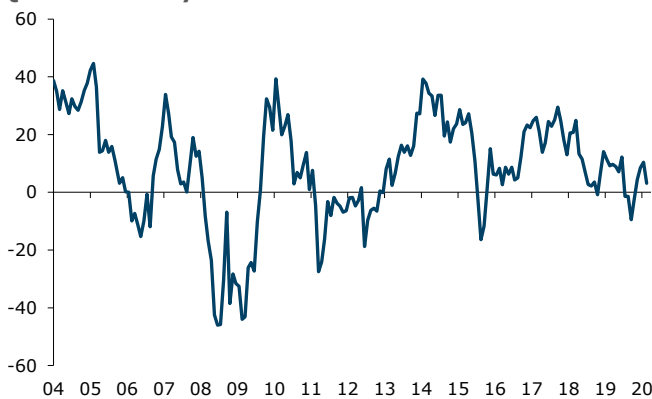
Q1. Better off past year



Q2. Better off next year



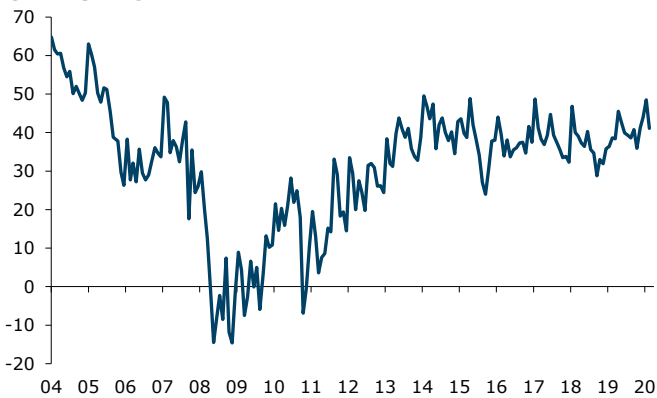
Q3. NZ economy 12 months' time



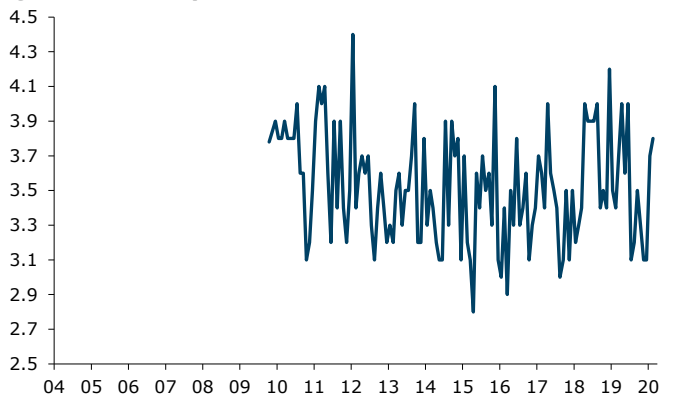
Q4. Outlook 5 years ahead



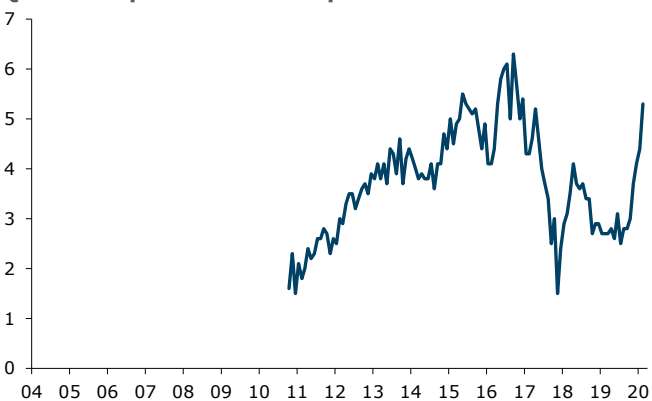
Q5. Buy major household item



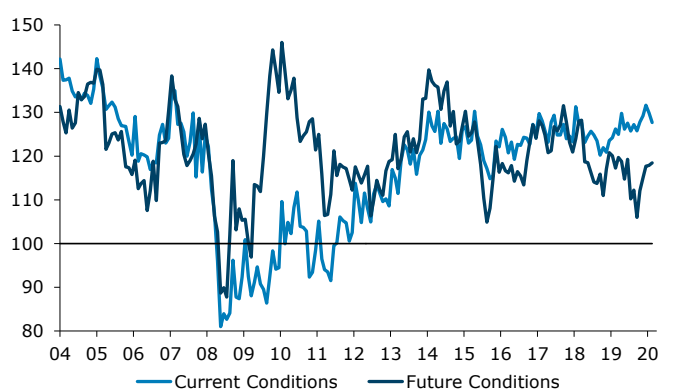
Q6. Inflation expectations



Q7. House price inflation expectations



Current vs future conditions



Source: ANZ Research, Roy Morgan



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