

ANZ-Roy Morgan NZ Consumer Confidence

30 October 2020



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Contact

Sharon Zollner for more details.

See [page 5](#).

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

On the up

Key points

- Consumer confidence lifted 9 points to 108.7 in October, with the current and future conditions indexes lifting by similar amounts. It remains under par – its historical average is around 120 – but it's much improved.
- The key retail spending indicator of the net proportion of households who think it's a good time to buy a major household item improved 12 points to +11% – that's still a recessionary level.

The ANZ-Roy Morgan Consumer Confidence Index bounced in October. The profile is remarkably similar to business sentiment indicators: a sharp bounce, a wobble, then renewed improvement to still slightly under-par levels.

Figure 1. ANZ-Roy Morgan Consumer Confidence



Source: ANZ Research, Roy Morgan

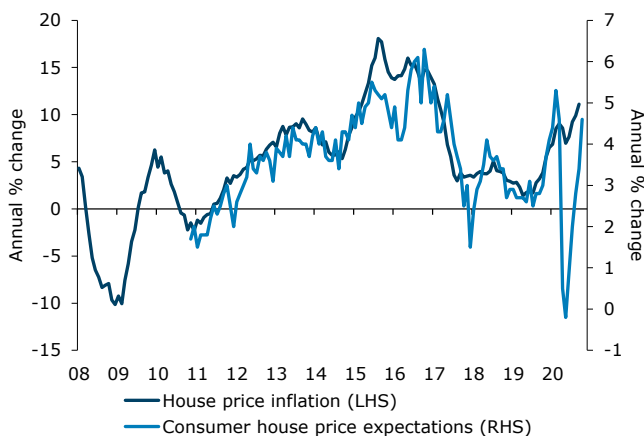
Turning to the detail:

- Consumers' perceptions of their current financial situation lifted 5 points to +3, breaking a run of three consecutive (small) falls.
- A net 28% of consumers expect to be better off financially this time next year, up 6 points in another welcome change of direction.
- A net 11% think it is a good time to buy a major household item, an improvement of 12 points. That's still consistent with tough times ahead for the retail sector.
- Perceptions regarding the next year's economic outlook lifted 14 points to a still-wary -21%. The five-year outlook rose 7 points to +22%.
- House price inflation expectations lifted again, up 1.2%pts to 4.6%. They rose in every region, and are strongest in Wellington (5.5%).
- General inflation expectations rose 0.6%pts to 3.8%, the highest since February.

Households are increasingly confident that the housing boom has legs (figure 2), but they remain wary about whether it is a good time to splash the cash.

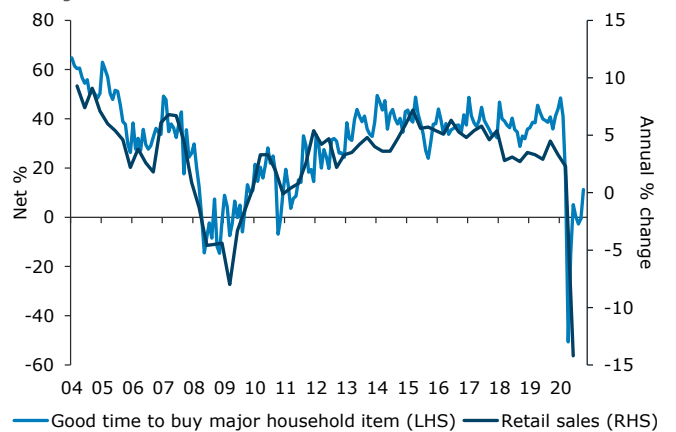
Willingness to buy a major household item is the best retail spending indicator in the survey (figure 3). It remains at levels suggesting heavily curtailed spending, despite the strong housing market. That’s not what we’ve seen so far in the high-frequency data, but it would be an entirely rational response to the economic uncertainty and income shock New Zealand is facing. It’s figure 2 we have some concerns about. Housing booms certainly create a vibe on the street, but they are not a win for everyone, and are a little nerve-wracking in an economy facing a large negative income hit.

Figure 2. House price outcomes and expectations



Source: REINZ, Roy Morgan, ANZ Research

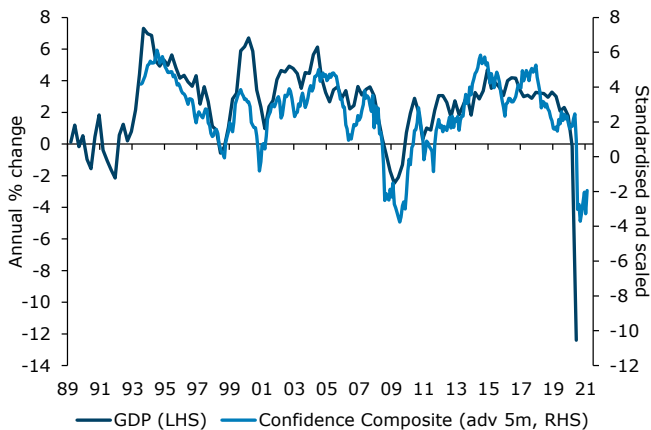
Figure 3. ANZ Consumer Confidence “Good time to buy a major household item” and retail sales



Source: Statistics NZ, ANZ Research, Roy Morgan

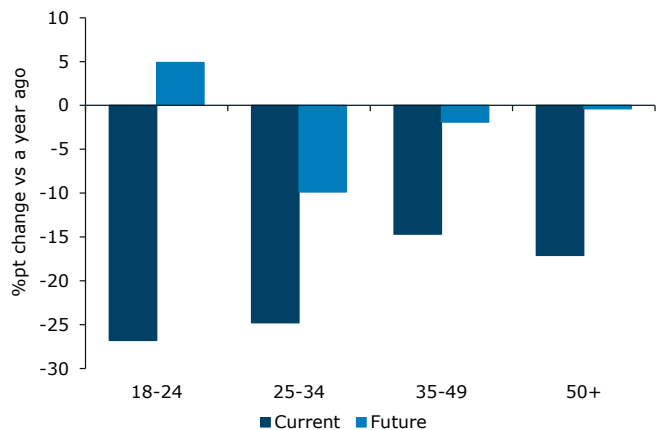
Our confidence composite gauge combines lagged business expectations and intentions (from the October ANZBO) with consumer sentiment to give a growth indicator. The composite remains around its lows (figure 4).

Figure 4. GDP vs Confidence Composite



Source: ANZ Research, Roy Morgan, Statistics NZ

Figure 5. Current and future conditions by age group



New Zealand households are in a delicate balance. Job security has taken a hit, but not evenly – it’s primarily amongst young people and lower income earners in retail, tourism and hospitality – though the full force hasn’t been felt yet due to the wage subsidy. House price increases are making homeowners feel richer and renters/first-time buyers poorer. All up, it makes sense that perceptions of current economic conditions amongst 18-34 year olds are down far more than those aged 35 and over (figure 5). There’s nothing ‘fair’ about recessions, and this one in particular is hitting vulnerable groups hardest.



Tables and charts

Survey Summary	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20
No. of Interviews	1,006	1,021	998	998	1,001	1,001	997	1,206

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	28	28	31	30	28	27	29
Worse Off	22	31	28	27	28	27	29	26
Net Balance	12	-4	0	4	2	1	-2	3

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	37	39	40	48	45	40	40	41
Worse Off	20	24	17	16	15	13	18	14
Net Balance	17	14	23	32	31	27	22	28

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	16	11	15	16	17	14	12	17
Bad Times	55	67	61	53	50	54	47	38
Net Balance	-39	-56	-46	-37	-33	-41	-35	-21

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	44	41	43	37	39	35	31	36
Bad Times	19	21	19	19	18	18	17	14
Net Balance	25	20	24	19	22	17	15	22

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	47	18	34	42	39	38	36	43
Bad Time to Buy	31	69	48	37	39	41	37	31
Net Balance	16	-51	-15	5	0	-3	-1	11

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	67	58	61	62	65	67	67	70
Go Down	8.9	12.8	14.3	11.9	7.9	8.4	7.2	5.9
Expectation (%)	3.4	3.2	2.9	2.9	3.3	3.2	3.2	3.8

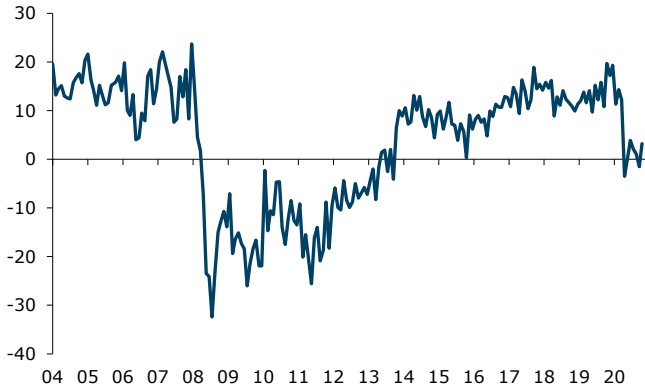
Q7. Specifically thinking about the price of houses during the next 2 years, do you think that the price of houses in general will go up, go down, or stay where they are now? And if up, what is the expected percentage per year?								
Go Up	72	37	33	41	49	56	65	74
Go Down	11.9	37.2	39.6	31.0	22.5	18.5	13.0	9.5
Expectation (%)	4.6	0.5	-0.2	0.9	2.0	2.8	3.4	4.6

ANZ Roy Morgan Consumer Confidence Rating (100 plus the unweighted average of the net balances of Q1-5)								
Overall Index	106.3	84.8	97.3	104.5	104.3	100.2	100.0	108.7
Current Conditions	114.2	73.0	92.7	104.5	101.3	99.2	99.0	107.3
Future Conditions	101.0	92.7	100.4	104.6	106.3	100.9	100.6	109.6

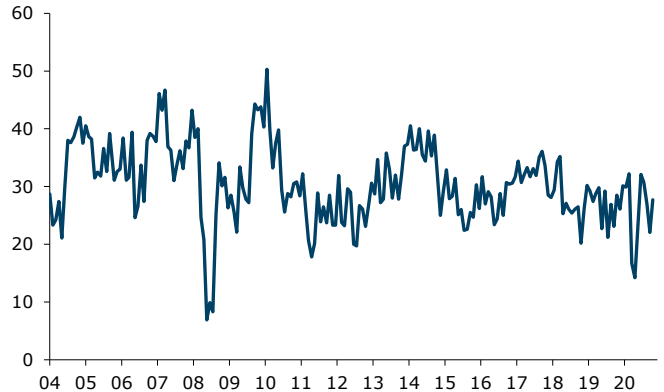


Tables and charts

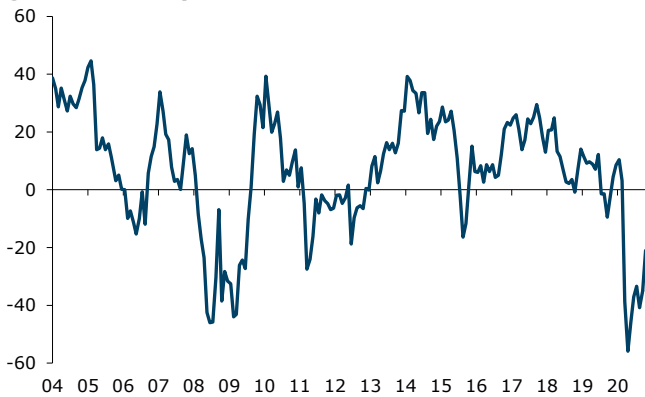
Q1. Better off past year



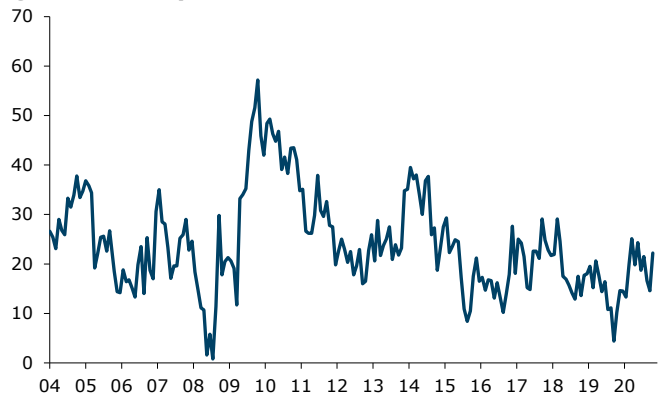
Q2. Better off next year



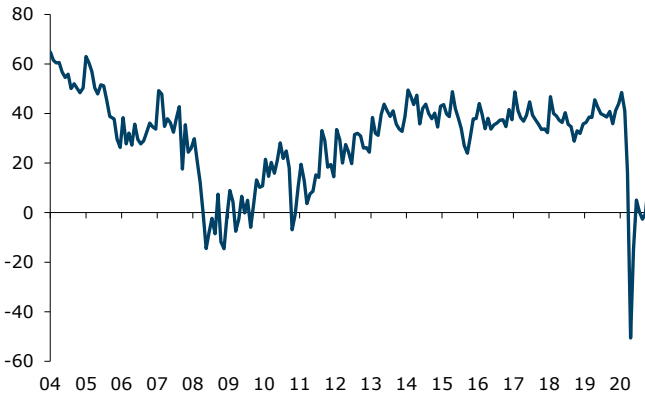
Q3. NZ economy 12 months' time



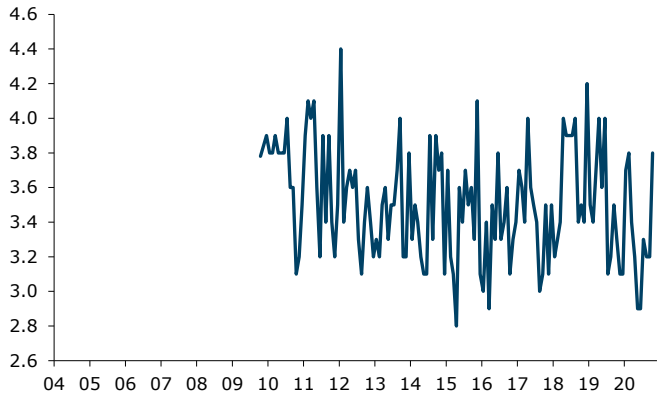
Q4. Outlook 5 years ahead



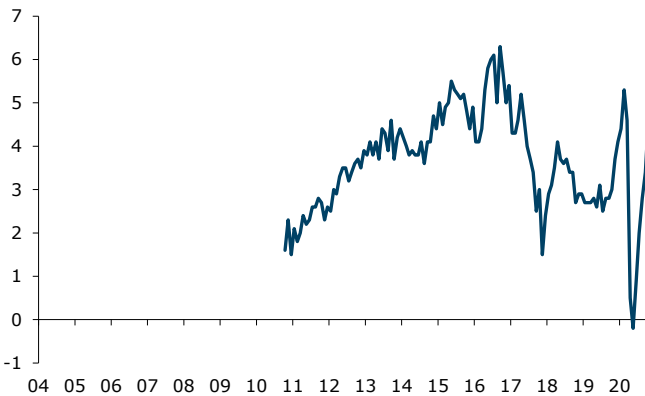
Q5. Buy major household item



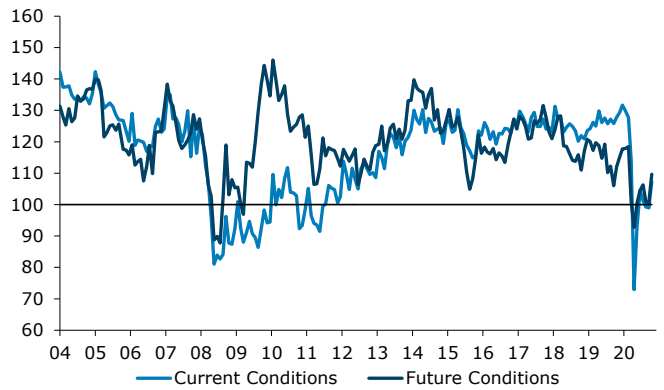
Q6. Inflation expectations



Q7. House price inflation expectations



Current vs future conditions



Source: ANZ Research, Roy Morgan



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