

ANZ-Roy Morgan NZ Consumer Confidence

26 April 2019



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The next issue of the ANZ-Roy Morgan Consumer Confidence is scheduled for release on 31 May 2019 at 10am.

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Time to spend

Summary

- Consumer confidence rose 1 point in April and sits near average levels.
- Perceptions of current conditions rose 5 points, while the future conditions index fell 1 point.
- The proportion of households who **think it's** a good time to buy a major household item rose a solid 8 points.

Consumer confidence was a touch higher in April. The ANZ-Roy Morgan Consumer Confidence Index rose 1 point to 123, near its historical average. Better perceptions of the current situation drove the tick up, with the Current Conditions Index rising 5 points to 130, the highest level since the start of 2018. Meanwhile, the Future Conditions Index ticked down 1 point to 119.

Figure 1. ANZ-Roy Morgan Consumer Confidence



Source: ANZ Research, Roy Morgan

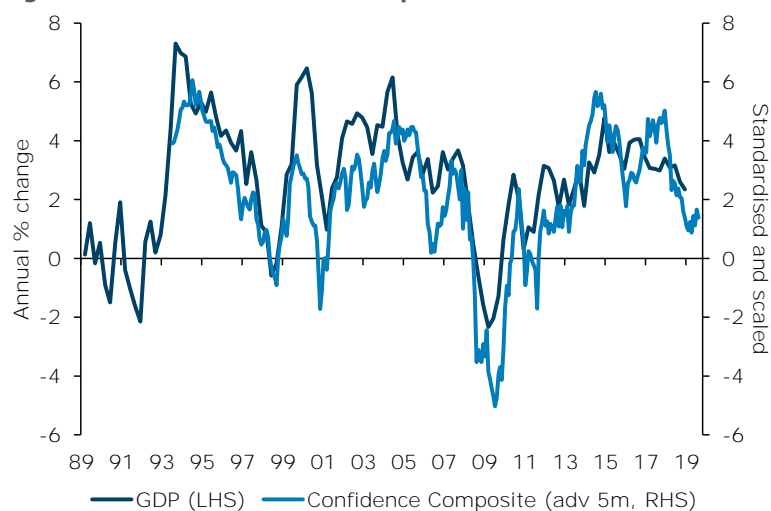
Turning to the detail:

- Consumers' **perceptions** of their current financial situation rose 2 points to a net 14% feeling financially better off than a year ago.
- A net 30% of consumers expect to be better off financially this time next year, up 1 point.
- A net 46% think **it's a good time to buy a major household item**, up 8 points.
- Perceptions regarding the **next year's** economic outlook fell 1 point to a net 9% expecting conditions to improve. The five-year outlook fell 3 points to +18%.
- By region, the South Island outperformed, with Canterbury up 5 points to 126 and the rest of the South Island up 10 points to 125. Auckland retained a 1-year high at 124.
- House price inflation expectations lifted a tick to 2.8%, driven by higher expectations outside of Canterbury (1.8%) and Auckland (1.3%).
- Inflation expectations lifted 0.3%pts to 4.0%.

Consumer confidence remains robust, holding onto a rebound from the lows of late-2018. The overall index remains around its historical average, defying housing market softness and global and domestic growth risks. Confidence about current conditions picked up sharply in April, and is flirting with post-GFC highs. This likely primarily reflects the strong labour market. A high proportion of people **think it's** a good time to buy a major household item. Indeed, this picked up sharply in April, supportive of household spending despite soft housing market activity. However, caution around the economic outlook has kept confidence about future conditions a little more subdued.

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. It continues to suggest that momentum in the economy has slowed considerably, but the composite has stabilised and even started to lift off its lows (figure 2). The recent pickup reflects the lift in consumer confidence regarding current conditions. The composite gauge is consistent with our GDP growth outlook: subdued in the near term (falling to 2% this year), before gradually building towards 3% over the next few years.

Figure 2. GDP vs Confidence Composite



Source: ANZ Research, Roy Morgan, Statistics NZ



Tables and charts

Survey Summary	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19
No. of Interviews	1,009	999	1,000	1,000	1,000	1,001	1,001	1,000

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	34	34	35	34	36
Worse Off	22	25	24	23	22	21	23	22
Net Balance	12	11	10	11	12	14	12	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	45	41	44	46	45	44	46	45
Worse Off	18	21	18	16	16	16	17	16
Net Balance	27	20	26	30	29	27	29	30

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	37	40	38	38	39	35
Bad Times	32	34	30	26	27	29	29	26
Net Balance	4	-1	7	14	12	9	10	9

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	39	35	40	40	41	38	40	35
Bad Times	22	21	22	22	22	23	20	17
Net Balance	18	14	18	18	20	15	21	18

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	51	54	52	56	55	57	56	60
Bad Time to Buy	22	21	21	20	19	18	18	14
Net Balance	29	33	32	36	36	39	38	46

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	78	78	75	74	70	72	73	72
Go Down	5.2	4.1	5.0	4.9	6.5	5.8	5.2	4.9
Expectation (%)	3.4	3.5	3.4	4.2	3.5	3.4	3.7	4.0

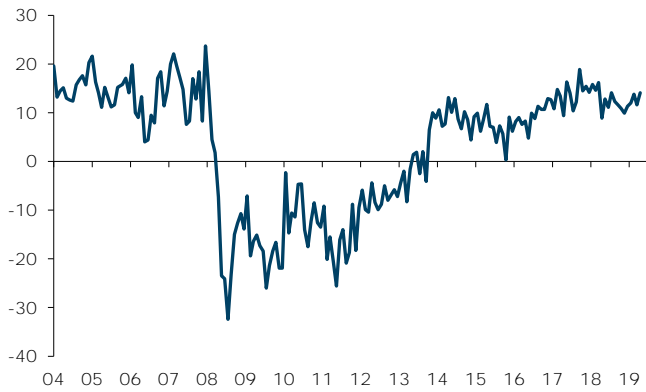
Q7. Specifically thinking about the price of houses during the next 2 years, do you think that the price of houses in general will go up, go down, or stay where they are now? And if up, what is the expected percentage per year?								
Go Up	60	55	56	56	56	52	51	51
Go Down	12.5	12.9	14.8	15.4	15.7	18.6	17.8	20.1
Expectation (%)	3.4	2.7	2.9	2.9	2.7	2.7	2.7	2.8

ANZ Roy Morgan Consumer Confidence Rating (100 plus the unweighted average of the net balances of Q1-5)								
Overall Index	117.6	115.4	118.6	121.9	121.7	120.8	121.8	123.2
Current Conditions	120.2	122.0	120.9	123.6	124.2	126.2	125.0	129.8
Future Conditions	115.9	111.0	117.0	120.8	120.1	117.3	119.7	118.8

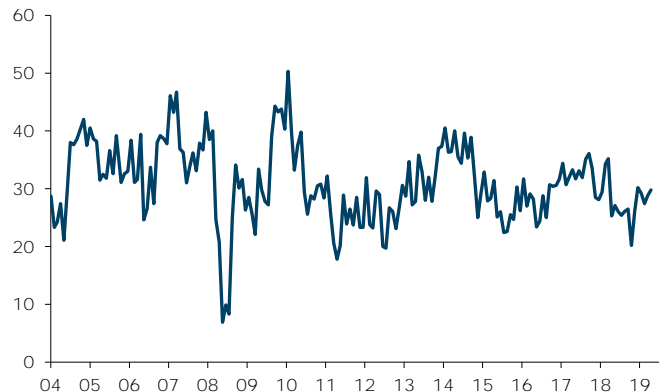


Tables and charts

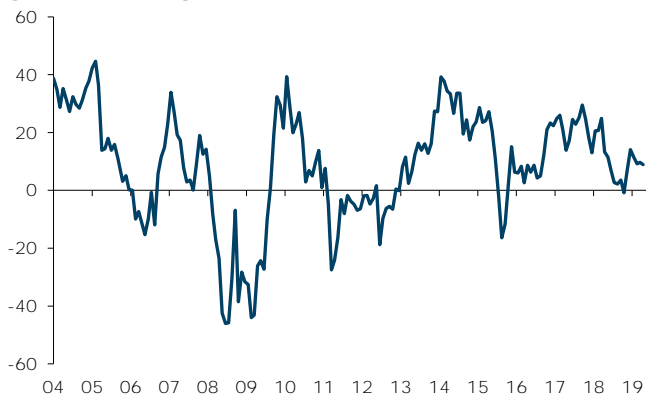
Q1. Better off past year



Q2. Better off next year



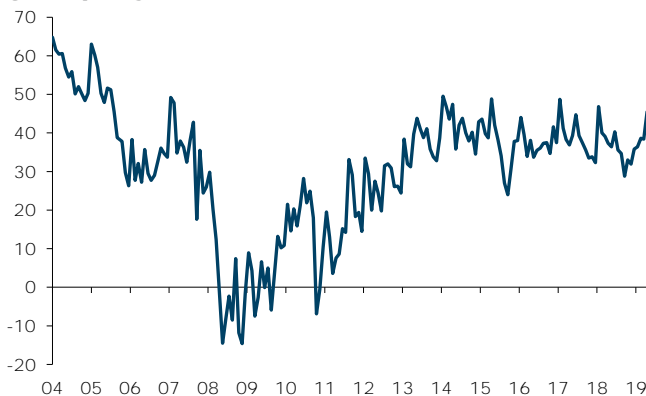
Q3. NZ economy 12 months' time



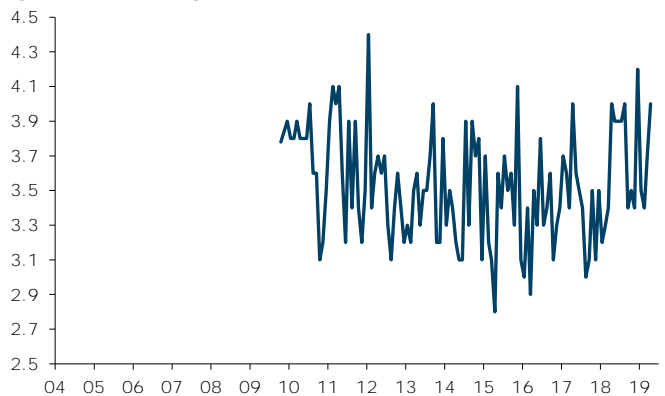
Q4. Outlook 5 years ahead



Q5. Buy major household item



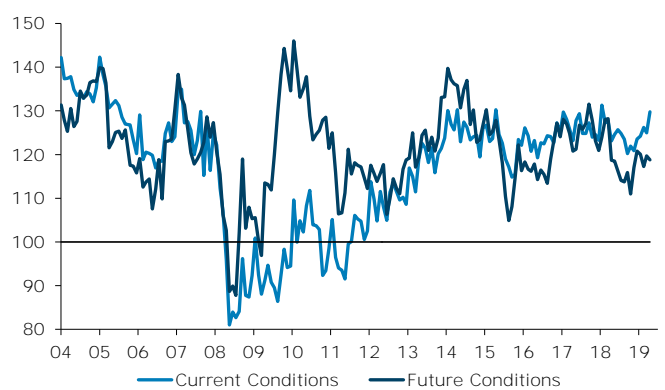
Q6. Inflation expectations



Q7. House price inflation expectations



Current vs future conditions



Source: ANZ Research, Roy Morgan



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