

ANZ-Roy Morgan NZ Consumer Confidence

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The next issue of the ANZ-Roy Morgan Consumer Confidence is scheduled for release on 28 June 2019 at 10am.

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A touch of caution

Summary

- Consumer confidence fell 4 points in May back to November 2018 levels.
- Both perceptions of current conditions fell and the future conditions index fell 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 fell 4 points to 119, the lowest read in six months but fairly close to its historical average. The Current Conditions Index fell 4 points to 126, undoing much of its lift the previous month, while the Future Conditions Index also fell 4 points to 115.

Figure 1. ANZ-Roy Morgan Consumer Confidence



Source: ANZ Research, Roy Morgan

Turning to the detail:

- Consumers' **perceptions of** their current financial situation fell 4 points to a net 10% feeling financially better off than a year ago.
- A net 23% of consumers expect to be better off financially this time next year, down 7 points.
- Nonetheless, a much greater net 43% still think **it's a good time to buy** a major household item, down 3 points.
- Perceptions regarding the **next year's** economic outlook fell 2 points to a net 7% expecting conditions to improve. The five-year outlook fell 4 points to +14%.
- By region, Wellington is leading the charge, up 6 points to 128. The least confident region is the North Island excluding Auckland and Wellington, down 7 points to 114.
- House price inflation expectations eased slightly to 2.6%, driven by lower expectations in Wellington (down 1.7%pt to 2.7%). Auckland remains weakest at 1.9%.
- Inflation expectations fell 0.4%pts to 3.6%.

Consumer confidence fell 4 points in May but remains off the lows of late-2018. The overall index sits just below its historical average of 120. Within this, the current conditions index (126.2) sits well above confidence in future conditions (114.7). This is not unusual at this ripe stage of the business cycle.

Consumer confidence is holding up pretty well in the face of housing market softness in Auckland and Christchurch, and a cooling economy more broadly. This resilience likely primarily reflects the strong labour market – and now, markedly lower mortgage rates. A high proportion of people still **think it’s** a good time to buy a major household item, which history suggests will be supportive of spending in the near term (figure 2).

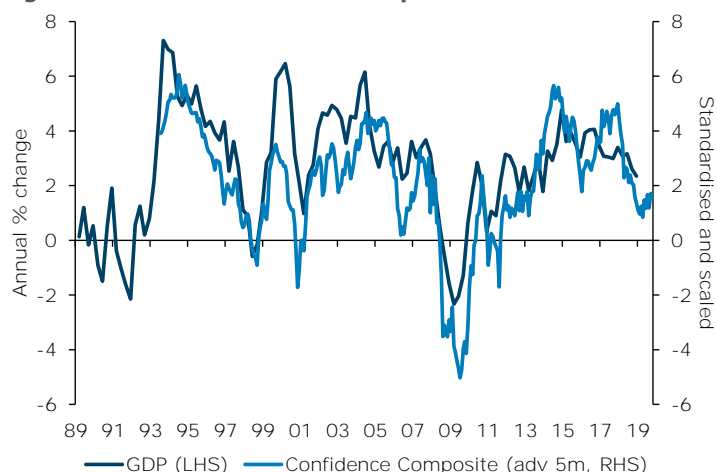
Figure 2. Good time to buy major household item vs. real retail sales



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 recent lift in consumer confidence regarding current conditions has seen the composite start to lift off its lows (figure 3), consistent with our expectation that economic growth will find a floor mid-year. We expect a fairly modest recovery in growth, while the Reserve Bank is forecasting something more vigorous. Leading indicators such as our confidence composite and the ANZ Light Traffic Index will give an early steer on economic momentum as we enter the second half of the year.

Figure 3. GDP vs Confidence Composite



Source: ANZ Research, Roy Morgan, Statistics NZ



Tables and charts

Survey Summary	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19
No. of Interviews	999	1,000	1,000	1,000	1,001	1,001	1,000	1,002

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	35	34	34	34	35	34	36	32
Worse Off	25	24	23	22	21	23	22	22
Net Balance	11	10	11	12	14	12	14	10

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	41	44	46	45	44	46	45	39
Worse Off	21	18	16	16	16	17	16	16
Net Balance	20	26	30	29	27	29	30	23

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	33	37	40	38	38	39	35	33
Bad Times	34	30	26	27	29	29	26	26
Net Balance	-1	7	14	12	9	10	9	7

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	40	40	41	38	40	35	32
Bad Times	21	22	22	22	23	20	17	18
Net Balance	14	18	18	20	15	21	18	14

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	54	52	56	55	57	56	60	58
Bad Time to Buy	21	21	20	19	18	18	14	16
Net Balance	33	32	36	36	39	38	46	43

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	75	74	70	72	73	72	72
Go Down	4.1	5.0	4.9	6.5	5.8	5.2	4.9	4.7
Expectation (%)	3.5	3.4	4.2	3.5	3.4	3.7	4.0	3.6

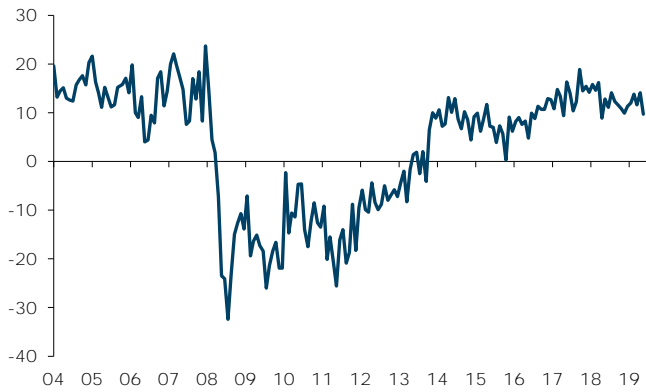
Q7. Specifically thinking about the price of houses during the next 2 years, do you think that the price of houses in general will go up, go down, or stay where they are now? And if up, what is the expected percentage per year?								
Go Up	55	56	56	56	52	51	51	54
Go Down	12.9	14.8	15.4	15.7	18.6	17.8	20.1	16.9
Expectation (%)	2.7	2.9	2.9	2.7	2.7	2.7	2.8	2.6

ANZ Roy Morgan Consumer Confidence Rating (100 plus the unweighted average of the net balances of Q1-5)								
Overall Index	115.4	118.6	121.9	121.7	120.8	121.8	123.2	119.3
Current Conditions	122.0	120.9	123.6	124.2	126.2	125.0	129.8	126.2
Future Conditions	111.0	117.0	120.8	120.1	117.3	119.7	118.8	114.7

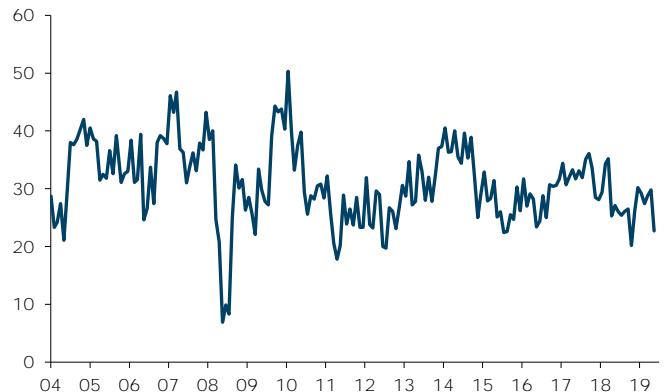


Tables and charts

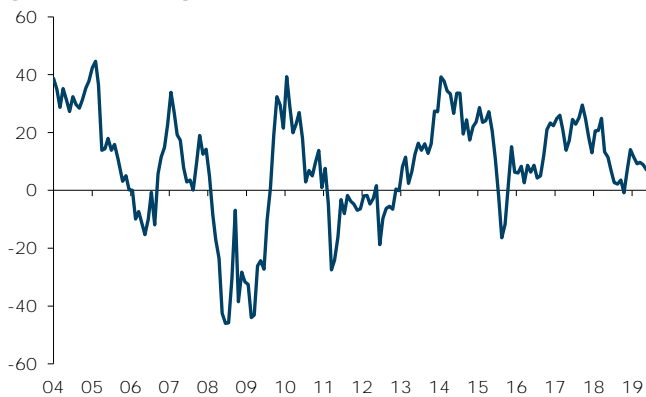
Q1. Better off past year



Q2. Better off next year



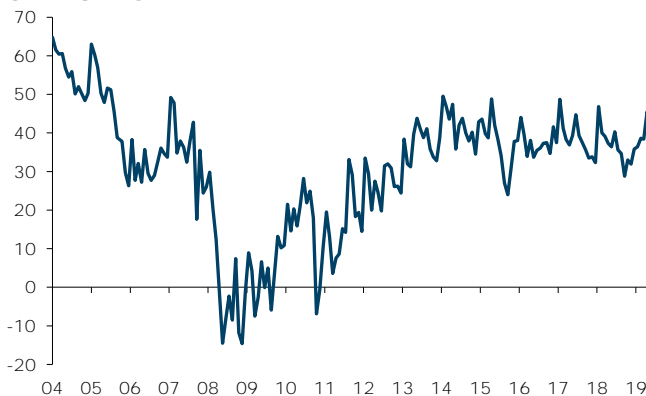
Q3. NZ economy 12 months' time



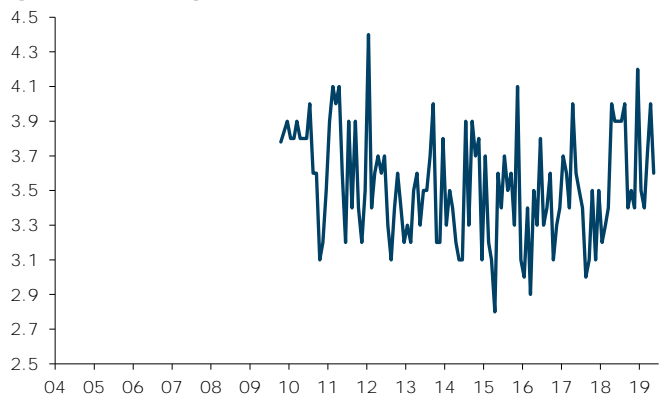
Q4. Outlook 5 years ahead



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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