

ANZ-Roy Morgan NZ Consumer Confidence

30 July 2021



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Contact

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See [page 5](#).

The next issue of the ANZ-Roy Morgan Consumer Confidence is scheduled for release on 27 August 2021 at 10am.

It's risky to bet against the house

Key points

- Consumer confidence eased 1 point to 113 in July.
- The proportion of people who believe it is a good time to buy a major household item, a key retail indicator, rose 2 points to +24.
- Inflation expectations remain extremely high at 4.9%, while house price inflation expectations lifted from 5.8% to 6.4%.

The ANZ-Roy Morgan Consumer Confidence Index was little changed at 113 in July.

Figure 1. ANZ-Roy Morgan Consumer Confidence



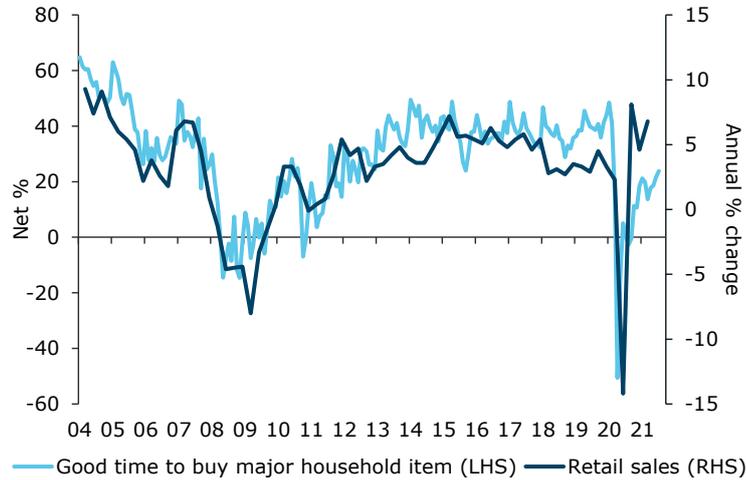
Source: ANZ Research, Roy Morgan

Turning to the detail:

- Perceptions of current financial situations dropped 6 points to +8%.
- A net 23% expect to be better off this time next year, up 1.
- A net 24% think it is a good time to buy a major household item, up 2 points to a fresh post-COVID high. This is the single best retail indicator in the survey.
- Perceptions regarding the next year's economic outlook fell 5 points to -2%. The five-year outlook rose 2 points to +12%.
- House price inflation expectations rose from 5.8% to 6.4%. They lifted again in Auckland (from 6.2% to 6.9%) and also rose in the South Island outside Canterbury from 5% to 6.7%.
- CPI inflation expectations eased from 5.1% to 4.9%, still extremely high versus a more typical historical reading of around 3½%.

Figure 2 shows that households' confidence about buying major items continues to lift. This likely reflects wealth effects from the housing boom for those lucky enough to own a house, as well as excellent job security in an exceptionally tight labour market.

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



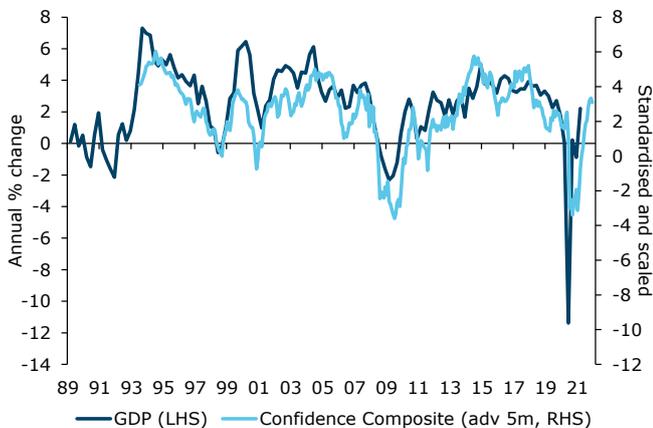
Source: Statistics NZ, Roy Morgan, ANZ Research

Our confidence composite gauge is a GDP growth indicator created by combining lagged business expectations and intentions with consumer sentiment. The composite is now well above pre-COVID levels (figure 3).

Meanwhile, households continue to expect high inflation (figure 4). This will make it easier for retailers to raise prices without fear of customer backlash, and can also impact wage demands if the labour market is tight, like it clearly is now.

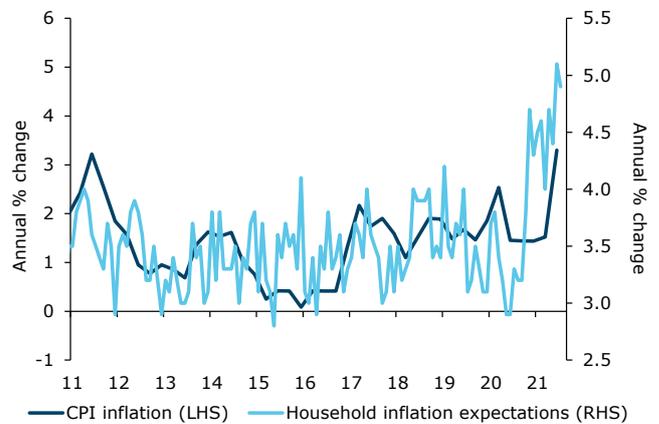
The famously nine-lives New Zealand housing market is also refusing to roll over, with house price expectations ticking higher after four months of falls. Higher mortgage rates are set to provide a stiffer test, but it's fair to say that the notion that the housing market is unstoppable seems to be fairly well ingrained.

Figure 3. GDP vs Confidence Composite



Source: ANZ Research, Roy Morgan, Statistics NZ

Figure 4. CPI and inflation expectations





Tables and charts

Survey Summary	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21
No. of Interviews	1,004	1,001	1,004	1,002	1,004	1,001	1,008	1,001

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	28	28	26	28	32	31	35	35
Worse Off	23	24	28	26	22	24	21	27
Net Balance	4	4	-2	3	10	7	14	8

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	40	43	42	43	45	43	40	42
Worse Off	15	14	15	13	14	16	18	19
Net Balance	25	28	27	30	31	27	22	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	23	24	27	23	29	26	28	28
Bad Times	28	24	25	30	25	26	25	30
Net Balance	-6	-1	2	-7	4	-1	3	-2

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	32	32	33	30	33	34	29	31
Bad Times	14	15	14	16	18	16	19	19
Net Balance	18	17	20	15	15	18	10	12

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	48	49	45	46	45	50	51
Bad Time to Buy	28	27	29	31	28	27	28	27
Net Balance	18	21	20	14	18	19	22	24

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	80	81	82	85	84	88	87
Go Down	2.5	3.5	3.3	3.7	2.7	2.8	1.7	1.9
Expectation (%)	4.3	4.5	4.6	4.0	4.7	4.4	5.1	4.9

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	81	84	85	76	72	74	74	77
Go Down	6.4	5.4	4.6	10.0	10.9	9.8	7.5	7.2
Expectation (%)	6.7	6.9	7.5	6.1	6.0	5.9	5.8	6.4

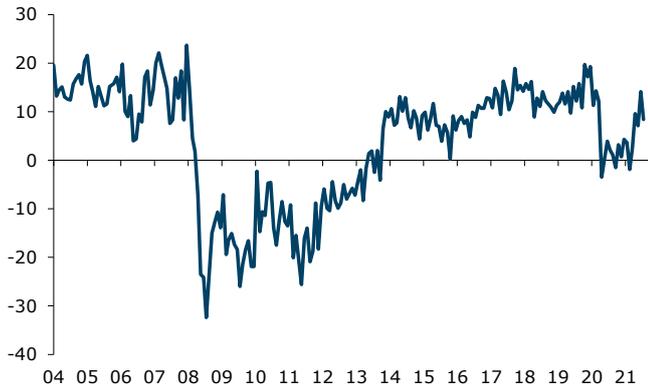
ANZ Roy Morgan Consumer Confidence Rating (100 plus the unweighted average of the net balances of Q1-5)

Overall Index	112.0	113.8	113.1	110.8	115.4	114.0	114.1	113.1
Current Conditions	111.4	112.4	109.0	108.2	113.7	112.9	117.9	116.1
Future Conditions	112.3	114.7	115.9	112.6	116.7	114.7	111.7	111.0



Tables and charts

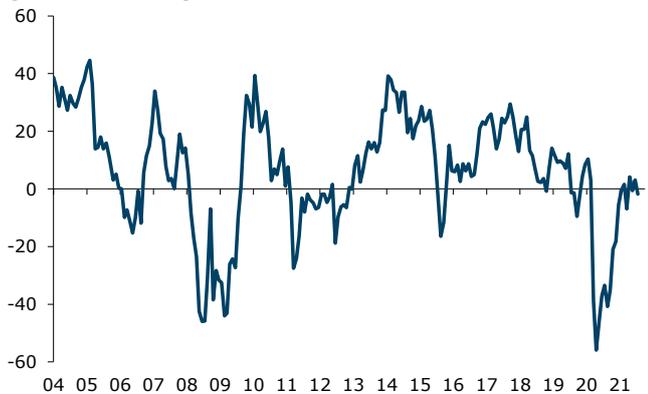
Q1. Better off past year



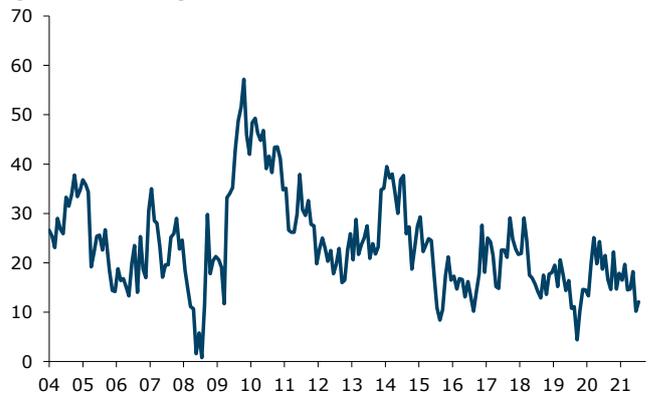
Q2. Better off next year



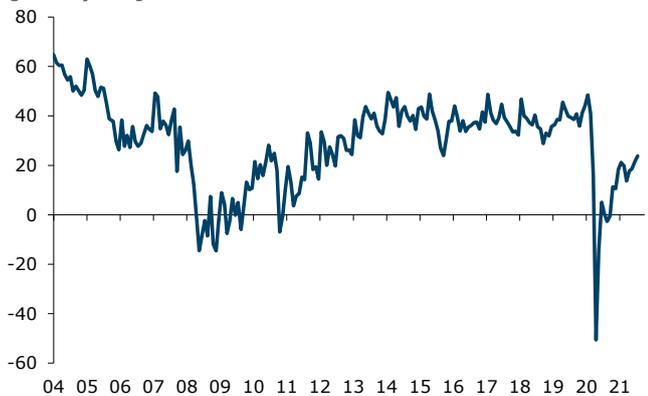
Q3. NZ economy 12 months' time



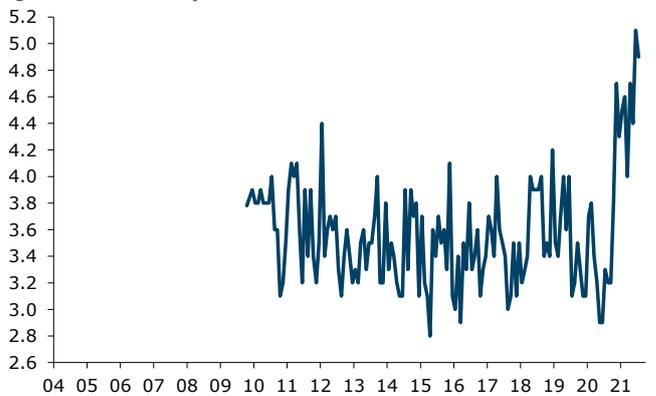
Q4. Outlook 5 years ahead



Q5. Buy major household item



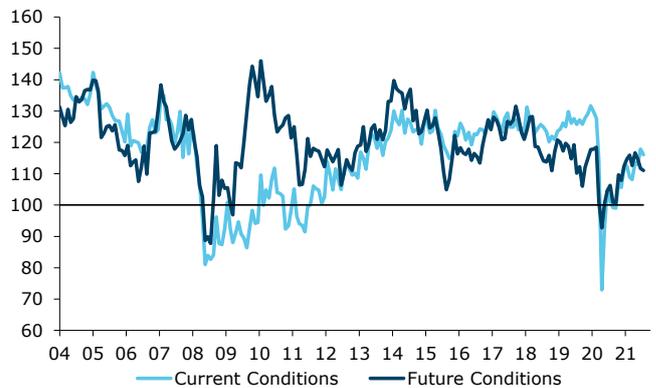
Q6. Inflation expectations



Q7. House price inflation expectations



Current vs future conditions



Source: ANZ Research, Roy Morgan



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