

ANZ-Roy Morgan NZ Consumer Confidence

26 November 2021



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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 17 December 2021 at 10am.

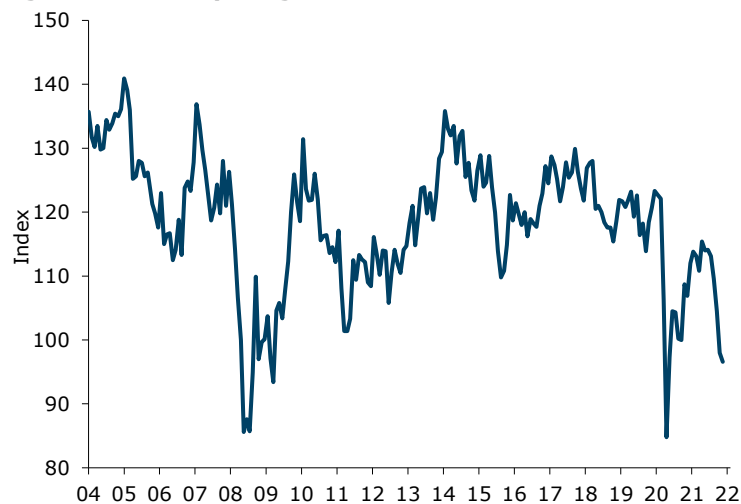
Feeling a bit vulnerable

Key points

- Consumer confidence eased 1 point to 97 in November. Within that, perceptions of current conditions rose but expectations fell sharply.
- The proportion of people who believe it is a good time to buy a major household item lifted 1 point and remains subdued at -6.
- Inflation expectations eased half a percent to 5.7%. House price inflation expectations fell back under 6%.

The ANZ-Roy Morgan Consumer Confidence Index eased 1 point to 97 in November, well under its long-term average of just shy of 120. The detail shows increasing concern about the economic outlook.

Figure 1. ANZ-Roy Morgan Consumer Confidence



Source: ANZ Research, Roy Morgan

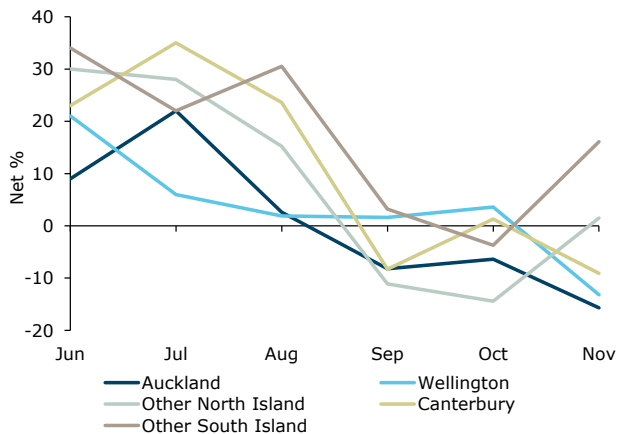
Turning to the detail:

- Perceptions of current personal financial situations lifted 7 points to 4%.
- A net 15% expect to be better off this time next year, down another 5.
- A net 6% think it is a bad time to buy a major household item, still very subdued. This is the best retail indicator in the survey.
- Perceptions regarding the next year's economic outlook fell another 3 points to -28%. The five-year outlook fell 4 points to -2%. This is the first time that's ever been negative, in data that goes back to 2004.
- House price inflation expectations fell 0.8%pts to 5.9%. They fell most in Wellington (5.0% vs. 8.3% last month).
- CPI inflation expectations eased from 6.2% to 5.7%, still the second-highest read on record. Households have been more clued up than anyone when it comes to inflation in the past 18 months.

Households' response to whether it was a good time to buy a major household remains subdued everywhere outside the South Island outside of Canterbury. Auckland and Wellington are the most pessimistic (figure 2). Those 50+ are the most comfortable spending, which isn't unusual (figure 3).

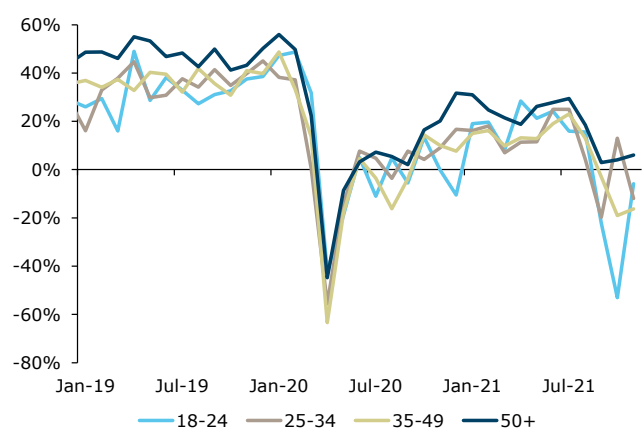
Households' real discretionary income has taken quite a hit recently. Although jobs are plentiful, most people have experienced a real wage fall, given CPI inflation is near 5% and rising. Those with mortgages are now either paying significantly more interest, or at least seeing it coming down the pipe at the next rate rollover. House price inflation expectations are easing, and anecdotally, enthusiasm for purchasing is dropping away as higher mortgage rates, stretched affordability, macroprudential restrictions bite and FOMO (fear of missing out) wanes. The days of your house paying for your new car are probably behind us for a while. Indeed, just as the RBNZ over-achieved on stimulating the housing market on the way up, there is a real risk that they may over-achieve in cooling it down, hitting consumer confidence.

Figure 2. Good time to buy a major household item by region



Source: ANZ Research, Roy Morgan

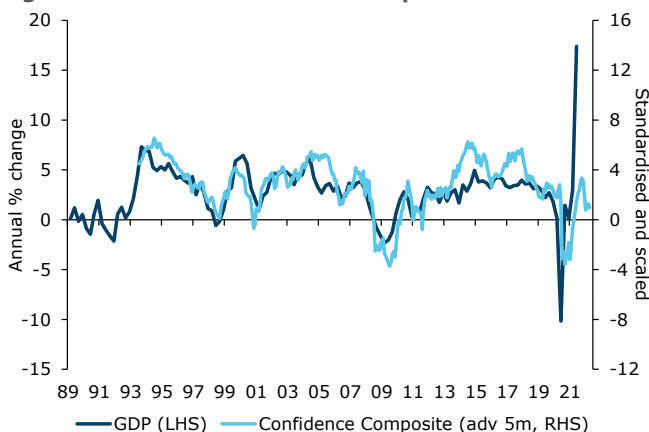
Figure 3. Good time to buy a major household item by age demographic



Our confidence composite gauge is a GDP growth indicator created by combining lagged business expectations and intentions with consumer sentiment. The composite indicator remains subdued (figure 4).

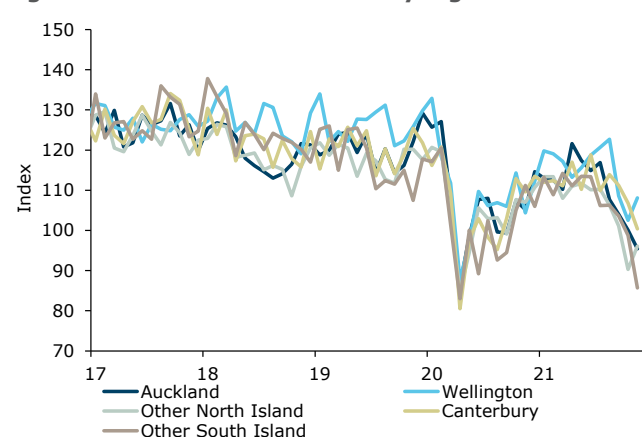
Figure 5 shows the least optimistic region is the South Island outside of Canterbury. The Future Conditions Index for this region plummeted to 73, whereas Current Conditions held up at 104. That's understandable – this region has barely been touched by COVID, but knows it is on its doorstep.

Figure 4. GDP vs Confidence Composite



Source: ANZ Research, Roy Morgan, Statistics NZ

Figure 5. Consumer confidence by region





Tables and charts

Survey Summary	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21
No. of Interviews	1,004	1,001	1,008	1,001	1,005	1,006	1,000	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	32	31	35	35	34	31	28	32
Worse Off	22	24	21	27	23	25	31	28
Net Balance	10	7	14	8	12	7	-3	4

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	43	40	42	42	41	41	39
Worse Off	14	16	18	19	20	17	21	24
Net Balance	31	27	22	23	22	24	20	15

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	29	26	28	28	27	20	18	18
Bad Times	25	26	25	30	31	33	43	47
Net Balance	4	-1	3	-2	-5	-13	-25	-28

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	33	34	29	31	30	32	28	25
Bad Times	18	16	19	19	23	20	24	27
Net Balance	15	18	10	12	7	12	4	-2

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	46	45	50	51	44	35	36	37
Bad Time to Buy	28	27	28	27	31	42	42	42
Net Balance	18	19	22	24	13	-7	-7	-6

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	85	84	88	87	89	86	88	91
Go Down	2.7	2.8	1.7	1.9	3.0	2.0	2.5	1.2
Expectation (%)	4.7	4.4	5.1	4.9	5.1	5.1	6.2	5.7

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	74	74	77	74	72	75	72
Go Down	10.9	9.8	7.5	7.2	7.6	7.9	6.7	9.6
Expectation (%)	6.0	5.9	5.8	6.4	6.3	6.1	6.7	5.9

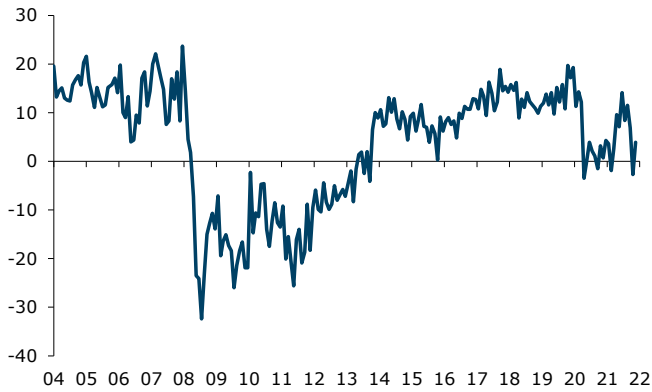
ANZ Roy Morgan Consumer Confidence Rating (100 plus the unweighted average of the net balances of Q1-5)

Overall Index	115.4	114.0	114.1	113.1	109.6	104.5	98.0	96.6
Current Conditions	113.7	112.9	117.9	116.1	112.0	100.1	95.4	99.2
Future Conditions	116.7	114.7	111.7	111.0	108.0	107.4	99.7	94.9

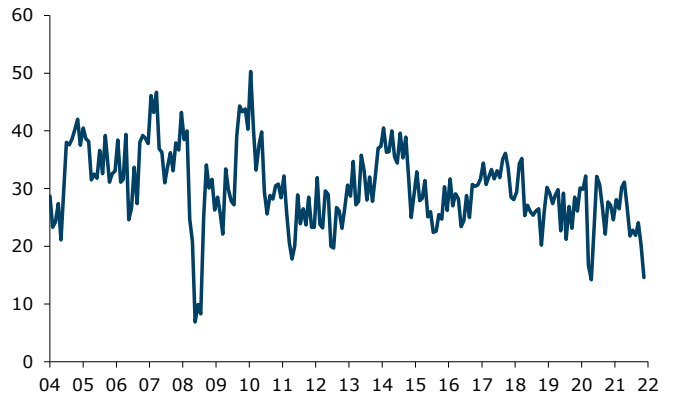


Tables and charts

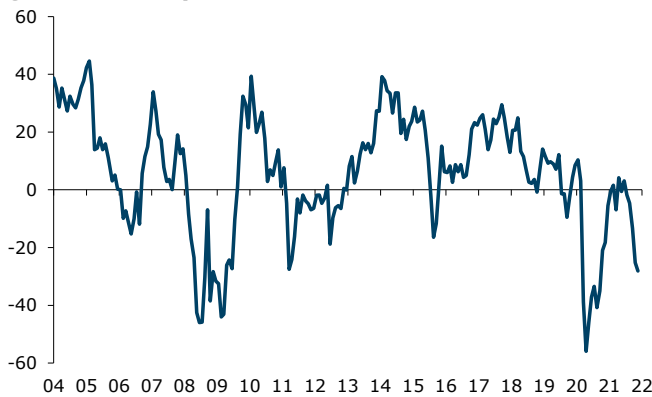
Q1. Better off past year



Q2. Better off next year



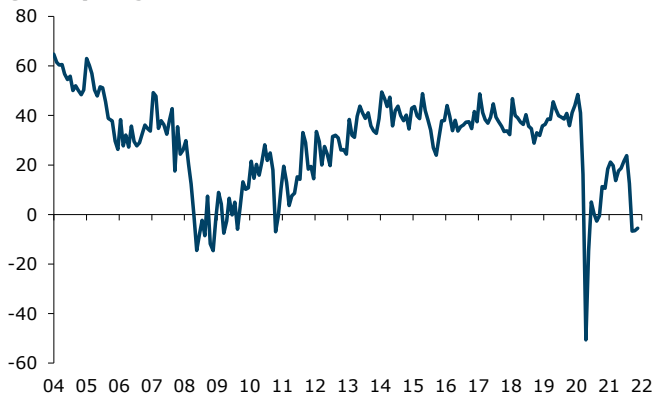
Q3. NZ economy 12 months' time



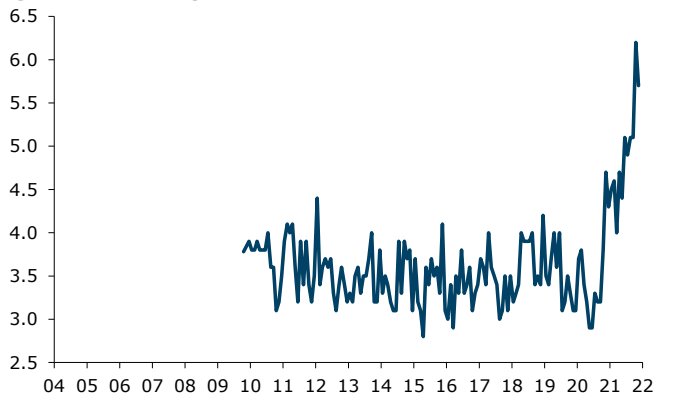
Q4. Outlook 5 years ahead



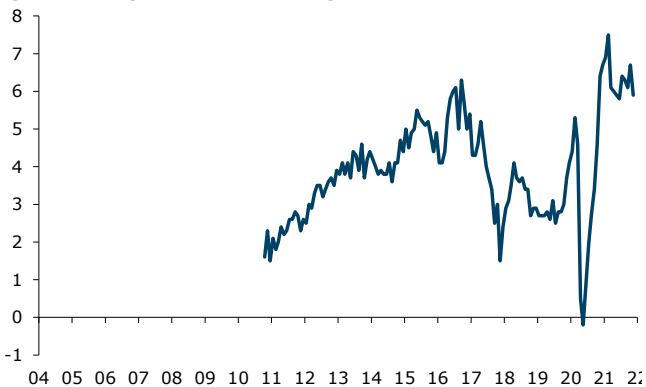
Q5. Buy major household item



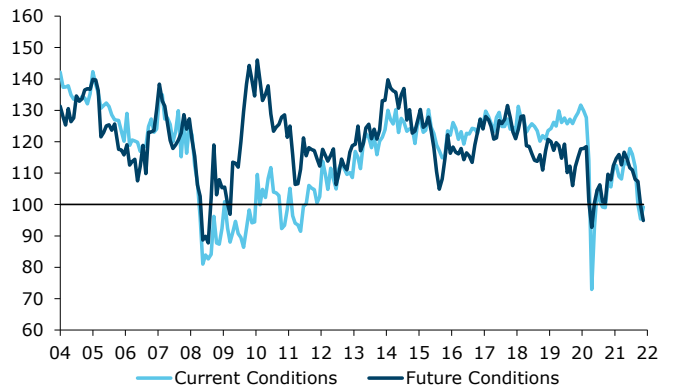
Q6. Inflation expectations



Q7. House price inflation expectations



Current vs future conditions



Source: ANZ Research, Roy Morgan



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