

ANZ-Roy Morgan NZ Consumer Confidence

1 April 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 30 April 2021 at 10am.

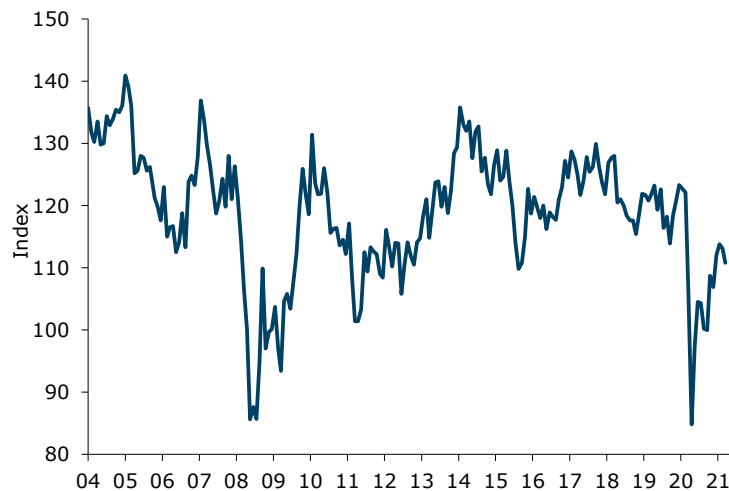
Little dipper

Key points

- Consumer confidence fell 2 points to 111 in March.
- The proportion of people who believe it is a good time to buy a major household item, a key retail indicator, fell 6 points.
- Inflation expectations eased slightly, as did house price inflation expectations.

The ANZ-Roy Morgan Consumer Confidence Index fell 2 points to 111 in March. The bounce has stopped slightly short of its historical average of 120.

Figure 1. ANZ-Roy Morgan Consumer Confidence



Source: ANZ Research, Roy Morgan

Turning to the detail:

- Perceptions of current financial situations lifted 5 points to +3%.
- A net 30% expect to be better off this time next year, up 3.
- A net 14% think it is a good time to buy a major household item, down 6 points. This is the single best retail indicator in the survey.
- Perceptions regarding the next year's economic outlook fell 9 points to -7%. The five-year outlook dropped 5 points to +15%.
- House price inflation expectations eased 1.4%pts to 6.1%, still a historically very high level. They fell in every region (by the most in the regional North Island), and range from 5.3% in the South Island excluding Canterbury to 6.7% in Auckland.
- CPI inflation expectations eased 0.6%pts to 4.0%, still quite a high read but a significant step towards more normal levels than have been seen in recent months.

Household house price expectations appear to have peaked, as we predicted last month. Recent policy changes may see them retreat more quickly, though we'll never be able to disentangle the impact from what would have happened regardless.

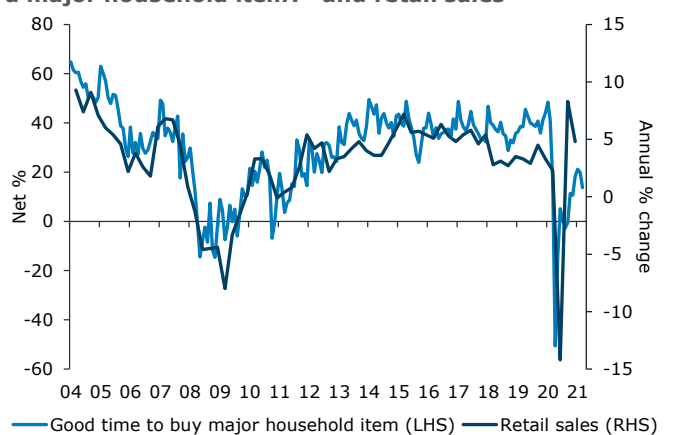
Figure 2 shows that households have recently been much warier about buying a major household item than their exceptionally strong house price inflation expectations would suggest they 'should' be. Their self-reported enthusiasm on this front has historically been the best retail spending indicator in the survey. But retail spending has recently overshot, reflecting repurposed holiday savings, a catch-up from lockdown, the housing boom and interest-free deals. But it is unlikely to last as the first three of these drivers fade (figure 3).

Figure 2. House price expectations and "Good time to buy a major household item?"



Source: REINZ, Roy Morgan, ANZ Research

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

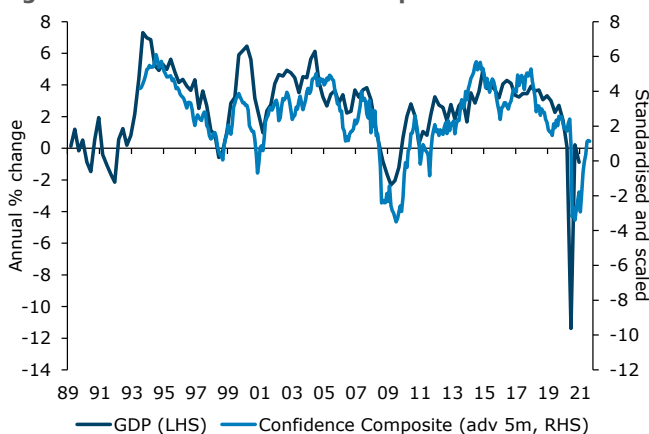


Source: Statistics NZ, ANZ Research, Roy Morgan

Our confidence composite gauge combines lagged business expectations and intentions with consumer sentiment. The composite now appears to have topped out (figure 4), consistent with our view that the economy will go broadly sideways this year due to the closed border and supply disruptions.

Meanwhile, households are expecting a lot more inflation than businesses are. They often do, but now the difference is extreme (figure 5) (note the data is smoothed). Businesses set the prices, but that doesn't mean high household inflation expectations don't matter. They make it easier for retailers to raise prices, and if the labour market is tight, can also impact wage negotiations.

Figure 4. GDP vs Confidence Composite



Source: ANZ Research, Roy Morgan, Statistics NZ

Figure 5. Inflation expectations





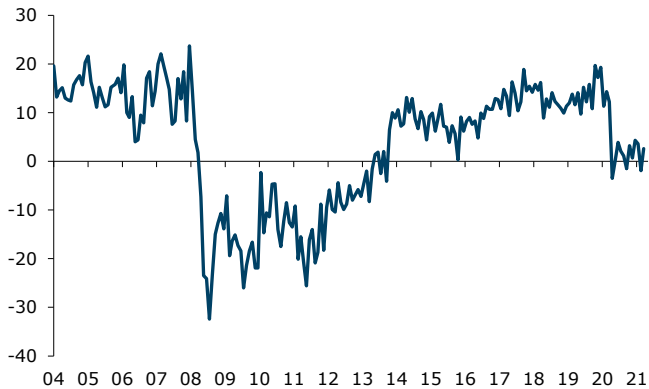
Tables and charts

Survey Summary	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21
No. of Interviews	1,001	997	1,206	1,002	1,004	1,001	1,004	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	28	27	29	27	28	28	26	28
Worse Off	27	29	26	27	23	24	28	26
Net Balance	1	-2	3	1	4	4	-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	40	40	41	43	40	43	42	43
Worse Off	13	18	14	15	15	14	15	13
Net Balance	27	22	28	27	25	28	27	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	14	12	17	17	23	24	27	23
Bad Times	54	47	38	35	28	24	25	30
Net Balance	-41	-35	-21	-18	-6	-1	2	-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	31	36	31	32	32	33	30
Bad Times	18	17	14	16	14	15	14	16
Net Balance	17	15	22	15	18	17	20	15
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	38	36	43	41	47	48	49	45
Bad Time to Buy	41	37	31	31	28	27	29	31
Net Balance	-3	-1	11	11	18	21	20	14
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	67	70	75	78	80	81	82
Go Down	8.4	7.2	5.9	4.0	2.5	3.5	3.3	3.7
Expectation (%)	3.2	3.2	3.8	4.7	4.3	4.5	4.6	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	56	65	74	82	81	84	85	76
Go Down	18.5	13.0	9.5	6.8	6.4	5.4	4.6	10.0
Expectation (%)	2.8	3.4	4.6	6.4	6.7	6.9	7.5	6.1
ANZ Roy Morgan Consumer Confidence Rating (100 plus the unweighted average of the net balances of Q1-5)								
Overall Index	100.2	100.0	108.7	106.9	112.0	113.8	113.1	110.8
Current Conditions	99.2	99.0	107.3	105.7	111.4	112.4	109.0	108.2
Future Conditions	100.9	100.6	109.6	107.9	112.3	114.7	115.9	112.6

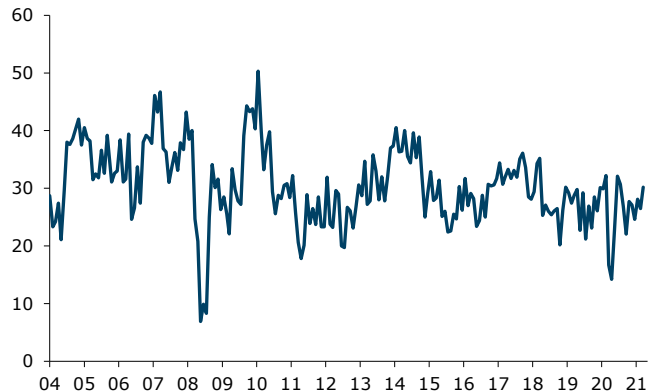


Tables and charts

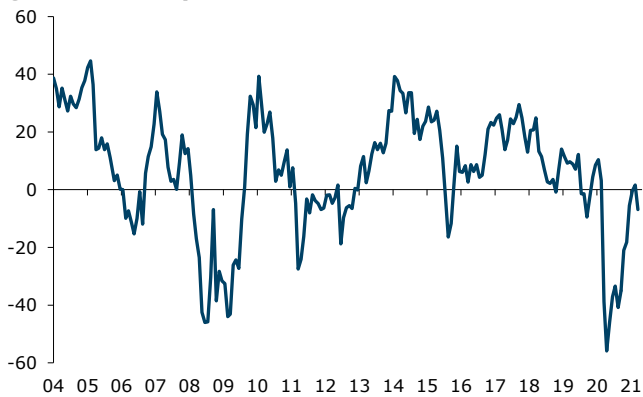
Q1. Better off past year



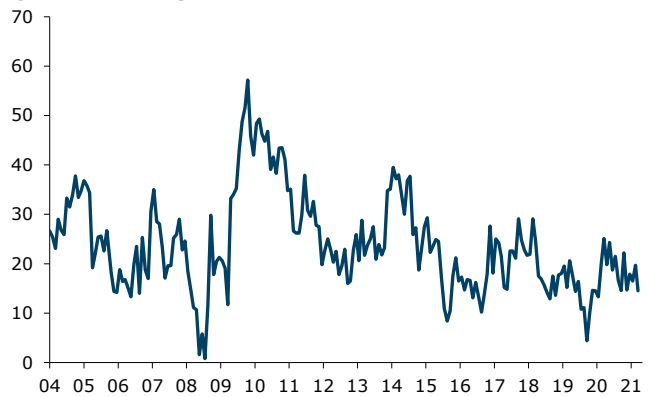
Q2. Better off next year



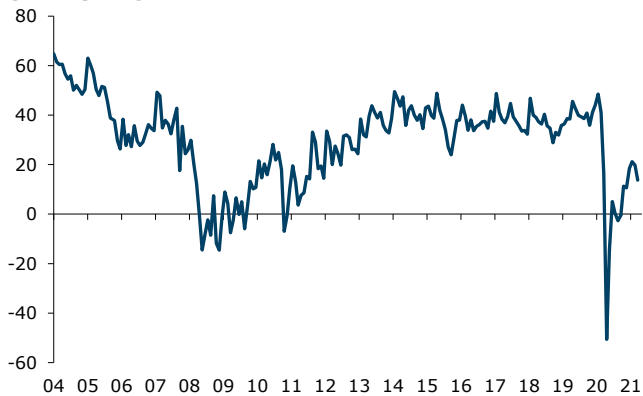
Q3. NZ economy 12 months' time



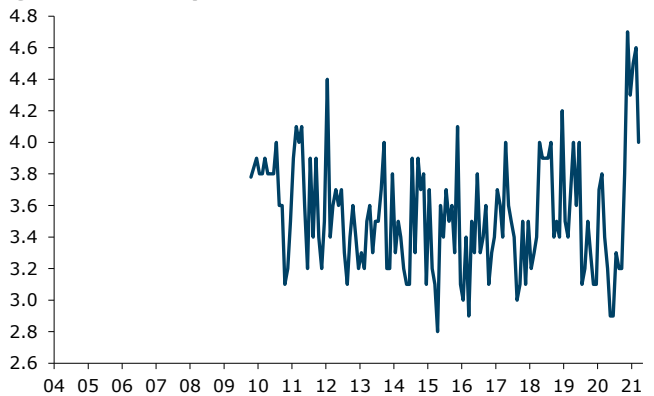
Q4. Outlook 5 years ahead



Q5. Buy major household item



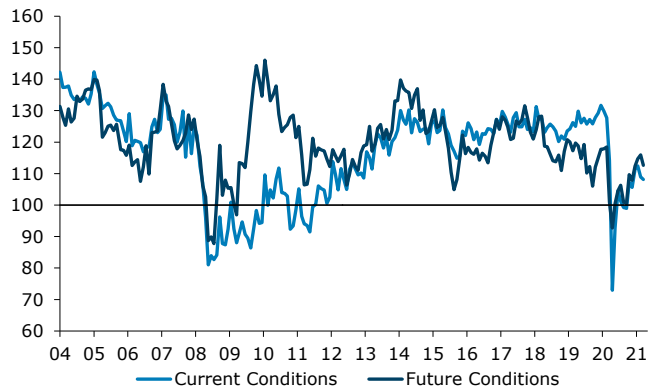
Q6. Inflation expectations



Q7. House price inflation expectations



Current vs future conditions



Source: ANZ Research, Roy Morgan



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Sharon Zollner
Chief Economist

Follow Sharon on Twitter
[@sharon_zollner](#)

Telephone: +64 27 664 3554
Email: sharon.zollner@anz.com

General enquiries:
research@anz.com

Follow ANZ Research
[@ANZ_Research](#) (global)



David Croy
Senior Strategist

Market developments, interest rates, FX, unconventional monetary policy, liaison with market participants.

Telephone: +64 4 576 1022
Email: david.croy@anz.com



Susan Kilsby
Agricultural Economist

Primary industry developments and outlook, structural change and regulation, liaison with industry.

Telephone: +64 21 633 469
Email: susan.kilsby@anz.com



Liz Kendall (maternity leave)
Senior Economist

Research co-ordinator, publication strategy, property market analysis, monetary and prudential policy.

Telephone: +64 27 240 9969
Email: elizabeth.kendall@anz.com



Miles Workman
Senior Economist

Macroeconomic forecast co-ordinator, fiscal policy, economic risk assessment and credit developments.

Telephone: +64 21 661 792
Email: miles.workman@anz.com



Finn Robinson
Economist

Macroeconomic forecasting, economic developments, labour market dynamics, inflation and monetary policy.

Telephone: +64 21 629 553
Email: finn.robinson@anz.com



Kyle Uerata
Economic Statistician

Economic statistics, ANZ proprietary data (including ANZ Business Outlook), data capability and infrastructure.

Telephone: +64 21 633 894
Email: kyle.uerata@anz.com



Natalie Denne
PA / Desktop Publisher

Business management, general enquiries, mailing lists, publications, chief economist's diary.

Telephone: +64 21 253 6808
Email: natalie.denne@anz.com



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