

## ANZ-ROY MORGAN NZ CONSUMER CONFIDENCE

September 2018

## CONTACT

**Liz Kendall**  
Senior Economist

Telephone: +64 4 382 1995  
E-mail: elizabeth.kendall@anz.com

The next issue of the ANZ-Roy Morgan Consumer Confidence is scheduled for release on 2 November 2018 at 10am.

## NEITHER HERE NOR THERE

### SUMMARY

- Consumer confidence was unchanged in September, around its historical average.
- Households remain a little cautious about the outlook but the gap versus current conditions has narrowed.
- A smaller proportion of households believe it to be a good time to buy a major household item.

Consumer confidence is steady, according to the ANZ-Roy Morgan Consumer Confidence Index, which was unchanged in September at 118, close to the historical average. The Current Conditions Index fell 4 points to 120, while the Future Conditions Index lifted 2 points to 116.

**Figure 1. ANZ-Roy Morgan Consumer Confidence**



Source: ANZ, Roy Morgan

- Consumers' **perceptions** of their current financial situations were unchanged, with a net 12% feeling financially better off than a year ago.
- A net 27% of consumers expect to be better off financially this time next year, up 1 point.
- A net 29% say **it's a good time to buy a major household item**, down 6 points and the lowest read in three years.
- Perceptions regarding the **next year's** economic outlook improved 2 points to +4%, still low. The five-year outlook improved 5 points, to +18%.
- Confidence in Wellington dropped 7 points while Canterbury improved 7 points, more or less closing the gap.
- Expectations for national house price inflation were unchanged at 3.4% y/y. The regions outside Auckland and Canterbury are the strongest.
- Inflation expectations dropped back from 4.0% to 3.4%, the lowest read in six months. This is a little surprising in light of petrol price increases and the NZD fall, and implies that expected higher prices are unlikely to be the reason for the decline in confidence about buying major household items.

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Consumer confidence remains pretty steady – and pretty average. Perceptions of current conditions remain strong, but there is some caution about the future, particularly around the broader economy rather than respondents’ own financial situations.

One of the most useful questions in the survey is whether respondents think **it’s a good time to buy a major household item**. This question bucked the trend this month, dipping 6 points to be the lowest in three years – admittedly three unusually stable years (figure 2). This is worth keeping an eye on.

**Figure 2. Good time to buy major item (sa) vs retail sales volumes**

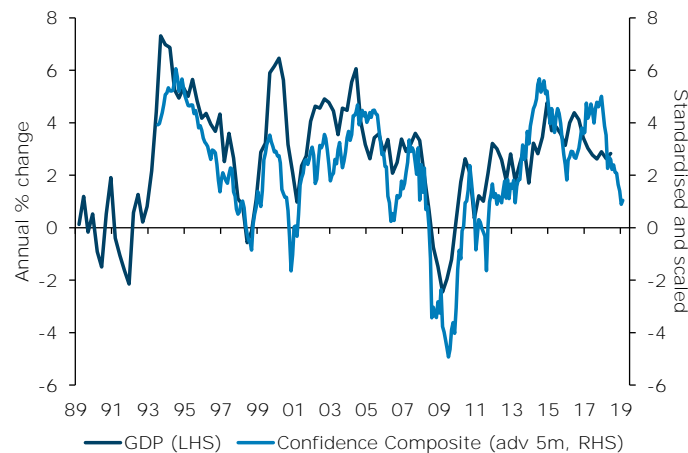


Source: ANZ, Roy Morgan, Statistics NZ

Our confidence composite gauge (which combines business expectations and intentions with consumer sentiment) has been dragged lower by business survey metrics, and suggests a cooling in GDP growth by year end (figure 3).

The growth indicators out of business surveys are impacted around times of political change, and we await further evidence to assess how large the growth hiccup may prove. The headwinds are real: the growth drivers of house price appreciation and population growth are fading, and commodity prices appear to have peaked. But monetary conditions and fiscal policy are stimulatory, and barring a global shock, we suspect the economy will muddle through.

**Figure 3. GDP vs Confidence Composite**



Source: ANZ, Roy Morgan, Statistics NZ

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Survey Summary	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18
No. of Interviews	1,000	1,002	1,005	998	1,002	1,009	1,004	1,009

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	30	34	30	33	33	34	34	34
Worse Off	15	18	21	20	21	20	22	22
<b>Net Balance</b>	<b>15</b>	<b>16</b>	<b>9</b>	<b>13</b>	<b>11</b>	<b>14</b>	<b>12</b>	<b>12</b>

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	48	49	44	46	44	43	45	45
Worse Off	13	14	19	19	18	18	19	18
<b>Net Balance</b>	<b>34</b>	<b>35</b>	<b>25</b>	<b>27</b>	<b>26</b>	<b>25</b>	<b>26</b>	<b>27</b>

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	43	45	38	38	36	33	32	35
Bad Times	23	20	24	26	30	30	30	32
<b>Net Balance</b>	<b>21</b>	<b>25</b>	<b>13</b>	<b>12</b>	<b>7</b>	<b>3</b>	<b>2</b>	<b>4</b>

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	47	47	39	41	41	38	36	39
Bad Times	18	22	22	24	26	24	23	22
<b>Net Balance</b>	<b>29</b>	<b>25</b>	<b>18</b>	<b>17</b>	<b>16</b>	<b>14</b>	<b>13</b>	<b>18</b>

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	57	55	55	53	57	55	53	51
Bad Time to Buy	17	16	17	17	16	19	18	22
<b>Net Balance</b>	<b>40</b>	<b>39</b>	<b>37</b>	<b>36</b>	<b>40</b>	<b>36</b>	<b>35</b>	<b>29</b>

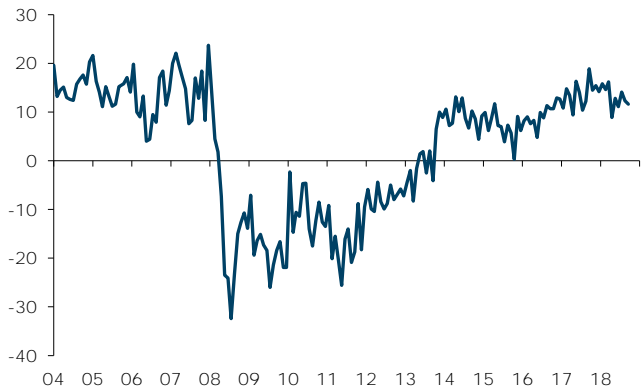
Q6. During the next 2 years do you think that prices in general will go up, go down, or stay where they are now? And if up, what is the expected percentage per year?								
Go Up	68	71	75	75	78	78	77	78
Go Down	6.2	4.1	5.2	3.6	3.8	4.2	3.6	5.2
<b>Expectation (%)</b>	<b>3.3</b>	<b>3.4</b>	<b>4.0</b>	<b>3.9</b>	<b>3.9</b>	<b>3.9</b>	<b>4.0</b>	<b>3.4</b>

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	54	59	62	63	63	59	57	60
Go Down	18.5	15.7	12.3	11.0	11.4	10.8	13.1	12.5
<b>Expectation (%)</b>	<b>3.1</b>	<b>3.5</b>	<b>4.1</b>	<b>3.7</b>	<b>3.6</b>	<b>3.7</b>	<b>3.4</b>	<b>3.4</b>

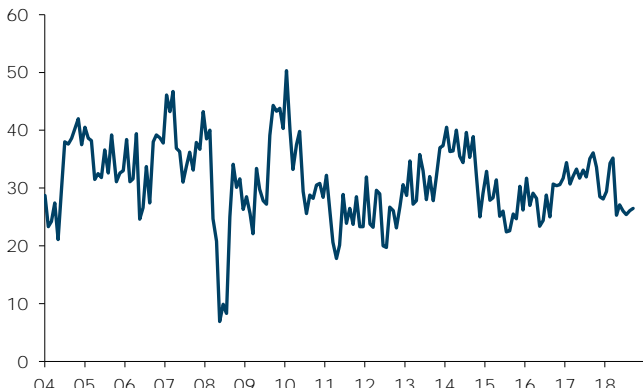
ANZ Roy Morgan Consumer Confidence Rating (100 plus the unweighted average of the net balances of Q1-5)								
<b>Overall Index</b>	<b>127.7</b>	<b>128.0</b>	<b>120.5</b>	<b>121.0</b>	<b>120.0</b>	<b>118.4</b>	<b>117.6</b>	<b>117.6</b>
Current Conditions	127.3	127.7	123.1	124.6	125.7	124.9	123.5	120.2
Future Conditions	128.0	128.2	118.7	118.5	116.2	114.1	113.7	115.9

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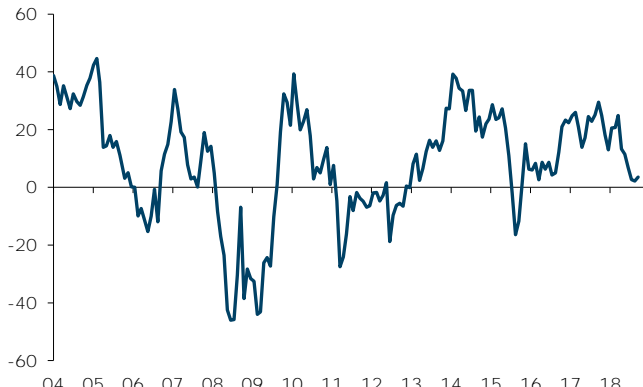
**Q1. Better off past year**



**Q2. Better off next year**



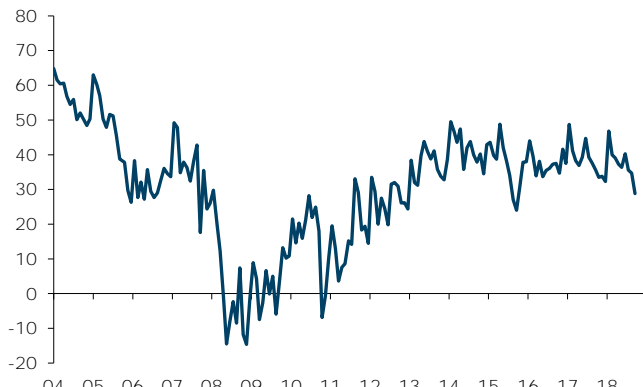
**Q3. NZ economy 12 months' time**



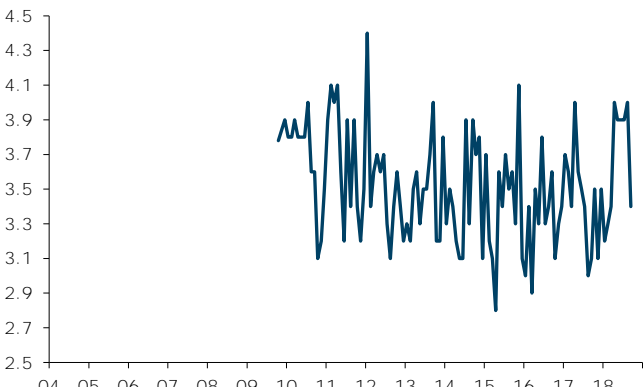
**Q4. Outlook 5 years ahead**



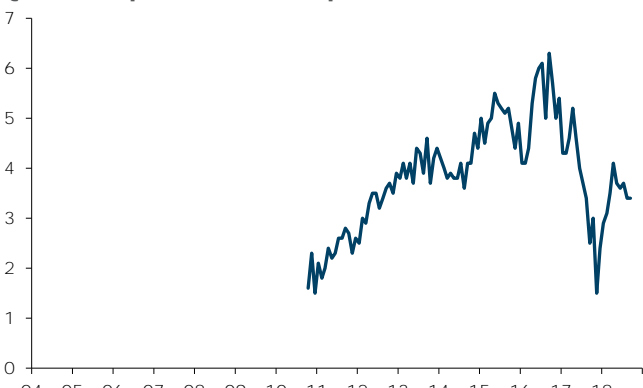
**Q5. Buy major household item**



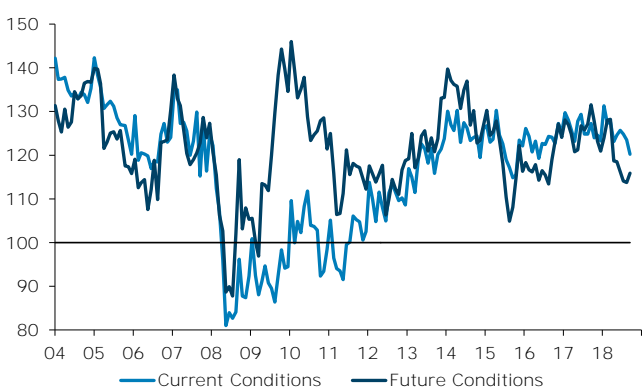
**Q6. Inflation expectations**



**Q7. House price inflation expectations**



**Current vs future conditions**



Source: ANZ, Roy Morgan



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