

# ANZ-Roy Morgan NZ Consumer Confidence

2 July 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 July 2021 at 10am.

## Great inflation expectations

### Key points

- Consumer confidence was unchanged at 114 in June.
- The proportion of people who believe it is a good time to buy a major household item, a key retail indicator, rose 3 points to +22.
- Inflation expectations cracked an unheard-of 5%, while house price inflation expectations were little changed at 5.8%.

The ANZ-Roy Morgan Consumer Confidence Index was flat at 114 in June, a little under its historical average of 120.

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



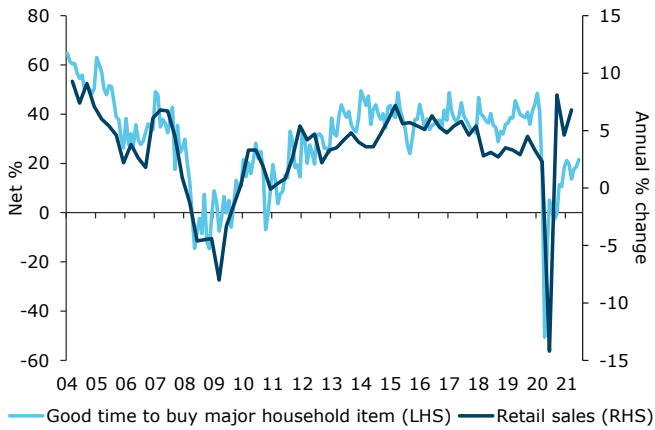
Source: ANZ Research, Roy Morgan

Turning to the detail:

- Perceptions of current financial situations jumped 7 points to +14%, by far its strongest post-COVID level.
- A net 22% expect to be better off this time next year, down 5.
- A net 22% think it is a good time to buy a major household item, up 3 points to a post-COVID high. This is the single best retail indicator in the survey.
- Perceptions regarding the next year's economic outlook rose 4 points to +3%. The five-year outlook fell 8 points to +10%.
- House price inflation expectations were little changed at 5.8%. They lifted in Auckland (from 5.7% to 6.2%) but eased elsewhere.
- CPI inflation expectations jumped 0.7%pts to 5.1%, a record high in data that starts in 2010.

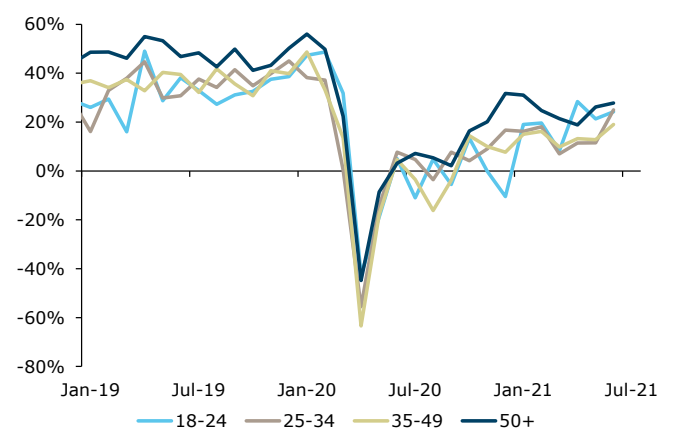
Figure 2 shows that households' confidence about buying major items is rising – not that previously self-reported wariness has been much of a constraint in practice, retail sales data shows. This likely reflects a substitution towards nice things in place of overseas holidays, plus the housing boom. Figure 3 shows that younger people have generally taken longer to be convinced that now is a good time to spend, but everyone's broadly now on the same page.

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



Source: Statistics NZ, Roy Morgan, ANZ Research

**Figure 3. ANZ Consumer Confidence "Good time to buy a major household item?" by demographic**



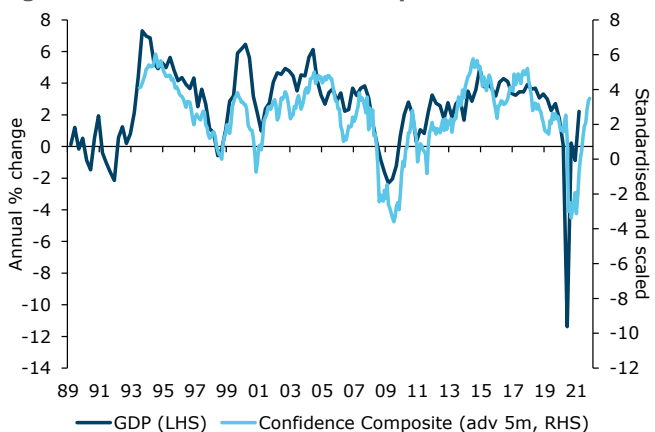
Source: Roy Morgan, ANZ Research

Our confidence composite gauge is a GDP growth indicator created by combining lagged business expectations and intentions with consumer sentiment. The composite is now above pre-COVID levels (figure 4).

Meanwhile, households continue to expect ever more inflation (figure 5, note data is a 3-month average). Household inflation expectations are typically too high – and volatile – but that doesn't mean they don't matter. Higher household inflation expectations 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.

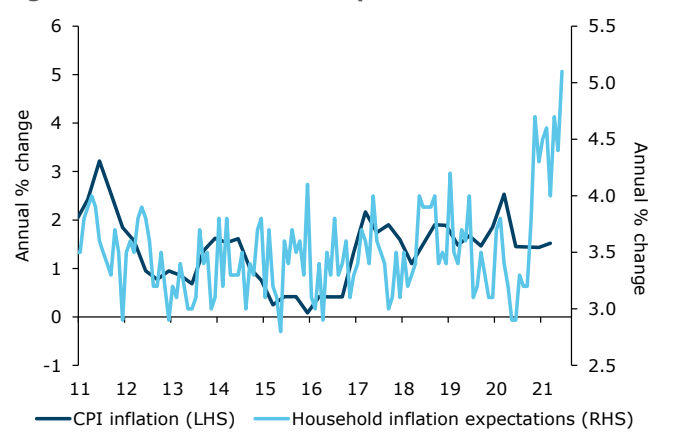
It matters, but with no measured history of them being this high, it's very hard to know how much. As for business inflation expectations, a key question will be how long they remain elevated. But the data certainly underlines that risks to inflation are looking decidedly one-sided at present.

**Figure 4. GDP vs Confidence Composite**



Source: ANZ Research, Roy Morgan, Statistics NZ

**Figure 5. CPI and inflation expectations**





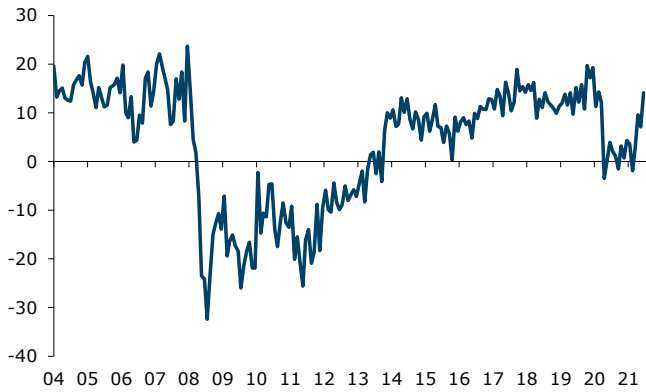
## Tables and charts

Survey Summary	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21
No. of Interviews	1,002	1,004	1,001	1,004	1,002	1,004	1,001	1,008
<b>Q1. Would you say you and your family are better off financially or worse off than you were at this time last year?</b>								
Better Off	27	28	28	26	28	32	31	35
Worse Off	27	23	24	28	26	22	24	21
<b>Net Balance</b>	<b>1</b>	<b>4</b>	<b>4</b>	<b>-2</b>	<b>3</b>	<b>10</b>	<b>7</b>	<b>14</b>
<b>Q2. This time next year do you and your family expect to be better off financially or worse off than you are now?</b>								
Better Off	43	40	43	42	43	45	43	40
Worse Off	15	15	14	15	13	14	16	18
<b>Net Balance</b>	<b>27</b>	<b>25</b>	<b>28</b>	<b>27</b>	<b>30</b>	<b>31</b>	<b>27</b>	<b>22</b>
<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?</b>								
Good Times	17	23	24	27	23	29	26	28
Bad Times	35	28	24	25	30	25	26	25
<b>Net Balance</b>	<b>-18</b>	<b>-6</b>	<b>-1</b>	<b>2</b>	<b>-7</b>	<b>4</b>	<b>-1</b>	<b>3</b>
<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?</b>								
Good Times	31	32	32	33	30	33	34	29
Bad Times	16	14	15	14	16	18	16	19
<b>Net Balance</b>	<b>15</b>	<b>18</b>	<b>17</b>	<b>20</b>	<b>15</b>	<b>15</b>	<b>18</b>	<b>10</b>
<b>Q5. Generally, do you think now is a good time, or a bad time, for people to buy major household items?</b>								
Good Time to Buy	41	47	48	49	45	46	45	50
Bad Time to Buy	31	28	27	29	31	28	27	28
<b>Net Balance</b>	<b>11</b>	<b>18</b>	<b>21</b>	<b>20</b>	<b>14</b>	<b>18</b>	<b>19</b>	<b>22</b>
<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?</b>								
Go Up	75	78	80	81	82	85	84	88
Go Down	4.0	2.5	3.5	3.3	3.7	2.7	2.8	1.7
<b>Expectation (%)</b>	<b>4.7</b>	<b>4.3</b>	<b>4.5</b>	<b>4.6</b>	<b>4.0</b>	<b>4.7</b>	<b>4.4</b>	<b>5.1</b>
<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?</b>								
Go Up	82	81	84	85	76	72	74	74
Go Down	6.8	6.4	5.4	4.6	10.0	10.9	9.8	7.5
<b>Expectation (%)</b>	<b>6.4</b>	<b>6.7</b>	<b>6.9</b>	<b>7.5</b>	<b>6.1</b>	<b>6.0</b>	<b>5.9</b>	<b>5.8</b>
<b>ANZ Roy Morgan Consumer Confidence Rating (100 plus the unweighted average of the net balances of Q1-5)</b>								
<b>Overall Index</b>	<b>106.9</b>	<b>112.0</b>	<b>113.8</b>	<b>113.1</b>	<b>110.8</b>	<b>115.4</b>	<b>114.0</b>	<b>114.1</b>
Current Conditions	105.7	111.4	112.4	109.0	108.2	113.7	112.9	117.9
Future Conditions	107.9	112.3	114.7	115.9	112.6	116.7	114.7	111.7

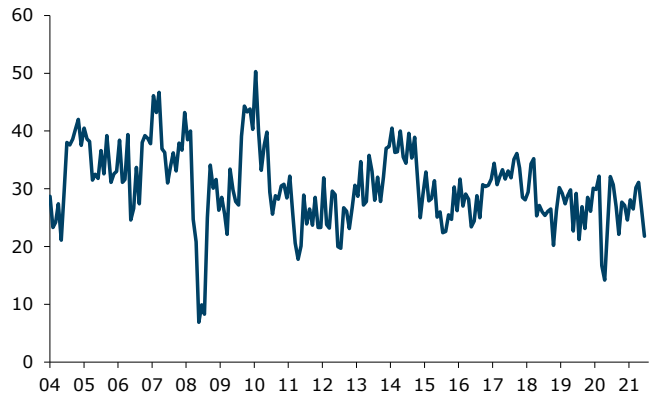


## Tables and charts

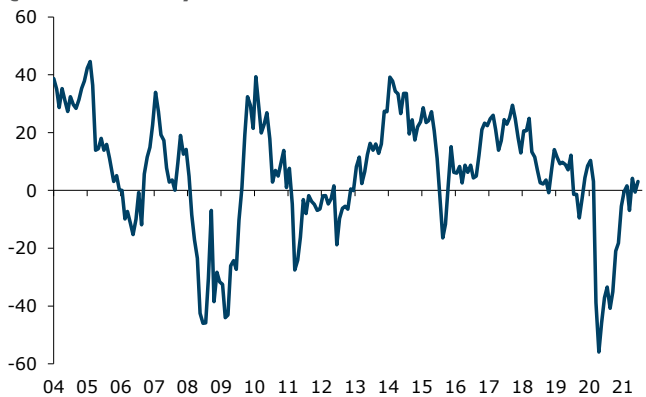
**Q1. Better off past year**



**Q2. Better off next year**



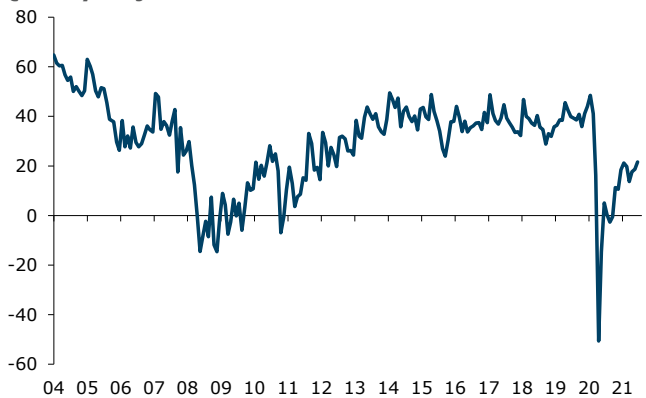
**Q3. NZ economy 12 months' time**



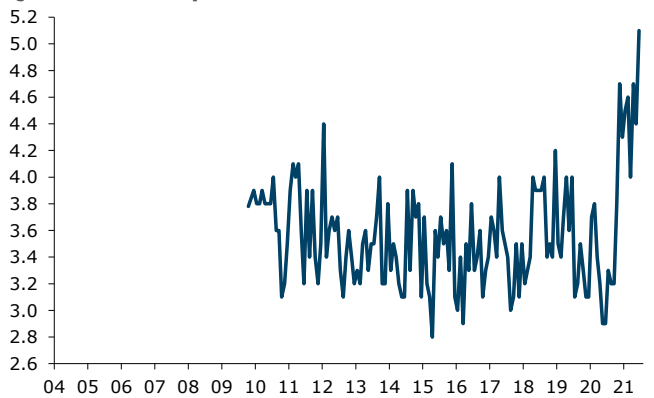
**Q4. Outlook 5 years ahead**



**Q5. Buy major household item**



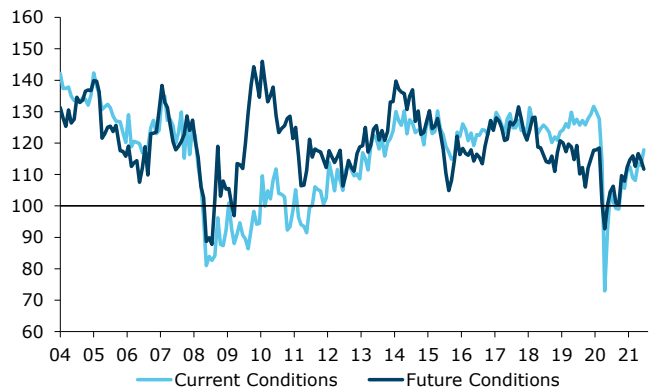
**Q6. Inflation expectations**



**Q7. House price inflation expectations**



**Current vs future conditions**



Source: ANZ Research, Roy Morgan



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Last updated: 9 April 2021

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