

ANZ-Roy Morgan NZ Consumer Confidence

28 May 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 2 July 2021 at 10am.

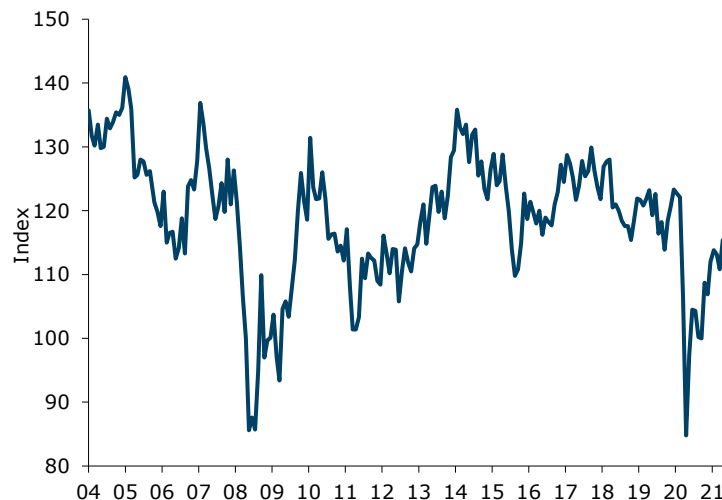
Holding the course

Key points

- Consumer confidence eased 1 point to 114 in May.
- The proportion of people who believe it is a good time to buy a major household item, a key retail indicator, lifted 1 point to +19.
- Inflation expectations remained in their recent high range at 4.4%, while house price inflation expectations were little changed at 5.9%.

The ANZ-Roy Morgan Consumer Confidence Index eased 1 point to 114 in May, a little under its historical average of 120.

Figure 1. ANZ-Roy Morgan Consumer Confidence



Source: ANZ Research, Roy Morgan

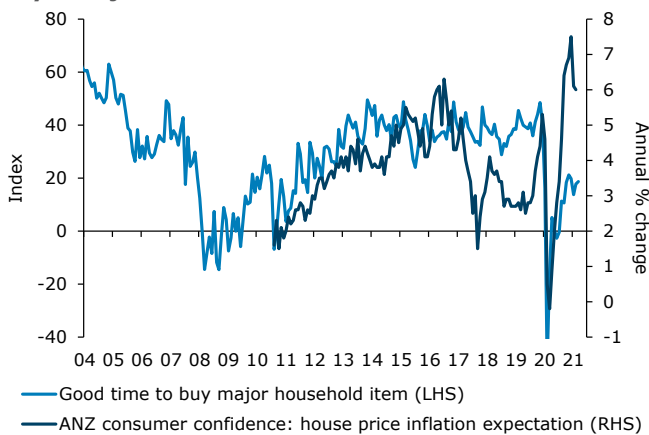
Turning to the detail:

- Perceptions of current financial situations eased 3 points to +7%, still its second-strongest post-COVID level.
- A net 27% expect to be better off this time next year, down 4.
- A net 19% think it is a good time to buy a major household item, up 1 point. This is the single best retail indicator in the survey.
- Perceptions regarding the next year's economic outlook fell 5 points to -1%. The five-year outlook rose 3 points to +18%.
- House price inflation expectations were little changed at 5.9%, a historically high level. They fell in Auckland, Wellington and Canterbury, but lifted in the North Island outside of Auckland and Wellington.
- CPI inflation expectations eased 0.3%pts to 4.4%, staying in its new, higher range.

House price inflation expectations peaked in February at 7.5%, and have since retreated to 5.9%, but there is no obvious step impact from recent tax policy changes.

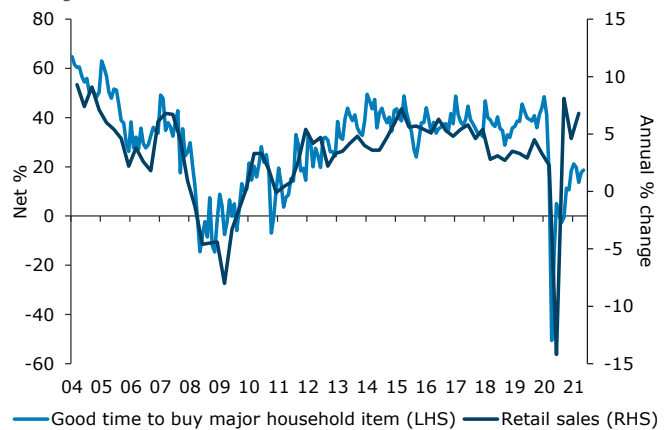
Figure 2 shows that households continue to report much more caution about buying a major household item than very strong house price inflation expectations would suggest. This self-reported wariness would normally be a reliable indicator of relatively weak retail sales, but people have in fact been maintaining high levels of spending, as confirmed by the recent March quarter data (figure 3). This likely reflects substitution of nice things for overseas holidays, plus the housing boom, but very high levels of household debt do sound a note of caution regarding how long this dynamic might continue.

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

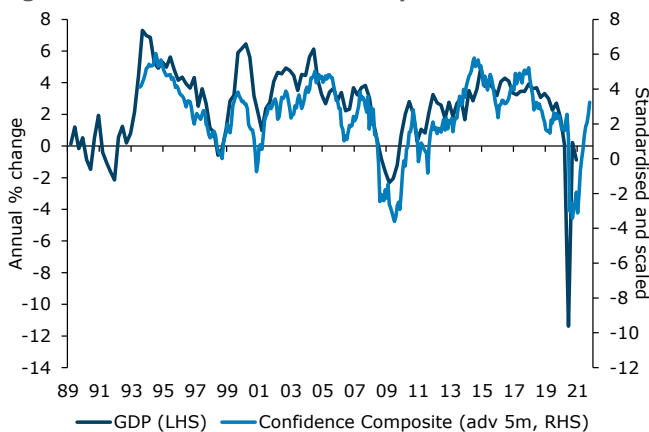


Source: Statistics NZ, ANZ Research, Roy Morgan

Our confidence composite gauge combines lagged business expectations and intentions with consumer sentiment. The composite is back at pre-COVID levels (figure 4). While worsening supply constraints mean that the economy will find it harder to grow from here, it has been a remarkable recovery.

Meanwhile, households continue to expect inflation (figure 5, note data is a 3-month average). Household inflation expectations are typically too high, and can be 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, which a range of indicators suggest it is.

Figure 4. GDP vs Confidence Composite



Source: ANZ Research, Roy Morgan, Statistics NZ

Figure 5. Inflation expectations





Tables and charts

Survey Summary	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21
No. of Interviews	1,206	1,002	1,004	1,001	1,004	1,002	1,004	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	29	27	28	28	26	28	32	31
Worse Off	26	27	23	24	28	26	22	24
Net Balance	3	1	4	4	-2	3	10	7

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	41	43	40	43	42	43	45	43
Worse Off	14	15	15	14	15	13	14	16
Net Balance	28	27	25	28	27	30	31	27

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	17	17	23	24	27	23	29	26
Bad Times	38	35	28	24	25	30	25	26
Net Balance	-21	-18	-6	-1	2	-7	4	-1

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	36	31	32	32	33	30	33	34
Bad Times	14	16	14	15	14	16	18	16
Net Balance	22	15	18	17	20	15	15	18

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	43	41	47	48	49	45	46	45
Bad Time to Buy	31	31	28	27	29	31	28	27
Net Balance	11	11	18	21	20	14	18	19

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	70	75	78	80	81	82	85	84
Go Down	5.9	4.0	2.5	3.5	3.3	3.7	2.7	2.8
Expectation (%)	3.8	4.7	4.3	4.5	4.6	4.0	4.7	4.4

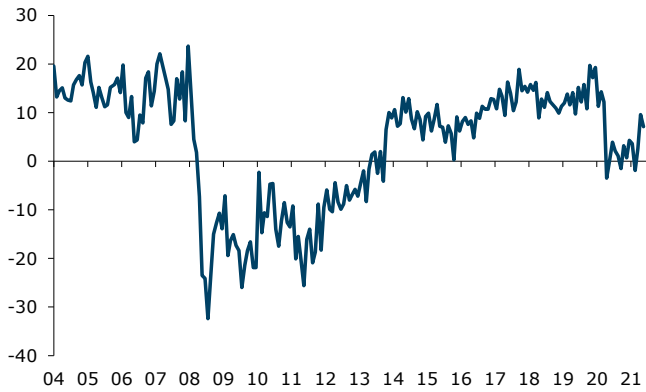
Q7. Specifically thinking about the price of houses during the next 2 years, do you think that the price of houses in general will go up, go down, or stay where they are now? And if up, what is the expected percentage per year?								
Go Up	74	82	81	84	85	76	72	74
Go Down	9.5	6.8	6.4	5.4	4.6	10.0	10.9	9.8
Expectation (%)	4.6	6.4	6.7	6.9	7.5	6.1	6.0	5.9

ANZ Roy Morgan Consumer Confidence Rating (100 plus the unweighted average of the net balances of Q1-5)								
Overall Index	108.7	106.9	112.0	113.8	113.1	110.8	115.4	114.0
Current Conditions	107.3	105.7	111.4	112.4	109.0	108.2	113.7	112.9
Future Conditions	109.6	107.9	112.3	114.7	115.9	112.6	116.7	114.7

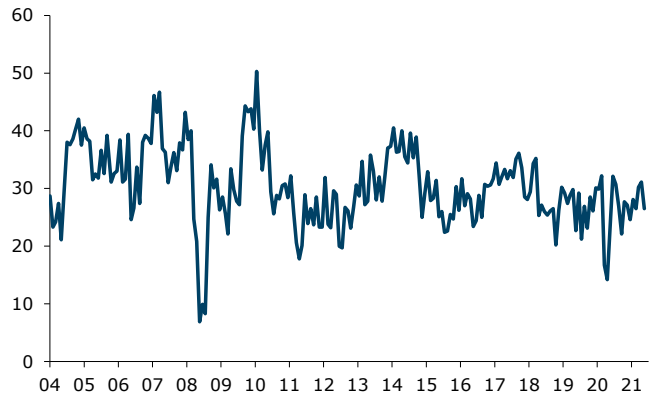


Tables and charts

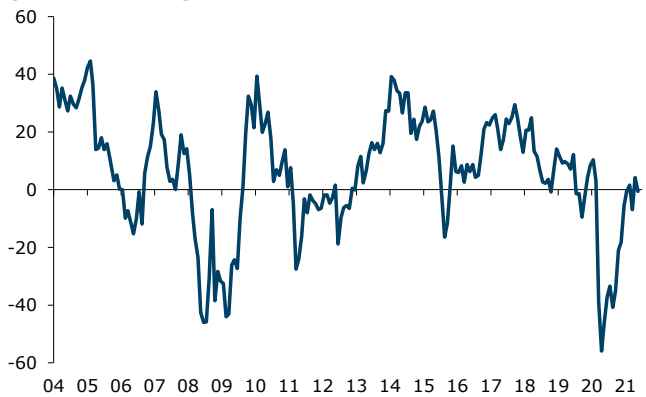
Q1. Better off past year



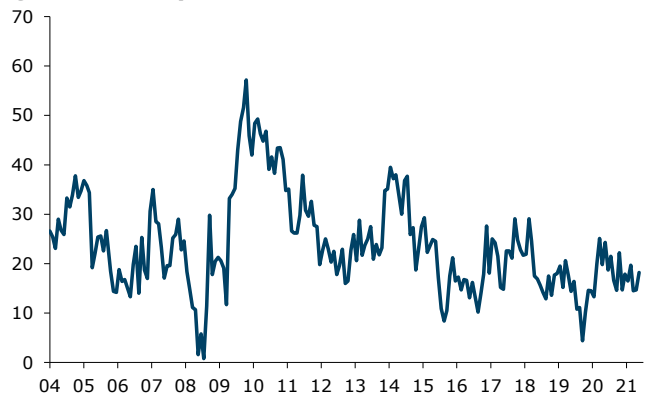
Q2. Better off next year



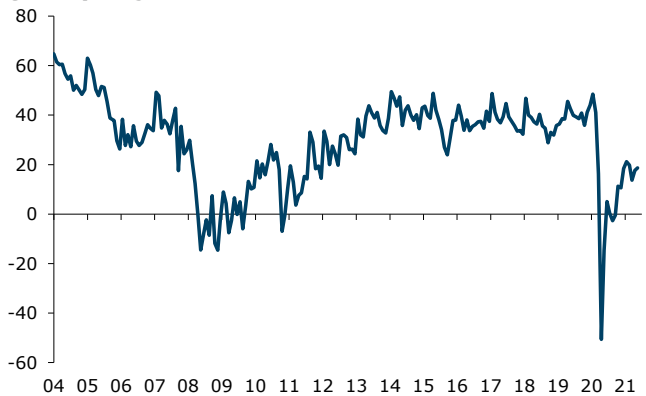
Q3. NZ economy 12 months' time



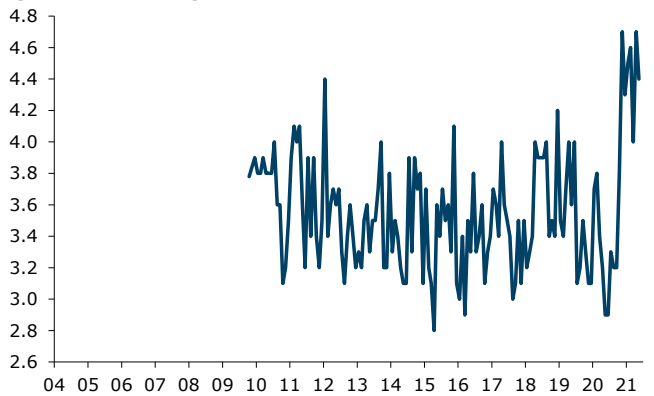
Q4. Outlook 5 years ahead



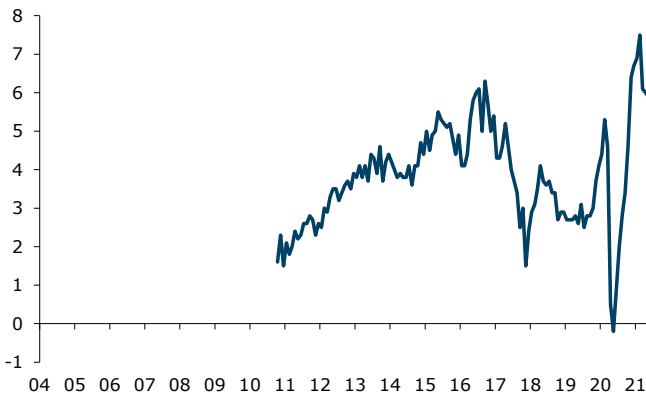
Q5. Buy major household item



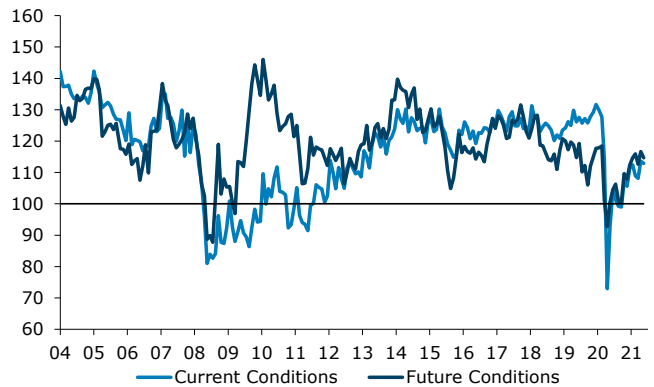
Q6. Inflation expectations



Q7. House price inflation expectations



Current vs future conditions



Source: ANZ Research, Roy Morgan



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