

ANZ-Roy Morgan NZ Consumer Confidence

1 March 2024



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Contact

Sharon Zollner for more details.

See [page 6](#).

The next issue of the ANZ-Roy Morgan Consumer Confidence is scheduled for release on 28 March 2024 at 10am.

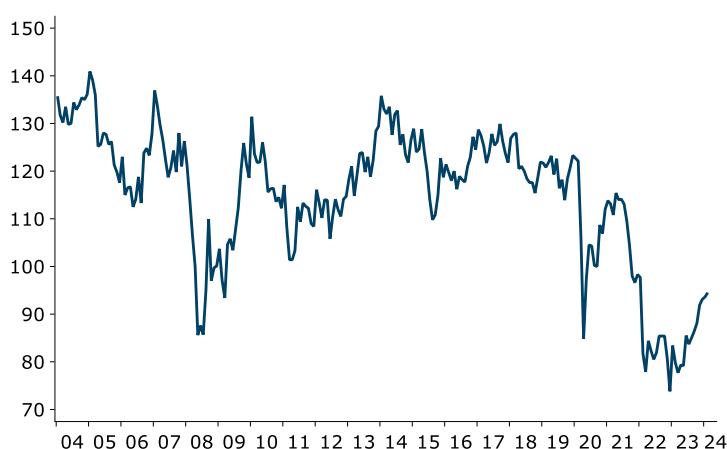
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Pointers

Key points

- ANZ-Roy Morgan consumer confidence rose another 1 point in February to 94.5, driven by a lift in perceptions of future conditions.
- Inflation expectations lifted for a second month, up from 4.3% to 4.5%.

Figure 1. ANZ-Roy Morgan Consumer Confidence



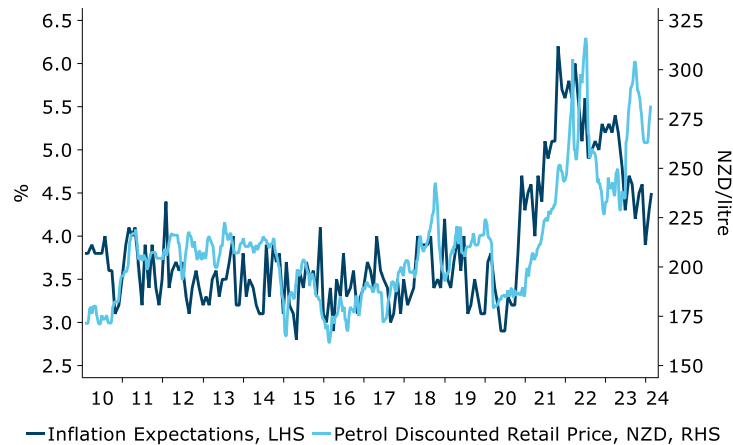
Source: Roy Morgan, Macrobond, ANZ Research

Turning to the detail:

- The future conditions index made up of forward-looking questions rose 2 points to 101, while the current conditions index was unchanged at 85.
- Perceptions of current personal financial situations were unchanged at -12%, still low but 18 points higher than a year ago.
- A net 18% expect to be better off this time next year, down 1 point.
- A net 18% think it's a bad time to buy a major household item, up 1 point. Again, still low, but well off its July-2023 low of -39%.
- Perceptions regarding the economic outlook in 12 months' time lifted 2 point to -20%. The 5-year-ahead measure lifted 4 points to +5%.
- House price inflation expectations rose from 3.9% to 4.1% y/y.
- Two-year-ahead CPI inflation expectations lifted from 4.3% to 4.5%. Household inflation expectations can be volatile, but they did a good job of identifying the inflation pick-up promptly in 2020, so are worth watching.

Household inflation expectations are well off their highs, but given the volatility, whether they are still trending downward is becoming a matter of conjecture (figure 2). They are clearly still too high. Household inflation expectations are of secondary importance insofar as households don't set prices, but they can impact wage demands and the ease with which businesses can pass through price increases.

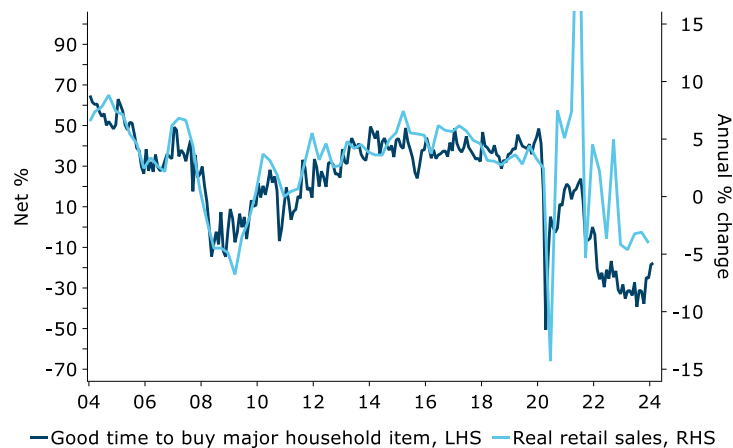
Figure 2. Consumer inflation expectations and petrol prices



Source: Stats NZ, MBIE, Macrobond, ANZ Research

Consumers continue to report ongoing extreme wariness about purchasing major household items, but this data is well off its lows (figure 3). This perception has been strongly inversely correlated with inflation in recent years, so the lift doesn't necessarily mean good times are on the way back for the retail sector any time soon. Retailers are clearly continuing to do it tough, as seen in our [Business Outlook](#) survey.

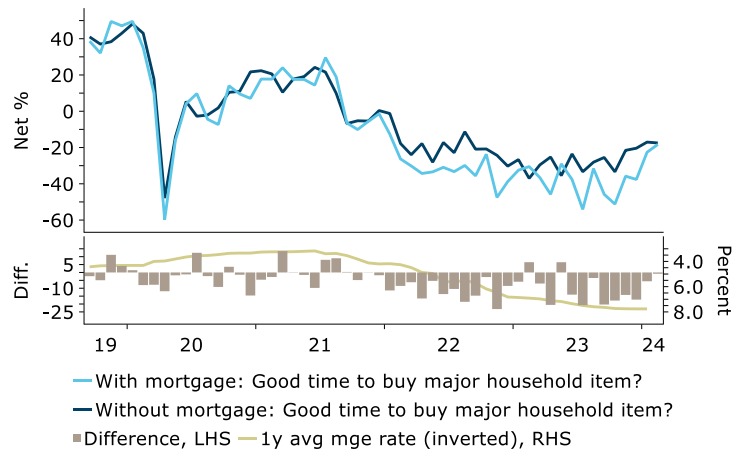
Figure 3. Good time to buy a major household item vs. real retail sales



Source: Stats NZ, Roy Morgan, Macrobond, ANZ Research

This month saw the perceptions gap close re whether it's a good time to spend between those paying off a mortgage and those who are not (figure 4). This may be related to the recent fall in carded mortgage rates, but the average rate that households are actually paying continues to creep higher as rollovers continue.

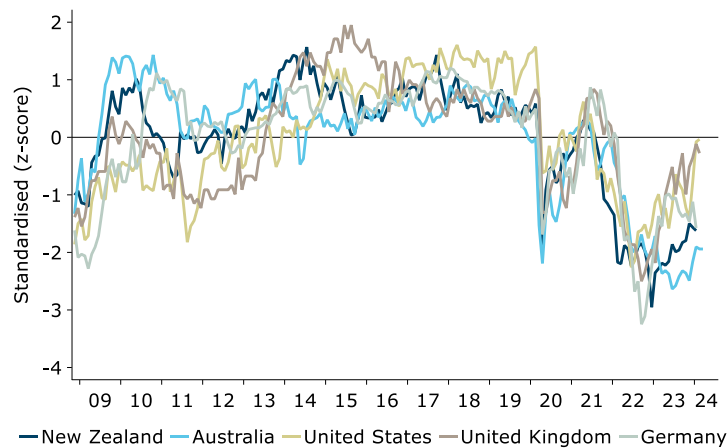
Figure 4. "Good time to buy a major household item" by mortgage status



Source: Roy Morgan, Macrobond, ANZ Research

Finally, the broad patterns in consumer confidence over recent years have been very similar across many countries (indexes are standardised for comparability). Figure 5 shows that New Zealand consumers are feeling more upbeat than their Australian counterparts, but confidence has not bounced as far as in the US and UK.

Figure 5. Consumer confidence in selected countries



Source: University of Michigan, GfK, DG ECFIN, Macrobond, ANZ Research



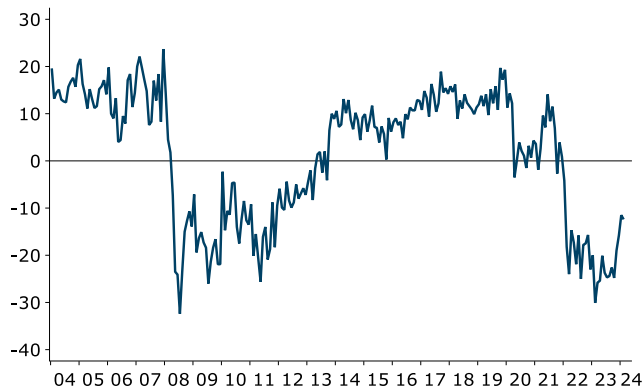
Tables and charts

Survey Summary	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24
No. of Interviews	1,019	1,009	1,004	1,008	1,003	1,008	1,003	1,003
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	23	22	24	22	22	24	24	24
Worse Off	48	46	46	47	41	39	35	37
Net Balance	-25	-24	-23	-25	-19	-16	-12	-12
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	38	41	39	38	40	45	45	41
Worse Off	27	28	25	22	25	21	26	24
Net Balance	11	13	15	16	16	25	19	18
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	13	14	19	21	18	19	20
Bad Times	45	47	46	37	42	39	41	40
Net Balance	-32	-34	-32	-18	-21	-21	-22	-20
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	25	23	24	26	33	24	28	29
Bad Times	22	22	21	21	25	22	26	25
Net Balance	3	1	3	5	9	2	1	5
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	19	24	24	20	26	24	29	28
Bad Time to Buy	59	56	56	58	51	49	47	45
Net Balance	-39	-31	-32	-38	-25	-25	-19	-18
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	72	75	75	72	72	71	74	74
Go Down	8.2	6.3	5.1	7.5	7.8	8.3	7.6	5.8
Expectation (%)	4.7	4.6	4.2	4.5	4.6	3.9	4.3	4.5
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	45	49	60	68	70	69	73	74
Go Down	23.3	17.8	10.0	10.8	9.7	9.7	8.8	6.8
Expectation (%)	1.9	2.4	3.2	3.8	4.2	4.1	3.9	4.1
ANZ Roy Morgan Consumer Confidence Rating (100 plus the unweighted average of the net balances of Q1-5)								
Overall Index	83.7	85.0	86.4	88.1	91.9	93.1	93.6	94.5
Current Conditions	68.0	72.3	72.9	68.7	78.1	79.6	85.0	85.0
Future Conditions	94.1	93.5	95.3	100.9	101.1	102.1	99.4	100.9

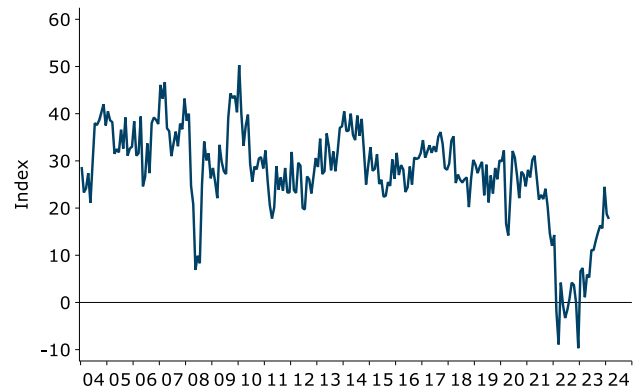


Tables and charts

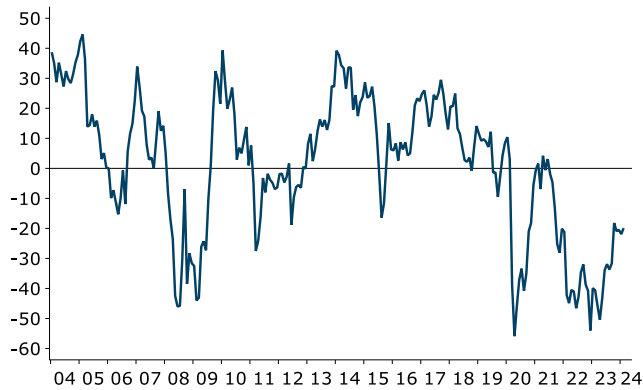
Q1. Better off past year



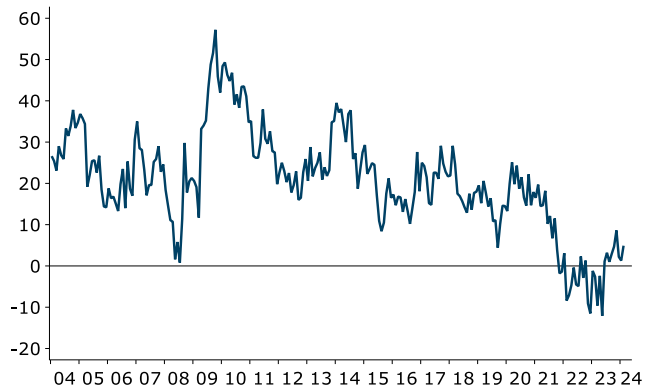
Q2. Better off next year



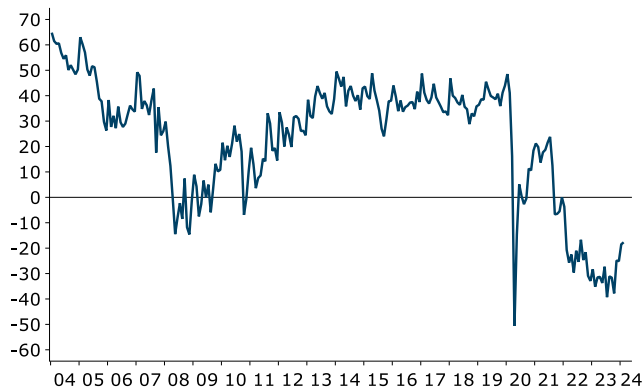
Q3. NZ economy 12 months' time



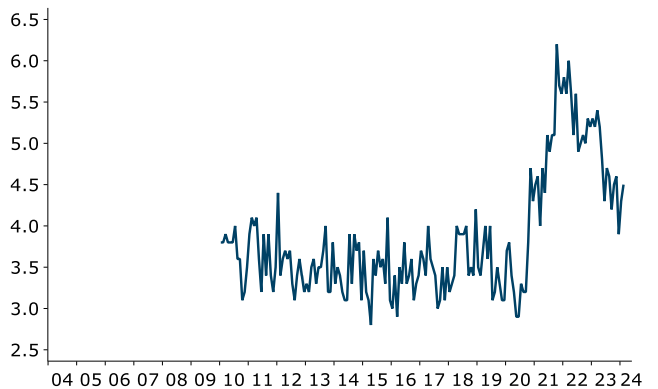
Q4. Outlook 5 years ahead



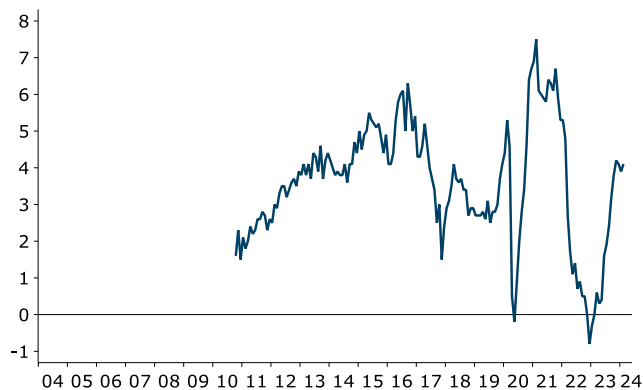
Q5. Buy major household item



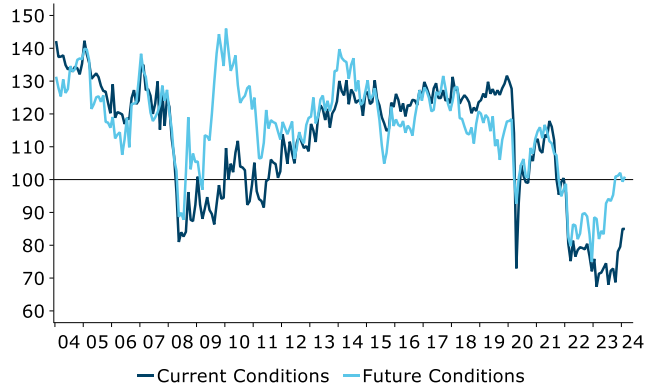
Q6. Inflation expectations



Q7. House price inflation expectations



Current vs future conditions



Source: Roy Morgan, Macrobond, ANZ Research



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