

ANZ-Roy Morgan NZ Consumer Confidence

3 March 2023



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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 31 March 2023 at 10am.

Confused by acronyms or jargon? See a glossary [here](#).

Still downbeat

Key points

- Consumer confidence eased 3 points in February to 79.8. From a glass-half-full perspective that's still above its December low of 73.8, but the level is very low.
- The proportion of people who believe it is a good time to buy a major household item, a key retail indicator, fell 7 points to -35%, the lowest level since the 2020 lockdown.
- Inflation expectations were little changed at 5.2%.

The ANZ-Roy Morgan Consumer Confidence Index eased 3 points in February, to a level that is by any definition very subdued. While confidence is rising in our [Business Outlook](#) survey, consumer confidence could better be described as bouncing round the bottom.

ANZ-Roy Morgan Consumer Confidence



Source: Roy Morgan, Macrobond, ANZ Research

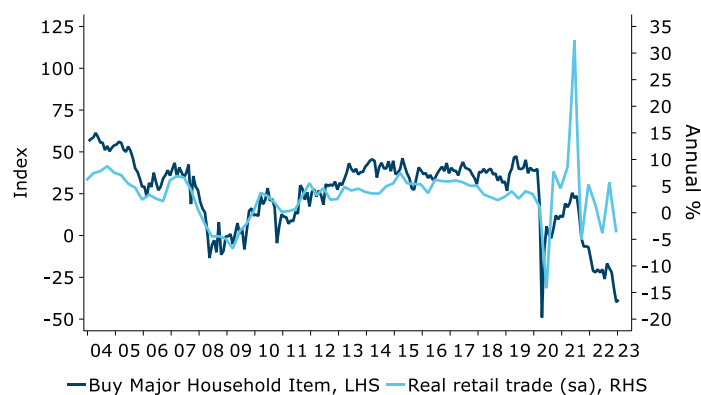
Turning to the detail:

- Perceptions of current personal financial situations fell 10 points to -30%. That's the lowest since 2008 as the cost of living bites.
- A net 7% expect to be better off this time next year, unchanged.
- A net 35% think it's a bad time to buy a major household item, down 7.
- Perceptions regarding the economic outlook in 12 months' time fell 1 point to -41%. The 5-year-ahead measure eased from -1% to -3%.
- House price inflation expectations were little changed at 0%. One-year-ahead CPI inflation expectations eased from 5.3% to 5.2%.
- Renters' perceptions of whether it's a good time to buy a major household item fell more than those of mortgage-paying households, and are actually now lower (-34% for renters vs -31% for mortgage payers). Mortgage interest rates tend to hog the attention, but rents are rising too.

Card spending data shows consumers are still spending, but they are getting considerably less for their money. More and more households will roll over onto markedly higher mortgage rates as the year rolls on, creating challenges for the retail and hospitality sectors.

Households don't consider it to be a particularly good time to buy a major household item. And fair enough too: interest rates are high, prices are high, the broader cost of living is high, and the availability of some items will be squeezed by flood replacement demand. However, there has been a long-running disjoint between what households have been saying and doing for some time, which we'd put down to the very strong labour market creating both solid wage growth and excellent job security. Our forecasts assume that this gap closes over the next year, with markedly weaker spending.

Figure 2. Watch what I do, not what I say

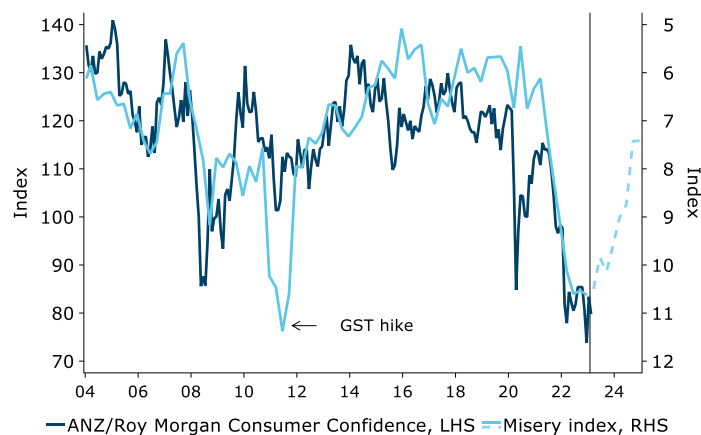


Source: Stats NZ, Macrobond, ANZ Research

Labour market developments will be key. Rising mortgage rates and rents are certainly making life tougher, but it's not clear that households are feeling a strong urge to save in case of job loss. The RBNZ is forecasting unemployment to rise rapidly as the year goes on, though recently monthly employment indicators have been [going the other way](#).

A 'misery index' of inflation plus the unemployment rate broadly matches the evolution of consumer confidence (figure 3). We are forecasting inflation to fall sharply but unemployment to rise – on net, that would see an improvement in a simple sum of the two, suggesting consumer confidence might improve in that scenario. But the impact of the two on actual retail sales is not the same. When it comes down to it, unemployment hurts more.

Figure 3: Misery index vs consumer confidence



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

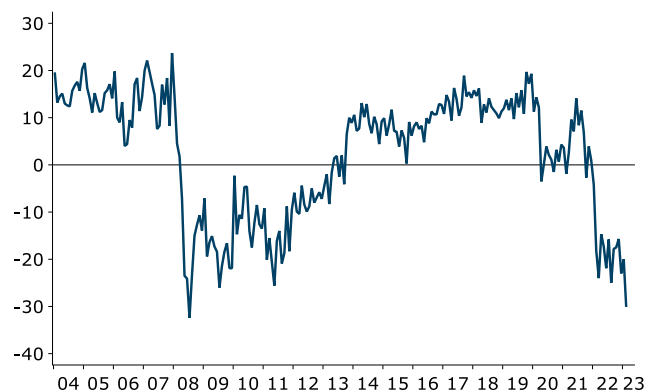
Consumer inflation expectations were little changed, at 5.2%. The longer inflation expectations of both consumers and businesses remain at levels inconsistent with the inflation target, the more concerned the Reserve Bank will be that high inflation is becoming normalised and anticipated in decision making. We see the risks as tilted to the upside around our forecast for the OCR to peak at 5.25%.

Survey Summary	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23
No. of Interviews	1,001	1,001	1,010	1,011	995	1,001	1,005	1,007
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	26	21	26	28	28	24	23	20
Worse Off	42	46	44	45	43	47	43	50
Net Balance	-16	-25	-18	-18	-16	-23	-20	-30
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	33	32	36	35	34	30	35	37
Worse Off	34	31	32	32	34	39	29	29
Net Balance	-2	1	4	4	0	-10	7	7
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	10	12	11	12	12	8	13	11
Bad Times	53	47	43	50	53	62	53	52
Net Balance	-43	-35	-32	-39	-41	-54	-40	-41
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	19	22	19	22	19	19	22	22
Bad Times	24	20	22	21	28	30	23	25
Net Balance	-5	2	-3	1	-9	-12	-1	-3
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	25	28	25	26	21	24	25	22
Bad Time to Buy	51	45	50	48	52	57	53	57
Net Balance	-25	-17	-25	-22	-31	-33	-28	-35
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	83	78	80	84	84	78	79	82
Go Down	4.8	7.0	7.1	4.4	5.0	6.3	5.1	5.9
Expectation (%)	4.9	5.0	5.1	5.0	5.3	5.2	5.3	5.2
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	33	37	32	33	32	29	28	31
Go Down	35.0	34.9	35.1	37.1	39.8	49.5	41.3	40.8
Expectation (%)	0.7	0.9	0.5	0.5	0.0	-0.8	-0.3	0.0
ANZ Roy Morgan Consumer Confidence Rating (100 plus the unweighted average of the net balances of Q1-5)								
Overall Index	81.9	85.4	85.4	85.4	80.7	73.8	83.4	79.8
Current Conditions	79.4	79.2	78.8	80.5	76.7	72.1	75.9	67.4
Future Conditions	83.6	89.5	89.8	88.8	83.3	74.9	88.5	88.0

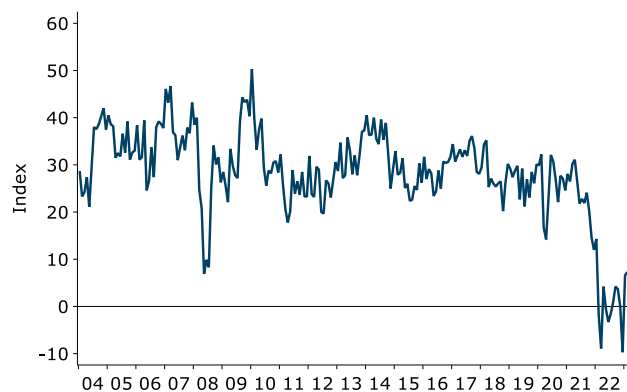


Tables and charts

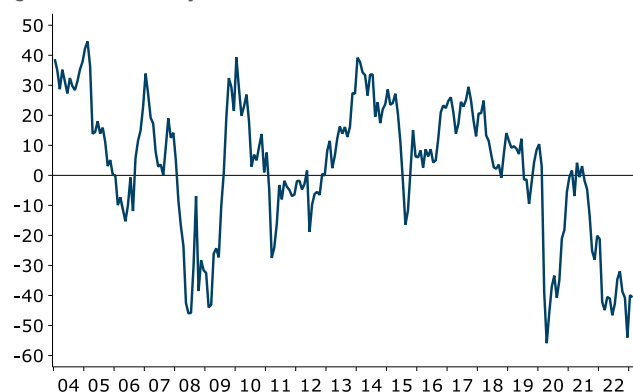
Q1. Better off past year



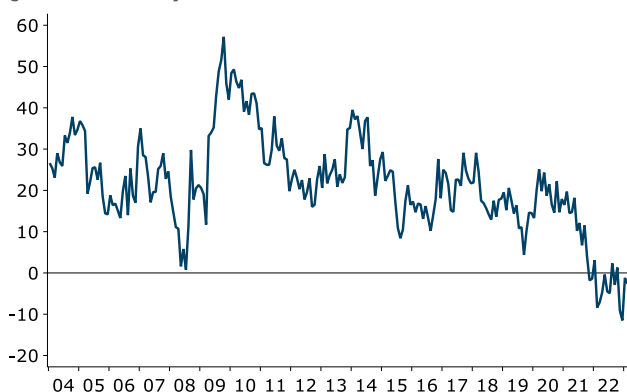
Q2. Better off next year



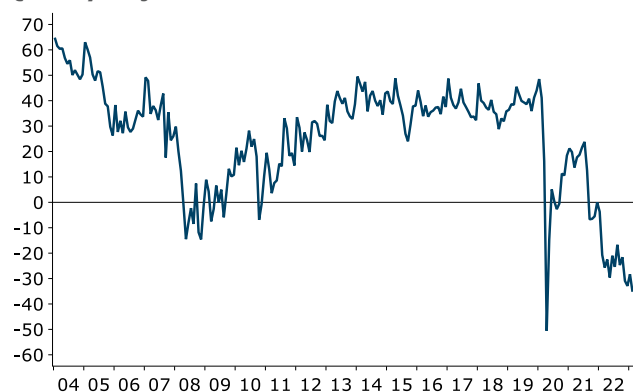
Q3. NZ economy 12 months' time



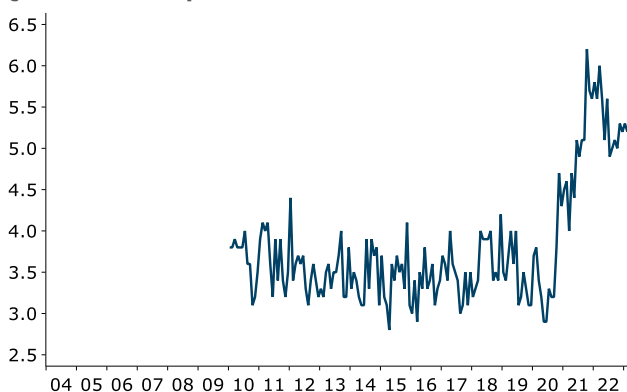
Q4. Outlook 5 years ahead



Q5. Buy major household item



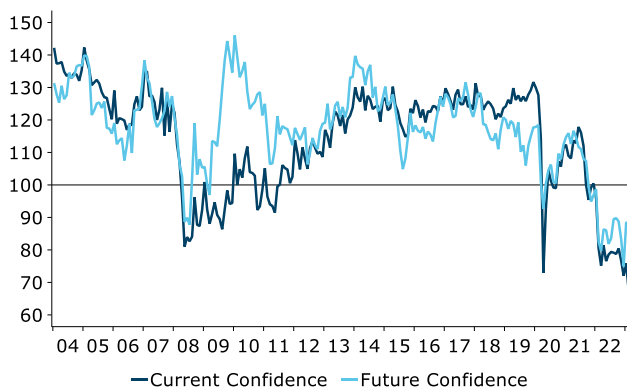
Q6. Inflation expectations



Q7. House price inflation expectations



Current vs future conditions



Source: Roy Morgan, Macrobond, ANZ Research



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Sharon Zollner
Chief Economist

Follow Sharon on Twitter
@sharon_zollner

Telephone: +64 9 357 4094
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



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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