

ANZ-Roy Morgan NZ Consumer Confidence

27 June 2024



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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 26 July 2024 at 10am.

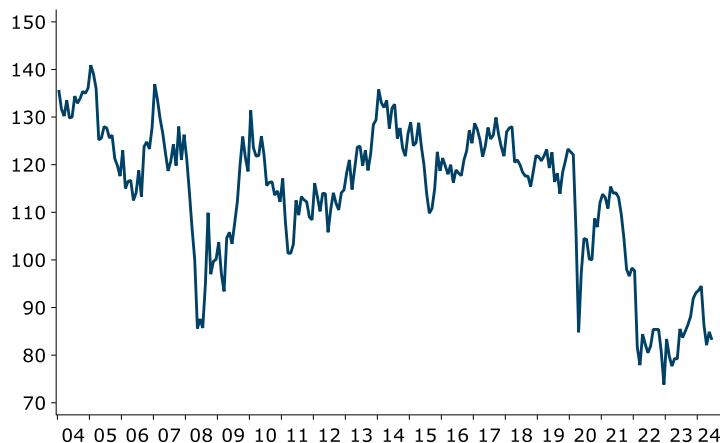
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Still subterranean

Key points

- ANZ-Roy Morgan Consumer Confidence eased 2 points in June. At 83, confidence is miles below the 20-year average of 114.
- Inflation expectations bounced from 3.8% back up to 4.2%. It's volatile, but gradually trending lower. Expected house price inflation ticked up from 3.2% to 3.4%.

Figure 1. ANZ-Roy Morgan Consumer Confidence



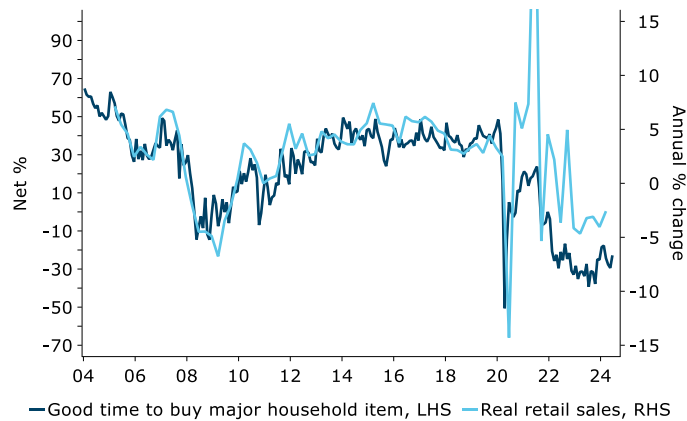
Source: Roy Morgan, Macrobond, ANZ Research

Turning to the detail (for charts see page 5):

- The future conditions index made up of forward-looking questions fell from 89.5 to 87, while the current conditions index fell just half a point to 77.4.
- Perceptions of current personal financial situations fell 7 points to -22%. Responses to this question have been particularly volatile lately.
- A net 8% expect to be better off this time next year, up 2 points.
- A net 23% think it's a bad time to buy a major household item, an improvement of 6 points but still extremely cautious.
- Perceptions regarding the economic outlook in 12 months' time fell 3 points to -39%. The 5-year-ahead measure fell 6 points to -8%.
- House price inflation expectations ticked up from 3.2% to 3.4% y/y. Auckland expectations rose from 2.5% to 4.2%, in a turnaround from the downward trend in the preceding three months. But we'd caution that they can be volatile.
- Two-year-ahead CPI inflation expectations bounced from 3.8% to 4.2%, but in the bigger picture they continue to trend lower.

High inflation caused a level shift in consumer confidence, perhaps reflecting that high inflation affects everyone, whereas rising unemployment leaves the vast majority of people untouched. Consumer confidence plummeted when inflation took off, then was recovering as inflation fell until recession headlines came along and caused another drop. The rise in the question of whether it's a good time to purchase a major household item this month suggests that "sticker shock" could be fading, but the level of the indicator still suggests ongoing tough times for retailers (figure 2).

Figure 2. Good time to buy a major household item vs. real retail sales

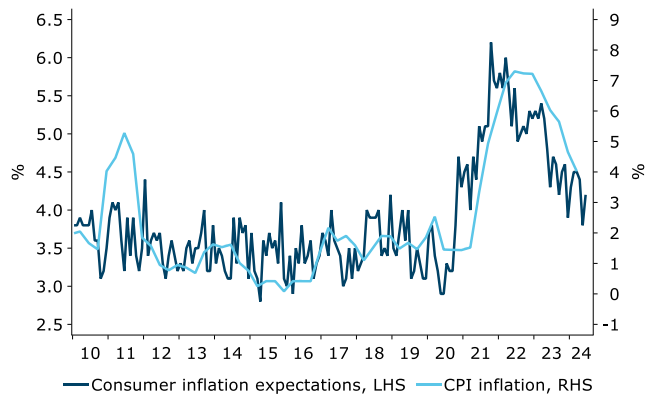


Source: Stats NZ, Roy Morgan, Macrobond, ANZ Research

Households’ inflation expectations are volatile but continue to trend lower (figure 3). Households don’t set prices, but their expectations can impact both wage demands (though the power is now very much with employers) and the ease with which businesses can pass on cost increases into prices.

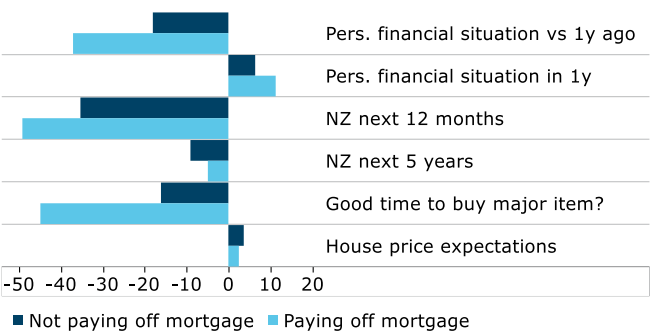
Those with mortgages remain much more downbeat about their current financial situations and thus cautious about buying a major household item, but they are more optimistic about their personal financial situation a year from now, likely because they are expecting interest rates to fall (figure 4). Their house price expectations are a little higher.

Figure 3. Consumer inflation expectations and CPI inflation



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

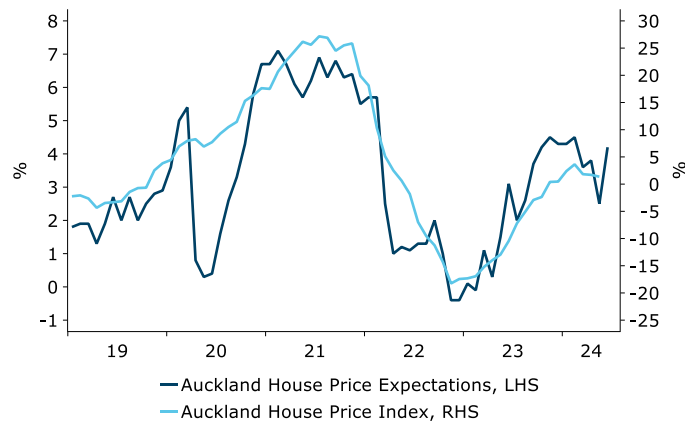
Figure 4. Those paying off mortgages vs rest



Source: Roy Morgan, ANZ Research

While nationwide house price expectations were steady, Auckland house price expectations jumped this month. Figure 5 (over) shows the relationship between household house price inflation expectations and actual outcomes. The latter go through much larger swings than expectations do, but households are well aware of the general cycle. The bounce this month may well have an element of statistical noise, but it does highlight that current market softness is very different from the plunge in expectations seen in early 2022.

Figure 5. Auckland house price expectations and outcomes



Source: Roy Morgan, REINZ, Macrobond, ANZ Research

Bringing it all together, consumer pessimism is consistent with the broader economic data that shows households are tightening their belts in the face of restrictive monetary conditions, a stagnant housing market, and a softening labour market. Slowing CPI inflation and expectations that fixed mortgage rates are likely to decline from here will be providing some relief, but this is clearly only a partial offset to the relatively lengthy list of headwinds.



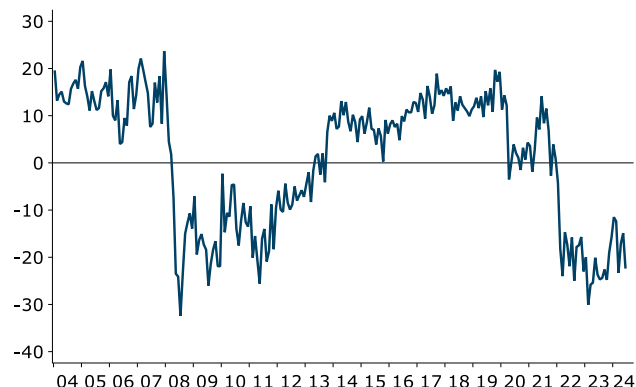
Tables and charts

Survey Summary	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24
No. of Interviews	1,003	1,008	1,003	1,003	1,002	1,003	1,002	1,000
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	22	24	24	24	20	22	25	20
Worse Off	41	39	35	37	44	39	40	42
Net Balance	-19	-16	-12	-12	-23	-17	-15	-22
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	40	45	45	41	43	34	36	37
Worse Off	25	21	26	24	24	29	30	29
Net Balance	16	25	19	18	19	5	6	8
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	21	18	19	20	12	11	13	11
Bad Times	42	39	41	40	46	51	49	50
Net Balance	-21	-21	-22	-20	-34	-40	-36	-39
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	33	24	28	29	22	21	24	21
Bad Times	25	22	26	25	28	31	25	29
Net Balance	9	2	1	5	-5	-10	-2	-8
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	26	24	29	28	26	21	22	26
Bad Time to Buy	51	49	47	45	51	49	52	49
Net Balance	-25	-25	-19	-18	-24	-28	-29	-23
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	71	74	74	76	76	73	76
Go Down	7.8	8.3	7.6	5.8	4.1	5.8	7.9	5.4
Expectation (%)	4.6	3.9	4.3	4.5	4.5	4.4	3.8	4.2
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	70	69	73	74	67	68	62	57
Go Down	9.7	9.7	8.8	6.8	8.8	10.1	11.5	14.9
Expectation (%)	4.2	4.1	3.9	4.1	3.4	3.5	3.2	3.4
ANZ Roy Morgan Consumer Confidence Rating (100 plus the unweighted average of the net balances of Q1-5)								
Overall Index	91.9	93.1	93.6	94.5	86.4	82.1	84.9	83.2
Current Conditions	78.1	79.6	85.0	85.0	76.2	77.7	77.9	77.4
Future Conditions	101.1	102.1	99.4	100.9	93.2	85.0	89.5	87.0

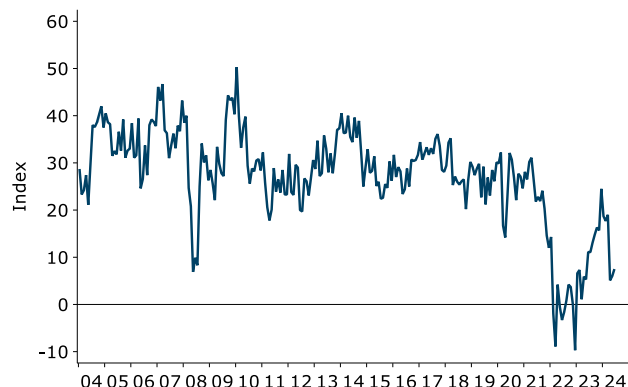


Tables and charts

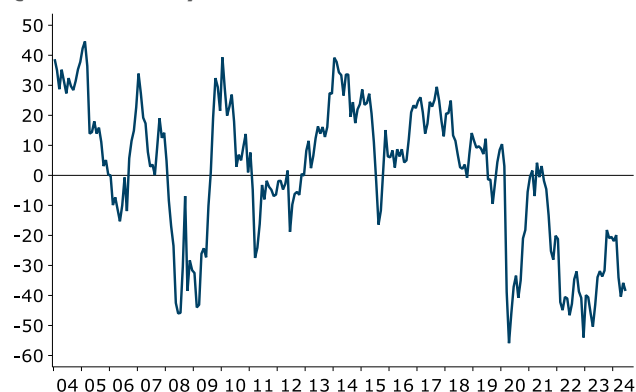
Q1. Better off past year



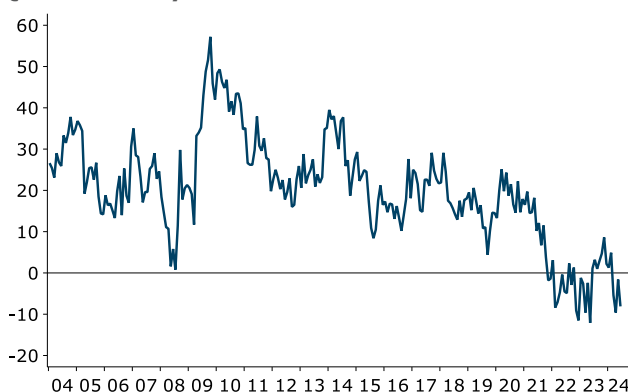
Q2. Better off next year



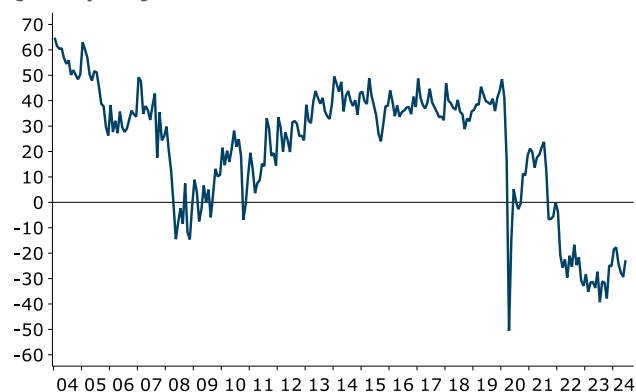
Q3. NZ economy 12 months' time



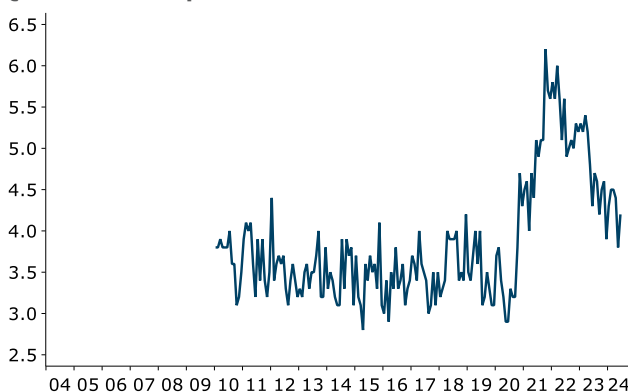
Q4. Outlook 5 years ahead



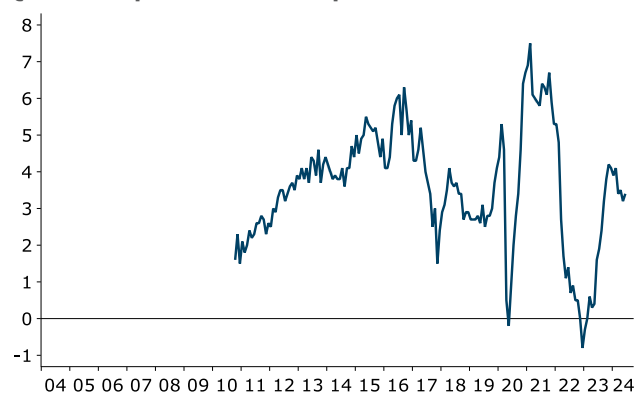
Q5. Buy major household item



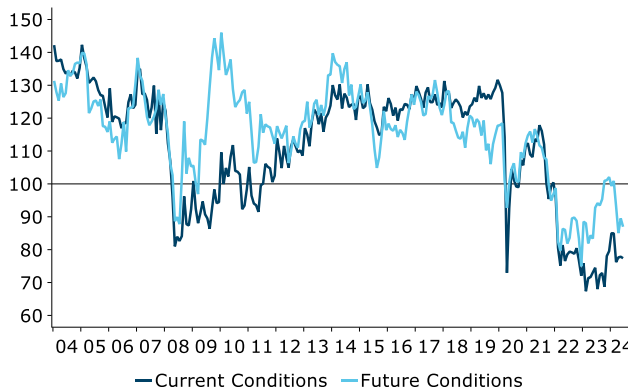
Q6. Inflation expectations



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 X
@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, economic developments, GDP and activity dynamics, fiscal and monetary policy.

Telephone: +64 21 661 792
Email: miles.workman@anz.com



Henry Russell
Economist

Macroeconomic forecasting, economic developments, labour market dynamics, inflation and monetary policy.

Telephone: +64 21 629 553
Email: henry.russell@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



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

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Last updated: 20 February 2024

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