

ANZ-Roy Morgan NZ Consumer Confidence

29 April 2022



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Contact

Miles Workman for more details.

See [page 5](#).

The next issue of the ANZ-Roy Morgan Consumer Confidence is scheduled for release on 27 May 2022 at 10am.

Picking itself up off the floor

Key points

- Consumer confidence lifted 6 points in April to 84.4, off its record low but still extremely pessimistic.
- The proportion of people who believe it is a good time to buy a major household item inched 3 points higher to a still-grim -23.
- Inflation expectations fell back to 5.6%. House price inflation expectations eased from 2.7% to just 1.7%.

The ANZ-Roy Morgan Consumer Confidence Index recovered slightly in April. Over the month Omicron waned, but the RBNZ raised the Official Cash Rate by 50bp and strong inflation was confirmed in the official data.

Figure 1. ANZ-Roy Morgan Consumer Confidence



Source: Roy Morgan, Macrobond, ANZ Research

Turning to the detail:

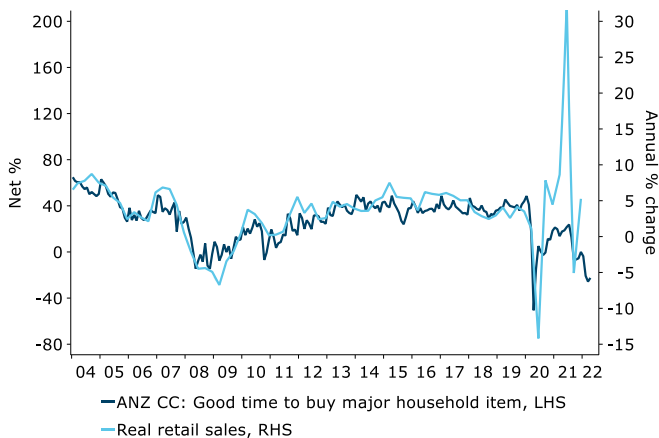
- Perceptions of current personal financial situations bounced 9 points to -15%.
- A net 4% expect to be better off this time next year, up 13 points. Back in the black – it's very unusual for this series to be negative, as it has been for the past two months.
- Households still think on balance that it's a very bad time to buy a major household item (-23%, up 3 points). This is the single best indicator for retail spending in the survey.
- Perceptions regarding the next year's economic outlook recovered 4 points to -41%, still deeply pessimistic. The five-year outlook lifted very slightly to -5%.
- House price inflation expectations fell from 2.7% to just 1.7%.
- CPI inflation expectations eased 0.4%pts to 5.6%. Expectations have been bouncing around the 6% level in recent months.

The best retail indicator in the consumer confidence survey is the answer to the question of whether it is a good time to buy a major household item. COVID volatility aside, current readings are a red flag for retailers (figure 2). The data sits well below the troughs of the 2008/09 recession. By age group, there's a broad consensus that it's time to close the wallet, but particularly amongst the mortgage belt (figure 3).

Retailers are likely sitting on higher-than-normal inventories currently, given the extreme difficulty of bringing in stock from offshore over the last year or two. The inventory cycle is a key ingredient in how lower demand reduces inflation pressure, but it could be a pretty uncomfortable ride for businesses for whom the main problems in the last couple of years have been finding the stock and the staff to keep up with insatiable demand.

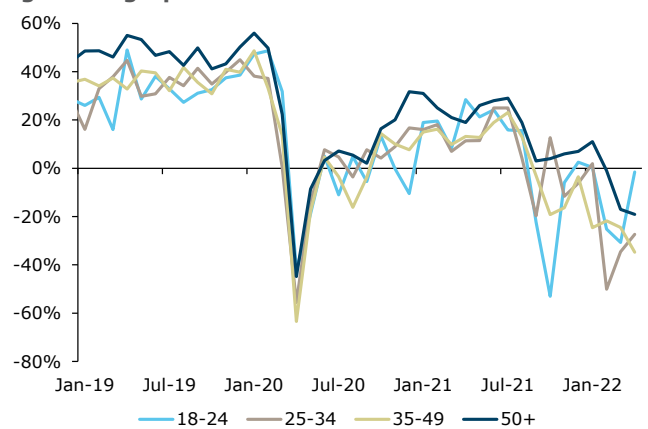
On the face of it, the sorry state of consumer confidence is surprising in the context of a record-low unemployment rate. But apart from strong job security, households are under the pump. Omicron remains a threat. Very high inflation, particularly in necessities, means for the vast majority of people real incomes are going backwards. Those with debt are looking at sharply higher servicing costs. And those with savings are looking at deeper negative real returns on low-risk investments as inflation outpaces interest rate increases – not to mention wobbly global equities, losses on bond investments, and falling house prices. No one is immune.

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



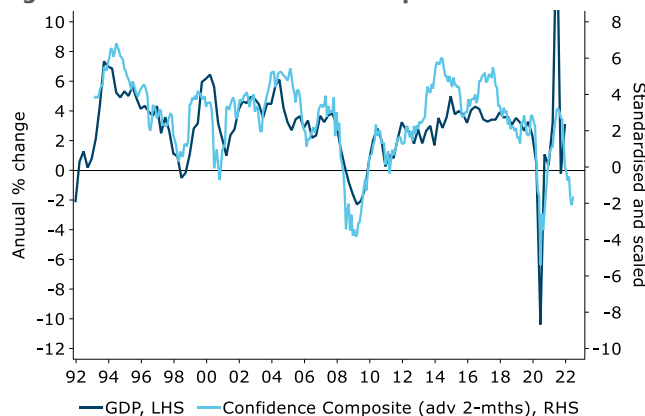
Source: Roy Morgan, Statistics NZ, Macrobond, ANZ Research

Figure 3. Good time to buy a major household item by age demographic



Our confidence composite gauge combines lagged Business Outlook expectations and intentions with consumer sentiment. It is highlighting the risk of a hard landing – not our forecast, but a real possibility (figure 4).

Figure 4. GDP vs Confidence Composite



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



Tables and charts

Survey Summary	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22
No. of Interviews	1,006	1,000	1,004	1,009	981	1,003	1,000	986

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	31	28	32	31	28	25	23	27
Worse Off	25	31	28	30	32	43	47	42
Net Balance	7	-3	4	1	-4	-18	-24	-15

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	41	39	37	37	33	30	35
Worse Off	17	21	24	25	23	35	39	31
Net Balance	24	20	15	12	14	-2	-9	4

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	20	18	18	20	18	10	11	11
Bad Times	33	43	47	40	39	52	56	52
Net Balance	-13	-25	-28	-20	-21	-42	-45	-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	32	28	25	24	26	19	20	21
Bad Times	20	24	27	26	23	27	27	26
Net Balance	12	4	-2	-1	3	-8	-7	-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	35	36	37	40	37	28	26	27
Bad Time to Buy	42	42	42	40	40	49	51	50
Net Balance	-7	-7	-6	0	-4	-21	-26	-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	86	88	91	89	92	92	90	88
Go Down	2.0	2.5	1.2	2.3	1.5	2.1	2.7	4.8
Expectation (%)	5.1	6.2	5.7	5.6	5.8	5.6	6.0	5.6

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	72	75	72	68	67	62	48	40
Go Down	7.9	6.7	9.6	11.4	11.1	12.7	23.2	29.0
Expectation (%)	6.1	6.7	5.9	5.3	5.3	4.8	2.7	1.7

ANZ Roy Morgan Consumer Confidence Rating (100 plus the unweighted average of the net balances of Q1-5)

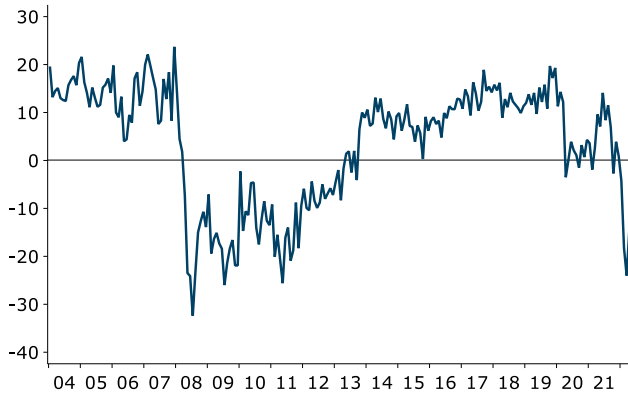
Overall Index	104.5	98.0	96.6	98.3	97.7	81.7	77.9	84.4
Current Conditions	100.1	95.4	99.2	100.5	96.1	80.6	75.2	81.4
Future Conditions	107.4	99.7	94.9	96.8	98.7	82.5	79.7	86.3



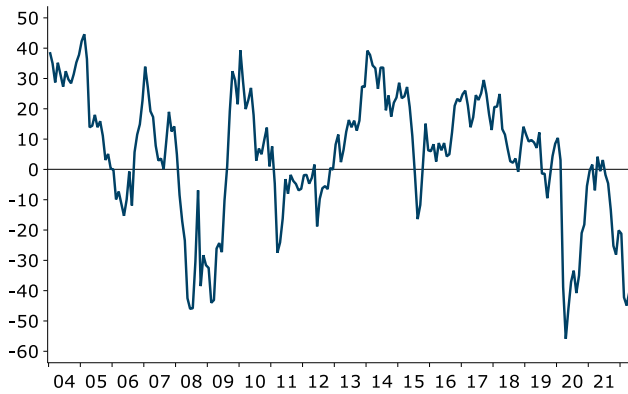
Tables and charts

Q1. Better off past year

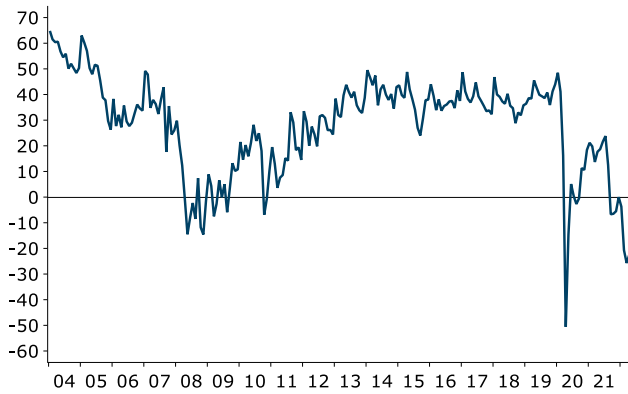
Source: Roy Morgan, Macrobond, ANZ Research



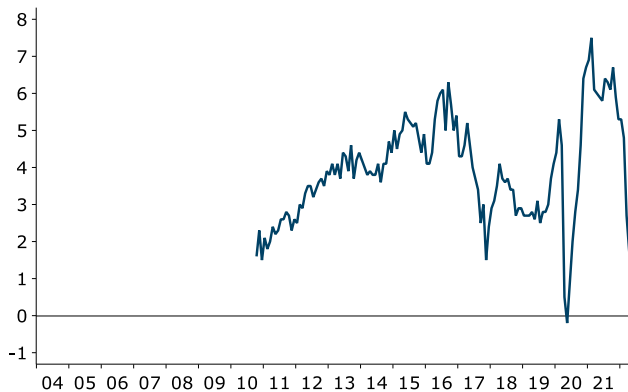
Q3. NZ economy 12 months' time



Q5. Buy major household item



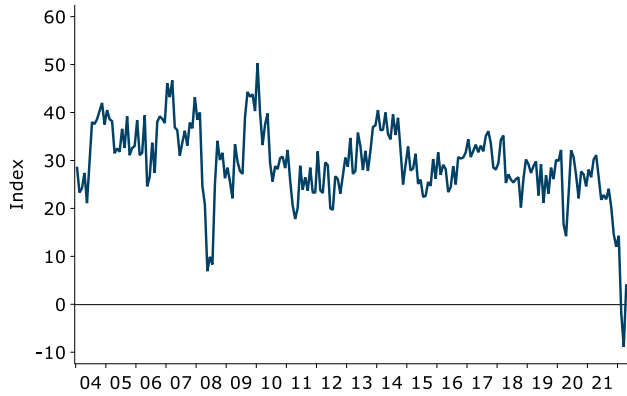
Q7. House price inflation expectations



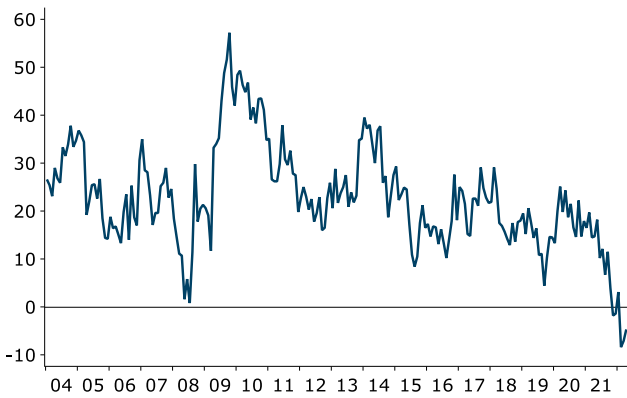


Tables and charts

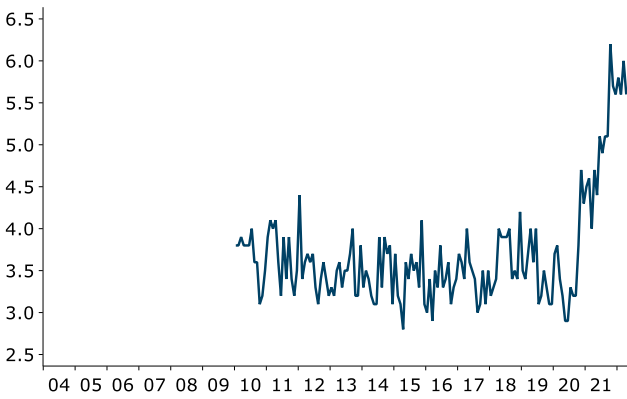
Q2. Better off next year



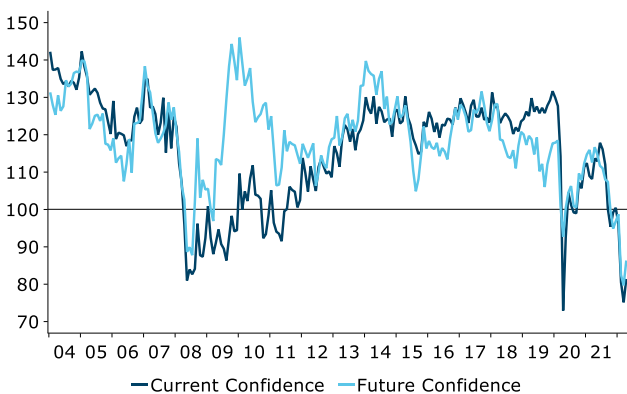
Q4. Outlook 5 years ahead



Q6. Inflation expectations



Current vs future conditions





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