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The next issue of the ANZ-Roy Morgan Consumer Confidence is scheduled for release on 1 February 2019 at 10am.

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Hark the EFTPOS terminals sing

Summary

- December consumer confidence lifted 3 points and is a bit above average.
- Perceptions of current conditions lifted 3 points, while the future conditions index lifted 4 points.
- The proportion of households who think it's a good time to buy a major household item lifted 4 points, just in time for Christmas.

Consumer confidence is making a comeback, with the ANZ-Roy Morgan Consumer Confidence Index now 7 points off its October low. The overall index rose 3 points in December and sits a little above the historical average. The Current Conditions Index lifted 3 points to 124 while the Future Conditions Index rose 4 points to 121.

Figure 1. ANZ-Roy Morgan Consumer Confidence

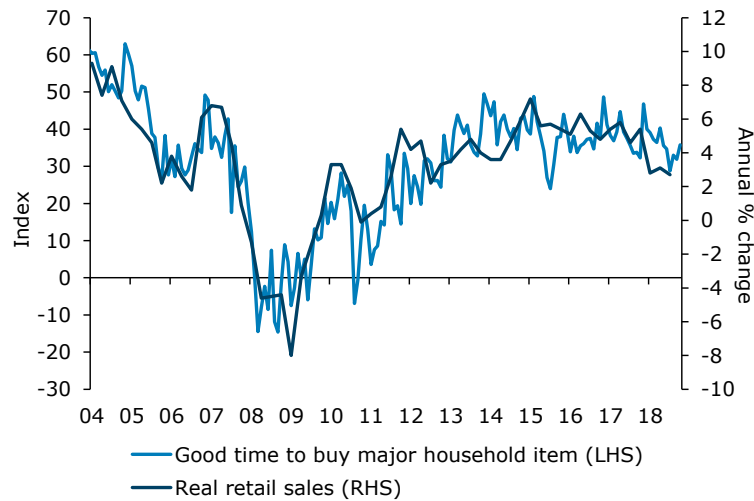


Source: ANZ, Roy Morgan

- Consumers' perceptions of their current financial situation lifted 1 point to a net 11% feeling financially better off than a year ago.
- A net 30% of consumers expect to be better off financially this time next year, up 4 points.
- A net 36% think it's a good time to buy a major household item, up 4 points.
- Perceptions regarding the next year's economic outlook lifted 7 points to a net 14% expecting conditions to improve, the highest since March. The five-year outlook was unchanged at +18%.
- The improvement was driven out of Wellington, up 10 points, and Canterbury, up 9 points. Wellington has reclaimed top spot at 129.
- House price inflation expectations were unchanged around the country (2.9%), though they fell 1.1%pts in Auckland. They are weakest in Auckland (1.8%) and strongest in Other South Island (4.5%).
- Inflation expectations lifted 0.8%pts to 4.2%. This series is volatile, but it's notable that this is the highest read since 2012. However, falling petrol prices mean the lift is unlikely to be sustained.

Consumers are feeling pretty good as Christmas approaches, with confidence lifting again to sit a bit above historically average levels. The proportion thinking it is a good time to buy a major household item bodes well for spending in the lead-in to Christmas (figure 2).

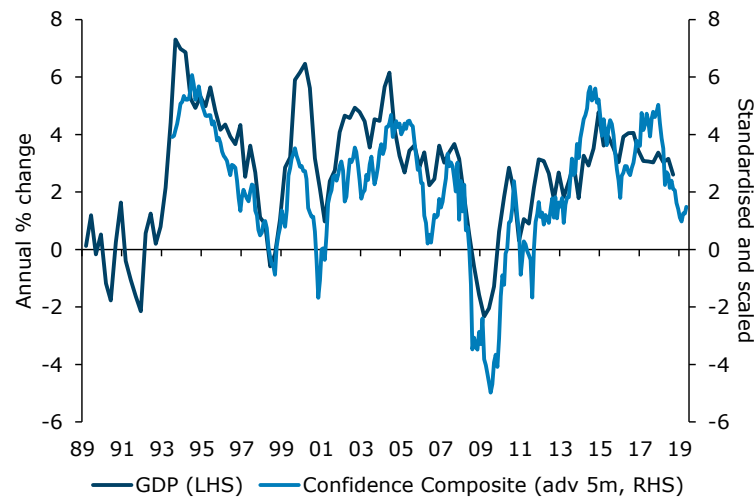
Figure 2. Good time to buy major item vs retail sales volumes



Source: ANZ, Roy Morgan, Statistics NZ

Our confidence composite gauge (which combines business expectations and intentions with overall consumer sentiment to capture both the demand and supply side of the economy) continues to suggest momentum in the economy is set to slow (figure 3). However, business sentiment indicators appear to be reflecting factors other than turnover/activity at the moment. We see growth holding up in a 2½-3% range for the foreseeable future, with consumption on a fairly steady path, supported by a strong labour market but capped by high household debt.

Figure 3. GDP vs Confidence Composite



Source: ANZ, Roy Morgan, Statistics NZ



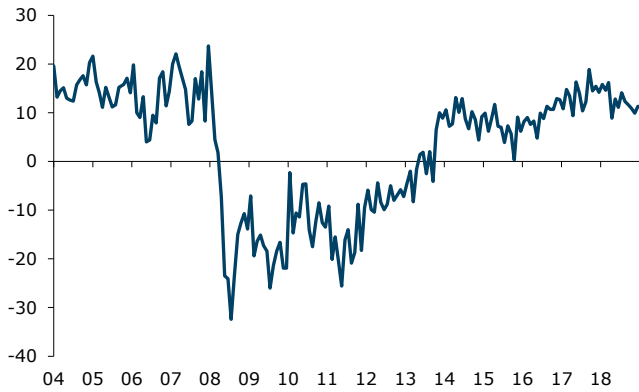
Tables and charts

| Survey Summary | May-18 | Jun-18 | Jul-18 | Aug-18 | Sep-18 | Oct-18 | Nov-18 | Dec-18 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| No. of Interviews | 998 | 1,002 | 1,009 | 1,004 | 1,009 | 999 | 1,000 | 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 | 33 | 33 | 34 | 34 | 34 | 35 | 34 | 34 |
| Worse Off | 20 | 21 | 20 | 22 | 22 | 25 | 24 | 23 |
| Net Balance | 13 | 11 | 14 | 12 | 12 | 11 | 10 | 11 |
| 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 | 46 | 44 | 43 | 45 | 45 | 41 | 44 | 46 |
| Worse Off | 19 | 18 | 18 | 19 | 18 | 21 | 18 | 16 |
| Net Balance | 27 | 26 | 25 | 26 | 27 | 20 | 26 | 30 |
| 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 | 38 | 36 | 33 | 32 | 35 | 33 | 37 | 40 |
| Bad Times | 26 | 30 | 30 | 30 | 32 | 34 | 30 | 26 |
| Net Balance | 12 | 7 | 3 | 2 | 4 | -1 | 7 | 14 |
| 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 | 41 | 41 | 38 | 36 | 39 | 35 | 40 | 40 |
| Bad Times | 24 | 26 | 24 | 23 | 22 | 21 | 22 | 22 |
| Net Balance | 17 | 16 | 14 | 13 | 18 | 14 | 18 | 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 | 53 | 57 | 55 | 53 | 51 | 54 | 52 | 56 |
| Bad Time to Buy | 17 | 16 | 19 | 18 | 22 | 21 | 21 | 20 |
| Net Balance | 36 | 40 | 36 | 35 | 29 | 33 | 32 | 36 |
| 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 | 75 | 78 | 78 | 77 | 78 | 78 | 75 | 74 |
| Go Down | 3.6 | 3.8 | 4.2 | 3.6 | 5.2 | 4.1 | 5.0 | 4.9 |
| Expectation (%) | 3.9 | 3.9 | 3.9 | 4.0 | 3.4 | 3.5 | 3.4 | 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 | 63 | 63 | 59 | 57 | 60 | 55 | 56 | 56 |
| Go Down | 11.0 | 11.4 | 10.8 | 13.1 | 12.5 | 12.9 | 14.8 | 15.4 |
| Expectation (%) | 3.7 | 3.6 | 3.7 | 3.4 | 3.4 | 2.7 | 2.9 | 2.9 |
| ANZ Roy Morgan Consumer Confidence Rating (100 plus the unweighted average of the net balances of Q1-5) | | | | | | | | |
| Overall Index | 121.0 | 120.0 | 118.4 | 117.6 | 117.6 | 115.4 | 118.6 | 121.9 |
| Current Conditions | 124.6 | 125.7 | 124.9 | 123.5 | 120.2 | 122.0 | 120.9 | 123.6 |
| Future Conditions | 118.5 | 116.2 | 114.1 | 113.7 | 115.9 | 111.0 | 117.0 | 120.8 |

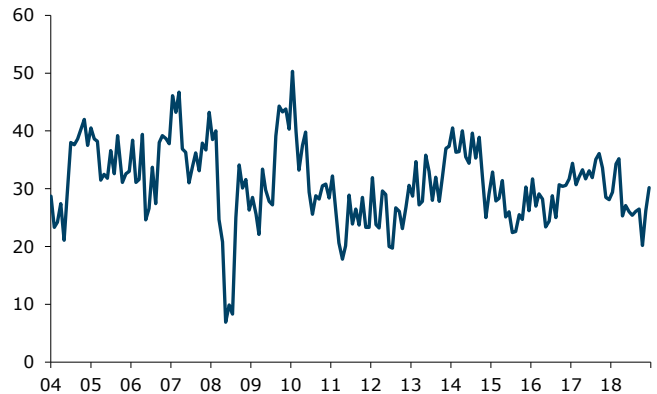


Tables and charts

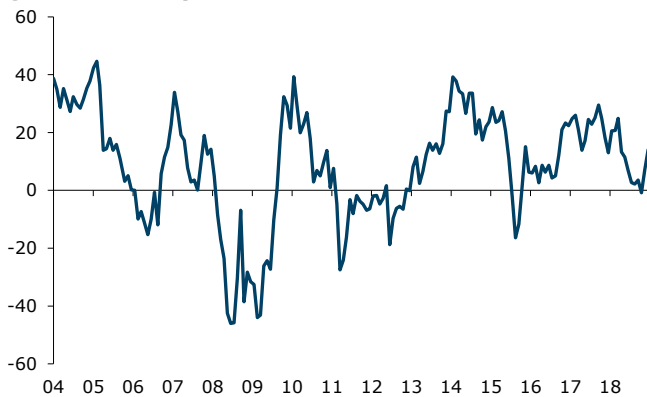
Q1. Better off past year



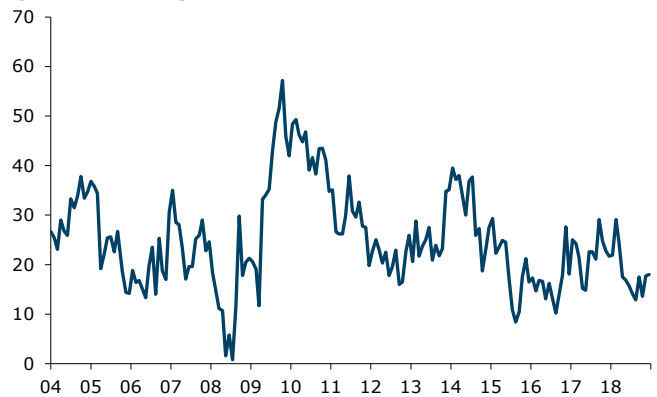
Q2. Better off next year



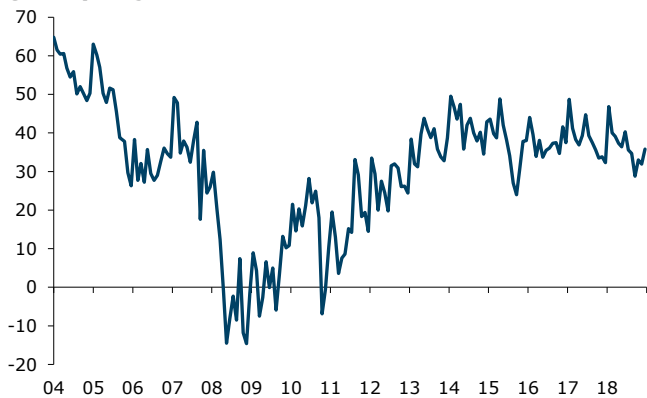
Q3. NZ economy 12 months' time



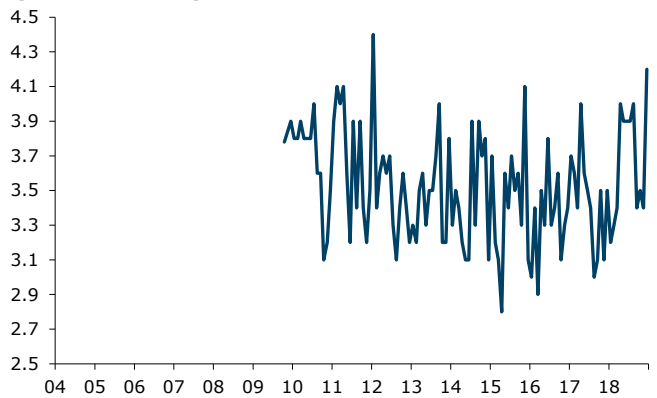
Q4. Outlook 5 years ahead



Q5. Buy major household item



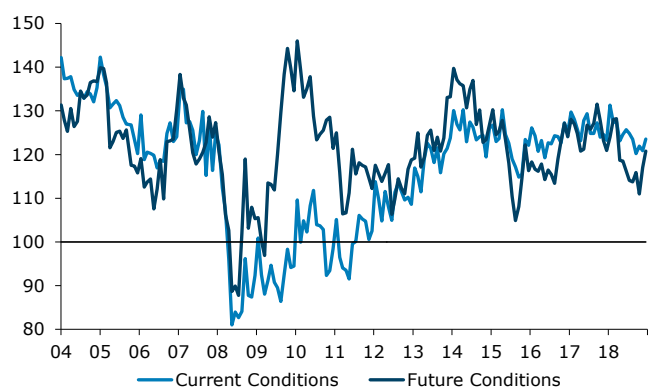
Q6. Inflation expectations



Q7. House price inflation expectations



Current vs future conditions



Source: ANZ, Roy Morgan



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