

ANZ-Roy Morgan NZ Consumer Confidence

27 March 2020



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The next issue of the ANZ-Roy Morgan Consumer Confidence is scheduled for release on 1 May 2020 at 10am.

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Down pre-lockdown

Key points

- Consumer confidence fell 16 points in March to 106. Given the country only went into level 2 alert at the end of the interviewing period, this is just the start, presumably.
- The proportion of households who think it's a good time to buy a major household item plummeted from 41% to 16%.
- Even if consumers wanted to spend, their ability to do so is now severely curtailed.

The ANZ-Roy Morgan Consumer Confidence Index fell sharply in March, unsurprisingly.

Figure 1. ANZ-Roy Morgan Consumer Confidence



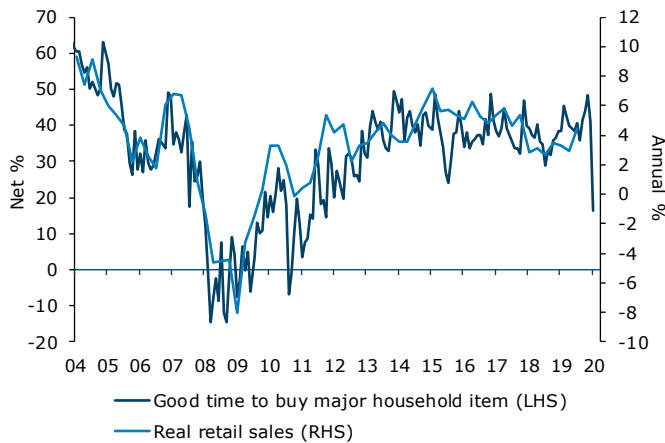
Source: ANZ Research, Roy Morgan

Turning to the detail:

- Consumers' perceptions of their current financial situation fell only 2 points. A net 12% feel financially better off than a year ago.
- A net 17% of consumers expect to be better off financially this time next year, but this is down 15 points.
- A net 16% think it's a good time to buy a major household item, down 25. (Anecdotally, second freezers, computer equipment and home entertainment systems have been in high demand this week.)
- Perceptions regarding the next year's economic outlook plunged 42 points to a net 39% expecting conditions to worsen, the weakest since March 2009. This series is most correlated with business confidence. However, the five-year outlook rose 5 points to +25%.
- House price inflation expectations eased from 5.6% to 4.6%, with Auckland the only centre to lift, once more taking top spot nationally. Inflation expectations slipped 0.4%pts to 3.4%.

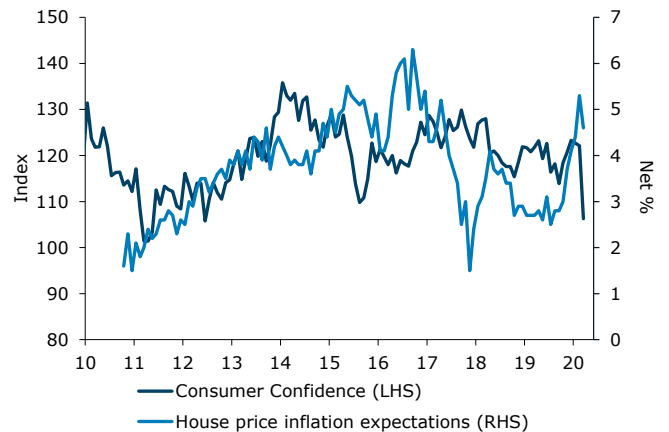
New Zealand consumers were feeling pretty good in February, with a lifting housing market, plentiful job opportunities, and low interest rates. Times have changed rapidly – more so than what’s been captured in this month’s survey. Figure 2 shows a sharp hit in the desire to spend, despite house price expectations still holding up (figure 3), but with households now in lockdown and non-essential businesses closed, the hit to retail is obviously going to be much, much larger than this.

Figure 2. ANZ Consumer Confidence “Good time to buy a major household item” and retail sales



Source: Statistics NZ, ANZ Research, Roy Morgan

Figure 3. ANZ Consumer Confidence and house price inflation expectations



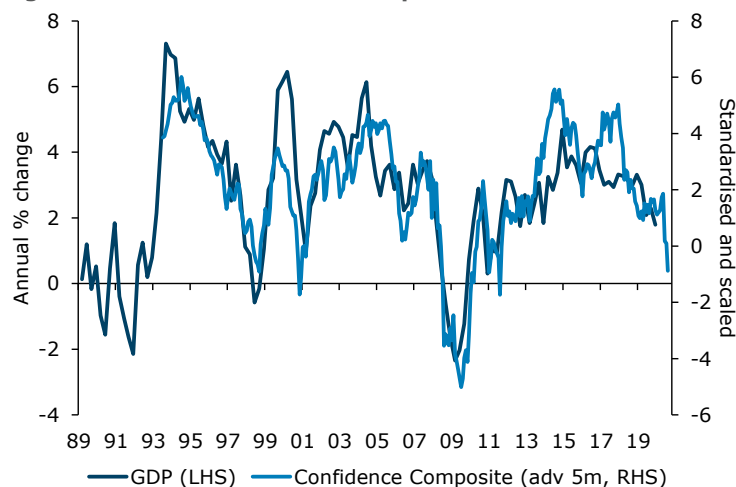
Source: ANZ Research, Roy Morgan

Our confidence composite gauge combines business expectations and intentions with overall consumer sentiment to capture both the demand and supply side of the economy and give a better indicator for growth than either series alone. The composite crashed in March (figure 4). Note this data uses the flash March ANZBO estimates.

Consumers usually only feel the impact of global shocks with a long lag, but this one has come rushing to their door at bewildering speed. COVID-19 is the everyone, everywhere, everything, all-at-once shock, and we are going to get economic data the likes of which we have never seen.

Stay safe everyone; stronger together, two metres apart.

Figure 4. GDP vs Confidence Composite



Source: ANZ Research, Roy Morgan, Statistics NZ



Tables and charts

Survey Summary	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20
No. of Interviews	1,001	1,000	1,001	998	1,004	998	1,004	1,006
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	37	33	41	37	39	35	35	34
Worse Off	22	22	21	20	20	24	21	22
Net Balance	16	11	20	17	19	11	14	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	44	40	45	41	45	45	43	37
Worse Off	17	17	16	15	15	15	11	20
Net Balance	27	23	29	26	30	30	32	17
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	30	26	29	32	35	37	30	16
Bad Times	32	35	31	28	27	26	27	55
Net Balance	-1	-10	-3	4	9	10	3	-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	29	32	34	35	34	37	44
Bad Times	22	24	21	19	20	20	17	19
Net Balance	11	4	10	15	15	13	20	25
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	58	58	56	58	61	64	57	47
Bad Time to Buy	19	18	20	17	17	15	16	31
Net Balance	39	41	36	41	44	49	41	16
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	70	70	75	70	74	71	73	67
Go Down	6.5	4.8	3.8	5.3	4.6	3.3	3.0	8.9
Expectation (%)	3.2	3.5	3.3	3.1	3.1	3.7	3.8	3.4
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	54	54	59	66	74	74	78	72
Go Down	17.2	14.4	11.9	8.1	6.9	6.2	5.2	11.9
Expectation (%)	2.8	2.8	3.0	3.7	4.1	4.4	5.3	4.6
ANZ Roy Morgan Consumer Confidence Rating (100 plus the unweighted average of the net balances of Q1-5)								
Overall Index	118.2	113.9	118.4	120.7	123.3	122.7	122.1	106.3
Current Conditions	127.2	125.8	127.8	129.2	131.7	129.9	127.7	114.2
Future Conditions	112.2	106.0	112.1	115.0	117.7	117.9	118.4	101.0

From Roy Morgan: interviewing was conducted throughout March, with more than half of the interviews completed before even the travel bans were introduced. New Zealand went into Level 2 lockdown right at the end of the interviewing period, and fieldwork was conducted before Level 4 restrictions were enforced.

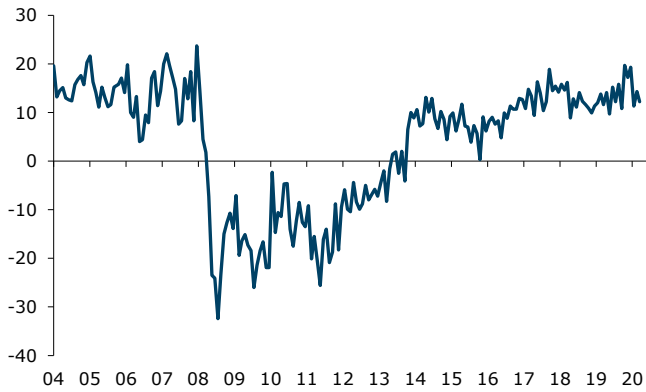
Note: Roy Morgan is confident that they will be able to complete upcoming consumer confidence surveys despite the Level 4 lockdown.

We sincerely thank those who take the time respond to our surveys at this difficult time.

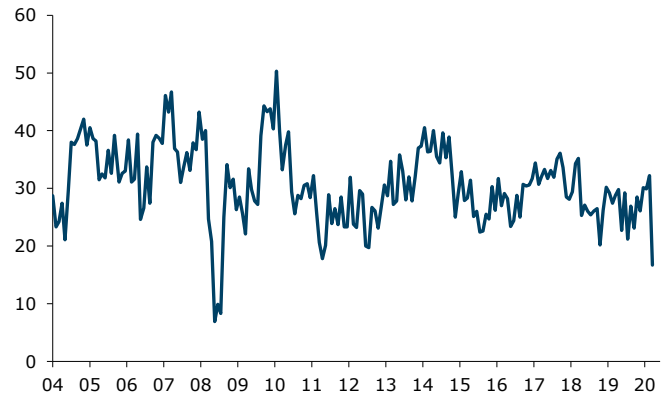


Tables and charts

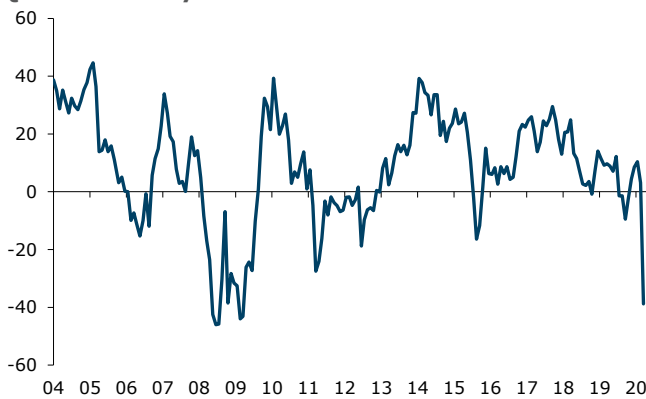
Q1. Better off past year



Q2. Better off next year



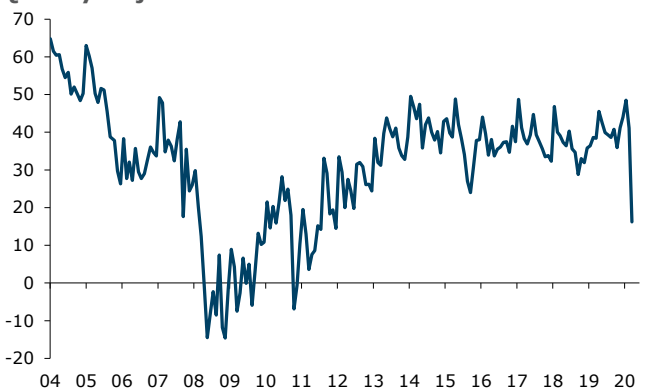
Q3. NZ economy 12 months' time



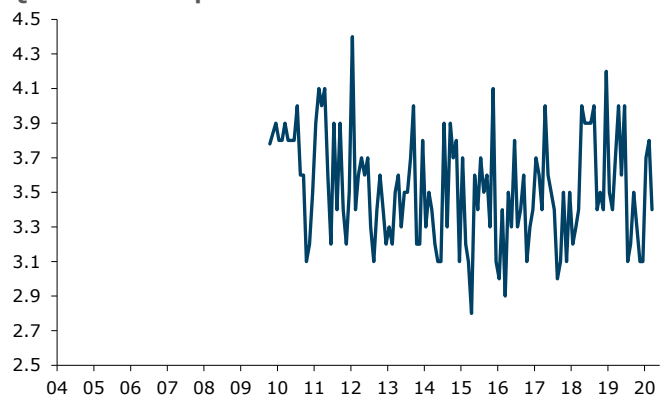
Q4. Outlook 5 years ahead



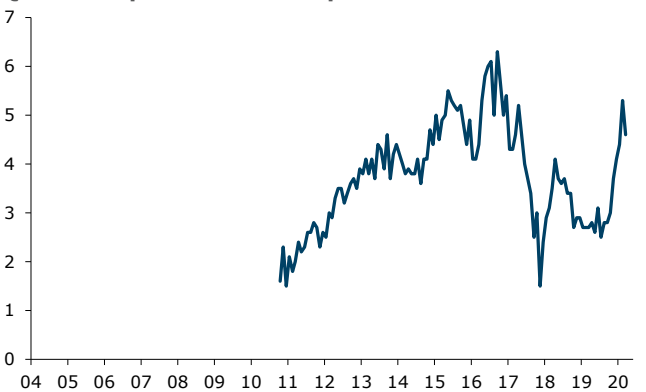
Q5. Buy major household item



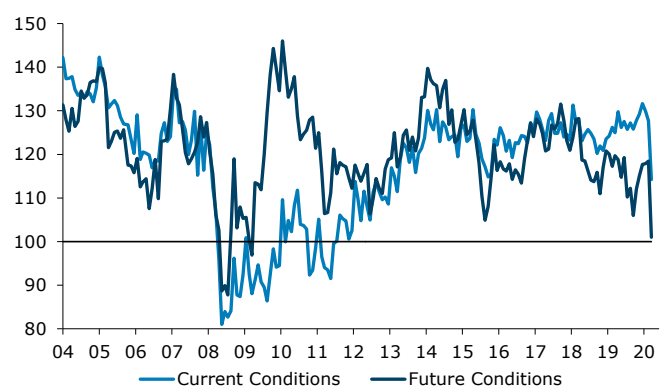
Q6. Inflation expectations



Q7. House price inflation expectations



Current vs future conditions



Source: ANZ Research, Roy Morgan



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