

ANZ-Roy Morgan NZ Consumer Confidence

20 December 2024



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Contact

Sharon Zollner for more details.

See page 6.

The next issue of the ANZ-Roy Morgan Consumer Confidence is scheduled for release on 31 January 2025 at 10am.

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

Retail to catch a break?

Key points

- ANZ-Roy Morgan Consumer Confidence finally cracked triple figures in December, rising marginally from 99.8 to 100.2.
- In a welcome sign for retailers, there was another sharp lift in the proportion of households thinking it's a good time to buy a major household item.
- Inflation expectations eased back 0.2%pts to 3.8%, where they've spent four of the past five months.

Figure 1. ANZ-Roy Morgan Consumer Confidence



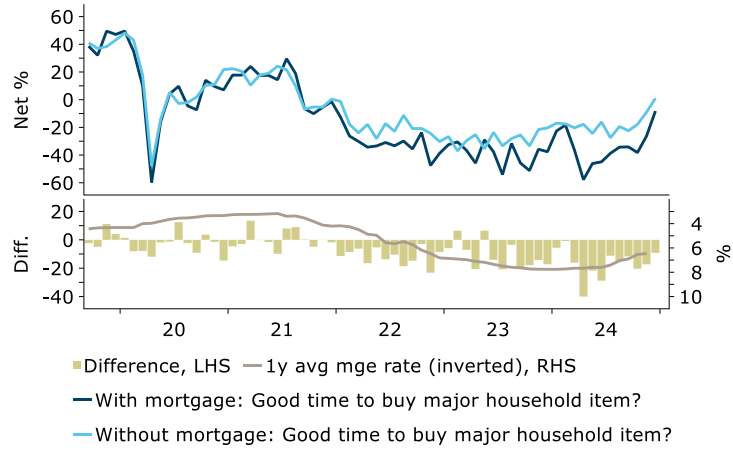
Source: Roy Morgan, Macrobond, ANZ Research

Turning to the detail:

- The future conditions index made up of forward-looking questions eased from 107.9 to 105.4. The current conditions index lifted 5 points to 92.5.
- Perceptions of current personal financial situations fell 2 points to -14%, but it was off the back of a sharp rise the previous month.
- A net 21% expect to be better off this time next year, down 1 point.
- A net 1% think it's a bad time to buy a major household item, up another 12 points and on the verge of cracking net positivity.
- Perceptions regarding the economic outlook in 12 months' time fell 4 points to -12%. The 5-year-ahead measure eased 2 points to +7%.
- House price inflation expectations rose from 3.7% to 3.9% y/y.
- Two-year-ahead CPI inflation expectations dipped from 4.0% to 3.8%, reversing last month's lift. Household inflation expectations typically bounced around in a 3-4% range in the years before COVID.
- For charts see page 5.

Consumer confidence was steady overall in December, though with some interesting movements in the components. Households on net still feel negative about their current financial situations, but there's been a sharp improvement in the net proportion who think it's a good time to buy a major household item. Figure 2 shows that the improvement in this indicator over the past year has been driven most strongly by those respondents who have mortgages, as interest rates have fallen.

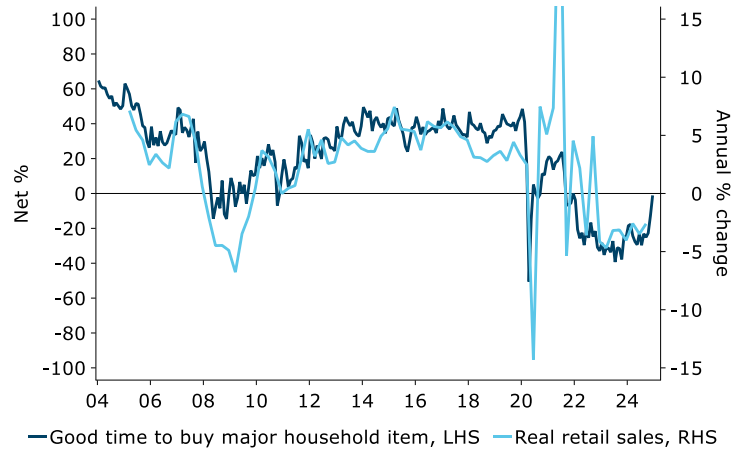
Figure 2. Good time to buy major household item by mortgage status



Source: RBNZ, Roy-Morgan, Macrobond, ANZ Research

Figure 3 shows the indicator suggests retail spending might soon stop falling in annual change terms. Retailers have had a torrid time over the past couple of years, but this is some relative Christmas cheer to round out the year. To be fair the indicator is still low in absolute terms, but glass-half-full, that's a sharp lift to the highest level since late-2021.

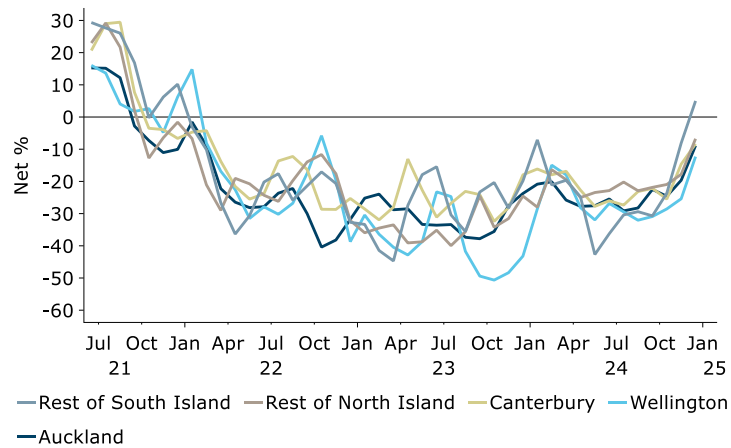
Figure 3. Good time to buy versus real retail sales



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

After being out in the cold all year, Wellingtonians have rejoined the crowd, with a strong lift in confidence in recent months (figure 4, over). The city's retail and hospitality operators will be hoping this means better times ahead after a very tough period.

Figure 4. Consumer confidence by region (2-month average)



Source: Roy Morgan, Macrobond, ANZ Research

The view

After what yesterday's GDP data confirmed has been a very tough year, things are looking up. It's early days, but lower interest rates are starting to work their magic. The mood of consumers is clearly shifting – it's still very cautious, but confidence is well off its lows and the lift in recent months has been impressive.

Indeed, both our Consumer Confidence and [Business Outlook](#) surveys are suggesting that the economy has pulled off an impressive turnaround in the last three months of the year, in complete contrast to the downward momentum evident in the revised and updated Q2/Q3 [GDP data yesterday](#). In such an environment, we can expect a period of seemingly contradictory economic data to persist for some time – not just because some indicators are timelier and/or more forward-looking than others, but also because different parts of the economy respond to monetary policy at varying speeds. But things are clearly improving, which is a positive note to end the year on.



Tables and charts

Survey Summary	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24
No. of Interviews	1,002	1,000	1,000	1,001	1,001	1,000	1,001	1,004

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	25	20	23	23	26	21	25	26
Worse Off	40	42	41	41	41	43	37	40
Net Balance	-15	-22	-18	-18	-16	-22	-12	-14

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	36	37	43	41	46	41	43	44
Worse Off	30	29	23	24	21	27	21	23
Net Balance	6	8	20	17	25	14	22	21

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	13	11	14	17	20	19	23	21
Bad Times	49	50	46	35	37	38	31	33
Net Balance	-36	-39	-32	-18	-17	-19	-8	-12

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	24	21	23	24	29	27	28	29
Bad Times	25	29	24	21	21	20	18	22
Net Balance	-2	-8	-1	3	9	6	9	7

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	22	26	22	27	25	26	31	38
Bad Time to Buy	52	49	52	50	51	49	44	40
Net Balance	-29	-23	-30	-23	-25	-23	-13	-1

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	73	76	70	64	71	72	70	72
Go Down	7.9	5.4	8.7	6.4	8.4	7.0	8.8	6.5
Expectation (%)	3.8	4.2	3.7	3.8	3.8	3.8	4.0	3.8

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	62	57	54	57	59	62	64	67
Go Down	11.5	14.9	18.0	15.6	12.9	13.0	12.2	12.3
Expectation (%)	3.2	3.4	2.4	2.8	3.2	3.4	3.7	3.9

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

Overall Index	84.9	83.2	87.9	92.2	95.1	91.2	99.8	100.2
Current Conditions	77.9	77.4	76.2	79.7	79.6	77.6	87.7	92.5
Future Conditions	89.5	87.0	95.7	100.5	105.6	100.3	107.9	105.4

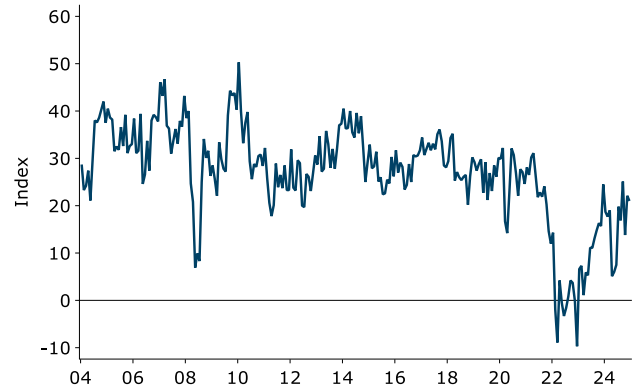


Tables and charts

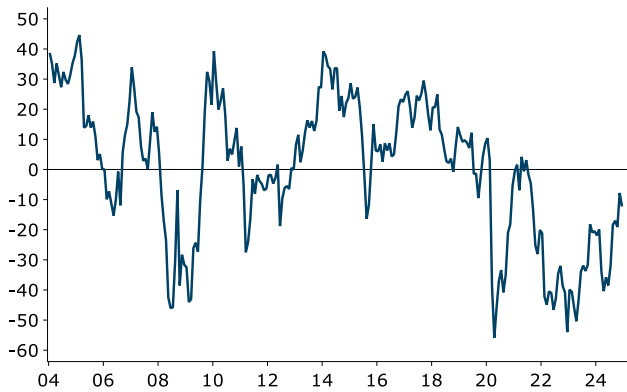
Q1. Better off past year



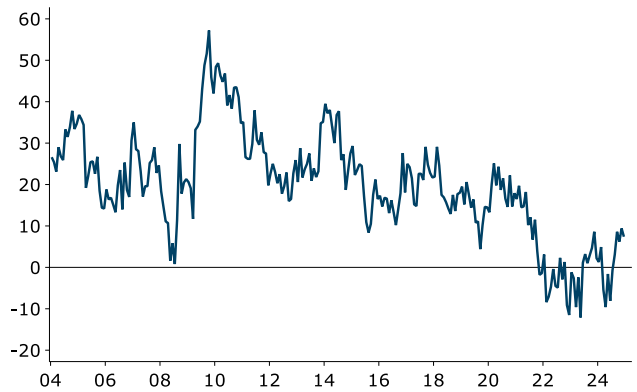
Q2. Better off next year



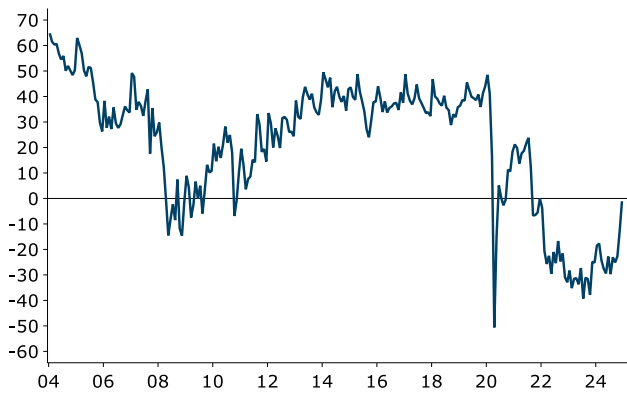
Q3. NZ economy 12 months' time



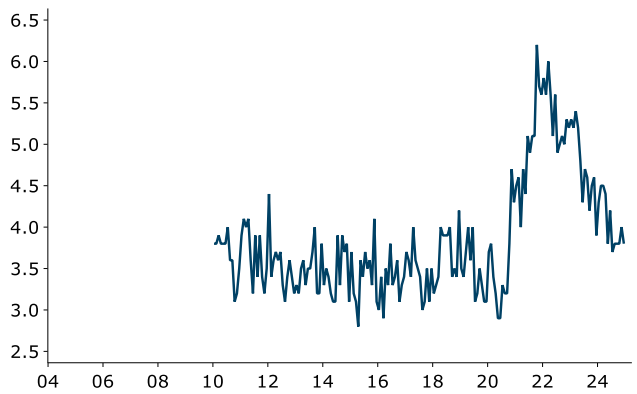
Q4. Outlook 5 years ahead



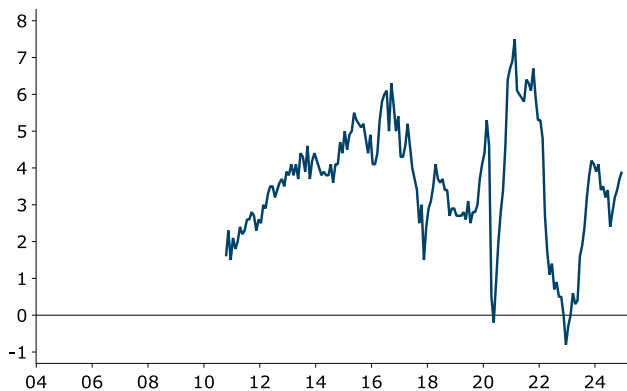
Q5. Buy major household item



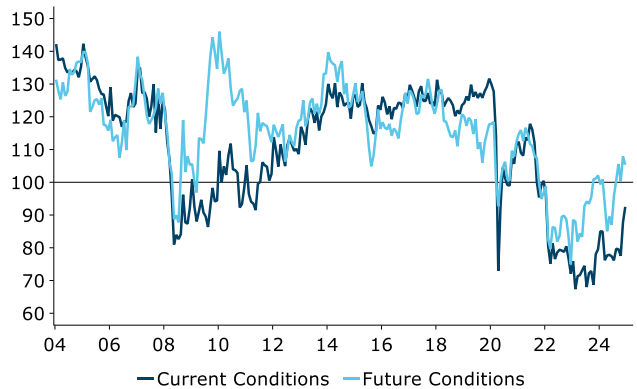
Q6. Inflation expectations



Q7. House price inflation expectations



Current vs future conditions



Source: Roy Morgan, Macrobond, ANZ Research



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