

ANZ-ROY MORGAN NZ CONSUMER CONFIDENCE TRACTION

April 2013

CONTACT

Cameron Bagrie
Chief Economist
 Telephone: +64 4 802 2212
 E-mail: cameron.bagrie@anz.com

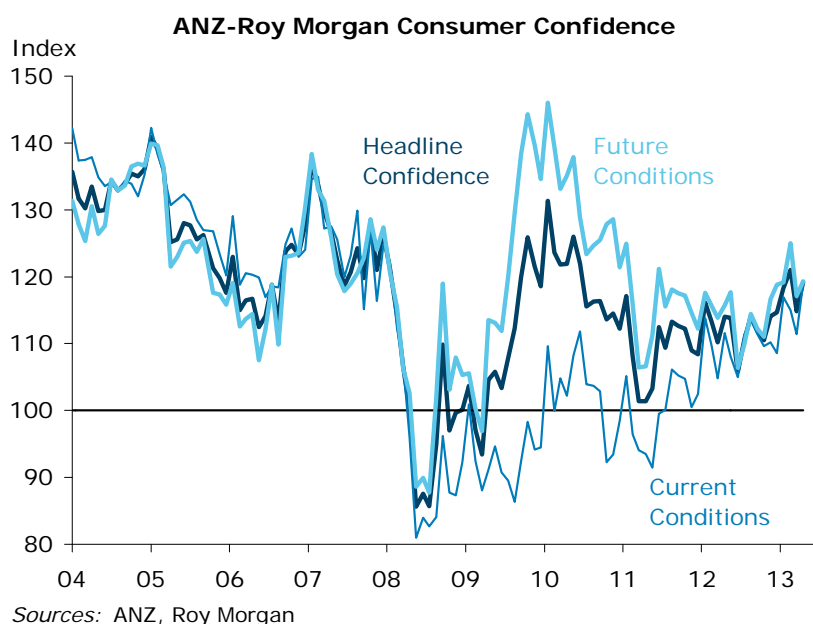
The next issue of the ANZ-Roy Morgan Consumer Confidence is scheduled for release on 17 May 2013 at 1pm.

SUMMARY

- Consumer confidence continues to inch higher. It's not a case of mass exuberance, but abstracting from seasonal influences (which can distort readings from month to month) the general trend is up.
- It is now viewed as a "great" time to buy a major household item, with readings not seen since August 2007. Rising asset prices and aggressive price discounting are a powerful combination driving sentiment.
- Our Confidence Composite growth indicator – which combines consumer confidence (current conditions) with the composite measure of business confidence from the ANZ *Business Outlook* (ANZBO) survey – is flagging around 3.0 percent growth by mid-year.

The ANZ-Roy Morgan Consumer Confidence measure increased 4.4 points to 119.2 in April. Consumers still feel marginally worse off financially compared to a year ago, but it's a less negative read (-2 versus -8). They are still positive regarding their own financial prospects in the year ahead (a net +28). Views on the general economy a year out are more positive (+2 to +7), as is sentiment towards the economy five years out (+22 to +24). It's still viewed to be a good time to buy a major household item – or should we say a great time – with a net reading of +40, a level not seen August 2007! Rising property prices and aggressive discounting across retailing appear to be power forces driving the latter.

The Current Conditions index increased 7 points to 119, while the Future Conditions index inched up 2 points to also be at 119.



While consumers are considerably more upbeat about the here and now, it's not a case of mass exuberance. Headline confidence is only marginally above the historical average of 117. Current conditions sentiment sits 6 points above average, and future conditions a tad below.

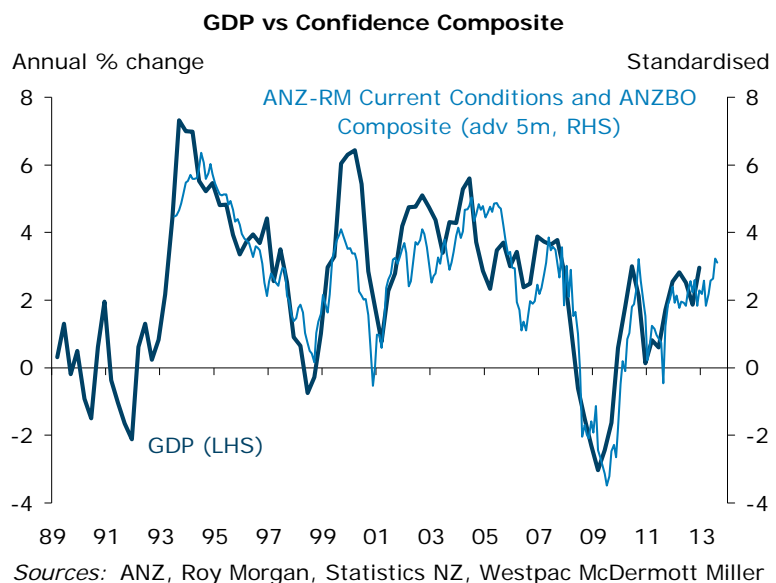
ANZ-ROY MORGAN CONSUMER CONFIDENCE

However, the general trend appears to be up, and that's encouraging. Seasonal factors can throw consumer confidence around from month to month so we need to sit back and eye the trend. A basic econometric technique here is OLS (ocular least squares as opposed to the regression variety). Simply eyeballing the chart reveals an upwards drift.

Why the lift in sentiment? It's hard to go past the impact of rising property values, and it's no coincidence that the regions with the strongest recorded lifts in house prices over the past year – Auckland and Canterbury – take out the top spots in the consumer confidence stakes. However, the story looks broader. Looking at the trends in job ads – a leading indicator of employment - has also revealed relatively stronger results for Auckland and Canterbury.

The economy is facing a delicate balancing act. The property market is under the spotlight of the RBNZ. We're under instructions to behave: this means not translating lifts in asset prices too far into spending behaviour of the borrow and spend variety – of which consumer confidence is a barometer. Going about everyday business is fine. Exuberance is not. We've got the former at present, but the trend risks shifting to the latter.

Our Confidence Composite indicator (which combines the composite measure¹ from the ANZ *Business Outlook* and seasonally adjusted consumers' current conditions) is a better guide to economic prospects than either survey alone. **This indicator is flagging around 3.0 percent growth by mid-year.**



House price expectations rose marginally from 3.8 percent to 4.1 percent. Auckland and Canterbury remain the centres of expected strength, with anticipated gains of 5.1 and 4.1 percent respectively.

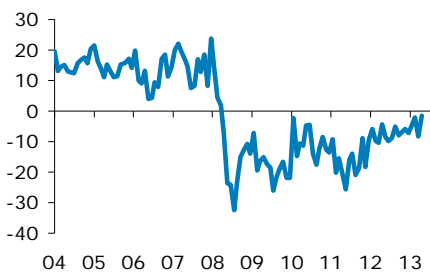
Consumer expectations of overall inflation picked up from 3.5 percent over the next two years to 3.6 percent. We don't use such measures as inflation bellwethers, but rather as signals of potential turning points in regard to wage inflation. We've see many such movements before, and until we see successive monthly lifts and signs of a trend, we'll hold fire on making comment.

¹ The ANZBO composite measure combines current readings for surveyed own activity, employment and profit expectations with lagged investment intentions. It provides a proxy measure of business sentiment, which has tended to lead movements in economic activity.

ANZ-ROY MORGAN CONSUMER CONFIDENCE

Survey Summary	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13
No. of Interviews	987	1,027	1,020	1,051	2,219	1,215	1,135	1,019
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	28	27	29	29	30	30	30	32
Worse Off	36	34	34	36	35	32	38	33
Net Balance	-8	-7	-6	-7	-5	-2	-8	-2
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	48	45	45	49	48	50	48	47
Worse Off	22	22	18	19	19	16	21	20
Net Balance	26	23	27	31	29	35	27	28
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	26	26	30	31	35	34	32	35
Bad Times	32	32	29	31	27	22	30	29
Net Balance	-6	-7	1	0	8	12	2	7
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, or we'll have bad times, or some good and some bad?								
Good Times	36	38	42	44	40	42	41	43
Bad Times	20	22	19	18	20	13	19	20
Net Balance	16	17	23	26	21	29	22	24
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	56	53	54	54	61	56	55	62
Bad Time to Buy	25	27	28	30	23	24	24	22
Net Balance	31	26	26	24	38	32	31	40
ANZ Roy Morgan Consumer Confidence Rating (100 plus the unweighted average of the five net balances)								
Overall Index	111.9	110.5	114.1	114.7	118.3	121.0	114.8	119.2
Current Conditions	111.5	109.6	110.2	108.6	117.0	115.0	111.5	119.1
Future Conditions	112.2	111.0	116.7	118.8	119.2	125.0	117.1	119.3

Q1. Better off past year



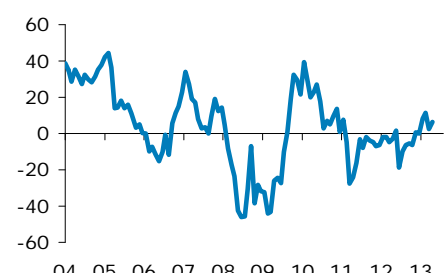
Sources: ANZ, Roy Morgan

Q2. Better off next year



Sources: ANZ, Roy Morgan

Q3. NZ economy 12mths time



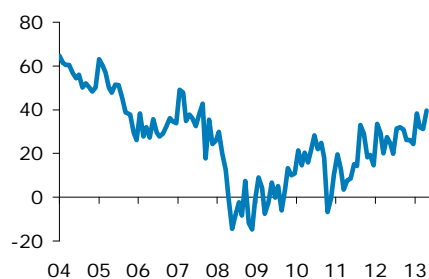
Sources: ANZ, Roy Morgan

Q4. Outlook 5yrs ahead



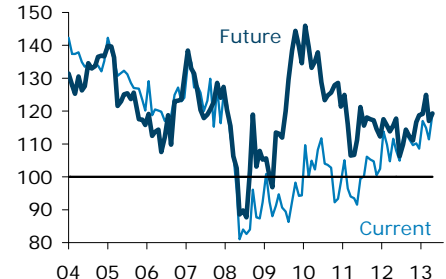
Sources: ANZ, Roy Morgan

Q5. Buy major household item



Sources: ANZ, Roy Morgan

Current vs Future Conditions



Sources: ANZ, Roy Morgan

IMPORTANT NOTICE

The distribution of this document or streaming of this video broadcast (as applicable, "publication") may be restricted by law in certain jurisdictions. Persons who receive this publication must inform themselves about and observe all relevant restrictions.

1. COUNTRY/REGION SPECIFIC INFORMATION:

AUSTRALIA. This publication is distributed in Australia and New Zealand Banking Group Limited (ABN 11 005 357 522) ("ANZ"). ANZ holds an Australian Financial Services licence no. 234527. A copy of ANZ's Financial Services Guide is available at <http://www.anz.com/documents/AU/aboutANZ/FinancialServicesGuide.pdf> and is available upon request from your ANZ point of contact. If trading strategies or recommendations are included in this publication, they are solely for the information of 'wholesale clients' (as defined in section 761G of the Corporations Act 2001 Cth). Persons who receive this publication must inform themselves about and observe all relevant restrictions.

BRAZIL. This publication is distributed in Brazil by ANZ on a cross border basis and only following request by the recipient. No securities are being offered or sold in Brazil under this publication, and no securities have been and will not be registered with the Securities Commission - CVM.

BRUNEI. JAPAN. KUWAIT. MALAYSIA. SWITZERLAND. TAIPEI. This publication is distributed in each of Brunei, Japan, Kuwait, Malaysia, Switzerland and Taipei by ANZ on a cross-border basis.

EUROPEAN ECONOMIC AREA ("EEA"): UNITED KINGDOM. ANZ is authorised and regulated in the United Kingdom by the Financial Services Authority ("FSA"). This publication is distributed in the United Kingdom by ANZ solely for the information of persons who would come within the FSA definition of "eligible counterparty" or "professional client". It is not intended for and must not be distributed to any person who would come within the FSA definition of "retail client". Nothing here excludes or restricts any duty or liability to a customer which ANZ may have under the UK Financial Services and Markets Act 2000 or under the regulatory system as defined in the Rules of the FSA.

GERMANY. This publication is distributed in Germany by the Frankfurt Branch of ANZ solely for the information of its clients. **OTHER EEA COUNTRIES.** This publication is distributed in the EEA by ANZ Bank (Europe) Limited ("ANZBEL") which is authorised and regulated by the FSA in the United Kingdom, to persons who would come within the FSA definition of "eligible counterparty" or "professional client" in other countries in the EEA. This publication is distributed in those countries solely for the information of such persons upon their request. It is not intended for, and must not be distributed to, any person in those countries who would come within the FSA definition of "retail client".

FIJI. For Fiji regulatory purposes, this publication and any views and recommendations are not to be deemed as investment advice. Fiji investors must seek licensed professional advice should they wish to make any investment in relation to this publication.

HONG KONG. This publication is distributed in Hong Kong by the Hong Kong branch of ANZ, which is registered by the Hong Kong Securities and Futures Commission to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities. The contents of this publication have not been reviewed by any regulatory authority in Hong Kong. If in doubt about the contents of this publication, you should obtain independent professional advice.

INDIA. This publication is distributed in India by ANZ on a cross-border basis. If this publication is received in India, only you (the specified recipient) may print it provided that before doing so, you specify on it your name and place of printing. Further copying or duplication of this publication is strictly prohibited.

NEW ZEALAND. This publication is intended to be of a general nature, does not take into account your financial situation or goals, and is not a personalised adviser service under the Financial Advisers Act 2008.

OMAN. This publication has been prepared by ANZ. ANZ neither has a registered business presence nor a representative office in Oman and does not undertake banking business or provide financial services in Oman. Consequently ANZ is not regulated by either the Central Bank of Oman or Oman's Capital Market Authority. The information contained in this publication is for discussion purposes only and neither constitutes an offer of securities in Oman as contemplated by the Commercial Companies Law of Oman (Royal Decree 4/74) or the Capital Market Law of Oman (Royal Decree 80/98), nor does it constitute an offer to sell, or the solicitation of any offer to buy non-Omani securities in Oman as contemplated by Article 139 of the Executive Regulations to the Capital Market Law (issued vide CMA Decision 1/2009). ANZ does not solicit business in Oman and the only circumstances in which ANZ sends information or material describing financial products or financial services to recipients in Oman, is where such information or material has been requested from ANZ and by receiving this publication, the person or entity to whom it has been dispatched by ANZ understands, acknowledges and agrees that this publication has not been approved by the CBO, the CMA or any other regulatory body or authority in Oman. ANZ does not market, offer, sell or distribute any financial or investment products or services in Oman and no subscription to any securities, products or financial services may or will be consummated within Oman. Nothing contained in this publication is intended to constitute Omani investment, legal, tax, accounting or other professional advice.

PEOPLE'S REPUBLIC OF CHINA. If and when the material accompanying this publication does not only relate to the products and/or services of Australia and New Zealand Bank (China) Company Limited ("ANZ China"), it is noted that: This publication is distributed by ANZ or an affiliate. No action has been taken by ANZ or any affiliate which would permit a public offering of any products or services of such an entity or distribution or re-distribution of this publication in the People's Republic of China ("PRC"). Accordingly, the products and services of such entities are not being offered or sold within the PRC by means of this publication or any other method. This publication may not be distributed, re-distributed or published in the PRC, except under circumstances that will result in compliance with any applicable laws and regulations. If and when the material accompanying this publication relates to the products and/or services of ANZ China only, it is noted that: This publication is distributed by ANZ China in the Mainland of the PRC.

QATAR. This publication has not been, and will not be: lodged or registered with, or reviewed or approved by, the Qatar Central Bank ("QCB"), the Qatar Financial Centre ("QFC") Authority, QFC Regulatory Authority or any other authority in the State of Qatar ("Qatar"); or authorised or licensed for distribution in Qatar, and the information contained in this publication does not, and is not intended to, constitute a public offer or other invitation in respect of securities in Qatar or the QFC. The financial products or services described in this publication have not been, and will not be: registered with the QCB, QFC Authority, QFC Regulatory Authority or any other governmental authority in Qatar; or authorised or licensed for offering, marketing, issue or sale, directly or indirectly, in Qatar. Accordingly, the financial products or services described in this publication are not being, and will not be, offered, issued or sold in Qatar, and this publication is not being, and will not be, distributed in Qatar. The offering, marketing, issue and sale of the financial products or services described in this publication and distribution of this publication is being made in, and is subject to the laws, regulations and rules of, jurisdictions outside of Qatar and the QFC. Recipients of this publication must abide by this restriction and not distribute this publication in breach of this restriction. This publication is being sent/issued to a limited number of institutional and/or sophisticated investors (i) upon their request and confirmation that they understand the statements above; and (ii) on the condition that it will not be provided to any person other than the original recipient, and is not for general circulation and may not be reproduced or used for any other purpose.

SINGAPORE. This publication is distributed in Singapore by the Singapore branch of ANZ solely for the information of "accredited investors", "expert investors" or (as the case may be) "institutional investors" (each term as defined in the Securities and Futures Act Cap. 289 of Singapore). ANZ is licensed in Singapore under the Banking Act Cap. 19 of Singapore and is exempted from holding a financial adviser's licence under Section 23(1)(a) of the Financial Advisers Act Cap. 100 of Singapore. In respect of any matters arising from, or in connection with the distribution of this publication in Singapore, contact your ANZ point of contact.



IMPORTANT NOTICE

UNITED ARAB EMIRATES. This publication is distributed in the United Arab Emirates ("UAE") or the Dubai International Financial Centre (as applicable) by ANZ. This publication: does not, and is not intended to constitute an offer of securities anywhere in the UAE; does not constitute, and is not intended to constitute the carrying on or engagement in banking, financial and/or investment consultation business in the UAE under the rules and regulations made by the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or the United Arab Emirates Ministry of Economy; does not, and is not intended to constitute an offer of securities within the meaning of the Dubai International Financial Centre Markets Law No. 12 of 2004; and, does not constitute, and is not intended to constitute, a financial promotion, as defined under the Dubai International Financial Centre Regulatory Law No. 1 of 200. ANZ DIFC Branch is regulated by the Dubai Financial Services Authority ("DFSA"). The financial products or services described in this publication are only available to persons who qualify as "Professional Clients" or "Market Counterparty" in accordance with the provisions of the DFSA rules. In addition, ANZ has a representative office ("ANZ Representative Office") in Abu Dhabi regulated by the Central Bank of the United Arab Emirates. ANZ Representative Office is not permitted by the Central Bank of the United Arab Emirates to provide any banking services to clients in the UAE.

UNITED STATES. If and when this publication is received by any person in the United States or a "U.S. person" (as defined in Regulation S under the US Securities Act of 1933, as amended) ("US Person") or any person acting for the account or benefit of a US Person, it is noted that ANZ Securities, Inc. ("ANZ S") is a member of FINRA (www.finra.org) and registered with the SEC. ANZ S's address is 277 Park Avenue, 31st Floor, New York, NY 10172, USA (Tel: +1 212 801 9160 Fax: +1 212 801 9163). Except where this is a FX related publication, this publication is distributed in the United States by ANZ S (a wholly owned subsidiary of ANZ), which accepts responsibility for its content. Information on any securities referred to in this publication may be obtained from ANZ S upon request. Any US Person receiving this publication and wishing to effect transactions in any securities referred to in this publication must contact ANZ S, not its affiliates. Where this is an FX related publication, it is distributed in the United States by ANZ's New York Branch, which is also located at 277 Park Avenue, 31st Floor, New York, NY 10172, USA (Tel: +1 212 801 9160 Fax: +1 212 801 9163). ANZ S is authorised as a broker-dealer only for US Persons who are institutions, not for US Persons who are individuals. If you have registered to use this website or have otherwise received this publication and are a US Person who is an individual: to avoid loss, you should cease to use this website by unsubscribing or should notify the sender and you should not act on the contents of this publication in any way.

2. DISCLAIMER

Except if otherwise specified above, this publication is issued and distributed in your country/region by ANZ, on the basis that it is only for the information of the specified recipient or permitted user of the relevant website (collectively, "recipient"). This publication may not be reproduced, distributed or published by any recipient for any purpose. It is general information and has been prepared without taking into account the objectives, financial situation or needs of any person. Nothing in this publication is intended to be an offer to sell, or a solicitation of an offer to buy, any product, instrument or investment, to effect any transaction or to conclude any legal act of any kind. If, despite the foregoing, any services or products referred to in this publication are deemed to be offered in the jurisdiction in which this publication is received or accessed, no such service or product is intended for nor available to persons resident in that jurisdiction if it would be contradictory to local law or regulation. Such local laws, regulations and other limitations always apply with non-exclusive jurisdiction of local courts. Before making an investment decision, recipients should seek independent financial, legal, tax and other relevant advice having regard to their particular circumstances.

The views and recommendations expressed in this publication are the author's. They are based on information known by the author and on sources which the author believes to be reliable, but may involve material elements of subjective judgement and analysis. Unless specifically stated otherwise: they are current on the date of this publication and are subject to change without notice; and, all price information is indicative only. Any of the views and recommendations which comprise estimates, forecasts or other projections, are subject to significant uncertainties and contingencies that cannot reasonably be anticipated. On this basis, such views and recommendations may not always be achieved or prove to be correct. Indications of past performance in this publication will not necessarily be repeated in the future. No representation is being made that any investment will or is likely to achieve profits or losses similar to those achieved in the past, or that significant losses will be avoided. Additionally, this publication may contain 'forward looking statements'. Actual events or results or actual performance may differ materially from those reflected or contemplated in such forward looking statements. All investments entail a risk and may result in both profits and losses. Foreign currency rates of exchange may adversely affect the value, price or income of any products or services described in this publication. The products and services described in this publication are not suitable for all investors, and transacting in these products or services may be considered risky. ANZ and its related bodies corporate and affiliates, and the officers, employees, contractors and agents of each of them (including the author) ("Affiliates"), do not make any representation as to the accuracy, completeness or currency of the views or recommendations expressed in this publication. Neither ANZ nor its Affiliates accept any responsibility to inform you of any matter that subsequently comes to their notice, which may affect the accuracy, completeness or currency of the information in this publication.

Except as required by law, and only to the extent so required: neither ANZ nor its Affiliates warrant or guarantee the performance of any of the products or services described in this publication or any return on any associated investment; and, ANZ and its Affiliates expressly disclaim any responsibility and shall not be liable for any loss, damage, claim, liability, proceedings, cost or expense ("Liability") arising directly or indirectly and whether in tort (including negligence), contract, equity or otherwise out of or in connection with this publication.

If this publication has been distributed by electronic transmission, such as e-mail, then such transmission cannot be guaranteed to be secure or error-free as information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete, or contain viruses. ANZ and its Affiliates do not accept any Liability as a result of electronic transmission of this publication.

ANZ and its Affiliates may have an interest in the products and services described in this publication as follows:

- They may receive fees from customers for dealing in the products or services described in this publication, and their staff and introducers of business may share in such fees or receive a bonus that may be influenced by total sales.
- They or their customers may have or have had interests or long or short positions in the products or services described in this publication, and may at any time make purchases and/or sales in them as principal or agent.
- They may act or have acted as market-maker in products described in this publication.

ANZ and its Affiliates may rely on information barriers and other arrangements to control the flow of information contained in one or more business areas within ANZ or within its Affiliates into other business areas of ANZ or of its Affiliates.

Please contact your ANZ point of contact with any questions about this publication including for further information on the above disclosures of interest.

This document has been prepared by ANZ Bank New Zealand Limited, Level 7, 1 Victoria Street, Wellington 6011, New Zealand, Ph 64-4-802 2219, Fax 64-4-496 8639, e-mail nzeconomics@anz.com, <http://www.anz.co.nz>

