

# ANZ-ROY MORGAN NZ CONSUMER CONFIDENCE BUYING TIME

July 2013

## CONTACT

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The next issue of the ANZ-Roy Morgan Consumer Confidence is scheduled for release on 15 August 2013 at 1pm.

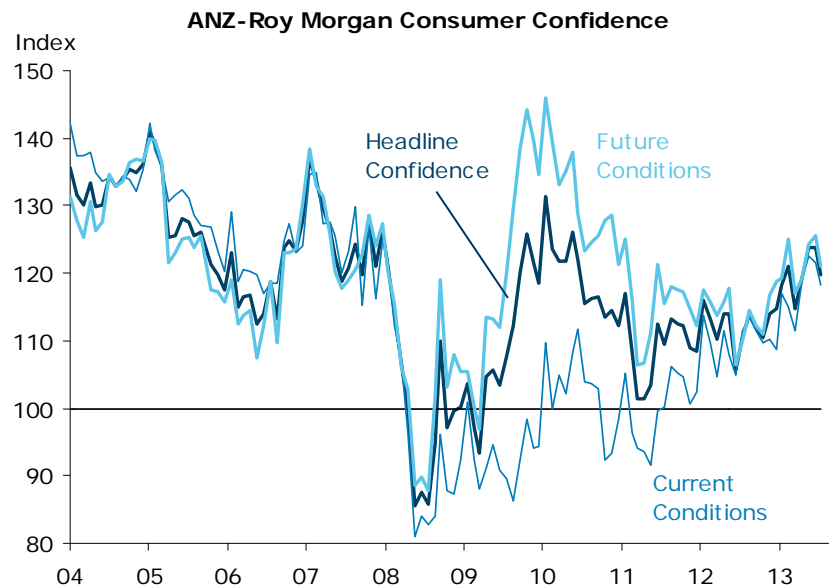
## SUMMARY

- Consumer confidence remains high, despite a small decrease in July.
- A near-record proportion of households continue to believe that the time is right to buy a major appliance.
- High petrol prices and the prospect of increasing mortgage rates dented expected financial well-being.
- Our Confidence Composite growth indicator, which combines consumer and business confidence, is signalling an acceleration in economic growth to around 4.0 percent by the end of the year.

**ANZ-Roy Morgan Consumer Confidence retraced slightly in July.** The headline index came in at 119.8, easing four points from last month's three-year high of 123.9.

**The Current Conditions index dropped 4 points to 118, while the Future Conditions index eased 5 points to 121.** Both measures returned to levels that prevailed three months earlier.

**Mid-winter seasonality didn't impact on the results in July.** The seasonally adjusted headline, current, and future conditions series all eased to levels measured three months earlier.



Sources: ANZ, Roy Morgan

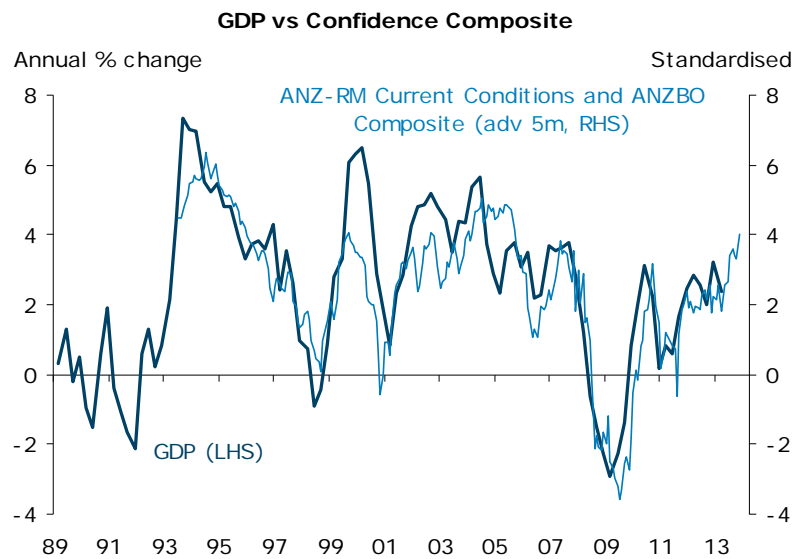
**Confidence remains high relative to historical levels.** However, all five questions used to calculate the overall measure recorded slightly weaker net balances versus a month earlier. For the first time in three months **a greater share of respondents felt that versus a year ago they were worse off financially** (34 percent, versus 31 percent feeling better off). Rising petrol prices eating into disposable incomes are the likely cause of this turnaround. In conjunction, higher longer-term fixed mortgage rates over the month are a hint of things to come for homeowners.

## ANZ-ROY MORGAN CONSUMER CONFIDENCE

**Respondents still believe better times lie ahead for the New Zealand economy.** The proportion of respondents expecting better economic conditions for the economy over the next 12 months eased from +16 in June to +14 in July – but this remains the second-highest level of optimism in 2½ years.

**An improvement in wealth through rising house prices in NZ's largest real estate market continues to guide purchasing trends for major household items.** Three out of every five respondents believe it is a good time to buy a major appliance – unchanged from last month and a whisker below the five-year high of 62 percent measured two months ago.

**A robust composite confidence measure is signalling stronger economic growth is around the corner.** While easing marginally in July, consumer confidence remains not far off the three-year high seen in June, while business confidence was also strong last month. Our combined business and consumer confidence measure is indicating **economic growth will accelerate to around 4 percent by the end of the year**, which would be the economy's best performance since 2007.



Sources: ANZ, Roy Morgan, Statistics NZ, Westpac McDermott Miller

**Young adults and first home buyers recorded the largest reduction in confidence – they are the most exposed to rising interest rates.**

Respondents aged between 18 and 24 years recorded the largest easing in confidence, dropping 11 points to 128. The next-oldest age cohort (25-34 years old) reported the second-largest easing in confidence, dropping 7 points to 121.

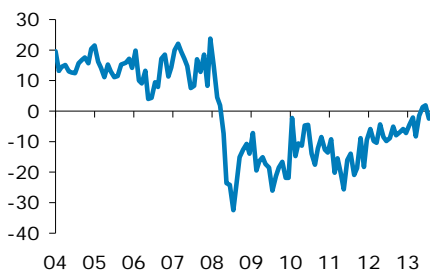
**Auckland was the only region to record a lift in confidence**, rising 3 points to 124. This improvement coincided with the Government's announcement of a major investment in the city's transport infrastructure. Canterbury recorded the largest reduction in confidence, falling 15 points to 119, after hitting a six-year high in June.

For the second successive month, house price expectations lifted in Canterbury and Auckland. Those for **Canterbury rose 0.3 percentage points to 5.6 percent, a new high**, while Auckland recorded the second-strongest rate, at 4.8 percent. The remainder of NZ recorded an easing in expected house price inflation. General inflation expectations were unchanged at 3.5 percent nationally, despite actual inflation touching a 14-year low on Tuesday.

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| Survey Summary  | Dec-12       | Jan-13       | Feb-13       | Mar-13       | Apr-13       | May-13       | Jun-13       | Jul-13       |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| No. of Interviews   | 1,051        | 2,219        | 1,215        | 1,135        | 1,019        | 1,028        | 1,074        | 1,102        |
| <b>Q1. Would you say you and your family are better-off financially or worse off than you were at this time last year?</b>  |              |              |              |              |              |              |              |              |
| Better Off  | 29           | 30           | 30           | 30           | 32           | 32           | 34           | 31           |
| Worse Off   | 36           | 35           | 32           | 38           | 33           | 31           | 32           | 34           |
| <b>Net Balance</b>  | <b>-7</b>    | <b>-5</b>    | <b>-2</b>    | <b>-8</b>    | <b>-2</b>    | <b>1</b>     | <b>2</b>     | <b>-3</b>    |
| <b>Q2. This time next year, do you and your family expect to be better-off financially or worse off than you are now?</b>   |              |              |              |              |              |              |              |              |
| Better Off  | 49           | 48           | 50           | 48           | 47           | 52           | 50           | 47           |
| Worse Off   | 19           | 19           | 16           | 21           | 20           | 16           | 17           | 19           |
| <b>Net Balance</b>  | <b>31</b>    | <b>29</b>    | <b>35</b>    | <b>27</b>    | <b>28</b>    | <b>36</b>    | <b>33</b>    | <b>28</b>    |
| <b>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?</b>                                  |              |              |              |              |              |              |              |              |
| Good Times  | 31           | 35           | 34           | 32           | 35           | 37           | 41           | 40           |
| Bad Times   | 31           | 27           | 22           | 30           | 29           | 25           | 24           | 26           |
| <b>Net Balance</b>  | <b>0</b>     | <b>8</b>     | <b>12</b>    | <b>2</b>     | <b>7</b>     | <b>12</b>    | <b>16</b>    | <b>14</b>    |
| <b>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?</b> |              |              |              |              |              |              |              |              |
| Good Times  | 44           | 40           | 42           | 41           | 43           | 43           | 45           | 41           |
| Bad Times   | 18           | 20           | 13           | 19           | 20           | 18           | 18           | 20           |
| <b>Net Balance</b>  | <b>26</b>    | <b>21</b>    | <b>29</b>    | <b>22</b>    | <b>24</b>    | <b>25</b>    | <b>28</b>    | <b>21</b>    |
| <b>Q5. Generally, do you think now is a good time, or a bad time, for people to buy major household items?</b>  |              |              |              |              |              |              |              |              |
| Good Time to Buy  | 54           | 61           | 56           | 55           | 62           | 62           | 60           | 60           |
| Bad Time to Buy   | 30           | 23           | 24           | 24           | 22           | 18           | 19           | 21           |
| <b>Net Balance</b>  | <b>24</b>    | <b>38</b>    | <b>32</b>    | <b>31</b>    | <b>40</b>    | <b>44</b>    | <b>41</b>    | <b>39</b>    |
| <b>ANZ Roy Morgan Consumer Confidence Rating (100 plus the unweighted average of the five net balances)</b>   |              |              |              |              |              |              |              |              |
| <b>Overall Index</b>  | <b>114.7</b> | <b>118.3</b> | <b>121.0</b> | <b>114.8</b> | <b>119.2</b> | <b>123.7</b> | <b>123.9</b> | <b>119.8</b> |
| Current Conditions  | 108.6        | 117.0        | 115.0        | 111.5        | 119.1        | 122.6        | 121.5        | 118.2        |
| Future Conditions   | 118.8        | 119.2        | 125.0        | 117.1        | 119.3        | 124.4        | 125.6        | 120.9        |

Q1. Better off past year



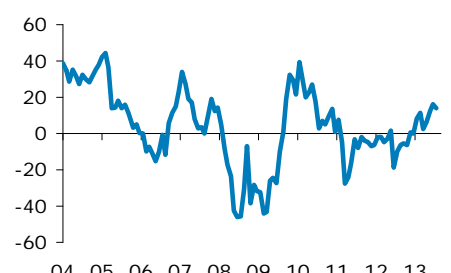
Sources: ANZ, Roy Morgan

Q2. Better off next year



Sources: ANZ, Roy Morgan

Q3. NZ economy 12mths time



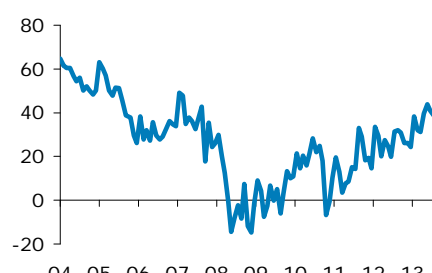
Sources: ANZ, Roy Morgan

Q4. Outlook 5yrs ahead



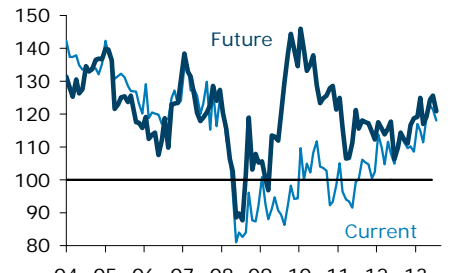
Sources: ANZ, Roy Morgan

Q5. Buy major household item



Sources: ANZ, Roy Morgan

Current vs Future Conditions



Sources: ANZ, Roy Morgan

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