



BNZ-Nine Rewards Consumer Trends Survey

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Mission Statement

To help Kiwi businesspeople and householders make informed financial decisions by discussing the economy in a language they can understand.

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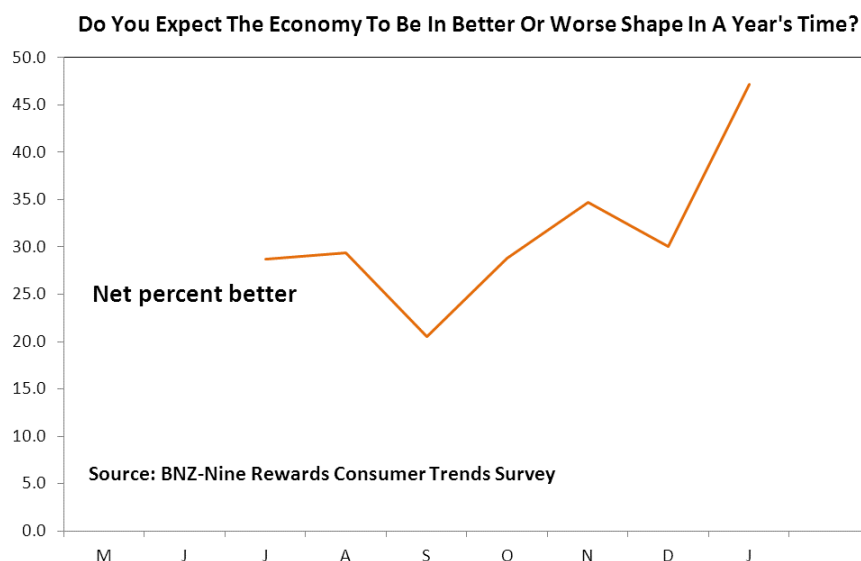
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Improving Labour Market To Underpin 2014 Spending

A number of surveys released recently have shown sentiment of NZ consumers regarding the economy and their financial positions to be at high levels. Our monthly BNZ-Nine Rewards Consumer Trends Survey is no exception. A strong net 47% of our 549 respondents expect the economy to be in better shape in a year's time, up from a net 30% two months ago in late-November. The net proportion of people expecting house prices to rise has gone up to 68.5% from 54.5% in our last survey two months ago. But the most significant result of this month's survey is that only a net 12.2% of respondents feel that extra jobs or hours of work are becoming less available. The result two months ago was a net 23.8% and this latest outcome makes us more confident that retailers can look forward to higher spending growth on the back of an improving labour market.

Do You Expect The Economy To Be In Better Or Worse Shape In A Year's Time?

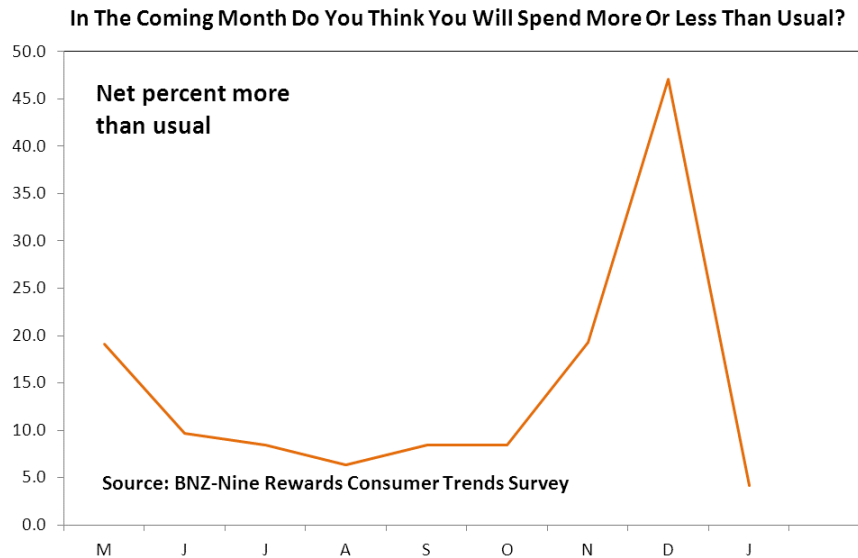
Our survey has only been running since May last year, but nonetheless a record net 47.2% of respondents expect the economy to be in better shape in a year's time than it is now. This result is in line with other gauges of consumer sentiment using the same or similar questions and as such is a strong supporting factor behind widespread forecasts for strong growth in the NZ economy this year.



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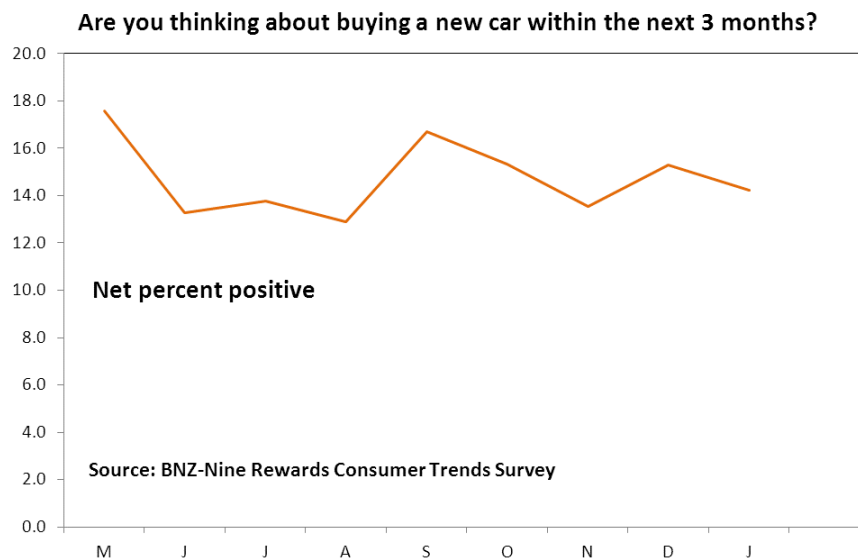
In The Coming Month Do You Think You Will Spend More or Less Than Usual?

There is clearly a seasonal effect here which we will not be able to adjust for for at least a year. In November a net 19.3% of our survey respondents said they intended lifting their spending in the coming month. That soared to a net 47.1% in December as we approached Christmas. The result has now dropped back to a post-spending binge level of a net 4.2%.



Are you thinking about buying a new car within the next 3 months?

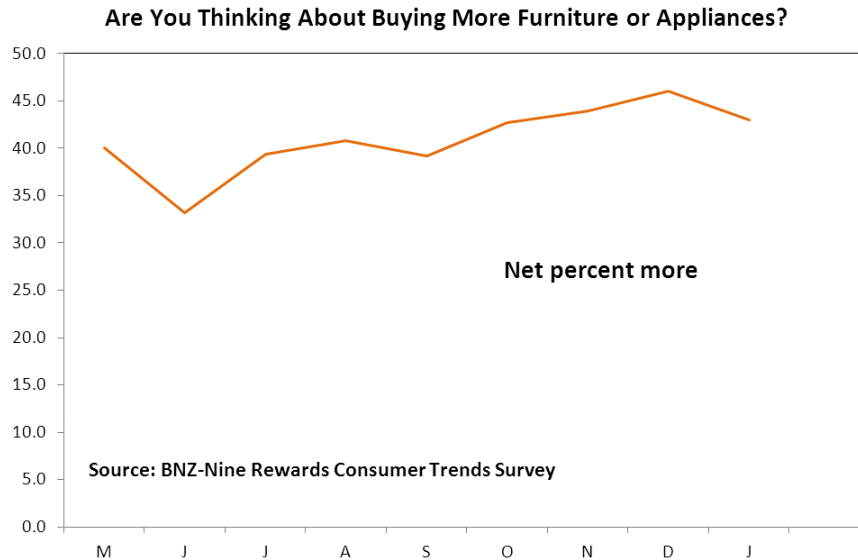
We track this measure because were consumers to express confidence in the economy but at the same time say they planned cutting back on buying durable goods such as cars it would tell us to be careful about making positive statements regarding the overall economy. This month a net 14.2% of respondents say they plan buying a new car in the next three months. This is a decline from a net 15.3% two months ago but fully in line with outcomes since May last year. The absence of a jump two months ago and slump now tells us that not many people give others or themselves a car for Christmas!



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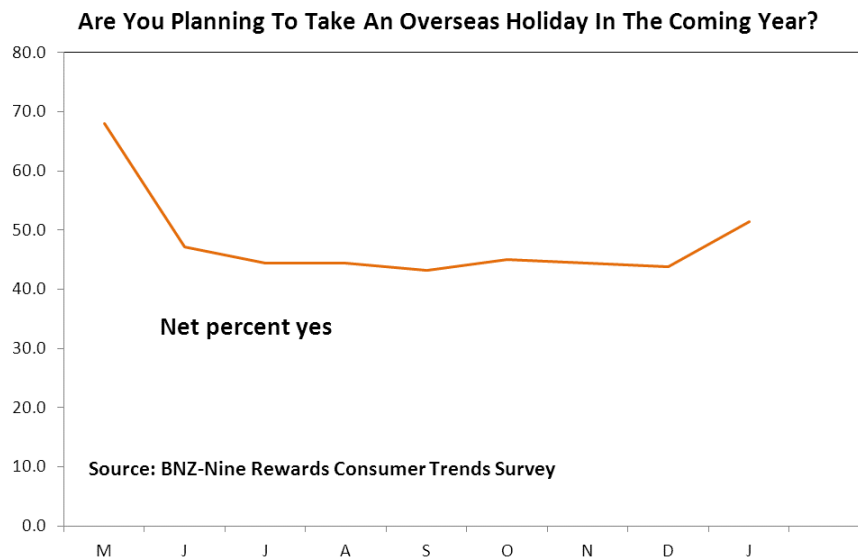
Are you thinking about buying new furniture and/or appliances within the next 3 months?

We can almost repeat in this section what we wrote for the previous section, replacing cars with furniture or appliances. The result is in line with others since May and a Christmas-effect is largely absent.



Are you planning to take an overseas holiday in the coming year?

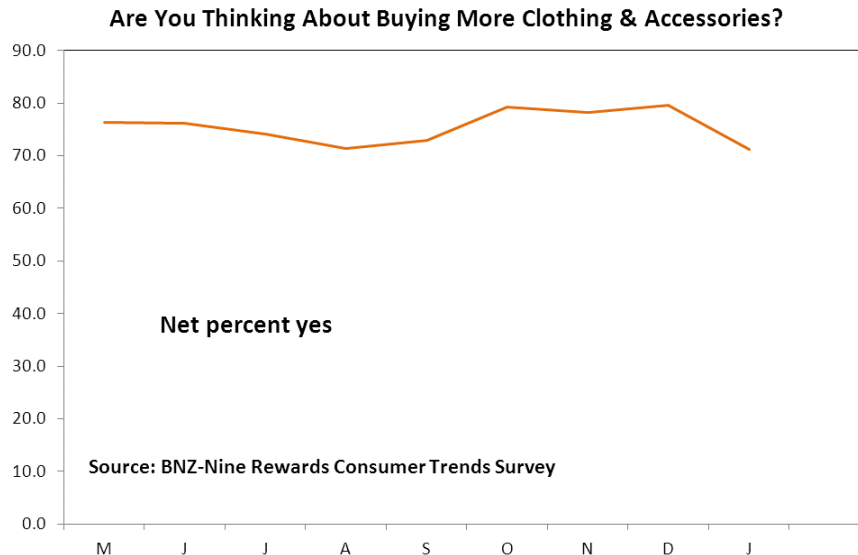
There has been a firm rise in the net percent of people planning an overseas holiday in the coming year to a net 51.4% from 43.8% two months ago. But before travel agents and online service providers get excited it pays to note that this improvement could merely be seasonal as people enjoy some summer rest and make plans to try and recapture the leisure later in the year. Also some people may interpret “coming year” to mean the calendar year rather than the ensuing 12 month period. This measure will be interesting to track this year should the NZD climb higher.



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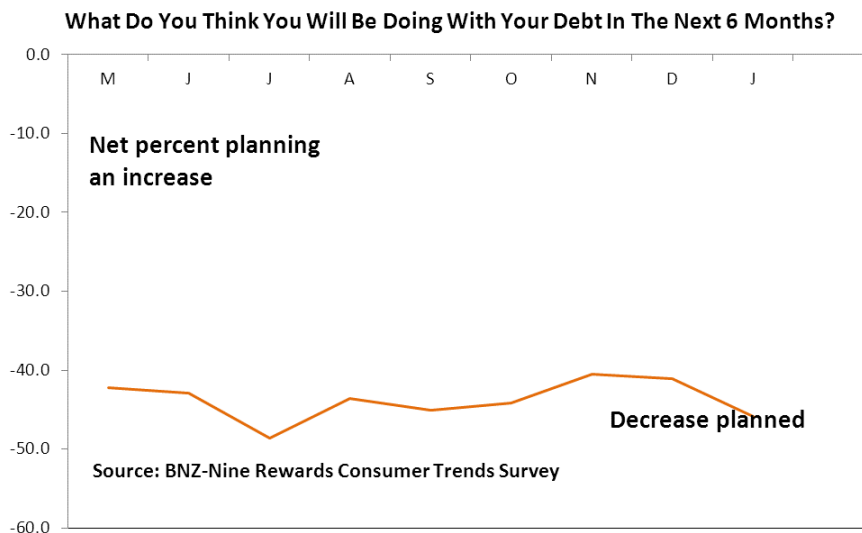
Are you thinking about buying more clothing and accessories within the next 3 months?

This measure barely moves but like many in the numerous surveys out there could one day signal something interesting with regard to consumer thinking and planning. This month a net 71.1% have responded in the positive compared with a net 79.6% two months ago as Christmas approached.



What do you think you will be doing with your debt in the next six months?

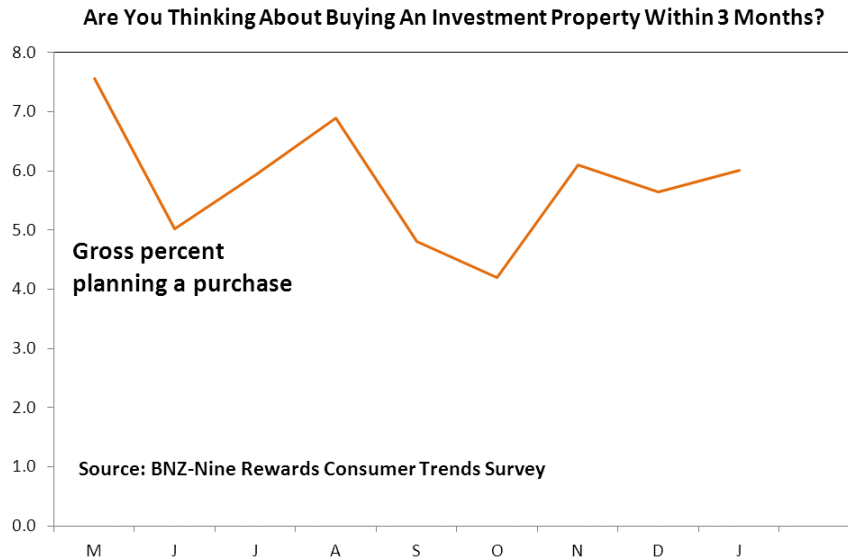
A net 45.9% of people plan reducing their debt levels. This improvement from a net 41.1% two months ago is not surprising in the context of people perhaps growing concerned about how much they may have spent ahead of Christmas and in the New Year and Christmas sales. We shall watch this measure closely this year because a key theory here and overseas is that householders are newly more cautious about debt than in the past and as income levels improve people will not engage in the bubble-causing inflation-producing debt-fuelled spending binges of the past.



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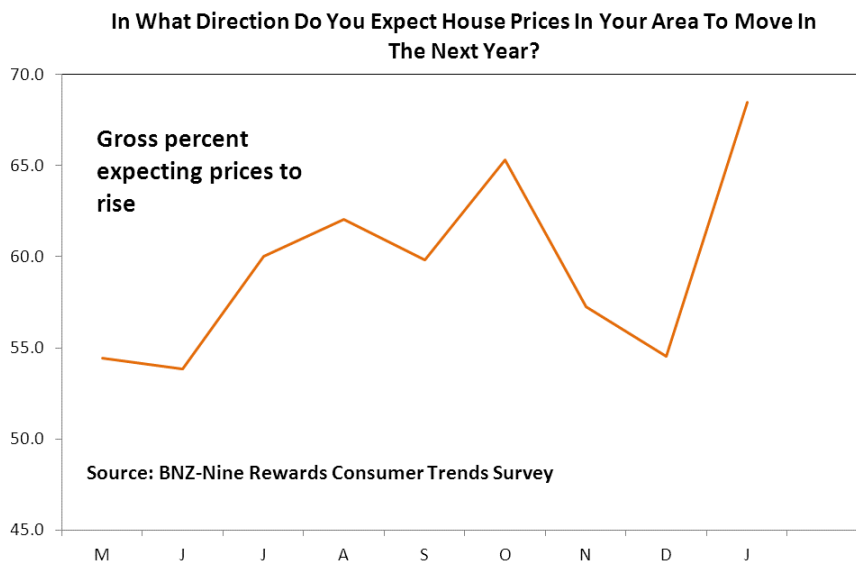
Are you thinking about buying an investment property within the next 3 months?

Just a gross 6% of survey respondents say they are planning to buy an investment property. There is no trend in this measure.



In what direction do you think house prices in your area will move in the next 12 months?

This is one of the interesting results in our first survey for 2014. A high net 68.5% of people expect house prices in their area to rise over the next 12 months. This is a sharp jump from a net 54.5% two months ago and a record high. It is hard to see that there would be a seasonal effect in play here and should this high reading be repeated in our March survey the Reserve Bank may become concerned as to the ongoing effectiveness of its loan to value restrictions in suppressing house price growth.

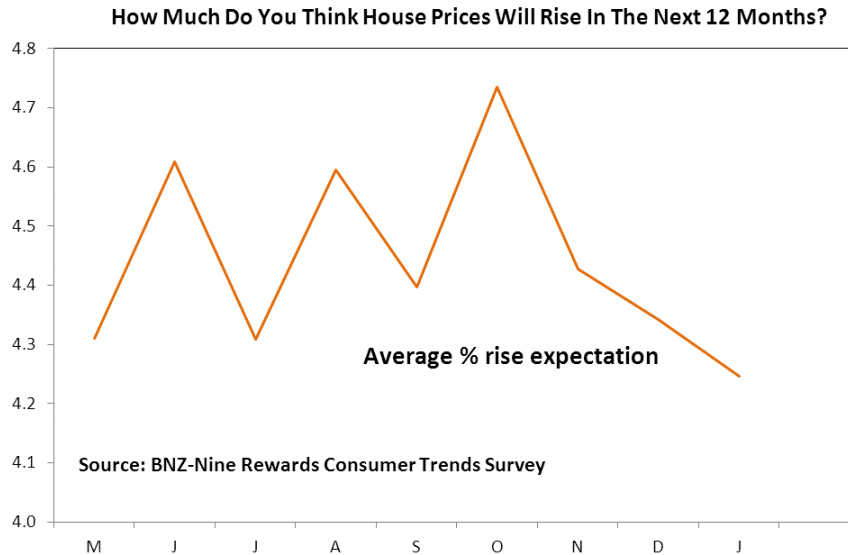


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How much do you think house prices will rise by in your area in the next 12 months?

-Answer from those expecting prices to rise.

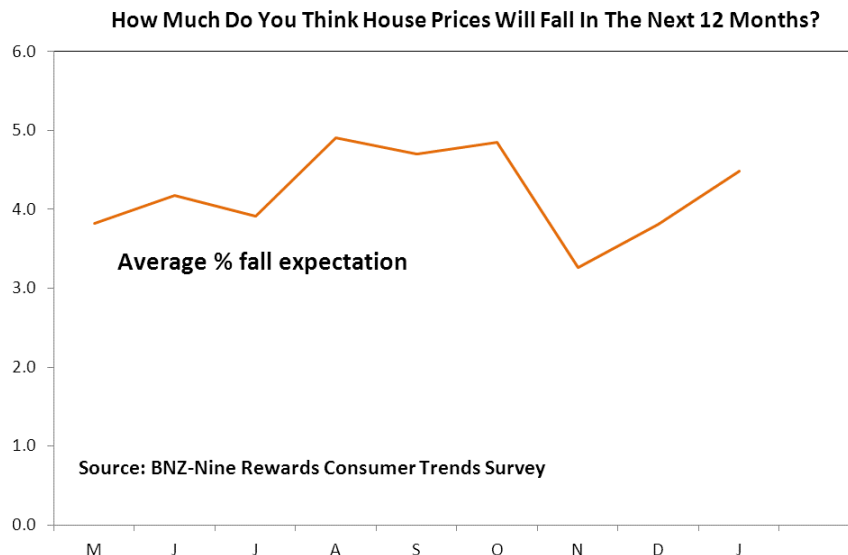
Interestingly, although more people expect house prices to go up, the average price rise expectation has fallen to 4.2% from 4.3%. But this is hardly a substantial move and easily explicable by for example a number of people who were thinking prices would fall 1% now thinking they might rise 1% instead.



How much do you think house prices will fall by in your area in the next 12 months?

-Answer from those expecting prices to fall.

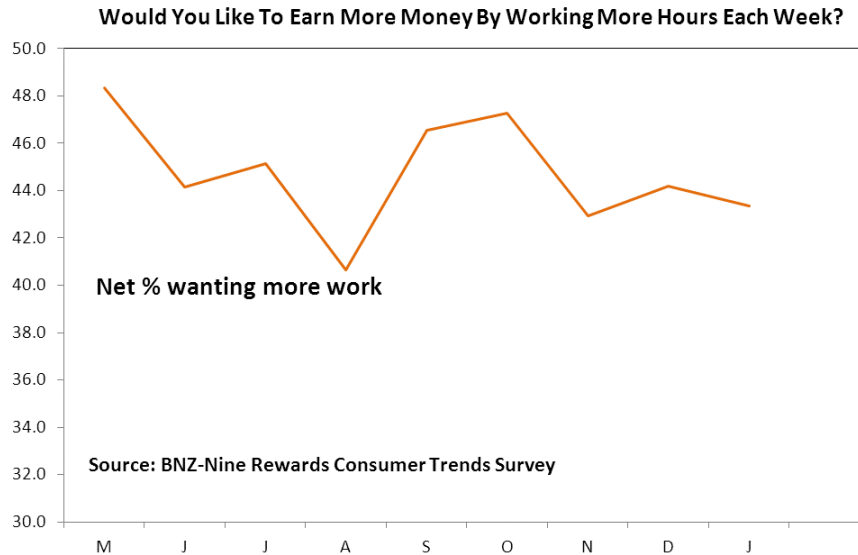
If it is true that a group of people expecting small price falls now expect small price rises then it is easy to see why the average price decline expectation has gone up to 4.5% from 3.8%. Actually, only 17 people out of the 549 respondents think house prices will fall.



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Would you like to earn more money by working more hours each week?

There is no rise underway in the proportion of people wanting to offer themselves to employers. This is bad news for companies hoping to boost staff numbers this year as growth picks up and is perhaps an early signal that wages growth will inevitably accelerate as labour demand and supply grow at differing paces this year and next.



Are you finding jobs or extra hours of work becoming more or less readily available?

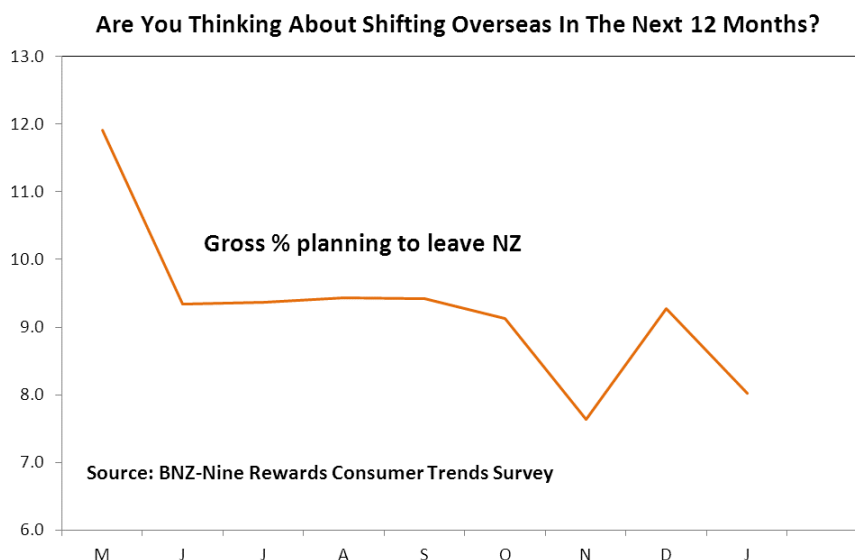
Those people seeking work are now saying it is easier to find. Only a net 12.2% of survey respondents say jobs or extra hours are hard to find compared with a net 23.8% two months ago and 25% six months ago. This result suggests that the improvement we started to see in the labour market last year (job numbers ahead 1.2% in the September quarter) is continuing.



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Are you thinking about shifting overseas within the next 12 months?

There is perhaps a downward trend in this measure which if in place would be consistent with the decreasing numbers of Kiwis going across to Australia.



Data Table

	Sample size	A Net Optimism	B Spend	C Car	D Furniture	E Travel	F Clothing	G Debt	H Invest	I House Prices	J % rise	K % fall	L Work around	M Jobs	N Leave NZ
May	530		19	18	40	68	76	-42	8	54	4	4	48	-30	12
June	557		10	13	33	47	76	-43	5	54	5	4	44	-19	9
July	523	29	8	14	39	44	74	-49	6	60	4	4	45	-26	9
August	551	29	6	13	41	44	71	-44	7	62	5	5	41	-25	9
September	521	21	8	17	39	43	73	-45	5	60	4	5	47	-27	9
October	548	29	8	15	43	45	79	-44	4	65	5	5	47	-22	9
November	524	35	19	14	44	44	78	-40	6	57	4	3	43	-19	8
December	550	30	47	15	46	44	80	-41	6	55	4	4	44	-24	9
Feb. 2014	549	47	4	14	43	51	71	-46	6	69	4	4	43	-12	8

- A Do you expect the economy to be in a better or worse shape in a year's time?
- B In the coming month do you think you will spend more or less than usual?
- C Are you thinking about buying a new car within the next 3 months?
- D Are you thinking about buying new furniture and/or appliances within the next 3 months?
- E Are you planning to take an overseas holiday in the coming year?
- F Are you thinking about buying more clothing and accessories within the next 3 months?
- G What do you think you will be doing with your debt in the next six months?
- H Are you thinking about buying an investment property within the next 3 months?
- I In what direction do you think house prices in your area will move in the next 12 months?
- J How much do you think house prices will rise by in your area in the next 12 months?
- K How much do you think house prices will fall by in your area in the next 12 months?
- L Would you like to earn more money by working more hours each week?
- M Are you finding jobs or extra hours of work becoming more or less readily available?
- N Are you thinking about shifting overseas within the next 12 months?

BNZ-Nine Rewards Consumer Trends Survey

Results By Region

Regions supplying fewer than 20 respondents are not reported. Difficulties in finding work have decreased in all regions for which we have received sufficient responses, telling us that it is not only in Auckland and Christchurch that things are improving. Even in Wellington the net 12% of people saying work is hard to find is better than the result two months ago of a net 24%. House prices are expected to rise everywhere, and optimism about the economy's prospects is strong in all reporting regions.

	Sample size	A Net Optimism	B Spend	C Car	D Furniture	E Travel	F Clothing	G Debt	H Invest	I House Prices	J % rise	K % fall	L Work	M Jobs around	N Leave NZ
Auckland	192	44	2	20	42	54	76	-46	7	77	5	4	49	-12	10
Bay of Plenty	26	81	0	12	50	69	58	-42	4	65	4		54	-15	4
Canterbury	81	43	0	11	40	43	69	-43	11	77	5	4	27	0	10
Gisborne	2														
Hawkes Bay	15														
Manawatu-W	21	19	-10	10	29	48	71	-19	10	38	3	2	48	-24	0
Marlborough	1														
Nelson	4														
Northland	6														
Otago	19	26	11	11	63	42	79	-47	5	47	3	1	63	-26	21
Southland	11														
Taranaki	5														
Tasman	2														
Waikato	41	44	7	10	44	54	66	-49	2	68	3	10	24	-12	2
Wellington	120	53	9	12	41	51	69	-49	3	67	3	16	44	-18	8
West Coast	3														
All NZ	549	47	4	14	43	51	71	-46	6	68	4	4	43	-12	8

Results By Gender

Some readers may find items of interest in this breakdown of results by gender, for instance the employment column (M) and optimism (A).

February Survey

	Sample Size	A Net Optimism	B Spend	C Car	D Furniture	E Travel	F Clothing	G Debt	H Invest	I House Prices	J % rise	K % fall	L Work	M Jobs around	N Leave NZ
Male	279	62	8	17	43	56	67	-43	8	71	4	6	43	1	9
Female	270	32	1	11	43	47	76	-49	4	66	4	3	44	-26	7
ALL	549	47	4	14	43	51	71	-46	6	68	4	4	43	-12	8

December Survey

	Sample Size	A Net Optimism	B Spend	C Car	D Furniture	E Travel	F Clothing	G Debt	H Invest	I House Prices	J % rise	K % fall	L Work	M Jobs around	N Leave NZ
Male	270	42	42	17	48	44	76	-40	6	55	4	4	43	-12	10
Female	280	19	52	13	44	43	84	-43	6	54	4	4	45	-35	9
ALL	550	30	47	15	46	44	80	-41	6	55	4	4	44	-24	9

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Results By Age

Even people aged 65+ are finding work easier to find, all age groups expect house prices to rise, and all age groups intend paying down debt.

February survey

	Sample size	A Net Optimism	B Spend	C Car	D Furniture	E Travel	F Clothing	G Debt	H Invest	I House Prices	J % rise	K % fall	L Work	M Jobs around	N Leave NZ
18-24	32	50	-3	9	44	38	91	-38	0	53	3	4	72	-25	19
25-29	58	47	-9	17	43	62	69	-55	3	67	4	9	64	-38	22
30-34	77	39	-5	22	60	45	73	-61	9	65	5	4	48	5	10
35-39	54	41	11	20	44	52	80	-44	2	72	5	1	39	-22	7
40-44	62	47	6	15	47	39	74	-40	11	71	4	6	42	-11	8
45-49	49	45	-6	10	47	59	69	-41	6	59	4	8	47	-14	8
50-54	69	42	4	10	33	54	67	-42	10	71	4	1	32	-16	3
55-59	44	50	32	11	45	66	73	-66	7	89	5	-	45	-11	0
60-64	50	60	12	6	34	58	72	-48	2	74	5	1	34	0	4
65yrs+	54	59	6	15	28	43	54	-19	4	61	5	3	22	2	0
All	549	47	4	14	43	51	71	-46	6	68	4	4	43	-12	8

December survey

	Sample size	A Net Optimism	B Spend	C Car	D Furniture	E Travel	F Clothing	G Debt	H Invest	I House Prices	J % rise	K % fall	L Work	M Jobs around	N Leave NZ
18-24	39	38	44	41	64	46	90	-21	5	62	3	3	82	-44	18
25-29	48	29	60	19	56	42	85	-46	6	40	4	2	63	-40	23
30-34	61	48	52	16	51	56	92	-46	7	56	4	3	51	-16	11
35-39	57	14	68	19	47	47	89	-56	9	51	4	5	47	-21	12
40-44	64	38	58	17	58	31	78	-38	3	63	4	3	48	-22	14
45-49	62	-3	18	10	40	47	81	-58	3	45	5	2	31	-11	5
50-54	72	21	47	11	43	44	76	-40	13	63	5	6	36	-22	7
55-59	37	27	41	11	35	30	81	-41	11	57	5	4	46	-41	5
60-64	56	39	41	9	36	46	73	-39	0	50	5	8	34	-32	0
65yrs+	54	56	41	7	31	44	54	-19	0	59	4	5	20	-6	0
All	550	30	47	15	46	44	80	-41	6	55	4	4	44	-24	9

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The BNZ-Nine Rewards Consumer Trends Survey is run in the last week of each month.

Real People, Real Insights

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