

**WESTPAC : McDERMOTT MILLER CONSUMER CONFIDENCE SURVEY  
12 December 2013**

**Excerpt for Joint Westpac : McDermott Miller MEDIA RELEASE**

"New Zealand Consumer Confidence continues to strengthen," announced Richard Miller, Managing Director of Strategy Planning and Economics Consultancy, McDermott Miller, "bouncing back from a slight dip in the September quarter and returned to the upward trend begun in June 2012". "The New Zealand Consumer Confidence Index now stands at 120.1 in December 2013, up 4.7 points up on September. The Index is now at its highest level since September 2009" he observed.

"The net percentage of consumers expecting good economic times over the next year is 27.9%, up 13.8 points and is at its highest since December 2004. The main reason given for this expectation is that government economic policies are effective - now 25%, up 4 points since September."

"The net percentage of consumers saying their personal financial situation has improved over the past year is 0.4%, up 9.8 points - the first time this has been positive since December 2007. The main reason given for this is a salary/wage rise (29%), followed by end of/improvement in financial commitments (20%). Some 14% ascribed this to improved profit in own business (up 6 points since September)."

"Optimism prevails across all income groups and all parts of New Zealand. The boost in confidence of consumers in high income households (over \$100,000) will be welcomed by retailers. Their Confidence Index stands at 140.1, up 3.6 points from September and the highest since March 2005," Richard Miller noted.

"The net percentage of high income consumers expecting good economic times over the next year is 50.7%, up 15.5 points and the highest since March 2005. The main reason given for this is that government economic policies are effective - up 5 points to 25%.

The net percentage of high income consumers saying their personal financial situation has improved over the past year is stands at 31.8%, up 7.1 points, highest since December 2006. The main reasons given for this are a Salary/Wage rise (37%)

"But at even at the other extreme, consumers in low income households (\$30,000 and below) are optimistic (for the first time since December 2009) with an Index of 102.3" he said.

"The net percentage of low income consumer expecting good economic times over the next year is 9.7 %, up 12.3 points highest since June 2009. The main reasons cited for this are "effective government policies", "the recession is over" and "Better export prospects" all at 18%.

"There was a jump in the net percentage of low income consumers saying their personal financial situation has improved over the past year. Some 32.2 % now perceive themselves to be worse off, but this is down from 53.4 % in September ie a net improvement of 21.2%. The main reason for perceiving themselves to be better off is a salary or wage increase (25%) but previously non-working person beginning work and improvement in financial commitments are also important (both 18%)."

"Once again, confidence of consumers working in the Private Sector has increased, up 1.4 points to 126.8 from September. This is a record high level of optimism", observed Richard Miller.

"The net percentage of Private Sector consumers expecting good economic times over the next year is 37.3 %, up 10.7 points and is the highest since March 2005 (start of this series). The main reason this is ascribed to is effective government policies (24%)."

"The net percentage saying their personal financial situation has improved over the past year is 9.2%, highest since December 2006. Main reason is salary/wage rise (32%) but improvement profit in own business is also important (20%, up by 5 points since September)."

Private Sector Consumers are also optimistic about New Zealand's economic prospects over the next 5 years, with t 38.% expecting good times (although this was 7.6 points down from September.)

"Confidence of consumers working in the Public Sector has also increased, up 4.4 points to 118.5 from September 2013, the highest level since September 2009", he noted.

"The net percentage of Public Sector consumers expecting good economic times over the next year is 20.7 %, up 16.7 points highest since March 2005 (start of this series). Main reason this is ascribed to effective government policies (26%)."

The net percentage saying their personal financial situation has improved over the past year is up 12.2 points to net 9.6%, the highest since December 2007. Main reason given for this is a salary/wage rise (32%) and improvement in financial commitments (21%)."

"The universal surge in Consumer Confidence points to strong growth in spending by consumers on Christmas and New Year season goods, holidays and leisure activities", Richard Miller concluded. "It may even translate into broader and stronger based consumer spending on comparison goods and large ticket household items" he suggested. "If so, a consumer spending led economic recovery could be under way."

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#### **Index Background**

The Consumer Confidence Index is based on a survey of a representative sample of 1569 New Zealand households interviewed during 1-10 December 2013. It analyses answers to five standard questions on personal financial circumstances, expectations for the economy and attitude to buying substantial household items. Index scores measure consumer confidence in the economy, with a score of greater than 100 showing more optimism than pessimism and vice versa for a score below 100.

#### **Acknowledgement**

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