

WESTPAC : McDERMOTT MILLER CONSUMER CONFIDENCE SURVEY

18 December 2015

"There was modest rebound in the confidence of New Zealand consumers in December, revealed by a 4.7 point increase in the Westpac: McDermott Miller New Zealand Consumer Confidence Index (CCI) to 110.7 in December 2015, compared to 106.0 in September." announced John McDougall, Director Forecasting in Strategy and Economics Consultancy, McDermott Miller. "While the December results is still 4.2 points below the level prevailing last Christmas, it marks the largest quarter on quarter increase since December 2013." he observed.

"The lift in Consumer Confidence was largely driven by a return to positive sentiment about the short term prospects for the New Zealand economy, with a net 7.7% now expecting good times over the coming year a sharp contrast with the net 15% expecting bad times in September. Among those Consumers expecting good economic times over the next year, the most commonly cited reason for their view was a belief in "effective government economic policy"; only 10% credited "better export prospects". Among those expecting bad economic times, the most common reason is "wrong government economic policies" (40%), followed by "low dairy prices" (21%).

Consumers in rural areas (index 109.1) are slightly less confident than those in metropolitan centres (112.6), and are less positive about NZ's short term prospects (net 2% expecting good economic times over the next year vs. net 12%. As could be expected, the "low dairy prices" is more frequently cited as reason for negative sentiment about NZ's short term economic prospects by consumers in rural (26%) than consumers in metropolitan centres (18%).

"Confidence amongst consumers employed in the Public Sector remains, at 115.2, below that of consumers employed in the Private Sector (117.2), but the jump from September in the former group was considerably greater (14.3 points) than the latter (9.0 points), narrowing the spread between the two groups to an unusually narrow 2 points.

A net 15% of consumers in the Public Sector expect good economic times over the next year (up from the net 28% in September expecting bad times), a greater percentage than the net 12% of consumers in the Private Sector expecting good economic times. A greater percentage of consumers employed in the Public Sector who have positive views on New Zealand's short term economic prospects credit 'effective government policies' for their positive outlook (32%) than do consumers employed in the Private Sector"

"The return to a more strongly optimistic Consumer Confidence Index bodes well for strong retail sales in the remaining Christmas period and for leisure and holiday spending over the coming weeks", concluded John McDougall. "The increase in net percentage of consumers thinking now is a good time to buy major household items (from 20% in September to 26% in December) is further comfort for retailers".

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Index Background

The Consumer Confidence Index is based on a survey of a representative sample of 1565 New Zealand households interviewed during 1-11 December 2015. 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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