

WESTPAC : McDERMOTT MILLER CONSUMER CONFIDENCE SURVEY 19 June 2015

Excerpt for Joint Westpac: McDermott Miller MEDIA RELEASE

“The Westpac: McDermott Miller New Zealand Consumer Confidence Index (CCI) for the June Quarter slipped 4.2 points to 113 in the June 2015 Quarter,” announced Richard Miller, Managing Director in Strategy and Economics Consultancy, McDermott Miller, “New Zealand consumers have been optimistic for twelve quarters in a row, but reached a peak of 121.7 in March 2014 and has since declined 8.7 points” he observed.

“This quarter, the largest movement among the five component questions of the CCI is a sharp decrease in the net percentage of consumers expecting good economic times in New Zealand over the coming year (down 19 points from March to 4.8 and 26 points down from this time last year.”

When we asked consumers what was the main reason for expecting good economic times over the next year in New Zealand we were told it would be the result of effective government economic policy (38%). “Interestingly, those expecting bad economic times in the coming year, also tend to ascribe it to “wrong” Government economic policy (34%). In contrast, rural consumers expecting bad economic times over the year ahead also attribute it to poor outlook for farming (36% give this reason compared to 32% of consumers in secondary centres and only 17% from metropolitan centres)” , observed Richard Miller .

“Confidence amongst consumers employed in both the Private and Public Sectors dipped sharply in the June Quarter (down 7.3 CCI points to 117 points and –8.7 points to 110.8 respectively)”, reported Richard Miller, “again, the main influence on the shift in sentiment is the expectation of good or bad economic times in the next twelve months.” “Some 44% private and 53% public sector consumers believe the effectiveness of government economic policies will be the main determinate of good economic times in the coming year, and 42 % public sector and 33 % private sector consumers believing the same economic policies are wrong and will result in bad economic times” he observed .

“Generally, the June quarter Westpac - McDermott Miller New Zealand Consumer Confidence Survey and Index shows consumers remain optimistic, but many have accepted “feeling worse off financially” in the expectation that better economic times lie ahead.” observed Richard Miller, “The significant drop in the June quarter New Zealand CCI reflects growing doubts about current economic policy settings among many consumers .”

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Index Background

The Consumer Confidence Index is based on a survey of a representative sample of 1581 New Zealand households interviewed during 2-13 June 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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