

WESTPAC : McDERMOTT MILLER CONSUMER CONFIDENCE SURVEY

22 September 2014

"The Westpac: McDermott Miller New Zealand Consumer Confidence Index(CCI) has dipped four points to 116.7 in the September Quarter.," announced Richard Miller, Managing Director of Strategy Planning and Economics Consultancy, McDermott Miller, "but Consumers remain firmly optimistic. This is the ninth quarter in a row New Zealand consumers have been optimistic (Index over 100)." he observed. "A single quarter four point slide in the CCI, from very strong optimism (over 120), does not presage an imminent return to consumer pessimism". He noted, for example, that for three quarters in 2005 the CCI was above 120, then slipped in the September quarter of that year, but consumers remained optimistic at near 110 for another nine quarters (to December 2007.)"

"Consumer Confidence amongst those employed in the Private Sector is proving more resilient than their Public Sector counterparts" reported Richard Miller. "The CCI of Private Sector employed consumers stood at 122.6 in September, down 3.7 points from 126.3 in June", while consumer confidence in the Public Sector fell 4.9 points to 114.5 in September, down from 119.4 in June."

"This quarter, the largest movement among the five components of the CCI is the fall in net percentage of consumers expecting good economic times in New Zealand over the next year (down to net 18% in September from 31% in March).", Richard Miller said. "This was accompanied by a reduction in the net percentage of consumers thinking the present is a good time to buy major household items (now 26%, down from 32% in June)."

"When we looked at why consumers are expecting good economic times over the next year, the most frequent reason given is effective Government policies (27%), followed by global economic conditions and export prospects (17%), and then by an expectation the National Party will be returned to power (12%). Interestingly, some 40% of Public Sector employees who expect good economic times over the coming year give effective Government policies as the reason, but only 21% of Private Sector employees do so. Perhaps public sector employees, who have worked more closely with the National Government than most private sector employees, see it as an effective manager of the economy" suggested Richard Miller.

"As the September 2014 Westpac: McDermott Miller Consumer Confidence Survey was conducted during the election campaign, consumers were asked about their expectations for the economy over the next 3 years if the National Party were to form the next Government. Some 46% of consumers expect good times if this is the case, and 19% expect bad times. The most frequently cited reasons underlying expectations of good times are that National have done a good job so far (by 43%), or that they have effective economic policies (27%)" recorded Richard Miller.

"Consumers were also asked about their expectations for the economy over the next 3 years if the Labour Party were to form a Government including the Greens. In this case, only 14% of respondents would expect good economic times ahead, while 40% would expect bad times. The most commonly cited

reason for expecting good times was confidence in a putative Labour-led Government's economic policies (24%), followed by its expected concern for the disadvantaged (18%) and reducing the gap between rich and poor (11%).” noted Richard Miller.

“The stark contrast in expectations of good economic times over the next 3 years under the two putative Governments (46% under a National-led government versus 14% under a Labour-led government including the Greens) must have been a major factor underlying the return of a National-led Government”, concluded Richard Miller. “The question now is whether sustained consumer confidence in the incoming National Government's economic management capability translates into increased consumer spending and economic growth.”

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Index Background

The Consumer Confidence Index is based on a survey of a representative sample of 1555 New Zealand households interviewed during 1-12 September 2014. 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 (for more information see [Survey Specifications](#)).

Acknowledgement

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