

WESTPAC : McDERMOTT MILLER CONSUMER CONFIDENCE SURVEY

18 September 2015

"New Zealand Consumers remain optimistic, but confidence is the lowest it has been since September 2012" announced Richard Miller, Managing Director in Strategy and Economics Consultancy, McDermott Miller. "This continues the slippage from the Index peak of 121.7 in March 2014," he observed. "The Westpac: McDermott Miller New Zealand Consumer Confidence Index (CCI) for the September Quarter fell to 106, down from 113.0 in June."

"Confidence in short term prospects for the New Zealand economy has sagged, with a net 15% now expecting bad times over the coming year, down from a net 5% expecting good times in March. Consumers put their pessimism down to 'low dairy prices' and 'ineffective government economic policy' (29%)", noted Richard Miller. "Reasons for pessimism diverged somewhat between metropolitan and rural consumers expecting bad times" he observed. "The former expecting bad economic times because of 'ineffective government economic policy' (29%) followed by 'low dairy prices' (23%). Unsurprisingly, a net 25% of rural consumers expect bad times, with some 39% blaming 'low dairy prices' and 30% 'ineffective government policy'."

"Perhaps more worrying for retailers, is the fall in net percentage of consumers thinking now is a good time to buy major household items (from 29% in June to 20% in September). The main reason given by some 26% is 'they have no money to spend'. When this factor is put alongside negative sentiment over New Zealand's short term economic prospects, a slowing down in growth of retail sales is likely in the months ahead", Richard Miller suggested.

"Confidence amongst consumers employed in both Private and Public Sectors fell again in the September Quarter (Private Sector employees down 8.7 CCI points to 108.3 points and Public Sector employees down 9.9 points to 100.9)", reported Richard Miller, "There has been a sharp increase in expectation of bad economic times in the next twelve months, with a net 16% of Private Sector Employees now expecting bad times (compared to a net 5.4% expecting good times in June), while a net 28% of Public Sector employees continue to expect bad times (up from 1% in June). Private Sector and Public Sector consumers give different reasons for their pessimism about the short-term economic outlook. Private Sector employees cite 'low dairy prices' (40%); while some 26% of Public Sector employees agree, but more are inclined to blame 'ineffective government economic policies' (31%, compared to 18% of Private Sector Employees)." he recorded.

"Generally, the September quarter Westpac - McDermott Miller New Zealand Consumer Confidence Survey shows consumers remain optimistic", concluded Richard Miller, "but the significant September quarter drop in the Consumer Confidence Index reflects growing doubts about current economic policy settings among consumers and indicates hesitancy in consumer spending."

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Index Background

The Consumer Confidence Index is based on a survey of a representative sample of 1550 New Zealand households interviewed during 1-11 September 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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