

# TONY'S VIEW

## Spending Plans Survey

### Input to your Strategy for Adapting to Challenges

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Monday 12 December 2022

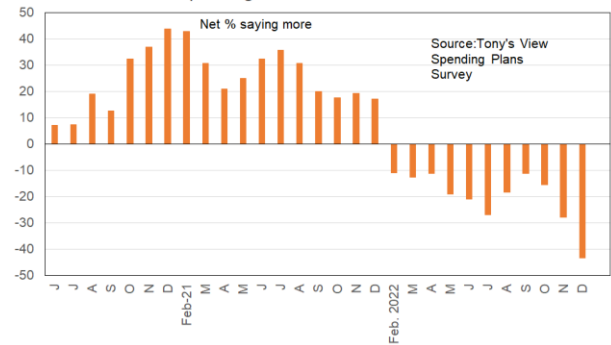
## Consumers close their wallets

This month's survey of the 29,000 subscribers to my weekly Tony's View publication yielded 1,341 responses. The results show a strong reduction in plans to spend on all items apart from groceries – by necessity. The Reserve Bank's warnings about recession and record increase in the official cash rate have had a decidedly negative impact in the household sector.

### Do you feel confident enough about your future to increase spending over the next 3-6 months?

A net record 43% of survey respondents have said they plan cutting their spending in the next 3-6 months. This is a deterioration from a net 28% negative last month and net 17% positive intentions a year ago.

Do you feel confident enough about your future to increase spending over the next 3-6 months?



### Where will people spend more?

We ask people what things they plan spending more on and what they plan spending less on. From those responses we can calculate net purchasing intentions for the categories we cover and the results for this month are shown in the following chart.

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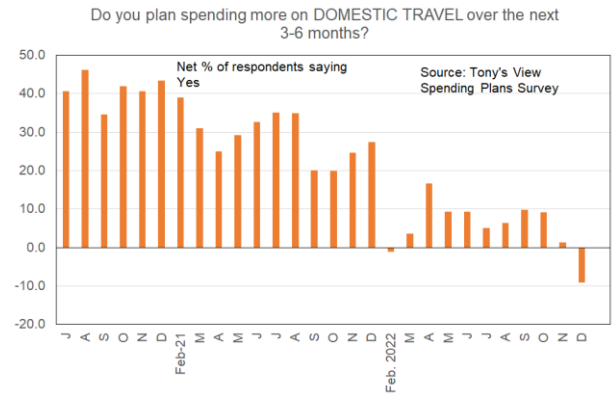
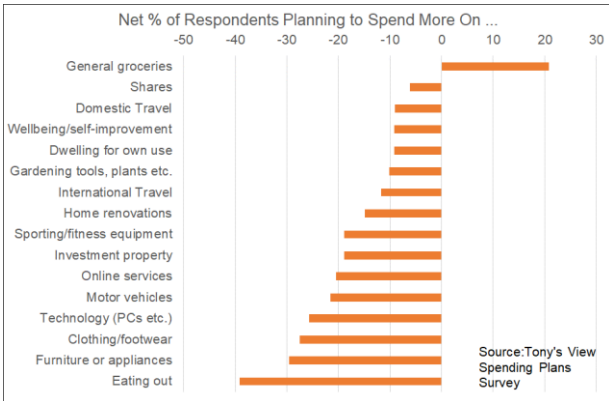
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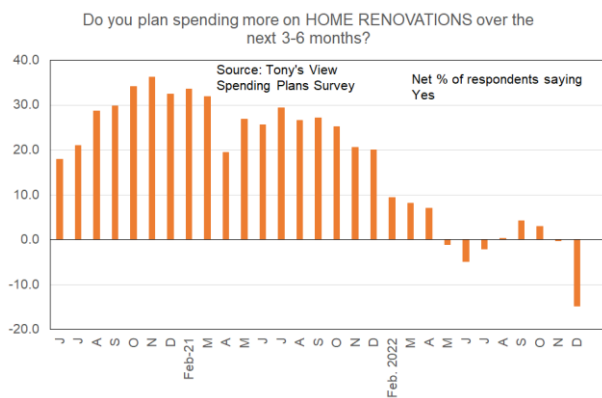
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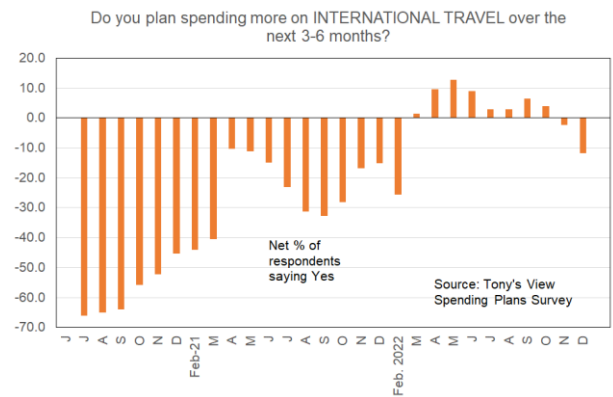


Apart from groceries people plan cutting their spending on all other categories we offer people to choose from.

The outlook for home renovations has taken a sudden and perhaps long overdue move to the negative. Intentions in this category of spending had been holding up surprisingly well as plans for other areas had fallen away sharply. Now, it looks like the availability of tradies will be improving quite a bit soon.



And much as the world is replete with people determined to engage in post-pandemic international travel, plans held by Kiwis for doing so are pulling back.



When it comes to purchasing durable items – things which last a long time, and which traditionally show the greatest variations in sales across the economic cycle – the picture is bad. Plans for buying motor vehicles have strongly weakened.

Domestic travel plans have shifted to the negative for the first time since February.

## Looking to earn better interest?

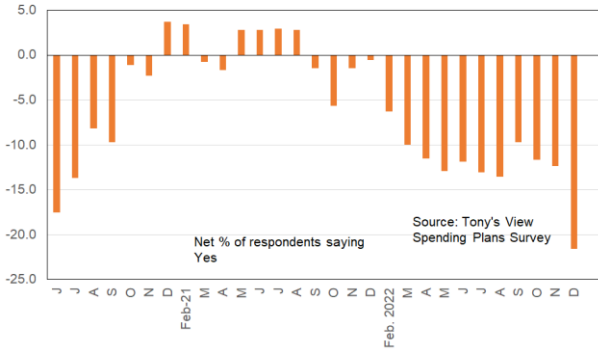
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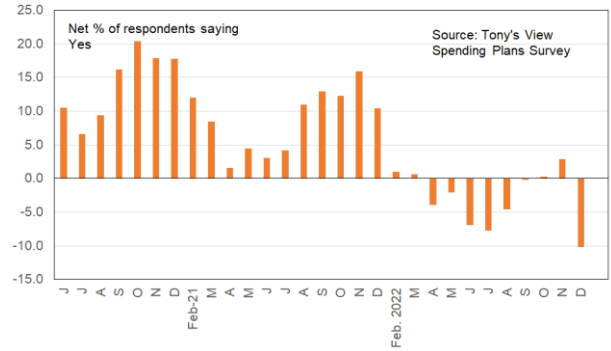


\*This opportunity is only available to eligible and/or wholesale investors in terms of the Financial Markets Conduct Act 2013.

Do you plan spending more on MOTOR VEHICLES over the next 3-6 months?

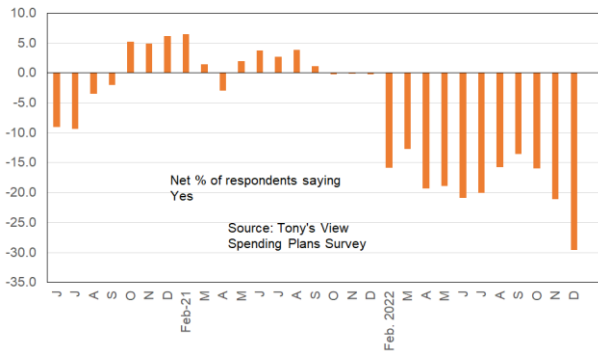


Do you plan spending more on GARDENING EQUIPMENT ETC. over the next 3-6 months?



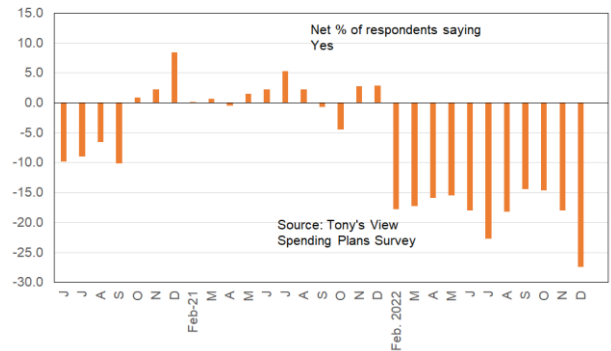
Prospects for sales of furniture and appliances look poor.

Do you plan spending more on FURNITURE & APPLIANCES over the next 3-6 months?



Spending on staples like clothing and footwear is to be cut back.

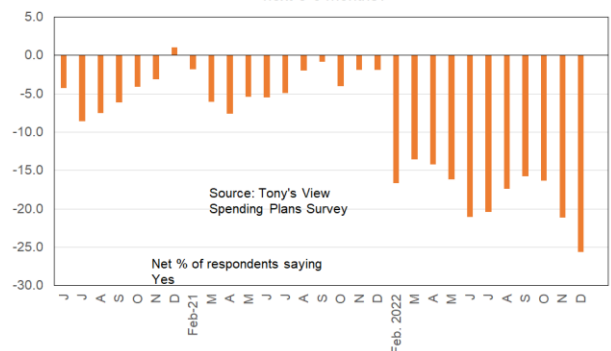
Do you plan spending more on CLOTHING & FOOTWEAR over the next 3-6 months?



Even in the garden we are planning to let the ground lie fallow.

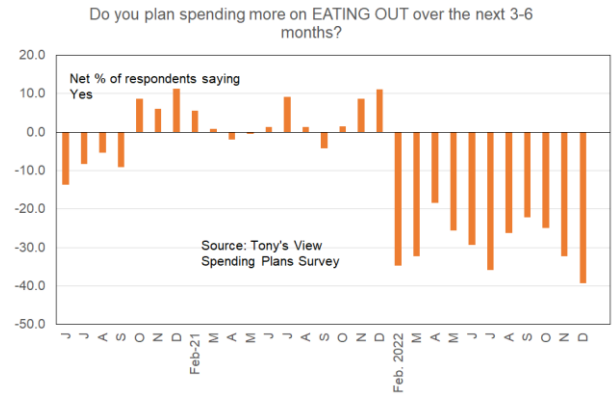
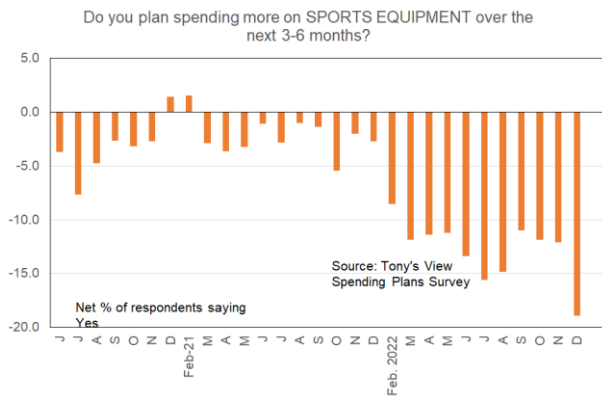
Same for technology.

Do you plan spending more on TECHNOLOGY (PCS etc.) over the next 3-6 months?



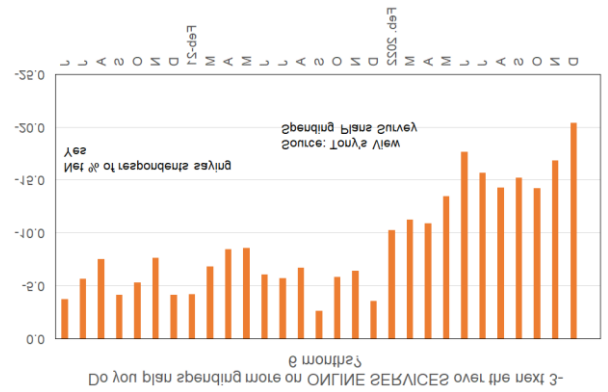
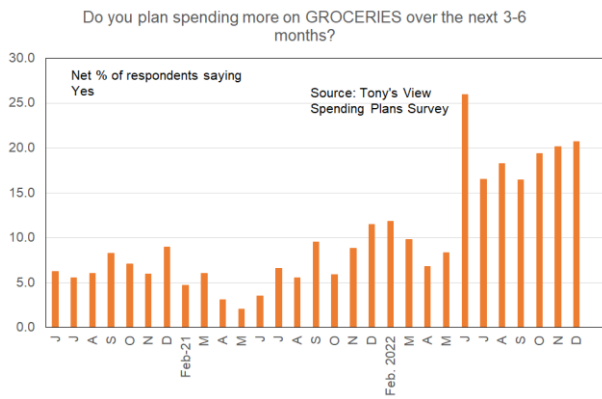


And sports equipment.



As a sign of budget trimming plans, we intend cutting spending on online services.

By necessity we "plan" to spend more on groceries.

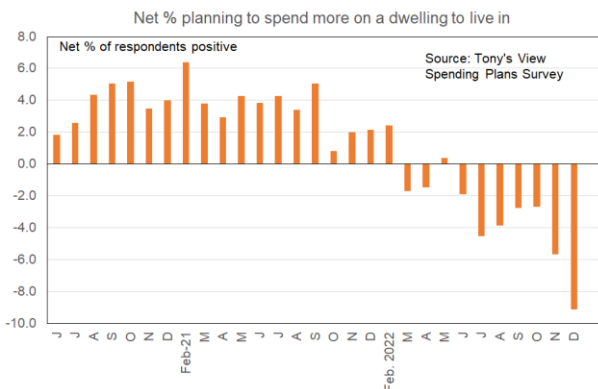


Prospects for eating out remain very poor. But this is an area where the survey results are not backed up by real world experience. Kiwis continue to eat out at cafes and restaurants it seems despite stretched budgets.

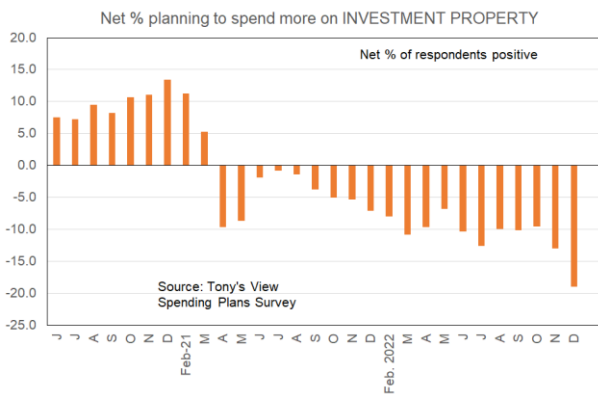
## Housing indicators

Our two housing market indicators have substantially deteriorated over the past two months as banks have engaged in two rounds of 0.5% or so increases in fixed mortgage rates.

A net 9% of respondents have said they plan spending less on a home to occupy themselves. Two months ago, this reading was a net 2.6% negative.

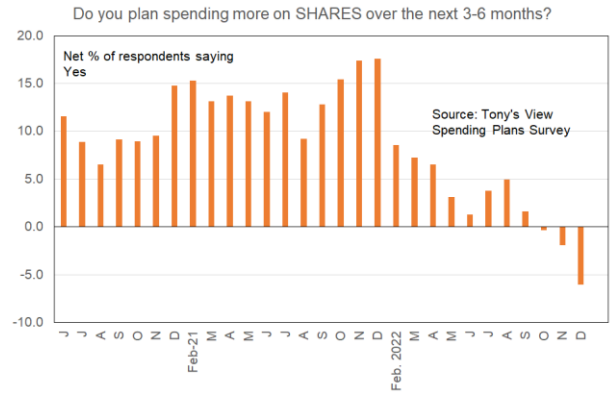


A high net 19% of people plan cutting back on buying investment property.



## Buying shares

Concerns about the economy and business profitability alongside rising interest rates have contributed to a net 6% of our survey respondents this month saying they plan cutting their share purchases.



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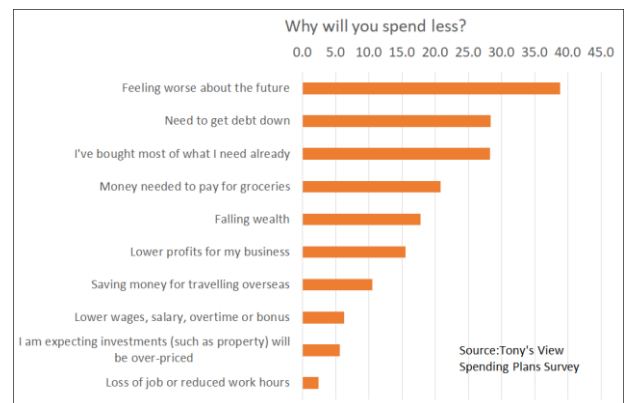
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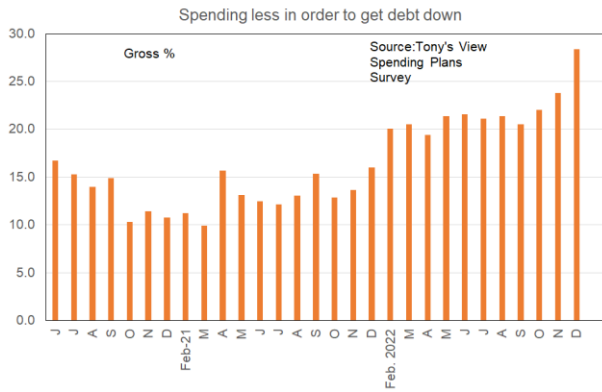
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## Why do you plan spending more or less?

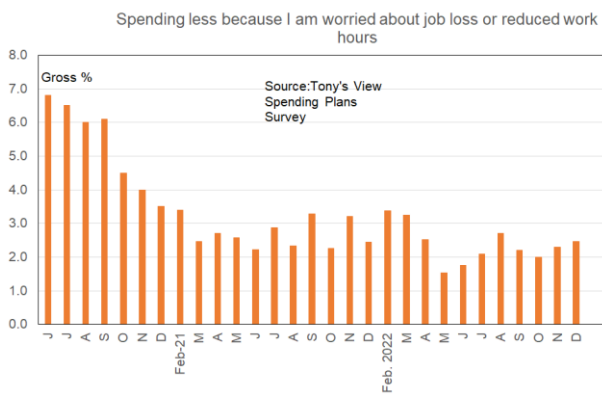
The following graph shows the proportion of people who state that they are cutting spending for the reasons shown. Cutbacks are mainly attributable to worries about the future and getting debt down.



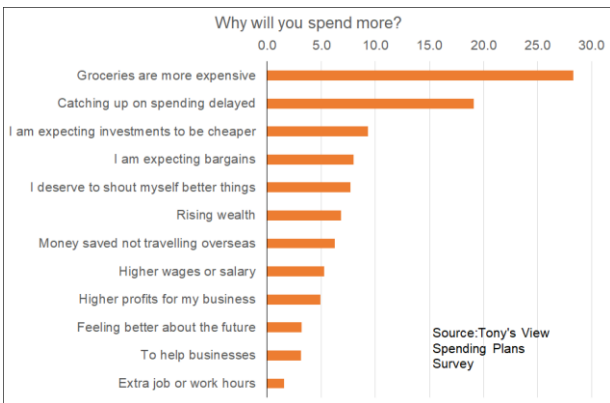
Plans for getting debt down have noticeably risen again this survey.



But in a reflection of the tight labour market, job loss worries remain low.

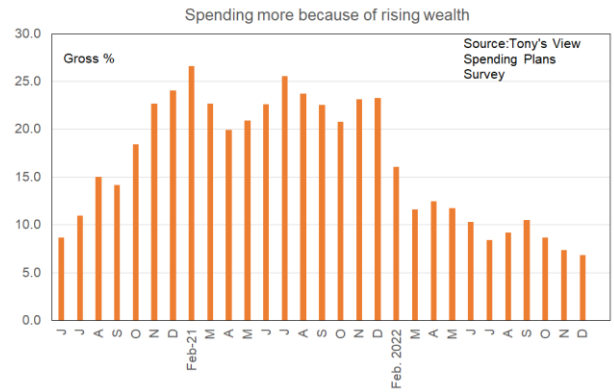


We also ask why people will spend more, and the results are shown in this next graph.

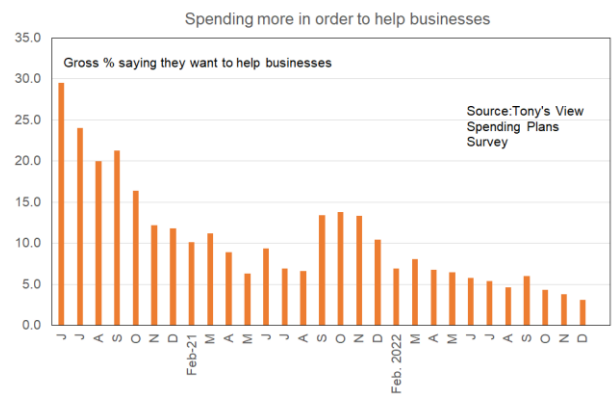


Rising grocery prices are the prime reason people plan to spend more.

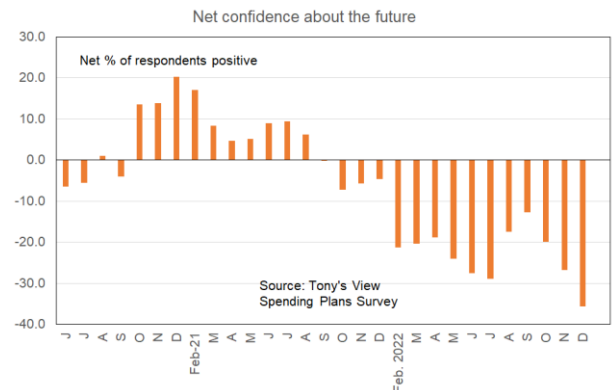
Wealth expectations continue to trend down, but not at a rapid pace.



The pandemic-related desire to spend in order to help businesses continues to fade away.



Overall, in an indication of what we can expect to soon be revealed in monthly measures of consumer confidence, hopes for the future are well down.





Respondents to the survey were distributed by age as follows.

< 30 years	4.9%
31 – 50 years	33.9%
51 – 65 years	40.7%
Over 65 years	20.4%

Distribution by region was as follows.

Northland	3.1%	Tasman	0.9
Auckland	43.2	Nelson	1.7
Waikato	8.3	Marlborough	0.7
Bay of Plenty	7.2	West Coast	0.1
Hawkes Bay	3.1	Canterbury	12.0
Taranaki	0.9	Queenstown	1.7
Manawatu-Wang.	2.3	Otago ex. Q'twn	2.2
Wellington	10.5	Southland	1.0
Gisborne	0.3	Other	0.8

Total responses = 1,341

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