



**Input to your Strategy for Adapting to Challenges**

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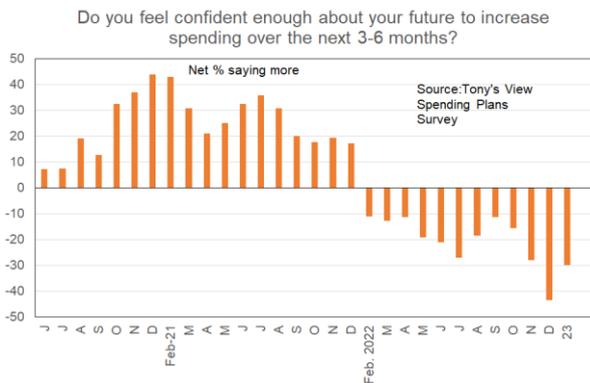
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**Consumers pull back from the brink**

This month's survey of half of the 30,000 subscribers to my weekly Tony's View shows consumer pessimism remains high but has pulled back from the depths reached after the Reserve Bank's talk of recession in November.

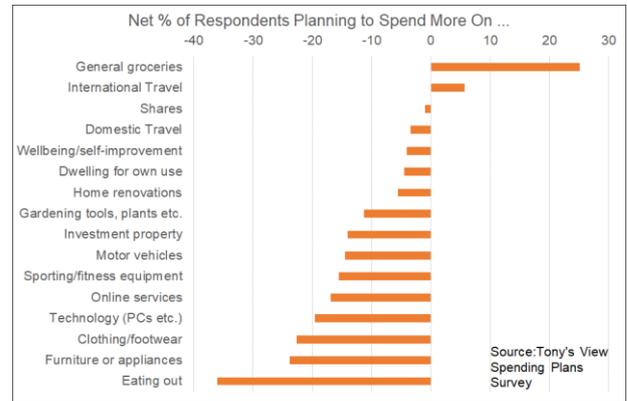
**Do you feel confident enough about your future to increase spending over the next 3-6 months?**

A net 30% of our 1,078 respondents say they plan cutting back on buying things over the next 3-6 months. This is better than the -43% of early-December when the last survey was run, but is still the second-worst reading on record.



**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.



The only areas where higher spending are planned are groceries and international travel. This unique pairing reflects the high rate of inflation pushing weekly shopping bills higher alongside the reopening of national borders

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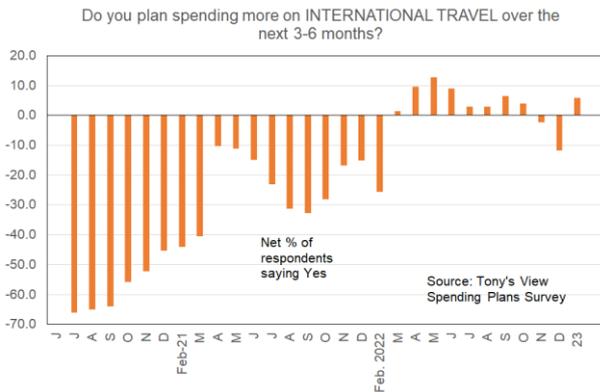
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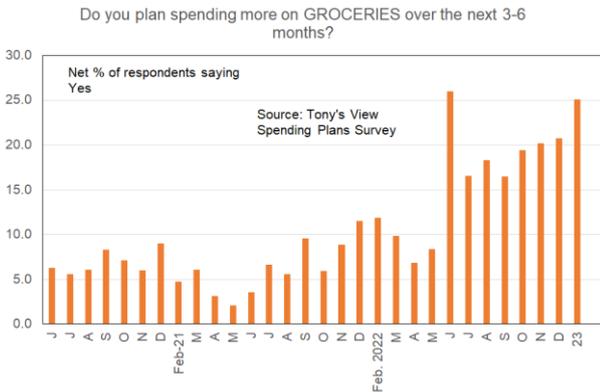
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allowing people to undertake something denied to them for a long period of time.

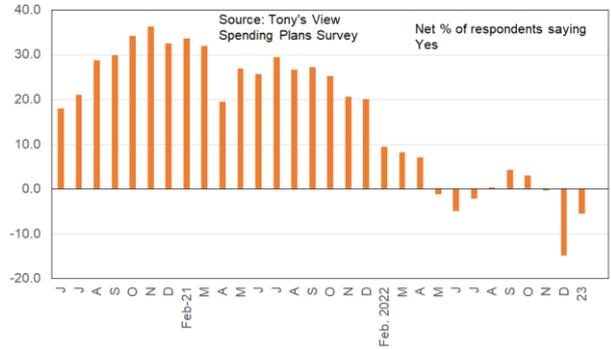


Widespread stories in the media regarding cancellations of flights, people being left stranded in foreign countries, bags being lost and trashed, and airfares being high have failed to dent our determination to fly.



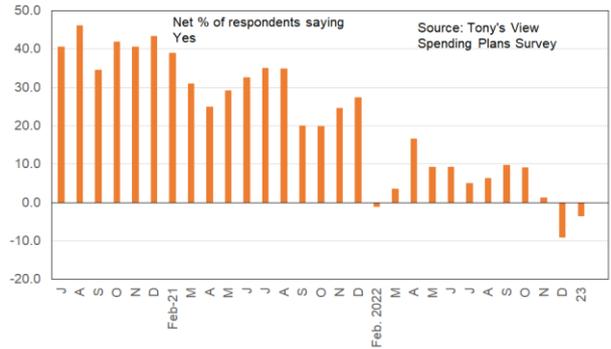
In December plans for spending on home renovations fell away sharply. Now, there has been some improvement in renovation plans, but consumers overall still plan to reduce their spending on home upgrades and maintenance after three years of a pandemic-related binge.

Do you plan spending more on HOME RENOVATIONS over the next 3-6 months?



In contrast to people's plans for more international travel, the allocation of money towards domestic travel is being cut.

Do you plan spending more on DOMESTIC TRAVEL over the next 3-6 months?



Prospects for sales by retailers stocking items considered to be durable – such as motor vehicles and furniture – remain very poor. Consumers purchased many such items during the pandemic and now the binge has ended and there are extra negatives of high financing costs, falling wealth, and anticipation of a weaker jobs market.

## Looking to earn better interest?

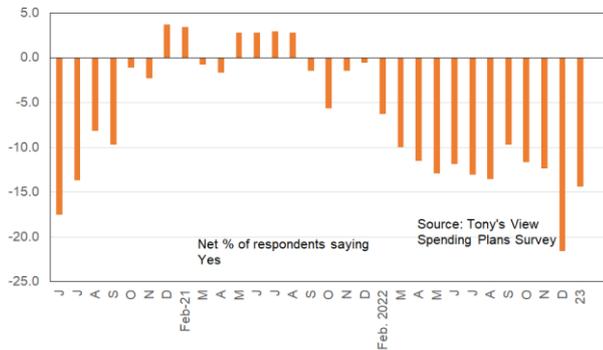
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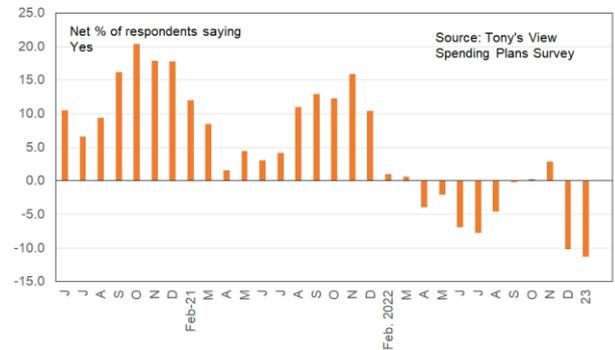


\*This opportunity is only available to eligible and/or wholesale investors in terms of the Financial Markets Conduct Act 2013.

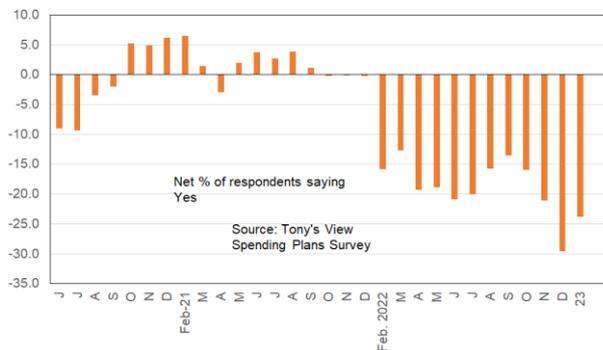
Do you plan spending more on MOTOR VEHICLES over the next 3-6 months?



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

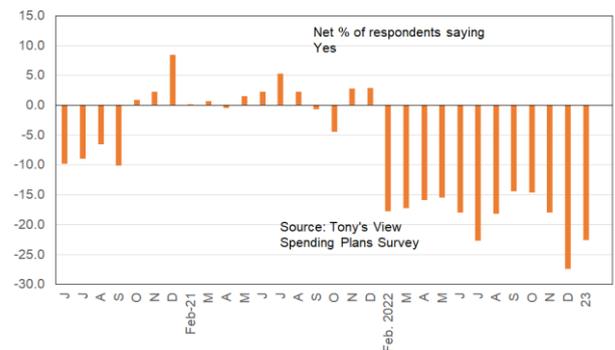


Do you plan spending more on FURNITURE & APPLIANCES over the next 3-6 months?



People continue to plan reduced spending on some of the most basic items of expenditure – clothing and footwear.

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

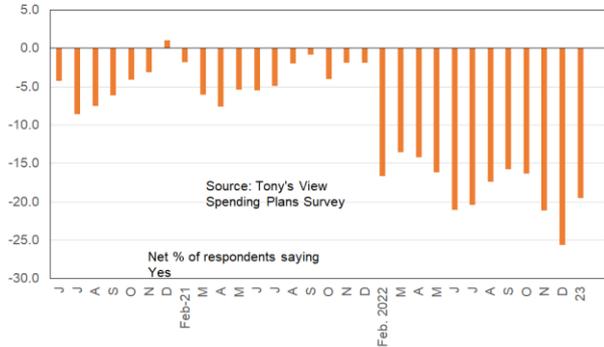


Plans for spending on our gardens have reached a record low, signalling challenging times ahead for garden centres and wholesale nurseries, but perhaps some bargains for those still looking to buy.

The binge on technology ended over a year ago and is not coming back. This graph is interesting and perhaps hints at the nature of much of our spending on technology. We almost always plan to spend less. But perhaps once we enter the spacious stores and see the wonderful goods on display cannot resist upgrading what we have for a few more pixels, bells, and whistles.

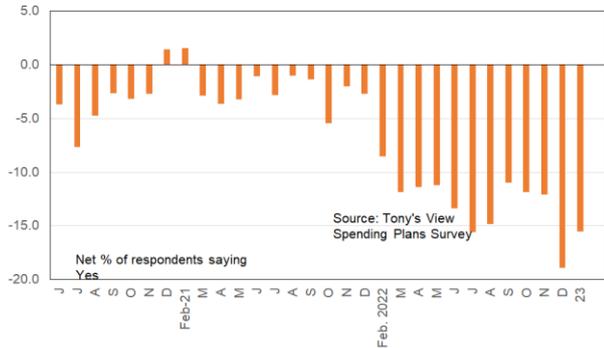


Do you plan spending more on TECHNOLOGY (PCS etc.) over the next 3-6 months?



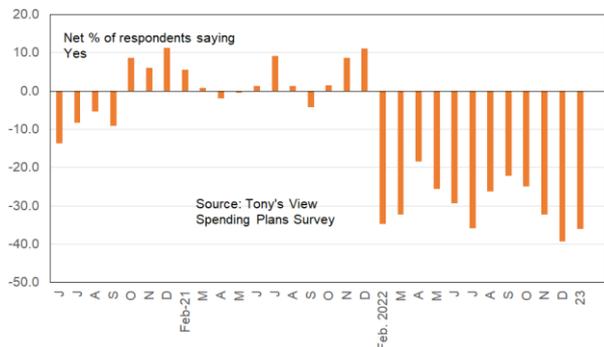
The outlook for sporting goods retailers is poor.

Do you plan spending more on SPORTS EQUIPMENT over the next 3-6 months?



As has been the case for a long time now, our plans for spending on eating out are the weakest of all groups we track.

Do you plan spending more on EATING OUT over the next 3-6 months?

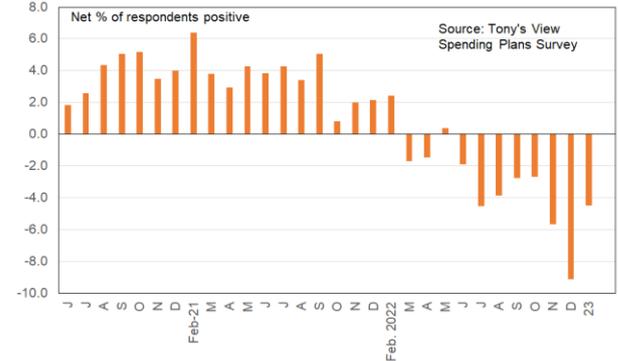


### Housing indicators

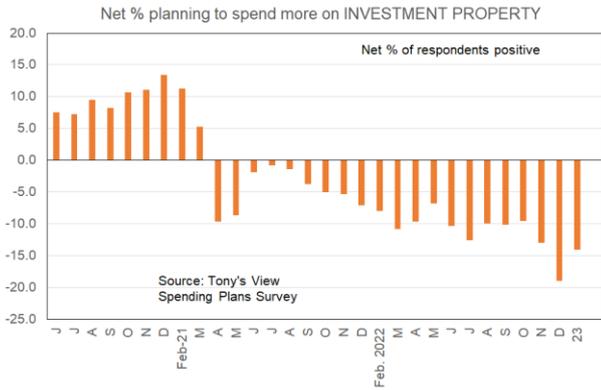
Consistent with the results which have already come through this year from my surveys of real estate agents, mortgage advisers, and property investors, there has been a lessening of the degree of spending weakness evident for housing.

A net 4.5% of respondents have said they plan spending less on a home to occupy themselves. This is an improvement from the net 9% of early-December and is almost back to the level of purchasing interest before the mid-October release of the surprisingly high inflation number.

Net % planning to spend more on a dwelling to live in

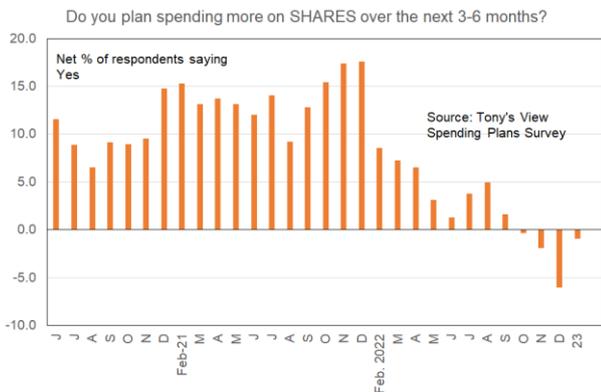


There has also been a pulling back from the abyss in the reading for intentions of purchasing an investment property. But at -14% the measure is still at its second worst reading on record and reflective of the unwillingness of investors to purchase property since the tax changes of early-2021.



## Buying shares

A general air of concern still prevails when it comes to thoughts of buying shares. A net 6% of people two months ago planned cutting back on share purchases amidst intense discussion about recession. Now, that proportion sits at -0.9%.



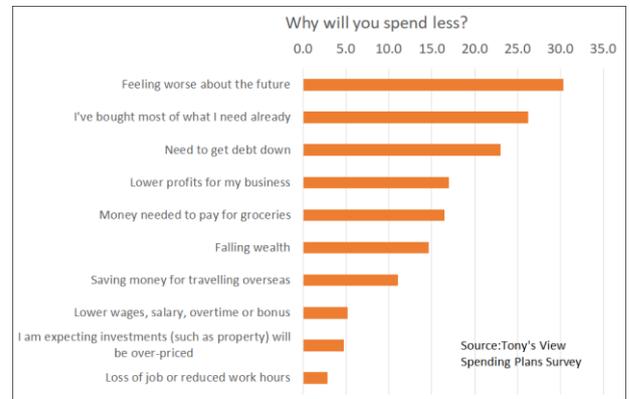
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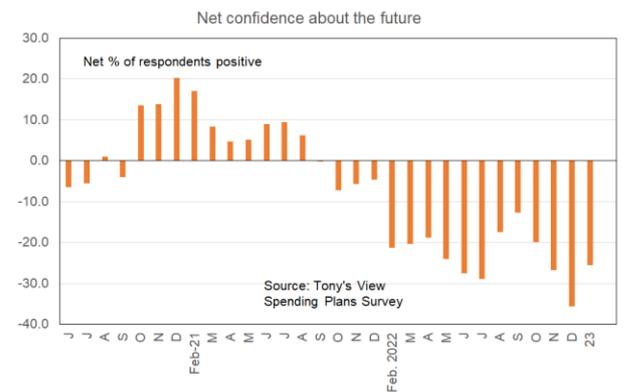
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## Why do you plan spending more or less?

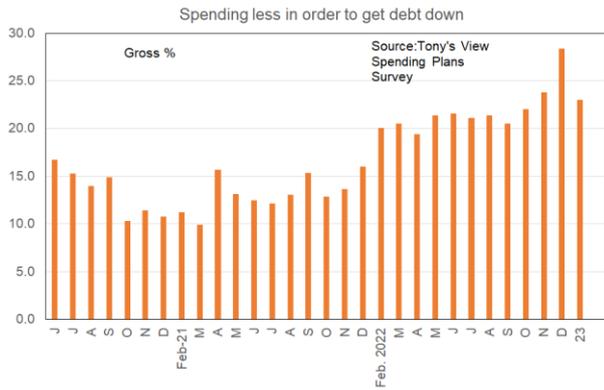
The following graph shows the proportion of people who state that they are cutting spending for the reasons shown. People are mainly worried about what the future holds and their level of debt.



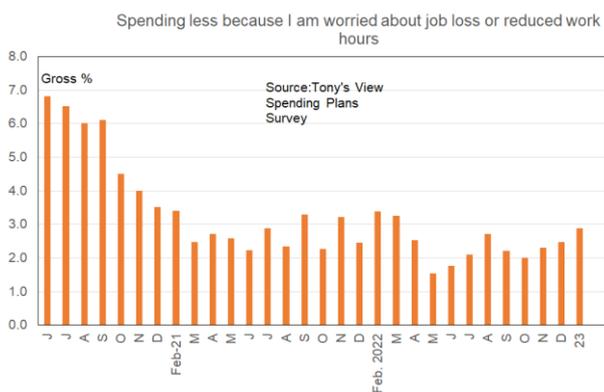
As has already been seen in another monthly gauge of consumer sentiment, householders are less pessimistic than two months ago but remain worried.



A high proportion of people are cutting spending to get debt down, but not as many as in our last survey.



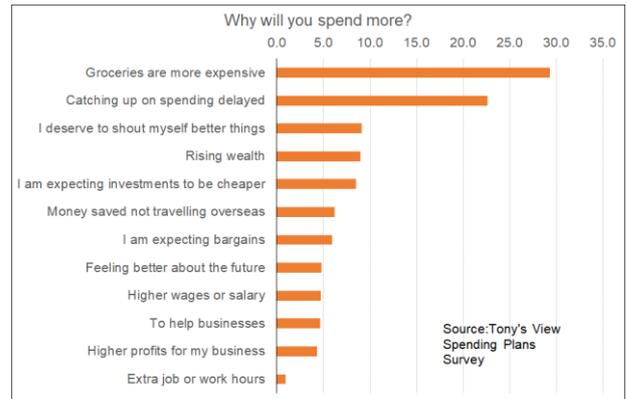
There is a small upward trend underway in people's worries about their jobs and income.



Accompanying this drift there is a sharp reduction now seemingly locked in of the proportion of people expecting their wages to go up. This is a positive sign from an inflation point of view.

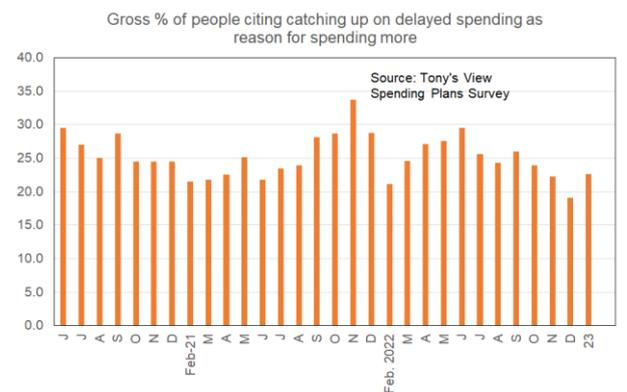


We also ask why people will spend more, and the results are shown in this next graph.

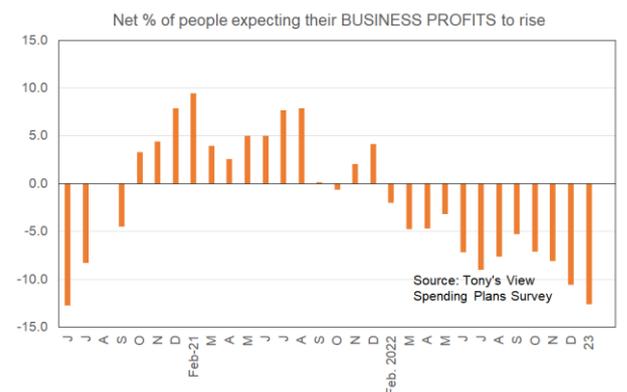


Rising grocery prices are again the prime reason people plan to spend more.

Interestingly there is still a high proportion of people saying they have spending to catch up on. But this reading doesn't tend to change all that much so it may merely be catching people's vision of the list of things we plan/would like to buy that we all carry in our heads, wallets or purses.



Expectations for business profits continue to deteriorate.





Respondents to the survey were distributed by age as follows.

< 30 years	2.6%
31 – 50 years	27.7%
51 – 65 years	45.8%
Over 65 years	23.9%

Distribution by region was as follows.

Northland	2.0%	Tasman	1.7
Auckland	42	Nelson	1.8
Waikato	8.2	Marlborough	1.0
Bay of Plenty	7.1	West Coast	0.1
Hawkes Bay	4.4	Canterbury	12.0
Taranaki	1.3	Queenstown	2.0
Manawatu-Wang.	2.8	Otago ex. Q'twn	2.9
Wellington	9.6	Southland	0.3
Gisborne	0.4	Other	0.6

Total responses = 1,078

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