

# CONFIDENCE SURVEY

Westpac McDermott Miller Consumer  
Confidence, June quarter 2025.

18 June 2025



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# SUMMARY

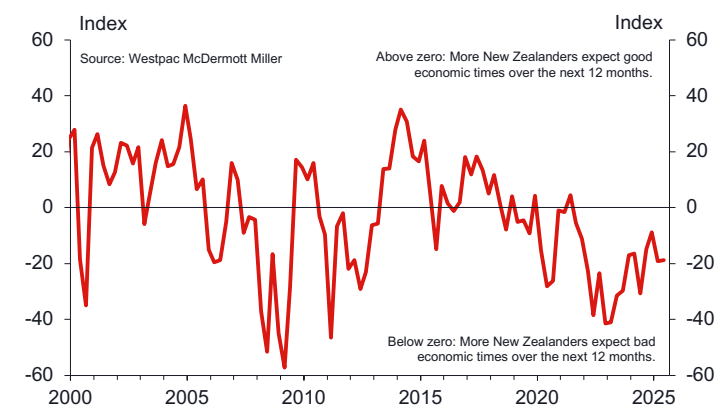
## Consumer confidence treading water.

- It's been a bumpy and uncertain few months. And against that backdrop, New Zealand households have remained nervous about the economic outlook.
- The Westpac McDermott Miller Consumer Confidence index rose two points in June, taking it to a level of 91.2. That's a fairly modest rise after the sharp fall we saw last quarter, and leaves consumer confidence a fair bit below average levels (Note: A level below 100 indicates that there are more households who are pessimistic about the outlook than those who are optimistic).
- That continued softness in economic confidence comes against a backdrop of mixed economic conditions. While domestic economic growth is now turning higher, for now activity remains uneven across regions and industries. At the same time, a number of major geopolitical events continue to cast shadows over the outlook.

## Consumer Confidence



## Do you expect good or bad economic times over the next 12 months?



# CONSUMER CONFIDENCE INDICES

## Nationwide

	Jun-25	Mar-25	Change	Average (past ten years)
Consumer Confidence Index	91.2	89.2	2.0	99.7
Present Conditions Index	81.7	80.2	1.5	96.6
Expected Conditions Index	97.5	95.2	2.3	101.8
Current financial situation	-27.0	-24.1	-2.9	-11.3
Expected financial situation	7.4	4.8	2.6	4.9
1-year economic outlook	-18.9	-19.1	0.2	-9.3
5-year economic outlook	4.0	-0.1	4.1	9.9
'Good time to buy'	-9.5	-15.6	6.1	4.5

## Consumer confidence by region

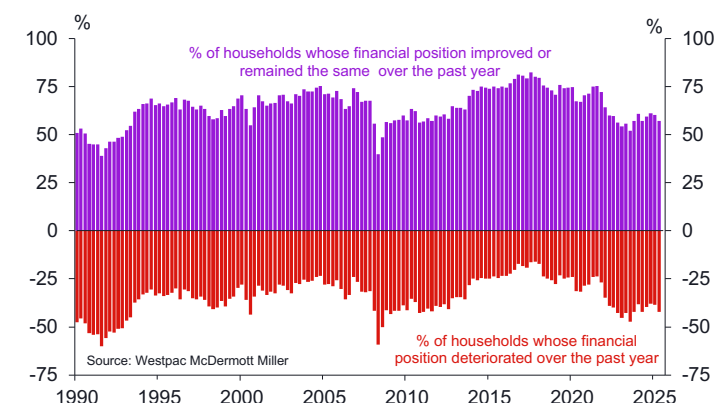
	Jun-25	Mar-25	Average (past ten years)
Northland	93.4	88.1	97.1
Auckland	95.9	91.3	101.1
Waikato	87.5	86.2	98.3
Bay of Plenty	101.5	90.6	99.8
Gisborne/Hawke's Bay	90.6	85.1	98.8
Taranaki/Manawatu-Whanganui	85.2	84.4	97.1
Wellington	77.9	80.5	101.3
Nelson/Marlborough/West Coast	86.9	85.6	96.8
Canterbury	91.3	95.4	98.4
Otago	91.5	94.7	97.3
Southland	96.8	92.7	96.1
Nationwide	91.2	89.2	99.7

# HOUSEHOLD FINANCES

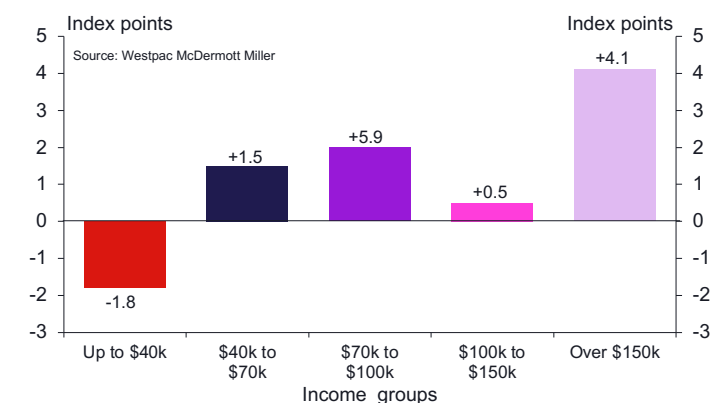
## The cost-of-living crisis hasn't ended.

- The big factor that continues to weigh on consumer confidence is the ongoing pressure on household finances.
- 57% of the households we spoke to this quarter told us that their financial position has stayed the same or improved over the past year (down from 60% last quarter). That share had been pushing higher over the past year, but now looks to have flattened off.
- In contrast, 42% of the households we spoke to this quarter told us that their financial position has deteriorated over the past year, up from 39% in the March quarter.
- In part, that pressure on household finances has been due to the continued rise in living costs. Notably, recent months have seen large increases in the cost of essentials like food and utilities. Consistent with that, confidence has been lower among those households on lower incomes who tend to spend a larger share of their incomes on essential items.
- At the same time, the softening in the labour market has seen wage growth slowing.

## What's happened to households' finances?



## Change in confidence by income group



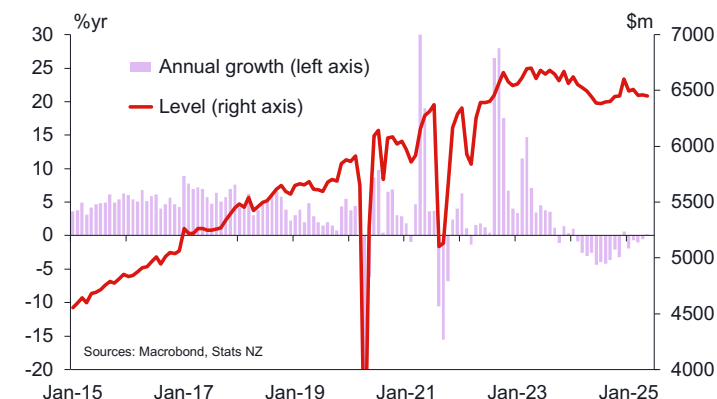


# SPENDING APPETITES

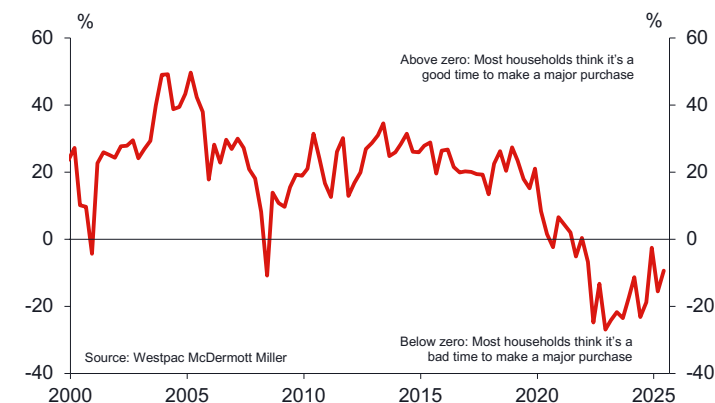
## Spending restraint.

- With confidence still low and continued pressure on households' finances, it's not surprising that we're seeing softness in retail spending. In fact, data from Stats NZ shows that spending levels have effectively shown no growth over the past three months, and there's been particular softness in discretionary spending areas (like household durables).
- Looking into the details of our the June confidence survey, a net 31% of the households we spoke to told us that they've reduced their spending on activities like dining out or in bars over the past year.
- We did see a lift in the number of people who think it's a good time to purchase a major household item. However, that only reversed some of the sharp fall we saw earlier in the year, and still leaves spending appetites at low levels.

## Monthly retail spending



## Is this a good or bad time to buy a major household item?

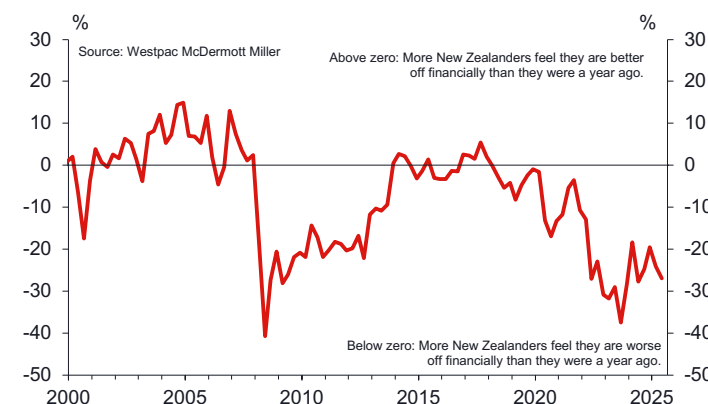


# BORROWING COSTS

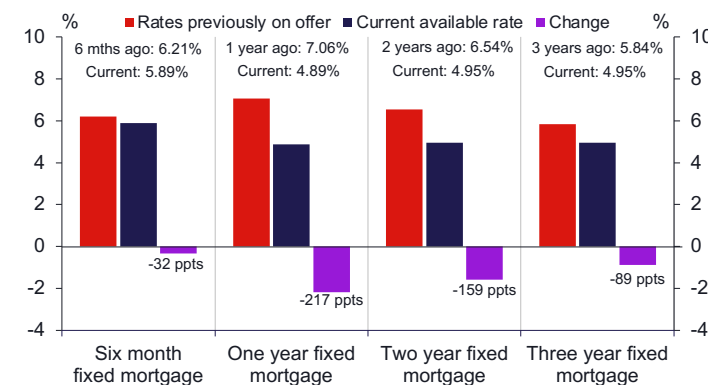
## Relief on the way for borrowers.

- It's not all bad news for households. There have been some sizeable falls in interest rates, and around half of all mortgages will come up for re-fixing over the next six months. That will give many borrowers the chance to secure a much lower interest rate when they next re-fix their mortgage.
- To put the fall in mortgage interest costs in context, if you have an average mortgage of around \$380,000, the roughly 200 bp drop in the one-year mortgage rate over the past year could reduce your minimum monthly mortgage payments by around \$400, or roughly 4% of the average borrower's disposable income. This is one of the largest falls in household debt servicing costs seen in the past 30 years.
- While it will take time for those lower interest rates to ripple through the economy, we expect that will support a lift in confidence and spending through the latter part of the year.
- Consistent with that improving outlook for borrowing costs, most households do expect that their financial position will improve over the coming year.
- However, there's more uncertainty about where the overall economy is headed. Confidence about the economy's trajectory over the coming years remains a bit below average.

## Do households feel better or worse off financially compared to a year ago?



## How much relief could borrowers see?

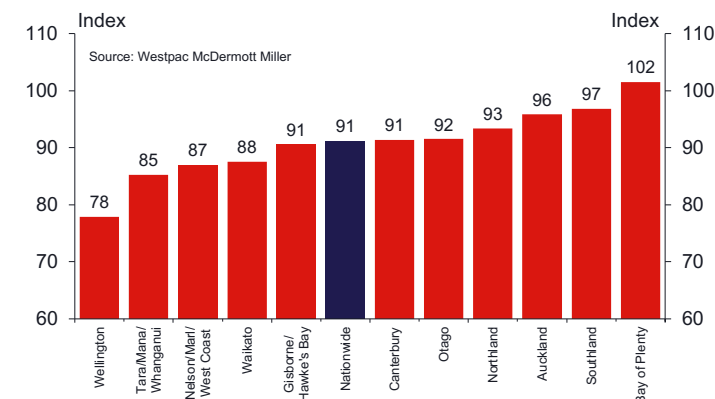


Source: RBNZ data for borrowers with over 20% equity. Current rates on offer from Westpac as at 16 June 2025.

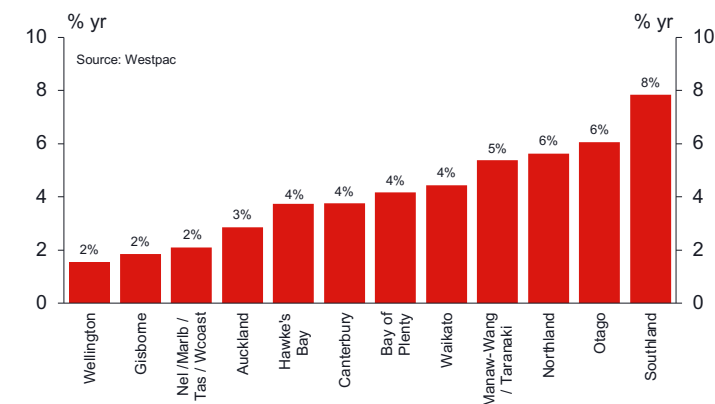
# REGIONAL CONFIDENCE

- Much like the weather, confidence remains soggy right across the country. But there are some big differences across regions.
- Confidence remains strongest in areas with strong rural backbones, like the Bay of Plenty, Otago, Northland and Southland. The firmness in commodity price, especially in the dairy sector, has seen a welcome lift in earnings in many communities. On top of that, growing numbers of international visitors will be helping to boost conditions in Queenstown and other tourism hotspots.
- Households in Wellington continue to be the most pessimistic in the country. While restraint in government spending will be one reason for that weakness, it's not the only reason. Indeed, as we've previously highlighted, confidence in Wellington has languished at low levels since late-2022 during the previous Governments' time in office. Like other parts of the country, households in Wellington have faced some tough financial conditions in recent years. On top of that, Wellington isn't seeing the same benefits from the recovery in commodity prices that we're seeing in many rural areas. Nor is it benefiting from the lift in international visitors in the same way as centres like Queenstown and Auckland.

Consumer confidence by region



Spending growth on Westpac issued cards  
(Three months to May vs same time last year)





# TECHNICAL DETAILS

## Survey description.

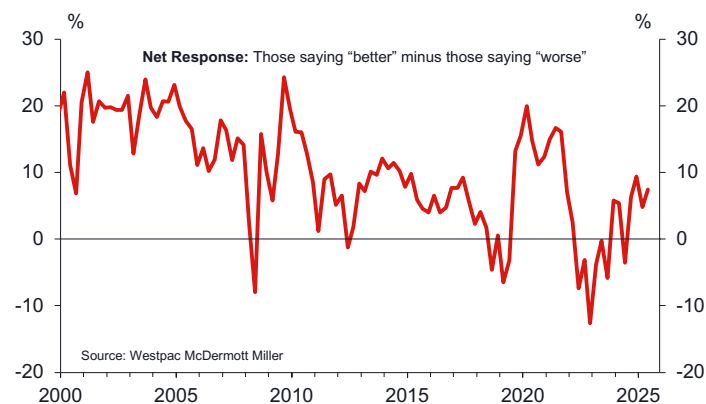
The Westpac McDermott Miller Consumer Confidence Index summarises the net balance of optimistic/pessimistic responses to five questions: how households' financial situation has changed over the past year; whether now is a good time to buy a major household item; how households expect their financial situation to change over the coming year; and near term and longer-term prospects for the New Zealand economy as a whole.

The first two of these questions are summarised in the Present Conditions Index, and the last three are summarised in the Expected Conditions Index. An index number over 100 indicates that optimists outnumber pessimists, though the series may be above or below 100 on average. The survey also includes questions on respondents' spending on entertainment and eating out, and on what they would do with a \$10,000 windfall.

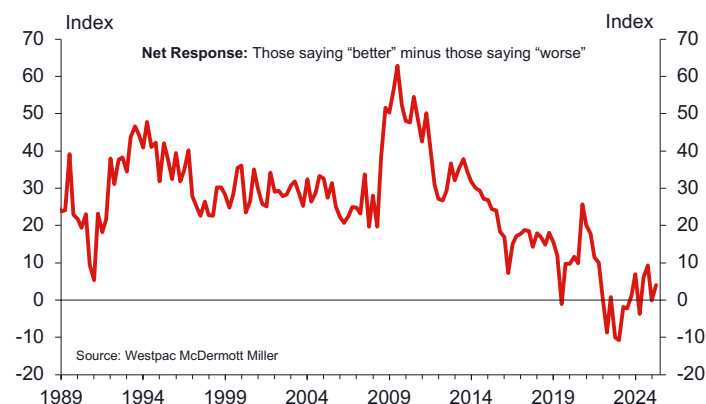
Survey interviews were conducted over the period 1-12 June 2025. The sample size was 1,550.

## Summary charts.

**Do you expect to be better or worse off financially in a year's time?**



**Do you expect good or bad economic times over the next five years?**



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