

# Household expectations – November 2021

16<sup>th</sup> November 2021

## Summary

- Future inflation expectations continue to rise. Households on average expect one-year ahead inflation to be 4.5% (previously 3.8%).
- Households on average expect house price inflation to be 5.3% in 12 months time (previously 5.5%).
- 33.5% of respondents are ‘Not at all worried’ about whether they will have a job in 12 months time, down from 38.5% in Q3 2021.
- There was a slight decrease in the number of mortgage holders and renters who are ‘extremely worried’ about making payments – down 2.2 percentage points from Q3 2021 for mortgage holders and down 1.6 percentage points for renters from Q3 2021.

*The data for this report is collected by UMR on behalf of RBNZ. Fieldwork for this survey was conducted from 27<sup>th</sup> October to the 3<sup>rd</sup> November. The sample size for this quarter's survey was n=1,023 and has a margin of error of +/-3% for a 95% confidence interval for a 50% figure. The survey is conducted online and is made up of a nationally representative sample of New Zealand residents at least 18 years of age.*

## Highest 1-year ahead inflation expectations since 2011

Figure 1 shows 1-year ahead inflation expectations. The mean estimate provided by respondents is 4.5%, the highest we have seen since September 2011. This figure is 0.7 percentage points higher than last quarter (3.8%).

Table 1 shows the weighted mean and standard deviation for 1-year ahead and 5-year ahead inflation expectations. The weighted mean for 5-year ahead inflation is sitting at 5.6%, the highest estimate we have seen since we began reporting on this figure in 2008. The standard deviation for both 1-year ahead and 5-years ahead remains the same as last quarter, indicating there is still a lot of uncertainty in the air.

*Note: This survey ran from the 27<sup>th</sup> October to the 3<sup>rd</sup> of November, this was just after the Stats NZ CPI was released (18<sup>th</sup> October) showing annual inflation of 4.9%.*

Figure 1: 1-year ahead inflation expectations



Table 1: Inflation expectations (%)

Quarter	1-year ahead		5-years ahead	
	Weighted Mean	Standard Deviation	Weighted Mean	Standard Deviation
Q4 2020	2.8	2.9	4.3	3.7
Q1 2021	2.9	2.5	4.3	3.5
Q2 2021	3.4	3.3	4.8	4.0
Q3 2021	3.8	3.2	5.1	4.0
Q4 2021	4.5	3.2	5.6	4.0

*Note: standard deviation is a measure of the average distance between the values of the data in the set.*

## Slight decrease in respondents expecting higher house prices in a years time

Figure 2 shows the net percentage of respondents expecting higher house prices in 12 months time. This figure fell to 70.5%, down from 72.9% last quarter and down 4.3 percentage points year on year.

When comparing house price inflation expectations for the last 4 quarters, (Table 2) this quarters expectation is 5.3%, down from 5.5% last quarter and up from 5.1% in Q4 2020.

Note: This survey ran from 27<sup>th</sup> October to the 3<sup>rd</sup> of November, before latest REINZ data was released on 11<sup>th</sup> November showing the annual House Price Index as 29.9%.

Figure 2: Net % expecting higher house prices in 12 months



Table 2: House Price Inflation Expectations in 12 months time (%)

	House price inflation expectations	Standard Deviation
Q4 2020	5.1	5.6
Q1 2021	6.4	5.3
Q2 2021	4.7	6.0
Q3 2021	5.5	5.7
Q4 2021	5.3	5.7

Note: standard deviation is a measure of the average distance between the values of the data in the set.

## Less respondents 'Not at all worried' about long term employment

When comparing 12-month ahead employment concerns for this quarter with Q3 2021 some differences can be noted (Figures 3 & 4). The percentage of respondents who said they are 'Not at all worried' about whether they will have a job in 12 months time is down 5 percentage points from Q3 2021 to 33.5%. The number of people who are 'Extremely worried' or 'Moderately worried' about whether they will have a job in 12 months' time has stayed relatively consistent, up from 29.7% to 30.1%.

Note: Fieldwork for this quarter was undertaken while some regions of New Zealand were in COVID-19 lockdown.

Figure 3: Twelve Month Employment Concerns (Q4 2021)

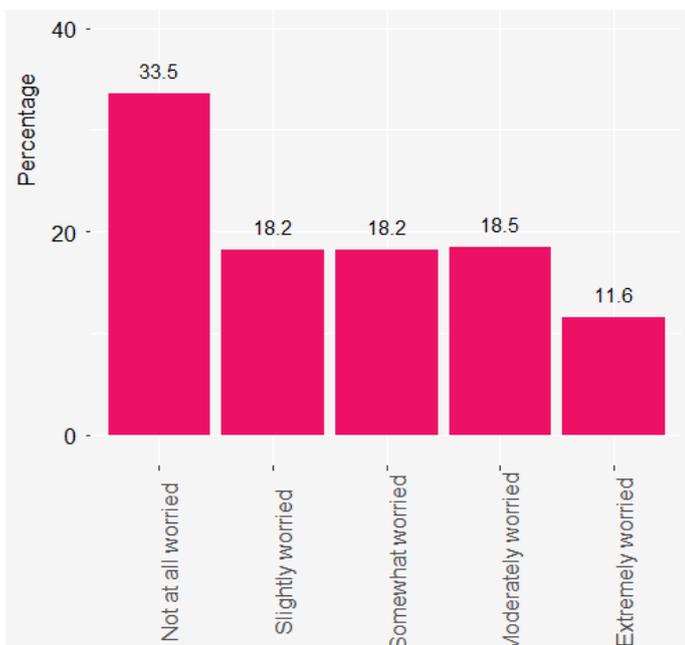
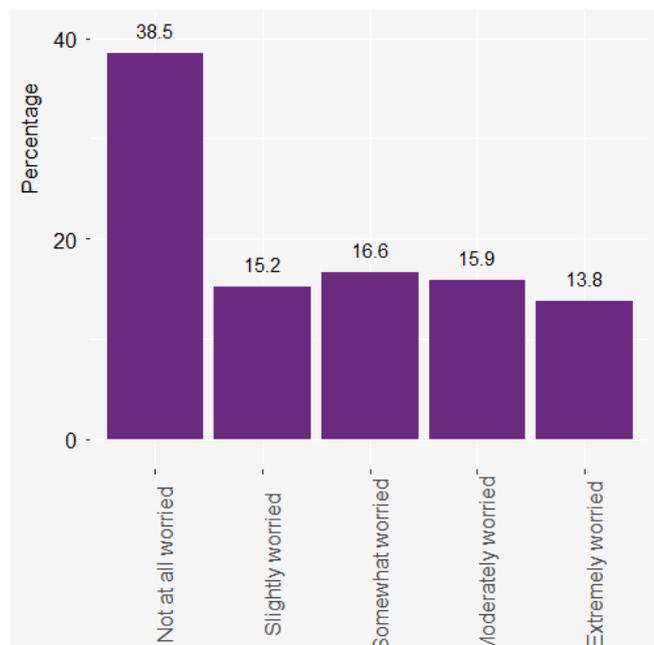


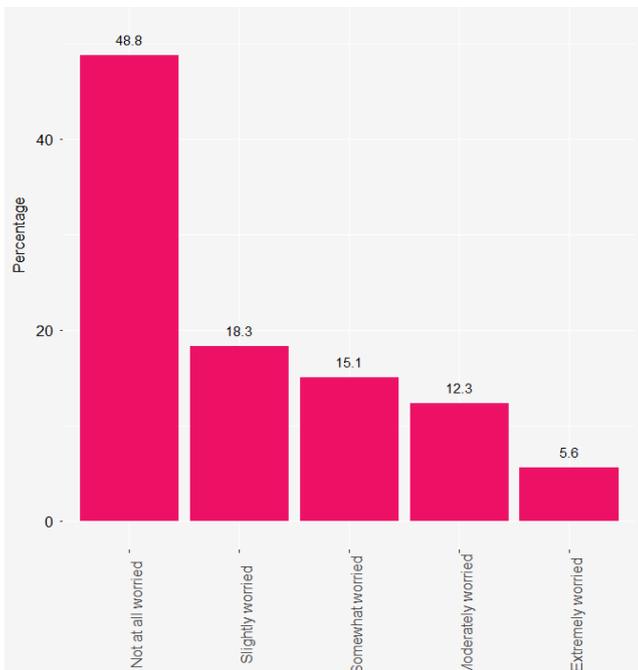
Figure 4: Twelve Month Employment Concerns (Q3 2021)



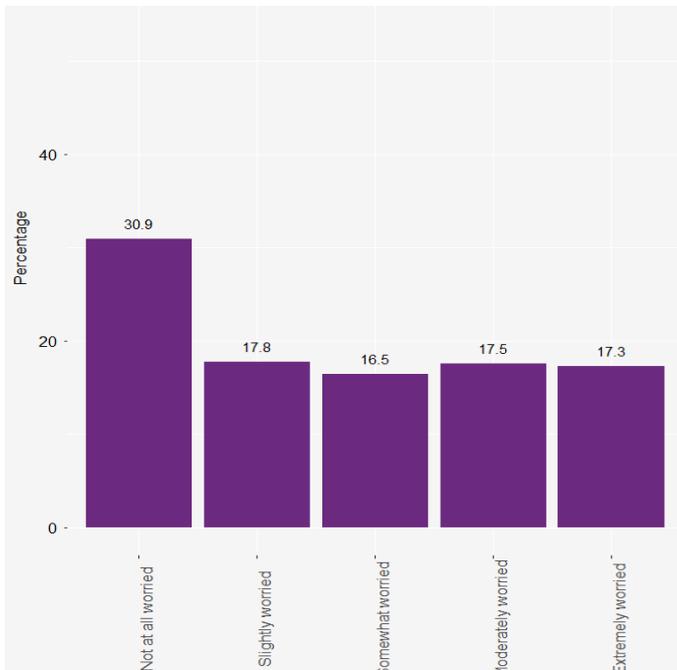
## Very little quarterly change to worries about making future mortgage and rent payments

When comparing 3-month mortgage repayment concerns and 3-month rent payment concerns for this quarter with Q3 2021 there has been very little movement. Both mortgage holders and renters have had a slight decrease in the number of respondents who are extremely worried (2.2 percentage point decrease for mortgage holders, and 1.6 percentage point decrease for renters). Mortgage holders continue to be less concerned than renters about making payments with the 'Not at all worried' category for renters staying consistent this quarter at 30.9%, while for mortgage holders this has decreased to 48.8% from 53.5%.

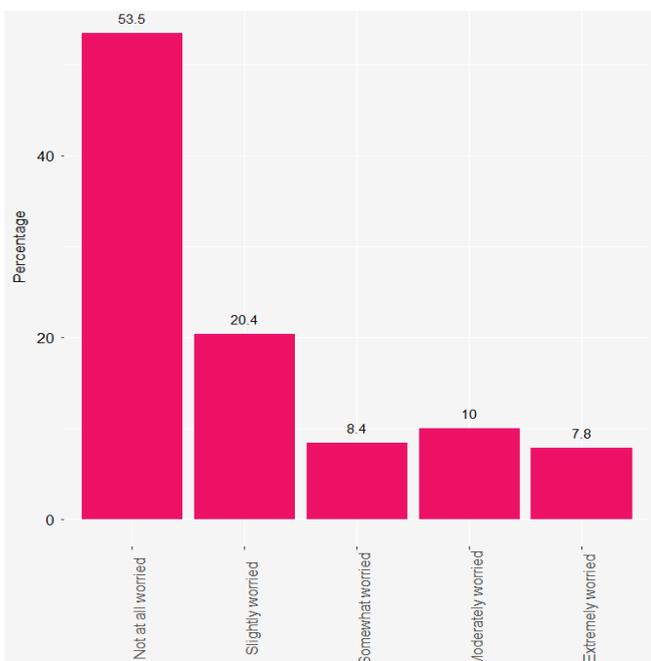
**Figure 5: Three month mortgage repayment concerns (Q4 2021):**



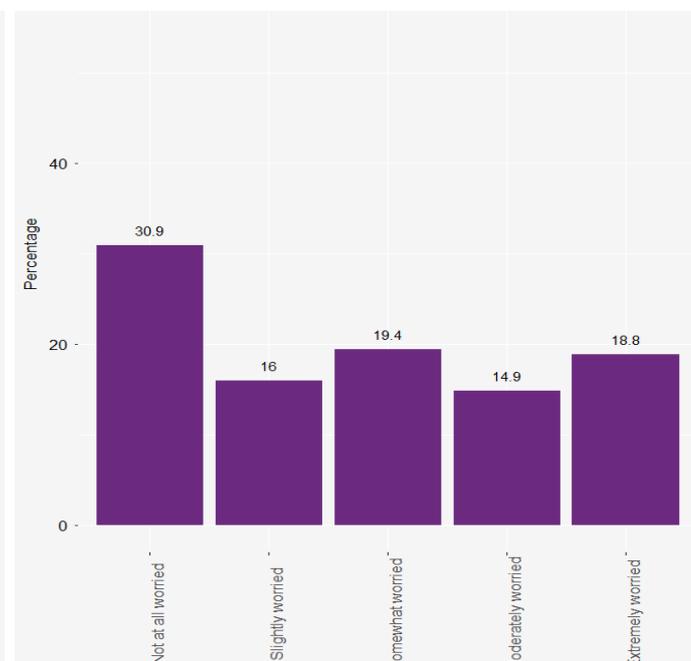
**Figure 6: Three month rent payment concerns (Q4 2021):**



**Figure 7: Three month mortgage repayment concerns (Q3 2021):**



**Figure 8: Three month rent payment concerns (Q3 2021):**



### About the Household Survey of Expectations:

The data for this report was obtained by UMR group on behalf of RBNZ.

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