



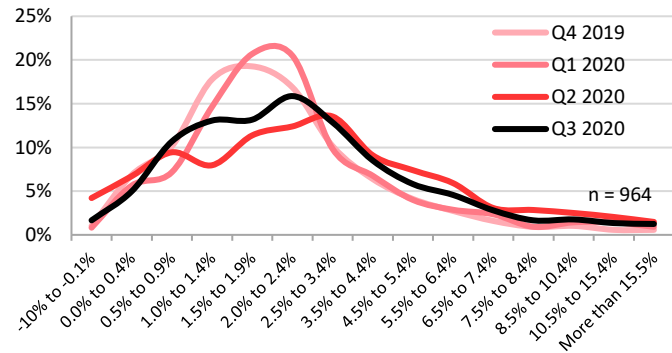
### Summary

- Compared with last quarter's survey, respondents (weighted mean) expect one-year ahead inflation to be 2.8% (previously 3.2%) and house price inflation to be 2.8% (previously -0.5%).
- Results to additional income concerns questions found there are signals of increased concerns among younger people and those who do not own their home freehold. These respondents are worried about their job security and making mortgage or rent payments in 3 and 12 months' time.

### Household inflation expectations varied

Expectations of one-year ahead inflation have decreased to 2.8%, (weighted mean) down from 3.2% recorded last quarter. Figure 1 shows the last two quarters' distributions of expectation responses for one-year ahead inflation are flatter compared with the previous two quarters. This means there was more variation in one-year ahead inflation expectation estimates provided by respondents in recent quarters. This is likely due to uncertainty surrounding the future impacts of the Covid-19 pandemic. Figure 2 shows the distribution of responses for five-year ahead inflation expectations has stayed relatively consistent over time.

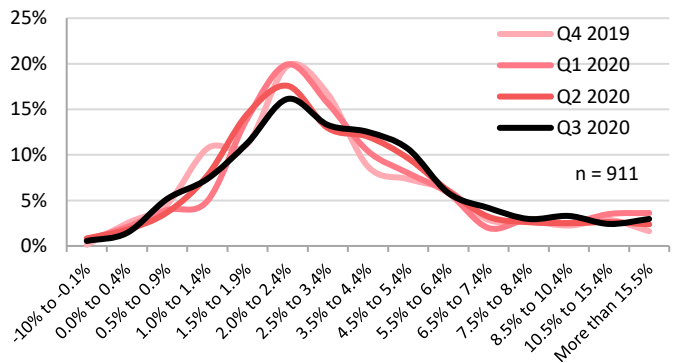
**Figure 1: Proportions of responses for 1-year ahead inflation expectations (%)**



**Table 1: Household inflation expectations (%)**

Quarter	1-year ahead			5-years ahead		
	Weighted Mean	Median	Mode	Weighted Mean	Median	Mode
Q4 2019	2.3	1.7	1.7	3.5	3.0	2.2
Q1 2020	2.6	2.2	1.7	3.7	3.0	2.2
Q2 2020	3.2	2.2	3.0	3.8	3.0	2.2
Q3 2020	2.8	2.2	2.2	3.9	3.0	2.2

**Figure 2: Proportions of responses for 5-years ahead inflation expectations (%)**



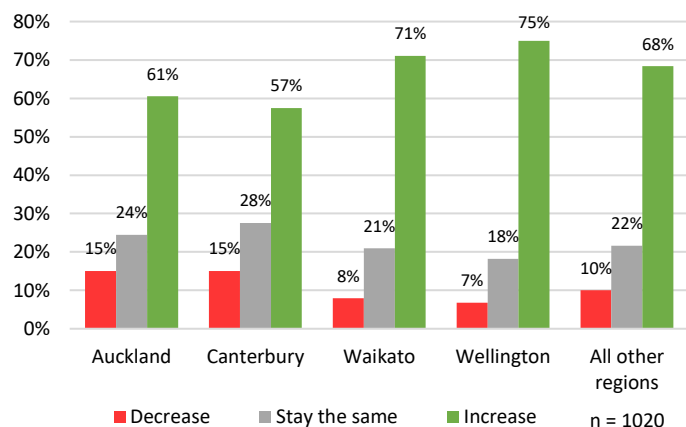
### House price inflation expectations increase

The weighted mean expectation for one-year ahead house price inflation increased to 2.8% from -0.5%.

Figure 3 shows respondents who expect house prices to increase were most likely to be from the Wellington region (75%), followed by Waikato (71%).

The net proportion of respondents expecting higher house prices has increased to 54.1%, up from 0.2% last quarter (Figure 4).

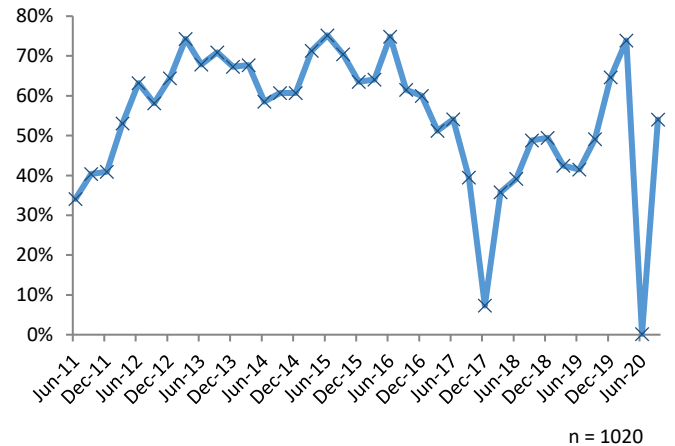
**Figure 3: House price expectations by region**



**Table 2: House price expectations one-year ahead (%)**

Quarter	Weighted Mean	Median	Net % expecting higher house prices
Q4 2019	4.0	3.0	64.7
Q1 2020	4.6	4.0	73.9
Q2 2020	-0.5	0.0	0.2
Q3 2020	2.8	2.2	54.1

**Figure 4: Net % expecting higher house prices**



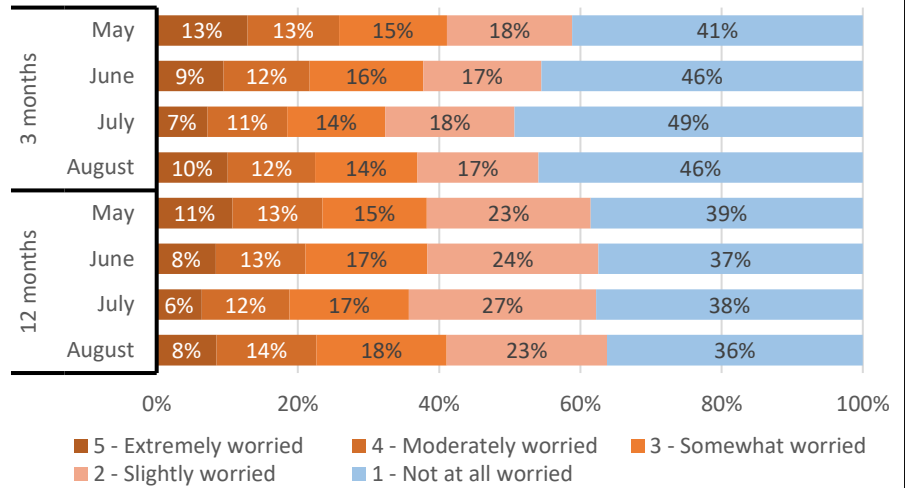
**Respondents' worries about having a job in future increase slightly.**

The proportion of respondents at least slightly worried (ratings 2 – 5 on the 5-point scale) about having a job in 3 months increased to 54% from 51% reported in the previous survey (Figure 5).

The proportion of respondents at least slightly worried about having a job in 12 months has also increased when looking at the results over time (e.g. 64% this survey compared with 61% in May).

Note: fieldwork for this month's survey was conducted before the recent resurgence of Covid-19 in New Zealand.

**Figure 5: Worried about having a job in 3 and 12 months**



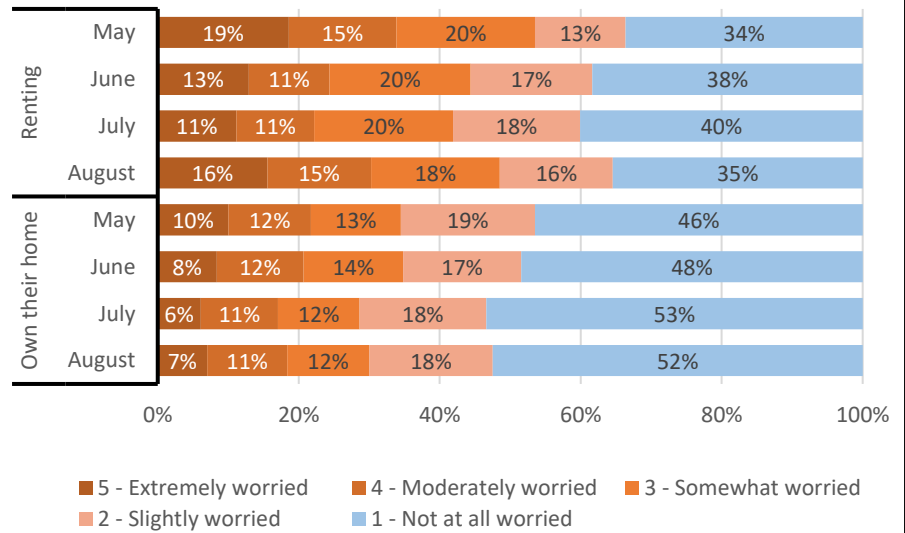
**Renters continue to be more worried about having a job in 3 months than those who own their home.**

Around one-half (52%) of respondents who own their own home reported being not worried at all about having a job in 3 months, while one-third (35%) of renters felt this way.

The proportion of renters who are not worried about having a job in 3 months decreased to 35% from 40% reported in the previous survey (Figure 6) showing increased uncertainty among this group. Respondents who rent are more likely to be aged 34 or younger (54%), or have a household income of less than \$70,000 (59%).

Results for homeowners remain relatively unchanged from the last survey.

**Figure 6: Worried about having a job in 3 months, by home ownership**

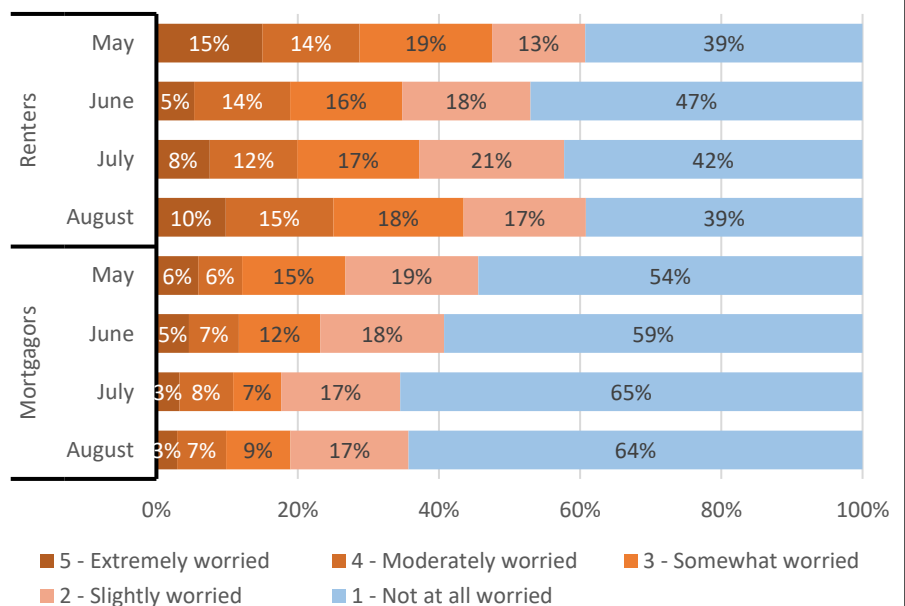


**In line with the job security worry results, concern for missing rent payments in the next 3 months also increased slightly.**

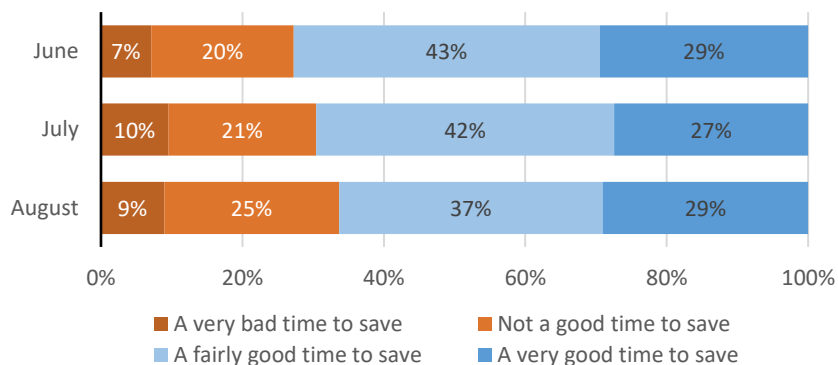
The proportion of renters who are at least slightly worried about missing a rent payment in the next 3 months increased to 61%, up from 58% in the previous survey (Figure 7).

In fact, 25% of renters are currently either extremely or moderately worried about missing a rent payment. This compares with 10% of mortgagors who reported having this level of worry in regard to missing a mortgage repayment in the next 3 months.

**Figure 7: Worried about missing a rent or mortgage payment in the next 3 months**



**Figure 8: Perception of whether now is a good time to save**



**Slightly fewer people feel now is a good time to save.**

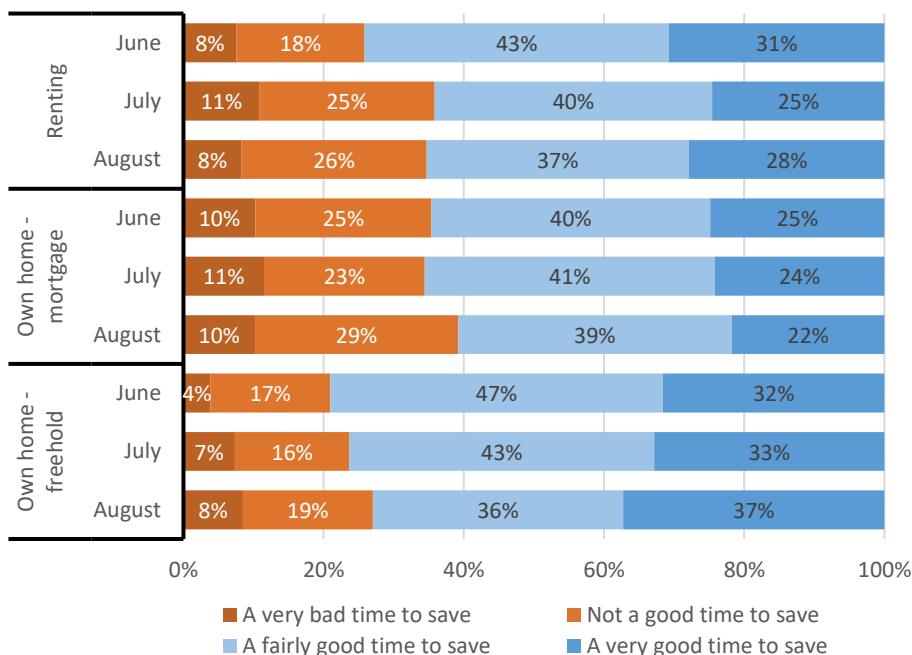
Overall, 66% of respondents consider now to be a fairly or very good time to save (Figure 8). This is down slightly from 69% in the July survey.

**Perception of whether now is a good time to save is varied between different home ownership statuses.**

Figure 9 shows respondents who own their home freehold (without a mortgage) were most likely to consider now to be a fairly or very good time to save (73%) compared with those who have a mortgage or rent (61% and 65% respectively).

Respondents who own their home freehold are more likely to be aged 55 or older (61%), or have a household income of more than \$70,000 (57%).

**Figure 9: Perception of whether now is a good time to save, by home ownership**



**About the Survey**

The data is sourced from UMR Research’s nationwide omnibus survey. This is an online survey of a nationally representative sample of 1130 New Zealanders aged 18 years and over.

The margin of error for a sample size of n=1130 for a 50% figure at the 95% confidence level is ±3%.

The fieldwork for this quarter was conducted online from 21 July to 31 July 2020.

The fieldwork for the July monthly survey was conducted online from 30 June to 13 July 2020.

The fieldwork for the June monthly survey was conducted online from 26 May to 8 June 2020.

The fieldwork for the May quarterly survey was conducted online from 21 April to 1 May 2020.

New Zealand entered Level 4 lockdown at 11:59pm on 25 March 2020 until 11:59pm 27 April 2020