

Tara-ā-Whare Household Expectations Survey

August 2024

13 August 2024

Summary

- Household expectations for the mean one-year-ahead annual inflation decreased from 5.3% to 4.1% this quarter. The median estimate for one-year-ahead annual inflation also decreased from 4.0% to 3.5%.
- The mean two-year-ahead annual inflation expectations decreased from 3.6% to 3.1% this quarter.
- The mean five-year-ahead annual inflation expectations increased from 3.0% to 3.4%.
- Household expectations for the mean one-year-ahead house price inflation decreased from 3.4% to 1.7% this quarter.
- Households expected 5.6% average growth in their earnings in one year's time, a decrease from 5.8% last quarter.
- On average, households reported a 13.9% chance of not making a mortgage payment (12.3% previous quarter). Households also reported a 17.3% chance of not making a rent payment in the next 3 months (16.9% previous quarter).
- Households expected increased difficulty in finding a new job in the next three months, continuing the trend observed last quarter. On average, respondents believed there is a 43.8% chance they would find a new job in the next three months if they lost their job (44.5% previous quarter).

Both one-year-ahead and two-year-ahead annual inflation expectations decreased

The field work for the Tara-ā-Whare Household Expectations Survey for this quarter started on the same day as Stats NZ's CPI release on 17th July 2024. The annual CPI inflation for the June 2023 quarter was measured at 3.3%, compared to 4.0% in the previous quarter.

Household expectations for the mean one-year-ahead annual inflation decreased from 5.3% to 4.1% this quarter. The median estimate for one-year-ahead annual inflation expectations also decreased to 3.5% (see Figure 1).

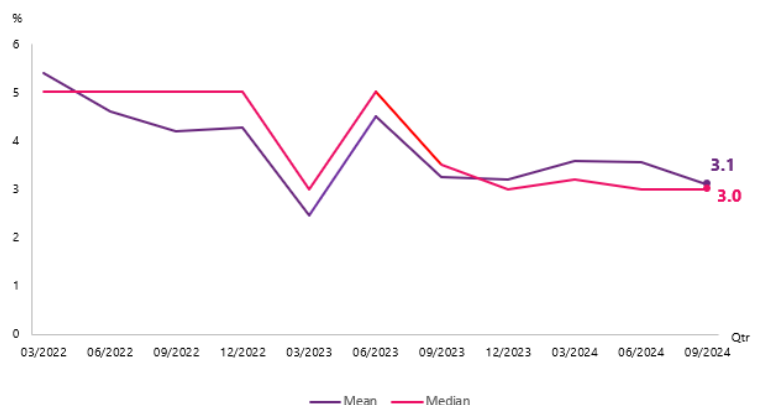
Two-year-ahead annual inflation expectations decreased to 3.1%. The median for the two-year-ahead annual inflation expectations remained at 3.0% (see Figure 2).

The survey question about two-year-ahead annual inflation expectations was asked for the first time in March 2022.

Figure 1: One-year-ahead annual inflation expectations (%)

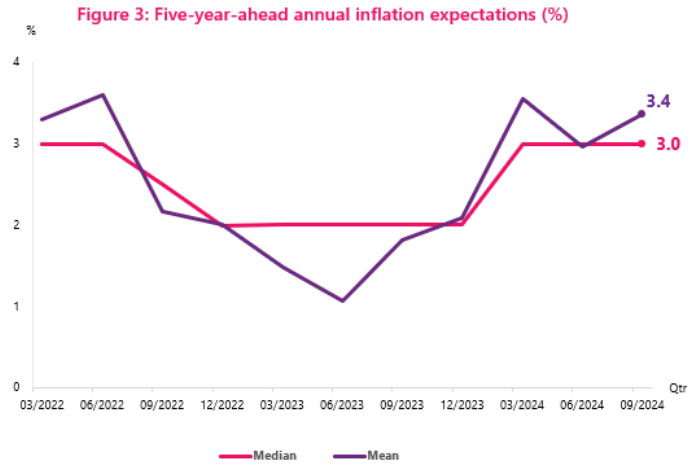


Figure 2: Two-year-ahead annual inflation expectations (%)



This quarter, the mean five-year-ahead annual inflation expectations increased from 3.0% to 3.4%. The median inflation expectation remained unchanged at 3.0%.

Note: In March 2022, we changed the survey to specify that we are asking for an expected annual rate of inflation five years ahead. As a result of this improvement to the survey, there was a break in the time series for five-year-ahead inflation expectations in March 2022. This is now shown as a new series; therefore, these results cannot be compared with earlier quarters.



One-year-ahead house price inflation expectations for the next 12 months decreased

Figure 4 illustrates the one-year-ahead house price inflation expectations. The mean expectation decreased from 3.4% to 1.7% this quarter. The median expectation remained at 0.0%.

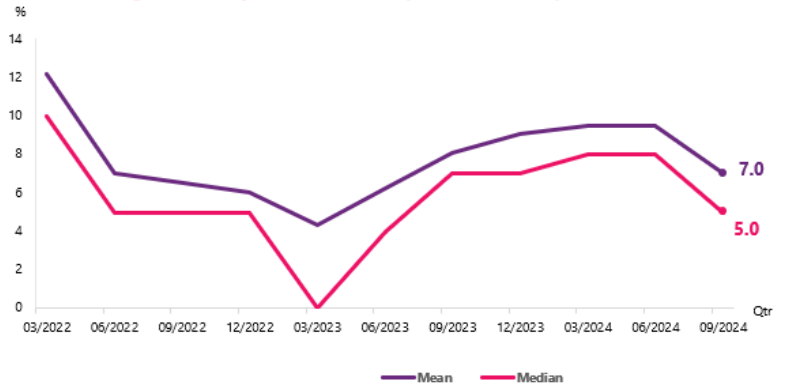
Figure 5 shows the five-year-ahead house price inflation expectations (how much prices are expected to have changed in five years' time).

Both the mean and median for five-year-ahead house price inflation expectations decreased sharply this quarter. The mean and median expectations decreased from 9.5% to 7.0% and from 8.0% to 5.0%, respectively.

Figure 4: One-year-ahead house price inflation expectation (%)



Figure 5: Five-year-ahead house price inflation expectation (%)

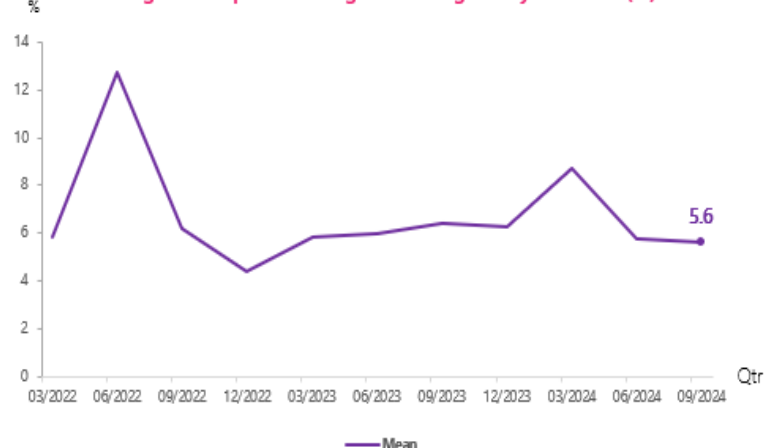


Households expected 5.6% growth in their earnings next year

Respondents are asked about the expected percentage change in their earnings 12 months ahead, assuming they stay at the same job, with the same number of hours. They are asked to give an answer on a scale of -100 to +100. This question was first asked in the March 2022 quarter and is asked only of those who are employers, self-employed, or employees earning a wage or salary.

This quarter, the mean estimate decreased from 5.8% to 5.6%, continuing the trend observed the previous quarter.

Figure 6: Expected change in earnings one year ahead (%)



The average chance of not making a mortgage payment in the next 3 months was 13.9%

Respondents are asked on a scale of 0 (i.e. not at all likely) to 100 (i.e. extremely likely) the chance they will be unable to make a mortgage or rent payment in the next 3 months. This question was first asked in the March 2022 quarter and is asked of a subset of the total sample.

This quarter, the average chance of not making a mortgage payment in the next 3 months is 13.9%, a 1.6 percentage point increase from 12.3% reported in the previous quarter. (see Figure 7).

The average chance of not making a rent payment in the next 3 months was 17.3%, an increase from last quarter's 16.9% (see Figure 8).

Respondents expect increased difficulty in finding a new job in the next three months.

Respondents are asked on a scale of 0 (i.e. not at all likely) to 100 (i.e. extremely likely) the chance they would find a new job in the next 3 months if they lost their job in this coming month. This question was first asked in the March 2022 quarter and is asked only of those who are employers, self-employed, or employees earning a wage or salary.

On average, respondents believed there is a 43.8% chance they would find a new job in the next three months if they lost their job. This is a decrease from the previous quarter (44.5%) and makes two consecutive quarters of decline in respondent expectations for the chance of finding a new job in the next 3 months. (see Figure 9).

The median expectations also decreased from 48.0% to 43.0% this quarter.

Figure 7: Chance of missing a mortgage payment (%)

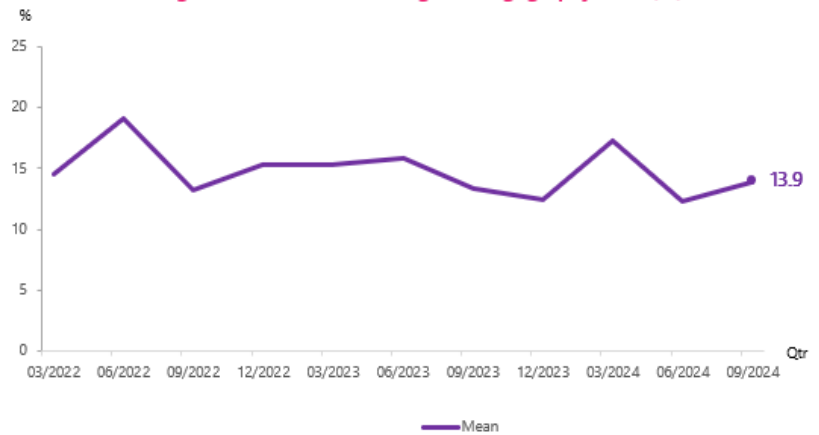


Figure 8: Chance of missing a rent payment (%)

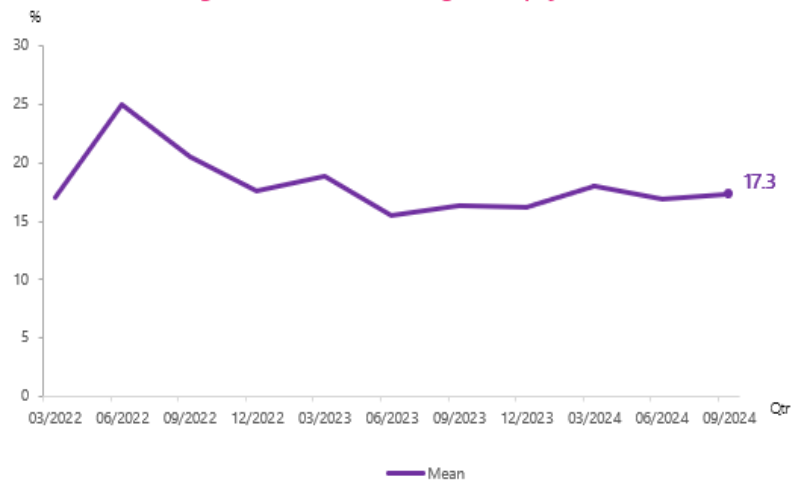
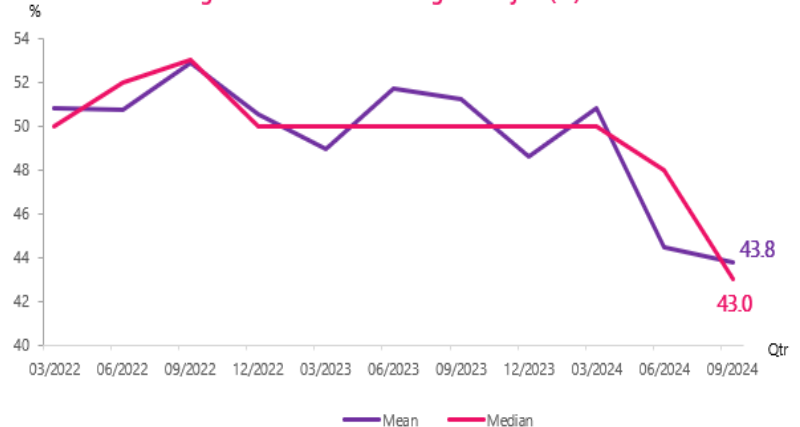


Figure 9: Chance of finding a new job (%)



About the Tara-ā-Whare – Household Expectations Survey:

The RBNZ Household Expectations Survey was re-developed in 2022 Q1 and renamed to *Tara-ā-Whare - Household Expectations Survey*. The word "Tara" is derived from Pakitara, or the walls, and "Whare" means a house. Tara-ā-Whare is also used to describe going door to door, to ask questions.

The data for this report was collected by Research NZ on behalf of RBNZ. Fieldwork for this survey was conducted between 17 and 26 July 2024. The sample size for this quarter's survey was n=1,002 and has a margin of error of +/-3.1% 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 aged 18 and over. Because the survey is a sample of New Zealand households and varies quarter to quarter, we advise caution in interpreting results across quarters as they may not be 'statistically significant' (i.e. the observed result may have occurred by chance or by sampling error). For more information, contact: stats-info@rbnz.govt.nz