



Subdued spending predicted this Christmas

Recent economic commentators have warned that we risk falling back into a recession.

Is New Zealand still in a recession?

So, early in December, we asked New Zealanders whether they thought New Zealand was still in a recession.

Over two-thirds believed that we were still in a recession (69 percent), compared with 25 percent who believed that were not. Six percent did not know one way or other.

Those more inclined to say New Zealand was still in a recession included females (72 percent), those aged 55 years or more (78 percent), respondents who said they were New Zealand European/Pakeha (76 percent), and those on incomes of \$80,000 (77 percent).

We then asked those people who felt we were still in a recession (the large majority of New Zealanders) a supplementary question about the effect of the state of the economy was having on their financial situation and standard of living. Eighty-two percent stated the economy was having either a “lot of impact” (29 percent) or “some impact” (53 percent). In comparison, just 18 percent said it was having no impact.

We also asked these people how their current financial position compared with their financial position at the same time last year. One-third stated their financial position was either “a lot worse” (18 percent) or “somewhat worse” (15 percent).

However, another third felt their financial position was better (36 percent), although just eight percent considered it was “a lot better”.

Those more inclined to say their personal financial situation had deteriorated included females (38 percent), Māori and Pacific peoples (50 percent), and those on incomes of less than \$40,000 (39 percent).

Those more inclined to say their personal financial situation had improved included males (42 percent), respondents aged 15-34 years (47 percent), those living in the central North Island (44 percent), and those on incomes of \$80,000 or more (41 percent).



Spending on Christmas and holidays

Against this background, we asked all our respondents if they planned to spend more, less or about the same as they did as last year on Christmas.

Over one-third of respondents (35 percent) stated they were planning to spend less, compared with 54 percent who were planning to spend about the same and only eight percent planning to spend more.

Respondents who felt New Zealand was still in a recession (the large majority of New Zealanders) were more inclined to say they would spend less (41 percent) than those who felt New Zealand was not in a recession (21 percent).

We also asked all respondents a similar question in relation to their holidays and a similar picture emerged. Almost one-third of respondents (31 percent) stated they were planning to spend less, compared with 52 percent who were planning to spend about the same and 14 percent planning to spend more.

Again, respondents who felt New Zealand was still in a recession were more inclined to say they would spend less on their Christmas holidays (34 percent) than those who felt New Zealand was not in a recession (25 percent).

Comment

“These results suggests a cautious mood exists amongst most New Zealanders, which will probably be reflected at the cash register”, said Research New Zealand Director, Emanuel Kalafatelis.

The Research New Zealand poll of 500 people aged 15 and over was conducted by telephone between 30 November and 7 December 2010. The maximum margin of error for the sample as a whole is +/- 4.7 % (at the 95% confidence level). The data has been weighted to ensure it is an accurate representation of New Zealand's general population. The poll was not taken on behalf of any organization, but as part of Research New Zealand's monthly survey of attitudes and opinions.

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Table 1: Is New Zealand still in a recession?

Q. Do you believe New Zealand is still in a recession?

	Base =	Total 500 %
Yes		69
No		25
Don't know		6
Refused		0
Total		100

Total may not sum to 100% due to rounding.

Table 2: Impact of the state of the economy

Q. How much of an impact, if any, would you say the state of the economy is having on your financial situation and standard of living at present?

	Base =	Sub-sample 362* %
A lot of impact		29
Some impact		53
No impact at all		18
Don't know		1
Total		100

Total may not sum to 100% due to rounding.

*Sub-sample based on those who believe New Zealand is still in a recession.

Table 3: Personal financial situation

Q. Compared to your financial situation at about the same time last year, would you say your current financial situation is ... a lot worse, somewhat better, somewhat better, a lot better, or there has been no change?

	Base =	Total 500 %	NZ is still in a recession 362 %	NZ is not still in a recession 110 %	Don't know/ refused 28** %
A lot worse		18	22	5	19
Somewhat worse		15	16	12	12
Somewhat better		28	23	42	36
A lot better		8	5	17	5
No change		30	33	24	20
Don't know		1	0	0	8
Total		100	100	100	100

Total may not sum to 100% due to rounding.

**Caution: low base number of respondents-results are indicative only.



Table 4: Festive retail sales

Q. Now thinking about Christmas in about 4 weeks time. Retail sales have been down for most of this year. Do you plan to ...

	Base =	Total	NZ is still in a recession	NZ is not still in a recession	Don't know/ refused
		500	362	110	28**
		%	%	%	%
Spend less on Christmas than you did last year		35	41	21	26
Spend about the same		54	50	65	56
Or spend more		8	7	11	9
Don't know		2	2	2	9
Refused		0	0	0	0
Total		100	100	100	100

Total may not sum to 100% due to rounding.

**Caution: low base number of respondents-results are indicative only.

Table 5: Christmas holidays

Q. And what about your holidays for Christmas? Are you planning to ...

	Base =	Total	NZ is still in a recession	NZ is not still in a recession	Don't know/ refused
		500	362	110	28**
		%	%	%	%
Spend less on these than you did last year		31	34	25	22
About the same		52	52	50	59
Or spend more		14	11	22	14
Don't know		3	3	3	4
Refused		0	0	0	0
Total		100	100	100	100

Total may not sum to 100% due to rounding.

**Caution: low base number of respondents-results are indicative only.

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