ANZ New Zealand Business Outlook Preliminary data for April 2020

8 April 2020

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The full-month results for the ANZ *Business Outlook* are scheduled for release on 30 April 2020 at 1pm.

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Unprecedented

Key points

- Business confidence fell 9 points to -73% in the preliminary April read of the ANZ Business Outlook survey. Expected own activity plummeted 34 points, with a net 61% of firms now expecting lower activity for their firm in the year ahead. We've never seen numbers like these.
- All key activity indicators fell further from March levels, most to record lows.
- Pricing and cost indicators also dropped sharply. Inflation expectations dropped from 1.5% to 1.3%.

The preliminary ANZ Business Outlook data for April saw every activity indicator plunge. Most hit record lows by a very large margin.

A net 54% of firms expect to cut jobs; a net 50% expect to reduce investment – both record lows. It's an understandable response, given a net 73% of firms expect lower profits, also the worst reading ever. A net 35% of firms expect lower capacity utilisation, which is the lowest reading since 1991.

Compared to the same month a year ago, a net 53% of firms report lower activity, and a net 28% already report having fewer employees.

This is clearly a very deflationary shock. Expected costs fell 15 points, pricing intentions dropped sharply into negative territory for the first time ever, and inflation expectations fell from 1.51% to 1.28%, a record low.

Firms are reeling from the abruptness and ferocity of the storm that has enveloped them, and with uncertainty extreme, planning a way out is very difficult. The quick-fire fiscal and monetary response will have helped, but times just don't get much tougher than this.

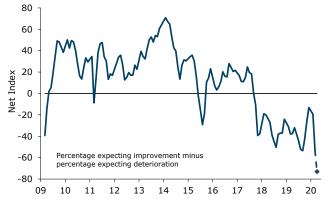
Preliminary Survey Results April 2020

| Net Balance | Preliminary April | March |
|--|-------------------|-------|
| Business confidence | -73.1 | -63.5 |
| Own activity outlook | -61.2 | -26.7 |
| Export intentions | -43.6 | -25.8 |
| Investment intentions | -50.2 | -14.4 |
| Cost expectations | 24.4 | 38.6 |
| Capacity utilisation | -34.8 | -9.4 |
| Employment intentions | -53.8 | -22.5 |
| Profit expectations | -73.4 | -36.8 |
| Pricing intentions | -8.1 | 14.8 |
| Ease of credit | -44.4 | -41.3 |
| Inflation expectations | 1.28% | 1.51% |
| Activity vs. same month one year ago | -53.4 | -5.4 |
| Employment vs. same month one year ago | -27.6 | -2.4 |

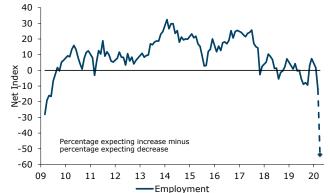
Preliminary results for the April ANZ Business Outlook survey cover the period 5pm 31 March to midnight 6 April (238 respondents). These responses will form part of the full-month sample making up the official ANZBO results to be released on 30 April.



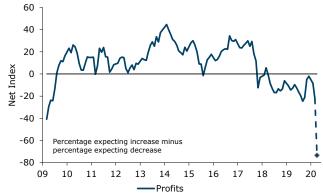




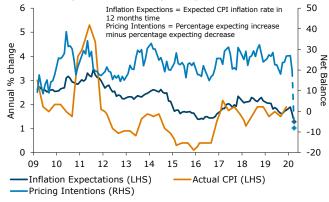
Employment intentions



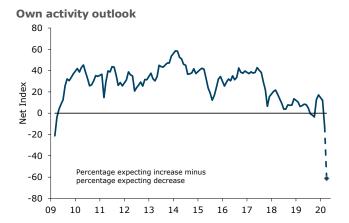
Profit expectations



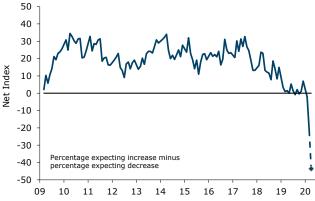
Inflation expectations and pricing intentions



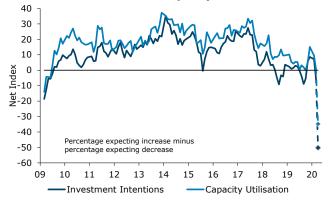
Source: ANZ, Statistics NZ

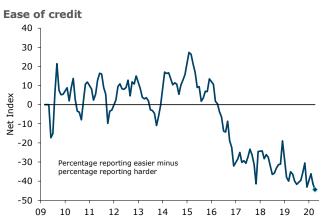






Investment intentions and capacity utilisation





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