

ANZ New Zealand Business Outlook

Preliminary data for July 2020

9 July 2020



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Contact

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more details.

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

Bouncing back

Key points

- Business confidence lifted another 4.6 points to -29.8% in the preliminary July read of the ANZ Business Outlook survey. The lift in own activity was much sharper, up 19.1 points to a net 6.8% of firms expecting lower activity for their firm in the year ahead.
- All forward-looking activity indicators lifted from June levels and the near-term jobs picture improved. NZ is enjoying a sharp bounce out of lockdown but the brunt of the economic pain induced by the closed border is yet to hit.

The preliminary ANZ Business Outlook data for July saw further increases across all forward-looking activity indicators. Levels in some cases are now back within the ranges that prevailed over 2019. But export intentions remain very subdued.

Both business confidence and own activity again saw large lifts (5 and 19 pts respectively). A net 4.5% of firms expect to reduce investment (an improvement of 16 pts); a net 26% expect lower profits (up 21 pts), and a net 3% expect lower capacity utilisation (up 13 pts).

The near-term employment picture improved markedly. A net 15% of firms expect to cut jobs, versus 35% last month. While a net 21% of firms report having fewer staff than in the same month a year ago, it was a net 37% in the June survey.

Deflationary pressures remain evident but with some mixed monthly moves. Expected costs and pricing intentions lifted, but one-year-ahead inflation expectations fell slightly. All remain much lower than a year ago.

New Zealand is in an enviable position (touch wood), with activity largely back to normal, as demonstrated by traffic and spending data and many other indicators. After the rigours of lockdown we deserve a pat on the back and a little splurge. However, an inconvenient truth remains – there's a very large economic hole where tourism used to be. And the hardest-hit sectors – accommodation, hospitality, and retail – punch above their weight when it comes to employment. Uncertainty is extreme and the global outlook dire. But for now, we're getting on with our economic lives, and that'll be helping to repair business' balance sheets. Good stuff.

Preliminary Survey Results July 2020

Net Balance	Preliminary July	June
Business confidence	-29.8	-34.4
Own activity outlook	-6.8	-25.9
Export intentions	-14.7	-17.8
Investment intentions	-4.5	-20.5
Cost expectations	37.5	26.7
Capacity utilisation	-3.4	-16.4
Employment intentions	-15.3	-34.7
Profit expectations	-25.8	-46.8
Pricing intentions	14.1	-0.3
Ease of credit	-36.5	-45.0
Inflation expectations	1.38	1.44
Activity vs. same month one year ago	-14.2	-42.6
Employment vs. same month one year ago	-21.4	-37.4

Preliminary results for July cover the period from 1 July to midnight 7 July (249 respondents). These responses will be incorporated into the official ANZBO results to be released on 30 July.

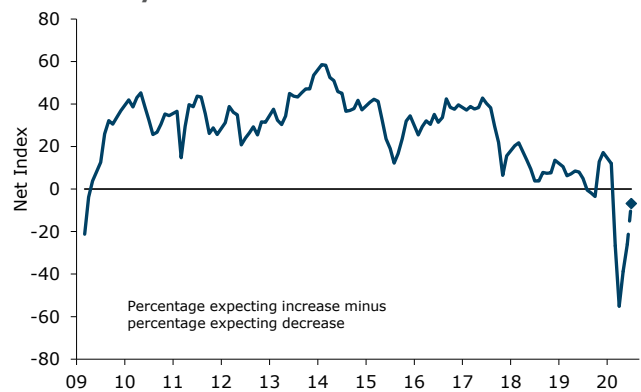


Charts

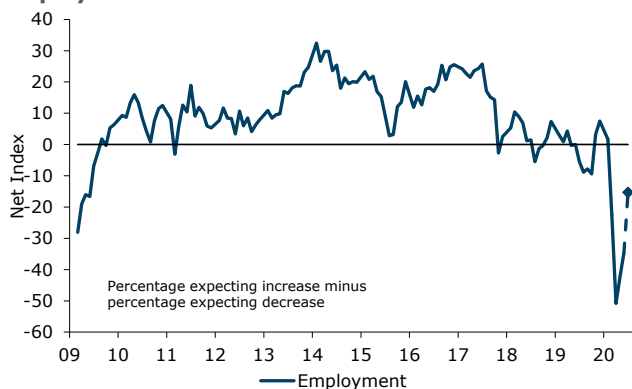
Business confidence



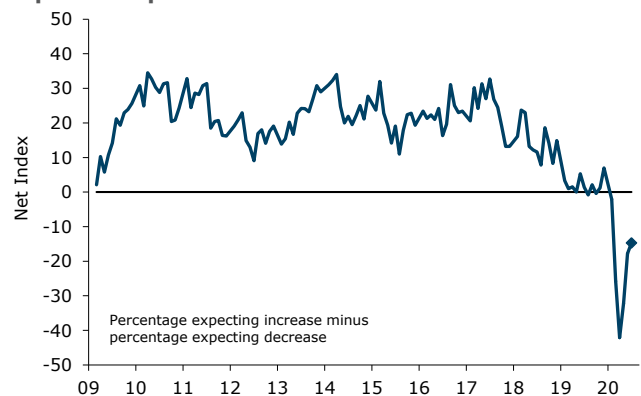
Own activity outlook



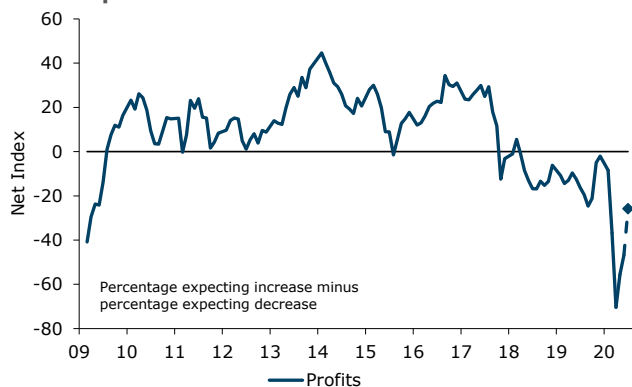
Employment intentions



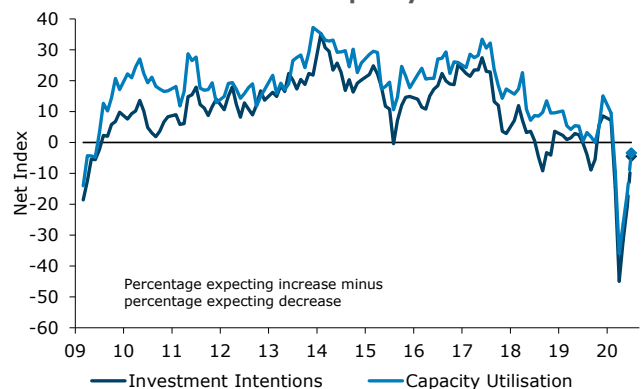
Expected export sales volumes



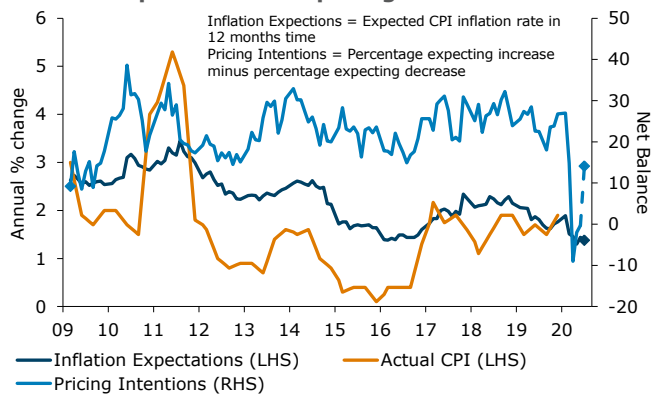
Profit expectations



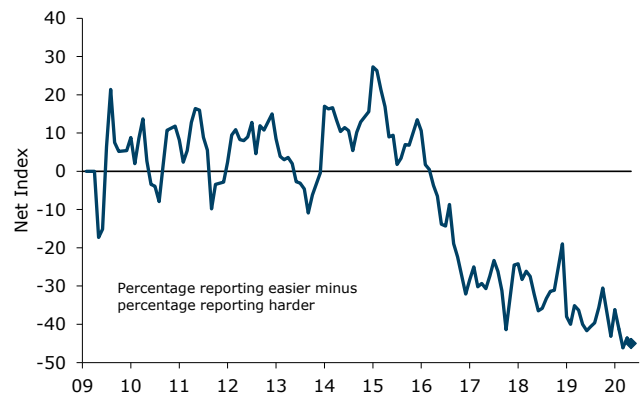
Investment intentions and capacity utilisation



Inflation expectations and pricing intentions



Ease of credit



Source: ANZ, Statistics NZ



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