

ANZ New Zealand Business Outlook

Preliminary data for October 2021

13 October 2021



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Contact

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The full-month results for the ANZ *Business Outlook* are scheduled for release on 27 October 2021 at 1pm.

Want to have your say? Email nzeconomics@anz.com if you'd be willing to join the Business Outlook survey.

Fortitude

Key points

- The preliminary October ANZ Business Outlook continued a story of remarkable resilience.
- Business confidence eased 2 points to -9, but own activity jumped 6 points to 26.
- Auckland firms are showing real fortitude, but this isn't a large sample.

The preliminary ANZ Business Outlook data for October saw most forward-looking activity indicators hold up or improve.

Business confidence eased but own activity expectations rose 6 points. Investment intentions jumped 5 points, while employment intentions eased 1 point. Expected profitability saw a 13pt bounce, with just a net 3% of firms expecting lower profits. That's despite extreme cost pressures, with a net 85% of firms reporting higher costs, similar to last month. Capacity utilisation, which normally correlates well with GDP, lifted from 17% to 20%. Only a net 4% of businesses reported lower activity than a year ago. A net 11% of firms are reporting higher employment than a year ago.

Inflation pressures remain intense, with inflation expectations still above 3% and pricing intentions rising from 58% to a net 64% of firms expecting to lift their prices in coming months. Cost pressures are extreme, with a net 85% of firms expecting higher costs, up 1 point.

Auckland firms reported higher business confidence, own activity expectations, investment intentions, export intentions and profit expectations (and cost and inflation pressure) than elsewhere, and employment intentions are holding up well. One possible explanation is that the expectation [questions](#) implicitly compare to today. If Auckland firms expect restrictions to ease, they'll expect more activity. But that reasoning doesn't apply to investment and employment intentions in quite the same way, as these wouldn't have tanked like current activity. It's encouraging, but we'll put more weight on the full-month sample.

Preliminary Survey Results October 2021

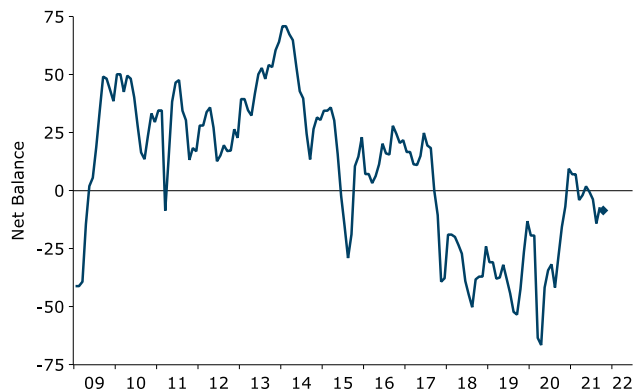
Net Balance	Prelim Oct	Auckland	Ex-Akld	September
Business confidence	-8.6	-2.5	-11.8	-7.2
Own activity outlook	26.2	30.9	23.7	18.2
Export intentions	9.2	10.2	8.6	7.4
Investment intentions	14.3	16.0	13.3	9.2
Cost expectations	84.9	87.7	83.4	84.2
Capacity utilisation	20.1	15.0	22.9	16.8
Employment intentions	12.9	11.2	13.8	14.1
Profit expectations	-3.0	2.5	-6.0	-15.6
Pricing intentions	63.5	66.7	61.9	58.1
Ease of credit	-54.5	-56.2	-53.6	-50.3
Inflation expectations	3.04%	3.10%	3.01%	3.02%
Activity vs. one year ago	-4.3	-12.3	0.0	-4.5
Employment vs. one year ago	11.0	11.3	10.8	12.8

Preliminary results for October cover the period from 30 September to midnight 10 October (approx. 230 respondents, of whom ~35% are in Auckland). These responses will be incorporated into the official ANZBO results to be released on 27 October.

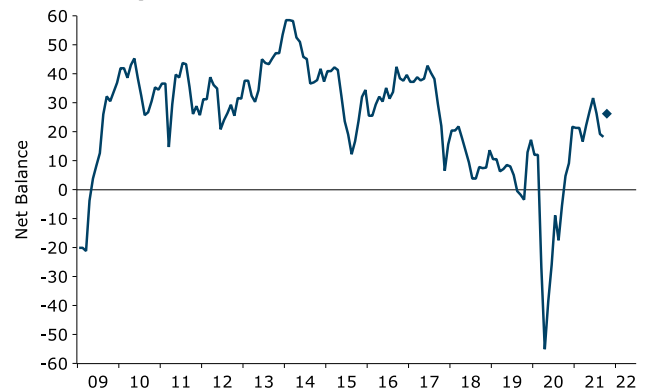


Charts

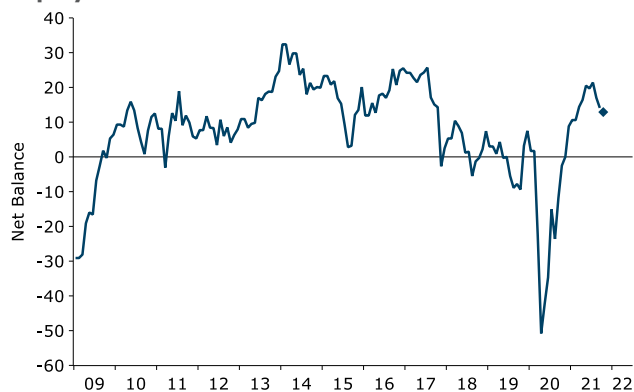
Business confidence



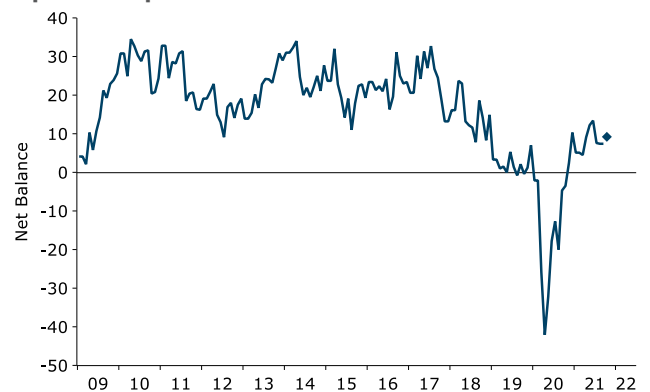
Own activity outlook



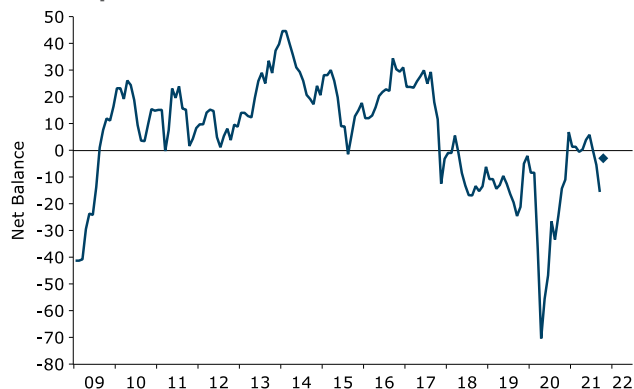
Employment intentions



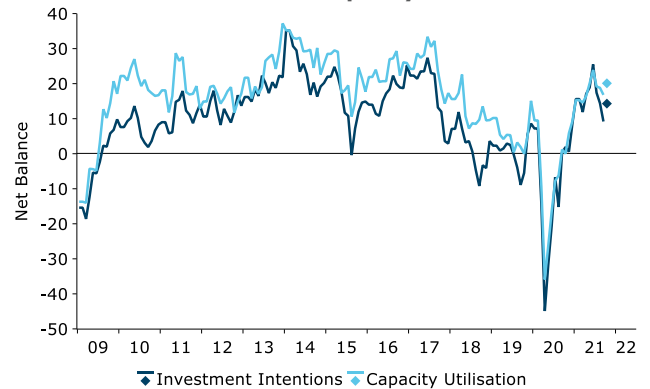
Expected export sales volumes



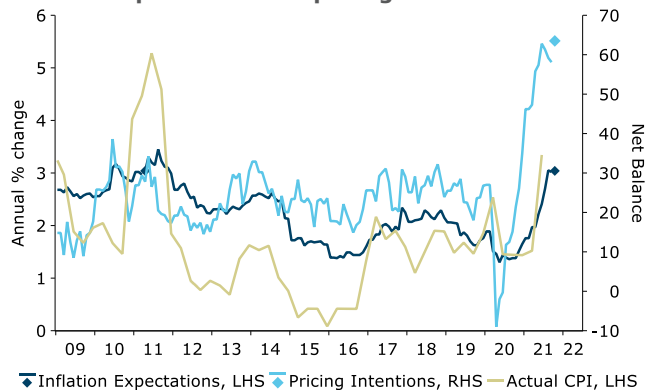
Profit expectations



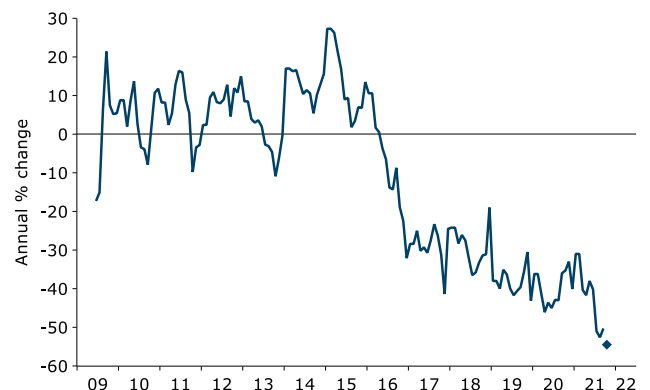
Investment intentions and capacity utilisation



Inflation expectations and pricing intentions



Ease of credit



Source: ANZ, Statistics NZ



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