

ANZ New Zealand Business Outlook

Background paper



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Purpose

The ANZ Business Outlook survey (ANZBO) is a timely and frequent snapshot of business' views of their own business and the general business environment. Most of the questions refer to how businesses expect future events to unfold, which makes the survey, and others like it, forward looking in nature.

The ANZBO is used to measure business' views to understand what drives their decisions, their main concerns, their reaction to various events and track how those views might cause or impact changes in the economy.

History

The concept *Business Outlook* was formed in 1983 by the National Bank's then Chief Economist Don Abel. The concept was originally based on an overseas opinion survey. The first survey results were published in the December 1983 edition of The National Bank *Economic Review*.

When the survey first commenced, National Bank branches obtained views of local businesses and reported them back to the Economics team. The original survey asked just one question about inflation expectations. The survey was rebranded from the National Bank to ANZ in October 2012.

Topics covered

Topic	Time horizon	Period
General business conditions	12 months' time	March 1988 – current
Inflation rate	12 months' time	February 1983 – current
Real business activity	12 months' time	April 1988 – current
Real business activity	Same month 12 months ago	December 2019 – current
Real profits	12 months' time	February 1993 – current
Employment	12 months' time	February 1993 – current
Employment	Same month 12 months ago	December 2019 – current
Investment in buildings, plant and equipment (including IT equipment)	12 months' time	March 1988 – current
Real exports	12 months' time	April 1988 – current
Residential construction activity (construction firms)	12 months' time	March 1990 – current
Non-residential construction activity (construction firms)	12 months' time	February 1991 – current
Price of goods/services (Index)	3 months' time	February 1992 – current
Price of goods/services (Percent)	3 months' time	March 2022 - current
Cost of goods/services purchased (Index)	3 months' time	April 2019 – current
Cost of goods/services purchased (Percent)	3 months' time	March 2022 - current
Capacity utilisation	3 months' time	March 1988 – current
Access to credit	12 months' time	June 2009 – current
Investment drivers	Over next 12 months	December 2019 – current
Most important problems	Current	March 2012 – current ¹
Investment in livestock	12 months' time	March 1990 – February 2019
Unemployment rate	12 months' time	Feb 1993 – Nov 2019
Interest rates	12 months' time	Feb 1993 – Nov 2019
International freight disruption – inward supply of goods	Current	December 2019 – current
International freight disruption – ability to deliver goods to your customers	Current	December 2019 – current
Wage/salary of regular staff	12 months' time	March 2022 - current
Wage/salary of regular staff	Same month 12 months ago	March 2022 - current

¹ Data is available for this topic since March 2012, however, the options changed in December 2019 to better reflect the problems facing NZ businesses.

Frequency and timing

The survey is generally published within the last two business days of each month. Data is not collected for January.

Data source

The ANZBO is a survey made up largely of past and current ANZ business clients, although the survey is not limited to those affiliated with ANZ.

The survey is not a random sample; it is not drawn from a sample frame of the NZ business population such as Stats NZ's Business Register. Survey respondents are added to the distribution list on request or if they accept an invitation to participate in the survey. We ask that the person responding can adequately represent the view of the business.

Businesses are able to opt out of the survey at any time.

Each month, approximately 2000 email invitations are sent out to respondents. Hard copy survey forms ceased from May 2020 due to difficulties with COVID.

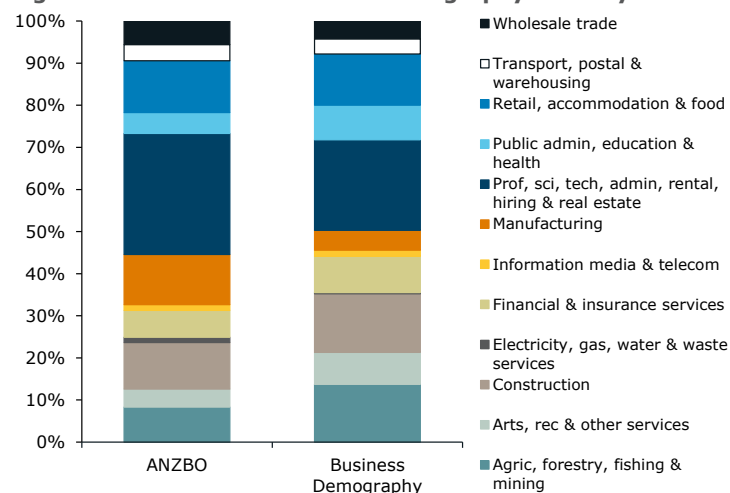
In 2019, we received an average of 380 responses each month.

Coverage – industry

Firms are allocated to one of our published sectors (agriculture, construction, retail, manufacturing, services) based on trading activity information obtained directly from the respondent or from publicly available information.

Since 2017, Australian and New Zealand Standard Industrial Classification (ANZSIC) codes have been allocated to compare the industry breakdown with that of official statistics (figure 1) published by national statistics organisations. Stats NZ's business demography data shows the industry breakdown which underpins their suite of business statistics².

Figure 1: ANZBO and Business Demography industry breakdown



The survey is fairly well representative of NZ's business population although there are obvious discrepancies. The survey is overrepresented by manufacturing and professional, scientific and technical services industry firms; and is underrepresented in agriculture, forestry and fishing.

² Stats NZ business demography data (2020). We have removed ANZSIC L671 property operators (owner occupiers) for the industry comparison.

This likely introduces a degree of bias into the survey, which won't necessarily be constant through time. We encourage users to consider this when interpreting survey results.

Coverage – region

The survey represents NZ businesses well among regions, with two notable exceptions. The survey is overrepresented by businesses operating in Wellington and underrepresented in Auckland.

Figure 2: ANZBO and business demography regional breakdown



Survey measures

The reported statistic is the net balance of the positive and negative responses, commonly used in business sentiment surveys. The net balance is calculated by subtracting the percentage of negative responses from the percentage of positive responses for each question.

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ANZ RESEARCH



ANZ BUSINESS OUTLOOK QUESTIONNAIRE

THE NEW ZEALAND ECONOMY

With regard to the New Zealand Economy.

Do you believe that General Business Conditions **in 12 months' time** will have:

Improved

Remained the same

Deteriorated

What do you think the Inflation Rate (as measured by the Consumers Price Index) will be **in 12 months' time**?

%

YOUR BUSINESS

With regard to **your business** how do you expect the following variables to have changed **in 12 months' time**?

Average wages/salaries of regular staff (not contractors) %

	Increased	Remained the same	Decreased
Real Business Activity (i.e. volume, not \$ revenue)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Real Profits (i.e. inflation adjusted profits)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Employment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Investments in buildings, plant, equipment (including IT equipment)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Real Exports (i.e. volume, not \$ revenue)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Residential construction activity (volume, leave blank if not applicable)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Non-residential construction activity (volume, leave blank if not applicable)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

With regard to **your business** how do you expect the following variables to have changed **in 3 months' time**?

Average selling price of your goods/services %

Average cost of goods/services purchased %

	Increased	Remained the same	Decreased
Capacity Utilisation (i.e. operating rate of existing capital equipment, ignoring seasonal factors)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

With regard to your business, compared with the **same month one year ago**, how have the following variables changed?

Average wages/salaries of regular staff (not contractors) %

	Increased	Remained the same	Decreased
Real Business Activity (i.e. volume, not \$ revenue)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Employment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Will it be easier or harder to get credit in New Zealand **in 12 months' time**?

Easier

Remain the same

Harder



How many employees do you have?

5 or less	Between 21 and 50
Between 6 and 20	51 or more

Whether your business expects to invest in buildings, plant or equipment (including IT equipment) **over the next 12 months** or not, what are the three main considerations that have driven this expectation? (1 = most important consideration, 2 = second most important, 3 = third most important)

Drag 3 items into the box on the right

Items	Three main considerations
The domestic economic outlook	
The global economic outlook	
Labour costs	
Skilled labour shortages	
Level of spare capacity	
Interest rates	
Credit availability	
The exchange rate	
Central government policy	
Local government policy	
Other (please specify)	



What are the top 3 most important problems facing your firm?

Drag 3 items into the box on the right

Items	Top 3 most important problems
Regulation and paper work	
Low turnover	
Internal management difficulties	
Interest rates	
Finding skilled labour	
Exchange rates	
High rates of pay	
Competition from other businesses	
Cashflow/debtors	
Access to finance	
Non-wage cost inflation	
Other (please specify)	

For the following statements, please rate the impact on your business from 0 (none) to 10 (extreme) of current international freight disruptions:

	0	1	2	3	4	5	6	7	8	9	10
Inward supply of goods	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ability to deliver goods to your customers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



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