

ANZ New Zealand Business Outlook

Preliminary data for September 2020

9 September 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 September 2020 at 1pm.

We got this

Key points

- The preliminary September read of the ANZ Business Outlook suggests firms are largely looking through the re-emergence of COVID-19 in the community.
- Many activity indicators are at their highest levels since February, but are still well down compared to pre-COVID days.
- Business confidence lifted 16 points to -26%, while own activity lifted 8 points to -10%.

The preliminary ANZ Business Outlook data for September saw a widespread improvement in the forward-looking activity indicators despite the re-emergence of COVID-19 in the community and the associated Alert Level 2/3 restrictions.

Both business confidence and own activity lifted (by 16 and 8 points respectively). For own activity, a read of -10% is still very bad compared to +17% in December, but it's sure as heck preferable to -55% in April. Remarkably, only a net 1% of firms expect to reduce investment (a 14-point lift) while a net 14% intend to reduce employment. Again, these indicators are miles off their lows, but still well down on pre-COVID levels.

Profitability expectations were up 4 points, with expected costs higher, but pricing intentions up by slightly more, and firms less negative about how busy they expect to be. At net -28% firms are hardly bullish about the profitability outlook, but again, we'll take it, when you consider it was -70% in April.

The backward-looking indicators were, understandably, more heavily impacted by the renewed Alert Level restrictions. Compared to the same month a year ago, a net 21% of businesses reported lower activity, down 8, and a net 22% reported lower staff numbers than a year ago, an improvement of 3 points.

The New Zealand economy has a long way to go to navigate this crisis. Fiscal and monetary policy are certainly working their magic. But come year end, far fewer firms will be supported by wage subsidies, and the loss of tourists will be more sorely felt. But for now, things appear to be firmly in the "could be worse" basket.

Preliminary Survey Results September 2020

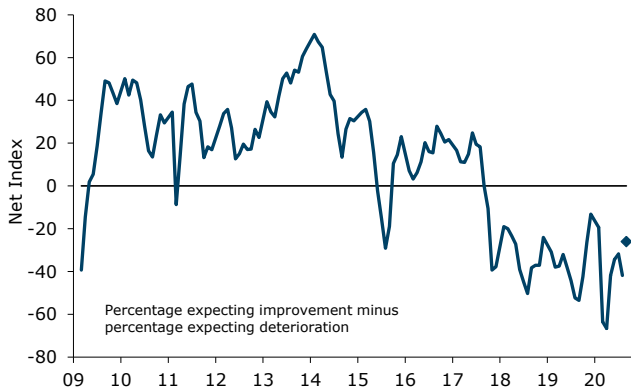
Net Balance	Preliminary Sep	August
Business confidence	-26.0	-41.8
Own activity outlook	-9.9	-17.5
Export intentions	-4.5	-20.0
Investment intentions	-1.2	-15.2
Cost expectations	36.8	34.5
Capacity utilisation	-1.2	-6.2
Employment intentions	-14.3	-23.6
Profit expectations	-28.7	-33.4
Pricing intentions	16.2	12.5
Ease of credit	-37.2	-43.0
Inflation expectations	1.36	1.36
Activity vs. same month one year ago	-21.1	-13.2
Employment vs. same month one year ago	-21.5	-24.8

Preliminary results for September cover the period from 1 September to midnight 7 September (254 respondents). These responses will be incorporated into the official ANZBO results to be released on 30 September.

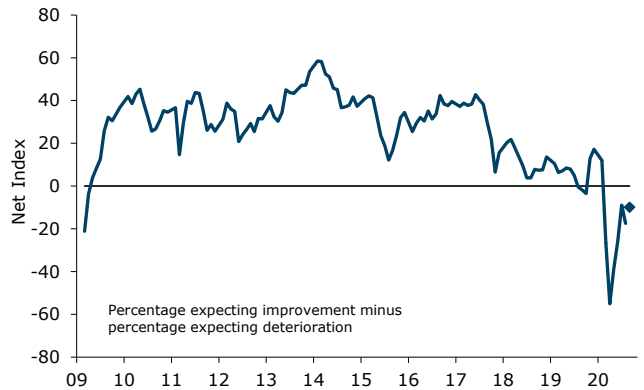


Charts

Business confidence



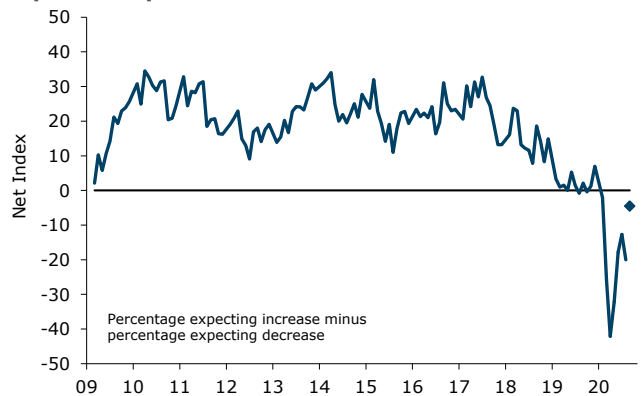
Own activity outlook



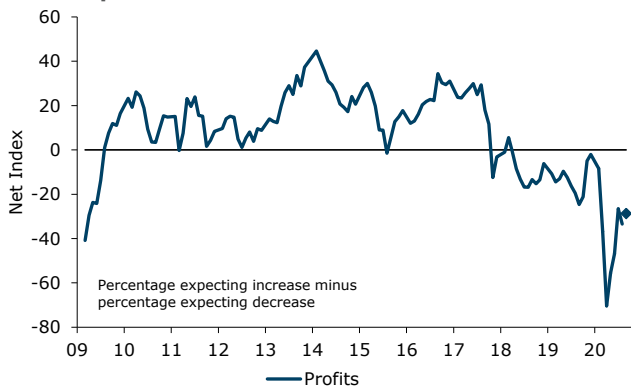
Employment intentions



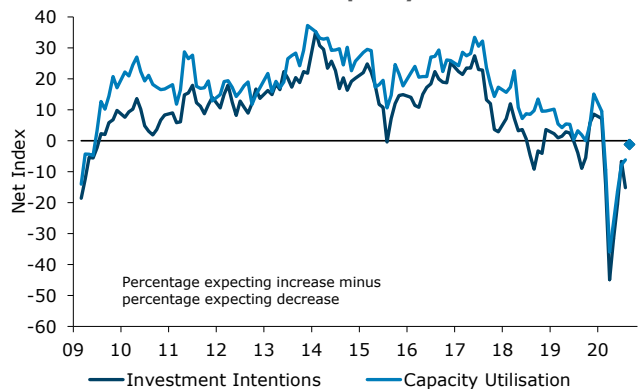
Expected export sales volumes



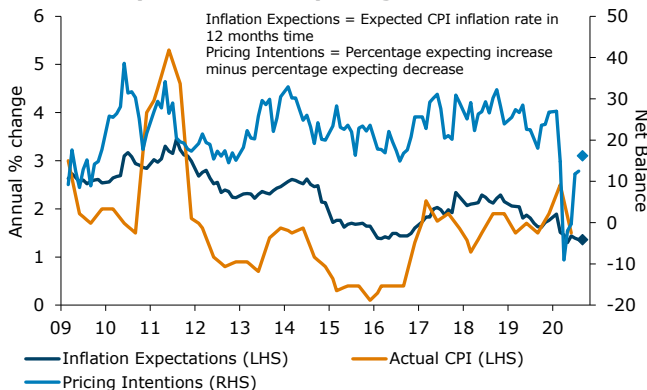
Profit expectations



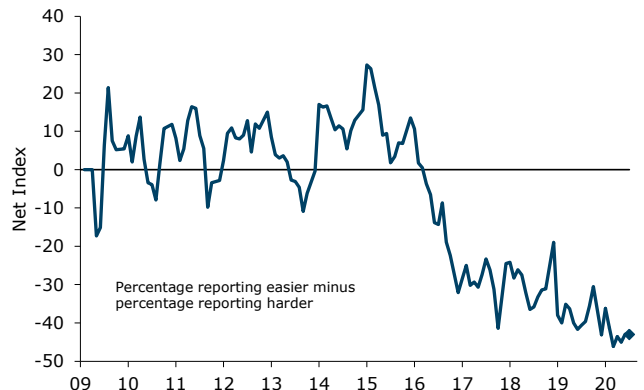
Investment intentions and capacity utilisation



Inflation expectations and pricing intentions



Ease of credit



Source: ANZ, Statistics NZ



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