

ANZ New Zealand Business Outlook

Preliminary data for June 2021

9 June 2021



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Contact

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The full-month results for the ANZ *Business Outlook* are scheduled for release on 30 June 2021 at 1pm.

If you would like to be a part of our survey, please click [here](#).

Inflation pressures off the charts

Key points

- The preliminary June read of the ANZ Business Outlook showed a 2-point fall in business confidence but a 2-point lift in own activity expectations.
- A net 85.6% of respondents expect higher costs, a fresh high. Pricing expectations jumped 6 points to a net 62.8%, also a record high.

The preliminary ANZ Business Outlook data for June saw business confidence fall 2 points to -0.4%, while the own activity outlook lifted 2 points to +29.1%.

Activity indicators were mixed. Investment intentions jumped 6 points, consistent with the 4-point lift in capacity utilisation. Profit expectations eked out a 2-point gain while export intentions also rose. However, headline business confidence and employment intentions eased.

Cost and inflation pressures continue to intensify. Expected costs rose another 5 points to a net 85.6% expecting higher costs ahead. A net 62.8% of respondents intend to raise their prices, up 6 points, another record in data that goes back to 1992. For context on just how spectacular that record is, the previous high before this year was 47.4% in 2000. Inflation expectations continue to lift – at 2.33%, they are close to the 2% RBNZ CPI target midpoint, but they're still rising. We'll wait for the full month's data to report sectoral results, but it's worth noting that the retail sector's inflation expectations and pricing intentions outstrip everyone else's by quite some margin, and retail prices weigh heavily on the consumer price index.

Shipping disruptions, rising global commodity prices, the higher minimum wage, labour shortages due to both the closed border and uneven sector growth are creating a perfect storm for the supply side of the economy at the same time as demand is holding up much more than firms (or economists!) had anticipated. Headline inflation is set to jump over the next six months as a result, but it's best to focus on wage growth and inflation expectations for clues regarding when the Reserve Bank might conclude they can no longer look through inflation pressure and simply wait for temporary pressures to subside, necessitating a higher OCR.

Preliminary Survey Results June 2021

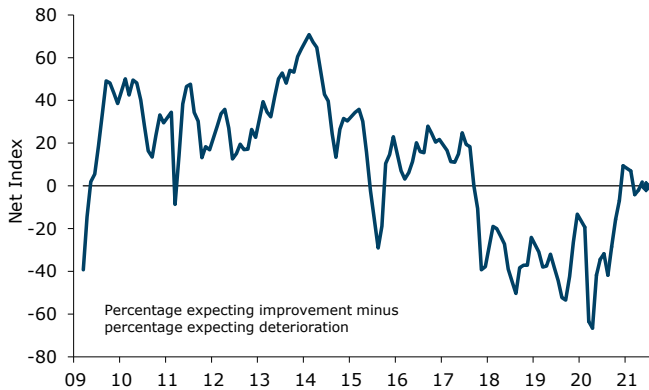
Net Balance	Preliminary June	May
Business confidence	-0.4	1.8
Own activity outlook	29.1	27.1
Export intentions	13.9	12.2
Investment intentions	25.3	18.9
Cost expectations	85.6	81.3
Capacity utilisation	23.9	20.1
Employment intentions	19.6	20.5
Profit expectations	6.0	3.9
Pricing intentions	62.8	57.4
Ease of credit	-37.6	-38.0
Inflation expectations	2.33	2.22
Activity vs. same month one year ago	41.4	41.8
Employment vs. same month one year ago	17.8	12.4

Preliminary results include responses up to midnight 7 June (251 respondents). These responses will be incorporated into the official ANZBO results to be released on 30 June.

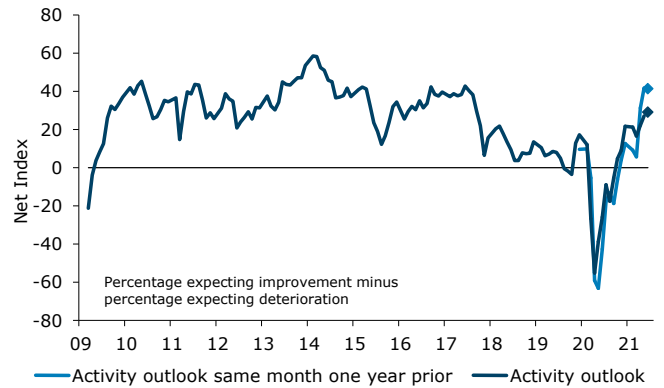


Charts

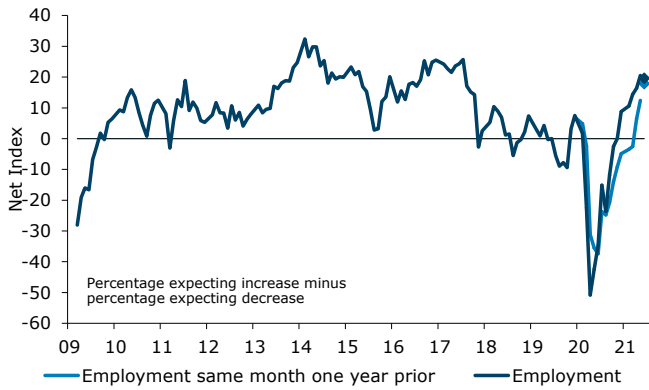
Business confidence



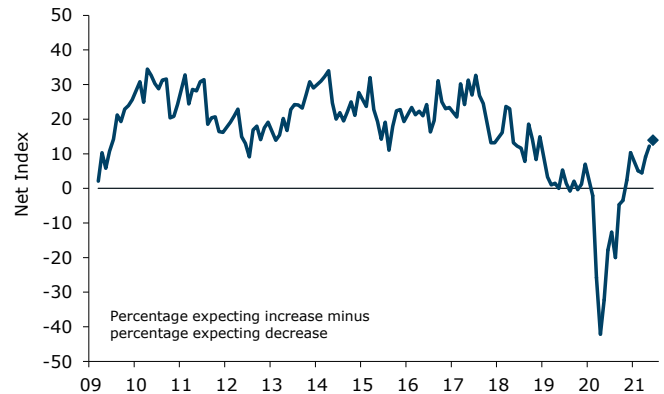
Own activity



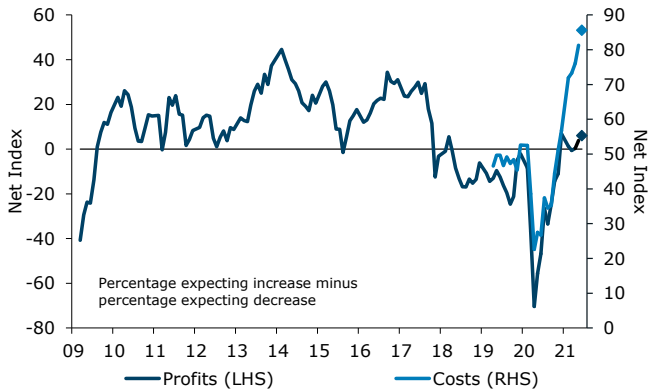
Employment



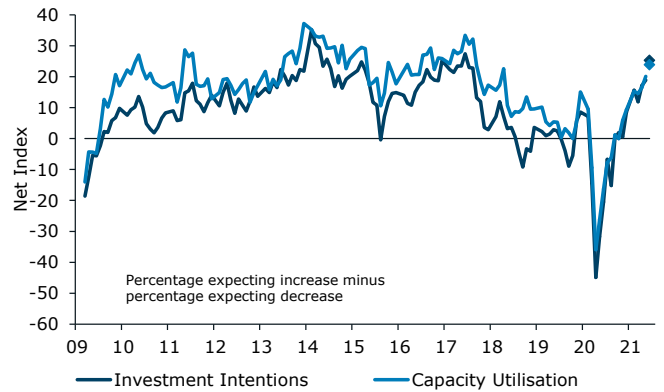
Expected export sales volumes



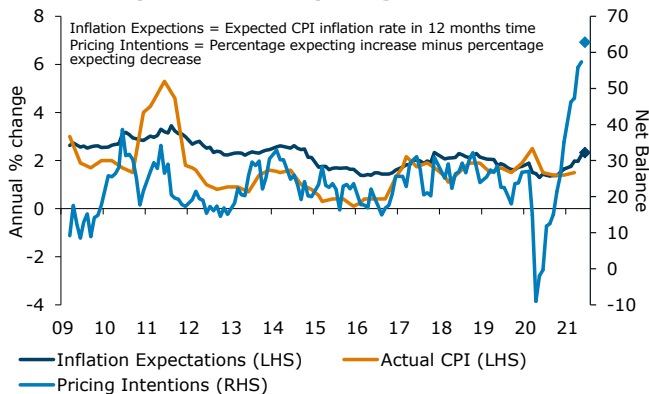
Profit and cost expectations



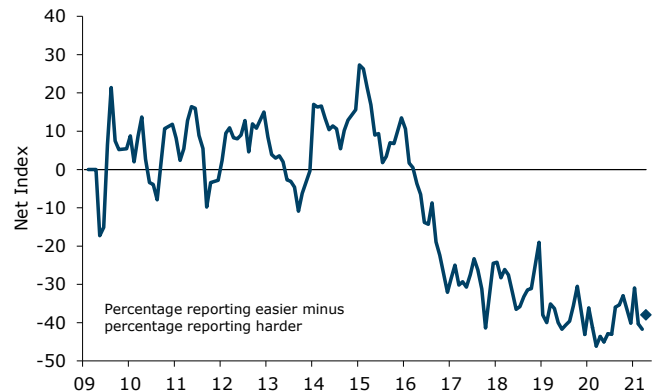
Investment intentions and capacity utilisation



Inflation expectations and pricing intentions



Ease of credit



Source: ANZ, Statistics NZ



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