

ANZ New Zealand Business Outlook

Preliminary data for March 2020

10 March 2020



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The full-month results for the
ANZ *Business Outlook* are
scheduled for release on 31
March 2020 at 1pm.

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Export woes

Key points

- The preliminary March read on all key activity indicators fell from February levels. Pricing indicators also dropped.
- Firms' activity intentions are the lowest since 2009.
- Export intentions, at -21.5%, are at a record low.

Businesses are quite rightly very concerned about the potential impacts of the global COVID-19 outbreak, with alarm about the prospects for exports particularly marked.

All activity indicators fell. Most – including business confidence, employment and investment intentions – in broad terms gave up the gains seen since the nadir around August/September last year. It is encouraging that firms are not slamming on the brakes any harder at this point.

However, firms' expected own activity was the lowest since March 2009, and export expectations were dire, with a net 22% of firms expecting lower exports. This is far lower than the previous trough recorded for this series (-13.5% in April 1988, the very first time the question was asked). This is indeed a unique shock for exporters, to logistics rather than demand – at least initially.

In terms of inflation indicators, expected costs fell to the lowest level since we started asking the question last April. Pricing intentions and inflation expectations fell back to around the lows seen last year.

Preliminary results for the March ANZ Business Outlook survey cover the period 5pm 2 March to midnight 9 March (242 respondents). These responses will form part of the full-month sample making up the official ANZBO results to be released on 31 March.

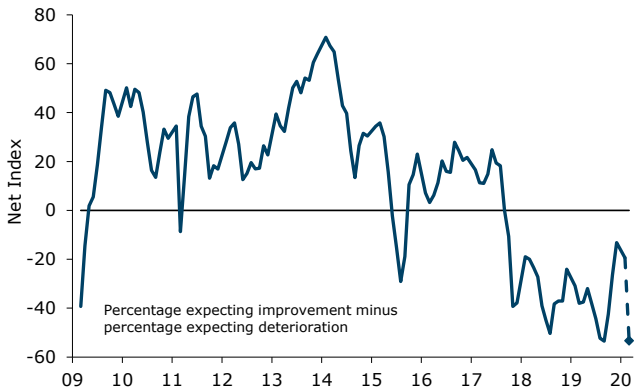
Preliminary Survey Results March 2020

| Net Balance | Preliminary March | February |
|--|-------------------|----------|
| Business confidence | -53.3 | -19.4 |
| Own activity outlook | -12.8 | 12.0 |
| Export intentions | -21.5 | -2.1 |
| Investment intentions | -5.0 | 7.2 |
| Cost expectations | 41.8 | 52.5 |
| Capacity utilisation | 0.9 | 9.5 |
| Employment intentions | -12.1 | 1.7 |
| Profit expectations | -22.3 | -8.4 |
| Pricing intentions | 19.5 | 27.0 |
| Ease of credit | -41.4 | -36.2 |
| Inflation expectations | 1.62% | 1.89% |
| Activity vs. same month one year ago | 5.4 | 9.9 |
| Employment vs. same month one year ago | 0.4 | 4.8 |

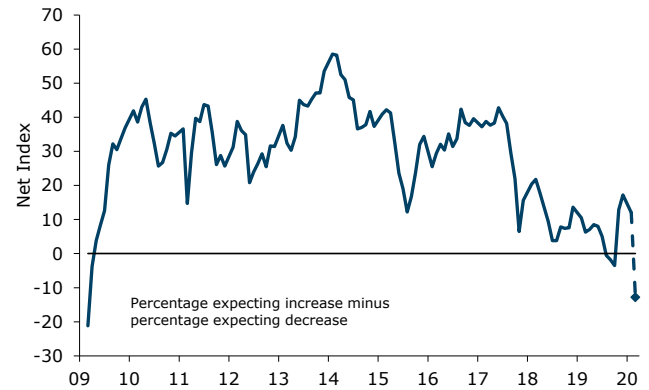


Charts

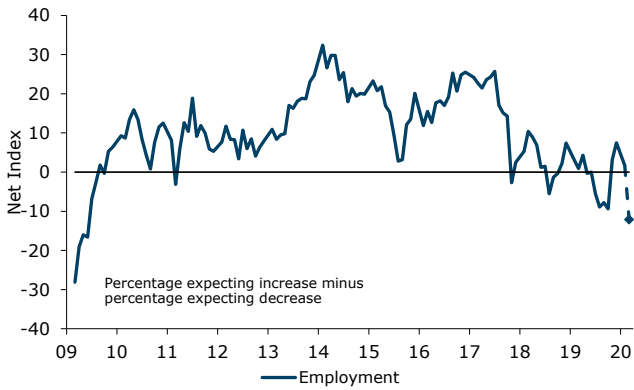
Business confidence



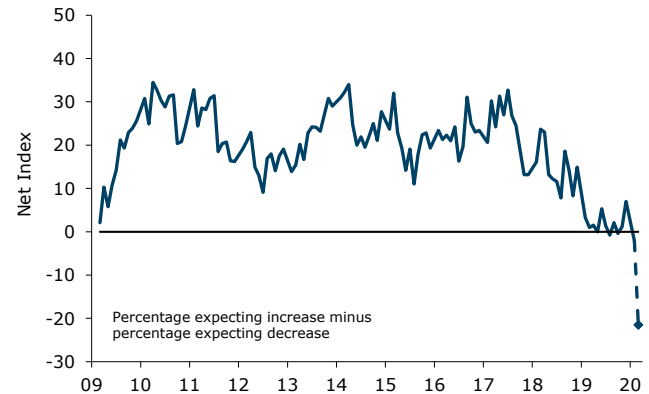
Own activity outlook



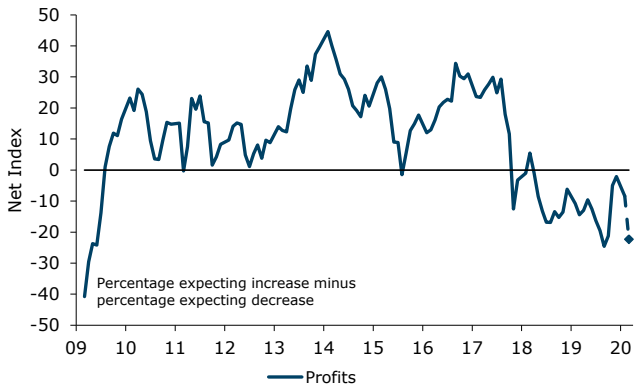
Employment intentions



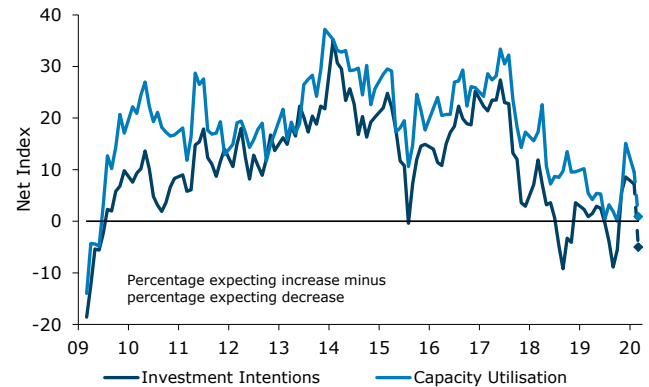
Expected export sales volumes



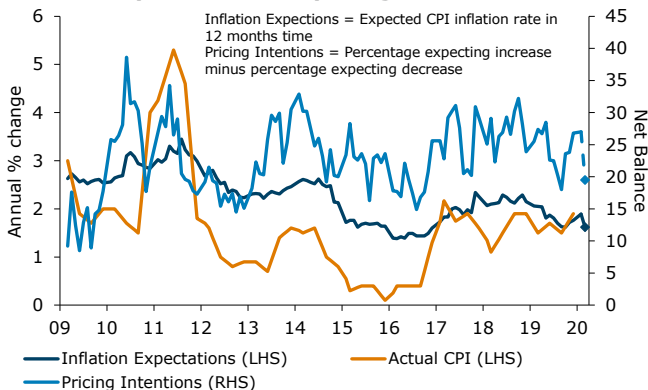
Profit expectations



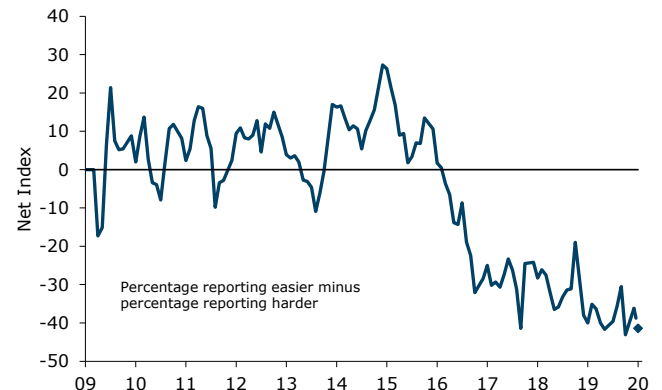
Investment intentions and capacity utilisation



Inflation expectations and pricing intentions



Ease of credit



Source: ANZ, Statistics NZ



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