

ANZ New Zealand Business Outlook

Preliminary data for April 2020

8 April 2020



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CONTACT:

Sharon Zollner
Chief Economist
Telephone: +64 9 357 4094
Sharon.Zollner@anz.com

The full-month results for the
ANZ *Business Outlook* are
scheduled for release on 30
April 2020 at 1pm.

Contact
research@anz.com

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Unprecedented

Key points

- Business confidence fell 9 points to -73% in the preliminary April read of the ANZ Business Outlook survey. Expected own activity plummeted 34 points, with a net 61% of firms now expecting lower activity for their firm in the year ahead. We've never seen numbers like these.
- All key activity indicators fell further from March levels, most to record lows.
- Pricing and cost indicators also dropped sharply. Inflation expectations dropped from 1.5% to 1.3%.

The preliminary ANZ Business Outlook data for April saw every activity indicator plunge. Most hit record lows by a very large margin.

A net 54% of firms expect to cut jobs; a net 50% expect to reduce investment – both record lows. It's an understandable response, given a net 73% of firms expect lower profits, also the worst reading ever. A net 35% of firms expect lower capacity utilisation, which is the lowest reading since 1991.

Compared to the same month a year ago, a net 53% of firms report lower activity, and a net 28% already report having fewer employees.

This is clearly a very deflationary shock. Expected costs fell 15 points, pricing intentions dropped sharply into negative territory for the first time ever, and inflation expectations fell from 1.51% to 1.28%, a record low.

Firms are reeling from the abruptness and ferocity of the storm that has enveloped them, and with uncertainty extreme, planning a way out is very difficult. The quick-fire fiscal and monetary response will have helped, but times just don't get much tougher than this.

Preliminary Survey Results April 2020

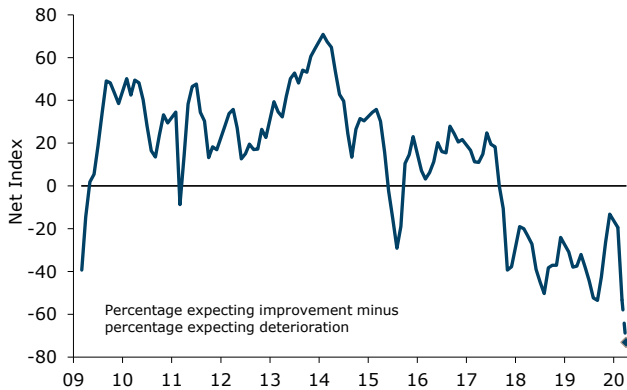
Net Balance	Preliminary April	March
Business confidence	-73.1	-63.5
Own activity outlook	-61.2	-26.7
Export intentions	-43.6	-25.8
Investment intentions	-50.2	-14.4
Cost expectations	24.4	38.6
Capacity utilisation	-34.8	-9.4
Employment intentions	-53.8	-22.5
Profit expectations	-73.4	-36.8
Pricing intentions	-8.1	14.8
Ease of credit	-44.4	-41.3
Inflation expectations	1.28%	1.51%
Activity vs. same month one year ago	-53.4	-5.4
Employment vs. same month one year ago	-27.6	-2.4

Preliminary results for the April ANZ Business Outlook survey cover the period 5pm 31 March to midnight 6 April (238 respondents). These responses will form part of the full-month sample making up the official ANZBO results to be released on 30 April.

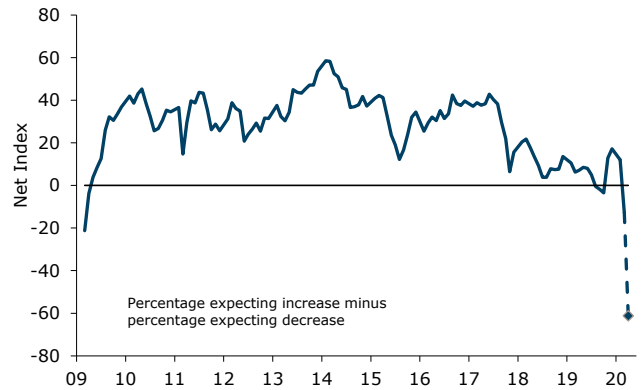


Charts

Business confidence



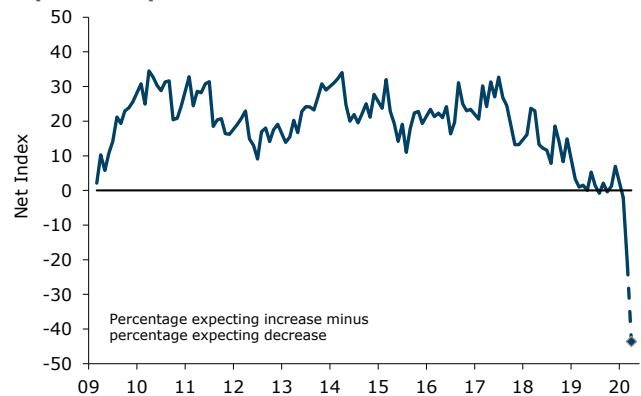
Own activity outlook



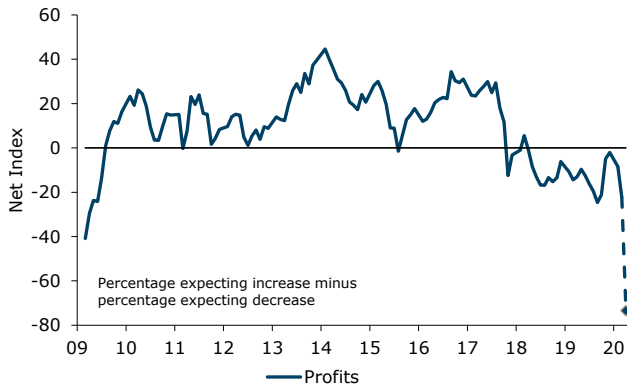
Employment intentions



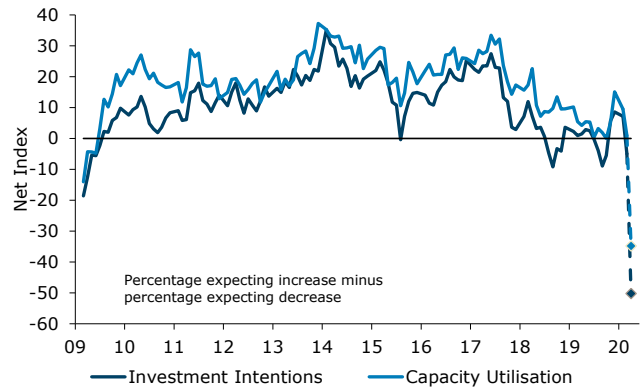
Expected export sales volumes



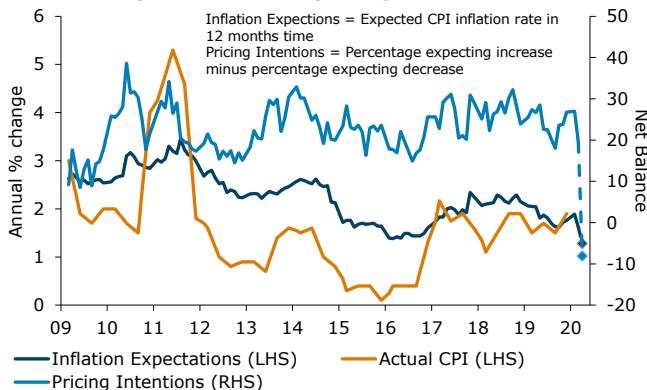
Profit expectations



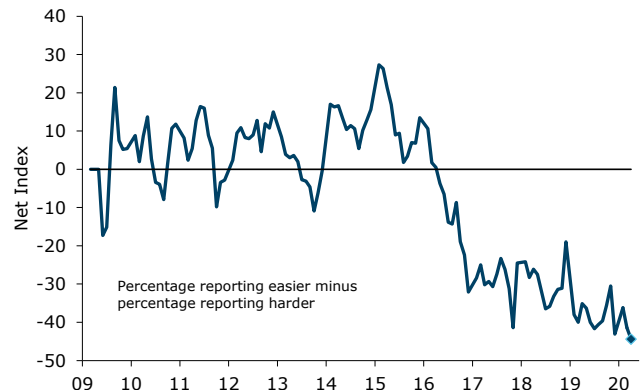
Investment intentions and capacity utilisation



Inflation expectations and pricing intentions



Ease of credit



Source: ANZ, Statistics NZ



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