

ANZ New Zealand Business Outlook

Preliminary data for November 2020

5 November 2020



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Contact

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

Stable

Key points

- The preliminary November read of the ANZ Business Outlook was little changed from October.
- Business confidence and activity were unchanged at -16% and +5% respectively. Investment intentions dipped, but capacity utilisation, one of the best GDP indicators in the survey, lifted 8 points.

The preliminary ANZ Business Outlook data for November was pretty stable. Both business confidence and own activity barely moved and remain at subdued levels but definitely in the “could be worse” category.

There were a few ups and downs. Investment intentions fell 5 points but employment intentions lifted another 2. Capacity utilisation is the best single GDP indicator in the survey – it lifted 8 points. But it’s a story of catch-up – it’s the last activity indicator to make it back to 2019 ranges.

Profitability expectations fell 3 points, with expected costs 6 points higher to their highest level since February, but pricing intentions up only 4 points. On balance a net 17% of firms expect lower profits, but at least it’s miles off its lows. Ease of credit dipped 5 points.

The backward-looking indicators continue to improve. Compared to the same month a year ago, a net 3% of businesses reported higher activity, up 9, while a net 10% reported lower staff numbers than a year ago, an improvement of 4 points.

The Reserve Bank will be pleased to see the lift in inflation expectations from 1.38% to 1.55%, inching closer to the 2% target midpoint.

Now that the wage subsidy has wound up and the lost summer for tourism looms large, business resilience will be tested. But it’s fair to say the starting point looks much more positive than looked likely a few months ago.

Preliminary Survey Results November 2020

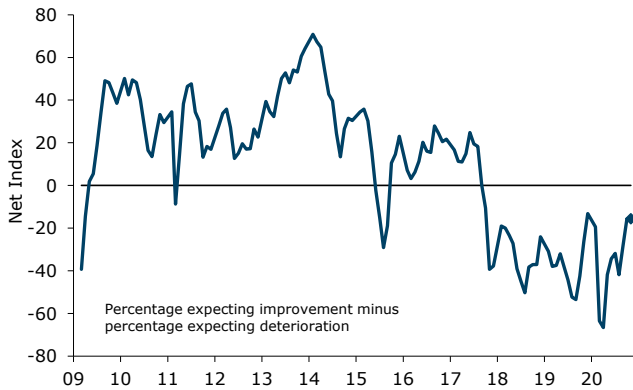
Net Balance	Preliminary Nov	October
Business confidence	-15.6	-15.7
Own activity outlook	4.6	4.7
Export intentions	0.0	-3.5
Investment intentions	-3.3	1.9
Cost expectations	49.8	44.4
Capacity utilisation	8.2	0.0
Employment intentions	-1.4	-2.5
Profit expectations	-17.0	-14.3
Pricing intentions	25.0	21.4
Ease of credit	-40.1	-35.3
Inflation expectations	1.55	1.38
Activity vs. same month one year ago	3.2	-6.2
Employment vs. same month one year ago	-10.3	-14.0

Preliminary results cover the period from 1 November to midnight 4 November (218 respondents). These responses will be incorporated into the official ANZBO results to be released on 30 November.

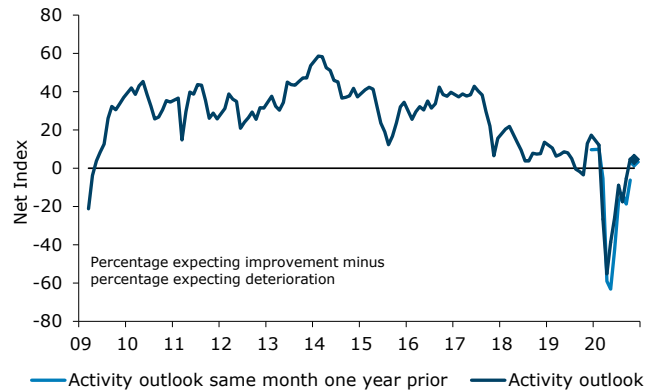


Charts

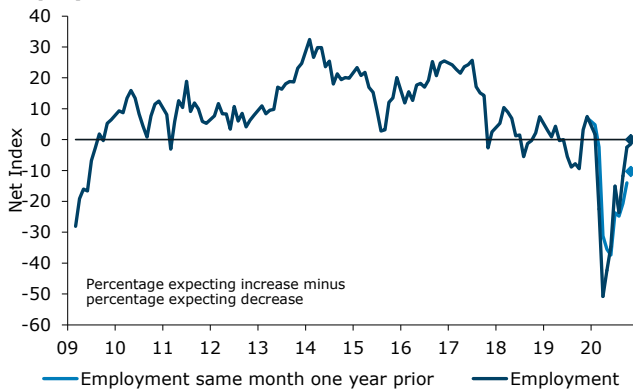
Business confidence



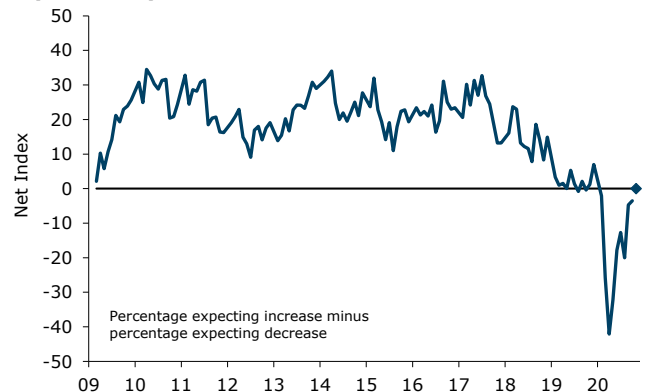
Own activity



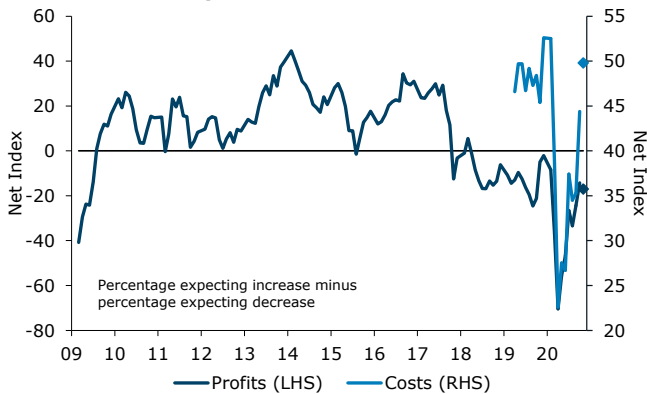
Employment



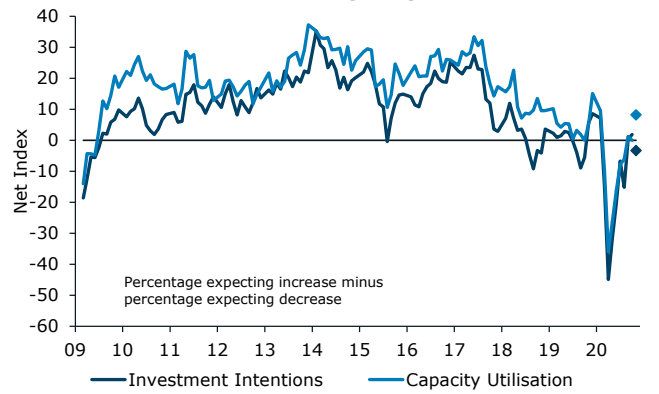
Expected export sales volumes



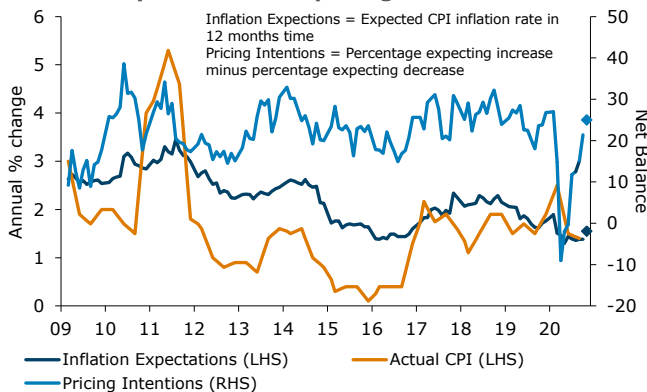
Profit and cost expectations



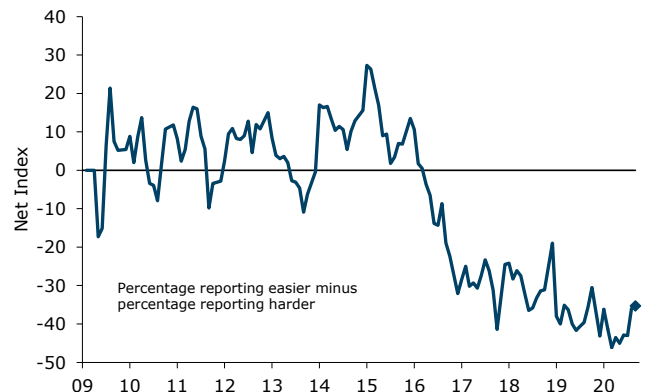
Investment intentions and capacity utilisation



Inflation expectations and pricing intentions



Ease of credit



Source: ANZ, Statistics NZ



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