

ANZ New Zealand Business Outlook

Preliminary data for March 2021

9 March 2021



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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
31 March 2021 at 1pm.

Mixed bag

Key points

- The preliminary March read of the ANZ Business Outlook showed a fall in business confidence and own activity expectations, but the details were mixed.
- Cost and inflation indicators continue to lift.

The preliminary ANZ Business Outlook data for March was a mixed bag. Business confidence fell 7 points to be flat while the activity outlook fell 4 points to +17%.

Some of the details were stronger, with employment intentions up 5 points and capacity utilisation up 2 points. Investment intentions were little changed.

Cost and inflation pressures continue to rise. Expected costs rose 2 points to a net 74% expecting higher costs ahead. Firms are intending to pass the costs on where possible, with a net 49% of firms intending to raise their prices, up 3%pts. Inflation expectations lifted too, from 1.76% to 1.95%, pretty much at the 2% RBNZ CPI target midpoint.

The economy is entering a phase in which gains will be harder won. The tourism sector pain is becoming more palpable, and booming sectors such as construction are running up against constraints in terms of the availability of labour and, increasingly, imported materials.

We don't report the sectoral breakdown in the preliminary results as the sample size is a bit on the small side to do that robustly. But it's worth noting that while it's still standing strong in a relative sense, construction took a hit in these early results, suggesting the mixed data are not all about the recent lockdown. Construction has been a blindingly bright spot in the New Zealand economy in the past six months, and a cooling there would change the economic picture considerably. Is it noise, supply disruption and eye-watering cost increases, or something else? The full-month survey should cast more light.

If you reckon you know, via what your business is seeing, we'd love to have you in our monthly survey. Email kyle.uerata@anz.com to sign up. All sectors welcome.

Preliminary Survey Results March 2021

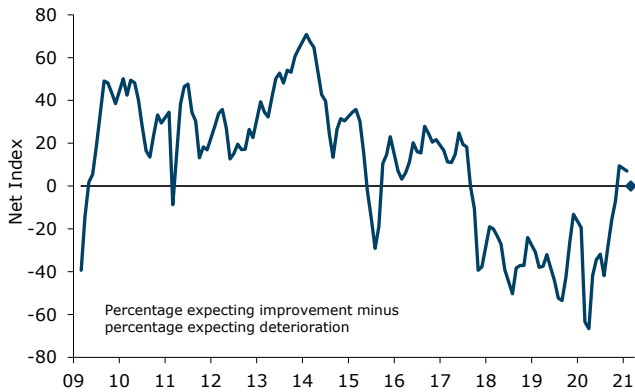
Net Balance	Preliminary Mar	February
Business confidence	0.0	7.0
Own activity outlook	17.4	21.3
Export intentions	6.0	5.1
Investment intentions	14.4	15.6
Cost expectations	73.9	71.9
Capacity utilisation	16.6	15.3
Employment intentions	16.0	10.6
Profit expectations	0.5	1.3
Pricing intentions	48.9	46.2
Ease of credit	-38.8	-31.0
Inflation expectations	1.95	1.76
Activity vs. same month one year ago	7.6	9.2
Employment vs. same month one year ago	-4.1	-3.5

Preliminary results include responses up to midnight 7 March (225 respondents). These responses will be incorporated into the official ANZBO results to be released on 31 March.

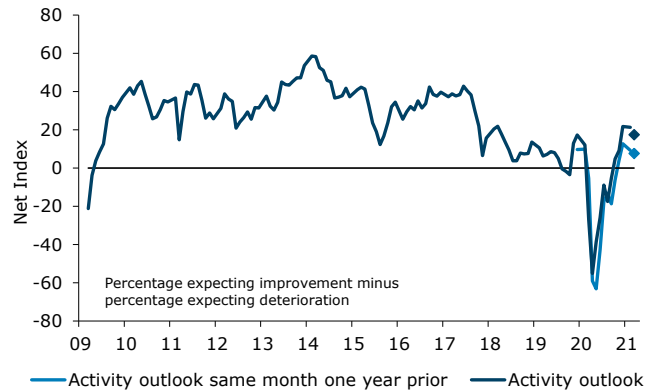


Charts

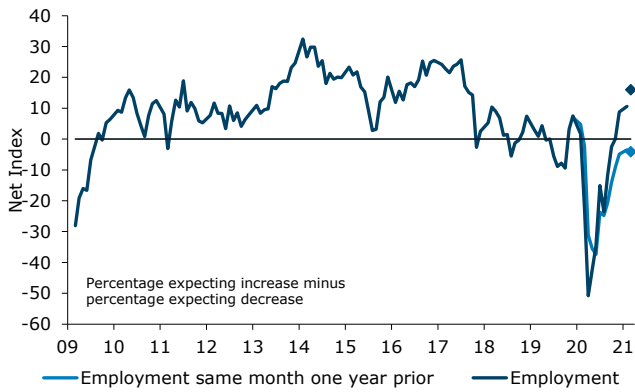
Business confidence



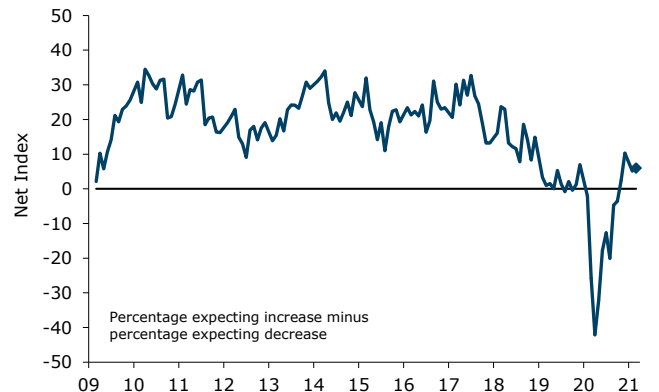
Own activity



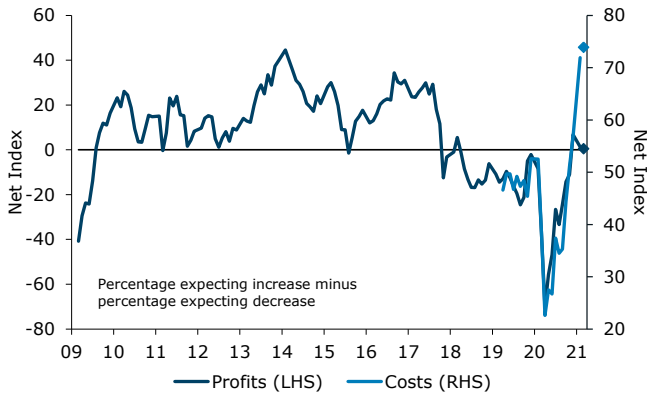
Employment



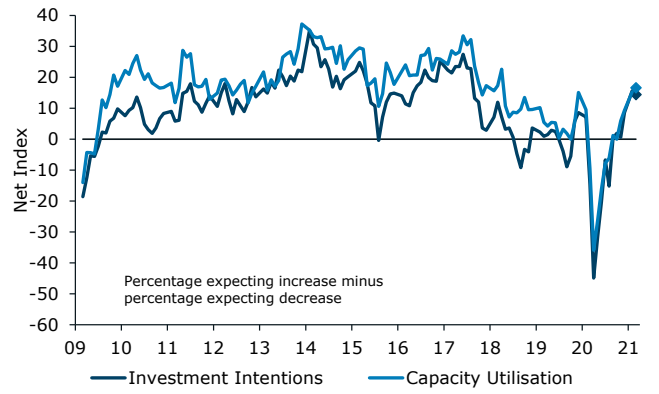
Expected export sales volumes



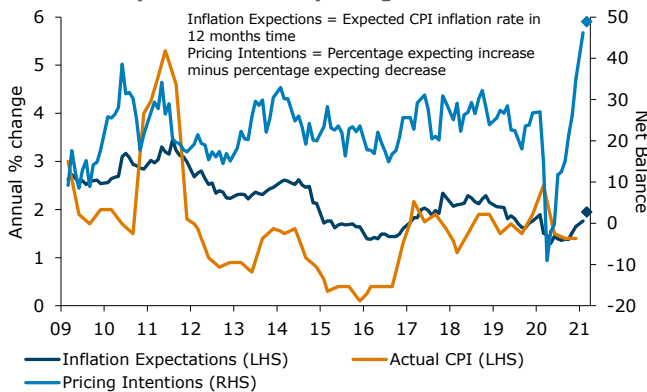
Profit and cost expectations



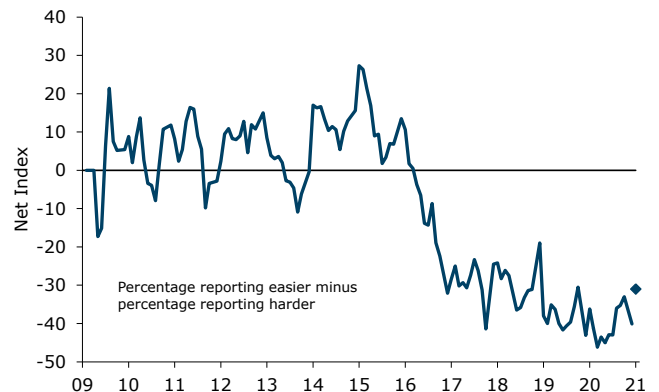
Investment intentions and capacity utilisation



Inflation expectations and pricing intentions



Ease of credit



Source: ANZ, Statistics NZ



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