

ANZ New Zealand Business Outlook

Preliminary data for April 2021

8 April 2021



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Contact

Sharon Zollner for more details.

The full-month results for the ANZ *Business Outlook* are scheduled for release on 29 April 2021 at 1pm.

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

Cost plus

Key points

- The preliminary April read of the ANZ Business Outlook showed a 4-point fall in business confidence and unchanged own activity expectations.
- Pricing expectations hit a new high, in data that goes back to 1992. Cost expectations data only goes back two years but also hit an eye-watering high of a net 75% of respondents expecting higher costs.

The preliminary ANZ Business Outlook data for April saw business confidence fall 4 points to -8%, while the own activity outlook was unchanged at +16.4%.

Details on the activity side were flat to weaker. Employment and investment intentions were unchanged, and export intentions rose slightly, but capacity utilisation, the best GDP indicator, fell 3 points. Expected credit availability also fell 6 points. The proportion of firms reporting higher employment than a year ago fell 2 points.

Cost and inflation pressures remain intense. Expected costs rose 2 points to a net 75% expecting higher costs ahead. A net 53% of respondents intend to raise their prices, up 6 points to a fresh record high, in data that goes back to 1992. Inflation expectations remain well behaved – at 1.96%, they round to the 2% RBNZ CPI target midpoint.

Despite intentions to pass costs on where possible, profit expectations fell 3 points, with a net 4% of firms expecting lower profitability ahead.

The stresses and strains in the New Zealand economy are starting to show. Although reported own-activity expectations are off their highs, cost pressures are intense, and subdued profitability expectations suggest firms are not optimistic about their ability to recoup all of it. We don't report sector-level results in the preliminary report, but suffice to say that rising costs are an economy-wide issue. Shipping disruptions, rising global commodity prices, the higher minimum wage, and skill shortages are creating something of a perfect storm. It's inflationary, but not growth-friendly, so the RBNZ will look through it as long as it appears transitory.

Preliminary Survey Results April 2021

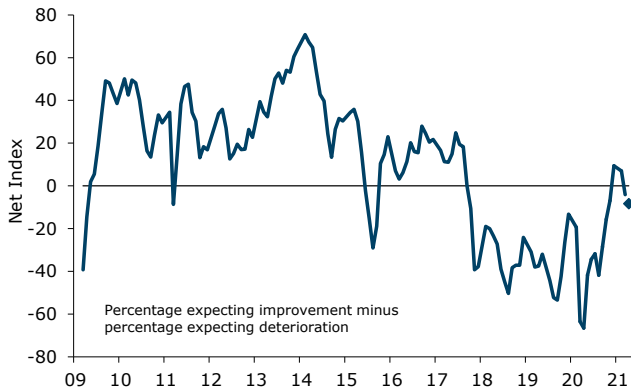
Net Balance	Preliminary April	March
Business confidence	-8.4	-4.1
Own activity outlook	16.4	16.6
Export intentions	6.6	4.5
Investment intentions	12.4	11.9
Cost expectations	75.1	73.3
Capacity utilisation	12.0	14.6
Employment intentions	14.1	14.4
Profit expectations	-4.3	-0.6
Pricing intentions	52.9	47.3
Ease of credit	-45.5	-40.3
Inflation expectations	1.96	1.97%
Activity vs. same month one year ago	21.7	5.7
Employment vs. same month one year ago	-4.4	-2.5

Preliminary results include responses up to midnight 6 April (190 respondents). These responses will be incorporated into the official ANZBO results to be released on 29 April.

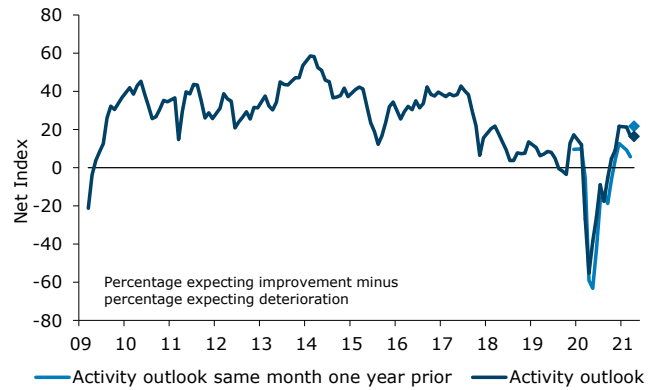


Charts

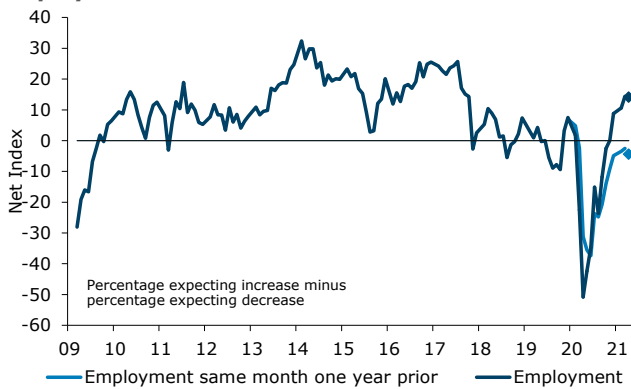
Business confidence



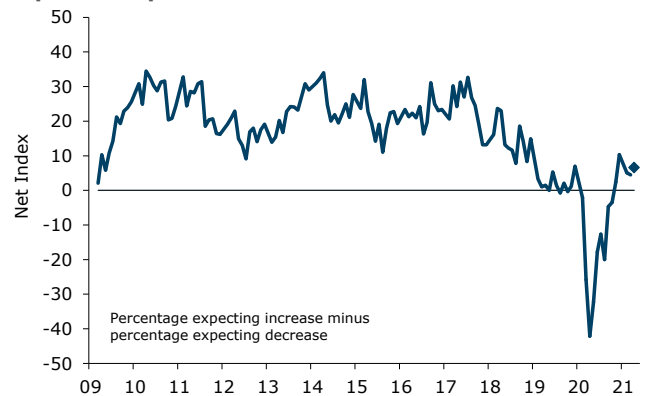
Own activity



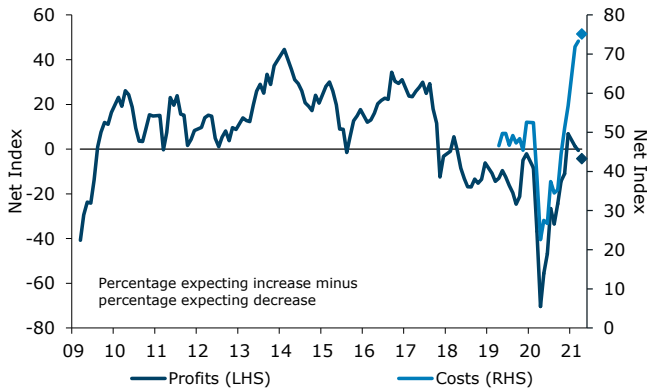
Employment



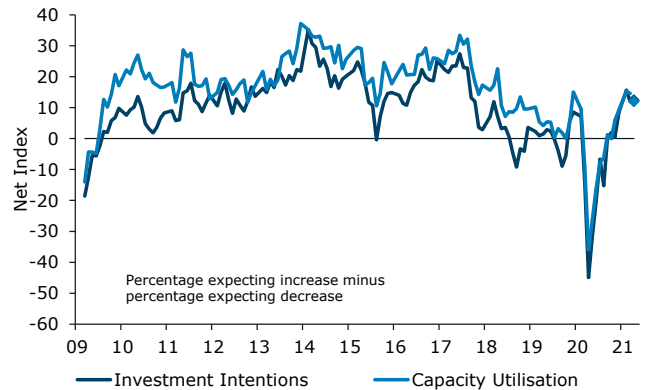
Expected export sales volumes



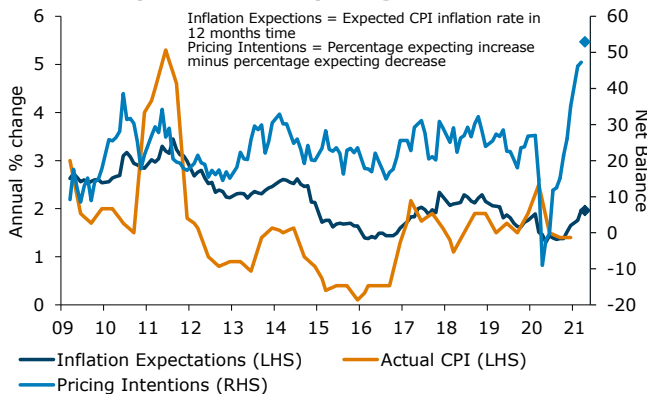
Profit and cost expectations



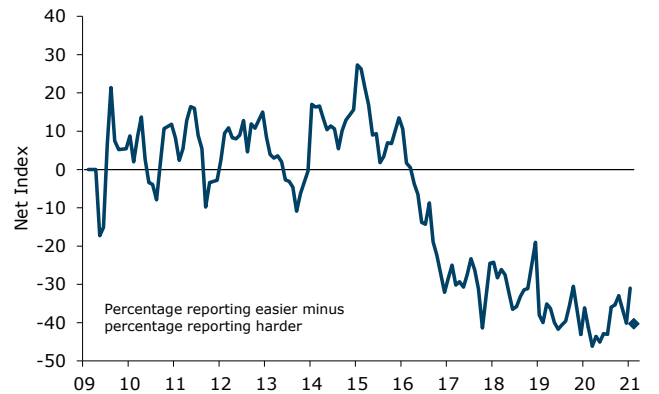
Investment intentions and capacity utilisation



Inflation expectations and pricing intentions



Ease of credit



Source: ANZ, Statistics NZ



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Sharon Zollner
Chief Economist

Follow Sharon on Twitter
[@sharon_zollner](#)

Telephone: +64 27 664 3554
Email: sharon.zollner@anz.com

General enquiries:
research@anz.com

Follow ANZ Research
[@ANZ_Research](#) (global)



David Croy
Senior Strategist

Market developments, interest rates, FX, unconventional monetary policy, liaison with market participants.

Telephone: +64 4 576 1022
Email: david.croy@anz.com



Susan Kilsby
Agricultural Economist

Primary industry developments and outlook, structural change and regulation, liaison with industry.

Telephone: +64 21 633 469
Email: susan.kilsby@anz.com



Liz Kendall (maternity leave)
Senior Economist

Research co-ordinator, publication strategy, property market analysis, monetary and prudential policy.

Telephone: +64 27 240 9969
Email: elizabeth.kendall@anz.com



Miles Workman
Senior Economist

Macroeconomic forecast co-ordinator, fiscal policy, economic risk assessment and credit developments.

Telephone: +64 21 661 792
Email: miles.workman@anz.com



Finn Robinson
Economist

Macroeconomic forecasting, economic developments, labour market dynamics, inflation and monetary policy.

Telephone: +64 21 629 553
Email: finn.robinson@anz.com



Kyle Uerata
Economic Statistician

Economic statistics, ANZ proprietary data (including ANZ Business Outlook), data capability and infrastructure.

Telephone: +64 21 633 894
Email: kyle.uerata@anz.com



Natalie Denne
PA / Desktop Publisher

Business management, general enquiries, mailing lists, publications, chief economist's diary.

Telephone: +64 21 253 6808
Email: natalie.denne@anz.com



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