

ANZ New Zealand Business Outlook

Preliminary data for May 2021

6 May 2021



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Contact

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The full-month results for the ANZ *Business Outlook* are scheduled for release on 31 May 2021 at 1pm.

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

A slight smell of burning

Key points

- The preliminary May read of the ANZ Business Outlook showed an 9 point jump in business confidence and a 10-point leap in firms' own activity expectations.
- All the sub-components also showed solid lifts: export, investment and employment intentions, capacity utilisation, and profit expectations.
- Pricing expectations hit yet another record high, and cost expectations are off the charts. Inflation expectations lifted from 2.0% to 2.2%.

The preliminary ANZ Business Outlook data for May saw business confidence jump 9 points to +7%, while the own activity outlook rose 10 points to +32.3%. Details were also strong. Export, investment and employment intentions, capacity utilisation, and profit expectations all rose between 4 and 10 points.

Cost and inflation pressures continue to intensify and broaden. Expected costs rose another 4 points to a net 80% of firms expecting higher costs ahead. A net 58% of respondents intend to raise their prices, a 2 point lift to a fresh record high, in data that goes back to 1992. Inflation expectations rose 0.2%pts to 2.2%, a smidgen above the 2% RBNZ CPI target midpoint.

Despite high costs, profit expectations jumped 10 points, with a net 9.6% of firms expecting higher profitability ahead, the highest since October 2017.

The strains in the economy are starting to show, as the economy tries to grow faster than it physically can, given shortages of both goods and labour. The degree of reported disruption caused by inward freight issues jumped for both construction and services, while for outward freight, reported disruption jumped economy-wide. Temporary it may be; immaterial it is not. Any ECON 101 student or business person can tell you that strong demand and hampered supply is a sure-fire recipe for inflation. The RBNZ can ignore it only as long as inflation expectations remain well-anchored. So far so good; but it's a lagging, not leading, indicator.

Preliminary Survey Results May 2021

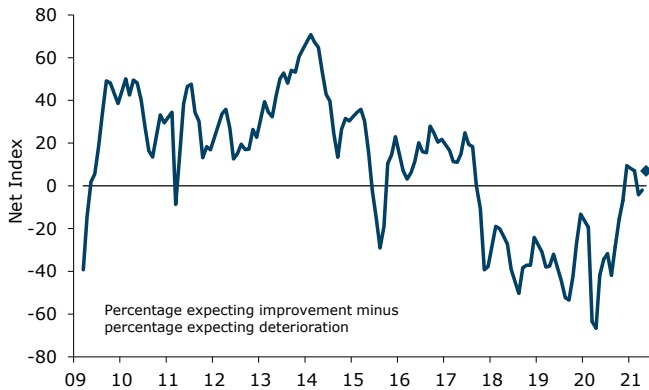
Net Balance	Preliminary May	April
Business confidence	7.0	-2.0
Own activity outlook	32.3	22.2
Export intentions	14.9	9.1
Investment intentions	20.8	17.1
Cost expectations	80.3	76.1
Capacity utilisation	20.9	16.5
Employment intentions	22.1	16.4
Profit expectations	9.6	0.3
Pricing intentions	57.6	55.8
Ease of credit	-37.6	-41.7
Inflation expectations	2.17	1.97
Activity vs. same month one year ago	47.6	31.3
Employment vs. same month one year ago	13.5	6.5

Preliminary results include responses up to midnight 4 May (230 respondents). These responses will be incorporated into the official ANZBO results to be released on 31 May.

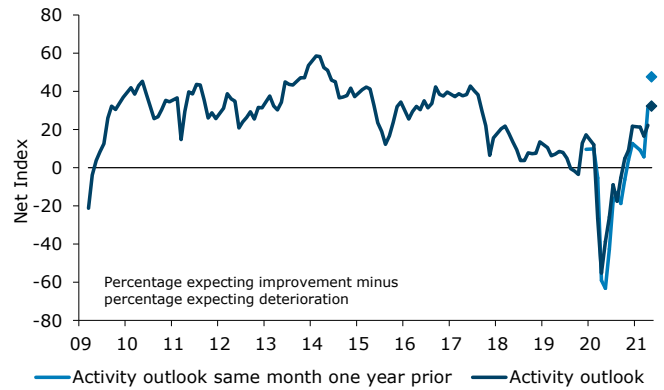


Charts

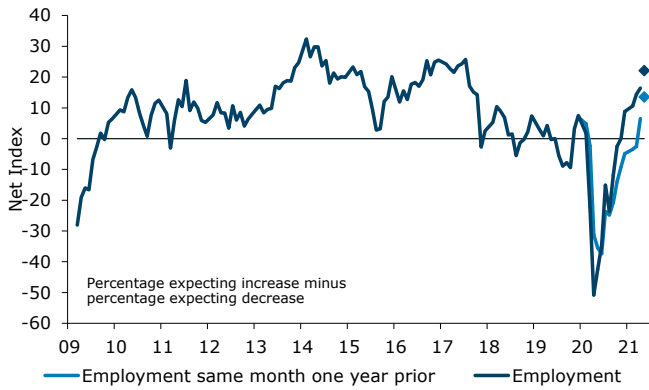
Business confidence



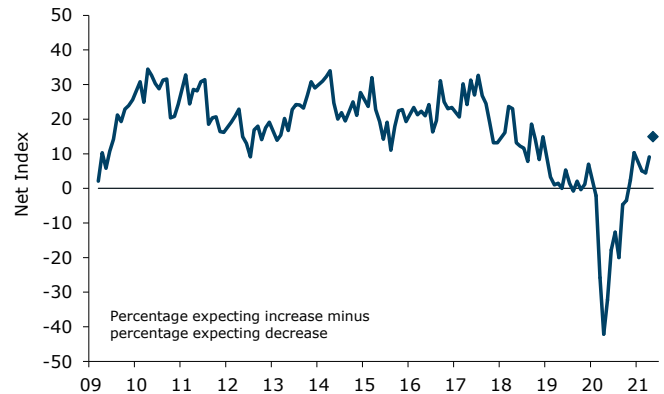
Own activity



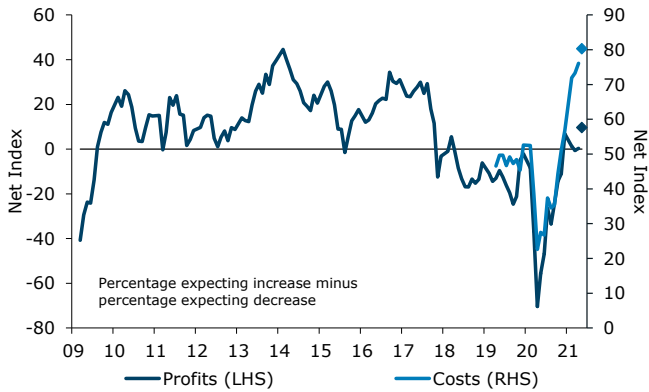
Employment



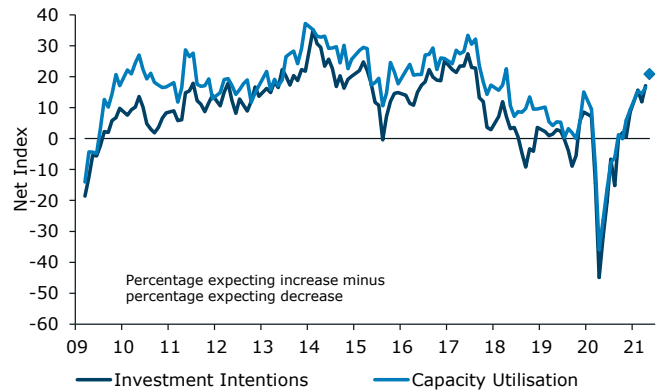
Expected export sales volumes



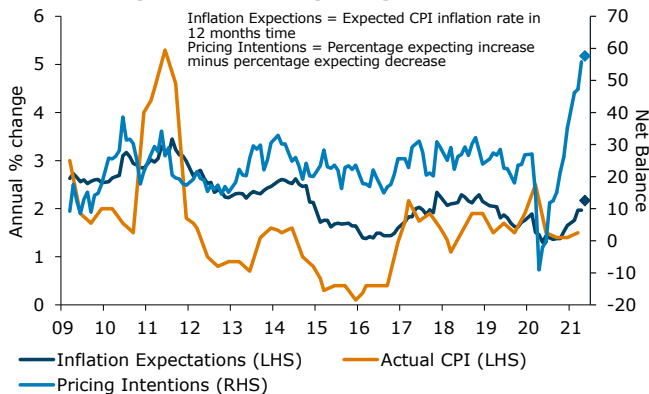
Profit and cost expectations



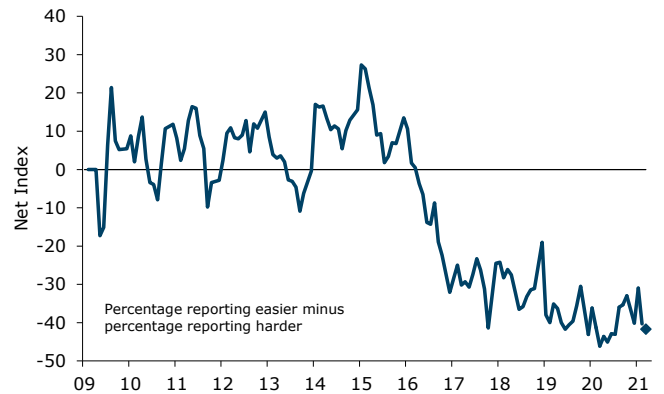
Investment intentions and capacity utilisation



Inflation expectations and pricing intentions



Ease of credit



Source: ANZ, Statistics NZ



Contact us

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