

# ANZ New Zealand Business Outlook

## Preliminary data for June 2021

9 June 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 30 June 2021 at 1pm.

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

## Inflation pressures off the charts

### Key points

- The preliminary June read of the ANZ Business Outlook showed a 2-point fall in business confidence but a 2-point lift in own activity expectations.
- A net 85.6% of respondents expect higher costs, a fresh high. Pricing expectations jumped 6 points to a net 62.8%, also a record high.

The preliminary ANZ Business Outlook data for June saw business confidence fall 2 points to -0.4%, while the own activity outlook lifted 2 points to +29.1%.

Activity indicators were mixed. Investment intentions jumped 6 points, consistent with the 4-point lift in capacity utilisation. Profit expectations eked out a 2-point gain while export intentions also rose. However, headline business confidence and employment intentions eased.

Cost and inflation pressures continue to intensify. Expected costs rose another 5 points to a net 85.6% expecting higher costs ahead. A net 62.8% of respondents intend to raise their prices, up 6 points, another record in data that goes back to 1992. For context on just how spectacular that record is, the previous high before this year was 47.4% in 2000. Inflation expectations continue to lift – at 2.33%, they are close to the 2% RBNZ CPI target midpoint, but they're still rising. We'll wait for the full month's data to report sectoral results, but it's worth noting that the retail sector's inflation expectations and pricing intentions outstrip everyone else's by quite some margin, and retail prices weigh heavily on the consumer price index.

Shipping disruptions, rising global commodity prices, the higher minimum wage, labour shortages due to both the closed border and uneven sector growth are creating a perfect storm for the supply side of the economy at the same time as demand is holding up much more than firms (or economists!) had anticipated. Headline inflation is set to jump over the next six months as a result, but it's best to focus on wage growth and inflation expectations for clues regarding when the Reserve Bank might conclude they can no longer look through inflation pressure and simply wait for temporary pressures to subside, necessitating a higher OCR.

### Preliminary Survey Results June 2021

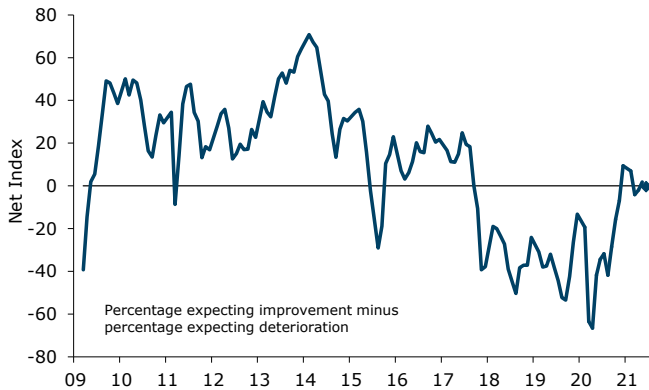
Net Balance	Preliminary June	May
Business confidence	-0.4	1.8
Own activity outlook	29.1	27.1
Export intentions	13.9	12.2
Investment intentions	25.3	18.9
Cost expectations	85.6	81.3
Capacity utilisation	23.9	20.1
Employment intentions	19.6	20.5
Profit expectations	6.0	3.9
Pricing intentions	62.8	57.4
Ease of credit	-37.6	-38.0
Inflation expectations	2.33	2.22
Activity vs. same month one year ago	41.4	41.8
Employment vs. same month one year ago	17.8	12.4

*Preliminary results include responses up to midnight 7 June (251 respondents). These responses will be incorporated into the official ANZBO results to be released on 30 June.*

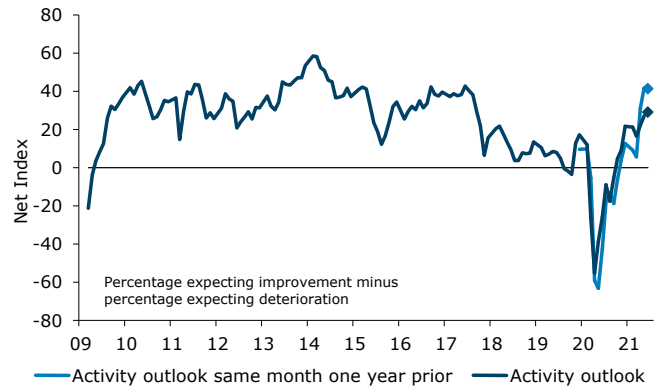


# Charts

## Business confidence



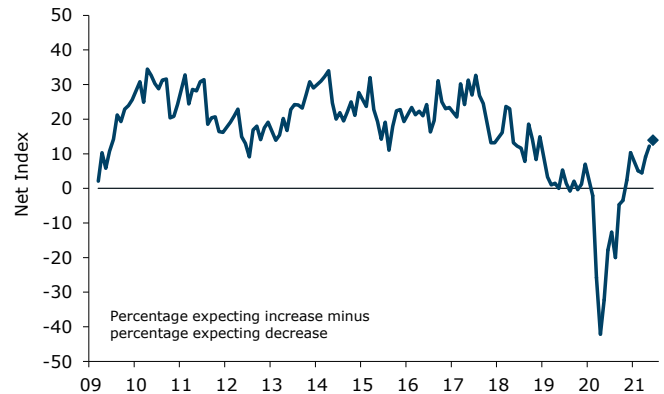
## Own activity



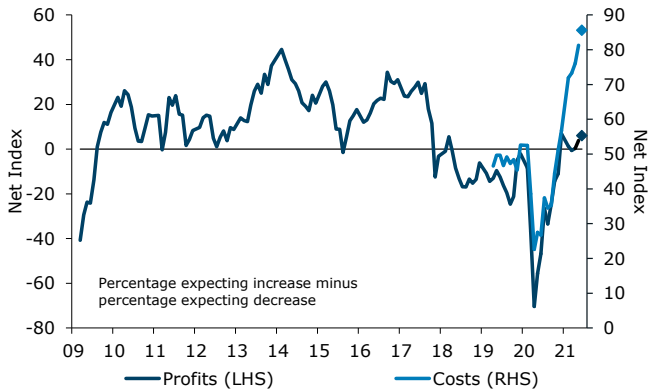
## Employment



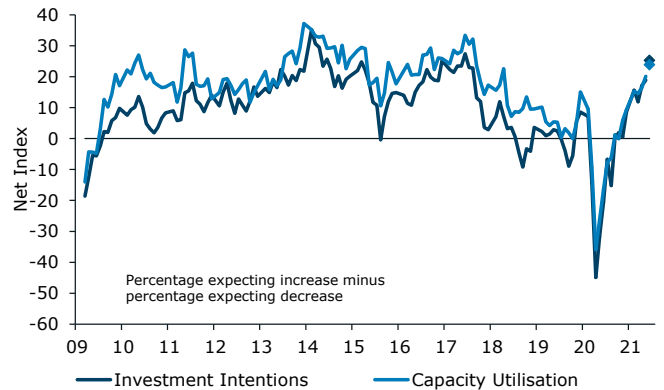
## Expected export sales volumes



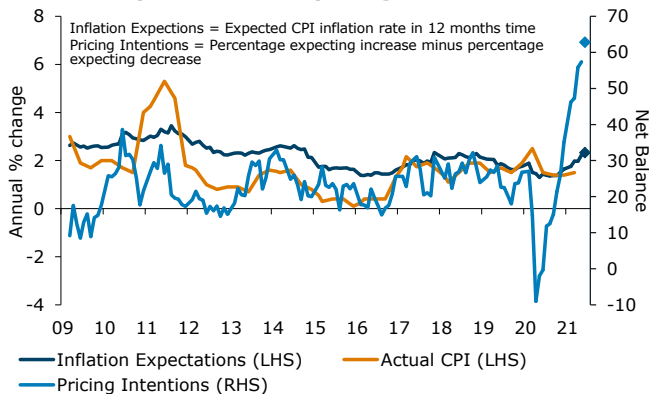
## Profit and cost expectations



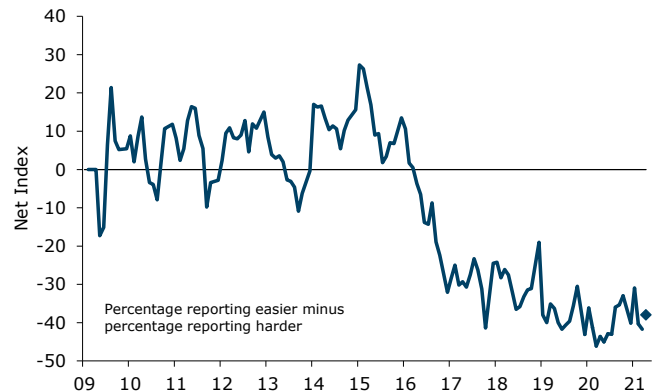
## Investment intentions and capacity utilisation



## Inflation expectations and pricing intentions



## Ease of credit



Source: ANZ, Statistics NZ



## Contact us

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**Sharon Zollner**  
Chief Economist

Follow Sharon on Twitter  
[@sharon\\_zollner](#)

Telephone: +64 27 664 3554  
Email: [sharon.zollner@anz.com](mailto:sharon.zollner@anz.com)

General enquiries:  
[research@anz.com](mailto:research@anz.com)

Follow ANZ Research  
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**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](mailto: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](mailto: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](mailto: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](mailto: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](mailto: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](mailto: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](mailto:natalie.denne@anz.com)



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