



## Media Release

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### **Business Micro Scope: Rebound in confidence bodes well for prosperous 2016**

Small firms expect to do more business, lift investment and hire more staff in 2016 as confidence rebounds strongly into the New Year, according to ANZ's quarterly Business Micro Scope survey of small businesses.

Business confidence across New Zealand's small firms rose to +14% in December, reversing a dip to -23% in the previous quarter.

Fred Ohlsson, ANZ's Managing Director Retail & Business Banking, said: "Small firms finished last year strongly and are telling us they see a prosperous year ahead in 2016.

"Perhaps the most promising thing about this new wave of optimism is that it's broad-based, with sentiment improving across all five sectors, led by Services, and across all major regions.

"Underpinning this are notable improvements in firms' expectations for their own activity, employment, investment and profit. These are key drivers of economic expansion and bode well for the performance of small businesses and the broader economy in 2016.

"Small firms account for 90% of Kiwi businesses and employ nearly a third of all New Zealand workers. What owners are telling us is an important indicator of New Zealand's prospects for the year ahead – pointing to new jobs, investment and growth in the Kiwi economy."

#### **Highlights from the December 2015 ANZ Business Micro Scope survey of small firms:**

[Net percentages reflect the balance of sentiment, i.e. percent positive minus percent negative responses]

- Small business confidence rebounded sharply, lifting to +14% from -23 in September. The composite measure (taking in own activity, employment, investment and profit expectations) lifted 9 points to +16%.
- The **South Island outside Canterbury** (up 22 points to +27%) is most optimistic, with **Wellington** (up 13 to +26%) the most upbeat out of the main centres. **Auckland** and **Canterbury** recorded modest gains.
- Sentiment rose across all sectors, led by **Services** (up 11 points to +24%). **Construction** had the biggest turnaround (up 16 to +18%). **Manufacturing** (up 7 to +16%) and **Retail** (up 4 to +14%) were up modestly. **Agriculture** (up 10 to -5%) remains slightly negative, though markedly improved.
- **Regulation, Low turnover, Competition** and **Lack of skilled staff** were ranked as the big four challenges facing business owners over the coming year, with each cited by between 14% and 18% of respondents. These have regularly been rated the top four challenges in recent years.

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## **ANZ BUSINESS MICRO SCOPE: TECHNICAL NOTES**

The ANZ Business Micro Scope is a quarterly indicator which focuses on the prospects of small businesses across New Zealand. The survey was launched in March 2012 to address a lack of ongoing research specific to the small business sector. The Micro Scope covers a range of key business intentions and views on prospects for both respondents' own businesses and the wider economy. Figures released today cover the quarter to 31 December 2015.

The survey takes in responses from 250 firms, comprising *micro* (up to 5 staff) and *intermediate* sized businesses (6 to 20 staff). The sample is taken from the ANZ Business Outlook survey, which covers micro up to large businesses. Comparisons from before March 2012 are calculated by extracting corresponding data on small businesses from that survey, which goes back to December 1999.