



Media Release

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Small firms stronger for longer – ANZ Business Micro Scope

Small business confidence improved for a sixth consecutive quarter to touch a new high in the three months to March, according to ANZ's quarterly Business Micro Scope survey of small firms.

Sentiment lifted in retail, construction, agriculture and services, with the service sector again topping the survey for confidence.

Firms' expectations of their own activity, hiring, investment and profitability for the coming year all soared to new highs in March. Optimism remains strong across all regions, rising to record highs in both Auckland and provincial New Zealand.

Fred Ohlsson, ANZ's Managing Director, Retail & Business Banking, said: "We're seeing a groundswell of business optimism which has now spread across the business community. The Canterbury rebuild has helped to spark this upswing but it's really promising that we are now seeing confidence grow right across the country.

"The rest of the South Island is prospering from the combined flow on from the rebuild and high commodity prices, while prospects in our largest city, Auckland, have also taken a big step up. This bodes well for a broad-based uplift in business activity, employment and economic growth which will benefit the whole country.

"Small businesses account for 90 per cent of firms in New Zealand and employ nearly a third of all New Zealanders – so when small businesses are in a good mood it's good for New Zealand," Mr Ohlsson said.

Highlights from the March 2014 ANZ Business Micro Scope survey of small firms:

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

- Confidence is at its highest since comparable data was first collected in 1999, with record numbers of firms expecting to up **activity, hiring, investment** and **profitability**
- A net +49% of firms expect to lift **business activity** in the coming year, double the long-term average. A net +17% plan to take on more staff and +33% expect profits to rise.
- The **South Island** (excl. Canterbury) is most upbeat (up 1 point to +31%). **Auckland** firms continue to gain confidence, surpassing last quarter's record optimism with a new high of +26%.
- **Services** is the most upbeat sector, at +29%. **Construction** recorded the largest lift in confidence (from +21% to +26%) and was top for profitability expectations.

For media enquiries contact:

Pete Barnao

Communications Manager, Media

Tel: +64-9-252 6623 or +64-27-277 3139

Email: Pete.Barnao@anz.com

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 March 2014.

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.