



Media Release

For Release: 12 October 2015

Small business confidence: Down, but not out

Confidence among small firms has fallen further, consistent with a slowing economy, but firms are still growing, according to ANZ's quarterly Business Micro Scope survey of small businesses.

The composite measure of growth in the small business sector (taking in activity, employment, investment and profit expectations) remains in positive territory, only slightly below historical averages. However, the headline business confidence figure fell to its lowest since 2009.

Optimism remains highest in Auckland and Wellington, though it is down from recent highs. Small businesses in the North Island outside those centres reported the lowest levels of optimism, likely reflecting challenging conditions in the agricultural sector.

For the first time in two years, a lack of demand (low turnover) was identified as the biggest challenge facing small firms.

Fred Ohlsson, ANZ's Managing Director Retail & Business Banking, said: "What small business owners are saying is consistent with slowing economic growth. The economy has softened since the start of the year but is still moving forward. There is growth but firms are becoming more cautious about future trading conditions.

"This further underlines the importance for small business owners to have a robust business plan which anticipates change, provides direction and can help owners to trade successfully through fluctuations in demand and economic conditions."

Highlights from the September 2015 ANZ Business Micro Scope survey of small firms:
[Net percentages reflect the balance of sentiment – i.e. positive minus negative responses]

- Small business confidence continued to fall from recent highs. The composite measure of small business sentiment fell 11 points to +7%, and is now just below the long-term average of +11%. Headline business confidence fell to -23%, a six-year low.
- **Auckland** (down 5 points to +14%) and **Wellington** (down 19 to +13%) remain the most optimistic regions, albeit significantly down from recent record highs. All regions except the **Rest of the North Island** (-1%) recorded net optimism.
- Sentiment fell across all sectors, though all sectors remain net positive except **Agriculture** (down 9 points to -15%). **Retail** recorded a modest fall (down 3 points to +10%), while **Construction** (down 23 points to +2%), **Services** (down 11 points to +13%) and **Manufacturing** (down 14 points to +9%) recorded sharper falls.
- **Low turnover** (cited by a third of firms) is the top challenge facing small businesses, followed by **Regulation**, **Lack of skilled staff** and **Competition**. These categories have regularly been cited as the top four challenges over the past two years.

For media enquiries contact:
Pete Barnao
Communications Manager, Media
Tel: +64-9-252 6623 or +64-27-277 3139
Email: Pete.Barnao@anz.com

Follow us on Twitter: @ANZ_NZ_Media

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 30 September 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.