



Media Release

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Southern swell of confidence set to drive record activity in 2014 – ANZ Business Micro Scope

A record wave of business activity is set to sweep across the nation in 2014, driven by a swell of optimism from the South Island, according to ANZ's quarterly Business Micro Scope survey of small firms.

Retailing, agriculture and manufacturing are leading a lift in optimism which has seen firms' expectations of their own activity, hiring and profitability for the coming year soar to new highs.

Fred Ohlsson, ANZ's Managing Director, Retail and Business Banking, said:

"Rising confidence is sweeping across New Zealand, further boosting the outlook for businesses and the economy in 2014. Construction and agriculture are caught in the tail wind of the Canterbury rebuild and increasing commodity prices. But optimism is at or near historic highs across all major sectors, paving the way for a broad-based uplift in business activity, employment and economic growth.

"These factors have come together to create a sweet spot for the South Island, with optimism in Canterbury spilling over to the rest of the island whose record-high optimism now tops that of Canterbury itself. Though not quite at these levels, business confidence in Auckland also enters the New Year at a new high which bodes well for the role of our largest city in the upturn.

Highlights from the Dec 2013 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** and **profitability** in 2014.
- A net +45% 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 +29% expect profits to rise.
- Confidence in **Canterbury** (up from +21% to +27%) is spilling into the **Rest of the South Island** (up from +21% to +30%) which now leads the nation. **Auckland** firms continue to gain confidence, reaching a new high for the region of +24%.
- **Services** is the most upbeat sector, at +25%. **Retailing** recorded the largest lift in confidence (from +14% to +22%), followed by **Agriculture** and **Manufacturing**. **Agriculture** was the top sector for profit expectations for the first time in two years.

"These findings mirror what we're hearing from customers: they see the approaching growth wave and are gearing up to ride it in a way that positions them better for future economic cycles. For a nation of small businesses, this spells good news for employment and the ongoing strength of our economy."

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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 30 December 2013.

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.