

BNZ Confidence Survey

ISSN 2253-3648

8 May 2014

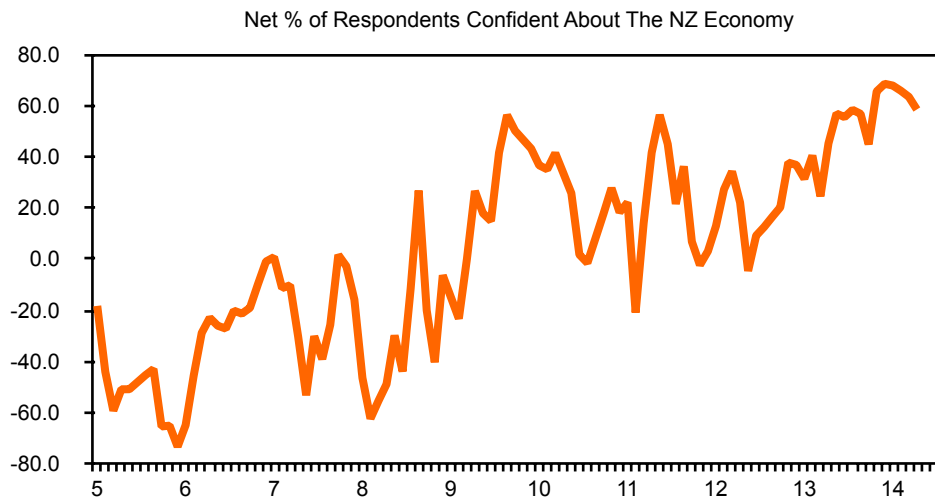
Mission Statement

To help Kiwi businesspeople and householders make informed financial decisions by discussing the economy in a language they can understand.

The results here come from a monthly survey of Weekly Overview readers. To receive the Weekly Overview each Thursday night please click [here](#).

Confidence Eases Marginally - Again

Our monthly survey of Weekly Overview readers has revealed that a net 59% of the 99 respondents feel that the economy will be in better shape in a year's time than it is now. That is down slightly from a net 64% a month ago but consistent with results since June last year. Confidence remains firm and this suggests good growth in business investment and hiring over the coming year.



This month, given the lower than usual number of responses we have not undertaken a quick summary of opinions received across a range of sectors. You can read and interpret at your leisure.

BNZ CONFIDENCE SURVEY

Survey Date	Better %	Same %	Worse %	Net %	# of respondents	# of comments
3 August	38.6	35.5	25.9	12.7	324	214
6 September	43.0	30.5	26.5	16.6	302	206
5 October	42.7	34.9	22.4	20.3	241	168
2 November	52.3	33.3	14.4	37.8	333	207
7 December	51.9	33.0	15.0	36.9	233	174
7 February 2013	51.2	29.1	19.7	31.5	203	150
7 March	53.9	32.8	13.3	40.6	180	144
28 March	45.0	34.6	20.4	24.6	211	135
26 April	56.7	32.0	11.3	45.3	203	128
31 May	66.7	23.7	9.7	57.0	93	70
26 June	64.6	26.3	9.0	55.6	642	345
29 July	65.7	27.1	7.2	58.5	763	551
26 August	64.4	28.0	7.6	56.9	582	430
25 September	55.5	34.1	10.5	45.0	458	350
4 November	71.4	22.8	5.8	65.7	469	355
26 November	74.9	18.9	6.2	68.6	577	432
28 January 2014	74.0	19.9	6.1	68.0	543	361
4 March	70.6	24.8	4.6	65.9	496	391
7 April	68.5	26.5	5.0	63.5	480	361
2 May	66.7	25.3	8.1	58.6	99	78

INDUSTRY COMMENTS SUBMITTED BY RESPONDENTS

NOTE: THESE ARE NOT OUR COMMENTS BUT THOSE SUBMITTED BY RESPONDENTS TO OUR MONTHLY SURVEY.

We exclude comments which don't say anything about current business conditions in an industry and are instead mainly rants and raves. Also those with comments that are chopped off or indecipherable, contain appalling grammar or are in capital letters are left out.

Accountancy

- Chartered Accountant- Some business sale and purchase activity. More clients bringing accounts in early

Agriculture

- Agriculture - Grain & Seeds. Very wet April has delayed the last of harvest and sowing of next season's crops. For those who completed harvest in March, results have been ok.
- Agriculture - specifically Sheep & Beef. Confidence is low due to comparisons with the success of Dairy. Growing feeling that changes to the meat processing business structure is required.

Business Consulting

- Market research - still quiet

Construction

- Central City Commercial construction - We are seeing significant cost increases from some trades that are putting a lot of pressure on financial viability of projects in Christchurch. Rents will remain at a set point but build costs just keep going up.
- Construction and Architecture Very buoyant with skill shortages becoming more and more apparent
- Building Picking up strongly
- Construction related in Wellington. The market is all over the place. There has been another round of companies falling over, some clients are busy, some have their guys parked up. Overall activity seems good but we have had enough false starts in the last three years that I have strong doubts about the next six months, especially when interest rates start to bite again. We are watching
- Building central Otago Much better than this time last year but no boom time yet

BNZ CONFIDENCE SURVEY

Construction Related

- Building products, looking very good
- Sub contractor building industry very quite at present but large volume of work building up.

Engineering

- Engineering consultancy. Farmers are spending on items that assist production, but still tight on other items.
- Still very flat. Increase in quotes but not yet reflected in work load. High dollar seriously affecting opportunity out of the US.
- Engineering - Toolmaking
- Engineering consultancy. Developments and investments in Auckland are driving growth.

Finance

- Mortgage Finance - Very competitive loan pricing with limited new lending business growth. Bank's are now targeting other Bank's existing clients with large cash-back and interest rate discounts and other incentives to do so.
- Finance: Debt collection. More liquidity in the market than past 5 years. Lots of settlements or arrangements in place.
- Financial advisory industry. Growth there but constraints caused by lack of qualified and/or experience advisers. Investor perception is improving with FMA action.

Fishing

- Seafood - Exchange rates killing margin - Chinese austerity measures biting

Forestry/Timber

- Timber Processing Machinery Supplier Export Customers are struggling with both high log prices and high exchange rates, generally they have good order files but no margin as a result of the business. How sustainable is this situation for the timber industry?

Information Technology/Telecommunications

- Telecommunications B2B - looking up, difficult to make sales, but they are slowly coming through, despite merger activity
- Telecommunications - positive
- Information Technology: Strong sales pipeline with focus on security - already achieved 50% this Quarter's number.

Manufacturing

- Metal Products for domestic market. Our sales are strong, and we expect this to continue thought the year.

Marine

- Marine industry sales have been much better this season with very good increases in turnover and margin.

Miscellaneous

- Very good (residential landscaping)
- Lpg sales and equipment servicing, extinguisher servicing and repairs. Made changes to business direction in past 3 years, now seeing increased turnover
- Environmental Consultancy. Canterbury based, many opportunities are presenting themselves, particularly relating to rebuild work and the roll out of Environment Canterbury's proposed Land and Water Regional Plan (requirement for farm environment plans

Property Development

- Real estate development industry - there seems to remain a wait-and-see situation.

Property Management/Investment

- Rental Property; Rents increasing in New Plymouth. Just finished rent reviews, increased most rents by \$10 per week.

Real Estate – Residential

- Real Estate Central Auckland / Less buyer inspections / Shortage of stock keeping prices stable. Moving into Autumn/Winter market.
- Real Estate. Listing volumes tight but pricing still paramount even though there are plenty of buyers
- Real estate- Steady as she goes!
- Real Estate (Mangawhai) Solid number of sales every month. Prices rising slowly. Most sales - Aucklanders moving further out and some who can not afford Auckland prices. Perhaps some good press for a change.
- Residential property investment. Outlook good. Rents at good levels and don't look like easing, cost of financing not bad (very conservatively leveraged and recently fixed at historically great rates). Taking the opportunity to improve housing stock.

BNZ CONFIDENCE SURVEY

Recruitment

- Recruitment: Public and school holidays have meant activity has come off slightly recently, but it should crank up again very soon with the shortage of good candidates still the issue.

Retail/Wholesale

- Retail Services: certainly around March/ April the queries come out and budgets being tightened.
- Supplier of furniture to retailers around the country, and seeing a good demand for our products. Most of our retailers are positive, though have yet to see an upward surge in demand. Seems steady as she goes, rules the waves.
- Retail and distribution. OK, but volatile from month to month. Business clients are still very price conscious.
- Supplier of Kitchenware and catering equipment to the hospitality sector. Really disappointed with the way the year has shaped up so far. All the hype from pundits and politicians does not appear to be reflected in our customers spend
- Grocery - difficult to grow sales in a very competitive market and with price deflation in some categories coupled with costs under growing pressure for increases

Signage

- Signage Christchurch - April turned out to be slightly better than initially thought due to a flurry of late orders but still a lower than average month with poorer cash flows and 90 day overdues increasing possibly due to May tax time.

Transport/Logistics and Storage

- Transport and Logistics - volumes strong and trucks hard to find
- Road Transport. The industry is being adversely impacted upon by skilled driver shortages. Productive units which should be working are laid up daily because of the shortage of skilled workers. There is no short term solution to this issue. Demand for service continues to expand and a greater emphasis by operators to maximise loadings and only travel when fully laden is becoming the norm.

Vehicles/Automotive

- Vehicles: Hard month off a great March.

For further information contact Tony Alexander, Chief Economist, tony.alexander@bnz.co.nz 04 474-6744, 029 609-8960

The BNZ Confidence Survey is run on the last Thursday (was first up to March 2013) of each month. In the Weekly Overview email sent to the over 28,000 email addresses on our database respondents are asked to click on a URL which takes them to a survey site. Respondents are asked if they feel the economy will get Better, Worse or Stay the Same over the next 12 months. Respondents may also make comments on their own industry if they wish. Results are collated over the weekend and released on the following Monday or Tuesday (depending on how busy I am) in this publication to media and WO readers.

This publication has been provided for general information only. Although every effort has been made to ensure this publication is accurate the contents should not be relied upon or used as a basis for entering into any products described in this publication. BNZ strongly recommends that readers seek independent legal/financial advice prior to acting in relation to any of the matters discussed in this publication. Neither the Bank of New Zealand nor any person involved in this publication accepts any liability for any loss or damage whatsoever which may directly or indirectly result from any advice, opinion, information, representation or omission, whether negligent or otherwise, contained in this publication.