

## PESSIMISM STEADY

Consistent with other surveys released recently which have shown little change in business sentiment our monthly survey of Weekly Overview readers has revealed a net 27% expect the economy will deteriorate over the coming year. This is little changed from a net 26% pessimism last month but well up from the deep pessimism which existed late last year and early this year. Talk of recession is absent but caution dominates. The lower exchange rate is boosting confidence amongst exporters but they are generally cautious about the impact on their profits given rising costs.



Interesting points which we have picked up from the industry comments include the following.

- Accountants still report things as being very busy though with one noting bill payment stretching out a bit. Staff remain in very short supply.
- In farming things are cautious with better times expected ahead but some weather related pain at the moment. No-one really anticipating any great lift in spending for 12-18 months.
- Construction still looks reasonably firm.
- Forestry continues to improve but at a muted pace with cost and supply concerns.
- In the recruitment industry labour availability remains poor.
- Comments in Information/Technology are unusually positive.
- Residential real estate comments indicate a flat market at worst with some bright spots still around. Buyer caution mainly.
- Retailing growth has eased a tad. No indications of major consumer spending restraint however.
- In tourism things are looking better with the lower NZD raising optimism about the coming Summer.

# BNZ CONFIDENCE SURVEY

Survey Date	Better %	Same %	Worse %	Net %	# of respondents	# of comments
17 February	20.3	41.1	38.5	-18.2	423	-
3 March	17.2	40.2	42.6	-25.5	687	224
17 March	8.5	36.5	54.9	-46.4	550	294
31 March	6.1	27.7	66.2	-60.1	393	201
13 April	6.0	31.8	62.2	-56.3	336	165
28 April	6.2	25.6	68.2	-62.1	340	185
12 May	7.2	35.2	57.6	-50.3	304	148
26 May	6.1	35.8	58.1	-52.0	179	81
7 July	9.0	31.3	59.8	-50.8	502	279
4 August	7.2	40.2	52.5	-45.3	276	166
8 September	14.9	27.3	57.8	-42.9	289	190
6 October	5.9	22.9	71.2	-65.4	410	236
10 November	6.9	21.1	72.0	-65.0	432	263
8 December	4.3	18.1	77.6	-73.3	486	306
2 February	3.9	27.5	68.7	-64.8	517	387
1 March	8.6	37.2	54.2	-45.5	301	200
6 April	18.8	33.5	47.6	-28.8	382	256
4 May	18.8	39.5	41.7	-22.9	271	152
1 June	16.1	41.7	42.1	-26	254	149
6 July	16.8	39.3	43.9	-27	321	202

## 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 some comments are chopped off or indecipherable and those in capital letters are also left out.

### Accountancy

- The good are always busy....so we are always busy Accountants with personality!
- Accountancy. Still plenty of work but clients are much slower paying their bills. Historically this is a sign that economic times are getting tougher.
- Chartered Accountancy - Central Auckland. Usual rush of compliance work - noticeably fewer projects and due diligence type work. Stable staffing - less client activity so less work for us. Clients paying very slowly - stronger debt recovery methods required.
- Chartered Accounting Work at similar levels to previous years. Reduction in the number of projects and proposals, for review and analysis, as compared with last year
- We are a Chartered Accountancy practice in HB experiencing growth, have been employing and looking positively for the next 12 months and beyond
- A very busy time of the year so difficult to tell if economy is slowing. level of enquiry and 'things happening' is still very high so expect a strong 2005.
- Chartered Accountancy - still no shortage of work but from that we see evidence that fuel costs are starting to bite. Would be interested to see comparisons to 70's and likely effect of no return to under \$ 50/barrel as expected by treasury.
- Very positive. Have never been busier. We are Taxation consultants
- Very very busy - Chartered Accounting - clients getting information in a lot earlier than past few years

# BNZ CONFIDENCE SURVEY

- Accounting - too much work and not enough people. Serious skills shortages mean we are turning work away. But, we are working with lots of people who are clearly making money (having to reassess 7th July provisional tax payments UP), so where the hell this recession is, God knows.
- As a contract accountant/administrator my work is as full on as it has been during the past few years.

## Advertising

- Advertising - slowing up a little but still busy.
- Soft (media)

## Agriculture

- Dairy Farming. Haven't heard a lot from our industry leaders over the past couple of months so would tend to think that things might not be so rosy.
- Dairy exports; cautiously optimistic that declining commodity prices will be offset by exchange rate. Anyone (like us ) growing production has a heavy cash flow hit for new shares. Good to see a 'secondary' market developing for Fonterra shares. More work needed on the Fonterra contract milk scheme. Climate change a real threat/opportunity for dairy/NZ.
- Farmer, fairly depressed! No power for 2 weeks, running short of feed, mud everywhere, no income due this month
- Dairy Farming: We think things have bottomed and whilst we will be cautious until we actually receive it we expect at least a \$4.30 payout for 2006/2007. We will then spend it. Wages pressures and some imported cost rises are of concern but we think manageable.
- Fertiliser. Many farmers appear to have snapped their wallets shut! They are being severely affected by recent weather conditions and will suffer hugely from escalating fuel costs.
- Agricultural Servicing: Farmers seem to be getting the gloom message from their leaders. Talking to individuals with enterprise the bad weather has made opportunities for many (i.e.: sales of surplus hay/straw/silage) I suspect it will be some time before the cheque books come out again. The falling dollar will help incomes but increase the cost of imported new equipment (balers/combines. tractors) I expect the outlook to improve but not before summer.
- Fertiliser Industry - With the dollar tracking down this will increase turnover in the rural service sector.
- Agri processing good commodity prices helped by the weakening kiwi
- Farm Machinery sales and service: The weakening dollar is rising costs right now to farmers, and even though it should reflect in higher returns, it will be 18 months or so before this flows through. The snow here in Canterbury and the very cold temperatures is likely to have an adverse effect on animals with feed stocks running out. The cost of purchasing supplementary feed is rising rapidly. On the positive side the ground water storage is being replenished for irrigation this summer.
- Farming Beef Looking average to good

## Architecture

- I work from home on some big projects, largest about 300mil. I am busy as hell. I think that exports will improve, retail and imports suffer, housing level off, all economy slow but not stop
- Architectural draughting - mainly residential - work is still steady with books full a month out. The panic & urgency of old.
- Architecture is our industry, resource consent processing time getting more difficult to predict, always longer than the last. Funding costs likely to effect some clients

## Business Consulting

- Business consulting. Our outlook is good and we have confidence in the economy. We are concerned due to our overseas clients that internal NZ issues will hurt us - primarily Water Issues and NZ's inability to solve them.
- Business Advisors Wellington- Starting to see higher wage demands increased other expenses all points to increased prices. Less people travelling mean the motel operators are starting to feel the pinch. Some businesses are doing well but are still scared to say so but overall not very optimistic
- Business Consultant-Chartered Accountant Clients payment patterns indicate minor stretching (this time of year more related to March & April Income Tax payments & April GST (paid end May) having an effect

# BNZ CONFIDENCE SURVEY

on cash flow with another lick in July + some paying May GST at May end. Not all clients look at managing cash flow through the year with a calendar of target dates to ensure personal spending allows for their effective tax commitments as funded by their business(es). Otherwise there's not much difference from 12 months ago with client transactions that have their consequence 12 months away for additional technical work. Senses of variable impact on retail clients that may cascade through about 12 months away. Professional medicals in practice still bemused about real impact on patient fee subsidy changes (intended favourable, but intent translated into practice keenly awaited after the winter "illness" season. Like Governor Bollard - wait & see is appropriate.

## Construction

- Building industry, painting and decorating. Lot of work and more coming in.
- Building (Hamilton) Good lots of confirmed work, and lots of plans for pricing
- Commercial construction: experiencing flat demand at present but several large projects currently at design and consent stages forecast to commence over next 12 months
- Slowing down - Construction
- Metal Roofing Contractors. Steady amount of inquiry coming in. Have what I would call a delicate balance between work to do and employees. So still a shortage of skilled labour.

## Education

- The drop in international student enrolments in the tertiary sector is still continuing, especially out of China. Domestic student enrolments are holding steady and possibly will increase slightly in the second semester. University staff are cautiously waiting to see what the impact of additional funding for salaries will be in the coming months.
- Export education things looking slightly better due to falling dollar
- Good in education

## Electricity

- Tougher competition Electricity

## Energy

- Better (Energy & Sustainability)

## Engineering

- In engineering supplies we continue to service a buoyant local market with the month just finished over 30% up on the corresponding month last year. This may buck the national trend but is very welcome.
- Local (NZ) orders definitely contracted (livestock equipment and general engineering)
- Plenty of work available still (engineering and environmental consulting)
- Manufacturing Engineering. Mainly exports. With the fall in the USD starting to get some relief from extremely tight trading over last two years. However significantly changing our business structure, moving majority of manufacturing offshore, NZ is now too costly and regulated to work in.

## Finance

- Commercial Finance Brokerage. Still good enquiry but increase in business related debt enquiry for restructuring & growth vs. property speculation / development related borrowing.
- Retail Banking. Things have picked up in the last 3 weeks or so, with more people actively looking for new homes and rentals and wanting pre-approvals. The houses are not there to buy though and people are not wanting to pay too much. Hence I think we will see the property market decline a little further as people are still not comfortable with what is currently on offer for the price.
- Lack of both new investment funds and lending opportunities.
- Finance drying up
- Still buoyant in property finance, but funding becoming harder to achieve due to lack of finance company funds to lend. Apparently due to various finance company collapses and the perceived risks with investment in them.

# BNZ CONFIDENCE SURVEY

- Finance (nonbank). The only people making money right now are the lawyers and barristers, and only because the system is set up for them to benefit from. Closing down (can't happen fast enough) and going on holiday/ retiring. Court system clogged and a joke, only works for you if you are bent or guilty!
- Steady volume of approvals but less applications. Consumer Finance ChCh

## Flooring

- Flooring Dealer Wellington - market enquiry volume & confirmation volume is high with some potential sales being lost because of shortage of installers - same as last year ! Outlook for the remainder of this year is very good.

## Forestry/Manufacturing

- Forestry Slight improvement
- Easier NZ dollar value boosting forestry on East Coast
- Timber Remanufacture. Log prices are rising, which is good for forest owners, but for remanufactures supply is tight and there is little prospect of selling price increases due to international competition. Exporters are reliant on lower exchange rates to offset higher input prices.
- Timber Remanufacturing Returns looking better than 9 months ago, as dollar has stabilised around the 0.82 Aust cross rate and the US around the 0.61 cross rate. However pressure on raw material cost likely to increase locally as suppliers look to export overseas for better returns
- For my industry - log export - we export short term tight supply due to reduced logging operations over winter season. However overseas buyers are able to pay higher (USD) prices and demand still increasing. Ocean freights are still at near record highs does not seem to dampen buying interest.
- Sawmilling is tough log suppliers are driving log prices beyond what we can recover, freight increases are hurting, had notification from 8 companies last week stating price increases for their products are coming through next month.
- Forestry - Export log demand is strong, and prices are improving. The lower dollar is pushing domestic prices up also. Lack of logging capacity will hopefully ensure a prolonged period of improvement.

## Health and Fitness

- Medical field- government funding has made services more available to our patients. We are very busy at present and having trouble keeping up with demand.
- Occupational Health: Months of May and June were excellent, May in particular giving the highest monthly turnover in over 10 years. July while not up to those levels still looks good. Future 5 - 6 months look very encouraging.
- Its school holidays so things are a little quieter. But June in general saw an up turn in patient numbers.
- Pharmaceutical Wholesaling. Further Govt subsidies for doctor visits may increase use of prescription medicines and we will get our share of that but Govt also controls GP in this industry and costs are increasing. Bottom line probably flat.

## Hiring

- Steady - Auckland plant hire.

## Horticulture

- Horticulture, Fall in the exchange rate makes me feel more optimistic for improving returns on all our fruit crops as long as the demand/supply overseas remains the same. Apple prices being obtained have improved substantially on the last 2 disastrous years, such that overall we may break even this year. Our hope is that the Kiwi will remain weak enough to allow us to use our accumulated Tax losses and repay some debt, and continue some orchard restructuring. My one big fear with, 200 to 300 people on our payroll, is that Dunne/Cullen will introduce a payroll tax in return for lowering the company tax rate which, in the many loss years we have, is no use to us. It would be the final Straw! As bad and as illogical as the 1983 income tax amendment bill which toppled many genuine fully committed orchardists
- Apple (Export) and Egg Industries. Both industries are looking a lot more optimistic than at the same time last year. The exchange rates are working in the Apple industry's favour and the market returns appear to be tracking in the right direction as well.

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- Horticulture - Better returns due to currency Tourism - Better due to increased visitors
- Horticulture Very quiet growers are putting their cheque books away.. Due to poor returns for produce and the very cold winter.

## Hospitality

- Hospitality -- Bottle shops and bars Bar business sluggish due to weather and continuing effect of smoking legislation, restaurant business consistent with last year, bottle shop business well up, 7%, due to weather and smoking legislation.
- In the hospitality (restaurant) industry I'm feeling more confident of increased tourist numbers in the coming summer due to our lower exchange rates.

## Human Resources

- Recruitment industry - lots of jobs but hardly any candidates applying, numbers right down. Lots of employers struggling to find staff and fill vacant positions which affects their businesses. People not wanting to change jobs at this time of year which doesn't help either.
- Recruitment - we are seeing a lot of good, qualified professionals (Finance & Accounting) leaving our shores at present (exactly the ones we don't want to be losing). They are attracted to Australia for lifestyle, better job opportunities and better salaries, and attracted to the UK for the money.
- Recruitment and professional contracting - I have rarely been busier!
- Recruitment Industry Still very tight for quality labour in the Accounting, Sales and IT markets.

## Ice Cream

- Bit slow but looks good for spring. Certainly evidence of lack of spending at the moment.

## Information Technology

- The IT industry is overstretched and vital purchasing decisions are being put off through IT Managers and staff not having time to even look at new and evolving products to improve the performance of their organisations. Everyone is too busy rushing around fire fighting.
- IT & Communications Any slowdown in the general economy has not hit capital expenditure in this area as yet. However it is expected to happen in the next six months.
- IT industry. As much work as I can cope with, mind you I'm in Queenstown which is the most positive town in the country. Growth is great!
- industry : IT (software development) outlook : Same or Better
- Our company is going worse than this time last year but in May and June things have picked up markedly compared to early 2006 and are almost matching 2005 (2005 was particularly good for us). Industry is IT - company has 380 staff.

## Insurance

- Prices for commercial business has been falling but now levelling off. On domestic business - expect increases in prices to continue as increased claims costs flow into premiums.

## Land development

- Land development/property - very busy; Councils cannot keep up; major costs in delays.

## Landscape

- Landscaping and turf industry....Its very hard to know how much the weather has affected business or the weakness in consumers. Everything is constantly wet, and no drying weather conditions to help. Phones have been very quiet and a cash flow crisis developing among some trade clients who can't complete projects therefore aren't getting paid.....Skiing fantastic though and Canterbury's water aquifers must surely be filling up again!! Bring on spring.
- Landscaping - generally slowing down, a reflection of the levelling off in the construction industry, a couple of smaller companies have closed up. Weather having more of an effect on business than anything else. Expect the next year to be quieter

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- Lawn care and Property Maintenance Wanaka - current high fuel prices are a worry [second highest prices in N Z] together with escalating parts prices and insurance. ACC is in urgent need of overhaul- their accounting processes seem to be quite difficult to follow and are always in their favour until challenged!

## Legal

- Law - very busy with good quality work, and no sign of any financial problems for my clients. Property has settled down to a steady flow and clients do not share Treasury's pessimistic view of housing.
- Legal. New work but in restructuring with some recovery work.

## Local Government

- Local Government - cost pressures

## Manufacturing

- Food Manufacturing: There's a squeeze on margins taking place at present as a result of "corporate activity" (Ed. insert to replace company names.)
- High end building products - Less work for builders means better prices and more controllable projects for clients at the top end of the market. They are relishing the return of sanity to the building industry.
- Building industry manufacturer / supplier - some domestic builders in mid-range home market noticing a slow down, others still very busy. Commercial sector very strong.
- Manufacturing - sales very erratic from month to month. Price increases coming thick and fast, with increases of 10% at a time being now normal. Fuel surcharges now above 10% on freight costs despite Commerce Commission ruling against them. Not confident that govt will control inflation.
- Manufacturing Industrial products - very busy.
- Motor home building - getting saturated with new entrants
- Manufacturing Industry - Building materials. Many of our raw materials are imported and we have been hit with a number of cost increases over the last 3 months.
- Manufacturing. A slowing in demand locally. Too early to see if the lower dollar will help our exports.
- Poor domestically but quite good for export. Textile manufacturing
- Textile manufacturing - export sales under pressure from low cost producers in China and India
- Metal Fabrication for shop fittings. Good orders coming in from Australia and local development in retail
- Manufacturing (electrical components) steady growth

## Marine

- Boat Builders - Business is good, lots of well earned baby boomer money about looking to be spent, plus the export market is now starting to pick up.
- Marine equipment - went a lot quieter but idling along. Not quite doom and gloom but not sparkling either.

## Packaging

- Plastic Packaging. Intense competition from Asian suppliers at predatory pricing levels. Difficulty getting skilled staff or unskilled people who would like to be trained.
- Flexible Packaging Industry continues to go through rationalisation. The need for re-investment is causing some owners to decide it is time to bail out. The Chinese are here and margins are down or the business has disappeared altogether. Long term customer relationships have gone out the window in favour of price. More buyers are being sent overseas to look for cheaper raw materials.

## Public Relations

- Public Relations Wellington - steady, reluctance amongst private sector clients to commit to longer term projects

## Printing & Publishing

- Printing - Advertising inserts are not being ordered by the bigger retail chains. Although many chains are saying this is because of petrol price increases reducing consumer spending, it is also likely to be the

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calm before the storm as many chains are planning their pre Christmas advertising now. Hence junk mail volumes will increase from about September.

- Digital print - Currently work flow is soft; it's been a long-wet and cold winter and it's only July. However, that can change quite quickly and are confident it will.
- Sales to date same as last year .Market information tells us to expect firm sales for the next 6 months. We supply ink & consumables 2 the commercial print market.

## Public Service

- Fiscal tightening with pressure coming from on high. (Public Sector).

## Real Estate – Non-residential

- Commercial Real Estate noted as being flat in Christchurch, winter blues?
- Leasing - tenants taking a long time to make decisions - plenty of supply of new tenancies across all categories (office, retail, industrial). Do not believe that prices/rents are actually dropping but commitments taking significantly longer. Outlook not positive (could just be winter blues!)
- Investors continue to pay exorbitant prices to ensure they haven't "missed out" in owning a commercial investment property. I have seen some pay as much as 50% more than the "retail" value. These chickens will eventually come home to roost. As with some purchasers from the 80's boom they may have to hold these for 15 years to merely get their money back!
- Christchurch central city retail leasing - steady Christchurch City Office leasing/rents - will increase by around 10% for good space as this is in short supply.

## Real Estate – Residential

- Property Development - residential - slow property sales at all price points, very slow above \$600k.
- Property valuation and consultancy ChCh. Definitely slower and less volume of work. Prices still holding but lot more property on the market. Something must give. Investment property still actively sought (non residential). Yields still low
- Christchurch Land Development We still have plenty happening but a few contractors are starting to search for work. A large amount of development is currently tied up in local government planning. The councils are having a very bad time with staff and that does not look as if it is improving at all. Hence approvals for development will continue to be slow
- We have a property portfolio which we constantly looking at. Have sold and brought in last couple of weeks. Also starting a new business venture - property maintenance.
- Residential Real Estate Waiheke Island We have had our best month for over a year but are finding a shortage of listings. Most vendors accept it is a buyers market. Rents are low and there is a shortage of properties to rent which is unusual at this time of year.
- Residential subdivision/house construction in Christchurch. Sales remain steady and certainly comparable with previous 2 years. Still cold outside though!!
- Steady work volumes in our property consultancy in Nelson, although residential market is showing its traditional winter slow-down with lower sale volumes but prices holding.
- Real Estate South Auckland, Salespeople getting much busier over last 2 weeks. Should turn into contracts soon otherwise generally better than people think
- Real estate (Coromandel Peninsula) - we have had a good past month, with realistically priced property still selling, and some good buyer enquiry.
- BOP residential investment property prices hanging on, but the graph of sale times is steadily increasing, which must eventually have a downward effect.
- Real Estate. January was not good for us & April was quiet. February, March were very good only 10% down on last year (2005) May & June were also very good with sales rising above Feb & Mar
- Property Valuation - slowdown in residential work but consistent for Com/Ind property.
- Residential Property Investment. Generally holding OK. Some evidence of overcommitted owners selling down at lower prices.
- Property, section sales resurgence over the last 6 weeks
- (Residential property investment). In provincial cities it's vacancies falling, rents rising, tenants getting desperate.

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- Residential landlord - looking at flat rents, slower or no capital gain and rising interest rates. Not flash, but with good gearing it's not really a worry either.
- Slightly worse - nothing to get concerned about. Property investment - Looks like fewer listings in Wellington - Possibly weather / winter / wait and see. Probably flatten for a few years, but as usual long term trend will be up.
- Property Consulting. Infrastructure work flow should be strong but other sectors in my view will flatten
- Pakuranga/Howick residential real estate - given that it's school holidays and midwinter, still buoyant, mid-range (\$400,000 to \$600,000) selling steadily with no sign of price reductions. Listings a wee bit tight particularly at lower end of price range.
- We are in the property advisory business and while the residential market has softened in terms of volume quite markedly, there is still lots of strength in the commercial/industrial sector. Rents are being reviewed upwards and particularly in the industrial market.

## Real Estate - Rural

- Rural Real Estate in the South Auckland and Franklin areas. Still very active in the larger lifestyle blocks particularly from developers, subdividing and on selling smaller blocks

## Retail

- Retail home appliances Very soft erratic market
- Industry : Retail, Movie Library Industry finding it tough, with time to tighten belts.
- Bakery/café, Trade around the same as last year, costs have increased and look to continue. Our prices will need to shift to retain margins and to cover changes in holidays act.
- Retail - Some easing of demand but price increases may show better value of sales but quality and GP of those sales may reflect a different perspective. Many younger customers are for the first time in their lives seeing price increases where the norm has been for price decrease particularly in brown and white goods.
- Retail is pretty soft. Would be much easier without having to fight the RMA and Transit at every turn!
- We are a furniture supplier and sales generally are slowing and probably not helped by the weather keeping potential shoppers home.
- Retail. Steady as she goes in the low to middle income customers. More use of plastic than cash though!!!
- Grocery retail - smallish increases in yoy turnover - mostly due to recent price increases. Further price increases still expected!

## Signwriting

- Stone Masonry/Signwriting - very quiet at this stage. An obvious downturn, and from talking to other business owners, they're also feeling the effects with layoffs in one particular local building supply company.
- Signage - Sense a slowdown and mood change but no sign in our business, we are busier than ever.

## Sports

- Sports Services: solid as ever as we serve the fastest growing sport in the country (water polo that is). however lack of appropriate facilities limits the sport and therefore our growth prospects

## Stockbroking

- Fairly steady

## Telecommunications

- Telecommunications corporate sector is very busy at the moment
- Telecommunications - decline in traditional rev areas but good growth and growth potential in ICT - overall solid

# BNZ CONFIDENCE SURVEY

## Tourism

- Inbound tour planner, organiser & operator covering NZ, OZ & South Pacific. interest in NZ still strong, more interest from US due to the weaker NZ \$
- We sell and rent motor homes. On the motor home sales things are quite positive at present vs. the same stage last year. Sales this month are good. Rentals wise the market is getting close to over supplied.
- Tourism and Travel - International Arrivals remain soft but have held up well against a buoyant 2005 and the impact of one off events such as the Lions Rugby Tour. Yield has improved to offset softer arrival data.
- Inbound Tourism. Currency changes over past 6 months have lifted confidence considerably. Forward bookings for 06/07 summer are looking much stronger. The problem is maintaining margins under very competitive conditions, and delivering a high quality experience at all price levels.
- Things alright Auckland motels at this time of year.
- Southern winter is affecting perceptions of tourism outlook: very positive for winter sports with downstream benefits; still unsure re the high season but probably on track for at least the same or better than 05/06.
- Fairly even - heavy snow will give a bumper (domestic?)season to the snowfields but bad weather may affect adventure tourism. Lower dollar will help though.
- Percentages dropping. Not as many travelling on the roads. so not stopping in our small motel

## Transport

- Port services & Warehousing for Exporters: Been extremely busy export season Central SI Dairy & processed Land based products. Exporters appear to be encouraged by currency position and demand is strong for all products produced.
- Road Transport. Freight volumes have diminished noticeably over the last two months. This volume decline is not consequent upon seasonal work flows. The high cost of fuel is also dampening demand for freight types linked to consumer discretionary spending.
- Shipping - Volumes down marginally, fuel and vessel/container leasing costs up in NZD terms. Lower NZD for foreign importers not compensating enough to switch back to NZ from Asia sources. Freight rates very competitive, downward pressure to maintain market share.

## Vehicles

- New Motor Vehicle Sales rate is easing however confidence re emerging in the rural sector which indicates a measure of confidence in an export lead recovery. The drift to smaller more fuel efficient cars continues and more and more current used import owners moving out of used import into the new smaller fuel efficient new vehicles as they offer more value for dollar outlay. The collapse of 2nd tier higher risk finance companies reliant on the used import trade for the bulk of their business is also another factor that will slow used import sales.
- New and Used Motor Vehicle sales First four months of the year have been strong but May and June have been relatively weak.
- Used cars Canterbury. Very light on enquiry. Weather not helping!

## Window Coverings

- Next 12 months still very positive Exchange rate & increased material cost will be inflationary
- Building and shutter manufacturing - cost going up 30% for imported woods, fuel up etc. Exchange rate swing a killer for planning.

## Wine

- We supply equipment to vineyards. The market seems to be very stable with sales being better than expected.
- Wine - looking very positive after an excellent vintage coupled with a falling currency.

# BNZ CONFIDENCE SURVEY

The BNZ Confidence Survey is run (usually) on the first Thursday of each month. In the Weekly Overview email sent to the 10,00 non-BNZ 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 each Tuesday and released that night in this publication to media and WO readers.

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