

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 over 13,000 Weekly Overview readers. To receive the Weekly Overview each Thursday night please email tony.alexander@bnz.co.nz with 'Subscribe' in the Subject line.

Pessimism Deepens

It comes as no surprise in light of the deteriorating outlook for the world economy and talk of the biggest global recession since the end of World War II that pessimism about New Zealand's economic prospects over the coming 12 months has deepened. A net 40% of respondents to our monthly survey expect the New Zealand economy to get worse. A month ago a net 20% expected a deterioration and in early September there was an astonishingly high level of positive sentiment at a net 27%. We expressed some surprise at that level of confidence two months earlier and the strong whip back into negative territory is only to be expected.



At the moment there are only a few tendrils of the crisis offshore feeling their way into the New Zealand economy in the form of reduced availability of credit and a general weakening of sentiment along with some easing of export commodity prices. But over the coming year we are likely to see a potentially strong decline in net inward visitor flows, reduced demand for manufactured exports, further dents to consumer and business sentiment, and continuation of the existing downturn in residential construction. This downturn now looks like spreading into non-residential construction given the concerns businesses have about existing and prospective cash flows.

While there will be some insulation for the New Zealand economy from easing fiscal and monetary policies along with the falling New Zealand dollar giving some optimism about an export led upturn over 2010, the challenges over 2009 are likely to be quite large. The newly elected National-led government is going to find conditions very tough over the first half of their three-year term and implementing policy promises in this deteriorating economic environment will be an interesting challenge.

Following are summarised comments for a few sectors.

Accountancy

Noticeably more negative comments about clients than in previous surveys.

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Advertising

Getting worse.

Agriculture

High uncertainty, costs increasing, some asset purchasing before the a weaker Kiwi dollar tax through to prices but concerns about spending in a few months.

Architecture

Definite slowdown under way.

Construction

Activity weakening off, increasingly very pessimistic views about activity levels amidst concerns about credit availability.

Education

Some anticipation of better demand for training courses as unemployment rises.

Forestry

Activity weakening off.

Horticulture

Far less negative comment than for other sectors.

Hospitality

Activity weakening off as people watch their discretionary spending.

Human Resources

Activity weakening off but some mixed comments.

ICT

More negative comments than in any previous survey.

Manufacturing

Generally negative sentiment with the impact of the falling dollar offset for now by weakening demand overseas.

Non-residential Real Estate

A noticeable worsening in this sector with increasing vacancies.

Residential Real Estate

Comments mainly negative (some positive however) with a gap still existing between buyers and sellers. Vendors still looking to rent properties out.

Retail

Some specialised retailers still doing well but the majority appearing to be suffering.

Tourism

Looking weaker and weaker.

Transport

Declining volumes with staff layoffs.

Vehicles

Overwhelmingly negative sentiment.

BNZ CONFIDENCE SURVEY

Survey Date	Better %	Same %	Worse %	Net %	# of respondents	# of comments
1 February 2007	26.0	48.9	25.1	0.9	235	160
8 March	24.8	39.2	36.0	-11.3	222	150
4 April	24.0	41.9	34.1	-10.2	246	159
3 May	18.0	33.7	48.2	-30.2	255	170
7 June	8.9	29.1	62.0	-53.2	316	227
5 July	13.3	43.4	43.4	-30.1	286	165
2 August	14.9	31.1	53.9	-39.0	241	159
13 September	17.7	39.1	43.3	-25.6	215	143
4 October	31.6	38.5	29.9	1.7	234	132
5 November	31.4	34.5	34.1	-2.7	223	141
6 December	22.8	38.6	38.6	-15.8	241	162
7 February 2008	11.6	30.5	57.9	-46.4	233	170
6 March 2008	6.8	24.2	69.1	-62.3	236	160
4 April	10.9	22.9	66.2	-55.3	385	258
1 May	12.7	25.7	61.5	-48.8	338	231
29 May	22.3	25.6	52.1	-29.8	309	200
3 July	16.3	23.5	60.2	-43.9	374	200
5 August	29.6	29.3	41.1	-11.5	338	241
4 September	51.5	23.9	24.6	26.9	264	181
2 October	27.7	24.7	47.6	-19.9	376	248
7 November	22.1	15.5	62.4	-40.3	375	279

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

- Flat out with clients short of funds. and on the verge of falling over- which several deserve to
- Accountancy compliance still required.
- OK at the moment, but it is like waiting for a tsunami to hit - you know it is coming your way, but when? Having said that, things in the Hutt Valley seem to be ticking along OK at present.
- Losing clients as they try to save money. Retailing: Experienced a 50% drop in turnover. Customers are only spending on necessary items.
- Always plenty to do
- Not as busy as previously, definite easing off in demand for some services such as Mergers & Acquisitions. R&D Tax team has been hit with National's announcements on the R&D Tax Credits.
- Chartered Accountancy. Poor trading conditions for a number of clients, poor debtor receipts for clients as well as our debtors. Some optimism with thoughts of picking up bargains with property and business purchases but funding these could be an issue for some.
- Accountancy work reducing less enquiry cashflow tight
- Accounting - we are still finding a lot of our clients are profitable and looking to grow and expand which is great news. Definitely some industries affected (retail, property, tourism) but overall more beat up in the press than at the coalface.

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Advertising & Marketing

- Advertising - after a steep dive over the last 12 months - anticipating a further 10% decline in revenues over the next 12 months - and that's being optimistic.
- Advertising and media agencies - activity running at normal levels with only minor cuts from some clients in specific sectors only. However forward bookings starting to look soft, we can see the storm clouds coming but it is not raining yet.
- We are in the Advertising industry which was hit from Feb 08 so we have already made adjustments necessary. As a consequence while activity is down, profitability is up and while we expect the economy to worsen in the 1st 6 months of next we expect an overall improvement in our businesses.

Agriculture

- Sheep and Beef Farming, Otago. Most uncertain I've ever been as to what is happening. Best hope is that lower lamb numbers nationwide and lower currency insulates the lamb market. Beef and wool look weak in the foreseeable future. Costs could come off a bit also though which could help especially for fert and interest our two biggest expenses. On balance should be a better year than the last three but not as good as hoped for earlier.
- Agriculture - pricing is down & demand for product is down. Wages, freight & raw ingredients are still on the increase.
- Beef and sheep. Becoming very nervous about Pacific rim beef trade being disrupted by diversions due to credit crisis, and it looked so promising a few months ago!
- Dairy Industry. Time is ruining our optimism. A few short months ago the glass was full. Now its drained and dirty. Payout is good but the Powder auction system is favouring buyers as do most auctions. Lower interest rates help those with debt but it appears borrowers no longer have recourse to easy money. Perhaps NZ will be last not the least effected by the prime mortgage tsunami. I do not envy any incoming govt this week-end.
- We supply product and service to the sheep and beef sector and they have been in poor economic times for 2-3 years now but with a lower dollar - despite weakening commodity prices internationally, this sector may start to pick up which means our prospects look brighter than they have for the last couple of years. Totally against the trend but this sector provides basics that people will still want to consume as opposed to more discretionary purchases. So worse for the general economy but the same or better for our sector
- Veterinary Services & sales. When things get tough on the farm, we seem to get busier as farmers try to ensure they spend their money wisely and thus use us more for advice, service and product. We have just had our biggest month ever - extremely busy, and have taken on more professional and support staff. At the same time our debt recovery has not changed (we charge out approx 92% of sales) - still have an average of 32 days to collect debt
- Canterbury area, Ag dealer for Tractors & also car sales we have had a slight decrease in sales on cars but only by a couple per month so nothing major. Our ag division has had it's biggest month in the company's history which is over 100 odd years so we expect things to continue to be strong in our area
- Tractors and Farm Machinery - uncertainty in future of dairy and meat is slowing some purchase decisions although large price increases due to change of dollar and higher manufacturing costs is helping bring forward decisions - overall market at moment is not quite at level expected although performing well
- Mixed stock & cropping farm. Prices pulling back sharply as everyone seems to have the jitters.
- Suppliers to the dairy industry: dairy farmers are more cautious. Their focus is being directed towards 'cost containment' because of a forecast lower milksolids payout rather than 'increased production' when the payout was at record levels. Saying that, they are still purchasing capital items where labour and time savings are justified.
- Agricultural Aviation, While forward orders are zero at the moment (shades of 1986) I expect an improvement from Feb2009 once our clients have money in the bank from wool and lamb sales and see how much they can spend on fertiliser. If fertiliser prices stay where they are now then it wont be much. It may well be the spring of 2009 before much improvement takes place. If the dollar would sit around 55c it must help.

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Architects

- Architecture, backlog all sorted, not much new work coming through, thank God its summertime with 4 weeks of compulsory holiday to take up otherwise idle time.
- Contract/Architectural furniture and fit-out. Expect to maintain slightly reduced budgets for 2009. Work being deferred now will impact in 2009/10 period
- Architecture. Large projects cancelled. small projects on hold. I have heard of one small, decade old company, with absolutely nothing on the books currently. Expecting some minor improvement post elections, post xmas, say about the middle of February. otherwise don't expect much improvement until maybe Sept 09
- Architecture: We have heard of mass layoffs in the Auckland architecture industry. The market in Wellington and Christchurch seems a little more stable, although a lot of projects are still up in the air. We have a couple of projects on hold because of companies struggling to get credit, however we have had a couple of enquiries about designing new houses for people. More of the same for a while I suspect.

Business Consulting

- Management Consulting - still positive, plus we plan to increase our headcount further.
- Cash flow tightening noticeably. Work in restructuring/redundancy advice increasing noticeably. (Business representation)

Construction

- Civil Construction; Still a steady amount of work available however tender prices are falling as companies look to secure cash flow
- Quiet, people aren't wanting to commit to building until after the election, even though interest rates are down. Some are still waiting for prices to come down, but in the building industry, our prices are going up.
- Residential construction, Canterbury Very slow, people are very discerning and looking for what they think are bargains. Very difficult when valuations are coming in less than the development costs. Won't improve until the existing stock is used up.
- Involved in two areas as importer/distributor. 1. Construction - Residential/Commercial Supply products into this area. Definite slowdown with my customers 10-15% down from same time last year
2. Infrastructure construction. Budgeting for same sales as last year which may increase if government(whoever) keeps their election promise to up spending in this area
- Construction. Things are tightening as banks are refusing mortgage applications.
- Construction - in our field commercial buildings we are looking forward to an expanding market. Construction costs are reducing and more skilled labour is coming available from other project that have stopped or reduced. Interest rates are helping as they reduce
- Commercial construction. Development projects being shelved because of future uncertainty and lack of funding. Price increases still coming through, particularly for imported materials.
- Residential Volume Builder Auckland....Grim and outlook getting worse. Clients nervous about economy and reluctant to commit. Looking for policies that support immigration, actively encourage expats in Europe to return and reduced regulatory costs for home owners!! The only costs still increasing are in the local Government and Utility sectors. Completely out of step and need reviewing.
- Commercial Construction Nationwide. Good workload to March/April next year and nothing after that. Very scary going forward into the second half of 09. I think once all the big projects currently being done are finished this recession will really start to bite the commercial construction industry
- Currently ok future not looking too good. Customers paying later-Construction
- Roading Maintenance and Construction, lower south island. Seeing spending tighten up on the rural markets, spending on infrastructure still strong and providing reasonable turnover. Tender market becoming tighter, however we are now finding skilled staff are more readily available. We have been fortunate to obtain some great new staff members. Cost cutting measures and newly sort efficiencies are now paying off as things tighten up in the marketplace.

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- Civil Contracting very busy, particularly big swing upwards in Residential development in Auckland. Pricing very competitive. Full workload and increasing workforce no's.
- Building trade Gisborne. A turn around in our trade more customers coming thru the door still struggling to get to budget every month but the general mood has changed, looking like a hard year ahead
- Bad . Construction. Phone calls from persons seeking work are up dramatically

Construction Related

- Ready Mixed Concrete. Things are looking steady as infrastructure replaces housebuilding. We will just have to work smarter in a lower volume market. A few new motorways will help keep scarce skills in New Zealand until the financial crisis ends and liquidity returns to normal levels.
- Plumbing Industry. Market has clawed back dramatically with many of the main commercially oriented projects being cancelled or put on long term hold. Possibility of the housing market starting a small come back 1st quarter next year, but indications are that it will be slow. Renovation market main stay at present, but this also will fluctuate dramatically
- Building Supply Merchant Mt/Tga. Market has grown over past 3mths and would appear to be holding. Certainly not as good as last year but ok.
- Building material – distribution. Drop of 6.5% last mth. Yr. to date 9.8%-against last yr. This is worst than this because of price increases of say 6% ave. Drop being negated by now avail. resources being directed towards a more effective marketing thrust.
- Painting - Auckland Nth Shore. Residential - middle to low income earners have closed their wallets. Industrial/commercial work ticking along, working harder to secure contracts. Two local main competitors closing down. For last 3 weeks, getting about 4 calls a day, painters looking for work. Never before had so many.
- Building Consents, New dwelling starts down 46% for same time last year. (July-Oct Large back log of applications on hold at owners request. Equal to two months work. If the bath plug is pulled and the market moves again we'll get it from two directions, one being the back log and the other new applications, feast or famine.
- Very uncertain, pricing is harder, jobs have slowed. Plumbing / Drainage / Underfloor Heating - South Auckland / Franklin Area
- Building supply industry in Central Otago. Underlying growth indicators seem to still be strong in particular in the higher end construction market. Population and school roles continue to increase putting demand on housing supply.
- Building Industry - Supplier / Manufacturer - last 2-months have been more positive than the rest of the year. Still a lot of quoting without people committing.
- Ready mix concrete last couple months been a bit hard but signs of improving over the next quarter
- Electrical wholesaling - sales dropping as starts on new housing fall away and developers run out of finance.

Education

- Private Tertiary Education is getting tighter and funding restricted. Students are trying to avoid student loans where possible and as a result, the number of available students for full time training will reduce. If unemployment does increase however, the demand for training should increase provided there are job losses in the unskilled areas of employment.
- Education: good domestic student numbers this year. Lack of staff no longer a problem. No increase in international students this year.
- Education. Widespread concern about downturn in international students coming to NZ, especially from sth Korea. Secondary and tertiary providers being very conservative in planning for '09. Even state school who rely on overseas students to top up short falls in govt funding may be affected.
- Tertiary Education - a softening of the NZ economy may help in attaining students as people re-train/seek qualifications to secure the next position. However costs are rising 4 - 8% ahead of our capped domestic funding of 2.6% meaning 2009 will be an interesting year.
- On the West Coast (SI) the dairy and coal industry are business as usual, new people coming into the district as well. I am in education (Polytechnic) with a strong tourism focus. This is the third big West

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Coast producer, which may suffer economy wise this coming year. Higher unemployment however may well steer people to training- big day tomorrow though - election

- Export Education. The dropped dollar is wonderful news. Finally. However coming at the same time as the world suffers is not so great. However export education is often slightly different to tourism and the clients overseas venture is considered a necessity more than a luxury. However once the GFC settles down the number of international students to NZ should increase nicely.

Engineering

- Transportation Engineering is looking very healthy still due to the large infrastructure spend

Equipment Rentals

- Equipment Rental, Rates continue to drop and I cannot see how those companies can survive without profits. Several rental companies have been placed into receivership and I see others will follow. Our debtors ledger has increased dramatically and so far we have written off one sixth of our yearly income with more to follow. We have no choice but to place defaulting companies into receivership. Too many small operators are defaulting after spending up buying new toys and not paying their bills, thinking the good times will go on forever. I hope we can survive this downturn which I believe is for a much longer period than many realise.
- Equipment Hire Industry - we are doing better this year than last (by about 2%) but worse than expected (by about 5%). Overall market slowing but we are helped by wins from competition. Slowdown in capital expenditure by our customers is likely to increase demand for hire equipment (a little bit of counter-cyclical help!!). Lower NZ\$ raises equipment prices but also increases likelihood of film-making activity which is also a large customer market.

Finance

- Finance. Dead in the water.
- Retail Banking/Home lending: Although more people looking at re-entering the property market than say a month ago (given house price & interest rate reductions), concerns about job security are certainly at the forefront of people's minds.
- Finance Company. We are currently in a very strong position now being a privately funded Finance Company with no public depositors. We are getting some great business lending done and are fully lent. We are avoiding car loan and consumer loan unless affordability and security are ample. This is a far better position than last year where you were fighting to do any loans.
- Banking - banks are tightening their belts. Pay rises and bonuses will decrease and no recruitment is happening.

Financial Planning

- Mortgage Fund investment and lending. Things are tight at the moment. With the failure of several finance companies and the recent introduction of the government guarantee act which does not cover Mortgage Funds it will be interesting to see how these funds cope over the next six months.
- Investment advice- investors still very frightened and the govt gtee scheme has queered the pitch and created anomalies. People think that all banks are already guaranteed. Treasury needs to speed up the approval process.
- Investment Adviser - Who needs advise when you have a Govt Guarantee is the latest theme in our industry!!
- Financial Planning. Clients are somewhat shell-shocked. New business is still coming, but much more slowly, from people wanting quality comprehensive advice. However the safety button is being aggressively pushed down by many out there who are making emotional-led decisions.
- Personal Wealth Advice - Uncertainty still abounds. Markets are dropping and fear is continuing to dominate.
- I am retired with many investments now either worthless or unable to be accessed. We have both worked very hard and saved hard for our retirement and have now had to make a major lifestyle change to exist while we have doubts about our income and savings hanging over us.

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Fishing

- Both paua and lobster fishermen in the top of the South Island are enjoying good market prices but any real advantage of this is soon lost due to increased costs. Compliance costs are mounting up all the time and Government Agencies must realise that this trend has to stop.

Food

- Meat retail and wholesale industry. Falling sales volumes reflect tightening restaurant trade, while cost pressures remain for us. Retail customers actively seeking lowest prices so increasing competition for consumer \$. Cost saving will become more important to business.
- Fast food takeaways- Customers are looking for value for money deals more than in the past
- We are in the QSR business (Subway) Things have actually picked up for us by 10% on the previous year but a constraint is still getting reliable labour. Not as bad as it was but still tough. We will be expanding our store numbers next year as we fill in pockets that are under served.
- Food Manufacturing: Slow down in sales to retailers but also seeing a shift by some consumers into cheaper brands. Export sales not really benefiting from any lower Forex rates due to global economies being muted.
- Food Industry- Will get tougher with pressure on margins and cost increases on imported ingredients
- Food Supplier - People are still eating basics

Forestry/Manufacturing/Sawmilling

- Very bleak (Sawmilling).
- Logging in Canterbury. Things are ticking along about normal for this time of the year. There is talk of the export slowing early next year though there is plenty of demand, just the LC's are a bit trickier to get.
- Exporting of forest products while being assisted by the depreciated NZ\$ is now suffering from lower prices and serious signs of reduced demand. Production closures will undoubtedly hollow out the industries ability to respond when demand does improve.
- Forestry Industry - Capital Engineering Projects. Definite halting of capital expenditure in past 2 months, brakes really coming on last month. 2009 going to be very slow and quiet.
- Retail timber/ sawmill: Strangely enough after a very poor winter sales are back at last years levels for Sept and Oct. However the signs are there for a severe contraction next winter.

Health and Fitness

- Private healthcare - not really a discretionary purchase but people are delaying elective procedures. On top of that rocketing prices for imported products (15-20% increase in price!) is squeezing margin.
- Pharmaceuticals. Demand is still there but margins are getting squeezed although dropping price of oil will "ease the squeeze". Growth expected to be limited.
- Within the Health Research Sector, it appears that the general opinion is of a reduction in the amount of funding being made available.
- Health Care, Public hospital. Infrastructure spending looks to continue where it is overdue however there are early indications of funding pressure on service provision for next year, as might be expected.

Horticulture

- Fruit export - lower sales overseas leading to lower export volumes. Price in market softening but NZ price probably stable due to depreciating exchange rate
- Horticulture is looking sound for the time being, although we do have reservations about our ability to move the amount of avocado and kiwifruit available in the next season if the major economies are in recession and demand becomes more fickle. The falling dollar is a great boost to returns and improves the chances of an export led recovery, but rising expenditure remains a problem. All in all the outlook is reasonable provided the world economy starts lifting again by the middle of 2009, otherwise New Zealand could be in for a rough run for a while.
- Horticulture - Kiwifruit Packing. Hopefully more seasonal staff will be available if the economy is worse and so more people out of work. Kiwifruit prices seem to be holding and next seasons crop looks to be a record amount again!

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- Kiwifruit- Green bud burst has been good, have had to flower thin to reduce numbers and attempt to produce fruit of size that Zespri want, they better perform as we are supplying what they ask? Otherwise cool store loss's were unacceptable and the grower carry's the can while post harvest facilities financially enjoy the bigger crop, basically it's hard work but hopeful over the coming 2/3 years !!! don't want to say "yeah right"

Hospitality

- Hospitality / accom / conference. Twelve month forecasts at same level as this time last year. Current performance same or better than last year. Despite media reports, pre Xmas dining bookings for corporates and Xmas Day for individuals up on last year.
- The charter boat industry is very quiet in the corporate sector compared to previous years. Charters for client entertaining have virtually halted.
- Restaurant and bar sales difficult, take home liquor sales OK.
- Declining profits. Wage / cost pressure and growth in rent meeting falling revenue. Cafe.
- Negative growth although sales are decreasing by less. Industry is a cafe.

Human Resources

- Recruitment Industry. Definitely signs of a slow down, could be in for a difficult 6 months.
- Recruitment Industry- We did find a slower market pre Aug, but since have seen a renewed interest in new staffing and companies not looking at softening their activity too much in case they go too far back. We are very buoyed by the lower than expected unemployment figure and growth, albeit small. NZ is well placed to handle the downturn.
- Recruitment. I am ticking the "economy will get better" box in anticipation of a change of Government.
- IT Recruitment - whilst multi national recruitment firms seem to be retrenching and cutting NZ country headsand their troops (creating perhaps misleading impressions about the local market demand for ICT resources) those recruitment firms that have kept their head and have a well managed operation (and are not subject to the slash and burn mentality of offshore "cash flow fixers") will weather things a lot better. The concern is whether what is happening offshore has simply not reached us yet though as every day passes I see the likelihood of this becoming more and more remote. We are confident that clients are continuing to hire (and we are across a number of vendors, government departments and corporates) and that the larger projects will keep the sector moving along. Whilst there are some IT people struggling a little to find work on the whole we view this as short term. For us it is hammer down and certainly our results in terms of overall business growth and actual volume of candidates being placed are proof that our strategy is spot on.
- Our industry is recruitment, which I believe to be a truly valid barometer of market confidence. From a national perspective, we are seeing a marked reduction in permanent job numbers, with temporary and contract numbers plateauing or even rising slightly in some areas such as IT. The white collar recruitment market always has a cyclical dip in December and January, but the October and November months are certainly down on this time last year. We are also projecting that the ramp up in job numbers that is usually associated with late January / February will not be marked in 2009 as it was this year.
- Recruitment, things looking ok, steady with temp and perm but with allot more assessment income assisting those that are doing their own recruitment!

Information Technology/Telecommunications

- I am in government in Wellington but in the Information Technology sector. There are restructuring going on at the moment but unsure whether my role will be hit, but the likely casualties are middle managers.
- IT consultancy (Finance sector) - The last couple of months have seen a slow down of the like I have never seen (over 20 years in the business). Projects are being canned everywhere - in fact, 'slow down' would be more accurately phrased as 'abrupt halt!'
- Trading water - real estate software
- ICT (Business Software). Companies are deferring projects and cutting back their IT budgets.
- ITC. Busy with existing client work and upgrades. Some clients have had a tough year depending on the sector they are in. Others are doing OK and are able to embark on new, necessary projects to help

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grow their business. Christmas on the horizon means that traditionally large projects are deferred to January while staff are away so we will have a bit of a dip there but we could all do with a break.

- IT industry - very quiet, not much work
- IT is holding up well but we're cutting staff because survival is more important than growth right now.
- Information Technology - still busy. Lots of projects still on the go but budgets shrinking
- My business is software consultancy to a US aerospace company, so my outlook is more US-focused. The particular niche is General Aviation, where several start-ups (multi-year new-aircraft developments with millions, perhaps hundreds of millions already spent) are folding due to lack of financing. Established manufacturers are laying off and reducing production, some halting it altogether. New development continues and the market for upgrades seems relatively healthy. The GA industry is also hit by fuel prices & fuel politics.

Insurance

- Insurance Broking industry. Very competitive still. Still a soft market with premiums for "new" business much lower than "renewals" Insurers trying desperately to talk the market up but are at fault for buying business at low rates to gain market share or to maintain positioning. Claim incidents up - a sign of tough economic times - and growing taste for litigation within NZ which follows off shore trends. Liability insurance now a major concern for businesses heading towards number one in terms of priority. Employee theft on the increase. Repeat numbers of weather related claims and associated claims costs could see further consolidation of the NZ market. Businesses reducing coverage to minimum to contain costs.
- Life insurance is really tough at the moment with businesses and jobs uncertain, it is difficult to loosen purse strings. However, the business is still there, just harder to find.
- Insurance - Exchange rate volatility still causing some havoc to offshore premiums. General market still soft, compliance costs on the rise.

Legal

- Legal---Definite slowdown in housing but assume the Taranaki economy will tick over as has historically and start recovery late 2009.
- Legal services (not conveyancing) - high demand in relation to complex matters requiring senior lawyers, closer attention by client to fee levels. Next year looks to be busy.
- Lawyers - better year than last year.
- People still doing deals. Legal.
- Law. definitely quieter although chins (Ed. Huh?)work continues without much slack.
- Lawyer - conveyance very quiet incoming work down 40% on last year. I believe it will get worse
- Law - property very quiet, some clients who we expected to remain solid are in trouble. Court Lawyers busy
- Civil litigation - plenty of issues
- Property law work slowed right down. more distressed sale at present.

Local Government

- Regional Government. Business as usual - so far.
- Local Government. We, like many local authorities, are under significant budgetary pressure and I fear that the projections coming out soon for rate levels for the coming year, 2009/10, will give everyone a fright.

Manufacturing

- We are in manufacturing and prospects in Australia are looking very good for us in the near to medium term
- Manufacturing - We could see increased exporting "kick in" (because of the weak NZ dollar) but this will take time.
- Manufacturing. The last two months have been a lot slower. NZD v AUD is a concern.
- Manufacturing Industrial Labels. Business is still steady with some sectors remaining busy. Overall though NZ orders are 20% below last year. October also saw a slowdown in orders from Australia

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- Building products manufacturer: Export and local markets are off 30% and prices are under pressure
- As a supplier of furniture to NZ stores we have seen sales drop heavily but feel they have stabilised in the past 6 weeks and prospects are somewhat more positive for the coming year.
- Good for us at present. Manufacturing
- Export manufacturing. Falling dollar does not help when there is no market demand.
- I'm in fashion manufacturing and to date the only changes appear to be that it's been just a little harder to get money in, customers paying in instalments etc. Orders are still coming in though.

Miscellaneous

- Science consulting. Not too bad.
- Eftpos Terminals. Doesn't matter who is transacting, they need Eftpos. Our industry works on 3 year rental cycles. Still opportunities from businesses starting 3 yrs ago. Many industries in this boat so OK if people don't panic!!
- I think things will be pretty tight - we are getting messages from senior management to tighten the belt (Government Research Organisation).
- Film Industry - with tightened credit in the US, funding a little more difficult but cheaper NZD may offset this
- Fine art and antiques. The market didn't slow down, it more or less just froze to a halt. There is still a flight to quality, but that portion of the market is too small to sustain all the participants. There will be a shakeout, leaving only auction houses. Antique dealers appear to be sharing the same fate as local book stores since the introduction of internet.
- Hobby Imports. The Hobby trade seems to be OK at the moment - sales in our sector up on last year and the retail Hobby market appears to be steady and a little up on last year. Next year looks a bit grim, mainly because of a combination of overseas price increases plus a lower NZD.
- Export Hort Farm Equipment for USA market. Clients report prices from break to heavy losses...& these are the 10,000 acre top operator guys. Top land for sale in best growing area not attracting bids. Banks keep asking for revised budgets for seasonal...Flow on to us is obvious & I figure there are more Bankers chickens yet to come home to roost. next few years will be rough!.
- Export Yacht Building It varies depending on the customer base. Cant say anything is "across the board." Some are in real trouble already and others have not been affected at all.
- Steel Ind Slowing. No lay offs but reduced week and voluntary holidays taken up.
- Ice Cream industry. Quite good as you would expect at this time of year. Who knows where to from here. We just have to be more innovative in these times!
- Economic Development Taranaki. Anecdotal evidence from a range of service and retail businesses that discretionary spending is contracting. Most engineering companies are very busy, some examples of contraction as petrochemical projects finish. New dwelling consents are now tracking behind last year, but only in the last two months.
- Commercial Shelving and Pallet Racking. Slow but have some good quotes in
- We supply business equipment to small businesses. Sales are way down on this time last year, but not as bad as we had feared. We are seeing signs that a good number of businesses are ready to invest in new equipment having sat on their hands for the past 6 to 12 months. there are also more new businesses starting up than we had expected.
- Economic and fiscal policy advice consultancy. International opportunities diminishing and NZ outlook uncertain pending election outcome.

Printing and Publishing

- The publishing industry can only get worse as companies substantially reduce their advertising budgets.

Property Development

- Everything grinding to a halt so far as property development and lending is concerned. Banks seems to be under considerable pressure and have closed their books to new opportunities
- New Home building/development. Land prices here in Nelson became prohibitive last year for home builders, and those who forged ahead are now facing losses. Land developers are beginning to discount sites by up to 10%, but this is still nowhere near enough as build costs have increased and completed

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house prices are falling. We don't expect to see an improvement inside 12 months. Land prices need to fall by at least 20% before building is profitable here again.

- Land devel (Wgtn)-Interest has picked up in the last month and we have had three sales - the first in last 6 months. Lower interest rates, change of govt, expats coming home, lower NZD. Looking up from here.
- Residential development. Activity picking up a little. Developers have to meet the market. Property prices steady. Good time to buy land stock for development and remarket in 12 months. A good time not to over extend and clear current stocks. Media are our economies worst enemy.
- Property Development - The market for new builds and residential sections has tanked. As we go through the rebalancing and necessary price adjustments on existing residential stock. Market expected to be dead through 2009!
- Land development - very slow, layoffs in the profession, very keen pricing from those with no work, those with good clients need to make sure they look after them.
- Zero enquiry for property development projects
- Land Development. Market in Picton is dead. Not one section sold (by anyone) in last 3 months. Only way forward is realistic pricing, innovative marketing and hibernation or diversification.

Property Management

- Residential property leasing. Some parts of the country I am seeing strong demand for houses to rent as supply of houses available to rent gradually declines. Things are progressing well for my business.
- Residential rentals - some tenants are falling behind in rent payments.
- Property Manager North Shore rents have firmed enquiry very good. Area's ok some tenant stress. Investors struggling interest rate pressure, welcome relief with interest rates easing. Can see big shortage of rental stock as market for sale picks up and investors sell. Rents will rise.
- Residential Property Management Hawkes Bay - activity is very high with number of property owners withdrawing their properties from sale because their expectations (realistic or otherwise)are not being met, and making their property available for rent. Also very high activity in the rental market at present from prospective tenants seeking good quality properties to rent.

Property Valuation

- Property Valuation (Rotorua)- have seen noticeable increase in level of work in last 2 weeks - mostly of property purchase and to a lesser extent refinancing. Expect the refinancing/bank work to pick up as banks changing their policies for requiring RVR's. Some good opportunities.
- Valuation in Bay of Plenty - very quiet
- Property Valuation; no letup to the bad news flowing from overseas out weighs any benefits from falling interest rates. Buyers are very few and supply keeps on rising. New government will have to work hard to boost confidence in NZ before any recovery can be anticipated.
- Property Valuation and Consultancy. Definite slow down but things still happening. Got to be very watchful of costs

Real Estate – Non-residential

- Commercial/Industrial Property Valuation, Nelson - the market here has not yet shown any significant deterioration, although vacancies are starting to appear in normally strong locations. There have been few key indicator sales and nothing to yet suggest a fall in rental levels or land values which we believe may yet come.
- Commercial Investment: Properties are vacant and rents are low. However yields are getting better.
- Tough with the distressed property sales in the commercial sector yet to really surface. Expect the banks/receivers to start a sale process over the next 6/12 months such that we have not seen since the late 80's!
- Commercial Real Estate. Businesses harder to sell due to "future" fear & hardening of availability of finance. In general, Retail businesses really struggling with some real horror stories about. Sales of property difficult and leasing challenging. If I were a business property owner of any kind I would tie down anything that looked as being able to survive. Summary. "It's tough out there" & I don't believe it's all election doubts.

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- Last Tuesdays Ch Press featured the largest section of Commercial property advertising I've ever seen. It is finally unwinding. Lots of cheap property next year providing it can be financed.
- Commercial Real Estate : Very quiet with low enquiry. Small ticket leasing still continuing but sales have stopped. Projects being shelved at present.
- Commercial Real Estate South Island. Few buyers Vendors holding onto their investments leasing very slow
- Commercial property - little activity; lack of confidence.
- Commercial Property: Generally values are still declining and the bottom of the market has yet to be found.
- Commercial Property - Retail Leasing. Dead!!!
- We are property valuers in Auckland. In the commercial market, while the market seems stable, albeit with very low volumes, the general sentiment is that now is not the right time to do anything. Residentially, things are also at low volumes with reduced sale values but with a reasonable, steady outlook.
- Sector - Commercial and industrial property-ownership and development. Things are 'flat'. Institutions with money are sitting on the sidelines in expectation better deals are yet to come. Those that require bank funding can not get it so are unable to do deals.

Real Estate – Residential

- Real Estate - ChCh residential. Getting better, lots of enquiries over last two weeks. Sales trickling through now as gap between vendor and purchaser closes. Buyers starting to talk of possibility of having reached the bottom.
- Real Estate Gisborne – Residential. Low sales volumes continue. Buyers are definitely holding firm and not rushing to close on deals. We are not seeing many forced sales. However many in local business are just keeping their heads above water. If things get much tighter, it may force more business owners to sell their homes in order to release equity.
- Residential Property Investment Auckland - Rental market remains tight with a glut of slow selling former residences becoming rentals, tenants seem to have plenty of options. This week I offered several hundreds of dollars in fuel vouchers to a good existing tenant (who is struggling financially) as a sign on incentive to rollover for another 12mths term. Looking forward to some interest rate relief next year. My little recession started at the beginning of this year when I fixed a large number of mortgages at 9.4 - 9.6% for one year... what a killer!!
- Property Investment - some good deals to be made, and I am willing to buy now as there is great opportunities to set yourself up now for the next boom - but the Banks have cut of the supply of credit, so it is a catch 22 i.e. a great to buy but can't get the finance to do so. I use this analogy when people ask if it is a good time to buy, when Kirks Department store has its big sale there are people queuing up to buy at bargain prices, but when the sharemarket or property market has a SALE (like now) the buyers disappear...
- Residential Property Investment. In Nelson things seem to be ticking along. I concentrate on blocks of flats and have not seen one for sale now for several months which tells me that investors are holding on and not panic selling here. Rents have risen too on the lower end of the market which pushes the yields up even further. I would be quite concerned if I owned an amount of negatively geared houses at present.
- Real Estate Auckland Eastern Suburbs. October did not deliver the normal spring upturn in volumes that was expected, however listing activity improved. Buyers appear distracted by the forecast of falling interest rates and do not want to commit. They could of course take the floating rate and then fix down the track when rates level off. Elections have traditionally resulted in a pause in sales activity and this is also a contributing factor to the cautiousness. Prices continue to be under pressure and genuine vendors are meeting the market. Auction is still proving the most successful way of generating a positive result in the shortest time. The current low levels of transactions cannot be sustained for much longer, unless of course everyone is actually leaving our shores.
- Real Estate. Still slow but there are signs that buyers are starting to commit as they realise house prices are down as far as vendors seem prepared to drop there prices.

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- Property Investment: it has certainly been a bleak winter but the last 2-3 weeks has seen more interest from consumers in property investment.
- Property investments, a very strong October and so far a solid November, October was the strongest month this year.
- Residential Real Estate Sales - very slow at present!
- Property. Not looking so good
- Property Investor. As the prospect of cheaper interest rates beckons, we have noticed the competition warming up, and prices holding for well located multi income investment properties around Wellington.
- Real Estate Johnsonville. Good numbers of buyers looking around. Better supply of properties coming to the market. Over all sales still down but getting enough to get through
- Although the economic crisis is hurting most. The residential rental market is seeing continued growth. Due partly to landlords unable to sell their investments and tenants unable or unwilling to buy. The uncertain sales market is seeing more and more people rent for the foreseeable future. Although rents are not rising as much as expected.
- Property - transactions are starting to pick up, but the flow on effects of months of uncertainty may mean its too late for a lot of our staff.
- Christchurch residential real estate, we are much busier with a reasonable sales level during October .There are two markets out there. Those vendors who have been around a month or so and refuse to accept they are overpriced and those who are coming onto the market realistically priced to the market .The latter group are selling. The rest can expect offers if they get any 5% to 10% below their asking price .
- Auckland North Shore Real Estate - After a nasty 12 months of low sales volumes it feels as though we may have started to turn the corner and the beginnings of a hesitant un-even recovery. Stock volumes very low and demand returning with many who have been renting and watching the market long term returning and serious about buying.
- Property
Very quiet, record low levels of activity. we have reduced staff by 3 (37.5%). We expect to stay at this level for the next 6 months at least.
- Coastal Real Estate Sales - Volumes consistently low for past 4 months with a slight improvement in Oct stats. Not getting too excited though, as that is normal pre summer buying pattern in a coastal area. Negotiations difficult and often stalling with neither party able / willing to bridge the great divide. Reasonable supply of listings in all categories / price brackets including beachfront. New listings down considering the time of year.
- Property Investment, values down, but maybe good buying opportunities to come
- Property investor - tenants losing jobs, overtime going as companies shift overseas.

Retail

- Good at the moment, but this is our busy time of year. Retailer of health related products and services.
- Bathroom and plumbing supply Industry - Tradesmen have just enough at the moment to keep going but not a lot for early part of 2009. Expect job losses in this area. Retail bathroom sales are down in most areas 20%.Out look in general is for a tough few months ahead.
- We are an importer/distributor of high quality educational toys, we are very busy at the moment and we are hoping that it will stay this way
- Grocery retailing - remarkably stable. Growth in Private Label sales (lower prices) at the expense of National Brands
- Retail - sales for October grew 5%. I am in a rural setting and have no real competition of sorts.
- Marine Retail and Service. Market is down approx 40%.
- Very bad in retail (Auckland. Consumers aren't spending and will only spend on sale items. It's very difficult to move full price merchandise.
- Florist and Giftware. Prediction for Christmas is to be 30% down on Christmas 2007. 2008 has been a tough year for floral sales. Expecting slow trading for the next six to twelve months.
- Consumer electronics - sales declining, but strong brand will mean continued growth albeit at a somewhat slower rate.

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Signage

- Signage Industry - things are looking good at present but extremely unstable, we had an excellent September (best ever) up 19% on Sept 07, then Oct hits and we are down 3% so major fluctuations in turnover. The biggest concern is stability of prices as we have had major price increases for all materials due to the decrease of the NZD against the US/Euro where we import the majority of our components. I fear that as liquidations rise and corporates cut back on their marketing budgets/hold off on those rebrands the work will dry up, we are seeing that now especially for the big sign companies. Luckily in times of recession it seems the 'tail' - the small/medium signage companies who do more varied work & have a larger client base of SMEs will see us through (as was the case in '87). We see this as an opportunity to get rid of some of the cowboys who have undercut us consistently. We haven't played that game, we've kept our margins high, we're cashed up, and in a great position to see this recession through. We may even take advantage of falling interest rates & lower commercial prices and buy a new warehouse. We've already got a bargain on X4 new vehicles before prices go up! But, I do think the situation will get worse for us mainly thanks to the exchange rate which will see margins squeezed.
- Signage. Cash flow has dried up and an increased overdraft necessary to pay GST. Call to customers reveal the same story everywhere but no apparent reason.
- Signage manufacturing Employees. Wgtn. We are extremely busy...leaning towards frantic and certainly well ahead of forecasted sales for the financial year. However we are aware of many others (local & national) within our industry that are very quiet. We are presently advertising for more staff and anticipate a very busy time over the next few months. Much of our work is corporate, fleet and Government related, so it would seem that there is either a reasonable degree of confidence in the market or in the case of small to medium businesses, a recognised need for more advertising / marketing by way of additional signage. Certainly no indication of a slowing market for ourselves.

Tourism

- Rental car network down 5% to sept this year, forward bookings same as last year to feb then a dive. That's when the incoming tourism kicks in! Similar stories from other rental companies
- Working in the tourism industry our bookings (04-10/2008) are down by 20-30% to the year before. Most of the Hotels, Motels, Lodges and B&B's in NZ and the overseas partners we work with are telling us the same. We are very careful with any investments at the moment.
- Motel. Forward bookings looking slow to weak . Very few from UK. West Coast South Island
- Aviation: expecting some softening in demand for air travel over the next 12 months, both domestic and international. Could see some domestic airlines parking aircraft, or leasing them off-shore.

Transport and Storage

- Transport/Courier. We are seeing a softening in volumes and a degree of volatility. The beginning of November has seen a spike in volume-hopefully this will continue until Christmas.
- Transport: New Furniture distribution and household relocations: Following a contraction period early in the late second and third quarter (falloff in demand and reduction in wage costs i.e. some staff let go) we are looking at a positive surge in demand for the fourth (exports, i.e. people relocating off-shore are holding up quite firmly)so we are feeling confident through to end January. We just need to discipline ourselves not to swell our reduced base too much during the busy (always a temptation in past years).
- Road Transport - volumes are decreasing and time are tough, together with clients that want to make the jobs as inefficient as possible there's no profit.
- Port Industry. Expecting a reduction in volumes although not a huge reduction. Having said that we are preparing worst case scenarios in order to determine what corrective action we might need to take should they eventuate.
- Road Transport. Falling diesel prices and falling work levels are the order of the day. Job lay offs will be the next matter to address at the same time as capital equipment prices commence to increase. All these issues will be new ground for managers who have been appointed in the last seven years. A change of government will not remedy these circumstances!

Vehicles & Automotive

- Automotive Repairs. Regular maintenance is slow in most of our repairer workshops. Work is very patchy as we are only relying on repairs.

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- Have been in the car industry for 40 years and its the worst sales figures we have experienced for September/October HB dealer. It better get better very quickly.
- We sell engineering and automotive products and find when customers cease to buy new products they repair the old ones and that's beneficial to our business.
- Automotive Parts. Workshops experiencing downturn countrywide and more particularly in Auk. Vehicle import and compliance markets suffering major downturn
- Automotive sales, Things have only improved this month due to the release of an important new model for us that has caused a lot of hype. Last month was up but only slightly (and not when compared to last year)I have finally had enough and secured a job with a stable income with another company so my next remark will be from a diff industry!
- New Japanese car Sales. Fleet buyers delaying replacement or expecting "deals" when landed import price from Japan necessitates price increases due to F/X rate decline and increased steel, plastic, glass, rubber etc. commodity costs being fed through.
- Franchised Motor Dealer. Business is at the worst level since the early nineties. We expect business to not improve until late 2009.
- Motor Vehicle industry (new) - looking bleak with staff layoffs coming.
- Car industry. Sales down 30%. Very tough

Wine

- Industry is winemaking. 95% of production is exported. Things are looking good. Demand is up, supply (of grapes) is up, exchange rates are so much better than 6 months ago.

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The BNZ Confidence Survey is run (usually) on the first Thursday of each month. In the Weekly Overview email sent to the 13,000 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 on Monday or Tuesday and released that night in this publication to media and WO readers.

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