

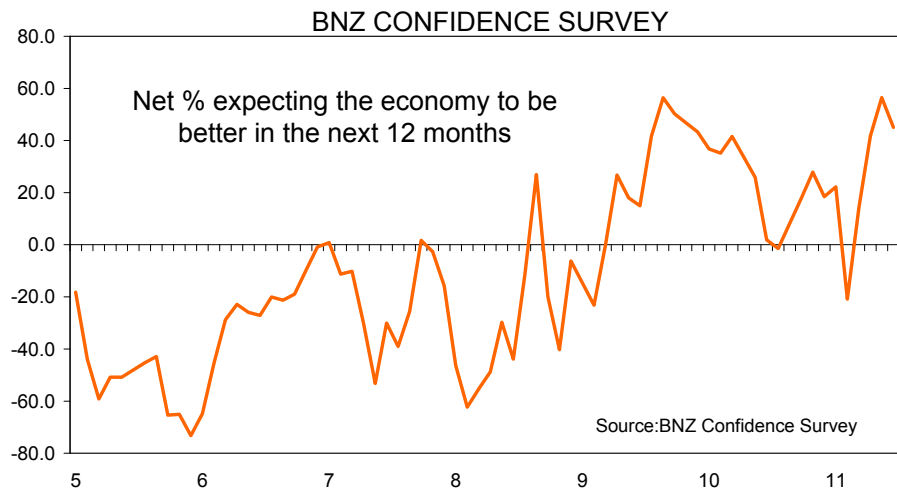
Mission Statement

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 25,000 Weekly Overview readers. To receive the Weekly Overview each Thursday night please email tony.alexander@bnz.co.nz with 'Subscribe' in the Subject line.

Confidence Holds High

This month our BNZ Confidence Survey has found that a net 45% of respondents expect the economy will get better in a year's time. This is a decline from a record net 57% positive in early June but is still one of the most positive months on record and suggestive of strong growth in the economy just down the track.



One notable feature of the survey was a jump in sentiment expressed by those in the legal sector. A decline in comments from lawyers and accountants in the June quarter last year was the only real sign that still high confidence at that time was not leading in fact to strong short term growth – the NZ economy grew only 0.1% during the June quarter of 2010 and recorded no growth during the second half of the year. Therefore presumably a jump in lawyer sentiment and to a lesser extent that from accountants signals some solidity to optimistic growth expectations.

In the retailing sector feedback is notably less negative than for quite some time while in residential real estate buyer numbers are rising and the dominant theme is one of a shortage of listings as vendors feel little pressure to sell.

For individual industries responses can be broadly be summarised as follows.

Accountancy

Another lift in the tone of comments but still a general air of restraint not suggestive of any sharp rise in economic activity.

Agriculture and Agriculture Servicing

Dairy very positive along with sheep and beef. Sector suppliers noting rising farm spending but extensive contact with farmers recently indicates strong desire still to pay down debt.

BNZ CONFIDENCE SURVEY

Construction

The tone of comments remains negative but the range of feedback is quite astounding. Generally there are firm expectations for stronger activity down the track partly related to Christchurch rebuilding.

Forestry/Manufacturing/Sawmilling

The peak has passed and now prices have weakened but there is no feedback indicating a decline in tree cutting volumes. Timber sector hard to read though generally appears constrained still.

Information Technology/Telecommunications

Activity levels appear firm and rising but pricing remains quite tight.

Legal

Comments the most positive since early last year and suggestive of improving underlying economic activity.

Manufacturing

Highly mixed responses with some positive and some negative.

Property Management

Generally positive with good demand, though not necessarily around all the country.

Real Estate – Residential

Overwhelmingly high number of responses saying listings are in short supply with vendors not pressed to sell and unwilling to meet buyer demand at low prices. Buyers are increasing in number.

Retail

The overall tone remains poor however the proportion of positive comments is near 50% and the highest for many months.

Tourism and Travel/Accommodation

Highly mixed responses with some motels firm (earthquake related) and some very weak. Forward bookings hard to gauge. Cautious overall.

Vehicles & Automotive

Generally still weak with an absence of buyers.

Survey Date	Better %	Same %	Worse %	Net %	# of respondents	# of comments
4 February 2010	53.5	29.7	16.8	36.8	555	344
5 March	49.7	35.8	14.5	35.2	523	347
26 March	55.3	31.0	13.8	41.5	436	263
7 May	50.9	31.9	17.2	33.7	501	329
11 June	44.4	37.0	18.6	25.9	549	394
8 July	32.7	36.5	30.8	1.8	542	405
5 August	31.2	36.3	32.6	-1.4	565	398
7 October	42.0	33.8	24.2	17.8	607	421
5 November	47.5	32.8	19.7	27.8	467	318
2 December	42.0	34.4	23.6	18.4	521	339
3 February 2011	43.3	35.6	21.1	22.2	540	401
3 March	22.4	34.4	43.2	-20.8	456	349
7 April	44.3	25.6	30.1	14.1	418	321
5 May	57.3	27.1	15.6	41.7	314	240
3 June	65.2	26.1	8.7	56.5	379	300
8 July	59.3	26.5	14.2	45.0	351	257

Full historical data at <http://tonyalexander.co.nz/bnz-confidence-survey/>

INDUSTRY COMMENTS SUBMITTED BY RESPONDENTS

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

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

Accountancy

- Chartered accounting - busy with compliance work.
- Chartered Accountant small provincial - steady at the moment, accounting firms becoming more competitive, clients shopping around more on pricing of fees.
- Accountancy for Film and Television. Clients seem positive. A lot of commercials coming to New Zealand for production. Computer animators earning and working a lot. Parents at my children's private schools continue to show concerns about rising costs.
- Accounting - still a steady flow of returns coming in so our accountants are busy. A few new clients of late too which is positive.
- Accounting & Finance - number of jobs improving and skills shortage increasing
- Accounting. Continuing signs of a stabilising economy.
- Rural accountant: Still cautious with farmers still concentrating on paying down debt. Fears of significant interest rate rises over the next year are cause for concern for those with high gearing.
- Chartered Accountancy - flat out with additional work at the moment in Rotorua - seems like activity at last!
- Chartered Accounting/Business/Consultancy advisory - Canterbury - Public sector /NGOs clients holding up well In Canterbury, private sector doing what they can however a lot in their sectors they have no control over. Robust so far however great uncertainty concerning the future.
- Accountancy; late payment of debts, builders who can't find jobs, other tradesmen low on work

Advertising & Marketing, Media

- Flat (advertising)

Agriculture

- Dairy industry and currently there seems to be some movement and interest in expansion by established farmers.
- Dairy farming – good.
- Dairy Industry. Payout looks to have passed its peak.
- Beef & Dairy, good so far but a wet winter and strong dollar will knock some of the shine off.
- Positive. Dairy Farming
- Lamb prices looking way more promising, beef prices also looking the best in years.

Agriculture Servicing

- Agricultural Chemicals . Very Buoyant at the moment 25% up on last year to date, which was 45% up on year before.
- Picked up in the last 2 weeks, but we do work 4 the dairy sector.
- Veterinary - companion animal: Very patchy; some days frantic , next - where did everyone go? People do have money and will spend if needed. To me they seem to be trying to not spend on anything not essential.
- Improving, International Pharmaceutical companies and researchers are buying again. Export of Agricultural by-products (Blood serum for cell culture)
- A much improved quarter for our industrial customers with rural sector spending judiciously at Fieldays with record sales achieved. Hard work but well worth the effort.
- Brilliant agritech exports

BNZ CONFIDENCE SURVEY

- Industry- xx Tractor Dealership, Marlborough. The agriculture sector is in a growth period and is showing improving farm returns and confidence levels. Strong Sales to dry stock farmers were achieved in June with an even better outlook for this time next year. Slow purchase timeframes are common but generally results are achieved. Caution from the dairy sector until debt is repaid. Generally upbeat trading.
- Suppliers to the dairy industry. Business is buoyant. Farmers are starting to spend a little. They are still cautious. And you could be forgiven for thinking times had been tough, when in fact many of them are awash with cash. There are good opportunities for business provided you've done your homework.
- Great - Dairy related. No one is talking out loud but the Waikato is booming.

Architects

- Architecture / Construction. Waiting list started again, lots of renovation projects

Business/Management Consulting and Broking

- Business Broker - insurance and finance the major issues holding progress back.
- Business consulting - horrific time with large number of clients deferring or cancelling contracts. 1st time in 6 years of business this has happened - and it's not only Wellington but all over the country.
- Business Broking - definitely getting better not quite back to pre recession but up there
- Market Research - have work booked in for months ahead, so feeling positive.

Civil Engineering

- Council - more money to be spent on infrastructures
- Commercial Civil and Drainage Definite Improvement, not a super speedy recovery, but the wheels are turning!
- Interesting. Infrastructure sector let's hope talk turns into action

Construction

- Residential construction - steady
- Building. Canterbury. Reinstatement work is huge at present. we have a continuous flow of jobs at 3 -p 5 weeks ahead.
- Commercial Construction, Marlborough. This year is considerably worse than 2010. The value of work out to tender in the first two quarters of 2011 is around 50% of the first two quarters of 2010, and that was down from 2009 as well. We are hoping that this is the bottom of the trough and that the availability of work will improve between now and the end of the year.
- Residential Building. A bit more activity. All the pricing and quoting in the first half of the year starting to show some results with sales.
- Residential construction - enquiries for new builds have gone very quiet again recently
- Wellington, steel construction. Busy through to Xmas with several good contracts. Not sure about forward orders, enquiry has dropped off.
- Residential Construction. Enquiries have dropped off now winter has arrived. Councils & utility companies are charging excessive contribution fees to the point where some clients deposits are exhausted. Seems like very little land being developed for future.
- Commercial Construction Sub Contractor: We are busy at present however the next 6 months is looking ugly with very little forward workload for this period. Christchurch will not have any meaningful workload for another 18 months at best. Margins still very tight or non existent and we need to keep our workforce intact as I can see critical labour shortages when things do finally get back to normality
- Construction - Continued steady activity, although the margins are tight and there is no room for budget overruns. Lot's of competition come tender time.
- Construction stalled until earthquake response kicks in
- Commercial construction. Limited number of new opportunities, tight margins. Price increases for construction materials being announced. Demand for skilled construction people in Christchurch is starting to be noticed in other parts of the country.
- Construction - steady work but having to fight hard for it and cut margins.
- Building industry extremely patchy, but positive happenings on the distant horizon.

BNZ CONFIDENCE SURVEY

- construction... improving but normal winter dip due to weather
- Terrible. We are trying to stick it out in the residential housing industry and survive to see a turn around.
- The building industry continues to hit new lows in residential building consents. Canterbury earthquake reconstruction is delayed each time another shake occurs.
- Construction Industry, Christchurch. Earthquakes have had a huge negative impact and this will continue for some months yet. Having said that there has been some small activity.
- Construction/Electrical Industry. More quoting work is coming in. Phone is ringing more. Still very tight pricing but the volumes indicate an improvement going forward.
- Construction industry in the lower south island is very quiet
- Construction industry/Project Management. Definitely getting busier with more project work on. Some extra work building "temporary" office accommodation for displaced businesses in Christchurch. Somewhat anecdotal, but seems to be an underlying feeling that the industry in general is starting to move again.

Construction Related

- Christchurch. Aluminium Joinery (building industry). Bad.
- Double Glazing Wellington - Very busy now and now getting accepted full house lot jobs and not just small jobs i.e. \$15k to \$25k as up to now people were holding off committing to the work (The cold helps also)
- Manufacturing Steel Roofing. Very concerned about lack of permit activity. Turnover trend is still negative!!
- We are in the cladding industry and we have had to diversify to keep above water
- Retail - Construction related in Wellington. The top end of the market is strong, but very small. All other sectors are getting tighter every month. I cannot see any stimulus to the Wellington economy on the horizon.
- Construction related products Not flash.
- We supply products for house construction and the numbers of new houses being built is very low. We expect a pick up in say 13-16 months time but the next 12 months will be quite slow I think
- Excellent, plenty of work, electrical contracting

Education

- Export education - not too bad considering the very high dollar
- Stable Business membership and training organisation
- Automotive education. Really struggling. Market very fickle. Some days okay sales wise but many days are terrible.
- Tertiary education in Christchurch. Currently uncertain, but possibly beginning to rebound.

Finance

- Banking- tough
- Finance. Quality good. Quantity patchy
- Property lending and development. No change from last survey and activity very subdued

Financial Planning

- Share investment - rather unpredictable including large companies

Forestry/Manufacturing/Sawmilling

- Forestry some softening in log prices on the Chinese and Indian markets.
- Forestry - We are coming off a high export market price for logs as over-supply and a high dollar combined with competition saturate overseas key markets. We reached highs in the last year for harvestable volumes. Domestic Sawmills have been struggling on high input costs for raw materials as they compete with international prices and the high NZ/US Dollar exchange rate. Generally positive year over the last 12 months but is starting to decline rapidly over the coming months to over-production in the supply side with still strong demand but having the effect of weakening prices for the next few months before stronger demand will pick up again.

BNZ CONFIDENCE SURVEY

- Log export. Still strong although some weakness possibly over next 3 months. Retail. Currently meeting budgets . Surprisingly steady bet hard work.
- Has been going well for more than 9 months, but just in the last month it has slowed slightly. Timber packaging industry.
- Sawmilling - Very tight market. Prices for sawn timber need to increase for the industry to remain sustainable. Noted increases in operating costs.
- Huge drop in price of (export)logs will unsettle markets but if prices stabilise it will give local sawmills a fighting chance. (sawmilling)

Health and Fitness

- Stable to improving. Midwifery.
- Steady (health - government sector)
- In my wellness business I am very quiet right now due to finding more ways of making money and also my wellness clients are under time pressure and they do not have the money right now. But time will tell. As for my other businesses which I have recently started I have promoted some product to people to possibly purchase for themselves and/or others. I have started selling greeting cards to people now.
- Private medical provider. Rosy, but then I am internet based, so can pull work from far and wide.
- Health- unstable with the proposed changes in the way ACC runs and possibility of privatisation, plus the changes in the health sector has had an impact on private health providers. It is so uncertain that it makes it difficult to plan or expand to meet the possible growing demand.
- Private Health Sector. More hard yards!! Aging population, minimal change in government funding, ACC restraints on surgery, private health insurance premiums providing deterrent to new potential policy holders, general reluctance to pay for what is regarded as an entitlement!!
- Healthcare-lots of business as flu season hits but lots struggling to pay bills

Horticulture

- Horticulture. Stronger demand locally. Costs in control. Better productivity being achieved from labour. Debt levels dropping and very manageable.
- Kiwifruit - shambles

Hospitality

- Demand is low as is usual for this time of year but lead times have shortened over the past year. Some earthquake bounce being experienced as options limited for prospects.
- Things in our restaurant are on steady increase, things in our catering business are busy with lots of forward bookings, Corporates are spending again which is great! Not thinking world cup is going to bring any extra business
- Hospitality -steady business and next 9 months bookings coming in.

Information Technology/Telecommunications

- IT Industry - it seems that commercial business in on the increase - retail sales are very slow. There is some confidence returning from commercial clients although not in all sectors - hospitality IT spend is happening but that could be on the back of the World Cup.
- IT - Security and networking - growing quickly, lots of interest and new projects.
- Information technology. Slow at the moment, payment is still slow, people want to invest but are not prepared to pay reasonable rates for work done - or do not understand what has to be done and therefore the costs.
- Telecommunications: Constant pressure from customers to reduce prices. Seeing investment in up front costs to reduce ongoing costs in the long term.
- Information Technology: The very busy June quarter looks like continuing into this quarter. The high dollar meant IT capital budgets weren't spent and we saw budget flush. Last week we had a very high number of inquiries for expected expenditure in the remainder of the year.
- IT consulting, Wgtn. Demand has been steadily rising along with rates for the last 12 months.

BNZ CONFIDENCE SURVEY

Insurance

- Pretty grim - insurance.
- Insurance, rising in some areas i.e. marine while our dollar is strong against the US, not much new business around.
- Insurance. Earthquake premiums & particularly deductible levels will put enormous pressure on especially businesses. Continuing cost increases in current market will put extreme pressure on some to pay.

Legal

- Legal services - our particular firm is busy
- Legal - busy just at the moment, although we hear that some firms are quiet.
- Law...cautiously optimistic. Here in Chch we are expecting the flow of funds into Christchurch from insurers, EQC and Government and the rebuilding work in Christchurch to stimulate the local economy. Transactional work should increase as well as general commercial work and litigation.
- Auckland suburban legal. Conveyancing is quiet. Other work is busy, sufficient to keep our noses above the water.
- Legal services, Kapiti Coast Still patchy but slow steady signs of improvement in the property based work and a bit coming in around other areas related to business and asset protection advice.
- Law - Work is building steadily as a result of the Chch Earthquakes. More people seeking advice to deal with EQC, insurers, rebuilding etc.
- Law firm - steady but some capacity, particularly in litigation
- Law. Patchy. Still a reluctance from clients to commit to new ventures.

Machinery – Including Hire

- Equipment Hire - there can be no doubt that rates are improving, the imbalance between supply and demand has reduced, better and better times should be on the way.

Manufacturing

- Manufacturing. Orders are very strong. The best we have had for the beginning of a month for 4 years. NZ pattern now seems consistent and Australia continues strong despite the alleged slowdown
- Manufacturing with majority exported. The dollar is hurting regardless of adopting lean principles and tight fiscal management. Really is a combination of reducing overhead and increasing prices but the latter is easier said than done when US is your major market.
- Very busy last 6 weeks - Manufacturing
- Manufacturing. Very slim. Not much to quote on and many of those remain unactioned.
- NZ manufacturing and wholesaling - have been in business since 1981 but this is the worst year we have experienced. Have never seen the NZ retailing industry in such poor condition, almost a state of total collapse.
- Manufacturing - cautiously optimistic but lower sales this year and last.
- Exports to Australian hardware very strong. Local supply to fibreglass composites market very weak. Local supply to car care market holding steady. Overall too little profit at present

Marine

- New Boat building outlook looking worse as exchange rate effect kicks in. Exports to Australia should compensate for flat NZ market at a pleasure boat level. Retail looking ugly!
- Recreational marine industry.....things appear to be lifting in this area after a wavy period over last two plus years

Miscellaneous

- Electronics export: export markets still tough due to tight budgets with customers, and income hurting from high exchange rates. Investment plans under review, and some vacancies not being filled
- Reasonable. Food and Beverage
- debt collection , more debt , harder to recover , people have less money , debts that were being paid off at \$20.0 a week now being paid off at \$5.0

BNZ CONFIDENCE SURVEY

- I am very busy and there are plenty of large projects coming up. I am in the offshore oil / gas industry in Australia
- I am currently based in the media industry in the UK and prospects here are flat. However, my view of NZ economy conditions are positive, particularly in comparison to the UK.
- Exporting top quality UMF Manuka honey is going very well, Asia is strong, orders up 25% on last year, UK wants the honey, but "plodding" along, USA is sick!!!
- Government Department. Similar story to the previous 12 months with further belt tightening and a push to reduce staffing levels. Although it's tough realise that especially with the additional earthquake catastrophe in Christchurch the government needs to reduce spending in areas that don't impact on growth plans.
- Contract assembly and recycling. Work levels seem to be stabilising and signs of increased activity
- Same old People are keeping their cash to themselves because Wages aren't going up but fixed cost of living are e.g. fuel food rates. Commercial cleaning and property
- Boarding Kennels - 10-20% down on last year which was good. Pet Exports (for people emigrating) very busy

Packaging

- Flexible packaging is busy, particularly in Australia, but margins remain tight.

Printing

- Print - Job sizes reducing as are overall volumes. Busy but difficult to forecast sales volumes past the current month.
- Still very unpredictable. Printing Industry.

Property Development

- Investment property sales - Wellington, Hamilton & Christchurch. Christchurch is very slow - we need to see the earthquakes disappear to revitalise investor confidence. Wellington & Hamilton - Hamilton looking very good, we expect Wellington to improve next year
- Property Development seems to have passed rock bottom. Business activity signals in this sector suggest we are about to enter the upward phase after a very long drought.

Property Management

- Property Manager North Shore of Auckland. Good demand on all rentals and student rooms. Listing back to same levels as last year which is a little surprising. That being said rents have moved up sharply for all 2 bedroom 10-12% all others 5-10%. Some owners looking to sell now the market is picking up, all adds up to further pressure on rents.
- Property Management Wellington - Active but flat, rents bottoming out. Signs of investors getting back into the market as returns are improving.
- Rental properties still fully tenanted, a lot of damaged/low quality rentals available, no discernable rent increases as yet, but impact of insurance hikes, council rate hikes not yet felt. Inevitable rents will have to increase to protect already low yields. Absolutely no intention of buying any more property for investment in Chch. As an aside a 2 bed apartment in the centre of Manchester can be bought for NZD230,000, with a rental yield of 7% and a good chance of capital gains over the next 5 years - why would you buy here!
- Property Management - mixed. Demand for more rentals from health and Social Services but less from industry. Income remains steady

Real Estate – Non-residential

- Commercial real estate & businesses. Small players and big players out there but the middle is strangely quiet. Maybe a slight improvement to come but think overall it's steady as she goes as businesses and their customers gradually improve their cash & equity positions.
- Commercial Property Rental - business as usual. Tenants seem to be ok.
- Christchurch CBD commercial property. Christchurch CBD is still in lock down and will be many months before part is reopened. I

BNZ CONFIDENCE SURVEY

Real Estate – Residential

- Auckland Eastern Suburbs residential real estate. Listings incredibly hard to get; significant stock shortage. Buyers around in numbers, but fussy and not willing to pay more. New houses mostly failing to meet developers' costs. Despite building cost and specification increases, but buyers will not pay more than last year. Less interest in "do-ups" reflects uncertainty over building costs and bureaucratic delays. Investors non-existent. Buyers saying "can't afford more" but really meaning they do not want additional debt, even though it is available from banks. Banks seem tighter on serviceability of loans. Sellers asking "why sell if we can't make a profit?"
- Real Estate , we are selling but the listings are not being replaced.
- Real Estate - we have seen a great increase in activity, mainly from buyers. With some properties selling very fast and at good prices.
- Slow . Real estate
- Real estate Invercargill. More buyer interest Lack of listings
- Residential real estate sales - Central Auckland. Listings very tough to get at the moment. Buyers becoming frustrated but good prices being paid and certain properties being sold before marketing campaign has run it's full course. Also seeing more properties being listed but not advertised i.e. being sold through word of mouth.
- Residential Real Estate, Hawkes Bay. Quiet winter, prices and buyer demand steady
- Real Estate in Kaiapoi- inquiry is picking up again but we all badly need more properties to sell. Once again we are getting multi-offers. Developers are starting to increase their section prices and I think house prices might increase too demand exceeding supply. Hopefully not too much though.
- Real Estate; seem to be more buyers and listings seem a little fewer. Generally a feeling of improvement happening.
- Real Estate North Shore Auckland. Basically lots of buyers out there and a shortage of houses to sell so prices are good and we are selling houses faster. A good time to bring a house onto the market.
- Flat but improving. real estate
- Real Estate, Napier. Sales happening, Listings in very short supply
- Real Estate; a serious lack of listings compounded by those who would normally sell and move on maintaining reluctance to come to terms with the reduced values now enhanced further by the lift in values caused by, in my opinion, a marketplace overfull of purchasers and the natural enthusiasm caused by the advent of the world cup.
- Real Estate Kapiti Coast area The market seems to be just marking time at the moment, it would not appear to be either a buyers or sellers market. Listings are not easy to get as people are uncertain as to the future.
- Real estate Auckland. Lack of new listings. Multi offers are now common. Relatively good sales volume considering it is winter.
- Real estate Chch - Things are humming along. Listings appraisals are on the rise and buyers in unaffected areas are very active.
- I am in Real Estate in Mt Eden. I am busy but listings are short. Prices steady in our area. I do not feel that it is as buoyant as it was in February - April. Many buyers.
- Residential Real Estate Hamilton: far more positive market than same time last year. Tentatively 40%+ up on same period. Very active buyers and plenty of them. Good quality mid priced stock is in severe short supply and being fiercely contested. Multiple offer situations every week, and many new properties selling in under a week. Buyers need to act fast to secure good properties. Vendors seem to want to hold off in expectations of higher prices due to supply/demand scenario, however strong risk of stock blowout in spring as last 2 years sellers react to positive media. Making hay while the sun shines.
- Real Estate - definitely more buyers out there, just need to get people to sell!
- Real Estate - Eastern Beaches. Quieter than previous month with a continued low level of properties coming on the market and a continued lack of urgency from buyers.
- Real shortage of listings but what stock we are selling and for good prices.
- Residential real estate Howick/Pakuranga - very short of stock, as yet no effect on prices but already signs that vendors expectations are rising.

BNZ CONFIDENCE SURVEY

- Real estate sales on Auckland's North Shore are still very slow - unless you're an Asian agent selling to other Asians - largely due to listings being thin on the ground. Good houses under about \$850k are still selling readily and achieving good prices for the vendors.
- Real Estate Auckland (Ponsonby) More buyers than houses by country mile.
- Real Estate - lift in metro markets and buyer enquiry in our local provincial market (Whitianga) - does not translate to upward trend in volume or prices at this stage
- Property. Some well located and character dwellings are achieving good prices near the centre of Auckland, but rest of market flattish. Demand is for family homes.
- Real Estate. Good demand for the right property. Shortage of listings
- Real Estate in Gisborne continues to struggle. Listings are tight, although we know there are plenty of vendors who would like to sell but are not currently listed for sale. Purchasers offers often do not reflect fair market value thus sales are few.
- Real Estate Wellington. A little more activity but the numbers still remain low as they have now for the past four years. I anticipate that the spring market will bring a lift in transaction numbers which will be very welcome. Values remain stable
- Real Estate - Supply and Demand. We have people wanting to buy but not many people want to sell at this time. Interesting times. Maybe people are waiting till Spring when gardens look nice but would be great to get on market now when supply is so low

Real Estate – Rural

- Rural Valuation Rural property market has been unseasonably active in past couple of months. Workflow has been steady but currently dropping off.
- Lifestyle block development-sales. Very little enquiry for several months despite "discounting". Latest sale subject to O.I.O. consent. Hardly any N.Z. interest for last 12 months.

Real Estate Valuation

- Valuation/Real Estate lower North island. Market sentiment appears more positive, with a greater number of residential sales than this time last year. Agents now report a shortage of stock relative to demand. However, our enquiry has reduced over the last 2 weeks (hopefully temporary).
- Property Valuer in Auckland work load has become real quiet over the last two weeks which appears to reflect the market.
- Valuation work flow ahead of 2010. The last quarter saw over 200 dwellings sold per month in Hamilton. Remains a slow market but a sign of improving activity levels.

Recruitment

- Recruitment: Generally things are improving month to month, but a lot of the branches are patchy. This is not uncommon for this time of year, however it is hard to know what the new norm is,
- Great- strongest since 2006 - HR and Recruitment

Retail

- Vending machines are taking a real hit this past month. So many sites have halved their staff levels & those left are being careful with cash. About 33% down on last year. On the up side Christmas stock will start flowing into the country soon & temps should be taken on to help in freight/warehousing/distribution if the retailers have indented optimistically.
- Home Improvement Retail. A glimmer of hope starting to appear. Customers not undertaking renovation.
- Retail Flooring Wellington - very busy with showroom traffic and pricing. It appears most enquirers are buying, which is encouraging.
- Wholesale import of sports/leisure equipment - minor upward trend noticed in last 3 months
- Retail electronics sales and service, things have improved slightly due to the fact a lot of our commercial clients have jammed in work before the end of their financial year. More enquiry over the phone. Lets hope it leads on to more work.

BNZ CONFIDENCE SURVEY

- Retail Auckland - homewares and general – bleak down up to 10% on last years figures week for week. I see no end in sight and the internet is making things even worse. Very soon there will be no real shops they will be all virtual.
- There was a strong pickup in Retail of Electronic Goods in April and May and the first week in June. It then crashed again. I predict June sales for many Companies will be down 40% on May and July has not yet picked up. You only have to look at the massive Discounting of 40-60% off appearing again through the shopping malls
- Flat (Third Party Logistics - fashion and consumer goods)
- We are importers of furniture and are seeing slightly better trading conditions, but nothing to shout about just yet,
- We are wholesalers in the Gift trade. Business is terrible and all our retailers are just hanging in there. Waikato and Hastings ,Napier area is a disaster. Wellington not much better. Auckland is reasonable. We have been badly hit in Christchurch but the people that are open are doing good business.
- Eftpos Terminal rental. Still seeing business closures but now more new businesses starting up. Shops that were closed now have carpenters doing fit outs.
- Things are fairly flat, lower priced lines are selling well while higher priced lines are not doing so well. FMCG industry
- Auckland Retail Giftware. Things can only get better surely! Trading in the last month has been as bad as any time in the last 4 years.
- Retail/Grocery Security. The industry has not slowed down since the recession boom.

Tourism and Travel/Accommodation

- Very very soft - Accommodation - Hotel in Paihia. This financial year hopefully will be same as last and that will be due to RWC. Without RWC we would really be in trouble
- We have a motel in Christchurch and since the February earthquake we have been extremely busy. There does not seem to be any change to the demand over the next few months.
- Hotel. Has been a good winter on Waiheke Island.
- Slowly improving as more bed night capacity comes on stream
- Motels South Island. Last 6 months have been pretty steady with New Zealander bookings. Overseas tourists bookings looking positive for the summer.
- Tourism retail. Things are currently the worst they have ever been. We have been hammered by the recession, earthquakes, ash clouds and a high NZ dollar. Can things get any worse? If so we won't have businesses any left in this industry.
- Tourism - challenging to know how market will recover post Christchurch earthquakes
- Aviation - slow
- Not good I just had the worst June in the six years I have been in the motel business.
- Tourism - starting to see strong bookings at Christmas and January. People have decided having a holiday is still possible.
- Tourism and Hospitality finance still difficult

Transport and Storage

- Transport Industry. Business levels are clearly ahead of previous corresponding periods however margins have been eroded and will take sometime to be reinstated. Capital replacement previously not even being considered is now behind assessed and plant replacement is recommencing.

Vehicles & Automotive

- New Cars... the worst ever.
- Automotive Panel beating & Spray painting. Workload is starting to pick up but the low market price of vehicles coupled with the high returns on wreck values means large numbers of potential repaired vehicles are being written off. Overheads and materials are extremely high and require constant monitoring. Compliance issues and costs are still our number one headache.
- Slow but picking up, second hand cars sales
- Used vehicle sales well down on last year. Very difficult to buy quality stock in NZ and Japan. Used vehicle prices increasing due to supply problem. Medium size used dealership.

BNZ CONFIDENCE SURVEY

- Motor vehicle sales. we have had 2 record months and this one is starting off the same.
- Car retail & finance, very slow indecisive buyers we all need cheering up. The govt needs to be made aware that the new emission control regs effective Jan 20012 will stop 80% of the current vehicles being imported thereby causing a serious shortage of 10 to \$15000 vehicles.

Wine

- Dry goods to wine industry - firm demand. Equal to or better than budget
- Wine industry. Higher kiwi hurts exports, higher excise hurts local sales,

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

The BNZ Confidence Survey is run on the first Thursday of each month. In the Weekly Overview email sent to the 25,000 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 over the weekend and released on the following Monday in this publication to media and WO readers.

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