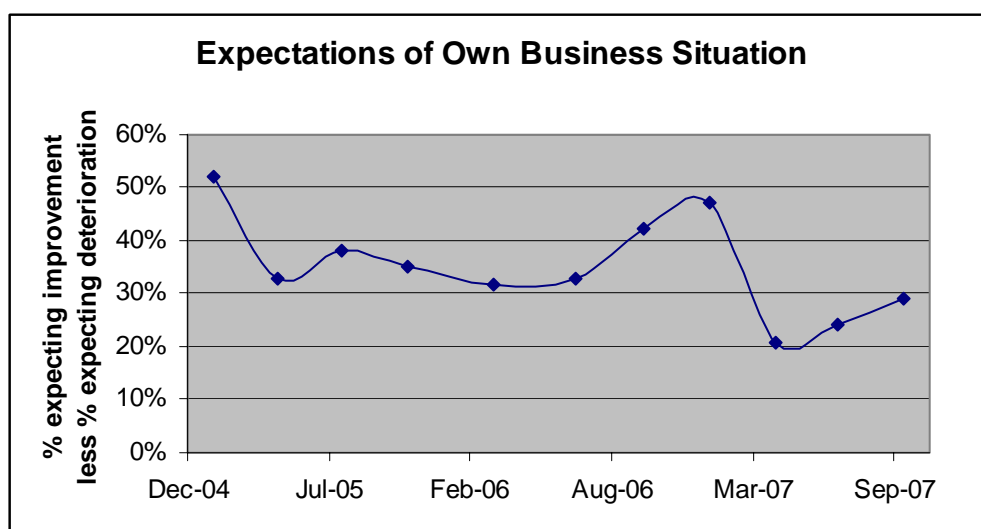


The October Quarterly Business Confidence Survey

October 2007 - Business Confidence Edges Up

Business confidence in Wellington is edging up but businesses remain relatively pessimistic by the standards of recent years according to the Wellington Regional Chamber of Commerce's Quarterly Business Confidence Survey. A net 29% of businesses expect their own business situation to improve over the next six months (the percentage of businesses expecting an improvement less the percentage expecting a deterioration), up from 24% last time we ran the survey three months ago.



The graph shows how business confidence as measured by this indicator has been tracking. The significant fall in late April occurred just after the Reserve Bank increased interest rates unexpectedly and the exchange rate was at a record high.

There have been four consecutive 0.25% hikes in the Reserve Bank's official cash rate this year but the rate has not increased in the last three months and this may be contributing to the gradual pick-up in confidence towards recent levels.

Exporters experienced a significant jump in business confidence - a net 39% expecting an increase in export earnings compared with only 5% at the time of the last survey. This is likely to be in part explained by the exchange rate which is lower than where it was last time.

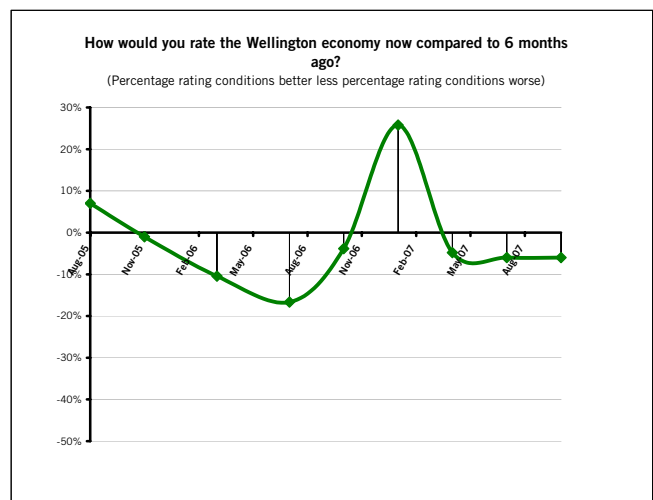
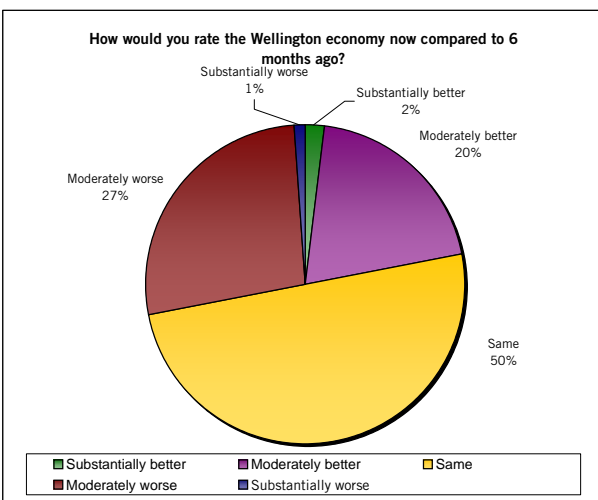
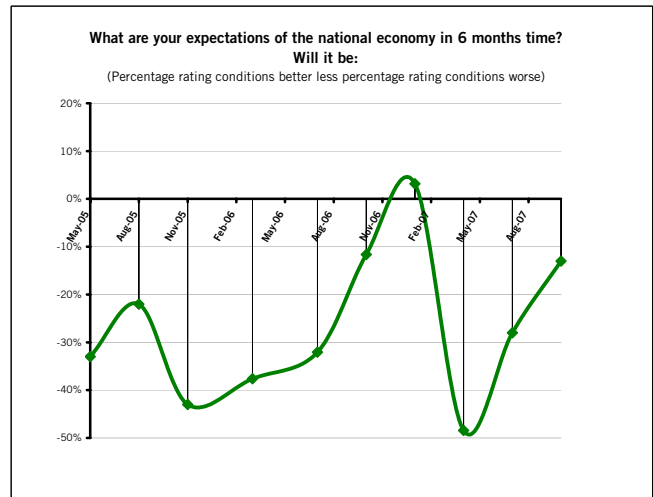
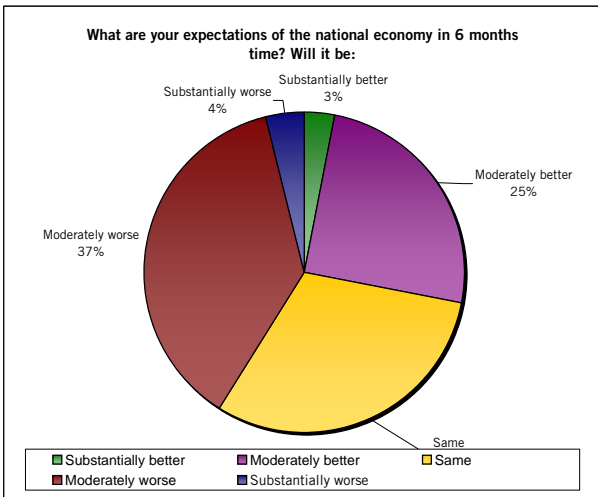
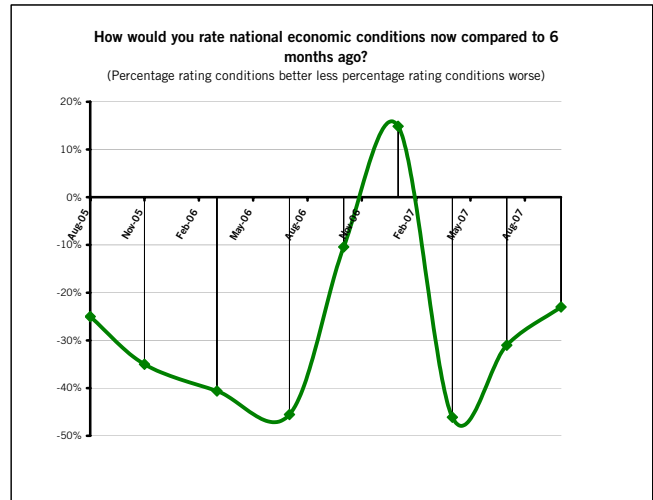
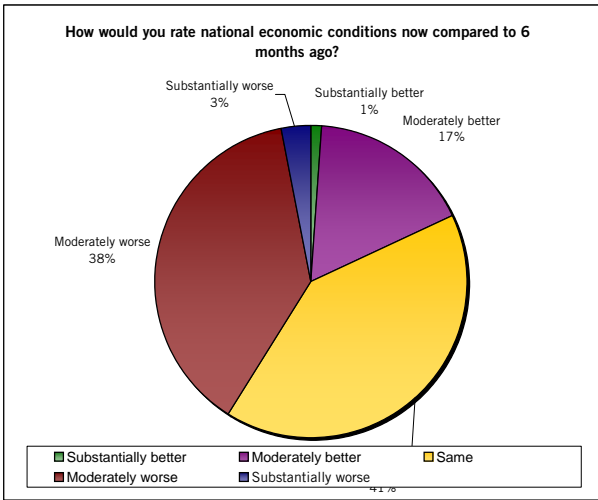
Employment and investment intentions are largely unchanged compared with three months ago but consistent with the overall mood of mild pessimism, are slightly lower than historical levels. 29.5% of respondents expect to make a major investment in plant or equipment and, adjusting for normal seasonal changes, a net 19% of

businesses expect to increase their staff numbers over the next three months (28% up and 9% down, the rest unchanged).

It is worth noting that this survey was taken in the week following the exit of the All Blacks from the Rugby World Cup which might mean that the figures are more pessimistic than they might otherwise have been.

Results for Business Confidence Survey - Oct-07

Trend Analysis



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