

The January Quarterly Business Confidence Survey

January 2008 - Business Confidence crashes After Sharemarket fall

Business confidence has taken a hit after the recent bad run on world sharemarkets according to Wellington Regional Chamber of Commerce's latest quarterly survey.

The survey was taken between Thursday 24 and Monday 28 January just as the 14 day run of successive falls in the NZ50 Index ended. On the Friday the Reserve Bank left the OCR unchanged. The sharemarket has edged back up since and we notice that responses to the survey tended to be a bit more positive towards the end of the 5-day survey period. The timing of events has undoubtedly affected the overall results and it will be interesting to see if there is an upward correction next quarter.

When respondents were asked their expectations of the national economy in 6 months time a net 49% were negative (ie more thought it would deteriorate than improve). This is a drop from a negative 13 percent last time the survey was taken three months ago.

In spite of this pessimism about the national economy, when asked about their own business situation, respondents weren't so negative with a net 14% expecting things to get better.

This contrast in people's views about their own outlook compared with that of everybody else's is a usual feature of the survey. It is the own business measure which is a better indicator of business confidence. Yet it is significant that this too has fallen quite significantly from a net +29% to net +14% in three months.

When asked about the Wellington economy respondents were less pessimistic than they were for New Zealand overall.

All three measures showed the lowest level of confidence in at least two and a half years.

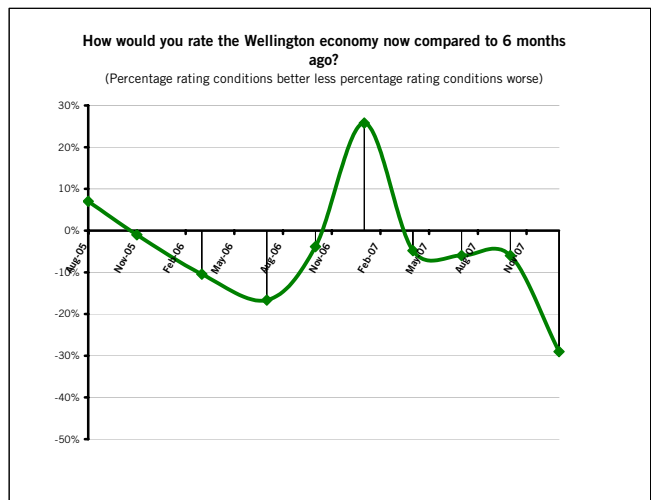
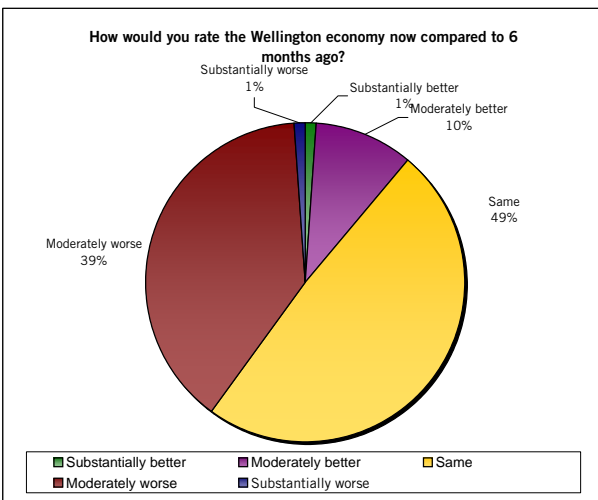
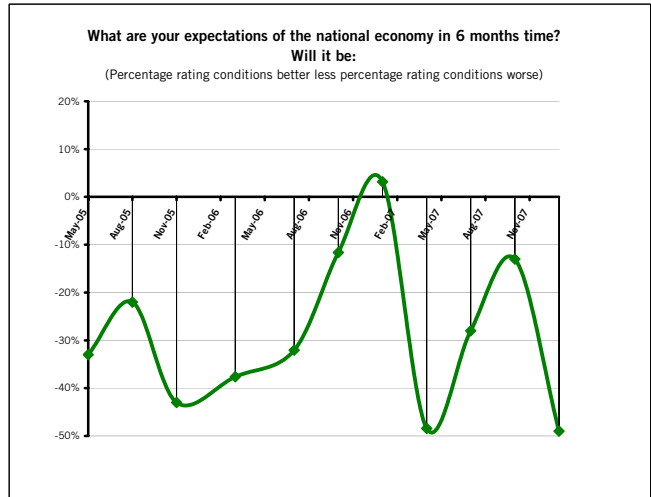
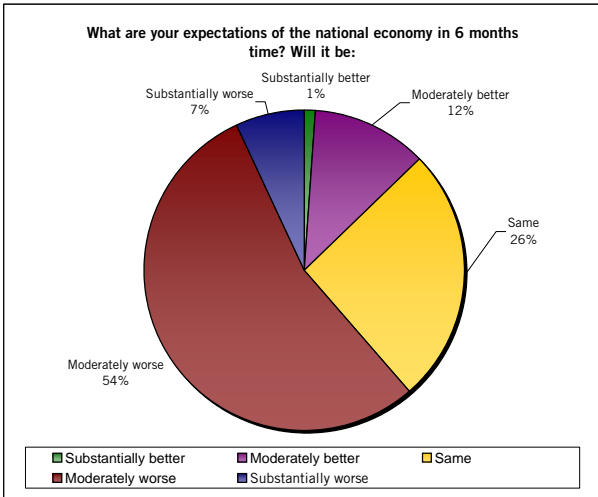
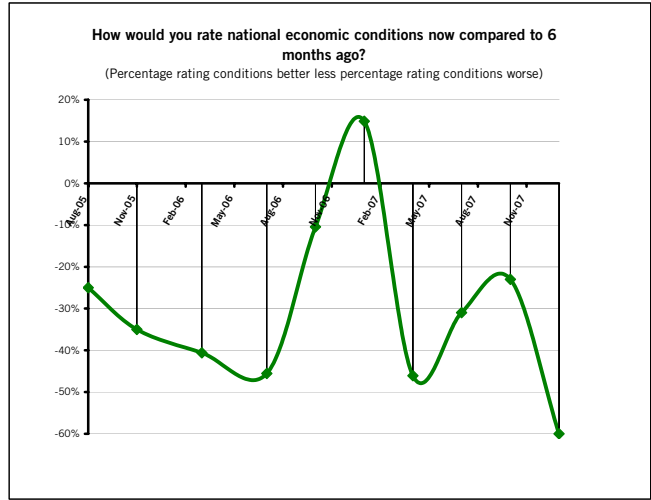
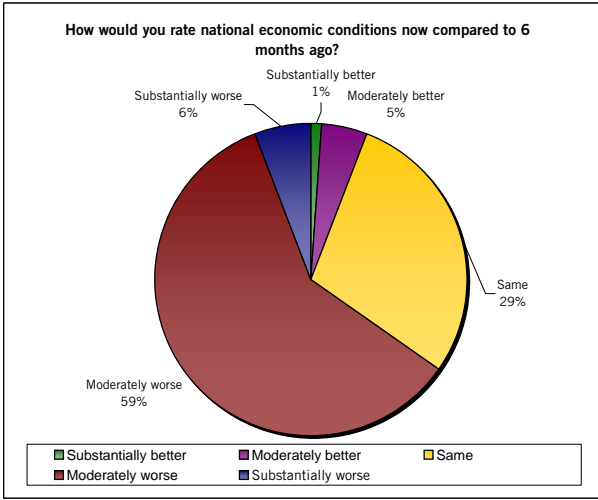
Reflecting the slump in confidence investment and employment intentions are lower. 24.8% of respondents said they expected to make a major investment in plant or equipment in the next 12 months compared with 29.5% three months ago.

The net number of respondents who said they intended to take on more full time workers in the next three months was down (from +19% to +17%) but the figure for part-timers was up (from +10% to 11%).

Workforce issues and staff shortages remained the largest concern for respondents.

Results for Business Confidence Survey - Jan-07

Trend Analysis



Results for Business Confidence Survey - Jan-07

Trend Analysis

