

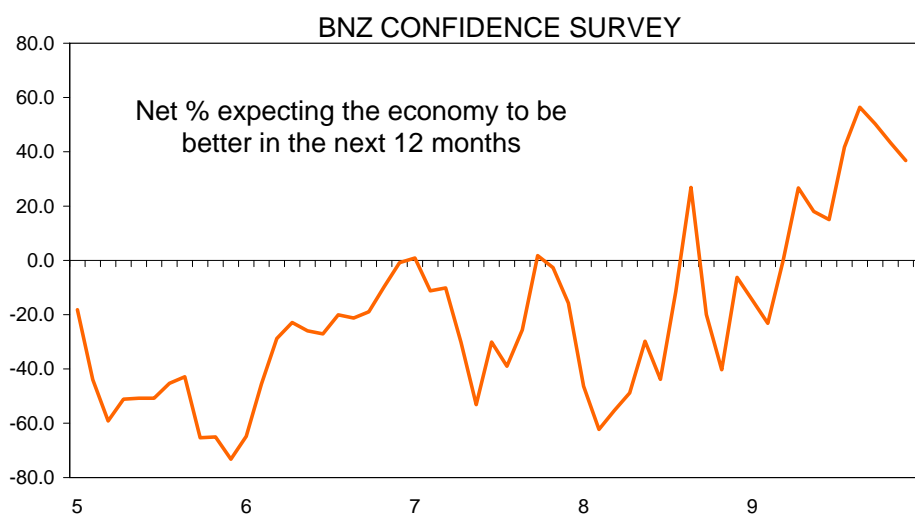
Mission Statement

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 20,000 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 EASES SLIGHTLY

Our first Confidence Survey for 2010 has found a net 37% of respondents expect the economy will improve over the coming year. This is a decline from 43% in the last survey undertaken in December but as the graph shows still leaves sentiment at a firmly positive setting. Sentiment in most surveys soared from the middle of 2009 as a huge sign of relief was expressed over avoidance of a Great Depression scenario. Naturally, when asked whether they saw things improving respondents overwhelmingly said yes – there is only one way to go. So survey results were upwardly biased. Now more realism is setting in and we could easily see the recent downward trend in sentiment continue toward the middle of the year – in our survey and in others.



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

Accountancy

Customers slow to pay, lots of cash flow management work, businesses reluctant to expand, still detecting a lot of caution.

Advertising & Marketing

No clear upturn yet in evidence. Patchy with some signs of growth.

Agriculture

Tough for sheep and beef, dairy focus generally on debt repayment.

Agriculture Servicing

Mild evidence of some improvement in spending. Cautious though

BNZ CONFIDENCE SURVEY

Construction

No clear pattern at all. Some up and some down.

Engineering

Mild gains here and there but overall the tone still seems weak.

Forestry/Manufacturing/Sawmilling

Some positive signs though not for all.

Hospitality

Looks generally slow still.

Human Resources

Similar comments as in recent months regarding employers showing more hiring interest. But volumes still look light.

Information Technology/Telecommunications

Quite mixed but with mild signs of improving activity.

Manufacturing

Mild upturn evident.

Real Estate – Non-residential

Definitely weak levels of activity. Comments about improvements seem quite restrained.

Real Estate – Residential

Buyers very selective, investors not very active, listings short in some areas but plentiful in others. Things appear to have generally settled down after the rush for a period last year.

Real Estate – Rural

Very weak.

Retail

Mild upturn evident but high caution on the part of customers as well. Little outright strength as such.

Tourism and Travel

Past year better than expected and while there are some positive comments about the market now the general tone remains restrained and cautious in light of economic weakness offshore.

Transport and Storage

Improving.

Vehicles & Automotive

Mild growth in activity evident.

BNZ CONFIDENCE SURVEY

Survey Date	Better %	Same %	Worse %	Net %	# of respondents	# of comments
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
4 December	35.9	21.9	42.2	-6.3	479	330
6 March	26.5	23.8	49.7	-23.2	867	642
2 April	35.8	28.5	35.8	0.0	741	529
8 May 2009	50.2	26.4	23.5	26.7	618	428
5 June	43.3	31.4	25.3	18.0	566	409
3 July	41.7	31.6	26.7	15.0	621	443
6 August	59.1	23.6	17.4	41.7	657	404
4 September	66.7	22.9	10.3	56.4	619	377
2 October	63.4	23.4	13.2	50.3	547	341
4 December	55.4	32.5	12.1	43.3	536	348
4 February 2010	53.5	29.7	16.8	36.8	555	344

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

- Chartered accounting - very flat; many clients having cash flow issues
- Accounting, still some nasty cash flow surprises
- Accountancy - Across all sectors at present the immediate concern is cash flow management debtor collection & production/sales. These concerns have been accentuated by low levels of activity further compounded by a spate of IRD payments - In the words of one client - " every second cheque I have written since Christmas has been for the IRD"
- Chartered Accountancy - must keep focussing on marketing to stimulate interest. Clients are not doing anything extra just basic financials and tax returns. 22% drop in turnover last year - hope to recoup some of that this year - profitability still good just not great.
- Chartered Accounting: Big rush before Xmas over, now dealing with stragglers. Clients who looked okay financially last year (2009) are really feeling the squeeze this year (2010), so the recovery hype is not being matched by client experience at the coalface.
- Chartered Accounting - very quiet. Apart from compliance work, everyone seems to be sitting tight.
- Accountancy busy as usual clients struggling noticeable change in poor outlook in various sectors particularly tourism
- Chartered Accountancy Still very busy
- Accounting. This is more challenging with fees under pressure as more people look to reduce costs rather than value added services.
- Workflow load is increasing. Some debtors are taking longer to pay us...Accountants and business coaches
- In Chartered Accountancy/financial consulting, seeing more financial distress again after the second half of last year improved. W shaped recession?
- Accountancy - not chartered. Busier and busier.

BNZ CONFIDENCE SURVEY

- Small Chartered Accountant - Auckland- Clients still slow to pay, losing a few due to the economy, pushing stragglers to get work in.

Advertising & Marketing

- Advertising - noted a big pickup in activity during January, although it is still significantly down on January 09 levels. Reasonable budgets and projects are starting to appear.
- Network Marketing is gathering momentum.
- Advertising industry is still struggling. Revenue levels for traditional advertising have gone back to the levels of four or five years ago. Businesses are downgrading their ad mix to more basic levels. It seems they don't expect that recovery will be strong.

Agriculture

- Flat in the sheep and beef and arable sectors, dairy on a slight rise
- Dairy Industry. Employer spending large amounts of money purchasing new machinery, improving plant, Storage, and site, to accommodate new orders present site and plant can not keep up with.
- Dairy industry - Difficult trading conditions. Commodity prices reducing. High reliance on temporary labour to maintain production, leading to issues with union
- Sheep and Beef Farming. Things still really tight. Not spending any money we don't have to. Lowering dollar may help.
- Dairying. Have enough to pay bills, breaking even. Any extra money will go to debt servicing as we have a lot of our debt floating
- Dairy industry. Slow steps as yet. Cash flow positive now and looking at reasonable cash surplus but the underlining prob in medium term next 2/3 years has been the demolition of equity. Can't see any but essential spend from farmers for quite a while so don't think the cash positive results will flow through the rest of the economy as normal.
- Sheep & Beef The high exchange rate is killing us. At the moment around \$30 a head less for lambs and could get worse. Very uncertain. Beef is behind last year also.
- we are sheep and beef farmers and operate at a reasonable level consistently. We have a equity to debt ratio of 70% to 30%debt, considered middle of the range for the industry, and there will be red ink on our accounts this year and spending will be non-existent as a result.
- Dairy Farmer. Drought affected in Northland. Happy with current level of payout, however our costs are continuing to rise.
- Farming - arable. Average harvest so far. Still waiting for summer to arrive. Extra expense in drying crops. No bright outlook for next season. Will be trying hard to stand still financially.
- It depends where you are in the farming area some areas in Sth Canterbury are very dry, other areas have had enough rain to see them through. We have had a reasonable season. Better than last year.
- Farming, not much has changed just sold my farm and the capital gain is just the same as years gone by(good farmland).opportunity out there if you go look.

Agriculture Servicing

- Veterinary services and sales. All production animal farmers (dairy, sheep, beef) are (justifiably) very cautious on spending, and keeping their wallets closed except for 'must do' things. In their favour has been a very kind late spring and summer - food supplies for stock are excellent (to the point of going out of control), so animal health, in general, is excellent. There is more confidence in these industries, tempered with a healthy caution. New ventures/services are not being adopted by many. The companion animal market seems strong in demand - trouble is, a greater proportion don't want to pay anything for it! Opportunities are out there - in particular supplying services overseas to Asia.
- Raw Wool Trading Slight improvement in the last 10 days with 'the dollar' doing better things for exporters. Slight increase in sheep numbers and a slowing of dairy conversions.
- Technology supplier to the dairy industry - significant tenders being submitted. Contracts awarded still rely on financing which is slow
- Agricultural equipment sales - appears to much slower in it's recovery compared to other industries
- Electrical service and installations industry. I think that our farming customers (mostly dairy) are feeling a little more confident and are starting to carefully loosen their cheque books.

BNZ CONFIDENCE SURVEY

- Agricultural Wholesaler - Manufacturing and Distribution. A very quiet January, but February is looking extremely positive with sales tracking similar to last year
- Agribusiness consulting. Conditions have picked up over the last six months and can see 6-9 months work ahead of us where as it had declined 12months ago to 3 months. This pick up was somewhat faster than I was expecting this time last year. Of course winning work you don't expect or losing bids that you expect to win can change the outlook rapidly.
- Farming industry (VET Clinic) Currently farmers are still holding off some important interventions which will affect profitable outcomes for them next year. As a whole farming expenditure is very tight with many not calling out vets

Architects

- Architect... very good start to the year several new small projects

Business/Management Consulting

- We are business and management strategists for 30yr. our clients generally acknowledge that things have improved, but the improvement factors have reach a plateau and have stalled waiting for further stimulus
- I'm a management training consultant with 160 clients of every type ranging from medium small to large companies in Canterbury. Two types of economy are emerging within the client list - larger companies rolled on through 2008/9 relatively undisturbed with their training budget mostly intact (i.e. still had money to spend on discretionary luxuries.) They are positive about 2010. Smaller clients (10-200 employees)cut back all discretionary spending last year and are not opening the chequebooks this year either. They sometimes report plans to fund capex items from operating profits rather than from borrowed money and generally show reluctance to acquire debt. Some have empty order books and are sitting tight and bargain hunting when spending on essential. Many look now at leasing rather than buying and also ask for invoices to be spread out over longer periods - even delaying payment into their into 2010/11 FY. In short - two different groups show two different levels of economic activity and confidence - big business (positive)and small business (cautious).
- Management Consulting - client activity has increased tremendously and this is turning into solid work, but at 2007 levels. It will probably take a couple of years to fully recover.
- Business Services (Accountancy and business advice). "Holding" on 2009, down on 2008. See sign of positiveness growing by the day - looking much better by end of 2010.
- I am in business advisory and it is hard to tell at the moment how things are looking because normally this is our quiet period. We do have clients who have not brought in their records for us to do the work and the reason for that is any one's guess. This will only get better.
- Fiscal and economic policy advice - consulting. NZ government agencies still very constrained. International agencies chasing limited funding.
- Business and personal coaching - Great. Business is booming!!

Civil Construction

- Still patchy in our market and highly competitive pricing. Major infrastructure projects starting to have an impact in parts of our business - civil engineering

Construction

- Building trade Gisborne. Very hard market at the moment still in business tho! Things start to turn then stop again.
- Construction and Transport remain flat though optimism in the Transport section - especially in the Upper North Island - seems to be on the rise. More discussion about investing in new equipment/plant and better overall outlook for next 12 months.
- Building Industry Definite uplift - a lot of catch-up work to do. A lot of re-painting and construction activity especially with the world cup looming.
- Construction. Margins still tight but tender opportunities more available
- Building Industry - manufacturer / supplier - much hyped improvements seem to be awfully slow in coming but everyone seems more positive.
- Construction Industry, Work getting scarce and margins very tight.

BNZ CONFIDENCE SURVEY

- Construction Industry: Plenty of work around, but outside contractors getting the jobs instead of locals.
- Residential construction Christchurch - Sales have slowed significantly since December 09. The governments proposed tax changes on investment properties have instantly stopped investors from buying, this is not likely to change until the tax changes are known and quantified. Despite the so called 'lack of supply' of new housing, I feel overall housing construction may actually be down on last year.
- Construction: all short term projects, nothing confirmed out further than two months. Pricing very competitive and margins are very low.
- Property development, Nelson. High land prices, increasing build costs and regulation have all placed pressure on margins. 7 years ago we could turn a project around in 3-4 months, now it takes 8, mainly because of council delays and requirements.
- Construction - forward work reducing
- Non residential construction Cliff face in second half of year Margins have vanished
- Residential Construction is looking a bit tighter than last year - enquiries down slightly & not a lot of land available
- Commercial construction in Wellington area. There is more work to tender over in the next three months than the previous three months mainly Education projects. The private sector is still very quiet.

Construction Related

- Construction materials. Demand increasing very slowly. Could be a levelling off in activity once rugby world cup builds and upgrades are completed.
- Waikato- plumbing and gas fitting. We are very busy and employing more staff to cope with the work load, new house construction picking up and maintenance very busy
- Supplier to the Building Industry- The outlook is improved with the increase of building consents. The growth is not expected to be rapid and our forecast is for steady growth over the next 3 years before we get back to around 24,000 building consents for residential housing.

Education

- Education - Student Applications are higher year on year
- Tertiary Education, high domestic student demand so having to manage this within our capped EFTS funding. Focus remains on the politicians, and what the funding and delivery requirements for 2011/beyond will look like.
- Tertiary Education - Still seeing unprecedented enrolments and worrying about having to start turning students away
- Education and Training: Have noticed a definite continuation of a downturn in training activity as companies pull back on spending in this area. I suspect this situation may continue for at least another 6 months. We do tend to see feel the impact of such economic times later rather than sooner.
- Early Childhood education. Getting worse as the unemployment rate is high the time out enrolments have gone. Wait lists have dropped to at most 0 levels
- Tertiary Education is looking pretty tough over the next few years. We are facing limits imposed by the Government on student places at a time when more students want to study.

Energy

- Oil Industry. Last year was a good year for what is known as 'Upstream' (oil rigs etc) but 'Downstream' (marketing and the retailing of oil) had a very poor year. New Zealand is only in the Downstream business and another poor year is predicted by the company for 2010. Margins are low and as the Downstream business is not as profitable as the company would like it will be restructured globally to try to increase its profitability in 2010.

Engineering

- Sales in Engineering Supplies are running about 10% behind in turnover for this financial year. This is a first in over 12 years of business.
- New structural steel and piping, growth is steady and increasing. More work than I can put through my workshop.

BNZ CONFIDENCE SURVEY

- Consulting engineering - things still very tight in the structural/civil engineering consulting field. Company looking at a 5 year plan and redirecting efforts away from highly competitive/low fee work. Could mean further redundancies within these service areas over the next 12 months as these plans get developed and implemented. Conversely to this it may also mean investment in other areas of the company either locally or in our off-shore operations in Asia, middle East and Africa.
- The structural steel market is still very weak in Tauranga. Engineers are finding the market extremely competitive and this impacts on businesses down the line. The maintenance painting of larger sites has increased and this has helped us stabilise our turnover to a survivable value. I would expect our industry not to recover to some normality until early to mid 2011.
- Consulting engineer in commercial construction. We are seeing that it is a great time to build for those clients that can access the funds, with very keen construction pricing in this sector.
- Professional services - Engineering. There has been steady improvement in demand as confidence starts to return.
- Engineering to property development: Real estate development still very slow, large developers slowly moving ahead (Canterbury, Hawke's Bay) many small developers in financial trouble.

Finance

- Property Finance. Volumes low, quality good. Gone is the expectation by developers to fund their unrealistic dreams. Gone are the finance co's that used to do this. Reasonable equity margins are being accepted as necessary.
- Banking Okay – slower Some lending coming through Investments - people only want to invest short term
- In Banking it looks to be getting better
- The business Start Up incubation business is slow and Angel funding very tight.
- Banking - more mortgage enquiries.....investors no longer worried with regards to their moneys' safety
- Banking sector is still weak, doing more with less.

Financial Planning and Investments

- Debt Management. January has been seen less new distressed customers than expected however there continue to be a large number of companies under strain.
- Wealth management - increased activity in bond issues with oversubscription to recent Meridian offer
- Fund management. Reasonable KiwiSaver inflows and a continuing trickle of new members. Some evidence of switching now apparent as people change jobs or advisers. Discretionary investment still predominantly towards cash and fixed interest. Nervousness about global outlook remains. Volatility likely to be high.
- Fund management is picking up, but asset management is still mostly volume driven and costs for services and products, in particular index products from other banks are rising. That keeps pressure on earnings. If a double dip hits assets under management will fall drastically further eroding the number of funds. It might initiate a period of rethinking the underlying basis of asset management of funds specifically of large volume providers.
- Investment Adviser ... Still very difficult. Bad Press coverage of the 'whole' industry is not helping!!

Food

- Food processing. Domestic sales are down, margins are tight, Export to Aussie is a bright spot. We will keep labour very tight. Worry is that capex needs to rock on to keep up there.
- Meat retailing and wholesaling. Not a lot of change. Costs steady, margins competitive and really just bobbling along. Get the feeling that there is no bubble out there.
- Chocolate industry in NZ is very tough with 30 year highs in cocoa & sugar and price wars in the supermarkets.
- Money is tight but we are finding that locals are willing to pay for quality. Small scale local food manufacturing

Forestry/Manufacturing/Sawmilling

- Forestry is showing positive signs of strong continued demand, especially on east coast.

BNZ CONFIDENCE SURVEY

- Sawmilling: Demand exceeding production but profitability low therefore price increases will apply from April.
- Forestry - As the reports are saying it is all pretty bullish on the log markets, based on demand out of China. Don't know how long it will last but great while it does. This one does seem to have some longevity though.
- Timber importer and merchant. Business extremely tight with sales still below where we want, and margins tightening. still a long way to go to get back to "normal" conditions. seems after Xmas that someone has not turned on the lights.. some areas builders are doing ok, but Joiners and Furniture are very slow. All report low order files and worry where the work will come from next.

Government

- Government/Public Service: General mood is cautious. Sense that government will lag behind any recovery.

Health and Fitness

- Acupuncture - Starting to pick up but its a struggle. With not only the economy but the government scaring people away from ACC.
- Medical Software...were fine until mid last year now quiet.
- There are ongoing workforce challenges and the discretionary cash payment segment in healthcare is down
- Pharmaceutical Wholesaling. Somewhat more stable and appears to have bottomed but still some downward drag countering any upward pull.
- Public Health- Continued tight fiscal policy, Disgruntled staff due to salary freeze remaining with no clear end. Continued loss of skills for that reason and ?grass greener over the fence? (Australia) mentality of young New Zealanders.
- Nutraceuticals. Growing market as consumers look to take their health seriously especially the baby boomers
- Vocational Rehab- interesting times ahead with Govt cutting back in spending with ACC and Work and Income budgets. Busy at moment but may decrease as budgets are cut.....
- Public secondary health: Definite tightening of purse strings. Introduction of the new-look national health board. I think few in public health administration jobs are feeling comfortable.
- Health Funding tight but still positive business opportunities.

Horticulture

- Horticulture. Improvements all round.
- Gold kiwifruit. The crop is down nationally as is mine. This should mean we get paid a little more for our fruit but the industry will be down over all.

Hospitality

- Gambling - things picking up - but more a case of what we are doing to drive that.
- Entertainment - promoters, both off-shore and domestic still maintain a great deal of hesitation toward large projects in this country. New Zealand remains a financial risk to all but the largest/best-known productions or names.
- Hospitality: After a satisfactory year with slight growth December was disappointing. Expected good sales, only the same as last year.
- Although only a musician, our industry bears the brunt of any economic decline and things don't look good. Then again, maybe I'm just a crap muso!!
- Entertainment and leisure industry. Our numbers are down for the December/January period on the corresponding period of 12 months ago.
- Cafe/hospitality sector. Only steady, no great highs these days. Noticeable decrease in overseas tourists, & local families disinclined to spend too freely. This should be (traditionally) a good steady month.
- Hospitality-slow

BNZ CONFIDENCE SURVEY

Human Resources

- We are in a specialist recruitment area - there are definite signs of recovery and expansion amongst our client firms both corporate and private practice. Once again clients are beginning to recruit temporary staff to assist with overflow or heavy workloads.
- Recruitment has picked up and employers are looking for people after the cuts and downsizing of the last 18 months. Whilst there has been more recruiting activity it is coming off very low lows. There is no doubt that last year was the worst the industry has experienced, but the last quarter of 2009 was encouraging and the year has started strongly. Auckland has picked up faster than Wellington, but again Auckland was harder hit.
- I am in the Recruitment Industry and the general feeling from clients is that they will be more open to giving their recruiting work to us. Last year many clients took their recruitment in-house or simply weren't employing.
- Recruitment – a lot of buzz about things being a lot better, but the top end of town still really quiet and good candidates are staying on the market for extended periods, confirming things have not started firing as much as the press has sprouted
- HR recruitment - better than last year but still a long way to go to the highs of 2007 and 2008.
- Recruitment. things are looking positive around the country. this time last year was when the brakes went on and we are seeing positive hiring intentions
- Recruitment Industry is looking a lot more positive than 2009 and has started well. We are seeing spikes in activity in Auckland especially.
- Still a long way from record high recruitment volumes 18 months ago, but employers are more optimistic and job orders are flowing again.
- I'm in recruitment. Employers are feeling more positive but when you ask when they're going to start re-employing staff, replacing staff they let go last year or even add to their organisational chart, they're not shouting out now.
- More hiring (environmental)
- Recruitment. Lots of clients are saying their clients are looking at increasing inventory, which is spilling over into them requiring more resources but they are still holding off on recruitment decisions. It has got a bit busier in the run up to Christmas on the permanent side and contracting has q on q growth but not significant. See end Q1 and beginning Q2 where p/u will happen...lots of frustrated employees who have worked a lot harder with less resources this year (I am in the Finance and Accounting speciality at the senior end)

Information Technology/Telecommunications

- IT - looking up, more jobs and investment on the horizon.
- Telecomm...flat growth.
- IT contract sector - more jobs - lower rates
- I.T Industry - seems to show some signs of life with more role's advertised, although I suspect the number of candidates means employers have the luxury of picking and choosing the cream..
- ERP Software. Picking up really well. A lot of businesses that deferred their decisions last year are acting now.
- Games Software, 12% growth last year bigger year forecast for 2010
- Telco infra - Business as usual. Long range capital planning still driving activity and not likely to be affected by current short term (1-3yr)market confidence. Sector is awaiting the outcome of Govt UFB decision which will significantly affect competitive landscape and mould medium term (3-7yr) investment positions.
- Technology. New projects, particularly infrastructure projects seem to be on the rise, basically catching up on all the infrastructure work that hasn't been done during the good times (last five or years). Firms are still in the contractor mind set to fill these gaps as opposed to permanent jobs. My feeling is this won't change for another 12 months.
- Telecommunications - revenues are dropping as business' rationalise and move to lower cost solutions, slightly offset by mobile revenues increasing but largely this is transfer from other technologies
- IT Consultancy. Better than this time last year - the market was dead in my specific area till May 2009. Right now (Feb 10) I have 2 definite contracts coming up and 3 others on the horizon. Mostly in Govt.

BNZ CONFIDENCE SURVEY

- Software - HRIS - Things are starting to take off. Organisations are looking to do some of the process improvement work they have delayed for 12 months. Still lots of prep work at this stage but positive signs.
- Telecommunications - Slowing down with the delays in the fibre rollout process. Some bright spots on the horizon though.
- IT: Business is very good but struggling to hire good people (lack of quality staff as they are mostly overseas) and capital is hard to come by. But the underlying story is very positive as long as the financial maestros don't drop us in it again.
- Business IT sales and support. The last 3 months of 2009 were the best in the last 5 years, however clients this year are expressing a watch and see attitude. Although we are run off our feet at the moment preparing quotes. Hardware sales are creeping back to normal. Billable hours are not a concern at the moment. Looking forward to 2010
- IT industry Wellington. After Government restructuring and the Christmas stand-down, the Public Sector is now getting on with it with budgets to be spent before 30 June

Insurance

- Insurance - there is so much work out there I am seriously considering getting assistance. Simply put the insurance industry gutted itself in the 1990s, now we are suffering from significant lack of intellectual capital, especially in the regions.
- Insurance. There seems to be a more positive outlook and business owners are generally experiencing an uplift in income and are therefore more inclined to spend more on life and disability insurance.
- Insurance Industry - Pressure on premiums still remains, clients slower to commit to renewals.

Legal

- Legal - provincial house sales still down
- We had a pick up in the last months of 09. Is a feeling things have levelled off- provincial legal.
- So - we're pretty quiet but other lawyers we talk to seem to be pretty busy.
- Law firm - we continue to have a strong year
- Law - steadily improving.
- Legal (litigation) - steady demand and plenty to do
- Law - less litigation in general, property market still has a lot of fear around it and negative vibes and think volumes so less property revenue, less commercial deals, but a fair bit of tax planning & asset restructuring (trust/will) work on
- Law: Excellent run for the last quarter; we expect a bumper year

Manufacturing

- Manufacturing - Orders back to a steady rate though still 15% below the level of 2 years ago
- Slightly improving sales - costs still under pressure though. Manufacturing
- Steel Roofing Manufacturing and Installation. Mid /South Canterbury. Marlborough/Nelson Consents and approvals look static for coming financial year . Wine Industry related spend is significantly down, while Dairy and Cropping is relatively flat.
- As a manufacturer and supplier of furniture we are now seeing a slight increase in orders after a disastrous 2009. Retailers are still trading poorly and suspect will be some months before we see positivity return to our marketplace.
- Export Order Volumes picking up but margins are awful (Manufacturing)
- Building & Construction Industry is expected to pick up from very low levels of activity. We are a manufacturing supplier to the industry and have been hard hit by the drop in residential consents.
- Paper Manufacturing. Domestic Market off to a sluggish start but general consensus is that it will be a little better than 2009
- Weak, electronics manufacturing
- Manufacturer of niche electronic products Very volatile - controlled diversification key to keeping head above water
- Electronic manufacturing seems to be a fair amount of activity.

BNZ CONFIDENCE SURVEY

Marine

- Marine electronics: There is news globally that it is beginning to recover after a huge 60% fall off. Yards are beginning to employ again.
- Supply to the woodworking and Marine industry and a good portion of our client base are quietly confident that it will be a slow increase as the year goes on but all are cautious.

Media

- TV production still on track, with the 3 main networks still commissioning good amounts of local content.
- Broadcast media. revenue still tight but in our company at least job losses appear to be over.
- Support to Film Industry. Been a great last 12 months & still plenty of work ahead. Positive for us but feel the economy in general has lots of pain yet.

Miscellaneous

- Huge interest in forward bookings. Wedding Catering Business
- Badge and medal production and supply, we are considerably quieter than this time last year.
- Large industrial refrigeration market Things are still a bit slow with most large organisations slow on the uplift of new projects and extensions however more discussion is being noted with a view for the future
- Suppliers of Scientific Equipment - market is still patchy with no signs of any significant upturn.
- We supply catering equipment to commercial users. The Hospitality and Tourism sector is down and recovery looks to be slow. But other industrial catering (hospitals, prisons, retirement homes, event centres, etc) are busy and lucrative.
- Equipment Rental. An improved response after the Xmas break but this has tailed off already. Our customers were in a positive mode but they are now concerned the forward work is not materialising resulting in discussion of further lay-offs. The coming winter off-season period is now on their minds and we are approached about selling some of their equipment to cover borrowings.
- Cleaning Company specialising in Short term rental properties (holiday homes) and couldn't be busier. Turnover up 30% on last year, good forward bookings, no new competitors in the market.
- Hairdresser in rest homes-Very Good-No change
- Equipment Rental - Looks like very slow but reasonably steady improvement.
- Shows improvement from the new jobs start to be available now. I am a Graphic Designer (advertising, Marketing, In house designer)
- Business - blue pearls Very good year in NZ, very slow to stopped in the USA & fantastic in the Channel Islands - you can purchase 'Stardreams' created with Eyris blue pearls for 45,000 pounds.
- Safety Supplies - Things are very much the same as the last 3 months. There is a feeling things are going to improve
- Not-for-profit. We have been sheltered from recent economic events as we do not rely heavily on corporate sponsorship and have healthy reserves. Investment portfolio returns have been down which has increased our reliance on our other income streams to cover administrative costs. Not an ideal situation.

Packaging

- Flexible Packaging is picking up and new projects being discussed. Margins tight and capital expenditure is still tight.

Printing and Publishing

- Printing. Orders starting to increase but still patchy
- Business is pretty stable in our printing industry. We are achieving our targets, however most of our profit margins are eaten by away by Forex forward contracts due to poor forecasting in early 2009. (Ed note, FX hedging based on currency forecasts is a fool's game – currencies cannot be reasonably predicted.)

Property Management

- As a property manager in the residential sector it is extremely busy with properties all over the Auckland area renting very fast with increased rent being obtained. I also sell residential properties. There are not a lot of buyers coming through each property however they are genuine buyers but looking for a bargain.

BNZ CONFIDENCE SURVEY

Real Estate – Non-residential

- Industrial property leasing and they are flat at present
- Commercial Property Leasing: Lots of inertia in terms of trying to get businesses to commit to premises. Shorter lease terms being negotiated. Sales - slowly improving but industrial and office markets still tough. Retail improving thanks to Asian interest.
- Property investment - provided your tenants stay afloat you are benefiting from the lower cost of funds. Property development - still very hard to get anything off the ground. Pre sales much harder to obtain
- Commercial property is looking pretty sad...
- Commercial Real Estate - marked improvement since 2008/09 YE. Better confidence levels amongst businesses and good owner-occupier enquiry from small businesses on the back of low interest rates. However, high vacancy levels, tenants still seeking large rental incentives and a lot of sub-lease space on the market, 2010 we feel will be steady but feel that it will be another 12 months until demand catches up again with supply and development recommences.
- Commercial property, tenants are still struggling to make the rent payments, some landlords are recognising this and giving relief, no rent increases, rent holidays etc., but some new players are coming into the market looking to rent. Sales are slow, banks are risk adverse, requiring higher capital investment. Optimistic caution.
- Dunedin
Commercial - little activity here and in Central - focus on tenant management and good buildings closely held. Yields have eased and reflect type of property/quality. A lot of property maintenance on going to retain tenants - vacancy levels just above norm with poor quality spaces unlikely to be utilised in the next 2 years. Rents stable after a period of catch up from the late 90's - unlikely to see rises until supply demand tips to demand stage in 3 yrs? time. Long time investors are cashed up waiting on possible opportunities once rate rises tip property under stress on to the market. I note intense interest in Auckland property in the 3-5m zone from cashed up investors [family trusts etc] - several deals done mid last year and still interest shown by Dunedin investors.
- Commercial Real Estate - Retail. 100% better than the start of last year. Plenty of inquiries from retailers looking to expand. However we will still see a number of retailers going bust, freeing up space for the leaner/profitable retailers
- Commercial property development - a cautious but positive increase in enquires to both lease and purchase. We are definitely more optimistic in our ability to lease our vacant units over the next few months
- We have seen a strong increase in people wanting to invest and make commitment to leases. But most deals are protracted, negotiations commencing at different ends of the of market value expectations
- Retail property - slow but picking up - mixed sentiment depending on category
- Commercial Property Leasing: I don't see any change in the rental income or demand for more commercial property

Real Estate – Residential

- Real estate. Improved stock levels, but unsure on values going forward.
- Property Valuation market still tight
- Real estate Mount Maunganui, monthly sales down to 30 to 40 sales per month down from 140 average 2005,, falling volume and prices, lots of people geared and values down 30 to 40%, all equity lost.
- Real Estate - reasonable / stable outlook, the price rises in Christchurch seem premature.
- Real Estate. Market is on fire with a huge number of new listings and plenty of buyers at the moment
- Property Investor - more hoops to jump through to obtain finance. In our local PIA we are seeing experienced investors surviving but many inexperienced people are exiting (and being scared off...banks are not helping). I can see our major cities having similar issues to Sydney with lack of rental accommodation in 5 years time, and rents hiking.
- Real Estate. Still large overhang of problems in a number of market segments For example Auckland apartments, a number of developments that were sold by Blue Chip type organisations, no properly advised purchaser is settling and the apartments can't be re-sold in New Zealand at anything like what is needed by the Banks to recoup their loans so off-shore sales are the only option. The Banks are avoiding write offs by not putting the developer into receivership.

BNZ CONFIDENCE SURVEY

- Real Estate Wellington. Slow Jan, but Feb starting to pick up. New REAA 2008 is impacting with increase in operational costs, which will need to be passed onto agent/consumer. Agents personal costs increasing with new License fees, may see more drop out this year.
- Eastern Beaches Real Estate . Market seems to be running at long term average rates, so relatively solid . Lower end property sells well and fast for often surprising money, some dearer property languishes. Tax discussions, increasing joblessness and interest rates keep any potential exuberance under control. I do not foresee an easy year.
- Residential real estate Pakuranga/Howick - slightly below normal levels of activity, have been short of listings but a few more coming on now, good property well priced is getting action, overpriced or scruffy does not. Very big sentiment (and rising) against anything plaster.
- Dunedin. Residential - very high listings at present but turnover has slowed since Nov 09. Properties valued \$300k or under [rental stock/1st home buyers] ticking over but recent evidence of +\$500k homes, if needing to be sold are being discounted by up to 20%.
- Real Estate Johnsonville: Number of listings available have tripled from the low numbers prior to Christmas. Sales continue at a steady rate with prices about right. Good steady numbers of purchasers in the market with average numbers at open homes. Should be good sales through to middle of year and then not sure re interest rates movement.
- Property Manager North Shore of Auckland. Student housing strong with small increase in rentals. Open market rentals no stock and few tenants moving with tenancy renewals. We are achieving 5% rental growth on new tenancies. I feel this will carry on as more investors exit the market before perceived tax impacts happen. This will put further pressure on rentals. Steady unit change over in our Body Corporate units under management, once again mainly investor sales to owner occupied.
- Real estate Taupo. Residential sales steady going, apartment and section sales also enjoying somewhat of a recovery. Overall mood is of improving optimism, but events of last two years tempering any thoughts of intemperate consumption!
- Real Estate Christchurch. Strong buyer numbers and low listings create happy vendors, particularly at Auction. Multiple offers more prevalent.
- Residential Real Estate in Ponsonby has been steady for 12 months and early indications are that it will continue to remain so for 2010. The main distinguishing features have been that listings have been in short supply and purchasers are being discerning, rejecting properties with inherent flaws but competing strongly for desirable properties. The commencement of 2010 indicates a continuation of last years trend.
- Real Estate Hamilton: Seems to have taken longer than usual for the market to get underway this year. There was huge buyer activity at the beginning of January, however people have been slow in bringing their properties to the market, and are only now starting to do so, with an increase in listings over the past couple of weeks, however the buyers are now seeming to cool off somewhat.
- Real Estate - January was our best month in two years, however this came off a very poor December
- Real estate is showing very positive signs from sellers coming to the market and buyers making quick decisions (unlike 2009).
- Rental property rents are remaining on hold. Vacancies are low. I suspect the status quo for another year.
- Extremely busy with a shortage of quality stock on the market, many people looking to purchase...not a lot to sell them! (Real Estate)
- Residential Real Estate Wellington Market Fine. Prices firm. Not so good in provinces I believe.
- Property, Residential Rentals. Strong pricing, vacancy rate dropping, in some areas very quickly enabling yields on current values to rise. Looking forward to the tax changes when many will exit the industry pushing up rents and so yields further.
- Real Estate, central auckland - market still strong but some hesitancy with proposed changes to tax laws. This plus higher interest rates will slow market down.
- Real Estate Chch - I'd hate to put the curse on things but the past 10 days or so feels like 2005. Wouldn't expect this rush to last but who knows. Lots of folk wanting to list, some good buyer action etc.
- Residential property and lifestyle properties are selling fairly well in the Waimakariri area as they are in the cities, but I also deal a bit in the Hurunui district which is still very slow. In most areas we are having trouble to get enough listings, also buyers are much more aware of values. Hopefully the recent growth in inquiry and values will remain steady but we definitely need more Vendor realism and confidence at the moment.

BNZ CONFIDENCE SURVEY

- Residential real estate Christchurch ,listings very tight, competition between agents for stock is seeing some optimistic pricing. All the paperwork and requirements of the new Real Estate Agents Act is making sure we are careful who we work with .
- Real Estate Auckland Eastern Suburbs. Strong settlements and listing activity in December. 2009 year finished 70% up on 2008 sales, but that was lowest for nearly 20 years. January very busy for both sales and listings. We are confident that 2010 will see volumes improve further. Prices will firm especially if demand outstrips supply.
- Real Estate: Good buyer inquiry, listing coming in, a bit of fear and confusion with investors about the government tax plans. Generally optimistic outlook.
- Industry- real estate. Things have picked up compared to the all time low of y/e 2009. I think things will stay as they are at present, dropping a little over the winter, Still not much sign of building recovery, although there is a very small movement in the sale of sections from practically zero sales of the past 2 years. Our Region Whakatane
- Real Estate, Invercargill, increased activity this year, prices stable.
- Auckland central real estate sales - more property coming on the market, prices still rising slowly, more property needed.
- Residential Real Estate Gisborne - some positive signs after the year finished better than expected. Holding good stock, motivated sellers but would prefer to have a few more buyers.
- Property market in the Kapiti area is still quite strong, but turnover may be slowing. Fragility in the market could become apparent once short term interest rates start to rise. Valuation Industry
- Real Estate - Central Auckland. Prices firm, multiple offers and homes selling within a couple of weeks of listing for sale. Many sales of homes for more than was paid for them in 2006, 2007, 2008 and it looks like the Nov 2007 peak has now been exceeded. Looks like a great summer selling season ahead.
- Moving along ok, Have noticed the under 200k market has slowed going into Xmas, expecting it to come back in the new year. Real Estate Gisborne
- Residential Real Estate, Specialising in New Property (House and land packages and land brokerage) We have been riding a wave of demand for new property especially on Auckland's North Shore and West. Much of this is due to a lack of good second hand stock and also people liking the idea of new homes built to the new higher building standards.
- Real Estate franchise owner - Northland East coast. Prices are still declining particularly in sections. Best trading terms for our business in three years - more active buyers in market. High end property moving for first time in 2years +. Sections becoming a bigger part of our turnover. Total market turnover still a fraction from its peak.

Real Estate – Rural

- Rural Real Estate, Cambridge, having been in the real estate industry for over 20 yrs, I have never had such a quiet start to a year. There are purchasers that are sitting there cashed up but not prepared to make offers, it seems that the market is frozen, buyers expectation is that values will fall further. The banks with their tight lending policy are now in control of this market and with interest rates now on the increase, causing purchasers to back the truck up. R/E land values have to adjust down to line up with bank policy regards return on investment. The days of farming for capital gain are out the back door for now and sooner the vendors accept this the better. the result being from a vendors perspective, unless the bank is putting the boot in, forcing a sale, they (vendors)will sit and wait for the next cycle, but could be 5-7 years away if the traditional cycle is followed.
- Rural real estate. Very tough, little debt funding available but emergence of large scale agri investors bodes well for kick starting the market.
- Rural Real Estate - doing plenty of appraisals, but often potential sellers don't like the numbers, so unless they have to sell, they are sitting tight.

Retail

- Books & Stationery. Down on last year in all categories except anything that is for the kids where it is well up. Back to school stationery is down. In past years customers have stocked up at the special prices for throughout the year. They appear to be buying the minimum presently. So they will be back!!
- Retail - Supermarket, Steady growth. West Coast.

BNZ CONFIDENCE SURVEY

- Electrical merchandising-slight improvement recently
- Importer slow, retailers show signs of weakness
- Liquor retail/wholesale: flat
- Office Furniture. Plenty going on, but margins tight to secure bigger jobs.
- Sales are flat with more advertising [wholesale / retail]
- In the Professional Hairdressing Supply business, we note a continued plateau on retail product purchases but a slight improvement in colour services - all in all a tentative improvement in outlook
- Eftpos Terminal supply. Very busy, upgrades mandated by Card schemes. Still businesses failing but new business starting up as well.
- Retail Bakery Remuera Auckland, Good positive start to 2010. Many positive comments from customers about the year ahead. Suppliers are all quiet however.
- Retail: Customer traffic is down. Spending is way off compared to same weeks last year. More people are paying with cash, to our surprise.
- Retail: Flowers & gifts. Still very slow turnover no change on 12 months ago. Who said the recession is over?
- Retail flooring Wellington - Activity levels better than same time last year, sales figures are slightly better than same time last year. Outlook is very positive, lots of consumer confidence.
- Retail Street/Skate/Snow...coming off the back of a solid winters trading, retail in our sector took a major dive this summer. Well down on last year. Foot traffic down significantly in all stores.
- Footwear distribution - tough summer and ordinary Xmas trading by retailers has curbed forward ordering.
- Shoe retail- slow
- The electronic retail industry is starting to recover. Christmas sales are starting to kick in from the beginning of December.

Signage

- Sign Industry - Started with a hiss and roar early January, instant demand, slowed a lot quickly last week of January. We expect it to pick up mid February. Advertised for new person 200 applications. It is tough out there.

Tourism and Travel

- Business has dropped off (boarding kennels, most variable element seems to relate to travel spending)
- Tourism recession is starting to really bite in the US
- Improving in the wholesale travel industry. Business is picking up, particularly Europe and Asia. Cruising has remained strong throughout.
- We are in tourism. Although we were lucky with January, things are still very difficult and prices are having to be cut on almost every booking. We also have rental property. That is ok, but we did try to sell one of our Art Deco apartments in Auckland and it didn't even get an offer in 3 months! No, we are having to squirrel money away so that we can pay the mortgage this winter.
- Tourism - generally looking better with a few positive signals coming out of the market including from those market segments that were hit harder by the economic downturn. That said the past year has not been as bad as expected with not only Australia but other markets like Germany holding up very well. As such surprisingly some tourism businesses have had a great bottom line and we are seeing a number of businesses expand whilst others fall back; but the recent economic downturn can't be blamed for that. Tourism businesses also heavily reliant on corporate travel (especially major city hotels) have been knocked back with lower room rates.
- Motel/Hotel Broking. Sales are sluggish despite some sign of improvement within the sector. Funding may also become an issue if the outlook remains negative from retail lenders.

Transport and Storage

- Furniture Removal & Storage Auckland Storage strong 95% full. Furniture removals for January down on January 09 by 18% and down on December 09 by 16%
- We are involved in the freight industry and business has been slowly picking up. The downturn has resulted in a lot of amalgamations, sales and insolvency. The majority of freight companies have had at least a 25% drop in freight movement and they do not have the margins to sustain this.

BNZ CONFIDENCE SURVEY

- Shipping. Fleet down sizing and slow steaming have combined to keep demand up.
- Road Transport. There are still many soft patches in trading with freight volumes not yet reaching any degree of consistency. Margins are tight and there is reluctance in the market place to any acceptance of increases in costs being passed on.
- Transport. Volumes in December and January were stronger than expected. This is a bonus as the increased volume rigorous cost control has seen us almost make our targets. But two good months is not a trend
- We are looking up (transport). Revenue for Dec/Jan in line with previous year. Cost and margin focus has lifted profit beyond targets.
- Shipping - Extremely positive. Demand for both import and export capacity is strong with most sailings full or close to full

Vehicles & Automotive

- A lot of variability as due to long lead times customers are ordering based on their hope that sales will improve, so can see stock levels getting higher again and orders falling off if they are wrong. (automotive)
- Motor Industry A lift in confidence and development of IT projects
- Panel & Paint Industry. Spending more to maintain the workload. Ever increasing overheads and Compliancing issues. Greater administration costs incurred.
- We are planning and working for a bigger, better + exciting year than last; And last was a very good year! An additional 12% in staff and an increase of 25% in profit thru additional new 'niche' +new model product, as well as new initiatives. 2010 is going to be exciting. Car Dealer
- Motor Industry – Retail things are just ok. We have seen a lift, but it's tapered off again for November / December. So still very patchy. Parts & Service ok, but sales still require a huge effort.

Wine

- Wine industry, perhaps worse but better then last year. Knit/possum products exports looking up. Confident
- Viticulture / Wine industry is very grim and would expect to see causalities around April May in the mid year. Grape prices for Sauvignon Blanc are averaging \$1200 with restrictions on yields to 8-10 tonne to the hectare where 2 years ago \$2400 a tonne and no restriction on yields. These prices will play into the hand of the multi-nationals and consolidation or getting out of the industry will be the only option for some growers
- Wine - very competitive. Over supply from 2008 is being addressed.

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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 20,000 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 day in this publication to media and WO readers.

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