BNZ Confidence Survey

9 August 2010

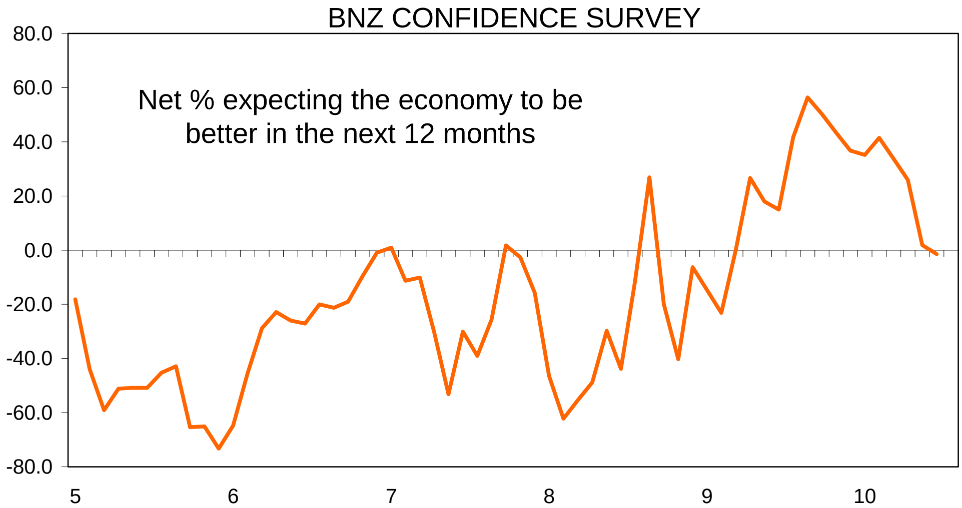
Mission Statement

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 22,000 Weekly Overview readers. To receive the Weekly Overview each Thursday night please email tony.alexander@bnz.co.nz with 'Subscribe" in the Subject line.

Sentiment Steady

Our monthly survey of Weekly Overview readers has found little change in expectations for the economy over the coming year from four weeks ago. A net 1% of 565 respondents expect the economy will get worse compared with a net 2% expecting improvement in early July. The result leaves sentiment above the net 17% pessimistic average reading since 2005 and in that sense suggests one can anticipate reasonable business capital spending and employment demand consistent with the economy growing near 3%.



However, as with last month the tone of the comments submitted by respondents is decidedly downbeat with a number indicating things appear worse than a few months ago, that customers are thin on the ground, and that cost pressures remain quite intense. At the same time there are a number in the likes of the manufacturing and recruitment sectors noting improving conditions, but they are in the minority. Interestingly, in spite of the Reserve Bank raising the official cash rate again just over a week ago there were fewer expressions of concern about monetary policy than last month.

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

Accountancy
Generally quiet with few signs of any fresh upturn in business.

Advertising & Marketing, Media
Slight improvement in activity underway.

Agriculture
Rising costs, exchange rate concerns, but sentiment better in dairy than elsewhere in the sector.

Agriculture Servicing
Generally subdued still, a few staff shortages.

Architects
Steady, no evidence of fresh strength or weakness of any import.

Civil Construction
Good activity levels but extremely competitive tendering.

Construction
Comments definitely on the weak side for non-residential, residential less weak but still very subdued.

Engineering
Mild growth apparent but seems as patchy as in most other sectors.

Forestry/Manufacturing/Sawmilling
Far more negative comments this survey than in recent months.

Information Technology/Telecommunications
Mild improvement evident but experiences highly variable.

Legal
No clear trend. Some up, some down, some flat.

Manufacturing
Firm on the back of exports to Australia.

Printing and Publishing
No improvement evident.

Property Development
Very weak.

Real Estate – Non-residential
Overall weak.

Real Estate – Residential
Slightly more negative commentary than last month with buyers happy to sit on their hands, vendors refusing to budge on price to sell.

Real Estate – Rural
Weak

Recruitment
Picking up still but not overly excited.

Retail
Tough as ever, no sign of generalised improvement.

Tourism and Travel
More caution than in earlier months.

Transport and Storage
No improvement in hand as yet.

Vehicles & Automotive
Still weak overall. Positive comments few and far between.

Wine
Challenging, dismal, failures – words like that used by respondents.

Survey Date	Better %	Same %	Worse %	Net %	# of respondents	# of comments
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
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

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

- Accounting & Advisory. Clients very fee conscious and focused only on basic / essential support services plus fee collection becoming protracted. All clients feeling a downturn to varying degrees.
- Accounting work is very steady with new clients appearing regularly every week.
- Accounting, Business Advisory and Investments Sector: With the OCR rising and the strong earnings report from overseas businesses (customers) in New Zealand are commencing to look for growth strategies whether it be for their businesses or invest outside otherwise.
- Accounting/Business advisory. Busy but still nowhere near the level of transactional work seen in 2007/08. Biggest issue is recruitment and retention of staff in a relatively hot labour market.
- Accountancy for Film and Television. Some clients really struggling this year. The IRD is working harder to recover outstanding taxes...
- Chartered Accounting very tight - if you're not in insolvency you're hurting
- Chartered Accountancy. Quietest I've ever experienced (in 25 years), very little advisory work. Huge pressure on prices for compliance work.
- Chartered Accounting: Still looks as bad as it did last month - can't see it getting any better in the short to medium term. Expecting more failures sadly based on long time clients taking to pay and financial performance of same.
- Accounting: very quiet.
- Chartered Accountant--clients slow to settle bills! Profitability for most clients down and consequently tax refunds to follow. Bad debt write offs for many clients are higher this year.

- Accounting - rocky. Work seems to have completely dried up for some of our clients. There are still a lot of people struggling.

Advertising & Marketing, Media

- Public relations consultancy: while activity has improved, the recovery is very tentative and fragile.
- Advertising - Magazines. We are seeing ad revenue growth on last year
- Media/Advertising -After aggressively hunting new business some of it seems to be paying off. It seems that clients are feeling more confident plus taking control by "doing something' rather than hunkering down against uncertainty.
- Advertising and marketing communications: Clients showing a bit more willingness to spend on advertising but within tight budgets and looking for best value for money. More smaller projects, few large campaigns. We have started hiring staff again but in limited numbers.
- Advertising is flat. Lifts are predicted however around GST increase, Christmas and then RWC.

Agriculture

- Sheep and beef farming. Starting to feel more confident. Supply and demand factors all in our favour. Cautious whispers of $100 lambs emerging for peak season. Prospects for beef and wool also lifting. Change of industry structure needed and as always currency to play ball.
- Agriculture - Arable and sheep. Pathetic milling wheat contracts indicates that the NZ milling wheat industry is in its closing stages - contract price would not cover costs. Big drop over the last two years to the farmer but I imagine the family bread price will still increase. Indications are that all contracted crops will be at a lesser price this year
- Arable - (Grain & Seeds) Still depressed and until yesterday, no contracts available for next harvest. One mill has now a lock in contract in place. Overseas grain prices have begun to rise due to drought, fires and floods in the northern hemisphere, plus the non sowing of 13 million ha in Canada. It is possible that grain prices will firm here, but from a very low base. Seeds (ryegrass, clovers etc)are still very depressed
- Dairy, worse - commodity prices are decreasing short term, the business is still fundamentally sound.
- Dairy Industry, things are looking positive relative to most other industries. Even if we get a drop in forecast payout it will still be positive. But I cant see to many flow on effects as most farmers will continue to consolidate imo.
- Sheep farming. higher input costs will erode any increased returns
- Farming, really worried about product price and costs of compliance
- Pork production. Unchanged at the present. Pork prices may increase shortly but grain prices and commodities are expected to rise next year. So its import to forward contract now
- Dairy Farming; much better than last year so far.
- Farming in a very wet Marlborough. Recording our best ever years after changing our systems a few years ago in response to drought
- Dairy Payout uncertain due to lower prices and high dollar. Costs not going down though. Still paying for the effects of drought financially.

Agriculture Servicing

- Sheep & beef. With more dairy conversions we still have a overcapacity in the processing industry.
- Domestic, Commercial, Industrial and farm Electrical installations and service. Things seem to be steadily improving, especially in the farming scene with new irrigation going in.
- Meat industry; Still too much over capacity (Plants) for the available numbers of stock to be killed. High exchange rate and strong procurement for livestock affecting returns
- Veterinary Services & Supplies. No change from previous comments. Sheep & Beef farmers confidence is low - having said that, the better operators are hanging on in there, but with decreased returns. Dairy and Deer farmers are cautiously confident given their returns look like they will be less than forecast but still profitable. The net effect is that the recovery for NZ Inc led by farming will not be as robust as many predicted; nor will it be rapid. This translates to us as being conscious of our own cashflow and continuing to consolidate our base, while still looking for and taking opportunities where we can.

- Suppliers to the dairy industry: business confidence in the dairy industry is ok. Nothing spectacular but ok.
- Dairy farming general contractor. Work is currently a continuation of what has been put aside in the past. Past diversification will mean a continuing albeit reduced income stream from irregular sources. No new work being forwarded. Some skills shortage particularly in logging crews. Many laid off two years ago!!
- Agricultural contractor in Mid-Canterbury. Dairy looks better but every other farming sector is struggling. Sheep and crop in particular are very flat and some farmers will struggle to break-even. As a result they will cut back as much as they can and use contracting services for bear minimum.

Architects

- Architecture: Steady flow of work at the moment, but I know this can change in an instant so am still being careful about scheduling jobs in.
- Architecture ChCh - steady, two new jobs confirmed this week.
- Architecture. Just the same, bits and pieces with few new jobs on the horizon.
- Architect Improving gradually

Business/Management Consulting

- The govt sector is still slow in commissioning new research. Their budgets have been shrunk and we expect only a slow recovery in the public sector for market/social research. The private sector is more buoyant and seems to have recovered more quickly for the market research sector, although the big research companies are not hiring.

Civil Construction

- Civil Construction Canterbury. Tender market very tight with up to 18 tenderers for the scraps that are out there . Surprisingly our forward work is at near normal levels and we are still profitable thanks to negotiated work, a longer term infrastructure project and sheer bloody hard work. Feeling positive about the future with big Govt spend on roading projects in Canterbury over the next few years plus the gradual return of the subdivision and commercial development markets
- Road Construction - competition for work has wiped out margins. Most work being costed at a loss or break even at best.
- Industrial and local body contracting (physical works). Difficult environment with an extremely tight tender market, lowest prices being accepted
- Civil Construction. Industry remains very competitive however forward work load has increased to a level not seen for 2 years & the indications are for a larger number of projects to be given the green light for summer.

Construction

- Construction. BOP has very little if any employment in this category, and no good news from construction companies, most are travelling out of area to keep going, undercutting others just to turn over money. Where are the profits?
- Commercial Building Construction very low activity and enquiry
- Construction - South Island Continued market deterioration. No margin - many bidding negatively.
- Construction market in Nelson is very flat
- House construction. Seems to be a return to a similar pattern to the second half of 2008. There is little motivation to commit and a difficulty in selling existing homes in order to build their new one.
- Building of Sheds, garages and commercial steel buildings. Very slow. Not selling much if anything. Extremely worrying times.
- Looking Positive - Construction
- Construction industry. Slowly picking up.
- Construction, Wellington. We have strong work in progress as a result of good sales in the last 4 months. Newer enquiry has dropped right off.
- Building Industry We specialize in the holiday home market in Taupo region. The inquiry is at an all time low, foot traffic through our show home is well down on previous years. Clients that are building are in

the lower end market and the higher end are sitting and waiting. Putting on hold for now is the common comment. Expect it to pick up coming into spring!!

- Slow in the building industry with not much work in front of us at present. Always slower over winter months
- Construction. Currently busy with good forward work planned. Margins in tender work very tight but being able to diversify and having loyal client base a big advantage at times like this. Profit margins up due to being able to complete projects faster as sub contractors and own staff are able to start and finish things quicker.
- Construction. Improving slightly
- The Construction Industry is struggling with ridiculous pricing in the marketplace in order to keep businesses going. No improvement expected over the next 12 - 18 months, with continued closures expected.
- Building Speaking to a lot of industry related people all saying the same thing "things are not too good now" .
- New spec building is tough. Buyers expectations and the cost of building are finely balanced. Any further negativity and new building will nosedive again.
- Residential building mid market. Worse now than the final quarter of 2008. (ChCh) Many in the industry have told me the same story this week. Waste of time pricing jobs, even at basically no profit. Where to from here?
- Residential Constructions ~ We're hearing about many companies being months overdue on payment to sub trades & suppliers and leaky home/ building issues starting to push companies & tradespeople to the sword
- We are extremely quiet compared to other years with no larger contracts on the horizon. We are in commercial construction.
- Commercial construction. Very competitive market
- Construction Project Management - some new green shoots appearing in commercial and industrial but we are closing out some very big jobs and do not see the next round of big projects coming through
- Building industry less work stacked up than several months ago . approx 4 weeks left
- We are now feeling the effects of the recession. Up until now we have had a steady work load. We are finding the people are now shopping on price to be able to afford what they want. We have had a large down turn in new housing and have notice and upswing in alterations.

Construction Related

- Very flat - Our business is involved in the building sector and activity is very low. Some of our Merchant customers are saying this is the worst they have seen it for years. No cranes in Auckland sort of sums up the building sector.
- Painting - Auckland. Very quiet. Expect usual seasonal interest come summer, but residential sector clients still sitting tight - waiting.
- Ready mix concrete best month in 18 months good forward work
- Supplier to Commercial Building Industry - highly uncertain, consent levels suggest things will get worse, July not a bad month and August looking OK, but September?
- We specialise in Double Glazing for existing homes so the demand is there
- Flooring Industry - Residential is still soft, with no real signs of improvement. Commercial is down significantly since April with the prospect of continue flat demand for the next 6 mths
- Interior fit out, the phone started ringing this week with more enquiries, margins still tight, hoping that this new activity results in more work.
- Aluminium Joinery manufacturing in Auckland. The market is very tight with every job being screwed down on margins as most clients have time to get several quotes and screwing down to the lowest cost. When jobs are achieved they tend to happen urgently as most have more labour on the job and clients are requesting short lead things as part of acceptance. Very tough to make money.
- Building Supplies Commercial and DIY Steady but patchy with DIY running well but commercial quite unpredictable
- Plumbing and gas fitting in the Waikato. Work has been picking up. We have new staff on the way to help cope with the extra work load.

- Building Industry - supplier / manufacturer - extreme competition for the low amount of work that is around - work load varies between low and average.
- Drainage. A steady winter a lot more forward going work than last year and a lot more positivity. Approx 95% of work quoted for clients now where in past was even cut of clients just getting work done vs. quotes being completed. It seems people want more of an idea of the EXACT expense of their job with no surprises. A good thing though. Suppliers a lot tougher on terms of trade - guess that has to do with some companies going belly up in our area. Just got to work harder and smarter and watch the expenditure. Nothing has changed in that area with the shock of the recession and the after affects it brings along. A lot of new housing compared with subdivision work this year. A lot of people we are dealing with who have "land banked" their sections are now building houses moving into the spring. Local body council keep saying they are not busy and that building consent % down which is obviously true as they seem to have more time to be pedantic about the smallest things in building consent applications now. This doesn't help with holding up clients, cashflow etc. We are looking forward very positively towards the spring / summer which is usually our busiest time. We have a lot of projects with clients that have been on hold for that last 12 +months too that are now being "resurrected" Great stuff it can only get better!
- Have a small painting business, work is tough and there is a lot of uncertainty in the building/construction industry.
- Building Supplies - Very slow

Education
- Education, things are looking positive. Sector is very confident and strong.

Engineering
- Business has been steady for a few months but we do not expect this to last. For the next 12 months we expect it to be up and down as we had for a year now. We are a specialized engineering company in the marine and power generation industry.
- Significant downturn in sales of engineering supplies. We appear to be in a hiatus awaiting the onset of the commencement of new project work which is being fiercely contested.
- Professional Engineering Services - Slow, steady growth.
- Primary Industry Engineering Consultancy. Work scarce and slow arriving, with essential design work only being requested. Least work backlog for 40 years.
- Civil Engineering. Major RONs project and an increase in both NZ and international opportunities are providing increased confidence in our industry and encouraging recruitment

Finance
- Finance - slow
- Sluggish (financial services)
- Lending to property developers At a very low ebb
- Investment Banking - on the upswing
- Private finance company, not a lot of activity, not many applications that have merit. We are doing a mortgagee sale a week, borrowers are very stressed and their properties they have used as credit card for years no longer has equity they can borrow against. Don't see that changing for a long time, 4-5 yrs maybe.

Financial Planning
- Financial services industry capturing more Kiwisaver clients as others exit this market. We have competitive advantage in our own platform through which we wholesale investment services. We had expected to expand faster earlier this year but our due diligence performed on takeover targets has made us a bit more cautious. We're also expanding into other markets with insurance products. Quality staff remains our major constraint despite the high capabilities of our existing staff now.

Forestry/Manufacturing/Sawmilling
- Sawmilling Domestically our markets are flat-down.

- Timber Industry 75% export Australia and Asia markets steady USA dead and very competitive NZ slowing down especially joinery, furniture markets
- Forestry - Log prices are dropping and it looks like we are going to lose some of the impressive gains of recent months. Thought it might be to good to last.

Health and Fitness

- Steady work as always with sick people in healthcare
- Acupuncture - very quiet right now worst winter drop off in 6 years.
- Medicine
  GP- run off our feet with flu Corporate health- still very busy with clients. Regular approaches to provide more services too.
- Chiropractic- working hard for new business however lots of returning clients as we move into spring
- Private Health Sector: Uncomfortable. Generally continuing to tighten, change from working to capacity, to now having room to accommodate more. Looking at reducing costs, difficult when only non fixed cost is valuable staff.
- Even healthcare is struggling a bit. Having to chase some patients for payment, never an easy job. Procedure volume is weaker than expected.

Horticulture

- Packhouse - Kiwifruit looks good especially Gold.
- Horticulture exporting. The coming avocado season is looking sound, with slightly higher crop than last year, but we will probably get lower returns in our main market, Australia, because of slight deterioration in exchange rate and greater volume from Australian producers. Kiwifruit season should end up OK, although green varieties will probably not be as flash.
- Kiwifruit. As always we are slightly exposed to the dollar but export markets are doing well this year.
- Kiwifruit. I live in Europe. Green &Gold both selling at same price-15c; was over 50c. Chilean competition.

Hospitality

- Gambling: First half year Jan-Jul was definitely softer, but optimistic that we have started to grow out of recession. It will be bumpy and slow growth though.
- We are in the hospitality industry, The catering side of our business has seen a lot of improvement over the last month & the restaurant side of our business is steady but not breaking any records

Information Technology/Telecommunications

- We're still seeing a lot of uncertainty in terms of purchasing decisions. Lots of intent but no commitment on budgets.
- IT infrastructure and support. Growth across all areas of the market. Struggling to handle it. Unsure about the medium term 12-48 months away, but in IT that's a lifetime.
- Telecommunications Industry is the busiest it has been for many years.
- Information Technology The market is very flat at the moment with delays in projects and every effort is being is being made to extend the current the use of the hardware in production. I sense that many of our retail businesses are under pressure and in cost saving mode. Professional services business using IT are using bank finance to replace equipment - this is a change from leasing.
- IT Support - All things normal. Growth still happening within the franchise we support.
- Telco: Competition intensifying...Regulation increasing...Need to reduce costs
- ITC - Looking forward from current projects and there isn't much in the pipeline. We are working hard to get more work and are really looking after our existing clients. Pressure to reduce charge out rates if forcing us to be even more efficient in the way we do business.
- IT. Went offshore for work.
- Things are looking positive. I work in I.T (making websites)
- Information Technology: Busy with solid sales pipeline
- HRIS Software. Decisions are still taking a long time but are starting to be made. FMIS software appears to be shifting so I guess we are next.

- IT - Solid, but not spectacular
- IT. Reasonably strong, especially the contract labour market
- IT Infrastructure Consultancy: Steady workflow with repeat work from existing clients.
- Consulting Industry: IT and Management. Outlook grim
- IT services - the number of new business opportunities is beginning to lift with some delayed large developments (Customs, Immigration) about to be released. Also I believe there will be an increased push to offshore IT support and development services to realise required cost savings.
- IT finance - companies still holding purse strings tight. Any projects that are being approved are short in duration and always aimed at cost reductions. Very little in pipeline.

Insurance
- Insurance Industry, clients are struggling
- General Insurance. The market is entering another "soft" phase with prices reducing.
- Insurance - better & better. Affordability/redundancy issues are very low (relative to the last 12 months)
- General insurance - we are still seeing clients trying to save money at the risk of under insuring, to keep expenses under control. Little signs of businesses expanding or capital investment.

Legal
- We are a law practice. Main impact of recession on us has been drop in rate at which bills are paid by clients and this looks set to continue for sometime.
- Law - Our commercial clients are experiencing difficulty - small retailers really struggling, commercial property has empty space and no takers.
- Legal Chch - based on our (small) office and feedback from agents residential conveyancing has close to stopped.
- My industry is legal services in Kapiti and generally we are pretty steady. The domestic conveyancing is slow but still trickling in and there is plenty of work in the asset protection sector - Trusts, wills, enduring powers of attorney etc and also in providing general business advice to small and medium businesses.
- Legal property-general smaller provincial practice. Extremely quiet in all areas.
- Law firm - still on budget this year
- Law - slow but hopeful.
- Legal-having to put staff off. Activity the worst in 35 years.
- Legal. After some time of holding off we are starting to see small business people committing to action and house buyers making offers realising that the price of houses will not be dropping any further
- Southland legal - up and down at best
- Quietest in 30 years (legal services).
- Legal Things seem to have got much busier in the last couple of weeks. Can only get better.
- Legal - busier - things appear to be picking up.
- Legal industry seems reasonably busy, but more of the new work seems to be related to debt recovery rather than new development projects.

Machinery – Including Hire
- Equipment Hire - July saw the continuation of a slow but steady improvement that even seems to be ignoring our usual slowdown through winter. Given that 12 months ago July was when things "fell off the cliff" and we didn't see uplift or improvement until December, we are now starting to split away from last year quite dramatically (as slight climb is matched against last year's rapid descent).
- I am in Outdoor Power Equipment. We are getting only average retail sales but plenty of service work. I understand similar dealers in large cities are finding it much harder and are not confident about the next 12 months

Manufacturing
- Electronics export. Great. Order book good, and excellent opportunities.
- Food Manufacturing - some non-staple inventory is slow to move.
- Extremely flat. hints of an upsurge in the market place over the last 2months has been squashed with registrations falling in July. (Heavy Truck Manufacturer)

- As a manufacturer and supplier of residential furniture we are beginning to see slow signs of a recovery though this may just be a pre-GST blip. One certainly hopes not, as the past 2 years have been rather painful and the industry has scaled-down significantly as seen from the number of players who have disappeared
- Manufacturing, growth is coming from exporting to Australia, NZ market is flat.
- Steady small growth has been maintained over the last year with the prospect of more for the next period of this year until Xmas. Manufacturing Metal roofing products
- Sportswear manufacturing - our retailers still have no customers, hence sales are rock bottom and retailers increasingly struggling to pay their small accounts. Everybody just trying to hang on for summer.
- Manufacturing incl. Investments in new plant are entirely focussed on labour saving - $500k YTD to save 4 FTE. Nothing positive in growth or quality terms. Local market is very tough - 20% revenue drop in key products.
- Food Manufacturing: NZ sluggish and exports variable
- Manufacturing Very busy - have taken on additional temp production staff and are increasing our level of out-sourcing to keep up with demand - good domestic and international business
- Business is really slow, down 50% on our peak pre crash. We are a tiny manufacturing for domestic market, supplying recreational marine and caravan industry as well as some agricultural. Losing money at the moment even though cut hours for staff.
- Electronic manufacturing: very slow domestically with margin pressure from imports, exports OK but profitability marginal because of persistent exchange rate strength.

Miscellaneous

- Gas industry very slow New regulation making it even harder adding more compliance cost Getting just enough good business to project we will break even this year
- Resource management consultant: Ok for experienced practitioners but much less private sector work than 1-2 years ago.
- Power Industry - a few big projects but underlying spending still restrained
- Commercial entertainment has pick up with an increased appetite for risk and movement of international entertainment into the country.
- In Marine and woodworking, July slow but a better start to August, roller coaster ride continues but we sometimes forget this is winter and seasonally slower. Forever hopeful that it will be a slow, but steady increase as the year progresses.
- Marine. Very Slow
- We supply engineering consumables and safety products to the manufacturers, industry, construction etc
  Our industry is in slow decline but I think that the Australian and Asian market growth will mean slight growth for NZ.
- Cleaning Company, Holiday homes only. Great bookings, struggling to keep on top of workload. A lot more Aussies and Aucklanders this year. Could just do with a bit more snow but looks likely for this weekend. Forward bookings for Xmas coming in now and look good also.
- Landscaping and turf. Thought last winter was bad....until we had this winter
- Medical distributor - looking okay though quite a lot of uncertainty around the Share Services and the DHBs direction.
- Recreational Marine. Pretty dead, some life in the corners but not huge. There is a feeling it wants to kick off but when, who knows. Crap weather hasn't helped so maybe a week of sun is all that maybe needed to get things going. No shortage of money, just a shortage of people spending it.

Packaging

- Flexible Packaging - New Zealand is slowly improving but Australian inquiries are strong. Capital is being approved and projects moving.

Printing and Publishing

- In the Print Industry. We have had a 14% increase in sales for the 1st quarter but at a reduced margin. Expecting much of the same for next six months
- Printing Industry More of the same, pricing is erratic, margins are still weak and volumes are static
- Print manufacturing. Worse, primary clients are retail or media based both are struggling

Property Development

- Property development - Res. land very slow.- Commercial some interest but slow to materialise.
- Commercial property development. Getting harder still with rising interest, more vacancy, higher yields and bigger tenant incentives. We are just having to get smarter, and cheaper land is helping but will take the business growth and confidence to give it a punch forward.
- Land development Kapiti, dire, very slow indeed, seems to be getting worse.

Property Management

- Property Management - Wellington: Market is flat, with Wellington City rents pegging back, owners squealing, no tenants around. Top end of the market remains calm, lower end of market is tough. Many vacant properties, more frequent rent arrears, more frequent visits to the Tribunal.
- Residential property management. Tradesmen are just surviving as fewer people are prepared to have maintenance done unless it is urgent. Few investors are buying property as their is no capital gain in sight. Only bargain priced properties are being sought.
- Rental Properties. Harder to rent during the winter but still going well.
- Property Management in the Wakatipu Basin is seasonal to a large extent and while occupancy at the moment is very high there will be some increase in vacancy in September/ October. Predictions for the summer season at this point are difficult to gauge
- We are Specialist Property Rental Managers. Things in our market are going very well. We have just 9 empty property's and we have qualified tenants waiting for types of property which we do not have available. In our relatively small market, we have not looked back since we stopped selling real estate and specifically focused on just Property Management.
- Property Manager North Shore of Auckland. Demand has picked up the last 2 weeks with good rents being achieved. Owners are listing there properties for sale so may lose some rental stock over next 6 months, this will put pressure on future rents next year.

Real Estate – Non-residential

- Commercial Real Estate, more inquiry and good sales and leasing activity happening in the market place.
- Commercial Property - brave faces but further head winds in our view.
- Commercial Property - the market is on the brink at the moment with a higher number of vacancies occurring due to an increase of supply through new developments and expiration of leases. Weighted average lease terms are beginning to diminish with a number of leases up for expiry in 2011/2012.
- Commercial property rentals. Just holding their own.
- Commercial real estate investor, Christchurch: We were forced to drop rentals an average 10% this time last year. All tenants (11) currently paying all their rent, on time.
- Commercial real estate - tourism and hospitality sector. Auckland does not have the buyers whereas Waikato Canterbury going well
- Commercial Real Estate. Very grim. Values falling particularly C and B grade office buildings. Tenants want bargains and it goes on from there.

Real Estate – Residential

- It has been a very quiet 2 weeks in my office, no sales, which is the first time in 10 years that I can remember that happening. Residential Property Sales, Christchurch
- Residential Real estate sales are slow at this time of the year. Quality well priced properties will sell usually within the month
- Real Estate - The sales numbers are very low - similar to 2008 levels. Listings seem to be freeing up a little and there is a glimmer of hope that there is a little more enquiry starting to come in.

- Bay of Plenty real estate market very flat. Buyers in control of a depressed market. Auctions are the only bright spot.
- Residential Real Estate in Havelock North is puddling along. Properties are selling however it is still very much a Buyers' market. I think property prices are flat and will remain that way for some time yet. We have a lot of enquiry for property in the $300k region, and not a lot of stock in this area!
- Real Estate....Extremely frustrating times with the future direction of housing particularly cloudy. Makes it very difficult for business planning at present.
- Real Estate: 40% below 2008, which was the worst sales year in a decade
- Real Estate Kerikeri Very slow market, more listings than buyers, buyers very reluctant to commit.
- Real Estate - seems to be more activity lately. Here's hoping it lasts!
- Its tough in coastal/holiday real estate so its got to get better!! 7 sales in Whitianga last month between 5 RE companies.
- Investment property is understandably dead quiet.
- Residential/Lifestyle real estate in Rodney: not many new listings, sales are still ticking over for properties priced to meet the market.
- Residential real estate Howick & Pakuranga - very slow, only realistic sellers selling, lots of property just sitting; buyers know they have the advantage and being very picky.
- Quiet in the real estate market but houses are still selling getting listings is the key
- Napier Real Estate Residential business is very slow needing more listings. Sellers just aren't interested in taking properties to the market in its current state.
- Real estate sales (resort property) Very quiet with few in a position to commit to second/holiday home purchase
- Real Estate with fewer sales numbers in our area for June and July (worst for 20 years) its very hard work with less properties coming on and buyers not making decisions
- Real Estate Hamilton. Been a quiet start to the year, however have seen very strong enquiry off the internet and also excellent numbers through open homes, however it has only been in the last 3 weeks that we have seen buyers actually start to make decisions and go to paper. Many contracts taking a long time to negotiate as we try and close the gap between vendors expectations and what buyers are willing to pay, but it is happening albeit slowly. Looking more positive for the coming months, still essentially down on stock, and new well presented and priced properties to the market is getting great results. 5 In competition deals in the office last week, and that doesn’t happen in a "Buyers Market". Current low sales volumes can't continue for long, otherwise no one will be changing homes for the next 27 years!
- Real estate - more appraisals and lift in the stock and better feel to the market
- Real Estate Eastern Beaches Times are tough, things are harder than I've seen for 20 years, nothing but doubt and confusion largely the result of lazy inaccurate journalism. Prices being achieved that are in no way depressed but in low volume. Nothing will change until populace feels confident to spend.
- Real Estate, Eastern Suburbs Auckland. General enquiry low, listing stock low, lots of appraisals for spring?, Vendors not wanting to list as very poor selection to buy themselves. Recent OCR rate increase knocked confidence.
- Real Estate Agency. Steady business albeit at lower volumes. Fewer listings prevent it being more of a "buyers market" We are aware of clients waiting until Spring/Summer before listing their homes for sale. If this proves to increase stocks then sales volumes should follow. OCR changes seem to affect perception more than reality.
- Real-estate - steady
- Real Estate, Hawkes Bay Sales volumes are back 40% from a year ago. Still good cash buyers around but they are very hesitant and enquiry very slow.
- Real estate. Still real lack of confidence to commit from purchasers. Asking prices moving down albeit slowly
- Property services (property management & body corporate) - static, no growth. Real estate sales - hard work.
- Real Estate - Eastern Beaches. There has been a marked difference during the last two weeks of the number of enquiries being received - whether internet, media or phone. They are half what they had been. Resulting in a much quieter market place and some very concerned vendors. There are vendors

who would like to sell before the increase in GST but the buyers are not being reasonable in their offers and a stalemate situation develops.

- Property - pretty slow. We definitely have brackets that are selling and a great priced place that is well presented also isn't lasting long
- Real estate, 20 year low in volume of sales in the BOP.
- Residential Real Estate Wellington. Getting worse. Winter shortage of stock, buyers very cautious. Weakness in prices. Little market optimism for future.
- Residential real estate central eastern suburbs - Huge buyer demand under $1.1million. Multi offers on these types of family homes. Asian based buyers investing and very active. Their reason for investing is often because they perceive their money is safer here than their home country. Could be some truth in that.
- Slow in Real estate in ChCh, but still good business if priced strongly
- Residential Real Estate. Much the same as it has been all year although signs of an increase in listings in the coming spring. Many Vendors under financial pressure and at some stage soon will decide to cut their losses and move on with life.
- Real Estate in Gisborne. Sales numbers are at an all time low with sales resulting from sellers who are prepared to meet the market thus setting lowered sales history. Buyers are enjoying their power while banks are also creating problems as they unexpectedly refuse finance on occasions. A miserable wet winter has not helped either! Roll on spring! Real estate will pick up again, it always does!!!
- Real Estate: Really quiet at present, July being the slowest month for a very long time. Still confident that NZ is on the right track and that the year will be OK. Still many vendors who are unrealistic and some buyers who want to steal the property. Both parties need a dose of realism.
- Mum and Dad Property Investors - still ratbags and nice people out there so still always needing to be careful. Tidying up our long term holds to show we care, when we can, as cashflow seems to be coming out a small tube at the moment. Getting appraisals done to keep the finger on the pulse but no intention of selling. Rents are due to go up, testing market with vacant property now. Thinking now is probably either the best or worst time to buy so will sit on the fence until I decide what is best then probably start buying up a storm...
- Real Estate: Negative mood from majority of vendors, selling more from necessity (downsizing to reduce debt or selling investments. Buyers still being ruthless when making offers. A 'fun' year ahead with GST cost increases ahead as well.
- Real estate is still very difficult with buyers quite often finding it difficult to get funding. Values are soft as buyers still feel that they have control of the market. We are still finding that very thorough research into a homes value can still be too high as new properties are coming onto the market with that are priced below other homes on the market leading to a ratcheting down effect. Volumes are still only around 35% of the peak of the market 3 to 4 years ago. This is the Rotorua residential market.
- Residential real estate is quiet with a reluctance by vendors to lower prices to meet the market. Still some activity out there. Buyers in a cash position will do well over next 3-6 months.
- Real Estate in Wanaka Rural and lifestyle sections are falling rapidly in price Home prices are drifting lower.
- Real Estate - East Auckland - Market still positive for the "right properties" while others languishing and not selling, if we knew the right formula we would tell you !!! Prices stable and still a low supply / high demand situation although investor market quiet.
- Residential Construction (Auck) - Very tough at present. Enquiry levels down. Now closed on weekends
- Real-estate investment. Still slow, finance still hard to come by, some good deals if you can get the money. Hard to on sell at reasonable profit.
- Akl City apartment sales steady
- Real Estate - things are just starting to seem better, we are well ahead on our figures for last year so far this financial year. But we describe the market as lumpy
- Real Estate in Richmond, Nelson. July was a record month for our office for written sales in the 20 years we are operating. 85% of sales were unconditional. Serious sellers are meeting the market with some properties selling below what they were purchased for some 1 to 3 years ago. Auction results much better and good attendance in our auction room. Amount of listings are down due to high number of

sales, but it seems more listings are now coming to the market. We are feeling very positive towards the future.
- Real estate. Flat, low listings. but some strong sales anyway. Selling prior to auction and under the hammer still, however there are some properties that remain priced too high with vendor expectations, and they are not moving at all. I predict that this spring / summer will see a lot of new listings, but not because of the usual pattern - after all that disappeared 2 years ago - but because since Nov 2009 there have been few listings, and life goes on - births deaths and marriages go on, and the bubble will burst. Question will be what the vendor expectations will be amongst a lot more competition.
- Property investor Auckland CBD: increased activity, a number of the existing tenants are sounding cheerful again. Good interest from new retail tenants as has been the case throughout.
- Real Estate Wellington Central - more enquiry in last couple of weeks than preceding 2 months. Buyers putting pen to paper although cautious about pricing. I expect some pent up buyer activity come spring.

Real Estate – Rural
- Rural Real Estate still very quite, More properties on the market than there are buyers.
- Rural Property, low interest from buyers no sales
- Rural Real Estate Waikato: Farmer confidence still very low and banks still not opening their purses despite all of them saying they are in the market to lend....
- The rural market is very difficult with significant debt issues out there affecting farmers ability to farm their properties to their potential. I have been selling rural properties for 12 years and I know there is very little chance that I will sell a dairy farm this year unless the vendor is prepared to take a value which would be around 65% of the peak. Because of the significant drop in values I believe it will be another year before farmers who missed the peak will be prepared to take the much lesser figure than they could have got in 07-08. More bad debt has to work its way out of the rural banking sector and I think this will take quite a few years because it has to be either written off or paid off and paying off debt is going to be very difficult for most farmers.
- Property development: Lifestyle blocks. Usual "local" lack of enquiry at this time of year but overseas interest up slightly.

Real Estate – Valuation
- Property Valuer - the property market is currently very subdued, properties are taking much longer to sell and the median sales price has fallen slightly in most areas. Lifestyle and high-end properties in particular appear to be worse hit with a lack of buyer-demand.
- General volumes of valuation work are steady with clients paying up front
- Commercial Valuations Auckland Leasing- Retail vacancies improving, more tenant inquiry but rent growth remains unlikely in short term. Fewer incentives with retail. Offices very weak - vacancies still creeping up in CBD & highish in most suburban centres. Net rents declining via some big incentives. Industrial- trying to improve, manufacturing/export looks ok, import/warehousing just ticking along. Overall inquiry still weak. Commercial yields have levelled out. Land values have stopped falling and flattened out as well. Outlook is for slow improvement in retail and industrial with offices lagging behind.
- Valuation. Very quiet last month with short job list. This is picking up at present.
- Property Valuer Auckland, market transactions slow and vacancies are resulting in rents continuing to fall reducing market values.
- Residential Valuation - Quiet

Recruitment
- Technical Recruitment. Market has grown from very low levels and the number of competitors has reduced so that those that have survived are doing not too bad.
- Recruitment industry variable business confidence creates uncertainty around rebuilding staffing numbers so very lumpy order book with much postponement of work in progress
- Recruitment - Increased level of interest in permanent opportunities and some 'forward thinking' employers are actually making transactions. dares.... WINS

- Industry = Human Relations Poor at this stage, we are primarily focussed on placing unemployed persons into suitable work and I am finding that many employers are hesitant to consider extra labour because of the uncertainty of future business and also the effects of the GST hike.
- Executive Recruitment Consultancy- small incremental increases, especially manufacturing, distribution sectors rather than Service sectors. Hiring "freezes" lifting.
- Recruitment. still picking up slowly
- Recruitment and Human Resources. We are seeing greater levels of opportunities across a wider base than have been available in last 36 months. Our temporary staffing business is tracking higher hours worked and in one regional location doing close to double the labour hours to this time last year
- Recruitment - strong revenue. Business has had highest month in our history. Pipeline solid.
- HR. Looking up.

Retail

- Professional hairdressing industry - clients are hurting particularly in major cities - Wellington in particular
- We are in clothing street wear business, our stores, online business and exports are up 20% on last year but a lot of our wholesale customers - retailers around the country are suffering. We are having to toughen up a lot on credit.
- Very poor - retail
- Still very patchy selling consumer goods to retailers. Larger retailers not committing to stock and in danger of being short in the Xmas period. Importer/Distributor
- Retail homewares - still extremely patchy a small pickup but still not back to even last years figures.
- Retail electronics and services. Situation looking dire, work has dried up. Hard to compete against the big chain stores. I feel the recession only just hitting us now.
- Importing and distributing to retailers. Retailers are slow, very cautious, and many are struggling.
- Flooring Retail Wellington - All our KPIs are on the up. Certainly, we are doing better than the media is prattling on about. Consumers in our showroom are buying - we just have to make sure they buy from us !
- Hairdresser....Things are fair
- There has been a significant slow down in retail sales within the local market as well as lower export returns due to the high dollar. Meat industry.
- Retail Bakery Remuera; Another very flat month of sales with no growth. Customers still remain positive though however all suppliers report being in a holding pattern as well.
- Clothing wholesale - retail demand is down, and the big fully integrated players are on sale early, for a long time, and huge discounts. But retailers are telling us quality brands, on time delivery, and calculated stock holdings will pay off. Bad retailers have fallen away. It cant get worse than last quarter!
- We provide services to the Hardware Industry (Retail) where there appears to be growing demand for specialised services like inventory control, contract rep services. This tends to take cost out of wholesalers without affecting service levels to the merchant / retailer.
- Pharmacy - Tough market conditions with poor seasonal winter sales and weakness in discretionary beauty sector. No rapid change expected.
- Cafe: No new green shoots of extra daily sales yet obvious. Fewer shoppers who are spending less on food and coffees.
- Retail; selling to those who come in, consumers not coming in, insufficient numbers.
- Wet fish and takeaways current trading difficult, customers looking for value, buying wisely.
- Very patchy, poor snow conditions holding back major ski buying by consumers
- Wholesale giftware & stationery a little bit better than we thought at the start of the year.
- Retail Urban Grocer in CBD Aucks/Wgtn. As a chain we are ahead of last year sales wise, but margins are not healthy nor sustainable at this stage.
- No change - imported motorcycle parts retailer. We are not getting any busier, and it is a time of careful spending!! I call it ' treading water'.
- Patchy, some days are great, other days are slow. Retail industry.
- Retail Pharmacy. Ticking along, with high needs and expectations yet difficult to get the funding needed to meet the health needs required.

- Fashion Retail - quite a lot better than last year's slump, but nervous as to whether gains will be sustained over next 6 months.
- Fashion - retail and wholesale. Biggest issue is trade debtors. USA has settled down but there appear to be more customers in Australia and New Zealand who survived the early part of the downturn but are now running out of cash reserves. Several suppliers have also recently gone into liquidation.
- Wholesaling - very quiet. Retailers aren't buying

Signage
- Signage. After a poor start July orders turned out just average but receivables have slowed with more time spent on chasing overdues.
- Sign Industry - Good strong start to the month. Still working hard at getting work accepted. Some people are busy some very quite. This could be the start to things picking up for the future but very early days.

Tourism and Travel
- Retailing to tourists. Currently difficult trading with lower spending per head and less North American and UK visitors
- Tourism. Dismal really, forward bookings from North America drying up
- Absolutely shocking in the hotel industry in Christchurch
- Hotel Accommodation: Slow and steady recovery from the middle of last year. Conference and group business starting to appear. FIT travellers still at an all time low. Corporates starting to travel but no large increases expected until later this year. Govt still really quiet with self imposed spending constraints
- Tourism - although enquiry is buoyant there is definite hold-off to commit from many of our prospects looking to come to NZ. Whether this is to do with the recent strength of NZD or they are thinking that they may by-pass this summer to come during RWC, we are not sure. There is definitely hesitation though and the feeling is the purse strings are very much beginning to tighten. Hopefully this is short-lived as confidence returns, but we need to be prepared that this may result in a poor season before the RWC should come to the rescue.
- Low cost camp type accommodation. Demand holding at last years levels. Enquiries for Rugby World Cup accommodation strengthening.
- Tourism and Travel is having a reasonable Winter buoyed up by good numbers inbound on Ski holidays.
- Accommodation industry in the Southern Lakes Region - Thank goodness for the Aussies coming to NZ to ski and snowboard. Without them things would be very bleak!! It appears that hardly any kiwis are taking leave to venture to the ski fields....no bookings for the world cup yet either!!!
- Tracking downward in the last two months. Retail travel
- Tourism Industry: Right now our main market appears to be lacking confidence. That is our corporate clientele who all seem to leave it to the last moment to commit to their travel and accommodation.
- Accommodation Industry July was worst month for our five years in business. Help with rates payments would be appreciated!!
- Luxury lodge and vineyard. Things are looking bad because International guests are not travelling and wine sales are being under cut with cheap wine in the supermarkets below the cost to produce. Receivers also selling good wine at below cost.

Transport and Storage
- Road Transport. No end in sight yet. Soft and erratic demand, depressed rates, insufficient cash flow to fund capital replacements and supply within the industry exceeding demand.
- Transport/Engineering - work flows and new projects have been extremely busy since February 2010 and continue to be case now (August).
- Storage and Furniture Removals Reflecting the housing market, household storage and removals are slow and telephone not ringing as often as in the last three months of last year 2009
- The road transport industry volumes are slowing down at present.

- Suppliers of manufactured products, services and parts to the Heavy Transport Industry. Apart from logging which is still going strong, business is still hard fought and patchy. There are signs of increasing confidence that a slow recovery is underway.
- Rail Industry: Things looks brighter/better
- Storage facility, Whakatane. We are back to the same capacity as we were prior to the down turn in the economy, but it has been influenced by the recent flooding in the town and new clients renting units and heading to Australia.
- Transport Volumes are still volatile and behind last year to date with no real indication of any pattern apparent.

Vehicles & Automotive

- Vehicles/Auto: Thinking Aussie looks a lot greener on the other side now
- Heavy Truck sales, Parts & Service Parts & Service was worst month in two years, but truck sales picking up nicely. Odd erratic market, but surplus stock almost gone, we are finally placing new ex factory orders again after eighteen months reducing stock Logging trucks in hot demand.
- Used car sector, a good month compared to this time last year.
- Automotive repair Know of many businesses that have laid staff off or cut to a reduced work week in the last month. Tends to be one good week, then a bad week. People reluctant to do repairs unless necessary - but some indication of people choosing to get work done before the increase in GST
- Lubricant Sales - People are still in recession remission, and try to save $'s by extending their maintenance intervals. The question one must ask what is the cost of component replacement (i.e. engine, gearbox, hydraulic system) versus scheduled lubricant change intervals. It is penny wise and dollar dumb.
- Automotive repair and parts sales are very patchy. Some ok weeks and other absolutely dead. Nothing across the forecourt.
- Our business is OK; a lot of hard work & discipline going in at all levels in all departments to achieve acceptable monthly results that will generate a satisfactory full calendar year result for our company. Luxury Automotive Dealer-Auck.

Wine

- Wine Industry. Pretty challenging. Much wine still being sold at below cost. New comers with poor business plans are driving down export prices. The challenge is to get new export markets (read China) buying NZ wine. Difficult when Auzzy Govt is spending 1 million on wine marketing in China.
- Vineyards. Things are very tight and properties not saleable.
- Wine Industry. Negativity within retail, some producers trying to maintain market share by price cutting making very difficult for those trying to preserve brand. Supermarkets and black-market leading the charge. Hospitality industry suffering from winter blues but not to same extent, surprising number of new venues due to open hopefully spurring people out of negative mindset, and giving reason to step out.
- Wine - dismal: domestic retail recession and export ruined by high currency
- Wine industry - more failures occurring as the patience of banks runs out. A lot of pressure on price - currently at unsustainable levels - more firms will fail as a result. Prices will have to increase.

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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 22,000 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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