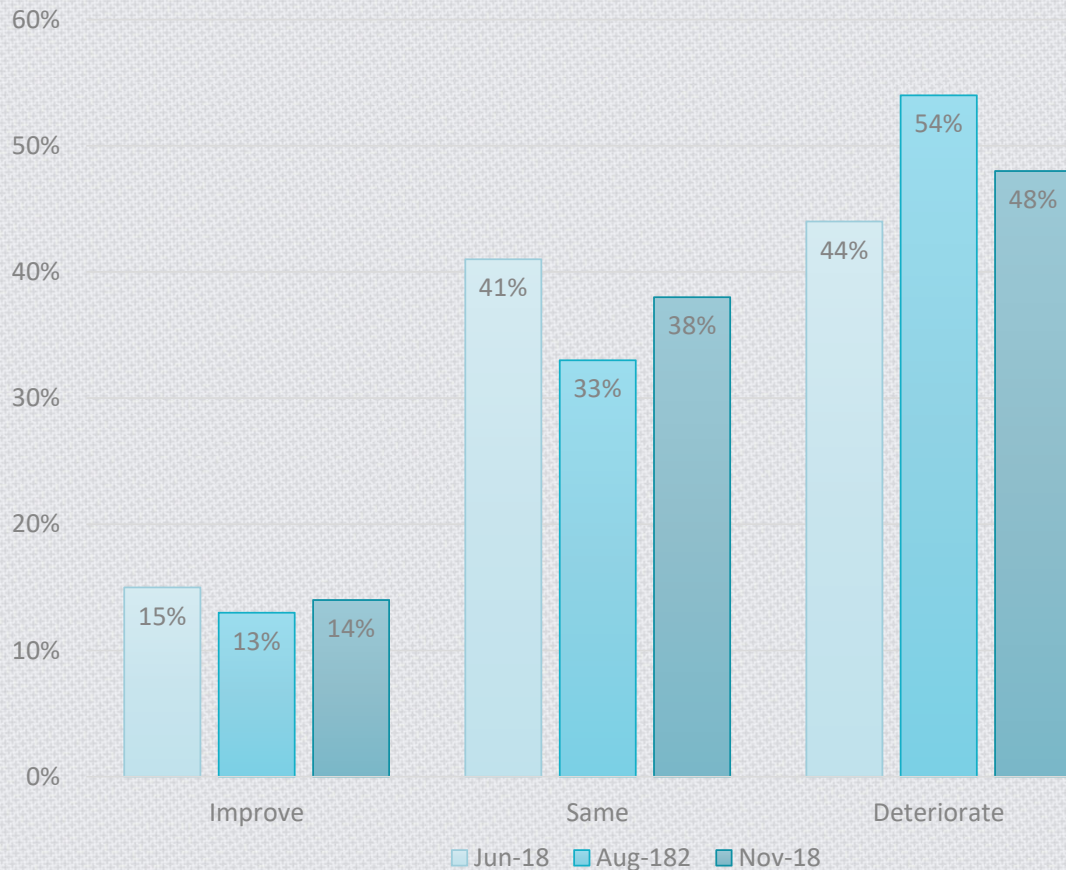




MICHAEL BARNETT

CEO AUCKLAND CHAMBER

GENERAL BUSINESS SITUATION IN NZ



NOVEMBER 18

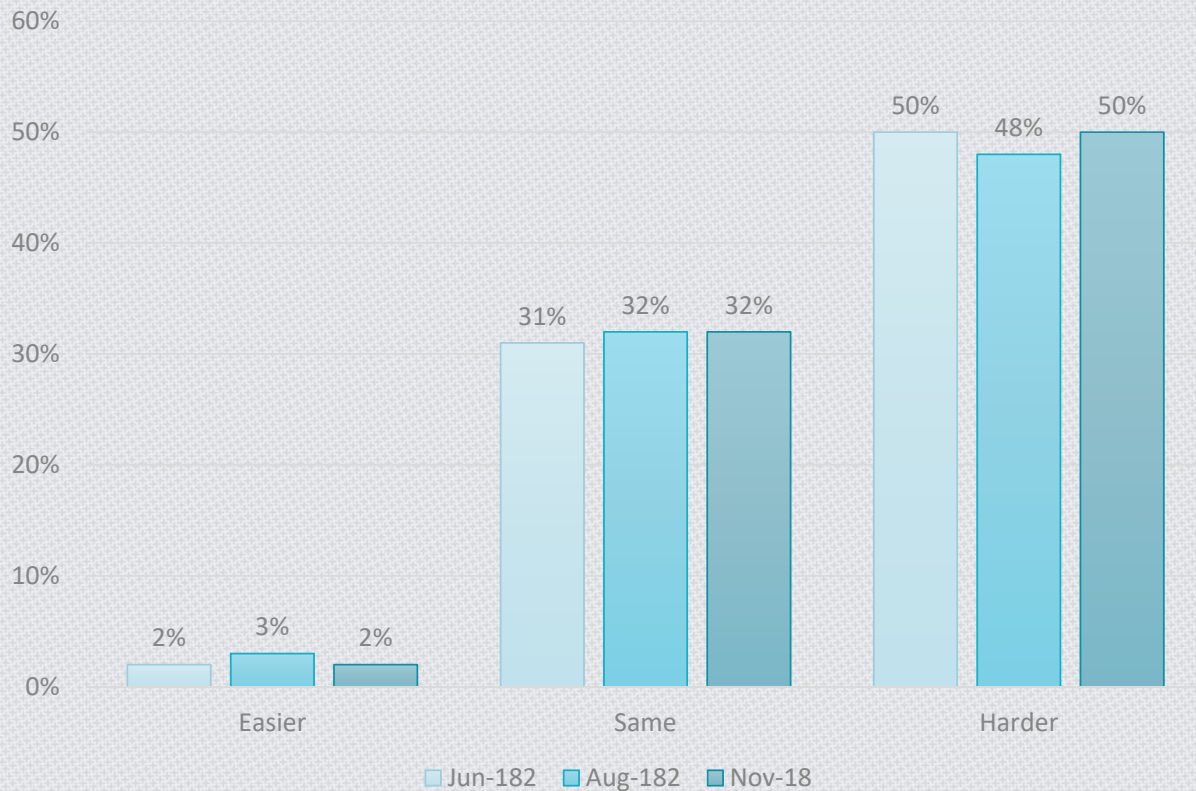
14% IMPROVE

38% SAME

48% DETERIORATE



FINDING SKILLED STAFF



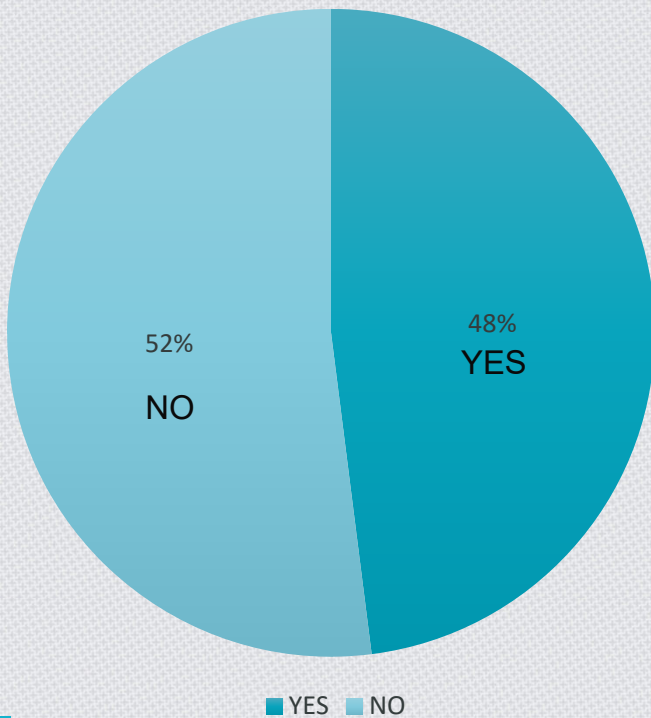
NOVEMBER 18

2% EASIER
32% SAME
50% HARDER

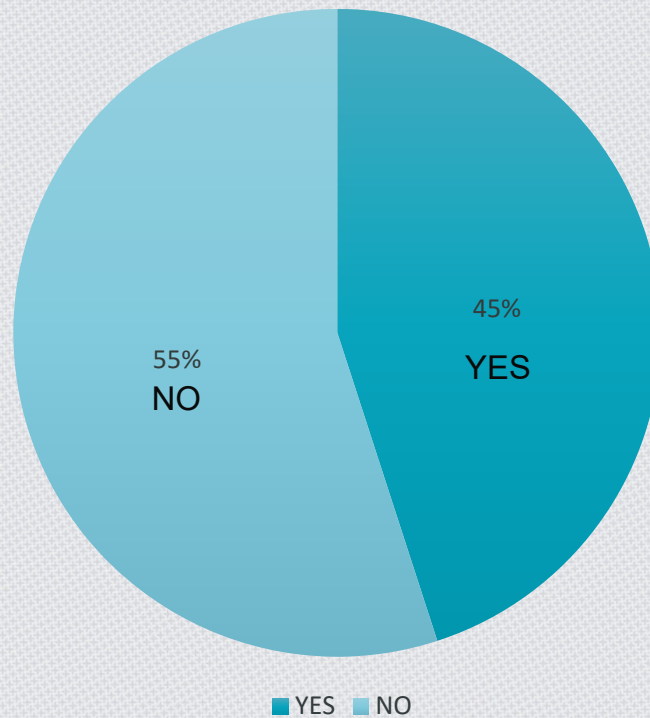


RECRUITING NOW

Jun-18



Aug-18



NOVEMBER 18

47% YES

53% NO



BERNARD HICKEY

newsroom.pro

Up in the air

Consumer confidence: 1 yr ahead expected financial situation vs. good time to buy a major household item



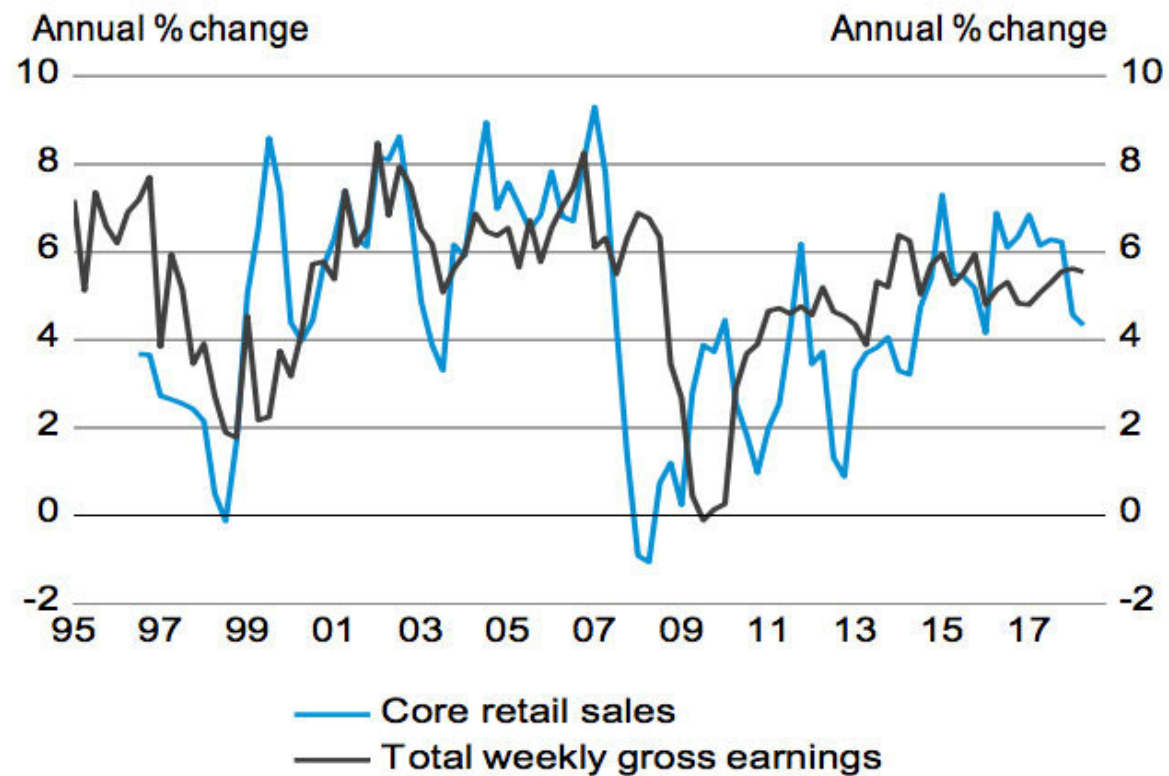
Source: Roy Morgan, ANZ Research

Auckland Chamber, Nov 6, Cordis

- Business confidence stops falling
- Consumers still spending
- Families package kicking in
- Commercial builders still down
- Dairy down, but others feel good
- US strong, but China weaker
- Rates on hold. Next move down?
- Unemployment steady. Wages flat

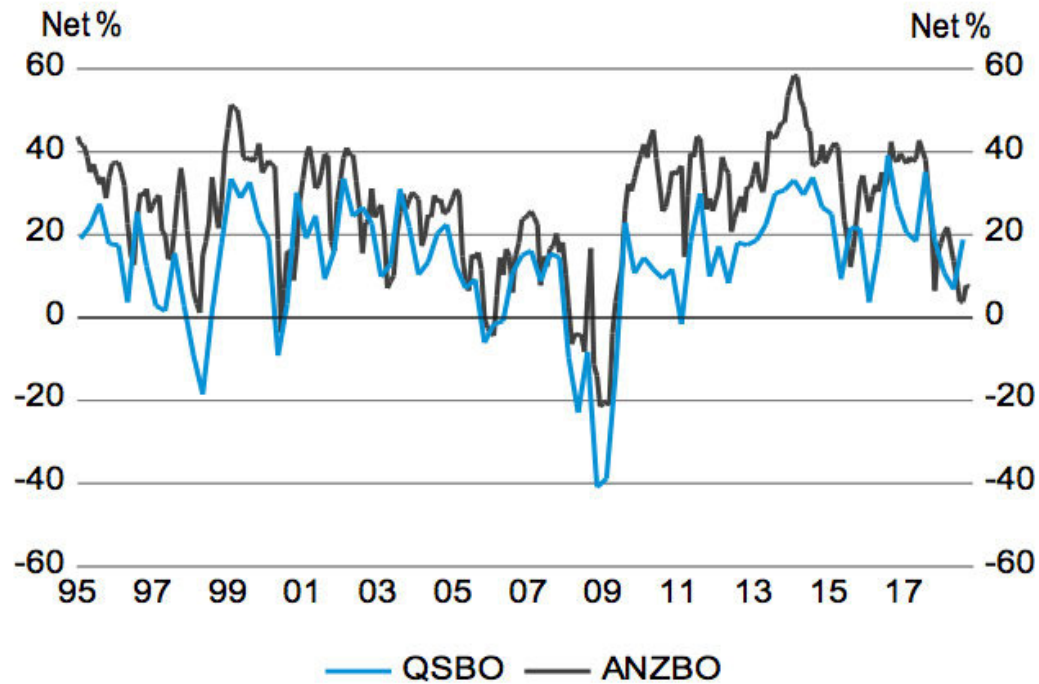
Incomes and spending solid

Nominal Retail Sales & Gross Earnings Growth



Businesses not so confident

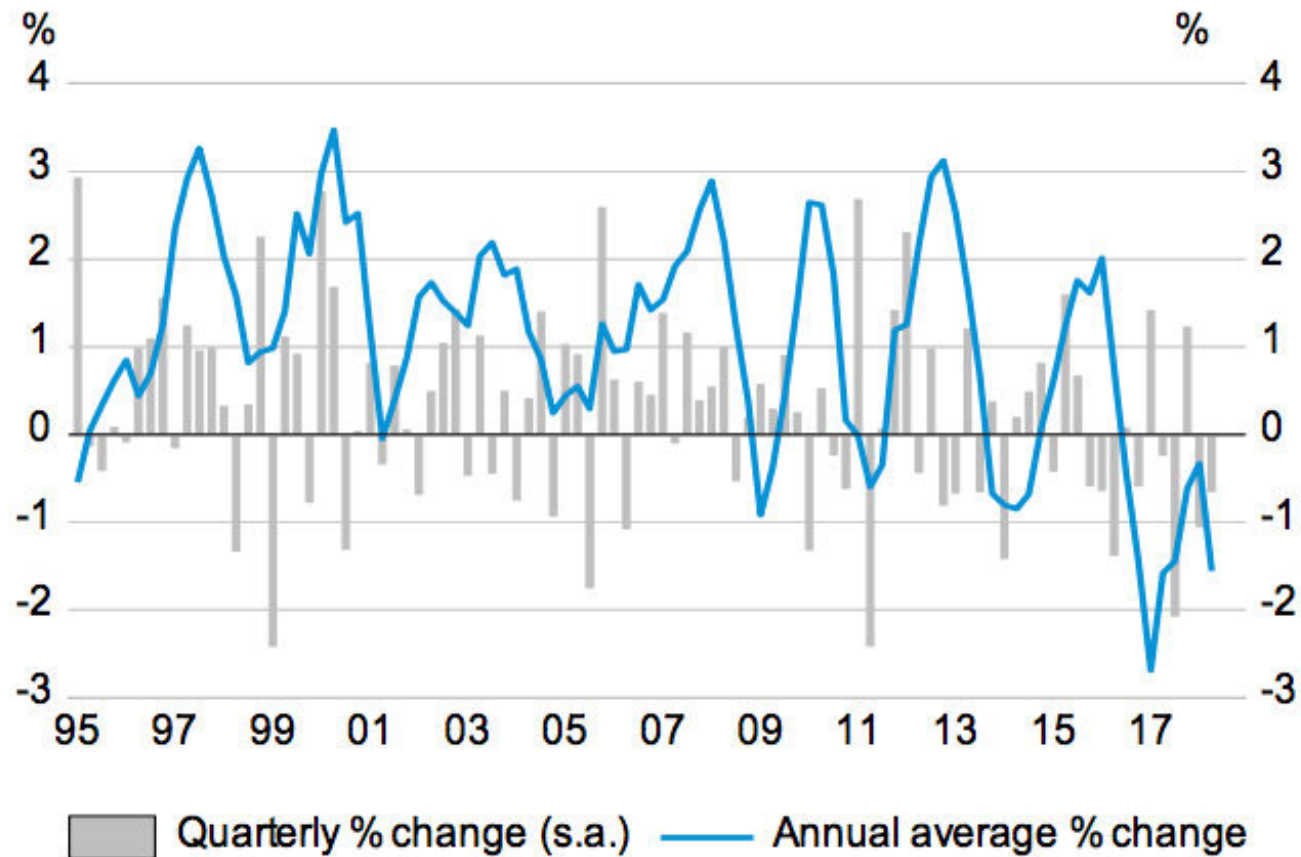
Firms' Own Activity Outlook



Sources: NZIER, ANZ

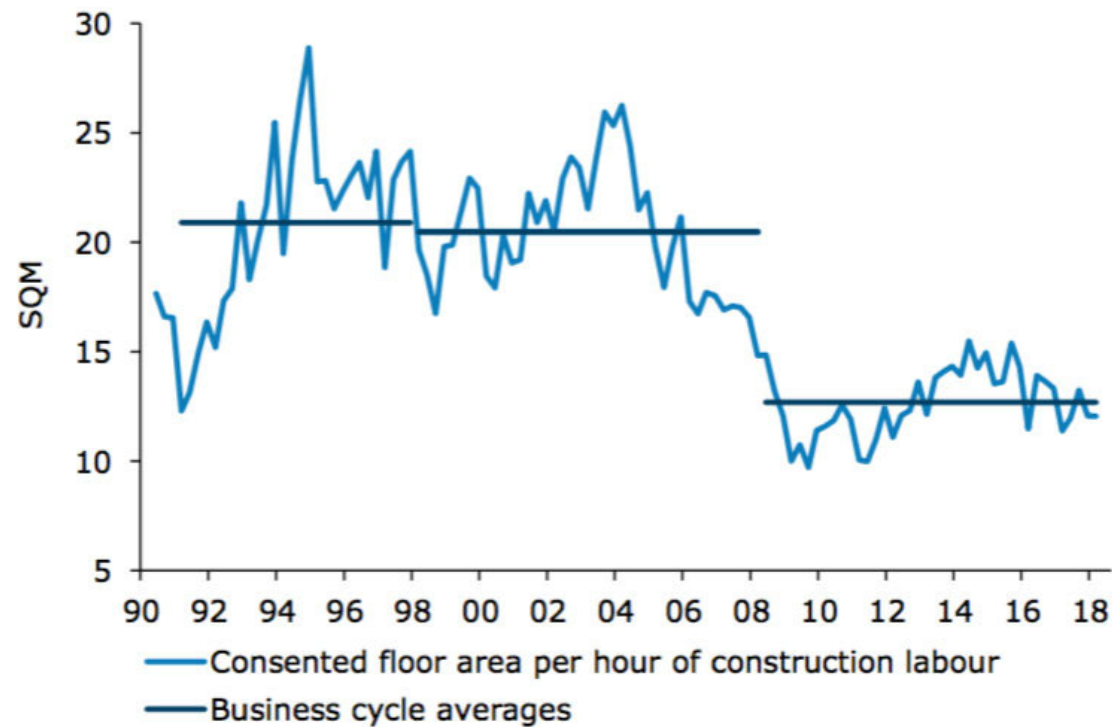
GDP + 2.7% Hours worked +4.1%

Labour Productivity (GDP divided by hours worked)



Construction productivity crash

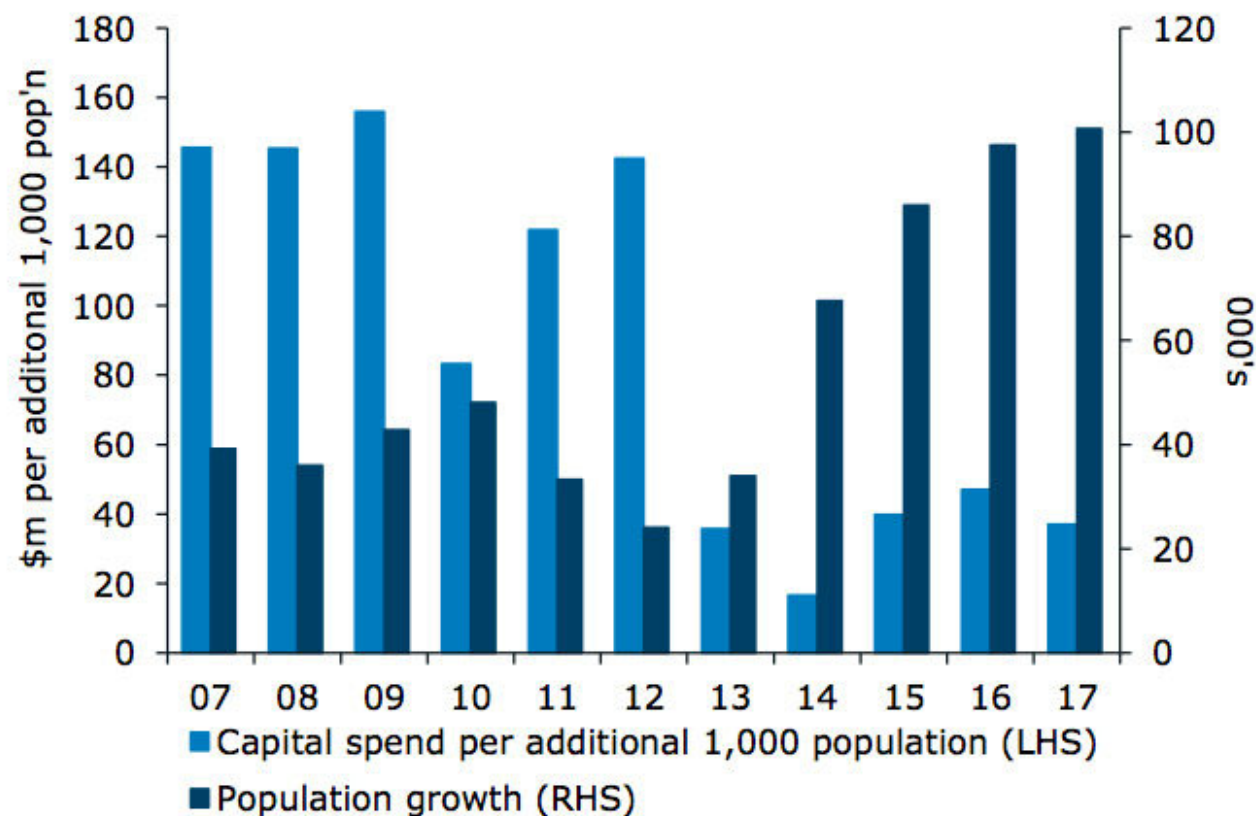
**Figure 2: Floor area per hour of construction work
(based on residential and non-residential consents)**



Source: ANZ Research, Stats NZ

So far behind the curve

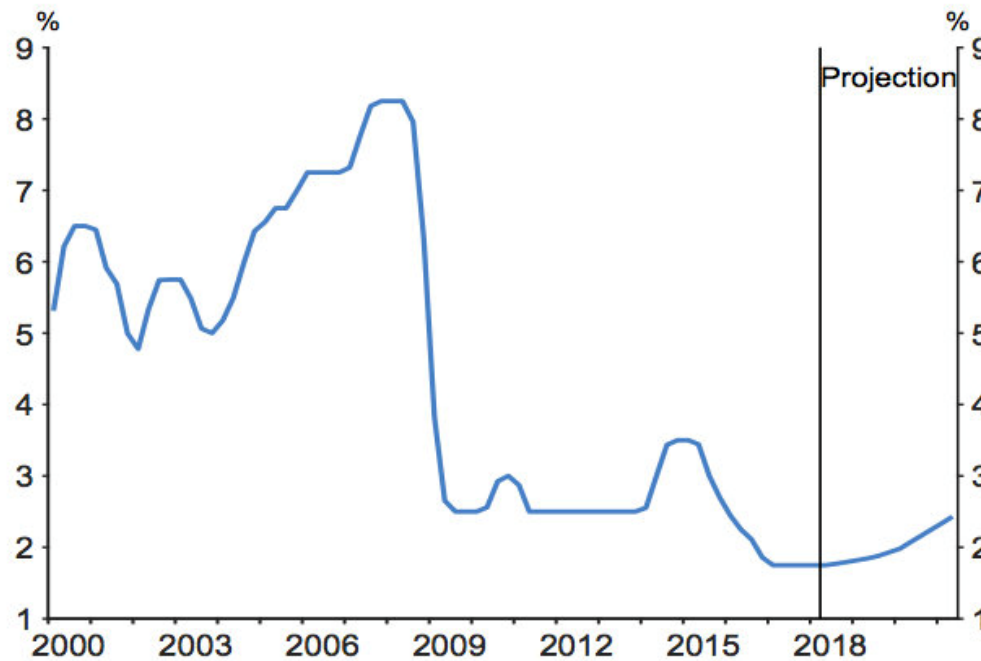
Figure 1: Net core Crown capital spend per additional 1,000 people and population growth (fiscal years)



Source: The Treasury, ANZ Research

So no rate moves til...2020?

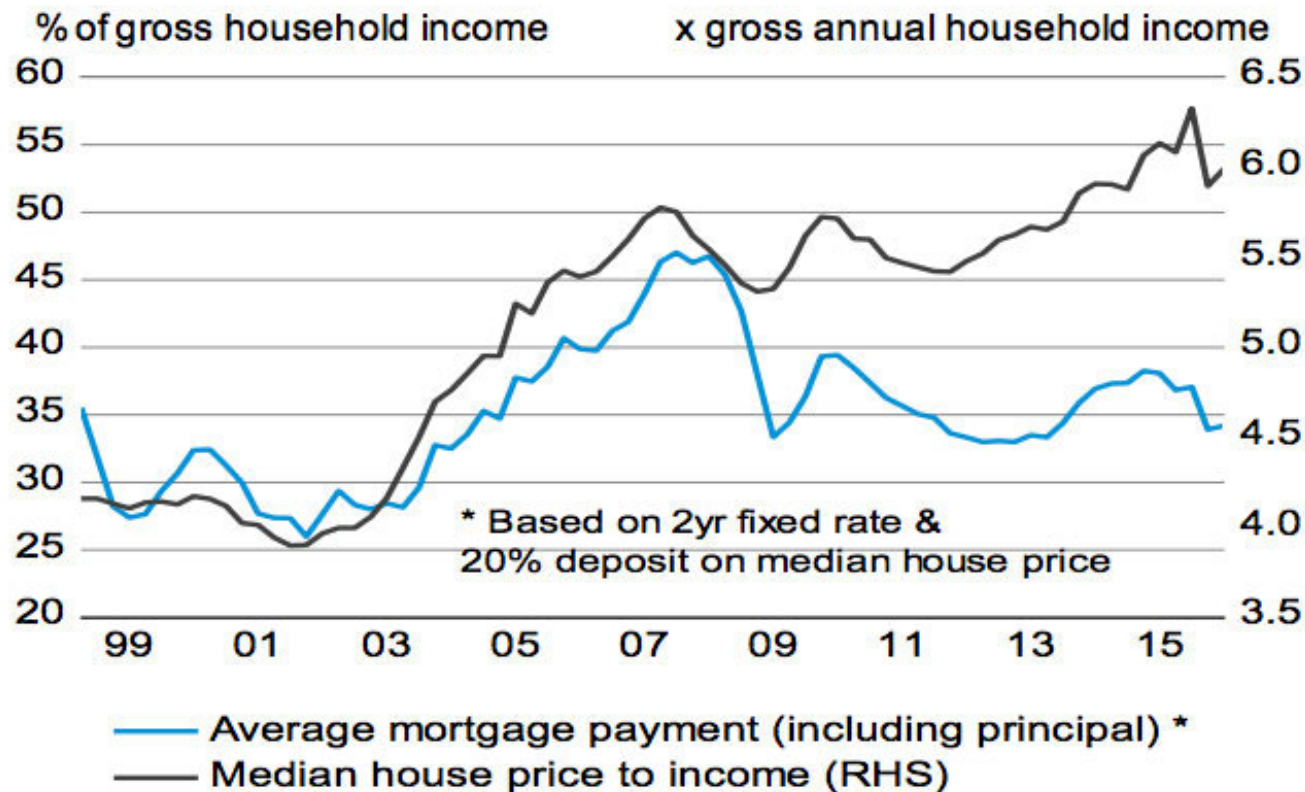
Figure 2.4
Official Cash Rate



Source: RBNZ estimates.

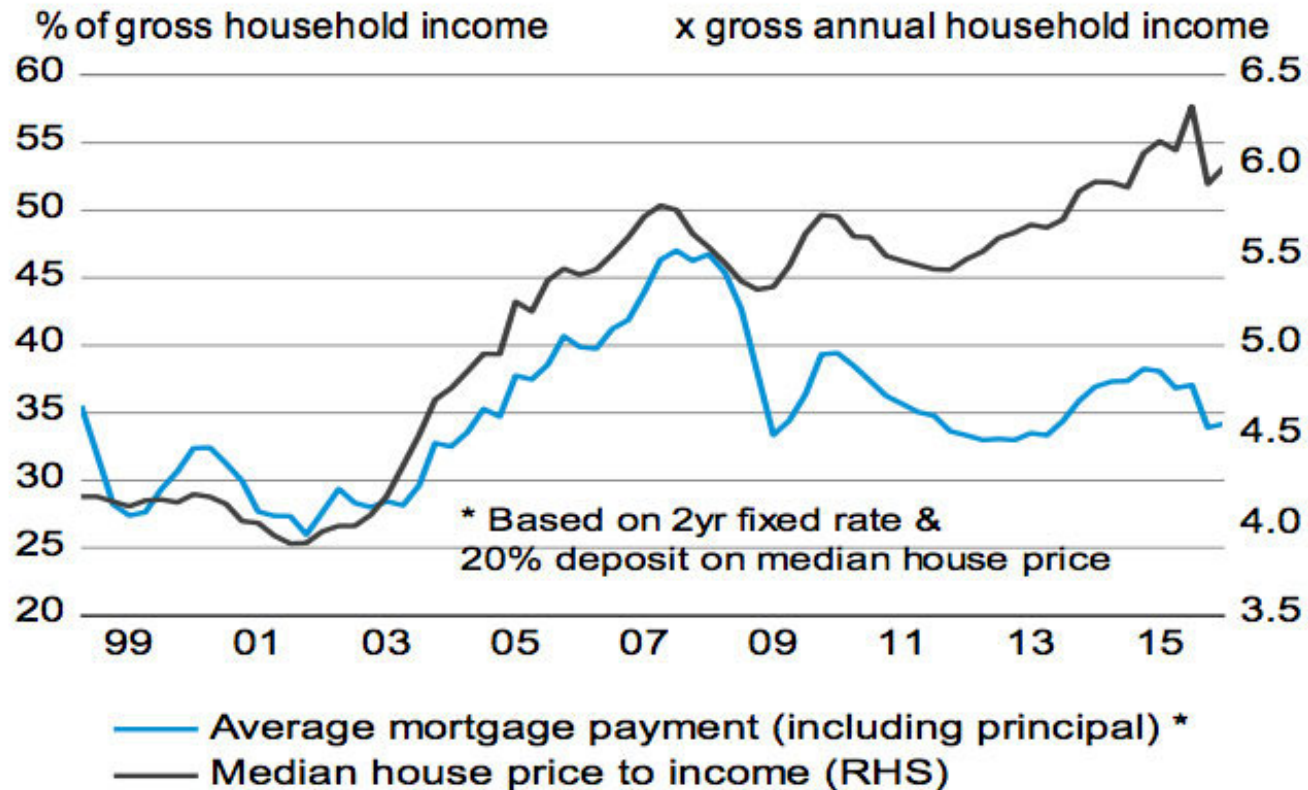
Housing affordability?

Affordability (based on REINZ median house price)



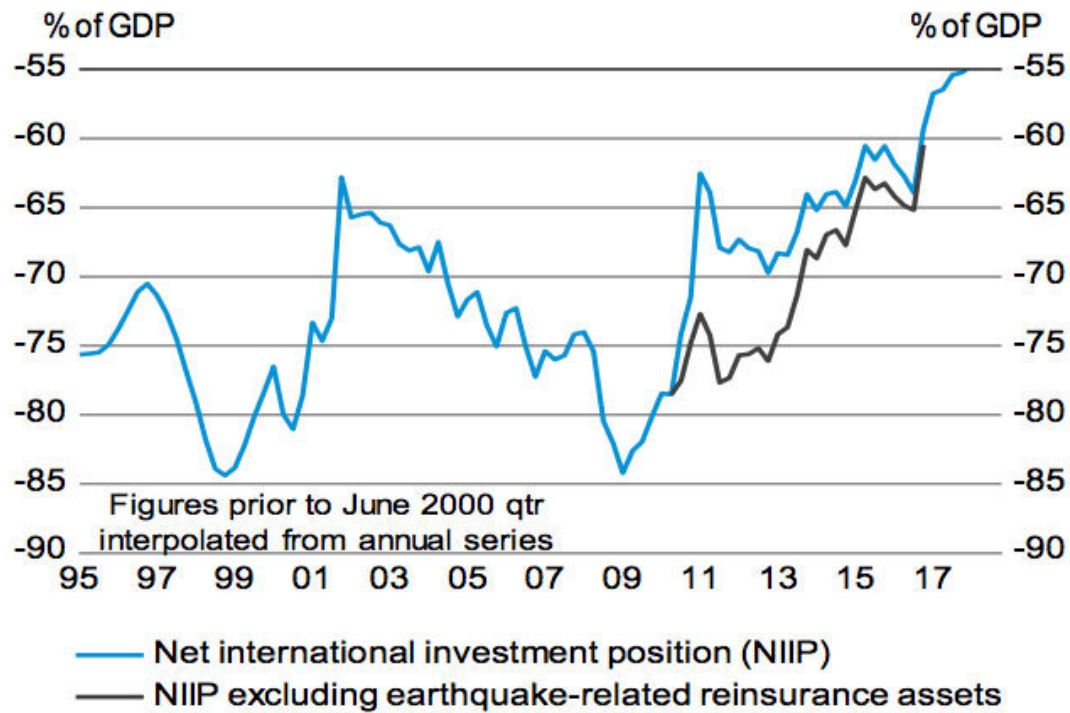
Wealthy home owners

Affordability (based on REINZ median house price)



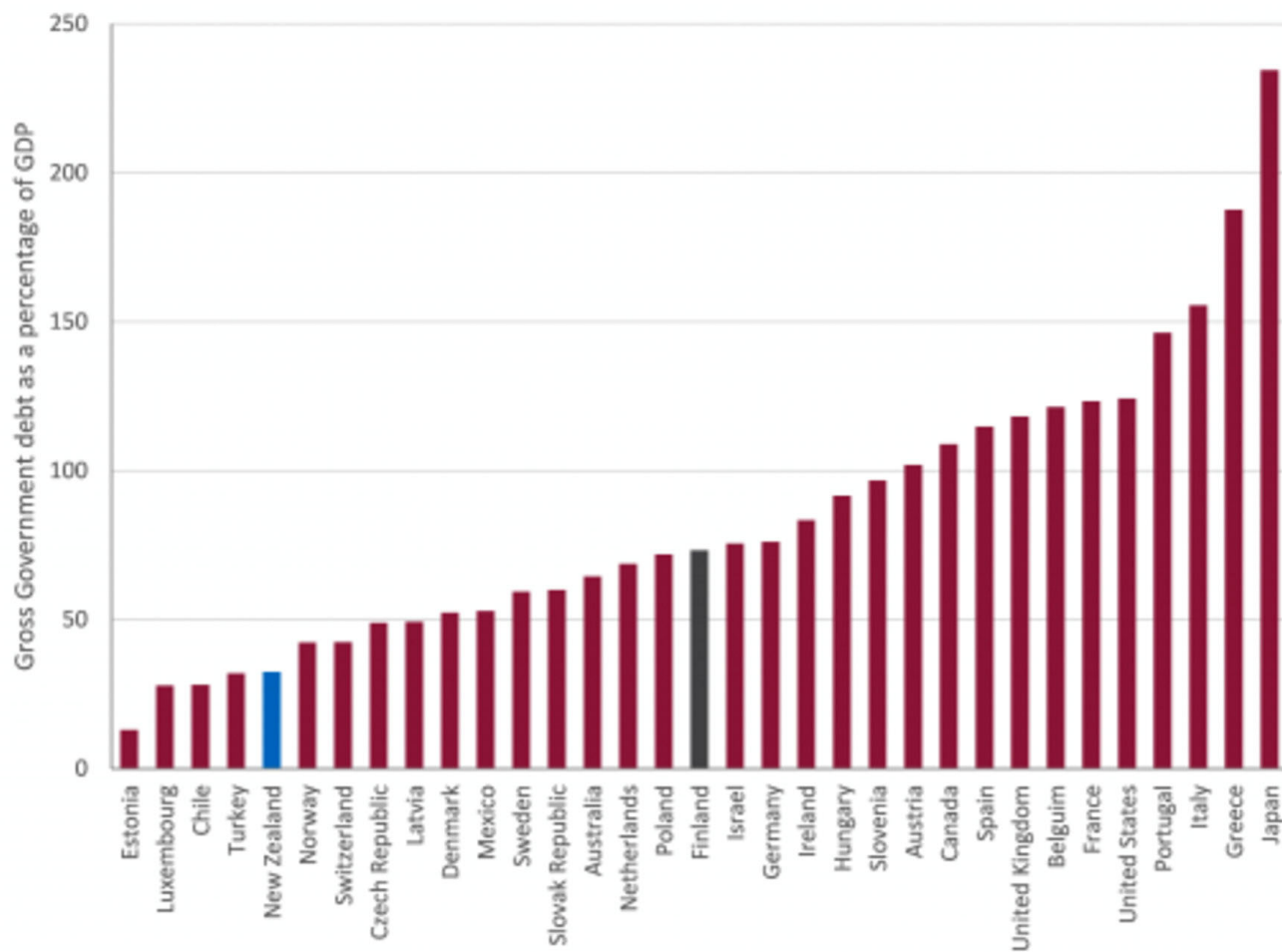
A wealthier nation

Net Foreign Assets

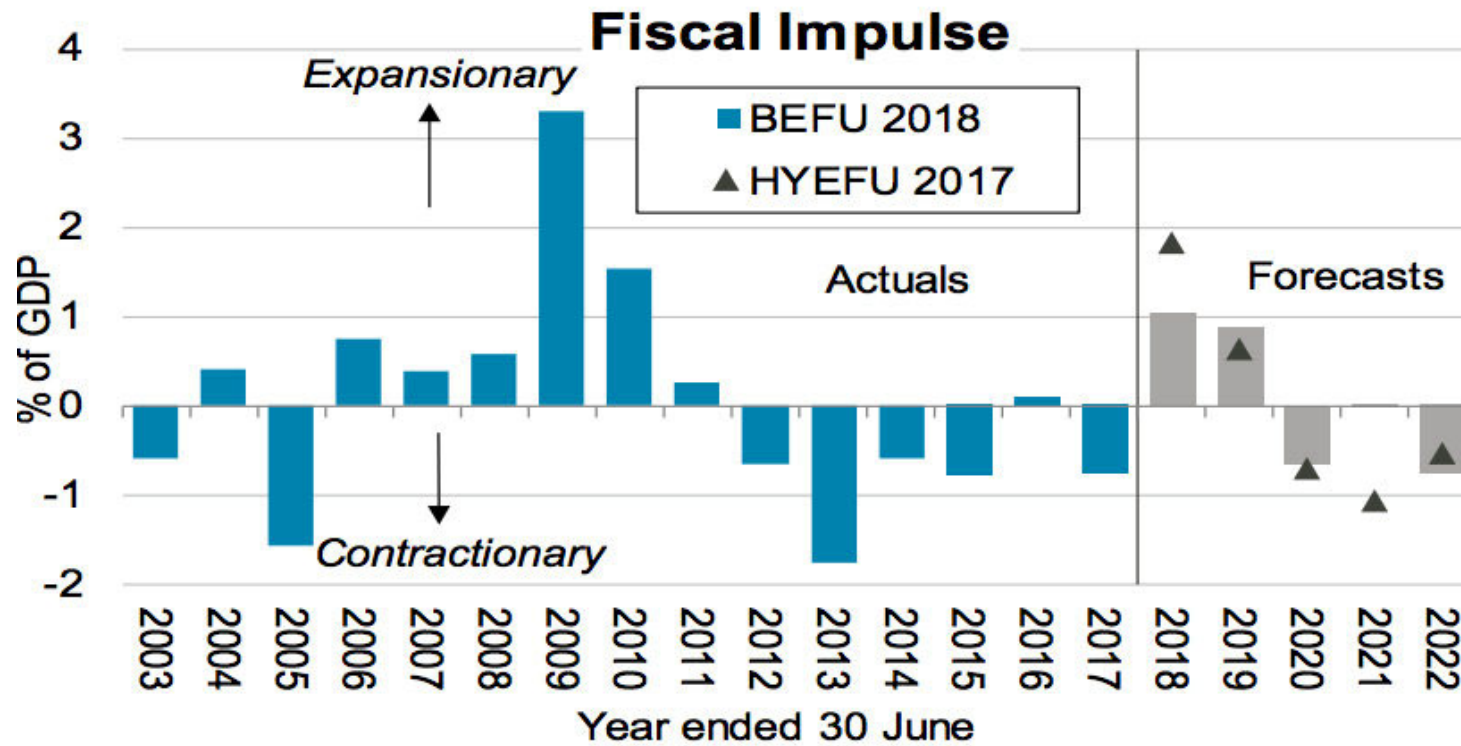


Source: Statistics New Zealand, The Treasury

Debt much lower than the rest



A neutral fiscal impulse



- What to watch: Dec 13 HYEUFU
- Growth slowing to 2% from 3%
- Trump's trade war rhetoric
- China's slowing economy, falling currency and indebted firms
- Wage inflation more broadly
- Brexit and the European mess
- Whether the Fed keeps hiking
- When Japan and EU stop printing

