

## **DECEMBER 2009 BUSINESS AND PUBLIC CONFIDENCE**

### **National Business and Rotorua Business and Public (Consumer) Confidence Survey Results**

**Prepared for : Business Development Unit  
Rotorua District Council**

**By : APR Consultants**

**Date : December 2009**



## INTRODUCTION

This report briefly outlines the results of surveys of businesses and the public in the Rotorua District. These surveys are undertaken six monthly. Although the business and public surveys were conducted separately, they were undertaken over the same time period. National business confidence results are also provided, courtesy of the National Bank.

The results of each survey are expressed as a Net Index, which may be roughly described as the net percentage of the total sample. The Net Index reflects the overall level of confidence. The values of the Net Index range from -100 to 100. The closer the overall value is to 100, the higher the level of confidence, while a negative value indicates that more people in the sample think that the economic indicator being measured will get worse rather than improve in the period being considered. (NB, a *negative* value for responses relating to unemployment, prices or interest rates indicates that the majority of respondents expect these indicators to *rise*. Similarly, a *negative* value in relation to the item about purchases outside the district indicates an *increase* in out-of-district purchases).

In the following sections, the results of specific questions from each of the surveys are outlined, together with a brief comment on the results. The most recent surveys were undertaken in December 2009. Note that as from June 2001, the indexes are being updated six monthly instead of every quarter.

## RESULTS SUMMARY

This report outlines the results of business and public confidence surveys undertaken in the Rotorua District in December 2009, and provides a comparison of the results of these surveys with surveys undertaken since May 1993. National business confidence results are also shown.

At a glance:	NC	=	No change, ie, less than 3.5 point change during the quarter
	↑	=	Increase in confidence
	↓	=	Decrease in confidence
	☺	=	Index is greater than 10 (ie, high confidence)
	☹	=	Index between 10 and –10 (ie, steady confidence)
	⊗	=	Index below –10 (ie, low confidence)
<i>Example: ↓ - ☺ = Index has dropped, but overall confidence is high</i>			

### At a glance summary

	New Zealand Businesses	Rotorua Businesses	Rotorua Public
National General Business Conditions	☺	☺	☺
National Unemployment	⊗	⊗	⊗
Interest Rates	⊗	⊗	⊗
National Real GDP/Economic Activity	☺	☺	☺
Local General Business Conditions	n/a	☺	☺
Local Unemployment	n/a	☹	⊗
Local Real GDP / Economic Activity	n/a	☺	☺
Real Business Activity / Personal Income	☺	☺	☺
Profits For Businesses	☺	☺	n/a
Employment For Businesses	☹	☺	n/a
Price of Goods and Services	⊗	⊗	⊗
Investment For Businesses	☹	☺	n/a
Exports	☺	☺	n/a
Purchases - inside the district	n/a	⊗	n/a
Promotional Activity	n/a	☹	n/a
Construction - residential	☺	☺	n/a
Construction - non-residential	☺	☹	n/a

### Overall summary of indexes

**Positive indexes**

☺
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**22** indexes

**Static indexes**

☹
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**5** indexes

**Negative indexes**

⊗
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**11** indexes

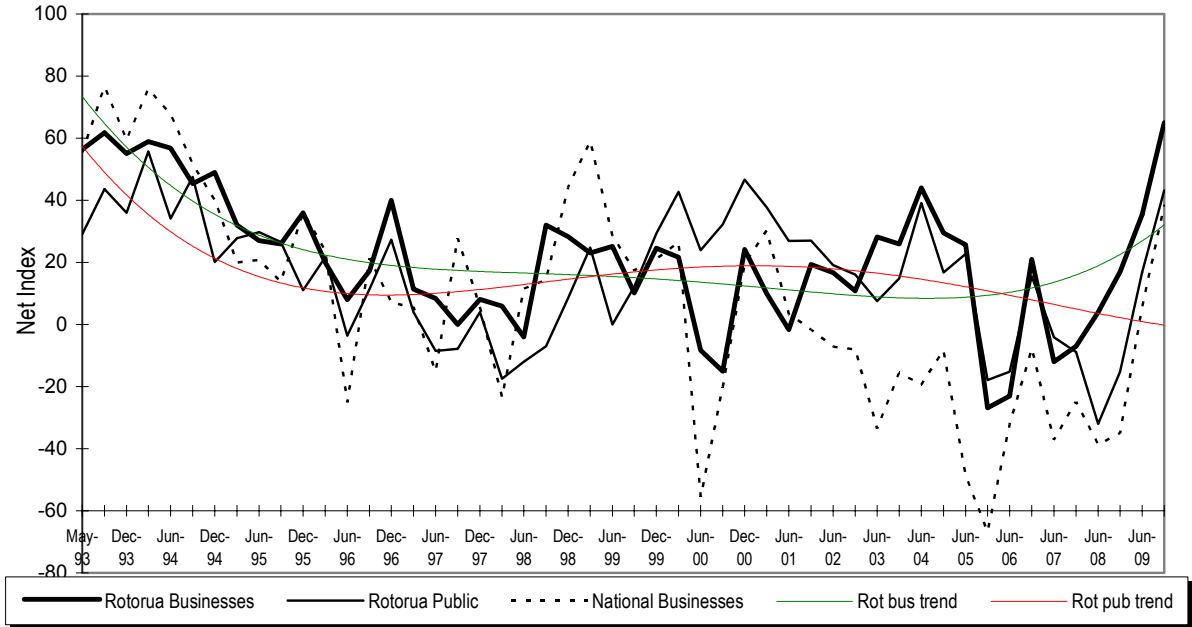
## National General Business Conditions

NZ Business ↑ - ☺

Rotorua Business ↑ - ☺

Rotorua Public ↑ - ☺

Expected change in national general business conditions in 12 months time



Rotorua businesses reported an increase in confidence regarding national general business conditions over the 12 months to December 2010. The index increased by 29.6 points to 65.0. This indicated that a majority of Rotorua businesses expected national general business conditions to increase.

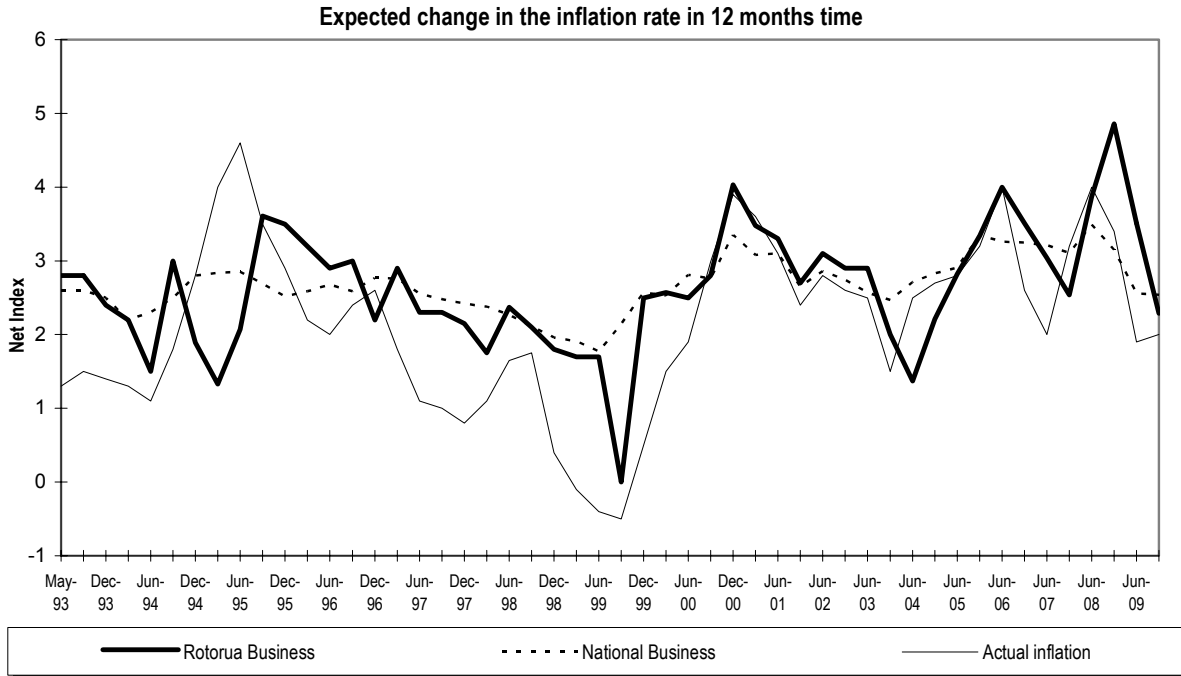
Rotorua households also reported an increase in confidence, with the index rising 26.3 points to 43.2. With the increase in confidence, the majority of householders in Rotorua expected national general business conditions to increase over the upcoming year to December 2010.

The national business index increased by 33.0 points, taking it to 38.5. This increase in confidence indicates nationally that businesses expect national general business conditions to increase from December 2009 levels.

## Inflation Rate

NZ Business ↓

Rotorua Business ↓



Rotorua businesses were expecting inflation to decrease over the 12 months to December 2010, with an expected decrease of 1.22%, taking it to 2.29%.

Businesses nationally reported an expectation that inflation levels would decrease, with expected inflation decreasing by 0.02% to 2.54%.

The actual inflation rate for December 2009, as measured by the Consumer Price Index, was 2.0% from the same time last year. This was a decrease of 0.1% since June 2009.

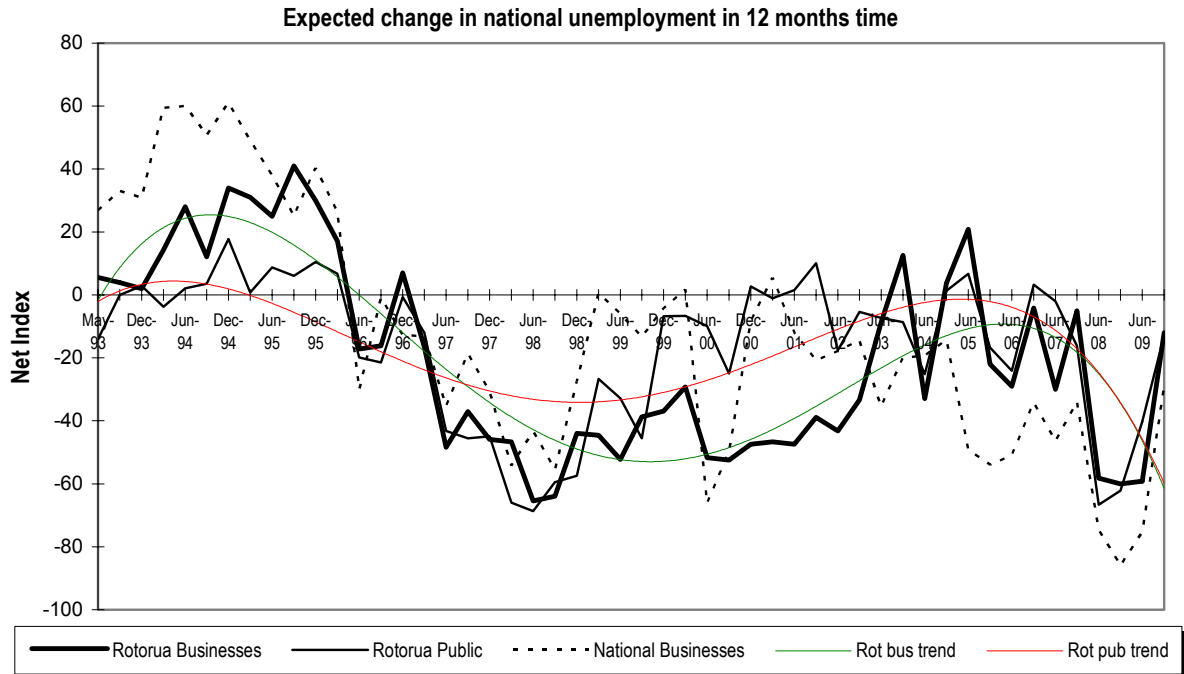
Looking back to last year, Rotorua businesses predicted inflation would be at 4.86% in December 2009, and New Zealand businesses were expecting it to reach 3.15%.

## National Unemployment

NZ Business ↑ - ⊗

Rotorua Business ↑ - ⊗

Rotorua Public ↑ - ⊗



Confidence levels have improved in all three indexes in the December 2009 survey, although all indexes predicted an increase in unemployment over the year to December 2010.

Local businesses reported an increase in confidence over the past six months, with the index increasing by 47.2 points to -12.0. Despite the increase, this indicates that the majority of Rotorua businesses expected unemployment to increase over the 12 months to December 2010.

The Rotorua public index increased by 27.4 points to -12.9. Despite the increase, the majority of households also expect unemployment nationally to increase over the same period.

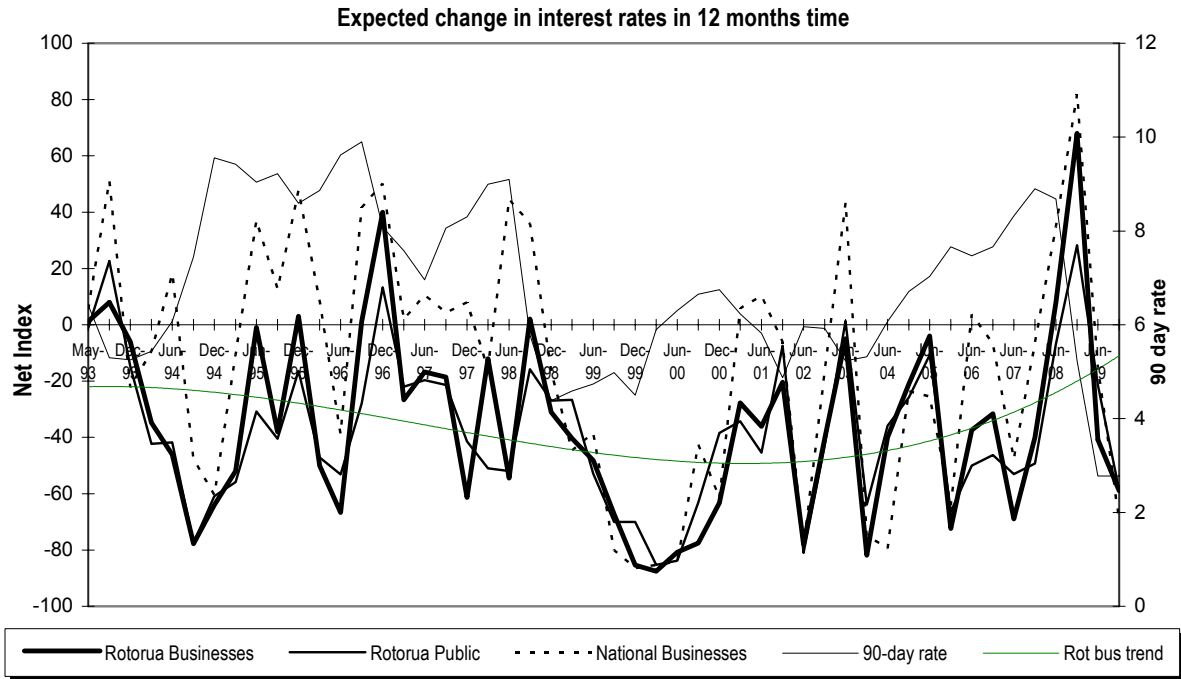
The national business index increased by 46.5 points, taking it to -28.9. Despite the increase in the index, most national businesses expected unemployment to increase.

## Interest Rates

NZ Business ↓ - ⊗

Rotorua Business ↓ - ⊗

Rotorua Public ↓ - ⊗



All indexes are predicting interest rate rises.

Rotorua businesses reported a decrease in confidence regarding expected interest rates in 12 months' time. The index decreased by 18.2 points, taking it to -59.0. This indicates that the majority of Rotorua businesses expected interest rates to increase from December 2009 levels over the year to December 2010.

Rotorua residents also reported a decrease in confidence. The index decreased by 37.5 points taking it to -58.9. This indicated that a majority of Rotorua households expected interest rates to increase over the year to December 2010.

Nationally, businesses reported a decrease in confidence of 54.2 points, taking the national business index to -69.3. This indicates that the majority of national businesses expected interest rates to increase from December 2009 levels.

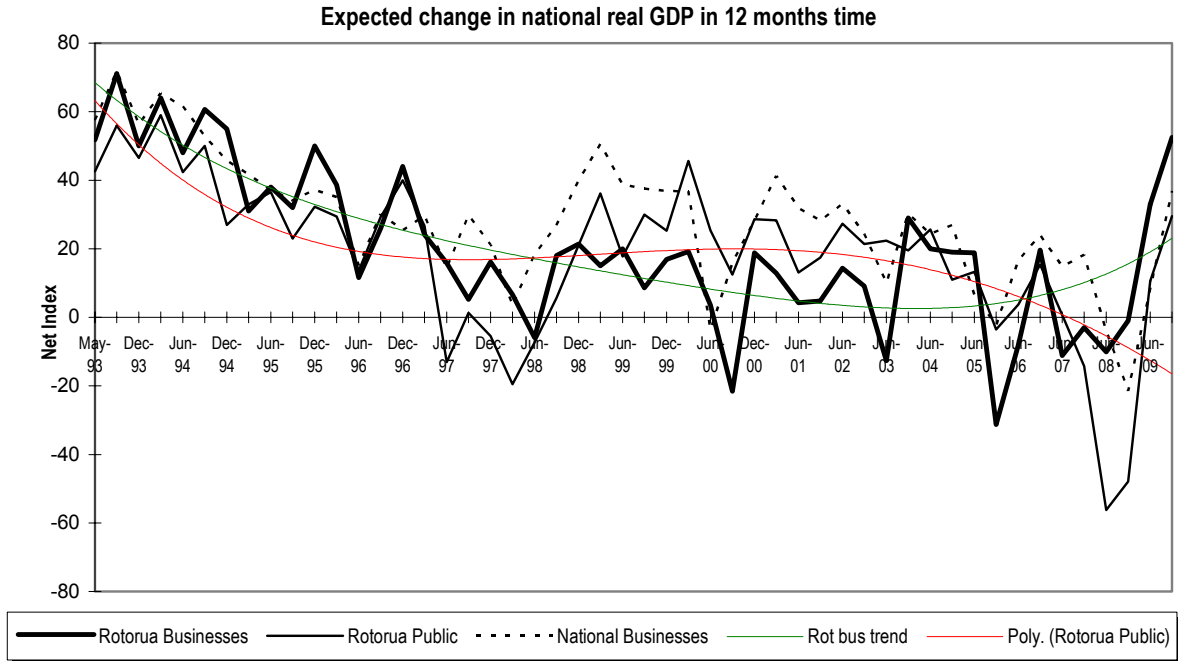
The December 2009 90-day rate remained unchanged over the previous six months, remaining at 2.78 in December 2009.

## National Real GDP/Economic Activity

NZ Business ↑ - ☺

Rotorua Business ↑ - ☺

Rotorua Public ↑ - ☺



Rotorua businesses reported an increase in confidence during the December 2009 survey, with the index increasing by 19.5 points to 52.5. This indicates that the majority of local businesses expected national real GDP to increase over the 12 months to December 2010.

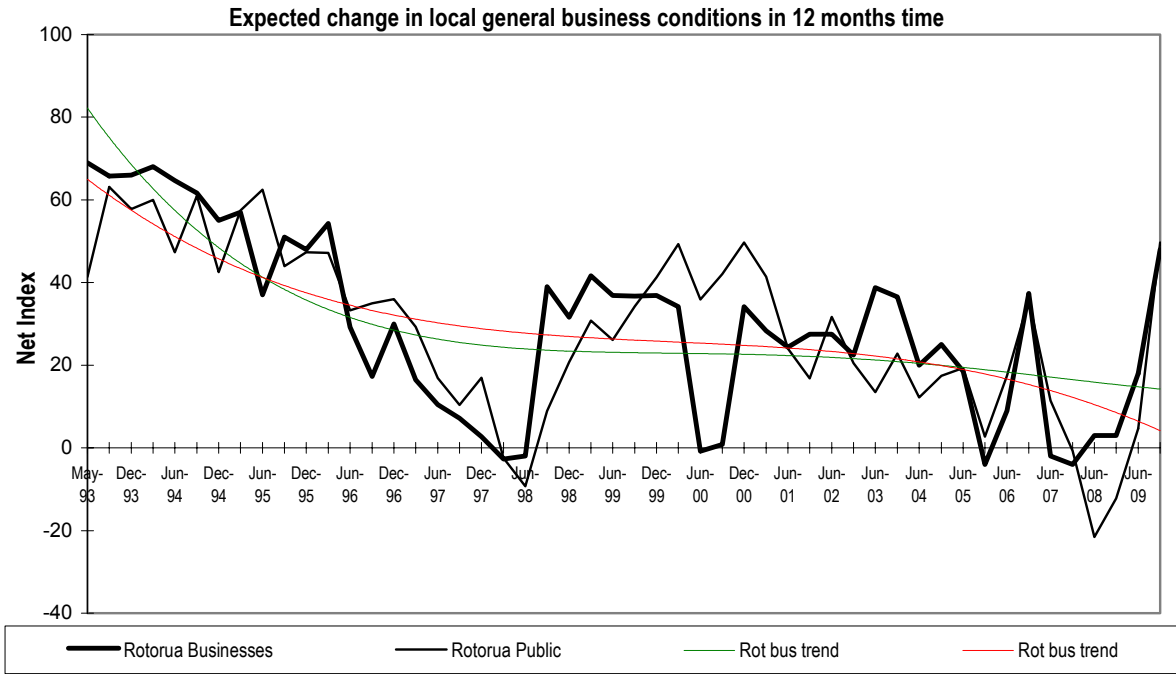
Rotorua households also reported an increase in confidence over the past six months, with the index increasing 18.9 points to 29.5. This increase in confidence indicated that most Rotorua households expected national real GDP to increase over the year to December 2010.

Nationally, the business index increased by 28.6 points, taking it to 36.9. This indicated that a majority of national businesses predicted that national real GDP will increase from December 2009 levels.

## Local General Business Conditions

Rotorua Business ↑ - ☺

Rotorua Public ↑ - ☺



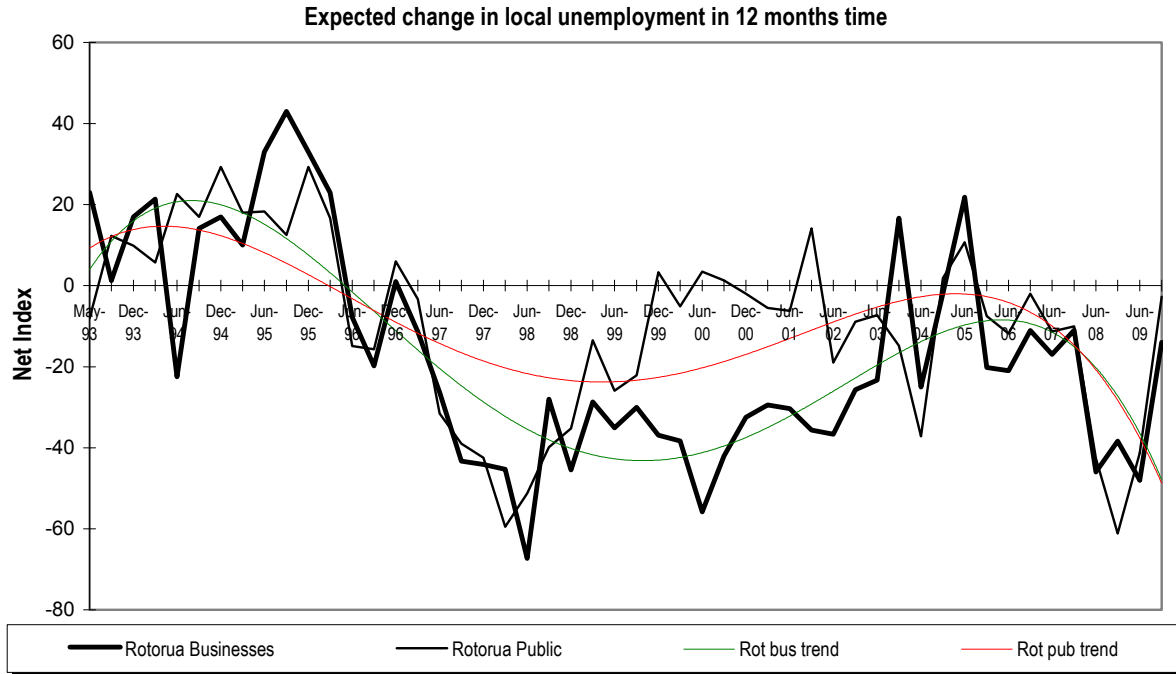
The Rotorua business index increased by 30.0 points to 48.0 during the December 2009 Rotorua confidence surveys. This indicates that the a majority of Rotorua businesses expected local general business conditions to increase from December 2009 levels over the next 12 months to December 2010.

The Rotorua public index increased by 45.0 points, taking it to 49.7. The increase in confidence indicated that the majority of Rotorua households expected local general business conditions to increase over the year to December 2010.

## Local Unemployment

Rotorua Business ↑ - ☹

Rotorua Public ↑ - ☹



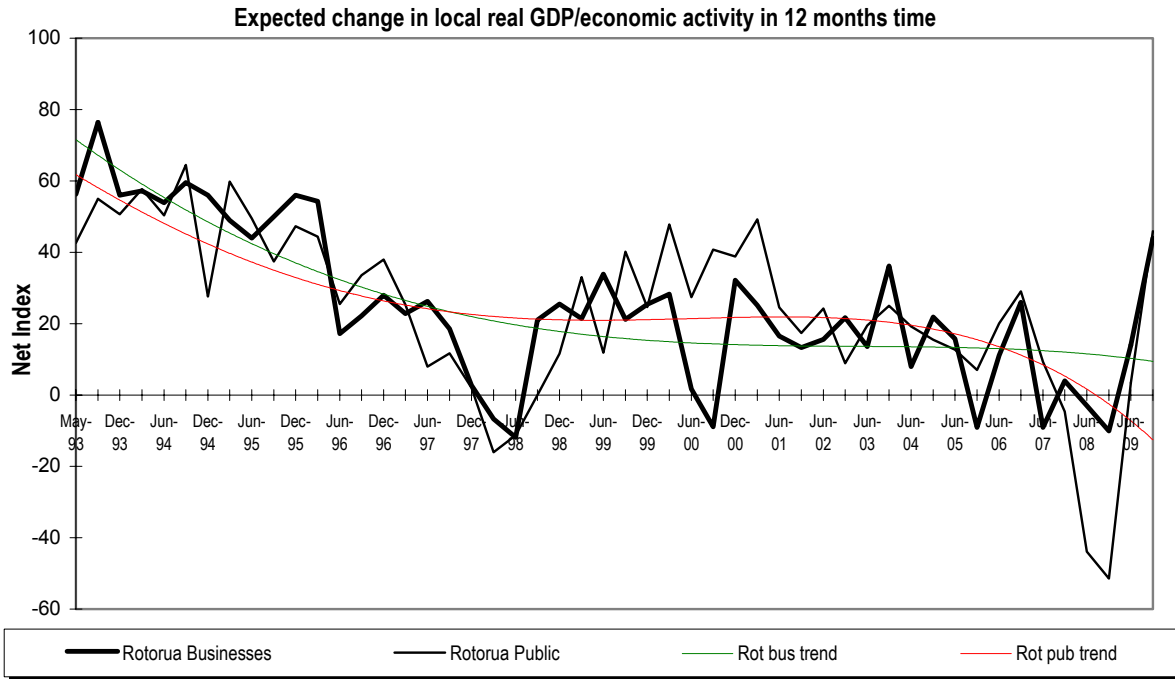
The Rotorua business index increased by 34.0 points in the December 2009 Business Confidence Survey, taking it to -14.0. Despite the increase in confidence, a majority of Rotorua businesses expected local unemployment to increase over the 12 months to December 2010.

Local householders also reported an increase in confidence, with the index increasing 38.6 points, taking it to -2.7. However with the increase in confidence, the near zero index indicates that Rotorua householders expected local unemployment to remain at December 2009 levels over the 12 months to December 2010.

## Local Real GDP / Economic Activity

Rotorua Business ↑ - ☺

Rotorua Public ↑ - ☺



Rotorua businesses reported an increase in confidence of 30.0 points in the December 2009 survey, taking the index to 44.0. This indicates that the majority of local businesses expected economic activity to increase from December 2009 levels over the 12 months to December 2010.

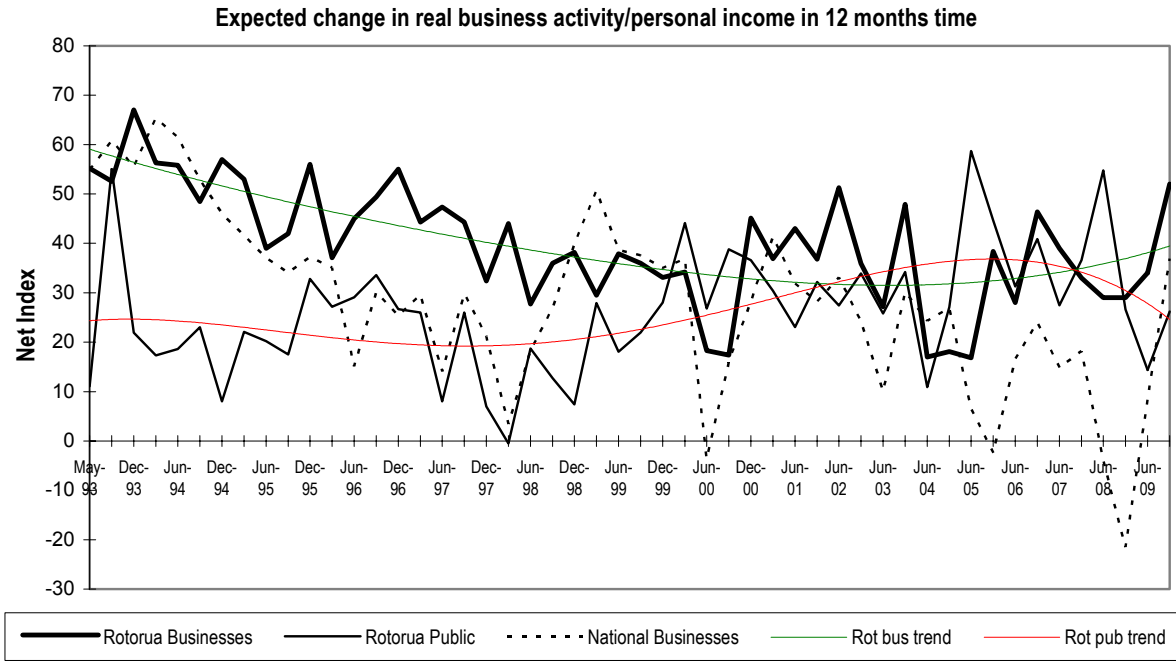
Rotorua households reported an increase in confidence, with the Rotorua public index increasing 42.5 points to 45.9. The increase in confidence indicates that the majority of Rotorua households expected business activity to increase over the 12 months to December 2010.

## Real Business Activity / Personal Income

NZ Business ↑ - ☺

Rotorua Business ↑ - ☺

Rotorua Public ↑ - ☺



Rotorua businesses reported an increase in confidence over the past six months, with the index increasing 18.0 points to 52.0. This indicates that the majority of local businesses were confident of increased income levels over the year to December 2010.

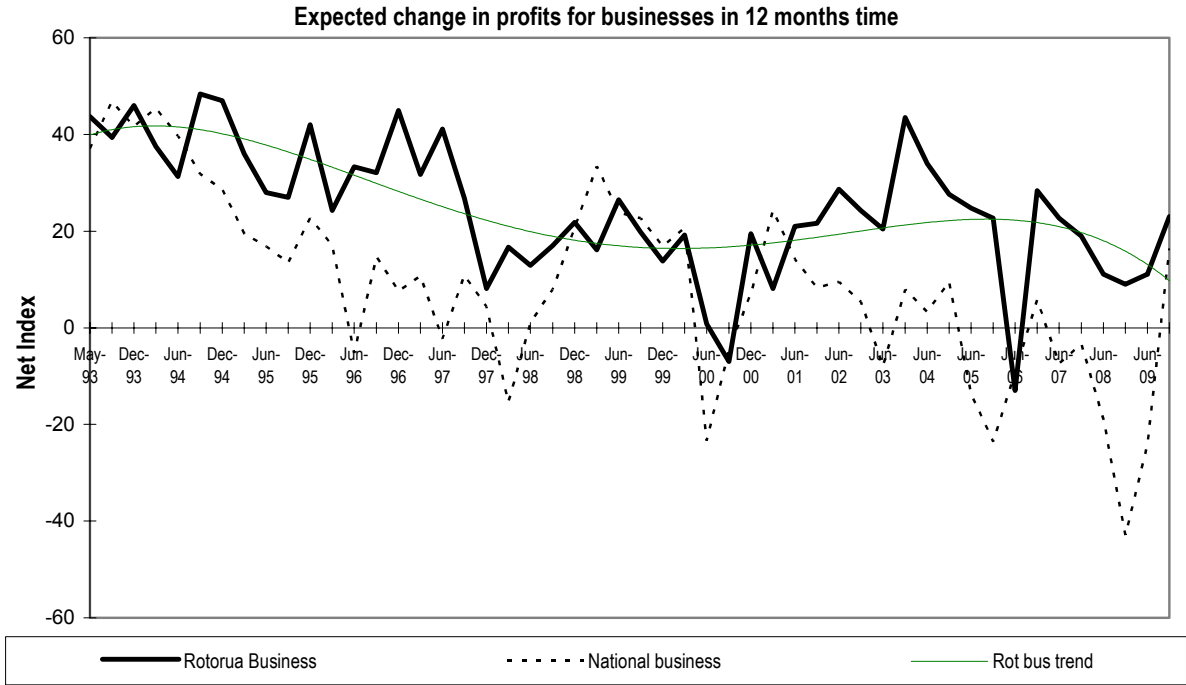
Rotorua residents reported an increase in confidence with their index increasing 11.8 points, taking it to 26.2. This increase in the index indicated that a majority of Rotorua residents expect to increase their personal income over the upcoming year to December 2010.

Nationally, businesses reported an increase in confidence of 28.6 points, taking the December 2009 index to 36.9. This indicates that a majority of national businesses expected their income levels to increase from December 2009 levels.

## Profits for Businesses

NZ Business ↑ - 😊

Rotorua Business ↑ - 😊



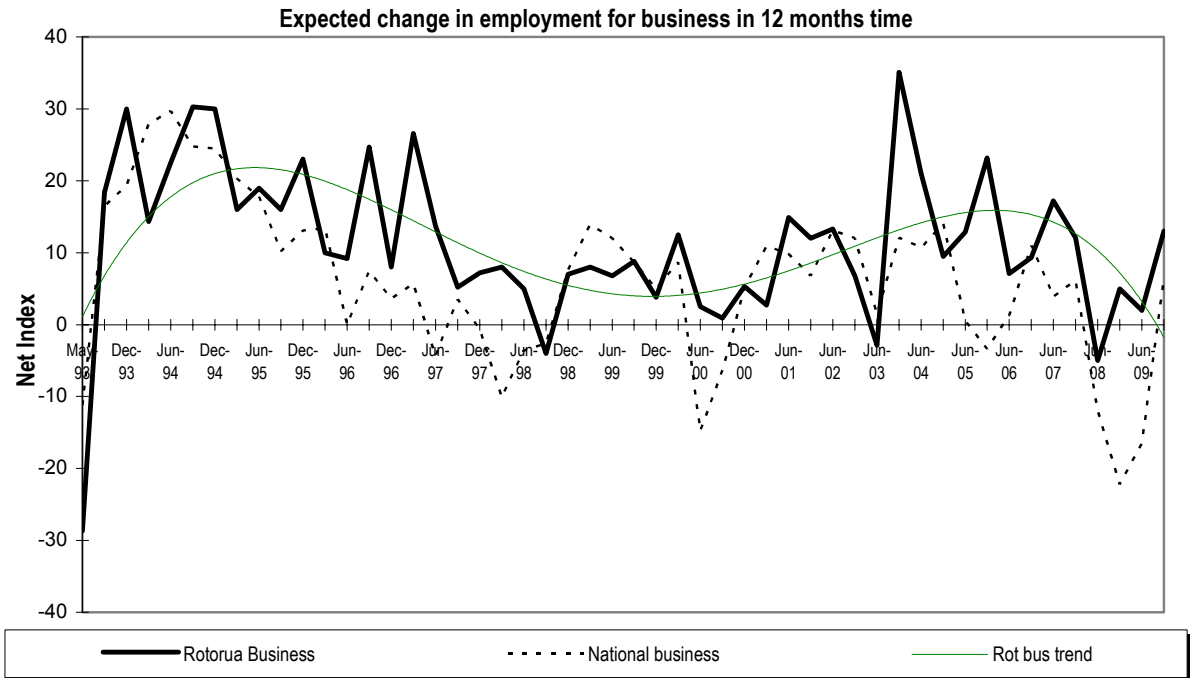
Rotorua businesses reported an increase in confidence with regard to their profit levels over the 12 months to December 2010. The Rotorua business index increased by 11.9 points taking it to 23.0. This indicates that the majority of Rotorua businesses expected profits to increase from December 2009 levels over the year to December 2010.

Nationally, businesses reported an increase in confidence of 40.6 points, taking the index to 16.4. This increase in confidence indicates that the majority of national businesses expected profits to increase from December 2009 levels.

## Employment for Businesses

NZ Business ↑ - 😊

Rotorua Business ↑ - 😊



Rotorua businesses reported an increase in confidence regarding levels of employment over the 12 months to December 2010. The index increased by 11.0 points taking it to 13.0. This indicated that a majority of Rotorua businesses expected to employ a higher number of workers than they did in December 2009.

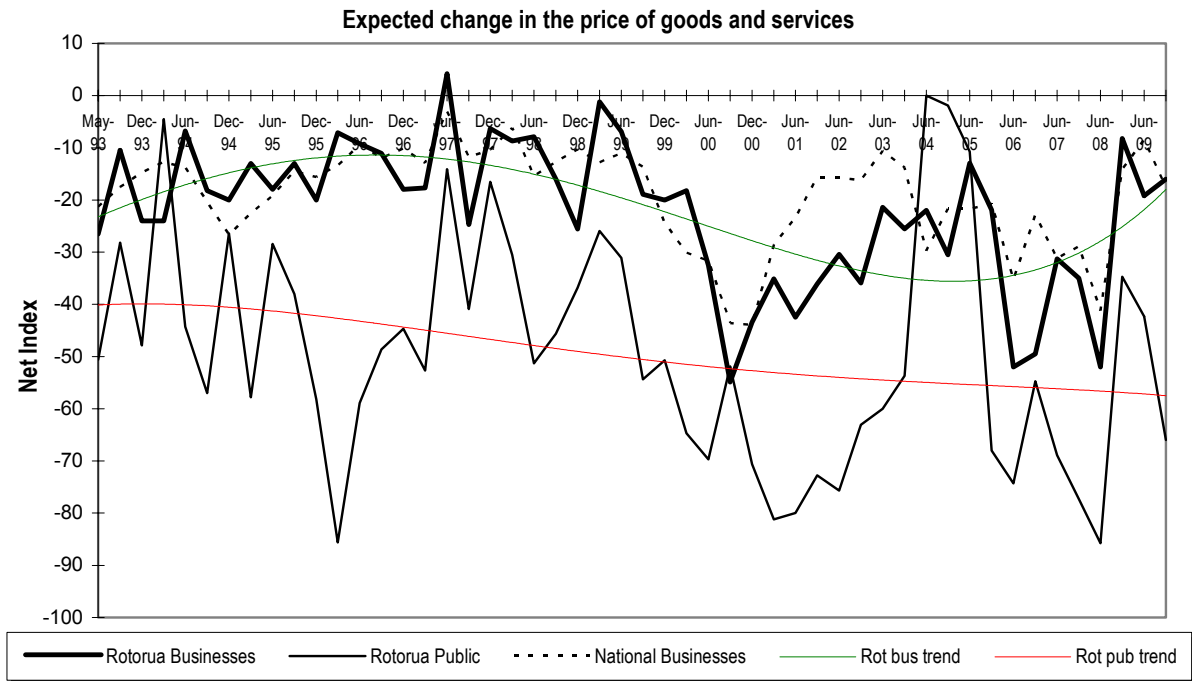
Nationally, businesses reported an increase in confidence of 23.0 points, taking the index to 6.4. Despite the increase in confidence, this indicates that nationally businesses expected to employ similar numbers of workers as they did in December 2009.

## Price of Goods and Services

NZ Business ↓ - ⊗

Rotorua Business NC - ⊗

Rotorua Public ↓ - ⊗



All three indexes were predicting price rises.

Rotorua businesses reported a small increase in confidence with the index raising 3.2 points to -16.0. Despite the increase, this indicated that the majority of Rotorua businesses expected the price of their goods and services to increase over the three months to March 2010.

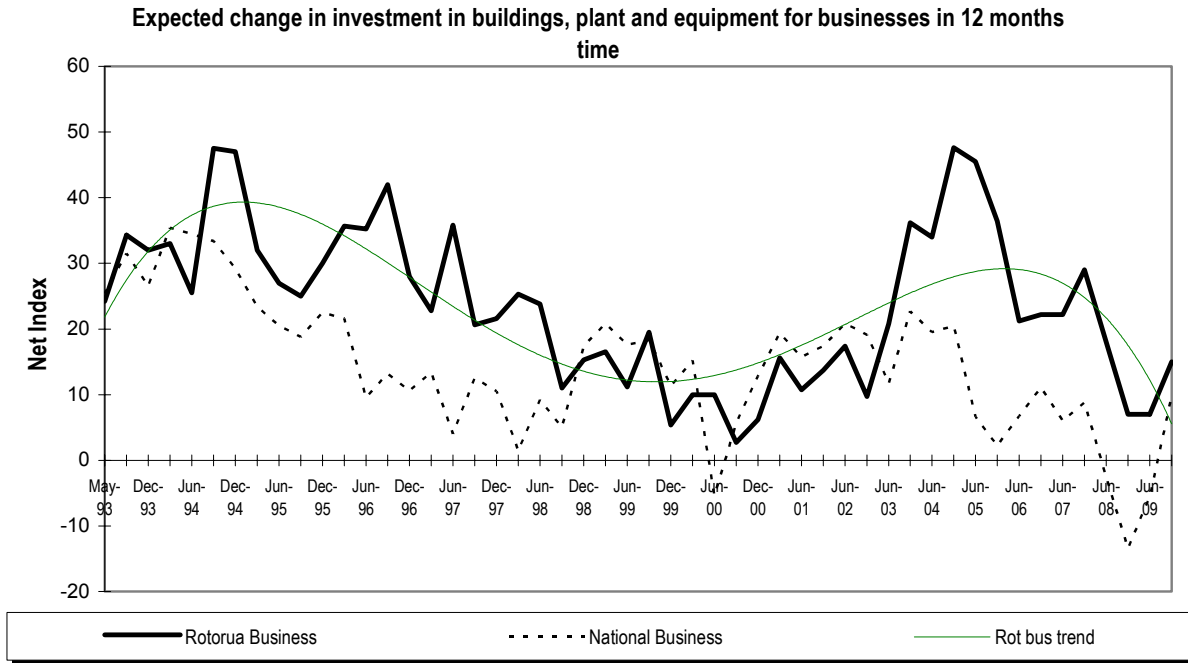
Rotorua residents reported a decrease in confidence, with the index decreasing 23.7 points to -66.0. This indicated that the majority of Rotorua residents believe that prices will increase over the three months to March 2010.

Nationally, businesses reported a decrease in confidence of 9.2 points, taking the index to -17.7. This indicated that a majority of businesses nationally expect prices to increase from December 2009 levels.

## Investment for Businesses

NZ Business ↑ - ☺

Rotorua Business ↑ - ☺



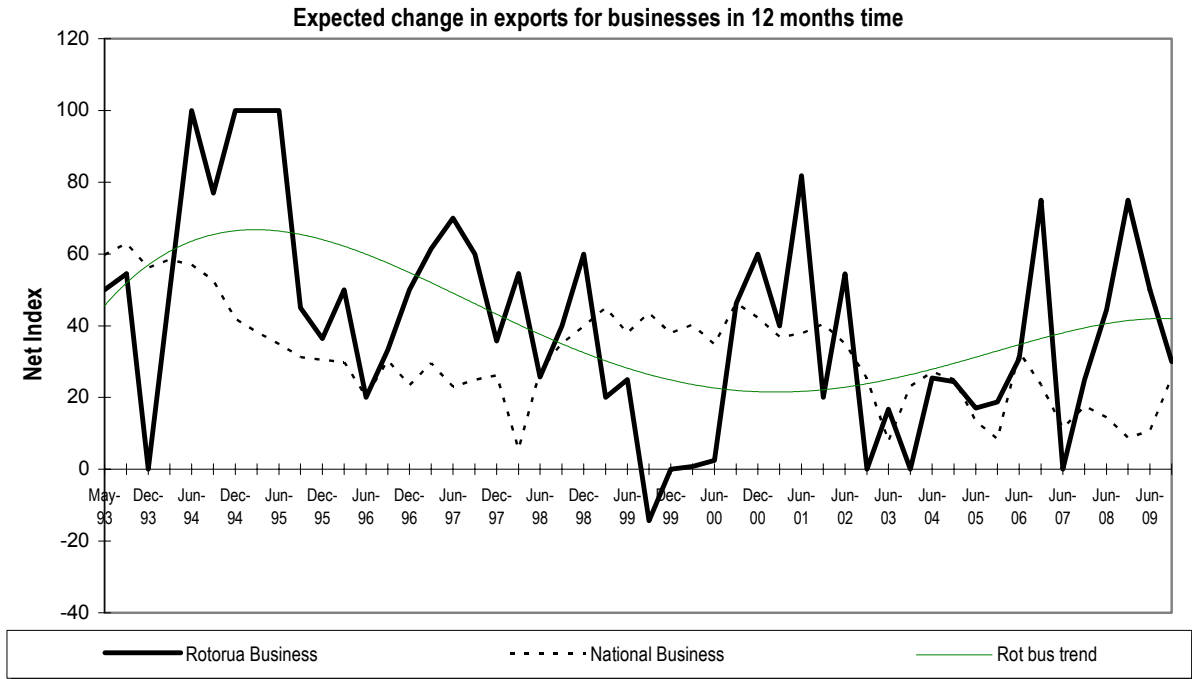
Rotorua businesses reported an increase in confidence levels over the six months to December 2009. The index increased by 8.0 points to 15.0. This indicates that a majority of Rotorua businesses expected to invest more back into their businesses over the 12 months to December 2010.

Nationally, businesses reported an increase in confidence of 15.4 points, taking the national business index to 9.8. This increase in confidence indicated that businesses nationally expect to invest similar amounts into their businesses than they did in December 2009.

## Exports

NZ Business ↑ - ☺

Rotorua Business ↓ - ☹



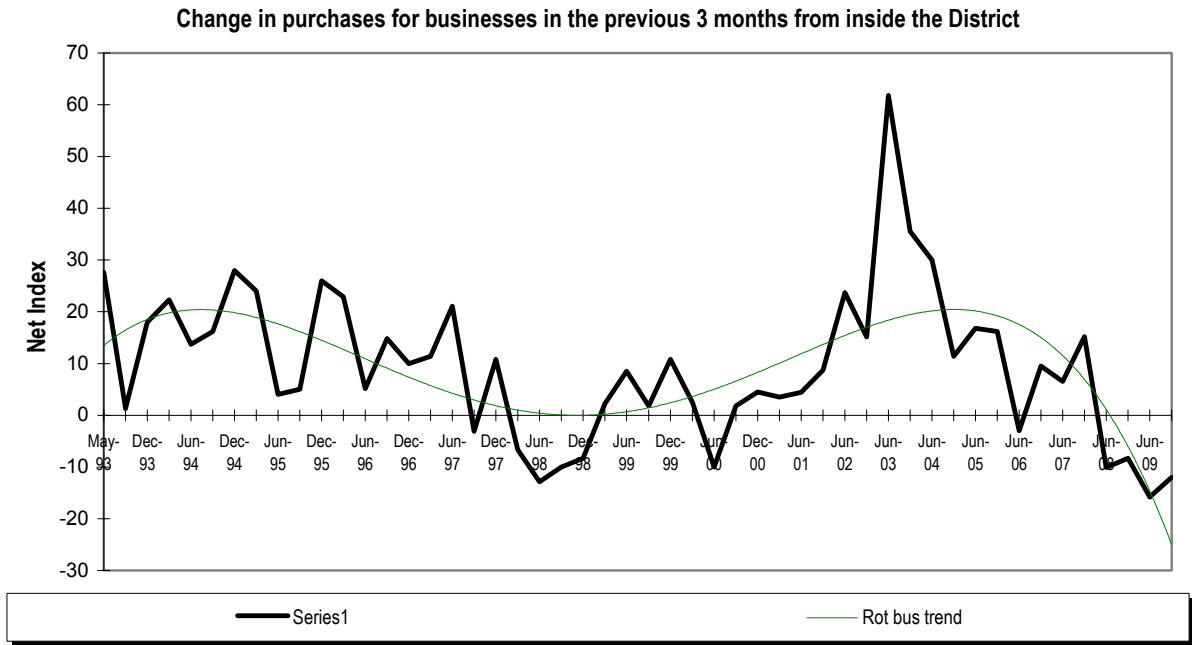
Rotorua businesses involved in exporting, reported a decrease in confidence regarding the volume of products to be exported over the next 12 months. The Rotorua business index decreased by 20.0 points taking it to 30.0. Despite the decrease in confidence, the positive index indicates that the majority of local export businesses expected their volume of exports to increase over the next 12 months to December 2010.

Nationally, businesses involved in exporting reported an increase in confidence of 14.9 points taking the index to 25.6. This indicates that nationally exporting businesses expected their volume of exports to increase from December 2009 levels.

## Purchases

### Inside the District

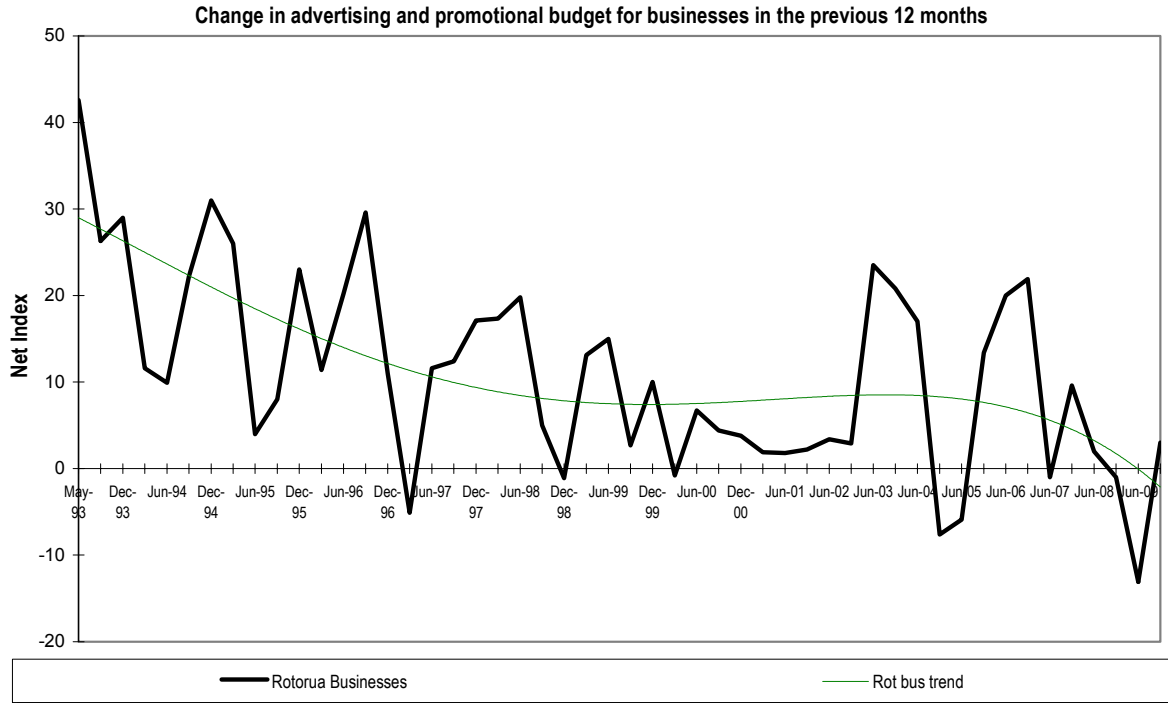
#### Rotorua Business ↑ - ☹



Rotorua businesses reported an increase in their spending from inside the district this period. The index increased 3.8 points taking it to -12.0. Despite the increase in spending inside the district, the index indicates that most Rotorua businesses had purchased more from outside the district than they had from within it between September and December 2009.

## Promotional Activity

Rotorua Business ↑ - ☺



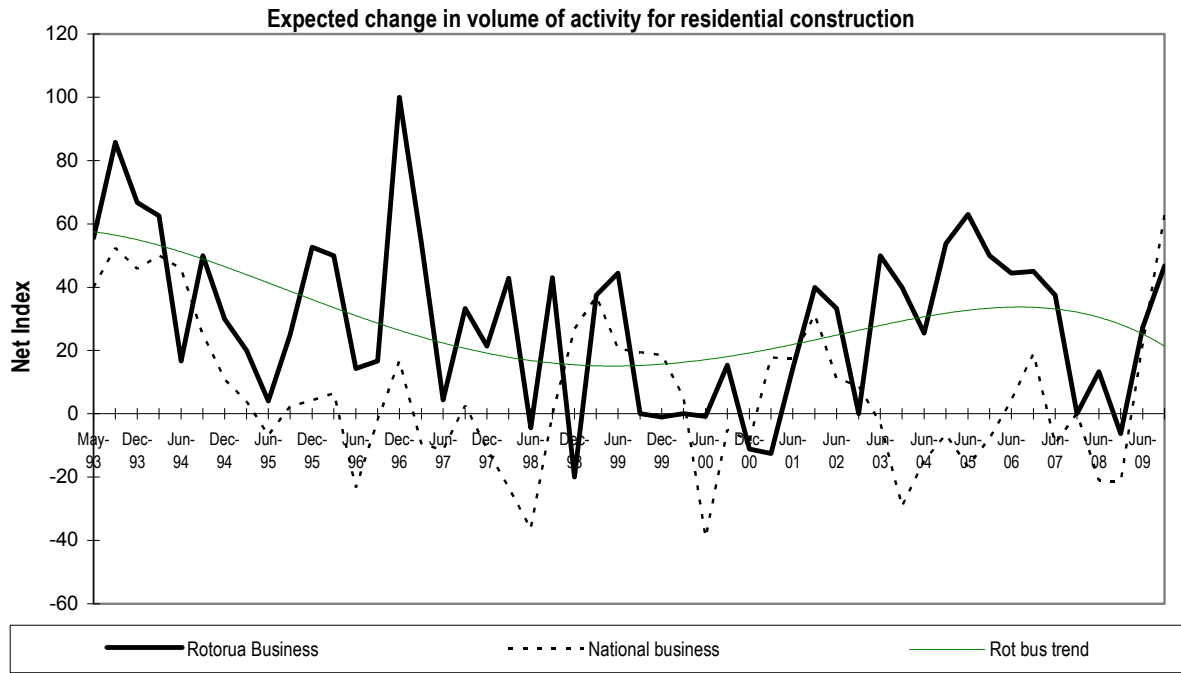
The Rotorua business index increased by 16.1 points over the six months from June 2009, taking it to 3.0. This indicated that the majority of businesses had kept their promotional budgets at similar levels to December 2008 for the year ending December 2009.

## Construction

### Residential Construction

Rotorua Business ↑ - ☺

NZ Business ↑ - ☺

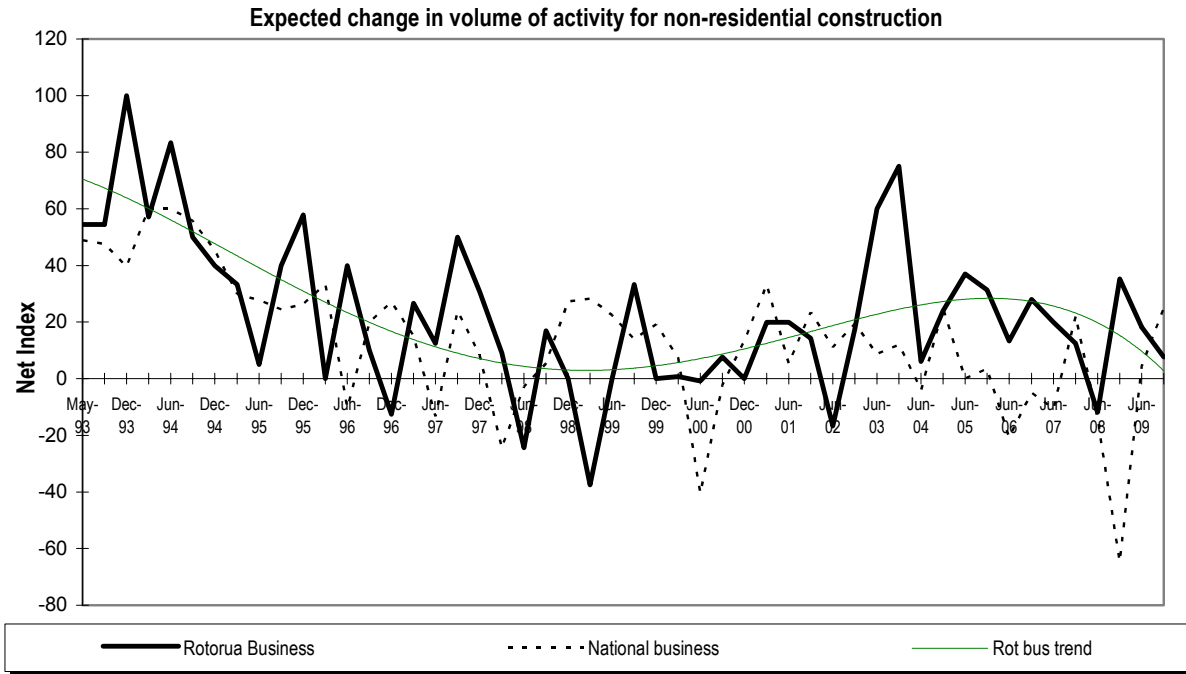


Rotorua businesses involved in residential construction reported an increase in confidence with regard to their upcoming volume of work. The Rotorua business index increased by 19.4 points taking it to 46.7. This indicates that a majority of construction businesses expected the volume of their residential construction to increase from December 2009 levels.

Nationally, construction businesses reported an increase in confidence of 40.8 points, taking the index to 63.0. This indicates that nationally, construction businesses involved in residential construction predicted that the volume of their residential construction will increase from December 2009 levels.

## Non-residential Construction

Rotorua Business ↓ - ☹      NZ Business ↑ - ☺



Rotorua construction businesses reported a decrease in confidence regarding their expected volume of upcoming non-residential construction. The index decreased by 10.5 points to 7.7. The drop in confidence indicated that the majority of Rotorua construction businesses expected their volume of commercial construction to remain at December 2009 levels.

Nationally, construction businesses reported an increase in confidence of 20.6 points, taking the national business index to 25.0. This indicates that the majority of national businesses expect levels of non-residential construction to increase from December 2009 levels.

## NATIONAL BUSINESS CONDITIONS

The national indexes are showing increasing confidence levels regarding national business indicators, with activity expected to increase.

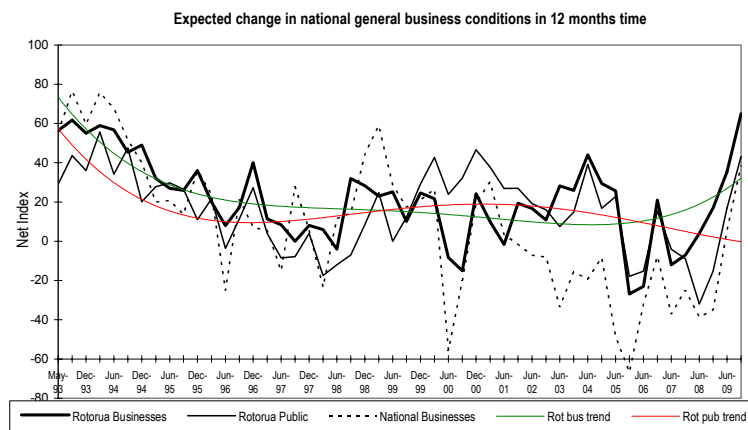
On the positive side, businesses nationally expect general business conditions to increase, economic activity to increase and profits are expected to rise.

Nationally, personal income is expected to increase.

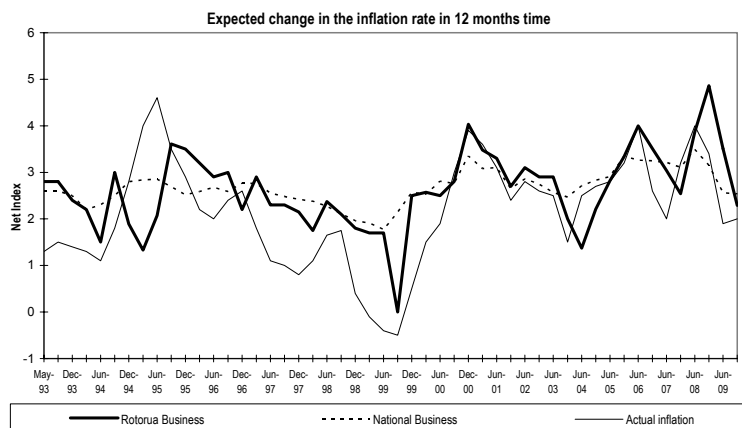
On the negative side, unemployment is expected to rise and interest rates are expected to increase. Businesses are expecting to employ similar amounts as they did in December 2009.

Businesses involved in exporting, report an expectation of increasing export volumes from December 2009 levels.

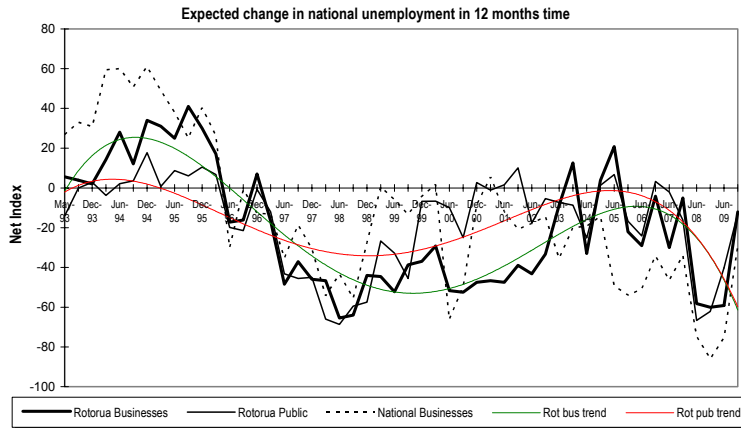
Businesses involved in residential construction reported an expectation of increasing levels of residential construction from December 2009 levels. Commercial construction businesses also reported an expectation of increasing levels of commercial construction from December 2009 levels.



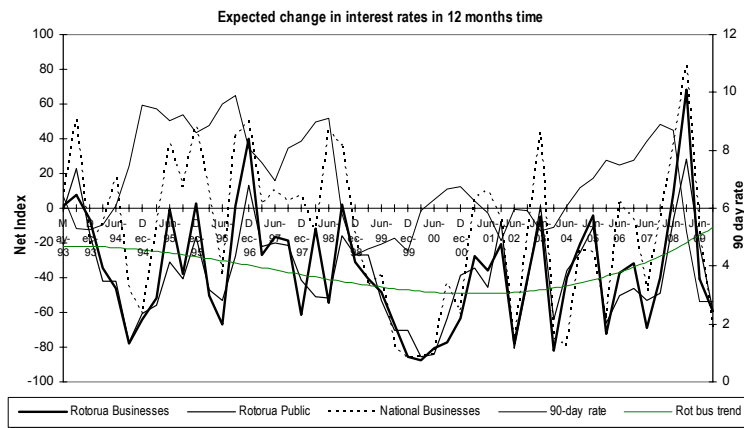
Rotorua businesses and households expected national general business conditions to improve from December 2009 levels over the next 12 months to December 2010. Nationally businesses also expected conditions to improve from December 2009 levels.



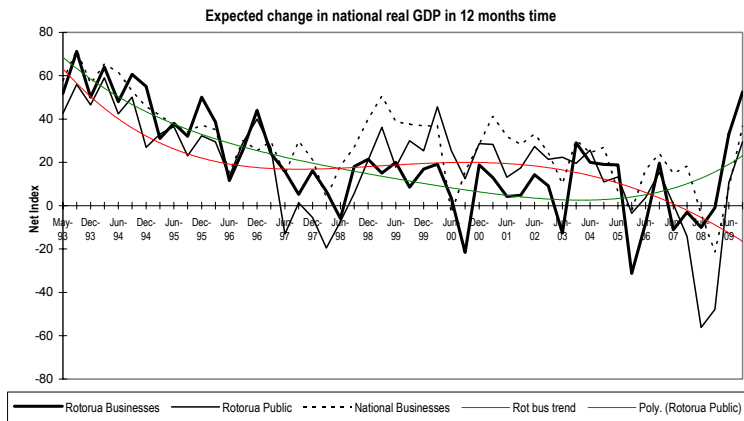
The inflation rate is expected to decrease over the next 12 months. Rotorua businesses were predicting inflation of 2.3%, while national businesses expected inflation to be around 2.5%. Actual inflation went down by 0.1% in December 2009 to 2.0% from December 2008.



All indexes show an expectation of increasing unemployment from December 2009 levels.



All indexes show an expectation of increasing interest rates.



Rotorua businesses and households predicted that national real GDP would increase from December 2009 levels. Nationally businesses also predicted that activity would increase.

## LOCAL BUSINESS CONDITIONS

The local confidence indexes are showing signs of increasing confidence, with most of the indexes continuing to climb.

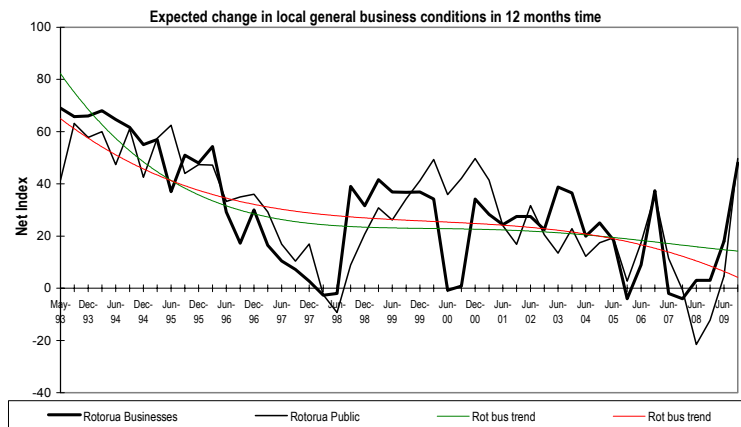
On a positive note, Rotorua businesses and households expect local general business conditions to increase. This was the same trend for Rotorua economic activity. Personal income levels are expected to increase and profits for business are also expected to increase.

Businesses are planning to invest more into their businesses and keep promotion at December 2009 levels.

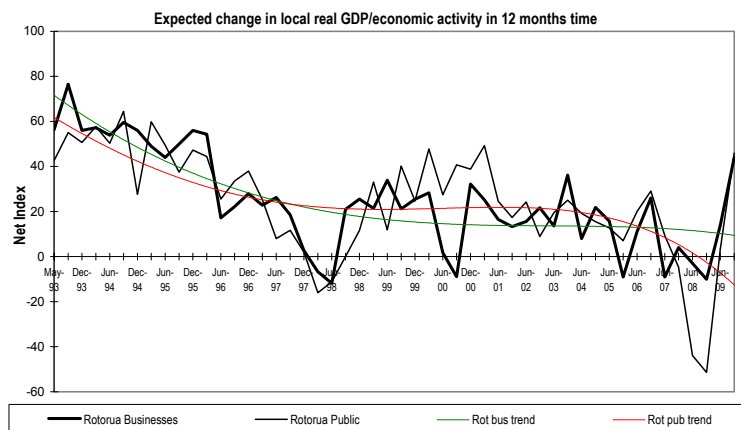
On the negative side, Rotorua residents expect prices to increase and interest rates to rise. Rotorua households expect local unemployment to increase while Rotorua businesses expect levels to remain at December 2009 levels.

Businesses involved in exporting reported an expectation of increasing export levels.

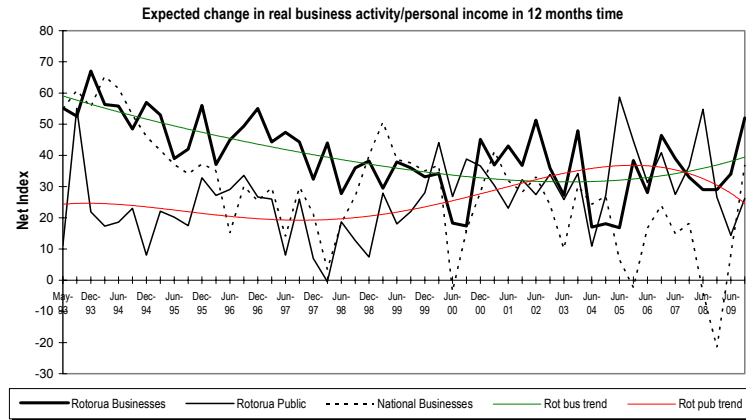
Residential construction businesses expected increasing volumes of construction. Non residential construction businesses reported an expectation that their levels of construction would remain at December 2009 levels.



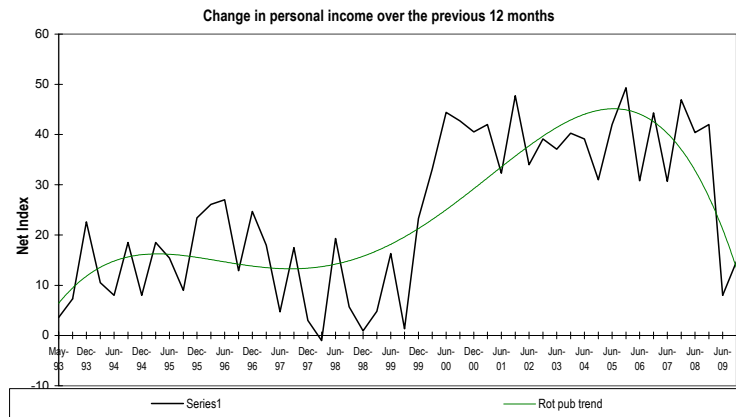
Rotorua businesses and households predicted that local general business conditions will increase from December 2009 levels over the 12 months to December 2010.



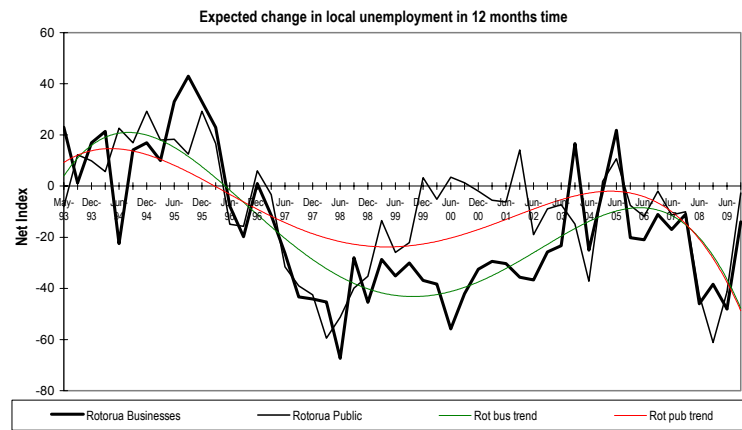
Rotorua businesses and households predicted that local economic activity will increase from December 2009 levels over the year to December 2010.



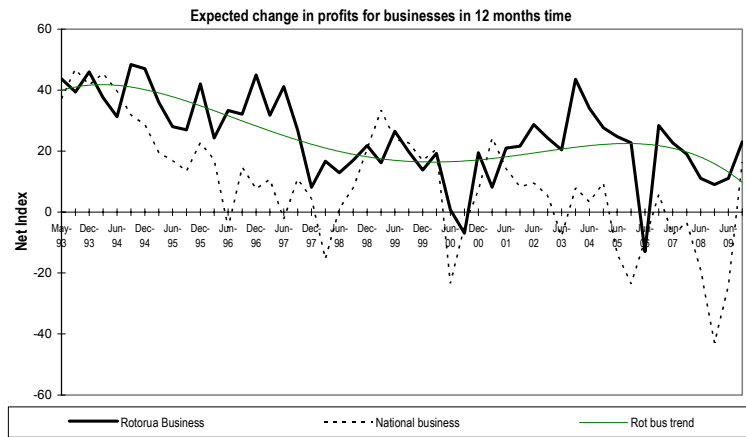
Rotorua residents reported that real business activity/personal income should increase over the upcoming 12 months to December 2010.



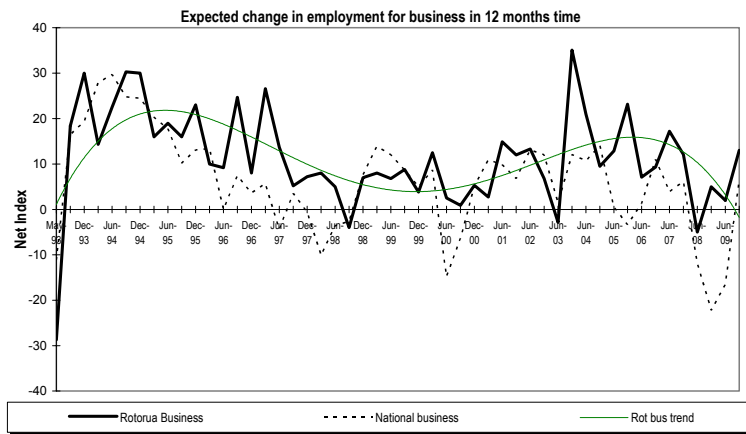
With regard to personal income, a majority of the Rotorua households reported increased personal income over the previous 12-month period, although numbers reporting increases have decreased from previous periods.



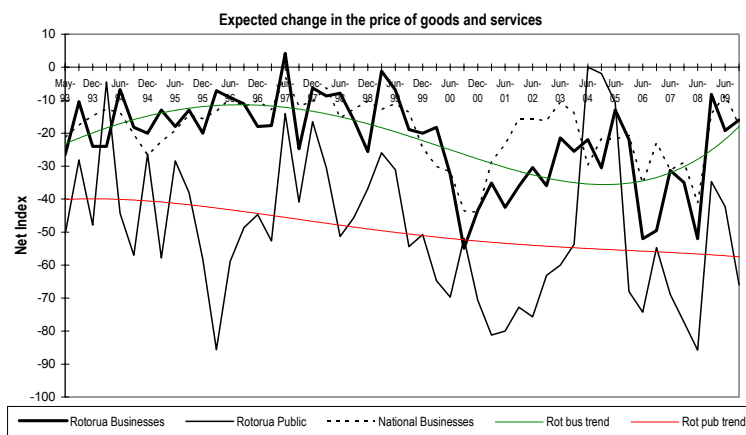
Rotorua businesses predicted that unemployment will increase over the 12 months to December 2010. Rotorua households predict that it will remain at December 2009 levels.



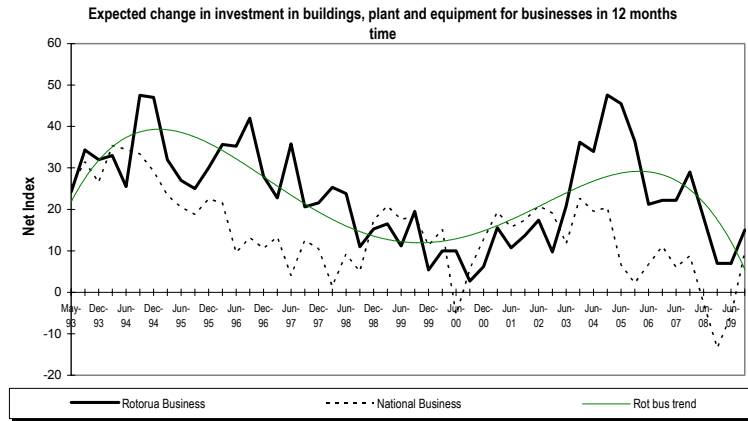
The majority of local businesses expect profits to increase over the year to December 2010.



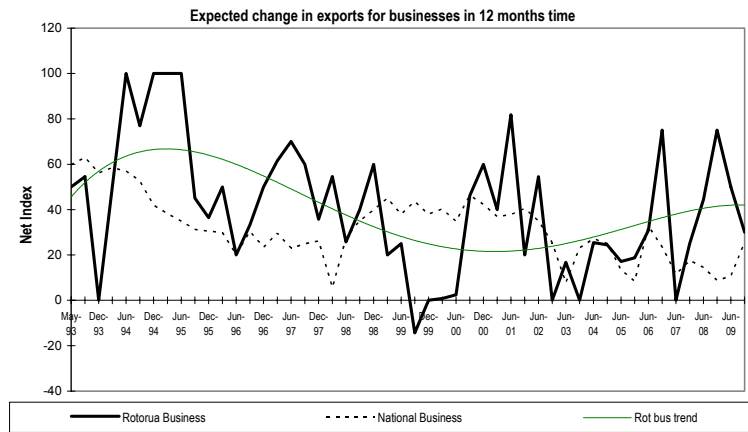
The local business index shows an expectation that employment will decrease from December 2009 levels over the next 12 months to December 2010.



Prices are expected to increase for the year to December 2010.

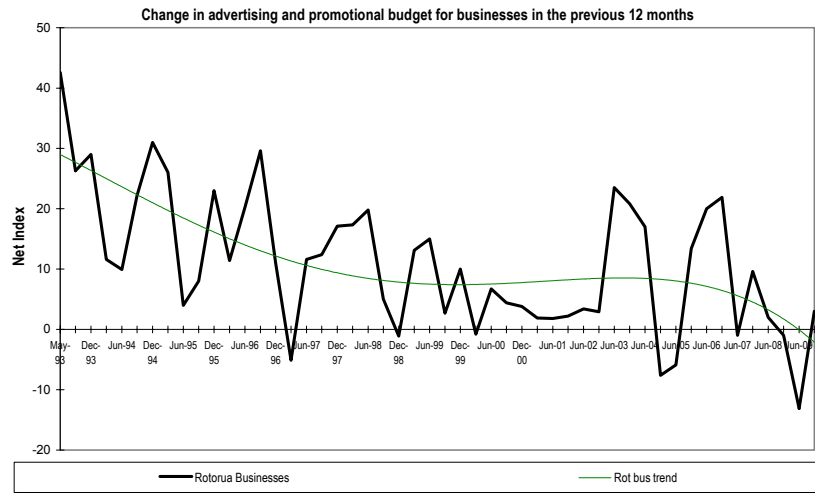


The majority of local businesses are expecting to increase investment into their businesses above December 2009 levels.



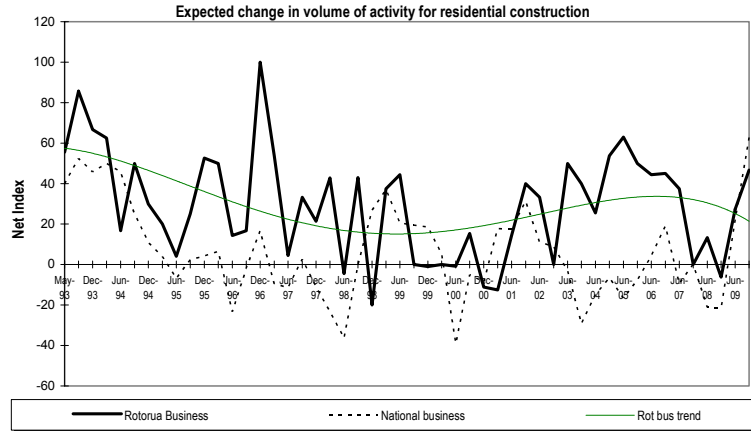
The majority of businesses involved in exports expected levels to increase over the next 12 months to December 2010.

## PROMOTIONAL ACTIVITY

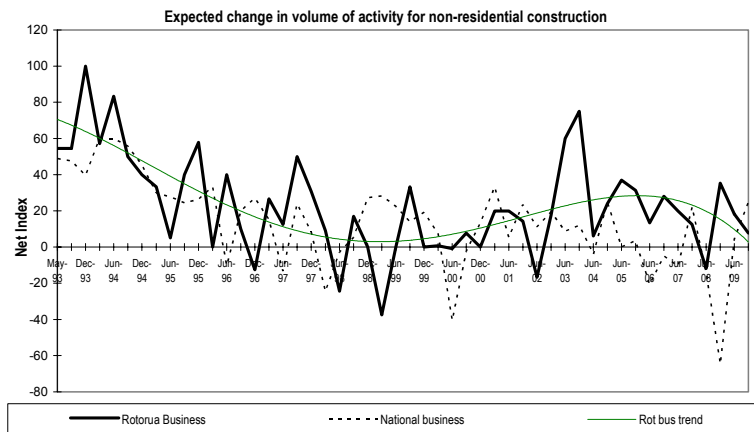


A majority of businesses have kept their promotion budgets steady over the 12 months since December 2008.

## CONSTRUCTION INDUSTRY



Rotorua construction businesses expected levels of residential construction to increase from December 2009 levels. New Zealand construction businesses also expected levels of residential construction to increase.



Rotorua construction businesses reported an expectation that their volume of non-residential construction would remain at December 2009 levels. National businesses expected national non-residential construction to increase from December 2009 levels.