



## **Wellington Regional Chamber of Commerce – Quarterly Business Confidence Survey**

**January 2010**

Business confidence dropped slightly in January but remains relatively high as the economic recovery gathers momentum.

A net 61% of respondents expect the national economy to improve over the next six months (68% expecting an improvement, 7% a deterioration) compared with a net 76% in the last survey three months ago where confidence peaked.

The slight fall from the survey's peak of is perhaps unsurprising as it coincided with news that the global economic downturn was proving to be shorter and shallower than many predicted.

When asked about their own business situation, as opposed to the economy as a whole, respondents were a bit more cautious with a net 55% expecting their situation to improve down from 66% last time. However this is still high by historic standards as the accompanying graph shows.

The survey shows relatively high employment and investment intentions which is encouraging.

26% of respondents expected an increase in full time employees in the next three months against 11% expecting a reduction. The net figure of 15% is the highest it has been since July 2008.

There was a slight increase in the reported difficulty of finding both skilled and unskilled labour which is a further indication of an improving labour market. Like last time, a considerable number of respondents cited problems such as staff retention, skills shortages and finding suitably qualified staff as key issues they would face over the next six months.

24.5% of respondents said they intended to make a major investment in plant or equipment in the next 12 months. While lower than last time, this is back to the levels typically recorded prior to early 2008 when the recession began.

When asked specifically about the Wellington economy, last quarter's outcome of Wellington businesses being more pessimistic about the local economy than the wider national economy continued. It is usually the other

way round. It is possible this reflects expectations of a tightening in the government sector.

The mood amongst exporters is promising with a net 58% expecting their earnings to improve over the next 12 months up slightly from the net 48% recorded last quarter. This reflects the view that the global economic recovery looks a bit more assured.

