



**Business
Canterbury**
Our Chamber of Commerce

Quarterly Canterbury Business Survey

Prepared for the Ashburton District Council

August 2024 | In field: 15 August - 23 August

The latest Quarterly Canterbury Business Survey shows renewed optimism about the economy following the first interest rate cut in four and a half years.

This is a significant improvement in expectations for the Canterbury economy and individual business performance. 53% of Mid Canterbury businesses expect a more robust Canterbury economy over the next year, up from 29% last quarter.

The impact of rising costs on Mid Canterbury businesses has decreased, with 33% currently being significantly affected, down from 43% last quarter and 48% last year. The main drivers of rising expenses continue to be inflation and wage costs.

The latest OCR announcement hasn't increased expectations for investment and recruitment in Canterbury overall; they have remained steady. However, this is not the case for Mid Canterbury businesses.

Mid Canterbury businesses are becoming more optimistic when it comes to growth, with 71% of businesses expecting to hire new staff, up from 60% last quarter and 48% last year. Additionally, 64% of Mid Canterbury businesses expect to invest in property, plant, and equipment over the next year, an increase from 53% last quarter and 47% last year.

These statistics indicate a blooming optimism among Mid Canterbury businesses compared to the wider Canterbury region, with a noticeable commitment to growth.

This optimism may be driven by the fact that primary industries and agriculture are the largest sectors in Mid Canterbury, and recent forecasts predicting higher dairy prices are likely to boost confidence and contribute to a more positive overall outlook for the region.

The top issues highlighted by Mid Canterbury businesses in this survey are (in order): inflationary pressure and rising interest rates, increased compliance costs and consumer confidence and demand.



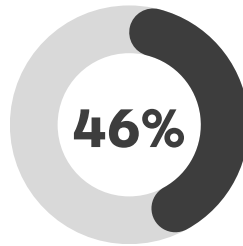
Mid Canterbury Snapshot



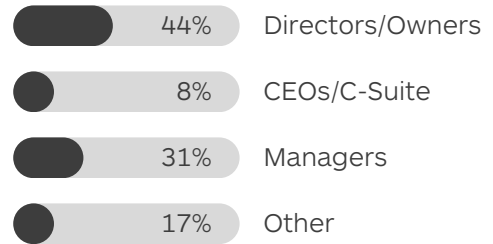
Respondents



SMEs



Large Businesses



Top issues

1. Inflation and interest rates
2. Compliance costs
3. Consumer confidence and demand
4. Productivity and growth
5. Cashflow

Industries

1. Primary industries and agriculture
2. Professional services
3. Construction and civil
4. Manufacturing
5. Tourism

53%

Expect the Canterbury economy to be stronger in 12 months.

65%

Expect to invest in property, plant, and equipment within the next 12 months.

71%

Expect to hire new staff within the next 12 months.

53%

Expect stronger financial performance over the next 12 months.

33%

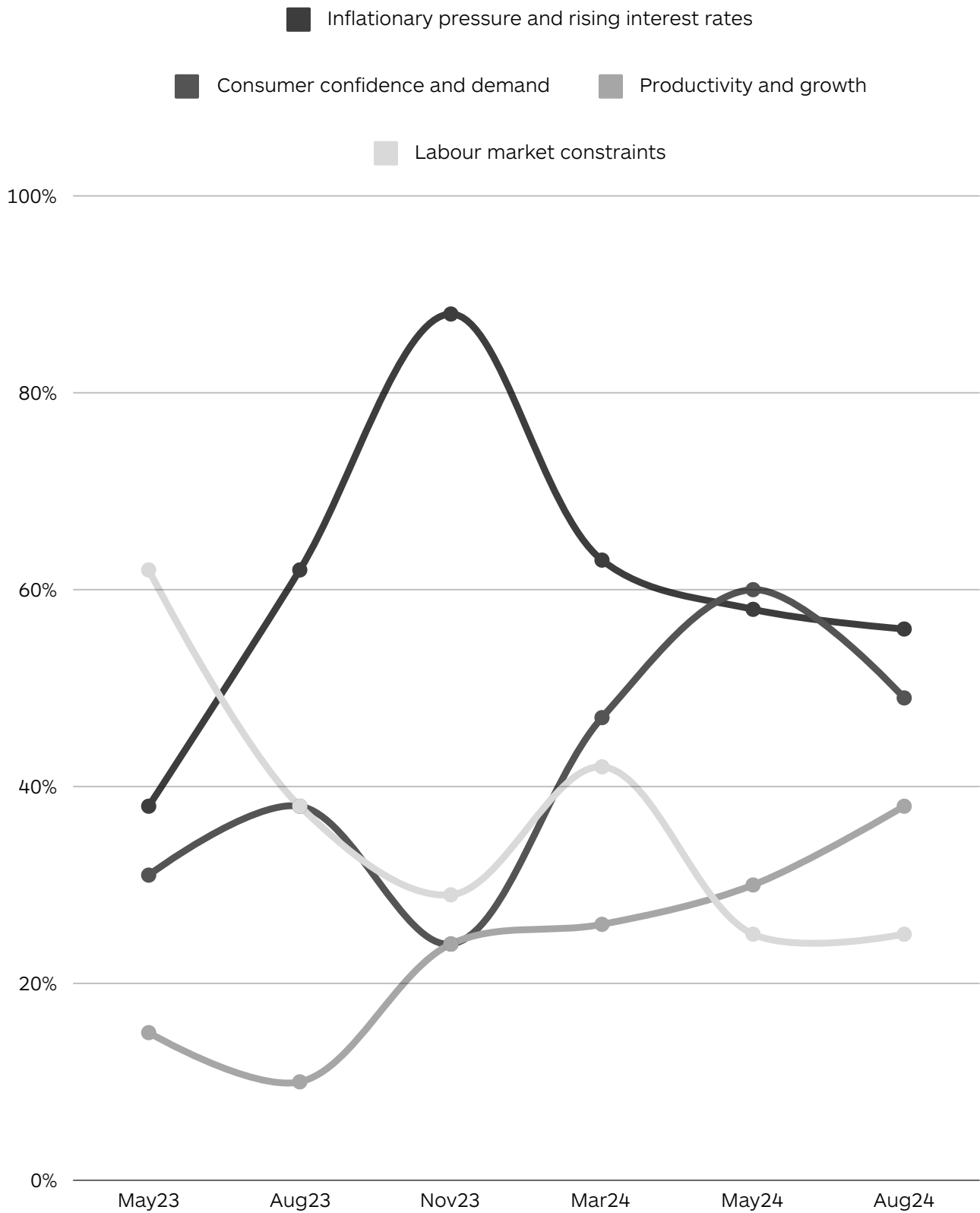
Are experiencing significant impacts from rising costs.

82%

Are confident in their ability to deal with disruption.

Top issues in Mid-Canterbury

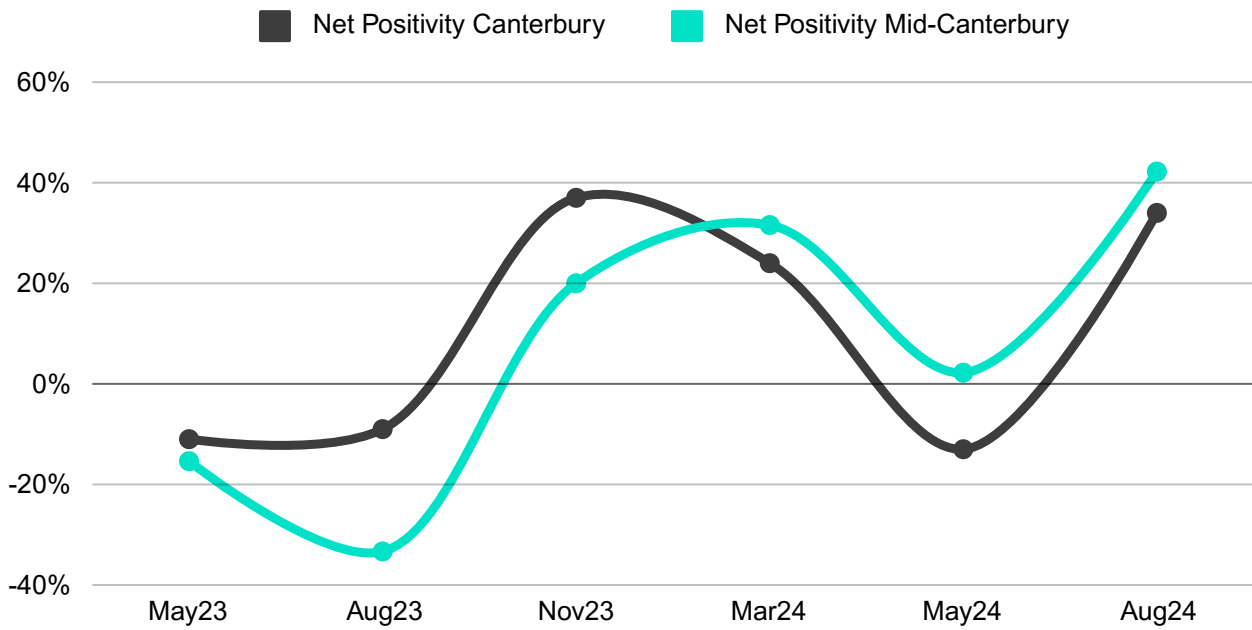
In every survey, we ask respondents to select the three biggest concerns for them. The graph below shows the proportion of respondents who listed one of the following four issues among their top three concerns.



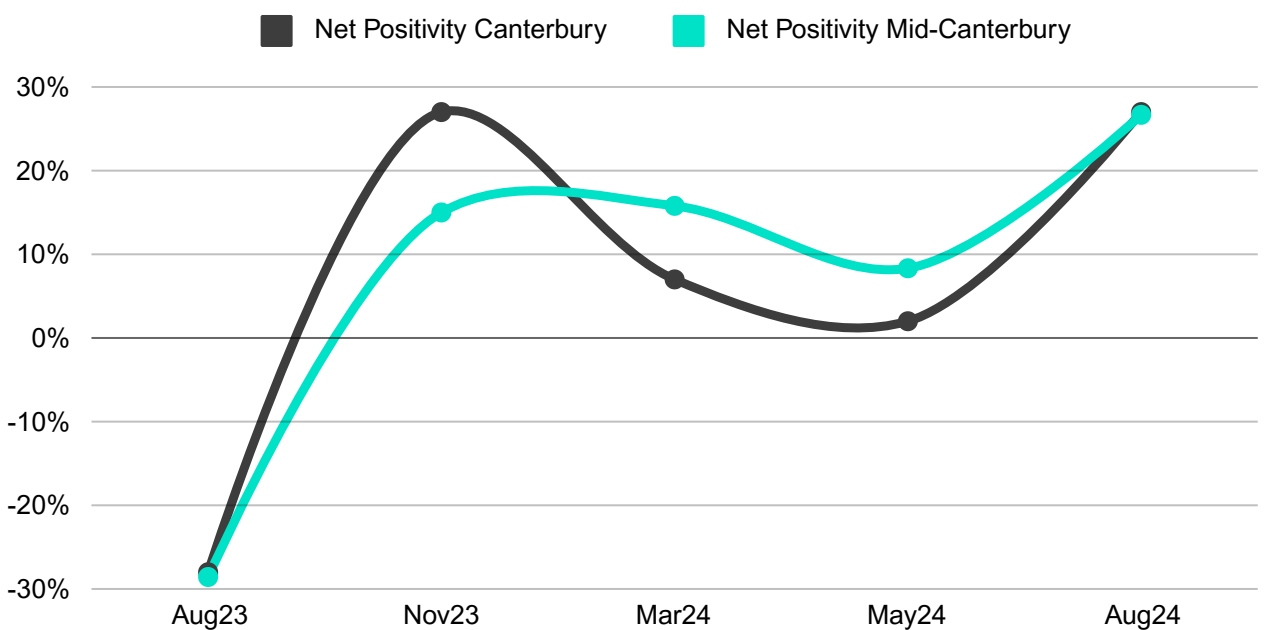
Business confidence: net positivity scores

To calculate a net positivity score, we subtract the percentage of negative responses from the percentage of positive responses. A higher net positivity score indicates a more positive overall sentiment, while a lower score suggests a more negative sentiment.

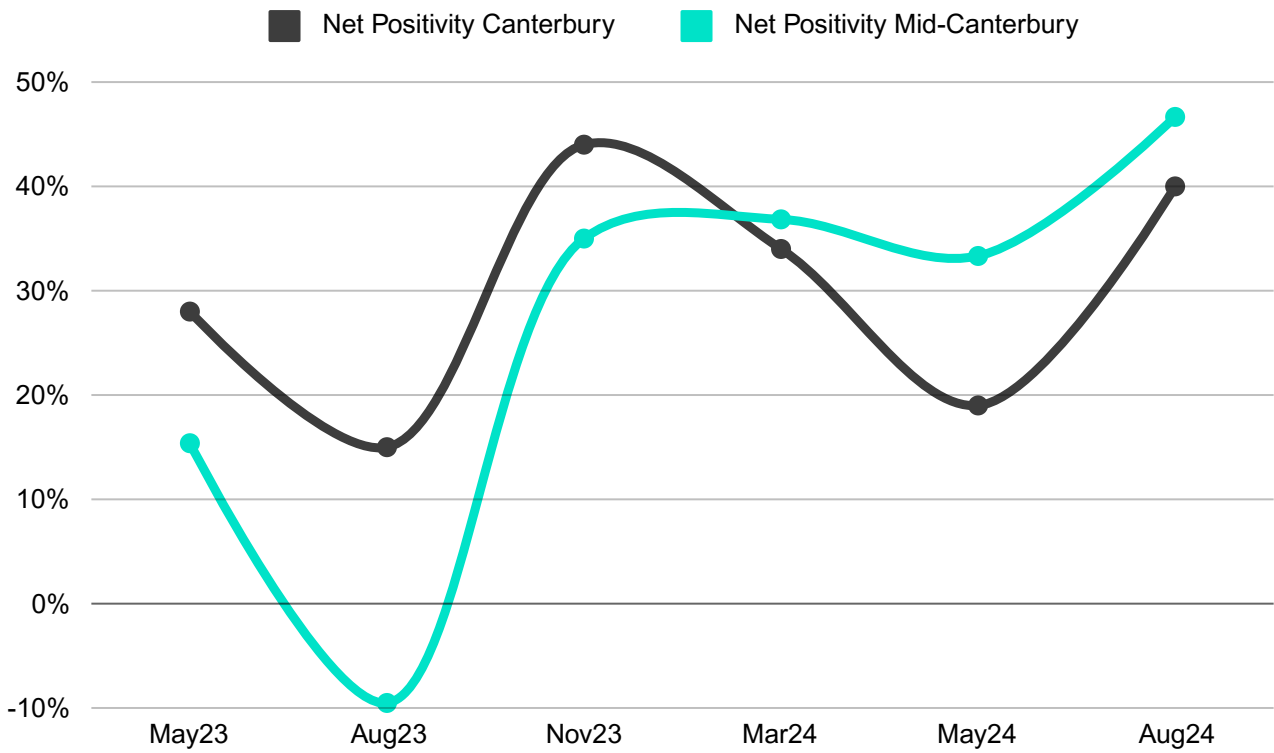
Net positivity: Canterbury Economy



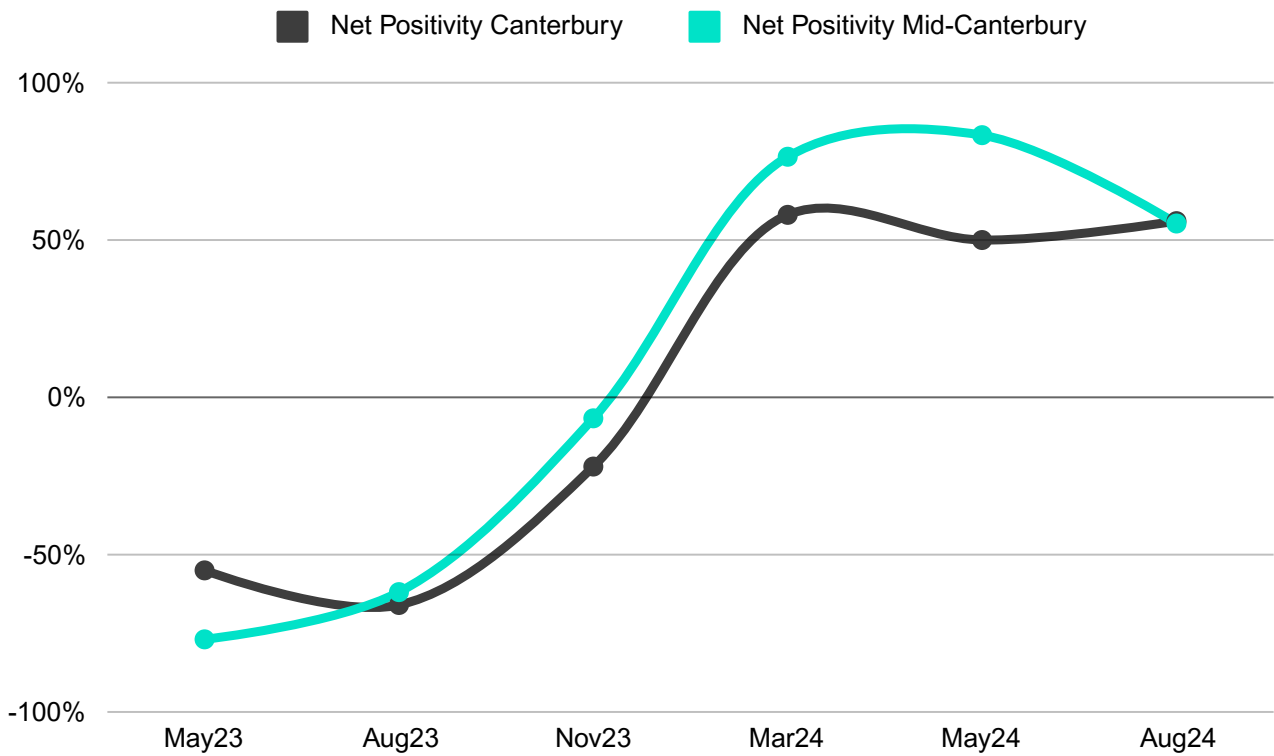
Net positivity: New Zealand Economy



Net positivity: Own Financial Performance

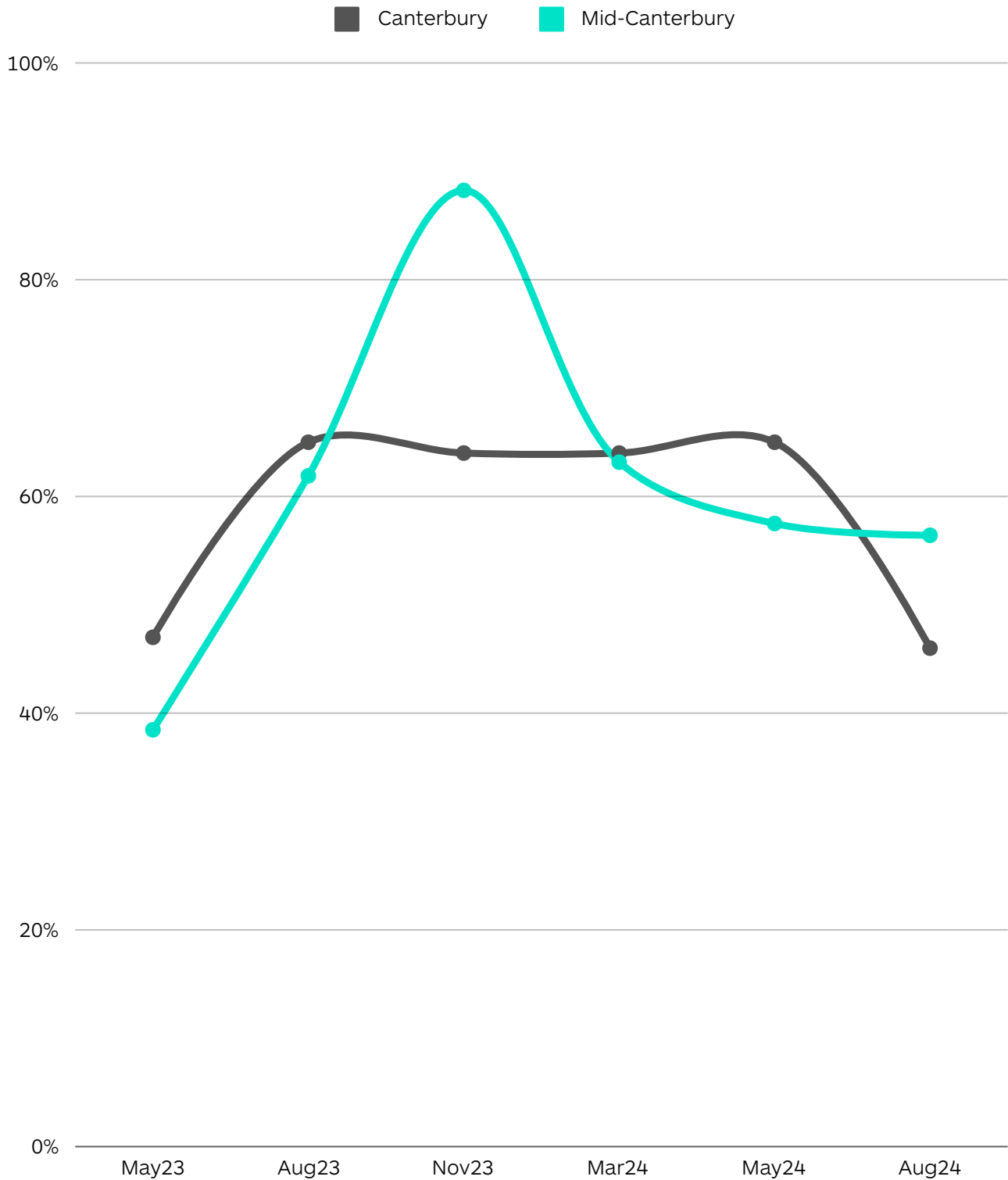


Net positivity: Government Management of the Economy



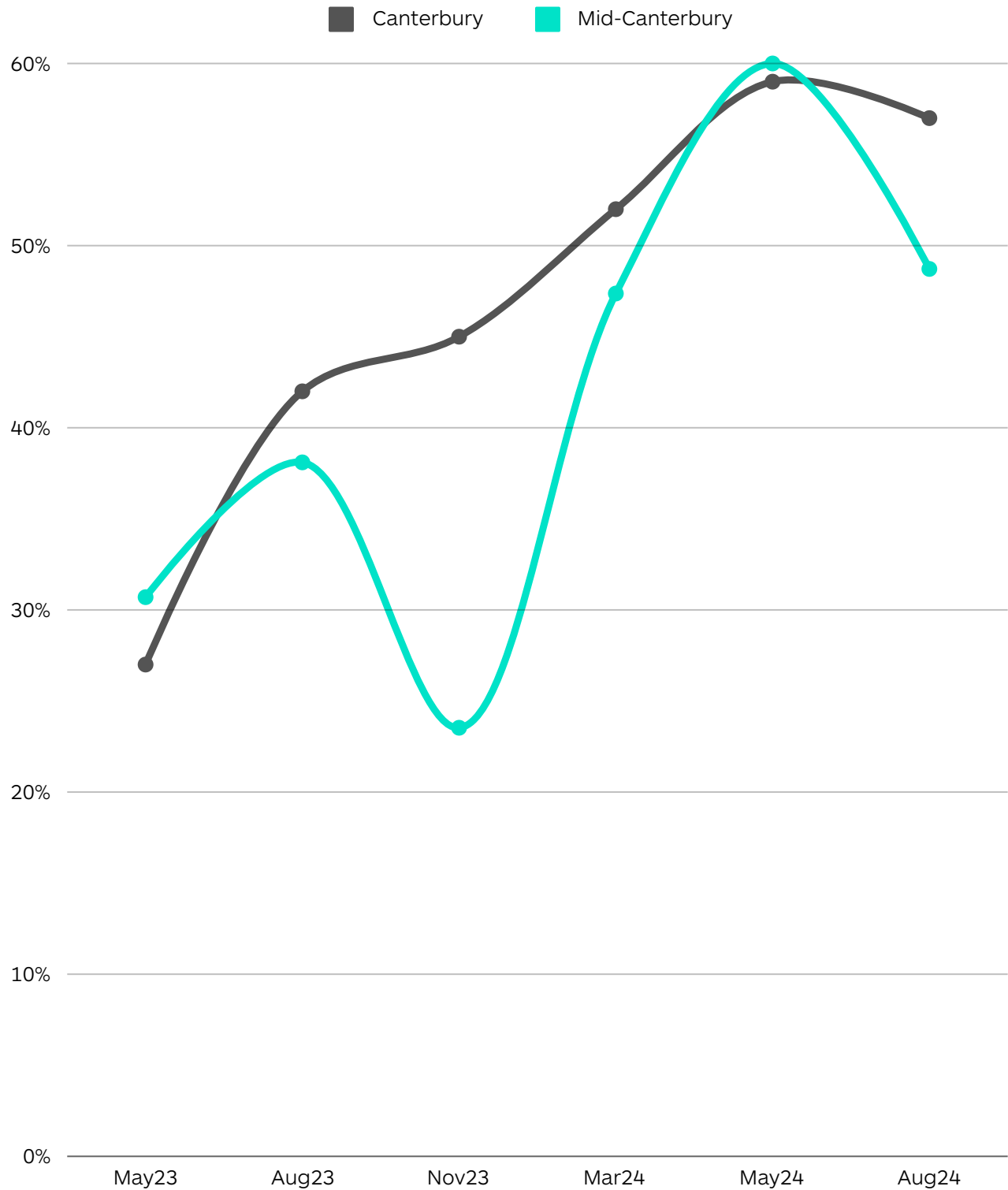
Inflationary pressure and rising interest rates

The graph below shows the percentage of respondents from Mid-Canterbury in comparison to all of Canterbury, who have identified inflationary pressure and rising interest rates as one of their top three concerns.



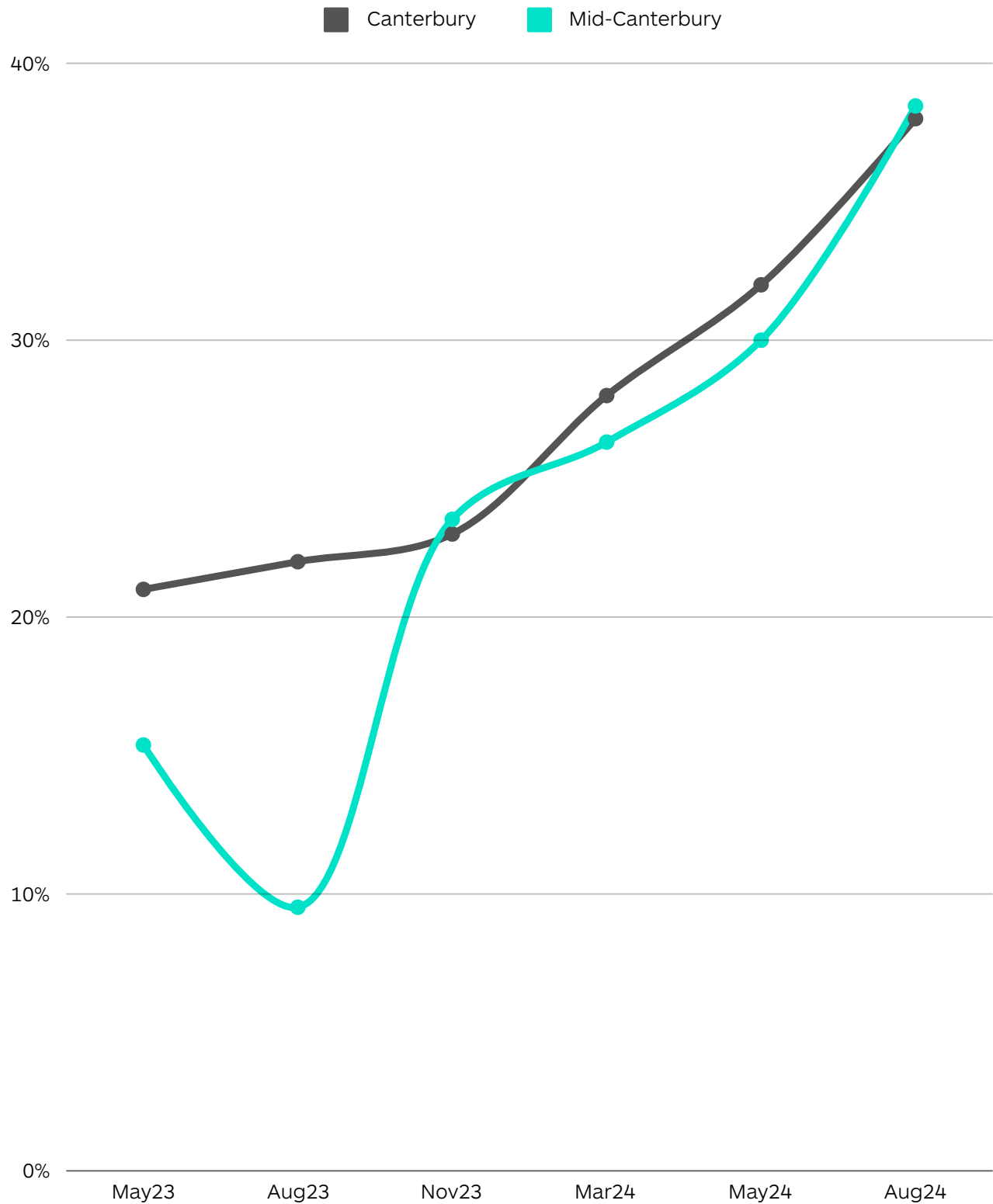
Consumer confidence and demand

The graph below shows the percentage of respondents from Mid-Canterbury in comparison to all of Canterbury, who have identified consumer confidence and demand as one of their top three concerns.



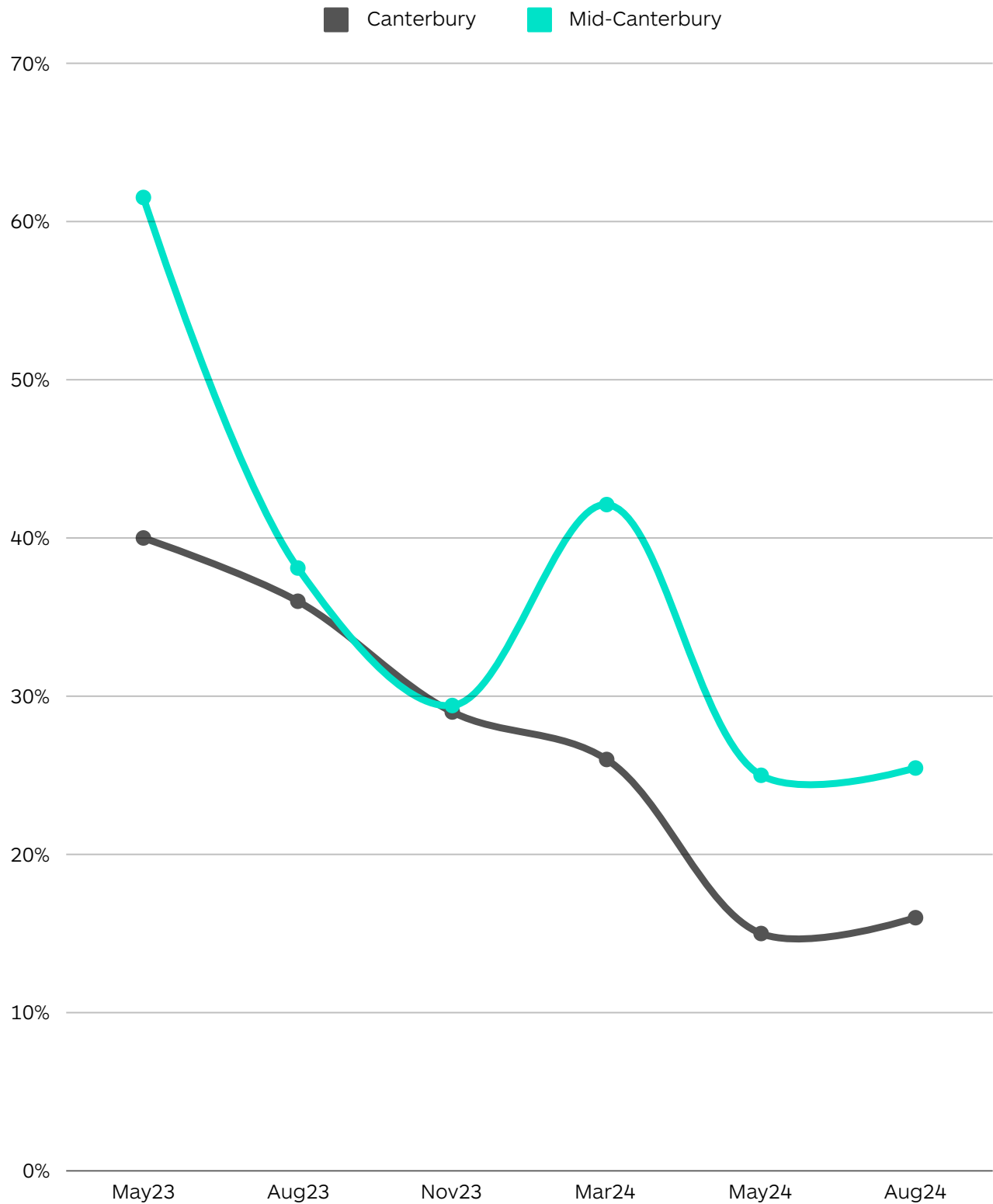
Productivity and Growth

The graph below shows the percentage of respondents from Mid-Canterbury in comparison to all of Canterbury, who have identified productivity and growth as one of their top three concerns.



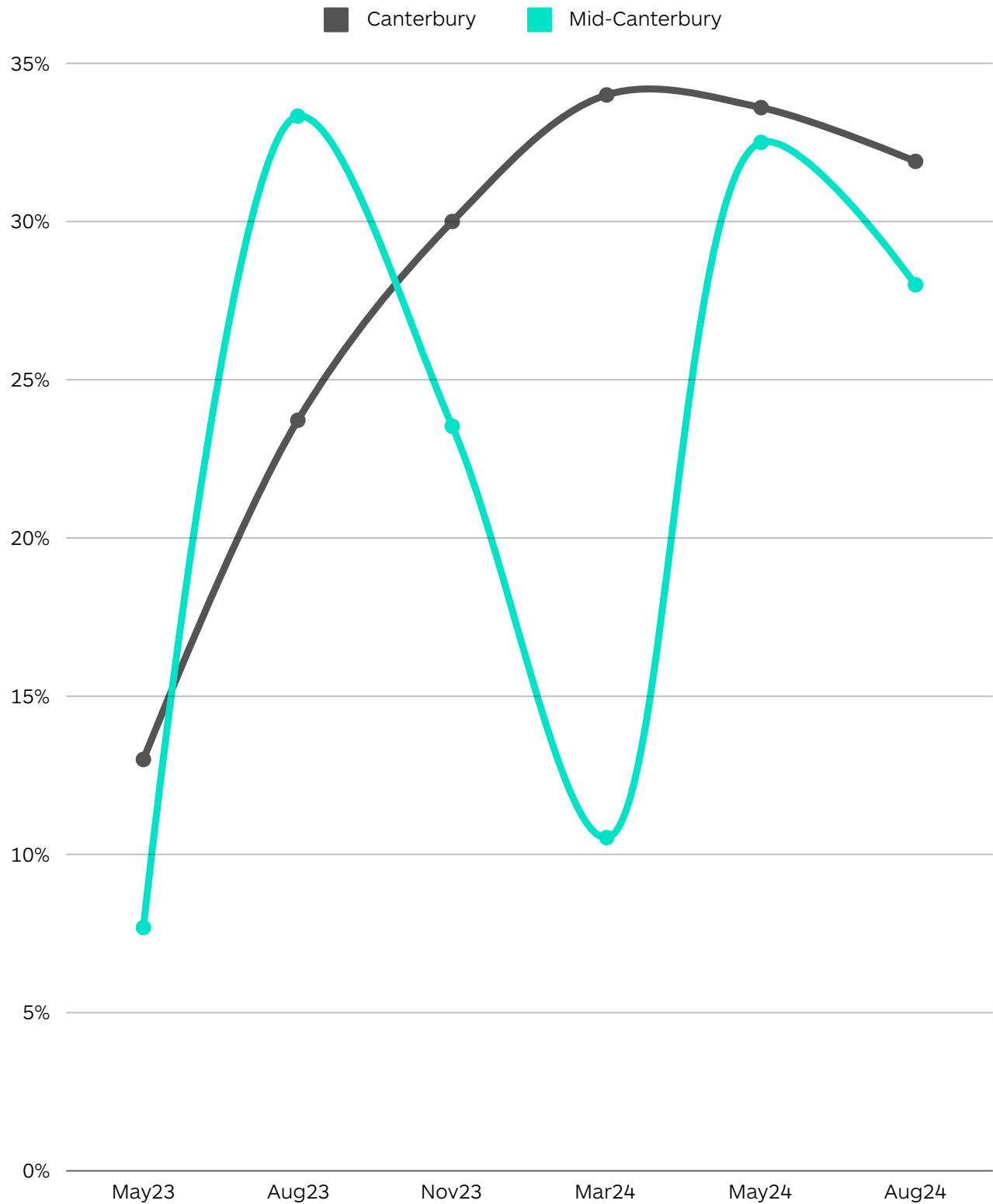
Labour market constraints

The graph below shows the percentage of respondents from Mid-Canterbury in comparison to all of Canterbury, who have identified labour market constraints as one of their top three concerns.



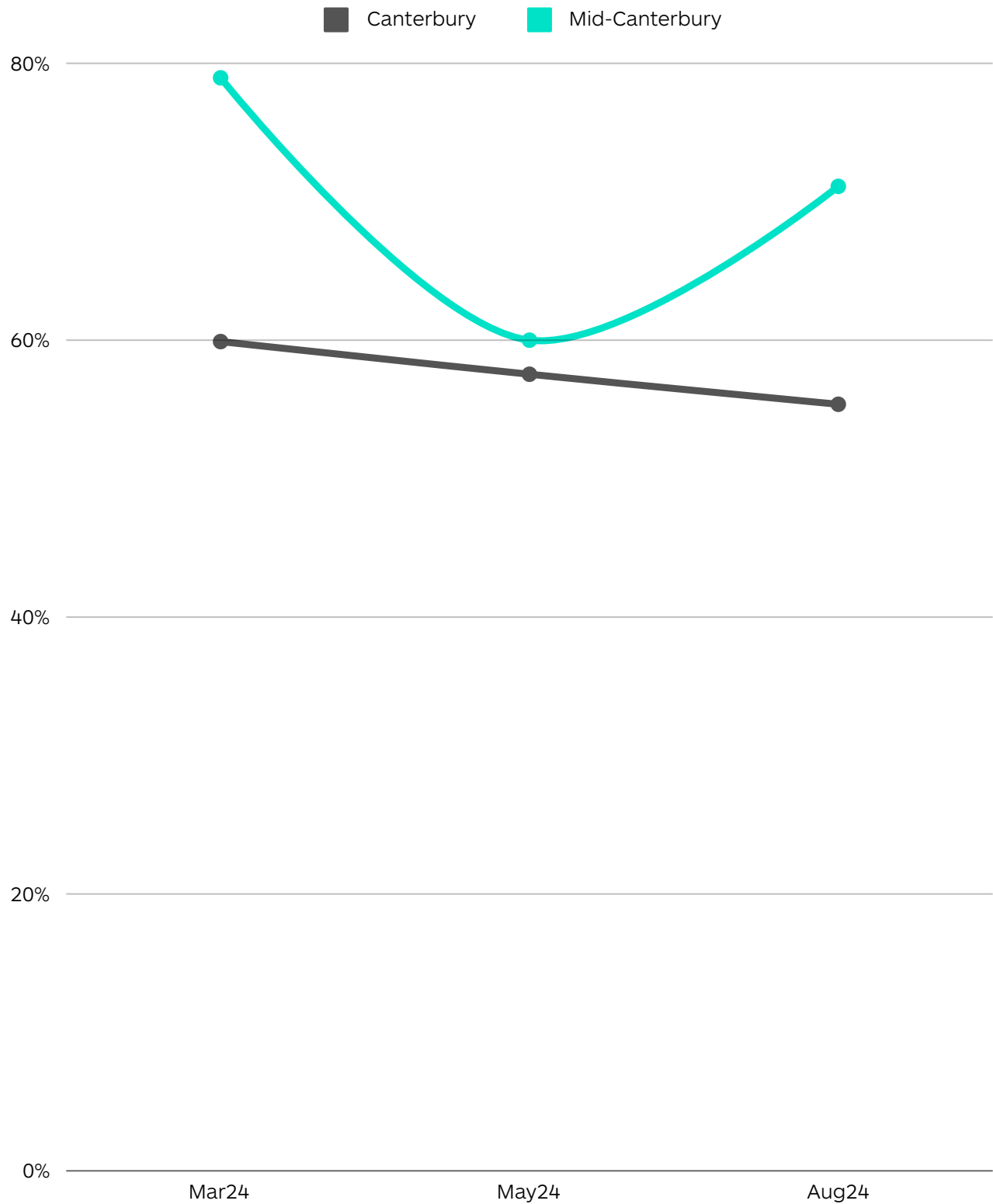
Labour market changes

The graph below shows the percentage of respondents from Mid-Canterbury in comparison to all of Canterbury, who have experienced an improvement to the labour market over the past year.



Hiring expectations

The graph below shows respondents from Mid-Canterbury in comparison to all of Canterbury, who have identified that they expect to hire new staff over the next year.



Investment expectations

The graph below shows respondents from Mid-Canterbury in comparison to all of Canterbury, who have identified that they expect to invest in their business (property, plant and equipment) over the next year.

