NZ Manufacturers and Exporters Association
The independent voice of manufacturers and exporters

Ph: +64 3 353 2540
Fax: +64 3 353 2549
Website: www.mea.org.nz
Email: mea@mea.org.nz

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No green shoots of recovery yet.

The latest New Zealand Manufacturers and Exporters Association (NZMEA) Survey of Business Conditions completed during May 2009, shows total sales in April 2009 decreased 59% (export sales decreased by 53% with domestic sales down 62%) on April 2008.

The NZMEA survey sample this month covered NZ$423m in annualised sales, with an export content of 42%.

Net confidence slipped to -50, down from the -42 result reported last month.

The current performance index (a combination of profitability and cash flow) is at 91, up from the previous month's 89.5, the change index (capacity utilisation, staff levels, orders and inventories) went up to 94 from 91 last month, and the forecast index (investment, sales, profitability and staff) is at 91.3, down on the previous month's result of 96.8. Anything less than 100 indicates a contraction.

The reported constraints were: 8% capacity and 92% markets.

Staff numbers for April decreased year on year by 17%.

"Manufacturing sales have dropped markedly across the board," says NZMEA Chief Executive John Walley. "Export sales in particular have again deteriorated significantly year on year."

"Stimulus packages around the world appear to have done little to kick start demand. We have not yet seen the bottom. Firms selling to Government, Government funded buyers and some niche manufacturers are still finding markets, but overall the situation is bleak. The appreciation in the New Zealand dollar will have a major impact on margins, and more importantly, sentiment amongst exporters."

"There are still weak forward orders causing manufacturers to reduce capacity and lay-off staff. The optimists have reported 'green shoots' appearing in the United States; there are no signs of this in the survey."

"Last weeks steady as she goes Budget did not offer much hope or support for exporters. Our distorted tax framework and ill-targeted monetary policy system remain resolutely sacrosanct."

"The Government has focused its attention on New Zealand's public debt situation, but structural changes in the tax and monetary policy framework are needed to address the anaemic growth forecasts for the next few years. Cost cutting will not fix the problem; the only way out is to produce more."

For further comment contact John Walley, 03 353 2545, 021 809 631.

The New Zealand Manufacturers and Exporters Association survey gathers results from members around New Zealand. It provides a monthly snapshot of manufacturers and exporters' sales and sentiment.

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NEW ZEALAND MANUFACTURERS AND EXPORTERS ASSOCIATION

Survey of Business Conditions – April 2009 compared with April 2008

SAMPLE SIZE: The Survey respondents represent elaborate transformed manufacturers with annual sales of approximately $423 million.

CHANGE OVER 12 MONTH PERIOD
(The table below represents the above returns expressed as percentages)

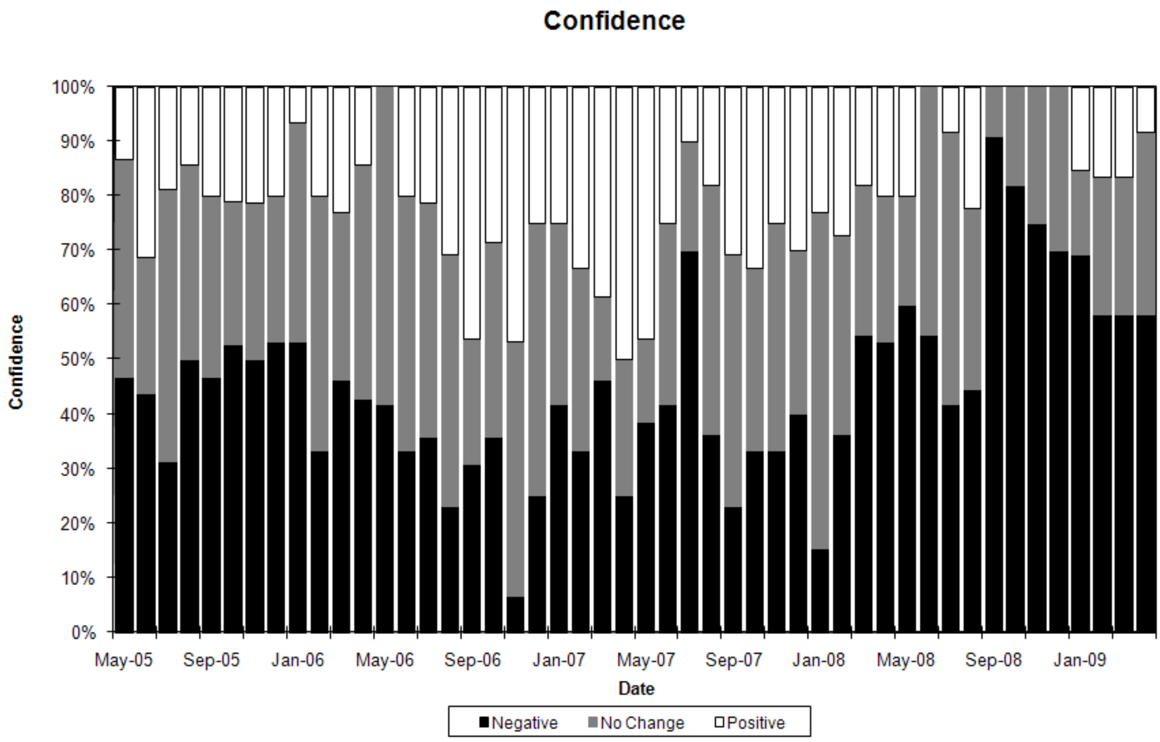
		April	*March*
TOTAL TURNOVER:	Export /Domestic ratio	42/58	42/58
	% Change in **Total Turnover DECREASED**	-59	-40
DOMESTIC TURNOVER:	% of respondents reporting a rise	18	18
	% of respondents reporting a fall	63	81
	% of respondents reporting no change	18	0
	% Change in Ave **Domestic Turnover DECREASED**	-62	-45
EXPORT TURNOVER:	% of exporters reporting a rise	18	36
	% of exporters reporting a fall	81	63
	% of exporters reporting no change	0	0
	% Change in Average **Export Turnover DECREASED**	-53	-30
STAFF NUMBERS:	% of respondents reporting a rise	33	25
	% of respondents reporting a fall	50	66
	% of respondents reporting no change	16	8.33
	% Change in Average **Staff Numbers DECREASED**	-17	-12

CHANGE OVER 12 MONTH PERIOD
(The table below represents the above returns expressed as percentages.)

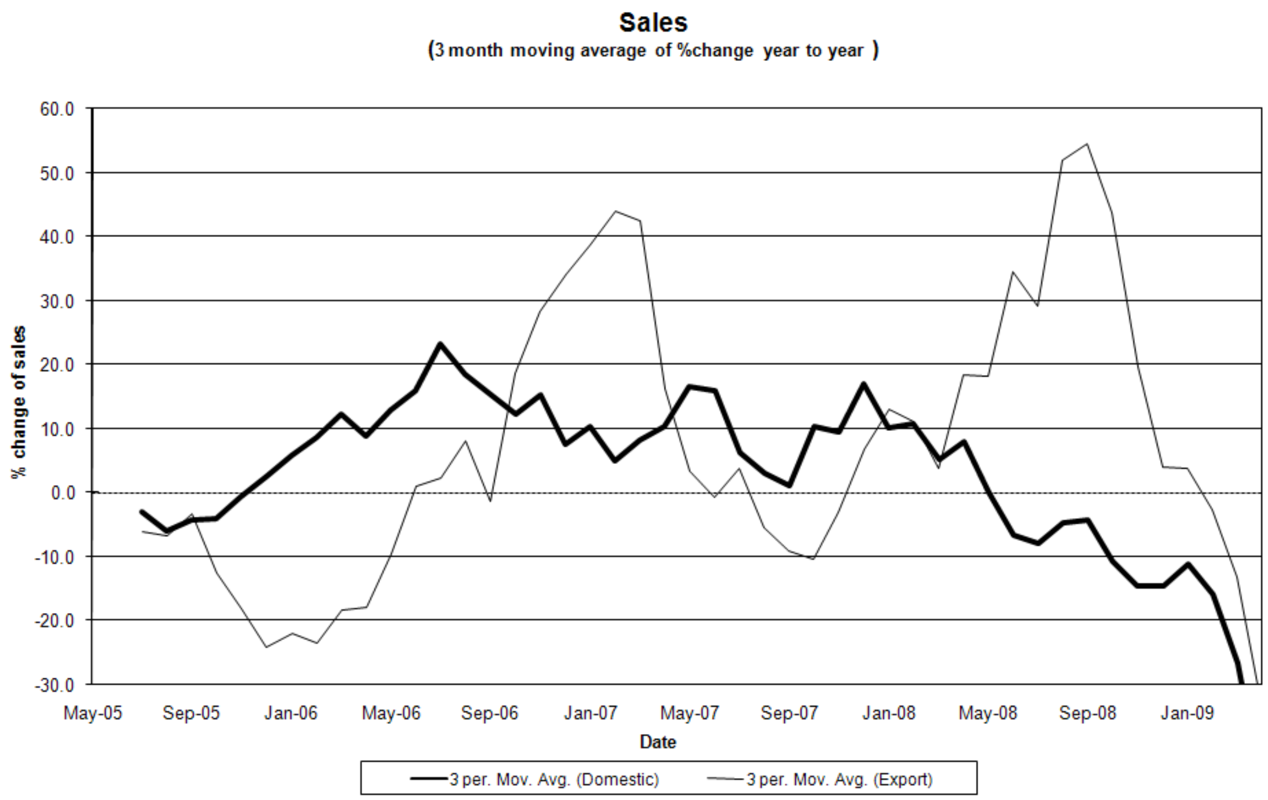
	Large Fall (Over 15%)		**Modest Fall** (2.5%-15%)		**No Change** (Within 2.5%)		**Modest Rise** (2.5%-15%)		**Large Rise** (Over 15%)	
	Apr	**Mar**	**Apr**	**Mar**	**Apr**	**Mar**	**Apr**	**Mar**	**Apr**	**Mar**
Profitability (YoY)	58	67	17	8	0	8	17	0	8	17
Cashflow (YoY)	25	25	17	33	42	25	17	17	0	0
Exchange Rate (YoY)	8	17	25	25	17	25	42	33	8	0
Investment Forecast	33	25	25	25	33	33	8	0	0	17
Sales Forecast	17	8	42	33	25	25	17	25	0	8
Profit Forecast	33	8	17	42	42	33	8	8	0	8
Staffing Forecast	25	0	25	42	50	50	0	0	0	8
	Very Negative		**Negative**		**Neutral**		**Positive**		**Very Positive**	
Confidence	17	8	42	50	33	25	8	17	0	0
Constraint	**Production**		**Skilled Staff**		**Capital**		**Market**			
	8	0	0	8	0	0	92	92		

Net Confidence	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**June**	**July**	**Aug**	**Sept**	**Oct**	**Nov**	**Dec**
2004	+5	+19	+41	+41	+36	+50	+12	+20	+7	0	-7	+5
2005	+13	-13	-6	-25	-33	-13	-13	-36	-27	-32	-29	-33
2006	-47	-13	-23	-29	-42	-13	-14	+8	+15	-7	40	0
2007	-17	0	-8	25	8	-17	-60	-18	+8	0	-8	-9
2008	+8	-10	-36	-33	-40	-55	-33	-22	-91	-82	-	-73
2009	-54	-42	-42	-50								

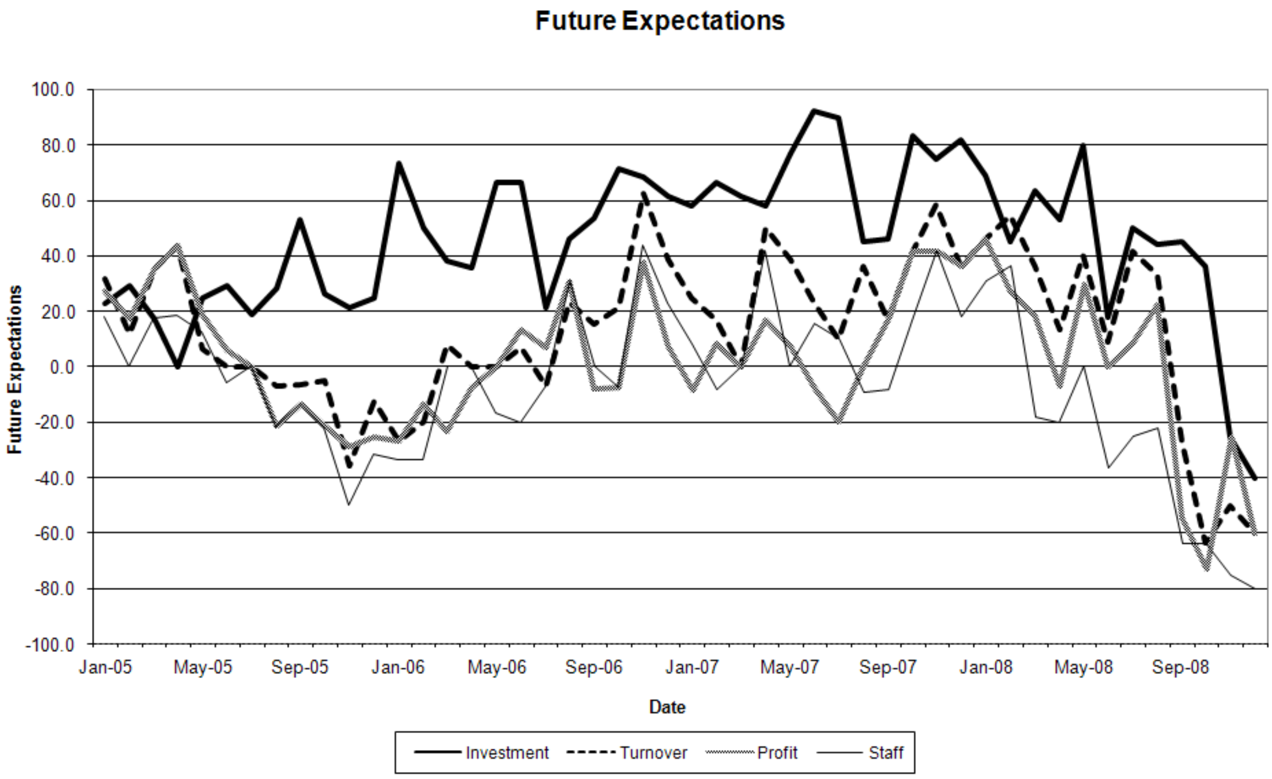
Index (base =100)	**Mar 08**	**Apr 08**	**May 08**	**Jun 08**	**July 08**	**Aug 08**	**Sept 08**	**Oct 08**	**Nov 08**	**Dec 08**	**Jan 09**	**Feb 09**	**Mar 09**	**Apr 09**
Performance	98.5	98	100	93	98.5	97	92.5	88.5	-	96	90.5	94	89.5	91
Forecast	101	99.75	101	98	100.75	102	95	92.25	-	91.25	88	90.25	96.75	91.25
Change	100	100	100	99	99	99	98	96	-	96	94	92	91	94



Confidence
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
Confidence
May-05
Sep-05
Jan-06
May-06
Sep-06
Jan-07
May-07
Sep-07
Jan-08
May-08
Sep-08
Jan-09
Date
Negative
No Change
Positive



Sales
(3 month moving average of %change year to year)
60.0
50.0
40.0
30.0
20.0
10.0
0.0
-10.0
-20.0
-30.0
% change of sales
May-05
Sep-05
Jan-06
May-06
Sep-06
Jan-07
May-07
Sep-07
Jan-08
May-08
Sep-08
Jan-09
Date
3 per. Mov. Avg. (Domestic)
3 per. Mov. Avg. (Export)



Future Expectations
100.0
80.0
60.0
40.0
20.0
0.0
-20.0
-40.0
-60.0
-80.0
-100.0
Future Expectations
Jan-05
May-05
Sep-05
Jan-06
May-06
Sep-06
Jan-07
May-07
Sep-07
Jan-08
May-08
Sep-08
Date
Investment
Turnover
Profit
Staff