

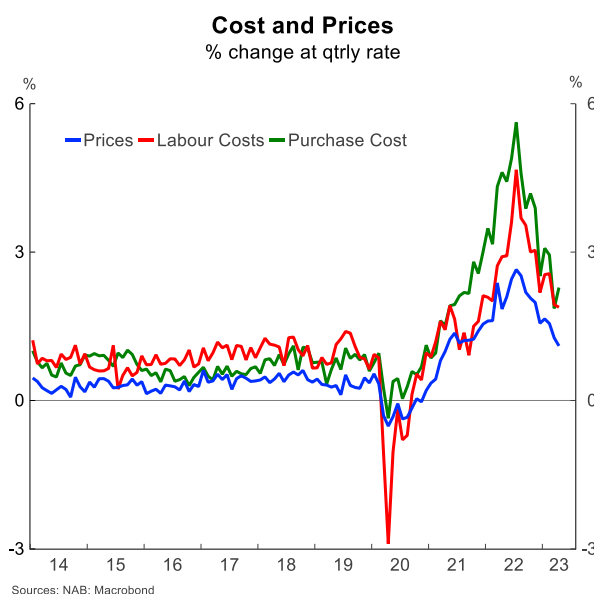
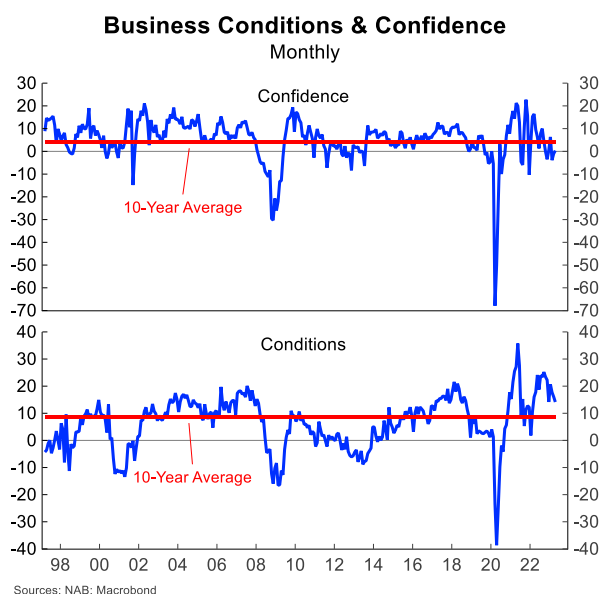
Monday, 8 May 2023



Business Confidence & Conditions

Price Growth Slows As Conditions Ease

- Business conditions declined by 2 points to +14 index points in April but remained well above the long run average. This was the third consecutive monthly decline in conditions which are now well off the peaks recorded late last year (+25 in September).
- Confidence increased by 1 point but remained subdued at 0 index points – suggesting that there is an equal number of optimists and pessimists. Confidence bounced back in the wholesale sector, with smaller gains recorded in finance, business & property, and retail.
- Trading conditions and profitability declined while employment conditions remained steady. Leading indicators also eased, with forward orders down 2 points to be below its long run average. Capex also fell by 2 points but remains above its long run average. Capacity utilisation was steady at an elevated level.
- Quarterly growth in final product prices and retail prices continued to ease. Final product prices grew by 1.1% in quarterly terms (from 1.3% in March), and retail prices grew by 1.4% (from 1.7% last month).
- This occurred despite quarterly growth in some costs accelerating. Growth in labour costs were unchanged from 1.9%, while growth in purchase costs increased to 2.3% (from 1.9%).
- This could suggest that sellers are no longer able to fully pass on higher costs to consumers or that businesses are lowering prices to boost demand. The recent slowdown in spending could mean that businesses have become more concerned with market share than profit margins.



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