Te Waka
Anga Whakamua Waikato

Helping the Waikato through COVID-19

Economic Radar

As at 27 May 2020

As at today, the country has been at Alert Level 2 status for two weeks.

Te Waka, with the support of Waikato Regional Council Economists Blair Keenan and Sarah MacKay, continues to collate data to gauge what is happening in the Waikato economy.

Charts in this week's Radar show some significant improvement from last week, detailed in this report. We expect to see further improvement as businesses/individuals in the country and Waikato region continue to phase-in the 'less restrictive' Alert Level 2 environment.

As previously mentioned, we will continue to expand our monitoring and measures as we scan for signs of trouble, stabilisation, or sparks of life.

Note:

The following report has been compiled to share the Waikato region's COVID-19 recovery progress. In all instances, sources are listed to ensure access to data can be found. Information in this report will be updated weekly, with new measures added either by request or as additional information comes to hand.

District level data can be obtained for some of the information contained in this report, please connect with us directly to learn more on this. Te Waka wishes to continue to progress conversations on the streamlining of obtaining this data with our ED community and business.

To provide feedback or find out more on the below information please contact:

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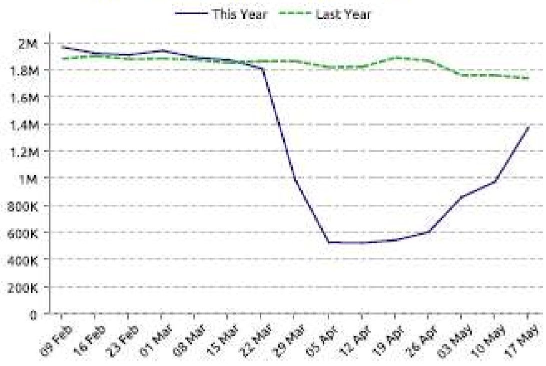
Waikato Weekly Card Transactions – Week Ending May 17

1. WEEKLY VALUE OF SPENDING

2. WEEKLY NUMBER OF TRANSACTIONS



3. Change in value of spending

SWLY	CUMULATIVE
-5.1%	-19.8%

4. Change in number of transactions

SWLY	CUMULATIVE
-20.8%	-28.8%

SWLY = % change in spending (or transactions) relative to the Same Week Last Year
Cumulative = % change in spending made since 3 February 2020 compared to the same period in 2019

5. WEEKLY SPENDING CHANGE BY CATEGORY

	SWLY		Cumulative	
	$	#	$	#
Food, liquor & pharmacies	+19.7%	-6.5%	+14.2%	-11.5%
Hospitality & Accommodation	-35.5%	-40.1%	-43.7%	-45.1%
Fuel & Automotive	-27.3%	-20.5%	-30.8%	-27.9%
Clothing, Footwear & Dept. Stores	-13.3%	-25.3%	-52.2%	-53.0%
Home & Recreational Retailing	+39.4%	+12.1%	-32.2%	-37.3%
All other	-43.6%	-46.9%	-47.7%	-48.3%
TOTAL	-5.1%	-20.8%	-19.8%	-28.8%

7. CHANGE BY ORIGIN OF CARDHOLDER

	SWLY		Cumulative	
	$	#	$	#
INTERNATIONAL	-39.9%	-43.6%	-25.4%	-26.0%
NZ CARDS	-4.3%	-20.5%	-19.6%	-28.8%

8. WEEKLY VALUE OF SPENDING - ALL OF NZ

	SWLY		Cumulative	
	$	#	$	#
New Zealand	-11.2%	-28.1%	-20.6%	-30.5%

6. WEEKLY SPEND AND TRANSACTION CHANGES

	SWLY		Cumulative	
Week Ending	$	#	$	#
09-Feb	+3.7%	+4.5%	+3.7%	+4.5%
16-Feb	+0.9%	+0.9%	+2.3%	+2.7%
23-Feb	+3.4%	+1.7%	+2.7%	+2.4%
01-Mar	+2.6%	+3.1%	+2.6%	+2.5%
08-Mar	+1.3%	+0.8%	+2.4%	+2.2%
15-Mar	+3.3%	+1.1%	+2.5%	+2.0%
22-Mar	+9.1%	-2.9%	+3.5%	+1.3%
29-Mar	-21.6%	-47.1%	+0.3%	-4.7%
05-Apr	-53.1%	-71.0%	-5.4%	-11.9%
12-Apr	-55.4%	-71.3%	-10.3%	-17.7%
19-Apr	-57.5%	-71.3%	-14.7%	-22.6%
26-Apr	-55.6%	-67.7%	-18.3%	-26.4%
03-May	-39.5%	-51.0%	-19.8%	-28.2%
10-May	-34.8%	-44.6%	-20.8%	-29.3%
17-May	-5.1%	-20.8%	-19.8%	-28.8%

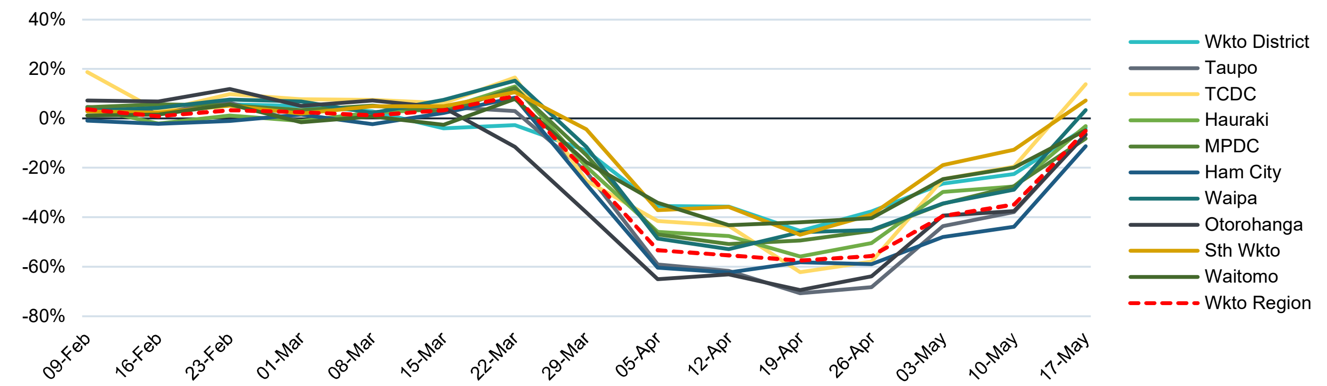
Source: Marketview using Paymark data.

Notes to graphics on the previous page:

- "Cumulative" measures represent change in spending / volume of transactions since 3 February, relative to the same period last year.
- "SWLY" measures represent change in spending / volume of transactions relative to the same week last year.

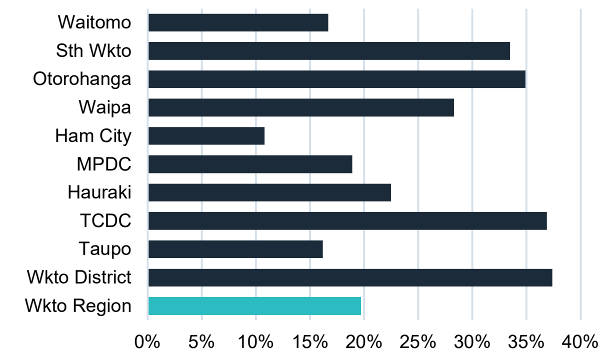
The chart below summarises the change in level of spending for the weeks ended 9 February to 17 May, relative to corresponding weeks last year. While weekly spending under Alert Level 3 remained below last year's levels, it appears the gap has largely closed. Spending in the Waikato region for the week ended Sunday 17 May was ~30 percentage points higher than the previous week, relative to corresponding weeks last year. With next week's data to represent the region's first full week at Alert Level 2, we expect spending to increase further.

Time series - consumer spending relative to same week last year

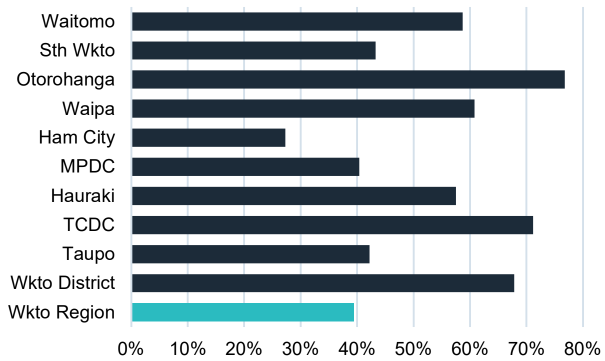


The charts below summarise level of spending compared with the corresponding week last year under the Food, Liquor & Pharmacies and Home & Recreational Retailing categories. Both categories' level of spending were significantly higher than last year, across all districts.

Food, liqour & pharmacies



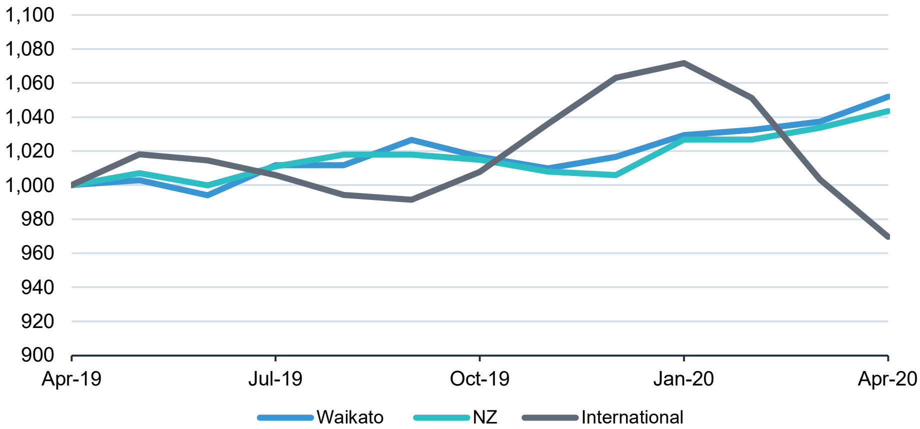
Home & recreational retailing



Source: Marketview using Paymark data.

Food Price Indexes

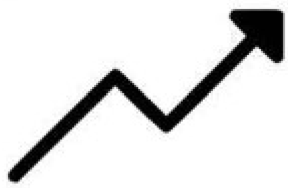
The chart below presents Waikato, New Zealand and International food price indexes. As shown, Waikato and New Zealand food prices have steadily increased since the beginning of the year while International food prices are down 9.5%. The increases in New Zealand likely reflect additional costs of logistics (where the pandemic has disrupted supply chains) and possibly some supply issues (for example, where the drought has affected producers). Global patterns, however, suggest that deflationary pressures are being felt in food prices. While this is helpful for consumers, the margins of those in the food production business will be squeezed.



Source: www.stats.govt.nz and www.fao.org

School Attendance

58,332 students at school, 79% of the total roll



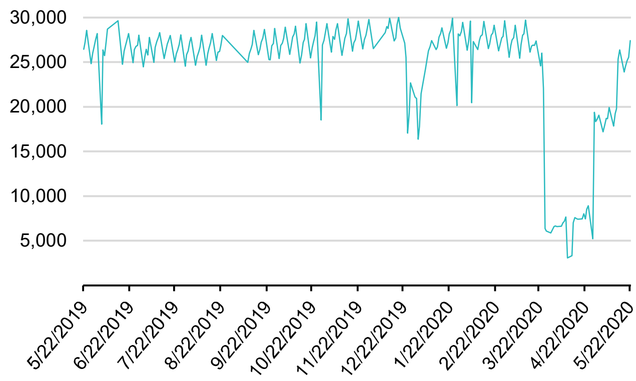
79% attendance up from 2% last week

The data above is based on Waikato school attendance of year 1-10 students. For the week beginning Monday 18 May, 58,332 students or 79% of the total roll were in attendance. This is broadly in line with normal levels and reflects schools being ‘officially open’ from 18 May.

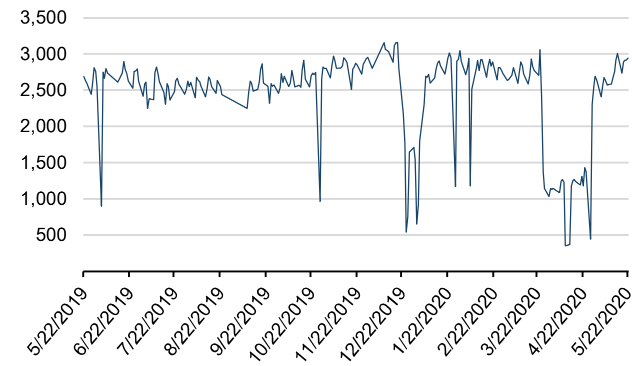
Traffic Data

The charts below summarise Hamilton's daily light and heavy vehicle count over the last 12 months, data collected from Greenwood St. The count for both vehicle types have bounced back since restrictions have started to ease. Heavy traffic is now at 'normal' levels. Light traffic rose sharply after the shift to Alert Level 2, and is now also at 'normal' levels.

Hamilton daily light vehicle count



Hamilton daily heavy vehicle count



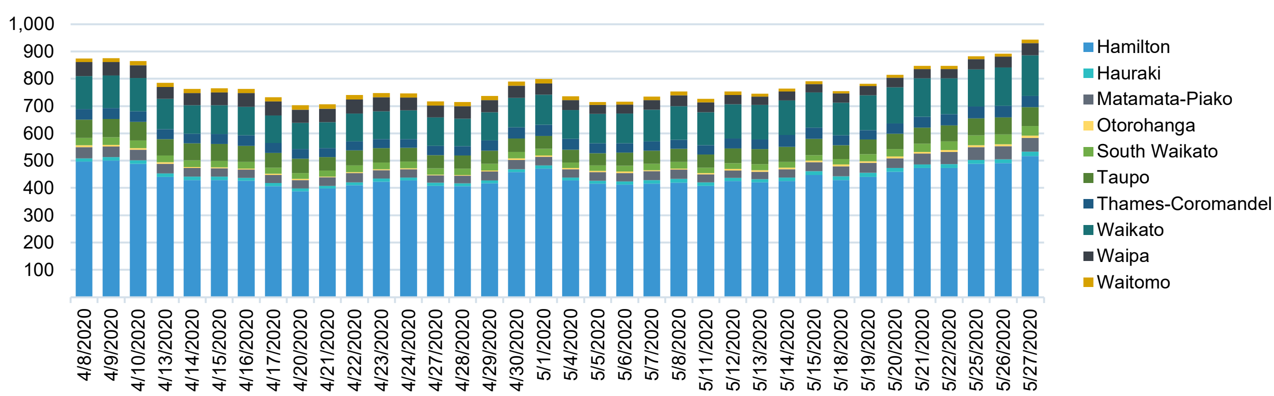
Source: www.nzta.govt.nz

Employment

Job Ads

The chart below summarises the number of Trade Me jobs advertised on a daily basis since the beginning of April 2020. Number of jobs advertised today represents the highest number since we began collecting this data and shows a 16% increase from last week.

Daily Job Ads on Trade Me

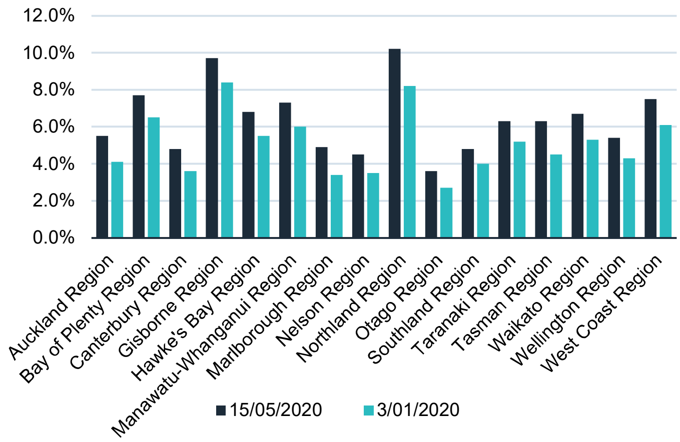


Source: www.trademe.co.nz

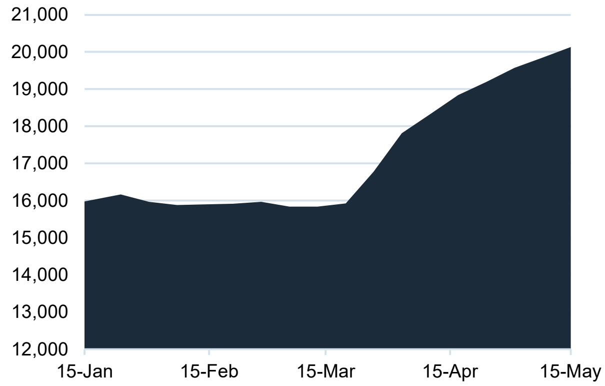
Jobseeker Support

The number of recipients of the Jobseeker Support has risen by 4,300, or 27% since the start of 2020, in line with the 28% increase for New Zealand as a whole. This means that 6.7% of the Waikato working age population is receiving Jobseeker support (compared with 5.3% at the start of the year). This is higher than the 5.9% of the national working age population now in receipt of Jobseeker Support.

Share of working-age population

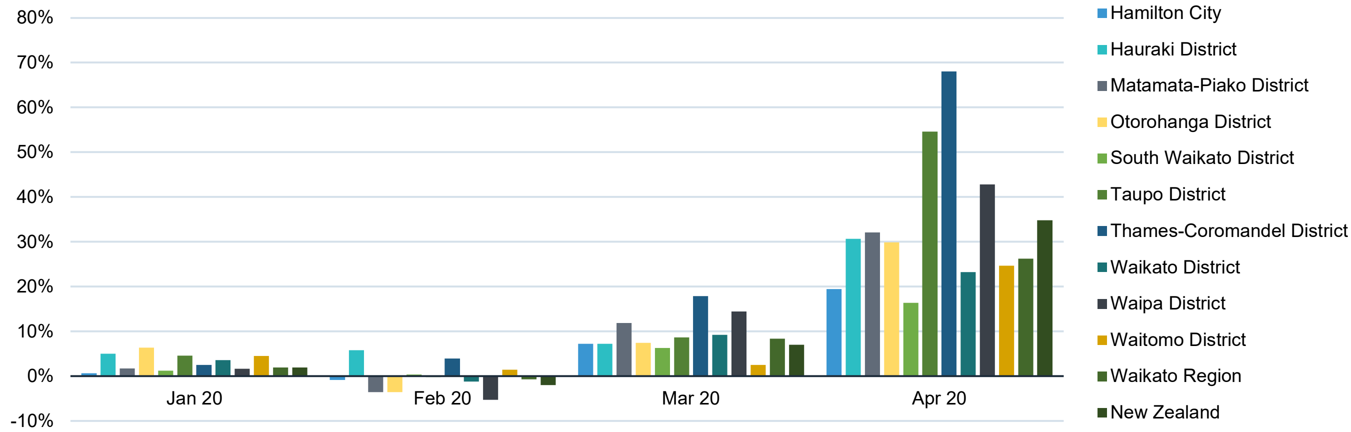


# of Jobseeker Support recipients



The chart below summarises monthly % change in Job Seeker support. The month of April clearly showing a significant increase on March levels across all districts. The Thames-Coromandel area experienced the largest increase over this period with April levels 68% higher than March.

Increase in Jobseeker Support



Source: *www.msd.govt.nz*

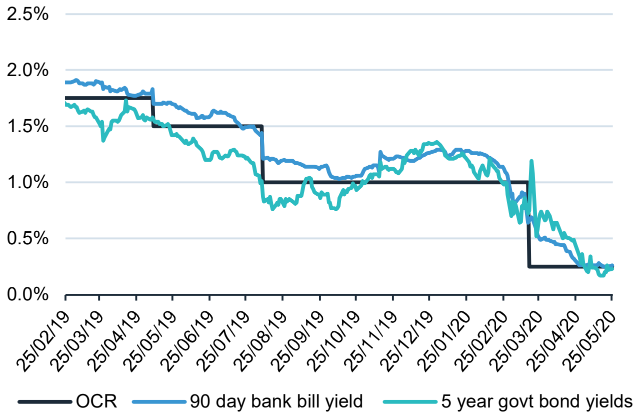
Note: the numbers used to create the chart above reflect Work Ready Jobseekers only.

Financial Indicators

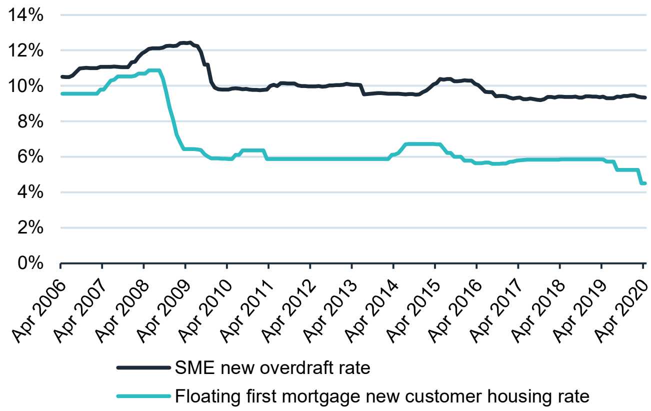
Interest Rates

The charts below summarise wholesale and retail interest rates in New Zealand. Wholesale interest rates have barely changed this week. While the Reserve Bank has been aiming to reduce interest rates via its Large-Scale Asset Purchase programme (in which it is buying government bonds on the secondary market), retail rates have declined only modestly (compared to the large falls that followed the last crisis in 2008).

Wholesale interest rates

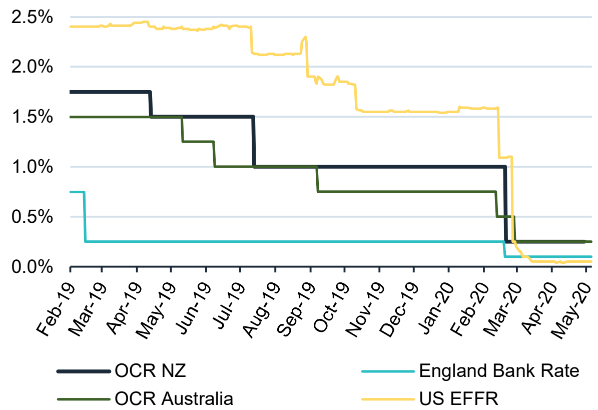


Retail interest rates



The chart below compares central bank rates by country. EFFR stands for Effective Federal Funds Rate.

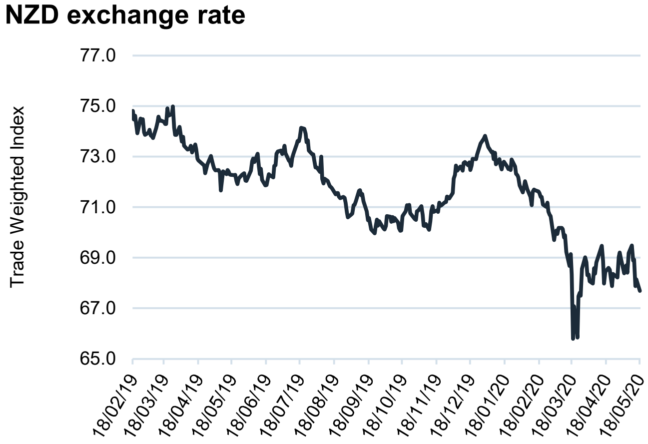
Central bank rate comparison

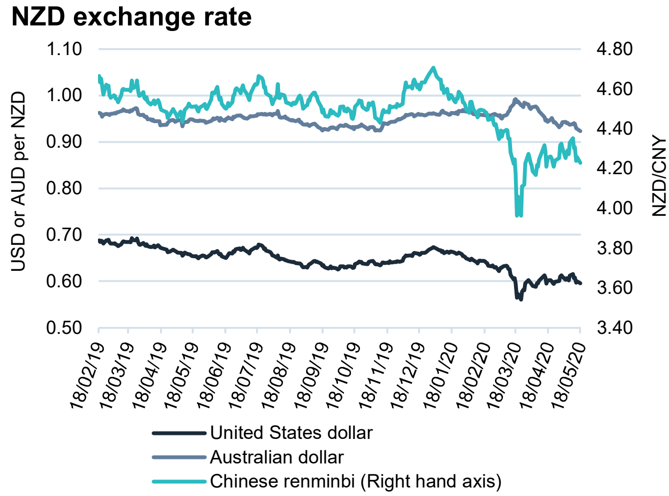


Source: *https://www.rbnz.govt.nz* *,* *www.rba.gov.au* *,* *www.bankrate.com* *and* *apps.newyorkfed.org*

Exchange Rates

The New Zealand dollar continues to trade in a range against its main trading partners' currencies.

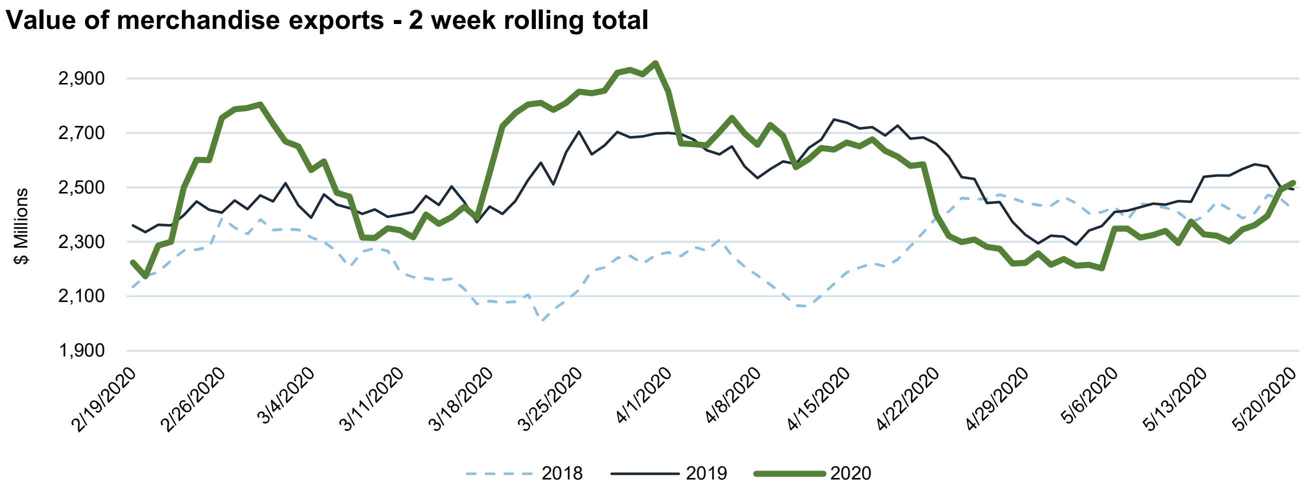




Source: https://www.rbnz.govt.nz/

Trade

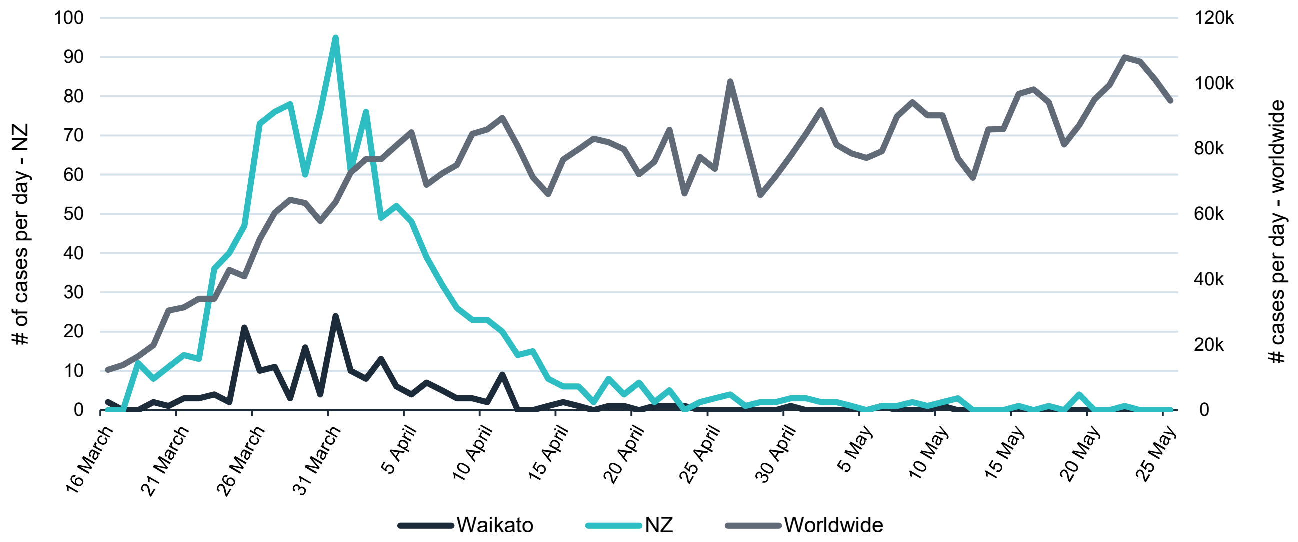
Merchandise exports continue to hold up relatively well, and are at a similar level to 2019 – which was itself higher than the previous few years. Exports over the last couple of weeks totalled around $2.5 billion, 1 percent higher than the same period in 2019, and 4 percent higher than 2018. Exports to China, which make up around a quarter of the total, remain steady at around $650 million. Exports to Australia, after dipping slightly in April, were back to similar levels as 2018 and 2019 at around $300 million over the last couple of weeks. Exports to the US also fell away somewhat in April, and remain 20 percent lower than the same period last year, at around $220 million over the last two weeks.



COVID-19 as at 26 May 2020

The Waikato DHB has 188 confirmed and probable cases as at 26 May 2020 – 1 active case, 186 recovered, and one deceased.

The chart below compares the trend in new cases per day for Waikato, New Zealand and Worldwide. New cases in New Zealand has remained flat for the last month at close to (if not) zero new cases per day. The number of new cases Worldwide at 25 May was 94,633 which is slightly above the average over the last four weeks of 87,600.



Source: www.health.govt.nz and www.ourworldindata.org