

Helping the Waikato through COVID-19

Economic Radar

As at 10 June 2020

Today marks the country's second day at Alert Level 1.

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 reports in the coming weeks will begin to paint a clearer picture of what the shift to Alert Level 1 means for the country and Waikato region.

Three key themes relate to the uncertainty surrounding:

1. International Markets – many country's health and economic challenges relating to COVID-19 are still developing (i.e. in early stages relative to NZ).
2. COVID-19 Free NZ – while this week NZ was marked to have 'zero active cases', uncertainty remains as to whether we can maintain this with a 'less restrictive' Alert Level 1 environment in place.
3. Post Government Survival Investment Stability – Central Government has invested in a number of initiatives to support business survival. Uncertainty remains around the long-term impact / effectiveness of these initiatives.

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:

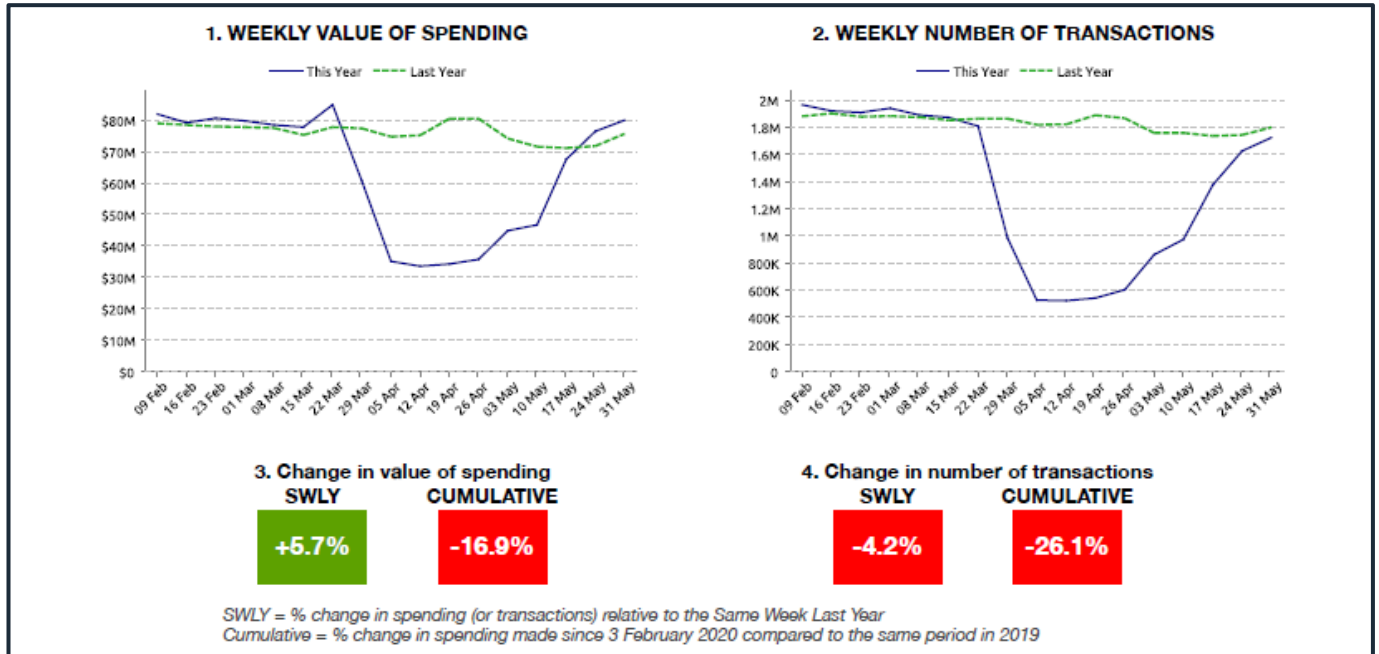
The following report has been compiled to share the Waikato region's COVID-19 recovery progress. In all instances, sources are listed to ensure access to data can be found. Information in this report will be updated weekly, with new measures added either by request or as additional information comes 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 31



5. WEEKLY SPENDING CHANGE BY CATEGORY

	SWLY		Cumulative	
	\$	#	\$	#
Food, liquor & pharmacies	+14.2%	+0.4%	+14.4%	-10.2%
Hospitality & Accommodation	-5.5%	-13.1%	-40.0%	-41.8%
Fuel & Automotive	-16.1%	-8.2%	-29.2%	-25.9%
Clothing, Footwear & Dept. Stores	+27.4%	+15.3%	-42.0%	-43.9%
Home & Recreational Retailing	+42.3%	+34.4%	-22.7%	-28.6%
All other	-15.9%	-18.4%	-44.1%	-44.8%
TOTAL	+5.7%	-4.2%	-16.9%	-26.1%

6. WEEKLY SPEND AND TRANSACTION CHANGES

Week Ending	SWLY		Cumulative	
	\$	#	\$	#
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%
24-May	+6.5%	-6.8%	-18.3%	-27.5%
31-May	+5.7%	-4.2%	-16.9%	-26.1%

7. CHANGE BY ORIGIN OF CARDHOLDER

	SWLY		Cumulative	
	\$	#	\$	#
INTERNATIONAL	-35.1%	-42.8%	-31.2%	-31.6%
NZ CARDS	+6.5%	-3.7%	-16.3%	-26.0%

8. WEEKLY VALUE OF SPENDING - ALL OF NZ

	SWLY		Cumulative	
	\$	#	\$	#
New Zealand	+2.0%	-10.0%	-18.0%	-28.3%

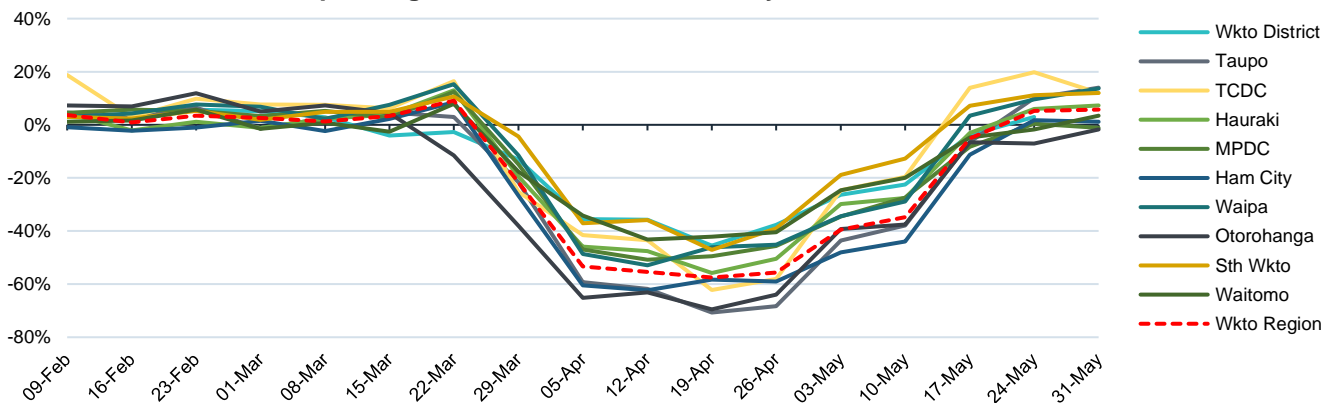
Source: Marketview using Paymark data.

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.

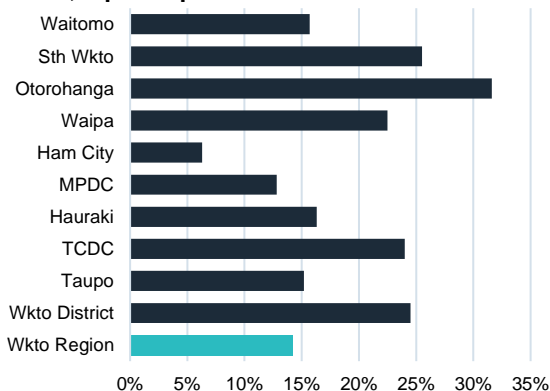
The chart below summarises the change in level of spending for the weeks ended 9 February to 31 May, relative to corresponding weeks last year. While weekly spending under Alert Level 3 remained below last year’s levels, the move into Alert Level 2 saw spending levels return, and even surpass last year’s levels. The coming weeks will tell us how much of this is ‘catch up’ spending, and whether it can be sustained.

Time series - consumer spending relative to same week last year

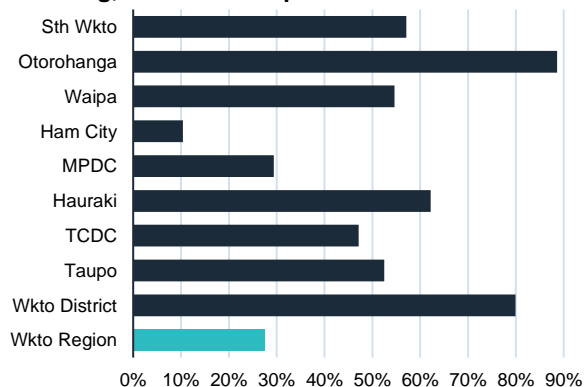


The charts below summarise level of spending relative to the corresponding week last year under the Food, Liquor & Pharmacies and Clothing, Footwear & Dept. Stores categories. Both categories’ level of spending were significantly higher than last year, across all districts. The amount relating to ‘catch up’ spending remains to be seen.

Food, liquor & pharmacies



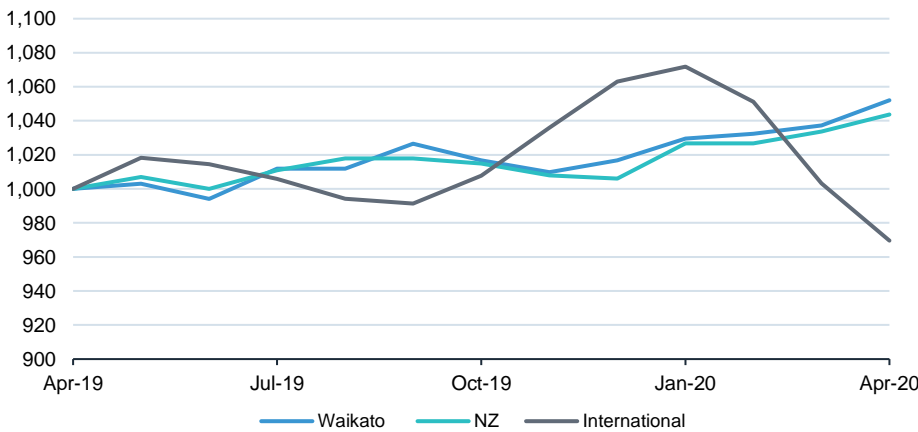
Clothing, footwear & dept. stores



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 for those in the food production business will be squeezed. Data for the month of May will be available mid-June.

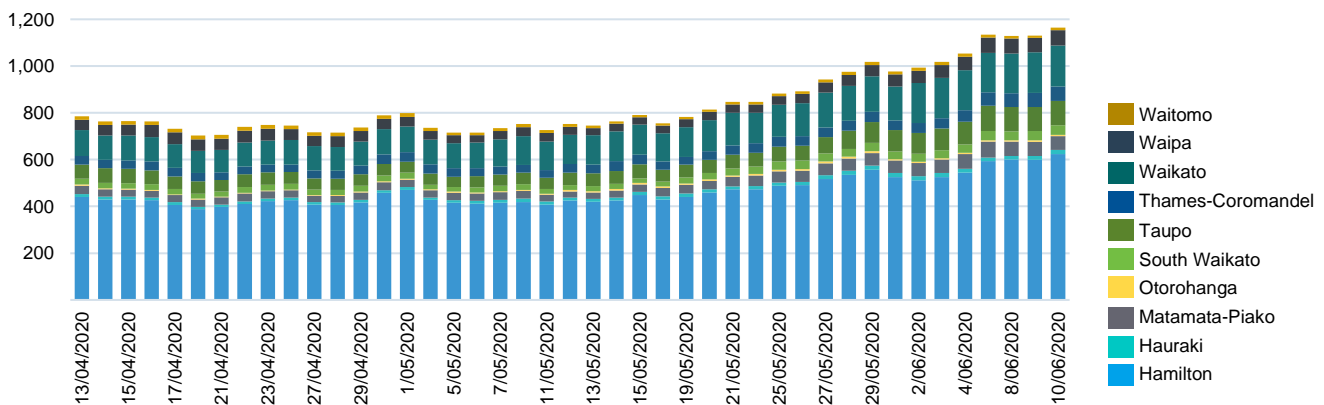


Source: www.stats.govt.nz and www.fao.org

Employment

Job Ads

The chart below summarises the number of Trade Me jobs advertised on a daily basis since mid-April 2020. Number of jobs advertised in the Waikato region today represents a 14% increase on last week.

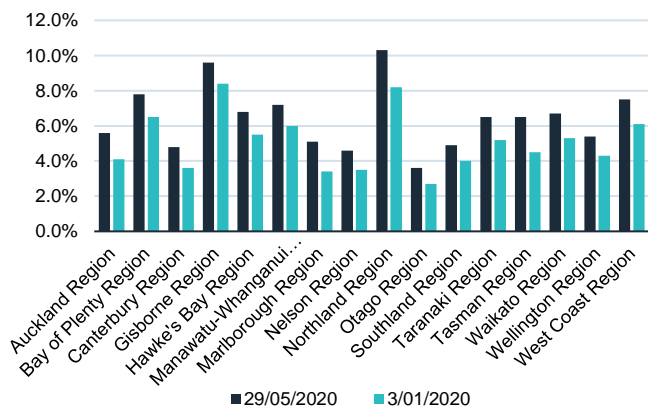


Source: www.trademe.co.nz

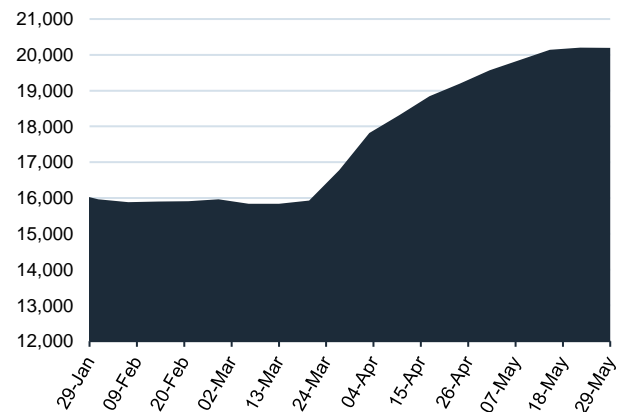
Jobseeker Support

The number of recipients of the Jobseeker Support has risen by 4,300, or 27% since the start of 2020, in line with the 29% 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

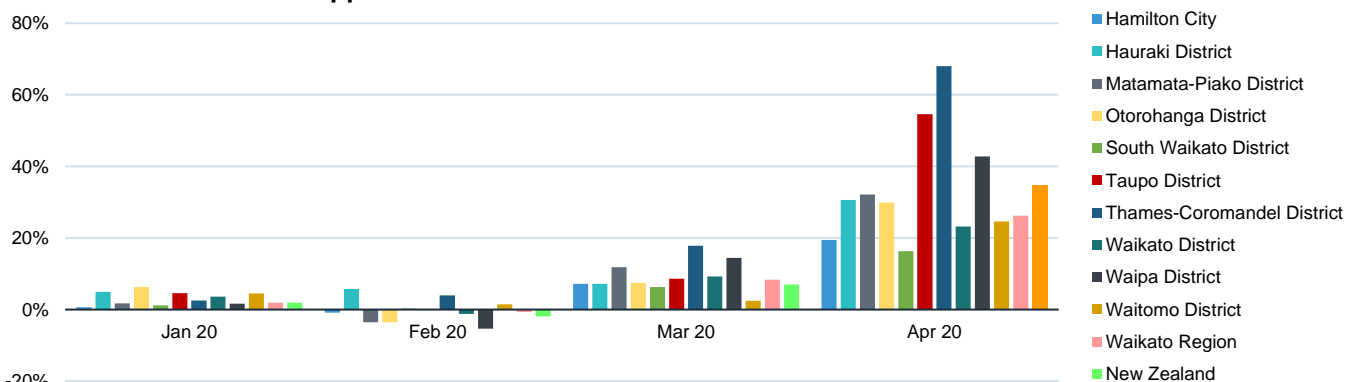


of Jobseeker Support recipients



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

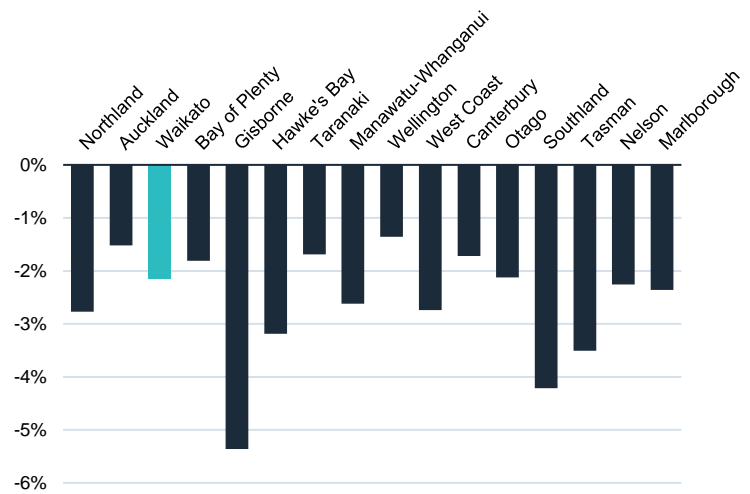
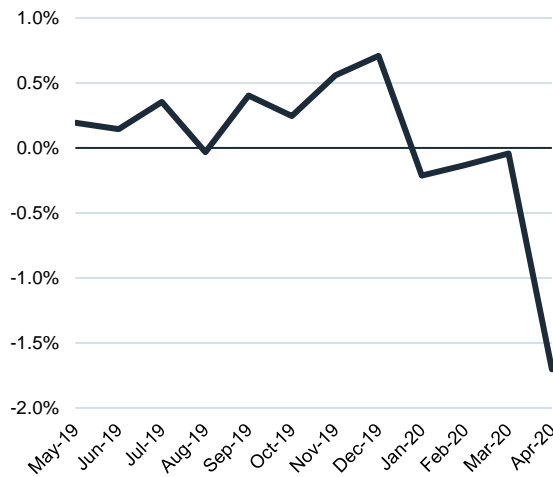


Source: www.msd.govt.nz

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

Employment Indicators

The chart on the left below presents the month by month percentage change in the number of filled jobs in NZ, seasonally adjusted. The chart on the right presents the percentage change in the number of filled jobs by region for the month of April, not seasonally adjusted. The early effects on tourism and forestry can be seen in these charts, as can the advantages of a relatively diversified economy in places like Auckland and arguably (to a lesser extent) Waikato.

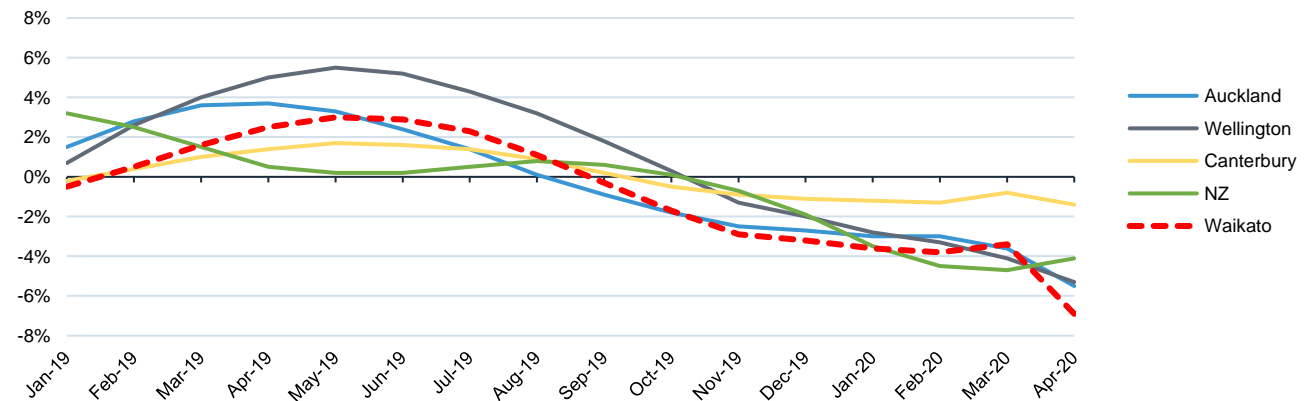


Source: www.stats.govt.nz

Building Consents

The chart below summarises the monthly change in number of building consents issued across key regions of NZ. Number of building consents has been declining since Oct-19. As shown, Waikato saw the largest decrease for the month of April, down 6.9%, compared to NZ down 4.1%. Note: percentages exclude estimated seasonal fluctuations and short-term irregular movements, and are recalculated each month.

Month on month % change in # of dwellings consented



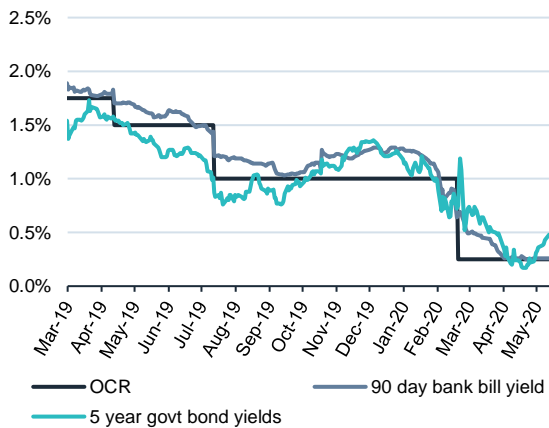
Source: www.stats.govt.nz

Financial Indicators

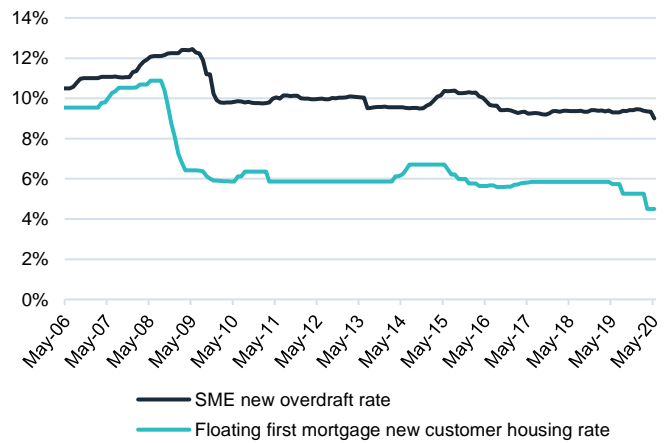
Interest Rates

The charts below summarise wholesale and retail interest rates in New Zealand. Despite the Reserve Bank's bond buying activity, wholesale interest rates at the longer end of the yield curve have risen slightly in the last week (even more so in real terms, if some deflationary expectations have been priced in).

NZ wholesale interest rates



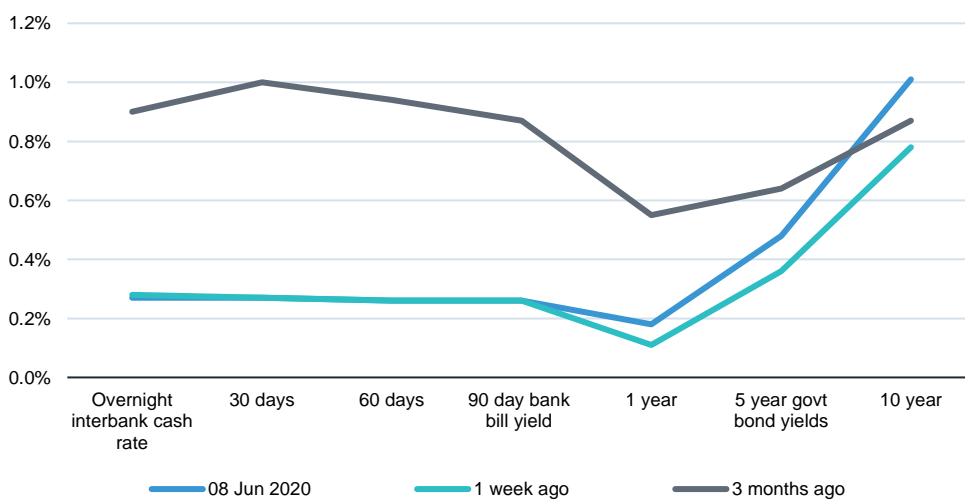
Retail interest rates



Source: www.rbnz.govt.nz

The chart below summarises a tightening of monetary policy in the last week.

Yield curves



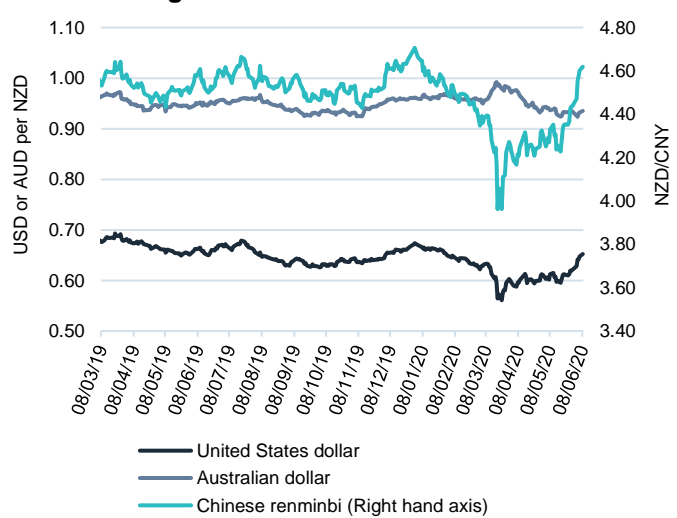
Exchange Rates

The New Zealand dollar broke out of its recent narrow range against the US and Chinese currencies. This rise, along with higher bond yields reflects a tightening of monetary conditions over the past few weeks – somewhat surprising in the face of what is perhaps the worst recession in living memory.

NZD exchange rate



NZD exchange rate

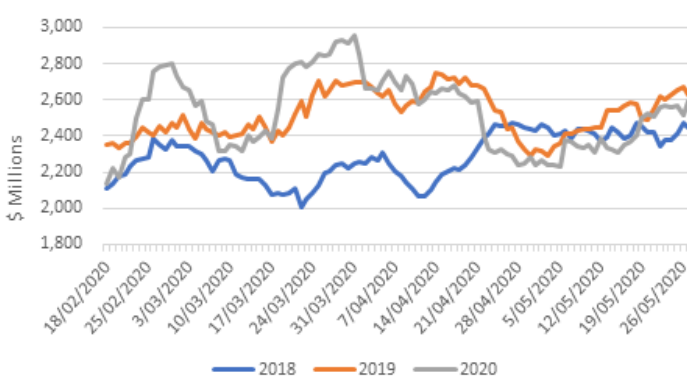


Financial Indicators, sources: <https://www.rbnz.govt.nz>, www.rba.gov.au, www.bankrate.com and apps.newyorkfed.org

Trade

New Zealand’s merchandise exports continue to hold up well, at close to the same levels as 2019. New data from Statistics New Zealand shows that this buoyancy has been driven by prices, with export volumes down 3 percent in the March quarter compared with a year ago, while prices were up 5 percent.

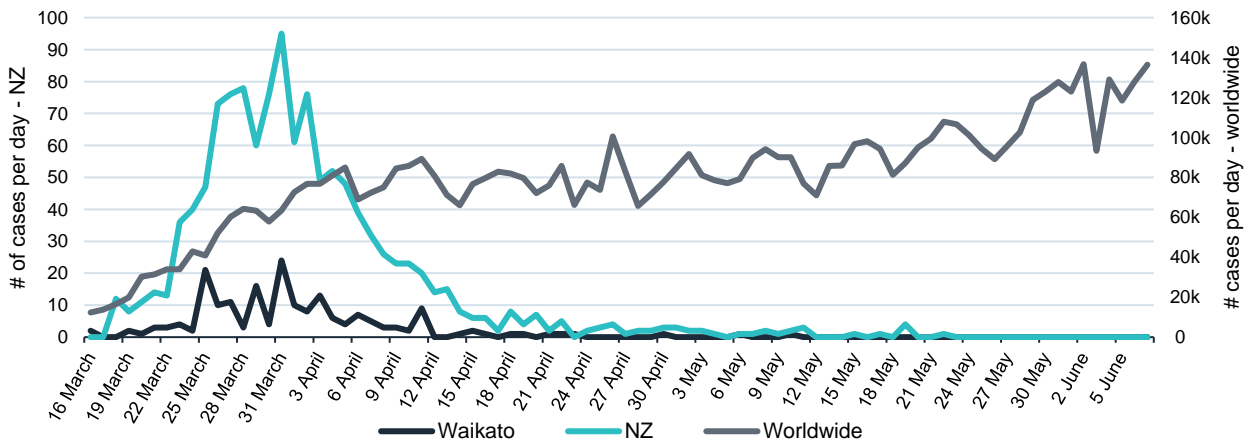
Merchandise exports - two week rolling total



Source: www.stats.govt.nz

COVID-19 as at 7 June 2020

The Waikato DHB has 188 confirmed and probable cases as at 7 June 2020 – 0 active cases, 187 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. 9 June represented both the country’s first day with zero active cases and the country’s first day at Alert Level 1. The number of new cases Worldwide at 7 June was 136,409, up 8,600 from the prior week.



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