

# Helping the Waikato through COVID-19

## Economic Radar

As at 17 June 2020

Yesterday 16 June marked the end of the country's first week 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 improvement and stabilisation of trends from last week, detailed in this report.

Due to COVID-19's relatively stable nature throughout the country and Waikato region, we have made the decision to move to publishing Economic Radars fortnightly, with our next report to be available 1 July.

While noting stabilisation of certain trends, there remains uncertainty surrounding:

1. International Markets – many countries' health and economic challenges relating to COVID-19 are still developing (i.e. in early stages relative to NZ).
2. COVID-19 Free NZ – Yesterday 16 June, NZ was marked to have two new cases of COVID-19. Uncertainty remains as to whether these cases can be contained and whether additional cases will emerge under our 'less restrictive' Alert Level 1 environment.
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:

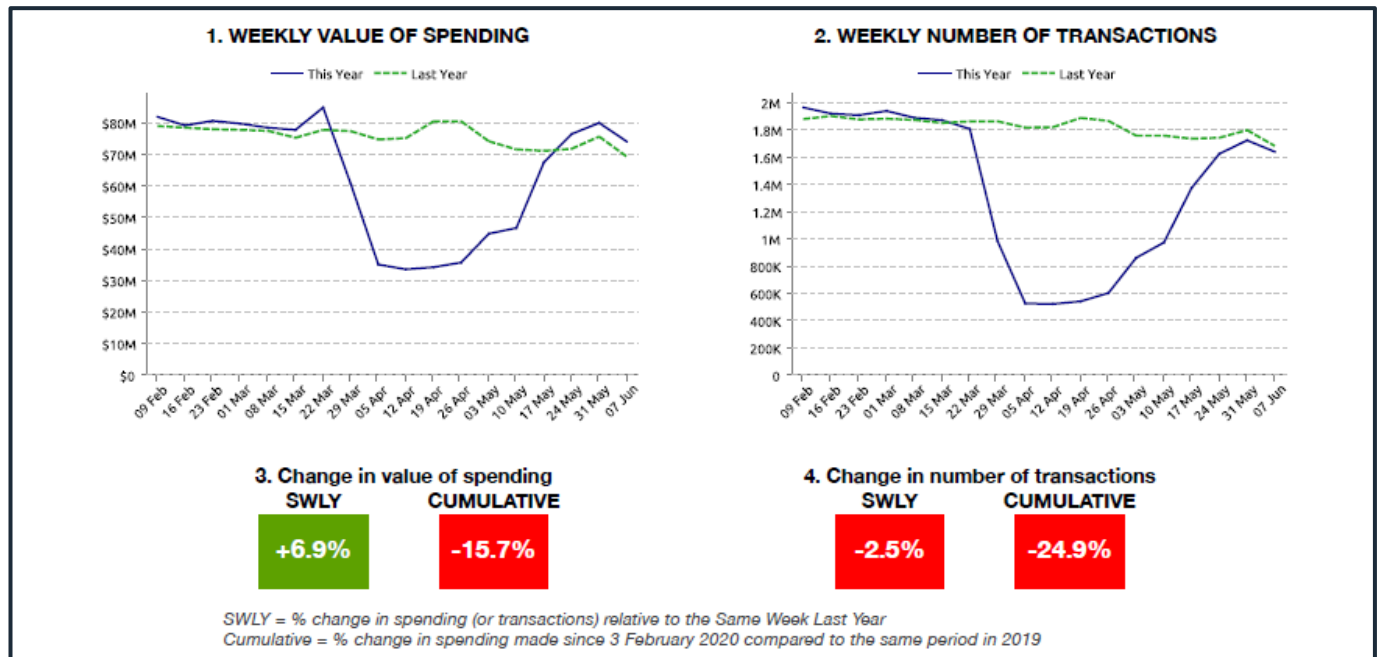
The following report has been compiled to share the Waikato region's COVID-19 recovery progress. In all instances, sources are listed to ensure access to data can be found.

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 June 7



#### 5. WEEKLY SPENDING CHANGE BY CATEGORY

	SWLY		Cumulative	
	\$	#	\$	#
Food, liquor & pharmacies	+15.6%	+1.3%	+14.5%	-9.6%
Hospitality & Accommodation	+0.2%	-8.6%	-38.1%	-40.1%
Fuel & Automotive	-14.6%	-8.4%	-28.4%	-25.0%
Clothing, Footwear & Dept. Stores	+23.4%	+14.6%	-38.5%	-40.8%
Home & Recreational Retailing	+36.4%	+27.9%	-19.6%	-25.7%
All other	-12.5%	-14.6%	-42.7%	-43.3%
<b>TOTAL</b>	<b>+6.9%</b>	<b>-2.5%</b>	<b>-15.7%</b>	<b>-24.9%</b>

#### 7. CHANGE BY ORIGIN OF CARDHOLDER

	SWLY		Cumulative	
	\$	#	\$	#
INTERNATIONAL	-41.3%	-43.0%	-31.7%	-32.1%
NZ CARDS	+7.8%	-2.0%	-15.0%	-24.7%

#### 8. WEEKLY VALUE OF SPENDING - ALL OF NZ

	SWLY		Cumulative	
	\$	#	\$	#
New Zealand	+2.7%	-8.2%	-17.0%	-27.3%

#### 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%
07-Jun	+6.9%	-2.5%	-15.7%	-24.9%

Source: Marketview using Paymark data.

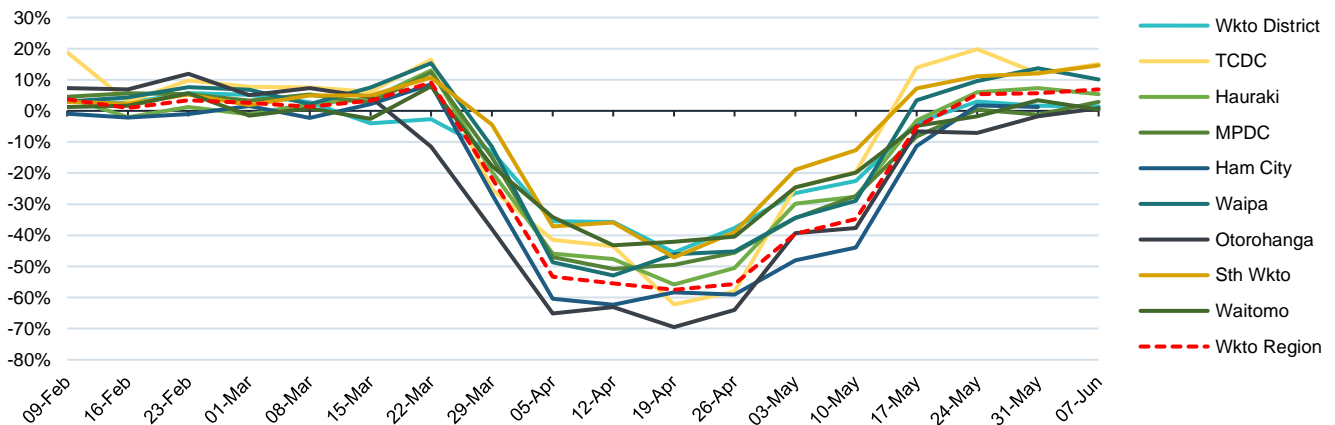
Notes to graphics on the previous page:

- “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 7 June, 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.

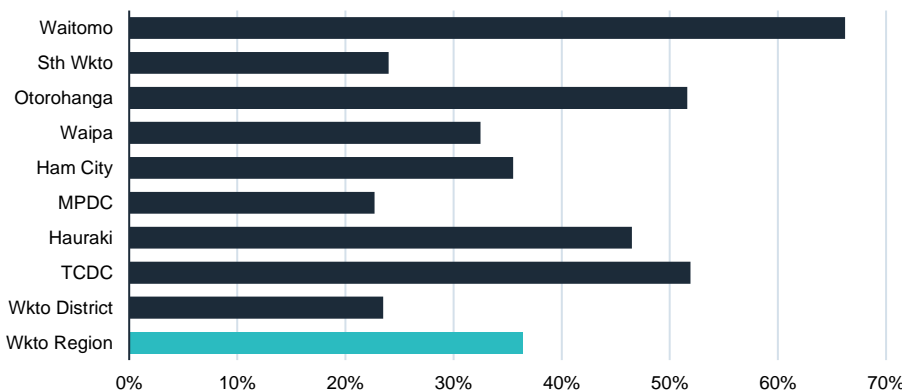
Note: Unfortunately Taupo spending data was unavailable this week. Taupo numbers are still in fact included in “Wkto Region” numbers.

**Time series - consumer spending relative to same week last year**



The chart below summarises level of spending relative to the corresponding week last year under the Home & Recreational Retailing category. Level of spending under this category was significantly higher than last year, across all districts. The amount relating to ‘catch up’ spending remains to be seen.

**Home & Recreational Retailing**

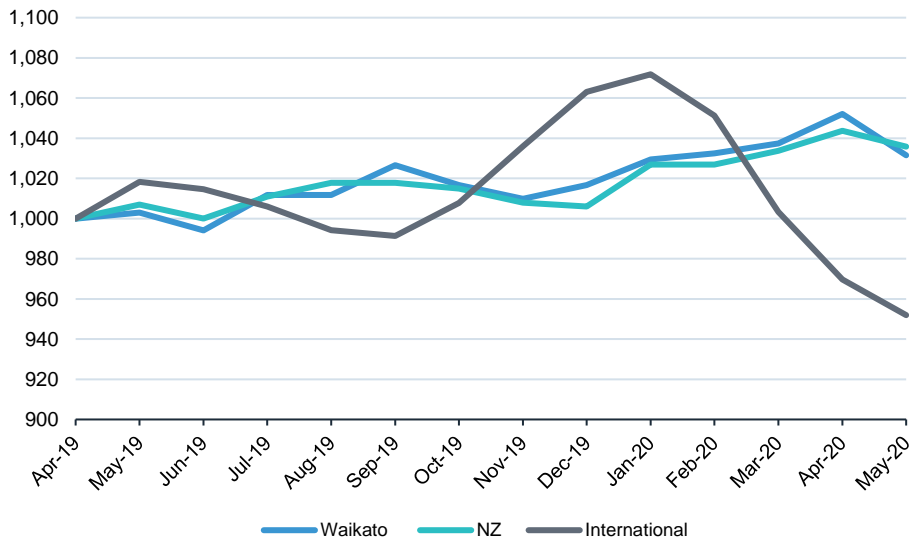


Source: Marketview using Paymark data.

**Food Price Indexes**

The chart below presents Waikato, New Zealand and International food price indexes. As shown, Waikato and NZ food prices steadily increased over the January to April period this year however decreased in May by 2.0% for the Waikato and 0.8% for NZ. These decreases likely reflect a stabilisation/decrease in cost of logistics (relative to the pandemic where supply chains were disrupted).

International food prices continued their downward trend, decreasing by 1.9% in May, suggesting deflationary pressures are still being felt in food prices. While this is helpful for consumers, the margins for those in the food production business will be squeezed.



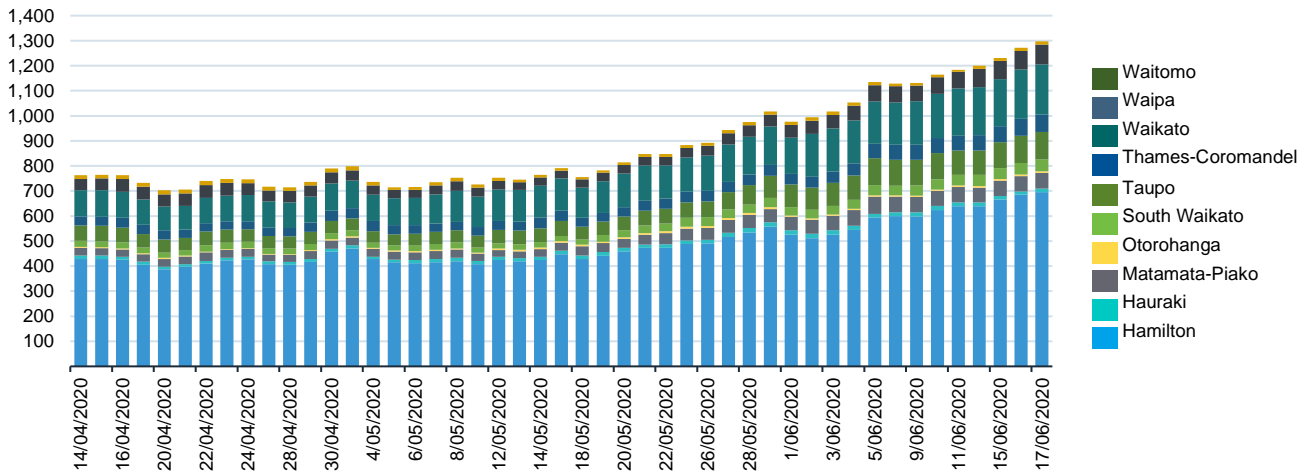
Source: [www.stats.govt.nz](http://www.stats.govt.nz) and [www.fao.org](http://www.fao.org)

### 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 an 11% increase on last week and a 59% increase on last month.

**Daily Job Ads on Trade Me**

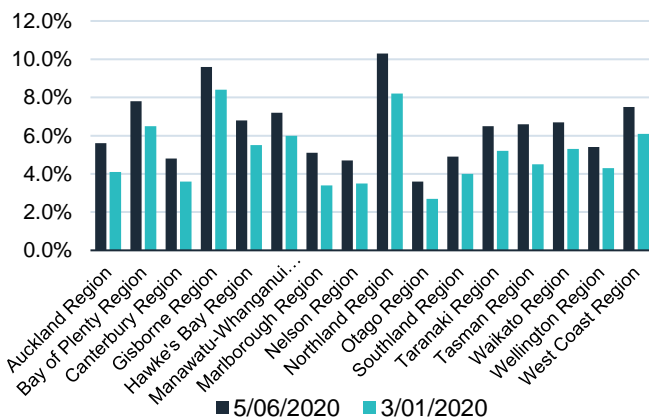


Source: [www.trademe.co.nz](http://www.trademe.co.nz)

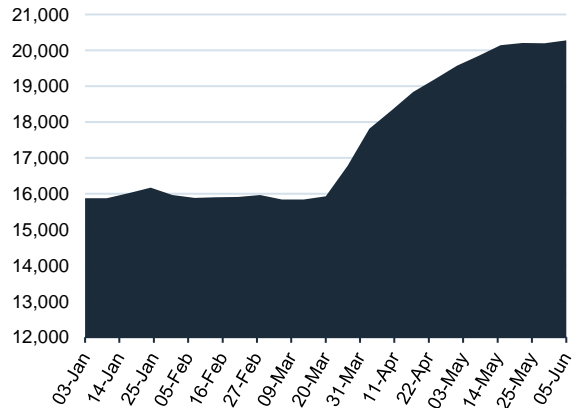
#### Jobseeker Support

The number of recipients of the Jobseeker Support has risen by 4,400, or 28% since the start of 2020, in line with the 30% 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**

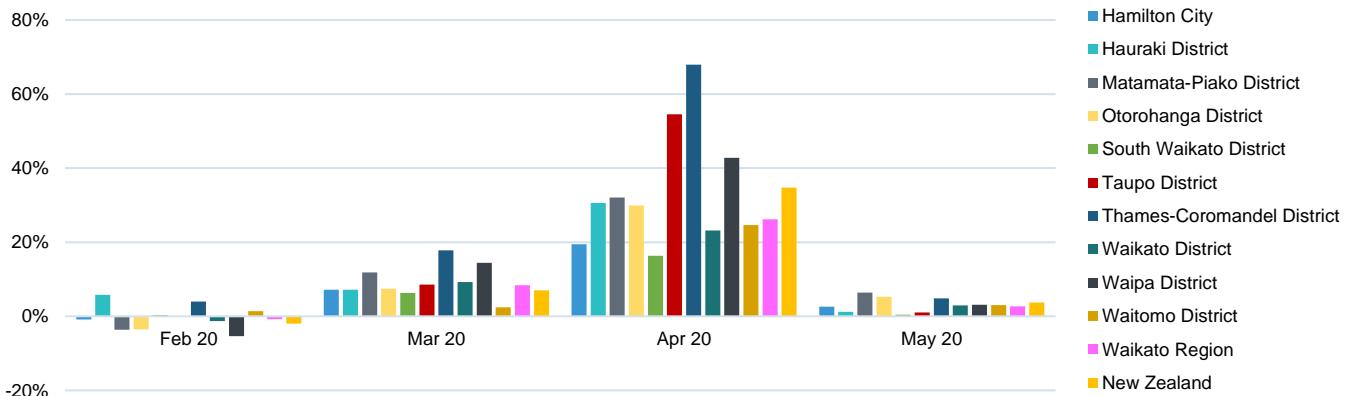


**# of Jobseeker Support recipients**



The chart below summarises monthly % change in Job Seeker support. % changes in May were relatively small, suggesting a stabilisation of number of support recipients, in line with April.

**% change in Jobseeker Support**



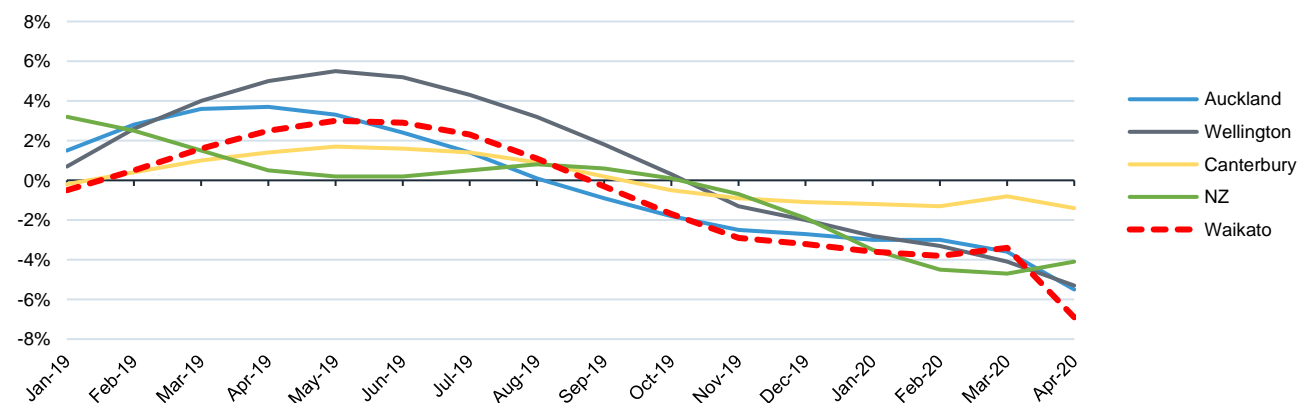
Source: [www.msd.govt.nz](http://www.msd.govt.nz)

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

**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**



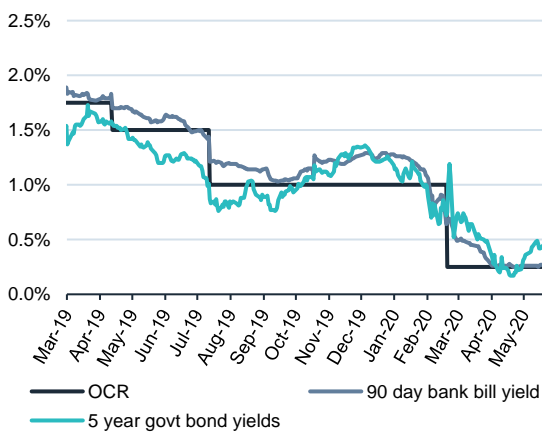
Source: [www.stats.govt.nz](http://www.stats.govt.nz)

**Financial Indicators**

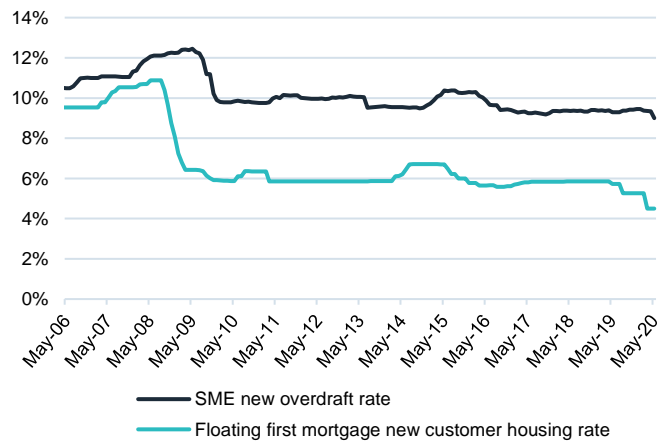
**Interest Rates**

The charts below summarise wholesale and retail interest rates in New Zealand.

**NZ wholesale interest rates**

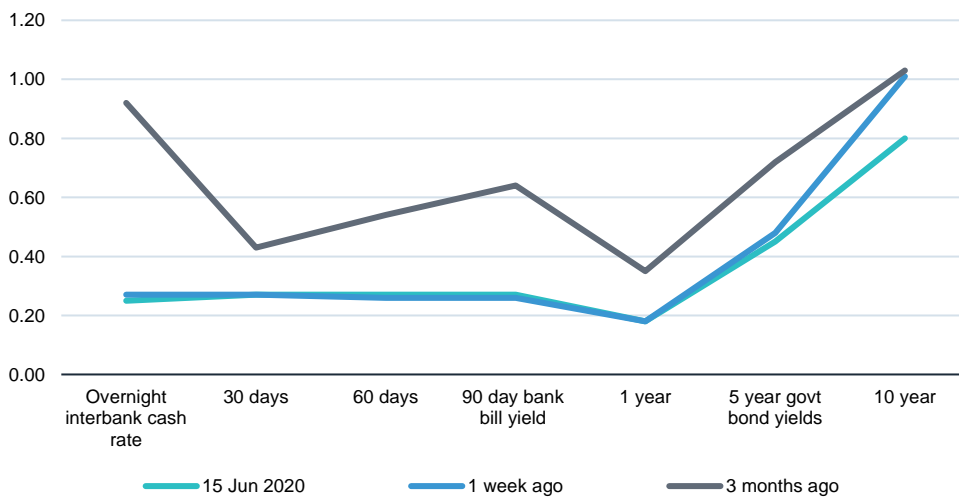


**Retail interest rates**



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

**Yield curves**



Source: [www.rbnz.govt.nz](http://www.rbnz.govt.nz)

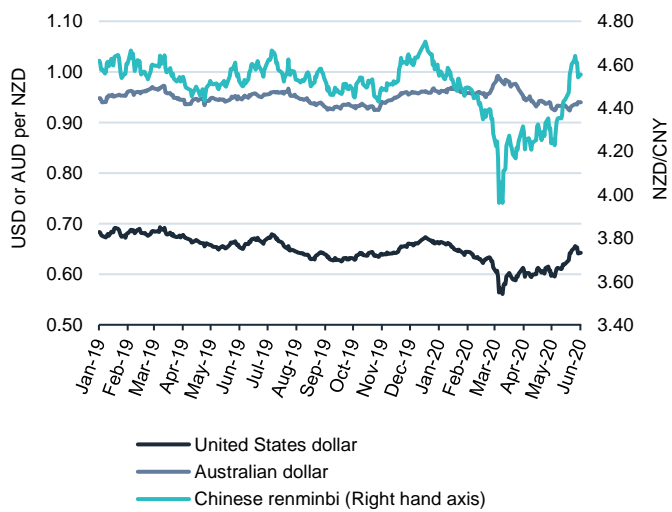
### Exchange Rates

The New Zealand dollar experienced a slight correction over the last week, after last week's break out from its recent narrow range against the US and Chinese currencies.

**NZD exchange rate**



**NZD exchange rate**



Financial Indicators, sources: <https://www.rbnz.govt.nz>, [www.rba.gov.au](http://www.rba.gov.au), [www.bankrate.com](http://www.bankrate.com) and [apps.newyorkfed.org](http://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**

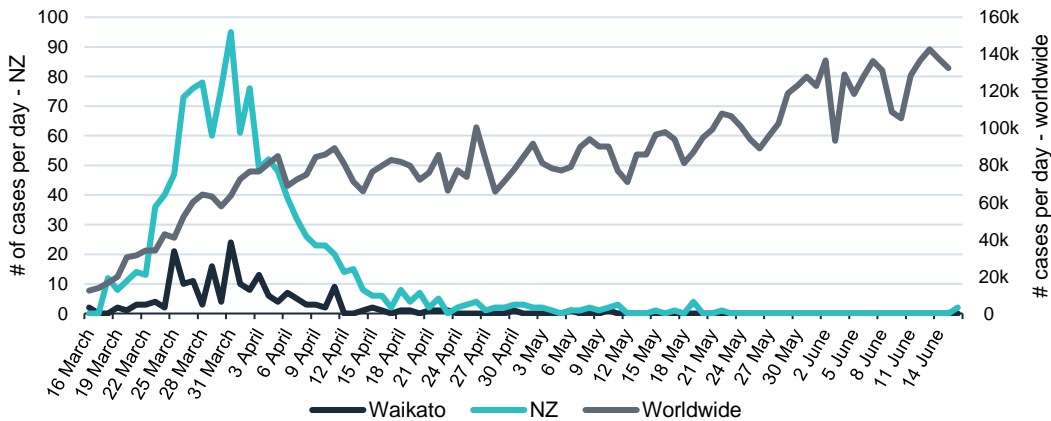


Source: [www.stats.govt.nz](http://www.stats.govt.nz)

**COVID-19 as at 16 June 2020**

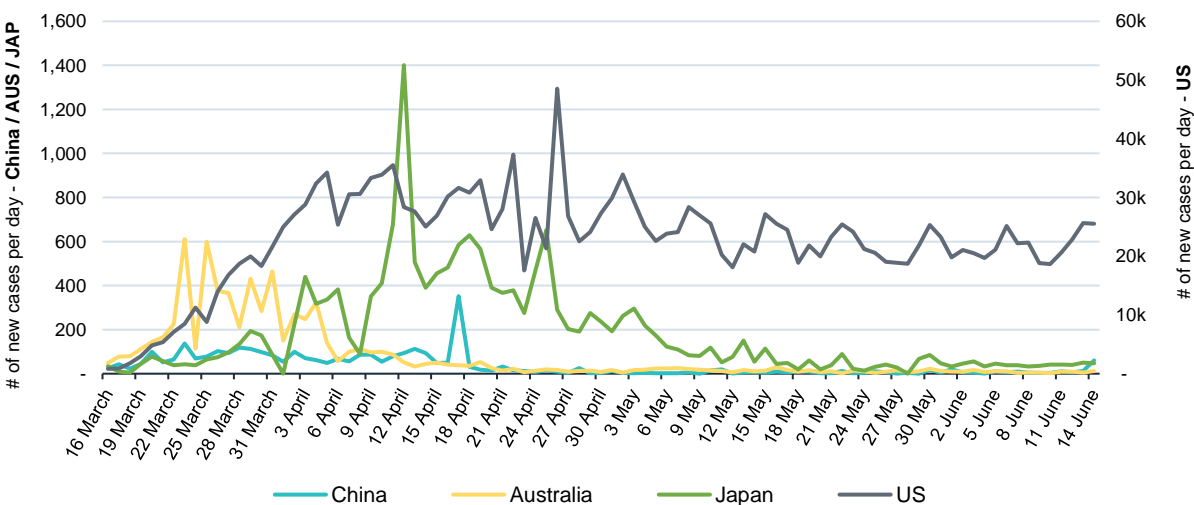
The Waikato DHB has 188 confirmed and probable cases as at 16 June 2020 – 0 active cases, 187 recovered, and one deceased. The chart below compares the trend in new cases per day for Waikato, New Zealand and Worldwide. Yesterday 16 June represented the country’s first new case for over 3 weeks. The number of new cases Worldwide at 15 June was 132,581, which is 6,700 higher than the World’s two week average.

**Cases confirmed and probable per day**



The chart below summarises the COVID-19 situation for New Zealand’s key trading partners, by number of new cases per day. China, Australia and Japan appear to be in a relatively stable position, with new cases per day below 100 for the last four weeks. The US, while new cases per day appear to be trending downward, seems to be in a less mature / less controlled state.

**# of new cases per day - NZ's key trading partners**



Source: [www.health.govt.nz](http://www.health.govt.nz) and [www.ourworldindata.org](http://www.ourworldindata.org)