



# Economic Monitor

August 2020

## Contents

Social Indicators	2
Housing	3
Retail Spend	4
Employment	5
Transport	8
Consents	12
Share Prices	14
Government Financial Support	15
New Zealand	17

### **July's Economic Monitor showed our economy continuing on the path towards a relatively solid return to business as usual following the lockdown period earlier in the year.**

New information on our economy for the quarter ended June 2020 confirms the same, with a drop of only 1% in GDP – which is very heartening under difficult circumstances.

Likewise, we haven't seen any major change in unemployment yet, although the lead indicator of Jobseeker support benefit registrations is creeping up alongside the COVID-19 Income Relief Payment.

While most of the statistics you'll see in this report are relatively good for the difficult times we're in, there are a couple of noteworthy items.

Firstly, there's a long way to go in this economic downturn and we'd expect a deterioration in indicators later this year.

We're also starting to see some concerning social wellbeing statistics – again these will play out in coming months.

**In the meantime, we should take heart from a positive recovery so far.**

Our Economic Monitor is focused on Tauranga City and Western Bay of Plenty District, combining data from economists, data we have locally, and information from local businesses. We also provide key national measures to round out the picture.

The information available within this monitor is given in good faith and intended to provide general information to Priority One stakeholders. The information is obtained from sources believed to be reliable and accurate at the date of preparation.



# Social Indicators

## Social Impact Dashboard

On 31 July, the Salvation Army released their latest Social Impact Dashboard for New Zealand.

Many New Zealanders are facing new forms of vulnerability, hardship and complex challenges due to the current pandemic.

Deeply connected to economic and fiscal matters are the social issues and problems that existed before the lockdown and have now been magnified since the pandemic began or have emerged in recent months.

The Salvation Army have seen spikes in foodbank services, more new clients using social services, increased numbers seeking help for loans and debts, the plight of migrant workers and the impact on addictions treatment and social housing provision.

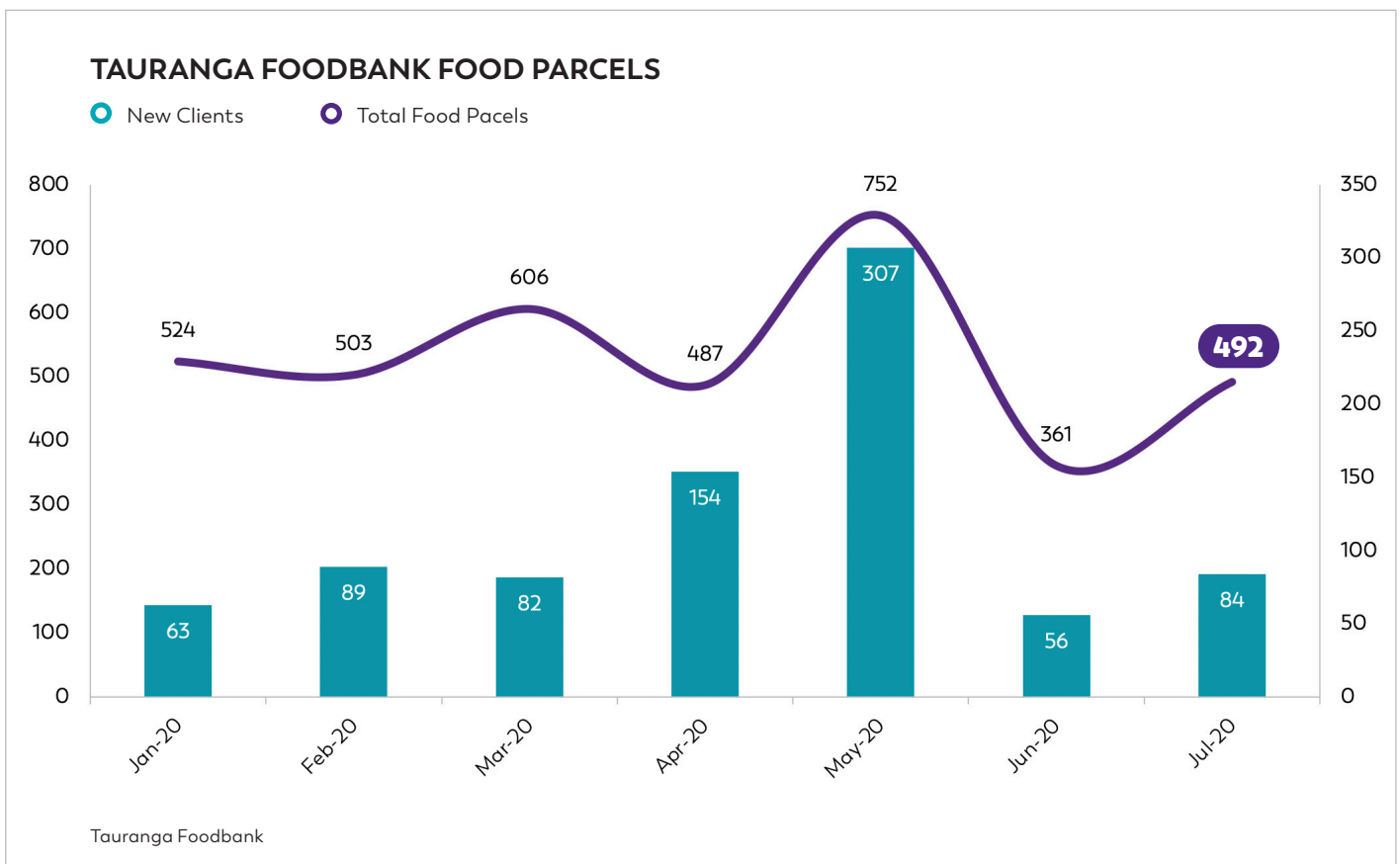
[Read the full Dashboard here](#)

## Food Parcels

While a number of groups provide food parcels (Salvation Army, St Vincent de Paul and Good Neighbour to name a few), Tauranga Foodbank are the main provider in the Western Bay, and distribute to many other community groups who act as Foodbank Agents.

Total Food Parcels provided are up 38% for YTD of January-June 2020, compared with the same period in 2019. April saw a 53% increase during lockdown, and May had a record number of 752 food parcels provided.

Foreign nationals were a new referral group for Foodbank in April, related to COVID restrictions. Of the food parcels in May, 330 were provided to foreign nationals on working or travel visas in need of short term food support. Red Cross are now doing needs assessments for foreign nationals, taking pressure off the Tauranga Foodbank in June.

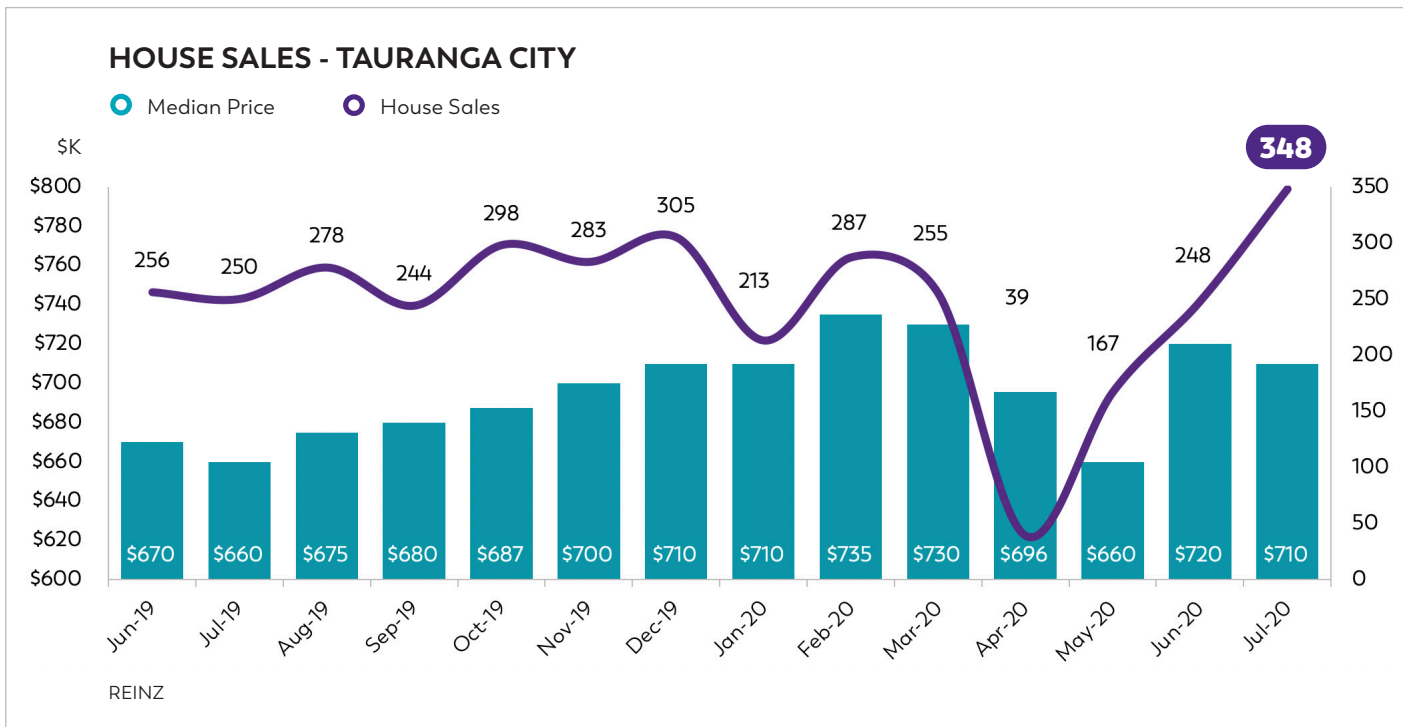




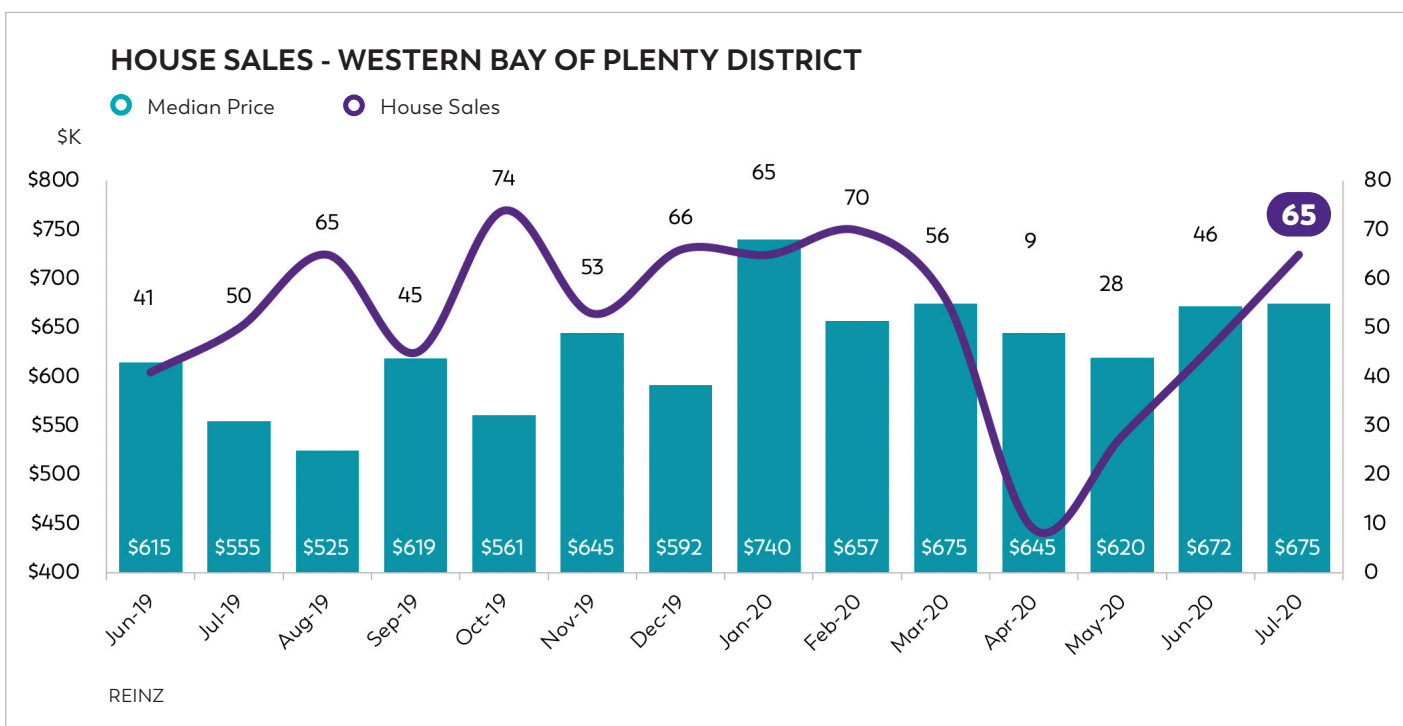
# Housing

New real estate figures for July show a buoyant property market nationwide. Sales volumes increased by 25% compared to July 2019, attributable partly to pent up demand, and underpinned by strong interest from all buyer levels including first home buyers, investors and families looking to upgrade.

In Tauranga City, the number of properties sold rocketed up to 348, with a slight drop in median price to \$710,000. The median price is up 8% on July 2019, and the number of sales is up 39%.



Western Bay of Plenty District followed a similar pattern, jumping up to 65 sales in July, with median price returning to \$675,000. The median price is up 22% on July 2019, and the number of sales is up 30%.

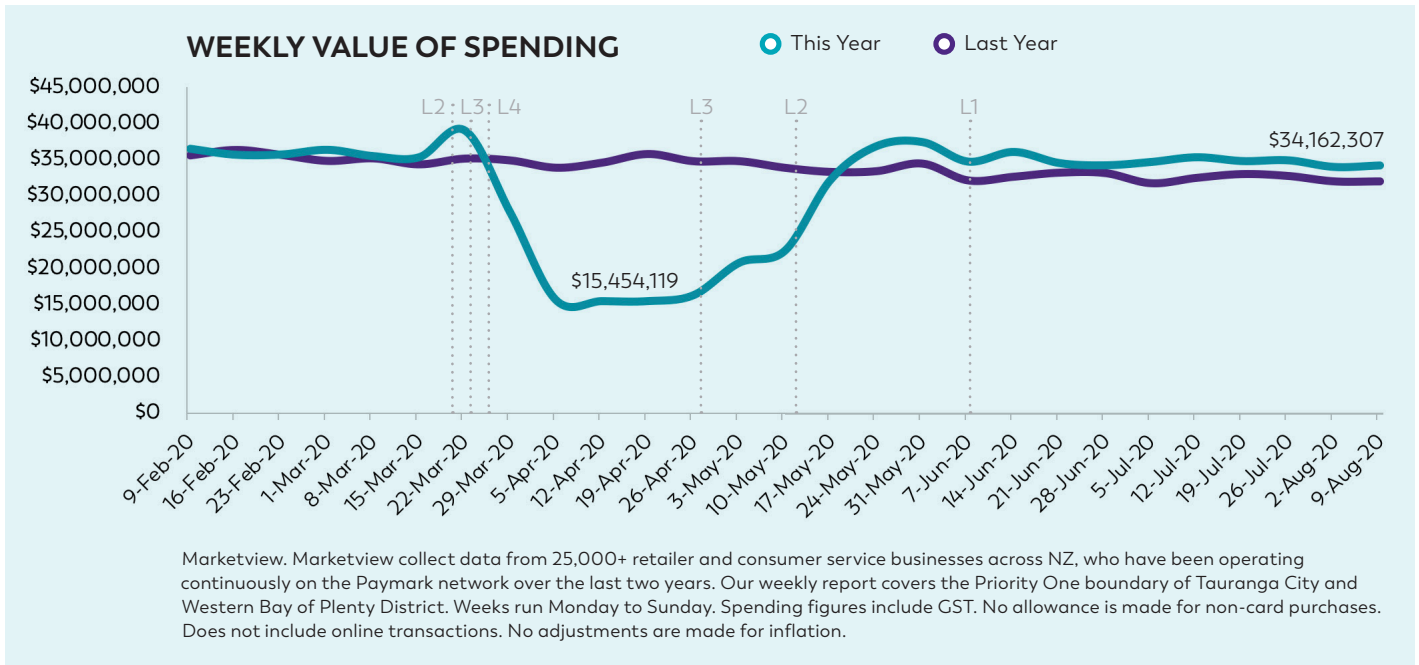




# Retail Spend

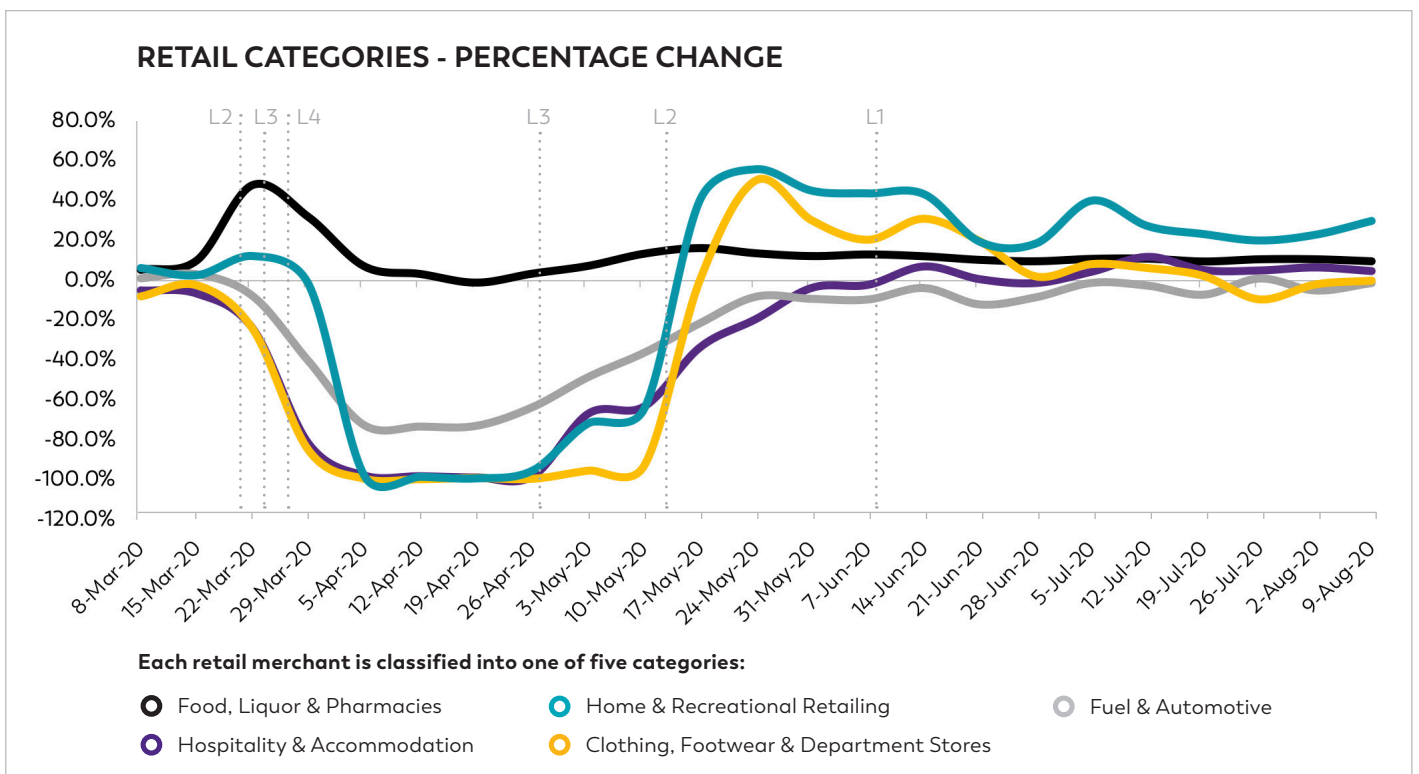
## Weekly Spend

Weekly spend has fully recovered to \$34.2m for the week ending 9 August, up \$200k on the week prior, and \$2.2m or 6.8% higher than the same week last year. New Zealand spend is only 2.8% higher than the same week last year.



## Retail Categories

Home & Recreation continues to lead higher consumer spend, up a huge 30% on the same week last year. Food Liquor & Pharmacy remains 10% higher this week, as is Hospitality & Accommodation at 5% higher. With the school holidays behind us, Clothing Footwear & Department Store spend is at the same level as last year, and Fuel & Automotive spend is down 1%.



## Online Spend

We don't have online spend for the Western Bay, but given our spend follows the national trend, and tends to be higher, we are presenting national online spend as an indication of local online spend.

Total online spend is up 2.8% on July 2019, with spend at domestic sites up 16.2% and spend on international sites down 16.1%.

Furniture, Housewares & Hardware dominate online spend as well as in-store spend, being 42% higher than the same time last year. Clothing, Footwear & Accessories spend is also 10% higher.

- 42%** Furniture, Housewares & Hardware
- 10%** Clothing, Footwear & Accessories
- 3%** Recreation, Toys, Games, Entertainment & Books
- 1%** Pharmacy, Cosmetics, Stationery, Antiques & Flowers
- 1%** Variety, Department & Other
- 2%** Groceries & Liquor
- 4%** Electrical & Electronic



## Employment

### Jobseeker Support

Jobseeker Support is the MSD benefit that workers receive from the Government when made redundant, under the Work Ready status.

Jobseeker numbers are again reasonably flat for July, with 96 added for Tauranga City and 58 for Western Bay of Plenty District – a total of 154 people for the month.

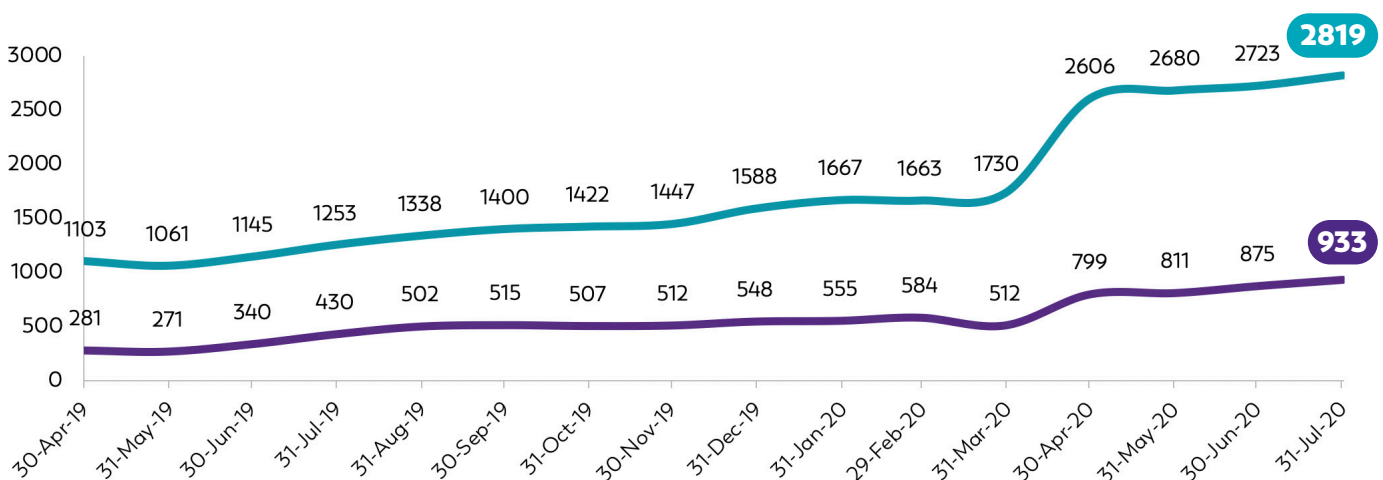
286 people in Tauranga City and 88 people in Western Bay of Plenty District have taken up the COVID-19 Income Relief Payment (CIRP) in July – a total of 374 people for the month.

Total new people registering for Jobseekers or CIRP is 528 for July for the Western Bay.



### JOBSEEKER SUPPORT - WORK READY

- Tauranga City
- Western Bay of Plenty District



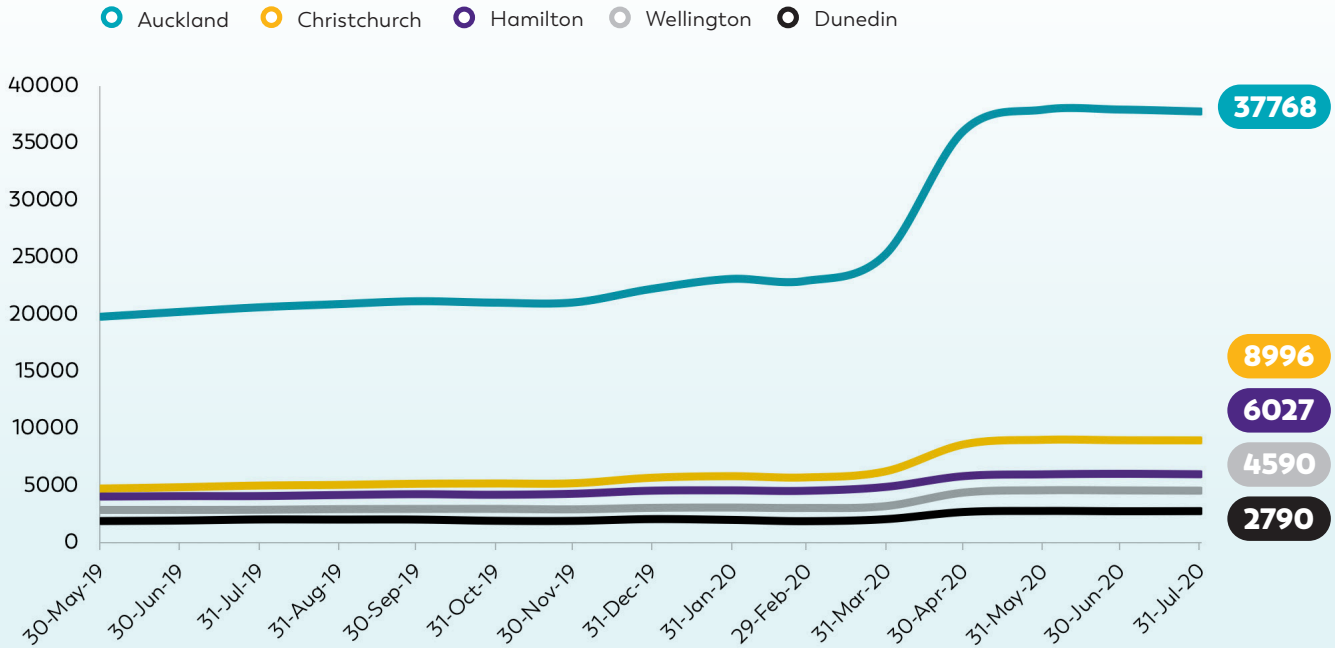
Ministry of Social Development, Monthly Benefits Update. Clients reported are working age 18-64 years.

## Other Cities

We have also charted Jobseeker Support numbers for Auckland, Wellington, Christchurch, Hamilton and Dunedin. All cities have declined marginally in July, except for Dunedin growing by 10 people.

However, CIRP uptake in each city is 4,130 for Auckland, 1,368 for Christchurch, 449 for Wellington, 287 for Hamilton, and 246 for Dunedin, indicating a more significant shift from Jobseeker Support to CIRP in the larger cities for July.

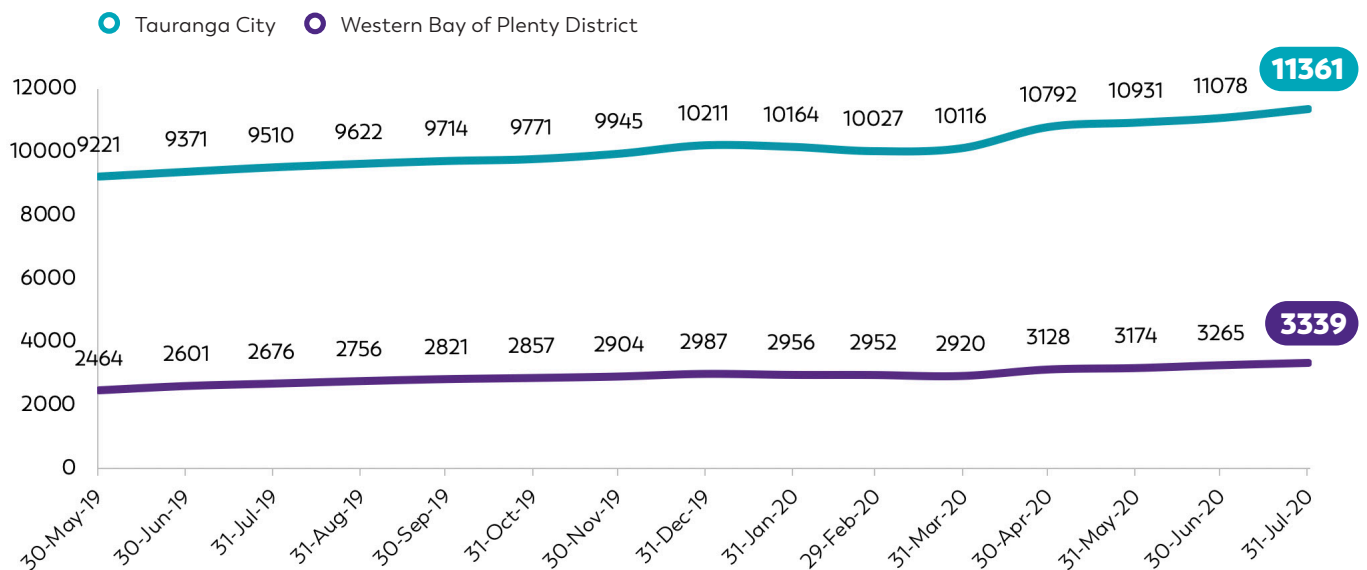
### JOBSEEKER SUPPORT - OTHER CITIES



Ministry of Social Development, Monthly Benefits Update. Clients reported are working age 18-64 years.

## Accommodation Supplement

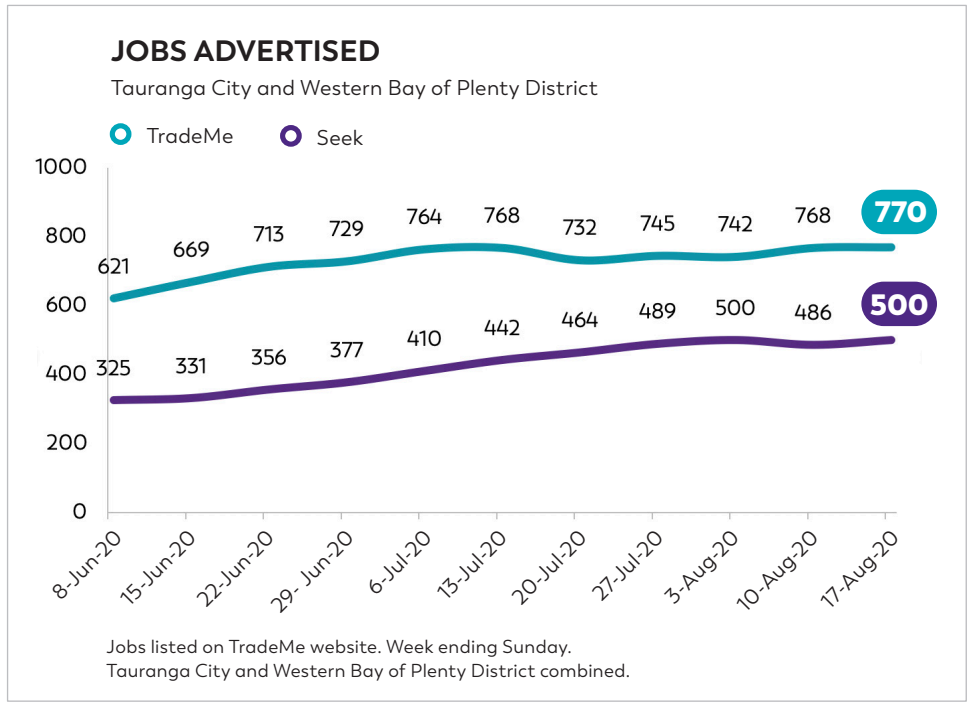
Accommodation Supplement numbers have increased by 283 for Tauranga City and 74 for Western Bay of Plenty District in July, slightly higher than in June.



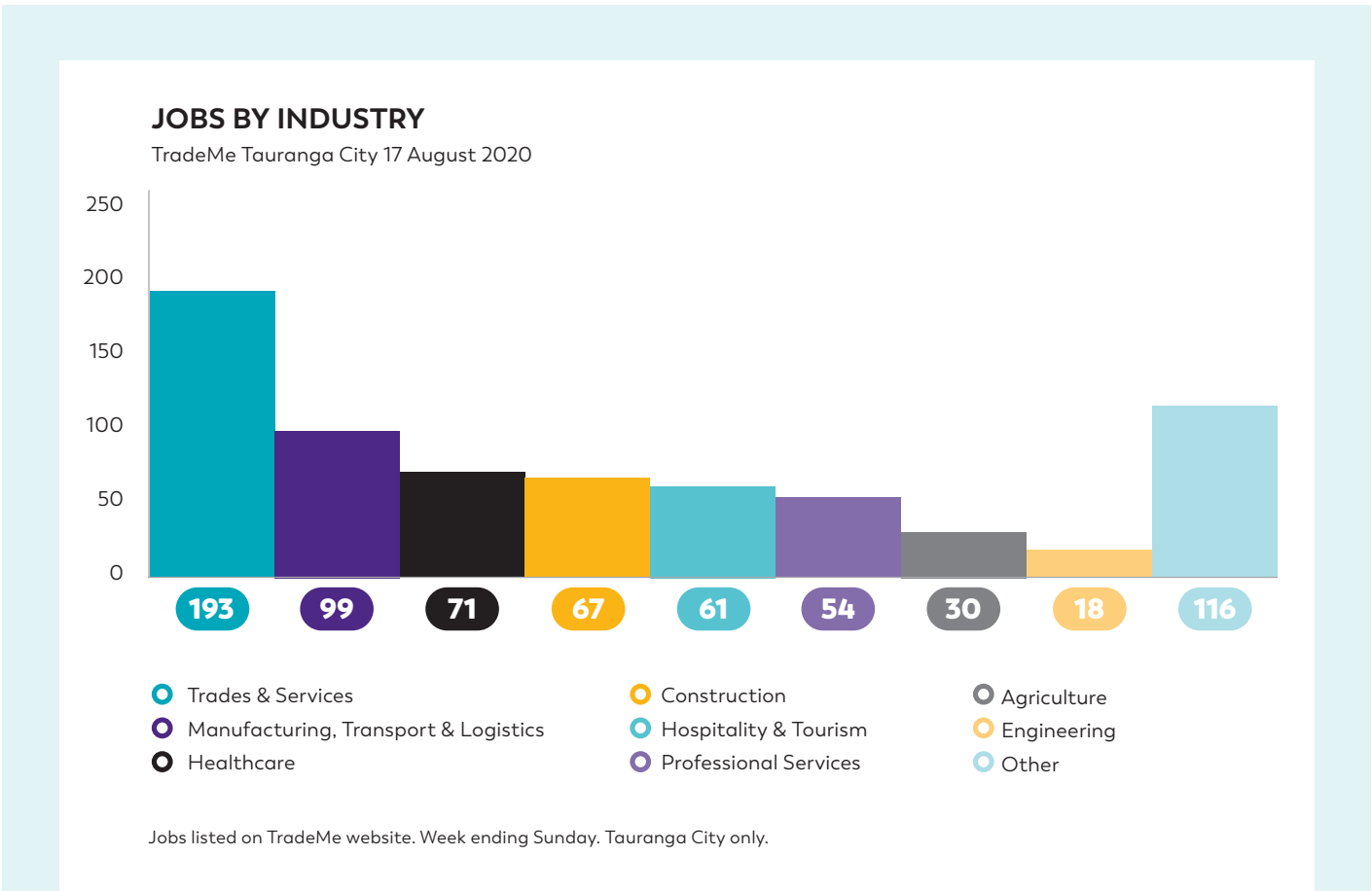
Ministry of Social Development, Monthly Benefits Update.

## Advertised Jobs

Job listings climbed throughout June until mid-July, and have levelled off somewhat since. 770 jobs were advertised on TradeMe and 500 on SEEK for the Western Bay sub-region on 17 August.



92% of all jobs listed on Trade Me for the whole Western Bay are located in Tauranga City.



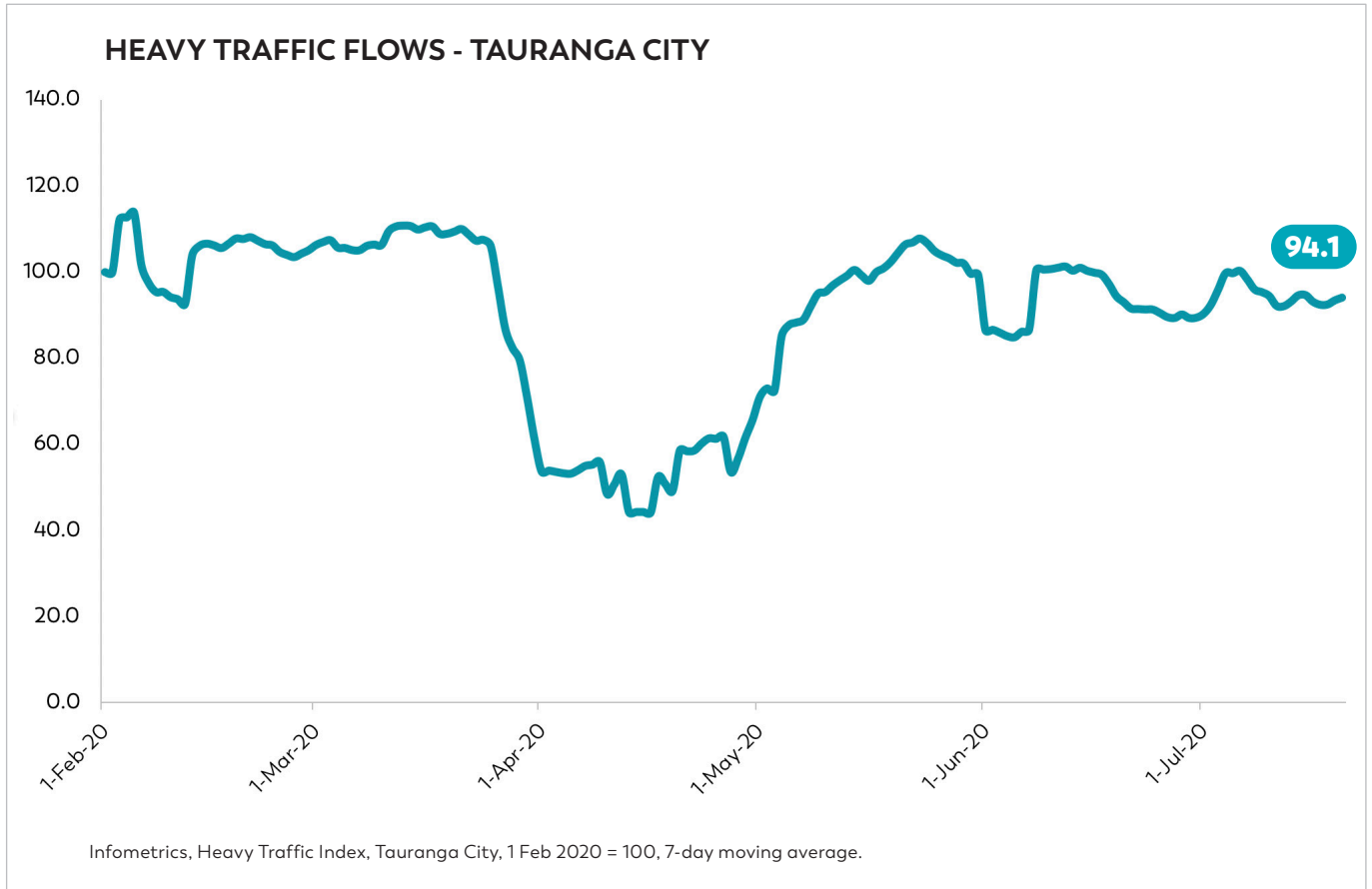
Trades & Services remains the highest industry each week and growing, with almost 200 vacancies this week. Manufacturing Transport & Logistics is also growing with almost 100 vacancies. Construction listings are steady, as are all other industries with a consistent number of job listings each week.



# Transport

## Heavy Traffic

Heavy traffic flows for Tauranga City dipped again from mid-June, being at 94% of February levels on 20 July.





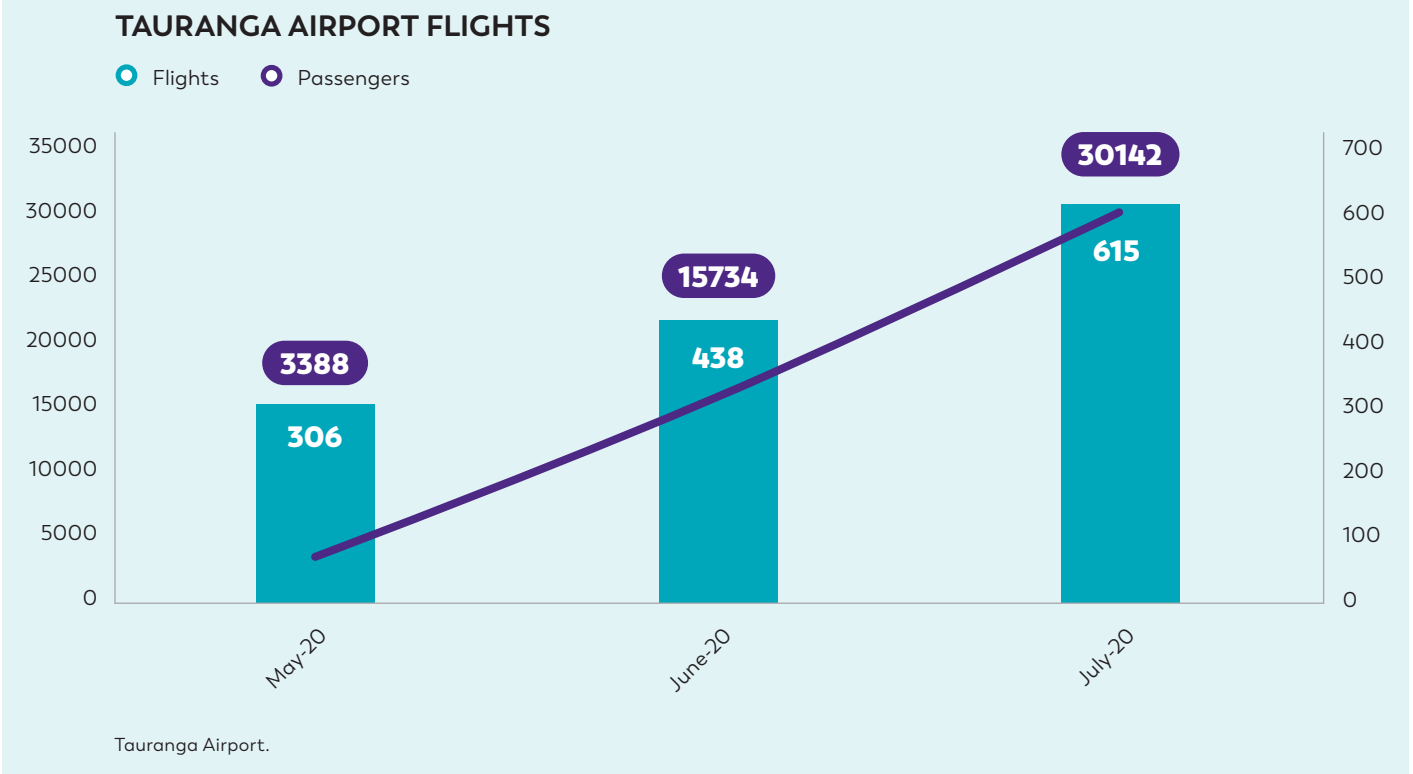
## Vehicle Registrations

Commercial vehicle registrations for Tauranga City have returned strongly, with 133 in June and 201 in July. Car registrations followed a similar pattern, with a massive 618 registrations in June and 669 in July.



## Airport Flights

Tauranga Airport is estimated to have returned to around 70% capacity in July, with 615 flights carrying 30,142 passengers. August flights will no doubt be impacted by Auckland's Alert Level 3 lockdown.

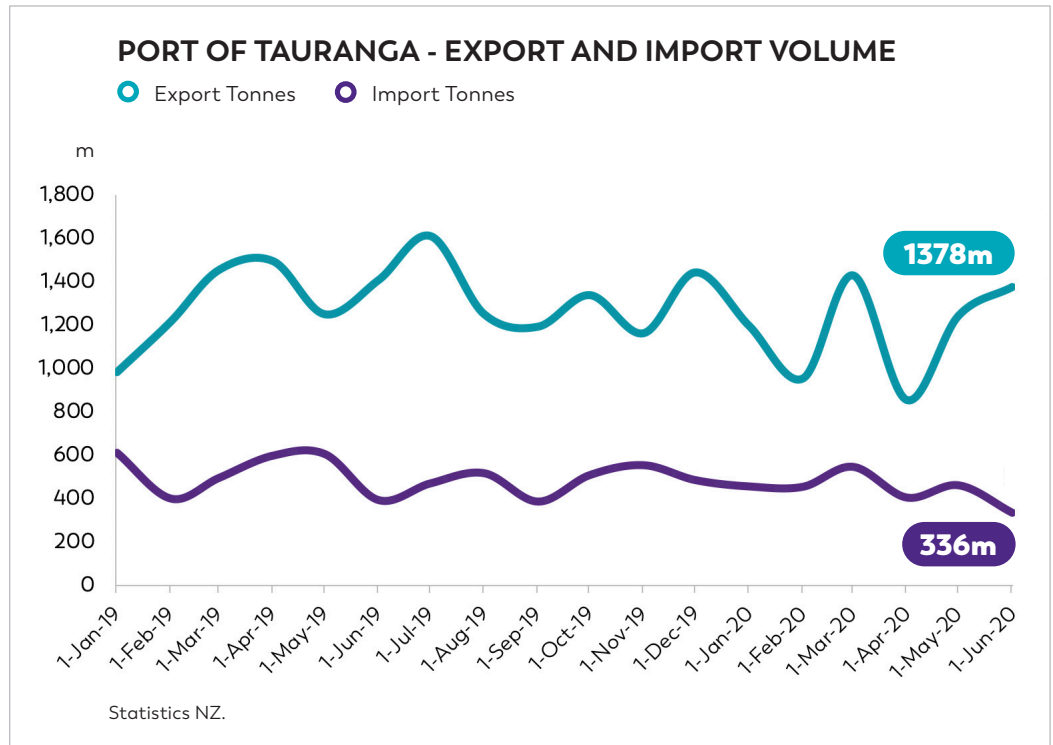


## The Port of Tauranga is a vital link to the world for the Western Bay

### Port Volumes

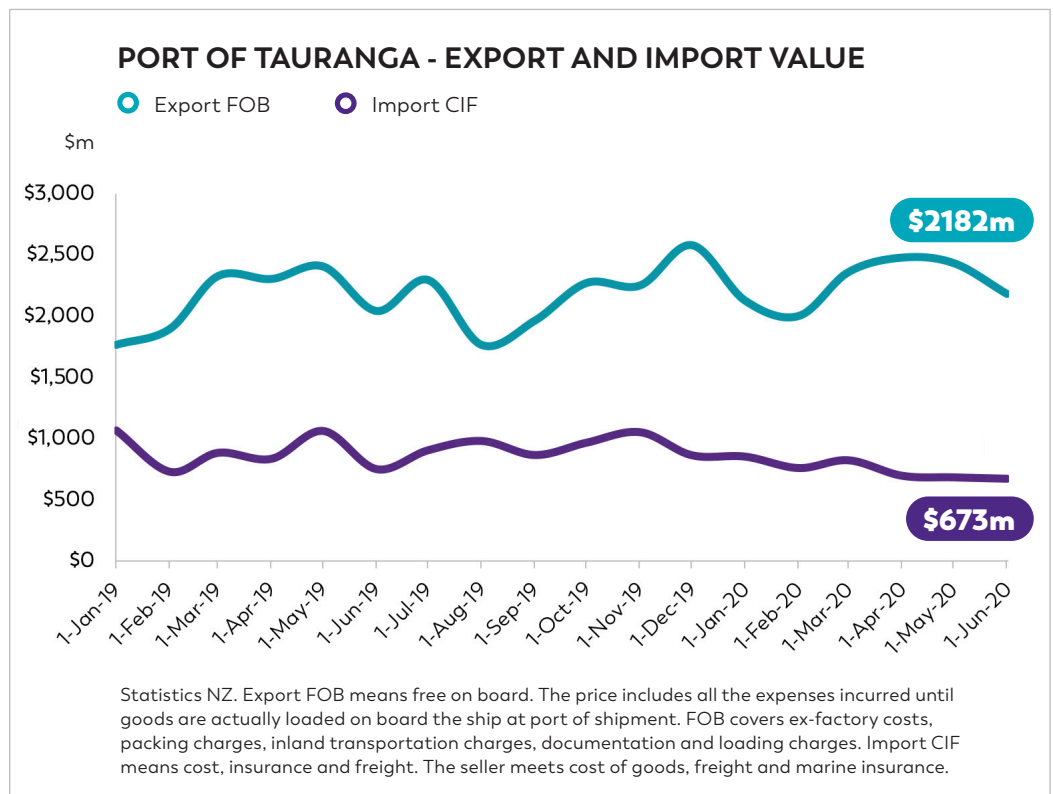
Port of Tauranga export volumes rose again in June to 1,378m tonnes, reaching pre-COVID levels.

Import volumes follow a downward trend since March, to a low of 336m tonnes.



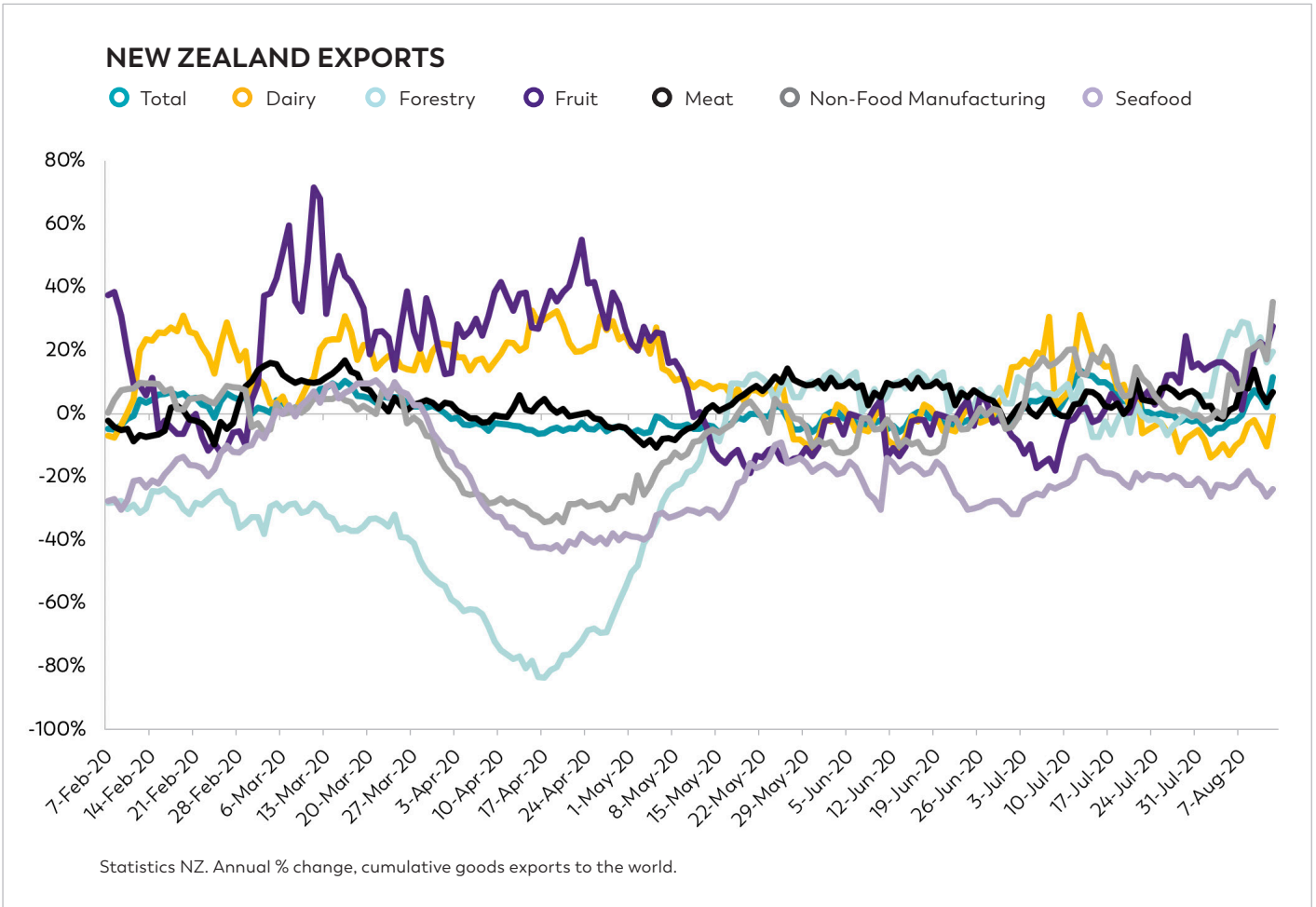
### Port Values

Export values dipped in June to \$2,182m. Import values have been flat since April, and was at \$673m for June.



## NZ Exports

In early August, total exports returned to positive annual growth, led by Forestry, Fruit and Non-Food Manufacturing, while Dairy volumes have dipped. Seafood has sustained an average decline of over 20% since mid-June due to reduced international demand in the hospitality sector.



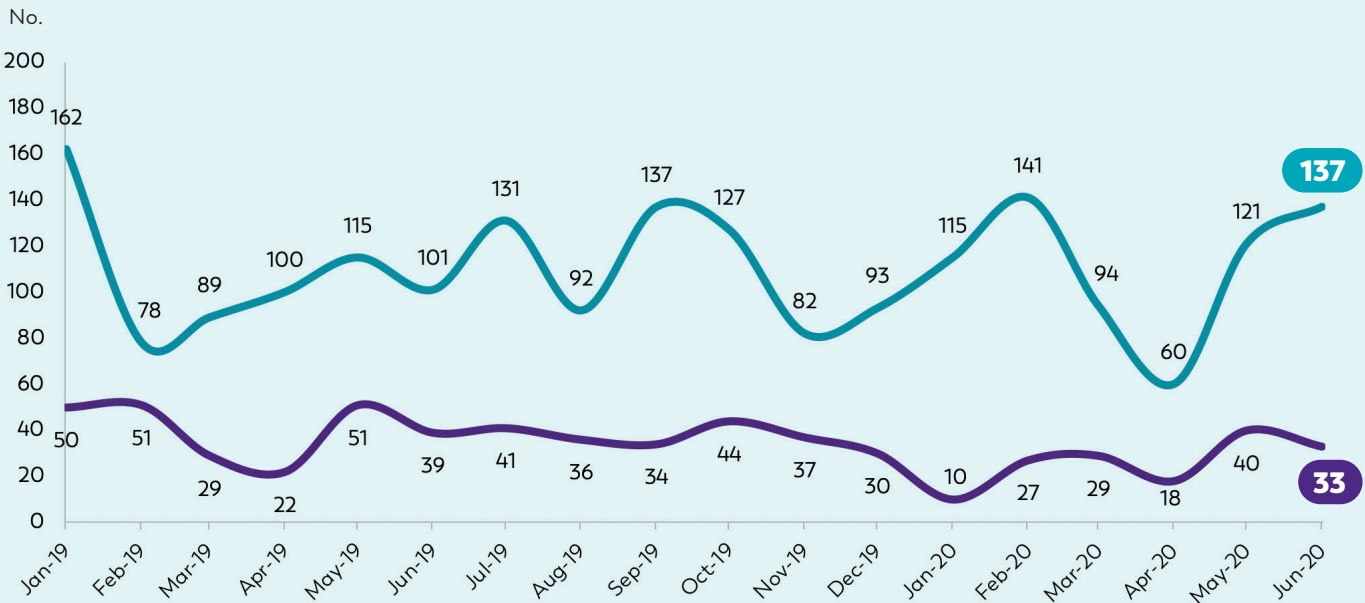


# Consents

Residential Consents rose again in June for Tauranga City, with 137 consents issued worth \$49m. Western Bay of Plenty District residential consents dropped slightly to 33 consents worth \$11m.

## RESIDENTIAL BUILDING CONSENTS VOLUME

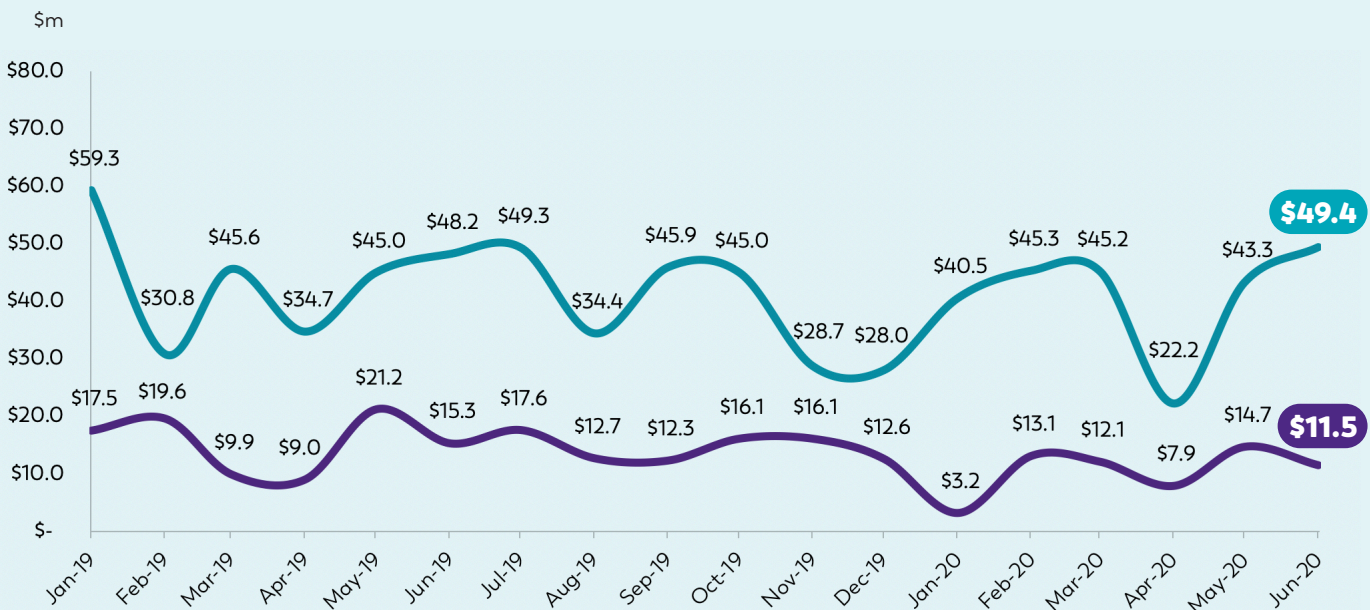
Tauranga City Western Bay of Plenty District



Statistics NZ.

## RESIDENTIAL BUILDING CONSENTS VALUE

Tauranga City Western Bay of Plenty District

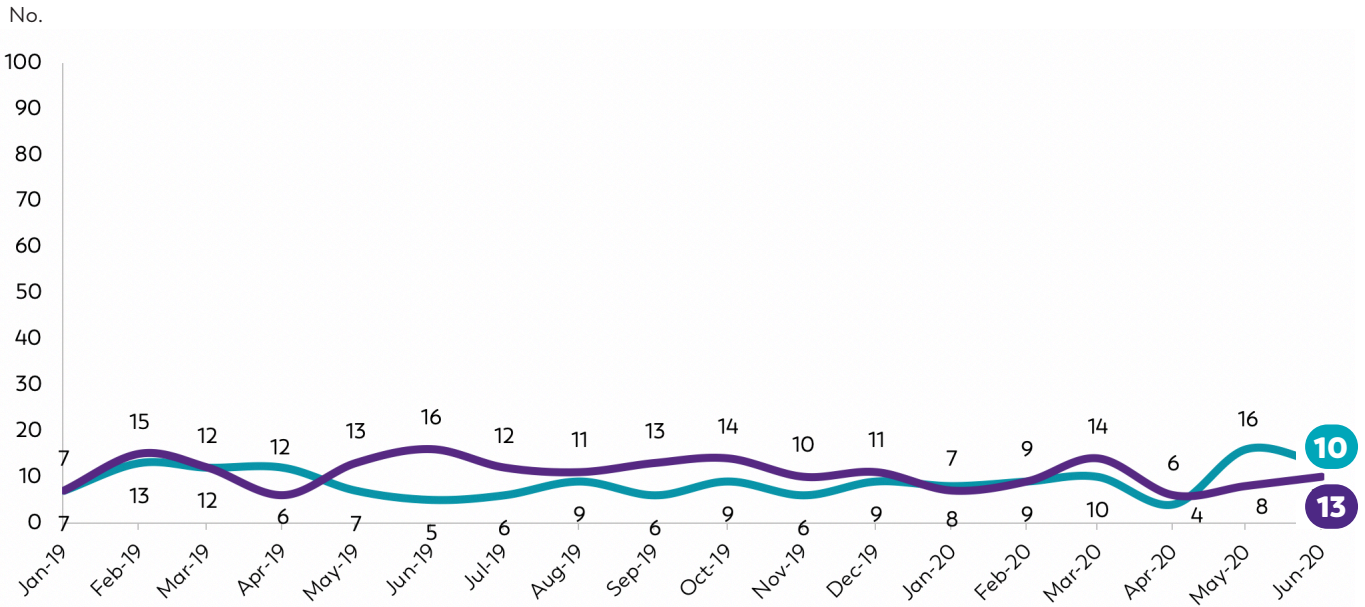


Statistics NZ.

Non-Residential Consents increased slightly in June for Western Bay of Plenty District to 10 consents, yet for a relatively low value of only \$0.5m. Tauranga City decreased slightly to 13 non-residential consents in June, also for a much lower value of \$14.3m.

### NON-RESIDENTIAL BUILDING CONSENTS VOLUME

Tauranga City Western Bay of Plenty District



Statistics NZ.

### NON-RESIDENTIAL BUILDING CONSENTS VALUE

Tauranga City Western Bay of Plenty District



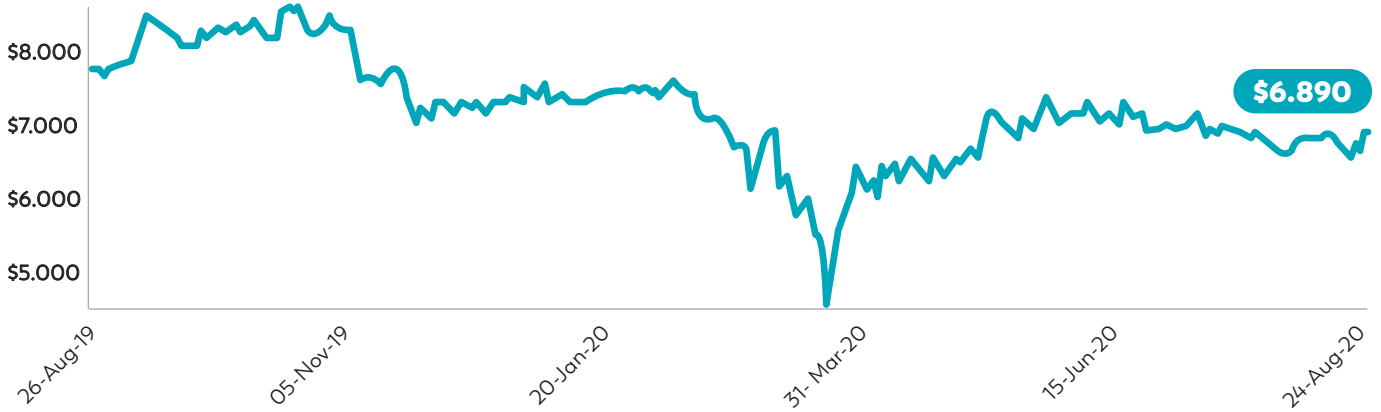
Statistics NZ.



# Share Prices

## TRUSTPOWER

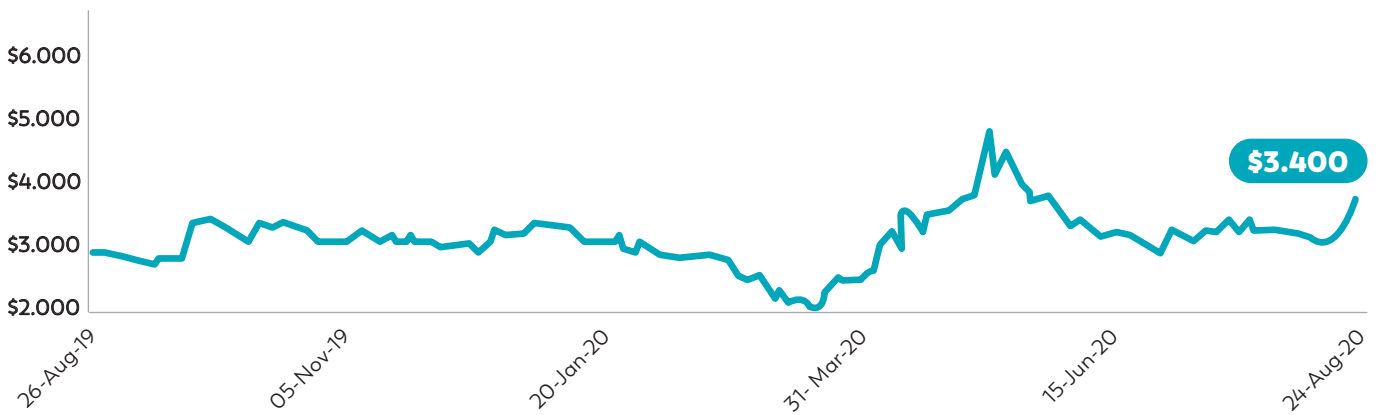
\$6.890 on Monday 24 August 2020.



[nzx.com/instruments/TPW](https://nzx.com/instruments/TPW)

## COMVITA

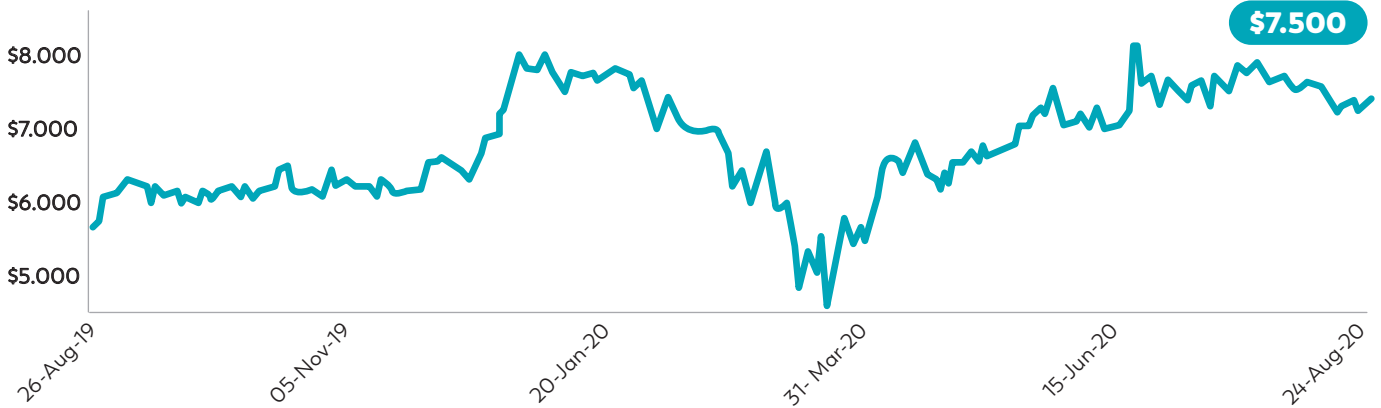
\$3.400 on Monday 24 August 2020.



[nzx.com/instruments/CTV](https://nzx.com/instruments/CTV)

## PORT OF TAURANGA

\$7.500 on Monday 24 August 2020.



[nzx.com/instruments/POT](https://nzx.com/instruments/POT)



# Government Financial Support

New Zealand will borrow about \$30b to spend on its COVID-19 response this year and is currently borrowing about \$1b per week. The borrowing has been financed by the New Zealand Government selling bonds, which international markets gobble up, due to their relative scarcity and low-risk profile.

We do not have figures by Territorial Authority for the Wage Subsidy Scheme, as the application process captures the business that applied and its geographical location, rather than individuals and where they reside.

Nationally, as at 7 August:

## Wage Subsidy Scheme

### Payments

**\$13.1 billion**

paid out to approved Wage Subsidy and Leave Payment Scheme applications up to the week ending 7 August 2020, of which \$2.1b were under the Wage Subsidy Extension, paid between 10 June and 7 August 2020.

**1,732,704 jobs**

associated with a paid application up to the week ending 7 August 2020, of which 481,998 jobs were under the Wage Subsidy Extension between 10 June 2020 and 7 August 2020.

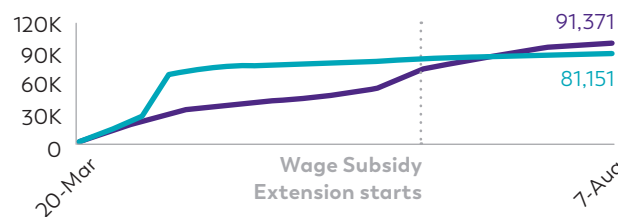
### NUMBER OF APPLICATIONS RECEIVED AND APPROVED

Received Approved



### NUMBER OF APPLICATIONS CLOSED AND DECLINED

Closed Declined



### Refunds

**\$379.1 million**

total value of refunds received up to 7 August 2020, an increase of \$24.8m when compared with the week ending 31 July 2020.

**12,406 refunds**

received in total up to 7 August 2020, an increase of 736 when compared with the week ending 31 July 2020.

## COVID-19 Income Relief Payment (CIRP)

People who lose their job between 1 March and 30 October 2020 can apply for CIRP from 8 June until 13 November 2020. Numbers reported are of those eligible, aged 16 and older.

### BETWEEN 8 JUNE AND 7 AUGUST 2020

**25,133 grants\***

granted for CIRP. Of those, 1,619 were during the week ending 7 August 2020.

**3,396 transfers\*\***

from Jobseeker Support to CIRP occurred. Of those, 36 were during the week ending 7 August 2020.

### CURRENT RECIPIENTS, AS AT 7 AUGUST 2020

**21,988** recipients\*\*\* of CIRP.

**2,839** recipients or 12.9% transferred from Jobseeker Support to CIRP.

**19,745** full-time recipients of CIRP.

**2,243** part-time recipients of CIRP.

\* CIRP grants can be subsequently suspended or cancelled if the recipient gains employment or a grant was applied incorrectly. This means total grants over time will not add up to the number of CIRP recipients.

\*\* Transfers to CIRP from Jobseeker Support are counts of people granted CIRP, who were recently in receipt (or the partner of a primary recipient) of Jobseeker Support, either point-in-time or cumulative.

\*\*\* CIRP recipients are counts of the total number of people receiving CIRP.

## Fiscal Strategy of the Government

The Government's short-term fiscal intentions include running operating deficits and allowing the level of net core Crown debt to rise in the short term to fight COVID-19, cushion its impact and position New Zealand for recovery.

Initiatives  
are in place  
to respond  
to COVID-19

### The Government's long-term objectives are to:

- Maintain total debt at prudent levels.
- Stabilise and then reduce net core Crown debt to prudent levels over the long term (subject to any significant shocks) and beyond. Prudent levels of net core Crown debt are those that are within sustainable limits and provide a buffer for future shocks.
- Return the operating balance (before gains and losses) to surplus over the long term and maintain an operating balance consistent with the debt objective thereafter.
- Ensure operating expenses support a responsible and proportionate role for the Government in maintaining a productive, sustainable and inclusive economy, consistent with the debt and operating balance objectives.
- Ensure a progressive taxation system that is fair, balanced and promotes the long-term sustainability and productivity of the economy, consistent with the debt and operating balance objectives.
- Use the Crown's net worth to maintain a productive, sustainable and inclusive economy, consistent with the debt and operating balance objectives.

[treasury.govt.nz/information-and-services/financial-management-and-advice/fiscal-strategy](https://treasury.govt.nz/information-and-services/financial-management-and-advice/fiscal-strategy)

## Monetary Policy of the Reserve Bank

### The Reserve Bank's Monetary Policy covers the following:

- Working closely with the whole of Government and industry to keep our financial system stable ensuring foreign exchange, debt and money markets are operating efficiently and at low cost.
- Keeping cashflow moving around the economy – between banks, firms, households, and the Government.
- A range of initiatives in place to respond to COVID-19.

### Monetary Policy

- Keeping interest rates low to build confidence and enable cheaper lending for businesses and households.
- Lowered the Official Cash Rate from 1% to 0.25% and committed to keeping it there for at least the next year.
- Keeping long-term interest rates down by buying up to \$100b of bonds in the secondary market by June 2022. The Large Scale Asset Purchase (LSAP) Programme includes NZ Government

Bonds, Local Government Funding Agency Bonds and NZ Government Inflation-Indexed Bonds.

### Financial Stability

- 'Banking the banks' to maximise their access to cash and keep the economy stable.
- Ensuring banks can access enough cash to keep lending at low interest rates (ESAS Tiers, Term Auction Facilities and Term Lending Facility) and providing additional channels for banks to keep funding corporate clients (Corporate Open Market Operations).
- Removed mortgage loan-to-value ratio (LVR) restrictions for the next 12 months. This is to ensure LVR restrictions don't have an undue impact on borrowers or lenders as part of the mortgage deferral scheme implemented in response to the COVID-19 pandemic. It will help banks support their customers and removes a potential obstacle to the flow of credit in the economy, helping to soften the downturn and maintain financial stability.

### Safe Cash

- Meeting the needs for access to cash – making sure there's plenty of cash and it's safe to use.
- Made provisions to ensure cash is well distributed and people can access it all around New Zealand.
- Monitoring and working closely with cash system players to ensure a stable supply.

### Support

- Working with the Government to support households and businesses.
- Helped roll out the Government mortgage payment deferrals and business finance guarantee scheme. To help banks and other regulated firms focus on supporting households and businesses, also deferred some regulatory initiatives, including the planned increases in bank capital requirements, and allowing firms some delays in their reporting and disclosure.

[rbnz.govt.nz/covid-19](https://rbnz.govt.nz/covid-19) 30 June 2020





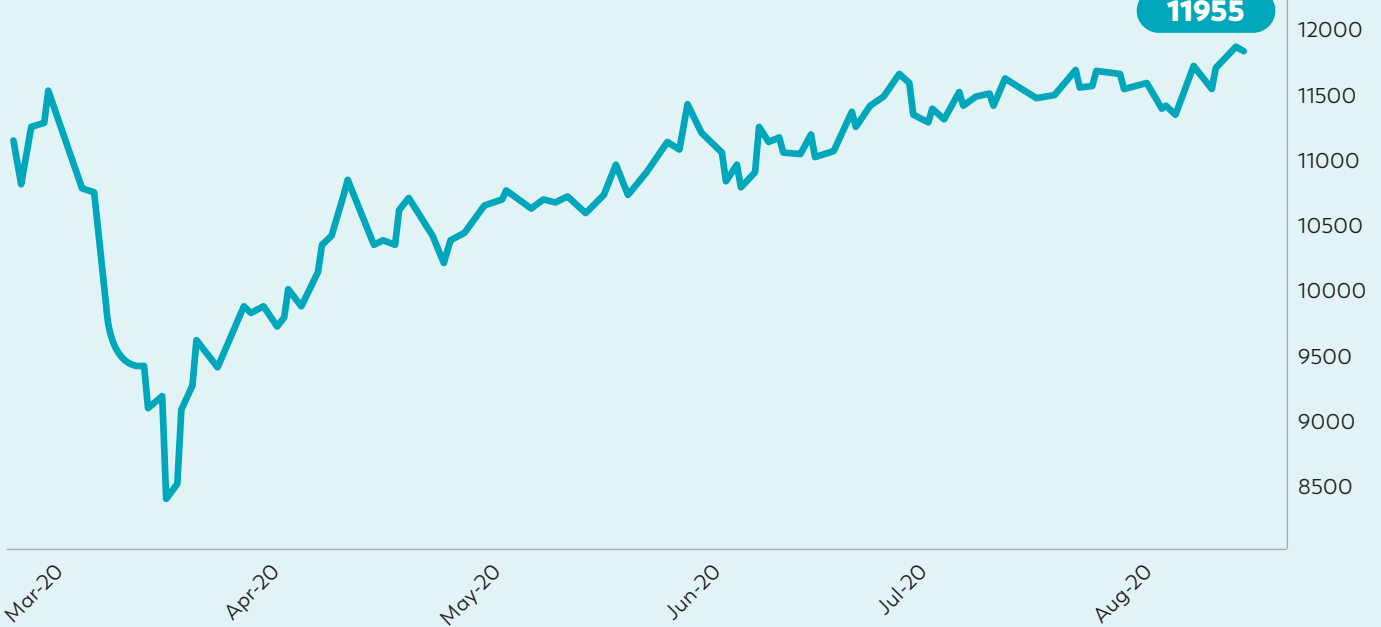
# New Zealand

## NZ Stock Market

New Zealand's main stock index opened higher on Tuesday 25 August, extending gains for a fourth straight session.

### NZX 50 INDEX GROSS

11955



[tradingeconomics.com/new-zealand/stock-market](https://tradingeconomics.com/new-zealand/stock-market)

## NZ Dollar

The NZDUSD increased 0.0009 or 0.13% to 0.6532 on Tuesday 25 August from 0.6524 in the previous trading session.

### NZDUSD

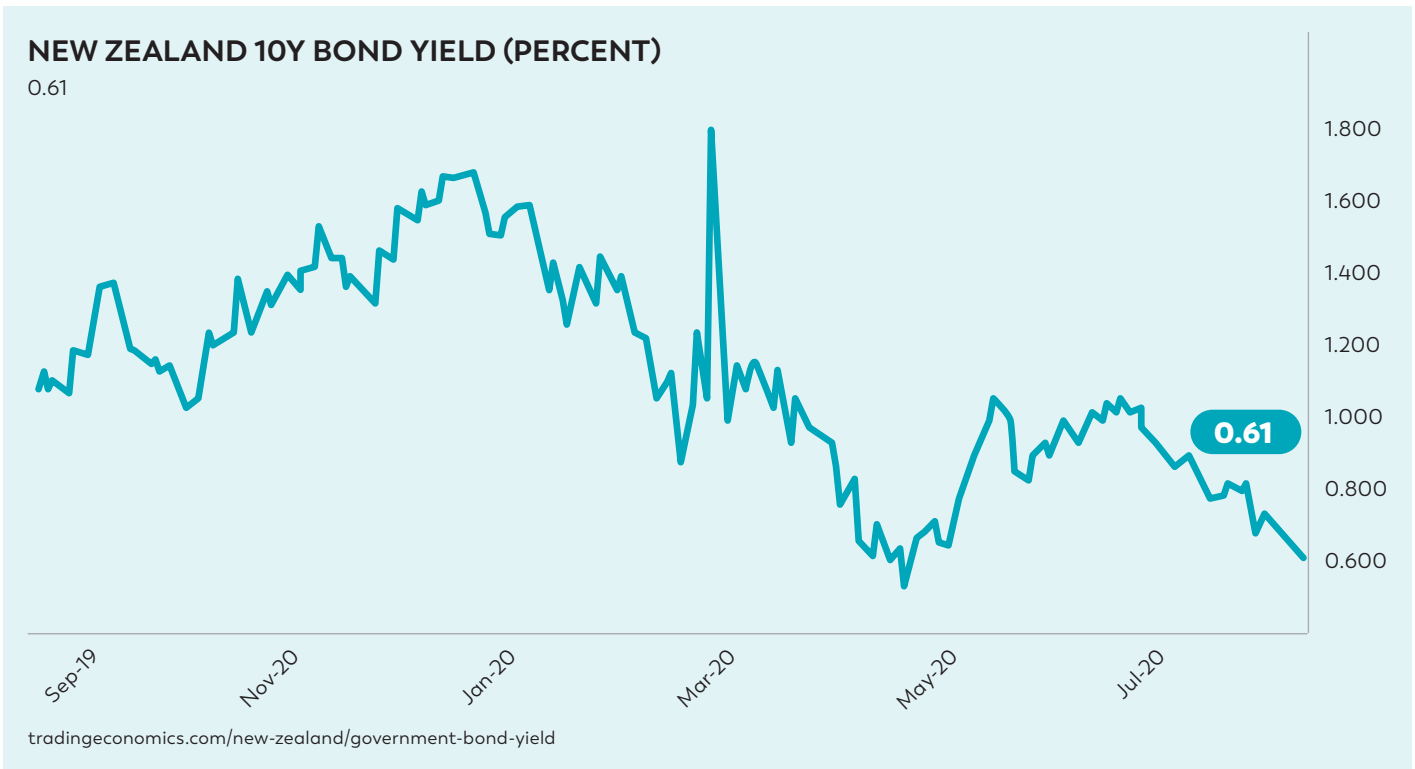
0.6534



[tradingeconomics.com/new-zealand/currency](https://tradingeconomics.com/new-zealand/currency)

## NZ 10 Year Bonds

New Zealand 10Y Bond Yield was 0.61 percent on Monday 24 August.



## NZ Balance of Trade

New Zealand's trade surplus widened to \$426m in June from \$330m in the same month of the previous year. Exports increased \$107m or 2.2% to \$5.1b, led by a 7.9% jump in sales of milk powder, butter and cheese. Meanwhile, imports were little changed (up 0.2% or \$11m) to \$4.6b.

