



Priority One  
Tauranga  
Moana

# Economic Monitor

July 2020

**Over the last three months, we've been keeping a watching eye on the Western Bay of Plenty economy by tracking measures that will help us understand the impact of COVID-19.**

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

We do not present forecasts for employment or GDP, as these measures take time to be meaningfully reported. Many exist at the national level, yet they are broad, vary across commentators and don't extrapolate well at regional level. Time will tell what happens when the Wage Subsidy expires and household financial support runs out.

**We are cautiously optimistic that Western Bay economic data points to a V shape recovery at this stage. However, there are still many unknowns which could influence the shape of recovery over time. We will keep you updated monthly.**

## Context

Now we are at Alert Level 1, consumers have returned to semi-normal patterns and way of life. Without social distancing restrictions, schools and businesses are running as usual, with the change that many employees continue to work from home at least some of the time.

The Government response has been targeted towards maintaining employment in the short term. This appears to have been successful, as we aren't aware of large scale redundancies or business failures in the Western Bay as yet.

## Key Dates

LEVEL 2	Saturday 21 March
LEVEL 3	Monday 23 March
LEVEL 4	11:59pm Wednesday 25 March
LEVEL 3	11:59pm Monday 27 April
LEVEL 2	11:59pm Wednesday 13 May
LEVEL 1	11:59pm Monday 8 June

## V shape or U shape?

In our May webinar, we outlined three shapes the economy could take – V, U or L:



### V-SHAPED

Temporary shock leading to short-term reduction in demand, which quickly recovers once the shock alleviates.



### U-SHAPED

Shock breaks the growth trend leading to suppressed growth for a few years but ultimately recovery.



### L-SHAPED

Shock that perpetually breaks growth trend, involving a structural change in the economy that shifts future growth trend.

The factors we're monitoring appear to reflect the success of New Zealand's health response to COVID-19, which has in turn been successful in restarting our local economy after lockdown hibernation.

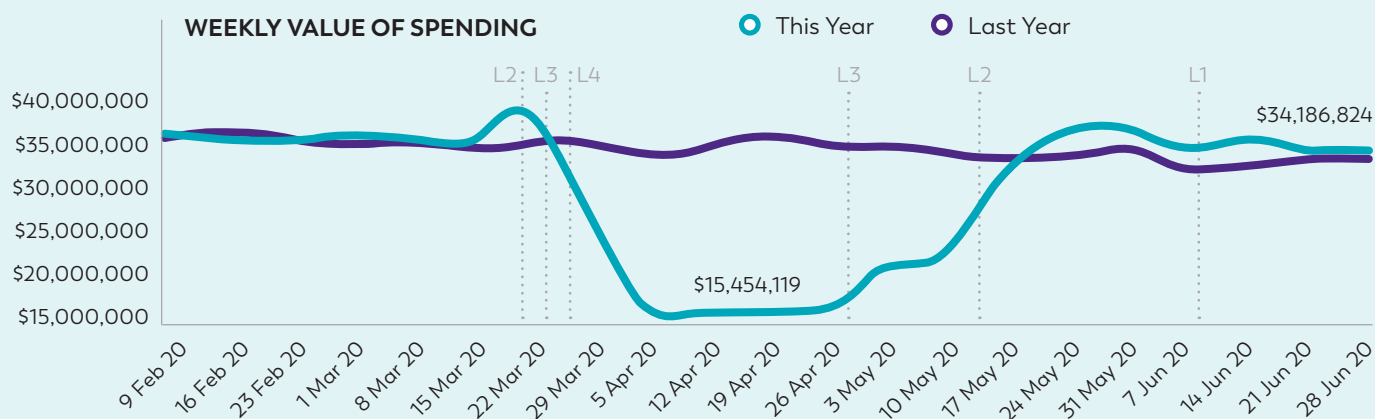
**Throughout this Economic Monitor you'll see many examples of datasets collected over the last three months that reflect a V shape - a temporary shock leading to short-term reduction in demand, which is recovering now the shock has alleviated. We will continue monitoring economic data as changes occur and keep our members informed.**



## Retail Spend

We've been tracking weekly Retail Spend since March, as an indicator of changes in consumer behaviour. Since lockdown started on 25 March, weekly spend has followed a V shape – short-term reduction, then quick recovery to normal level, and in fact above last year since Alert Level 2 in mid-May.

Retail spend is around \$100m less for the lockdown period. However, one figure we don't have is online retail spending, so it's hard to know how much value was actually lost. Overall, there has been a positive recovery in consumer spending.



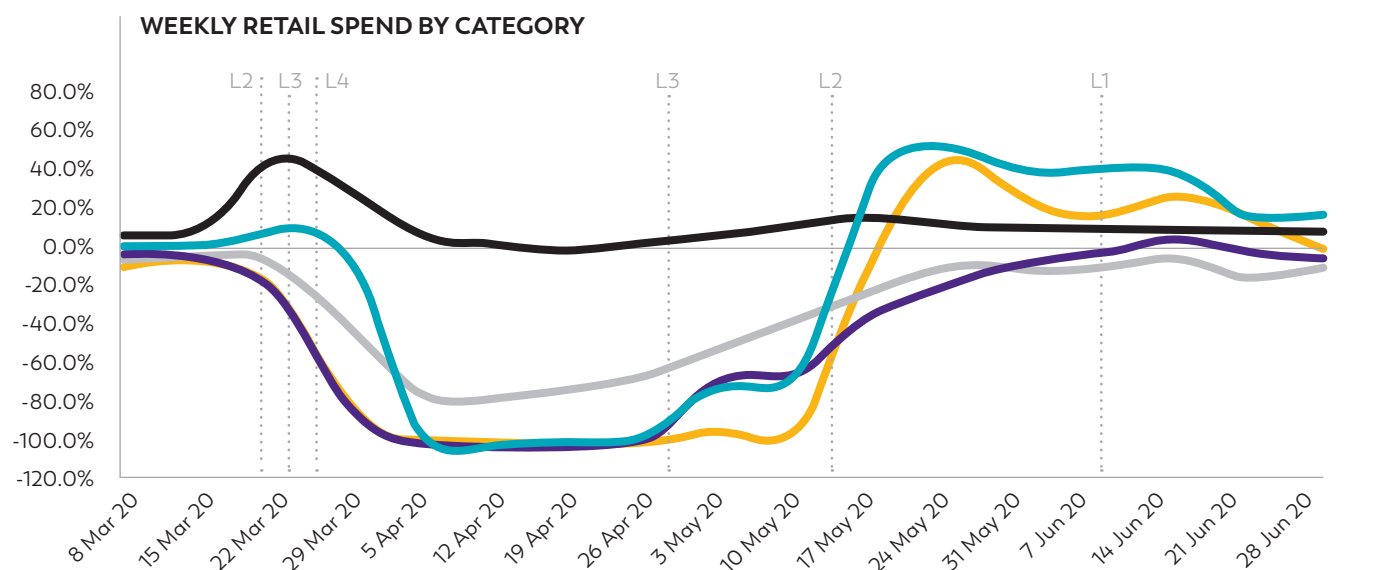
Marketview collect data from 25,000+ retailer and consumer service businesses across NZ, who have been operating continuously on the Paymark network over the last two years. Our weekly report covers the Priority One boundary of Tauranga City and Western Bay of Plenty District. Weeks run Monday to Sunday. Spending figures include GST. No allowance is made for non-card purchases. Does not include online transactions. No adjustments are made for inflation.



## Retail Categories

Each retail merchant is classified into one of five categories:

- Food, Liquor & Pharmacies
- Hospitality & Accommodation
- Fuel & Automotive
- Clothing, Footwear & Department Stores
- Home & Recreational Retailing



### Ups and downs are easing

It has now been a whole quarter since the beginning of Alert Level 4. Retail spend shows how people's consumption behaviours were curtailed and have bounced back as restrictions eased. Alert Level 2 was announced on 21 March, followed closely by Alert Level 3 on 23 March, then Alert Level 4 on 25 March.

There was already anticipation of some form of lockdown, evidenced by a sharp peak in Food Liquor & Pharmacies as panic buying started early and households stocked up on the essentials.

We saw a two-week lift in Home & Recreation spending, as people bought appliances, home office gear and supplies for DIY projects during lockdown. Retailers closed on 25 March.

Already declining as less people were out and about, Hospitality & Accommodation and Clothing Footwear & Dept Stores spending also ground to a halt from 25 March.

Essential workers meant Fuel & Automotive spending continued, albeit at very low levels.

During Alert Level 4 all forms of card spending languished, until Alert Level 3 returned on 28 April.

Construction and selected industries returned to work with strict distancing, and businesses were able to do contactless deliveries. Both Hospitality & Accommodation

and Home & Recreation jumped up in these two weeks, as people ordered takeaways and products for their home.

Once Alert Level 2 was announced on 11 May for 14 May, consumer spending on Clothing Footwear & Department Stores and Home & Recreation rocketed up, peaking the following week.

Hospitality & Accommodation and Fuel & Automotive took a rather slower path, until Queen's Birthday weekend prompted more people to visit the area or get out and about.

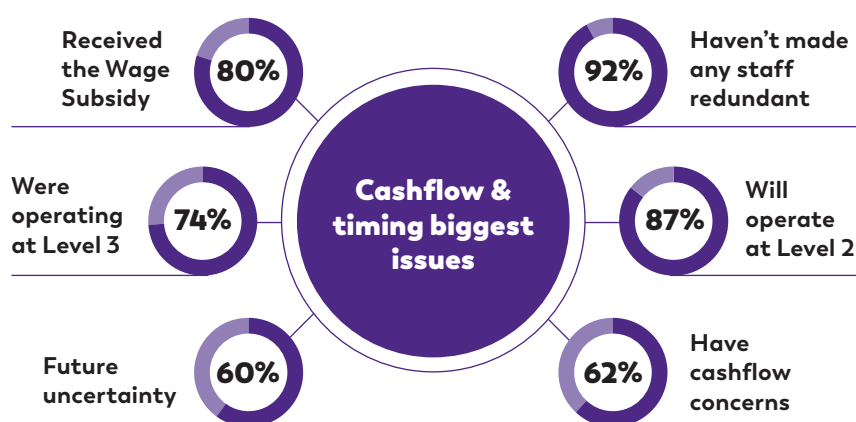
**Alert Level 1 from 8 June has seen spending categories return to near-normal levels. At 28 June:**

- Home & Recreation remains 19% above the same time last year.
- Food Liquor & Pharmacies are around 10% higher.
- Hospitality & Accommodation has returned to the same spend as the same week last year.
- Fuel & Automotive spend is around 10% down on last year.



## Employment

A very important factor in assessing the state of the local economy is employment. During lockdown we were aware of excellent sub-regional efforts to shift workers from industries that weren't able to operate, to those needing workers. Horticulture required workers for the kiwifruit season, and industries like forestry had people sitting idle. The timing was fortuitous in our local region, as kiwifruit demand eased off at the same time as workers were able to return to work at Alert Levels 3 and 2.



**We surveyed 451 local businesses during lockdown.**

80% were utilising the Wage Subsidy and 92% said they would not be making any staff redundant.

This appears to have played out as the economy has re-opened and the majority of workers remain employed.

Priority One, Tauranga Chamber of Commerce and Tourism Bay of Plenty surveyed 451 local businesses in April.

## Jobseeker Support

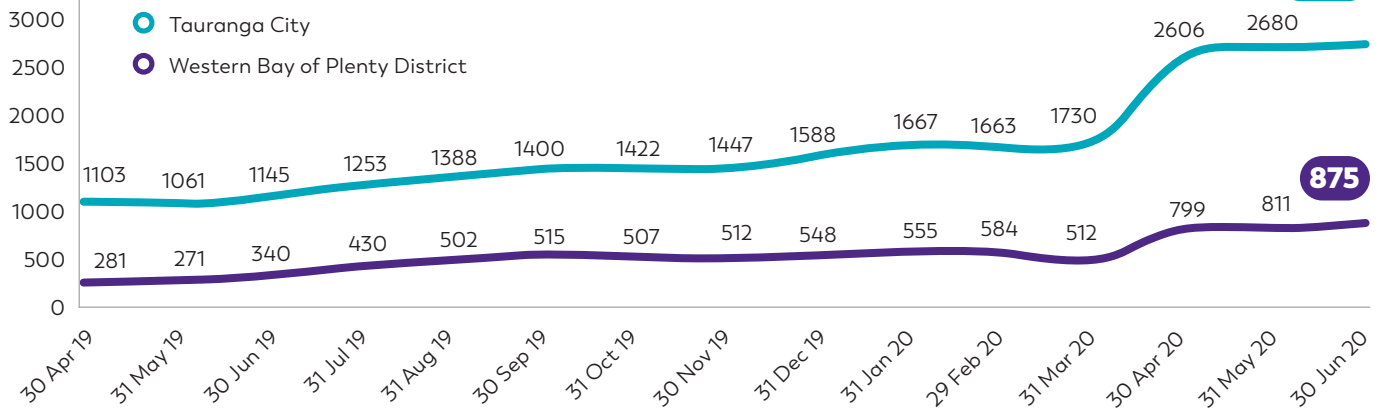
Jobseeker Support figures for June show a consistent pattern of job security in the Western Bay of Plenty sub-region under normal trading conditions.

The new COVID-19 Income Relief Payment (CIRP) has seen a slight shift from Jobseeker Support, with 291 people receiving the payment in Tauranga City and 66 in Western Bay of Plenty District.

In June, 2,624 people were transferred from Jobseeker Support to CIRP nationally, with 10,579 receiving CIRP in total.

A note of caution however, as the Wage Subsidy reached 12 weeks' tenure in early June. Some businesses will have been able to re-apply, whereas some will not meet the new criteria. The Wage Subsidy is due to expire on 1 September. In the meantime, we're pleased to report stable employment.

### JOBSEEKER SUPPORT - WORK READY

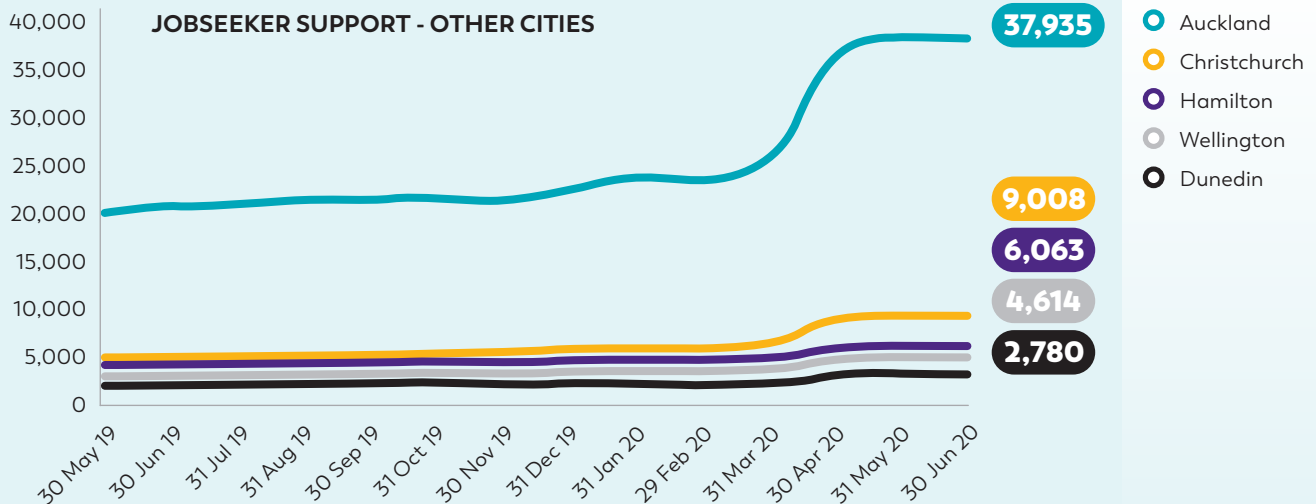


Ministry of Social Development, Monthly Benefits Update. Clients reported are working age 18-64 years.

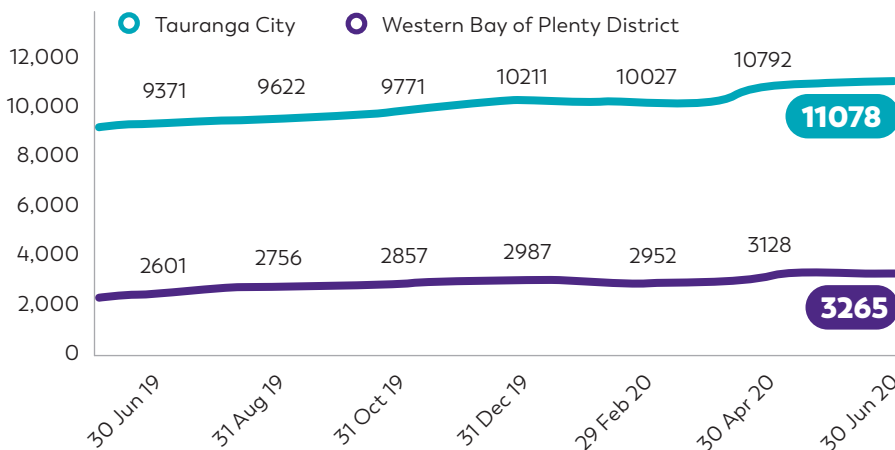
### Other Cities

To show relativity of Tauranga and the Western Bay to other cities across New Zealand, we have also charted Jobseeker Support numbers for Auckland, Wellington, Christchurch, Hamilton and Dunedin. They show the same trend – a lift in April, then flat in May and June. Auckland fared worst with 11,000 new additions to Jobseeker Support in April, dropping to 1,800 in May and only 5 in June.

### JOBSEEKER SUPPORT - OTHER CITIES



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



Ministry of Social Development, Monthly Benefits Update.

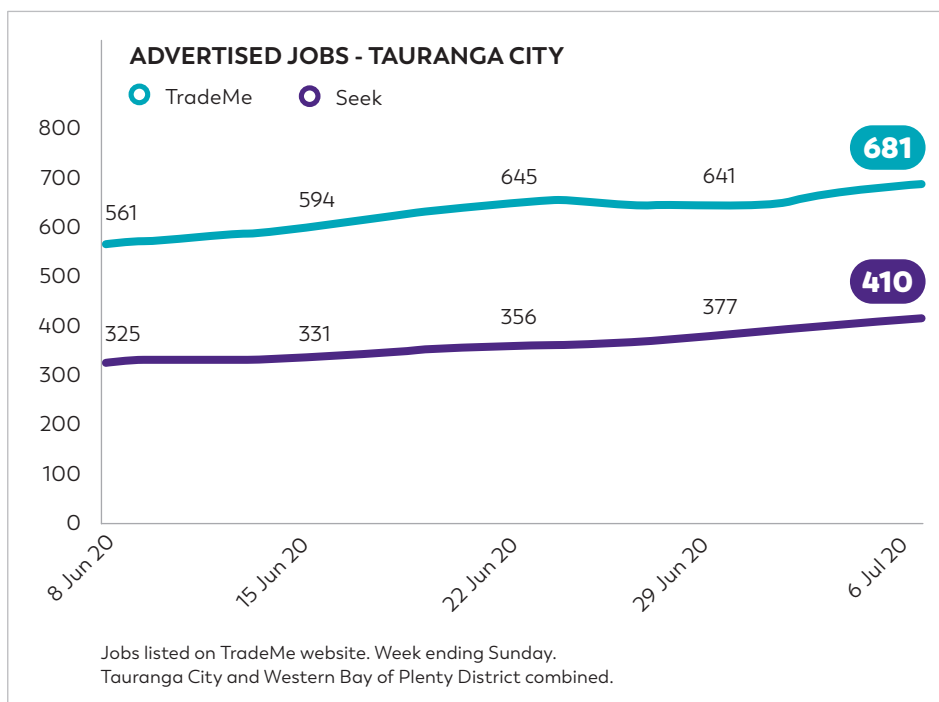
### Accommodation Supplement

Another MSD measure we're tracking monthly is uptake of the Accommodation Supplement, which would demonstrate hardship in meeting household accommodation costs. Following the pattern of Jobseeker Support, numbers of people receiving this benefit rose 7% in April, then only 1% in May and June, indicating the need was greater earlier in lockdown.

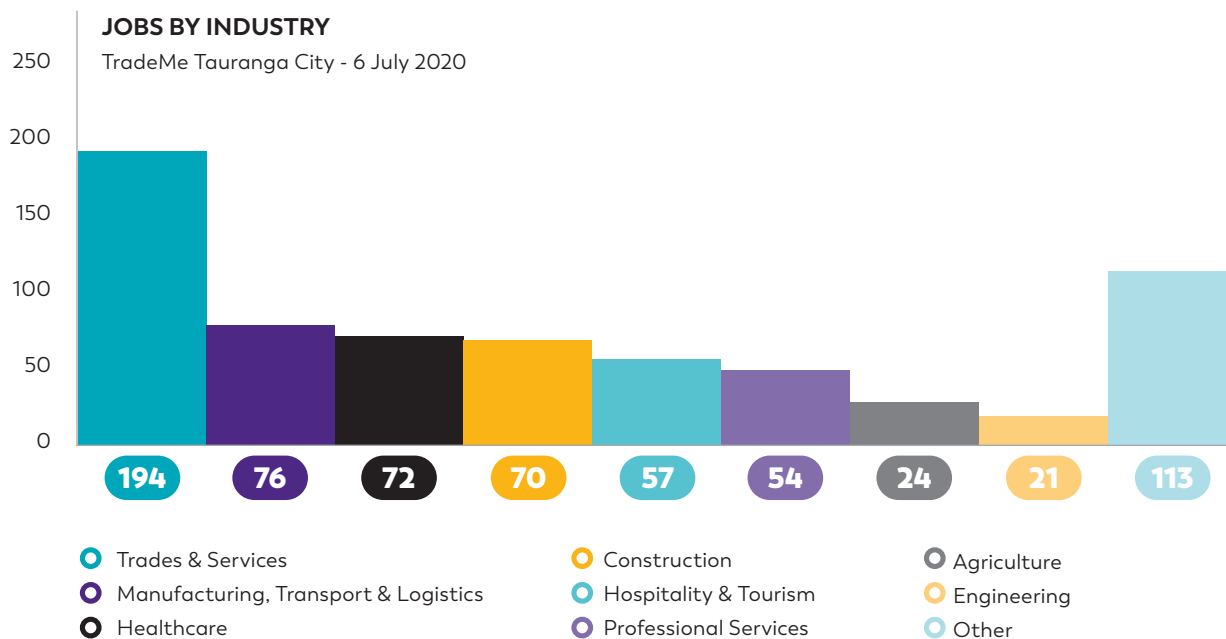
## Advertised Jobs

Alongside potential unemployment, we are tracking how many jobs are being advertised to show new employment opportunities. For the month of June, we counted jobs weekly on TradeMe and SEEK to get a feel for local business confidence and skills requirements.

Almost  
700 jobs  
listed on  
6 July



TradeMe lists around twice as many jobs as SEEK, and 90% of jobs are for Tauranga City. The highest category of Trades & Services has almost 200 jobs advertised (6 July), and the total number of jobs on TradeMe has grown by 100 over the last four weeks, showing buoyancy in job prospects.



**For Tauranga City, job numbers have increased by 6% on TradeMe and 9% on SEEK week on week.**

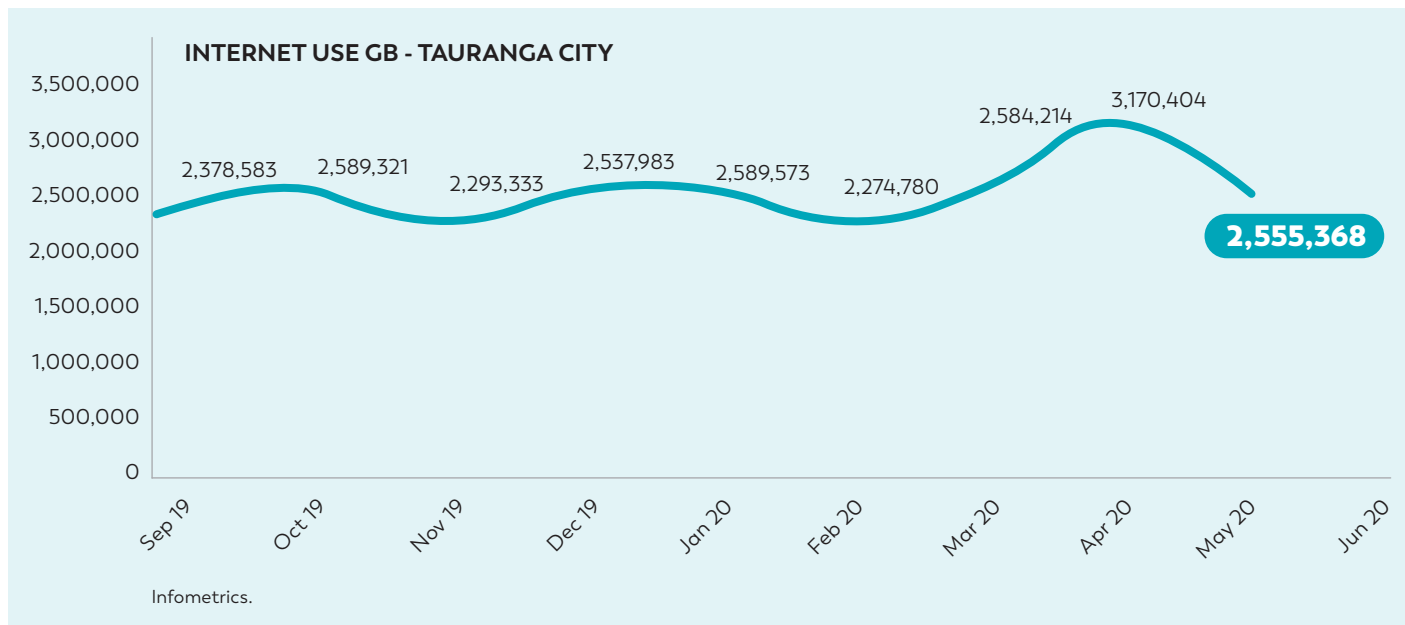
- Trades & Services remains the highest industry each week, with almost 200 vacancies.
- Manufacturing, Transport & Logistics have 76 jobs advertised, overtaking Construction & Healthcare with 72 and 70.
- Hospitality & Tourism have 57 vacancies, along with 54 for Professional Services.
- Agriculture and Engineering have lower numbers of jobs advertised, with 24 and 21 respectively.
- 'Other' jobs include small numbers of Architecture, Automotive, Education, Govt & Council, Executive & General Management, Property, Retail and Science & Technology.



## Internet Use

One factor bucking the V shaped trend is internet use, doing quite the opposite due to people working from home and streaming entertainment options during lockdown.

In April, Tauranga City's internet volume jumped by 23% to reach over 3 million GB, then returned to pre lockdown levels in May.



## Transport

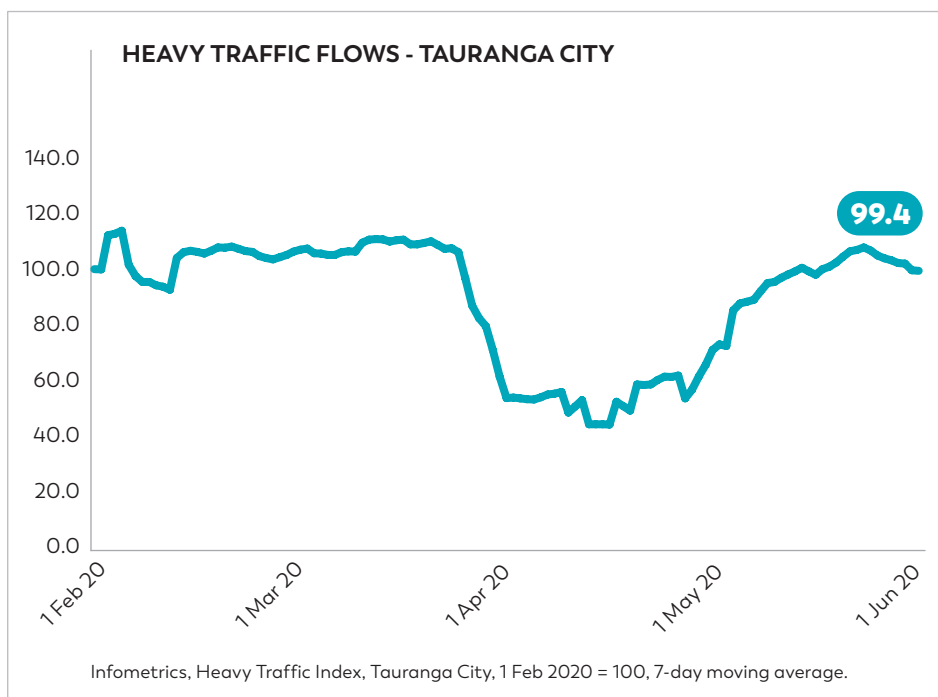
Tauranga City is often quoted as being in the 'Golden Triangle' of Auckland, Hamilton and Tauranga. Our economies are linked via road, rail, sea and air. Lockdown certainly impacted on transport overall, yet it has rebounded in various ways as businesses and communities have returned to normal.

Empty roads in lockdown were a sharp contrast to the increasing traffic flows we've seen across the Western Bay in recent years, particularly in Tauranga City. As alert levels moved to Alert Level 3 and then Alert Level 2 and Alert Level 1, traffic counts show how vehicle mobility has followed the V shape and returned to normal.

### Heavy Traffic

When indexed to 1 February 2020, heavy traffic reduced to around 60% of normal during lockdown, and has returned to 99% of February levels at the end of May.

We are linked  
via road, rail,  
sea and air

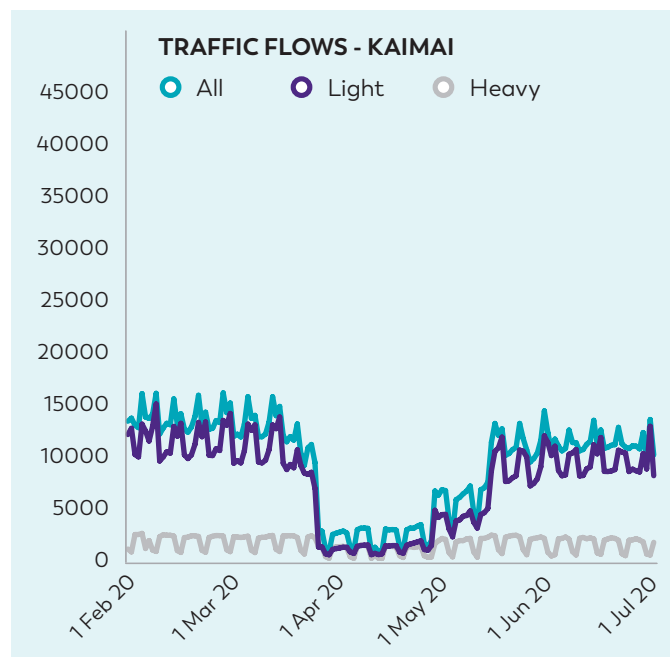
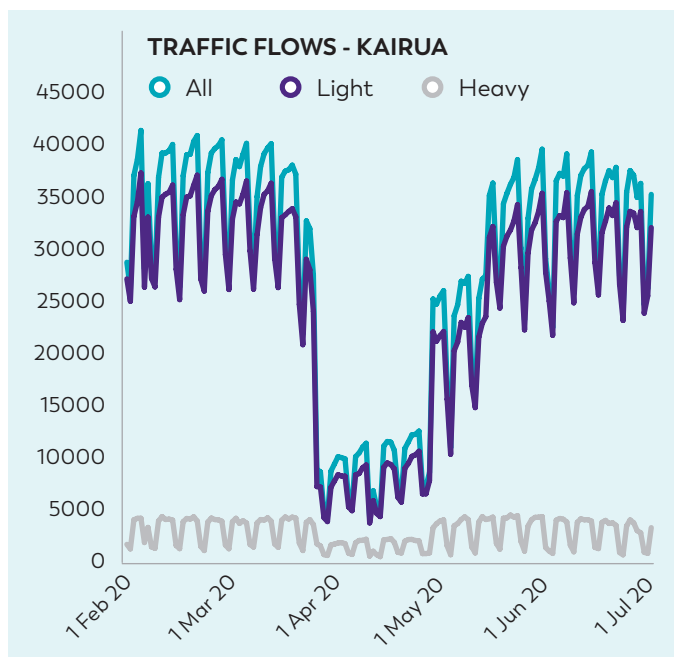


## Total Traffic

Setting the chart axis to 45,000 vehicles maximum per day for comparison, shows Kairua to the east is our highest volume route, with a high proportion of light vehicles making up most of the volume, and a steady flow of heavy traffic. Volumes have dipped in a V shape and returned to almost 40,000 vehicles per day.

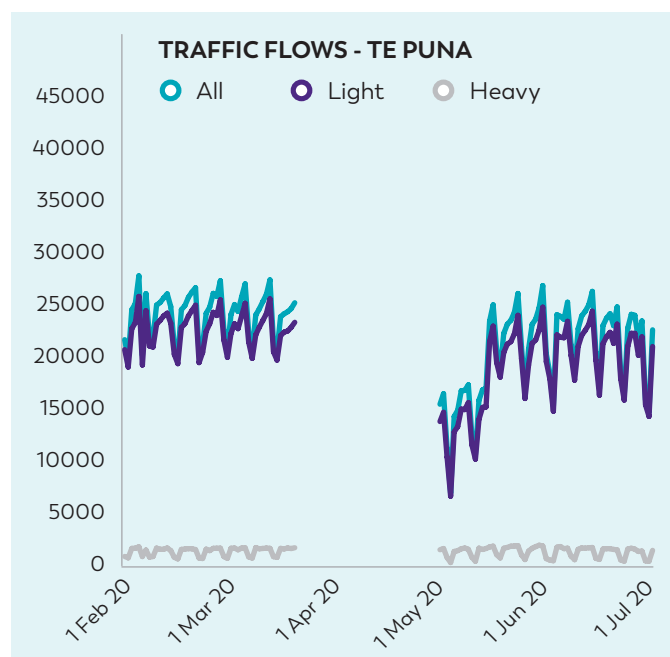
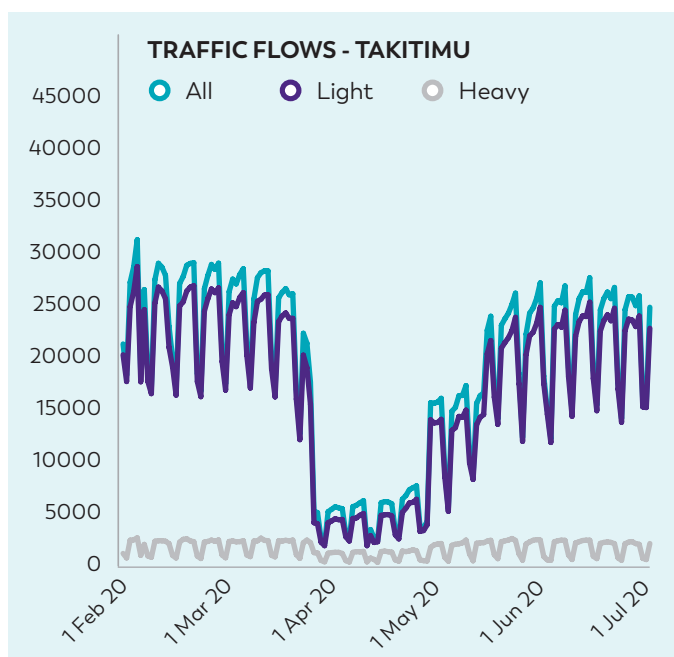
Kaimai to the west and over to the Waikato and Auckland, shows lesser reliance on light vehicles and higher proportion of heavy traffic. With people travelling shorter distances and staying closer to home, traffic volumes haven't quite returned to former levels, peaking at around 14,000 per day.

**Kairua to the east is our highest volume route**



Takitimu Drive, the main thoroughfare through the centre of Tauranga City, and Te Puna to the north, show similar levels of traffic flow at around 25,000 per day.

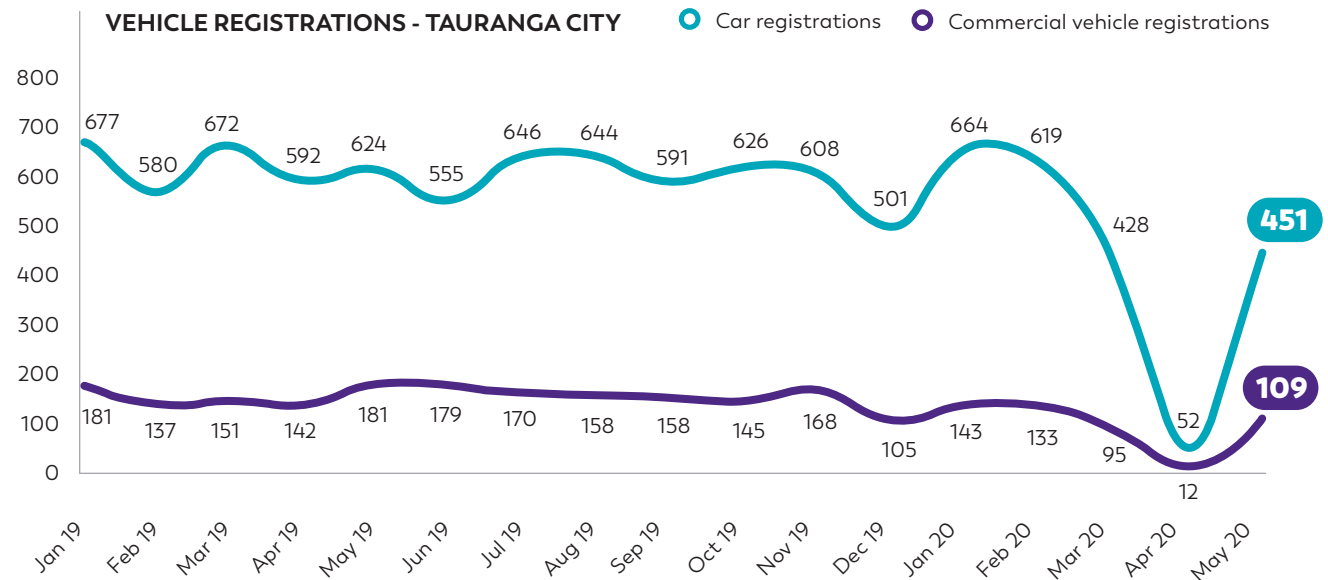
Data is missing for Te Puna from 21 March to 29 April, yet it is likely to have followed the same pattern during this period where light traffic bottomed out and heavy traffic continued, albeit to a lesser degree. Both sites have returned to around 25,000 vehicles per day.



## Vehicle Registrations

Commercial vehicle registrations also follow a V shape, tumbling to 52 in April for Tauranga City, and regaining lost ground to reach 451 in May.

Car registrations followed a similar pattern, dipping to only 12 in April, and returning to pre-lockdown level of 109 in May.



Infometrics.

## Airport Flights

Social distancing meant there were restrictions in place on Air New Zealand flights during Alert Level 3 in May and Alert Level 2 in early June, so less passengers were able to fly.

In May, there were 306 flights carrying 3,388 passengers, increasing to 438 flights carrying 15,734 passengers in June, and expected to double to 520 flights carrying 32,000 passengers in July with no social distancing restrictions at all.

Tauranga Airport is estimated to have returned to around 50% capacity in July.



Tauranga Airport.

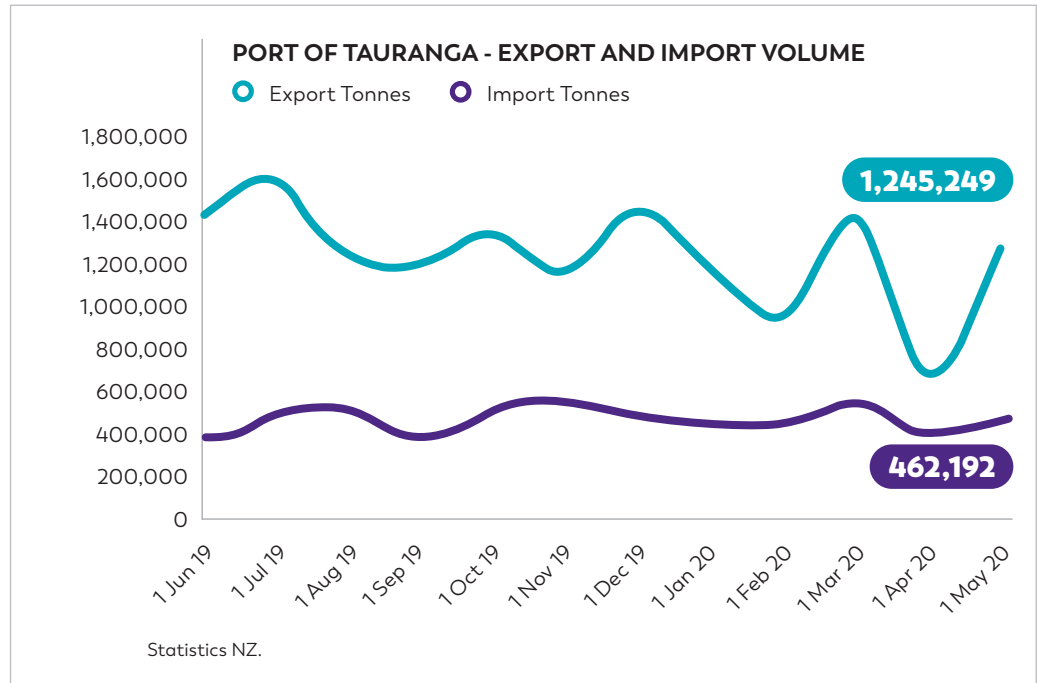


## The Port of Tauranga is a vital link to the world for the Western Bay

### Port Volumes

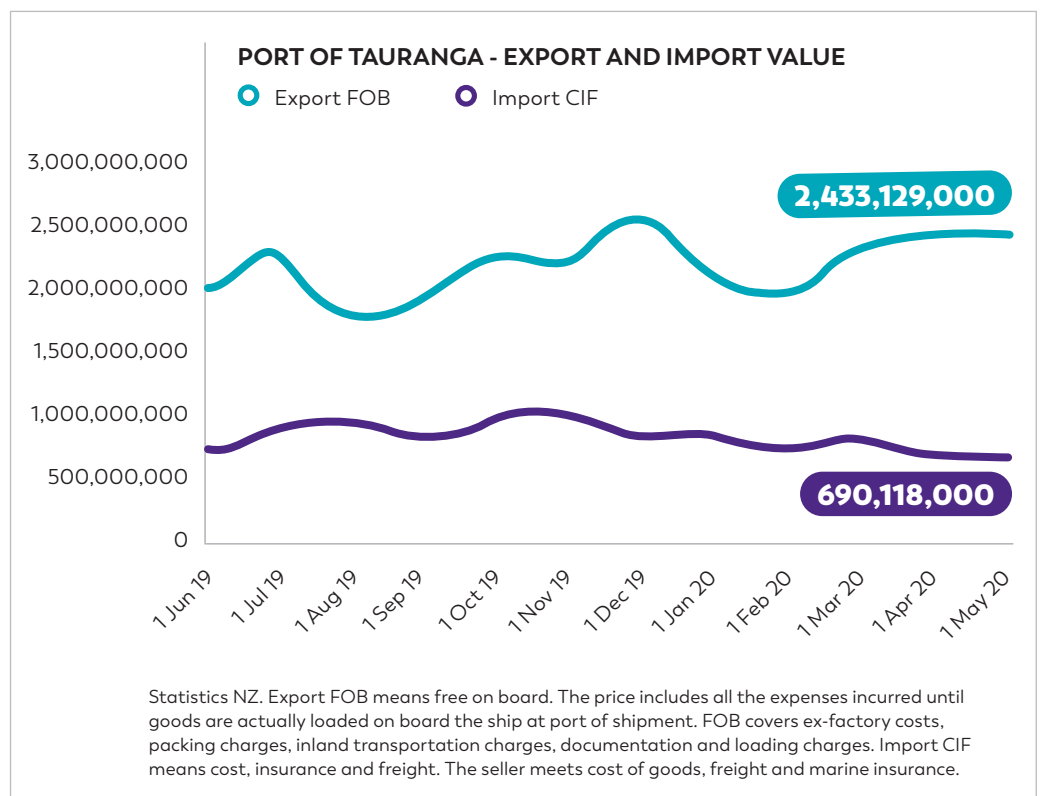
Export volumes dipped in January and February, recovering strongly in March before dropping sharply in April, and bouncing back in May – the V shape again. April's sharp drop reflects reduced tonnage of log exports, as the Forestry industry was unable to operate at Alert Level 4.

Port of Tauranga import volumes have been relatively steady, with a slight decline in April, and steady in May.



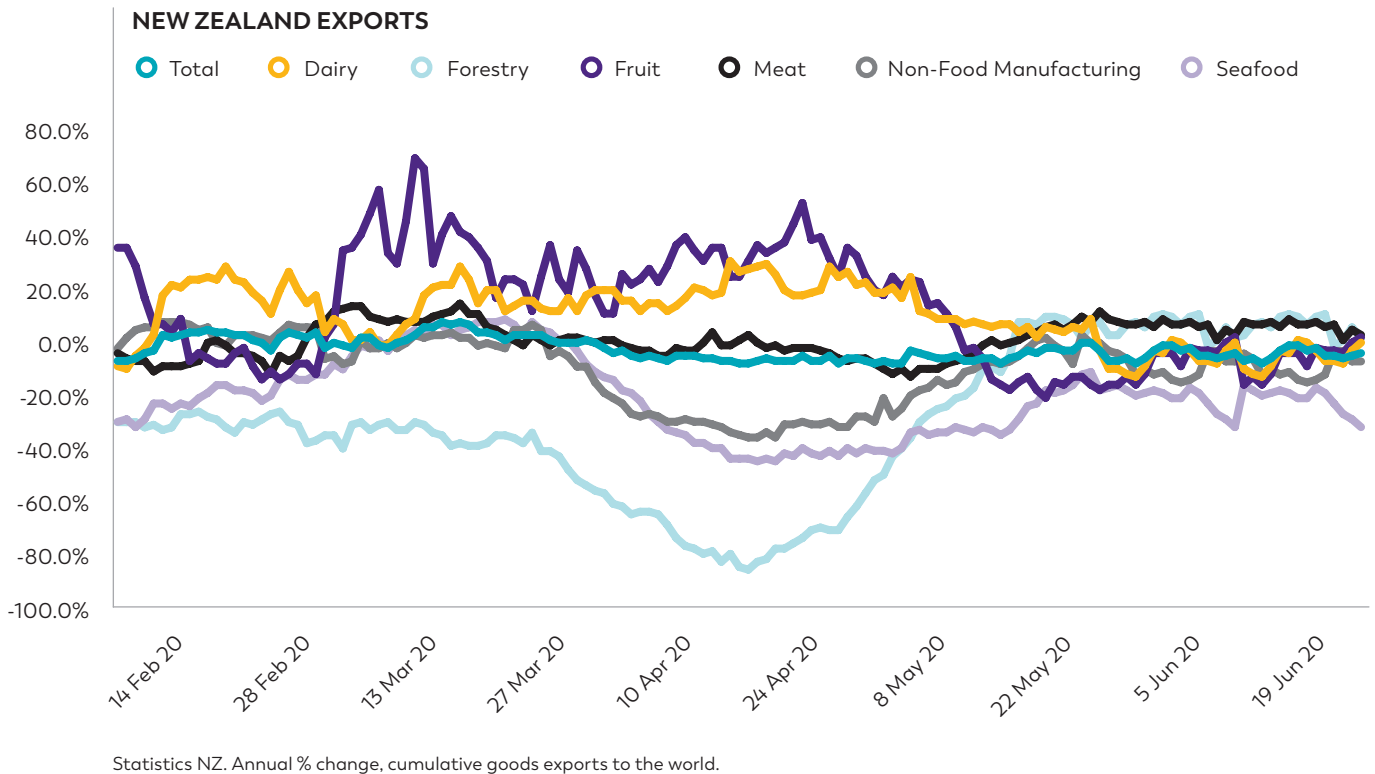
### Port Values

Export value remained strong in April and May as high value kiwifruit trays shipped to offshore markets. Import values have been following a slight downward trend from December, levelling off in May.



## NZ Exports

New Zealand trade volumes were strong for Fruit and Dairy through lockdown, while Forestry, Non-Food Manufacturing and Seafood experienced the V shaped dip. Exports on the whole have returned to pre-lockdown levels in May and June.



## New Businesses

Under lockdown, there were 3,136 businesses started in April 2020 across New Zealand. Tauranga City tops the list with 142 new businesses started, and 26 new businesses in Western Bay of Plenty District.

### Top 20 most entrepreneurial places in Level 4 lockdown

- |                          |                               |
|--------------------------|-------------------------------|
| 1. Tauranga City         | 11. Waipa District            |
| 2. Auckland City         | 12. Wellington City           |
| 3. Upper Hutt City       | 13. Kaipara District          |
| 4. Kapiti Coast District | 14. Nelson City               |
| 5. Hamilton City         | 15. Napier City               |
| 6. Kawerau District      | 16. Selwyn District           |
| 7. Christchurch City     | 17. Dunedin City              |
| 8. Porirua City          | 18. Otago District            |
| 9. Palmerston North City | 19. Queenstown-Lakes District |
| 10. Rotorua District     | 20. Invercargill City         |

**1**  
Tauranga  
City



### WHERE NEW BUSINESSES STARTED IN APRIL 2020

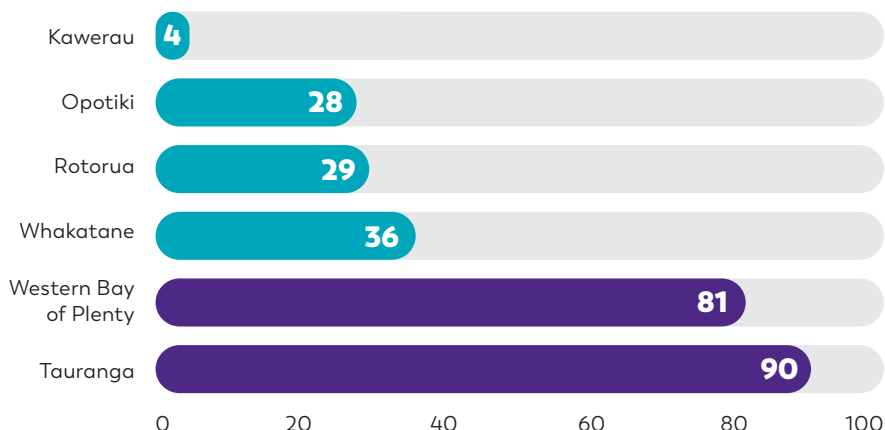
Ranked by new businesses in April 2020 as % of existing businesses.

[benjepatterson.co.nz/3136-new-lockdown-businesses](http://benjepatterson.co.nz/3136-new-lockdown-businesses)

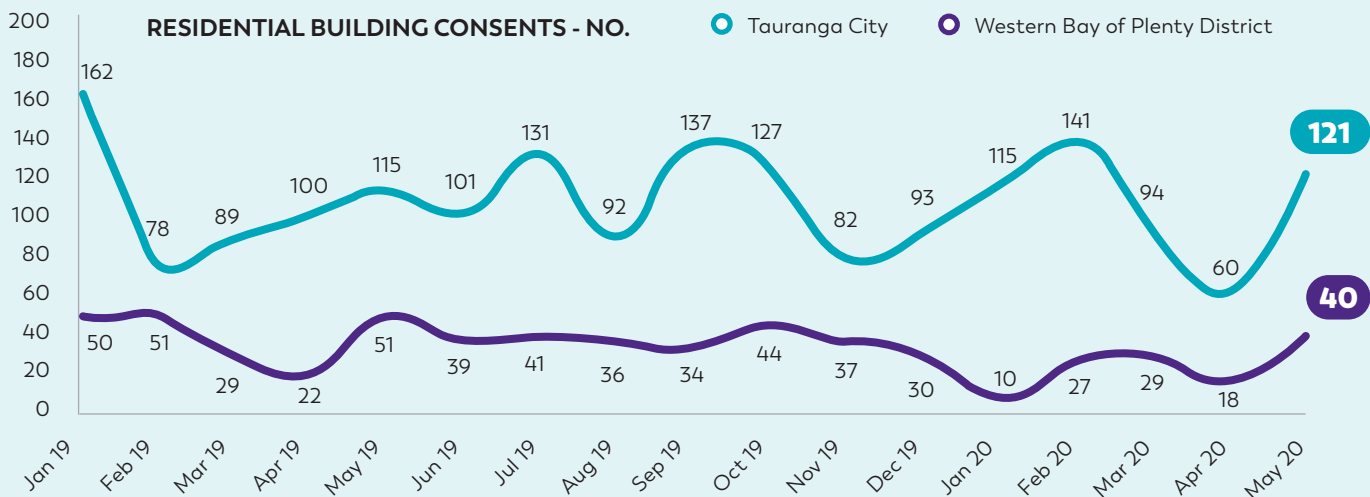


# Consents

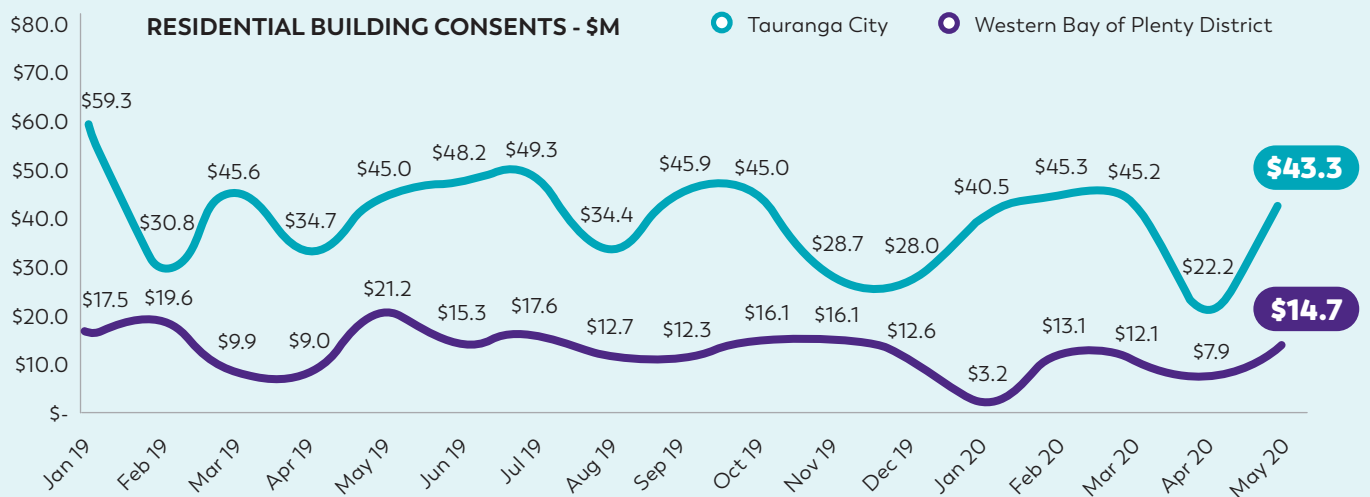
**Tauranga City and Western Bay of Plenty District have the highest number of new dwelling consents per 10,000 people in the Bay of Plenty**



After a V shaped dip in March and April, Residential Consents have bounced back up to pre-lockdown levels for the month of May, with 121 consents issued in Tauranga City worth \$43m and 40 issued in Western Bay of Plenty District worth \$15m.

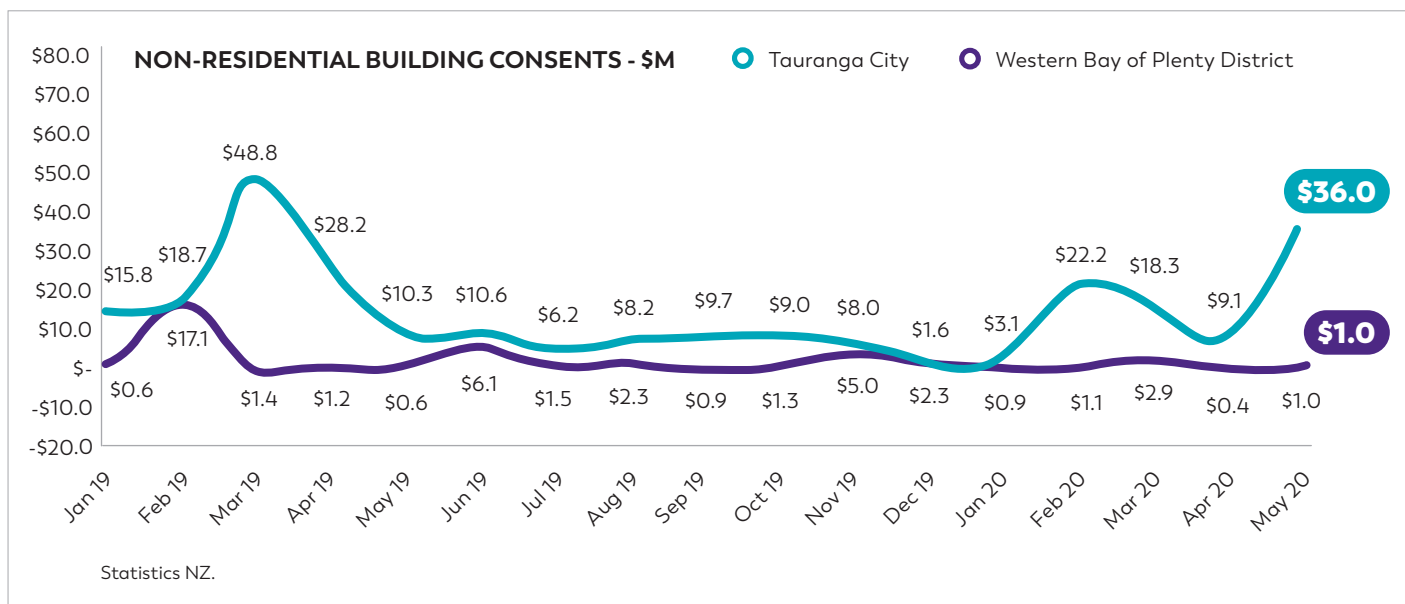
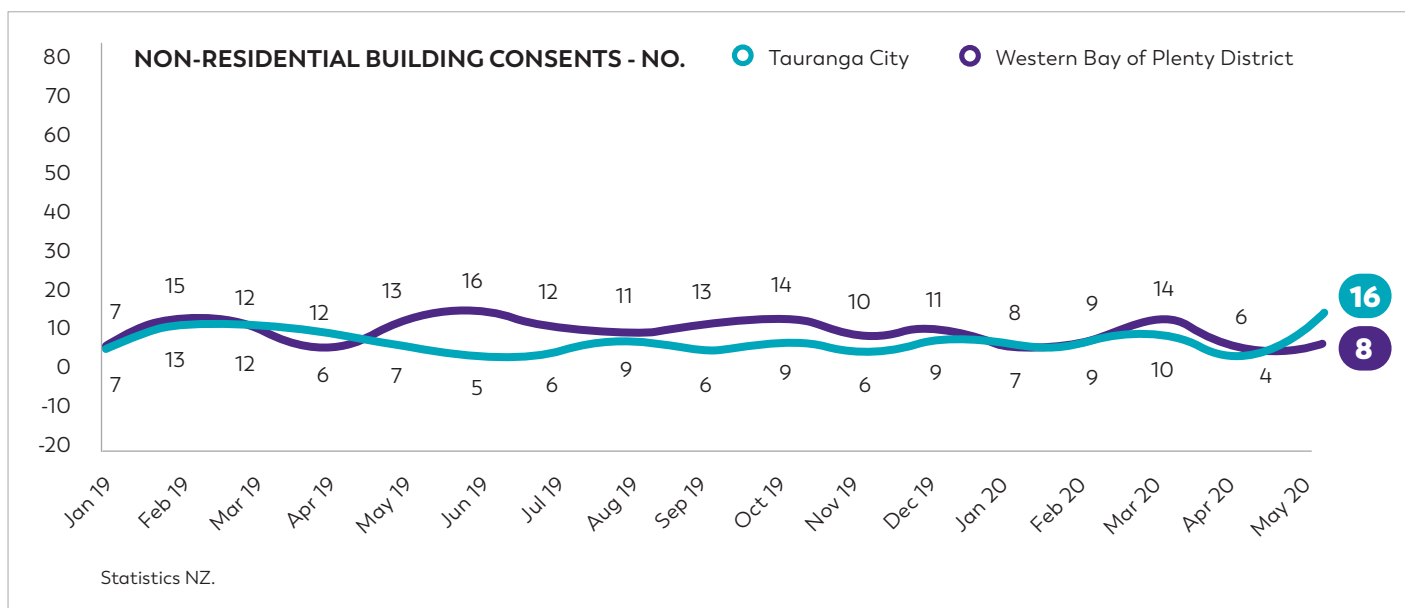


Statistics NZ.



Statistics NZ.

Non-Residential Consents followed suit for Tauranga City, with 16 issued in May worth \$36.0m. Western Bay of Plenty District consents increased slightly to 8, yet with a much lower value of only \$1m.





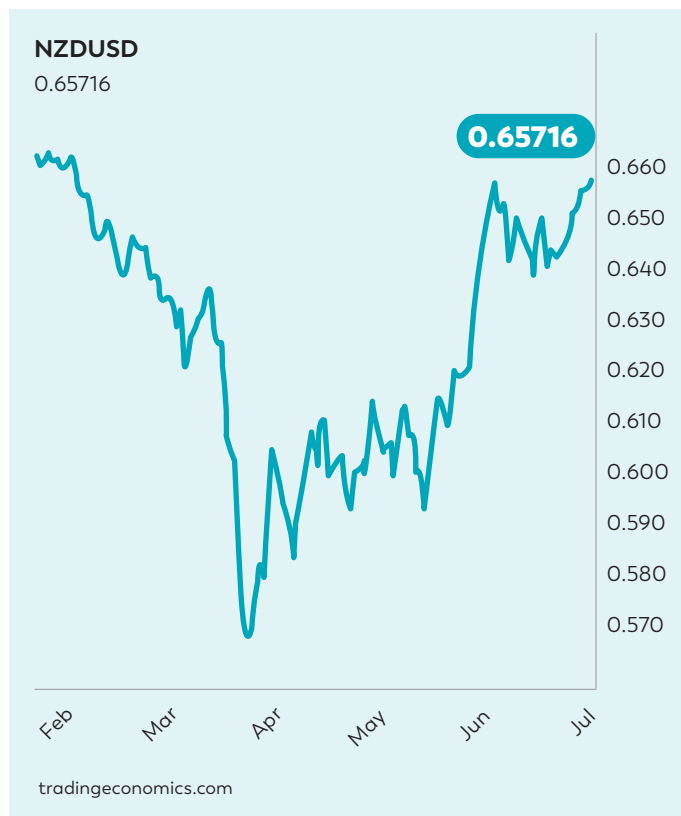
## NZ Stock Market

The NZX 50 increased 173 points or 1.5% since the beginning of 2020.



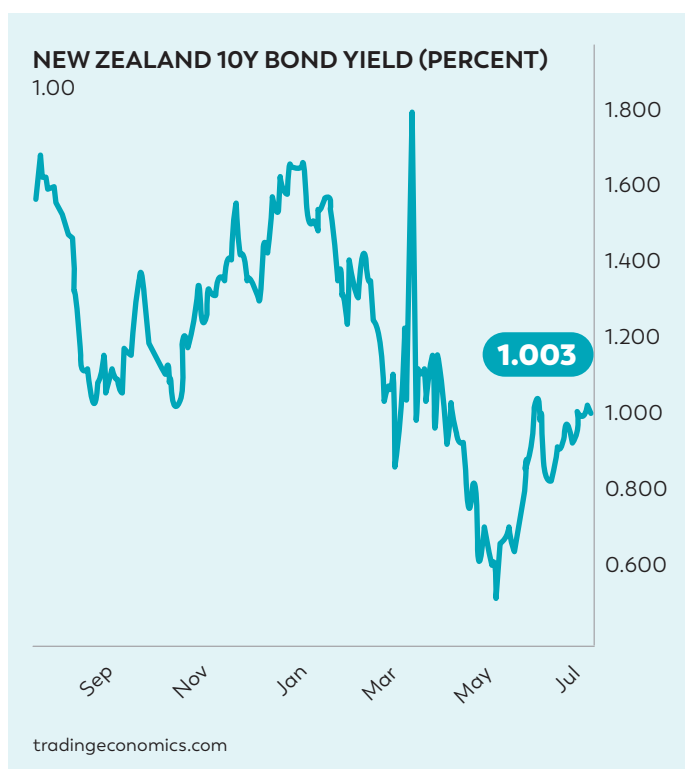
## NZ Dollar

The \$NZDUSD increased 0.0024 or 0.37% to 0.6579 on 8 July from 0.6555 in the previous trading session.



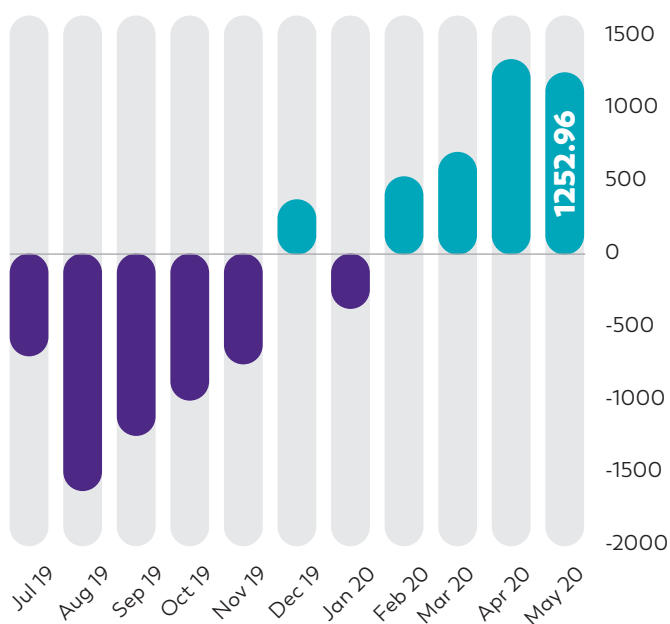
## NZ 10 Year Bonds

New Zealand 10Y Bond Yield was 1% on 8 July.



## NZ Balance of Trade

New Zealand's trade surplus widened sharply to \$1.25b in May from \$175m in the same month of the previous year. Imports plunged 26% to \$4.1b. Meanwhile, exports dropped 6% to \$5.5b, with logs (-12.3%) as the major contributor to the fall.



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