

# Economic Monitor

September 2021

## Contents

National GDP	2
Migration	2
Unemployment	2
Jobseekers	3
Advertised Jobs	3
Advertised Job Types	3
Retail Spend	4
Tourism Spend	4
House Prices	5
Consents	5
Food Parcels	7
Budget Advisory	7
National Perceptions	7
Heavy Traffic	8
Registrations	8
Airport Flights	8
Port Volumes	9
NZ Exports & Imports	9
Share Prices	10
Food Prices	11
Confidence	11
NZD & TWI	12
PMI & PSI	12

**Welcome to our latest quarterly Economic Monitor. While the quarter we would normally report on ended in August, this time we have also included September data where possible to provide some insight on the effect of the recent lockdown.**

There are a couple of areas we look at to see any immediate changes to the economy.

In the job market, we are thankful that the increase we have seen in Jobseeker benefits is not large and the number of job ads has recovered well.

We are also interested in retail spend numbers. We lost around \$35m from the local economy over lockdown. This represents around 2% of the annual spend and is something we would expect to be clawed back at least partially during the coming weeks.

While there will still be some uncertainty for the balance of this year, the economy remains in a good position.

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.

## National GDP

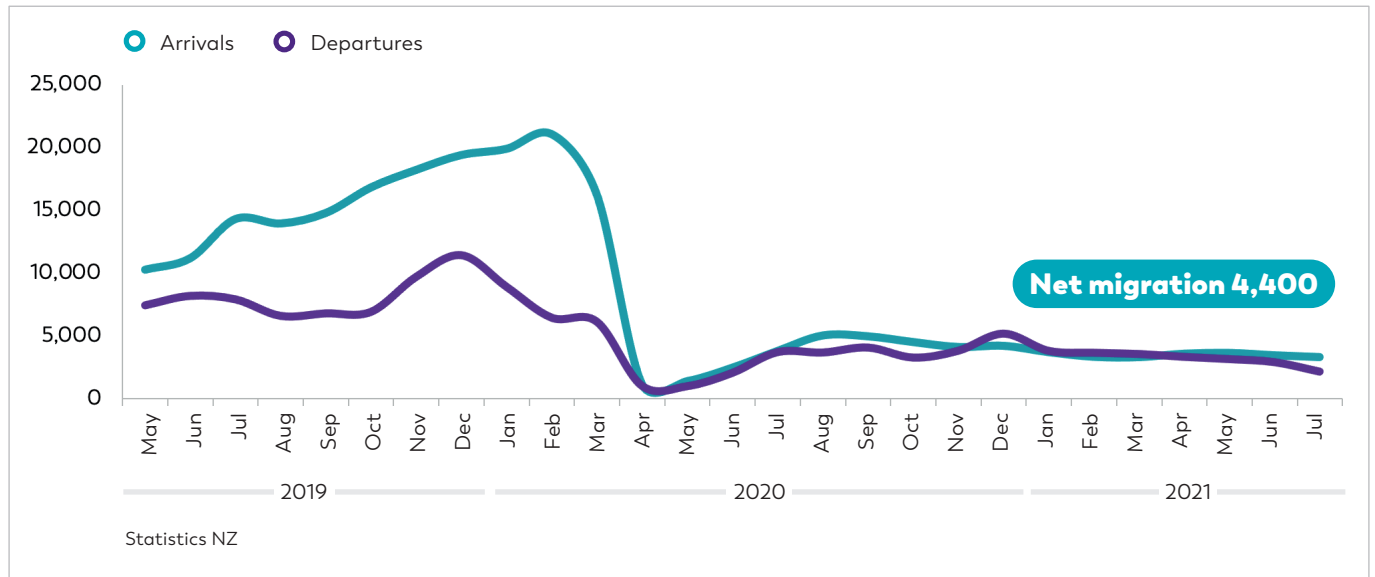
The size of the New Zealand economy is \$340 billion in current prices for the year ended June 2021. In the June 2021 quarter compared with the March 2021 quarter, GDP grew by 2.8%.

GDP	↑ 2.8%	Service industries	↑ 2.8%
GDP per capita	↑ 2.6%	Primary industries	↑ 5.0%
Goods producing industries	↑ 1.3%	National disposable income	↑ 3.4%

Statistics NZ

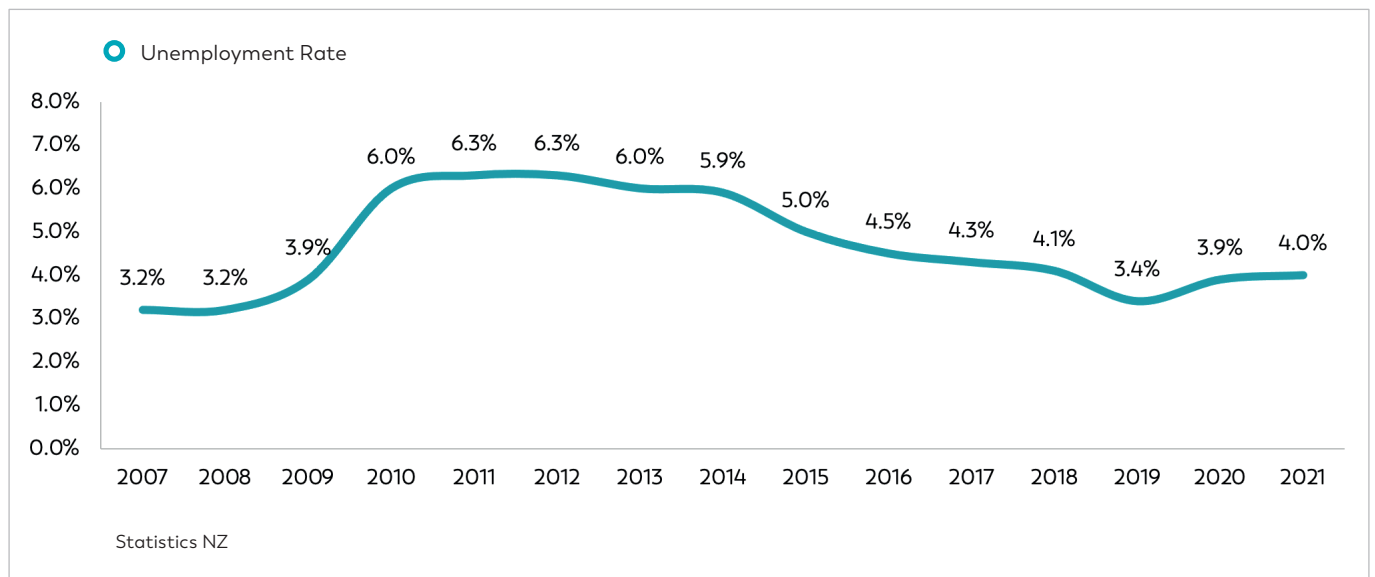
## Migration

Annual national net migration is only 4,400 for the year ended July 2021, down from 78,500 for the year ended July 2020, made up of 47,000 arrivals (down 68%) and 42,600 departures (down 40%).



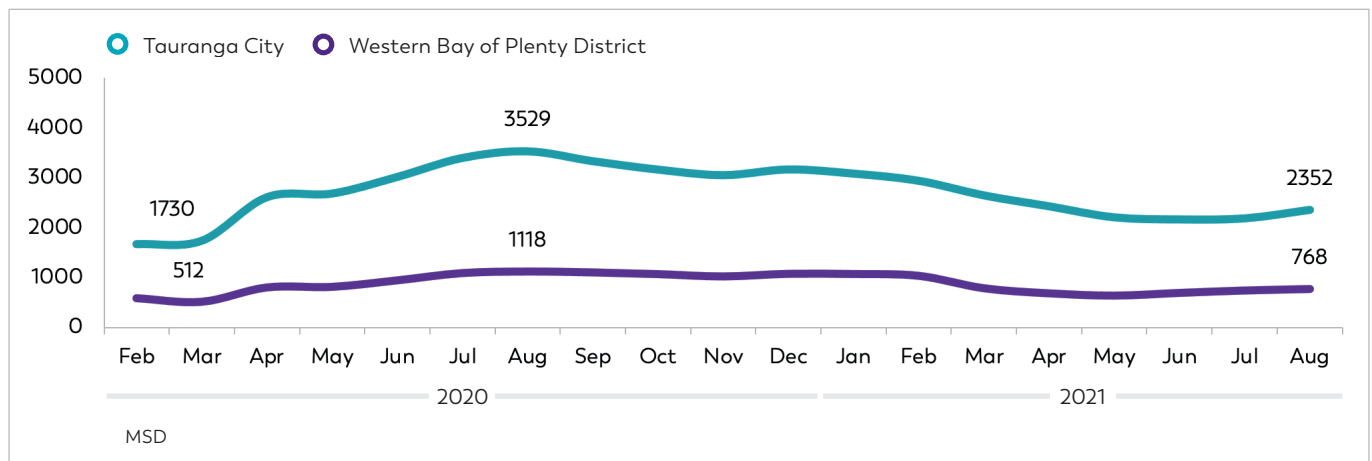
## Unemployment

Figures for the June 2021 quarter show the Western Bay sub-region unemployment rate is at 4.0%, much better than the national rate of 4.7%, supported by a healthy local employment market.



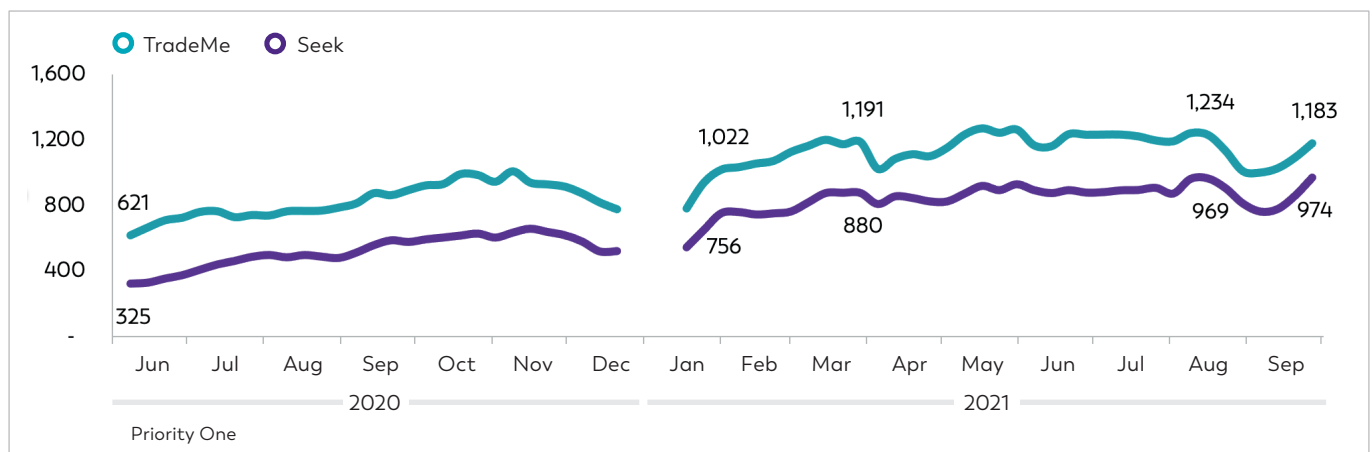
## Jobseekers

In August, only 200 new people joined Jobseeker Support in Alert Level 4 in the Western Bay. This is a positive indicator of employees being retained, and September figures will show the full story.



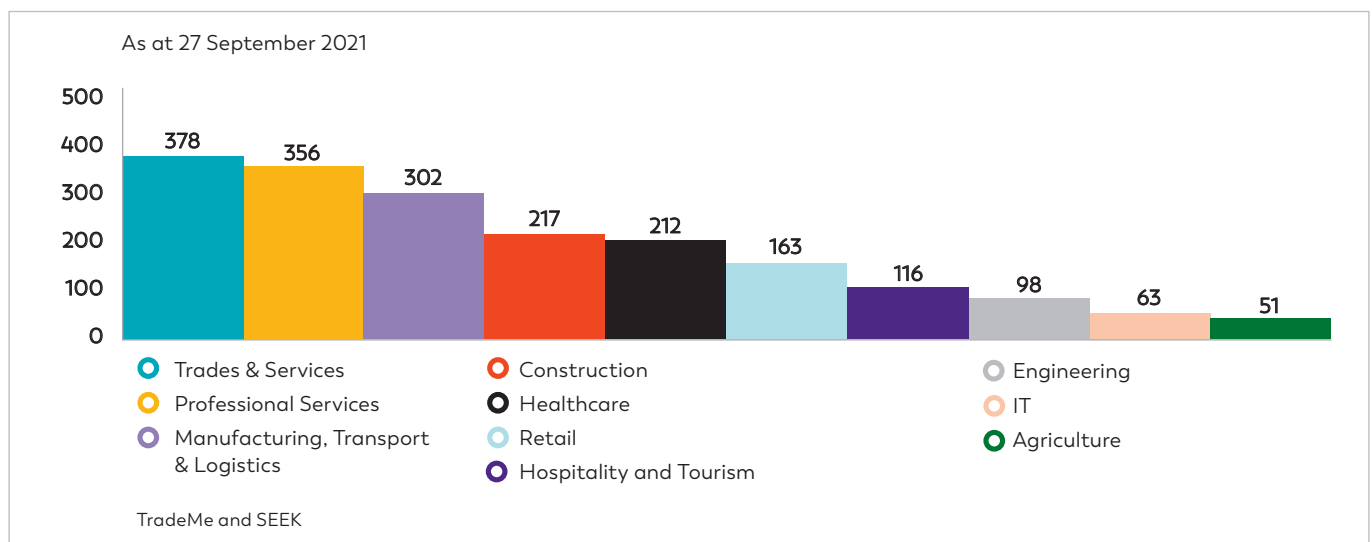
## Advertised Jobs

Advertised jobs per week in the Western Bay dropped by 400 in 3 weeks of lockdown, yet have recovered to almost normal level of 2,100 jobs since, as the widespread skills shortage remains.



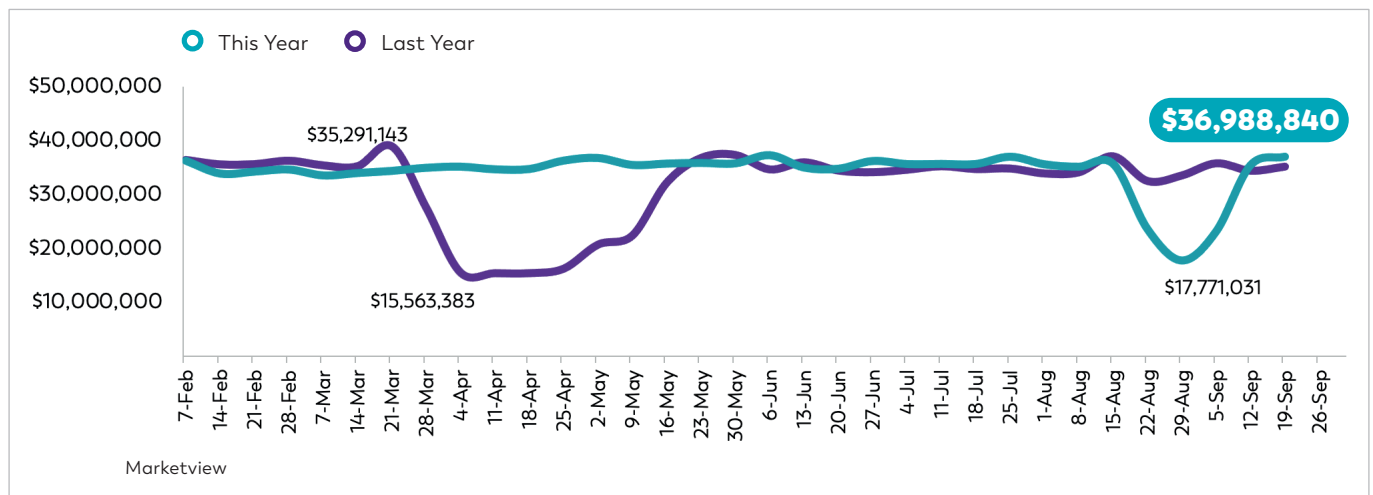
## Advertised Job Types

Professional Services has overtaken Manufacturing Transport & Logistics to be second highest in demand behind Trades. Along with Construction and Health, these remain the most popular job categories.



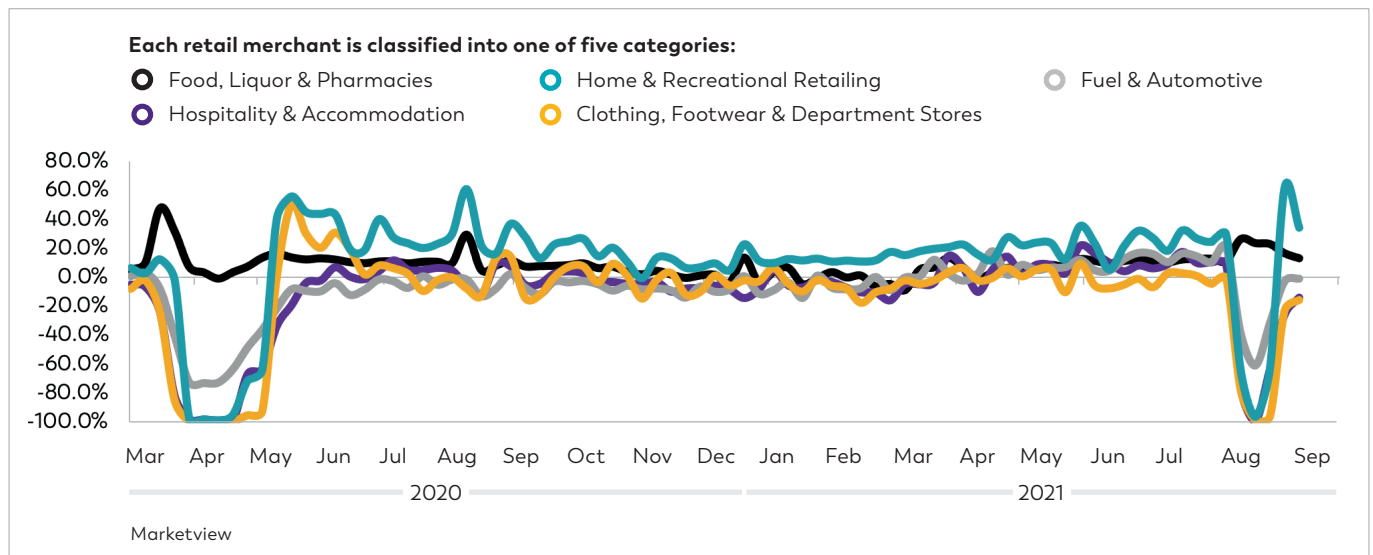
## Retail Spend

As we saw with lockdown in 2020, retail spend in the Western Bay fell by 50% in Alert Level 4, climbed in Alert Level 3, and returned to higher than normal spend of \$37 million per week in Alert Level 2.



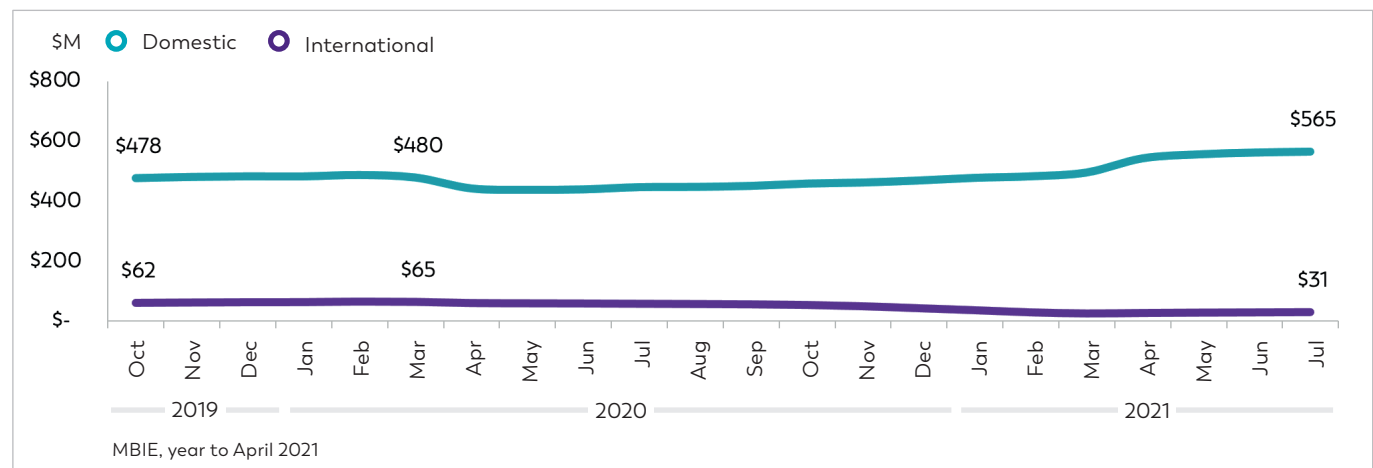
## Retail Categories

Home & Recreation, Clothing & Footwear, and Hospitality plummeted to zero spend, while Food & Liquor increased by 25%, and Fuel halved. Home & Recreation is now up 50% in late September.



## Tourism Spend

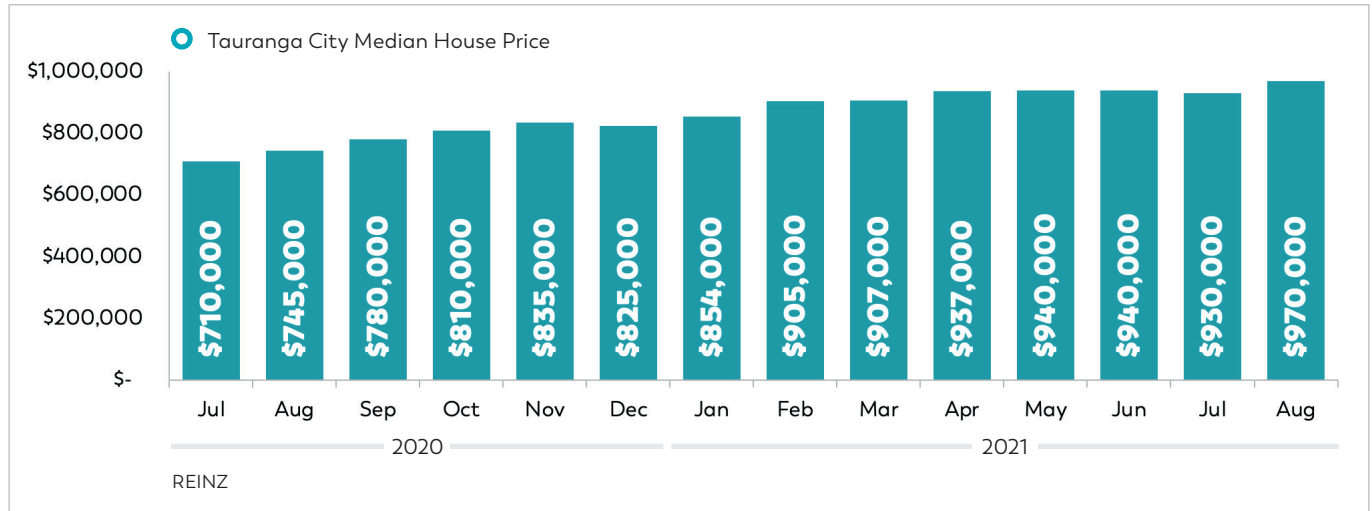
MBIE data shows electronic card spend in the Western Bay of \$565 million for domestic visitors, and \$31 million for international visitors for the year ended July, largely in Tauranga City.



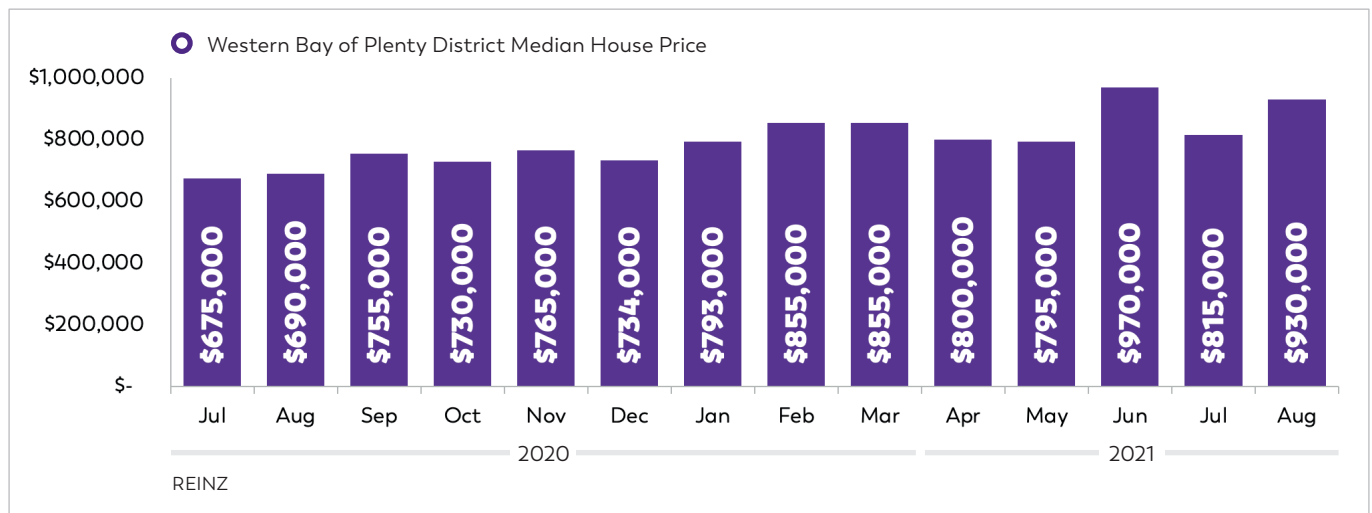
## House Prices

Tauranga reached a new record house sale price in August of \$970,000, just shy of the million mark. Western Bay is not far behind at \$930,000, with the lowest number of listings in the Bay in 10 years.

### Tauranga City

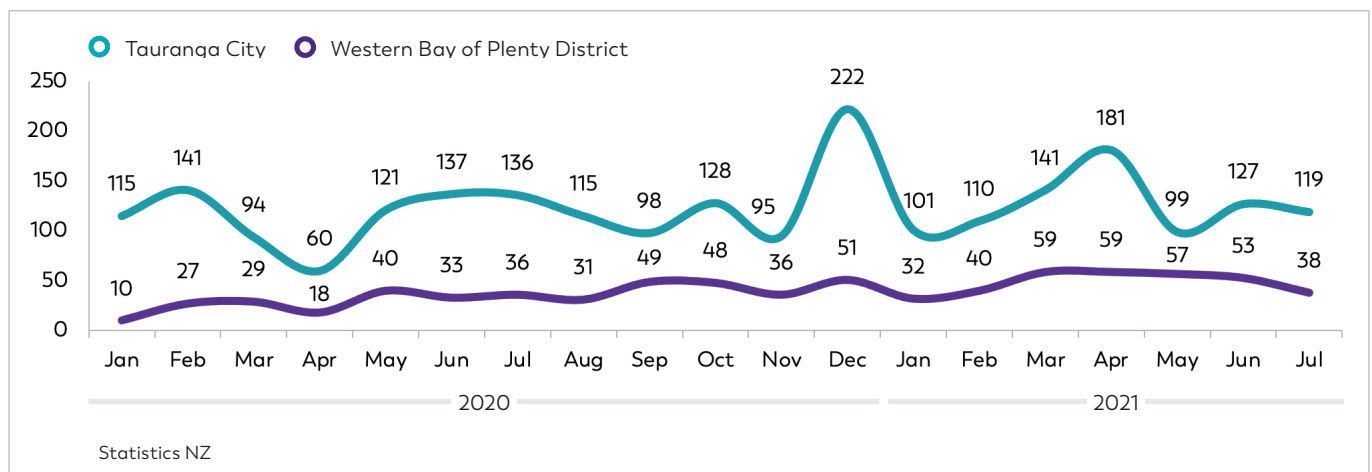


### Western Bay of Plenty District



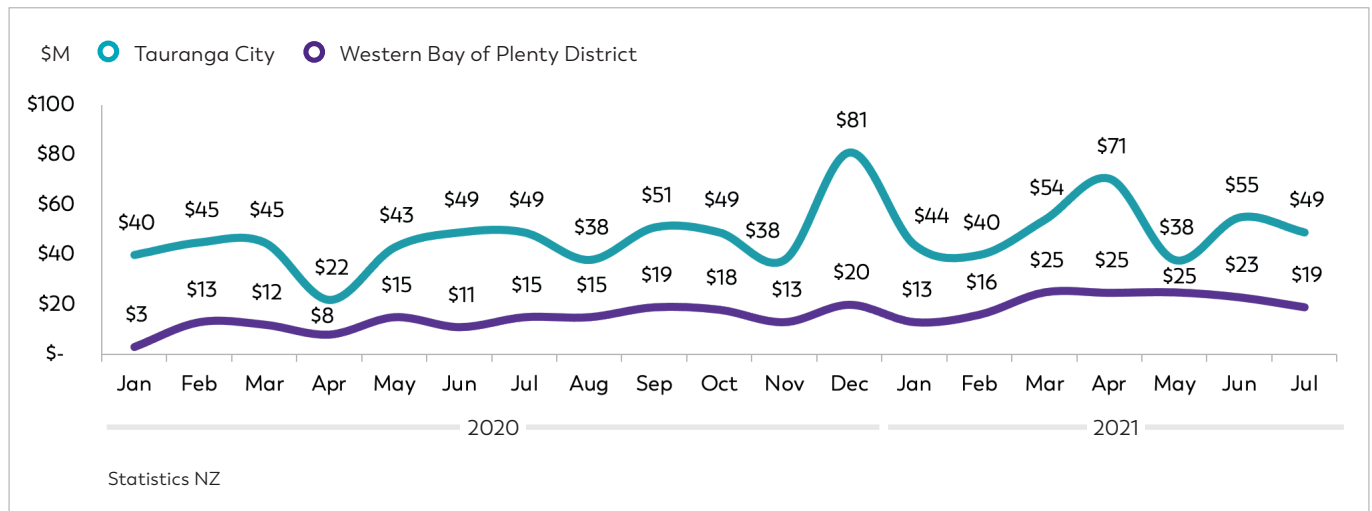
## Residential Consents Volume

The residential consents increase we saw until April has eased in Tauranga, with a dip in May, then settled at around 120 consents per month. Western Bay consents have dipped under 40 in July.



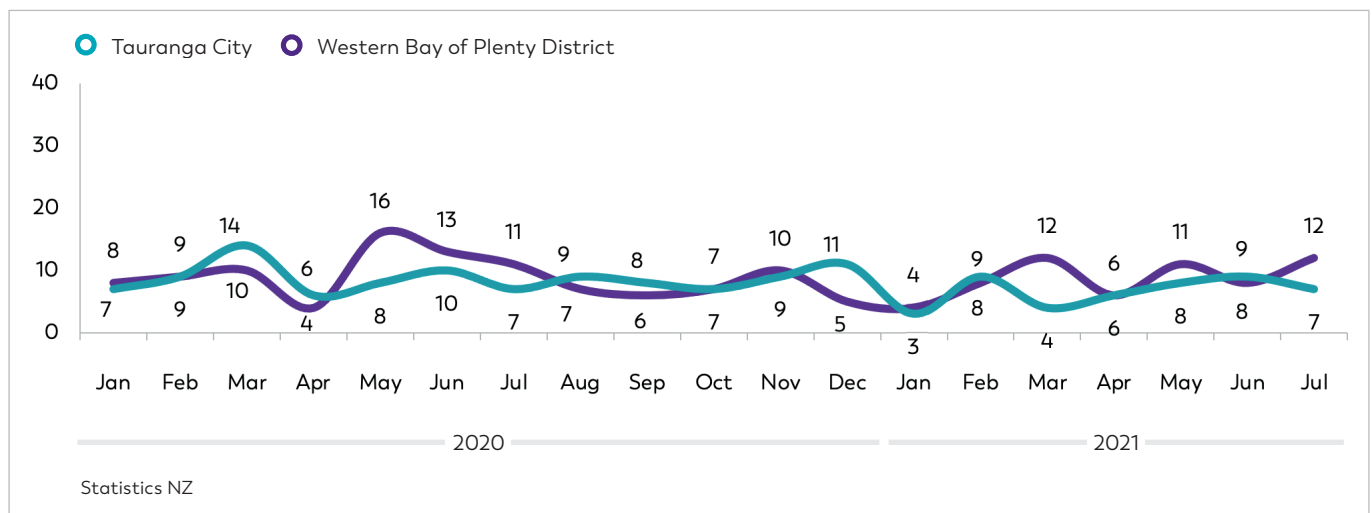
## Residential Consents Value

Although it has generally lower total value and number of consents, Western Bay residential consents averaged a higher value of \$500,000 than Tauranga's average value of \$412,000 in July.



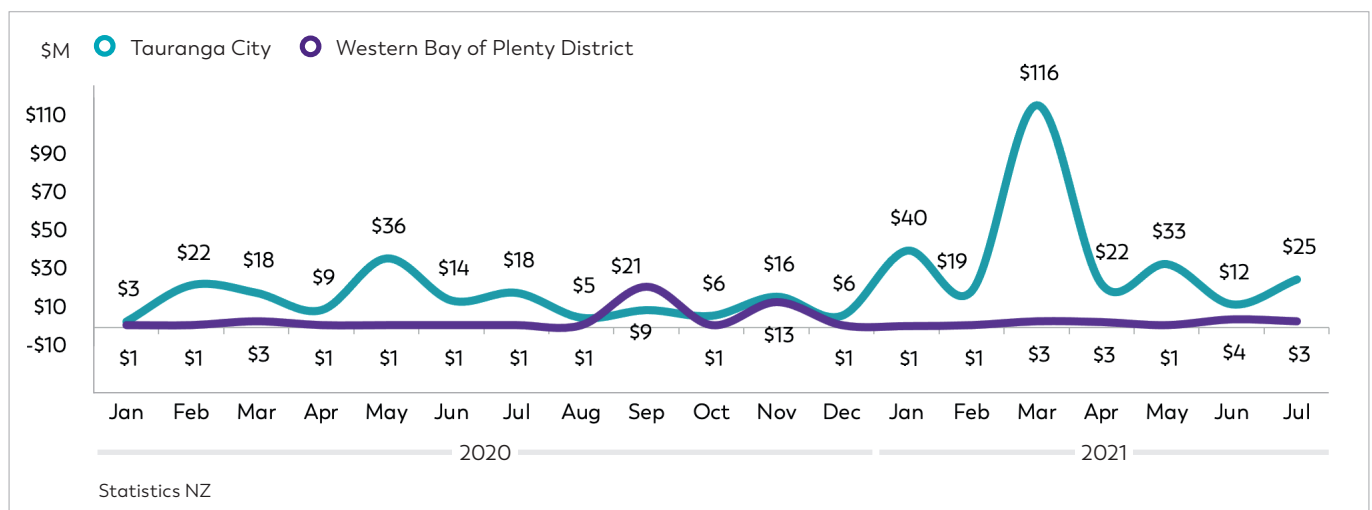
## Non-Residential Consents Volume

Non-residential consent volumes are fairly consistent over time, ranging from 7-12 consents issued by each of Tauranga and Western Bay councils in the last 3 months.



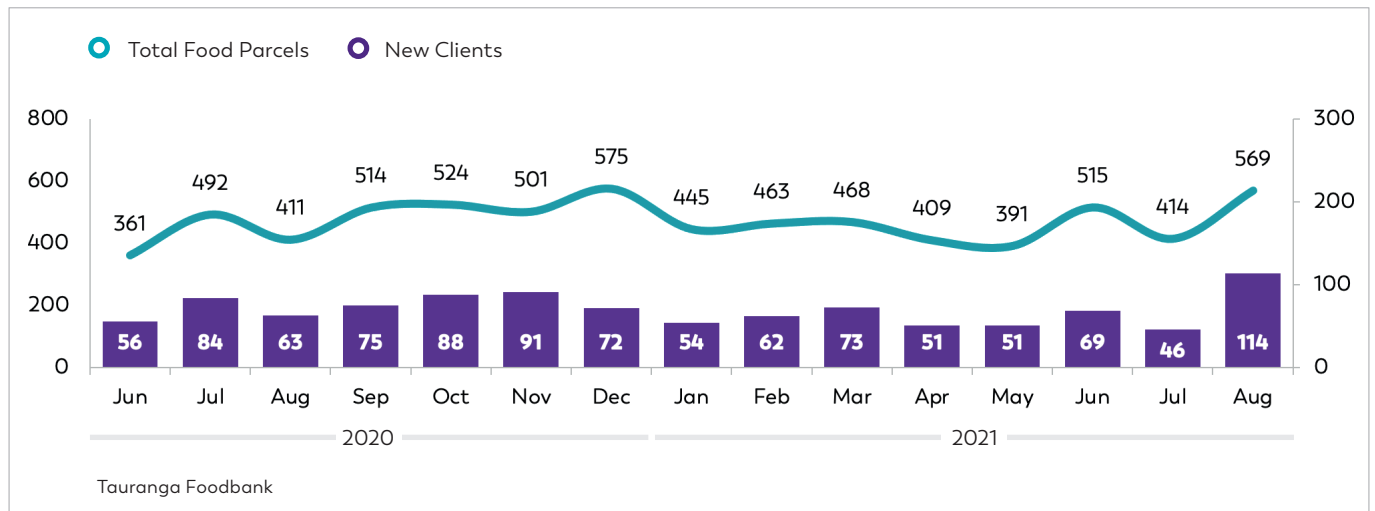
## Non-Residential Consents Value

After the unusual Winstone Wallboards consent of \$106 million in March, non-residential consents have returned to more normal values, ranging from \$12-\$33 million in the last 3 months in Tauranga.



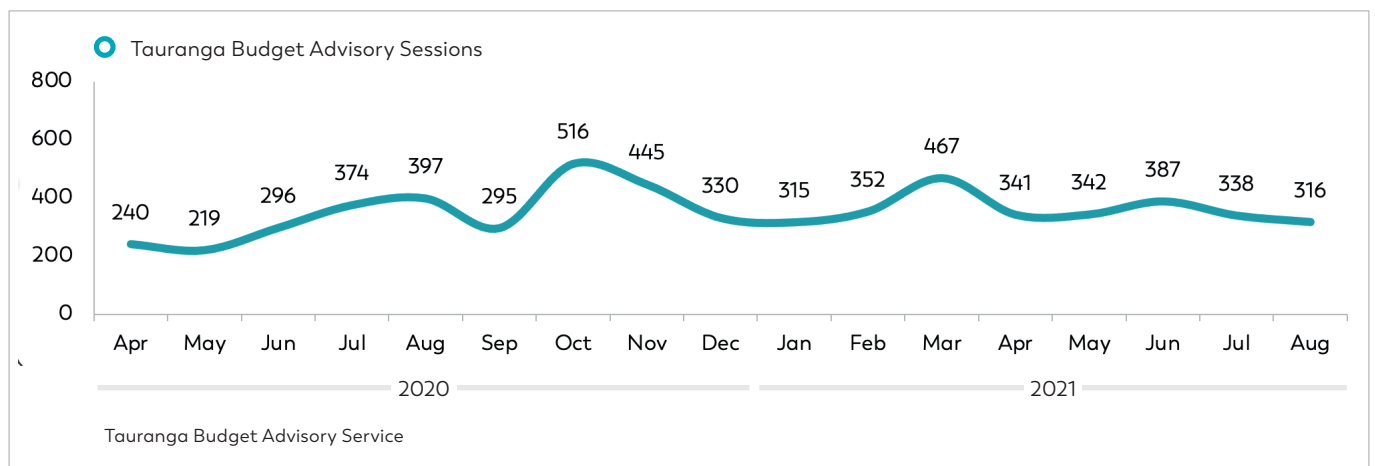
## Food Parcels

Food security is identified as the greatest lockdown issue in the social sector, reflected in 114 new Tauranga Foodbank clients in August, and 569 food parcels distributed, making up 20,664 meals.



## Budget Advisory Service

Many people are still recovering from the last lockdown and any reserves they had are now gone. Challenges are around increased cost of living – rental affordability, food, petrol, and utility costs.



## National Perceptions

### Stress is the primary driver

**41%** of New Zealanders felt negative emotions over the past week

**36%** yet concern about Covid-19 has significantly decreased since the start of lockdown

Fears around a resurgence of the virus, economic conditions, and disconnecting from family and friends remain the most prevalent. However, concern towards community events and activities being cancelled is increasing.

Of those who have received at least one dose of the Covid-19 vaccine, 75% had planned on getting vaccinated from the start.

Those who said they weren't sure, or weren't planning to but then changed their mind, said consideration for their friends and family's health was the main reason (60%), followed by their own health (48%), to help with herd immunity (40%), and to stop lockdowns (37%).

Perceptive, 22 September 2021

**75%**  
planned  
on getting  
vaccinated  
from the  
start.

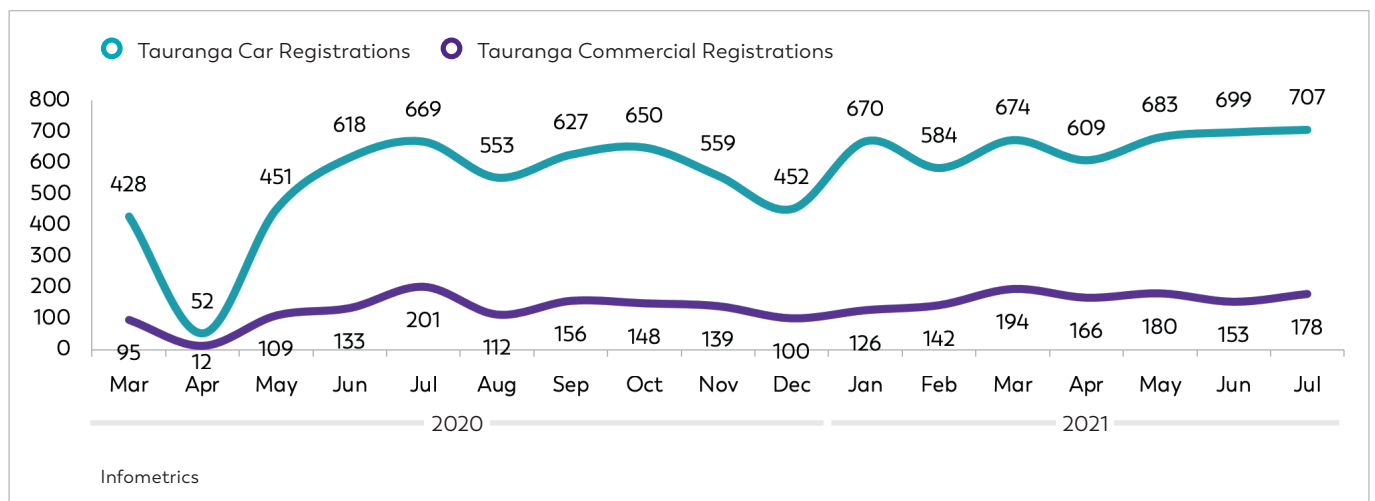
## Heavy Traffic

Heavy traffic flows indicate business movements across Tauranga, measured from a base of 100 in February 2020. During lockdown, heavy traffic dropped sharply to 57, rising again to 110 at Level 2.



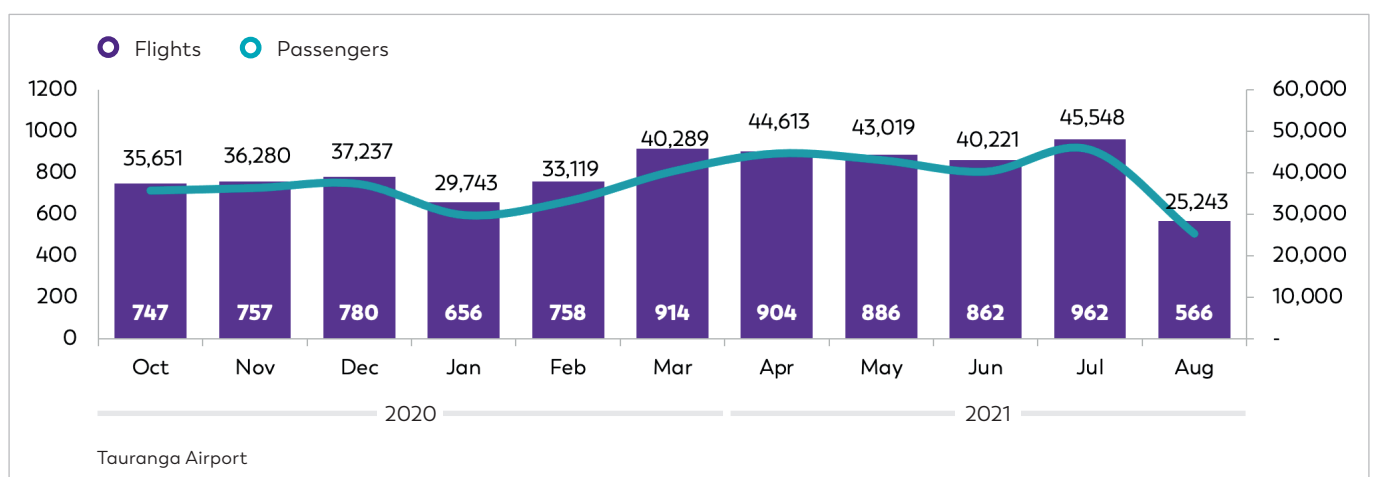
## Vehicle Registrations

In the 3 months until July, Tauranga car registrations have been steady and increasing, pushing over 700 for the first time. Commercial vehicle registrations have been consistent, averaging 170 per month.



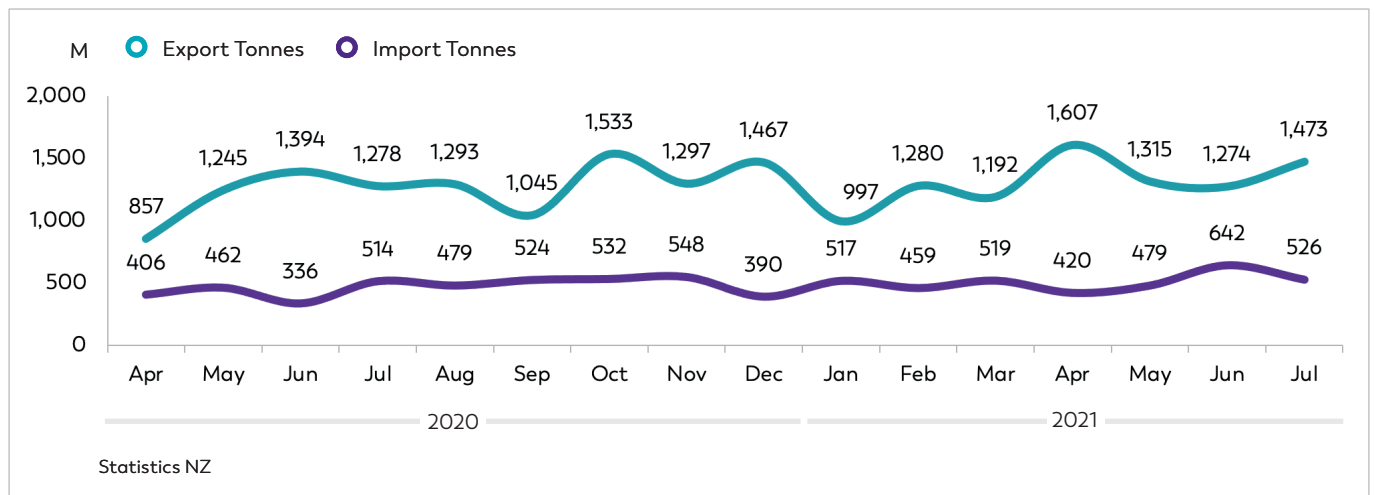
## Airport Flights

Tauranga Airport had been servicing around 900 flights per month since March, carrying 40-45,000 passengers. Lockdown in August reduced flights by 400, and passengers to 25,000 for the month.



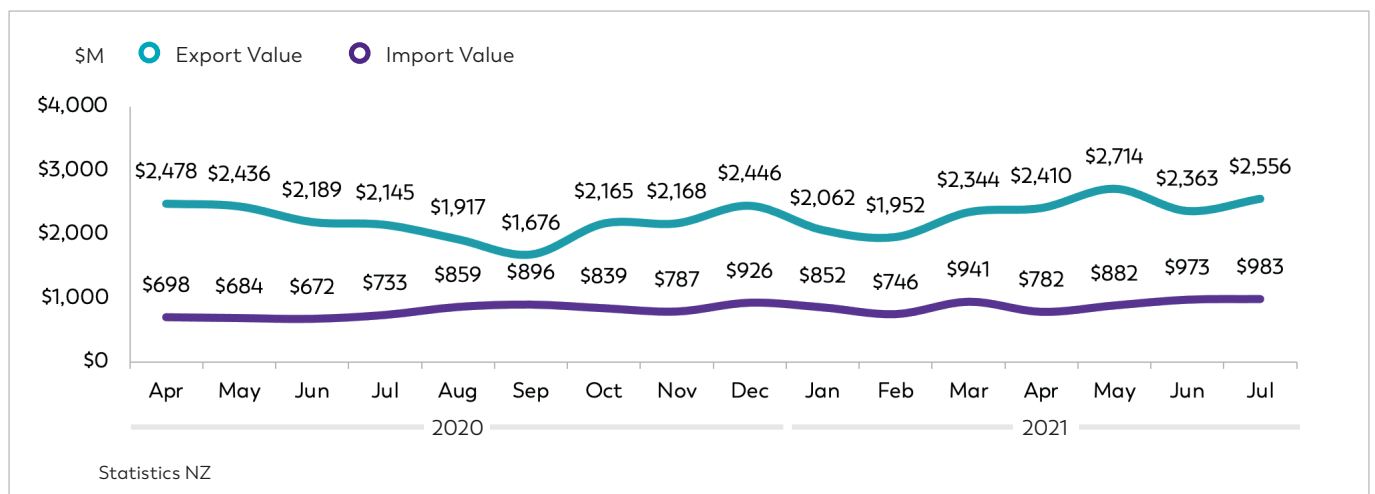
## Port Volume

Export volumes from the Port of Tauranga were steady in May/June, rising to 1.5 million tonnes in July, while import volumes followed an inverse pattern, higher in June and lower in July.



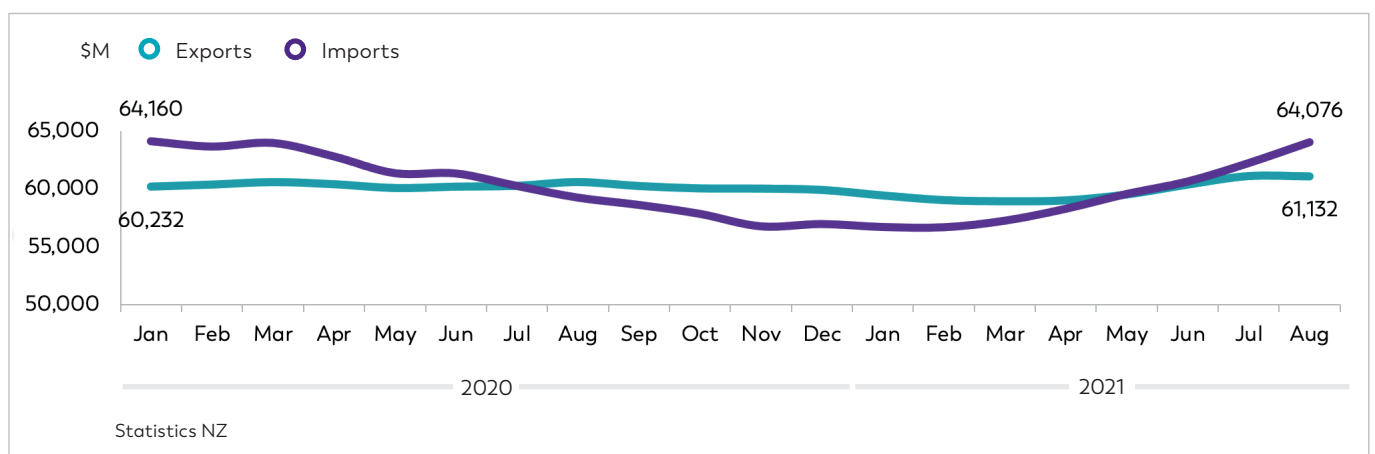
## Port Value

Import values into Tauranga have lifted to almost \$1.0 billion in June and July, likely due to absorbing Auckland's overflow. Export values are more variable, reaching \$2.5 billion in July.



## NZ Exports & Imports

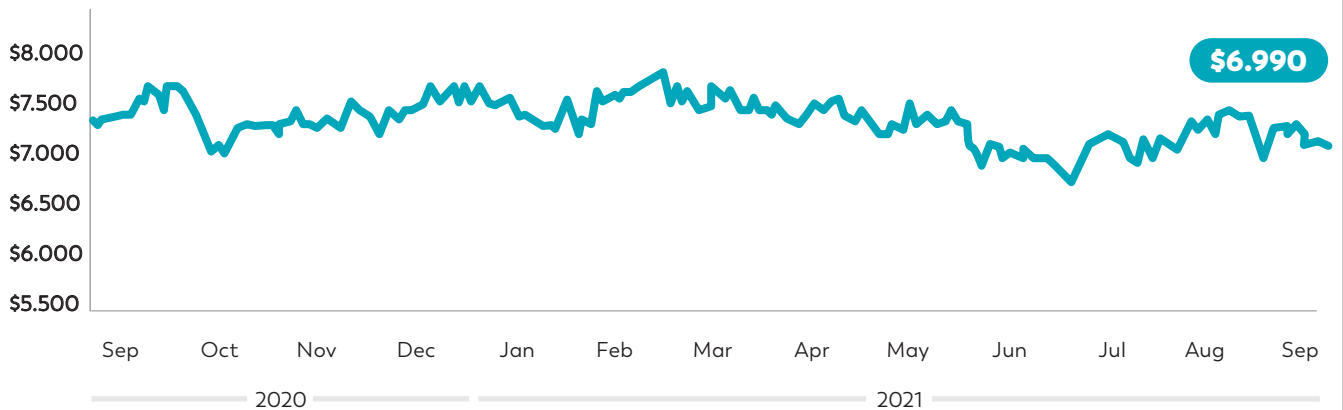
National export values have been steady over time. Import values fell in March 2020 as global markets ground to a halt, and have recovered in 2021 as markets re-opened and costs are added.



## Local Share Prices

### PORT OF TAURANGA

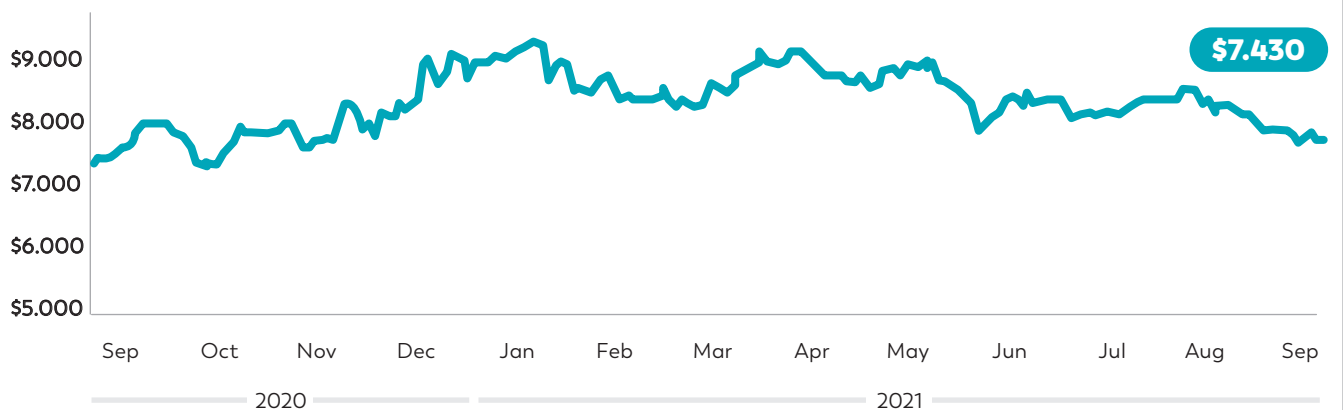
\$6.990 on Wednesday 29 September 2021



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

### TRUSTPOWER

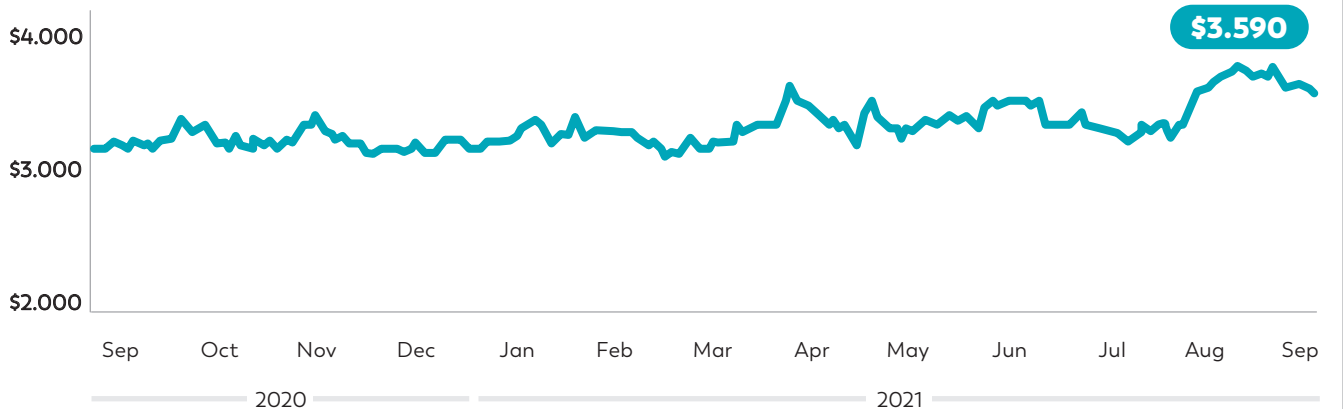
\$7.430 on Wednesday 29 September 2021



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

### COMVITA

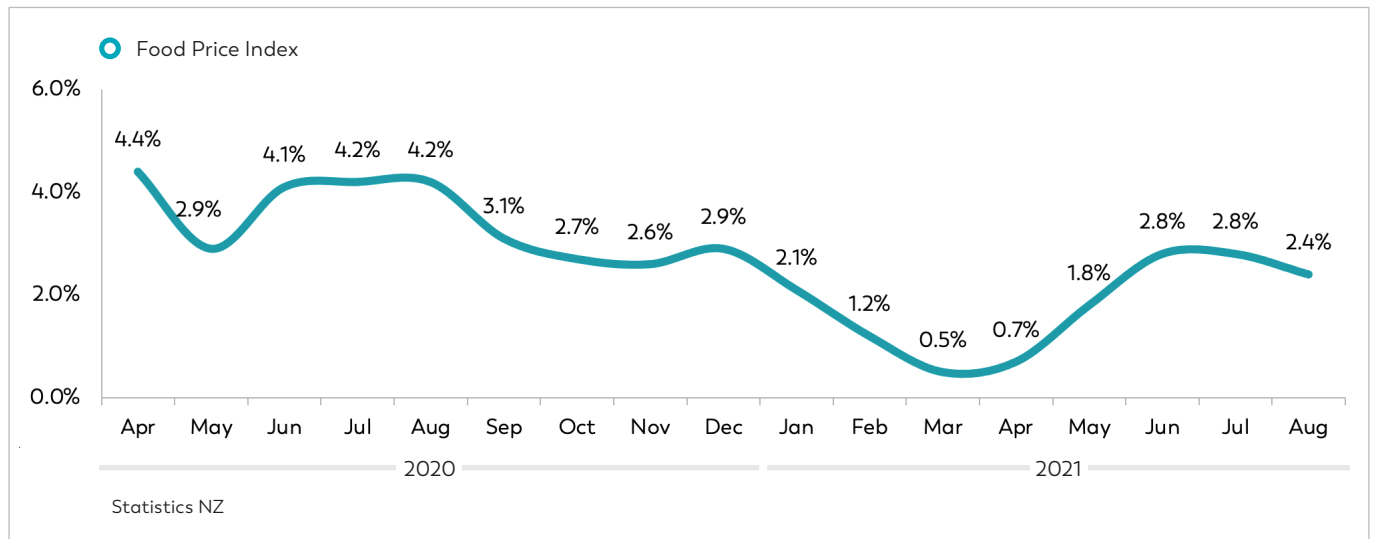
\$3.590 on Wednesday 29 September 2021



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

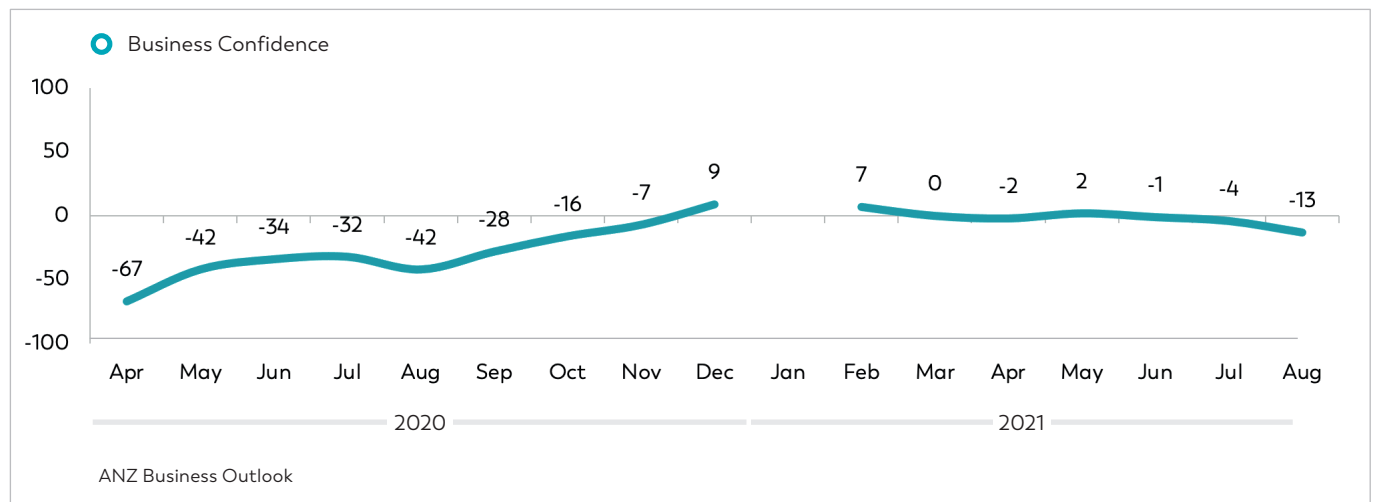
## Food Prices

Annual national food price growth has been at almost 3% since June, dropping slightly to 2.4% in August. All categories have increased, especially restaurant meals, meat, and fruit and vegetables.



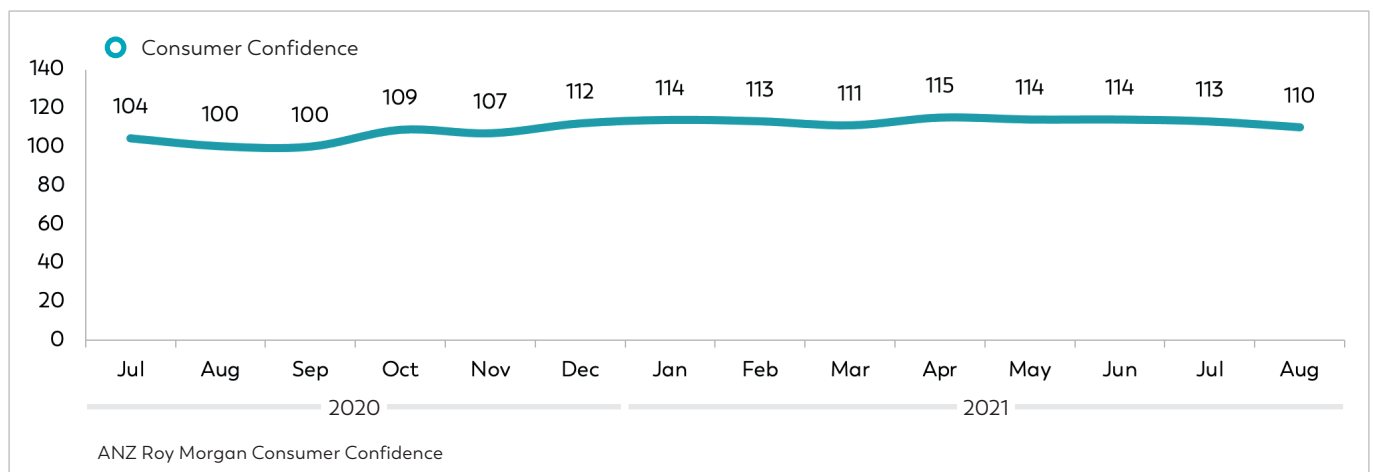
## Business Confidence

Business activity indicators were easing from high levels before lockdown, including own activity and investment intentions. Employment intentions remain high, and inflation pressures remain intense.



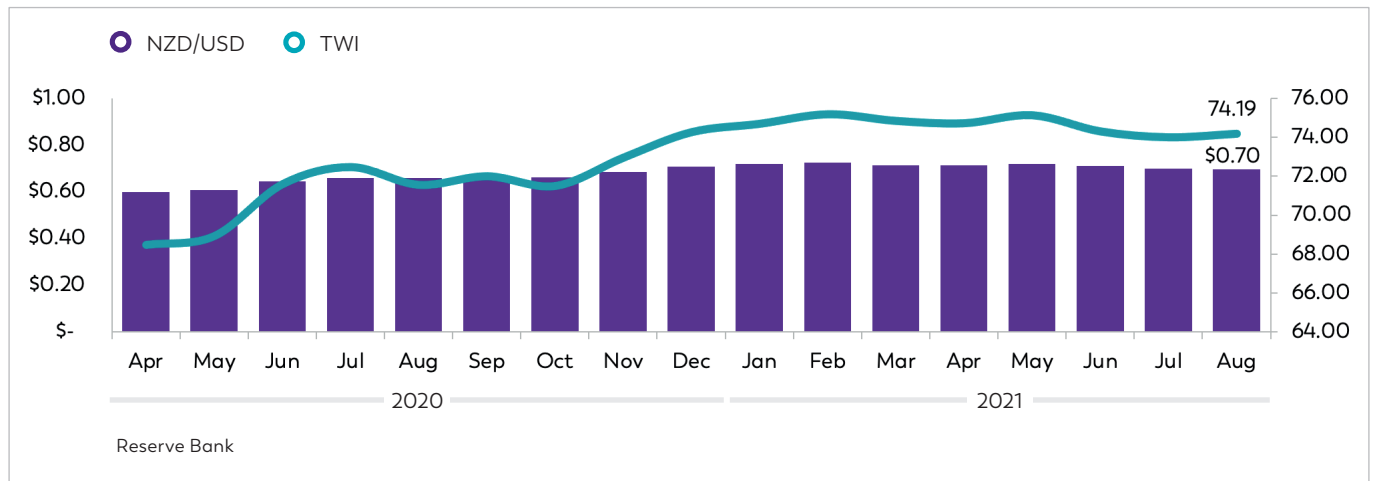
## Consumer Confidence

Consumer confidence eased 3 points to 110 in August. The proportion of people who believe it is a good time to buy a major household item fell 11 points, and inflation expectations lifted again.



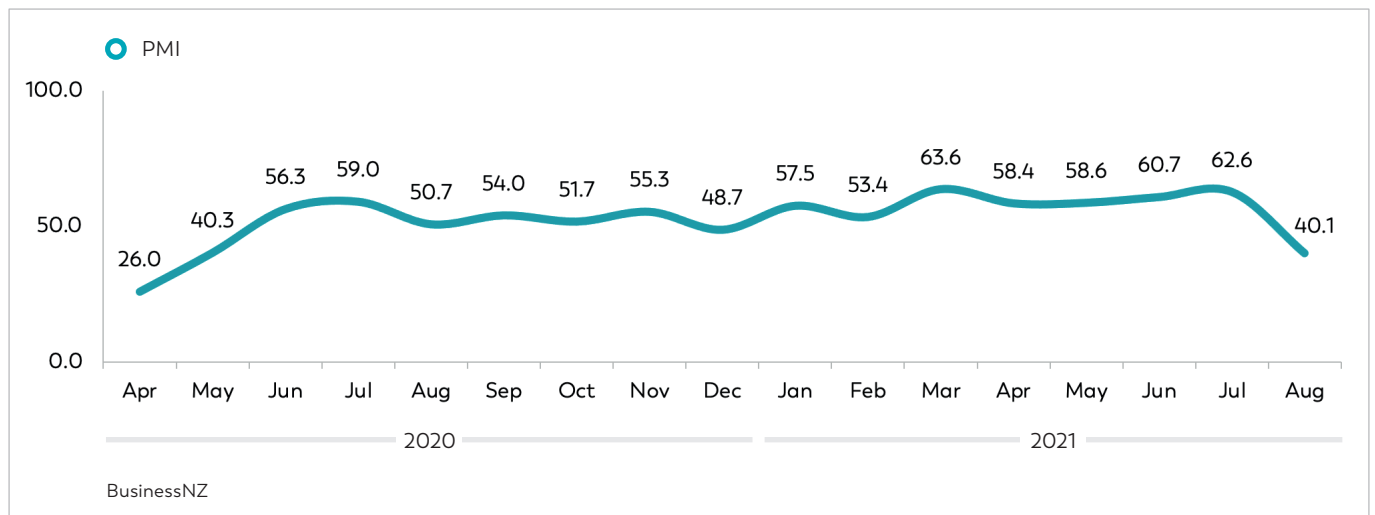
## NZD and TWI

The TWI has dipped slightly to 74 for the last 3 months, as has the NZD/USD, sitting at just under \$0.70. Both are affected by China's decision to cut steel production due to environmental concerns.



## Performance of Manufacturing Index

Many anticipate a bounce in activity as the country moves down alert levels, yet August's PMI shows the economic pain being felt, with a drop of 22 points in August to 40, the same as in May 2020.



## Performance of Services Index

National lockdown caused service sector activity levels to also plunge into contraction in August, with the PSI down 20 points to 36, a level not seen since March 2020.

