

# Helping the Waikato through COVID-19

## Economic Radar

As at 7 August 2020

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 today's Radar summarise statistics and data released over the last four weeks.

Due to COVID-19's relatively stable nature in NZ and to account for various data sources' schedules of releasing data, we will continue to publish Economic Radars on a monthly basis. Reports are to be released on the first Friday of each month, our next report due 4 September.

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

1. How New Zealand and the Waikato region will respond to the end of the wage subsidy scheme, set to close 1 September 2020.
2. International Markets – many countries' health and economic challenges relating to COVID-19 are still developing / at a relatively early stage.
3. COVID-19 Free NZ – Over the past four weeks, NZ has had 36 new cases of COVID-19. All cases are currently contained under quarantine, but there is always a risk that community transmission may re-emerge.
4. 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.

We will continue to expand our monitoring and measures as we scan for signs of trouble, stabilisation, or sparks of life.

### Note:

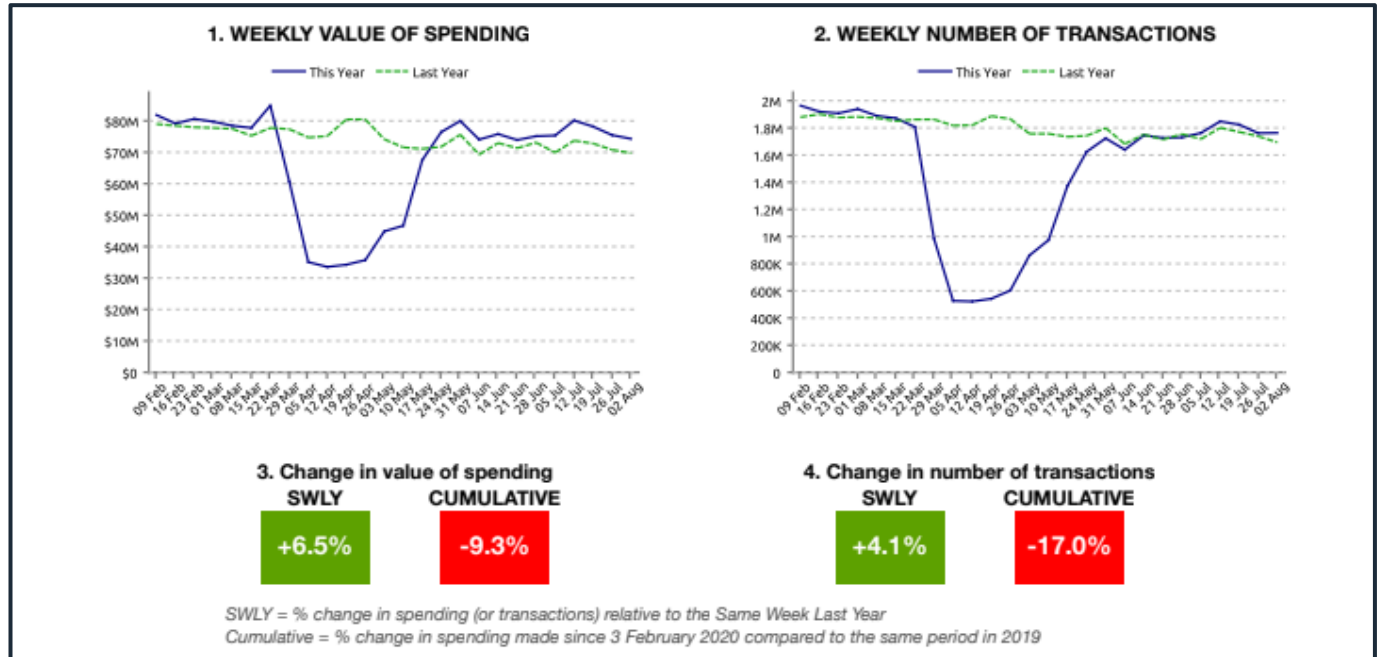
The following report has been compiled to share the Waikato region's COVID-19 recovery progress. In all instances, sources are listed to ensure access to data can be found.

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:

Michelle Hollands [michelle.hollands@tewaka.nz](mailto:michelle.hollands@tewaka.nz)

### Waikato Weekly Card Transactions – Week Ending August 2



#### 5. WEEKLY SPENDING CHANGE BY CATEGORY

	SWLY		Cumulative	
	\$	#	\$	#
Food, liquor & pharmacies	+11.2%	+4.9%	+13.9%	-6.0%
Hospitality & Accommodation	+8.1%	+4.1%	-24.8%	-27.6%
Fuel & Automotive	-5.8%	+1.0%	-22.6%	-18.5%
Clothing, Footwear & Dept. Stores	+10.9%	+6.2%	-22.8%	-26.6%
Home & Recreational Retailing	+24.3%	+19.0%	-7.2%	-13.0%
All other	-10.2%	-6.1%	-33.6%	-32.5%
<b>TOTAL</b>	<b>+6.5%</b>	<b>+4.1%</b>	<b>-9.3%</b>	<b>-17.0%</b>

#### 6. WEEKLY SPEND AND TRANSACTION CHANGES

Week Ending	SWLY		Cumulative	
	\$	#	\$	#
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%
14-Jun	+3.9%	-0.3%	-14.7%	-23.7%
21-Jun	+3.7%	+0.7%	-13.8%	-22.5%
28-Jun	+2.8%	-1.4%	-13.1%	-21.5%
05-Jul	+7.8%	+2.6%	-12.2%	-20.5%
12-Jul	+8.7%	+2.6%	-11.3%	-19.5%
19-Jul	+7.4%	+3.0%	-10.5%	-18.6%
26-Jul	+6.6%	+1.3%	-9.9%	-17.8%
02-Aug	+6.5%	+4.1%	-9.3%	-17.0%

#### 7. CHANGE BY ORIGIN OF CARDHOLDER

	SWLY		Cumulative	
	\$	#	\$	#
INTERNATIONAL	-49.9%	-44.5%	-35.2%	-34.7%
NZ CARDS	+7.7%	+4.8%	-8.4%	-16.6%

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

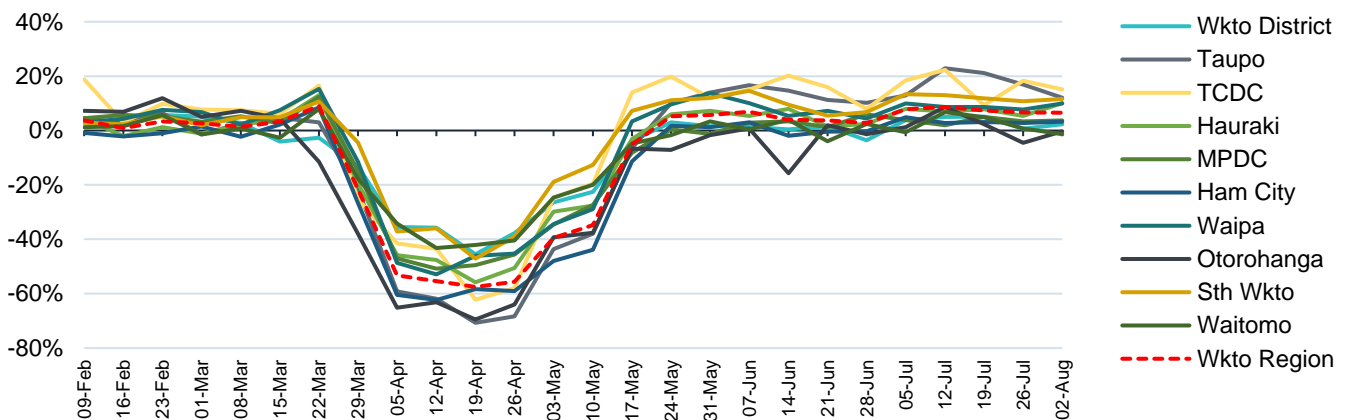
	SWLY		Cumulative	
	\$	#	\$	#
New Zealand	+2.3%	-0.4%	-11.1%	-20.0%

Notes to graphics on the previous page:

- “Cumulative” measures represent change in spending / volume of transactions since 9 February, relative to the same period last year.
- “SWLY” measures represent change in spending / volume of transactions relative to the same week last year.

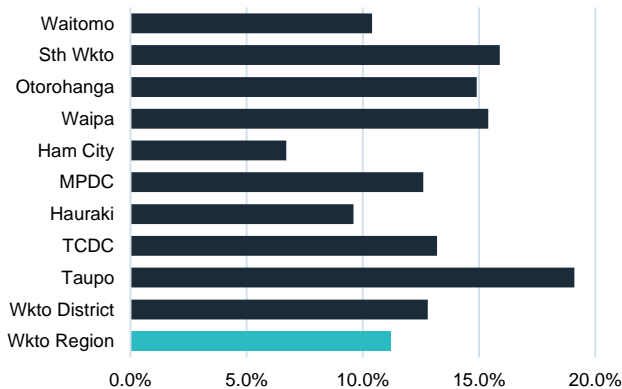
The chart below summarises the change in level of spending for the weeks ended 9 February to 2 August, relative to the corresponding weeks last year. While weekly spending under Alert Level 3 remained below last year’s levels, the move into Alert Level 2 saw spending return to more ‘normal’ levels in May, and remaining there since. While the range between territorial authorities is significantly wider, spending in the Waikato region is broadly in line with February. At 2 August and 9 February spending levels were 6.5% and 3.7% up on corresponding weeks last year, respectively.

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

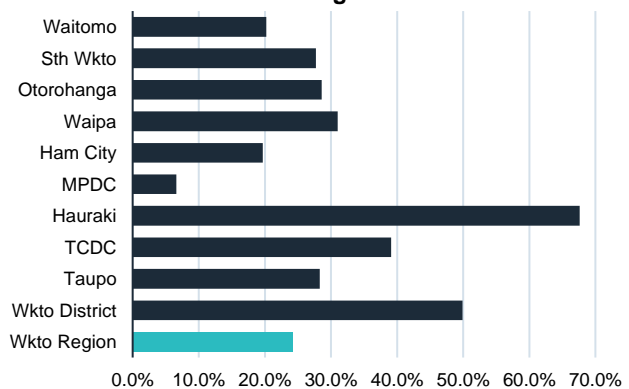


The chart below summarises the level of spending relative to the corresponding week last year under the Food, Liquor & Pharmacies and Home & Recreational Retailing categories. The level of spending under these categories was significantly higher than last year, across all districts.

**Food, liquor & pharmacies**



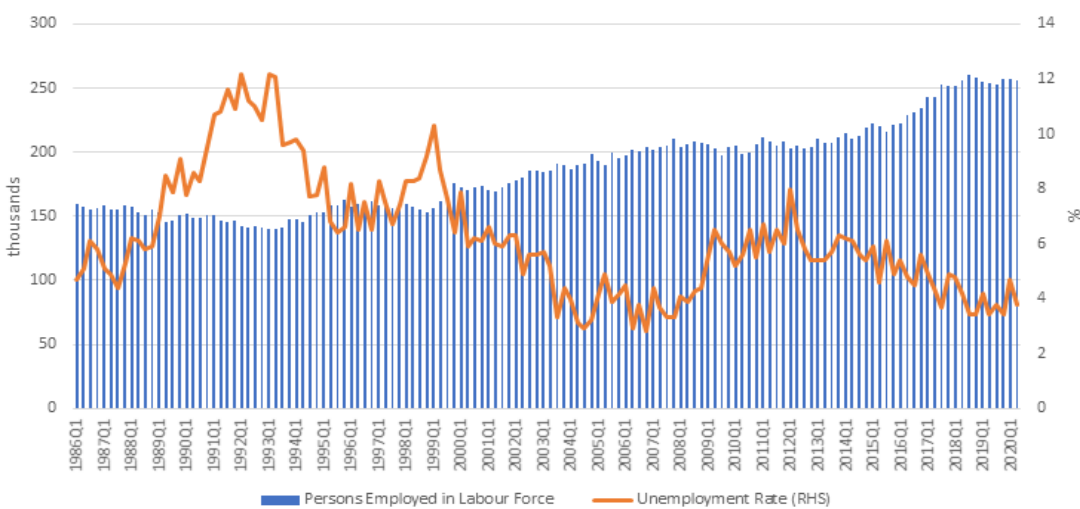
**Home & recreational retailing**



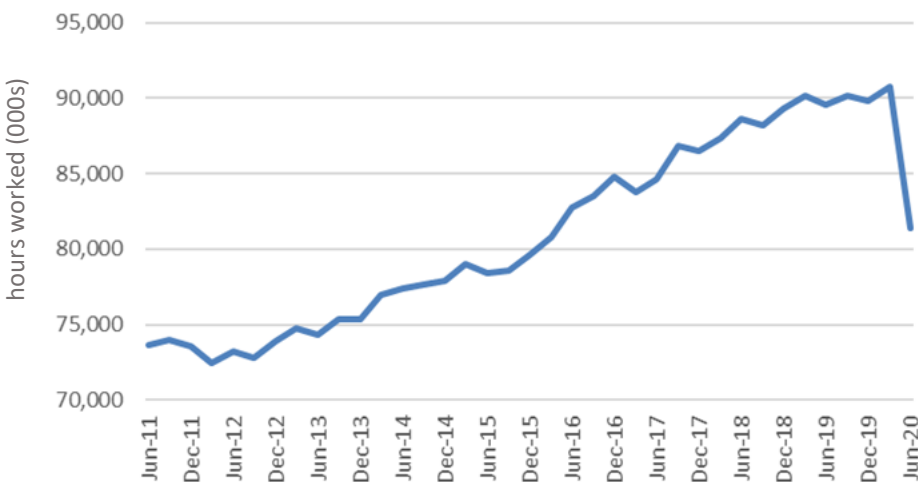
Source: Marketview using Paymark data.

## Employment

The chart below summarises the Waikato labour market for the June quarter by number of people employed and the rate of unemployment. The fall in unemployment took many by surprise, given the economic conditions, including the whole of the level 4 lockdown, that characterised the period.



The unemployment rate in the Waikato region fell from 4.7% in the March 2020 quarter to 3.8% in the June quarter – a fall of around 2,600 people. For New Zealand as a whole, unemployment fell from 4.2% to 4.0%. But where have all these unemployed people gone? Given that the number of people *employed* in the Waikato region also fell, they haven't, on the whole, gone into jobs. In short, they have effectively left the labour market altogether – the number of people classified as being in the labour force fell by around 5,800 (despite the working-age population *growing* by more than 2,000).



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

Even for those in work, productivity was significantly affected – the number of ‘underemployed’ (those working part-time who want more work) in New Zealand increased by 33,000. This, and the fall in the labour force meant there was a 10% fall in hours worked (as shown in the chart above). The underutilisation rate (those unemployed and underemployed as a share of the potential labour force) increased from 10.4% to 12.0%.

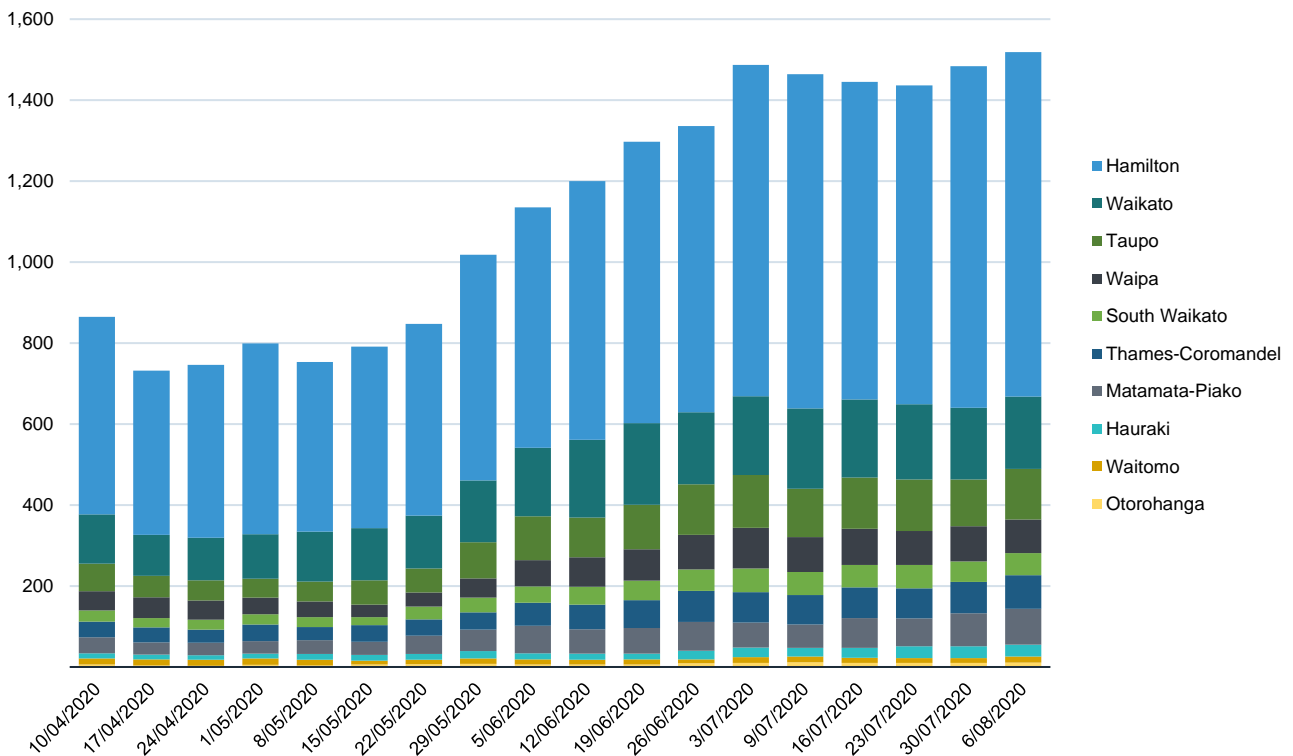
The NEET rate (i.e. 15-24 year olds not in employment, education or training) also fell sharply – particularly for the 15-19 year old age group. In the Waikato region, the NEET rate for 15-24 year olds fell from 14.5% to 11.6%, while for 15-19 year olds, it fell from 13.3% to 8.8% - possibly reflecting people choosing to stay in or enter education or training, rather than trying to find jobs.

Many of these metrics are likely to have looked significantly worse without the emergency wage subsidy and business support measures put in place by central government.

### Job Ads

The chart below summarises number of Trade Me jobs advertised as at Thursday of each week since mid-April 2020. The number of jobs advertised in the Waikato region today represents an 4% increase on last month.

#### Jobs advertised by district



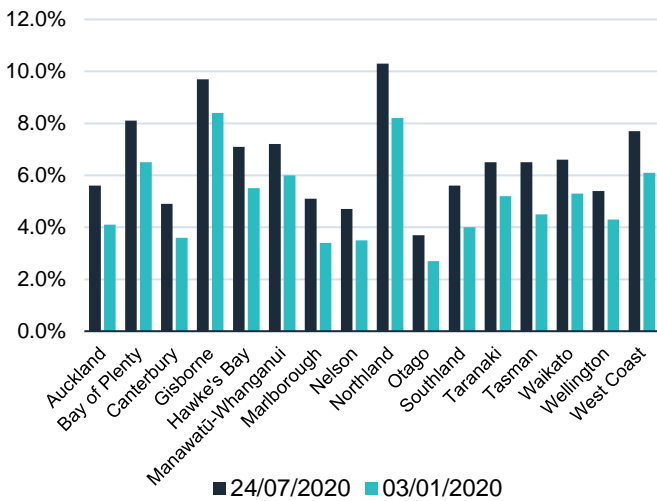
Source: [www.trademe.co.nz](http://www.trademe.co.nz)

**Support**

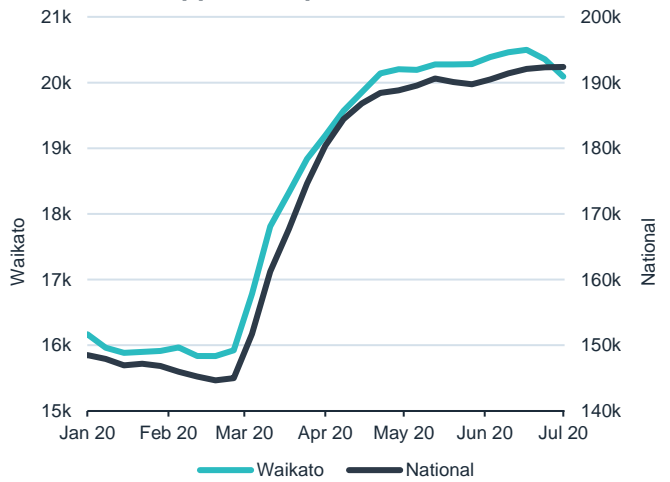
**Jobseeker Support**

The number of recipients of the Jobseeker Support has risen by 4,200, or 27% since the start of 2020, in line with the 31% increase for New Zealand as a whole. This means that 6.6% of the Waikato working age population is receiving Jobseeker support (compared with 5.3% at the start of the year), slightly higher than the 6.0% of the national working age population now in receipt of Jobseeker Support.

**Share of working-age population**

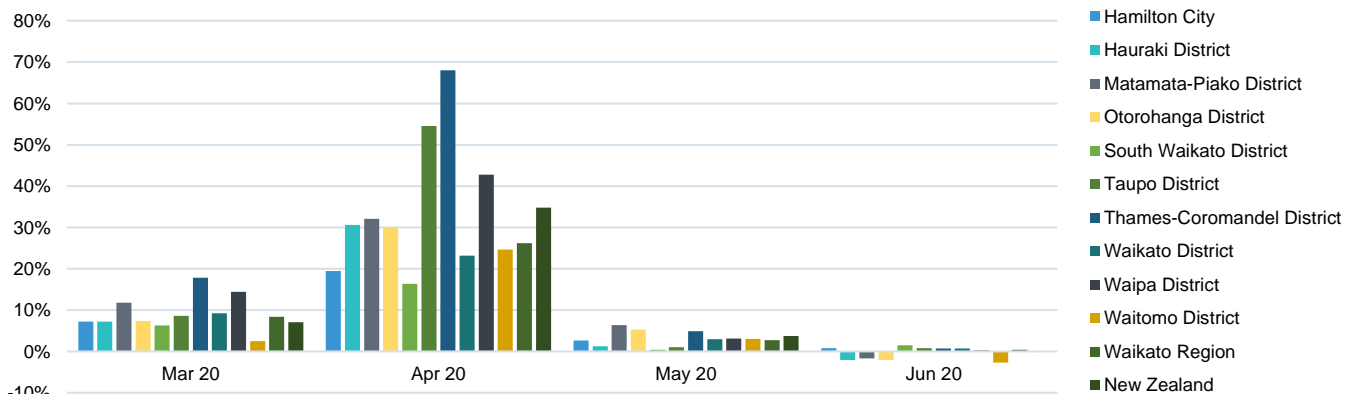


**Jobseeker support recipients**



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

**Increase in Jobseeker Support**



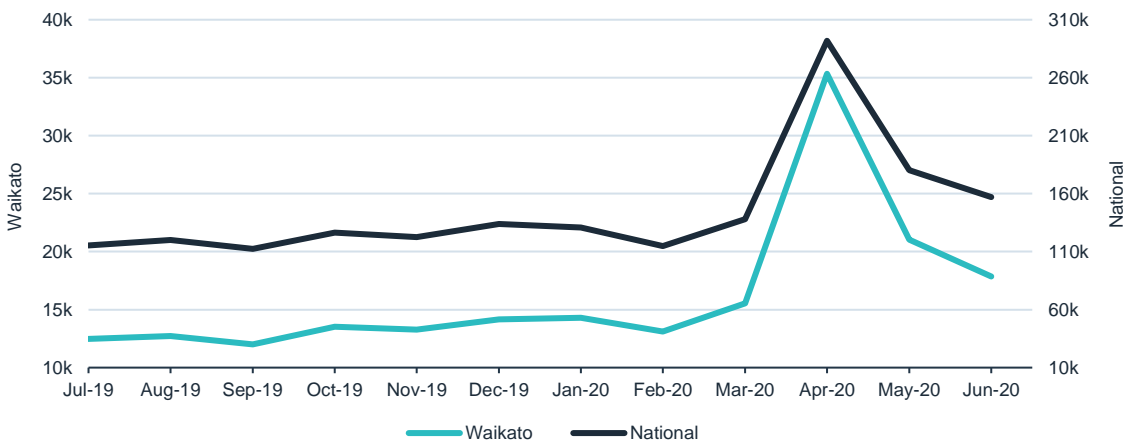
Source: [www.msd.govt.nz](http://www.msd.govt.nz)

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

### Hardship Support

The chart below compares number of special need's grants for food in the Waikato and nationally.

**Number of special needs grants for food**

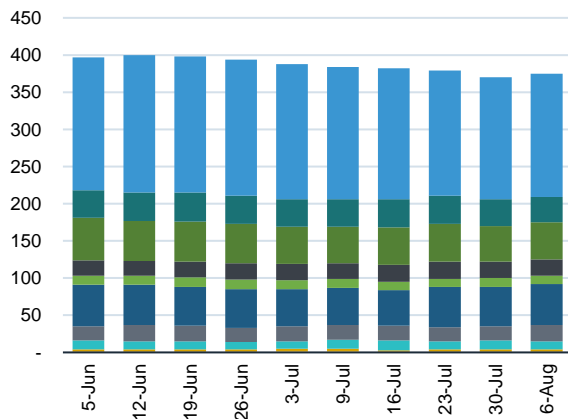


### Businesses

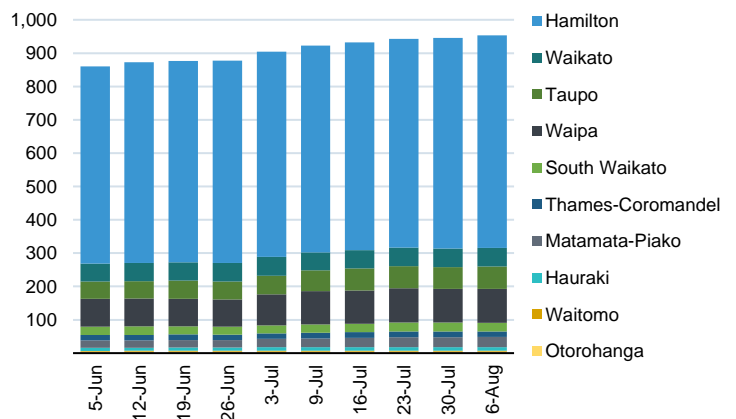
#### Commercial leasing and business for sale

The charts below summarise the number of businesses for sale and number of commercial leases advertised on Trade Me as at the end of each Thursday.

**Businesses for sale**



**Commercial Leasing**

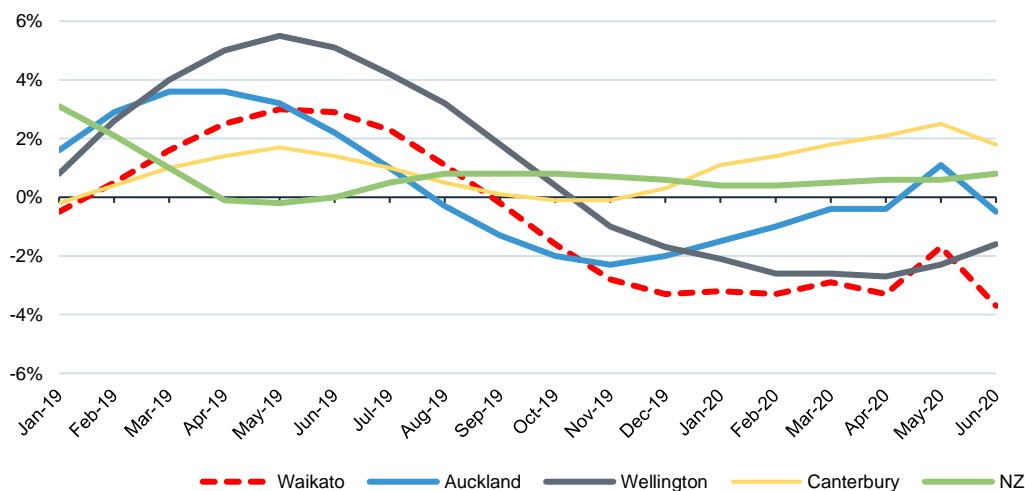


Source: [www.trademe.co.nz](http://www.trademe.co.nz)

### Building consents

The chart below summarises percentage change in the number of new dwellings consented compared to the same month the year before. Number of consents in June 2020 were down 3.7% compared to last year in the Waikato region.

**Month on month % change in # of dwellings consented**



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

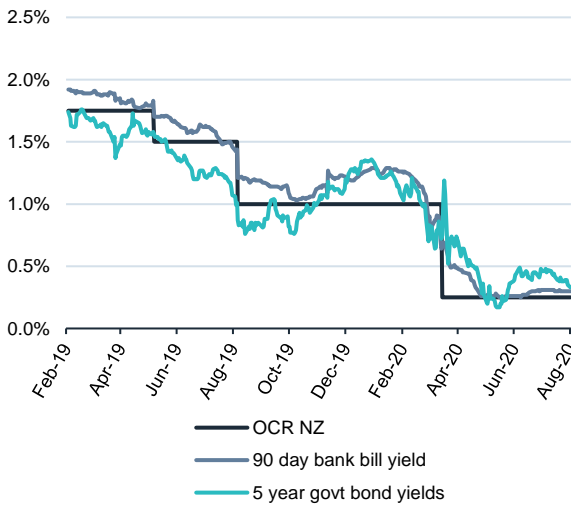


**Financial Indicators**

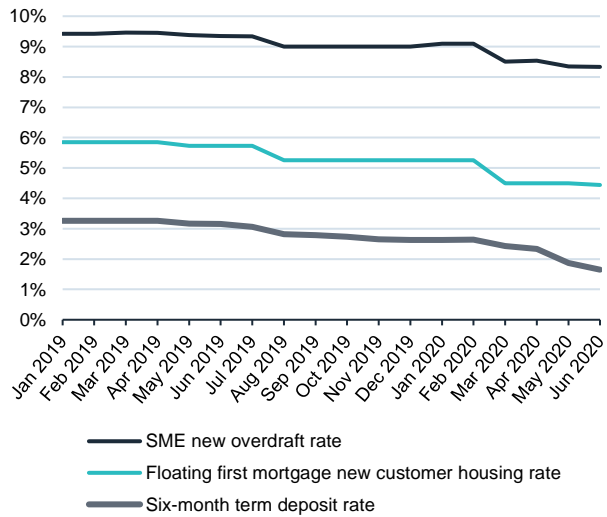
**Interest Rates**

The charts below summarise wholesale and retail interest rates in New Zealand. Retail interest rates have declined moderately, with deposit rates falling by slightly more than deposit rates.

**NZ wholesale interest rates**

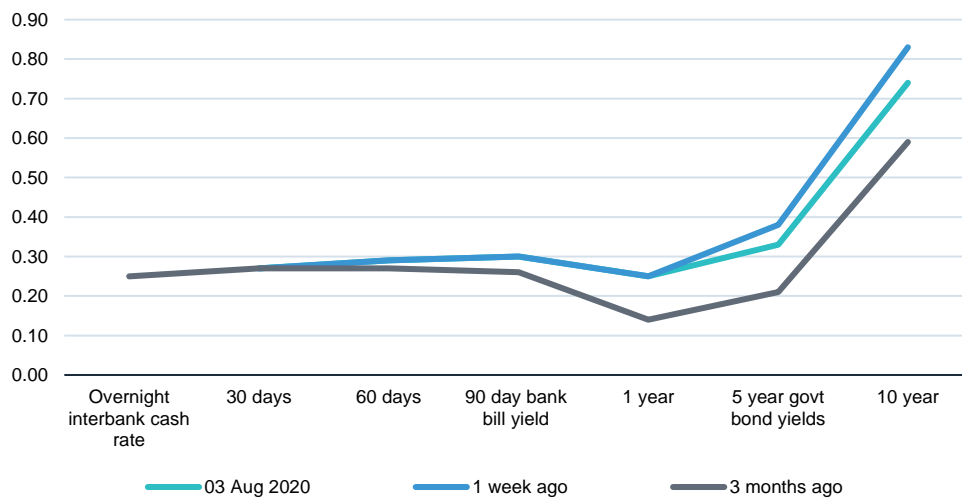


**Retail interest rates**



The chart below summarises NZ's yield curve as at 3 August, 1 week ago, and 3 months ago. Notably the longer end of the curve has risen slightly compared to 3 months ago, despite the ongoing economic weakness.

**Yield curves**

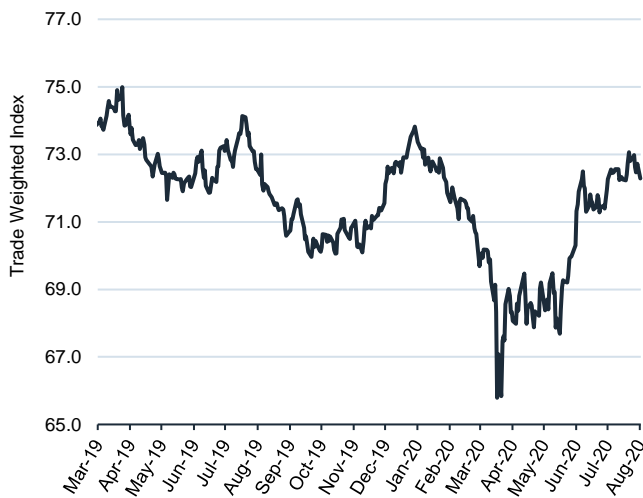


Source: [www.rbnz.govt.nz](http://www.rbnz.govt.nz)

Exchange Rates

The New Zealand dollar appears to have traded in a fairly narrow range over the last month, having appreciated significantly since recent lows in March when the country was under Level 4 lockdown.

NZD exchange rate



NZD exchange rate

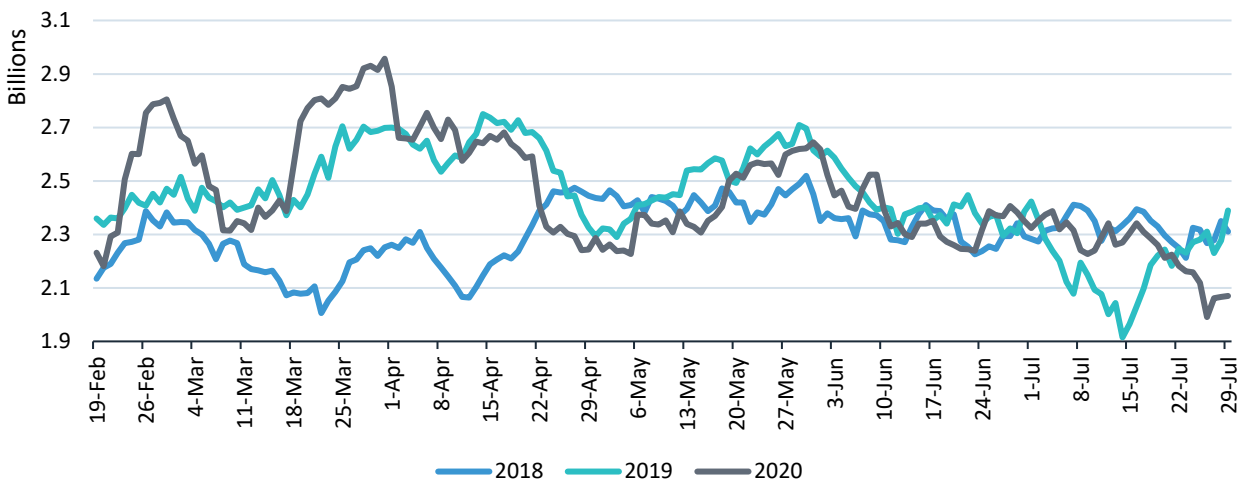


Financial Indicators, sources: <https://www.rbnz.govt.nz>, [www.rba.gov.au](http://www.rba.gov.au), [www.bankrate.com](http://www.bankrate.com) and [apps.newyorkfed.org](https://apps.newyorkfed.org)

**Trade**

One of the rare good news stories for the economy over the first half of 2020 has been the way that, despite the stronger NZ dollar, our merchandise exports have held up remarkably well, in spite of lockdowns, border restrictions and disrupted supply chains. Since mid-July, however, the value of trade has dropped away considerably. In the two weeks to 29 July, exports were around \$320 million lower than the equivalent period in 2019. Dairy exports in the second half of July were down \$173 million compared with the same period in 2019, and exports to China have softened overall. It remains to be seen whether this is just a short-term variation, or if it reflects the very weak global economy. The chart below summarises the two-week rolling total of NZ’s merchandise exports over the February to July period for 2018, 2019, and 2020.

**Merchandise Exports - two week rolling total**

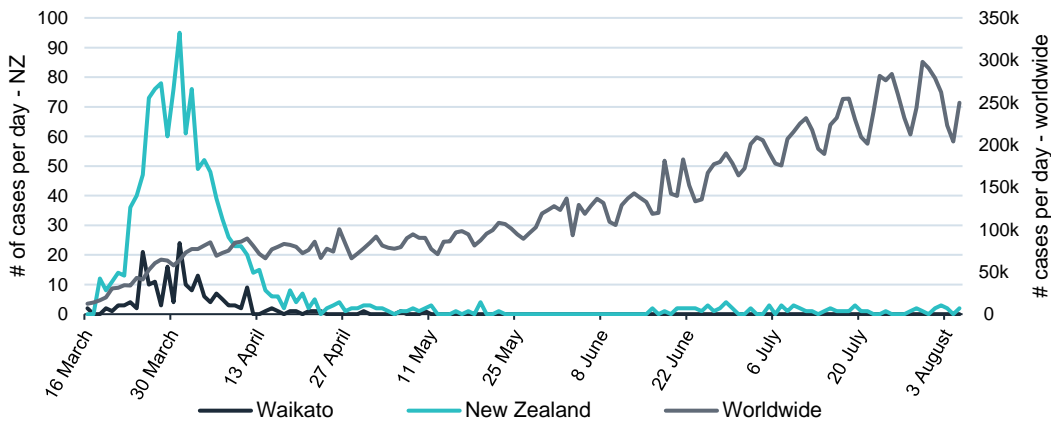


Source: [www.stats.govt.nz](http://www.stats.govt.nz)

**COVID-19 as at 5 August 2020**

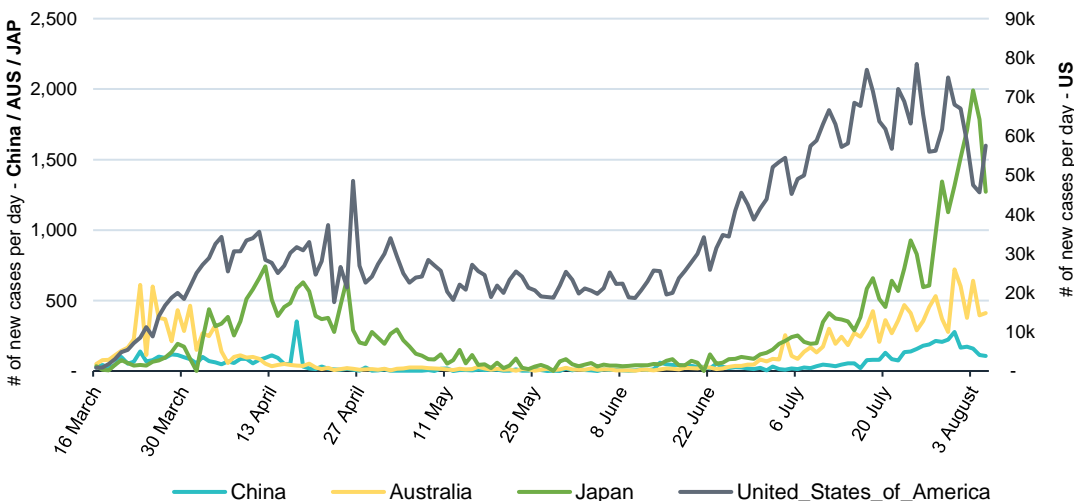
The Waikato DHB has 188 confirmed and probable cases as at 6 August 2020: 0 active cases, 187 recovered, and one deceased. The chart below compares the trend in new cases per day for Waikato, New Zealand and Worldwide. In NZ, number of new cases per day ranged between 0 and 3 over the last month. Waikato have reported zero new cases for the last 87 days. The number of new cases worldwide at 5 August was 250k, 31% higher than last month.

**Cases confirmed and probable per day**



The chart below summarises the COVID-19 situation for NZ's key trading partners, by number of new cases per day. China appears to be in a relatively stable position with cases per day averaging 108 over the last four weeks. Japan and Australia have experienced a second wave of infection, new cases per day 5 times and 4 times greater than this time last month, respectively. While volatility in the US remains, new cases per day has seemed to have flattened, with cases yesterday coming in 8% lower than average new cases per day over the last four weeks.

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



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