

For Month Ending October 2020

### Executive Summary

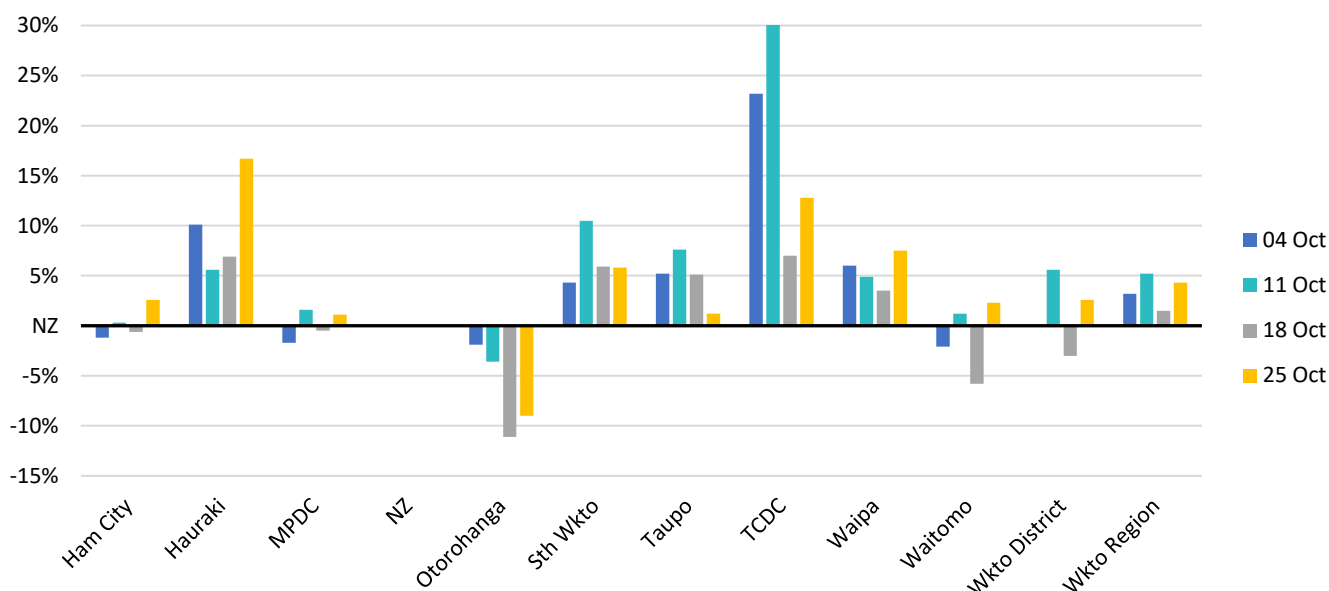
As we head rapidly towards the end of 2020, a year in which many say 'phew' thank goodness that is over, the latest statistics on the New Zealand economy give us a picture of the depth of the effects of COVID-19.

There have been some reassuring signs of stability in recent indicators for the Waikato region. A rise in the number of people in jobs saw the unemployment rate remain steady (compared to a rise around the country), and exports continue to perform well.

### Total consumer spending

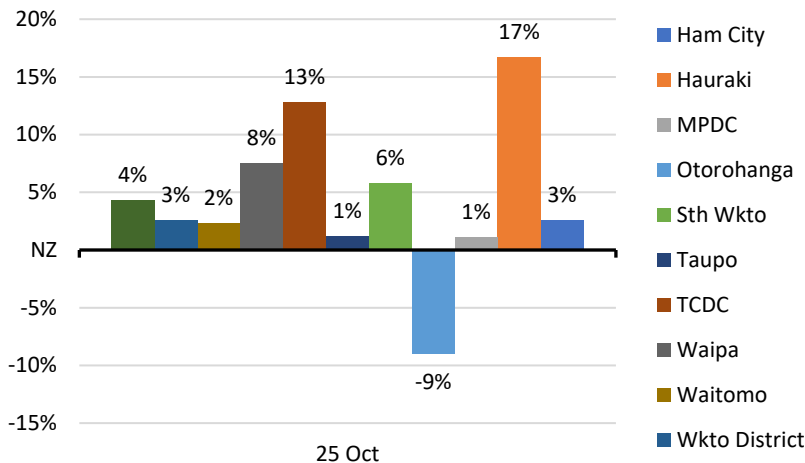
Consumer spending levels are up on the same week from a year ago across most categories, and in most parts of the region. Spending in recent weeks has averaged around 4 percent higher than a year ago across the region (compared with just under 1 percent for New Zealand), but this has varied significantly across the region. Thames-Coromandel and Hauraki districts were 19 and 11 percent up on a year ago respectively, whereas spending in Waitomo and Otorohanga was down (0.3 and 6 percent respectively).

Regional weekly spending % change relative to NZ



Source: Marketview using Paymark data

### Regional weekly spending % change relative to NZ

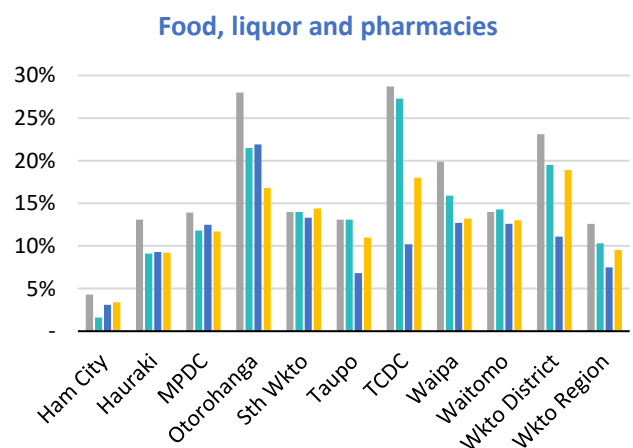
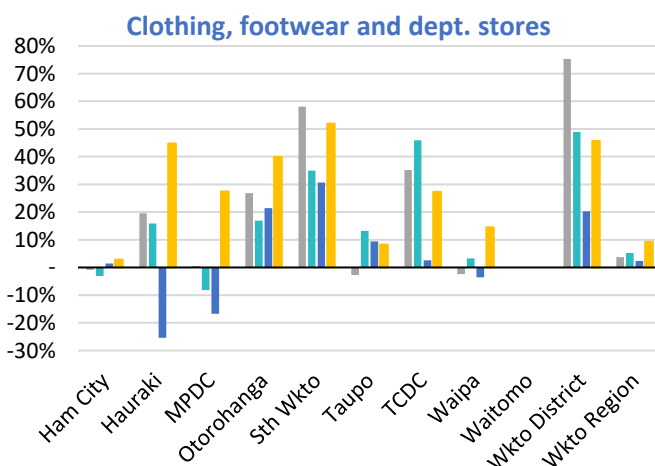


A closer look at the week ending 25<sup>th</sup> October shows Otorohanga 9% down on national average spend, Hauraki 17% up and Thames Coromandel 13% up.

Source: Marketview using Paymark data

### Percentage change in spending (\$) compared with the same week last year

■ 04 Oct ■ 11 Oct ■ 18 Oct ■ 25 Oct

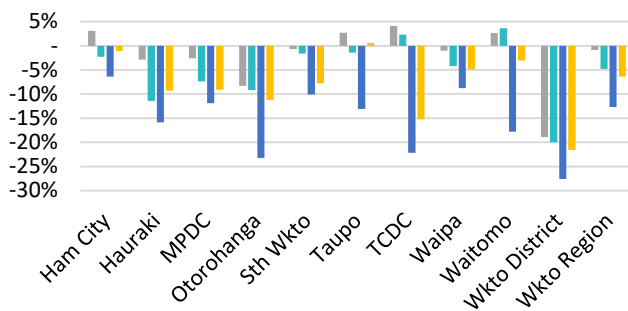


Source: Marketview using Paymark data

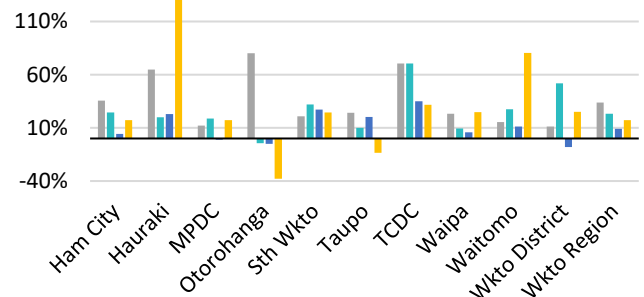
- Waikato District, Otorohanga and South Waikato are the only districts with sales of clothing, footwear and dept stores exceeding last year for all four weeks. Hamilton City, Taupo and Waipa have had little change to last year. Hauraki and Matamata Piako showed the largest negative impacts with -25% and -17% respectively. Waitomo recorded no sales via paymark systems. Labour weekend occurred in the week of 27<sup>th</sup> September and as a result sales were up for many in this week.
- Food, liquor and pharmacies are performing strongly across the area with spending 2-29% up on last year (following 3 – 29% up on last year in September).

■ 04 Oct ■ 11 Oct ■ 18 Oct ■ 25 Oct

### Fuel and automotive



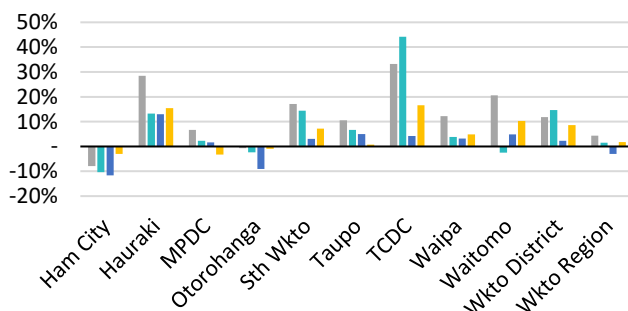
### Home and recreational retailing



- Fuel and automotive sales have been hard hit with the largest uplift on last year spending being 4% in Hamilton city and Waitomo and the Thames Coromandel District.
- Large uplifts in yellow correspond to the week of labour weekend with Hauraki, Waitomo and Thames Coromandel experiencing uplifts with travellers.
- Home and recreational retailing overall is up on the same period last year. The largest positive increase occurred in Hauraki in the final week of October (aligned to Labour Weekend). Increases of above 50% also occurred in Hauraki, Otorohanga, TCDC, Waitomo and Waikato District. Home and recreational retailing has globally seen an increase as a result of lockdowns with an increase of home improvement investment.

■ 04 Oct ■ 11 Oct ■ 18 Oct ■ 25 Oct

### Hospitality and accomodation



- Hospitality and accomodation spend is once again up on last year for the majority, the exception being Hamilton city. The slow return of large gatherings and events continue to have an impact in the city while our districts experience growth in spend via domestic tourism. Thames Coromandel appears to still be the main beneficiary of Auckland domestic tourism.

Source: Marketview using Paymark data

## Waikato Labour Market

After a somewhat surprising fall in the June quarter, September saw the unemployment rate steady at 3.9 percent in the Waikato region. The previous fall was a result of people leaving the labour force rather than a sign of employment growth, whereas this time the number of people employed increased by an estimated 2,700 people.

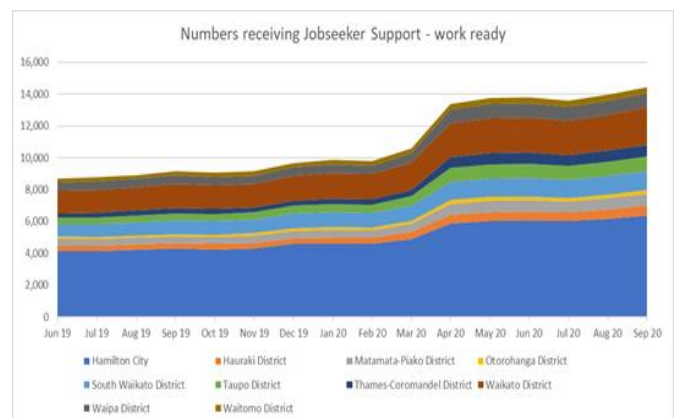
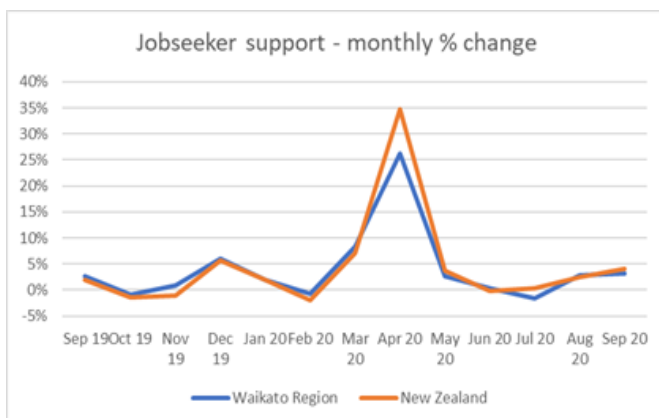


In contrast, the number of people employed in New Zealand fell for the second quarter running, leading to a significant tick up in the national unemployment rate. Apart from Waikato and Manawatu-Whanganui (where there was no change), all regions saw the unemployment rate rise in the September quarter.

## Support

### Jobseeker Support

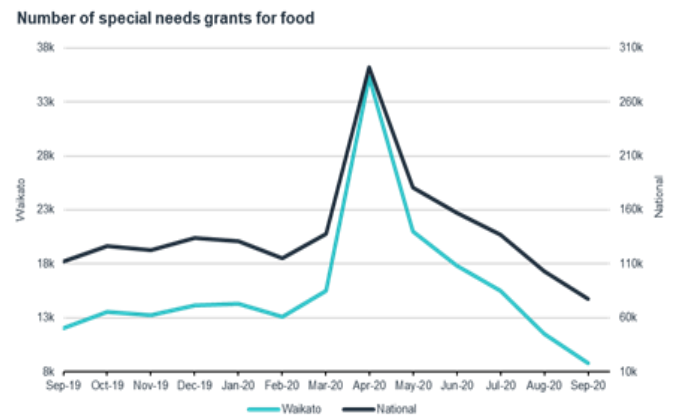
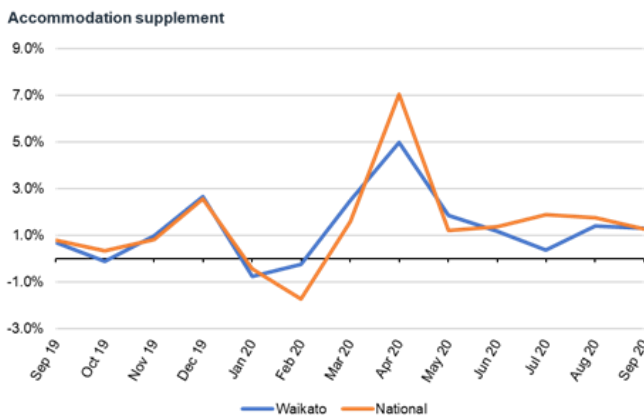
Notwithstanding the steady unemployment rate, the number of unemployed people did rise slightly, and this was also reflected in a slight increase in numbers on Jobseeker Support.



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

## Hardship

Numbers for special grants for food have declined, while for the accommodation supplement they are rising, but only slowly compared to the spike earlier on this year.

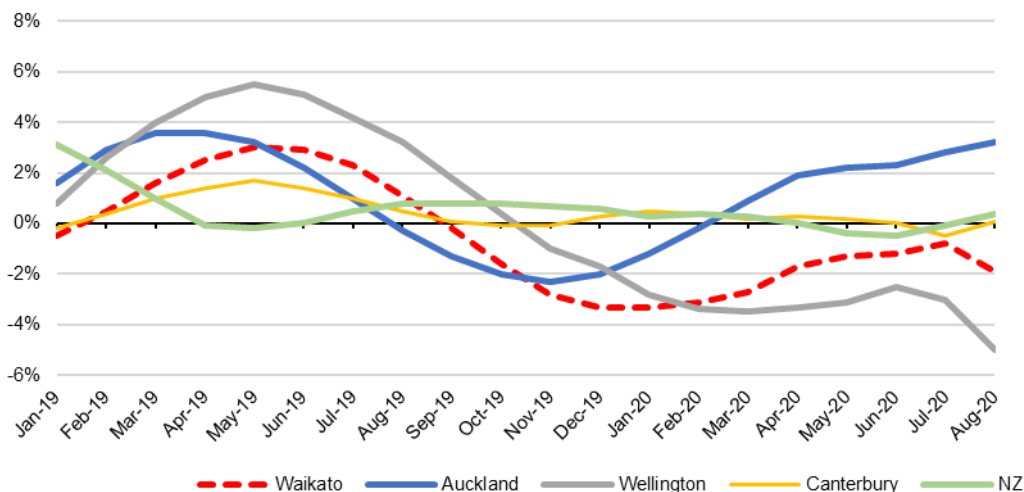


Source: [www.msd.govt.nz](http://www.msd.govt.nz)

## Building Consents

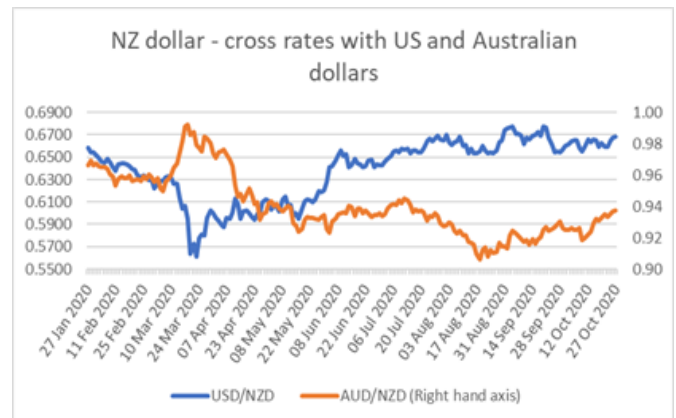
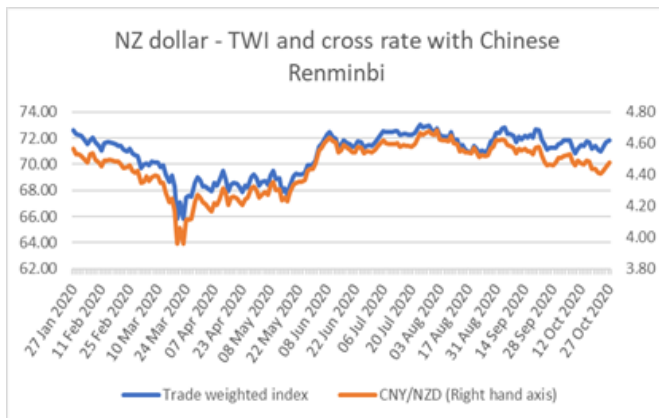
While it may not be surprising, given the pandemic, that residential building consents have been trending down in 2020, it is worth noting that the slowdown actually began more than a year ago. The downward trend followed a similar pattern as in Auckland, with a lag of perhaps three months. Auckland's pickup, which began around April has yet to spill over the Bombay Hills though.

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



## Financial Indicators

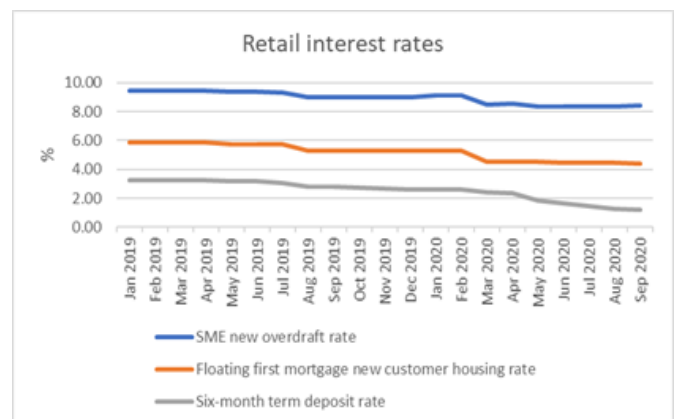
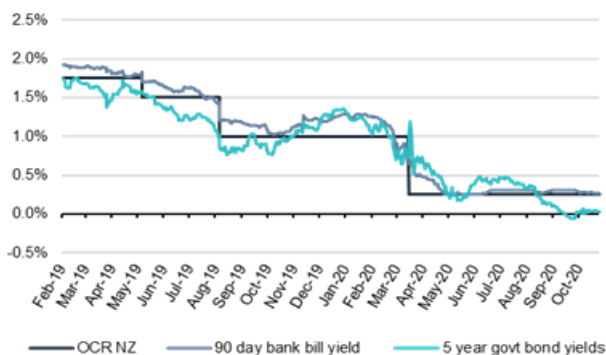
On a trade-weighted basis, the NZ dollar remains in the same range it has been in since June, with a slight depreciation against the Chinese renminbi offset by a rise against the Australian dollar.



Financial Indicators, sources: <https://www.rbnz.govt.nz>

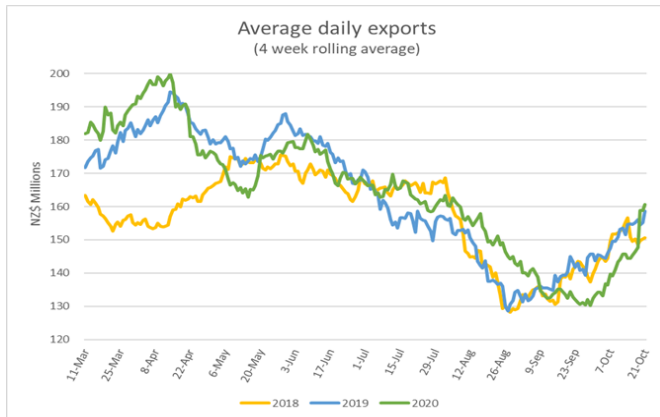
Wholesale interest rates remain low, with 5-year bond yields hovering around zero. Bank bill yields remain anchored to the Official Cash Rate, which the Reserve Bank continues to hold at 0.25 percent. Retail deposit rates continue to edge downwards, while lending rates are steady (and, in fact, rose very slightly in September in the case of business lending).

### NZ wholesale interest rates



Financial Indicators, sources: <https://www.rbnz.govt.nz>

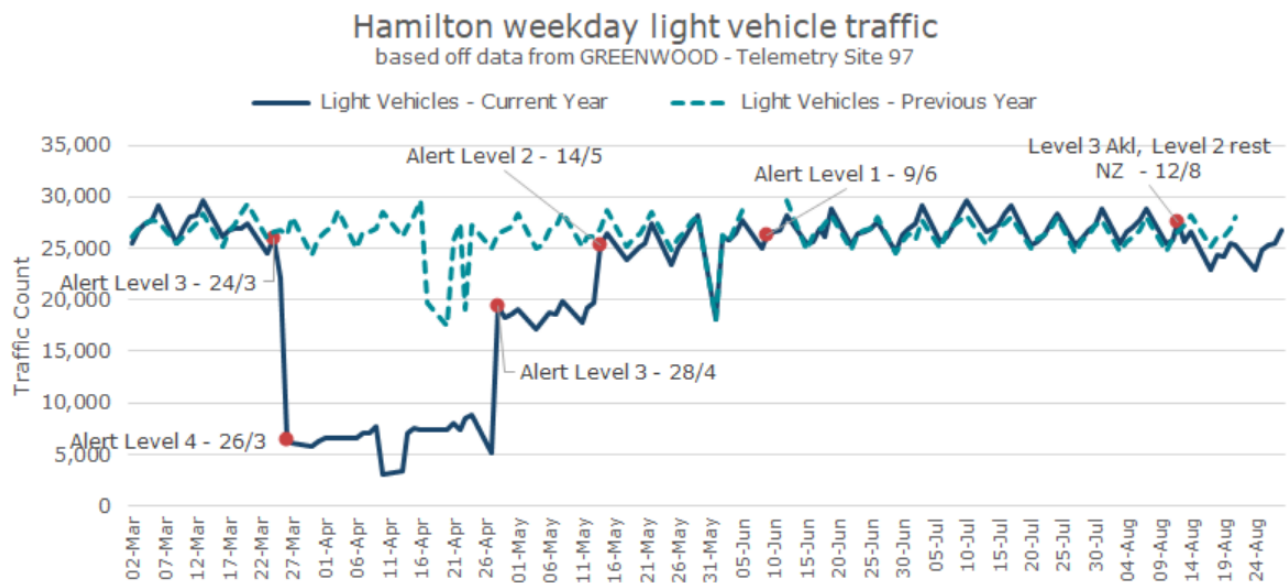
After the usual seasonal low around August-September, New Zealand's merchandise exports have picked up again and are back at levels comparable to the past couple of years.



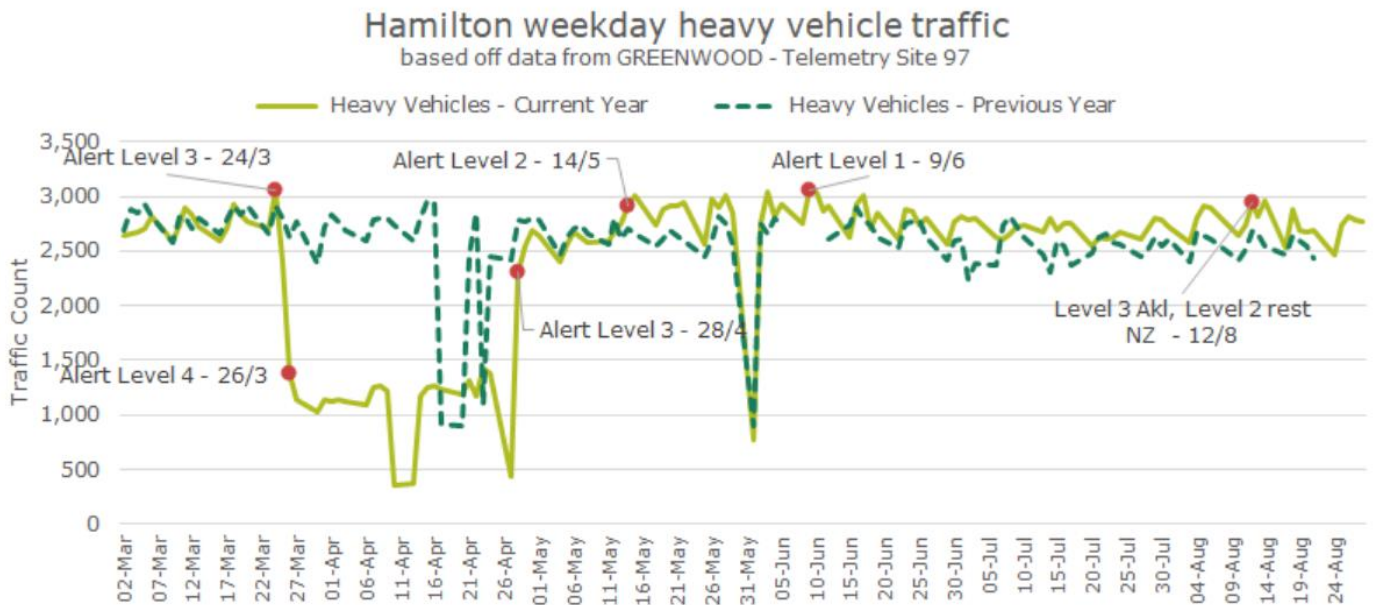
Financial Indicators, sources: <https://www.rbnz.govt.nz>

### Weekday vehicle traffic

NZTA provides the following annotated traffic data for light (less than 5.5m vehicles) and heavy (over 11m vehicles) traffic in the main NZ cities. At the time of publication Hamilton traffic cannot currently be compared to last year due to an outage at the site during the same period last year. When compared to last week there is a 2.5% increase in light traffic and a 0.7% increase for heavy traffic.







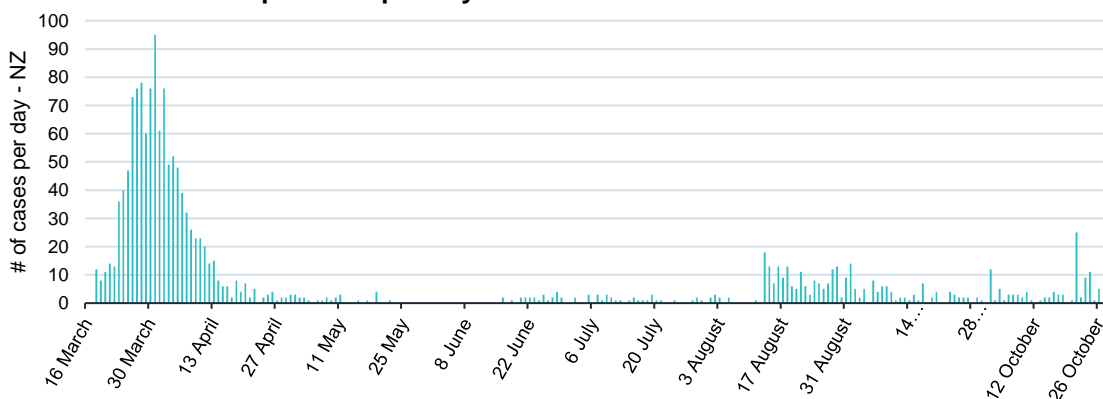
### COVID-19 as at 26 October 2020

The Waikato DHB has 194 confirmed and probable cases as at 26 October 2020:

No active cases, 192 recovered, and two deceased.

The chart below illustrates the daily cases in New Zealand. Since August there has been a steady but relatively small stream of new cases per day mostly from international arrivals in managed isolation.

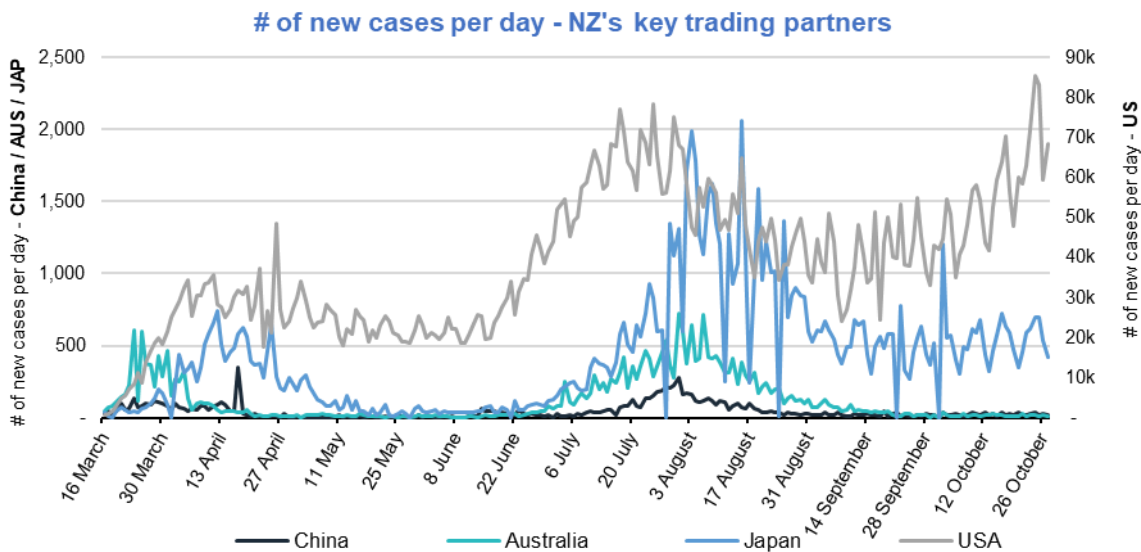
### Cases confirmed and probable per day



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



The chart below summarises the COVID-19 situation for NZ's key trading partners, by number of new cases per day. Japan's curve is flattening. Australia's average over the last 10 weeks has been 16 new cases per day. The US has 'stepped' up the daily cases and there does not appear to be any declining trend over the last four weeks.



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)