

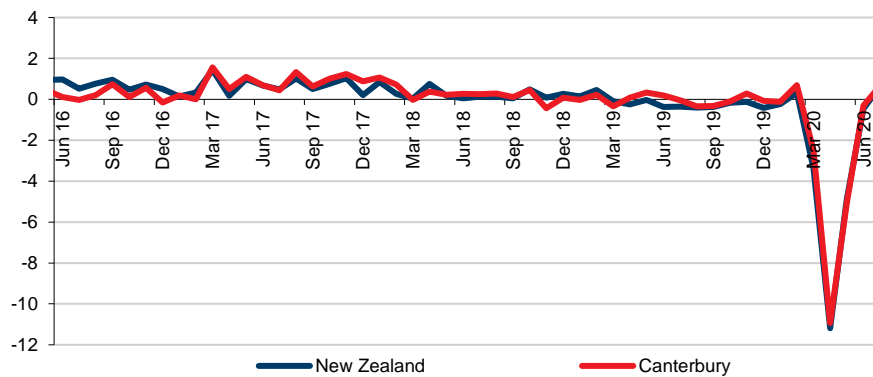
## COVID-19 MONITOR: CANTERBURY ECONOMIC ACTIVITY INDEX

month: July 2020

## Summary

- The Canterbury Economic Activity Indicator measures regional economic activity as being 0.7% higher than in July 2019.
- Job seeker support recipients in Canterbury have increased 36 percent from 13,256, in first week of January 2020 to 17,994 in the week ending 14 August 2020.
- Building consents numbers continue to ease through June and July, following artificially high levels in May, as processing capacity improved, seeing decreases of 20.4 percent for Canterbury when comparing July with June 2020.
- July 2020 compared to the same month last year saw decreases in total building consents of 14.3 percent for Canterbury.
- Total spending in Canterbury reached \$693m in July 2020, 9 percent up on the same month last year. However, the spending profile across sectors altered significantly with some seeing significant drops, and others increases, in spending.

**Economic Activity Indicator - NZ & Canterbury**  
Source: ChristchurchNZ



## In Detail

In July 2020 the Canterbury Economic Activity Indicator<sup>1</sup> stands equal to New Zealand at 0.7. These figures express that the weighted economic activity in Canterbury for July 2020 was about 0.7 percent higher than in June 2019. This is up one percentage point on last month (June) and follows a low of -11 percent compared to the same period of the previous year in April 2020.

It is evident that there has been a strong recovery since April with economic growth operating at a similar level to the same period last year. The scale of the impact of COVID-19 on the Canterbury economy is in line with the impact in New Zealand on average.

Positive movements in July were driven predominantly by manufacturing activity and retail card spending which were up 23 percent and 9 percent for New Zealand and 22 percent and 9 percent for Canterbury in July 2020.

Please note that the components of this indicator do not sufficiently account for the subdued conditions in tourism related activities. We are working on including additional components aimed to address this in future releases of this indicator.

## Activity Index Components:

	New Zealand					Canterbury				
	Jobs Online*	Retail Transactions	Retail Spend	Exports	PMI*	Jobs Online*	Retail Transactions	Retail Spend	Exports	PMI*
YE July	116	1,374,445,153	61,595,933,589	65,507,815,270	48	136	169,810,267	7,681,107,641	10,416,368,141	577
July Month	117	126,819,182	5,530,535,433	5,324,154,542	56	132	15,848,878	693,033,035	779,739,982	58
y/y	-19%	-7%	-3%	3%	-9%	-24%	-7%	-3%	10%	-7%
m/m	-24%	4%	9%	1%	23%	-28%	6%	9%	2%	22%

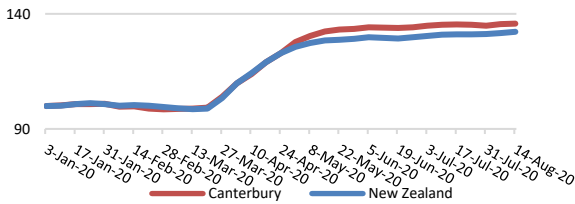
\*Note: Jobs online is indexed to May 2007. A performance manufacturing index (PMI) value of above 50 indicates expansion and a value below 50 indicates contraction.

<sup>1</sup> The Canterbury Economic Activity Indicator is a regional version of Treasury's New Zealand Economic Activity Indicator that uses a similar set of indicators that are available at the regional level.

## Job Seeker Support Recipients

### Job seeker support recipients for the weeks ending on Friday

Indexed to the first week of Jan  
Source: MSD, ChristchurchNZ



Job seeker support recipients in Canterbury increased 36 percent from 13,256, in first week of January 2020 (Pre COVID), to 17,994 in the week ending 14 August 2020 compared to a 32 percent increase nationwide for the same period.

Since mid-April unemployment numbers have remained stable in part due to government subsidies. With the resurgence of COVID-19 in Auckland people can apply for a new wage subsidy that, combined with the existing subsidy, will support an estimated 930,000 jobs. This will push out the eligibility period from September 1<sup>st</sup> to the undetermined end of the new Auckland lockdown. Once this new subsidy ends, we can expect to see another upward spike.

Job seeker support recipient numbers were forecast to reach 317,000 in January 2021 according to the Treasury. This is likely overstated as July unemployment is lower than predicted.

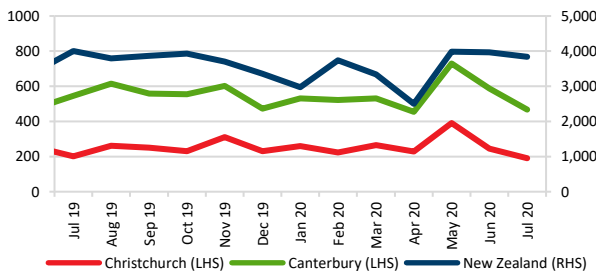
Job Seeker Support Recipients percentage change comparing week of July 17, 2020 to first week of January 2020

Auckland Metro	Bay of Plenty	Canterbury	Central	East Coast	Nelson	Northland	Southern	Taranaki	Waikato	Wellington	New Zealand
40%	28%	36%	22%	28%	39%	25%	36%	22%	27%	26%	32%

## Building Consents

### Building Consents (Number of Consents, All New Buildings)

Source: Statistics New Zealand



Figures for June and July have continued to soften following a spike in total consents in May, caused by backlogs in consent processing capacity during lockdown. Total consents fell 22.4 percent, 20.4 percent and 3.1 percent for Christchurch, Canterbury and New Zealand when comparing June and July 2020. Demand for housing is expected to soften and as such this downward trend in building consents is likely to continue.

July 2020 compared to July 2019 saw decreases in total building consents of 5.9 percent, 14.3 percent and 4.1 percent for Christchurch, Canterbury and New Zealand. These declines were predominantly driven by the non-residential sector. Weak activity in non-residential building consents can be attributed to high vacancies and difficult economic conditions, however, industrial warehousing remains resilient.

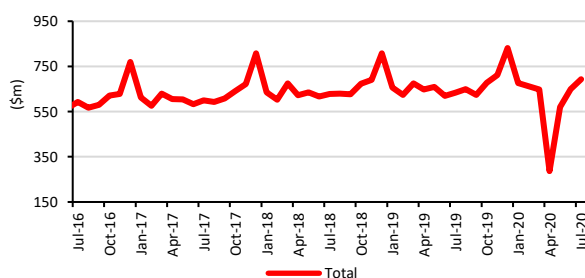
Despite the economic headwinds experienced in 2020, total building consents for the year ending July remain positive at 10.4 percent, 7.4 percent and 3.2 percent for Christchurch, Canterbury and New Zealand.

	Christchurch			Canterbury			New Zealand		
	Residential	Non - Residential	Total	Residential	Non - Residential	Total	Residential	Non-Residential	Total
YE Jul 2020/ YE Jul 2019	13.1%	-19.6%	10.4%	12.8%	-17.4%	7.4%	8.2%	-11.1%	3.2%
Jul 2020/ Jul 2019	-1.1%	-45.5%	-5.9%	-9.7%	-31.6%	-14.3%	-0.8%	-22.8%	-4.1%
Jul 2020/ Jun 2020	-21.9%	-29.4%	-22.4%	-24.2%	5.4%	-20.4%	-2.5%	-7.7%	-3.1%
Quarterly change 2020/2019	18.3%	-33.3%	14.2%	23.3%	-28.8%	13.3%	13.4%	-19.7%	0.5%

## Retail Sales

### Canterbury Total Spend

Source: Market View, ChristchurchNZ



Consumers spent more than expected in July 2020, despite headwinds and uncertainty in the economy surrounding COVID-19.

In the second full month of post lockdown activity, retail spend in Canterbury reached \$693m in July 2020, up 9 percent on the same month last year.

Thanks to relaxed domestic visitor restrictions, domestic visitor spend saw significant growth to \$80m in July 2020, 32 percent up on the same month last year. This increase in spending may be attributed to continued pent up demand and deferred disposable income resulting from the lockdown period.

In Canterbury, for the period between 4 July and 19 July 2020, term 2 school holidays, consumer spending saw above average growth of 8.5 percent when compared to the same holiday last year. Conversely, the 2019 term 2 school holidays saw very limited growth of 0.7 percent compared to the same holidays of 2018.

Percentage Change	Accommodation	Apparel and Personal	Cafes, Restaurants, Bars & Takeaways	Department Stores and Leisure	Fuel & Automotive	Groceries & Liquor	Home, Hardware & Electrical	Other Consumer Spending	Total
Month	3%	23%	12%	13%	-4%	11%	25%	-19%	9%
Quarter	-31%	5%	-9%	7%	-17%	11%	18%	-42%	0%
Year	-21%	-6%	-10%	-5%	-16%	-1%	1%	-21%	-3%

\*Note: due to confidentiality issues there was no categorical data provided for the month of April. As a result, the 2020 annual figures will be understated by one months' worth of data.