

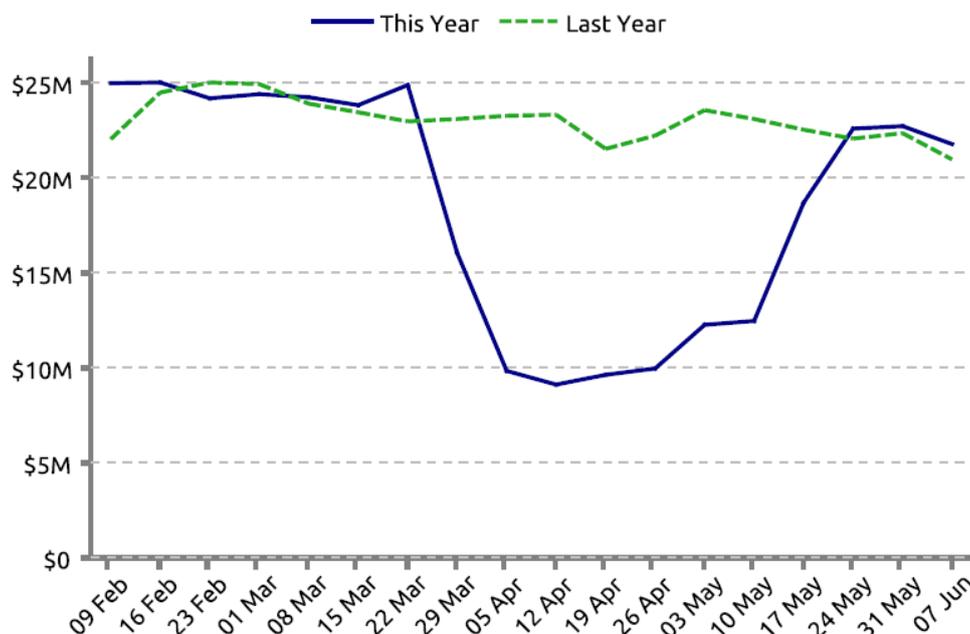
15 JUNE COVID-19 ECONOMIC UPDATE

This document gives context for economic and social wellbeing within Dunedin City during the Covid-19 pandemic. The measures have been chosen because they are available in a timely fashion. Availability of up-to-date indicators is limited, so these measures should be taken as an overview of activity, rather than an exhaustive list of all aspects of the economy.

Spending

Retail spending in Dunedin City over the seven days to 7 June 2020 was \$21.8 million, compared to \$21.0 million across the same week a year ago, according to data provided by Verisk.

1. WEEKLY VALUE OF SPENDING



Weekly retail spending in Dunedin during lockdown fell to 39% of its 2019 level. However, spending recovered sharply under Level 2. Over the first three full weeks of Level 2 restrictions spending sat 1.7% to 3.8% above its 2019 level.

Despite the recovery, Verisk data shows that approximately \$62m less went through retailers' tills between 3 February and 7 June 2020 compared to a year earlier.

The recovery in retail spending during Level 2 restrictions was concentrated on homeware and clothing, with hospitality spending remaining well below its 2019 level. Household spending in supermarkets was strong, while fuel spending declines reflect lower petrol prices.

Although less stringent Level 1 restrictions will allow for further recovery to hospitality spending, there is a risk that retail spending softens again in the coming weeks as pent-up demand works its way through the local economy. A sustained recovery will be contingent on a number of factors, including households' financial positions and the speed at which domestic tourism recovers.

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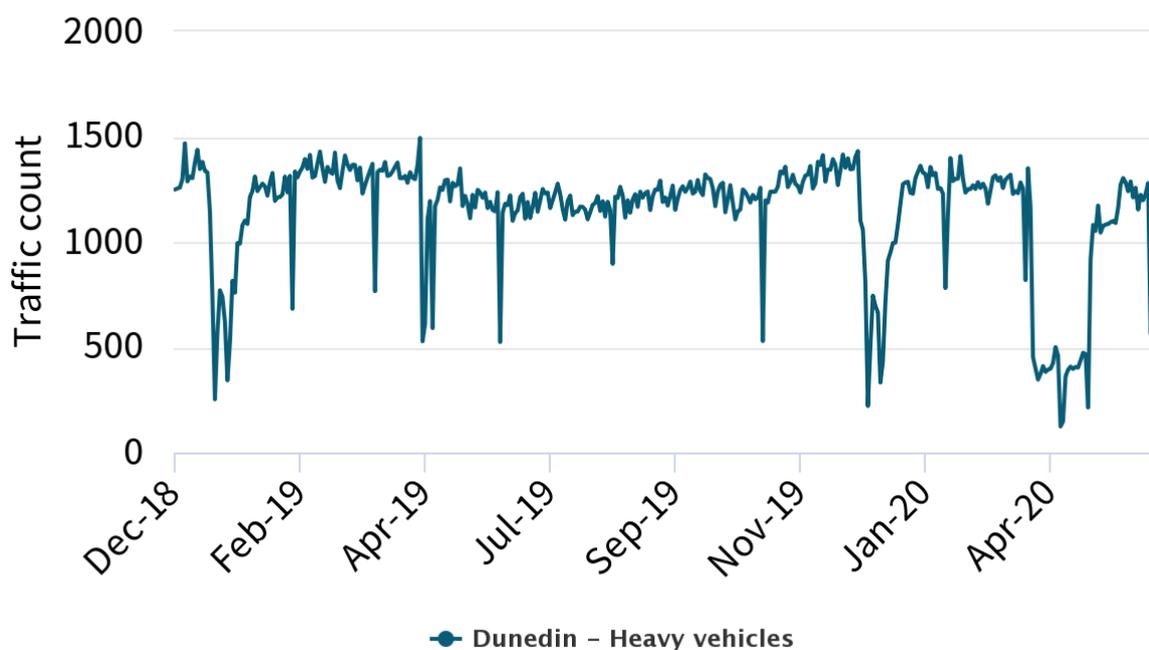
Week ending 7 June 2020	2020 Spend	2019 Spend
Food, liquor & pharmacies	\$9,063,637	\$8,185,871
Hospitality & Accommodation	\$3,234,052	\$3,845,388
Fuel & Automotive	\$1,841,458	\$2,484,405
Clothing, Footwear & Department Stores	\$1,498,619	\$1,215,710
Home & Recreational Retailing	\$3,959,423	\$2,752,852
All other	\$2,186,623	\$2,492,705
Total	\$21,783,812	\$20,976,930

Traffic flows

Traffic flows can also be used as a barometer of activity. Light vehicle flows are a mixture of people moving about for personal reasons, as well as for work or other business. Heavy vehicle flows, on the other hand, correlate strongly with business activity.

Heavy vehicle traffic count data for Dunedin City from NZTA showed that heavy traffic flows in late April were about a third of their level from a year earlier. However, over the week ended 7 June 2020, heavy traffic flows had recovered back to their level from the same week in 2019.

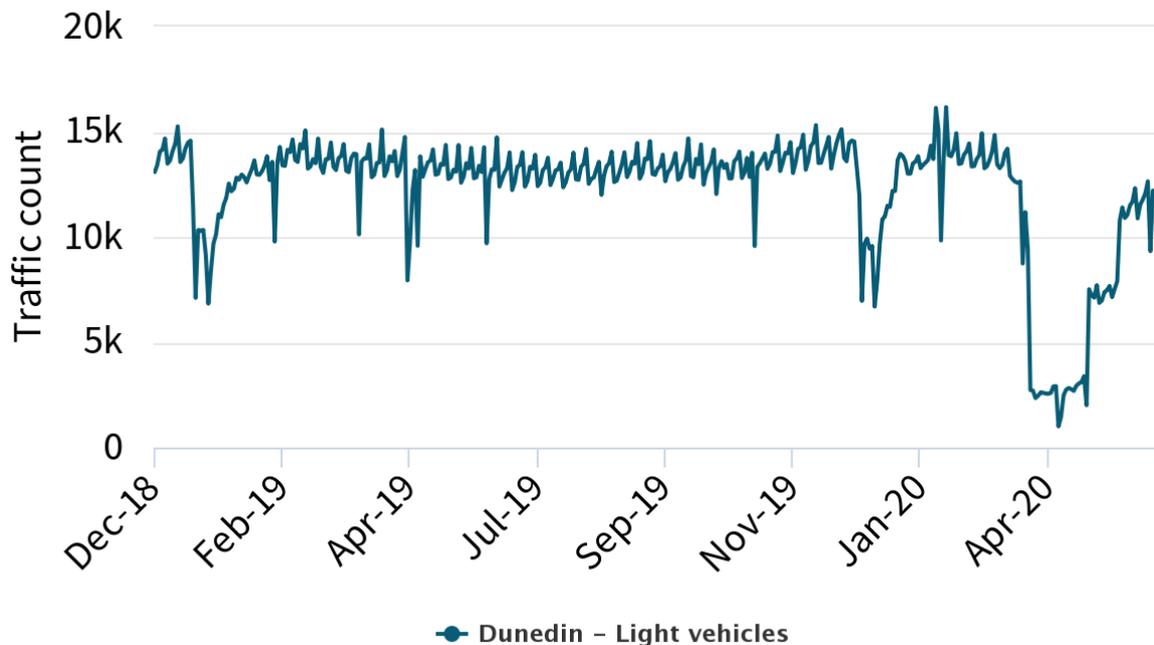
Dunedin weekly traffic – selected site 5 day average (excluding weekends)



Light vehicle flows in Dunedin during April were running at about a quarter of their usual level. However, by 7 June light traffic flows had recovered to their level from the same week in 2019.

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Dunedin weekly traffic – selected site 5 day average (excluding weekends)



Beneficiary numbers

Wage subsidies from central government have ensured that most employees continue to be paid, but the subsidy cannot save all jobs.

MSD data shows that the number of work ready recipients of Jobseeker Support in Dunedin in May was 2,806. The number of people receiving support only rose slightly from its April level (2,713), but is significantly greater than its March level (2,053).

In percentage terms, the number of work ready recipients of Jobseeker Support in Dunedin has risen by 36.7% since March, compared to a 39.8% increase nationally over the same period.

As the first wage subsidy scheme ends in June there is likely to be a wave of further redundancies, even as the rapid easing of public health restrictions allows for more normal demand and supply conditions to return in a range of sectors.

Trade data

Export conditions, particularly within the agricultural sector in Otago and Southland, are important for Dunedin City. Not only do large volumes of export freight pass through Port Otago, but many Dunedin businesses derive activity from servicing and supplying the agricultural sector.

Data released by Statistics New Zealand shows that the value of New Zealand's exports from 1 February to 3 June 2020 was within 0.6% of its 2019 level. Over the past four months, exporters have earned \$22.0 billion.

Digging deeper beneath the numbers shows that a 17% rise in fruit exports, 13% increase in dairy exports and 1.7% lift in meat exports, offset steep declines in seafood exports (-20%). Forestry exports remain 35% below their 2019 level, but the sector has recovered since early May when

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exports were down 45% on a year earlier. Forestry's recovery is due to higher export prices and shipments beginning to move again.

The prognosis for food exporters remains strong. The good thing for provincial New Zealand is that the world still has to eat. There may be some softness to export prices for some higher value add food items that emerge as a result of reduced restaurant trade, but prices of the staples for consumption at home will perform better over the months ahead.

Value of total goods exports to all countries (cumulative) – provisional

