

Enterprise Dunedin

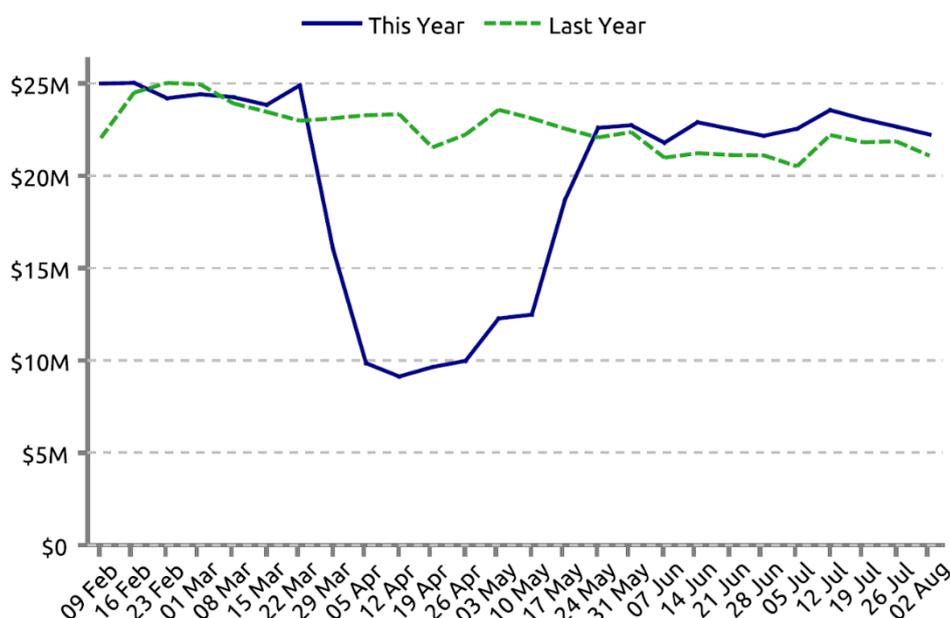
DUNEDIN CITY – 10 AUGUST 2020 COVID-19 ECONOMIC UPDATE

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 2 August 2020 was \$22.2 million, compared to \$21.1 million across the same week a year ago, according to data provided by Verisk.

1. WEEKLY VALUE OF SPENDING



Spending growth has been positive since exiting Level 3 and 4 lockdown. Spending growth peaked at 9.9%pa over the week ended 5 July, while growth last week (to 2 August) was 5.4%pa.

Looking over a month period against other cities, total retail spending in Dunedin across the four-week period ended 2 August was 4.9% above its 2019 level. This growth is above cities such as Wellington (-2.5%), Auckland (-1.6%), Christchurch (2.0%), Hamilton (2.7%), and Invercargill (2.8%), but just behind Tauranga (6.1%), Palmerston North (6.2%), and New Plymouth (6.8%).

The recovery in retail spending at present is relatively broad-based. But bear in mind that the growth to date has still not yet made up for lost trade during lockdown. Initially the retail recovery was concentrated on homeware and clothing, while supermarket spending has remained strong throughout the pandemic. Weekly hospitality and accommodation spending have now been above its 2019 level for since early June. Lower petrol prices are keeping the value of fuel and automotive spending at bay.

Dunedin’s retail recovery appears more entrenched than other bigger urban areas across the country. Nevertheless, there remains a risk that retail spending softens again in the coming months as households display caution against a backdrop of economic uncertainty. Sustained retail spending growth will be contingent on a number of factors, including resilient local employment conditions and ongoing levels of domestic tourism.

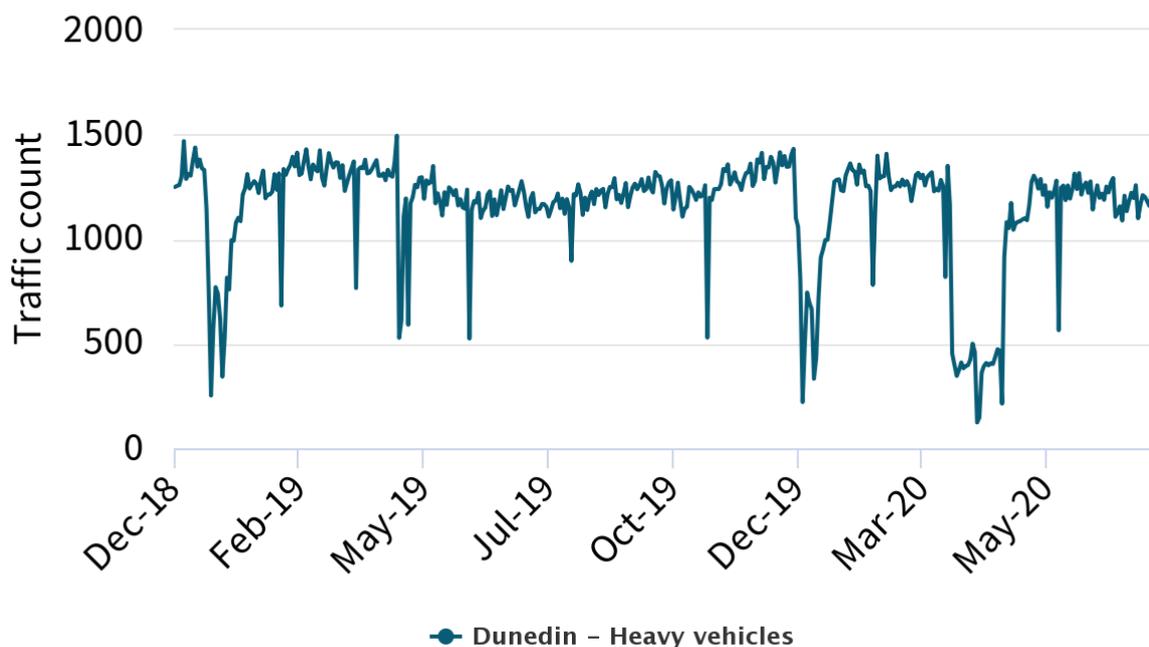
Week ended 2 August 2020	2020 Spend	2019 Spend
Food, liquor & pharmacies	\$9,122,588	\$8,322,526
Hospitality & Accommodation	\$4,215,561	\$3,716,462
Fuel & Automotive	\$1,778,809	\$2,462,842
Clothing, Footwear & Department Stores	\$1,149,079	\$1,133,567
Home & Recreational Retailing	\$3,487,629	\$2,828,559
All other	\$2,474,473	\$2,617,297
Total	\$22,228,139	\$21,081,254

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.

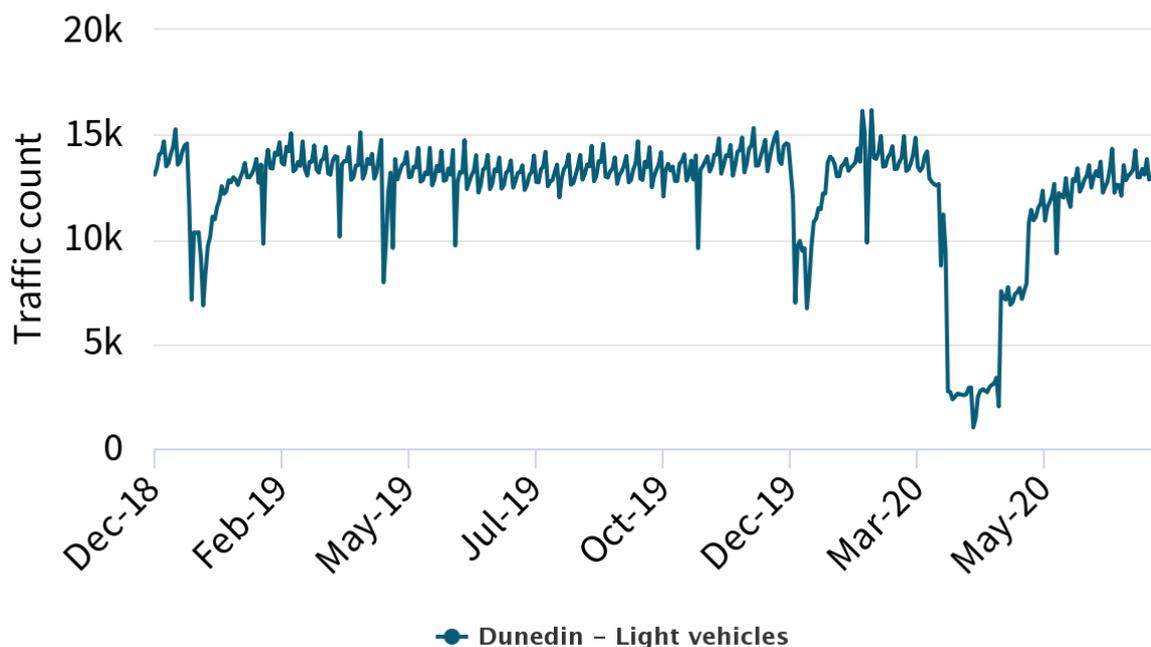
Heavy vehicle traffic count data for Dunedin City from NZTA showed that heavy traffic flows in late April were about a third of their level from a year earlier. But heavy traffic flows have since recovered. Over the five days to 31 July 2020, heavy traffic flows sat 12.1% above their level from a year ago.

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. By early July, light traffic flows were sitting just above their level from a year earlier. Over the five days ended 31 July, traffic flows were 4.0% above last year's level.

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. Data from MSD shows that there was a sharp increase in the number of people accessing Jobseeker support in June as people came off the first wave of the wage subsidy. These job losses occurred despite a second tranche of subsidies being available, and the rapid easing of public health restrictions allowing for more normal demand and supply conditions to return.

In June, there were 3,112 people in Dunedin that were either on a work ready Jobseeker support benefit or were receiving the new COVID-19 income relief payment for the recently unemployed. By comparison, there were 2,806 people receiving such support in May. The 10.9% increase in the number of Dunedin workers between May and June who turned to MSD for support after losing their jobs compares to an 8.3% increase nationwide.

For further context, between April to May, a period over which the first wage subsidy was in place, there was only 3.4% increase in the number of work ready people in Dunedin receiving Jobseeker Support.

Before the full effects of COVID-19 hit, there were 2,053 people receiving a work ready Jobseeker support benefit in Dunedin during March. In percentage terms, across the whole period from March to June, the number of work ready recipients of Jobseeker Support in Dunedin has risen by 52%, compared to a 51% increase nationally over the same period.

The effects of COVID-19 on the labour market have been uneven across different demographic groupings. Youth have been disproportionately affected, with the number of people on Jobseeker support aged 18-24 years rising by 324 between the March and June quarters, while the increase in those aged 40-54 years was 92. To date in Dunedin, there have not been significant differences in relative growth rates of benefit recipients between different genders and ethnicities. But previous economic crises have shown that women and Māori and Pasifika are more at risk of job losses.

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 29 July 2020 was within 0.7% of its 2019 level. Over the past six months, exporters have earned \$31.0 billion.

Digging deeper shows that a 13% rise in fruit exports, 8.5% increase in dairy exports and 2.5% lift in meat exports, offset steep declines in seafood exports (-21%). Forestry exports remain 24% below their 2019 level, but the sector has recovered since early May when exports were down 45% from a year ago. Forestry's recovery is due to higher export prices and shipments beginning to move again. Non-food manufactured goods exports sit just 4.3% below their 2019 level.

The prognosis for food exporters generally remains strong, notwithstanding lower discretionary incomes in many key markets. The good thing for provincial New Zealand is that the world still must eat. There remain risks associated with export demand for some higher value add food items because of reduced restaurant trade and more general belt-tightening, but demand for everyday staples for consumption at home will perform better over the months ahead.

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

