

Enterprise Dunedin

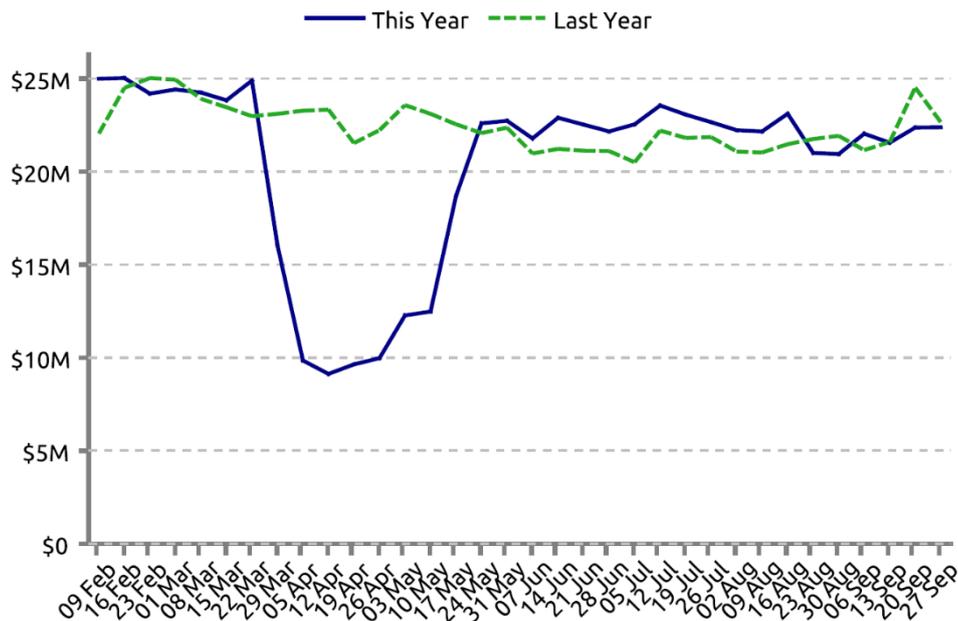
DUNEDIN – 5 OCTOBER 2020 COVID-19 ECONOMIC UPDATE

This document gives context for economic and social wellbeing across Dunedin 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 over the seven days to 27 September 2020 was \$22.4 million, compared to \$22.7 million across the same week a year ago, according to data provided by Verisk. Spending weakness was concentrated on the central city (down 6.6%pa), with spending in other parts of Dunedin growing modestly (up 0.3%pa).

1. WEEKLY VALUE OF SPENDING



Supermarket and homeware/DIY spending remain the strongest performers.

Clothing, footwear and department store retailing has fallen across Dunedin as a whole, however, even within this category, there was a pocket of growth in the inner city.

Hospitality spending was also down, but almost all the weakness in this category was concentrated in the central city, with hospitality spending across other parts of Dunedin more or less on par with a year ago.

The path forward for retailing over the coming weeks will be dictated by overall consumer confidence. Growth may resume, but we are unlikely to see the same 'sugar rush' for retailers again anytime soon as what was experienced during June and July. Households are expected to display more caution in their consumer behaviour over the coming months.

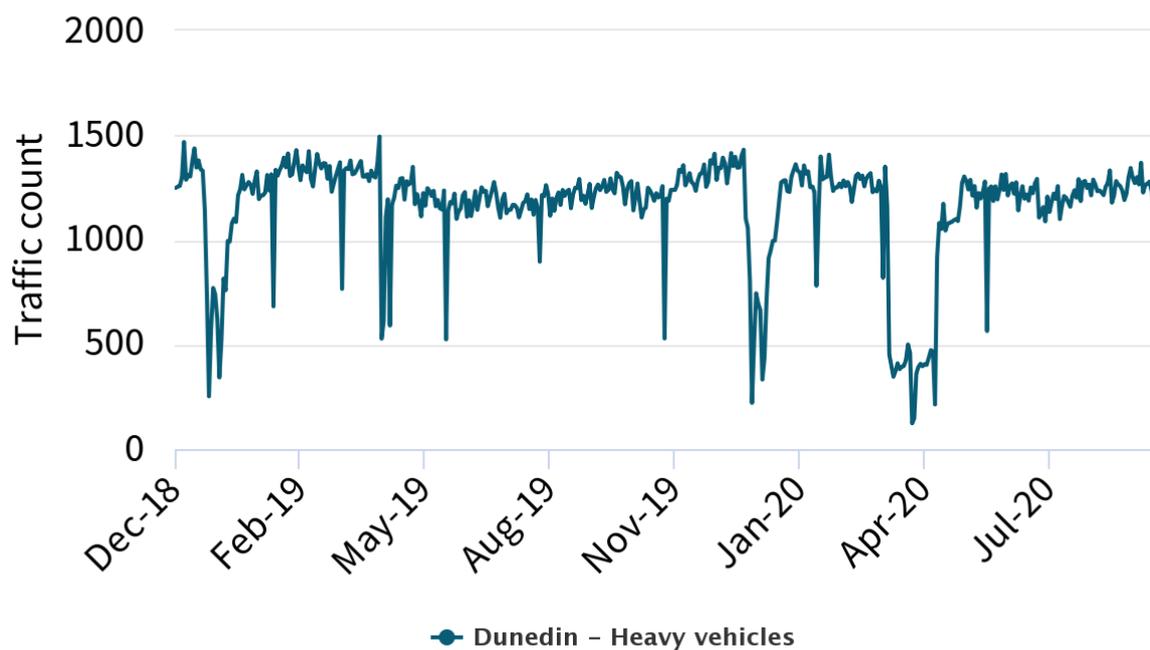
Week ended 27 September 2020	2020 Spend	2019 Spend
Food, liquor & pharmacies	\$9,439,654	\$8,653,835
Hospitality & Accommodation	\$4,155,640	\$4,335,332
Fuel & Automotive	\$1,808,978	\$2,482,057
Clothing, Footwear & Department Stores	\$1,086,464	\$1,149,874
Home & Recreational Retailing	\$3,523,020	\$3,178,729
All other	\$2,367,761	\$2,860,650
Total	\$22,381,516	\$22,660,478

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.

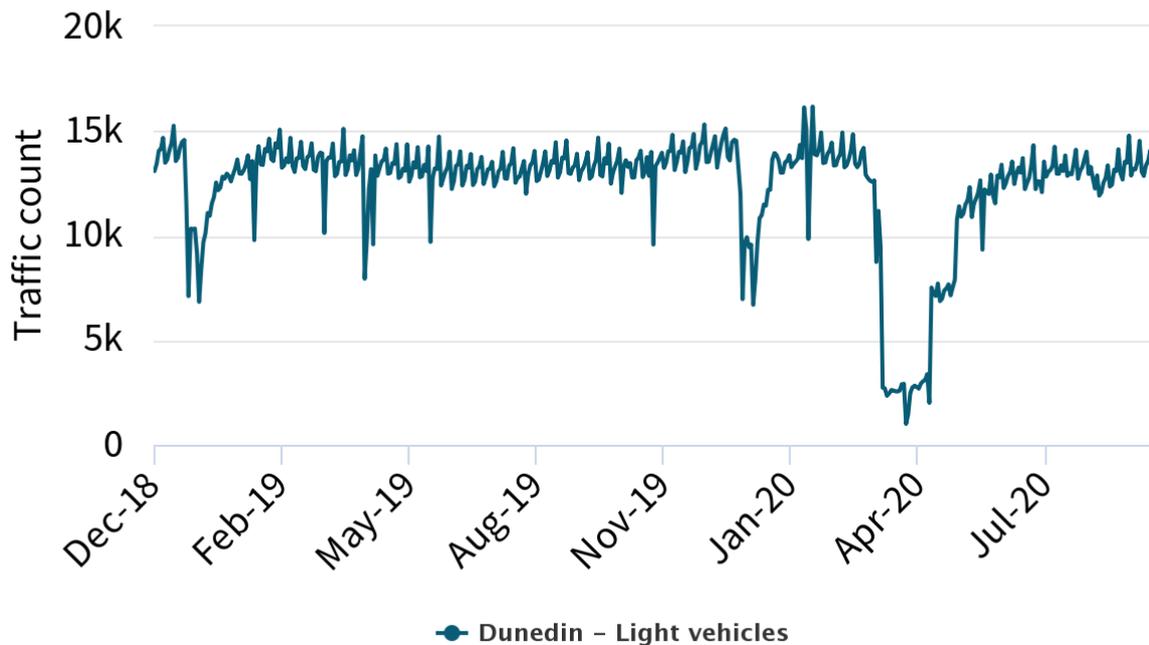
Heavy vehicle flows rose slightly over the five days to 25 September 2020 to sit 1.2% higher than a year ago. This result came after a softer patch the previous week.

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



Light vehicle flows in Dunedin over the five days ended 25 September 2020 were 0.3% below their 2019 level. The escalation to COVID-19 Alert Level 2 restrictions has constrained households daily travel patterns, as a higher share of people are working from home. Growth may return over the coming weeks as household daily routines normalise again under COVID-19 Alert Level 1.

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 only a small increase in the number of new people applying for Jobseeker Support in August. But we are not out of the woods yet, with a relatively large cohort of workers moving off wage subsidies in September. Jobs coming to the end of their wage subsidy support may be more vulnerable than other jobs.

In August, there was an increase of 92 people going onto work ready Jobseeker Support or the new COVID-19 Income Relief Payments, following a 256 person increase in July. In total, 3,460 accessed those two facilities in August, up from 3,112 immediately post-lockdown in June and the 2,053 people who were receiving work ready Jobseeker Support in March before the lockdown period. The total percentage increase in Dunedin is 69% between March and August, which is less than the 72% increase nationally.

The effects of COVID-19 on the labour market have been uneven across different demographic groupings. The most recent demographic breakdowns of beneficiary data available is for the June quarter. The data shows that 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.

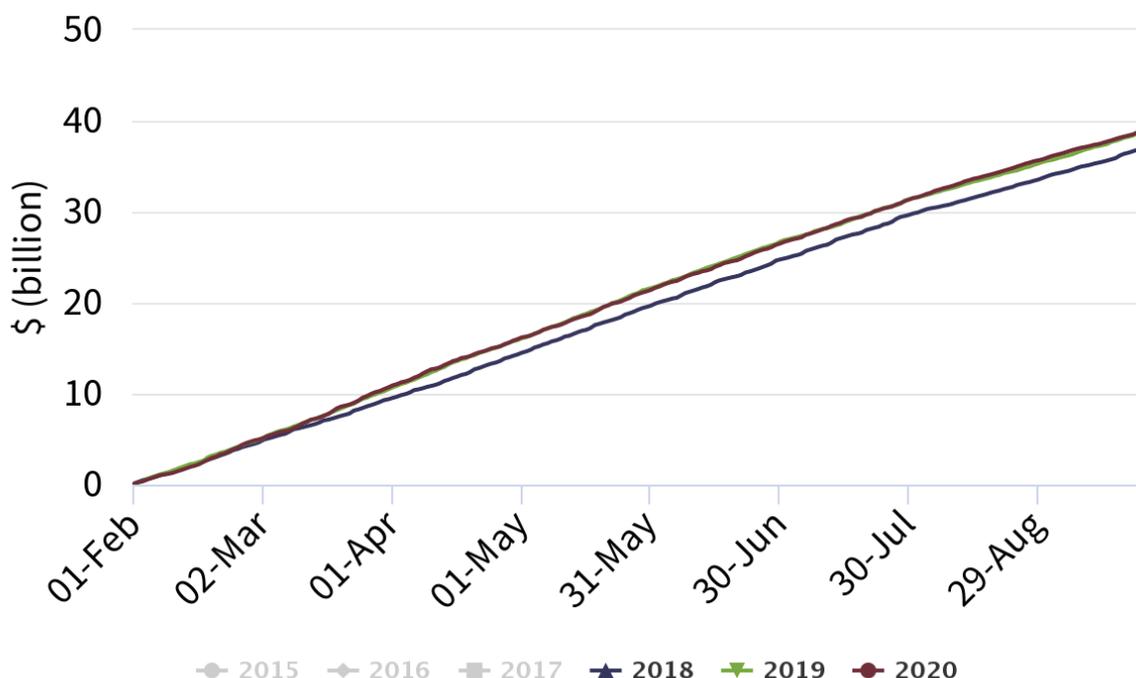
Trade data

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 New Zealand's exports remain resilient. The value of exports from 1 February to 23 September was 0.3% above its 2019 level. Over the past eight months, exporters have earned \$39.0 billion.

The export resilience continues to be led by agriculture. Fruit (17%pa growth), dairy (7.1%pa), and meat (2.3%pa) are leading the way. Forestry exports have been growing strongly after plunging through until early May. Manufactured goods exports remain within 3.2% of their 2019 level.

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



These strong export earnings come at a time when reduced consumerism and lower oil prices have kept imports at bay. The trade surplus has risen to a record level, which is providing a welcomed net inflow of foreign capital.

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 needs food. 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. However, recruitment issues, as a result of fewer migrant workers, will challenge some food exporters' ability to grow their supply, particularly in Central Otago's horticulture sector.

Manufactured goods exports may come under downward pressure again later in the year. Weaker economic growth in many other countries will leave business investment and activity abroad at a lower level, which will reduce demand for manufactured goods.