

## Enterprise Dunedin

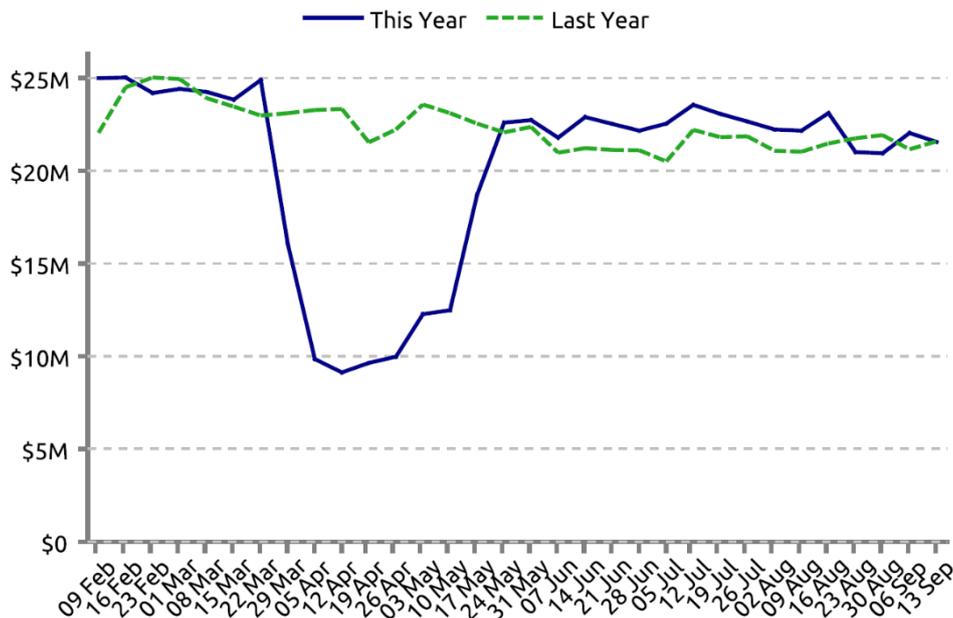
### DUNEDIN – 21 SEPTEMBER 2020 COVID-19 ECONOMIC UPDATE

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 City over the seven days to 13 September 2020 was \$21.55 million, compared to \$21.59 million across the same week a year ago, according to data provided by Verisk. This flattening of retail spending growth last week came after relatively strong growth the previous week. The general tenor of retail spending across Dunedin under COVID-19 Alert Level 2 has still been softer than under Alert Level 1.

### 1. WEEKLY VALUE OF SPENDING



As has been a consistent theme throughout the crisis, the escalation of public health measures has pushed up growth in supermarket and homeware/DIY spending.

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 has softened, but not by as much as you would have expected given limitations to capacity and operating conditions under COVID-19 Alert Level 2.

The path forward for retailing over the coming weeks will be partly dictated by an easing of public health measures and partly by overall consumer confidence.

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. Sustained retail spending growth will be contingent on several factors, including resilient local employment conditions and ongoing levels of domestic tourism.

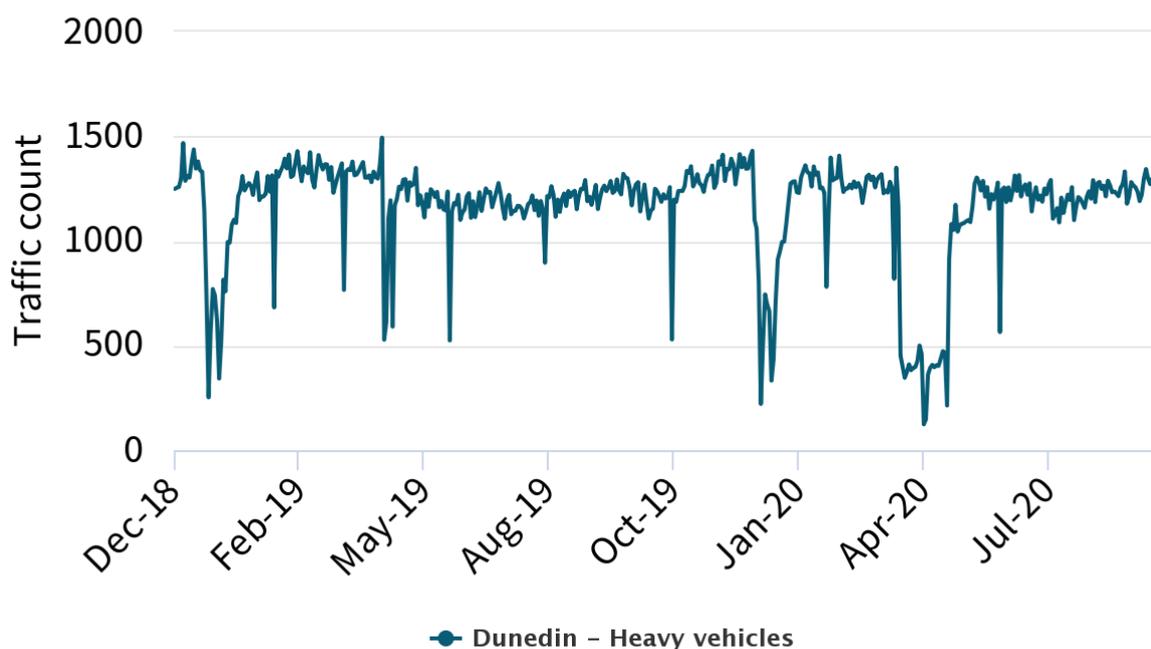
Week ended 13 September 2020	2020 Spend	2019 Spend
Food, liquor & pharmacies	\$9,157,550	\$8,499,464
Hospitality & Accommodation	\$3,896,062	\$3,942,404
Fuel & Automotive	\$1,604,023	\$2,476,545
Clothing, Footwear & Department Stores	\$1,014,071	\$1,116,526
Home & Recreational Retailing	\$3,595,811	\$2,928,900
All other	\$2,285,975	\$2,625,120
<b>Total</b>	<b>\$21,553,490</b>	<b>\$21,588,960</b>

## 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.

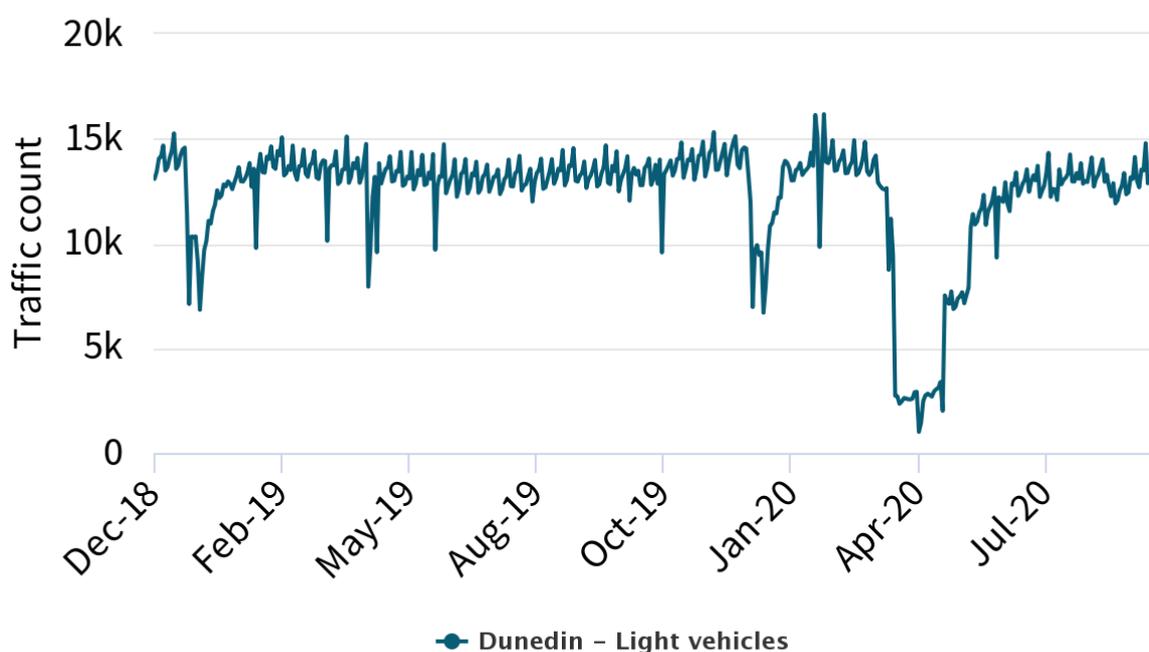
Heavy vehicle flows softened slightly last week, to sit -1.9% lower over the five days to 15 September 2020 than their level a year earlier. This slightly softer result comes after heavy vehicle flows had persisted above 2019 levels in prior weeks. It would be too premature to conclude that business activity in Dunedin is slowing based on a single snapshot, but we will keep a watchful eye on business indicators.

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



Light vehicle flows in Dunedin over the five days ended 15 September 2020 were 0.2% above their 2019 level. Growth has slowed since July when we were under Alert Level 1 restrictions. The recent escalation to COVID-19 Alert Level 2 restrictions has constrained households daily travel patterns, as a higher share of people are working from home. Light vehicle flows are likely to return to more normal growth when we move back to Alert Level 1 restrictions.

### 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.

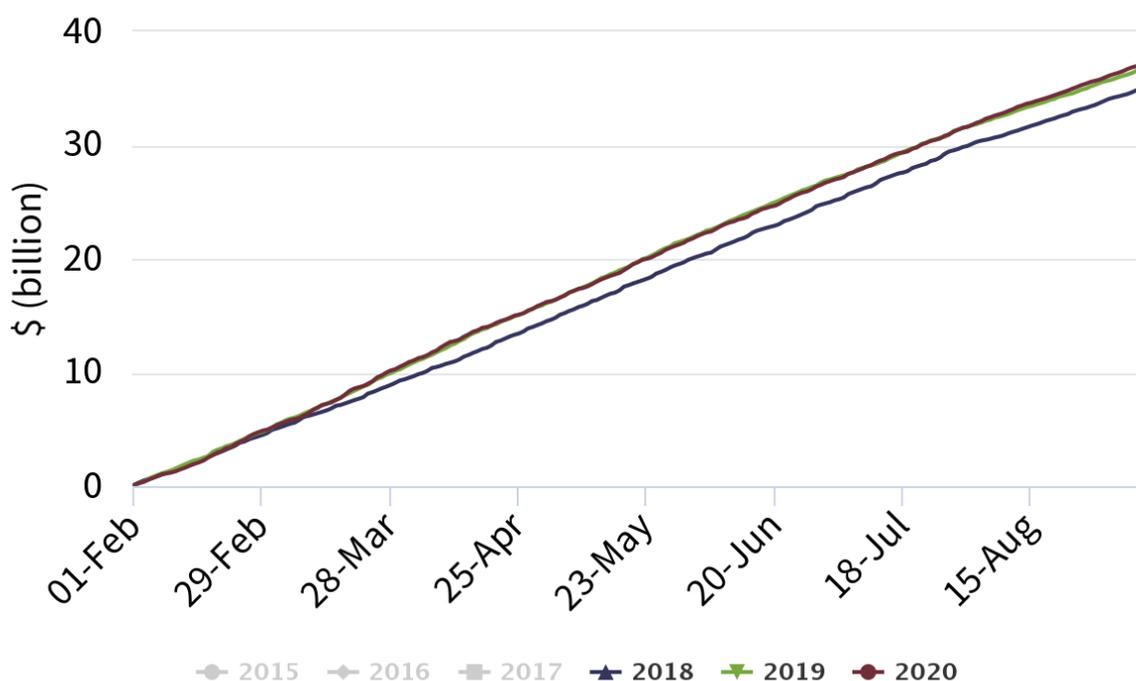
## Trade data

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 continue to be resilient. The value of exports from 1 February to 9 September was 0.7% above its 2019 level. Over the past seven months, exporters have earned \$37.2 billion.

The export resilience continues to be led by the agricultural sector. Fruit (16%pa growth), dairy (7.6%pa), and meat (2.5%pa) are leading the way. Forestry exports have been growing strong again after plunging through until early May. Somewhat surprising is that even non-food manufactured goods exports remain within 2.7% 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 to 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. 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.