

Enterprise Dunedin

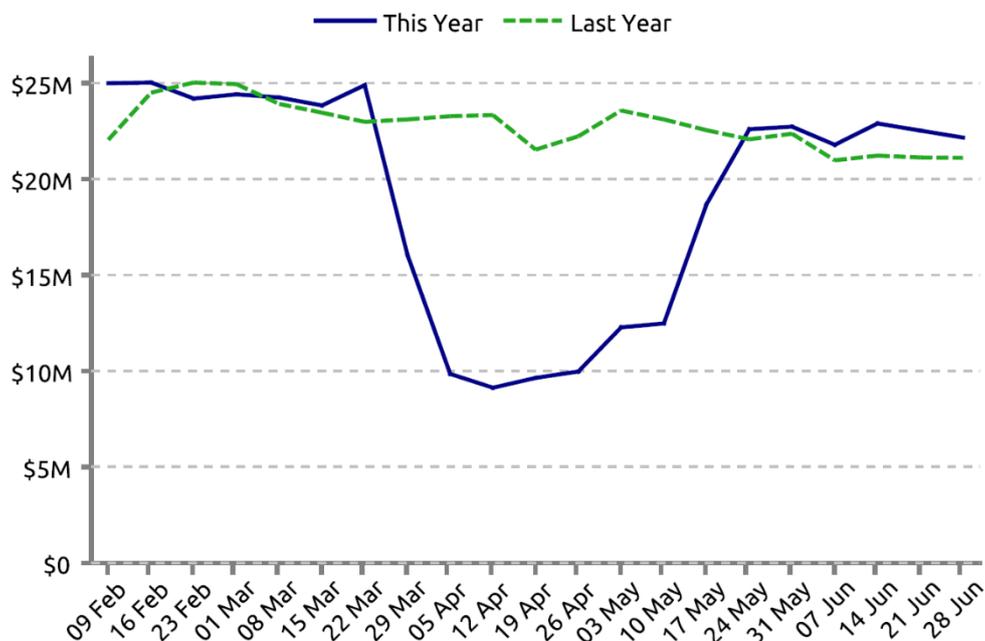
DUNEDIN CITY - 6 JULY ECONOMIC INDICATORS UPDATE

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 28 June 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



Weekly retail spending in Dunedin during lockdown fell to 39% of its 2019 level. However, spending recovered sharply under Level 2. Over the first full week of Level 2 restrictions (week ended 24 May) spending sat 1.7% above its 2019 level. Spending growth accelerated further, to a peak of 7.9%pa growth in mid-June, while spending last week (to 28 June) sat 5.0% above its 2019 level.

Looking over a month period against other cities, total retail spending in Dunedin across the four-week period ended 28 June has been 5.3% above its 2019 level. This growth is significantly above larger cities such as Wellington (-7.1%), Auckland (-2.9%), Hamilton (-0.1%), Christchurch (1.0%), Tauranga (4.9%), but Dunedin's growth is behind smaller cities such as Invercargill (7.0%), New Plymouth (7.1%) and Palmerston North (7.7%).

The recovery in retail spending in Dunedin continues to be concentrated on homeware and clothing. Nevertheless, hospitality spending has now risen to back above its 2019 level for two consecutive weeks. Household spending in supermarkets remains strong, while fuel spending declines reflect lower petrol prices.

The retail recovery in Dunedin appears more entrenched than many of the other urban areas across the country. Nevertheless, there remains 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 ongoing levels of domestic tourism.

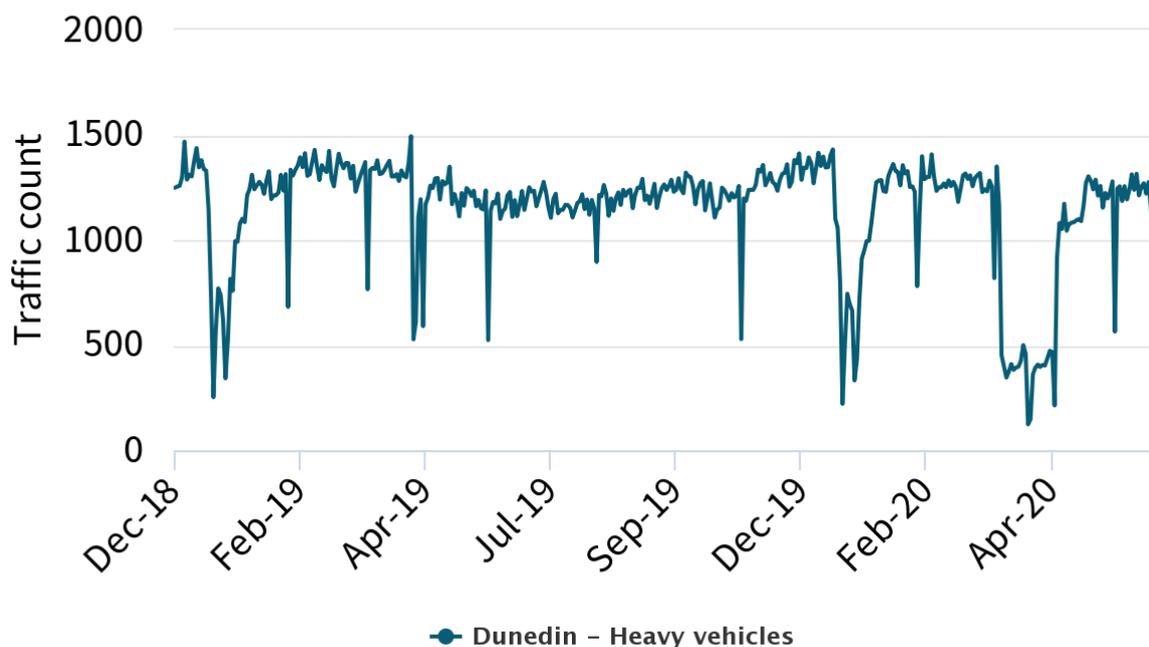
Week ended 28 June 2020	2020 Spend	2019 Spend
Food, liquor & pharmacies	\$9,001,541	\$7,906,280
Hospitality & Accommodation	\$3,725,248	\$3,647,529
Fuel & Automotive	\$2,041,199	\$2,584,454
Clothing, Footwear & Department Stores	\$1,321,555	\$1,211,817
Home & Recreational Retailing	\$3,577,275	\$2,879,968
All other	\$2,493,674	\$2,875,089
Total	\$22,160,493	\$21,105,138

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.

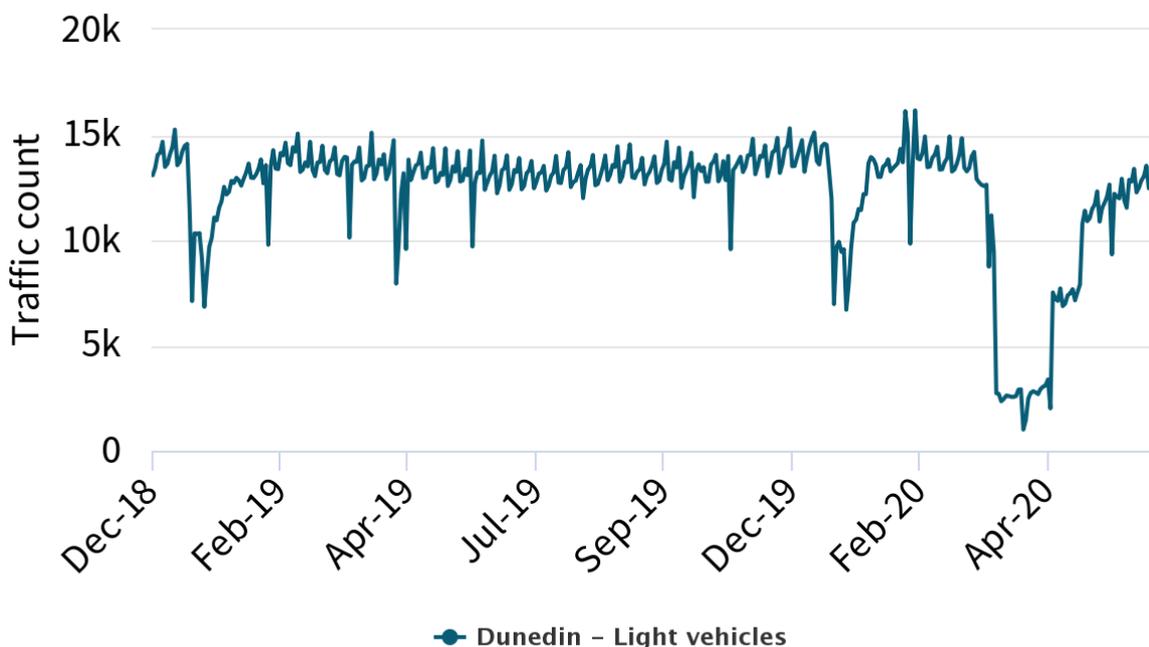
Heavy vehicle traffic count data for Dunedin City from NZTA showed that heavy traffic flows in late April were about a third of their level from a year earlier. But heavy traffic flows have since recovered to above their 2019 levels. Over the week ended 28 June 2020, heavy traffic flows sat approximately 1.4% above 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. By 28 June light traffic flows had recovered to sit 1.4% above their level from the same week in 2019.

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 businesses exit the first tranche of the wage subsidy in June and July, there is likely to be a wave of further redundancies. These job losses could occur 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 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 24 June 2020 was within 0.8% of its 2019 level. Over the past four and a half months, exporters have earned \$25.5 billion.

Digging deeper beneath the numbers shows that a 15% rise in fruit exports, 11% increase in dairy exports and 2.1% lift in meat exports, offset steep declines in seafood exports (-22%). Forestry exports remain 30% below their 2019 level, but the sector has recovered since early May when 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 generally remains strong, notwithstanding lower discretionary incomes in many key markets. 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

