

Enterprise Dunedin

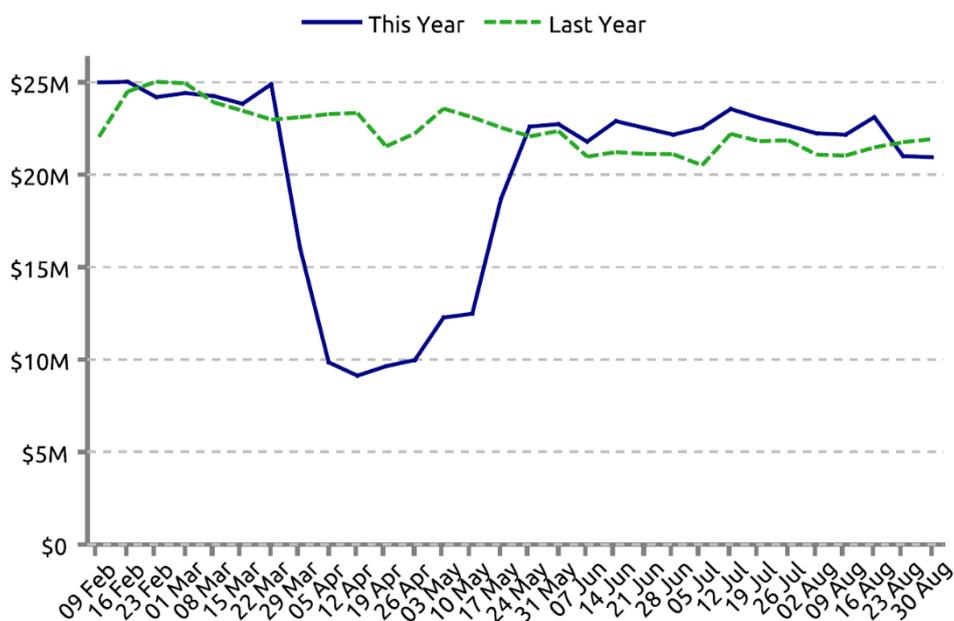
DUNEDIN – 7 SEPTEMBER 2020 COVID-19 ECONOMIC UPDATE

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 30 August 2020 was \$20.9 million, compared to \$21.9 million across the same week a year ago, according to data provided by Verisk.

1. WEEKLY VALUE OF SPENDING



Spending behaviour has been severely affected by the move from COVID-19 Alert Level 1 to 2.

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. Nevertheless, even within this category there was a pocket of growth in the inner city.

Hospitality spending has been affected by limitations to capacity and operating conditions, as well as more cautious discretionary spending patterns by households.

The path forward for retailing over the coming weeks will be partly dictated by 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 a number of factors, including resilient local employment conditions and ongoing levels of domestic tourism.

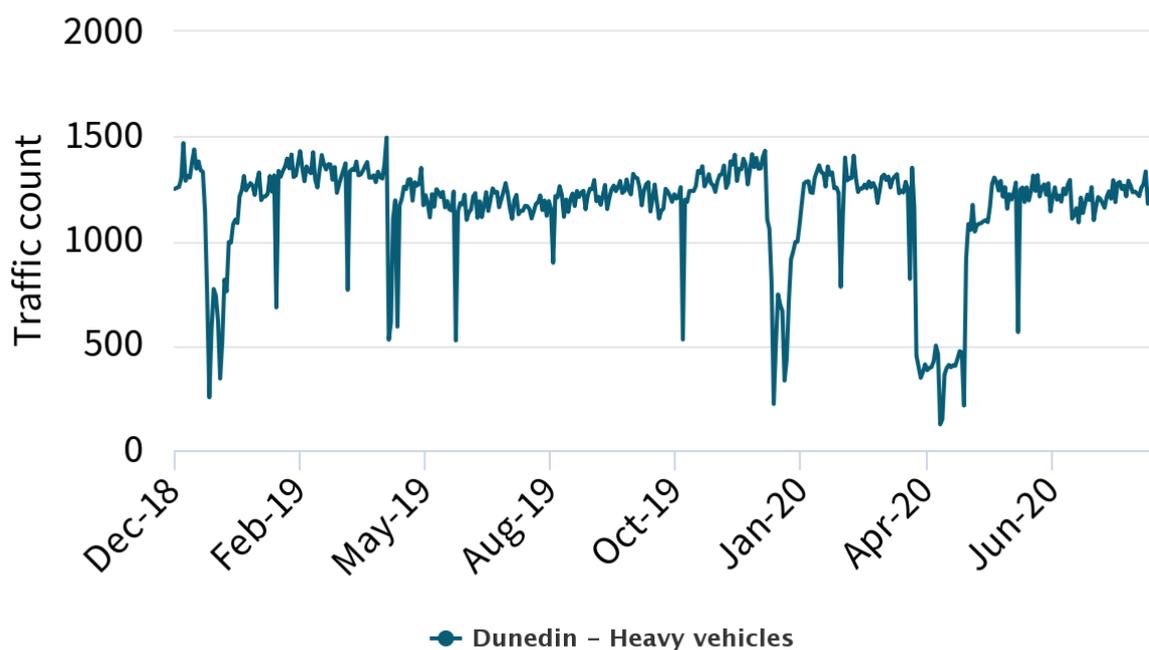
Week ended 30 August 2020	2020 Spend	2019 Spend
Food, liquor & pharmacies	\$8,801,536	\$8,262,372
Hospitality & Accommodation	\$3,631,924	\$4,082,898
Fuel & Automotive	\$1,696,372	\$2,555,230
Clothing, Footwear & Department Stores	\$973,757	\$1,147,641
Home & Recreational Retailing	\$3,373,597	\$3,181,560
All other	\$2,465,306	\$2,691,300
Total	\$20,942,492	\$21,921,001

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.

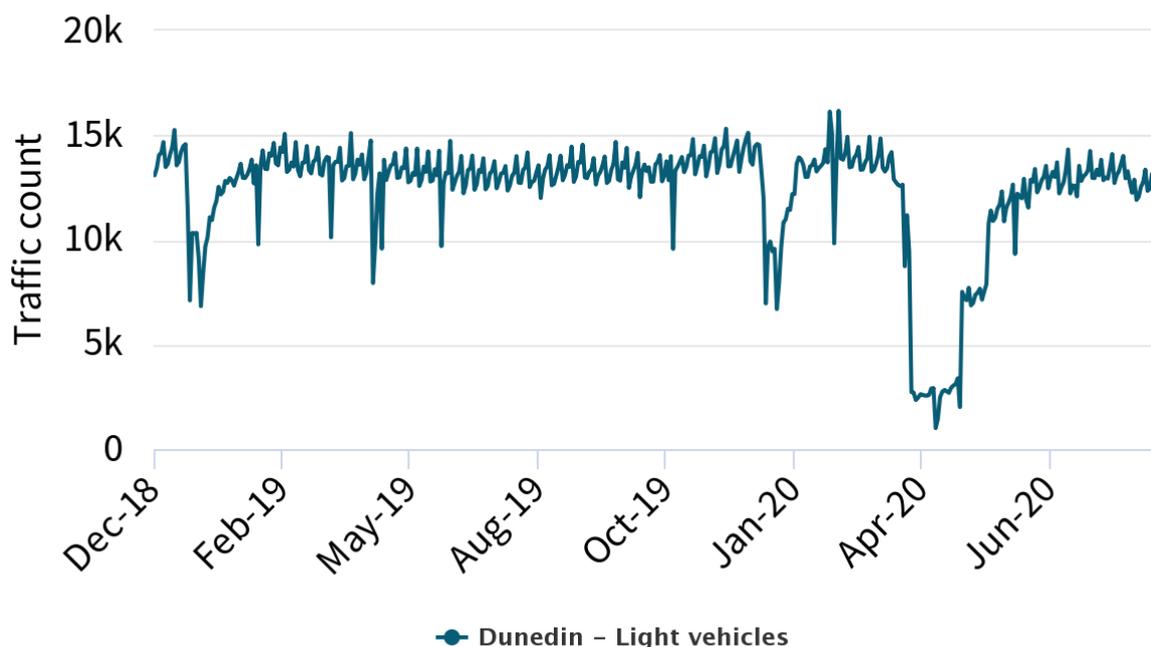
Heavy vehicle traffic count data for Dunedin City from NZTA showed that heavy traffic flows in late April were about a third of their level from a year earlier. But heavy traffic flows have since recovered. Over the five days to 31 August 2020, heavy traffic flows sat 3.8% above their level from a year ago. It appears that the recent COVID-19 Alert Level 2 restrictions have not severely affected logistics and general business activity in Dunedin.

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 August, traffic flows were 0.1% below their level from a year ago, a narrower decline than the 7.3%pa fall over the five days ended 17 August. 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.

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 July. These job losses occurred despite a second tranche of subsidies being available, and more normal demand and supply conditions returning.

In July, there was a further lift of 256 people going onto work ready Jobseeker Support or the new COVID-19 Income Relief Payments. In total, 3,368 accessed those two facilities in July, up from 3,112 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 64% between March and July, which is the same as the 64% increase nationally.

The effects of COVID-19 on the labour market have been uneven across different demographic groupings, according to detailed beneficiary data available for the June quarter. 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 26 August was 0.9% above its 2019 level. Over the past seven months, exporters have earned \$35.2 billion.

Agricultural exports are continuing to lead the way. The strongest performers remain fruit (16% growth), followed by dairy (8.7%), and meat (2.7%), which have offset steep declines in seafood exports (-22%). Forestry exports remain 21% below their 2019 level, but the sector has recovered since early May when exports were down 45% from a year ago. Non-food manufactured goods exports have also recovered to sit just 0.4% 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 has 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.

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.

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

