

NZ and COVID-19:

Impacts, outlook and resetting our future

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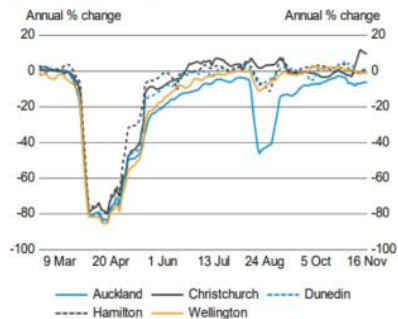
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A few key observations

- Real time indicators bounced back sharply post lockdown
 - Strength and persistence of the rebound has been surprising
 - Most forecasters pared back their expectations for the depth of the recession and peak in unemployment
 - Monetary and fiscal stimulus playing the cushioning role intended
 - But uncertainty is rife and there are reasons for caution in the next 6-9 months
 - Global outlook going from ugly to uglier as second waves take hold
 - Pent up demand and lockdown savings can only take us so far
 - Timing of when COVID-19 struck was fortuitous and our luck is about to run out
 - And key income support measures have come to an end
 - Policy has a lot more work to do
 - Cyclical dynamics matter but structural factors important
 - COVID-19 presents a once in a generation opportunity to reset our economy for the future
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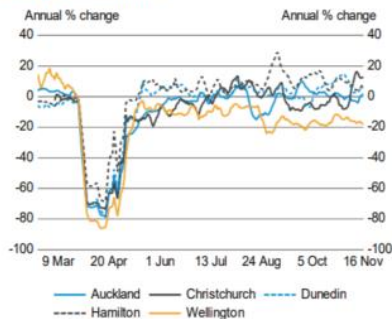
Domestic sectors showing resilience

Traffic Movement



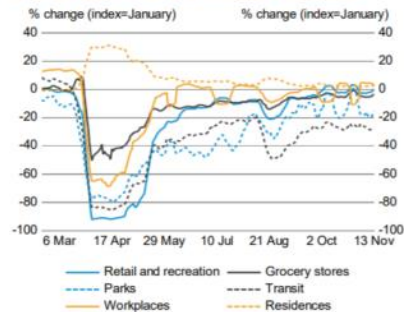
Source: Waka Kotahi NZ Transport Agency

Freight Movement



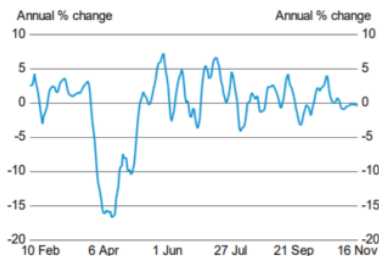
Source: Waka Kotahi NZ Transport Agency

People Movements at Selected Locations



Source: Google

Electricity Demand



Source: Electricity Authority

Retail Spending



Source: Paymark and Verifone data via Data Ventures

House Price Indexes

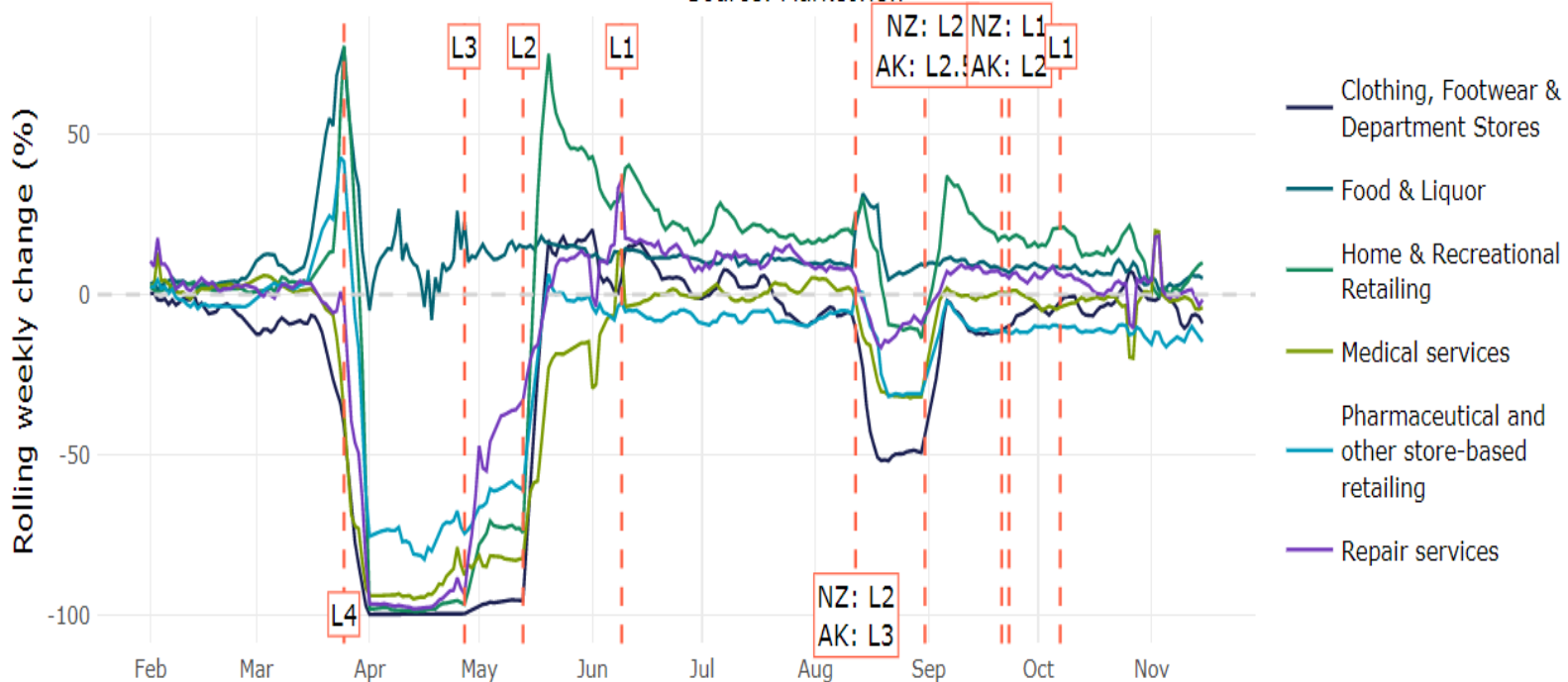


Source: REINZ

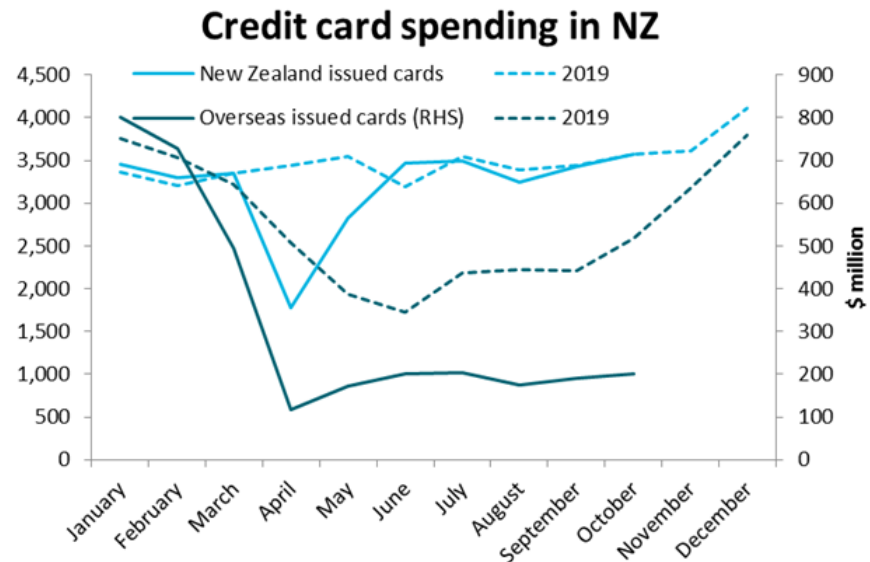
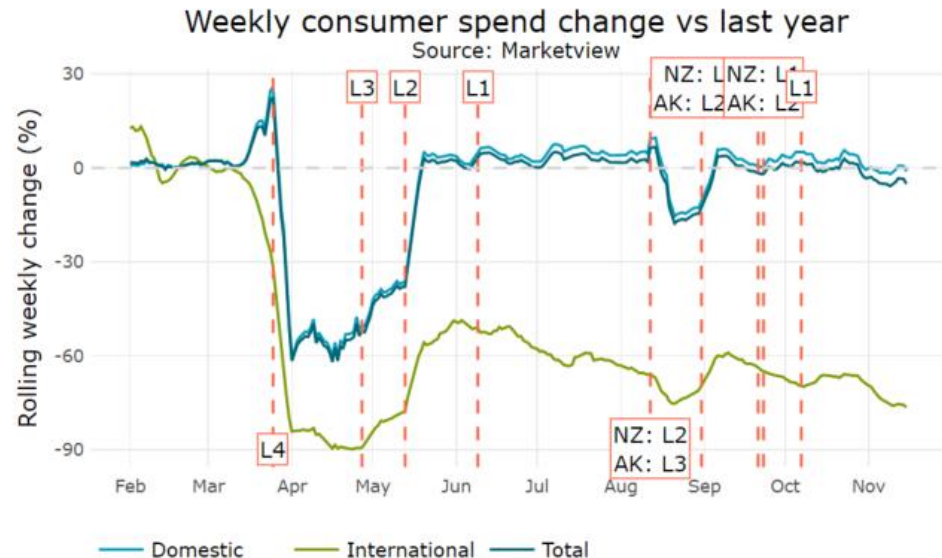
“Buy local” has become our new mantra

Weekly consumer spend change vs 2019 by product

Source: Marketview



But locals not an exact substitute for tourists

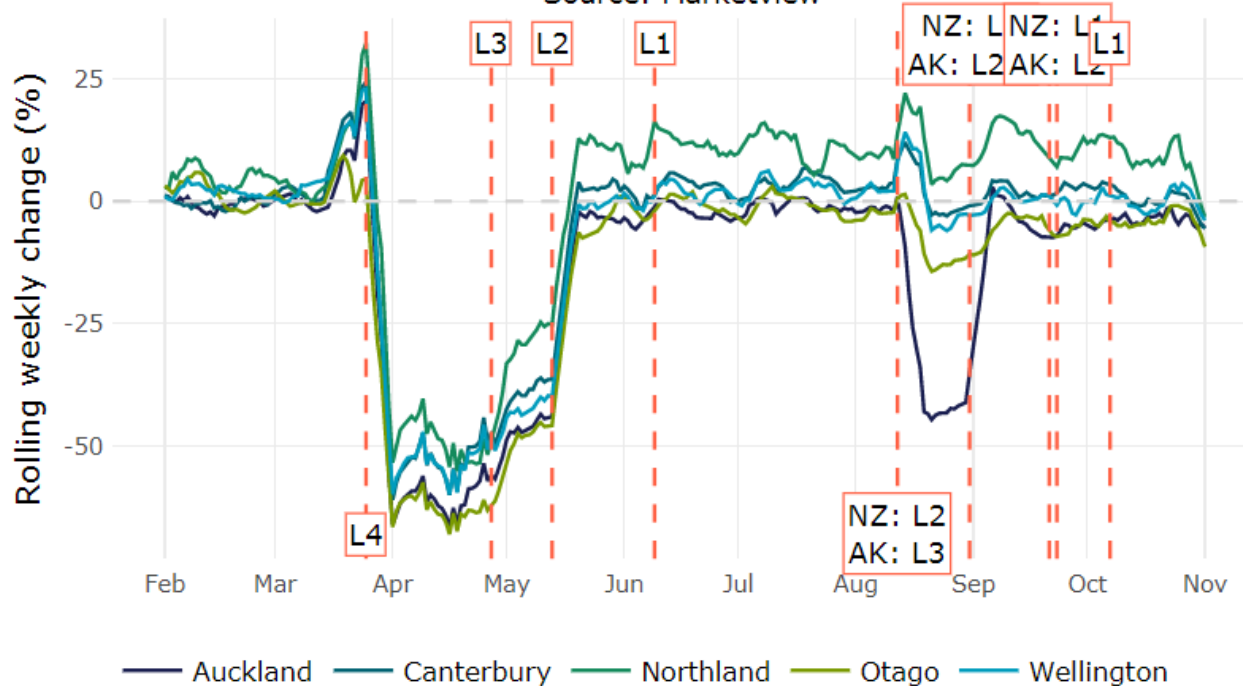


Source: RBNZ

“Staycation” is the new trend

Total Week consumer spend change vs last year

Source: Marketview

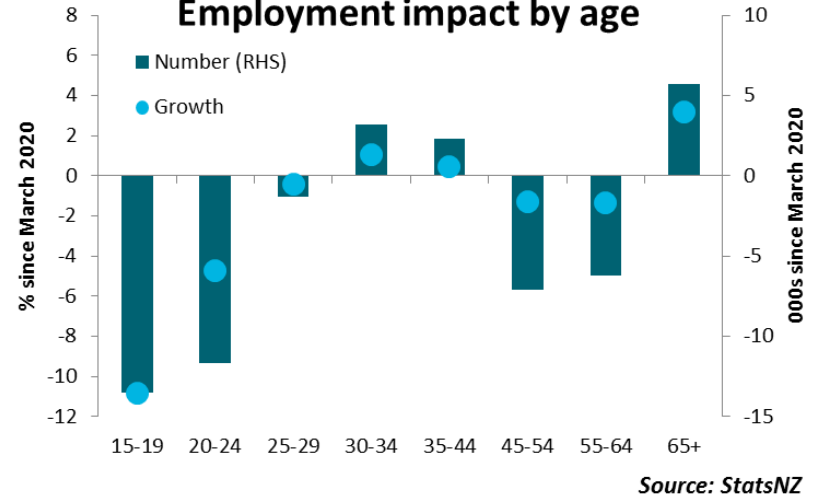


Job losses felt disproportionately

Employment impact by industry

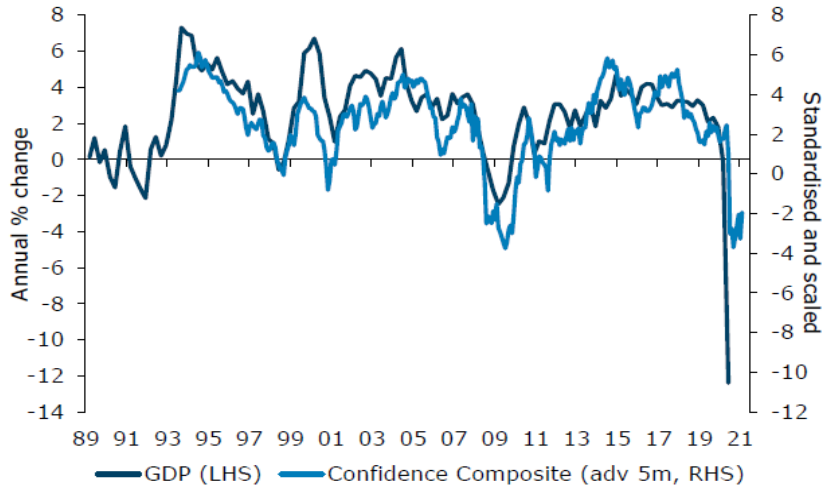


Employment impact by age



Confidence has stabilised

Confidence composite and GDP



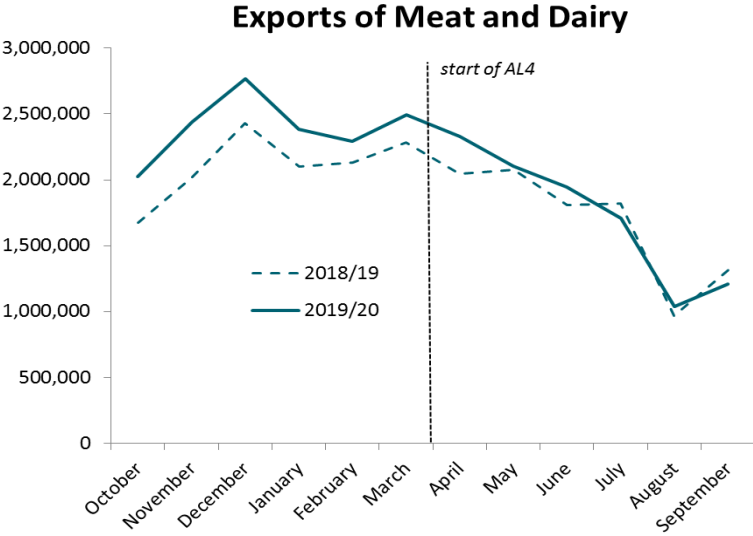
Source: ANZ Research, Roy Morgan, Statistics NZ

Employment and investment intentions

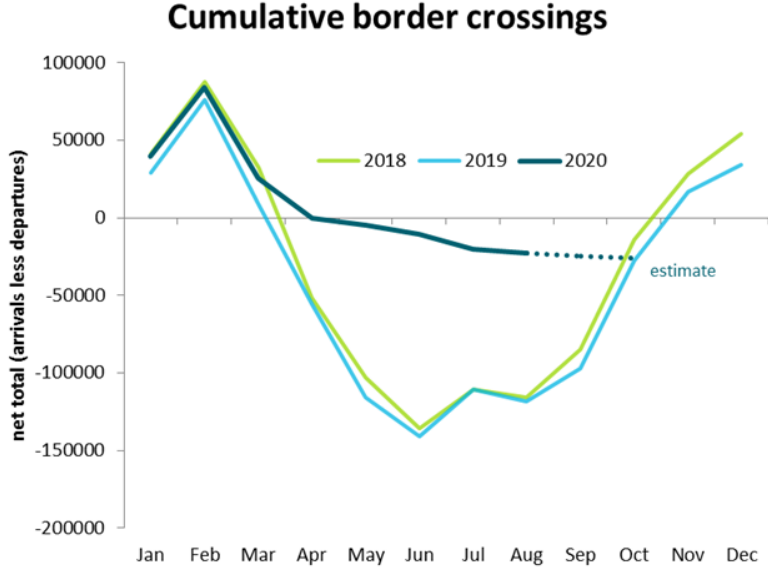


Source: ANZ

Timing will be a headwind

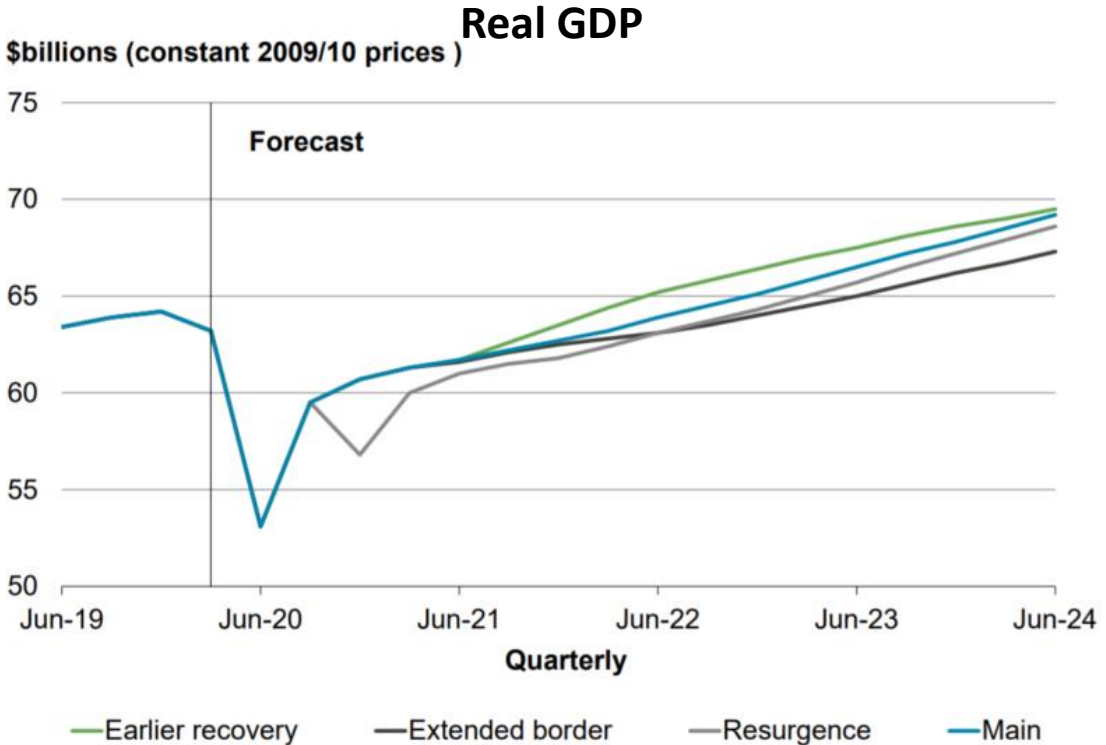


Source: StatsNZ



Source: StatsNZ, RBNZ, MBIE

Multiple possible future scenarios - V, U, W, L?



Sources: Stats NZ, the Treasury

COVID-19: a once in a generation opportunity

- Previous economic recoveries such as post-GFC, Asian financial crisis, and early 1990s, have largely focused on getting the economy back to 'normal'.
- This time feels distinctly different – instead of restoring yesterday's economy, there is a ground swell for a recovery that delivers a fundamentally different and better future.
- COVID-19, as deadly as it has been, is proving an unexpected catalyst for change.
- Almost overnight, what was previously seen as impossible was made possible - many of us shifting to remote working, virtual learning and online shopping.
- More importantly though, the crisis has focused our collective attention on the inequalities that exist in the current system – from the type of work we do (high vs low skilled and essential vs non-essential), to our gender and/or ethnicity, access to technology, access to health care etc, the disparities between the have and have nots have been laid bare.
- Together, these factors provide a unique opportunity and more importantly a compelling platform, to kick-start our transformation to a more productive, sustainable and inclusive economy.

Making the most of it

- The challenge for policy-makers is how we make the most of this once in a generation opportunity.
- Our work suggests that we stand the best chance of successfully transforming the New Zealand economy if we focus our policy efforts on:
 1. Leveraging the disruption from COVID-19
 2. Adopting a future-focused approach
 3. Embracing our uniqueness
 4. Incorporating new economic approaches
 5. Rethinking the role of government
 6. Partnering with business

Thank you!

Contact us

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