Economic effects of COVID-19

ServiceIQ

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1 October 2020
Overview

- Macroeconomic trends
- ServiceIQ sector focus
- Regional impacts
- Discussion
Macroeconomic trends
The sharpest fall in GDP on record

Quarterly % change, seasonally adjusted
A shock to the system

Key influences

Food-based primary sector
- Positive contributor
- Exports still flowing
- World needs to eat

Construction
- Mixed contributor
- Falling res & commercial activity
- Shovel-ready projects?

Tourism
- Negative contributor
- ~4m overseas visitors to zero
- Domestic critical (Great Kiwi Roadie), but still a spending hole

Key regional employers
Job losses will rise

How big is the labour market hit?

Unemployment rate forecasts, %, seasonally adjusted

- Infometrics Jul-20
- Treasury PREFU 2020
- Treasury BEFU 2020
This recovery will take time

GDP forecast comparison, annual running totals, 2009/10 $b

- Infometrics Jul-20
- Treasury PREFU 2020
- Treasury BEFU 2020
Wage Subsidy helped, a lot
Estimated share of industry supported

- Construction
- Accommodation and food services
- Other services
- Wholesale trade
- Transport, postal and warehousing
- Rental, hiring and real estate services
- Manufacturing
- Retail trade
- Arts and recreation services
- Professional, scientific and technical services
- Administrative and support services
- Mining
- Total
- Electricity, gas, water and waste services
- Financial and insurance services
- Agriculture, forestry and fishing
- Information media and telecommunications
- Health care and social assistance
- Education and training
- Accommodation and food services
- Public administration and safety

Wage Subsidy Extension - to 24 July 2020
Wage Subsidy
Wage Subsidy

Wage subsidy has ended for most roles
Jobs currently supported by the wage subsidy, by subsidy

2,000,000
1,500,000
1,000,000
500,000
100,000
0

20-Mar 17-Apr 15-May 12-Jun 10-Jul 7-Aug 4-Sep 2-Oct 30-Oct

- Resurgence Wage Subsidy
- Wage Subsidy Extension
- Wage Subsidy
People losing support

CIRPs come to an end

Weekly additions to Jobseeker Support or CIRP

-8,000
-6,000
-4,000
-2,000
0
2,000
4,000
6,000
8,000
10,000


CIRP
Jobseeker Support
Working from home will change NZ

Urban vs the rest
Annual % change, weekly. Source: Paymark

[Graph showing the annual percentage change in working from home across different cities and districts from 2-Feb to 13-Sep.]
Cooking and DIY in focus

Spending, but differently
Annual % change, weekly. Source: Paymark/Marketview

[Graph showing spending trends for different categories: Accommodation, Food & Bev Services, Food & Liquor (Groceries), Home & Rec.]

Infometrics
Tourism might never be the same

Annual visitor arrivals

- Total arrivals, Jul 20 forecast
- Total arrivals, Apr 20 forecast
- Total arrivals, Jan 20 forecast
ServiceIQ sector focus
Travel and tourism

- **Aviation**
  - 22,800 jobs
  - 4,700 job losses
  - 52% tourism
  - 7.3% Maori

- **Museums**
  - 3,400 jobs
  - 380 job losses
  - 47% tourism
  - 10.3% Maori

- **Travel**
  - 10,400 jobs
  - 2,100 job losses
  - 86% tourism
  - 7.5% Maori

- **Accommodation**
  - 37,000 jobs
  - 13,000 job losses
  - 86% tourism
  - 11.1% Maori

- **Tourism**
  - 229,600 jobs
  - 40,000 job losses
  - 42% international
Hospitality

Quick service restaurants
- 30,000 jobs
- 6,600 job losses
- 49% tourism
- 10.4% Maori

Cafes, bars and restaurants
- 98,000 jobs
- 26,700 job losses
- 49% tourism
- 12.1% Maori

Catering
- 21,000 jobs
- 2,400 job losses
- 49% tourism
- 13.0% Maori

Clubs
- 4,800 jobs
- 1,400 job losses
- 0% tourism
- 18.4% Maori
Retail

Retail and Retail Supply Chain

423,600 jobs
50,600 job losses
(over 2 years)
8.1% tourism
9.6% Maori
Regional impacts
Feeling the economic hit differently
GDP, June 2020 quarter, annual % change

- Infometrics provisional estimate

-18%  -16%  -14%  -12%  -10%  -8%  -6%  -4%  -2%  0%

Manawatu-Wanganui Region
Gisborne Region
Hawke's Bay Region
Southland Region
Northland Region
Tasman Region
Waikato Region
Taranaki Region
Canterbury Region
West Coast Region
Wellington Region
Bay of Plenty Region
Auckland
Nelson Region
Marlborough Region
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