

Local economic effects of COVID-19

Trust Tairawhiti

Brad Olsen – Senior Economist

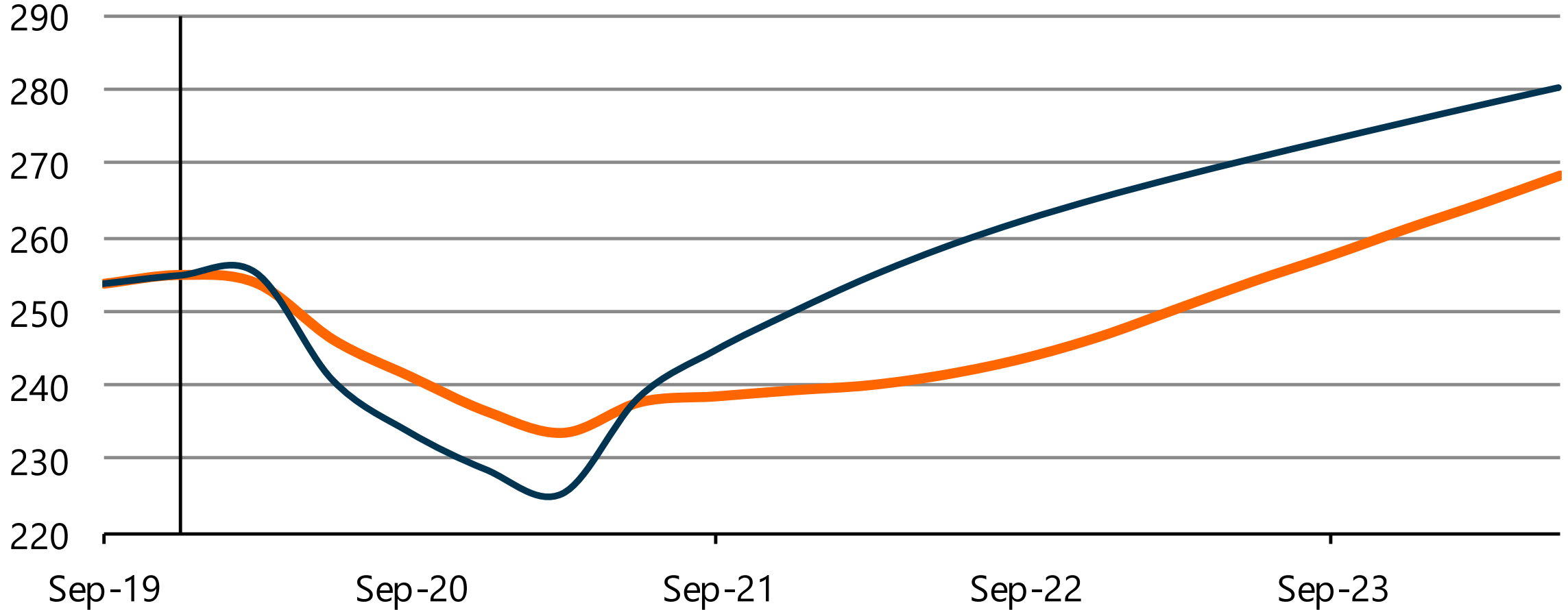
June 2020

A U-shaped recovery

This recovery will take time

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

— Infometrics
— Treasury BEFU 2020

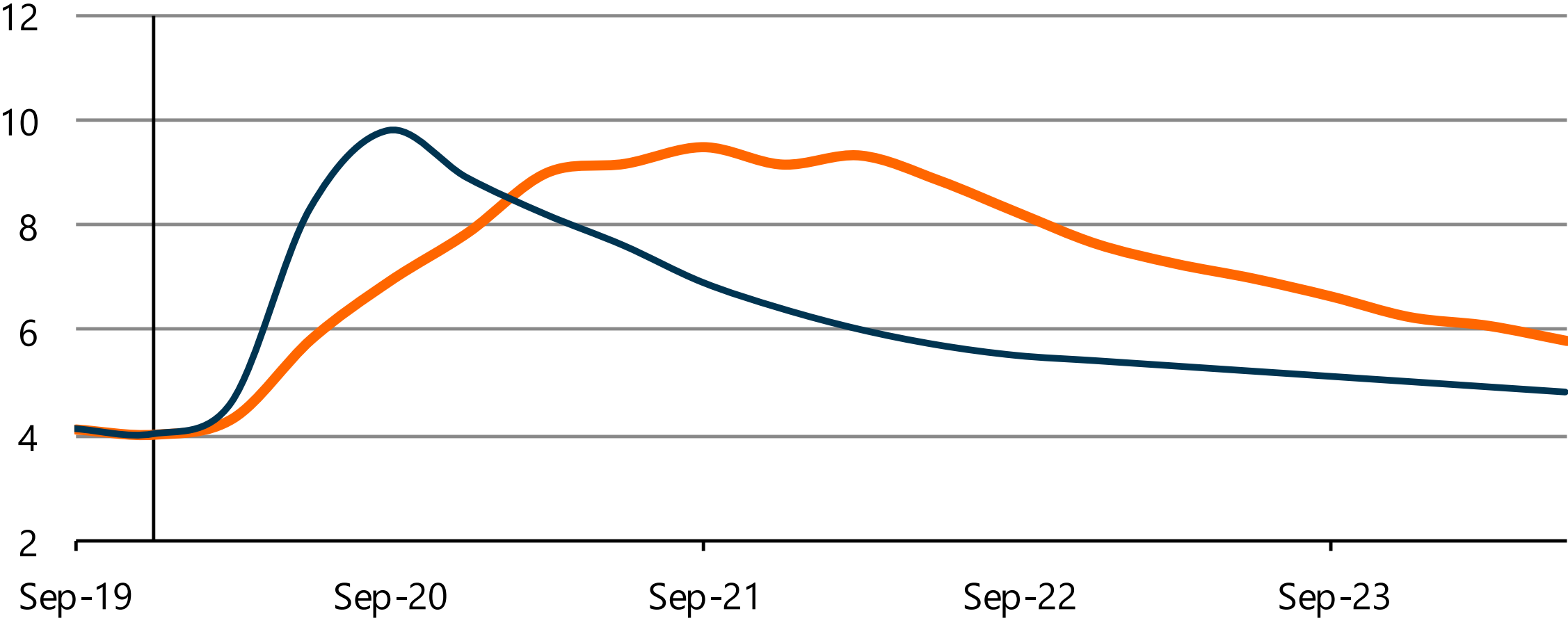


Job losses will rise

How big is the labour market hit?

Unemployment rate forecasts, %, seasonally adjusted

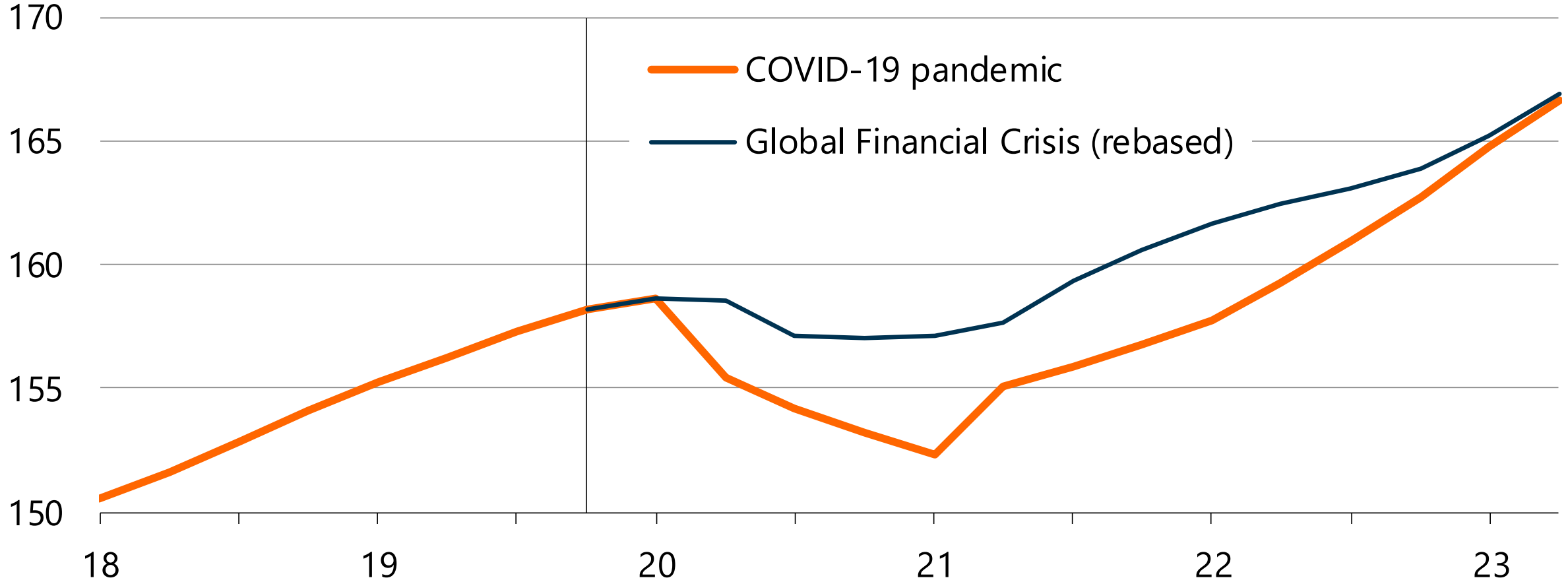
— Infometrics
— Treasury BEFU 2020



Spending hit

Cutting back on discretionary spending

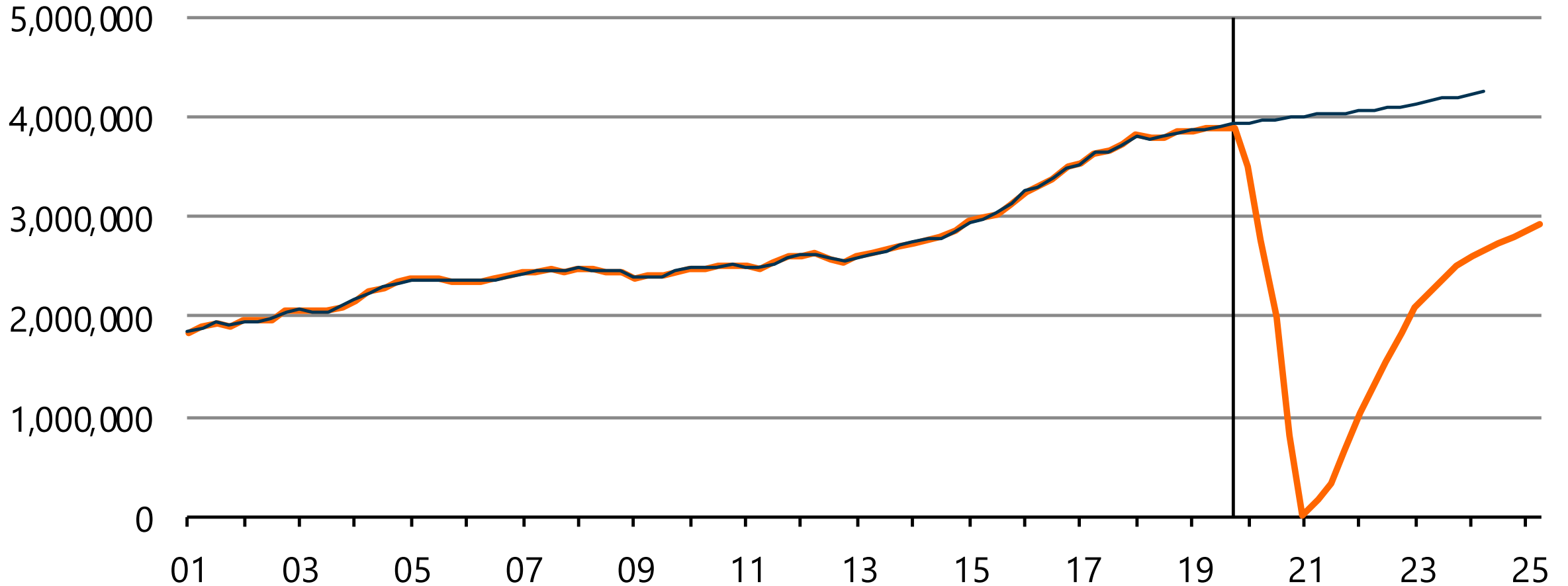
Private consumption, annual running totals, 2009/10 \$b



Tourism

Tourism might never be the same

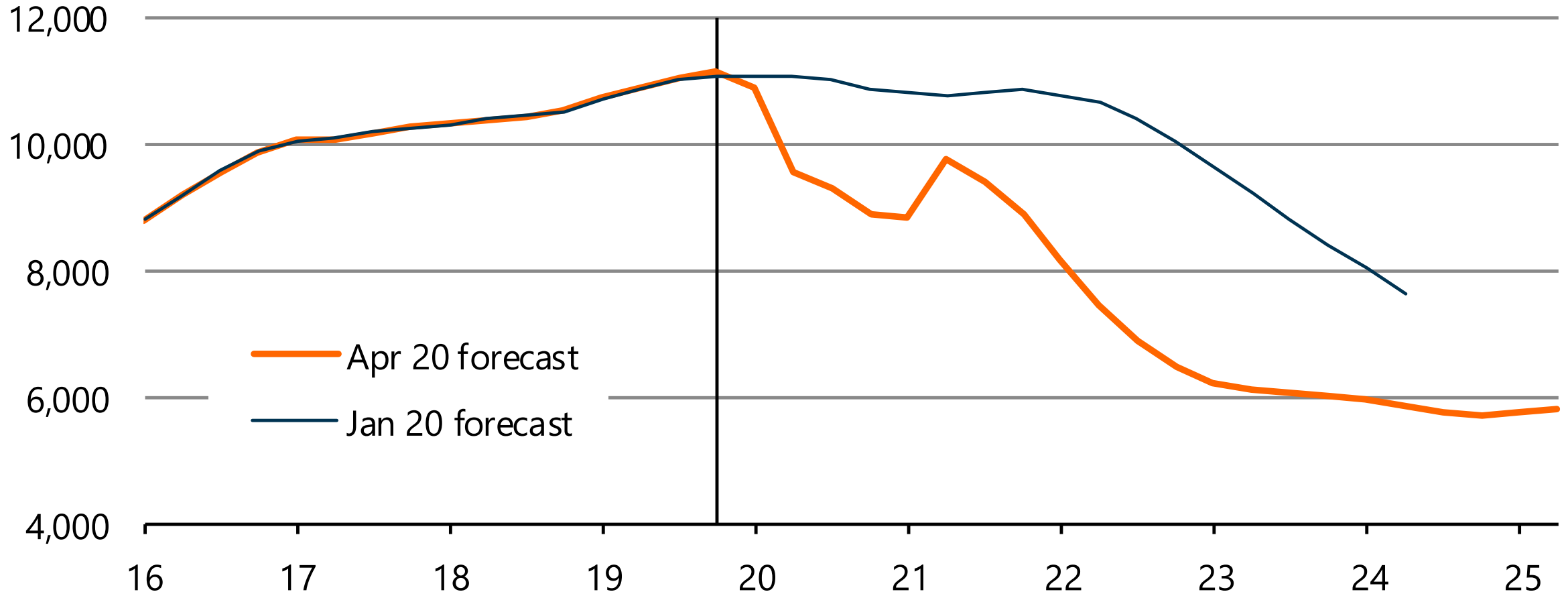
Annual visitor arrivals



Building (nationally)

Turning off the tap for residential development

Forecast comparison of year-ended work put in place, 2009/10 \$m



Gisborne faces a lower hit

- GDP decline of **5.9%** for the March 2021 year
 - Smaller than the 8.0%pa drop for NZ
- Employment decline of **7.7%** for March 2021 year
 - **1,700 jobs** expected to go
 - Slightly lower than the NZ drop of 9.8%
- Unemployment rate expected to increase to **9.3%**, up from 6.9% at present
- At **Level 3, 79%** of the workforce can work (NZ=74%), after having only **57%** working at **Level 4** (NZ=53%)

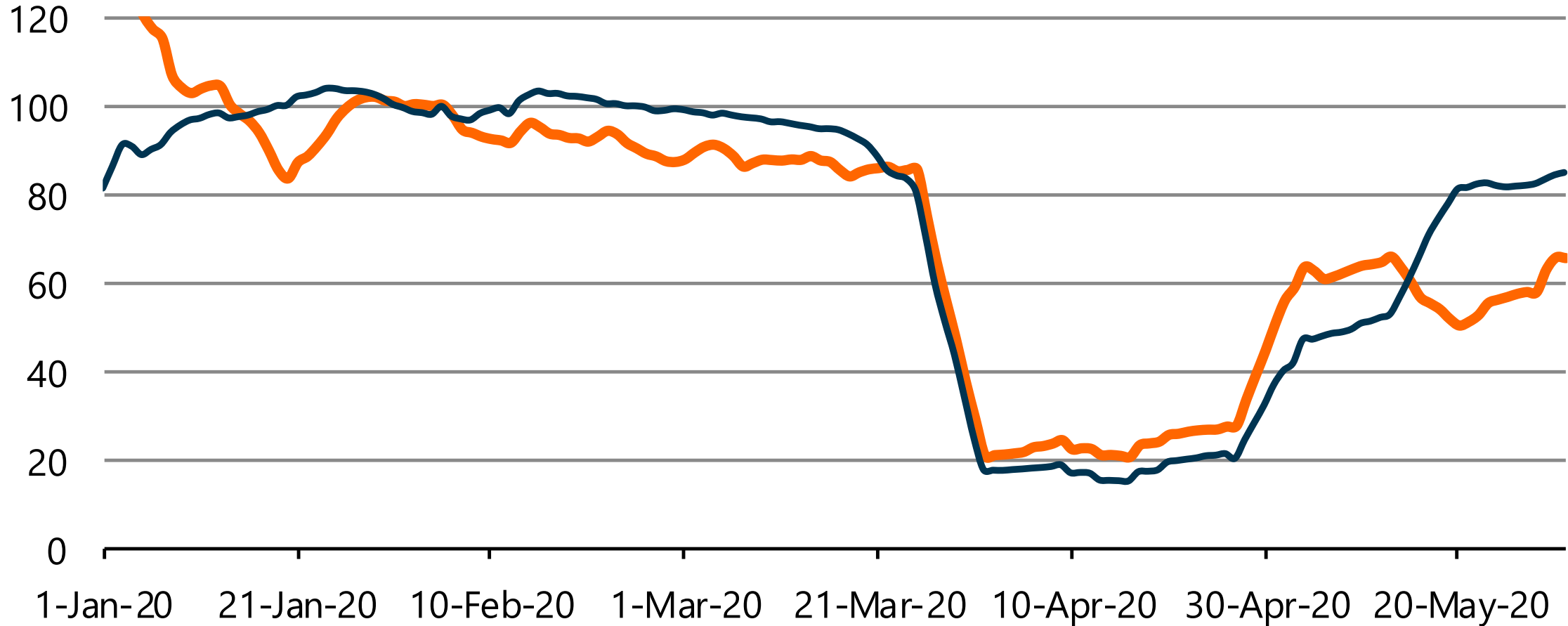
• Still moving, but not as much •

Downturn in traffic

All traffic flows, index, 1 Jan 2020 = 100, 7-day moving average

— Gisborne District

— New Zealand



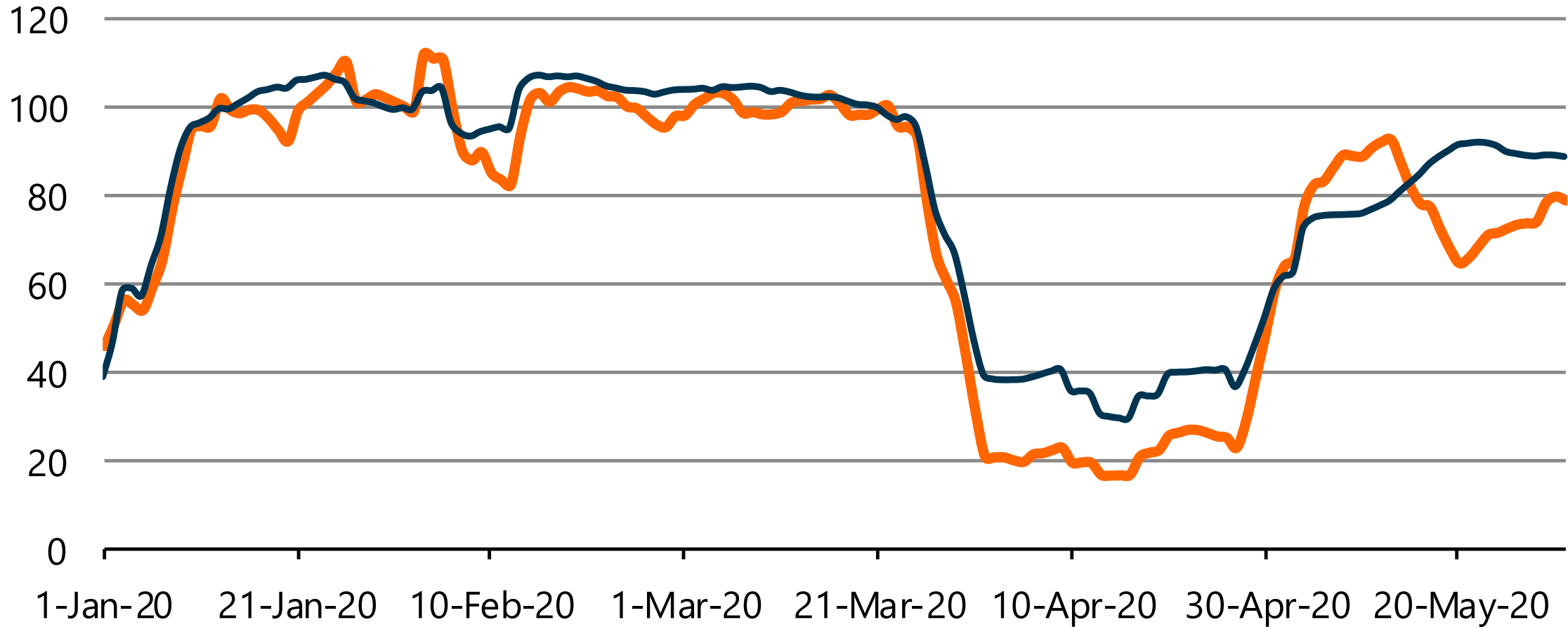
• Still moving, but not as much •

Downturn in freight

Heavy traffic flows, index, 1 Jan 2020 = 100, 7-day moving average

— Gisborne Region

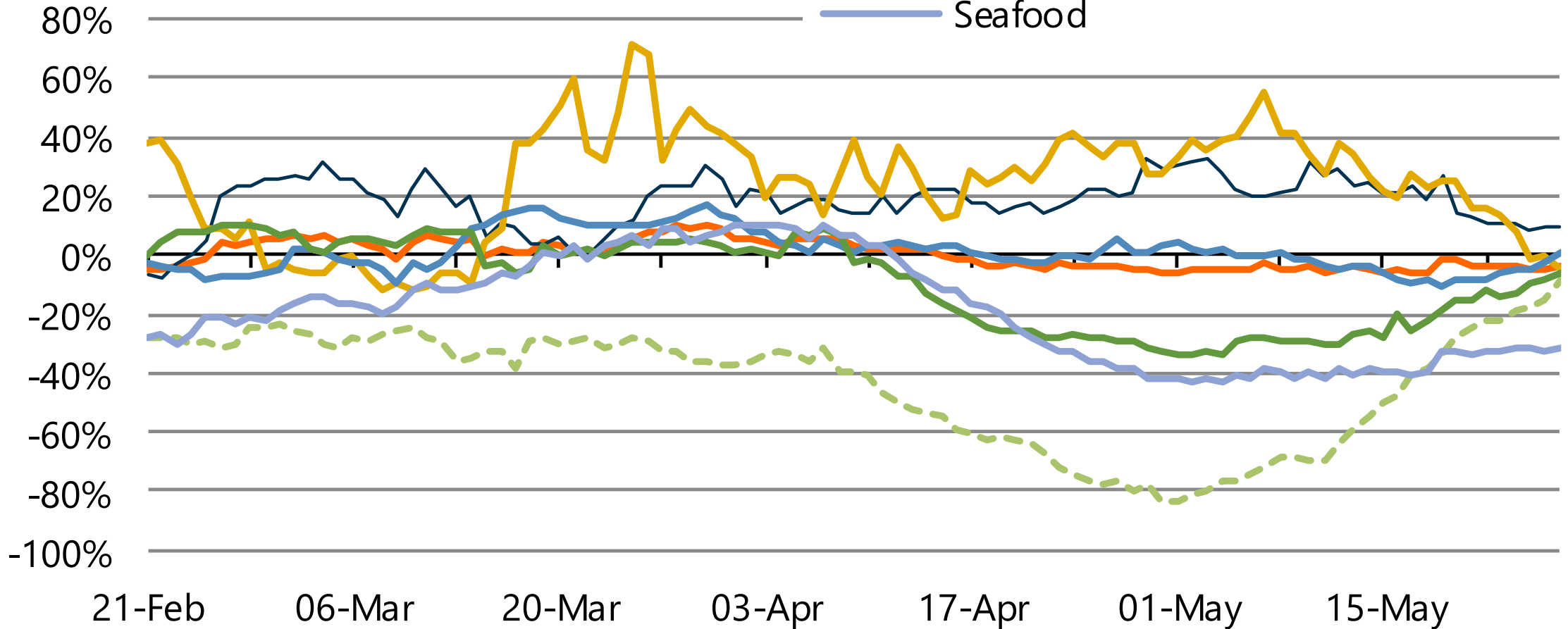
— New Zealand



Food exports show strength

Annual % change, 3-week moving average
Goods trade to the world

- Total
- Forestry
- Meat
- Seafood
- Dairy
- Fruit
- Non-food manu



Forestry isn't as flash

Wood prices show a short-term jump

PF Olsen Index

PF Olsen Index

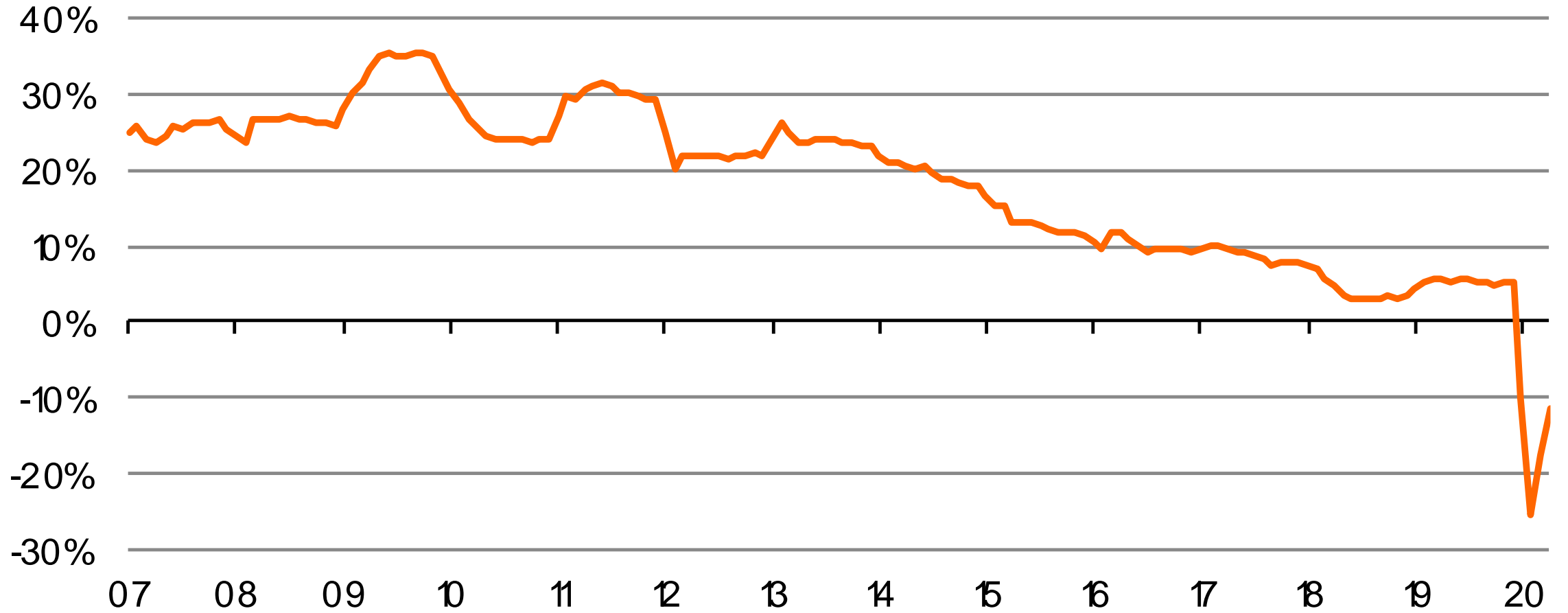


Forestry isn't as flash

Chinese construction investments slide

Investment in construction & installation engineering

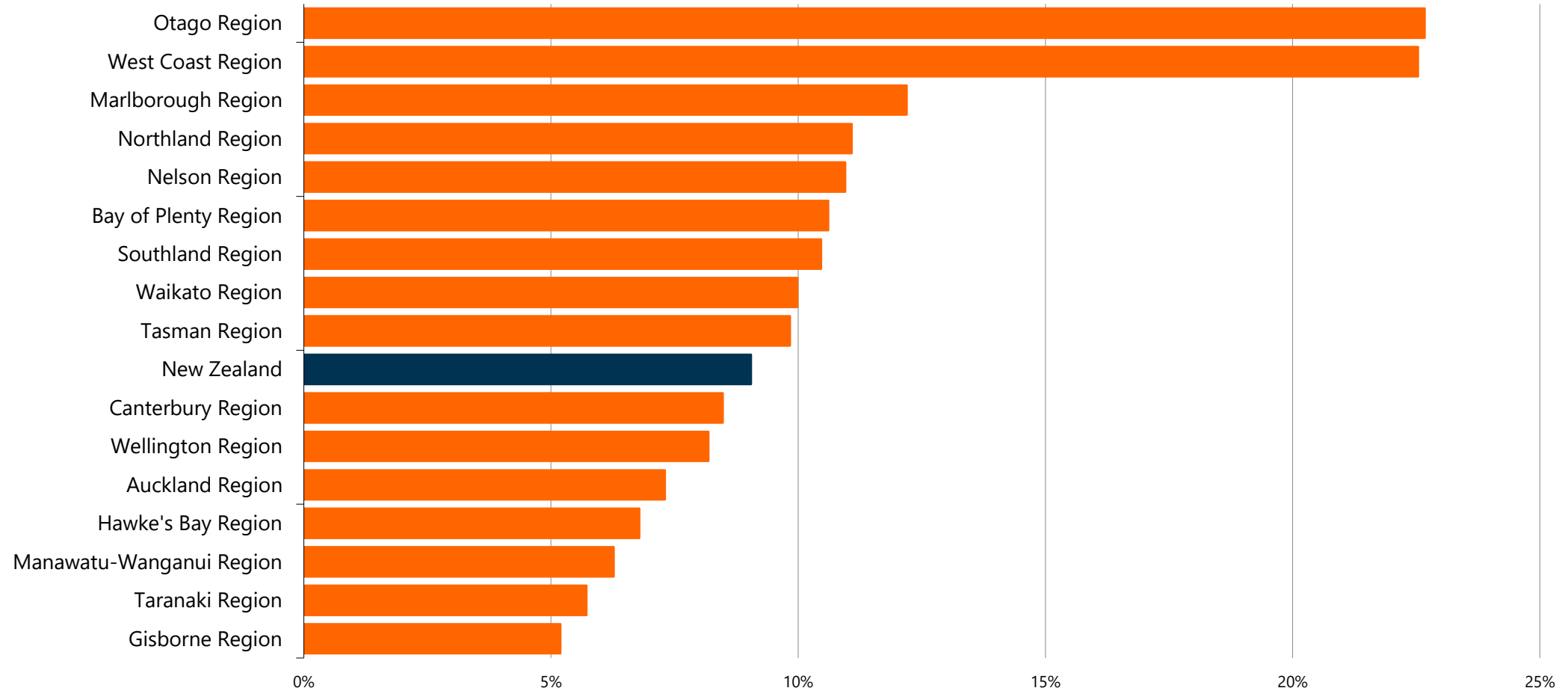
— Annual % change



Tourism

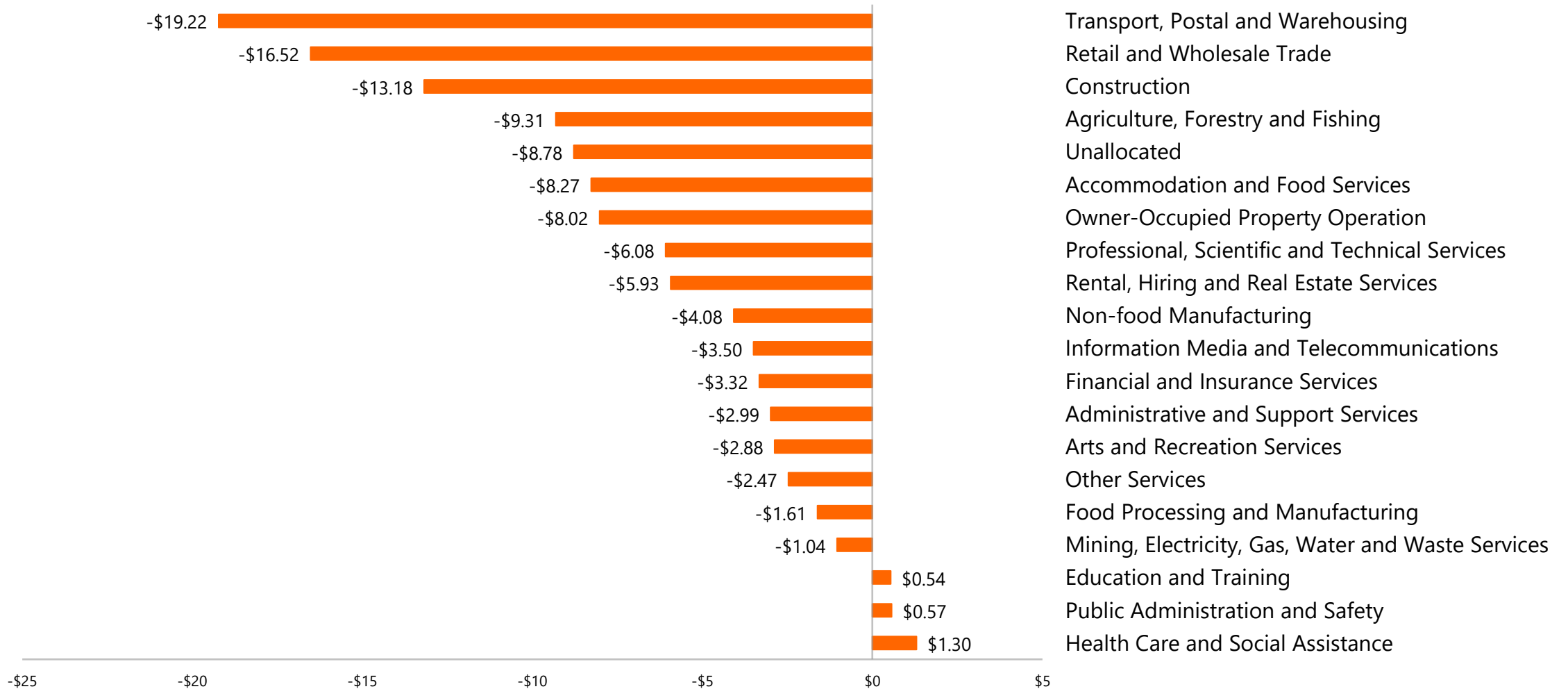
Regional tourism employment, 2019

Share of total employment



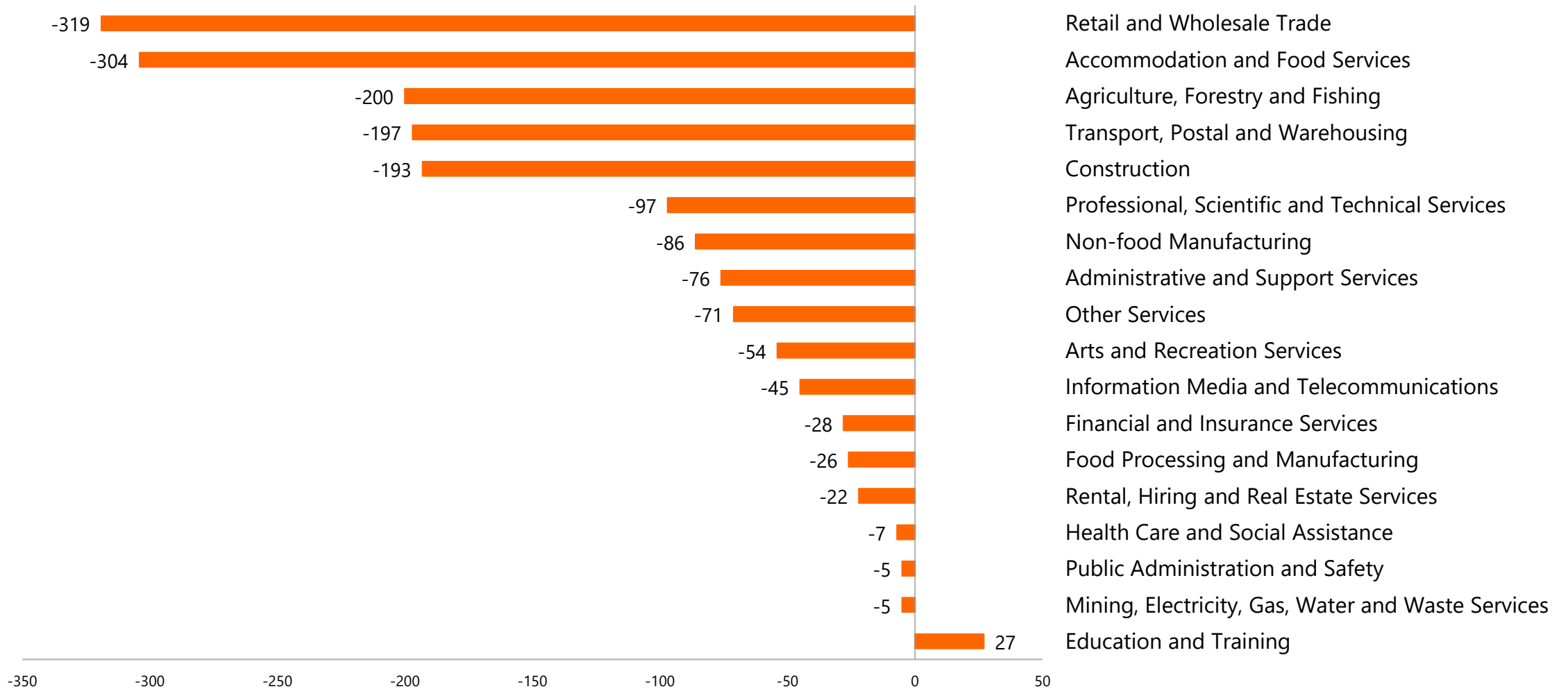
GDP loss

Change in 2021, \$m



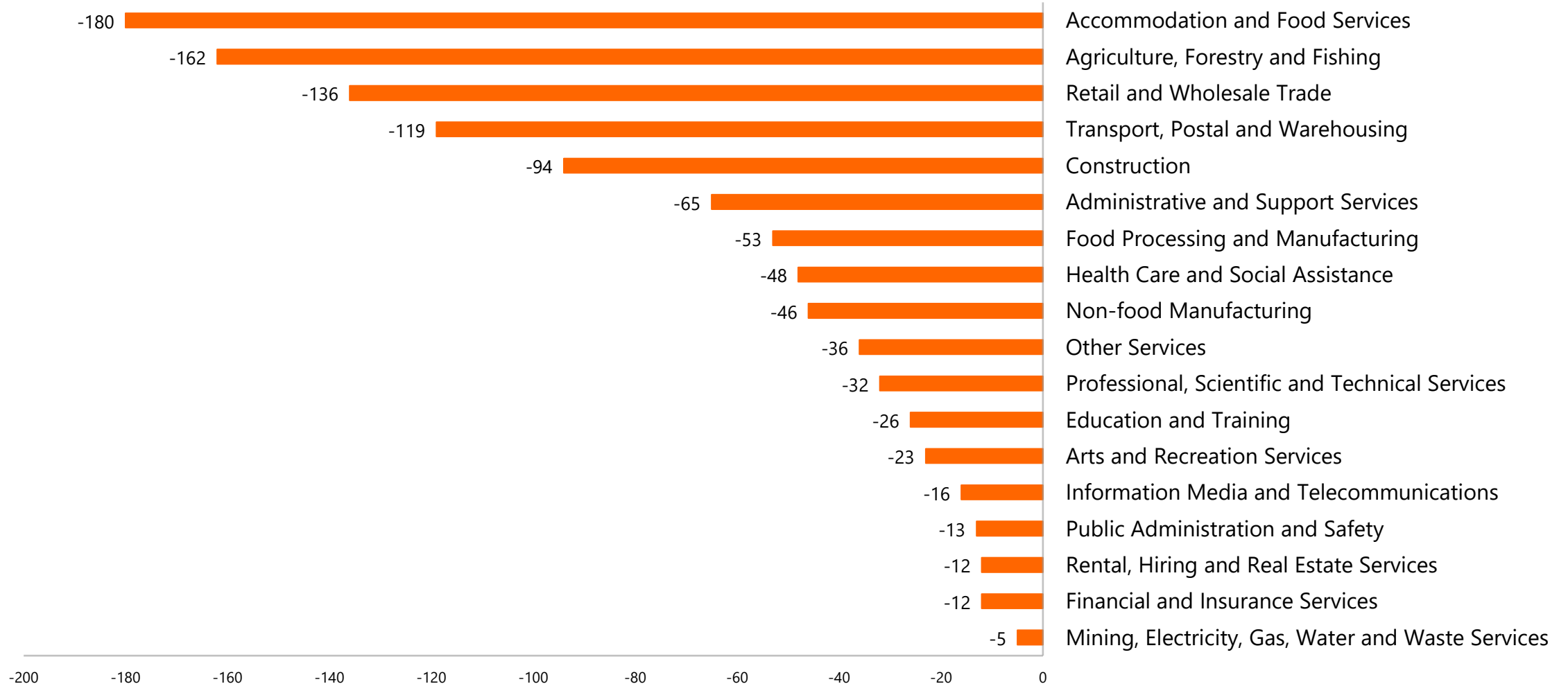
Employment loss

Filled jobs, reduction in 2021



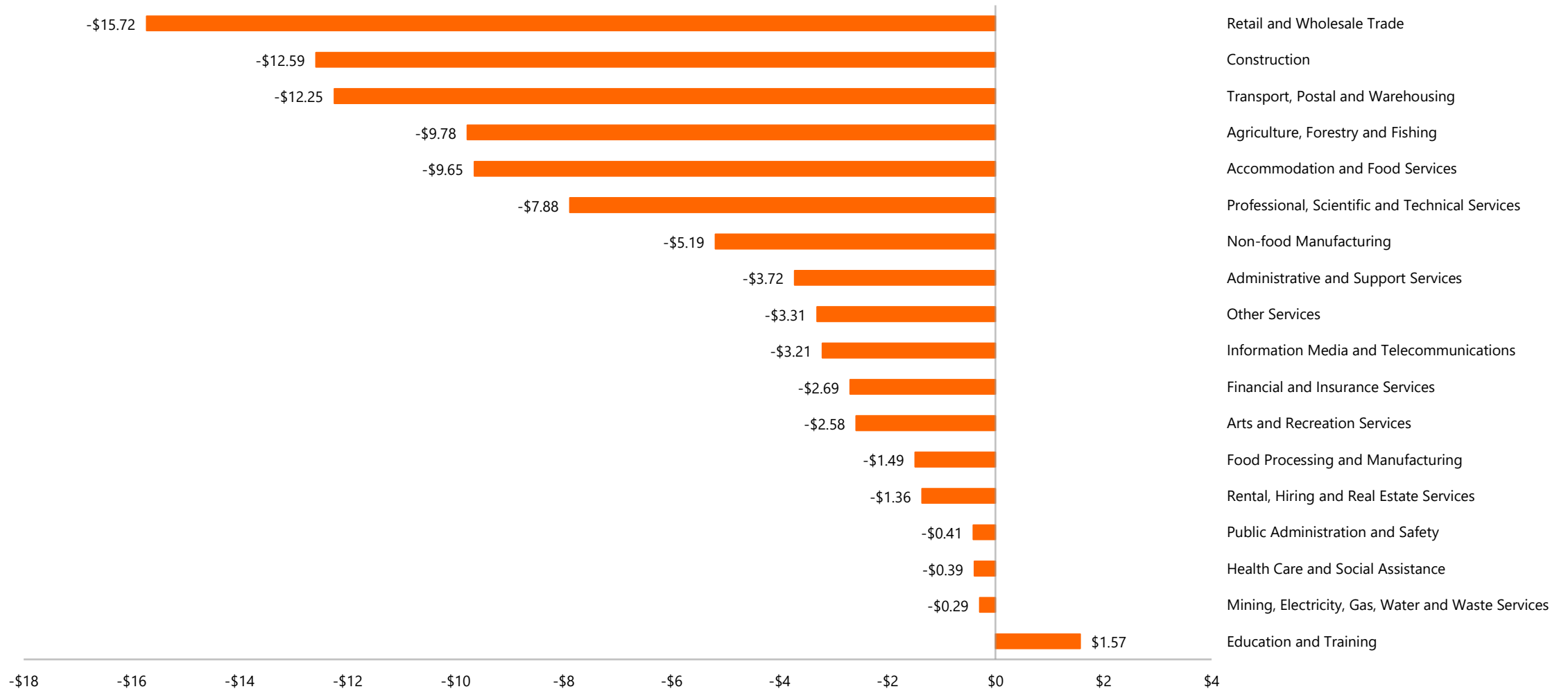
Māori Employment loss

Māori filled jobs, reduction in 2021



Earnings losses

\$m, reduction in earnings by March 2021





Brad Olsen – Senior Economist

brad.olsen@Infometrics.co.nz

+64 21 253 5646