



# Monthly Economic Insights Brief

August 2023



On-the-pulse analysis delivered monthly, with reporting that wraps around various economic issues and provides insight into areas of interest.

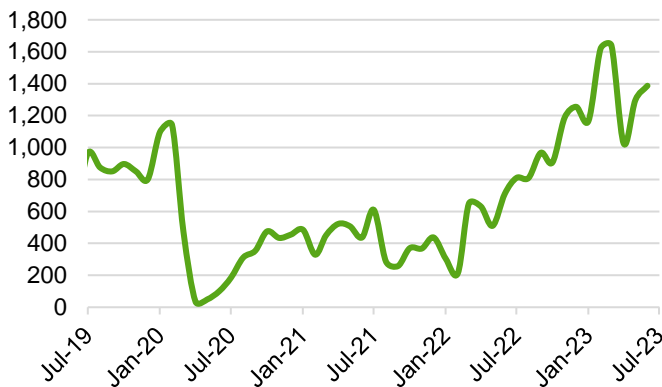
## Migration (June 2023)

Monthly migration inflows have lifted again in the last couple of months, after dipping from the record heights observed in early 2023. There were over 1,380 permanent and long-term arrivals from overseas in Canterbury during June 2023, of which 70 percent were moving to Christchurch.

Strong migration inflows are adding to Canterbury's labour pool and should help to ease wage inflation pressures over the coming year. Quarterly growth in the size of Canterbury's working-age population has accelerated rapidly in the months since the border opened.

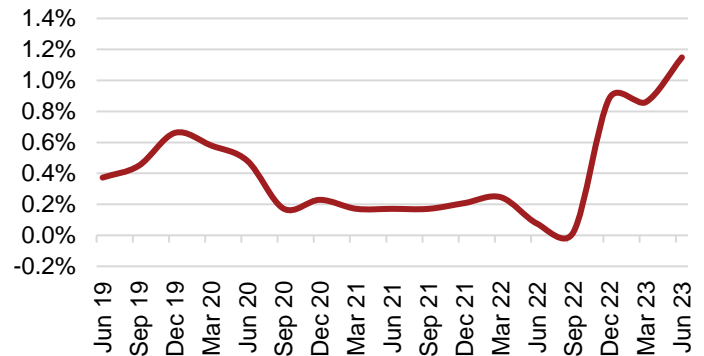
**Monthly migrant arrivals, Canterbury**

Source: Statistics NZ



**Quarterly growth in Canterbury's working age population**

Source: Statistics NZ, ChristchurchNZ



## Labour Market (Q2 2023)

Despite this strong growth in the size of the local working-age population, labour force data for the June quarter indicates that labour market tightness is persisting for longer at the local level than it is for New Zealand as a whole.

Q2 saw the unemployment rate in Christchurch and Canterbury move in the opposite direction to the New Zealand average. Unemployment in Christchurch fell from 3.9 percent in Q1 to 3.3 percent in Q2, while in Canterbury the unemployment rate fell from 3.3 percent to 2.8 percent over the same period. At the national level, the unemployment rate increased from 3.2 percent to 3.5 percent. June's unemployment rate represents a nine-year low for Christchurch, and a seven-year low for Canterbury.

Youth unemployment was also lower in Canterbury than New Zealand as a whole, as captured by the NEET rate (representing the share of people aged 15-24 who are not in employment, education, or training).

**NEET rate (Q2 2023)**

Age Group	Canterbury	New Zealand
Aged 15-19	7.5%	8.5%
Aged 20-24	11.3%	13.0%
Total aged 15-24	9.4%	10.8%

The gap between local and national unemployment is expected to narrow in the coming months, due to strong migration inflows and forward-looking indicators of labour demand that point to a cooling in hiring intentions within Canterbury.

# International Trade (July 2023)

## Goods Exports

The value of goods exports from Canterbury ports fell to a two-year low of \$729 million during July 2023. This was -31 percent below that of July last year.

Export volumes also dipped during July, following a period of comparative resilience. Export volumes have largely been tracking the strong performance seen in 2022 and had lifted to a two-year high in the previous month of June. However, this spike was followed by a dip in July.

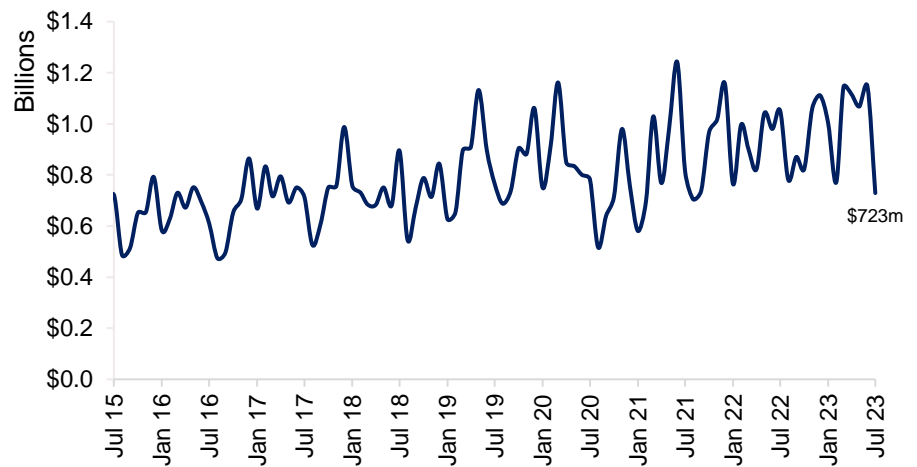
Export values across New Zealand were also weak during July, falling -9.2 percent from the same time in 2022. Global prices for commodities have been on a relatively steady downward trajectory over the last year, after peaking in early 2022. Falling oil prices and a general easing of supply chain pressures have contributed to this, as well as weakening economic activity in China.

After an initial rebound following China's post-pandemic reopening, economic momentum has stalled in recent months. An ongoing property market crisis has triggered a meltdown in confidence among Chinese households and businesses, and youth unemployment of over 20 percent is adding to these woes. Imports into China fell -12.4 percent in July 2023 from the same time last year and this slump in Chinese demand is weighing heavily on world prices.

China purchases just under one-third of New Zealand's total goods exports, including over 44 percent of New Zealand's log exports, 19 percent of meat exports and 15 percent of dairy exports. This high exposure to the Chinese market has New Zealand goods exporters facing a weakening outlook for revenue at a time of very high input costs.

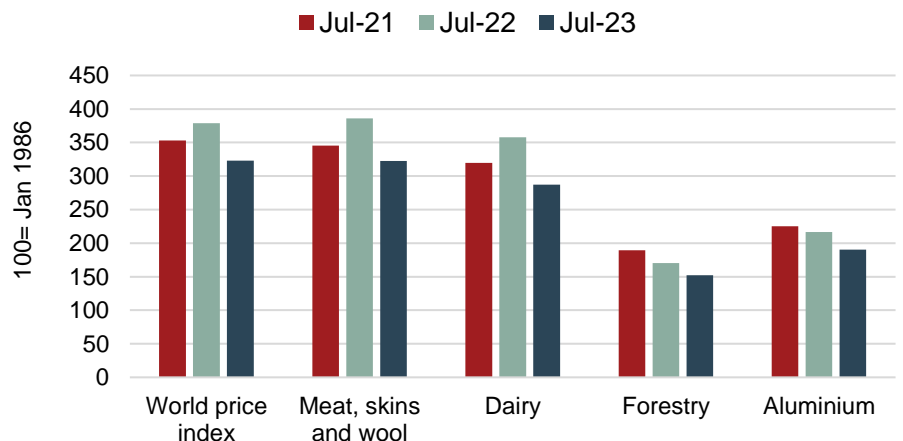
## Commodity export value (Canterbury ports)

Source: Statistics NZ, ChristchurchNZ



## World Price Indices

Source: ANZ



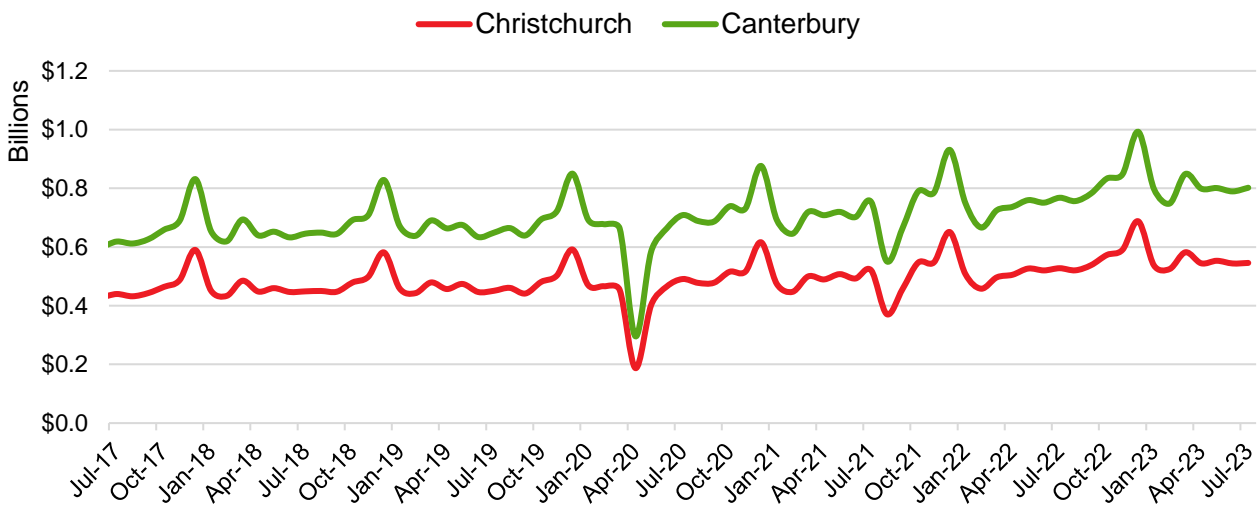
# Retail Spending (July 2023)

The value of retail spending in Christchurch during July 2023 came to \$546m, an increase of 3.4 percent from July 2022. The volume of retail spending (number of transactions) in Christchurch increased by 6.6 percent over the same period, with the average amount spent per transaction declining by -3.0 percent. This indicates that people were making more frequent, but lower value transactions compared to the same time last year.

Transactions in Christchurch recorded negative year-on-year growth in spending on apparel & personal (-12.3%), fuel & automotive (-1.4%) and home & recreation retail (-0.7%). Transaction growth was positive for groceries & liquor (+12.5%), cafes, restaurants, bars & takeaways (+10.3%) and other consumer spending (+1.1%), compared to July 2022.

## Value of retail spending, Christchurch & Canterbury

Source: Marketview

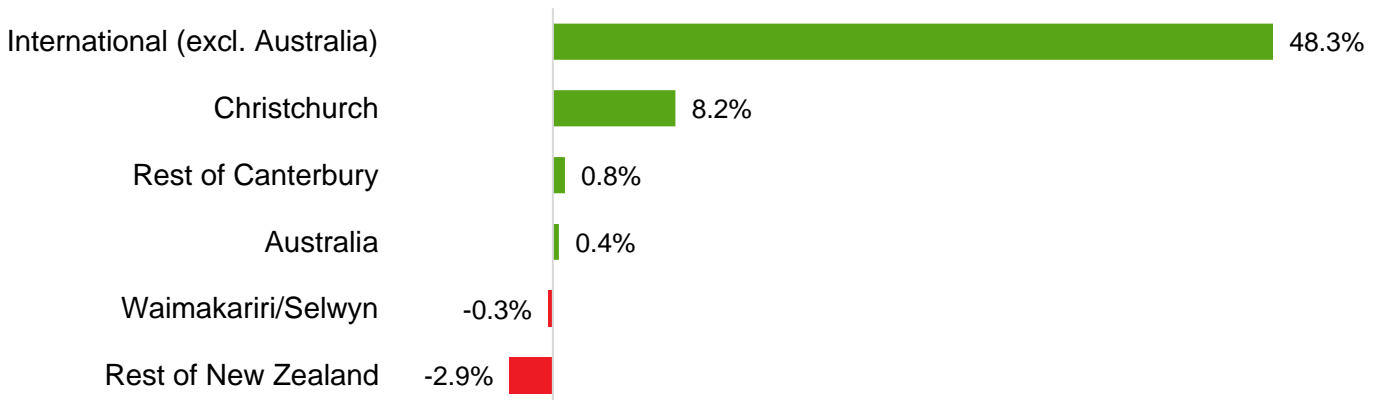


## Spend by customer

Uplifts in the value of spending compared to the same time last year were strongest among residents of Christchurch (+8.2%) and international visitors excluding Australians (+48.3%). Spending values were relatively static among residents of Waimakariri & Selwyn (-0.3%), visitors from Australia (0.4%), and people travelling to Christchurch from elsewhere in the Canterbury Region (1.4%). Meanwhile, spending growth was negative for domestic visitors to Christchurch from elsewhere in New Zealand (-2.9%).

## Change in value of spending by customer (July 2023 vs July 2022)

Source: Marketview



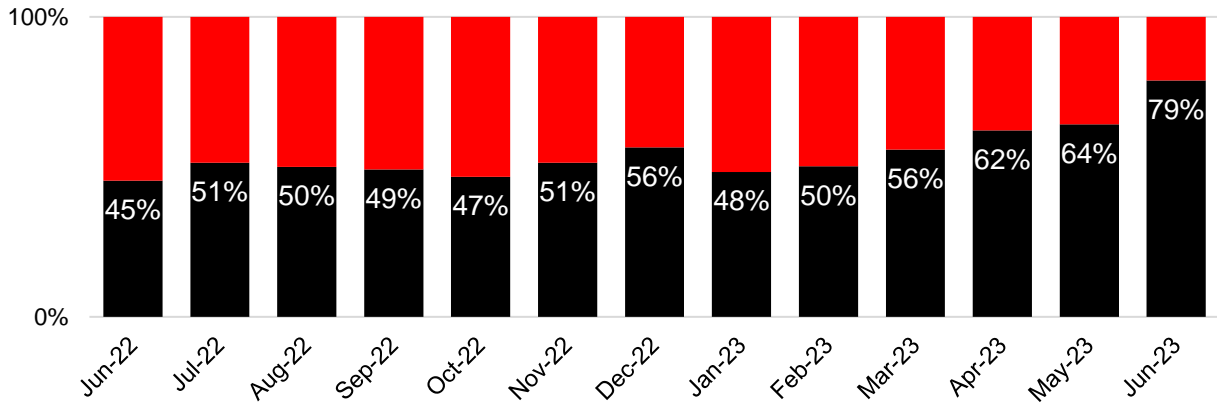
# Update on International Visitation (June & July 2023)

## International visitor arrivals (June 2023)

Approximately 21,100 international visitor arrivals landed at Christchurch Airport during June 2023. This was equivalent to 79 percent of pre-COVID levels (June 2019), which is the highest equivalence to monthly pre-COVID levels recorded so far in Christchurch in the post-pandemic period.

### International visitor arrivals at Christchurch airport, equivalence to pre-COVID levels

Source: Statistics NZ, ChristchurchNZ

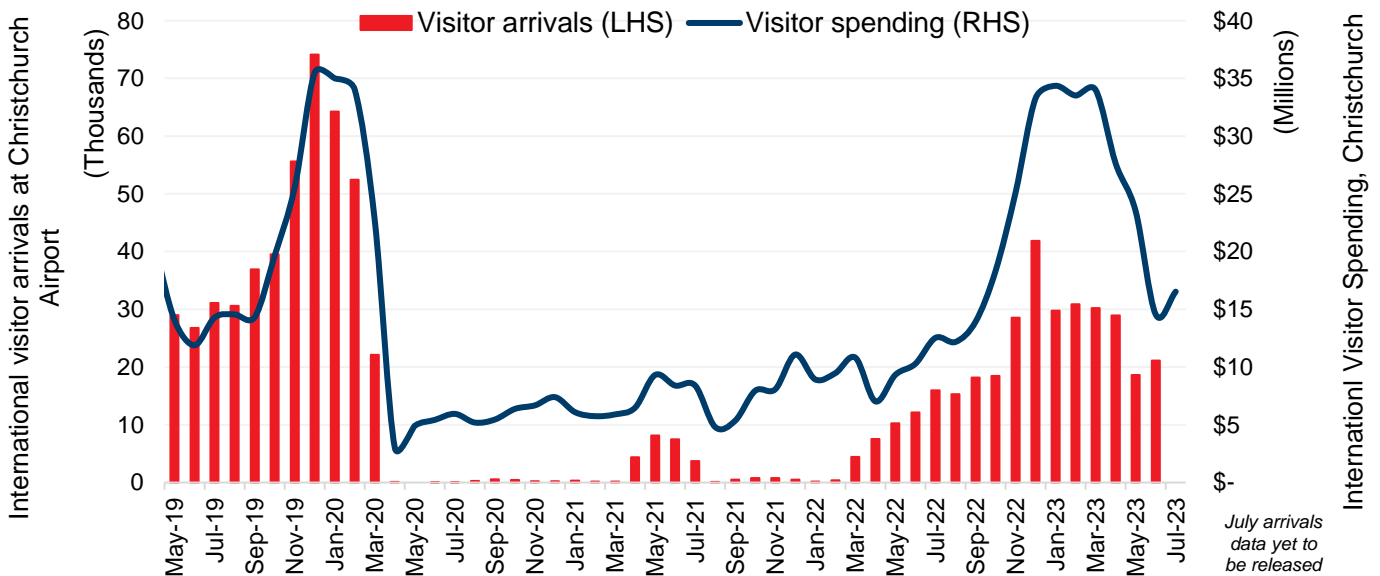


## International Visitor Spending (July 2023)

International visitor spending in Christchurch City in July 2023 was \$16.5m, up from \$14.6m in the previous month of June. Spending by Australian visitors made up 27 percent of international spend in Christchurch during July, followed by visitors from the United States (21%), Asia excluding China (14%) and the United Kingdom (12%).

### International visitation, Christchurch

Source: Statistics NZ, Marketview



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