

Novel data sets like traffic flows and card spending are clearly showing the impact of the lockdown on the economy.

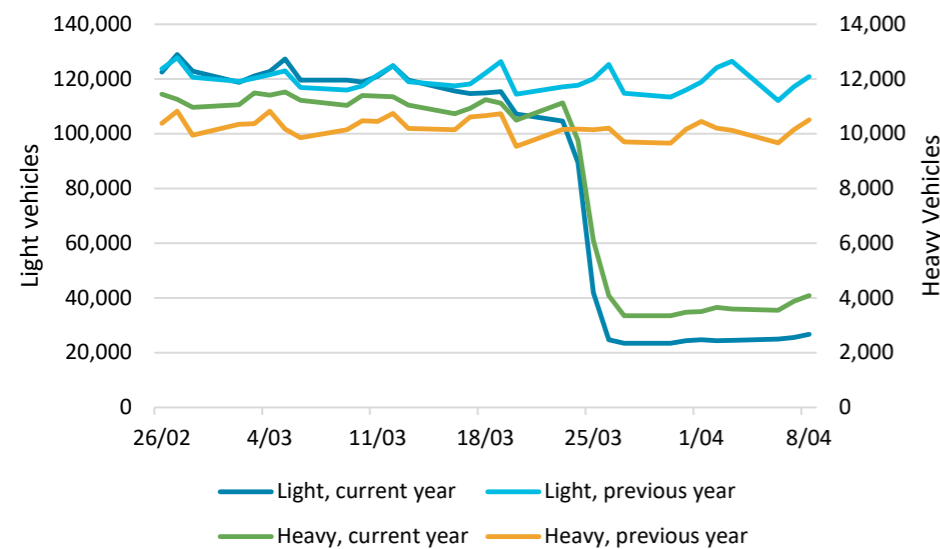
The number of job seeker recipients has increased sharply by over 22,000 in the period between 20 March and 8 April. This is despite a large number of businesses now receiving the wage subsidy, with 1.42 million individuals now covered as at 9 April. Business own activity outlook is at a record low.

China is slowly recovering now its lockdown has been lifted. To date, New Zealand merchandise exports have held up, rising 13.2% compared with the same week in March last year. However, export intentions have collapsed in the latest ANZ Business Opinion survey.

Domestic Economy

Economic activity has declined sharply, more or less as expected, while NZ is in lockdown. Heavy and light vehicle traffic are down 60-80% on the same time last year.

Traffic flows in main centres



Source: NZTA

Jobseeker recipients have increased steeply in the past three weeks to 8 April, coinciding with the lockdown. The number of people receiving Jobseeker support is expected to continue increasing in the coming weeks.

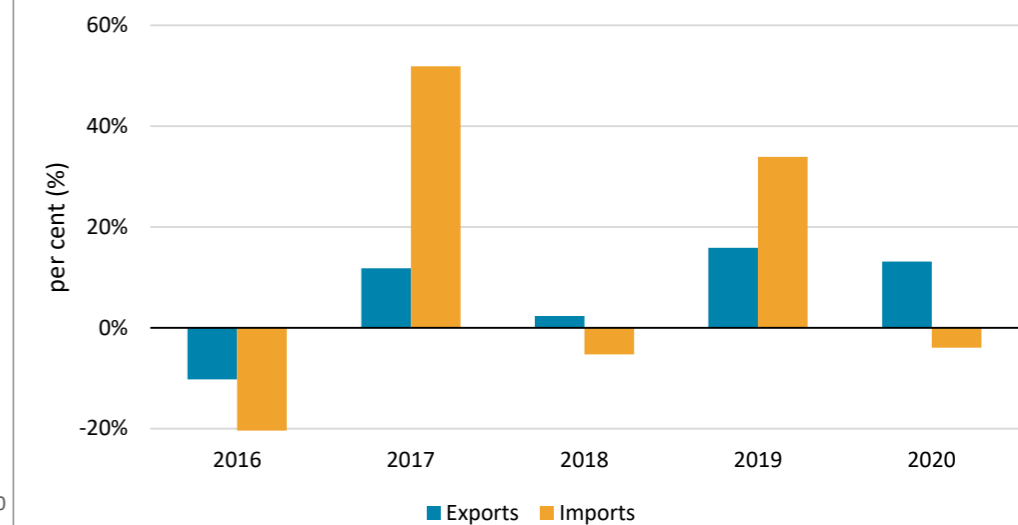
Jobseeker support Total recipients



Source: MSD

NZ exports hold up while imports are weaker. Compared with the same week in March last year total NZ exports were up 13.2%, and total imports were down 3.9%. Weaker export demand is likely in the coming weeks.

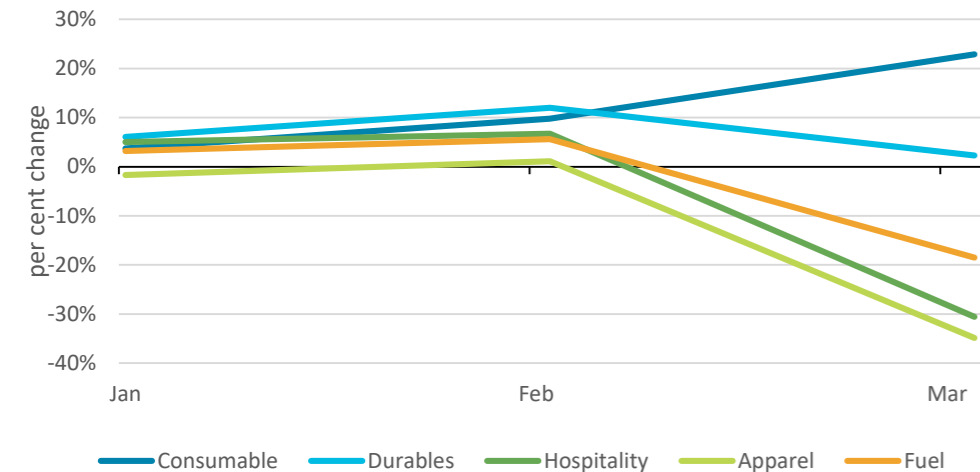
NZ Exports and Imports in the last week of March compared with previous year



Source: Stats NZ

Retail spending is declining in most sectors to the end of March, with hospitality and apparel sectors particularly hard hit.

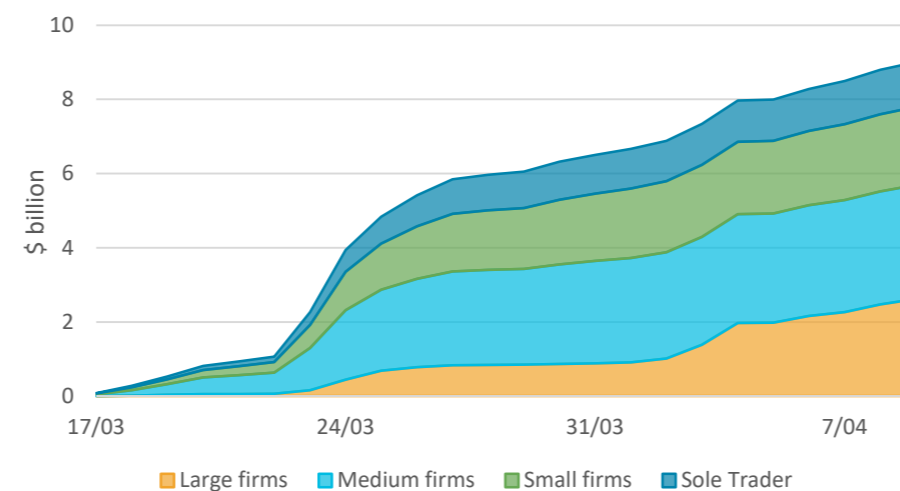
Retail Spending (compared to same month last year)



Source: Stats NZ

There has been significant uptake in the wage subsidy by firms of all sizes, with larger firms now accessing it at a higher rate

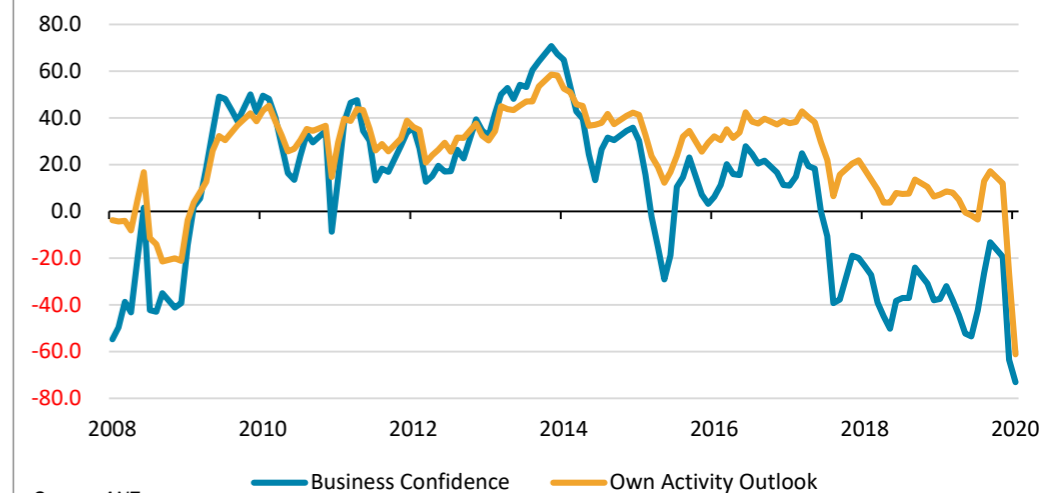
Wage subsidy payments by firm size



Source: MSD

Business confidence continues tracking sharply down. Business confidence fell a further 9% to -73% in the preliminary April read of the ANZ Business Outlook Survey. Business's own activity outlook plummeted 34 points, with a net 61% of firms now expecting lower activity in the year ahead, a record low.

ANZ Business Outlook Flash

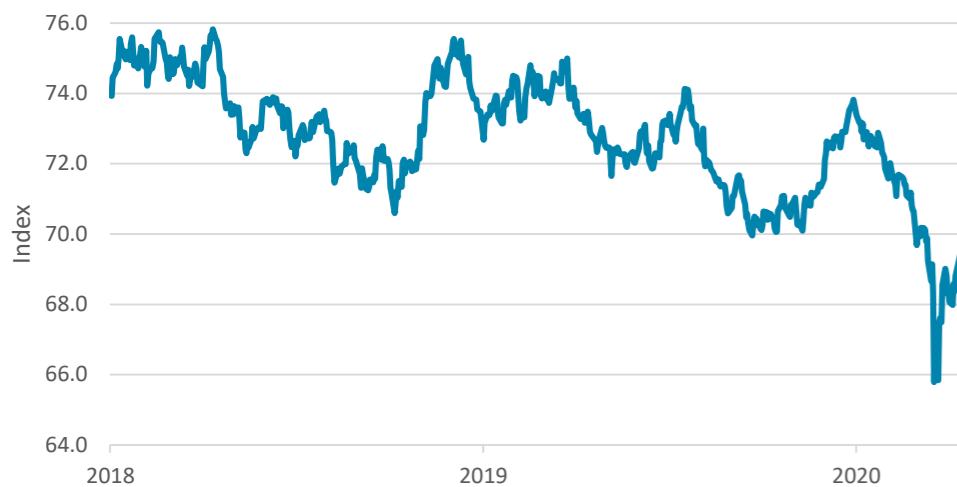


Source: ANZ

Domestic Financial Conditions

Trade Weighted Index stabilising following improved risk sentiment across global markets.

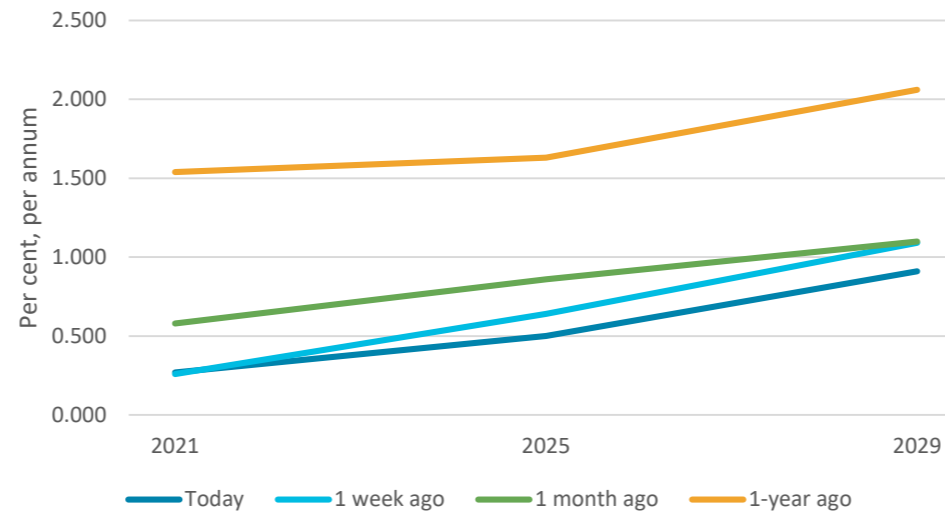
Trade Weighted Index



Source: RBNZ

NZ bond yield curve is falling

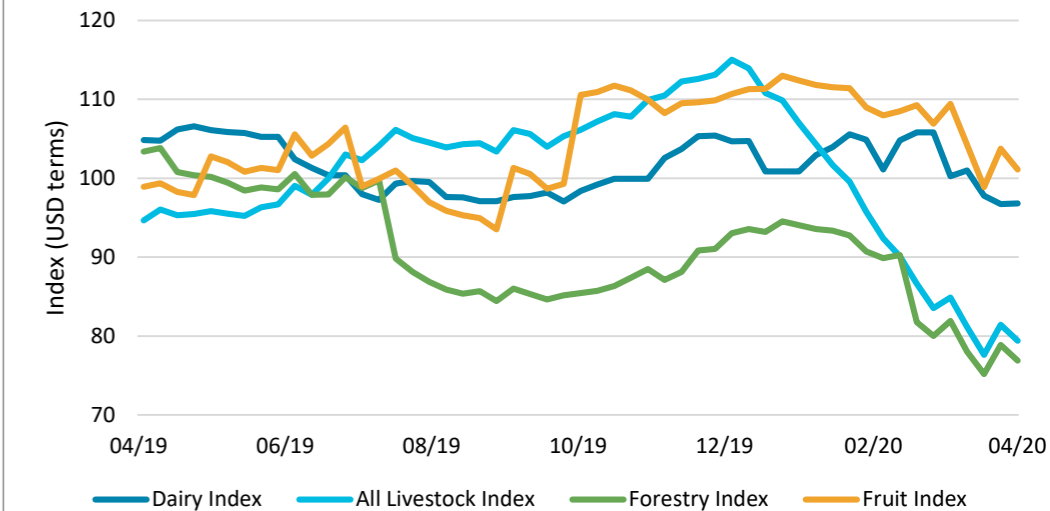
NZ Bond Yields



Source: RBNZ

Prices for NZ commodity exports are declining however this is being partially offset by the sharp fall in the NZD

ASB Commodity Price Index (since April 2019)

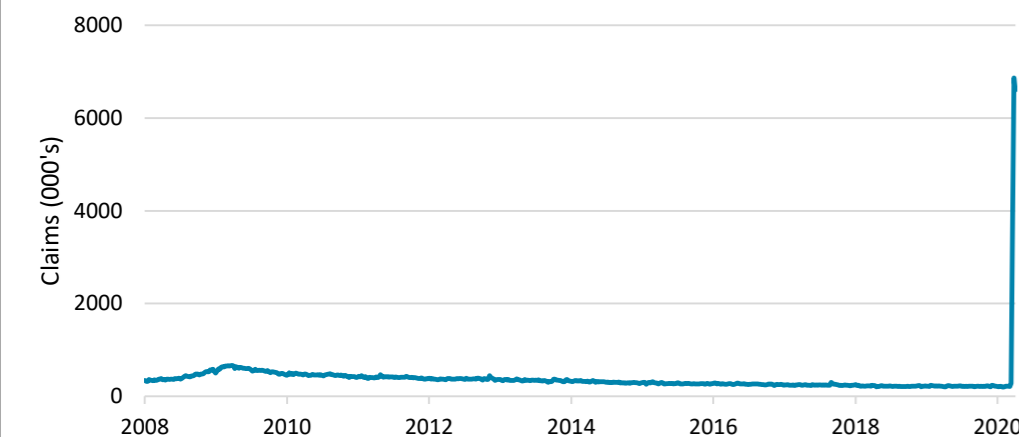


Source: ASB

International

US unemployment massively increased. US jobless claims for the week ending 4 April were 6.61 million, slightly down on last week's record setting week of 6.87 million. Over 16 million people have filed for unemployment in the last three weeks.

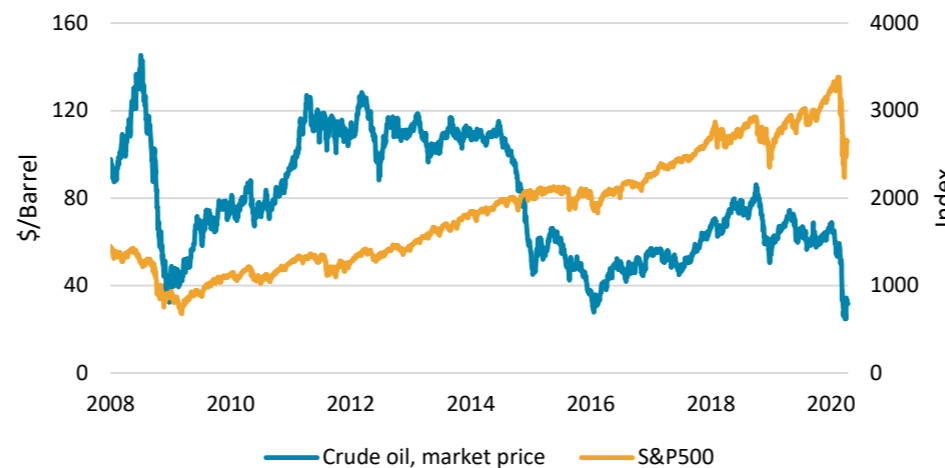
USA Weekly Unemployment Claims (to 4 April 2020)



Source: US Employment and Training Administration

Global business conditions remain fragile despite significant monetary and fiscal policy responses

Market price of crude oil, S&P 500 Index

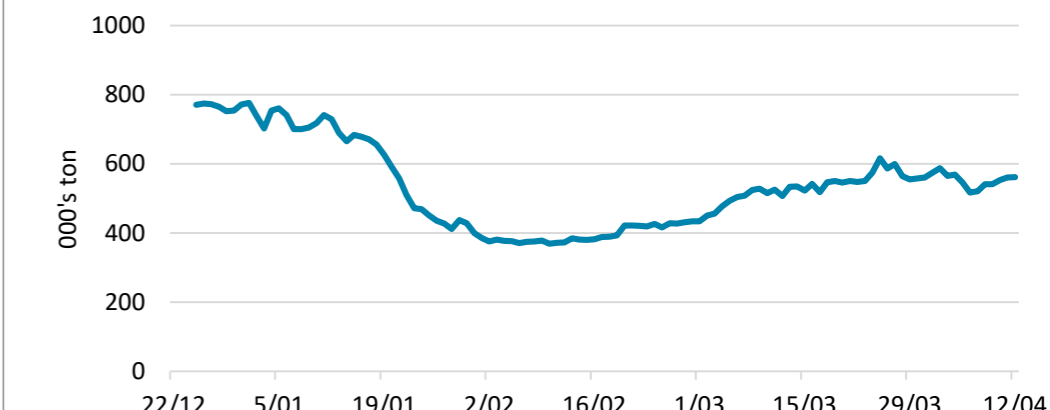


Source: Standard and Poor's, Financial Times

Chinese domestic activity slowly recovering

China's coal consumption is increasing gradually as it begins to come out of lockdown, showing early signs of economic recovery.

China PPI coal consumption

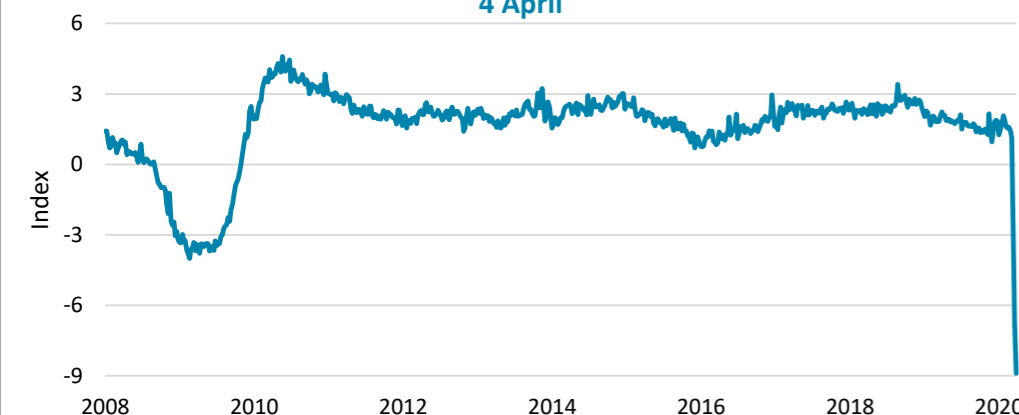


Source: UBS

US Weekly Economic Index plummets

The Weekly Economic Index, a composite of activity data including retail sales, unemployment, electricity output and steel production, mirrors the jobless claims data above.

New York Federal Reserve Bank Weekly Economic Index to 4 April



Source: Federal Reserve Bank of New York (Liberty Street Economics)