

New Zealand has moved to alert level 2.

Under level 3 traffic volumes increased substantially compared to level 4. Consumer card spending has also picked up slightly, and electricity usage has also increased under level 3. Merchandise exports to China and imports from China are higher than for the same period last year, but the total value of exports and imports remains lower than the same period last year.

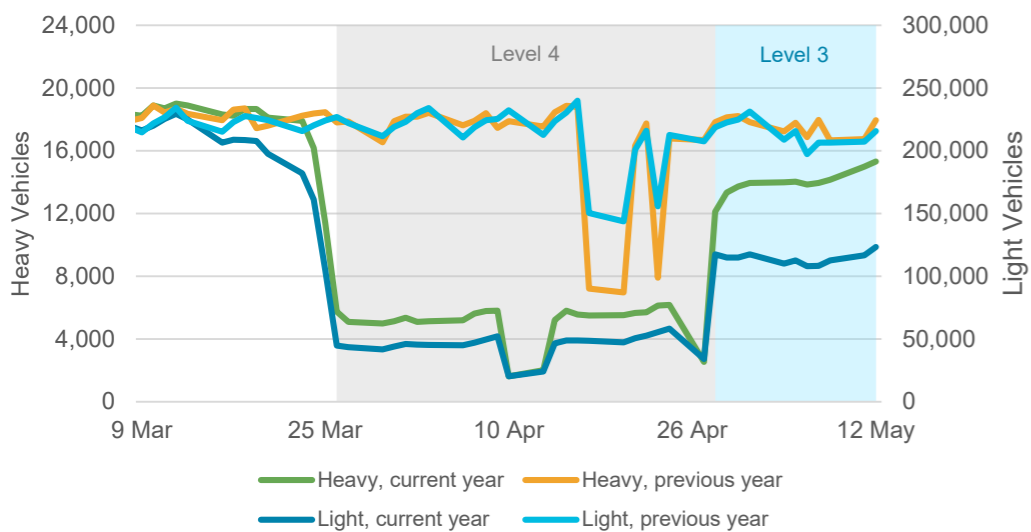
The preliminary May ANZ Business Outlook Survey results show a net 42% of firms expect lower activity in the coming year ahead, compared with a net 55% in April, while a net 35% expect to export less, a net 59% expect profits to decrease and a net 45% of firms expect to lay off staff. Job losses are underway with the number of jobseeker recipients increasing sharply by over 41,000 since 20 March, despite over 1.6 million individuals now being covered by the wage subsidy, and over \$10.6 billion paid out.

The global business outlook remains weak. US unemployment has reached levels not seen since the Great Depression.

## Domestic Economy

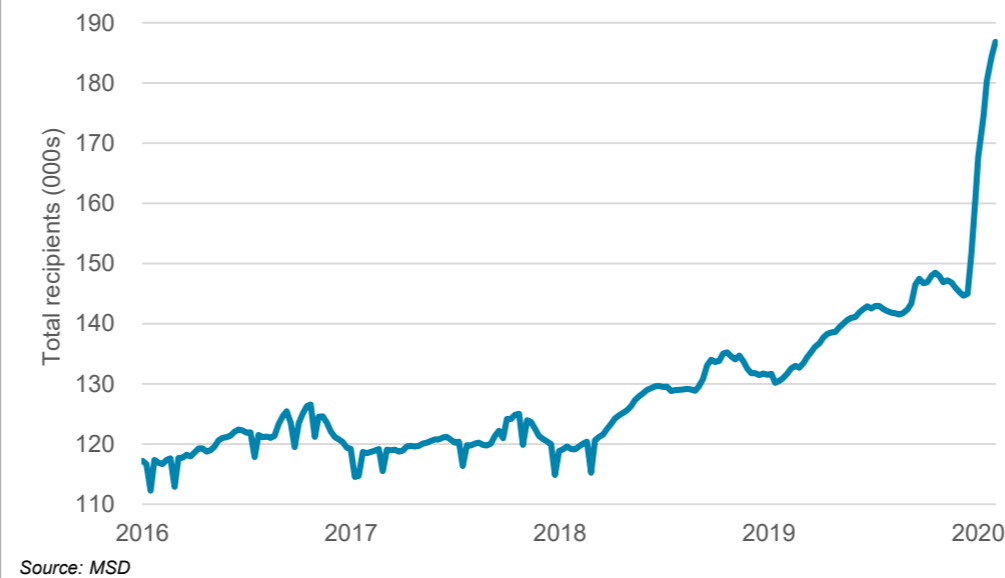
**Heavy and light vehicle traffic** volumes have doubled under level 3 compared to those seen under level 4. The additional dips in the graph are due to Easter and ANZAC day.

**Traffic Flows in Main Centres**



**The number of Jobseeker benefit recipients** continues to increase. There have been over 41,000 new applications since 20 March.

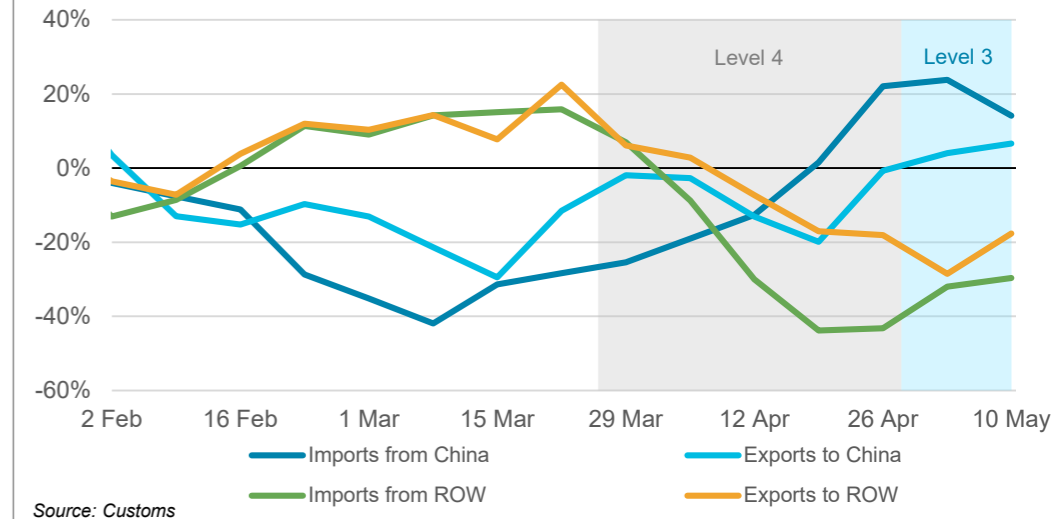
**Jobseeker Support: Total recipients**



**NZ merchandise exports to China and imports from China** are higher than the same period last year. Exports and imports to and from the rest of the world (ROW) are weaker. Outlier values are excluded.

**Weekly NZ Export and Imports**

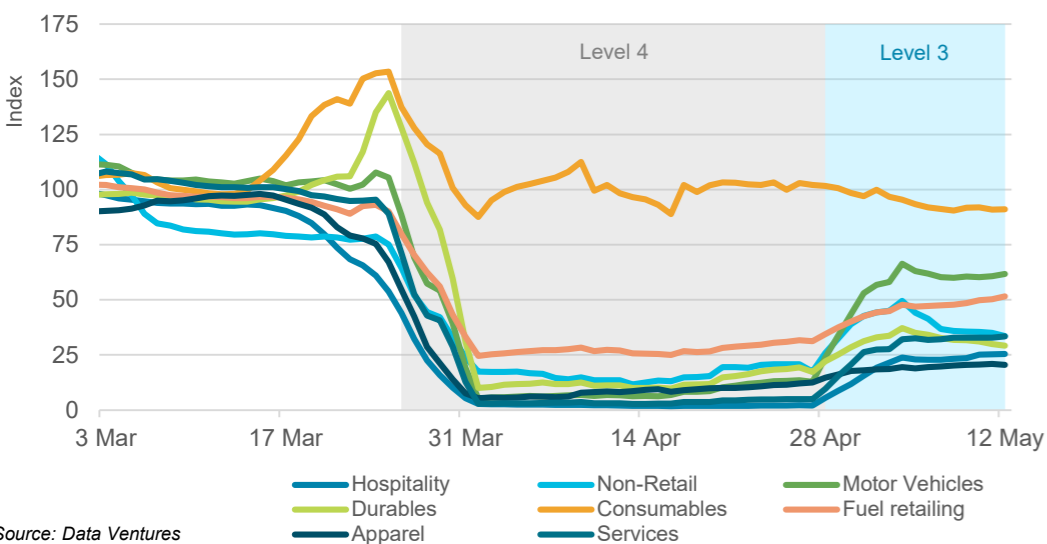
(3 weekly rolling average compared to same period last year)



**Consumer spending is starting to increase** under level 3, however still remains well below normal levels.

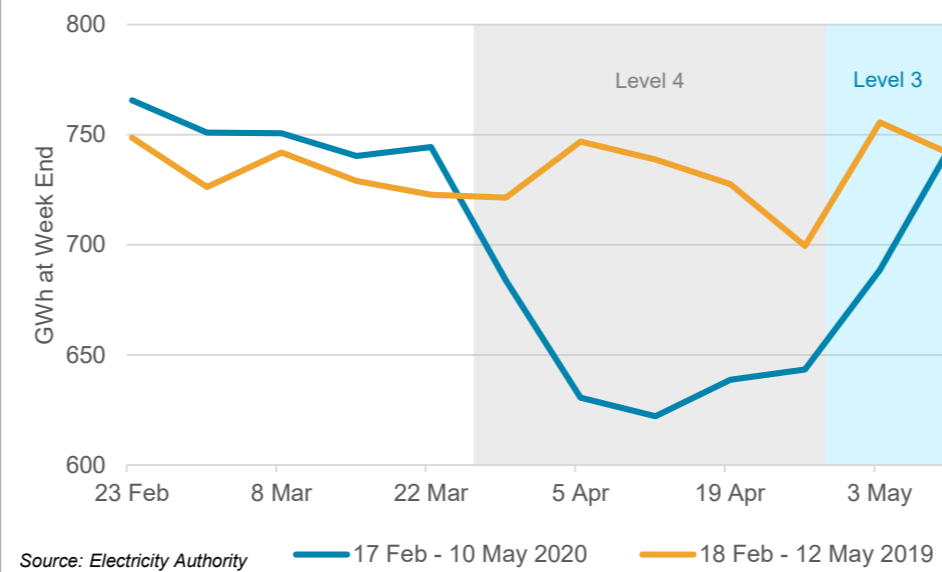
**Total Card Spend by Industry**

(Rolling 7 day average, indexed to 100 = average over Jan and Feb)



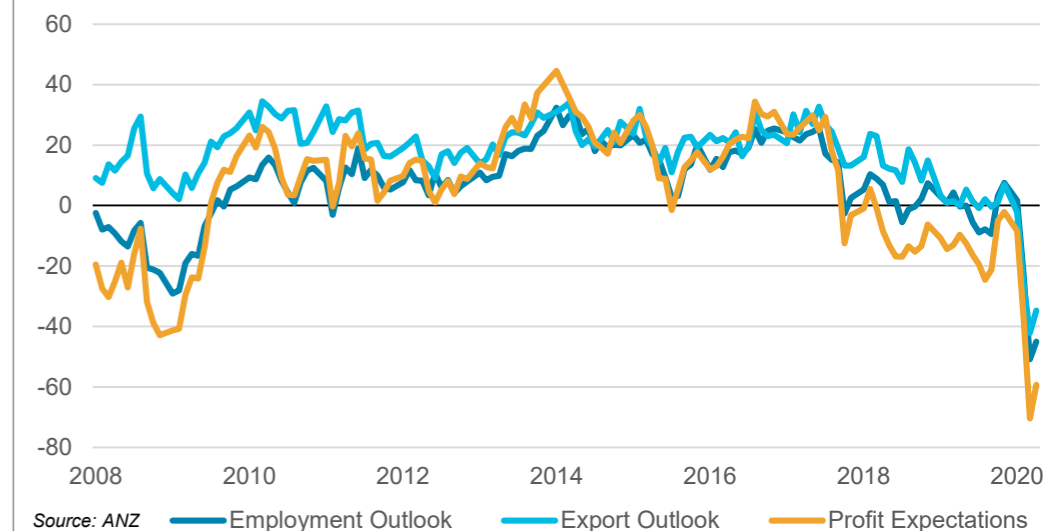
**Electricity demand has rebounded** under alert level 3. Demand decreased by approximately 15% under alert level 4.

**Weekly Electricity Demand**



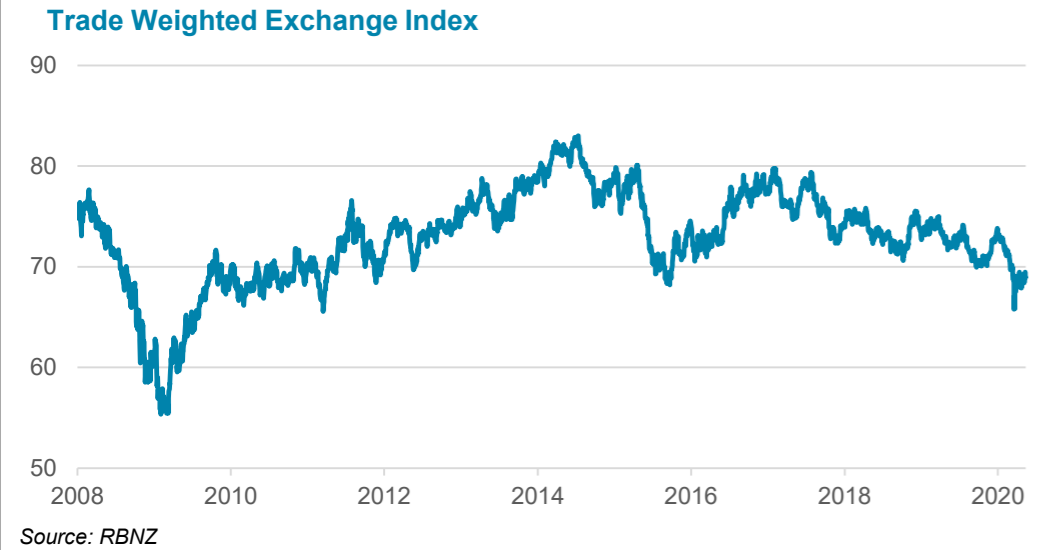
**Export and employment intentions** have recovered slightly in latest ANZ business outlook survey: a net 45% of firms expect to reduce employment, a net 35% of firms expect to export less and a net 59% of firms expect lower profits.

**Firms' Export and Employment Intentions, and Profit Expectations**

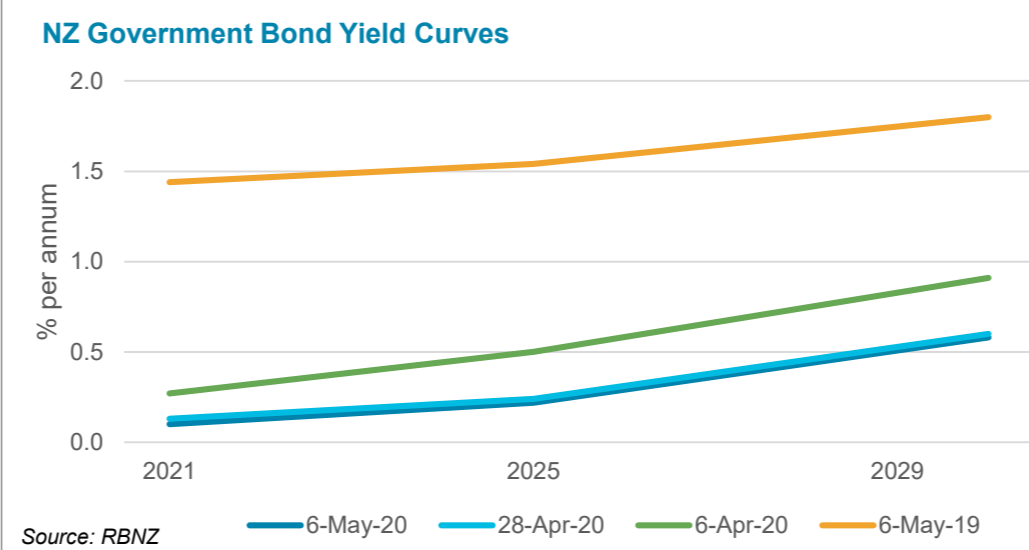


# Financial Conditions and Commodity Export Markets

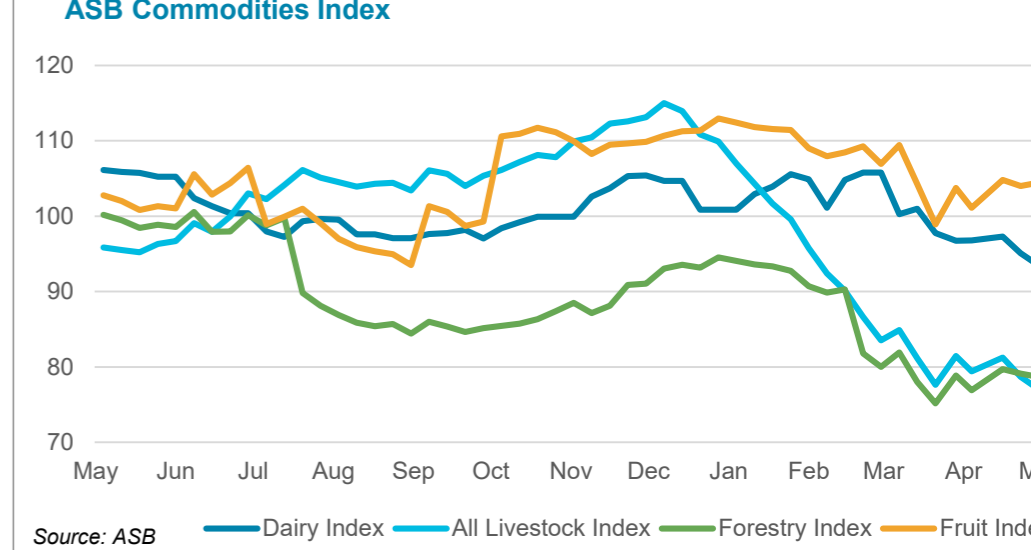
The New Zealand TWI has remained relatively steady, reflecting broadly stable risk sentiment across global markets.



NZ bond yields have been relatively stable in the past week, and are lower than a month ago, reflecting ongoing monetary easing operations.

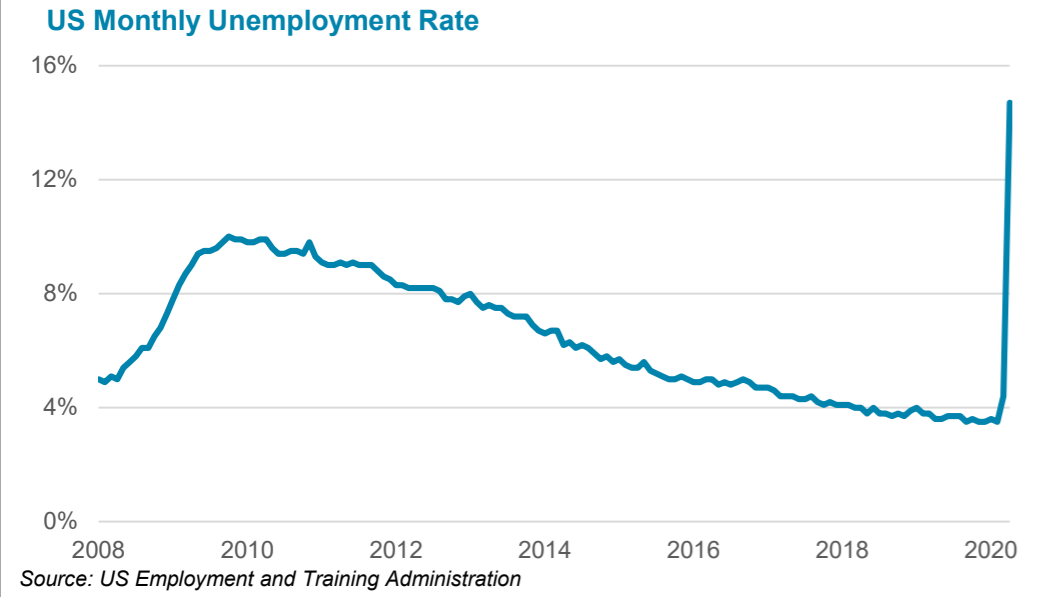


NZD commodity export prices have weakened relative to recent months' levels.

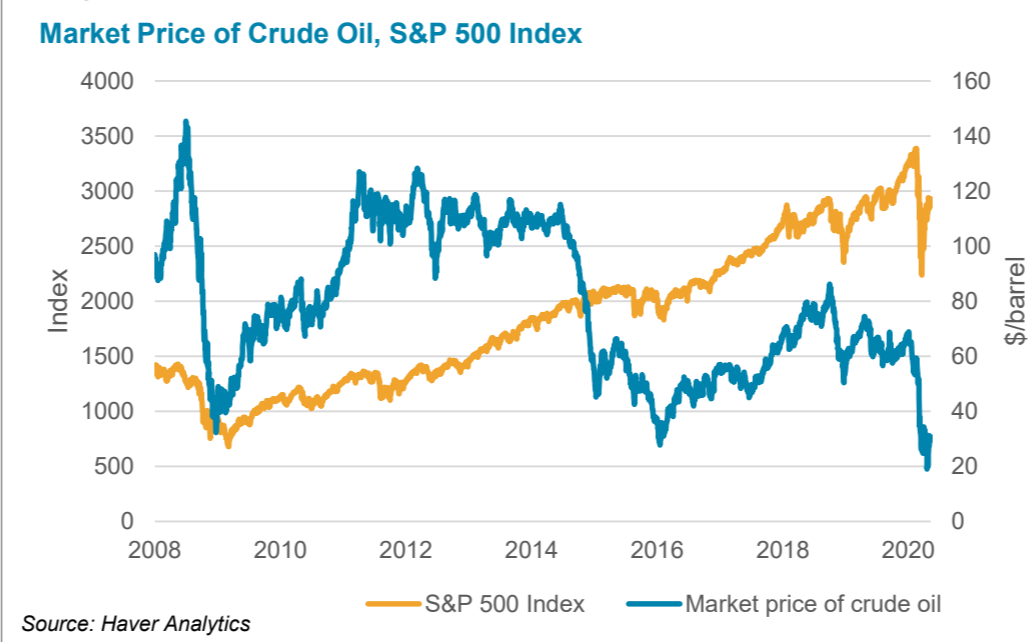


# International Developments

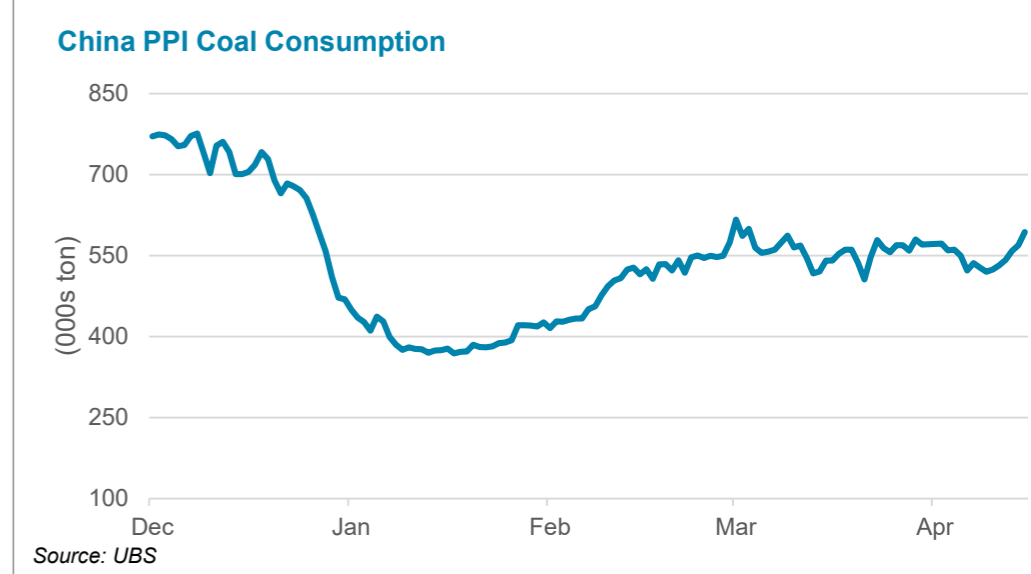
The US unemployment rate has risen to 14.7% in April, an increase of over 10% since March. This is the highest level seen since the Great Depression.



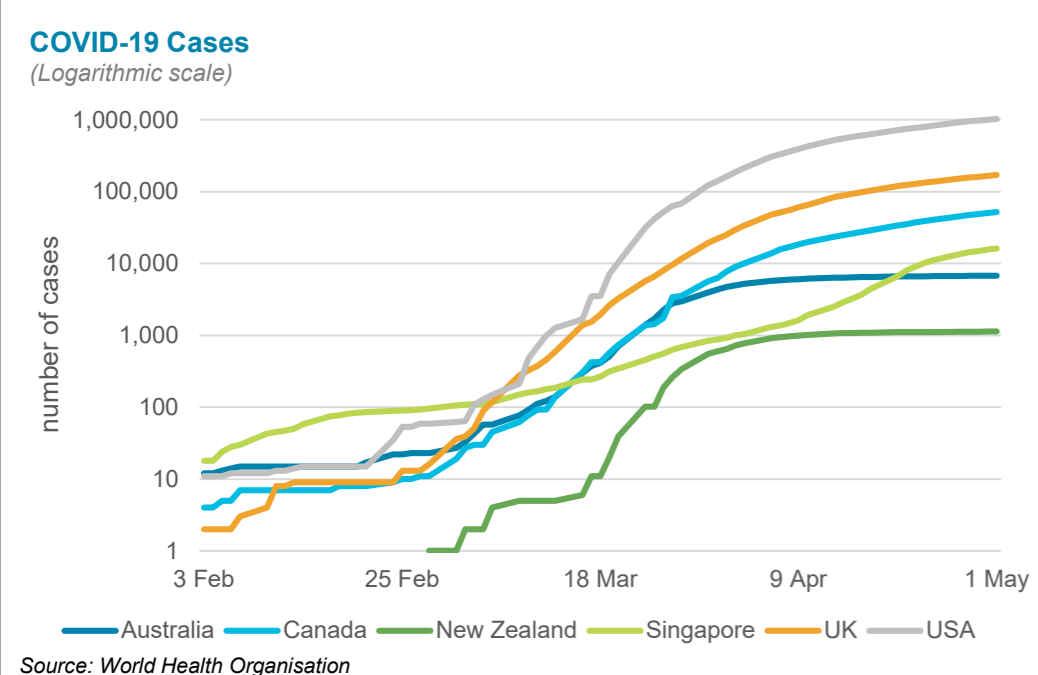
The global business outlook and demand for oil remain weak.



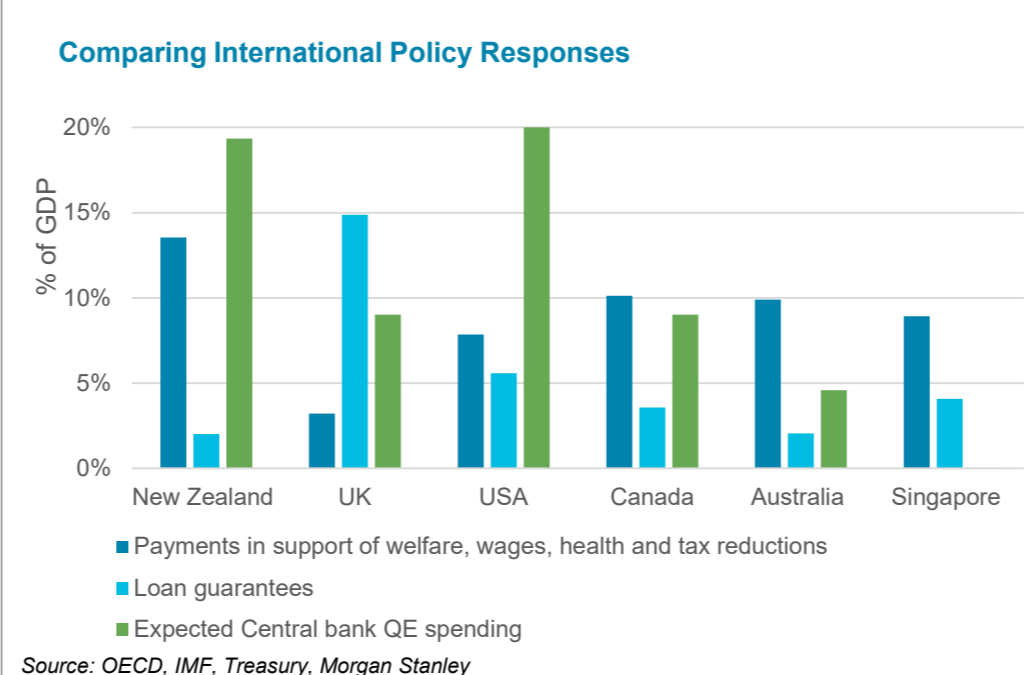
Chinese coal consumption is increasing very gradually, providing early signs of a recovery in domestic activity. However, this remains well below last year's levels.



Total cases of infection are beginning to plateau in a some developed countries.



Other developed countries' fiscal and monetary policy responses are of similar scale to New Zealand's.



Australian business confidence indicators have weakened similarly to those for New Zealand. Firms' employment and profitability expectations are sharply declining.

