

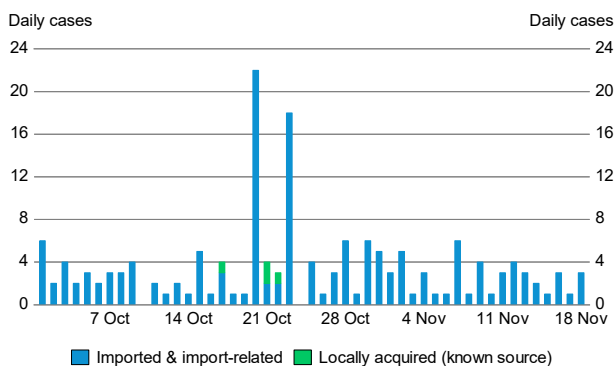
Masks are now mandatory on all domestic flights and Auckland public transport as contact tracing continues. Industry performance indexes show services demand remains firm, but indicate challenges developing on the supply side.

Further positive vaccine news is helping alleviate medium-term risks to the global economic outlook, but near-term risks are rising as more US states tighten restrictions. China continued to grow steadily in October, but activity remains well below pre-pandemic levels in some other Asian economies.

### **Masks become mandatory on some transport**

Cabinet has agreed to make masks mandatory on all domestic flights and on Auckland public transport. More than 20,000 COVID-19 tests have been taken in Auckland since the new community case was reported on 12 November, with only one positive result coming from a close contact.

**Figure 1: Daily COVID-19 cases by infection source**



Source: Institute of Environmental Science and Research

### **Wellbeing holds up**

September quarter wellbeing statistics from Stats NZ show that while most Kiwis are still doing well, some are struggling. For people in employment, the percentage who reported having enough or more than enough money to meet their needs was 73%, compared to 35% for the unemployed. For those who wanted a job but were not classified as unemployed since they were not actively seeking a job (potential labour force), this number was 45%.

On overall life satisfaction, employed people gave a mean rating of 7.9 out of 10 compared to 7.3 for the potential labour force and 7.0 for the unemployed.

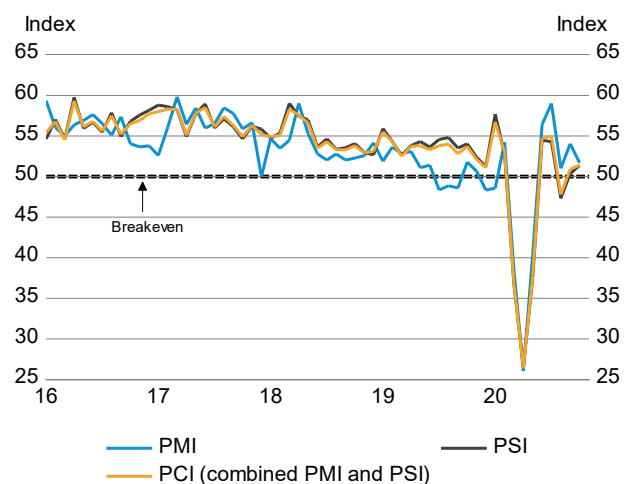
Since March, the number of unemployed people has increased by 31,000 and the number in the potential labour force has increased by 10,000. For New Zealand overall, life satisfaction remains high with 84% of people giving a rating of 7 or higher. Since June, average satisfaction fell slightly from 7.9 to 7.8.

### **Activity indicators point to expansion**

The BNZ-BusinessNZ indexes remained above 50 in October, indicating that activity in the manufacturing and services sectors is generally expanding. The Performance of Manufacturing Index (PMI) fell 2.3 points, to 51.7, led by falls in production and new orders (Figure 2).

The Performance of Services Index (PSI) rose 1.0 point to 51.4. Growth in inventories was up 7.5 points and new orders rose 2.9 points, although sales fell 2.5 points. According to BNZ, demand indicators remain firm but there are challenges on the supply side and we have not yet experienced the full effect from the lack of tourism.

**Figure 2: BNZ-BusinessNZ Performance Indexes**



Source: BNZ-BusinessNZ

### **Dairy prices reverse previous drop**

Prices lifted at the *GlobalDairyTrade* auction on Wednesday, with both whole milk powder and overall prices increasing by 1.8%. This reversed the fall at the previous auction, leaving overall prices around 9% down on the same time last year.

### More positive vaccine news...

Further positive news around a COVID-19 vaccine, this time from Moderna, is helping alleviate medium-term risks to the economic outlook. Moderna reported its vaccine had been found to be 95% effective and that it expects to file for emergency use in the US in coming weeks. However, rising infections and tighter restrictions, especially in the US over the past week, are increasing the risks of a near-term contraction in activity. In Western Europe, social distancing restrictions appear to be successfully stemming growth in new cases.

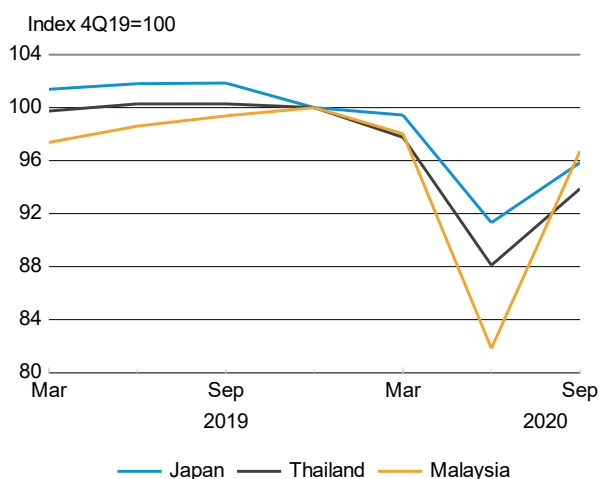
### ...as the recovery in China continues...

Meanwhile, China's economy continued to grow steadily in October led by industrial production and fixed asset investment, up 6.9% on a year ago and 1.8% year-to-date respectively. The base of the recovery appears to be broadening, with retail sales rising at its fastest pace this year and a notable pickup in the services sector. However, renewed restrictions in Europe and the US add uncertainty to external demand outlook.

### ...but remains incomplete elsewhere...

Elsewhere in Asia, September quarter GDP (3Q GDP) results for Japan, Malaysia and Thailand show the recovery is incomplete (Fig 3). Japan's GDP was 5.0% higher than in the June quarter (2Q), but 4.2% below its pre-pandemic level and 5.9% below its 3Q 2019 level, just before the consumption tax rise. Rising virus case numbers are skewing the risks towards weaker growth in the near term.

**Figure 3: Real GDP in Japan, Thailand and Malaysia**



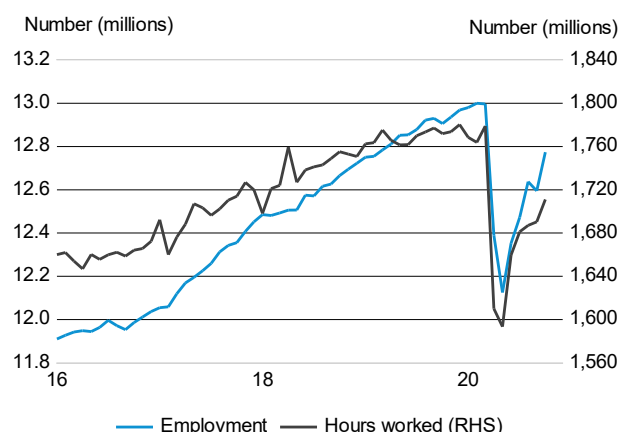
Source: Haver

In Malaysia, GDP rebounded 18.2% from the Q2, to be 3.3% below pre-virus levels. However, momentum has slowed, and social distancing restrictions have been tightened and extended to more regions. In Thailand, 3Q GDP rose 6.5% from Q2, but remained 6.4% below pre-pandemic levels, chiefly owing to negligible international tourism, which is likely to remain weak for some months.

### Australian employment continues to recover

Employment increased 1.4% (179,000) between September and October, and hours worked rose 1.2%, the latter led by large gains in Victoria as health restrictions were eased (Fig 4). The increase in employment means the level in October is 1.7% (230,000) below the March level. Labour force participation was up 0.9 percentage points to 65.8%, just below March's rate of 65.9%, and the unemployment rate ticked up to 7.0% from 6.9% in September.

**Figure 4: Australian labour market**



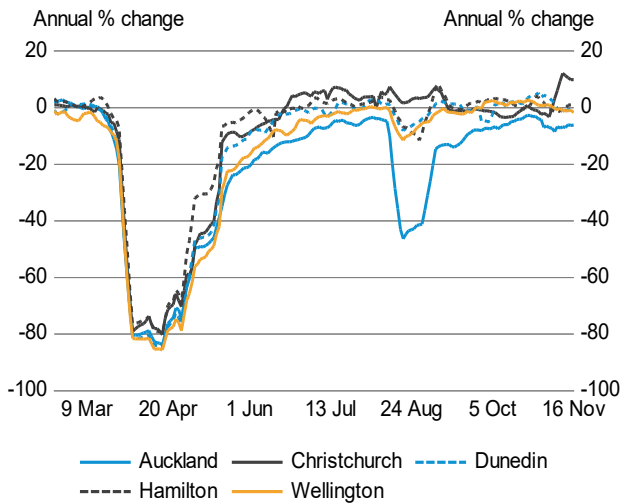
Source: Haver

Growth in the Wage Price Index slowed to 0.1% in the September quarter and 1.4% on a year ago, both record-low growth rates. Delays in remuneration reviews due to the pandemic and staggered implementation of minimum wage rises partly accounted for the weakness. Wage growth is likely to remain subdued while the unemployment rate remains elevated.

Date	Key upcoming NZ data	Previous
20 Nov	National Accounts updates for year ended March 2020	
23 Nov	Retail Trade Survey, Sept qtr, volumes	-14.6%

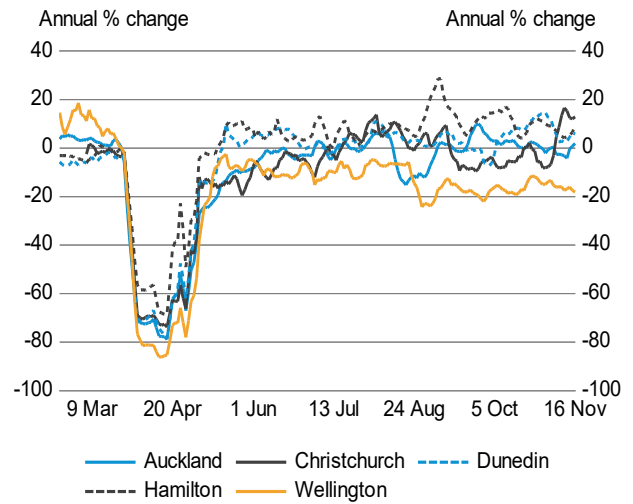
# High-Frequency Indicators (Domestic)

## Traffic Movement



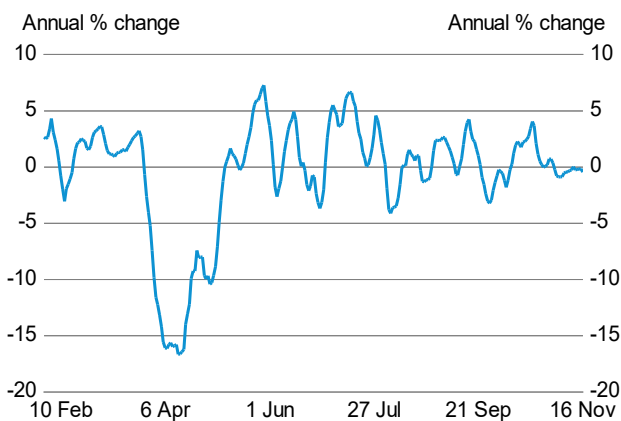
Source: Waka Kotahi NZ Transport Agency

## Freight Movement



Source: Waka Kotahi NZ Transport Agency

## Electricity Demand



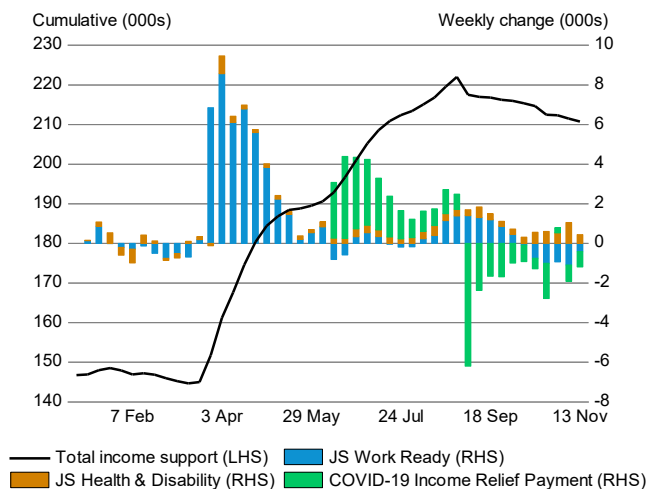
Source: Electricity Authority

## Retail Spending



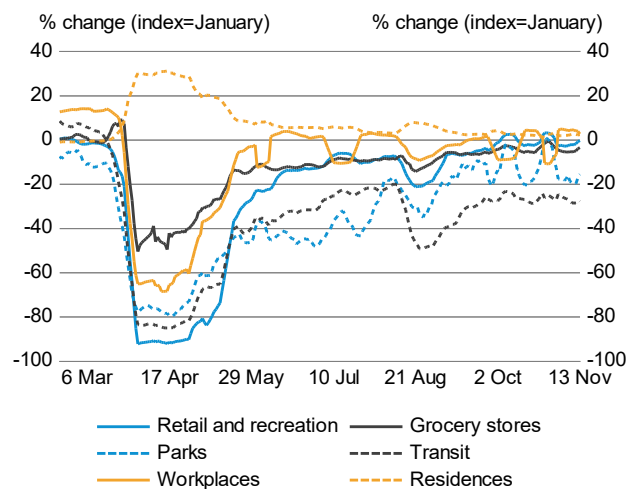
Source: Paymark and Verifone data via Data Ventures

## Jobseeker (JS) and Income Support Recipients



Source: MSD

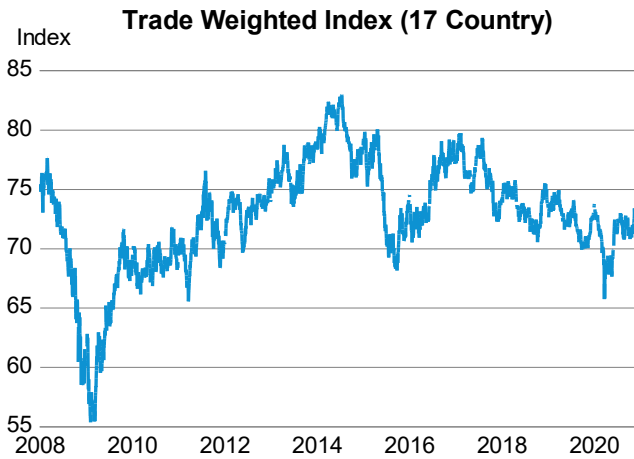
## People Movements at Selected Locations



Source: Google

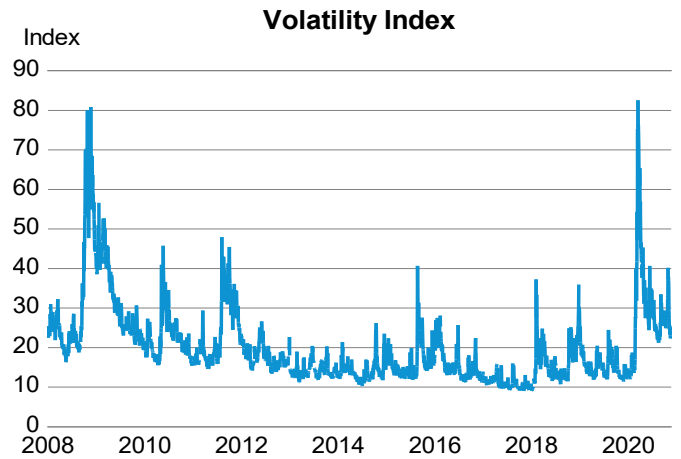
# High-Frequency Indicators (Global)

## Trade Weighted Index



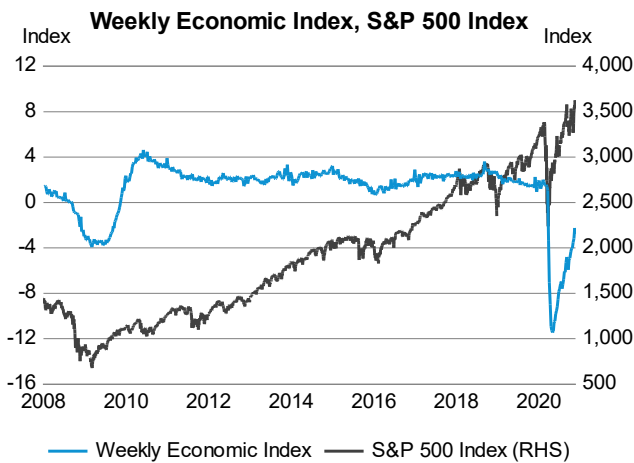
Source: RBNZ

## Volatility Index



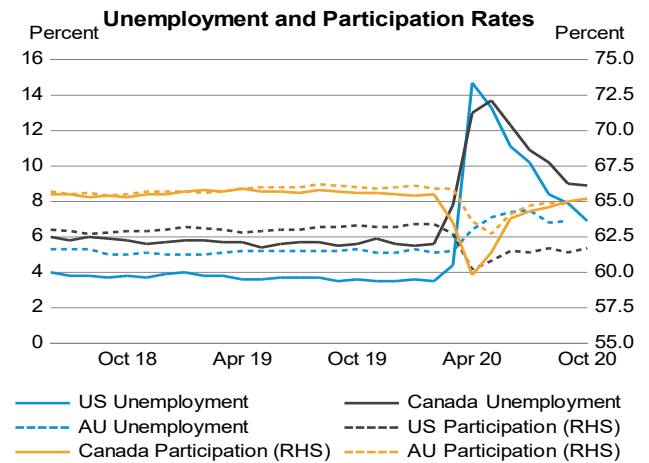
Source: Haver

## US Activity and Equities



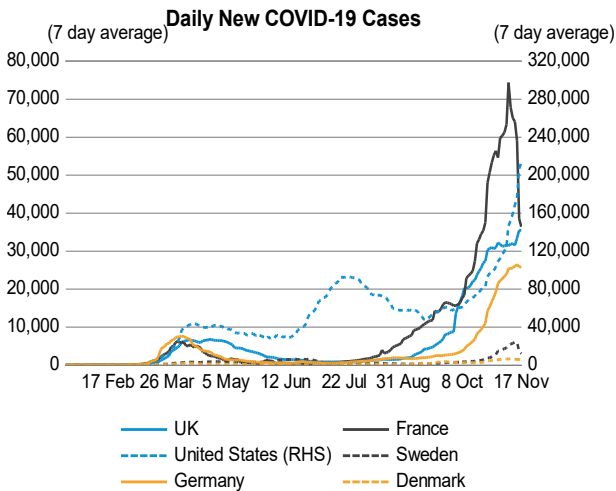
Sources: Federal Reserve Bank of New York, Haver

## Labour Markets



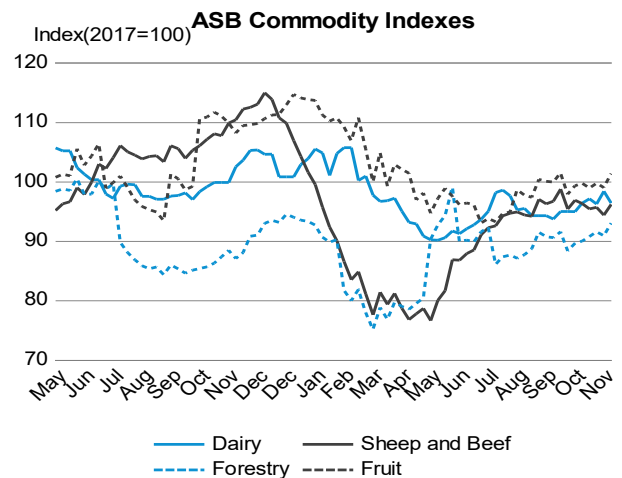
Source: Haver

## COVID-19 Cases



Sources: World Health Organisation/Haver

## World Commodity Prices



Source: ASB

<b>Quarterly Indicators</b>		<b>2019Q2</b>	<b>2019Q3</b>	<b>2019Q4</b>	<b>2020Q1</b>	<b>2020Q2</b>	<b>2020Q3</b>
Real Production GDP (1)	qpc	0.1	0.7	0.5	-1.4	-12.2	...
	aapc	2.8	2.7	2.3	1.5	-2.0	...
Current account balance (annual)	%GDP	-3.8	-3.8	-3.4	-2.9	-1.9	...
Merchandise terms of trade	apc	-1.0	0.9	7.1	5.4	6.5	...
CPI inflation	qpc	0.6	0.7	0.5	0.8	-0.5	0.7
	apc	1.7	1.5	1.9	2.5	1.5	1.4
Employment (HLFS) (1)	qpc	0.6	0.4	0.3	1.1	-0.3	-0.8
Unemployment rate (1)	%	4.0	4.2	4.1	4.2	4.0	5.3
Participation rate (1)	%	70.5	70.7	70.4	70.7	69.9	70.1
LCI salary & wage rates - total (2)	apc	2.1	2.5	2.6	2.5	2.1	1.8
QES average hourly earnings - total (2)	apc	4.4	4.2	3.6	3.6	3.0	3.6
Core retail sales volume	apc	3.6	5.4	3.3	4.0	-11.7	...
Total retail sales volume	apc	2.9	4.5	3.3	2.3	-14.2	...
WMM - consumer confidence (3)	Index	103.5	103.1	109.9	104.2	97.2	...
QSBO - general business situation (1,4)	net%	-30.3	-38.7	-28.7	-67.7	-58.3	-39.4
QSBO - own activity outlook (1,4)	net%	-1.9	-0.7	3.7	-13.1	-24.6	0.4
<b>Monthly Indicators</b>		<b>May 20</b>	<b>Jun 20</b>	<b>Jul 20</b>	<b>Aug 20</b>	<b>Sep 20</b>	<b>Oct 20</b>
Merchandise trade balance (12 month)	NZ\$m	-1,274	-1,131	57	1,417	1,710	...
Dwelling consents - residential	apc	-4.4	20.4	-0.8	-3.6	7.7	...
House sales - dwellings	apc	-44.3	11.8	29.1	27.7	41.0	25.0
REINZ - house price index	apc	7.0	7.7	9.2	9.6	10.9	13.5
Estimated net migration (12 month total)	people	90,694	88,146	81,370	75,117	67,735	...
ANZ NZ commodity price index	apc	-1.3	-2.9	0.2	-3.9	-6.4	-5.6
ANZ world commodity price index	apc	-8.1	-5.7	-1.5	-2.8	-3.0	-2.3
ANZBO - business confidence	net%	-41.8	-34.4	-31.8	-41.8	-28.5	-15.7
ANZBO - activity outlook	net%	-38.7	-25.9	-8.9	-17.5	-5.4	4.7
ANZ-Roy Morgan - consumer confidence	net%	97.3	104.5	104.3	100.2	100.0	108.7
<b>Weekly Benefit Numbers</b>		<b>9 Oct</b>	<b>16 Oct</b>	<b>23 Oct</b>	<b>30 Oct</b>	<b>6 Nov</b>	<b>13 Nov</b>
<b>Jobseeker Support</b>	number	204,348	204,171	203,776	203,371	203,341	203,365
Work Ready	number	132,748	132,004	131,002	130,065	128,979	128,559
Health Condition and Disability	number	71,600	72,167	72,774	73,306	74,362	74,806
<b>COVID-19 Income Relief Payment</b>	number	11,054	10,517	8,733	8,995	8,168	7,398
Full-time	number	9,841	9,373	7,782	8,010	7,296	6,627
Part-time	number	1,213	1,144	951	985	872	771
<b>Daily Indicators</b>		<b>Wed 11/11/20</b>	<b>Thu 12/11/20</b>	<b>Fri 13/11/20</b>	<b>Mon 16/11/20</b>	<b>Tue 17/11/20</b>	<b>Wed 18/11/20</b>
<b>NZ exchange and interest rates (5)</b>							
NZD/USD	\$	0.6829	0.6897	0.6834	0.6875	0.6911	0.6884
NZD/AUD	\$	0.9379	0.9470	0.9448	0.9432	0.9434	0.9457
Trade weighted index (TWI)	index	72.6	73.5	72.9	73.1	73.3	73.0
Official cash rate (OCR)	%	0.25	0.25	0.25	0.25	0.25	0.25
90 day bank bill rate	%	0.28	0.28	0.27	0.26	0.25	0.25
10 year govt bond rate	%	0.76	0.84	0.84	0.83	0.88	0.89
<b>Share markets (6)</b>							
Dow Jones	index	29,398	29,080	29,480	29,950	29,783	29,438
S&P 500	index	3,573	3,537	3,585	3,627	3,610	3,568
VIX volatility index	index	23.5	25.4	23.1	22.5	22.7	23.8
AU all ords	index	6,651	6,619	6,609	6,687	6,698	6,726
NZX 50	index	12,666	12,671	12,700	12,745	12,765	12,606
<b>US interest rates</b>							
3 month OIS	%	0.09	0.09	0.09	0.09	0.09	...
3 month Libor	%	0.22	0.22	0.22	0.22	0.23	...
10 year govt bond rate	%	...	0.88	0.89	0.91	0.87	0.88
<b>Commodity prices (6)</b>							
WTI oil	US\$/barrel	41.45	41.12	39.93	41.14	41.24	41.82
Gold	US\$/ounce	1,861	1,874.85	1,890.90	1,885.60	1,889.05	...
CRB Futures	index	417	414.95	415.59	420.27	421.22	...

(1) Seasonally adjusted  
(2) Ordinary time, all sectors  
(3) Westpac McDermott Miller

(4) Quarterly Survey of Business Opinion  
(5) Reserve Bank (11am)  
(6) Daily close

*Data in italic font are provisional*  
... Not available

Country	Indicator		Apr 20	May 20	Jun 20	2020Q2	Jul 20	Aug 20	Sep 20	2020Q3	Oct 20	Nov 20
<b>United States</b> [9.6% share of total goods exports]	GDP (1)	qpc				-9.0				7.4		
	Industrial production (1)	mpc	-12.7	0.9	6.0		4.2	0.7	-0.4		1.1	...
	CPI	apc	0.3	0.1	0.6		1.0	1.3	1.4		1.2	...
	Unemployment rate (1)	%	14.7	13.3	11.1		10.2	8.4	7.9		6.9	...
	Employment change (1)	000s	-20787.0	2725.0	4781.0		1761.0	1493.0	672.0		638.0	...
	Retail sales value	apc	-19.9	-5.6	2.2		2.7	3.6	5.9		5.7	...
	House prices (2)	apc	3.8	3.6	3.5		4.1	5.2	...		...	...
<b>Japan</b> [6.1%]	PMI manufacturing (1)	index	41.5	43.1	52.6		54.2	56.0	55.4		59.3	...
	Consumer confidence (1)(3)	index	85.7	85.9	98.3		91.7	86.3	101.3		100.9	...
	GDP (1)	qpc				-8.2				5.0		
	Industrial production (1)	mpc	-9.8	-8.9	1.9		8.7	1.0	3.9		...	...
	CPI	apc	0.2	0.0	0.1		0.4	0.1	0.0		...	...
	Unemployment rate (1)	%	2.6	2.9	2.8		2.9	3.0	3.0		...	...
	Retail sales value	apc	-13.9	-12.5	-1.3		-2.9	-1.9	-8.7		...	...
<b>Euro area</b> [5.5%]	PMI manufacturing (1)	index	41.9	38.4	40.1		45.2	47.2	47.7		48.7	...
	Consumer confidence (1)(4)	index	21.3	24.1	28.5		29.5	29.3	32.8		33.3	...
	GDP (1)	qpc				-11.8				12.6		
	Industrial production (1)	mpc	-18.0	12.5	9.5		5.3	0.6	-0.4		...	...
	CPI	apc	0.3	0.1	0.3		0.4	-0.2	-0.3		-0.3	...
	Unemployment rate (1)	%	7.4	7.6	7.9		8.1	8.3	8.3		...	...
	Retail sales volume	apc	-19.3	-2.7	1.5		0.1	4.4	2.2		...	...
<b>United Kingdom</b> [2.7%]	PMI manufacturing (1)	index	33.4	39.4	47.4		51.8	51.7	53.7		54.8	...
	Consumer confidence (5)	index	-22.0	-18.8	-14.7		-15.0	-14.7	-13.9		-15.5	...
	GDP (1)	qpc				-19.8				15.5		
	Industrial production (1)	mpc	-19.5	5.6	9.9		5.3	0.2	0.4		...	...
	CPI	apc	0.8	0.6	0.6		1.1	0.2	0.6		0.7	...
	Unemployment rate (1)	%	4.0	4.1	4.1		4.3	4.5	4.8		...	...
	Retail sales volume	apc	-22.9	-13.0	-2.0		1.2	2.6	4.6		...	...
<b>Australia</b> [15.8%]	House prices (6)	apc	3.7	1.8	-0.1		1.5	3.7	5.0		5.8	...
	PMI manufacturing (1)	index	32.6	40.7	50.1		53.3	55.2	54.1		53.7	...
	Consumer confidence (1)(5)	index	-22.7	-23.7	-21.0		-16.6	-16.6	-17.9		-20.4	...
	GDP (1)	qpc				-7.0				...		
	CPI	apc				-0.3				0.7		
	Unemployment rate (1)	%	6.4	7.1	7.4		7.5	6.8	6.9		7.0	...
	Retail sales value	apc	-8.9	5.5	8.6		12.8	5.4	6.6		...	...
<b>China</b> [24.3%]	House Prices (7)	apc				6.6				...		
	PMI manufacturing (1)	index	35.8	41.6	51.5		53.5	49.3	46.7		56.3	...
	Consumer confidence (8)	index	75.6	88.1	93.7		87.9	79.5	93.8		105.0	107.7
	GDP	apc				3.2				4.9		
	Industrial production	apc	3.9	4.4	4.8		4.8	5.6	6.9		6.9	...
<b>South Korea</b> [3.0%]	CPI	apc	3.3	2.4	2.5		2.7	2.4	1.7		0.5	...
	PMI manufacturing (1)	index	50.8	50.6	50.9		51.1	51.0	51.5		51.4	...
	GDP (1)	qpc				-3.2				1.9		
Industrial production (1)	mpc	-6.6	-7.0	7.1		1.9	-0.3	5.4		...	...	
CPI	apc	0.1	-0.3	-0.0		0.3	0.7	1.0		0.1	...	

(1) Seasonally adjusted

(2) Case-Shiller Home Price Index 20 city

(3) The Conference Board Consumer Confidence Index

(4) Cabinet Office Japan

(5) European Commission

(6) Nationwide House Price Index

(7) Australian Bureau of Statistics

(8) Melbourne/Westpac Consumer Sentiment Index