

Traffic volumes, electricity demand and consumer card spending continue to run at substantially lower levels under Level 4, similar to those seen last week. The number of jobseeker recipients has increased sharply by almost 30,000 since 20 March, indicating that layoffs are underway. Although the value of merchandise exports has held up so far, a large majority of firms expects to reduce employment and exports in the next 12 months.

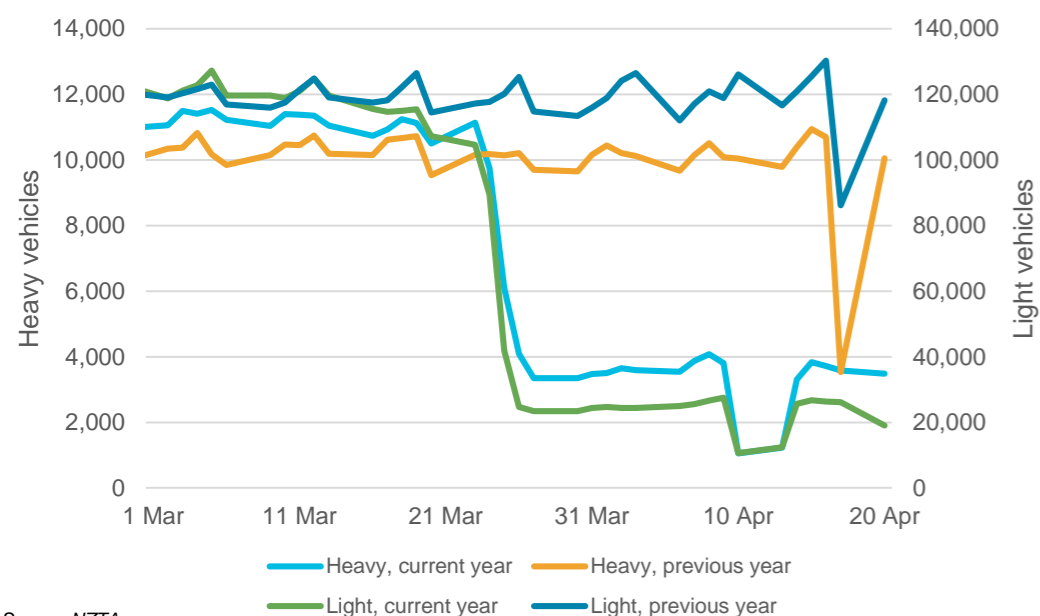
In its April forecasts, titled “The Great Lockdown”, the IMF forecast the global economy to contract by 3% in 2020, with advanced economies contracting by 6.1%. Global commodity prices are weakening. US unemployment claims continue to surge massively.

The scale of fiscal and monetary responses in other countries is similar to New Zealand’s, with some differences in the balance of household and business support and their delivery timing.

Domestic Economy

Heavy and light vehicle traffic continue to run 60-80% below levels seen at the same time last year. The additional dips are due to Easter.

Traffic flows in main centres



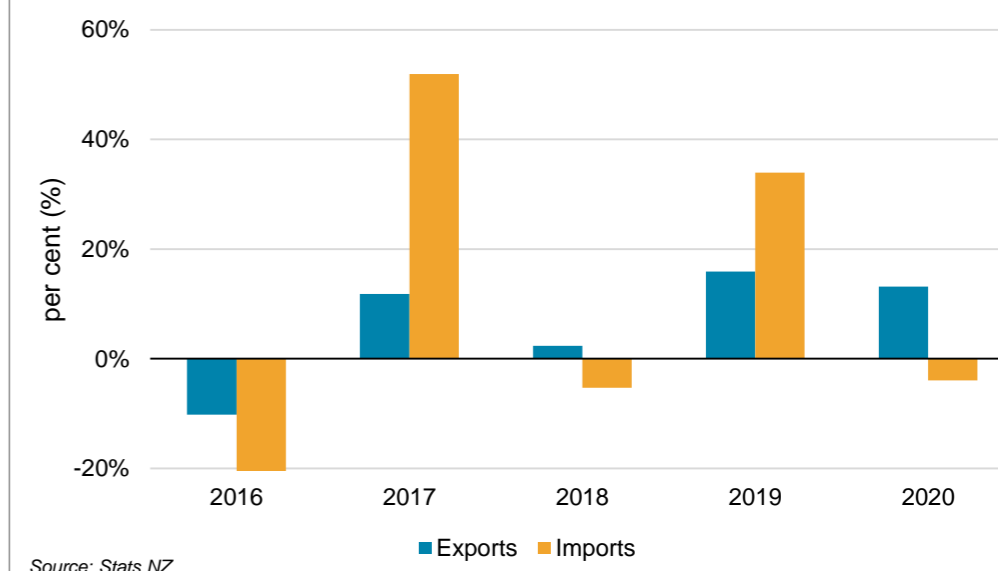
The number of Jobseeker benefit recipients increased again. There have been almost 30,000 new applications since 20 March.

Jobseeker Support: Total recipients



NZ merchandise exports hold up while imports weaken. Compared with the same week in March last year NZ merchandise exports were up 13.2%, and imports were down 3.9%.

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



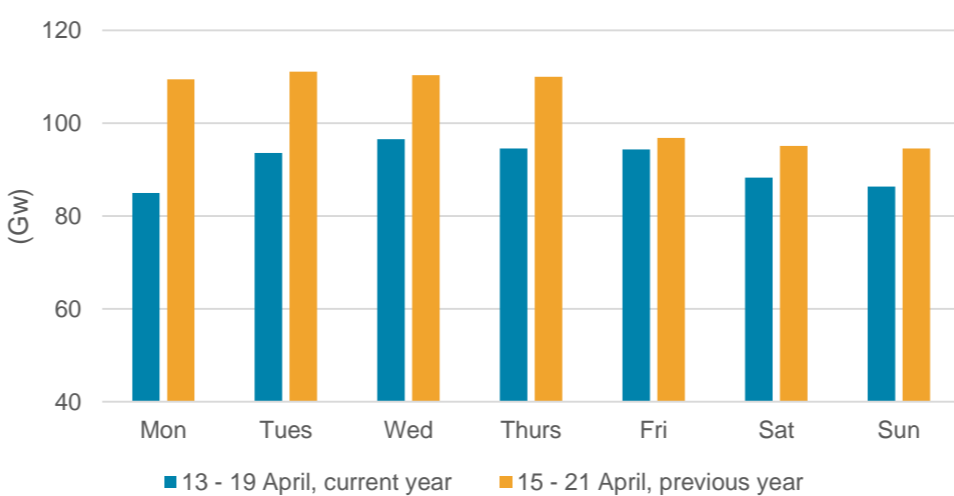
Consumer spending remains weak.

Total Weekly Transaction Values (7 day rolling average)



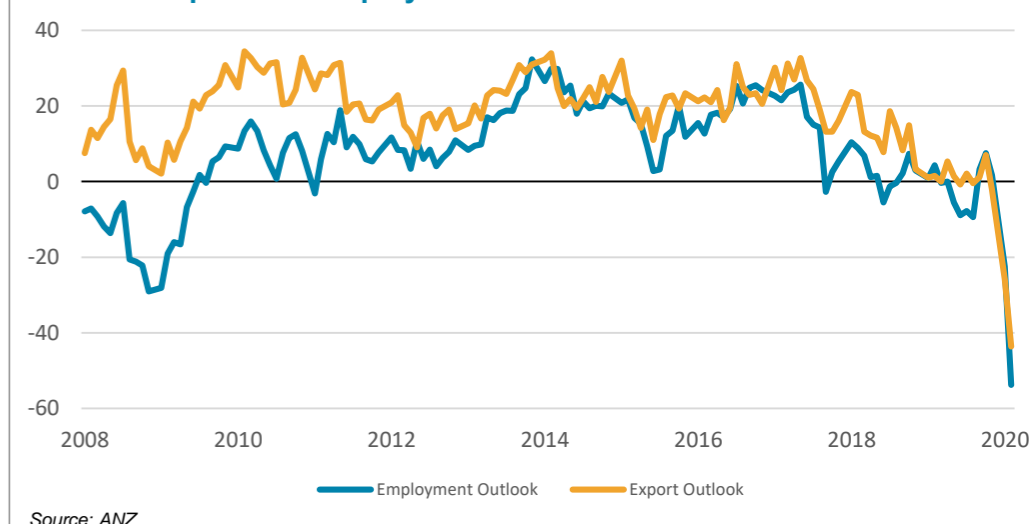
Electricity demand is down by about 15% compared with the same time last year. The reduction in last year’s demand from Friday – Sunday is due to Easter falling a week later (also visible in traffic data, above).

Electricity usage: Total Grid Demand



Export and employment intentions have collapsed in latest preliminary ANZ business outlook survey, with a net 54% of firms expecting to reduce employment, and a net 44% of firms expecting to export less.

Firms’ Export and Employment Intentions



Domestic Financial Conditions

Trade Weighted Index has been stable at lower levels, reflecting broadly unchanged risk sentiment towards New Zealand in global investor markets.

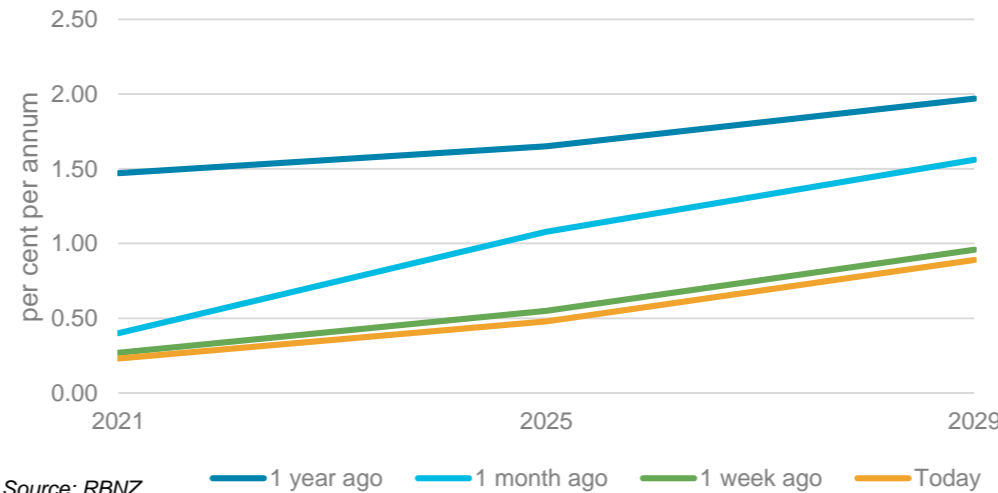
Trade Weighted Exchange Index



Source: RBNZ

NZ bond yield curve has fallen slightly in the past week, and are significantly lower than a month ago reflecting ongoing monetary easing operations.

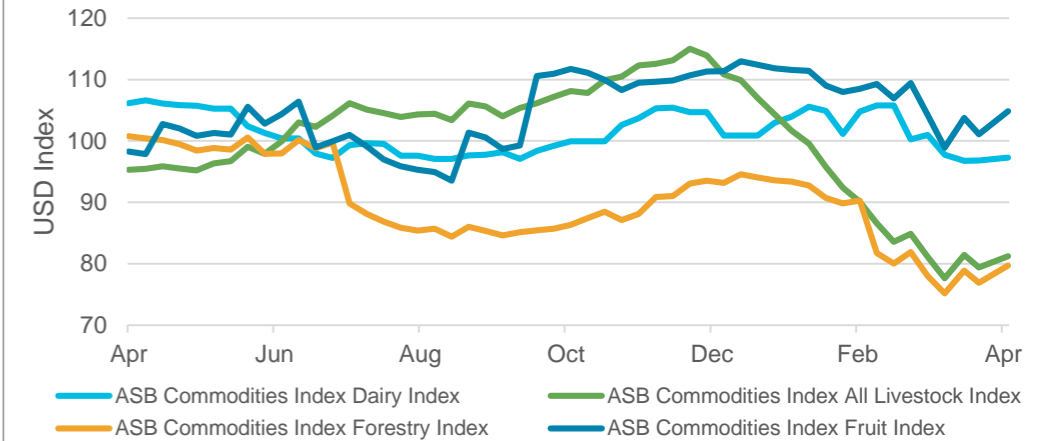
NZ Government Bond Yields



Source: RBNZ

International prices for NZ commodity exports are tracking at weaker levels than seen in recent months, but the impact on NZD prices has been partially cushioned by the fall in the NZD exchange rate.

ASB Commodities Index

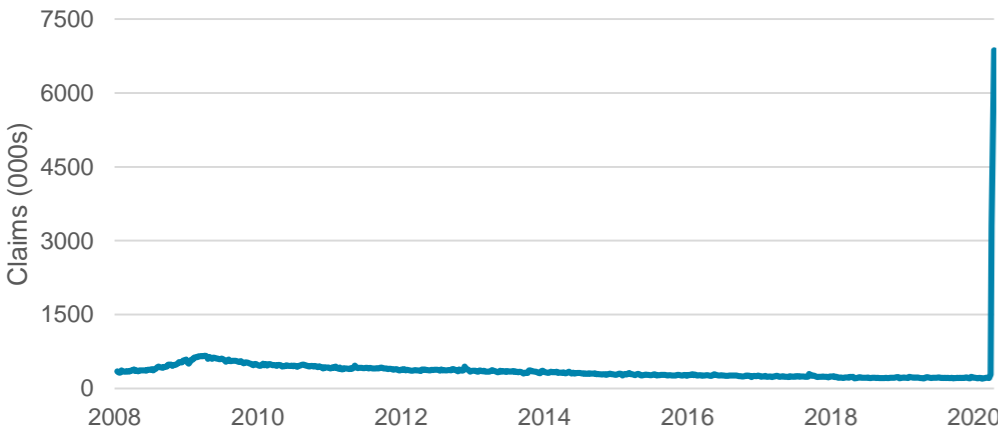


Source: ASB

International

US unemployment claims have seen an unprecedented surge, with over 22 million people filing for unemployment in the last month.

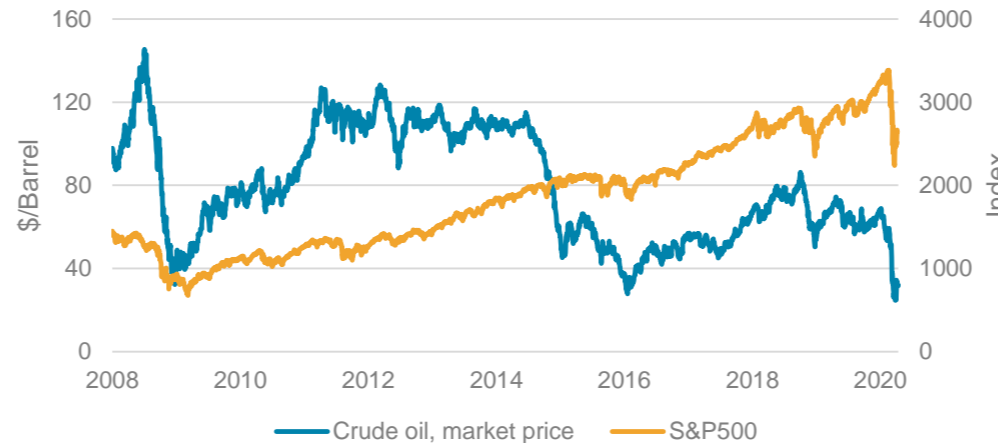
US Weekly Unemployment Claims



Source: US Employment and Training Administration

The global business outlook remains weak. US oil futures prices plunged into negative territory as demand has dried up.

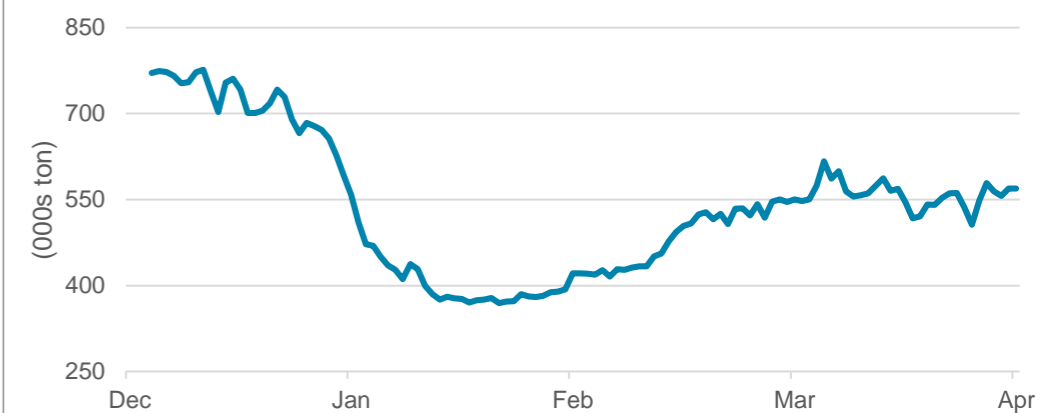
Market price of crude oil, S&P 500 Index



Source: Haver

Coal consumption and passenger transport numbers in China are increasing very gradually, providing early signs of a slow recovery in China's domestic activity, but both indicators remain well below last year's levels.

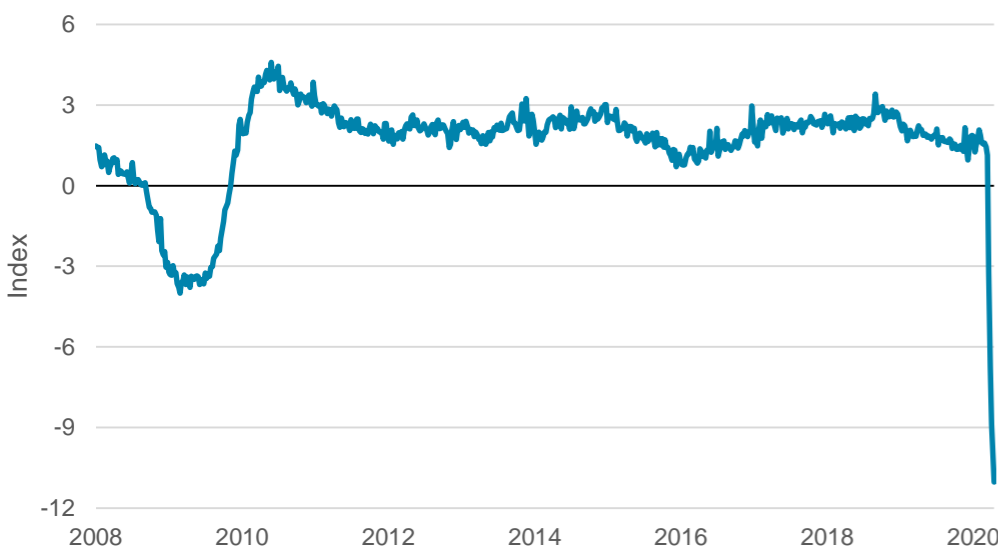
China PPI Coal Consumption



Source: UBS

The US Weekly Economic Index, a composite of activity data, mirrors the jobless claims data above with a continued steep fall.

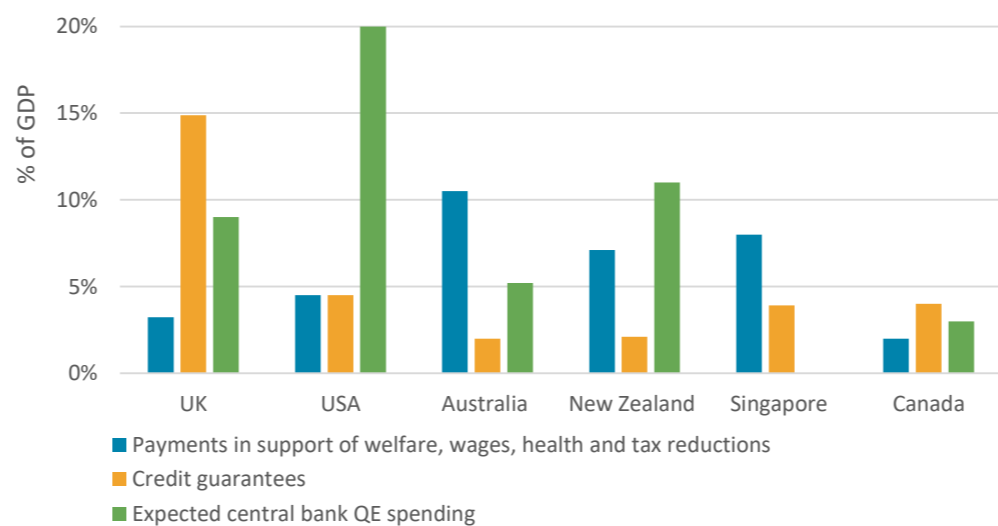
Federal Reserve Bank of New York Weekly Economic Index



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

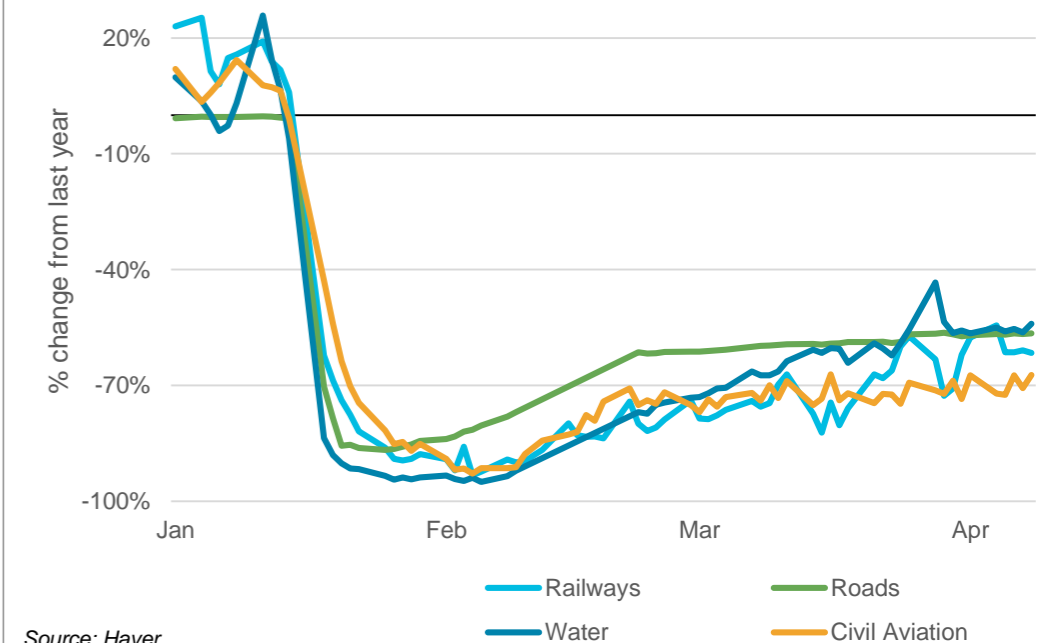
Other developed countries' fiscal and monetary policy responses are of similar scale to New Zealand's.

Comparing International Policy Responses



Source: OECD, MFAT, Treasury

China Passenger Transport Volume



Source: Haver