

# Economic Snapshot

## Canterbury Key Economic Indicators

### November 2009

#### Interest Rates

The official cash rate<sup>1</sup> was held at 2.5% on 29 October 2009. The next OCR announcement will be on 10 December 2009.

The average 90 day bank bill rate for October was 2.79%. The rate has been steady for the past three months (2.77% in September and 2.76% in August).

Source: [Reserve Bank of New Zealand](#)

#### Exchange Rates

The average USD/NZD in October was 0.7383, up from 0.7024 on average in September, an increase of 3.59 cents (5.1%).

The average TWI<sup>2</sup> was 66.5, compared to 64.3 in September. Our dollar has continued to recover, increasing by 3.4% over the month and has now increased by 9.4% over the past 12 months.

Source: [Reserve Bank of New Zealand](#)

#### Commodity Prices

Commodity Prices are continuing to increase. The World Price Index was 186.4 in October, up from 178.2 in September and recent lows of 148.3 in February 2009. Dairy prices increased by 8% over the month; a gain of 44% since February. Forestry product prices also significantly increased over the month (7.0%).

The NZD Price Index fell by 0.4%, with the appreciation of the New Zealand Dollar outpacing rises in commodity prices.

Source: [ANZ Commodity Price Index](#)

<sup>1</sup> The Official Cash Rate ([OCR](#)) is an interest rate set by the Reserve Bank to implement monetary policy so as to maintain price stability.

<sup>2</sup> The trade-weighted index ([TWI](#)) is a measure of the value of the New Zealand dollar (NZD) relative to the currencies of New Zealand's major trading partners.

#### Exports

Canterbury exports of overseas cargo<sup>3</sup> were worth \$379 million in September 2009. This was made up of exports from: Lyttelton (\$263 million), Christchurch Airport (\$86 million) and Timaru (\$27 million).

The most significant commodity export was dairy produce, eggs and honey at around \$46 million.

Source: [Statistics New Zealand: Exports and Imports](#)

#### Real Estate Sales

The median house price for Christchurch was up significantly in September, increasing from \$316,500 in August 2009 to \$331,000, an increase of \$14,500 (4.6%). Compared to September 2008, prices have increased by \$18,750 (6.0%)

The number of houses sold was also slightly up from 600 in August to 618 in September. 436 houses were sold in September 2008.

Source: [REINZ Residential Market News](#)

#### Retail Sales

Seasonally adjusted September 2009 monthly retail sales in Canterbury were unchanged from August, despite the national level increasing by 0.2%. This follows from a rise in sales of 1.5% in August and falls in July, June and May 2009.

Source: [Statistics New Zealand Retail Trade Survey](#)

<sup>3</sup> Exports/Cargo Loaded - Overseas Cargo Export Statistics includes:

1) Merchandise Trade (but see exclusions).

2) Non merchandise trade i.e. goods being returned after repair or modification in New Zealand; goods on short-term loan or lease; and service transactions e.g. computer data tapes and drawings.

3) Other inclusions (not included in merchandise trade) - goods consigned to New Zealand forces or diplomatic representatives overseas; goods consigned for modification or repair; currency transactions in gold, silver and current coin; goods for foreign aid projects (second hand clothing only); replacements, short-shipped or short packed goods previously recorded; returnable containers e.g. used gas cylinders; returnable samples; aircraft spares being consigned overseas for use in New Zealand aircraft and unserviceable parts which have been removed from foreign aircraft being returned overseas; temporary trade items and tourist or travellers effects leaving New Zealand.

## Unemployment

The unemployment rate for Canterbury for the September 2009 quarter was 5.9%, a 1.1pp increase from the 4.8% of the labour force unemployed in the June 2009 quarter. The labour force participation rate increased from 69.0% in the June quarter to 70.5% in the September quarter, suggesting more people are feeling confident about employment prospects and beginning to look for work again. The New Zealand (unadjusted) unemployment rate was 6.3%; Canterbury still has a lower level.

The Christchurch City unemployment rate reached 7.0% in the September quarter; rural New Zealand still appears to be faring better.

Source: [Statistics New Zealand Household Labour Force Survey](#) (Table 6 cont (3))

## Migration

In September 2009 Christchurch had 635 PLT<sup>4</sup> arrivals and 302 PLT departures, resulting in a net increase of 333 people, compared to a net increase of 208 in August. Canterbury had 854 PLT arrivals and 419 PLT departures, resulting in a net increase of 435 people, significantly up from 219 in August.

Source: [Statistics New Zealand International Travel and Migration](#)

## Guest Nights

In September 2009 there were 360,000 guest nights in Canterbury, up from the 328,000 in August and up 3.3% compared to September 2008, slightly higher than the national 3.0% rise between the September 2008 and 2009 months. In September 2009 Canterbury had 16% of total guest nights for the country.

Source: [Statistics New Zealand Accommodation Survey](#)

<sup>4</sup> Permanent and long-term (PLT) arrivals include people who arrive in New Zealand intending to stay for a period of 12 months or more (or permanently), plus New Zealand residents returning after an absence of 12 months or more. Included in the former group are people with New Zealand residency, as well as students and holders of work permits. PLT departures include New Zealand residents departing for an intended period of 12 months or more (or permanently), plus overseas visitors departing New Zealand after a stay of 12 months or more.

## Building Consents

The number of new dwelling consents in Canterbury in September 2009 was 264, a significant increase from the 235 issued in August 2009 and the highest number issued since May 2008. The total value of consents increased from \$63 million in August 2009 to \$75 million.

Christchurch city had 150 new building consents in September 2009, up from 120 in August 2009.

Source: [Statistics New Zealand: Building Consents Issued](#)

## Business Confidence

Of the 1,500 businesses surveyed in the National Bank Business Confidence Survey in October 2009, a net 48% of respondents expected general business conditions to improve over the year, down slightly from the 49% in September. The construction sector continues to be the most confident.

Source: [National Bank Business Outlook](#)

## Where this all leaves us...

The economic situation in Canterbury is mixed. Commodity prices are higher for our farmers but so is the dollar, reducing the revenue they receive. Retail spending and confidence are relatively unchanged, consents and migration are up but so is unemployment. Hard times for some people in the region are likely to continue.

## Feedback and suggestions

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