

# Strong local foundations, but Omicron to disrupt recovery

## Marlborough District Council Economic Update

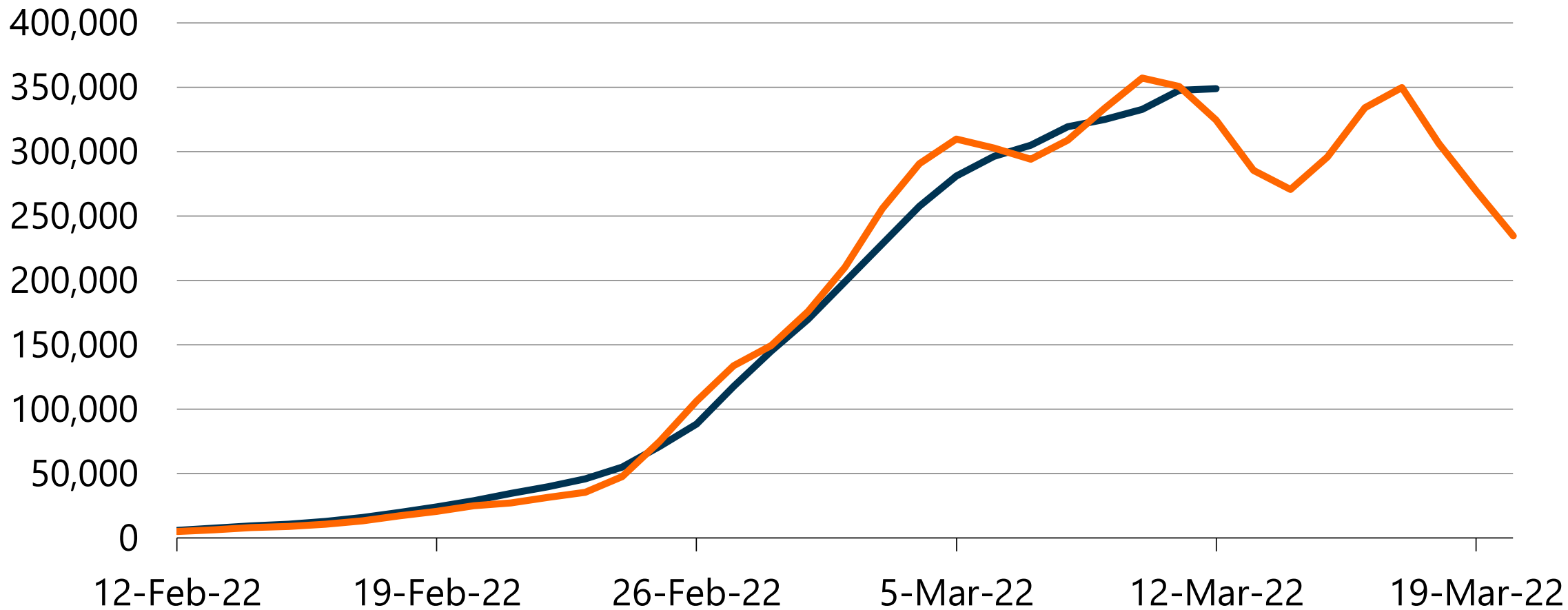
Brad Olsen – Principal Economist

24 March 2022

# Worker shortage hits

## 300,000 people stuck at home

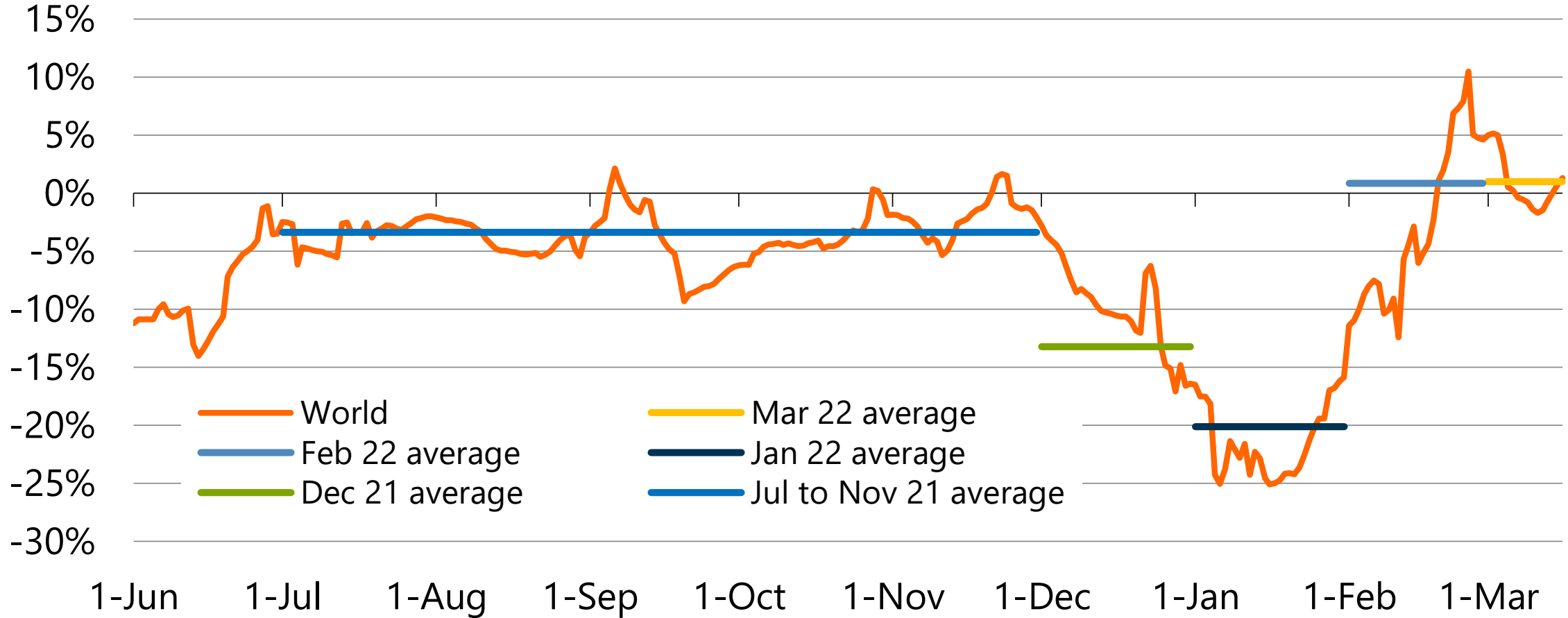
Estimated number of people isolating across NZ



# Hassle of Going Out (HOGO)

## Restaurant activity bouncing back

% change from 2019, seated diners at restaurants, 2-week av

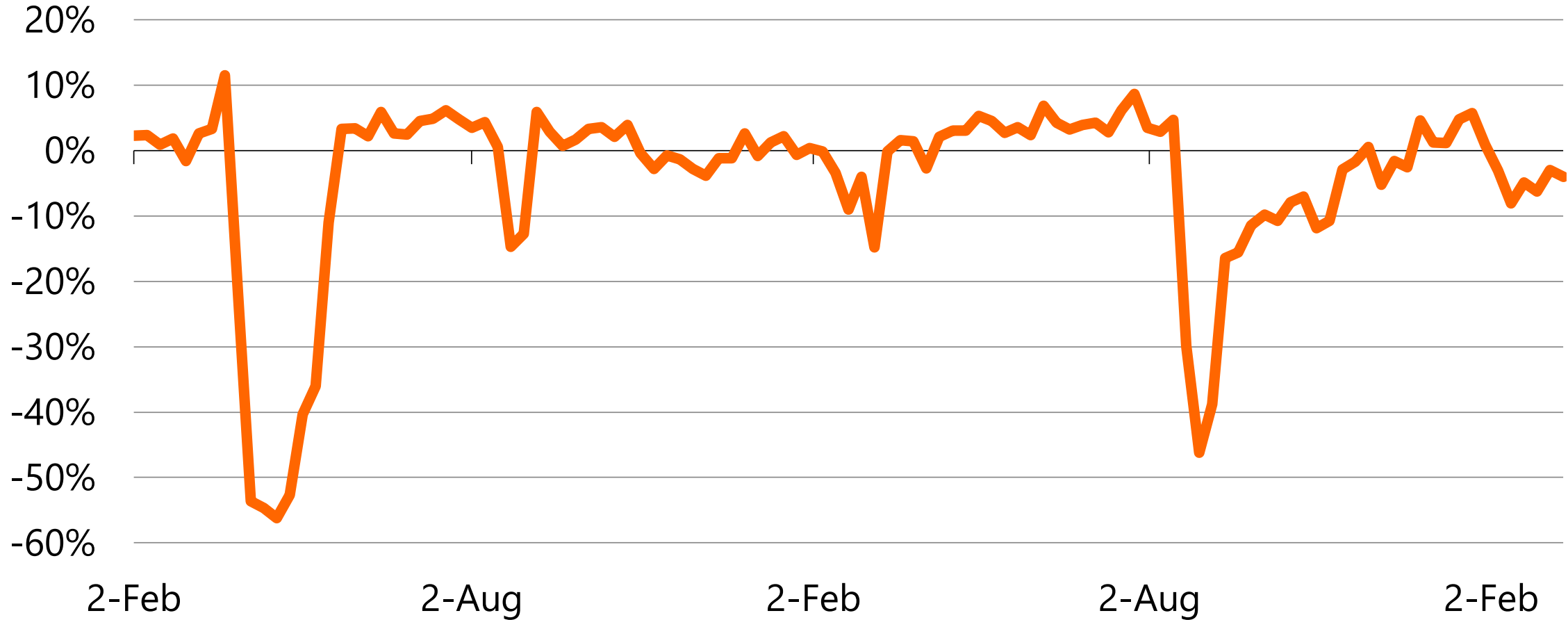


# COVID isn't over yet

## A determined but short-lived bounce

Card spending, % change from 2019 levels

— New Zealand



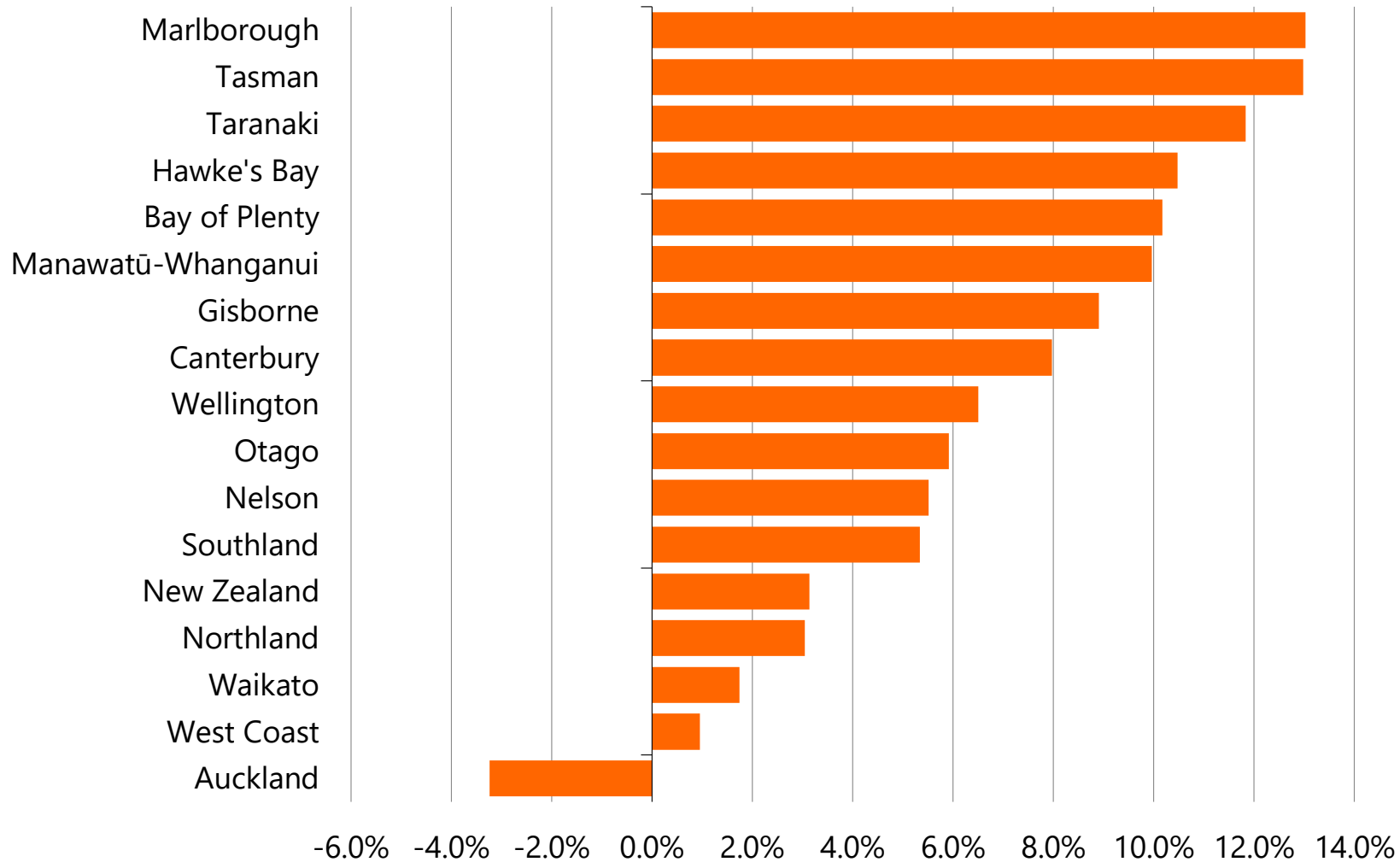
**Marlborough a strong  
economic performer**

# • For strong regional economic action •

Generally stronger economic outcomes in the regions

Economic activity, Dec-21 compared to Dec-19. Infometrics estimates

■ % change

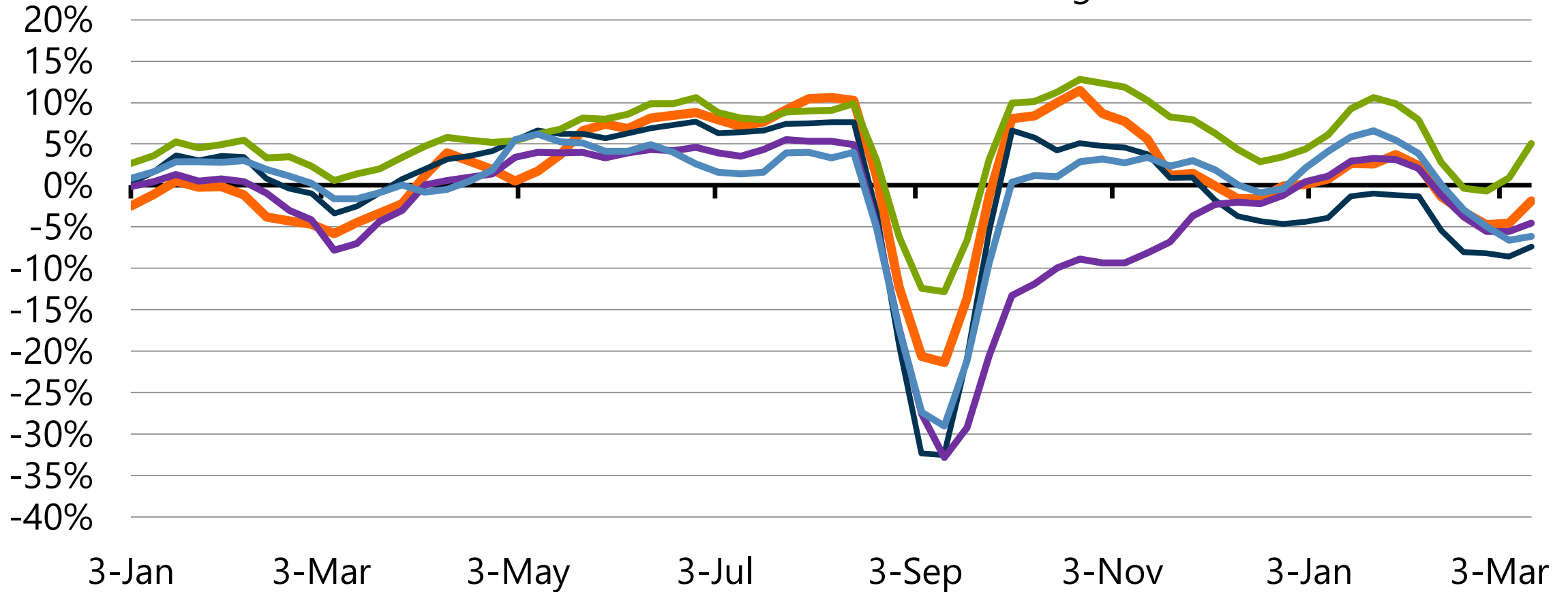


# COVID isn't over yet

## Omicron slowdown limits spend

% change from 2019, 4-week moving av.

- Marlborough
- Tasman
- Wellington
- Nelson
- New Zealand

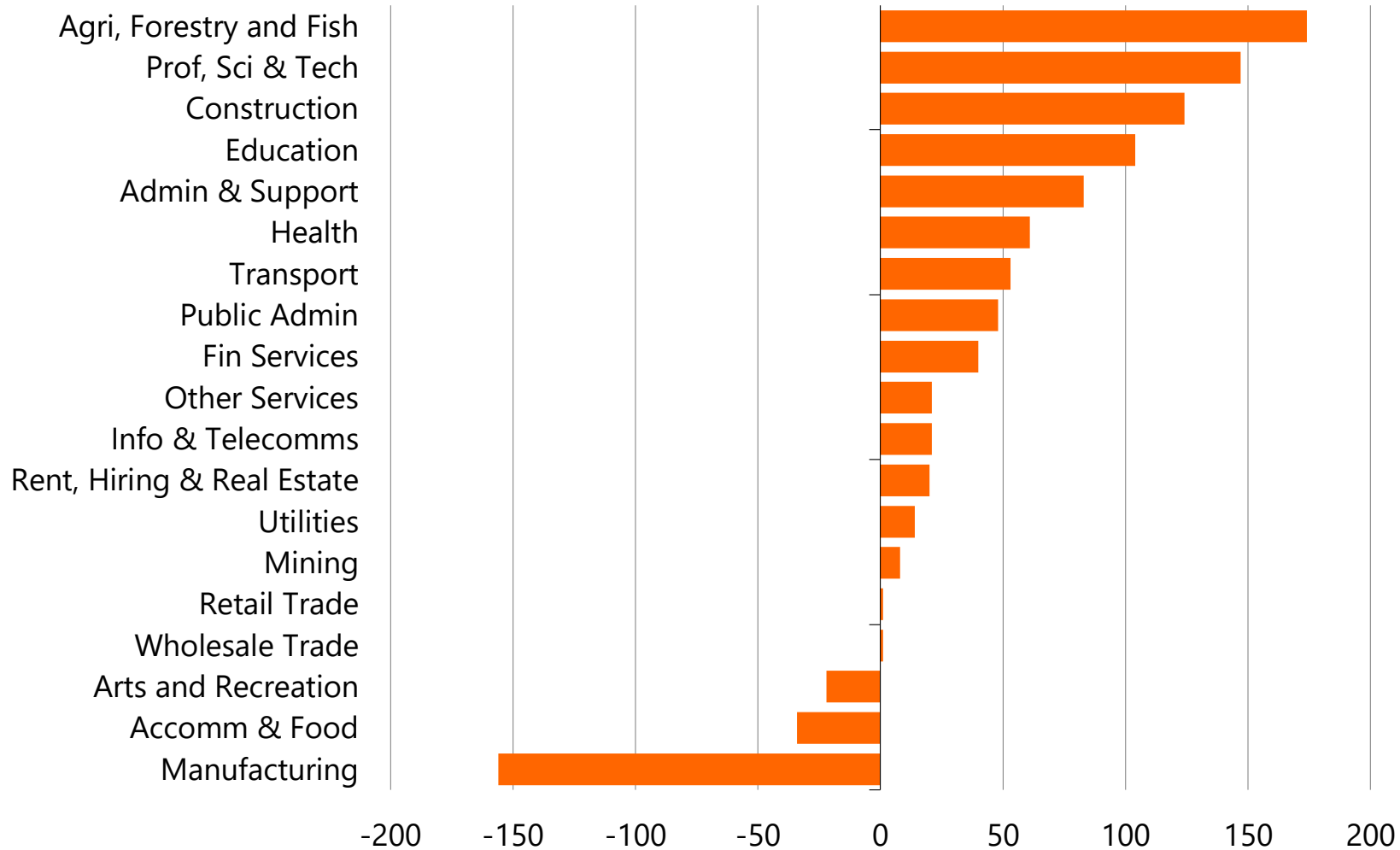


# Key jobs drivers

Some sectors are performing better than others

Filled jobs by industry, Jan 2022, Marlborough (residential location)

Annual change



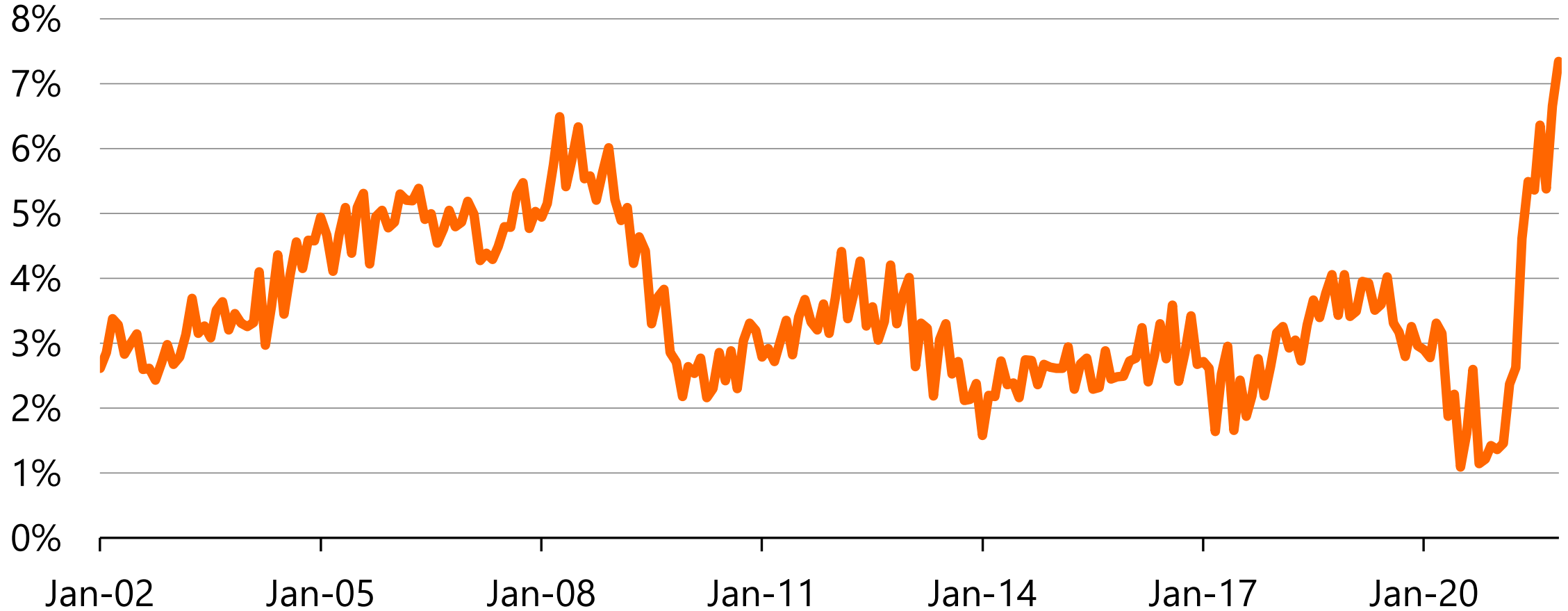


# Wage pressures building

## Stronger wage pressures building

Annual average % change

Earnings per filled job

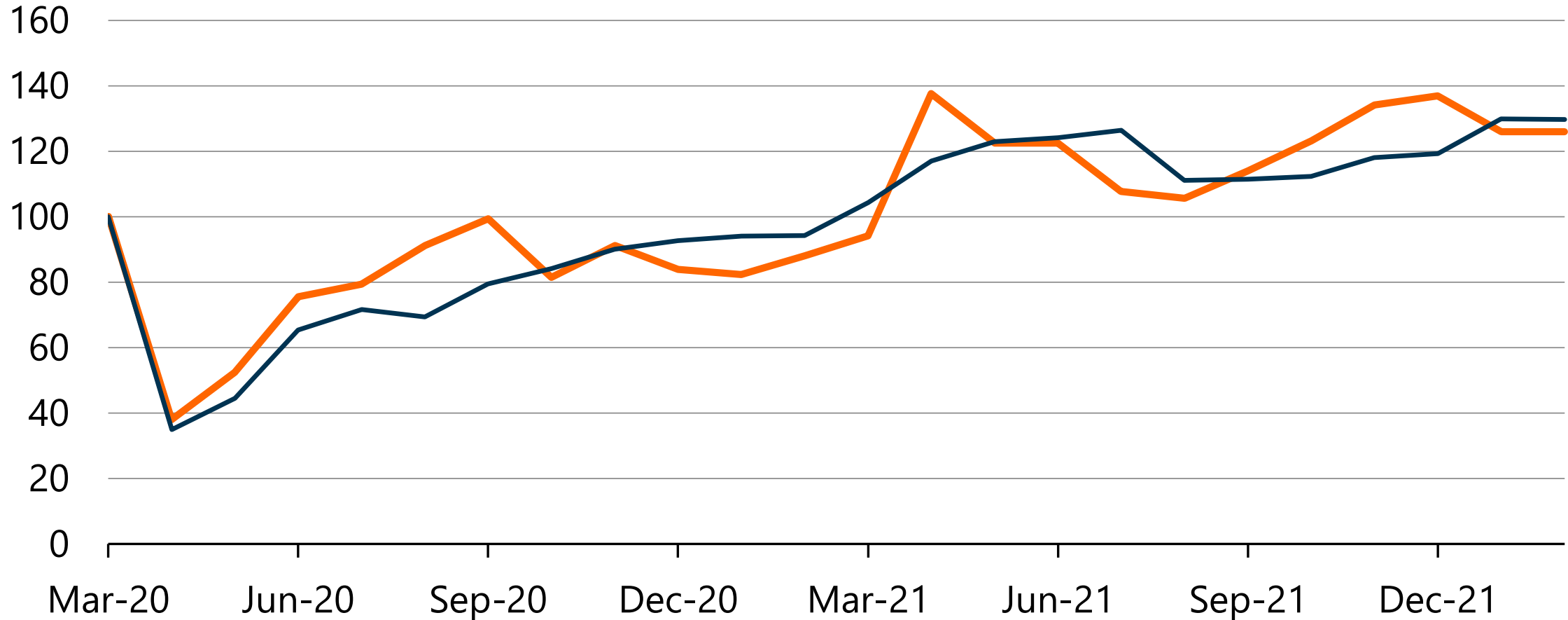


# Job ads up

## Job ads up 26% from pre-pandemic levels

Job ads, March 2020 = 100, based on SEEK data

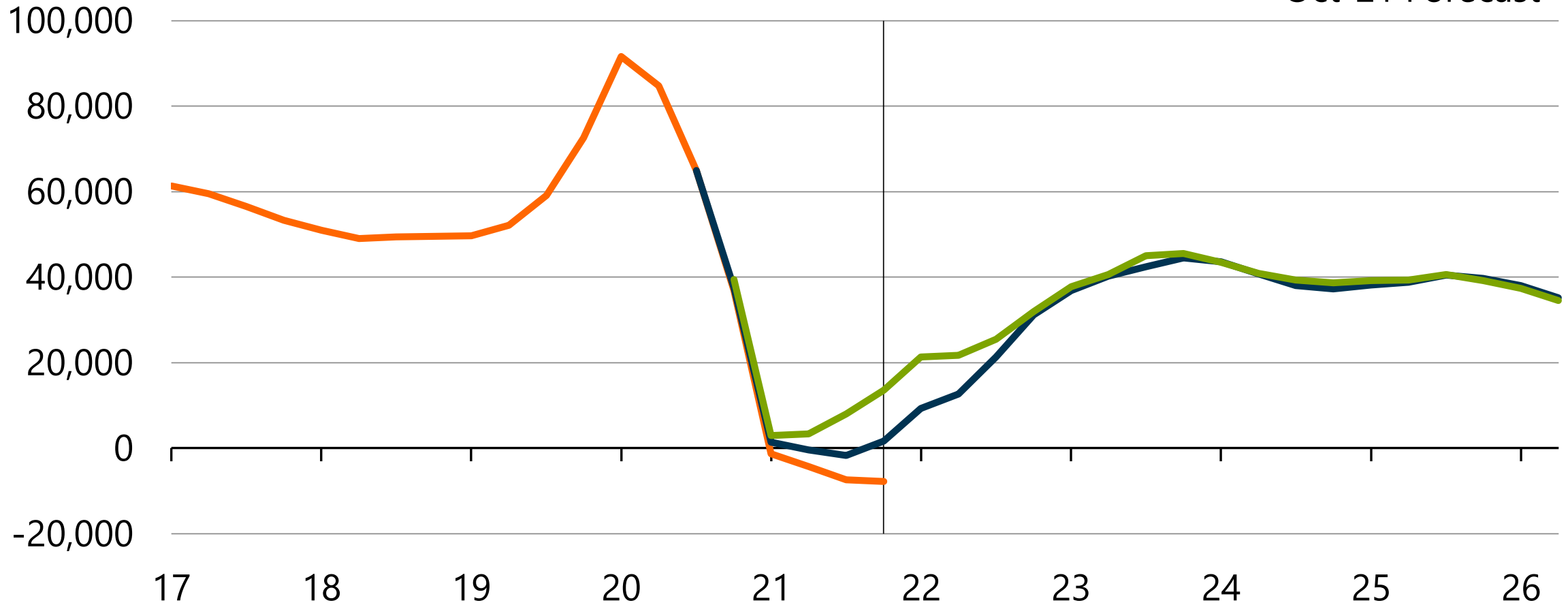
— Marlborough  
— New Zealand



# • Not coming in, but more will stay •

## Borders set to reopen, but risk of a brain drain

Annual net migration

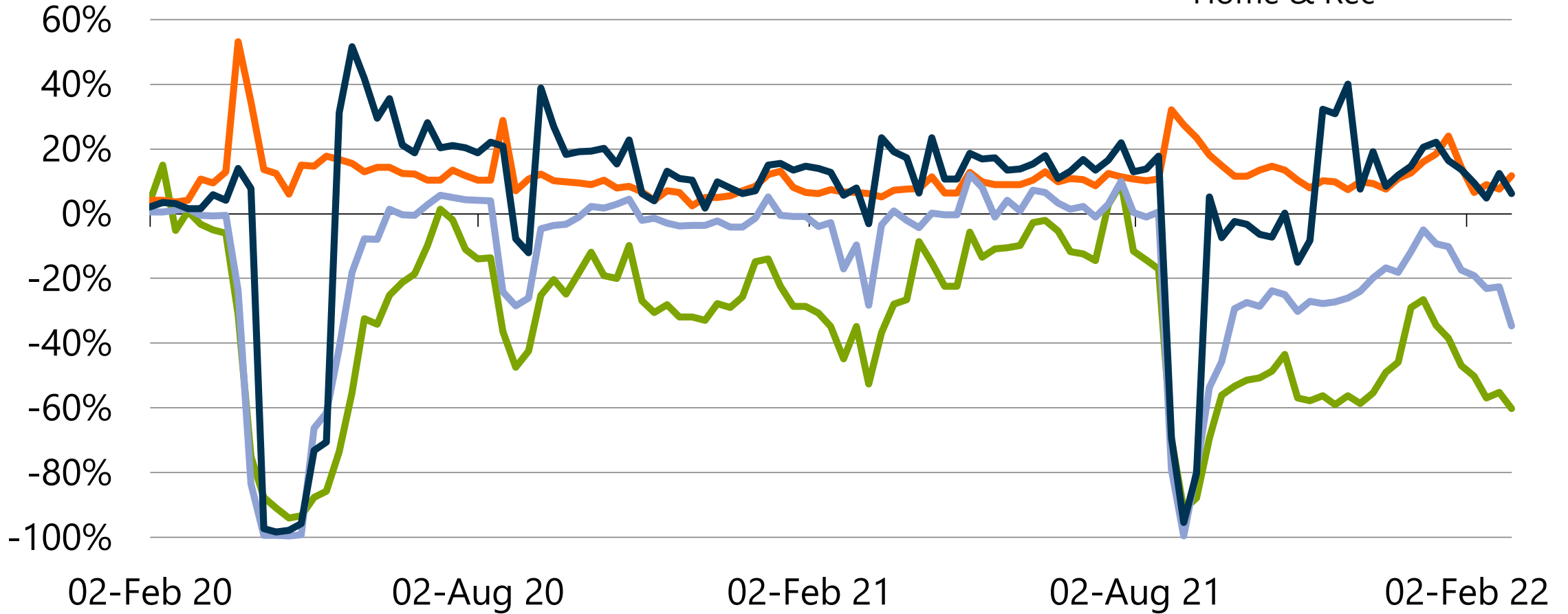


# Where Kiwis spend time and money

## Spending more time and money at home

Card spending, % change from 2019 levels, NZ

- Accommodation
- Food & Liquor (Groceries)
- Food & Bev Services
- Home & Rec



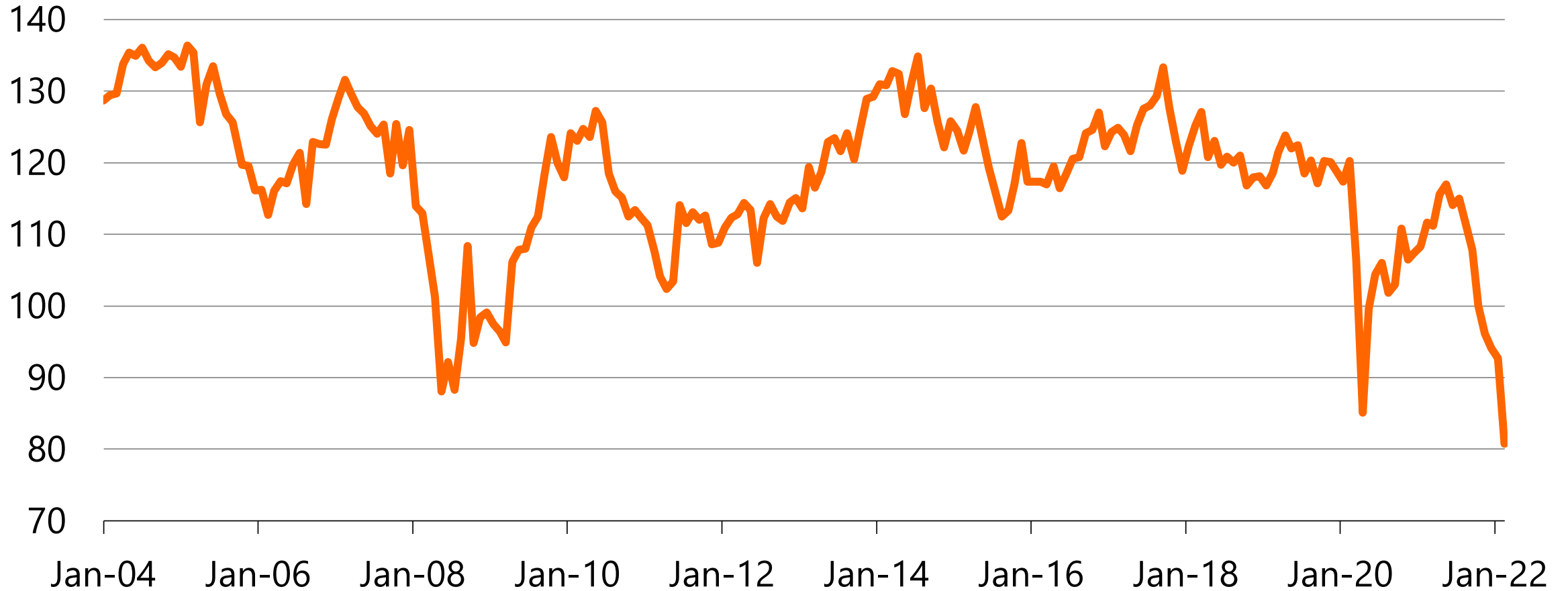
# National trends show the challenges for 2022

# Confidence hit

## Confidence has never been lower

— Index, seasonally adjusted

ANZ Roy Morgan consumer confidence (Below 100 = pessimistic)



# Costs are rising

## Prices head up, and up, and up

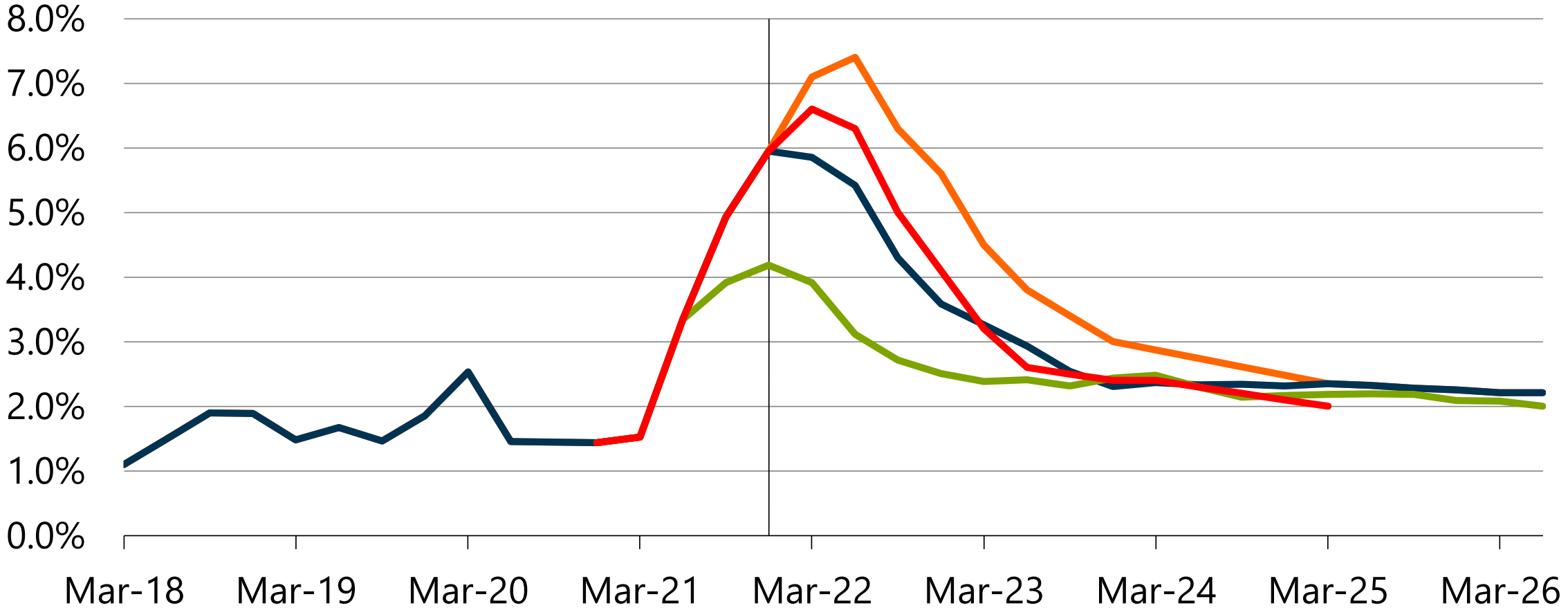
Annual inflation, Infometrics forecasts

Interim

Oct-21

Feb-22

RBNZ, Feb 22



# Poaching rises, and so will wages

## Harder than ever to keep hold of staff

Net response regarding expected labour turnover next three months



Source: NZIER QSBO

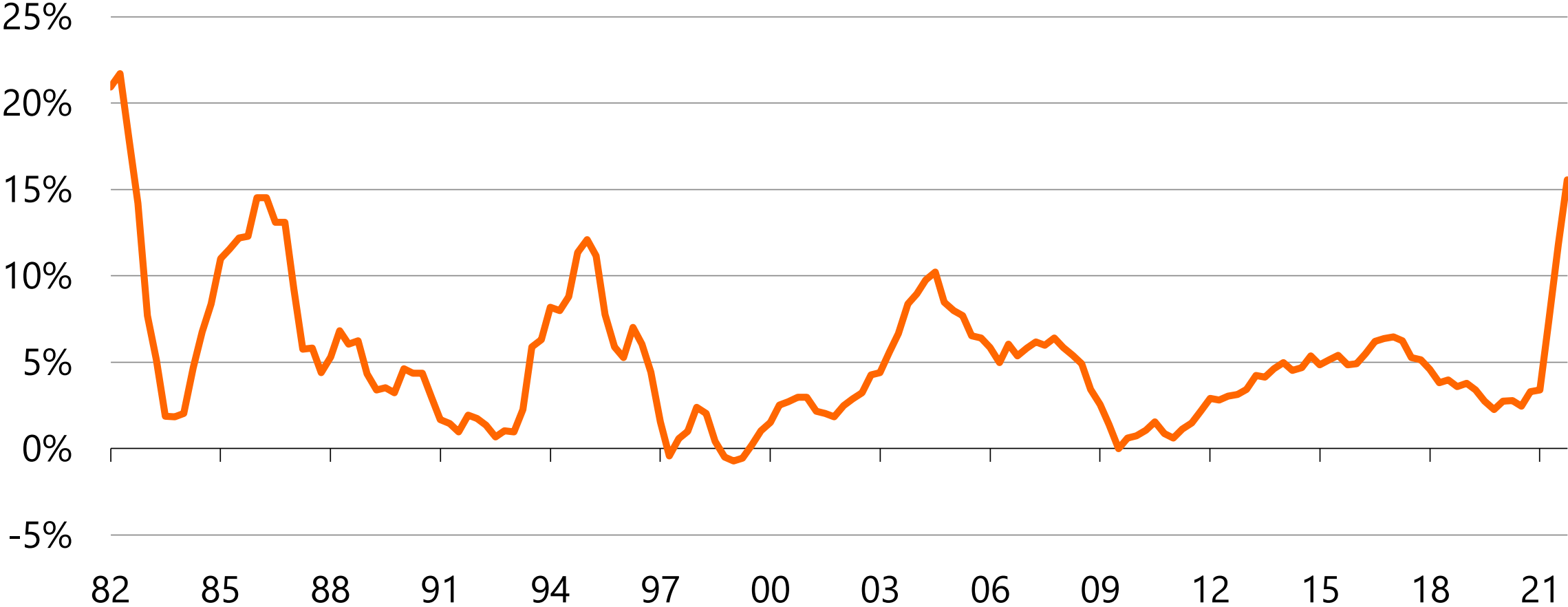


# Costs are rising

## Cost growth accelerating

Residential building costs, annual % changes

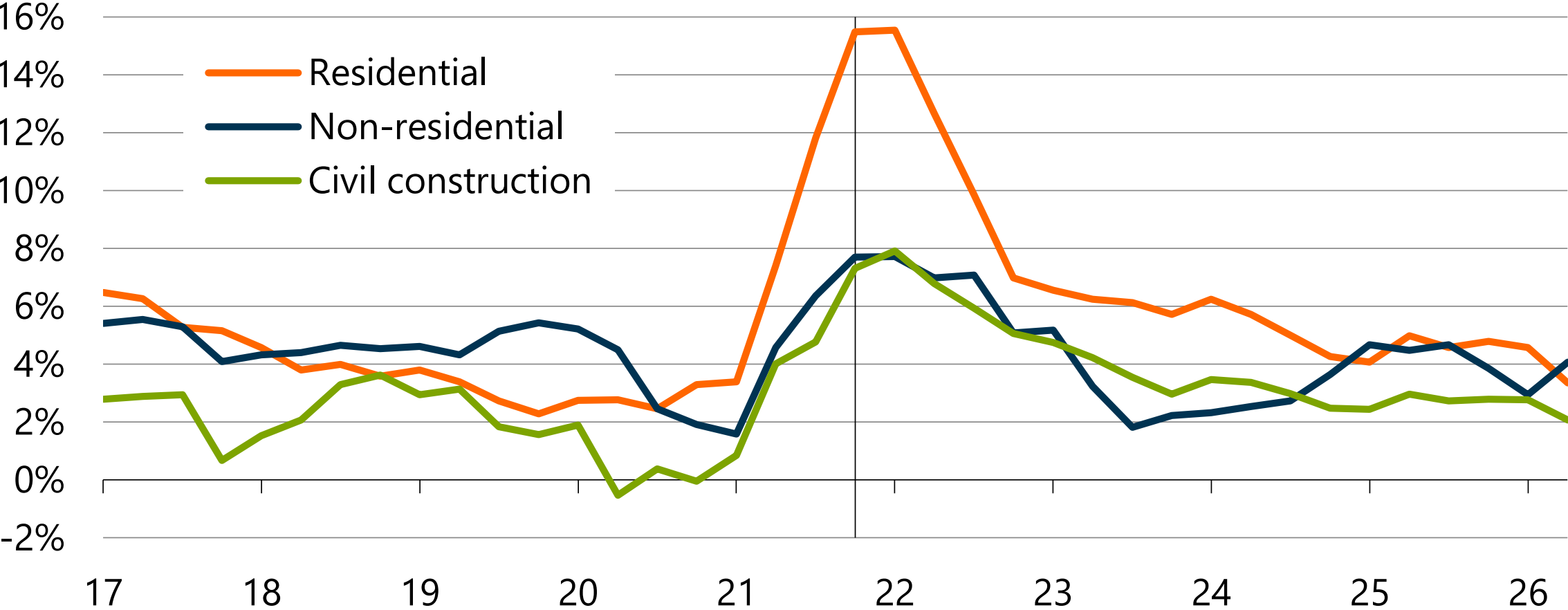
Residential building costs



# Costs are rising

## Construction costs keep climbing throughout 2022

Construction costs, annual % changes

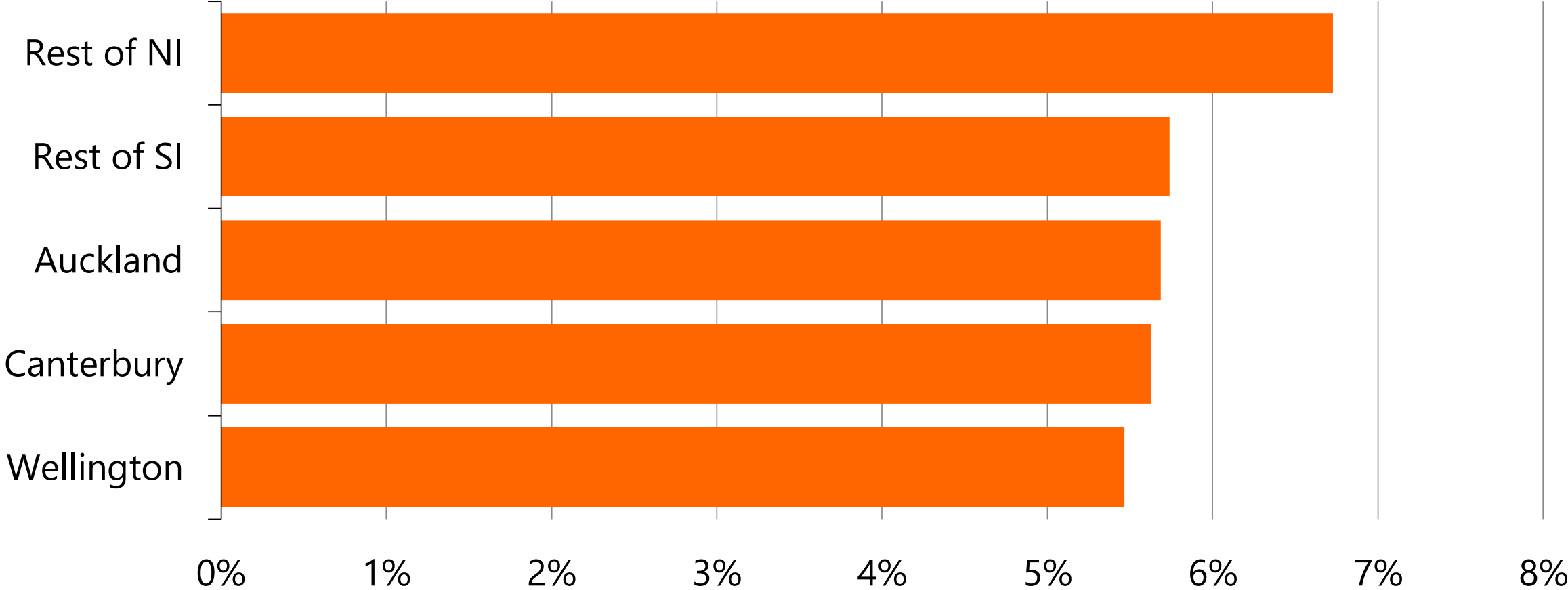


# Costs are rising

## Provincial capacity pressures clear

Annual % change, CPI broad region, Dec 21 quarter

Headline regional inflation

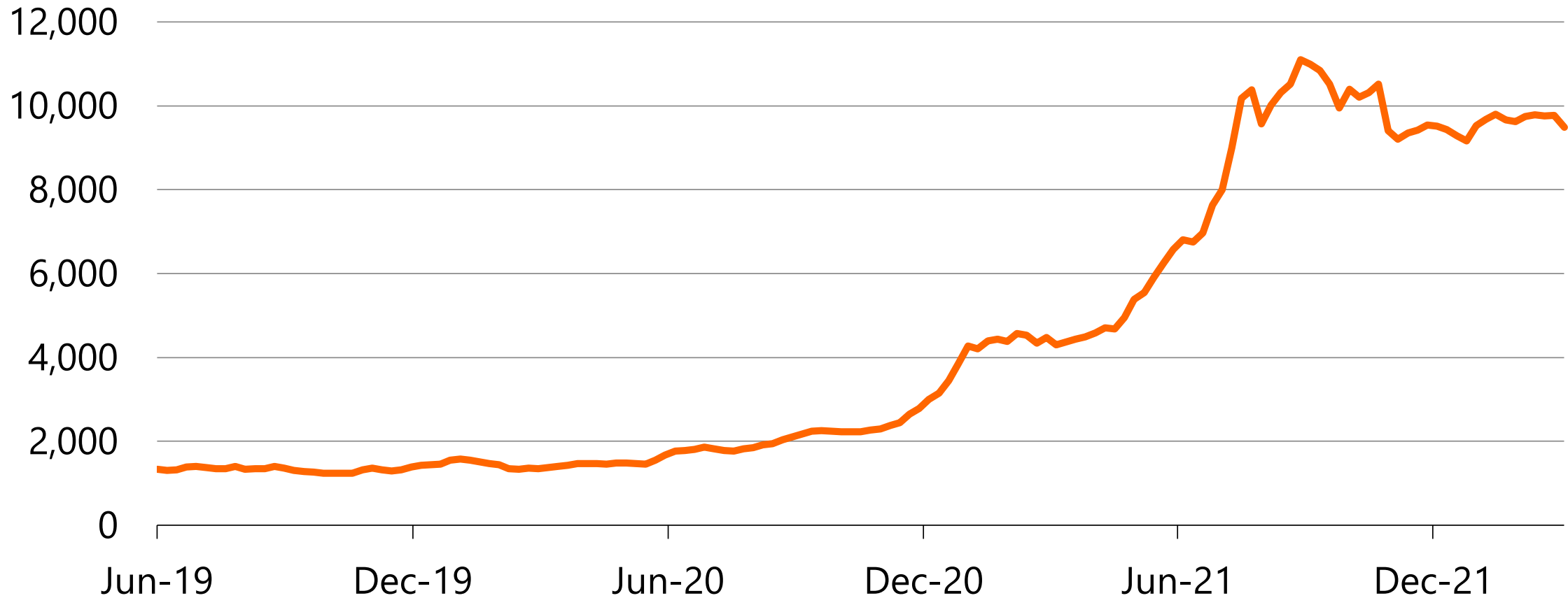


# Where's my package?

## Freight prices not improving yet

Freightos Baltic Index: Global Container Freight Index, weekly

— Freight Cost Index

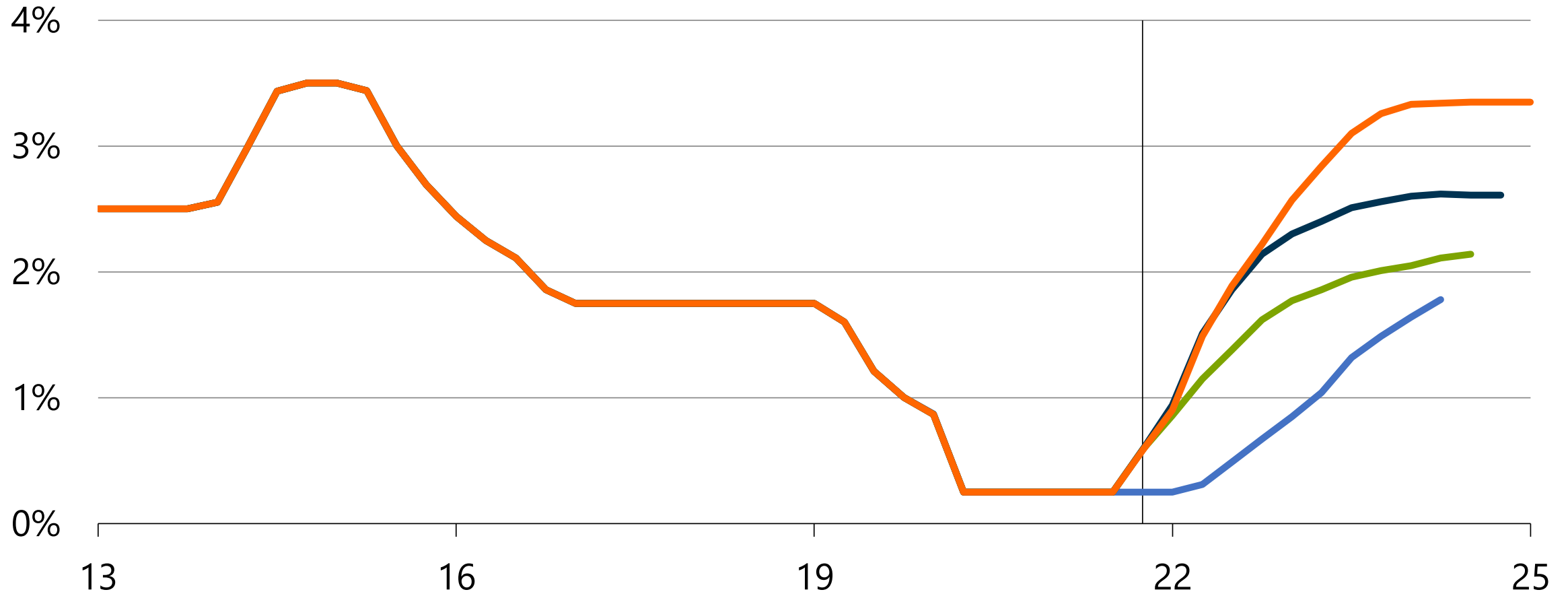


# Raising more for longer

## Fast moves in 2022 for the OCR

OCR track, RBNZ forecasts, quarterly averages

May-21    Aug-21  
Nov-21    Feb-22

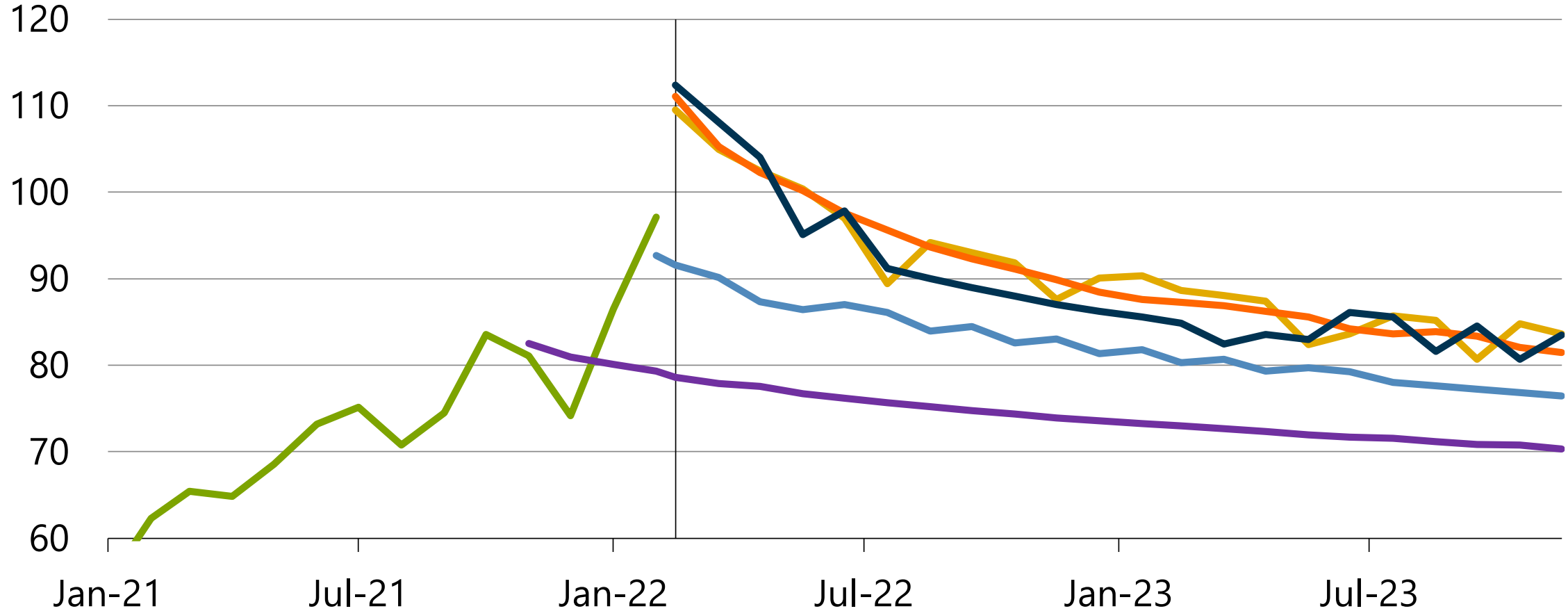


# Fuel costs soar

## Is it really only a short-term hit?

Brent, US\$/bl, history and futures market

- History
- 22 March
- 13 March
- 4 March
- Early Feb 22
- Nov 21





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