

CANTERBURY ECONOMIC INDICATORS – SEPTEMBER 2011

Objective

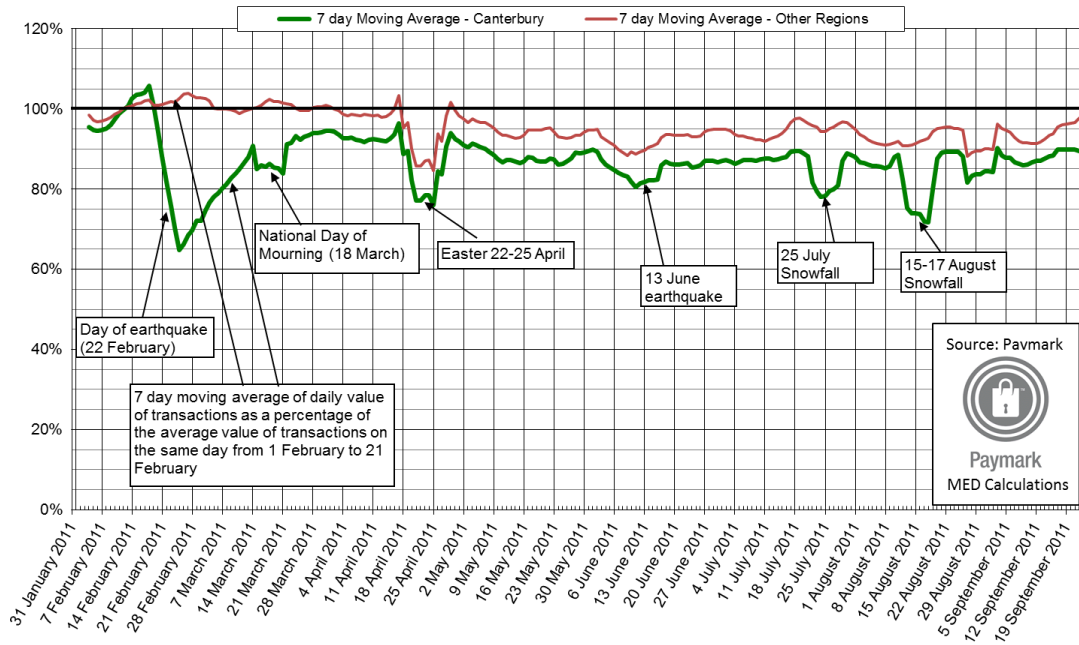
The intention of the Canterbury Economic Indicators is to track activity of the Canterbury economy following the Canterbury earthquakes. This release largely focuses on activity through to the end of August 2011.

Key Observations

- Economic activity within the Canterbury region has been consistent in this period (August and some early September) with previous periods. Parts of the economy have continued to show resilience. Specifically the performance of manufacturing and exports/imports continues to be strong. However some specific sectors, such as the household and tourism sectors, have been impacted significantly.
- The movement of individual taxpayers out of Canterbury has continued.
- The index of Canterbury EFTPOS transactions continues to sit below the rest of the country by between 5 to 10%.

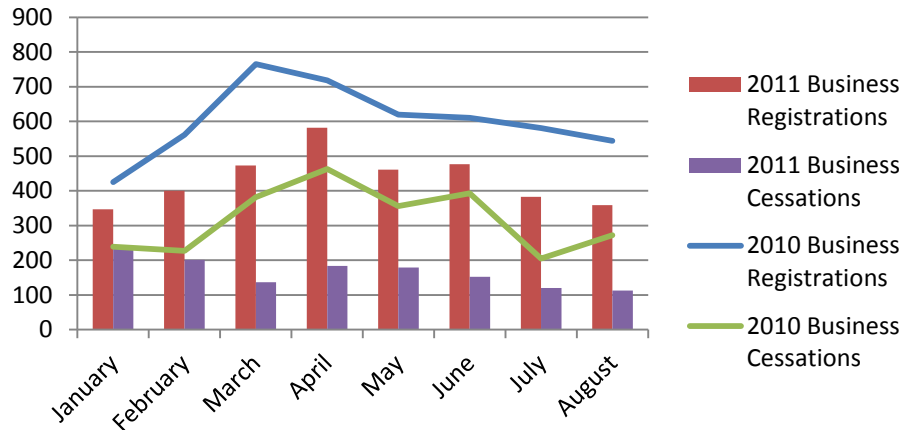
BUSINESS ACTIVITY

Paymark payment data



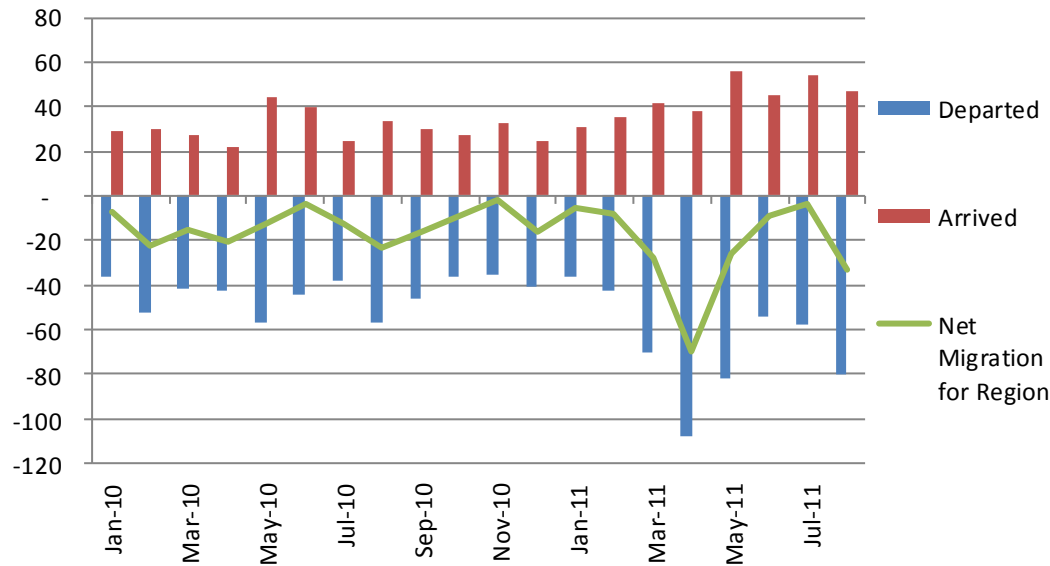
- This graph shows EFTPOS spending in Canterbury compared to spending in the rest of New Zealand (excluding Canterbury). The index is set so that its average for the first three weeks is 100%.
- The index indicates that spending in Canterbury fell to about 75% of pre-earthquake activity immediately after the February earthquake. Subsequently it has recovered to approximately 5 to 10% below the level of the rest of New Zealand.
- The snowfalls on July 25 and August 15-17 show the volatility of spending, although these events are not expected to have the on-going implications of the February earthquake.
- The recent divergence witnessed between spending figures in Canterbury and the rest of New Zealand, could be a consequence of the Rugby World Cup. This event is likely to have an effect on spending on the rest of New Zealand, but a more muted effect in Canterbury.
- The cumulative effect of the 5 to 10% reduction in spending over time is significant for the Canterbury economy.
- Data cover 70% of EFTPOS terminals. There is no evidence about whether there has been a drop in other forms of spending.

Business Registrations and Cessations



Source: Inland Revenue

Business Movement – Net Migration from the Canterbury Region

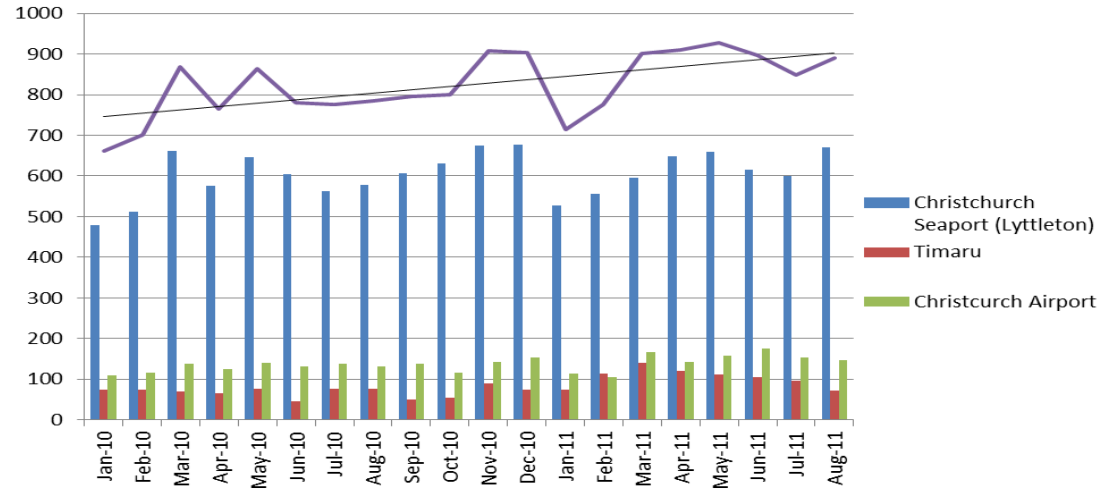


Source: Inland Revenue

- August (359) saw the lowest number of business registrations since January 2011 (347), and decline in registrations since May.
- August saw the lowest number of business cessations (113) of any month within the time period analysed. It also continues a 5 month decline in the number of businesses to cease trading.
- 79% of the businesses which ceased in August were Trusts (89).
- To date, only one registered company has ceased trading since the February earthquake, compared to nearly 1,000 trusts and over 250 partnerships.

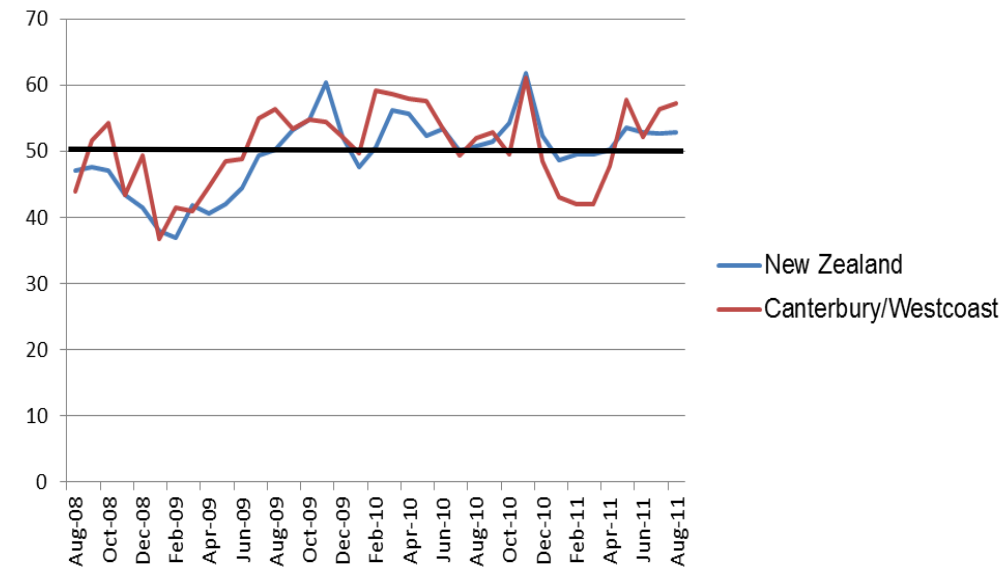
- There has been a negative net migration every month within the time periods analysed.
- Although each month since January 2010 had negative net migration, 8 out of the 20 months have had a negative net migration of less than 10 businesses.
- August had the second largest net loss of business from Canterbury (- 33) within the time periods analysed, however it was still less than half of April 2011's net loss (- 70).

Volume of Exports / Imports from Ports (\$NZ)



Source: Statistics New Zealand

BNZ – Business New Zealand: Performance of Manufacturing Index



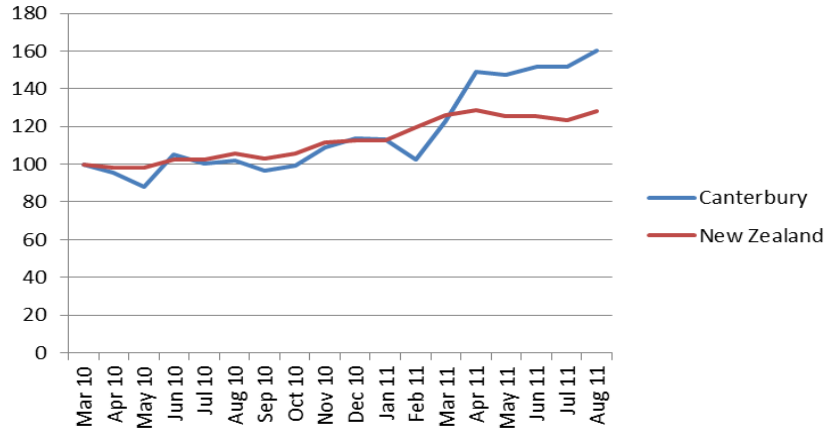
Source: BNZ & Business New Zealand

- Exports and imports from the two ports and airport in the Canterbury region have increased over 2010 to 2011, including the period after the earthquake.

- The BNZ - BusinessNZ Performance of Manufacturing Index (PMI) is a monthly survey providing an early indicator of levels of activity in the New Zealand manufacturing sector.
- The data referenced here is from the unadjusted series.
- A PMI reading above 50.0 indicates that manufacturing is generally expanding; below 50.0 that it is declining.
- In August the Canterbury/Westland region grew slightly (to 57.2) indicating that the manufacturing sector continues to expand. This represents stronger growth in Canterbury/Westland than the rest of New Zealand.

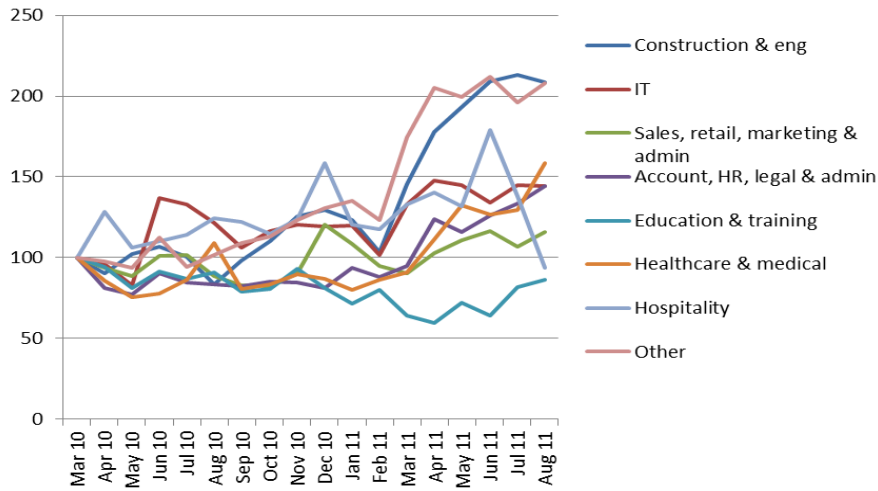
LABOUR MARKET

Jobs Advertised Online



Source: Department of Labour

Jobs Advertised Online by Industry



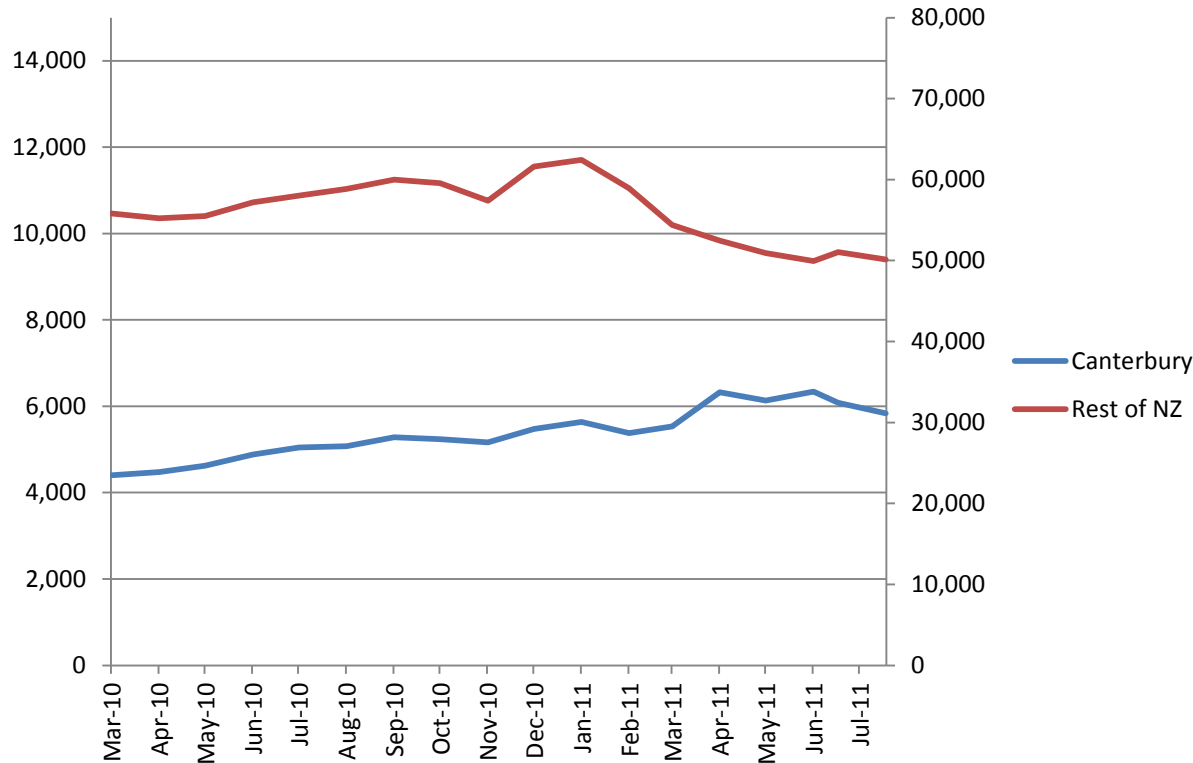
Source: Department of Labour

- There was a sharp increase in jobs advertised online immediately following the earthquake. The levels for Canterbury have consistently held at high levels since April 2011.

- The 'Construction and engineering' and 'Other' categories have driven the increase in jobs advertised online since February 2011.
- There has been an increase in job advertisements for all categories except for the "hospitality" and "education and training" categories since April 2011.

WELFARE STATISTICS

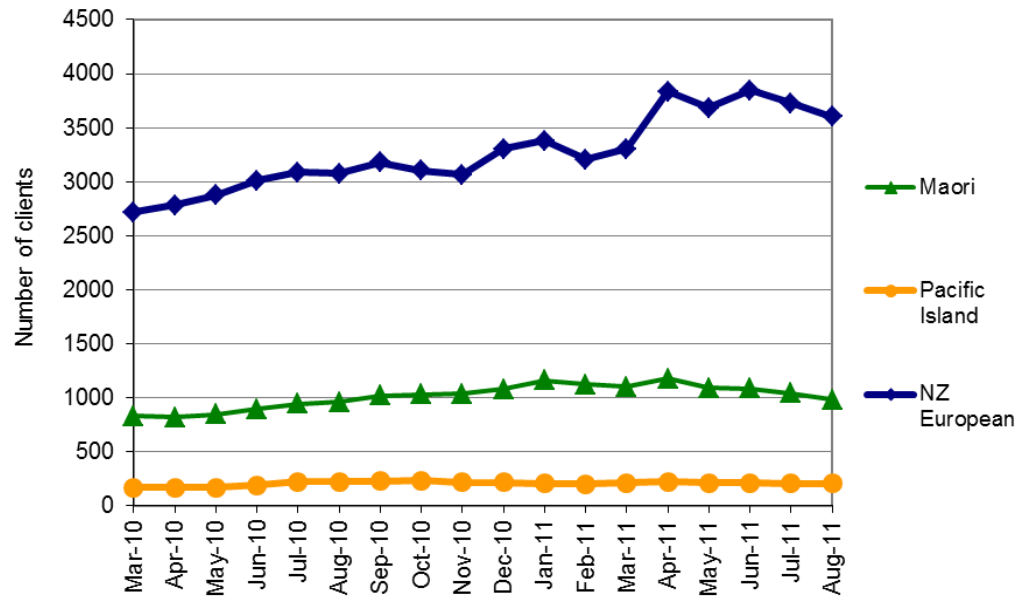
Unemployment Benefit Recipients in Canterbury and New Zealand



Source: Ministry of Social Development

- The number of unemployment benefit (UB) recipients paid through Canterbury Service Centres is up approximately 9% since the February Earthquake. Numbers increased through March and April, peaking at 6,342 in June. Numbers have declined by 8% in the last two months.
- The UB number in the rest of New Zealand has declined since the seasonal high in January, and has been flat over the last two months.
- The number of people receiving all main benefits in Canterbury has decreased by 5% since the earthquake, as declines in other main benefits offset the growth in UB recipients.
- In the year to June 2011 the number of UB recipients in Canterbury increased by 15% compared to a national decline of 12%. Both the September and February earthquakes are likely to have had some impact on these figures.
- It is likely that there are other UB recipients who were in Canterbury immediately after the Earthquake and are now being paid through non-Canterbury centres.

UB Recipients in Canterbury by Ethnicity

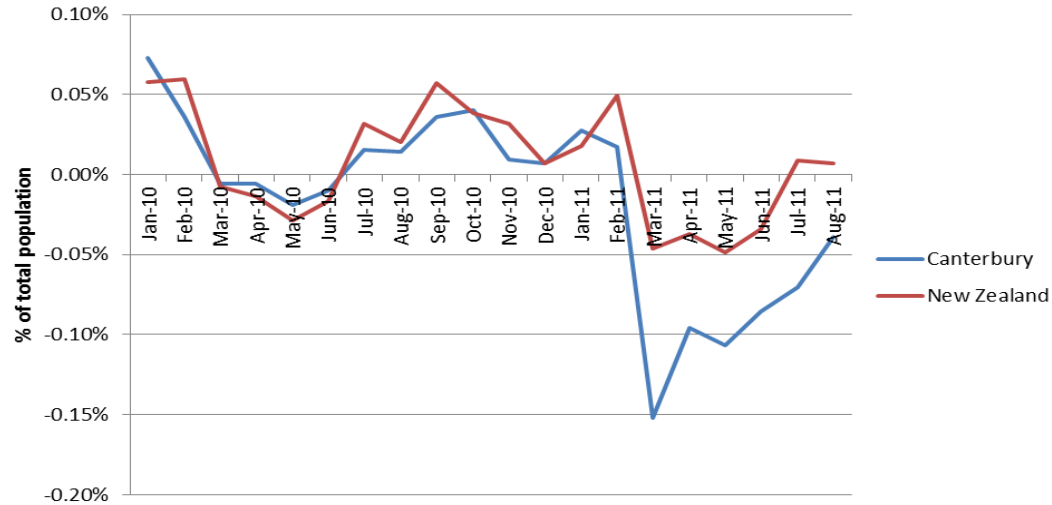


Source: Ministry of Social Development

- Most of the growth in UB recipients since the earthquake is due to an increased number of NZ European people receiving UB. Maori UB recipient numbers are 12% below their level before the earthquake compared to 12% growth in NZ European recipients.
- The number of NZ European UB clients appear to have peaked, declining by 6% (240) over the last two months. But it is still 17% higher than a year ago.

POPULATION IMPACT

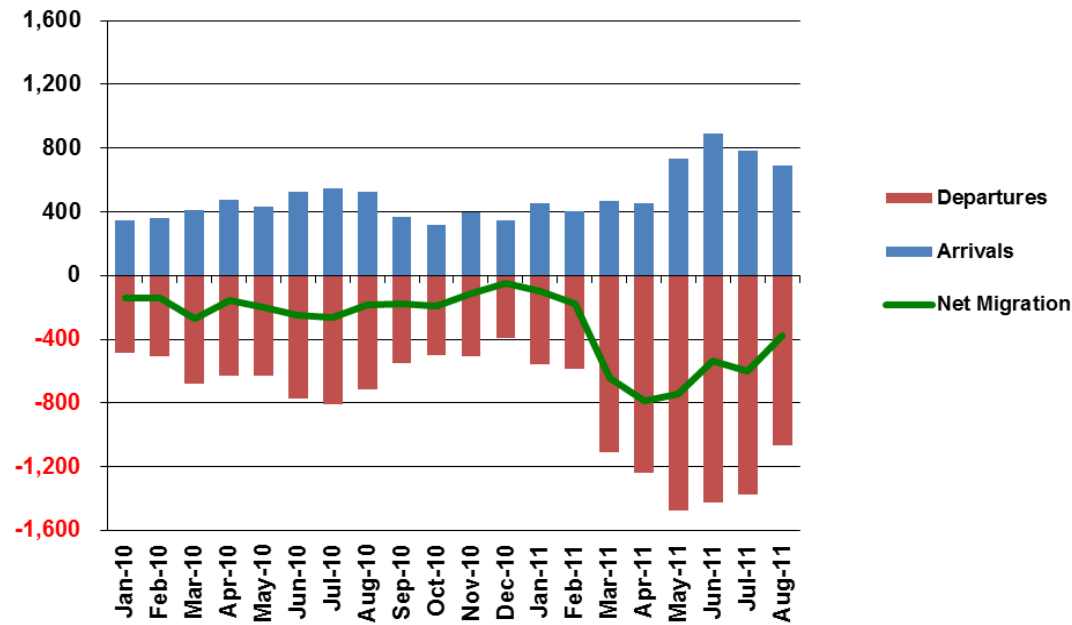
Net International Migration



Source: Statistics New Zealand

- 700 Christchurch residents left for overseas on a permanent or long-term basis in August 2011, up 45 per cent on August 2010
- Permanent and long-term arrivals into Christchurch from overseas numbered 500, down from 600 in August 2010
- Since the earthquake on 22 February, 1,900 more Christchurch residents have moved overseas than in the same period of 2010
- There have also been fewer arrivals into Christchurch, down 800 compared with the same period last year.

Movement of Individual Taxpayers Away from Canterbury

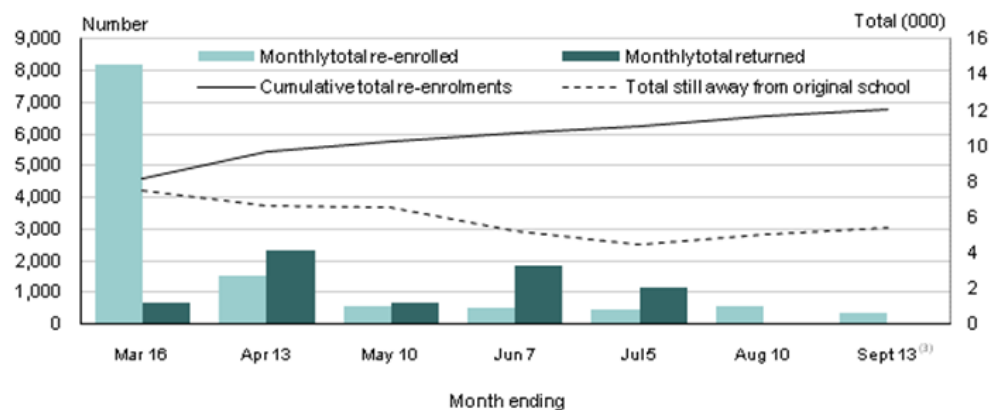


Source: Inland Revenue

- Over 1,000 individual taxpayers left the region in August; this is the sixth consecutive month in 2011 where this has occurred.
- However, the number leaving the Canterbury region declined in August, which represents the fourth consecutive month in 2011.
- August (689) is the fourth consecutive month where more than 600 individuals have moved into the region.
- The number of the arrivals within the Canterbury region has been declining by approximately 100 individuals for each of the previous 3 months.
- There has been a net emigration of 3,500 individual tax payers since March 2011.
- There has been a negative net migration every month within the time periods analysed.

Number of school students who re-enrolled and the number who have returned

24 February – 13 September 2011



1. Previously enrolled in Christchurch, Selwyn, and Waimakariri.
2. Returned to their original school.
3. Administrative processes applied to the data means that the total returned for this month is unavailable.

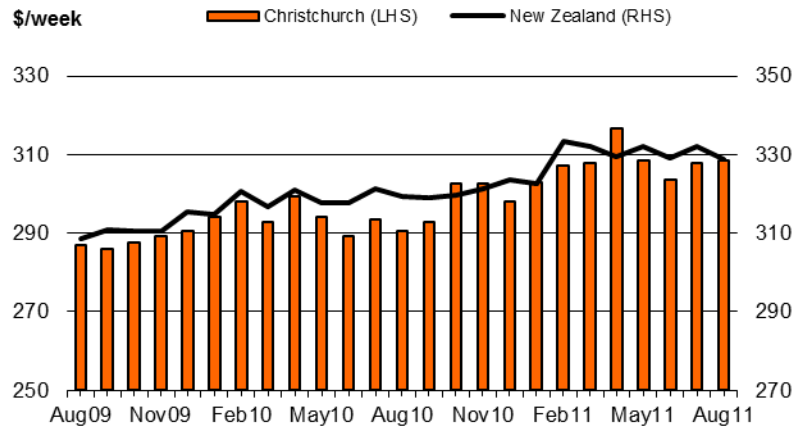
Source: Ministry of Education

Source: Statistics New Zealand via the Ministry of Education

- 12,069 students (15.9% of the total number of students) enrolled in the Christchurch city, Selwyn district, and Waimakariri district before the earthquake on 22 February 2011 re-enrolled in other schools around the country. Over a quarter (3,180 students) re-enrolled within Christchurch city, Selwyn district, and Waimakariri district.
- As at 13 September 5,442 students still remained away from their original school (7.1%).
- Of those 5,442 students still away from their original school, 2,196 (40.4%) are re-enrolled elsewhere in Christchurch city, Selwyn district, and Waimakariri district and 3,246 (59.6%) are re-enrolled outside of Christchurch city, Selwyn district, and Waimakariri district.

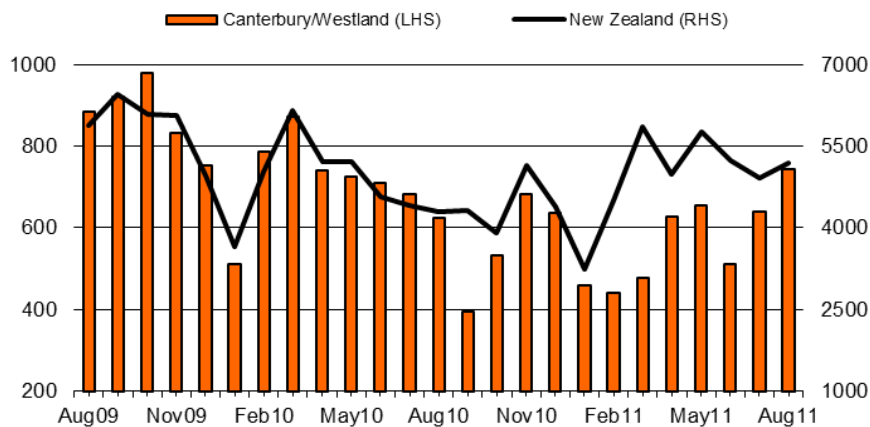
PROPERTY MARKET

Private Housing Market Rents



Source: Department of Building and Housing

Number of Home Sales For Canterbury / Westland



Source: Department of Building and Housing

- Note: This month's and future status reports use a stratified average for market rents. This removes the effect of compositional change (e.g. if more four-bedroom houses, which are expensive, are rented than normal) on changes to the average. It should give a more accurate picture of market rent change.
- Aside from a one-month spike in April, market rent in Christchurch continues to be relatively stable. At \$309 per week in August 2011, it is 2.0% higher than in October 2010, compared with 2.8% higher for New Zealand as a whole.
- Canterbury house sales increased again in August, returning to typical levels as compared to national sales. August 2011 sales were up 19% on August 2010, similar to the increase of 21% for New Zealand excluding Canterbury. Canterbury sales accounted for 14% of the New Zealand total, a typical level for recent years.
- Although sales have rebounded in Christchurch City, sales growth there continues to lag the rest of Canterbury. August 2011 Christchurch City sales were up less than 1% on August 2010, while sales for Canterbury excluding Christchurch were up 57%.