

CANTERBURY ECONOMIC INDICATORS – JANUARY 2012

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 December 2011. We are now comparing December 2011 figure to December 2010 figure, after the initial earthquake had occurred.

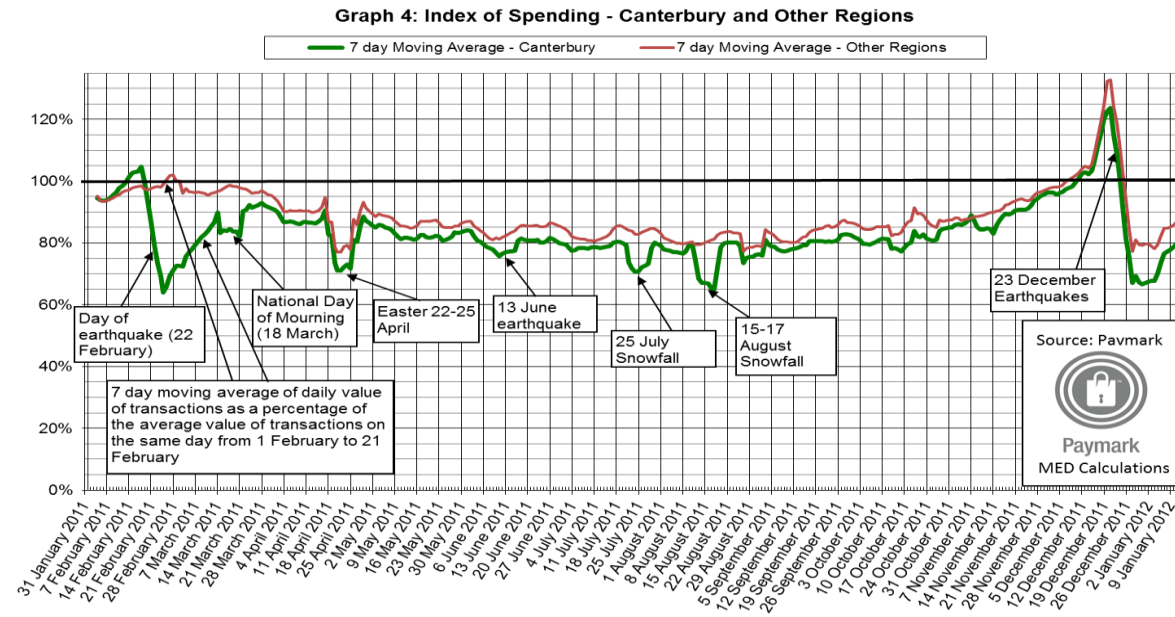
Key Observations

Economic activity within the Canterbury region has been consistent in this period (November and some early December) with previous periods. Parts of the economy have continued to show resilience while others continue to be impacted. Specifically:

- The index of Canterbury EFTPOS transactions continues to sit below the rest of the country by between 5 to 10%. December spending did not reach the levels of the rest of New Zealand and fell further after the Christmas period.
- December has seen the lowest number of business registrations in 2011 with only 314 new businesses. However, the monthly average of business cessations in 2011 was 155, a significant drop from 2010, when the monthly average was 290.
- In December, 13 businesses left the region. This is consistent with the average net migration (since January 2010).
- From July 2010 onwards, combined imports and exports for Canterbury ports had a higher value compared to the same month in the previous year, including the earthquake period.
- Canterbury/Westland performance of manufacturing index (PMI) returned to expansion in November (56.9). In December Canterbury /Westland continued to expand but at lower levels (54.2).
- The total guest nights in the Canterbury region have consistently tracked downwards from a high of 641 in January 2011 to 372 in November. This is an increase from September 2011 (265) but still lower than November 2010 (465)
- Following a steady decline from June to November, the number of Unemployment Benefit recipients paid through Canterbury Service Centres has increased over December in line with the national seasonal increase in Unemployment Benefit. Canterbury Unemployment Benefit numbers are around 3% higher than at the same time a year ago, and 4% above the levels around the February Earthquake.
- There was slight increase in the overall jobs advertised online in November and December 2011 compared to October 2011. The rate of advertisements is still higher when compared with 2010.
- December saw the lowest number of individual taxpayers moving away from the region of 2011. 485 individuals left the Canterbury region, which is significantly lower than the 2011 monthly average of 850.
- Since the earthquake on 22 February, 2,300 more Christchurch residents have moved overseas than in the same period of 2010 (6815 since February 2011).
- Market rent in Christchurch continues to be relatively stable. Although rents rose in December 2011, the overall pattern of rent increases was consistent with Christchurch's historical trend. Canterbury house sales decreased in December, but increased as a proportion of national sales because sales declined nationwide.

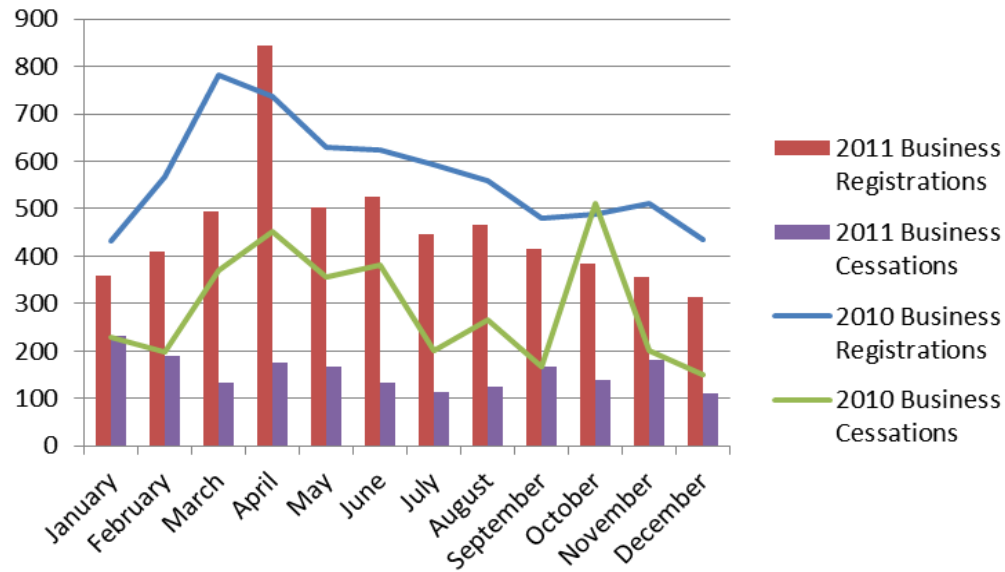
BUSINESS ACTIVITY

Paymark payment data



- This graph shows EFTPOS spending in Canterbury compared to spending in the rest of New Zealand. The index is set so that its average for the first three weeks is 100%.
- This data has been revised to use the average daily spend in 2010 as the benchmark. Previously the three weeks preceding February 22 had been used. For this reason the graph will differ from previous versions.
- 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 cumulative effect of the 5 to 10% reduction in spending over time is significant for the Canterbury economy.
- Part of the dip in spending may be attributed towards the 5% reduction in the working age population in Canterbury between June 2010 and 2011.
- Data cover 70% of EFTPOS terminals. There is no evidence that there has been a drop in other forms of spending.
- The December spending did not reach the levels of the rest of New Zealand and fell more dramatically after the Christmas period.

Business Registrations and Cessations



Source: Inland Revenue

Disclaimer:

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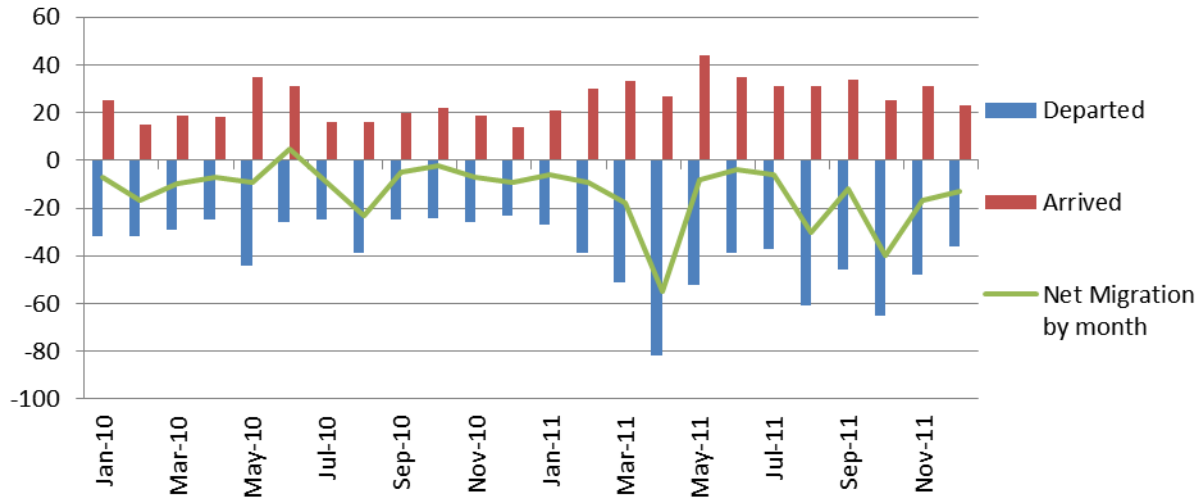
No. of Business Registrations

- December has seen the lowest number of business registrations in 2011 (314).
- Business registrations have continued to decline for the fifth consecutive month.
- Of the businesses registered in December, over 81% of those were companies.
- Only five companies have been granted a 'Nil Company' tax exemption since July 2011.

No. of Business Cessations

- December has seen the lowest number of cessations in 2011 (110).
- Of those cessations, 78% were Trusts (86).
- To date, only one company has ceased trading in 2011 (March), compared to nearly 1,400 trusts and nearly 400 partnerships.
- The monthly average of cessations in 2011 was 155. This is a significant drop from 2010, when the monthly average was 290.

Business Movement – Migration from the Canterbury Region



Source: Inland Revenue

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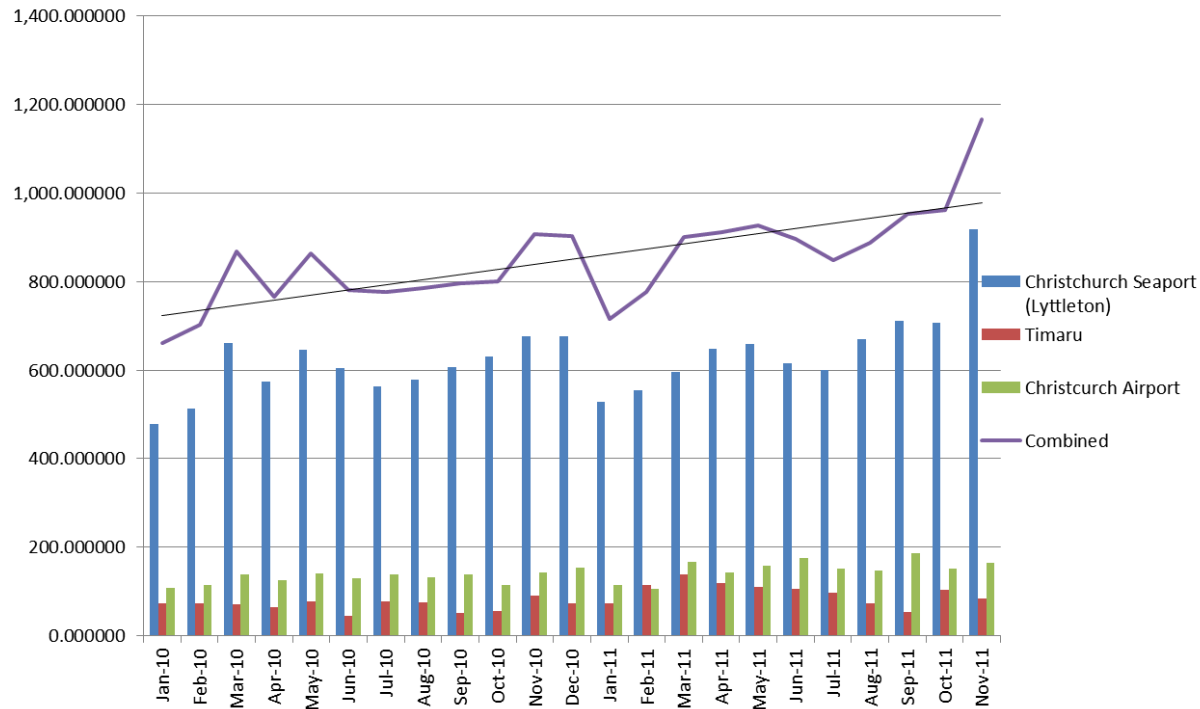
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Net Migration of Businesses¹

- December had a net total of 13 businesses migrating away from Canterbury. This is consistent with the average net migration (since January 2010).
- For the year 2011, the top three regions Canterbury businesses moved to were Auckland (159), Otago (90), and Wellington (56).
- Hawkes Bay businesses saw the highest net migration to Canterbury (3).

¹ Please note: The net migration data for businesses does not recognise businesses, and/or individuals which have moved away from the region, and have returned at a later date.

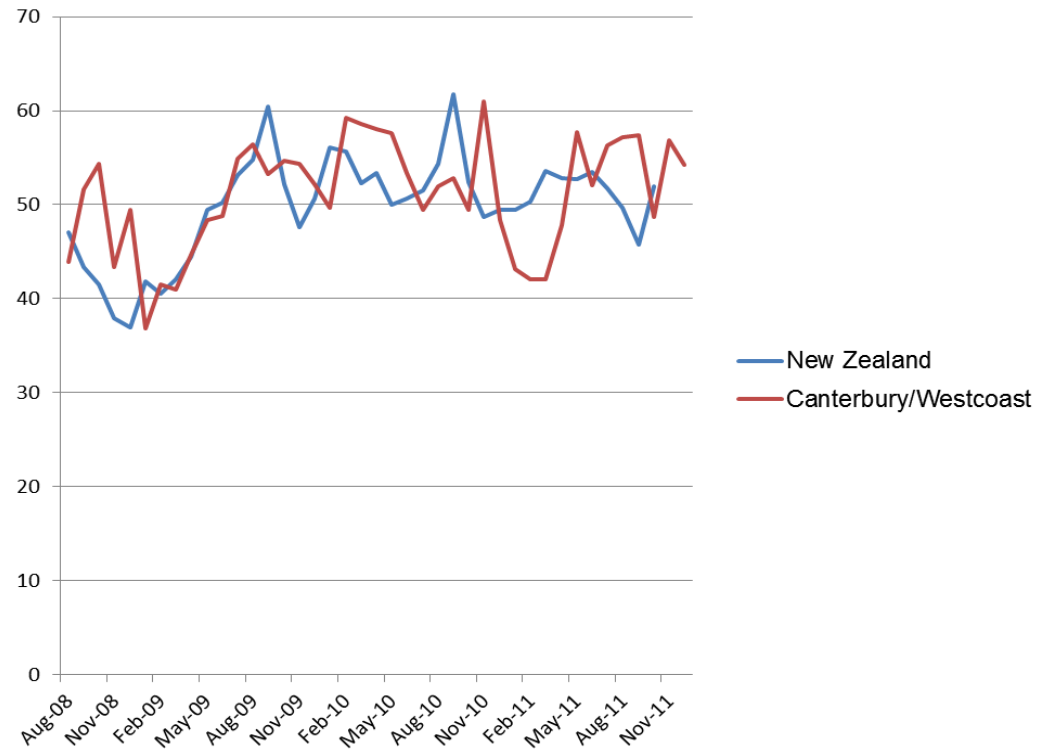
Volume of Exports / Imports from Ports (\$NZ)



Source: Statistics New Zealand

- From July 2010 onwards, combined imports and exports for Canterbury ports had a higher value compared to the same month in the previous year, including the earthquake period.

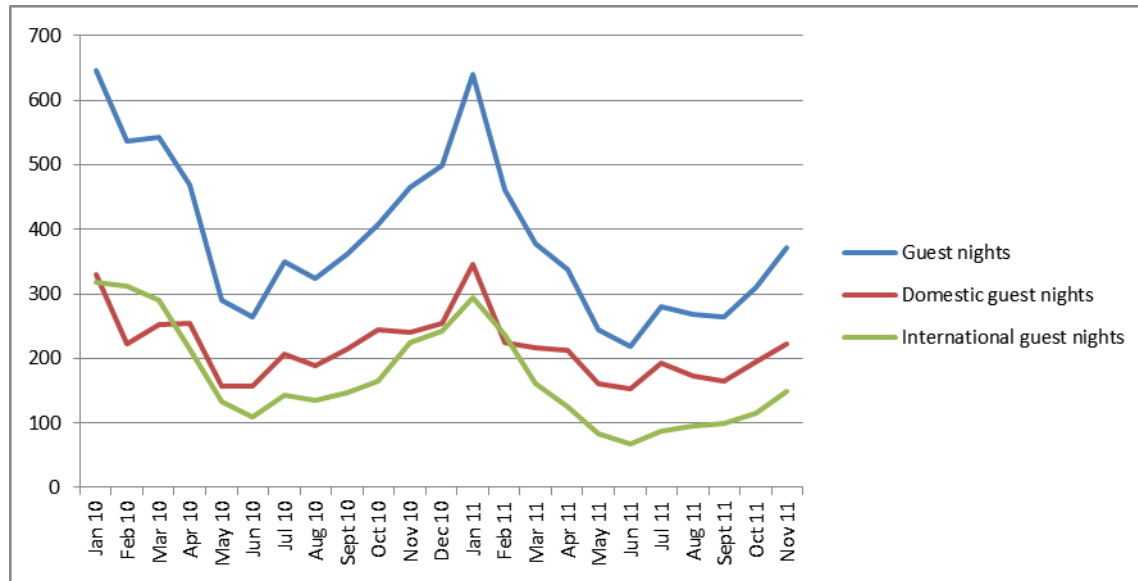
BNZ – Business New Zealand: Performance of Manufacturing Index



Source: BNZ & Business New Zealand

- 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.
- The Canterbury/Westland returned to expansion in November (56.9). In December Canterbury /Westland continued to expand but at lower levels compared to November (54.2).

Regional Guest Nights - Canterbury

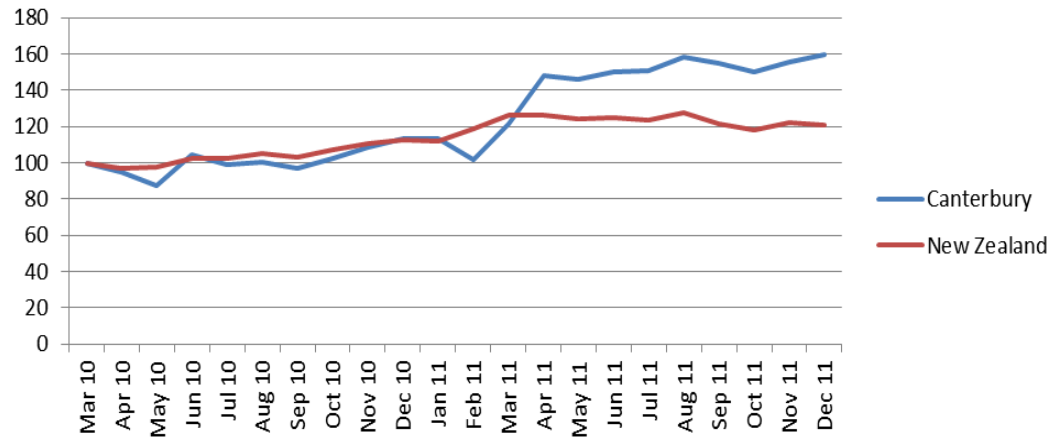


Source: Statistics New Zealand

- November 2011 has seen a 20 per cent fall in total guest nights in Canterbury compared to November 2010.
- Canterbury's international guest nights are down 34 per cent from the previous year.

LABOUR MARKET

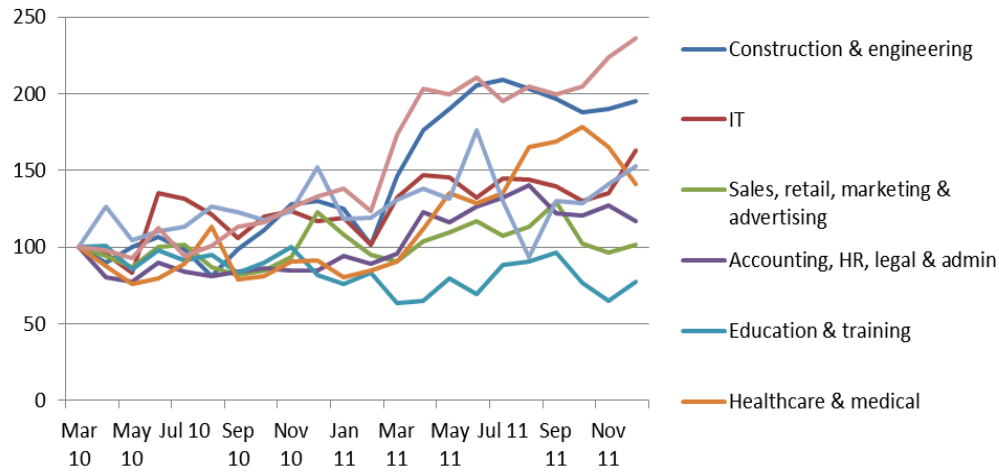
Jobs Advertised Online



Source: Department of Labour

- There was slight increase in the overall jobs advertised online in November and December 2011 compared to October 2011. The rate of advertisements is still higher when compared with 2010.
- The levels for Canterbury have consistently held at high levels.

Jobs Advertised Online by Industry

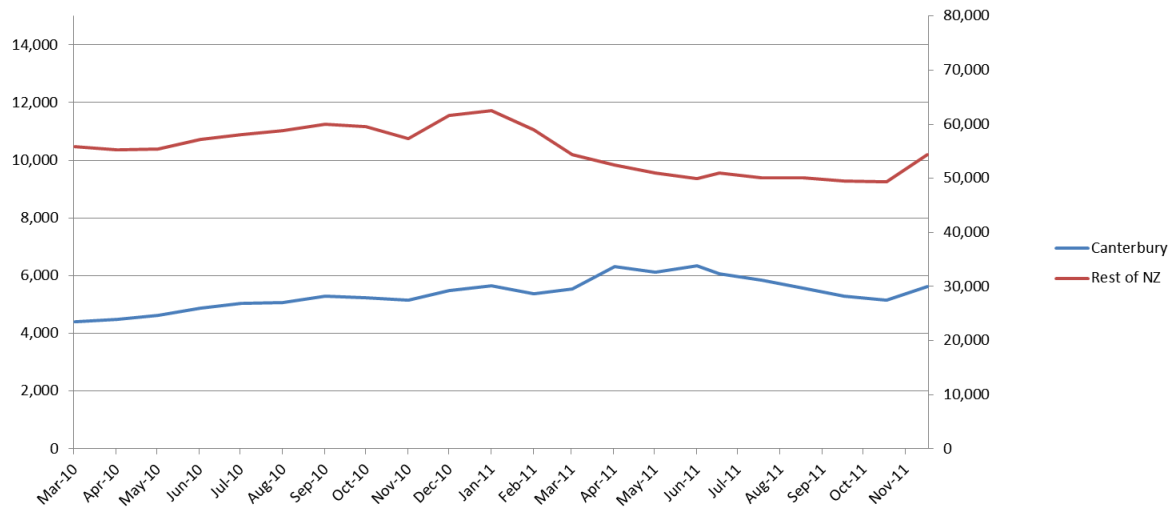


Source: Department of Labour

- The increase in the rate of overall job advertisements is likely to be accounted for a slight increase in advertisements for ‘construction and engineering’ and ‘IT’ categories. Whilst there has been a drop in job advertisements in ‘construction and engineering’ since August 2011 the number of advertisements placed in December is still higher than the period prior to the earthquakes. “IT” is higher than the previous peak in April 2011.
- The number of job advertisements for ‘IT’ have started to recover towards 165 and sit higher than the period prior to the earthquakes.

WELFARE STATISTICS

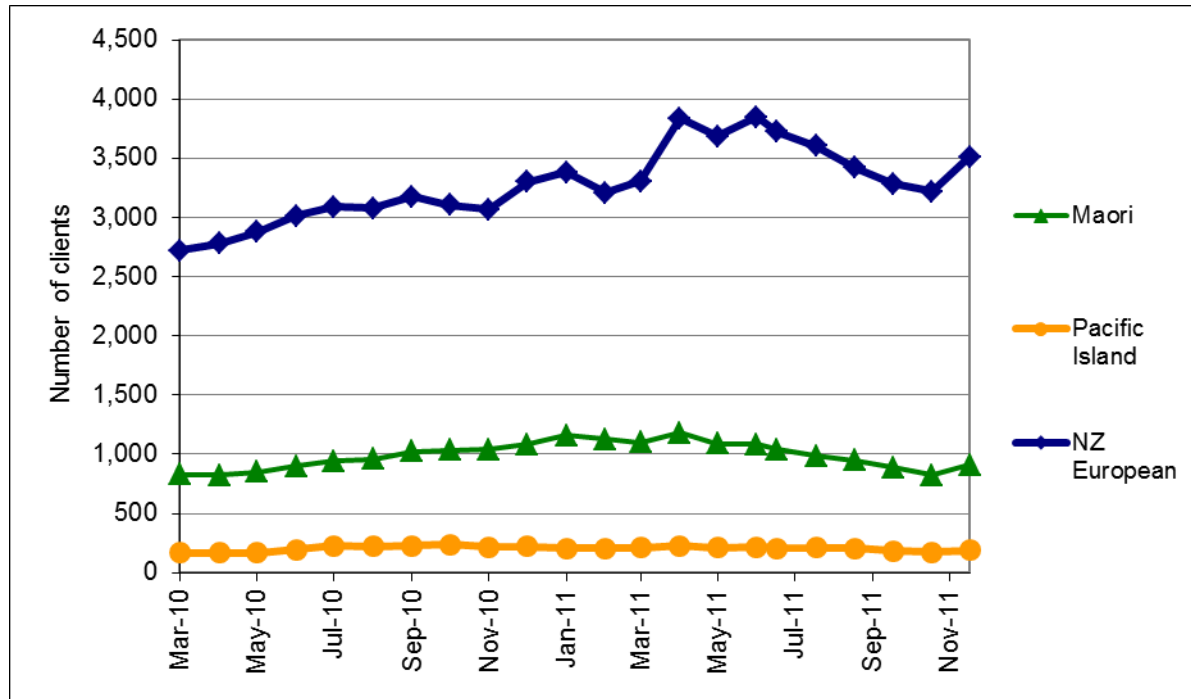
Unemployment Benefit Recipients in Canterbury and New Zealand



Source: Ministry of Social Development

- Following a steady decline from June to November, numbers of Unemployment Benefit recipients paid through Canterbury Service Centres have increased over December in line with the national seasonal increase in Unemployment Benefit. Canterbury Unemployment Benefit numbers are around 3% higher than at the same time a year ago, and 4% above the levels current around the February Earthquake.
- Unemployment Benefit numbers nationally have been decreasing by 1-2% each month since July, but have increased over December in line with expected seasonal trends.
- The number of people receiving all main benefits in Canterbury has decreased overall by 8% since the earthquake.
- In the year to December 2011 the number of Unemployment Benefit recipients in Canterbury has grown by 3% compared to a national decline of 11%. The September and February earthquakes, the weak economy, and the subsequent delay in the Christchurch rebuild, are likely to have had some impact on these figures.
- It is likely that there are other Unemployment Benefit recipients that may have been in Canterbury immediately after the Earthquake who are now being paid through non-Canterbury centres.

Unemployment Benefit Recipients in Canterbury by Ethnicity

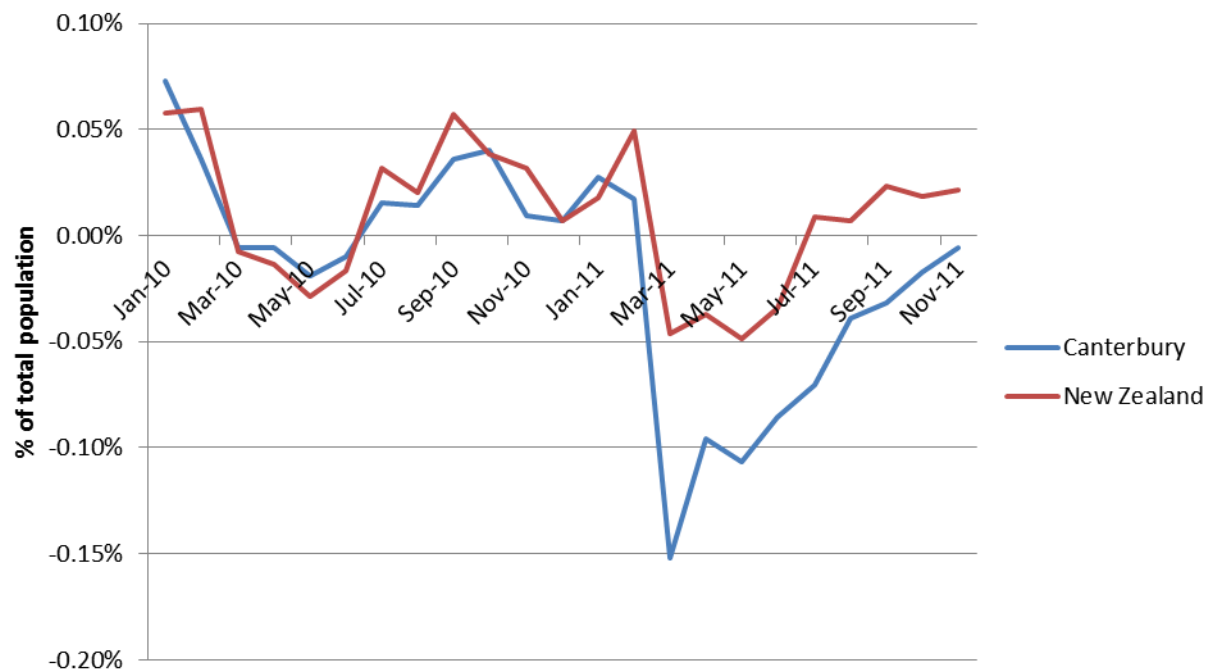


Source: Ministry of Social Development

- Most of the growth in Unemployment Benefit recipients since the earthquake was due to an increased number of NZ European people receiving UB. While numbers for this group dropped closer to pre-February levels up to November, they have now increased with the seasonal rise in Unemployment Benefit, and are 6% higher than they were a year ago.
- Maori Unemployment Benefit recipient numbers have also increased slightly, but are still 16% below their level in December 2010.

POPULATION IMPACT

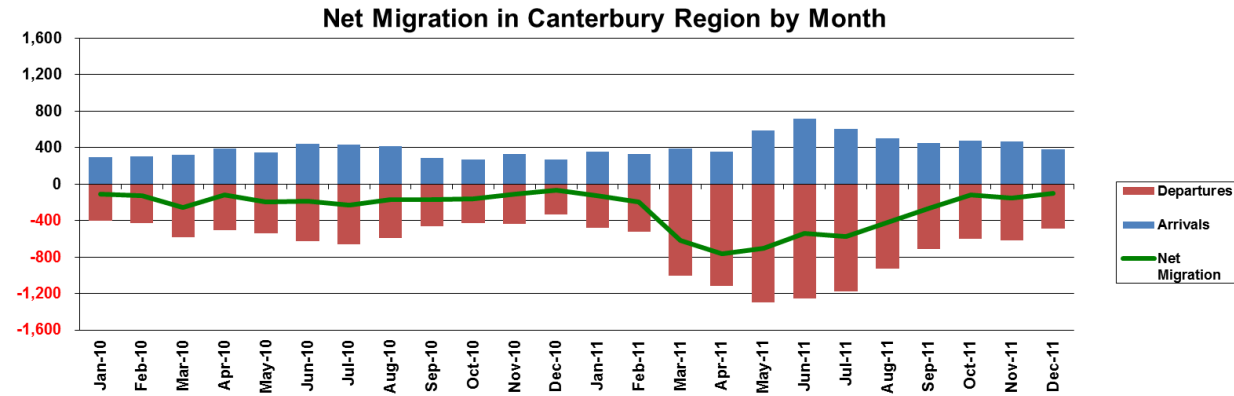
Net International Migration



- Christchurch residents leaving for overseas on a permanent and long-term basis numbered 492 in November 2011, up 7 per cent when compared with November 2010
- Permanent and long-term arrivals into Christchurch from overseas numbered 488, the same as in November 2010
- Since the earthquake on 22 February, 2,300 more Christchurch residents have moved overseas than in the same period of 2010
- There have also been fewer arrivals into Christchurch, down 1,100 compared with the same period last year.

Source: Statistics New Zealand

Movement of Individual Taxpayers Away from Canterbury



Source: Inland Revenue

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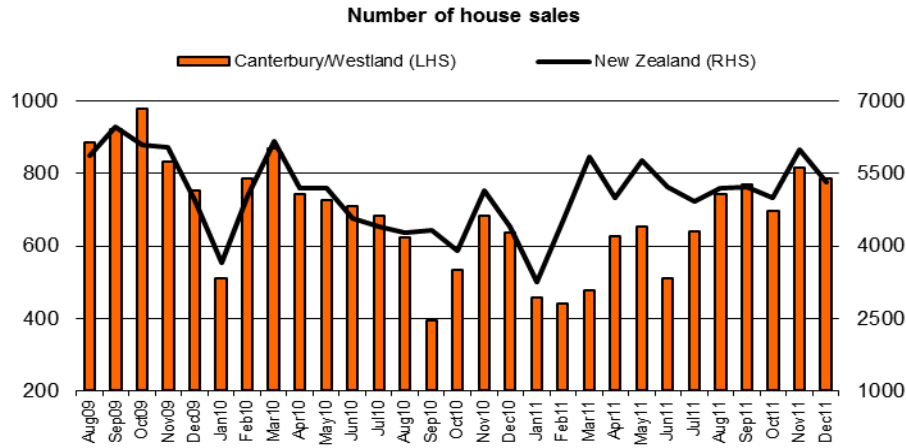
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No. of Individuals Leaving Canterbury

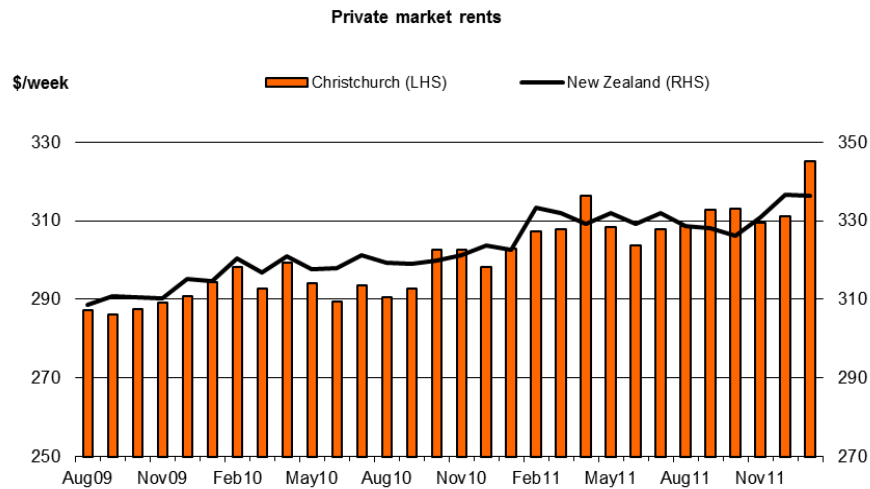
- December had 485 individuals leave the Canterbury region, which is significantly lower than the 2011 monthly average of 850.
- 394 (81%) of those individuals were Salary & Wage earners.
- The top three regions individuals moved to in December were Auckland (120), Otago (70), and Wellington (66).
- The top three regions individuals moved to in 2011 were Auckland (2,605), Otago (1,638), and Wellington (1,316).

PROPERTY MARKET

Number of Home Sales For Canterbury / Westland



Private Housing Market Rents



Source: Department of Building and Housing

House Sales

Canterbury house sales decreased in December relative to November 2011, but increased as a proportion of national sales because sales declined nationwide. December 2011 sales were up 23% on December 2010, after a post-earthquake drop in sales in late 2010 and early 2011. Canterbury sales accounted for 15% of the New Zealand total, a typical level for recent years.

Market Rent

Market rent in Christchurch continues to be relatively stable. Although rents rose in December 2011, the overall pattern of rent increases was consistent with Christchurch's historical trend. At \$325 per week in January 2012, Christchurch rents are 7.3% higher than in September 2010, compared with 4.2% growth for New Zealand as a whole.

However, the change has not been uniform, with faster rent rises in North West Christchurch and Central Christchurch. Coastal areas and North East areas (primarily along the Avon River) have generally seen slower or negative market rent growth.