

COVID Consolidation

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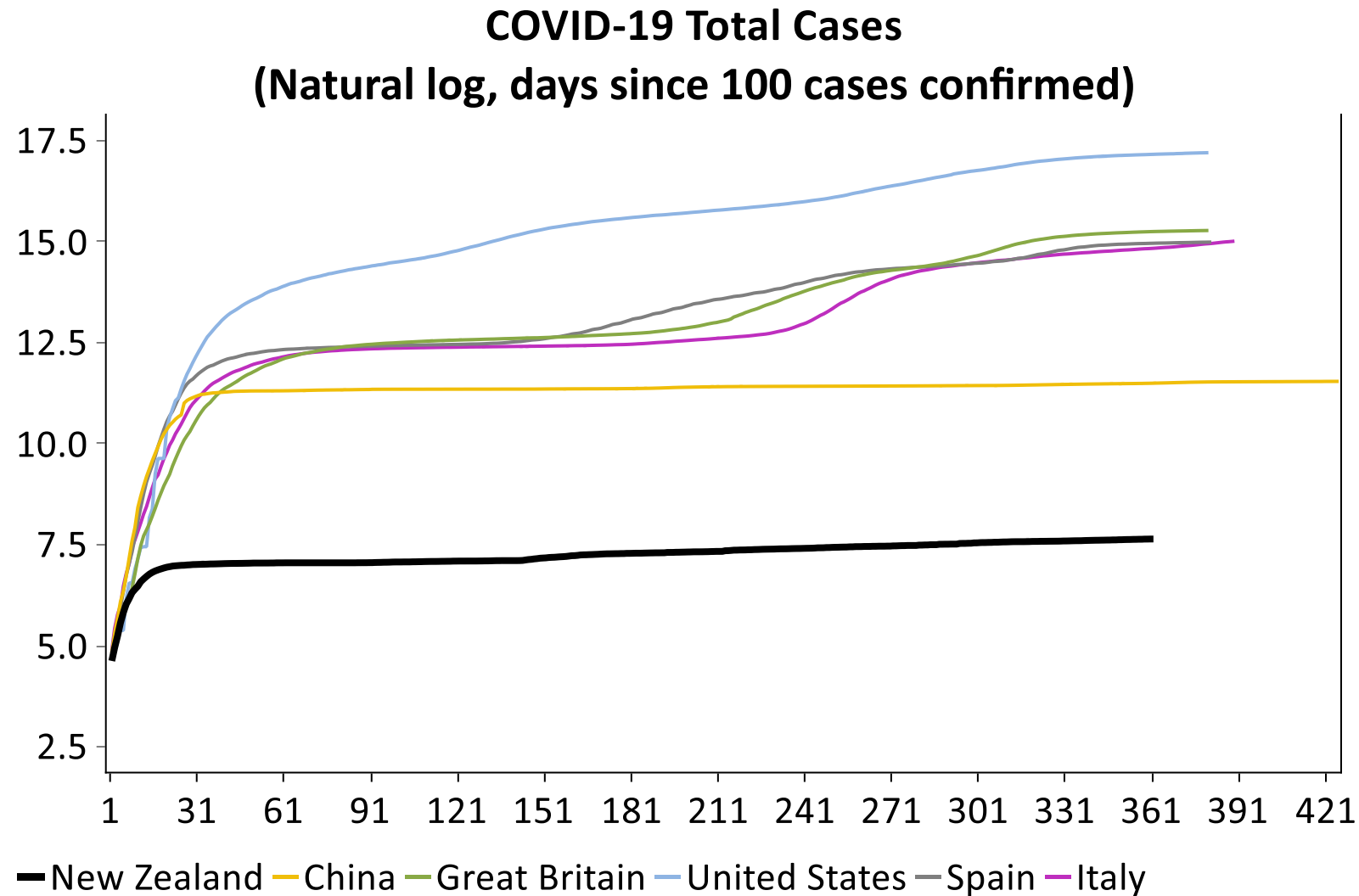
› Topics

- › COVID's global and local economic impact
- › Key NZ post-COVID trends
- › Housing hot potato

› Global COVID impacts



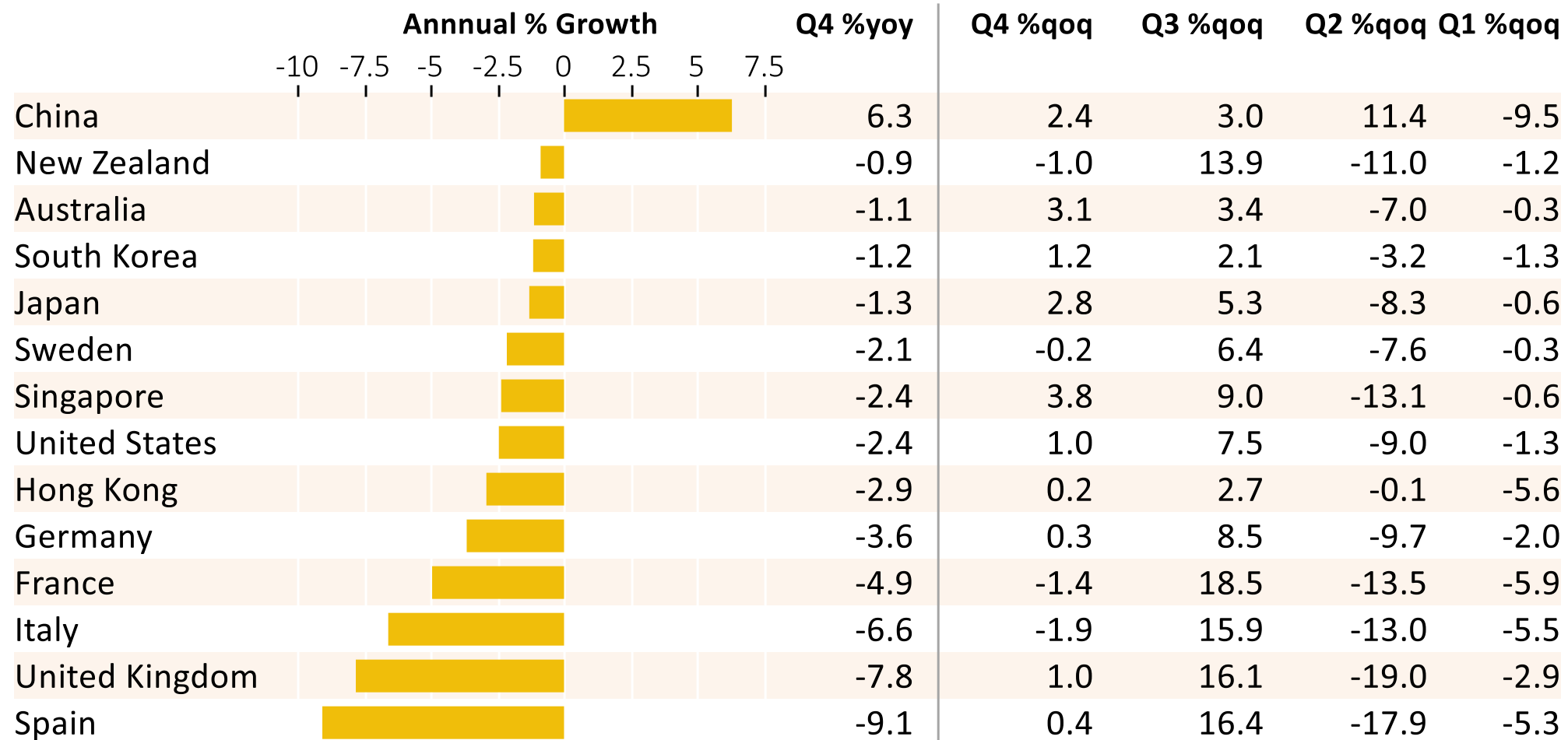
› Coronavirus waves



Source: Macrobond, ASB

› 2020 lockdown impacts

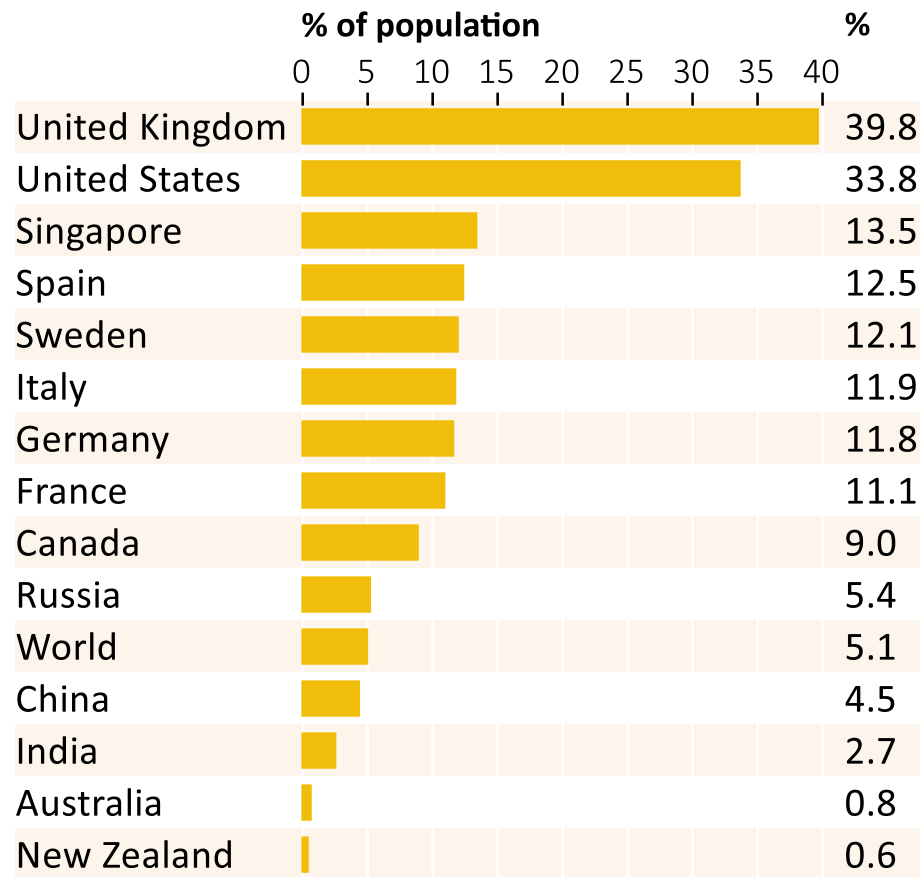
GDP Growth % - 2020



Source: Macrobond, ASB

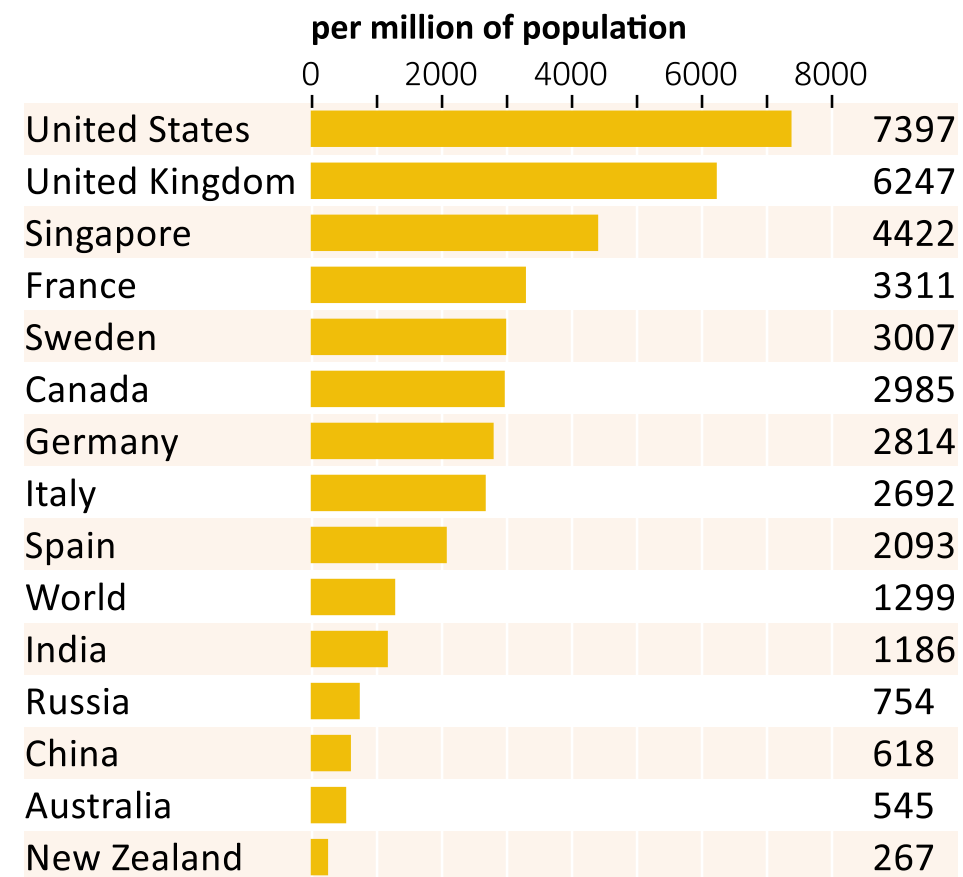
> Vaccination pace

Cumulative COVID-19 Vaccinations
Doses administered*, % of population
*some vaccines require 2 doses



Source: Macrobond, ASB

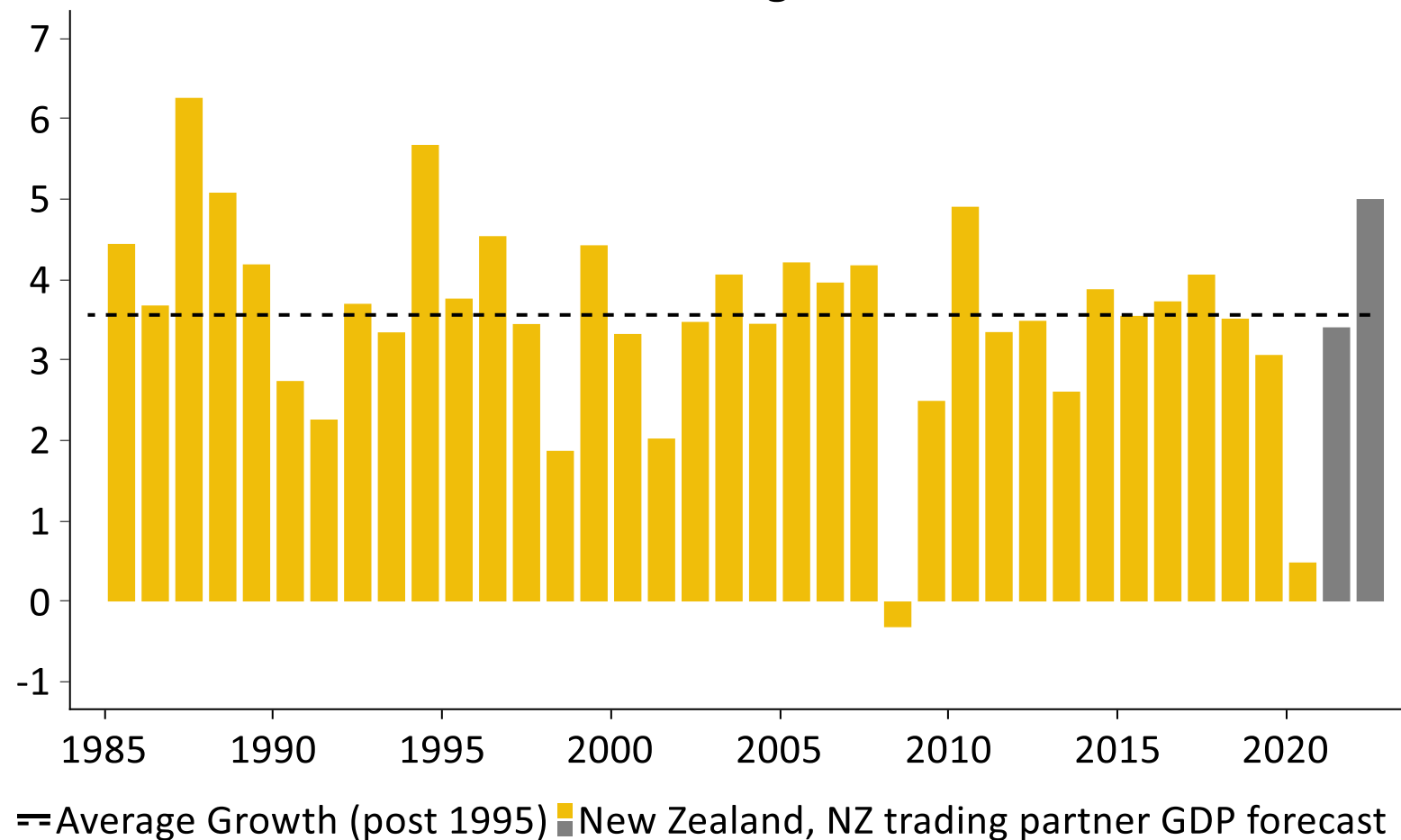
Daily COVID-19 Vaccination Rate*
per million of population
*some vaccines require 2 doses



Source: Macrobond, ASB

> Consensus Economics Forecasts

NZ Trading Partner GDP (top 16)
Annual Average Growth



Source: Macrobond, ASB

› China Retail Sales

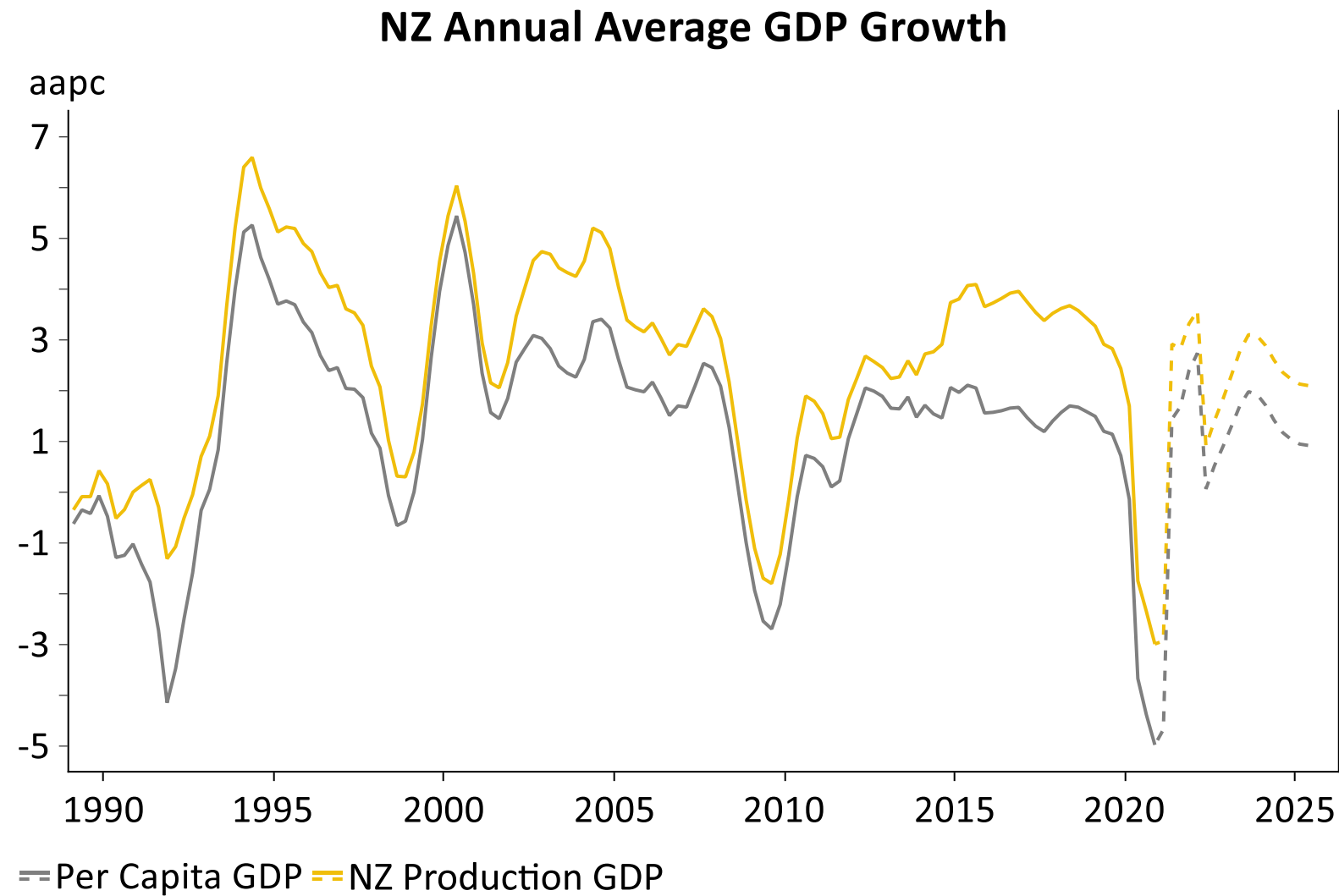


Source: Macrobond, ASB

› NZ's COVID journey

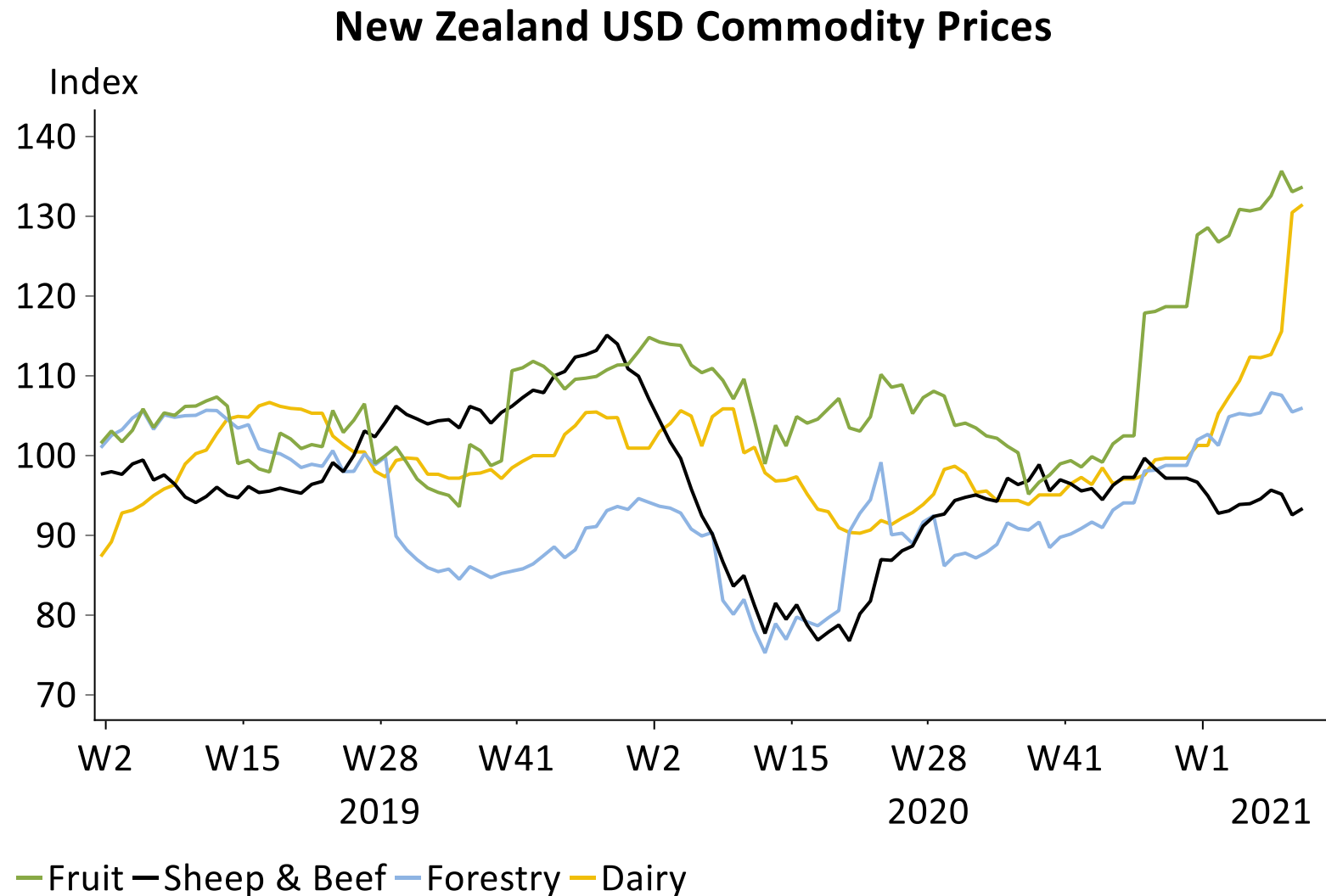


> NZ growth



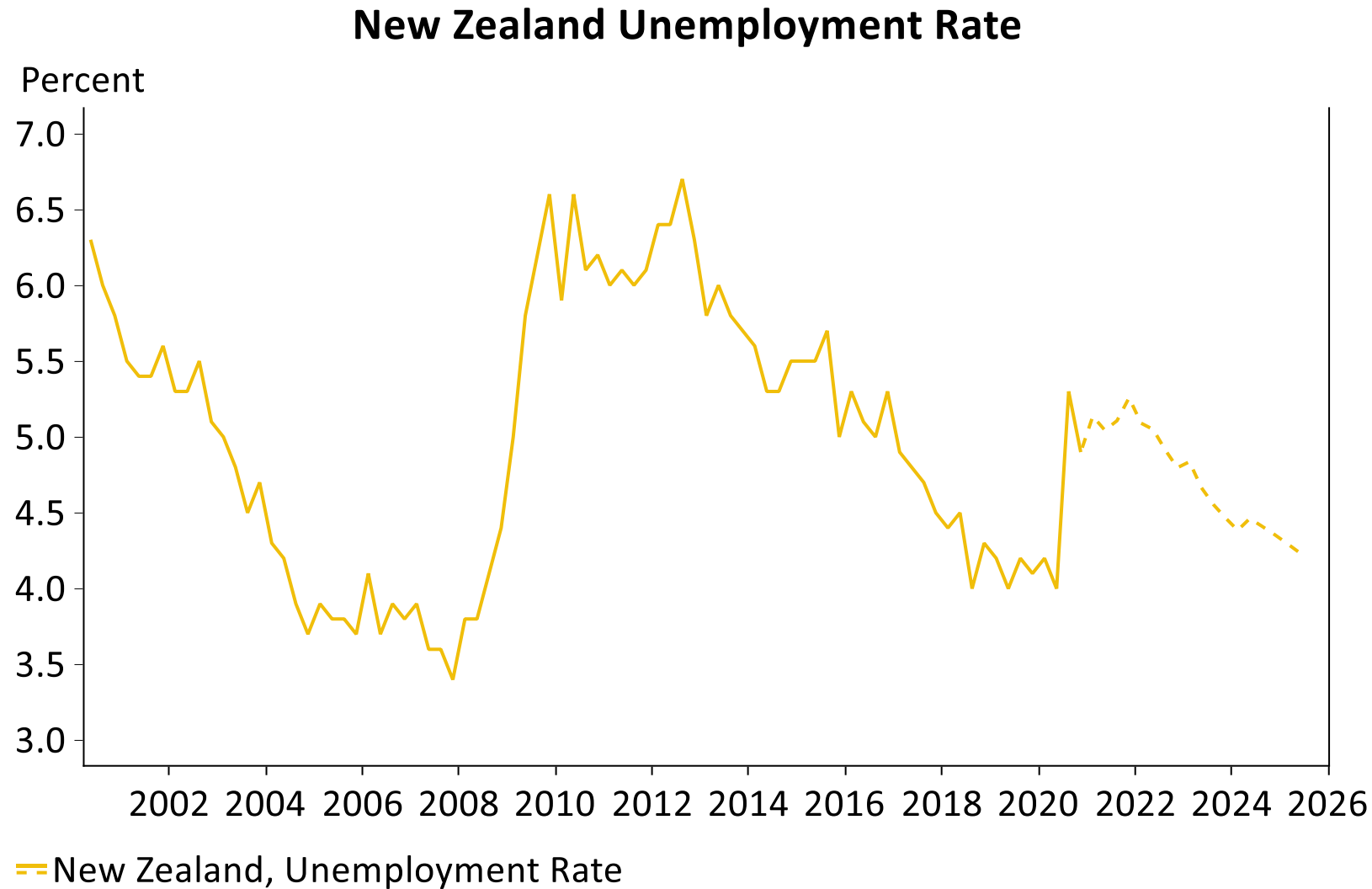
Source: Macrobond, ASB

› NZ commodity export prices resilient



Source: Macrobond, ASB

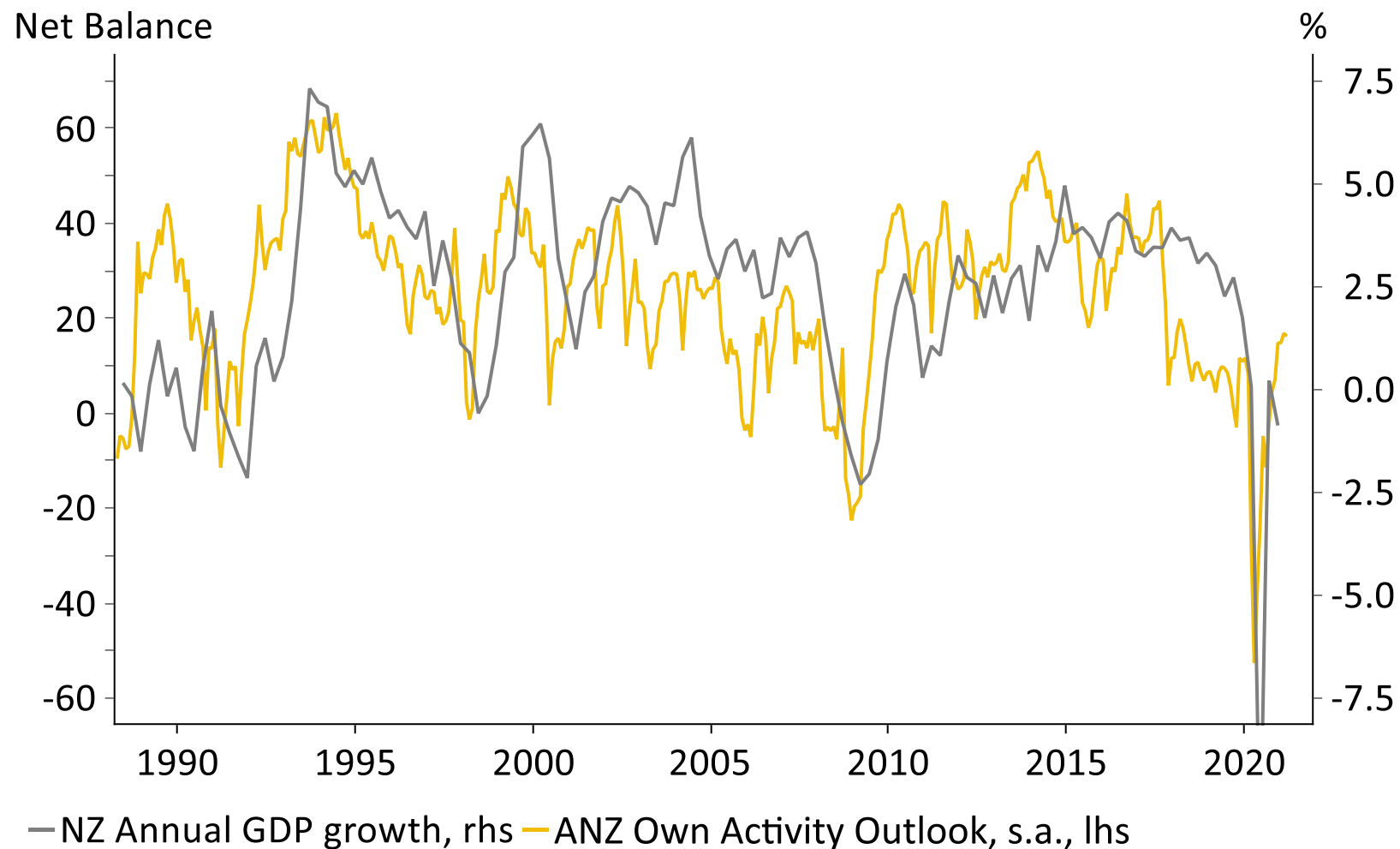
› Unemployment rate – relatively mild lift



Source: Macrobond, ASB

› NZ business confidence recovering

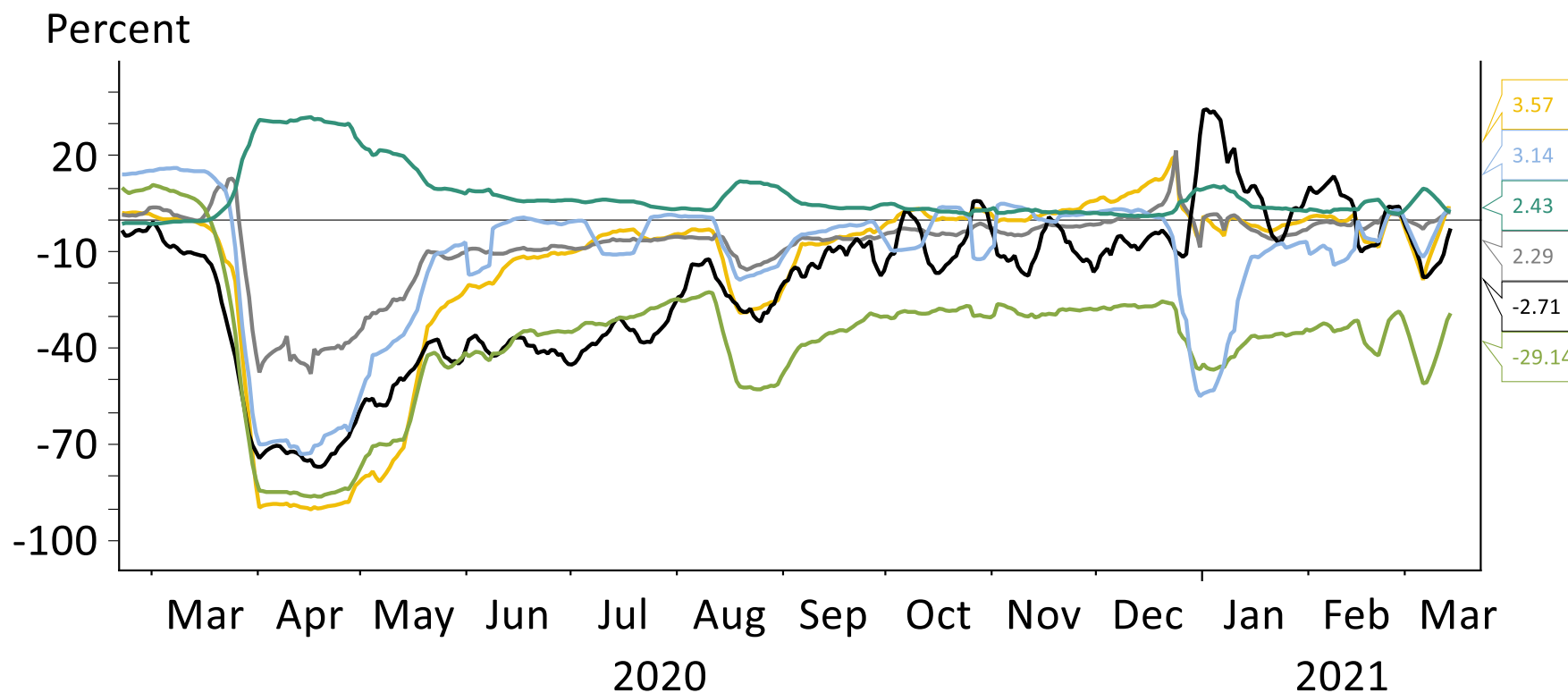
ANZ Own Activity and GDP growth



Source: Macrobond, ASB

> NZ movement

**NZ Google Maps Mobility
7-day Average - Compared to Baseline**

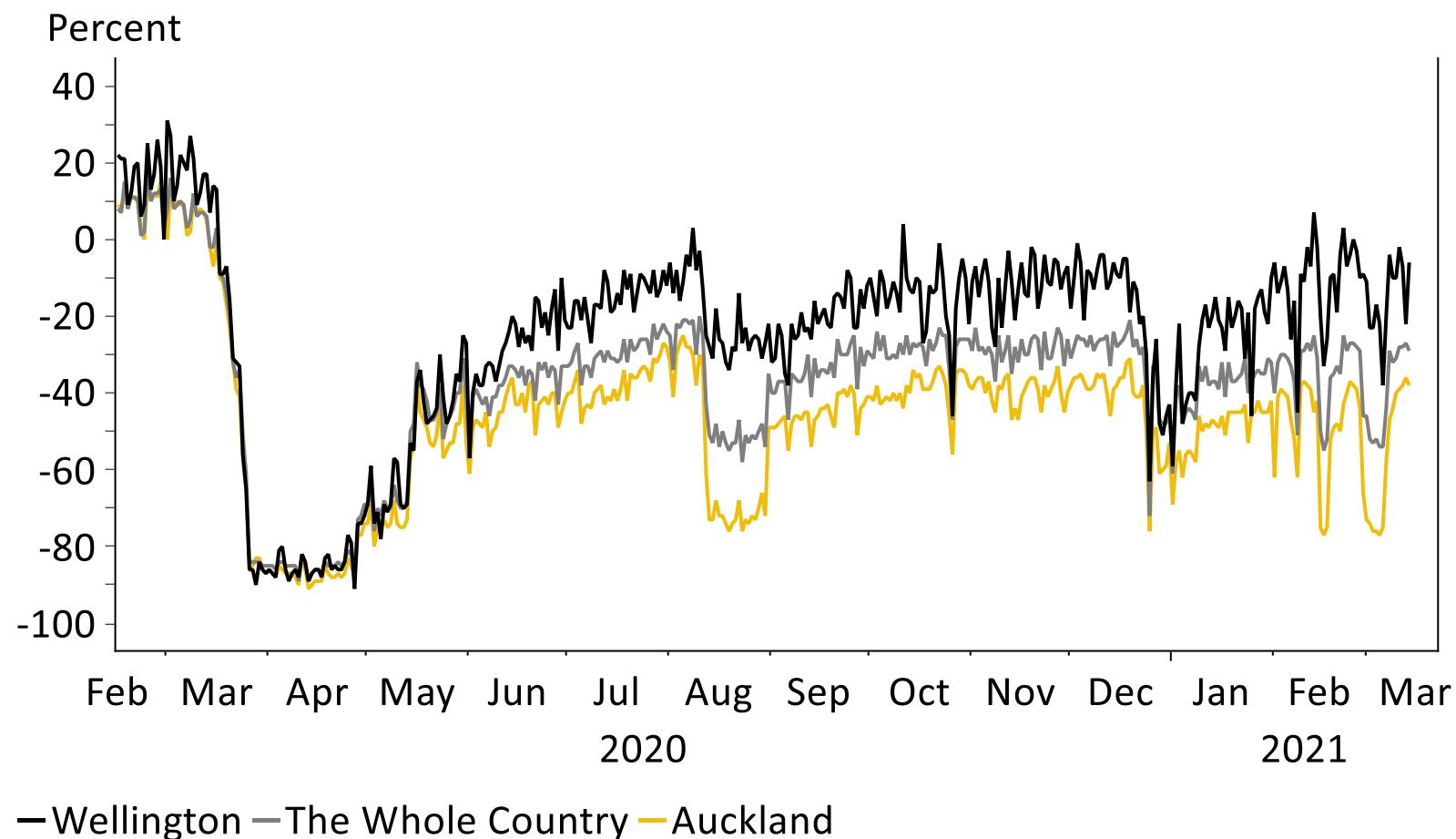


- Residential, Length of Stay — Workplaces, Total Visitors
- Transit Stations, Total Visitors — Parks, Total Visitors
- Grocery & Pharmacy, Total Visitors — Retail & Recreation, Total Visitors

Source: Macrobond, ASB

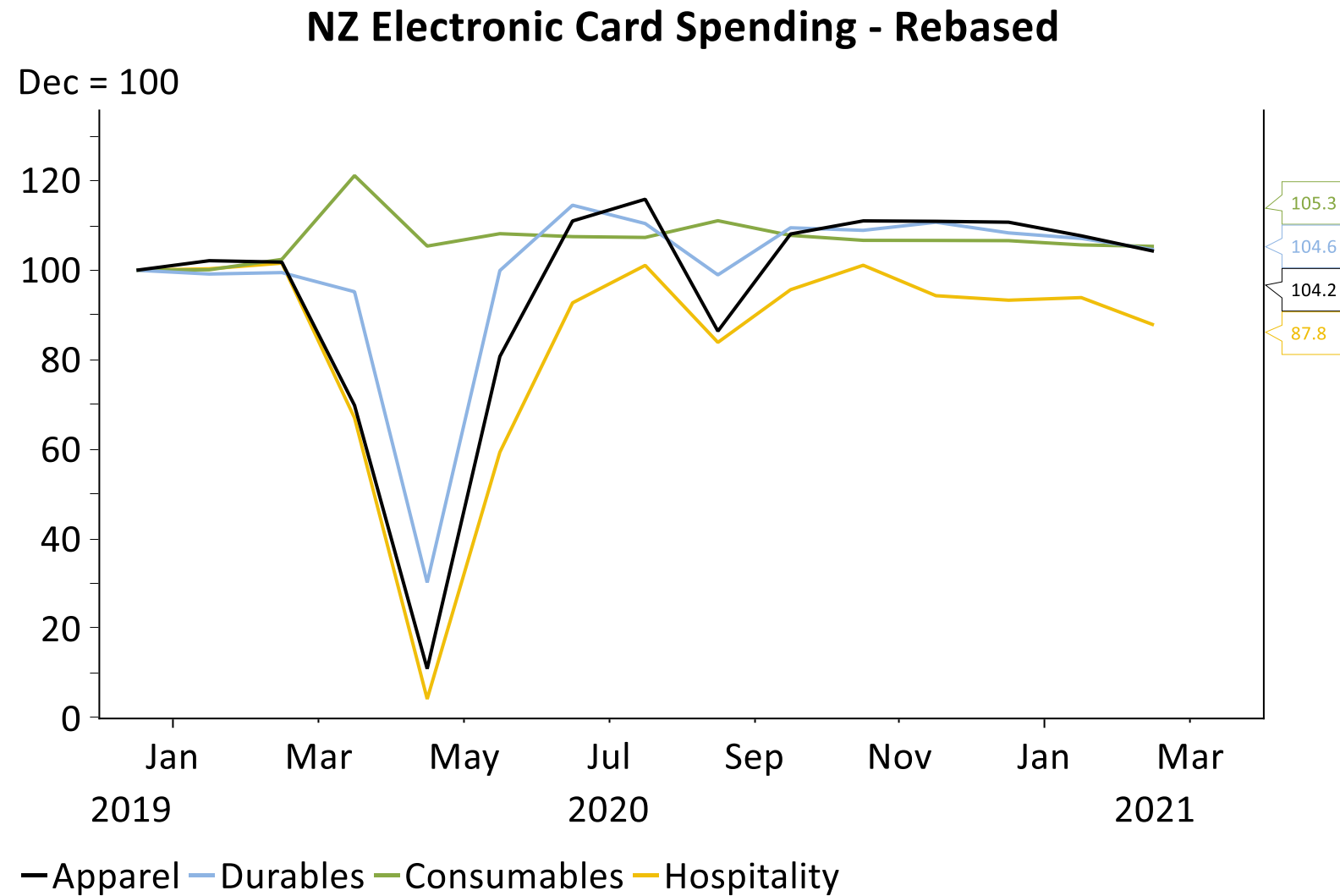
> Shunning the COVID Cruiser

NZ Google Maps Mobility Data, Transit Stations,
Length of Stay, Compared to Baseline



Source: Macrobond, ASB

› NZ retail spending

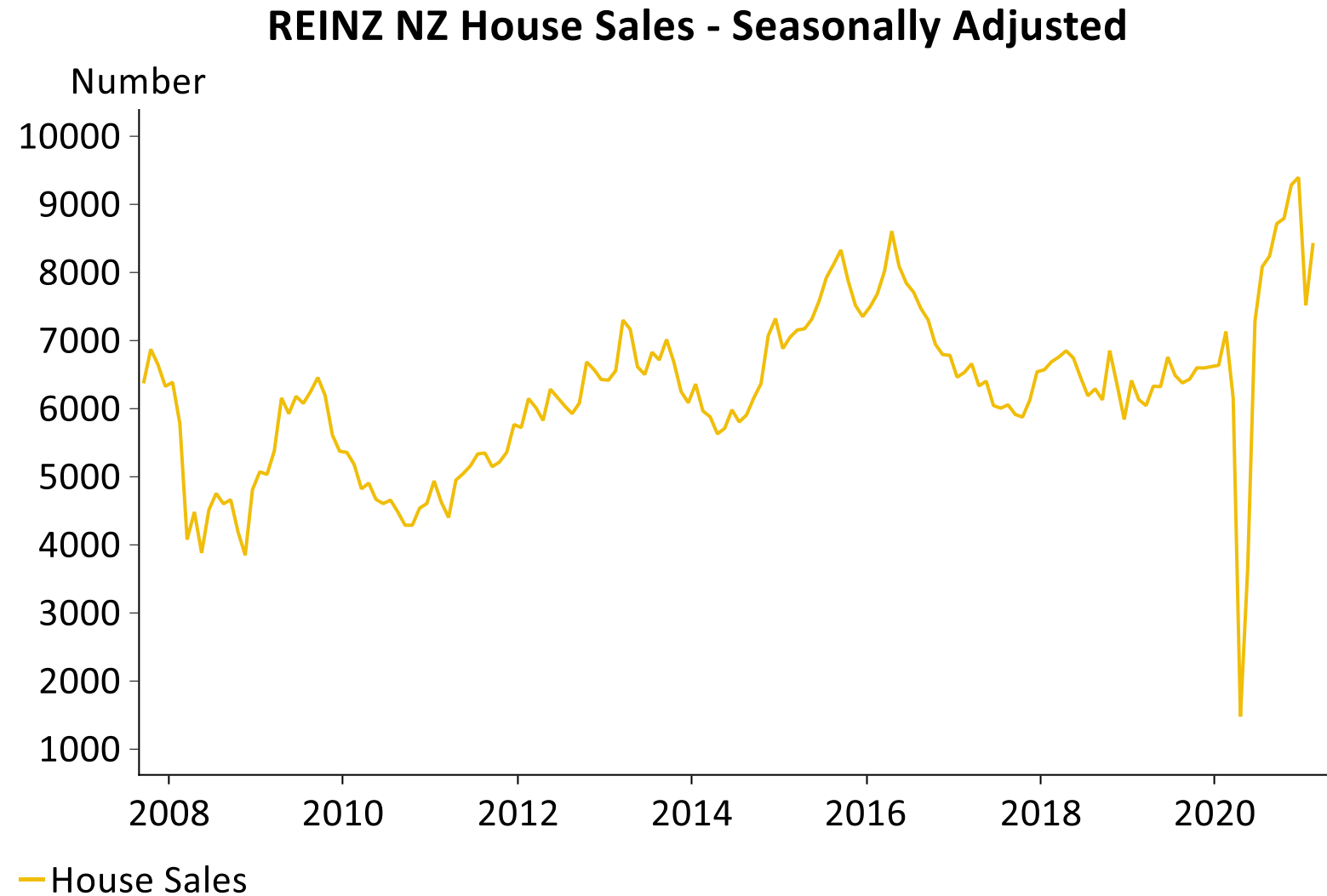


Source: Macrobond, ASB

› NZ housing

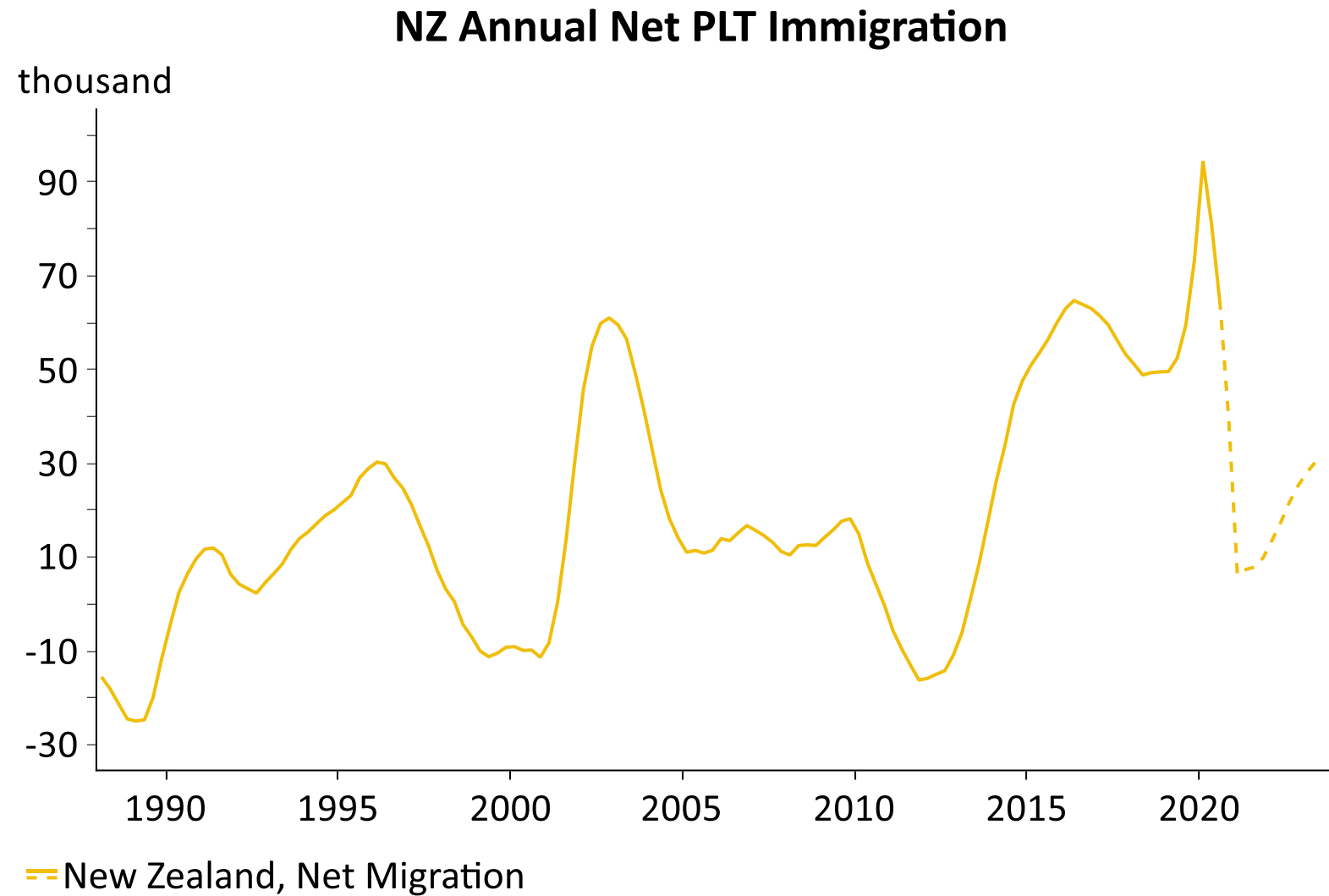


› NZ house sales: more than pent-up demand



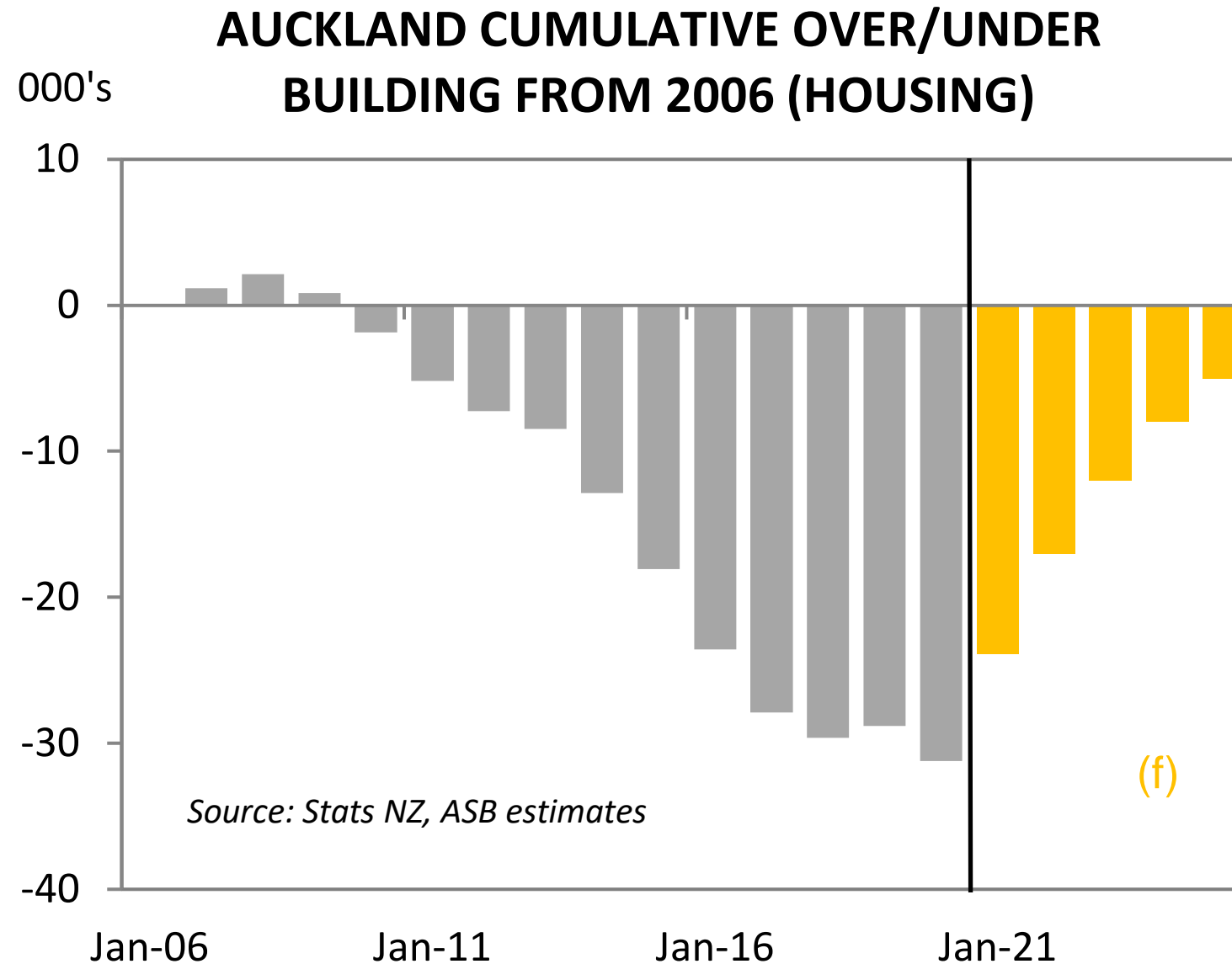
Source: Macrobond, ASB

› Net migration is falling



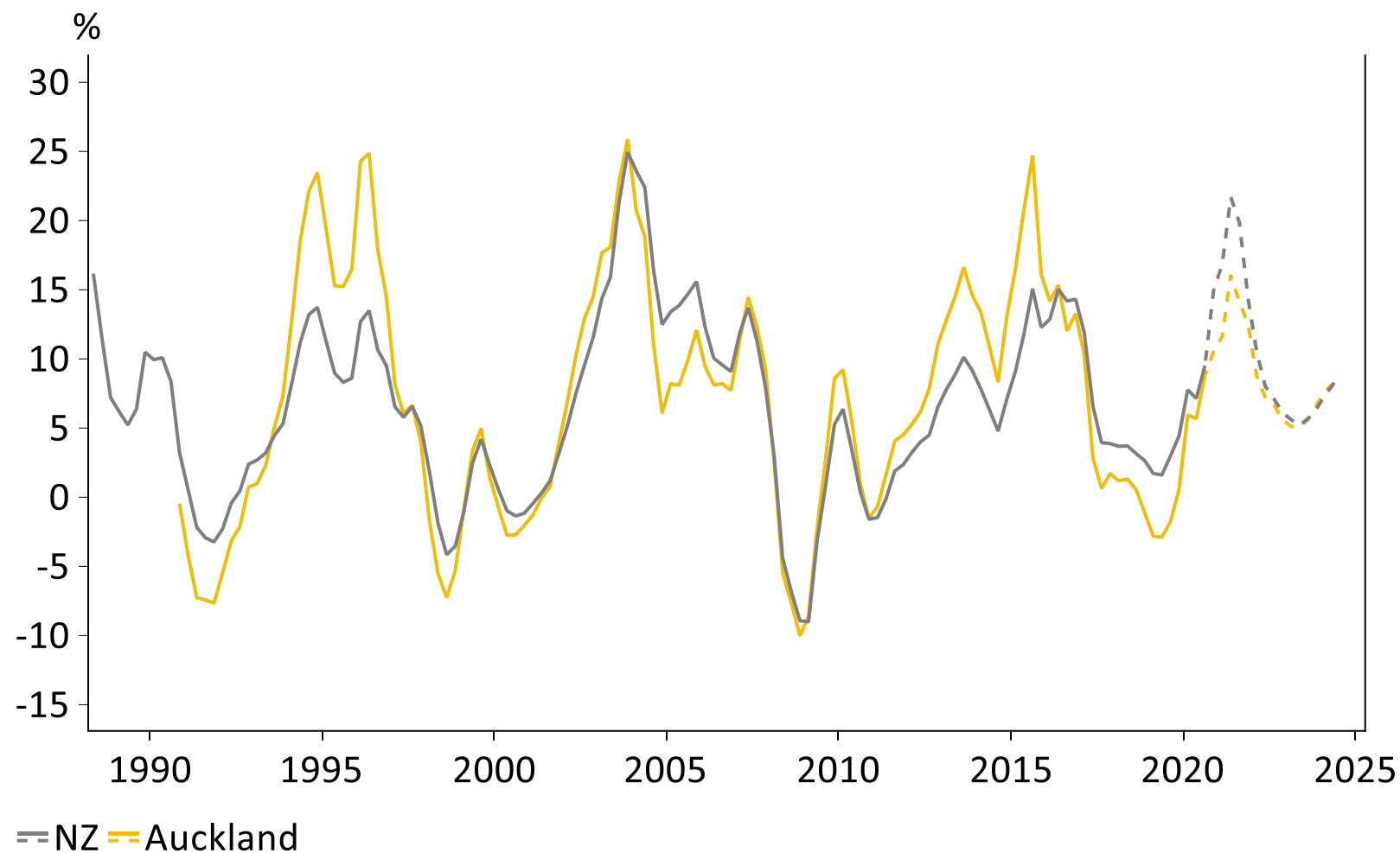
Source: Macrobond, ASB

> Auckland housing shortfall



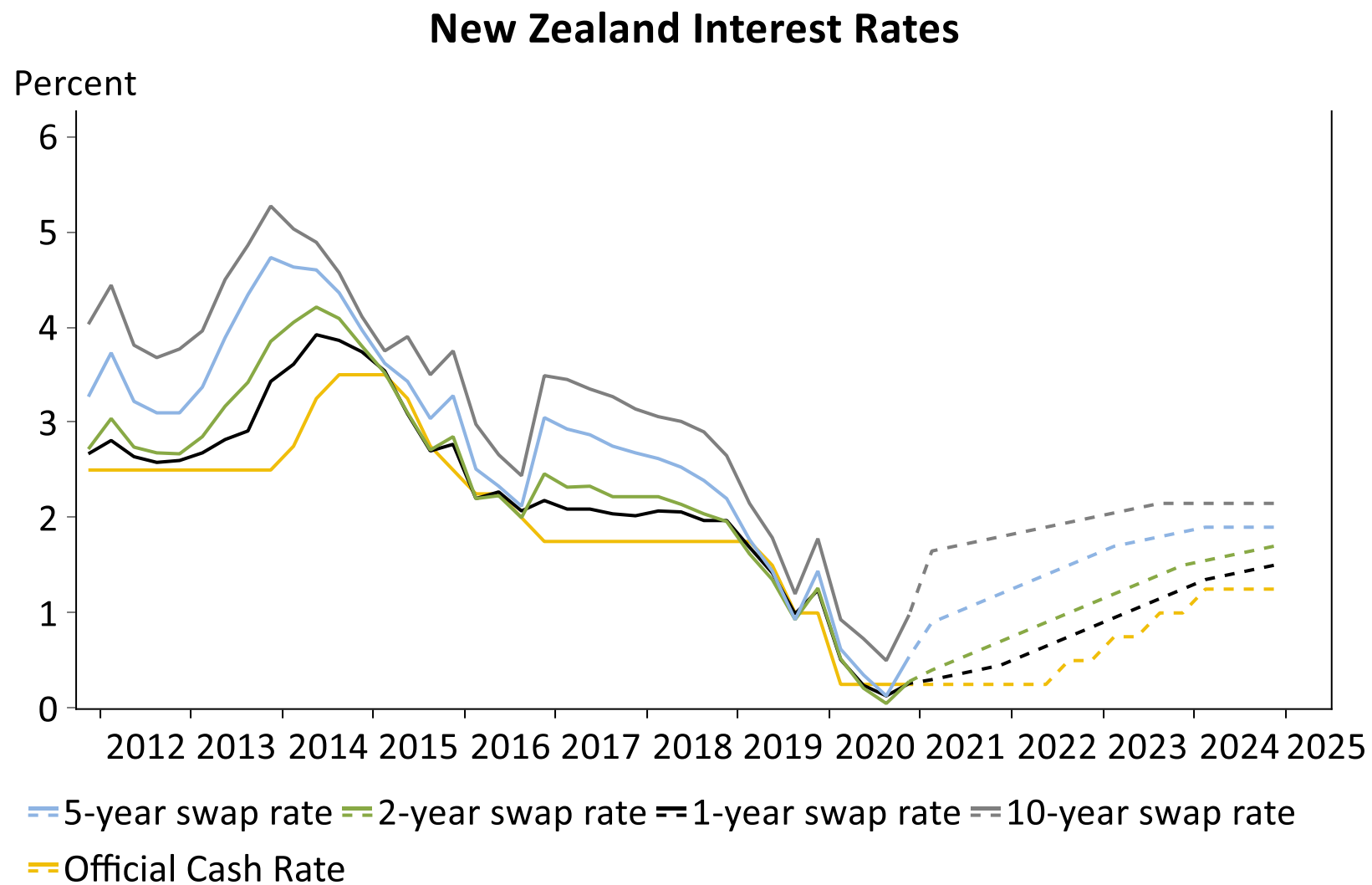
> Auckland house price growth

Auckland & NZ Annual House Price Inflation



Source: Macrobond, ASB

> Interest rates



Source: Macrobond, ASB

› Funding for Lending Programme

- › What is it?:
 - › Helping with the challenge of getting back funding costs down
 - › Direct lending to banks at OCR, for up to 3-year terms
 - › Funding equivalent to 4-6% of 'eligible' loans, ~\$28 billion
 - › Indirect channel to lower interest rates by encouraging banks to cut term deposit rates?
 - › Gradual impact – takes time for bank funding profile to change
- › What sectors?:
 - › Role of competition – could see impact spread around
 - › Build back better:
 - › E.g. environmental lens; FHB; housing development

› Summary

- › NZ bounced back very quickly from the March – June lockdown
- › Growth over 2021 will be modest:
 - › Potential capacity constraints in booming construction
 - › Tourism sector still suffering from lack of overseas revenue
- › 2022 will bring open borders, high degree of vaccination in developed world, less disruption from fighting COVID
- › Interest rates likely past their lows and already pricing in a ‘good’ global outcome. But will remain low (by past standards) for some time yet



» Thank you

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