

Equity Strategy

Recovery Heat Map; Another Sequential Step Up

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Our high frequency data heatmap has shown another step up as the economy continues to recover from the recent re-escalation of Alert Levels. The shift from Alert Level 3 to 2.5 in Auckland created a welcome boost to a number of indicators. The largest improvement came from retail spending, which was up +5% on the same week last year, both heavy and light vehicle traffic volumes also recovered much of the ground that was lost in the past few weeks. Domestic passenger flights to/from Auckland Airport (AIA) improved again. However, the number of people receiving the COVID-19 Income Relief Payment (CIRP) has fallen for the first time since its introduction as recipients are only entitled to up to 12 weeks of payments. Jobseeker recipients continue to climb.

Figure 1. Forsyth Barr COVID-19 recovery heat map

Week ending	27-Mar	03-Apr	10-Apr	17-Apr	24-Apr	01-May	08-May	15-May	22-May	29-May	05-Jun	12-Jun	19-Jun	26-Jun	03-Jul	10-Jul	17-Jul	24-Jul	31-Jul	07-Aug	14-Aug	21-Aug	28-Aug	04-Sep	11-Sep
Active COVID-19 cases	331	764	908	582	344	208	122	56	28	1	1	0	0	0	0	0	0	0	0	0	30	89	113	75	75
Alert Level	4	4	4	4	4	3	3	2	2	2	2	1	1	1	1	1	1	1	1	1	2.3*	2.3*	2.3*	2.2*	2.2*
Economic sentiment	-1.2	-1.0	-1.4	-1.3	-1.0	-1.0	-0.7	-0.9	-0.4	-0.7	-0.7	-0.7	-1.0	-0.8	-0.7	-0.6	-0.4	-0.5	-0.6	-0.4	-1.5	-1.2	-1.3	-1.3	
BBB credit spreads	284	303	280	256	240	226	211	198	189	179	178	173	166	144	147	144	144	143	136	134	137	135	133	128	
Wage subsidy paid (NZ\$bn)	3.8	5.4	8.9	10.1	10.5	10.6	10.8	10.9	10.9	11.0	11.0	11.2	11.9	12.3	12.7	12.9	13.0	13.0	13.1	13.1	13.2	13.4	13.7	13.9	
Jobseeker Support/CIRP	15%	23%	27%	34%	38%	41%	42%	42%	42%	43%	43%	43%	45%	48%	50%	51%	52%	53%	54%	54%	55%	56%	57%	54%	
Workplace visitation	-38%	-64%	-66%	-65%	-59%	-44%	-34%	-25%	-6%	-9%	-2%	0%	-1%	-2%	-10%	-10%	-8%	-3%	-9%	-10%	-23%	-22%	-19%	-15%	
Credit card spending	-27%	-57%	-58%	-57%	-56%	-45%	-40%	-14%	-1%	-1%	0%	1%	-1%	-2%	2%	2%	2%	1%	0%	1%	-3%	-18%	-17%	5%	
Electricity volumes	-1%	-12%	-13%	-11%	-5%	-7%	3%	4%	5%	6%	-2%	4%	-1%	-3%	4%	5%	4%	1%	1%	-4%	2%	-1%	2%	2%	
Heavy vehicle traffic	-29%	-60%	-62%	-61%	-47%	-37%	-22%	-9%	-4%	-4%	2%	0%	-2%	-11%	1%	-1%	2%	-1%	1%	4%	0%	-8%	-7%	3%	
Light vehicle traffic	-47%	-82%	-82%	-83%	-79%	-58%	-49%	-30%	-12%	-8%	2%	-4%	-4%	-11%	1%	3%	1%	1%	-1%	4%	-11%	-27%	-22%	-5%	
Domestic passenger flights	-18%	-81%	-99%	-99%	-99%	-98%	-98%	-95%	-81%	-71%	-59%	-57%	-57%	-57%	-53%	-34%	-33%	-36%	-40%	-38%	-41%	-78%	-92%	-59%	-46%
International arrivals	-99%	-100%	-100%	-99%	-99%	-99%	-99%	-99%	-99%	-99%	-99%	-99%	-98%	-99%	-98%	-99%	-99%	-100%	-99%	-99%	-98%	-99%	-98%	-99%	
Hotel occupancy	-67%	-64%	-71%	-74%	-64%	-64%	-65%	-66%	-64%	-50%	-39%	-43%	-33%	-30%	-26%	-16%	-16%	-16%	-30%	-26%	-40%			-36%	
Building consents	-80%	-31%	-56%	-55%	-11%	-30%	-31%	-19%	-13%	-23%	-40%	-25%	2%	-18%	-14%	-24%	-2%	-12%	-8%	-2%	-3%	-4%	5%	1%	

Source: Forsyth Barr analysis

NOTE: refer to page 2 of this report for more detail on each data series * weighted average Alert Level for New Zealand based on population

Spending up

Credit card spending data from Paymark shows a +5% increase against the same week last year, which is the highest increase in spending since the Alert Level restrictions were imposed in March. It is also a sharp step up on the previous week which was down -17% on the prior year. This spending boost will be in part due to pent up demand, as Auckland's Alert Level fall opened up non-essential retail stores for the first time in three weeks.

CIRP recipients decline

The number of COVID-19 Income Relief Payment (CIRP) recipients has declined this week for the first time since the introduction of the scheme due to recipients only being eligible for 12 weeks of support. The number of jobseeker recipients continued to rise, however, as many people will likely roll off the higher CIRP onto the jobseeker benefit. Stats NZ will release its next unemployment rate data on 4 November 2020.

Stock implications

The aged care sector, including Arvida (ARV; OUTPERFORM), Ryman (RYM; OUTPERFORM), Summerset (SUM; OUTPERFORM) and Oceania (OCA; NEUTRAL), will be benefiting from the end of Alert Level 3 in Auckland. The entrance into Alert Level 3 brought about material restrictions for the listed operators, predominately in the care segment with no prospective residents able to visit care facilities and reduced sales and construction activity for independent living units. The move to Alert Level 2.5 in Auckland resulted in minimal change but the potential move to Alert Level 2 will further ease sales and construction activity pressures, particularly for the care segment.

The Forsyth Barr COVID-19 recovery heat map

The 15 different data series provided in our heat map come from a variety of different sources as summarised in Figure 2.

Figure 2. Summary of heat map data series

Data point	Source	Data provided
Domestic COVID-19 cases	Ministry of Health	Active COVID-19 cases as at reported day, excluding cases that originated in border quarantine
Alert Level	Ministry of Health	Weighted average of Alert Level by population distribution
Economic sentiment	The GDELT Project	Weekly index of New Zealand economic sentiment
BBB credit spreads	Bloomberg	Average of weekly BBB credit spreads
Wage subsidy paid (NZ\$bn)	Ministry of Social Development	Total amount of government wage subsidy and wage subsidy extension paid
Jobseeker Support and CIRP recipients	Ministry of Social Development	Weekly number of Jobseeker support recipients vs prior year plus COVID-19 Income Relief Payment (CIRP) recipients
Workplace visitation	Google	Average weekly workplace mobility compared to the baseline period of 3 Jan to 6 Feb 2020
Credit card spending	Paymark	Weekly credit card spend against prior year
Electricity volumes	NZX Energy	Weekly electricity demand vs prior year
Heavy vehicle traffic	NZTA	Weekly heavy vehicle traffic against the prior year
Light vehicle traffic	NZTA	Weekly light vehicle traffic vs prior year
Domestic passenger flights	FlightAware	Weekly Air New Zealand and Jetstar domestic flights arriving at Auckland Airport vs pre COVID-19 weekly average
International arrivals	Stats NZ	Weekly arrivals of non-New Zealand passport holders coming into New Zealand against the prior year
Hotel occupancy	STR	Weekly New Zealand hotel occupancy vs prior year
Building consents	Auckland Council	Weekly Auckland building consents vs an average week from pre COVID-19 levels

Source: Forsyth Barr analysis

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