

Equity Strategy

Recovery Heat Map; On the Road Again

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Our COVID-19 domestic recovery heat map shows that the lead in to the school holidays has had a positive impact on a number of indicators, including an uplift in domestic passenger flights following a hiatus of three weeks and another improvement in hotel occupancy. Light and heavy vehicle traffic volumes bounced back after an anomalous data set in the prior week. It is fitting that electricity volumes were positive last week in light of the Tiwai closure announcement. In contrast, there has been another increase in Jobseeker/COVID-19 Income Relief Payment recipients, and workplace visitation declined sharply, perhaps a function of early school holiday departures.

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
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
BBB credit spreads	284	303	280	256	240	226	211	198	189	179	178	173	166	144	147
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	12.8	13.5	14.3
Jobseeker Support/CIRP	15%	23%	27%	34%	38%	41%	42%	42%	42%	43%	43%	43%	45%	48%	50%
Workplace visitation	-38%	-64%	-66%	-65%	-59%	-44%	-34%	-25%	-6%	-9%	-2%	0%	-1%	-2%	-10%
Credit card spending	-27%	-57%	-58%	-57%	-56%	-45%	-40%	-14%	-1%	-1%	0%	1%	-1%	-2%	2%
Electricity volumes	-1%	-12%	-13%	-11%	-5%	-7%	3%	4%	5%	6%	-2%	4%	-1%	-3%	4%
Heavy vehicle traffic	-29%	-60%	-62%	-61%	-47%	-37%	-22%	-9%	-4%	-4%	2%	0%	-2%	-11%	1%
Light vehicle traffic	-47%	-82%	-82%	-83%	-79%	-58%	-49%	-30%	-12%	-8%	2%	-4%	-4%	-12%	1%
Domestic passenger flights	-18%	-81%	-99%	-99%	-99%	-98%	-98%	-95%	-81%	-71%	-59%	-57%	-57%	-57%	-53%
International arrivals	-99%	-100%	-100%	-99%	-99%	-99%	-99%	-99%	-99%	-99%	-99%	-99%	-98%	-99%	-98%
Hotel occupancy	-67%	-64%	-71%	-74%	-64%	-64%	-65%	-66%	-64%	-50%	-39%	-43%	-33%	-30%	-26%
Building consents	-80%	-33%	-57%	-56%	-9%	-32%	-33%	-21%	-16%	-26%	-46%	-28%	2%	-20%	-16%

Source: Forsyth Barr analysis NOTE: refer to page 2 of this report for more detail on each data series

Credit card spending

Credit card spending ticked-up last week, reaching its highest year on year growth since the start of Alert Level 4, +2% above the same week last year. This is also the first week that retail spending (excluding grocery) was up on the prior period since COVID-19 Alert Levels began. Grocery spending remains elevated, up +8% on the same week in 2019. Consumer spending remains heavily influenced by COVID-19 'nesting' behaviours with furniture and home appliances topping year on year growth categories. Sports and camping gear are also experiencing strong growth. E-commerce activity remains elevated with domestic retailers taking share from international.

Traffic recovers following prior week's dip

Traffic was back above pre COVID-19 levels last week, following a sharp unexplained decline in the week prior. We recognise the data can be volatile from week to week and therefore trends are more important than individual weekly data points. At odds with traffic data is the decline in workplace visitation to its worst level since Alert Level 3. This may reflect early departures for school holidays. Heavy vehicle traffic appears stable.

Stock implications

The increased credit card spending and hotel occupancy are supportive to improved consumer sentiment and spending this week. Listed beneficiaries include Skycity's (SKC) New Zealand properties and Kathmandu's (KMD) New Zealand stores, both companies are currently rated OUTPERFORM.

The Forsyth Barr COVID-19 recovery heat map

The 14 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
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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