



Solid. Uneven. Stellar.

Trade Me Jobs Economic Update 2021

Wellington, Christchurch, Auckland

9, 15, 18 June 2021

**Solid.
Uneven.
Stellar.**

Economy is resilient:

- Local Covid response excellent.
- Global response slow & uneven.

Global economy harder hit.

Supply disruptions to continue.

Uneven impact on society.

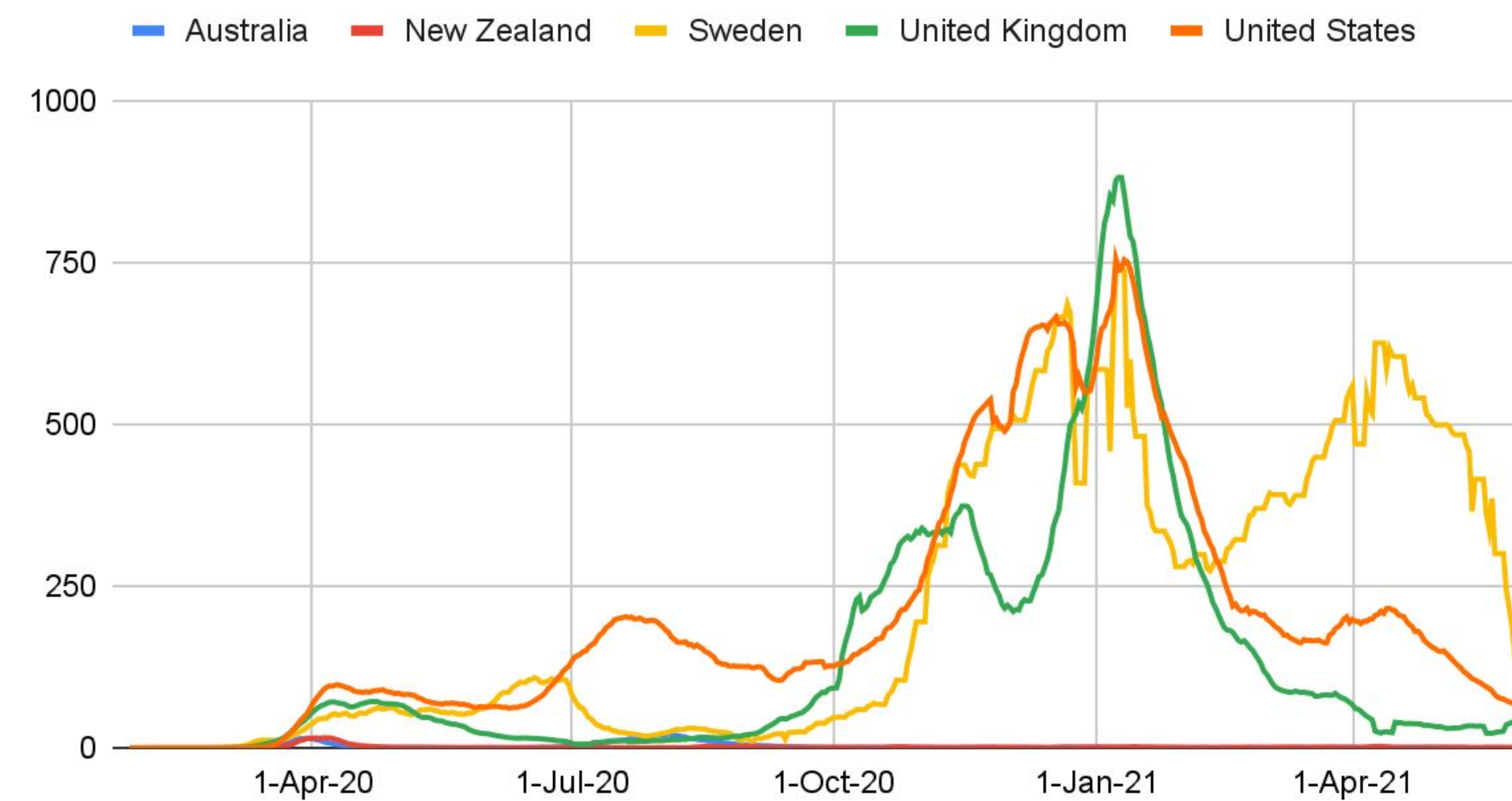
Massive stimulus to continue.

A tight but positive 2021 for recruitment.

Stellar Covid response to date

Covid cases under control

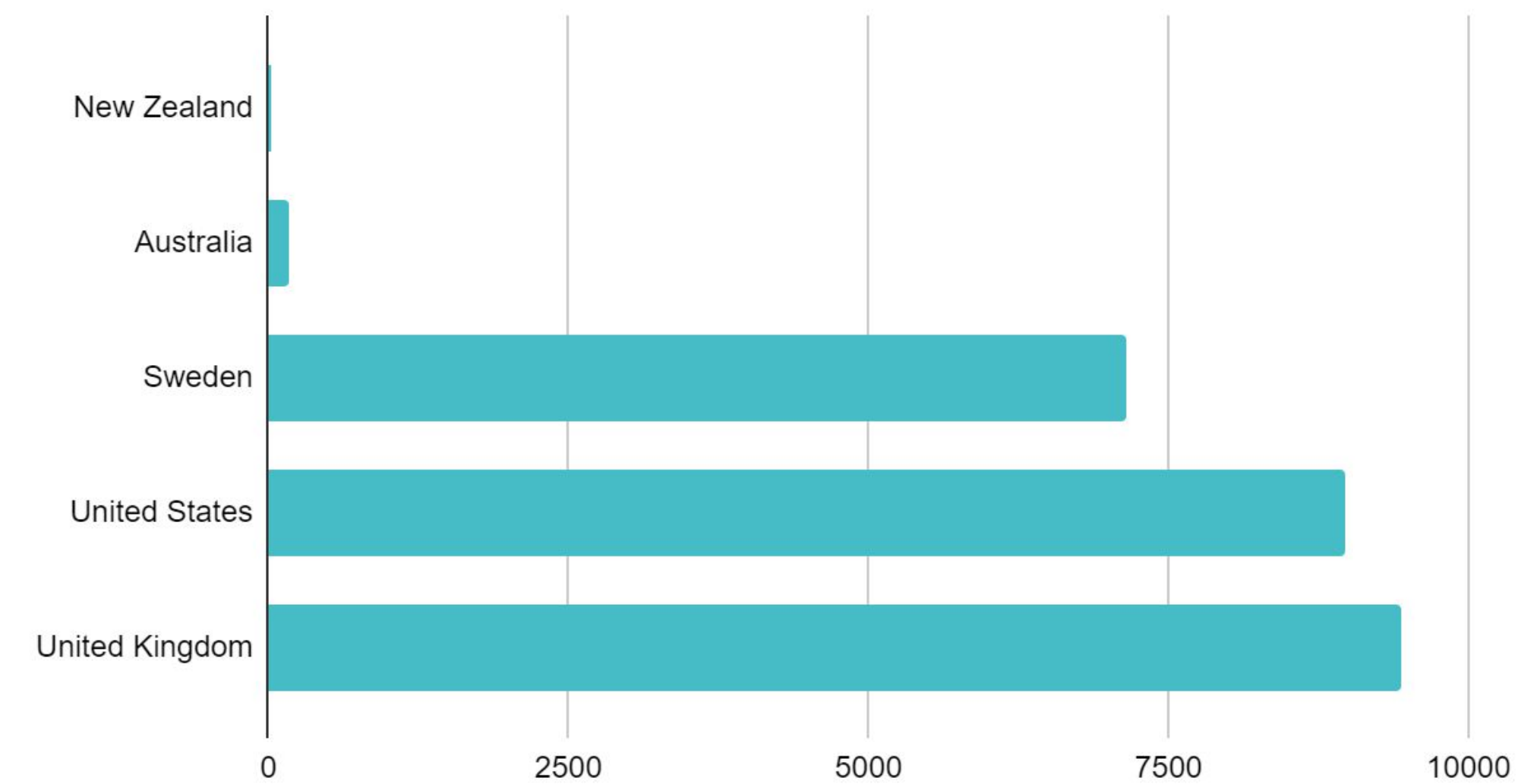
Covid Cases Per Million



Source: Our World in Data, Sense Partners

Fewer people killed

Deaths per 5 million vs.

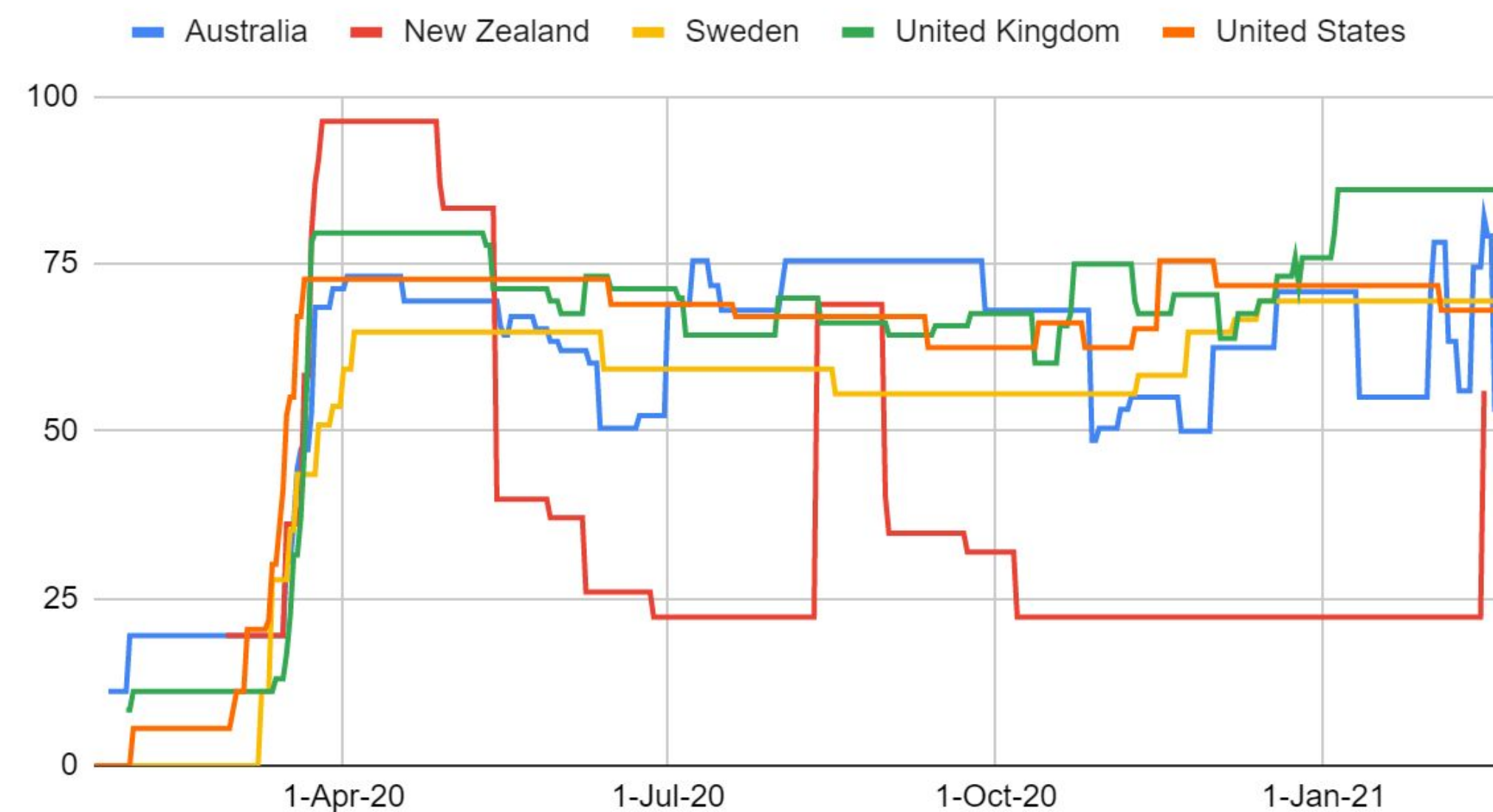


Source: Our World in Data, Sense Partners

Our Covid response was short & sharp

We had sharp & effective restrictions

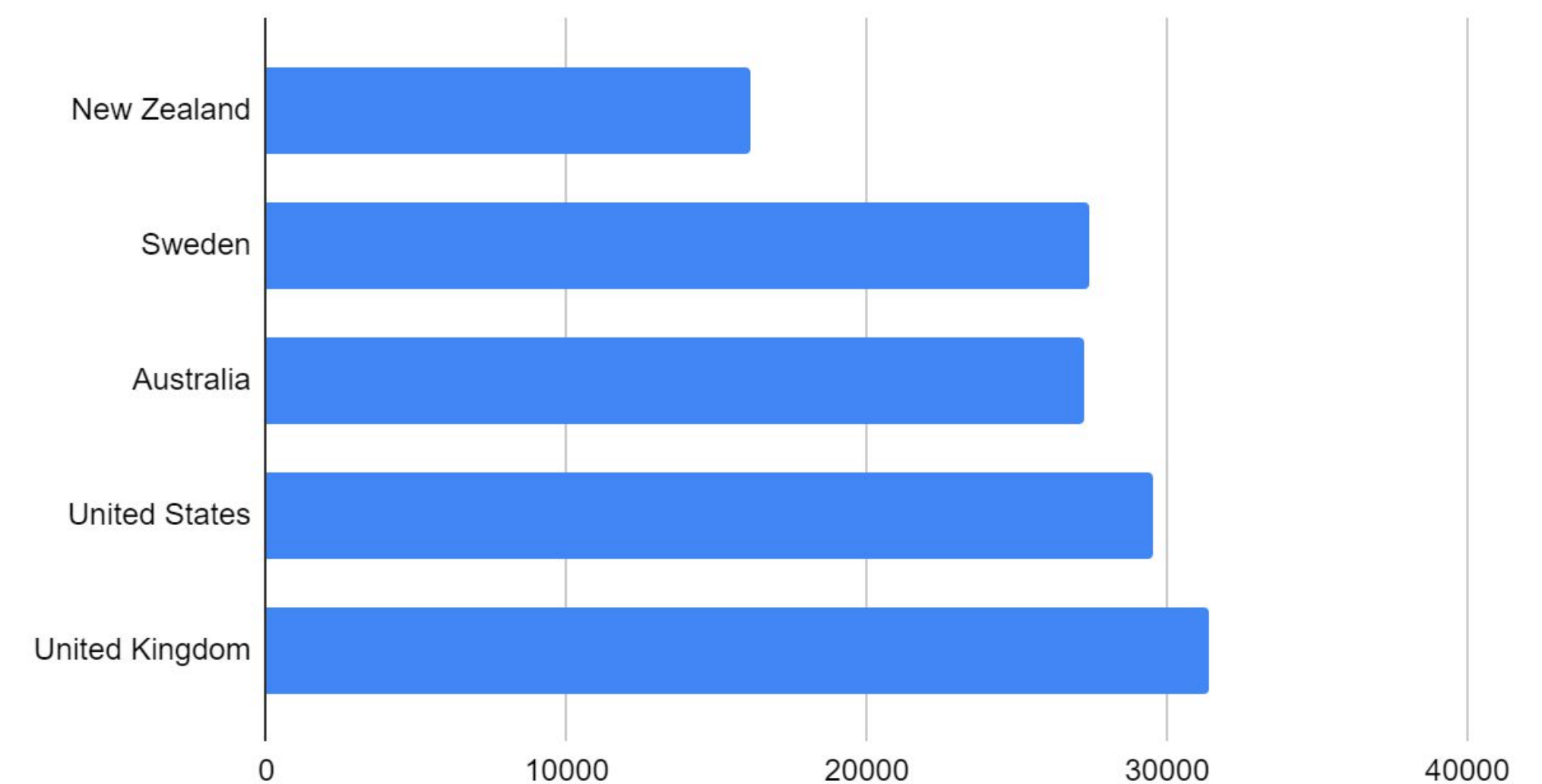
OxCGRT Covid Stringency Index



Source: Our World in Data, Sense Partners

Cumulatively, we enjoyed more freedom

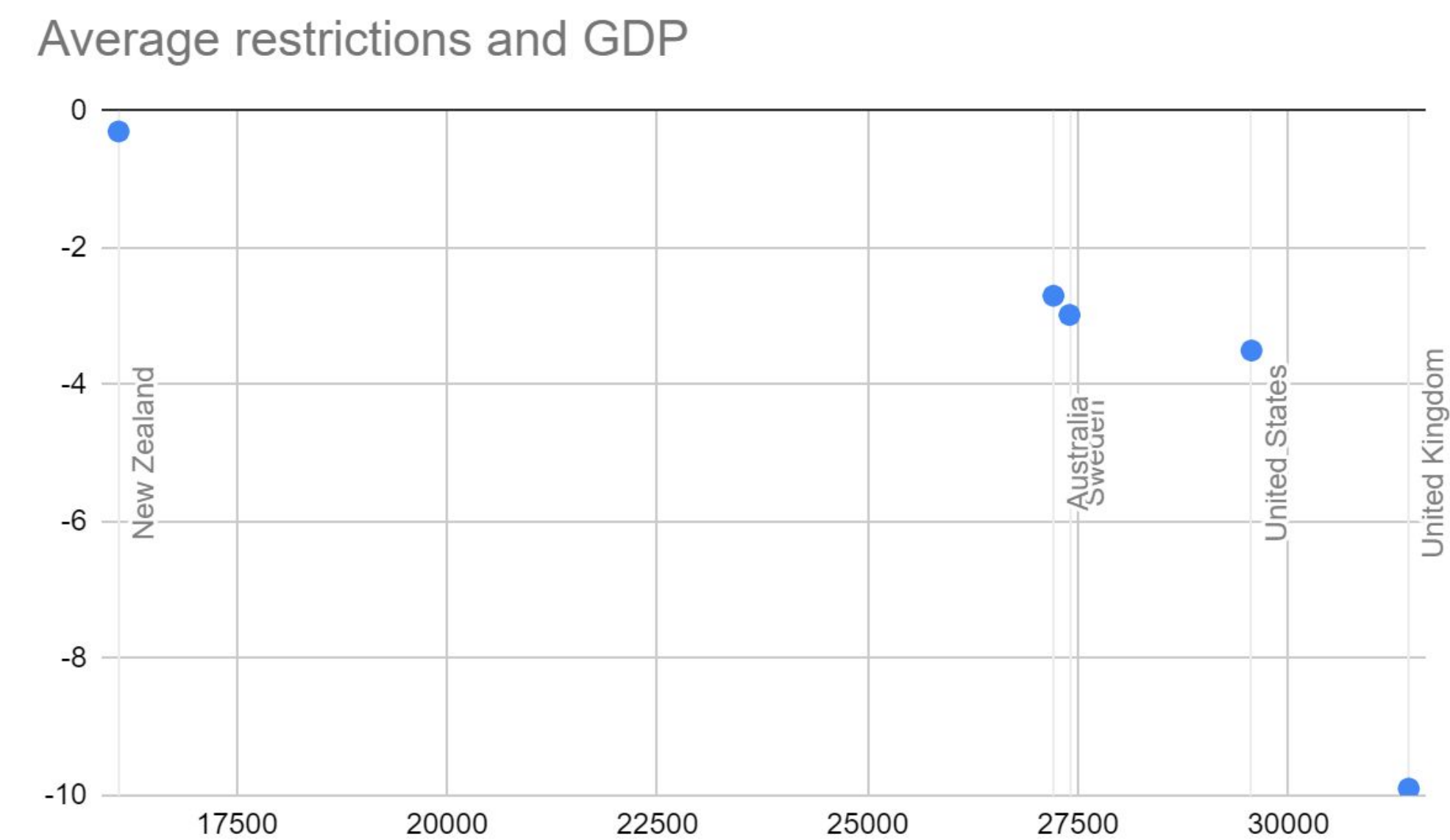
Covid Restrictions to Date



Source: Our World in Data, Sense Partners

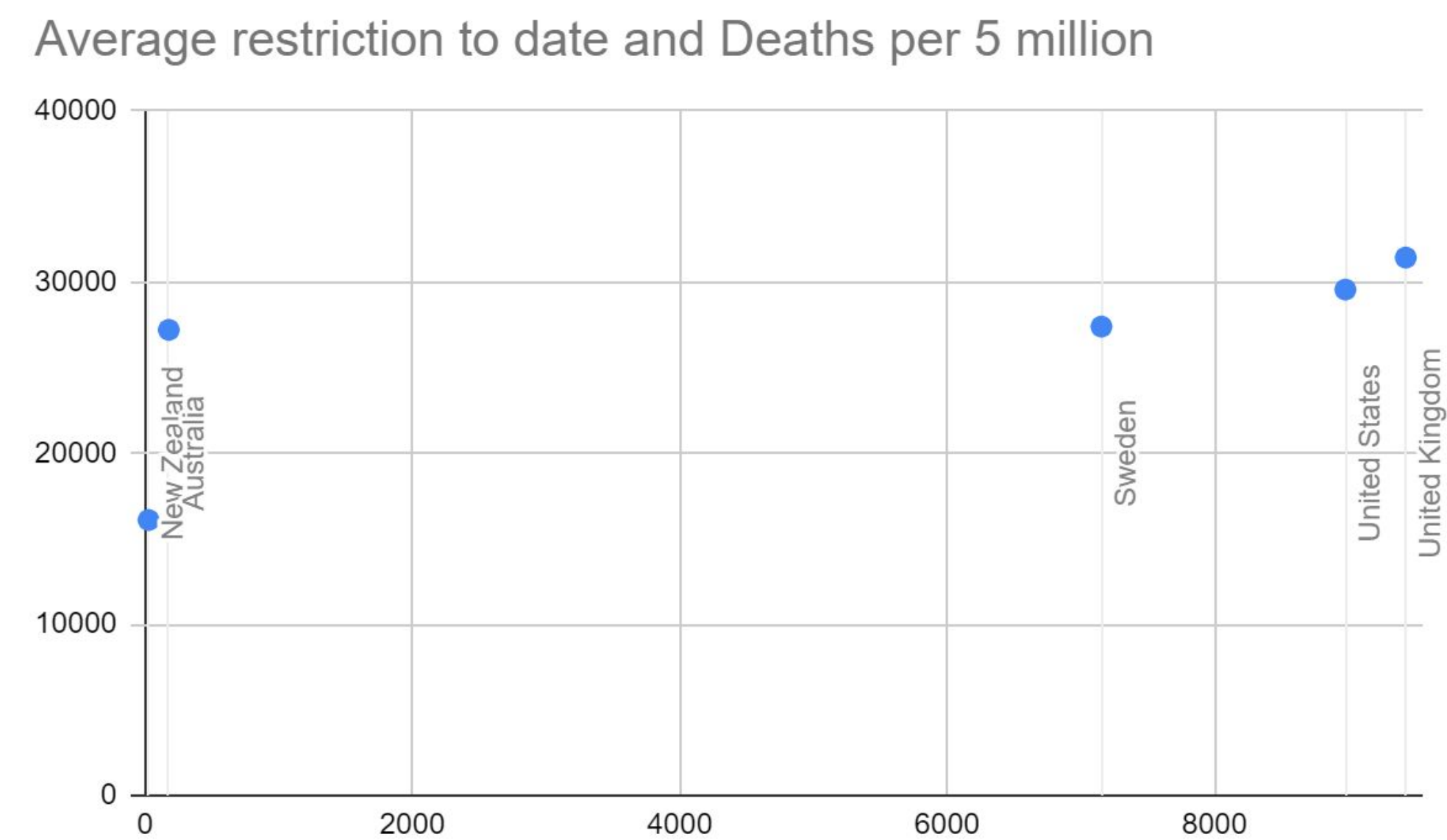
Economy fared better on more freedom

Economy was able to reopen



Source: Our World in Data, St Louis Fed, ABS, ONS, Statistics NZ, Sense Partners

Lives and livelihoods

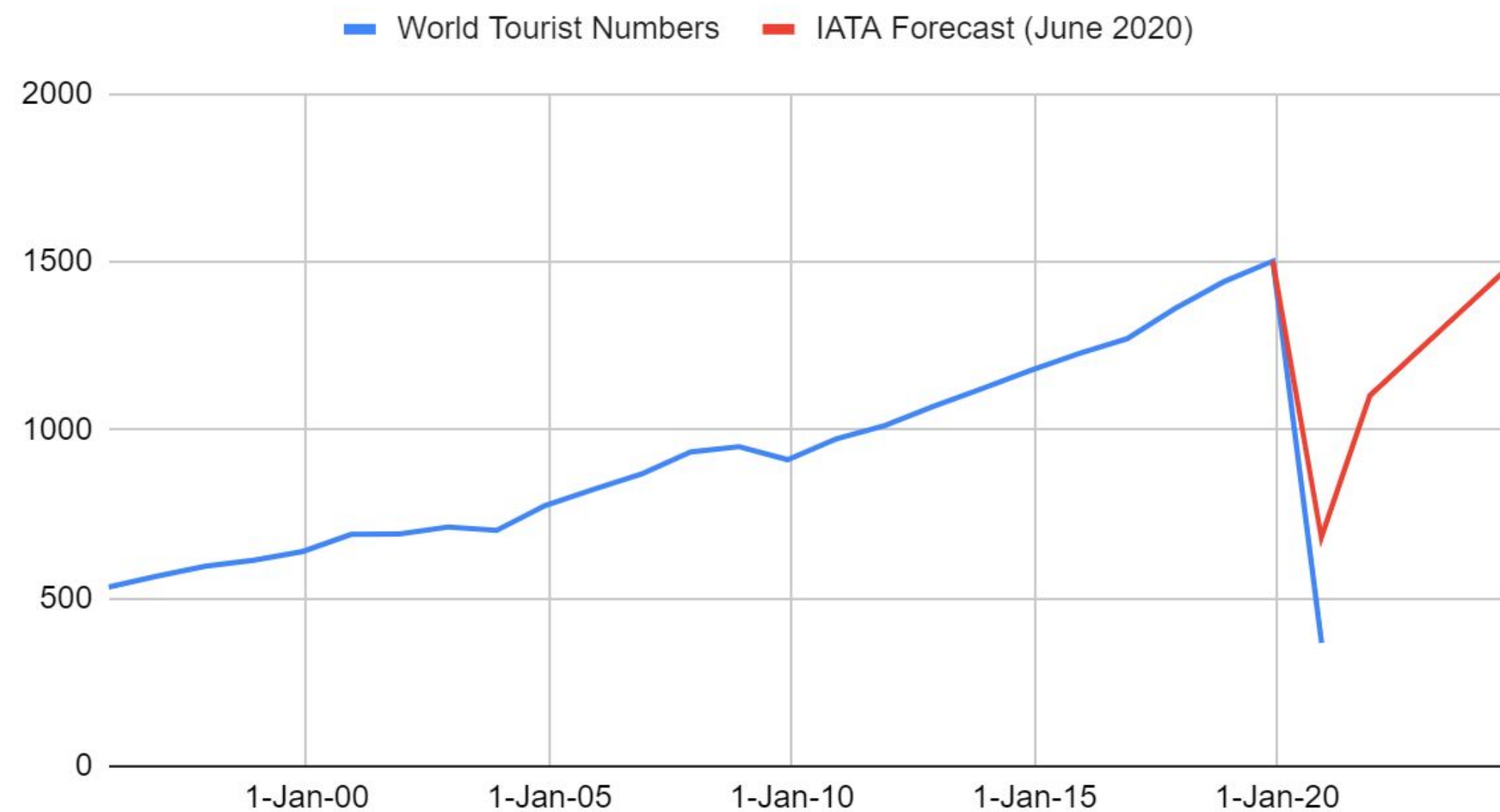


Source: Our World in Data, St Louis Fed, ABS, ONS, Statistics NZ, Sense Partners

A lot of disruption still ahead

Tourism has slumped

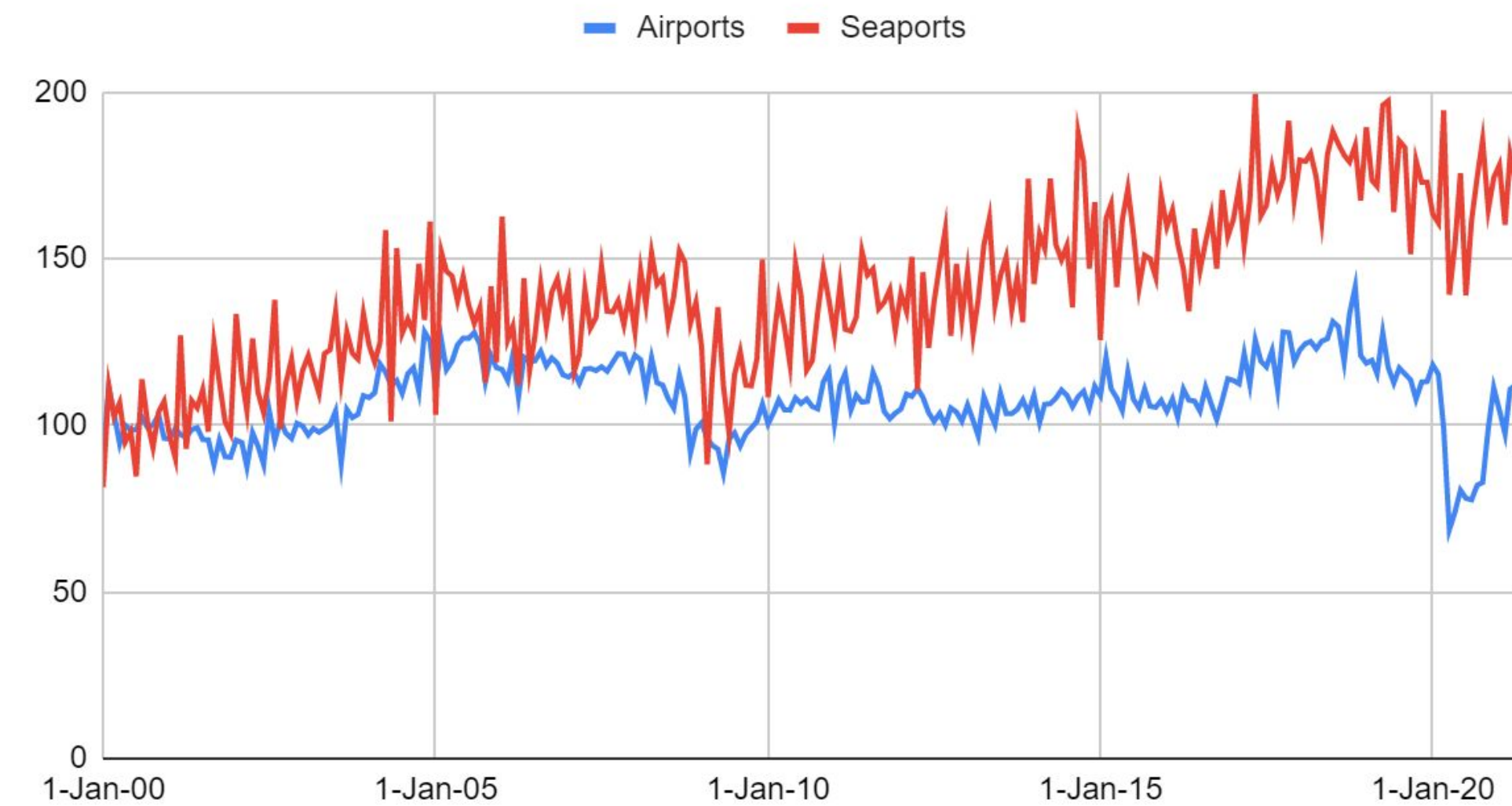
Global Tourism (millions)



Source: World Bank, IATA, Sense Partners

Supply chain disruptions

NZ Imports: Airports and Seaports

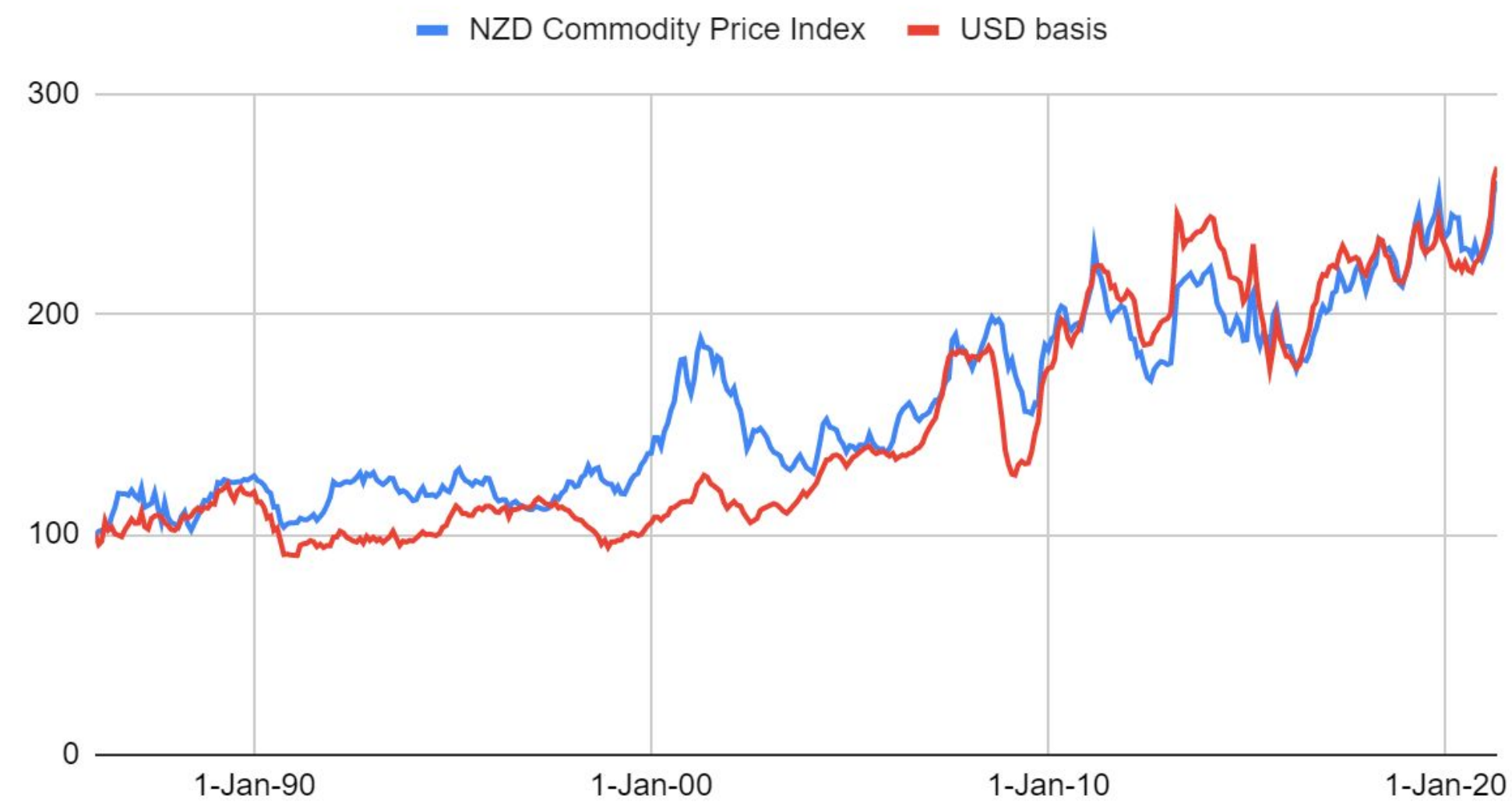


Source: Statistics NZ, Sense Partners

Although exports resilient

Prices holding up near record highs

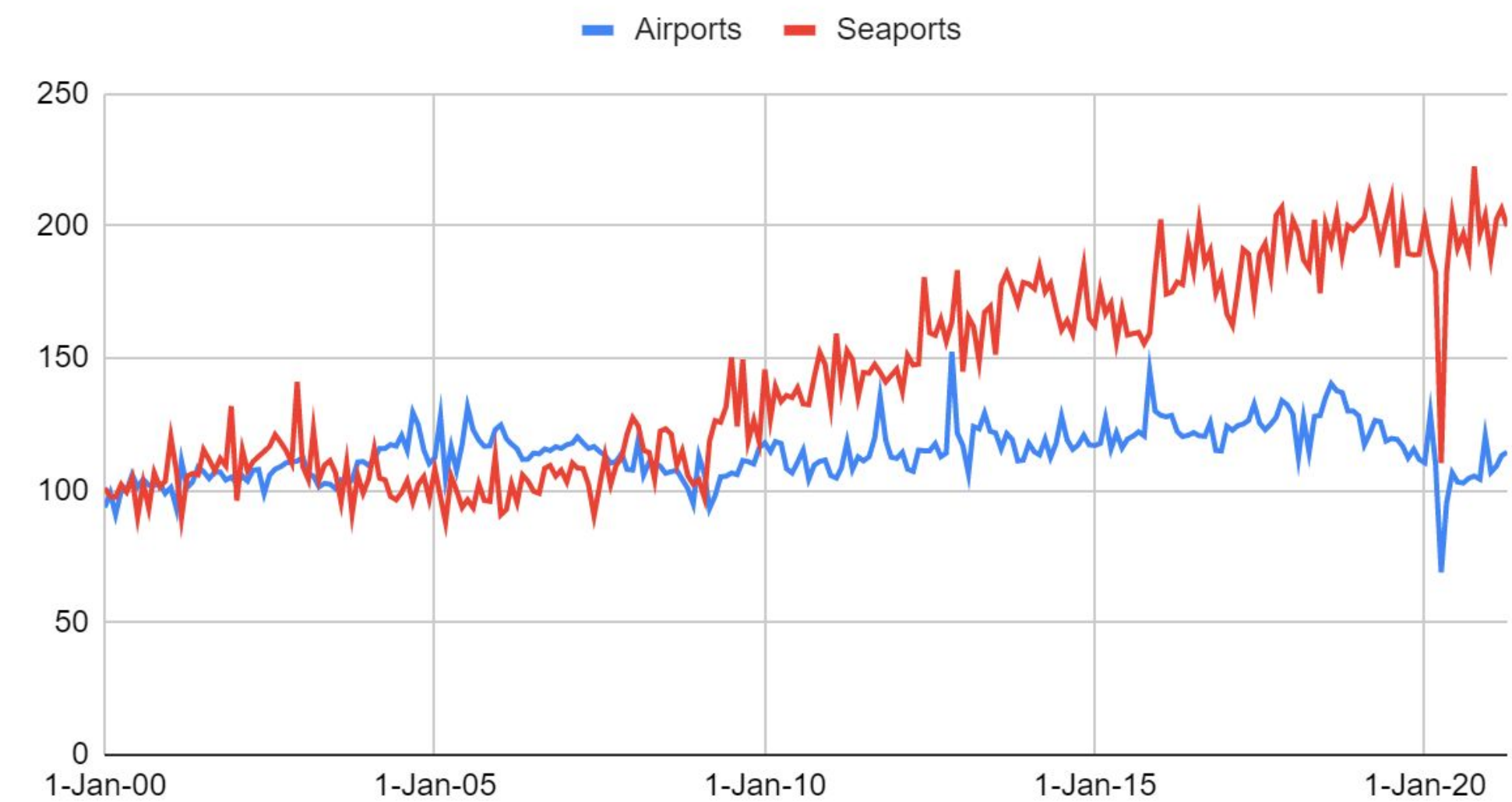
ANZ Commodity Price Index



Source: ANZ Bank

Volumes solid, but disrupted

NZ Exports: Airports and Seaports

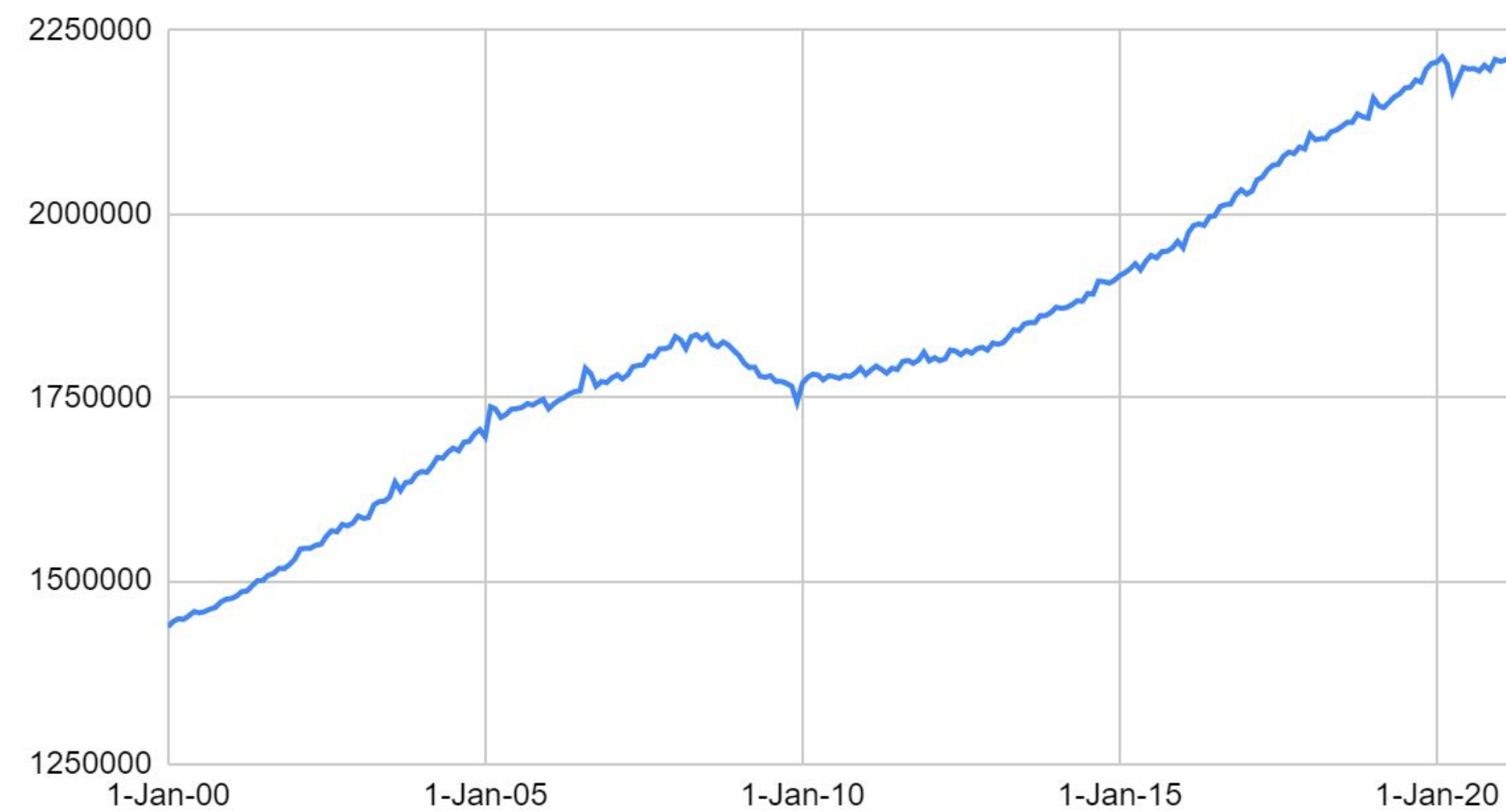


Source: Statistics NZ, Sense Partners

Reasons for optimism & caution

Employment recovered quickly

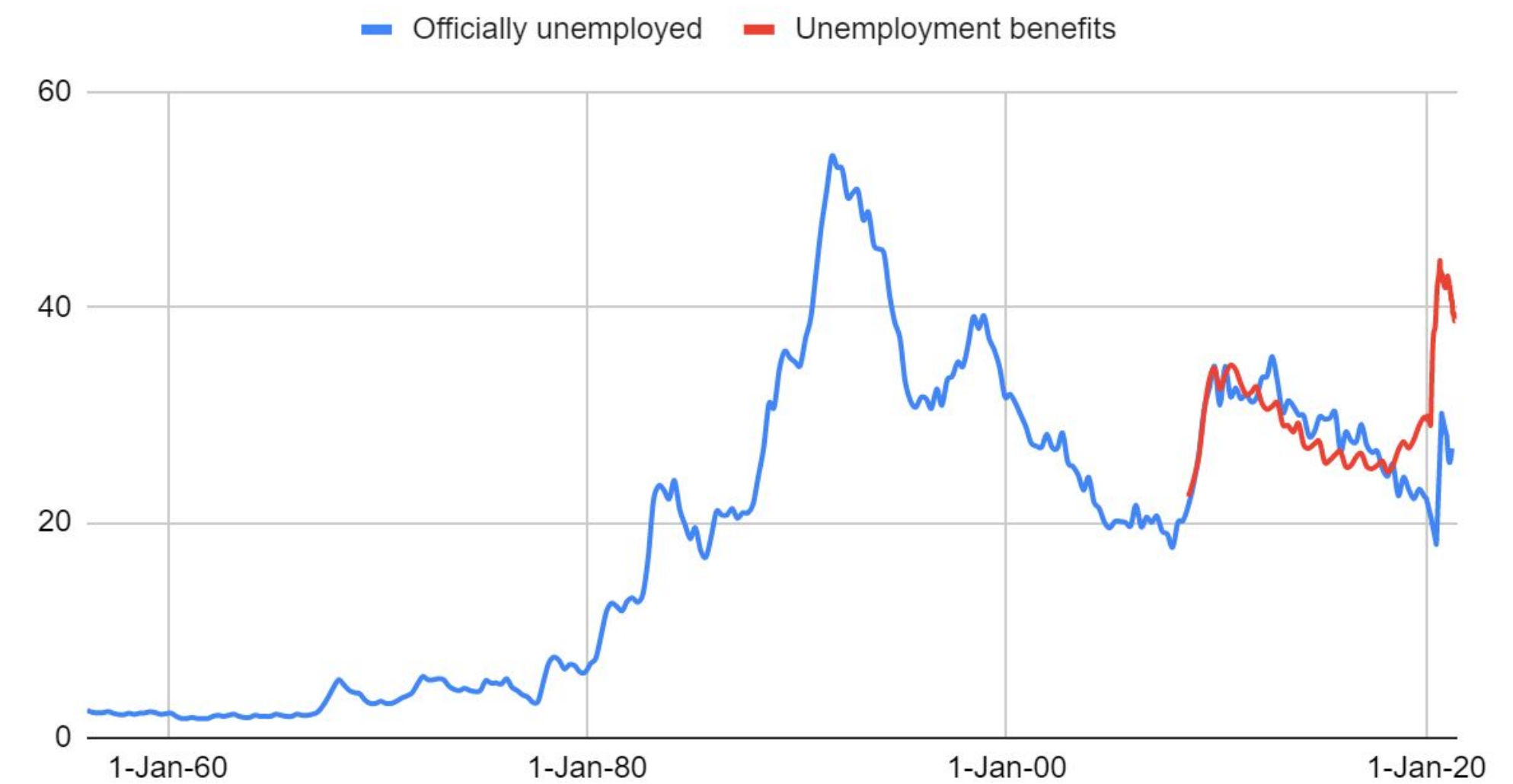
Employment



Source: Statistics NZ, Sense Partners

But some have been hit hard

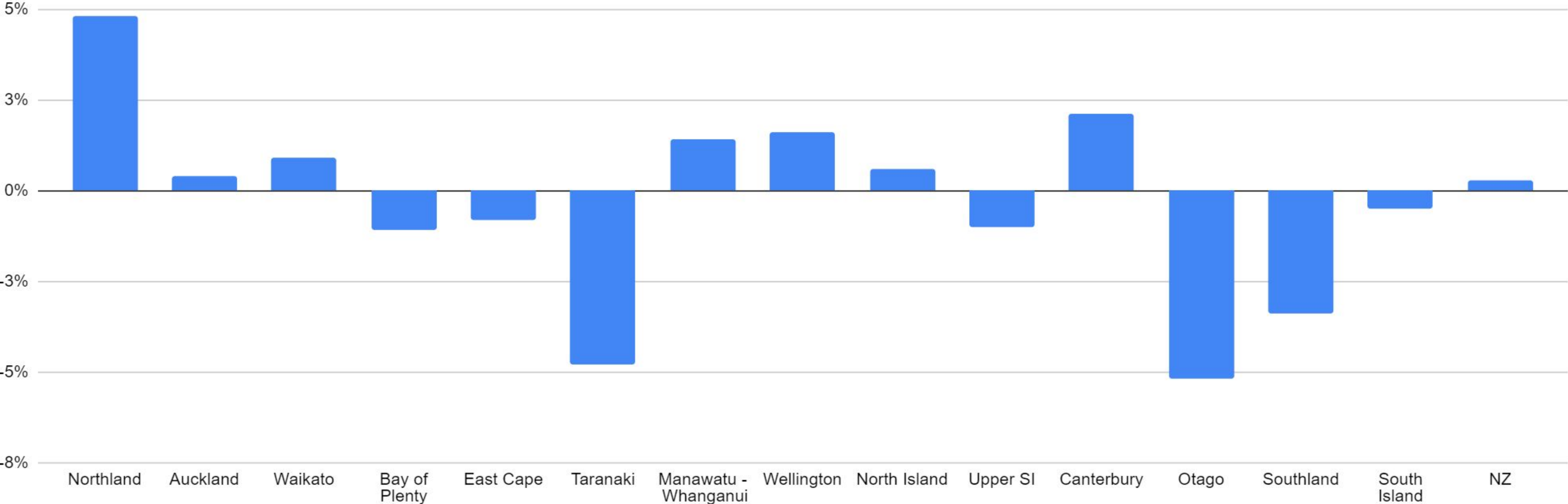
Officially unemployed and Unemployment benefits



Source: Statistics NZ, RBNZ, MSD, Sense Partners

Regional differences

Employment growth by region, March 2021

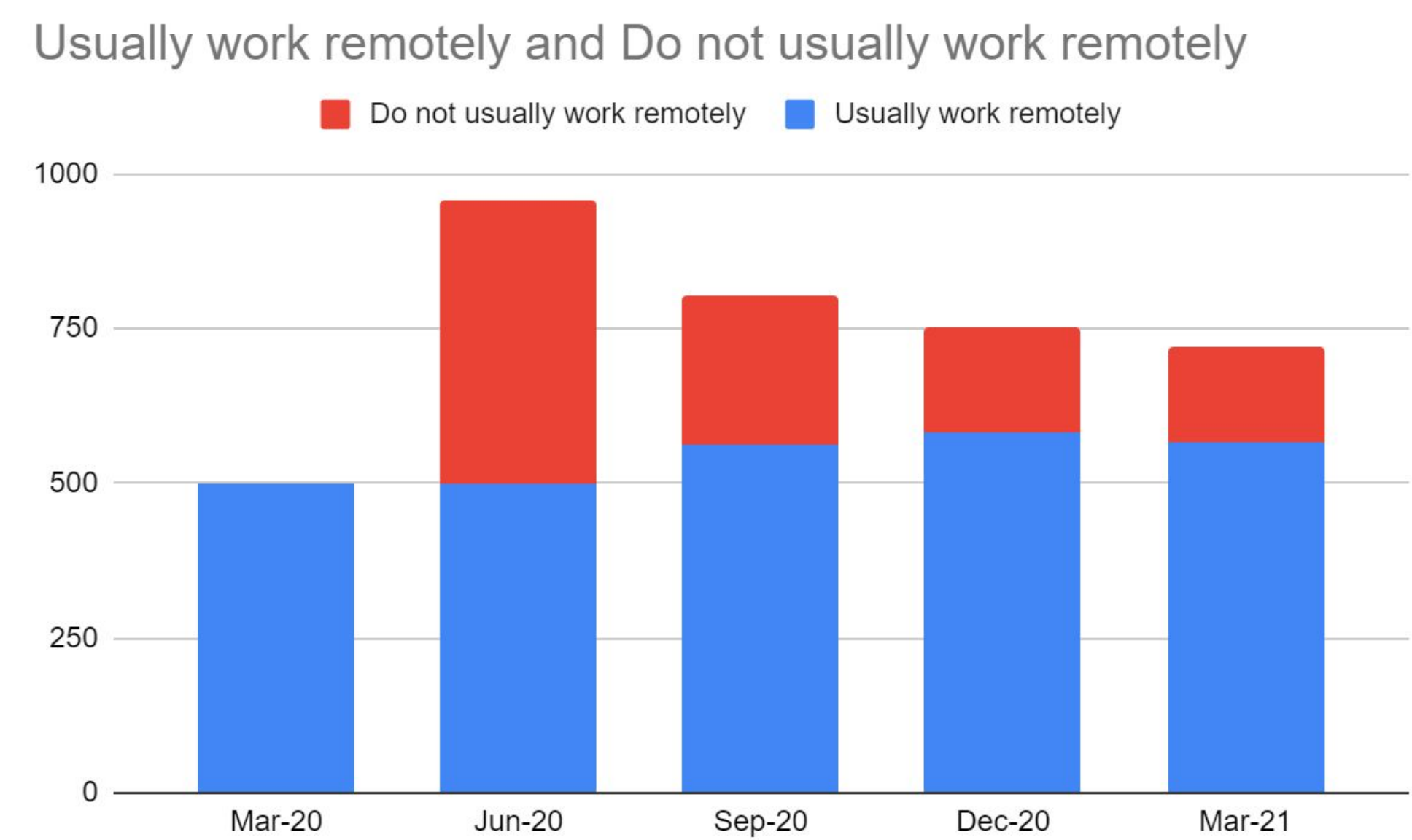


Source: Statistics NZ, Sense Partners



Flexible working & massive support

Businesses were more flexible



Source: Statistics NZ, Sense Partners

Wage subsidies preserved businesses and jobs

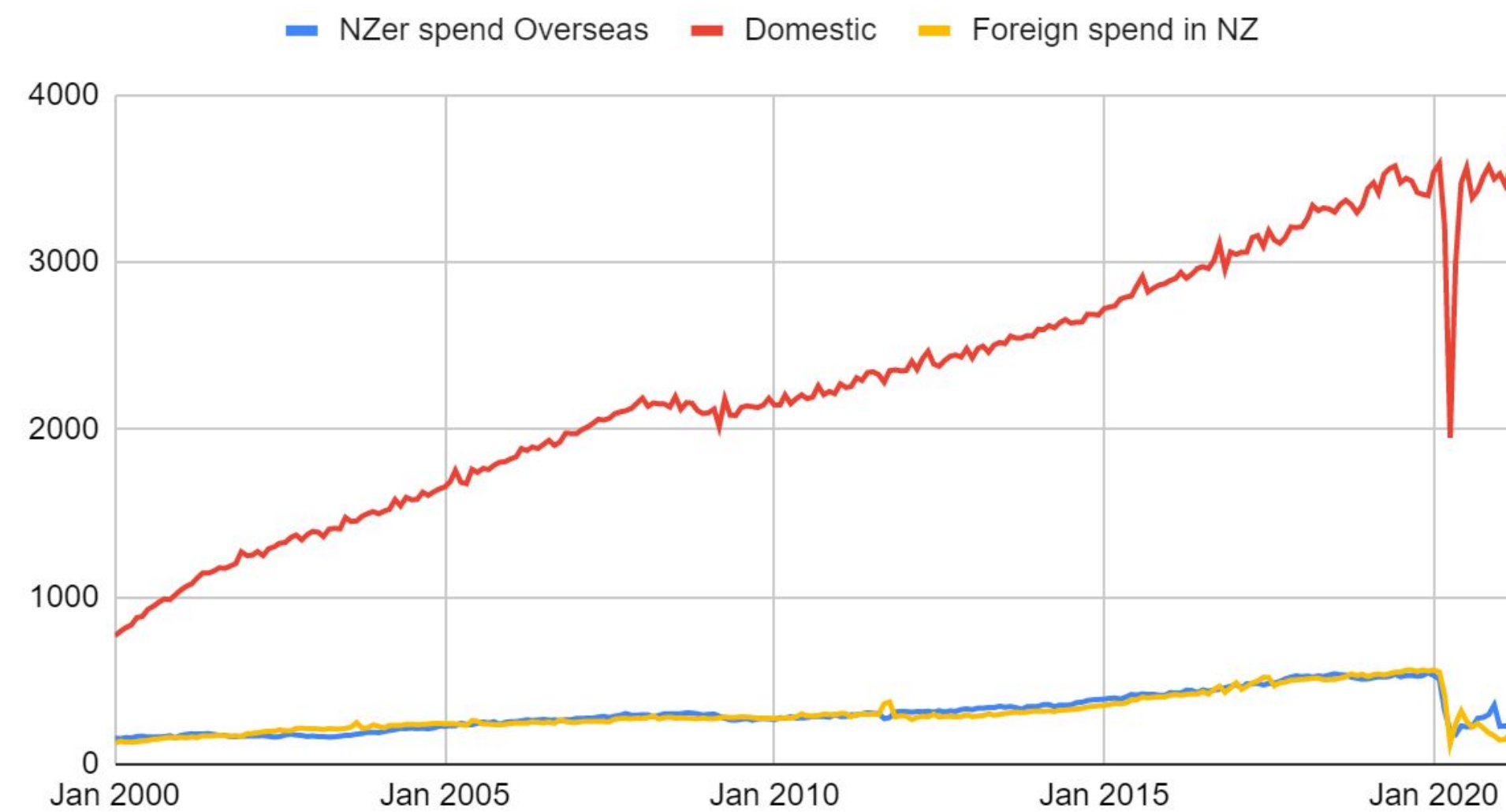


Source: MSD, Sense Partners

Spending holding up

Domestic spending holding up

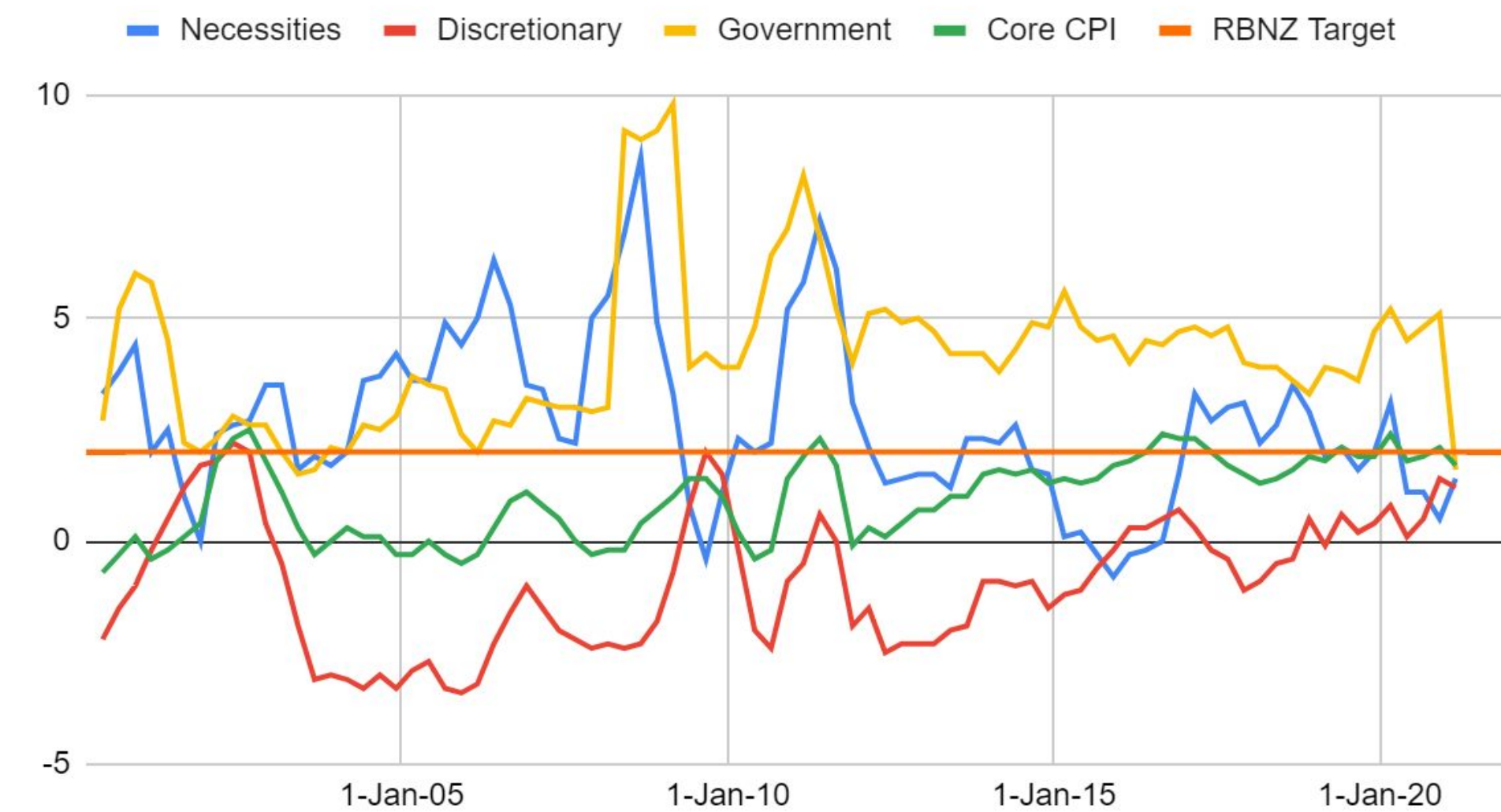
Credit Card Spending



Source: RBNZ, Sense Partners

But little fear of inflation yet

Inflation Measures



Source: Statistics NZ, Sense Partners

The RBNZ pulled out all the stops

Extremely low interest rates

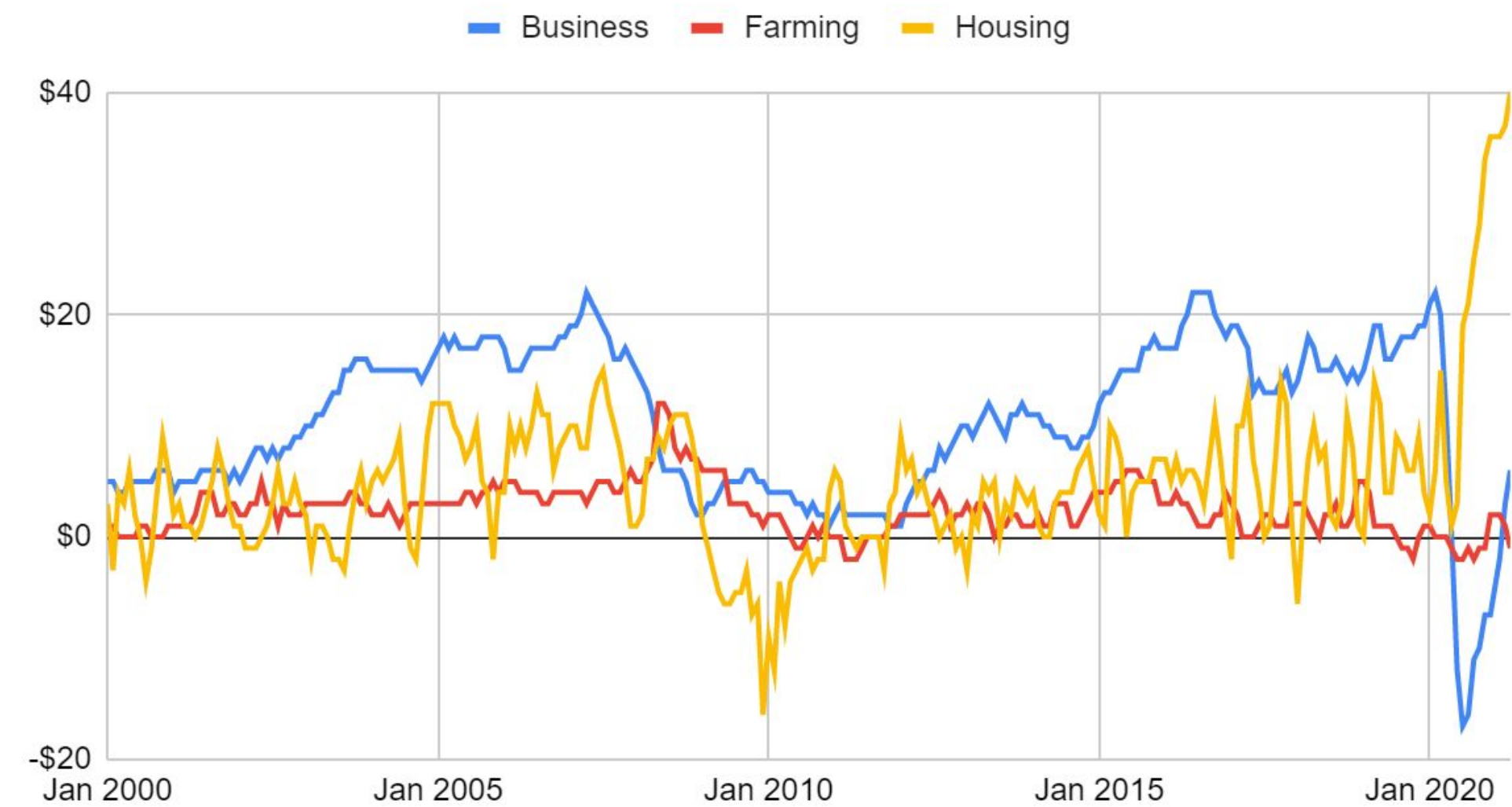
Floating mortgage rate



Source: RBNZ, Sense Partners

Credit tap turned on (for some)

Lending Growth

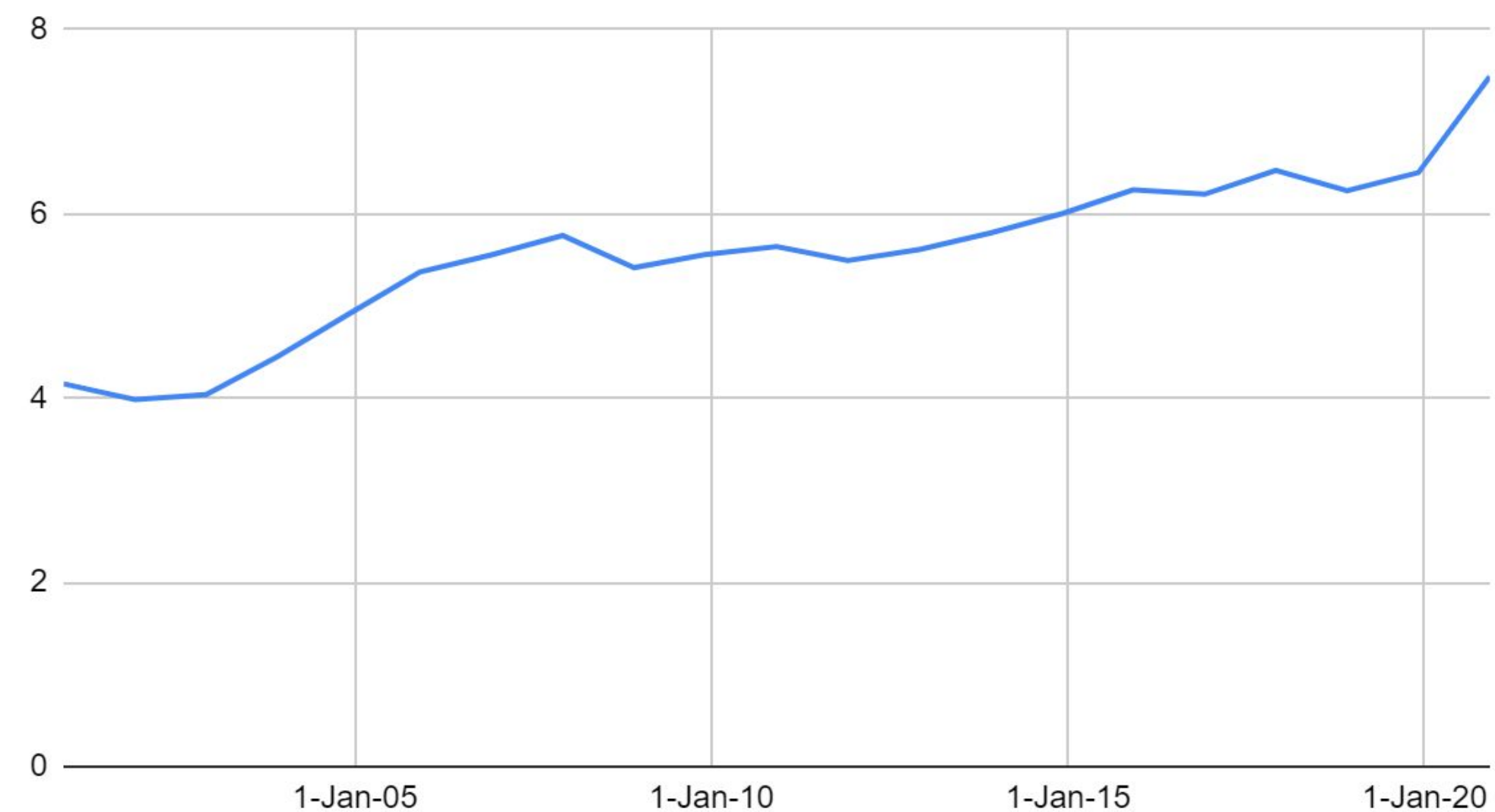


Source: RBNZ, Sense Partners

With unintended consequences

Surging house prices

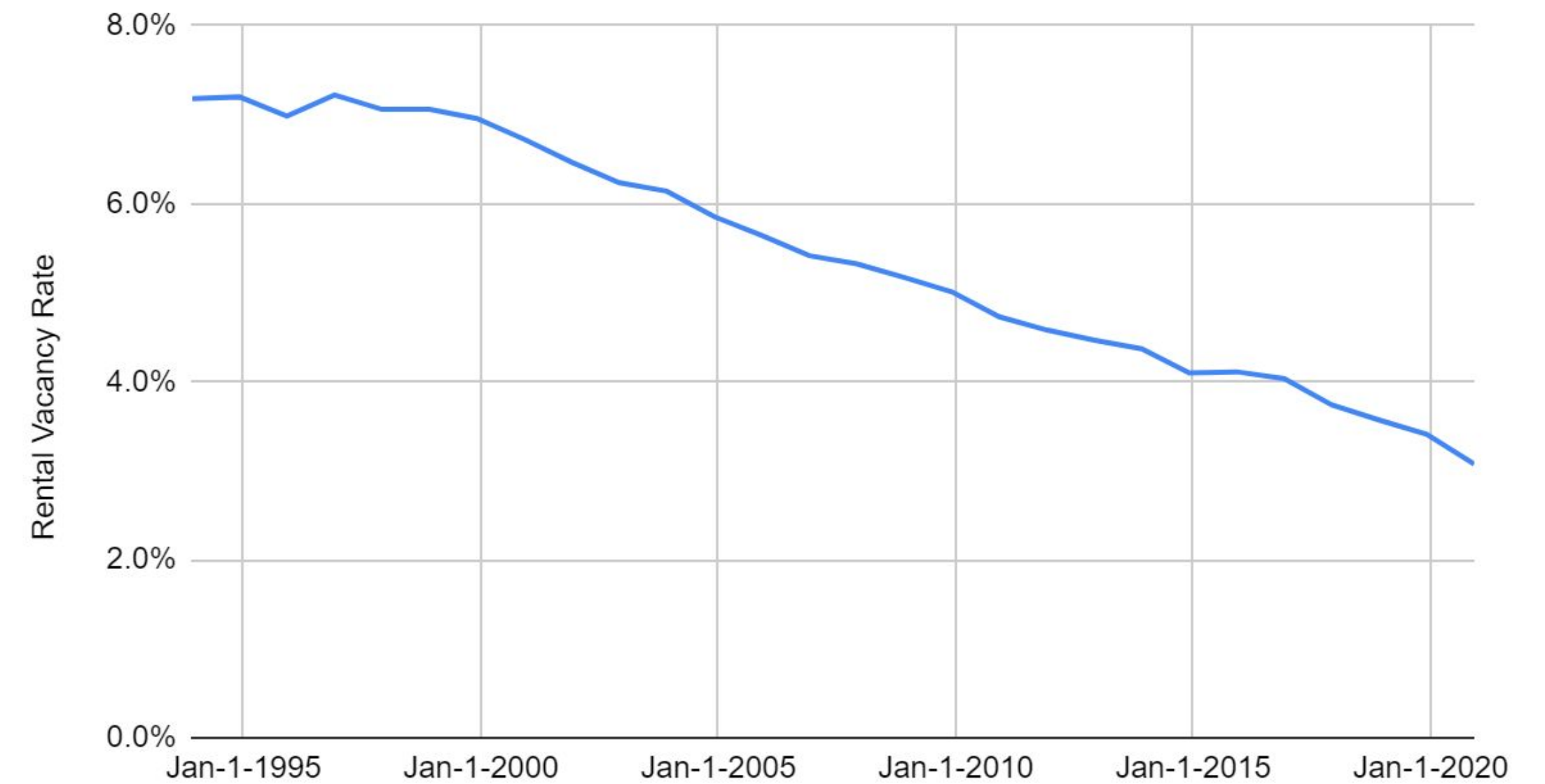
House price to Income Ratio



Source: Statistics NZ, REINZ, Sense Partners

Rental shortages

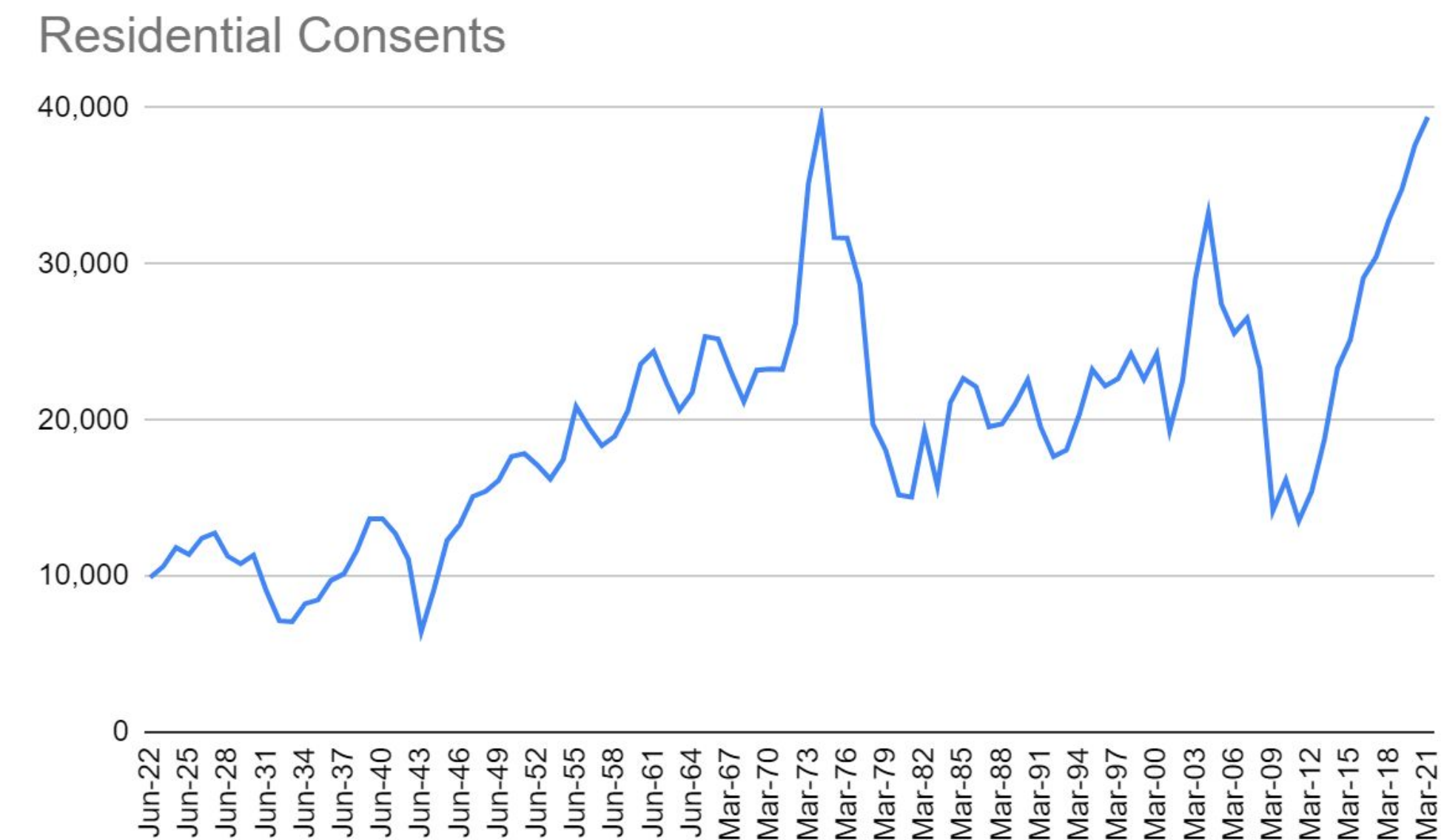
Rental Vacancy Rate



Source: MBIE, Sense Partners

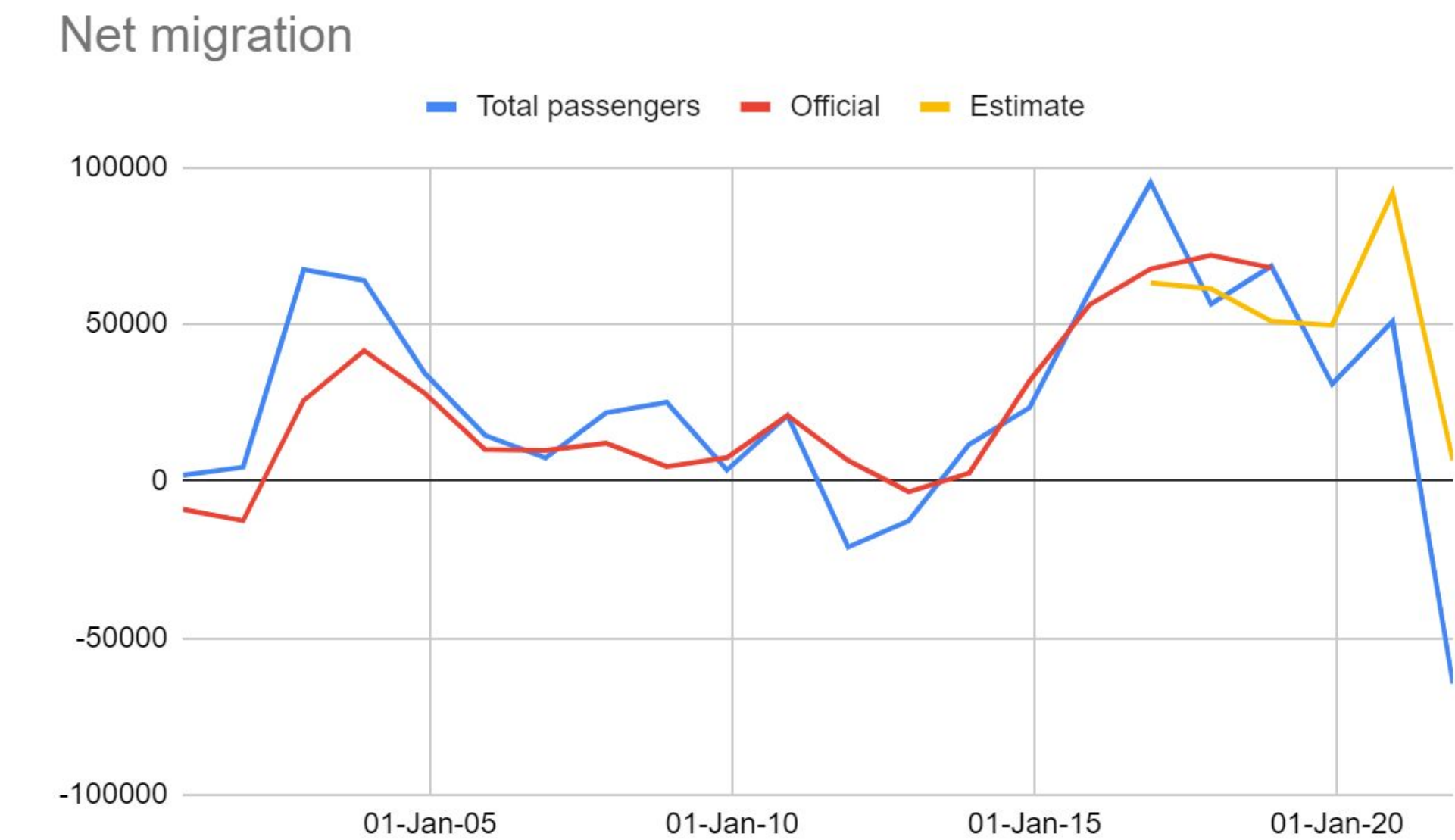
Despite record building & no net migration

Building at record levels



Source: Statistics NZ, Sense Partners

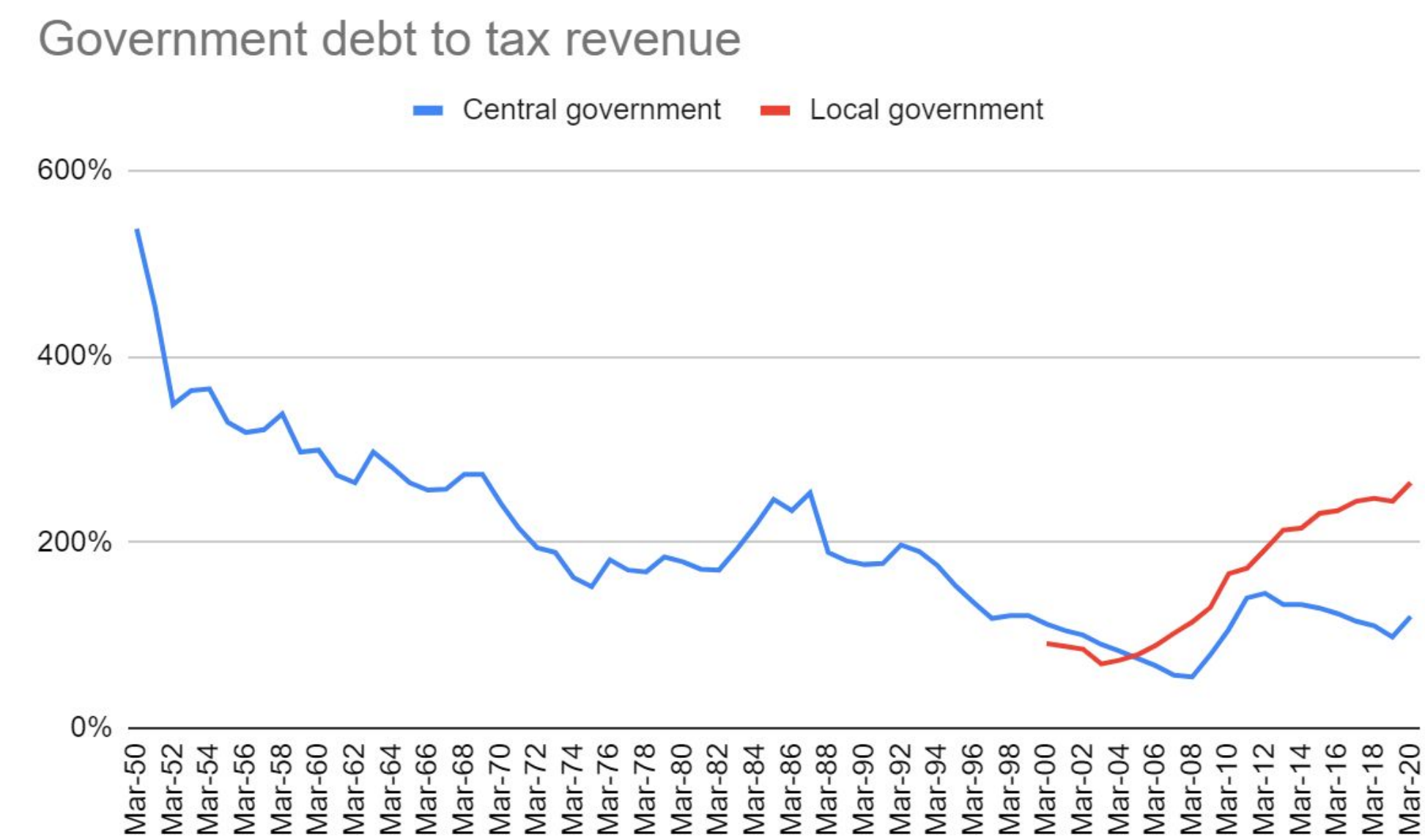
Demand from migration has slumped



Source: Statistics NZ, Sense Partners

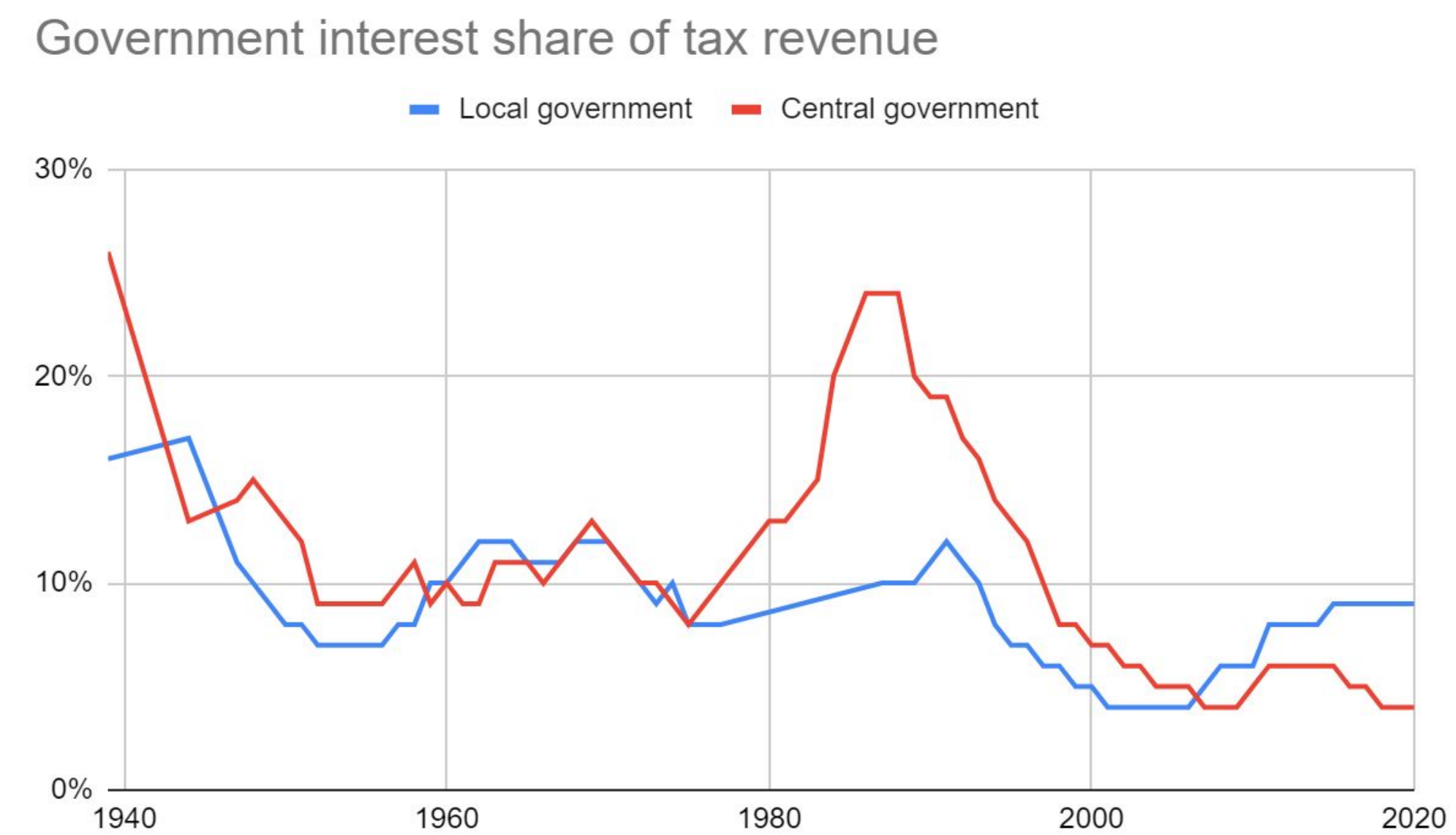
Central government can spend more

Local government out of ammo



Source: Statistics NZ, Treasury, Sense Partners

Nothing like the 1980s



Source: Statistics NZ, Treasury, Sense Partners

RBNZ spent; Government most influential

Central banks pulled out all the stops

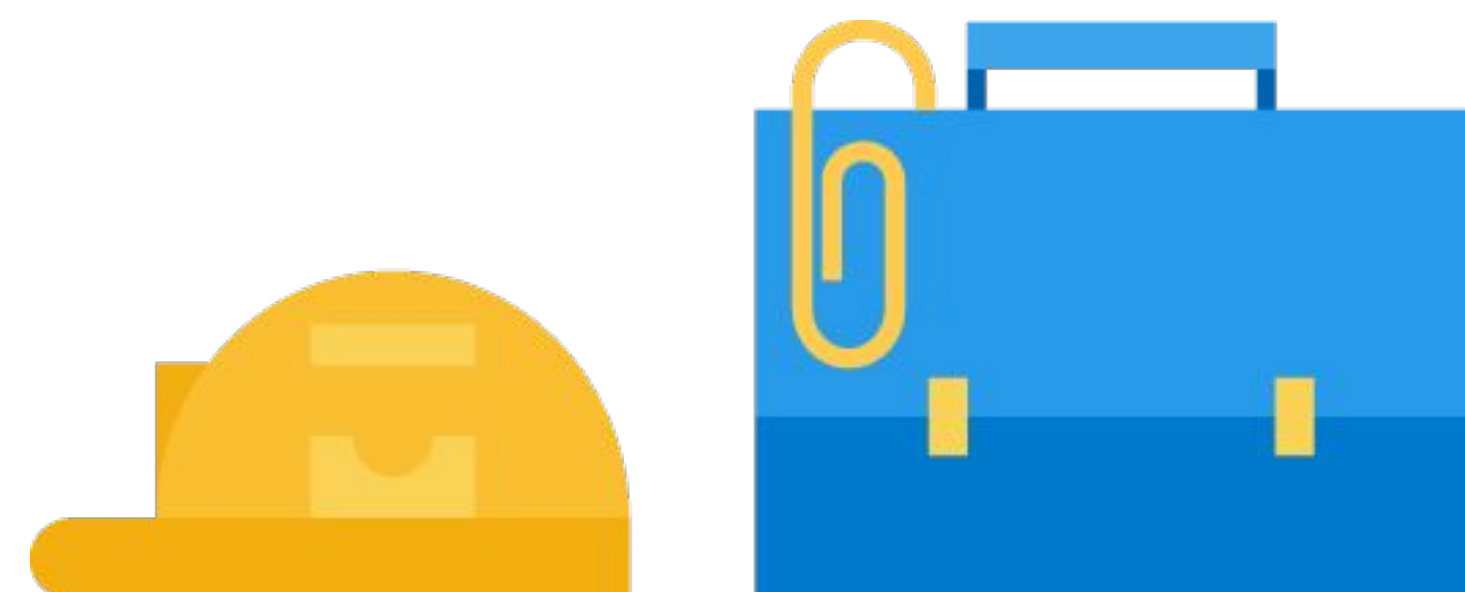
- Near zero interest rates
- Asset purchases (quantitative easing, including local debt)
- Good at killing inflation/not at creating it
- Tilt to capital direction/regulation/enforcement.

Government in charge

- Stimulus to support households & businesses
- Infrastructure spend
- More interventionist approach: industrial policy; regional development, etc.
- Key economic manager

What does it mean for you?

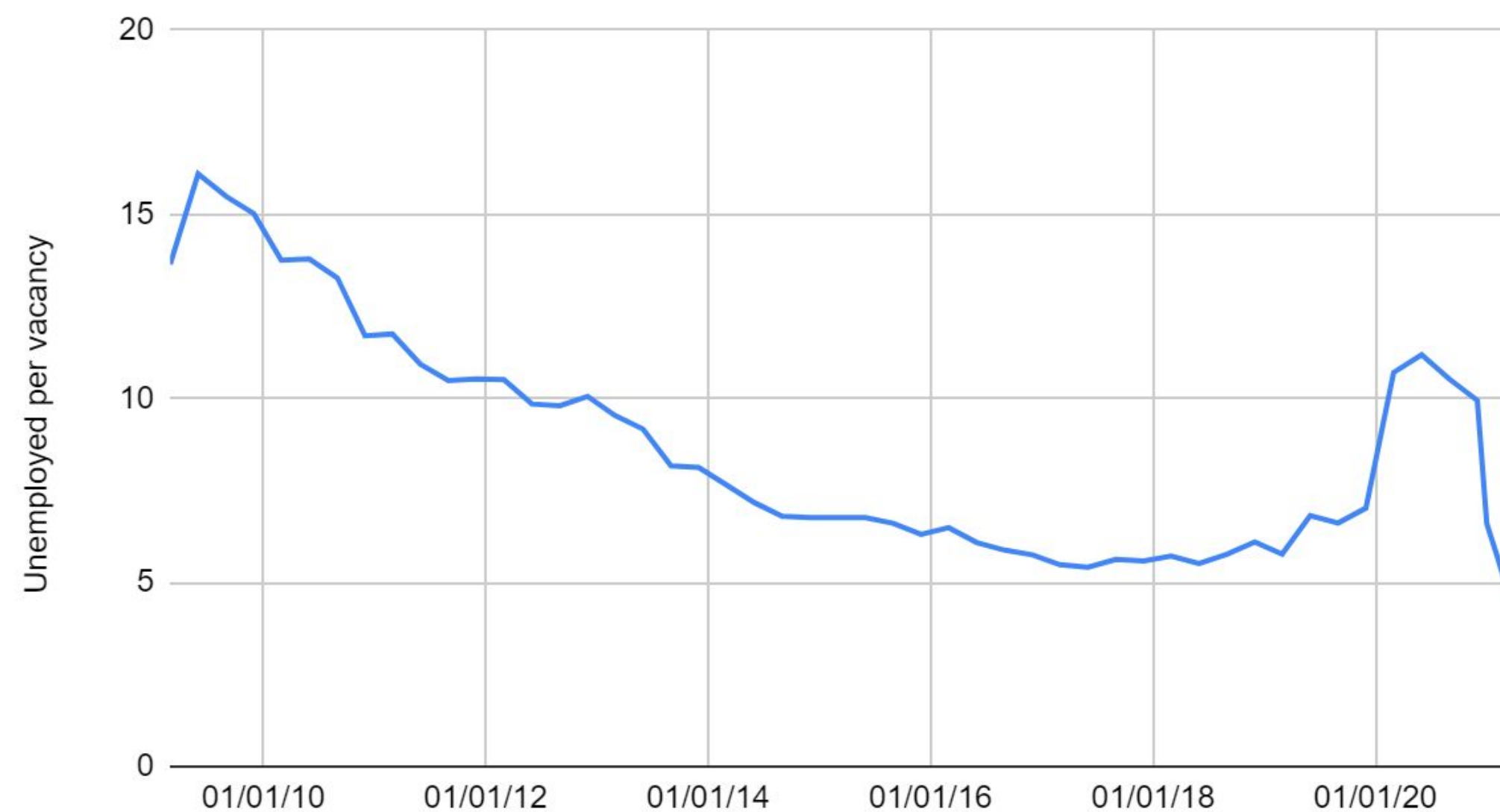
Labour shortages



Labour shortages

Labour market is tighter than it looks

Unemployed per vacancy



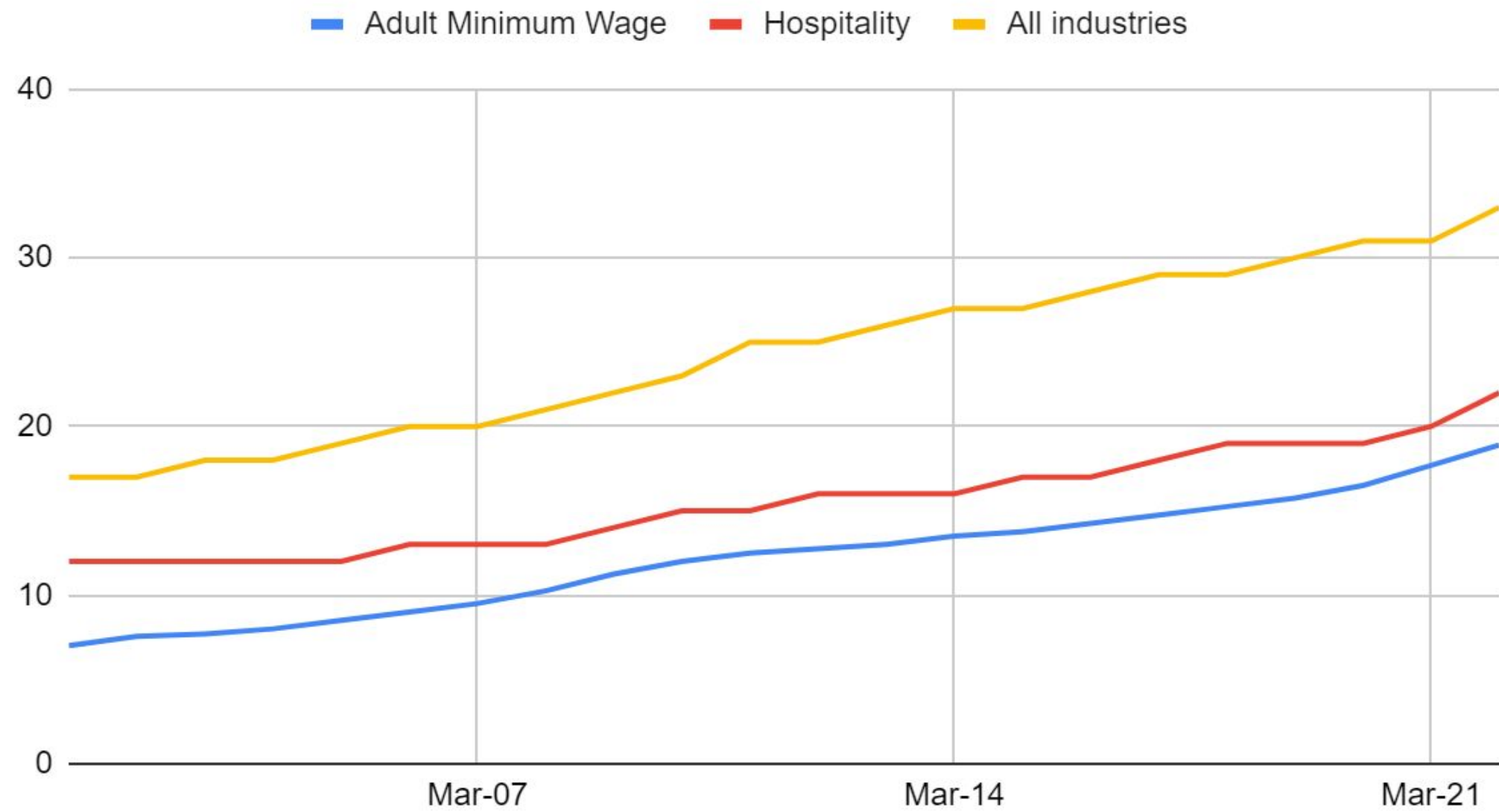
Source: Trade Me, Statistics NZ, Sense Partners

- Labour shortages persistent and growing issue
- Jobs ads rising, unemployment easing
- Some regulatory changes are marginal
 - Minimum wage will affect hospitality
 - Extra holiday too small to matter
 - Sick pay impact max 0.7% of wage bill
- Fair pay agreements uncertain
- Immigration key risk
- Outflow to Australia high risk

Rising minimum wages...

Minimum wage rose to \$20/hr

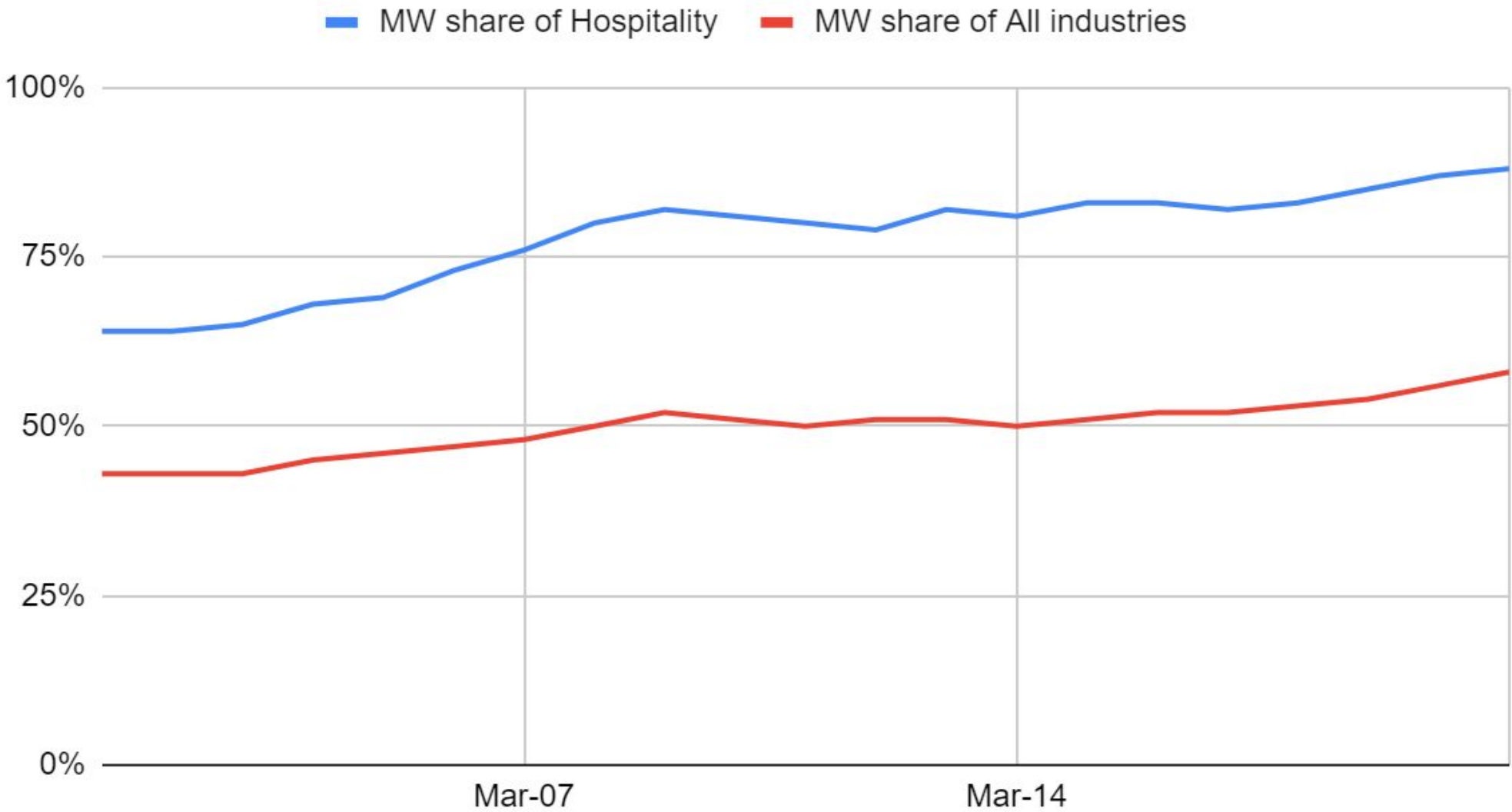
Adult Minimum Wage, Hospitality and All industries



Source: Statistics NZ, Sense Partners

Issue for a small number of industries

Minimum Wage Share of Average

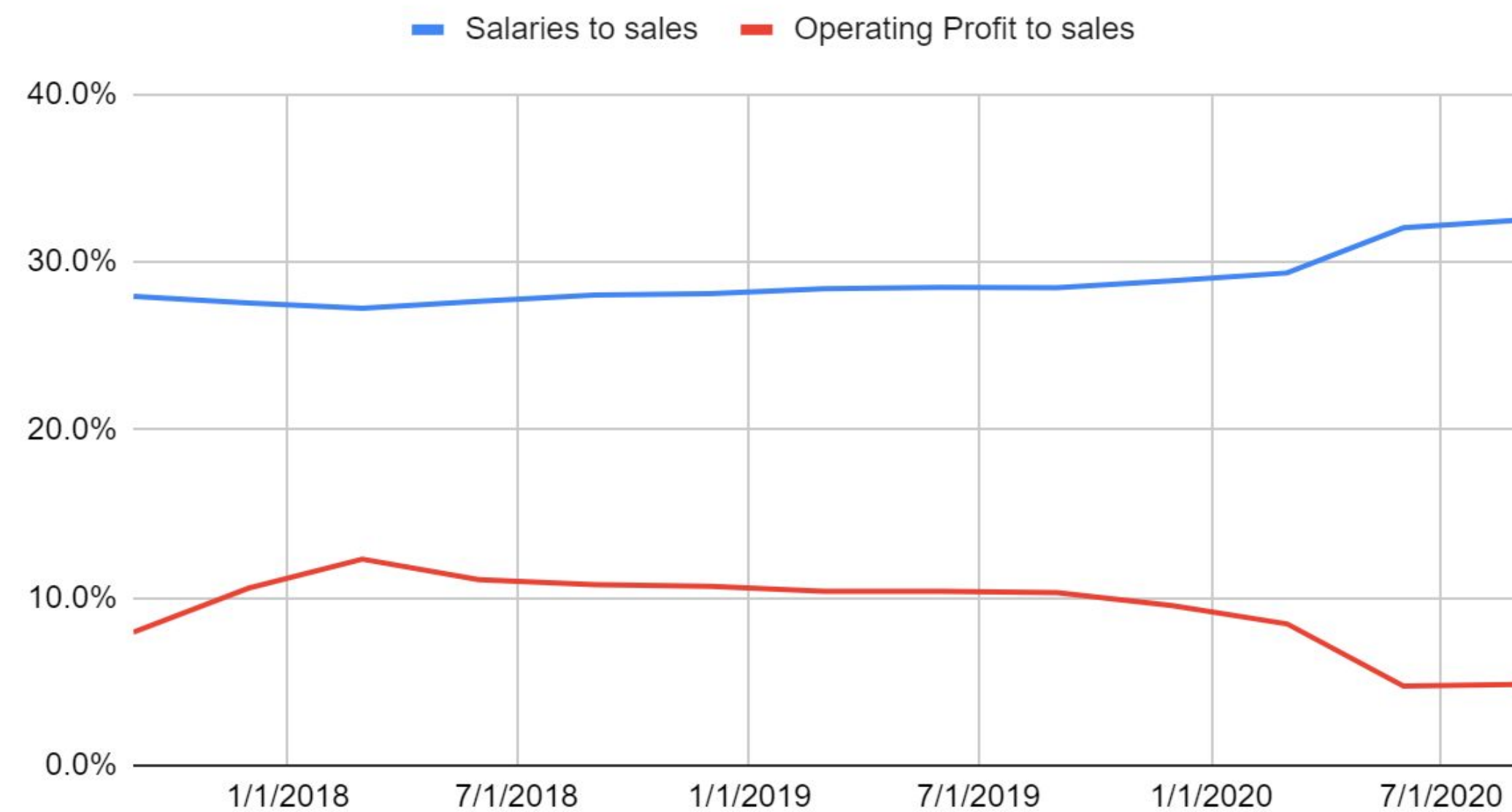


Source: RBNZ, Sense Partners

...not a big issue

Even hospitality was coping ok, until Covid...

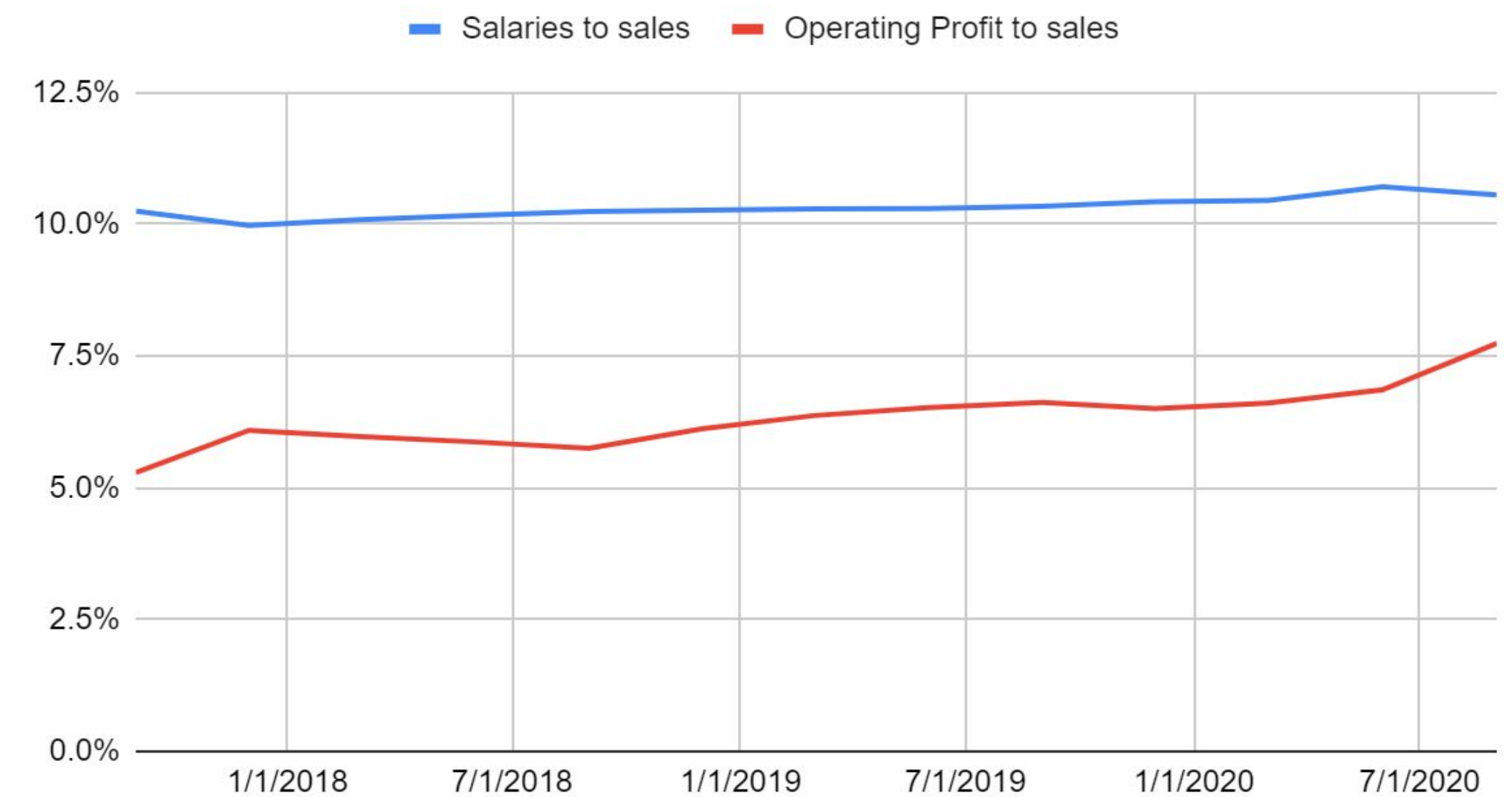
Hospitality Industry



Source: Statistics NZ, Sense Partners

...generally little need for fear

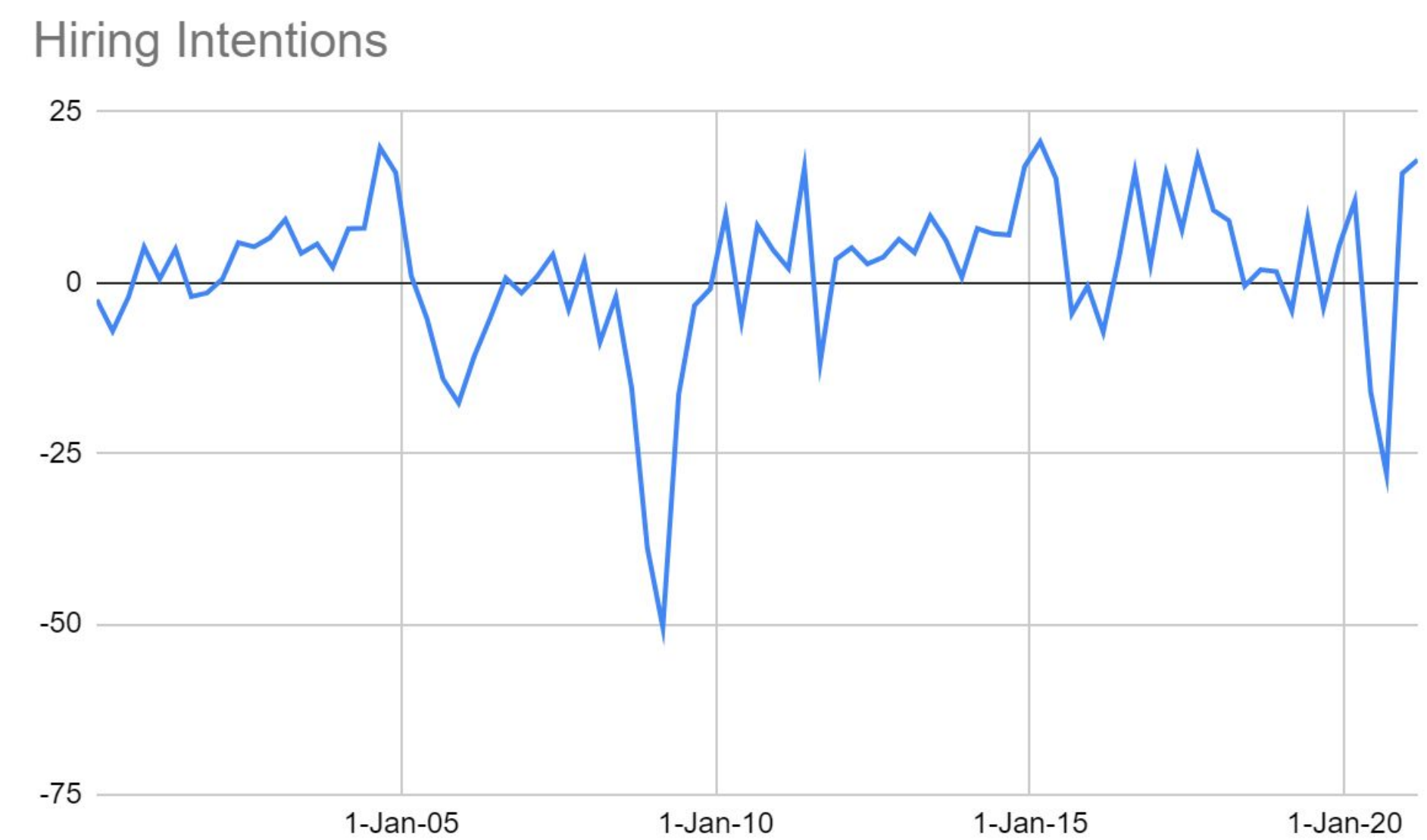
Retail Industry



Source: RBNZ, Sense Partners

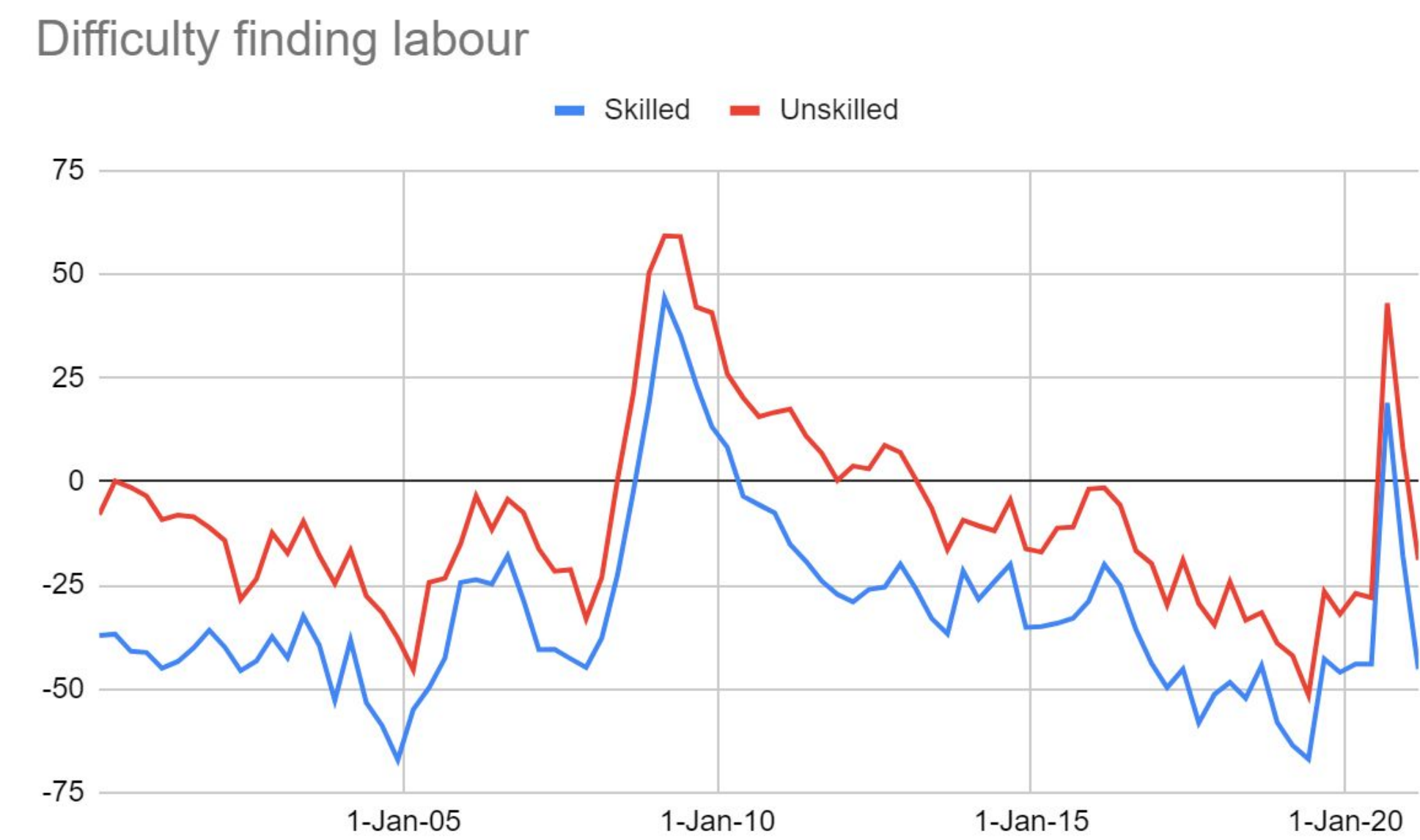
Key issue is labour shortages

Hiring intentions at very high levels



Source: NZIER

Hard to find talent

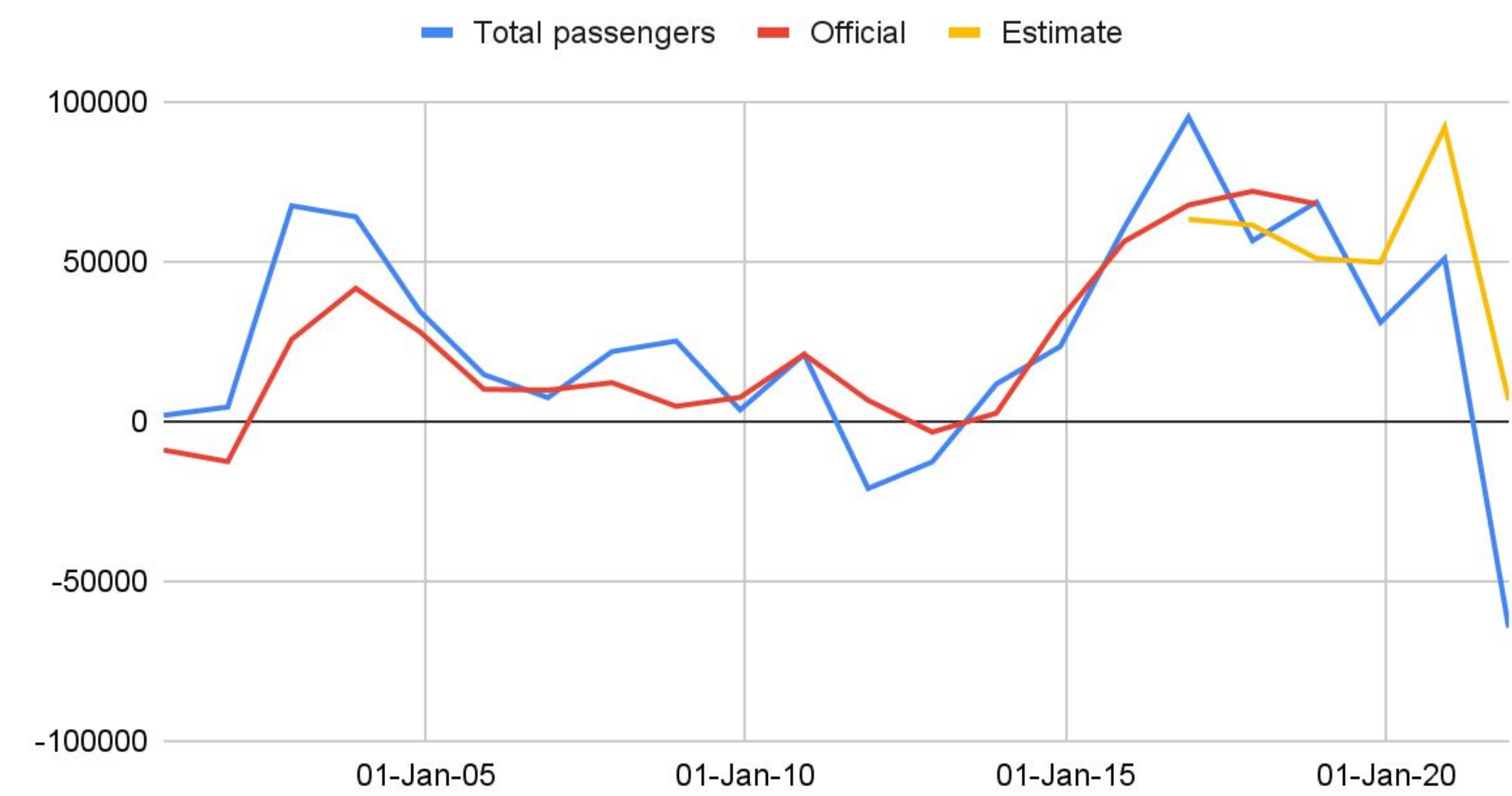


Source: NZIER

Stalled net migration; regional divergences

Immigration headache

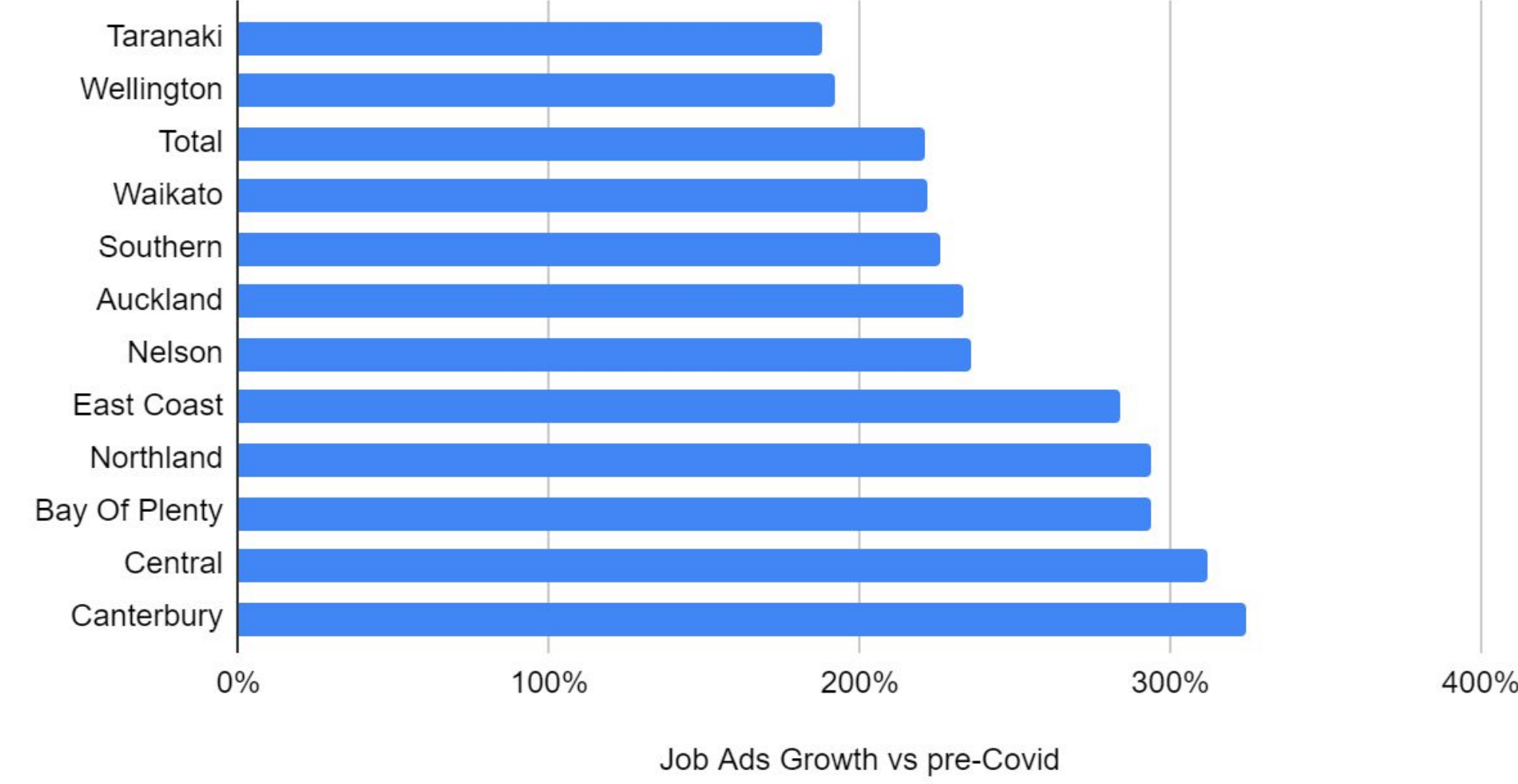
Net migration



Source: Statistics NZ, Sense Partners

Region specific

Job Ads Growth vs pre-Covid vs.

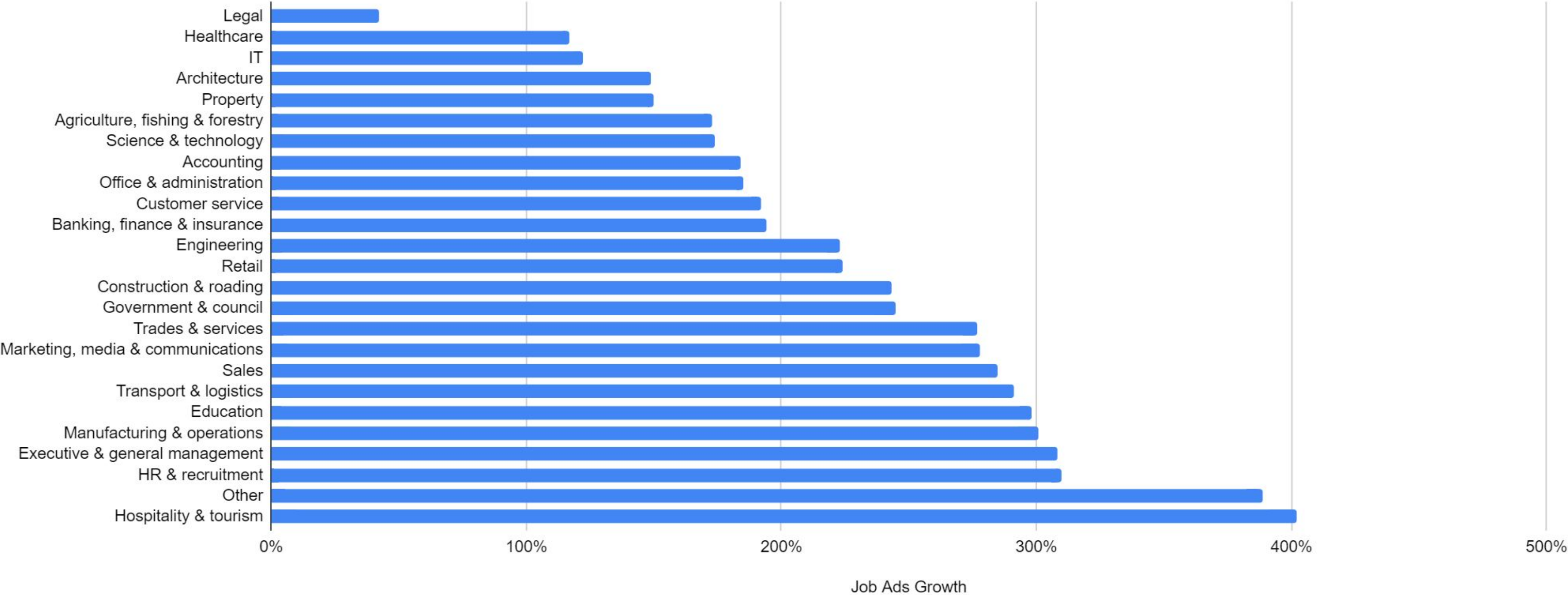


Source: Trade Me

Industry differences; wage pressures

Sector specific, but also some surprises

Job Ads Growth by industry



Source: Trade Me



Source. Inform. Patience.

Economic backdrop is solid
Plenty of reasons to be optimistic
Some reasons for caution
Structural changes in swing

A stellar recruitment outlook for 2021:

- Demand: ++
- Turnover: -
- Migration: --

Labour matching will be crucial in 2021.
Businesses cautious about paying more.
Patient investment will bring reward.

Thank you.

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