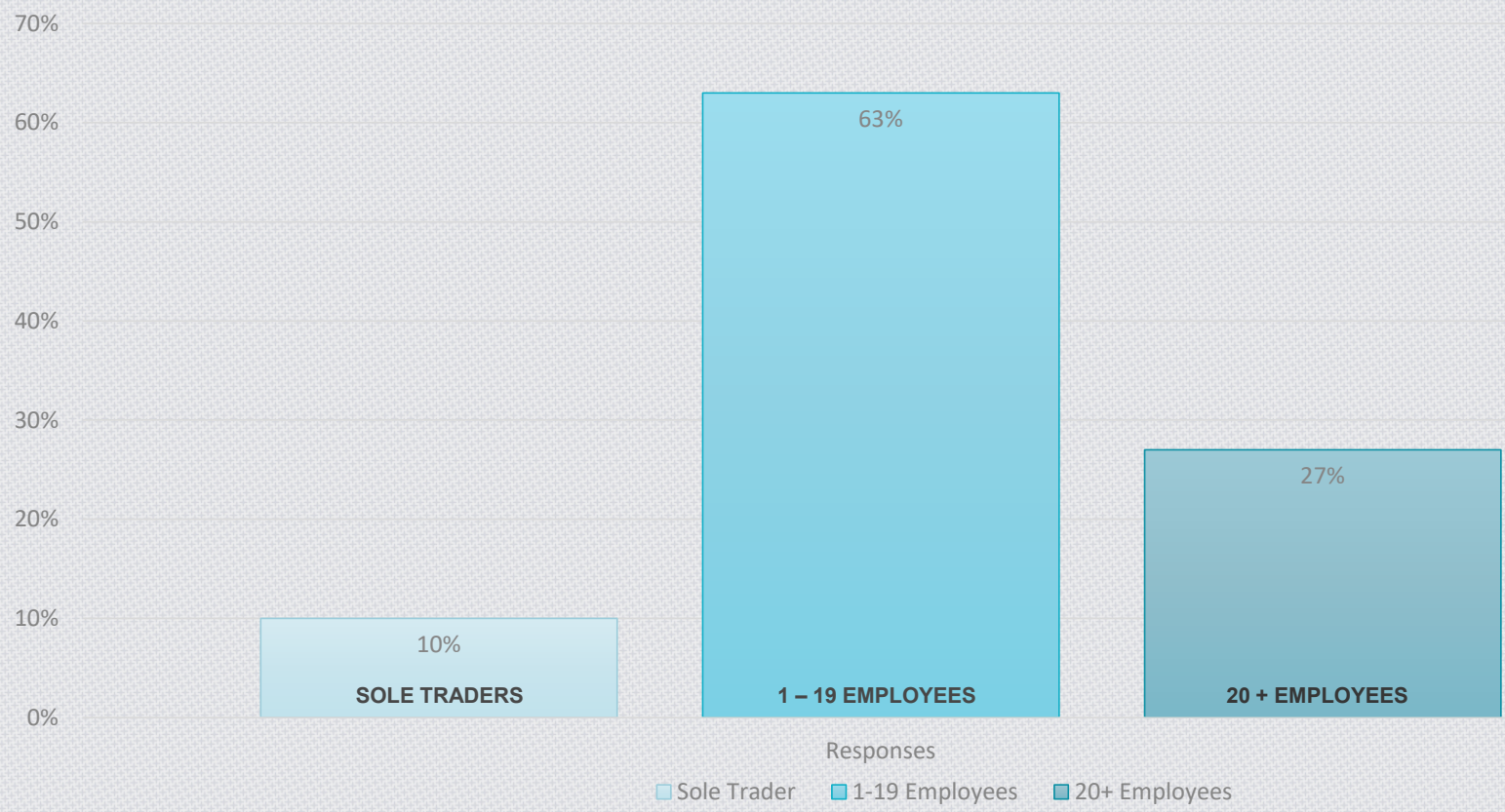




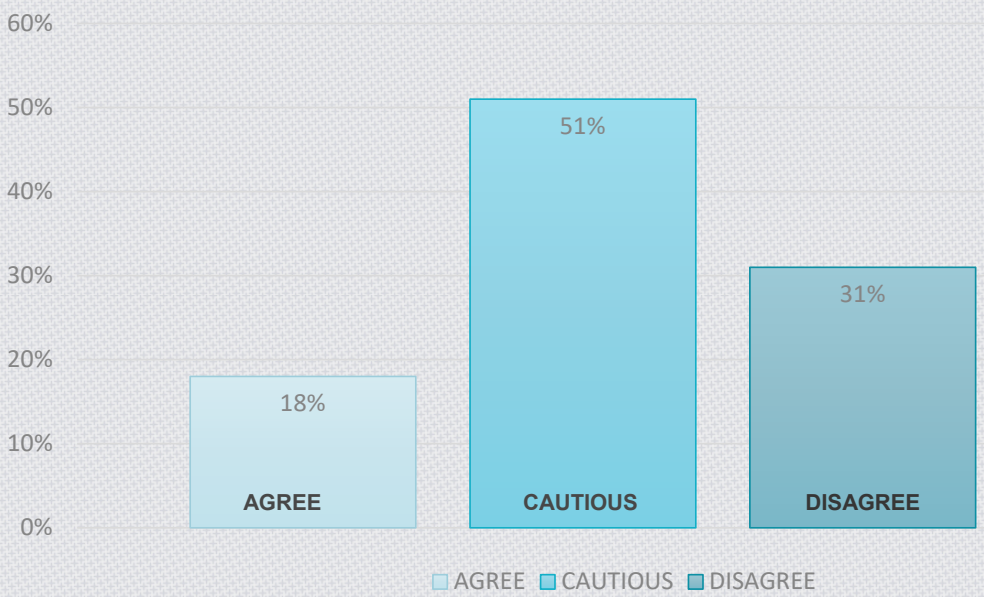
MICHAEL BARNETT

CEO AUCKLAND CHAMBER

■ Size of business surveyed:



■ I am confident the new Government will deliver a good environment for business to grow and succeed



OVERALL

- **18%** AGREE
- **51%** CAUTIOUS
- **31%** DISAGREE



■ For Auckland, the new Government should focus on solutions to immediately address

Respondents could choose their top three

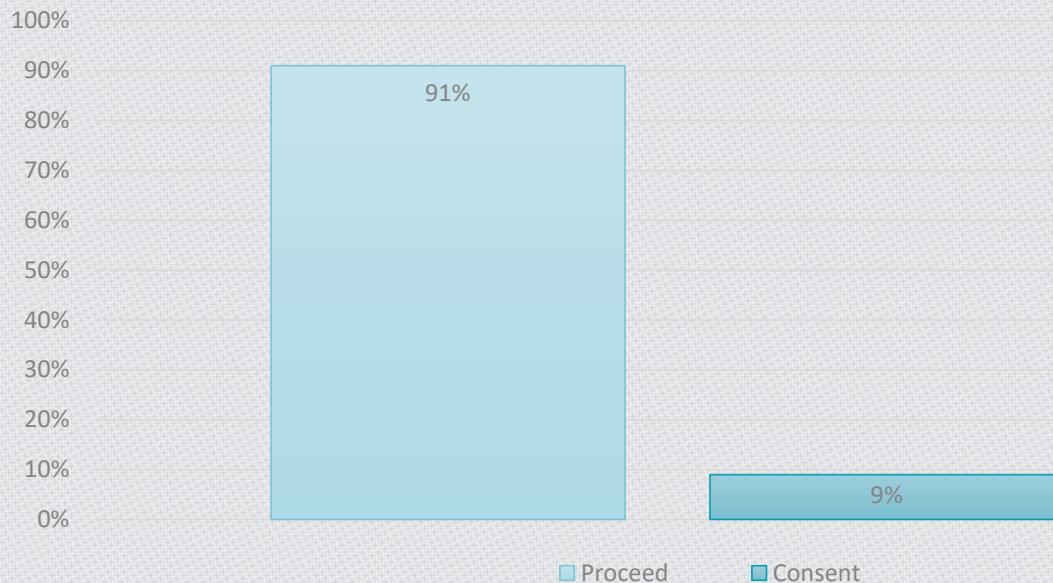
OVERALL

- | | | | |
|--------------|---------------------|--------------|-----------------|
| ■ 85% | Auckland congestion | ■ 51% | Opening borders |
| ■ 72% | Housing supply | ■ 21% | Rail to airport |
| ■ 70% | Skills availability | | |



■ Activity at Eden Park

They have been allocated six concerts per year. Should they have to go through the costly and time-consuming consent process for each event or proceed with six events?



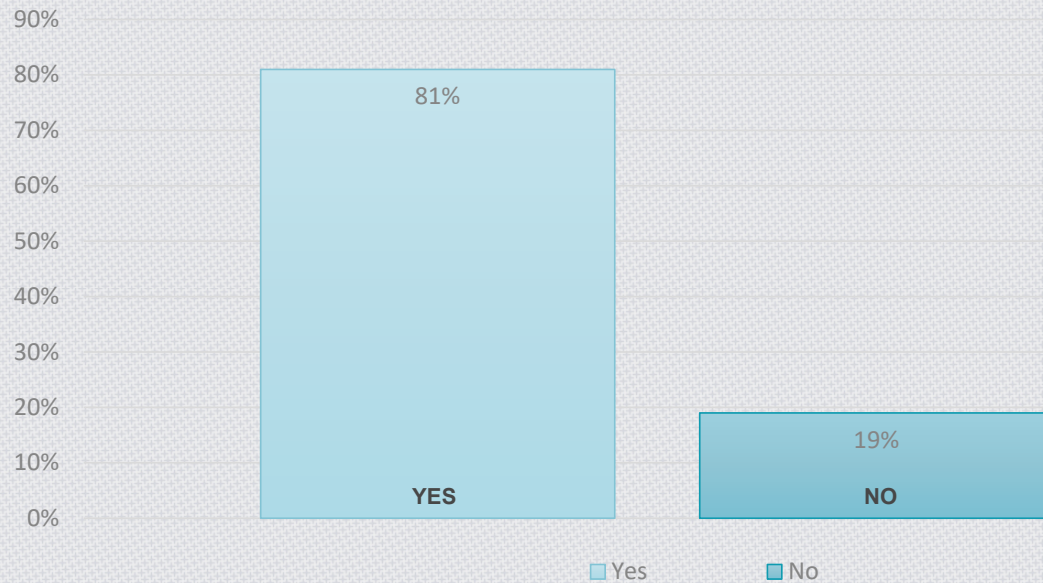
OVERALL

■ **91%** proceed

■ **9%** consent



■ Should the new Labour Government govern alone?



OVERALL

■ **81%** YES

■ **19%** NO



BERNARD HICKEY

Economic Update

What's happening & what might happen next

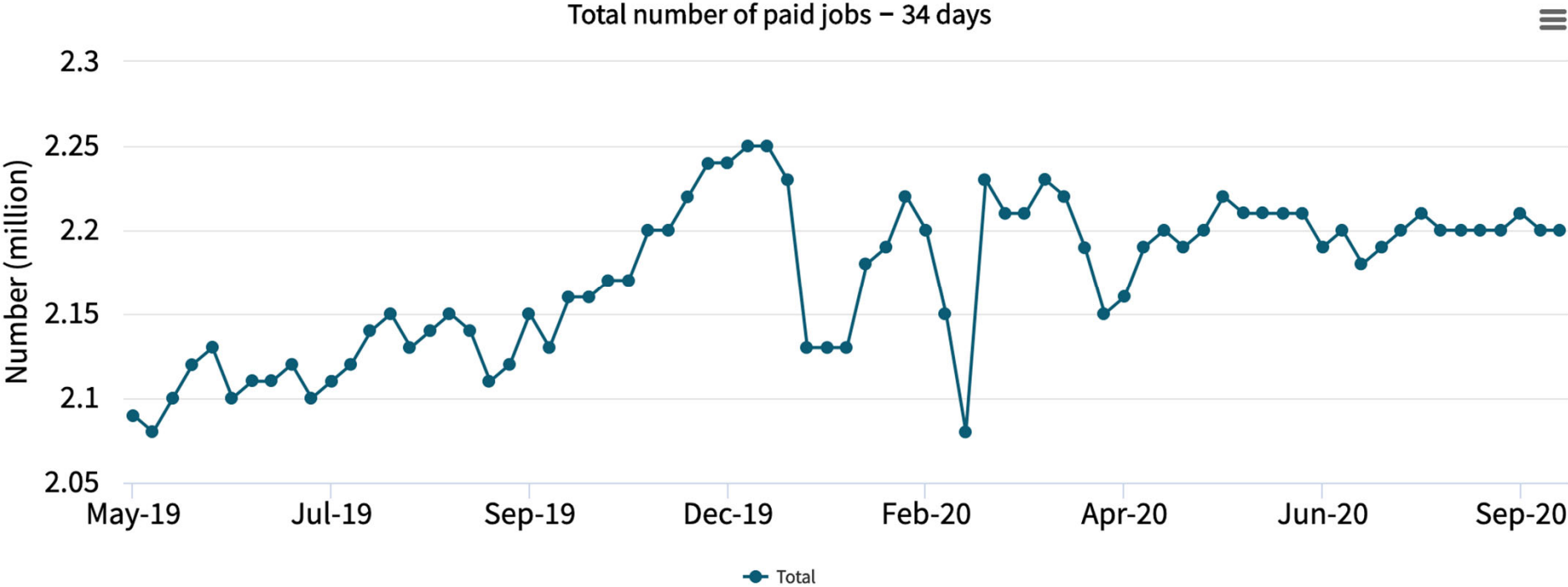


Who has the best scones?

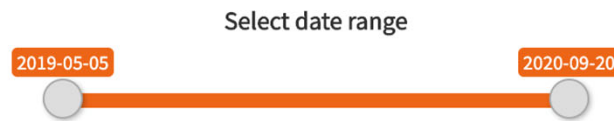
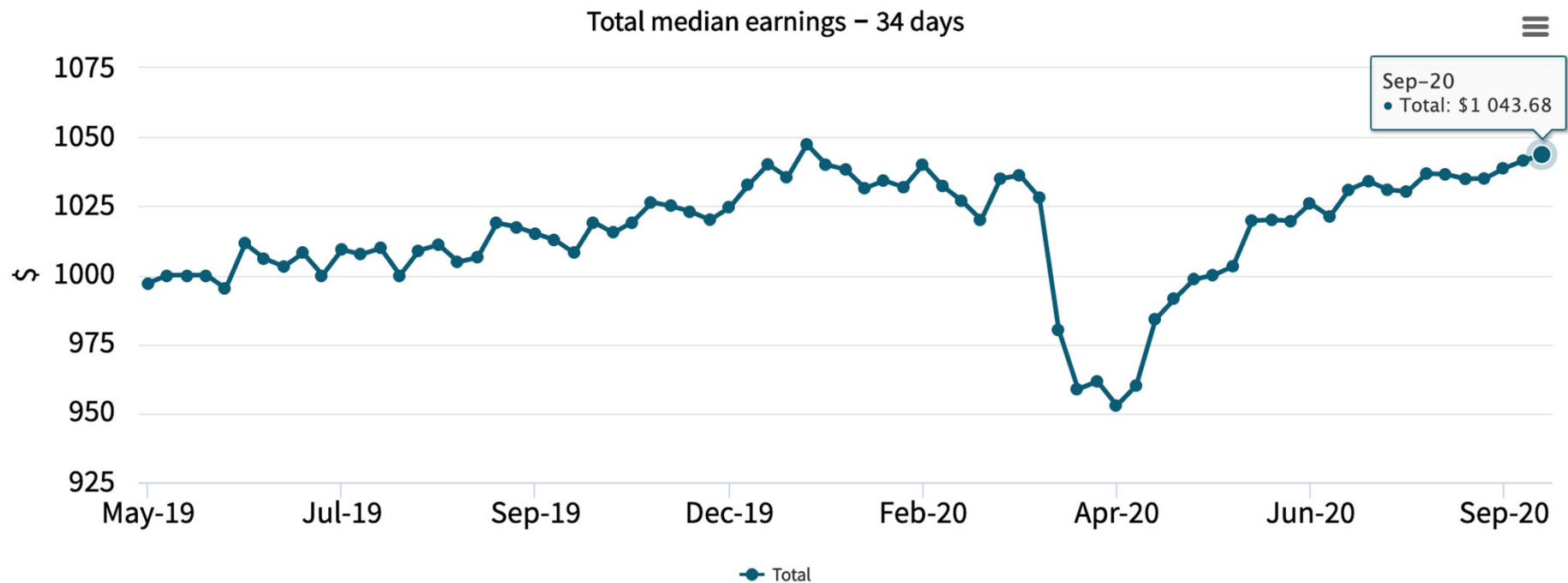


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What's happening with jobs?



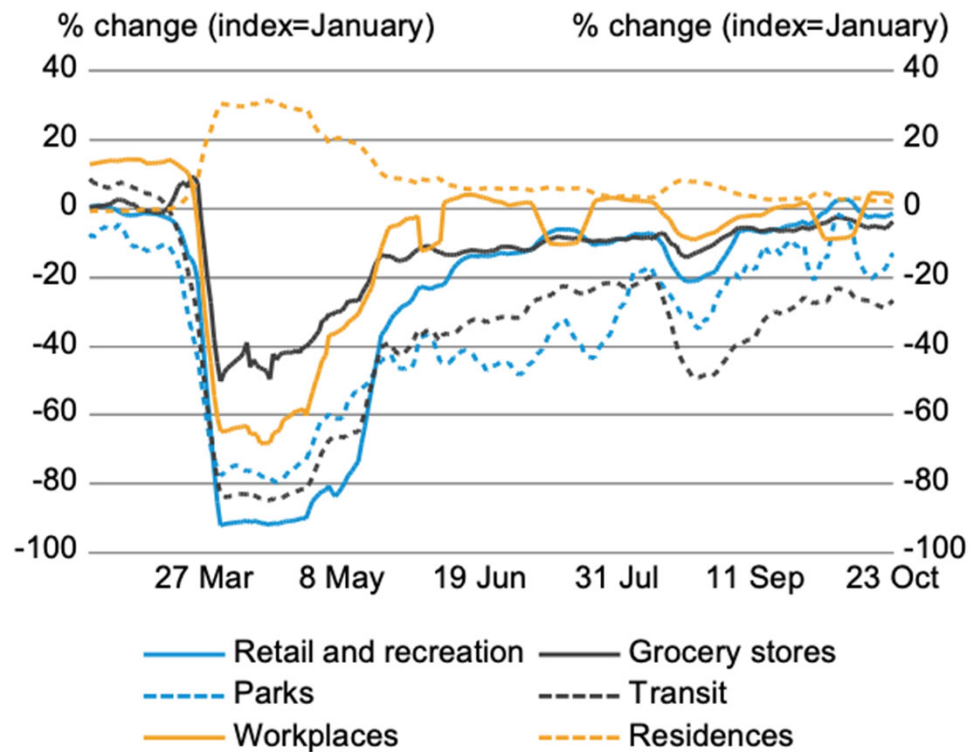
What's happening with incomes?



Last updated: 29 October 2020
Source: Stats NZ

Is everyone still working from home?

Figure 2: People movements at selected locations

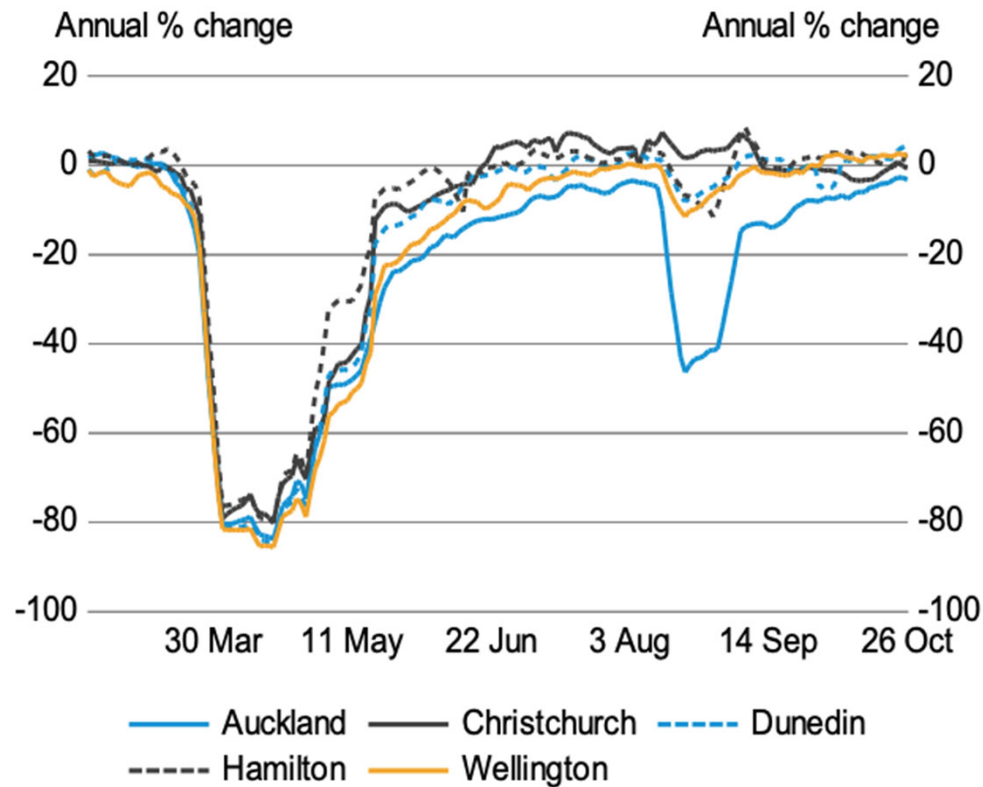


Source: Google

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Are the roads busy again?

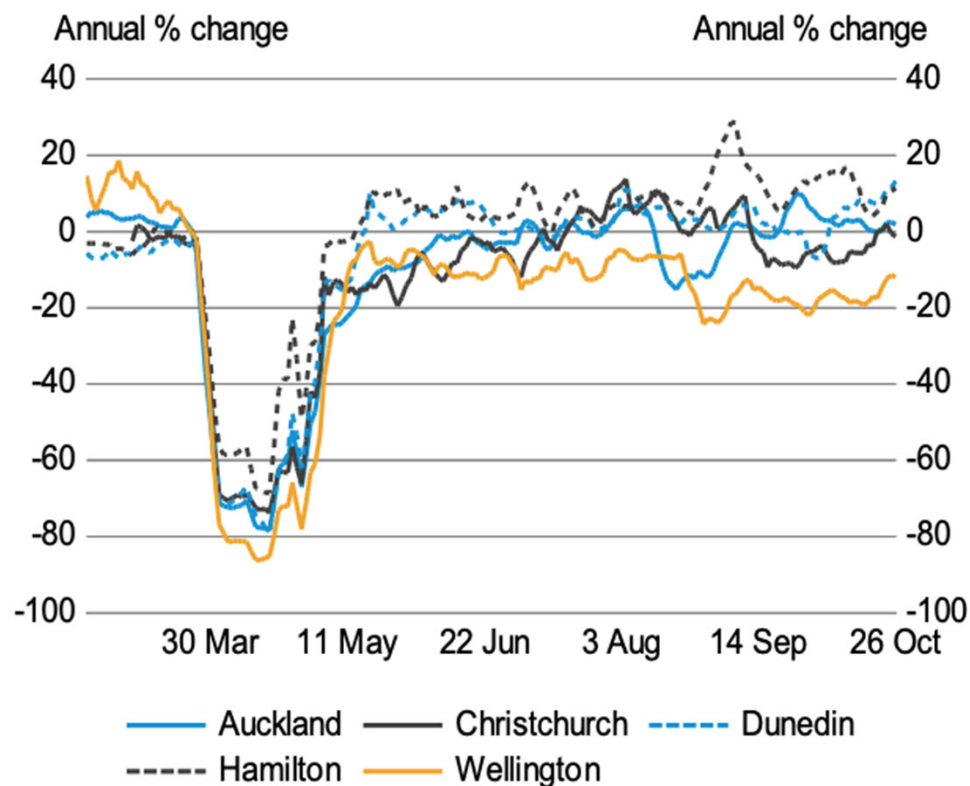
Traffic Movement



Source: Waka Kotahi NZ Transport Agency, NZ Chamber of Commerce, Nov 3, 2020

What about heavy freight?

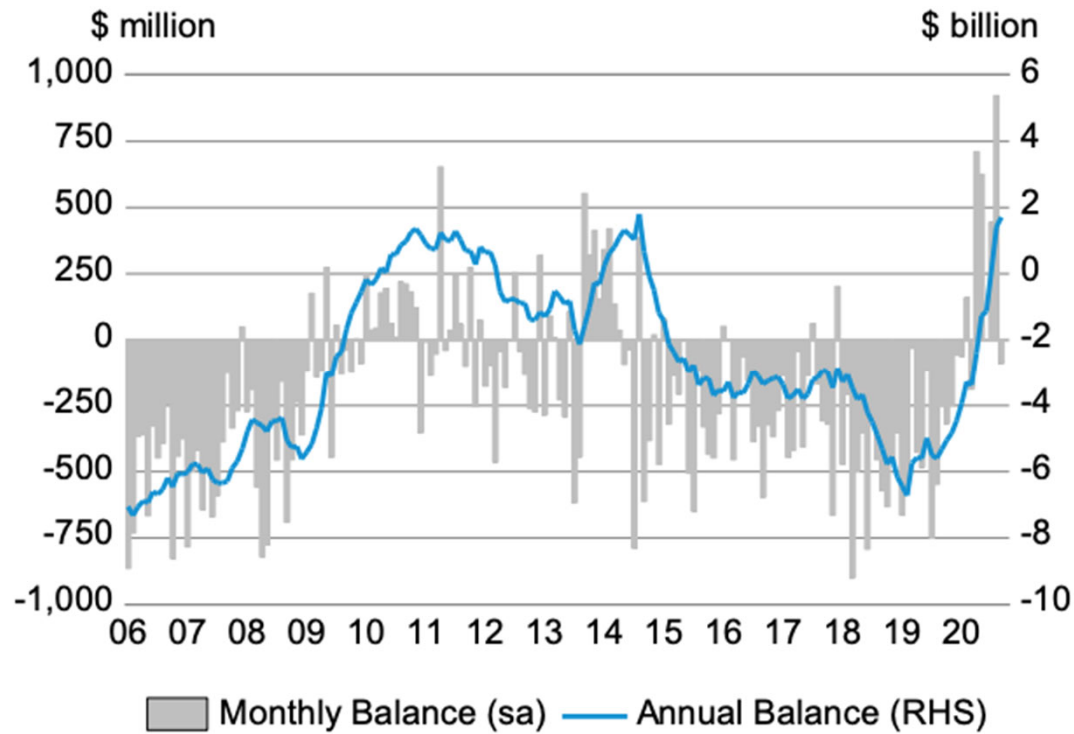
Freight Movement



Source: Waka Kotahi NZ Transport Agency
Auckland Chamber of Commerce, Nov 3, 2020

What's are exports and imports doing?

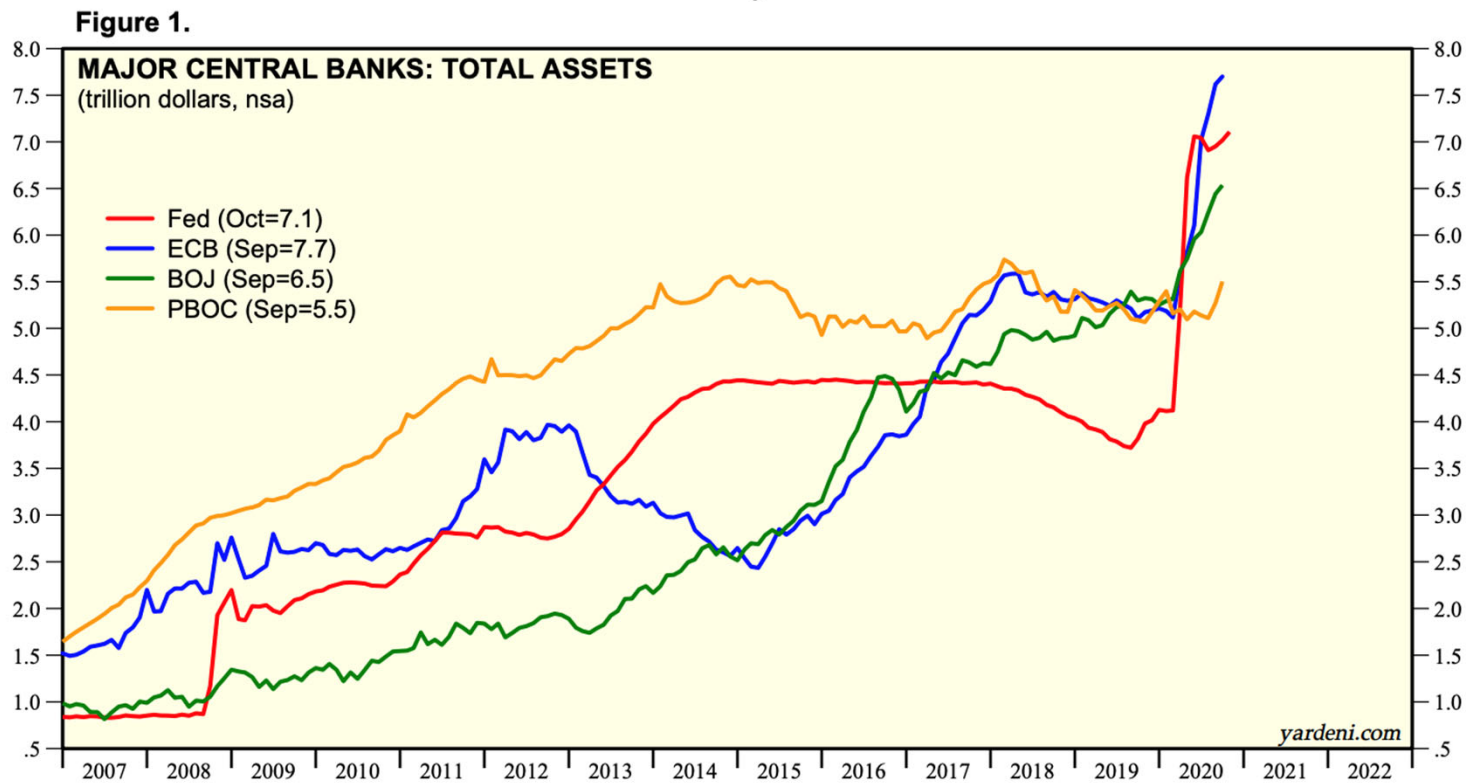
Figure 4: Overseas merchandise trade



Source: Stats NZ

What have central banks done?

Total Assets of Major Central Banks

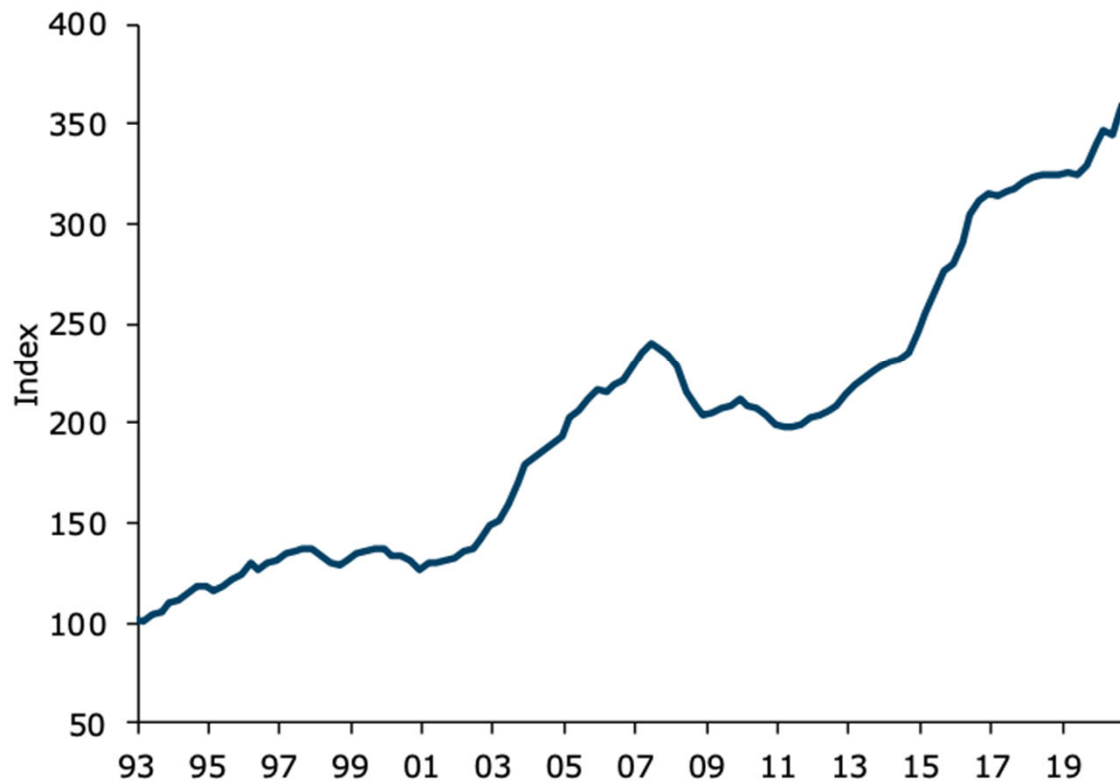


Source: Haver Analytics.

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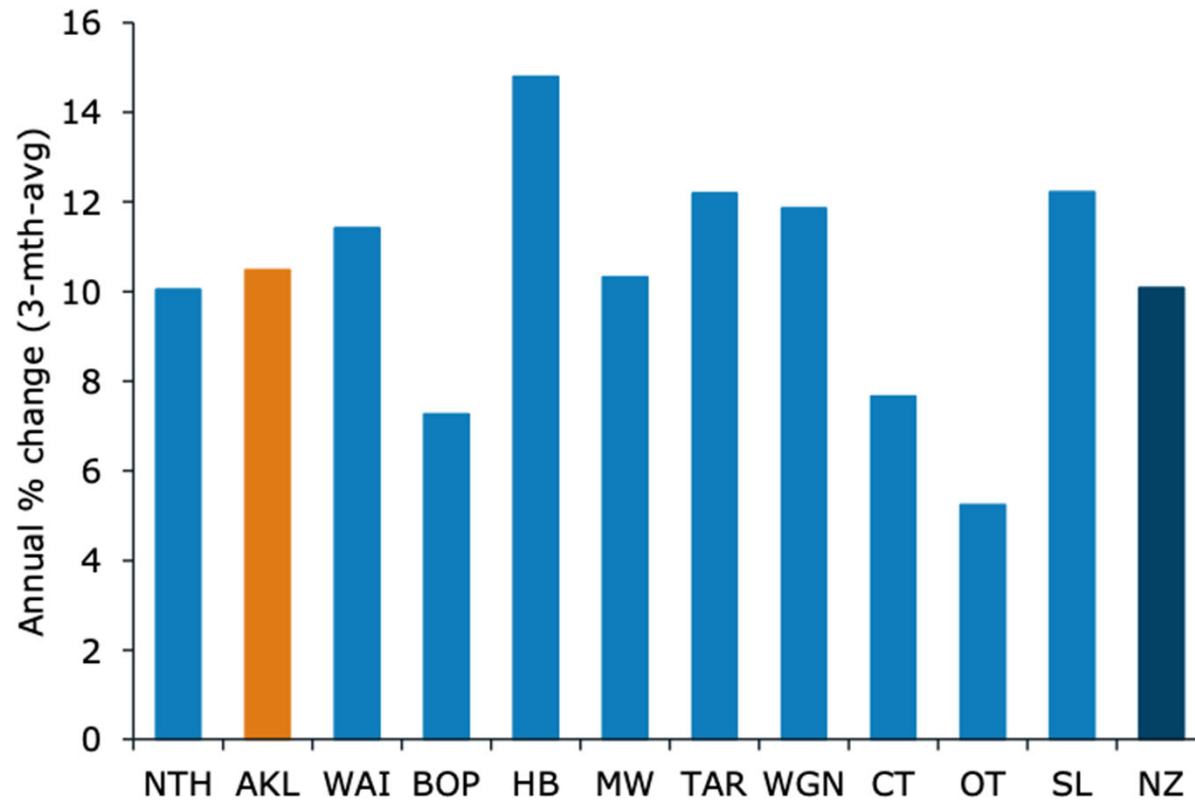
What's happening with house prices?

Prices 4½% above pre-crisis levels



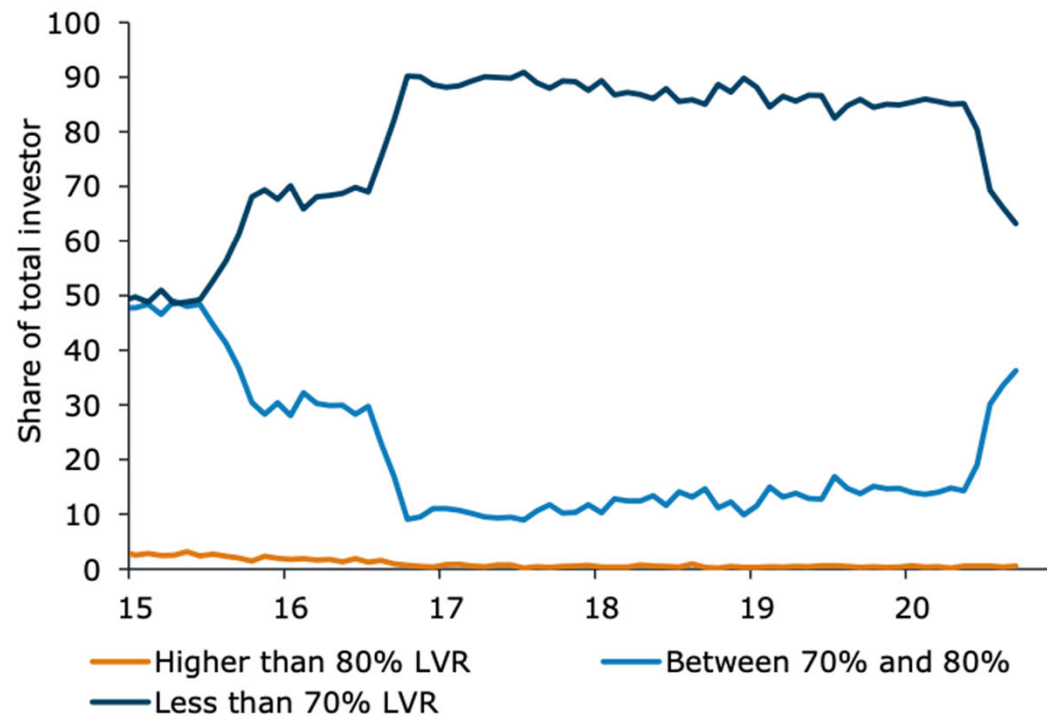
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Is the boom everywhere?



Who is borrowing and buying?

Figure 2. Investor lending by loan-to-value ratio

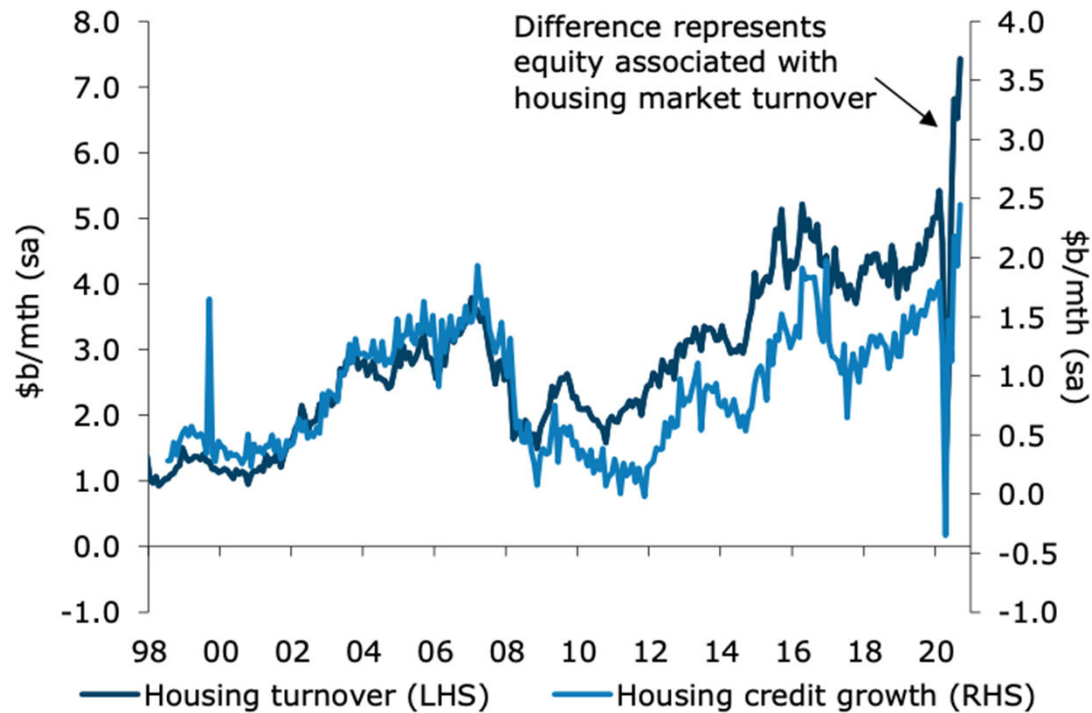


Source: RBNZ, ANZ Research

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Is it all leverage?

Figure 6. Equity associated with housing turnover

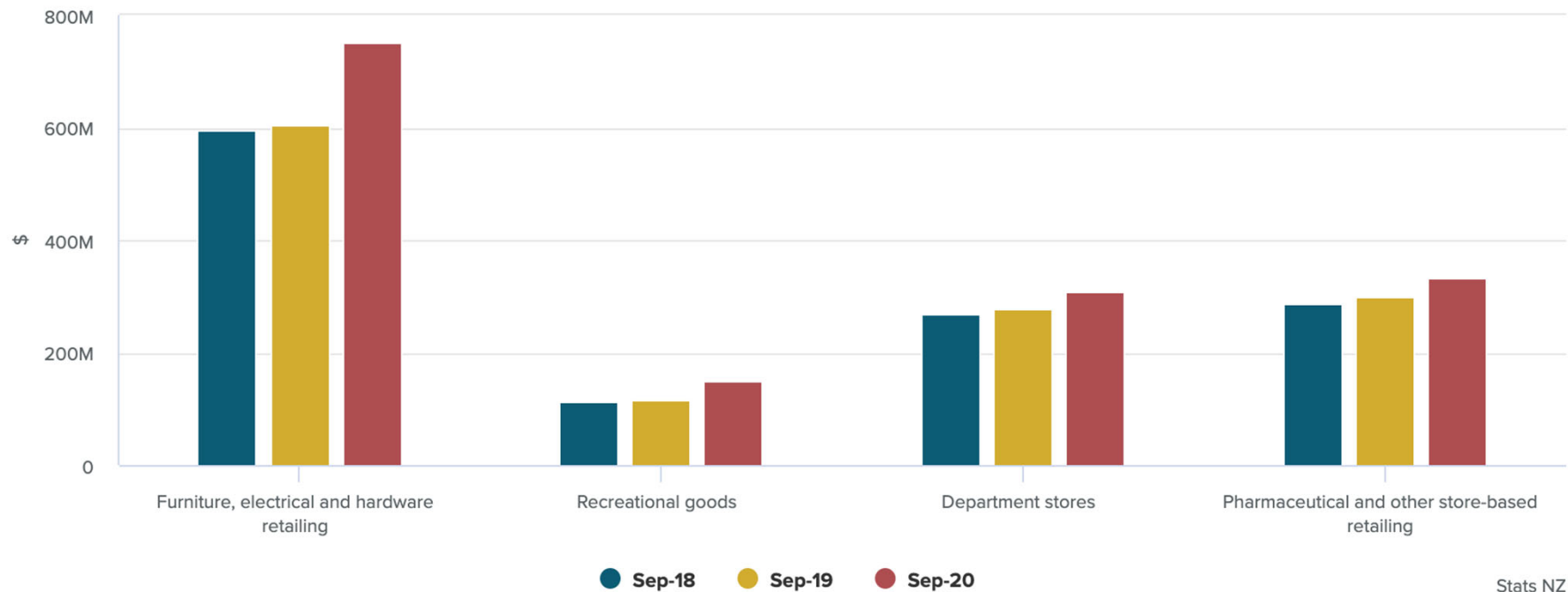


Source: RBNZ, REINZ, ANZ Research

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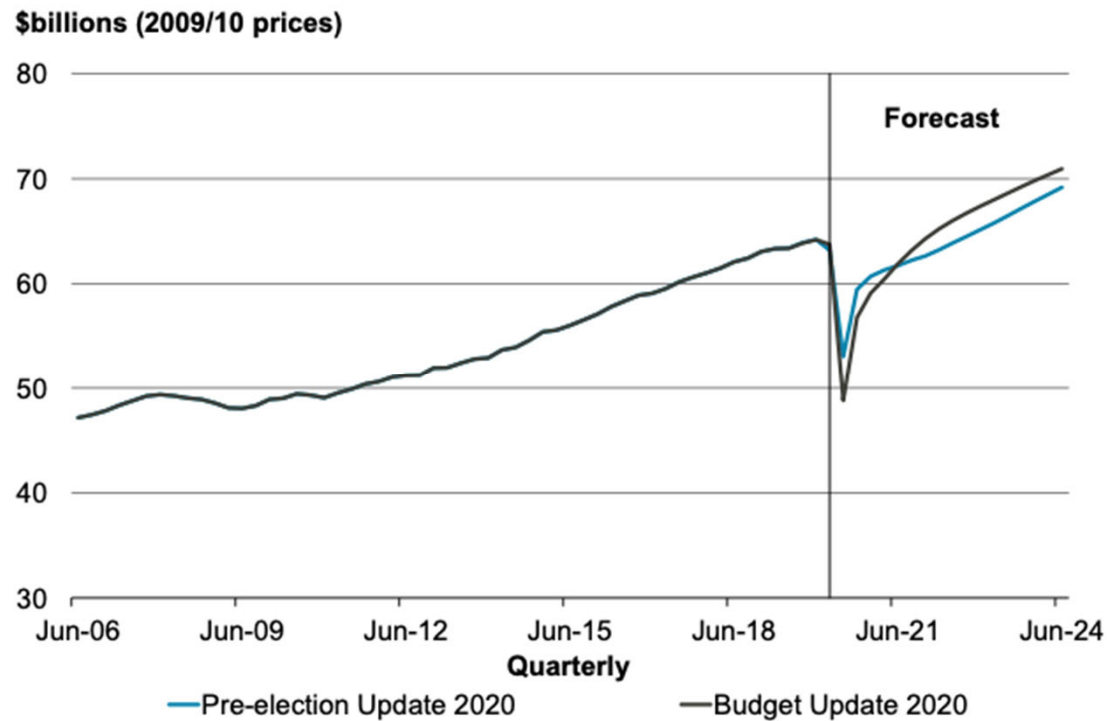
Why are there so many Harvey Norman ads on the front pages of newspapers?

Actual card spending on durables industries, September months, 2018–2020



Where is GDP forecast to go?

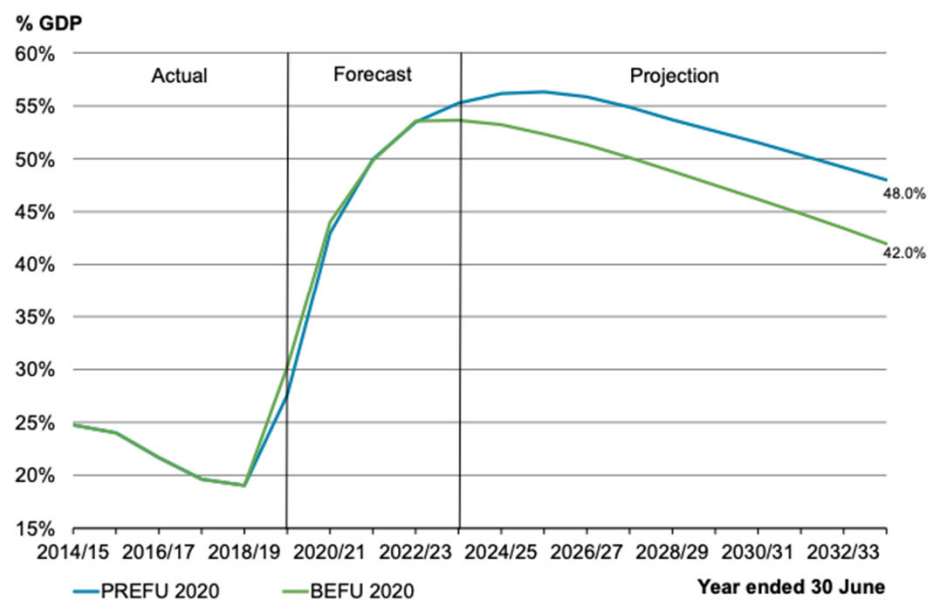
Figure 1.1 – Real production GDP



Sources: Stats NZ, the Treasury

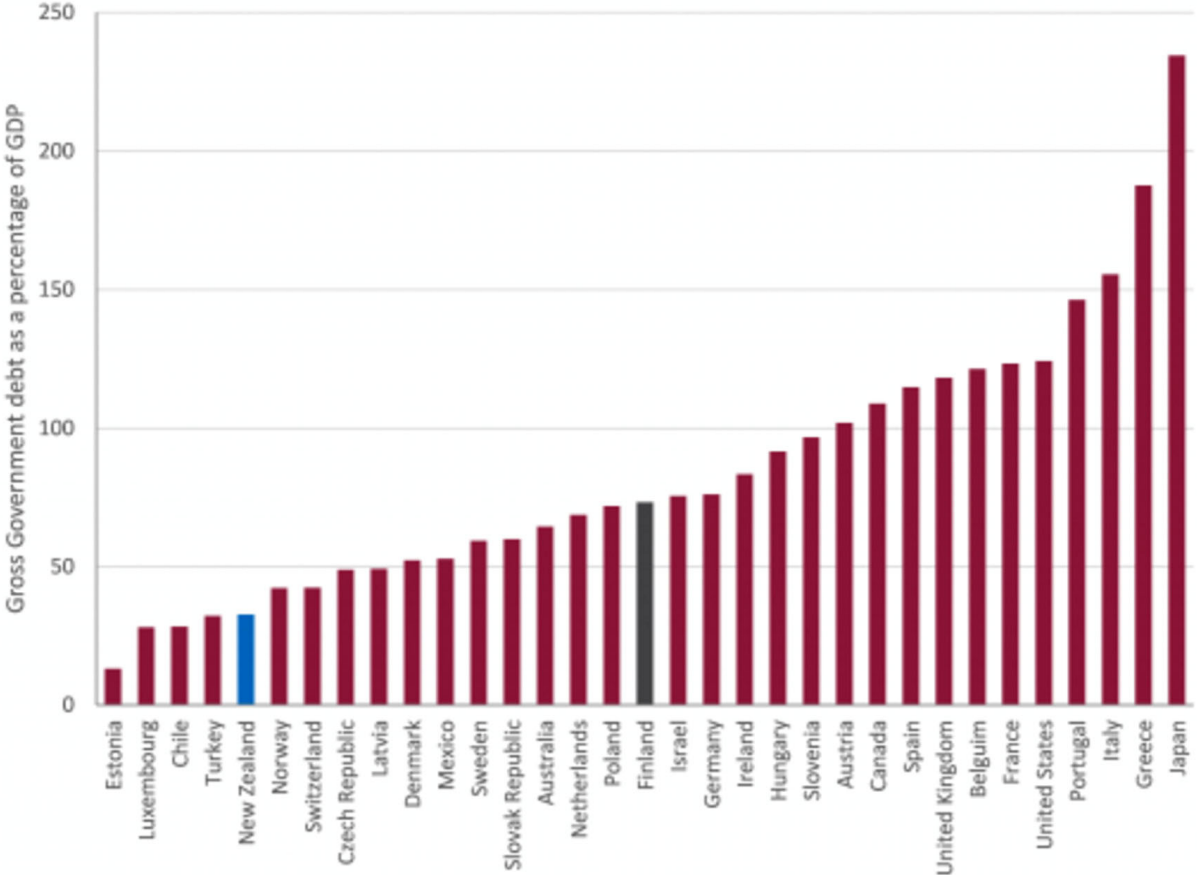
How much will Govt debt rise?

Figure 2.21 – Net core Crown debt (excluding NZS Fund and advances)



Source: The Treasury

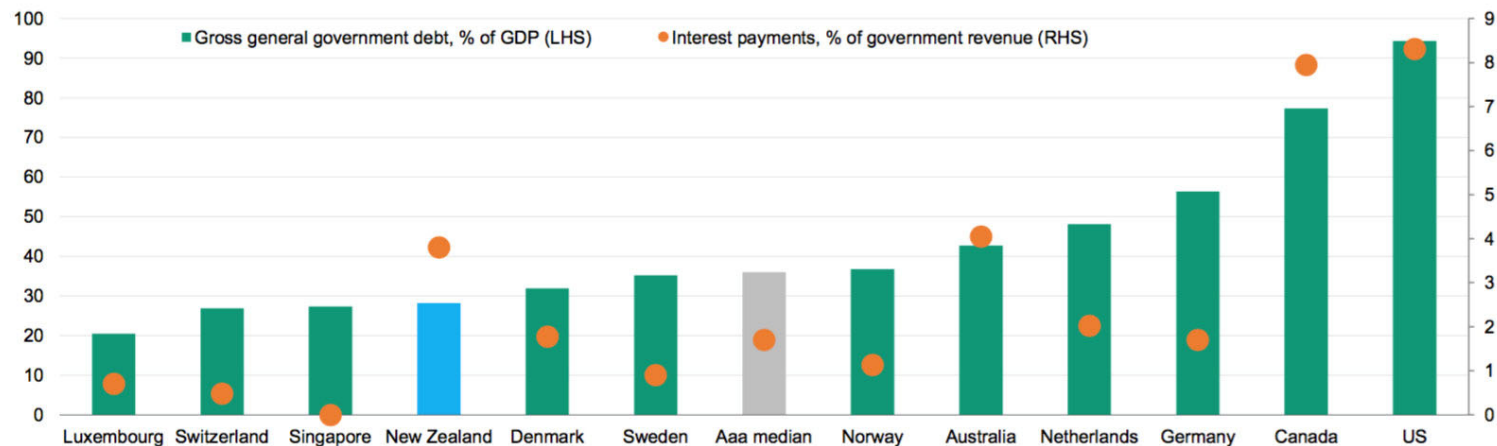
How indebted are we vs the rest?



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What about our our AAA peers?

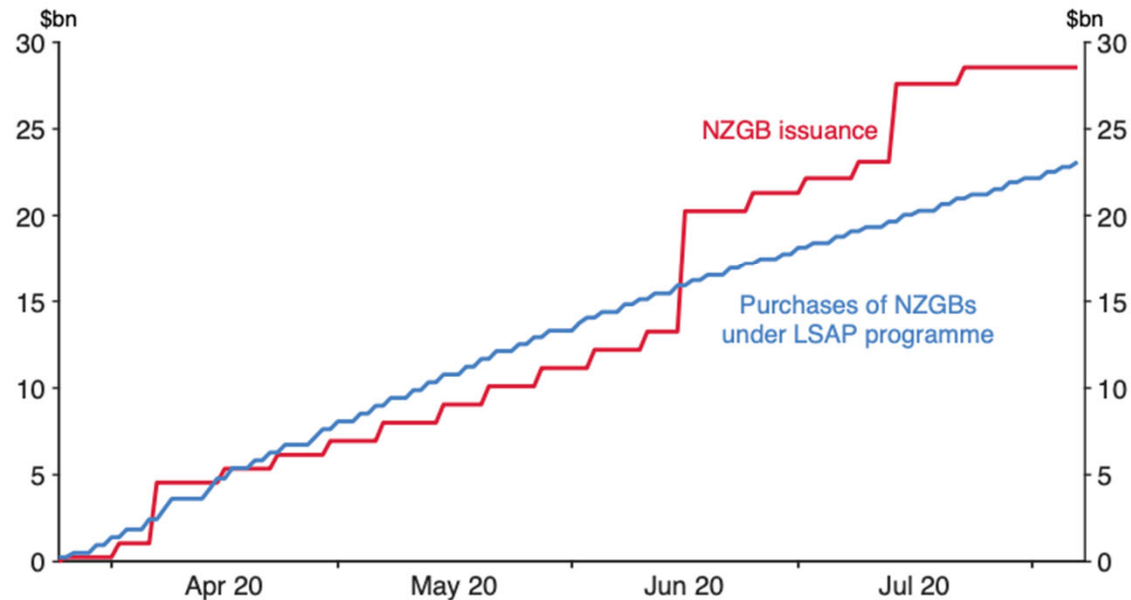
New Zealand maintains a stronger fiscal position than many Aaa-rated sovereigns
(Key fiscal metrics, average over 2019 and 2020)



Sources: National authorities, IMF, Moody's Investors Service forecasts

Who is 'lending' the Govt all the money?

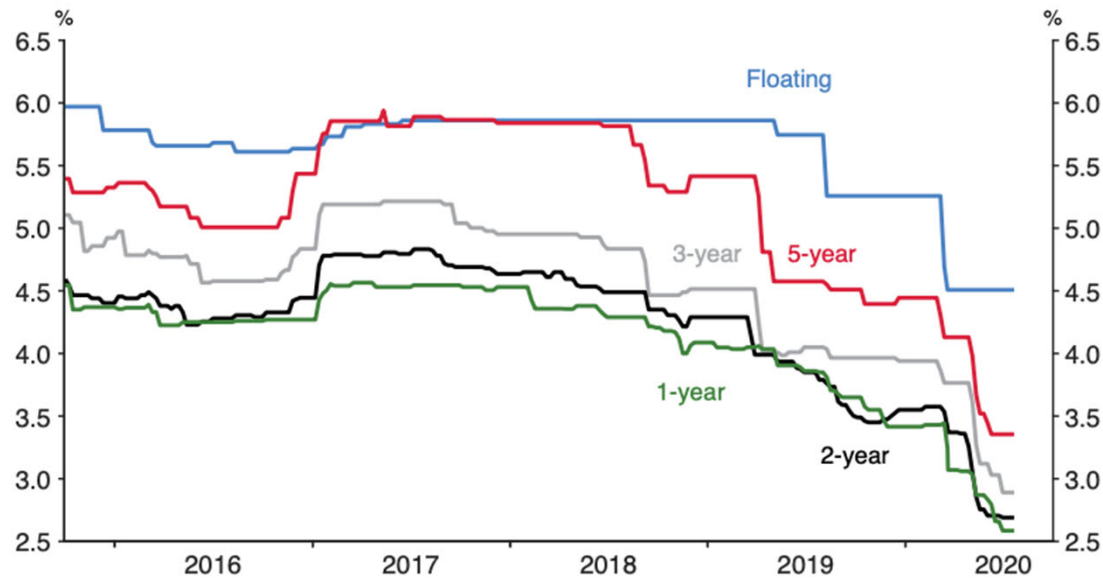
Figure 3.3
Cumulative LSAP purchases and NZGB issuance



Source: RBNZ, Treasury.

How low will mortgage rates go?

Figure 3.4
Mortgage rates

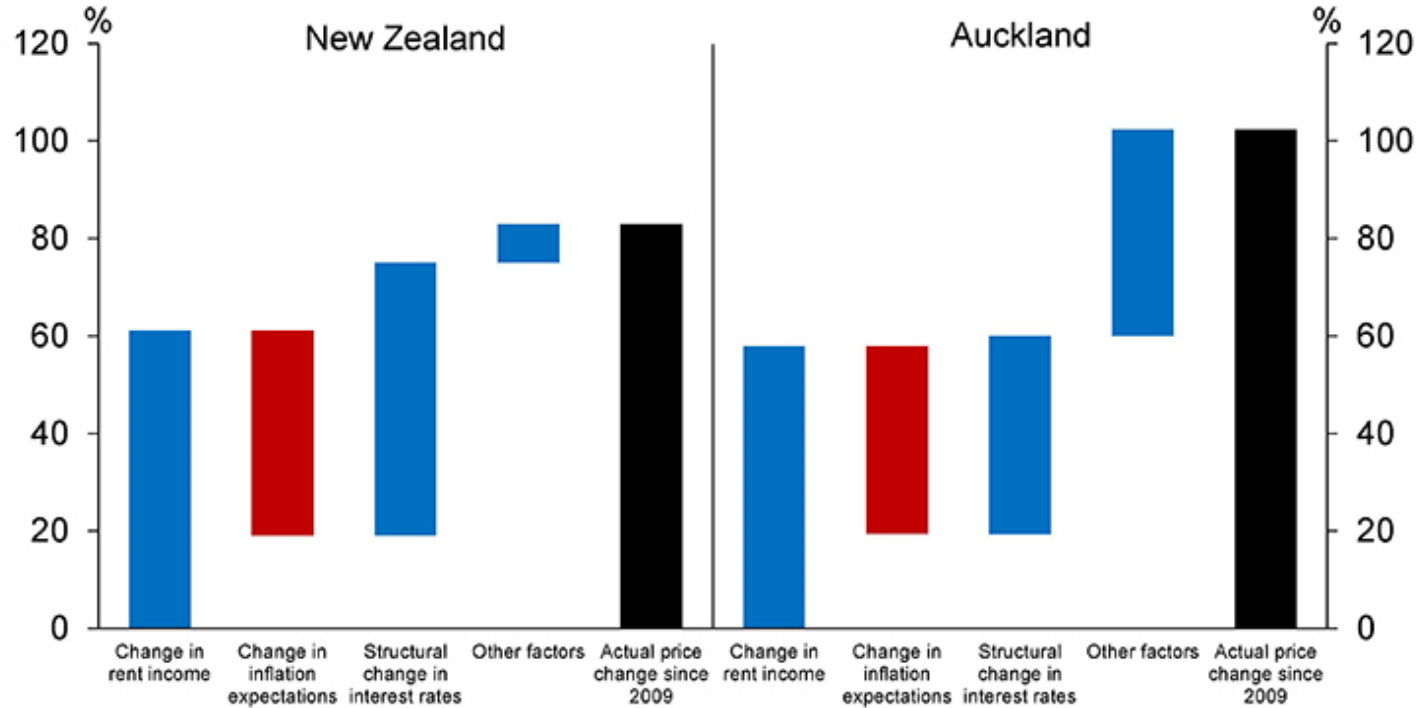


Source: interest.co.nz.

Note: The rates shown for each term are the average of the latest rates on offer from ANZ, ASB, BNZ, and Westpac.

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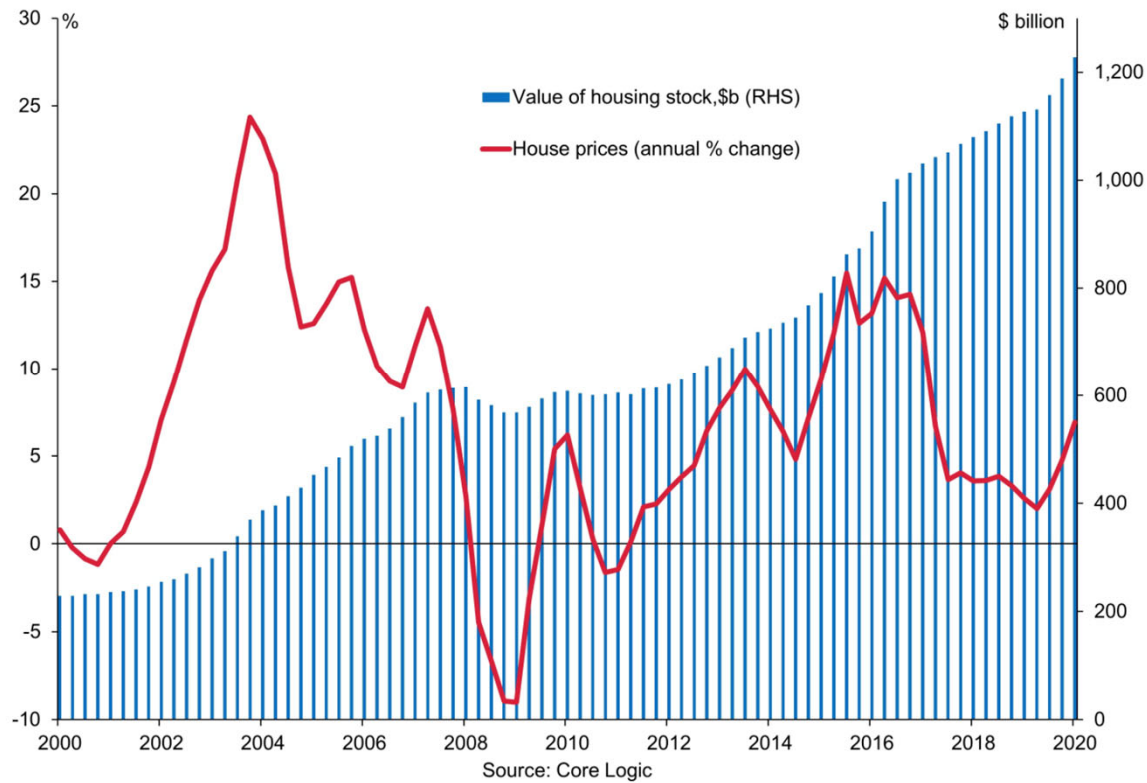
1% rates fall = 20% price rise



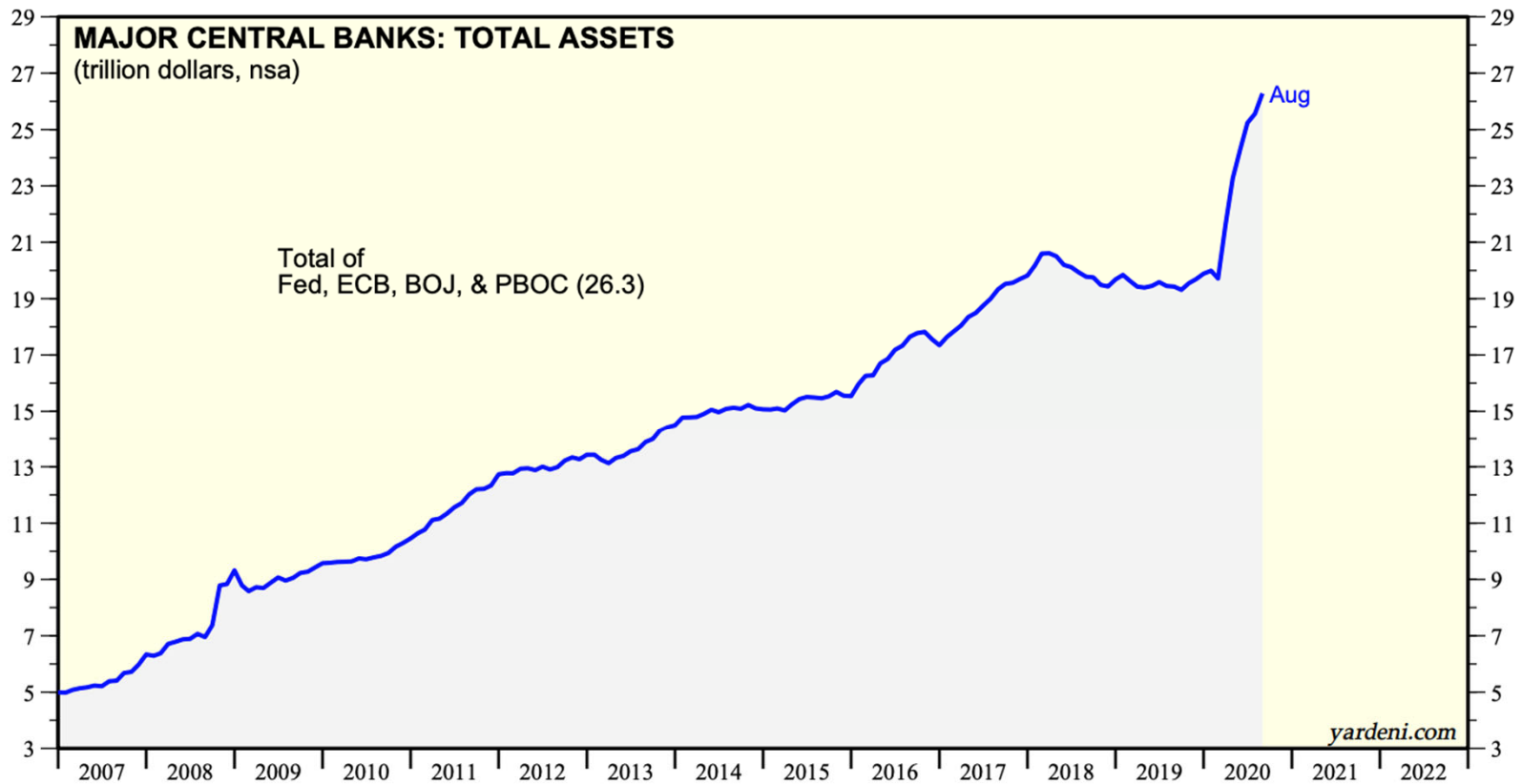
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How much equity is there to use?

House prices & value of housing stock



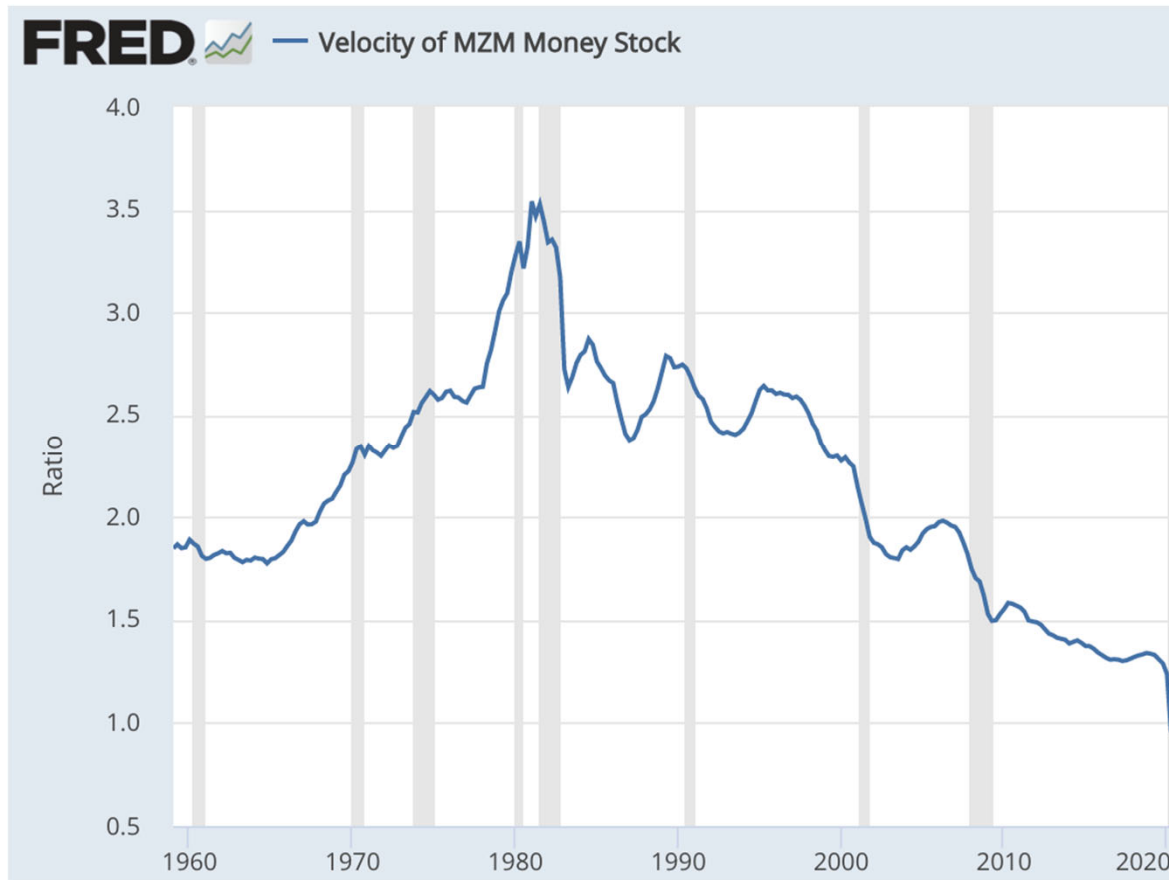
How much cash is lying around?



Source: Haver Analytics.

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How quickly is it all circulating?

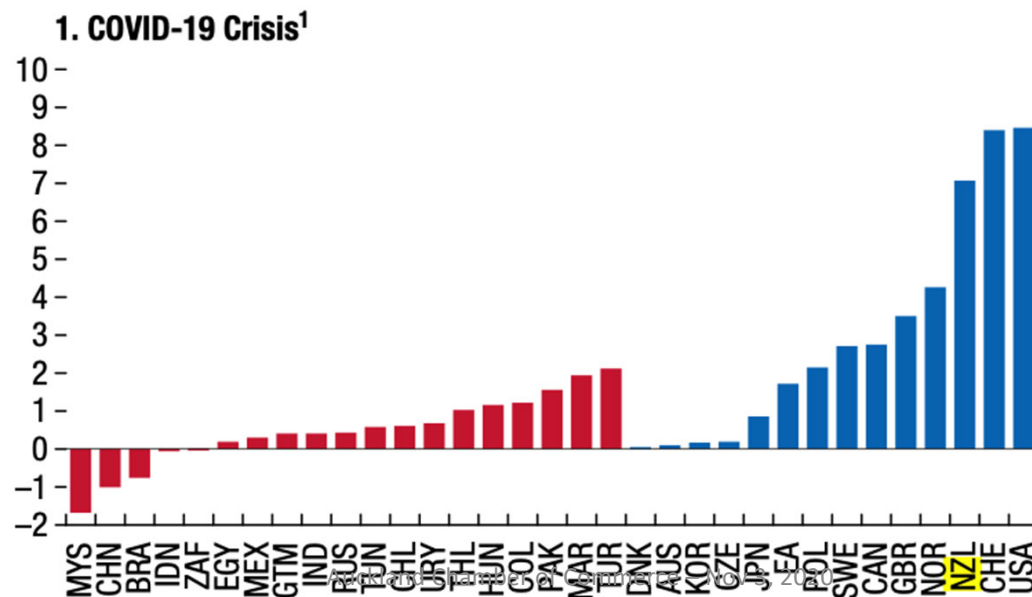


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How much is RBNZ printing vs the rest?

Figure 1.17. Selected Economies: Monetary Base Expansion
(Change in first three months of the episode, in percent of previous year's GDP)

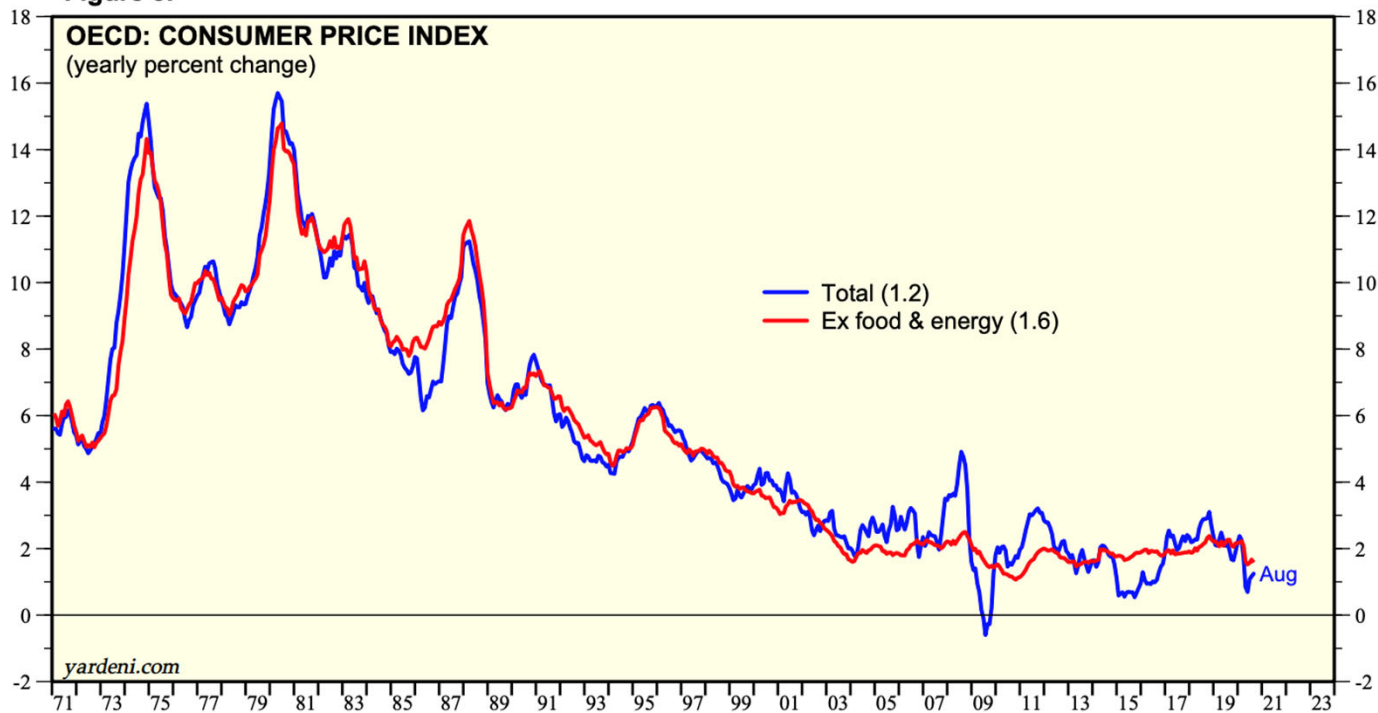
Central banks have provided a significant expansion in liquidity, including through asset purchase programs, especially in advanced economies where the expansion has been stronger than during the global financial crisis.



So where's the inflation?

Global Inflation Rates

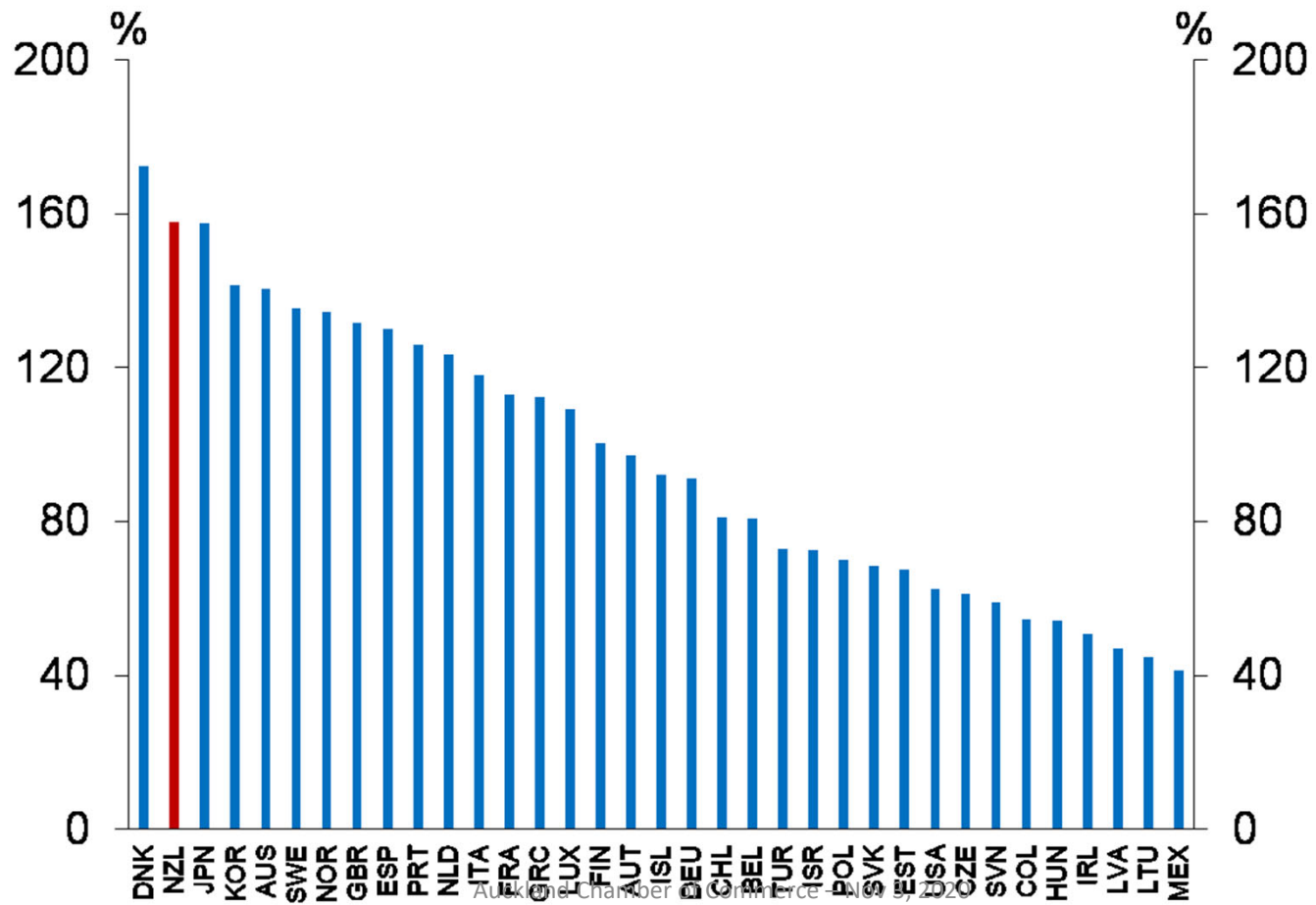
Figure 5.



Source: Organization for Economic Cooperation & Development (OECD).

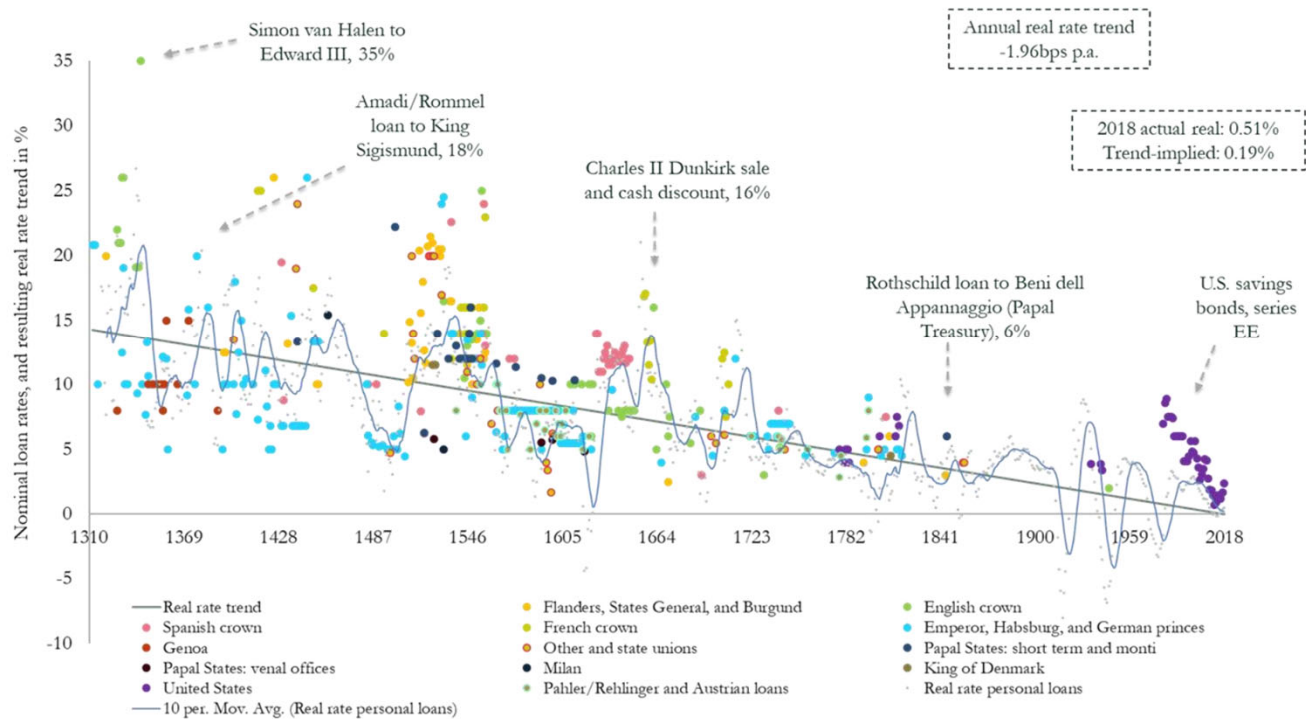
Auckland Chamber of Commerce – Nov 3, 2020

Will more printing and lending work here?



Auckland Chamber of Commerce - May 9, 2020

Interest rates over the long run



How will this all end?

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