

Economy shifting gears in 2025

Waipa District Council &
Cambridge Chamber of Commerce

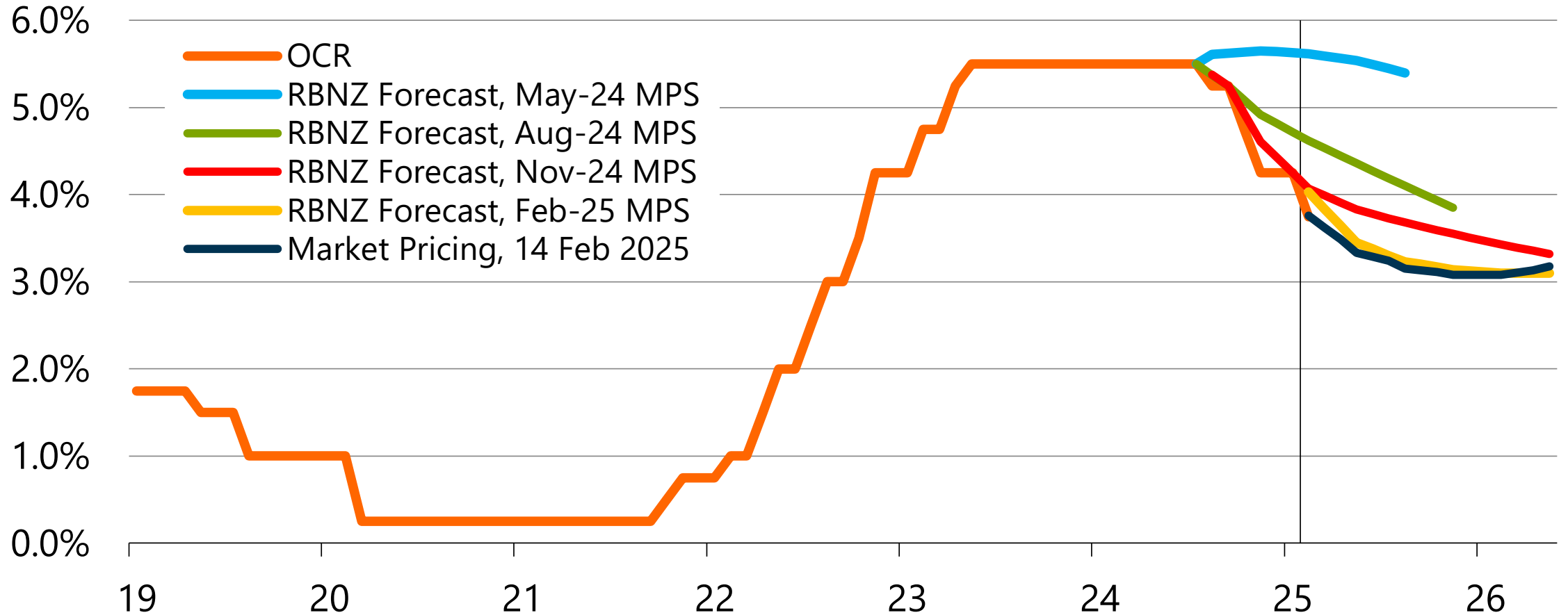
Brad Olsen (Chief Executive & Principal Economist)

27 February 2025

Interest rates

Interest rates to continue to fall

OCR, at month end, RBNZ forecasts & implied by market pricing

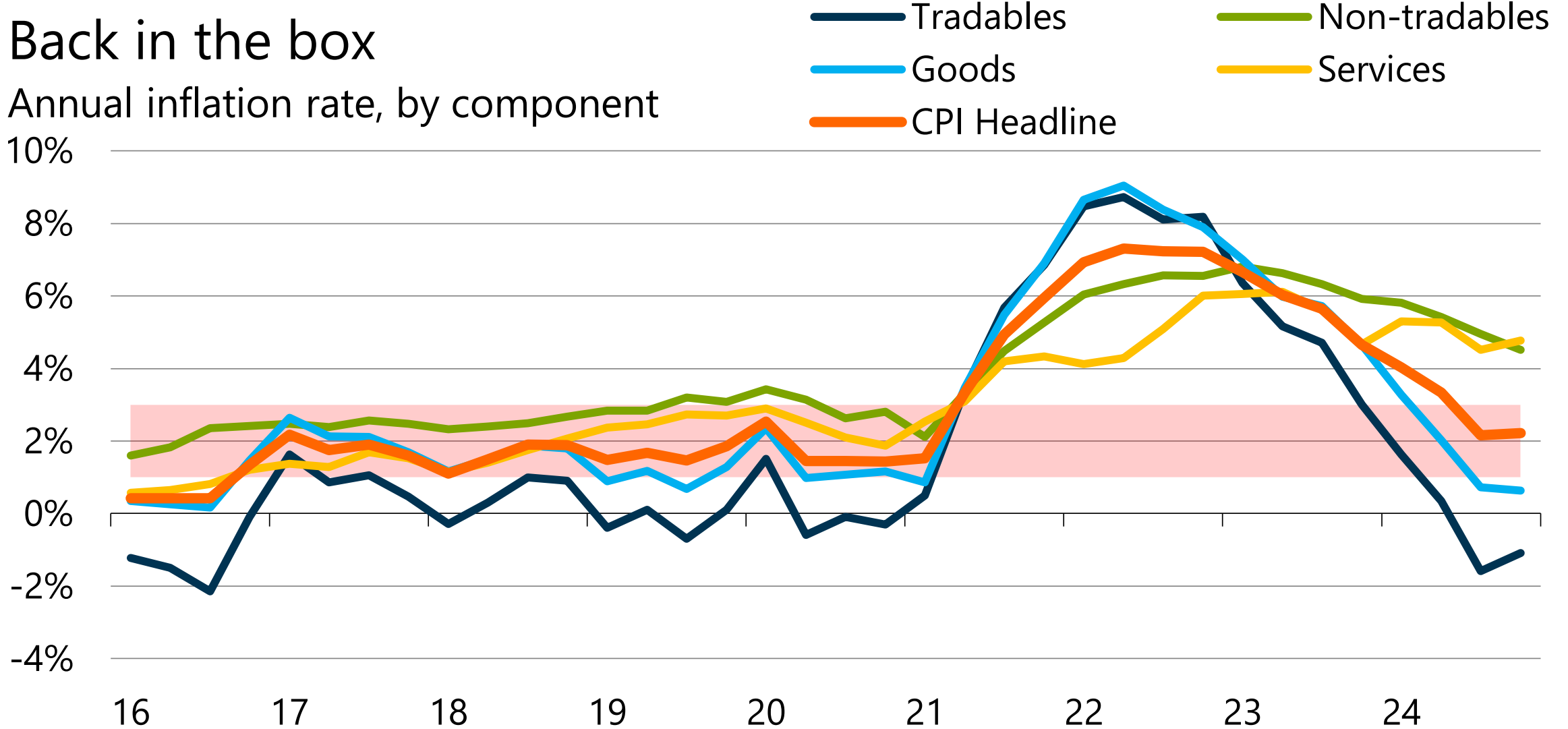


**Inflation is
back in the box**

Inflation

Back in the box

Annual inflation rate, by component



Exchange rate

Lower NZD better for exporters, raises import costs

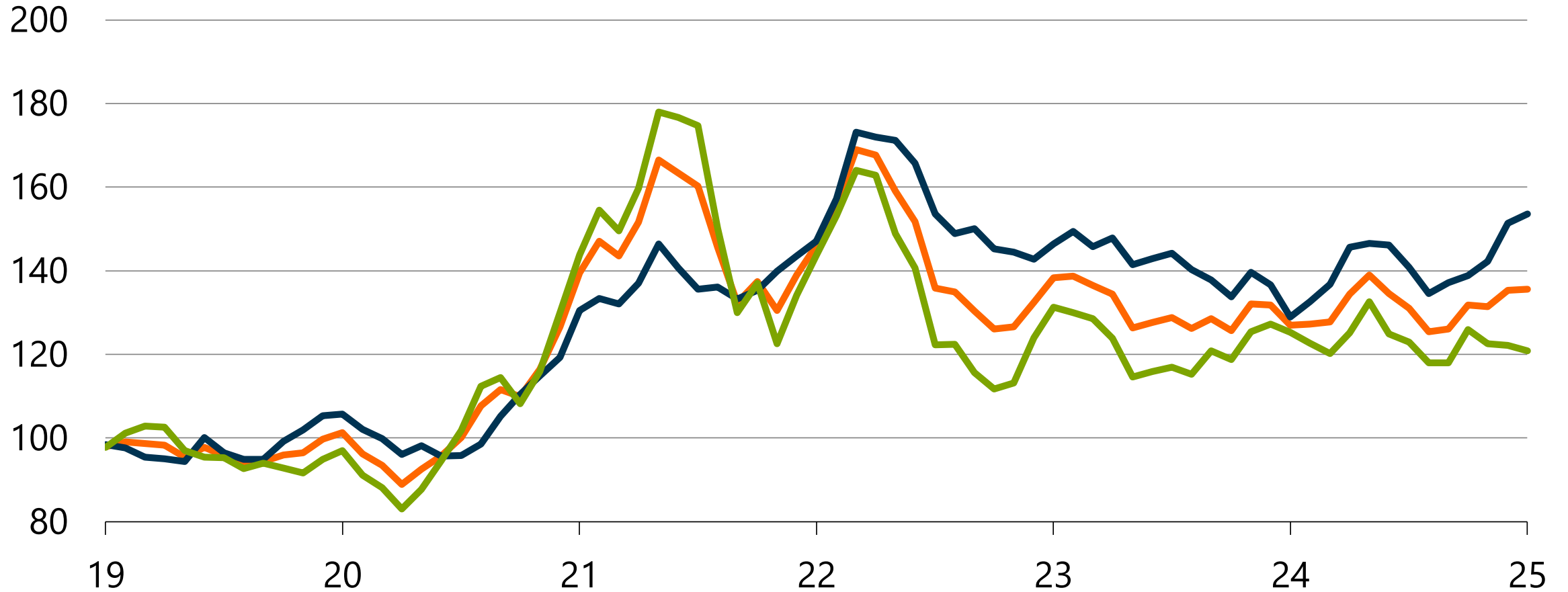
Daily exchange rate, USD/NZD



Prices

Commodity food prices remain high

The Economist Commodity Price Index, monthly averages

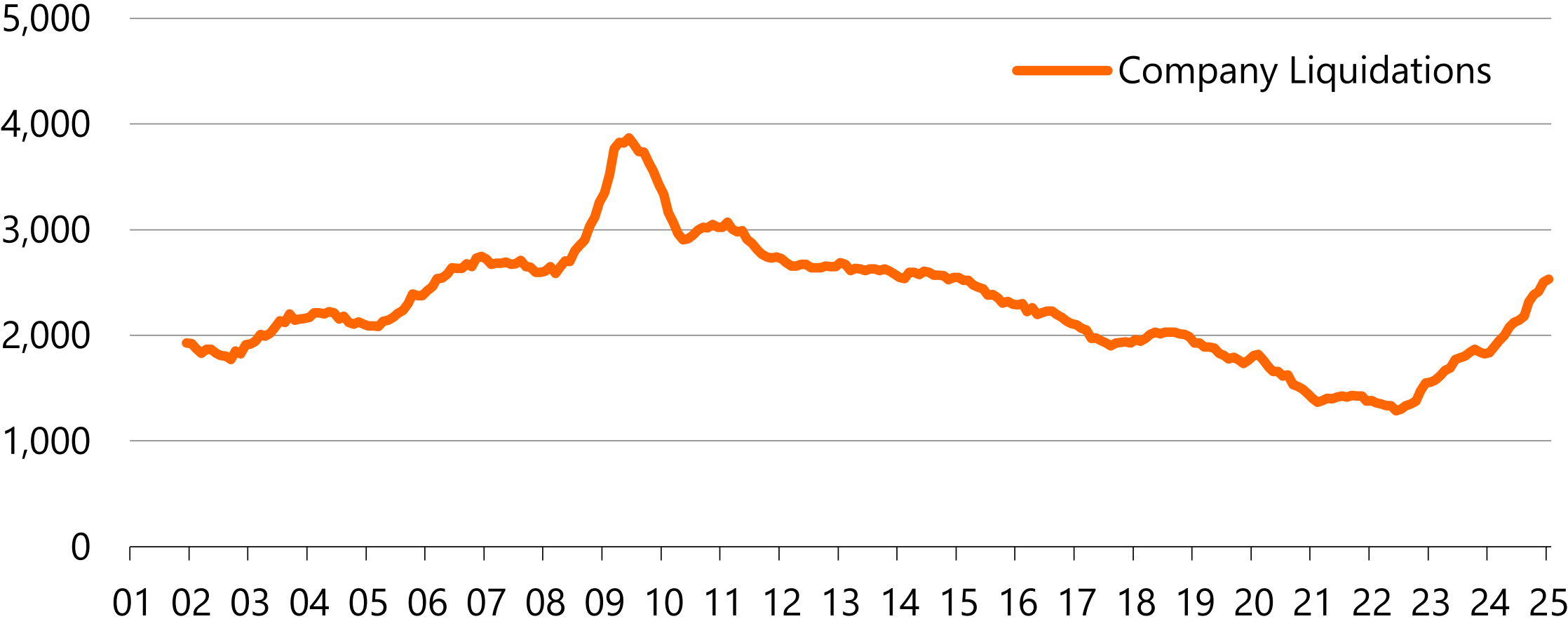


**National trends – improving, but
still tough**

Businesses

Liquidations up 37%pa over 2024, to 2,500

Annual running totals. Source: Companies Office

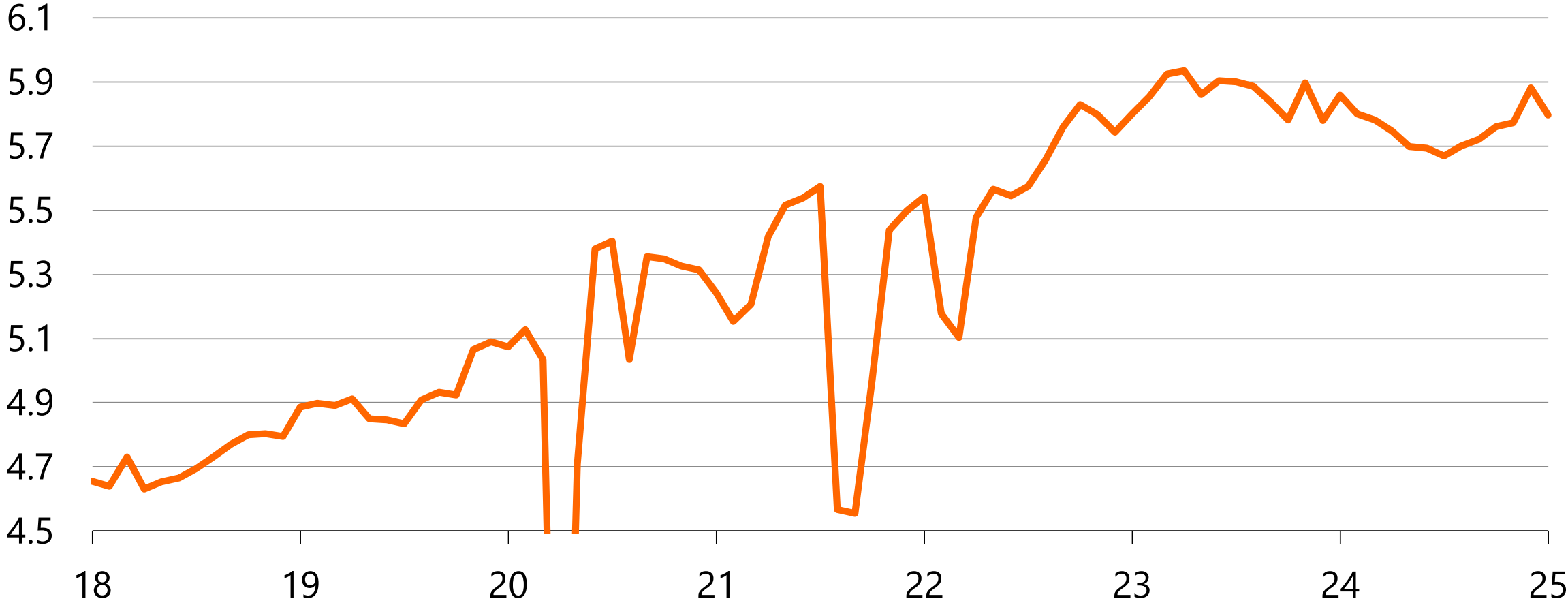


Spending

Spending up 2.2% from July low in Jan 2025

Monthly card spending, seasonally adjusted, \$b

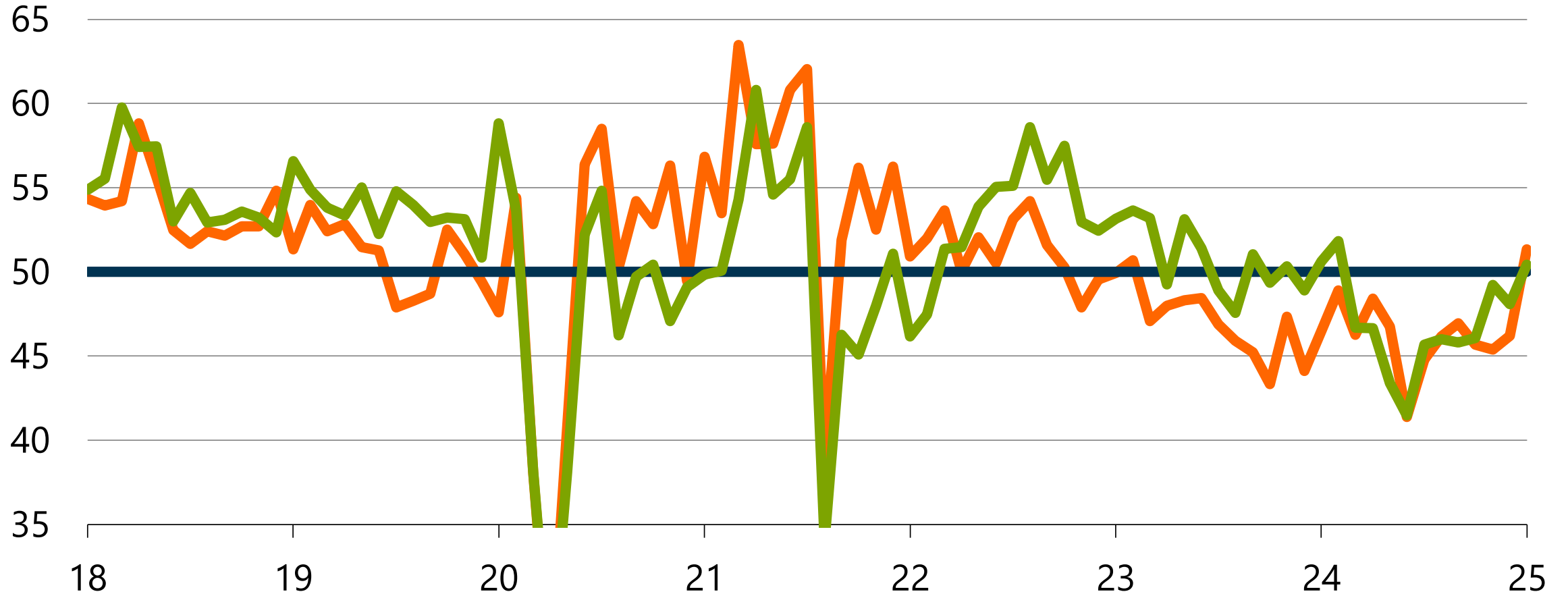
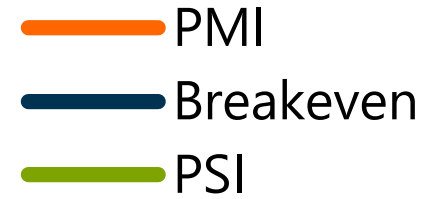
Core retail industries



Activity

Manufacturing and services expand, finally

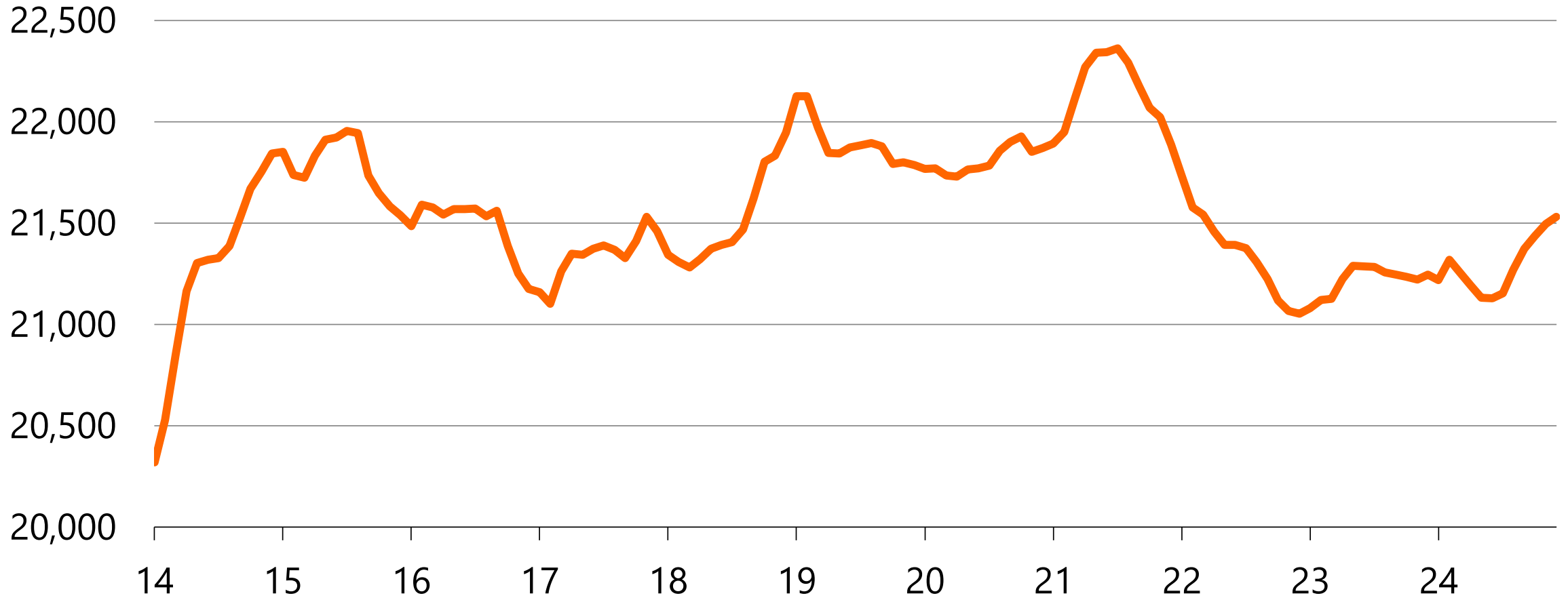
Performance of Manufacturing and Services Index, seas. adj.



Milk

Milk volumes pushing a bit higher

Annual running total, 000s tonnes, milk production

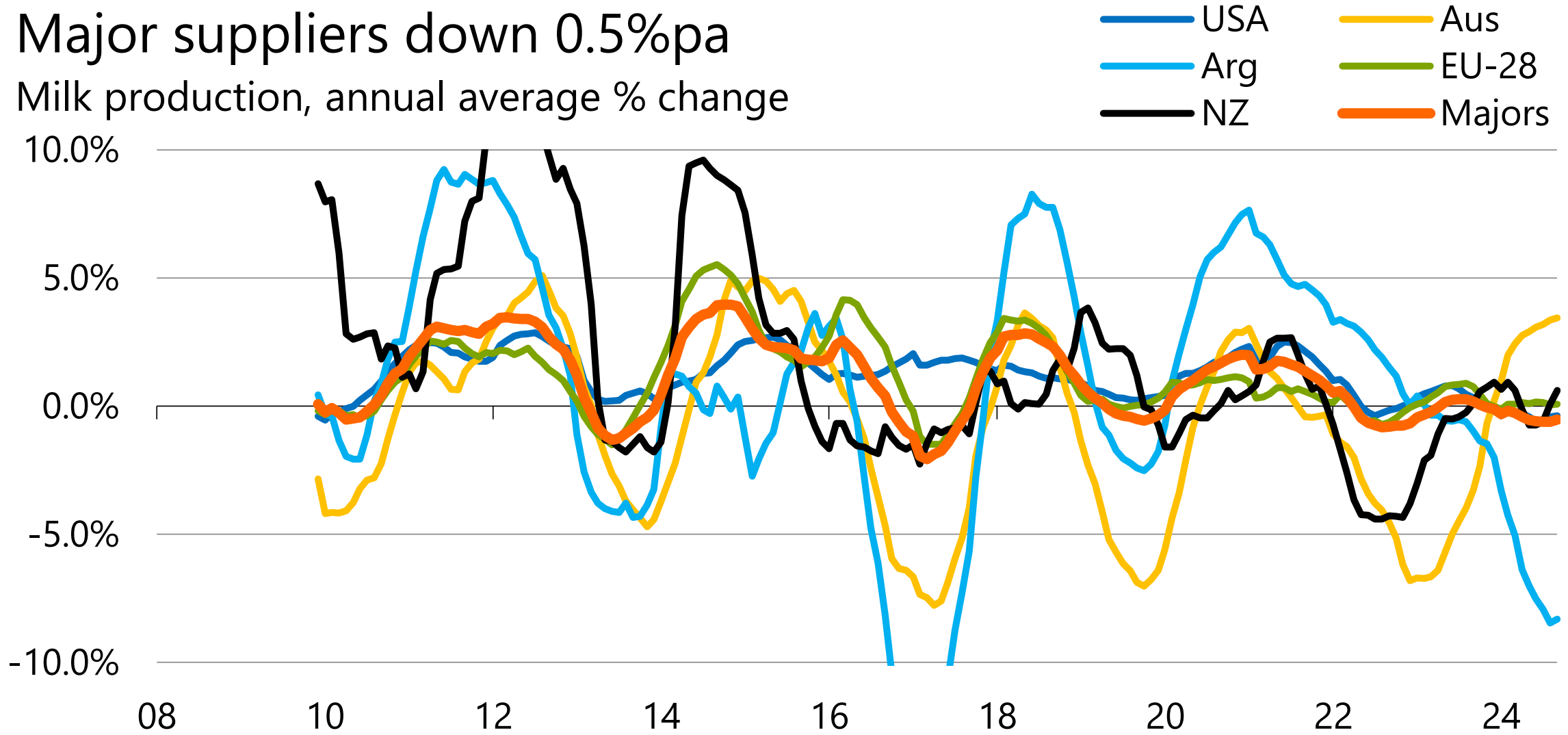


Milk Production

Global milk

Major suppliers down 0.5%pa

Milk production, annual average % change

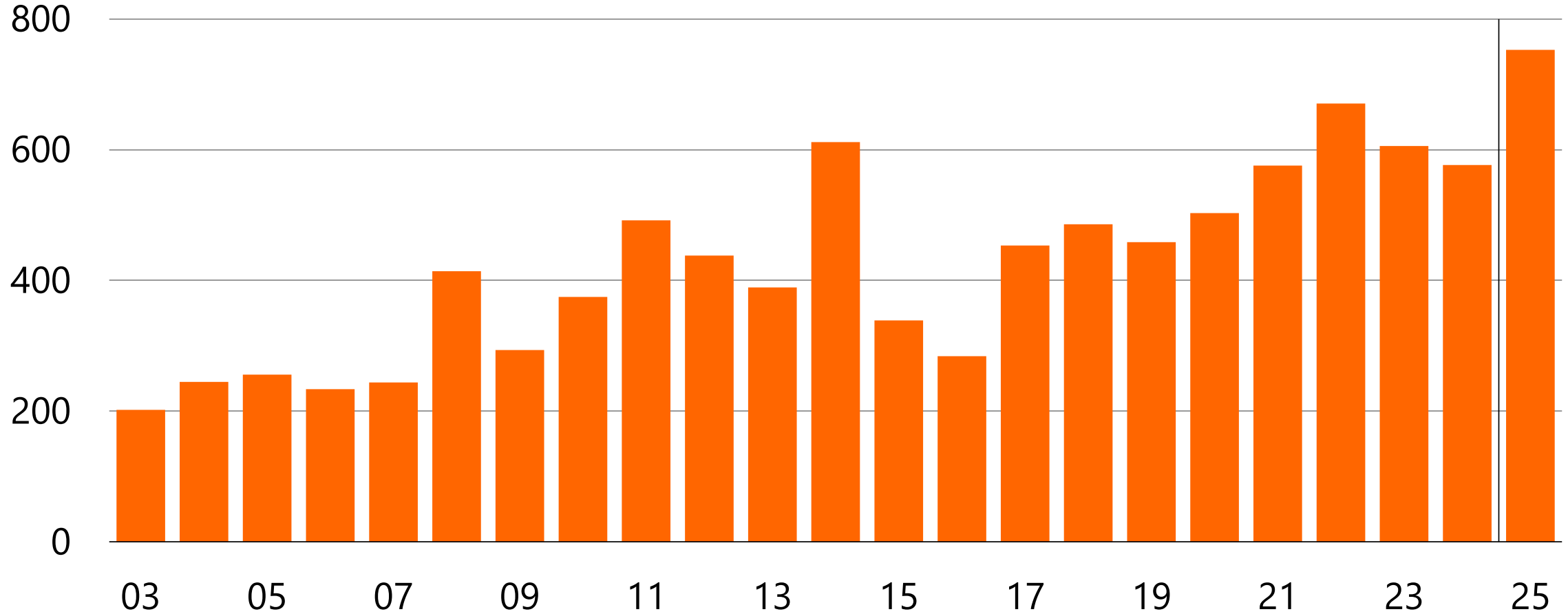


Commodities

Dairy pay-out up \$176m to \$753m

Estimated milk price pay-out, \$m

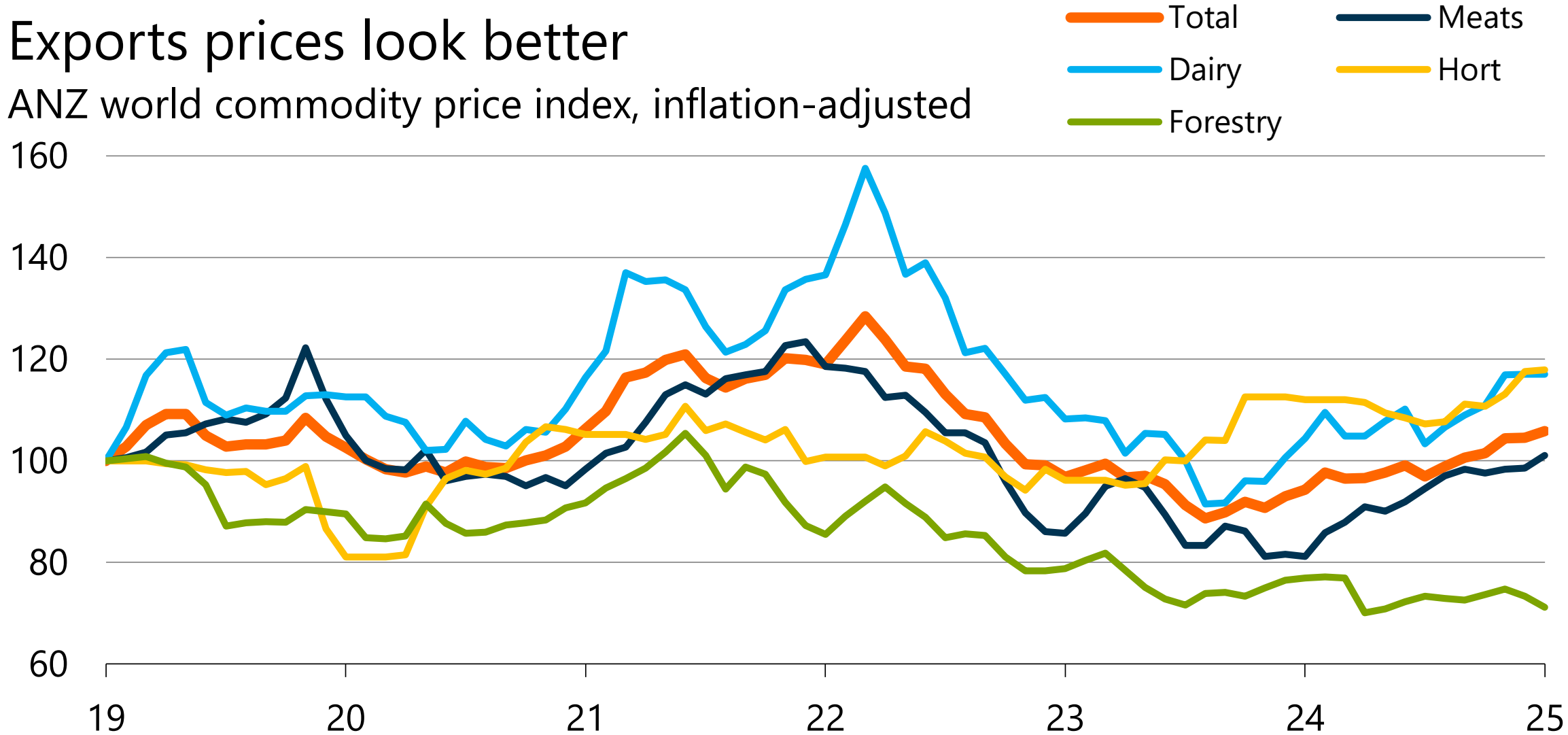
■ Waipa District



Commodities

Exports prices look better

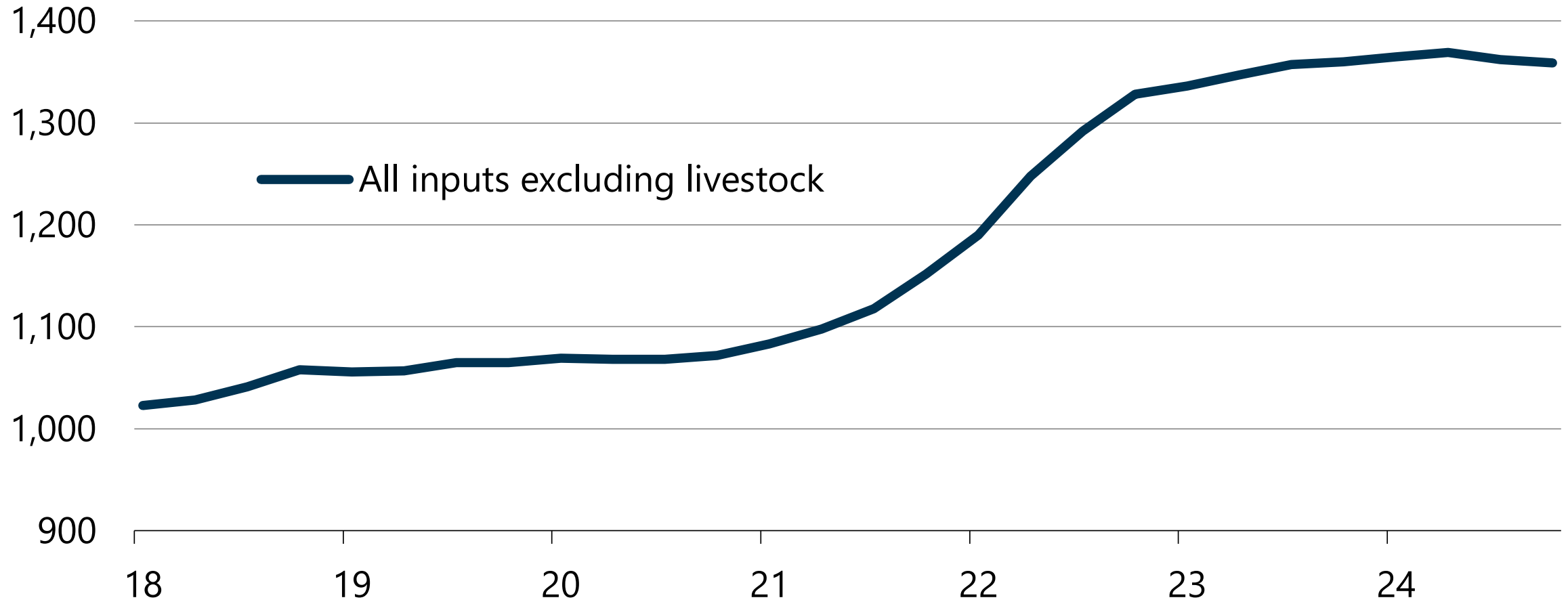
ANZ world commodity price index, inflation-adjusted



Costs

On-farm costs stabilise, but 27% above 2020 levels

Farm expense price index, Dec-13 = 1,000

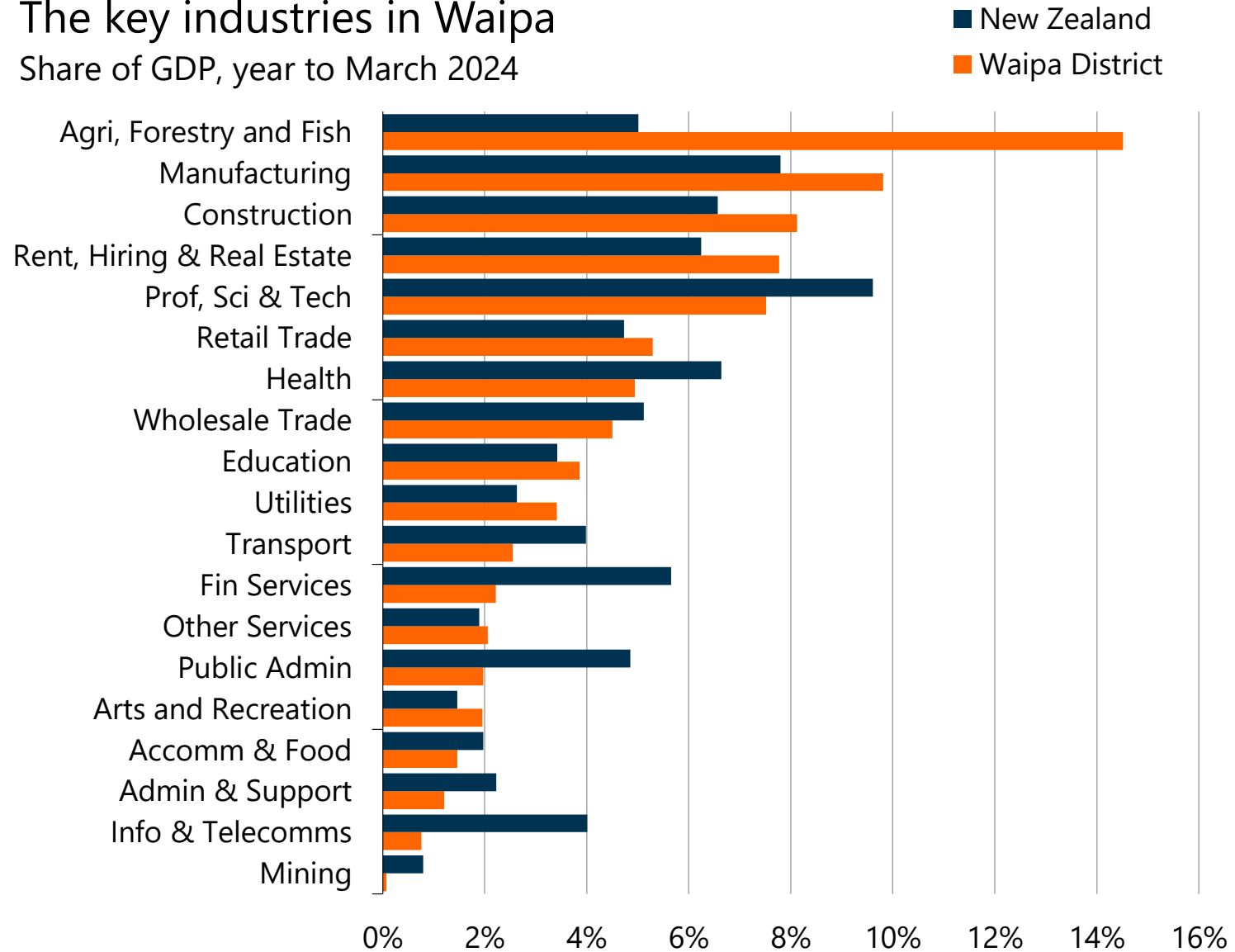


Local Trends

Structure

The key industries in Waipa

Share of GDP, year to March 2024

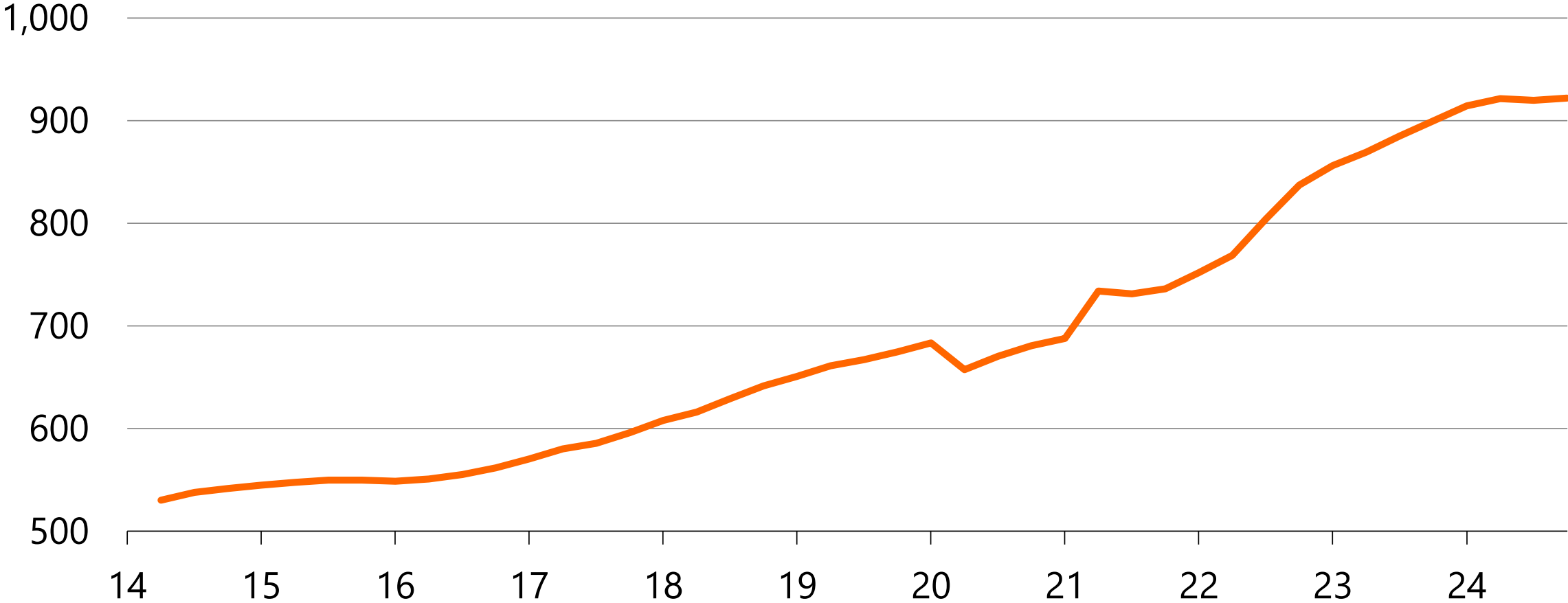


Spending

Spending up 0.9%pa in Q4

\$m, card spending, annual running totals. Source: Marketview

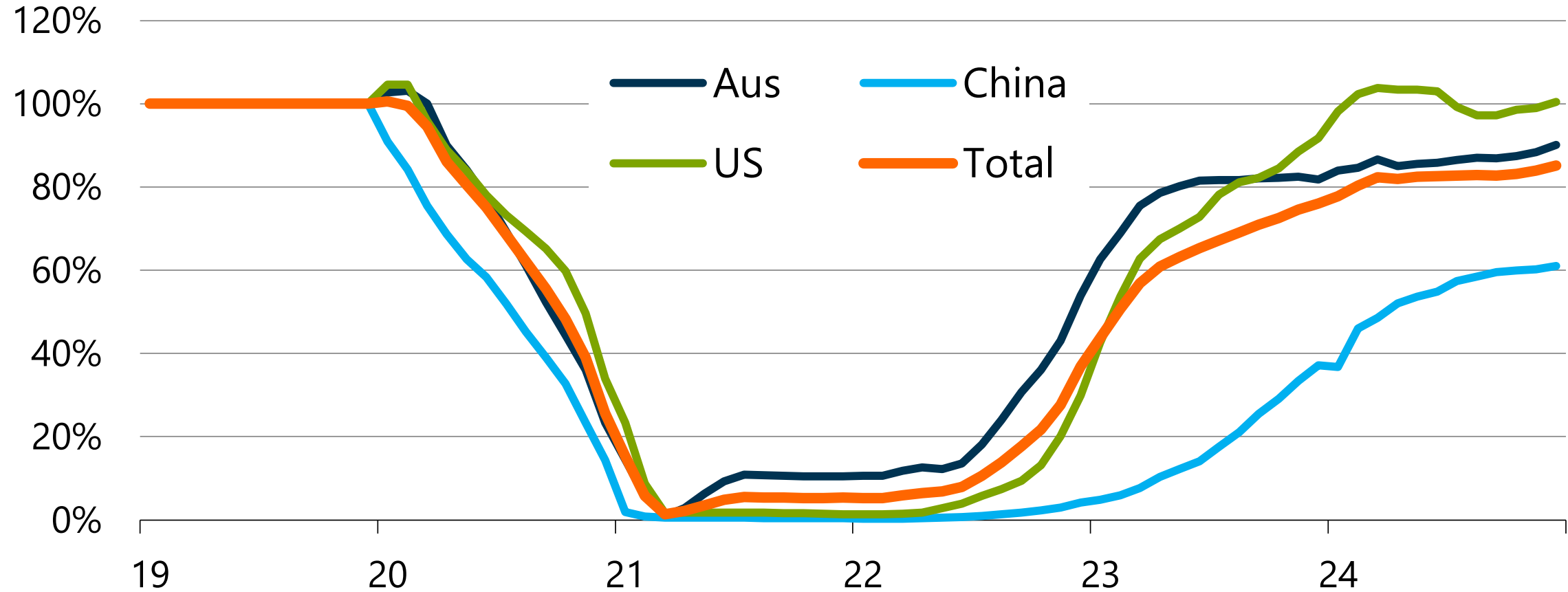
— Waipa District



Tourism

US market recovers, other markets still recovering

Annual tourism arrivals, % of pre-pandemic (2019) levels

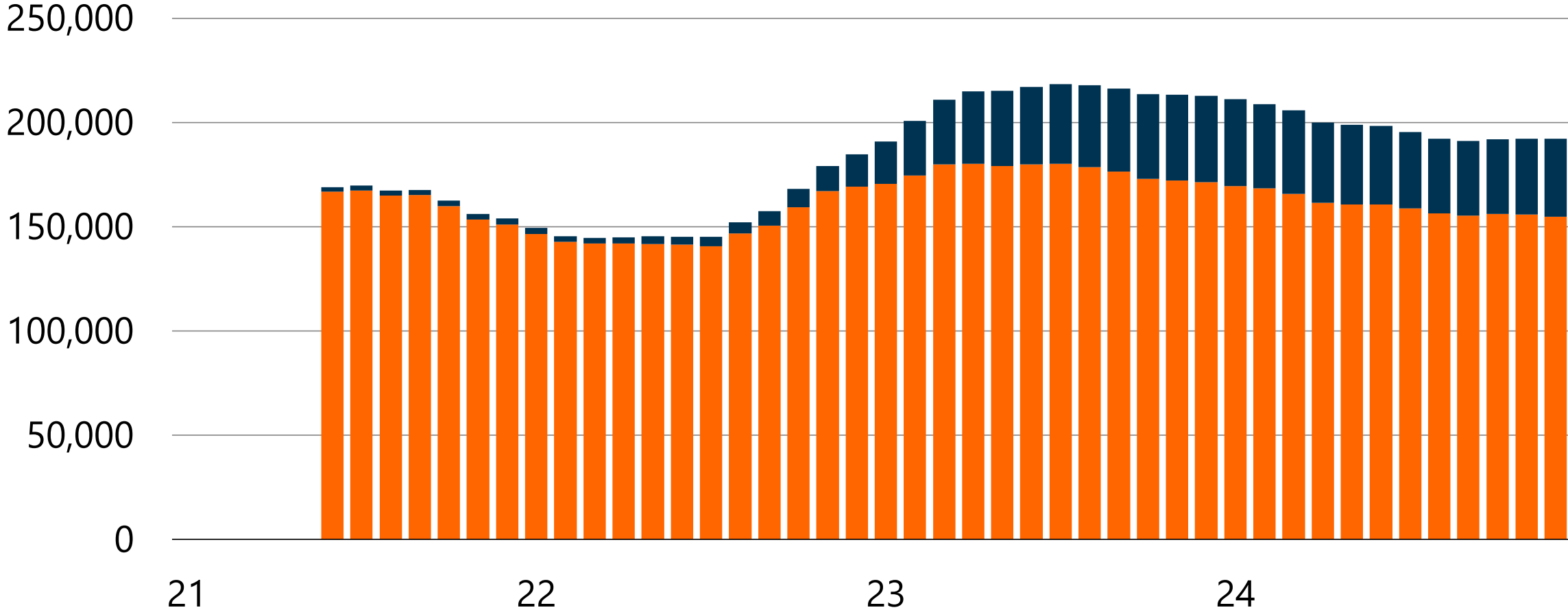


Tourism

Annual average down 9.9%pa, but burst in Dec

Guest nights, annual running totals, Waipa District

■ International
■ Domestic



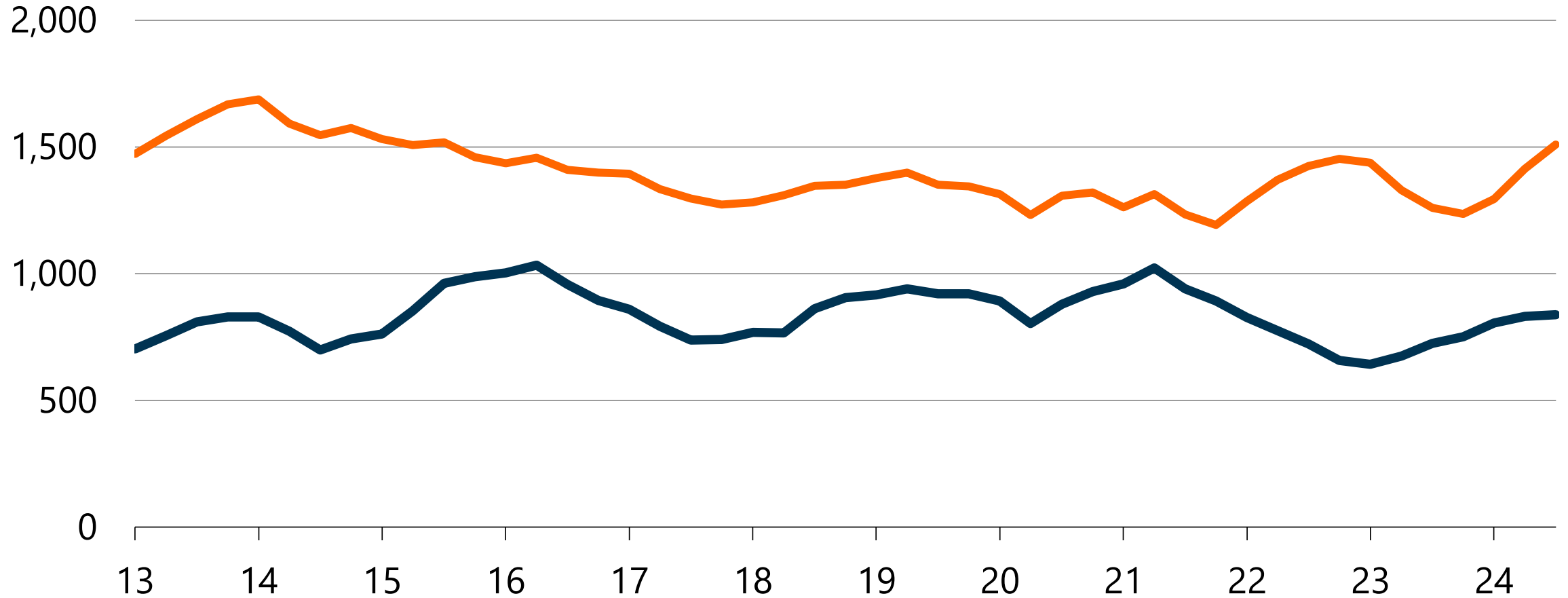
Still sluggish in the housing market

Housing

Listing lift faster than sales growth

Annual running totals, new house listings and house sales

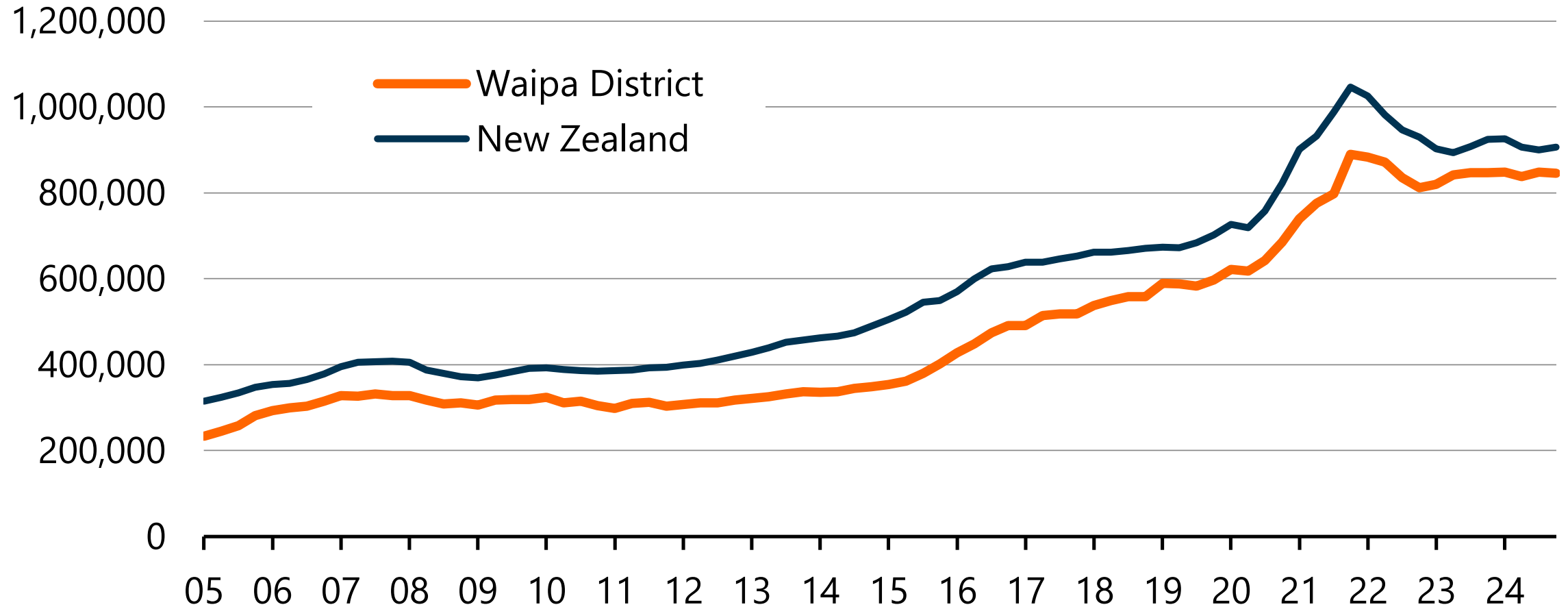
— Listings
— Sales



Housing

House values down 0.3%pa in '24, 5.0% below peak

Average house value, Infometrics estimates

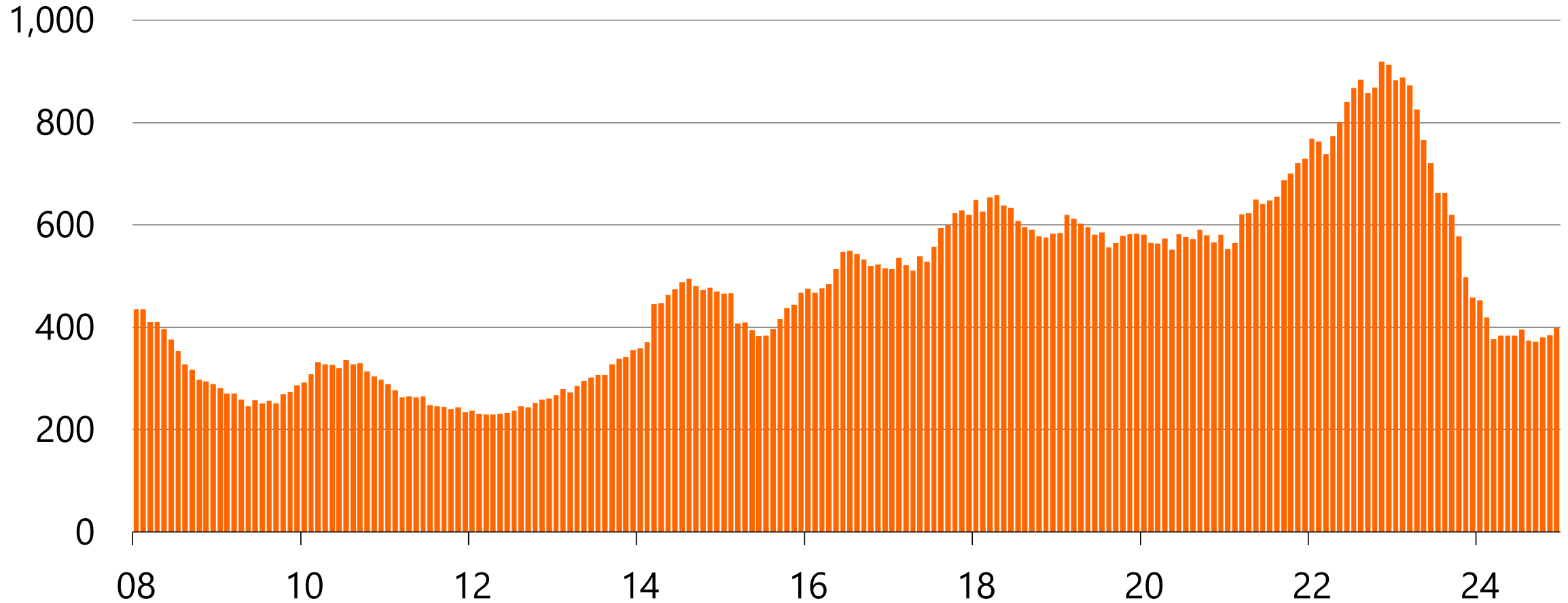


Construction

Pulling back from highs, down 13%pa

Annual running total, residential consents

■ Waipa District

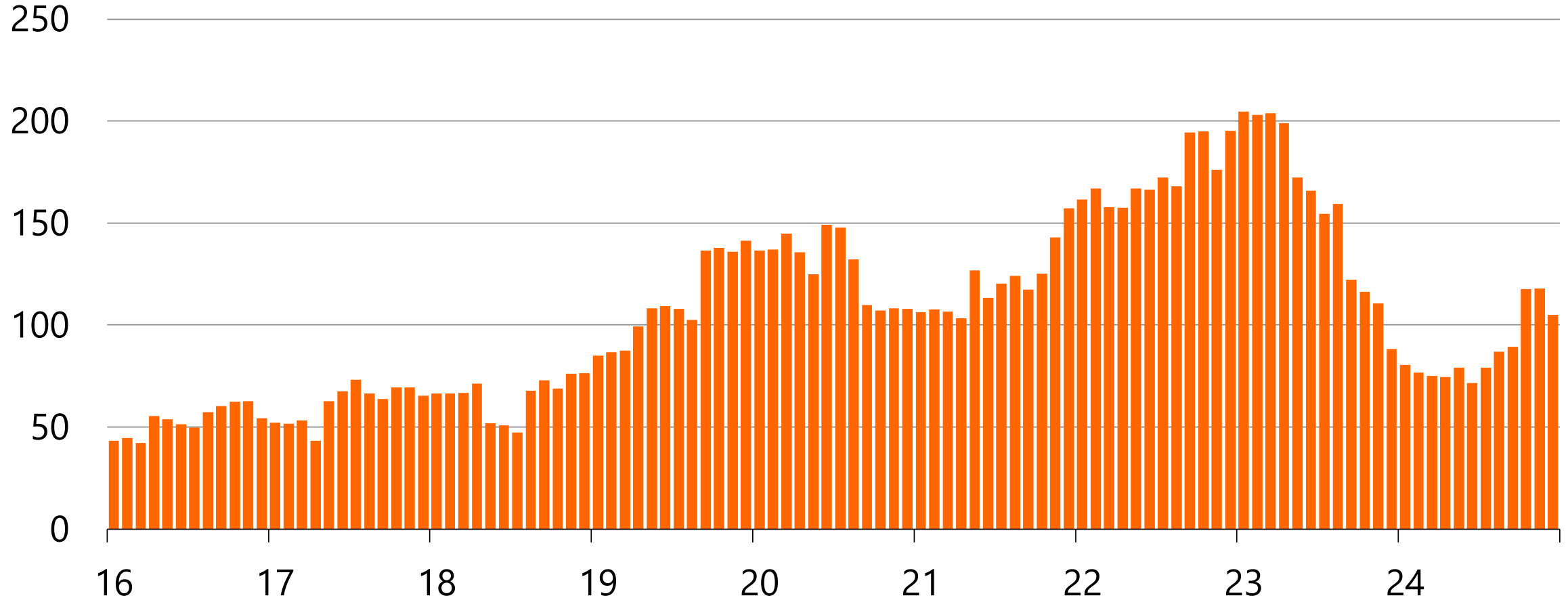


Construction

Investments locally push up 19%pa

\$m, annual running totals, non-res consent values

■ Waipa District

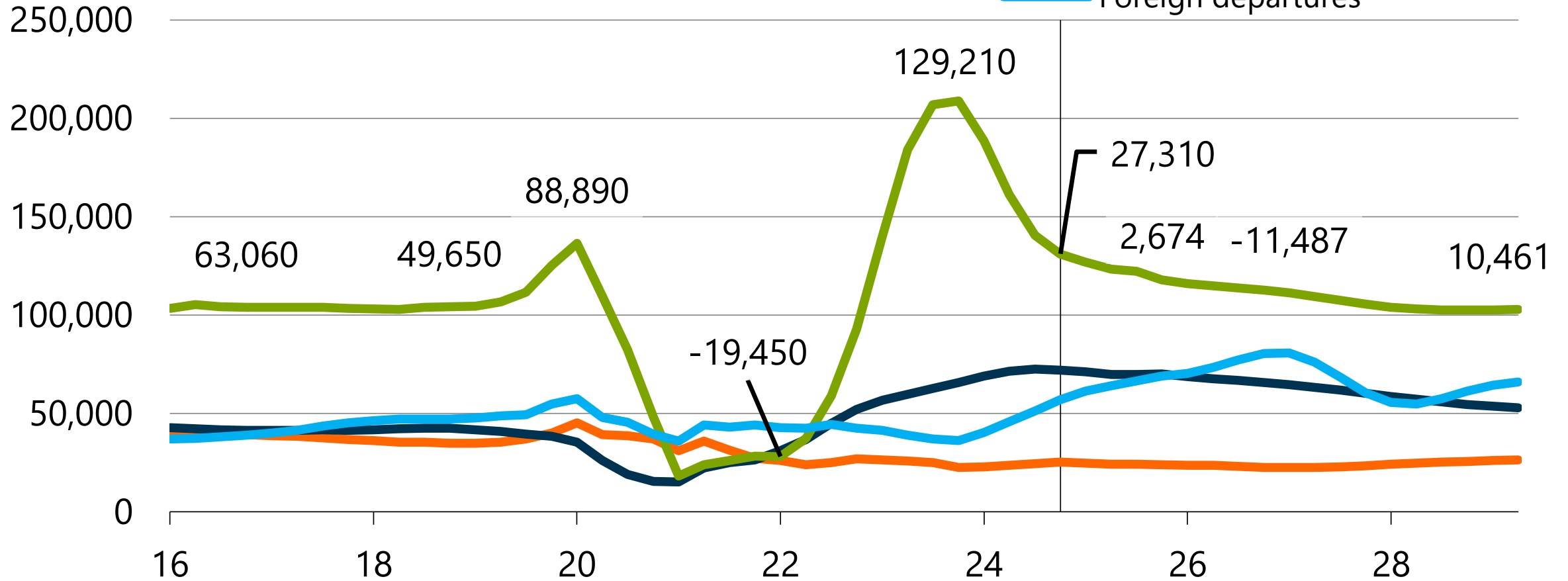


A turnaround in jobs to come

Migration

Net migration still declining

Migration by citizenship, annual running totals



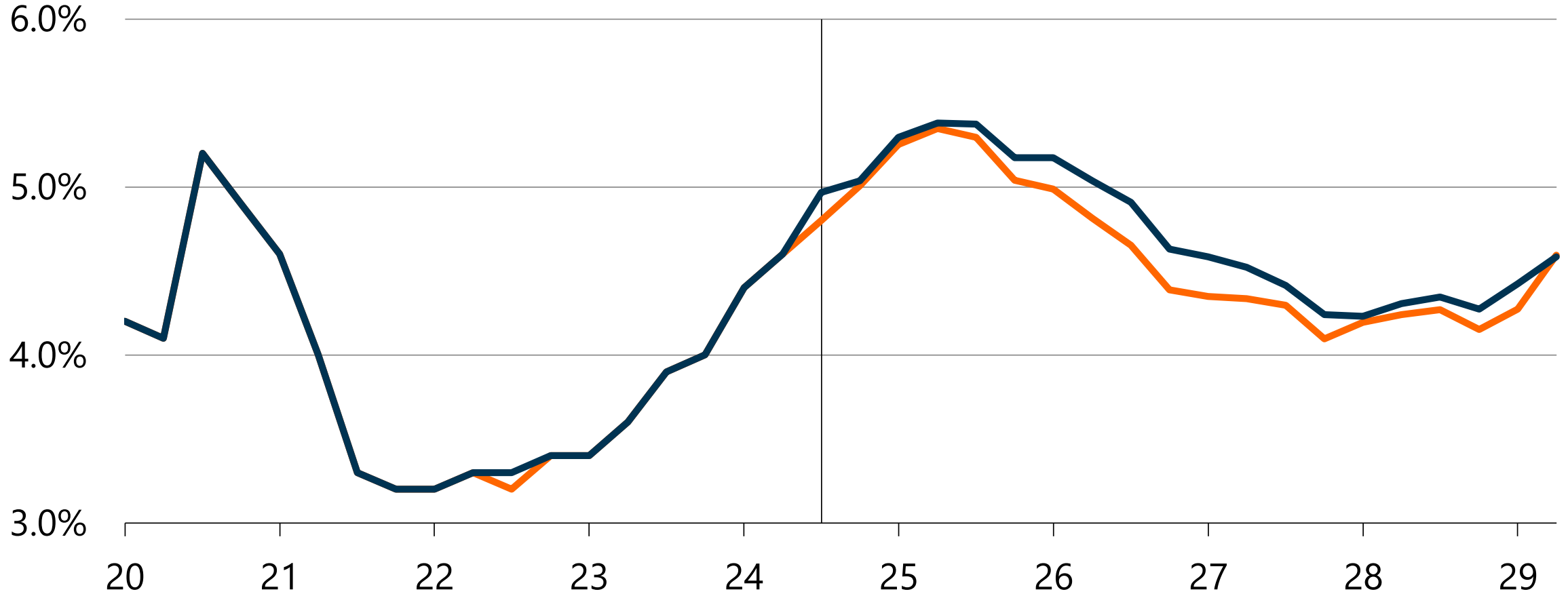
Labour market

Swifter drop in unemployment expected

Unemployment rate, % of labour force

Jan-25 Forecasts

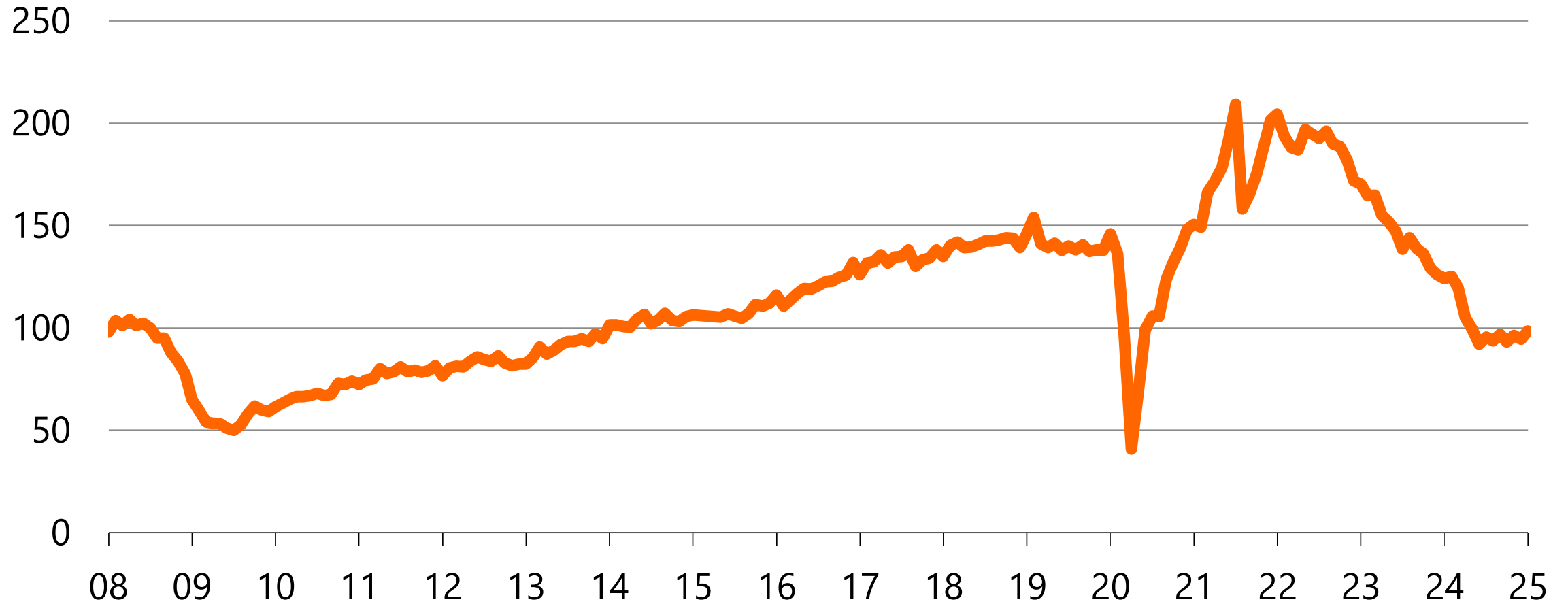
Oct-24 Forecasts



Labour market

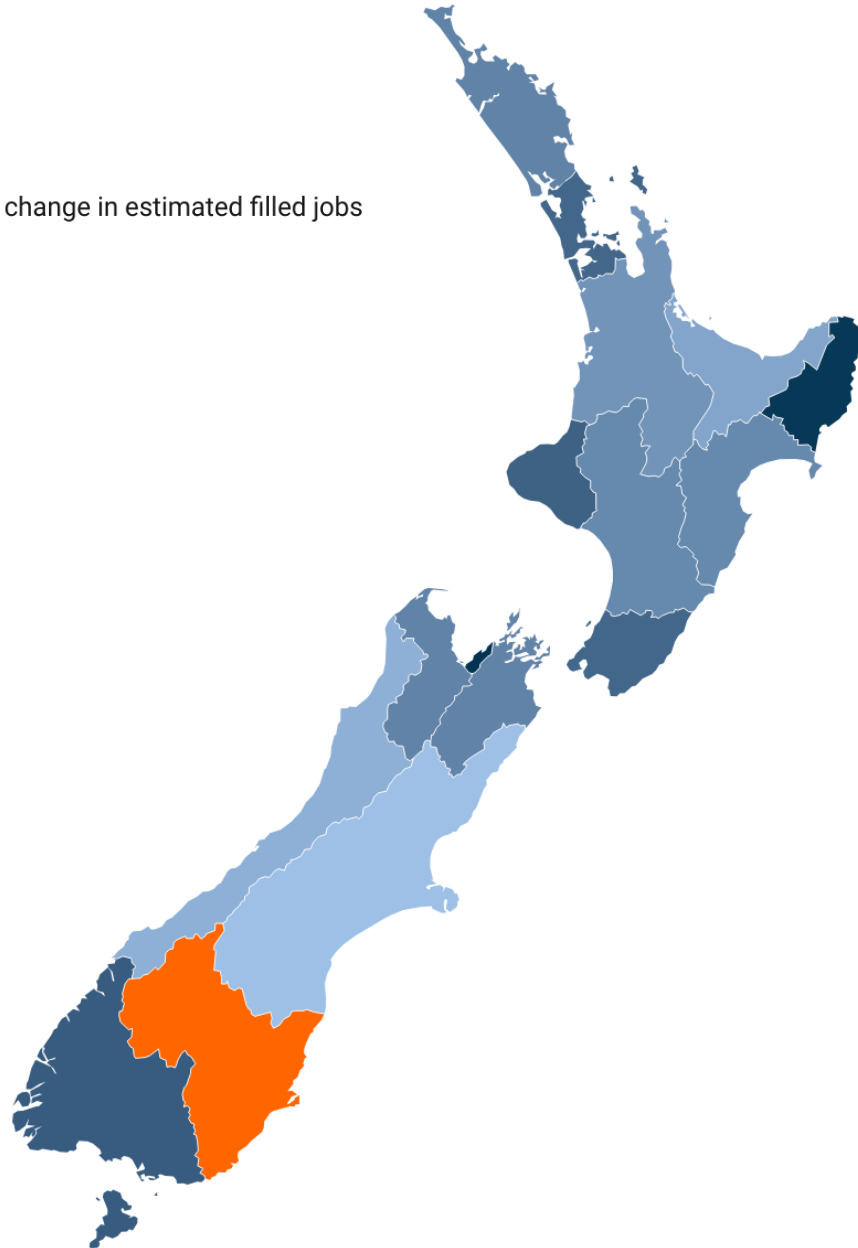
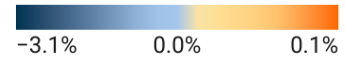
Job ads level out

Job Online Index, seasonally adjusted



Drops for most areas

Employment growth, December 2024 quarter, annual % change in estimated filled jobs

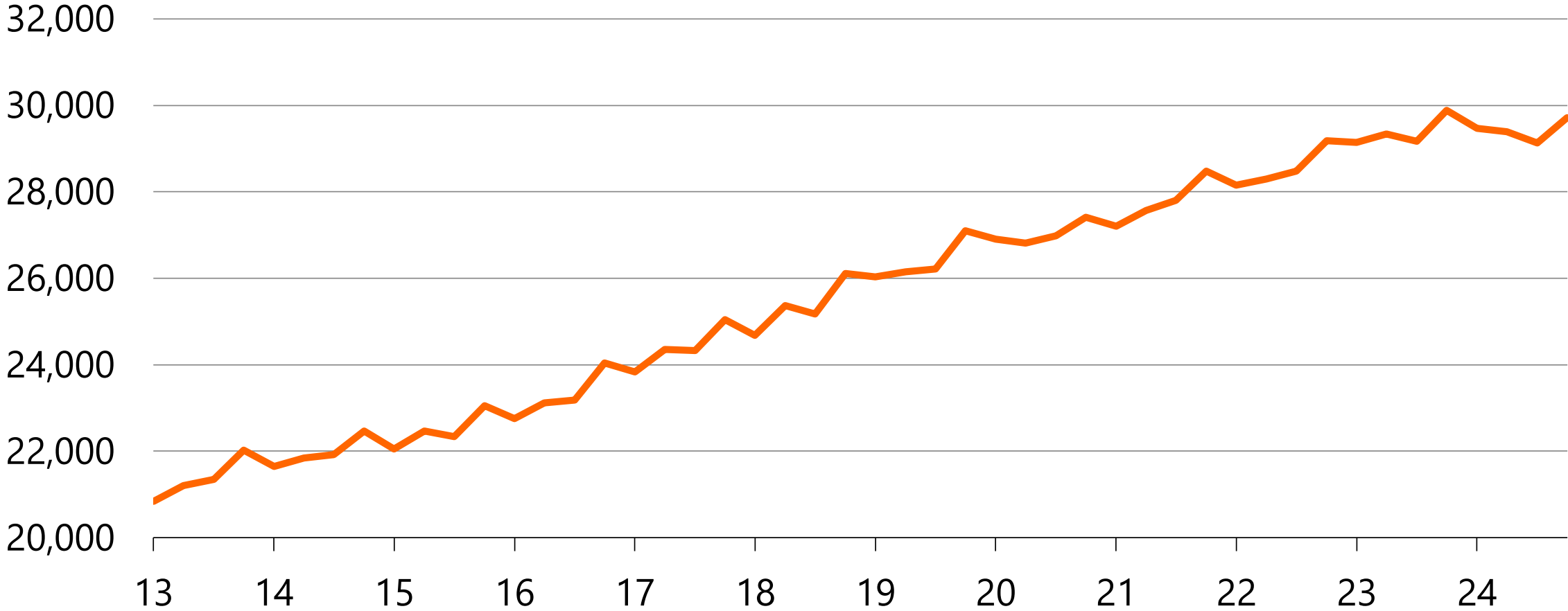


Jobs activity

Jobs edging lower, down 0.6%pa

Quarterly filled jobs, by residential address

— Waipa District

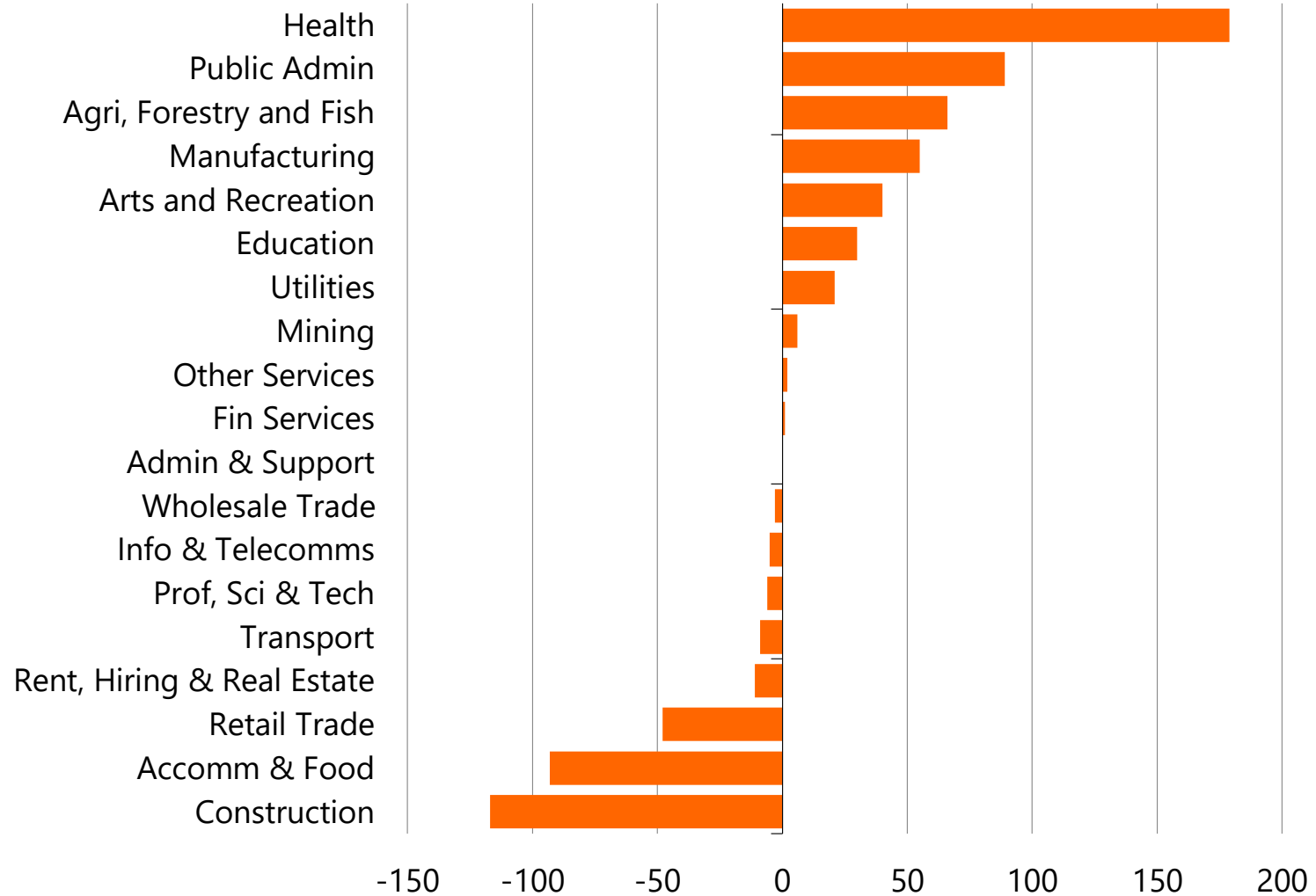


What's happening with jobs?

Some sectors are performing better than others

Change from 2023

Filled jobs by industry, Dec-24, Waipa (residential location)



Primed to go

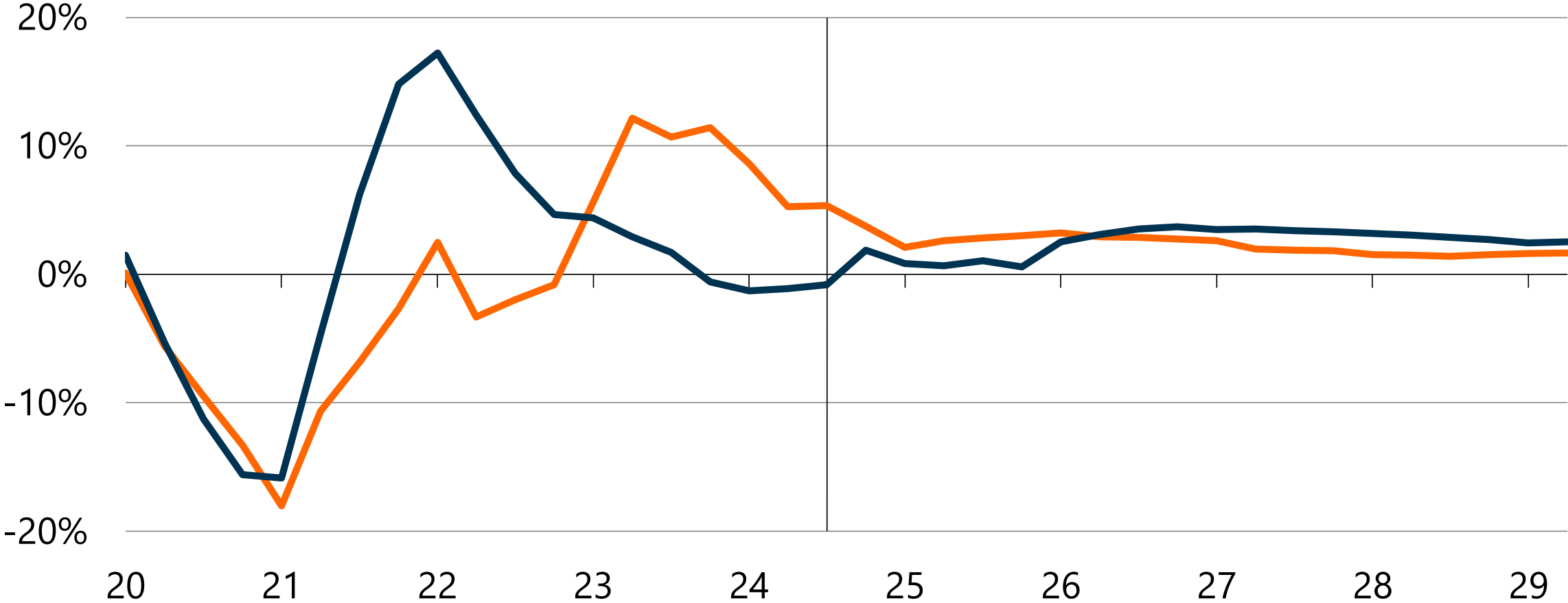
But maintain some caution

Exports

More room for export growth, but imports struggle

Annual average % change, National Accounts-basis

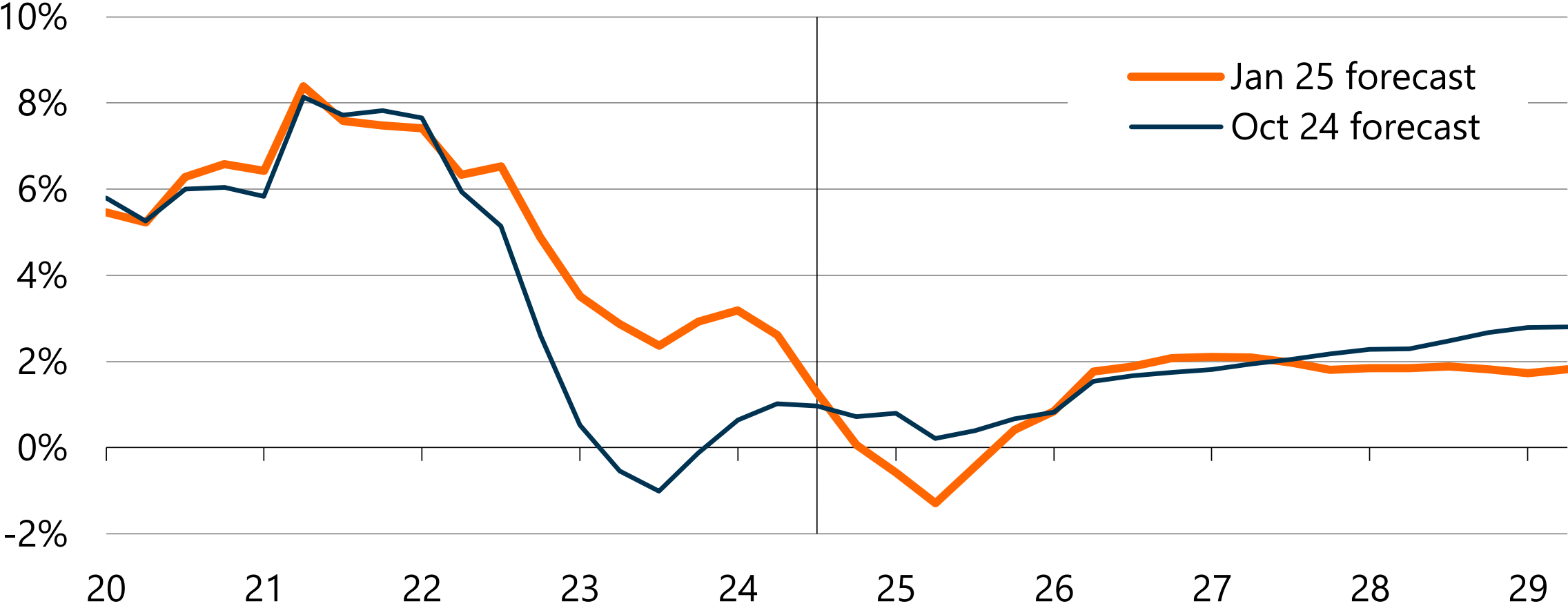
Exports
Imports



Government

Fiscal constraints limit government spending

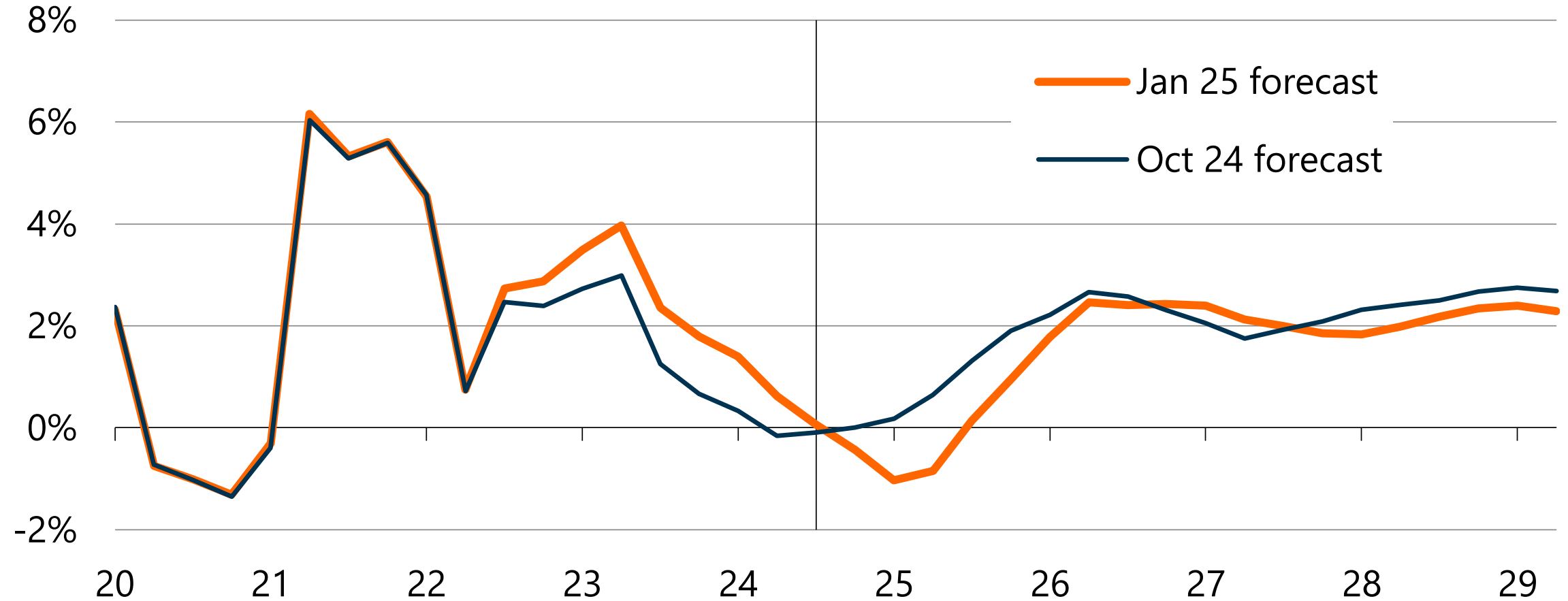
Government consumption and investment, year-end % changes



Forecasts

The recovery starts now, despite recession revisions

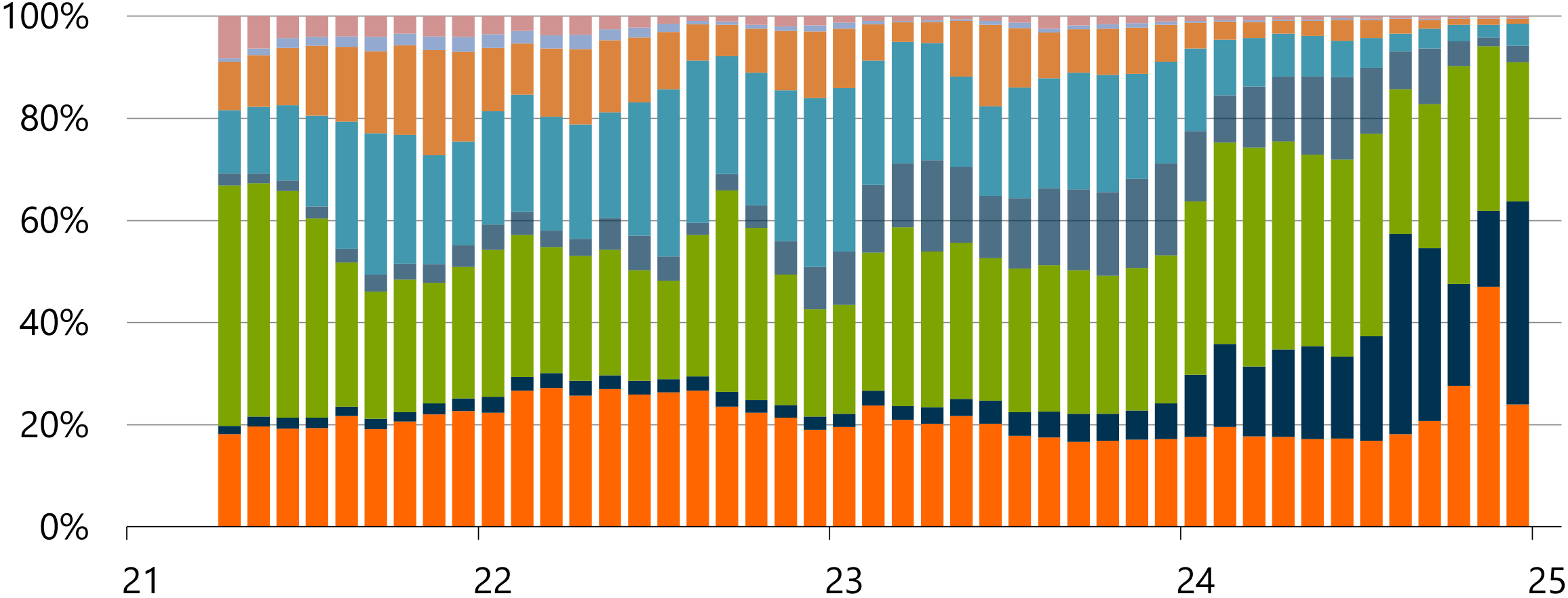
GDP forecast comparison, year-end % changes



Mortgage rates

Going short

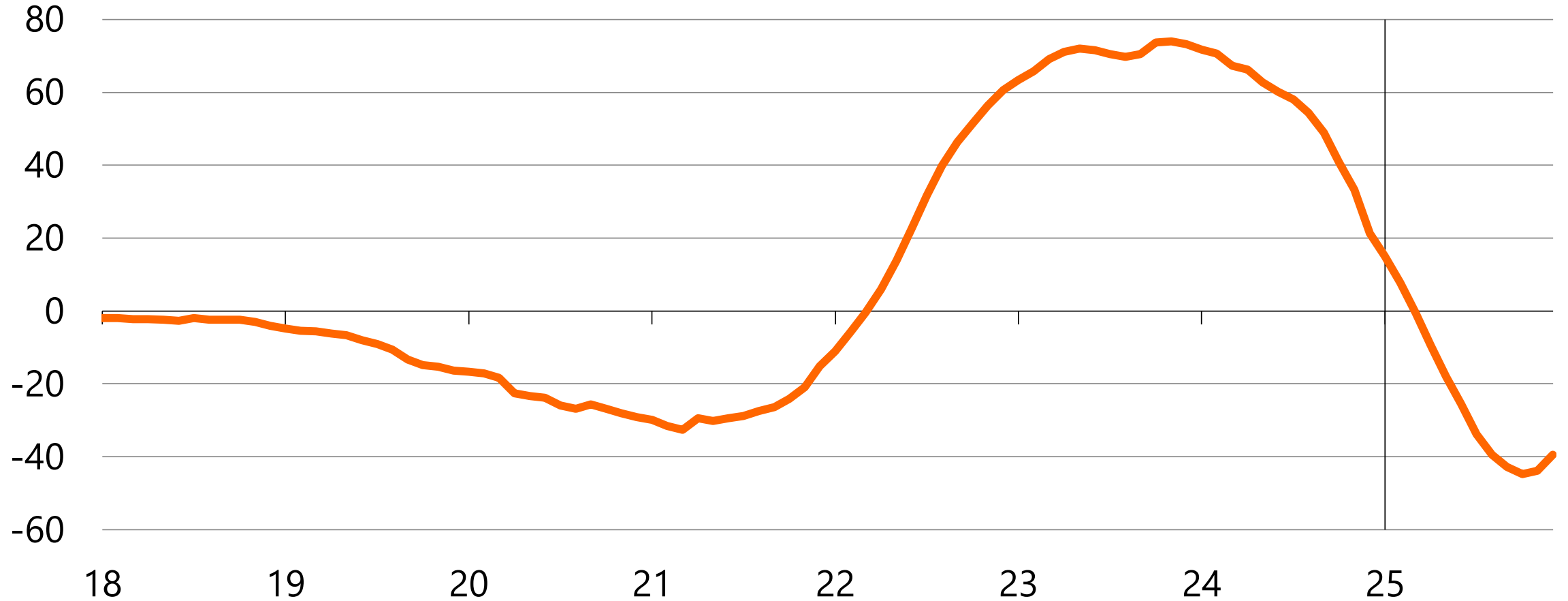
New mortgage debt, % by term



Interest rates

More money set to stay in households' pockets

Change in total weekly interest payments from a year earlier, \$m



Questions?

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