

CANTERBURY ECONOMIC INDICATORS – JUNE 2011

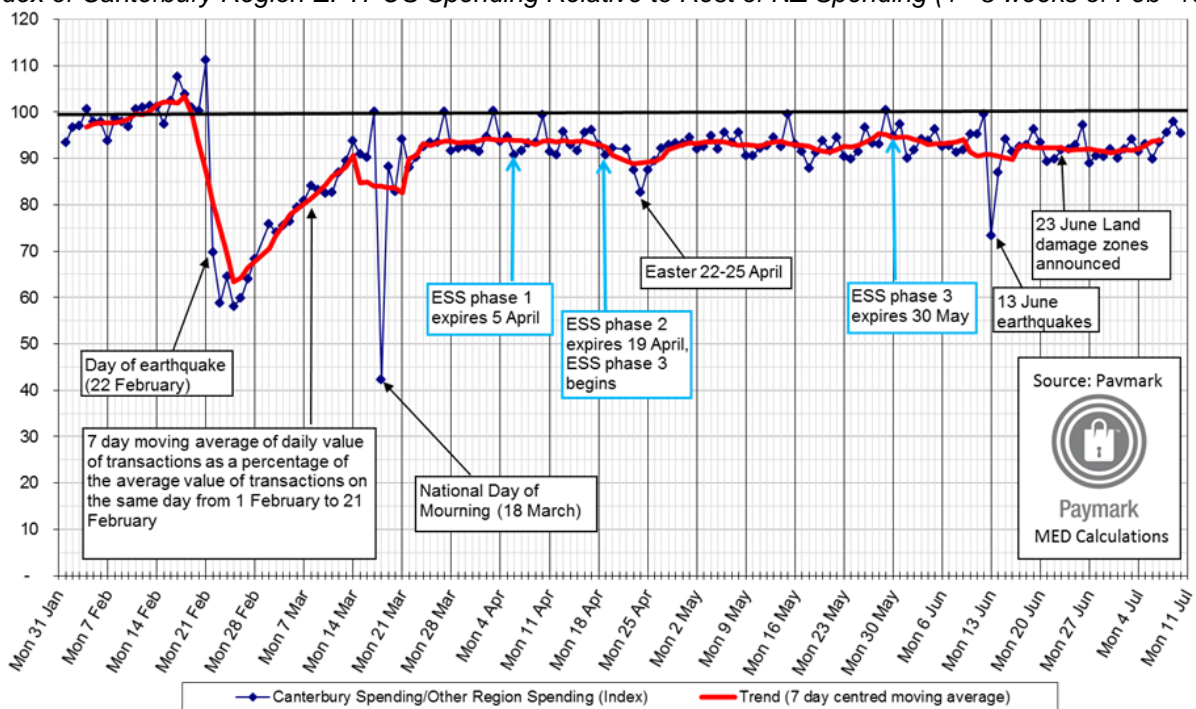
The intention of the Canterbury Economic Indicators is to track activity of the Canterbury economy following the Canterbury earthquakes. This is the second time the indicators have been collected, with the first time being in May 2011.

KEY OBSERVATIONS

- The following observations mainly relate to activity prior to the 13 June earthquake. We only have limited data on activity immediately following this earthquake. Later releases will be able to track the impact this earthquake has had on the regional economy.
- Significant parts of the regional economy are showing resilience; in particular exports / imports appear to be growing. However certain parts of the economy have been impacted much more (e.g. tourism, retail, export education).
- Signs of stress in the household sector are continuing. Payment transactions continue to sit between 90 to 95% of pre-earthquake February levels relative to the New Zealand volumes.
- The movement of individuals and businesses away from Canterbury has continued, however this accounts for a relatively small proportion of the total population.

BUSINESS ACTIVITY

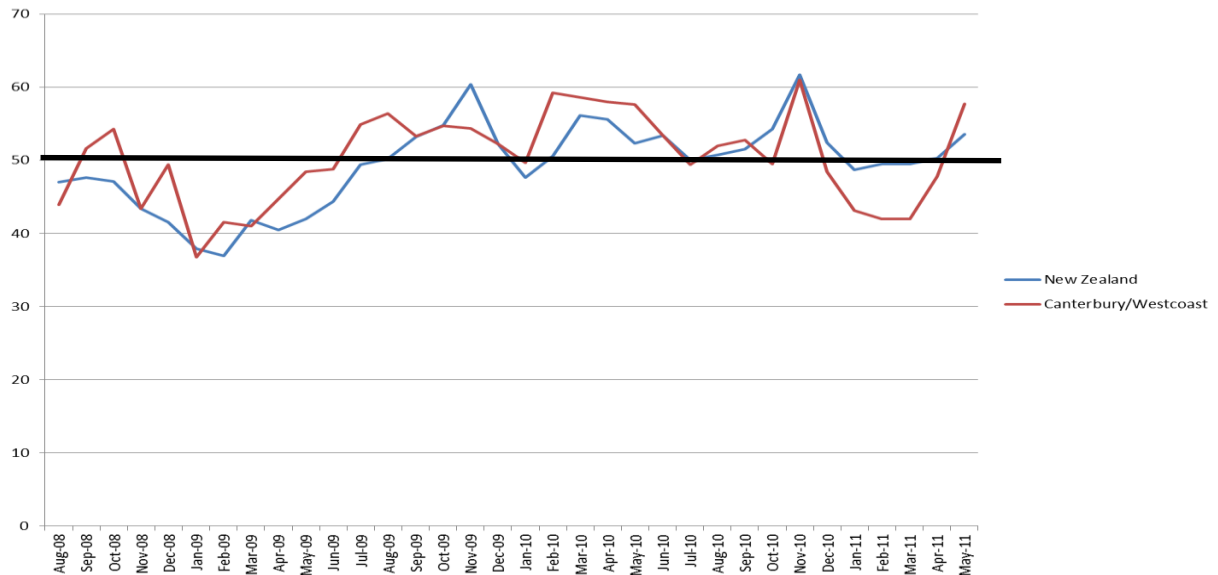
Index of Canterbury Region EFTPOS Spending Relative to Rest of NZ Spending (1st 3 weeks of Feb=100)



- Spending in Canterbury fell to 60% of normal immediately after the February earthquake, subsequently it has recovered with the seven day average sitting between 90% and 95% of early February levels. The cumulative effect of the 5 to 10% reduction in spending over time is significant to the Canterbury economy.
- Although business registrations for 2011 are lower than 2010, it follows the same trend for most months, with the exception of April 2011 (471) registrations exceeding those from March 2011 (426). There were 408 businesses registered in May 2011.
- The rate of business cessations was low from March 2011 onwards when compared to 2010 being 135 in March, 169 in April and 125 in May 2011.

- The number of entities leaving the Canterbury region continues to be significantly above 2010 levels for each month of 2011 to date. However the rate slowed slightly in May (119) when compared with April (124).
- The BNZ - BusinessNZ Performance of Manufacturing Index (PMI), a monthly survey providing an early indicator of levels of activity in the New Zealand manufacturing sector, indicates that Canterbury/Westland (57.7) reached its highest value in terms of the performance of manufacturing since November 2010. This trend relates to the unadjusted data from the PMI.

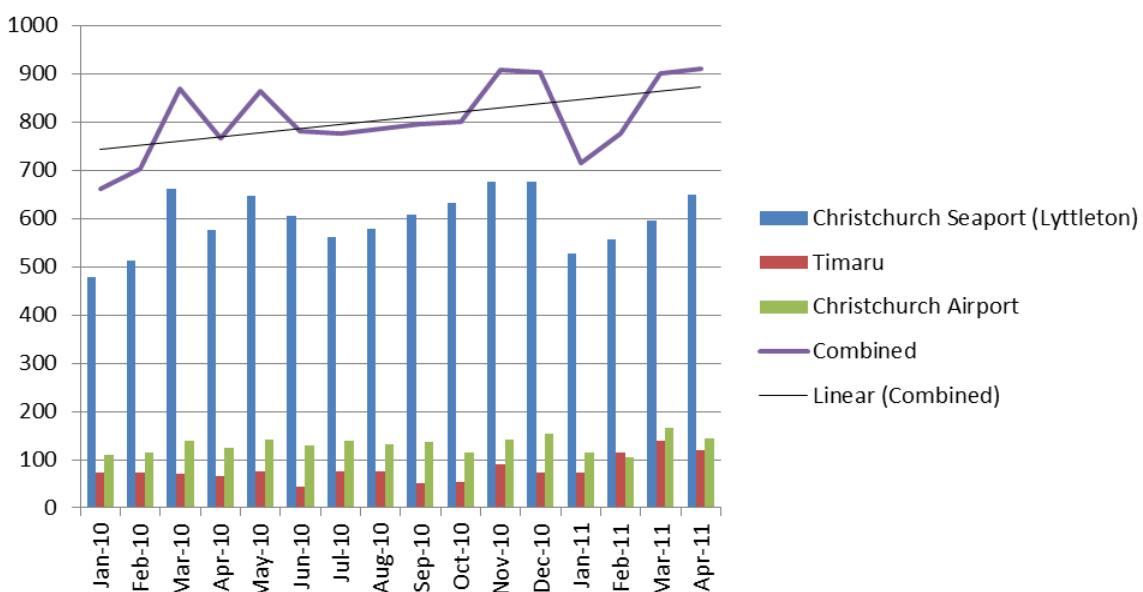
BNZ – Business New Zealand: Performance of Manufacturing Index



Source: BNZ-Business New Zealand

- Exports and imports from the two ports and airport in the Canterbury region have increased over 2010 to 2011, including the period after the earthquake.

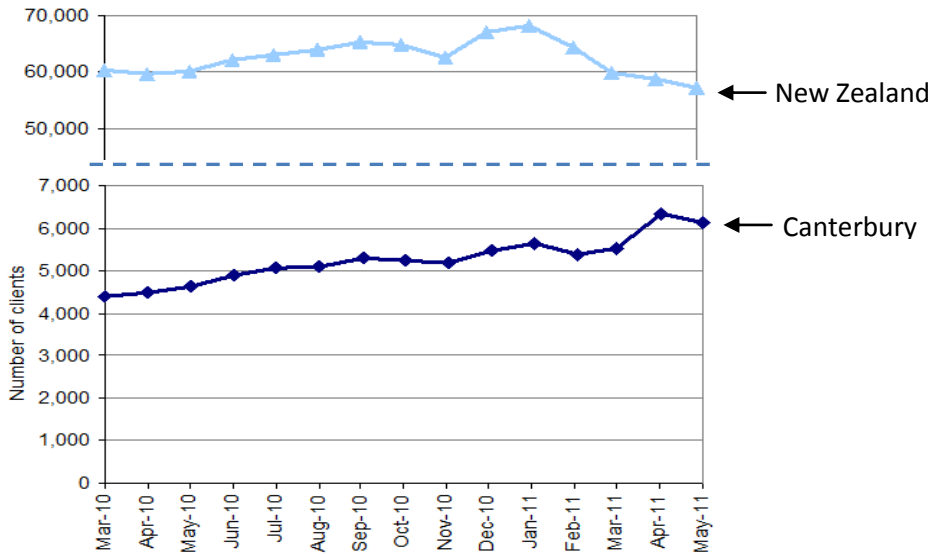
Volume of Exports / Imports from Ports (\$NZ)



Source: Statistics New Zealand

WELFARE STATISTICS

Unemployment Benefit Recipients in Canterbury and New Zealand



Source: Ministry of Social Development

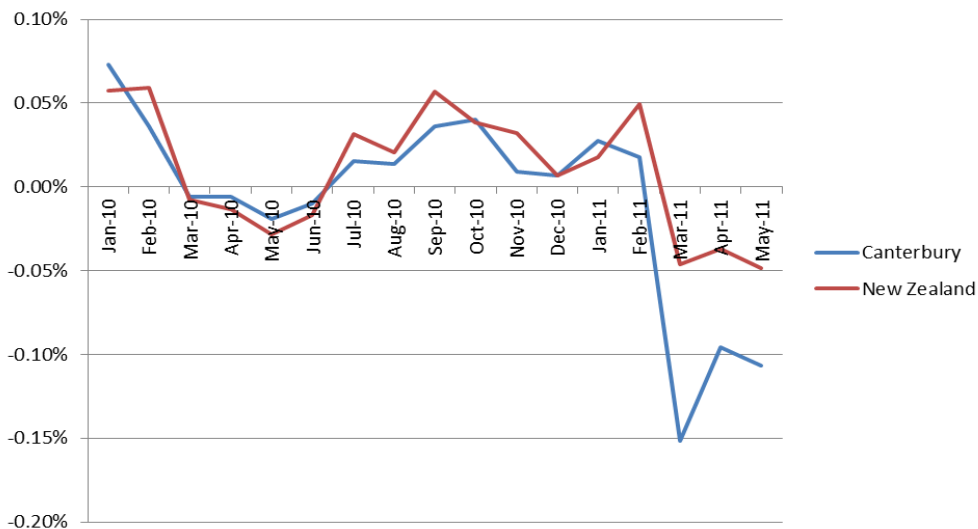
- Numbers of Unemployment Benefit (UB) recipients paid through Canterbury Service Centres are up approximately 14% (750) since the February earthquake, but down from being 18% (946) higher in April. This is compared to declining numbers nationally since January 2011.

LABOUR MARKET

- There was a sharp increase in jobs advertised online immediately following the earthquake. The levels were consistently high in April and May. The increase was mainly driven by a growth in construction job advertisements, which contrasted with a drop in online job advertisements for education.

POPULATION IMPACT

Net Migration as % of Population



Source: Statistics New Zealand

- The migration of Christchurch residents continued to be above the level seen a year ago. Since the February earthquake 1,300 more people have departed than in the same period of 2010. There have also been fewer arrivals, down 400 compared with the same period last year. The net migration has slowed from 717 in March 2011 to 462 in May 2011.
- 14%¹ of the total school population (10,698) of Christchurch city, Selwyn district, and Waimakariri district re-enrolled in other schools in Canterbury and around the country following the February earthquake.
- As at 7 June, 5,514 students of those that left had returned to their original school, leaving 5,184 students still away from their original school (6.8%).

PROPERTY MARKET

- Average market rent for Christchurch declined 2.6% in May (\$313) from April (\$326), compared to a rise of 0.9% for all of New Zealand. The Christchurch decline follows four consecutive monthly rises and rents remain 6.2% higher than in August 2010 (4.0% higher nationally).
- Canterbury continues to rebound in home sales volume and move closer towards typical levels. Although Canterbury sales were down 9.9% year-on-year in May 2011, this represents a significant improvement from the 45.2% year-on-year decline in March. Nevertheless, parts of Central Christchurch, East Christchurch and various coastal areas have had their sales drastically reduced.
- Consents for 68 new homes identified as related to the Canterbury earthquakes were authorised in May 2011, of which 63 were relocatable units intended to house displaced residents. This represents a significant amount of activity.

¹ Of July 2010 enrolments.