

NEW ZEALAND ECONOMY 2019

1. Economic Growth

Economic activity, as measured by gross domestic product (GDP), was up 0.7 percent in the September 2019 quarter. This follows a revised quarterly growth rate of 0.1 percent in the June 2019 quarter.

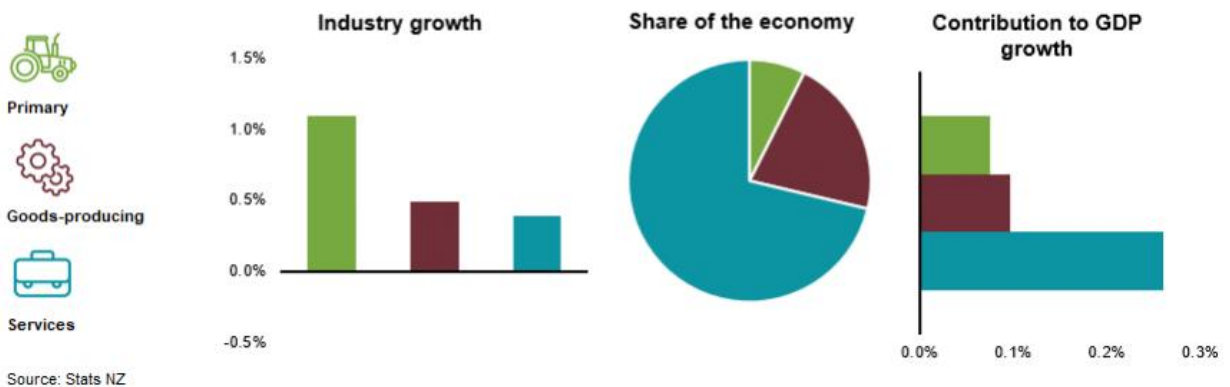
GDP grew 2.7 percent over the year ended September 2019. The size of the economy in current prices was \$305 billion, for the September 2019 year.

- New Zealand economy grew 0.7 percent
- primary industries grew 1.1 percent
- goods-producing industries grew 0.5 percent
- growth in service industries was 0.4 percent
- GDP per capita rose 0.4 percent
- real gross disposable national income was up 1.7 percent
- annual GDP growth in the year to September 2019 was 2.7 percent.

Service industries, which make up two-thirds of the economy, grew 0.4 percent this quarter, following a rise of 0.8 percent in June 2019 quarter. The goods-producing industries and primary industries both saw growth after falls in the previous quarter, rising by 0.5 percent and 1.1 percent, respectively.

Gross domestic product, industry growth and contribution to growth, September 2019 quarter

GDP grew 0.7% in the September 2019 quarter



Retail leads growth in services, while transport declines

Retail and accommodation led growth in the service industries, with a 2.4 percent increase – the largest rise in eight years. Growth in retail was dominated by electronics, with higher sales volumes in supermarkets and grocery stores, department stores and restaurants also contributing to the strong result.

Information, media, and telecommunications grew 2.7 percent in the September 2019 quarter, largely driven by telecommunications services. Business services rose by 0.7 percent following three quarters of soft results. The growth this quarter was driven by professional, scientific, and technical services. Annual growth in business services, however, remains modest at 1.2 percent.

Transport, postal, and warehousing saw its worst result in ten years, with a fall of 2.4 percent, driven by a decline in road transport.

Households behind growth in expenditure

Household spending led the growth in private consumption expenditure in the September 2019 quarter, rising 0.8 percent. Household expenditure on durables rose 2.6 percent, reflecting greater purchases of electronic goods. However, growth in household spending on services slowed to just 0.1 percent. Over the past year, household spending on durables has outpaced spending on services, reversing trends observed in previous years.

Primary and goods-producing industries both up

Growth in the primary industries was driven by agriculture, forestry, and fishing (up 1.5 percent), with dairy cattle farming rising for the second consecutive quarter. This was partly offset by a fall in mining of 1.1 percent.

The goods-producing industries saw rises in manufacturing (up 0.6 percent) and construction (up 0.6 percent), following falls in the June 2019 quarter. Manufacturing was driven by higher production of transport equipment, machinery and equipment, and food and beverages. Strength in heavy and civil engineering was behind the rise in construction.

Investment spending flat

Expenditure on gross fixed capital formation was flat in the September 2019 quarter, following a fall of 0.3 percent last quarter. Rises in other construction (up 4.5 percent) and non-residential building (up 2.7 percent) were offset by a fall in residential building (down 0.6 percent). Residential construction activity remains at a historically high level.

Investment in plant, machinery, and equipment also fell, posting its first decline in three years.

GDP per capita up

GDP per capita rose 0.4 percent in the September 2019 quarter, following a fall of 0.3 percent in the previous quarter. For the September 2019 year, GDP per capita was up 1.0 percent.

Real purchasing power of New Zealand's income up 1.7 percent

New Zealand's ability to buy goods and services from its income improved in the September 2019 quarter. Real gross national disposable income (RGNDI), which measures the real purchasing power of the country's disposable income, increased 1.7 percent over the quarter.

GDP growth of 0.7 percent in the September 2019 quarter was aided by a 1.9 percent improvement in the terms of trade and an improvement in the net flow of income overseas. The increase in net flow of income overseas was the result of improvements in both net investment income flow and net transfers.

With a population increase of 0.3 percent over the September 2019 quarter, RGNDI per capita increased by 1.4 percent, bouncing back from a 0.2 percent fall in the previous quarter.

Annually, RGNDI was up 2.4 percent and RGNDI per capita was up 0.7 percent over the September year.

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2. Exchange Rates

Monthly Av	USA	JAPAN	EURO
Dec 2017	0.6953	78.52	0.5877
Jan 2018	0.7255	80.51	0.5949
Feb 2018	0.7312	78.89	0.5917
Mar 2018	0.7257	76.95	0.5881
Apr 2018	0.7258	78.03	0.5907
May 2018	0.6953	76.23	0.5876
Jun 2018	0.6941	76.35	0.5945
Jul 2018	0.6788	75.62	0.5808
Aug 2018	0.6671	74.07	0.5775
Sep 2018	0.6595	73.82	0.5656
Oct 2018	0.6530	73.69	0.5681
Nov 2018	0.6765	76.66	0.5952
Dec 2018	0.6829	76.82	0.6004
Jan 2019	0.6776	73.75	0.5933
Feb 2019	0.6835	75.42	0.6022
Mar 2019	0.6832	75.95	0.6042
Apr 2019	0.6730	75.11	0.5988
May 2019	0.6563	72.25	0.5866
Jun 2019	0.6597	71.26	0.5840
Jul 2019	0.6684	72.32	0.5955
Aug 2019	0.6436	68.40	0.5783
Sep 2019	0.6342	68.14	0.5760
Oct 2019	0.6335	68.49	0.5734
Dec 2019	0.6399	69.64	0.5788

3. Retail Trade Survey – September 2019 quarter sales value summary:

Key facts

For the September 2019 quarter compared with the June 2019 quarter (seasonally adjusted):

- total volume of retail sales rose 1.6 percent, after a 0.2 percent rise in June
- total value of retail sales (with price effects included) rose 1.4 percent (\$333 million), after rising 0.7 percent (\$164 million) in June
- 9 of the 16 regions showed higher sales values.

Volume sales up in September

Eleven of the 15 industries had higher sales volumes in the September 2019 quarter.

Electrical and electronic goods had the largest increase, up 4.4 percent following a strong 5.2 percent rise in the June quarter. This industry (which includes retailing for electrical appliances, mobile phones, and computer and technical equipment) has been growing consistently over the past seven years since a 0.4 percent fall in the March 2012 quarter.

The next largest increase was in department stores, up 3.5 percent this quarter after a 3.1 percent fall in the June 2019 quarter.

Accommodation had the largest fall, down 1.4 percent this quarter after a 1.6 percent rise in the June 2019 quarter.

Retail sales values boosted by groceries

Supermarket and grocery stores had the largest increase in retail sales value this quarter, up 1.7 percent (\$88 million) when the effects of price changes are included. This was followed by a 0.4 percent fall in the June quarter.

The next largest increases came from food and beverage services, up 2.1 percent (\$64 million) after the quiet June and March quarters.

Fuel retailing had the largest fall in the September quarter, down 2.8 percent (\$64 million) after a 2.3 percent (\$50 million) rise in June.

Fuel prices (not seasonally adjusted) fell 1.7 percent this quarter, following a rise of 5.0 percent in the June 2019 quarter.

Auckland regional growth continues in September

Nine regions had higher retail sales values in the September 2019 quarter compared with the June 2019 quarter. The Auckland region had the largest rise this quarter, up 1.7 percent (\$156 million).

The Canterbury region had the next largest increase in retail sales value, up 1.7 percent (\$52 million) in the September 2019 quarter, followed by Bay of Plenty, up 2.8 percent (\$43 million).

The sales value for the total North Island regions rose 1.4 percent (\$262 million) after a rise of 0.9 percent (\$157 million) in the June 2019 quarter.

The sales value for the total South Island regions rose 0.9 percent (\$53 million) after a rise of 0.8 percent (\$44 million) in the June 2019 quarter.

Retail trade survey deflators

The RTS deflators that appear in table 12 of the *Retail trade survey: September 2019 quarter* Excel tables measure change in the prices of goods and services sold by businesses in the 15 retail industries. We can explain movements in actual retail sales values by changes in price, and by changes in volume. The deflators are used to remove the effect of price change, which allows change in the volume of retail sales to be estimated.

The deflator for each industry consists of a 'basket' of indexes, drawn mainly from the consumers price index (CPI). The CPI indexes and other indicators in each deflator's basket represent the goods and services sold by the industry. Each good or service is weighted to reflect the relative importance of the mix of goods and services sold by the industry.

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4. Wholesale Trade Survey – September 2019 quarter

Key facts

Sales figures are seasonally adjusted unless otherwise stated. We make no adjustment for changes in price level in this release.

- The total wholesale trade sales value rose 0.3 percent (\$93 million) in the September 2019 quarter, after a 0.8 percent (\$209 million) increase in the June 2019 quarter.
- The total value of wholesale trade stocks (not adjusted for seasonal effects) held at 30 September 2019 was \$13 billion, up 2.2 percent (\$289 million) from 30 September 2018.

Higher sales in four wholesale industries

Four of the six wholesale industries had higher sales in the September 2019 quarter than in the June 2019 quarter. The movements were:

- other goods – up 3.4 percent (\$141 million)
- machinery and equipment – up 2.1 percent (\$113 million)
- motor vehicles and motor-vehicle parts – up 2.9 percent (\$79 million)
- commission-based – up 11 percent (\$39 million)
- grocery, liquor, and tobacco products – down 1.2 percent (\$108 million)
- basic material – down 2.8 percent (\$182 million).

Stocks rise in five of the six wholesale industries

Stock figures are not adjusted for seasonal effects unless otherwise specified.

The total value of wholesale trade stocks held at 30 September 2019 was \$13 billion, up 2.2 percent (\$289 million) when compared with 30 September 2018.

Stocks rose in five of the six wholesale industries. The movements were:

- machinery and equipment – up 4.8 percent (\$161 million)
- other goods – up 5.0 percent (\$144 million)
- grocery, liquor, and tobacco products - up 4.2 percent (\$80 million)
- basic material – up 0.7 percent (\$16 million)
- commission-based – up 17 percent (\$6.7 million)
- motor vehicle and motor-vehicle parts – down 4.5 percent (\$119 million).

[Full report including graphs and tables](#)

5. Consumers Price Index quarterly movement:

Key facts

Inflation rates for the September 2019 quarter:

- quarterly – 0.7 percent
- annual – 1.5 percent.

Quarterly change

In the September 2019 quarter compared with the June 2019 quarter, the CPI rose 0.7 percent (up 0.5 percent with seasonal adjustment).

- Housing and household utilities rose 1.2 percent, influenced by higher prices for property rates and related services (up 4.9 percent).
- Food prices rose 1.3 percent, influenced by higher prices for meat, poultry, and fish (up 3.4 percent).
- Recreation and culture rose 0.7 percent, influenced by higher prices for recreational and cultural services (up 1.2 percent). This includes services such as cinema admissions, sporting and cultural club subscriptions, and veterinary services.
- Transport rose 0.5 percent, influenced by higher prices for passenger transport services (up 2.5 percent).

Annual change

From the September 2018 quarter to the September 2019 quarter, the CPI inflation rate was 1.5 percent.

- Housing and household utilities increased 3.0 percent, with rents up 2.9 percent, property rates and related services up 5.0 percent, and purchase of new housing up 2.8 percent.
- Food prices increased 1.8 percent, with meat, poultry, and fish up 6.4 percent.
- Alcoholic beverages and tobacco increased 3.9 percent, with cigarettes and tobacco up 7.7 percent.

Average quarterly prices

- The average price for 1 litre of 91 octane petrol was \$2.11 in the September 2019 quarter, down from \$2.13 in the June 2019 quarter, and down from \$2.18 in the September 2018 quarter.
- The average price for 1 pack of 25 cigarettes was \$37.51 in the September 2019 quarter, up from \$37.49 in the June 2019 quarter, and up from \$35.17 in the September 2018 quarter.

Annual increase driven by rental for housing and food prices

Housing and household utilities was the main upwards contributor to the 1.5 percent CPI increase in the year to September 2019. The rise in this group was influenced by higher prices for rents, purchase of housing, and local authority rates and payments.

Actual rentals for housing increased 2.9 percent nationwide in the year to September 2019. Regionally, rent prices increased 4.1 percent in Wellington, 4.3 percent in the rest of the North Island, and 4.0 percent in the rest of the South Island, 1.8 percent in Auckland, and 1.3 percent in Canterbury.

Higher housing and food costs contribute to quarterly rise

Housing and household utility prices rose 1.2 percent in the September 2019 quarter. This was the largest upward contributor to the CPI, driven by higher prices for property rates and related services (up 4.9 percent), rent (up 0.8 percent), and purchase of housing (up 0.6 percent). Regionally, rent prices rose the most in Wellington (up 0.9 percent) in the September 2019 quarter.

Food prices rose 1.3 percent and was the second-largest upwards contributor to the CPI, influenced by a rise in vegetables (up 9.5 percent), meat and poultry (up 3.9 percent), and grocery food (up 0.6 percent).

Higher prices for domestic air transport (up 16 percent) and other private transport services (up 6.6 percent) also contributed to the 0.7 quarterly CPI increase.

These price rises were partly offset by price falls in fruit (down 7.9 percent) and petrol (down 0.8 percent).

Higher petrol prices lead tradable increase

Tradables rose 0.1 percent in the September 2019 quarter, following the 0.9 percent rise in June 2019, mainly driven by higher vegetable and meat and poultry prices. Lower prices for fruit partly offset the rise.

Tradables decreased 0.7 percent in the September 2019 year, with lower prices for vegetables, petrol, and telecommunication equipment. Higher prices for meat, poultry, and fish, and overseas accommodation partly offset the decreases.

Non-tradables increased 3.2 percent in the September 2019 year. Higher prices for rents, cigarettes and tobacco, and purchase of housing made the largest contributions.

Underlying price showed higher inflation for the year

The trimmed-mean measures – which exclude extreme price movements – ranged from 1.7 percent to 1.8 percent for the year. This indicates that underlying inflation is higher than the 1.5 percent overall increase in the CPI. On a quarterly basis, trimmed means ranged from 0.5 percent to 0.6 percent.

For the year ended September 2019 quarter:

- CPI excluding housing and household utilities increased 1.0 percent
- CPI excluding cigarettes and tobacco increased 1.4 percent
- CPI excluding food increased 1.5 percent.

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6. Ski Area Statistics:

1,778,001 ski area visits were recorded at New Zealand's ski areas during the 2019 season. Visits were down 139,684 compared to 2018 (1,917,685). These figures include all commercial, club and indoor ski areas.

This result is the second best on record. The 2019 season got off to a slower than normal start compared to the 2018 season for many areas and some did not open in time for the school holidays in July. Once the season did get underway some areas had a higher number of closed days due to weather.

Ski Area Visits Trends:

The statistics (refer table below) are key measures for ski area operators and have been collated by the Ski Areas Association NZ (SAANZ) every season since 1980.

The stats show that snow sports participation has increased on average over the past 4 decades. Considerable change has occurred during this time matched by investment by the ski areas.

Average ski area visits by decade:

1980 – 1989	653,100
1990 – 1999	934,400
2000 – 2009	1,286,200
2010 – 2019	1,680,740

This reflects the investment in improved access; lifts; snow making; customer services – restaurants, snow sports schools, rentals; marketing domestic and international; growth in snowboarding; growth in free skiing; Australian visitors; and improved equipment technology.

Since 1990 there has been a considerable increase in the number of snowboard participants and the number of overseas visitors skiing and boarding during our winter has also increased. In 2019 30% of visits came from Australia. 38% of visits are snowboarders.

In late June Whakapapa operated the new 'Sky Waka' Gondola taking skiers and snowboarders from the Top of the Bruce to the Knoll Ridge Chalet. The Sky Waka will be operating all year round.

This summer Cardrona will be installing the Pringles Quad Chairlift to open-up terrain below Captains Basin. Cardrona has also been granted permission by the Commerce Commission to purchase Treble Cone and plans are in place to open up the Soho Basin adjacent to Cardrona over the next five years.

Coronet Peak installed and opened the new Coronet Express in June and this lift will be open for summer business with Gondola cabins being added.

This summer The Remarkables is installing the new Sugar Bowl high-speed chairlift to replace the fixed grip chairlift.

The investment in new lifts opens the way for ski areas to continue and or begin to open all year round with summer activities and attractions on the slopes.

Historical Commentary: While visits have increased on average from decade to decade the industry has experienced difficult years. In 1995 and 1996 the North Island was affected by the volcanic eruptions on Mt Ruapehu which effected ski area visits and retail business in both seasons.

The visits recorded in the South Island were higher than normal in 1996, due to the numbers of skiers and boarders traveling to the South Island.

Two thirds of the population of New Zealand lives in the North Island. Any disruption to skiing and boarding on Mt Ruapehu will affect visitor numbers as the North Island areas are highly dependent on the local domestic visitor.

Ski Area Visits 1980 to 2019:

SEASON	AREAS IN SURVEY	SKIER DAY (000)
1980	10	519
1981	11	553
1982	11	633
1983	11	610
1984	11	605
1985	12	762
1986	12	835
1987	12	711
1988	12	616
1989	12	687
1990	10	835
1991	12	957
1992	12	975
1993	12	964
1994	12	1,091
1995	12	996
1996	12	903
1997	12	1,019
1998	13	601
1999	13	1,003
2000	13	1,054
2001	14	1,250
2002	15	1,252
2003	14	1,204
2004	14	1,333
2005	14	1,150
2006	14 + clubs	1,401
2007	14 + clubs	1,286
2008	14 + clubs	1,402
2009	14 + clubs	1,536
2010	14 + clubs	1,427
2011	15 + clubs	1,390
2012	15 + clubs	1,364
2013	15 + clubs	1,348
2014	15 + clubs	1,380
2015	15 + clubs	1,503
2016	15 + clubs	1,535
2017	15 + clubs	1,641
2018	16 + clubs	1,917
2019	16 + clubs	1,778

The industry experienced warm weather during the 1998 season, particularly in the North Island where the biggest population base is, causing a considerable drop in visits. The number of visits recorded at the commercial ski areas in 1998 compared to the visits generated in 1981. Turnover was down to the same level it was in 1990.

The sale of season passes pre-season has been promoted by the industry over the two decades. Passes are sold at reduced rates. This activity has been very successful for the industry and it is planned to continue. The number of season passes sold total over 40,000 throughout New Zealand.

As a result people are visiting areas more often and in most cases the average number of days per person on the slopes is increasing.

Participants are saving on the cost of lift passes by pre-purchasing season passes early. Many ski areas start selling season's passes at the end of the season resulting in committing participants very early for the following season. In addition, interest in snow sports is being generated pre-season when South Island passes go on sale in late February early March and are sold in the North Island during April.

7. Imports 2008 to 2019:

The NZ Snow Industries Federation (Nzsif) has collated import stats since 1990. Contributors have included bona fide importers of ski and snowboard hardware. Statistics are provided by Nzsif members and Statistics NZ.

Import figures are for the period January to August each year.

Ski Hardware:

ITEM	2019 TOTAL	2018 TOTAL	2017 TOTAL	2016 TOTAL	2015 TOTAL	2014 TOTAL	2013 TOTAL	2012 TOTAL	2011 TOTAL	2010 TOTAL	2009 TOTAL
SKIS	17,643*	13,480	13,759*	14,188*	11,402*	12,633*	14,794*	10,188*	11,409	12,151	11,974*
BINDINGS	26,731*	18,305	19,452*	12,897*	11,749*	10,119*	13,857*	11,420*	7,688	6,038	10,405*
BOOTS	16,930*	14,396	10,123*	11,809*	12,555*	10,826*	10,363*	14,829*	12,663	12,748	8,395*

Snowboard Hardware:

ITEM	2019 TOTAL	2018 TOTAL	2017 TOTAL	2016 TOTAL	2015 TOTAL	2014 TOTAL	2013 TOTAL	2012 TOTAL	2011 TOTAL	2010 TOTAL	2009 TOTAL
S/BOARD	12,972*	7,606	7,071*	7,142*	8,222*	6,415*	6,260*	6,791*	13,029*	10,281*	9,866*
BINDINGS	2,850*	1,311	2,094*	3,234*	3,909*	4,561*	2,456*	4,994*	10,551*	12,904*	9,802*
BOOTS	41,930*	6,318	9,340*	7,609*	10,028*	7,548*	7,509*	8,256*	9,611*	11,400*	17,541*

* Statistics NZ

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Sources: Statistics New Zealand – www.stats.govt.nz, Reserve Bank of New Zealand – www.rbnz.govt.nz, Ski Areas Association New Zealand, NZ Snow Industries Federation