



Monthly Insights Brief

February 2024

On-the-pulse analysis delivered monthly, providing insight into the Christchurch & Canterbury economies.



Labour Market (Q4 2023)

- The unadjusted unemployment rate fell in Christchurch and Canterbury during the December quarter and lifted slightly across New Zealand as a whole. Christchurch's unemployment rate fell to 4.2 percent in Q4 while Canterbury's unemployment rate decreased to 3.6 percent over the same period.

- The size of the local and regional labour force expanded during Q4 due to an increase in the labour force participation rate, i.e., through the movement of people who were not previously looking for work into the labour force. Christchurch's labour force participation rate increased to 73.9 percent (up from 72.2%), and Canterbury's to 73.1 percent (up from 72.6%).

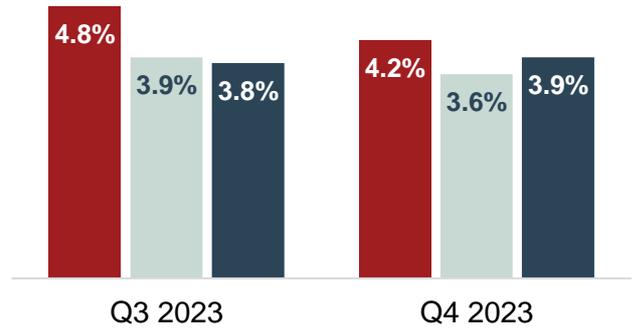
- This simultaneous decline in the unemployment rate and lift in the labour force participation rate drove an increase in the number of people employed in both Christchurch and Canterbury during Q4. This follows small contractions in employment during the previous quarter. Canterbury's employed population expanded by 0.9 percent or 3,500 people over the three months to December 2023.

- Local labour force data for Q4 may appear at odds with the trends arising in other economic data, including falling job advertisements and a general slowing in economic activity. The lag between the impacts of slowing economic momentum showing up in employment trends may provide part of the explanation, while it's also possible that strong international migration is creating a partial floor under consumer demand. However, one area where an over-supply of labour capacity is starting to emerge is in the underutilisation rate.

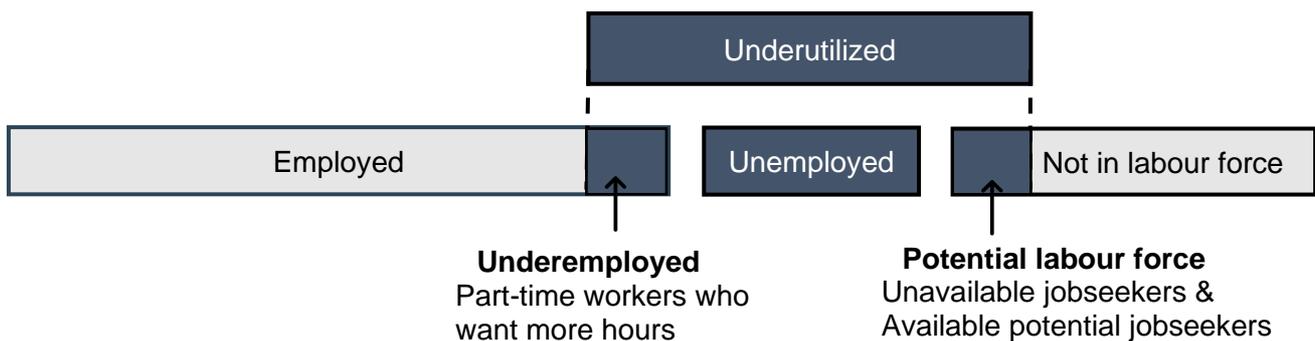
- The underutilisation rate expands on unemployment to capture additional untapped capacity in the labour market, including the underemployed (those who work part-time and want to work more) and the potential labour force. The potential labour force includes unavailable jobseekers, who are actively seeking work but were not available to work in the reference week. It also includes available potential jobseekers, who are not actively seeking work but would like a paid job and are available (e.g., someone who has become discouraged and has stopped looking for work). The underutilisation rate has been trending upward locally and nationally since early 2023. In Christchurch, the underutilisation rate sat at 12.7 percent in Q4 (up from 10.8% in Q3); while the national underutilisation rate increased one percentage point to 11.1 percent over the same period. During Q4 the underutilisation rate was at its highest level since mid-2021 across Christchurch, Canterbury, and New Zealand.

Unemployment rate (unadjusted)

■ Christchurch ■ Canterbury ■ New Zealand

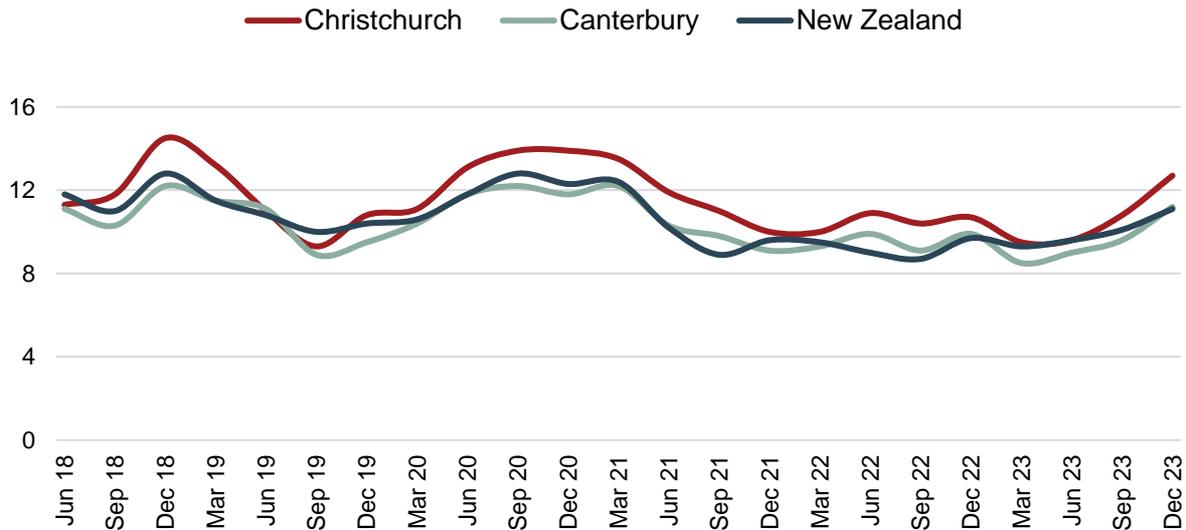


Data source: Statistics NZ



Data source: Diagram modelled from Stats NZ (not to scale)

Underutilisation rate (%)

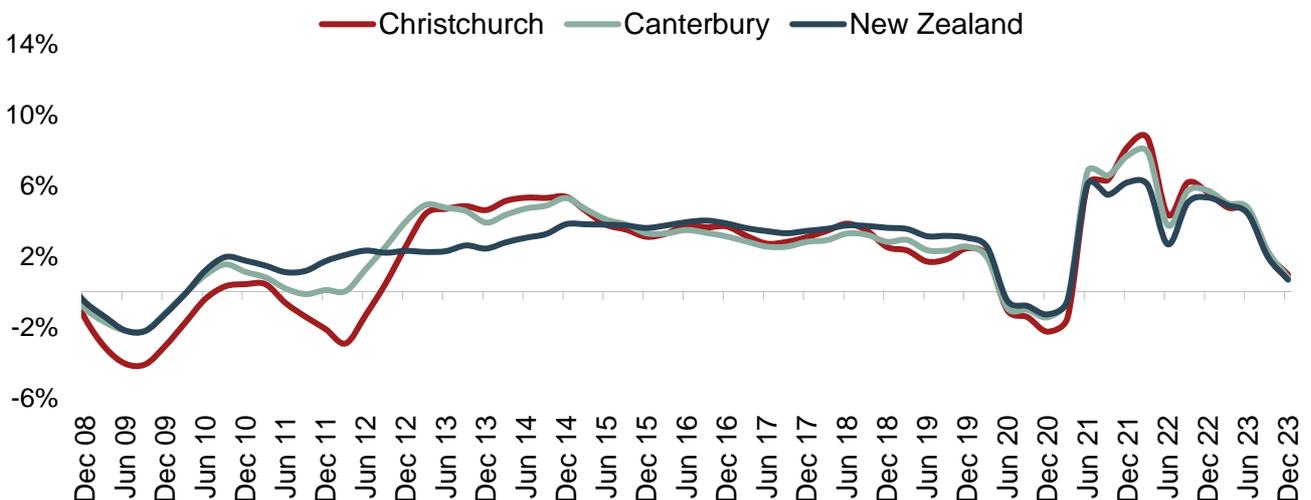


Data source: Statistics NZ

GDP (year to December 2023)

- Provisional GDP figures from Infometrics estimate the GDP output of Christchurch City at \$31.7 billion for the year to December 2023. This is equivalent to 68 percent of the \$46.8 billion of estimated economic output in the Canterbury Region over the same period, and 8.4 percent of national economic output.
- Although the economy still grew on an annual basis, provisional GDP figures for the year to December 2023 continue to point to slowing economic momentum, both locally and nationally.
- The size of Christchurch's economy expanded by 1.0 percent over 2023 compared to the previous 12-month period. Canterbury's economy grew 0.8 percent over the same period, while national economic growth slowed to just 0.7 percent.
- These are the lowest annual growth rates recorded since the year to March 2021, which at that time reflected the impact of COVID lockdowns on local and national economic activity. Over the five years prior to COVID, annual GDP growth averaged at around 3.0 percent per year in Christchurch and Canterbury.

GDP growth (annual average)



Data source: Infometrics

Industry Activity- Manufacturing & Services (January 2024)

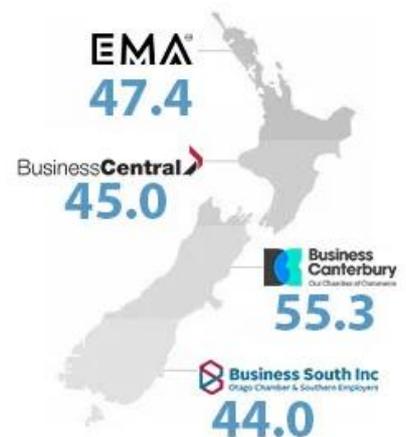
Performance of Manufacturing Index (PMI)

- The PMI is monthly survey of the manufacturing sector that provides an early indicator of activity levels. A PMI score above 50 indicates that the manufacturing sector is expanding, while a score below 50 indicates that it is contracting.
- Canterbury’s unadjusted PMI for January 2024 was 45.1, up from 40.2 in December 2023. In line with national trends, the region’s manufacturing sector has been lingering largely at contractive levels over the year to January 2024, recording an expansive reading in just two of the last twelve months.
- Canterbury’s PMI score for January was below that of Otago (48.4), but above that of both North Island regions. National data points to construction-related activities as a clear source of weakness for the PMI.



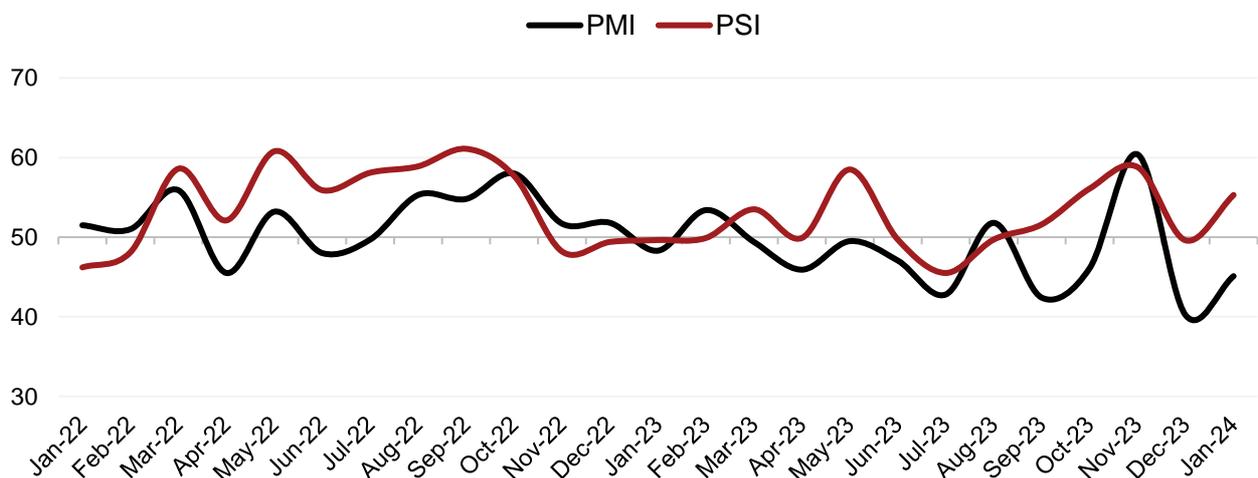
Performance of Services Index (PSI)

- The PSI measures the level of activity in the services sector in the same way, with a score above 50 indicating that the services sector is expanding. Service sector performance has been stronger than that of the manufacturing industry over the last year, with strong tourism growth in the post-COVID period providing a boost to activity.
- Canterbury’s unadjusted PSI score sat at an expansive 55.3 in January 2024. The PSI score for the region was both the highest in the country and the only region of the four to record an expansive score during January. Service sector performance in Canterbury has been relatively healthy in recent months. After lingering at sub-50 scores during winter the region has recorded an expansive score in four of the five months since September 2023.



Images & data source: Business NZ

Canterbury PMI & PSI (unadjusted)



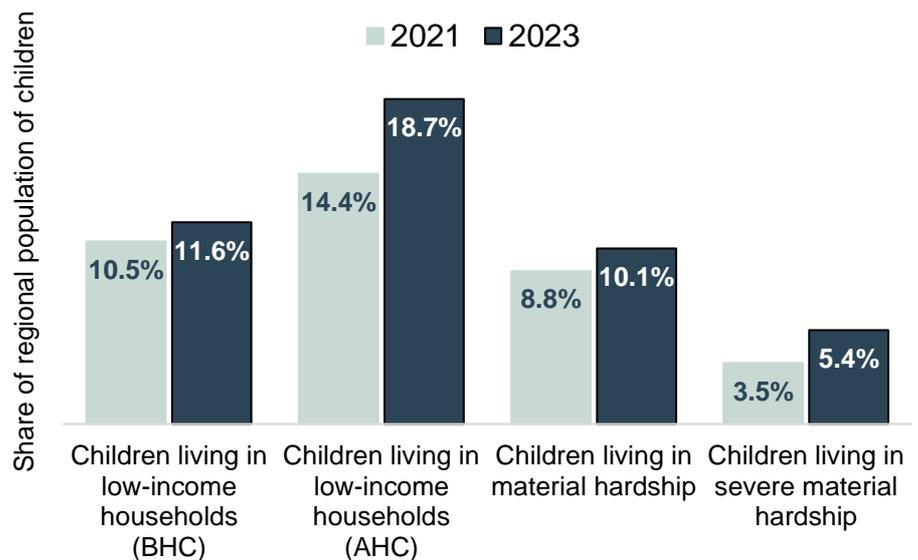


Child Poverty Statistics (year to June 2023)

- Child poverty statistics are released on an annual basis for the year to June, with figures for 2023 released during February 2024. Child poverty is measured across three primary measures specified in the Child Poverty Reduction Act (2018). These are the share of children living in households with low income before deducting housing costs (BHC); the share of children living in households with low income after deducting housing costs (AHC); and the share of children living in material hardship. Material hardship is measured using the [DEP-17 index](#), which assesses the share of households that cannot afford specific items that most people would regard as essential. Examples include being unable to afford fresh fruit or vegetables, putting off doctor's visits, being unable to afford car upkeep and having to put up with feeling cold.
- In the year to June 2023, 11.6 percent of children in the Canterbury Region were living in households with low income (BHC), equivalent to 15,500 children. This compares to 12.6 percent of children nationally. Canterbury's figures represent an increase from 10.5 percent in 2021, the most recent year for which regional statistics are available.
- The share of children in Canterbury that were living in low-income households in 2023 rises to 18.7 percent of children (or 25,100 children) after housing costs are deducted. This is up from 14.4 percent in 2021 (an additional 5,200 children). The share of children in Canterbury living in low-income households (AHC) was 1.2 percentage points higher than the national average in 2023.
- 10.1 percent of children in Canterbury (13,400 children) were living in material hardship (i.e., in a household with a DEP-17 score of six or more) in the year to June 2023, compared to 12.5 percent of children across New Zealand.

- 7,200 of these children were living in severe material hardship (a household with a DEP-17 score of nine or more). This is equivalent to 5.4 percent of children in the Canterbury Region, compared to 5.5 percent across New Zealand as a whole. There were 2,400 more children living in severe material hardship in Canterbury in 2023 than there were in 2021, and 7,500 more children across New Zealand as a whole.

Child poverty measures, Canterbury Region (year to June)



Data source: Statistics NZ

- National-level data finds that rates of material hardship are higher among some demographic groups. 21.5 percent of Māori children, 28.9 percent of Pacific children, and 22.3 percent of disabled children were living in households experiencing material hardship in 2023, compared to the national average of 12.5 percent.

International Visitation (December 2023 & January 2024)

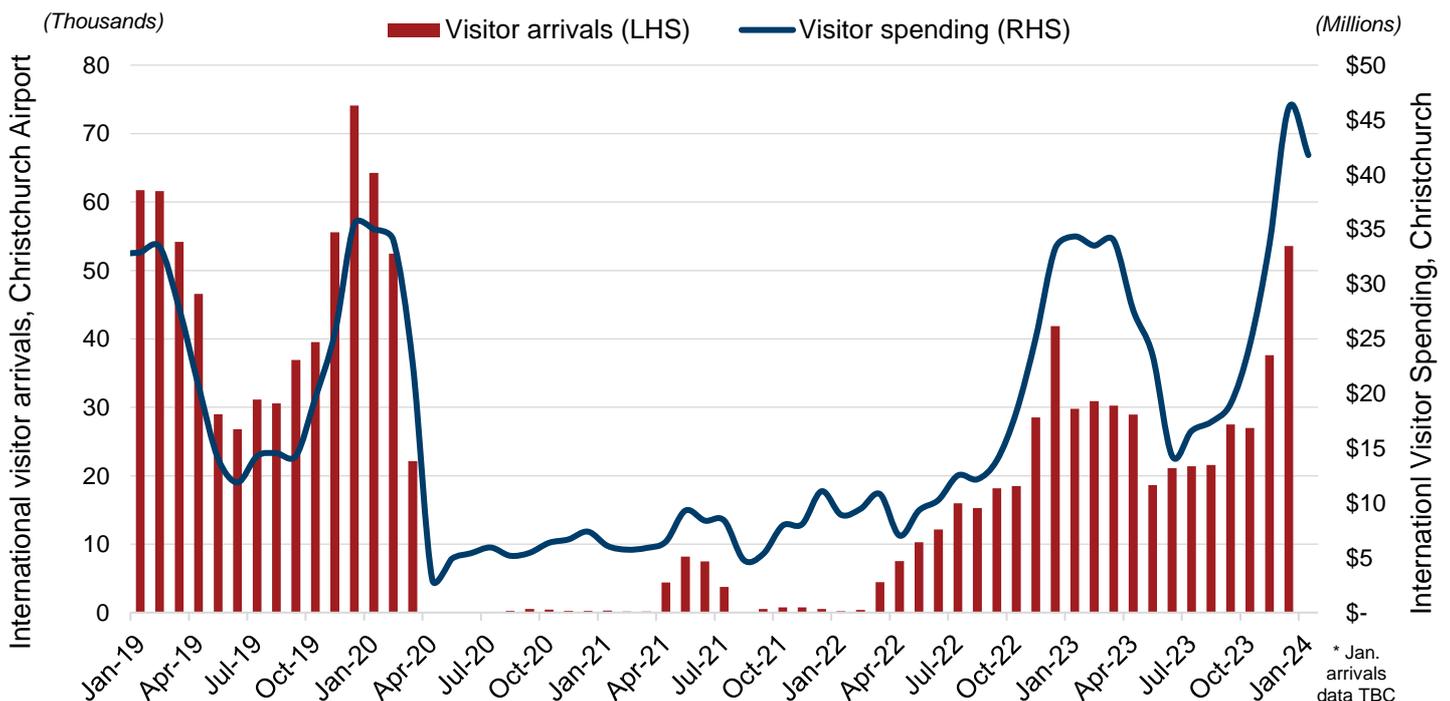
International visitor arrivals (December 2023)

- International visitor arrivals at Christchurch Airport increased to 53,570 people during December 2023. This was a 42 percent increase from the previous month of November, and a 31 percent lift from December 2022. This was equivalent to 72% of pre-COVID arrival numbers (December 2019) and is the highest number of monthly arrivals recorded since January 2020.
- Seat capacity on international flights into Christchurch (which can also be understood as the maximum recovery in arrival numbers we could expect to see given the seats/flights available) sat at 80 percent of 2019 levels during the same period. Arrivals at Christchurch Airport made up 12.8 percent of international visitor arrivals in New Zealand during December 2023, up from 11.4 percent during December 2022.
- Arrivals data for December 2023 shows a significant lift in the number of international visitors from the United States, with just under 3,400 arrivals - the highest level since November 2009. This coincides with the introduction of United Airlines' direct flights between San Francisco and Christchurch during December. Arrivals data also supports the strength of the US market in visitor spending data for December as reported in our previous Monthly Insights Brief. Arrival numbers from the USA were 29% higher during December 2023 than in December 2019.

International Visitor Spending (January 2024)

- In-store international visitor spending in Christchurch City came to \$41.8 million during January 2024. This was the second highest level of monthly international visitor spend recorded in Christchurch, following the new record high reached in December 2023. International spending was 21.6 percent or \$7.4m higher than that of January last year, with spending by visitors from the USA largely driving this uplift.

International Visitation, Christchurch



Data source: Marketview & Stats NZ

Retail Spending (January 2024)

Retail spending figures are sourced from Marketview and refer to spending via **in-store electronic card transactions**. Figures do not capture purchases made in cash or online.

- The value of retail spending in Christchurch during January 2024 came to \$560m. This was 1.9 percent higher than during the same month in 2023. The number of electronic card transactions carried out in Christchurch increased by 2.0 percent over the same period.
- In a continuation of trends observed in previous months, year-on-year declines in monthly spending took place in ‘discretionary’ or non-essential store categories: other consumer spending (-5.9%); apparel & personal (-3.1%); and home & recreation retail (-2.0%). This reduction in discretionary spending continues to reflect weakened consumer sentiment amid cost-of-living pressures.

Change in value of ECT retail spending in Christchurch, January 2024 vs January 2023						
Apparel & Personal	Cafes, Restaurants & Bars	Fuel & Automotive	Groceries & Liquor	Home & Recreation Retail	Other Consumer Spending	Total
-3.1%	-0.4%	6.3%	7.3%	-2.0%	-5.9%	1.9%



Data source: Marketview

For queries related to ChristchurchNZ’s economic insights, please contact:
 Sophie Jones (Economic Analyst): sophie.jones@christchurchnz.com

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