

# Greener shoots in 2025

Te Herenga Waka—Victoria University  
of Wellington Commerce Teachers'  
Professional Development Day

Brad Olsen (Chief Executive & Principal Economist)

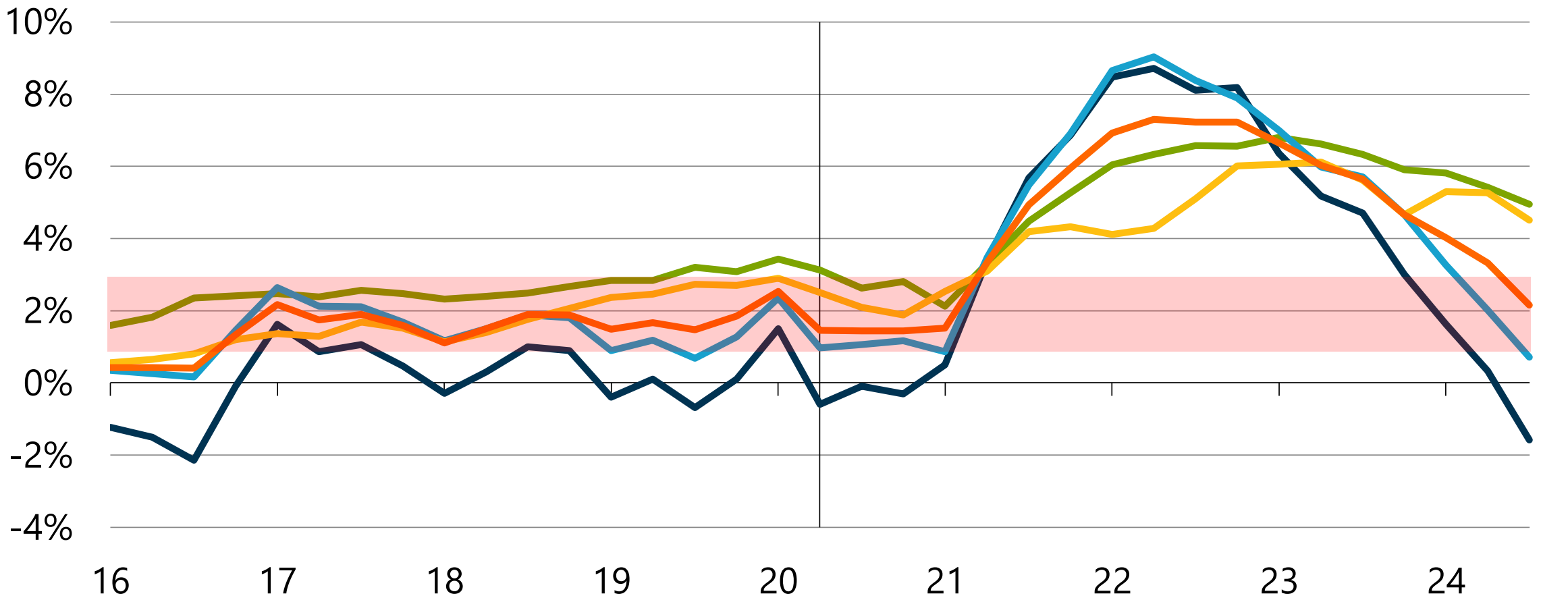
5 December 2024

**Inflation is  
back in the box**

# Inflation

## Back in the box

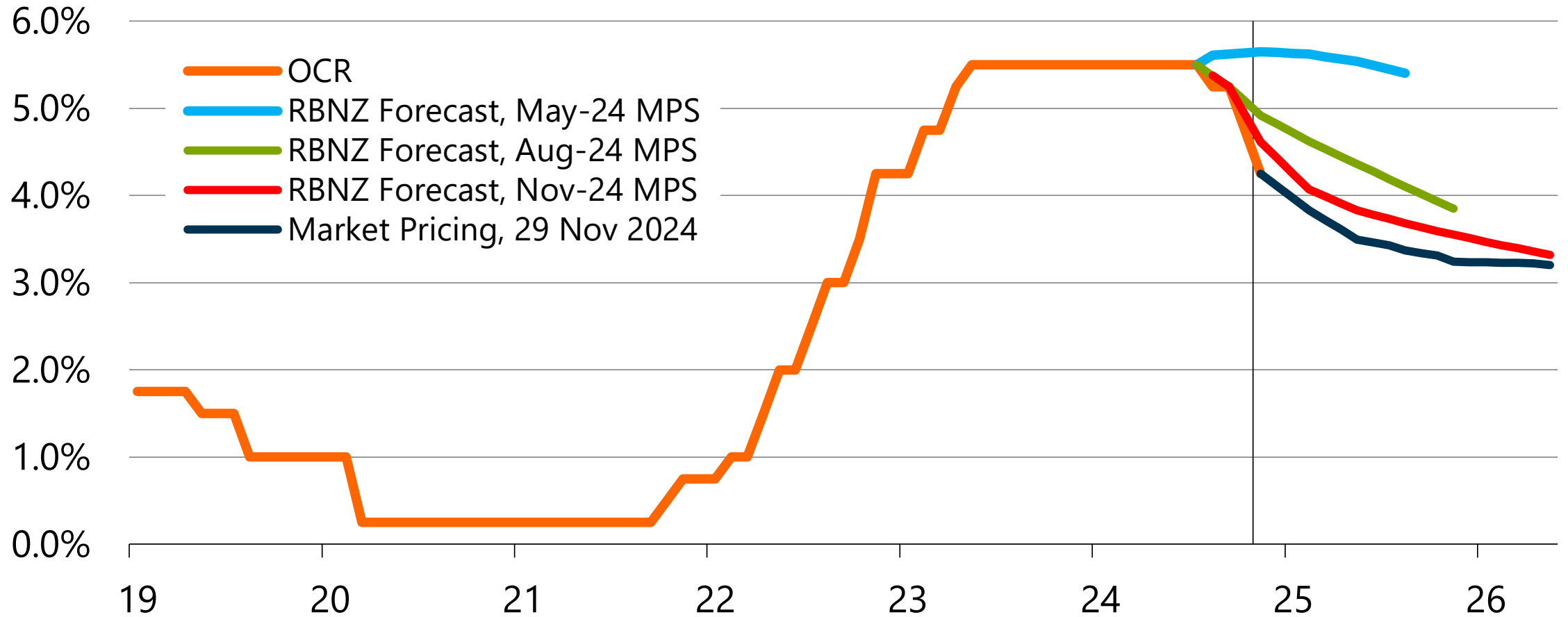
Annual inflation rate, by component



# Interest rates

## Interest rates to continue to fall

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



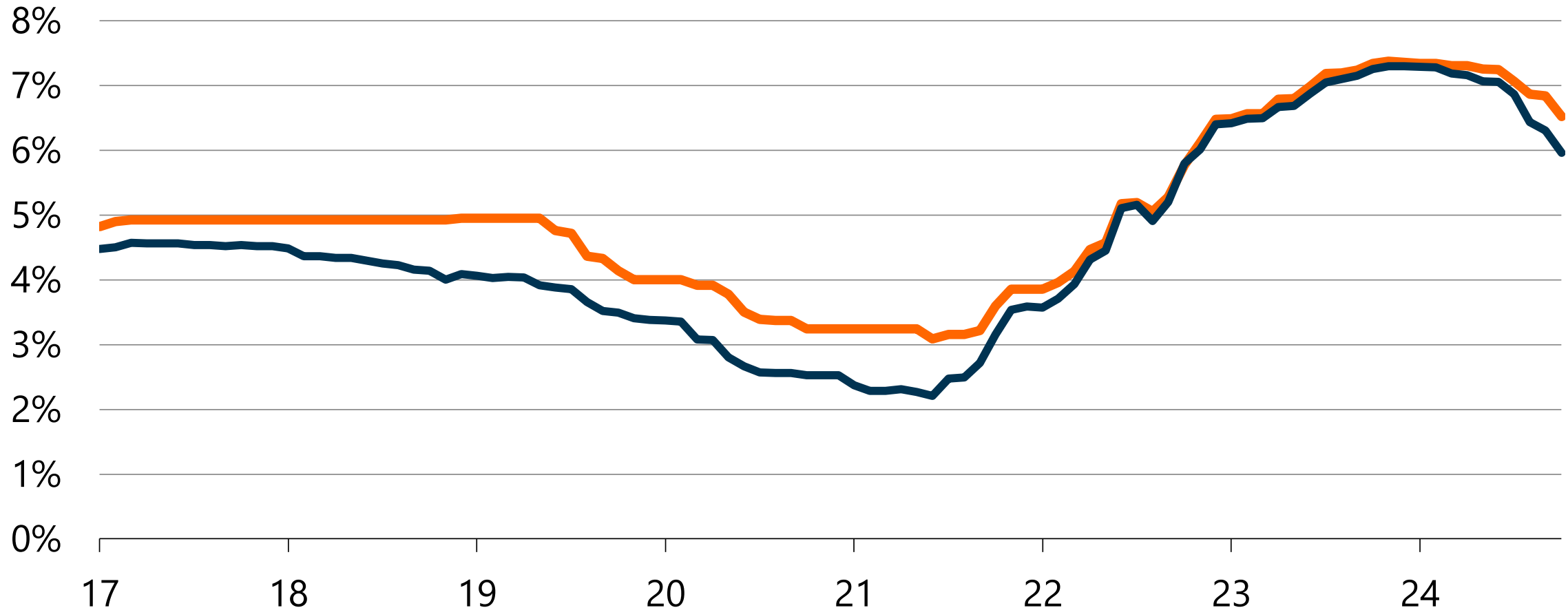
# Interest rates

Frontloading, with OCR down 75bp, 1y down 134

Mortgage rates, "special" rates (usually 20%+ deposit)

6 month

1 year

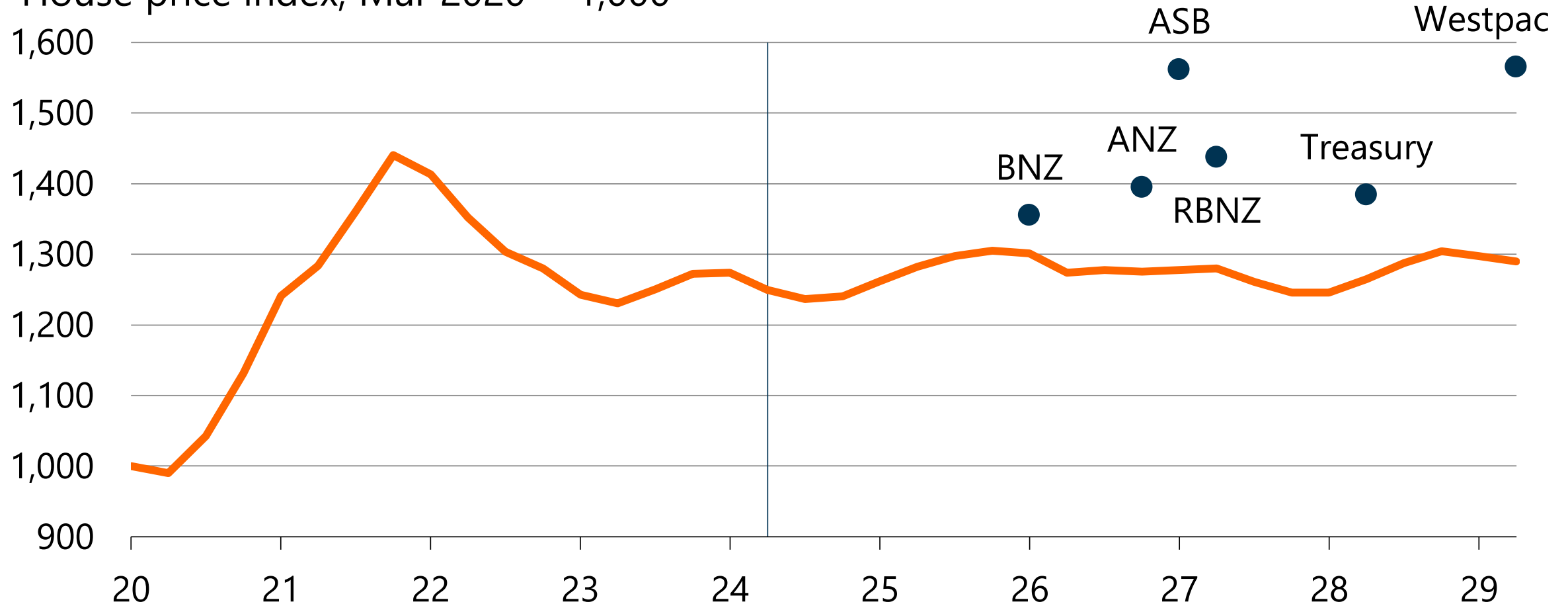


**Housing activity subdued  
and we're still expecting restraint**

# Housing

## House prices essentially flat - if you believe us

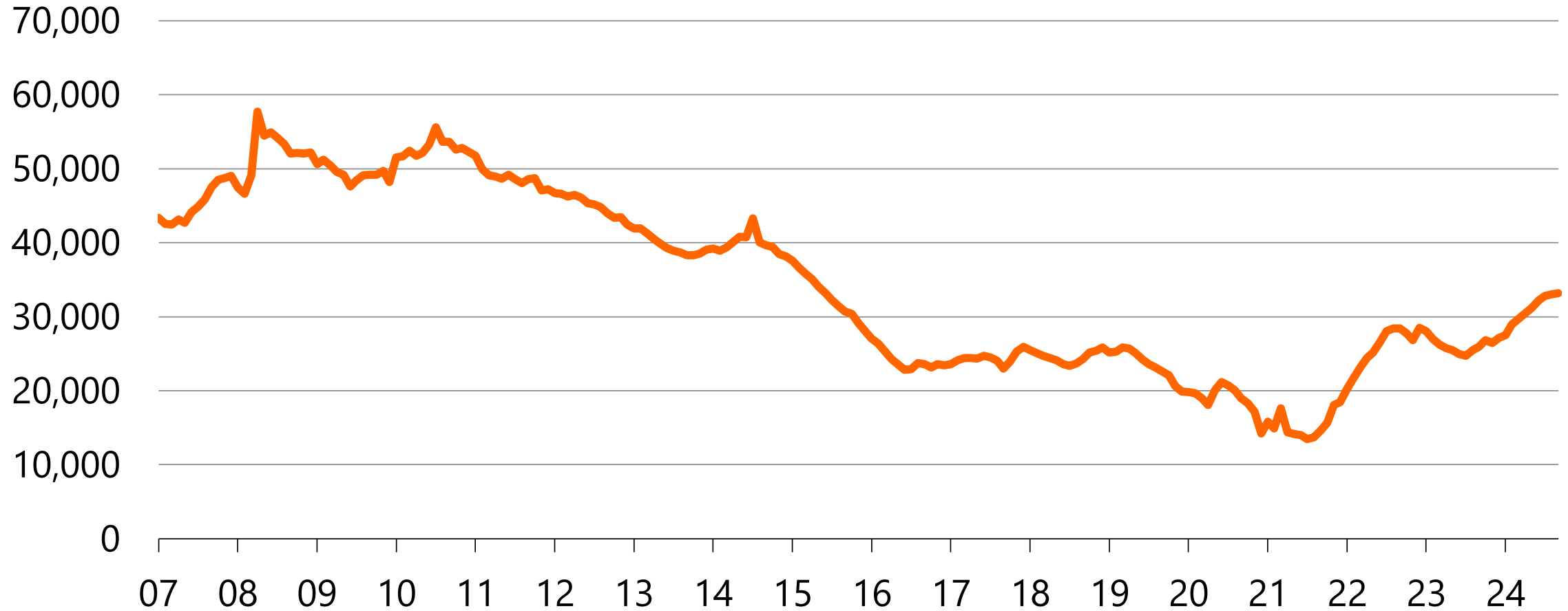
House price index, Mar 2020 = 1,000



# Housing

## More properties available for sale

Properties available for sale, seasonally adjusted

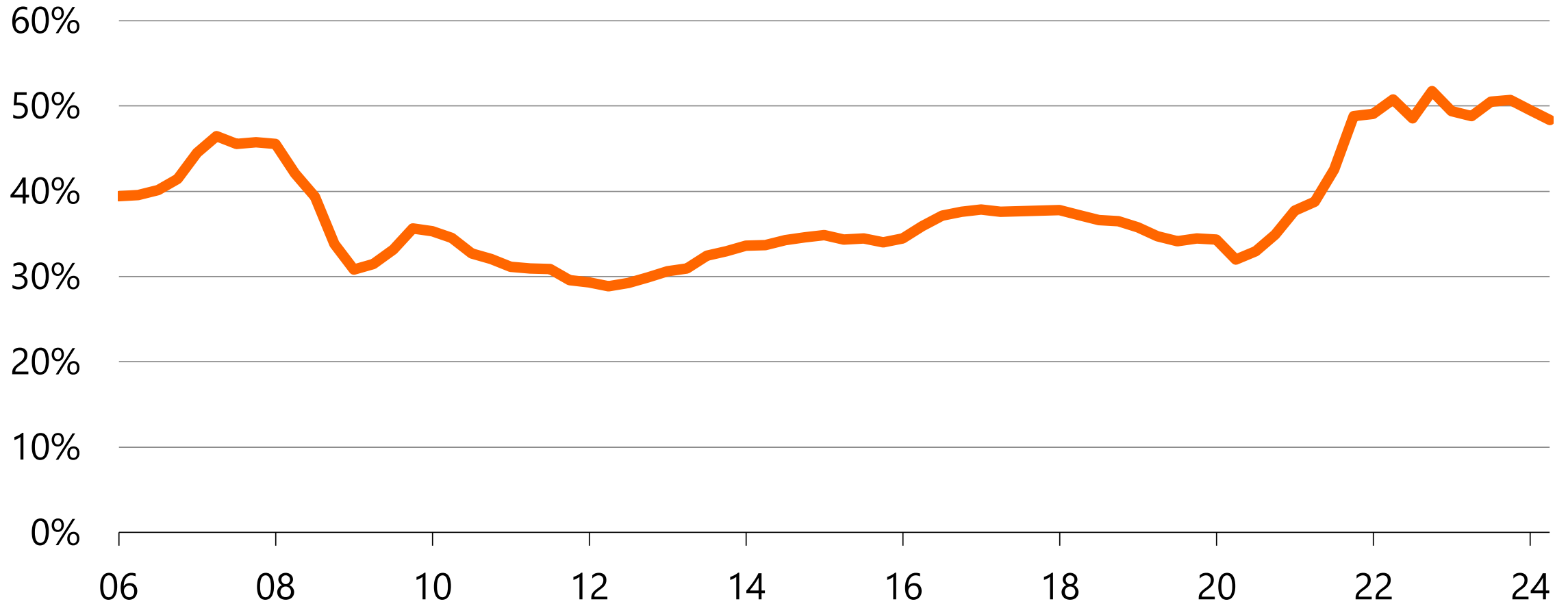




# Housing

## Mortgage affordability ticks down a touch

Mortgage payments as a % of average HH income



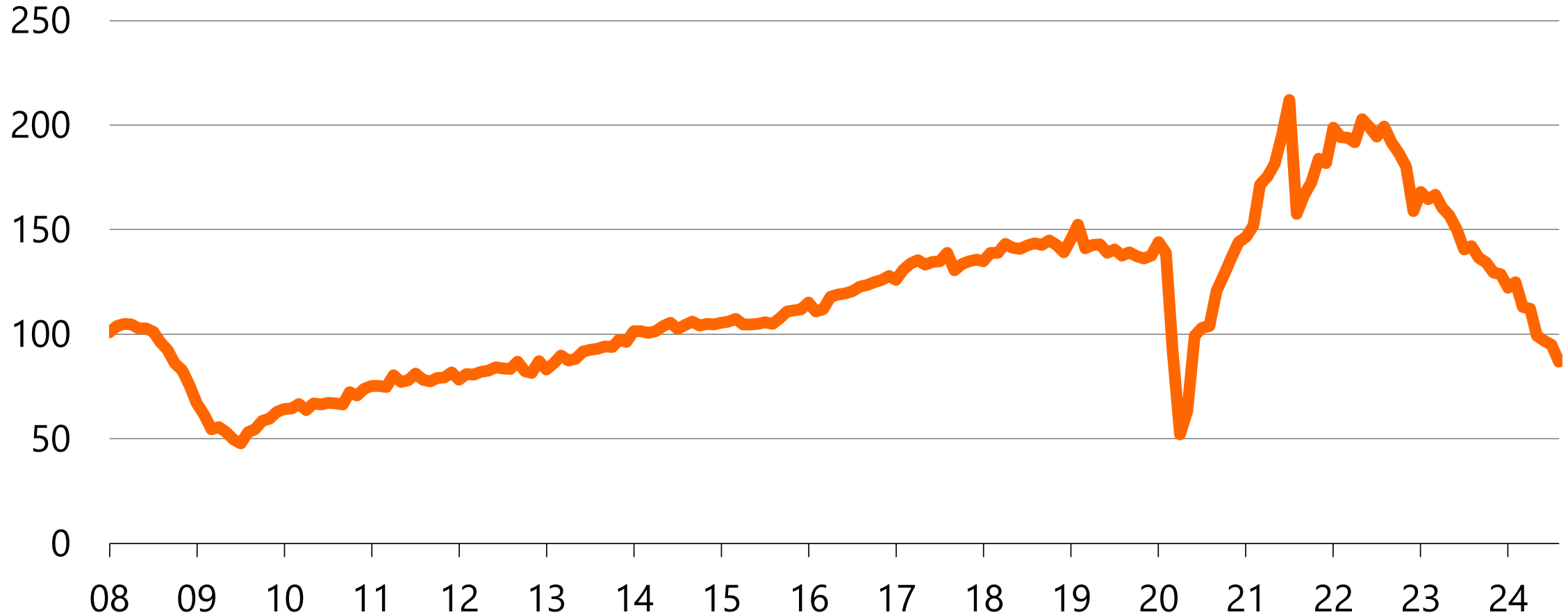
# A shifting jobs market

# Labour market

## Job ads lowest since early 2013 (ex. Lockdown)

Job Online Index, seasonally adjusted

— All Vacancies

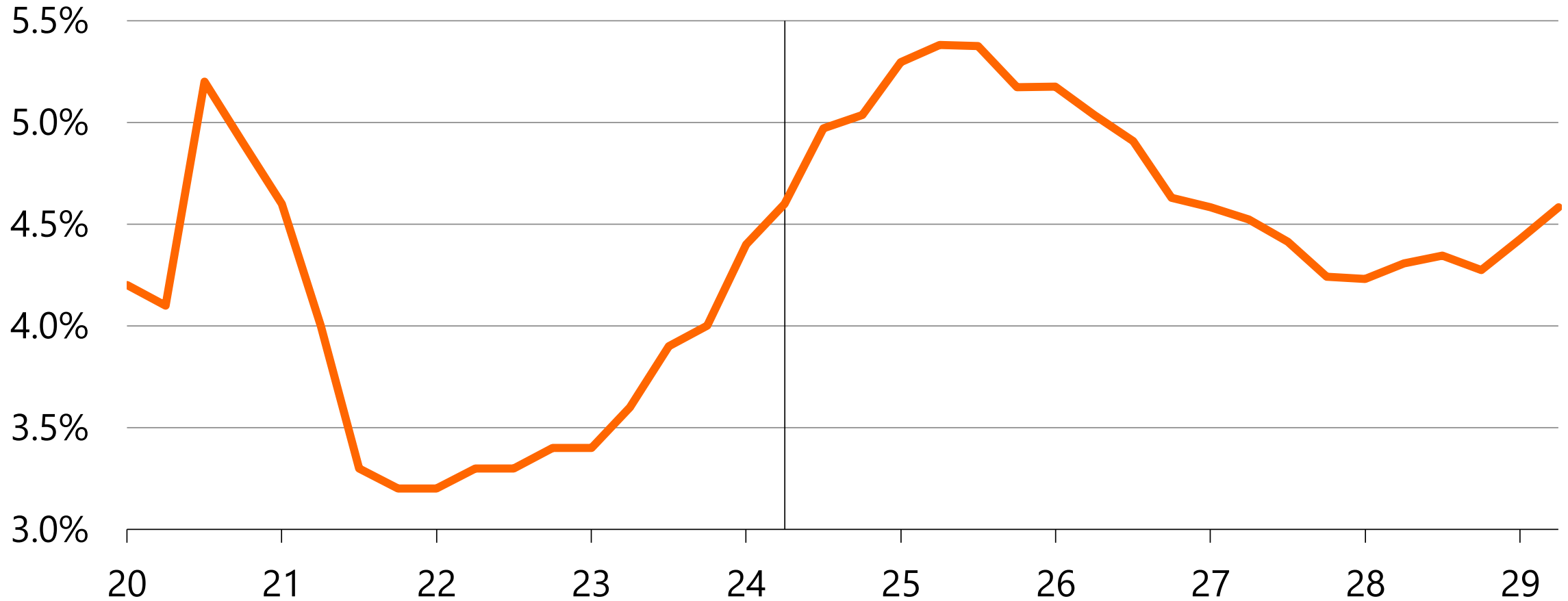


# Labour market

## Job losses hit slightly harder through into 2025

Forecast comparison of unemployment rate, % of labour force

— Oct 24 forecast

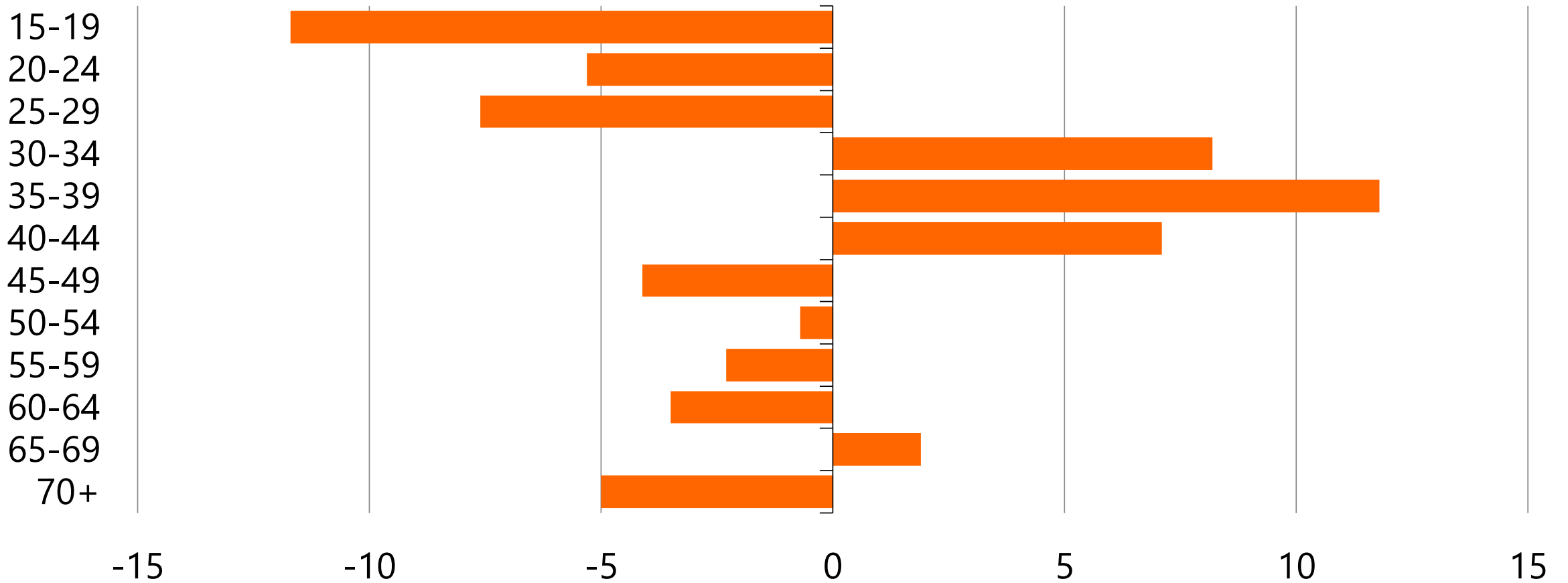


# Youth job losses mount

## Under 30s account for bulk of job losses so far

Annual change in employment, 000s, by age, Sep-24 quarter

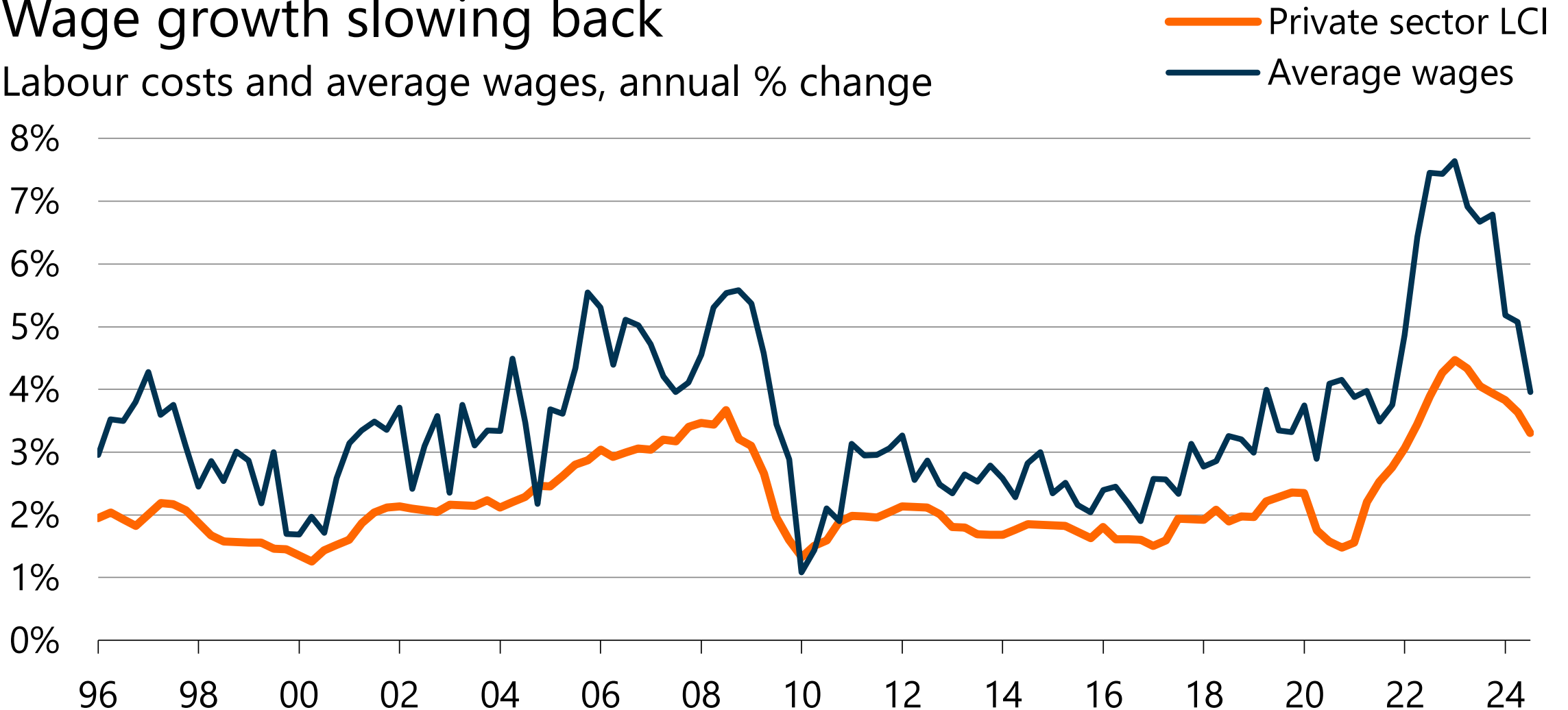
■ Annual Change



# Public sector pressure

## Wage growth slowing back

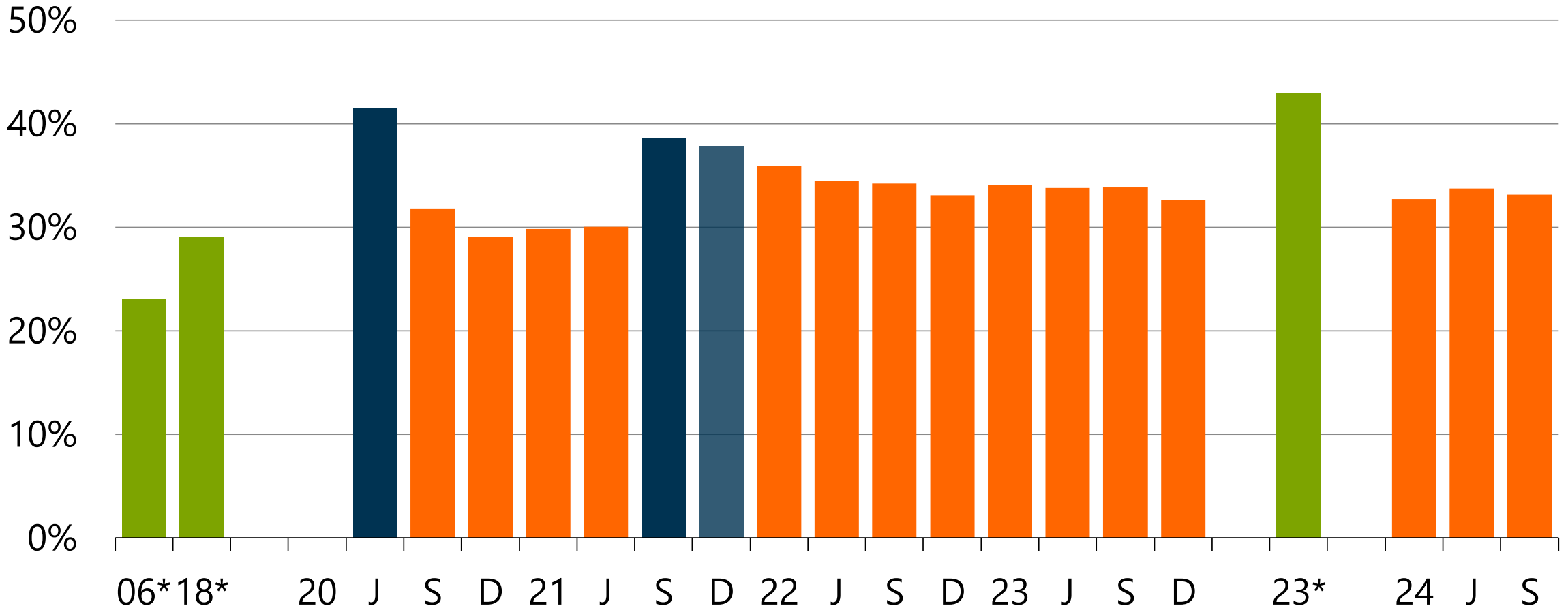
Labour costs and average wages, annual % change



# What's an office again?

## A third of workers work part of the week at home

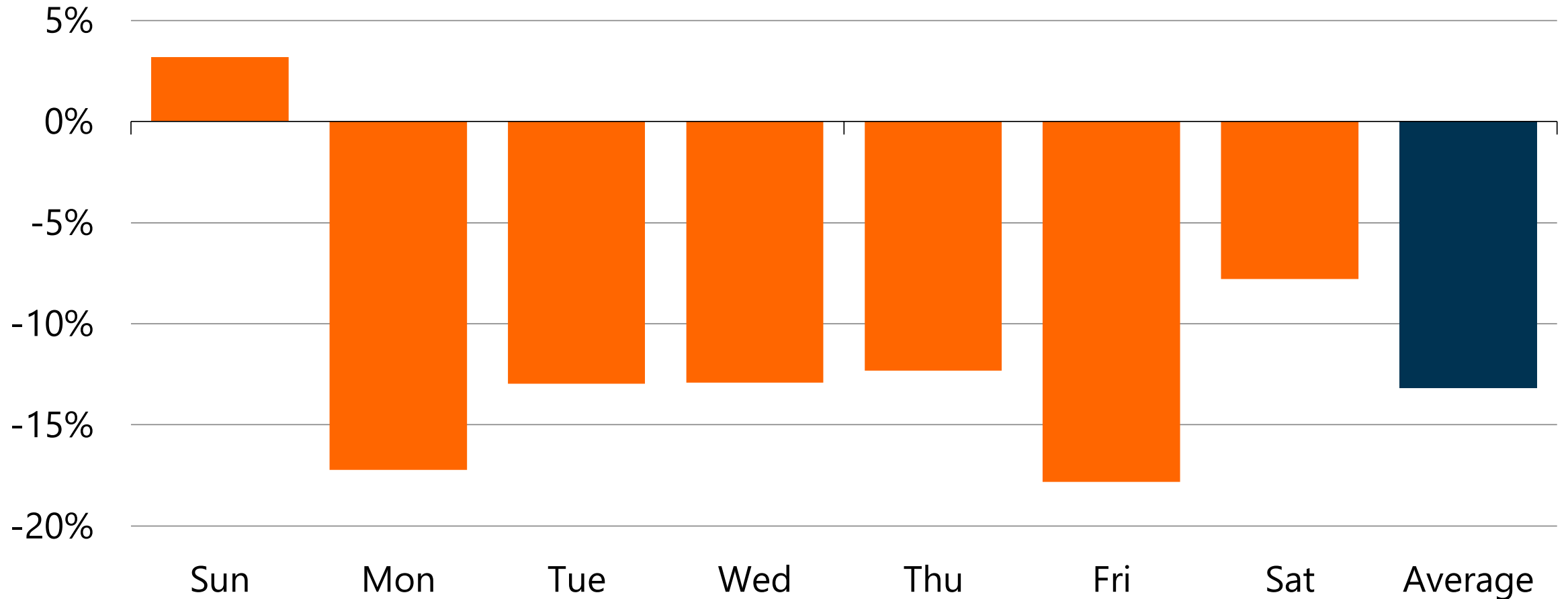
% of workers able to (\*) or currently, work from home



## A different looking work week

### Monday and Friday see the largest drops in use

Auckland PT use in 2024, change from 2019 levels, Jul-Oct

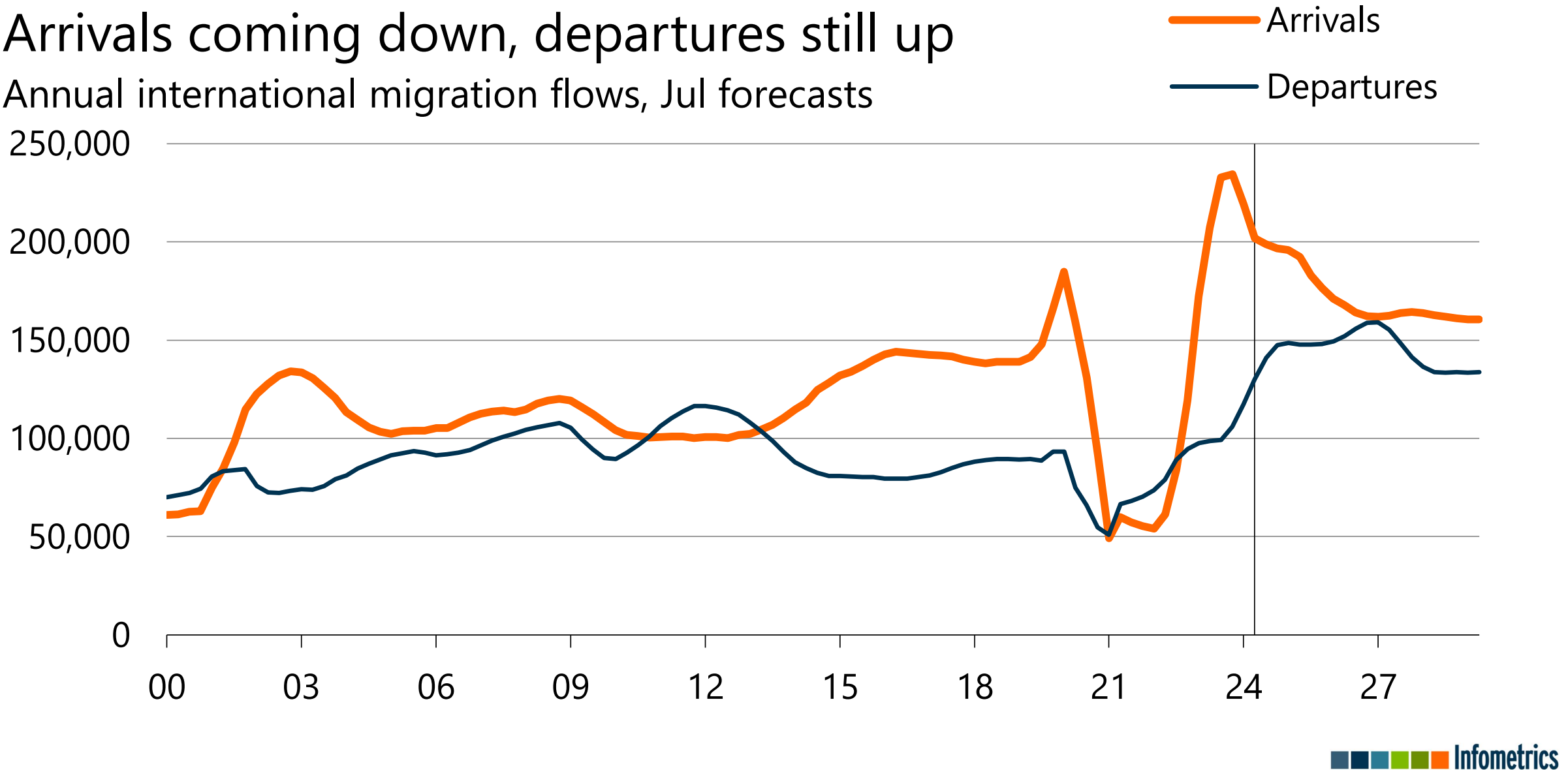




# Migration

## Arrivals coming down, departures still up

Annual international migration flows, Jul forecasts

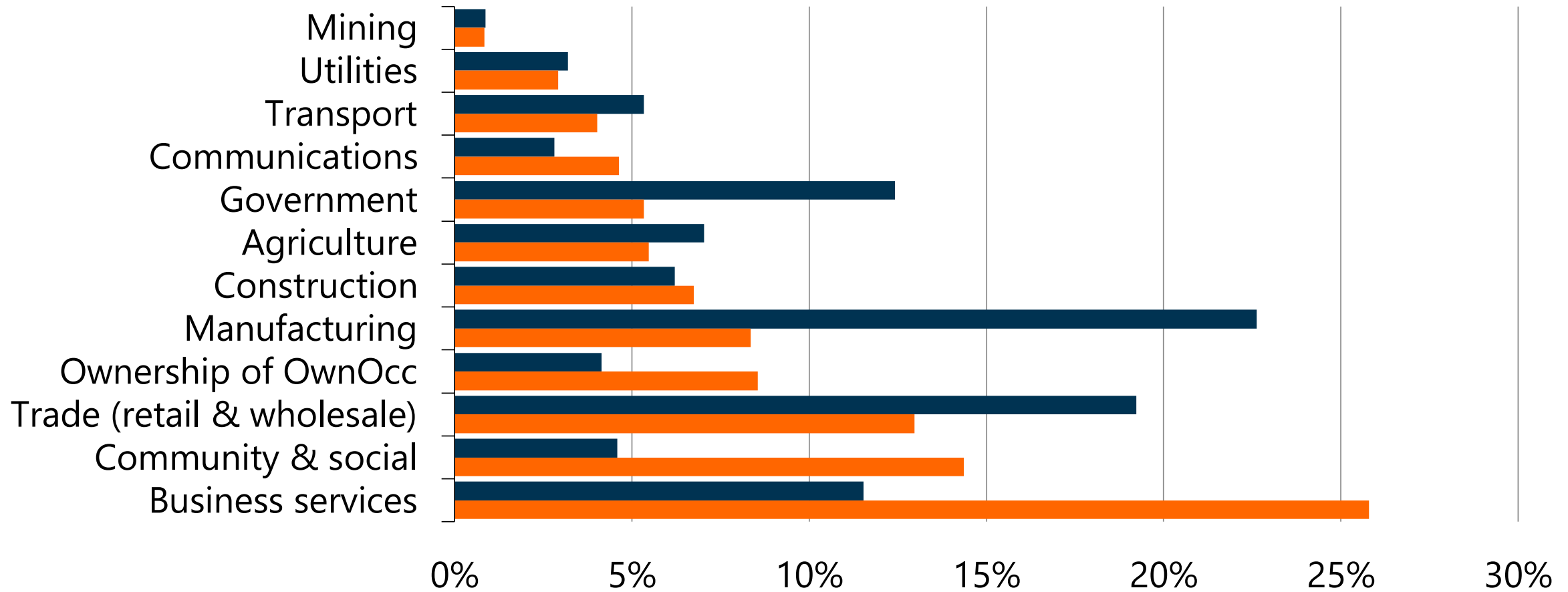


# Industry structure

## A changing economic structure

Share of GDP

■ 1984 ■ 2024

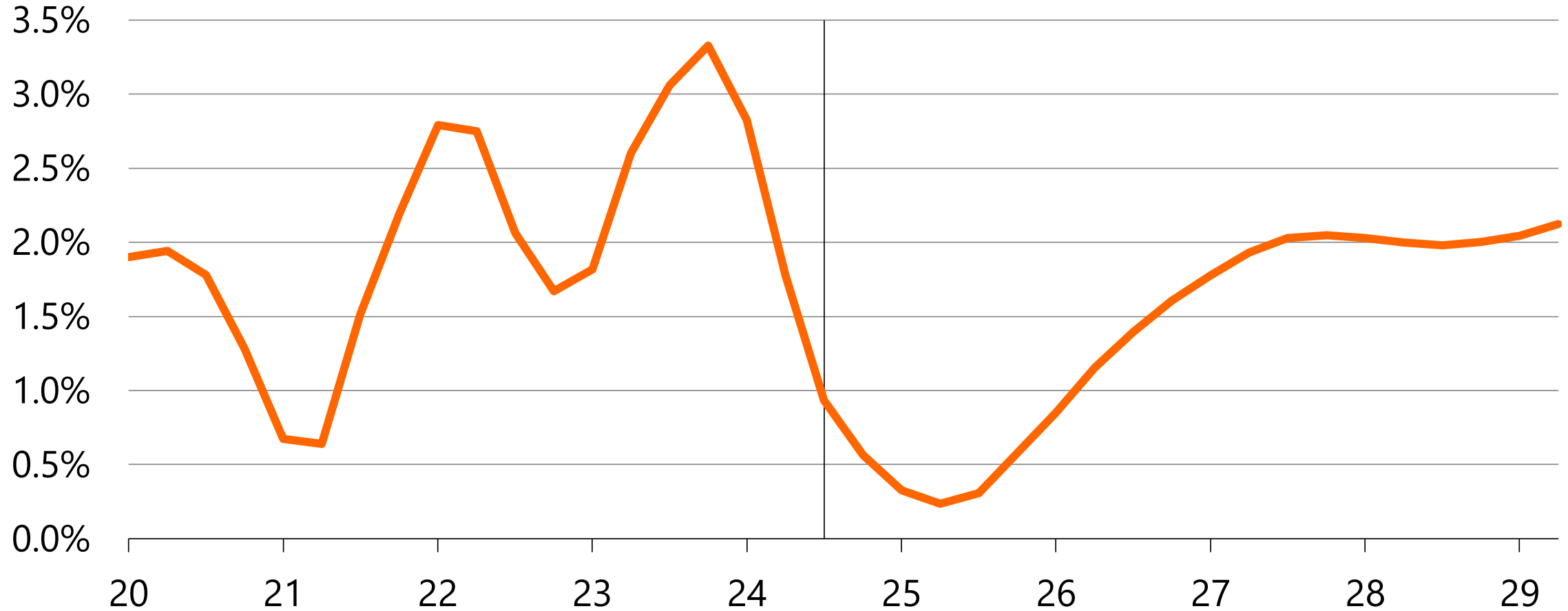


# Employment

## Labour market takes longer to turn

Forecast comparison of HLFS employment, year-end % changes

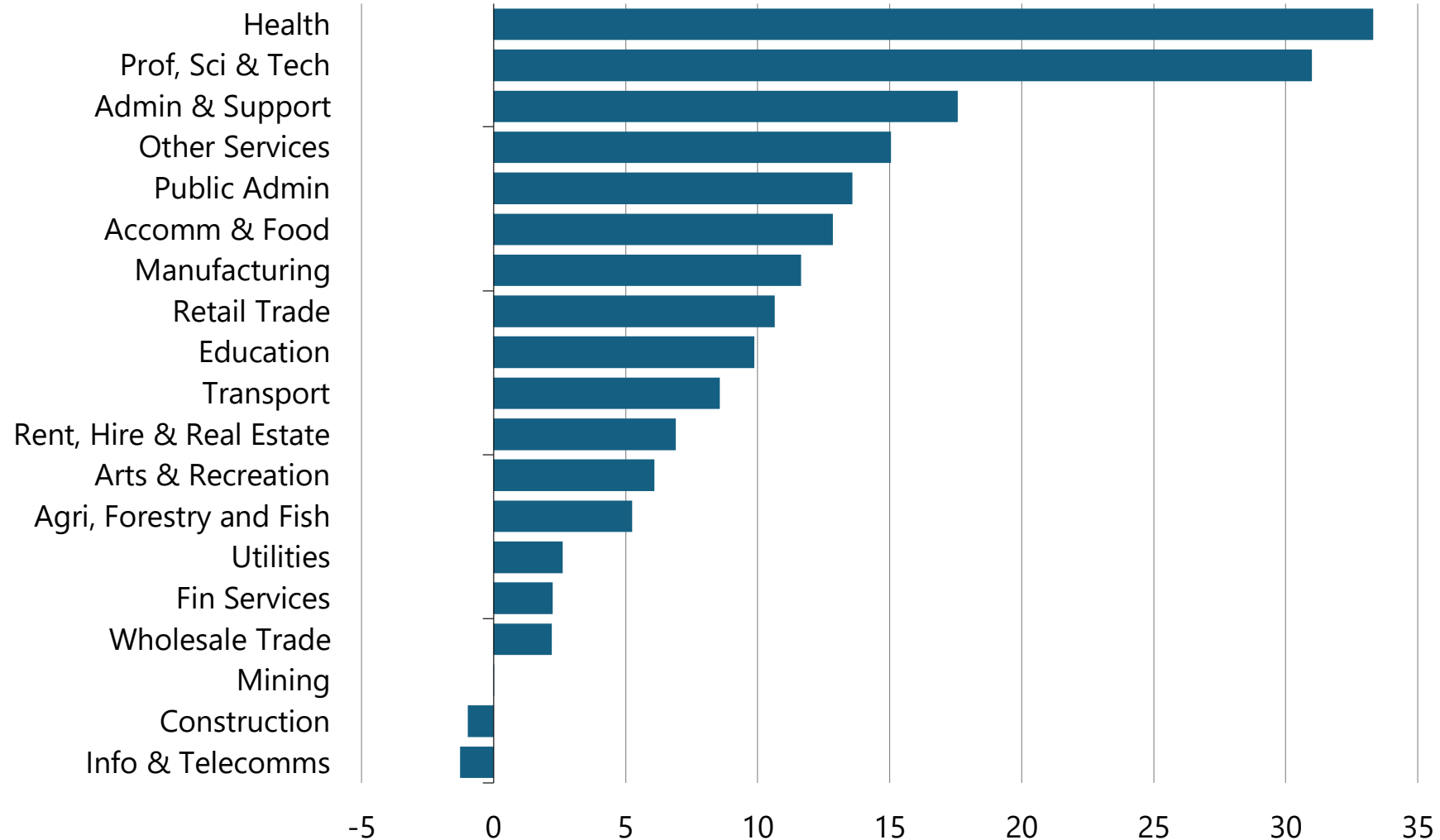
— Oct 24 forecast



# Employment

## Examining job changes by industry

Forecast change in filled jobs, 000s, NZ, 2029 vs 2024



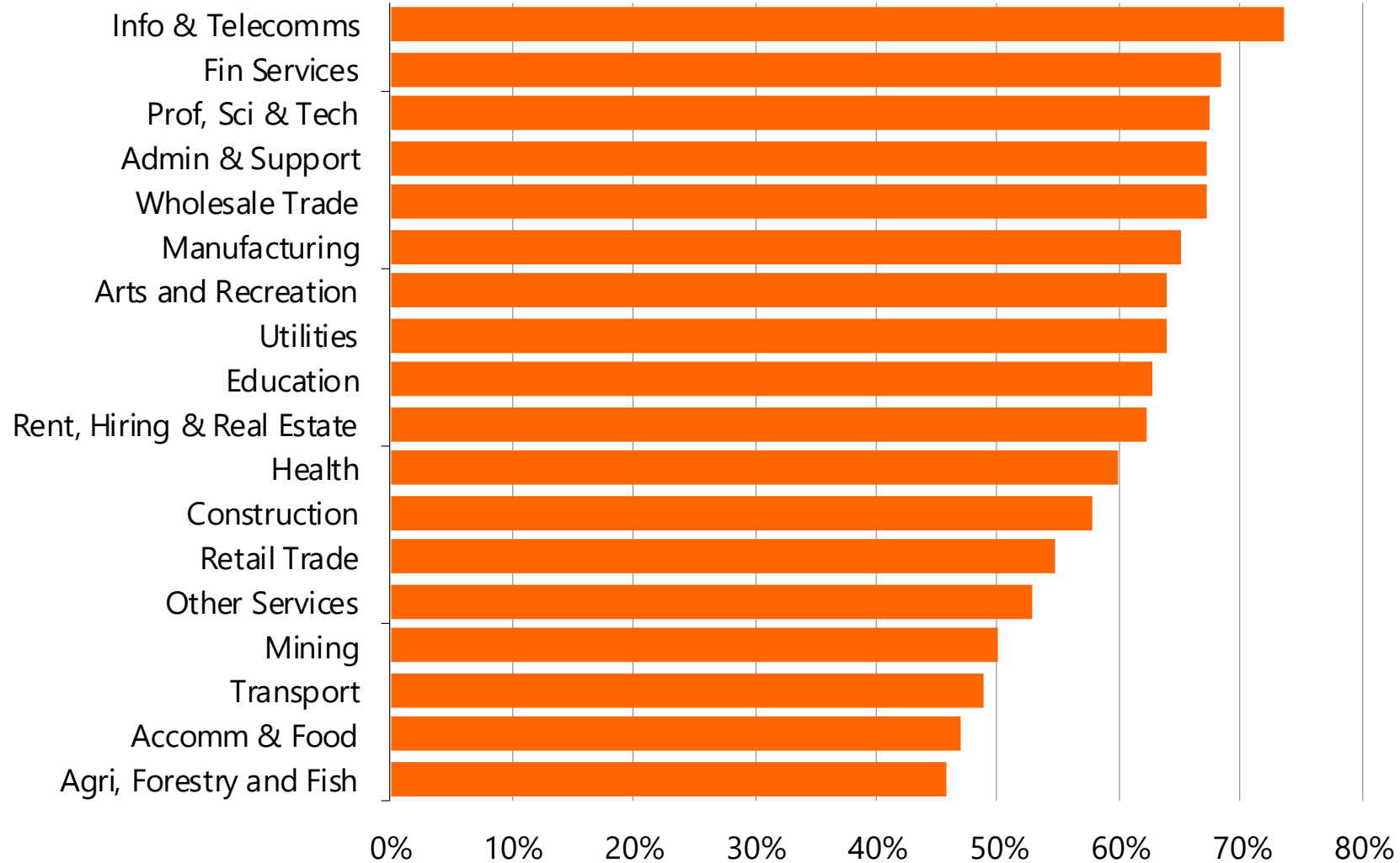
# Some business trends

# Business trends

## More innovation possible

% of firms that carried out innovation activities, 2023

■ % innovating



## Business trends

### Health and safety the key training for many

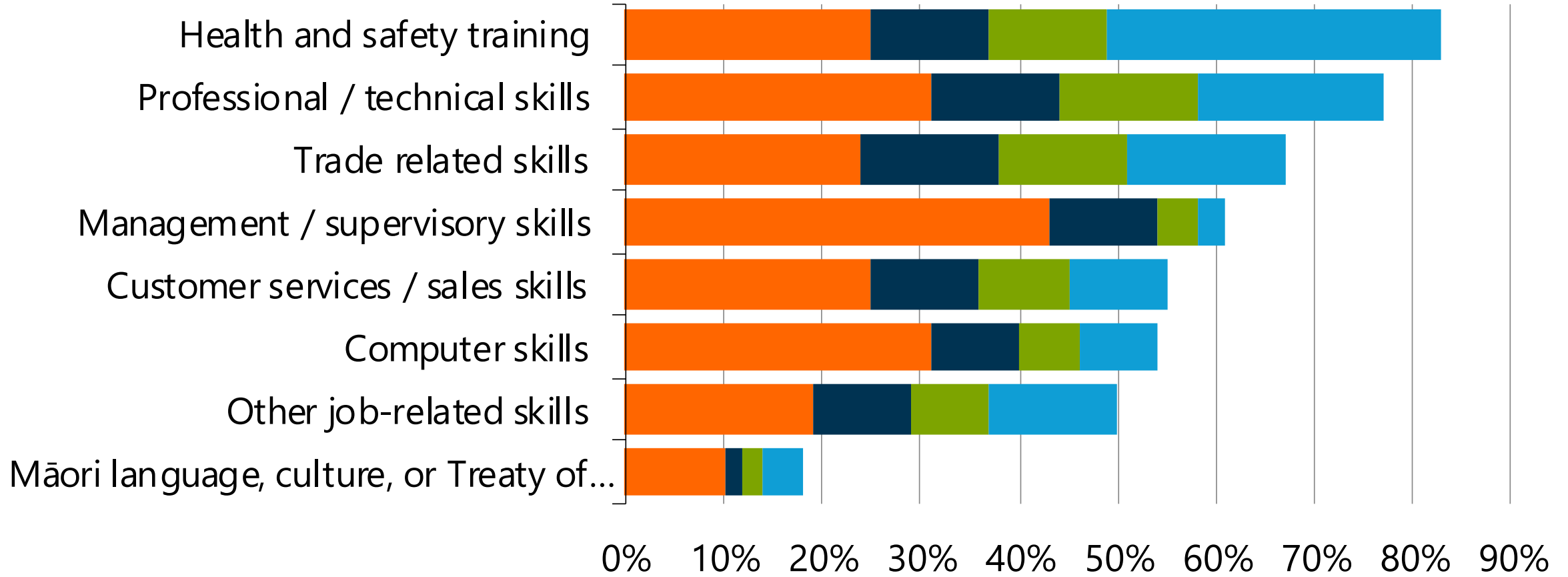
% of employees participating in training, by type, 2023

1-25%

26-50%

51-75%

76-100%



**How are spending  
patterns changing?**

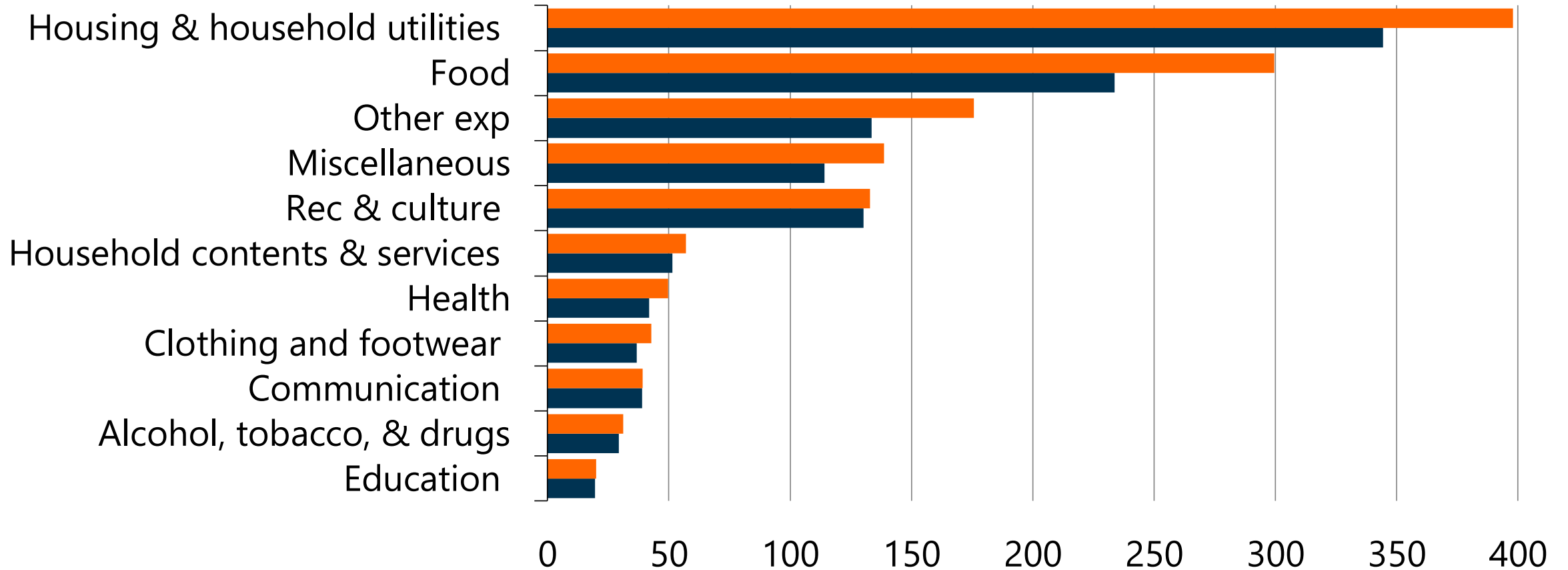


## • Overall spending picture •

Spending \$248pw more overall than in 18/19

Average weekly household expenditure (over all households)

22/23 18/19

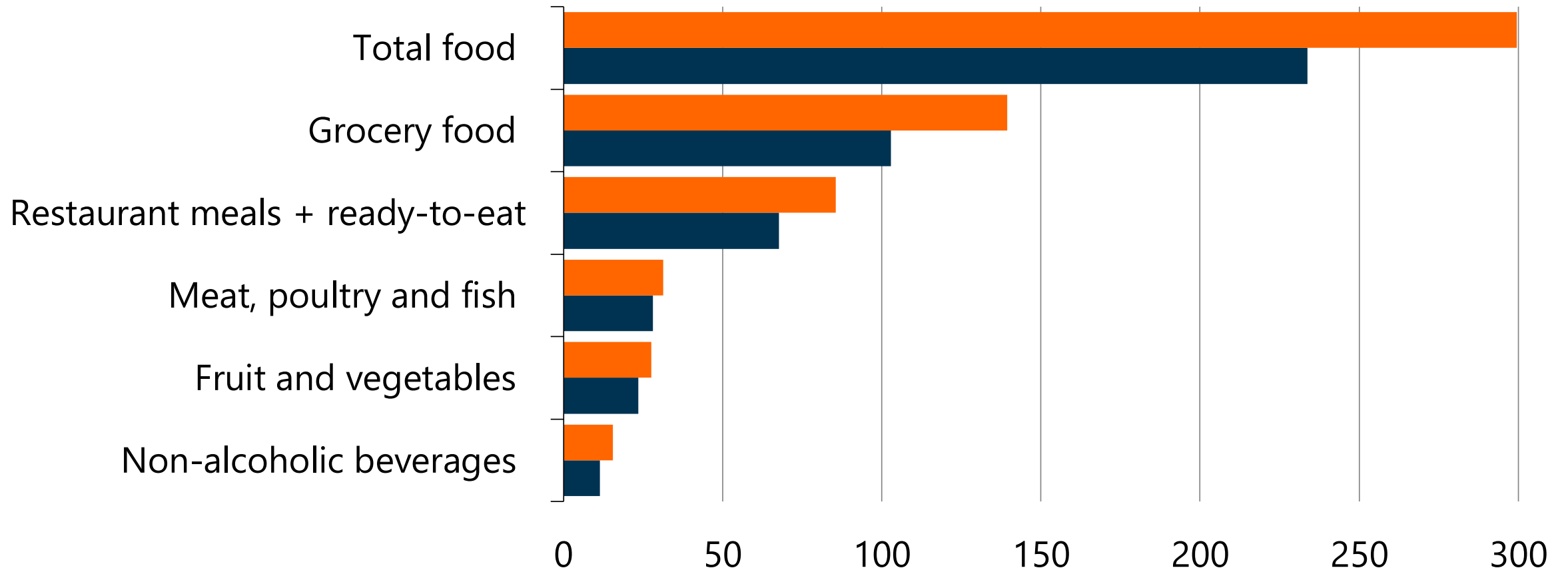


## • More food spending •

Spending \$66pw more on food than in 18/19

Average weekly household expenditure (over all households)

22/23 18/19

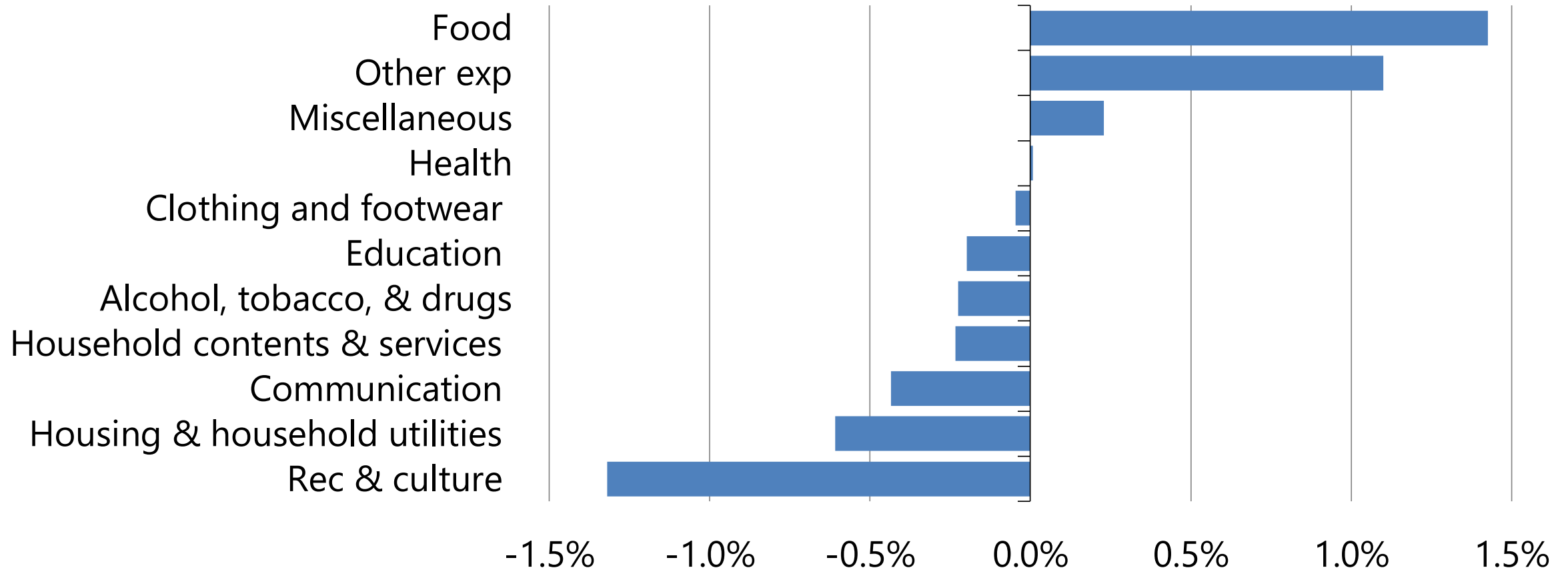


## • What's the spending focus? •

### Shift towards food, interest, and savings

Change in relative average weekly household expenditure

■ Percentage point change

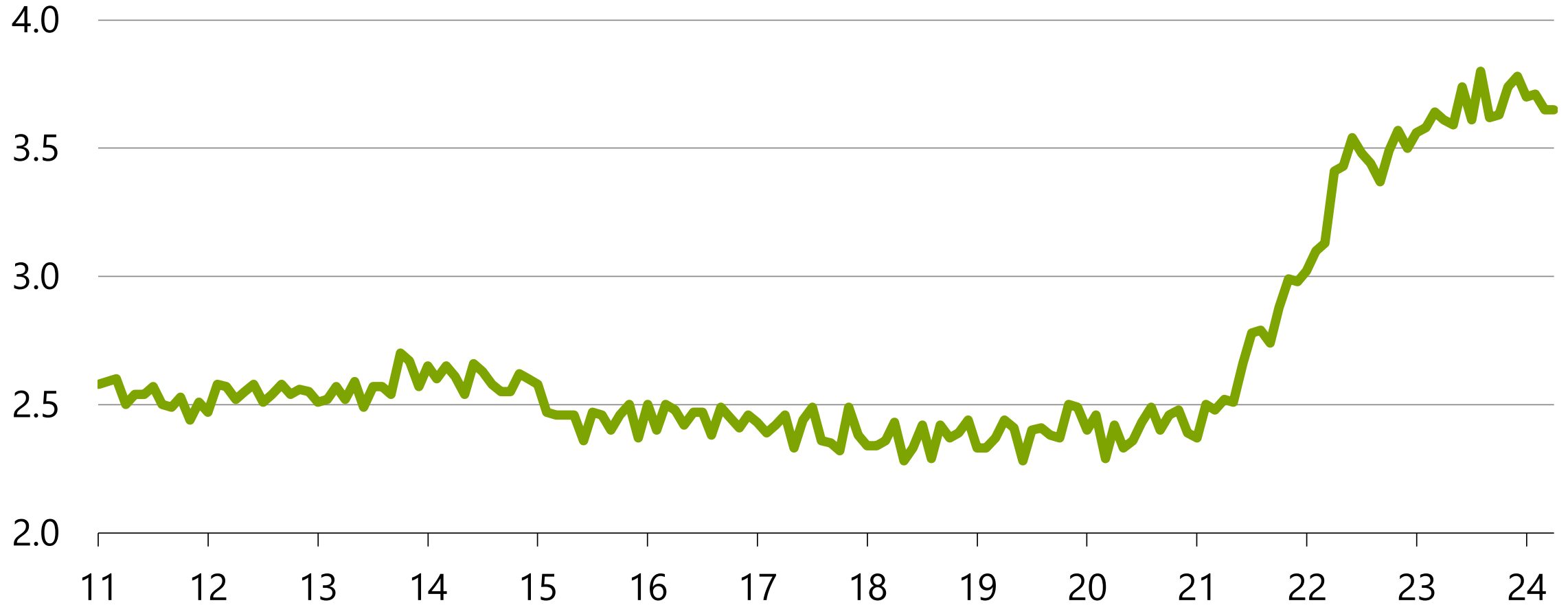


## Product insights

### Two minute noodles show inflation

Monthly average retail price, \$

Two minute noodles, 5-pack

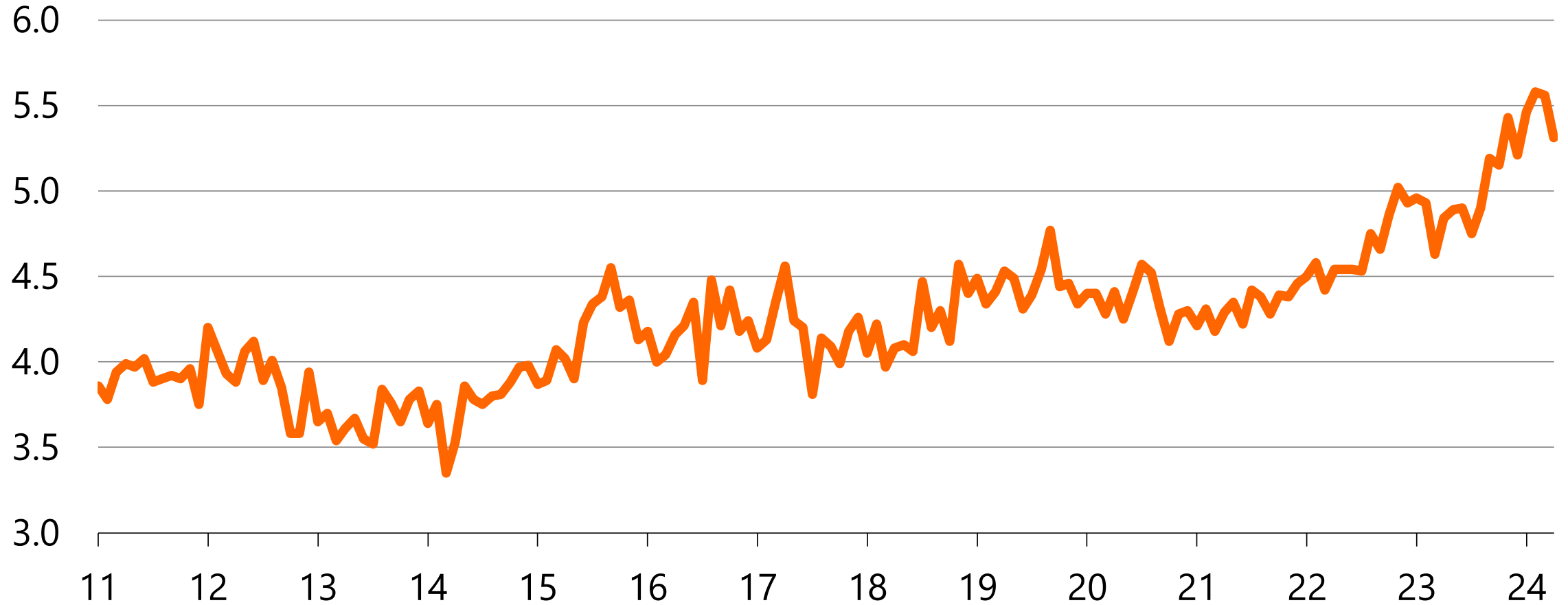


## Product insights

### Chocolate prices trending higher

Monthly average retail price, \$

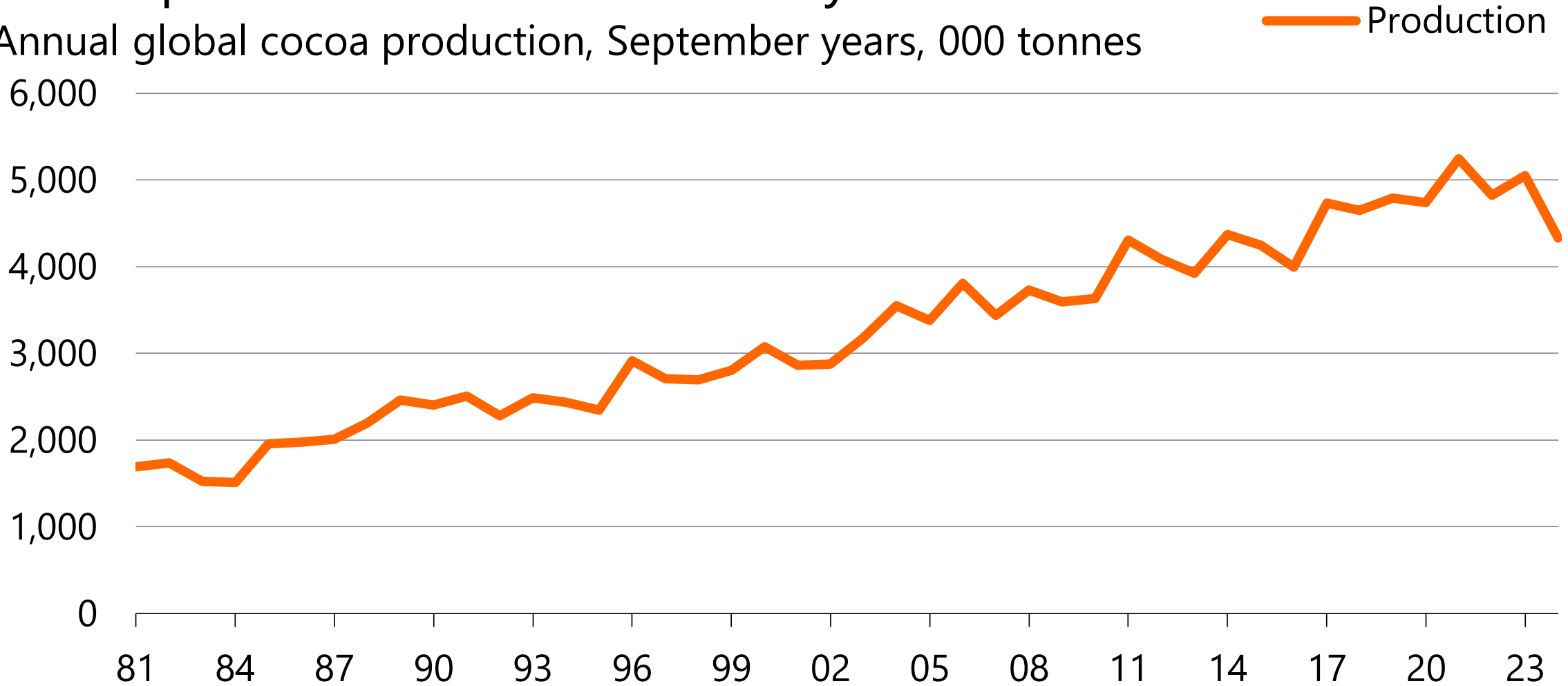
Chocolate, 250g block



## Product insights

### Cocoa production the lowest in 8 years

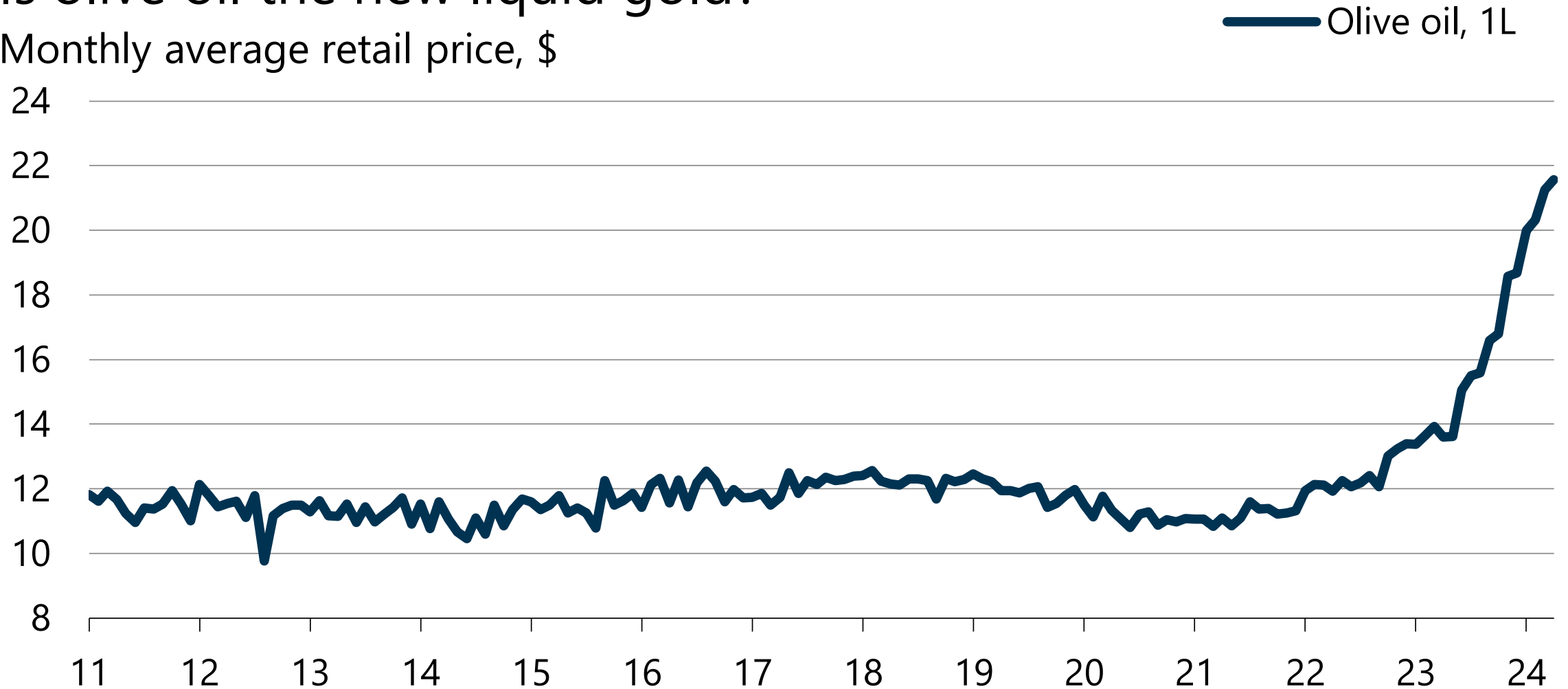
Annual global cocoa production, September years, 000 tonnes



## Product insights

### Is olive oil the new liquid gold?

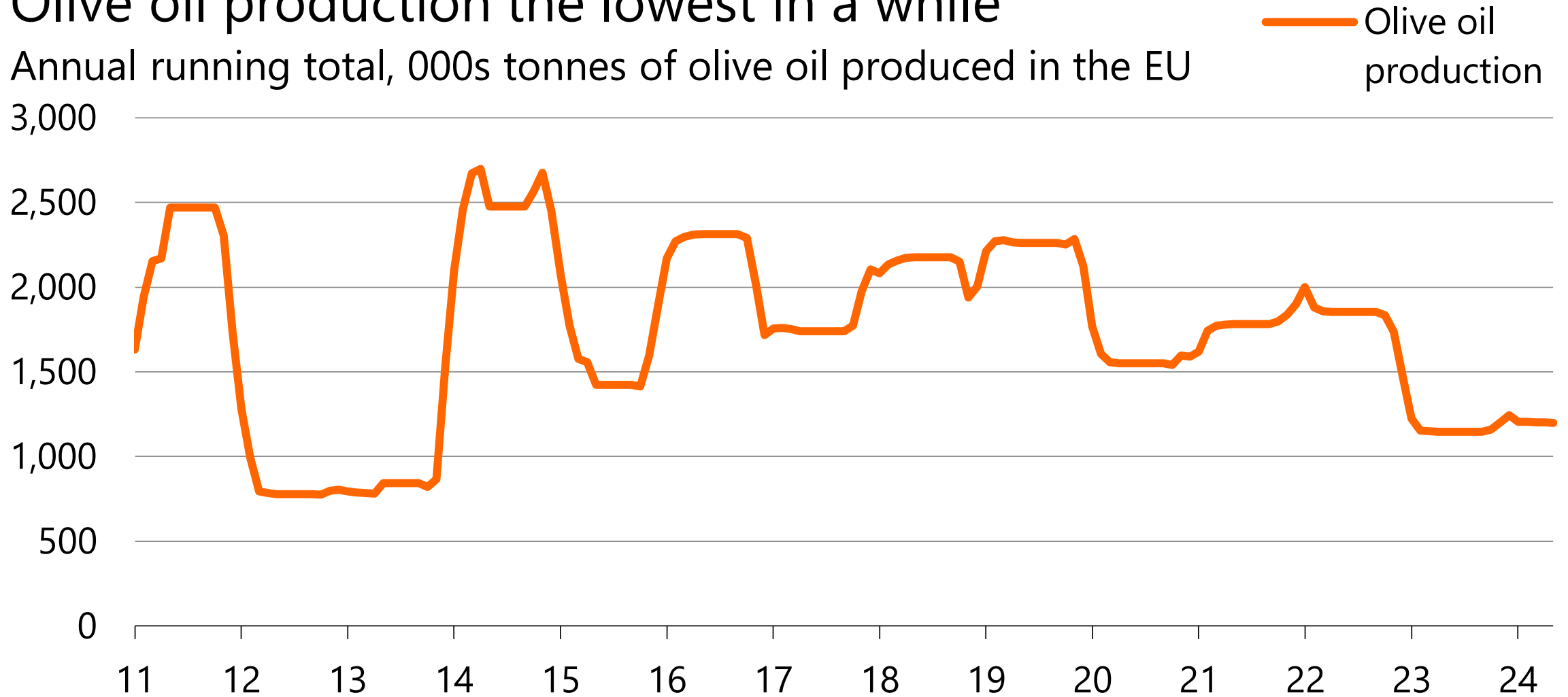
Monthly average retail price, \$



## Product insights

### Olive oil production the lowest in a while

Annual running total, 000s tonnes of olive oil produced in the EU



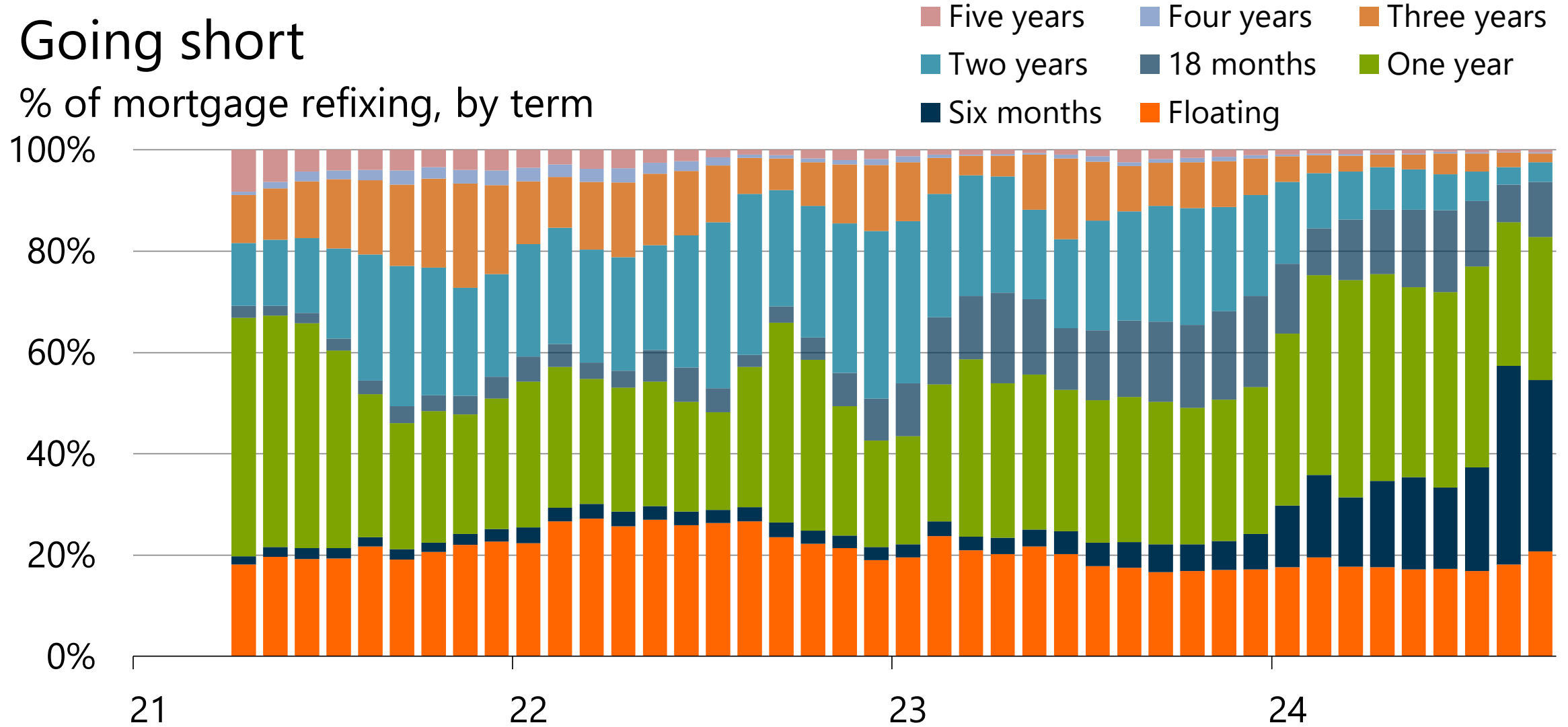


# Early signs of a better economy?

# Interest rates

## Going short

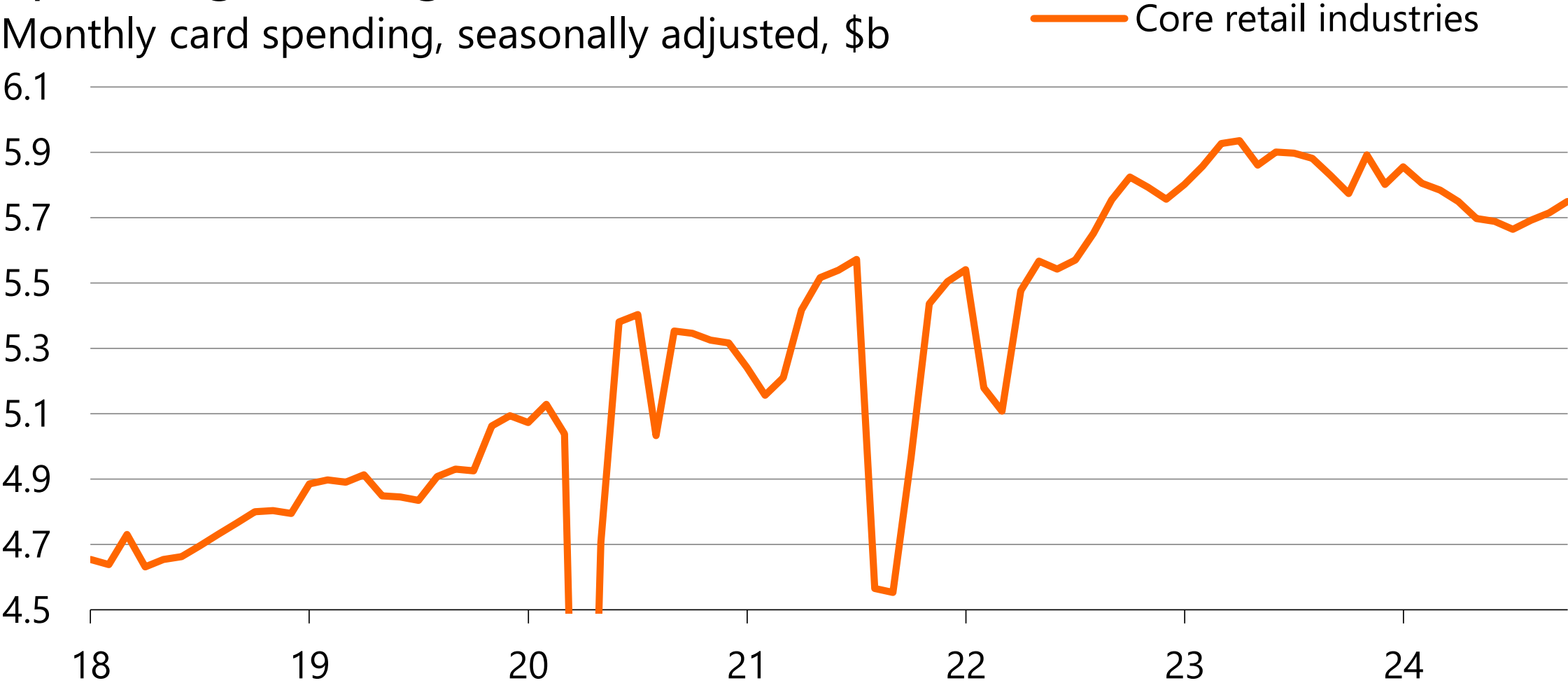
% of mortgage refixing, by term



# Spending

## Spending starting to turn a corner?

Monthly card spending, seasonally adjusted, \$b



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