The local economy continues to be driven by global demand for our products, a growing population, continued investment in housing and non-residential construction, low unemployment, and rising visitor/tourism spending.
Strong economic growth

Manawatu District GDP ↑ 4.0%
Palmerston North City GDP ↑ 1.9%
Manawatu Region ↑ 2.3%
Man-Whang Region GDP ↑ 2.7%
Rangitikei GDP ↑ 2.2%
Auckland GDP ↑ 3.4%
Trade conditions

Terms of trade strengthen further.

Export strength

Value of District exports ↑7.8% in 2016 vs 4.1% growth for NZ and a decline of -0.5% for the Manawatu-Whanganui Region.
Labour Market

**Labour Force Participation Rate**

- ↓ unemployment rate alongside relatively stable jobseeker recipients + pop growth + higher labour force participation rate = larger workforce
- Larger workforce + higher rate of employment implies jobs growth in 2017
Levels of investment remain strong

- House sales remain strong relative to NZ and Akl.
- Aug house price growth continues to exceed NZ and Akl. growth rates (Man – 13.9%; NZ 4.8%; Akl. 2.8%). Growth ranked 34th out of 105 QV areas monitored.
- High no. of consents for new dwellings continues (YE June – 162; YE July – 161; YE August 165).
- $19m non-residential investment consented to YE June.
- Registration of new cars and commercial vehicles continues to grow at 28% and 17% to YE June.
Q2 – Growth in Retail Spending continued to exceed national growth
Tourism spending in the District ↑ 16.3% vs ↑ 31.1% for NZ.

Domestic tourist $ ↑ 11% from $34.4m to $38.2m - ↑ $3.9m.

International tourist $ ↑ 54% from $4.8m to $7.3m - ↑ $2.5m.

International spend % has ↑ from 10% in 2014 to 16% in 2017.
The current political landscape

NZIER reports Election Business confidence Jitters as...

‘businesses and households hold off committing to major spending plans given the uncertainty over the formation of the new Government.’

• September quarter business confidence falls to 7% from 18% in June
• Building sector confidence falls from 18% to 3%
• Future expectations remain strong (27% believe demand will ↑)
• Confidence in Northland lifts sharply

On that note...
NZ First priorities

- Reduce influence of foreigners - migration, foreign sales, state assets
- Enhance the regions – Regional GST, no water tax
- Drive growth through exports – RBNZ target ↓ exchange rate
- Support SME growth – R&D tax incentives, 25% company tax rate
- Support elderly – Retirement age, GST on basic food
- End race-based policies – Referendum, race based criteria
- Getting tougher on crime – longer sentences, parental responsibility
Formation of our next Government - Things to watch

Labour market constraints – reduced net migration will need to consider labour market constraints to enable businesses to expand

Trade Policy – favourable trade conditions crucial for local economy

RBNZ function – resources to influence the value of the NZD; impact on trade relationships

Environmental policy – uncertainty over scope/impact of primary producer taxation
Any questions?