

WEEKLY SUMMARY OF ECONOMIC COMMENTARIES

6 September 2010

The world's economy

- Most experts and leaders at the annual Ambrosetti Forum in Italy appeared to agree that there is a sobering array of basic problems standing in the way of true recovery in the USA and the industrialised world. ([NZH 6 Sep](#))
- Manufacturing in China grew at a faster pace in August after the weakest gain since February 2009 in the previous month, indicating that the economy's slowdown would be limited. ([NZH 2 Sep](#))
- Australia's economy grew at its fastest pace in three years in the second quarter as demand from China and elsewhere in Asia boosted exports of iron ore and other commodities ([NZH 1 Sep](#))
- Developing Asia, led by China itself, is booming. "Global production sharing" in East Asia has played a pivotal role in the region's dynamism and growing interdependence. But it has not lessened the region's dependence on the global economy. ([Economist 2 Sep](#))
- American businesses added more jobs in the last three months than originally estimated, calming fears of a double-dip [recession](#). Yet the pace of growth signaled that the economic recovery has not got the momentum ([NYTimes 3 Sep](#))

NZ Economy/policy:

- The earthquake in Christchurch is a disaster. The short-term economic impact is very worrying. We are going to see billions of Government dollars injected into the southern economy. With any luck, that may kick-start strong economic growth for the whole nation. (L Dann, [NZH 6 Sep](#))
- New Zealand is among a group of five advanced economies whose Government finances have the most capacity to deal with unexpected shocks, according to a study by International Monetary Fund economists ([NZH 3 Sep](#), [IMF](#))

Trade/ industry

- Retailers should be braced for a disappointing pre-GST hike spend-up and Christmas sales as the average New Zealander is spending \$45 less a week than they were before the recession in a bid to wipe out debt and inject equity back into their homes ([NZH 3 Sep](#))
- Small and medium-sized businesses (SMEs) are spending nearly a fifth less time on tax matters than they did just five years ago (Dunn, [beehive 31 Aug](#))

Education/Training

- Funding increase of \$1.5 million has been announced alongside changes which will see Alternative Education better meet the needs of students. From next year each Alternative Education provider will be required to involve a registered teacher. The involvement will mean staff can receive advice, professional guidance and support. In turn, this will lead to better outcomes for students. ([Beehive 1 Sep](#))

.Employment/unemployment

- The scale of the damage in Christchurch is so huge that the local workforce won't be able to cope. Tradespeople and construction workers are going to be needed from all over the country ([NZH 6 Sep](#))
- The number of people on benefits rose 0.7% in August but despite this, thousands of beneficiaries continued to find jobs. Last month 6,596 people cancelled their benefit because they found work (Bennett [beehive 6 Sep](#))

Housing/Construction

- The data [on building consents issued in July] was consistent with ASB's view that overall economic recovery in New Zealand contained a weak outlook for the construction sector ([NZH 1 Sep](#))

- The 7.1 magnitude pre-dawn earthquake that shattered Christchurch may be the most significant economic disaster in recent history, but it will provide a much-needed lifeline for New Zealand's beleaguered construction sector. ([NZH 6 Sep](#))

Inflation, Interest rates

- NZIER's principal economist expects food price inflation to hit 10 per cent by year end, reflecting higher commodity prices on world markets. ([NZH 1 Sep](#))