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# GETBA Breakfast with Jarrod Kerr, Kiwibank Chief Economist

### 4 May 2021 | Highbrook Conference Suites

## Sponsored by Upskills

GETBA's first breakfast of 2021 was sponsored by Upskills. The organisation believes in "training that sticks" and, to explain the reasons behind its workplace numeracy training, director Sarah Balfour and programme co-ordinator Loma Rodan quoted some sobering statistics:

* More than 45 per cent of employees worry about money.
* More than 80 per cent of employers believe that employees' money worries negatively impact their productivity – causing a loss of up to 20 hours per month.

Upskills' *Future Ready: Money Confidence* course offers practical tools and advice, particularly with a Pasifika perspective. Business owners wishing to support their staff will be pleased to note that this course is fully funded by Auckland Unlimited.

### To find out more about *Future Ready: Money Confidence* call Sarah Balfour on 021 969 642 or visit [**upskills.co.nz**](https://upskills.co.nz/)

Jarrod Kerr is an accomplished public speaker who somehow makes the concepts of fiscal policies and economic strategies tangible for the non-numerically minded! His presentation today struck a largely upbeat tone.

**"We always underestimate the adaptability of business."**

If 2020 was the year of Covid-19, 2021 is the year of the vaccine and, provided things continue in the current positive direction, 2022 will be the year of travel again. Our mindset has changed for the better this year – counting vaccination doses administered instead of virus cases diagnosed.

Throughout 2020, Jarrod and his peers spent endless time studying the spread of coronavirus and countries' responses to it. In what was the world's most co-ordinated government fiscal response ever seen, New Zealand's spending, as a percentage of GDP, is well towards the top of the graph. Jarrod is in no doubt that this, particularly the wage subsidy, is the reason that we have seen far fewer bankruptcies and defaults than initially predicted. Although there still may be some fall out to come, Jarrod reports that there is "not a lot of stress out there". Demand for NZ products remains high, and there are more upside risks than downside.

Since the "falling off a cliff" moment in January 2020, global equity markets are up by 80-90 per cent. Wholesale interest rates are also rising gently now, which gives a positive read on what the market expects from growth and inflation over the longer term.

Jarrod shared numerous fascinating insights, such as:

* There is currently $13 trillion sitting in bonds providing negative yields. These will be released soon – and seeking new investments.
* Unable to splurge on recreational travel, Kiwis have been spending money upgrading their nests.
* Spending on pet food and accessories has soared!
* Is it any wonder that investors have looked to property investment (with yields of 4-5 per cent in the regions) rather than earning just 1 per cent at the bank?

And here is some food for thought. For the first time in eight years, New Zealand has built a surplus of homes. Although these 13,000 houses only scratch the surface of the country's 67,000 shortfall, our closed border policy has affected net migration and, therefore, stunted population growth. Jarrod admits that future migration is "too hard" to predict, but this trend might mean that NZ's housing shortage could be ironed out within a few years.

GETBA chairperson Brendan Kelly thanked Jarrod for an entertaining and illuminating session. General manager Ruth White then closed proceedings, reminding attendees of upcoming events.