

WHAT'S HAPPENING HERE IS HAPPENING EVERYWHERE

Over the last quarter, the New Zealand economy experienced much the same thing as the global economy.

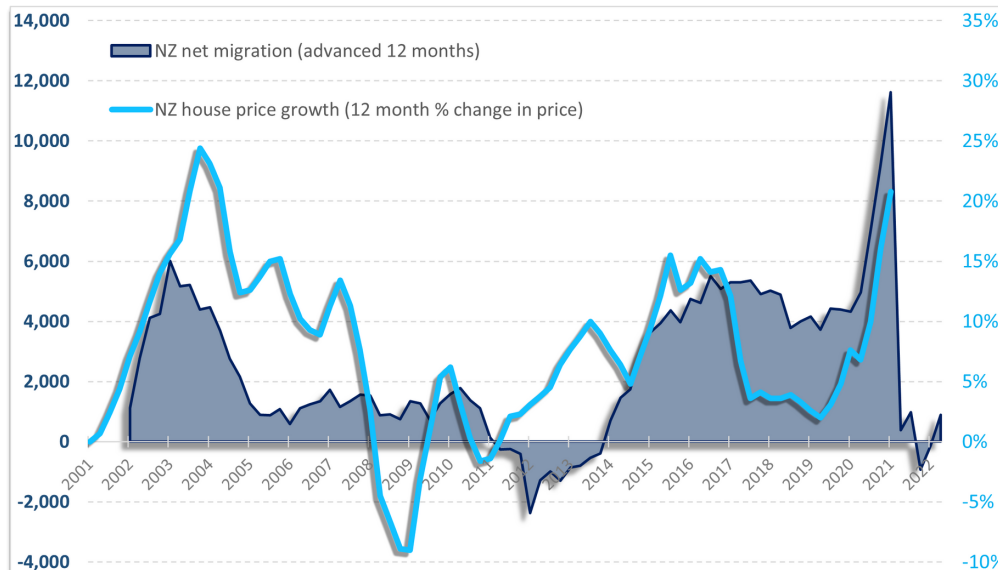
Prices for a wide range of goods and services continued to rise – known as inflation. This has been a result of continuing supply chain problems, which essentially means that the available manufacturing and transport mediums are struggling to cope with the huge demand for goods. This is partially due to stored-up wealth resulting from the inability of consumers globally to shop during last year's lockdown, plus new COVID workplace practices slowing the logistics of cross-border deliveries. This has been exacerbated by a massive diversion of funds that were previously earmarked for travel.



NEW ZEALAND HOUSING MARKET

The inability to travel internationally has seen a massive diversion of funds into other areas of the economy, both here and overseas. Holiday plans may have gone out the window, but people's desire to spend their money hasn't.

Housing has been a major benefactor of funds formerly earmarked for international travel, whether through upgrading, buying an investment property or simply home improvements. Spending on property has seen a sharp rise in house prices; building materials price inflation; and difficulty in securing tradespeople.



On top of that, there has been the usual flight of Kiwis returning home during a global crisis, except that the flight of returning Kiwis has been significantly larger and faster than during previous global crises.

Because New Zealand is a small nation, it doesn't take many people returning – on top of ongoing migration – to put pressure on our housing market. This has made NZ one of the most expensive property markets in the world.

A NEW STORM IS BREWING AND IT ISN'T COVID 19

In the UK, panicked motorists form lengthy queues at petrol stations as pumps run dry in some areas. The UK Government insists the country has ample fuel but doesn't have the drivers to deliver it.

It is believed 100,000 new drivers are needed to fill the backlog, so the Army has been employed to drive trucks to the bare stations.

COVID 19, Brexit and red tape has seen many drivers return home to Europe, and with an aging driver population, young Briton's have not been joining the industry.



A wider pending energy crisis sees Northern hemisphere more reliant than ever on natural gas to heat homes and power industries. But there isn't enough gas to fuel the post-pandemic recovery and refill depleted stocks before the cold months.

The crisis in Europe is troubling for the rest of the world as the continent's energy shortage has Governments warning of blackouts and factories being forced to shut.

The world is about to learn how much the global economy depends on natural gas, as countries try to outbid one another for supplies.