**Significant drop in bilateral trade between Hungary and New Zealand**

Figures from the Hungarian Central Statistical Office show that Hungary’s goods exports to New Zealand dropped by 28% last year, from US$73.1 million in 2019 to US$52.4 million in 2020. The decrease can mostly be attributed to the economic effects of the Covid-19 on household consumption. Demand for new cars dropped significantly, and Hungary’s main export items to New Zealand are cars and car parts (especially alloy wheels). Passenger car exports halved, the value dropping from US$39.3 million to US$19.3 million. Exports of other machinery, electric and electronic goods and parts mostly remained stable. The traditionally low volume of NZ exports to Hungary dropped even more, by 54% from US$6.3 million to US$2.9 million. As for New Zealand’s global trade, Stats NZ data show that total goods imports from the world decreased by almost 12% last year, from NZ$61.5 billion to NZ$54.2 billion, whereas the country’s total exports remained basically unchanged at NZ$57.6 billion, showing great resilience to the global economic downturn. As a result, the country’s traditionally negative goods trade balance turned into a NZ$3.4 billion surplus in 2020.

[**Consumer confidence slightly down in first quarter amidst continued restrictions**](https://www.rnz.co.nz/news/business/438885/consumer-confidence-down-amid-continued-restrictions)

While the NZ economy is getting back on firmer footing, many households are still concerned about the economic backdrop. According to the latest Westpac-McDermott Miller quarterly survey, the consumer confidence index dropped slightly to 105.2 points which is below the long-term average and is a decline from a sharp rebound at the end of last year. Westpac’s senior economist says that economic growth is very uneven, and labour intensive sectors like tourism are struggling with job losses. The number of people who said they were worse off financially fell slightly, to 11.7 percent, but longer term a net 15 percent expected to be better off in a year's time. However, a clear divide was emerging between age groups, with those aged 18 to 29 markedly more pessimistic than other age groups. Older age groups are more likely to be home owners, and thus feeling more confident because of rising property prices.

[**Performance of Manufacturing Index shows a boost**](https://www.businessnz.org.nz/resources/surveys-and-statistics/pmi/2021/new-orders-boost-pmi)

As opposed to the consumer confidence trend, the Performance of Manufacturing Index (PMI), published monthly by BusinessNZ, shows a strong boost in new orders and production during March. At 63.6 points, this is the strongest result in the survey’s history dating back to 2002. The Central regions result was 57.2, and while this is lower than other regions it shows that activity remains strong, having increased from last month’s result. Two major sub-index values of Production (66.8) and New Orders (72.5) were the main drivers of the March result. BusinessNZ’s senior economist noted, though, that many businesses now may face supply-side challenges.

[**House prices rise steadily**](https://www.rnz.co.nz/news/business/440521/house-prices-soar-as-sales-rise-to-14-year-high)**, the** [**Government tries to address the issue**](https://www.beehive.govt.nz/release/govt-housing-package-backs-first-home-buyers)

The [Real Estate Institute](https://www.reinz.co.nz/residential-property-data-gallery) (REINZ) house price index rose 24% year on year in March, with a national median house price of NZ$826,300, compared with NZ$665,000 last year. Twelve of the 16 regions hit record median prices, as well as 32 districts. Auckland's median house price increased by 18.5% to NZ$1.12 million, whereas in Wellington the increase was 24.9% to almost NZ$883,000. The number of residential property transactions is also on the rise, given the first tranche of fresh loan to value bank lending restrictions (LVRs) were back in effect, with investors requiring a 30% deposit and owner-occupiers requiring a 20% deposit. Meanwhile, the Government has attempted to slow the ever-increasing prices of the housing market by implementing more constraints on investors and assisting first home buyers. Among others, the measures include:

* financial support for residential building constructions (NZ$3.8 billion fund to accelerate housing supply in the short to medium term and assistance to the social accommodation provider agency Kāinga Ora – Homes and Communities);
* more favourable conditions to access First Home Grants and loans;
* stricter conditions on investors and closing of interest deductibility loophole on investment properties.

**Government announced further aviation support**

The Government announced in March that it would the extend the support for the aviation sector to ensure regular air freight services continue and NZ stays connected with trade partners. Transport minister Michael Wood said [another NZ$170 million was set aside for the industry](https://www.rnz.co.nz/news/political/438863/government-gives-aviation-sector-another-170m) until the end of October, drawn from the Covid-19 support package. It comes on top of NZ$372 million provided in 2020. The minister added that the Government would consider extending support until the end of March 2022 if necessary. Furthermore, the [Government has loaned Air New Zealand an extra NZ$600 million](https://www.rnz.co.nz/news/business/440123/govt-increases-air-nz-loan-by-600m). The Government owned airline initially planned to ask for a capital raise in June 2021. However, the company has delayed that until late September as it assesses recent developments such as the vaccine roll-out, an extension to the airfreight capacity scheme, and the opening of a trans-Tasman bubble. To ensure the company has sufficient cash reserves until then, the Government has increased loan to the airline by NZ$600 million to a total of NZ$1.5 billion. So far AirNZ has only used NZ$350m and last withdrew in February.

[**Trans-Tasman quarantine-free travel from 19 April 2021**](https://covid19.govt.nz/travel-and-the-border/quarantine-free-travel/quarantine-free-travel-with-australia/travel-from-australia-to-new-zealand-quarantine-free-travel/)

Two-way quarantine-free travel can commence on 19 April 2021 between New Zealand and Australia. This allows residents of both countries to travel across the Tasman Sea and return, without having to quarantine at either end of the journey. However, there are strict conditions that must be met before and during the journey. Prime Minister Jacinda Ardern warned that travelling would not be without risk and if there was a community outbreak in Australia, travelling Kiwis may have to stay put, self-isolate or be tested once they return. New Zealand expects that the measure would help restart inbound international tourism in the country.

[**NZ$110 billion needed in the long run to fix old water system**](https://www.stuff.co.nz/national/politics/300262242/government-thinks-110-billion-needed-to-fix-broken-water-system)

The cost of fixing NZ’s beleaguered water systems could amount to NZ$110 billion over the next 30 to 40 years, according to the Department of Internal Affairs. Without urgent reform, Internal Affairs estimates household water costs could almost double in cities and treble in rural areas. Around NZ$50b to NZ$90b would be needed to “maintain and enhance infrastructure, and meet requirements of growth” and the figure rises to NZ$110b once maintenance and renewals of existing infrastructure are factored in. By comparison, in an ordinary year, core Government spending is about NZ$80b-90b and NZ’s entire economy measured by GDP is just above NZ$300b. The current proposal is to take water assets, mainly pipes, off the 67 local councils who mainly own them and roll them into a handful of large water entities.