



Capacity Constraints Severe

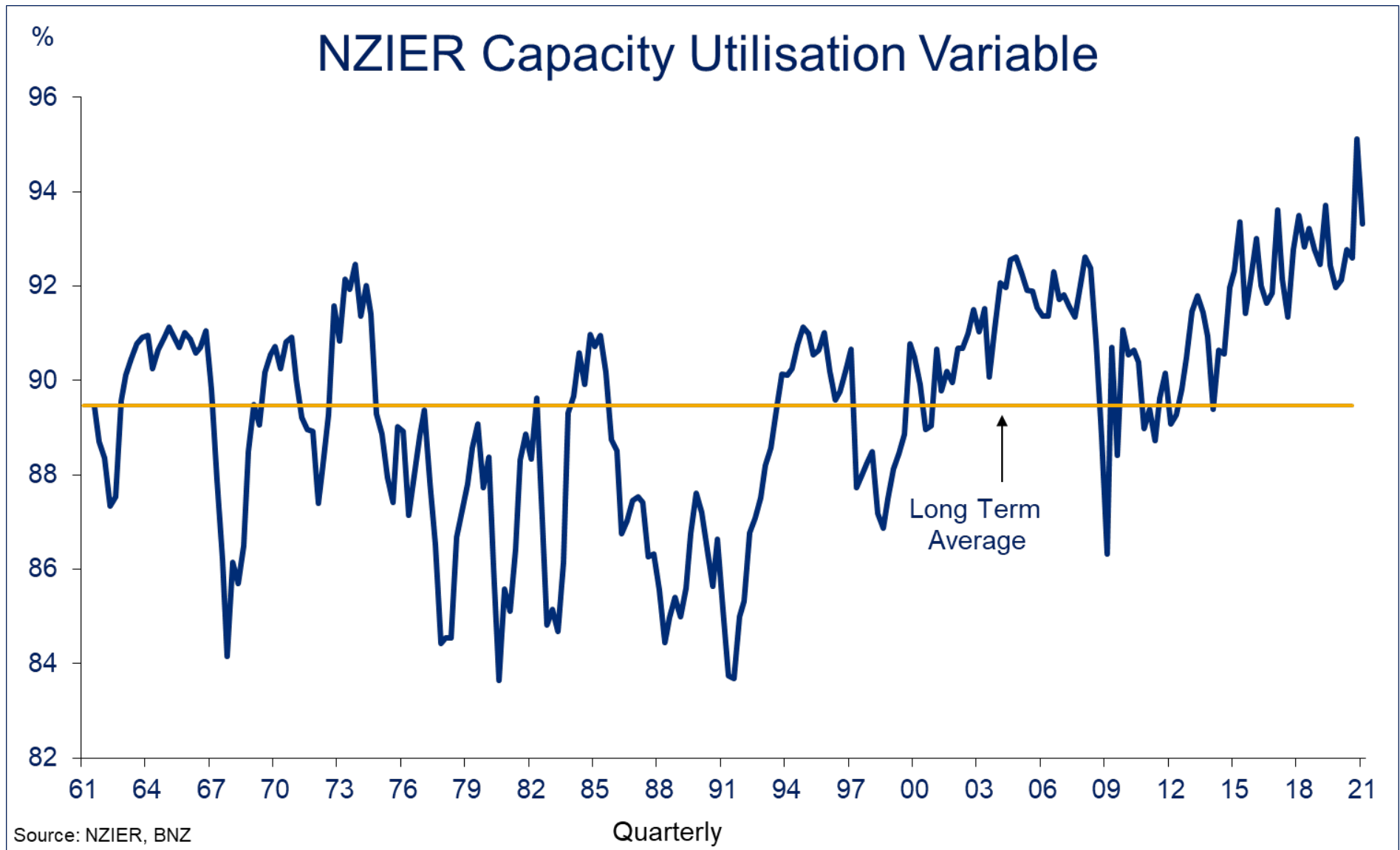
Stephen Toplis | May 2021

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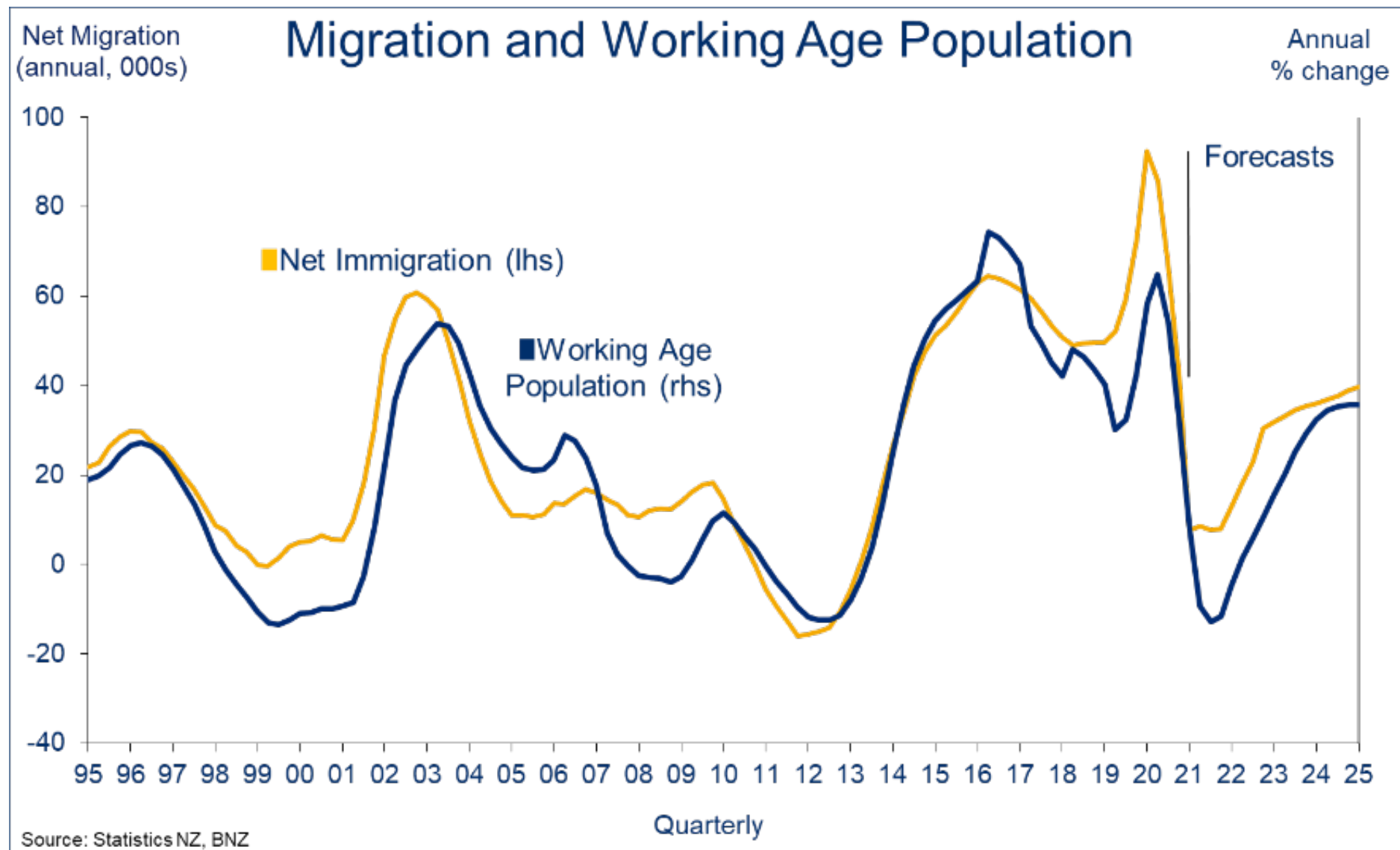
BNZ MARKETS



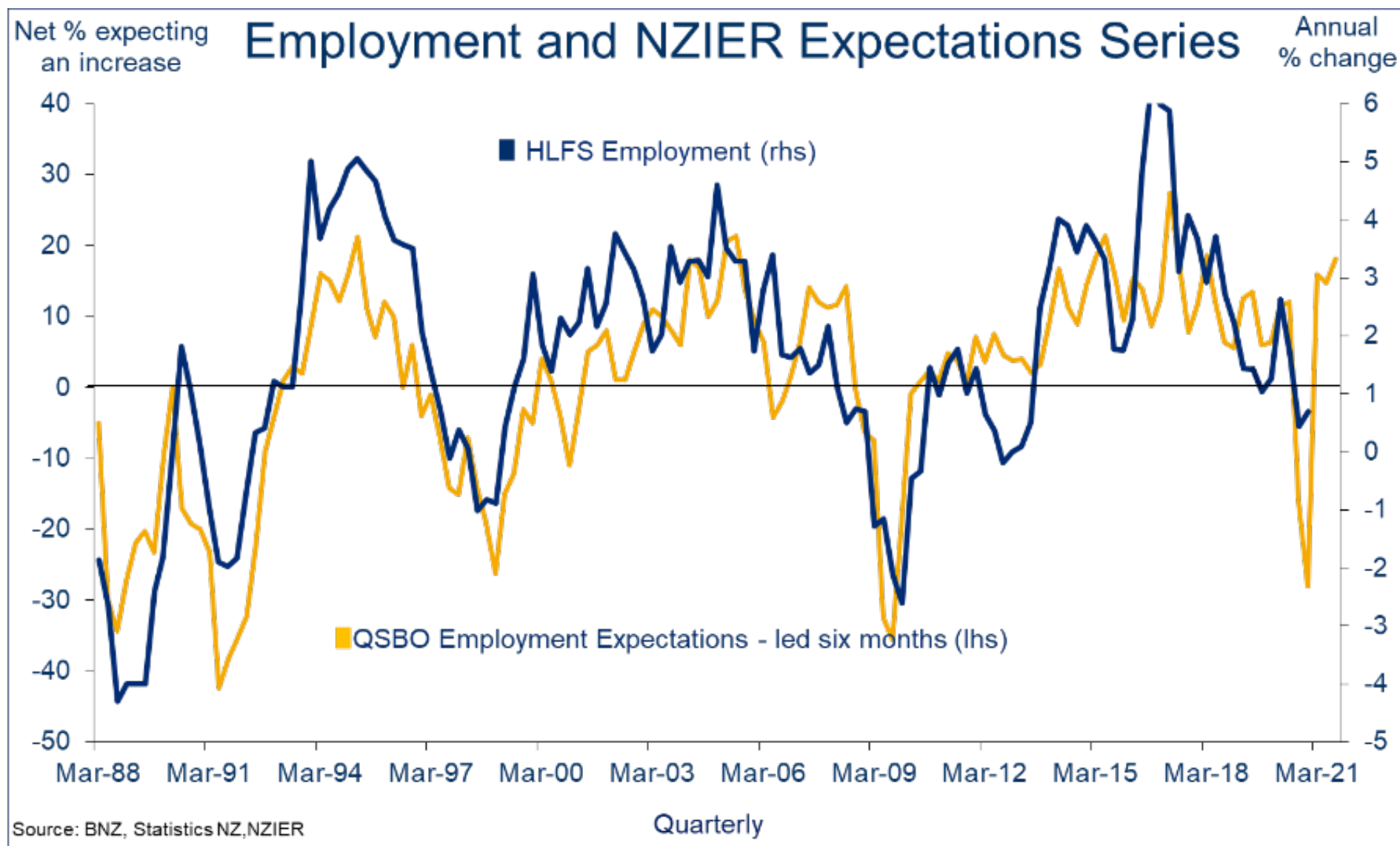
Capacity utilisation near record highs



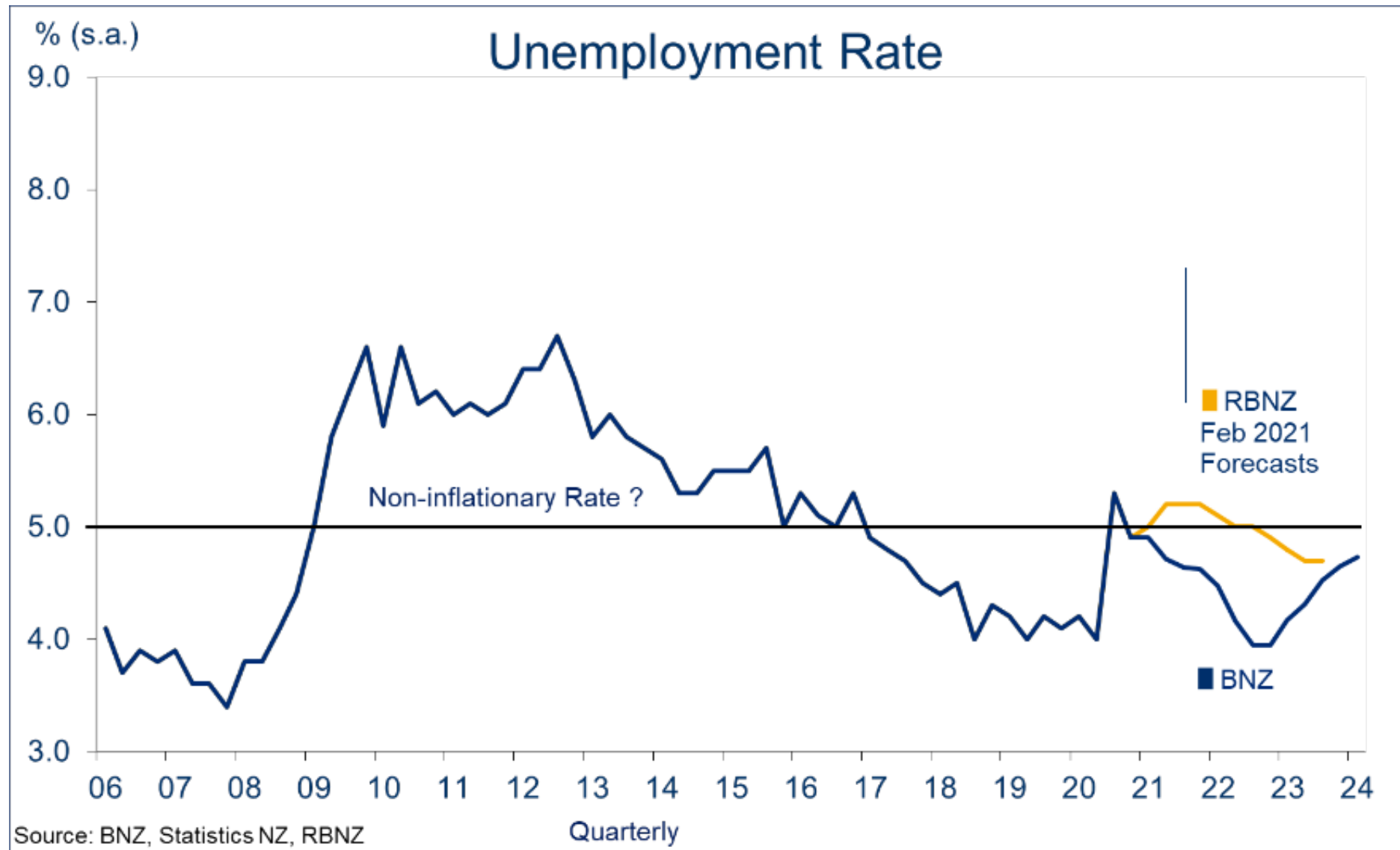
Lack of labour supply



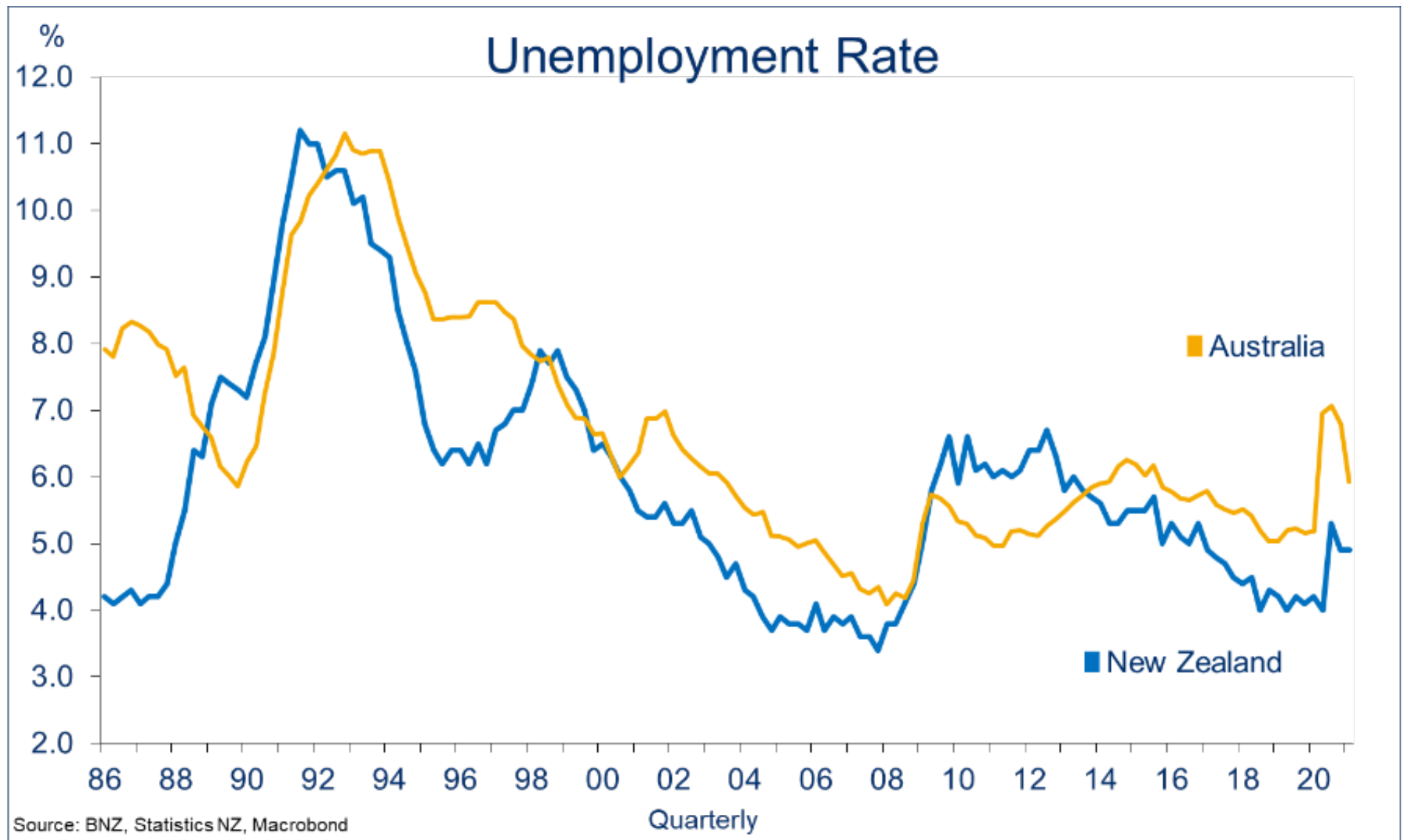
While intentions to hire strong



Driving unemployment lower



Competition from Aus



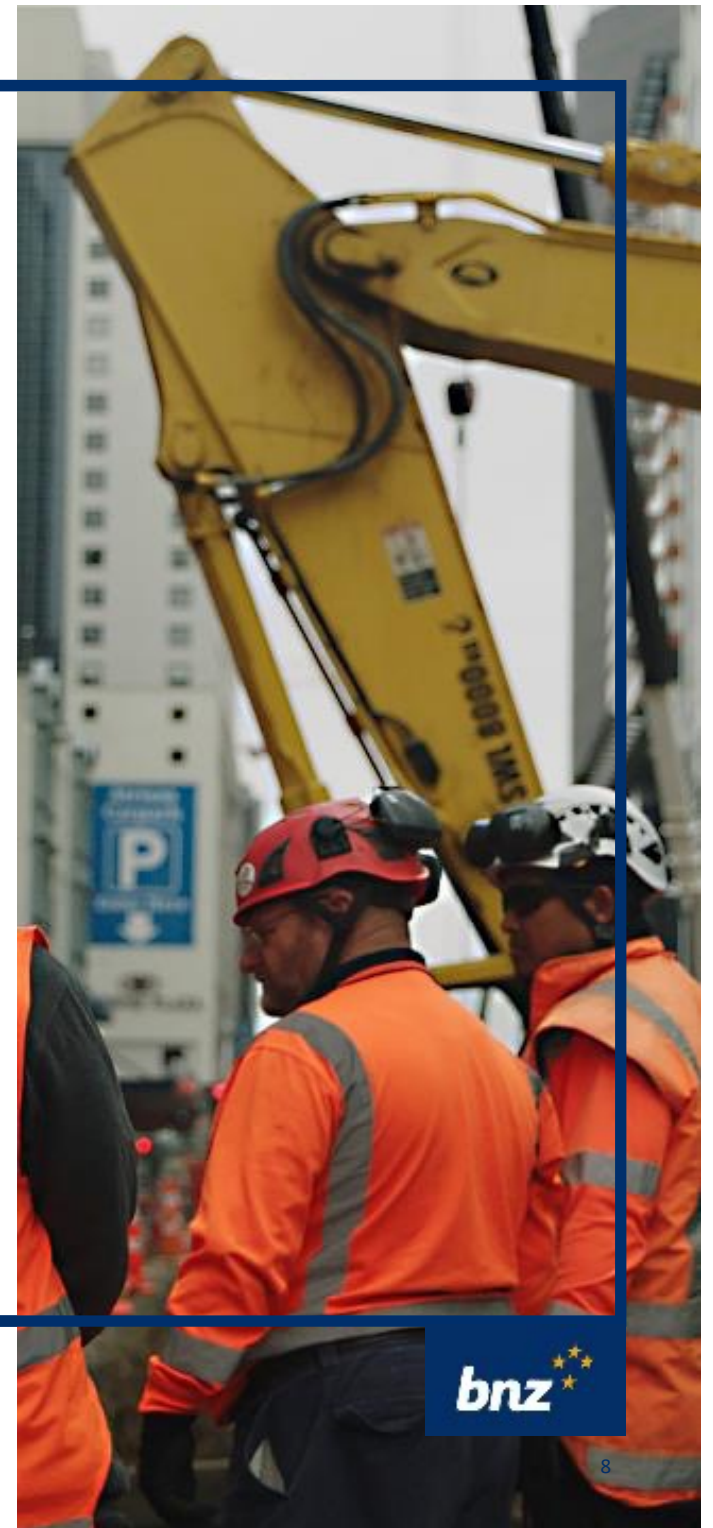
Issues are widespread

- Construction
- Tourism
- Fruitpickers
- Specialists



Costs of labour rise

- Minimum wage
- Living wage
- Mondayisation of Anzac and Waitangi day
- Extra holiday
- Increased leave
- Covid-related costs
- Labour supply mismatches

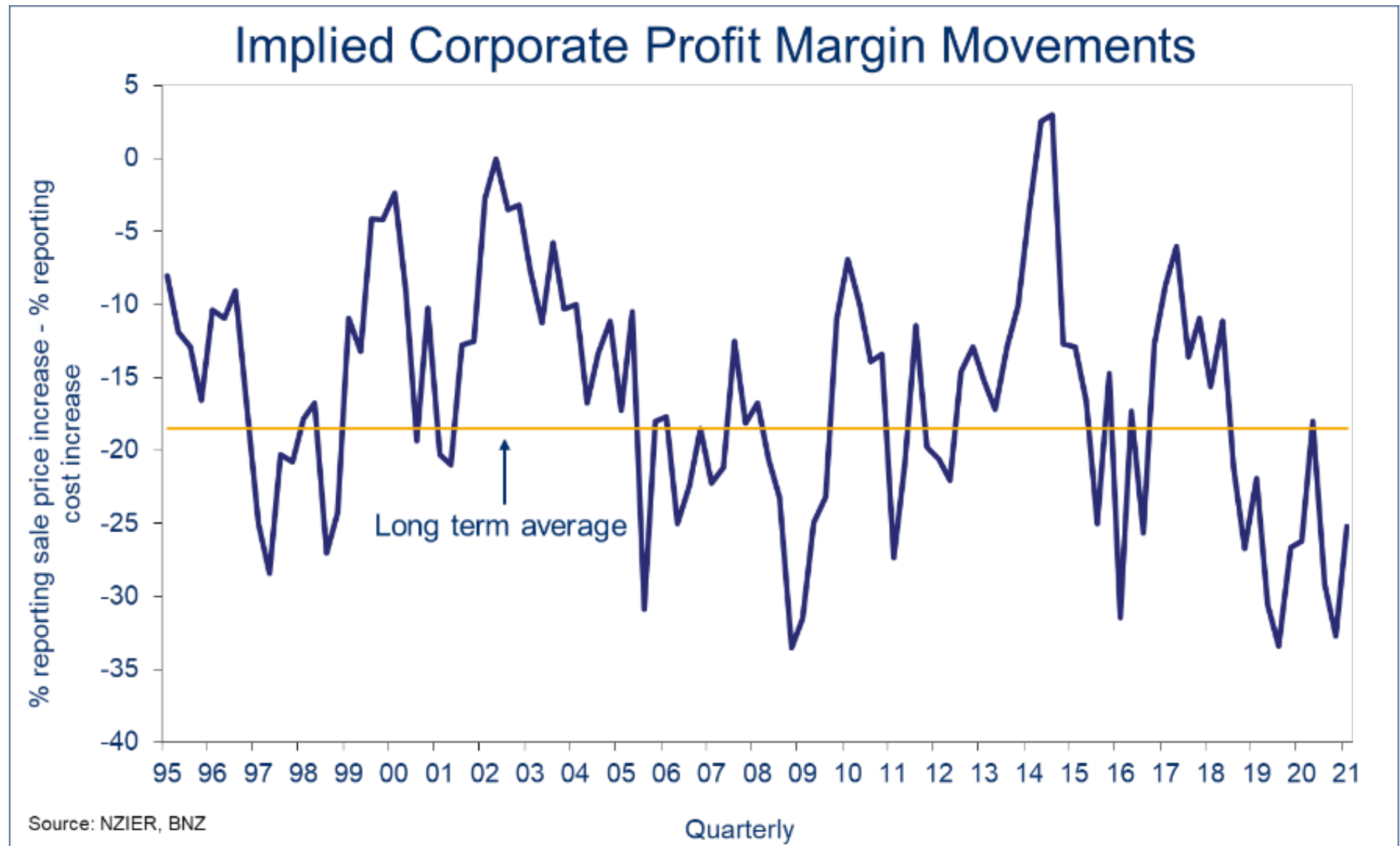


Other cost increases

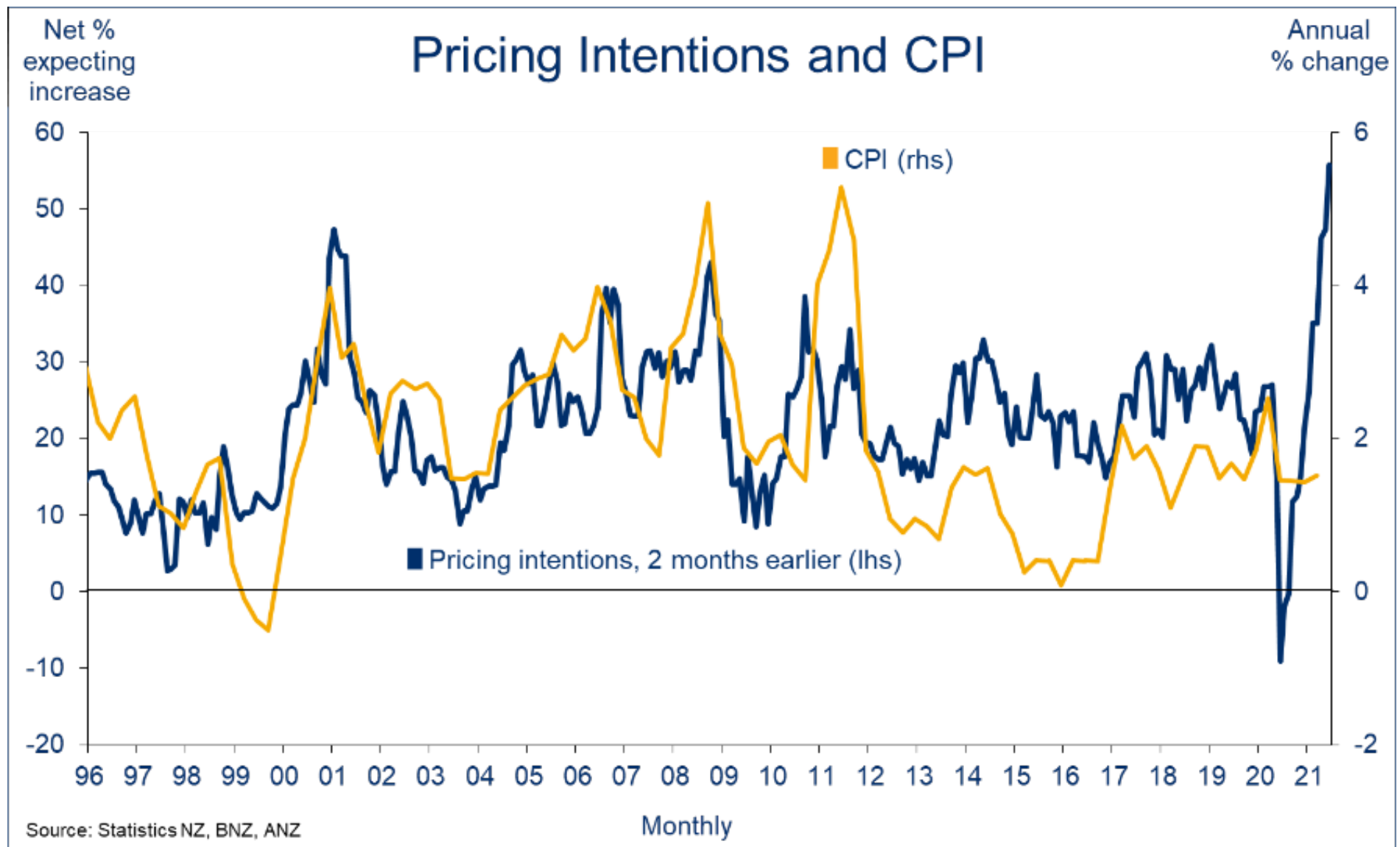
- Freight costs and delays
- Intermediate product shortages: parts, wood, plastics.
- Competition with other countries for resources
- Infrastructure constraints
- Electricity
- Environmental



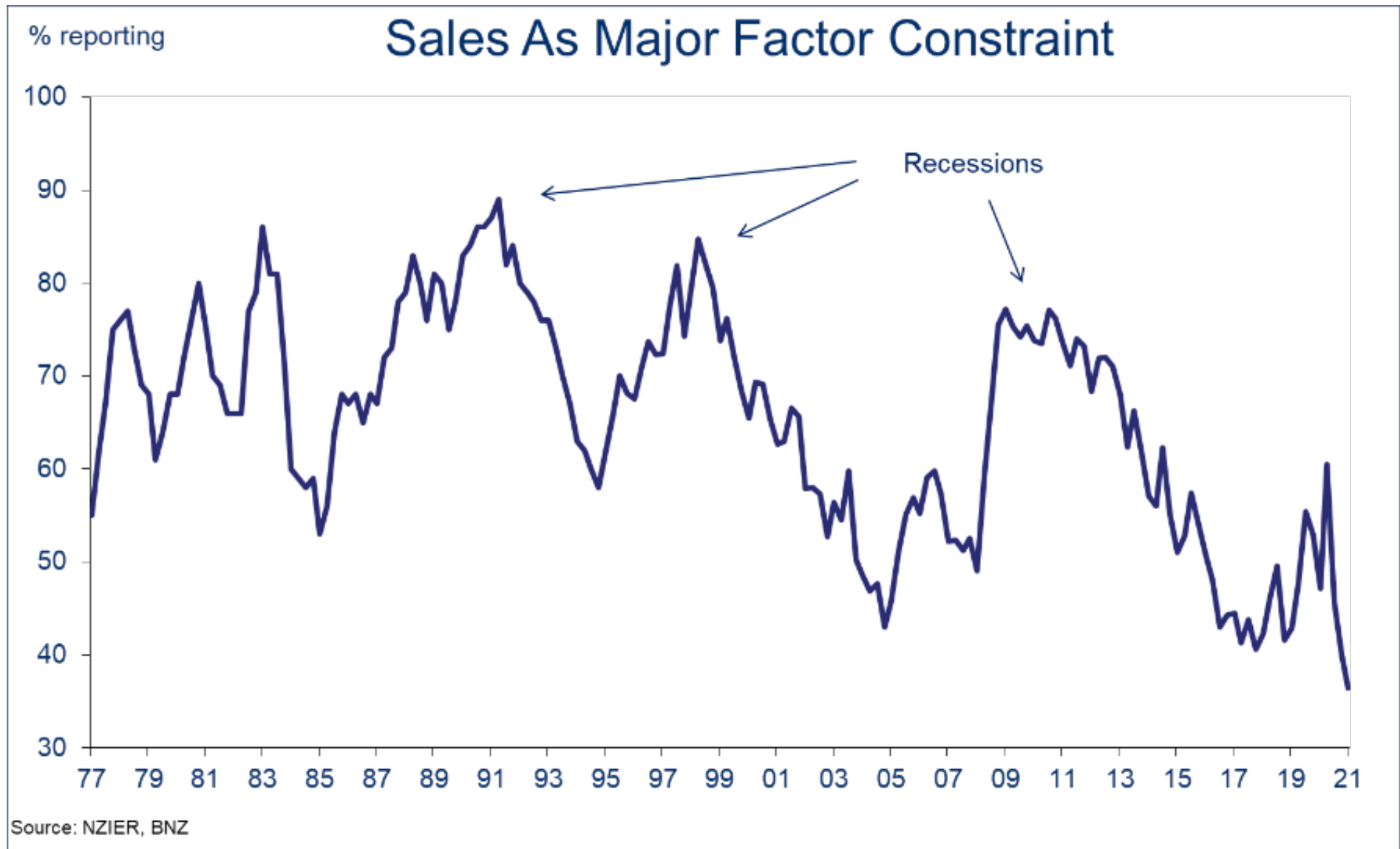
Margins hammered



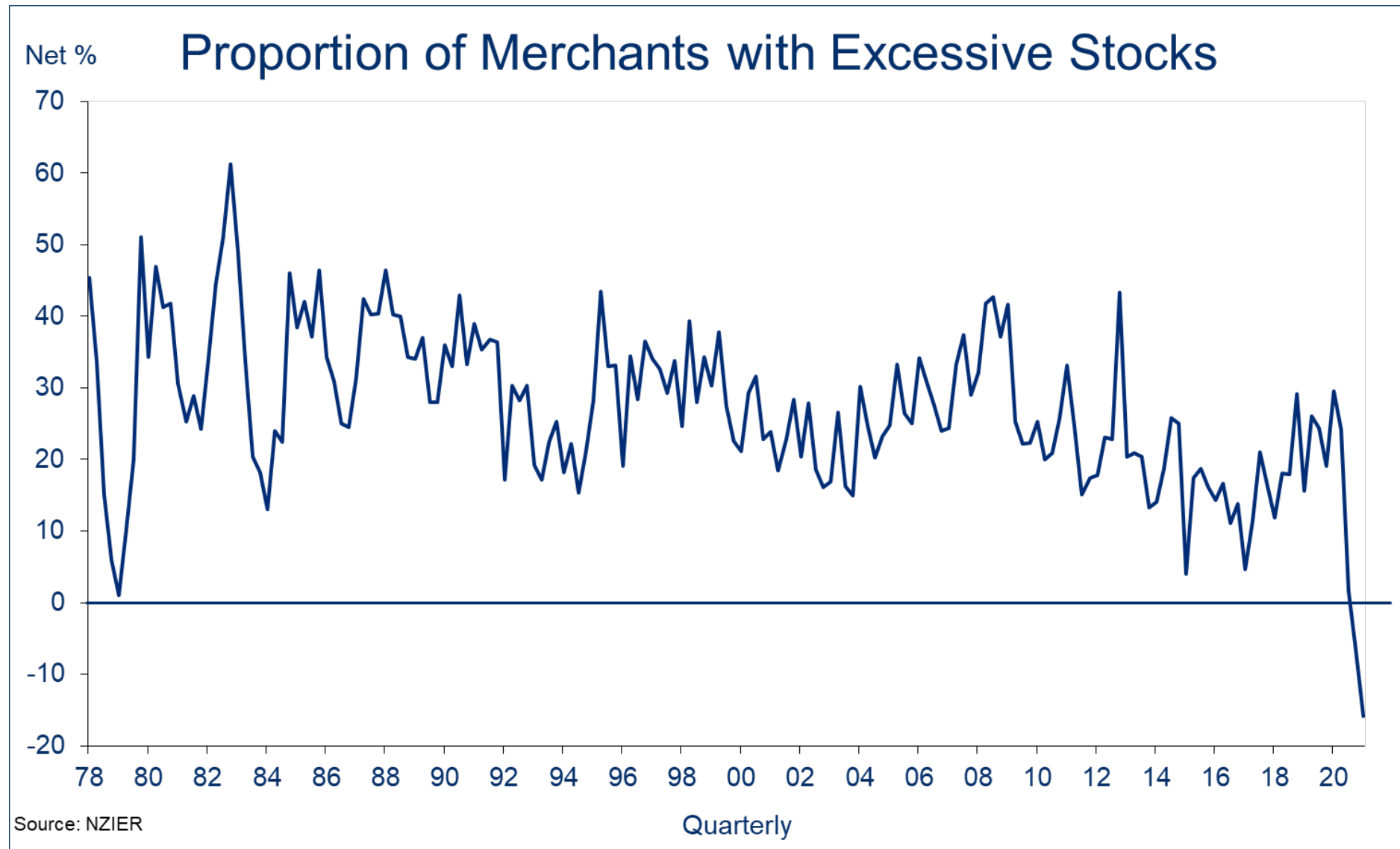
So price intentions soaring



It is not a demand problem



Supply is the issue



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