



GDP posts strong growth in Final Quarter of 2009

That is the headline news. Can we take anything from it?

The growth for the quarter was 0.8%.

Growth for the calendar year was 0.5 % but GDP for 2009 was 1.6% lower than for 2008.

It is tempting to look at the trend which shows quarterly growth moving from -0.8 % through 0.2 and 0.3 through to today's number. Overall a half percent growth in GDP.

In other words for every \$1000 in your pay packet you should be \$5 better off in 2009. Yay!

Do you feel \$5 better off?

Compared to the start of 2008 you are \$16 worse off.

If you are Joe Average.

If you are still employed then chances are you are getting at least what you were getting two years ago.

The Government increased its spending by 7% in the last three months of 2009. Local

Government expenditure was up 2.5% in the final quarter.

Someone is paying for this.

At the household level people are cutting back on Life insurance and didn't spend as much on health. Fewer people spent money on gym memberships.

Either we have suddenly become a very healthy nation or a time bomb has started ticking.

Who will pay?

There is good news in that firms have built up their inventories. This means that they are expecting consumers to start spending. When you look closely at the numbers you see that inventories were run down by \$710 million in the September quarter and were only rebuilt by \$118 million in the December quarter.

Be wary of percentages! After being run down so much any increase will seem large!

For a good summary have a look here [NZ GDP grows in December quarter | The National Business Review](#)

I'm interested in how people compare the numbers in the statistics to their experience in the real world?

Not because I want to have a go at stats but because the way they are reported can affect people's decisions. The better the reporting then the better the decisions for all.

The worse they are reported means that *for those who only read the headlines* the worse the decisions. And I bet that this means it is the poorer amongst us who suffer the most. Again.