New Zealand is officially in its first recession for 11 years, a casualty of the Covid fallout hammering economies around the world.

This country's gross domestic product (GDP) shrank by a record 12.2 per cent in the June quarter as the Covid-19 lockdown and border closures stalled economic output.

It was the second successive quarter of negative growth – the technical measure of a recession.
Economists had been forecasting a fall of between 11 per cent and 14 per cent. However forecasts had improved dramatically since the closure of borders and strict nationwide lockdown. At the time Treasury officials forecast a 23.5 per cent drop over the period. More recently ANZ economists revised their pick - from a fall of 17.5 per cent to a fall of 12.5 per cent.

"Measures to contain COVID-19 have led to historically large falls in GDP in many parts of the world, with countries' results reflecting the nature and timing of their responses, and the structure of their economies," StatsNZ said.

"New Zealand's result compares to falls of 7.0 per cent in Australia, 11.5 per cent in Canada, 7.9 per cent in Japan, 20.4 per cent in the United Kingdom, and 9.1 per cent in the United States."

New Zealand's border closed to incoming international travellers on 19 March 2020 and remained closed throughout the June 2020 quarter.

Some industries were more affected than others by the border closure and alert levels restrictions in place during the June quarter.

"Industries like retail, accommodation and restaurants, and transport saw significant declines in production because they were most directly affected by the international travel ban and strict nationwide lockdown," said national accounts senior manager Paul Pascoe.

"Other industries, like food and beverage manufacturing, were essential services and fell much less."

Under the current GDP framework - formulated in 1987 - New Zealand's biggest fall was a 2.4 per cent decline in the March 1991 quarter.

StatsNZ says that under the previous framework, which dates back to 1955, the largest fall was 4.4 per cent - in December 1977.

New Zealand's last recession ended in the June quarter of 2009.

**On an annual basis GDP fell 2 per cent to the end of June 2020.**

It was the first annual fall since 2010.

The speed and scale of COVID-19 response measures presented a number of measurement challenges in the June 2020 quarter, StatsNZ said.

In compiling estimates of GDP, Stats NZ has used additional data and analysis to respond to areas where the standard approach has limitations.
"Today's results represent the first official estimate of overall economic activity in the June 2020 quarter" Pascoe said.

"As always, we'd expect to refine and revise this initial view as more complete data becomes available."

GDP estimates will be updated as more detailed but less timely information comes to hand. This is in line with standard practice in New Zealand and internationally.