



NEW ZEALAND
FOREIGN AFFAIRS & TRADE
Manatū Aorere

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Weekly Global Economic Report

MARKET INTELLIGENCE REPORT

Regional updates

Domestic

Business confidence jumps sharply in August

- Business confidence jumped to its highest level in a decade according to the [ANZ's August Business Outlook Survey](#). Business confidence lifted 23 points to +51 in August, and firms' expected own activity jumped 21 points to +37, a seven-year high. Of note is the fact that large increases in confidence and activity expectations were evident already in the responses gathered at the very beginning of August. The roughly one third of responses to the survey that came in after the Reserve Bank cut the OCR didn't change the results a great deal. Firms' optimism of the future contrasted with indicators of past activity, with a net 23% of respondents experiencing a fall in activity compared to the year before. The silver lining here being that the New Zealand economy may have finally found the bottom of the current downturn.

GNS stocktake outlines New Zealand's mineral reserves

- GNS Science published its detailed stocktake of New Zealand's known mineral potential last week, one of the key actions of the draft Minerals Strategy for New Zealand to 2040. The report highlights short, medium and long-term prospects for minerals development as well as opportunities for New Zealand to increase self-sufficiency in raw minerals that are valuable to the economy.
 - The report will be used to inform policy decisions and attract investment in mining opportunities to enable a strategic and considered approach to grow the resources sector. You can find the report on the [New Zealand Petroleum and Minerals webpage](#).
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Americas

United States growth revised higher

- The United States economy grew at a slightly faster pace in the second quarter than initially estimated, boosted by upward revisions in consumer spending. According to the Bureau of Economic Analysis, gross domestic product rose at a 3% annualised rate during the June quarter (up from the initial estimate of 2.8%), a sharp increase from the sluggish 1.4% growth recorded in the first quarter. Personal spending, the engine of the US economy, grew 2.9%, compared to the prior estimate of 2.3%, indicating that US consumers continue to spend despite some recent data indicating a softening of the labour market.
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North Asia

Chinese economy continues to muddle through

- Economic data released last week provided a mixed picture of the Chinese economy. Data released by the [National Bureau of Statistics](#) showed that manufacturing activity declined for a fourth straight month, with China's purchasing managers' index (PMI) falling to 49.1 in August (a reading below 50 suggests contraction, while above indicates expansion). This follows a reading of 49.4 in July and was below market expectations.
 - However, [China's service sector](#) showed continued resilience, expanding at a faster rate than in July and slightly above market expectations. China's non-manufacturing PMI came in at 50.3 in August, up from 50.2 in July. While this was a welcome result, activity is still below that of earlier in the year, indicating continuing issues in the Chinese economy.
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Europe

Declining Eurozone inflation may pave the way for interest rate cuts

- Inflation in the Eurozone fell to its lowest level in three years, paving the way for the European Central Bank to lower interest rates next month. According to Eurostat's preliminary estimate, the harmonised index of consumer prices across the currency bloc rose on an annual basis by 2.2% in August 2024. This marks a significant easing from the 2.6% rise recorded in July and a sharp decline from the peak of 10.6% in October 2022. The decline in inflation was primarily driven by a drop in energy prices, which fell by 3%.
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Australia and South East Asia

Australia-Asia PowerLink project a step closer

- The Australian Federal government has approved an ambitious plan to build a 12,400-hectare solar farm in the Northern Territory that could potentially transmit renewable energy to Singapore. The US\$19 billion project, developed by Australian company Sun Cable and dubbed the 'Australia-Asia 'PowerLink', ultimately envisions being able to deliver 6GW of electricity per year, of which 4GW will be delivered to Darwin while 2GW will be sent to Singapore over 4,000km of submarine cables. This will aim to supply around 15% of the city-state's electricity needs.
 - While the project has Federal approval, delivering energy to Singapore will require approval from the Indonesian Government as any underwater cable will transit its national waters. Likewise, critical funding arrangements are still being finalised with final investment decisions not expected until 2027.
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Australia

Australian consumer price index slows as electric prices rise

- Australian inflation showed continued signs of easing, with the latest report from the [Australian Bureau of Statistics](#) showing the increase in consumer prices (as measured by the consumer price index) slowing to an annual rate of 3.5% (compared to 3.8% in June). This decline in consumer prices was in large part due to a 5% cut in electricity prices as government rebates for electricity prices took effect. However, the increase was still slightly higher than market expectations.
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External links

The following links may provide useful information to businesses:

- [NZTE's website](#) and [myNZTE](#) provide a range of insights and tools available to support New Zealand exporters.
- The Treasury releases a [weekly economic update](#) every Friday. Stats NZ has published a [data portal](#) with near real-time economic indicators.
- MBIE publishes a [sector reports series](#) which provides regularly updated reports on all industry sectors that make up the New Zealand economy. These include official economic data and the challenges and opportunities that face New Zealand's industry sectors.
- [Business.govt.nz](#) provides tools and advice from across government to save small businesses' time and help make the business a success.
- MFAT has created a [tariff finder](#) which is designed to help goods exporters and importers maximise benefits from New Zealand's Free Trade Agreements and compare tariffs in 136 other markets.
- The all of government [Trade Barriers](#) website can be used to register any trade barriers experienced or issues exporting to an offshore market. Queries can be sent via the website or through the MFAT Exporter Helpline 0800 824 605. Enquiries will be sent to the government agency best placed to answer.
- Tatauranga Aotearoa Stats NZ provides official data on the value of New Zealand's exports and imports of both goods and services, by commodity type via the [New Zealand Trade Dashboard](#). This interactive dashboard is updated every quarter and allows for filtering by country and by commodity type.

More info

More reports

View full list of market reports from MFAT at www.mfat.govt.nz/market-reports

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