



NEW ZEALAND
FOREIGN AFFAIRS & TRADE
Manatū Aorere

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Weekly Global Economic Round-up

A MARKET INTELLIGENCE REPORT

Highlights

- The International Monetary Fund (IMF) released a [discussion note](#) examining the impact of Generative-Artificial Intelligence (AI) on the global economy and labour market. The IMF found that around 40 percent of global employment is exposed to AI, meaning that many of these roles will be augmented by AI, while others will be replaced. It found that it was likely to be high-income economies, which generally have higher-skilled workers and more resources to make investments into productivity-boosting technology that will be impacted the most initially. It also suggested that unlike other phases of automation, AI will primarily impact so-called 'white-collar' workers.
- The report went on to say AI also has the potential to provide a significant boost in productivity, which will boost the wider global economy. However, it noted that policies should be put in place to ensure that the transition is managed effectively.
- After an 18-month review, the [Australian Government](#) has opted to introduce broad guidelines to manage the introduction of AI into the economy. Australia's guidelines are similar to those adopted by the United States and the United Kingdom. The European Union has opted to take a legislative approach to AI, introducing their 'AI Act' in 2021. While not yet finalised, the legislation includes provisions that allow the EU to ban the use of AI in some 'high-risk' cases.

Regional updates

Domestic

- The latest dairy auction on 16 January (17 January, New Zealand time) saw the overall price index rise by over two percent. While prices are still down from the record-high of March 2022, they have recovered a quarter of their value compared to the low in August last year.
 - There were several interesting data releases from Stats NZ in the past week. On 11 January Stats NZ released figures on the annual number of building consents. In the year ended November 2023, 38,209 new homes were consented. This was down 22 percent compared with the year ended November 2022. The number of townhouses, flats, and units continued to outpace the number of stand-alone houses. This is further evidence of a trend that has been taking place in Auckland since November 2020 and at the national level since March 2023.
 - On 16 January Stats NZ released its tatauranga umanga Maori (Statistics on Maori businesses) for the September 2023 quarter. This release presents information on Maori authorities, which are classed as businesses that receive, manage and/or administer assets held in common ownership by iwi and Maori. The release showed that total goods exports for Maori authorities were down 16 percent in the September quarter of 2023 compared to the September 2022 quarter. This decline was driven by goods exports falling by \$28 million to \$150m, with milk powder, butter and cheese exports falling 13 per cent on the previous period to \$36m.
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Americas

- Data from the United States continued to give a picture of an economy performing above expectations. December retail sales increased by 0.6 percent in December, which was above market expectations and indicate that the economy finished 2023 on strong footing. Industrial production, which was one of the few soft spots in the economy in 2023, rose slightly in December at 0.1 percent. While the industrial sector as a whole has struggled in 2023, the auto sector experienced a recovery following strike action in October.
 - Further south, Brazil has the opportunity to become [one of the world leaders in the production of green hydrogen](#) and this strong potential has captured the attention of international investors. There are opportunities for New Zealand to share knowledge and collaborate in this transition.
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Europe

- Data from Europe and the United Kingdom indicates that the region is still struggling to recover from the impact of inflation and high interest rates. [Inflation in the euro area](#) (those that use the Euro) increased by 2.9 percent, up from 2.4 percent in November (annual inflation in the European Union, increased to 3.4 percent, up from 3.1 percent a month earlier). December's price increase was driven by a rise in food prices and the end of support for high energy bills in some of the bloc's countries. [Industrial production](#) declined by 0.3 percent in the euro area and by 0.2 percent in the European Union. This follows declines of 0.7 percent and 0.5 percent in the month of October.
 - Across the channel in the [United Kingdom](#), inflation rose by 4 percent in the 12 months to December 2023. This was up by 3.9 percent in the month of November and above market expectations. However, prices did decline substantially over 2023 (monthly inflation in January 2023 registered at 10.1 percent).
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North Asia

- According to data released by [China's National Bureau of Statistics](#) (the Bureau), China's economy grew by 5.2 percent in 2023. China's economy showed strong industrial growth, rising by 6.8 percent on an annual basis during the fourth quarter. The real estate sector continues to struggle, however, with investment into the sector declining by 9.6 percent.
 - The Bureau also released updated youth unemployment figures after suspending the release of such data last June. According to the new figures, the jobless rate for those between 16 and 24 years old was 14.9 percent. This presented a welcome decline from the 21.3 percent figure released in June.
 - Finally, updated population figures showed that China's population has declined for the second consecutive year. [Data released by the Bureau](#) showed a population of 1.409 billion at the end of 2023, a decline of 2.08 million from 2022. The fall in China's population was caused by a record low birth rate and a rise in deaths.
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External links

The following links may provide useful information to businesses:

- [NZTE](#) has a website focused on providing COVID-19 information for exporters. They've also launched [myNZTE](#), an interactive digital portal of insights and tools available to all 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.
- Tauranga 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

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