



NEW ZEALAND
FOREIGN AFFAIRS & TRADE
Manatū Aorere

24 JUNE 2024

Weekly Global Economic Round-up

MARKET INTELLIGENCE REPORT

Highlights

- Prime Minister Christopher Luxon recently met Premier Li Qiang, China's second highest-ranking leader, during his first official visit to New Zealand from 13 to 15 June 2024. The leaders released a [joint statement of outcomes](#) and witnessed the signing of a number of arrangements which will support closer cooperation in areas of shared interest, such as trade facilitation and conservation. This visit was an opportunity to mark 10 years since New Zealand and China established a Comprehensive Strategic Partnership. Following his visit to New Zealand, Premier Li also travelled on to Australia and Malaysia to meet their respective leaders before returning to China.

Regional updates

Domestic

Data released last week shows continuing weakness in domestic economy

- Data released by [Stats New Zealand](#) on Wednesday showed the current account deficit narrowing only slightly in March 2024 quarter. The current account, which captures trade in goods and services and net income flows, registered a deficit of \$27.6 billion in the year ended March 2024. While this represents a decline of \$5.4 billion from the same time a year ago, when it was \$33 billion (and constituted 8.5 percent of gross domestic product (GDP)), the latest deficit still represents 6.8 percent of GDP and is considered too high to be sustainable.
 - The New Zealand economy exited recession during the March 2024 quarter, though only barely. [Data released by Stats New Zealand](#) on Thursday showed that the economy grew by 0.2 percent during the March quarter, up from a decline of 0.1 percent in the quarter previous. Stats New Zealand's data showed expansion in the real estate and electricity and waste sectors, but continued weakness in construction, business services, and manufacturing. More concerning, GDP per capita decreased by 0.3 percent in the March 2024 quarter. This was the sixth consecutive quarterly fall, with the cumulative fall since late 2022 now exceeding the decline experienced during the global financial crisis of the late 2000s.
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North Asia

Data shows mixed picture of the Chinese economy

- Data released by China's National Bureau of Statistics last week showed the Chinese property sector continuing to struggle, with house prices falling by the sharpest rate in a decade. Prices of new homes in 70 cities slumped 0.7 percent in May 2024 – the eleventh consecutive month of decline – and the steepest month-on-month drop since October 2014. However, China's retail growth showed improvement in May, with official data revealing retail sales rose by 3.7 percent on an annual basis, beating market forecasts of 3 percent.
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South and South East Asia

Minister of Foreign Affairs concludes successful visit to South East Asia

- The Minister of Foreign Affairs visited Viet Nam, Malaysia, the Philippines, and Timor-Leste, between 4 – 13 June, demonstrating the Coalition Government’s strong commitment to lifting engagement with Southeast Asia. In Viet Nam, Minister Peters discussed progressing bilateral cooperation as well as international security challenges in the Indo-Pacific and met Prime Minister Chinh. In Malaysia, Minister Peters held the inaugural annual Foreign Ministers Meeting with his counterpart, and met Prime Minister Anwar Ibrahim. In the Philippines, Minister Peters witnessed the signing of a defence Mutual Logistics Supporting Arrangement, and the programme included a call on President Marcos. In Timor-Leste, Minister Peters was the first New Zealand Foreign Minister to visit in over a decade, re-connecting with political leadership, including with President Jose Ramos-Horta.
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Europe

BRICS Foreign Ministers’ Meeting

- On 10 June, Foreign Ministers of BRICS countries met in Nizhny Novgorod, Russia. In 2024, the group expanded to ten members, representing about 28 percent of the global economy, and 44 percent of global crude oil production. The meeting released a joint statement covering a number of issues including climate change, human rights, Ukraine and continued conflicts in the Middle East and North Africa including Israel/Gaza. On trade, the statement underlined the importance of “local currencies in trade and financial transactions” between BRICS countries.
- According to media reports, the group was designed to bring together the world’s most important developing countries, to challenge the political and economic power of the “wealthier West”. Russia will host the next BRICS Leaders’ Summit in Kazan on 22-24 October, before Brazil becomes host in 2025. (BRICS countries are Brazil, Russia, India, China, South Africa, Egypt, Ethiopia, Iran, Saudi Arabia, and the United Arab Emirates.

European economic data surprises on the upside

- Economic data released by the European Union last week showed a more upbeat picture than many market analysts predicted. Wage growth increased by a strong 5.1 percent in the first quarter of 2024, up from 3.4 percent in the final quarter of 2023. Inflation for the month of March increased slightly to 2.6 percent, up from 2.4 percent in April, but still within the 2-3 percent target of the European Central Bank. Finally, the first [estimates of the euro area trade balance](#) showed a €15.0 billion surplus in trade in goods with the rest of the world in April 2024, compared with a €11.1 billion deficit in April 2023.

Inflation falls to 2 percent in the United Kingdom

- Inflation in the United Kingdom fell to the lowest level in three years in May, with data from the [Office of National Statistics](#) showing that the Consumer Prices Index (CPI) rose by 2.0 percent in the 12 months to May 2024. This was down from 2.3 percent in the 12 months to April and was driven by a fall in food prices. The Bank of England (BoE) kept its policy interest rate unchanged as expected last week. Despite some stickiness seen in services-related inflation, the BoE is expected to begin cutting interest rates later this year.

Reports you may have missed

- A new report by the Organisation for Economic Co-operation and Development (OECD) paints a sobering picture for long-term demographics and ultimately economic growth across advanced economies. The report, [Society at a Glance 2024](#), examining fertility rates across OECD countries, found that total fertility rates have declined from 3.3 percent in 1960 to 1.5 percent in 2022. The report cited several potential causes for this decline, including economic and social parenting pressures, as well as changing social attitudes.
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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

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

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