



NEW ZEALAND
FOREIGN AFFAIRS & TRADE
Manatū Aorere

26 AUGUST 2024

Weekly Global Economic Report

MARKET INTELLIGENCE REPORT

Regional updates

Americas

United States job growth data lower than expected

- Job growth in the United States in the year to March was weaker than initially estimated, according to annual review of labour data undertaken by the US Bureau of Labor Statistics (BLS). According to the BLS, there were nearly 818,000 fewer jobs in March of this year than initially reported. When spread through the prior year, that means that the average monthly job gain from April 2023 through March 2024 was 173,500 (compared to the nearly 242,000 initially estimated).

Central America Trade Snapshot

- The [latest market intelligence report](#) from the New Zealand Embassy in Mexico delivers an overview of the current state of Central American economies - Belize, Guatemala, Honduras, El Salvador, Nicaragua, Costa Rica and Panama – and the opportunities and challenges for New Zealand exporters. In recent years, trade between New Zealand and Central America has increased considerably, culminating in two-way trade reaching \$344.2 million (Year ending June 2023). Read the report to find out how you can make the most of this growing relationship.
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North Asia

Japan's core inflation rises

- Japan's core consumer price index (CPI) was up 2.7% year-on-year according to the most recent data, exceeding the Bank of Japan's (BOJ) target of 2%. Reuters reports that the "core core" index, which excludes fresh food and energy costs and is closely watched by the BOJ as a key gauge of broader inflation trends, rose 1.9% after increasing 2.2% in June. It dipped below the key 2% line for the first time since September 2022. This slowdown in demand-driven price growth is making the BOJ's decision making on future interest rate hikes difficult to predict.

China opens anti-subsidy probe into EU agriculture

- China announced this week it had opened an anti-subsidy probe into dairy imports from the European Union. The measure comes in response to the EU confirming the day before that it would move ahead with additional tariffs on most electric vehicles (EVs) imported from China. The Chinese probe will focus on various cheeses, milks, and creams for human consumption. China will examine 20 subsidy schemes from across the 27-strong bloc, specifically those from Austria, Belgium, Croatia, Czech Republic, Finland, Italy, Ireland, and Romania.
 - The EU was China's second-largest source of dairy products with at least 36% of the total value of imports in 2023, behind only New Zealand. The probe is the latest in a back and forth between the EU and China, with the former accusing Beijing of unfair state support for Chinese EVs makers, resulting in the imposition of a 36.3% tariff on Chinese EVs.
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Pacific

Pacific economic growth and inflation forecast

- Overall economic growth is expected to slow to 3.3% in 2024 for the Pacific region, picking up to 4% in 2025. Inflation in the Pacific is forecast to peak at 4.3% in 2024, up from 3% in 2023, driven by high expected inflation in the subregions two largest economies, Papua New Guinea, and Fiji. As prices for global commodities such as food and fuel are expected to stabilise, inflation is expected to soften to 4.1% in 2025. Unexpected global market volatility risks further price pressures throughout the Pacific.

Deputy Prime Minister Peters completes North Pacific tour

- Deputy Prime Minister and Minister of Foreign Affairs, Winston Peters, led a cross-party delegation to three North Pacific countries: the Republic of the Marshall Islands (RMI), the Federated States of Micronesia (FSM) and Palau from 11 to 15 August. The last time a similar visit took place in the North Pacific region was to RMI in 2007 also led by Minister Peters. The New Zealand delegation met a range of political leaders, including from each country the President, Vice-President, Foreign Minister equivalent, and a range of Department Secretaries (Cabinet Minister equivalent). Minister Peters delivered on a range of development initiatives including on early childhood education, water, sanitation and hygiene, climate adaptation activities in RMI, and marine spatial planning science in Palau. All development initiatives are aimed at improving long-term economic resilience and prosperity in the North Pacific. Throughout the visit, Minister Peters expressed his intent for New Zealand to further strengthen its relationships and engagements with Micronesia.
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Europe

Euro currency records 205% gain in August for a strong performance

- The Euro currency is enjoying its highest level of trading since November 2023 after a sharp gain of 2.5% in August, despite a rocky start to the month in global markets. This has left the Euro as the 2nd best performing major currency against the US Dollar, just behind the British Pound.

German economic update

- The [latest market intelligence report](#) from the New Zealand Embassy in Berlin covers the German Government's adoption of a new 'growth initiative', a package of economic reforms aimed at stimulating the world's third-largest economy, as it continues to recover from recent crises. Germany remains one of New Zealand's most important trading partners within the European Union. Fully implemented, the package aims to deliver additional growth from 2025 and could benefit New Zealand exporters by increasing consumer demand, facilitating access to the German public procurement market, and providing new sectoral opportunities.
 - For New Zealand businesses with an existing or future presence in Germany, other potential benefits include a lower tax burden, easier compliance with local laws, and opportunities to attract and retain skilled local staff.
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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.
- 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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