



NEW ZEALAND  
FOREIGN AFFAIRS & TRADE  
Manatū Aorere

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# Weekly Global Economic Report

MARKET INTELLIGENCE REPORT

# Regional updates

## Global outlook

### OECD upgrades global growth outlook

- [The Organisation for Economic Co-operation and Development](#) (OECD) upgraded its global economic outlook on the back of stronger-than-expected growth in the United States and China. The OECD now expects global growth of 3.1 percent this year and 3.2 percent in 2025. This represents an upgrade from the OECD's projections in February of 2.9 percent and 3 percent. The OECD noted the continuing divergence in growth across countries, with softer growth in Europe and most low-income countries, contrasted with strong growth in the United States and many large emerging-market economies such as India.
  - The report presented a downbeat picture of the New Zealand economy. The OECD expects growth of just 0.8 percent in 2024 before accelerating to 1.9 percent in 2025. This is well below the economy's potential growth rate of 2.7 percent according to the New Zealand Treasury.
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## Domestic

### New Zealand's unemployment rate ticks up to 4.3 during the March quarter

- [New figures from Stats NZ](#) showed that the seasonally adjusted unemployment rate rose from 4.0 percent to 4.3 percent in the March quarter. The underutilisation rate – which is a broader measure of spare labour capacity than unemployment alone – jumped from 10.7 percent to 11.2 percent.

### Treasury productivity analysis makes grim reading

- A new [Treasury paper](#) published on Friday suggests that productivity growth will likely continue to lag in the coming years, potentially creating challenges for New Zealand's long-term fiscal and economic outlook. The paper noted that while there are some reasons to think productivity could accelerate, such as the arrival of artificial intelligence technologies, there are several risks that could continue to hinder productivity growth. This includes weak innovation, a slowdown in global trade, and poor educational outcomes.

## **India-New Zealand Joint Trade Committee meeting held in Wellington**

- The India-New Zealand Joint Trade Committee meeting was held in Wellington on 26 April. Talks were led by Vangelis Vitalis and Rajesh Agrawal (Additional Secretary, Ministry of Commerce and Industry) and covered a range of topics including economic cooperation initiatives, progress with addressing non-tariff barriers and the global trade environment. The Joint Trade Committee is a central piece of bilateral architecture for the New Zealand-India trade relationship.
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# **Pacific**

## **Officials meet to discuss future Fijian accession to PACER Plus**

- A virtual trilateral meeting was held between officials from Fiji, Australia, and New Zealand last week to discuss Fiji's possible accession to the Pacific Agreement on Closer Economic Relations Plus (PACER Plus). PACER Plus is a Pacific-focused plurilateral Free Trade Agreement whose members currently include Australia, the Cook Islands, Kiribati, Niue, New Zealand, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu.
- During the meeting the Co-chairs engaged in constructive dialogues and exchanged insights on the potential benefits and challenges of Fiji joining PACER Plus. Crucial discussions aimed at fostering economic cooperation and regional integration among Pacific Island Countries also took place during the virtual call. As the meeting concluded, the participants committed to continuing dialogue in future.

## **Papua New Guinea's Minister for Trade and Investment visits New Zealand**

- Papua New Guinea Minister for Trade and Investment, Hon Richard Maru, visited Wellington, Auckland, and Waikato during 22–24 April. Papua New Guinea is New Zealand's second largest trading partner in the Pacific (behind Fiji), with two-way trade last year totalling at NZ\$277 million. The visit included various engagements with both public and private sectors, including a bilateral meeting with Minister for Trade, Hon Todd McClay and a meeting with the Papua New Guinea New Zealand Business Council. Key issues for discussion were deepening the trade and investment relationship and labour mobility.

## **Jeremiah Manele selection Solomon Islands' new Prime Minister**

- The Solomon Islands election proceeded smoothly on 17 April. After two weeks of coalition negotiations, former Foreign Minister Jeremiah Manele was elected Solomon Islands' 13th Prime Minister on 2 May leading the Coalition Government for National Unity and Transformation (GNUT). This result represents a return of the incumbent government, and it is expected that policy priorities will continue to emphasise economic recovery and growth.
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# Americas

## United States job market softens in April

- [The unemployment rate in the United States](#) ticked up slightly to 3.9 percent in April as job growth slowed from (a revised) 315,000 in March to just 175,000 in April. This was below market expectation of around 240,000 and may show some softening in the United States labour market. The report also showed increase in annual wages fell below 4.0 percent for the first time in nearly three years, which may ease pressure on inflation which has proven resilient in recent months.

## United States productivity growth slows in first quarter

- [Productivity growth in the United States](#) slowed to 0.3 percent in the first quarter, after rising by a revised 3.5 percent in the fourth quarter. Unit labour costs, as a result, jumped 4.7 percent, the fastest in a year, as businesses spread higher wage and benefit payments across a comparatively small boost in what each person produced. However, despite the slowdown market analysts mostly shrugged off the news pointing to first quarter volatility and the underlining trend in productivity in 2023 pointing to strengthening growth.

## Federal Reserve holds rates steady

- [The Federal Reserve](#) held the federal funds target rate unchanged, citing a series of economic reports which indicated that inflation was easing at a slower pace than hoped. In announcing the decision, Federal Reserve Chair Jerome Powell said that inflation was still too high and that rate cuts would not take place until the Board had greater confidence that price growth was falling towards the 2 percent target.

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# Europe

## Europe's economy grows by 0.3 percent in the first quarter

- The 20-country eurozone recorded [0.3 percent growth in Gross Domestic Product](#) in the January- March quarter as inflation eased and Germany, Europe's largest economy, bounced back from its recent stagnation. This is the eurozone's strongest performance since the third quarter of 2022. The economy had been held back by the fallout from COVID-19, an energy crisis related to Russia cutting off natural gas supplies and weakened consumer spending. Domestic consumption is also being supported by recent reductions in borrowing costs by banks in anticipation of summer rate cuts. Higher consumer spending augurs well for New Zealand exports to Europe under our free trade agreement with the EU, which entered into force on 1 May.
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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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