



NEW ZEALAND
FOREIGN AFFAIRS & TRADE
Manatū Aorere

11 APRIL 2023

Weekly Global Economic Round-up

A MARKET INTELLIGENCE REPORT

Highlights

- The Reserve Bank of New Zealand [increased the official cash rate](#) by 50 basis points to 5.25%. The Monetary Policy Committee agreed the increase was needed due to current levels of inflation that remain above the target level of 1-3%. Despite economic activity reducing in the December quarter demand continues to outpace supply capacity, thereby contributing to inflation.
- OPEC+ (Organization of the Petroleum Exporting Countries) agreed to a further cut in oil production by 1.1 million barrels a day, which helped raise prices by \$5 USD per barrel. According to the RBNZ, this oil supply is not expected to keep up with increasing demand, which may be inductive to further oil price increases.
- Increases in Super for pensioners, allowance or living costs for students, and the minimum wage to \$22.70 came into effect from 1 April. Read the [full suite of changes](#).

Regional updates

Domestic

The New Zealand Institute of Economic Research (NZIER) [Quarterly Survey of Business Opinion](#) shows that 66% of firms expect a deterioration of economic conditions in the coming months. This is a reduction from the December quarter (70%). The survey also shows signs of weakening demand with sales now overtaking finding labour as the primary constraint for businesses.

The Government announced working holiday changes to meet current workforce demands. Working holiday makers currently in New Zealand with visas due to expire between now and 30 September will have their visa extended by six months, to help address casual workforce shortages in tourism and hospitality. The number of places under New Zealand's [working holiday agreement with Spain](#) will increase from 200 to 2,000 from 13 April

On 28 April at 9.30-10.30 am the Ministry of Foreign Affairs and Trade and New Zealand Trade and Enterprise will host a webinar to provide exporters and industry bodies with an opportunity to hear directly from experts on what the changing patterns in the international geopolitical and trading environment mean for New Zealand businesses.

Two distinguished speakers will present the webinar: Vangelis Vitalis, Deputy Secretary Trade and Economic from MFAT, and Clare Wilson, General Manager for International from NZTE.

To register for the webinar, use this link: [Thriving in a Volatile Global Trading Environment in 2023 - myNZTE](#)

Global

G7 Trade Ministers met last week to discuss maintaining and strengthening free and fair trade and enhancing economic security and supply chain resilience. The G7 (Group of 7 countries) is a group of seven wealthy and influential countries (Canada, France, Germany, Italy, Japan, the UK, the US and the European Union).

The third negotiating round of the Indo-Pacific Economic Framework is set for Singapore May 8 – 15. The negotiations will take place with members aiming for a finalized agreement by the end of the year. The agreement is an economic initiative launched by the Biden Administration including a total of fourteen countries. The four proposed pillars are I) trade, II) supply chains, III) clean economy, and IV) fair economy.

Australia

The Reserve Bank of Australia (RBA) held their official cash rate steady at 3.6% when they met on 4 April, ending a run of 11 consecutive rate hikes. The accompanying [decision statement](#) cites the lag in impact of interest rate movements noting that this decision will allow the additional time needed to assess the effect of previous increases. The report also points to data suggesting that inflation has now peaked in Australia, however, further tightening of monetary policy is expected.

Europe

Euro Area annual inflation dropped from 8.5% in February to 6.9% in March. Despite this positive result, however, members of the Governing Council of the European Central Bank did not take further interest rate hikes off the table.

Americas

The US has struck a deal with Japan on strengthening critical minerals supply chains. The deal, the first of its kind for the United States, has the effect of creating a new category of free trade agreement. The agreement qualifies Japan as a “free trade agreement partner” for the purposes of the US Inflation Reduction Act, opening it up to a range of benefits in relation to electric vehicle tax credits, including sourcing requirements.

Pacific

Kiribati has largely recovered from the pandemic and is resuming business as usual with reopening of borders to the international market and trade. The Kiribati budget (approved December 2022) estimates a surplus of \$1 million for 2023, a positive shift from the expected \$11.9 million deficit (4% of GDP) for 2022. IMF is predicting real GDP at 2.5% in 2023. The Government remains concerned with rising inflation that is expected to remain elevated for 2023 at 8.6%. New Zealand’s participation in the multi-partner Economic Reform Taskforce continues to provide a key means to engage in economic policy dialogue with Kiribati.

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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