



NEW ZEALAND
FOREIGN AFFAIRS & TRADE
Manatū Aorere

4 DECEMBER 2023

Weekly Global Economic Round-up

A MARKET INTELLIGENCE REPORT

Highlights

- The global economy will continue to slow as inflation subsides, but will avoid a “hard landing” according to the latest economic outlook published by the [Organisation for Economic Co-operation and Development \(OECD\) on Wednesday](#). The OECD projects that global growth would finish at 2.9 percent in 2023, slow to 2.7 percent in 2024, before slightly improving to 3.0 percent in 2025.
- While the global economy will dodge any significant slowdown, the forecast for New Zealand is less rosy. The OECD projects that the New Zealand economy will grow just 1.3 percent in 2024 and 1.9 percent in 2025. This is substantially less than New Zealand’s potential economic growth rate, which was assessed in [Treasury’s Pre-election Economic and Fiscal Update 2023](#) to be 2.9 percent during this period.

Regional updates

Domestic

- The [Monetary Policy Committee](#) of the Reserve Bank held the cash rate steady on Wednesday at 5.5 percent. The committee noted in its release that demand growth had not eased as much as anticipated during the first half of 2023, in part due to stronger than anticipated population growth. It also noted that while this population growth has eased supply constraints, there is a risk that this is increasing the risk of inflation remaining above target. If inflationary pressures were to be stronger than anticipated, the Committee noted that the cash rate would likely need to be increased further.
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Australia

- [Australia's inflation rate](#) rose 4.9 percent in the 12 months to October 2023, down from the 5.6 percent pace in September and below the peak of 8.4 percent in December 2022. Weak consumer spending accounted for the majority of the fall, making it less likely the Reserve Bank will impose another interest rate rise.
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Americas

- [The second estimate of United States' economic growth](#) in the third quarter found that the economy grew faster than initially thought, despite continuing fears of a recession. The Commerce Department now estimates that the United States economy grew at an annualised rate of 5.2 percent in the third quarter, as businesses built more warehouses and accumulated machinery equipment. However, this headline rate is not the sole indicator of the United States' economic outlook, with income levels continuing to increase at a more moderate pace.
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Middle East

- At a vote held in Paris on 28 November, Riyadh (Saudi Arabia) was awarded the rights to host World Expo 2030. After a long and intense campaign Riyadh beat out Busan (Republic of Korea) and Rome (Italy) to win in a landslide victory. Riyadh obtained 119 votes, Busan 29 and Rome 17.
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North Asia

- On 16 November the Republic of Korea's (Korea) Ministry of Agriculture, Food and Rural Affairs (MAFRA) announced temporary additional tariff rate quotas (TRQ) on a number of food product imports and ingredients for further processing. MAFRA confirmed that the temporary TRQs are in response to rising inflation and cost of living. The TRQs commenced on 17 November and will be open until 31 December, allowing a number of products to be imported without tariffs until the end of the year. The products include milk cream, milk powder (5000 tonnes), butter (2000 tonnes), and cheese (40,000 tonnes). This presents an opportunity for New Zealand exporters to temporarily take advantage of zero tariffs on these products.
 - China's central bank governor, Pan Gongsheng, signalled that China remains committed to a structural transformation of its economy as it seeks a new sustainable model of growth. Speaking to a conference of international bankers in Hong Kong last week, Mr Pan stated that the economy was in the midst of a transformation away from an economy dominated by low-cost manufacturing and real estate and would need to undertake structural changes towards a newer economic model driven by consumption and services. He also acknowledged that such a transformation would be a "long and difficult journey".
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Upcoming events

- The Latin American-New Zealand Business Council is hosting a webinar to launch their latest Business Innovation report on 13 December, at 10am (New Zealand time). Commissioned with support from the Ministry of Foreign Affairs and Trade, the Report investigates the prospects for NZ businesses in Latin America and found significant opportunities for New Zealand exporters. If you are interested in attending the webinar, please register at the following link: [LANZBC Webinar 13 December 10-11am registration](#)
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Environmental news

- There have been new milestones in New Zealand's renewable energy transformation this month. According to the [Electricity Authority](#), New Zealand wind farms contributed a record 13.3 percent of weekly power generation earlier this month. This compares with an average of 6 percent in 2022 and reflects a combination of more wind generation capacity and lower electricity demand as the weather warms up.
 - [Moody's Investors Service](#) released a report last week examining the climate and environmental exposure inherent within rated global debt issuance. The report found that total Moody's rated debt held by sectors with high or very high environmental credit risk now exceeds \$4 trillion (US Dollars), more than double the \$2 trillion held in 2015. The report explains that this means that a range of global sectors will see their ability to pay their debts exposed to potentially greater risk from rising sea levels.
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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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