



NEW ZEALAND  
FOREIGN AFFAIRS & TRADE  
Manatū Aorere

23 SEPTEMBER 2024

# Weekly Global Economic Report

MARKET INTELLIGENCE REPORT

# Regional updates

## Domestic

### New Zealand's current account remains out of balance

- Data released by Stats NZ last week showed New Zealand's current account deficit widening by \$269 million to \$7.2 billion in the June 2024 quarter. On an annual basis, the current account deficit was \$27.8 billion or 6.7% of Gross Domestic Product (GDP), which as a percentage was unchanged from the previous quarter. After peaking at 9.4% of GDP in 2022, the current account has declined more slowly than expected.

### The New Zealand economy continues to shrink

- New Zealand's GDP fell 0.2% in the June 2024 quarter (and declined by 0.5% on an annual basis), following a 0.1% increase in the March 2024 quarter, according to [figures released by Stats NZ](#) last week. GDP per capita, decreased by 0.5% in the June 2024 quarter (and by 2.7% on an annual basis). The last time GDP per capita increased was in the September 2022 quarter.
- The figures were driven by declines in agriculture, forestry, fishing, wholesale trade, retail trade and accommodation. There were some bright spots however, with manufacturing showing signs of strength.

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## Americas

### US Federal Reserve slashes interest rates

- The Federal Reserve (the Fed) exceeded expectations last week when it cut interest rates by 0.5% to a range of 4.75% – 5%. The move is seen as strong by many who anticipated a cut but were expecting a more cautious 0.25%. Head of the Fed Jerome Powell explained that protecting jobs was a key consideration, in light of the lower than expected numbers of new jobs added to the economy. Easing inflation has also contributed to the decision to lower interest rates, which the Fed rapidly increased in 2022, a period which saw the highest interest rates for Americans in twenty years.
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## North Asia

- New Zealand's Special Agricultural Trade Envoy, Hamish Marr travelled to China from 8 to 15 September. In China, Marr visited Beijing, Jinan, Hohhot, Chengdu, and Shanghai. The programme involved meetings with Chinese industry counterparts, research and development organisations, New Zealand companies operating in the Chinese market, and on-farm visits. Marr also attended the World Meat Industry Innovation and Development Conference in Jinan. Among a wide array of topics, Marr discussed agricultural technology (Agri-Tech) and sustainable agriculture practices – including potential opportunities for New Zealand-China cooperation.
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## South and South East Asia

### **India could achieve sustainable GDP growth of up to 8%**

- Reserve Bank of India (RBI) Governor Shaktikanta Das said he expects a growth rate over the next few years of 7.5% for India, “with upside possibilities.” Das said it was difficult to say what healthy growth looks like for the world's most populous country, but growth of 7.5% to 8% “can be sustainable.” India has previously been described by the International Monetary Fund as “the world's fastest-growing major economy,” while Goldman Sachs says India is poised to become the world's second-largest economy by 2075 – overtaking Japan, Germany and the U.S. to become second only to China. On the interest rate decisions unfolding globally last week, Das said that rate moves in India will be primarily influenced by domestic macroeconomic conditions rather than cuts in the US or Europe. [Read more here.](#)
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## Australia

### **Australian Bureau of Statistics' August labour force data revealed**

- Australia added 47,500 jobs since July, leaving the unemployment rate steady at 4.2%. Treasurer Jim Chalmers welcomed the creation of 47,500 new jobs and said it was a “solid achievement in a slowing economy and softer labour market”. Australia is enjoying high employment-to-population ratio and participation rates, showing that there are still large numbers of people entering the labour force and finding work. While this is welcome news for jobseekers, it has diminished hopes of a cut to interest rates by Australia's Reserve Bank, with pundits saying that inflation is still too high and the job market too active to relent yet. [Read more here.](#)
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# Europe

## Bank of England keeps interest rates steady

- As the Fed in the US was cutting back significantly on interest rates, the Bank of England (BOE) held its rates steady, opting for a gradual approach. Despite an earlier cut of 0.25% in August the BOE voted 8-1 against a further reduction in the face of elevated services inflation. The BOE also made an announcement on the pace of quantitative tightening (QT). The central bank voted to reduce its stock of U.K. government bonds – known as gilts – by £100 billion (\$133 billion) over the next 12 months through active sales and the maturation of bonds. BOE Governor Andrew Bailey explained that the BOE needs to conduct QT now to have space to undertake more quantitative easing or other operations in the future.
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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.
- Tatauranga 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](http://www.mfat.govt.nz/market-reports)

If you would like to request a topic for reporting please email [exports@mfat.net](mailto:exports@mfat.net)

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