



NEW ZEALAND
FOREIGN AFFAIRS & TRADE
Manatū Aorere

Weekly Global economic round-up

A faint, dark blue world map is visible in the background, centered behind the text.

MARKET REPORT

March 2023

Highlights

Prepared by the Economic Division at the Ministry of Foreign Affairs and Trade

- The full picture of the impacts of Cyclone Gabrielle on New Zealand businesses is still emerging. The cyclone has been devastating at a regional level and from a human perspective. Despite this, it is not expected to have a major impact on the longer term outlook for the New Zealand economy or its overall export performance at a national level. We will provide further reporting on the economic impact as details emerge.
- New Zealand Pensioners, students, children and parents, and those on main benefits will all see a boost to their income from next month. Approximately 1.4 million people will benefit from increases to rates and thresholds for social assistance to help with the cost of living. Changes include superannuation to increase by over \$100 a pay for a couple; main benefits to increase by the rate of inflation; student support rates will increase in line with inflation, with single students under 24 without children to get an extra \$20.21 per week; and increases to Childcare Assistance income thresholds to kick in from 1 April. Read more [here](#).

Regional updates

Domestic

- Ministers have agreed to extend the interim support package for cyclone and flood affected businesses to include the Wairarapa region. The funding for the region will come from the \$25 million business support package announced in February. MBIE is identifying a local delivery partner in the Wairarapa to get the arrangements put in place to distribute the funds as quickly as possible. Farmers and growers in the Wairarapa region have already had access to support through the primary sector recovery package. Read more [here](#).
- A plan to accelerate the growth and transformation of New Zealand's advanced manufacturing sector was launched at Temperzone in Auckland yesterday by Economic Development Minister Stuart Nash. The Advanced Manufacturing Industry Transformation Plan (ITP) is one of eight ITPs created to increase productivity and performance in key sectors of the economy. Read more [here](#).
- Wool Impact, a collaboration between the Government and sheep sector, projects annual domestic production of New Zealand wool products to 40,000 tonnes of clean wool by 2028. The projection is based on the growing demand for strong wool use in domestic innovation. Wool Impact has been working with local businesses and global markets to understand where new opportunities exist for the increasing use of strong wool.

Global

- The Global Dairy Trade Index fell 0.7%, with most dairy product prices easing except for the price of whole milk powder which rose 0.2%.

Americas

- On 1 March the United States Trade Representative (USTR) released its [2023 Trade Policy Agenda and 2022 Annual Report of the President of the United States on the Trade Agreements Program](#). The Biden Administration's third annual Trade Policy Agenda reiterates a "worker-centered" trade policy. Enforcement of existing disciplines as well as the negotiation of higher standards on labour, supporting US agriculture, and bolstering supply chain resilience are flagged as priorities. Compared to previous years, there is a stronger emphasis on trade as a tool to combat the climate crisis and promote environmentally sustainable practices. The US hosting of the Asia-Pacific Economic Cooperation forum is featured throughout the report.

- The Bank of Canada (BoC) became the first developed nation central bank to pause its hiking cycle of interest rates. The BoC announced that it would hold its interest rates at 4.5%. The [statement](#) noted that while inflation remains elevated it is coming down due primarily to lower energy prices. Inflation in Canada reduced to 5.9% in January.
 - The United States market for manufacturing beef has been on an upwards trajectory since the start of February after dropping late last year, according to [Farmers Weekly](#). The main drivers for the increasing demand are an anticipated drop in US cow kill (US domestic supply) and an increase in Chinese demand. Prices for the US's imported lean grinding beef have seen an increase since mid-December.
-

Asia

- Chinese inflation increased 1% in February, its slowest pace since February 2022 according to the Reserve Bank of New Zealand (RBNZ). RBNZ suggested this shows consumers remain cautious despite China's reopening.
 - Singapore's 2023 budget announcement demonstrated the Government's careful attempt to balance short-term pressures (such as cost of living and inflation) while positioning itself to meet medium-long term challenges (such as an ageing population and a challenging external environment). As in past years, the ministries with the largest budgets this year are Defence (\$17.98 billion), Health (\$16.88 billion) and Education (\$14.6 billion). The budget was announced by Singapore's Deputy Prime Minister Lawrence Wong on 14 February 2023 against a backdrop of slowing economic growth in the region. Singapore's economy grew 3.6% in 2022 (slightly slower than earlier estimates of 3.8%) and just 0.1% in the fourth quarter. Current growth forecasts for 2023 are within a broad range of 0.5% - 2.5%.
-

Australia

- The Reserve Bank of Australia increased the cash rate by a further 25 basis points on Tuesday to 3.6% – the tenth consecutive hike. RBA Governor Philip Lowe said the RBA was moving closer to pausing. The RBA statement writes “Global inflation remains very high. In headline terms it is moderating, although services price inflation remains elevated in many economies. It will be some time before inflation is back to target rates.” The RBA is expecting Australia's economic growth to slow to 1.5% this year and next as interest rates start to drag on consumers. The cash rate is now at its highest level in 11 years, having increased by 3.5% from a record low of 0.1% last May.
-

Market reports released this week

- The previous global economic round-up can be found [here](#).
 - [The German tourism market: recent trends and sustainability initiatives - March 2023](#)
 - [Indonesia introduces new import requirements – February 2023](#)
-

Feedback

We welcome feedback from New Zealand exporters on this report and invite requests for reporting from New Zealand's network of Embassies and High Commissions. If you would like to subscribe to this weekly update, you can sign up here or email us at exports@mfat.net.

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. NZTE also provide comprehensive [market guides](#) which cover export regulations, business culture, market-entry strategies and more.
 - The Ministry of Foreign Affairs and Trade publishes Market Intelligence Reports for New Zealand exporters every week at www.mfat.govt.nz/market-reports. These are written by MFAT's network of offshore offices and cover a broad range of topics. To get alerts when new reports are published, go to [Sign up for Market Intelligence Reports \(mfat-reports.info\)](#).
 - 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 \(shinyapps.io\)](#). 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

If you would like to request a topic for reporting please email exports@mfat.net

To get email alerts when new reports are published, go to our [subscription page](#).

To learn more about exporting to this market, New Zealand Trade & Enterprise's comprehensive [market guides](#) cover export regulations, business culture, market-entry strategies and more.

To contact the Export Helpdesk

email exports@mfat.net

call 0800 824 605

visit Tradebarriers.govt.nz

Disclaimer

This information released in this report aligns with the provisions of the Official Information Act 1982. The opinions and analysis expressed in this report are the author's own and do not necessarily reflect the views or official policy position of the New Zealand Government. The Ministry of Foreign Affairs and Trade and the New Zealand Government take no responsibility for the accuracy of this report.