

Embargoed until 10:45am – 25 September 2009

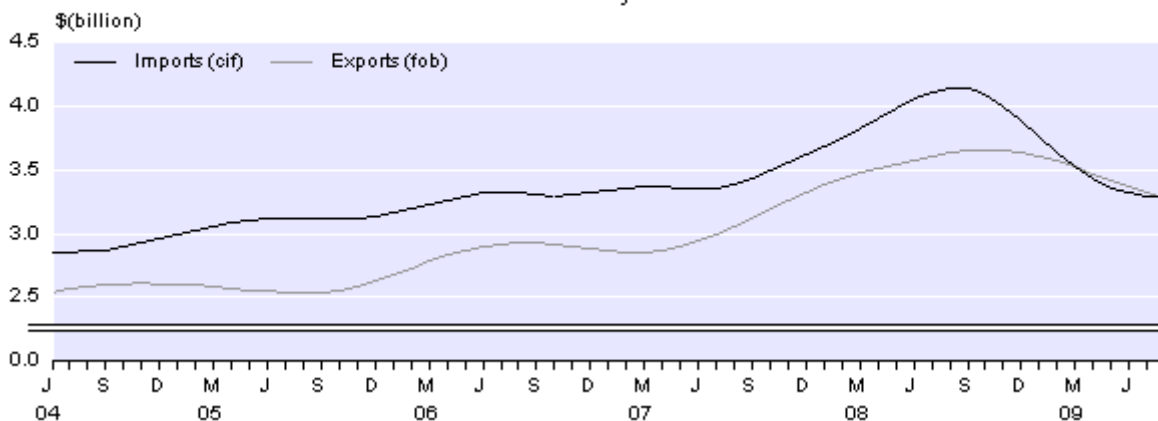
Overseas Merchandise Trade: August 2009

Highlights

For the month of August 2009 compared with August 2008 unless otherwise stated:

- Merchandise exports were valued at \$2.7 billion, down \$830 million (23.2 percent).
- The fall in exports was widespread with crude oil; meat and edible offal; and milk powder, butter and cheese being the most significant contributors.
- The exports trend has been falling since October 2008, and is down 10.5 percent since then.
- Merchandise imports were valued at \$3.5 billion, down \$953 million (21.6 percent).
- The fall in imports was also widespread with petroleum and products; and vehicles, parts, and accessories being the most significant contributors.
- The imports trend has declined 20.7 percent since August 2008, the largest fall since the series began in 1988.
- The trade balance was a deficit of \$725 million, or 26.4 percent of exports; compared with an average August deficit of 34.1 percent of exports for the previous five years.

Merchandise Trend Values
Monthly



Geoff Bascand
Government Statistician

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Commentary

Information in this release is for the month of August 2009 compared with August 2008 unless otherwise stated.

Exports

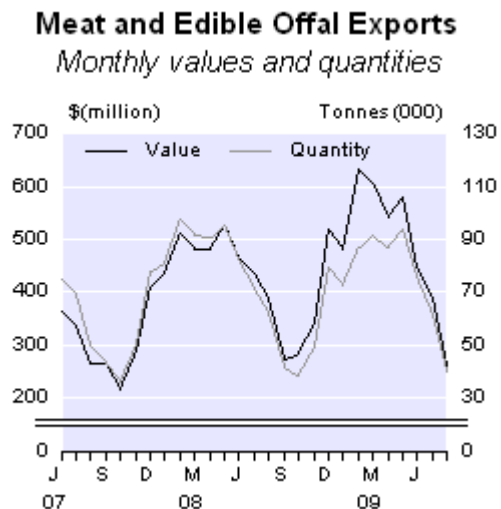
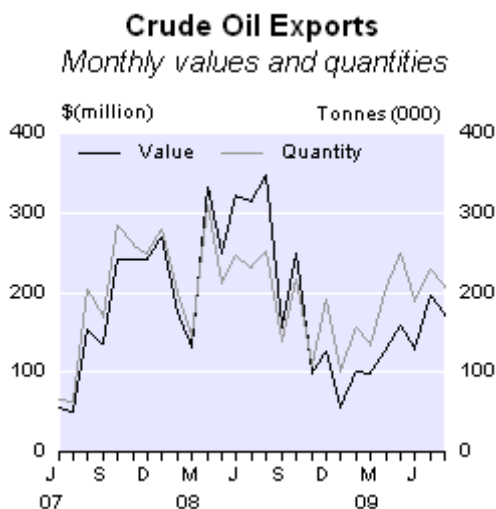
The value of merchandise exports for the month of August 2009 was \$2.7 billion, down \$830 million (23.2 percent) from August 2008. This is the largest percentage fall in exports (compared with the same month of the previous year) since March 1986 when exports fell 27.7 percent, but follows the 34.3 percent increase in exports in August 2008 (the largest increase since October 1990). Exports in August 2009 are back to a level similar to August 2007, before the large value rises observed in dairy and crude oil exports in the latter half of 2007 and during 2008.

After rising steadily from mid-2007, the trend for total merchandise exports has been declining from its peak in October 2008 and is down 10.5 percent since then. The level of the trend is now comparable to what it was in November 2007. This is the biggest fall seen in the trend since the 16.5 percent fall that occurred from June 2001 to June 2003.

In August 2009 compared with August 2008, export values declined across most of the top 40 commodity categories and most of the top 20 countries by country of destination.

Crude oil showed the largest decrease in August 2009, down \$177 million (50.9 percent), mainly due to lower prices.

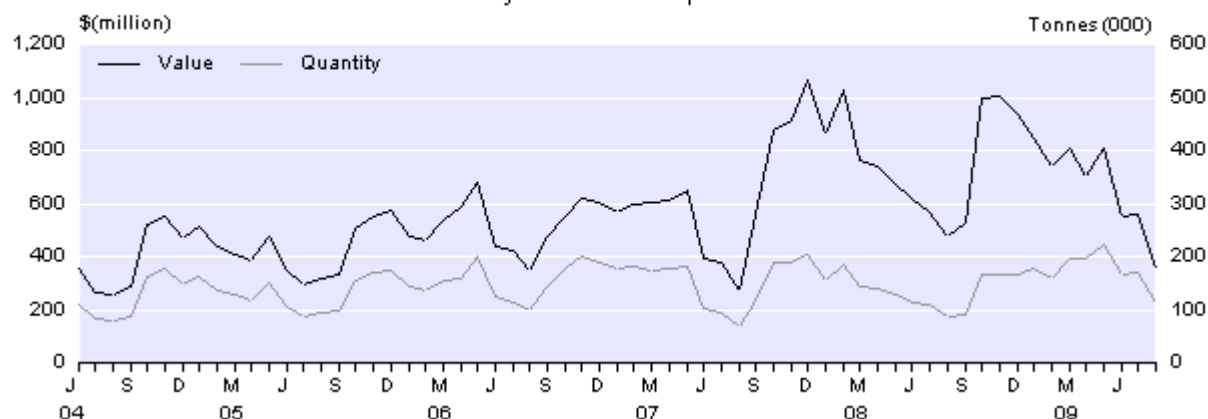
Meat and edible offal was the next largest fall, down \$125 million (32.2 percent), led by exports of frozen beef and sheep cuts. Overall quantities of meat and edible offal were down about one-third from August 2008.



Despite overall quantities being almost 30 percent higher, milk powder, butter and cheese fell \$118 million (24.8 percent) with whole milk powder, anhydrous milk fat, natural milk constituents and salted butter being significant contributors.

Milk Powder, Butter and Cheese Exports

Monthly values and quantities



By comparison, increases in exports were fewer and smaller for the month of August 2009, with fruit showing the largest increase, up \$11 million (7.8 percent), led by kiwifruit up \$8 million (5.8 percent).

By country of destination, the largest fall in exports was to Australia, down \$296 million (28.0 percent) led by exports of crude oil, down \$180 million.

Exports to the United States of America were the next most significant decrease, down \$122 million (40.7 percent), with exports of meat and edible offal down \$51 million, led by bovine cuts, down \$38 million.

Exports to Japan were the third largest decrease, down \$93 million (27.8 percent), with crude oil a significant contributor (down \$46 million), as no crude oil was exported to Japan in August 2009. Aluminium exports were the next largest contributor, down \$31 million.

The largest increase in exports in the month of August 2009 were those to the People's Republic of China, up \$37 million (19.9 percent). This increase was led by wood exports, which were up \$30 million (led by pinus radiata logs), and milk powder, butter and cheese, up \$12 million (led by whole milk powder).

The next largest increase was Malaysia, up \$12 million (22.1 percent). This increase was led by crude oil, which was up \$29 million. August 2009 saw the first export of crude oil to Malaysia since May 2008.

Imports

In the month of August 2009, merchandise imports were valued at \$3.5 billion, down \$953 million (21.6 percent) from August 2008. Excluding one-off imports, import values have now fallen by 19 percent or more for each of the last five months, when compared with the same month of the previous year.

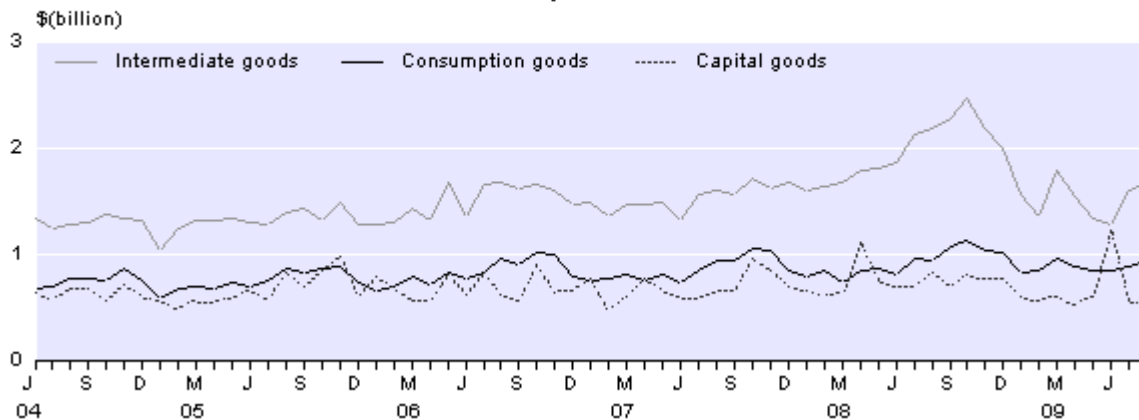
The trend for merchandise imports has been decreasing since peaking in August 2008, and is down 20.7 percent since then. This is the largest fall in the imports trend since the series began in 1988.

All of the main broad economic categories were down in August 2009 compared with August 2008, except for consumption goods which remained virtually unchanged .

- The intermediate goods category recorded the largest decrease, down \$518 million (23.5 percent). This fall was led by a decrease in crude oil, down \$360 million (56.7 percent), mainly due to lower prices. Other commodities to show significant declines within intermediate goods were fertilisers, and iron and steel.
- Capital goods were down \$292 million (35.4 percent) led by transport equipment, with a one-off import of large aircraft valued at \$102 million in August 2008.
- Consumption goods remained virtually unchanged from August 2008, down just 0.2 percent.
- Passenger motor cars were down \$71 million (26.6 percent). Significant contributors to this decrease were petrol cars with a 1500-3000cc rating (down \$24 million) and exceeding 3000cc (down \$19 million).
- Petrol and avgas was the next largest decrease, down \$39 million (32.4 percent).

Imports by Broad Economic Category

Monthly values



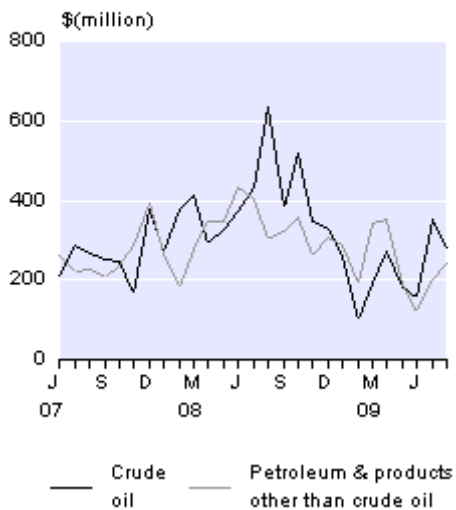
In August 2009 compared with August 2008, import values declined across most of the top 40 commodity categories and most of the top 25 countries by country of origin.

Petroleum and products recorded the largest decrease, down \$424 million (45.1 percent). This fall was led by crude oil as mentioned above. Crude oil is imported in large, irregular shipments, which can give rise to large fluctuations in quantities and values.

Vehicles, parts, and accessories was the next largest decrease, down \$151 million (34.3 percent), as imports of passenger motor cars fell by \$71 million (26.6 percent) and goods transport vehicles fell by \$52 million (64.5 percent).

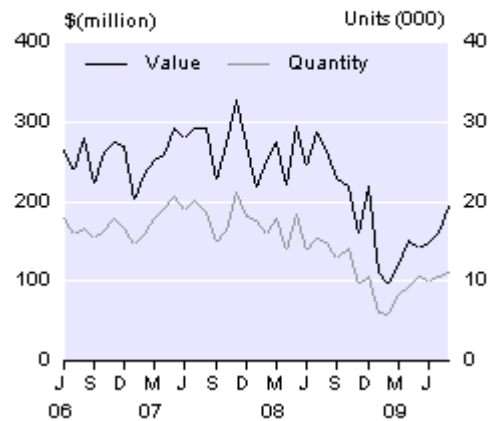
Petroleum and Products Imports

Monthly values



Passenger Motor Car Imports

Monthly values and quantities



Iron and steel and articles, down \$70 million (45.6 percent), and fertilisers, down \$63 million (70.6 percent), were the next largest decreases. Imports of fertiliser tend to be irregular.

By comparison, increases in imports were fewer and smaller, the largest being optical, medical and measuring equipment, up \$23 million (21.2 percent), and pharmaceutical products, up \$10 million (11.4 percent).

By country of origin, the largest decrease in imports came from Australia, down \$261 million (30.0 percent), mainly due to a fall in crude oil; vehicles, parts and accessories (mainly passenger cars); and iron and steel.

Imports of crude oil tend to be irregular, especially by country of origin. In August 2009, Qatar was down \$169 million (76.0 percent), and United Arab Emirates was down \$163 million (96.3 percent), while Indonesia was up \$69 million (150.3 percent). All these movements were mainly due to changes in crude oil imports.

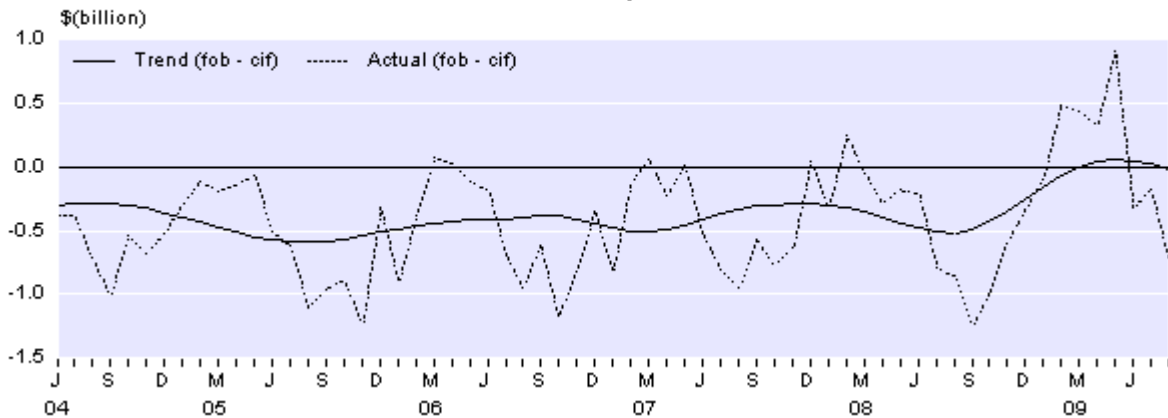
The largest increase in imports by country of origin came from Singapore, up \$79 million (76.6 percent) mainly due to an increase in refined or partly refined petroleum products.

Trade balance

In August 2009, the trade balance was a deficit of \$725 million or 26.4 percent of the value of exports. This compares with an average August deficit of 34.1 percent of exports for the previous five years.

The trend for the trade balance has been within \$80 million (positive or negative) of balancing for the past seven months.

Merchandise Trade Balance Monthly



The annual trade balance for the year ended August 2009 was a deficit of \$2.4 billion (5.6 percent of exports). As a percentage of exports, this is approximately one-third of the average (of 16.0 percent) for the preceding five August years.

Three months ended August 2009

Exports of merchandise goods for the three months ended August 2009 were valued at \$9.2 billion, a fall of \$1.4 billion (13.6 percent) from the same period of the previous year.

In the three months ended August 2009, key increases and decreases in exports compared with the three months ended August 2008 were as follows:

By commodity:

- Crude oil recorded the largest decrease, down \$490 million (49.7 percent), driven by lower prices.
- The second largest decrease was for milk powder, butter and cheese, which decreased \$198 million (11.9 percent), driven by substantially lower prices, despite a significant increase in quantities.
- The next largest decrease was for meat and edible offal, which was down \$193 million (15.0 percent). The main drivers behind this movement were decreases in beef (down \$103 million or 19.6 percent); and meat from sheep and goats (down \$60 million or 9.4 percent).
- The largest offsetting increase is for logs, wood and wood articles, which increased \$28 million (4.9 percent). Although most wood categories decreased, untreated pinus radiata logs increased \$69 million (41.8 percent) with a 32.8 percent increase in the quantity exported.

By country of destination:

- Exports to Australia showed the largest fall, down \$679 million (23.6 percent), led by a \$509 million fall in crude oil.
- The next largest fall was in exports to Japan, down \$246 million (25.8 percent), due to a variety of decreases; led by unwrought aluminium (down \$98 million).

- Exports to China showed the largest increase, up \$238 million (40.5 percent), with significant contributions from pinus radiata logs, whole milk powder, and crude oil.

Imports of merchandise goods for the three months ended August 2009 were valued at \$10.4 billion, down 16.7 percent from the same period of the previous year.

In the three months ended August 2009, key increases and decreases in the value of imports compared with the three months ended August 2008 were as follows:

By commodity:

- The petroleum and products category had the largest decrease, down \$1.2 billion (47.8 percent), led by decreases in crude oil, down \$656 million; automotive diesel, down \$242 million; and motor spirit, down \$122 million. Prices were down significantly for all three commodities with significant quantity decreases for automotive diesel and motor spirit as well.
- Vehicles, parts and accessories decreased \$553 million (41.5 percent) – the second largest decrease, led by passenger motor vehicles, down \$292 million, and goods transport vehicles, down \$170 million.
- Mechanical machinery and equipment decreased \$164 million (11.2 percent) spread across several commodities.
- Aircraft and parts recorded the largest increase, up \$574 million (177.7 percent), led by an increase in large aircraft being imported, up \$421 million. Jetstar commencing domestic air services in June 2009 was the major contributor to this increase.

By country of origin:

- Imports from Australia showed the largest decrease, down \$485 million (20.2 percent), with significant decreases in crude oil, partly refined petroleum, and passenger motor cars.
- Imports from the United Arab Emirates were the next largest decrease, down \$398 million (94.7 percent) almost entirely due to a decrease in crude oil with none being imported from there in the three months ended August 2009.
- Imports from Japan were down \$341 million (35.2 percent) due to a variety of items, including passenger motor vehicles (down \$104 million), goods transport vehicles (down \$42 million), automotive diesel (down \$75 million), and various items of mechanical machinery and equipment (down \$64 million).
- The largest increase was from France, up \$585 million (311 percent), mostly due to the increase in large aircraft imports associated with the commencement of Jetstar domestic air services in June.

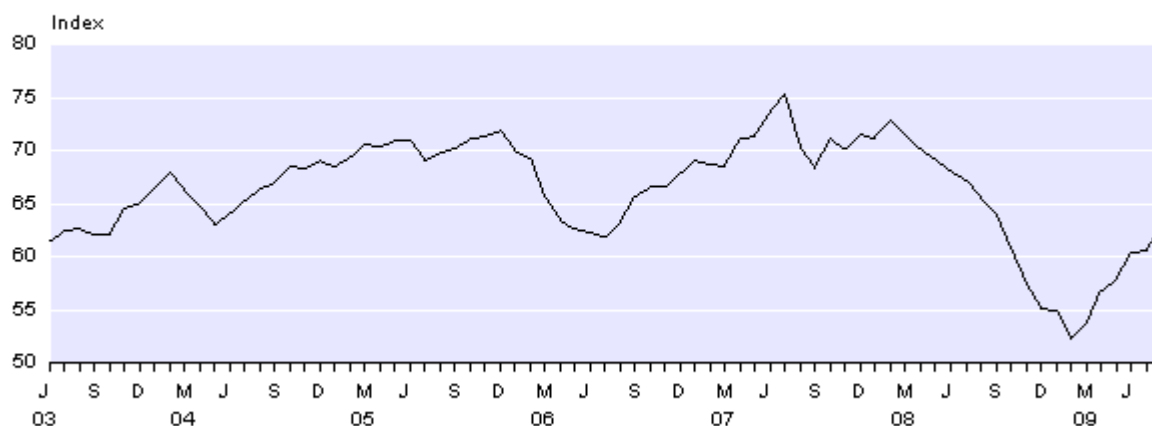
Exchange rate movements

According to the Reserve Bank's Trade Weighted Index (TWI), the New Zealand dollar was 3.7 percent higher in August 2009 compared with July 2009, and 4.1 percent lower compared with August 2008.

Trade Weighted Index

Monthly

Base: June 1979 = 100



Source: Reserve Bank of New Zealand

Updates to previous statistics

Provisional values published on 27 August 2009 have been updated. Merchandise trade statistics for the latest three months are provisional to allow for the inclusion of late data and amendments.

	Published on 27 August 2009			Published on 25 September 2009			Change		
	\$ (million) ⁽¹⁾			\$ (million) ⁽¹⁾			\$ (million) ⁽¹⁾		
	Exports (fob)	Imports (cif)	Balance (fob-cif)	Exports (fob)	Imports (cif)	Balance (fob-cif)	Exports (fob)	Imports (cif)	Balance (fob-cif)
Month of:									
May 2009	P 3,962	3,057	905	3,962	3,056	906	1	0	1
Jun 2009	P 3,233	3,565	-332	3,233	3,565	-331	1	0	1
Jul 2009	P 3,180	3,343	-163	3,176	3,351	-175	-4	8	-12
Year ended:									
May 2009	P 43,389	46,384	-2,995	43,389	46,384	-2,994	1	0	1
Jun 2009	P 43,027	46,140	-3,112	43,029	46,139	-3,111	1	0	2
Jul 2009	P 42,776	45,254	-2,478	42,773	45,261	-2,488	-3	7	-10

(1) Figures are calculated on unrounded data.

Symbol:

P provisional

For technical information contact:

Henry Minish or Scott Davis

Christchurch 03 964 8700

Email: overseastrade@stats.govt.nz

Next release...

Overseas Merchandise Trade: September 2009 will be released on 29 October 2009.

Technical notes

Definitions

billion	1,000 million.
capital goods	Produced assets used repeatedly or continuously, for longer than one year, in industrial production processes. Examples are machinery, trucks and aircraft.
cif	Cost of goods, including insurance and freight to New Zealand.
consumption goods	Goods used (without further transformation in industrial production processes) by households, government or non-profit institutions serving households.
fob	Free on board (the value of goods at New Zealand ports before export).
Infoshare	Free-of-charge online tool that gives you access to a range of time-series data.
intermediate goods	Goods used up or transformed in industrial production processes.
merchandise trade	Exports or imports of goods that alter the nation's stock of material resources. Includes goods leased for a year or more. Excludes goods for repair.
provisional	Statistics for the latest three months are provisional, to allow for the inclusion of late data and amendments.
re-exports	Merchandise exports that were earlier imported into New Zealand and comprise less than 50 percent New Zealand content by value.
vfd	Value for duty (the value of imports before insurance and freight costs are added).

Data source

Data is obtained from export and import entry documents lodged with the New Zealand Customs Service (NZCS). The data is processed and passed to Statistics NZ for further editing and compilation.

Valuations

Exports (including re-exports) are valued fob (free on board) and are shown in New Zealand dollars. Estimated values are used for goods that are not already sold at the time of export entry lodgement.

Imports are valued at cif (cost including insurance and freight) and are shown in New Zealand dollars.

Trade balance values are calculated by deducting imports (cif) from exports (fob). These two valuations are not entirely comparable, because the cif valuation includes insurance and freight to New Zealand while the fob valuation excludes insurance and freight from New Zealand. However, imports in tables 1 and 2 are also shown at the vfd (value for duty) level, which excludes the insurance and freight component.

Exchange rates

Export values given in foreign currencies are converted by Statistics New Zealand into New Zealand dollars, using weekly exchange rates when the statistics are compiled. For exports, a rise in the New Zealand dollar has a downward influence on prices, quantities and values.

Import values are converted from foreign currencies when import documents are processed by NZCS. The exchange rates used are set by NZCS each fortnight. These rates are prepared 11 days prior to the start of the fortnight, so have a lag of 11 to 25 days compared with the daily rates published by the Reserve Bank. For imports, a rise in the New Zealand dollar has a downward influence on prices and an upward influence on quantities. The combined influence on values can be either positive or negative.

Time of recording

Exports

From the August 1997 reference month, exports are compiled by date of export. Previously, exports were generally compiled according to date of clearance by NZCS. This meant that some goods were allocated to the month following their actual month of export. Exports up to July 1997 that were not processed until August 1997 were assigned to the month of August 1997.

From 1 March 2004, NZCS do not allow goods to be loaded for export until an export entry has been lodged and cleared. A study undertaken in 2001/02 indicated that export entries not being lodged might account for between 1 and 3 percent of exports at that time. There is a possibility that the change in NZCS processes may have reduced this undercoverage, although this has not been quantified.

Imports

Imports are generally compiled by date of entry clearance by NZCS. NZCS entries are required from up to five days before, to 20 working days after, arrival of goods into New Zealand. The exception to this rule is for crude oil imports, which can have entries lodged later than 20 working days after entry into New Zealand.

Crude oil values for the latest month are estimated using actual quantities and country of origin data (provided by NZCS, based on information from the refinery at Marsden Point), together with estimated prices. These estimates for crude oil are replaced once actual entries are lodged with NZCS.

While all entries are provisional for the latest three months, and have the potential to be changed by the importer/exporter within this period, changes are not common, and generally do not have a material impact on the results. However, New Zealand has only a few ships carrying crude oil arriving each month, and each ship represents a high proportion of the monthly total of imported crude oil. Any variation in the data for crude oil resulting from a later lodgement date can result in a significant revision to the value. Once actual lodgements are received by Statistics NZ from NZCS, the value for crude oil can be regarded as robust.

There were 21 working days in August 2009, compared with 21 in August 2008.

Commodity classification

Commodities are classified according to the New Zealand Harmonised System Classification (NZHSC).

The NZHSC was revised, from the January 2007 reference month, to incorporate changes promulgated by the World Customs Organization. Details can be found in the *Overseas Merchandise Trade: January 2007* Hot Off The Press released on 26 February 2007.

Standard International Trade Classification

The Standard International Trade Classification (SITC) is an output classification (using HS codes at the 6-digit level as building blocks), designed by the United Nations as an analytical tool for economic analysis, which includes some simple implications regarding level of processing. Published figures are at a high level of aggregation; more disaggregated information is available on [Infoshare](#). For customised jobs using the SITC Rev 4 classification, contact customer services at: info@stats.govt.nz.

Broad economic category groups

Broad economic category (BEC) groups are arranged, as far as practicable, to align with the System of National Accounts' three basic classes: capital goods, intermediate goods and consumption goods. Commodities in BEC groups are categorised on the basis of their main end use. This means, for example, that all video recorders are treated as consumption goods even though some are used in business. Similarly, all helicopters are treated as transport equipment even though some are military goods (and are treated as such in the National Accounts).

Trend series

Time series can be split into trend, seasonal and irregular components. Seasonal adjustment removes the seasonal component, while trend estimation removes the seasonal and irregular components. Trend estimates reveal the underlying direction of movement in a series and are used to identify turning points.

The trend series are calculated using X-12-ARIMA, which adjusts for outlying values and uses a centred moving average. The length of the centred moving average is selected automatically and can be 9, 13 or 23 months, depending on the relative variability of the

irregular component compared with the trend. A long moving average has the effect of smoothing the trend series but slowing the response to underlying changes in growth rates, while a short moving average produces a trend series that is less smooth but quicker to identify turning points.

To improve estimation of the underlying movement, the imports trend is calculated after removal of individual import items that have cif values of \$100 million or more, such as large aircraft and ships. The trade balance trend is calculated by subtracting the imports trend from the exports trend.

Trend figures are recalculated each month. The use of new monthly data means that previously published trend estimates are subject to revision. These revisions affect mainly the latest months and can be large if a trade value is initially treated as an outlier but is later found to be part of the underlying trend.

Seasonally adjusted series

These are calculated for calendar quarters, using X-12-ARIMA, and published in the March, June, September and December releases.

Seasonal adjustment removes the estimated impact of regular seasonal events, such as pre-Christmas purchasing, from time series. This makes the figures for adjacent periods more comparable. Seasonally adjusted figures are estimates and are subject to revision each quarter, with the largest changes generally occurring in the latest quarters.

Further information is on the [Statistics NZ website](#).

Confidential items

Under Section 37A (d) of the Statistics Act, the Government Statistician may disclose details of external trade, movement of ships, and cargo handled at ports. However, Statistics New Zealand understands that the release of merchandise trade commodity information can, in some cases, place commercially sensitive information in the public domain. Statistics New Zealand is able to provide a limited form of confidential status for commodity items (at the discretion of the Government Statistician), upon application by a company or business.

In practice, all confidential HS codes are aggregated into the code 9809.00.00.00 in order to protect their confidentiality and to maintain total export and import values. Any aggregations of Harmonised System (HS) codes below this level, which encompass confidential 10 digit codes, exclude the confidential value(s) for these codes.

The only aggregates that include the confidential codes are total exports, total imports, and the total exports and imports by country.

Concepts

Overseas Merchandise Trade (OMT) statistics are compiled in close accordance with the United Nations' International Merchandise Trade Statistics Concepts and Definitions. OMT data, after adjustment, is used in the Balance of Payments and National Accounts.

The adjustments are for coverage, timing, valuation and classification, and are explained in the Balance of Payments – Sources and Methods 2004 publication.

Additional information

Other information on overseas trade is available from:

- Statistics NZ Home page: <http://www.stats.govt.nz/>
- [Infoshare](#)
- *Key Statistics* – the monthly statistical publication
- *The New Zealand Official Yearbook*.

Related Hot Off The Press releases are:

- *Overseas Cargo Statistics*: ISSN 1178-2838
- *Overseas Trade Indexes – Prices*: ISSN 1178-0339
- *Overseas Trade Indexes – Volumes*: ISSN 1178-0347
- *Balance of Payments (quarterly)*: ISSN 1178-0215
- *Balance of Payments (annual)*: ISSN 1178-0223
- *Economic Survey of Manufacturing*: ISSN 1178-024X.

More information

For more information, follow the [link](#) from the Technical notes of this release on the Statistics NZ website.

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Timing

Timed statistical releases are delivered using postal and electronic services provided by third parties. Delivery of these releases may be delayed by circumstances outside the control of Statistics NZ. Statistics NZ accepts no responsibility for any such delays.

Tables

The following tables are printed with this Hot Off The Press and can also be downloaded from the Statistics New Zealand website in Excel format. If you do not have access to Excel, you may use the [Excel file viewer](#) to view, print and export the contents of the file.

1. Overseas merchandise trade, actual values
2. Overseas merchandise trade, trend values – monthly
3. Exports by destination
4. Imports by country of origin
5. Exports of main commodities
6. Imports of main commodities
7. Imports by broad economic category (BEC) group
8. Exchange rates
9. Related series, livestock, cars, and crude oil
10. Exports and imports by standard international trade classification (SITC)