

Embargoed until 10:45am – 26 February 2010

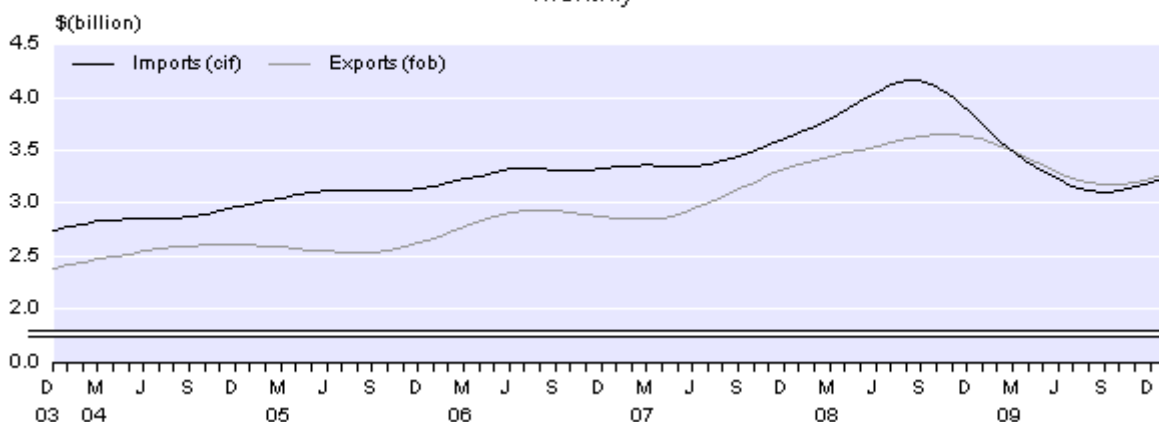
## Overseas Merchandise Trade: January 2010

### Highlights

For the month of January 2010 compared with January 2009 unless otherwise stated:

- The trade balance was a surplus of \$269 million (8.5 percent of exports), the highest January trade surplus recorded as a percentage of exports since 1989.
- Merchandise exports were valued at \$3.2 billion, down \$19 million (0.6 percent).
- Merchandise imports were valued at \$2.9 billion, down \$390 million (11.9 percent).
- Exports recorded mixed results, with casein and caseinates; cereals, flour, and starch; and meat and edible offal recording large declines. Crude oil and milk powder, butter, and cheese recorded large rises.
- Mechanical machinery and equipment, and electrical machinery and equipment led the imports decline.
- The trend indicates that total merchandise exports appear to have been rising in recent months, although more data points are required to confirm the direction.
- The imports trend has increased 4.4 percent since September 2009, but it is still 22.1 percent lower than its peak in August 2008.

Merchandise Trend Values  
Monthly



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26 February 2010  
ISSN 1178-0320

## Commentary

Information in this release is for the month of January 2010 compared with January 2009 unless otherwise stated.

## Exports

The value of merchandise exports for the month of January 2010 was \$3.2 billion, down \$19 million (0.6 percent) from January 2009. This is the eighth consecutive monthly fall in export values compared with the same month of the previous year.

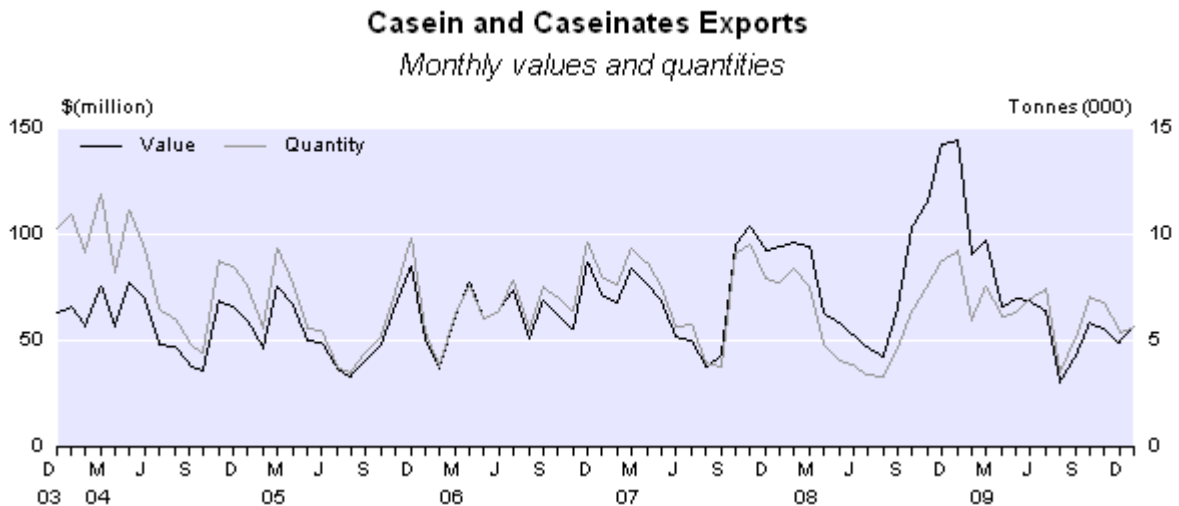
The trend indicates that total merchandise exports appear to have been rising in recent months, although more data points are required to confirm the direction.

Exports to Asia increased by \$263 million (24.0 percent) in January 2010 when compared with January 2009, while exports to the United States of America (down \$213 million or 48.3 percent) and Europe (down \$91 million or 19.2 percent) decreased.

Of the top 40 commodity categories, 24 recorded decreases in January 2010 compared with January 2009. Key decreases and increases in exports by commodity and by country of destination were as follows:

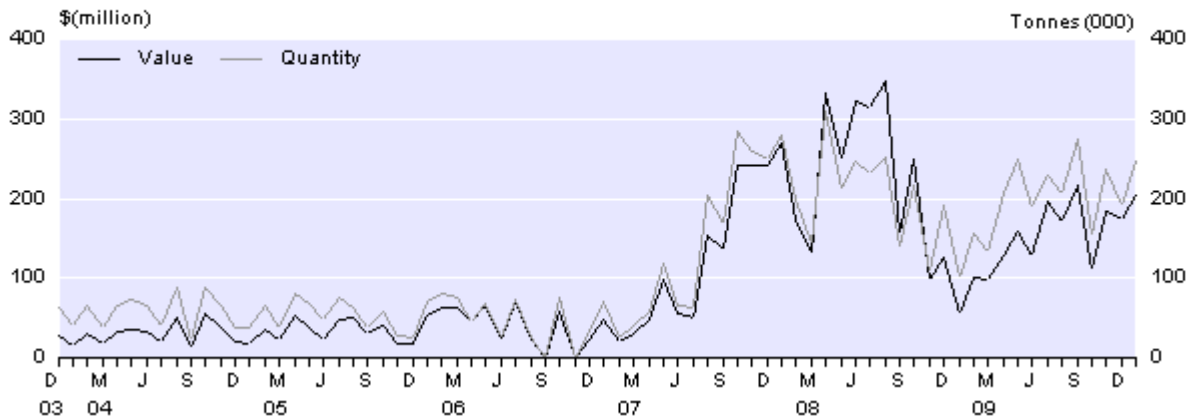
By commodity:

- Casein and caseinates was the commodity with the largest decrease in exports for January 2010, down \$88 million (60.9 percent).



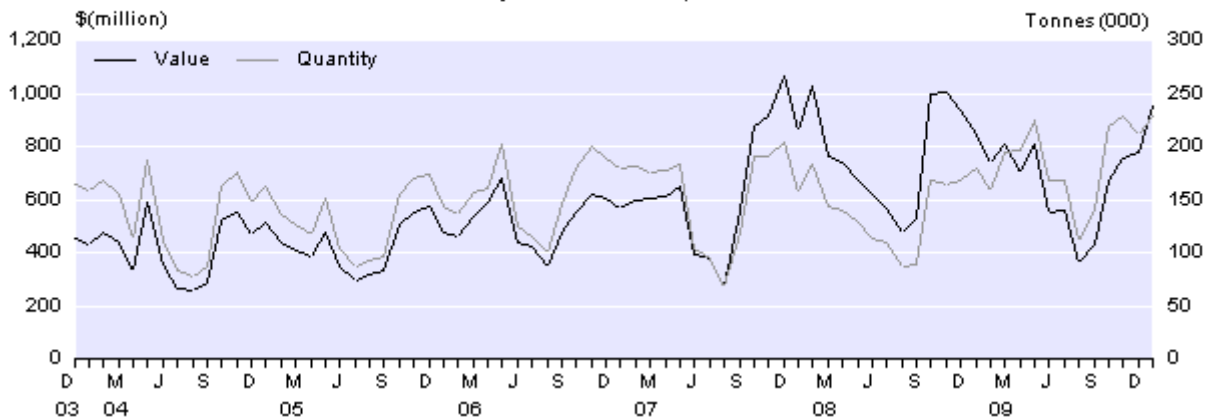
- Other commodities to record decreases were preparations of cereals, flour, and starch, down \$52 million (52.1 percent); and meat and edible offal, down \$44 million (9.1 percent).
- Crude oil was the largest increase, up \$148 million (267 percent), with quantities more than double that of January 2009. Crude oil export shipments can be irregular, which gives rise to large fluctuations in quantities and values. Exports of crude oil extracted from the Kupe oilfield commenced in January 2010.

### Crude Oil Exports Monthly values and quantities



- Milk powder, butter, and cheese was the second largest increase in January 2010, up \$103 million (12.1 percent). This increase was led by unsweetened whole milk powder, up \$98 million (36.6 percent), due to a 54.0 percent increase in the quantity exported. The value and quantity of skimmed milk powder exported also increased.

### Milk Powder, Butter, and Cheese Exports Monthly values and quantities



- Logs, wood, and wood articles was the next largest increase, up \$39 million (29.6 percent). The quantity of rough pinus radiata logs exported in January 2010 was more than double that exported in January 2009.

By country of destination:

- The United States recorded the largest decrease in the value of exports, decreasing \$213 million (48.3 percent). The decrease was driven by falls in exports of casein and caseinates (down \$81 million) and natural milk constituents (down \$58 million).
- Algeria recorded the second largest decrease, down \$34 million (60.6 percent); solely driven by a decline in milk powder, butter, and cheese.
- South Africa and Japan recorded the next largest decreases, down \$33 million (73.4 percent) and \$31 million (11.6 percent), respectively.
- Australia showed the largest increase, up \$88 million (15.1 percent) to \$673 million. This increase was driven by a \$98 million increase in crude oil, with quantity and price both higher. Crude oil export shipments can be irregular, which gives rise to large fluctuations in quantities and values. Similarly, the increase in the value of exports to Singapore, up \$68 million (144 percent) was also mainly driven by crude oil.

- Exports to the People’s Republic of China increased by \$83 million (30.1 percent), driven by increases in exports of unsweetened whole milk powder and rough pinus radiata logs.

## Imports

In the month of January 2010, merchandise imports were valued at \$2.9 billion, down \$390 million (11.9 percent) from January 2009.

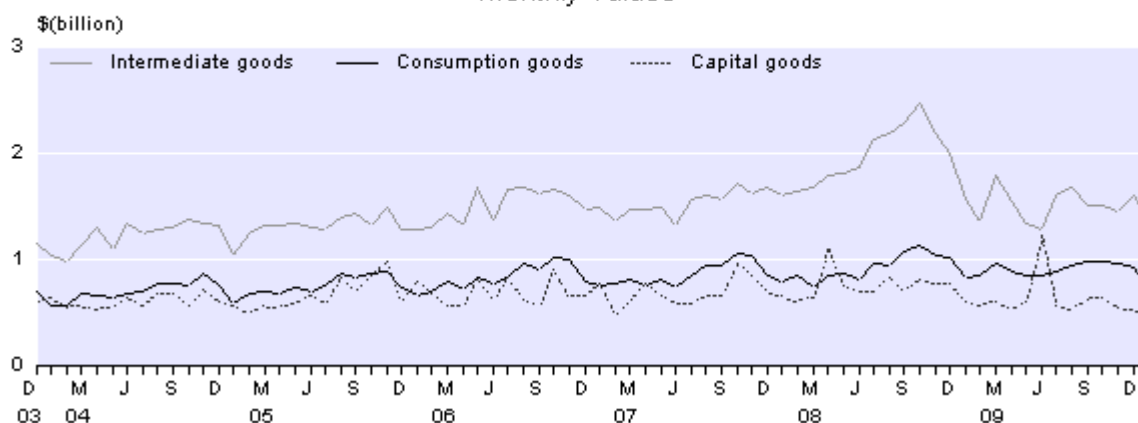
The trend for total merchandise imports reached a turning point in September 2009, and has increased 4.4 percent since then. The trend is still 22.1 percent lower than its peak in August 2008.

The three main broad economic categories were all down in January 2010 compared with January 2009, with small offsetting increases in the categories of passenger motor cars, petrol and avgas, and military and other goods.

- The intermediate goods category recorded the largest decrease, down \$217 million (13.8 percent), the tenth consecutive monthly fall when compared with the same month of the previous year. There were falls in a wide variety of commodities, with automotive diesel being the largest; however, this was offset by a similar rise in crude oil. Other commodities showing significant declines included mechanical machinery and equipment; electrical machinery and equipment; iron and steel, and articles; and fertilisers.
- Capital goods recorded the second largest decrease, down \$156 million (25.6 percent), following consistent falls throughout the 2009 year (with the exception of the June month) compared with the same month of the previous year. Mechanical machinery and equipment was the largest contributor to the decline, followed by falls in vehicles, parts, and accessories; and electrical machinery and equipment.
- Consumption goods also declined, down \$89 million (10.7 percent), the seventh consecutive monthly fall compared with the same month of the previous year. Textiles and textile articles was the largest contributor to the decline, followed by falls in pharmaceutical products; and electrical machinery and equipment.
- Passenger motor cars were the largest increase, up \$67 million (59.7 percent) compared with January 2009, when the lowest January value since 1998 was recorded. Imports of both petrol and diesel cars with a rating exceeding 1500cc increased, up \$63 million (66.3 percent) in total.

### Imports by Broad Economic Category

*Monthly values*

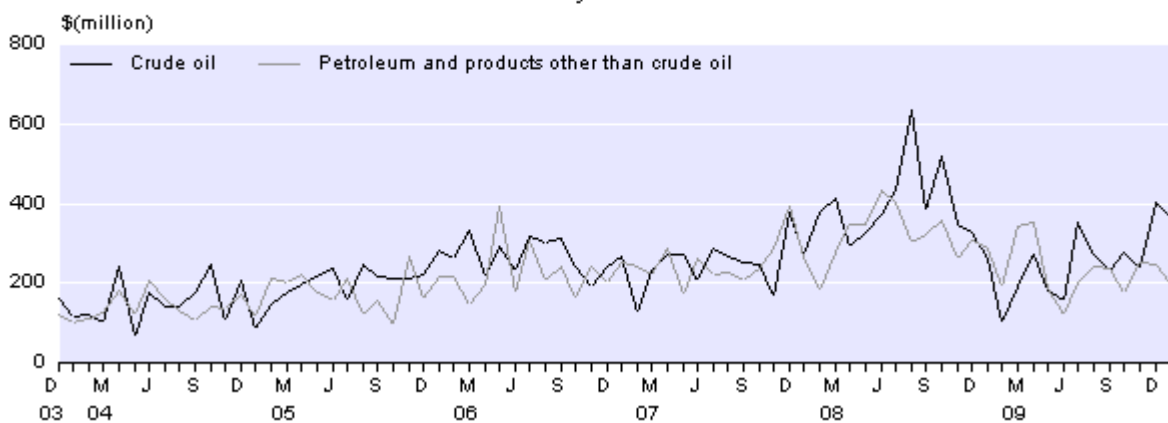


In January 2010 compared with January 2009, import values declined across most of the top 40 commodity categories and most of the top 25 countries by country of origin.

By commodity:

- Mechanical machinery and equipment was the largest fall, down \$102 million (22.7 percent). There were falls across a range of commodities, with parts for engines and motors, and straddle carrier cranes being notable contributors to the decline.
- Electrical machinery and equipment recorded the second largest fall, down \$79 million (27.6 percent), led by falls in parts for generators and generating sets, and in wind-powered electric generating sets.
- Iron and steel, and articles recorded the next largest decrease, down \$33 million (29.7 percent).
- Petroleum and products was the largest increase, up \$22 million (4.0 percent), led by a rise in crude oil, up \$106 million, and a rise in partly refined petrol, up \$18 million. However, this was offset by a fall in automotive diesel, down \$105 million. Imports of petroleum and products tend to be irregular, which can cause values to fluctuate from month to month, especially by country of origin.

**Petroleum and Products Imports**  
*Monthly values*



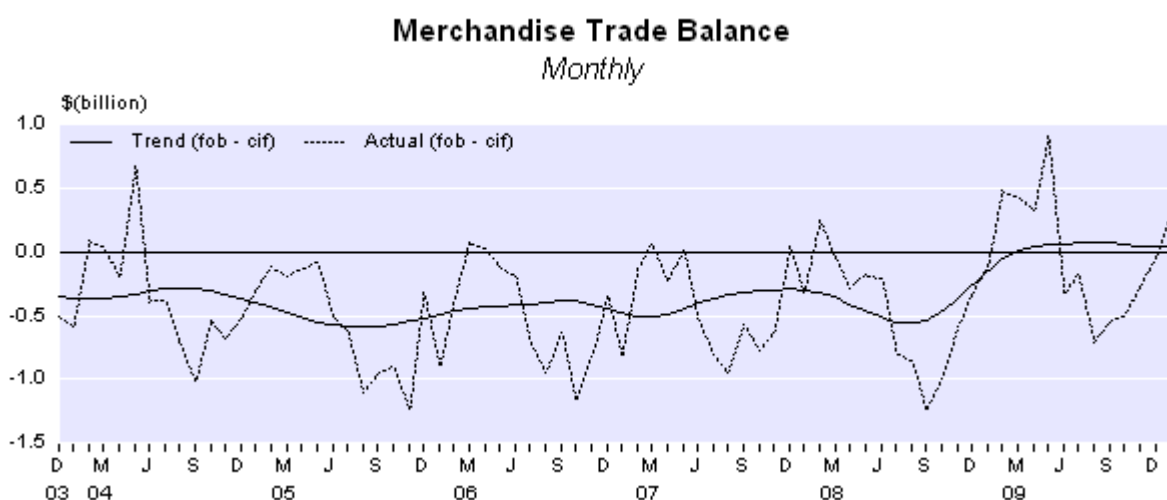
By country of origin:

- Japan recorded the largest decrease in imports, down \$135 million (43.4 percent), led by a fall in automotive diesel, down \$104 million.
- Singapore was the second largest fall, down \$103 million (64.6 percent), led by falls in motor spirit and automotive diesel.
- Denmark was the next largest decrease, down \$69 million (85.8 percent), with a \$45 million (98.6 percent) fall in electrical machinery and equipment, led by electric generating set parts and wind powered electric generating sets exceeding 10kw, and a \$21 million (90.3 percent) fall in mechanical machinery and equipment, led by blades for wind engines.
- Korea recorded the largest increase, up \$142 million (135 percent), driven by an increase in petroleum and products, up \$141 million. Crude oil, motor spirit, and automotive diesel imports were all up.
- Australia was the second largest increase, up \$44 million (9.6 percent), driven by an increase in petroleum and products, up \$75 million (184 percent), mainly due to an increase in crude oil.

- Taiwan and Qatar recorded the next largest increases, up \$32 million (61.7 percent) and \$30 million (28.8 percent), respectively, with Taiwan's increase driven by a rise in motor spirit, and Qatar's increase driven by a rise in crude oil.

## Trade balance

In January 2010, the trade balance was a surplus of \$269 million or 8.5 percent of the value of exports. This compares with an average January deficit of 20.1 percent of exports for the previous five years. This is the highest January trade surplus in percentage terms since 1989.



The annual trade balance for the year ended January 2010 was a deficit of \$178 million (0.4 percent of exports). As a percentage of exports this is much lower than the average (15.7 percent) for the preceding five January years. This is the smallest annual deficit recorded as a percentage of exports, since the last annual trade surplus was recorded in July 2002.

## Three months ended January 2010

Exports of merchandise goods for the three months ended January 2010 were valued at \$9.6 billion, a fall of \$1.1 billion (9.9 percent) from the same period of the previous year.

In the three months ended January 2010, key decreases and increases in exports compared with the three months ended January 2009 were as follows:

By commodity:

- Milk powder, butter, and cheese recorded the largest decrease, down \$308 million (11.0 percent), with declines across a wide range of commodities. The most significant declines came from natural milk constituents and cheddar cheese.
- Casein and caseinates was the next largest decrease, down \$241 million (59.9 percent), driven by lower prices and quantities.
- Meat and edible offal, down \$200 million (14.9 percent), was the next largest decrease. This was mainly driven by falls in both the price and quantity of frozen beef and, to a lesser extent, frozen lamb cuts.
- The commodity recording the largest increase in exports for the latest quarter was crude oil, with an increase of \$285 million, which is more than double the January 2009 quarter's value. This increase was driven by higher quantities and prices.

By country of destination:

- The United States was the destination with the largest decrease in exports, down \$637 million (44.7 percent). This decrease was driven by falls in milk powder, butter, and cheese, (led by natural milk constituents); casein and caseinates; and meat and edible offal (led by frozen beef).
- Japan, down \$264 million (29.2 percent), was the second largest fall, and was distributed over many commodities. Notable contributors to the decline included logs, wood, and wood articles; meat and edible offal; and milk powder, butter, and cheese.
- Singapore was the destination with the largest increase in exports, up \$286 million (157 percent). This rise was driven by an increase in crude oil exports; and an increase in ships, boats, and floating structures (due to the one-off export of an oil rig in December 2009).
- Australia showed the next largest increase, up \$156 million (7.1 percent), mainly due to an increase in crude oil exports.
- China showed the third highest increase, up \$140 million (15.9 percent), driven by increases in milk powder, butter, and cheese (led by unsweetened whole milk powder); and logs, wood, and wood articles (led by rough pinus radiata logs).

Imports of merchandise goods for the three months ended January 2010 were valued at \$9.7 billion, a fall of \$2.1 billion (17.5 percent) from the same period of the previous year.

In the three months ended January 2010, key increases and decreases in the value of imports compared with the three months ended January 2009 were as follows:

By commodity:

- Mechanical machinery and equipment recorded the largest decrease, down \$411 million (26.7 percent), with falls across a wide range of commodities. Notable contributors to the decrease included computer parts and accessories, and spray equipment parts.
- Electrical machinery and equipment was the second largest decrease, down \$247 million (22.5 percent), and was spread across several commodities. Parts for electric generating sets, wind powered electric generating sets, and telecommunications base stations were leading contributors.
- Salt, earths, stone, lime, and cement recorded the next largest decrease, down \$204 million (83.5 percent), mainly due to a decline in natural calcium phosphate imports.
- Sugars and sugar confectionery recorded the largest increase, up \$19 million (31.2 percent).
- Live animals, and cocoa and cocoa preparations were the next largest increases, both up \$9 million (57.6 percent and 17.6 percent respectively).

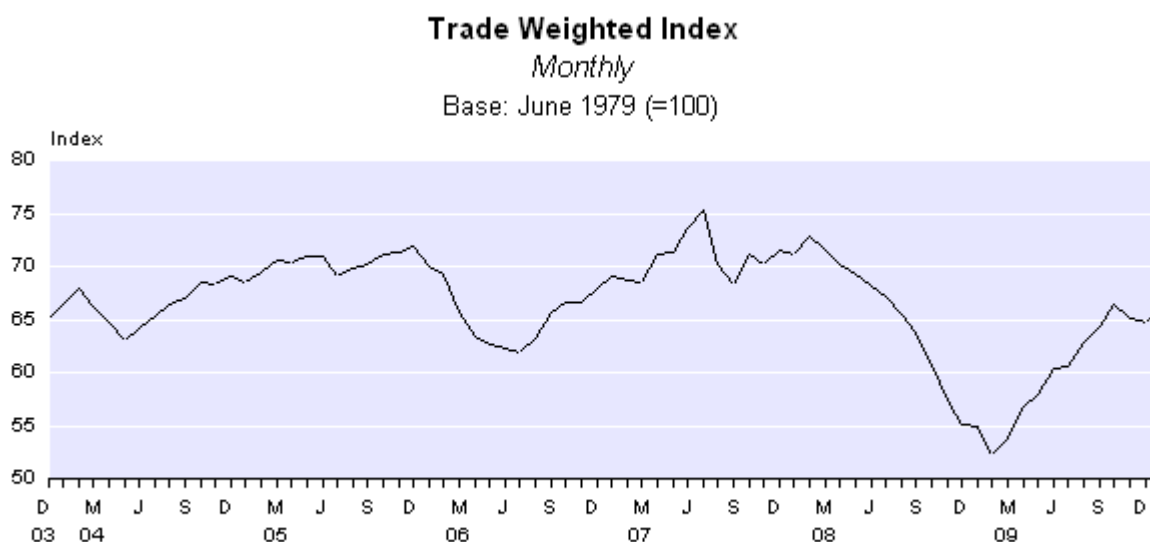
By country of origin:

- China showed the largest decrease, down \$288 million (16.1 percent), with falls across a range of commodities. Notable contributors to the decrease included textiles and textile articles, refrigerated vessels, and natural calcium phosphates.
- The United States was the second largest decrease, down \$270 million (23.2 percent), with mechanical machinery and equipment, down \$118 million, the leading contributor to the decline.
- Japan was the next largest decrease, down \$237 million (26.0 percent), led by a decline in automotive diesel, down \$157 million.
- Morocco was down \$181 million (86.5 percent), driven by decreases in natural calcium phosphates, down \$156 million, and fertilisers, down \$25 million.

- The United Arab Emirates was the largest increase, up \$155 million (275 percent), driven by crude oil, up \$160 million.
- Nigeria recorded the second largest increase, up \$79 million, solely driven by crude oil.
- Korea recorded the next largest increase, up \$51 million (13.0 percent), driven by petroleum and products, up \$136 million, with increased imports of both crude oil and automotive diesel.

## Exchange rate movements

According to the Reserve Bank's Trade Weighted Index (TWI), the New Zealand dollar was 2.2 percent higher in January 2010 compared with December 2009, and 20.4 percent higher compared with January 2009.



Source: Reserve Bank of New Zealand

## Updates to previous statistics

Provisional values published on 29 January 2010 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 29 January 2010			Published on 26 February 2010			Change			
	\$ (million) <sup>(1)</sup>			\$ (million) <sup>(1)</sup>			\$ (million) <sup>(1)</sup>			
	Exports (fob)	Imports (cif)	Balance (fob-cif)	Exports (fob)	Imports (cif)	Balance (fob-cif)	Exports (fob)	Imports (cif)	Balance (fob-cif)	
<b>Month of:</b>										
Oct 2009	P	2,956	3,457	-502	2,955	3,457	-501	0	-1	0
Nov 2009	P	3,067	3,343	-276	3,067	3,343	-275	0	-1	1
Dec 2009	P	3,406	3,404	2	3,412	3,444	-32	6	40	-34
<b>Year ended:</b>										
Oct 2009	P	40,718	41,895	-1,177	40,718	41,894	-1,176	0	-1	0
Nov 2009	P	40,105	40,964	-860	40,104	40,963	-858	0	-1	1
Dec 2009	P	39,671	40,188	-517	39,678	40,227	-549	6	39	-33

(1) Figures are calculated on unrounded data.

**Symbol:**

P provisional

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**Next release...**

*Overseas Merchandise Trade: February 2010* will be released on 26 March 2010.

## 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 NZ 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 19 working days in January 2010, compared with 20 in January 2009.

## **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 Harmonised System (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](mailto: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 mainly affect 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 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 website: [www.stats.govt.nz](http://www.stats.govt.nz)
- Infoshare
- *Key Statistics* – the quarterly 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)