

Embargoed until 10:45am – 27 August 2009

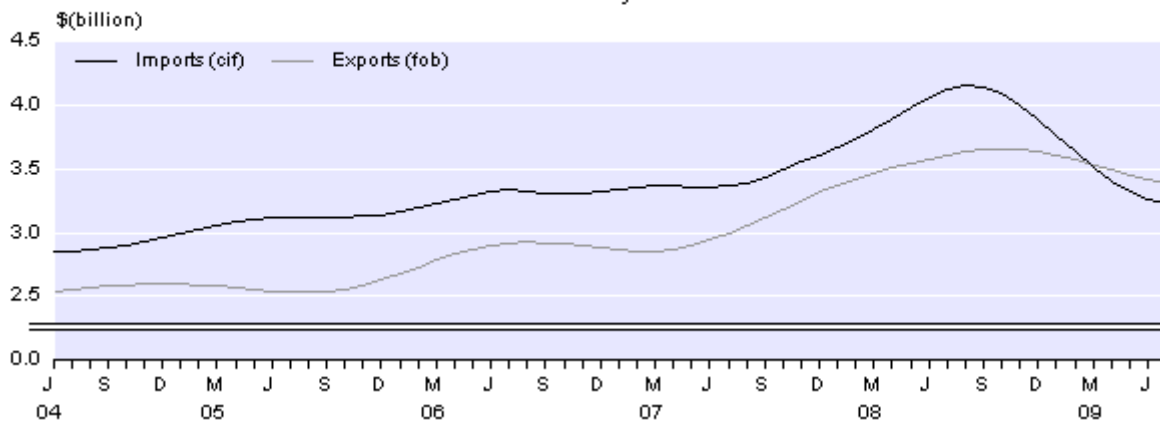
Overseas Merchandise Trade: July 2009

Highlights

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

- Merchandise imports were down \$886 million (20.9 percent) to \$3.3 billion, the second largest monthly fall, in percentage terms, since February 1993.
- The fall in imports was widespread with petroleum and products; and vehicles, parts, and accessories being the most significant contributors.
- Merchandise exports were valued at \$3.2 billion, down \$252 million (7.3 percent).
- The fall in export values was led by a price driven decrease in crude oil exports.
- The trade balance was a deficit of \$163 million, or 5.1 percent of exports, a much lower proportion of exports than in recent July months.

Merchandise Trend Values
Monthly



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Commentary

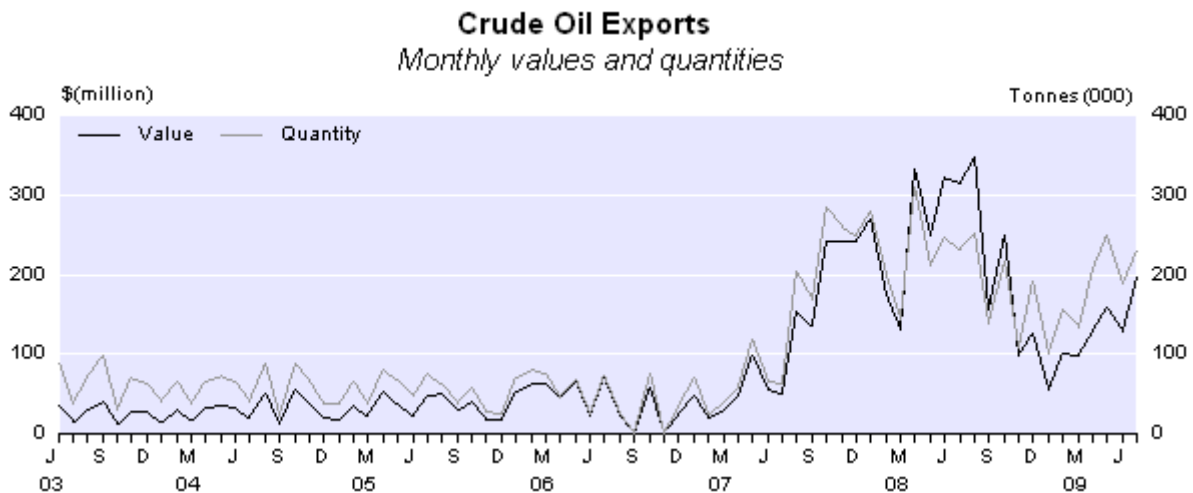
Information in this release is for the month of July 2009 compared with July 2008 unless otherwise stated.

Exports

The value of merchandise exports for the month of July 2009 was \$3.2 billion, down \$252 million (7.3 percent) from July 2008.

After rising steadily from mid 2007, the trend for total merchandise exports has been declining and is down 7.4 percent since its peak in October 2008. The strength in the export trend up until October 2008 was mainly a result of strong dairy prices and a substantial increase in crude oil exports.

Crude oil showed the largest decrease in July 2009, down \$119 million (37.8 percent). This fall was almost entirely due to lower prices, with quantities similar to July 2008.



Meat and edible offal was the next largest fall, down \$50 million (11.5 percent) as a result of lower quantities overall. This is the second consecutive monthly fall (compared with the same month of the previous year) and follows 14 consecutive monthly rises. The fall in July 2009 was led by frozen beef cuts and venison.

Iron and steel and articles (down \$35 million or 34.4 percent) and aluminium and aluminium articles (down \$28 million or 27.3 percent) were the next largest falls.

Milk powder, butter and cheese fell \$12 million (2.0 percent) compared with July 2008, despite quantities being 54.2 percent higher.

Milk Powder, Butter and Cheese Exports

Monthly values and quantities



The largest increase for exports was preparations of cereals, flour and starch, up \$20 million (35.7 percent) including a \$10 million (120 percent) increase in dairy-based infant formula. Wine was the next largest increase up \$19 million (28.8 percent) led by still white wine.

By country of destination, the largest falls for exports were to Australia, down \$141 million (16.1 percent) followed by the United States of America, down \$122 million (29.0 percent). These falls were mainly due to crude oil, with crude oil exports to Australia down \$113 million and to the United States down \$102 million, with the US importing a single shipment of crude oil in July 2008 and nothing since.

The largest increase in exports by country of destination was to the People's Republic of China up \$103 million (51.6 percent). The major contributors to this increase were crude oil exports to China, (which commenced in July 2009) at \$36 million; whole milk powder, up \$32 million; and pinus radiata logs, up \$29 million.

Imports

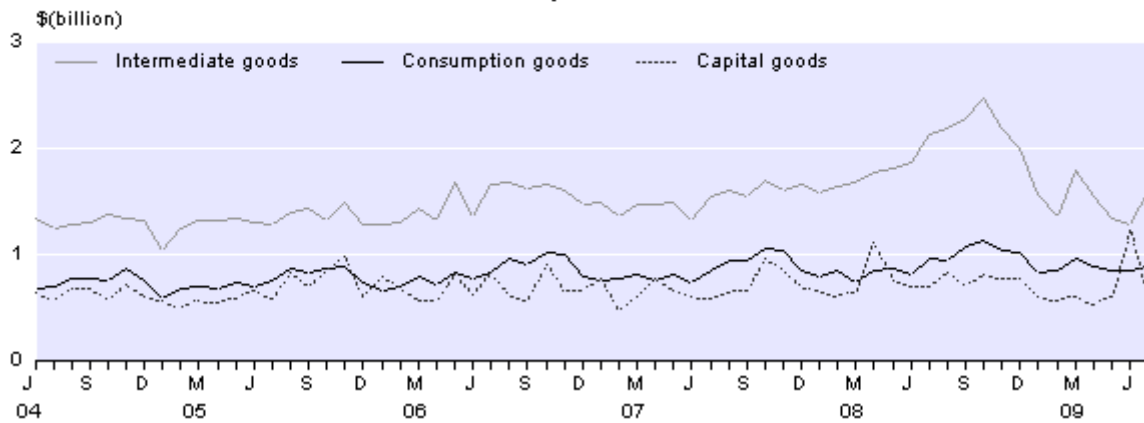
In July 2009, the value of merchandise imports was \$3.3 billion. This value was \$886 million (20.9 percent) lower compared with July 2008. In percentage terms, the decrease is the second largest monthly fall since February 1993 and closely follows the 21.8 percent fall in May 2009. The July 2009 fall is from a high level in July 2008.

The trend for the value of merchandise imports has been decreasing since August 2008, down 22.5 percent since then, although the rate of decline appears to be easing. However, initial trend estimates may be revised and should be used with caution until more data points are available.

All of the main broad economic categories were down in July 2009 compared with July 2008, with the intermediate goods category recording the largest decrease, down \$544 million (25.5 percent). This fall was led by decreases in automotive diesel and crude oil. Capital goods were down \$132 million (18.6 percent) led by machinery and plant equipment. Passenger motor cars were down \$124 million (43.3 percent). Consumption goods decreased \$73 million (7.5 percent) over the same period.

Imports by Broad Economic Category

Monthly values

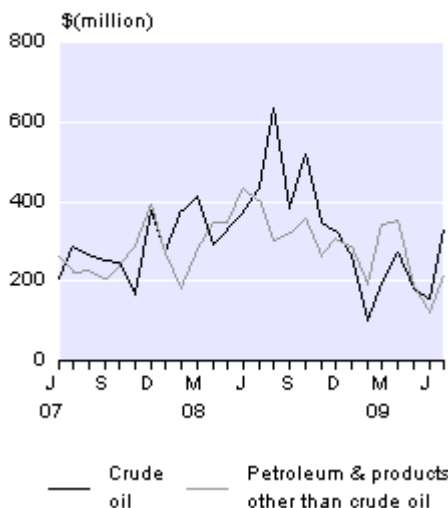


At the more detailed commodity level, the largest imports decrease in July 2009 was petroleum and products, down \$294 million (35.1 percent). This decrease was mainly due to automotive diesel, down \$183 million (83.5 percent), and crude oil, down \$101 million (23.4 percent). Prices for both these commodities have fallen significantly since July 2008. Crude oil and diesel are both imported in large, irregular shipments, which can give rise to large percentage fluctuations.

The next largest decrease was for vehicles, parts, and accessories, down \$220 million (46.2 percent). Passenger motor cars decreased \$125 million (43.4 percent), led by new petrol cars with a 1500–3000cc rating (down \$42 million), and new cars with a cc rating exceeding 3000 (down \$39 million). Goods transport vehicles decreased \$51 million (62.5 percent), led by decreases in goods transport vehicles not exceeding 3500kg, down \$32 million (71.2 percent), and goods transport vehicles exceeding 20 tonnes, down \$13 million (62.4 percent).

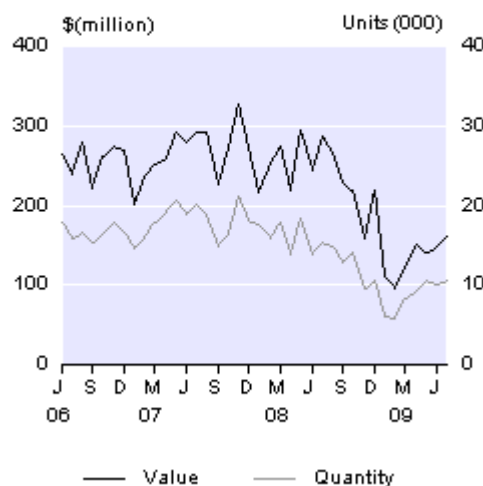
Petroleum and Products Imports

Monthly values



Passenger Motor Car Imports

Monthly values and quantities



The largest offsetting commodity showing an increase was aircraft and parts, up \$70 million (143.2 percent), due to the import of large aircraft.

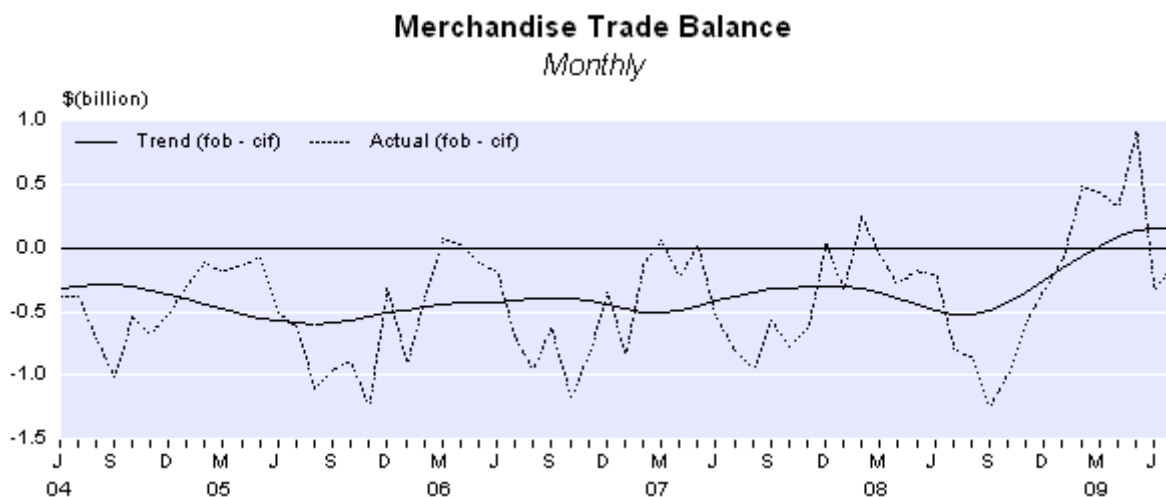
By country of origin, the largest decrease in imports came from Japan, down \$186 million (48.4 percent), led by petroleum and products (down \$73 million), and vehicles, parts, and accessories (down \$72 million). The imports value for the United Arab Emirates decreased \$165 million (94.3 percent), due to crude oil (down \$167 million), with none being imported this month.

The Republic of Korea had the largest increase in imports, up \$75 million (86.3 percent), led by increases in motor spirit (up \$51 million) and diesel (up \$36 million). Neither of these products were imported from Korea in July 2008.

Trade balance

In July 2009, the trade balance was a deficit of \$163 million or 5.1 percent of the value of exports. This compares with an average July deficit of 23.6 percent of exports for the previous five years.

The trend for the trade balance has risen significantly over the past 11 months. While the trend is now showing a trade surplus for the last five months, the latest trend estimates may be revised and should be treated with caution until more data points are available.



The annual trade balance for the year ended July 2009 was a deficit of \$2.5 billion (5.8 percent of exports). As a percentage of exports, this is only one-third of the average of 15.7 percent for the preceding five July years.

Three months ended July 2009

Exports of merchandise goods for the three months ended July 2009 were valued at \$10.4 billion, a fall of \$393 million (3.6 percent) from the same period of the previous year.

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

By commodity:

- Crude oil recorded the largest decrease, down \$402 million (45.4 percent), due mainly to lower prices.
- Aluminium and aluminium articles recorded the second largest decrease, down \$154 million (42.4 percent), led by a decrease in aluminium ingots and other unwrought forms.
- Logs, wood and wood articles showed the largest increase, up \$83 million (15.7 percent), led by a \$114 million increase in pinus radiata logs, mainly the result of increased quantities with prices also higher.
- Fruit was the second largest increase, up \$60 million (9.5 percent), led by a \$36 million increase in kiwifruit exports
- Milk powder, butter and cheese rose \$52 million (2.8 percent), with rises in skim milk powder (up \$81 million) and whole milk powder (up \$63 million) partly offset by falls in natural milk constituents (down \$42 million) and salted butter (down \$34 million).

By country of destination:

- Exports to Australia showed the largest fall, down \$304 million (12.0 percent), led by a \$306 million fall in crude oil.
- The next largest fall was in exports to Japan, down \$211 million (23.0 percent), led by decreases in unwrought aluminium.
- Exports to China showed the largest increase, up \$379 million (64.6 percent), with significant contributions from milk powder, pinus radiata logs, dairy-based nutritional powder, and crude oil.

Imports of merchandise goods for the three months ended July 2009 were valued at \$10.0 billion, down 16.6 percent from the same period of the previous year.

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

By commodity:

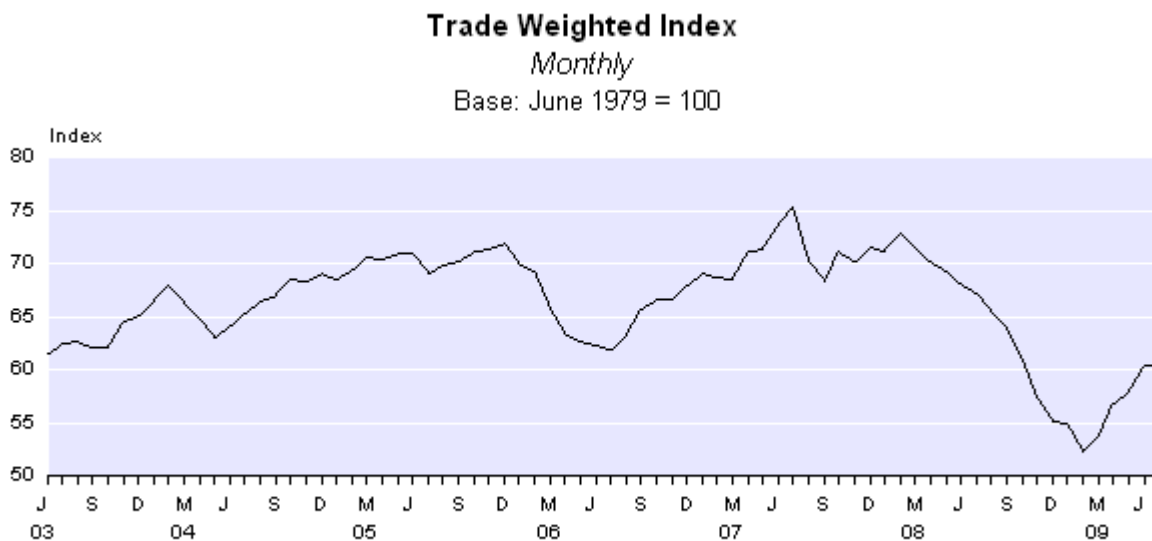
- The petroleum and products category had the largest decrease, down \$1.1 billion (48.9 percent), led by decreases in crude oil, down \$464 million, and automotive diesel, down \$341 million.
- Vehicles, parts and accessories decreased \$648 million (46.9 percent) – the second largest decrease, led by passenger motor vehicles, down \$374 million, and goods transport vehicles, down \$196 million.
- Aircraft and parts recorded the largest increase, up \$528 million (180 percent), led by an increase in large aircraft being imported, up \$489 million (266 percent). Jetstar commencing domestic air services in June 2009 was the major contributor to this increase.

By country of origin:

- Imports from Japan showed the largest decrease, down \$449 million (42.6 percent), due to a variety of items, including passenger motor vehicles (down \$149 million) and diesel (down \$130 million).
- The second largest decrease was in imports from Singapore, down \$383 million (60.4 percent) and mostly due to a decrease in petroleum and products (down \$378 million or 76.0 percent).
- The largest increase was from France, up \$587 million (313 percent), mostly due to the increase in large aircraft being imported.

Exchange rate movements

According to the Reserve Bank's Trade Weighted Index, the New Zealand dollar rose 0.5 percent in July 2009 compared with June 2009, and is down 9.8 percent compared with July 2008.



Source: Reserve Bank of New Zealand

Updates to previous statistics

Provisional values published on 28 July 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 28 July 2009			Published on 27 August 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:										
Apr 2009	P	3,662	3,320	342	3,641	3,319	322	-21	0	-20
May 2009	P	3,962	3,056	907	3,962	3,057	905	-1	1	-1
Jun 2009	P	3,199	3,617	-417	3,233	3,565	-332	34	-51	85
Year ended:										
Apr 2009	P	43,189	47,238	-4,049	43,168	47,238	-4,070	-21	0	-20
May 2009	P	43,410	46,383	-2,973	43,389	46,384	-2,995	-21	0	-22
Jun 2009	P	43,015	46,191	-3,176	43,027	46,140	-3,112	12	-51	63

(1) Figures are calculated on unrounded data.

Symbol:

P provisional

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Next release...

Overseas Merchandise Trade: August 2009 will be released on 25 September 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 23 working days in July 2008, compared with 23 in July 2007.

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, crude oil and petroleum
10. Exports and imports by standard international trade classification (SITC) Overseas merchandise trade, seasonally adjusted and trend values – quarterly