Hot Off The Press

Latest statistics from Statistics New Zealand

Statistics New Zealand
TATAURANGA AOTEAROA

Embargoed until 10:45 am – 28 July 2009

Overseas Merchandise Trade: June 2009

Highlights

June 2009 quarter:

Values are seasonally adjusted and compared with the March 2009 quarter unless otherwise stated.

- Exports decreased 5.4 percent to $10.2 billion, the second consecutive quarterly decrease.
- The value of dairy products showed the largest decrease, despite quantities increasing significantly.
- Imports decreased 3.4 percent to $10.4 billion. Without one-off imports, this quarter's imports would have fallen 8.7 percent.
- Imports of intermediate goods made the largest contribution to the decrease.
- The trade balance was a deficit of $217 million (2.1 percent of exports).

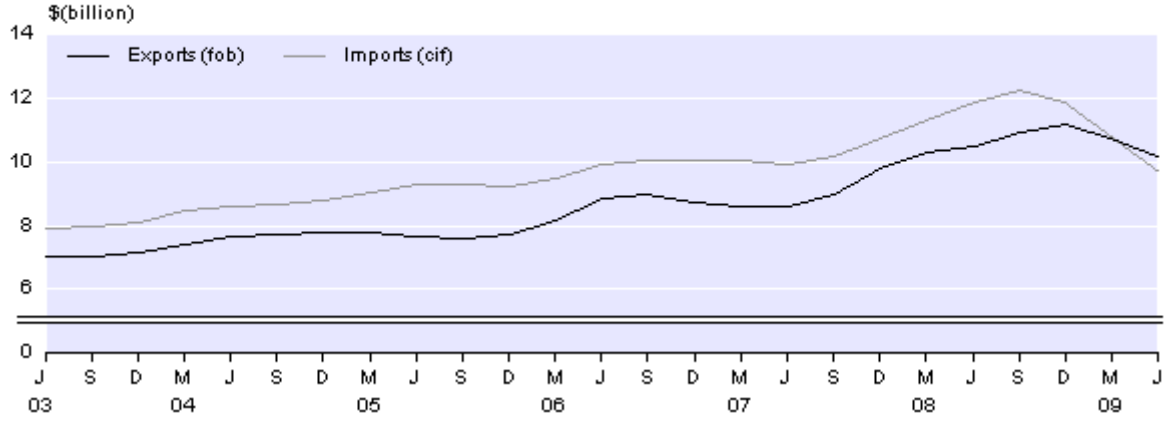
June 2009 month:

Values are actual and compared with the June 2008 month unless otherwise stated.

- Exports were valued at $3.2 billion, down $395 million or 11.0 percent.
- Crude oil, and milk powder, butter, and cheese were the largest export decreases.
- Imports were valued at $3.6 billion, down $192 million or 5.1 percent, despite the one-off import of several large aircraft valued at $571 million.
- The trade balance was a deficit of $417 million (13.1 percent of exports). With one-offs removed, the trade balance would have been a surplus of $154 million (4.8 percent of exports).

Merchandise Trend Values

Quarterly



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Acting Government Statistician

28 July 2009

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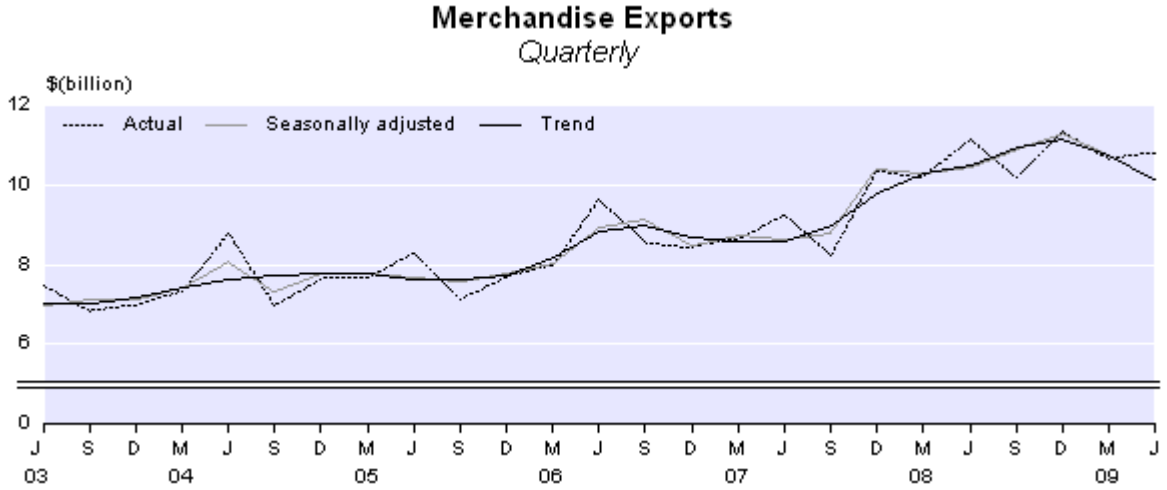
Commentary

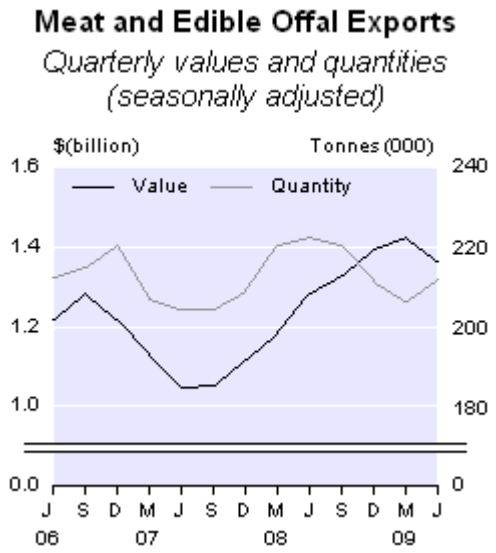
Seasonally adjusted exports – June 2009 quarter

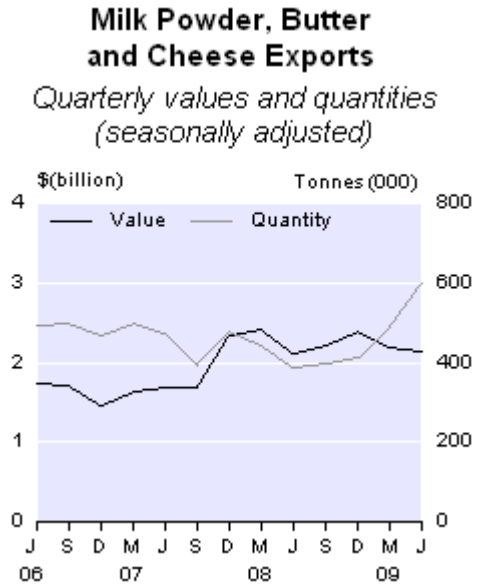
The seasonally adjusted value of merchandise exports for the June 2009 quarter ($10.2 billion) fell 5.4 percent compared with the March 2009 quarter ($10.7 billion). This is the second consecutive quarterly decrease, and follows a decrease of 5.0 percent in the March 2009 quarter. This quarter's fall brings the value of total merchandise exports to its lowest level since the September 2007 quarter. Following the September quarter, there were various factors contributing to increased exports, including the first full quarter's production of crude oil at the Tui oil field, and increased prices in the dairy, and petroleum and products sectors.



The trend for total merchandise exports has fallen for the two most recent quarters, down a total of 9.0 percent since the December 2008 quarter. Prior to this, the trend had been rising since March 2007 at an average rate of 3.8 percent per quarter.

Seven of the top 10 commodity groupings in table 12 recorded decreases this quarter. Casein and caseinates recorded the largest decrease, down 21.9 percent ($64 million), despite a 6.3 percent rise in the quantity exported. Milk powder, butter and cheese also recorded a decrease, down 1.9 percent ($40 million), despite a large (22.1 percent) increase in quantities. Meat and edible offal also recorded a decrease this quarter, down 4.2 percent ($59 million), also led by price decreases.

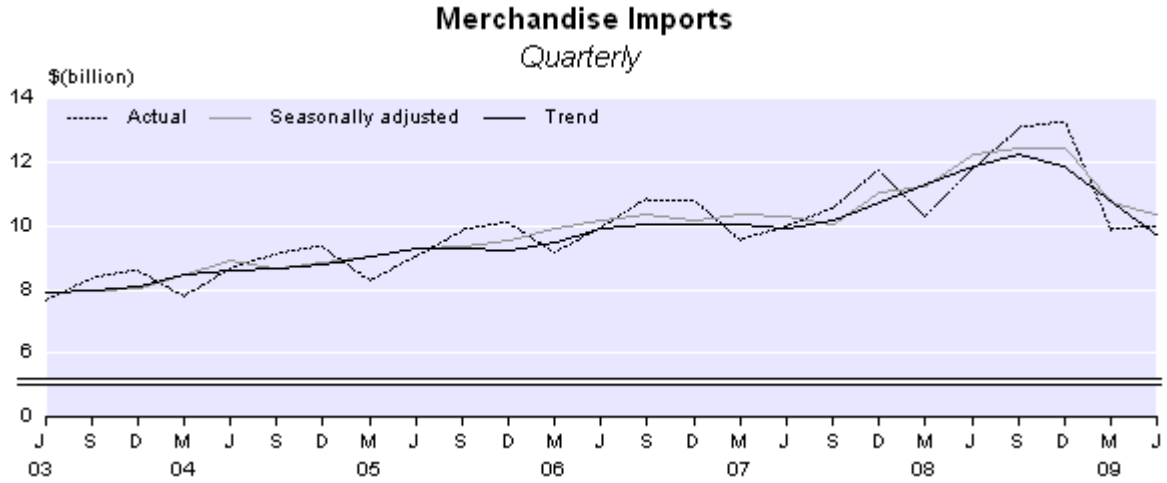




Crude oil was the commodity with the largest rise in the June 2009 quarter, rising 63.6 percent ($162 million), driven by a 69.0 percent increase in quantities. This rise in crude oil exports coincides with the commencement of oil exported from the Maari oil field in April, and follows consecutive declines over three quarters, including decreases of more than 40 percent for the previous two quarters. Logs, wood, and wood articles recorded the second largest increase, up 13.5 percent ($74 million), driven by a 21.5 percent increase in quantities.

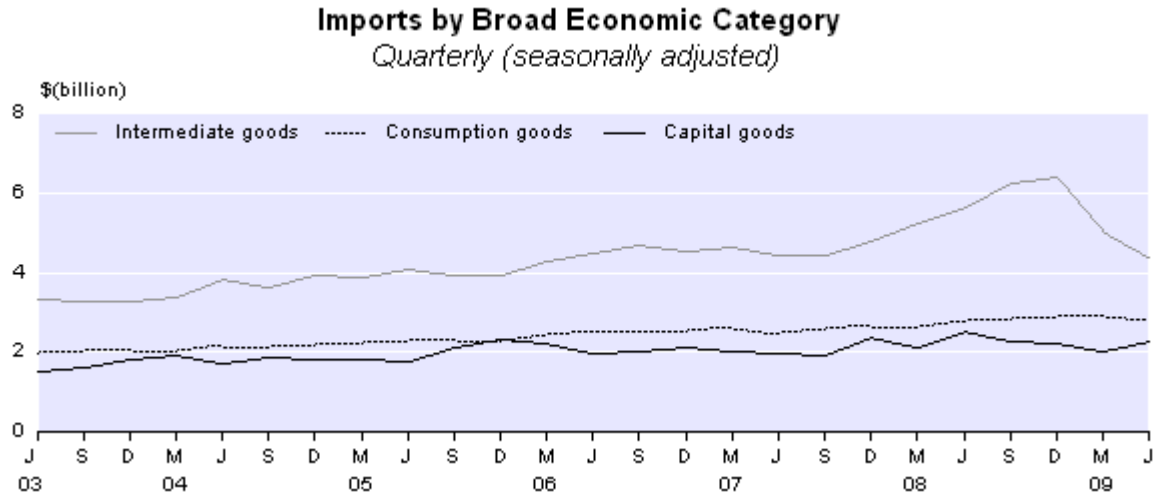
Seasonally adjusted imports – June 2009 quarter

The seasonally adjusted value of merchandise imports decreased 3.4 percent to $10.4 billion in the June 2009 quarter following a 13.7 percent decrease in the March 2009 quarter. The June 2009 quarter included the one-off importation of several large aircraft valued at $571 million, associated with Jetstar commencing domestic air services in New Zealand. Without this one-off import there would have been a 8.7 percent decrease in the seasonally adjusted value of imports for the June 2009 quarter.



Of the broad economic groups, intermediate goods showed the largest decline, followed by consumption goods. These decreases were partly offset by increases in capital goods, passenger cars, and petrol and avgas.

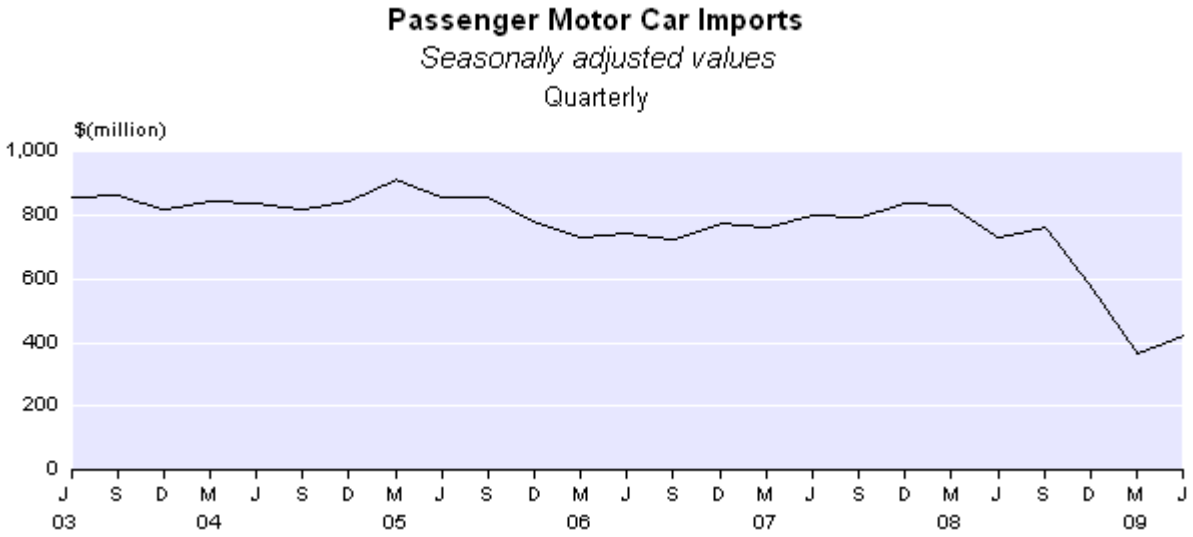
Intermediate goods fell 12.6 percent ($634 million) this quarter. Intermediate goods other than crude oil declined 16.6 percent ($743 million) following a 12.8 percent fall in the March 2009 quarter. There were falls across all the major categories of intermediate goods other than crude oil. Major contributions to the fall came from: processed industrial supplies, down 9.9 percent ($228 million), including a notable fall in fertiliser; processed fuels and lubricants, other than motor spirit, were down 37.8 percent ($207 million); and parts and accessories of capital goods were down 15.5 percent or $191 million. Crude oil, which is not seasonally adjusted, rose 18.5 percent or $104 million. Crude oil is imported in large, irregular shipments which can give rise to large percentage fluctuations.



Consumption goods declined 2.7 percent ($78 million) in the June 2009 quarter, following a 1.1 percent rise in the March 2009 quarter. The main contributors to this decline were semi and non durable consumer goods, and transport equipment (this category includes motorcycles, boats and aircraft).

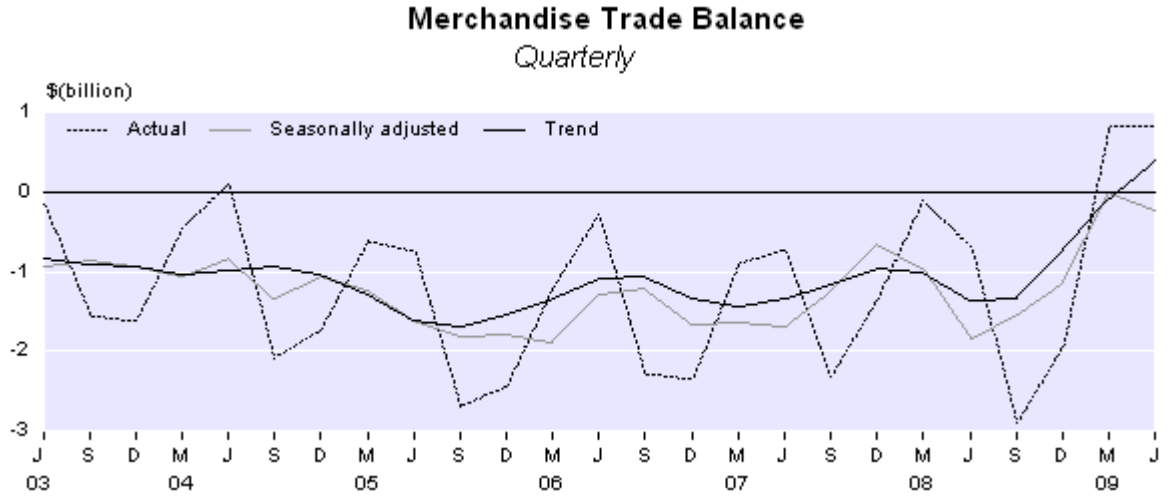
Capital goods imports rose 13.3 percent ($267 million) in the June 2009 quarter mainly because of a 216 percent ($529 million) rise in transport equipment as a result of the one-off imports of aircraft mentioned above. Machinery and plant declined 14.8 percent ($262 million), following a decline of 2.4 percent in the March 2009 quarter.

Passenger cars rose 15.5 percent ($57 million), the first rise since the September 2008 quarter. This increase is from a low level, with the March 2009 quarter value being the lowest since the June 1998 quarter.



Seasonally adjusted trade balance – June 2009 quarter

The seasonally adjusted trade balance for the June 2009 quarter was a deficit of $217 million (2.1 percent of exports), following a nearly nil deficit ($1 million) in the March 2009 quarter. Prior to the March 2009 quarter, trade deficits of less than 5 percent of exports had not been seen since the first half of 2002. If it had not been for the one-off imports of aircraft during the June month, the June 2009 quarter would have had a seasonally adjusted surplus of $354 million (3.5 percent of exports). The most recent quarterly seasonally adjusted trade surplus was in the December 2001 quarter.



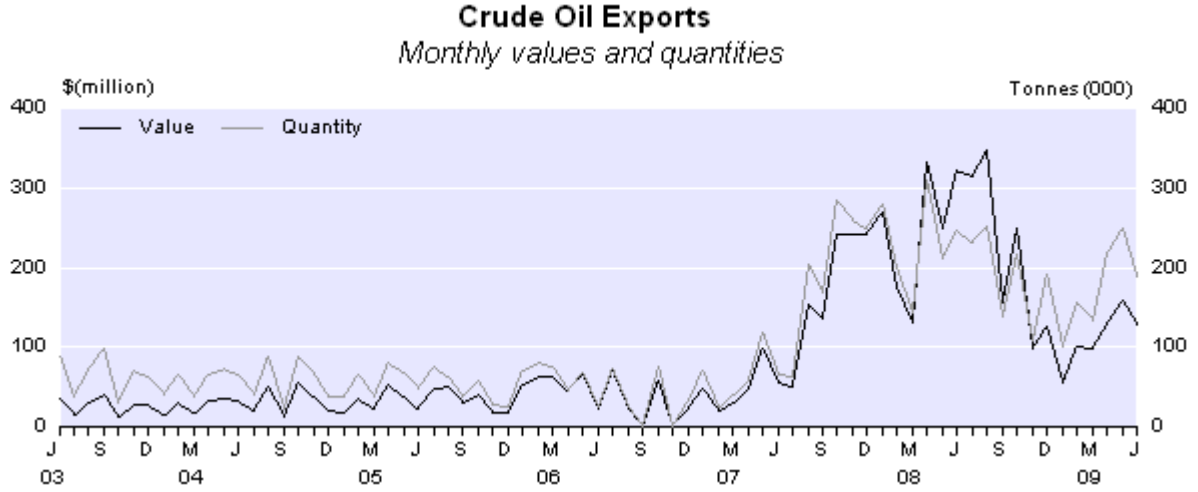
June 2009 month – actual values

In the month of June 2009, merchandise exports were valued at $3.2 billion, down $395 million (11.0 percent) from June 2008. When comparing to the same month of the previous year, this is the largest decrease for exports since July 2007. Exports in June 2008 were lifted by various factors, including high production from the Tui oilfield, high international oil prices and higher dairy prices.

The export trend has decreased 4.5 percent since October 2008, with an average decline of 0.6 percent per month.

In the month of June 2009, key decreases and increases in exports by commodity and by country of destination were as follows:

- Crude oil was down $193 million (60.1 percent) for the month, due to decreases in both quantity and value.
- Milk powder, butter and cheese decreased $69 million (11.1 percent), largely the result of decreased prices.
- The largest increase for the month was in precious metals, jewellery and coins, which increased $19 million (43.1 percent). This was the result of a $33 million increase in unwrought gold, partly offset by a $18 million decrease in semi-manufactured gold.
- Exports to Australia had the largest decrease in June 2009, down $243 million (25.5 percent), led by crude oil, down $215 million (66.9 percent), associated with decreased prices and quantities.
- The largest exports increase was to the People's Republic of China, up $101 million (49.1 percent). This increase was through a variety of items, including a 185 percent increase in wood and wood articles, up $48 million, as well as a quantity driven increase in whole milk powder (up $20 million or 355 percent).



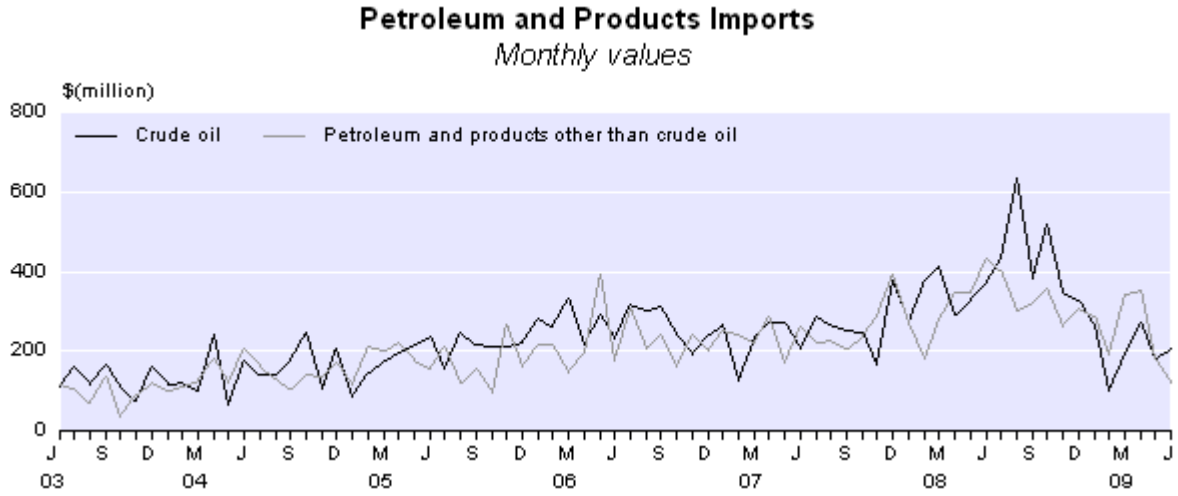
In the month of June 2009, merchandise imports were valued at $3.6 billion, down $192 million (5.1 percent) from June 2008. As mentioned previously, the June month includes the one-off import of several large aircraft valued at $571 million. Excluding this one-off, merchandise imports would have been $3.0 billion, a decrease of 20.0 percent on June 2008.

The trend for merchandise imports has been decreasing since August 2008, and is down 20.2 percent since then.

Key decreases and increases in imports by commodity and by country of origin were as follows:

- Petroleum and products recorded the largest decrease, down $478 million (59.2 percent). Crude oil was a significant contributor to this decrease with lower prices and quantities. As previously discussed, crude oil is imported in large, irregular shipments.
- Vehicles, parts and accessories was the next largest decrease, down $183 million (43.6 percent), as imports of passenger motor cars fell by $96 million (39.1 percent) and goods transport vehicles fell by $67 million (69.6 percent).

- Salt, earths, stone, lime and cement decreased $65 million (91.3 percent) – natural calcium phosphates and sulphur contributed most of this decrease, although imports of both of these commodities tend to be irregular with none imported in June 2009.
- The largest offsetting increase was from aircraft and parts, up $544 million (620 percent) – mainly the result of the one-off import of several large aircraft associated with Jetstar commencing domestic air services in New Zealand.
- Electrical machinery and equipment was the next largest increase, up $84 million (26.3 percent), mainly as a result of an increase in electricity generators of $86 million, the imports of which are also irregular.
- The largest decrease in imports by country of origin came from Australia, down $196 million (25.2 percent), led by decreases in the imports of crude and partly refined crude. Singapore was down $190 million (78.0 percent) mainly as a result of a decrease in refined petroleum products.
- The largest increase in imports by country of origin came from France, up $555 million (979 percent), and is mainly a result of the one-off import of several large aircraft already mentioned. The next largest increase was from the Republic of Korea, up $54 million (74.6 percent), led by the import of stainless steel steam pipes, with none being imported in the previous June month.



Trade balance – June 2009 actual values

The trade balance for the June 2009 month was a deficit of $417 million (13.1 percent of exports). With the one-off imports of large aircraft removed there would have been a surplus of $154 million (4.8 percent of exports). Over the last 10 years there have only been two June surpluses, in 2001 and 2002. The average trade balance for June months over that period has been a deficit of $202 million (or 7.2 percent of exports).

The trade balance for the June 2009 year was a deficit of $3.2 billion (7.4 percent of exports) compared with an average deficit of 10.5 percent of exports over the last 10 June years.

Year ended June 2009 – actual values

The value of merchandise exports for the year ended June 2009 was $43.0 billion, up 7.5 percent from the $40.0 billion recorded in the year ended June 2008. The majority of this increase was recorded during the first few months of this period, in line with the monthly trend. Key increases and decreases by commodity and country of destination were:

- Meat and edible offal recorded the largest increase, up $845 million (18.1 percent), despite a decrease in quantities exported.
- Logs, wood and wood articles exports rose $351 million (17.5 percent) – the next largest increase – due to price and quantity increases for pine logs.
- Crude oil recorded the largest decrease, down $578 million (22.7 percent) as both prices and quantities fell.
- China had the largest increase of any country, up $1.3 billion (61.6 percent), led by milk powder, butter and cheese, and logs, wood and wood articles. China is now ahead of Japan as the third largest country of destination for exports, behind Australia and the United States of America.
- The next largest increase by country was to the United States of America, up $755 million (18.8 percent), led by milk powder, butter and cheese, and meat and edible offal.

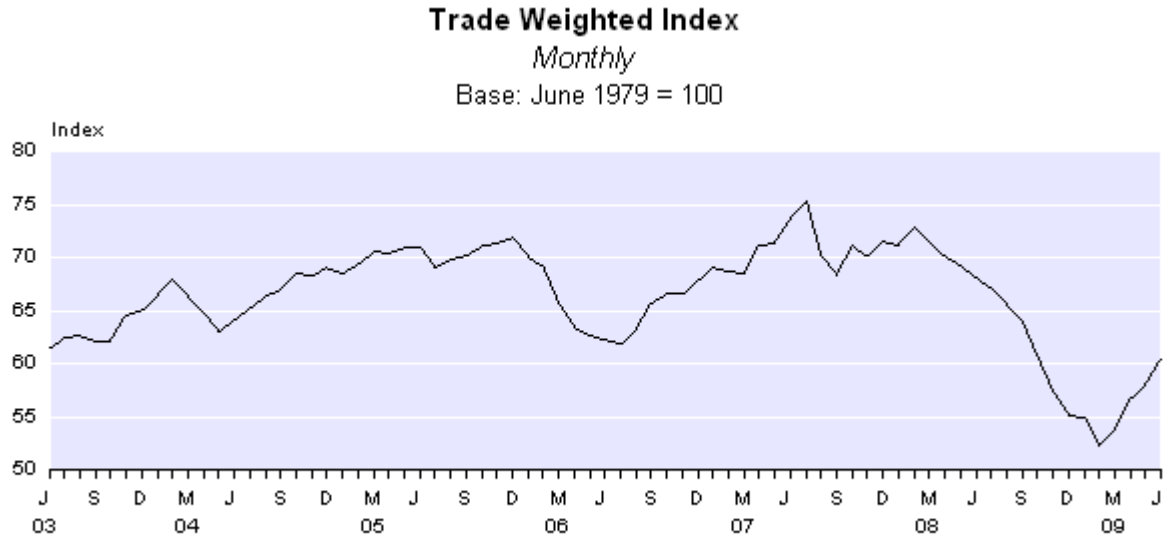
The value of merchandise imports in the year ended June 2009 was $46.2 billion, up 3.8 percent on the previous June year. Key increases and decreases in imports by commodity and by country of origin were as follows:

- Aircraft and parts had the largest increase, up $593 million (75.2 percent), mainly due to the large one-off import in June 2009.
- Electrical machinery and equipment was the next largest increase, up $550 million (14.6 percent), led by electricity generators, up $248 million, and mobile phones, up $84 million.
- Fertilisers were up $322 million (63.7 percent), mainly due to higher prices for potassium chloride and urea.
- The largest offsetting decrease was from vehicles, parts and accessories, down $1.4 billion or 25.7 percent. This decrease was led by a $1.0 billion decrease in passenger cars. Petrol cars with a 1500-3000cc rating decreased $473 million and those with a cc rating exceeding 3000 decreased $404 million. In addition, imports of goods vehicles decreased $410 million, while tractors increased by $82 million.
- The largest increase by country of origin was for China, up $836 million (14.4 percent). Electrical machinery and equipment, up $203 million (including items such as mobile phones), and salt, earths, stone, lime and cement, up $71 million (mainly natural calcium phosphates), showed the two largest increases.
- The next largest increase by country of origin was France, up $690 million (98.3 percent), mainly as a result of the one-off import of aircraft in June 2009.
- Australia recorded the largest annual decrease, down $569 million (6.6 percent), mainly due to falls in petroleum products and passenger motor cars. The next largest decrease was for Malaysia, down $491 million (26.6 percent).

Exchange rate movements

According to the Reserve Bank's Trade Weighted Index (TWI), the New Zealand dollar was 4.1 percent higher in June 2009 compared with May 2009, and 11.4 percent lower compared with June 2008.

The TWI rose 8.7 percent in the June 2009 quarter, compared with the March 2009 quarter, the first rise following four quarters of falls. The TWI is 15.7 percent lower in the June 2009 quarter than it was in the same period of the previous year.



Source: Reserve Bank of New Zealand

Updates to previous statistics

Provisional values published on 29 June 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 29 June 2009 $(million)(1)			Published on 28 July 2009 $(million)(1)			Change $(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:									
Mar 2009 P	4,054	3,615	439	4,053	3,615	438	-2	0	-1
Apr 2009 P	3,645	3,327	319	3,662	3,320	342	17	-7	24
May 2009 P	3,960	3,101	858	3,962	3,056	907	3	-45	48
Year ended:									
Mar 2009 P	43,354	48,038	-4,683	43,353	48,037	-4,684	-2	0	-1
Apr 2009 P	43,174	47,245	-4,072	43,189	47,238	-4,049	15	-7	22
May 2009 P	43,392	46,436	-3,044	43,410	46,383	-2,973	18	-53	71

(1) Figures are calculated on unrounded data.

Symbol:

P provisional

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Next release...

Overseas Merchandise Trade: July 2009 will be released on 27 August 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).
INFOS	Information Network for Official Statistics (Statistics New Zealand's computer database of publishable statistics – available online by subscription).
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 June 2009, compared with 20 in June 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 Organisation. 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 INFOS (Information Network for Official Statistics). 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/*
- INFOS (Information Network for Official Statistics)
- 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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Liability

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.

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6. Imports of main commodities
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8. Exchange rates
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