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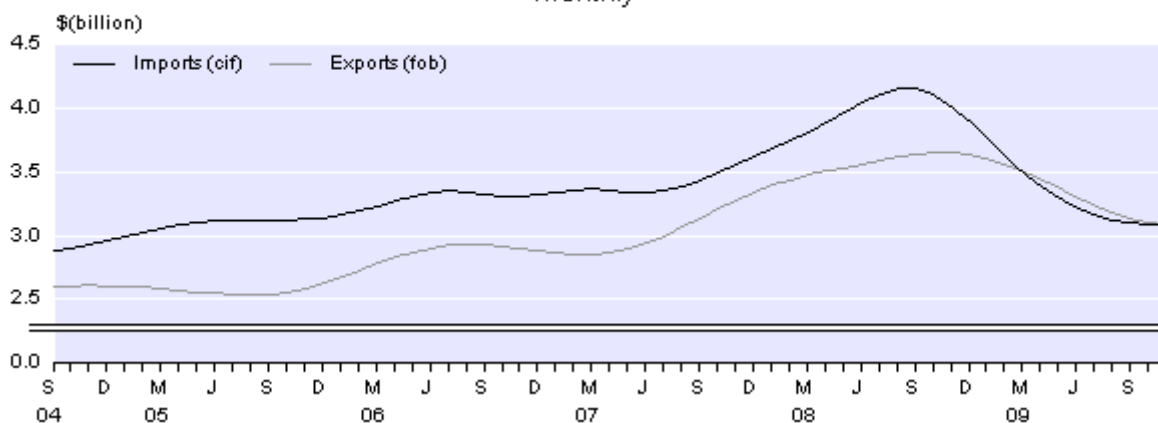
## Overseas Merchandise Trade: November 2009

### Highlights

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

- Merchandise exports were valued at \$3.1 billion, down \$614 million (16.7 percent).
- The fall in exports was widespread with milk powder, butter, and cheese; and casein and caseinates being the most significant contributors.
- The exports trend has been falling since October 2008, and is down 15.5 percent since then.
- Merchandise imports were valued at \$3.3 billion, down \$938 million (22.0 percent).
- The fall in imports was also widespread with mechanical machinery and equipment; and petroleum and products being the most significant contributors.
- The imports trend has declined 25.7 percent since August 2008, although the decline in the trend has eased in recent months.
- The trade balance was a deficit of \$269 million, or 8.8 percent of exports; compared with an average November deficit of 27.6 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 November 2009 compared with November 2008 unless otherwise stated.

## Exports

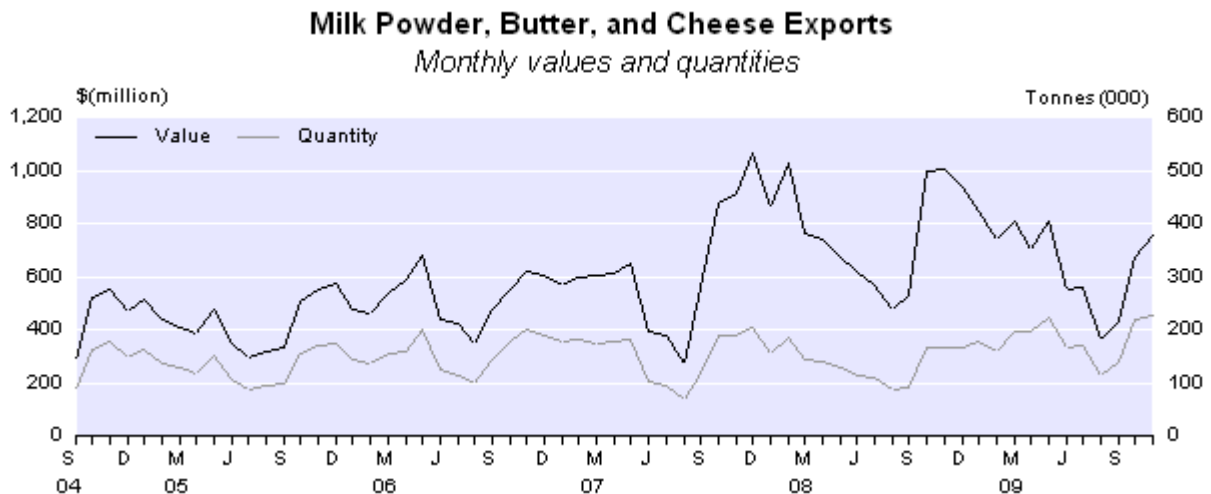
The value of merchandise exports for the month of November 2009 was \$3.1 billion, down \$614 million (16.7 percent) from November 2008. This is the sixth consecutive monthly fall in export values compared with the same month of the previous year.

The trend for total merchandise exports has been declining following the peak in October 2008 and is down 15.5 percent since then. This is the sharpest fall seen in the trend since the series began in 1988. The only larger fall in the exports trend was a 16.5 percent drop recorded over 25 months between mid-2001 and mid-2003. The level of the trend is now comparable to what it was in August 2007.

Most of the top 40 commodity categories and most of the top 20 countries, by country of destination, showed decreases in export values in November 2009 compared with November 2008. Key decreases and increases in exports by commodity and by country of destination were as follows:

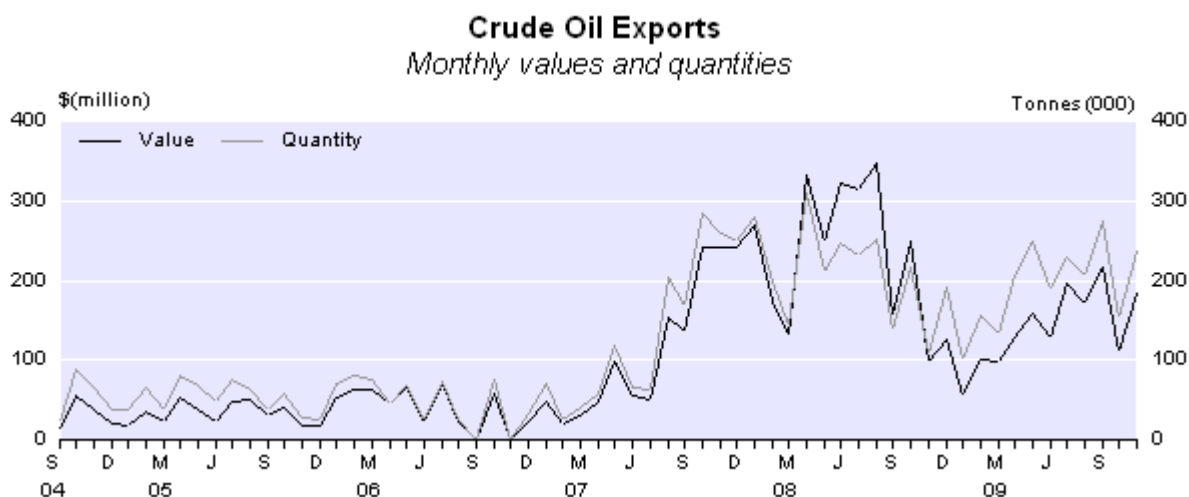
By commodity:

- Milk powder, butter, and cheese showed the largest decrease in November 2009, down \$250 million (24.9 percent). This decline was led by unsweetened whole milk powder, down \$81 million (22.3 percent), due to lower prices, with quantities exported up 48.0 percent. Large decreases were also recorded for natural milk constituents, down \$62 million; unsalted butter, down \$27 million; and sweetened skim milk, down \$26 million.



- Casein and caseinates was the second largest decrease, down \$60 million (51.8 percent), a mainly price driven fall with quantities down 9.8 percent.
- Mechanical machinery and equipment was down \$52 million (29.2 percent), the next largest decrease, with falls across a wide range of commodities.

- Meat and edible offal was down \$40 million (11.7 percent) mainly due to a fall in frozen beef cuts.
- Crude oil was the largest increase, up \$86 million (88.7 percent), with quantities up more than double compared with November 2008. Crude oil export shipments can be irregular, which gives rise to large fluctuations in quantities and values.



- There were a few other small increases, with the largest being precious metals, jewellery, and coins, up \$15 million (24.2 percent); and wood pulp and waste paper, up \$13 million (35.1 percent).

By country of destination:

- The United States of America was the destination with the largest decrease in exports, down \$227 million (46.7 percent). Significant falls occurred in milk powder, butter, and cheese, down \$88 million (led by natural milk constituents); casein and caseinates, down \$45 million; and meat and edible offal, down \$28 million (led by frozen beef cuts).
- Japan was the second largest decrease, down \$149 million (43.5 percent). Significant contributions to this fall came from: logs, wood, and wood articles, down \$32 million (led by pinus radiata logs); and aluminium, and aluminium articles, down \$23 million (led by unwrought aluminium).
- Saudi Arabia was the next largest decrease, down \$36 million (52.1 percent), led by a \$28 million fall in milk powder, butter, and cheese.
- Australia was the destination with the largest increase in exports, up \$68 million (8.3 percent), and Singapore was up \$24 million (36.7 percent). Both increases were led by crude oil exports.

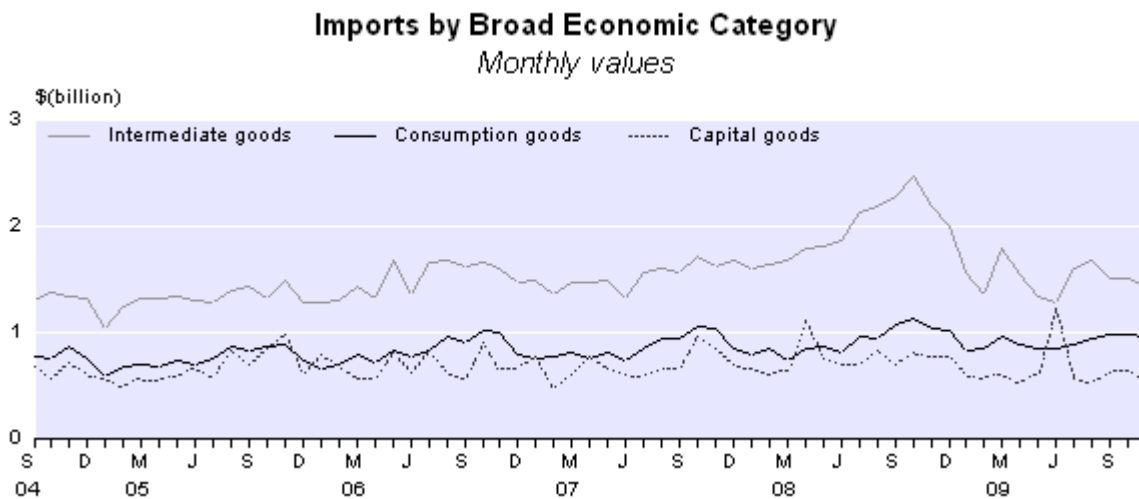
## Imports

In the month of November 2009, merchandise imports were valued at \$3.3 billion, down \$938 million (22.0 percent) from November 2008. Excluding one-off imports, import values over each of the last seven months have fallen between 19.9 percent and 28.3 percent, when compared with the same month of the previous year.

The trend for total merchandise imports has been declining following the peak in August 2008 and is down 25.7 percent since then. The fall in the trend continues the longest period of decline and the largest fall seen since the series began in 1988, although the rate of decline has been easing in recent months. The level of the trend is now comparable to what it was in April 2005.

All of the main broad economic categories were down in November 2009 compared with November 2008, except for petrol and avgas, and passenger motor cars.

- The intermediate goods category recorded the largest decrease, down \$741 million (33.9 percent). Falls were widespread in this category, with crude oil, down \$125 million (35.9 percent), being the largest, mainly due to lower prices. Other commodities showing significant declines included natural calcium phosphates (with quantities almost halved), fertilisers (with large decreases in both urea and potassium chloride), and automotive diesel.
- Capital goods declined \$226 million (29.4 percent). Mechanical machinery and equipment was the most notable contributor to this fall, with decreases across a wide range of commodities. Refrigerated vessels, tractors, and wind powered generators were also leading contributors.
- Consumption goods were down \$72 million (6.9 percent), with falls across most commodities. Some of the more notable decreases included soya-bean oil, medicaments, televisions, bicycles, motorcycles, and pleasure boats.
- Passenger motor cars were the largest increase, up \$74 million (46.9 percent) compared with November 2008, when the lowest November value since 1997 was recorded. This is the first rise following 13 months of falls compared with the same month of the previous year. Imports of new and used petrol cars with a rating exceeding 1000cc were up \$71 million.
- Petrol and avgas was the next largest increase, up \$54 million (72.9 percent).



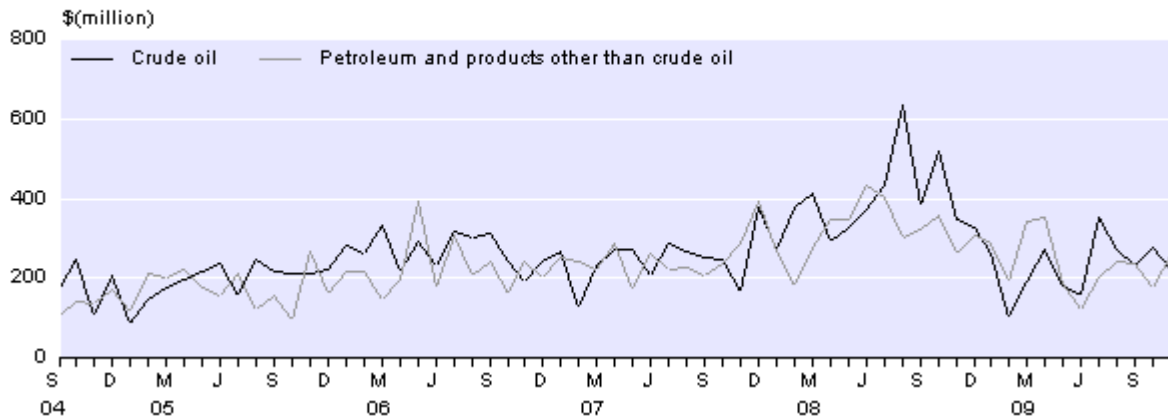
In November 2009 compared with November 2008, import values declined across most of the top 40 commodity categories and most of the top 25 countries by country of origin.

By commodity:

- Mechanical machinery and equipment was the largest fall, down \$137 million (25.9 percent). There were falls across a wide range of commodities, with computer parts and accessories; diesel engines; and aircraft engine parts being notable contributors to the decrease.
- Petroleum and products recorded the next largest decrease, down \$130 million (21.4 percent). This fall was led by crude oil, down \$125 million (35.9 percent); and automotive diesel, down \$39 million, both mainly due to lower prices.

## Petroleum and Products Imports

*Monthly values*



- Salts, earths, stone, lime, and cement, down \$128 million (84.0 percent); and electrical machinery and equipment, down \$95 million (21.6 percent), were the next largest decreases.
- By comparison, increases in imports were fewer and smaller, the largest being vehicles, parts, and accessories, up \$16 million (4.9 percent); cocoa and cocoa preparations, up \$9 million (50.6 percent); and cereals, up \$8 million (59.9 percent).

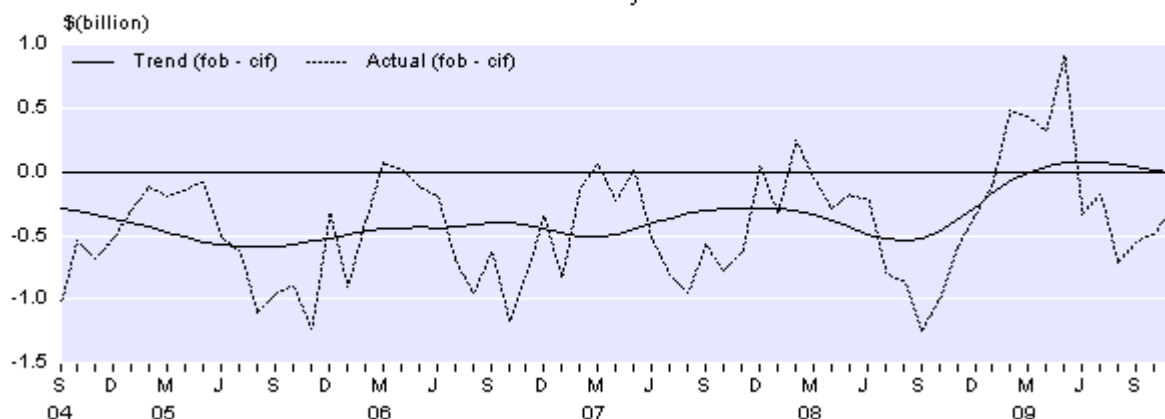
By country of origin:

- The United States of America recorded the largest decrease in imports, down \$152 million (35.1 percent), led by falls in mechanical machinery and equipment, down \$60 million; aircraft and parts, down \$26 million; and vehicles, parts, and accessories, down \$16 million.
- China was the next largest fall, down \$143 million (20.7 percent). The largest decrease came from ships, boats, and floating structures, down \$42 million. Other commodities that contributed to the decline included salts, earths, stone, lime, and cement, down \$16 million (driven by natural calcium phosphates); iron and steel, and articles, also down \$16 million; and textiles and textile articles, down \$9 million.
- Imports of petroleum and products tend to be irregular, especially by country of origin. In November 2009, Qatar was down \$121 million (69.3 percent), and the United Arab Emirates was up \$23 million (295 percent), both led by crude oil; while Singapore was up \$75 million (102 percent), led by petroleum and products other than crude.

## Trade balance

In November 2009, the trade balance was a deficit of \$269 million or 8.8 percent of the value of exports. This compares with an average November deficit of 27.6 percent of exports for the previous five years.

## Merchandise Trade Balance Monthly



The annual trade balance for the year ended November 2009 was a deficit of \$846 million (2.1 percent of exports). This is the smallest annual deficit since September 2002 in dollar terms and as a percentage of exports, and is much lower than the average (16.3 percent of exports) for the preceding five November years.

### Three months ended November 2009

Exports of merchandise goods for the three months ended November 2009 were valued at \$8.9 billion, a fall of \$1.8 billion (17.1 percent) from the same period of the previous year.

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

By commodity:

- Milk powder, butter, and cheese recorded the largest decrease, down \$665 million (26.3 percent), with declines across a wide range of commodities. The most significant declines came from unsweetened whole milk powder (down \$210 million), cheddar cheese (down \$94 million) and natural milk constituents (down \$72 million).
- Casein and caseinates was the next largest decrease, down \$128 million (45.0 percent), which was price driven with quantities up 2.1 percent.
- Aluminium and aluminium articles, down \$119 million (32.7 percent), and mechanical machinery and equipment, down \$116 million (22.2 percent), were the next largest decreases.
- By comparison, increases in exports for the latest three months were far fewer in number and much smaller. The largest offsetting increases were precious metals, jewellery, and coins, up \$17 million (9.1 percent), and crude oil, up \$8 million (1.7 percent).

By country of destination:

- The United States was the destination with the largest decrease in exports, down \$415 million (36.9 percent). Milk powder, butter, and cheese declined \$121 million (led by natural milk constituents); casein and caseinates declined \$99 million; and meat and edible offal declined \$55 million (led by frozen beef cuts).
- Japan, down \$342 million (36.1 percent), was the second largest fall. Aluminium and aluminium articles declined \$89 million (led by unwrought aluminium); milk powder, butter, and cheese, declined \$68 million (led by cheese); and logs, wood, and wood articles declined \$41 million, spread over several commodities.

- Australia, down \$144 million (5.5 percent), was the next largest decrease, led by crude oil, down \$84 million; and iron and steel, and articles, down \$39 million.
- Singapore was the destination with the largest increase in exports, up \$77 million (40.2 percent), mainly due to an increase in crude oil.
- The People's Republic of China showed the next largest increase, up \$69 million (9.6 percent). Milk powder, butter, and cheese increased \$63 million (led by unsweetened whole milk powder); and logs, wood, and wood articles increased \$42 million (led by pinus radiata logs). These rises were partly offset by a \$35 million fall in infant formula.

Imports of merchandise goods for the three months ended November 2009 were valued at \$10.2 billion, down 24.7 percent from the same period of the previous year.

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

By commodity:

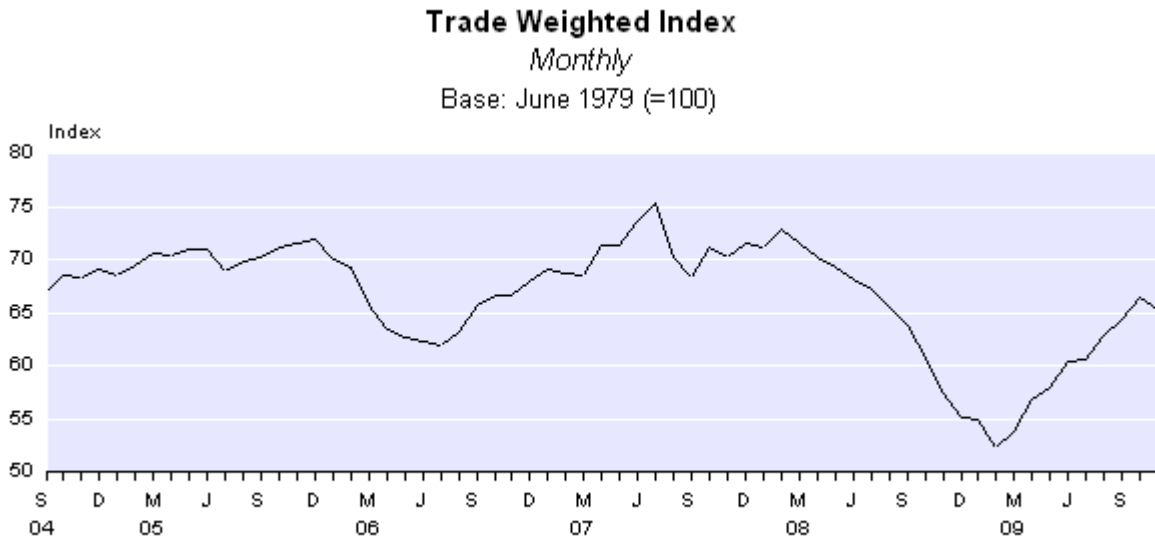
- The petroleum and products category had the largest decrease, down \$789 million (36.0 percent), which was led by crude oil, down \$516 million (41.3 percent), largely due to lower prices, with quantity down 5.0 percent.
- Mechanical machinery and equipment was the second largest decrease, down \$452 million (28.0 percent), spread across several commodities, with gas turbine parts and accessories, earth moving machinery, computer parts and accessories, and spray equipment being leading contributors.
- Iron and steel, and articles were the next largest decrease, down \$295 million (53.4 percent).
- Vehicles, parts, and accessories decreased \$265 million (22.9 percent), led by goods transport vehicles, down \$119 million; and tractors, down \$64 million.
- Aircraft and parts recorded the largest increase, up \$128 million (62.6 percent), led by imports of large aircraft, up \$143 million.

By country of origin:

- Australia showed the largest decrease, down \$384 million (16.2 percent), led by crude oil (down \$118 million); with significant decreases in iron and steel, and articles (down \$71 million); mechanical machinery and equipment (down \$44 million); and inorganic chemicals (down \$42 million).
- Japan was the second largest decrease, down \$366 million (34.2 percent), including automotive diesel (down \$133 million); vehicles, parts, and accessories (down \$72 million); mechanical machinery and equipment (down \$50 million); and electrical machinery and equipment (also down \$50 million).
- China was the next largest decrease, down \$341 million (17.1 percent), with falls across a wide range of commodities. The most significant fall came from iron and steel, and articles, down \$53 million.
- Indonesia was down \$279 million (68.6 percent), led by crude oil, down \$216 million.
- The United Arab Emirates was the largest increase, up \$31 million (22.1 percent), driven by partly refined petroleum (up \$20 million) and crude oil (up \$14 million).
- Only two other countries in the top 25 showed increases for the last three months compared with the same period of last year; these were Switzerland, up \$11 million (13.4 percent), and India, up \$2 million (2.3 percent).

## Exchange rate movements

According to the Reserve Bank's Trade Weighted Index (TWI), the New Zealand dollar was 1.9 percent lower in November 2009 compared with October 2009, and 13.6 percent higher compared with November 2008.



Source: Reserve Bank of New Zealand

## Updates to previous statistics

Provisional values published on 27 November 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 November 2009			Published on 07 January 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)	
Month of:										
Aug 2009	P	2,744	3,462	-717	2,745	3,461	-717	0	0	1
Sep 2009	P	2,827	3,390	-563	2,822	3,384	-562	-5	-6	1
Oct 2009	P	2,967	3,454	-487	2,962	3,458	-495	-5	3	-8
Year ended:										
Aug 2009	P	41,939	44,299	-2,360	41,939	44,299	-2,360	0	0	1
Sep 2009	P	41,593	43,264	-1,671	41,588	43,258	-1,669	-5	-7	2
Oct 2009	P	40,734	41,898	-1,164	40,725	41,895	-1,171	-9	-3	-6

(1) Figures are calculated on unrounded data.

Symbol:

P provisional

For technical information contact: Henry Minish or Sarah Ulrich; Christchurch (03) 964 8700.

Email: [overseastrade@stats.govt.nz](mailto:overseastrade@stats.govt.nz).

**Next release...**

*Overseas Merchandise Trade: December 2009* will be released on 29 January 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 21 working days in November 2009, compared with 20 in November 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 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)