

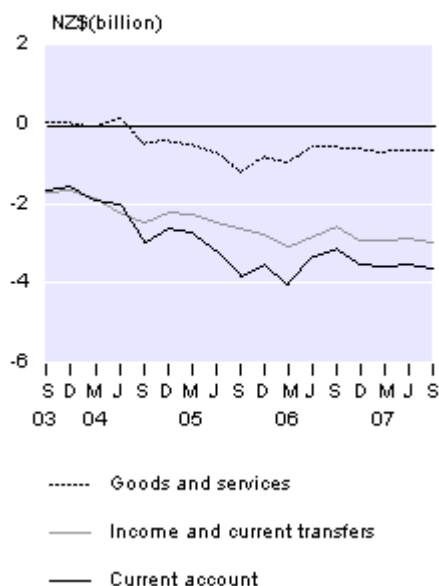
Embargoed until 10:45am – 20 December 2007

Balance of Payments and International Investment Position: September 2007 quarter

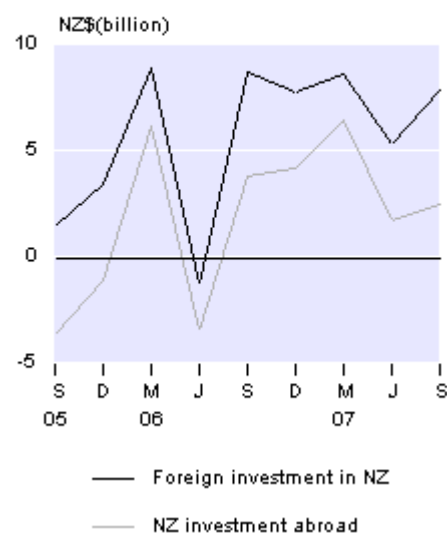
Highlights

- The current account deficit for the year ended September 2007 was \$14.2 billion (8.3 percent of GDP), compared with \$13.7 billion for the year ended June 2007 (8.1 percent of GDP).
- New Zealand's seasonally adjusted current account deficit for the September 2007 quarter was \$3,628 million, \$120 million larger than the June 2007 quarter.
- There was a net inflow of capital into New Zealand of \$5.4 billion in the September 2007 quarter.
- New Zealand's net international liabilities were \$151.1 billion at 30 September 2007, an increase of 1.6 percent from the June 2007 quarter.

Seasonally Adjusted Balances
Quarterly



Financial Account (Flows)
Quarterly



Geoff Bascand
Government Statistician

20 December 2007
ISSN 1178-0215

There is a companion Media Release published – [Balance of Payments and International Investment Position: September 2007 quarter.](#)

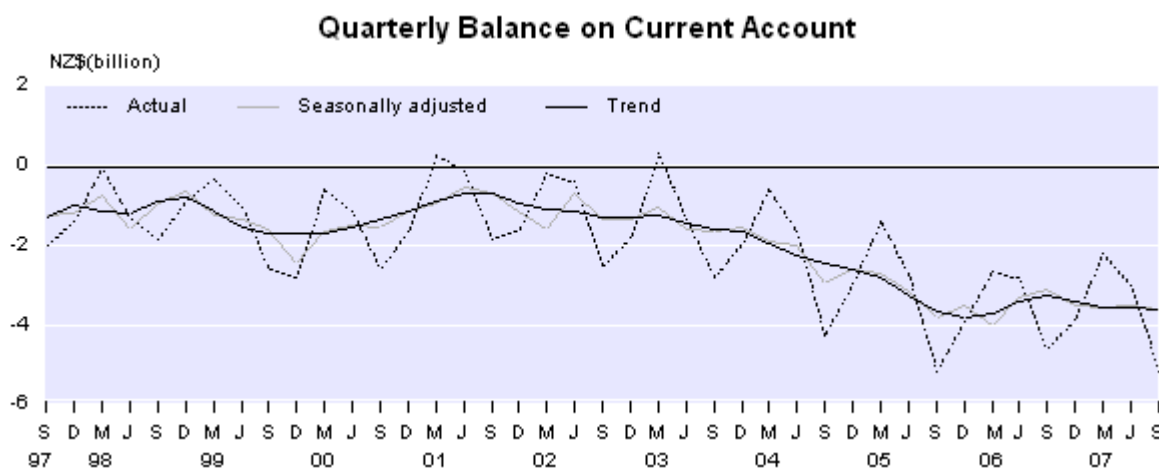
Commentary

Overview

The seasonally adjusted current account deficit was \$3,628 million in the September 2007 quarter, \$120 million larger than the June 2007 quarter deficit of \$3,508 million. This quarter's increase was due to a larger deficit on investment income, partly offset by higher inflows of current transfers. The goods and services balance was flat this quarter.

In actual dollar terms, the current account deficit was \$5,174 million in the September 2007 quarter. This contributed to a year ended September 2007 deficit of \$14,234 million (8.3 percent of GDP), compared with deficits of \$13,682 million (8.1 percent of GDP) for the year ended June 2007 and \$14,030 million (8.8 percent of GDP) for the year ended September 2006.

The larger current account deficit for the year ended September 2007 compared to the year ended June 2007 was mainly due to an increase in income earned by foreign investors on their New Zealand investments. This increase in investment income was driven by foreign direct investors earning increased profits from their New Zealand businesses, and higher interest payments made on New Zealand's rising level of overseas debt.



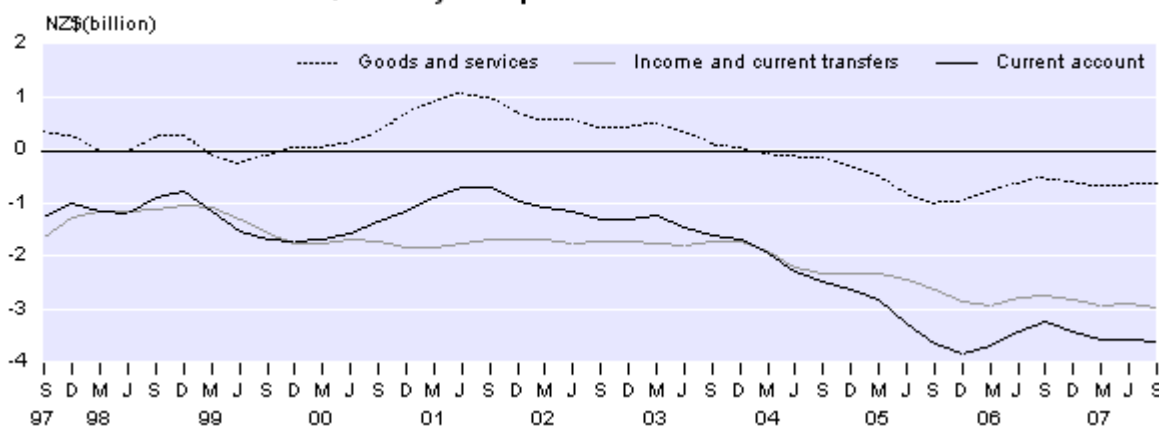
In the September 2007 quarter, the current account deficit was financed by a net capital inflow of \$5.4 billion. This was comprised of \$7.9 billion of foreign investment into New Zealand, partly offset by \$2.5 billion of New Zealand investment abroad.

The net International Investment Position (IIP) showed a net debtor position (ie liabilities exceeding assets) of \$151.1 billion at 30 September 2007. This was \$2.4 billion larger than the net debtor position of \$148.7 billion at 30 June 2007. The increase was driven by \$5.4 billion net transactions measured by the financial account, partly offset by a \$3.1 billion net effect of valuation changes. These valuation effects consisted of exchange rate, market price and other valuation changes (mostly changes in prices of New Zealand and overseas company shares), and changes in the value of financial derivative contracts.

Trend

The latest estimate of the current account balance trend shows the deficit widening slightly. There has been a gradual widening of the current account deficit over the past year, following on from a steeper decline evident from the December 2001 quarter to the December 2006 quarter. The income and transfers deficit is nearing \$3 billion, having been relatively stable at just under this level for the past six quarters. The goods and services deficit has steadied at around \$650 million, where it has remained for the past three quarters.

Quarterly Component Trend Balances



Goods

All references are to seasonally adjusted figures unless otherwise stated.

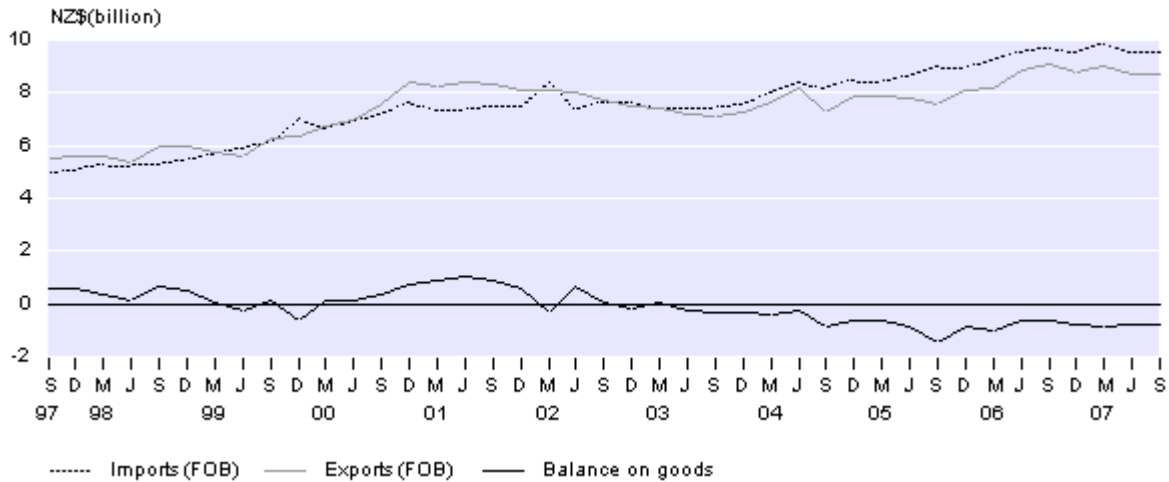
The goods balance was a deficit of \$791 million in the September 2007 quarter, \$8 million larger than the June 2007 quarter deficit. Exports and imports of goods were both flat this quarter, with exports up \$10 million and imports up \$18 million.

The increase in the value of exported goods was the result of higher merchandise export prices and a decrease in export volumes this quarter. The price of dairy products increased this quarter, but this was more than offset by a fall in dairy volumes, leading to an overall decrease in the value of dairy exports. The value of non-food manufactures also fell this quarter due to a decrease in export volumes. However, the most significant movement this quarter was the increase in export volumes of petroleum and petroleum products, which came with the commencement of production at the Tui oilfield during the quarter.

The increase in the value of imported goods was mainly due to increased volumes of consumption and intermediate goods, which have bounced back to record levels this quarter after decreasing last quarter. This was partly offset by a fall in import prices across most categories. Mechanical machinery and electrical machinery both decreased for the fifth consecutive quarter, but the price of petroleum and petroleum products increased.

In terms of the actual, rather than seasonally adjusted values, the September 2007 quarter goods deficit of \$1,620 million was \$184 million larger than the September 2006 quarter deficit. The value of exports has decreased by \$324 million from the September 2006 quarter, while the value of imports has decreased by \$140 million. Lower meat exports were the main contributor to the decrease in exports. According to the Reserve Bank of New Zealand, the New Zealand dollar was 12.1 percent higher on average against the Trade Weighted Index in the September 2007 quarter than in the September 2006 quarter. A high New Zealand dollar has the effect of lowering the value of New Zealand's exports as well as making imports cheaper.

Seasonally Adjusted Goods Quarterly



Services

All references are to seasonally adjusted figures unless otherwise stated.

The seasonally adjusted balance on services was a surplus of \$141 million in the September 2007 quarter, little changed from the \$137 million surplus in the June 2007 quarter. Exports of services were \$3,154 million in the September quarter, while imports were \$3,014 million.

Exports of services fell \$20 million between the June and September 2007 quarters, due to a fall in travel services of \$66 million, which was partly offset by a \$45 million increase in transportation services. Exports of travel services measures the spending by international visitors while in New Zealand. Between the June and September quarters, seasonally adjusted visitor numbers were flat (up just 0.1 percent) but the daily expenditure of visitors fell in the September quarter. According to the Reserve Bank of New Zealand, the New Zealand dollar depreciated against the yen, the Australian dollar and the pound sterling between the June and September 2007 quarters, but appreciated slightly against the US dollar. In seasonally adjusted terms, the main driver behind the increase in exports of transport services was revenue received for transporting non-resident passengers and freight.

In the September 2007 quarter, imports of services were \$23 million lower than in the June 2007 quarter. The main driver behind this fall was transportation services, which fell by \$34 million. Imports of transportation services include expenditure by New Zealanders on transport of freight by non-resident shipping companies, and purchases of airline tickets from non-resident airlines. Imports of travel services, which measures spending by New Zealanders while overseas on holiday, was relatively flat this quarter, down \$3 million (0.3 percent). The seasonally adjusted number of New Zealanders departing on overseas holidays fell by 6.7 percent in the September quarter, following three consecutive quarters of increases.

Investment income

The investment income deficit was \$3,255 million in the September 2007 quarter, \$203 million larger than the June 2007 quarter deficit. The larger deficit was due to a \$180 million increase in income earned by foreign investors from their investments in New Zealand and a \$23 million decrease in income earned from New Zealand's investments abroad.

Income from New Zealand investment abroad was \$842 million in the September 2007 quarter, compared with \$865 million in the June 2007 quarter. The driver of the \$23 million decrease was a \$98 million fall in profits earned by New Zealand companies from their overseas subsidiaries. The fall in profits from abroad was partly offset by a rise in interest earned from a higher level of overseas reserves held by the Reserve Bank of New Zealand and the Treasury, and by a higher level of lending abroad by the banking sector.

Income earned by foreign investors from their investments in New Zealand was \$4,097 million in the September 2007 quarter, compared with \$3,917 million in the June 2007 quarter. The main drivers of the \$180 million increase were a \$110 million increase in profits earned by foreign investors from their New Zealand subsidiaries, and a \$78 million increase in interest paid to foreign portfolio and other investors on their lending to New Zealand borrowers.

Compared with the September 2006 year, the investment income deficit widened by \$527 million (4.5 percent) to \$12.4 billion in the year ended September 2007. While income earned from New Zealand's investment abroad continued to grow this year, the income earned by foreign investors from their New Zealand investments has risen more.

Income earned from New Zealand investment abroad was \$3.1 billion in the year to September 2007, \$1.2 billion (60.4 percent) higher than in the September 2006 year. The main driver of the growth was increased interest earned from a higher level of official sector reserve assets. Other contributing factors were increased profits earned by New Zealand direct investors from their overseas subsidiaries, and more dividends received by fund managers from shareholdings in overseas companies.

Earnings by foreign investors from their investments in New Zealand rose \$1.7 billion (12.3 percent) to \$15.4 billion in the September 2007 year compared with the year ended September 2006. The main impact has been higher interest payments on rising levels of overseas debt, while profits earned by overseas direct investors from their New Zealand investments accounted for \$452 million of the rise.

Current transfers

Current transfers are offsetting entries to transactions where goods or services are supplied or received without there being an exchange of equal value in return, such as taxes or donations. The balance on current transfers was a surplus of \$267 million this quarter, an increase of \$73 million from the June 2007 quarter surplus.

Current transfers into New Zealand were \$614 million this quarter, an increase of \$129 million. This was mostly due to an increase in non-resident withholding tax received from foreign investors payable on withholding income (such as dividends and interest) earned from their investments in New Zealand. The increased tax intake is consistent with high dividend and interest payments to foreign investors over the past two quarters (see table 6 of this release).

Outflows of current transfers from New Zealand were \$347 million this quarter, an increase of \$56 million. This was mainly due to increases in official international aid and private aid expenditure this quarter.

Capital account

The capital account measures the value of assets transferred by migrants into and out of New Zealand, as well as the purchase and sale of intangible assets. The capital account balance was a deficit of \$177 million in the September 2007 quarter, \$55 million smaller than the June 2007 quarter deficit. Inflows of capital transfers were up \$27 million, due to increased arrivals of migrants to New Zealand this quarter. Outflows of capital transfers fell \$28 million this quarter, reflecting fewer permanent and long-term departures to Australia than in the June 2007 quarter.

In the year ended September 2007, there was a much lower level of funds transferred into New Zealand by migrants in the investor category than in the previous year. These investment inflows were \$98 million in the year ended September 2007 compared with \$326 million in the year ended September 2006.

Financial account and International Investment Position

Financial account (flows)

The current account deficit for the September 2007 quarter was financed by a net capital inflow of \$5.4 billion. Foreign investment into New Zealand during the quarter of \$7.9 billion was partly offset by \$2.5 billion of New Zealand investment abroad.

The \$2.5 billion flow of New Zealand investment abroad featured net investment in the reserve assets, direct, and other investment categories (which is generally dominated by loans and deposits). This investment was partly offset by a net withdrawal of foreign portfolio assets by New Zealand fund managers. Lending abroad by the domestic banking sector, partly funded by overseas borrowing, was the main driver of other investment abroad. The purchase of ownership interests in overseas companies by New Zealand enterprises was the main driver of direct investment abroad this quarter. The official sector (Reserve Bank of New Zealand and the Treasury) continued to invest in foreign currency assets in the September quarter, bringing total reserve assets to \$22.3 billion.

The \$7.9 billion flow of foreign investment into New Zealand in the September 2007 quarter featured inflows of portfolio, direct, and other investment. Portfolio investment was mainly driven by banking and official sector debt securities that were purchased by overseas residents. New Zealand banks borrowing from abroad and receiving deposits from overseas residents were the main factors in the \$2.8 billion inflow of other investment. Inflows of foreign direct investment were \$1.1 billion, driven by retained earnings and net borrowing by New Zealand subsidiaries from their overseas parent companies. Compared with the previous five quarters, there was relatively little foreign acquisition of New Zealand companies in the September 2007 quarter.

For the year ended 30 September 2007 flows of New Zealand investment abroad totalled \$14.8 billion. For the same period, the inflow of foreign investment to New Zealand totalled \$29.6 billion. Of this inflow, 77.8 percent was increases in overseas borrowing, and the remaining 22.2 percent was equity investment (purchasing shares in New Zealand companies).

Reconciling the September 2007 Financial account and the International Investment Position (IIP)

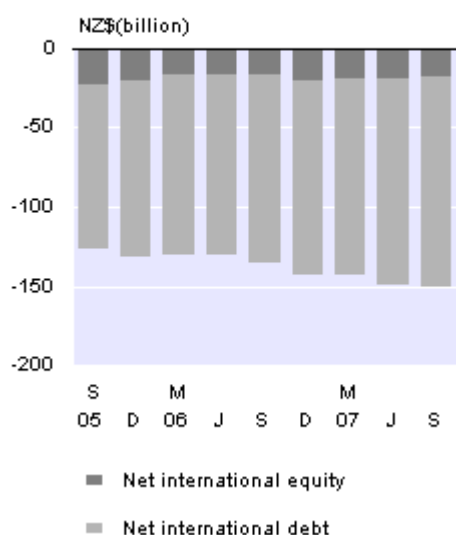
NZ\$(million)

Net IIP opening as at 30 June 2007	Net financial account flows	Net exchange rate changes	Net financial derivative valuation changes	Net market price and other valuation changes	Net IIP closing as at 30 September 2007
-148,747	-5,428	1,027	1,161	869	-151,118

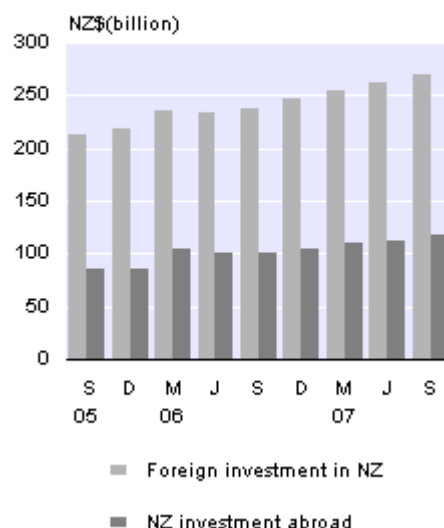
The term IIP is further defined in the Technical notes of this publication along with the associated terms of net debtor position and external debt.

Financial account transactions which increased New Zealand's overseas liabilities by a net \$5.4 billion were partly offset by valuation effects which reduced the value of net liabilities by a net \$3.1 billion. The valuation effects arose from changes in exchange rates, changes in market prices of assets and liabilities, and changes in the value of financial derivative contracts. The overall impact of these valuation changes was to increase the value of assets by \$3.4 billion, and reduce the value of liabilities by \$0.3 billion.

Net International Debt and Equity
Quarterly



International Investment Position (Stocks)
Quarterly



International Investment Position (stocks)

This commentary discusses the Table 10 presentation of New Zealand's international assets and liabilities.

At 30 September 2007, New Zealand's net IIP was negative \$151.1 billion. The net IIP comprised of \$129.5 billion in international assets and \$280.6 billion in international liabilities. This net debtor position has increased by \$2.4 billion (1.6 percent) from the 30 June 2007 position of \$148.7 billion.

The 30 September 2007 net debtor position was 11.1 percent larger than the position at 30 September 2006. The larger net debtor position continues to be driven by rising net overseas debt. At 30 September 2007, net overseas debt of \$133.3 billion was \$13.9 billion (11.6 percent) higher than at 30 September 2006.

The banking sector held 77 percent of New Zealand's net overseas debt at 30 September 2007. The sector's holding of net overseas debt has been around this level over the last 4 quarters (since 31 December 2006), up from 72 percent at 30 September 2006. At each quarter end since 30 September 2006, the corporate sector has held around 30 percent of net overseas debt. The official sector remains in a net lending (asset) position. At 30 September 2007, this sector had a net overseas lending (asset) position of \$8.4 billion, up from \$3.3 billion at 30 September 2006.

For technical information contact:

Peter Roche

Wellington 04 931 4600

Email: info@stats.govt.nz

Revisions

The tables below present a summary of revisions to the June 2007 quarter BoP and IIP major components, as a result of new or improved data.

Current and Capital Accounts

Component	Previously published June 2007 quarter \$(million)	Revised June 2007 quarter \$(million)	Magnitude of revision \$(million)
Current account credits	13,616	13,553	-63
Current account debits	16,529	16,552	23
Current account balance	-2,914	-2,999	-85
Goods credits	9,351	9,343	-8
Goods debits	9,325	9,322	-3
Goods balance	27	21	-6
Services credits	2,908	2,861	-47
Services debits	3,028	3,022	-6
Services balance	-120	-162	-42
Income credits	871	865	-6
Income debits	3,886	3,917	31
Income balance	-3,014	-3,052	-38
Current transfers credits	485	485	0
Current transfers debits	291	291	0
Current transfers balance	194	194	0
Capital account credits	191	191	0
Capital account debits	423	423	0
Capital account balance	-232	-232	0

Balance of Payments Financial Account

Component	Previously published June 2007 quarter \$(million)	Revised June 2007 quarter \$(million)	Magnitude of revision \$(million)
New Zealand investment abroad	1,679	1,766	87
Direct investment	2,436	2,585	149
Portfolio investment	-212	-213	-1
Other investment	-2,579	-2,639	-60
Reserve assets	2,034	2,034	0
Foreign investment in New Zealand	4,357	5,332	975
Direct investment	2,102	1,946	-156
Portfolio investment	924	1,033	109
Other investment	1,331	2,352	1,021

Net Errors and Omissions

Component	Previously published June 2007 quarter \$(million)	Revised June 2007 quarter \$(million)	Magnitude of revision \$(million)
Net errors and omissions	467	-335	-802

International Investment Position

Component	Previously published June 2007 quarter \$(million)	Revised June 2007 quarter \$(million)	Magnitude of revision \$(million)
New Zealand investment abroad	112,387	112,575	188
Direct investment	20,420	20,657	237
Portfolio investment	43,294	43,287	-7
Other investment	18,914	18,858	-56
Financial derivatives	8,810	8,826	16
Reserve assets	20,948	20,948	0
Foreign investment in New Zealand	261,002	261,322	320
Direct investment	94,223	94,020	-203
Portfolio investment	82,722	82,356	-366
Other investment	73,467	74,367	900
Financial derivatives	10,591	10,580	-11

Technical notes

Introduction

The conceptual framework used in New Zealand's Balance of Payments (BoP) and International Investment Position (IIP) statistics is based on the fifth edition of the International Monetary Fund's *Balance of Payments Manual* (BPM5). Descriptions of the underlying concepts, data sources and methods used in compiling the estimates are presented in the *Balance of Payments Sources and Methods* report. A printed copy can be obtained from Statistics New Zealand: phone (64) 04 931 4600; fax (64) 04 932 2026; email publications@stats.govt.nz; or download the pdf online at: www.stats.govt.nz/analytical-reports/bop-sources-and-methods-2004-ref-report.htm.

Balance of Payments

New Zealand's BoP statement is a record of the value of New Zealand's transactions in goods, services, income and transfers with the rest of the world, and the changes in New Zealand's financial claims on (assets) and liabilities to the rest of the world. New Zealand's BoP statement comprises the current and capital accounts (which record the value of New Zealand's transactions in goods, services, income and transfers with non-residents) and the financial account (which records financial transactions involving New Zealand's transactions with non-residents).

Current account

The credit side of this account shows the export of goods and services, investment income earned and, under current transfers, the offsetting entries to resources received by residents without payment required.

The debit side shows the import of goods and services, investment income paid and, under current transfers, the offsetting entries to resources supplied to foreign residents without payment required.

To aid analysis, flows of goods, services, income and current transfers are categorised into major types of transactions. In addition, certain balances are calculated. A 'balance' is the credits less debits for a particular item or group of items. A negative number represents a deficit, while a positive number represents a surplus.

Balances are usually in surplus or deficit; zero balances are unusual. The balances are:

- Balance on goods – goods exports (credits) less goods imports (debits).
- Balance on services – services exports (credits) less services imports (debits).
- Balance on income – income receipts (credits) less income payments (debits).
- Balance on current transfers – current transfer inflows (credits) less current transfer outflows (debits).
- Balance on goods and services – goods and services exports (credits) less goods and services imports (debits).
- Balance on income and current transfers – income and current transfer inflows (credits) less income and current transfer outflows (debits).
- Balance on current account – the sum of the balance on goods and services and the balance on income and current transfers.

Conceptual adjustments to exports and imports of goods

Conceptual adjustments are made to the overseas merchandise trade statistics (sourced from the New Zealand Customs Service) to comply with the BoP convention of recording goods in the current account. In BoP, exports and imports of goods are recorded when ownership of the goods passes from a resident to a non-resident, or vice versa. A change of ownership is said to have occurred when "the two parties (exporter and importer) record the transaction in their books or accounts". For merchandise trade statistics, goods are recorded as exports or imports when they cross a customs frontier.

The following adjustments are made to overseas merchandise trade data to meet BoP recording conventions:

- goods that cross the customs frontier without a change in ownership are removed from imports and exports data – an example of this is large capital items imported or exported on an operational lease
- goods that are sold on consignment are removed from trade data, as no change of ownership has occurred
- freight and insurance charges are removed from the value of imports of goods, and reclassified as services
- adding/subtracting changes in oil stocks abroad.

Exports or imports that do not change ownership are excluded from the overseas merchandise trade statistics to determine the goods component in BoP. This adjustment is reflected under the heading 'BoP conceptual adjustments' in table 4 of this release. An example of such an adjustment is when a large capital item is imported to New Zealand on an operational lease. In such a case, the ownership of the large capital item has not changed, so the value of it needs to be removed from merchandise trade imports data which recorded it as an import when it crossed the customs frontier.

Goods on consignment are goods that are intended for sale but not actually sold at the time that they cross the border of the exporting country. To meet BoP recording convention, the value of goods exported on consignment is removed from the overseas merchandise trade exports in the quarter they leave the country, then added back into exports in the quarter in which the goods are actually sold (ie when the change of ownership occurs).

Reporting on an accrual basis

Balance of Payments (BoP) asks survey respondents to provide data on an accrual basis (ie when the service occurs), as opposed to a payments basis (ie when the payment is actually received/made). However, when it is not possible to separate payments out on an accrual basis BoP can sometimes receive data relating to multiple periods in one lump sum. Where possible, BoP reallocates the payment to the period in which the service was performed, but irregular movements can still occur in some service categories.

Capital account

This account comprises two components: capital transfers and the acquisition or disposal of non-produced, non-financial assets. Capital transfers involve the transfer of ownership of fixed assets or the transfer of funds linked to them, without any counterpart transaction. Migrants' transfers are an example of a capital transfer.

Financial account

This account records financial transactions involving New Zealand claims on (assets) and liabilities to non-residents. The financial account is classified into assets and liabilities, which are broken down by type of investment (direct, portfolio, other investment and reserve assets) and instrument of investment.

Financial account inflows reflect either increases in New Zealand liabilities or decreases in international financial assets. Correspondingly, outflows reflect either increases in New Zealand's international financial assets, or decreases in its international financial liabilities.

Note that the income generated/paid from holding the asset/liability is recorded in the BoP current account component as international investment income.

Net errors and omissions (residual)

BoP statements are compiled using the double-entry bookkeeping system to ensure that the accounts balance in the accounting sense. For example, exports of goods are recorded as credits while payments in exchange for the goods are recorded as debits, denoting either increases in financial assets or decreases in financial liabilities. When goods are supplied as aid to foreign countries with no payment in return, then the goods are included as exports (credits) and an offsetting entry for the value of the goods is made under current transfers (debits).

In practice, the BoP statement does not always balance. In compiling the BoP statement a variety of data sources are used; therefore, some transactions may not be captured and there is a possibility of reporting or compilation errors. To balance the accounts, a balancing item called the 'net errors and omissions' or 'residual' is used. The residual is always entered on the credit side of the account.

The residual can be calculated by one of two means: (1) the sum of all current, capital and financial account credits (inflows), less the sum of all the debits (outflows); or (2) the current account balance, plus the net flow of the capital and financial accounts. A positive entry means that the sum of the debits is greater than the sum of the credits.

Persistent large residuals in one direction (negative or positive) may be taken as an indication of serious and systemic errors. However, a small figure does not necessarily mean that only small errors and omissions have occurred, since large positive and negative errors may be offsetting. Offsetting errors may either be related or unrelated, resulting from a measurement problem affecting both sides or only one side of a transaction. Timing differences in data reported by the different sources used to estimate the credit and debit sides of a transaction may result in positive and negative errors and omissions offsetting each other in successive periods.

The following areas of known financial account undercoverage may contribute to the residual:

- The primary data sources for the financial account and IIP are sample surveys. While a new estimate is made for the non-sampled IIP stock positions each year, no estimate is made for financial account transactions, nor for the associated current account investment income flows.
- Transactions related to managed funds that are not surveyed each quarter. Note that neither the financial account transactions nor current account income are estimated for this item.
- Equity shareholding in overseas companies directly held by New Zealand individuals was estimated at \$4.5 billion at 31 December 2005. Neither financial account transactions nor current account income are estimated for this item.

It is also possible that in any quarter there may be financial account transactions that, for a number of reasons, are not included in the accounts. Reasons for such undercoverage may include: transactions undertaken by entities that are not in the BoP survey frame; transactions not reported by existing survey respondents; and errors in data reporting and compilation.

The data quality is safeguarded by undertaking regular assurance checks including:

- comparing Reserve Bank of New Zealand (RBNZ) and IIP banking sector data
- monitoring investment activity approved by the Overseas Investment Office
- reconciling changes in stock position of inwards and outwards investment against financial account transactions, reporting changes due to exchange rate movements, changes in the valuation of assets and liabilities, and other changes such as reclassification between components
- monitoring media reports of business activities relevant to the BoP and IIP
- annually reviewing the survey populations, with additions made at any time during the year where warranted
- editing and validating data received from survey respondents. This process often involves consulting survey respondents, particularly in respect of large and complex transactions.

Balance of Payments quality plan

Work is continuing on issues identified in the 2004 BoP Quality Plan document. The plan was developed in response to potential weaknesses in BoP data sources, methods and processes. A number of BoP data quality improvement projects were undertaken and late last year the outcomes from these projects were incorporated into the quarterly BoP and IIP statistics.

The current BoP data quality projects underway include:

- coverage and collection of BoP data as a result of offshoring activities of New Zealand companies
- update to the methodology for the individual holdings of assets abroad.

Offshoring activity

Statistics NZ has started a project to investigate the coverage and collection of BoP data on the offshoring activities of New Zealand companies. This is a three-stage project. The initial stage is almost complete. It involves producing an information paper on the knowledge gained on the offshoring activity to date. The second stage involves investigating data coverage and collection issues and making recommendations for improvements. The final stage will involve implementing the recommendations identified in stage two.

Individual holdings of assets abroad

The tasks completed to date included:

- discussing the project outcomes with other government and non-government organisations that have an interest in this project
- identifying the various paths chosen by individuals in New Zealand to invest abroad and the mechanisms currently in place to collect data on these investments
- identifying a number of options for collecting data where no current collection mechanisms exists.

This project is progressing more slowly than expected as staff have been concentrating on the production of quarterly statistics. Issues identified in this project link with work that Statistics NZ and the RBNZ are doing to improve the coverage and quality of foreign issues and holdings of securities data.

International Investment Position

The International Investment Position (IIP) measures the stock (or level) of New Zealand's financial assets and liabilities with the rest of the world at a particular point in time. It comprises New Zealand's net international debt (lending to non-residents less borrowing from non-residents) and net international equity investment (investment in shares abroad less foreign investment in New Zealand company shares). A net international debtor position means that international liabilities exceed international assets.

The BoP and IIP statistics are closely related, with the former measuring transaction flows and the latter measuring stock positions. The difference in the level of international financial assets and liabilities between two points in time is due to: (1) the BoP financial account transactions; and (2) the other (non-transactional) changes that occur during the period. Examples of the latter are revaluations, changes in market prices, changes in exchange rates, and other changes such as write-offs.

Exchange rate and share index movements: September 2007 quarter

A comparison of the exchange rates at 30 September 2007 and 30 June 2007 showed that the New Zealand dollar depreciated against all the major currencies. A depreciation of the New Zealand dollar increases the New Zealand dollar value of foreign currency assets and liabilities within the IIP, whereas an appreciation of the New Zealand dollar has the opposite effect. The exchange rate impacts varied this quarter depending on the timing of transactions. For example, while the United States dollar to New Zealand dollar was 0.7734 at the start of the quarter and 0.7540 at the end of the quarter, the RBNZ daily rates tables show that it reached a maximum of 0.8064 on 24 July 2007 and a minimum of 0.6862 on 10 September.

The Nikkei and FTSE 100 sharemarket indices decreased over the period 30 September 2007 and 30 June 2007. However, the All Ords, S&P 500, Hang Seng, and the New Zealand NZX 50 share market indices increased over the same period. The value of foreign investors' New Zealand shares, as well as New Zealand investors' overseas shareholdings, increased with a rising share index and decreased with a falling share index.

Presentation of International Investment Position statistics

There are two ways of presenting IIP statistics: the BoP presentation and the balance sheet presentation. While total assets and liabilities differ in each presentation, the net IIP result is identical, regardless of the presentation method used.

Balance of Payments presentation

The BoP presentation of New Zealand's IIP classifies investment by the relationship between the investor and the investment enterprise. This approach presents New Zealand's investment abroad (assets) by direct investment, portfolio investment, other investment, financial derivatives and reserve assets. Foreign investment in New Zealand (liabilities) is classified in the same way, except for reserve assets, which are not applicable. The BoP approach is the one recommended by the International Monetary Fund.

Balance sheet presentation

This approach uses a balance sheet format to present New Zealand's international assets and liabilities. The use of the balance sheet format enables presentation of assets and liabilities disaggregated into:

- gross and net equity positions, overseas debt (borrowing), lending abroad, and net overseas debt (table 10)
- borrowing and lending disaggregated by broad sector (table 10), by instrument type (table 11), by currency in which the obligations are repayable (table 12), and by residual maturity (table 13).

The relationship between the two presentations

Although there are differences in the classification of some transactions between the balance sheet and the BoP presentation, it is still possible to reconcile some items. The equity positions in the BoP presentation for New Zealand investment abroad sum to the equity figure under international assets in the balance sheet presentation. Similarly, the equity positions in the BoP presentation for foreign investment in New Zealand sum to the equity figure under international liabilities in the balance sheet presentation. Reserve assets are treated the same way in both presentations.

Lending and borrowing in the balance sheet and BoP presentations are treated differently and will not reconcile. All lending in the balance sheet presentation is treated as an asset and all borrowing treated as a liability. In the BoP presentation, for New Zealand investment abroad, net lending by New Zealand enterprises is reported, and for foreign investment in New Zealand, net borrowing by New Zealand subsidiaries is reported.

In the BoP presentation, net lending refers to the total lending by New Zealand parent enterprises to their overseas subsidiaries, less any borrowing by New Zealand parent enterprises from their overseas subsidiaries. Net borrowing refers to the total borrowing by New Zealand subsidiaries from their overseas parent enterprise, less any lending by New Zealand subsidiaries to their overseas parent.

As the BoP presentation treats some borrowing as negative lending and some lending as negative borrowing, the values of lending and borrowing reported in the BoP presentation will not reconcile with those in the balance sheet presentation. For example, prepaid inter-company accounts with overseas parent enterprises are viewed as lending using the balance sheet presentation, but as negative borrowing using the BoP presentation.

International debt and external debt statistics

As described above, net international debt comprises lending to non-residents less borrowing from non-residents. Debt is an actual current contractual obligation that requires payment of principal and/or interest by the debtor at some point(s) in the future. Conversely, equity ownership represents a claim over the residual value of an enterprise.

Table 10 of the BoP and IIP release presents New Zealand's international balance sheet position, a contributing part of which is New Zealand's international debt. In Table 10 gross international debt is termed Borrowing. Statistics NZ's measurement of international borrowing differs from the IMF's measure of external debt as set out in the *External Debt Guide* (2003). The difference lies in the treatment of financial derivative liability positions. The *External Debt Guide* excludes these positions; the Table 10 measures of international lending, borrowing and net international debt includes these positions.

The IMF's *External Debt Guide* excludes financial derivative asset and liability positions because no principal is required to be repaid and interest is not accrued. An overdue obligation to settle a financial derivative contract is treated in both the IMF's guide and the table 10 series, like any arrears, as a debt liability because payment is required.

New Zealand's external debt, lending, and net external debt can be derived from the data presented in Table 11. This table presents New Zealand's international financial assets and liabilities disaggregated by instrument type, where financial assets and liabilities equate to international lending and borrowing, respectively, in Table 10. Deriving external debt and external lending is done using Table 11 data by deducting from each of total international assets (IIPQ.S5AA3) and liabilities (IIPQ.S5AL3) the value of financial derivative asset (IIPQ.S5AA6F) and liability (IIPQ.S5AL6F) positions, respectively; and using the adjusted totals of international financial assets (external lending) and liabilities (external debt) to calculate net external debt.

The table below derives the net external debt position from Table 11 data and compares it with the net international debt position of Table 10.

Period	30 September 2006 NZ\$(million)	30 June 2007 NZ\$(million)	30 September 2007 NZ\$(million)
Total international financial lending IIPQ.S5AA3	63,203	69,502	74,378
<i>less</i> financial derivatives IIPQ.S5AA6F	6,174	9,958	10,625
External lending	57,029	59,544	63,753
Total international liabilities IIPQ.S5AL3	182,652	198,760	207,719
<i>less</i> financial derivatives IIPQ.S5AL6F	5,795	10,969	10,728
External debt	176,857	187,791	196,991
Net external debt	-119,828	-128,247	-133,238
Net international debt IIPQ.S5AA2B	-119,450	-129,258	-133,342
Difference; net external debt <i>less</i> net international debt	-378	1,011	104

Debt securities issued in New Zealand by overseas resident issuers (kauri bonds)

Kauri bonds are debt securities issued in New Zealand, in New Zealand dollars, by non-resident issuers. According to BOP compilation principles, if a New Zealand resident investor holds such bonds, then the resident holder has a claim over the non-resident issuer. These holdings contribute to New Zealand investment abroad (international assets). Where kauri bonds are held by non-residents, then these are neither assets nor liabilities of New Zealand; they are a claim by the non-resident holder over the non-resident issuer. The Australian Bureau of Statistics (ABS) has adopted the same practice in respect of the Australian equivalent of kauri bonds; kangaroo bonds are debt securities issued in Australia by non-residents.

Kauri bonds are often not listed on the New Zealand Debt Exchange (NZDX). They are typically aimed at the institutional investor ie they are sold and traded in relatively large parcels. At 30 September 2007, kauri bonds on issue and held by New Zealand resident investors were estimated at approximately \$3.7 billion (3.1 percent of New Zealand's total investment abroad as measured in the IIP in Table 2 of this release). There is a possibility of some under-reporting of assets (ie the take-up of kauri bonds) by New Zealand entities in the Statistics New Zealand survey collections. As these bonds are issued in New Zealand and denominated in New Zealand dollars, some survey respondents may view these as being investment in New Zealand rather than investment abroad. To clarify reporting, Statistics New Zealand is currently engaged in a round of consultation with likely resident holders of kauri bonds. This consultation will extend into early 2008.

The primary source of data for the international investment statistics is the Quarterly International Investment Survey (QIIS). An RBNZ survey of New Zealand nominees provides an additional source of data for the statistics. This source measures debt securities issued by the private sector in New Zealand and held by non-residents through nominees. This data has now been disaggregated by the RBNZ so that those debt securities issued in New Zealand by non-residents (kauri bonds) and held by non-residents through nominees is separately identified (RBNZ website table D(e)). Previously, kauri bonds held by non-residents were combined in the data with debt securities issued by the New Zealand resident corporate sector and held by non-residents, and the whole amount was treated in the IIP statistics as New Zealand liabilities. Utilising the newly disaggregated data has resulted in a downward level shift in New Zealand's overseas liabilities. This shift is detailed below.

Effective in this release, and backdated to the June 2007 quarter, only those bonds issued by residents and held by non-residents through nominees were counted as New Zealand liabilities ('domestic issuer' in RBNZ table D(e)). Kauri bonds issued in New Zealand by non-residents and held by non-residents are now excluded from New Zealand liabilities ('non domestic issuer' in the RBNZ table D(e)). This change in compilation methodology has led to a downwards level shift in the measured level of New Zealand liabilities, between 31 March and 30 June 2007. This level shift has occurred because kauri bonds held by non-residents which were previously counted as New Zealand liabilities to overseas are no longer counted as such. The downward level shift was \$0.7 billion (refer to IIP Table 2: foreign investment in New Zealand, portfolio investment, debt securities). Earlier periods will be revised in the June 2008 quarter statistics revision period, scheduled for release in September 2008.

RBNZ securities subject to repurchase agreements

Statistics New Zealand has changed the recording and presentation of the RBNZ's holdings of overseas issued debt securities that are subject to repurchase agreements. Previously recorded on a net basis, these securities are now recorded on a gross basis. The change to gross recording does not affect the net IIP, nor the reserve assets series. Recorded in the RBNZ's reserve assets are those overseas issued foreign currency securities held by the RBNZ and which are not subject to repurchase agreements (repos).

In general terms, a repurchase agreement is a reverse security transaction where the holder of a security sells the security for cash with an agreement to repurchase the same or similar security for cash on a specified date. Using the collateralised loan approach, the security provider retains the security as an asset in their accounts, and records the cash received for the security as a loan liability.

The net basis of recording these positions in the published statistics involved deducting those securities subject to repo from the total securities held, and recording the net amount as reserve assets. The repoed security which remained on the RBNZ's balance sheet, and the loan arising from the repo contract, were not recorded in the published statistics. The gross recording (collateralised loan method) explicitly recognises the collateralised loan arising from the repo while retaining the repoed securities as assets on the RBNZ's balance sheet.

The collateralised loan method was introduced to the statistics from the December 2005 quarter. The effect of this change on the published statistics is that New Zealand's:

1. International lending (overseas assets) and international borrowing (overseas debt) rise by the same amount. The rise in lending is the amount of the securities that are subject to a repo contract, and the rise in borrowing is the amount of the collateralised loan liability resulting from the repo of securities.
2. The value of reserves is unchanged.
3. The net IIP is unchanged.

The statistics now show:

1. As reserves, those overseas issued foreign currency securities which are held by the RBNZ are not subject to a repo agreement. This is unchanged from the previous treatment.
2. Those securities held by the RBNZ which are not reserves assets because they are subject to a repo contract. This is new data, and in table 11 is classified to the instrument type *other instruments*.
3. The liability arising from the repo agreement, classified in table 11 to the instrument type *loans*. This is new data.

This treatment correctly states:

- The gross lending and borrowing positions in table 10
- The classification to the instrument type *loans* in table 11 of the collateralised loan arising from the repos; and
- In table 2, the securities which are reserves.

The repoed securities are classified in Table 11 assets to *other instruments*. This is not correct. The correct instrument classification is to *money market instruments* or *bonds and notes*, according to the instruments involved. The instruments involved are primarily money market instruments of original duration of under one year. This misclassification has arisen because there has been insufficient opportunity to do the necessary work in the BoP data compilation and output system. This work is expected to be undertaken in time for the September 2008 release of BoP and IIP statistics for the June 2008 quarter.

Data confidentiality

Where data within a table in this release discloses information about an individual respondent, or would allow close estimation of such information, data has been published only after obtaining the consent of those respondents (ie published under section 37(4)(a) of the Statistics Act 1975). Where affected respondents have not provided their consent, data remains confidential. Confidential data is indicated by a 'C' in the tables.

Data sources

The source data and information for BoP and IIP statistics that are collected and processed each quarter include:

- Surveys of New Zealand resident enterprises conducted by Statistics NZ. These surveys operate with the approval of the Minister of Statistics and their completion is therefore a compulsory requirement as set out in the Statistics Act 1975. These surveys are directed at New Zealand resident enterprises that have been identified as being relevant to BoP and IIP statistics.
- Surveys conducted by other entities. Some of the data used is purchased by Statistics NZ from other organisations that operate an appropriate survey. Statistics NZ has input into the design of these surveys. One example is the International Visitors Survey operated by a marketing company for the Ministry of Tourism (which supplies quarterly data used in the measure of exports of travel services in the current account). Another example is the Quarterly Managed Funds Survey (QMFS). This is a joint RBNZ and Statistics NZ operation, which supplies data for the current account component of income (credit), and the financial account and IIP components of portfolio investment, financial derivatives and other investment (assets).
- Administrative data, for example non-resident withholding tax data from Inland Revenue and New Zealand Customs Service records of imports and exports, published by Statistics NZ each month as Overseas Merchandise Trade statistics.
- Financial market information, including interest and exchange rates and share prices. Much of this information is taken from publicly available information sites.

Undercoverage estimate for the International Investment Position

The data sources for BoP financial account and IIP statistics comprise a set of surveys. The main survey is the QIIS. Other sources include: The Treasury and RBNZ, surveyed directly each quarter; a quarterly survey of New Zealand resident nominees; and the QMFS, which is a joint RBNZ/Statistics NZ collection. For further information about the BoP financial account and IIP data sources refer to chapter 11 of the *Balance of Payments Sources and Methods*, available at: www.stats.govt.nz.

The QIIS, Quarterly Nominees and QMFS are all sample surveys. Estimates for non-surveyed enterprises (undercoverage estimates) are determined each year for the QIIS and incorporated into the published accounts. No estimate is made for survey undercoverage in respect of the Quarterly Nominees Survey (which supplies data on foreign portfolio equity investment in New Zealand via resident nominees). Information available from the equities market indicates that the level of survey undercoverage is negligible. The QMFS is a sample of principal New Zealand fund managers. No estimate for QMFS undercoverage is currently included in the published tables. However, smaller fund managers are surveyed annually, and estimates of their funds under management are presented in the footnotes to the tables covering international assets and liabilities.

The QIIS is a quarterly sample of approximately 500 enterprises. The sample is intended to capture approximately 95 percent of the stock levels of the main IIP components.

The amount by which the quarterly sample survey is estimated to undercover the population is derived from the AIIIS. The AIIIS survey collects data as at 31 March each year from a population of enterprises identified as being relevant to the BoP financial account and the IIP, but not surveyed in the QIIS. The AIIIS is intended to be a census survey every three years and a sample survey in the interim years. The results of the AIIIS are used to:

(i) Provide IIP (Table 2) and international asset and liability (Tables 10 to 13) positions to supplement the regular quarterly sample survey (QIIS). This estimate is known as the non-sampled estimate (NSE) and is added to the results of each quarter's QIIS results and included in the published accounts. The QIIS and NSE estimates of investment positions comprise New Zealand's measured international investment positions.

(ii) Update the sample used in the regular quarterly sample survey (QIIS). To reduce the compliance load faced by the smaller businesses which typically comprise the AIIIS population, the AIIIS questionnaire is an abbreviated form of the QIIS questionnaire.

Note that in respect of NSE investment positions, the associated current account investment income flows and financial account transactions are neither collected nor estimated.

Currency and maturity breakdowns of the non-sampled estimate

To improve the usefulness of the assets and liabilities data, Statistics NZ has allocated the NSE across the different currency and residual maturity profiles. For each period's investment positions, the NSE has been allocated across the various profiles using that period's QIIS data collected from non-bank enterprises. The assumption is that the behaviour of the NSE data is similar to that of the non-bank enterprises surveyed in the QIIS. The resulting apportionment of NSE estimates is then added to the QIIS residual maturity and currency totals.

Annual Managed Funds Survey

The Annual Managed Funds Survey (AMFS) is conducted jointly by the RBNZ and Statistics NZ and has collected data as at 31 December since 2001. The AMFS measures the stock of investment held (both in New Zealand and abroad) by fund managers who are not in the QMFS.

The results from the sample surveys showed assets held abroad of:

Period	Assets held abroad \$(million)
December 2006	4,385
December 2005	3,225
December 2004	1,036

The AMFS does not capture any financial account transaction flow or current account investment income data. This data is not included in the IIP series of New Zealand investment abroad. The data from the AMFS for portfolio investment abroad is shown in the IIP tables to this release as an addendum item. The data is as at 31 December only.

A review of the survey's results and an investigation into the feasibility of adjusting the data (to take account of market price and exchange rate movements) are planned, before the data series is formally migrated into the New Zealand IIP statistics. For further information on the AMFS, contact Barbara Anderson on 04 931 4600 or email: bop.surveys@stats.govt.nz.

Equity shareholding in overseas companies directly held by New Zealand individuals

Many New Zealand individuals invest directly abroad and hold these overseas assets in their own custody or in the custody of an overseas entity. Only data relating to overseas financial assets of New Zealand enterprises, and those held by New Zealand individuals and organisations where the investments are undertaken by New Zealand fund managers, are reported in the BoP and IIP statistics. To cover the gap (ie between assets invested and held directly), Statistics NZ has made estimates of the level of individuals' directly-held overseas equities. The estimates are presented as an addendum item in the IIP (Table 2). This is because the estimation methodology relies on several key assumptions that cannot, at this stage, be fully tested by reference to available data. Changes to these assumptions can significantly alter the size of the estimate.

Period	Latest estimate \$(billion)	Previously published \$(billion)	Of which Australia \$(billion)
December 2005	4.5	..	3.6
December 2004	5.2	4.9	4.0

Symbol: .. data unavailable

At present, a project is underway to improve estimates of the level of individuals' directly held overseas equities. Progress on this will be advised as appropriate. For more information, refer to the Balance of Payments quality plan section in these Technical notes.

Seasonal adjustment and trend analysis

Quarterly current account statistics are subject to large, short-term movements, both irregular and seasonal, which make the interpretation of trends in the original series difficult.

Seasonally adjusted and trend series help to reveal the underlying behaviour of a series. While seasonally adjusted series have had the seasonal component removed, trend series have had both the seasonal and the irregular components removed. An example of an irregular event is the purchase of a frigate in the December 1999 quarter. Trend estimates reveal the underlying direction of movement in a series and are likely to indicate turning points more accurately than are seasonally adjusted estimates.

The adjusted balance on the current account is the sum of the adjusted goods, services, income and current transfers balances. The smoothed, seasonally adjusted current account balance (the trend) is formed in the same way.

The seasonally adjusted series are produced using the X-12-ARIMA seasonal adjustment package. The trend estimates are based on a five-term Henderson moving average of the seasonally adjusted series, with an adjustment for outlying values.

Towards the end of the series, trend estimates are subject to change, owing to the use of new data points in the estimation process as they become available. The main reason behind this is that the trend is calculated as a 'centred moving average' of the seasonally adjusted series. Seasonally adjusted values are also subject to some revision, as they are also calculated using centred moving average technology. Generally, these revisions are not as great as for the trend.

Revisions can be particularly large if an observation is treated as an outlier in one period, but is found to be part of the underlying movement as further observations are added to the series. All trend estimates are subject to revisions each quarter, but normally only the previous two or three estimates are likely to be substantially altered.

More information

For more information, follow the links from the Technical notes of this release on the Statistics NZ website.

[Quarterly Balance of Payments](#)
[International Trade in Services Survey](#)
[International Transportation](#)
[International Visitors Survey](#)
[International Insurance](#)
[New Zealand Travellers Expenditure Model](#)
[Quarterly International Investment](#)
[Government Services](#)
[Government Transfers](#)
[Migrants Transfers](#)
[Transfers](#)
[Quarterly Nominees](#)
[Managed Funds](#)

Copyright

Information obtained from Statistics NZ may be freely used, reproduced, or quoted unless otherwise specified. In all cases Statistics NZ must be acknowledged as the source.

Liability

While care has been used in processing, analysing and extracting information, Statistics NZ gives no warranty that the information supplied is free from error. Statistics NZ shall not be liable for any loss suffered through the use, directly or indirectly, of any information, product or service.

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.

Next release ...

Balance of Payments and International Investment Position: December 2007 quarter will be released on 27 March 2008.

Statistics New Zealand: The first source of independent information for your key decisions.

Tables

The following tables can 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.

List of tables

1. Balance of payments major components, quarter ended
2. International investment position, as at end of quarter
3. Balance of payments seasonally adjusted and trend series, quarter ended
4. Current account goods, quarter ended
5. Current account services, quarter ended
6. Current account income, quarter ended
7. Balance of payments major balances, actual
8. Balance of payments major balances, year ended in quarter
9. Balance of payments financial account, quarter ended
10. International assets and liabilities, as at end of quarter
11. International financial assets and liabilities by instrument, as at end of quarter
12. International financial assets and liabilities by currency, as at end of quarter
13. International financial assets and liabilities by residual maturity, as at end of quarter
14. Balance of payments ratios, year ended in quarter

Balance of Payments and International Investment Position: September 2007 quarter

Table 1

Balance of Payments Major Components⁽¹⁾⁽²⁾
Quarter ended
 NZ\$(million)

	Series ref: BOPQ	Quarter					
		2006			2007		
		Jun	Sep	Dec	Mar	Jun	Sep
New Zealand's current account summary							
Balance on goods	S5AC3A1	170	-1,436	-1,222	-342	21 R	-1,620
Exports (FOB)	S5AC1A1	9,516	8,791	8,622	8,704	9,343 R	8,467
Imports (FOB)	S5AD1A1	9,347	10,227	9,844	9,046	9,322 R	10,087
Balance on services	S5AC3A2	-207	-625	280	1,052	-162 R	-566
Exports of services	S5AC1A2	2,796	2,668	3,290	3,811	2,861 R	2,711
Imports of services	S5AD1A2	3,003	3,293	3,009	2,759	3,022 R	3,277
Balance on income	S5AC3B1	-3,035	-2,777	-3,157	-2,894	-3,052 R	-3,255
Income from investment abroad	S5AC1B2	585	648	641	732	865 R	842
Income from foreign investment	S5AD1B2	3,620	3,425	3,798	3,627	3,917 R	4,097
Balance on current transfers	S5AC3B2	234	215	243	-21	194	267
Inflow of current transfers	S5AC1C	550	551	537	318	485	614
Outflow of current transfers	S5AD1C	316	335	295	339	291	347
Current account balance	S5AC3	-2,839	-4,622	-3,856	-2,205	-2,999 R	-5,174
New Zealand's capital account summary							
Balance on capital account	S5AC4A	-92	-71	-106	-192	-232	-177
Capital account inflow	S5AC2A	242	245	236	234	191	218
Capital account outflow	S5AD2A	334	317	342	427	423	395
New Zealand's financial account summary							
New Zealand investment abroad	S5AD2B	-3,447	3,768	4,153	6,438	1,766 R	2,466
Direct investment	S5AD2B1	239	411	208	1,049	2,585 R	639
Portfolio investment	S5AD2B2	240	1,129	977	1,462	-213 R	-464
Other investment	S5AD2B3	-4,613	-367	442	2,991	-2,639 R	1,228
Reserve assets	S5AD2B5	687	2,595	2,526	936	2,034	1,064
Foreign investment in New Zealand	S5AC2B	-1,330	8,751	7,769	8,591	5,332 R	7,894
Direct investment	S5AC2B1	1,573	5,690	4,235	951	1,946 R	1,097
Portfolio investment	S5AC2B2	-5,103	1,499	1,768	5,675	1,033 R	4,022
Other investment	S5AC2B3	2,200	1,561	1,766	1,965	2,352 R	2,775
Net errors and omissions							
Net errors and omissions	S5AC4B6	814	-290	346	244	-335 R	-77

(1) These tables are presented in general accordance with principles laid down by the International Monetary Fund, in the fifth edition of the *Balance of Payments Manual*.

(2) Data may not sum to stated totals due to rounding.

Note:
 FOB free on board

Symbol:
 R revised

Table 2

International Investment Position⁽¹⁾
At end of quarter
 NZ\$(million)

	Series ref: IIPQ	Quarter					
		2006			2007		
		Jun	Sep	Dec	Mar	Jun	Sep
New Zealand's investment abroad							
Direct investment	S5AAA1	17,603	17,479	17,541	18,635	20,657 R	21,569
Equity capital	S5AAA11	14,224	14,571	15,252	16,366	19,071 R	19,916
Other capital	S5AAA12	3,379	2,908	2,288	2,269	1,585 R	1,653
Portfolio investment ⁽²⁾	S5AAA2	42,293	41,564	42,494	44,223	43,287 R	44,628
Equity securities ⁽³⁾	S5AAA21	32,690	31,718	33,121	33,876	34,241 R	35,224
Debt securities	S5AAA22	9,602	9,846	9,374	10,347	9,046 R	9,405
Other investment	S5AAA3	18,068	17,641	17,992	21,355	18,858 R	20,339
Trade credits	S5AAA31	3,116	2,885	3,261	3,755	3,130 R	2,766
Loans	S5AAA32	9,323	7,963	7,966	10,767	9,645 R	11,007
Deposits	S5AAA33	4,339	5,394	5,697	5,710	4,824 R	5,287
Other instruments	S5AAA34	1,290	1,398	1,067	1,122	1,259 R	1,280
Financial derivatives	S5AAA4	7,358	5,296	5,881	6,411	8,826 R	9,547
Reserve assets	S5AAA5	16,265	18,406	19,916	20,381	20,948	22,324
Total New Zealand investment abroad	S5AAA	101,586	100,387	103,824	111,005	112,575 R	118,408
Foreign investment in New Zealand							
Direct investment	S5ALA1	79,785	84,373	89,755	90,691	94,020 R	94,706
Equity capital	S5ALA11	47,890	47,614	51,631	53,051	55,082 R	55,204
Other capital	S5ALA12	31,895	36,759	38,124	37,640	38,937 R	39,503
Portfolio investment	S5ALA2	77,218	77,081	78,720	83,564	82,356 R	86,974
Equity securities	S5ALA21	15,928	15,246	16,929	17,033	17,718 R	17,713
Debt securities	S5ALA22	61,291	61,834	61,791	66,531	64,638 R	69,261
Other investment	S5ALA3	68,341	69,607	70,512	72,590	74,367 R	77,844
Trade credits	S5ALA31	1,864	1,865	1,874	1,740	1,622 R	1,662
Loans	S5ALA32	43,746	44,444	43,364	47,363	49,514 R	51,382
Deposits	S5ALA33	21,670	21,902	24,011	22,051	21,699	23,376
Other instruments	S5ALA34	1,061	1,396	1,263	1,436	1,532 R	1,424
Financial derivatives	S5ALA4	6,913	5,348	7,360	7,235	10,580 R	10,002
Total foreign investment in New Zealand	S5ALA	232,257	236,408	246,347	254,080	261,322 R	269,526
New Zealand's net international investment position							
Net international investment position	S5AAB	-130,671	-136,021	-142,523	-143,075	-148,747 R	-151,118

(1) Data may not sum to stated totals due to rounding.

(2) Annual Managed Funds Survey data estimate of funds invested abroad through smaller fund managers was \$4.4 billion at 31 December 2006. This and the estimates for earlier periods are not included in this table. Refer to the technical notes of this release.

(3) Statistics New Zealand has updated its estimates of the value of overseas shares held directly by New Zealand individuals. The estimate at 31 December 2005 is \$4.5 billion, and at 31 December 2004 is \$5.2 billion. These estimates are not included in this table.

Symbol:

R revised

Table 3

Balance of Payments Seasonally Adjusted and Trend Series⁽¹⁾
Quarter ended
 NZ\$(million)

	Balance on goods and services		Balance on income and current transfers		Balance on current account		
	Seasonally adjusted	Trend ⁽²⁾	Seasonally adjusted	Trend ⁽²⁾	Seasonally adjusted	Trend ⁽²⁾	
<i>Series ref: BOP</i>	<i>S5SC3A</i>	<i>S5TC3A</i>	<i>S5SC3B</i>	<i>S5TC3B</i>	<i>S5SC3</i>	<i>S5TC3</i>	
Quarter							
2002	Sep	431	426	-1,780	-1,733	-1,349	-1,307
	Dec	283	418	-1,628	-1,715	-1,344	-1,296
2003	Mar	690	513	-1,758	-1,754	-1,069	-1,241
	Jun	284	366	-1,899	-1,812	-1,615	-1,446
	Sep	62	117	-1,697	-1,724	-1,636	-1,607
	Dec	76	51	-1,632	-1,719	-1,556	-1,669
2004	Mar	-44	-52	-1,860	-1,912	-1,904	-1,964
	Jun	176	-85	-2,203	-2,199	-2,027	-2,284
	Sep	-490	-134	-2,465	-2,330	-2,955	-2,464
	Dec	-376	-296	-2,217	-2,328	-2,592	-2,624
2005	Mar	-474	-489	-2,262	-2,332	-2,736	-2,821
	Jun	-704	-812	-2,448	-2,455	-3,152	-3,267
	Sep	-1,205	-1,023	-2,595	-2,628	-3,800	-3,651
	Dec	-775	-985	-2,758	-2,840	-3,533	-3,825
2006	Mar	-950	-786	-3,081	-2,916	-4,032	-3,702
	Jun	-538	-641	-2,804	-2,799	-3,343	-3,440
	Sep	-546	-513	-2,556	-2,736	-3,099	-3,248
	Dec	-577	-597	-2,931	-2,818	-3,509	-3,415
2007	Mar	-684	-654	-2,899	-2,925	-3,584	-3,579
	Jun	-646	-660	-2,863	-2,908	-3,508	-3,568
	Sep	-650	-642	-2,978	-2,958	-3,628	-3,600

(1) The incorporation of the latest quarterly New Zealand Balance of Payments data has resulted in revisions to the seasonally adjusted statistics, back to the March 1994 quarter.

(2) The trend series is the smoothed, seasonally adjusted series.

Balance of Payments and International Investment Position: September 2007 quarter

Table 4

Current Account Goods⁽¹⁾

Quarter ended
NZ\$(million)

	Series ref: BOPQ	Quarter					
		2006			2007		
		Jun	Sep	Dec	Mar	Jun	Sep
Actual							
Exports (FOB)	S5AC1A1	9,516	8,791	8,622	8,704	9,343 R	8,467
General merchandise	S5AC1A101	9,237	8,512	8,362	8,459	9,105 R	8,210
Overseas trade – exports	S5AC1A1011	9,628	8,577	8,453	8,648	9,261 R	8,239
BOP conceptual adjustments	S5AC1A1012	-391	-65	-91	-189	-156 R	-30
Goods for processing	S5AC1A102	.. C	.. C	.. C	.. C	.. C	.. C
Repairs on goods	S5AC1A103	.. C	.. C	.. C	.. C	.. C	.. C
Goods procured in ports by carriers	S5AC1A104	.. C	.. C	.. C	.. C	.. C	.. C
Non-monetary gold	S5AC1A105	80	81	57	49	66	61
Imports (FOB)	S5AD1A1	9,347	10,227	9,844	9,046	9,322 R	10,087
General merchandise	S5AD1A101	9,193	10,057	9,702	8,892	9,183 R	9,899
Overseas trade – imports	S5AD1A1011	9,903	10,848	10,792	9,540	9,985 R	10,565
BOP conceptual adjustments	S5AD1A1012	-710	-791	-1,090	-648	-802 R	-666
Goods for processing	S5AD1A102	.. C	.. C	.. C	.. C	.. C	.. C
Repairs on goods	S5AD1A103	.. C	.. C	.. C	.. C	.. C	.. C
Goods procured in ports by carriers	S5AD1A104	.. C	.. C	.. C	.. C	.. C	.. C
Non-monetary gold	S5AD1A105	5	5	5	5	7	9
Balance on goods	S5AC3A1	170	-1,436	-1,222	-342	21 R	-1,620
Seasonally adjusted							
Exports (FOB)	S5SC1A1	8,874 R	9,033 R	8,734 R	9,002 R	8,702 R	8,712
Imports (FOB)	S5SD1A1	9,503 R	9,659 R	9,496 R	9,823 R	9,485 R	9,503
Balance on goods	S5SC3A1	-629 R	-625 R	-762 R	-822 R	-783 R	-791
Trend⁽²⁾							
Exports (FOB)	S5TC1A1	8,786 R	8,964 R	8,893 R	8,854 R	8,791 R	8,655
Imports (FOB)	S5TD1A1	9,501 R	9,587 R	9,640 R	9,663 R	9,588 R	9,438
Balance on goods	S5TC3A1	-715 R	-624 R	-748 R	-809 R	-797 R	-782

(1) Data may not sum to stated totals due to rounding.

(2) The trend series is the smoothed, seasonally adjusted series.

Note:

FOB free on board

Symbols:

C confidential

R revised

.. data not available

Table 5

 Current Account Services⁽¹⁾

 Quarter ended
 NZ\$(million)

	Series ref: BOPQ	Quarter					
		2006			2007		
		Jun	Sep	Dec	Mar	Jun	Sep
Actual							
Total exports of services	S5AC1A2	2,796	2,668	3,290	3,811	2,861 R	2,711
Transportation	S5AC1A201	576	601	698	797	579 R	627
Travel	S5AC1A202	1,564	1,446	1,932	2,446	1,614 R	1,446
Communication	S5AC1A203	52	56	.. C	.. C	.. C	.. C
Construction	S5AC1A204	5	8	.. C	.. C	.. C	.. C
Insurance	S5AC1A205	11	11	10	10	10	10
Financial	S5AC1A206	35	26	30	24	29	29
Computer and information	S5AC1A207	71	75	67	68	66	69
Royalties and licence fees	S5AC1A208	52	37	48	48	47	43
Other business services	S5AC1A209	335	320	314	284	314 R	299
Personal, cultural and recreational	S5AC1A210	57	52	78	43	92 R	72
Government services nie	S5AC1A211	39	36	36	38	41	40
Total imports of services	S5AD1A2	3,003	3,293	3,009	2,759	3,022 R	3,277
Transportation	S5AD1A201	986	1,058	1,018	976	985 R	1,003
Travel	S5AD1A202	928	1,184	977	845	989	1,255
Communication	S5AD1A203	82	79	69	75	70	76
Construction	S5AD1A204	12	14	38	22	51 R	21
Insurance	S5AD1A205	78	99	80	68	87	86
Financial	S5AD1A206	26	38	32	29	39	44
Computer and information	S5AD1A207	96	102	105	94	97 R	104
Royalties and licence fees	S5AD1A208	176	206	186	194	173	187
Other business services	S5AD1A209	557	464	447	408	463 R	447
Personal, cultural and recreational	S5AD1A210	16	15	21	13	20	17
Government services nie	S5AD1A211	47	33	36	34	49	37
Balance on services	S5AC3A2	-207	-625	280	1,052	-162 R	-566
Seasonally adjusted							
Exports of services	S5SC1A2	3,113 R	3,106 R	3,175 R	3,166 R	3,174 R	3,154
Transportation	S5SC1A201	636 R	654 R	680 R	697 R	637 R	682
Travel	S5SC1A202	1,867 R	1,856 R	1,830 R	1,848 R	1,917 R	1,851
Imports of services	S5SD1A2	3,023 R	3,026 R	2,990 R	3,028 R	3,037 R	3,014
Transportation	S5SD1A201	990 R	1,008 R	1,013 R	1,027 R	990 R	956
Travel	S5SD1A202	976 R	974 R	982 R	1,010 R	1,038 R	1,035
Balance on services	S5SC3A2	91 R	80 R	185 R	138 R	137 R	141
Trend⁽²⁾							
Exports of services	S5TC1A2	3,097 R	3,128 R	3,157 R	3,176 R	3,167 R	3,160
Transportation	S5TC1A201	631 R	657 R	684 R	679 R	663 R	662
Travel	S5TC1A202	1,850 R	1,857 R	1,834 R	1,862 R	1,886 R	1,876
Imports of services	S5TD1A2	3,024 R	3,017 R	3,006 R	3,021 R	3,031 R	3,020
Transportation	S5TD1A201	996 R	1,004 R	1,019 R	1,019 R	992 R	955
Travel	S5TD1A202	974 R	974 R	984 R	1,011 R	1,031 R	1,040
Balance on services	S5TC3A2	74 R	111 R	151 R	155 R	136 R	140

(1) Data may not sum to stated totals due to rounding.

(2) The trend series is the smoothed, seasonally adjusted series.

Note:

nie not included elsewhere

Symbols:

C confidential

R revised

.. data not available

Table 6

Current Account Income⁽¹⁾⁽²⁾

 Quarter ended
 NZ\$(million)

	Series ref: BOPQ	Quarter					
		2006			2007		
		Jun	Sep	Dec	Mar	Jun	Sep
Actual							
Income from New Zealand investment abroad							
Direct investment income	S5AC1B201	152	105	69	133	229 R	122
Income on equity	S5AC1B2011	162	113	88	159	261 R	163
Dividends	S5AC1B20111	.. C	.. C	.. C	.. C	.. C	30
Reinvested	S5AC1B20112	.. C	.. C	.. C	.. C	.. C	134
Income on debt	S5AC1B2012	-10	-8	-19	-26	-31	-41
Portfolio investment income	S5AC1B202	286	376	413	432	470 R	508
Income on equity	S5AC1B2021	129	177	186	179	196 R	197
Income on debt	S5AC1B2022	158	199	227	253	274	311
Bonds and notes	S5AC1B20221	68	84	100	93	81	66
Money market instruments	S5AC1B20222	90	115	127	160	193	245
Other investment income	S5AC1B203	146	167	159	168	165 R	212
Total investment income	S5AC1B2	585	648	641	732	865 R	842
Income from foreign investment in New Zealand							
Direct investment income	S5AD1B201	1,772	1,679	1,949	1,840	2,024 R	2,134
Income on equity	S5AD1B2011	1,599	1,495	1,712	1,578	1,709 R	1,819
Dividends	S5AD1B20111	1,311	1,227	983	552	1,464 R	1,176
Reinvested	S5AD1B20112	288	268	729	1,027	245 R	642
Income on debt	S5AD1B2012	173	184	237	262	315 R	315
Portfolio investment income	S5AD1B202	995	886	1,008	941	1,048 R	1,069
Income on equity	S5AD1B2021	315	195	277	183	282 R	275
Income on debt	S5AD1B2022	680	691	731	758	766	794
Bonds and notes	S5AD1B20221	513	532	513	523	524	503
Money market instruments	S5AD1B20222	167	159	217	235	242	291
Other investment income	S5AD1B203	852	860	842	845	844 R	894
Total investment income	S5AD1B2	3,620	3,425	3,798	3,627	3,917 R	4,097
Balance on investment income	S5AC3B102	-3,035	-2,777	-3,157	-2,894	-3,052 R	-3,255
Trend⁽³⁾							
Income from New Zealand investment abroad	S5TC1B	545 R	644 R	658 R	743 R	829 R	870
Income from foreign investment in New Zealand	S5TD1B	3,532 R	3,588 R	3,637 R	3,743 R	3,876 R	4,117
Balance on investment income	S5TC3B1	-2,988 R	-2,943 R	-2,979 R	-3,000 R	-3,047 R	-3,247

(1) Data may not sum to stated totals due to rounding.

(2) Investment income is not seasonal, so no separate seasonally adjusted series is produced.

(3) The trend series is the smoothed, actual series.

Symbols:

 C confidential
 R revised
 .. data not available

Balance of Payments and International Investment Position: September 2007 quarter

Table 7

Balance of Payments Major Balances⁽¹⁾

Actual
NZ\$(million)

	Balance on goods	Balance on services	Balance on investment income	Balance on current transfers	Balance on current account	Balance on capital account	
<i>Series ref: BOPQ</i>	<i>S5AC3A1</i>	<i>S5AC3A2</i>	<i>S5AC3B1</i>	<i>S5AC3B2</i>	<i>S5AC3</i>	<i>S5AC4A</i>	
Quarter							
1997	Sep	226	-680	-1,732	106	-2,081	66
	Dec	257	-228	-1,565	150	-1,385	37
1998	Mar	530	315	-1,122	243	-34	-74
	Jun	653	-629	-1,324	-4	-1,304	-99
	Sep	315	-859	-1,341	50	-1,836	-99
	Dec	186	-206	-1,095	222	-893	-66
1999	Mar	291	552	-1,216	28	-344	-135
	Jun	280	-354	-1,094	119	-1,048	-119
	Sep	-242	-701	-1,751	132	-2,562	-74
	Dec	-1,097	98	-1,855	38	-2,816	-79
2000	Mar	359	812	-1,904	137	-596	-141
	Jun	770	-329	-1,714	118	-1,155	-134
	Sep	-49	-813	-1,893	129	-2,626	-71
	Dec	203	68	-2,048	134	-1,643	-35
2001	Mar	1,142	948	-1,912	101	279	59
	Jun	1,796	-274	-1,782	99	-161	324
	Sep	417	-521	-1,828	58	-1,872	340
	Dec	22	92	-1,892	103	-1,675	428
2002	Mar	99	1,283	-1,582	-14	-213	424
	Jun	1,375	-3	-1,790	20	-399	493
	Sep	-404	-353	-1,810	19	-2,548	464
	Dec	-696	483	-1,724	124	-1,813	375
2003	Mar	391	1,678	-1,721	-50	298	253
	Jun	410	147	-1,944	42	-1,345	197
	Sep	-769	-331	-1,717	13	-2,804	274
	Dec	-815	461	-1,849	238	-1,966	146
2004	Mar	-18	1,318	-1,817	-56	-573	106
	Jun	465	69	-2,285	81	-1,671	43
	Sep	-1,427	-360	-2,513	43	-4,257	23
	Dec	-1,102	336	-2,266	69	-2,964	61
2005	Mar	-164	1,026	-2,402	125	-1,415	-19
	Jun	-142	-187	-2,528	80	-2,777	-109
	Sep	-2,099	-496	-2,708	108	-5,195	-95
	Dec	-1,306	163	-2,897	158	-3,883	-58
2006	Mar	-558	967	-3,123	27	-2,687	-64
	Jun	170	-207	-3,035	234	-2,839	-92
	Sep	-1,436	-625	-2,777	215	-4,622	-71
	Dec	-1,222	280	-3,157	243	-3,856	-106
2007	Mar	-342	1,052	-2,894	-21	-2,205	-192
	Jun	21 R	-162 R	-3,052 R	194	-2,999 R	-232
	Sep	-1,620	-566	-3,255	267	-5,174	-177

(1) Data may not add to stated totals due to rounding.

Symbol:

R revised

Balance of Payments and International Investment Position: September 2007 quarter

Table 8

Balance of Payments Major Balances⁽¹⁾
Year ended in quarter
 NZ\$(million)

	Balance on goods	Balance on services	Balance on investment income	Balance on current transfers	Balance on current account	Balance on capital account	
<i>Series ref: BOPQ</i>	<i>S5Y1</i>	<i>S5Y2</i>	<i>S5Y3</i>	<i>S5Y4</i>	<i>S5Y6</i>	<i>S5Y7</i>	
Quarter							
1997	Sep	1,133	-658	-7,821	653	-6,693	616
	Dec	1,345	-932	-7,289	453	-6,422	357
1998	Mar	1,438	-1,007	-6,399	551	-5,416	59
	Jun	1,665	-1,221	-5,743	494	-4,805	-71
	Sep	1,754	-1,401	-5,352	439	-4,559	-236
	Dec	1,683	-1,379	-4,882	511	-4,067	-338
1999	Mar	1,445	-1,142	-4,976	297	-4,377	-399
	Jun	1,072	-866	-4,746	420	-4,121	-419
	Sep	515	-709	-5,156	502	-4,847	-393
	Dec	-768	-405	-5,916	318	-6,770	-406
2000	Mar	-700	-145	-6,604	427	-7,022	-413
	Jun	-210	-120	-7,224	425	-7,129	-428
	Sep	-18	-231	-7,367	422	-7,193	-425
	Dec	1,282	-261	-7,559	519	-6,020	-381
2001	Mar	2,065	-126	-7,567	483	-5,145	-181
	Jun	3,091	-71	-7,635	464	-4,151	277
	Sep	3,557	221	-7,569	393	-3,398	688
	Dec	3,377	246	-7,413	361	-3,430	1,151
2002	Mar	2,334	582	-7,083	246	-3,922	1,516
	Jun	1,913	852	-7,091	167	-4,159	1,685
	Sep	1,092	1,020	-7,073	128	-4,835	1,809
	Dec	374	1,410	-6,906	149	-4,973	1,756
2003	Mar	667	1,804	-7,046	113	-4,462	1,585
	Jun	-298	1,955	-7,200	136	-5,408	1,289
	Sep	-663	1,977	-7,107	129	-5,664	1,099
	Dec	-783	1,955	-7,232	243	-5,817	870
2004	Mar	-1,192	1,595	-7,328	237	-6,688	723
	Jun	-1,137	1,517	-7,669	275	-7,014	568
	Sep	-1,796	1,488	-8,464	305	-8,467	317
	Dec	-2,083	1,363	-8,881	137	-9,465	233
2005	Mar	-2,230	1,071	-9,466	318	-10,307	108
	Jun	-2,837	814	-9,709	318	-11,413	-44
	Sep	-3,508	678	-9,904	383	-12,351	-162
	Dec	-3,712	505	-10,535	471	-13,270	-281
2006	Mar	-4,105	447	-11,256	373	-14,542	-327
	Jun	-3,794	427	-11,763	526	-14,603	-310
	Sep	-3,130	299	-11,832	634	-14,030	-286
	Dec	-3,046	416	-12,091	719	-14,003	-334
2007	Mar	-2,831	501	-11,863	671	-13,521	-462
	Jun	-2,979 R	546 R	-11,880 R	631 R	-13,682 R	-602
	Sep	-3,163	605	-12,359	683	-14,234	-707

(1) Data may not add to stated totals due to rounding.

Symbol:

R revised

Table 9

Balance of Payments Financial Account⁽¹⁾

Quarter ended

NZ\$(million)

	Series ref: BOPQ	Quarter					
		2006			2007		
		Jun	Sep	Dec	Mar	Jun	Sep
New Zealand investment abroad	S5AD2B	-3,447	3,768	4,153	6,438	1,766 R	2,466
Direct investment	S5AD2B1	239	411	208	1,049	2,585 R	639
Equity capital	S5AD2B101	.. C	.. C	.. C	.. C	.. C	578
Reinvested earnings	S5AD2B102	.. C	.. C	.. C	.. C	.. C	134
Other capital	S5AD2B103	954	-375	.. C	.. C	-674 R	-72
Portfolio investment	S5AD2B2	240	1,129	977	1,462	-213 R	-464
Equity securities	S5AD2B201	21	617	1,259	349	992 R	-559
Debt securities	S5AD2B202	218	513	-283	1,112	-1,205 R	94
Other investment	S5AD2B3	-4,613	-367	442	2,991	-2,639 R	1,228
Trade credits	S5AD2B301	323	-224	378	.. C	-583 R	-363
Loans	S5AD2B302	-1,395	-1,403	10	2,573	-1,256 R	1,269
Deposits	S5AD2B303	-3,234	1,143	336	-64	-957 R	393
Other instruments	S5AD2B304	-306	116	-282	.. C	157 R	-71
Reserve assets	S5AD2B5	687	2,595	2,526	936	2,034	1,064
Special drawing rights	S5AD2B502	-1	-2	-1	-2	-2	-2
Reserve position in the fund	S5AD2B503	--	17	-67	--	-36	--
Foreign exchange	S5AD2B504	250	1,568	2,661	3,820	2,488	2,351
Other reserve asset claims	S5AD2B505	438	1,012	-66	-2,882	-416	-1,285
Foreign investment in New Zealand	S5AC2B	-1,330	8,751	7,769	8,591	5,332 R	7,894
Direct investment	S5AC2B1	1,573	5,690	4,235	951	1,946 R	1,097
Equity capital	S5AC2B101	312	358	1,609	671	956 R	55
Reinvested earnings	S5AC2B102	288	268	729	1,027	245 R	642
Other capital	S5AC2B103	972	5,064	1,897	-746	745 R	400
Portfolio investment	S5AC2B2	-5,103	1,499	1,768	5,675	1,033 R	4,022
Equity securities	S5AC2B201	19	-839	-125	498	-43 R	299
Debt securities	S5AC2B202	-5,122	2,338	1,893	5,177	1,077 R	3,723
Other investment	S5AC2B3	2,200	1,561	1,766	1,965	2,352 R	2,775
Trade credits	S5AC2B301	76	-2	-1	-45	-51 R	37
Loans	S5AC2B302	175	695	-508	3,773	2,378 R	1,363
Deposits	S5AC2B303	1,965	505	2,304	-1,962	-112 R	1,489
Other instruments	S5AC2B304	-15	363	-29	199	138 R	-114

(1) Data may not sum to stated totals due to rounding

Symbols:

C confidential
 R revised
 .. data not available
 -- amount too small to be expressed

Table 10

International Assets and Liabilities⁽¹⁾⁽²⁾
 At end of quarter
 NZ\$(million)

	Series ref. IIPQ	Quarter					
		2006			2007		
		Jun	Sep	Dec	Mar	Jun	Sep
New Zealand's international assets⁽³⁾							
Equity assets ⁽⁴⁾	S5AA1A	46,914	46,289	48,373	50,242	53,312 R	55,140
Lending	S5AA3	65,259	63,203	64,380	69,568	69,502 R	74,378
Banks	S5AA8C	21,564	18,354	18,891	22,584	20,712	24,458
General government	S5AA8B	8,619	8,983	7,890	8,023	8,337	8,756
Monetary authorities	S5AA8A	10,477	12,711	14,791	15,329	15,853	16,871
Other sectors	S5AA8D	24,599	23,155	22,809	23,632	24,599 R	24,293
Total international assets	S5AA1	112,174	109,492	112,753	119,809	122,814 R	129,518
New Zealand's international liabilities							
Equity liabilities	S5AL1A	63,817	62,860	68,560	70,085	72,801 R	72,916
Borrowing	S5AL3	179,027	182,652	186,716	192,800	198,760 R	207,719
Banks	S5AL8C	101,554	104,629	113,148	114,661	120,410 R	127,389
General government	S5AL8B	17,816	17,721	14,500	15,147	14,889 R	16,811
Monetary authorities	S5AL8A	612	641	260	251	350	431
Other sectors	S5AL8D	59,046	59,661	58,808	62,741	63,111 R	63,089
Total international liabilities	S5AL1	242,845	245,512	255,276	262,884	271,561 R	280,636
New Zealand's net international asset position							
Net international equity	S5AA2A	-16,903	-16,571	-20,187	-19,843	-19,488 R	-17,776
Net international debt	S5AA2B	-113,768	-119,450	-122,336	-123,232	-129,258 R	-133,342
Net international asset position	S5AA2	-130,671	-136,021	-142,523	-143,075	-148,747 R	-151,118

(1) This table is prepared on a balance sheet basis.

(2) Data may not sum to stated totals due to rounding.

(3) Annual Managed Funds Survey data estimate of funds invested abroad through smaller fund managers was \$4.4 billion at 31 December 2006. This and the estimates for earlier periods are not included in this table. Refer to the technical notes of this release.

(4) Statistics New Zealand has updated its estimates of the value of overseas shares held directly by New Zealand individuals. The estimate at 31 December 2005 is \$4.5 billion, and at 31 December 2004 is \$5.2 billion. These estimates are not included in this table.

Symbol:

R revised

Table 11

International Financial Assets and Liabilities by Instrument⁽¹⁾⁽²⁾

At end of quarter

NZ\$(million)

	Series ref: IIPQ	Quarter					
		2006			2007		
		Jun	Sep	Dec	Mar	Jun	Sep
New Zealand's international financial assets⁽³⁾							
Loans	S5AA6A	21,555	19,910	18,854	18,935	17,261 R	17,947
Bonds and notes	S5AA6B	13,933	13,953	13,807	13,993	12,914 R	13,506
Deposits	S5AA6C	4,444	5,489	5,824	5,860	5,174 R	5,570
Trade credits	S5AA6D	5,542	5,247	5,478	5,910	5,581 R	5,055
Money market instruments	S5AA6E	9,610	9,918	11,348	15,633	16,337	19,366
Financial derivatives	S5AA6F	8,028	6,174	6,939	7,272	9,958 R	10,625
Other instruments	S5AA6G	2,147	2,511	2,129	1,964	2,276 R	2,309
Total international financial assets	S5AA3	65,259	63,203	64,380	69,568	69,502 R	74,378
New Zealand's international financial liabilities							
Loans	S5AL6A	69,201	74,690	76,683	79,597	83,848 R	86,513
Bonds and notes	S5AL6B	61,664	60,404	52,867	55,054	51,349 R	53,884
Deposits	S5AL6C	21,670	21,902	24,011	22,051	21,699	23,376
Trade credits	S5AL6D	4,056	4,188	4,125	3,949	4,149 R	4,408
Money market instruments	S5AL6E	13,117	13,954	19,825	22,844	24,897 R	27,070
Financial derivatives	S5AL6F	7,952	5,795	7,691	7,612	10,969 R	10,728
Other instruments	S5AL6G	1,366	1,721	1,514	1,692	1,849 R	1,740
Total international financial liabilities	S5AL3	179,027	182,652	186,716	192,800	198,760 R	207,719

(1) This table is prepared on a balance sheet basis.

(2) Data may not sum to stated totals due to rounding.

(3) Annual Managed Funds Survey data estimate of funds invested abroad through smaller fund managers was \$4.4 billion at 31 December 2006. This and the estimates for earlier periods are not included in this table. Refer to the technical notes of this release.

Symbol:

R revised

Table 12

International Financial Assets and Liabilities by Currency⁽¹⁾⁽²⁾

At end of quarter

\$NZ(million)

	Series ref. IIPQ	Quarter					
		2006			2007		
		Jun	Sep	Dec	Mar	Jun	Sep
New Zealand's international financial assets⁽³⁾							
Australian dollar	S5XA3AUD	9,386	8,403	7,960	8,675	9,450 R	9,556
European Union euro	S5XA3EUR	7,078	5,775	5,297	5,190	5,447 R	6,700
United Kingdom pound	S5XA3GBP	1,933	1,294	1,167	1,218	1,279 R	1,304
Japanese yen	S5XA3JPY	1,387	2,395	1,304	1,466	1,607 R	2,024
New Zealand dollar	S5XA3NZD	18,946	18,217	17,524	19,847	20,919 R	23,313
United States dollar	S5XA3USD	24,518	24,261	28,399	30,090	27,922 R	28,443
Total international financial assets	S5AA3	65,259	63,203	64,380	69,568	69,502 R	74,378
New Zealand's international financial liabilities							
Australian dollar	S5XL3AUD	14,325	11,784	12,163	14,057	14,111 R	16,219
European Union euro	S5XL3EUR	9,885	8,270	7,361	9,889	8,428 R	9,850
United Kingdom pound	S5XL3GBP	6,386	5,629	8,306	9,028	10,686 R	12,202
Japanese yen	S5XL3JPY	2,716	2,320	2,450	2,589	2,053 R	3,635
New Zealand dollar	S5XL3NZD	94,686	100,894	101,291	104,411	107,469 R	108,714
United States dollar	S5XL3USD	46,922	49,366	50,936	48,509	51,466 R	52,537
Total international financial liabilities	S5AL3	179,027	182,652	186,716	192,800	198,760 R	207,719

(1) This table is prepared on a balance sheet basis.

(2) Only a limited currency profile is shown in this table. Therefore, data does not sum to stated totals.

(3) Annual Managed Funds Survey data estimate of funds invested abroad through smaller fund managers was \$4.4 billion at 31 December 2006. This and the estimates for earlier periods are not included in this table. Refer to the technical notes of this release.

Symbol:

R revised

Table 13

International Financial Assets and Liabilities by Residual Maturity⁽¹⁾⁽²⁾

At end of quarter

NZ\$(million)

	Series ref: IIPQ	Quarter					
		2006			2007		
		Jun	Sep	Dec	Mar	Jun	Sep
New Zealand's international financial assets⁽³⁾							
At call	S5AA4A	8,799	9,462	9,547	11,104	9,768 R	11,100
2 days up to and including 90 days	S5AA4B	23,314	24,229	24,754	26,784	22,579 R	28,355
91 days up to and including 6 months	S5AA4C	2,324	1,410	764	1,121	4,465 R	2,572
Over 6 months up to and including 9 months	S5AA4D	711	371	590	678	846 R	542
Over 9 months up to and including 1 year	S5AA4E	386	657	593	815	821 R	556
Over 1 year up to and including 2 years	S5AA4F	3,950	4,292	3,691	3,173	1,616 R	2,386
Over 2 years up to and including 5 years	S5AA4G	7,009	6,091	6,361	6,163	6,393 R	5,049
Over 5 years	S5AA4H	5,233	4,770	5,502	6,209	6,277 R	6,518
Unspecified	S5AA4I	13,535	11,921	12,578	13,522	16,738 R	17,301
Total international financial assets	S5AA3	65,259	63,203	64,380	69,568	69,502 R	74,378
New Zealand's international financial liabilities							
At call	S5AL4A	17,162	16,140	17,584	15,571	17,838 R	18,711
2 days up to and including 90 days	S5AL4B	42,764	52,388	48,547	57,228	49,362 R	60,357
91 days up to and including 6 months	S5AL4C	20,107	15,312	20,369	14,812	18,590 R	14,295
Over 6 months up to and including 9 months	S5AL4D	4,331	5,085	5,192	6,706	6,564 R	6,315
Over 9 months up to and including 1 year	S5AL4E	6,552	5,254	4,640	8,206	8,115 R	7,600
Over 1 year up to and including 2 years	S5AL4F	9,216	10,590	10,556	9,244	11,216 R	13,828
Over 2 years up to and including 5 years	S5AL4G	23,462	23,959	23,277	24,501	27,398 R	24,620
Over 5 years	S5AL4H	47,482	48,129	48,860	48,920	48,709 R	51,266
Unspecified	S5AL4I	7,952	5,795	7,691	7,612	10,969 R	10,728
Total international financial liabilities	S5AL3	179,027	182,652	186,716	192,800	198,760 R	207,719

(1) This table is prepared on a balance sheet basis.

(2) Data may not sum to stated totals due to rounding.

(3) Annual Managed Funds Survey data estimate of funds invested abroad through smaller fund managers was \$4.4 billion at 31 December 2006. This and the estimates for earlier periods are not included in this table. Refer to the technical notes of this release.

Symbol:

R revised

Table 14

Balance of Payments Ratios
Year ended in quarter

Series ref: BOPQ	Current account balance	Current account balance to GDP ⁽¹⁾	Net investment income to goods & services credits ⁽²⁾	Debt service to exports of goods & services ⁽³⁾	Goods & services credits to GDP ⁽⁴⁾	Goods & services debits to GNE ⁽⁵⁾
	NZ\$(million)	Percent				
	S5Y8	S5R01	S5R04	S5R12	S5R05	S5R06
1997 Sep	-6,693	-6.7	-28.3	17.2	27.6	27.2
Dec	-6,422	-6.4	-26.0	17.2	27.8	27.5
1998 Mar	-5,416	-5.3	-22.4	17.1	28.1	27.8
Jun	-4,805	-4.7	-20.1	18.0	28.2	27.9
Sep	-4,559	-4.5	-18.3	18.3	28.8	28.5
Dec	-4,067	-4.0	-16.4	18.3	29.1	28.9
1999 Mar	-4,377	-4.2	-16.4	17.9	29.4	29.2
Jun	-4,121	-3.9	-15.4	16.3	29.5	29.3
Sep	-4,847	-4.6	-16.5	15.7	29.5	29.6
Dec	-6,770	-6.3	-18.4	15.4	29.8	30.6
2000 Mar	-7,022	-6.4	-19.7	15.7	30.6	31.1
Jun	-7,129	-6.4 R	-20.5	14.8	31.7 R	31.9 R
Sep	-7,193	-6.4 R	-20.0	13.9	32.7 R	32.9 R
Dec	-6,020	-5.3 R	-19.2	14.8	34.3 R	33.7 R
2001 Mar	-5,145	-4.4 R	-18.4	13.8	35.5 R	34.4 R
Jun	-4,151	-3.5 R	-17.8	12.9	36.3 R	34.6 R
Sep	-3,398	-2.8 R	-17.2	12.1	36.6 R	34.5 R
Dec	-3,430	-2.8 R	-17.0	11.6	35.6 R	33.6 R
2002 Mar	-3,922	-3.1 R	-16.2	10.9	35.1 R	33.5 R
Jun	-4,159	-3.3 R	-16.3	10.7	34.6 R	33.1 R
Sep	-4,835	-3.8 R	-16.4	10.6	33.7 R	32.6 R
Dec	-4,973	-3.8 R	-16.1	10.3	33.2 R	32.3 R
2003 Mar	-4,462	-3.4 R	-16.6	10.3	32.5 R	31.2 R
Jun	-5,408	-4.1 R	-17.3	10.2	31.4 R	30.5 R
Sep	-5,664	-4.2 R	-17.3	10.1	30.5 R	29.8 R
Dec	-5,817	-4.2 R	-17.8	10.0	29.7 R	29.1 R
2004 Mar	-6,688	-4.8 R	-18.0	10.0	29.1 R	28.9 R
Jun	-7,014	-4.9 R	-18.3	9.7	29.4 R	29.2 R
Sep	-8,467	-5.8 R	-20.0	10.4	29.1 R	29.3 R
Dec	-9,465	-6.4 R	-20.6	11.0	29.1 R	29.5 R
2005 Mar	-10,307	-6.9 R	-21.8	11.7	29.0 R	29.6 R
Jun	-11,413	-7.5 R	-22.6	12.3	28.4 R	29.3 R
Sep	-12,351	-8.1 R	-22.9	12.4	28.3 R	29.6 R
Dec	-13,270	-8.6 R	-24.3	12.6	28.0 R	29.5 R
2006 Mar	-14,542	-9.3 R	-25.7	13.1	27.9 R	29.6 R
Jun	-14,603	-9.2 R	-26.1	13.9	28.5 R	30.0 R
Sep	-14,030	-8.8 R	-25.5	14.3	29.1 R	30.3 R
Dec	-14,003	-8.6 R	-25.6	14.9	29.1 R	30.3 R
2007 Mar	-13,521	-8.2 R	-24.6	15.1	29.3 R	30.2 R
Jun	-13,682 R	-8.1 R	-24.7 R	15.7 R	28.6 R	29.6 R
Sep	-14,234	-8.3	-25.9	16.5	28.0	29.0

(1) This ratio uses year ended in quarter current account balance divided by year ended in quarter expenditure on GDP at current prices.

(2) This ratio uses year ended in quarter net investment income divided by year ended in quarter goods and services credits.

(3) This ratio uses year ended in quarter total gross interest flows divided by year ended in quarter goods and services credits.

(4) This ratio uses year ended in quarter goods and services credits divided by year ended in quarter expenditure on GDP at current prices.

(5) This ratio uses year ended in quarter goods and services debits divided by year ended in quarter gross national expenditure at current prices.

Symbol:

R revised