

# New Zealand economy grows 0.1 percent

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Economic activity, as measured by gross domestic product (GDP), was up 0.1 percent in the June 2011 quarter, Statistics New Zealand said today. This follows a revised increase of 0.9 percent in the March 2011 quarter. Economic activity for the year ended June 2011 was 1.5 percent higher than for the June 2010 year.

"This flat result for GDP growth this quarter follows strong growth of 0.9 percent in the first three months of this year," national accounts manager Rachael Milicich said. "Despite the latest result, the New Zealand economy has grown 1.5 percent for the year."

Real gross national disposable income (RGNDI), which is a measure of the goods and services New Zealanders have command over, increased 2.8 percent for the year ended June 2011. The difference between GDP growth in the year to June 2011 and the growth in RGNDI is mainly due to the terms of trade, which reached a 37-year high in the June 2011 quarter. A high terms of trade means that New Zealand's export prices are rising faster than import prices.

In the June 2011 quarter, the notable movements in volume by industry were in:

- Finance, insurance, and business services (up 1.5 percent), due to an increase in business services.
- Agriculture (up 4.3 percent), due to increases in volumes of milk and wool.
- Construction (down 4.3 percent), due to decreases in construction services and residential construction.
- Manufacturing (down 0.1 percent), following two quarters of strong growth.

The expenditure measure of GDP was also up 0.1 percent in the June 2011 quarter. Notable movements were in:

- Spending by New Zealand households (up 0.3 percent). An increase in the volume of durable goods purchased by households (such as furniture and appliances) was partly offset by a decrease in non-durable goods (such as food).
- Investment in fixed assets (down 0.4 percent). Decreased investment in transport equipment and residential building was partly offset by an increase in plant, machinery, and equipment investment.
- Export volumes (down 0.5 percent). A decline in spending by visitors to New Zealand was partly offset by an increase in exports of metal and meat products.
- Import volumes (up 1.7 percent). A large increase in intermediate goods (which included parts for military aircraft) was partly offset by a decline in imports of transport equipment.

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