

Embargoed until 10:45am – 29 June 2009

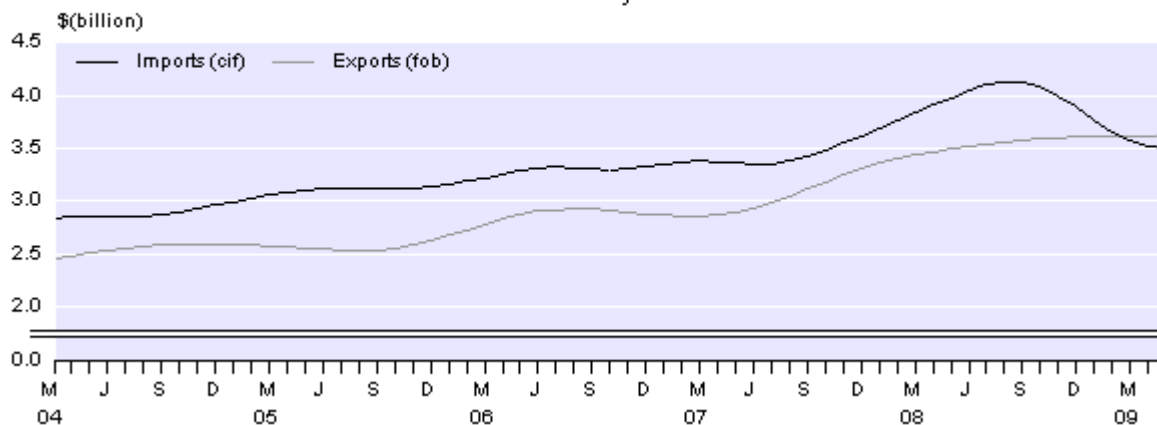
## Overseas Merchandise Trade: May 2009

### Highlights

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

- Merchandise imports were down \$809 million (20.7 percent), to \$3.1 billion, the largest drop in percentage terms since February 1993.
- Merchandise exports were valued at \$4.0 billion, up \$218 million (5.8 percent).
- As a percentage of exports, the trade balance recorded a surplus of 21.7 percent, the largest since June 1993.
- Petroleum and products, and passenger motor cars accounted for more than 60 percent of the fall in total imports.
- 80 percent of the increase in exports were to China.

Merchandise Trend Values  
Monthly



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See also [Overseas Merchandise Trade: May 2009 – Media release](#).

## Commentary

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

## Exports

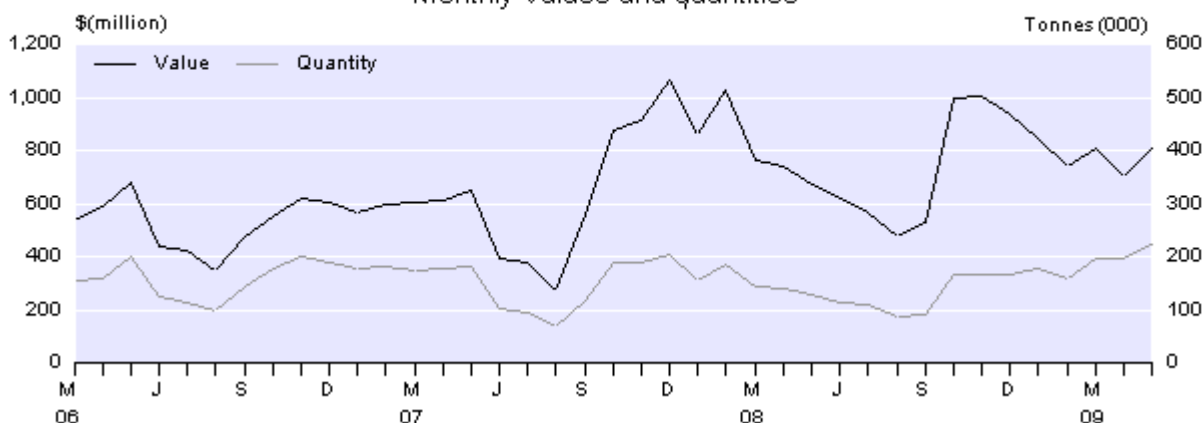
The value of merchandise exports for the month of May 2009 was \$4.0 billion, up \$218 million (5.8 percent) from May 2008. Exports to China accounted for 80 percent of this month's increase, led by milk powder, butter and cheese, and logs, wood and wood articles.

The trend for total merchandise exports has remained relatively flat over the past eight months, rising at an average of 0.2 percent per month.

Milk powder, butter and cheese rose \$131 million (19.4 percent) compared with May 2008, led by a 104 percent rise in the quantity of whole milk powder exported. This quantity increase follows lower than usual quantities in May 2008, which coincided with the North Island drought.

### Milk Powder, Butter and Cheese Exports

*Monthly values and quantities*



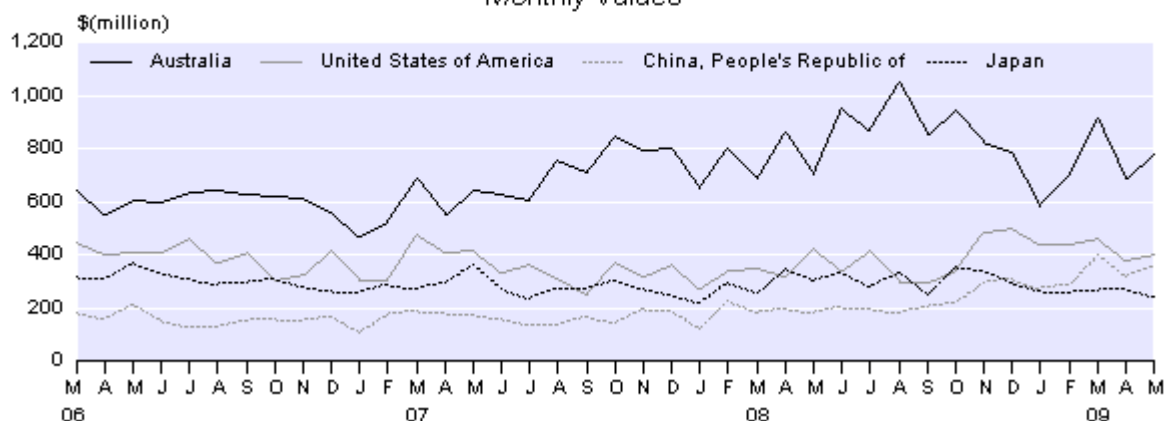
Logs, wood and wood articles recorded the second largest increase, up \$55 million (32.1 percent). This increase was driven by a \$60 million rise in pine log exports, including a \$31 million increase to China.

The value of fruit exports increased \$54 million (20.3 percent). This increase was led by a \$39 million price-driven rise in the value of kiwifruit exports.

Crude oil recorded the largest offsetting decrease, down \$90 million (36.0 percent). This decrease is entirely price driven, as quantities have increased 18.0 percent over this period. The next largest decrease was for aluminium and aluminium articles, down \$63 million (47.7 percent).

By country of destination, China recorded the largest increase, followed by Australia and Indonesia. Exports to China almost doubled in value, up \$176 million (96.7 percent), led by a \$52 million (six-fold) increase in milk powder and a \$46 million (three-fold) increase in logs, wood, and wood articles. The export increases to Australia and Indonesia were each largely due to exports of crude oil.

### Exports to New Zealand's Top Four Export Countries Monthly values



The largest decrease in exports was to Thailand, down \$101 million (69.8 percent), as no crude oil was exported there in May 2009 following a shipment valued at \$94 million in May 2008. Japan and Malaysia recorded the next largest decreases, led by aluminium and aluminium articles, and crude oil, respectively.

### Imports

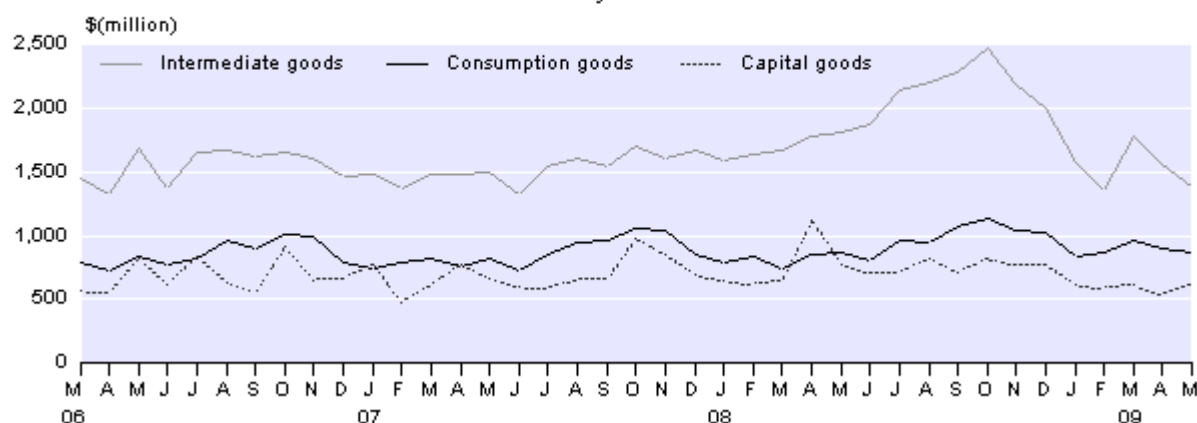
The total value of merchandise imports for May 2009 was \$3.1 billion, down \$809 million (20.7 percent) from May 2008. The latest month's fall is the largest (in percentage terms) since February 1993.

The trend for merchandise imports has been decreasing since August 2008, and is down 15.4 percent since then.

All of the main broad economic categories fell in May 2009. Intermediate goods showed the largest fall, down \$431 million (23.8 percent) due largely to a \$106 million (32.3 percent) fall in crude oil imports. Capital goods fell \$151 million (19.7 percent) mainly due to a fall in imported aircraft. Consumption goods was virtually unchanged, down \$2 million (0.2 percent).

Passenger motor car imports were down \$153 million (52.0 percent) compared with May 2008, to a total of \$141 million. This decrease was led by petrol cars with a 1500–3000 cc rating (down \$67 million), and cc rating exceeding 3000 (down \$45 million).

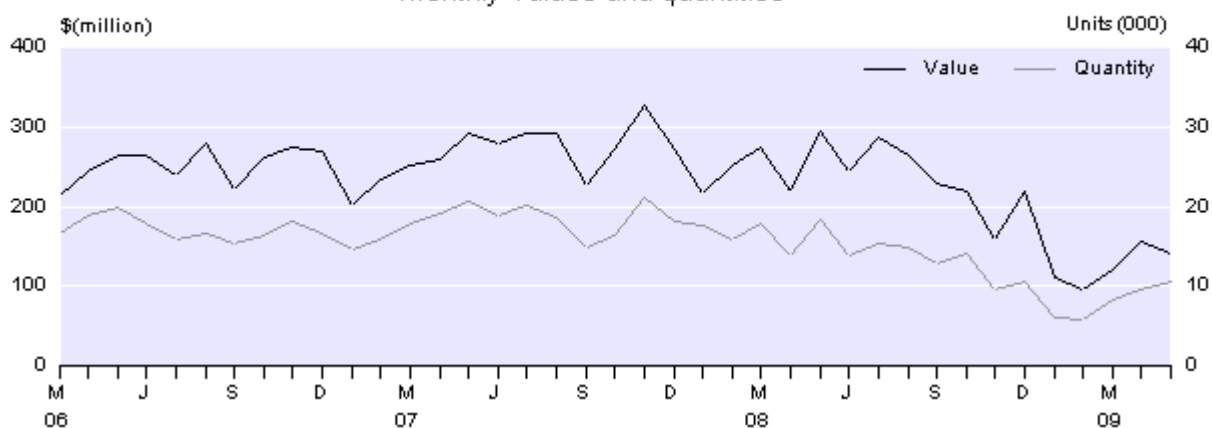
### Imports by Broad Economic Category Monthly values



At the more detailed commodity level, the largest decrease was for petroleum and products, down \$271 million (40.0 percent), led by the previously mentioned decrease in crude oil. However, the timing of crude oil shipments is irregular, and can cause large percentage fluctuations in the series. The next largest decrease was recorded by vehicles, parts and accessories, which fell \$246 million (50.6 percent) led by the passenger motor cars mentioned earlier. The decreases in petroleum and products, and vehicles, parts and accessories, make up more than 60 percent of the decrease in total imports.

Twenty-nine of the 40 top import commodity groups recorded decreases in May 2009. Aircraft and parts fell \$86 million (54.9 percent) due to large aircraft being imported last May. Food residues, wastes and fodder fell \$68 million (78.2 percent), mainly due to a fall in oil cake (down \$56 million) as there was no oil cake imported in May 2009. Oil cake, which is used as cattle feed or fertilizer, imported in May 2008 was related to the drought.

**Passenger Motor Car Imports**  
*Monthly values and quantities*



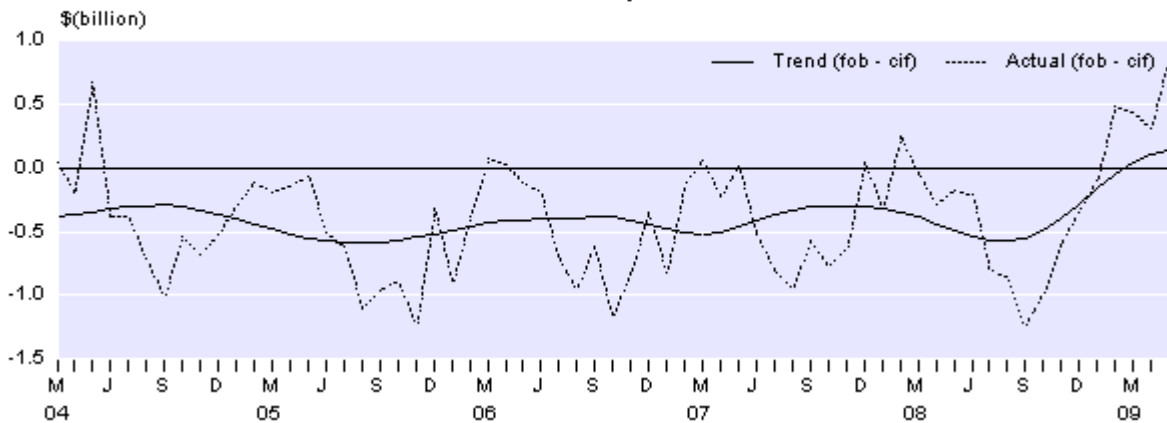
By country of origin, Japan and Australia recorded the largest decreases, down \$145 million and \$123 million, respectively. Vehicles, parts and accessories was the biggest contributor to the decreases from each of these countries. The largest increase in imports was from Qatar, up \$52 million (68.0 percent), due to more crude oil imported in May 2009 compared with May 2008.

## Trade balance

In May 2009, the trade balance was a surplus of \$858 million or 21.7 percent of the value of exports. This is the largest trade surplus, as a percentage of exports, since June 1993 (22.6 percent of exports). The trade balance has now been in surplus for four consecutive months, which last occurred in early 2002.

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

## Merchandise Trade Balance *Monthly*



The annual trade balance for the year ended May 2009 was a deficit of \$3.0 billion (7.0 percent of exports). As a percentage of exports, this is less than half of the average of 15.7 percent for the preceding five May years.

### Three months ended May 2009

Exports of merchandise goods for the three months ended May 2009 were valued at \$11.7 billion, an increase of \$661 million (6.0 percent) on the same period of the previous year.

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

By commodity:

- Meat and edible offal exports increased \$235 million (15.7 percent) – the largest increase – due to a price-driven rise in sheep meat, and price and quantity increases in frozen boneless beef cuts.
- Fruit recorded the second largest increase, up \$155 million (25.7 percent) led by a \$106 million increase in the value of kiwifruit exported.
- Milk powder, butter and cheese rose \$133 million (6.1 percent), due to a \$91 million increase in skimmed milk powder, and a \$56 million increase in cheese exports.
- Crude oil recorded the largest decrease, down \$325 million (45.8 percent), due mainly to decreased prices.
- Aluminium and aluminium articles recorded the second largest decrease, down \$176 million (46.2 percent), led by a \$159 million decrease in unwrought aluminium.

By country:

- Exports to China almost doubled, up \$514 million (91.7 percent), led by milk powder, butter and cheese, and wood and wood articles.
- The United States of America recorded the second largest increase, up \$147 million (13.6 percent), led by meat and edible offal
- Thailand recorded the largest decrease, down \$175 million (57.1 percent), with a \$133 million drop in crude oil exports
- Exports to Japan fell \$128 million (14.1 percent), dominated by a \$147 million decrease in aluminium and aluminium articles

Imports of merchandise goods for the three months ended May 2009 were valued at \$10.0 billion, down 12.7 percent from the same period of the previous year.

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

By commodity:

- The vehicles, parts and accessories category had the largest decrease, down \$560 million (42.7 percent), mainly due to decreases in passenger motor vehicles (down \$368 million or 46.7 percent) and goods transport vehicles (down \$166 million or 60.4 percent).
- Petroleum and products decreased \$437 million (21.8 percent) – the second largest decrease (due to a \$340 million decrease in crude oil, and a \$91 million decrease in refined and partly refined oils).
- Electrical machinery and equipment recorded the largest increase for the quarter, up \$171 million (19.4 percent), led by increases in telecommunications transmission equipment (up \$82 million), and electric generating sets and rotary converters (up \$33 million).

By country of origin:

- Malaysia was the largest decrease, down \$461 million (65.5 percent), mostly due to an oil platform being imported in April 2008, as well as crude oil not being imported from Malaysia this quarter, resulting in a fall of \$420 million.
- Australia was down \$237 million (11.6 percent) – the second largest decrease – due to decreases in a variety of items including vehicles, parts and accessories (down \$76 million), petroleum and products (down \$39 million) and iron and steel (down \$38 million).
- The largest increase was from China, up \$169 million (12.7 percent), due to increases in several categories including electrical machinery and equipment, up \$68 million (27.6 percent), and apparel and clothing accessories, up \$53 million (25.8 percent).

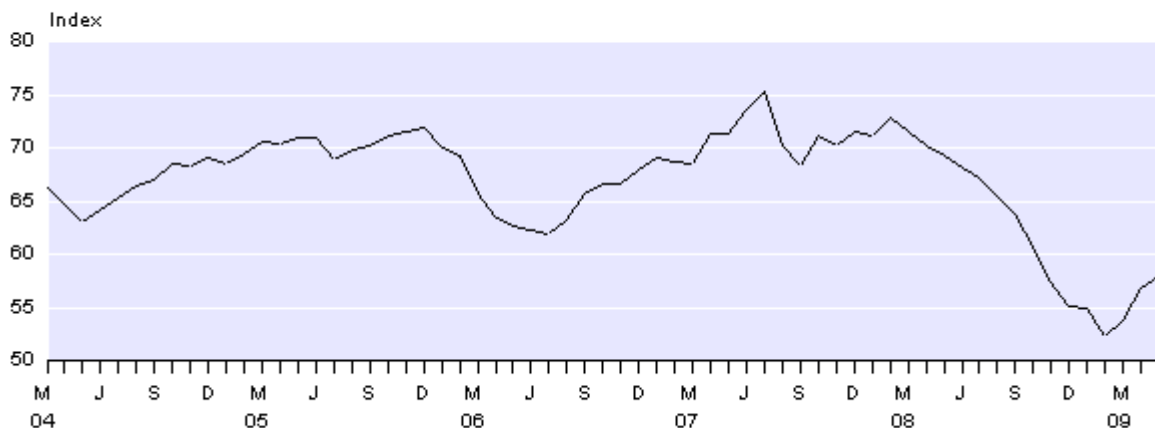
## Exchange rate movements

According to the Reserve Bank's Trade Weighted Index, the New Zealand dollar rose 1.9 percent in May 2009 compared with April 2009, and is down 16.3 percent compared with May 2008.

### Trade Weighted Index

Monthly

Base: June 1979 = 100



Source: Reserve Bank of New Zealand

## Updates to previous statistics

Provisional values published on 26 May 2009 have been updated. Merchandise trade statistics for the latest three months are provisional to allow for the inclusion of late data and amendments.

|             | Published on 26 May 2009   |                  |                      | Published on 29 June 2009  |                  |                      | Change                     |                  |                      |
|-------------|----------------------------|------------------|----------------------|----------------------------|------------------|----------------------|----------------------------|------------------|----------------------|
|             | \$(million) <sup>(1)</sup> |                  |                      | \$(million) <sup>(1)</sup> |                  |                      | \$(million) <sup>(1)</sup> |                  |                      |
|             | Exports<br>(fob)           | Imports<br>(cif) | Balance<br>(fob-cif) | Exports<br>(fob)           | Imports<br>(cif) | Balance<br>(fob-cif) | Exports<br>(fob)           | Imports<br>(cif) | Balance<br>(fob-cif) |
| Month of:   |                            |                  |                      |                            |                  |                      |                            |                  |                      |
| Feb 2009    | P 3,442                    | 2,960            | 481                  | 3,442                      | 2,959            | 483                  | 0                          | -1               | 1                    |
| Mar 2009    | P 4,063                    | 3,616            | 447                  | 4,054                      | 3,615            | 439                  | -9                         | -1               | -8                   |
| Apr 2009    | P 3,650                    | 3,374            | 276                  | 3,645                      | 3,327            | 319                  | -4                         | -48              | 43                   |
| Year ended: |                            |                  |                      |                            |                  |                      |                            |                  |                      |
| Feb 2009    | P 42,732                   | 47,898           | -5,166               | 42,732                     | 47,897           | -5,165               | 0                          | -1               | 1                    |
| Mar 2009    | P 43,363                   | 48,040           | -4,676               | 43,354                     | 48,038           | -4,683               | -9                         | -2               | -7                   |
| Apr 2009    | P 43,187                   | 47,295           | -4,108               | 43,174                     | 47,245           | -4,072               | -13                        | -50              | 36                   |

(1) Figures are calculated on unrounded data.

**Symbol:**

P provisional

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### Next release ...

*Overseas Merchandise Trade: June 2009* will be released on 28 July 2009.

# Technical notes

## Definitions

|                    |   |
|--------------------|---|
| billion            | 1,000 million.  |
| capital goods      | Produced assets used repeatedly or continuously, for longer than one year, in industrial production processes. Examples are machinery, trucks and aircraft. |
| cif                | Cost of goods, including insurance and freight to New Zealand.  |
| consumption goods  | Goods used (without further transformation in industrial production processes) by households, government or non-profit institutions serving households.     |
| fob                | Free on board (the value of goods at New Zealand ports before export).  |
| Infoshare          | Free-of-charge online tool that gives you access to a range of time-series data.  |
| intermediate goods | Goods used up or transformed in industrial production processes.  |
| merchandise trade  | Exports or imports of goods that alter the nation's stock of material resources. Includes goods leased for a year or more. Excludes goods for repair.       |
| provisional        | Statistics for the latest three months are provisional, to allow for the inclusion of late data and amendments.   |
| re-exports         | Merchandise exports that were earlier imported into New Zealand and comprise less than 50 percent New Zealand content by value.                             |
| vfd                | Value for duty (the value of imports before insurance and freight costs are added).   |

## Data source

Data is obtained from export and import entry documents lodged with the New Zealand Customs Service (NZCS). The data is processed and passed to Statistics NZ for further editing and compilation.

## Valuations

*Exports* (including re-exports) are valued fob (free on board) and are shown in New Zealand dollars. Estimated values are used for goods that are not already sold at the time of export entry lodgement.

*Imports* are valued at cif (cost including insurance and freight) and are shown in New Zealand dollars.

*Trade balance* values are calculated by deducting imports (cif) from exports (fob). These two valuations are not entirely comparable, because the cif valuation includes insurance and freight to New Zealand while the fob valuation excludes insurance and freight from New Zealand. However, imports in tables 1 and 2 are also shown at the vfd (value for duty) level, which excludes the insurance and freight component.

## **Exchange rates**

*Export* values given in foreign currencies are converted by Statistics NZ into New Zealand dollars, using weekly exchange rates when the statistics are compiled. For exports, a rise in the New Zealand dollar has a downward influence on prices, quantities and values.

*Import* values are converted from foreign currencies when import documents are processed by NZCS. The exchange rates used are set by NZCS each fortnight. These rates are prepared 11 days prior to the start of the fortnight, so have a lag of 11 to 25 days compared with the daily rates published by the Reserve Bank. For imports, a rise in the New Zealand dollar has a downward influence on prices and an upward influence on quantities. The combined influence on values can be either positive or negative.

## **Time of recording**

### **Exports**

From the August 1997 reference month, exports are compiled by date of loading. Previously, exports were generally compiled according to date of clearance by NZCS. This meant that some goods were allocated to the month following their actual month of export. Exports up to July 1997 that were not processed until August 1997 were assigned to the month of August 1997.

From 1 March 2004, NZCS do not allow goods to be loaded for export until an export entry has been lodged and cleared. A study undertaken in 2001/02 indicated that export entries not being lodged might account for between 1 and 3 percent of exports at that time. There is a possibility that the change in NZCS processes may have reduced this undercoverage, although this has not been quantified.

### **Imports**

Imports are generally compiled by date of entry clearance by NZCS. NZCS entries are required from up to five days before, to 20 working days after, arrival of goods into New Zealand. The exception to this rule is for crude oil imports which can have entries lodged later than 20 working days after entry into New Zealand.

Crude oil values for the latest month are estimated using actual quantities and country of origin data (provided by NZCS, based on information from the refinery at Marsden Point), together with estimated prices. These estimates for crude oil are replaced once actual entries are lodged with NZCS.

While all entries are provisional for the latest three months, and have the potential to be changed by the importer/exporter within this period, changes are not common, and generally do not have a material impact on the results. However, New Zealand has only a few ships carrying crude oil arriving each month, and each ship represents a high proportion of the monthly total of imported crude oil. Any variation in the data for crude oil resulting from a later lodgement date can result in a significant revision to the value. Once actual lodgements are received by Statistics NZ from NZCS, the value for crude oil can be regarded as robust.

There were 22 working days in May 2008 and 21 working days in May 2009.

## **Commodity classification**

Commodities are classified according to the New Zealand Harmonised System Classification (NZHSC).

The NZHSC was revised, from the January 2007 reference month, to incorporate changes promulgated by the World Customs Organization. Details can be found in the *Overseas Merchandise Trade: January 2007* Hot Off The Press released on 26 February 2007.

## **Standard International Trade Classification**

The Standard International Trade Classification (SITC) is an output classification (using HS codes at the 6-digit level as building blocks), designed by the United Nations as an analytical tool for economic analysis, which includes some simple implications regarding level of processing. Published figures are at a high level of aggregation; more disaggregated information is available on Infoshare. For customised jobs using the SITC Rev 4 classification, contact customer services at: [info@stats.govt.nz](mailto:info@stats.govt.nz).

## **Broad economic category groups**

Broad economic category (BEC) groups are arranged, as far as practicable, to align with the System of National Accounts' three basic classes: capital goods, intermediate goods and consumption goods. Commodities in BEC groups are categorised on the basis of their main end use. This means, for example, that all video recorders are treated as consumption goods even though some are used in business. Similarly, all helicopters are treated as transport equipment even though some are military goods (and are treated as such in the National Accounts).

## **Trend series**

Time series can be split into trend, seasonal and irregular components. Seasonal adjustment removes the seasonal component, while trend estimation removes the seasonal and irregular components. Trend estimates reveal the underlying direction of movement in a series and are used to identify turning points.

The trend series are calculated using X-12-ARIMA, which adjusts for outlying values and uses a centred moving average. The length of the centred moving average is selected automatically and can be 9, 13 or 23 months, depending on the relative variability of the irregular component compared with the trend. A long moving average has the effect of smoothing the trend series but slowing the response to underlying changes in growth rates, while a short moving average produces a trend series that is less smooth but quicker to identify turning points.

To improve estimation of the underlying movement, the imports trend is calculated after removal of individual import items that have cif values of \$100 million or more, such as large aircraft and ships. The trade balance trend is calculated by subtracting the imports trend from the exports trend.

Trend figures are recalculated each month. The use of new monthly data means that previously published trend estimates are subject to revision. These revisions affect mainly the latest months and can be large if a trade value is initially treated as an outlier but is later found to be part of the underlying trend.

## Seasonally adjusted series

These are calculated for calendar quarters, using X-12-ARIMA, and published in the March, June, September and December releases.

Seasonal adjustment removes the estimated impact of regular seasonal events, such as pre-Christmas purchasing, from time series. This makes the figures for adjacent periods more comparable. Seasonally adjusted figures are estimates and are subject to revision each quarter, with the largest changes generally occurring in the latest quarters.

Further information is on the [Statistics NZ website](#).

## Confidential items

Under Section 37A (d) of the Statistics Act, the Government Statistician may disclose details of external trade, movement of ships, and cargo handled at ports. However, Statistics New Zealand understands that the release of merchandise trade commodity information can, in some cases, place commercially sensitive information in the public domain. Statistics New Zealand is able to provide a limited form of confidential status for commodity items (at the discretion of the Government Statistician), upon application by a company or business.

In practice, all confidential HS codes are aggregated into the code 9809.00.00.00 in order to protect their confidentiality and to maintain total export and import values. Any aggregations of Harmonised System (HS) codes below this level, which encompass confidential 10 digit codes, exclude the confidential value(s) for these codes.

The only aggregates that include the confidential codes are total exports, total imports, and the total exports and imports by country.

## Concepts

Overseas Merchandise Trade (OMT) statistics are compiled in close accordance with the United Nations International Merchandise Trade Statistics Concepts and Definitions. OMT data, after adjustment, is used in the Balance of Payments and National Accounts. The adjustments are for coverage, timing, valuation and classification, and are explained in the [Balance of Payments – Sources and Methods 2004](#) publication.

## Additional information

Other information on overseas trade is available from:

- Statistics NZ home page: [www.stats.govt.nz](http://www.stats.govt.nz)
- Infoshare: [www.stats.govt.nz/products-and-services/infoshare/default.htm](http://www.stats.govt.nz/products-and-services/infoshare/default.htm)
- *Key Statistics* – the monthly statistical publication
- *The New Zealand Official Yearbook*.

Related Hot Off The Press releases are:

- *Overseas Cargo Statistics*: ISSN 1178-2838
- *Overseas Trade Indexes – Prices*: ISSN 1178-0339
- *Overseas Trade Indexes – Volumes*: ISSN 1178-0347
- *Balance of Payments (quarterly)*: ISSN 1178-0215
- *Balance of Payments (annual)*: ISSN 1178-0223
- *Economic Survey of Manufacturing*: ISSN 1178-024X.

## **More information**

For more information, follow the [link](#) from the technical notes of this release on the Statistics NZ website.

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## **Timing**

Timed statistical releases are delivered using postal and electronic services provided by third parties. Delivery of these releases may be delayed by circumstances outside the control of Statistics NZ. Statistics NZ accepts no responsibility for any such delays.

## Tables

The following tables are printed with this Hot Off The Press and can also be downloaded from the Statistics New Zealand website in Excel format. If you do not have access to Excel, you may use the [Excel file viewer](#) to view, print and export the contents of the file.

1. Overseas merchandise trade, actual values
2. Overseas merchandise trade, trend values – monthly
3. Exports by destination
4. Imports by country of origin
5. Exports of main commodities
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7. Imports by broad economic category (BEC) group
8. Exchange rates
9. Related series, livestock, cars, crude oil and petroleum
10. Exports and imports by standard international trade classification (SITC)