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Terms of trade rise 5.7 percent

The merchandise terms of trade rose 5.7 percent in the December 2009 quarter, meaning 5.7 percent more imported goods could be funded by a fixed quantity of exported goods than in the September 2009 quarter, Statistics New Zealand said today.

The rise in the terms of trade in the December 2009 quarter was the largest since the March 1976 quarter, following six consecutive quarterly falls. The latest quarterly rise was due to a drop in import prices (down 5.8 percent) overshadowing a fall in export prices (down 0.3 percent). "A rising New Zealand dollar in the latest quarter had a downward influence on both export and import prices," prices manager Chris Pike said.

In the December 2009 quarter, prices for imported goods fell 5.8 percent, primarily driven by mechanical machinery (down 8.6 percent) and electrical machinery and apparatus (down 10.0 percent). Petroleum and petroleum products (down 4.3 percent) and food and beverages also contributed to this fall.

Prices for exported goods fell 0.3 percent in the December 2009 quarter. Significant contributions to the latest quarterly fall came from meat (down 8.3 percent) and fish and fish preparations (down 8.2 percent), partly offset by dairy products (up 5.0 percent) and fruit.

Seasonally adjusted export volumes decreased 1.2 percent in the December 2009 quarter, the first decrease since the September 2008 quarter. Petroleum and petroleum products, dairy products, and fruit and vegetables were the major contributors to the decrease in volumes in the December 2009 quarter. Meat volumes increased, making a partly offsetting contribution to the overall volume decrease.

Seasonally adjusted import volumes rose 1.6 percent in the December 2009 quarter, the second consecutive rise, following a 2.0 percent rise in the September 2009 quarter. Capital goods (which include assets used in industrial production) and passenger motor cars were the main contributors to the rise.

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