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Producers' output prices decline in December quarter

Producers' output prices declined, while the input prices they faced rose in the December 2009 quarter, Statistics New Zealand said today. Both indexes were strongly influenced by prices received by farmers and by prices paid and received by food manufacturers.

The producers price index measures changes in prices received by producers (known as output prices), and changes in the costs of production, excluding labour and depreciation costs (known as input prices).

Key influences on the outputs index, which was down 0.4 percent in the December 2009 quarter, were:

- an 8.5 percent decline for meat and meat product manufacturing, driven by lower export lamb and beef prices
- a 4.8 percent decline for livestock and cropping farming, driven by lower prices for sheep and cattle
- a 17.8 percent increase for dairy cattle farming, driven by higher forecast prices for milk at the farm-gate.

Key influences on the inputs index, which was up 0.3 percent in the December 2009 quarter, were:

- a 15.2 percent increase for dairy product manufacturing, driven by higher forecast prices for milk at the farm-gate
- a 6.7 percent increase for electricity generation and supply, driven by higher costs of electricity generation and natural gas (used in the generation of electricity)
- a 9.3 percent decline for meat and meat product manufacturing, driven by lower prices for sheep and cattle livestock
- a 0.9 percent decline for wholesale trade, driven by lower imported crude oil prices.

Output prices fell 3.8 percent overall in the year to the December 2009 quarter, which is the largest annual fall since the series began in the December 1977 quarter. Input prices fell 3.3 percent in the year to the December 2009 quarter.

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