

Embargoed until 10:45 am – 19 August 2009

Producers' output prices fall, input prices flat

Producers' output prices fell 0.7 percent in the June 2009 quarter, while input prices remained unchanged, Statistics New Zealand said today.

The dairy product manufacturing index (down 19.9 percent) made the largest downward contribution to the outputs index in the latest quarter. Lower prices for exported dairy products, such as whole milk powder, cheese, and butter were the main drivers of this fall.

Within the inputs index, the sheet and fabricated metal product manufacturing index (down 6.7 percent) made the most significant downward contribution. Lower prices for raw materials, the appreciation of the New Zealand dollar and lower demand due to worsening economic conditions, were cited as the main drivers of this fall.

Electricity generation and supply made upward contributions to both outputs (up 11.0 percent) and inputs (up 10.4 percent) indexes in the latest quarter. Higher spot market prices in the winter season were cited as the main reason for the price increases, while higher prices for natural gas, which is used in the generation of electricity, also contributed to the increase in the inputs price index.

In the year to the June 2009 quarter, the PPI outputs index rose 2.1 percent while the PPI inputs index fell 1.2 percent. This is the first annual fall in the PPI inputs index since a fall of 0.3 percent in the year to the March 2004 quarter.

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19 August 2009

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