

Embargoed until 10:45am – 27 March 2009

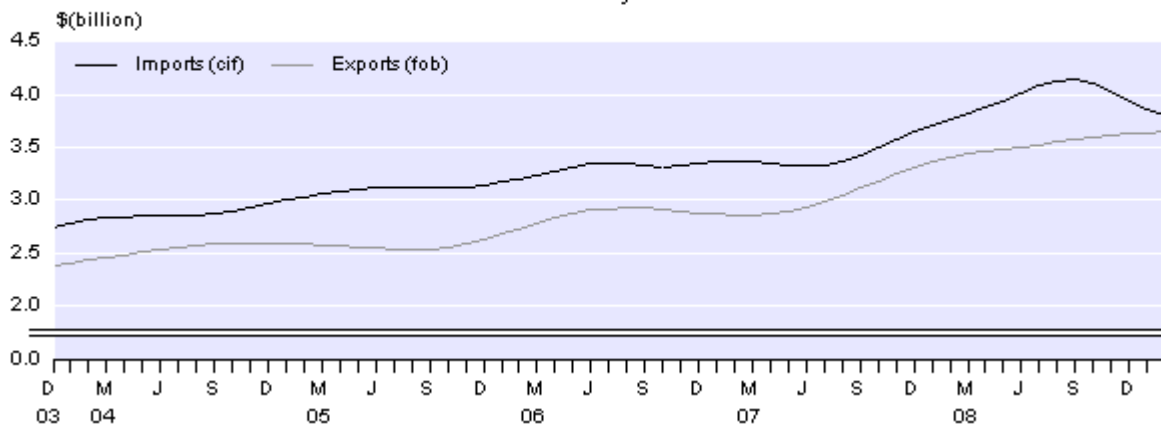
Overseas Merchandise Trade: February 2009

Highlights

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

- Merchandise exports were valued at \$3.5 billion, down \$243 million (6.6 percent) – the first fall in exports since August 2007.
- Milk powder, butter and cheese led the decrease, down \$288 million (28.0 percent).
- Merchandise imports were valued at \$3.0 billion, down \$490 million (14.2 percent).
- Petroleum and products led the imports decrease, down \$259 million (46.5 percent).
- The imports trend has been falling steeply since September 2008.
- The trade balance was a surplus of \$489 million, or 14.2 percent of exports - the largest February surplus since 2001.

Merchandise Trend Values
Monthly



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

Commentary

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

Exports

The value of merchandise exports for February 2009 was \$3.5 billion, down \$243 million (6.6 percent) from February 2008. This is the first monthly decrease in exports (compared with the same month of the previous year) since August 2007.

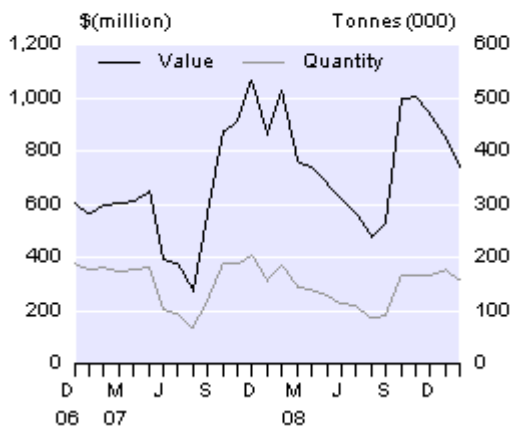
The trend for total merchandise exports has been rising at an average rate of 0.7 percent per month since January 2008. This follows a period of strong growth for the months of July 2007 to December 2007, when the trend rose by an average of 2.1 percent per month. The growth in the second half of 2007 was associated with the start up of Tui oil in August 2007 and strong growth in dairy prices over that period.

This month's decline in exports was led by milk powder, butter and cheese, crude oil and aluminium and aluminium articles.

Milk powder, butter and cheese declined \$288 million (28.0 percent), led by whole milk powder down \$188 million, skimmed milk powder down \$33 million and cheddar cheese down \$22 million. Prices were generally lower for commodities throughout this category, with mixed results for quantities.

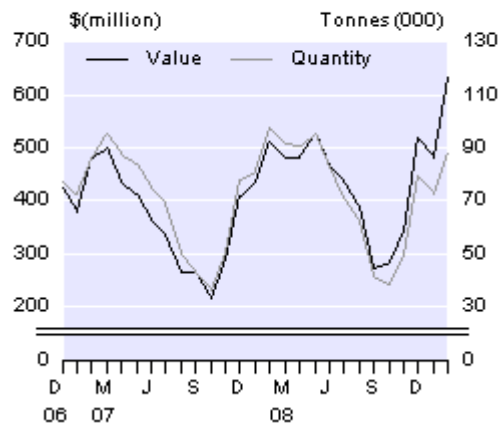
Milk Powder, Butter and Cheese Exports

Monthly values and quantities



Meat and Edible Offal Exports

Monthly values and quantities

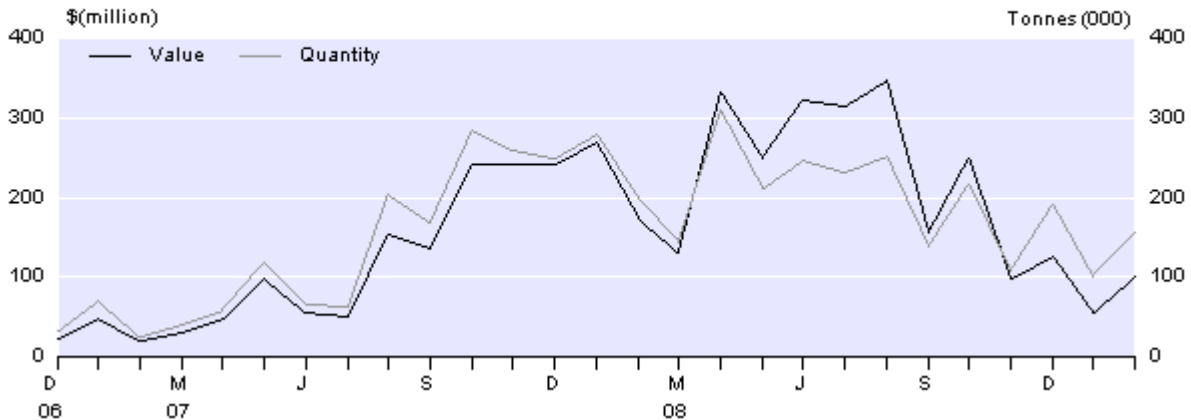


Crude oil was the next most significant decrease, down \$72 million (41.7 percent) with lower quantities and prices. Aluminium and aluminium articles declined \$51 million (44.6 percent) mainly as a result of lower quantities exported.

The largest offsetting increase was meat and edible offal, up \$120 million (23.5 percent). This increase was led by fresh and frozen lamb cuts with higher quantities and prices. Meat and edible offal export values have been increasing for the last 11 months (when compared with the same month of the previous year). At \$633 million they now are at their highest level ever, surpassing the previous high of \$532 million in March 2005.

Crude Oil Exports

Monthly values and quantities



The next largest increase was from preparations of cereals, flour and starch up \$34 million (65.7 percent), led by an increase in milk-based nutritional powder. Precious metals, jewellery and coins were up \$21 million (42.0 percent) mainly due to an increase in non-monetary gold.

By country of destination, the largest decreases in total exports were to Australia, down \$99 million (12.4 percent), Saudi Arabia, down \$43 million (55.6 percent), and Japan, down \$42 million (14.3 percent). The majority of the decrease to Australia was due to a decline in crude oil. The decrease for Saudi Arabia was mainly due to reductions in whole and skim milk powder whereas aluminium exports were the leading commodity contributing to the overall decrease for Japan.

The largest offsetting increase by country was the United States of America, up \$105 million (30.5 percent), spread over several commodities.

Imports

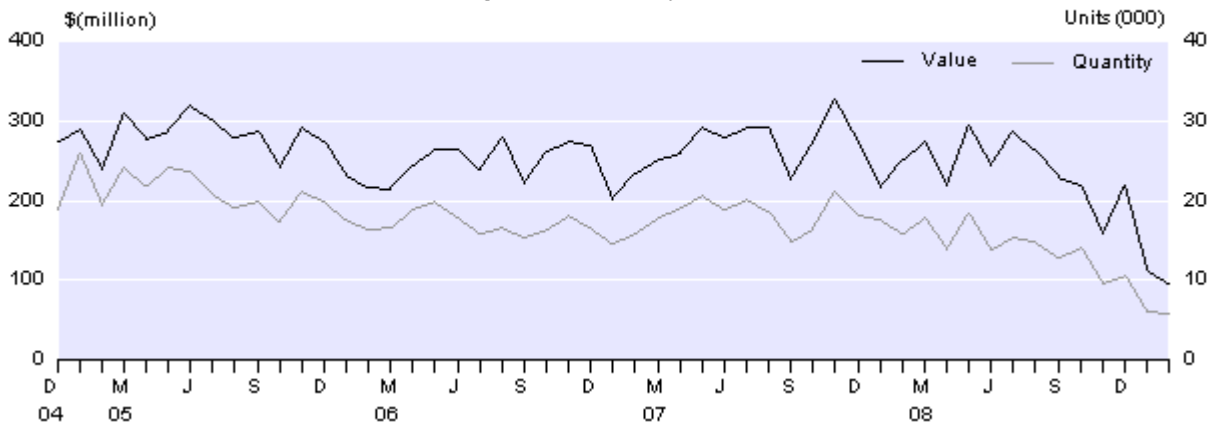
The total value of merchandise imports for February 2009 was \$3.0 billion, down \$490 million (14.2 percent) from February 2008. This month's fall is the largest since December 1990 in dollar terms, and the largest since February 1993 in percentage terms (compared with the same month of the previous year), and brings the total value of merchandise imports to its lowest level since December 2005.

The trend for merchandise imports has been falling steeply since a turning point in September 2008, down 8.1 percent (\$334 million) at an average monthly rate of 1.7 percent since then. In the 13 months prior to September 2008 the trend had been rising strongly, with an average monthly increase of 1.7 percent.

Of the main broad economic categories, intermediate goods led this month's decrease, down \$285 million (17.4 percent) due largely to a \$265 million (70.1 percent) fall in crude oil imports. Capital goods fell \$35 million (5.8 percent) as falls in vehicles and mechanical machinery and equipment were partly offset by a rise in imported aircraft. Consumption goods was the only category to record an increase, rising \$19 million (2.3 percent), spread across a number of commodities.

Passenger motor car imports were down \$158 million (62.5 percent) compared with February 2008, to a total of \$95 million. This decrease was led by large, quantity driven falls across all of the major categories of cars. The value of passenger motor cars imported in February 2009 was the lowest for any month since January 1994, with the smallest quantity since the series began in January 1988.

Passenger Motor Car Imports
Monthly values and quantities



At the more detailed commodity level, the largest decline was for petroleum and products, down \$259 million (46.5 percent), led by the previously mentioned \$265 million 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 \$236 million (53.8 percent) led by the passenger motor cars mentioned earlier.

Nineteen of the 40 top import commodity groups recorded increases in February, but of these only two had increases of more than \$20 million. Aircraft and parts rose \$58 million (240 percent) due to large aircraft being imported this month. Electrical machinery and equipment rose \$52 million (19.8 percent), led by electric transformers.

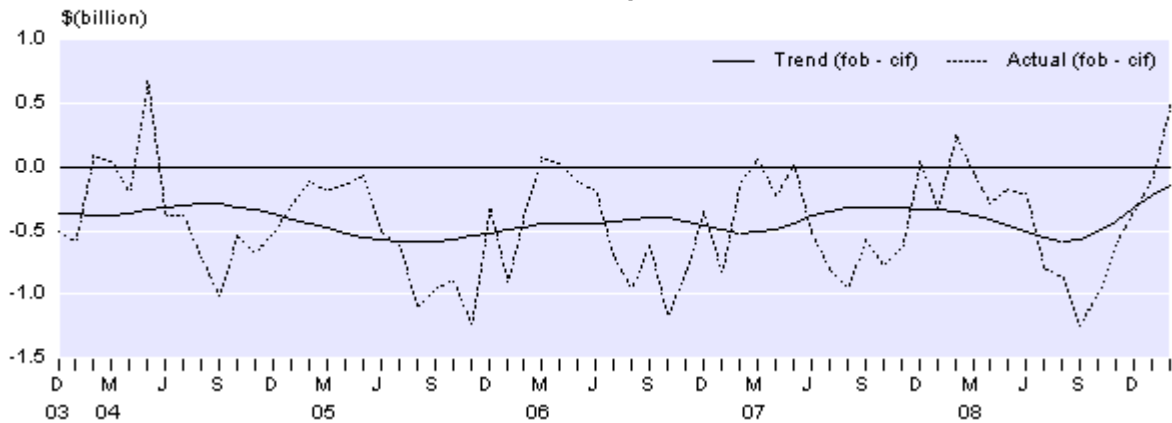
By country of origin, Malaysia and Australia recorded the largest decreases, down \$127 million and \$125 million, respectively. Crude oil was the biggest contributor to the decreases from each of these countries, due to large quantity reductions in both cases. The largest increase in imports was from the United States, up \$81 million (29.9 percent), led by the importation of large aircraft this month.

Trade balance

The trade balance for February 2009 was a surplus of \$489 million, or 14.2 percent of exports. Historically, the trade balance tends to be a surplus in February months, however, as a percentage of exports, this month recorded the highest February surplus since 2001.

The monthly trend for the trade balance remains a deficit, but is the smallest it has been since July 2002. The last time the trade balance trend was a surplus was in January 2001.

Merchandise Trade Balance *Monthly*



The annual trade balance for the year ended February 2009 was a deficit of \$5.2 billion, or 12.1 percent of exports. In dollar terms, this is similar to the average annual deficit for the previous five years.

Three months ended February 2009

Exports of merchandise goods for the three months ended February 2009 were valued at \$10.5 billion, the same level as the three months ended February 2008.

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

By commodity:

- Meat and edible meat offal had the largest increase for the quarter, up \$275 million (20.3 percent) led by fresh and frozen lamb cuts.
- Aircraft and parts had the next largest increase, up \$132 million (340 percent). This was mostly due to large aeroplanes being exported in the period.
- Milk powder, butter and cheese, down \$428 million (14.5 percent), was the largest decrease, led by declines in whole and skim milk powder.
- Crude oil, down \$404 million (58.9 percent), and aluminium and aluminium articles, down \$107 million (31.3 percent), had the next largest decreases for the period.

By country:

- Exports to the United States of America were up \$403 million (41.0 percent), the largest increase for the period. This was led by increases in natural milk constituents, cheese, and casein and caseinates.
- The People's Republic of China, up \$335 million (61.4 percent), had the next largest increase. This movement was led by increases in whole milk powder and dairy-based nutritional powdered formulas.
- The largest decrease for the quarter was for Australia, down \$183 million (8.1 percent), mainly due to a decrease in crude oil.

Imports of merchandise goods for the three months ended February 2009 were valued at \$10.4 billion, down 0.7 percent from the same period of the previous year.

For the three months ended February 2009, key increases and decreases in the value of imports compared with the three months ended February 2008 were:

By commodity:

- Vehicles, parts and accessories decreased \$379 million (29.5 percent), led by falls in passenger motor vehicles (\$317 million) and transport vehicles (\$130 million), partly offset by an increase in imports of tractors (\$41 million).
- Petroleum and products also decreased \$379 million (20.3 percent), led by a \$322 million fall in crude oil, which resulted from quantity and price decreases.
- Electrical machinery and equipment had the largest rise, up \$146 million (17.7 percent) driven by telecommunication equipment.
- Fertiliser was up \$79 million (85.8 percent) – the second biggest increase – led by a \$69 million increase in potassium chloride which was largely price driven.

By country of origin

- The largest decrease was from United Arab Emirates, down \$289 million (78.9 percent) due to a quantity-driven \$288 million fall in crude oil.
- The next largest decrease was from Australia, down \$224 million (11.6 percent), led by a \$135 million fall in petroleum and products.
- Imports from Japan fell \$195 million (20.0 percent) – the third largest decrease – led by a \$176 million drop in tractors and a \$55 million drop in public transport vehicles.
- The largest increase was from the United States, up \$211 million (24.2 percent) due to a \$72 million increase in mechanical machinery and equipment and a \$52 million increase in aircraft.
- The next largest increase was from China, up \$194 million (13.9 percent) led by increases across a number of commodities, including a \$48 million increase in telecommunications equipment.

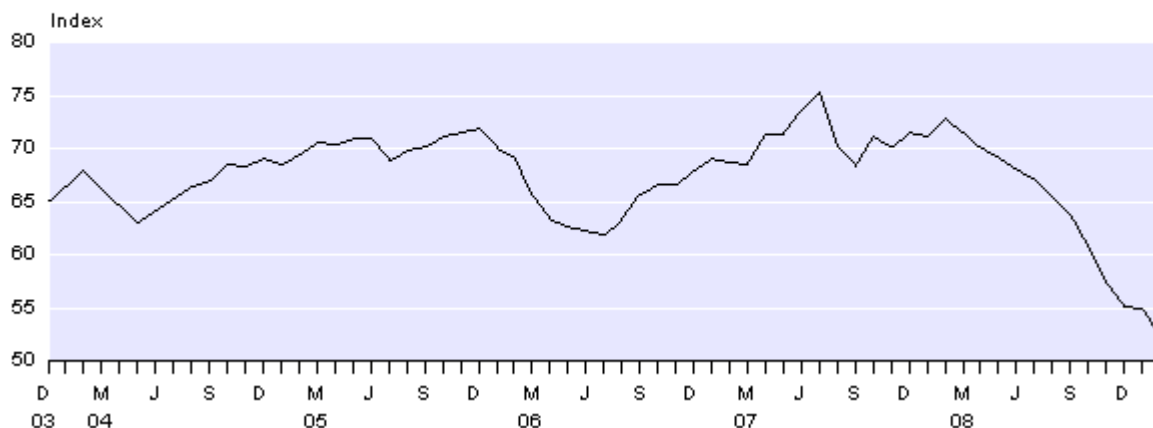
Exchange rate movements

According to the Reserve Bank's Trade Weighted Index, the New Zealand dollar fell 4.6 percent in February 2009 compared with January 2009, and 28.3 percent compared with February 2008.

Trade Weighted Index

Monthly

Base: June 1979 = 100



Updates to previous statistics

Provisional values published on 26 February 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 February 2009			Published on 27 March 2009			Change		
	\$(million) ⁽¹⁾			\$(million) ⁽¹⁾			\$(million) ⁽¹⁾		
	Exports (fob)	Imports (cif)	Balance (fob-cif)	Exports (fob)	Imports (cif)	Balance (fob-cif)	Exports (fob)	Imports (cif)	Balance (fob-cif)
Month of:									
Nov 2008	P 3,681	4,275	-594	3,681	4,274	-594	0	-1	1
Dec 2008	P 3,843	4,177	-334	3,839	4,180	-342	-5	4	-8
Jan 2009	P 3,175	3,362	-187	3,172	3,277	-104	-3	-85	82
Year ended:									
Nov 2008	P 42,744	47,979	-5,235	42,744	47,978	-5,234	0	-1	1
Dec 2008	P 42,905	48,512	-5,607	42,900	48,515	-5,614	-5	3	-7
Jan 2009	P 42,997	48,480	-5,483	42,989	48,397	-5,408	-8	-83	75

(1) Figures are calculated on unrounded data.

Symbol:

P provisional

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Next release ...

Overseas Merchandise Trade: March 2009 will be released on 29 April 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 20 working days in February 2008 and 19 working days in February 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.

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](#).

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
- Infoshare: 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

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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
6. Imports of main commodities
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)