

Embargoed until 10:45am – 26 February 2009

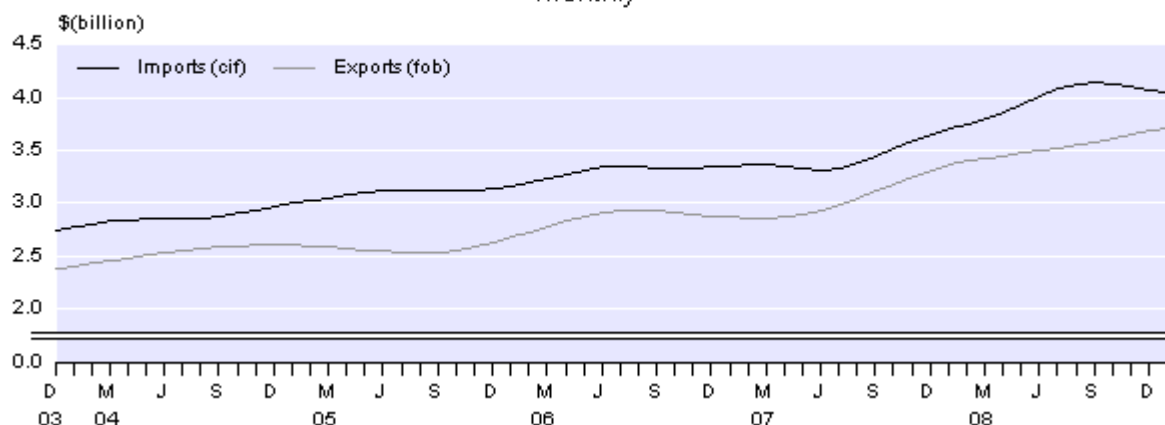
Overseas Merchandise Trade: January 2009

Highlights

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

- Merchandise exports were valued at \$3.2 billion, up \$92 million (3.0 percent).
- Preparations of cereals, flour and starch (up \$52 million or 107 percent) led the increase for exports followed by casein and caseinates (up \$50 million or 53.3 percent); and meat and edible offal (up \$44 million or 10.2 percent).
- Merchandise imports were valued at \$3.4 billion, down \$32 million (0.9 percent).
- This is the first fall in imports, month on same month previous year, since August 2007.
- The decrease in imports was led by passenger motor cars (down \$105 million) partly offset by a \$91 million increase in petroleum and products.
- The monthly trade balance was a deficit of \$187 million – as a percentage of exports (5.9 percent) the smallest deficit for a January month since 2001.

Merchandise Trend Values
Monthly



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

Commentary

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

Exports

The value of merchandise exports for January 2009 was \$3.2 billion, up \$92 million (3.0 percent) from January 2008. This followed a large increase of \$600 million (24.1 percent) in January 2008 compared with January 2007. While exports are still at a high level, January 2009 showed the lowest monthly increase (from the same period of the previous year) since August 2007.

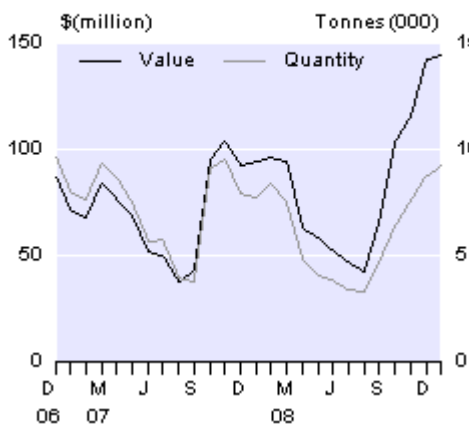
The trend for total merchandise exports has been rising steadily, at an average rate of 0.9 percent per month since January 2008. This follows a period of strong growth for the months of July 2007 to December 2007, when the trend rose by an average of 2.0 percent per month. The growth in the second half of 2007 was associated with exports of Tui oil commencing (in August 2007) and strong dairy prices.

This month's increase in exports was led by increases in preparations of cereals, flour and starch; casein and caseinates; and meat and edible offal.

Preparations of cereals, flour and starch rose \$52 million to \$100 million (up 107 percent), mainly as a result of increased quantities exported to China, Nigeria, and Australia. Casein and caseinates increased \$50 million (53.3 percent), driven by an increase in the price and quantity of casein acid exported. Meat and edible offal increased \$44 million (10.2 percent), mostly due to price increases in frozen sheep and lamb cuts (up \$39 million or 22.5 percent).

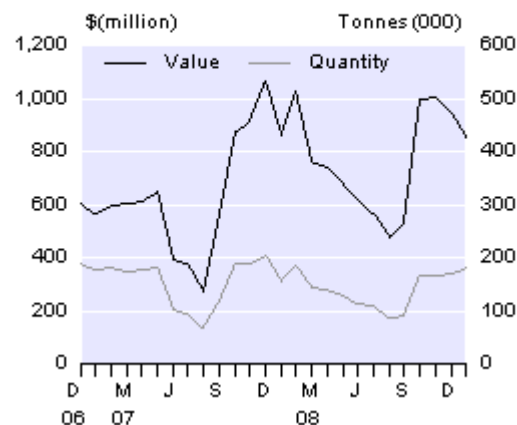
Casein and Caseinates Exports

Monthly values and quantities



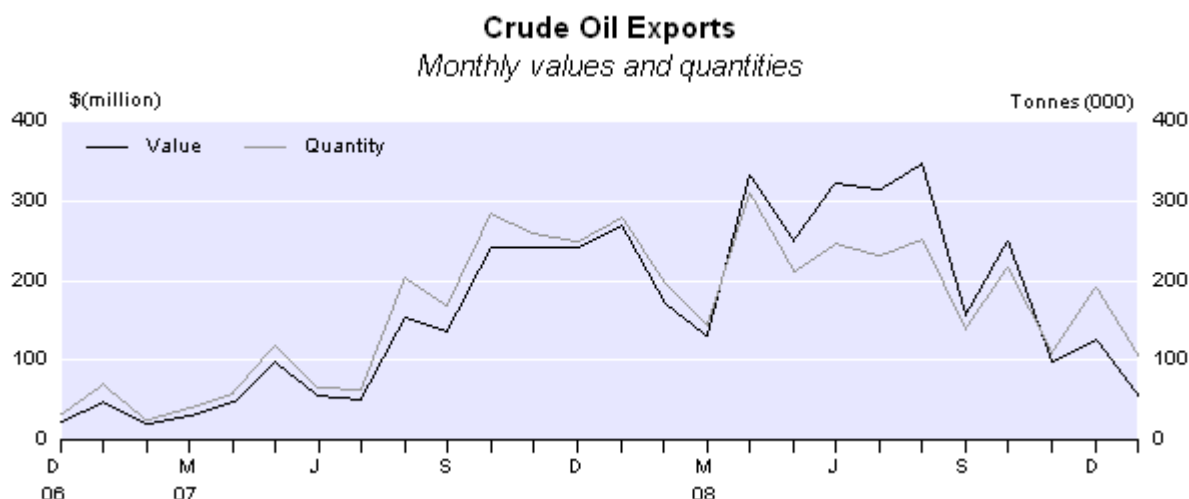
Milk Powder, Butter and Cheese Exports

Monthly values and quantities



Milk powder, butter and cheese is the largest export category for New Zealand. For January 2009, this category decreased \$7 million (0.8 percent). Increases in commodities such as natural milk constituents (up \$62 million or 148 percent) were largely offset by a decrease in whole milk powder, down \$83 million (23.0 percent), mainly as a result of lower prices.

The largest offsetting decrease for exports was crude oil, down \$214 million (79.2 percent), due to decreases in price and quantities. Contributing to the decline in quantity was the domestic processing of approximately 300,000 barrels of crude oil from the Tui oilfields. Aluminium and aluminium articles decreased \$36 million (37.5 percent) mostly due to a quantity driven decrease in unwrought aluminium (down \$32 million or 39 percent).



By country of destination, the largest increases in total exports were to the United States (up \$167 million or 60.6 percent) and the People's Republic of China (up \$152 million or 123 percent). Natural milk constituents and casein acid were the main drivers of the increase to the United States. Whole milk powder and dairy based nutritional powdered formulas were the main contributors to the increase in China.

The largest decrease by country of destination was Australia, which was down \$68 million for January 2009. The main cause of this decrease was a \$140 million (71.4 percent) decrease in crude oil, partly offset by a \$21 million (67.1 percent) increase in non-monetary gold.

Imports

In January 2009, the value of merchandise imports was \$32 million (0.9 percent) lower than in January 2008, with a total value of \$3.4 billion for the month. This is the first fall since August 2007.

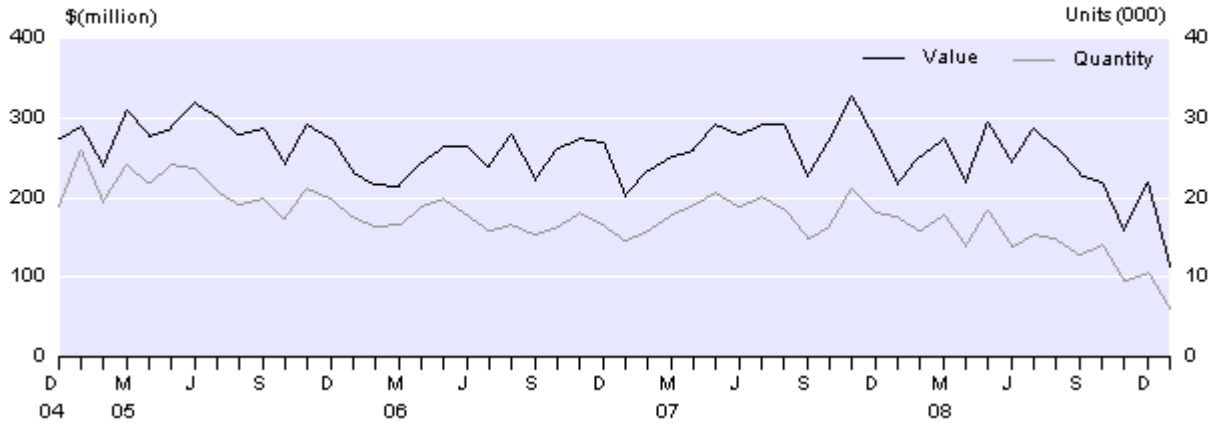
The trend for merchandise imports appears to have reached a turning point, falling \$95 million (2.3 percent) since September 2008. This follows a period of strong growth between July 2007 and September 2008. However, initial trend estimates may be revised and should be used with caution until more data points are available.

Of the main broad economic categories, capital goods recorded the only decrease, down \$43 million (6.6 percent) due to a \$44 million (34.4 percent) decrease in imports of transport equipment. Intermediate goods rose \$57 million (3.6 percent) as a quantity driven increase in crude oil offset a slight decline in other intermediate goods. Consumption goods increased \$49 million (6.3 percent), spread across a wide range of commodities.

Imports of passenger motor cars fell \$105 million (48.3 percent), compared with January 2008, to its lowest value for any month since January 1998. This decline was led by quantity driven decreases in used petrol cars with engines between 1500 and 3000cc (\$56 million), and petrol cars with engines in excess of 3000cc (both new and used) (\$31 million). Only new petrol cars with engine capacities between 1500 and 3000cc showed a notable increase, up \$10 million.

Passenger Motor Car Imports

Monthly values and quantities



At the more detailed commodity level, the biggest decrease was for vehicles, parts and accessories, which fell \$117 million (29.9 percent). This was led by the decrease in passenger motor cars mentioned earlier, as well as a \$43 million (43.8 percent) decrease in vehicles for the transport of goods. The next biggest decrease was for mechanical machinery and equipment, down \$54 million (10.7 percent), with decreases across a number of commodities, including turbine parts and mechanical shovels.

The largest increase in imports came from petroleum and products, up \$91 million (16.9 percent). This rise was led by a \$60 million (22.0 percent) increase in crude oil, driven by quantities, as prices fell. The timing of crude oil shipments is irregular, and can cause large percentage fluctuations in the series.

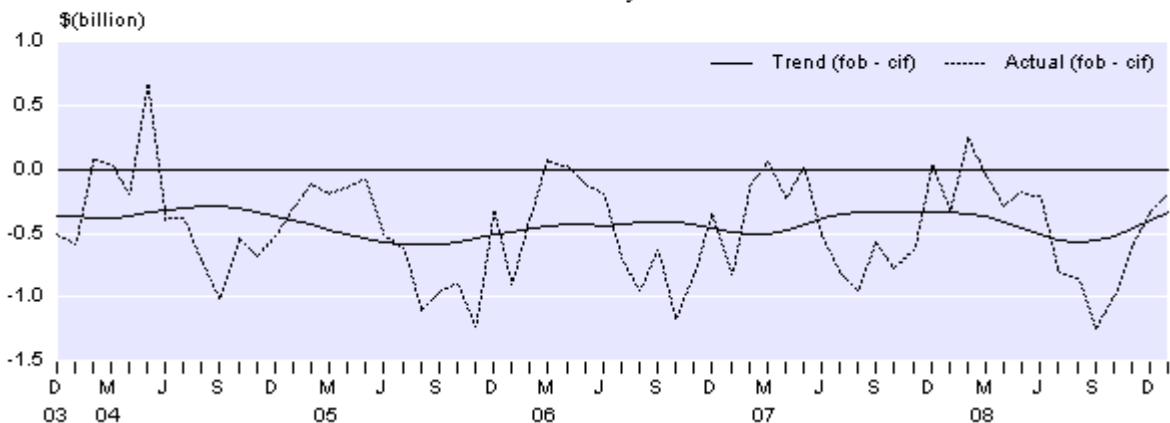
By country of origin, the largest decrease in imports came from United Arab Emirates, down \$135 million (93.7 percent) as no crude oil was imported from there in January 2009. The next largest decrease was from Japan (down \$66 million or 19.4 percent), where an \$85 million decrease in imports of vehicles was partly offset by a \$26 million increase in automotive diesel.

Trade balance

In January 2009 the trade balance was a deficit of \$187 million, or 5.9 percent of exports. This is the smallest deficit for a January month since 2001 (in dollar terms, and as a proportion of exports).

Merchandise Trade Balance

Monthly



The annual trade balance for the year ended January 2009 was a deficit of \$5.5 billion. As a percentage of exports (12.8 percent), this is smaller than the average deficit for the preceding five years (15.7 percent), and is similar to the trade deficit for the year ended January 2008 (12.9 percent).

Three months ended January 2009

Exports of merchandise goods for the three months ended January 2009 were valued at \$10.7 billion, up 5.6 percent from the same period of the previous year.

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

By commodity:

- Meat and edible meat offal had the largest increase for the quarter, up \$208 million (18.4 percent).
- Aircraft and parts had the next largest increase, up \$152 million (588 percent). This is mostly due to large aeroplanes and other aircraft being exported in the quarter.
- Crude oil (down \$475 million or 63.0 percent), and aluminium and aluminium articles (down \$63 million or 18.6 percent), had the largest decreases for the quarter.

By country:

- Exports to the United States of America were up \$471 million (49.4 percent). This was the largest increase for the quarter, led by a \$139 million (174 percent) increase in natural milk constituents, followed by a \$68 million (146 percent) increase in casein acid.
- The People's Republic of China, up \$374 million (73.3 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 the Republic of Korea, down \$137 million (34.2 percent), mainly due to a decrease in crude oil.

Imports of merchandise goods for the three months ended January 2009 were valued at \$11.8 billion, up 7.1 percent from the same period of the previous year.

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

By commodity:

- Salt, earths, stone, lime and cement had the largest increase, up \$170 million, more than tripling in value mainly due to price increases.
- Fertilizer also tripled in value, rising \$167 million, led by imports of potassium chloride (up \$63 million) and urea (up \$59 million).
- Petroleum and products increased \$112 million (6.4 percent), led by a quantity driven increase in crude oil.
- Vehicles, parts and accessories recorded the largest decrease, down \$348 million (25.3 percent), led by falls in motor cars (\$328 million) and vehicles for the transport of goods (\$101 million), while tractors increased (\$50 million).

By country:

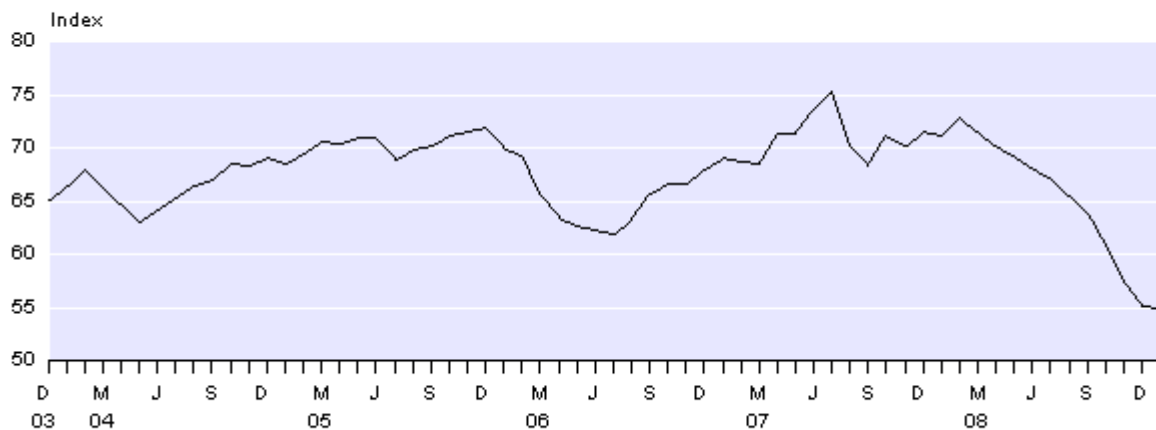
- Qatar had the largest increase, up \$356 million (667 percent), driven by a large increase in the quantity of crude oil imported.
- The People's Republic of China had the second largest increase, up \$289 million (19.1 percent), led by several commodities, including electrical machinery and equipment (up \$52 million) and ships, boats and floating structures (up \$44 million).
- The largest decrease was from United Arab Emirates, down \$310 million (84.5 percent) due to a large reduction in the quantity of crude oil.
- The next largest decrease was from Japan, down \$204 million (18.9 percent) due to a significant fall in the number of motor vehicles.

Exchange rate movements

According to the Reserve Bank's Trade Weighted Index, the New Zealand dollar fell 0.5 percent in January 2009 compared with December 2008, and 23.0 percent compared with January 2008.

The New Zealand dollar has decreased in value for 11 successive months, and is now down 24.8 percent since February 2008.

Trade Weighted Index
Monthly
Base: June 1979 = 100



Source: Reserve Bank of New Zealand

Updates to previous statistics

Provisional values published on 29 January 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 29 January 2009			Published on 26 February 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:									
Oct 2008	P 3,826	4,821	-995	3,826	4,820	-994	0	-1	1
Nov 2008	P 3,685	4,273	-588	3,681	4,275	-594	-4	2	-6
Dec 2008	P 3,850	4,196	-347	3,843	4,177	-334	-6	-19	13
Year ended:									
Oct 2008	P 42,431	47,701	-5,269	42,431	47,700	-5,269	0	-1	1
Nov 2008	P 42,748	47,978	-5,230	42,744	47,979	-5,235	-4	1	-5
Dec 2008	P 42,915	48,530	-5,615	42,905	48,512	-5,607	-11	-18	8

(1) Figures are calculated on unrounded data.

Symbol:

P provisional

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Next release ...

Overseas Merchandise Trade: February 2009 will be released on 27 March 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 21 working days in January 2008 and 20 working days in January 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

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
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)