

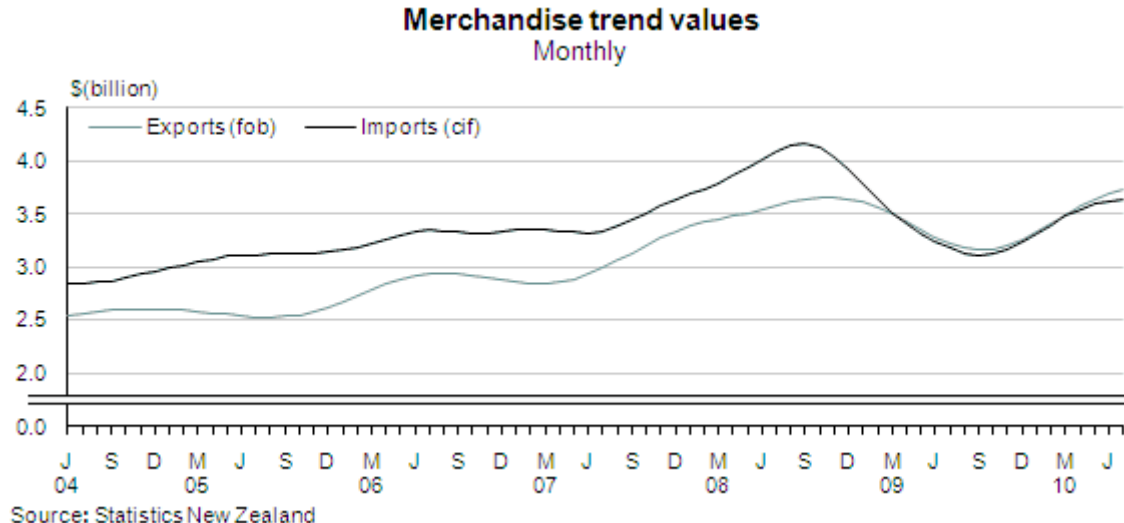
Embargoed until 10:45am – 30 August 2010

## Overseas Merchandise Trade: July 2010

### Highlights

For the month of July 2010, compared with July 2009:

- Merchandise exports were up \$394 million (12 percent) to \$3.6 billion.
- Milk powder, butter, and cheese led the increase in export commodities, followed by pleasure boats and pinus radiata-based commodities.
- Merchandise imports were up \$402 million (12 percent) to \$3.8 billion.
- Increases in petroleum and products, passenger cars, and fertiliser led the increase.
- The trade balance was a deficit of \$186 million, or 5.2 percent of the value of exports. As for July 2009, the current deficit is much lower than the average July deficit for the five years before July 2009 – 24 percent of total exports .



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Government Statistician

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## Commentary

Information in this release is for the month of July 2010, compared with July 2009, unless otherwise stated.

## Exports

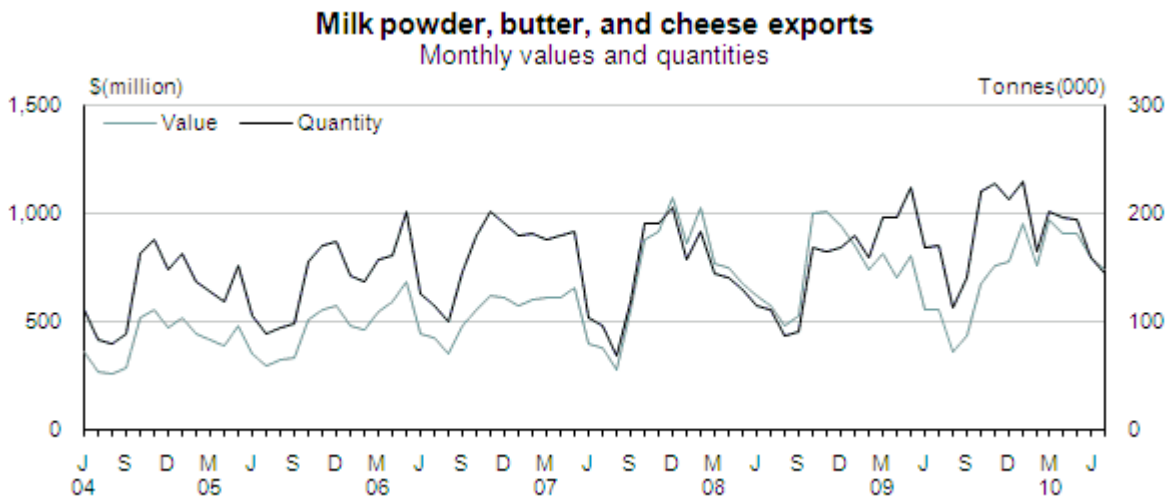
The value of merchandise exports for the month of July 2010 was \$3.6 billion, up \$394 million (12 percent) from July 2009. This is the highest value ever recorded for exports for a July month, with the next highest being \$3.4 billion in July 2008.

The trend for merchandise exports has been growing strongly since September 2009 and is now at a similar level to its previous peak in late 2008. Following a 10-month decline to September 2009, the trend has risen 18 percent.

Key increases and decreases in exports, by commodity grouping and by country of destination, were as follows:

By commodity:

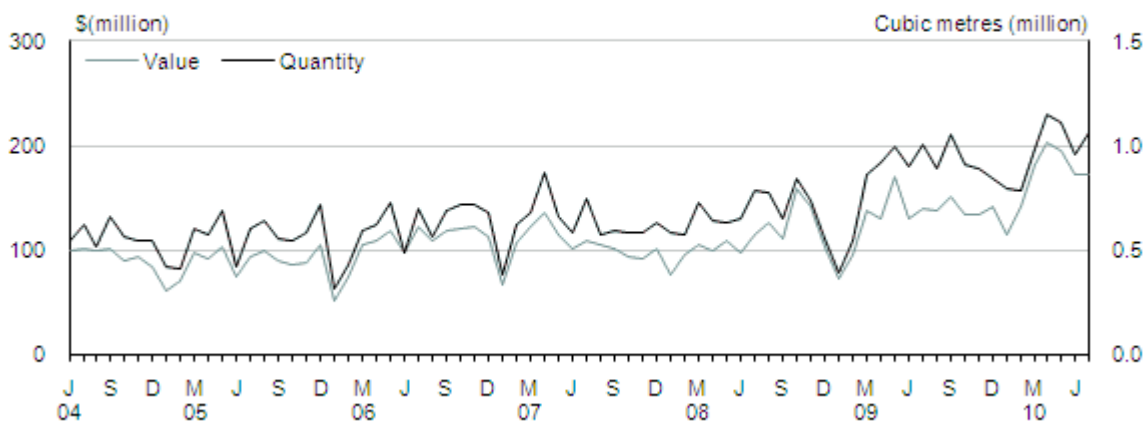
- Milk powder, butter, and cheese led the increase in export commodities, up \$179 million (32 percent). Unsweetened whole milk powder was the leading contributor, due to higher prices. Natural milk constituents and cheddar cheese were also significant contributors to the increase.



- Ships, boats, and floating structures recorded the second-largest increase, up \$57 million (up more than 10-fold) due to an increase in the export of pleasure boats.
- Logs, wood, and wood articles recorded the next largest increase, up \$49 million (24 percent), led by increases in pinus radiata-based commodities, particularly logs and sawn or chipped pinus radiata.

## Rough, sawn, or chipped pinus radiata exports

### Monthly values and quantities



Source: Statistics New Zealand

- Fruit was up \$28 million (16 percent), due mainly to an increase in kiwifruit.
- Decreases in exports in July were fewer and smaller.
- Meat and edible offal recorded the largest decrease, down \$32 million (8.3 percent), led by a decline in frozen lamb cuts with bone in.
- Crude oil recorded the second-largest decrease, down \$24 million (12 percent).

By country of destination:

- Australia recorded the largest increase, up \$96 million (13 percent). Crude oil exports accounted for more than half this increase. Milk powder, butter, and cheese were also a significant contributor.
- The People's Republic of China recorded the second-largest increase, up \$90 million (30 percent). This increase was dominated by milk powder, butter, and cheese (mainly due to a rise in unsweetened whole milk powder).
- The Republic of Korea recorded the next largest increase, up \$52 million (58 percent) over a variety of commodities. Fruit; milk powder, butter, and cheese; and meat and edible offal were the larger contributors.
- Italy was up \$49 million, to more than double the export value for July 2009, mainly due to an increase in pleasure boats.
- Venezuela recorded the largest decrease, down \$37 million (76 percent), almost entirely due to a fall in unsweetened whole milk powder.
- Singapore and the United Kingdom recorded the next largest decreases, down \$25 million (26 percent) and \$19 million (15 percent), respectively.

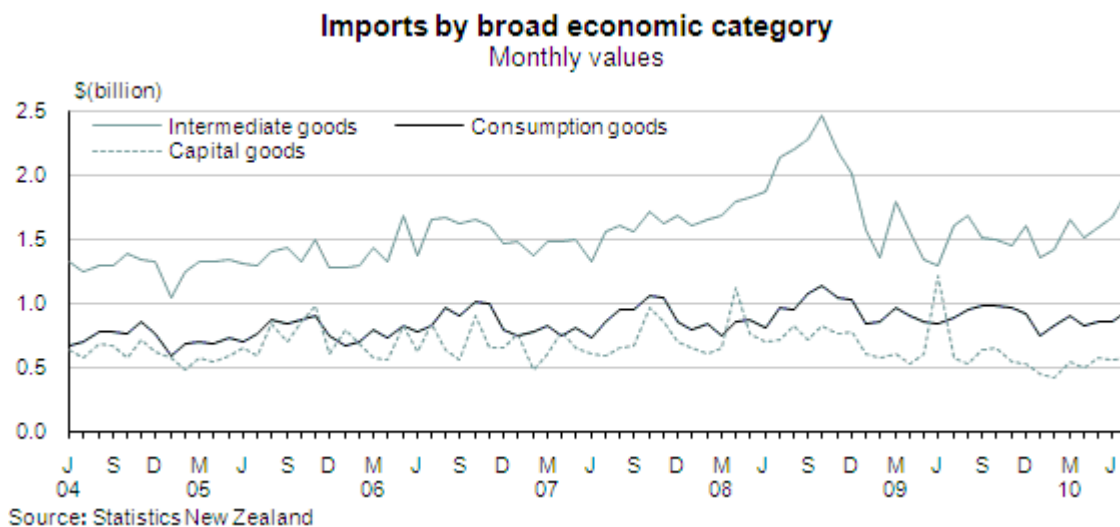
## Imports

The total value of merchandise imports for July 2010 was \$3.8 billion, up \$402 million (12 percent) from July 2009.

The trend for total merchandise imports has now risen for 10 consecutive months, although recent months indicate the trend is flattening out. Compared with the same time last year, the trend is 15 percent higher, but this is still 13 percent lower than its peak in September 2008.

All the broad economic categories rose, apart from a slight fall in capital goods.

- Intermediate goods recorded the largest increase, up \$253 million (16 percent). Leading this increase was a rise in processed industrial supplies such as chemicals and fertilisers, and a rise in fuels and lubricants.
- Passenger motor cars had the second-largest increase, up \$65 million (40 percent). However, this increase compares with a very low value for July 2009, which was the lowest July value since 1998.
- Consumption goods had a \$42 million (4.7 percent) increase for July 2010. The main contributor was the consumer durable goods (not elsewhere specified) category. This category includes items such as textiles, household appliances, lawnmowers, televisions, and furniture.
- Capital goods recorded the only fall, down \$3 million (0.5 percent). A \$51 million (42 percent) decrease in transport equipment was mostly offset by a \$48 million (11 percent) increase in machinery and plant. The fall in transport equipment was led by aircraft imports, whereas the rise in machinery and plant was led by computers and office equipment. Excluding aircraft, capital goods increased \$71 million (14 percent).

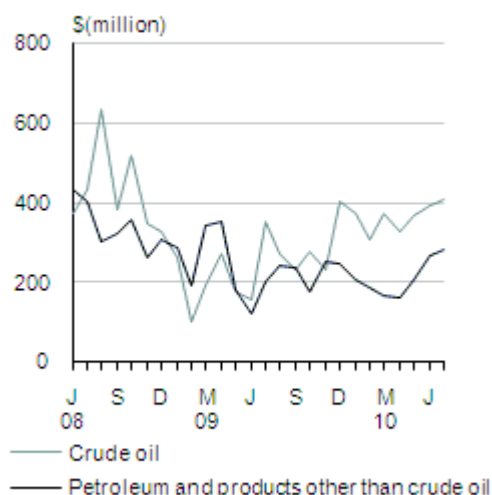


Most import commodity groupings recorded increases compared with July 2009. Key increases and decreases in imports, by commodity grouping and by country of origin, were as follows:

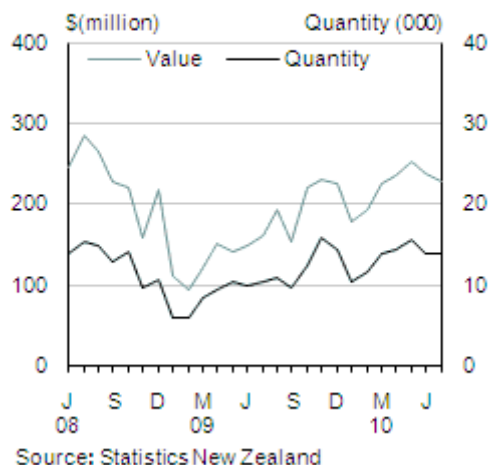
By commodity:

- Petroleum and products had the largest increase, up \$137 million (25 percent), led by a price- and quantity-driven increase in diesel imports, and a quantity-driven increase in crude oil imports. Crude oil is imported in large, irregular shipments, which can cause large fluctuations in the series.
- Vehicles, parts, and accessories were the second-largest increase, up \$87 million (34 percent), led by increases in diesel cars with a cylinder capacity exceeding 1500cc, and petrol cars with a cylinder capacity of 1500cc–3000cc.

## Petroleum and products imports Monthly values



## Passenger motor vehicle imports Monthly values and quantities



Source: Statistics New Zealand

- Fertilisers recorded the next largest increase, up \$48 million (151 percent), with the main contributors being potassium-based fertilisers, and fertilisers containing two or three of nitrogen, phosphorus, or potassium.
- Mechanical machinery and electrical machinery both had notable increases, \$43 million (10 percent) and \$34 million (12 percent), respectively.
- Aircraft and parts recorded the largest offsetting decrease for the month, down \$82 million (69 percent), due to large aircraft being imported in July 2009.
- Optical, medical, and measuring equipment had the next largest decrease, down \$15 million (12 percent). Leading this decrease was a decline in the import of instruments and appliances used in medical, surgical, dental, or veterinary sciences.

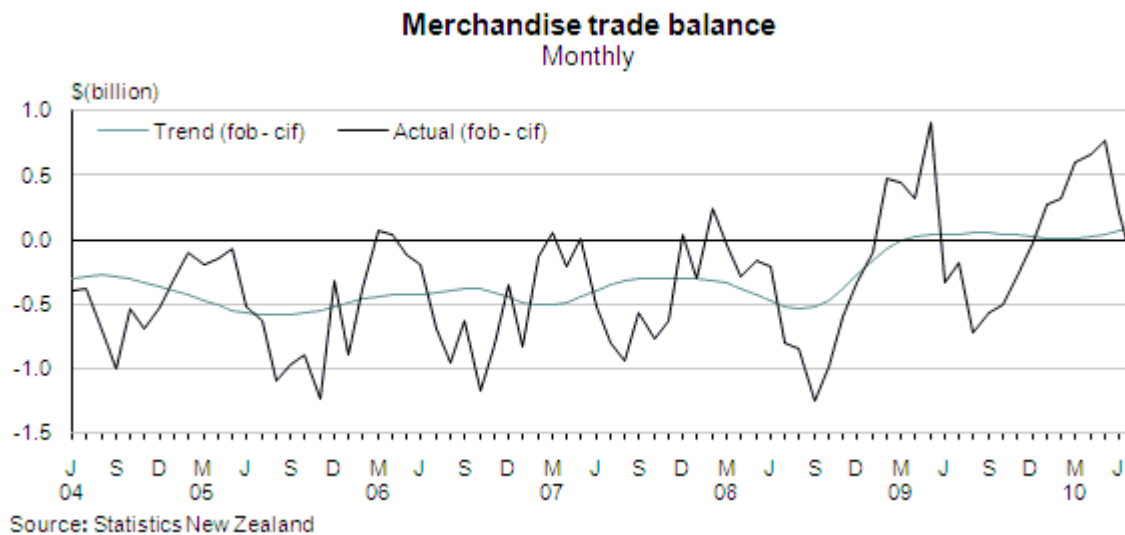
By country of origin:

- Japan had the largest increase in imports for the July 2010 month, up \$123 million. Automotive diesel led this increase, with a rise of \$79 million. None had been imported in July 2009. Passenger motor vehicles also contributed to the increase, up \$22 million (26 percent).
- The United Arab Emirates increased \$104 million; more than 10 times the amount imported in July 2009. Almost the entire movement resulted from crude oil imports. Crude oil import shipments tend to fluctuate by country of origin, which gives rise to large changes in quantities and values.
- The People's Republic of China recorded the next largest increase, up \$100 million (20 percent). Leading the increase was mechanical machinery (up \$34 million or 40 percent), followed by fertilisers (up \$15 million from less than \$1 million in July 2009), and iron and steel, and articles (up \$14 million or 75 percent).
- Australia had the largest offsetting decrease, down \$88 million (12 percent). The majority of this decrease was in the petroleum and products category (down \$92 million or 74 percent), with crude oil and motor spirit decreasing \$66 million and \$24 million, respectively.

## Trade balance

In July 2010, the trade balance was a deficit of \$186 million, or 5.2 percent of the value of exports. The July 2009 month showed a similarly sized deficit of \$178 million, or 5.6 percent of

exports. For the five July months before 2009, the average monthly trade balance was a deficit of 24 percent of total exports.



The annual trade balance for the year ended July 2010 was a surplus of \$573 million (1.4 percent of exports). This compares with the average deficit of 15 percent of exports for the previous five July years.

### Three months ended July 2010

Exports of merchandise goods for the three months ended July 2010 were valued at \$11.6 billion, a \$1.2 billion rise (11 percent) from the same period of 2009.

In the three months ended July 2010, key decreases and increases in exports compared with the three months ended July 2009 were as follows:

By commodity:

- Milk powder, butter, and cheese had the largest increase, up \$525 million (27 percent), led by unsweetened whole milk powder, and with significant contributions from cheddar cheese and natural milk constituents.
- Logs, wood, and wood articles recorded the second-largest increase, up \$160 million (26 percent). Pinus radiata-based commodities, particularly logs and sawn or chipped pinus radiata, led this increase, as was the case for the July month.
- Ships, boats, and floating structures had the third-largest increase, up \$93 million (to more than double the export value for July 2009) due to increased exports of pleasure boats.
- Aluminium and aluminium articles had the next largest increase, up \$89 million (43 percent), driven by a rise in unwrought aluminium.
- Aircraft and parts recorded the largest fall, down \$52 million (60 percent), due mainly to no large aircraft being exported in the latest three months.
- Meat and edible offal had the second-largest fall, down \$34 million (2.4 percent), led by falls in lamb cuts that were partly offset by rises in beef cuts.
- Fruit recorded the next largest fall, down \$32 million (4.6 percent), led by falls in some apple varieties and kiwifruit.

By country of destination:

- Australia had the largest increase, up \$389 million (18 percent), led by a rise in crude oil.
- China recorded the second-largest increase, up \$255 million (27 percent). Milk powder, butter, and cheese, up \$234 million, dominated the increase, with the value more than doubling (driven by unsweetened whole milk powder) from 2009. Another notable contributor was logs, wood, and wood articles.
- Japan had the next largest increase, up \$235 million (33 percent), led by increases in aluminium, and aluminium articles and logs, wood, and wood articles. Fruit, and milk powder, butter, and cheese were other notable contributors.
- Singapore had the largest decrease, down \$69 million (25 percent), and Indonesia the second-largest decrease, down \$51 million (16 percent). Both decreases were due mainly to crude oil, with none being exported to either destination in the latest three months.
- The United Kingdom recorded the next largest decrease, down \$49 million (11 percent), mainly due to a decrease in meat and edible offal that was partly offset by an increase in wine.

Imports of merchandise goods for the three months ended July 2010 were valued at \$10.8 billion, up 7.9 percent from the same period of 2009.

In the three months ended July 2010, key increases and decreases in the value of imports compared with the three months ended July 2009 were as follows:

By commodity:

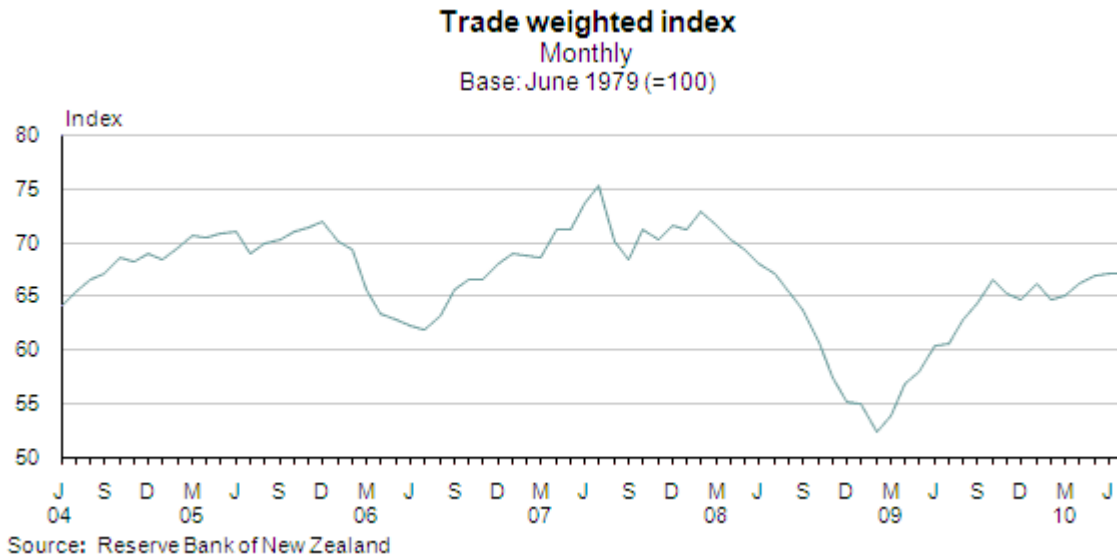
- The petroleum and products category had the largest increase, up \$729 million (61 percent), led by quantity- and price-driven movements for crude oil (up \$479 million or 70 percent), and automotive diesel (up \$172 million or 160 percent).
- Vehicles, parts, and accessories increased \$323 million (44 percent) – the second-largest increase, led by passenger motor vehicles (up \$268 million), and goods transport vehicles (up \$64 million).
- Ships, boats, and floating structures had the next largest increase, with a 10-fold increase of \$91 million. This increase was mostly due to importing an offshore patrol vessel, the HMNZS *Wellington* in June 2010.
- Aircraft and parts had the largest decrease, down \$661 million (80 percent), with the majority of this attributable to the one-off import of large aircraft, valued at \$571 million, in June 2009.

By country of origin:

- United Arab Emirates recorded the largest increase, up \$315 million due to an increase in crude oil imports.
- Japan showed the next largest increase with a \$261 million rise (43 percent). Passenger motor vehicles led the increase, up \$115 million (52 percent), followed by refined and partly refined petroleum products with a threefold increase of \$99 million.
- Singapore had the third-largest increase, up \$224 million (93 percent). Motor spirit and automotive diesel were the main contributors.
- France had the largest offsetting decrease, down \$633 million (82 percent), due to the previously mentioned one-off aircraft import.

## Exchange rate movements

According to the Reserve Bank's Trade Weighted Index, the New Zealand dollar rose 0.1 percent in July 2010 compared with June 2010, and is up 10.9 percent compared with July 2009.



## Updates to previous statistics

Provisional values published on 29 July 2010 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 July 2010			Published on 30 August 2010			Change		
	\$(million) <sup>(1)</sup>			\$(million) <sup>(1)</sup>			\$(million) <sup>(1)</sup>		
	Exports (fob)	Imports (cif)	Balance (fob-cif)	Exports (fob)	Imports (cif)	Balance (fob-cif)	Exports (fob)	Imports (cif)	Balance (fob-cif)
Month of:									
Apr 2010	P 3,952	3,300	652	3,960	3,300	660	8	0	8
May 2010	P 4,196	3,428	768	4,195	3,430	765	-1	2	-3
Jun 2010	P 3,784	3,508	276	3,791	3,578	214	7	70	-63
Year ended:									
Apr 2010	P 39,869	39,700	169	39,878	39,700	178	8	0	8
May 2010	P 40,103	40,072	32	40,111	40,074	37	7	2	5
Jun 2010	P 40,655	40,016	639	40,669	40,088	581	14	72	-58

(1) Figures are calculated on unrounded data.

**Symbol:**

P provisional

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**Next release...**

*Overseas Merchandise Trade: August 2010* will be released on 29 September 2010.

## 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 export. 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 has not allowed 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 22 working days in July 2010, compared with 23 in July 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 Harmonised System (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](mailto: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 mainly affect 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](#).

## Confidential items

Under Section 37A (d) of the Statistics Act, the Government Statistician may disclose details of external trade, movement of ships, and cargo handled at ports. However, Statistics NZ understands that the release of merchandise trade commodity information can, in some cases, place commercially sensitive information in the public domain. Statistics NZ is able to provide a limited form of confidential status for commodity items (at the discretion of the Government Statistician), upon application by a company or business.

In practice, all confidential HS codes are aggregated into the code 9809.00.00.00 in order to protect their confidentiality and to maintain total export and import values. Any aggregations of HS codes below this level, which encompass confidential 10-digit codes, exclude the confidential value(s) for these codes.

The only aggregates that include the confidential codes are total exports, total imports, and the total exports and imports by country.

## 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 website: [www.stats.govt.nz](http://www.stats.govt.nz)
- [Infoshare](#)
- *Key Statistics* – the quarterly 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, and crude oil
10. Exports and imports by standard international trade classification (SITC)