

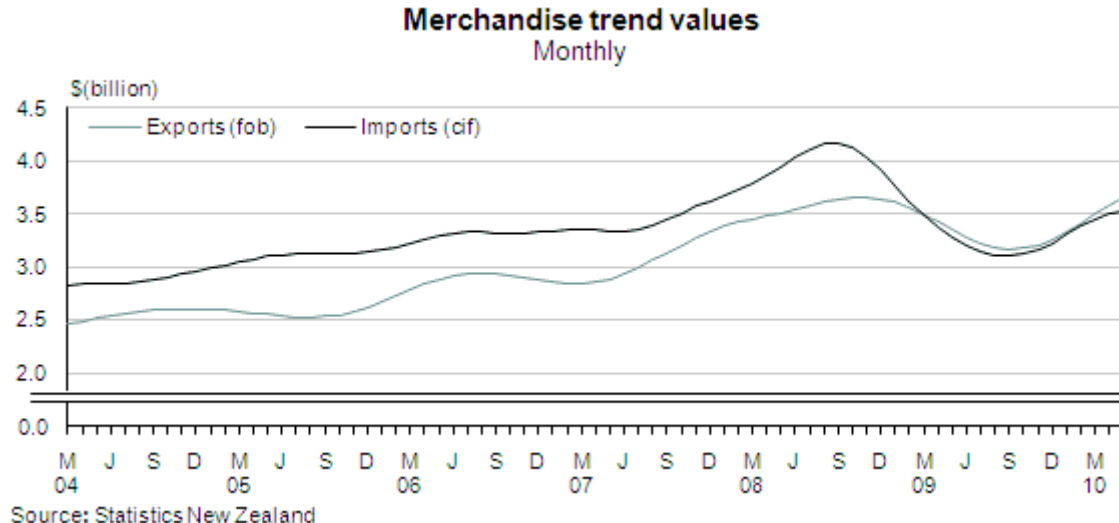
Embargoed until 10:45am – 25 June 2010

Overseas Merchandise Trade: May 2010

Highlights

For the month of May 2010, compared with May 2009, unless otherwise stated:

- Merchandise exports were up \$238 million (6.0 percent) to \$4.2 billion.
- This is a new monthly high for exports, and only the third time that exports have exceeded \$4 billion.
- Milk powder, butter, and cheese led the increase in export commodities, followed by crude oil, and logs, wood, and wood articles.
- Merchandise imports were up \$330 million (10.8 percent) to \$3.4 billion.
- Increases in petroleum and products, and vehicles, parts, and accessories were partly offset by decreases in electrical machinery and equipment.
- The trade balance was a surplus of \$814 million or 19.4 percent of the value of exports.



Geoff Bascand
Government Statistician

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Commentary

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

Exports

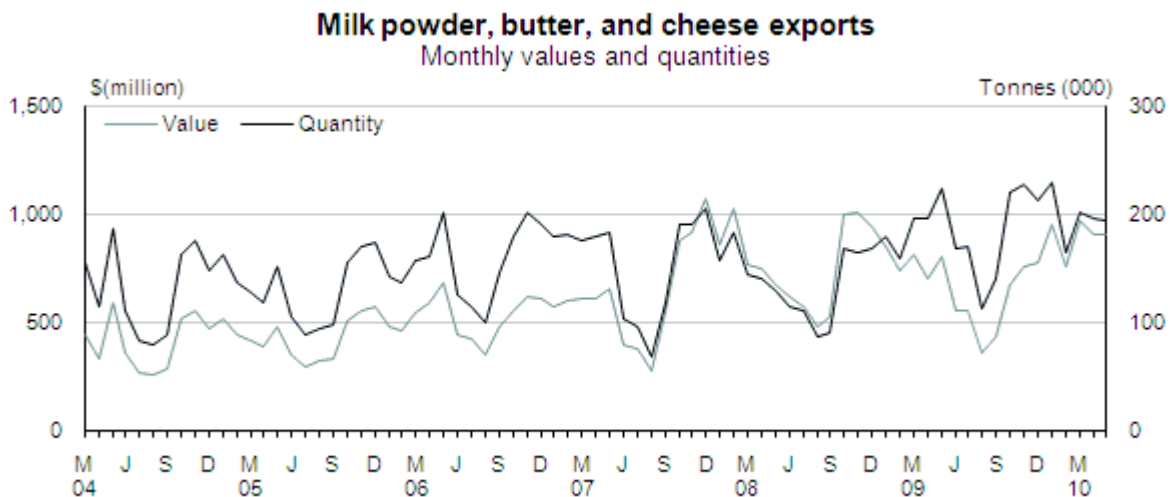
The value of merchandise exports for the month of May 2010 was \$4.2 billion, up \$238 million (6.0 percent) from May 2009. This is the highest value recorded for exports for any month, and only the third time that monthly exports have exceeded \$4 billion (March 2009 and March 2010 were the previous occasions).

The trend for merchandise exports is now at a similar level to its peak in November 2008, and has risen 15.2 percent since September 2009, following a 10-month decline.

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

By commodity:

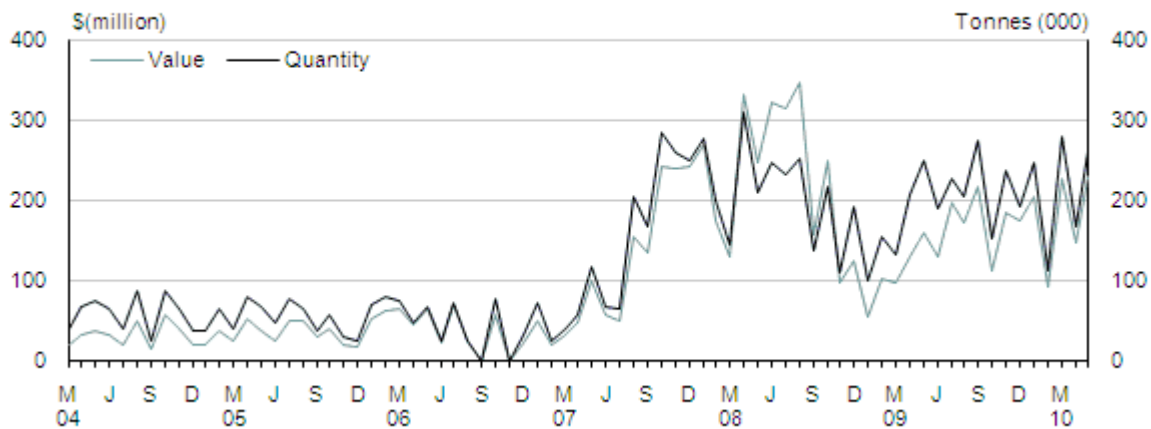
- Milk powder, butter, and cheese led the increase in export commodities, up \$102 million (12.6 percent). Unsweetened whole milk powder, up \$119 million, drove this increase with both higher quantity and price contributing to this rise. Sweetened skimmed milk powder showed the largest offsetting decrease, due to a reduction in quantity.



- Crude oil recorded the second largest increase, up \$71 million (44.5 percent) mainly due to higher prices.

Crude oil exports

Monthly values and quantities



Source: Statistics New Zealand

- Logs, wood, and wood articles recorded the next largest increase, up \$44 million (19.5 percent), with small increases recorded in several commodities, led by an increase in sawn or chipped pinus radiata.
- Aluminium and aluminium articles were up \$35 million (49.9 percent), driven by unwrought aluminium.
- Fruit recorded the largest decrease, down \$53 million (16.7 percent), led by a decline in kiwifruit, with apples also down.
- Optical, medical, and measuring equipment had the next largest decrease, down \$18 million (25.8 percent).

By country of destination:

- Australia recorded the largest increase, up \$137 million (17.6 percent). This increase was dominated by a doubling of crude oil exports, (up \$102 million), with both quantity and price higher.
- Japan recorded the second largest increase, up \$112 million (46.0 percent), led by aluminium and aluminium articles, and crude oil. There was no crude oil exported to Japan in May 2009.
- The People's Republic of China recorded the next largest increase, up \$92 million (25.8 percent). This increase was dominated by milk powder, butter, and cheese, up \$91 million (mainly due to a rise in unsweetened whole milk powder).
- Indonesia recorded the largest decrease, down \$59 million (39.0 percent), due to crude oil. There was no crude oil exported to Indonesia in May 2010.
- Singapore and the United Kingdom recorded the next largest decreases, down \$37 million (34.5 percent) and \$23 million (12.9 percent) respectively.

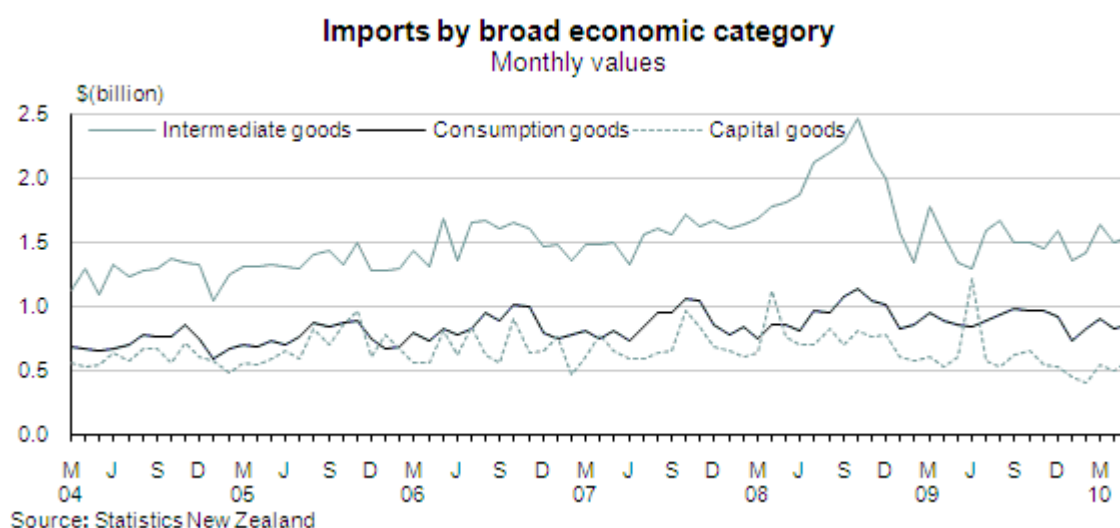
Imports

The total value of merchandise imports for May 2010 was \$3.4 billion, up \$330 million (10.8 percent) from May 2009.

The trend for total merchandise imports reached a turning point in September 2009, and has risen 13.7 percent since then. The trend is still 15.3 percent lower than its peak in September 2008.

All of the broad economic categories rose apart from consumption and capital goods.

- Intermediate goods recorded the largest increase, up \$210 million (15.7 percent) mainly due to a \$145 million (81.0 percent) rise in crude oil. Crude oil prices and quantities were both more than one-third higher, although crude oil import shipments can be irregular, which gives rise to large fluctuations in quantities and values. Intermediate goods other than crude oil were \$65 million higher (5.6 percent) led by increases in raw cane sugar, palm oil cake, and plastic and plastic articles.
- Passenger motor cars recorded the second largest increase, up \$112 million (79.4 percent) led by petrol cars with a cylinder capacity between 1500cc and 3000cc.
- Petrol and avgas was up \$39 million (48.3 percent).
- Capital goods recorded the largest fall, down \$39 million (6.3 percent). A decrease in machinery and plant of \$73 million (13.8 percent), led by mobile telephones and electric generating sets, was only partly offset by an increase in transport equipment of \$34 million (42.0 percent). Transport equipment would have also decreased if it had not been for the importation of large aircraft.
- Consumption goods at \$856 million were almost unchanged, down \$4 million (0.5 percent).

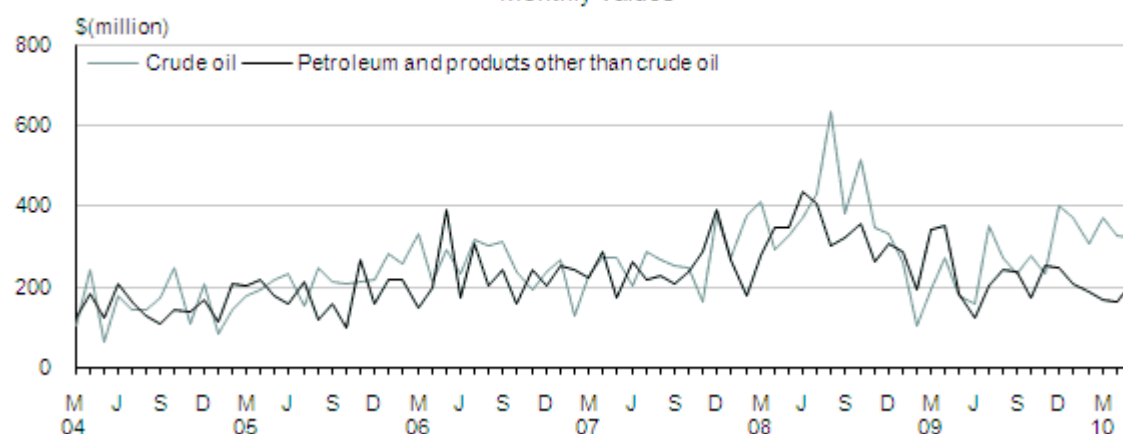


Most import commodity groupings recorded increases compared with May 2009. Key increases and decreases in imports by commodity grouping, and by country of origin were as follows:

By commodity:

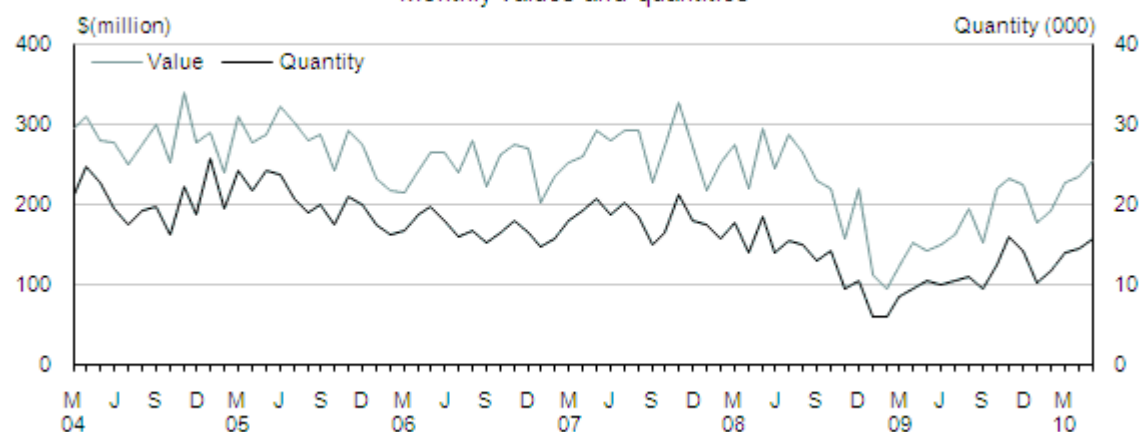
- Petroleum and products recorded the largest increase, up \$167 million (46 percent) mainly due to an increase in crude oil imports with both prices and quantities more than one-third higher, as previously mentioned.

Petroleum and products imports Monthly values



- Vehicles, parts, and accessories were the second largest increase, up \$113 million (47.0 percent), driven by an increase in passenger motor vehicles. This increase was mainly due to petrol cars with a cylinder capacity 1500cc–3000cc. Petrol cars with a cylinder capacity exceeding 3000cc, and diesel cars with a cylinder capacity exceeding 2500cc, also showed significant increases.

Passenger motor vehicles imports Monthly values and quantities



- Aircraft and parts recorded the next largest increase, up \$29 million (40.7 percent), with an increase in large aircraft only partly offset by a fall in imports of mid-sized aircraft.
- Sugars and sugar confectionery were up \$27 million (278 percent), led by raw cane sugar, with almost none imported in May 2009.
- Electrical machinery and equipment recorded the largest decrease, down \$84 million (22.9 percent), led by mobile telephones, electric generating sets, and parts for television receivers.
- Salt, earths, stone, lime, and cement, down \$18 million (50.9 percent), had the second largest decrease mainly due to a decrease in natural calcium phosphates.

By country of origin:

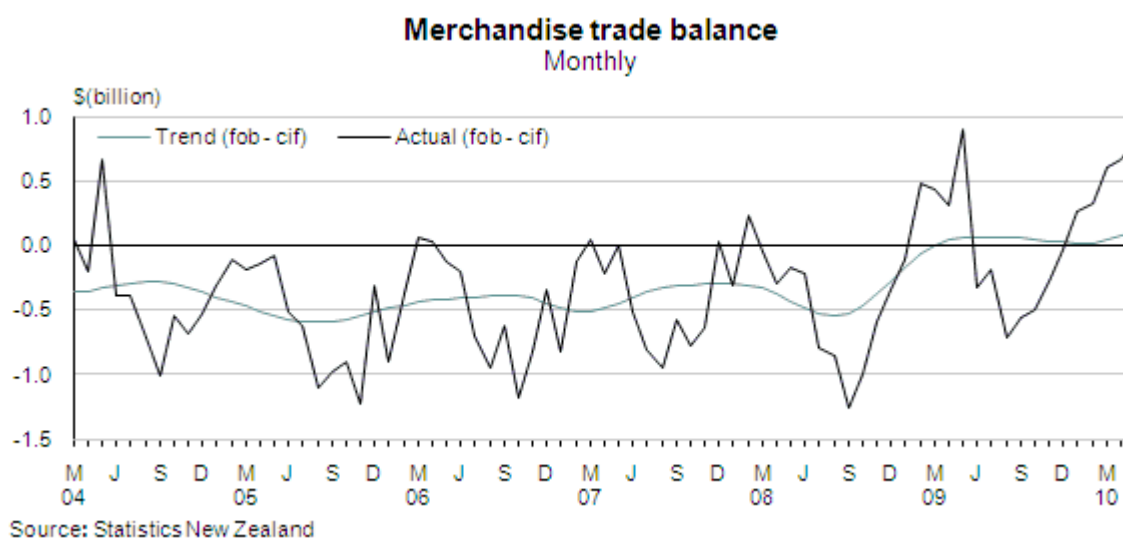
- The United Arab Emirates, up \$119 million (506 percent), and Russia, up \$82 million, had the largest increases due to crude oil imports. Crude oil import shipments tend to

fluctuate by country of origin, which gives rise to large changes in quantities and values. The two largest decreases in imports, by country of origin, for the month, were Qatar, down \$93 million (98.2 percent), and Indonesia, down \$43 million (50.2 percent). Again, these were mostly due to changes in crude oil shipments.

- Australia had the third largest increase, up \$76 million (13.4 percent), led by raw cane sugar and passenger vehicles.
- Imports from Malaysia were the next largest increase, up \$63 million (82.7 percent), led by crude oil and palm oil cake for animal feed.
- The Czech Republic showed the third largest decrease, down \$18 million (82.5 percent), mainly due to electrical machinery and equipment.

Trade balance

In May 2010, the trade balance was a surplus of \$814 million or 19.4 percent of the value of exports, following a surplus of 22.9 percent of exports in the May 2009 month and a deficit of 4.5 percent of exports in the May 2008 month. This compares with an average May trade surplus of 9.3 percent of exports for the previous 10 years, with surpluses mainly recorded in May months over this period.



The annual trade balance for the year ended May 2010 was a surplus of \$91 million (0.2 percent of exports), compared with the average deficit of 10.5 percent of exports for the previous 10 May years.

Three months ended May 2010

Exports of merchandise goods for the three months ended May 2010 were valued at \$12.2 billion, a rise of \$586 million (5.0 percent) from the same period of the previous year.

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

By commodity:

- Milk powder, butter, and cheese recorded the largest increase, up \$459 million (19.8 percent), led by unsweetened whole milk powder, anhydrous milk fat, and salted butter.

- Crude oil recorded the second largest increase, up \$219 million (56.8 percent), with an increase in price and quantity.
- Logs, wood, and wood articles recorded the third largest increase, up \$172 million (27.4 percent), led by untreated pinus radiata logs, with quantity and price both higher.
- Aluminium and aluminium articles had the next largest increase, up \$92 million (44.8 percent), driven by a rise in unwrought aluminium.
- Aircraft and parts recorded the largest fall, down \$143 million (72.5 percent) due to the high value of large aircraft exported in the same three month period last year.
- Fruit recorded the second largest fall, down \$102 million (13.5 percent) led by a decline in apples.

By country of destination:

- China recorded the largest increase, up \$282 million (26.2 percent). Milk powder, butter, and cheese, up \$255 million, dominated the increase, with value almost double, (driven by unsweetened whole milk powder). Another notable contributor to the rise was logs, wood, and wood articles (led by untreated pinus radiata logs).
- Australia recorded the second largest increase, up \$240 million (10.1 percent), driven by a rise in crude oil, up \$256 million. An offsetting decline was recorded in aircraft and parts, mainly due to no large aircraft being exported to Australia in the three months ended May 2010.
- Japan recorded the next largest increase, up \$201 million (25.9 percent), driven by an increase in aluminium and aluminium articles. Fruit and crude oil were other notable contributors to the increase.
- Indonesia recorded the largest decrease, down \$94 million (25.7 percent), with crude oil, and milk powder, butter, and cheese leading the falls.
- The United Kingdom recorded the second largest decrease, down \$74 million (13.1 percent), led by a fall in meat and edible offal – mainly frozen lamb cuts (with bone in).
- The United States recorded the third largest decrease, down \$41 million (3.3 percent).

Imports of merchandise goods for the three months ended May 2010 were valued at \$10.2 billion, up \$165 million (1.6 percent) from the same period of the previous year.

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

By commodity:

- Vehicles, parts, and accessories were the largest increase, up \$282 million (38.0 percent) driven by an increase in passenger motor vehicles led by petrol cars with a cylinder capacity 1500–3000cc. Petrol cars with a cylinder capacity exceeding 3000cc also showed a significant increase.
- Ships, boats, and floating structures recorded the second largest increase, up \$92 million, mainly due to the import of the HMNZS Otago in April 2010.
- Food residues, wastes, and fodder recorded the next largest increase, up \$43 million (45.8 percent), led by palm oil cake for stock feed.
- Plastics and plastic articles, up \$38 million (10.4 percent), and petroleum and products, up \$35 million (2.3 percent), recorded the next largest increases.
- Electrical machinery and equipment recorded the largest decrease, down \$244 million (23.1 percent), led by mobile telephones, electric generating sets, and parts for electrical static converters.

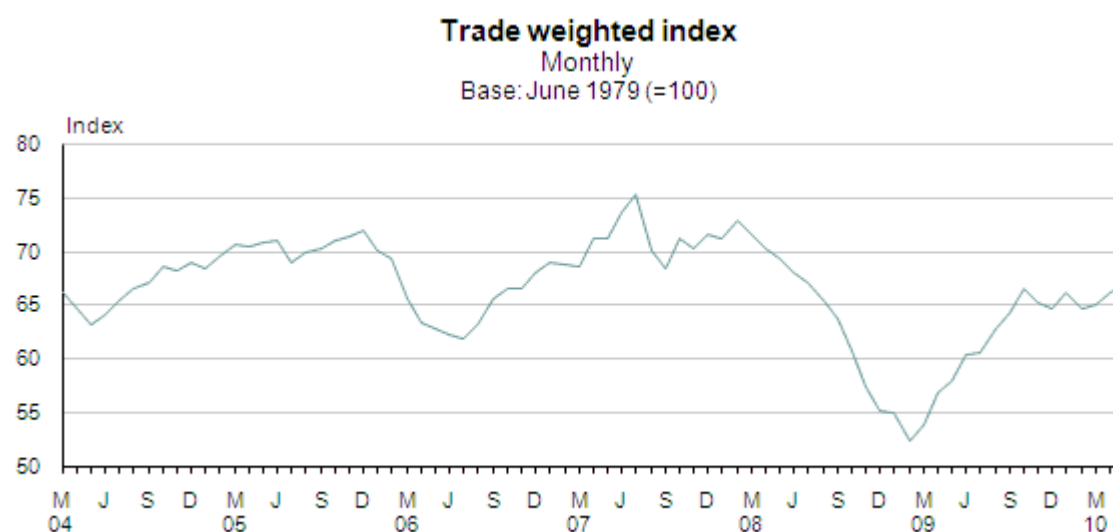
- Mechanical machinery and equipment had the second largest fall, down \$106 million (7.9 percent), with falls across a wide range of commodities. Falls in machinery and engine parts, and parts of turbines led the decline, partly offset by a rise in laptop computers.

By country of origin:

- The United Arab Emirates recorded the largest increase, up \$320 million (497 percent), due to an increase in crude oil. Shipments of crude oil can be irregular, which gives rise to large fluctuations in quantities and values, especially by country of origin.
- Malaysia, up \$211 million (86.7 percent), the second largest increase, and Russia, up \$172 million, the fourth largest increase, were again both due to crude oil imports, with no crude oil coming from either country in the same three months of the previous year.
- Australia had the third largest increase, up \$173 million (9.5 percent). The majority of this increase came from ships, boats, and floating structures, mostly due to the import of the HMNZS Otago in April 2010. Passenger cars and aluminium oxide also showed significant increases, while petroleum and products (other than crude oil) recorded the largest offsetting fall.
- Brunei Darussalam recorded the largest decrease, down \$153 million (100 percent), due to no crude oil being imported from there in the latest three months.
- Japan recorded the second largest decrease, down \$140 million (15.9 percent), largely driven by a fall in automotive diesel imports, with mechanical and electrical machinery and equipment also declining. A rise in imports of passenger vehicles was the largest offsetting upward contribution.
- Singapore showed the next largest decrease, down \$137 million (31.5 percent), driven by a decline in petroleum and products (other than crude oil).

Exchange rate movements

According to the Reserve Bank's Trade Weighted Index (TWI), the New Zealand dollar was 1.4 percent higher in May 2010, compared with April 2010, and 15.6 percent higher compared with May 2009.



Updates to previous statistics

Provisional values published on 27 May 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 27 May 2010			Published on 25 June 2010			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:										
Feb 2010	P	3,326	2,993	334	3,320	2,992	328	-6	0	-6
Mar 2010	P	4,060	3,470	590	4,075	3,468	607	16	-2	17
Apr 2010	P	3,970	3,314	656	3,966	3,300	665	-4	-14	10
Year ended:										
Feb 2010	P	39,542	39,867	-324	39,536	39,866	-330	-6	0	-6
Mar 2010	P	39,549	39,722	-172	39,559	39,719	-161	9	-2	11
Apr 2010	P	39,878	39,717	161	39,883	39,700	182	5	-16	21

(1) Figures are calculated on unrounded data.

Symbol:

P provisional

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Next release...

Overseas Merchandise Trade: June 2010 will be released on 29 July 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 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 May 2010, compared with 21 in May 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.

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 New Zealand understands that the release of merchandise trade commodity information can, in some cases, place commercially sensitive information in the public domain. Statistics New Zealand 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
- 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)