

Embargoed until 10:45am – 27 November 2009

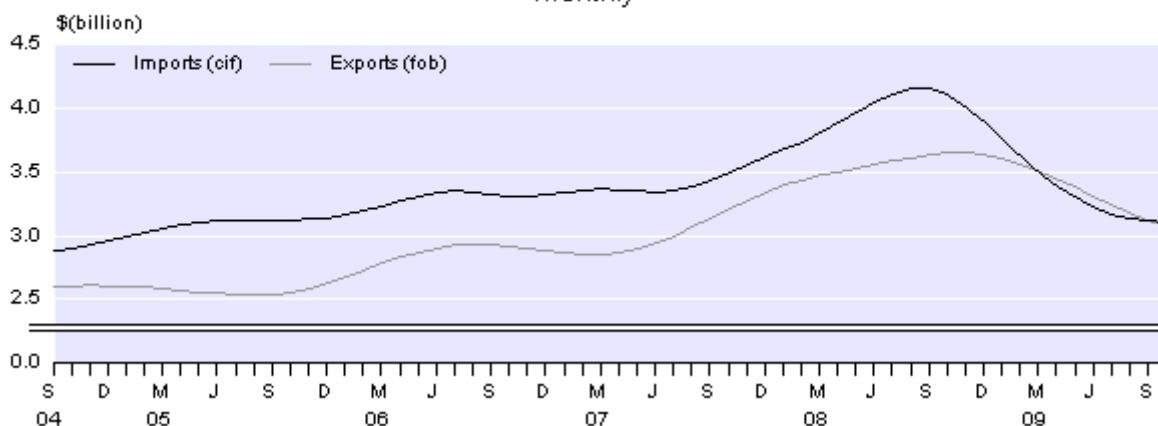
Overseas Merchandise Trade: October 2009

Highlights

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

- Merchandise exports were valued at \$3.0 billion, down \$859 million (22.4 percent).
- The fall in exports was widespread with milk powder, butter, and cheese; crude oil; and casein and caseinates being the most significant contributors.
- The exports trend has been falling since November 2008, and is down 15.4 percent since then.
- Merchandise imports were valued at \$3.5 billion, down \$1.4 billion (28.3 percent).
- The fall in imports was also widespread with petroleum and products; and mechanical machinery and equipment being the most significant contributors.
- The imports trend has declined 25.3 percent since August 2008, the longest and largest period of decline since the series began in 1988.
- The trade balance was a deficit of \$487 million, or 16.4 percent of exports; compared with an average October deficit of 30.0 percent of exports for the previous five years.

Merchandise Trend Values
Monthly



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Commentary

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

Exports

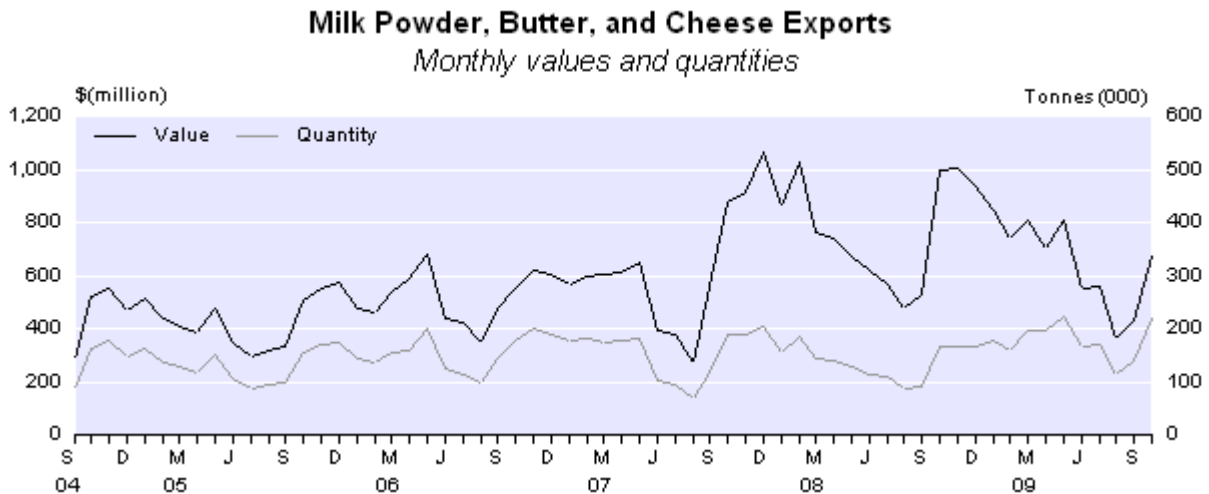
The value of merchandise exports for the month of October 2009 was \$3.0 billion, down \$859 million (22.4 percent) from October 2008.

After rising steadily from mid-2007, the trend for total merchandise exports has been declining and is down 15.4 percent since its peak in November 2008. The level of the trend is now comparable to what it was in August 2007. This is the sharpest fall seen in the trend since the series began in 1988, and is smaller only than the fall of 16.5 percent that occurred in the trend over 25 months between mid-2001 to mid-2003.

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

By commodity:

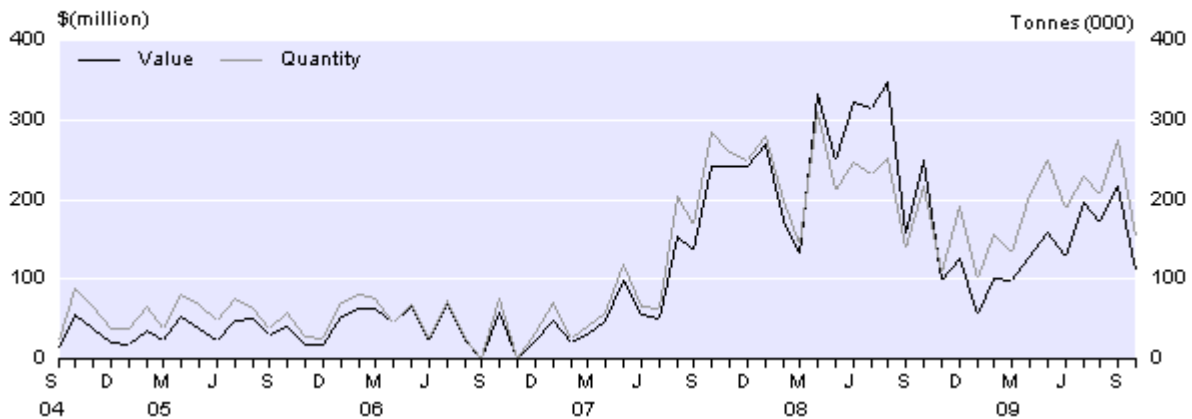
- Milk powder, butter, and cheese showed the largest decrease in October 2009, down \$318 million (32.0 percent). This decline was led by whole milk powder, down \$126 million (35.1 percent), due to lower prices, with quantities exported up 36.4 percent. Large decreases were recorded for several other commodities, including cheese, down \$92 million (led by cheddar cheese); and anhydrous milk fat, down \$37 million.



- Crude oil was the next largest fall, down \$138 million (55.2 percent), with overall quantities exported down 29.4 percent.

Crude Oil Exports

Monthly values and quantities



- Casein and caseinates recorded the third largest decrease, down \$45 million (43.3 percent).
- Aluminium and aluminium articles fell \$42 million (33.7 percent), the next largest decrease. This fall was led by unwrought aluminium, down \$41 million (39.1 percent) with quantities down 6.3 percent.
- By comparison (in the few instances where a commodity category showed an increase) increases were of a much lesser magnitude compared with the declines. Petroleum and products other than crude oil showed the largest increase, up \$22 million (from a low level), led by bituminous mixtures, up \$13 million. The next largest increases were exports of beverages, spirits, and vinegar, up \$4 million (27.5 percent), and wine, up \$4 million (3.5 percent).

By country of destination:

- Exports to Australia showed the largest decrease, down \$180 million (19.1 percent), led by crude oil exports, down \$160 million.
- The second largest decrease was in exports to Japan, down \$146 million (41.3 percent). Two significant contributors to this fall were milk powder, butter, and cheese, down \$35 million (led by cheese); and aluminium exports, down \$27 million (led by unwrought aluminium).
- The third largest decrease was in exports to the United States of America, down \$82 million (24.2 percent), with casein and caseinates down \$26 million (50.8 percent), and milk powder, butter, and cheese down \$26 million (40.2 percent), led by anhydrous milk fat, down \$12 million (63.5 percent).
- The largest increase was in exports to the People's Republic of China, up \$45 million (20.5 percent). Monthly exports to the People's Republic of China (versus the same month of the previous year) have increased for the past 19 months in a row. This month's increase in exports was driven by milk powder, butter, and cheese, up \$40 million (96.8 percent), led by whole milk powder (up \$33 million or 181 percent) with quantities up fivefold.

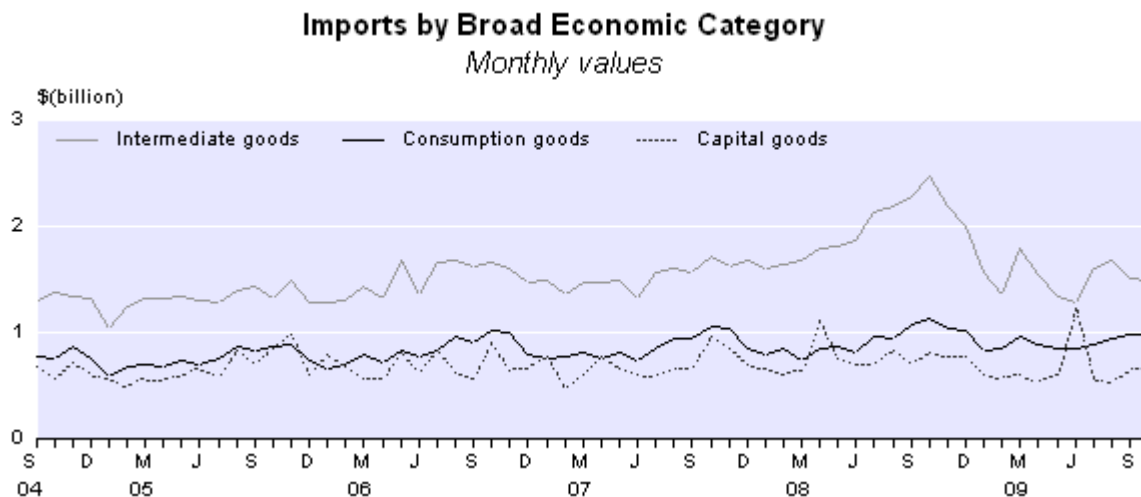
Imports

In the month of October 2009, merchandise imports were valued at \$3.5 billion, down \$1.4 billion (28.3 percent) from October 2008. Excluding one-off imports, import values have now fallen by 19 percent or more for each of the last seven months, when compared with the same month of the previous year.

The trend for merchandise imports has been decreasing since peaking in August 2008, and is down 25.3 percent since then. This is the longest period of decline and the largest fall in the imports trend since the series began in 1988.

All of the main broad economic categories were down in October 2009 compared with October 2008.

- The intermediate goods category recorded the largest decrease, down \$982 million (39.7 percent). Falls were widespread in this category, with crude oil, down \$251 million (48.5 percent), being the largest, mainly due to lower prices. Other commodities showing significant declines included oil cake for animal food, partly refined crude oil, jet fuel, urea, and gas turbine parts and accessories.
- Consumption goods were down \$166 million (14.5 percent), with falls across most commodities. Some of the more notable decreases included pest and plant sprays, wine, and pleasure boats.
- Capital goods declined \$164 million (20.0 percent). Again, there were falls across most commodities with goods transport vehicles, tractors, and earth moving machinery being leading contributors.
- Petrol and avgas was the next largest decrease, down \$33 million (27.8 percent).
- Passenger motor cars were virtually unchanged, up \$1 million (0.6 percent), the first rise following 12 months of falls compared with the same month previous year. Petrol cars exceeding 3000cc increased \$24 million, while petrol cars with a 1000-3000cc rating were down \$22 million.



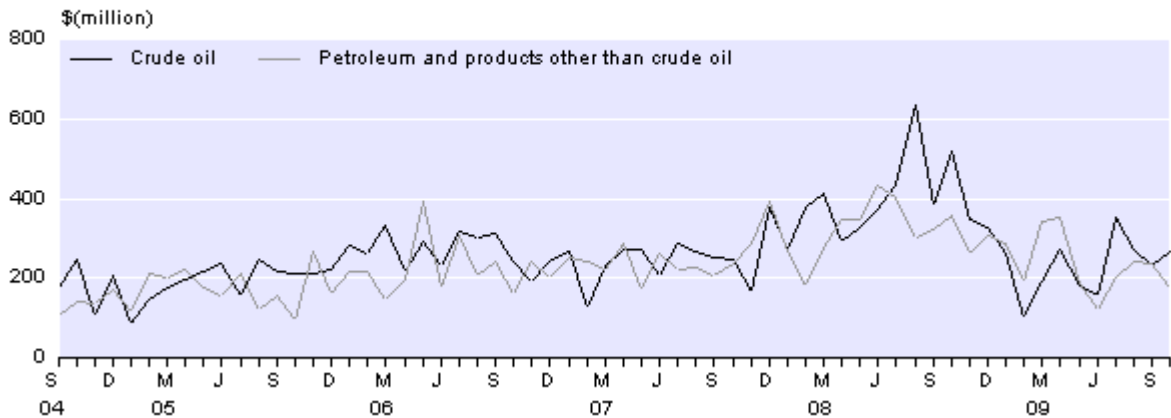
In October 2009 compared with October 2008, import values declined across most of the top 40 commodity categories and most of the top 25 countries by country of origin.

By commodity:

- Petroleum and products recorded the largest decrease, down \$432 million (49.3 percent). This fall was led by crude oil and partly refined petroleum. The fall in crude oil was mainly due to lower prices, as mentioned above, while the fall in partly refined petroleum was mainly due to lower quantities, although prices were lower as well.

Petroleum and Products Imports

Monthly values



- Mechanical machinery and equipment was the next largest fall, down \$178 million (30.7 percent). There were falls across most commodities, with gas turbine parts and accessories, harvesting machinery, and earth moving machinery being significant contributors.
- Iron and steel and articles, down \$113 million (57.0 percent), and vehicles, parts, and accessories, down \$106 million (24.6 percent), were the next largest decreases.
- By comparison, increases in imports were fewer and smaller, the largest being aircraft and parts, up \$33 million (31.8 percent), and ships, boats, and floating structures, up \$22 million (126 percent).

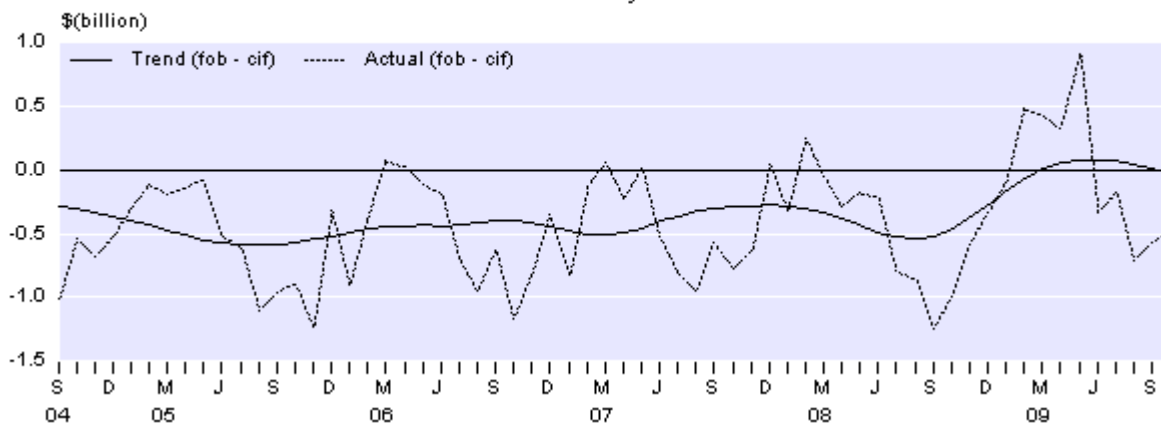
By country of origin:

- Australia recorded the largest decrease in imports, down \$249 million (27.9 percent), led by falls in crude oil, cereals, and iron and steel.
- The next largest fall was for imports from Singapore, down \$179 million (61.2 percent), mainly due to a fall in petroleum products such as automotive diesel, jet fuel, and partly refined petroleum.
- Imports of crude oil tend to be irregular, especially by country of origin. In October 2009, Qatar was down \$92 million (67.7 percent), and Brunei Darussalam was down \$59 million (100 percent), while Russia was up \$67 million from \$1 million in October 2008. All these movements were mainly due to changes in crude oil imports.

Trade balance

In October 2009, the trade balance was a deficit of \$487 million or 16.4 percent of the value of exports. This compares with an average October deficit of 30.0 percent of exports for the previous five years.

Merchandise Trade Balance Monthly



The annual trade balance for the year ended October 2009 was a deficit of \$1.2 billion (2.9 percent of exports). As a percentage of exports, this is approximately one-fifth of the average (of 16.2 percent) for the preceding five October years.

Three months ended October 2009

Exports of merchandise goods for the three months ended October 2009 were valued at \$8.5 billion, a fall of \$2.0 billion (19.2 percent) from the same period of the previous year.

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

By commodity:

- Milk powder, butter, and cheese recorded the largest decrease, down \$530 million (26.5 percent), with declines across a wide range of commodities. The most significant declines came from whole milk powder (down \$148 million), cheddar cheese (down \$84 million), and anhydrous milk fat (down \$68 million).
- The second largest decrease was for crude oil, down \$254 million (33.7 percent), which was driven by decreased prices as quantity was up 4.7 percent.
- The next largest decrease was for meat and edible offal, down \$177 million (18.8 percent), with sheep meat down \$89 million and frozen bovine cuts down \$74 million.
- In comparison, the increases in exports for the latest three months were far fewer in number and much smaller. The largest offsetting increases were beverages, spirits, and vinegar, up \$9 million (18.2 percent); preparations of vegetables, fruits, and nuts, up \$8 million (13.6 percent); and precious metals, jewellery, and coins, up \$7 million (3.9 percent).

By country of destination:

- Exports to Australia showed the largest fall, down \$502 million (17.6 percent), led by crude oil, down \$317 million (45.8 percent).
- The second largest fall was in exports to the United States of America, down \$306 million (32.8 percent). Meat and edible offal declined \$79 million (with bovine cuts and sheep meat both down); casein and caseinates declined \$67 million; milk powder, butter, and cheese declined \$38 million; and mechanical machinery and equipment declined \$33 million.

- The next largest fall was in exports to Japan, down \$286 million (30.4 percent). Aluminium and aluminium articles declined \$96 million (led by unwrought aluminium); milk powder, butter, and cheese, declined \$58 million (led by cheese); and crude oil declined \$46 million (with no exports of crude oil to Japan since July 2009).
- Exports to China showed the largest increase, up \$112 million (18.5 percent). Milk powder, butter, and cheese increased \$78 million (led by whole milk powder); and logs, wood, and wood articles increased \$62 million (led by pinus radiata logs).
- Exports to Singapore were the next largest increase, up \$58 million (31.9 percent), with petroleum and products up \$88 million (led by crude oil).

Imports of merchandise goods for the three months ended October 2009 were valued at \$10.3 billion, down 24.6 percent from the same period of the previous year.

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

By commodity:

- The petroleum and products category had the largest decrease, down \$1.1 billion (43.5 percent), led by a decrease in crude oil, down \$767 million, mainly due to lower prices. Crude oil import prices have fallen from a high level in 2008, peaking in August 2008. Jet fuel was the next largest decrease, down \$75 million.
- Vehicles, parts, and accessories decreased \$429 million (33.7 percent) – the second largest decrease, led by goods transport vehicles, down \$163 million; passenger motor vehicles, down \$145 million; and tractors, down \$49 million.
- Mechanical machinery and equipment decreased \$354 million (22.3 percent), spread across several commodities, with earth moving machinery, computers, and harvesting machinery being leading contributors.
- Aircraft and parts recorded the largest increase, up \$122 million (35.7 percent), due to an increase in aircraft parts.

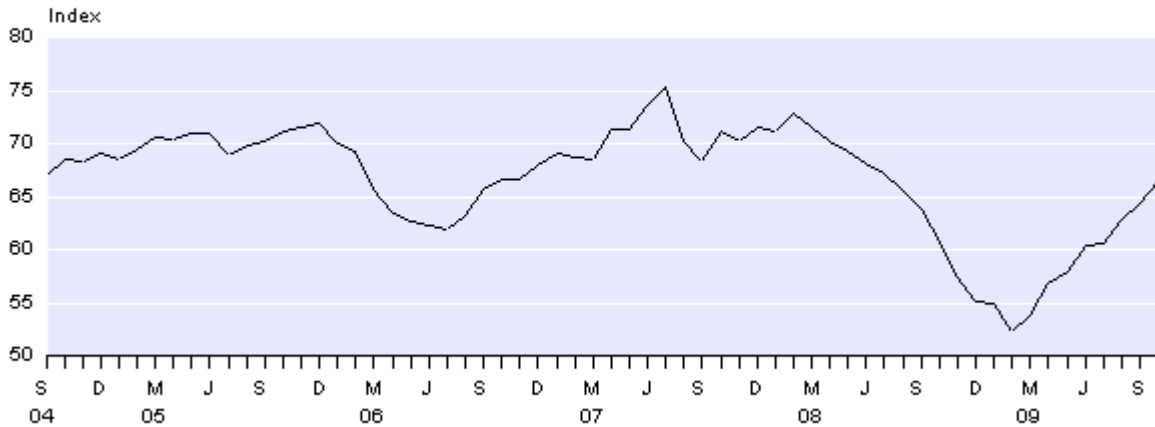
By country of origin:

- Imports from Australia showed the largest decrease, down \$613 million (23.8 percent), with significant decreases in crude oil; iron and steel; cereals; and vehicles, parts, and accessories.
- Imports from Japan were the next largest decrease, down \$350 million (34.5 percent), including passenger motor vehicles (down \$90 million), goods transport vehicles (down \$46 million), mechanical and electrical machinery and equipment (each down \$51 million), and automotive diesel (down \$50 million).
- Imports from Qatar were down \$260 million (53.1 percent) led by falls in crude oil (down \$187 million) and fertiliser (down \$79 million).
- The largest increase was from Russia, up \$94 million from \$2 million recorded in the three months ended October 2008. This was almost entirely due to imports of crude oil with no corresponding imports in the same period of the previous year.

Exchange rate movements

According to the Reserve Bank's Trade Weighted Index (TWI), the New Zealand dollar was 3.4 percent higher in October 2009 compared with September 2009, and 9.4 percent higher compared with October 2008.

Trade Weighted Index
Monthly
 Base: June 1979 (=100)



Source: Reserve Bank of New Zealand

Updates to previous statistics

Provisional values published on 29 October 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 October 2009			Published on 27 November 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:										
Jul 2009	P	3,174	3,351	-176	3,173	3,350	-178	-2	0	-1
Aug 2009	P	2,743	3,463	-719	2,744	3,462	-717	1	-1	2
Sep 2009	P	2,826	3,250	-424	2,827	3,390	-563	1	140	-139
Year ended:										
Jul 2009	P	42,771	45,260	-2,490	42,769	45,260	-2,491	-2	0	-1
Aug 2009	P	41,939	44,300	-2,361	41,939	44,299	-2,360	0	-1	1
Sep 2009	P	41,592	43,125	-1,533	41,593	43,264	-1,671	1	139	-138

(1) Figures are calculated on unrounded data.

Symbol:

P provisional

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Next release...

Overseas Merchandise Trade: November 2009 will be released on 7 January 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 New Zealand 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 October 2009, compared with 22 in October 2008.

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](#).

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 Harmonised System (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 Home page: 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
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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)