

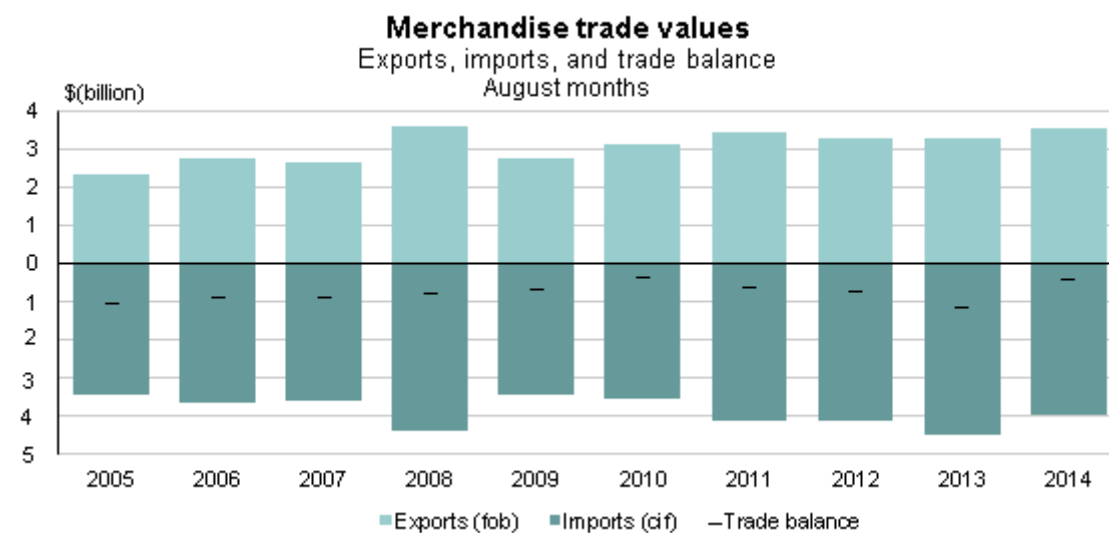
Overseas Merchandise Trade: August 2014

Embargoed until 10:45am – 24 September 2014

Key facts

For August 2014 compared with August 2013:

- Exports rose \$227 million (6.9 percent) to \$3.5 billion.
- Live animals and milk powder, butter, and cheese led the rise.
- Imports were down \$536 million (12 percent) to \$4.0 billion.
- All main imports categories fell.
- There was a trade deficit of \$472 million (13 percent of exports).
- The trend for exports has been falling since January 2014.



Liz MacPherson, Government Statistician
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24 September 2014

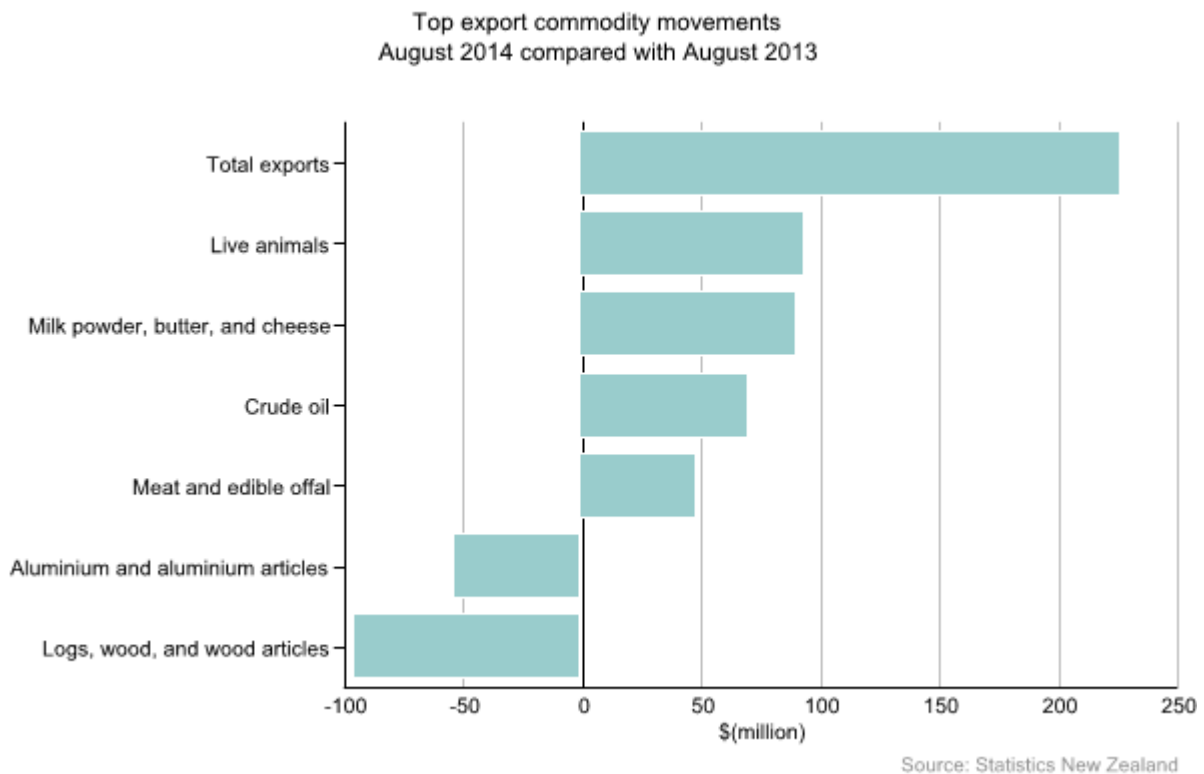
Commentary

- [Exports rise 6.9 percent](#)
- [Imports fall 12 percent](#)
- [Trade deficit in August 2014](#)
- [Seasonally adjusted exports rise 15 percent](#)
- [Seasonally adjusted imports fall 2.8 percent](#)
- [Exchange rate movements](#)

All comparisons are between August 2014 and August 2013, unless otherwise stated.

Exports rise 6.9 percent

In August 2014, goods exports were valued at \$3.5 billion, up \$227 million (6.9 percent) from August 2013. This is the highest value of goods exported for an August month since the peak in August 2008.



Rise in exports led by live animals and dairy

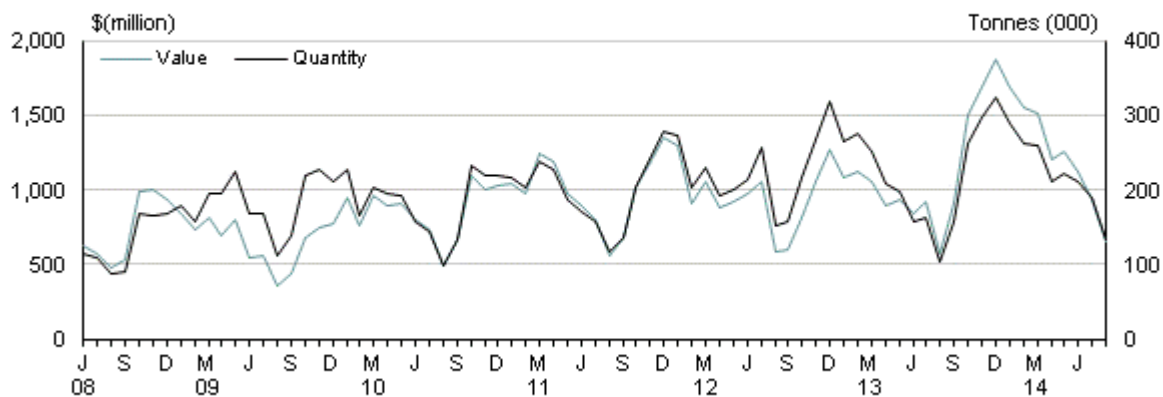
Live animals exports rose \$94 million to \$110 million. This rise was due to live cattle (including dairy cattle), all going to China.

Milk powder, butter, and cheese (our largest export commodity group) rose \$91 million (16 percent) to \$659 million. The quantity was up 28 percent. The rise was led by anhydrous milk fat (clarified butter), milk protein concentrate, and cheese. This is the first time since September 2011 that a rise in the milk powder, butter, and cheese group has not been led by milk powder.

Milk powder is still the highest contributor to total dairy exports. Milk powder was valued at \$322 million, up \$278,000 from August 2013.

By destination, milk powder, butter, and cheese exports to China fell 35 percent. Despite the fall, China remains the top destination for these products, taking 14 percent of the total for the month.

Milk powder, butter, and cheese exports
Monthly values and quantities



Source: Statistics New Zealand

Other key changes in commodity group export values, for August 2014:

- **crude oil** exports rose \$70 million
- **meat and edible offal** rose \$49 million (18 percent), led by beef and sheepmeat
- **fruit** rose \$38 million (28 percent), due to kiwifruit.

Logs, wood, and wood articles (our third largest export commodity group) fell the most, down \$95 million (25 percent), with quantities down 18 percent. The fall was due to pine logs.

Exports to the United States lead the rise

The monthly movements for our top export destinations (ranked by total annual exports) were:

1. **China** – up \$53 million (9.7 percent), led by live animals and meat. This was partly offset by a fall in milk powder and pine logs.
2. **Australia** – up \$38 million (5.4 percent), due to crude oil.
3. **European Union (EU)** – up \$40 million (12 percent), led by kiwifruit. Milk protein concentrate exports to the Netherlands also contributed to the rise.
4. **United States** – up \$63 million (24 percent), led by casein and caseinates, beef, and milk protein concentrate.
5. **Japan** – down \$38 million (14 percent), led by unwrought aluminium.
6. **Korea** – up \$32 million (25 percent), led by crude oil.

Other key country movements were:

- **United Arab Emirates** – up \$16 million (48 percent), due to whole milk powder.
- **Mexico** – up \$14 million, led by anhydrous milk fat, and casein and caseinates.
- **India** – down \$36 million (42 percent), led by pine logs.

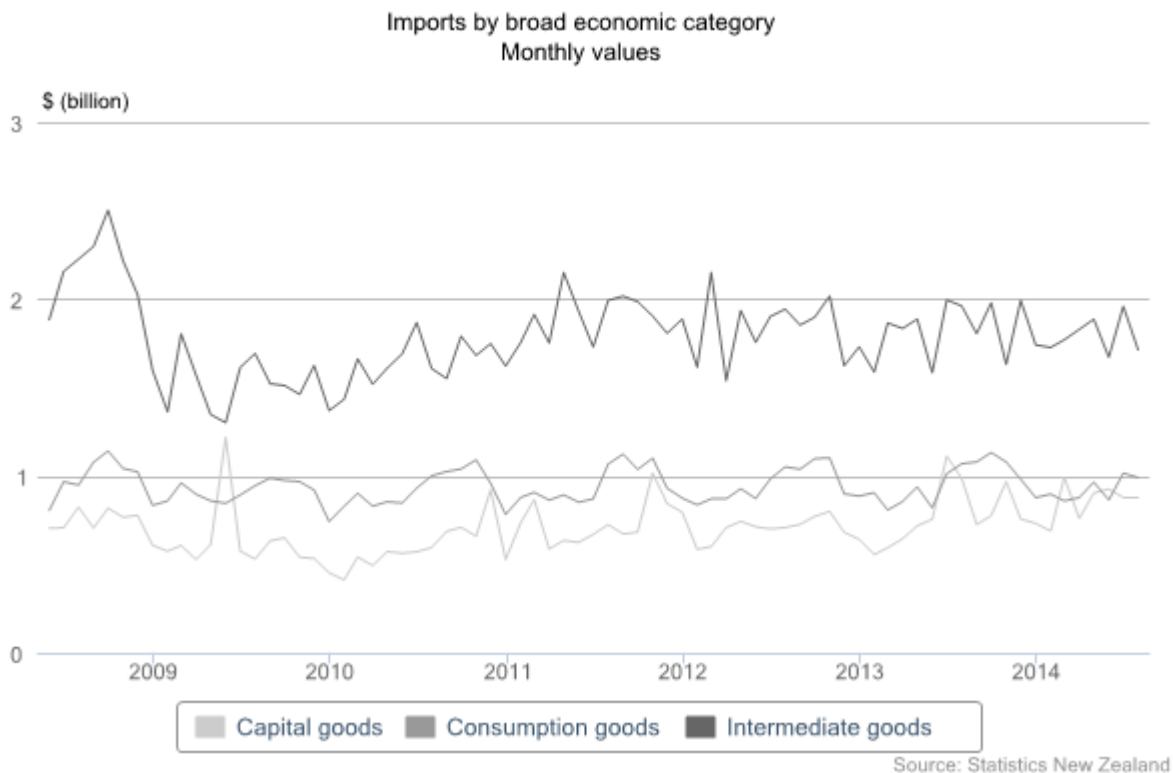
Imports fall 12 percent

In August 2014, goods imports were valued at \$4.0 billion, down \$536 million (12 percent) from August 2013. The fall this month was across the board and influenced by the large one-off import of a drilling platform in August 2013.

Excluding the one-off import item in August 2013, imports fell \$341 million (7.9 percent).

Intermediate goods lead the fall in imports

All three main broad economic categories (intermediate, capital, and consumption goods) decreased in value compared with August 2013.



Intermediate goods fell \$251 million (13 percent), led by crude oil (down \$119 million). Processed industrial supplies (including fertilisers), up \$61 million, also contributed to the fall in intermediate goods.

Capital goods fell \$111 million (11 percent). Machinery and plant fell \$210 million (25 percent), reflecting the import of a one-off drilling platform in August 2013. The fall was partly offset by transport equipment, up \$99 million (69 percent), led by aircraft and parts and trucks.

Consumption goods fell \$79 million (7.4 percent), led by semi-durable consumer goods (such as clothing) and durable goods (such as domestic appliances).

In **other categories** of goods:

- **passenger motor cars** fell \$49 million (12 percent)
- **petrol and avgas** fell \$28 million (44 percent).

Four of our top import partners show decreases

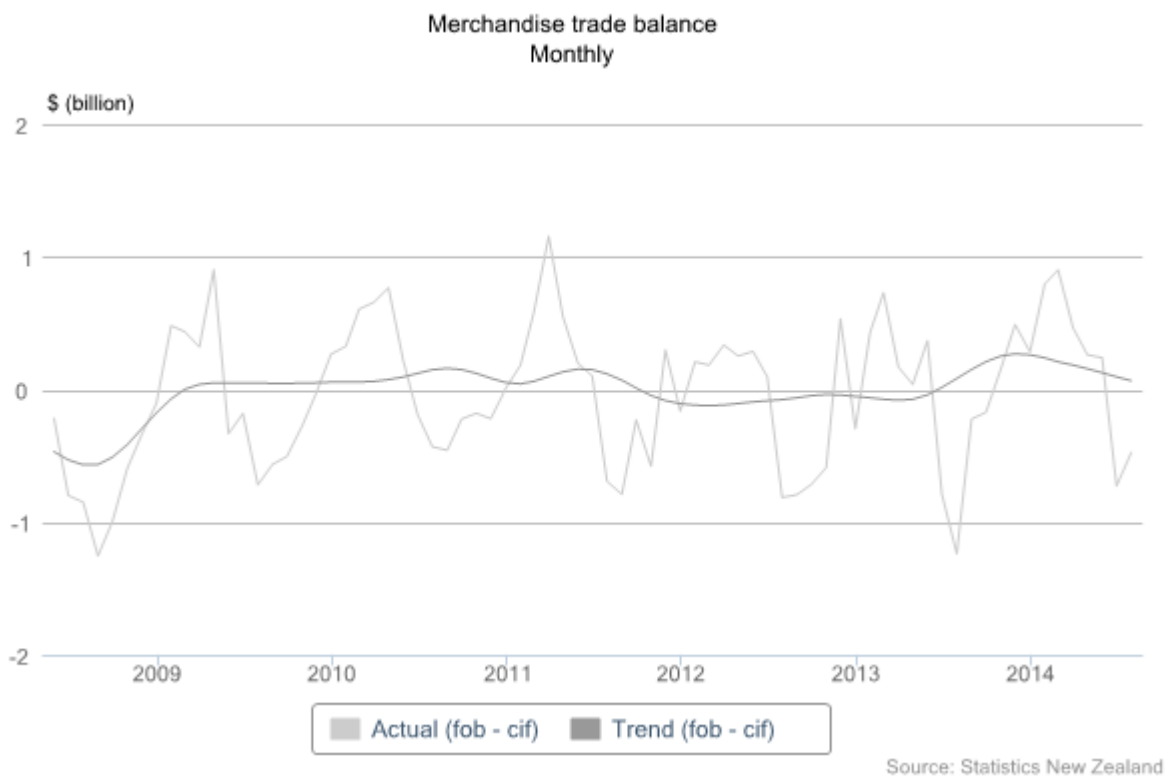
The monthly movements for our top import partners (ranked by total annual imports) were:

1. **EU** – down \$79 million (10 percent), led by car and crane imports from Germany (down \$34 million). Spain (down \$13 million) and the United Kingdom (down \$12 million) also contributed to the fall, led by cars.
2. **China** – down \$42 million (5.6 percent), led by railway coaches and mobile phones.
3. **Australia** – down \$11 million (1.9 percent), due to fertilisers.
4. **United States** – up \$16 million (3.7 percent), due to aircraft and parts. The rise was partly offset by a fall in gas turbines.
5. **Japan** – down \$8.4 million (3.0 percent), due to cars.

Import shipments of crude oil tend to fluctuate depending on where they come from, which causes large changes in quantities and values. In August 2014, crude oil influenced other significant movements. **Malaysia, Russia, Qatar, and United Arab Emirates** showed decreases; **Brunei, Kuwait, and Saudi Arabia** showed increases.

Trade deficit in August 2014

In August 2014, there was a trade deficit of \$472 million (13 percent of exports). This is the smallest August deficit since 2010, and compares with an average deficit of 24 percent of exports over the previous five August months. August months have been in deficit since August 1992.

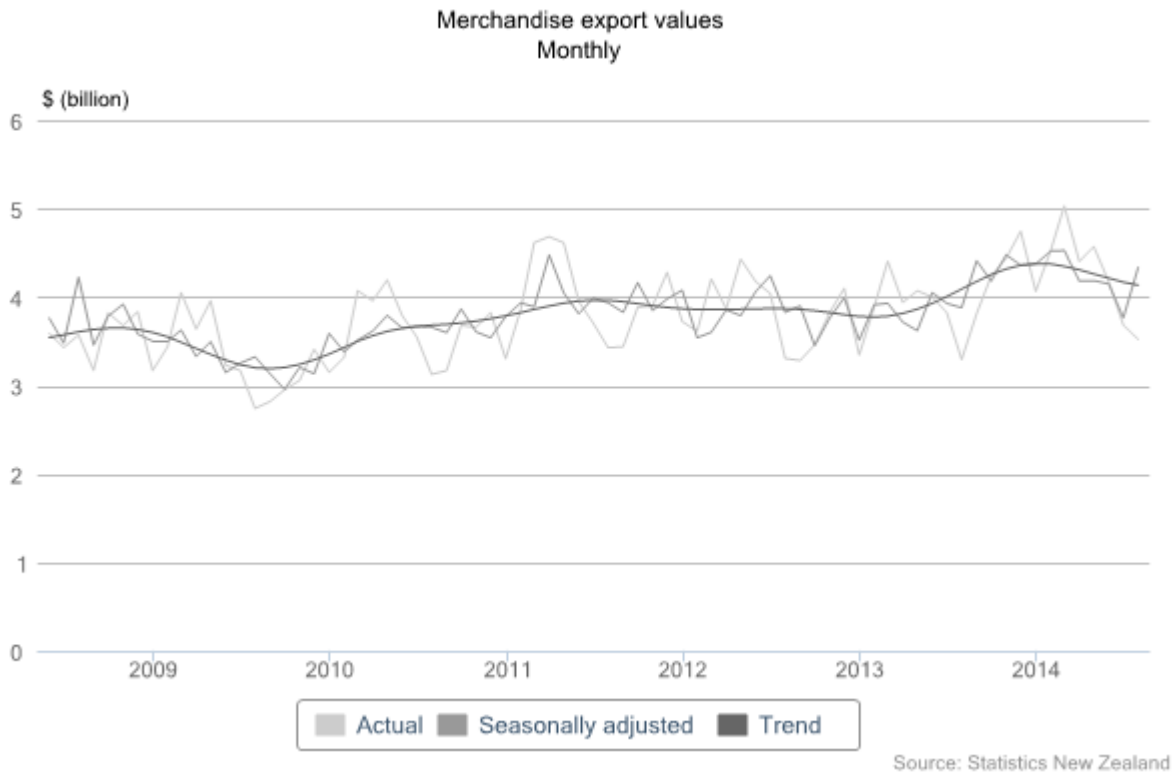


For the year ended August 2014, there was an annual trade surplus of \$2.0 billion (3.9 percent of exports). This compares with an average deficit of 1.6 percent of exports over the previous five years ending August, although there were surpluses in the August 2010 and 2011 years.

Seasonally adjusted exports rise 15 percent

The seasonally adjusted value of exported goods in August 2014 was up 15 percent (\$574 million) from July 2014. This follows a 9.3 percent decrease in July 2014.

The trend for exports has been falling since the recent peak in January 2014. It is 1.1 percent higher than in August 2013.



Change in seasonally adjusted export values

Crude oil exports showed the largest rise, up 88 percent (\$60 million), with the quantity up 87 percent. Crude oil is not seasonally adjusted; exports vary and are affected by the timing of shipments.

Milk powder, butter, and cheese exports rose 5.0 percent (\$56 million), following an 8.3 percent fall in July 2014. The seasonally adjusted quantity rose 1.0 percent.

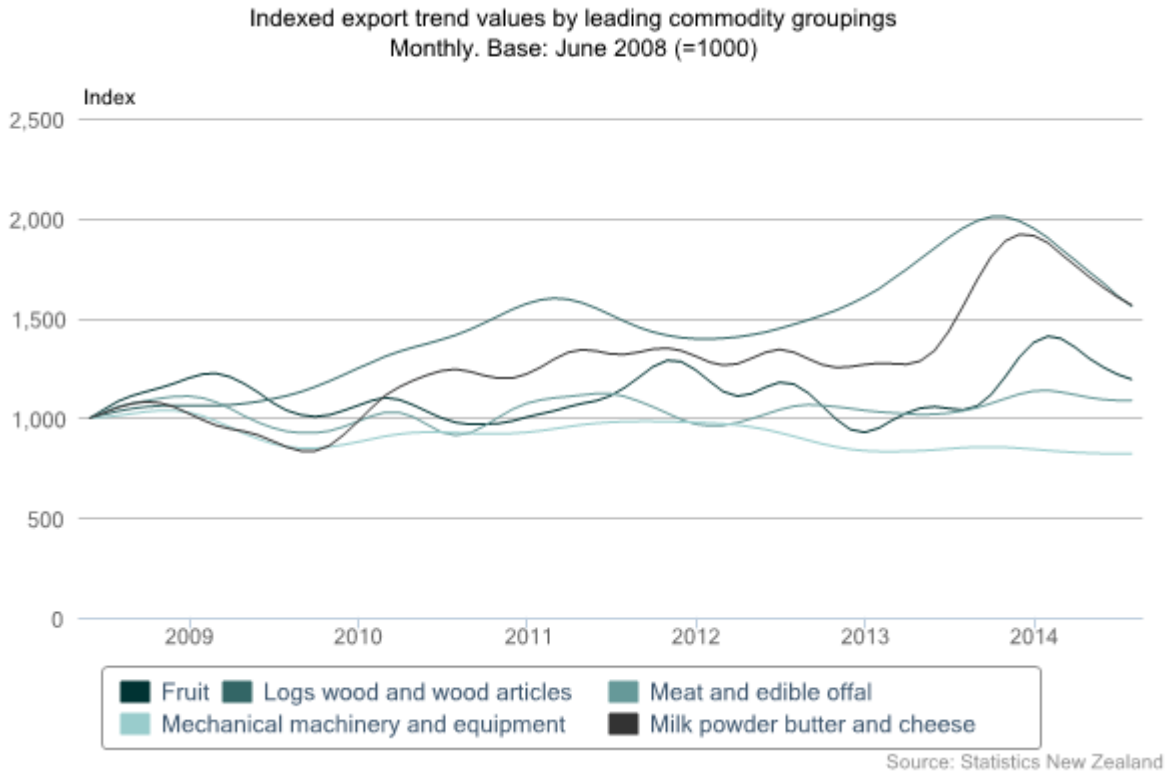
Meat and edible offal exports rose 7.8 percent (\$35 million), following a 6.2 percent fall in July 2014. The seasonally adjusted quantity rose 3.3 percent.

Trend for milk powder, butter, and cheese continues to fall

The trend for **milk powder, butter, and cheese** exports has been falling for eight consecutive quarters. It is now 18 percent lower than the recent peak in December 2013.

Recent trends for the values of other leading commodity groups show that:

- **meat and edible offal** has fallen 4.4 percent since the recent high point in February 2014
- **fruit** is 15 percent lower than the recent high point in February 2014
- **logs, wood, and wood articles** has fallen for 10 consecutive quarters, by a total of 22 percent.

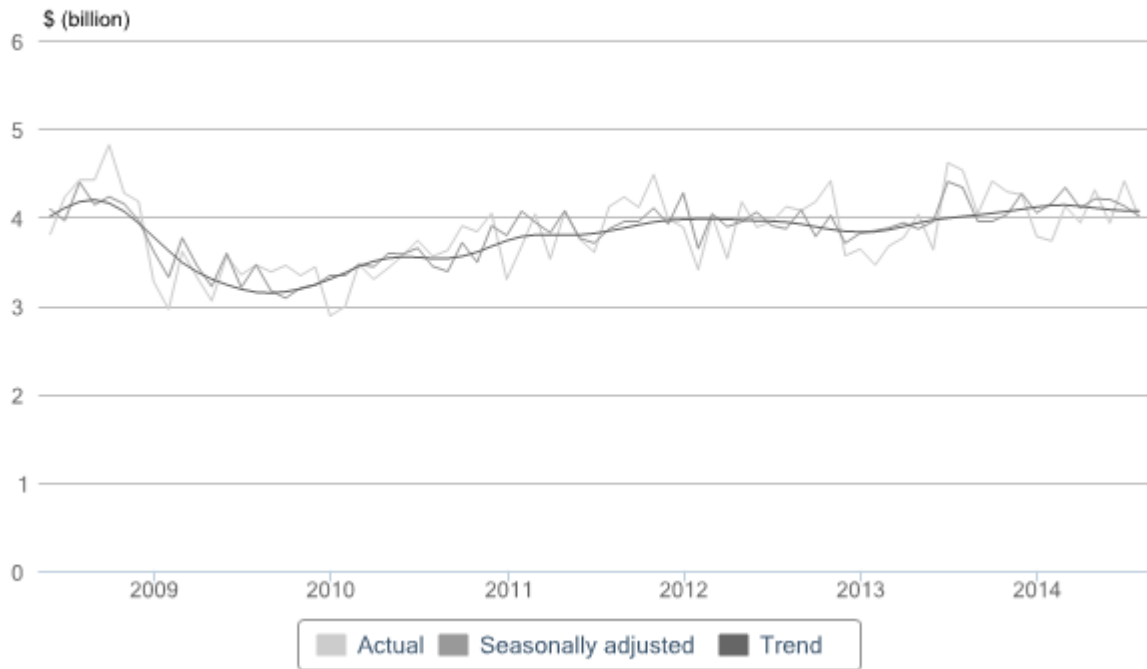


Seasonally adjusted imports fall 2.8 percent

Seasonally adjusted imports fell 2.8 percent (\$115 million), to \$4.0 billion for August 2014, compared with July 2014. This follows a 1.8 percent decrease in July 2014. Excluding petroleum and products, seasonally adjusted imports fell 0.4 percent in August 2014.

The trend for import values has been falling in recent months.

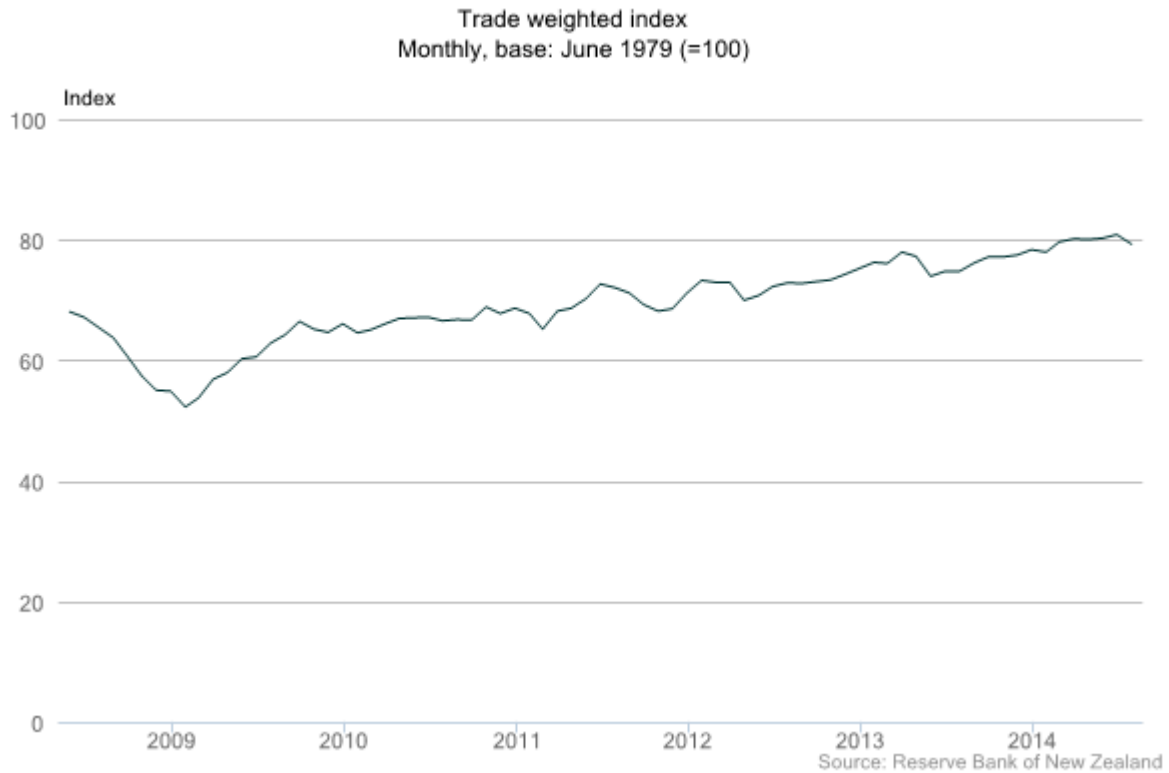
Merchandise import values Monthly



Source: Statistics New Zealand

Exchange rate movements

According to the Reserve Bank's trade weighted index, the New Zealand dollar was 2.1 percent lower in August 2014 than in July 2014, and 5.9 percent higher than in August 2013.



For more detailed data, see the Excel tables in the 'Downloads' box.

Definitions

About the overseas merchandise trade statistics

Overseas merchandise trade statistics provide statistical information on the importing and exporting of merchandise goods between New Zealand and other countries.

Data is obtained from export and import entry documents lodged with the New Zealand Customs Service. The data is processed and passed to Statistics NZ for further editing and compilation.

More definitions

Billion: is 1,000 million.

Capital goods: are produced assets that are used repeatedly or continuously, for longer than one year, in industrial production processes. Examples are machinery, trucks, and aircraft.

cif: is the cost of goods, including insurance and freight to New Zealand.

Consumption goods: are goods used (without further transformation in industrial production processes) by households, government, or non-profit institutions serving households.

Exports (excluding re-exports): are goods of domestic origin exported from New Zealand to another country. Exports in this release are valued fob and are shown in New Zealand dollars. Estimated values may be used for goods that are not already sold at the time of export entry lodgement.

fob: is free on board (the value of goods at New Zealand ports before export).

Imports: are goods imported into New Zealand. Imports in this release are valued at cif and are shown in New Zealand dollars. However, imports in table 1 are also shown at the vfd level, which excludes the insurance and freight component.

Infoshare: is Statistics NZ's free online tool that gives you access to a range of time-series data.

Intermediate goods: are goods used up, or transformed, in industrial production processes.

Merchandise trade: covers exports or imports of goods that alter the nation's stock of material resources. It includes goods leased for a year or more and excludes goods for repair.

Provisional: statistics for the latest three months are provisional, to allow late data and amendments to be included.

Re-exports: are merchandise exports that were earlier imported into New Zealand and have less than 50 percent New Zealand content by value.

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.

Trade balance: is 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.

Trade deficit: occurs when the value of imports is more than the value of exports.

Trade surplus: occurs when the value of exports is more than the value of imports.

Trend: estimates reveal the underlying direction of movement in a series and are used to identify turning points.

Two-way trade: is the sum of goods exported from New Zealand and goods imported into New Zealand (exports + imports).

vfd: is value for duty (the value of imports before insurance and freight costs are added).

Related links

Upcoming releases

Overseas Merchandise Trade: September 2014 will be released on 24 October 2014.

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[The release calendar](#) lists all our upcoming information releases by date of release.

Past releases

[Overseas Merchandise Trade](#) has links to past releases.

Related information

[Global New Zealand](#) contains comprehensive annual trade statistics.

[Overseas Trade Indexes](#) measure the change in the level of prices and volumes of New Zealand's imports and exports.

[Balance of Payments and International Investment Position](#) measures the value of New Zealand's transactions with the rest of the world, and provides a snapshot of the country's international financial assets and liabilities.

[National Accounts](#) measure the values of a range of economic aggregates such as gross domestic product, capital formation, and government and private consumption.

[Economic Survey of Manufacturing](#) provides an economic indicator of how the manufacturing sector is performing.

[New Zealand Customs Service](#) is the government agency that ensures the security of our borders.

[Ministry of Foreign Affairs and Trade](#) is the Government's principal adviser and negotiator on foreign and trade policy issues.

Data quality

Period-specific information

This section contains data information that has changed since the last release.

- [Time of recording – number of working days](#)
- [Foreign currency conversions](#)

General information

This section contains information that does not change between releases.

- [Merchandise trade – data source](#)
- [Crude oil imports – effects of timing of recording](#)
- [Exports – timing of recording and undercoverage](#)
- [Seasonally adjusted series](#)
- [Trend series](#)
- [Broad economic category groups](#)
- [New Zealand Harmonised System Classification](#)
- [Standard International Trade Classification](#)
- [Confidential items](#)
- [More information](#)

Period-specific information

Time of recording – number of working days

There were 21 working days in August 2014 and 22 working days in August 2013.

Foreign currency conversions August 2014

Import values are converted from foreign currencies when import documents are processed by New Zealand Customs Service (NZCS).

We convert export values given in foreign currencies into New Zealand dollars, using weekly exchange rates when the statistics are compiled.

Currency conversions				
Foreign currencies to New Zealand dollars				
Currency	Export line entries	Value in foreign currency \$(million)	Value in NZD \$(million)	Average exchange rate
USD	33,258	1,683	1,976	0.8517
AUD	53,324	255	280	0.9109
EUR	4,612	136	215	0.6351
GBP	3,053	32	63	0.5065
JPY	987	5,128	59	87.23
Other currencies	2,054	...	51	...
Total in foreign currency	97,288	...	2,643	...
NZD	77,588	...	880	...
Total	174,876	...	3,524	...

Symbol: ... not applicable

In August 2014, 174,876 export line entries worth \$3.5 billion were converted into New Zealand dollars.

See [Merchandise trade – data source](#) below for more on using exchange rates.

General information

Merchandise trade – data source

We obtain data from export and import entry documents lodged with NZCS. Once processed by NZCS, we receive this data for further editing and compilation.

We convert export values given in foreign currencies 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 and, as a consequence, quantities and values reduce.

Import values are converted from foreign currencies when import documents are processed by NZCS. NZCS sets the exchange rates each fortnight. These rates are prepared 11 days before 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.

Crude oil imports – effects of timing of recording

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 goods arrive 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.

We estimate crude oil values for the latest month 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 we receive actual lodgements from NZCS, the value for crude oil can be regarded as robust.

Exports – timing of recording and undercoverage

From the August 1997 reference month, we compile exports 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. The change in NZCS processes may have reduced this undercoverage, although we have not quantified this.

Seasonally adjusted series

We calculated seasonally adjusted series monthly and for calendar quarters using X-12-ARIMA, which adjusts for outlying values and uses a centred moving average.

Seasonal adjustment removes the estimated effect 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 period, with the largest changes generally occurring in the latest periods.

[Seasonal adjustment in Statistics New Zealand](#) has more information.

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.

We calculate the trend series using X-12-ARIMA. 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. 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, we calculate the imports trend after removing 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.

We calculate trend figures each month. Using new monthly data means that previously published trend estimates are revised. 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.

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. We categorise commodities in BEC groups based on 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).

New Zealand Harmonised System Classification

From January 2012, we compile overseas merchandise trade data using the Harmonised System classification (HS2012). Before January 2012, HS2007 applies.

See the Excel supplementary table in the 'Downloads' box for a summary of the effect of this change on the overseas merchandise trade data.

The classification change means data users need to take care when analysing time-series data, although changes from this review are not as significant as when HS2007 was introduced. The supplementary table uses the HS2012 classification to estimate January 2011 values for comparison. We made some assumptions to do this, so the results are not perfect, but the process removes most of the effect of the classification change from the data.

We will use HS2012 within overseas merchandise trade statistics until the next five-yearly review in 2017. Minor amendments may still occur quarterly.

Although the classification change potentially affects the published seasonally adjusted and trend series, our investigations so far show a negligible effect. We will communicate any effects we find when conducting our normal seasonal adjustment or trend series reviews.

HS2012 changes have been implemented in the overseas trade indexes.

See [Harmonised System 2012 and trade statistics](#) for more information on how HS2012 has affected overseas merchandise trade data.

See [Harmonised System 2012](#) for information about the HS2012 classification.

Standard International Trade Classification

The Standard International Trade Classification (SITC) is an output classification that uses Harmonised System (HS) codes at the six-digit level as building blocks. It was 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](#).

Contact customer services at: info@stats.govt.nz for customised jobs using the SITC Rev 4 classification.

We compile overseas merchandise trade (OMT) statistics 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.

See [Balance of Payments – Sources and Methods 2004](#) for further explanation.

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, we understand that the release of merchandise trade commodity information can, in some cases, place commercially sensitive information in the public domain. We can provide a limited form of confidential status for commodity items (at the discretion of the Government Statistician), on application from a company or business.

In practice, all confidential HS codes are aggregated into the code 9809.00.00.00 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.

More information

See [more information about Overseas Merchandise Trade](#)

Statistics in this release have been produced in accordance with the [Official Statistics System principles and protocols for producers of Tier 1 statistics](#) for quality. They conform to the Statistics NZ Methodological Standard for Reporting of Data Quality.

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Revisions

Provisional values published on 26 August 2014 are now updated. Merchandise trade statistics for the latest three months are provisional so we can include late data and amendments.

Trade data can be revised for many reasons. For more information see:

[Why overseas merchandise trade data can change](#)

[Investigating how overseas merchandise trade data can change after publication](#)

Updates to overseas merchandise trade statistics

	Published on 26 August 2014			Published on 24 September 2014			Change		
	\$(million) ⁽¹⁾								
	Exports (fob)	Imports (cif)	Balance (fob-cif)	Exports (fob)	Imports (cif)	Balance (fob-cif)	Exports (fob)	Imports (cif)	Balance (fob-cif)
Month:									
May 2014	4,574 P	4,310 P	265 P	4,574 F	4,309 F	264 F	0	0	0
Jun 2014	4,177 P	3,935 P	242 P	4,177 P	3,935 P	242 P	0	0	0
Jul 2014	3,703 P	4,395 P	-692 P	3,687 P	4,412 P	-724 P	-16	17	-32
Year ended:									
May 2014	50,990 P	49,670 P	1,320 P	50,990 F	49,670 F	1,320 F	0	0	0
Jun 2014	51,164 P	49,973 P	1,191 P	51,163 P	49,972 P	1,191 P	-1	0	0
Jul 2014	51,039 P	49,752 P	1,287 P	51,023 P	49,768 P	1,254 P	-16	16	-33
1. Figures are calculated on unrounded data.									
Symbols:									
F final									
P provisional									
Source: Statistics New Zealand									

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Tables

The following tables are available in Excel format from the 'Downloads' box. If you have problems viewing the files, see [opening files and PDFs](#).

1. Overseas merchandise trade, actual values
2. Overseas merchandise trade, seasonally adjusted and 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)
11. Exports by top 10 HS categories, values – seasonally adjusted
12. Exports by top 10 HS categories, quantities – seasonally adjusted
13. Imports by selected HS categories, values – seasonally adjusted
14. Exports by top 10 HS categories, values – trend
15. Exports by top 10 HS categories, quantities – trend
16. Imports by selected HS categories, values – trend

Access more data on Infoshare

Infoshare allows you to organise data in the way that best meets your needs. You can view the resulting tables onscreen or download them.

Use Infoshare

For this release, select the following categories from the Infoshare homepage:

Subject category: **Imports and Exports**