Balance of Payments and International Investment Position: December 2014 quarter

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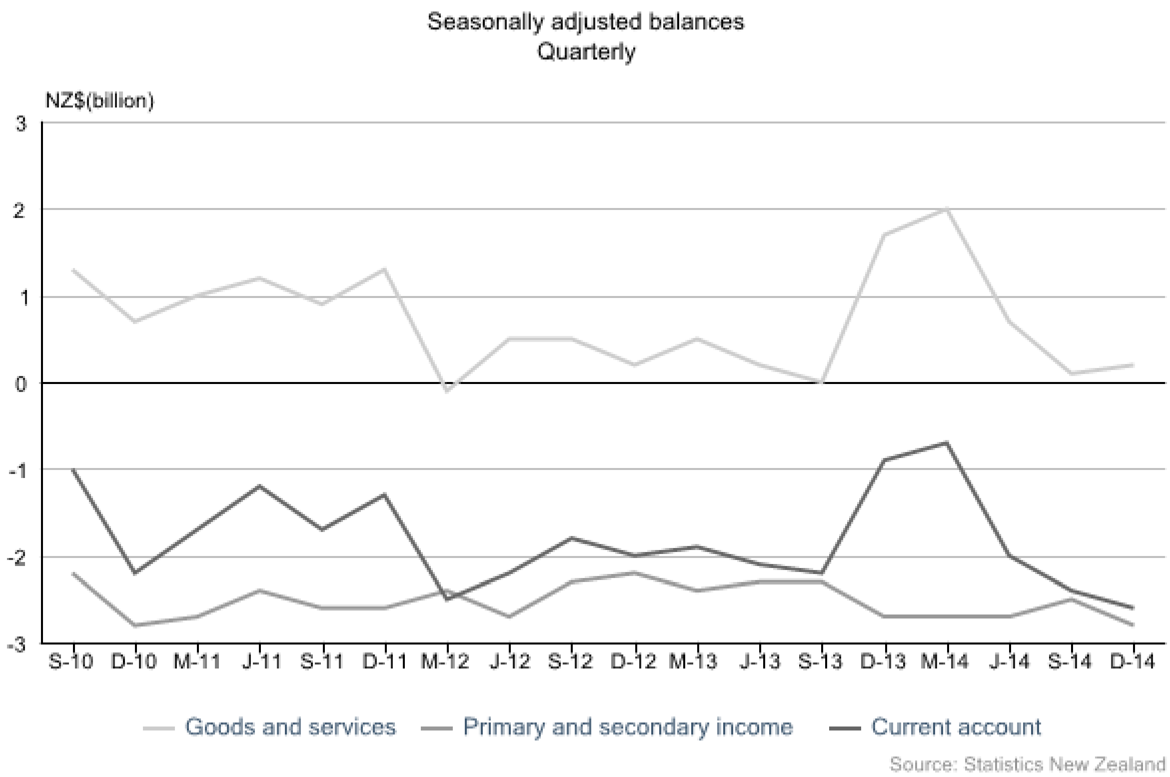
Key facts

- New Zealand's seasonally adjusted current account balance was a $2.6 billion deficit in the December 2014 quarter (up $175 million from the September 2014 quarter's deficit).
- The primary income deficit was $2.8 billion in the December 2014 quarter (the highest deficit in four years). Primary income is mostly income earned from foreign investments.
- For the year ended December 2014, the current account deficit was $7.8 billion (3.3 percent of GDP; it was 2.6 percent of GDP for the year ended September 2014).
- New Zealand's net international liability position was $153.9 billion (64.7 percent of GDP) at 31 December 2014, up from a revised $152.0 billion at 30 September 2014.
- New Zealand's external debt position was $141.3 billion (59.4 percent of GDP) at 31 December 2014, down $941 million.



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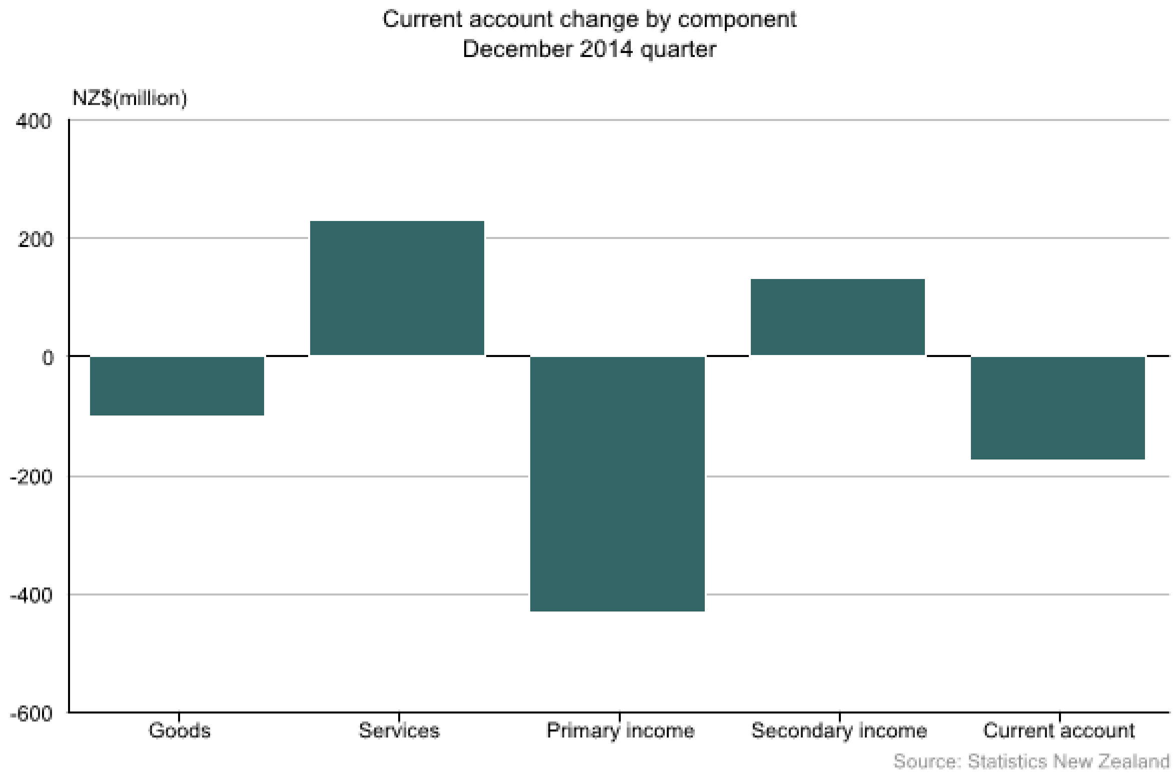
Commentary

Current account deficit increases

New Zealand's **seasonally adjusted current account balance** was a deficit of $2,621 million in the December 2014 quarter, $175 million larger than the deficit in the September 2014 quarter. This is the largest current account deficit since the December 2008 quarter. The larger deficit in the latest quarter was mainly due to increased income earned by foreign investors in New Zealand.



Goods imports up by more than goods exports

The **balance of goods** was a deficit of $458 million in the December 2014 quarter, $102 million larger than for the September 2014 quarter deficit. Imports increased by more than exports in the latest quarter.

The value of imported goods increased $296 million across a range of commodities, with mechanical machinery imports being the most significant contributor to the rise.

The value of exported goods increased $193 million from the previous quarter, mostly due to meat exports. Both prices and volumes of meat exports increased this quarter.

Services surplus increases as overseas visitors spend more

The **balance on services** was a surplus of $655 million in the December 2014 quarter, up $231 million from the previous quarter's surplus. The larger surplus this quarter was mainly due to a rise in exports of travel services, as overseas visitors to New Zealand spent more while they were here.

See the data quality section for more information.

Primary income deficit rises to highest level in four years

The **income deficit** (also called the 'primary income deficit') grew $434 million, to $2.8 billion, from the September 2014 quarter to the December 2014 quarter. This was the highest deficit since the December 2010 quarter. It was caused by both more income earned from foreign investment in New Zealand and less income from investment abroad.

Income earned from foreign investment in New Zealand increased $235 million in the latest quarter as New Zealand companies paid more dividends to their overseas portfolio shareholders. A $158 million fall in New Zealand income on investment abroad also contributed to the larger deficit this quarter – due to lower dividends earned.

Large annual current account deficit

The **annual current account deficit** was $7.8 billion (3.3 percent of GDP) for the year ended December 2014. This compares with a deficit of $6.1 billion (2.6 percent of GDP) for the year ended September 2014.

The deficit was mainly driven by a fall in the goods surplus. Over the year goods exports were down, due to dairy price falls, and imports were up across a range of commodities.

Ratio of current account deficit to GDP
Year ended in quarter

$3.8 billion net inflow of investment into New Zealand

The current account deficit was financed by a $3.8 billion **net inflow** of foreign investment into New Zealand in the December 2014 quarter. This net inflow was mainly due to foreign investors increasing their equity held in their New Zealand subsidiaries, and foreign investors investing in New Zealand-owned companies during the quarter.

New Zealand investment abroad was only $423 million in the December 2014 quarter. New Zealand fund managers purchased overseas shares this quarter, which was almost completely offset by the Reserve Bank of New Zealand reducing its overseas reserve assets.

Net international liability position up in December quarter

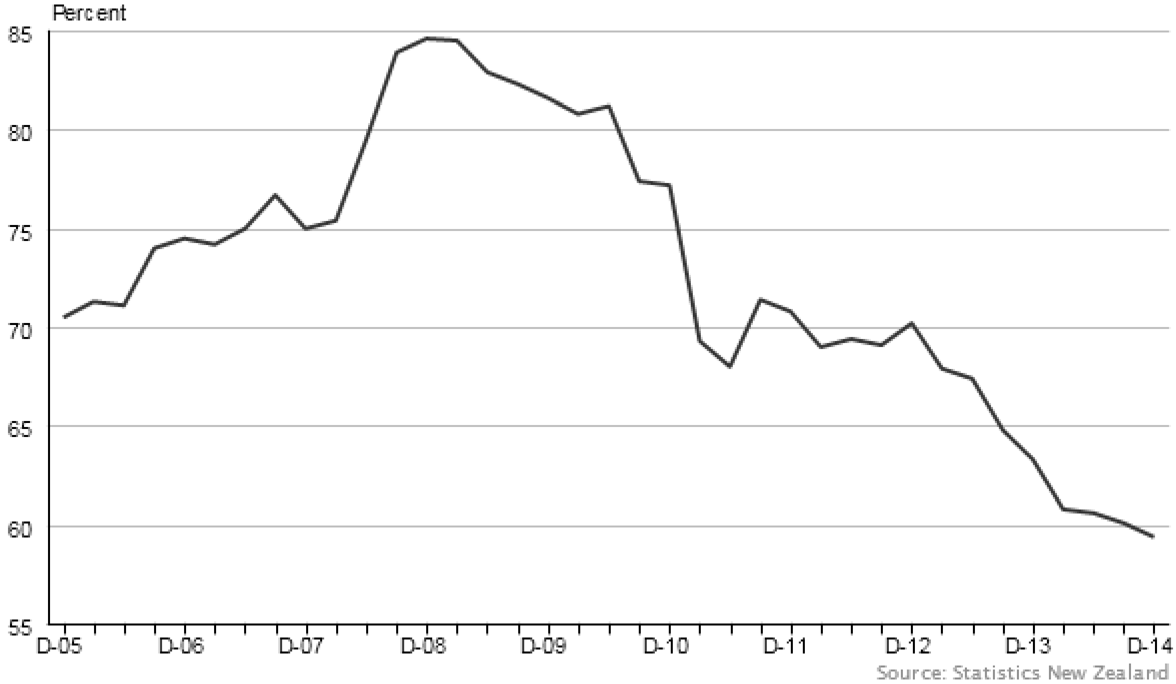
The net investment inflow also drove the increase in New Zealand's **net international liability position** this quarter – to $153.9 billion (64.7 percent of GDP) at 31 December 2014. This compares with a revised $152.0 billion (64.2 percent of GDP) net liability position at 30 September 2014.

The net investment inflow was offset by valuation changes to New Zealand overseas assets and liabilities.

Net external debt decreases despite larger international liability position

Despite the increase in the New Zealand net international liability position this quarter, New Zealand's **net external debt position** (this excludes equity and financial derivatives) fell to $141.3 billion (59.4 percent GDP) at 31 December 2014. This amount is $941 million smaller than the $142.2 billion (60.1 percent of GDP) debt at 30 September 2014. New Zealand companies borrowed less from their overseas parents this quarter.

Ratio of net external debt to GDP
Year ended in quarter



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

Definitions

About the balance of payments and international investment position

Balance of payments (BoP): New Zealand's BoP statements are records of the value of New Zealand's transactions with the rest of the world in goods, services, primary income, and secondary income. They also record changes in New Zealand's financial claims on (assets), and liabilities to, the rest of the world.

International investment position (IIP): New Zealand's IIP statement provides a snapshot of the country's international financial assets and liabilities. It measures the stock (or level) of New Zealand's financial assets and liabilities with the rest of the world at a particular point in time.

The IIP includes New Zealand's net international debt (lending to non-residents less borrowing from non-residents) and net international equity investment (investment in shares abroad less foreign investment in New Zealand company shares). A net international debtor position means that international liabilities exceed international assets.

The BoP and IIP statistics are closely related, with the former measuring transaction flows and the latter measuring stock positions. The difference in the level of international financial assets and liabilities between two points in time is due to:

- BoP financial account transactions
- other (non-transactional) changes that occurred during the period (eg revaluations, changes in market prices, and other changes such as write-offs).

More definitions

BPM6: the International Monetary Fund's *Balance of Payments and International Investment Position Manual*, Sixth Edition. It is the current international standard adopted by New Zealand in compiling our balance of payments and international investment statistics.

Capital account: includes capital transfers and the acquisition or disposal of non-produced, non-financial assets. Capital transfers involve the transfer of ownership of fixed assets, or the transfer of funds linked to them, without any counterpart transaction.

Current account: records the value of New Zealand's transactions with the rest of the world in goods, services, primary income, and secondary income.

The **credit** side of this account shows the export of goods and services, income earned, and, under secondary income, the offsetting entries to resources received by residents without payment being required.

The **debit** side shows the import of goods and services, income paid, and, under secondary income, the offsetting entries to resources supplied to foreign residents without payment being required.

The current account **balance** is the sum of all current account credits less all current account debits. When the sum of debits is greater than the sum of credits we have a current account deficit. In New Zealand's case, the current account balance is usually in deficit; that is, expenses exceed revenues. Current account balances (deficit or surplus) are financed through the financial account.

Financial account: records transactions in New Zealand's financial investment abroad (asset), and foreign investment in New Zealand (liabilities). Each of the asset and liability sides of the account records transactions that increase and decrease investments.

The financial account is classified into assets and liabilities, which are broken down by type of investment (direct, portfolio, financial derivatives, other investment, and reserve assets) and instrument of investment.

Note that we record the income generated/paid from holding an asset/liability in the primary income component of the BoP current account.

Net errors and omissions (residual): is a balancing item, and is recorded on the credit side of the account. It is equal and opposite in sign to the sum of all inflows less the sum of all outflows.

Balances: are usually in surplus or deficit and are calculated as credits (exports) minus debits (imports) – zero balances are unusual. For example, the balance on goods is goods exports (credits) less goods imports (debits).

Goods: physical, produced items over which ownership rights can be established and whose ownership can be passed from one person to another through transactions.

Services: products other than tangible goods. Services result from production activity that changes the conditions of the consuming units, or makes the exchange of products or financial assets possible.

Examples of services are:

- a lawyer providing advice to an overseas client
- a client paying a company to perform some market research
- a passenger flying on an overseas airline
- a company paying to have a ship repaired abroad
- a New Zealand branch receiving management services from its head office overseas.

Exports of travel services: covers all expenditure on both goods and services by overseas visitors to New Zealand. This includes holidaymakers, business travellers, and international students. Excludes international airfares.

Imports of travel services: covers all expenditure on both goods and services by New Zealand-resident travellers while overseas. Excludes international airfares.

Primary income (previously called income): earnings from providing capital (eg profits received from directly owning a company, dividends received from owning shares, interest received from lending money) or wages/salaries earned from providing labour (‘compensation of employees’).

Secondary income (previously current transfers): offsetting entries to transactions where goods and services are supplied or received without there being an exchange of equal value in return (eg taxes or donations, risk element of insurance premiums).

Capital transfers: involve the transfer of ownership of fixed assets or the transfer of funds linked to them, without any counterpart transaction. Also includes insurance claims arising from exceptional events.

Non-produced, non-financial assets: consist of natural resources; contracts, leases, and licences; marketing assets; and goodwill (eg the sale of a brand name).

Assets: a financial claim held by an entity on another entity (eg a New Zealand bank lending money to an overseas company would hold an asset equal to the value of the loan).

Liabilities: a financial claim owing to an entity by another entity (eg a New Zealand company borrowing from overseas would have a liability to overseas equal to the value of the loan).

Stocks: the value, at a set point in time (balance sheet), of a country's financial assets or liabilities.

Flows: transactions that result in an increase or decrease in financial assets or liabilities (eg a New Zealand company purchases 50 percent of an overseas company – we record the transaction as a flow in the financial account, and the value of New Zealand's stock of financial assets increases accordingly).

Direct investment: a situation where a single investor owns 10 percent or more of voting shares in a company (eg New Zealand-based subsidiaries of overseas companies represent direct investment from overseas).

Portfolio investment: arises under two situations.

1. when an investor owns less than 10 percent of the voting shares of a company.
2. when an investor holds debt securities issued by a company in which the investor's ownership interest is less than 10 percent. Note that we also include borrowing and lending in the form debt securities between related depository corporations under portfolio investment.

Other investment: comprises borrowing and lending using loans, trade finance and deposits, where the transactors are unrelated or have less than 10 percent ownership interest in each other. Depository corporations are an exception. We record intercompany borrowing and lending of these entities in the form of loans and deposits under other investment.

Securities: financing or investment instruments bought and sold in financial markets, such as bonds, notes, options, and shares.

Financial instruments: comprises debt instruments such as debt securities, loans, deposits; other non-equity financial instruments (monetary gold and financial derivatives); and equity instruments – ordinary shares, investment fund shares, and preference shares treated as equity.

Equity instruments: do not require the payment of principal and/or interest and represents a claim on the residual value of the company, after the claims of all creditors have been met. Equity instruments comprise ordinary shares, investment fund shares, and participating preference shares.

Debt instruments: financial instruments that require payment(s) of principal and/or interest by the debtor at some point(s) in the future.

Non-equity financial instruments: comprises debt instruments such as debt securities, (non-participating preference shares are treated as debt instruments), loans, deposits, trade finance, and other non-equity financial instruments (monetary gold and financial derivatives).

Financial derivatives: a financial instrument for which the price is dependent on or derived from one or more underlying assets. The derivative itself is merely a contract between two or more parties. Its value is determined by fluctuations in the underlying asset. The most common underlying assets include stocks, bonds, commodities, currencies, interest rates, and market indexes.

Net international debt: New Zealand's overseas lending less its overseas borrowing. Lending and borrowing include debt instruments only, and exclude equity (shares). Financial derivative asset and liability positions are included in lending and borrowing. See also 'net external debt'.

External debt: comprises financial liabilities in the form of debt that are current and outstanding, and not contingent. External debt excludes equity instruments, monetary gold, and financial derivative mark-to-market values.

External lending: comprises financial assets in the form of debt instruments, and excludes equity instruments, monetary gold, and financial derivative mark-to-market values.

Net external debt: is the net of external debt less external lending. The external debt series excludes equity instruments, monetary gold, and financial derivative mark-to-market positions.

Related: a relationship classification introduced for the external lending and debt series and applied solely to the bank sector, due to their role as financial intermediaries. Captures funding and claims between a bank and its direct investment partners (the bank's parent and its own subsidiaries) where the purpose of funding and claims is financial intermediation – borrowing to lend.

Unrelated: a relationship classification introduced for the external lending and debt series. Captures all positions in all debt instrument types that are not the subject of a direct or related (bank sector only) investment relationship.

Central bank: is the Reserve Bank of New Zealand.

General government: comprises the New Zealand Treasury and other central and local government entities. State-owned enterprises are not recorded here; these are recorded in 'other sectors'.

Deposit taking corporations: all registered banks.

Other sectors: include transactors (eg companies, organisations, individuals) that do not belong to any of the above-mentioned sectors.

Financial intermediation services indirectly measured (FISIM): a type of financial service fee that is implicitly charged by banks and other similar deposit-taking corporations on interest transactions. For example, when a New Zealand resident deposits money in an overseas bank, the amount of the actual interest received is less than that earned because the overseas bank deducts their service fee charge (FISIM import).

Investment fund shares: units or shares in pooled investment vehicles such as whole equity funds and cash management trusts.

Reinvested earnings: the earnings of a business enterprise that are not paid out as dividends or other distributions to investors of that enterprise. Reinvested earnings are retained by the enterprise to fund future business activities.

Insurance, pension, and standardised guarantee schemes: consist of:

- non-life insurance technical reserves – amounts identified by the insurance companies to account for premiums prepaid and claims incurred but not yet paid
- pensions includes the extent of financial claims both existing and future pensioners hold against either their employer or a fund nominated by the employer to pay pensions earned as part of a compensation agreement between the employer and the employee
- standardised guarantee schemes are schemes for which the probability of default can be well established; for example, guarantees issued by governments on export credit or student loans.

Note that for this item within the tables, the current data only relates to insurance technical reserves.

Fellow enterprises: companies that have no direct investment relationship with one another but that have a common direct investor.

Special drawing rights (SDRs): a reserve asset item created by the International Monetary Fund (IMF) to supplement other reserve assets that are periodically allocated to IMF members in proportion to their respective quotas. The value of SDRs is determined by a weighted basket of currencies. Transactions in SDRs are recorded in the financial account, and positions are recorded in the IIP accounts.

New Zealand direct investor: a New Zealand resident (eg an individual or an enterprise) that owns 10 percent or more of the voting shares in a company located overseas.

New Zealand direct investee: a New Zealand company in which a non-resident owns 10 percent or more of the voting shares.

Financial capital lending and borrowing: lending and borrowing between related financial depository corporations that are in a direct investment relationship. This lending and borrowing is for direct investment purposes and not for financial intermediation.

External lending and debt, direct investment inter-company: lending and borrowing between related parties that are in a direct investment relationship, except for entities within the financial depository corporations sector.

Related links

Next release

The *Balance of Payments and International Investment Position: March 2015 quarter* will be released on 17 June 2015.

The *Balance of Payments and International Investment Position: Year ended 31 March 2015* will be released on 24 September 2015.

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Past releases

Balance of Payments and International Investment Position has links to past releases.

Related information papers

Preview of 2014 balance of payments improvements – outlines the impact of adopting the latest international standards on New Zealand's balance of payments and international investment position statistics.

New Zealand's inward foreign affiliate statistics – compares characteristics and activities of foreign-owned firms with those that are domestically owned.

New Zealand's direct investment with Australia: How the global financial crisis affected profits and reinvestment – looks at what happens to profits of Australian-owned companies in New Zealand, and New Zealand-owned companies in Australia. Includes analysis of how the global financial crisis of 2008–09 may have affected company decisions around reinvestment.

Balance of payments page has more information.

Related information

Global New Zealand – annual international trade, investment, and travel profiles produced in conjunction with the Ministry of Foreign Affairs and Trade.

Investment by country – data on investment flows between New Zealand and all other countries, the stock of New Zealand's investment abroad, and stocks of investment in New Zealand held by all other countries, at 31 March 2013.

International trade in services – further information about New Zealand's trade in services with the rest of the world.

Country fact sheets – summary of New Zealand's trade, investment, and migration relationships with selected countries.

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

Overseas trade indexes – quarterly information about changes in the volumes (levels) and prices of imported and exported goods, and change in the terms of trade.

National accounts – statistics about economic aggregates such as gross domestic product, capital formation, and government and private consumption.

Data quality

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

General information
This section contains information about data that does not change between releases.

Period-specific information

Reference period

Information for this release was collected for October to December 2014.

Revisions

See revisions for details of the changes we made in the December 2014 quarter.

Improved outlier detection methodology for the International Visitors Survey

The Ministry of Business, Innovation, and Employment (MBIE) worked with Statistics New Zealand to adopt an improved methodology for identifying and removing the effects of outliers in the international visitors survey (IVS). The IVS is the main data source for estimating expenditure by international visitors to New Zealand (exports of travel services).

MBIE applied this new outlier methodology to December 2014 quarter IVS results, which forms part of exports of travel services in this release, and will use it in future.

MBIE also applied the new methodology to IVS results back to the September 2013 quarter, which causes revisions to previously published estimates for expenditure by international visitors to New Zealand. We will adopt these changes in the June 2015 quarter balance of payments and quarterly GDP releases as part of our annual revisions process. Exports of travel services for the March 2014 year will revise downwards by $273 million as a result of this new methodology.

See 2015 revisions to New Zealand's macroeconomic accounts for further detail.

Large increase in exports of travel services

Seasonally adjusted exports of travel services increased $350 million (14.1 percent) from the September 2014 quarter to the December 2014 quarter, as overseas visitor numbers increased by 5.4 percent. This large increase comes from data collected through the IVS, which is completed by approximately 2,300 overseas visitors each quarter.

Both the MBIE and Statistics NZ analysed the raw data collected, to ensure that the data, outlier methodology, and seasonal adjustment were applied correctly. We also compared the data to other economic indicators, such as retail trade spending and electronic card spending, to make sure the results made sense from a macroeconomic point of view.

Overseas reinsurance claims from the Canterbury earthquakes

Total international reinsurance claims from all Canterbury earthquakes are now estimated at $20.2 billion, up from an estimated $19.8 billion in the September quarter. At 31 December 2014, a total of $15.8 billion of these claims had been settled with overseas reinsurers, leaving $4.4 billion of claims outstanding. These outstanding insurance claims are included as assets in New Zealand's international investment position. See the table below for details.

Updated reinsurance claim estimates

Quarter	**Reinsurance claims**	**Settlements**	**Total outstanding claims at end of period**
	NZ$(million)		
Sep 2010	6,070	0	6,070
Dec 2010	0	0	6,070
Mar 2011	13,194	59	19,206
Jun 2011	872	483	19,595
Sep 2011	0	892	18,703
Dec 2011	51	1,193	17,562
Mar 2012	0	1,361	16,201
Jun 2012	0	1,399	14,802
Sep 2012	0	1,362	13,440
Dec 2012	0	1,514	11,926
Mar 2013	0	1,010	10,916
Jun 2013	0	1,373	9,542
Sep 2013	0	1,343	8,200
Dec 2013	0	1,051	7,148
Mar 2014	0	1,184	5,964
Jun 2014	0	544	5,420
Sep 2014	0	564	4,856
Dec 2014	0	505	4,351
Total	**20,188**	**15,837**	**4,351**

We will continue to revise these claim estimates as the insurance industry provides us with updated information.

Seasonal adjustment review

We will be reviewing our seasonal adjustment process in our next release on 17 June 2015.

General information

Data sources

The source data and information for BoP and IIP statistics collected and processed each quarter are summarised below and include:

- Statistics NZ surveys of New Zealand-resident enterprises
- surveys conducted by other entities
- administrative data
- financial market information.

Statistics NZ has ministerial approval to survey New Zealand-resident enterprises as set out in the Statistics Act 1975. The main surveys that provide data for BoP and IIP are:

- Quarterly International Investment Survey – a sample survey that is the main source of data on primary income, financial account flows, and the stock of overseas assets and liabilities.
- International Trade in Services and Royalties Survey – a quarterly sample survey that is the primary source for commercial services data
- transportation surveys – full-coverage surveys that measure transactions relating to transportation services such as passenger airfares and port expenses.

Surveys conducted by other organisations – we use data from other organisations that operate surveys that are relevant to our data needs. For example:

- the International Visitors Survey – is run by a marketing company for the MBIE. The data is used to estimate exports of travel services in the current account.
- the Quarterly Managed Funds Survey – a Reserve Bank of New Zealand (RBNZ) survey that provides data on overseas income, financial account transactions, and IIP, for the pension, money market and non-money market sectors.

Administrative data – examples of these include non-resident withholding tax data from Inland Revenue, and New Zealand Customs Service records of imports and exports published in the overseas merchandise trade statistics.

Financial market information – includes interest and, exchange rates and share prices for major investment partner countries. The information is used for survey validation purposes. We take much of this information from publicly available websites.

Sources and methods

The conceptual framework used for compiling New Zealand's BoP and IIP statistics is now based on the sixth edition of the International Monetary Fund's (IMF) *Balance of Payments Manual* (BPM6). The first release of data based on BPM6 was on 17 September 2014 for the June 2014 quarter.

See Preview of 2014 balance of payments improvements for highlights of the BPM6 changes introduced in BoP and IIP statistics. An updated sources and methods document describing the compilation will be released at a future date.

Conceptual adjustments to exports and imports of goods

In BoP, we record exports and imports of goods when the ownership changes between the resident and the non-resident party. Adjustments are made to the merchandise trade statistics (source data for the BoP goods item), to account for ownership changes. The following conceptual adjustments are made.

- Goods that cross the customs frontier without a change in ownership are removed from merchandise trade imports and exports data – an example of this is large capital items imported or exported on an operational lease.
- Goods on consignment are removed from trade data, as ownership does not change for these goods when they leave a country.
- Freight and insurance charges are removed from the value of imports of goods and are reclassified to services.
- Changes in the level of oil stocks held abroad get added to or subtracted from imports of goods.

Goods on consignment are goods intended for sale but not actually sold at the time they cross the border of the exporting country. To meet the BoP recording convention, we remove the value of goods exported on consignment from the overseas merchandise trade exports in the quarter they leave the country, and add them back into exports in the quarter in which the goods are actually sold.

Seasonal adjustment and trend analysis

Quarterly current account statistics are subject to large, short-term movements, both irregular and seasonal, which makes interpreting trends in the original series difficult.

Seasonally adjusted and trend series help to reveal the underlying behaviour of a series. While seasonally adjusted series have the seasonal component removed, trend series have both the seasonal and the irregular components removed. Trend estimates reveal the underlying direction of movement in a series and are likely to indicate turning points more accurately than seasonally adjusted estimates.

In the current account, we produce seasonally adjusted and trend series for both goods and services (including travel and transportation services separately). Primary and secondary income series only have a trend calculated for them as they do not have a seasonal pattern.

The seasonally adjusted current account is the sum of adjusted goods and services, and the actual primary and secondary income series. We calculate the seasonally adjusted balances as being the sum of adjusted exports minus adjusted imports.

Trend estimates may change when new data points become available in the estimation process. We revise all trend estimates each quarter, but normally only the previous two or three estimates are likely to be substantially altered. Seasonally adjusted values are also revised, as they are also calculated using centred moving average methodology. These revisions are generally smaller than those made to the trend series.

Undercoverage estimate for the international investment position

BoP uses a purposive sampling method to capture international investment position (IIP) data for the other sectors of the economy. Under this method, all units identified as being significant are surveyed each quarter. Those that are considered less significant are surveyed annually and often on a sample basis.

The annual survey results are rated-up to represent all other smaller units in the target population frame. The rated-up estimate is then added to the results of the quarterly survey to represent the IIP position for the entire population. This creates a level change to the IIP positions and we record the magnitude of the change within other changes in the IIP reconciliation statement.

The rated-up estimates are held constant for four quarters till the new survey results become available. The annual survey results are also used to add large responding units to the quarterly population.

Net errors and omissions (residual)

We compile the BoP statement using the double-entry bookkeeping system to ensure the account balances. For example, we record exports of goods as credits while payments in exchange for the goods are recorded as debits, denoting either increases in financial assets or decreases in financial liabilities. In practice, the BoP statement does not always balance. To balance the account, a balancing item called the 'net errors and omissions' or 'residual' is used. The residual is always entered on the credit side of the account.

We can calculate the residual by one of two means:

1. the sum of all current, capital, and financial account credits (inflows), less the sum of all the debits (outflows)
2. the current account balance, plus the net flow of the capital and financial accounts.

A positive entry means the sum of the debits is greater than the sum of the credits.

Persistent large residuals in one direction may indicate serious and systemic errors. However, a small figure does not necessarily mean that only small errors and omissions have occurred, since large positive and negative errors may be offsetting. Timing differences in data reported by the different sources we use to estimate the credit and debit sides of a transaction may result in positive and negative errors and omissions offsetting each other.

In any quarter there may be financial account transactions occurring but not recorded in the accounts. The reasons for them may include: transactions undertaken by entities not in the frame for BoP surveys, omissions of data by existing survey respondents, and errors in data reporting and compilation.

We safeguard data quality by undertaking regular assurance checks, including:

- comparing IIP banking-sector data with the RBNZ’s banking sector collections
- monitoring investment activity approved by the Overseas Investment Office
- reconciling changes in the stock position against financial account transactions, exchange rate movements, changes in the valuation of assets and liabilities, and other changes such as reclassification between components
- monitoring media reports of business activities relevant to BoP and IIP

- reviewing survey populations, with additions being made at any time during the year where warranted
- editing and validating data received from survey respondents – this process often involves consulting with survey respondents, particularly for large and complex transactions and comparing data with published accounts.

Confidentiality and accessing the data

Where data within a table in this release discloses information about an individual respondent, or would allow close estimation of such information, we publish data only after obtaining the consent of those respondents (ie published under section 37(4)(a) of the Statistics Act 1975). Where affected respondents have not provided their consent, data remains confidential.

More information

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

- Earthquake-related figures revised
- Revisions for Balance of Payments and International Investment Position: September 2014 quarter

Earthquake-related figures revised

New Zealand insurers have provided updated estimates of their Canterbury reinsurance claims on non-resident reinsurers. The updated data affects capital account inflows, investment abroad transactions, and IIP assets. We used the updated data to revise statistics back to the September 2010 quarter. These are shown in the table below.

Updated Canterbury reinsurance claims on non-resident reinsurers			
Quarter	Reinsurance claims published (17 Dec 2014)	Revised reinsurance claims (18 Mar 2015)	Size of revision
	NZ$(million)		
Sep 2010	5,811	6,070	259
Dec 2010	0	0	0
Mar 2011	13,070	13,194	124
Jun 2011	832	872	40
Sep 2011	0	0	0
Dec 2011	50	51	1

Revisions for Balance of Payments and International Investment Position: September 2014 quarter

These tables present a summary of revisions to the September 2014 quarter. Revisions reflect new or improved information becoming available.

Current and capital accounts

Current and capital accounts September 2014 quarter revisions			
Component	Previously published Sep 2014 quarter	Revised Sep 2014 quarter	Size of revision
	NZ$(million)		
Current account balance	-5,012	-5,015	-3
Goods balance	-2,009	-2,027	-18
Goods exports (fob)	10,990	10,969	-21
Goods imports (fob)	13,000	12,996	-4
Services balance	-499	-474	25
Services exports	3,698	3,698	0
Services imports	4,197	4,172	-25
Primary income balance	-2,320	-2,328	-8
Primary income inflow	1,866	1,861	-5
Primary income outflow	4,185	4,189	4
Secondary income balance	-184	-186	-2

Secondary income inflow	255	256	1
Secondary income outflow	439	441	2
Capital account balance	-1	-3	-2
Capital account inflow	1	1	0
Capital account outflow	1	3	2

Financial account

Financial account September 2014 quarter revisions			
Component	**Previously published Sep 2014**	**Revised Sep 2014 quarter**	**Size of revision**
	NZ$(million)		
Financial account balance	2,143	2,111	-32
NZ investment abroad	72	70	-2
Direct investment assets	-198	-194	4
Portfolio investment assets	2,068	2,015	-53
Financial derivative assets	-980	-969	11
Other investment assets	-1,322	-1,286	36
Reserve assets	504	504	0
Foreign investment in NZ	2,215	2,181	-34
Direct investment liabilities	-305	-579	-274
Portfolio investment liabilities	3,831	4,081	250
Financial derivative liabilities	-461	-473	-12
Other investment liabilities	-851	-848	3

Net errors and omissions

Net errors and omissions September 2014 revisions			
Component	**Previously published Sep 2014 quarter**	**Revised Sep2014 quarter**	**Size of revision**
	NZ$(million)		
Net errors and omissions	2,870	2,907	37

International investment position

International investment position (IIP) September 2014 quarter revisions			
Component	**Previously published Sep 2014 quarter**	**Revised Sep 2014 quarter**	**Size of revision**
	NZ$(million)		
Net IIP	-152,277	-152,011	266
NZ's international assets	200,062	200,386	324
Direct investment	34,839	34,734	-105
Portfolio investment	97,984	97,937	-47
Financial derivatives	18,423	18,473	50

Other investment	25,726	26,152	426
Reserve assets	23,091	23,091	0
NZ's international liabilities	352,339	352,397	58
Direct investment	108,895	107,505	-1,390
Portfolio investment	140,753	140,991	238
Financial derivatives	20,680	20,701	21
Other investment	82,011	83,201	1,190

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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. Balance of payments major components, quarter ended
2. International investment position, at end of quarter
3. Balance of payments selected series, year ended in quarter
4. Balance of payments seasonally adjusted and trend series, quarter ended
5. Current account goods, quarter ended
6. Current account services, quarter ended
7. Current account primary income, quarter ended
8. Current account secondary income, quarter ended
9. Balance of payments financial account, New Zealand investment abroad, quarter ended
10. Balance of payments financial account, foreign investment in New Zealand, quarter ended
11. International investment position reconciliation statement, at end of quarter
12. International financial assets and liabilities by instrument, at end of quarter
13. International non-equity financial instruments by sector, at end of quarter
14. International non-equity financial instruments by currency, at end of quarter
15. International non-equity financial instruments by residual maturity, at end of quarter
16. External lending and debt all sectors, at end of quarter
17. External lending and debt by sector and relationship, at end of quarter
18. Key international ratios, year ended in quarter

In this release we included supplementary tables that show New Zealand's international trade in services by country, for the year ended December 2013 and 2014.

We released these tables as part of an ongoing effort to provide more information about trade in services at a detailed level, and more frequently. The RBNZ recently updated their trade weighted index (TWI) to include trade in services in addition to trade in goods. The new TWI was compiled using recent statistics on services trade by country.

See Weights for new trade-weighted index for more information.

Supplementary tables

1. New Zealand total exports – services by country
2. New Zealand total imports – services by country

Access more data on Infoshare

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Subject category: **Economic indicators**
Group: **Balance of Payments** or **International Investment Position**

Next release

Balance of Payments and International Investment Position: March 2015 quarter will be released on 17 June 2015.

Balance of Payments and International Investment Position: Year ended 31 March 2015 will be released on 24 September 2015.