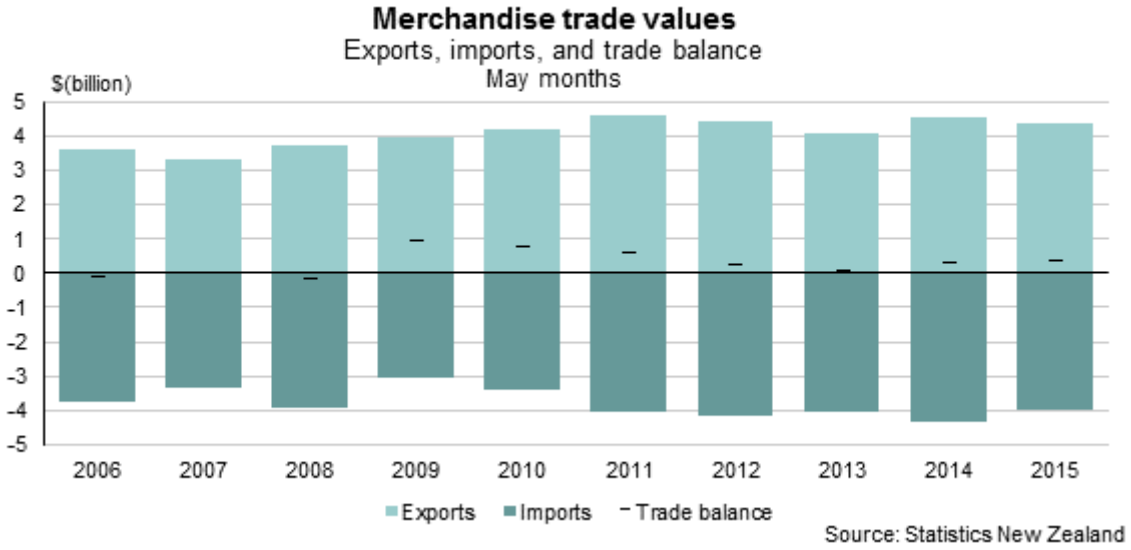
Overseas Merchandise Trade: May 2015

Embargoed until 10:45am – 26 June 2015

Key facts

For May 2015 compared with May 2014:

- Goods exports fell $214 million (4.7 percent) to $4.4 billion.
- Milk powder, butter, and cheese led the fall.
- Goods imports fell $300 million (7.0 percent) to $4.0 billion.
- Intermediate goods led the fall.
- The trade surplus was $350 million (8.0 percent of exports).



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Commentary

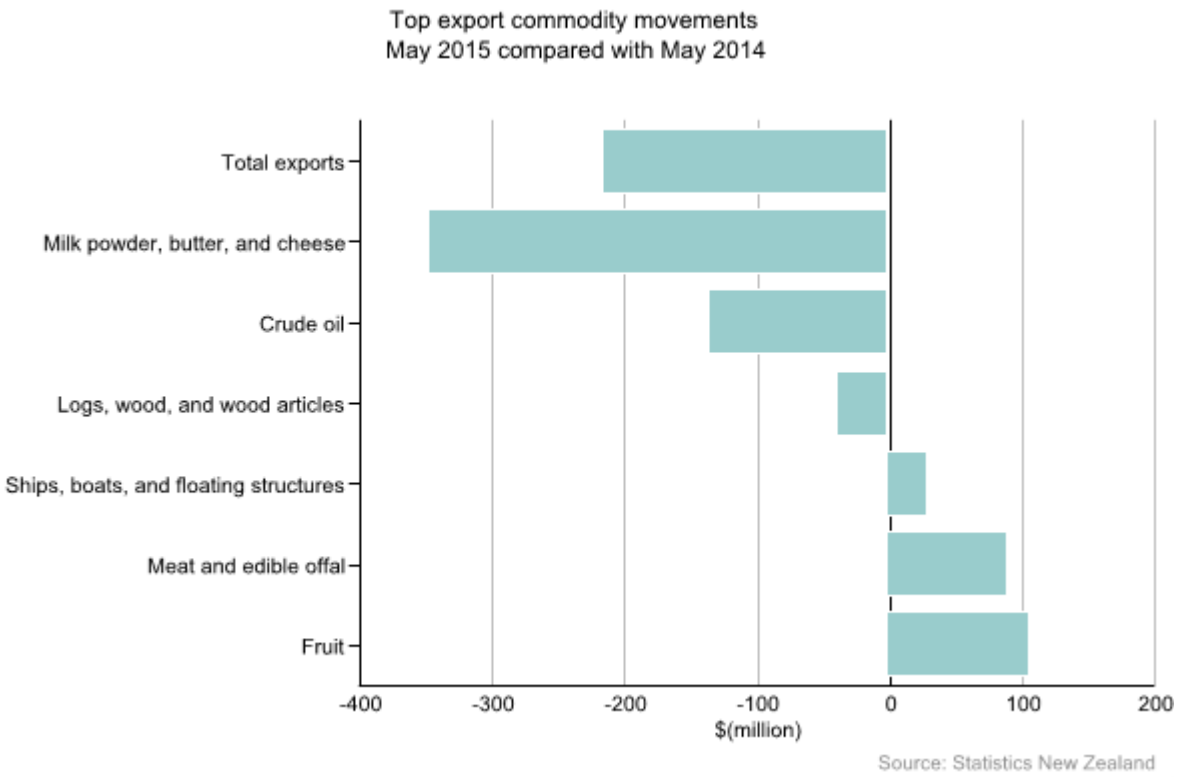
- Exports fall 4.7 percent
- Imports fall 7.0 percent
- Goods trade surplus of $350 million in May 2015
- Seasonally adjusted exports rise 3.9 percent
- Seasonally adjusted imports rise 0.4 percent
- Exchange rate movements

This commentary refers to trade in goods only. For information on trade in goods and services, see Goods and Services Trade by Country: Year ended March 2015.

All comparisons are between May 2015 and May 2014, unless otherwise stated.

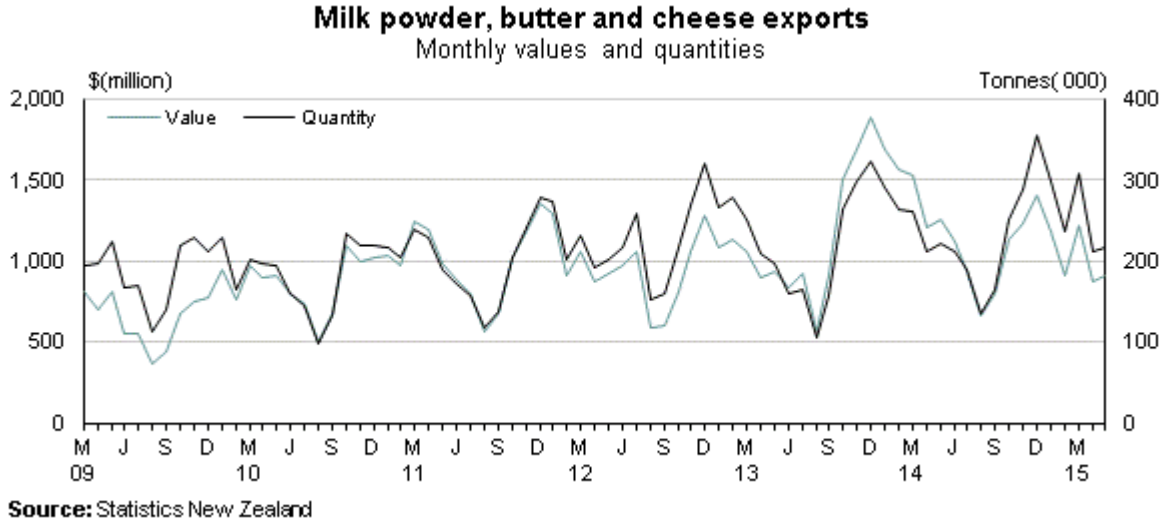
Exports fall 4.7 percent

In May 2015, merchandise goods exports were valued at $4.4 billion, down $214 million (4.7 percent) from May 2014.



Fall in exports due to whole milk powder

Milk powder, butter, and cheese (our largest export commodity group) fell $346 million (28 percent) to $911 million, with the quantity down 2.7 percent. Despite the fall, this group accounted for one-fifth of the value of total goods exports in May 2015.



The fall in milk powder, butter, and cheese exports in May 2015 was led by whole milk powder, down $221 million (37 percent). The quantity of whole milk powder exported fell 6.9 percent.

Fruit exports rose $107 million (32 percent) to $445 million, the highest monthly value ever. Quantities were up 27 percent. The rise was led by kiwifruit, up $76 million (37 percent), with a 42 percent increase in quantity. Kiwifruit exports rose to Japan (up $28 million), China (up $20 million), and Spain (up $14 million). Apple exports were up $33 million (26 percent).

Meat and edible offal (New Zealand's second-largest export commodity group) rose $91 million (16 percent). Beef exports drove the rise, up $98 million (41 percent).

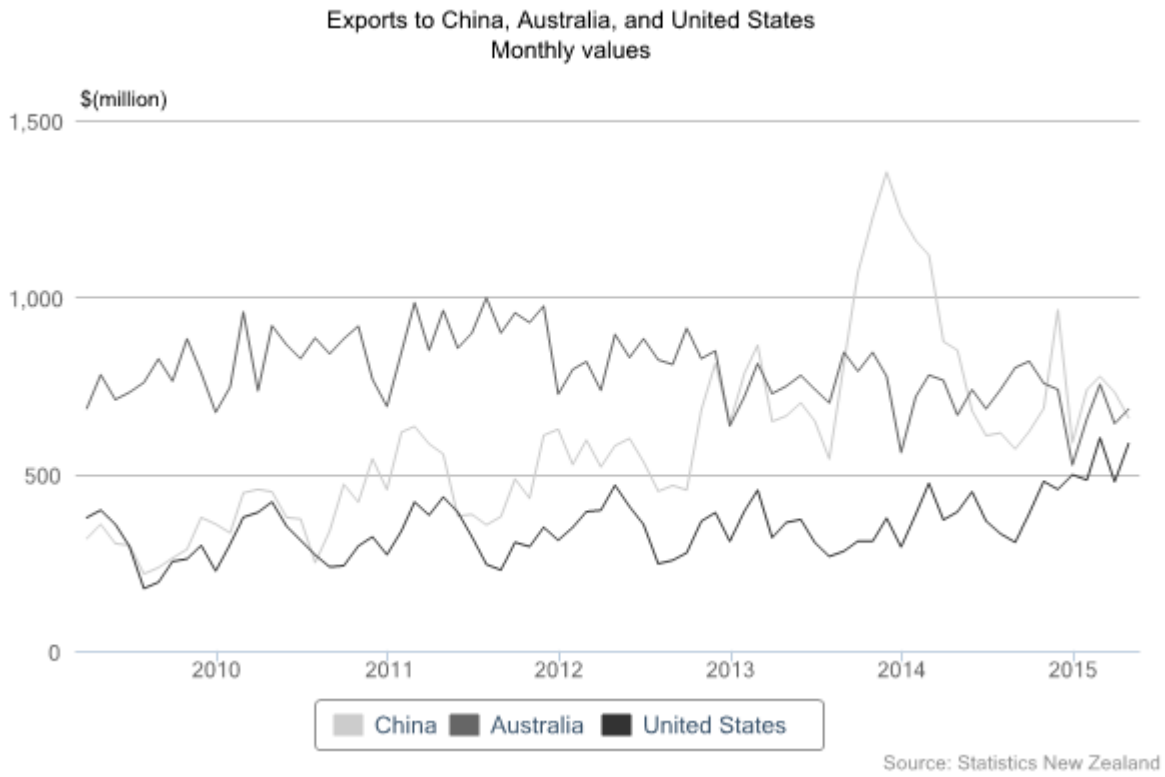
Other key changes in commodity export values, for May 2015:

- **crude oil** fell $135 million (70 percent)
- **logs, wood, and wood articles** fell $37 million (12 percent), led by pine logs
- **ships, boats, and floating structures** rose $30 million
- **wine** rose $24 million (25 percent).

Whole milk powder exports to China lead the fall

The monthly movements for May 2015 for our top export destinations (ranked by total annual exports) were:

1. **Australia** – up $17 million (2.6 percent). Although crude oil exports fell $30 million, this was offset by increases for a range of commodities, including mechanical machinery and equipment, up $19 million.
2. **China** – down $191 million (22 percent). This was led by whole milk powder, down $153 million, with quantity falling 60 percent.
3. **United States** – up $194 million (49 percent), led by frozen beef, up $73 million (68 percent). Natural milk constituents were up $43 million, and casein was up $22 million.
4. **European Union (EU)** – up $23 million (4.4 percent), led by sheep and lamb meat, up $22 million.
5. **Japan** – down $8.9 million (3.0 percent), across a range of commodities.



Imports fall 7.0 percent

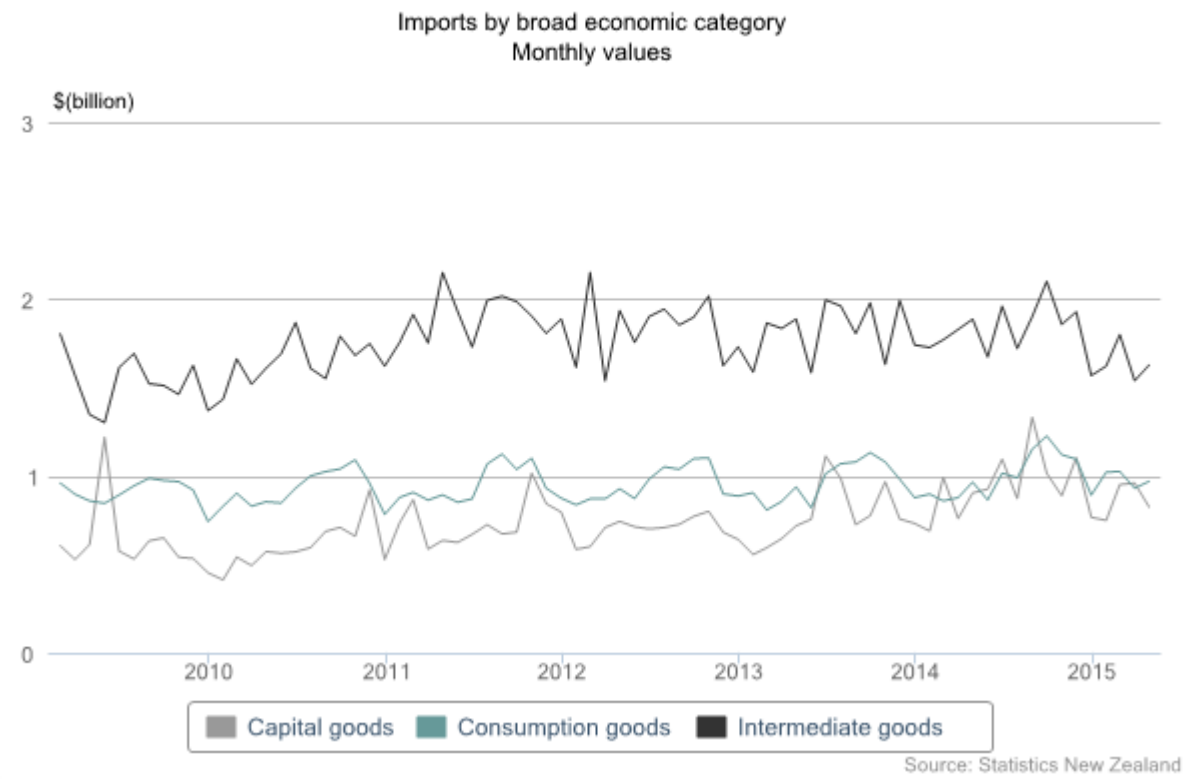
In May 2015, goods imports were valued at $4.0 billion, down $300 million (7.0 percent) from May 2014.

Last month we received additional information that was too late to include in the April 2015 release. This information affected crude oil imports for March 2015 and April 2015.

See Revisions for information about revisions to March 2015 and April 2015 data.

Intermediate goods lead the fall in imports

Of the three main broad economic categories, intermediate and capital goods decreased in value, while consumption goods increased in value compared with May 2014.



Intermediate goods fell $259 million (14 percent), due to crude oil, down $206 million (43 percent).

Capital goods fell $80 million (8.8 percent), with machinery and plant down $74 million. Distilling equipment (down $28 million), and cranes (down $21 million) contributed to the decrease.

Consumption goods rose $4.8 million (0.5 percent), led by processed food preparations, eg coconut cream. This was partly offset by falls in durable goods (such as furniture), and non-durable goods (such as perfumes).

In other categories of goods:

- **passenger motor cars** rose $23 million (6.3 percent)
- **petrol and avgas** rose $5.2 million (3.2 percent)

Three of our top five import partners show increases

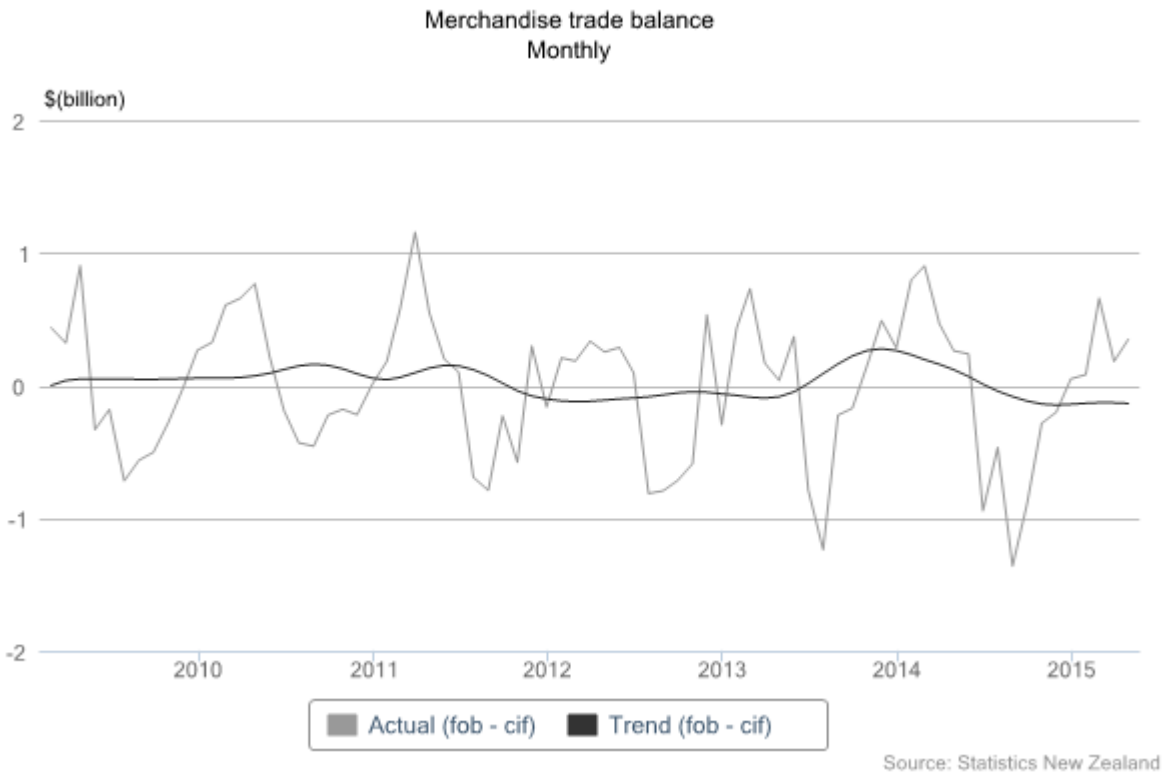
The monthly movements for May 2015 for our top import partners (ranked by total annual goods imports) were:

1. **China** – up $76 million (11 percent), led by motor spirit (up $30 million), and mobile phones (up $16 million).
2. **EU** – down $117 million (15 percent), led by aircraft from France (down $52 million), trains from Spain (down $24 million), and goods vehicles from Austria (down $16 million). The fall was partly offset by a rise in transport vessels from Italy (up $39 million).
3. **Australia** – up $19 million (3.8 percent), led by wheat and meslin (up $14 million), and motor spirit (up $12 million). This was partly offset by falls in a range of other commodities, such as horses.
4. **United States** – up $63 million (15 percent), led by aircraft and parts, up $56 million.
5. **Japan** – down $56 million (17 percent), led by automotive diesel, down $47 million.

Import shipments of petroleum tend to fluctuate depending on where they come from, which causes large changes in quantities and values. In May 2015, petroleum imports increased from **Malaysia** and **Kuwait,** and decreased from **Russia**, **United Arab Emirates**, **Singapore**, **Saudi Arabia**, and **Brunei**.

Goods trade surplus of $350 million in May 2015

In May 2015, there was a goods trade surplus of $350 million (8.0 percent of exports). This compares with an average surplus of 8.6 percent of goods exports over the previous five May months.



For the year ended May 2015, there was an annual trade deficit of $2.6 billion (5.3 percent of exports).

Seasonally adjusted exports rise 3.9 percent

The seasonally adjusted value of exported goods in May 2015 was up 3.9 percent ($157 million) from April 2015. This follows a 2.3 percent decrease in April 2015 from March 2015.

The trend for goods exports value is 7.2 percent lower than the peak in January 2014.

Seasonally adjusted goods exports to EU and Australia rise

Comparisons are between May 2015 and April 2015.

The seasonally adjusted monthly movements for May 2015 for these countries (ranked by total annual exports) were:

1. **Australia** – up 0.4 percent ($3.0 million) to $691 million. The trend for goods exports to Australia is 25 percent lower than the series peak in July 2011.
2. **China** – down 7.3 percent ($54 million) to $688 million. The trend for goods exports to China is 37 percent lower than the series peak in December 2013.
3. **EU** – up 5.9 percent ($23 million) to $419 million. The trend for goods exports to EU is 22 percent lower than the series peak in December 2008.

Change in seasonally adjusted export values

Meat and edible offal exports rose 8.5 percent ($41 million), following a 12 percent rise in April 2015. The seasonally adjusted quantity rose 4.5 percent in May 2015.

Milk powder, butter, and cheese exports rose 0.3 percent ($2.5 million), following a 9.0 percent fall in April 2015. The seasonally adjusted quantity rose 1.1 percent.

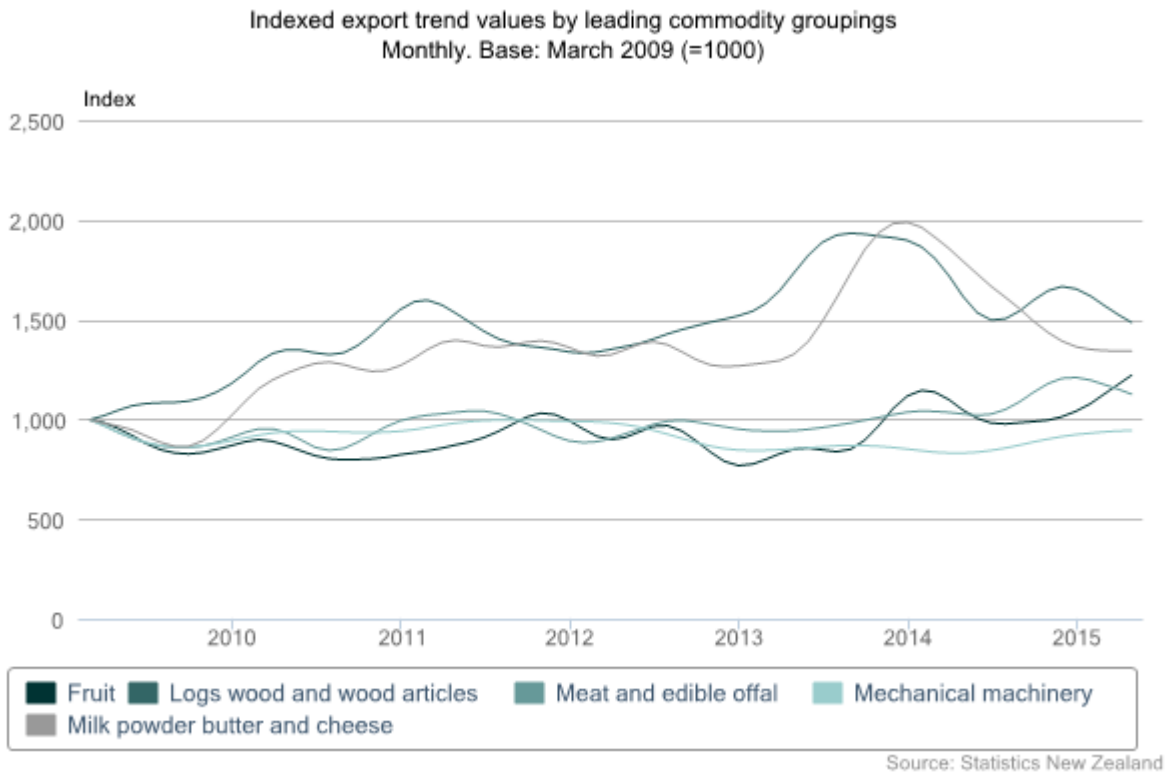
Fruit exports rose 1.3 percent ($2.4 million), following a 21 percent rise in April 2015. The seasonally adjusted quantity rose 2.7 percent in May 2015, following a 20 percent rise in April 2015.

Crude oil exports fell $27 million. Crude oil is not seasonally adjusted; exports vary and are affected by the timing of shipments.

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

The trend for milk powder, butter, and cheese exports has been falling for 16 consecutive months. It is now 32 percent lower than the series peak in January 2014.

Meat and edible offal had been rising since mid-2014, but now appears to be falling. Further data points are required to confirm this.



Seasonally adjusted imports rise 0.4 percent

Seasonally adjusted goods imports rose 0.4 percent ($18 million), to $4.2 billion in May 2015, compared with April 2015. This follows a 3.3 percent fall in April 2015. Excluding petroleum and products, seasonally adjusted goods imports fell 2.6 percent in May 2015.

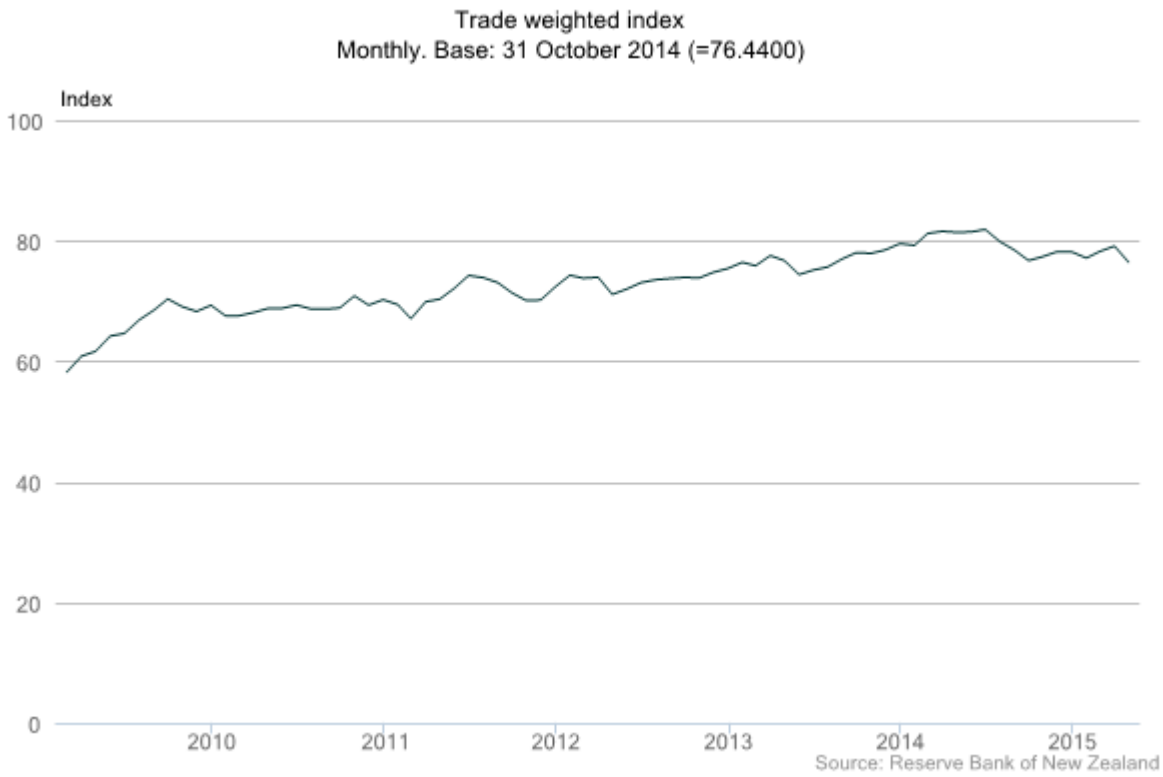
The trend for goods import values has been rising in recent months and is now at a series high.

Exchange rate movements

According to the Reserve Bank's trade weighted index, the New Zealand dollar was 3.4 percent lower in May 2015 than in April 2015, and 6.1 percent lower than in May 2014.

In December 2014, the Reserve Bank changed the way it calculates the Trade Weighted Index. The new TWI-17 has been backdated to January 1984.

See Weights for new Trade-Weighted Index for more information.



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 (including 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

Next release

Overseas Merchandise Trade: June 2015 will be released on 24 July 2015.

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The release calendar lists all information releases by date of release.

Past releases

Overseas Merchandise Trade has links to past releases.

Overseas Merchandise Trade by country is a trial one-off release using August 2014 data for our top 50 trading partner countries.

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.

- Number of working days
- Foreign currency conversions – May 2015

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

Number of working days

There were 21 working days in May 2015, compared with 22 in May 2014.

Foreign currency conversions – May 2015

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

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

Currency conversions – May 2015
Foreign currencies to New Zealand dollars

Currency	Number of exports	Value in foreign currency $(million)	Value in NZD $(million)	Average exchange rate
USD	43,033	1,892	2,509	0.7543
AUD	47,932	266	280	0.9506
EUR	7,007	214	316	0.6777
GBP	2,844	55	112	0.4888
JPY	1,118	9,201	102	90.14
Other currencies	2,521	...	78	...
Total in foreign currency	104,455	...	3,396	...

NZD	80,224	...	963	...
Total	184,679	...	4,360	...
Symbol: ... not applicable				

In May 2015, we converted 104,455 export line entries worth $3.4 billion into New Zealand dollars.

See Merchandise trade – data source for more information on the use of 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.

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 set 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, 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.

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 1 March 2004, NZCS has not allowed goods to be loaded for export until an export entry has been lodged and cleared. A study undertaken in 2001/02 indicated that export entries not being lodged might account for between 1 and 3 percent of exports at that time. There is a

possibility that the change in NZCS processes may have reduced this undercoverage, although this has not been quantified.

Seasonally adjusted series

We calculate seasonally adjusted series monthly and for calendar quarters using X-13ARIMA-SEATS, which adjusts for outlying values and uses a centred moving average. The X-13ARIMA-SEATS package is an updated version of X-12-ARIMA, developed by the U.S. Census Bureau.

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 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-13ARIMA-SEATS. 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 recalculate 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 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).

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.

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 on a quarterly basis.

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 review processes.

HS2012 changes have been implemented in overseas trade indexes (OTI).

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, and 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 more 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 by a company or business.

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

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

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 May 2015 were 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 26 May 2015			Published 26 June 2015			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:									
Feb 2015	3,891 P	3,808 P	83 P	3,887 F	3,803 F	84 F	-4	-5	1
Mar 2015	4,917 P	4,162 P	754 P	4,905 P	4,244 P	661 P	-11	82	-93
Apr 2015	4,166 P	4,043 P	123 P	4,134 P	3,951 P	183 P	-32	-92	60
Year ended:									
Feb 2015	49,047 P	51,177 P	-2,130 P	49,043 F	51,172 F	-2,129 F	-4	-5	1
Mar 2015	48,931 P	51,210 P	-2,280 P	48,916 P	51,287 P	-2,372 P	-15	77	-92
Apr 2015	48,690 P	51,314 P	-2,624 P	48,643 P	51,299 P	-2,656 P	-47	-15	-32

1. Figures are calculated on unrounded data.

Symbols:

F final

P provisional

Source: Statistics New Zealand

Revisions to March 2015 and April 2015 data

Last month we received late information that could not be included in Overseas Merchandise Trade: April 2015. This affected crude oil imports for March 2015 and April 2015.

We have revised this data. Imports of crude oil for March 2015 are valued at $347 million ($91 million higher than reported in Overseas Merchandise Trade: April 2015). For April 2015, crude

oil is valued at $184 million ($82 million lower than reported in the April 2015 release). This is the lowest monthly value for crude oil since June 2009.

Trade data is provisional for three months before it becomes final, and can change for a number of reasons. See Why overseas merchandise trade data can change for more information.

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Tables

See the following Excel tables in the 'Downloads' box on this page. If you have problems viewing the files, see opening files and PDFs.

1.01 Overseas merchandise trade, actual values
1.02 Overseas merchandise trade, trade balance – 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

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