

# Overseas Merchandise Trade: May 2013

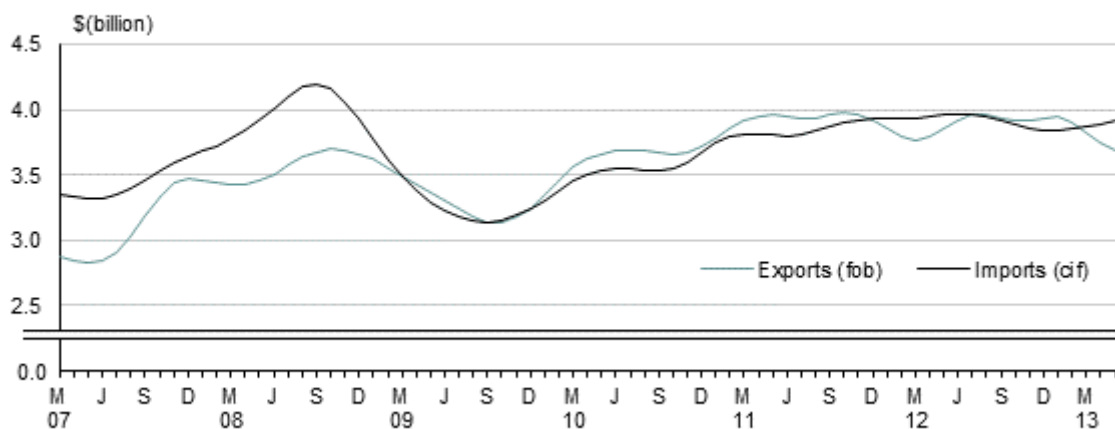
Embargoed until 10:45am – 27 June 2013

## Key facts

For May 2013 compared with May 2012:

- Exports fell \$347 million (7.8 percent) to \$4.1 billion.
- Crude oil exports decreased the most.
- Imports fell \$163 million (3.9 percent) to \$4.0 billion.
- There was a trade surplus of \$71 million (1.7 percent of exports).
- The trend value for merchandise exports is 7.4 percent below the highest-ever peak of October 2011.
- The trend for import values (excluding one-off imports) has shown little change in recent months.

**Merchandise trend values**  
Monthly



Source: Statistics New Zealand

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Acting Government Statistician

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## Commentary

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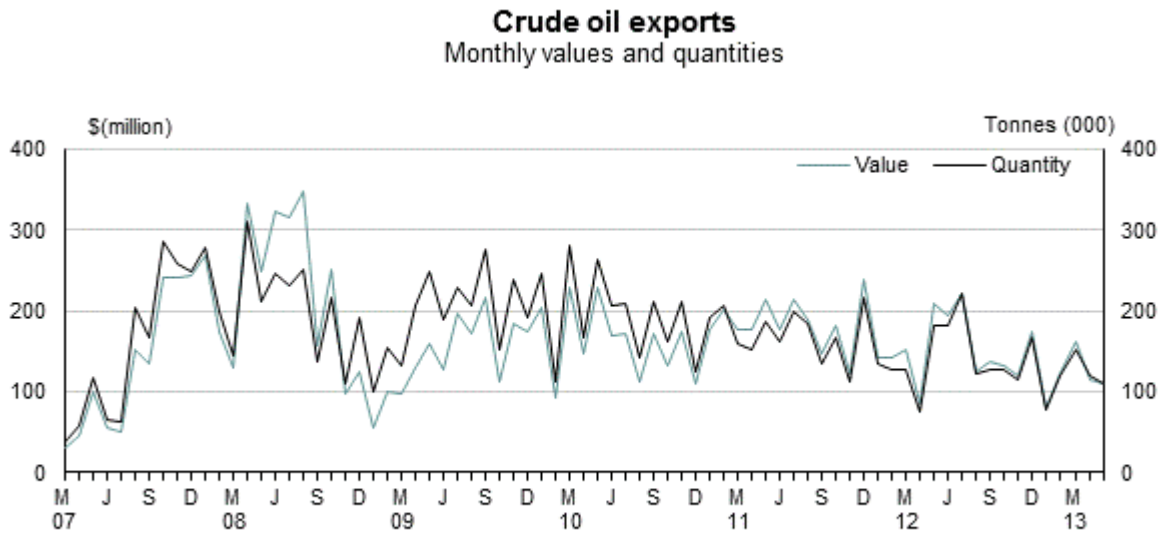
All comparisons are between May 2013 and May 2012, unless otherwise stated.

### Exports fall 7.8 percent

In May 2013, merchandise exports were valued at \$4.1 billion, down \$347 million (7.8 percent) from May 2012.

#### Fall in exports led by crude oil

**Crude oil** exports decreased \$100 million (48 percent), with quantities down 39 percent.



Other key changes in commodity group export values, for May 2013:

- **meat and edible offal** fell \$81 million (14 percent), led by beef
- **mechanical machinery and equipment** fell \$65 million (36 percent), over a range of commodities
- **aluminium and aluminium articles** fell \$47 million (56 percent), led by unwrought aluminium
- **ships, boats, and floating structures** fell \$45 million (82 percent), led by pleasure boats.

**Logs, wood, and wood articles** had the largest offsetting increase, up \$56 million (22 percent). The main commodity contributing to this increase was pine logs.

**Milk powder, butter, and cheese**, our main export commodity, rose \$14 million (1.5 percent).

### Fall in exports to four of our top five export partners

In May 2013, our top five export destinations were:

- **Australia** – down \$145 million (16 percent), led by crude oil and mechanical machinery
- **China** – up \$89 million (15 percent), led by pine logs
- **United States** – down \$105 million (22 percent), led by beef
- **Japan** – down \$80 million (25 percent), led by unwrought aluminium
- **Korea** – down \$24 million (16 percent), led by kiwifruit.

Other significant export movements were seen for:

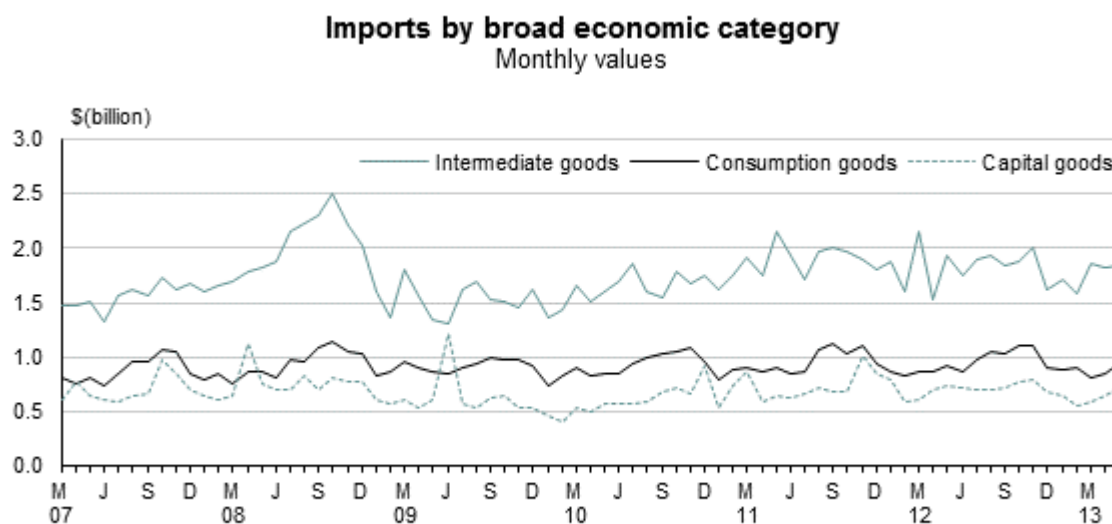
- **Bermuda** – down \$48 million (99 percent), due to fewer exports of pleasure boats
- **Singapore** – down \$32 million (27 percent), led by crude oil
- **Brazil** – up \$23 million from \$7.0 million last year.

### Imports fall 3.9 percent

In May 2013, imported goods were valued at \$4.0 billion, down \$163 million (3.9 percent) from May 2012.

### Intermediate goods show the largest decrease

For the three main economic categories, the value of intermediate goods and capital goods fell while consumption goods rose.



Source: Statistics New Zealand

**Intermediate goods** fell \$79 million (4.1 percent), led by processed fuels and lubricants, down \$53 million, and parts and accessories of capital plant (such as parts of air conditioning machines), down \$48 million. This was partly offset by processed industrial supplies, up \$38 million, led by palm oil cake.

**Capital goods** fell \$24 million (3.2 percent). The fall was driven by machinery and plant, down \$24 million (3.7 percent). This was due to well-sinking and boring machinery. There were no similar imports in May 2013.

**Consumption goods** rose \$14 million (1.5 percent), due to processed food and beverages (such as cereals), up \$15 million (6.4 percent).

In **other categories** of goods:

- **petrol and avgas** fell \$100 million (39 percent), led by regular motor spirit and premium motor spirit
- **passenger motor cars** rose \$16 million (5.6 percent), due to new diesel motor cars with an engine capacity exceeding 2500cc.

### **Key movements in commodity import values**

By commodity group, the value of imports fell for:

- **petroleum and products** – down \$191 million (21 percent), led by regular motor spirit, down \$63 million, automotive diesel, down \$58 million, premium motor spirit, down \$42 million, and crude oil, down \$39 million
- **mechanical machinery and equipment** – down \$85 million (15 percent), due to well-sinking and boring machinery, down \$76 million. There were no similar imports in May 2013.
- **fertilisers** – down \$13 million (62 percent), due to urea.

**Food residues, wastes, and fodder** rose \$39 million (62 percent), led by palm oil cake, up \$27 million.

### **Imports of petroleum and products lead country-of-origin changes**

Import shipments of petroleum and products tend to fluctuate depending on where they come from, which causes large changes in quantities and values. In May 2013, compared with May 2012, petroleum and products influenced the value of imports from:

- **Singapore**, down \$166 million (51 percent), led by automotive diesel, premium motor spirit, and regular motor spirit
- **Oman**, down \$85 million, **Nigeria**, down \$69 million, and **Qatar**, down \$31 million, all due to crude oil
- **Taiwan**, down \$49 million (45 percent), due to regular motor spirit
- **United Arab Emirates**, up \$91 million, **Brunei**, up \$82 million, and **Saudi Arabia**, up \$54 million, all due to crude oil.

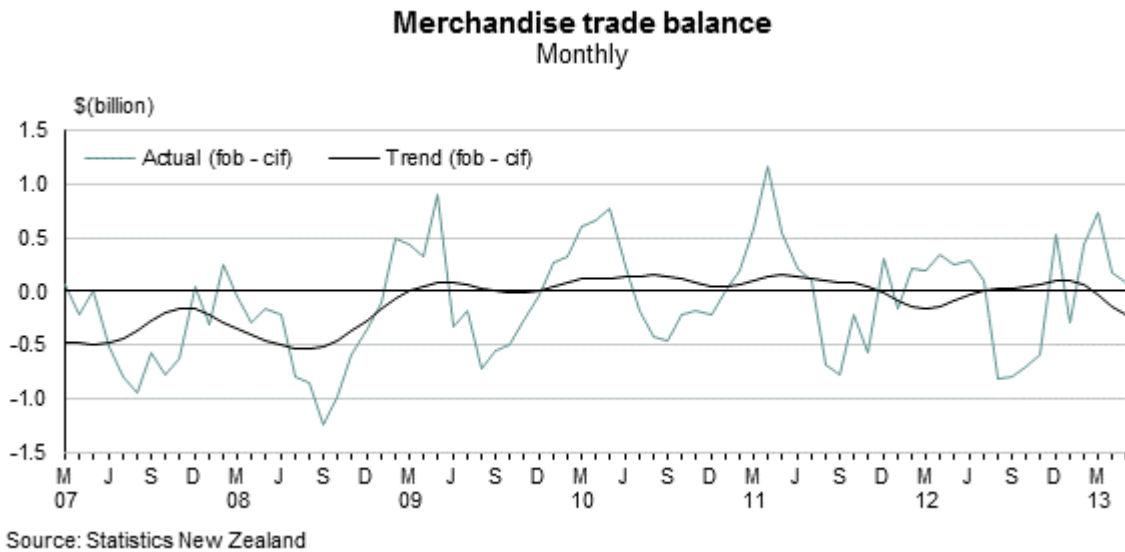
Other significant import movements were seen for:

- **Australia** – down \$88 million (13 percent), led by crude oil and aluminium oxide
- **Germany** – down \$25 million (11 percent), due to well-sinking and boring machinery.

**China**, our main import partner, rose \$3.2 million (0.5 percent). There was little change in major commodities.

## Trade surplus in May 2013

In May 2013, there was a trade surplus of \$71 million (1.7 percent of exports). This compares with an average surplus of 11 percent of exports over the previous five May months. May months have been in surplus since 2009.

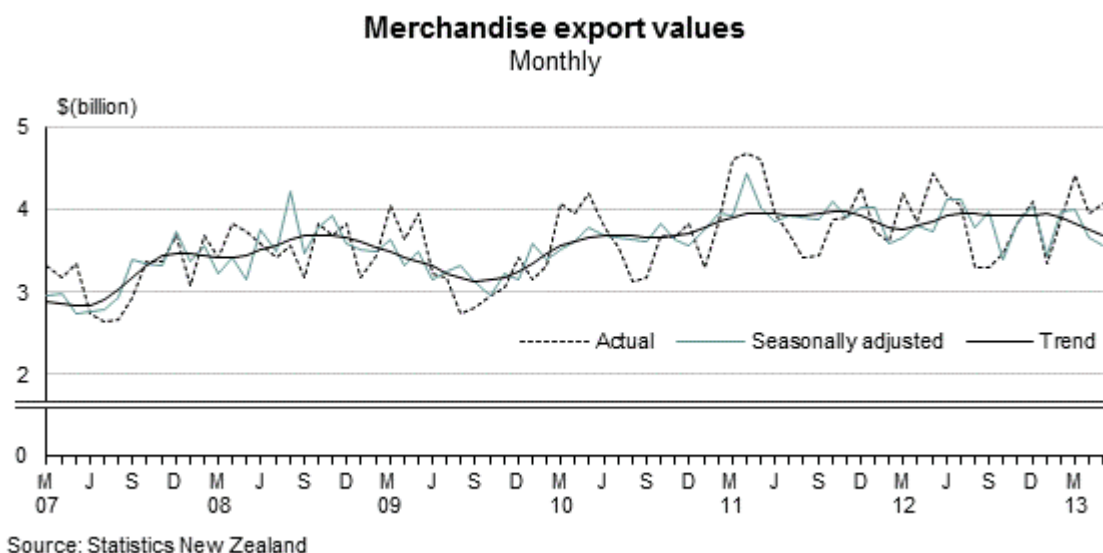


For the year ended May 2013, there was an annual trade deficit of \$869 million (1.9 percent of exports). Eight of the last 10 May years were trade deficits. The surpluses were in the May 2010 and May 2011 years.

## Seasonally adjusted exports fall 2.7 percent

After adjusting for seasonal effects, the value of exported goods fell 2.7 percent (\$100 million) in May 2013, compared with April 2013. This follows an 8.8 percent decrease in April 2013.

The trend value for merchandise exports is 7.4 percent below the highest-ever peak of October 2011.



## Meat and edible offal leads the fall in seasonally adjusted exports

In May 2013, seasonally adjusted **meat and edible offal** exports had the largest decrease, with values down 11 percent (\$45 million), and quantities down 18 percent.

**Milk powder, butter, and cheese** increased the most of the seasonally adjusted exports, up 2.9 percent (\$26 million).

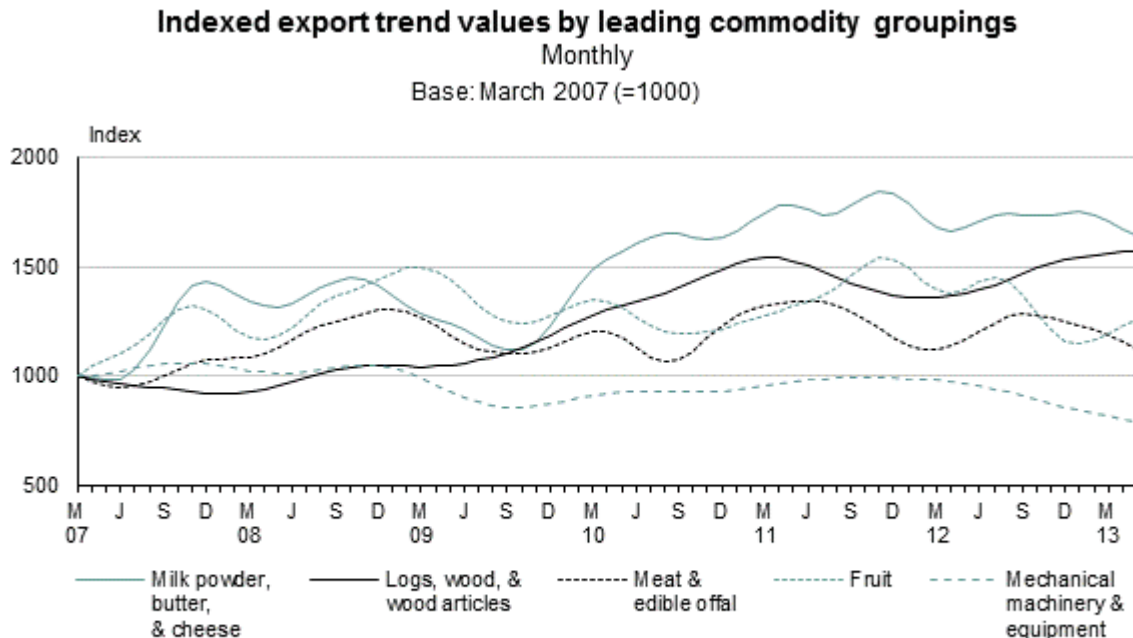
The value of seasonally adjusted exports for **logs, wood, and wood articles** rose 9.4 percent (\$24 million), compared with a 12 percent fall in April 2013.

## Trend for exports of milk powder, butter, and cheese shows little change

The trend for exports of **milk powder, butter, and cheese** has shown little change in recent months and is 11 percent lower than its record high in November 2011.

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

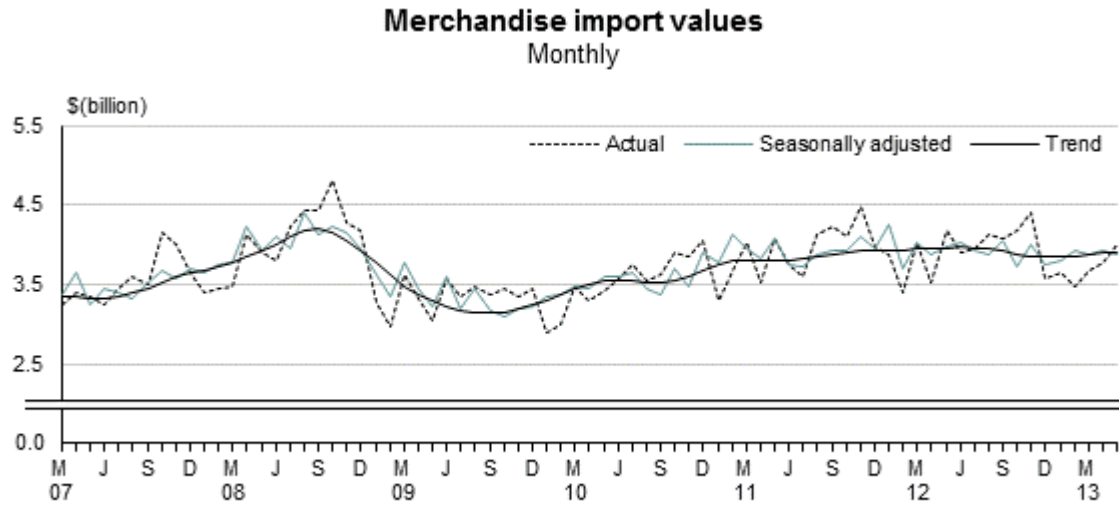
- **meat and edible offal** is 13 percent lower than its most recent high point of September 2012
- **logs, wood, and wood articles** is 15 percent higher than its most recent low point of February 2012
- **machinery and mechanical appliances** is 20 percent lower than the most recent high of January 2012.



## Seasonally adjusted imports fall 1.2 percent

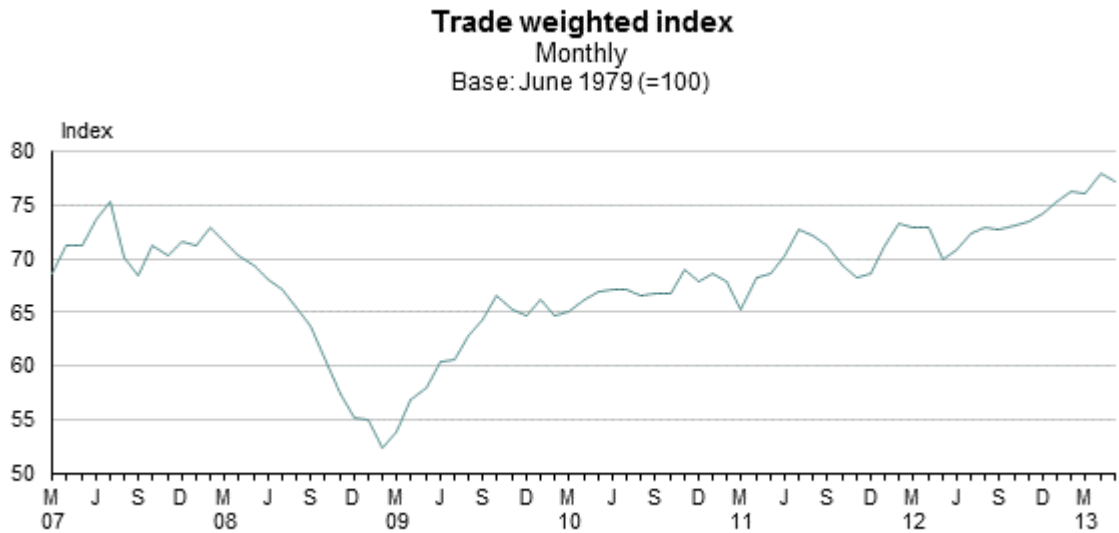
Seasonally adjusted imports fell 1.2 percent (\$48 million) to \$3.9 billion in May 2013, compared with April 2013. This follows a 1.1 percent (\$44 million) increase in April 2013. Excluding petroleum and products, seasonally adjusted imports rose 3.7 percent in May 2013.

The trend for import values (excluding one-off imports) has shown little change in recent months.



## Exchange rate movements

According to the Reserve Bank’s trade weighted index, the New Zealand dollar was 0.9 percent lower in May 2013 than in April 2013, and 10.4 percent higher than in May 2012.



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.

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

## **Related links**

### **Upcoming releases**

*Overseas Merchandise Trade: June 2013* will be released on 24 July 2013.

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

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[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 23 working days in May 2013 and May 2012.

### Foreign currency conversions

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

Export values given in foreign currencies are converted by Statistics NZ into New Zealand dollars, using weekly exchange rates when the statistics are compiled.

<b>Currency conversions</b>				
Foreign currencies to New Zealand dollars				
Currency	Number of exports	Value in foreign currency \$(million)	Value in NZD \$(million)	Average exchange rate
USD	39,381	2,018	2,413	0.8367
AUD	19,858	224	271	0.8287
EUR	6,243	182	284	0.6425
GBP	3,647	55	102	0.5437
JPY	1,386	7,065	84	83.75
Other currencies	2,130	...	54	...
<b>Total in foreign currency</b>	72,645	...	3,207	...
NZD	73,145	...	877	...
<b>Total</b>	145,790	...	4,084	...

Symbol: ... not applicable

In May 2013, 72,645 export line entries worth \$3.2 billion were converted into New Zealand dollars.

For more information on the use of exchange rates, see the [Merchandise trade – data source](#) section.

## General information

### Merchandise trade – data source

Data is obtained from export and import entry documents lodged with NZCS. The data is processed and passed to Statistics NZ for further editing and compilation.

Export values given in foreign currencies are converted by Statistics NZ into New Zealand dollars, using weekly exchange rates when the statistics are compiled. For exports, a rise in the New Zealand dollar has a downward influence on prices and, as a consequence, quantities and values reduce.

Import values are converted from foreign currencies when import documents are processed by NZCS. The exchange rates used are set by NZCS each fortnight. These rates are prepared 11 days 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.

Crude oil values for the latest month are estimated using actual quantities and country-of-origin data (provided by NZCS, based on information from the refinery at Marsden Point), together with

estimated prices. These estimates for crude oil are replaced once actual entries are lodged with NZCS.

While all entries are provisional for the latest three months, and have the potential to be changed by the importer/exporter within this period, changes are not common, and generally do not have a material impact on the results. However, New Zealand has only a few ships carrying crude oil arriving each month, and each ship represents a high proportion of the monthly total of imported crude oil. Any variation in the data for crude oil resulting from a later lodgement date can result in a significant revision to the value. Once actual lodgements are received by Statistics NZ from NZCS, the value for crude oil can be regarded as robust.

### **Exports – timing of recording and undercoverage**

From the August 1997 reference month, exports are compiled by date of export. Previously, exports were generally compiled according to date of clearance by NZCS. This meant that some goods were allocated to the month following their actual month of export. Exports up to July 1997 that were not processed until August 1997 were assigned to the month of August 1997.

From 1 March 2004, NZCS 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**

Seasonally adjusted series are calculated 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 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.

The trend series are calculated 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, the imports trend is calculated after removal of individual import items that have cif values of \$100 million or more, such as large aircraft and

ships. The trade balance trend is calculated by subtracting the imports trend from the exports trend.

Trend figures are recalculated each month. 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. Commodities in BEC groups are categorised on the basis of their main end use. This means, for example, that all video recorders are treated as consumption goods even though some are used in business. Similarly, all helicopters are treated as transport equipment even though some are military goods (and are treated as such in the national accounts).

## **New Zealand Harmonised System Classification**

From January 2012, overseas merchandise trade data is compiled 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 impact 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. Some assumptions had to be made 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.

Implementing HS2012 will also affect the overseas trade indexes (OTI). However, due to the way the OTI is calculated, the full effect of the change will not be seen until the September 2013 quarter.

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

For information about the HS2012 classification, see [Harmonised System 2012](#).

## **Standard International Trade Classification**

The Standard International Trade Classification (SITC) is an output classification, which 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](#). For customised jobs using the SITC Rev 4 classification, contact customer services at: [info@stats.govt.nz](mailto:info@stats.govt.nz).

Overseas merchandise trade (OMT) statistics are compiled in close accordance with the United Nations' International Merchandise Trade Statistics Concepts and Definitions. OMT data, after adjustment, is used in the balance of payments and national accounts. The adjustments are for coverage, timing, valuation, and classification, and are explained in [Balance of Payments – Sources and Methods 2004](#).

## Confidential items

Under Section 37A (d) of the Statistics Act, the Government Statistician may disclose details of external trade, movement of ships, and cargo handled at ports. However, Statistics NZ understands that the release of merchandise trade commodity information can, in some cases, place commercially sensitive information in the public domain. Statistics NZ is able to provide a limited form of confidential status for commodity items (at the discretion of the Government Statistician), upon application by a company or business.

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

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

## More information

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

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## Revisions

Provisional values published on 24 May 2013 were updated. Merchandise trade statistics for the latest three months are provisional to allow for the inclusion of 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 24 May 2013			Published on 27 June 2013			Change		
	\$(million) <sup>(1)</sup>								
	Exports (fob)	Imports (cif)	Balance (fob-cif)	Exports (fob)	Imports (cif)	Balance (fob-cif)	Exports (fob)	Imports (cif)	Balance (fob-cif)
Month:									
Feb 20 13	3,900 P	3,461 P	439 P	3,893 F	3,461 F	432 F	-6	0	-6
Mar 20 13	4,412 P	3,680 P	732 P	4,410 P	3,680 P	730 P	-2	0	-2
Apr 201 3	3,953 P	3,796 P	157 P	3,946 P	3,772 P	174 P	-7	-24	17
Year ended:									
Feb 20 13	45,966 P	47,026 P	-1,060 P	45,959 F	47,026 F	-1,066 F	-6	0	-6
Mar 20 13	46,171 P	46,686 P	-515 P	46,162 P	46,685 P	-523 P	-9	0	-8
Apr 201 3	46,254 P	46,948 P	-694 P	46,239 P	46,924 P	-685 P	-15	-24	9
1. Figures are calculated on unrounded data.									
<b>Symbols:</b>									
F final									
P provisional									
<b>Source:</b> 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**