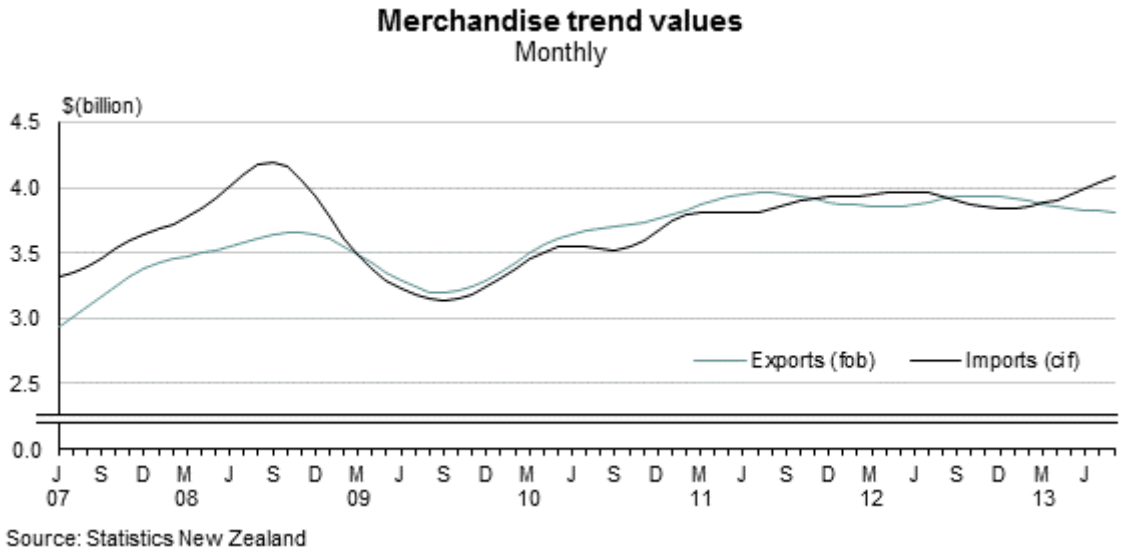
Overseas Merchandise Trade: August 2013

Embargoed until 10:45am – 25 September 2013

Key facts

For August 2013 compared with August 2012:

- Goods imports rose $398 million (9.7 percent) to $4.5 billion.
- Ships, boats, and floating structures led the increase in imports, up $203 million, which includes a large one-off item.
- Goods exports rose $19 million (0.6 percent) to $3.3 billion.
- Logs, wood, and wood articles led the increase in exports, up $120 million.
- There was a trade deficit of $1.2 billion (36 percent of exports).
- The trend for exports is 3.7 percent below the series high point of August 2011.
- The trend for import values (excluding one-off imports) has been increasing in recent months.



Source: Statistics New Zealand

Liz MacPherson
Government Statistician

25 September 2013
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Commentary

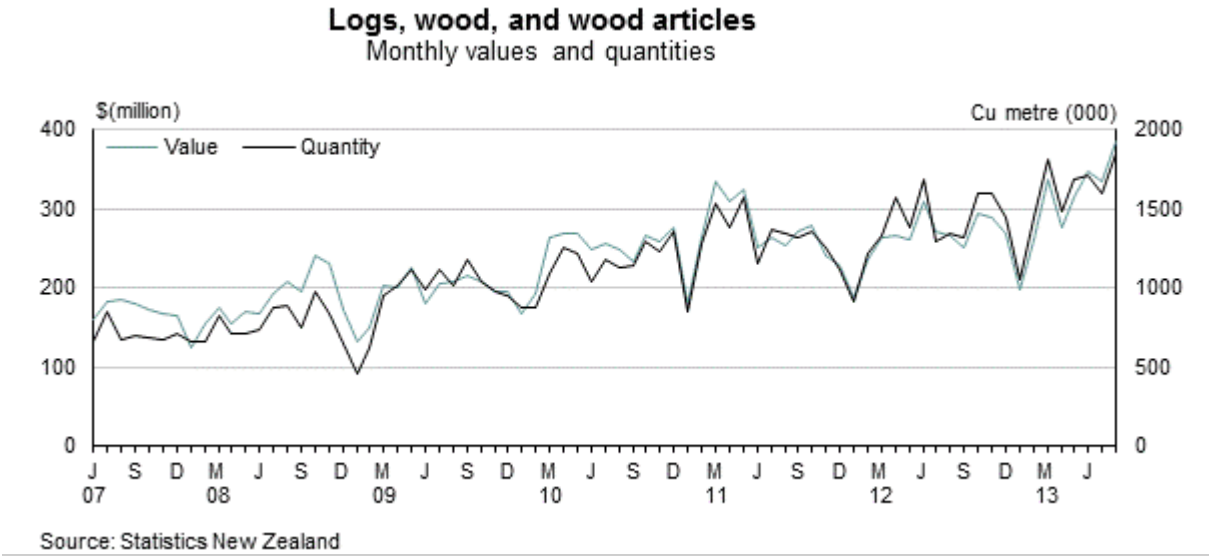
All comparisons are between August 2013 and August 2012, unless otherwise stated.

Exports rise 0.6 percent

In August 2013, exported goods were valued at $3.3 billion, up $19 million (0.6 percent) from August 2012.

Increase in exports led by logs, wood, and wood articles

Logs, wood, and wood articles exports increased by $120 million (45 percent). This was due to a rise in exports of pine logs, up $113 million.



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

- **aluminium and aluminium articles** rose $45 million (51 percent), due to unwrought aluminium
- **crude oil** had the largest offsetting decrease, falling $47 million (37 percent)
- **fruit** fell $40 million (23 percent), due to kiwifruit
- **meat and edible offal** fell $25 million (8.4 percent), led by frozen beef and sheep meat
- **preparations of cereals, flour, and starch** fell $20 million (28 percent), led by infant food preparations

Milk powder, butter, and cheese (New Zealand's largest export commodity group) fell $11 million (1.8 percent). The main contributors to this fall were whole milk powder, down $21 million

and anhydrous milk fat, down $18 million. These were offset by rises in skimmed milk powder, up $18 million and buttermilk powder, up $8.2 million.

Rise in exports to four of our top five export partners

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

1. **Australia** – down $102 million (12 percent) to $722 million, led by crude oil
2. **China** – up $94 million (21 percent) to $545 million, due to pine logs
3. **United States** – up $20 million (8.3 percent) to $268 million, over a range of commodities
4. **Japan** – up $10 million (3.6 percent) to $276 million, led by unwrought aluminium, up $26 million but offset by kiwifruit, down $13 million
5. **Korea** – up $3.9 million (3.2 percent) to $127 million.

In the 12 months ended August 2013, our top five export partners accounted for $25.8 billion (57 percent) of total goods exported. This is up $76 million (0.3 percent) from the 12 months ended August 2012.

Other significant movements were seen for exports to:

- **India** up $38 million and **Brazil** up $34 million
- **Taiwan** – down $23 million (29 percent), due to kiwifruit
- **Saudi Arabia** – down $18 million (38 percent), led by whole milk powder, anhydrous milk fat, and cheese
- **Venezuela** – down $17 million (51 percent), due to whole milk powder.

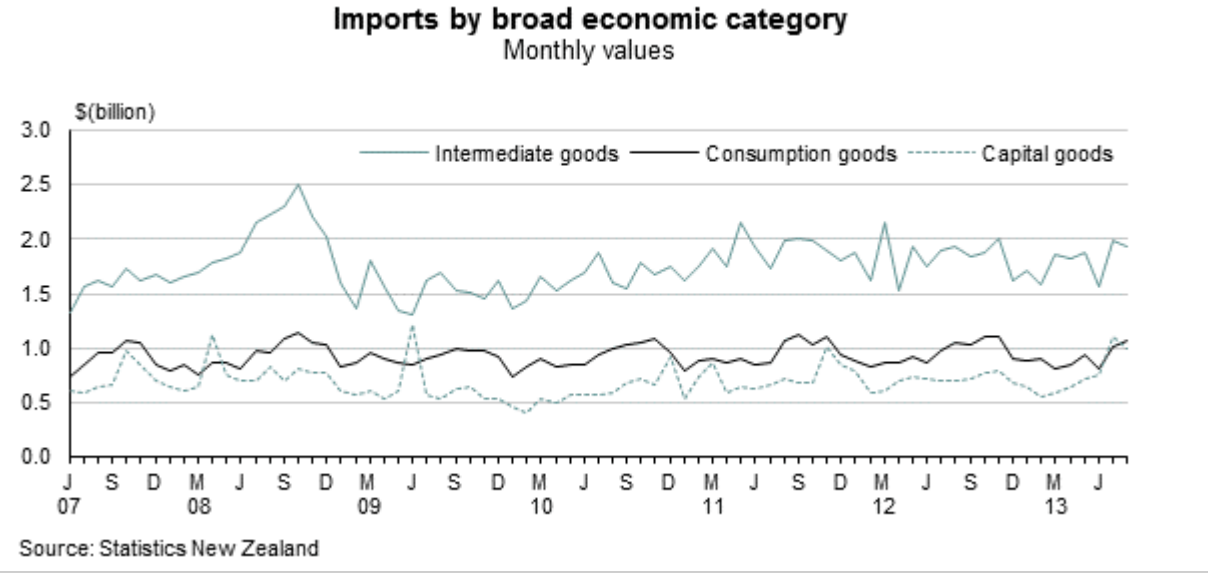
Imports rise 9.7 percent

In August 2013, imported goods were valued at $4.5 billion, up $398 million (9.7 percent) from August 2012. This is the largest value for any August month. The main contributor to this increase was capital goods, which included the large one-off import of a drilling platform.

Excluding large one-off items, goods imported were valued at $4.3 billion in August 2013, up $203 million (4.9 percent) from August 2012.

Capital goods show the largest increase

The value of all three main economic categories – capital goods, consumption goods, and intermediate goods – rose.



Capital goods rose $283 million (40 percent). Machinery and plant rose $255 million, due to the previously reported drilling platform. Transport equipment rose $28 million, due to goods delivery vehicles.

Consumption goods rose $21 million (2.0 percent), over a variety of commodities.

Intermediate goods showed little change, up $6.1 million (0.3 percent), led by processed industrial supplies (including urea and potassium chloride), up $81 million. This was largely offset by crude oil, down $60 million, and processed food and beverages, down $13 million.

In **other categories** of goods:

- **passenger motor cars** rose $95 million (31 percent), led by new and used petrol motor cars
- **petrol and avgas** fell $25 million (28 percent), due to regular motor spirit.

Key movements in commodity import values

By commodity group, the value of imports rose for:

- **ships, boats, and floating structures** – up $203 million, due to the drilling platform
- **vehicles, parts, and accessories** – up $121 million (25 percent), due to motor vehicles
- **fertilisers** – up $71 million (253 percent), led by urea, and potassium chloride
- **mechanical machinery and equipment** – up $64 million (13 percent), led by self-propelled cranes, and distilling and heat treatment equipment.

Petroleum and products – down $91 million (14 percent), led by crude oil, down $60 million, and regular motor spirit, down $27 million.

Imports rise from four of our top five import partners

August month movements for imports from our top five import partners (ranked by total annual imports) were:

1. **China** – up $266 million (38 percent) to $958 million, led by the drilling platform, and railway wagons
2. **Australia** – down $57 million (9.1 percent) to $576 million, over a range of commodities
3. **United States** – up $20 million (4.9 percent) to $430 million, led by ammonium sulphide and turbines
4. **Japan** – up $49 million (21 percent) to $277 million, due to new and used motor cars
5. **Germany** – up $34 million (17 percent) to $237 million, led by new and used motor cars.

In the 12 months ended August 2013, our top five import partners accounted for $24.4 billion (51 percent) of total goods imported. This is down $750 million (3.0 percent) from the 12 months ended August 2012.

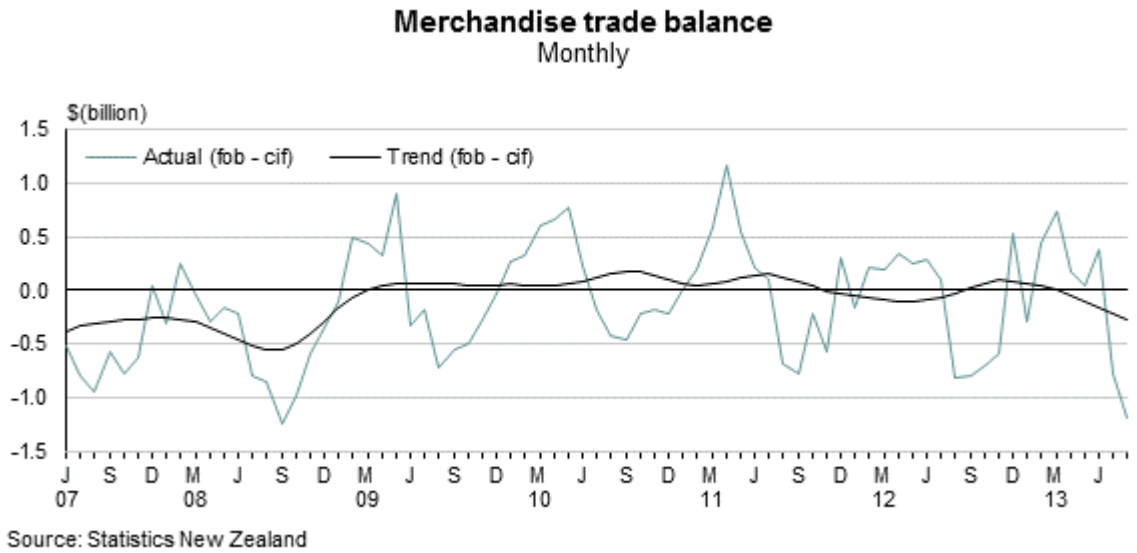
Other significant changes in the value of imports were caused by which country the crude oil was imported from. In August 2013, compared with August 2012, crude oil influenced the value of imports from:

- **United Arab Emirates**, up $96 million, **Russia**, up $94 million, and **Malaysia** up $62 million
- **Brunei**, down $150 million, **Oman** down $98 million, and **Saudi Arabia** down $98 million.

Trade deficit in August 2013

In August 2013, there was a trade deficit of $1.2 billion (36 percent of exports). This is the largest trade deficit for any August month.

August months are normally trade deficits, and this month compares with an average deficit of 22 percent of exports over the previous five August months. Excluding one-off large capital imports, the deficit would still be the second largest recorded for any August month.

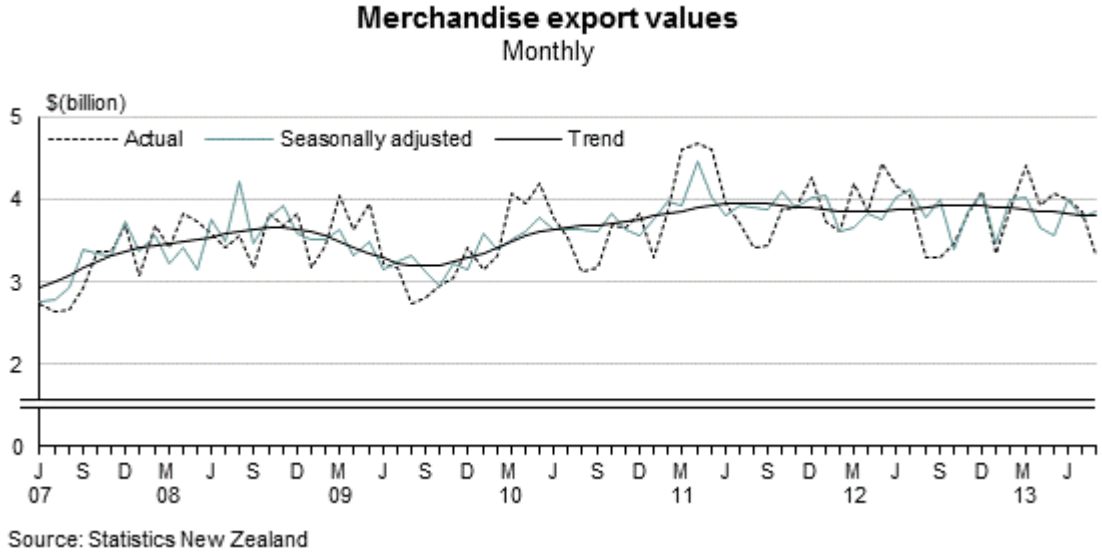


For the year ended August 2013, there was an annual trade deficit of $2.1 billion (4.5 percent of exports). Eight of the last 10 August years were trade deficits. The surpluses were in the August 2010 and August 2011 years.

Seasonally adjusted exports rise 2.1 percent

After adjusting for seasonal effects, the value of exported goods rose 2.1 percent ($79 million) in August 2013, compared with July 2013. This follows a 5.8 percent decrease in July 2013. August's rise was led by a rise in aluminium and aluminium articles, which is not seasonally adjusted, and logs, wood, and wood articles.

The trend for merchandise exports has been decreasing in recent months. The trend value for August 2013 is 3.7 percent lower than the series high point in August 2011.



Source: Statistics New Zealand

Change in seasonally adjusted exports values

In August 2013, **aluminium and aluminium articles** (not seasonally adjusted), rose from $38 million to $133 million, with quantities up from 12 tonnes to 49 tonnes. Timing of shipments appears to be a major contributor to this recorded movement.

Logs, wood, and wood articles increased the most of all commodities that have a seasonal pattern, up 14 percent ($45 million), compared with a 5.8 percent fall in the July month.

The value of seasonally adjusted **meat and edible offal** exports fell 7.3 percent ($33 million) in August 2013, compared with a 2.5 percent rise in the July month. **Milk powder, butter, and cheese** fell 3.0 percent ($31 million) following a 14 percent rise in the July month.

Trend for exports of logs, wood, and wood articles continues at high levels

Exports of **logs, wood, and wood articles** continue to report high levels, now 37 percent higher than the most recent low point of February 2012.

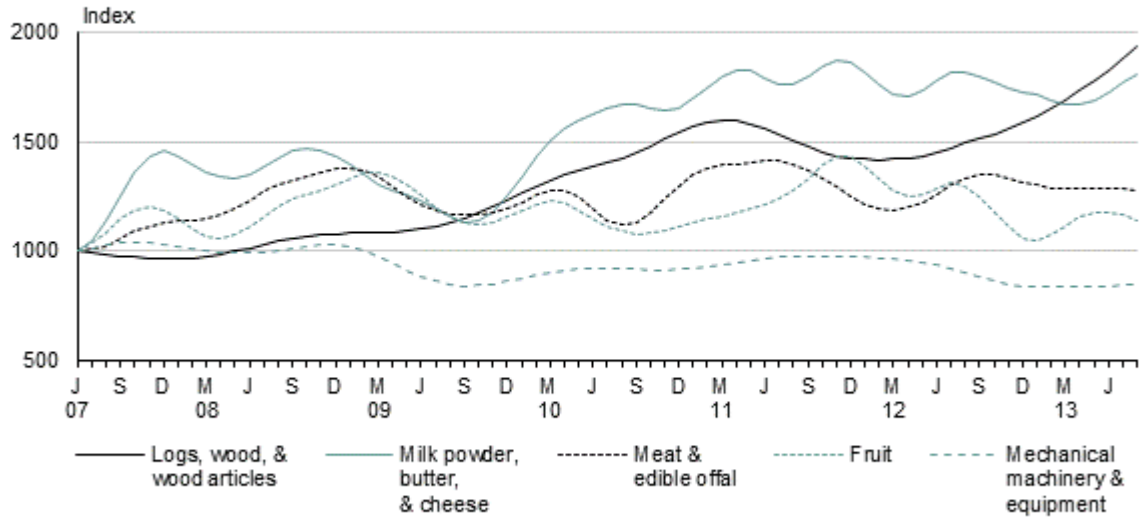
Recent trends for the values of other leading commodity groups show that:

- **milk powder, butter, and cheese** is 0.8 percent lower that its recent high point of August 2012
- **meat and edible offal** is 5.5 percent lower than its most recent high point of September 2012
- **fruit** is 13 percent lower than the July 2012 high point.

Indexed export trend values by leading commodity groupings

Monthly

Base: June 2007 (=1000)

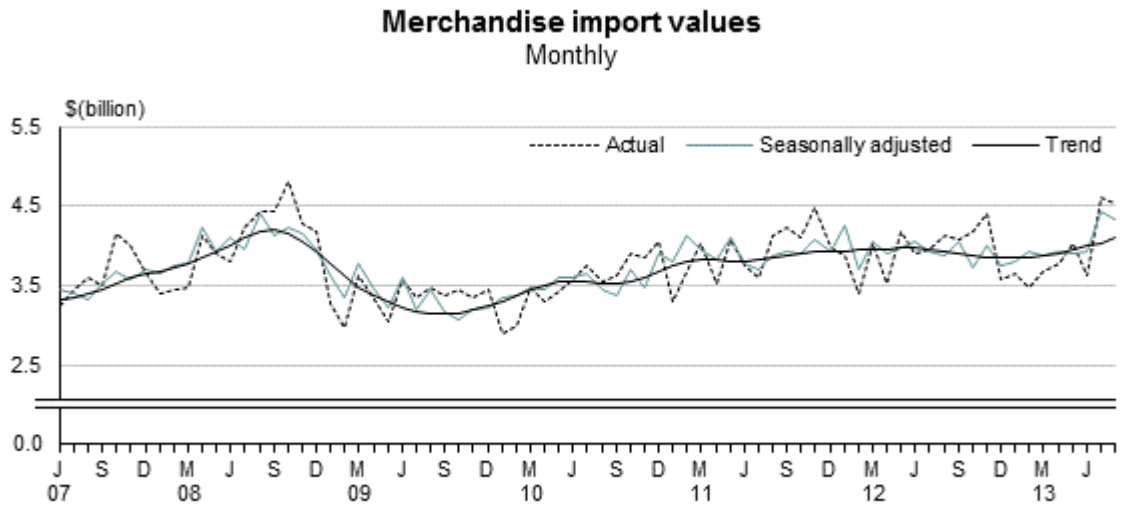


Source: Statistics New Zealand

Seasonally adjusted imports fall 2.5 percent

Seasonally adjusted imports fell 2.5 percent ($109 million) to $4.3 billion in August 2013, compared with July 2013. This follows a 13 percent ($501 million) increase in July 2013. Excluding petroleum and products, seasonally adjusted imports rose 0.8 percent in August 2013.

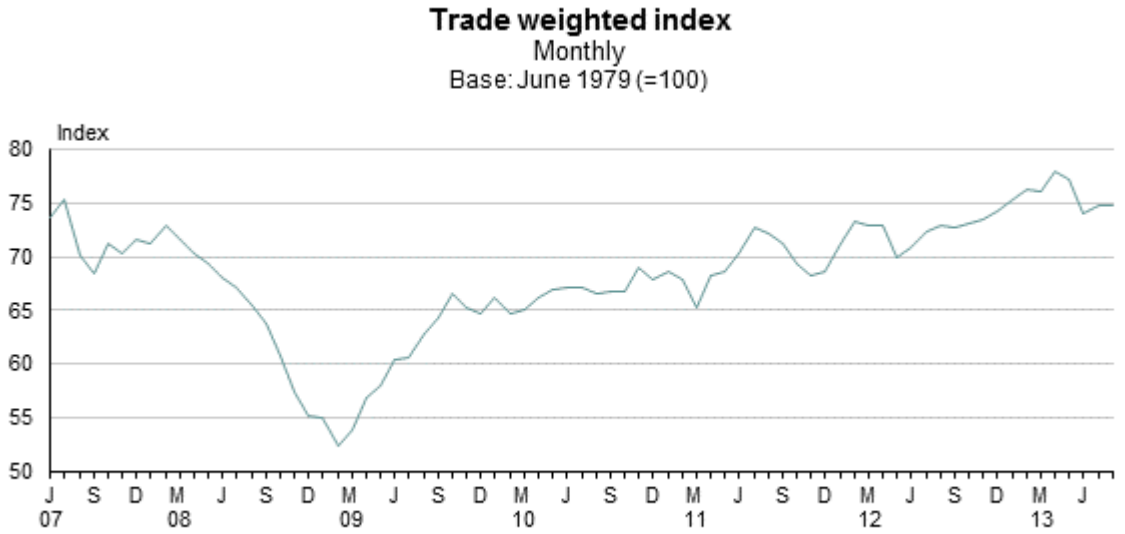
The trend for imported goods values (excluding one-off imports) has been increasing in recent months.



Source: Statistics New Zealand

Exchange rate movements

According to the Reserve Bank's trade weighted index, the New Zealand dollar in August 2013 shows no change compared to July 2013, and is 2.6 percent higher than in August 2012.



Source: Reserve Bank of New Zealand

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: September 2013 will be released on 24 October 2013.

Subscribe to information releases, including this one, by completing the online subscription form.

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

Past releases

Overseas Merchandise Trade has links to past releases.

Related information

Global New Zealand contains comprehensive annual trade statistics.

Overseas Trade Indexes measure the change in the level of prices and volumes of New Zealand's imports and exports.

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

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

Economic Survey of Manufacturing provides an economic indicator of how the manufacturing sector is performing.

New Zealand Customs Service is the government agency that ensures the security of our borders.

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

Data quality

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

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

Period-specific information

Time of recording – number of working days

There were 22 working days in August 2013, compared with 23 working days in August 2012.

Foreign currency conversions August 2013

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.

Currency conversions Foreign currencies to New Zealand dollars				
Currency	Number of exports	Value in foreign currency $(million)	Value in NZD $(million)	Average exchange rate
USD	30,365	1,374	1,727	0.7960
AUD	52,480	257	294	0.8729
EUR	4,151	112	187	0.5997
GBP	2,606	28	54	0.5162
JPY	1,102	4,577	59	77.55
Other currencies	1,789	...	50	...
Total in foreign currency	92,493	...	2,372	...
NZD	92,769	...	957	...
Total	185,262	...	3,328	...
Symbol: ... not applicable				

In August 2013, 92,493 export line entries worth $2.4 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.

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 26 August 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 26 August 2013			Published on 25 September 2013			Change		
	$(million)[1]								
	Exports (fob)	Imports (cif)	Balance (fob-cif)	Exports (fob)	Imports (cif)	Balance (fob-cif)	Exports (fob)	Imports (cif)	Balance (fob-cif)
Month:									
May 2013	4,075 P	4,035 P	40 P	4075 F	4,035 F	40 F	0	0	0
Jun 2013	4,007 P	3,633 P	374 P	4,007 P	3,633 P	374 P	0	0	1
Jul 2013	3,848 P	4,622 P	-774 P	3,846 P	4,617 P	-771 P	-2	-5	3
Year ended:									
May 2013	45,878 P	46,779 P	-901 P	45,878 F	46,780 F	-901 F	0	0	0
Jun 2013	45,707 P	46,523 P	-816 P	45,708 P	46,524 P	-816 P	1	0	1
Jul 2013	45,511 P	47,199 P	-1,688 P	45,510 P	47,194 P	-1,684 P	-1	-5	4

1. Figures are calculated on unrounded data.

Symbols:

F final

P provisional

Source: Statistics New Zealand

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Tables

The following tables are available in Excel format from the ‘Downloads’ box. If you have problems viewing the files, see opening files and PDFs.

1. Overseas merchandise trade, actual values
2. Overseas merchandise trade, seasonally adjusted and trend values – monthly
3. Exports by destination
4. Imports by country of origin
5. Exports of main commodities
6. Imports of main commodities
7. Imports by broad economic category (BEC) group
8. Exchange rates
9. Related series, livestock, cars, and crude oil
10. Exports and imports by Standard International Trade Classification (SITC)
11. Exports by top 10 HS categories, values – seasonally adjusted
12. Exports by top 10 HS categories, quantities – seasonally adjusted
13. Imports by selected HS categories, values – seasonally adjusted
14. Exports by top 10 HS categories, values – trend
15. Exports by top 10 HS categories, quantities – trend
16. Imports by selected HS categories, values – trend

Access more data on Infoshare

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

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