

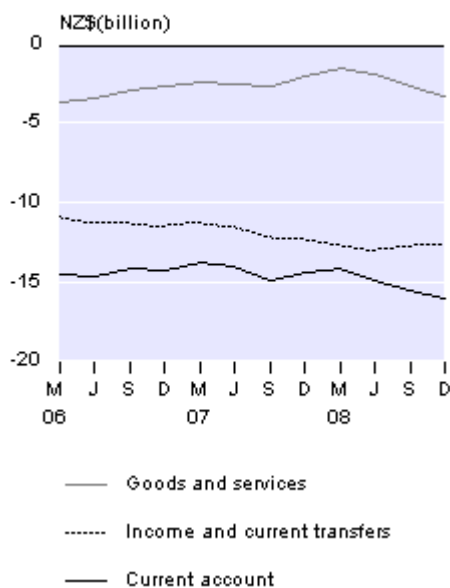
Embargoed until 10:45am – 26 March 2009

Balance of Payments and International Investment Position: December 2008 quarter

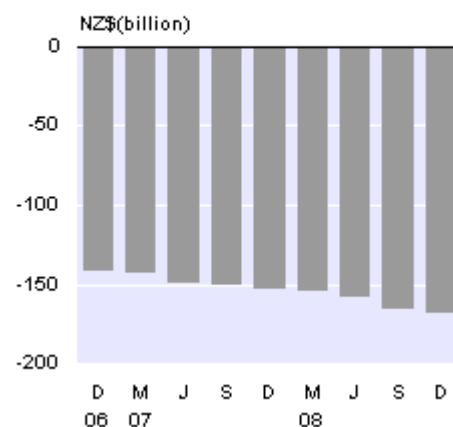
Highlights

- For the year ended December 2008, the current account deficit was 8.9 percent of GDP. This compares with a deficit of 8.6 percent of GDP for the year ended September 2008.
- The seasonally adjusted current account deficit was \$3,772 million in the December 2008 quarter, compared with a September 2008 quarter deficit of \$4,008 million.
- At 31 December 2008, net overseas liabilities of \$167.7 billion were \$15.1 billion (9.9 percent) larger than at 31 December 2007.
- Net international debt increased 14.0 percent from 31 December 2007, while net equity liabilities fell 26.1 percent.

Year ended in Quarter
Balances



Net International Investment Position
Quarterly



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Government Statistician

See also [Balance of Payments and International Investment Position: December 2008 quarter – Media release](#).

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Commentary

Overview

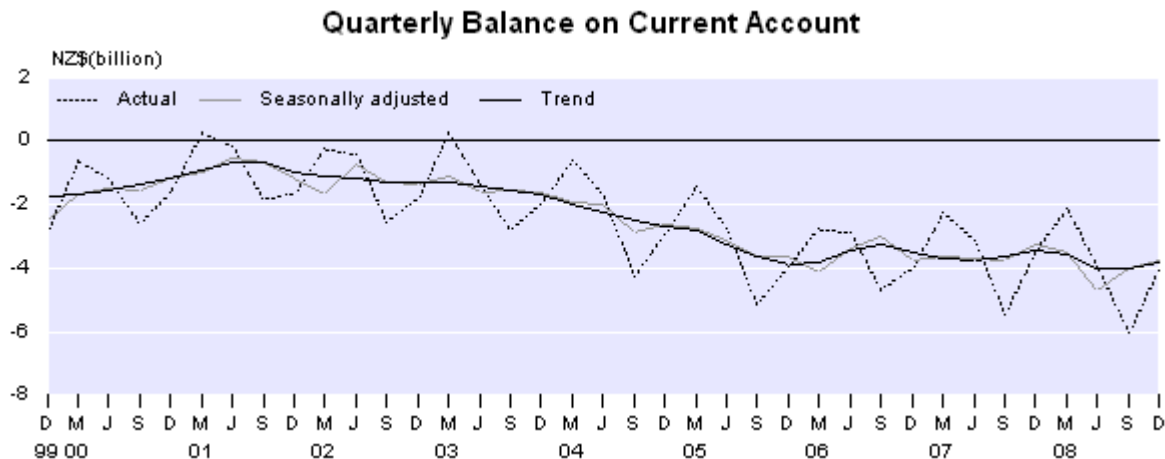
The seasonally adjusted current account deficit was \$3,772 million in the December 2008 quarter, \$236 million smaller than the September 2008 quarter deficit of \$4,008 million. The narrowing of the deficit in the latest quarter was mostly due to an increase in exports of goods, partly offset by an increase in imports of services.

The seasonally adjusted balance on goods was a deficit of \$177 million in the December 2008 quarter. Exports of goods increased \$507 million this quarter, while imports of goods decreased \$121 million.

The investment income deficit, which is not seasonally adjusted, was \$3,199 million in the December 2008 quarter, \$58 million smaller than in the September 2008 quarter. The decrease in the deficit was driven by a fall in income earned by foreign direct investors from their shareholdings in New Zealand companies. This was partly offset by a fall in income from New Zealand's portfolio investment abroad.

For the year ended December 2008, the current account deficit was \$16,073 million (8.9 percent of GDP), compared with \$15,528 million (8.6 percent of GDP) for the year ended September 2008, and \$14,372 million (8.2 percent of GDP) for the year ended December 2007. The increase in the current account deficit from the year ended December 2007 was mostly due to the balance on services, which has gone from a surplus of \$288 million to a deficit of \$1,014 million. Over the same period, the investment income deficit increased by \$746 million, while the goods deficit remained relatively stable.

The \$1,302 million change in the balance on services between the year ended December 2007 and the year ended December 2008 was caused by a \$1,170 million increase in imports of services. This was mainly due to a rise in imports of transportation services. There was also a fall in exports of travel services. The \$746 million increase in the investment income deficit was driven by a fall in earnings from New Zealand's investments abroad.



The December 2008 quarter financial account recorded a net outflow of financial capital of \$2.5 billion. This measured net outflow of capital is inconsistent with the \$4.0 billion current account deficit, which requires financing by a net inflow of capital. The result of the inconsistency is a net errors and omissions (residual) of \$6.7 billion, meaning that the December 2008 quarter financial account does not explain the financing of the current account deficit. Therefore, the December 2008 quarter financial account must be viewed with caution. The residual and its causes are discussed in more detail in the financial account commentary below, and in the technical notes of this release.

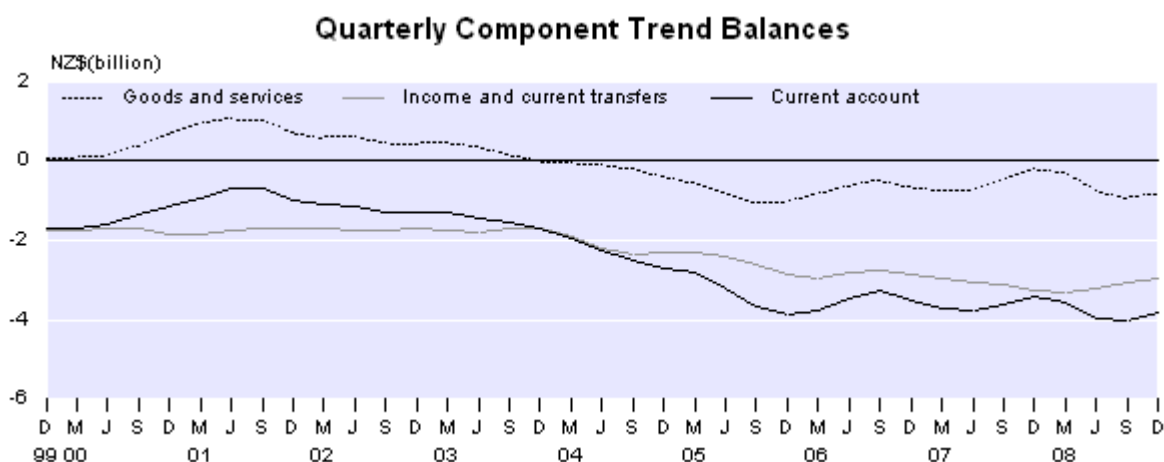
The 31 December 2008 net debtor position (that is, liabilities exceeding assets) was \$167.7 billion. This is \$2.5 billion (1.5 percent) larger than the 30 September 2008 position, and \$15.1 billion (9.9 percent) larger than the 31 December 2007 position. Measured financial account transactions reduced net international liabilities by \$2.5 billion in the December 2008 quarter, but exchange rate, market price, and other valuation changes between 30 September and 31 December 2008 offset this by \$5.0 billion.

Growth in net international debt continues to drive the increase in New Zealand's net international debtor position. At 31 December 2008, net international debt of \$156.3 billion was 14.0 percent higher than at 31 December 2007. Over the same period, the net equity liability position fell 26.1 percent, to \$11.4 billion.

Trend

The current account balance trend shows a smaller deficit compared with the September 2008 quarter. This is due to smaller deficits for both the income and transfers trend and the goods and services trend. Income from foreign investment in New Zealand has been showing a decreasing trend since the December 2007 quarter, and this is the main reason behind the smaller income and transfers deficit. The increasing goods exports trend was behind the declining goods and services deficit in the latest quarter.

Since the September 2005 quarter, the current account balance trend has remained a deficit within a range of between \$3.3 billion and \$4.0 billion. During this time, the movements in the current account balance trend were mostly caused by movements in the goods and services balance trend. From the March 2008 quarter, the income and current transfers deficit trend has been reducing.



Goods

All references are to seasonally adjusted figures unless otherwise stated.

The goods balance was a deficit of \$177 million in the December 2008 quarter, \$628 million smaller than the September 2008 quarter deficit. Exports of goods increased \$507 million in the latest quarter, while imports of goods decreased \$121 million.

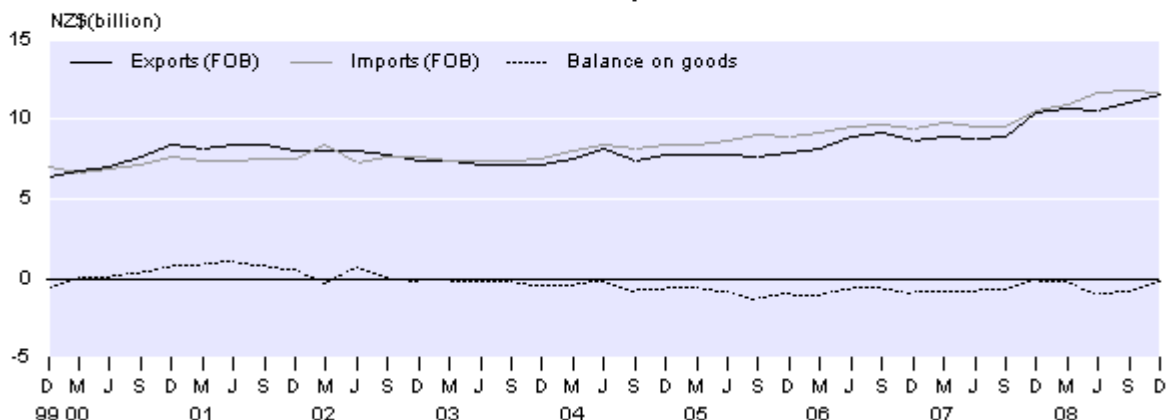
According to the Reserve Bank, the New Zealand dollar fell 11.8 percent against the Trade Weighted Index (TWI) during the December 2008 quarter. When expressed in New Zealand dollar terms, this depreciation increased prices for both imports and exports of goods.

The increase in export values for the December 2008 quarter was mainly due to a rise in the value of dairy products. Prices for dairy products increased 5.8 percent and volumes also increased. An increase in the value of forestry products was the other main driver behind rising export values, due to an 11.2 percent increase in prices. Partly offsetting the general increase in export prices were prices for petroleum and petroleum products exports, which fell 31.6 percent in the December 2008 quarter – the largest quarterly fall since the June 1986 quarter. Total merchandise export volumes fell 1.8 percent during the December 2008 quarter.

A fall in volumes of imported goods in the latest quarter more than offset a 3.4 percent increase in import prices. The main driver of the increase was lower volumes of passenger motor cars. Partly offsetting the general increase in prices for goods imports was a 22.4 percent fall in the price of petroleum and petroleum products – the first fall since the March 2007 quarter.

Balance of Payments (BoP) conceptual adjustments removed \$1,365 million from the value of overseas trade imports for the December 2008 quarter, compared with \$870 million for the September 2008 quarter. This meant that while overseas trade imports data increased (in actual dollar terms), the value of imports, as measured by BoP, decreased this quarter. Conceptual adjustments are made to exports and imports, and include such items as changes in oil stocks held abroad by New Zealand residents, and goods that cross New Zealand's customs frontier without a change in ownership occurring. Refer to the technical notes of this release for further information.

Seasonally Adjusted Goods Quarterly



The actual goods balance for the year ended December 2008 was a deficit of \$2,360 million. This is \$21 million smaller than the deficit for the year ended December 2007. Exports of goods increased \$6.8 billion, with higher values of dairy exports (prices of which increased 35.7 percent over the year to December 2008) and increased exports of petroleum and petroleum products driving this rise. Imports of goods were also up \$6.8 billion, mainly due to higher prices for petroleum and petroleum products during the December 2008 year.

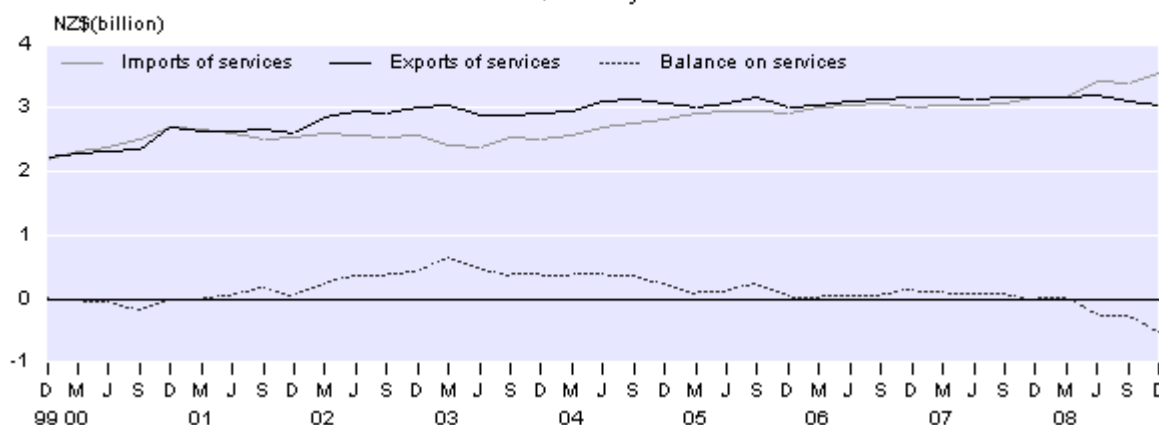
Services

All references are to seasonally adjusted figures unless otherwise stated.

The services balance was a deficit of \$511 million in the December 2008 quarter, an increase of \$243 million from the September 2008 quarter deficit. This increase was driven by a rise in imports of \$163 million in the December 2008 quarter, while the services exports decreased by \$80 million. This is the third consecutive quarter in which the balance on services has declined.

The fall of \$80 million in services exports was caused by a decrease in travel services exports, due to falls in the number of overseas visitors coming to New Zealand and the total number of days spent in New Zealand. There was an increase in average expenditure per person from the September 2008 quarter. However, spending per person in the latest quarter remained significantly lower compared with the December 2007 quarter.

Seasonally Adjusted Services
Quarterly



The increase in imports of services was mainly due to a \$60 million increase in transportation services imports. This reflects rising sea freight prices in the December 2008 quarter (as recorded in the *Overseas Trade Indexes (Prices): December 2008 quarter (provisional)*), which was partly caused by the depreciating New Zealand dollar. Travel services imports increased by \$11 million due to a higher number of New Zealanders travelling to Australia.

Of the other services categories, which are not seasonally adjusted, communication and other business services exports increased by \$17 million and \$39 million, respectively. The increase in other business services was caused by increases in management fees and legal services. Imports of other business services were up \$49 million, driven by increases in trade commissions and management fees. Exports and imports of personal, cultural and recreational services increased due to sales of films and costs incurred in film production.

The year ended December 2008 balance on services was a deficit of \$1,014 million, compared with a surplus of \$288 million for the year ended December 2007. This decline was driven by increasing imports of services, particularly transportation services and services relating to oil production and exploration. In addition, exports of travel services have decreased, reflecting lower visitor arrivals to New Zealand.

Investment income

The December 2008 quarter investment income deficit of \$3,199 million is \$58 million smaller than the September 2008 quarter deficit. Foreign direct investors' earnings from their shareholdings in New Zealand were \$267 million lower in the December 2008 quarter than in the September 2008 quarter. This was offset by a \$176 million fall in New Zealand investors' income from portfolio investment abroad.

Investment income from abroad has fallen by \$102 million to \$668 million for the December 2008 quarter, after being relatively stable for the previous three quarters. The fall in income on New Zealand's portfolio investments abroad was driven by lower dividends on managed funds and interest earned on official sector reserve assets. This fall was partly offset by a rise in investment income from overseas subsidiaries of New Zealand direct investors.

Foreign investors' earnings from their investments in New Zealand were \$3,867 million in the December 2008 quarter, down \$160 million from the September 2008 quarter. The key feature was a fall in income earned by foreign direct investors from their equity investments in New Zealand companies. This was partly offset by a rise of \$183 million to \$374 million in dividends paid to foreign investors holding portfolio equity securities. The December quarters regularly see the highest dividend payments on foreign investment in portfolio equity securities.

December 2008 quarter profits earned by foreign direct investors from their shareholdings in New Zealand companies were \$1,375 million. Profits earned by foreign direct investors in the banking sector rose by \$234 million for the December 2008 quarter, while profits earned by foreign direct investors in the 'other' sector fell by \$501 million. Dividends to foreign direct investors were \$498 million for the December 2008 quarter, \$1,023 million smaller than for the September 2008 quarter and significantly lower than dividends in previous quarters back to March 2007. Reinvested earnings were \$877 million for the December 2008 quarter, a rise of \$756 million from the September 2008 quarter. Foreign direct investors' have chosen to reduce their dividends and reinvest a greater proportion of their income in their enterprises this quarter.

The year ended investment income deficit has decreased for a second consecutive quarter. In the year ended December 2008, the \$13.6 billion deficit is \$89 million smaller than the deficit in the year ended September 2008. However, the year ended December 2008 deficit is \$746 million higher than the deficit in the year ended December 2007. The fall in the deficit from the year ended September 2008 was driven by reduced income from foreign direct investors' shareholdings in New Zealand companies and portfolio investment in New Zealand. This was partly offset by a fall in New Zealand investors' income from direct investment in overseas subsidiaries and portfolio investment abroad.

The growth in the deficit from the December 2007 year was driven by an \$825 million fall in earnings from New Zealand investment abroad. This was mainly due to reduced earnings from direct investment abroad.

Income from foreign investment in New Zealand for the year ended December 2008 was relatively unchanged from the year ended December 2007. This was due to a fall in the earnings of foreign direct investors being almost offset by a rise in income from portfolio and other investment in New Zealand. The proportion of profits distributed as dividends rather than being reinvested in New Zealand was 90.5 percent in the year ended December 2008, compared with 71.7 percent in the year ended December 2007.

Current transfers

Current transfers are offsetting entries to transactions where goods or services are supplied or received without there being an exchange of equal value in return, such as taxes or donations. The balance on current transfers was a surplus of \$123 million in the December 2008 quarter, a decrease of \$175 million from the September 2008 quarter.

Current transfers into New Zealand were \$514 million in the December 2008 quarter, down from \$724 million in the September 2008 quarter. The decrease was mainly due to a fall in non-resident withholding tax (NRWT) received from foreign investors, which is payable on withholding income (such as dividends and interest) earned from their investments in New Zealand. The decrease in NRWT received this quarter is consistent with a fall in dividend payments to foreign investors.

Current transfers out of New Zealand were \$391 million in the December 2008 quarter, a decrease of \$35 million from the September 2008 quarter. This decrease was due to a fall in all expenditure, including government expenditure on subscriptions and official international aid.

For the year ended December 2008, the balance on current transfers was a surplus of \$883 million, an increase of \$326 million from the year ended December 2007. Current transfers into New Zealand were \$2,368 million, up \$442 million, mainly due to tax received on the large dividend payments to foreign investors recorded throughout 2008.

Capital account

The capital account measures the value of assets transferred by migrants into, and out of, New Zealand, as well as the purchase and sale of intangible assets. The capital account balance was a deficit of \$167 million in the December 2008 quarter, a \$30 million narrowing from the September 2008 quarter deficit of \$197 million.

Inflows of capital transfers rose \$43 million in the December 2008 quarter compared with the September 2008 quarter, mainly due to an increase in funds brought by migrant families into New Zealand. Outflows of capital transfers rose \$13 million this quarter, caused by a rise in funds taken by migrants to Australia.

Financial account and international investment position

Financial account (flows)

In the December 2008 quarter, measured financial account transactions showed a \$7.1 billion divestment of New Zealand assets from abroad, and a \$9.6 billion divestment of foreign investment from New Zealand. This resulted in a net \$2.5 billion outflow of financial capital, reducing net liabilities.

The main feature of the withdrawal of New Zealand investment from abroad was divestment by the official sector ((Reserve Bank of New Zealand (RBNZ) and the New Zealand Treasury)) of \$4.9 billion of reserve assets. This was mostly due to the unwinding of short-term reserve asset positions. In addition to this, banks and fund managers reduced their holdings of overseas issued debt securities and fund managers sold shares in overseas companies.

The withdrawal of foreign investment from New Zealand in the December 2008 quarter was driven by banking sector transactions reducing overseas debt security liabilities. These transactions were in part linked to the RBNZ's reduction in reserve assets. In the past months, the RBNZ introduced changes to its liquidity management arrangements, such as the introduction of the Term Auction Facility (TAF). Using this facility banks can enter into security repurchase agreements with the RBNZ using approved securities (eg Residential Mortgage Backed Securities). Data published on the [RBNZ website](#) (table D3, Term Auction Facility) shows that in the December 2008 quarter, \$4.5 billion was transacted in the TAF facility.

The withdrawal of foreign investment from New Zealand also featured foreign direct investors reducing their net lending to their New Zealand subsidiaries. Partly offsetting this was an inflow of foreign other investment into New Zealand, mainly loans raised by the banking sector from overseas lenders.

Balance of payments net errors and omissions (residual)

Current account deficits require a financing inflow of capital. This financing inflow can be a combination of reducing assets held abroad, increasing liabilities to abroad, and inflows through the capital account. The December 2008 quarter financial account net outflow of \$2.5 billion is therefore inconsistent with the current account deficit and is the reason for the \$6.7 billion residual.

The cause of the residual lies in the financial account – not the current account or capital account. As a result of this, the financial account for the December 2008 quarter must be viewed with caution.

There are known areas of under-coverage in the financial account of New Zealand's BoP and IIP statistics that contribute to a residual. These unmeasured areas are discussed further in the technical notes of this release. One such area is transactions from settling derivative contracts falling due in the quarter. This may be of particular significance in the December 2008 quarter, as there was significant volatility in asset and liability values, and exchange rates.

Further contributions to the residual can be the under- or over-estimation of transactions in the financial account. IIP balance sheet positions arise from transactions and valuation changes. Volatility in market prices and exchange rates can lead to greater difficulty in separating the impacts of valuation effects from transactions.

For further information of what net errors and omissions are, and how they occur, please refer to the technical notes of this release.

Reconciling the December 2008 quarter financial account and the international investment position (IIP)

The reconciliation table below shows both the transaction and non-transaction causes of the shift in the net IIP from the position at 30 September 2008 to the position at 31 December 2008. The term IIP is defined in the technical notes of this publication along with the associated term net debtor position.

Reconciliation statement – December 2008 quarter					
NZ\$(million)					
Net IIP at 30 September 2008	Net financial account flows (transactions)	Net exchange rate changes	Net financial derivative valuation changes	Net market price and other valuation changes	Net IIP at 31 December 2008
-165,233	2,532	-2,592	-1,000	-1,409	-167,702

At 31 December 2008, the net debtor position was \$167,702 million, an increase of \$2,469 million (1.5 percent) from 30 September 2008. Net transactions decreased liabilities by \$2,532 million, while net valuation changes added \$5,001 million. Valuation changes arise from changes in exchange rates, market prices of assets and liabilities (eg shares), market values of financial derivative contracts, and other changes such as write-offs.

The main causes of the valuation effects in the December 2008 quarter were:

- Global share-price falls. The main sharemarkets in which New Zealand funds are invested fell between 10 percent and 24 percent.
- Large currency movements. Most notably the New Zealand dollar depreciated against the United States dollar and the Japanese yen.
- Changes in financial derivative contract values related to both changes in currency and market prices.

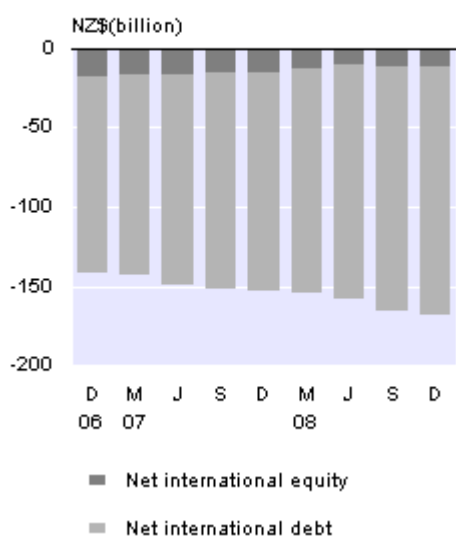
International investment position

This commentary discusses the presentation of New Zealand's international assets and liabilities as shown in tables 10 to 13 of this release.

At 31 December 2008, New Zealand's net debtor position of \$167.7 billion (92.9 percent of GDP) was comprised of \$139.6 billion of international assets and \$307.3 billion of international liabilities. The 31 December 2008 net debtor position was \$2.5 billion (1.5 percent) larger than the 30 September 2008 position (92.0 percent of GDP), and \$15.1 billion (9.9 percent) larger than the 31 December 2007 position (87.1 percent of GDP).

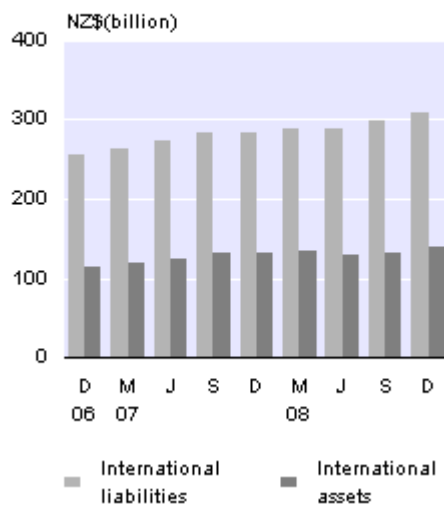
Net International Debt and Equity

Quarterly



International Investment Position (Stocks)

Quarterly



Growth in international debt continues to drive the increase in New Zealand's net international debtor position. Net international debt at 31 December 2008 was \$156.3 billion, up \$2.6 billion from 30 September 2008, and up \$19.2 billion from 31 December 2007. Net international equity at 31 December 2008 was \$11.4 billion.

The biggest movement for both assets and liabilities in the December 2008 quarter was in financial derivatives, which are primarily held by the banking sector. Financial derivative assets were \$25,850 million at 31 December 2008, an increase of \$11,493 million (80.1 percent) from 30 September 2008. Financial derivative liabilities were \$24,907 million at 31 December 2008, an increase of \$12,875 million (107.0 percent) from 30 September 2008.

Next release ...

Balance of Payments and International Investment Position: March 2009 quarter will be released on 25 June 2009.

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Revisions

The tables below present a summary of revisions to the September 2008 quarter BoP and IIP major components, as a result of new or improved data. The revision to reserve assets is due to adjusted data from Treasury.

Current and Capital Accounts			
Component	Previously published September 2008 quarter	Revised September 2008 quarter	Magnitude of revision
NZ\$(million)			
Current account balance	-5,994	-6,013	-19
Current account credits	14,605	14,595	-10
Current account debits	20,599	20,608	9
Balance on goods	-2,049	-2,046	3
Exports (FOB)	10,466	10,455	-11
Imports (FOB)	12,515	12,501	-14
Balance on services	-982	-1,007	-25
Exports of services	2,658	2,646	-12
Imports of services	3,640	3,654	14
Balance on income	-3,248	-3,257	-9
Income from investment abroad	770	770	0
Income from foreign investment	4,018	4,027	9
Balance on current transfers	286	298	12
Inflow of current transfers	712	724	12
Outflow of current transfers	426	426	0
Balance on capital account	-200	-197	3
Capital account inflow	196	199	3
Capital account outflow	396	396	0

Balance of Payments Financial Account			
Component	Previously published September 2008 quarter	Revised September 2008 quarter	Magnitude of revision
NZ\$(million)			
New Zealand investment abroad	-4,651	-4,190	461
Direct investment	123	506	383
Portfolio investment	-161	-65	96
Other investment	867	1,367	500
Reserve assets	-5,480	-5,999	-519
Foreign investment in New Zealand	753	701	-52
Direct investment	2,274	2,157	-117
Portfolio investment	-1,747	-1,747	0
Other investment	226	290	64

Net Errors and Omissions			
Component	Previously published September 2008 quarter	Revised September 2008 quarter	Magnitude of revision
NZ\$(million)			
Net errors and omissions	790	1,319	529

International Investment Position			
Component	Previously published September 2008 quarter	Revised September 2008 quarter	Magnitude of revision
NZ\$(million)			
New Zealand investment abroad	117,473	118,057	584
Direct investment	20,832	21,234	402
Portfolio investment	44,417	44,606	189
Other investment	16,526	17,047	521
Financial derivatives	13,754	13,754	0
Reserve assets	21,945	21,416	-529
Foreign investment in New Zealand	283,324	283,290	-34
Direct investment	95,776	95,634	-142
Portfolio investment	95,577	95,607	30
Other investment	80,799	80,869	70
Financial derivatives	11,171	11,180	9

Technical notes

Introduction

The conceptual framework used in New Zealand's Balance of Payments (BoP) and International Investment Position (IIP) statistics is based on the fifth edition of the International Monetary Fund's *Balance of Payments Manual* (BPM5). Descriptions of the underlying concepts, data sources and methods used in compiling the estimates are presented in the *Balance of Payments Sources and Methods* report. A printed copy can be obtained from Statistics New Zealand: phone (64) 4 931 4600; fax (64) 4 932 2026; email publications@stats.govt.nz; or download the PDF online at: www.stats.govt.nz/analytical-reports/bop-sources-and-methods-2004-ref-report.htm.

Balance of payments

New Zealand's BoP statement is a record of the value of New Zealand's transactions in goods, services, income and transfers with the rest of the world, and the changes in New Zealand's financial claims on (assets) and liabilities to the rest of the world. New Zealand's BoP statement comprises the current and capital accounts (which record the value of New Zealand's transactions in goods, services, income and transfers with non-residents) and the financial account (which records financial transactions involving New Zealand's transactions with non-residents).

Series available online

Under the Making More Information Freely Available (MIFA) initiative, a great wealth of series can now be accessed free of charge from the online Infoshare database, available at <http://www.stats.govt.nz/infoshare>.

To access BoP and IIP time series, click on **Browse**, then choose:

Subject category: Economic indicators, then choose: Balance of Payments

The time series can be downloaded in Excel or comma delimited format.

More information about Infoshare can be found on our website at <http://www.stats.govt.nz/about-infoshare>.

Current account

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

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

To aid analysis, flows of goods, services, income and current transfers are categorised into major types of transactions. In addition, certain balances are calculated. A 'balance' is the credits less debits for a particular item or group of items. A negative number represents a deficit, while a positive number represents a surplus.

Balances are usually in surplus or deficit; zero balances are unusual. The balances are:

- Balance on goods – goods exports (credits) less goods imports (debits).
- Balance on services – services exports (credits) less services imports (debits).
- Balance on income – income receipts (credits) less income payments (debits).
- Balance on current transfers – current transfer inflows (credits) less current transfer outflows (debits).
- Balance on goods and services – goods and services exports (credits) less goods and services imports (debits).
- Balance on income and current transfers – income and current transfer inflows (credits) less income and current transfer outflows (debits).
- Balance on current account – the sum of the balance on goods and services and the balance on income and current transfers.

Conceptual adjustments to exports and imports of goods

Conceptual adjustments are made to the overseas merchandise trade statistics (sourced from the New Zealand Customs Service) to comply with the BoP convention of recording goods in the current account. In BoP, exports and imports of goods are recorded when ownership of the goods passes from a resident to a non-resident, or vice versa. A change of ownership is said to have occurred when "the two parties (exporter and importer) record the transaction in their books or accounts". For merchandise trade statistics, goods are recorded as exports or imports when they cross a customs frontier.

The following adjustments are made to overseas merchandise trade data to meet BoP recording conventions:

- goods that cross the customs frontier without a change in ownership are removed from imports and exports data – an example of this is large capital items imported or exported on an operational lease
- goods that are sold on consignment are removed from trade data, as no change of ownership has occurred
- freight and insurance charges are removed from the value of imports of goods, and reclassified as services
- adding/subtracting changes in oil stocks abroad.

Exports or imports that do not change ownership are excluded from the overseas merchandise trade statistics to determine the goods component in BoP. This adjustment is reflected under the heading 'BoP conceptual adjustments' in table 4 of this release. An example of such an adjustment is when a large capital item is imported to New Zealand on an operational lease. In such a case, the ownership of the large capital item has not changed, so the value of it needs to be removed from merchandise trade imports data where it was recorded as an import when it crossed the customs frontier.

Goods on consignment are goods that are intended for sale but not actually sold at the time that they cross the border of the exporting country. To meet BoP recording convention, the value of goods exported on consignment is removed from the overseas merchandise trade exports in the quarter they leave the country, then added back into exports in the quarter in which the goods are actually sold (that is, when the change of ownership occurs).

Seasonal adjustment and trend analysis

Quarterly current account statistics are subject to large, short-term movements, both irregular and seasonal, which make the interpretation of 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 had the seasonal component removed, trend series have had both the seasonal and the irregular components removed. An example of an irregular event is the purchase of a frigate in the December 1999 quarter. Trend estimates reveal the underlying direction of movement in a series and are likely to indicate turning points more accurately than are seasonally adjusted estimates.

The adjusted balance on the current account is the sum of the adjusted goods, services, income and current transfers balances. The smoothed, seasonally adjusted current account balance (the trend) is formed in the same way.

The seasonally adjusted series are produced using the X-12-ARIMA seasonal adjustment package. The trend estimates are based on a five-term Henderson moving average of the seasonally adjusted series, with an adjustment for outlying values.

Towards the end of the series, trend estimates are subject to change, owing to the use of new data points in the estimation process as they become available. The main reason behind this is that the trend is calculated as a 'centred moving average' of the seasonally adjusted series. Seasonally adjusted values are also subject to some revision, as they are also calculated using centred moving average technology. Generally, these revisions are not as great as for the trend.

Revisions can be particularly large if an observation is treated as an outlier in one period, but is found to be part of the underlying movement as further observations are added to the series. All trend estimates are subject to revisions each quarter, but normally only the previous two or three estimates are likely to be substantially altered.

Reporting on an accrual basis

Survey respondents are asked to provide data on an accrual basis (that is, when the service occurs), as opposed to a payments basis (that is, when the payment is actually received/made). However, when it is not possible to separate payments out on an accrual basis, BoP can sometimes receive data relating to multiple periods in one lump sum. Where possible, BoP reallocates the payment to the period in which the service was performed, but irregular movements can still occur in some service categories.

Capital account

The capital account has two components: 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. Migrants' transfers are an example of a capital transfer.

Financial account

The financial account records financial transactions involving New Zealand claims on (assets) and liabilities to non-residents. The financial account is classified into assets and liabilities, which are broken down by type of investment (direct, portfolio, other investment and reserve assets) and instrument of investment.

Financial account inflows reflect either increases in New Zealand liabilities or decreases in international financial assets. Correspondingly, outflows reflect either increases in New Zealand's international financial assets, or decreases in its international financial liabilities.

Note that the income generated/paid from holding the asset/liability is recorded in the BoP current account component as international investment income.

Net errors and omissions (residual)

BoP statements are compiled using the double-entry bookkeeping system to ensure that the accounts balance in the accounting sense. For example, exports of goods are recorded as credits while payments in exchange for the goods are recorded as debits, denoting either increases in financial assets or decreases in financial liabilities. When goods are supplied as aid to foreign countries with no payment in return, then the goods are included as exports (credits) and an offsetting entry for the value of the goods is made under current transfers (debits).

In practice, the BoP statement does not always balance. In compiling the BoP statement a variety of data sources are used; therefore, some transactions may not be captured and there is a possibility of reporting or compilation errors. To balance the accounts, 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.

The residual can be calculated 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); or (2) the current account balance, plus the net flow of the capital and financial accounts. A positive entry means that the sum of the debits is greater than the sum of the credits.

Persistent large residuals in one direction (negative or positive) may be taken as an indication of 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. Offsetting errors may either be related or unrelated, resulting from a measurement problem affecting both sides or only one side of a transaction. Timing differences in data reported by the different sources used to estimate the credit and debit sides of a transaction may result in positive and negative errors and omissions offsetting each other in successive periods.

The following areas of known financial account undercoverage may contribute to the residual:

- The primary data sources for the financial account and IIP are sample surveys. While a new estimate is made for the non-sampled IIP stock positions each year, no estimate is made for financial account transactions, nor for the associated current account investment income flows.
- Transactions related to managed funds that are not surveyed each quarter. Note that neither the financial account transactions nor current account income are estimated for this item.
- Data about transactions arising from settling and trading in financial derivative contracts are not requested from survey respondents.
- Equity shareholding in overseas companies directly held by New Zealand individuals was estimated at \$10.6 billion at 31 December 2007. Neither financial account transactions nor current account income are estimated for this item.

In any quarter, there may be financial account transactions that, for a number of reasons, are not included in the accounts. Reasons for such undercoverage may include: transactions undertaken by entities that are not in the BoP survey frame; transactions not reported by existing survey respondents; and errors in data reporting and compilation.

The data quality is safeguarded by undertaking regular assurance checks including:

- comparing Reserve Bank of New Zealand (RBNZ) and IIP banking sector data
- monitoring investment activity approved by the Overseas Investment Office
- reconciling changes in stock position of inwards and outwards investment against financial account transactions, reporting changes due to 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 the BoP and IIP
- annually reviewing the survey populations, with additions made at any time during the year where warranted
- editing and validating data received from survey respondents – this process often involves assessing data reported in surveys against published accounts, and consulting survey respondents, particularly in respect of large and complex transactions.

Data confidentiality

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

Data sources

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

- Surveys of New Zealand resident enterprises conducted by Statistics NZ. These surveys operate with the approval of the Minister of Statistics and their completion is therefore a compulsory requirement as set out in the Statistics Act 1975. These surveys are directed at New Zealand-resident enterprises that have been identified as being relevant to BoP and IIP statistics.
- Surveys conducted by other entities. Some of the data used is purchased by Statistics NZ from other organisations that operate an appropriate survey. Statistics NZ has input into the design of these surveys. One example is the International Visitors Survey operated by a marketing company for the Ministry of Tourism (which supplies quarterly data used in the measure of exports of travel services in the current account). Another example is the Quarterly Managed Funds Survey (QMFS). This is a joint RBNZ and Statistics NZ operation, which supplies data for the current account component of income (credit), and the financial account and IIP components of portfolio investment, financial derivatives and other investment (assets).
- Administrative data, for example non-resident withholding tax data from Inland Revenue and New Zealand Customs Service records of imports and exports, published by Statistics NZ each month as overseas merchandise trade statistics.
- Financial market information, including interest and exchange rates and share prices. Much of this information is taken from publicly available information sites.

Balance of Payments Quality Plan

Work is continuing on issues identified in the 2004 *Balance of Payments Quality Plan* document. The plan was developed in response to potential weaknesses in BoP data sources, methods and processes.

The current BoP data quality projects underway include:

- coverage and collection of BoP data as a result of offshoring activities of New Zealand companies
- update to the methodology for the individual holdings of assets abroad.

Offshoring activity

Statistics NZ has started a project to investigate the coverage and collection of BoP data on the offshoring activities of New Zealand companies. This project has three stages. The initial stage is almost complete. It involves producing an information paper on the knowledge gained on the offshoring activity to date. The second stage involves investigating data coverage and collection issues and making recommendations for improvements. The final stage will involve implementing the recommendations identified in stage two.

Individual holdings of assets abroad

The tasks completed to date include:

- discussing the project outcomes with other government and non-government organisations that have an interest in it
- identifying the various paths chosen by individuals in New Zealand to invest abroad and the mechanisms currently in place to collect data on these investments
- identifying a number of options for collecting data where no current collection mechanisms exist.

This project is progressing more slowly than expected as staff have been concentrating on the production of quarterly statistics. Issues identified in this project link with work that Statistics NZ and the RBNZ are doing to improve the coverage and quality of data about securities issued by non-residents and held by residents. A related topic is debt securities issued in New Zealand by overseas residents (Kauri bonds), and is discussed later in these technical notes.

International investment position

The IIP 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. It comprises 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: (1) the BoP financial account transactions; and (2) the other (non-transactional) changes that occur during the period. Examples of the latter are revaluations, changes in market prices, changes in exchange rates, and other changes such as write-offs.

Exchange rate and share index movements: December 2008 quarter

A comparison of the exchange rates at 31 December 2008 and 30 September 2008 showed that the New Zealand dollar depreciated against most of the currencies our international financial assets and liabilities are held in. A depreciation of the New Zealand dollar increases the New Zealand dollar value of foreign currency assets and liabilities within the IIP, whereas an appreciation of the New Zealand dollar has the opposite effect. The exchange rate impacts varied this quarter depending on the timing of transactions. For example, while the Australian dollar to New Zealand dollar was 0.8441 at the start of the quarter and 0.8356 at the end of the quarter, the RBNZ daily rates tables show that it reached a minimum of 0.8200 on 04 December 2008 and a maximum of 0.9115 on 16 October 2008.

All major sharemarket indexes decreased over the period from 30 September to 31 December 2008. The value of foreign investors' New Zealand shares, as well as New Zealand investors' overseas shareholdings, decreased with these falling share indexes.

Presentation of international investment position statistics

There are two ways of presenting IIP statistics: the BoP presentation and the balance sheet presentation. While total assets and liabilities differ in each, the net IIP result is identical, regardless of the method used.

Balance of payments presentation

The BoP presentation of New Zealand's IIP classifies investment by the relationship between the investor and the investment enterprise. This approach presents New Zealand's investment abroad (assets) by direct investment, portfolio investment, other investment, financial derivatives and reserve assets. Foreign investment in New Zealand (liabilities) is classified in the same way, except for reserve assets, which are not applicable. The BoP approach is the one recommended by the International Monetary Fund (IMF).

Balance sheet presentation

This approach uses a balance sheet format to present New Zealand's international assets and liabilities. The use of the balance sheet format enables presentation of assets and liabilities disaggregated into:

- gross and net equity positions, overseas debt (borrowing), lending abroad, and net overseas debt (table 10)
- borrowing and lending disaggregated by broad sector (table 10), by instrument type (table 11), by currency in which the obligations are repayable (table 12), and by residual maturity (table 13).

The relationship between the two presentations

Although there are differences in the classification of some transactions between the balance sheet and the BoP presentation, it is still possible to reconcile some items. The equity positions in the BoP presentation for New Zealand investment abroad sum to the equity figure under international assets in the balance sheet presentation. Similarly, the equity positions in the BoP presentation for foreign investment in New Zealand sum to the equity figure under international liabilities in the balance sheet presentation. Reserve assets are treated the same way in both presentations.

Lending and borrowing in the balance sheet and BoP presentations are treated differently and will not reconcile. All lending in the balance sheet presentation is treated as an asset and all borrowing treated as a liability. In the BoP presentation for New Zealand investment abroad, net lending by New Zealand enterprises is reported, and for foreign investment in New Zealand, net borrowing by New Zealand subsidiaries is reported.

In the BoP presentation, net lending refers to the total lending by New Zealand parent enterprises to their overseas subsidiaries, less any borrowing by New Zealand parent enterprises from their overseas subsidiaries. Net borrowing refers to the total borrowing by New Zealand subsidiaries from their overseas parent enterprise, less any lending by New Zealand subsidiaries to their overseas parent.

As the BoP presentation treats some borrowing as negative lending and some lending as negative borrowing, the values of lending and borrowing reported in the BoP presentation will not reconcile with those in the balance sheet presentation. For example, prepaid inter-company accounts with overseas parent enterprises are viewed as lending using the balance sheet presentation, but as negative borrowing using the BoP presentation.

International debt and external debt statistics

As described above, net international debt comprises lending to non-residents less borrowing from non-residents. Debt is an actual current contractual obligation that requires payment of principal and/or interest by the debtor at some point(s) in the future. Conversely, equity ownership represents a claim over the residual value of an enterprise.

Table 10 of the BoP and IIP release presents New Zealand's international balance sheet position, to which New Zealand's international debt contributes. In table 10, gross international debt is termed 'borrowing'. Statistics NZ's measurement of international borrowing differs from the IMF's measure of external debt as set out in their *External Debt Guide* (2003). The difference lies in the treatment of financial derivative liability positions. The *External Debt Guide* excludes these positions; whereas in table 10, measures of international lending, borrowing and net international debt include these positions.

The IMF's *External Debt Guide* excludes financial derivative asset and liability positions because no principal is required to be repaid and interest is not accrued. An overdue obligation to settle a financial derivative contract is treated in both the IMF's guide and the table 10 series, like any arrears, as a debt liability because payment is required.

New Zealand's external debt, lending, and net external debt can be derived from the data presented in table 11. This table presents New Zealand's international financial assets and liabilities disaggregated by instrument type, where financial assets and liabilities equate to international lending and borrowing, respectively, in table 10. Deriving external debt and external lending is done using table 11 data by deducting from each of total international assets (IIPQ.S5AA3) and liabilities (IIPQ.S5AL3) the value of financial derivative asset (IIPQ.S5AA6F) and liability (IIPQ.S5AL6F) positions, respectively, and by using the adjusted totals of international financial assets (external lending) and liabilities (external debt) to calculate net external debt.

The table below derives the net external debt position from table 11 data and compares it with the net international debt position of table 10.

Calculating New Zealand's net external debt			
Period	31 December 2007	30 September 2008	31 December 2008
	NZ(\$)million		
Total international financial lending IIPQ.S5AA3	78,481	81,460	91,720
less financial derivatives IIPQ.S5AA6F	10,004	14,357	25,850
External lending	68,477	67,103	65,870
Total international borrowing IIPQ.S5AL3	215,597	235,102	248,015
less financial derivatives IIPQ.S5AL6F	9,763	12,032	24,907
External debt	205,834	223,070	223,108
Net external debt	-137,357	-155,967	-157,238
Net international debt IIPQ.S5AA2B	-137,116	-153,642	-156,296
Difference; net external debt less net international debt	-241	-2,325	-942

Debt securities issued in New Zealand by overseas resident issuers (Kauri bonds)

Kauri bonds are debt securities issued in New Zealand, in New Zealand dollars, by non-resident issuers. In accordance with BoP compilation principles, if a New Zealand-resident investor holds such bonds, then the resident holder has a claim over the non-resident issuer. These holdings contribute to New Zealand investment abroad (international assets). When Kauri bonds are held by non-residents, then they are neither assets nor liabilities of New Zealand; they are a claim by the non-resident holder over the non-resident issuer. The Australian Bureau of Statistics (ABS) has adopted the same treatment in respect to Kangaroo bonds (that is, debt securities issued in Australia by non-residents).

When reporting to surveys that collect data for the international accounts, some respondents have treated their investments in Kauri bonds as investment in New Zealand, leading to under-measurement of international assets and associated income in the statistics. This misreporting arises because these bonds are issued in New Zealand and denominated in New Zealand dollars, and are therefore often interpreted by respondents as not relevant to the international investment surveys.

After consultation, a number of respondents to international investment surveys now report their holdings of Kauri bonds as investment abroad in their surveys, along with the associated income. This data is incorporated into the statistics effective from the December 2007 quarter. In addition, an estimate of Kauri bonds acquired by the New Zealand household sector in the December 2007 quarter has been included in the BoP financial account transactions and the IIP as investment abroad. The estimate of resident households investment in Kauri bonds is held constant from quarter to quarter, and the sectoral classification is to 'other sectors' (table 10). Income earned from the investment is estimated using published rates of return, and is included in: income from New Zealand investment abroad, portfolio investment income, income on debt, bonds and notes (table 6). The estimates are subject to change in the expectation that further work leads to improved data.

Holdings of Kauri bonds by New Zealand residents included in the statistics as investment abroad are estimated to understate residents' total holdings by approximately \$2.0 billion as at 31 December 2008 (1.6 percent of total New Zealand investment abroad, table 2). This conclusion is drawn from comparing estimates of Kauri bond assets included in the international investment position statistics with information about Kauri bonds obtained primarily from RBNZ published data, and from other published sources. Further work aimed at improving data about the issuance and holding of Kauri bonds is underway. This includes work being done in conjunction with the RBNZ.

RBNZ securities subject to repurchase agreements

Non-resident issued debt securities, denominated in foreign currencies and held by the RBNZ, contribute to New Zealand's official sector reserve assets. When such a security is subject to a repurchase (repo) agreement, it remains in the IIP as an asset, but not as a reserve asset. The appropriate IIP classification is: New Zealand investment abroad; portfolio investment; debt securities (as opposed to investment abroad; reserve assets). The cash received for the 'repoed' security is recorded as a liability in the IIP as: foreign investment in New Zealand: other investment; loans. This is the collateralised loan approach to recording repoed securities. However, in the IIP, the repoed security is misclassified to New Zealand investment abroad; other investment; other instruments (instead of to portfolio investment); debt securities. The work to correctly classify the securities involved was expected to be implemented with the release of June 2008 quarter statistics in September 2008. However, it has not been possible to complete the work in time for the September 2008 release. We now expect the necessary changes to be implemented in the release of June 2009 quarter statistics in September 2009.

Undercoverage estimate for the international investment position

The data sources for BoP financial account and IIP statistics are a set of surveys. The main survey is the QIIS. Other sources include: the Treasury and RBNZ, surveyed directly each quarter; a quarterly survey of New Zealand resident nominees; and the Quarterly Managed Funds Survey (QMFS), which is a joint RBNZ/Statistics NZ collection. For further information about the BoP financial account and IIP data sources, refer to chapter 11 of the *Balance of Payments Sources and Methods*, available at: www.stats.govt.nz.

The QIIS, Quarterly Nominees and QMFS are all sample surveys. Estimates for non-surveyed enterprises (undercoverage estimates) are determined each year for the QIIS and incorporated into the published accounts. No estimate is made for survey undercoverage in respect of the Quarterly Nominees Survey (which supplies data on foreign portfolio equity investment in New Zealand via resident nominees). The QMFS is a sample of principal New Zealand fund managers. No estimate for QMFS undercoverage is currently included in the published tables. However, smaller fund managers are surveyed annually, and estimates of their funds under management are presented in the footnotes to the tables covering international assets and liabilities.

The QIIS is a quarterly sample of approximately 500 enterprises. The sample is intended to capture approximately 95 percent of the stock levels of the main IIP components.

The amount by which the quarterly sample survey is estimated to undercover the population is derived from the Annual International Investment Survey (AIIS). The AIIS survey collects data as at 31 March each year from a population of enterprises identified as being relevant to the BoP financial account and the IIP, but not surveyed in the QIIS. The AIIS is intended to be a census survey every three years and a sample survey in the interim years. The results of the AIIS are used to:

- (i) Provide IIP (table 2) and international asset and liability (tables 10 to 13) positions to supplement the regular quarterly sample survey (QIIS). This estimate is known as the non-sampled estimate (NSE) and is added to the results of each quarter's QIIS results and included in the published accounts. The QIIS and NSE estimates of investment positions are New Zealand's measured international investment positions.
- (ii) Update the sample used in the regular quarterly sample survey (QIIS). To reduce the compliance load faced by the smaller businesses that typically constitute the AIIS population, the AIIS questionnaire is an abbreviated form of the QIIS questionnaire.

Note that in respect of NSE investment positions, the associated current account investment income flows and financial account transactions are neither collected nor estimated.

Currency and maturity breakdowns of the non-sampled estimate

To improve the usefulness of the assets and liabilities data, Statistics NZ has allocated the NSE across the different currency and residual maturity profiles. For each period's investment positions, the NSE has been allocated across the various profiles using that period's QIIS data collected from non-bank enterprises. The assumption is that the behaviour of the NSE data is similar to that of the non-bank enterprises surveyed in the QIIS. The resulting apportionment of NSE estimates is then added to the QIIS residual maturity and currency totals.

Review of sample of fund managers, and level shift in investment abroad

The sample of fund managers surveyed each quarter has been reviewed. The changes made have resulted in a level shift up in the measured level of funds under management abroad. This level shift is approximately \$1.4 billion, effective in the December 2007 quarter. The Annual Managed Funds Survey (AMFS) data estimate of funds invested abroad through smaller fund managers, previously updated at 31 December 2006, has now been updated for 31 December 2007. The 2007 results were included in the release of March 2008 quarter BoP and IIP statistics in June 2008. This data is presented as footnotes to tables 2, 10, 11, 12 and 13 of this release.

Annual Managed Funds Survey

The AMFS is conducted jointly by the RBNZ and Statistics NZ and has collected data at 31 December since 2001. The AMFS measures the stock of investment held (both in New Zealand and abroad) by fund managers who are not in the QMFS.

The results from the sample surveys showed assets held abroad of:

Results from the AMFS	
Period	Assets held abroad NZ\$(million)
December 2007	3,657
December 2006	4,315 (R)
December 2005	3,225
December 2004	1,036
December 2003	897
December 2002	2,187
December 2001	2,365

Symbol:

R^{*} revised

The AMFS does not capture any financial account transaction flow or current account investment income data. This data is not included in the IIP series of New Zealand investment abroad. The data from the AMFS for portfolio investment abroad is shown in the IIP tables of this release as an addendum item. The data is as at 31 December only.

The December 2003 and December 2002 data presented above are not comparable, as the large fund managers reporting in the 2002 AMFS were added to the QMFS from the beginning of the March 2003 quarter. In the December 2003 period, the largest of the annually surveyed fund managers were incorporated into the QMFS and from that point the data relating to those enterprises was included in the IIP series.

A review of the survey's results and an investigation into the feasibility of adjusting the data (to take account of market price and exchange rate movements) are planned, before the data series is formally migrated into the New Zealand IIP statistics. For further information on the AMFS, contact Salendra Kumar on 04 931 4600 or email: bop.surveys@stats.govt.nz.

Equity shareholding in overseas companies directly held by New Zealand individuals

Many New Zealand individuals invest directly abroad and hold these overseas assets in their own custody or in the custody of an overseas entity. Only data relating to overseas financial assets of New Zealand enterprises, and those held by New Zealand individuals and organisations where the investments are undertaken by New Zealand fund managers, are reported in the BoP and IIP statistics. To cover the gap (that is, between assets invested and held directly), Statistics NZ has made estimates of the level of individuals' directly-held overseas equities. The estimates are presented as an addendum item in the IIP (table 2). This is because the estimation methodology relies on several key assumptions that cannot, at this stage, be fully tested by reference to available data. Changes to these assumptions can significantly alter the size of the estimate.

Equity shareholding in overseas companies directly held by New Zealand individuals			
Period	Latest estimate	Previously published	Amount held in Australia
NZ\$(billion)			
December 2007	10.6	..	8.8
December 2006	7.8	..	6.2
December 2005	6.4	4.5	5.1
December 2004	5.2	5.2	4.0

Symbol:

.. data unavailable

International trade in carbon emissions units

The classification and treatment of emission units is still under discussion in international accounting and statistical forums. In compiling BoP and IIP statistics, Statistics NZ regards emission units as intangible non-produced assets. Therefore, international trade in these units is recorded in the capital account of the BoP. For example, the sale of emission units by a resident to a non-resident is recorded as a capital account receipt.

More information

For more information, follow the links from the Technical notes of this release on the Statistics NZ website.

[Quarterly Balance of Payments](#)
[International Trade in Services Survey](#)
[International Transportation](#)
[International Visitors Survey](#)
[International Insurance](#)
[New Zealand Travellers Expenditure Model](#)
[Quarterly International Investment](#)
[Government Services](#)
[Government Transfers](#)
[Migrants Transfers](#)
[Transfers](#)
[Quarterly Nominees](#)
[Managed Funds](#)

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Timing

Timed statistical releases are delivered using postal and electronic services provided by third parties. Delivery of these releases may be delayed by circumstances outside the control of Statistics NZ. Statistics NZ accepts no responsibility for any such delays.

Tables

The following tables are printed with this Hot Off The Press and can also be downloaded from the Statistics New Zealand website in Excel format. If you do not have access to Excel, you may use the [Excel file viewer](#) to view, print and export the contents of the file.

1. Balance of payments major components, quarter ended
2. International investment position, at end of quarter
3. Balance of payments seasonally adjusted and trend series, quarter ended
4. Current account goods, quarter ended
5. Current account services, quarter ended
6. Current account income, quarter ended
7. Balance of payments major balances, actual
8. Balance of payments major balances, year ended in quarter
9. Balance of payments financial account, quarter ended
10. International assets and liabilities, at end of quarter
11. International financial assets and liabilities by instrument, at end of quarter
12. International financial assets and liabilities by currency, at end of quarter
13. International financial assets and liabilities by residual maturity, at end of quarter
14. Balance of payments ratios

Table 1

Balance of Payments Major Components⁽¹⁾⁽²⁾

Quarter ended
NZ\$(million)

	Series ref: BOPQ	Quarter					
		2007		2008			
		Sep	Dec	Mar	Jun	Sep	Dec
New Zealand's current account summary							
Balance on goods	S5AC3A1	-1,632	-428	294	-79	-2,046 R	-529
Exports (FOB)	S5AC1A1	8,446	10,527	10,404	11,340	10,455 R	11,614
Imports (FOB)	S5AD1A1	10,077	10,955	10,110	11,419	12,501 R	12,143
Balance on services	S5AC3A2	-649	97	933	-518	-1,007 R	-421
Exports of services	S5AC1A2	2,689	3,300	3,829	2,894	2,646 R	3,149
Imports of services	S5AD1A2	3,338	3,203	2,897	3,412	3,654 R	3,570
Balance on income	S5AC3B1	-3,446	-3,289	-3,482	-3,644	-3,257 R	-3,199
Income from investment abroad	S5AC1B2	979	1,126	743	736	770 R	668
Income from foreign investment	S5AD1B2	4,425	4,414	4,225	4,380	4,027 R	3,867
Balance on current transfers	S5AC3B2	259	139	147	315	298 R	123
Inflow of current transfers	S5AC1C	614	509	486	644	724 R	514
Outflow of current transfers	S5AD1C	354	371	339	328	426	391
Current account balance	S5AC3	-5,467	-3,481	-2,109	-3,925	-6,013 R	-4,026
New Zealand's capital account summary							
Balance on capital account	S5AC4A	-175	-164	-202	-241	-197 R	-167
Capital account inflow	S5AC2A	218	243	253	192	199 R	242
Capital account outflow	S5AD2A	393	407	455	433	396 R	409
New Zealand's financial account summary							
New Zealand investment abroad	S5AD2B	2,752	1,832	5,853	-5,616	-4,190 R	-7,094
Direct investment	S5AD2B1	707	-412	1,303	-915	506 R	-752
Portfolio investment	S5AD2B2	-212	636	1,312	1,292	-65 R	-2,614
Other investment	S5AD2B3	1,193	1,425	755	-6,335	1,367 R	1,202
Reserve assets	S5AD2B5	1,064	182	2,483	342	-5,999 R	-4,930
Foreign investment in New Zealand	S5AC2B	8,179	5,839	8,050	-1,827	701 R	-9,626
Direct investment	S5AC2B1	932	215	1,963	804	2,157 R	-2,109
Portfolio investment	S5AC2B2	4,027	5,743	3,634	-691	-1,747	-10,870
Other investment	S5AC2B3	3,220	-118	2,453	-1,940	290 R	3,353
Net errors and omissions							
Net errors and omissions	S5AC4B6	215	-362	114	378	1,319 R	6,726

(1) These tables are presented in general accordance with principles laid down by the International Monetary Fund, in the fifth edition of *the Balance of Payments Manual*.

(2) Data may not sum to stated totals due to rounding.

Note:

FOB free on board

Symbol:

R revised

Table 2

 International Investment Position⁽¹⁾

At end of quarter

NZ\$(million)

	Series ref: IIPQ	Quarter					
		2007		2008			
		Sep	Dec	Mar	Jun	Sep	Dec
New Zealand's investment abroad							
Direct investment abroad	S5AAA1	23,176	19,465	20,862	20,559	21,234 R	22,632
Equity capital	S5AAA11	20,903	16,990	17,656	18,079	18,762 R	19,825
Other capital	S5AAA12	2,273	2,474	3,206	2,480	2,472 R	2,808
Portfolio investment ⁽²⁾	S5AAA2	44,336	45,997	44,330	45,626	44,606 R	40,113
Equity securities ⁽³⁾	S5AAA21	35,520	35,415	33,389	34,037	31,611 R	28,044
Debt securities	S5AAA22	8,816	10,582	10,941	11,590	12,995 R	12,069
Other investment	S5AAA3	19,840	21,441	21,974	15,426	17,047 R	18,603
Trade credits	S5AAA31	2,853	3,578	3,808	3,429	3,234 R	3,505
Loans	S5AAA32	10,636	11,167	11,703	7,092	7,460 R	8,111
Deposits	S5AAA33	5,064	5,182	4,943	4,439	5,336 R	5,295
Other instruments	S5AAA34	1,288	1,513	1,520	466	1,017 R	1,692
Financial derivatives	S5AAA4	9,547	9,274	10,162	8,760	13,754	24,840
Reserve assets	S5AAA5	22,324	22,268	24,538	25,624	21,416 R	19,281
Total New Zealand investment abroad	S5AAA	119,222	118,444	121,867	115,995	118,057 R	125,470
Foreign investment in New Zealand							
Direct investment	S5ALA1	94,559	91,656	93,292	94,070	95,634 R	92,350
Equity capital	S5ALA11	54,144	51,552	50,619	50,856	50,779 R	49,135
Other capital	S5ALA12	40,415	40,104	42,674	43,215	44,855 R	43,215
Portfolio investment	S5ALA2	87,509	91,691	92,489	92,523	95,607 R	90,480
Equity securities	S5ALA21	17,611	16,294	13,698	11,962	11,186	10,140
Debt securities	S5ALA22	69,898	75,397	78,792	80,561	84,421 R	80,340
Other investment	S5ALA3	78,225	78,357	80,110	79,263	80,869 R	87,075
Trade credits	S5ALA31	1,640	1,623	1,765	.. C	.. C	.. C
Loans	S5ALA32	51,840	51,344	55,744	54,816	55,689 R	61,463
Deposits	S5ALA33	23,339	23,997	21,287	21,613	22,161	22,736
Other instruments	S5ALA34	1,407	1,392	1,314	.. C	.. C	.. C
Financial derivatives	S5ALA4	10,005	9,297	9,856	8,578	11,180 R	23,266
Total foreign investment in New Zealand	S5ALA	270,299	271,000	275,748	274,435	283,290 R	293,172
New Zealand's net international investment position							
Net international investment position	S5AAB	-151,076	-152,556	-153,880	-158,440	-165,233 R	-167,702

(1) Data may not sum to stated totals due to rounding.

(2) Annual Managed Funds Survey data estimate of funds invested abroad through smaller fund managers was \$3.7 billion at 31 December 2007. This and the estimates for earlier periods are not included in this table. Refer to the technical notes of this release.

(3) Statistics New Zealand estimates the value of overseas shares held directly by New Zealand individuals. The estimate at 31 December 2007 is \$10.6 billion. This and the estimates for earlier periods are not included in this table. Refer to the technical notes of this release.

Symbols:

C confidential
 R revised
 .. data not available

Table 3

Balance of Payments Seasonally Adjusted and Trend Series⁽¹⁾
Quarter ended
 NZ\$(million)

	Balance on goods and services		Balance on income and current transfers		Balance on current account	
	Seasonally adjusted	Trend ⁽²⁾	Seasonally adjusted	Trend ⁽²⁾	Seasonally adjusted	Trend ⁽²⁾
<i>Series ref: BOP</i>	<i>S5SC3A</i>	<i>S5TC3A</i>	<i>S5SC3B</i>	<i>S5TC3B</i>	<i>S5SC3</i>	<i>S5TC3</i>
Quarter						
2003 Dec	26	29	-1,647	-1,716	-1,621	-1,687
2004 Mar	-73	-59	-1,877	-1,906	-1,950	-1,965
Jun	171	-72	-2,170	-2,199	-1,999	-2,270
Sep	-413	-185	-2,481	-2,334	-2,894	-2,519
Dec	-448	-379	-2,152	-2,323	-2,600	-2,702
2005 Mar	-505	-525	-2,267	-2,305	-2,771	-2,830
Jun	-714	-810	-2,436	-2,416	-3,151	-3,225
Sep	-1,106	-1,036	-2,533	-2,605	-3,639	-3,641
Dec	-864	-1,036	-2,787	-2,845	-3,651	-3,881
2006 Mar	-986	-854	-3,125	-2,933	-4,111	-3,788
Jun	-582	-629	-2,791	-2,819	-3,373	-3,447
Sep	-442	-507	-2,567	-2,761	-3,010	-3,268
Dec	-721	-641	-3,027	-2,854	-3,748	-3,495
2007 Mar	-689	-732	-2,945	-2,981	-3,634	-3,712
Jun	-715	-716	-3,004	-3,068	-3,720	-3,785
Sep	-589	-493	-3,170	-3,121	-3,759	-3,614
Dec	-82	-189	-3,157	-3,239	-3,239	-3,427
2008 Mar	-182	-271	-3,321	-3,304	-3,503	-3,574
Jun	-1,333	-757	-3,358	-3,232	-4,692	-3,989
Sep	-1,073	-924	-2,934	-3,080	-4,008	-4,004
Dec	-689	-818	-3,084	-2,978	-3,772	-3,797

(1) The incorporation of the latest quarterly New Zealand Balance of Payments data has resulted in revisions to the seasonally adjusted statistics, back to the March 1994 quarter.

(2) The trend series is the smoothed, seasonally adjusted series.

Balance of Payments and International Investment Position: December 2008 quarter

Table 4

Current Account Goods⁽¹⁾

Quarter ended
NZ\$(million)

	Series ref: BOPQ	Quarter					
		2007		2008			
		Sep	Dec	Mar	Jun	Sep	Dec
Actual							
Exports (FOB)	S5AC1A1	8,446	10,527	10,404	11,340	10,455 R	11,614
General merchandise	S5AC1A101	8,205	10,208	10,051	10,957	10,028 R	11,199
Overseas trade - exports	S5AC1A1011	8,234	10,419	10,214	11,161	10,180 R	11,350
BOP conceptual adjustments	S5AC1A1012	-29	-210	-162	-205	-151 R	-151
Goods for processing	S5AC1A102	.. C	.. C	.. C	.. C	.. C	.. C
Repairs on goods	S5AC1A103	.. C	.. C	.. C	.. C	.. C	.. C
Goods procured in ports by carriers	S5AC1A104	.. C	.. C	.. C	.. C	.. C	.. C
Non-monetary gold	S5AC1A105	61	97	113	114	135 R	157
Imports (FOB)	S5AD1A1	10,077	10,955	10,110	11,419	12,501 R	12,143
General merchandise	S5AD1A101	9,895	10,755	9,902	11,171	12,206 R	11,907
Overseas trade - imports	S5AD1A1011	10,561	11,782	10,325	11,838	13,076 R	13,272
BOP conceptual adjustments	S5AD1A1012	-666	-1,027	-423	-668	-870 R	-1,365
Goods for processing	S5AD1A102	.. C	.. C	.. C	.. C	.. C	.. C
Repairs on goods	S5AD1A103	.. C	.. C	.. C	.. C	.. C	.. C
Goods procured in ports by carriers	S5AD1A104	.. C	.. C	.. C	.. C	.. C	.. C
Non-monetary gold	S5AD1A105	9	5	7	8	9	24
Balance on goods	S5AC3A1	-1,632	-428	294	-79	-2,046 R	-529
Seasonally adjusted							
Exports (FOB)	S5SC1A1	8,888 R	10,472 R	10,675 R	10,588 R	11,028 R	11,535
Imports (FOB)	S5SD1A1	9,550 R	10,553 R	10,869 R	11,689 R	11,833 R	11,712
Balance on goods	S5SC3A1	-662 R	-81 R	-194 R	-1,101 R	-805 R	-177
Trend⁽²⁾							
Exports (FOB)	S5TC1A1	9,171 R	10,186 R	10,695 R	10,682 R	11,023 R	11,523
Imports (FOB)	S5TD1A1	9,730 R	10,378 R	10,903 R	11,305 R	11,659 R	11,848
Balance on goods	S5TC3A1	-559 R	-192 R	-208 R	-623 R	-636 R	-326

(1) Data may not sum to stated totals due to rounding.

(2) The trend series is the smoothed, seasonally adjusted series.

Note:

FOB free on board

Symbols:

C confidential
R revised
.. data not available

Table 5

Current Account Services⁽¹⁾

Quarter ended

NZ\$(million)

	Series ref: BOPQ	Quarter					
		2007		2008			
		Sep	Dec	Mar	Jun	Sep	Dec
Actual							
Total exports of services	S5AC1A2	2,689	3,300	3,829	2,894	2,646 R	3,149
Transportation	S5AC1A201	622	716	853	599	618 R	672
Travel	S5AC1A202	1,438	1,866	2,338	1,591	1,349 R	1,711
Communication	S5AC1A203	63	83	77	72	71	88
Construction	S5AC1A204	5	3	2	2	.. C	1
Insurance	S5AC1A205	9	14	10	11	.. C	14
Financial	S5AC1A206	29	27	25	33	31 R	30
Computer and information	S5AC1A207	73	81	67	79	83 R	90
Royalties and licence fees	S5AC1A208	42	54	68	59	61 R	62
Other business services	S5AC1A209	293	334	273	335	316 R	355
Personal, cultural and recreational	S5AC1A210	74	78	73	65	60 R	78
Government services nie	S5AC1A211	40	45	44	47	45	48
Total imports of services	S5AD1A2	3,338	3,203	2,897	3,412	3,654 R	3,570
Transportation	S5AD1A201	1,037	1,026	999	1,087	1,193 R	1,212
Travel	S5AD1A202	1,260	1,071	901	998	1,254	1,058
Communication	S5AD1A203	77	75	63	74	86 R	84
Construction	S5AD1A204	21	22	31	.. C	.. C	42
Insurance	S5AD1A205	80	92	64	.. C	.. C	83
Financial	S5AD1A206	44	47	41	35	35 R	34
Computer and information	S5AD1A207	104	119	109	115	121 R	135
Royalties and licence fees	S5AD1A208	191	201	192	196	196 R	198
Other business services	S5AD1A209	471	496	437	718	583 R	632
Personal, cultural and recreational	S5AD1A210	17	19	19	19	19 R	39
Government services nie	S5AD1A211	37	36	40	52	33	52
Balance on services	S5AC3A2	-649	97	933	-518	-1,007 R	-421
Seasonally adjusted							
Exports of services	S5SC1A2	3,159 R	3,178 R	3,181 R	3,189 R	3,112 R	3,032
Transportation	S5SC1A201	678 R	695 R	729 R	680 R	673 R	653
Travel	S5SC1A202	1,830 R	1,791 R	1,775 R	1,858 R	1,716 R	1,645
Imports of services	S5SD1A2	3,086 R	3,179 R	3,170 R	3,421 R	3,380 R	3,543
Transportation	S5SD1A201	991 R	1,016 R	1,049 R	1,095 R	1,141 R	1,201
Travel	S5SD1A202	1,047 R	1,071 R	1,070 R	1,044 R	1,045 R	1,056
Balance on services	S5SC3A2	73 R	-1 R	12 R	-232 R	-268 R	-511
Trend⁽²⁾							
Exports of services	S5TC1A2	3,161 R	3,175 R	3,189 R	3,176 R	3,114 R	3,032
Transportation	S5TC1A201	669 R	705 R	712 R	693 R	669 R	655
Travel	S5TC1A202	1,838 R	1,793 R	1,779 R	1,763 R	1,714 R	1,648
Imports of services	S5TD1A2	3,095 R	3,172 R	3,253 R	3,310 R	3,402 R	3,525
Transportation	S5TD1A201	995 R	1,014 R	1,050 R	1,093 R	1,144 R	1,198
Travel	S5TD1A202	1,053 R	1,068 R	1,066 R	1,049 R	1,046 R	1,054
Balance on services	S5TC3A2	65 R	3 R	-63 R	-134 R	-288 R	-492

(1) Data may not sum to stated totals due to rounding.

(2) The trend series is the smoothed, seasonally adjusted series.

Note:

nie not included elsewhere

Symbols:

C confidential

R revised

.. data not available

Table 6

Current Account Income⁽¹⁾⁽²⁾

 Quarter ended
 NZ\$(million)

	Series ref: BOPQ	Quarter					
		2007		2008			
		Sep	Dec	Mar	Jun	Sep	Dec
Actual							
Income from New Zealand investment abroad							
Direct investment income	S5AC1B201	175	399	95	26	2 R	79
Income on equity	S5AC1B2011	216	432	131	85	.. C	.. C
Dividends	S5AC1B20111	.. C	.. C	.. C	97	.. C	.. C
Reinvested	S5AC1B20112	.. C	.. C	.. C	-13	.. C	.. C
Income on debt	S5AC1B2012	-41	-33	-36	-58	.. C	.. C
Portfolio investment income	S5AC1B202	514	492	446	529	597 R	421
Income on equity	S5AC1B2021	197	171	143	250	286	163
Income on debt	S5AC1B2022	318	321	304	279	311 R	258
Bonds and notes	S5AC1B20221	72	95	127	131	127 R	152
Money market instruments	S5AC1B20222	245	226	177	148	184	105
Other investment income	S5AC1B203	290	235	201	181	171 R	167
Total investment income	S5AC1B2	979	1,126	743	736	770 R	668
Income from foreign investment in New Zealand							
Direct investment income	S5AD1B201	2,350	2,161	2,189	2,198	1,998 R	1,762
Income on equity	S5AD1B2011	1,994	1,838	1,823	1,806	1,642 R	1,375
Dividends	S5AD1B20111	1,277	1,916	2,224	1,772	1,521	498
Reinvested	S5AD1B20112	718	-78	-400	35	121 R	877
Income on debt	S5AD1B2012	355	323	366	392	356 R	387
Portfolio investment income	S5AD1B202	1,084	1,334	1,101	1,205	1,054	1,176
Income on equity	S5AD1B2021	275	360	183	300	191	374
Income on debt	S5AD1B2022	809	974	919	905	863	802
Bonds and notes	S5AD1B20221	518	572	555	561	550	561
Money market instruments	S5AD1B20222	291	402	364	344	313	241
Other investment income	S5AD1B203	991	920	934	977	975 R	929
Total investment income	S5AD1B2	4,425	4,414	4,225	4,380	4,027 R	3,867
Balance on investment income	S5AC3B102	-3,446	-3,289	-3,482	-3,644	-3,257 R	-3,199
Trend⁽³⁾							
Income from New Zealand investment abroad	S5TC1B	978 R	967 R	832 R	752 R	736 R	693
Income from foreign investment in New Zealand	S5TD1B	4,284 R	4,401 R	4,359 R	4,266 R	4,088 R	3,831
Balance on investment income	S5TC3B1	-3,306 R	-3,435 R	-3,526 R	-3,514 R	-3,352 R	-3,139

(1) Data may not sum to stated totals due to rounding.

(2) Investment income is not seasonal, so no separate seasonally adjusted series is produced.

(3) The trend series is the smoothed, actual series.

Symbols:

 C confidential
 R revised
 .. data not available

Balance of Payments and International Investment Position: December 2008 quarter

Table 7

Balance of Payments Major Balances⁽¹⁾

Actual
NZ\$(million)

	Balance on goods	Balance on services	Balance on investment income	Balance on current transfers	Balance on current account	Balance on capital account
<i>Series ref: BOPQ</i>	<i>S5AC3A1</i>	<i>S5AC3A2</i>	<i>S5AC3B1</i>	<i>S5AC3B2</i>	<i>S5AC3</i>	<i>S5AC4A</i>
Quarter						
1998 Dec	186	-206	-1,095	222	-893	-66
1999 Mar	291	552	-1,216	28	-344	-135
Jun	280	-354	-1,094	119	-1,048	-119
Sep	-242	-701	-1,751	132	-2,562	-74
Dec	-1,097	98	-1,855	38	-2,816	-79
2000 Mar	359	812	-1,904	137	-596	-141
Jun	770	-329	-1,714	118	-1,155	-134
Sep	-49	-813	-1,893	129	-2,626	-71
Dec	203	68	-2,048	134	-1,643	-35
2001 Mar	1,142	948	-1,912	101	279	59
Jun	1,796	-274	-1,782	99	-161	324
Sep	417	-521	-1,828	58	-1,872	340
Dec	22	92	-1,892	103	-1,675	428
2002 Mar	99	1,283	-1,582	-14	-213	424
Jun	1,375	-3	-1,790	20	-399	493
Sep	-404	-353	-1,810	19	-2,548	464
Dec	-696	483	-1,724	124	-1,813	375
2003 Mar	391	1,678	-1,721	-50	298	253
Jun	410	147	-1,944	42	-1,345	197
Sep	-769	-331	-1,717	13	-2,804	274
Dec	-815	461	-1,865	238	-1,981	146
2004 Mar	-18	1,318	-1,832	-56	-588	106
Jun	465	61	-2,252	80	-1,646	43
Sep	-1,427	-370	-2,528	42	-4,283	23
Dec	-1,102	326	-2,203	67	-2,912	61
2005 Mar	-164	1,017	-2,401	122	-1,426	-19
Jun	-142	-193	-2,471	38	-2,768	-109
Sep	-2,099	-498	-2,602	63	-5,136	-95
Dec	-1,306	148	-2,886	112	-3,932	-58
2006 Mar	-557	940	-3,122	-18	-2,757	-64
Jun	170	-236	-3,000	222	-2,843	-92
Sep	-1,435	-658	-2,785	207	-4,671	-71
Dec	-1,221	239	-3,248	229	-4,001	-104
2007 Mar	-342	1,032	-2,931	-29	-2,270	-190
Jun	21	-192	-3,171	187	-3,154	-232
Sep	-1,632	-649	-3,446	259	-5,467	-175
Dec	-428	97	-3,289	139	-3,481	-164
2008 Mar	294	933	-3,482	147	-2,109	-202
Jun	-79	-518	-3,644	315	-3,925	-241
Sep	-2,046 R	-1,007 R	-3,257 R	298 R	-6,013 R	-197 R
Dec	-529	-421	-3,199	123	-4,026	-167

(1) Data may not add to stated totals due to rounding.

Symbol:

R revised

Balance of Payments and International Investment Position: December 2008 quarter

Table 8

Balance of Payments Major Balances⁽¹⁾
Year ended in quarter
 NZ\$(million)

	Balance on goods	Balance on services	Balance on investment income	Balance on current transfers	Balance on current account	Balance on capital account
<i>Series ref: BOPQ</i>	S5Y1	S5Y2	S5Y3	S5Y4	S5Y6	S5Y7
Quarter						
1998 Dec	1,683	-1,379	-4,882	511	-4,067	-338
1999 Mar	1,445	-1,142	-4,976	297	-4,377	-399
Jun	1,072	-866	-4,746	420	-4,121	-419
Sep	515	-709	-5,156	502	-4,847	-393
Dec	-768	-405	-5,916	318	-6,770	-406
2000 Mar	-700	-145	-6,604	427	-7,022	-413
Jun	-210	-120	-7,224	425	-7,129	-428
Sep	-18	-231	-7,367	422	-7,193	-425
Dec	1,282	-261	-7,559	519	-6,020	-381
2001 Mar	2,065	-126	-7,567	483	-5,145	-181
Jun	3,091	-71	-7,635	464	-4,151	277
Sep	3,557	221	-7,569	393	-3,398	688
Dec	3,377	246	-7,413	361	-3,430	1,151
2002 Mar	2,334	582	-7,083	246	-3,922	1,516
Jun	1,913	852	-7,091	167	-4,159	1,685
Sep	1,092	1,020	-7,073	128	-4,835	1,809
Dec	374	1,410	-6,906	149	-4,973	1,756
2003 Mar	667	1,804	-7,046	113	-4,462	1,585
Jun	-298	1,955	-7,200	136	-5,408	1,289
Sep	-663	1,977	-7,107	129	-5,664	1,099
Dec	-783	1,955	-7,232	243	-5,817	870
2004 Mar	-1,192	1,595	-7,328	237	-6,688	723
Jun	-1,137	1,509	-7,635	274	-6,989	568
Sep	-1,796	1,470	-8,446	303	-8,468	317
Dec	-2,083	1,335	-8,799	133	-9,414	233
2005 Mar	-2,230	1,034	-9,383	311	-10,268	108
Jun	-2,837	781	-9,602	269	-11,389	-44
Sep	-3,508	653	-9,677	291	-12,242	-162
Dec	-3,712	474	-10,360	336	-13,261	-281
2006 Mar	-4,104	397	-11,081	196	-14,592	-327
Jun	-3,791	354	-11,610	379	-14,667	-310
Sep	-3,127	194	-11,793	523	-14,202	-286
Dec	-3,042	285	-12,155	640	-14,272	-332
2007 Mar	-2,828	377	-11,964	630	-13,785	-458
Jun	-2,977	421	-12,135	595	-14,096	-597
Sep	-3,174	430	-12,795	647	-14,892	-701
Dec	-2,381	288	-12,836	557	-14,372	-761
2008 Mar	-1,745	189	-13,387	732	-14,211	-773
Jun	-1,845	-138	-13,860	860	-14,982	-783
Sep	-2,259 R	-496 R	-13,671 R	899 R	-15,528 R	-805 R
Dec	-2,360	-1,014	-13,582	883	-16,073	-808

(1) Data may not add to stated totals due to rounding.

Symbol:

R revised

Table 9

Balance of Payments Financial Account⁽¹⁾

Quarter ended

NZ\$(million)

	Series ref: BOPQ	Quarter					
		2007		2008			
		Sep	Dec	Mar	Jun	Sep	Dec
New Zealand investment abroad	S5AD2B	2,752	1,832	5,853	-5,616	-4,190 R	-7,094
Direct investment	S5AD2B1	707	-412	1,303	-915	506 R	-752
Equity capital	S5AD2B101	.. C	.. C	.. C	118	.. C	.. C
Reinvested earnings	S5AD2B102	.. C	.. C	.. C	-13	.. C	.. C
Other capital	S5AD2B103	-33	282	630	-1,020	75 R	.. C
Portfolio investment	S5AD2B2	-212	636	1,312	1,292	-65 R	-2,614
Equity securities	S5AD2B201	-275	97	924	660	-874 R	-932
Debt securities	S5AD2B202	63	539	388	633	810 R	-1,682
Other investment	S5AD2B3	1,193	1,425	755	-6,335	1,367 R	1,202
Trade credits	S5AD2B301	-349	724	230	-396	-194 R	.. C
Loans	S5AD2B302	1,217	555	712	-4,646	192 R	366
Deposits	S5AD2B303	395	18	-241	-664	862 R	-74
Other instruments	S5AD2B304	-70	128	54	-629	508 R	.. C
Reserve assets	S5AD2B5	1,064	182	2,483	342	-5,999 R	-4,930
Special drawing rights	S5AD2B502	-2	-2	-2	-2	-2	-2
Reserve position in the fund	S5AD2B503	--	-4	-6	19	6	137
Foreign exchange	S5AD2B504	2,351	388	2,598	434	-7,978 R	-2,976
Other reserve asset claims	S5AD2B505	-1,285	-199	-107	-110	1,975	-2,089
Foreign investment in New Zealand	S5AC2B	8,179	5,839	8,050	-1,827	701 R	-9,626
Direct investment	S5AC2B1	932	215	1,963	804	2,157 R	-2,109
Equity capital	S5AC2B101	78	707	-231	1,097	387	-942
Reinvested earnings	S5AC2B102	718	-78	-400	35	121 R	877
Other capital	S5AC2B103	136	-414	2,595	-328	1,650 R	-2,043
Portfolio investment	S5AC2B2	4,027	5,743	3,634	-691	-1,747	-10,870
Equity securities	S5AC2B201	299	-463	171	-519	264	455
Debt securities	S5AC2B202	3,728	6,205	3,463	-172	-2,011	-11,325
Other investment	S5AC2B3	3,220	-118	2,453	-1,940	290 R	3,353
Trade credits	S5AC2B301	60	-24	145	-170	6 R	-24
Loans	S5AC2B302	1,723	-817	5,094	-1,701	-270 R	3,023
Deposits	S5AC2B303	1,552	755	-2,672	6	389	498
Other instruments	S5AC2B304	-115	-31	-114	-74	166	-144

(1) Data may not sum to stated totals due to rounding.

Symbols:

- C confidential
- R revised
- .. data not available
- amount too small to be expressed

Table 10

International Assets and Liabilities⁽¹⁾⁽²⁾
At end of quarter
 NZ\$(million)

	Series ref: IIPQ	Quarter					
		2007		2008			
		Sep	Dec	Mar	Jun	Sep	Dec
New Zealand's international assets⁽³⁾							
Equity assets ⁽⁴⁾	S5AA1A	56,422	52,405	51,045	52,116	50,374 R	47,869
Lending	S5AA3	75,790	78,481	83,662	77,791	81,460 R	91,720
Banks	S5AA8C	24,458	25,559	26,673	21,369	28,737 R	38,943
General government	S5AA8B	8,756	8,718	8,525	8,976	8,690	9,357
Monetary authorities	S5AA8A	16,871	16,918	19,737	20,210	17,051	16,035
Other sectors	S5AA8D	25,705	27,286	28,727	27,236	26,982 R	27,385
Total international assets	S5AA1	132,212	130,886	134,707	129,907	131,833 R	139,589
New Zealand's international liabilities							
Equity liabilities	S5AL1A	71,754	67,846	64,316	62,818	61,965 R	59,275
Borrowing	S5AL3	211,534	215,597	224,272	225,529	235,102 R	248,015
Banks	S5AL8C	128,686	131,540	138,363	138,547	147,871	159,380
General government	S5AL8B	16,811	17,087	17,616	17,574	16,736	17,799
Monetary authorities	S5AL8A	431	315	540	273	510	1,062
Other sectors	S5AL8D	65,606	66,655	67,752	69,135	69,985 R	69,775
Total international liabilities	S5AL1	283,289	283,442	288,588	288,347	297,067 R	307,291
New Zealand's net international asset position							
Net international equity	S5AA2A	-15,332	-15,441	-13,271	-10,702	-11,591 R	-11,406
Net international debt	S5AA2B	-135,744	-137,116	-140,609	-147,738	-153,642 R	-156,296
Net international asset position	S5AA2	-151,076	-152,556	-153,880	-158,440	-165,233 R	-167,702

(1) This table is prepared on a balance sheet basis.

(2) Data may not sum to stated totals due to rounding.

(3) Annual Managed Funds Survey data estimate of funds invested abroad through smaller fund managers was \$3.7 billion at 31 December 2007. This and the estimates for earlier periods are not included in this table. Refer to the technical notes of this release.

(4) Statistics New Zealand estimates the value of overseas shares held directly by New Zealand individuals. The estimate at 31 December 2007 is \$10.6 billion. This and the estimates for earlier periods are not included in this table. Refer to the technical notes of this release.

Symbol:

R revised

**Balance of Payments and International Investment Position: December 2008
quarter**

Table 11

International Financial Assets and Liabilities by Instrument⁽¹⁾⁽²⁾
At end of quarter
NZ\$(million)

	Series ref: IIPQ	Quarter					
		2007		2008			
		Sep	Dec	Mar	Jun	Sep	Dec
New Zealand's international financial assets⁽³⁾							
Loans	S5AA6A	18,832	18,994	20,260	14,969	17,734 R	17,636
Bonds and notes	S5AA6B	13,693	15,808	16,075	17,733	18,316 R	16,211
Deposits	S5AA6C	5,346	5,282	5,263	5,015	5,776 R	6,317
Trade credits	S5AA6D	5,595	6,449	6,884	6,408	6,063 R	6,614
Money market instruments	S5AA6E	19,374	19,592	21,821	22,841	17,687	16,663
Financial derivatives	S5AA6F	10,625	10,004	10,958	9,519	14,357	25,850
Other instruments	S5AA6G	2,325	2,352	2,402	1,306	1,527 R	2,430
Total international financial assets	S5AA3	75,790	78,481	83,662	77,791	81,460 R	91,720
New Zealand's international financial liabilities							
Loans	S5AL6A	88,867	88,019	94,888	94,842	96,994 R	100,646
Bonds and notes	S5AL6B	55,044	54,961	58,251	59,825	63,708 R	67,881
Deposits	S5AL6C	23,339	23,997	21,287	21,613	22,161	22,736
Trade credits	S5AL6D	4,773	4,569	4,969	5,007	4,915 R	4,208
Money market instruments	S5AL6E	27,024	32,576	32,775	33,367	33,443	25,945
Financial derivatives	S5AL6F	10,731	9,763	10,470	9,207	12,032 R	24,907
Other instruments	S5AL6G	1,757	1,711	1,632	1,668	1,849	1,691
Total international financial liabilities	S5AL3	211,534	215,597	224,272	225,529	235,102 R	248,015

(1) This table is prepared on a balance sheet basis.

(2) Data may not sum to stated totals due to rounding.

(3) Annual Managed Funds Survey data estimate of funds invested abroad through smaller fund managers was \$3.7 billion at 31 December 2007.

This and the estimates for earlier periods are not included in this table. Refer to the technical notes of this release.

Symbol:

R revised

Table 12

International Financial Assets and Liabilities by Currency⁽¹⁾⁽²⁾

At end of quarter

\$NZ(million)

	Series ref: IIPQ	Quarter					
		2007		2008			
		Sep	Dec	Mar	Jun	Sep	Dec
New Zealand's international financial assets⁽³⁾							
Australian dollar	S5XA3AUD	10,099	10,689	10,583	11,203	9,859 R	9,253
European Union euro	S5XA3EUR	6,611	6,671	7,455	9,116	9,100 R	9,641
United Kingdom pound	S5XA3GBP	1,464	1,516	1,130	1,034	1,213 R	1,290
Japanese yen	S5XA3JPY	2,062	2,164	2,816	3,135	2,919 R	3,002
New Zealand dollar	S5XA3NZD	24,089	22,470	21,988	19,179	25,057 R	33,343
United States dollar	S5XA3USD	28,447	31,962	35,890	30,396	29,284 R	31,212
Total international financial assets	S5AA3	75,790	78,481	83,662	77,791	81,460 R	91,720
New Zealand's international financial liabilities							
Australian dollar	S5XL3AUD	16,610	16,271	16,637	17,402	15,739 R	18,185
European Union euro	S5XL3EUR	10,041	12,104	14,949	9,709	8,907 R	9,646
United Kingdom pound	S5XL3GBP	12,378	12,112	12,385	11,598	11,390 R	12,058
Japanese yen	S5XL3JPY	3,760	4,035	3,941	4,080	4,159 R	4,622
New Zealand dollar	S5XL3NZD	109,147	109,866	110,139	111,208	113,971 R	121,876
United States dollar	S5XL3USD	54,671	55,928	61,611	65,997	76,072 R	76,141
Total international financial liabilities	S5AL3	211,534	215,597	224,272	225,529	235,102 R	248,015

(1) This table is prepared on a balance sheet basis.

(2) Only a limited currency profile is shown in this table. Therefore, data does not sum to stated totals.

(3) Annual Managed Funds Survey data estimate of funds invested abroad through smaller fund managers was \$3.7 billion at 31 December 2007.

This and the estimates for earlier periods are not included in this table. Refer to the technical notes of this release.

Symbol:

R revised

Table 13

International Financial Assets and Liabilities by Residual Maturity⁽¹⁾⁽²⁾

At end of quarter

NZ\$(million)

	Series ref: IIPQ	Quarter					
		2007		2008			
		Sep	Dec	Mar	Jun	Sep	Dec
New Zealand's international financial assets⁽³⁾							
At call	S5AA4A	11,104	11,883	12,947	12,571	12,414 R	12,502
2 days up to and including 90 days	S5AA4B	29,041	29,999	32,042	28,932	27,197 R	25,568
91 days up to and including 6 months	S5AA4C	2,432	1,631	1,705	2,998	2,826	1,495
Over 6 months up to and including 9 months	S5AA4D	594	788	741	663	723	2,287
Over 9 months up to and including 1 year	S5AA4E	576	516	894	793	2,018	1,834
Over 1 year up to and including 2 years	S5AA4F	2,439	2,502	3,130	3,849	2,965	3,768
Over 2 years up to and including 5 years	S5AA4G	5,356	5,730	6,288	6,495	6,624 R	6,715
Over 5 years	S5AA4H	6,945	8,419	7,880	5,898	6,104 R	5,683
Unspecified	S5AA4I	17,302	17,013	18,035	15,591	20,588 R	31,869
Total international financial assets	S5AA3	75,790	78,481	83,662	77,791	81,460 R	91,720
New Zealand's international financial liabilities							
At call	S5AL4A	20,066	22,799	24,223	24,034	25,362 R	22,516
2 days up to and including 90 days	S5AL4B	60,791	60,625	63,672	58,983	59,193 R	66,441
91 days up to and including 6 months	S5AL4C	14,487	20,332	18,777	18,838	18,208	12,747
Over 6 months up to and including 9 months	S5AL4D	6,210	4,944	5,487	6,236	7,723	10,539
Over 9 months up to and including 1 year	S5AL4E	7,789	8,980	10,272	7,501	9,765 R	3,847
Over 1 year up to and including 2 years	S5AL4F	14,885	12,392	16,491	15,167	10,193 R	12,431
Over 2 years up to and including 5 years	S5AL4G	24,832	26,627	21,506	28,299	35,679 R	37,920
Over 5 years	S5AL4H	51,743	49,136	53,373	57,265	56,948 R	56,667
Unspecified	S5AL4I	10,731	9,763	10,470	9,207	12,032 R	24,907
Total international financial liabilities	S5AL3	211,534	215,597	224,272	225,529	235,102 R	248,015

(1) This table is prepared on a balance sheet basis.

(2) Data may not sum to stated totals due to rounding.

(3) Annual Managed Funds Survey data estimate of funds invested abroad through smaller fund managers was \$3.7 billion at 31 December 2007. This and the estimates for earlier periods are not included in this table. Refer to the technical notes of this release.

Symbol:

R revised

Balance of Payments and International Investment Position: December 2008 quarter

Table 14

Balance of Payments Ratios
Year ended in quarter

Series ref: BOPQ	Current account balance	Current account balance to GDP ⁽¹⁾	Net investment income to goods & services credits ⁽²⁾	Debt service to exports of goods & services ⁽³⁾	Goods & services credits to GDP ⁽⁴⁾	Goods & services debits to GNE ⁽⁵⁾
	NZ\$(million)	Percent				
	S5Y8	S5R01	S5R04	S5R12	S5R05	S5R06
Quarter						
1998 Dec	-4,067	-4.0 R	-16.4	18.3	29.1 R	28.9
1999 Mar	-4,377	-4.2	-16.4	17.9	29.4	29.2
Jun	-4,121	-3.9 R	-15.4	16.3	29.5 R	29.3
Sep	-4,847	-4.6 R	-16.5	15.7	29.5 R	29.6
Dec	-6,770	-6.3 R	-18.4	15.4	29.9 R	30.6
2000 Mar	-7,022	-6.4	-19.7	15.7	30.6	31.1 R
Jun	-7,129	-6.4 R	-20.5	14.8	31.7 R	31.9 R
Sep	-7,193	-6.4 R	-20.0	13.9	32.7 R	32.9 R
Dec	-6,020	-5.3 R	-19.2	14.8	34.3 R	33.7 R
2001 Mar	-5,145	-4.4	-18.4	13.8	35.5	34.4
Jun	-4,151	-3.5 R	-17.8	12.9	36.3 R	34.6
Sep	-3,398	-2.8 R	-17.2	12.1	36.6 R	34.5
Dec	-3,430	-2.8 R	-17.0	11.6	35.6 R	33.6
2002 Mar	-3,922	-3.1	-16.2	10.9	35.1	33.5
Jun	-4,159	-3.3 R	-16.3	10.7	34.6 R	33.1 R
Sep	-4,835	-3.8 R	-16.4	10.6	33.7 R	32.6 R
Dec	-4,973	-3.8 R	-16.1	10.3	33.2 R	32.3 R
2003 Mar	-4,462	-3.4 R	-16.6	10.3	32.5 R	31.2
Jun	-5,408	-4.1 R	-17.3	10.2	31.4 R	30.5 R
Sep	-5,664	-4.2 R	-17.3	10.1	30.5 R	29.8 R
Dec	-5,817	-4.2 R	-17.8	10.0	29.7 R	29.1 R
2004 Mar	-6,688	-4.8 R	-18.0	10.0	29.1 R	28.8
Jun	-6,989	-4.9 R	-18.2	9.7	29.3 R	29.1 R
Sep	-8,468	-5.8 R	-19.9	10.5	29.0 R	29.2 R
Dec	-9,414	-6.3 R	-20.4	11.1	29.0 R	29.4 R
2005 Mar	-10,268	-6.8 R	-21.7	11.9	28.9 R	29.5 R
Jun	-11,389	-7.5 R	-22.3	12.6	28.3 R	29.2 R
Sep	-12,242	-8.0 R	-22.3	12.5	28.1 R	29.4 R
Dec	-13,261	-8.5 R	-23.8	12.8	27.9 R	29.4 R
2006 Mar	-14,592	-9.3 R	-25.3	13.3	27.8 R	29.5 R
Jun	-14,667	-9.2 R	-25.8	14.0	28.4 R	29.9 R
Sep	-14,202	-8.9 R	-25.4	14.5	29.0 R	30.2 R
Dec	-14,272	-8.7 R	-25.7	15.2	29.0 R	30.2 R
2007 Mar	-13,785	-8.3 R	-24.8	15.6	29.1 R	30.1 R
Jun	-14,096	-8.3 R	-25.2	16.2	28.4 R	29.5 R
Sep	-14,892	-8.7 R	-26.8	17.2	27.8 R	29.0 R
Dec	-14,372	-8.2 R	-25.8	17.4	28.4 R	29.2 R
2008 Mar	-14,211	-8.0 R	-26.0	17.4	28.9 R	29.5 R
Jun	-14,982	-8.4 R	-25.9	17.4	29.8 R	30.6 R
Sep	-15,528 R	-8.6 R	-24.7 R	17.0 R	30.9 R	31.9 R
Dec	-16,073	-8.9	-24.1	16.6	31.2	32.5

(1) This ratio uses year ended in quarter current account balance divided by year ended in quarter expenditure on GDP at current prices.

(2) This ratio uses year ended in quarter net investment income divided by year ended in quarter goods and services credits.

(3) This ratio uses year ended in quarter total gross interest flows divided by year ended in quarter goods and services credits.

(4) This ratio uses year ended in quarter goods and services credits divided by year ended in quarter expenditure on GDP at current prices.

(5) This ratio uses year ended in quarter goods and services debits divided by year ended in quarter gross national expenditure at current prices.

Symbol:

R revised