

Overseas Merchandise Trade: August 2016

Embargoed until 10:45am – 26 September 2016

Key facts

For August 2016 compared with August 2015:

Goods exports fell \$323 million to \$3.4 billion.

- Milk powder, butter, and cheese led the fall, down \$135 million (22 percent).
- Meat and edible offal fell \$111 million (26 percent), with falls in beef and lamb.
- Logs, wood, and wood articles rose \$102 million (34 percent), led by untreated logs.

Goods imports fell \$148 million to \$4.7 billion.

- Capital goods led the fall in imports, down \$195 million (45 percent).
- Crude oil fell \$106 million (38 percent) in value and 16 percent in quantity.
- Excluding petroleum products and aircraft and parts, goods imports rose \$182 million (4.4 percent).

The monthly trade balance was a deficit of \$1.3 billion (37 percent of exports).
The trade weighted index rose 9.2 percent from August 2015.



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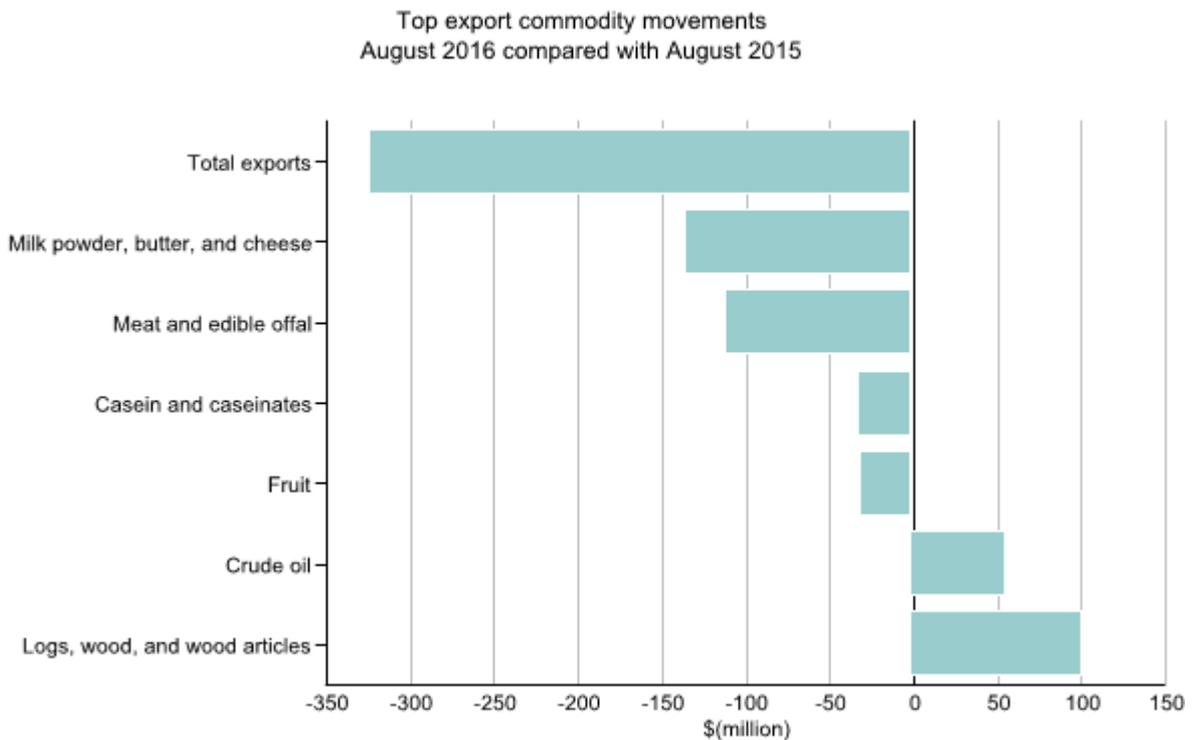
This commentary refers to trade in goods only.

See [Goods and Services Trade by Country: Year ended June 2016](#) for information on trade in goods and services.

All comparisons are between August 2016 and August 2015, unless otherwise stated.

Exports fall 8.7 percent

In August 2016, goods exports were valued at \$3.4 billion, down \$323 million (8.7 percent) from August 2015.



Milk powder, butter, and cheese leads fall in exports

Milk powder, butter, and cheese (New Zealand's largest export commodity group) had the largest fall in August 2016, down \$135 million (22 percent) from August 2015.

- Milk powder led the fall, down \$90 million (32 percent) in value and 11 percent in quantity.
- Milk fats (including butter) fell \$30 million (20 percent) in value and 17 percent in quantity.
- Cheese and curd fell \$10 million (8.9 percent) in value and 3.0 percent in quantity.

The largest falls in milk powder exports were to China (down \$39 million) and to the United Arab Emirates (down \$13 million). Nigeria had the largest rise in milk powder (up \$11 million). Milk powder exports, when compared with the same period of the previous year, have fallen in value for 24 consecutive months.

The value of milk powder in August 2016 (\$190 million) is the lowest monthly value of milk powder exports since August 2009 (\$175 million). The quantity exported in August 2016 is 12 percent higher than in August 2009. August months are generally lower-value and -quantity months for milk powder exports.

Meat and edible offal (New Zealand's second-largest export commodity group) fell \$111 million (26 percent) from August 2015. Beef fell \$25 million (15 percent) in value and 2.7 percent in quantity. Lamb fell \$76 million (38 percent) in value and 31 percent in quantity. The United States had the largest fall in the value of beef (down \$19 million), and the United Kingdom had the largest fall in the value of lamb (down \$15 million).

Logs, wood, and wood articles rose \$102 million (34 percent), led by untreated logs, up \$100 million (71 percent) in value and 56 percent in quantity. The top destinations for our untreated log exports in August 2016 were China (up \$66 million) and India (up \$22 million).

The value of logs, wood, and wood articles in August 2016 is the highest reported monthly value, 3.7 percent higher than the previous series high in August 2013. The value of untreated logs was the second-highest reported, behind March 2014, while quantities of untreated logs were the highest reported. Quantities of untreated logs were 5.0 percent higher than the previous series high in April 2014.

Crude oil rose \$56 million to \$91 million in August 2016, with the quantity exported more than tripling. The only destinations for crude oil in August 2016 were Australia (up \$39 million) and South Korea (up \$17 million).

Other key changes in export commodities were:

- **casein and caseinates**, down \$31 million (48 percent)
- **fruit**, down \$31 million (11 percent), led by a fall in kiwifruit (down \$36 million)
- **mechanical machinery and equipment**, down \$28 million (18 percent)
- **wool**, down \$23 million (36 percent) in value and 32 percent in quantity.

Exports to China rise, while exports to other top destinations fall

Of our top destinations, China was the only destination to rise in value. The actual movements for August 2016 for our top export destinations (ranked by total annual goods exports) were:

1. **China** – up \$13 million (2.0 percent) to \$634 million. The rise was led by untreated logs, up \$66 million (77 percent) in value and 66 percent in quantity. Kiwifruit fell \$35 million

(62 percent) in value and 57 percent fall in quantity. Milk powder fell \$39 million (58 percent) in value and 45 percent in quantity.

2. **Australia** – down \$2.5 million (0.3 percent) to \$705 million, led by falls in a range of commodities including biodiesel (down \$16 million). The falls were offset by a rise in crude oil, up \$39 million. Biodiesel has only been exported to Australia once, in August 2015.
3. **United States (US)** – down \$63 million (17 percent) to \$319 million. The fall was led by meat and edible offal, down \$25 million (24 percent), and casein, down \$12 million (71 percent).
4. **European Union (EU)** – down \$68 million (15 percent) to \$380 million. Meat and edible offal fell \$42 million (37 percent), with lamb down \$33 million (37 percent) in value and 28 percent in quantity. The largest rise was in wine, up \$13 million (25 percent) in value and 45 percent in quantity.
5. **Japan** – down \$10 million (4.5 percent) to \$220 million. Milk powder, butter, and cheese led the fall, down \$16 million (45 percent) mainly due to unsalted butter (down \$11 million). The largest rise was logs, wood, and wood articles, up \$7.7 million (28 percent).

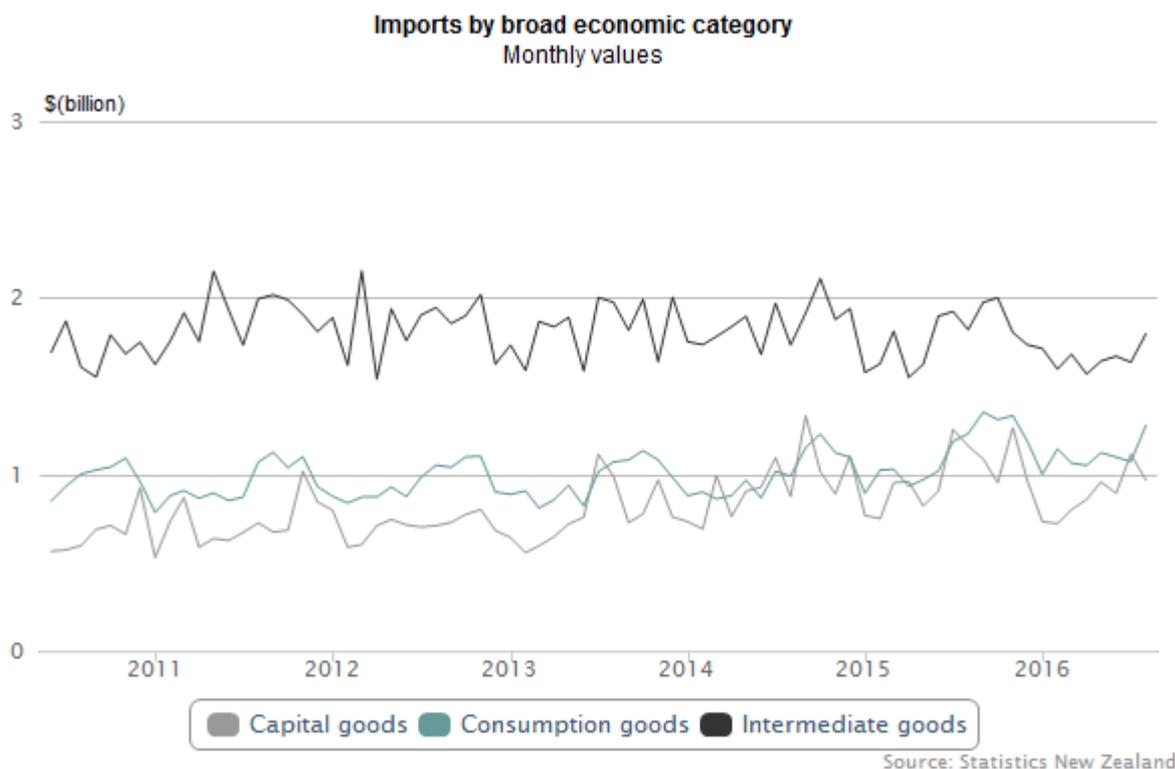
Imports fall 3.1 percent

In August 2016, goods imports were valued at \$4.7 billion, down \$148 million (3.1 percent) from August 2015.

Excluding aircraft and petroleum products, imports rose \$182 million (4.4 percent).

Capital goods lead fall in imports

Of the three main broad economic categories, only consumption goods rose in value when compared with August 2015.



Capital goods fell \$195 million (17 percent) to \$967 million, with falls in:

- transport equipment, down \$185 million (45 percent), due to a fall in aircraft and parts
- machinery and plant (such as cellphones and tractors), down \$10 million (1.4 percent).

Consumption goods rose \$46 million (3.7 percent) to \$1.3 billion, led by:

- processed goods (such as food and beverages), up \$26 million (9.5 percent)
- non-durable goods (such as chemical sprays), up \$20 million (6.7 percent)
- durable goods (such as furniture), up \$1.5 million (0.7 percent)
- semi-durable goods (such as clothing), down \$9.1 million (2.6 percent).

Intermediate goods fell \$21 million (1.2 percent) to \$1.8 billion, led by:

- primary industrial supplies, down \$114 million (30 percent), due to crude oil, which fell \$106 million (38 percent) in value and 16 percent in quantity
- processed industrial supplies (such as plastics), up \$49 million (4.7 percent)
- parts and accessories of capital plant (such as turbo jets), up \$43 million (11 percent).

Excluding crude oil, the net movement of intermediate goods was a rise of \$84 million (5.5 percent).

In other categories of goods:

- passenger motor cars rose \$71 million (17 percent)
- petrol and avgas fell \$55 million (45 percent).

Contrasting movements for top import partners

The monthly movements for August 2016 for our top import partners (ranked by total annual goods imports) were:

1. **China** – down \$28 million (2.9 percent) to \$933 million, led by a fall in railway rolling stock (down \$17 million) and laptops (down \$16 million). The fall was partly offset by a rise in phosphate fertilisers (up \$16 million).
2. **EU** – up \$118 million (15 percent) to \$905 million. Aircraft and parts led the rise (up \$52 million), followed by imports of cranes, turbo-jets (up \$18 million), and motor cars (up \$14 million).
3. **Australia** – up \$59 million (11 percent) to \$589 million. The rise was over a range of commodities including motor cars and aluminium oxide.
4. **USA** – down \$236 million (34 percent) to \$457 million. Led by a fall in aircraft and parts (down 92 percent), followed by a fall in maize (corn) for stock feed, down \$11 million. Diesel motor cars rose \$11 million.
5. **Japan** – up \$49 million (16 percent) to \$362 million, led by a rise in a range of commodities including motor cars, which were up \$30 million (19 percent) in value and 16 percent in quantity. The rise was partly offset by a fall in computer monitors (down \$8.9 million).

Due to the timing of large petroleum shipments, the values of petroleum imports fluctuate for specific countries. In August 2016, petroleum influenced the large movements in the value of

imports from: **Saudi Arabia** and the **United Arab Emirates**, which had large increases; and **Russia, Brunei Darussalam, Indonesia, Malaysia, and Kuwait**, which had large decreases.

United Kingdom's component of trade with European Union

In August 2016, exports to the United Kingdom comprised 30 percent of New Zealand's total exports to the EU, while imports from the United Kingdom comprised 15 percent of New Zealand's total imports from the EU.

If the UK and the rest of the EU are regarded separately, the respective movements for August 2016 were:

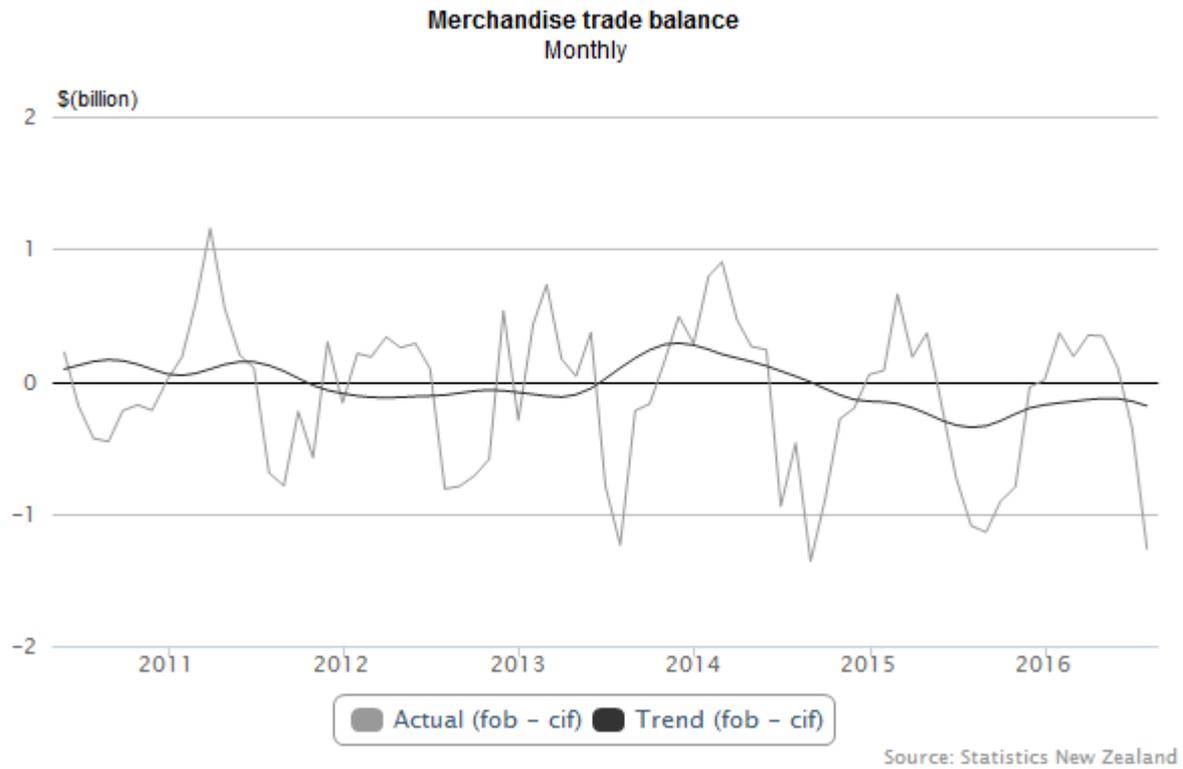
- **UK** – exports were down \$16 million (12 percent), while imports were up \$28 million (26 percent).
- **EU** (excluding the UK) – exports were down \$52 million (16 percent), while imports were up \$90 million (13 percent).

Goods trade has deficit in August 2016

In August 2016 there was a goods trade deficit of \$1.3 billion (37 percent of exports), compared with an average deficit of 25 percent of exports for the previous five August months.

This is the second-largest monthly deficit recorded, behind the September 2014 deficit of \$1.4 billion, and the largest deficit for an August month. In the last 10 years, there have been seven months with deficits over \$1.0 billion. Three of these were August months.

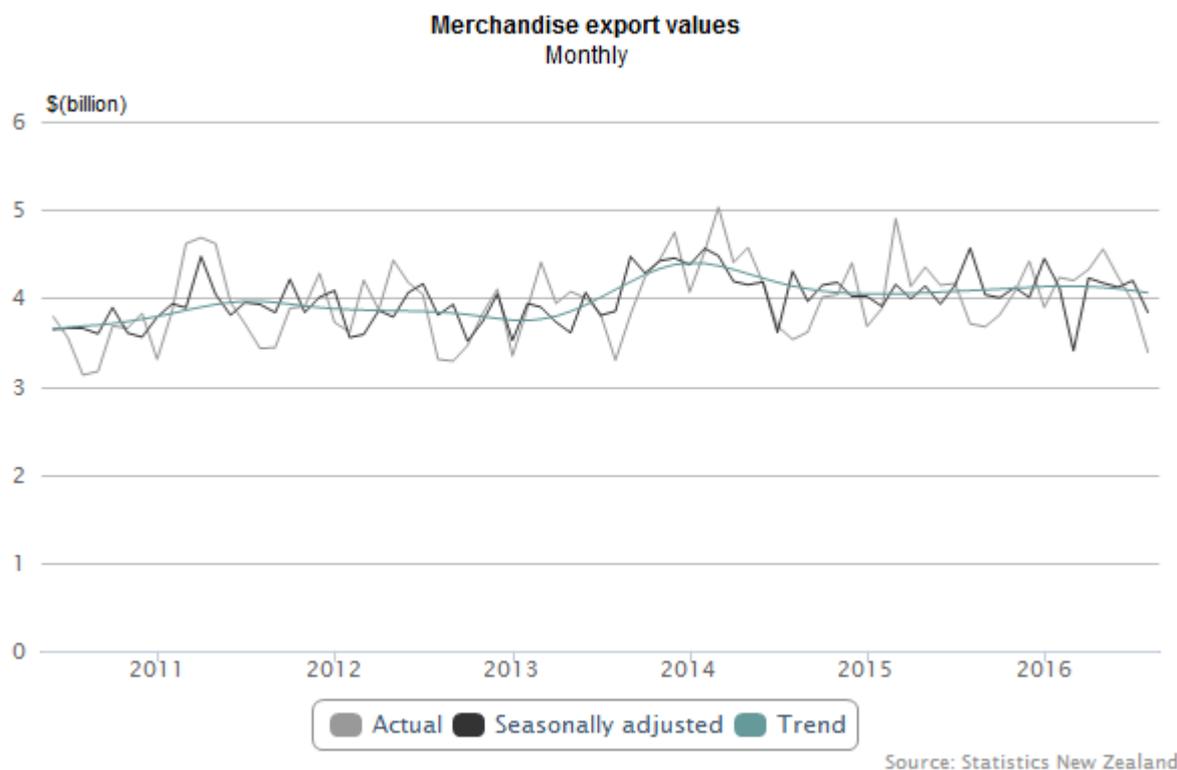
For the year ended August 2016 there was an annual trade deficit of \$3.1 billion.



Seasonally adjusted exports fall 8.6 percent

The seasonally adjusted value of exported goods in August 2016 fell 8.6 percent (\$360 million) from July 2016. This follows a 1.8 percent rise in July 2016 compared with June 2016.

The trend for goods exports has been falling since April 2016, down 0.6 percent since July 2016.



Seasonally adjusted exports fall to top destinations

The seasonally adjusted movements in August 2016, compared with July 2016, for our main export destinations were:

- **China** – down \$14 million (1.7 percent) to \$793 million. The trend for goods exports to China is 24 percent lower than the series peak in December 2013.
- **Australia** – down \$34 million (4.6 percent) to \$706 million. The trend for goods exports to Australia is 22 percent lower than the series peak in July 2011.
- **EU** – down \$2.9 million (0.7 percent) to \$415 million. The trend for goods exports is 18 percent lower than the series peak in December 2008.

Changes in seasonally adjusted export values

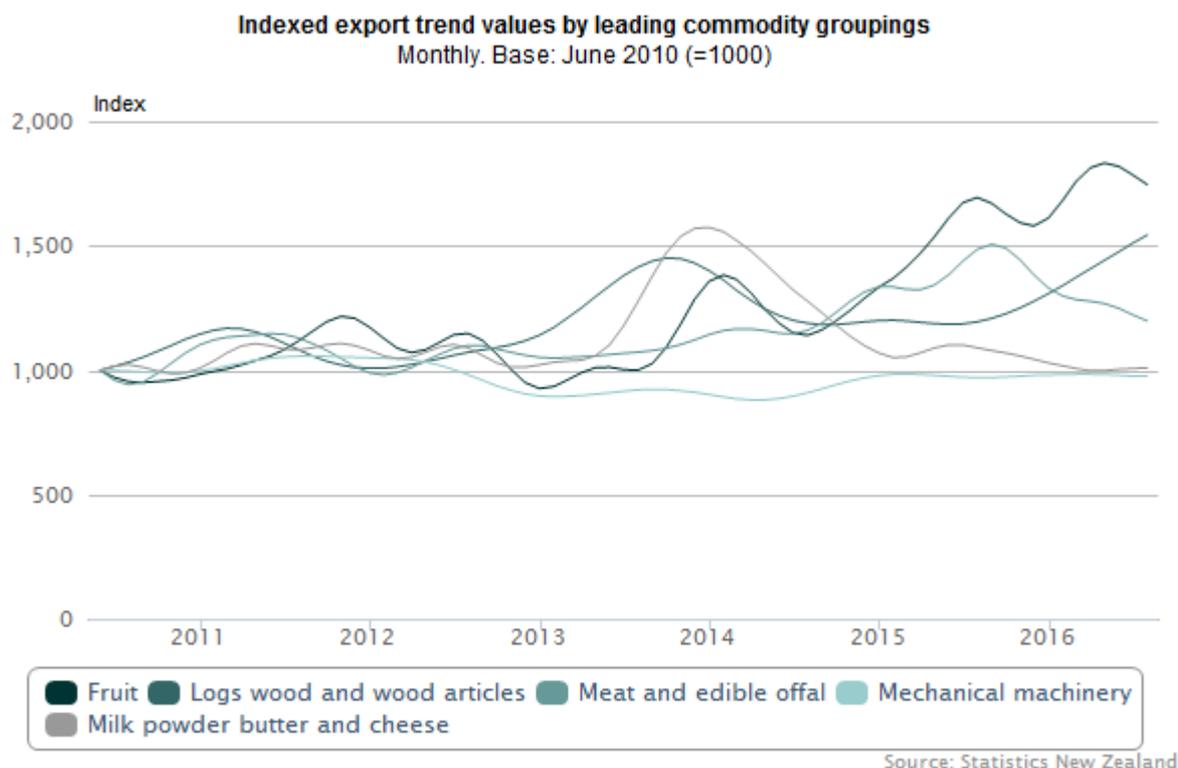
Milk powder, butter, and cheese fell 12 percent (\$112 million), following a 0.1 percent fall in July 2016. The seasonally adjusted quantity fell 13 percent.

Logs, wood, and wood articles rose 8.7 percent (\$31 million), following a 1.9 percent fall in July 2016. The quantity for logs, wood, and wood articles is not seasonally adjusted.

Machinery and mechanical appliances fell 14 percent (\$19 million) in August 2016, following a 1.6 percent rise in July 2016.

Fruit fell 0.7 percent (\$1.4 million), following a 16 percent fall in July 2016. The seasonally adjusted quantity fell 4.9 percent.

Trend for milk powder, butter, and cheese on the rise



The trend for **milk powder, butter, and cheese** has risen for the last four months, up 0.4 percent from July 2016. Prior to the four-month rise, the trend had fallen for nine months.

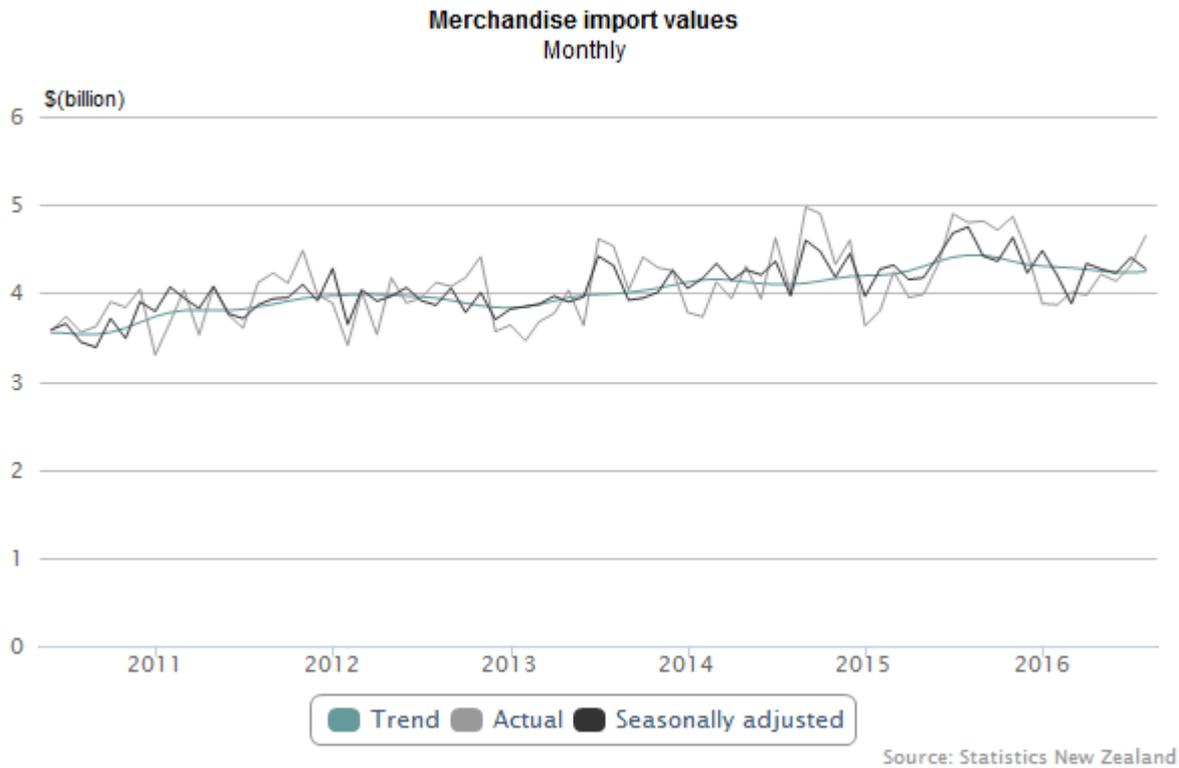
Logs, wood, and wood articles continues to rise, with the trend up 2.2 percent in August 2016. The trend for this commodity has risen consecutively for 14 months.

Recent trends for values of other leading commodities:

- **meat and edible offal** has fallen for 11 consecutive months
- **fish, crustaceans, and molluscs** has fallen for five months, after a steady 26-month-long rise.

Seasonally adjusted imports fall 3.0 percent

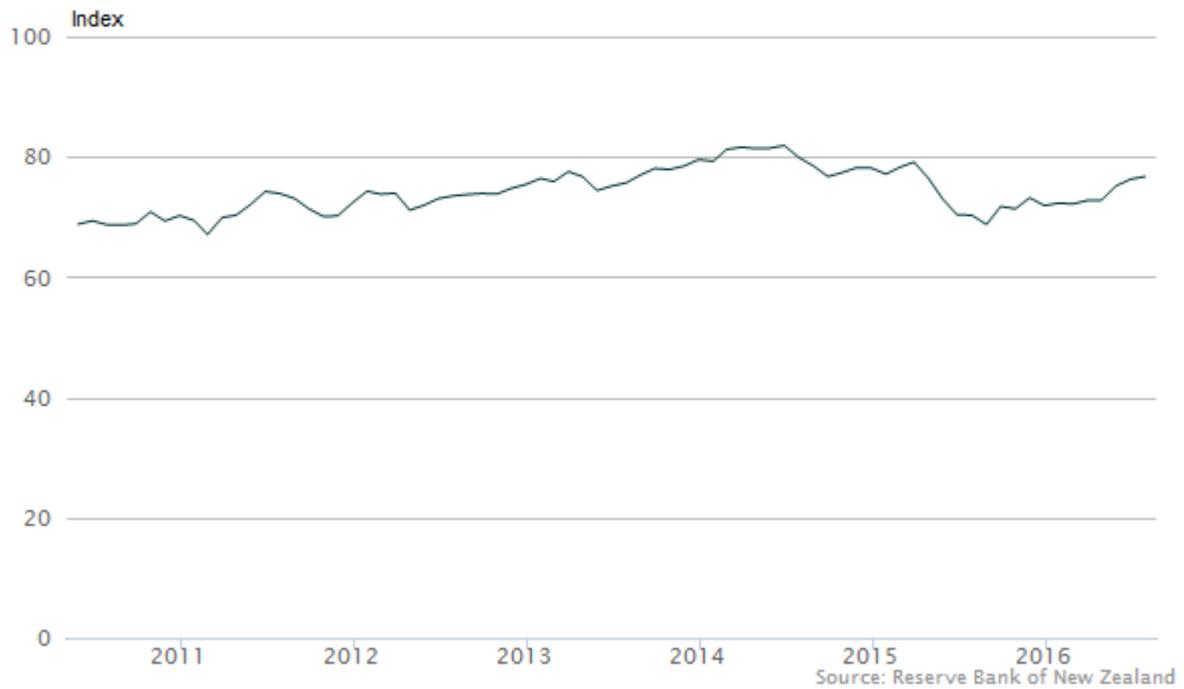
Seasonally adjusted goods imports in August 2016 fell 3.0 percent (\$130 million) from July 2016. This follows a 4.1 percent rise in July 2016 compared with June 2016. Excluding petroleum and products, seasonally adjusted imports fell 2.3 percent in August 2016 from July 2016.



Exchange rate movements

The Reserve Bank's trade weighted index showed that the New Zealand dollar was 0.6 percent higher in August 2016 than in July 2016, and 9.2 percent higher than in August 2015.

Trade weighted index
Monthly. Base: 31 October 2014 (=76.4400)



Find data tables and more information

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

See [DataInfo+](#) for information on definitions, data quality, and revisions. These sections were previously included in this release.

Related links

- [Next release](#)
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Overseas Merchandise Trade: September 2016 will be released on 27 October 2016.

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

[Goods and Services Trade by Country](#) has annual goods and services trade in a single information release. This provides a comprehensive picture of economic trade between New Zealand and our main trading partners, by combining information on commodities and services.

Data quality

Period-specific information

[Overseas Merchandise Trade: August 2016 – DataInfo+](#)
Methodology used for this release and revisions to provisional values published in our previous release.

General information

[Overseas Merchandise Trade – DataInfo+](#)
General methodology used to produce overseas merchandise trade statistics.

[Overseas Merchandise Trade concepts – DataInfo+](#)
Definitions of terms used in this release.

[Principles and protocols for producers of Tier 1 statistics](#)
Statistics in this release have been produced in accordance with the Official Statistics System principles and protocols for producers of Tier 1 statistics for quality. They conform to the Statistics NZ methodological Standard for Reporting of Data Quality.

Related information

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Comprehensive annual trade statistics.

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Information on changes in the level of prices and volumes of New Zealand's imports and exports.

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Information on the value of New Zealand's transactions with the rest of the world and our international financial assets and liabilities.

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Tables

See [Overseas Merchandise Trade: August 2016 – tables](#) (Excel, 18 sheets, 441kB) for the following tables, which are available from the ‘Downloads’ box on this page. If you have problems viewing the files, see [opening files and PDFs](#).

- 1.01 Overseas merchandise trade, actual values
- 1.02 Overseas merchandise trade, trade balance – actual values
- 2 Overseas merchandise trade, seasonally adjusted and trend values – monthly
- 3 Exports by destination
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- 5 Exports of main commodities
- 6 Imports of main commodities
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- 14 Exports by top 10 HS categories, values – trend
- 15 Exports by top 10 HS categories, quantities – trend
- 16 Imports by selected HS categories, values – trend

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