

Gross Domestic Product: June 2017 quarter

Embargoed until 10:45am – 21 September 2017

Key facts

Economic activity, as measured by gross domestic product (GDP), grew 0.8 percent in the June 2017 quarter, following 0.6 percent growth in the March 2017 quarter.

The main movements by industry were:

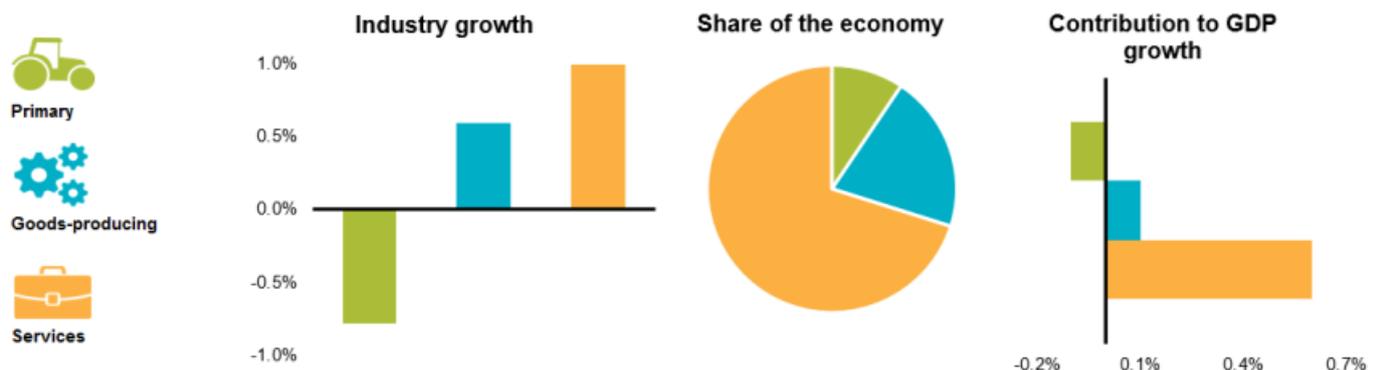
- Retail trade and accommodation was **up** 2.8 percent, driven by an increase in accommodation and food and beverage services.
- Manufacturing was **up** 1.8 percent, with food, beverage, and tobacco product manufacturing being the largest contributor.
- Transport, postal, and warehousing was **up** 3.5 percent, due to road transport.
- Construction was **down** 1.1 percent, with all construction industries decreasing.

Expenditure on gross domestic product grew 1.1 percent in the June 2017 quarter.

The main movements in GDE were:

- Exports of goods and services was **up** 5.2 percent, due to exports of dairy products and higher tourist spending.
- Household consumption expenditure was **up** 0.9 percent, driven by spending on services, and durable goods.
- Inventories were **run down** \$228 million, due to manufacturing inventories.
- Investment in fixed assets was **down** 0.8 percent, due to lower investment in residential building, non-residential building, and other construction.
- Imports of goods and services was **up** 0.6 percent, due to imports of intermediate goods and capital goods.

GDP grew **0.8%** in the June 2017 quarter



Size of the economy (GDP) **\$270 billion**

Increases GDP

Household spending **\$155 billion**

Government **\$50 billion**

Investment **\$60 billion**

Exports **\$70 billion**

Decreases GDP

Imports **\$70 billion**

Liz MacPherson, Government Statistician
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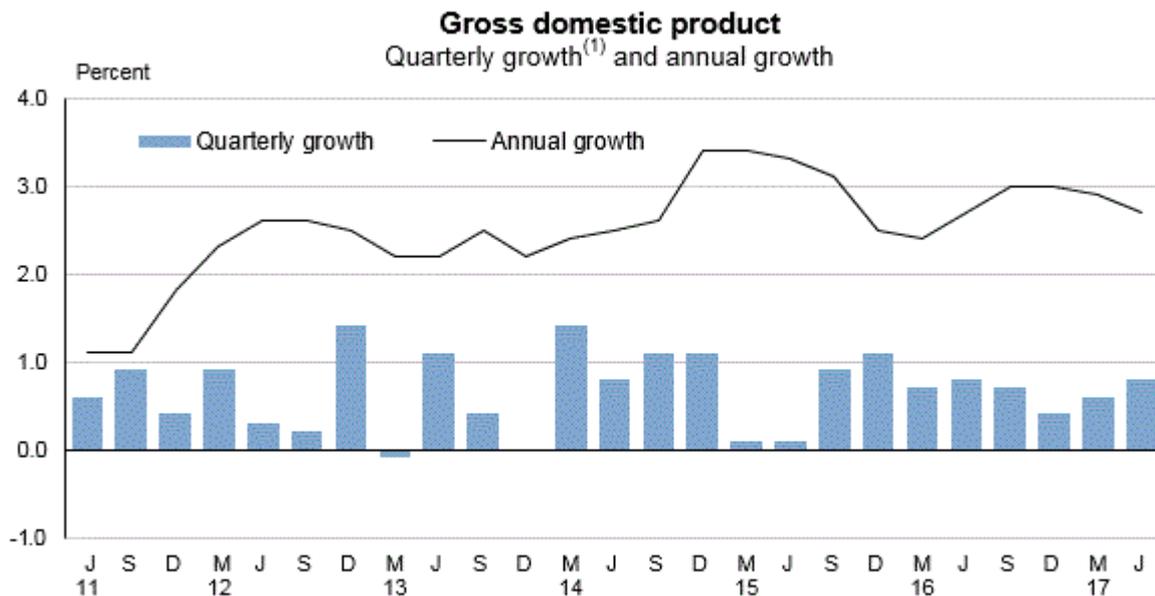
Commentary

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New Zealand economy grows 0.8 percent

GDP measured by production was up 0.8 percent in the June 2017 quarter. This follows a revised 0.6 percent increase in the March 2017 quarter.

Growth for the year ended June 2017 was 2.7 percent, compared with 2.9 percent growth for the year ended March 2017.



1. Seasonally adjusted chain-volume series expressed in 2009/10 prices.

Source: Stats NZ

Strong export and domestic demand underpins growth

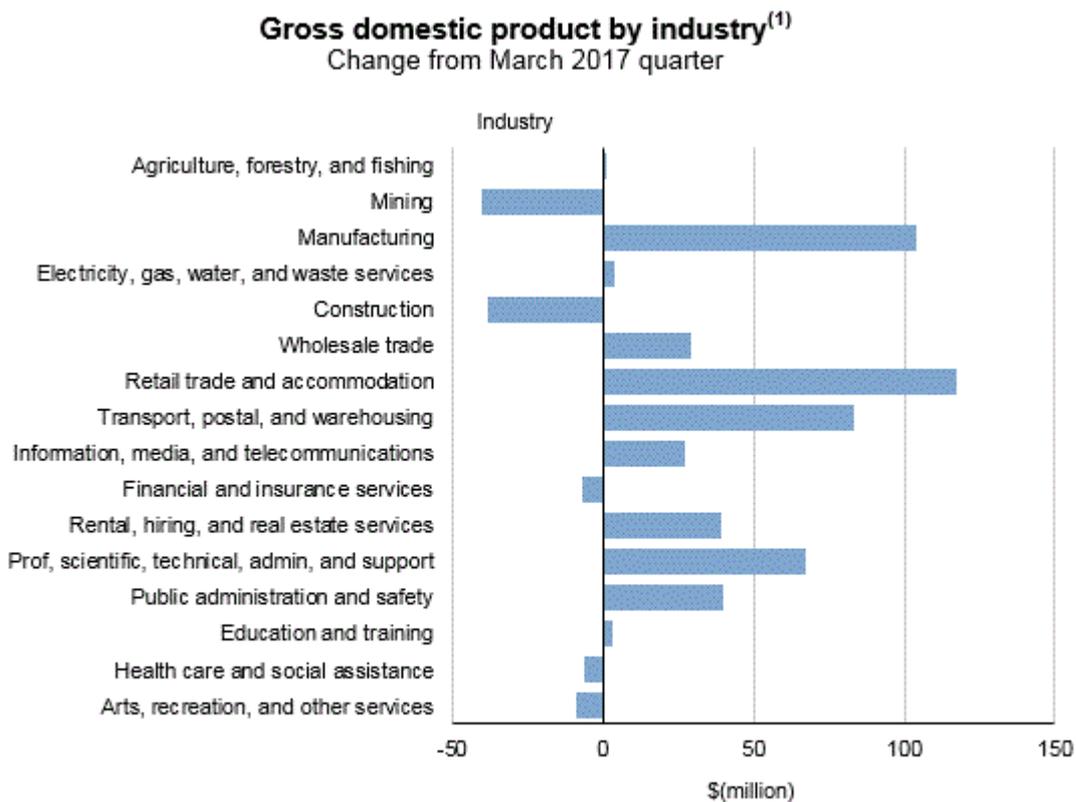
Strong export and domestic demand flowed through into solid production in the retail, manufacturing, transport, and forestry industries.

Dairy export volumes were up 19 percent in the June 2017 quarter, as dairy inventories were run down. Meat export growth contributed to the strength in food manufacturing. A rise in the volume of forestry products exported flowed into an 8.1 percent rise in forestry and logging.

The retail trade and accommodation industry benefitted from increased domestic household expenditure and strong growth in tourism in the latest quarter.

Partly offsetting this growth was construction activity, which fell for the second quarter in a row. Mining activity also dropped.

Eleven of 16 industries increased in the June 2017 quarter.



1. Seasonally adjusted chain-volume series expressed in 2009/10 prices.

Source: Stats NZ

Overall this quarter, primary industries fell 0.8 percent (following a 2.1 percent rise in the March quarter), goods producing industries rose 0.6 percent (up 0.3 percent in March), and the services industries rose 1.0 percent (up 0.5 percent in March).

Tourism boosts services growth

Retail trade and accommodation increased 2.8 percent in the June 2017 quarter, following a revised 2.0 percent increase in the March 2017 quarter, benefitting from strong growth in

tourism. The June quarter saw two major events, the World Masters Games and the British and Irish Lions rugby tour. A boost in international visitor numbers this quarter, especially from the United Kingdom, led to increased international guest nights, which benefitted the industry.

Transport, postal, and warehousing activity grew 3.5 percent in the June 2017 quarter, following a 1.6 percent fall in the March 2017 quarter. The increase in the latest quarter was driven largely by road transport. Transport support services recorded a strong rise after two quarterly falls. Rail transport remained at lower levels following previous damage to the South Island rail network in November 2016 and early 2017.

Business services grew 1.1 percent in the June 2017 quarter, following flat activity in the March 2017 quarter. The main drivers this quarter were scientific, architectural, and engineering services, and computer system design and related services.

Primary sector weakens

Primary sector activity fell 0.8 percent over the June 2017 quarter. Increased activity in the forestry and logging industry was more than offset by declines in the agriculture and mining industries.

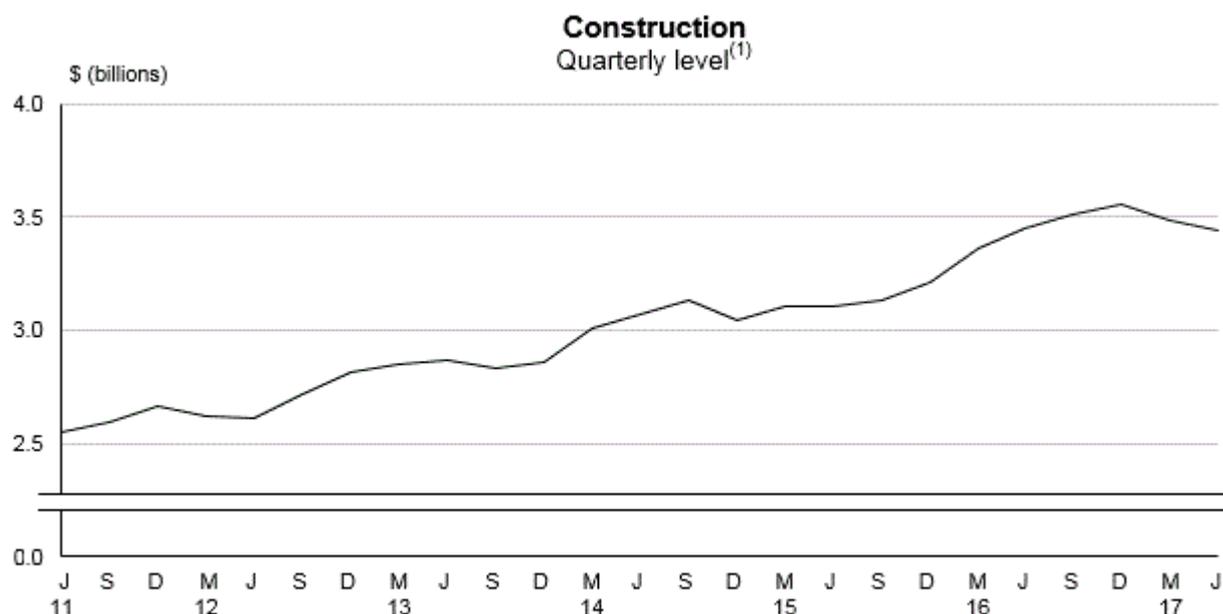
Forestry and logging increased 8.1 percent, the highest quarterly growth since December 2012; this growth was reflected in strong exports of forestry products.

Agricultural activity fell 1.2 percent in the June 2017 quarter, following 3.9 percent growth in the March 2017 quarter. The decrease was driven by lower cattle and lamb farming, partly offset by higher milk production.

Mining activity fell for the third consecutive quarter (down 5.2 percent). Lower oil and gas extraction was partly offset by increases in coal mining, oil exploration, and mining support services. This is the lowest level of activity since the Tui oil field came on-stream in 2007.

Construction eases again

Construction activity fell 1.1 percent in the June 2017 quarter, following a 2.1 percent fall in the March 2017 quarter.



1. Seasonally adjusted chain-volume series expressed in 2009/10 prices.

Source: Stats NZ

Investment in fixed assets fell 0.8 percent. Falls in investment across most asset types were partly offset by investment in transport equipment (up 9.1 percent). Investment in residential and non-residential building both fell for the second successive quarter, down from their December 2016 peaks.

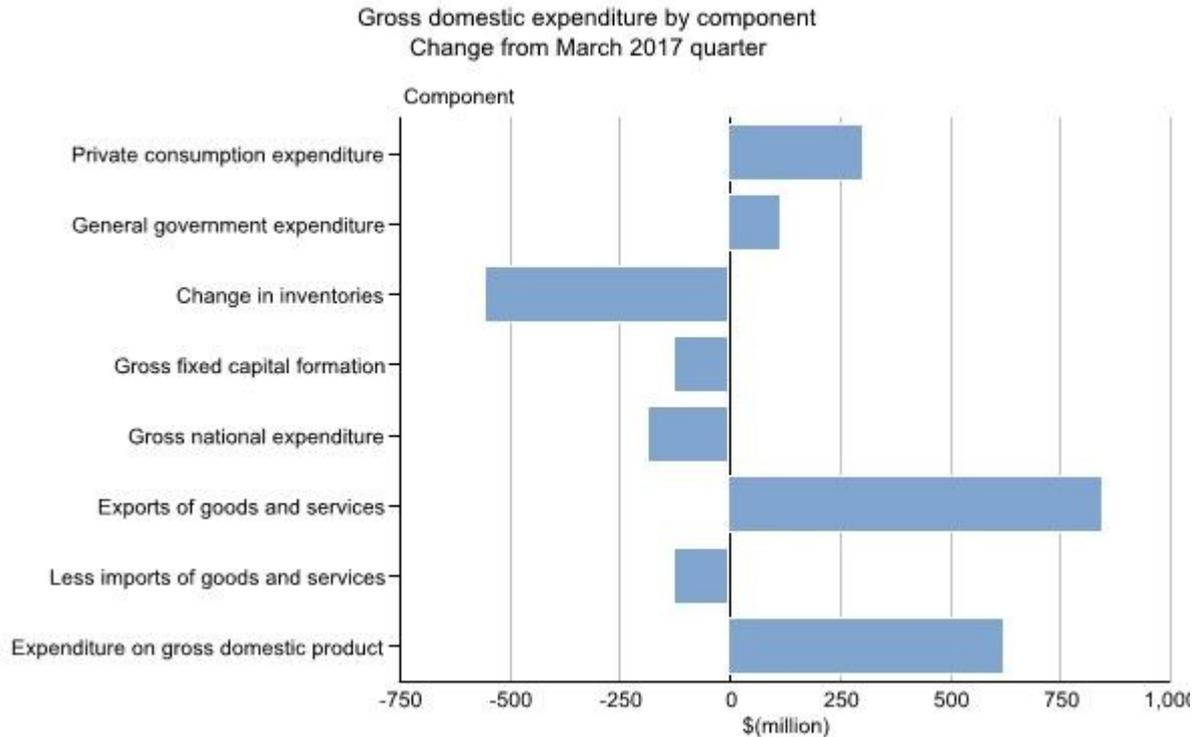
Expenditure on GDP up 1.1 percent

The expenditure method of GDP rose 1.1 percent in the June 2017 quarter, following a revised 0.5 percent increase in the March 2017 quarter.

Note: The expenditure and production measures of GDP are conceptually the same, but use different data sources, so can differ in practice. The production measure of GDP measures the volume of goods and services produced in the economy, while the expenditure measure shows how these goods and services were used. While the production-based and expenditure-based measures are both official series, the production-based measure historically shows less volatility and is the preferred series for the quarter-on-quarter changes.

The main movements in the expenditure measure of GDP in the June 2017 quarter were:

- Household consumption expenditure **increased** 0.9 percent, with expenditure on durables, non-durables, and services all increasing.
- Exports of goods and services were **up** 5.2 percent, exceeding a 0.6 percent **rise** in imports of goods and services. Exports of goods and services both grew strongly.
- Investment in fixed assets **fell** 0.8 percent. This followed a revised 1.1 percent increase in the March 2017 quarter, and a 0.9 percent increase in the December 2016 quarter.
- Inventories **ran-down** \$228 million, following two successive quarterly build-ups.



Note: Seasonally adjusted chain-volume series expressed in 2009/10 prices.

Source: Stats NZ

Consumer spending shows ongoing strength

Household consumption expenditure increased 0.9 percent over the June 2017 quarter, with expenditure on services up 0.8 percent and durables up 1.8 percent.

Spending on restaurant meals and ready-to-eat meals, and telecommunication services, were up in the June 2017 quarter. They were the leading contributors to the 0.8 percent rise in expenditure on services.

Households also spent more on audio-visual equipment, clothing, and telecommunication equipment, which led the 1.8 percent rise in expenditure on consumer durables.

Spending on non-durable goods was up 0.6 percent, with households spending more on alcohol, electricity, grocery food, and non-alcoholic beverages.

Strong export growth

Exports increased 5.2 percent in the June 2017 quarter, with exports of goods rising 6.3 percent and exports of services up 5.4 percent. Exports of goods posted its biggest quarterly increase in nearly 20 years.

Demand for exports reflected strong production growth in the manufacturing and service industries. Demand for dairy exports was reflected in an increase in dairy product manufacturing and a run-down of dairy inventories – following build-ups in recent quarters.

Growth in exports of services benefitted from strong growth in tourism in the June quarter, helped by the two international events staged in New Zealand. The World Masters Games occurred within the June quarter, while the Lions tour began in the June quarter and continued in the September quarter.

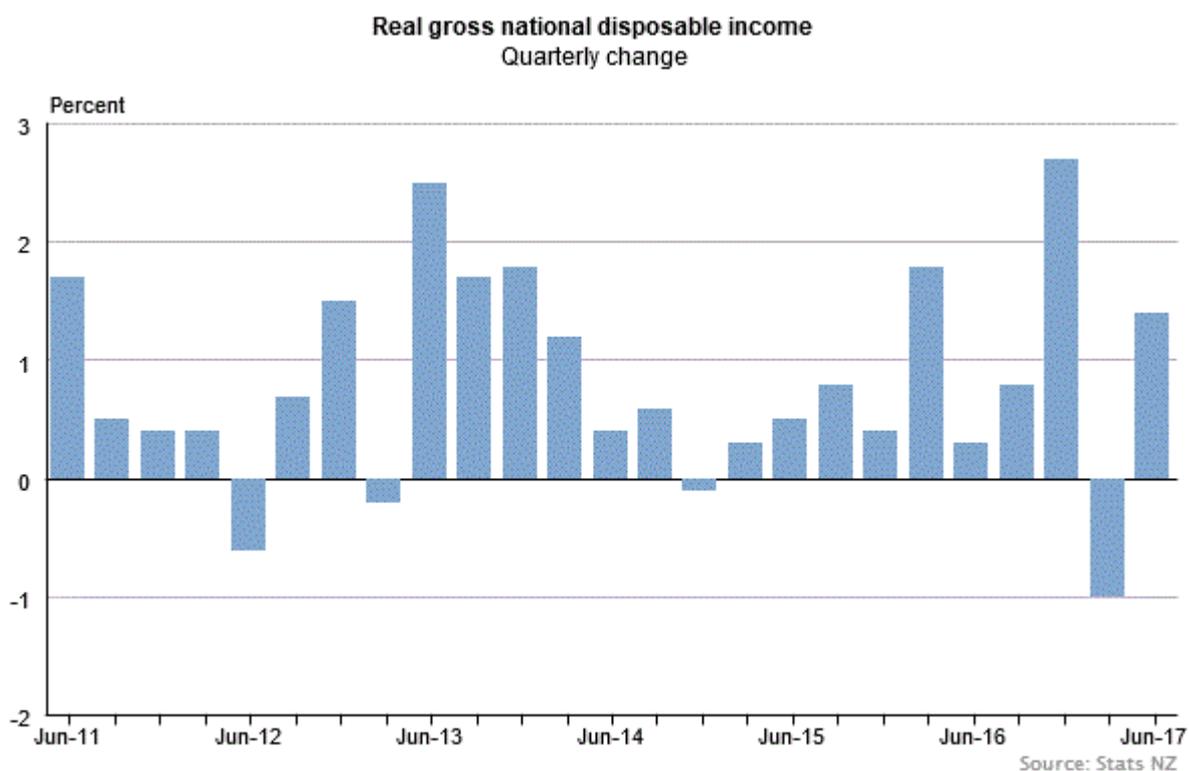
GDP per capita up over the quarter

GDP per capita was up 0.3 percent in the June 2017 quarter. This follows a flat result (revised) in the March 2017 quarter.

For the year ended June 2017, GDP per capita was up 0.6 percent.

Real purchasing power of New Zealand’s income up

New Zealand’s ability to buy goods and services from its income rose over the June 2017 quarter. Real gross national disposable income (RGNDI), which measures the real purchasing power of New Zealand’s disposable income, was up 1.4 percent in the June 2017 quarter, following a revised 1.0 percent fall in the March 2017 quarter.



Note: Seasonally adjusted chain-volume series expressed in 2009/10 prices.

RGNDI per capita was up 0.9 percent in the June 2017 quarter, following a revised 1.6 percent fall in the March 2017 quarter. Over the June 2017 year, RGNDI per capita increased 1.8 percent. This shows that New Zealand’s real purchasing power increased more than New Zealand’s population over this period.

GDP is a measure of economic activity, while RGNDI is a measure of the volumes of goods and services New Zealand residents have command over. RGNDI takes into account changes in the terms of trade effect (the price of imports relative to the price of exports), as well as net investment income and net transfer income flows with the rest of the world.

The net income flows draw upon Balance of Payments and International Investment Position: June 2017 quarter.

GDP growth of 0.8 percent for the June 2017 quarter, increased purchasing power through a rise in the terms of trade, and a smaller net flow of income to offshore all contributed to the 0.9 percent rise in RGNDI per capita in the latest quarter.

New Zealand's terms of trade in goods increased 1.5 percent in the June 2017 quarter, as export prices rose more than import prices.

Overseas Trade Indexes (Prices and Volumes): June 2017 quarter (provisional) reported a 2.4 percent increase in the exports prices of goods, greater than the 0.9 percent increase in the imports prices of goods. However, there was a 4.8 percent fall in the services terms of trade. Export prices of services fell 1.5 percent, while import prices of services rose 3.5 percent.

Terms of trade is the ratio of the price of exports to the price of imports. An increase in the terms of trade means fewer exports are needed to pay for a given volume of imports. This means residents can purchase a larger volume of goods and services from the incomes generated by a given level of domestic production.

See Real gross national disposable income (in DataInfo+) for more about RGNDI.

International growth comparison – New Zealand compared with our trade partners

Percentage changes in GDP – international comparisons for the June 2017 quarter		
Country	Quarterly percentage change in GDP	Change from same quarter previous year
New Zealand	0.8	2.5
Australia	0.8	1.8
Canada	1.1	3.7
Euro area (19 countries)	0.6	2.3
Japan	0.6	1.6
OECD	0.7	2.4
United Kingdom	0.3	1.7
United States	0.8	2.2

See OECD.Stat for GDP data covering other countries. Care should be taken when comparing New Zealand's GDP figures with those of other countries, as the methodology used varies internationally.

Find data tables and more information

For more detailed data see the Excel tables in the 'Downloads' box. See DataInfo+ for information on definitions and data quality.

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General methodology used to produce these statistics.

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Statistics in this release have been produced in accordance with the Official Statistics System principles and protocols for producers of Tier 1 statistics for quality. They conform to the Statistics NZ Methodological Standard for Reporting of Data Quality.

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Revisions

- [Overview](#)
- [Overseas trade index corrections](#)
- [Balance of payments annual revisions](#)
- [Software investment correction](#)
- [Other revisions](#)
- [Revisions table](#)

Overview

We incorporated several revisions in this release. The revisions are usually driven by new or improved data that affect historical results, or changes to the underlying measure – in both cases we aim to better represent the real-life situation of a changing society, economy, and environment.

The key revisions are discussed below.

Overseas trade index corrections

The overseas trade index (OTI) deflator for exports of forestry products was revised for the March 2017 quarter. This was due to a correction in the provisional price.

The OTI deflator for imports of consumer durables was revised for the September and December 2016 quarters. This was due to correcting a process error.

There were also several smaller revisions to the OTI deflators for exports and imports for the March 2017 quarter. This is due to the usual process of receiving and editing late and amended trade documentation. The OTIs are provisional for one quarter to allow for this.

These corrections and revisions affected exports and imports in the expenditure measure of GDP, as well as total gross domestic expenditure. The revision to exports of forestry products for the March 2017 quarter revised the expenditure measure of GDP up by about 0.1 percent.

See [Overseas Trade Indexes \(Prices and Volumes\): June 2017 quarter \(provisional\)](#) for more information on the OTI revisions.

Balance of payments annual revisions

We incorporated balance of payments annual revisions this quarter. These revisions mostly applied to the expenditure measure of GDP (GDE), in particular exports and imports of services, and household consumption expenditure. The revisions had minimal impact at total GDE level.

These revisions are normal practice in June quarters, and ensure that we are in line with international best practice.

See [Preview of 2017 revisions to balance of payments and national accounts](#) for more information.

Software investment correction

We revised nominal investment in intangibles for the March 2017 quarter due to a processing error. The correction also affects nominal aggregates within gross fixed capital formation and total GDE. Due to the nature of the error, there is no impact on real investment in intangibles or any aggregates.

Other revisions

We made other revisions due to updated source data. Doing this as updates become available is a normal procedure, as it better reflects what is going on in the economy.

Other revisions to the production measure of GDP

- Public administration, safety, and defence revised due to updated data from Local Authority Statistics: June 2017 quarter – tables.
- We received updated respondent information and other source data, which caused revisions to agriculture, forestry and fishing; manufacturing; electricity, gas, water and waste services; construction; telecommunications; finance and insurance; and rental, hiring, and real-estate services.

Other revisions to the expenditure measure of GDP

- Gross fixed capital formation revised due to updated 'other construction' data; updated overseas trade data; and updated transfer costs data.
- Household consumption expenditure revised due to updated telecommunications data.
- Imports and exports revised due to updated overseas merchandise trade data.
- Local government final consumption expenditure revised due to updated data from Local Authority Statistics: June 2017 quarter – tables.

Revisions table

The following table shows the previously published and revised quarterly movements for the March 2017 quarter GDP and expenditure on GDP (GDE).

Previously published and revised March 2017 quarterly movements				
Quarter	GDP		GDE	
	Percentage change from previous quarter			
	Previously published	Revised	Previously published	Revised
June 2013	1.1	1.1	-0.2	-0.2
September 2013	0.4	0.4	0.7	0.7
December 2013	0.0	0.0	0.5	0.5
March 2014	1.4	1.4	0.9	1.0
June 2014	0.8	0.8	0.5	0.5
September 2014	1.1	1.1	1.0	1.1
December 2014	1.1	1.1	1.0	1.0
March 2015	0.1	0.1	0.3	0.3
June 2015	0.1	0.1	0.9	0.8
September 2015	0.9	0.9	1.1	1.2
December 2015	1.1	1.1	0.9	0.8
March 2016	0.7	0.7	1.1	1.1
June 2016	0.8	0.8	0.8	0.7
September 2016	0.8	0.7	0.9	0.7
December 2016	0.4	0.4	0.1	0.3
March 2017	0.5	0.6	0.2	0.5

Source: Stats NZ

Contacts

For media enquiries contact:

Daniel Griffiths

Wellington 04 931 4600

Email: info@stats.govt.nz

For technical information contact:

Jane Ellis or Nikhil Bhanushali

Wellington 04 931 4600

Email: info@stats.govt.nz

For general enquiries contact our Information Centre:

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Tables

The following tables are available in Excel format from the 'Downloads' box. If you have problems viewing the files, see [opening files and PDFs](#).

- 1 Gross domestic product by industry – June 2017 quarter
- 2 Expenditure on gross domestic product – June 2017 quarter
- 3 Gross domestic product by industry – quarterly values
- 4 Gross domestic product by industry – quarterly percentage changes
- 5 Gross domestic product by industry – annual values
- 6 Gross domestic product by industry – annual percentage changes
- 7 Expenditure on gross domestic product – quarterly values
- 8 Expenditure on gross domestic product – quarterly percentage changes
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- 11 Household consumption expenditure – quarterly values and percentage changes
- 12 Household consumption expenditure – annual values and percentage changes
- 13 Gross fixed capital formation – quarterly values and percentage changes
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- 15 Exports of goods and services – quarterly values and percentage changes
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- 25 Gross domestic product by industry – percentage changes from same quarter of previous year
- 26 Gross domestic product by industry – year ended June values
- 27 Gross domestic product by industry – year ended June percentage changes
- 28 Gross domestic product by industry – year ended June values and percentage changes

We have added machine-readable, zipped CSV files of the tables to the downloadable files, as a trial. Use the feedback form below to send us feedback about them.

Supplementary tables

These tables show a longer time series for expenditure on GDP and GDP by industry than is included in the June 2017 quarter tables. See the 'Downloads' box.

- 1 Expenditure on gross domestic product – annual values
- 2 Expenditure on gross domestic product – annual percentage changes
- 3 Expenditure on gross domestic product components – quarterly values
- 4 Expenditure on gross domestic product components – quarterly percentage changes
- 5 Gross domestic product by industry – annual values
- 6 Gross domestic product by industry – annual percentage changes

- 7 Gross domestic product by industry – quarterly values
- 8 Gross domestic product by industry – quarterly percentage changes
- 9 Indexes for industrial production – quarterly values

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