

# Gross Domestic Product: September 2016 quarter

Embargoed until 10:45am – 22 December 2016

## Key facts

**Economic activity, as measured by gross domestic product (GDP), grew 1.1 percent in the September 2016 quarter.**

The main movements by industry were:

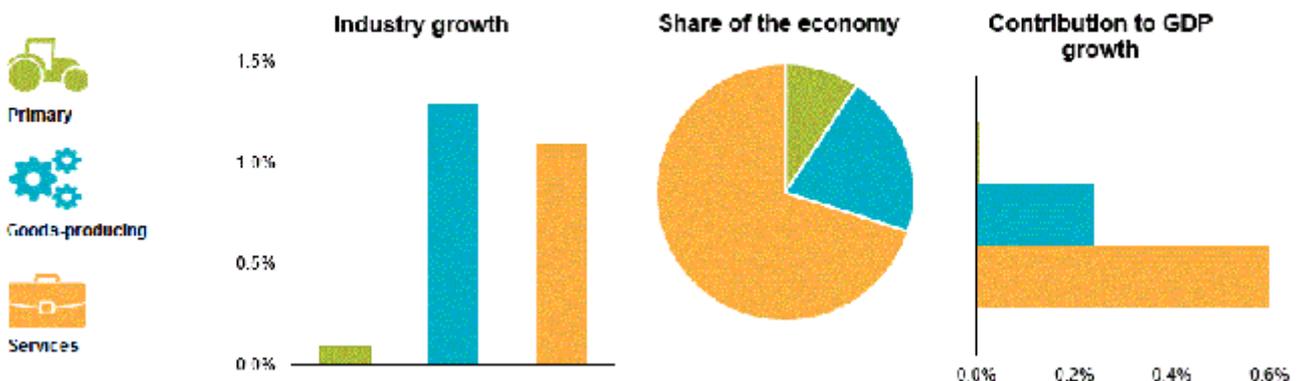
- Business services was **up** 2.0 percent, due to scientific, architectural and engineering services.
- Transport was **up** 3.7 percent, due to increases in road, air, and transport support services.
- Manufacturing was **up** 1.2 percent, due to food, beverage, and tobacco manufacturing; and transport equipment, machinery and equipment manufacturing.
- Construction was **up** 2.1 percent, due to increases in all of the construction sub –industries.
- 13 of the 16 GDP industries saw an increase in the September 2016 quarter.

**Expenditure on gross domestic product grew 1.4 percent in the September 2016 quarter.**

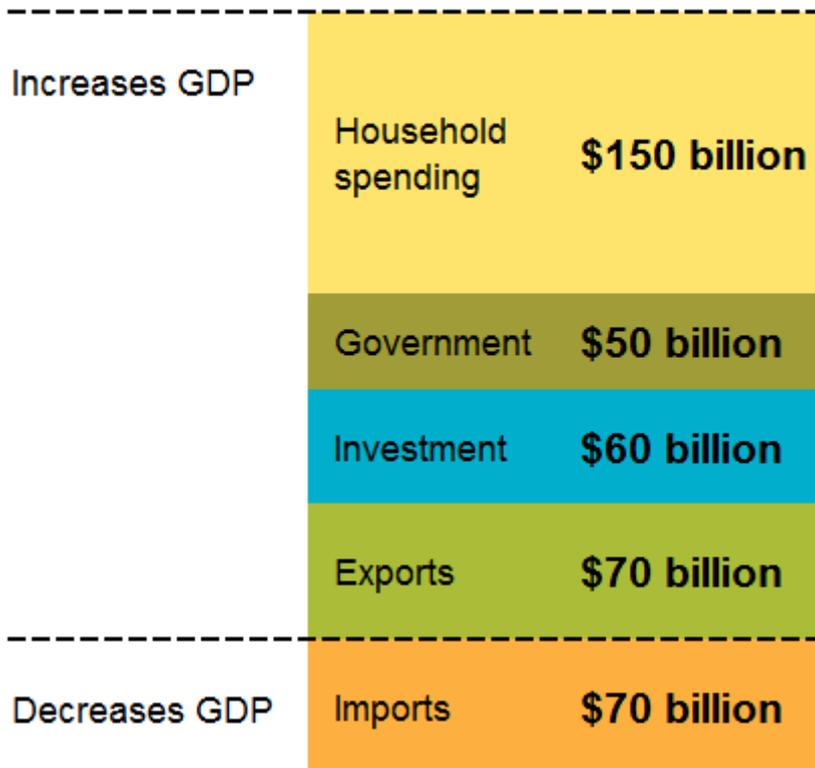
The main movements in GDE were:

- Household consumption expenditure was **up** 1.6 percent, driven by spending on services and non-durable goods.
- Investment in fixed assets was **up** 1.4 percent, due to increased investment in transport equipment and residential building.
- Exports of goods and services was **down** 0.7 percent.
- Imports of goods and services was **up** 1.2 percent, due to imports of transport equipment, including aircraft purchases.
- Inventories **ran down** \$200 million, due to a decrease in manufacturing inventories.

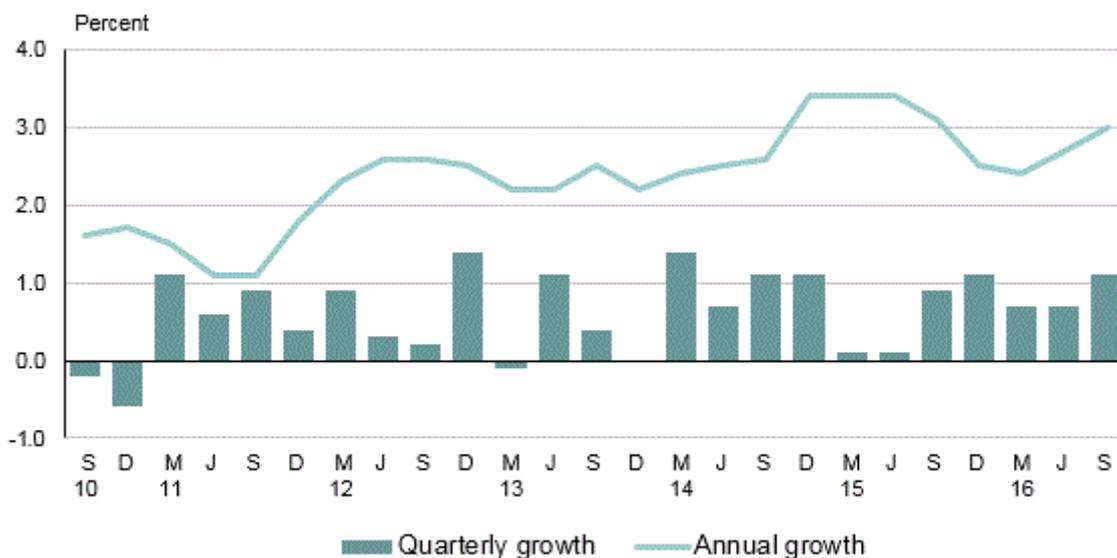
## GDP grew 1.1% in the September 2016 quarter



Size of the economy (GDP) **\$255 billion**



**Gross domestic product<sup>(1)</sup>**  
Quarterly growth and annual growth



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

Source: Statistics New Zealand

Liz MacPherson, Government Statistician  
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## Overview

### Gross domestic product: September 2016 quarter – overview

<p><b>GDP</b> was up 1.1 percent in the September 2016 quarter</p>		
<p>Activity in the <b>service</b> industries (about 70 percent of GDP) rose 1.1 percent.</p>	<p>Activity in the <b>goods-producing</b> industries (about 20 percent of GDP) rose 1.3 percent.</p>	<p>Activity in the <b>primary industries</b> (about 10 percent of GDP<sup>(1)</sup>) rose 0.1 percent.</p>
<p><b>Business services</b> activity was up 2.0 percent in the September 2016 quarter. This was led by scientific, architectural, and engineering services, which had its largest increase since December 2007.</p> <p><b>Transport, postal, and warehousing</b> increased 3.7 percent – the largest increase since December 2003. This increase was due to road transport, and air transport.</p> <p><b>Arts, recreation, and other services</b> increased 2.4 percent. Repair and maintenance services was up significantly, driving this movement.</p> <p><b>Public administration, safety, and defence</b> was up 1.7 percent. This was driven by public order, safety and regulatory services, and defence.</p>	<p><b>Manufacturing activity</b> increased 1.2 percent, with six of the nine industries up.</p> <p>Food, beverage, and tobacco manufacturing was up 1.6 percent, due to increases in beverage and tobacco product manufacturing and fruit, oil, cereal, and other food product manufacturing.</p> <p>Transport equipment, machinery and equipment manufacturing was up 2.7 percent – the highest quarterly growth since the December 2013 quarter.</p> <p><b>Construction activity</b> increased 2.1 percent in the September 2016 quarter. Residential and non-residential building were both up, which was also reflected in an increase in construction trade services. Heavy and civil engineering construction (such as telecommunications and infrastructure) also increased.</p>	<p><b>Agricultural activity</b> was down 1.6 percent this quarter. Dairy production and sheep and beef cattle farming were both down. This was due to a drop in milk production, cattle, and wool – partly offset by an increase in lamb.</p> <p><b>Forestry and logging</b> increased 10 percent in the September 2016 quarter. This increase in seasonally adjusted value added was the largest since September 1999.</p> <p>1. Includes unallocated taxes on production (eg import duties and GST).</p>

<b>GDE</b> was up 1.4 percent in the September 2016 quarter		
<b>Spending by households</b> (about 60 percent of GDE) was up 1.6 percent.	<b>Investment in fixed assets</b> was up 1.4 percent.	<b>Exports of goods and services</b> fell 0.7 percent and <b>imports of goods and services</b> rose 1.2 percent.
<p><b>Spending on services</b> was up 2.0 percent this quarter – the highest quarterly growth since the June 2009 quarter. The increase was reflected in higher spending on accommodation, domestic and international air passenger services, restaurant meals and ready-to-eat meals, and recreation services.</p> <p>Household spending on <b>durable goods</b> was up 0.5 percent. Spending on new and used motor vehicles, and clothing was higher this quarter. This was partly offset by a decline in spending on appliances, and furniture and furnishings.</p> <p>Spending on <b>non-durable goods</b> was up 1.1 percent, driven by increased petrol expenditure. Spending on fruits and vegetables, grocery food, and alcohol were also up significantly this quarter.</p>	<p><b>Residential building</b> investment was up 2.3 percent. In the September 2016 year, residential building investment grew 9.5 percent.</p> <p><b>Non-residential building</b> investment was up 1.2 percent.</p> <p>Investment in <b>other construction</b> (such as telecommunications and infrastructure) increased 3.0 percent.</p> <p>Investment in <b>transport equipment</b> increased 30 percent, due to increased investment in air transport.</p> <p>Investment in <b>intangible fixed assets</b> decreased 1.8 percent.</p> <p><b>Plant, machinery, and equipment investment</b> decreased 6.5 percent.</p>	<p><b>Exports of goods</b> decreased 0.6 percent. The main drivers of this were exports of meat products, which fell 10 percent, and agriculture and fishing primary products, which decreased 7.0 percent.</p> <p>This was partly offset by exports of <b>dairy products</b>, up 4.6 percent, and exports of <b>forestry primary products</b>, up 10 percent.</p> <p><b>Exports of services</b> was down 2.2 percent, driven by a decline in travel services.</p> <p><b>Spending by overseas tourists</b> was down 3.4 percent.</p> <p><b>Imports of goods</b> was up 0.7 percent. Imports of <b>capital goods</b> was up 5.0 percent. Imports of <b>consumption goods</b> decreased 2.0 percent.</p> <p><b>Imports of services</b> was up 1.5 percent.</p>

Gross domestic product is New Zealand's official measure of economic growth. It is published quarterly and expressed in volume terms (with the effect of price changes removed).

The production measure of GDP measures the volume of goods and services produced in the economy, while the expenditure measures shows how these goods and services were used.

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

## **Related links**

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*Gross Domestic Product: December 2016 quarter* will be released on 16 March 2017.

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Benchmarks from [National Accounts \(Industry Production and Investment\): Year ended March 2015](#) are used to reconcile the quarterly production measure of GDP.

Benchmarks from [National Accounts \(Income and Expenditure\): Year ended March 2016](#) are used to reconcile the quarterly expenditure measure of GDP.

### **Past releases**

[Gross Domestic Product – information releases](#) has links to past releases.

## **Related information**

[National accounts](#) provide an annual measure of economic aggregates in the New Zealand economy.

### **Copyright and terms of use**

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## **Data quality**

### **National accounts quarterlies – DataInfo+**

General methodology used to produce these statistics.

### **National accounts quarterlies – concepts – DataInfo+**

Definitions of terms used in this release.

## Data quality

### Period-specific information

This section contains information that has changed since the last release.

- [Reference period](#)
- [Impact of 14 November earthquake on our data](#)

### General information

This section contains information that does not change between releases.

- [General methodology](#)
- [Definitions](#)
- [Confidentiality and accessing the data](#)
- [More information](#)

## Period-specific information

### Reference period

We collected information for this release for the period July–September 2016.

### Impact of 14 November earthquake on our data

Due to the 14 November earthquake, we delayed this release from its scheduled date of 15 December 2016. The delay ensures that the information is produced to its usual quality level.

This release uses the first version of the data that was released with [Overseas Merchandise Trade: September 2016](#) published on 27 October 2016. In past Gross Domestic Product releases, the second version of overseas trade provisional data is used. Differences between version 1 and version 2 provisional data are minor and do not significantly affect aggregate level data. This was consistent with the [Overseas Trade Indexes \(Prices and Volumes\): September 2016 quarter](#) and [Balance of Payments and International Investment Position: September 2016 quarter](#).

[Infoshare](#) data is available. You can download data in CSV format from the 'Downloads' box on the right-hand side of this page.

We have not included a commentary this quarter.

## General information

### General methodology

See [National accounts quarterlies – DataInfo+](#)

### Definitions

See [National accounts quarterlies – concepts – DataInfo+](#)

## Confidentiality and accessing the data

Data collected and information contained in this publication must conform to the provisions of the Statistics Act 1975. This requires that published information maintains the confidentiality of individual respondents.

## More information

[See more information about the quarterly gross domestic product.](#)

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## Revisions

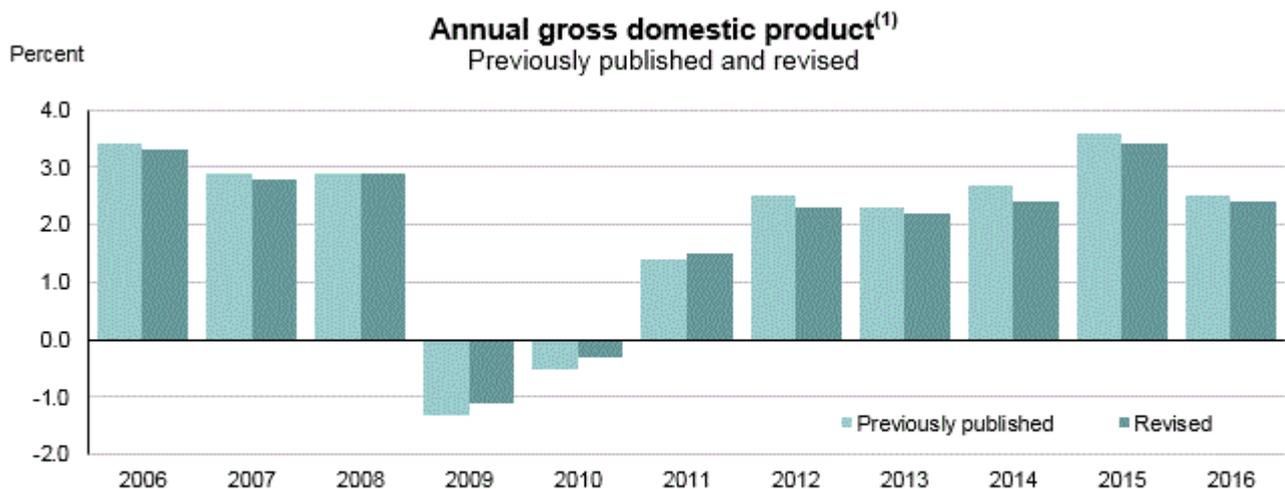
- [Overview](#)
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- [Methodology improvements and changes to data sources](#)
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## Overview

Several revisions to previously published data are incorporated in this release. These revisions come from three sources:

- quarterly series reconciled to new annual benchmark data
- methodology improvements and changes to data sources
- updated indicator data.

In general, methodology improvements affected the whole time series; reconciliation to new annual benchmarks primarily caused revisions to recent years (2013 onwards); and updated indicator data caused revisions to recent quarters. We discuss the key revisions in the sections below.



1. Chain-volume series expressed in 2009/10 prices, year ended March.

Source: Statistics New Zealand

## Quarterly series reconciled to new annual benchmark data

In the September quarter of each year, we reconcile quarterly constant price series to new annual national accounts data which have been through the process of supply-use balancing. This reconciliation is essential to maintain the quality of the quarterly series over time.

The new annual data come from [National Accounts \(Industry Production and Investment\): Year ended March 2015](#) and [National Accounts \(Income and Expenditure\): Year ended March](#)

[2016](#) published on 8 December 2016. Note that for most of the production-side benchmarks, we incorporated balanced data only up to 2014 in the quarterly volume estimates. Provisional estimates (2015 and 2016 annual data) are subject to more revision than final reconciled data.

Not all industries are reconciled to the annual national accounts data. The methods we use to calculate the annual contribution to GDP by industry vary – some industries use annual national accounts data, while others use other data sources. However, all industries and components are affected by an update in the weights used for chain-linking, which allows the relative size of each lower-level series to be reflected in the industry and component aggregates. More information on the methods used for calculating each industry of GDP, and each component of the expenditure measure of GDP, is in [Quarterly gross domestic product: Sources and methods \(fourth edition\)](#), which will be updated in early 2017 to incorporate recent methodology changes.

## **Methodology improvements and changes to data sources**

In addition to the annual benchmark updates, we implemented several methodology changes that led to revisions to GDP series. These changes are outlined in the section below. [Preview of 2016 national accounts improvements](#) provides more detail on the changes made this quarter.

### **Construction industry**

Changes to the construction industry introduced in the September 2016 quarter were:

- Benchmarking the construction services sub-industry to annual value added (where previously there was no annual benchmark), causing revisions to annual construction volumes. Revisions affect the whole time series.
- Revising quarterly indicator data for residential building construction and residential building investment back to 2012, to align seasonally adjusted outputs more closely with those published in [Value of Building Work Put in Place](#).
- Changing the seasonal adjustment for the construction industry from indirect to direct. As total GDP and GDE are directly seasonally adjusted, these changes did not affect either total.

### **Mining**

We aligned oil and gas production indicators more closely with those published in the Ministry of Business, Innovation and Employment's *New Zealand Energy Quarterly*. This resulted in revisions to the mining industry across the time series.

### **Central government final consumption expenditure**

Updates to data and classifications resulted in revisions to current price and volume estimates of central government final consumption expenditure for the whole time series, on the expenditure side of GDP only.

### **Removal of fixed weights**

We introduced chain-linking to replace fixed 2010 weights for lower-level series in the mining and business services industries on the production side of GDP. We also introduced chain-linking to some parts of both non-residential building GFKF, and central government final consumption expenditure. Removal of fixed weights results in revisions to the whole time series.

More minor methodology changes:

- updated travel credit proportions were incorporated into our measures of household consumption expenditure, but the effect on HCE totals was minor
- updated annual school education data (2011–15) with data sourced from the Ministry of Education
- introduced seasonal adjustment for investment in other construction.

## Revisions to GDP

- Updated respondent information and other source data also resulted in revisions to agriculture, forestry, and fishing; mining; manufacturing; electricity, gas, water, and waste services; construction; information media and telecommunications; and rental, hiring, and real estate services.

## Revisions to expenditure on GDP

- Gross fixed capital formation revised due to updated transfer costs data and overseas trade data.
- Central government final consumption expenditure revised due to updated income and revenue data. This caused quarterly revisions from June 2014 onwards.
- Imports and exports revised due to updated overseas merchandise trade data and balance of payments data.
- Household consumption expenditure was revised due to updated data for telecommunications and transport data.
- Local government was revised due to updated data from Local Authority Statistics: September 2016 quarter.
- The process of reconciling inventory changes with the rest of the economy – minimising timing and valuation issues – led to inventories revisions for recent quarters.

## Financial intermediation services indirectly measured

Updated input data for financial intermediation services indirectly measured (FISIM) resulted in revisions to financial and insurance services in the production measure of GDP, and also in revisions to the following in the expenditure measure of GDP:

- household consumption expenditure
- private non-profit consumption expenditure
- central and local final consumption expenditure
- exports and imports of services.

## Revisions table

The following table shows the previously published and revised quarterly movements for the September 2016 quarter GDP and expenditure on GDP (GDE).

Previously published and revised June 2016 quarterly movements				
Quarter	GDP		GDE	
	Percentage change from previous quarter			
	Previously	Revised	Previously	Revised

	published		published	
September 2010	-0.3	-0.2	-1.4	-1.3
December 2010	-0.4	-0.6	-0.6	-1.1
March 2011	1.1	1.1	1.4	1.7
June 2011	0.7	0.6	0.9	1.0
September 2011	0.9	0.9	1.2	1.2
December 2011	0.6	0.4	1.0	0.7
March 2012	0.8	0.9	0.0	0.1
June 2012	0.3	0.3	1.0	0.7
September 2012	0.3	0.2	0.7	0.5
December 2012	1.4	1.4	0.7	1.0
March 2013	-0.1	-0.1	0.2	0.5
June 2013	0.8	1.1	-0.1	-0.2
September 2013	0.8	0.4	0.7	0.7
December 2013	0.5	0.0	0.3	0.5
March 2014	1.4	1.4	1.3	0.9
June 2014	0.9	0.7	0.5	0.6
September 2014	0.9	1.1	1.0	1.0
December 2014	0.8	1.1	1.1	1.0
March 2015	0.2	0.1	0.3	0.3
June 2015	0.4	0.1	0.6	0.8
September 2015	0.8	0.9	1.2	1.2
December 2015	0.9	1.1	0.7	0.7
March 2016	0.9	0.7	0.7	1.1
June 2016	0.9	0.7	1.2	1.2

Source: Statistics New Zealand

## Contacts

**For media enquiries contact:**

Daniel Griffiths

Wellington 021 384 185

**Email:** [info@stats.govt.nz](mailto:info@stats.govt.nz)

**For technical information contact:**

Jane Ellis or Morgan Sissons

**Email:** [info@stats.govt.nz](mailto:info@stats.govt.nz)

**For general enquiries contact our Information Centre:**

Phone: 0508 525 525 (toll free in New Zealand)

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## Tables

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

- 1 Gross domestic product by industry – September 2016 quarter
- 2 Expenditure on gross domestic product – September 2016 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
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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 gross domestic product and gross domestic product by industry than is included in the September 2016 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

## **Access more data on Infoshare**

Use [Infoshare](#) to access time-series data specific to your needs. For this release, select the following categories from the Infoshare homepage:

Subject category: **Economic indicators**

Group: **National Accounts – SNA 2008 – SNE**

## **Next release**

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