

Gross Domestic Product: March 2016 quarter

Embargoed until 10:45am – 16 June 2016

Key facts

Economic activity, as measured by gross domestic product (GDP), grew 0.7 percent in the March 2016 quarter.

The main movements by industry were:

- construction was **up** 4.9 percent, due to growth in construction trade services, and heavy and civil construction – all construction sub-industries increased
- health care and residential care was **up** 2.7 percent – both private and public health care were up
- manufacturing was **down** 0.4 percent, due to decreased food, beverage, and tobacco manufacturing.

Expenditure on gross domestic product grew 0.5 percent in the March 2016 quarter.

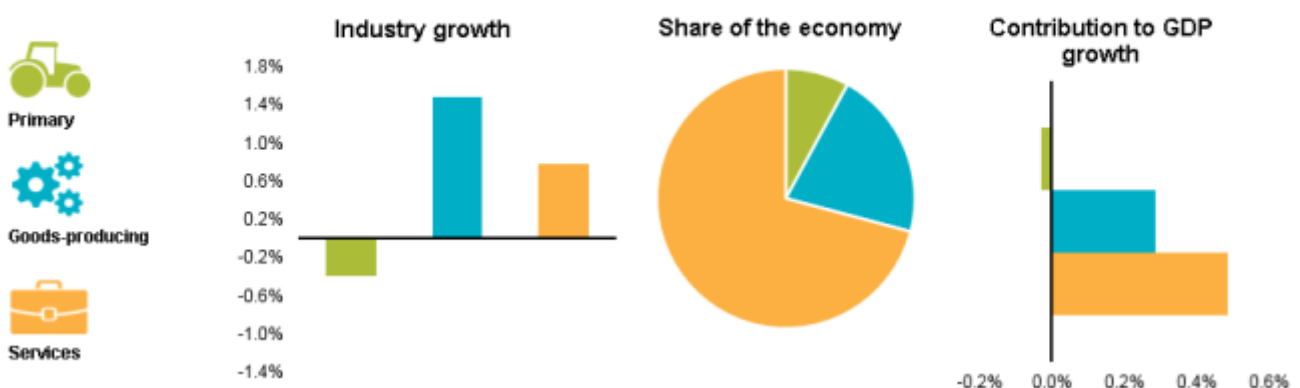
The main movements in GDE were:

- investment in fixed assets was **up** 2.4 percent, due to increased investment in residential building and other construction (including roading and telecommunication investment)
- household consumption expenditure was **up** 0.4 percent – spending on services, durable goods, and non-durable goods all increased
- inventories **built up** \$183 million, due to an increase in manufacturing inventories
- exports of goods and services was **down** 1.0 percent, and imports of goods and services was **up** 0.2 percent.

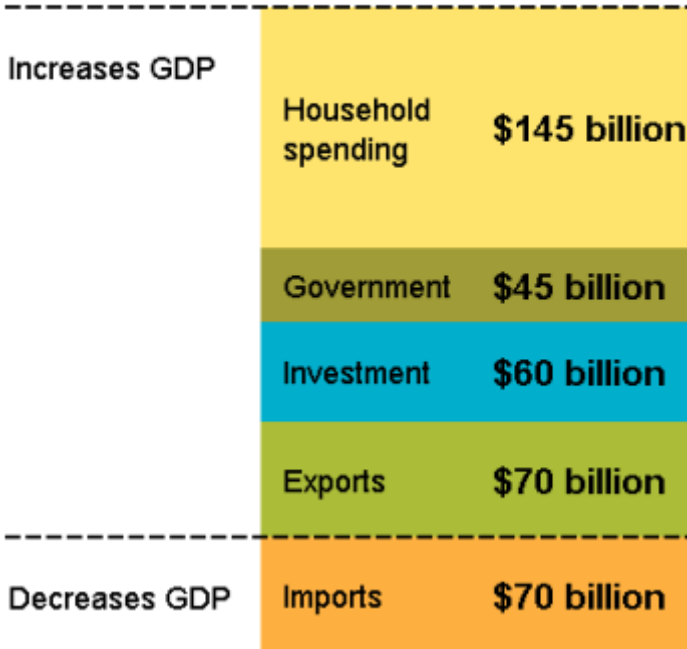
See [commentary](#) for more detailed analysis.

See [gross domestic product visualisation](#), an interactive tool showing quarterly changes in the production of the different industries in New Zealand's economy.

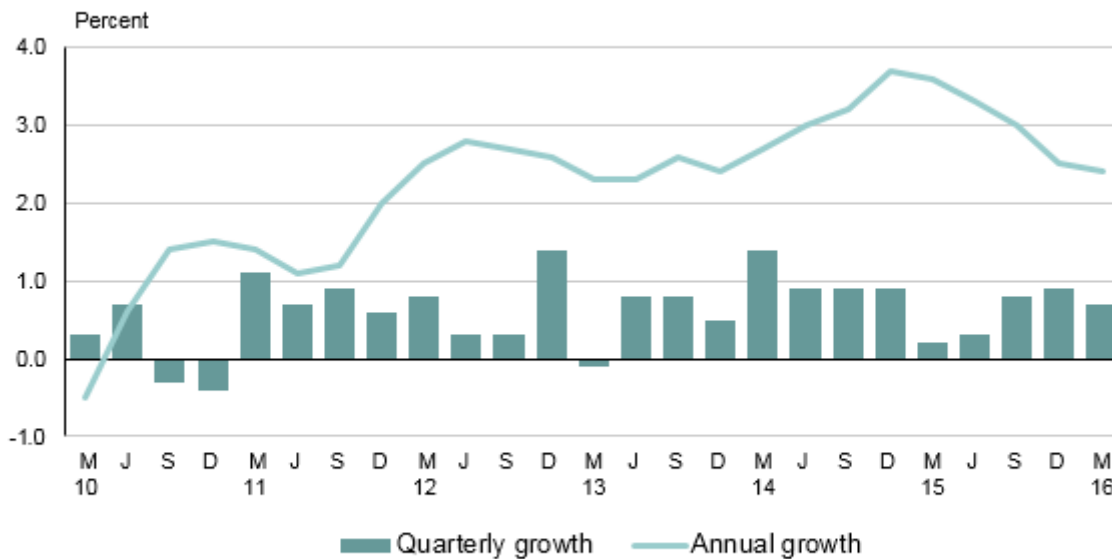
GDP grew 0.7% in the March 2016 quarter



Size of the economy (GDP) **\$250 billion**



Gross domestic product⁽¹⁾
Quarterly growth and annual growth



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

Source: Statistics New Zealand

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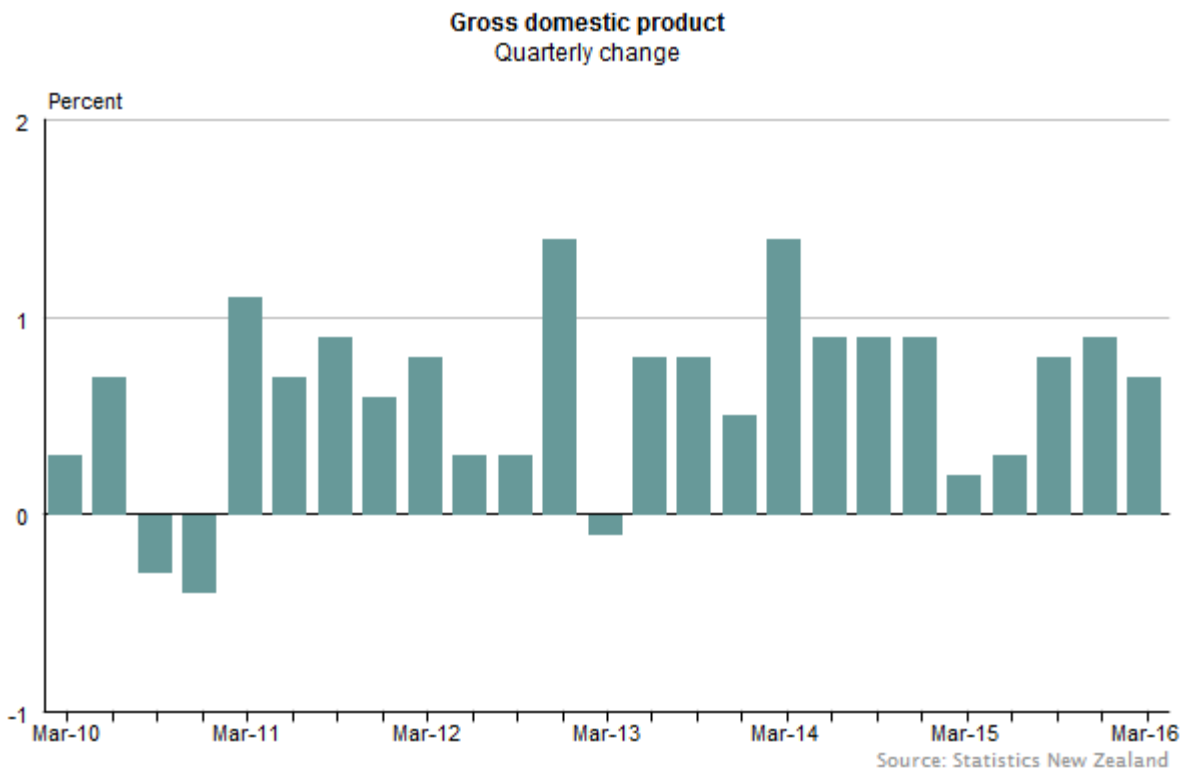
Commentary

- New Zealand economy grows 0.7 percent
- Expenditure on GDP up 0.5 percent
- Continued growth in construction
- Exports and agricultural products down
- Growth in household spending supports service industries
- Investment in fixed assets up
- Real purchasing power of New Zealand's income up 2.2 percent
- New Zealand growth ahead of most of our trade partners

New Zealand economy grows 0.7 percent

Gross domestic product (GDP) was up 0.7 percent in the March 2016 quarter. This follows a 0.9 percent increase in the December 2015 quarter. Growth for the year ended March 2016 was 2.4 percent.

GDP per capita was up 0.1 percent in the March 2016 quarter, following a 0.3 percent increase in the December 2015 quarter. GDP per capita for the year ended March 2016 increased 0.5 percent.



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

The main movements by industry were:

- construction was **up** 4.9 percent, and all construction industries increased

- health care and residential care was **up** 2.7 percent, due to increases in private and public health care
- retail trade and accommodation was **up** 1.3 percent, due to food and beverage services; and furniture, electrical, and hardware retailing
- business services was **up** 0.6 percent, due to computer system design and related services; and advertising, market research, and management services
- transport, postal, and warehousing was **up** 1.5 percent, due to transport support services
- financial and insurance services was **up** 0.9 percent, due to banking and financing
- mining was **down** 3.3 percent, driven by lower oil and gas extraction and coal mining.

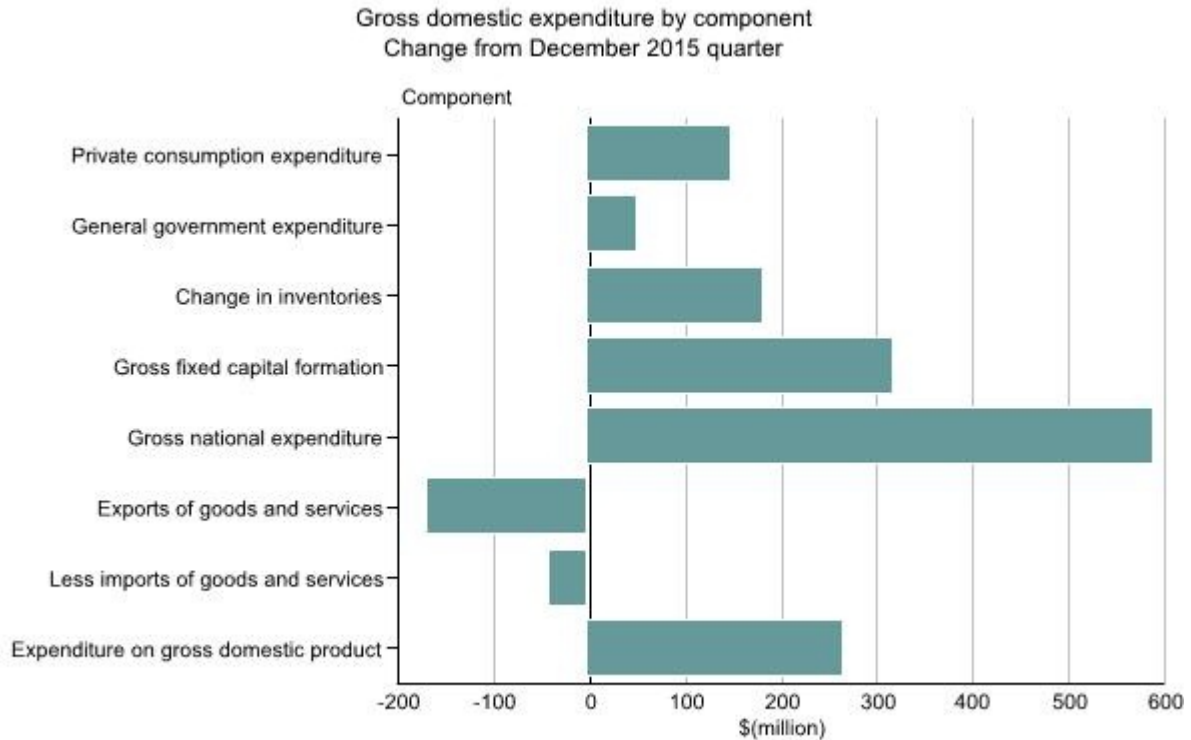
Expenditure on GDP up 0.5 percent

The expenditure method of GDP rose 0.5 percent in the March 2016 quarter, following a revised 0.8 percent increase in the December 2015 quarter. See [revisions](#) section for more on the revised December 2015 quarter number.

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 this quarter were:

- investment in fixed assets was **up** 2.4 percent, due to other construction, such as roading and telecommunications infrastructure; and residential building
- exports of goods and services was **down** 1.0 percent, and imports of goods and services was **up** 0.2 percent
- inventories **built up** \$183 million, due to increases in manufacturing inventories
- household consumption expenditure was **up** 0.4 percent, due to expenditure on services.



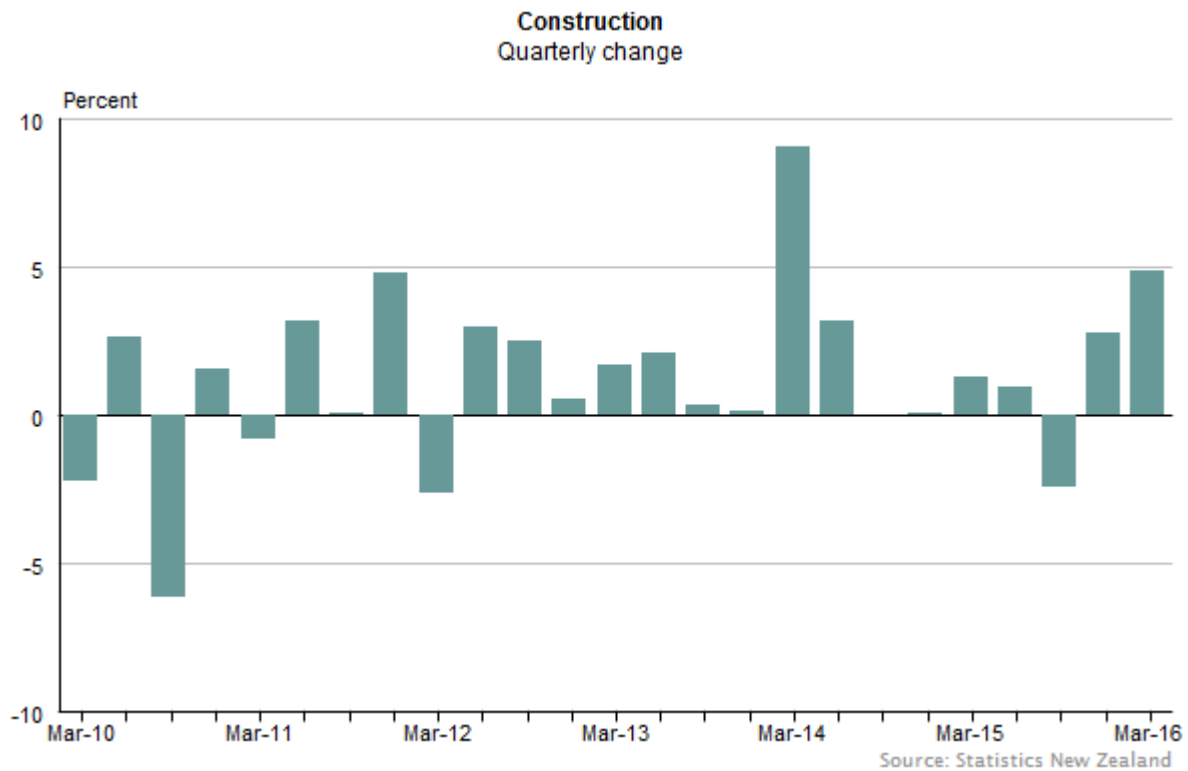
Note: Seasonally adjusted chain-volume series expressed in 2009/10 prices.

Continued growth in construction

Construction was a key driver of GDP growth this quarter, up 4.9 percent, the highest quarterly growth since March 2014. All construction industries grew this quarter, with construction trade services and heavy and civil engineering as the main drivers.

Value of Building Work Put in Place: March 2016 quarter reported growth in the total value of building activity across the North Island, with the value of residential building work in Auckland exceeding \$1 billion for the first time in the March 2016 quarter.

Strength in construction industries also reflected greater investment in construction, a key driver for the increase in investment in fixed assets for the March 2016 quarter. Investment in residential building increased 4.2 percent, non-residential building increased 4.4 percent, and other construction increased 12 percent. Other construction, which covers investment in infrastructure, grew due to increased investment in roading and telecommunications.



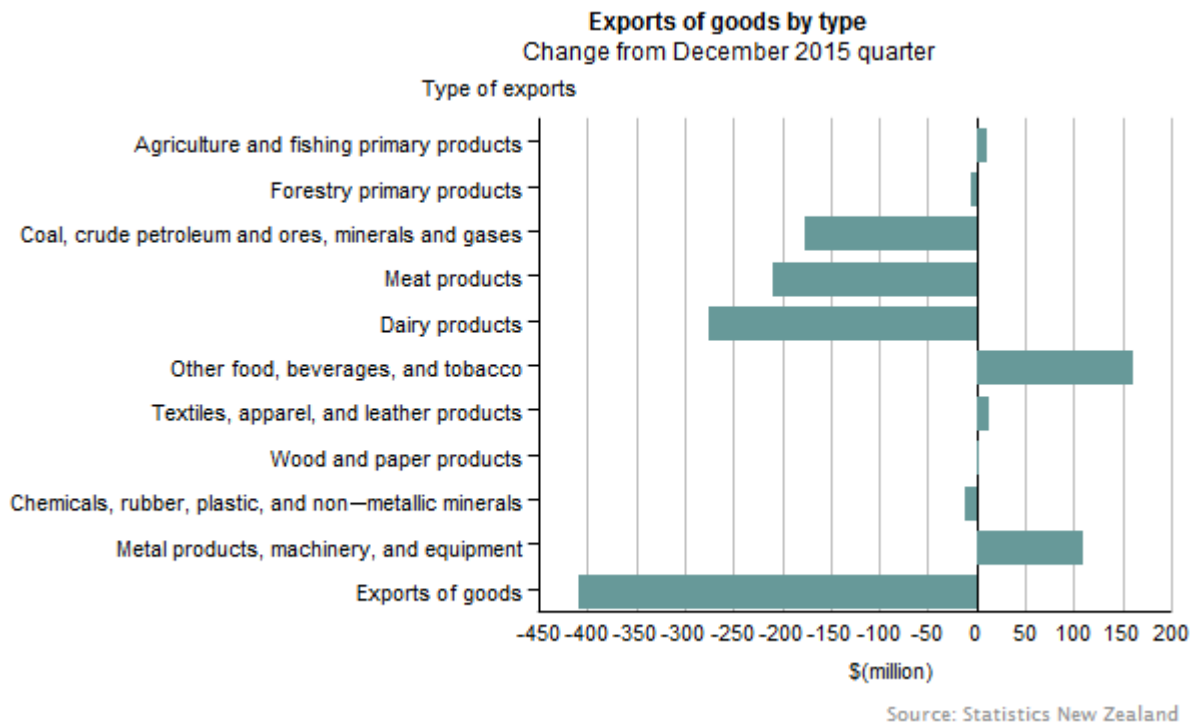
Note: Seasonally adjusted chain-volume series expressed in 2009/10 prices.

Exports and agricultural products down

Exports of goods and services

Exports of goods and services decreased 1.0 percent in the March 2016 quarter. This was due to a decrease of 3.5 percent in exports of goods, partly offset by an increase of 2.7 percent in exports of services.

Decreases in dairy and meat exports were the main drivers of the decrease in exports of goods, with exports of dairy products falling 8.9 percent and exports of meat products falling 13 percent. Exports of coal, crude petroleum and ores, minerals and gases fell 39 percent, due to a drop in exports of crude oil.



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

Agriculture production

Agriculture production decreased 0.1 percent in the March 2016 quarter. This flat result reflects a decrease in sheep and beef farming, offset by increased milk production.

The anticipated El Niño weather pattern was not as severe as expected. The normal seasonal fall in milk production was less pronounced than usual, resulting in seasonally adjusted volumes of milk produced increasing slightly. This is despite falling dairy prices. The associated increase in dairy manufacturing alongside the decline in dairy exports is reflected in a build-up of dairy inventories.

Concern for the El Niño weather pattern also led to early slaughter of livestock, especially for sheep, in the December 2015 quarter, with a flow-on effect of a seasonal decline in sheep and beef farming in the March 2016 quarter. This is reflected in an associated decline in both meat product manufacturing and exports, with inventories of meat products down overall.

Growth in household spending supports service industries

Household consumption expenditure

Household consumption expenditure increased 0.4 percent in the March 2016 quarter, following a 1.0 percent increase in the December 2015 quarter. The main movements this quarter were:

- services rose 0.7 percent, due to spending on culture and recreation (including gambling).
- durable goods rose 0.4 percent, due to spending on audio-visual equipment, and used motor vehicles.

- non-durable goods rose 0.2 percent, due to spending on grocery food, petrol, and beverages.

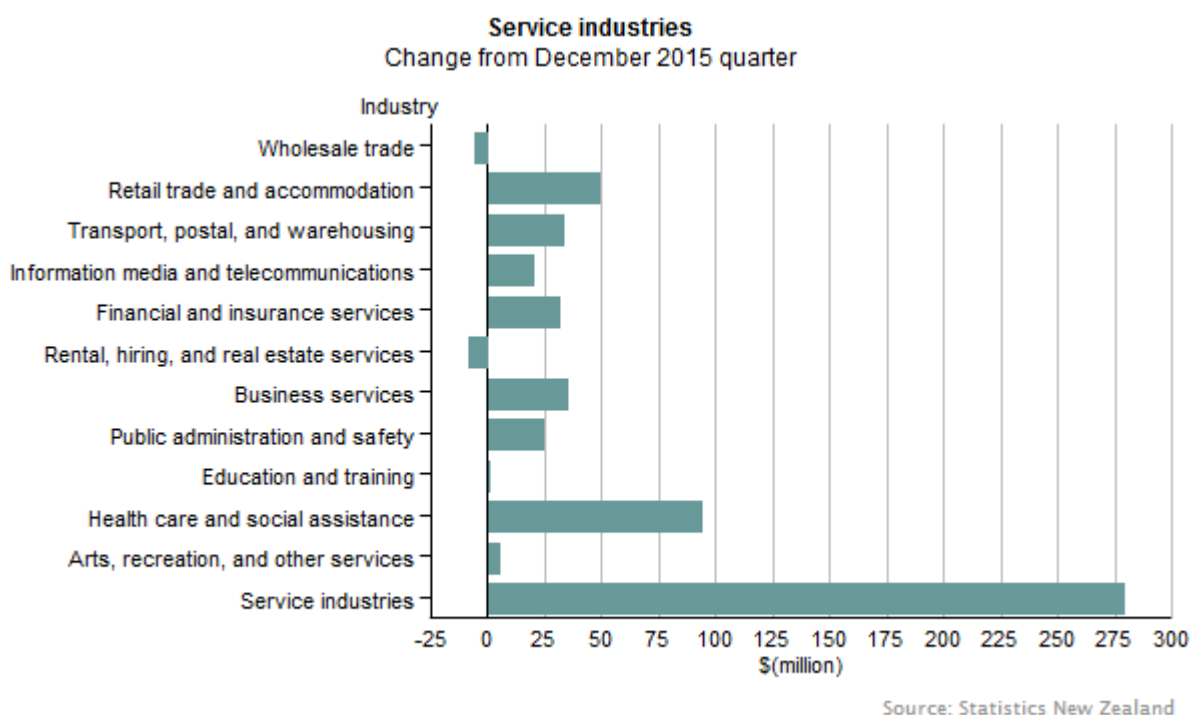
Strong visitor arrivals saw tourist spending increase 4.9 percent in the March 2016 quarter, following a 0.9 percent decrease in the December 2015 quarter. This increase in household and tourist spending helped boost demand for related service industries.

Services

Service industries grew 0.8 percent in the March 2016 quarter, following a 0.8 percent growth in the December 2015 quarter.

Health care and residential care was the main driver of the growth in service industries, with activity increasing 2.7 percent – the highest quarterly growth since June 2005. Both public and private health care were up this quarter off the back of higher demand for services from a growing population.

Also significantly contributing to growth in service industries was a 1.3 percent increase in retail trade and accommodation, due to food and beverage services; and furniture, electrical, and hardware retailing.



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

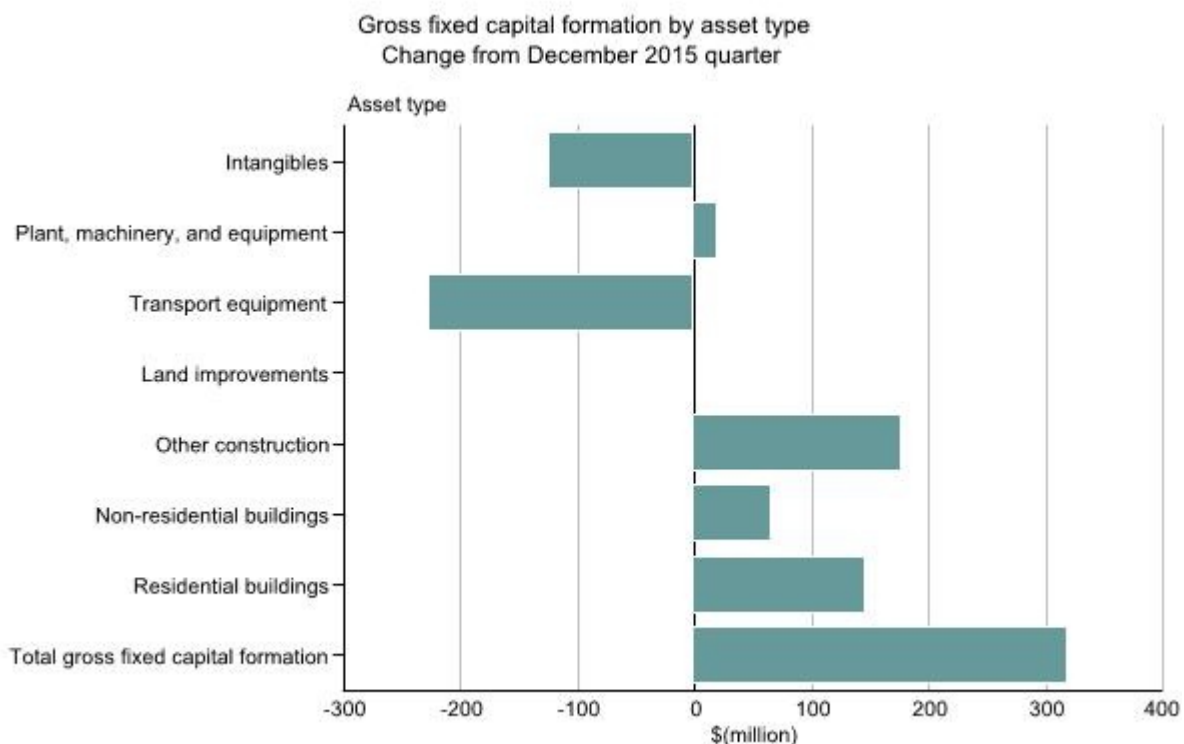
Investment in fixed assets up

Investment in fixed assets was up 2.4 percent in the March 2016 quarter, following a revised 2.2 percent decrease in the December 2015 quarter. The increase was primarily due to investment in other construction, and residential building.

Investment in transport equipment was down 17 percent, due to reduced investment in air transport equipment. The decrease follows a 12 percent decrease in the December 2015 quarter, and comes after a large increase of 29 percent in transport equipment in the September 2015 quarter. Current levels are still higher than for the June 2015 quarter.

Investment in intangible assets decreased 5.7 percent in the March 2016 quarter, due to a decrease in purchases of software.

Imports of capital goods decreased 10 percent, following a 7.8 percent decrease in the December 2015 quarter. This was primarily driven by a 42 percent decrease in transport equipment imports.



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

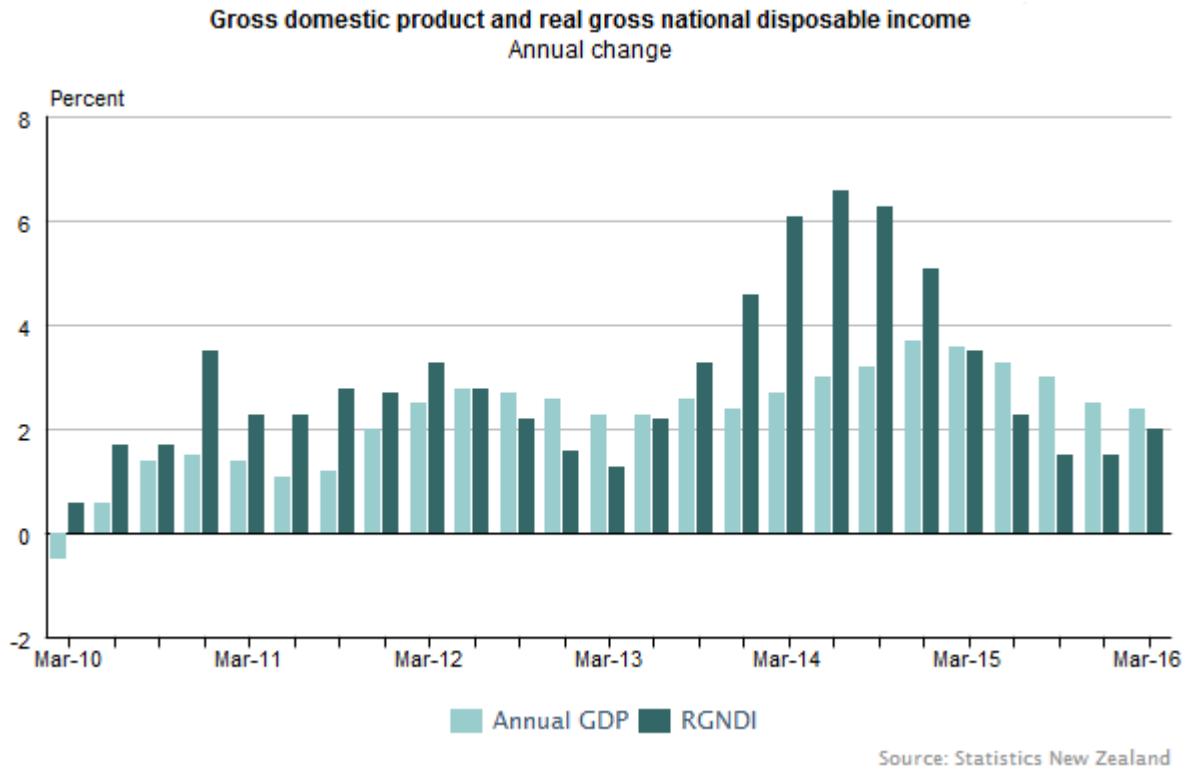
Real purchasing power of New Zealand's income up 2.2 percent

Real gross national disposable income (RGNDI), which measures the real purchasing power of New Zealand's disposable income, was up 2.2 percent in the March 2016 quarter. This follows a revised 0.3 percent increase in the December 2015 quarter. RGNDI increased 2.0 percent for the March 2016 year, compared with an increase in GDP of 2.4 percent over the same period.

The terms of trade increased over the March 2016 quarter, causing faster growth in RGNDI compared with GDP. Overseas Trade Indexes (Prices and Volumes): March 2016 quarter (provisional) reported a 4.4 percent increase in the merchandise terms of trade, due to import prices for goods falling while export prices remained unchanged.

Terms of trade is the ratio of the price of exports to the price of imports. An improvement in the terms of trade means that fewer exports are needed to pay for a given volume of imports. This

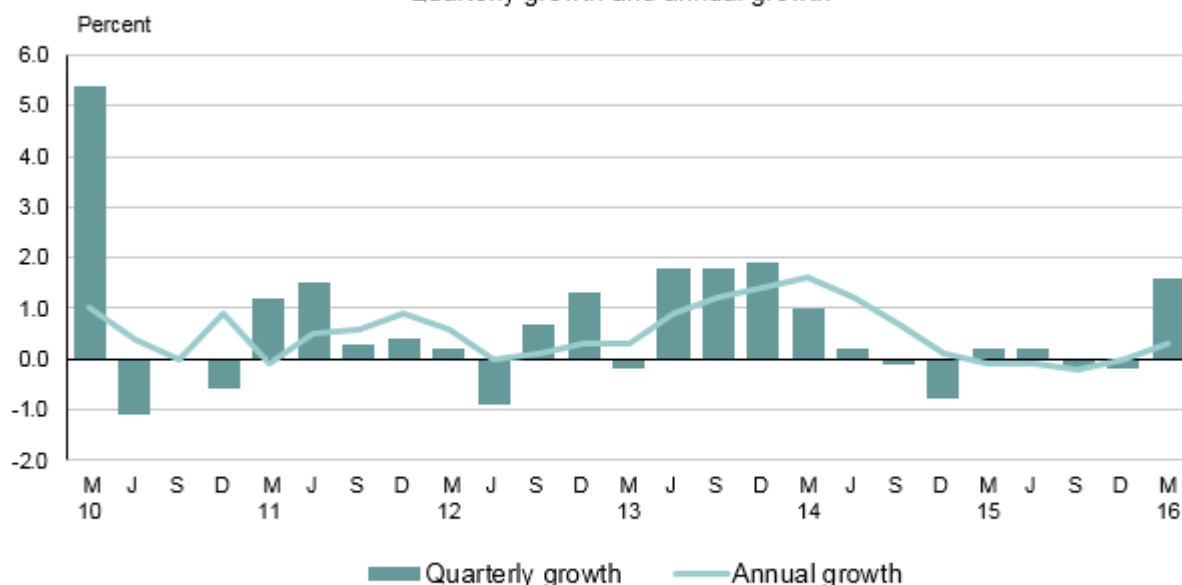
makes it possible for residents to purchase an increased volume of goods and services from the incomes generated by a given level of domestic production.



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

RGNDI per capita was up 1.6 percent in the March 2016 quarter, following a revised 0.2 percent decrease in the December 2015 quarter. Over the March 2016 year, RGNDI per capita increased 0.3 percent compared with the December 2015 year. This shows that New Zealand's real purchasing power increased more than New Zealand's population.

Real gross national disposable income per capita⁽¹⁾ Quarterly growth and annual growth



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

Source: Statistics New Zealand

See [RGNDI](#) for more about RGNDI.

New Zealand growth ahead of most of our trade partners

Percentage changes in GDP – international comparisons		
Country	Quarterly percentage change in GDP	Change from same quarter previous year
New Zealand	0.7	2.8
Australia	1.1	3.1
Canada	0.6	1.1
Euro area (19 countries)	0.6	1.7
Japan	0.5	0.0
OECD	0.4	1.8
United Kingdom	0.4	2.0
United States	0.2	2.0

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

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

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Gross Domestic Product: June 2016 quarter will be released on 15 September 2016.

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Benchmarks from [National Accounts \(Industry Benchmarks\): Year ended March 2013](#) are used to reconcile the quarterly production measure of GDP.

Benchmarks from [National Accounts \(Income and Expenditure\): Year ended March 2015](#) 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.

Data quality

General information

[National accounts quarterlies – DataInfo+](#)

General methodology used to produce these statistics.

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

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Revisions

- [Chain-linking](#)
- [Financial intermediation services indirectly measured](#)
- [Revisions to GDP](#)
- [Revisions to expenditure on GDP](#)
- [Revisions table](#)

We incorporated several revisions in this release. The key revisions are discussed below.

Chain-linking

We made revisions because we now have data for the year ended March 2016. We use data for March years to calculate chain-volume measures. The revisions affect all industries in the production and expenditure measures of GDP. They are particularly noticeable in the chain-volume measures of exports and imports, and in the total expenditure measure of GDP. See [chain volume measures in National Accounts](#) for more information.

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 to household consumption expenditure, private non-profit consumption expenditure, central and local government final consumption expenditure, and exports and imports of services in the expenditure measure of GDP.

Other revisions

In addition to the major changes listed above, we incorporated other revisions this quarter. These are outlined below.

Revisions to GDP

- Public administration and safety was revised in the December 2015 quarter, when we corrected a timing issue for New Zealand government salary and wage data.
- Updated input data resulted in revisions to agriculture, forestry, and fishing; mining; manufacturing; electricity, gas, water, and waste services; information media and telecommunications; financial and insurance services; and rental, hiring, and real estate services.

Revisions to expenditure on GDP

- Household consumption expenditure was revised due to updated data for communications, and fringe benefits.
- Central government was revised when we corrected an error. This revision affects the series in the December 2015 quarter. There was also a revision in the December 2015 quarter when we corrected a timing issue for New Zealand government salary and wage data.
- Local government was revised due to updated data from the [Local Authority Statistics: March 2016 quarter – tables](#).

- Gross fixed capital formation was revised due to updated data for transfer costs, and updated overseas trade data.
- Inventories was revised due to updated agriculture and forestry data, and updated Economic Survey of Manufacturing: March 2016 quarter.
- Imports and exports were revised due to updated overseas merchandise trade data and updated balance of payments data.

Revisions table

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

Previously published and revised March 2016 quarterly movements				
Quarter	GDP		GDE	
	Percentage change from previous quarter			
	Previously published	Revised	Previously published	Revised
March 2010	0.3	0.3	1.2	1.2
June 2010	0.7	0.7	0.4	0.4
September 2010	-0.3	-0.3	-1.4	-1.4
December 2010	-0.4	-0.4	-0.6	-0.6
March 2011	1.1	1.1	1.4	1.4
June 2011	0.7	0.7	0.9	0.9
September 2011	0.9	0.9	1.2	1.2
December 2011	0.6	0.6	1.0	1.0
March 2012	0.8	0.8	0.0	0.0
June 2012	0.3	0.3	1.0	1.0
September 2012	0.3	0.3	0.7	0.7
December 2012	1.4	1.4	0.7	0.7
March 2013	-0.1	-0.1	0.2	0.2
June 2013	0.8	0.8	-0.1	-0.1
September 2013	0.8	0.8	0.7	0.7
December 2013	0.5	0.5	0.3	0.3
March 2014	1.4	1.4	1.3	1.3
June 2014	0.9	0.9	0.4	0.5
September 2014	0.9	0.9	1.0	1.0
December 2014	0.9	0.9	1.1	1.1
March 2015	0.3	0.2	0.4	0.3
June 2015	0.3	0.3	0.7	0.6
September 2015	0.9	0.8	1.4	1.3
December 2015	0.9	0.9	1.1	0.8

Source: Statistics New Zealand

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Tables

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

- 1 Gross domestic product by industry – March 2016 quarter
- 2 Expenditure on gross domestic product – March 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
- 8 Expenditure on gross domestic product – quarterly percentage changes
- 9 Expenditure on gross domestic product – annual values
- 10 Expenditure on gross domestic product – annual percentage changes
- 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
- 14 Gross fixed capital formation – annual values and percentage changes
- 15 Exports of goods and services – quarterly values and percentage changes
- 16 Imports of goods and services – quarterly values and percentage changes
- 17 Expenditure on gross domestic product current price – quarterly values
- 18 Expenditure on gross domestic product current price – quarterly percentage changes
- 19 Expenditure on gross domestic product current price – annual values
- 20 Expenditure on gross domestic product current price – annual percentage changes
- 21 Per capita measures – quarterly values and percentage changes
- 22 Per capita measures – annual values and percentage changes
- 23 Implicit price deflators – quarterly index values and percentage changes
- 24 Implicit price deflators – annual index values and percentage changes
- 25 Gross domestic product by industry – percentage changes from same quarter of previous year

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.¹

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 March 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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