

ANZ Commodity Price Index

3 February 2022



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Contact

Susan Kilsby for more details.

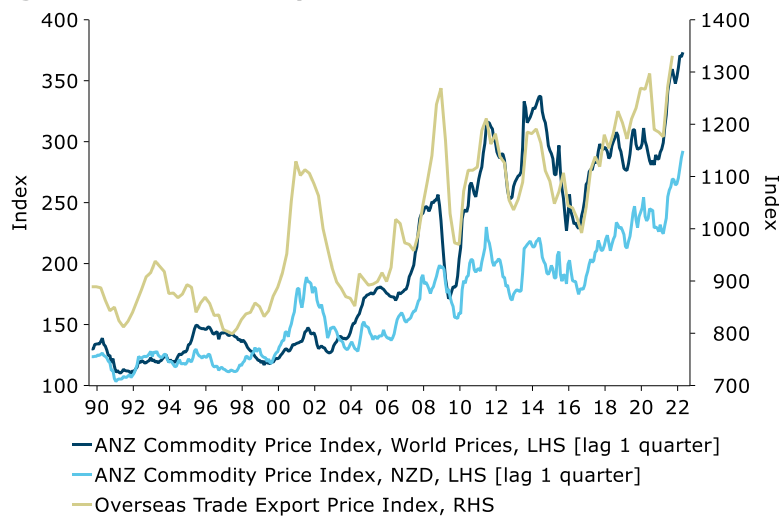
The next issue of the ANZ Commodity Price Index is scheduled for release on 3 March 2022 at 1pm.

2022 off to a flying start

The ANZ World Commodity Price Index climbed 1% in January to hit a new record high. Dairy and a strong lift in aluminium prices pushed the index up.

In local currency terms, the index gained 1.9%, to extend its record high, helped along by a 0.8% reduction in the trade weighted index (TWI).

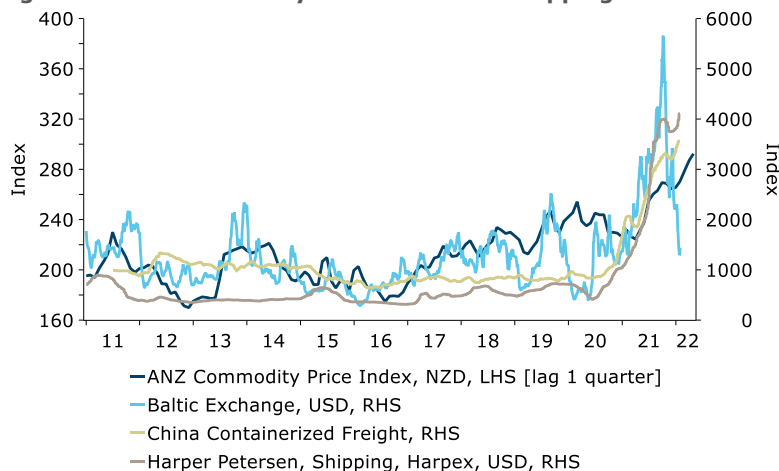
Figure 1. ANZ Commodity Price Index



Source: Stats NZ, Macrobond, ANZ Research

Global shipping costs for container ships have lifted again due to an increase in delays at the ports. Port throughput has slowed as temporary shutdowns at some Chinese ports due to fears of COVID outbreaks, which potentially could disrupt the Beijing Winter Olympics. Activity tends to slow at this time of the year due to Chinese New Year.

Figure 2. ANZ Commodity Price Index and shipping costs



Source: Baltic Exchange, Harper Petersen & Co., Shanghai Shipping Exchange, Macrobond, ANZ Research

Dairy prices gained 2.5% m/m in January, as markets become increasingly aware that there is not a lot of extra milk being produced anywhere in the world. Output in New Zealand slowed considerably in December and this trend is expected to persist through most of the second half of the season. The lower output has been extremely supportive of milk powder prices, which surged at recent Global Dairy Trade events.

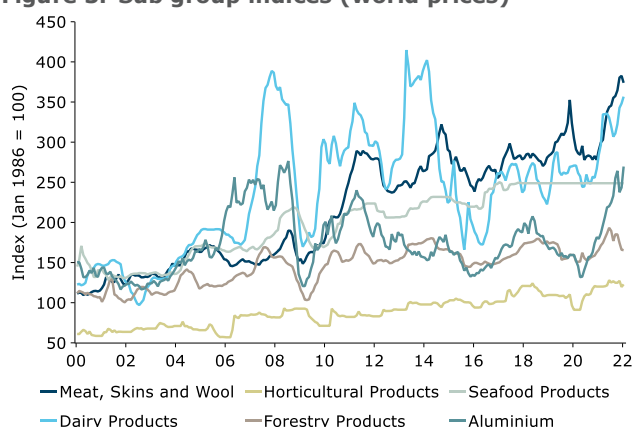
The **meat and fibre** index fell 2.3% m/m in January as lamb and wool prices both eased. Lamb and beef prices are still at very high levels and again it is the lack of global supply that is supporting the price of these meats. Demand continues to grow but supply is constrained. Australia is still in rebuild mode so has a lot less stock available for slaughter, and beef supply to parts of Asia has been curtailed due to outbreaks of disease in cattle resulting in beef imports from certain countries being banned.

The **horticulture** index lifted 2.6% m/m in January. Very early new-season apples are just starting to hit the shelves in our local supermarkets, but are yet to reach our export markets – hence our export prices still reflect old-season fruit. Summer fruits have been selling well, with a much improved season for cherries. Labour issues continue to be a major worry for orchardists and it is highly likely some of this season’s crops will not be picked.

The **forestry** index slipped 0.3% m/m in January to continue its recent decline. Log prices have slipped 20% since the middle of 2021. Export volumes are low at present due to the Chinese New Year holiday period, and a slowdown in the volume of logs being felled in New Zealand. There is some expectation for log prices to improve once construction activity and therefore demand for logs picks up again following Chinese New Year.

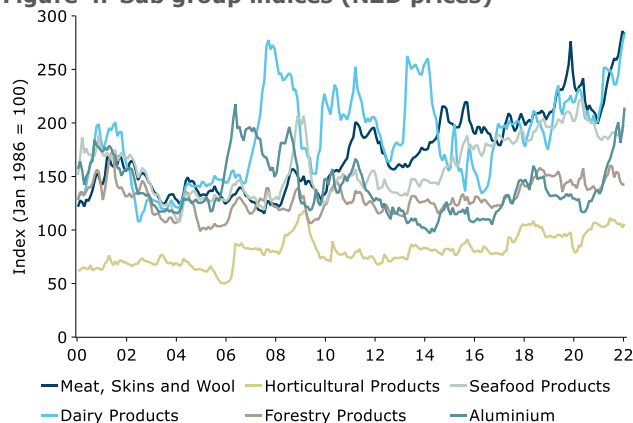
Aluminium prices lifted a whopping 10.7% m/m in January. The price of most metals is rising rapidly as the world looks to decarbonise. Supplies of aluminium are now very low as Chinese production has slowed and output in Europe has been curbed by excessively high electricity prices. European stocks are now at the lowest level in 15 years.

Figure 3. Sub group indices (world prices)



Source: Macrobond, ANZ Research

Figure 4. Sub group indices (NZD prices)



Source: Macrobond, ANZ Research

	World Price Index	Monthly % Change	Annual % Change	NZD Index	Monthly % Change	Annual % Change
Jan-18	288.2	..	4.1	210.5	..	4.7
Jan-19	281.9	..	-2.2	218.2	..	3.6
Jan-20	296.4	..	5.1	235.1	..	7.7
Jan-21	311.9	..	5.2	231.2	..	-1.6
Aug-21	347.7	-1.6	21.5	264.5	-1.6	15.4
Sep-21	353.0	1.5	23.6	265.5	0.4	17.4
Oct-21	360.6	2.2	23.8	270.3	1.8	16.5
Nov-21	370.7	2.8	26.1	278.6	3.1	22.9
Dec-21	369.6	-0.3	23.5	287.0	3.0	27.8
Jan-22	373.3	1.0	19.7	292.4	1.9	26.5

Commodity Price Index weights are based on contributions to merchandise exports for the prior calendar year. Weights for the 2021 year are: Wool 1.2%; Beef 11.1%; Lamb 11.3%; Venison 0.4%; Skins 0.7%; Dairy 40.8%; Apples 2.3%; Kiwifruit 7.7%; Logs 11.0%; Sawn Timber 3.0%; Wood Pulp 2.0%; Seafood 4.6%; Aluminium 3.9%.



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Sharon Zollner
Chief Economist

Follow Sharon on Twitter
[@sharon_zollner](#)

Telephone: +64 27 664 3554
Email: sharon.zollner@anz.com

General enquiries:
research@anz.com

Follow ANZ Research
[@ANZ_Research](#) (global)



David Croy
Senior Strategist

Market developments, interest rates, FX, unconventional monetary policy, liaison with market participants.

Telephone: +64 4 576 1022
Email: david.croy@anz.com



Susan Kilsby
Agricultural Economist

Primary industry developments and outlook, structural change and regulation, liaison with industry.

Telephone: +64 21 633 469
Email: susan.kilsby@anz.com



Miles Workman
Senior Economist

Macroeconomic forecast co-ordinator, fiscal policy, economic risk assessment and credit developments.

Telephone: +64 21 661 792
Email: miles.workman@anz.com



Finn Robinson
Economist

Macroeconomic forecasting, economic developments, labour market dynamics, inflation and monetary policy.

Telephone: +64 21 629 553
Email: finn.robinson@anz.com



Kyle Uerata
Economic Statistician

Economic statistics, ANZ proprietary data (including ANZ Business Outlook), data capability and infrastructure.

Telephone: +64 21 633 894
Email: kyle.uerata@anz.com



Natalie Denne
PA / Desktop Publisher

Business management, general enquiries, mailing lists, publications, chief economist's diary.

Telephone: +64 21 253 6808
Email: natalie.denne@anz.com



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Last updated: Last updated: 15 October 2021

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