

# ANZ Commodity Price Index

6 April 2022



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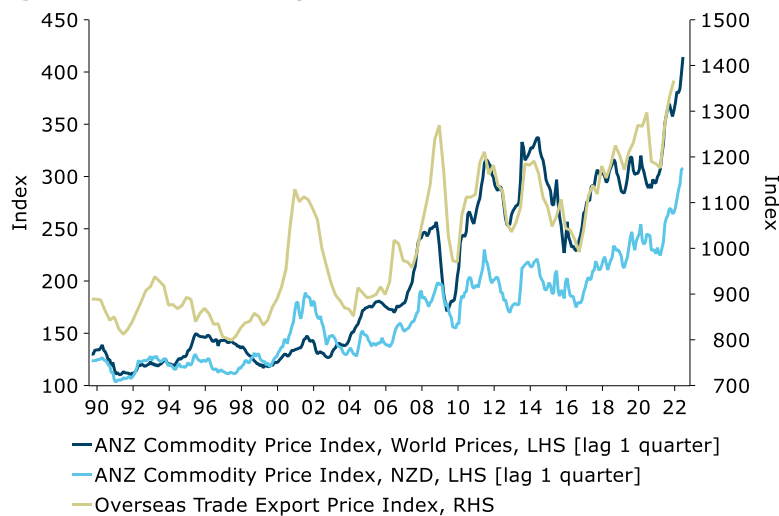
The next issue of the ANZ Commodity Price Index is scheduled for release on 4 May 2022 at 1pm.

Confused by acronyms or jargon? See a glossary [here](#).

## Keep your eyes on the highs

The ANZ World Commodity Price Index hit a new record in March, lifting a further 3.9%. Prices are very strong across most commodities, but none of the sub-indices are currently at record levels. In local currency terms, the index gained just 0.5%, as local returns were eroded by a 3.1% gain in the trade weighted index (TWI).

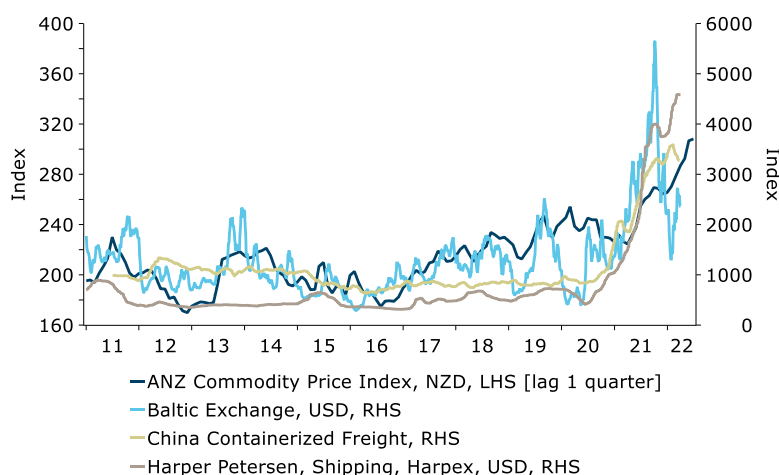
Figure 1. ANZ Commodity Price Index



Source: Stats NZ, Macrobond, ANZ Research

**Global shipping prices** are on the rise again as lockdowns in China limit throughput at critical ports. The Baltic Dry Index lifted 15.5% during March, while the Harper Petersen World Container Index hit record levels. Shipping costs and delays are expected to worsen as the year progresses. This is not good news for our seasonal exporters who rely on securing space on scheduled shipping services, whereas some of our larger exporters have the capacity to charter ships to ensure more reliable delivery to market.

### ANZ Commodity Price Index and shipping costs



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

**Dairy** prices gained 7.6% month-on-month (m/m) in March, with the index now just below the record level achieved in April 2013. Milk powder prices are still well off record levels but butter and cheese have both hit new records, with cheese gaining 9.4% m/m. Dairy prices have been a little volatile recently but the underlying fundamentals are very supportive at present as global milk supplies remain very tight.

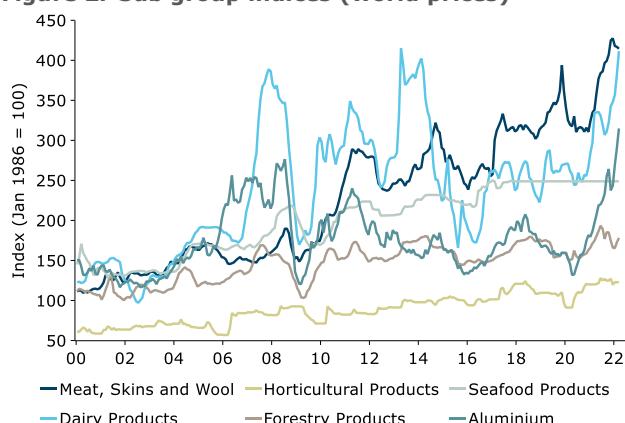
The **meat and fibre** index eased 0.6% in March, dragged down by a softening in beef prices. But beef prices are still close to historic highs and the price outlook remains positive in the near term. Lamb prices crept a little higher again in March after dropping slightly the previous month. Meat processing has been constrained this season due to labour challenges, which is limiting the volume of product available to export at what would normally be the peak supply period. However, the lower volumes are helping to support higher returns, particularly for lamb.

The **horticulture** index was flat in March in world price terms. The horticultural export season is now well underway. Labour is the main challenge for our horticultural exporters, although the wet weather is causing some quality issues, particularly for wine producers. Zespri anticipate a record crop this year, but this could be compromised by the labour situation, as both orchards and packhouses are finding it extremely difficult to recruit staff.

The **forestry** index lifted 3.3% in March as in-market demand picked up. The global supply of raw logs is relatively tight at present, with supply restricted from most major exporting regions for varying reasons. This means buyers from China are more interested in securing extra supply from NZ, which has supported prices.

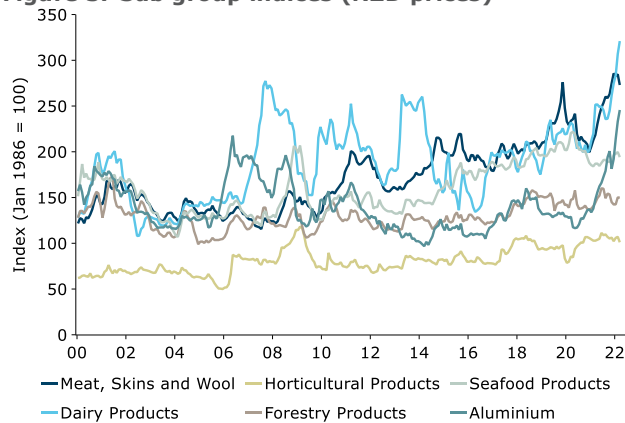
**Aluminium** prices have rocketed up. The 8.4% m/m lift in March puts the price of this sought-after commodity near record levels. A relatively large proportion of the world's aluminium is produced by Russia, which means global supply is considerably tighter due to the recent sanctions put in place. Russia may have difficulty sourcing the raw alumina it needs to import to produce this metal.

**Figure 2. Sub group indices (world prices)**



Source: Macrobond, ANZ Research

**Figure 3. Sub group indices (NZD prices)**



Source: Macrobond, ANZ Research

	World Price Index	Monthly % Change	Annual % Change	NZD Index	Monthly % Change	Annual % Change
Mar-18	<b>308.5</b>	..	5.8	<b>220.0</b>	..	5.0
Mar-19	<b>310.3</b>	..	0.6	<b>231.6</b>	..	5.3
Mar-20	<b>292.2</b>	..	-5.8	<b>245.1</b>	..	5.8
Mar-21	<b>351.2</b>	..	20.2	<b>254.9</b>	..	4.0
Oct-21	<b>370.7</b>	2.2	23.8	<b>270.3</b>	1.8	16.5
Nov-21	<b>381.1</b>	2.8	26.1	<b>278.6</b>	3.1	22.9
Dec-21	<b>380.0</b>	-0.3	23.5	<b>287.0</b>	3.0	27.8
Jan-22	<b>383.9</b>	1.0	19.7	<b>292.5</b>	1.9	26.5
Feb-22	<b>398.7</b>	3.9	20.4	<b>306.7</b>	4.9	29.2
Mar-22	<b>414.4</b>	3.9	18.0	<b>308.1</b>	0.5	20.9

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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