

ANZ Commodity Price Index

4 May 2022



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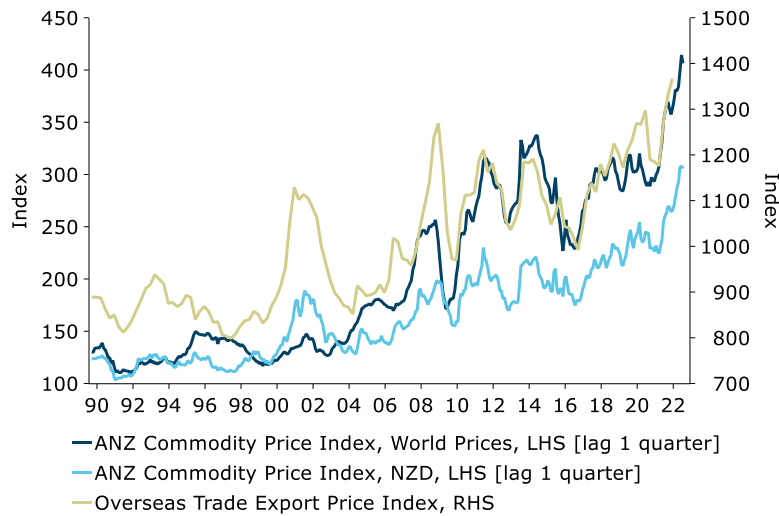
The next issue of the ANZ Commodity Price Index is scheduled for release on 7 June 2022 at 1pm.

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

Prices ease on lockdown woes

The ANZ World Commodity Price Index eased 1.9% in April, after trending up since the start of the year. In local currency terms, the index fell just 0.8% due to the NZ dollar depreciating slightly on a trade weighted index (TWI) basis.

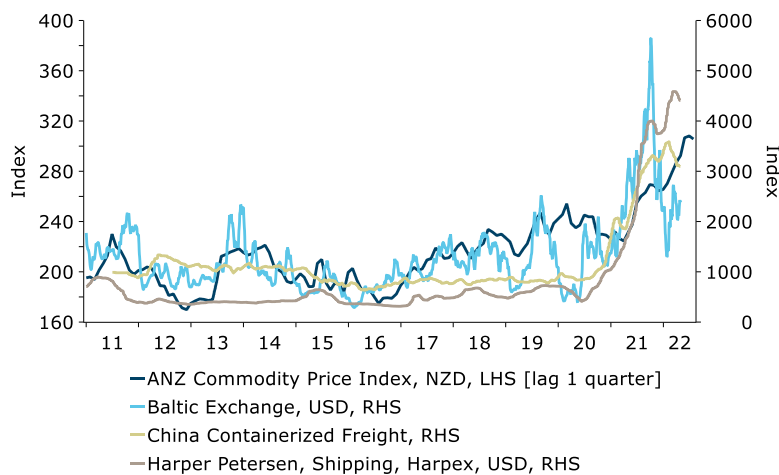
Figure 1. ANZ Commodity Price Index



Source: Stats NZ, Macrobond, ANZ Research

Global shipping prices are bouncing around as lockdowns in China impact both demand and supply for shipping. It is becoming increasingly difficult to get refrigerated goods into China. Although the ports are operating, there is a backlog of goods to move inland, which means there are not sufficient connection points for refrigerated goods. It could take months before the ports are operating efficiently, which will impact our horticultural, meat and dairy exports.

ANZ Commodity Price Index and shipping costs



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

Dairy prices fell 4.0% month-on-month (m/m) in April, driven primarily by lower prices for whole milk powder (WMP). The price of WMP is highly influenced by demand from China. Market sentiment has deteriorated as the lockdowns in Shanghai and Beijing impact consumer buying opportunities. The slowdown of manufacturing in China will also have economic consequences for other Asian nations whose economies are highly dependent on China. The global supply of milk increases at this time of the season due to the Northern Hemisphere reaching peak milk output, but global production still remains relatively tight, which will limit how far prices fall.

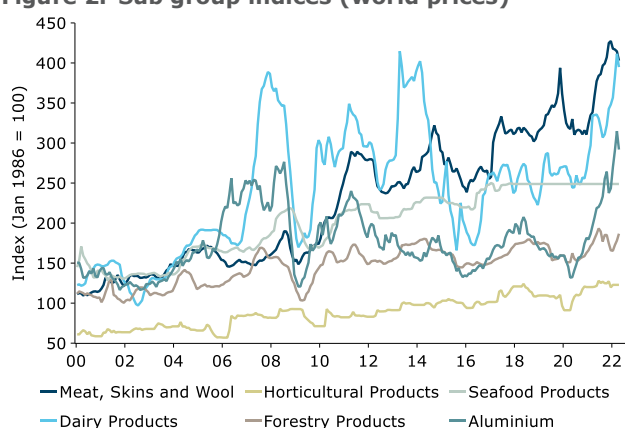
The **meat and fibre** index dropped 2.8% in April as prices for beef, lamb and wool all fell. It is becoming increasingly difficult to get frozen and chilled product into China, which is impacting demand and prices. In New Zealand our meat processing plants are operating below capacity due to labour shortages. Until recently the supply of meat had been supportive of prices, but the shipping issues and uncertainty regarding future consumer demand are now weighing. Good conditions for pasture growth earlier in the autumn have helped feed the extra animals that are still on-farm due to the processing delays. But most farmers will need to reduce stocking rates before the cooler winter months slow pasture production.

The **horticulture** index was flat in April in world price terms. Consumer demand remains intact but it is extremely challenging to get produce to market. Shipping disruptions have worsened. This is on top of the extreme labour shortages our horticultural industries are grappling with during the busy autumn harvest period.

The **forestry** index lifted 4.8% in April, with prices for logs and wood pulp lifting. Log prices are now back to the level they were six months ago.

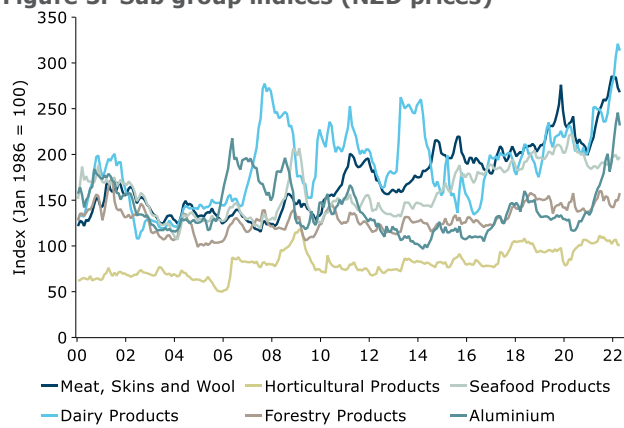
Aluminium prices fell 7.3% m/m in April, wiping out most of the gains from the previous month. Demand for aluminium has been impacted by the Shanghai lockdowns that have reduced manufacturing activity and demand. At the same time, the high aluminium price has induced an increase in the production of aluminium.

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
Apr-18	311.6	..	7.1	222.7	..	5.8
Apr-19	318.4	..	2.2	241.5	..	8.5
Apr-20	289.0	..	-9.2	243.8	..	0.9
Apr-21	358.9	..	24.2	260.2	..	6.8
Nov-21	381.1	2.8	26.1	278.6	3.1	22.9
Dec-21	380.0	-0.3	23.5	287.0	3.0	27.8
Jan-22	383.9	1.0	1 ▲9.7	292.5	1.9	26.5
Feb-22	398.7	3.9	20.4	306.7	4.9	29.2
Mar-22	414.4	3.9	18.0	308.1	0.5	20.9
Apr-22	406.4	-1.9	13.2	305.7	-0.8	17.5

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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