

# ANZ Commodity Price Index

6 October 2022



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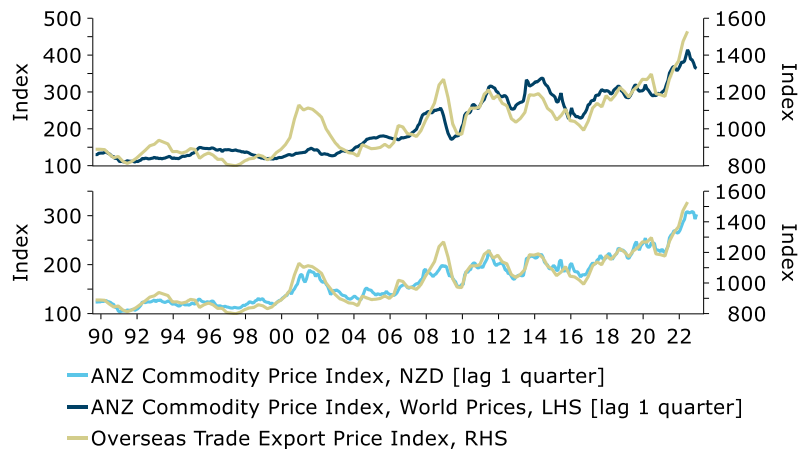
The next issue of the ANZ Commodity Price Index is scheduled for release on 3 November 2022 at 1pm.

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

## All about the dollar

The ANZ World Commodity Price Index fell 0.5% in September, continuing the downward trend since April. But in local currency terms the index appreciated 3.3% as the NZD depreciated by 2.5% against the Trade Weighted Index.

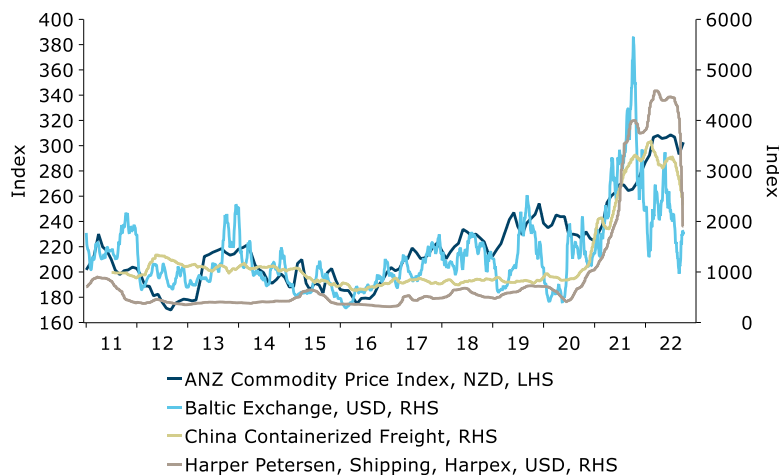
Figure 1. ANZ Commodity Price Index



Source: Stats NZ, Macrobond, ANZ Research

**Global shipping prices** are dropping fast as global demand to move goods eases. However, the fall in prices seen across the main global freight paths is not yet being fully reflected in the cost of exporting goods from New Zealand. Here, exporters are still challenged by infrequent and less-reliable shipping services, but upwards pressure on pricing has dissipated. Additionally, the weak NZD means exporters are not benefitting from falling shipping prices if the cost of those services are priced in USD.

## ANZ Commodity Price Index and shipping costs



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

**Dairy** prices lifted 0.7% month-on-month (m/m) in September. The market has responded to tight global milk supplies, but consumer demand for dairy products is weakening. Therefore there is no clear direction in the market as the two opposing forces, weak demand and limited supply, battle it out.

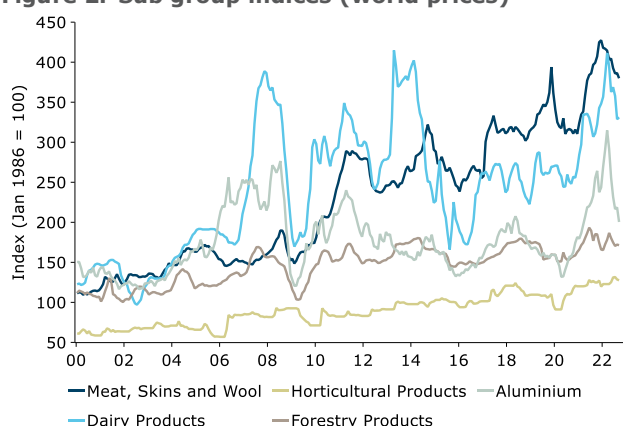
The **meat and fibre index** fell 1.7%, to reverse the previous month's move. Beef prices have firmed despite weak demand from the US, due to flux in the volume of domestic beef processing. There is not a lot of beef processed in New Zealand at this time of the season, which is also supportive of prices. Lamb prices are under pressure due to the economic downturn in China and Europe, our main markets for lamb. Wool prices unwound last month's lift, falling 5.8% in September to resume a downward trend.

The **horticulture** index dropped 0.8% in September, driven by a sharp fall in apple prices. The value of apples has plummeted as we near the end of the exporting season and quality issues are becoming more prevalent. This means exporters are having to drop prices in order to move their remaining produce.

The **forestry** index eased 0.4% in September. Wood pulp prices lifted marginally but the price of raw logs dropped a little. However, the low NZD is supporting the price of logs at the wharfgate level. Demand for logs in China has been impacted by the lockdowns and the impact this has had on the Chinese economy. But the volume of logs at wharves in China has decreased, which is positive.

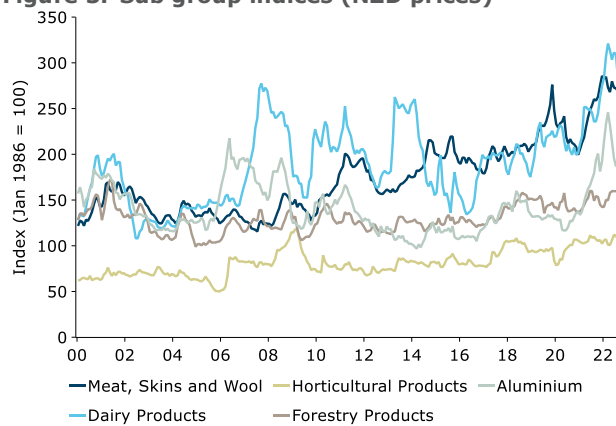
**Aluminium** prices dropped sharply during September, falling 8.3% m/m. Aluminium prices have fallen 21.5% in the past year. Demand for aluminium has fallen primarily due to reduced manufacturing activity in China. The price of alumina, used in the production of aluminium, has also fallen, reducing the cost of production.

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



Source: Macrobond, ANZ Research

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



Source: Macrobond, ANZ Research

	<b>World Price Index</b>	Monthly % Change	Annual % Change	<b>NZD Index</b>	Monthly % Change	Annual % Change
Sep-18	<b>292.9</b>	..	-3.6	<b>227.2</b>	..	5.8
Sep-19	<b>303.0</b>	..	3.4	<b>241.9</b>	..	6.5
Sep-20	<b>293.7</b>	..	-3.1	<b>226.2</b>	..	-6.5
Sep-21	<b>362.9</b>	..	23.6	<b>265.5</b>	..	17.4
Apr-22	<b>406.4</b>	-1.9	13.2	<b>305.7</b>	-0.8	17.5
May-22	<b>388.9</b>	-4.3	6.2	<b>306.4</b>	0.2	16.5
Jun-22	<b>387.4</b>	-0.4	4.8	<b>308.5</b>	0.7	14.5
Jul-22	<b>378.9</b>	-2.2	4.3	<b>306.8</b>	-0.6	14.2
Aug-22	<b>365.9</b>	-3.4	2.4	<b>293.1</b>	-4.5	10.8
Sep-22	<b>363.9</b>	-0.5	0.3	<b>302.7</b>	3.3	14.0

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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