

# ANZ Commodity Price Index

5 December 2022



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### Contact

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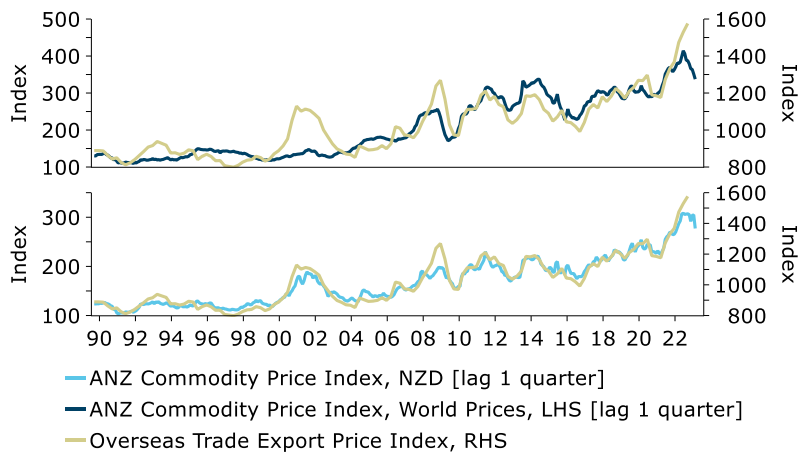
The next issue of the ANZ Commodity Price Index is scheduled for release on 11 January 2023 at 1pm.

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

## Double whammy

The ANZ World Commodity Price Index fell 3.9% in November, as prices for food commodities eased. In local currency terms the index plunged 9.1%, as the NZD appreciated 4.6% against the Trade Weighted Index.

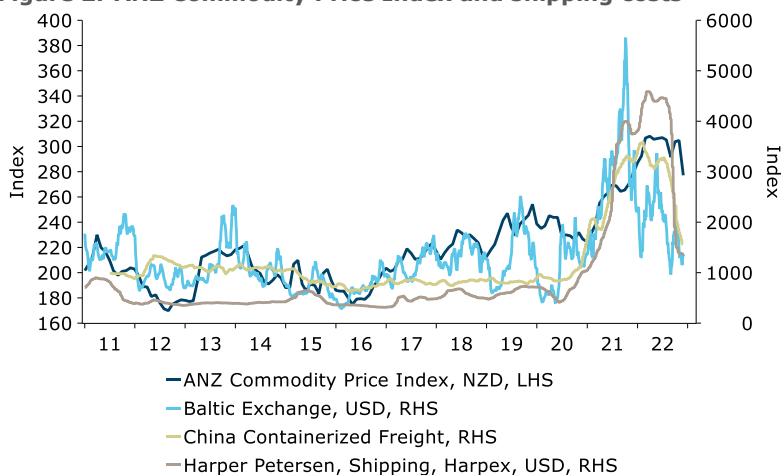
Figure 1. ANZ Commodity Price Index



Source: Stats NZ, Macrobond, ANZ Research

**Global shipping prices** are starting to normalise after two years of high prices related to the freight disruptions bought about by COVID-19. However, it is still far from plain sailing for New Zealand exporters as the costs of moving goods from NZ are still considerably higher than prior to the pandemic and there are ongoing disruptions in shipping schedules.

Figure 2. ANZ Commodity Price Index and shipping costs



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

**Dairy** prices fell 4.4% month-on-month (m/m) in November and prices are now 10.2% lower than a year ago. The softer dairy prices recorded in November reflect the fact that global demand is weak at present, although there are tentative signs that relatively slow growth in milk output is now providing support to prices. NZ's milk supply is tracking 3.5% lower y/y for the season to date.

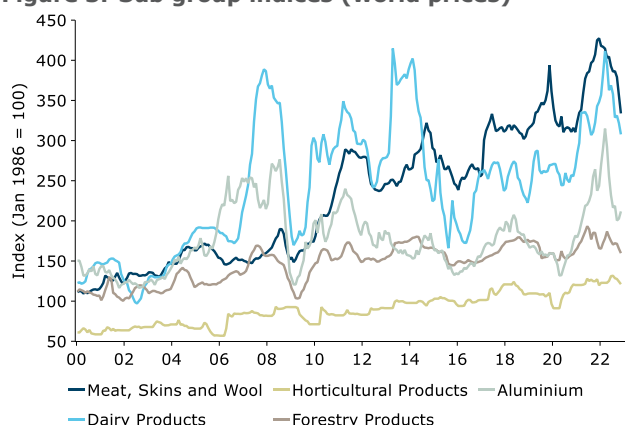
The **meat and fibre** index recorded the largest move in November, down 6.3% following a drop of a similar scale the previous month. Lamb prices fell the most (-9.5%), which is not surprising given that lamb is a luxury product in most markets, meaning demand has been impacted by deteriorating economic conditions. Lamb prices are now down 20.4% y/y.

The **horticulture** index also weakened by 2.7% during November. Apple prices fell heading into the end of the season as quality issues impacted the prices that were able to be obtained for late-season fruit. Similar issues have also impacted the kiwifruit industry, where many growers have had to contend with lower yields as well as reduced returns due to fruit-storage issues.

The **forestry** index also declined 3.3% in November with log prices back 4.8% m/m. Logs are now returning 12.1% less than a year ago. New Zealand exporters are highly reliant on China for trading logs and at present demand for logs from this market has been impacted by the rapid rise in COVID-19 cases, which has flow-on consequences for demand for logs.

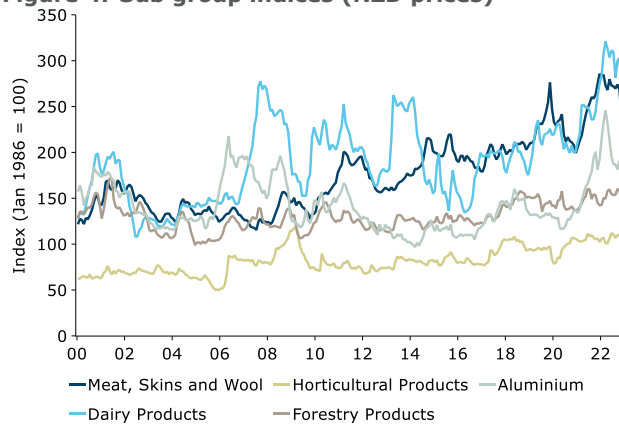
**Aluminium** prices continue to buck the trend, rising 4.4% in November. Despite the recent uptick in prices aluminium pricing is still 10.8% down y/y. Aluminium inventories are declining, which has offset demand concerns and pushed prices higher. Aluminium smelters in China are reducing production to reduce pollution.

**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
Nov-18	284.7	..	-5.1	214.1	..	-4.1
Nov-19	319.9	..	12.4	254.2	..	18.8
Nov-20	302.3	..	-5.5	226.6	..	-10.9
Nov-21	381.1	..	26.1	278.6	..	22.9
Jun-22	387.4	-0.4	4.8	308.5	0.2	13.9
Jul-22	378.9	-2.2	4.3	305.2	-0.6	13.6
Aug-22	365.9	-3.4	2.4	291.6	-4.5	10.3
Sep-22	363.7	-0.6	0.2	303.8	4.2	14.4
Oct-22	351.2	-3.4	-5.3	304.8	0.3	12.8
Nov-22	337.4	-3.9	-11.5	277.2	-9.1	-0.5

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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