

ANZ Commodity Price Index

7 February 2023



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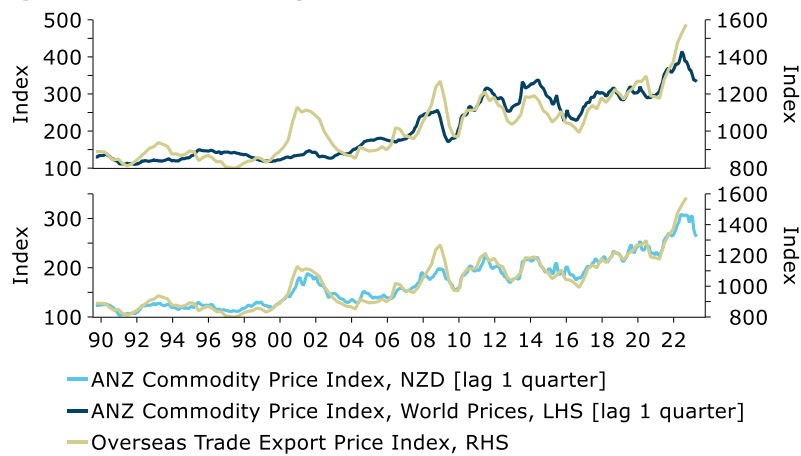
The next issue of the ANZ Commodity Price Index is scheduled for release on 6 March 2023 at 1pm.

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

Mixed results

The ANZ World Commodity Price Index eased 1.0% in the first month of 2023. Movements were mixed. Meat, forestry and aluminium prices lifted, while dairy and horticulture prices eased. In local currency terms the index dropped 1.2%.

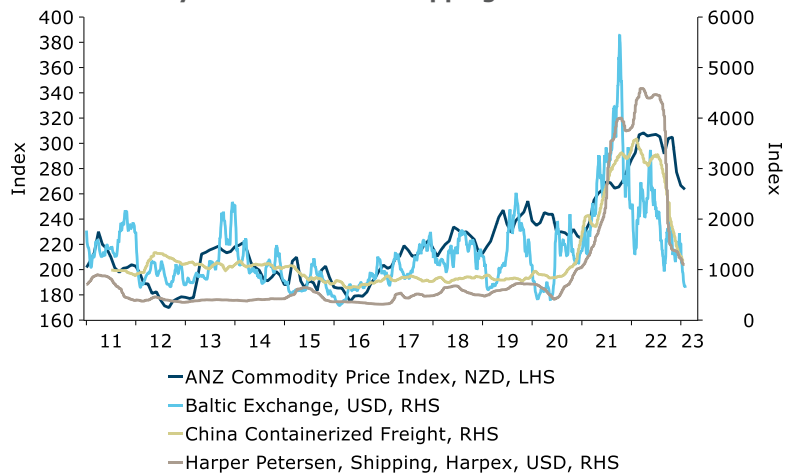
Figure 1. ANZ Commodity Price Index



Source: Stats NZ, Macrobond, ANZ Research

Global shipping prices continued to retreat during January. The Baltic Dry Index is now at its lowest level since June 2020. Demand for shipping has eased, while the supply of ships has increased. While this is encouraging, shipping costs may lift again if manufacturing activity in China picks up after the Chinese New Year holiday break.

ANZ Commodity Price Index and shipping costs



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

Dairy prices retreated 2.5% month-on-month (m/m) in January, but there are signs that prices are starting to stabilise. Exporters are keeping a close eye on China as additional demand from this market is required before a sustainable lift in prices can be achieved. Views are mixed on how demand will evolve due to uncertainty regarding both consumption patterns and how much milk is being produced within China.

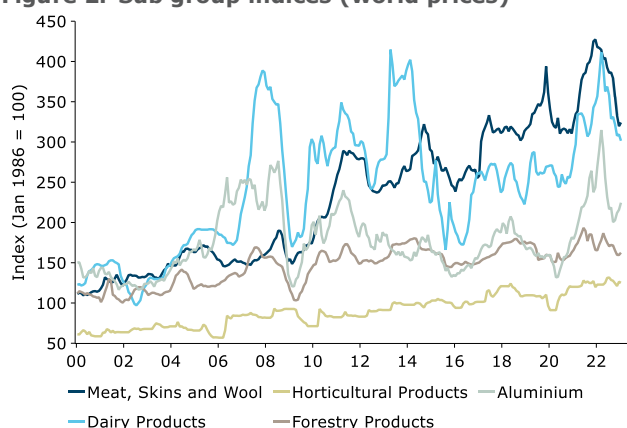
The **meat and fibre** index gained 1.4% m/m in January, although prices are still 22% lower than a year ago. Beef prices increased, offsetting weaker pricing for lamb and wool. The US beef market has started to deliver stronger returns and therefore is the export destination of choice for our manufacturing grade beef. Wool prices remain low and stocks of wool are building in our warehouses with international demand still relatively weak, particularly for lower-grade or discoloured wool.

The **horticulture** index fell 0.9% m/m. In-market prices for late-season fruit have eased. Both the kiwifruit and apple industries have struggled with quality issues, which mainly relate to the inclement weather conditions when fruit was harvested last season.

The **forestry** index improved 1.8% m/m in January. The industry is pinning its hopes on improved demand from China once business activity returns to normal levels following the Chinese New Year holiday period. The volume of logs being harvested in NZ has slowed during our holiday period and demand from local mills has also eased as house-building activity slows.

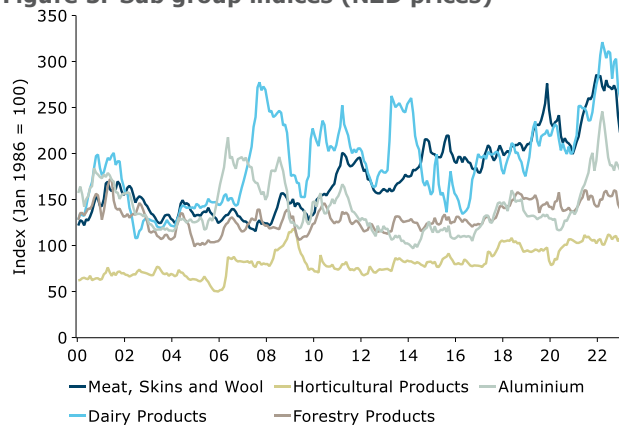
Aluminium prices shot up 4.1% m/m and are continuing the positive trend seen through the latter part of 2022. Aluminium prices are being supported, for now, by relatively tight global supplies. The market has already priced in improved demand from China, which will need to eventuate for any further market appreciation.

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
Jan-19	289.9	..	-2.2	218.2	..	3.6
Jan-20	304.7	..	5.1	235.1	..	7.7
Jan-21	320.7	..	5.2	231.2	..	-1.6
Jan-22	384.0	..	19.7	292.6	..	26.6
Aug-22	366.0	-3.4	2.4	291.7	-4.5	10.3
Sep-22	363.8	-0.6	0.2	303.9	4.2	14.5
Oct-22	351.3	-3.4	-5.2	304.9	0.3	12.8
Nov-22	337.4	-4.0	-11.5	277.2	-9.1	-0.5
Dec-22	336.8	-0.2	-11.4	266.6	-3.8	-7.1
Jan-23	333.5	-1.0	-13.1	263.5	-1.2	-9.9

Commodity Price Index weights are based on contributions to merchandise exports for the prior calendar year. Weights for the 2022 year are: Wool 1.1%; Beef 12.0%; Lamb 10.7%; Venison 0.4%; Skins 0.8%; Dairy 43.8%; Apples 2.2%; Kiwifruit 6.5%; Logs 8.8%; Sawn Timber 2.8%; Wood Pulp 2.3%; Seafood 4.5%; Aluminium 4.1%.



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