

ANZ Commodity Price Index

6 April 2023



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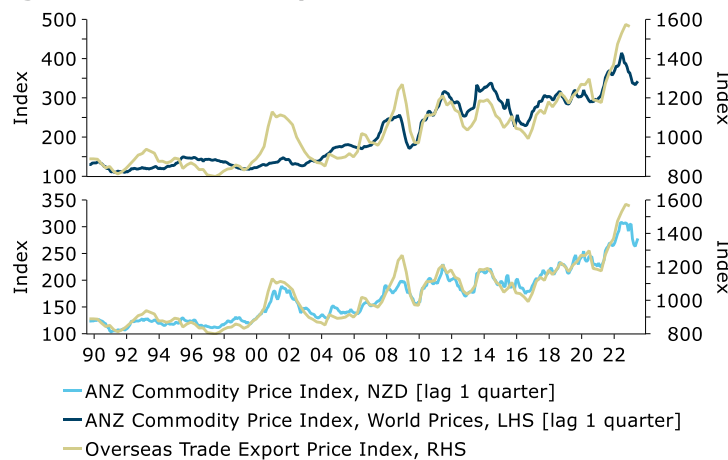
The next issue of the ANZ Commodity Price Index is scheduled for release on 4 May 2023 at 1pm.

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

Pick 'n' mix

The ANZ World Commodity Price Index increased a further 1.3% m/m in March, but it was a mixed bag amongst the various sectors. Stronger returns for meat largely offset weaker aluminium prices. In local currency terms the index gained 2.7% m/m, supported by a 0.4% m/m easing of the NZD against the Trade Weighted Index.

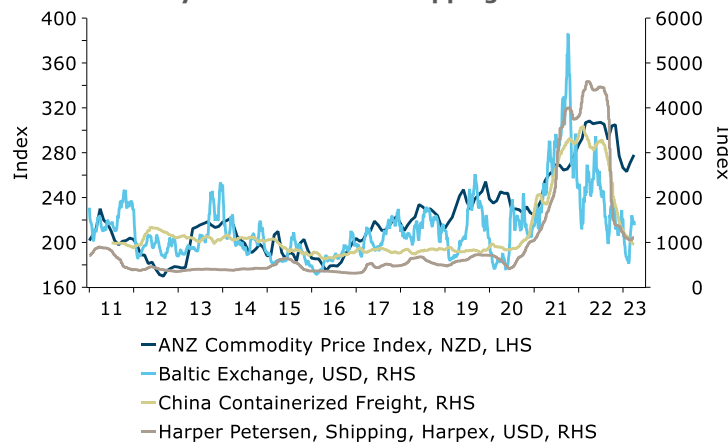
Figure 1. ANZ Commodity Price Index



Source: Stats NZ, Macrobond, ANZ Research

Global shipping prices generally trended higher in March. This was particularly evident in the Baltic Dry Index, which was driven up by stronger trade across the Atlantic as more goods were exported from China. For New Zealand exporters freight prices are still generally softening, but to put that in context, the cost of getting goods in and out of New Zealand didn't fall as much as other shipping routes did. The recent increase in energy prices is likely to stem further falls in shipping costs. In addition, more freight carriers are preferring to transport only large shipping containers, which are more challenging for our smaller exporters to fill.

ANZ Commodity Price Index and shipping costs



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

Dairy prices fell 0.6% month-on-month (m/m) in March. While demand from China for dairy products has lifted, it has not increased enough to offset weaker demand from other geographies. Regions such as South-East Asia bought more dairy products earlier in the season and therefore their buying has eased. Also impacting the market is an increase in the availability of dairy products from the EU and the US.

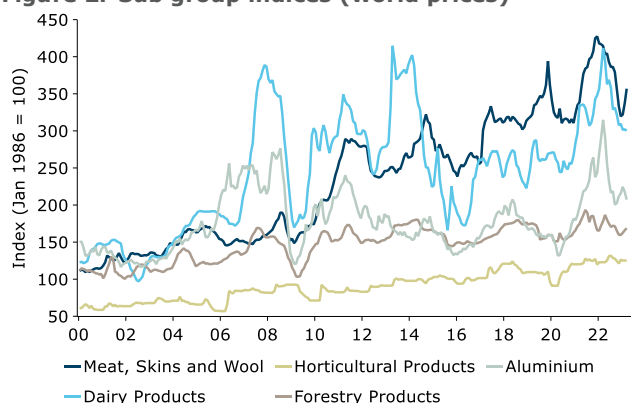
The **meat and fibre** index gained 5.9% m/m in March. Meat prices have now trended up throughout Q1. Beef has posted the largest gain, up 8.4%, supported by increased demand from China since the zero-COVID policy was dropped. Demand from the US has also lifted as their own domestic supply of beef slows. Coarse wool prices remain at miserably low levels, with current prices down 6% y/y.

The **horticulture** index was unchanged this month as we are yet to receive new-season pricing. However, returns for New Zealand's major horticultural exports are under some downward pressure, particularly apples. The kiwifruit crop is expected to be significantly lower this season due to several weather events, including frost during the critical budding phase. Packhouses are being extra vigilant on fruit quality to ensure only high quality fruit is exported, after shelf-life issues last season.

The **forestry** index gained 1.8% m/m in March with prices now trending up for three consecutive months. Log prices are still 8% weaker than a year ago but demand is gradually building, and this is translating into higher prices. New Zealand exporters are highly reliant on sales of logs to China and fortunately demand from this market has lifted recently. This comes at a time when domestic demand for timber has fallen considerably as the construction sector slows.

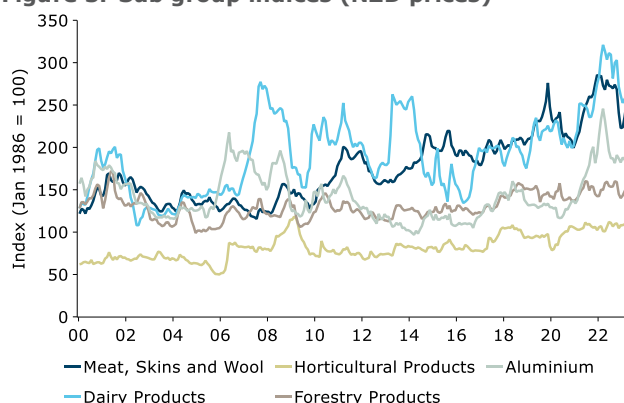
Aluminium prices continued to lose ground in March, with prices falling 4.8% m/m on top of a 3.0% m/m fall in the previous month. Global aluminium prices continue to be negatively impacted by higher stock levels. Deteriorating global economic conditions are also reducing demand for aluminium. This is resulting in some global aluminium producers shutting down due to margins being squeezed by high energy prices.

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-19	310.3	..	0.6	231.6	..	5.3
Mar-20	292.2	..	-5.8	245.1	..	5.8
Mar-21	351.2	..	20.2	254.9	..	4.0
Mar-22	414.5	..	18.0	308.3	..	20.9
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	333.0	-1.1	-13.3	263.1	-1.3	-10.1
Feb-23	337.7	1.4	-15.3	270.8	2.9	-11.7
Mar-23	342.2	1.3	-17.4	278.0	2.7	-9.8

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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Last updated: 1 September 2022

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