

ANZ Commodity Price Index

4 September 2024



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Contact

Susan Kilsby for more details.

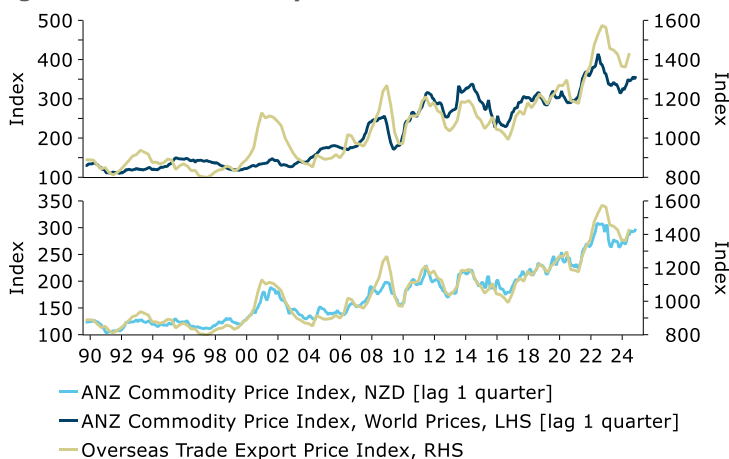
The next issue of the ANZ Commodity Price Index is scheduled for release on 3 October 2024 at 1pm.

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

Meat and dairy lead the charge

The ANZ World Commodity Price Index increased 2.1% m/m in August as prices for meat and dairy had a strong month. In New Zealand dollar terms, the index lifted 1.5% m/m as the NZD Trade Weighted Index fell 0.7%.

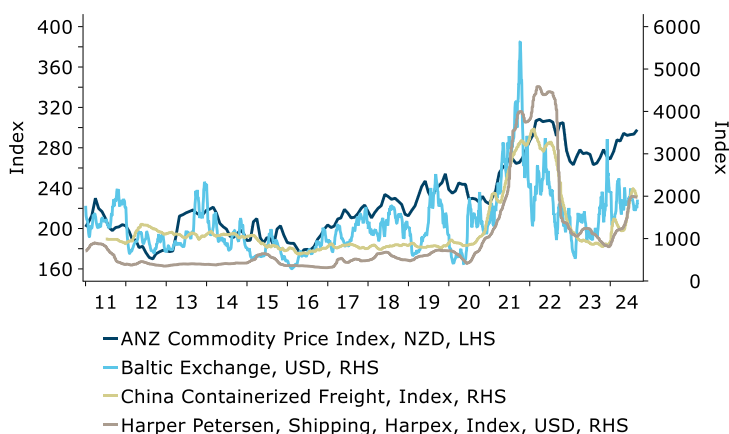
Figure 1. ANZ Commodity Price Index



Source: Stats NZ, Macrobond, ANZ Research

Global shipping prices remain high as ships continue to avoid the Suez Canal due to ongoing tensions in the Middle East, and congestion occurs in the Port of Singapore. The volume of cargo travelling through the Suez Canal has dropped to about one third of normal levels. Most ships are rerouting around Cape Horn, effectively tightening the supply of ships and putting pressure on shipping prices. Most of New Zealand’s exports go to Asia, meaning we have limited direct exposure to issues in the Middle East, but we are directly impacted by the delays in getting ships into and unloaded in Singapore. The combined impact of the disruptions means there are fewer ships available to service New Zealand, and exporters are now starting to report increased costs to get product to market.

Figure 2. ANZ Commodity Price Index and shipping costs



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

In world price terms, **Dairy** prices lifted 3.2% month-on-month (m/m) in August. There has been a lift in urgency from buyers as they start to secure new-season product from New Zealand. Global supplies of dairy products have tightened a little and rising trade tensions between China and the US and Europe may result in tariffs being placed on European and/or US dairy products. Should this occur, Chinese importers are likely to buy more produce from other regions such as New Zealand.

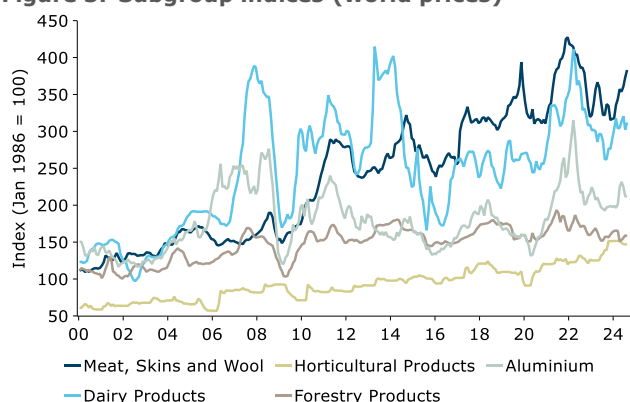
The **meat and fibre** index gained 2.7% m/m with the index now up 18.9% y/y. Beef and lamb prices both improved during the month. There is not a lot of meat being processed at present and the tighter supply is supporting prices. Global demand for beef remains extremely strong, driven by strong demand from the US. Lamb returns for cuts being sold into the UK and the US have lifted, but the China market remains tough going for exporters.

The **horticulture** index rose 0.4% m/m. Fruit prices tend to trend lower as the season progresses as fruit quality falls somewhat the longer it is stored. Apple markets remain mixed, but demand is generally quite weak, particularly across the Asian markets. Kiwifruit pricing remains high despite much larger volumes being exported this season. Orchard-gate returns for kiwifruit are forecast to be slightly lower than last season, but this is largely offset by significantly larger yields achieved this year.

The **forestry** index fell 0.7% m/m in August, partially reversing July's 2.2% gain. The volume of logs available in China has decreased and this is expected to stimulate some additional demand, but it is unlikely to be sufficient to push prices up very much. India is expected to increase its demand for imported timber in the coming months, but relative to China this is still a very small market for New Zealand logs.

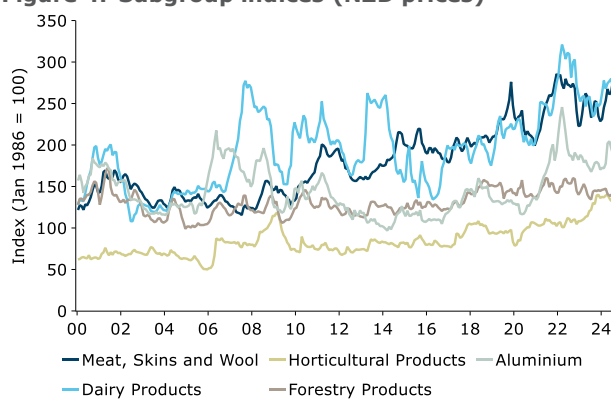
Aluminium prices lifted 0.1% m/m. Upward pressure on prices has been driven by taxes on aluminium exports from China and high energy prices in Europe, both of which are contributing to higher production costs. However, global aluminium stocks are rising, which will curb further price increases.

Figure 3. Subgroup indices (world prices)



Source: Macrobond, ANZ Research

Figure 4. Subgroup indices (NZD prices)



Source: Macrobond, ANZ Research

	World Price Index	Monthly % Change	Annual % Change	NZD Index	Monthly % Change	Annual % Change
Aug-20	294.2	..	-2.8	229.2	..	-3.9
Aug-21	357.5	..	21.5	264.5	..	15.4
Aug-22	366.0	..	2.4	291.7	..	10.3
Aug-23	313.8	..	-14.3	264.9	..	-9.2
Mar-24	345.3	-1.3	0.9	286.7	-0.4	3.1
Apr-24	347.1	0.5	3.2	294.4	2.7	7.4
May-24	350.9	1.1	4.0	292.3	-0.7	6.3
Jun-24	356.3	1.5	7.4	293.0	0.3	7.2
Jul-24	350.3	-1.7	8.4	293.5	0.2	11.5
Aug-24	357.6	2.1	14.0	297.9	1.5	12.5

Commodity Price Index weights are based on contributions to merchandise exports for the prior calendar year. Weights for the 2023 year are: Wool 1.1%; Beef 11.9%; Lamb 10.0%; Venison 0.5%; Skins 0.7%; Dairy 44.4%; Apples 2.3%; Kiwifruit 6.5%; Logs 8.8%; Sawn Timber 2.7%; Wood Pulp 1.7%; Seafood 5.2%; Aluminium 4.1%.



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Sharon Zollner
Chief Economist

Follow Sharon on Twitter
[@sharon_zollner](#)

Telephone: +64 9 357 4094
Email: sharon.zollner@anz.com

General enquiries:
research@anz.com

Follow ANZ Research
[@ANZ_Research](#) (global)



David Croy
Senior Strategist

Market developments, interest rates, FX, unconventional monetary policy, liaison with market participants.

Telephone: +64 4 576 1022
Email: david.croy@anz.com



Susan Kilsby
Agricultural Economist

Primary industry developments and outlook, structural change and regulation, liaison with industry.

Telephone: +64 21 633 469
Email: susan.kilsby@anz.com



Miles Workman
Senior Economist

Macroeconomic forecast co-ordinator, economic developments, labour market dynamics, inflation, fiscal and monetary policy.

Telephone: +64 21 661 792
Email: miles.workman@anz.com



Henry Russell
Economist

Macroeconomic forecasting, economic developments, GDP and activity dynamics and monetary policy.

Telephone: +64 21 629 553
Email: henry.russell@anz.com



Natalie Denne
PA / Desktop Publisher

Business management, general enquiries, mailing lists, publications, chief economist's diary.

Telephone: +64 21 253 6808
Email: natalie.denne@anz.com



Kyle Uerata
Economic Statistician

Economic statistics, ANZ proprietary data (including ANZ Business Outlook), data capability and infrastructure.

Telephone: +64 21 633 894
Email: kyle.uerata@anz.com

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