

NEW ZEALAND ECONOMICS ANZ COMMODITY PRICE INDEX

Data for June 2015,
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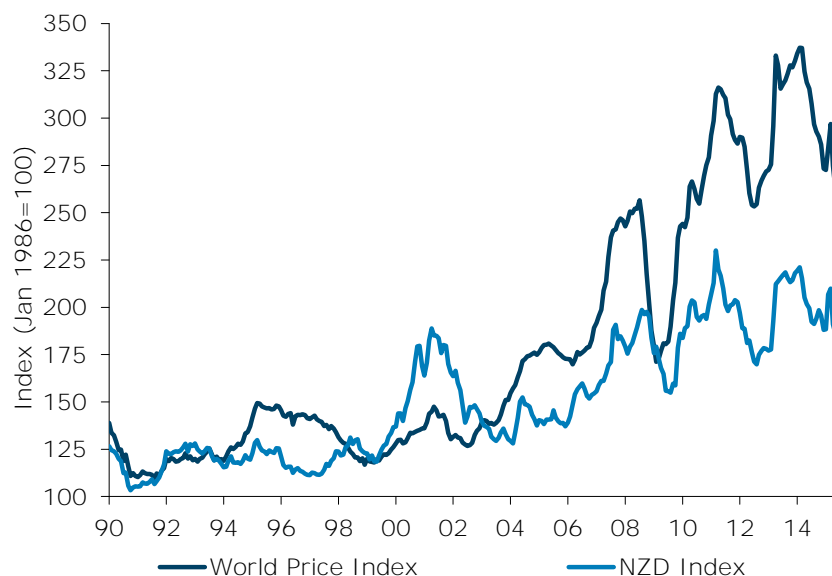
The ANZ Commodity Price Index for June declined by 3.1%. This is the third consecutive fall in the index, although the decline was more moderate than those seen previously. The index is 20% lower than 12 months earlier and at its lowest level in three years.

Aluminium prices led the declines this month, down 6.4% m/m, followed by dairy prices (down 4.4% m/m). World demand for aluminium has been strong in 2015, but this is being offset by higher Chinese production. Weaker butter prices led the drop in dairy prices in June, falling 7.8% m/m. Skim and whole milk powder prices fell by 5.2% and 4.7% respectively. International dairy prices continue to languish, given high global production, lacklustre demand from China and the continued ban on dairy imports into Russia. Cheese prices declined a more modest 1.8%.

Prices in the meat sub-group fell 3.4% (down 8.6% y/y), while prices for the other major sectors were unchanged. Beef prices fell again in June, down 2.8% m/m. US beef prices have receded in recent months following a period of record high prices. Lamb prices also fell, down 3.5% in June as New Zealand's main export markets – the UK and China – remain oversupplied. **Forestry prices were the only commodity group to increase in June, albeit a modest 0.1% over the month.** Pulp prices rose 1.3%, while log and timber prices were flat. Prices in the **horticulture sub-group went sideways** as a lift in early-season apple prices was offset by lower kiwifruit prices.

Prices from the NZD index rose 2.9% (-4.3% y/y), with the lower NZD buffering the impact of lower world prices. The lower NZD (down 4.6% m/m on a TWI basis) will be a welcome relief for many commodity exporters, who are facing challenging international market conditions.

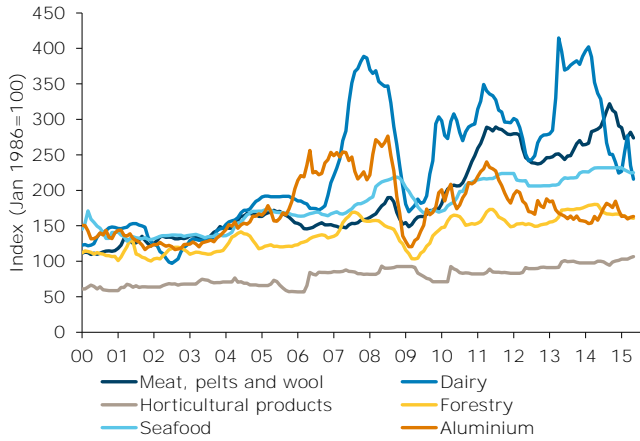
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Source: ANZ

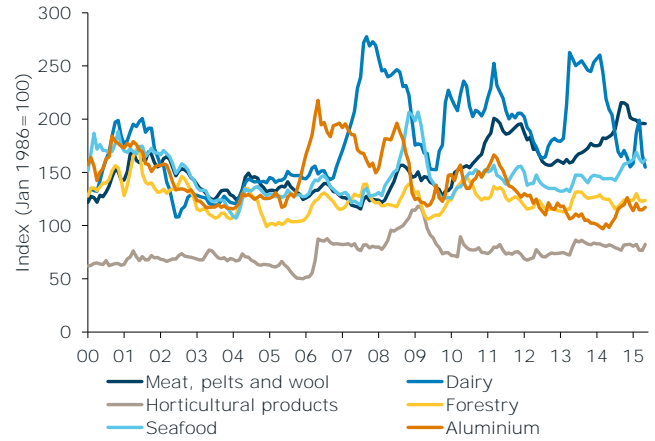
ANZ COMMODITY PRICE INDEX

SUB GROUP INDICES (WORLD PRICES)



Source: ANZ

SUB GROUP INDICES (NZD PRICES)



Source: ANZ

	World Price Index	Monthly % Change	Annual % Change	NZ\$ Index	Monthly % Change	Annual % Change
Jun-11	312.2	..	19.0	210.0	..	3.7
Jun-12	254.0	..	-18.7	176.2	..	-16.1
Jun-13	315.6	..	24.3	215.6	..	22.3
Jun-14	315.6	..	0.0	199.4	..	-7.5
Jan-15	272.6	-0.3	-18.4	188.4	0.1	-14.1
Feb-15	284.0	4.2	-15.8	206.7	9.7	-6.5
Mar-15	296.9	4.6	-11.9	209.9	1.5	-2.5
Apr-15	274.9	-7.4	-15.3	191.0	-9.0	-6.9
May-15	261.5	-4.9	-18.0	185.5	-2.9	-8.1
Jun-15	253.4	-3.1	-19.7	190.8	2.9	-4.3

Commodity Price Index weights are based on contributions to merchandise exports. Weights for the 2015 year are: Wool 2.8%; Beef 8.9%; Lamb 10.7%; Venison 0.6%; Skins 2.0%; Dairy 47.4%; Apples 1.8%; Kiwifruit 3.6%; Logs 8.2%; Sawn Timber 3.2%; Wood Pulp 2.2%; Seafood 4.9%; Aluminium 3.6%

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