

NEW ZEALAND ECONOMICS ANZ COMMODITY PRICE INDEX

Data for May 2016,
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BOUNCING ALONG THE BOTTOM

The ANZ Commodity Price Index lifted by 1.0% in May, but is still back 11.7% y/y. In recent months, prices look to have found a floor that they are now bouncing along. Horticulture prices lifted (+6.2%) in the month with the start of new season crop sales. There were also lifts for seafood (+1.1%), forestry (+0.9%) and meat (+1.5%), making the gains broad-based. In aggregate, dairy prices were stable and aluminium prices slipped a touch (-1.0%).

A lower NZD (except if exporting to Australia) provided a further boost for NZD prices, which were up 2.5% in May. This largely reversed the fall in April, leaving annual NZD prices back 3.5% y/y.

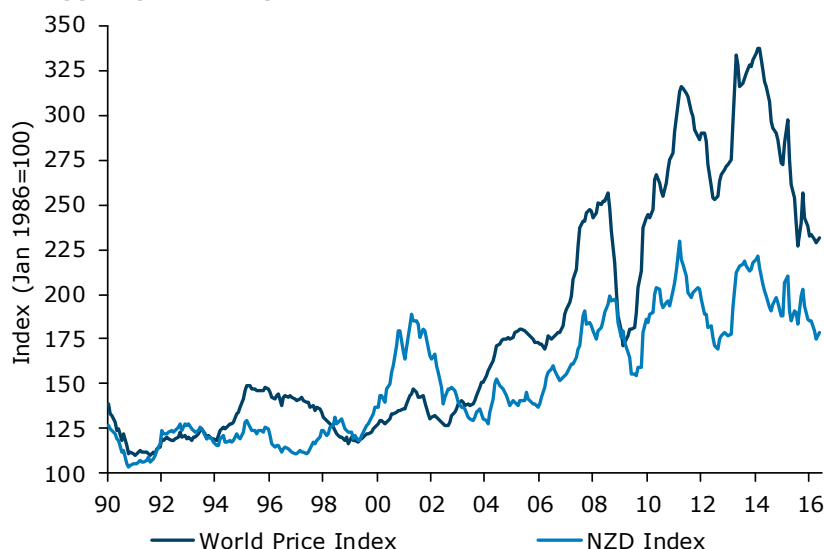
It looks like a good start to the new season for pipfruit and kiwifruit growers, with prices for both lifting in May. Solid prices combined with record-sized crops will see these sectors climb further up the export league tables this year. Back-to-back solid returns are creating momentum for new investment and expansion from orchards through to pack houses and cool stores.

The meat category was generally positive. Beef performed the best, improving 2.8% m/m and wool was also up 1.5% m/m. The other categories of lamb, venison and skins were largely unchanged.

There were only small movements in dairy prices. Weakness centred on skim milk powder (-1.8%) – due to large European stocks – and butter (-1.4%). The other categories of whole milk powder, cheese and casein were largely unchanged.

In the forestry category both log (+1.2%) and wood pulp (+1.4%) prices improved. In the seafood category there were lifts for snapper and squid prices.

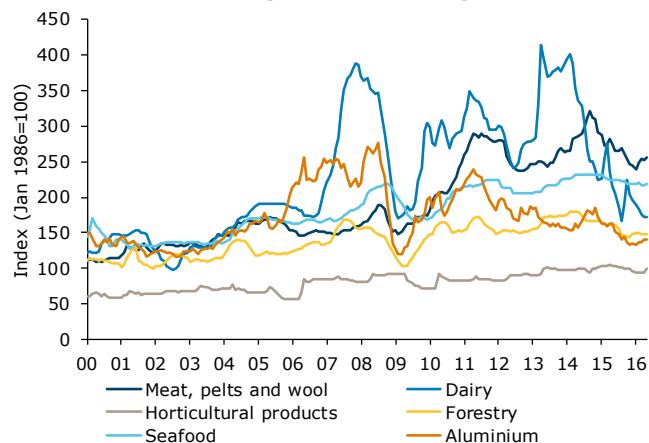
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Source: ANZ

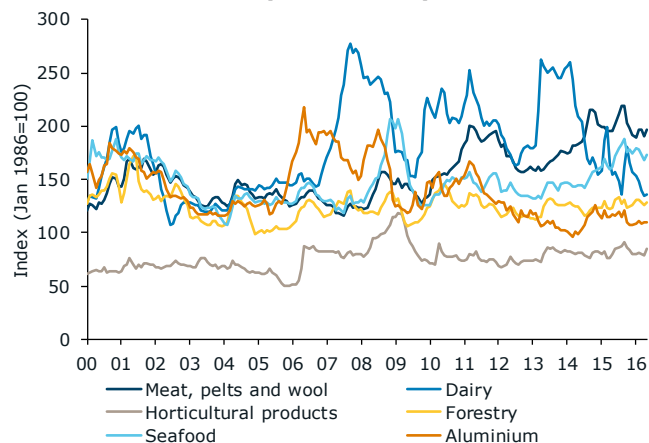
ANZ COMMODITY PRICE INDEX

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
May-12	260.3	..	-17.4	182.4	..	-15.8
May-13	327.8	..	25.9	213.8	..	17.2
May-14	318.8	..	-2.7	201.7	..	-5.6
May-15	261.6	..	-18.0	185.5	..	-8.0
Dec-15	238.0	-1.8	-12.9	186.0	-3.9	-1.1
Jan-16	232.4	-2.3	-14.7	185.4	-0.4	-1.6
Feb-16	233.5	0.5	-17.8	185.3	0.0	-10.3
Mar-16	230.5	-1.3	-22.4	179.8	-3.0	-14.3
Apr-16	228.7	-0.8	-16.8	174.7	-2.8	-8.5
May-16	231.1	1.0	-11.7	179.1	2.5	-3.5

Commodity Price Index weights are based on contributions to merchandise exports. Weights for the 2016 year are: Wool 3.2%; Beef 12.4%; Lamb 11.6%; Venison 0.7%; Skins 1.9%; Dairy 39.3%; Apples 2.3%; Kiwifruit 5.4%; Logs 7.5%; Sawn Timber 3.7%; Wood Pulp 2.6%; Seafood 5.5%; Aluminium 3.9%

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