

ANZ Commodity Price Index

6 May 2019



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CONTACT:

Susan Kilsby
Agriculture Economist
 Telephone: +64 4 382 1992
Susan.Kilsby@anz.com

The next issue of the ANZ Commodity Price Index is scheduled for release on 6 June 2019 at 1pm.

Contact
research@anz.com

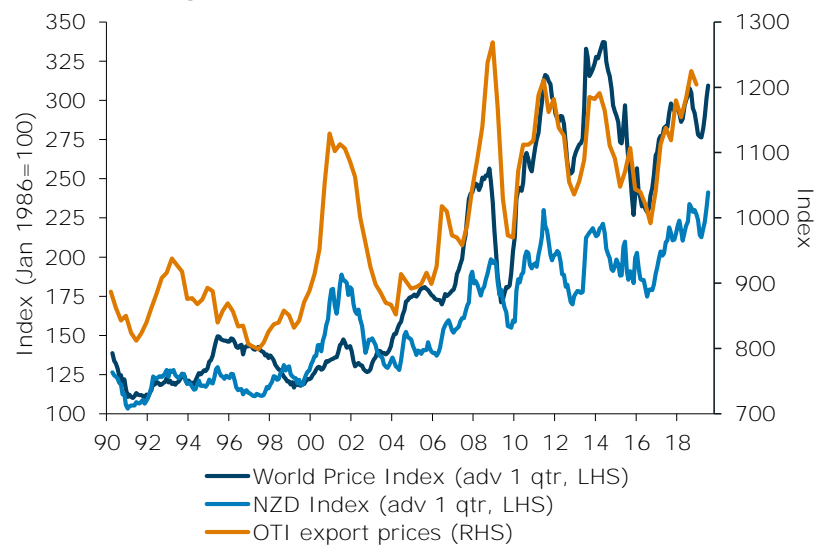
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Protein power

The ANZ World Commodity Price Index pushed up 2.5% m/m in April, following a revised 4.1% rise in March.¹ This puts the index 2.1% ahead of this time last year.

The NZD index lifted 4.2% m/m in March, as commodity returns in local currency terms also benefited further from the lower New Zealand dollar.

ANZ Commodity Price Index



Source: ANZ, Stats NZ

Dairy prices gained 4.4% m/m in April having moderated from the strong lift recorded the previous month. Markets continue to be supported by tighter global supply, which should underpin milk powder and butter prices in the coming months. Domestic milk supply is now falling away rapidly with just one month left in the current production season. Exporters are tidying up sales for current season product but are increasingly focusing on forward sales for the new season. Volumes traded in the next month or two will be seasonally low, but as higher volumes of new season product are offered to the market, prices typically tend to come under some pressure. This season low global supply should help underpin the market, which should see prices at least hold near current levels.

The **meat and fibre** index lifted 3.8% m/m in March with stronger prices recorded for both lamb and beef. The lamb export season has been later than normal this year. Despite a surge in lamb export volumes in March and economic uncertainty in some key markets, lamb prices are holding up very well. Both lamb and beef are benefiting from extra demand from China, as consumers look for alternative sources of protein to fill the gap in the market caused by African Swine flu reducing pork supplies.

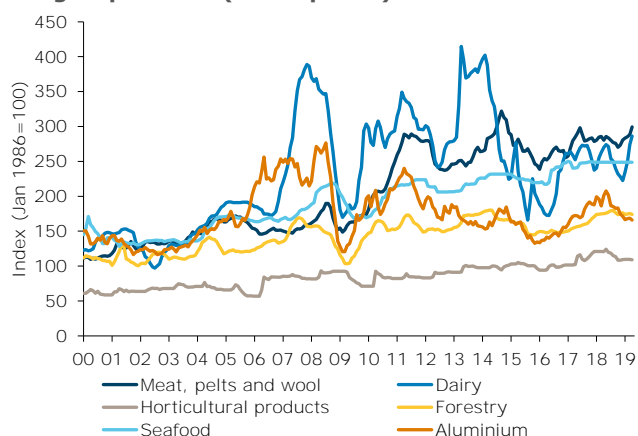
¹ The ANZ Commodity Price Indexes for March 2019 have been corrected due to an error in the dairy group. Butter, milk powders and cheese have all been corrected higher. The dairy group was published on the 3rd of April with a 2.5% increase but contained a spreadsheet error. It has now been corrected to a 9.6% increase. See the correction table below for the impact on the headline indices. We apologise for any inconvenience.

The **horticulture** index fell 0.5% as larger quantities of new season supply are now available. Apple prices eased 1.9%. Hawke’s Bay has delivered a boomer apple crop this year but apple production in the Nelson region wasn’t as strong as expected due to water restrictions impacting volumes. The kiwifruit export season is off to a strong start, with export returns for gold varieties tracking well ahead of previous seasons.

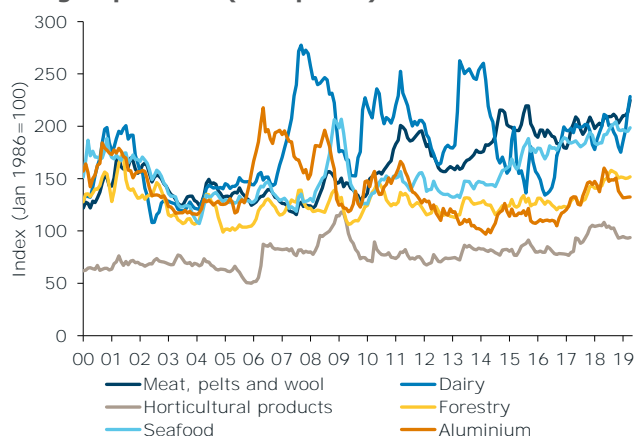
The **forestry** price index eased 0.7% m/m as softer prices for logs were only partially offset by stronger pulp prices. The volume of logs being exported is very high at present due to extra harvesting activity. The extra volume is all heading for China. Offtake of logs from Chinese wharves remains strong but this is being offset by the lift in supply. On balance, in-market prices have eased slightly but overall market fundamentals remain strong, which will underpin future prices.

Aluminium prices eased 1.6% m/m in April, giving up more than they gained in the two months prior. Prices are currently back 17.5% y/y. The recent easing in price has been driven by stronger global supply – particularly out of China – in the face of softer demand. However, environmental restrictions are now reducing aluminium production in China, which is expected to see prices stabilise in the near term.

Sub group indices (world prices)



Sub group indices (NZD prices)



Source: ANZ

	World Price Index	Monthly % Change	Annual % Change	NZD Index	Monthly % Change	Annual % Change
Apr-15	274.9	..	-15.3	191.0	..	-6.9
Apr-16	228.8	..	-16.8	174.8	..	-8.5
Apr-17	282.9	..	23.7	210.5	..	20.4
Apr-18	303.1	..	7.1	222.7	..	5.8
Nov-18	276.9	-0.5	-5.1	214.1	-4.4	-4.1
Dec-18	276.4	-0.2	-3.4	212.6	-0.7	-2.0
Jan-19	281.9	2.0	-2.2	218.2	2.6	3.6
Feb-19	289.7	2.8	-2.2	222.4	2.0	3.2
Mar-19	301.8	4.1	0.6	231.6	4.1	5.3
Apr-19	309.4	2.5	2.1	241.4	4.2	8.4

Commodity Price Index weights are based on contributions to merchandise exports. Weights for the 2018 year are: Wool 1.9%; Beef 9.9%; Lamb 12.1%; Venison 0.6%; Skins 1.2%; Dairy 38.0%; Apples 2.4%; Kiwifruit 7.0%; Logs 11.4%; Sawn Timber 3.5%; Wood Pulp 2.7%; Seafood 5.2%; Aluminium 4.0%

Corrections table – ANZ Commodity Price Indexes for March 2019 as published on 3 April prior to revision.

	World Price Index	Monthly % Change	Annual % Change	NZD Index	Monthly % Change	Annual % Change
Mar-19	293.7	1.4	-2.1	225.5	1.4	2.5



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