

ANZ Commodity Price Index

5 May 2021



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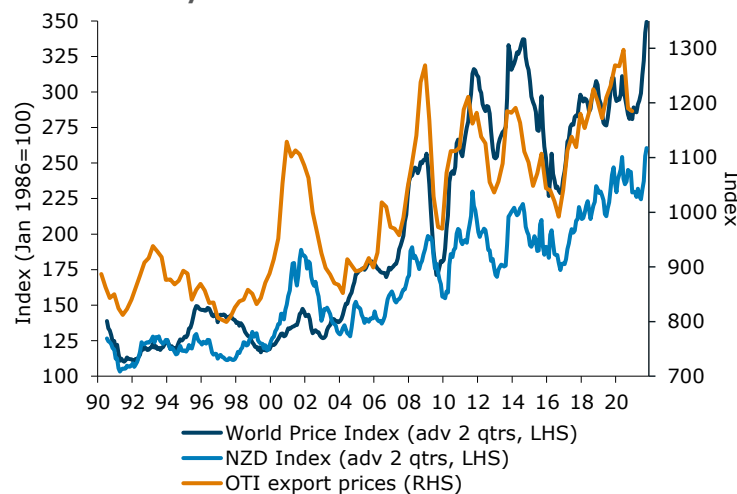
The next issue of the ANZ Commodity Price Index is scheduled for release on 3 June 2021 at 1pm.

Take me higher

The ANZ World Commodity Price Index lifted 2.3% m/m in April to extend its record high. The lift in the index was driven by stronger prices for beef, lamb, logs and aluminium.

In local currency terms the index gained 2.2% m/m, supported by a 0.3% reduction in the Trade Weighted Index (TWI).

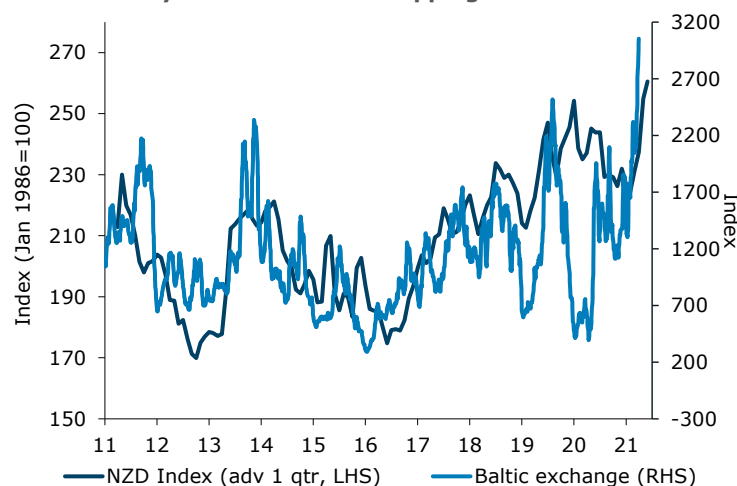
ANZ Commodity Price Index



Source: ANZ, Stats NZ

Global shipping costs remain elevated due to congestion at ports and strong demand for commodities. The Baltic Dry Index – a lead indicator of economic activity – shot up 49% in April. There are early indications that the cost of exporting goods from NZ to Asia may be stabilising but it is still challenging to get product to market. Moving goods to Europe or the United States is even more difficult.

NZ Commodity Price Index and shipping costs



Source: ANZ, Bloomberg

Dairy prices plateaued in April at elevated levels. Whole milk powder is now worth 46% more than a year ago, while cheese prices are on par. Cheese is not included in the product mix used to calculate the farmgate milk price. Butter prices are up 34% from this time last year. Strong global demand, which includes some rebuilding of stocks, combined with modest supply growth is currently supporting strong prices for milk powders and milkfat products.

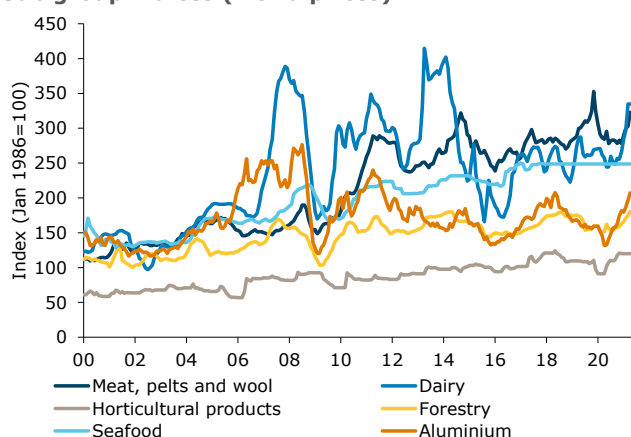
The **meat and fibre** index lifted 6.6%% in April. Lamb prices lifted 8.3% with the higher-value cuts becoming easier to sell as high-end restaurants in Europe and the United States start to reopen. Beef prices gained 6.2% in April, driven primarily by improved demand from the US. Wool gave up a little of the gains made the previous month and still has some way to go before it is again financially sustainable.

The **horticulture** index is unchanged, as prices for new-season apples and kiwifruit are yet to flow through, but early-season demand is strong. Kiwifruit exports are running ahead of last season due to an early growing season and growth in the amount of SunGold fruit being produced, an early-maturing variety. The labour shortage is making it very tough going for orchardists this season – while prices are expected to be strong, returns will be hindered by fewer apples being picked. The kiwifruit industry is just starting to move into its peak picking and processing season.

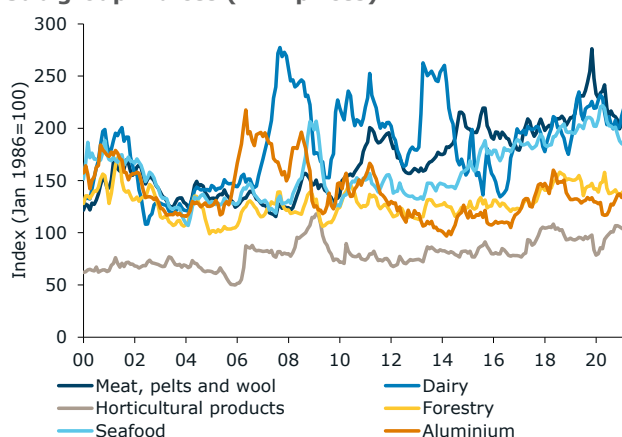
The **forestry** index gained another 3.5% in April to hit an all-time high. The high cost of shipping and relatively strong NZ currency do mean returns at the wharf gate have previously been stronger than they are at present, but producers are still receiving a good return. Global demand for timber remains very high and supply restrictions from some countries mean NZ logs are highly sought-after at present.

Aluminium prices continue to lift, up 5.3% in April. Aluminium is now worth 57% more than a year ago. Producing aluminium in China is becoming costlier as the industry transitions to sustainable energy sources. At present most smelters are powered by coal, which is considerably cheaper than alternative power supplies.

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-17	282.9	..	23.7	210.5	..	20.4
Apr-18	303.1	..	7.1	222.7	..	5.8
Apr-19	309.6	..	2.2	241.5	..	8.5
Apr-20	281.1	..	-9.2	243.8	..	0.9
Nov-20	294.0	0.9	-5.5	226.6	-2.3	-10.9
Dec-20	299.2	1.8	-0.4	224.5	-0.9	-5.9
Jan-21	311.9	4.3	5.2	231.2	3.0	-1.6
Feb-21	322.1	3.3	11.0	237.3	2.6	0.1
Mar-21	341.6	6.1	20.2	254.9	7.4	4.0
Apr-21	349.3	2.3	24.3	260.5	2.2	6.9

Commodity Price Index weights are based on contributions to merchandise exports. Weights for the 2020 year are: Wool 1.2%; Beef 11.3%; Lamb 11.9%; Venison 0.5%; Skins 0.6%; Dairy 41.4%; Apples 2.8%; Kiwifruit 8.1%; Logs 9.4%; Sawn Timber 3.0%; Wood Pulp 1.9%; Seafood 4.9%; Aluminium 3.1%.



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