

# ANZ Commodity Price Index

5 July 2022



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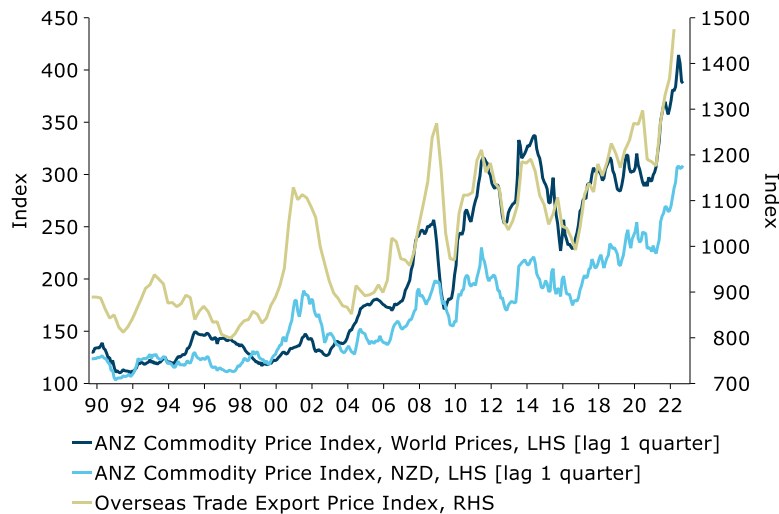
The next issue of the ANZ Commodity Price Index is scheduled for release on 3 August at 1pm.

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

## Softer NZD offsets lower prices

The ANZ World Commodity Price Index fell a further 0.4% in June, driven down by weakness in aluminium, meat and forestry. But in local currency terms the index gained 0.7% due to the NZD continuing to depreciate against the currencies of many of our trading partners.

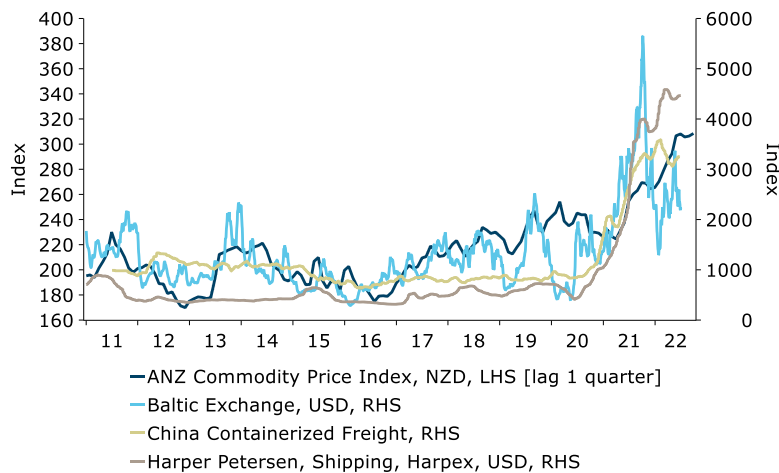
Figure 1. ANZ Commodity Price Index



Source: Stats NZ, Macrobond, ANZ Research

**Global shipping prices** have generally eased over the past month, with the volatile Baltic Dry Index falling 15% in June. However, the China Containerised Freight Indices have started to lift again recently. Despite the overall improvements, many New Zealand exporters continue to report challenges in moving goods to market in a timely manner. Shipping costs are expected to remain elevated until supply chains start to consistently function in a more efficient manner.

### ANZ Commodity Price Index and shipping costs



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

**Dairy** prices lifted 1.7% month-on-month (m/m) in June, reversing the recent downward trend. Prices for milk powders firmed, but this was partially offset by weaker prices for butter and cheese. Global milk production remains relatively constrained at present, which is helping underpin prices.

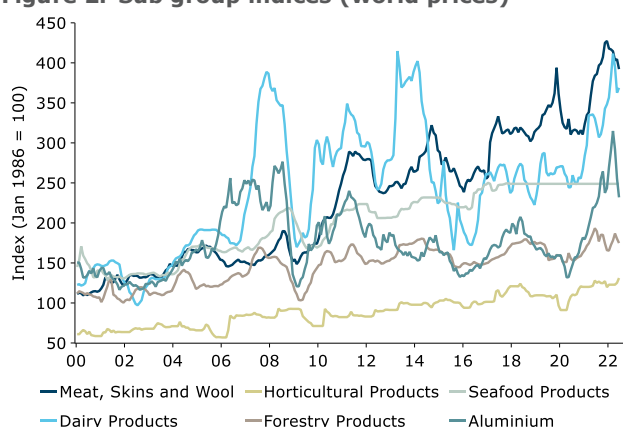
The **meat and fibre** index fell 3% in June. Beef prices continue to ease, while lamb prices remain stable. The lockdowns in China disrupted demand in this key market, resulting in reduced prices for both manufacturing-grade beef and mutton. Lamb prices have been more stable, but supply from New Zealand remains curtailed as labour shortages continue to limit processing capacity. This means there are more lambs than normal on farms this winter.

The **horticulture** index lifted up 4.8% in June in world price terms. Stronger prices were recorded for both apples and kiwifruit. Kiwifruit prices are close to the record prices achieved late last year. Both of these products are expected to benefit from the NZ-EU Free Trade Agreement.

The **forestry** index fell 3.0% in June, continuing the downward trend seen last month. Prices for logs eased as demand from China softened, due to both the lockdowns in several major cities and the slowdown in China's property development sector. However, it looks like prices may be starting to stabilise, as the volume of logs on wharves in China has decreased.

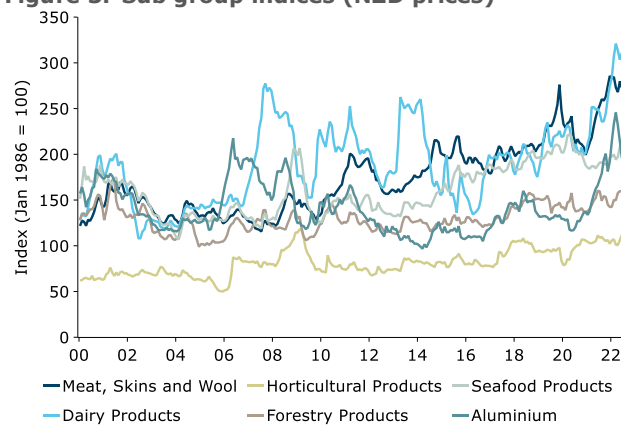
**Aluminium** prices dropped 9.3% m/m, on top of an even larger drop the previous month. Demand for aluminium is expected to weaken as global economic growth slows. The quantity of aluminium manufactured in China has also increased, which is weighing on market prices. However, aluminium production in Europe is being curtailed by high energy costs, which may help the market rebalance.

**Figure 2. Sub group indices (world prices)**



Source: Macrobond, ANZ Research

**Figure 3. Sub group indices (NZD prices)**



Source: Macrobond, ANZ Research

	<b>World Price Index</b>	Monthly % Change	Annual % Change	<b>NZD Index</b>	Monthly % Change	Annual % Change
Jun-18	<b>313.6</b>	..	2.3	<b>231.8</b>	..	7.6
Jun-19	<b>306.2</b>	..	-2.4	<b>236.1</b>	..	1.9
Jun-20	<b>288.8</b>	..	-5.7	<b>229.2</b>	..	-2.9
Jun-21	<b>369.6</b>	..	28.0	<b>269.4</b>	..	17.5
Jan-22	<b>383.9</b>	1.0	19.7	<b>292.5</b>	1.9	26.5
Feb-22	<b>398.7</b>	3.9	20.4	<b>306.7</b>	4.9	29.2
Mar-22	<b>414.4</b>	3.9	18.0	<b>308.1</b>	0.5	20.9
Apr-22	<b>406.4</b>	-1.9	13.2	<b>305.7</b>	-0.8	17.5
May-22	<b>388.9</b>	-4.3	6.2	<b>306.4</b>	0.2	16.5
Jun-22	<b>387.3</b>	-0.4	4.8	<b>308.5</b>	0.7	14.5

Commodity Price Index weights are based on contributions to merchandise exports for the prior calendar year. Weights for the 2021 year are: Wool 1.2%; Beef 11.1%; Lamb 11.3%; Venison 0.4%; Skins 0.7%; Dairy 40.8%; Apples 2.3%; Kiwifruit 7.7%; Logs 11.0%; Sawn Timber 3.0%; Wood Pulp 2.0%; Seafood 4.6%; Aluminium 3.9%.



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