

ANZ Commodity Price Index

4 May 2023



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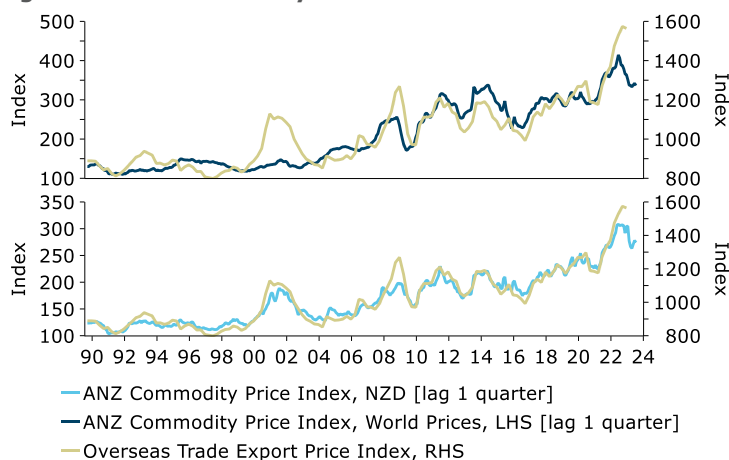
The next issue of the ANZ Commodity Price Index is scheduled for release on 6 June 2023 at 1pm.

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

Beef bullish, but dairy down

The ANZ World Commodity Price Index fell 1.7% m/m in April. Dairy prices and returns for export logs softened but meat prices lifted. In local currency terms the index fell 1.4% m/m, supported by a 0.4% m/m easing of the NZD in terms of the Trade Weighted Index.

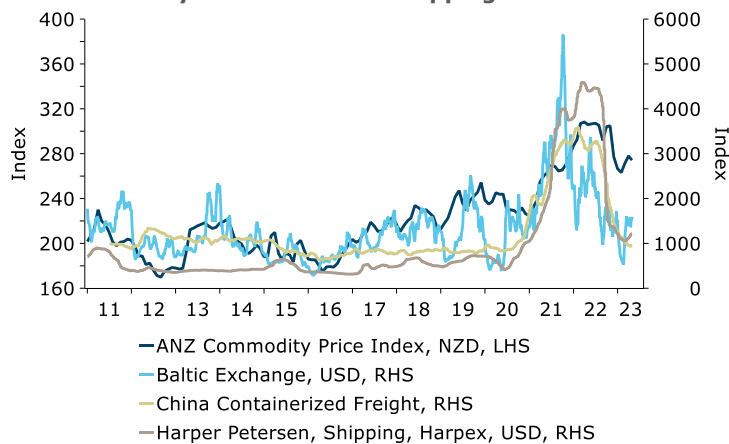
Figure 1. ANZ Commodity Price Index



Source: Stats NZ, Macrobond, ANZ Research

Global shipping prices generally firmed during April. The Baltic Dry Index lifted 13% during the month, as increased demand for shipping pushed prices a little higher again. For New Zealand exporters freight prices are still generally softening, but the limited number of ships serving Oceania routes does mean shipping costs are still relatively high compared to other major shipping routes.

ANZ Commodity Price Index and shipping costs



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

Dairy prices fell 4.9% month-on-month (m/m) in April, but we are now starting to see more positive signs from this market. Increased growth in milk production from Northern Hemisphere exporting nations did put some pressure on the market earlier in April, but global dairy demand is gradually increasing, which should be supportive of pricing in the months ahead.

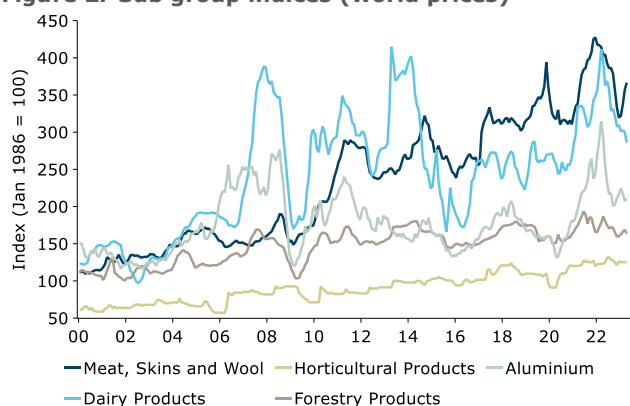
The **meat and fibre** index gained 2.7% m/m in April. Prices for both lamb and beef have improved but the beef markets have made the biggest gains. New Zealand exports similar volumes of beef to our two major markets, those being China and the United States. Demand from both markets has improved lately, which is supporting prices. Beef demand tends to be more resilient during economic downturns than demand for lamb and venison, due to it being a cheaper product. Wool prices also improved a little during April.

The **horticulture** index was unchanged this month as we are yet to receive new-season pricing from the markets. However, early indications are that apple prices are up on last season, which will partially offset the reduction in volumes. Apple export volumes have been significantly impacted by the devastation from the Hawke's Bay floods, which will continue to impact export volumes in future seasons as well. It was a slow start to the kiwifruit harvest, but new-season fruit is currently on the shelves in our export markets. Fruit quality is considerably better than last season.

The **forestry** index fell 3.0% m/m in April. Demand from China for logs initially improved after the lockdown period but has since dissipated. China's construction industry is still weak, meaning importers are reluctant to commit to additional orders unless they can secure product at a lower price.

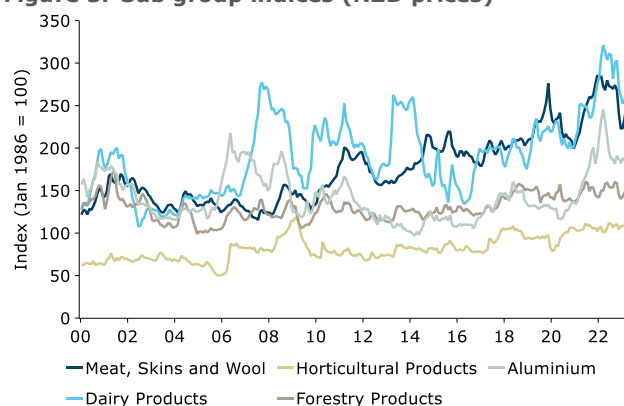
Aluminium prices posted a 1.5% gain in the month of April to stem the downward trend that had been in play for most of 2023. However, some further weakening in prices is likely in the coming months.

Figure 2. Sub group indices (world prices)



Source: Macrobond, ANZ Research

Figure 3. Sub group indices (NZD prices)



Source: Macrobond, ANZ Research

	World Price Index	Monthly % Change	Annual % Change	NZD Index	Monthly % Change	Annual % Change
Apr-19	318.3	..	2.2	241.5	..	8.5
Apr -20	289.0	..	-9.2	243.8	..	0.9
Apr -21	358.9	..	24.2	260.2	..	6.7
Apr-22	406.5	..	13.3	305.8	..	17.5
Nov-22	337.4	-4.0	-11.5	277.1	-9.1	-0.5
Dec-22	336.7	-0.2	-11.4	266.7	-3.8	-7.1
Jan-23	333.0	-1.1	-13.3	263.2	-1.3	-10.1
Feb-23	337.7	1.4	-15.3	270.9	2.9	-11.7
Mar-23	342.2	1.3	-17.4	278.0	2.7	-9.8
Apr-23	336.4	-1.7	-17.3	274.2	-1.4	-10.4

Commodity Price Index weights are based on contributions to merchandise exports for the prior calendar year. Weights for the 2022 year are: Wool 1.1%; Beef 12.0%; Lamb 10.7%; Venison 0.4%; Skins 0.8%; Dairy 43.8%; Apples 2.2%; Kiwifruit 6.5%; Logs 8.8%; Sawn Timber 2.8%; Wood Pulp 2.3%; Seafood 4.5%; Aluminium 4.1%.



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Last updated: 18 April 2023

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