

ANZ Commodity Price Index

5 December 2023



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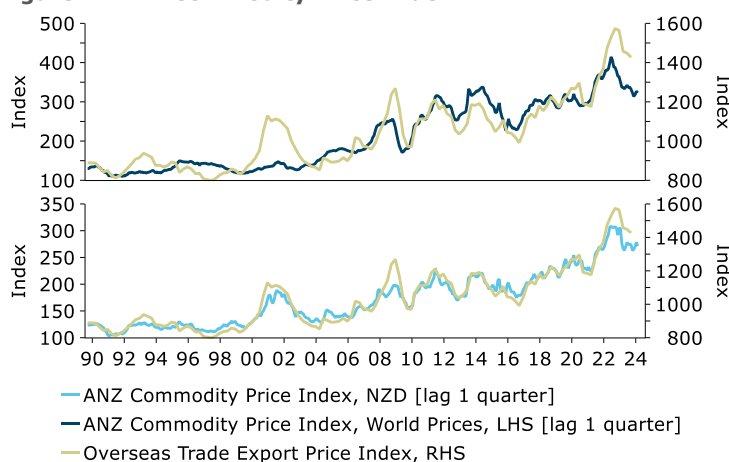
The next issue of the ANZ Commodity Price Index is scheduled for release on 10 January 2024 at 1pm.

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

Food commodity prices ease

The ANZ World Commodity Price Index fell 1.3% m/m in November, ending the recent run of stronger prices. Food commodity prices generally fell while prices for logs and aluminium improved. In New Zealand dollar terms, the index fell 2.5% m/m as the trade weighted index lifted 0.2%.

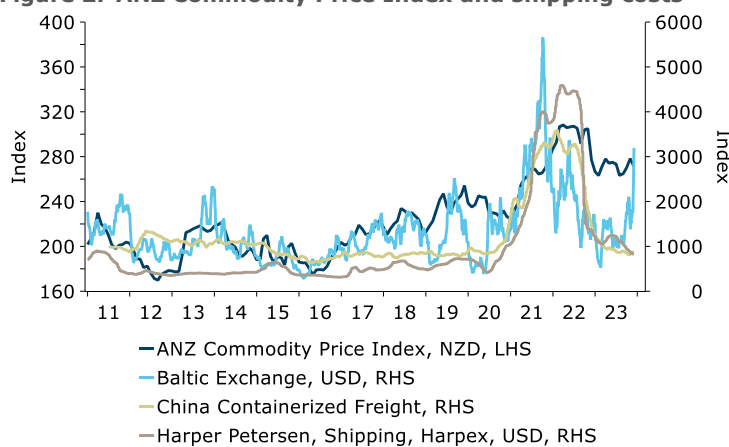
Figure 1. ANZ Commodity Price Index



Source: Stats NZ, Macrobond, ANZ Research

Global shipping prices were mixed. The Baltic Dry Index, which tends to be the most volatile of the shipping indices, more than doubled during the month of November. The higher costs were driven by improved demand for shipping. From January 2024, ships visiting Europe will be subject to emissions costs. These costs will vary depending on emissions prices (in the EU) but changes in fuel costs are expected to vary much more from month-to-month.

Figure 2. ANZ Commodity Price Index and shipping costs



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

Dairy prices fell slightly during November. The dairy index fell 0.2% month-on-month (m/m) as lower prices were recorded for butter, cheese and casein, but milk powder prices firmed. Demand for dairy products is still a little fragile but is generally improving. Prices are being assisted by global milk supplies being relatively subdued. Dairy farmers across the globe are struggling financially, which is limiting milk production.

The **meat and fibre** index fell 5.8% m/m in November, as beef, lamb and wool prices all fell. Wool pricing fell 6.8%, wiping out the gains from the previous month. Beef pricing fell 4.1% and lamb prices plunged 8.3%. Beef prices are currently 5% stronger than a year ago, while lamb prices are down 17% y/y. The weaker global economy and large exposure to China is making sales of lamb and mutton very challenging at present. This situation is expected to worsen as higher volumes of lamb become available for processing in 2024.

The **horticulture** index was stable in November following strong gains in pricing the previous month. Kiwifruit exports have finished for the season and the prices forecast to be paid to growers have firmed across all the main export varieties. While it was a poor season from a production perspective the latest forecast price for Zespri Green fruit is at a record level. SunGold continues to outperform other varieties when returns are measured on a per hectare basis.

The **forestry** index lifted 2.3% m/m in November. The log price index is now at a very similar level to a year ago. In-market pricing in China has lifted a little in response to lower volumes of logs currently stacked on the wharves in China. Demand from end-users for logs in China remains subdued due to the downturn in the construction sector and their manufacturing sector still being relatively weak. Local demand for timber in New Zealand is weaker than normal due to the slowdown in the construction of new homes, but there is typically a seasonal increase in DIY activity during the summer months, which will support short-term demand.

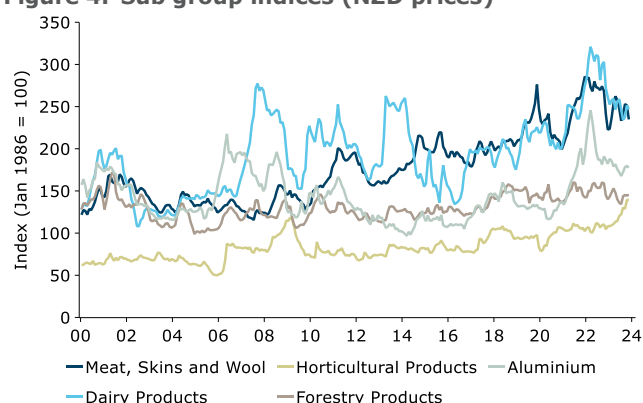
Aluminium prices lifted 0.5% m/m in November, with prices now having lifted for three consecutive months. Prices are currently 6.2% lower y/y. China is by far the world's largest importer of aluminium. Demand from China is expected to improve, or at least stabilise, which should be supportive of prices.

Figure 3. Sub group indices (world prices)



Source: Macrobond, ANZ Research

Figure 4. Sub group indices (NZD prices)



Source: Macrobond, ANZ Research

	World Price Index	Monthly % Change	Annual % Change	NZD Index	Monthly % Change	Annual % Change
Nov-19	319.9	..	12.4	254.2	..	18.8
Nov-20	302.3	..	-5.5	226.6	..	-10.9
Nov-21	381.1	..	26.1	278.6	..	22.9
Nov-22	337.4	..	-11.5	277.2	..	-0.5
Jun-23	331.9	-1.7	-14.3	273.4	-0.6	-11.0
Jul-23	323.3	-2.6	-14.7	263.3	-3.7	-13.8
Aug-23	313.8	-2.9	-14.3	264.9	0.6	-9.2
Sep-23	318.2	1.4	-12.5	270.3	2.0	-11.1
Oct-23	327.0	2.8	-6.9	278.3	3.0	-8.7
Nov-23	322.9	-1.3	-4.3	271.4	-2.5	-2.1

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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