

ANZ Commodity Price Index

5 November 2024



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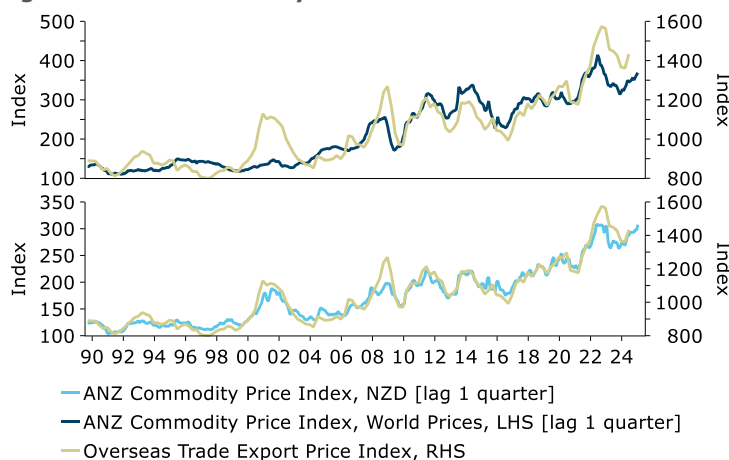
The next issue of the ANZ Commodity Price Index is scheduled for release on 4 December 2024 at 1pm.

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

Gradually climbing

The ANZ World Commodity Price Index increased 1.4% m/m in October as stronger prices were recorded for all major sectors excluding meat and fibre. In New Zealand dollar terms, the index lifted 3.4% m/m as the NZD Trade Weighted Index fell by 1.3%.

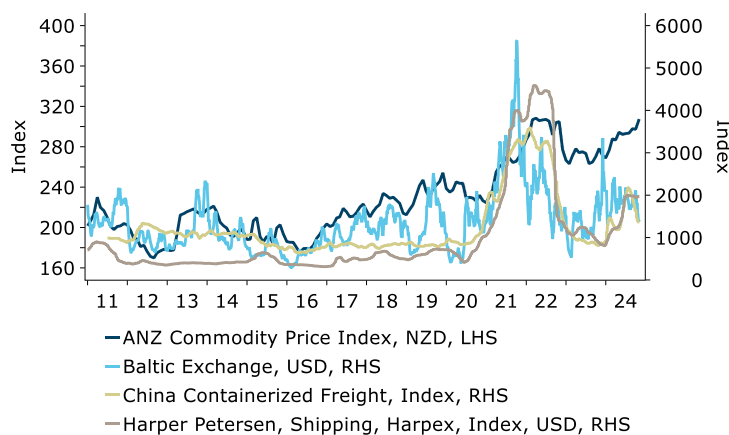
Figure 1. ANZ Commodity Price Index



Source: Stats NZ, Macrobond, ANZ Research

Global shipping prices generally eased in October. The volatile Baltic Dry Index fell 32% during the month, to its lowest level in eight months. The China Containerized Index, which measures the cost of shipping into and out of China, fell 16%. Global demand for ships tends to fall at this time of the year as we have now passed the seasonal peak in demand, and this influences price. From a New Zealand perspective export volumes are growing again as exports of products such as dairy lift, and demand for imports also increases as retail businesses stock up for Christmas.

Figure 2. ANZ Commodity Price Index and shipping costs



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

In world price terms, **dairy** prices lifted 2.4% month-on-month (m/m) in October. Dairy demand continues to steadily increase. Prices for milkfat products are particularly high at present. Butter prices have increased 32% y/y despite easing slightly in October. Cheese and whole milk powder prices are up 21% and 19% y/y respectively. A strong start to the New Zealand milk production season has resulted in milk volumes lifting 6.5% in the four months to October.

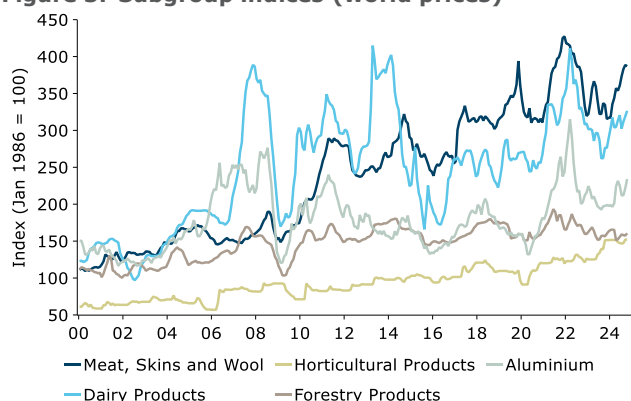
The **meat and fibre** index fell 0.4% m/m as beef prices eased, offsetting stronger prices for wool and lamb. Wool pricing has lifted 15% y/y but remains relatively weak. Wool harvesting costs have lifted substantially more than wool prices, which is encouraging the trend towards sheep which shed their wool naturally. Lamb prices lifted 0.6% in October, pushing pricing to its highest level in the past two years. However, global markets for lamb and mutton are still fragile, so prices are likely to slip as more lamb becomes available as the season progresses.

The **horticulture** index lifted just 0.1% m/m. Kiwifruit pricing eased as the last shipments of the year arrived into market. Typically, the quality of the fruit deteriorates towards the end of the season, which negatively impacts prices. Apple prices rose slightly during October.

The **forestry** index lifted 2.0% m/m in October. Log prices in China, our major log market, steadily increased during the month as steady demand outpaced reduced supplies. The market in China is still a little soft, but there is good demand for higher-grade logs that can be used to manufacture furniture. Logs are also being shipped to India but returns in this market have eased and are lower than China.

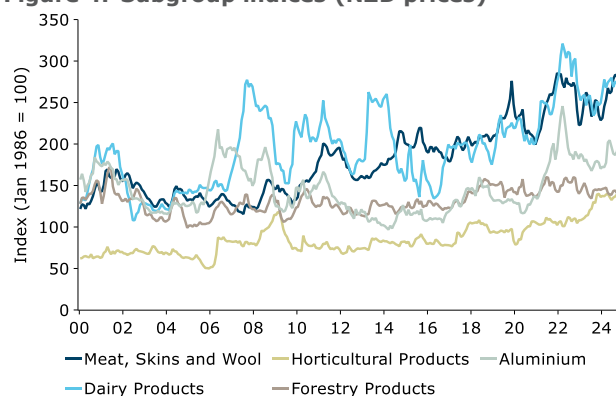
Aluminium prices lifted 5.6% m/m, following a similar lift the previous month. Aluminium demand has lifted recently, outpacing any increase in supply. This has pushed up prices which are now up 18% y/y. China is a major user of aluminium and demand is rising as economic stimulus packages accelerate expected growth. Alumina, a key ingredient in the production of aluminium, is currently in short supply. This has pushed up the costs of aluminium production.

Figure 3. Subgroup indices (world prices)



Source: Macrobond, ANZ Research

Figure 4. Subgroup indices (NZD prices)



Source: Macrobond, ANZ Research

	World Price Index	Monthly % Change	Annual % Change	NZD Index	Monthly % Change	Annual % Change
Oct-20	299.5	..	-2.4	231.9	..	-5.5
Oct-21	370.7	..	23.8	270.3	..	16.5
Oct-22	351.4	..	-5.2	304.9	..	12.8
Oct-23	327.0	..	-6.9	278.2	..	-8.7
May-24	350.9	1.1	4.0	292.3	-0.7	6.3
Jun-24	356.3	1.5	7.4	293.0	0.3	7.2
Jul-24	350.3	-1.7	8.4	293.5	0.2	11.5
Aug-24	357.5	2.1	14.0	297.9	1.5	12.5
Sep-24	363.9	1.8	14.4	297.3	-0.2	10.0
Oct-24	369.0	1.4	12.8	307.4	3.4	10.5

Commodity Price Index weights are based on contributions to merchandise exports for the prior calendar year. Weights for the 2023 year are: Wool 1.1%; Beef 11.9%; Lamb 10.0%; Venison 0.5%; Skins 0.7%; Dairy 44.4%; Apples 2.3%; Kiwifruit 6.5%; Logs 8.8%; Sawn Timber 2.7%; Wood Pulp 1.7%; Seafood 5.2%; Aluminium 4.1%.



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