

# ANZ Commodity Price Index

3 July 2024



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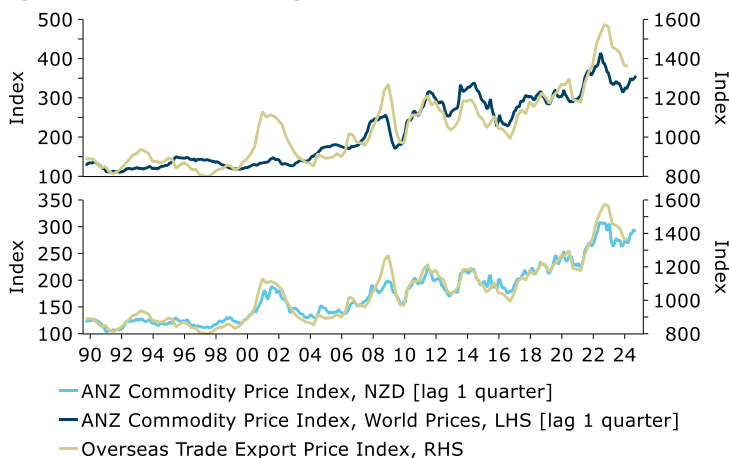
The next issue of the ANZ Commodity Price Index is scheduled for release on 5 August 2024 at 1pm.

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

## Stronger meat pricing beefs up index

The ANZ World Commodity Price Index lifted 1.5% m/m in June as prices for dairy, meat and forestry strengthened. In New Zealand dollar terms, the index lifted just 0.3% m/m as the NZD Trade Weighted Index lifted 1.4% in June.

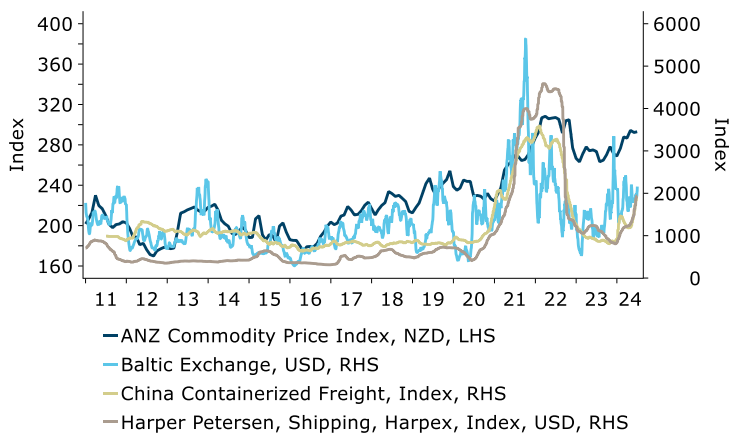
Figure 1. ANZ Commodity Price Index



Source: Stats NZ, Macrobond, ANZ Research

**Global shipping prices** continued to firm over the month, particularly impacting bulky low-value goods such as logs. Global shipping routes remain subject to disruption. Ships are being forced to wait to unload due to congestion at some international ports, containers are in tight supply, and there are more sailings being cancelled. Thus far, there have not been significant disruptions to New Zealand exports and imports.

### ANZ Commodity Price Index and shipping costs



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

**Dairy** prices gained 2.2% month-on-month (m/m) in June with strong gains in butter and skim milk powder prices. A surge in demand for milkfat means butter is now worth 36% more than a year ago. Dairy prices may weaken a little over the next few months as larger volumes of new season produce is forward sold. This is typically a challenging time for sales as there is plenty of dairy produce from the Northern Hemisphere in circulation. Overall pricing is expected to be considerably stronger for the 2024-25 season than the previous season.

The **meat and fibre** index gained 2.0% m/m in June with the index now at its highest level in over a year. Beef and lamb prices both improved and wool prices also firmed. Beef prices have performed well with international pricing remaining firm throughout autumn when prices often come under pressure due to the surge in processing of cull cows that happens at that time of the year. Global market demand for beef is strong; lamb markets are more mixed with western markets performing well, while demand from China remains dismal.

The **horticulture** index fell 0.9% as prices for kiwifruit settle into the new season. Processing of kiwifruit has been very efficient this season with exports tracking well ahead of last season. Apple market pricing has improved but returns are very mixed. New Zealand has produced less of the larger-grade fruit that attracts premium prices, and therefore returns to growers are generally down. But this varies depending on varieties being grown and the weather conditions each orchard encountered during the growing season.

The **forestry** index lifted 2.0% m/m in June, building on the small price increase recorded the previous month. However, these gains in international prices are being gobbled up by higher shipping costs. The market for logs in China is still soft. Logs are again being shipped to India, but volumes are still very low at present.

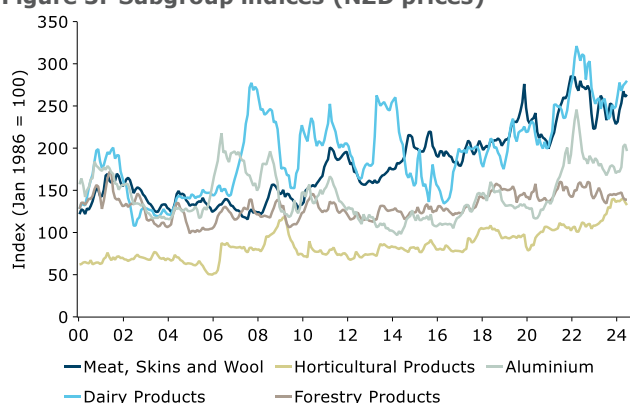
**Aluminium** prices fell 2.8% m/m in June, ending the recent run of stronger prices. End-user demand is reported to be weaker than expected which has resulted in slightly softer prices. China's domestic demand for aluminium is a little softer than normal at present, which is negatively impacting global aluminium prices.

**Figure 2. Subgroup indices (world prices)**



Source: Macrobond, ANZ Research

**Figure 3. Subgroup indices (NZD prices)**



Source: Macrobond, ANZ Research

|        | <b>World Price Index</b> | <b>Monthly % Change</b> | <b>Annual % Change</b> | <b>NZD Index</b> | <b>Monthly % Change</b> | <b>Annual % Change</b> |
|--------|--------------------------|-------------------------|------------------------|------------------|-------------------------|------------------------|
| 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>     | ..                      | 17.6                   |
| Jun-22 | <b>387.5</b>             | ..                      | 4.8                    | <b>307.1</b>     | ..                      | 14.0                   |
| Jun-23 | <b>331.9</b>             | ..                      | -14.3                  | <b>273.4</b>     | ..                      | -11.0                  |
| Jan-24 | <b>337.7</b>             | 2.1                     | 1.4                    | <b>276.6</b>     | 2.9                     | 5.1                    |
| Feb-24 | <b>349.7</b>             | 3.6                     | 3.6                    | <b>287.9</b>     | 4.1                     | 6.3                    |
| Mar-24 | <b>345.3</b>             | -1.3                    | 0.9                    | <b>286.7</b>     | -0.4                    | 3.1                    |
| Apr-24 | <b>347.1</b>             | 0.5                     | 3.2                    | <b>294.4</b>     | 2.7                     | 7.4                    |
| May-24 | <b>350.9</b>             | 1.1                     | 4.0                    | <b>292.3</b>     | -0.7                    | 6.3                    |
| Jun-24 | <b>356.3</b>             | 1.5                     | 7.4                    | <b>293.0</b>     | 0.3                     | 7.2                    |

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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