

ANZ Commodity Price Index

4 December 2024



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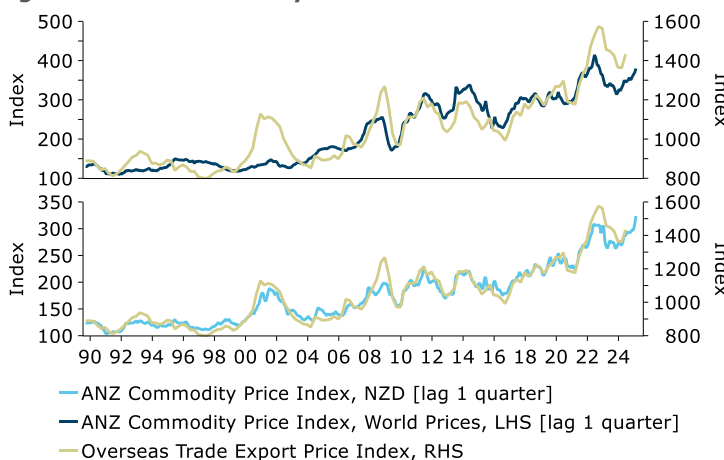
The next issue of the ANZ Commodity Price Index is scheduled for release on 8 January 2025 at 1pm.

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

Dairy creaming it this Christmas

The ANZ World Commodity Price Index increased 2.9% m/m in November, driven up primarily by stronger dairy prices. In New Zealand dollar terms, the gain was more significant, with the 5.2% m/m lift in the index supported by a 1.0% fall in the NZD Trade Weighted Index.

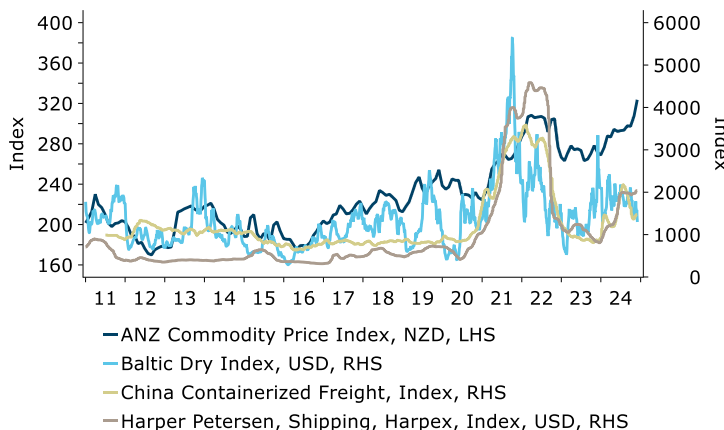
Figure 1. ANZ Commodity Price Index



Source: Stats NZ, Macrobond, ANZ Research

Global shipping prices were mixed in November. The well-publicised but volatile Baltic Dry Index fell 5.8% during the month, to its lowest level since January. The China Containerized Index, which measures the cost of shipping into and out of China, rose 7.8%, and the Harper Peterson index also firmed in November. Demand for ships has been strong as US importers have bolstered their imports from China so that product can land in the US before additional tariffs are applied once Trump takes up the Presidency in late January. New Zealand goods trade, both inward and outward, tends to be strong at this time of the season due to increased dairy supplies and demand for goods as retail businesses and consumers 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 5.4% month-on-month (m/m) in November. Dairy demand continues to steadily increase whilst supply is relatively stagnant. Butter is trading at record prices, having lifted 44% in the past year. This strong demand for milkfat will also impact cream prices as we head into the festive season. Whole milk powder and cheese prices have both also risen by more than 25% in the past year. This season most New Zealand dairy farmers are benefitting from both strong prices and strong production.

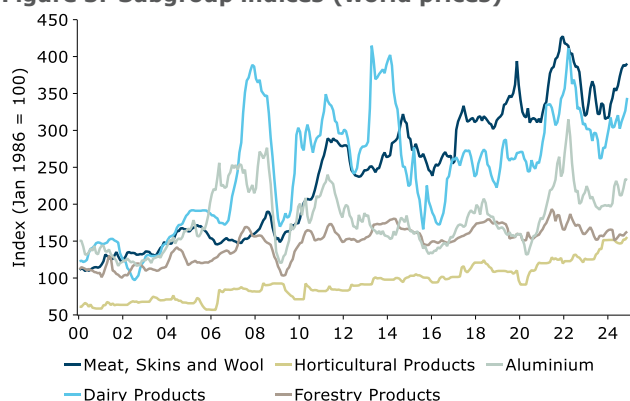
The **meat and fibre** index lifted 0.8% m/m as strong returns for lamb offset a small easing in beef prices. Despite the fall this month beef prices are still at high levels and the outlook for this sector remains positive. Lamb returns have improved but from relatively low levels. Prices for lamb may come under further pressure as higher volumes of lamb become available in the New Year. Wool prices have also improved, albeit from low levels. However, prices need to rise further to simply cover wool-harvesting costs.

The **horticulture** index lifted 2.2% m/m, driven up by higher returns for kiwifruit. The kiwifruit exporting season is now complete for the season. It has been a strong season for the industry with prices stronger than initially forecast and a significant lift in the volume of fruit produced.

The **forestry** index lifted 1.5% m/m in November. Demand for logs is still weak but there have been fewer shipments of exports logs, which has helped push prices a little higher. Demand for New Zealand logs is expected to worsen as China's exports slow in response to increased tariffs from the US. This will reduce demand for pinus radiata which is used to make pallets and crates for shipping goods. Our timber is used to manufacture furniture in China, much of which gets exported to other markets.

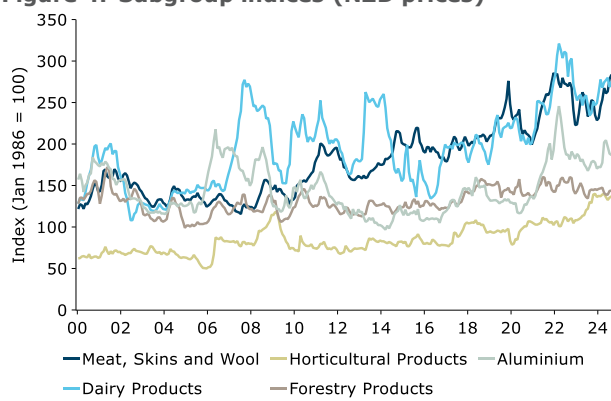
Aluminium prices fell 0.6% during November but are poised to rise again. The additional export tariffs that the incoming US administration has planned for China, Canada and Mexico are expected to lift aluminium prices as the US is highly reliant on aluminium produced in Canada. Rusal, the large Russian producer of aluminium, recently advised that it plans to cut its aluminium production, which is also likely to put upward pressure on prices.

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
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
Nov-23	322.9	..	-4.3	271.4	..	-2.1
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	369.1	1.4	12.9	307.5	3.4	10.5
Nov-24	379.8	2.9	17.6	323.6	5.2	19.2

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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Last updated: 19 November 2024

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