

ANZ Commodity Price Index

8 January 2025



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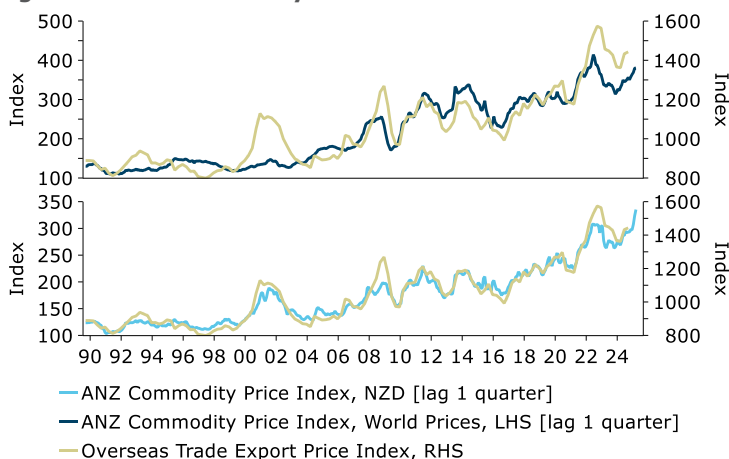
The next issue of the ANZ Commodity Price Index is scheduled for release on 5 February 2025 at 1pm.

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

Strong gains in commodities in 2024

The ANZ World Commodity Price Index inched up 0.2% m/m in December, finishing 2024 up 15% y/y. All sectors except forestry achieved gains during the year but the largest were made by dairy and meat. However, these sectors were more subdued in December. Meat eased 0.3% m/m whilst dairy added just 0.1%. The horticulture sector was the most buoyant, lifting 3.9% m/m. The NZD eased 1.6% in December, pushing up the NZD Trade Weighted Index by 3.6% m/m.

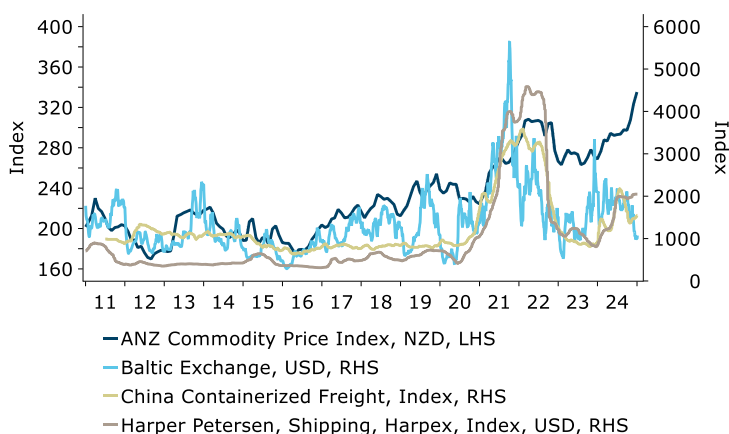
Figure 1. ANZ Commodity Price Index



Source: Stats NZ, Macrobond, ANZ Research

Global shipping prices were mixed in December. The well-publicised but volatile Baltic Dry Index fell 10% during the month to its lowest level since mid-2023. The China Containerized Index, which measures the cost of shipping into and out of China, rose 5.6%, and the Harper Peterson Index also firmed slightly in December. Chinese New Year typically results in some delays for shipping due to port workers being on leave, so the tighter availability of ships can put some upward pressure on prices.

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 just 0.1% month-on-month (m/m) in December. Prices for whole milk powder (WMP) gained 4.4% m/m but prices for other dairy commodities softened. New Zealand produces and exports more WMP than other dairy commodities and this product has a higher weighting in the calculation of farmgate milk prices. China is by far the largest buyer of WMP but it is also exported to numerous other countries. New Zealand is the world's largest supplier of WMP to the global markets. New Zealand dairy farmers are benefiting from strong prices and most farmers are also having a good season for milk production.

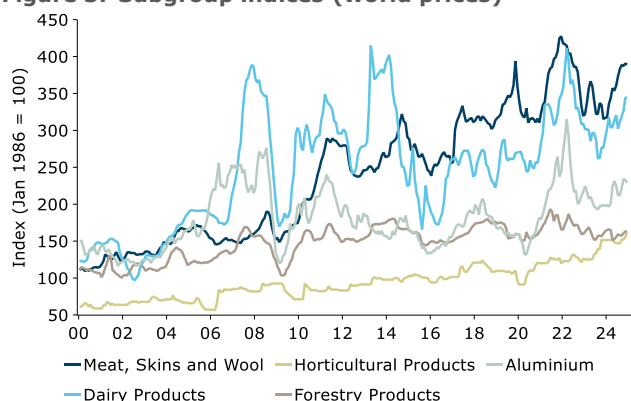
The **meat and fibre** index fell 0.3% m/m, but returns for the sector are still up 23% y/y. Price movements were mixed, with beef prices bouncing back 2.4% m/m and the outlook for that sector strong for the months ahead. Lamb prices fell 3.3% after trending up for the previous nine months. This is not surprising given the volume of lamb available has now increased significantly as new season's lambs become available. Wool prices also retreated by 2.7%, but still finished 2024 up 19.6% y/y.

The **horticulture** index lifted 3.9% m/m, driven by higher returns for kiwifruit. The local kiwifruit exporting season is now complete and Zespri is currently supplying its markets with fruit grown in the Northern Hemisphere. The kiwifruit industry had a strong season in 2024 both in terms of production and prices. Kiwifruit production is forecast to continue to expand in the years ahead as existing planting mature and yields increase.

The **forestry** index was unchanged during the month of December. The industry also finished 2024 in a similar position to the previous year. It has been a tough year for forestry as it is highly reliant on demand from China, and this demand has been relatively weak over the past year. This has encouraged some forest owners to delay harvesting until such a time when returns improve.

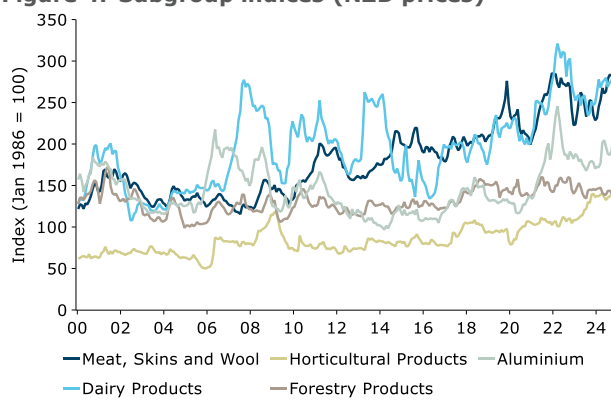
Aluminium prices fell 1.5% m/m during December but 2024 generally delivered stronger prices. Aluminium prices gained 16% y/y driven up by ongoing demand for lightweight metals for use in electric vehicle production. Alumina shortages are expected to ease in 2025. This is expected to ease pressure on prices, but China's decision to end its export tax rebate could push global aluminium prices higher.

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
Dec-20	307.6	..	-0.4	224.5	..	-5.9
Dec-21	380.0	..	23.5	287.0	..	27.9
Dec-22	336.7	..	-11.4	266.7	..	-7.1
Dec-23	330.7	..	-1.8	268.8	..	0.8
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
Dec-24	380.4	0.2	15.0	335.2	3.6	24.7

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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