

ANZ Commodity Price Index

5 July 2023



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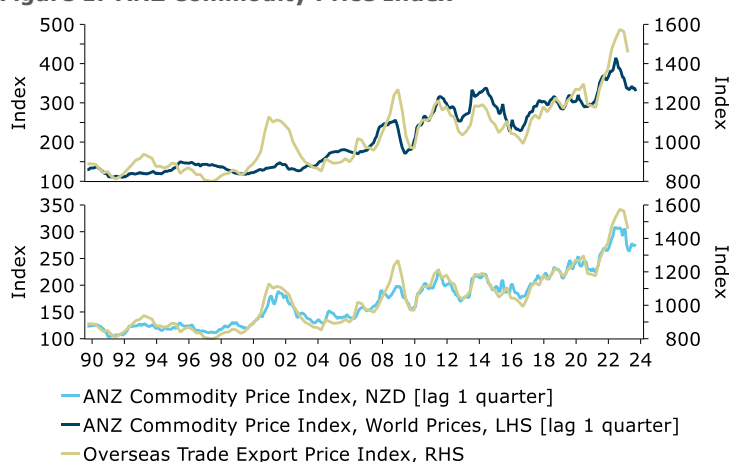
The next issue of the ANZ Commodity Price Index is scheduled for release on 3 August 2023 at 1pm.

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

Meat and log prices tumble

The ANZ World Commodity Price Index fell 2.3% m/m in June. Beef and lamb prices fell sharply, and forestry prices also retreated, while apple prices improved. In local currency terms the index fell just 0.6% m/m, supported by a 0.7% m/m easing of the NZD against the Trade Weighted Index.

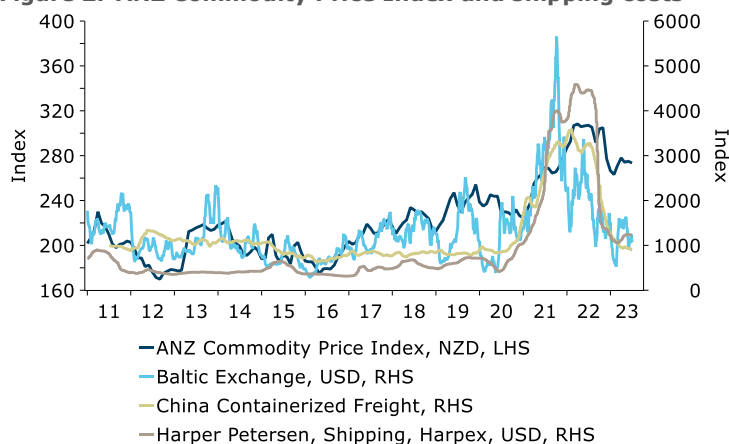
Figure 1. ANZ Commodity Price Index



Source: Stats NZ, Macrobond, ANZ Research

Global shipping price movements were mixed in June. The Baltic Dry Index lifted during the month whilst the Harper Peterson Global Index and the China Containerised Index both eased. Shipping prices are expected to remain relatively soft due to tighter global economic conditions reducing demand for goods.

Figure 2. ANZ Commodity Price Index and shipping costs



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

Dairy prices fell 0.2% month-on-month (m/m) in June. Milk powder prices fell but cheese and butter prices lifted. The weaker prices for milk powder are largely due to soft demand from China – the world’s largest importer of dairy products – which has put downward pressure on the market despite limited growth in global milk supply. Demand for anhydrous milkfat is also soft, as China is a major market for this product, but demand is stronger from other markets for butter and cheese.

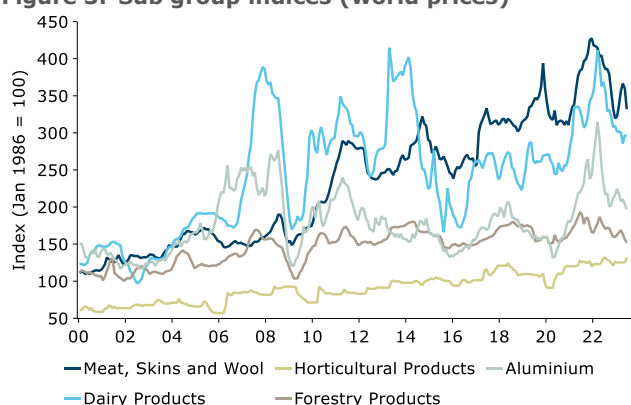
The **meat and fibre** index fell 7.8% m/m in June, with sharp downward movements in both beef and lamb prices. Lamb fell 10.2% in June as major markets in Europe and China come under economic pressure. Demand from the US for lamb product is more robust. Beef prices have also come under pressure due to increased supply from both New Zealand and Australia, as well as more beef being exported from South America. Beef prices fell 7.2% in June. Prices for beef and lamb are expected to fall further in the coming months.

The **horticulture** index lifted 5.0% in June. Prices for new-season apples rose sharply in June but are still 12% lower than they were at this time last season. Further price rises may be able to be obtained in the coming months as buyers realise how much smaller this season’s apple crop is. Lower yields are also expected to bolster kiwifruit prices this season. The biggest challenge for the kiwifruit industry is trying to satisfy the needs of all its customers, given the reduced crop size this season.

The **forestry** index fell 3.0% m/m in June. Demand from China for logs is weak and there are few alternative markets for raw logs. Logs are currently worth 21% less than a year ago. The log market is expected to remain weak throughout the Northern Hemisphere summer as building activity tends to slow in China at this time.

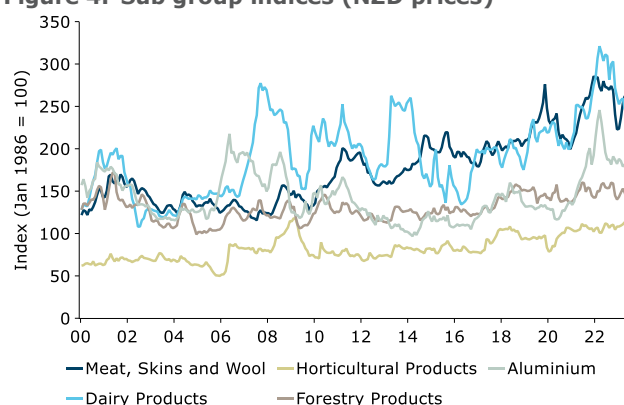
Aluminium prices dropped 3.2% in June, with prices now at their lowest level in more than two years. Increased costs of alumina, the raw material used to produce aluminium, is expected to push up aluminium prices. Russia is planning on building its own alumina plant after its supplies to this raw material were restricted following the invasion of Ukraine. China and Russia are the world’s largest aluminium producers.

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
Jun-19	306.2	..	-2.4	236.1	..	1.9
Jun-20	288.8	..	-5.7	229.2	..	-2.9
Jun-21	369.6	..	28.0	269.4	..	17.5
Jun-22	387.5	..	4.8	307.1	..	14.0
Jan-23	333.0	-1.1	-13.3	263.1	-1.3	-10.1
Feb-23	337.7	1.4	-15.3	270.8	2.9	-11.7
Mar-23	342.2	1.3	-17.4	278.0	2.7	-9.8
Apr-23	336.4	-1.7	-17.3	274.2	-1.4	-10.3
May-23	337.6	0.4	-13.2	275.0	0.3	-10.3
Jun-23	329.8	-2.3	-14.9	273.4	-0.6	-11.0

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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