

## ANZ Commodity Price Index

6 May 2024



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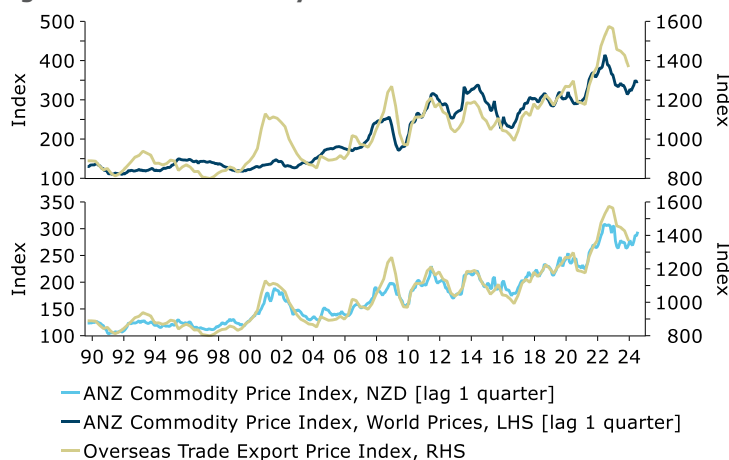
The next issue of the ANZ Commodity Price Index is scheduled for release on 6 June 2024 at 1pm.

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

## Beef demand bolsters index

The ANZ World Commodity Price Index lifted 0.5 m/m in April as stronger meat and aluminium prices offset further weakness in forestry returns. In New Zealand dollar terms, the index gained 2.7% m/m as the NZD Trade Weighted Index fell 1.0%.

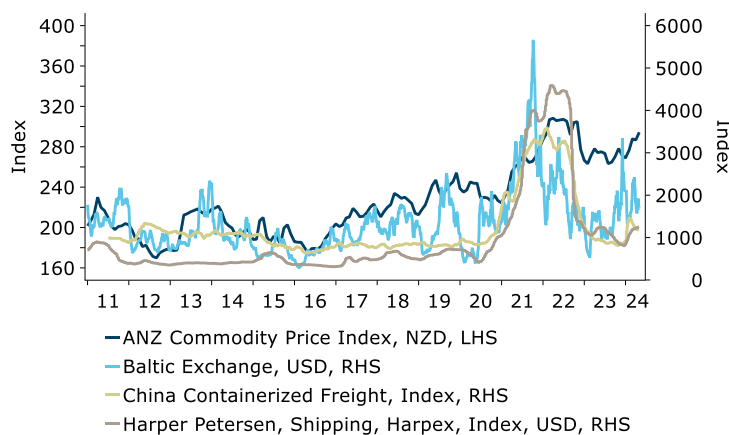
Figure 1. ANZ Commodity Price Index



Source: Stats NZ, Macrobond, ANZ Research

**Global shipping prices** generally softened a little through April as easing demand is offsetting ongoing restrictions in key shipping channels. Slowing global economic activity has curbed demand for goods, easing pressures in the shipping industry. There has also been an increase in the number of ships sailing, which has helped offset the longer delivery routes as ships avoid the Suez Canal. Indeed, traffic through the Suez Canal is less than half what it would normally be, whilst Panama Canal numbers are back by about a third.

Figure 2. ANZ Commodity Price Index and shipping costs



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

**Dairy** prices crept up 0.3% month-on-month (m/m) in April. Price movements for specific dairy products were mixed, with stronger gains for the products New Zealand exports. Milk supplies in New Zealand are decreasing now we are into the tail end of the production season. Whole milk powder prices gained 1.3% m/m while butter prices were up 2.1%. The NZ-EU free trade agreement came into force at the beginning of May, which has improved access for New Zealand butter into this lucrative market. Tariffs on NZ butter have been reduced and quotas increased, although the volume of butter that can enter the EU is still relatively small.

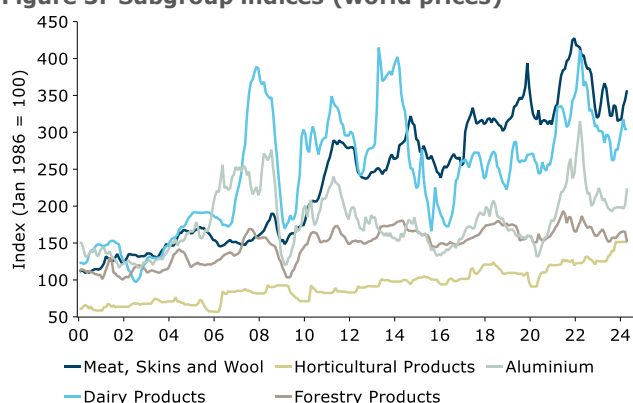
The **meat and fibre** index continues to improve, lifting 3.8% m/m in April. This was driven primarily by a 6.3% increase in beef prices. Global demand for beef remains robust and supplies are expected to tighten further, which will support prices further. Lamb prices improved slightly but are still at least 10% weaker than a year ago. Wool prices dropped 5.1% m/m in April, wiping out the gains achieved in the past six months. Wool supplies from NZ have been restricted due to the reduction in scouring capacity following last year's Hawke's Bay floods, but plants have now been repaired, increasing the availability of wool for export.

The **horticulture** index was unchanged. Wine prices remain under pressure owing to weak global demand, meaning many wineries are still trying to move wine from the 2023 vintage. This season, the volume of grapes harvested is down approximately 25% which will help rebalance supply and demand. A record kiwifruit harvest is expected, which will test capacity at the packhouses.

The **forestry** index plummeted 8.5% m/m in April, with log prices now at their lowest level since October 2016. China is our main market for logs and demand from that market is extremely weak at present as construction activity remains subdued.

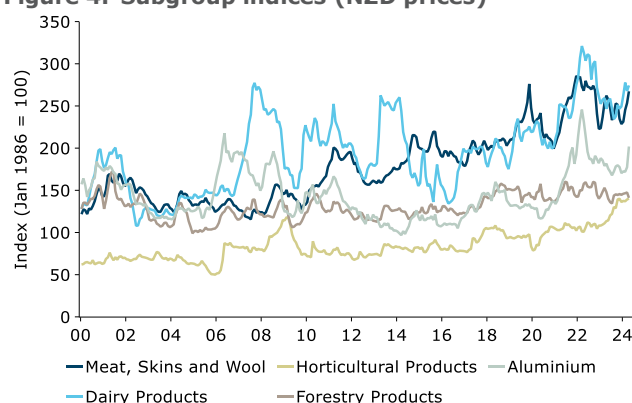
**Aluminium** prices shot up 11.5% m/m in April after the US and EU put sanctions on aluminium, copper and nickel produced by Russia. Russia accounts for about 5% of the global supply of aluminium. The ban has pushed prices to their highest level in 15 months.

**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
Apr-20	<b>289.0</b>	..	-9.2	<b>243.8</b>	..	0.9
Apr-21	<b>358.9</b>	..	24.2	<b>260.2</b>	..	6.7
Apr-22	<b>406.5</b>	..	13.3	<b>305.9</b>	..	17.5
Apr-23	<b>336.4</b>	..	-17.3	<b>274.2</b>	..	-10.4
Nov-23	<b>322.9</b>	-1.2	-4.3	<b>271.4</b>	-2.5	-2.1
Dec-23	<b>330.7</b>	2.4	-1.8	<b>268.8</b>	-1.0	0.8
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>294.3</b>	2.7	7.3

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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