

ANZ Commodity Price Index

3 October 2024



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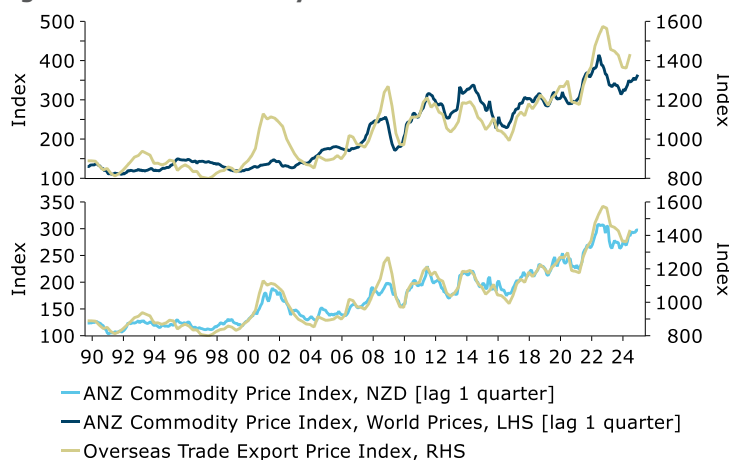
The next issue of the ANZ Commodity Price Index is scheduled for release on 5 November 2024 at 1pm.

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

Going for gold

The ANZ World Commodity Price Index increased 1.8% m/m in September as stronger prices were recorded for all major sectors excluding forestry. In New Zealand dollar terms, the index fell 0.2% m/m as the NZD Trade Weighted Index lifted 1.0%.

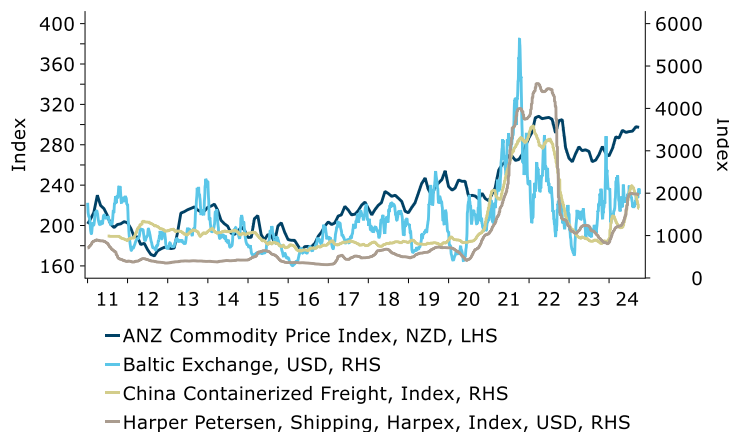
Figure 1. ANZ Commodity Price Index



Source: Stats NZ, Macrobond, ANZ Research

Global shipping prices continue to bounce around as shipping route disruptions persist. Escalated tensions in the Middle East have resulted in the majority of container ships opting for the longer route around Cape Horn rather than risking the more direct passage through the Suez Canal. The Baltic Dry Index lifted 12% during September, but other shipping indices softened during the month. This includes the China Containerized Index, which has eased as we are now past the seasonal peak in exports from China. Dock workers in the United States are currently striking, which is expected to cause considerable delays at many ports.

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 2.3% month on month (m/m) in September. Demand for dairy products has strengthened recently, driving prices higher. The volume of product offered by New Zealand exports are currently increasing in line with the seasonal increase in milk volumes. Whole milk powder prices have lifted 24% y/y, while butter prices are up 42%. Butter pricing has been exceptionally strong.

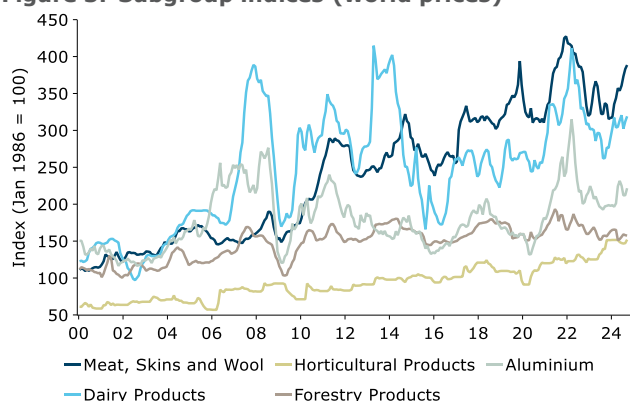
The **meat and fibre** index gained 1.4% m/m, with the index now up 18.3% y/y. Lamb prices strengthened 5.0% during the month but beef prices softened a little. That said, lamb prices are still relatively weak, whereas beef returns are much stronger. There is less lamb available, and this has helped push up the price being obtained for lamb in the international markets. Prices have improved in Europe and the US, but thus far there is little change in the price of lamb and mutton being sold to China.

The **horticulture** index rose 3.3% m/m. Kiwifruit pricing shot up 5.0% m/m, offsetting slightly lower returns for apples. Kiwifruit sales have been strong this season despite a much larger volume of fruit being available for export. Green fruit has been smaller in size than desirable, and quality is slightly below average, but the quality of the SunGold fruit harvested this year has been the best seen in the past five years. Demand for kiwifruit has strengthened both in China and several European countries.

The **forestry** index fell a further 0.3% m/m in September. Usage of logs in China has increased, which is positive, but this is expected to have little impact on the price of logs. The volume of logs to be exported from New Zealand is expected to increase in the coming months, meaning any increase in demand for logs is likely to be met by increased supply without any upward pressure on prices. A few shipments of logs are heading to India each month, but this is still a very small market for New Zealand log exports.

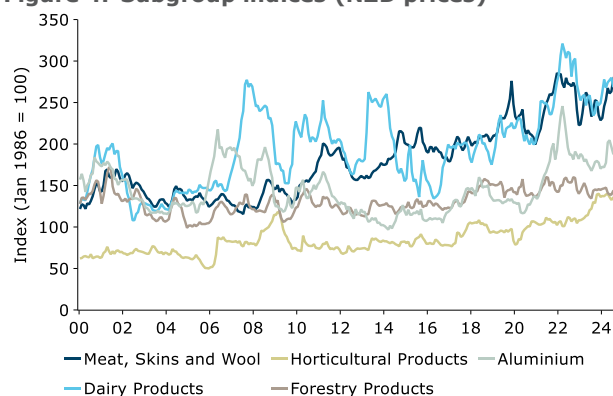
Aluminium prices lifted 4.5% m/m. Prices are now 12.5% stronger than a year ago. Aluminium prices have benefited from recent announcements to increase economic stimulus in China. Also supporting demand for aluminium is China's desire to 'green' their economy. That is increasing demand for electric vehicles, for which many parts are manufactured from aluminium.

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
Sep-20	293.7	..	-3.1	226.2	..	-6.5
Sep-21	362.9	..	23.6	265.5	..	17.4
Sep-22	363.8	..	0.2	303.9	..	14.5
Sep-23	318.2	..	-12.5	270.2	..	-11.1
Apr-24	347.1	0.5	3.2	294.3	2.7	7.4
May-24	350.9	1.1	3.9	292.3	-0.7	6.3
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

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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