

ASB New Zealand Commodity Price Indices As at Friday 16th December 2016

	Index *	1 Week %	Year % **
Total NZD	169.2	0.8%	10.7%
Total SDR	183.5	-0.8%	18.5%
Total USD	178.4	-1.5%	14.7%
Dairy USD	198.0	-0.2%	35.7%
Sheep/beef USD	186.6	-3.4%	2.0%
Forestry USD	156.6	-1.6%	8.1%
NZD/USD	0.6971	-2.3%	3.6%

* For all indices 1997 average = 100

** Percentage change since same week last year

2016 Year in Review

While 2016 has been the year for political underdogs, for NZ commodities it has been the year of the comeback. Indeed, the ASB New Zealand Commodity Price Index has lifted 14.7% and 10.7% over the year in USD and NZD terms, respectively.

Accounting for much of the commodity price lift has been dairy or the 'comeback kid'. Over the year, the dairy index has lifted 36% in USD terms. More precisely the recovery largely took place in the second half of 2016 as dairy prices dipped to start the year. As a result since the end of June, the dairy index has surged 45%.

Forestry has also had a good year, with prices ending 8% higher in USD terms than where they started the year. Looking over a longer period, forestry prices also compare favourably. Forestry prices over 2016 have sat 10% above the 10-year average in USD terms.

Looking at meat and wool prices, 2016 has been a mixed bag. Overall, the Sheep/Beef index has ended the year up a touch (2%) in USD terms. Within that mix, beef prices have held firm at healthy levels, while wool prices fell 29% over the same period after being 9% ahead as at the end of June. Lastly, lamb prices have ended the year 6% higher than where they started the year, however despite the lift, prices remain below their 10-year averages.

ASB NZ Commodity Price Index

A dip in the NZD offset weak commodity prices last week. All up, the Commodity Price Index lifted 0.8% in NZD terms.

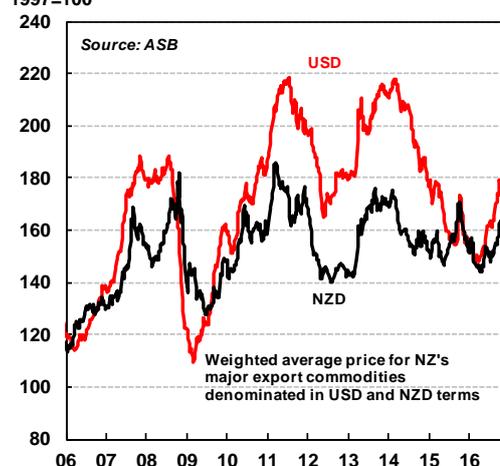
Within the Sheep/Beef index, lamb and beef prices dipped 4.0% and 2.8% respectively, while wool prices dropped 4.7%. Dairy prices eased a touch, on the back of a 1.9% slip in skim milk prices, and in keeping with this week's quiet dairy auction, Lastly, log prices recorded a 3.4% drop in prices, while pulp prices were unchanged.

Currency Markets

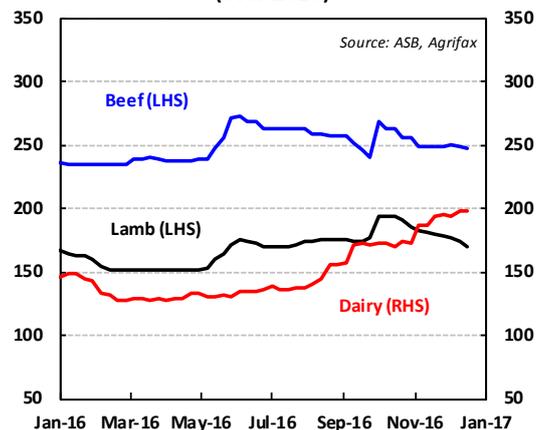
The NZD has ended the year weaker against the USD. At the time of writing, it was trading at US\$0.6903.

This will be the last Commodities Weekly for 2016. We will start back up again in the week starting 9 January 2017. We would like to wish all our readers a very Merry Christmas and prosperous 2017.

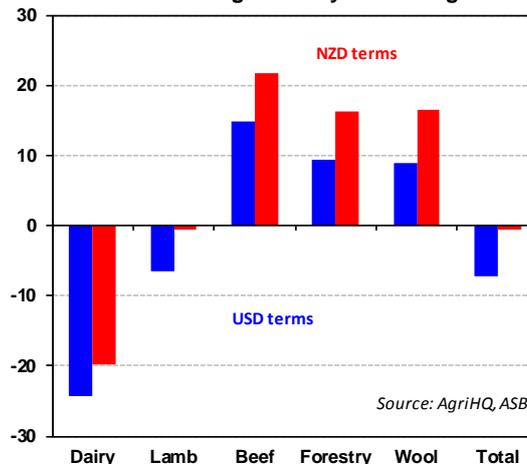
Index 1997=100 NZ COMMODITY PRICE INDEX



NZD Index 1997=100 RURAL COMMODITY PRICES (over 2016) USD Index 1997=100



% diff COMMODITY PRICE INDICES 2016 average vs. 10-year Average



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