

### ASB New Zealand Commodity Price Indices

As at Friday 7<sup>th</sup> April 2017

	Index *	1 Week %	Year % **
Total NZD	170.3	0.1%	17.1%
Total SDR	181.5	-0.6%	24.3%
Total USD	178.6	-0.9%	19.4%
Dairy USD	181.2	-1.9%	40.6%
Sheep/beef USD	198.0	-0.4%	10.8%
Forestry USD	165.6	-0.5%	9.3%
NZD/USD	0.6936	-1.0%	1.9%

\* For all indices 1997 average = 100

\*\* Percentage change since same week last year

#### NZ braces for Cyclone Cook in wake of Cyclone Debbie

Cyclone Cook, the second major cyclone to hit NZ in 2017, has made landfall today. MetService has said Cook could be as bad as Cyclone Giselle in 1968, which sunk the Wahine ferry, killing 52 people.

Cyclone Cook follows soon after Cyclone Debbie, which was destructive in its own right. The worst-hit areas included the North Island regions of the Bay of Plenty, Coromandel and Whanganui. The Bay of Plenty and Thames-Coromandel are also in the path of Cyclone Cook, with states of local emergency declared in these regions.

In terms of the impact on agricultural production to date, including dairy, most of the impact has been localised and small. Looking at dairy production, generally it's too late in the dairy season for the impact to be large and the hardest-hit areas, mentioned above, are not large dairying regions.

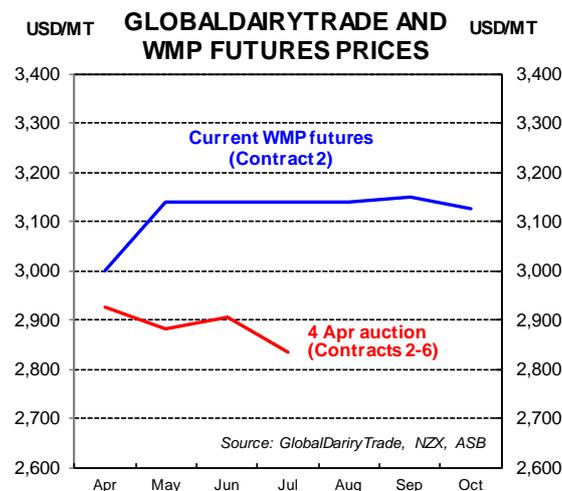
Looking to the medium-term, the effects on (dairy) production may net out to close to zero. The weather has made it very difficult to harvest maize and to re-grass pastures. However, on the other side of the ledger is that the wet weather has fully replenished water sources, potentially setting up an excellent spring.

While the weather impact has been small to date, Cyclone Cook risks leading to larger impact. As a base case scenario, we would expect the impact on dairy production to remain small for the same reasons as those outlined above. However, there is a risk that this time key dairying regions suffer some longer-lasting damage.

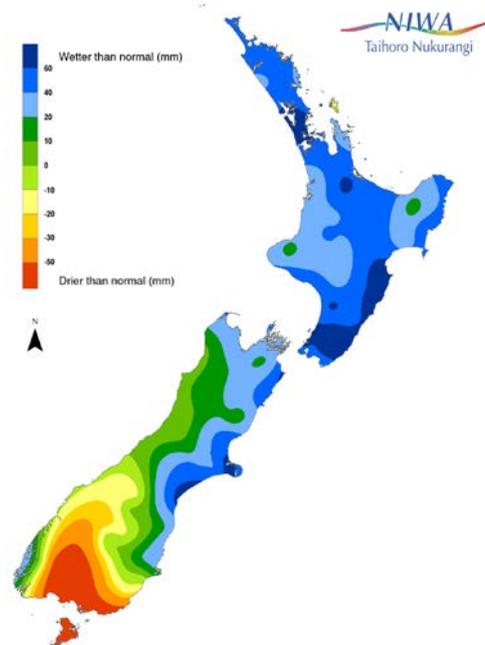
With that in mind, dairy futures prices have lifted since the auction on 4 April. At this juncture, futures pricing suggest a lift for whole milk powder in the 6% to 8% range at next week's auction. From our point of view, this lift feels about right given the limited impact to date, combined with a risk of a larger impact down the line.

#### ASB NZ Commodity Price Index & Currency Markets

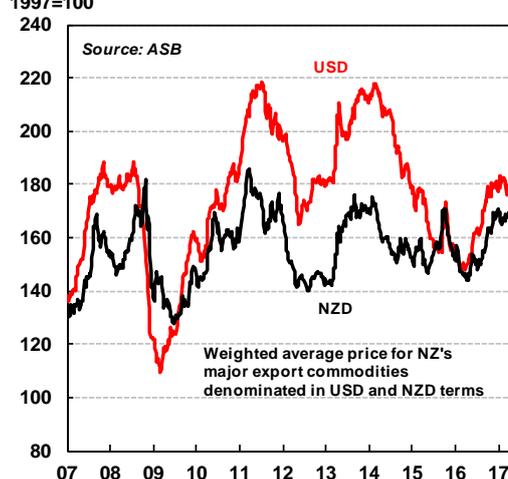
NZ commodity prices fell in USD terms last week, but the fall was offset by a decline in the NZD. All up, the ASB NZ Commodity Price Index was largely unchanged in NZD terms. A 1.9% dip in dairy prices drove most of the fall in USD terms.



Soil moisture anomaly (mm) at 9am on 12/04/2017



#### Index 1997=100 NZ COMMODITY PRICE INDEX



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