

# Commodities Weekly

For the week ending Friday 24<sup>th</sup> April



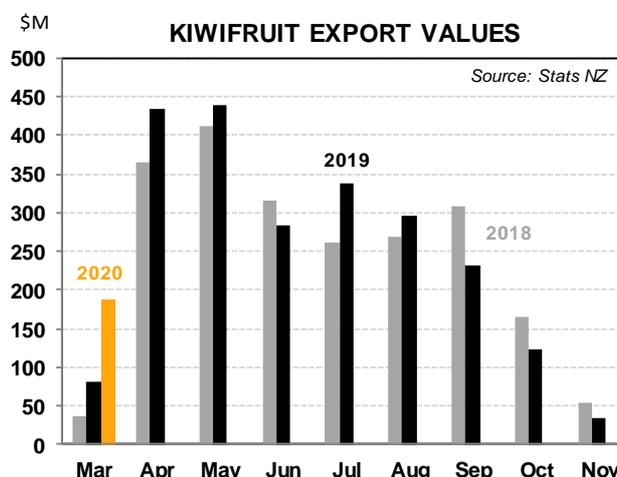
## Kiwifruit exports start well; COVID-19 risks remain

### Gold exports start strong, but record crop may yet prove hard to move

**Gold kiwifruit exports have started the season with a hiss and a roar.** March export values were \$187m, up 129% on March 2019, with most of the lift due to a doubling of export volumes.

**Meanwhile, gold export prices were also firm over the month, posting a 14% gain on March 2019.** Notably, while the 7% fall in the NZ dollar (in trade-weighted terms) explains some of this strength, the rest owes to strong demand.

However, **we caution that this strong start may not last.** COVID-19 lockdowns became more widespread over April and unemployment rates are now rising rapidly in most countries. The gold crop is up 17% on 2019 and this extra volume may prove hard to move later in the season.



**We are less bullish than Zespri on the outlook for Orchard Gate Returns (OGR).** Zespri’s OGR guidance for 2020 is \$9.50-\$11.00 per tray – we favour the bottom of this range. We are more optimistic on the green OGR (Zespri’s range is \$5.00-\$6.50 per tray), given the slower climb in this crop (up just 1%) and its lower price point.

### Week ending 24 April

**The ASB Commodity Price Index continued to decline last week.** The Index fell 1.6% and 1.0% in USD and NZD terms, respectively.

**All Index components recorded price falls in USD terms.** Sheep/beef prices continue their 2020 slide, dipping 2.4%, with the annual fall now approaching 20%. Meanwhile dairy prices also fell 2.0%. Forestry and fruit prices both fell 0.6%.

The NZD fell last week, ending the week down 0.6% against the USD. This week the NZD has strengthened as the USD has weakened. **At the time of writing, NZD was trading at US\$0.6120.**

### ASB New Zealand Commodity Price Indices As at Friday 24<sup>th</sup> April 2020

	Index*	Week%	Year%**
Total NZD	103.1	-1.0%	-4.5%
Total SDR	89.5	-1.3%	-12.5%
Total USD	87.7	-1.6%	-14.1%
Dairy USD	93.2	-2.0%	-12.5%
Sheep/beef USD	76.8	-2.4%	-19.5%
Forestry USD	78.6	-0.6%	-21.7%
Fruit USD	104.5	-0.6%	6.8%
NZD/USD	0.5997	-0.6%	-10.0%

\* For all indices 2017 average = 100

\*\* Percentage change since same week last year

**ASB Economics & Research**

Chief Economist  
Senior Economist  
Senior Economist  
Senior Economist, Wealth  
Senior Economist  
Data & Publication Manager

Nick Tuffley  
Jane Turner  
Mark Smith  
Chris Tennent-Brown  
Mike Jones  
Judith Pinto

[nick.tuffley@asb.co.nz](mailto:nick.tuffley@asb.co.nz)  
[jane.turner@asb.co.nz](mailto:jane.turner@asb.co.nz)  
[mark.smith4@asb.co.nz](mailto:mark.smith4@asb.co.nz)  
[chris.tennent-brown@asb.co.nz](mailto:chris.tennent-brown@asb.co.nz)  
[mike.jones@asb.co.nz](mailto:mike.jones@asb.co.nz)  
[judith.pinto@asb.co.nz](mailto:judith.pinto@asb.co.nz)

**Phone**

(649) 301 5659  
(649) 301 5853  
(649) 301 5657  
(649) 301 5915  
(649) 301 5661  
(649) 301 5660

[www.asb.co.nz/economics](http://www.asb.co.nz/economics)

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