

# Commodities Weekly

For the week ending Friday 26<sup>th</sup> October



## Kiwifruit and horticulture: the fourth engine

### Annual kiwifruit export values have cracked \$2 billion

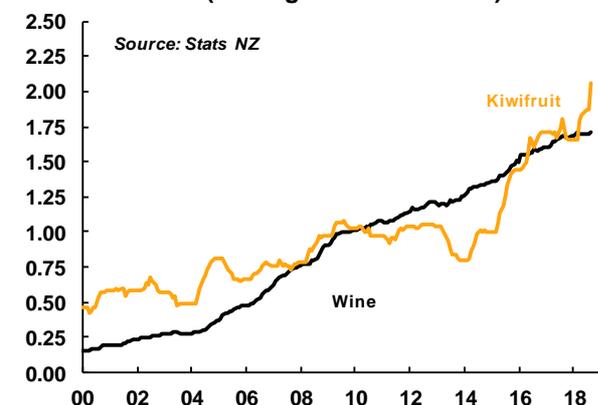
**Kiwifruit export values have surged this year.** In fact, export values have cracked \$2 billion for the first time on record in the year to September.

**We now view the kiwifruit and broader horticulture sector as New Zealand's fourth export engine.** Total annual horticulture export values have surpassed \$3.5 billion, after passing \$2bn in 2014 and \$3bn in 2016. Accordingly, horticulture's rapid growth to date and its ongoing potential for further growth is increasing its importance relative to the traditional heavyweights of dairy, forestry and meat. Also notably, kiwifruit export values have comfortably overtaken wine export values in the past year.

**Kiwifruit's success this season is due to both stronger export volumes and export prices.** In particular, gold export volumes have been strong, lifting 26% to date this season on the back of the record high crop. Meanwhile, green export volumes are also up a healthy 6%.

**A key factor in the remarkable growth story has been the sector's ability to maintain healthy prices while growing export volumes.** This success owes to the opening up of new markets such as China alongside the ongoing popularity of the gold variety. This year the weaker NZ dollar has contributed to the higher export earnings.

**\$ KIWIFRUIT AND WINE EXPORT VALUES (Rolling 12-month totals)**



### Week ending 26 October

**The ASB Commodity Price Index fell in USD terms in the week ending 26 October.** However, a weaker NZD/USD helped offset most of that fall in NZD terms.

**By commodity, the fall in NZ commodity prices was broad-based.** Sheep/beef prices led the fall in USD terms, with beef, lamb and wool prices all posting declines of around 2%.

After falling last week, the NZD/USD has surged this week on rebounding global sharemarkets and positive US-China trade war headlines. As at the time of writing, **the NZD/USD was trading at 0.6650.**

### ASB New Zealand Commodity Price Indices As at Friday 26<sup>th</sup> October 2018

	Index*	Week %	Year %**
Total NZD	112.0	-0.1%	0.9%
Total SDR	96.2	-0.9%	-3.9%
Total USD	87.6	-1.4%	-5.6%
Dairy USD	79.7	-1.0%	-12.6%
Sheep/beef USD	91.5	-2.0%	-1.7%
Forestry USD	96.4	-1.3%	-2.7%
Fruit USD	95.1	-1.3%	-4.8%
NZD/USD	0.6512	-1.3%	-6.5%

\* For all indices 2014 average = 100

\*\* Percentage change since same week last year

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