

Commodities Weekly

For the week ending Friday 28th February



Hit and miss

Rain has relieved drought in some regions, but not in others

In the past two weeks, rain has brought drought relief to some regions, but not others. Taranaki has received welcome rain in terms of both quantity and timing.

Other drought-hit regions, including the Waikato, Northland and Auckland, received rain, but not enough to materially alleviate the drought. In some locations, it has been a case of too little, too late this season as dairy farmers have chosen to dry off their herds early. Recall that we expect dairy production to fall 0.5% over the 2019/20 season compared to 2018/19.

In contrast, some parts of the South Island have had strong growing seasons. Anecdotally, crop yields and dairy production are strong in parts of Canterbury.

Meanwhile, a hot summer hasn't hampered kiwifruit production. The industry expects a 5% lift in this season's harvest compared to last season.

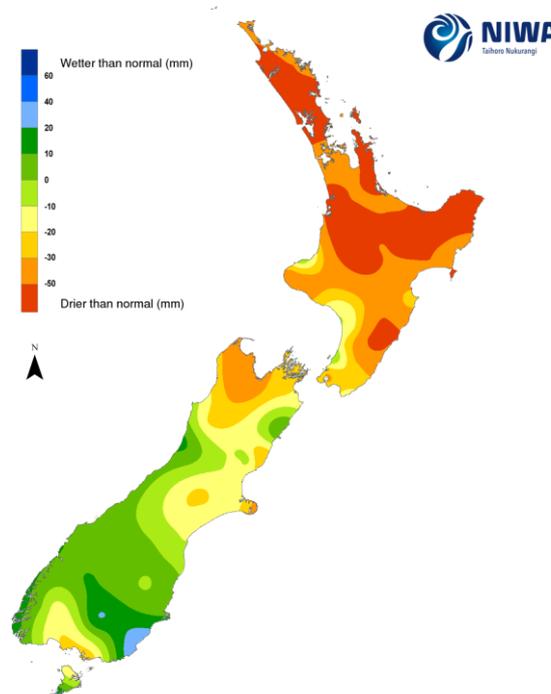
Week ending 28 February

It was a mixed week for the ASB Commodity Price Index. While commodity prices fell in USD terms, a weaker NZD/USD meant the Index lifted in NZD terms.

By component, sheep/beef prices continue to feel the combined pressures from COVID-19, drought and seasonal slaughter, with prices falling 3.5% in USD terms. Dairy prices were unchanged last week, while prices continued to stabilise at this week's dairy auction.

The NZD/USD fell significantly last week as financial market concerns around COVID-19 increased. This week the NZD has regained some of this fall and is currently trading at US\$0.6320.

Soil moisture anomaly (mm) at 9am on 05/03/2020



ASB New Zealand Commodity Price Indices As at Friday 28th February 2020

	Index*	Week %	Year %**
Total NZD	108.5	0.8%	4.5%
Total SDR	96.7	-2.0%	-2.9%
Total USD	95.5	-1.4%	-4.6%
Dairy USD	105.8	0.0%	7.0%
Sheep/beef USD	83.6	-3.5%	-11.8%
Forestry USD	80.0	-2.1%	-23.7%
Fruit USD	106.9	-2.1%	0.8%
NZD/USD	0.6211	-2.1%	-8.7%

* For all indices 2017 average = 100

** Percentage change since same week last year

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