

# Commodities Weekly

For the week ending Friday 29<sup>th</sup> September



## Ace of Rebase

- Today we release a revamp of the ASB New Zealand Commodities Index.
- Notably we have added the growing presence of fruit exports to the Index.
- With this refresh and the weekly reporting basis, we believe that the updated Index provides New Zealand’s most timely and relevant commodity price measure.

### Fruit’s growing importance recognised

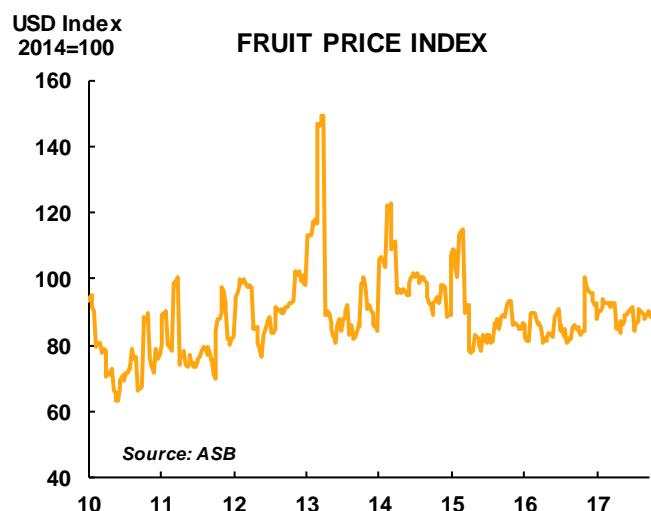
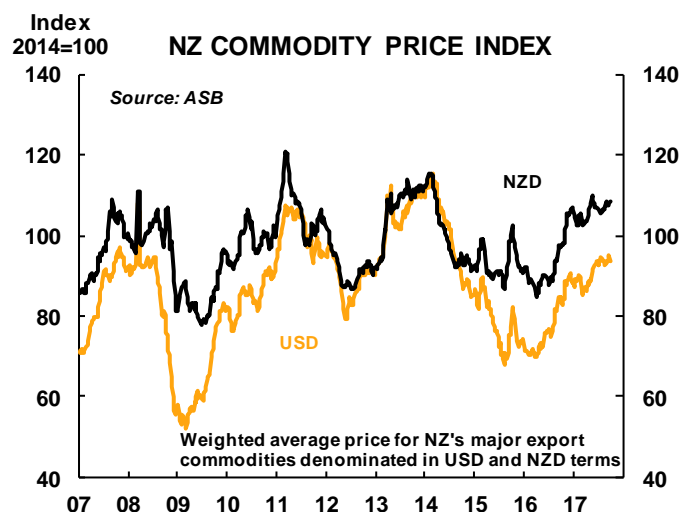
In the updated Index, **we have recognised the growing importance of fruit export commodities.** As a result, we have included apples and kiwifruit in the Index. The overall fruit weighting in the Index is set at 6.04%, with kiwifruit accounting for 4.15% and apples 1.89%.

**The fruit export sector has grown strongly in recent years.** From here, we anticipate that fruit’s importance to NZ’s commodity exports will continue to grow over coming years. Indeed, we expect that future re-weightings of the Index are likely to see fruit’s share increase.

In addition to fruit, **we have added oil prices to the Index.** Over the new 2012 to 2016 weighting period, oil accounted for higher values than two existing Index components, aluminium and seafood. On that basis and given we have retained the two existing components; we have incorporated oil into the Index. For the full Index weightings, including other changes to the weightings, see the Appendix at the end of the report.

### The Index also has a new base

In a similar vein to the updated weights, **we have also shifted to a more recent Index base.** The Index is now based on the price average for the 2014 year. In particular, the new base now incorporates the levels shift in NZ commodity prices that occurred from around



2008. Indeed, this re-basing from the 2005 base means the Index is more reflective of current patterns of NZ commodity prices.

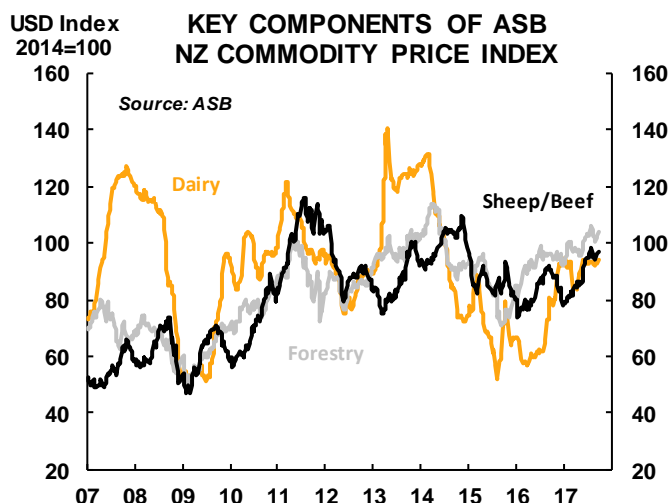
### NZ's most timely commodity index

We believe that these changes make the ASB New Zealand Commodity Index the most the relevant and timely NZ commodity index. In particular, the weekly release is more frequent than any other market measure and provides the market with data points during the weeks where the GlobalDairyTrade auction takes a break. Moreover, the comprehensive nature of the Index gives additional market information on top of the dairy price data from the fortnightly auctions.

### Week ending 29 September

The ASB New Zealand Commodity Price Index fell in USD terms in the week ending 29 September. The fall was broad-based with all of the main components falling. However, a dip in the NZD meant the Index actually rose a touch in NZD terms.

Looking at the components, **Sheep and beef prices led the fall in USD terms.** In particular, beef prices dipped 2.4%, while lamb and wool prices also fell. Meanwhile, dairy prices fell 0.8% in USD terms last week. This weakness continued at this week's dairy auction where prices fell 2.4% overall.



ASB New Zealand Commodity Price Indices  
As at Friday 29<sup>th</sup> September 2017

	Index*	Week %	Year%**
Total NZD	108.6	0.4%	11.6%
Total SDR	100.8	-0.8%	9.9%
Total USD	93.7	-1.5%	11.1%
Dairy USD	93.0	-0.8%	16.8%
Sheep/beef USD	94.9	-2.0%	5.1%
Forestry USD	102.2	-1.8%	6.5%
Fruit USD	88.6	-1.8%	4.5%
NZD/USD	0.7207	-1.8%	-0.5%

\* For all indices 2014 average = 100

\*\* Percentage change since same week last year

### Appendix: Updated Index Weights

Index	Weights	Change	Components
Lamb	0.1039	-0.0376	Lamb Sheep skins
Beef	0.0929	-0.0110	Beef Hides
Wool	0.0273	-0.0279	Wool
Dairy	0.4329	0.0787	Butter AMF SMP WMP Cheddar Casein
Forestry	0.1677	-0.0359	Log Pulp
Fruit	0.0604	New	Apples Kiwifruit
Aluminium	0.0350	-0.0310	Aluminium
Oil	0.0413	New	Crude oil
Seafood	0.0388	-0.0369	Hoki Orange roughy Mussels
<b>TOTAL</b>	<b>1.0000</b>		<b>1.0000</b>

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