

Commodities Weekly

For the week ending Friday 3rd November



Let the good times roll

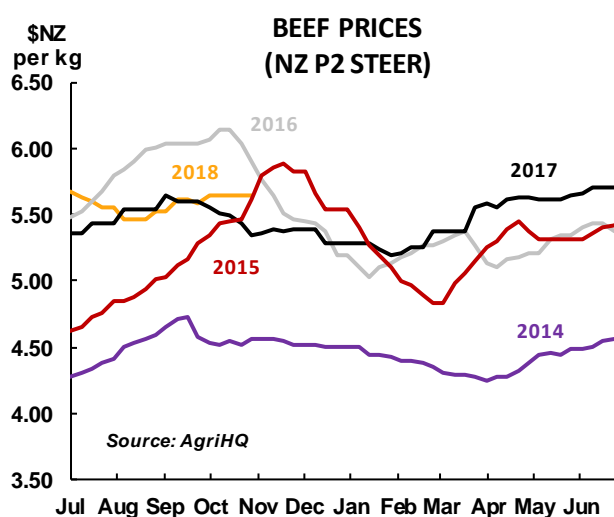
Recent beef prices have remained healthy

Beef prices remain healthy. For example, the AgriHQ beef index has been above \$5.00/kg for most of the year, while the per kg price of P2 steers has been above \$5.50/kg since September.

As we have mentioned in recent editions, beef market fundamentals remain firm. In turn, **we expect prices those fundamentals to continue to underpin prices over the remainder of 2017 and into 2018.**

That said, the normal seasonal pattern is likely to apply with prices likely to grind lower over the 2018 summer. But **we'd expect the seasonal fall to be modest and for it to mirror the fall during the 2017 summer.**

Tight supply continues to underpin prices. Indeed, NZ and Australian beef export supply is tight, with Australian supply tightening following recent rains. All up, **we expect the beef sector's good times to continue to roll on for the remainder of 2017/18 season.**



Week ending 3 November

The ASB New Zealand Commodity Price was largely unchanged in the week ending 3 November. The Index rose 0.2% in USD terms, however a lift in the NZD meant it was down a fraction (0.1%) in NZD terms.

Looking at the components, **sheep/beef, forestry and fruit prices all posted gains in USD terms.** Beef prices were the standout over the week, posting a 1.9% gain in USD terms. Meanwhile, dairy prices fell 0.4% over the week, with weaker butter and cheddar prices driving much of the fall.

Last week, **the NZD regained some of its lost ground.** As at the time of writing, the NZD was trading at US\$0.6940.

ASB New Zealand Commodity Price Indices As at Friday 3rd November 2017

	Index*	Week %	Year %**
Total NZD	111.1	-0.1%	13.4%
Total SDR	100.0	0.2%	7.1%
Total USD	92.2	0.2%	9.4%
Dairy USD	90.8	-0.4%	13.3%
Sheep/beef USD	93.1	1.1%	5.9%
Forestry USD	98.2	0.4%	3.8%
Fruit USD	94.5	0.4%	7.0%
NZD/USD	0.6907	0.4%	-3.6%

* For all indices 2014 average = 100

** Percentage change since same week last year

ASB Economics & Research

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

Nick Tuffley
Nathan Penny
Jane Turner
Mark Smith
Chris Tennent-Brown
Kim Mundy
Judith Pinto

nick.tuffley@asb.co.nz
nathan.penny@asb.co.nz
jane.turner@asb.co.nz
mark.smith4@asb.co.nz
chris.tennent-brown@asb.co.nz
kim.mundy@asb.co.nz
judith.pinto@asb.co.nz

Phone

(649) 301 5659
(649) 448 8778
(649) 301 5853
(649) 301 5657
(649) 301 5915
(649) 301 5661
(649) 301 5660

www.asb.co.nz/economics

 [@ASBMarkets](https://twitter.com/ASBMarkets)

Disclaimer

This document is published solely for informational purposes. It has been prepared without taking account of your objectives, financial situation, or needs. Before acting on the information in this document, you should consider the appropriateness and suitability of the information, having regard to your objectives, financial situation and needs, and, if necessary seek appropriate professional or financial advice.

We believe that the information in this document is correct and any opinions, conclusions or recommendations are reasonably held or made, based on the information available at the time of its compilation, but no representation or warranty, either expressed or implied, is made or provided as to accuracy, reliability or completeness of any statement made in this document. Any opinions, conclusions or recommendations set forth in this document are subject to change without notice and may differ or be contrary to the opinions, conclusions or recommendations expressed elsewhere by ASB Bank Limited. We are under no obligation to, and do not, update or keep current the information contained in this document. Neither ASB nor any person involved in the preparation of this document accepts any liability for any loss or damage arising out of the use of all or any part of this document.

Any valuations, projections and forecasts contained in this document are based on a number of assumptions and estimates and are subject to contingencies and uncertainties. Different assumptions and estimates could result in materially different results. ASB does not represent or warrant that any of these valuations, projections or forecasts, or any of the underlying assumptions or estimates, will be met.