

Commodities Weekly

For the week ending Friday 3rd April



Double-edged sword

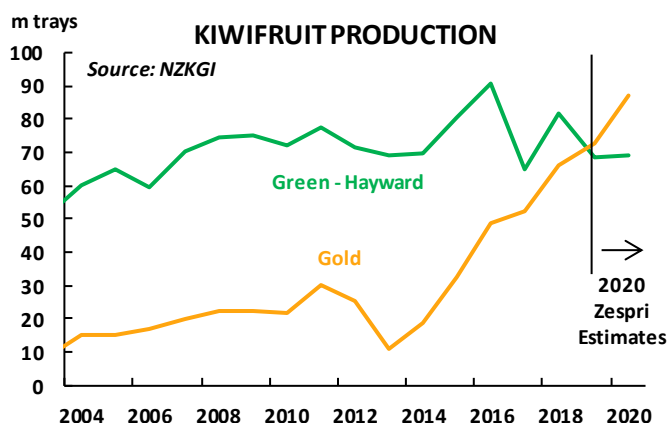
Record gold kiwifruit crop may be challenging to move in market post-COVID-19

The 2020 gold kiwifruit crop is likely to set a record high.

The crop is currently tracking towards circa 87 million trays, which would represent a lift of roughly 20% on 2019. The bumper crop follows release of gold licences progressively over recent years and relatively favourable growing conditions over the season.

However, the extra production is a double-edged sword.

Gold kiwifruit demand is likely to fall this year as global incomes come under pressure in the wake of COVID-19. Lower demand combined with extra fruit is likely to lead to lower gold prices this season.



In contrast, **the green kiwifruit crop is likely to be on par**

with 2019. That, along with green kiwifruit's lower price point should see global demand less impacted than for gold.

Meanwhile, the weaker 2020 NZ dollar post the COVID-19 outbreak will provide some price offset in orchard gate terms. However, particularly for gold prices, **we expect 2020 prices to trend towards the lower end of prices achieved over recent seasons.**

Week ending 3 April

The NZ dollar dominated ASB Commodity Price Index movements again last week. Indeed, the 1.2% Index rise in NZD terms was entirely driven by the weakening NZD/USD (down 2.5% for the week).

This week, NZD volatility has continued. **As at the time of writing, the NZD/USD was trading at US\$0.6020.**

By commodity, dairy prices held up over the week in USD terms. More recently, dairy prices posted a small at this week's dairy auction after four consecutive auction price falls. All other commodities fell by 2.5% in USD terms.

ASB New Zealand Commodity Price Indices As at Friday 3rd April 2020

	Index*	Week%	Year%**
Total NZD	107.0	1.2%	0.3%
Total SDR	90.8	-1.0%	-10.9%
Total USD	89.0	-1.3%	-12.5%
Dairy USD	96.8	0.1%	-7.6%
Sheep/beef USD	79.4	-2.5%	-16.1%
Forestry USD	76.9	-2.5%	-25.6%
Fruit USD	101.1	-2.5%	2.2%
NZD/USD	0.5869	-2.5%	-12.8%

* For all indices 2017 average = 100

** Percentage change since same week last year

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