

# Commodities Weekly

For the week ending Friday 8<sup>th</sup> June



## Bumper 2018 kiwifruit crop

### The 2018 gold kiwifruit crop is a record high

The 2018 kiwifruit crop looks like it's going to be a bumper one. The gold crop is a record high, up an estimated 27% from 2017. The green crop also looks healthy, likely to be up by an estimated 23% with around a quarter of the crop still to be packed.

In terms of price, we are bullish on gold prices, but a little more careful on green prices. For green (Hayward) – given the rise in supply – we anticipate an Orchard Gate Return (OGR, gross after packing costs) towards the bottom half of Zespri's forecast range of \$5.20 to \$6.20.

In contrast, we are more confident that export markets can bear the lift in gold supply. As a result, we expect a gold OGR closer to the top of Zespri's forecast range of \$9.40 to \$10.40.

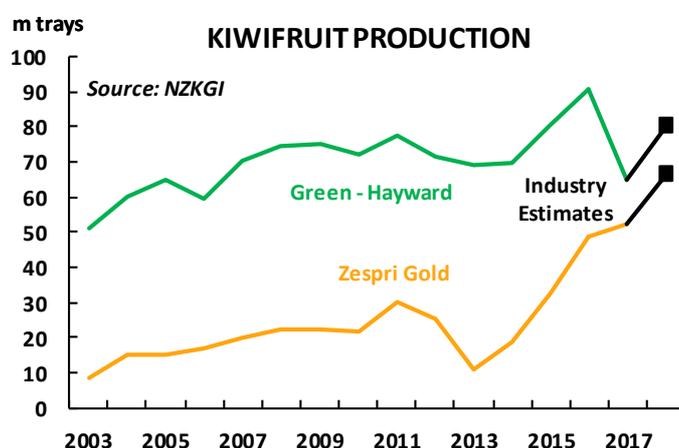
On the back of higher total production and a firm overall price, we anticipate record-high industry revenues for the 2018 season.

### Week ending 8 June

The ASB Commodity Price Index lifted in USD terms in the week ending 8<sup>th</sup> June. However, this rise was offset by a stronger NZ dollar, so the Index fell 0.4% in NZD terms.

Stronger meat prices led the commodity price rise in USD terms. Indeed, lamb and beef prices rose 1.6% and 0.7%, respectively. Meanwhile, dairy prices dipped a touch, led lower by falls in butter and cheddar prices.

Meanwhile, the NZD/USD strengthened last week. This week the NZD has maintained this strength as markets tread water ahead of the US Federal Reserve's interest rate announcement on Thursday morning (NZ time). As at the time of writing, the NZD/USD was trading at 0.7030.



### ASB New Zealand Commodity Price Indices As at Friday 8<sup>th</sup> June 2018

	Index*	Week %	Year %**
Total NZD	114.4	-0.4%	5.9%
Total SDR	103.5	-0.1%	1.8%
Total USD	96.6	0.3%	4.3%
Dairy USD	93.9	-0.3%	0.2%
Sheep/beef USD	96.1	1.0%	5.5%
Forestry USD	103.6	0.7%	3.2%
Fruit USD	98.2	0.7%	5.0%
NZD/USD	0.7033	0.7%	-1.5%

\* For all indices 2014 average = 100

\*\* Percentage change since same week last year

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