

# Commodities Weekly

For the week ending Friday 7<sup>th</sup> December



## Wet start to summer

### The traditional eastern hot spots have been wet (or very wet) so far this summer

**The NZ summer has started wet.** Soil moisture levels are generally higher than normal. In particular, the traditional eastern hot spots have been wet so far this summer. Although, in some parts, this wet has translated into floods.

**For the dairy and meat sectors, the wet weather has proved a production boon.** Farmers have plenty of feed, and too much in some cases. Indeed, October dairy production set a new all-time record high.

**As a result, summer drought concerns are on the back burner for now.** NIWA reported in November that an el Niño weather pattern was developing and as it did the chance of a drought this summer was increasing. However, NIWA also stated that the situation was slow-developing and this has proved the case.

In contrast to the dairy and meat sectors, **the horticulture sector will be hoping the weather soon improves.** As fruit crops mature more sunshine hours will increase yields and fruit quality. While rain helps, at a certain level it becomes counter-productive.

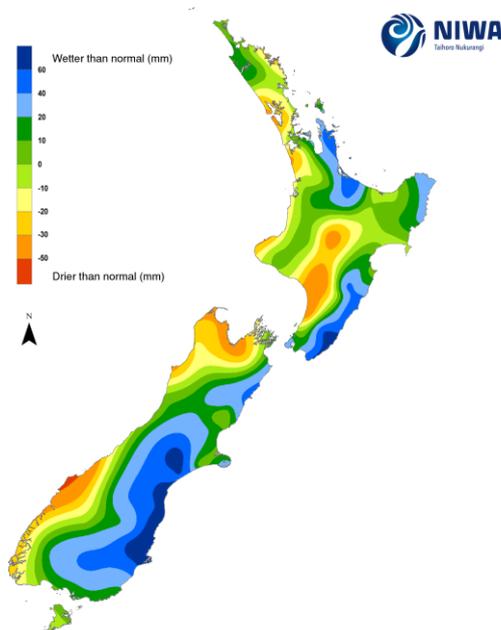
### Week ending 7 December

**Rising dairy prices led the ASB Commodity Price Index a touch higher in the week ending 7 December.** The Index rose 0.5% and 0.3%, in NZD and USD terms, respectively.

**In contrast to dairy prices, the other major commodities all posted falls.** Sheep/beef prices were particularly weak, dipping 2.7% in USD terms.

In the first week of the month, the NZD consolidated against the USD, after pushing higher over November. This week the NZD/USD has continued to trade in a similar range. As at the time of writing, **the NZD/USD was trading at 0.6860.**

Soil moisture anomaly (mm) at 9am on 13/12/2018



### ASB New Zealand Commodity Price Indices As at Friday 7<sup>th</sup> December 2018

	Index*	Week %	Year %**
Total NZD	106.4	0.5%	-2.2%
Total SDR	96.3	-0.1%	-0.3%
Total USD	87.8	0.3%	-2.5%
Dairy USD	76.6	2.2%	-10.1%
Sheep/beef USD	93.1	-2.7%	-0.9%
Forestry USD	103.3	-0.2%	4.7%
Fruit USD	100.8	-0.2%	12.3%
NZD/USD	0.6868	-0.2%	-0.3%

\* For all indices 2014 average = 100

\*\* Percentage change since same week last year

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