

Commodities Weekly

For the week ending Friday 8th May

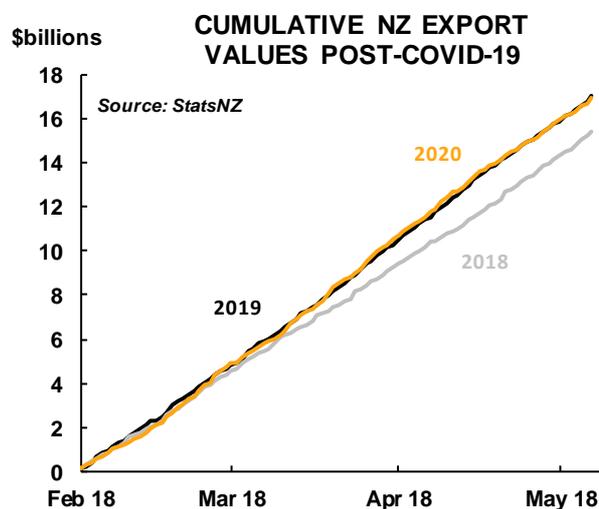


NZ commodity exports soldier on

NZ commodity export values post-COVID-19 hold up relatively well so far

The NZ commodity export sector has continued to fare relatively well post-COVID-19. Since February (i.e. when COVID-19 began to impact global trade) cumulative good export values have come in at roughly \$17bn, only marginally (0.4%) behind the same period in 2019.

This fits with our expectation that NZ's food exports would remain relatively resilient. In fact, 2020 dairy export values from February (dairy is NZ's largest export commodity) have actually risen 13.8% over the period to \$5.0bn from \$4.4bn over the same period in 2019. Fruit export values have jumped by over a third over the same period to \$1.3bn. Meat values have held up well, rising 1.3% to \$2.7bn. In contrast, forestry export values (NZ's largest non-food export commodity) have sunk (-45%), although much of the fall pre-dated COVID-19.



Food-based exports have generally fared well so far, given relatively stable global food demand and the lower NZD. It is a different story for the wider export sector, with international tourism clearly struggling.

Week ending 8 May

The ASB Commodity Price Index was down last week in USD and NZD terms. The Index posted a 0.4% fall in USD terms, and the stronger NZD/USD pushed the NZD index down 1.6%.

Dairy prices accounted for all of the fall in the USD index. Butter prices dipped over 4%, while cheddar prices fell well over 3%. Whole milk powder, skim milk powder and anhydrous milk fat prices also fell in USD terms.

The NZD strengthened last week, ending up 1.2% against the USD. This week the NZD has fallen against the USD following the Reserve Bank's dovish policy statement. As at the time of writing, NZD was trading at US\$0.6000.

ASB New Zealand Commodity Price Indices As at Friday 8th May 2020

	Index*	Week %	Year %**
Total NZD	100.7	-1.6%	-7.5%
Total SDR	89.5	0.2%	-12.3%
Total USD	87.7	-0.4%	-13.9%
Dairy USD	90.9	-2.2%	-14.1%
Sheep/beef USD	78.7	1.2%	-17.6%
Forestry USD	80.5	1.2%	-19.1%
Fruit USD	107.1	1.2%	4.9%
NZD/USD	0.6144	1.2%	-6.9%

* For all indices 2017 average = 100

** Percentage change since same week last year

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