

Commodities Weekly

For the week ending Friday 10th November



Wool: past the bottom

Coarse wool prices have lifted off record lows

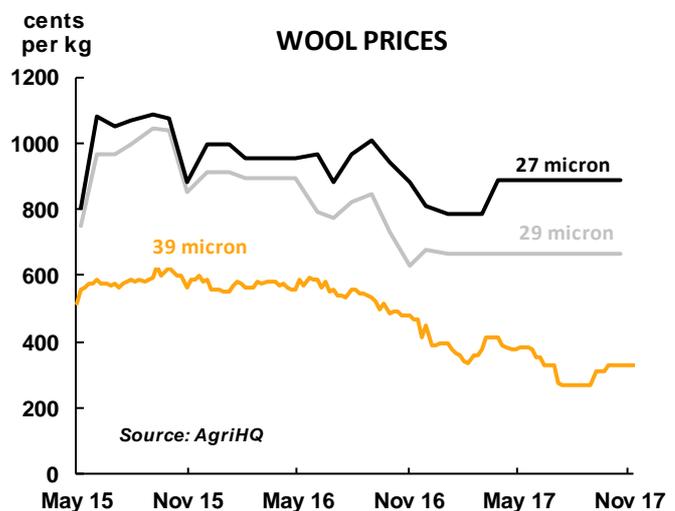
The worst appears to be over for wool prices. For example, 39 micron wool prices have lifted by 25% from the record low level, set back in July 2017.

However, **prices are still very low and the wool industry is still not out of the woods yet.** Indeed, despite the lift 39 micron prices remain 28% below the 10-year average level.

Meanwhile, **mid-micron prices have been stable over recent months.** Mid-micron wool prices bottomed earlier than coarse types (towards the start of 2017). At the same time, fine wool prices are firm, trading comfortably above their long-term averages.

Looking ahead, **we expect prices to rise generally as global growth and demand improves and wool supply remains low.**

Notably though, while we are optimistic that prices will improve over the next six months or so, we anticipate that coarse prices are likely to remain below their long-run averages.



Week ending 10 November

The ASB New Zealand Commodity Price fell in all denominations in the week ending 10 November. The Index dipped 0.7% and 1.0% in USD and NZD terms, respectively.

Dairy prices drove all of the fall over the week, with the 2.2% fall in USD terms in line with the 3.5% fall at last week's dairy auction. Whole milk powder prices were particularly weak, dipping 5.1%. Other prices fared better, with rising wool prices lifting sheep/beef prices by 1.1% in USD terms.

Last week, **the NZD regained some of its lost ground.**

However, it has resumed its downward trend this week – as at the time of writing the NZD was trading at US\$0.6880.

ASB New Zealand Commodity Price Indices As at Friday 10th November 2017

	Index*	Week %	Year %**
Total NZD	110.1	-1.0%	8.9%
Total SDR	99.2	-0.9%	1.6%
Total USD	91.6	-0.7%	3.0%
Dairy USD	89.0	-2.1%	0.7%
Sheep/beef USD	94.1	1.1%	6.7%
Forestry USD	98.5	0.3%	1.8%
Fruit USD	94.8	0.3%	-7.8%
NZD/USD	0.6930	0.3%	-5.4%

* 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

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