

# Commodities Weekly

For the week ending Friday 9<sup>th</sup> November



## Lamb prices: from a boil to a simmer

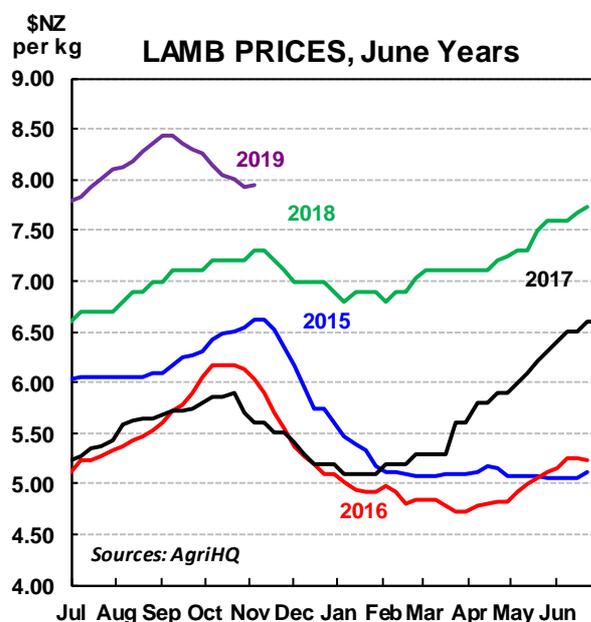
**While posting recent falls, prices remain at record highs for this time of the year**

**Lamb prices have moved from a boil to a simmer.** Prices peaked in mid-September at a little above \$8.40/kg. Since then, prices have dropped by 48 cents/kg or 5.7%.

While posting recent declines, **prices remain at record highs for this time of the year.** Moreover, the average price over the last four weeks was 29% higher than the five-year average over the same period.

Looking over the rest of the season, **prices look set to remain at healthy levels.** Lamb supply is constrained both over in the Tasman and locally. Indeed, Beef+Lamb NZ estimates that this season's lamb crop will be nearly one million smaller than last season's. Meanwhile, **global demand remains firm.** Chinese and US demand is solid, with prices for the 2017/18 export season finishing 18% and 21% up on 2016/17, respectively.

While we expect prices to moderate in line with the usual seasonal pattern, **the 2018/19 season is shaping up as a healthy one overall for farmers.**



### Week ending 9 November

**The ASB Commodity Price Index fell 1.1% in NZD terms in the week ending 9 November.** Most of the dip owed to the continued lift in the NZD/USD, with the Index largely unchanged in USD terms.

**Last week in USD terms, dairy price weakness was offset by strength across other commodity groups.** Indeed, forestry fruit and sheep/beef prices all posted gains of around 1%.

The NZD/USD continued to lift last week on the back strong Q3 labour market data. The NZD has solidified these gains this week. As at the time of writing, **the NZD/USD was trading at 0.6790.**

### ASB New Zealand Commodity Price Indices As at Friday 9<sup>th</sup> November 2018

	Index*	Week%	Year%**
Total NZD	108.8	-1.1%	-2.8%
Total SDR	96.7	0.3%	-4.0%
Total USD	88.0	0.1%	-5.2%
Dairy USD	78.5	-0.9%	-13.6%
Sheep/beef USD	93.6	1.0%	0.6%
Forestry USD	99.7	1.2%	1.6%
Fruit USD	98.4	1.2%	-1.4%
NZD/USD	0.6739	1.2%	-2.4%

\* For all indices 2014 average = 100

\*\* Percentage change since same week last year

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