

Commodities Weekly

For the week ending Friday 11th October

Diwali – the festival of lights

India is a small (but growing) export market, with an eclectic mix of exports

It's Diwali week so we thought we would take a look at NZ's exports to India in this edition. India is a small (but growing) export market for NZ. In the year to June 2019, NZ exported \$709m worth of goods to India. This was up 5.8% from the June 18 year.

India accounts for just 1.2% of NZ's total good exports by value, which puts India in 18th position. India is marginally ahead of Viet Nam and Saudi Arabia as destination for NZ exports by value, but behind Canada and the Netherlands.

Interestingly, NZ's exports an eclectic mix of goods to India. NZ's largest export to India is forestry, with around \$300m of forestry exports over the last three years. The next biggest exports are fruit and vegetables, followed by oil. Dairy and meat, traditionally NZ's largest exports, are only the seventh and eighth largest exports to India by value.

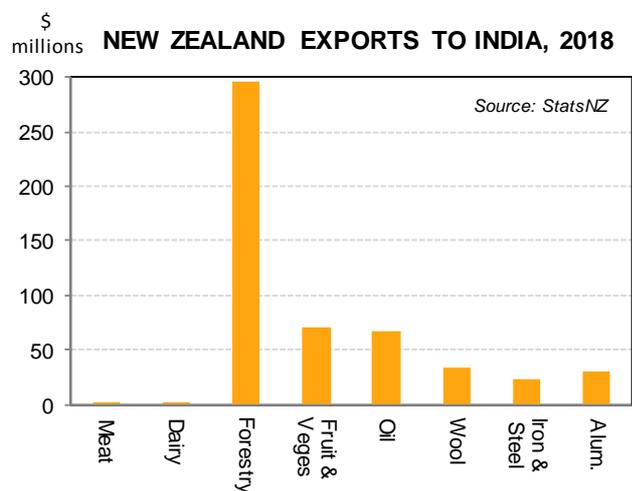
While small now, given India's population and income growth, the Indian market offers NZ huge potential. But for now, the Indian economy is highly protected and large export barriers are likely to remain, meaning NZ will have its work cut out for it to materially grow its exports to India over the next few years.

Week ending 11th October

The ASB Commodity Price Index rose in all denominations last week. The Index rose 0.4% in NZD terms, while recording a 0.7% lift in USD terms.

Dairy and sheep/beef prices led the gains, both posting increases of around 1% in USD terms for the week. In the case of dairy prices, a lift at this week's dairy auction added to last week's gains. Meanwhile, forestry and fruit prices posted more modest price gains.

The NZD/USD lifted marginally last week. The NZD has maintained this level this week, and was trading at 0.6350 as at the time of writing.



ASB New Zealand Commodity Price Indices As at Friday 11th October 2019

	Index*	Week %	Year %**
Total NZD	109.5	0.4%	4.5%
Total SDR	99.6	0.4%	4.3%
Total USD	98.5	0.7%	2.8%
Dairy USD	99.2	0.8%	10.7%
Sheep/beef USD	107.2	1.0%	3.1%
Forestry USD	85.7	0.3%	-8.5%
Fruit USD	94.2	0.3%	-5.9%
NZD/USD	0.6339	0.3%	-1.6%

* For all indices 2017 average = 100

** Percentage change since same week last year

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