

Commodities Weekly

For the week ending Friday 23rd March



Mycoplasma bovis update: MPI to cull 22,000 cattle

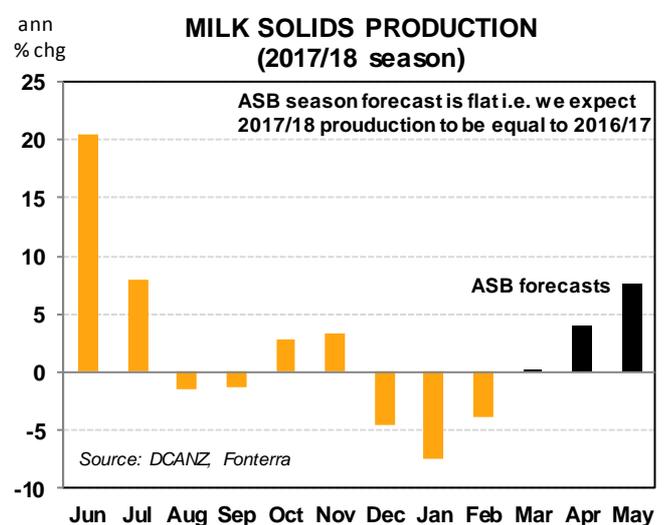
MPI: “Mycoplasma bovis is not well-established in NZ”

The Ministry of Primary Industries (MPI) has decided to cull all cattle on properties infected with Mycoplasma bovis. There are 28 infected properties, although there are only 22 with animals left to be culled. In total 22,300 animals are to be culled, equal to 0.3% of the NZ dairy herd.

We anticipate this will have a minor and hard-to-discern impact on NZ dairy production this season. Accordingly, we continue to expect that 2017/18 nationwide production will be equal to 2016/17. Bad weather and the firm milk price remain the dominant drivers of NZ production.

Importantly, the decision to cull now reflects MPI’s view that Mycoplasma bovis is not well-established in NZ. That said, MPI has yet to decide whether it will pursue eradication or long-term management options. Although signs are relatively positive: testing to date of milk from every dairy farm in NZ has only identified one new infected property.

Meanwhile, the NZ government will compensate the properties where the culling takes place. Also, a disease-free herd from can be rebuilt from scratch following a 60-day stand-down period.



Week ending 23 March

It was a quiet week for NZ commodity prices, with the ASB Commodity Price Index largely flat in the week ending 23 March.

Similarly, the major Index components posted either small gains or losses. Dairy and sheep/beef prices fell 0.2% in USD terms, with beef prices down over 1%. Meanwhile, forestry and fruit prices headed the other way, lifting 0.3%.

Last week, the NZD ended the week marginally higher. This week, the NZD has picked up further; as at the time of writing, the NZD was trading at US\$0.7300.

ASB New Zealand Commodity Price Indices As at Friday 23rd March 2018

	Index*	Week%	Year%**
Total NZD	109.8	-0.2%	6.9%
Total SDR	99.6	-0.4%	2.7%
Total USD	95.4	0.1%	10.2%
Dairy USD	90.0	-0.2%	7.3%
Sheep/beef USD	96.3	-0.2%	14.9%
Forestry USD	106.7	0.3%	9.0%
Fruit USD	109.6	0.3%	12.8%
NZD/USD	0.7235	0.3%	3.1%

* For all indices 2014 average = 100

** Percentage change since same week last year

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