

Commodities Weekly

For the week ending Friday 20th March



Drought relief

Rain has brought some drought relief over the past week; with more rain forecast

Over the past week, rain has brought drought relief to some drought-hit regions. Notably, drought conditions have eased in the Waikato and Northland. The lower North Island and the Coromandel appear to have missed out, but further rain is forecast around much of the country over the next seven days.

While the rain is welcome, in some locations, the timing of the rain has meant that it is contributing more to setting up for next season than “saving” this season. Indeed, **February dairy production was down 1.8% on February 2019, while meat processing capacity remains stretched in many regions.**

Outside of the drought-hit regions, **some parts of the South Island have had strong growing seasons.** Anecdotally, crop yields and dairy production have been strong in parts of Canterbury.

Meanwhile, **a hot summer hasn’t hampered kiwifruit production.** The industry expects a 5% lift in this season’s harvest compared to last season, although some of the lift will be due to new plantings.

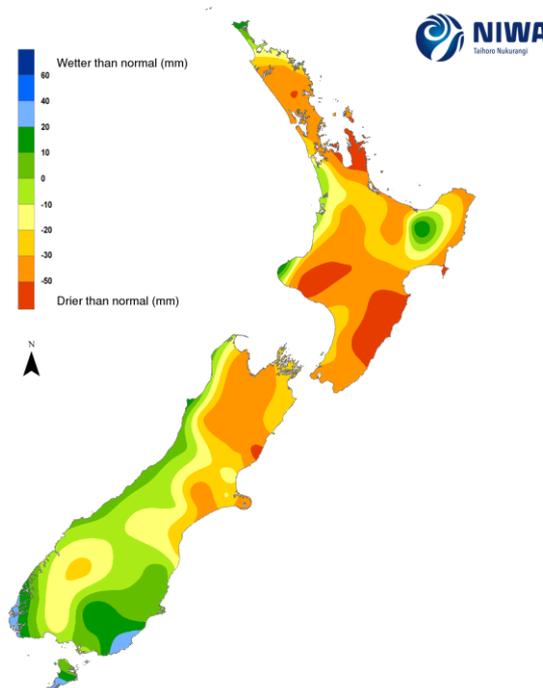
Week ending 20 March

The ASB Commodity Price Index dropped considerably in USD terms last week. The 3.8% decline over the week was largest fall since March 2017.

By component, **sheep/beef prices continue to feel the combined pressures from COVID-19, drought and seasonal slaughter,** with prices falling 4.3% in USD terms. Dairy and forestry prices recorded falls in the 3% range, while fruit prices fell reflecting the movement in the NZD/USD.

The NZD/USD fell significantly last week, totally offsetting the Index fall in USD terms. However, with market volatility still high, the NZD has regained some lost ground and is currently trading at **US\$0.5940.**

Soil moisture anomaly (mm) at 9am on 26/03/2020



ASB New Zealand Commodity Price Indices As at Friday 20th March 2020

	Index*	Week %	Year %**
Total NZD	108.9	1.5%	3.8%
Total SDR	91.1	-2.3%	-10.7%
Total USD	88.7	-3.8%	-13.3%
Dairy USD	97.8	-3.2%	-4.8%
Sheep/beef USD	77.6	-4.3%	-19.1%
Forestry USD	75.2	-3.6%	-28.8%
Fruit USD	98.9	-5.2%	-7.8%
NZD/USD	0.5739	-5.2%	-16.6%

* For all indices 2017 average = 100

** Percentage change since same week last year

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