

# Commodities Weekly

For the week ending Friday 23<sup>rd</sup> October



## Slow and steady in September

### Kiwifruit exports track sideways, but the season remains record setting

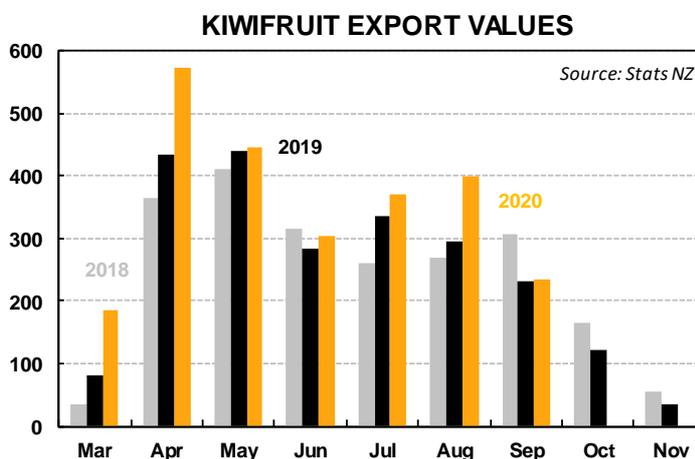
The latest trade data showed kiwifruit export values holding steady during September. Export values for the month came in at \$235m, a modest 2% lift on last year. That represents a slowing from the sizable year-on-year lifts in export values we saw in July and August, where there were lifts of 10% and 35% respectively.

Both prices and export volumes are remaining resilient. Total export volumes in September (i.e. for both green and gold fruit) were down just a whisker on

September 2019, by about 3%. Prices are holding up well too, with the price of green kiwifruit ahead of where it was this time last year. Our weighted Kiwifruit price – blending the price of green and gold fruit based on their historic export share – was up by about 1.4% on the same time last year.

All up, the season looks set to break records yet again. In the seven months to September, export values were up a whopping 19.5% on the same period in 2019. With most of the traditional bumper months for exports out of the way it looks set to be another record season. The sector has weathered the COVID-19 storm well, and we've noted in previous reports that the sector may even have experienced some upside from the pandemic, as consumers have looked to re-orientate their diets along healthier lines.

Looking ahead, both challenges loom as well as opportunities. Most immediately, the closure of the New Zealand border to international visitors is a challenge for growers who have typically relied on backpackers and other seasonal workers. Moving forward, we are also keeping an eye on the outbreak of a mysterious disease roiling growers in Europe and parts of Asia. In parts of Italy – the world's second largest producer – there are reports that up to 25% of orchards have been impacted by the 'die-off.' Any tightening in supply overseas carries some upside for New Zealand growers – though its too early at this stage to predict the impact. Still, the biggest concern for growers will be on the biosecurity front. The 2010 Psa outbreak carried a significant cost for the sector, highlighting how important it is to be vigilant when it comes to emergent diseases. With that in mind, it's heartening to hear the [news](#) that Zespri and its partners have formed a taskforce to monitor the outbreak and develop tools to support growers.



## ASB Commodities Index

The ASB Commodities index fell 1% in NZD last week, with currency movement the main driver. The USD index slid 0.1%, with a small gain in the sheep/beef index (+0.3%) counteracted by a fall in the dairy index (-0.9%), despite modest gains at the week's dairy auction. With the underlying USD index little changed, the Kiwi was the main influence on the NZD index, rising 0.9% over the week against the USD.

The NZD was the strongest performing G10 currency last week – and at one point the NZD/USD lifted above 0.67 – so its unsurprising it weighed down our index. Looking ahead over the next week, we expect that pre-US election risk aversion and concerns around rising global COVID cases may generate some resistance around that 0.67 mark. A reminder too you can read our full NZD recap and outlook in our [Economic Weekly](#) each Monday.

## ASB New Zealand Commodity Price Indices As at Friday 23<sup>rd</sup> October 2020

	Index*	Week%	Year%**
Total NZD	101.6	-1.0%	-9.1%
Total SDR	93.9	-0.7%	-7.6%
Total USD	96.0	-0.1%	-4.7%
Dairy USD	96.3	-0.9%	-3.6%
Sheep/beef USD	95.8	0.3%	-11.2%
Forestry USD	91.6	0.9%	4.8%
Fruit USD	99.8	0.9%	-10.2%
NZD/USD	0.6661	0.9%	4.9%

\* For all indices 2017 average = 100

\*\* Percentage change since same week last year

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