

# Commodities Weekly

For the week ending Friday 26<sup>th</sup> January

## 17/18 lamb season shaping up as one to remember

### Lamb prices have remained very healthy so far in 2018

**2018 has started where 2017 left off for lamb prices.** In fact, average prices over January 2018 were only bettered by January 2012.

From here, **we expect a modest seasonal decline through late summer and autumn, with lamb prices remaining strong for this time of the year.** Per kg lamb prices only fell 10c/kg over January 2018 compared to 20c/kg average fall in the same period over the past five years.

With this in mind, **we expect lamb prices to remain over \$6.00/kg for the remainder of the season.** Moreover, the majority of factors underpinning prices are likely to remain in play. Also, we are unlikely to see a major pick up in supply either here or across the Tasman.

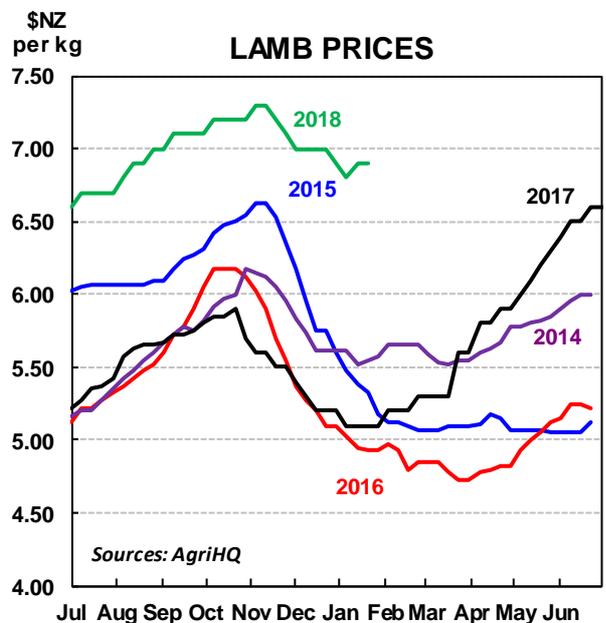
There remains a risk that drought could see slaughter levels spike and lead prices lower than we expect. However recent rain has reduced this risk, with the exception of the southern parts of the South Island. All up, **the 2017/18 season is shaping up as one to remember.**

### Week ending 26 January

The ASB Commodity Price Index lifted 0.6% in USD terms in the week ending 26 January. However, a 1.1% lift in the NZD/USD saw the Index fall 0.5% in NZD terms.

**By component, meat, forestry and fruit prices rose in USD terms, while dairy prices were largely flat.** More specifically, beef and wool prices posted USD gains over 1% for the week.

Meanwhile, the NZD ended a volatile week stronger, lifting 1.1%. This week the NZD has continued to trade in narrow ranges, **with the NZD sitting at USD 0.7330 at the time of writing.**



### ASB New Zealand Commodity Price Indices As at Friday 26<sup>th</sup> January 2018

	Index*	Week %	Year %**
Total NZD	105.3	-0.5%	2.1%
Total SDR	97.2	-0.4%	-2.5%
Total USD	93.0	0.6%	4.8%
Dairy USD	86.0	-0.1%	-6.3%
Sheep/beef USD	94.2	0.9%	18.2%
Forestry USD	106.9	1.1%	11.9%
Fruit USD	96.0	1.1%	0.2%
NZD/USD	0.7356	1.1%	2.6%

\* For all indices 2014 average = 100

\*\* Percentage change since same week last year

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