

Commodities Weekly

For the week ending Friday 8th March



A rising tide doesn't lift all boats

We've published the latest edition of the ASB Rural Quarterly – which you can read [here](#).

Our latest report calls out a decent rebound for dairy and forestry prices, and an overall more positive outlook for the sector compared with previous quarters. The outlook for global growth is looking a lot more constructive than it was, with markets increasingly hopeful that central banks won't have to hammer the global economy too hard for too long to get inflation back under control.

That said, the impacts are likely to be felt with a lot of variance from sector to sector – with dairy looking among the strongest, the meat sector still facing significant headwinds. We've also launched our opening forecast for the 2024/25 dairy season, which sits at \$8.30 per kgMS.

ASB Commodities Index

Last week was a relatively good one for underlying USD commodity prices. Dairy prices lifted 0.7% per our data from AgriHQ, despite a relatively soft dairy auction. Sheep and Beef prices rose about 1.2% but remain stuck in a bit of a rut – still down around 6.3% on an annual basis. Forestry prices continue to hold their ground in annual terms (albeit from a low baseline), and fruit prices are considerably higher year-on-year. All-up, the USD index rose 1% over the week.

In NZD terms, those gains in USD prices were gobbled up by a higher Kiwi over the week. NZD rose 1.3% over the week off the back of stronger risk sentiment.

ASB Commodities Index as at 08.03.2024

Index	Index*	Week %	Year %**
Total NZD	112.3	-0.3%	2.2%
Total SDR	109.9	1.1%	2.6%
Total USD	105.5	1.0%	2.5%
Dairy USD	116.8	0.7%	4.4%
Sheep/beef USD	83.2	1.2%	-6.3%
Forestry USD	95.2	1.3%	0.3%
Fruit USD	117.3	1.3%	17.2%
NZD/USD	0.6187	1.3%	0.2%

Base Year 2019, Base = 100

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