

# Commodities Weekly

For the week ending Friday 17<sup>th</sup> November



## That was the week that was

- Agri commodity prices continue to track sideways, with a higher Kiwi offsetting slim gains in USD prices last week.
- We've retained our \$7.35 per kgMS milk price forecast in the aftermath of this week's GDT.
- The NZ-EU FTA is a step closer to coming into force, and the new NZ government has been announced.

### The ASB Commodities Index eased 0.9% in NZD terms last week.

Underlying USD commodity prices were modestly higher, but those gains were gobbled up by a decent lift in the NZD, which was higher off the back of a weaker patch of US inflation data.

Among the runners and riders, our meat index continues to be the worst performer of the major components, despite an anaemic lift last week. **Horticulture prices are proving comparatively strong – up close to 10% annually in the latest monthly data released this week.** Kiwifruit export volumes look to have been considerably lower over October relative to the last three years, providing prices with some support.

**Dairy prices were flat at this week's auction.** A 1.9% lift in WMP prices was offset by a 3.8% reduction in SMP and a 1.1% decrease in butter prices. Not much has changed on the dairy outlook in our view – tighter supply has helped prices, but the economic outlook is subdued, and the global demand-supply balance isn't likely to drive a stronger recovery in prices yet. **We retain our \$7.35 per kgMS forecast for 2023/24.**

**Offshore, the European Parliament has ratified the NZ-EU Free trade agreement by a wide margin, paving the way for the removal of tariffs on 97% of NZ goods exports to the EU over the next seven years.** Those removals are likely to benefit kiwifruit, seafood and wine exports. Quota access will be increased for meat and some dairy produce.

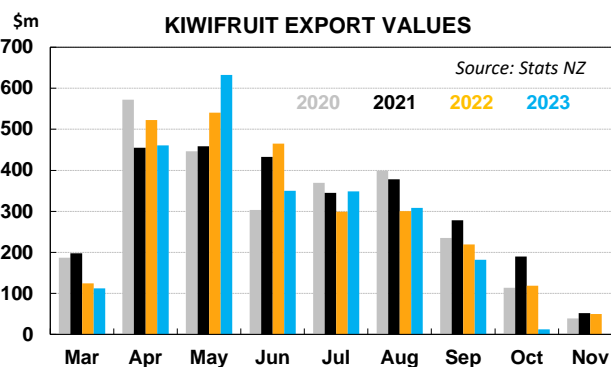
Today's coalition [agreements](#) between National, ACT and NZ First have provided some detail on agriculture policy. They signal a more liberal regulatory climate, with the ETS review canned, more flexibility on freshwater management standards, the RMA reformed and farmers able to offset sequestration against on-farm emissions. Still, increasingly it's market pressures as much as the domestic regulatory landscape driving emissions targets and other environmental standards. [Nestle's](#) recent efforts to reduce emissions throughout its value chain are a reminder of that.

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### ASB Commodities Index as at 17.11.2023

Index	Index*	Week%	Year%**
Total NZD	106.4	-0.9%	-7.4%
Total SDR	100.7	-0.1%	-11.1%
Total USD	96.5	0.6%	-10.3%
Dairy USD	102.6	0.3%	-11.3%
Sheep/beef USD	83.5	0.4%	-20.1%
Forestry USD	84.0	1.5%	-6.5%
Fruit USD	108.7	1.5%	9.8%
NZD/USD	0.5976	1.5%	-3.1%

Base Year 2019, Base = 100



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