

## NEW ZEALAND ECONOMICS ANZ COMMODITY PRICE INDEX

Data for July 2012, released  
on 2 August 2012

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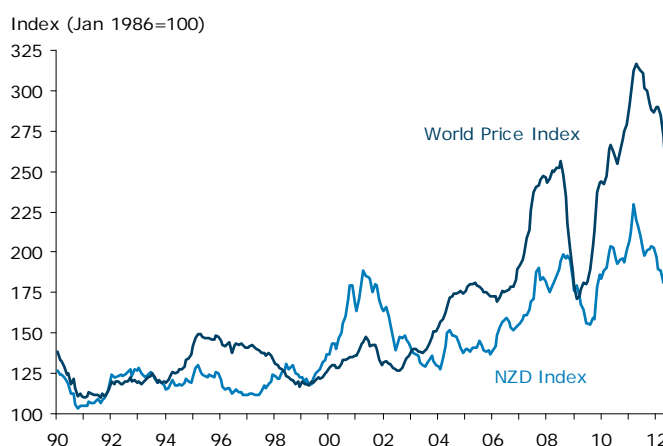
**The ANZ Commodity Price Index eased 0.5 percent in July, the sixth successive monthly decrease**, with prices 18.6 percent down on a year earlier. Since its April 2011 peak the index has dropped 20.1 percent and is at its lowest level since March 2010. The weakening in New Zealand export commodity prices has broadly tracked falls in other commodity price measures, with the CRB index now 19 percent below historical peaks. In part, the generalised fall in commodity prices is a symptom of heightened uncertainty and pessimism over global economic prospects given the worsening European debt crisis.

**Variation amongst commodity price movements continued in July**, reflecting a mix of demand and supply side influences. Of the 17 commodities in the index, prices fell for ten, rose for just three, and prices for four commodities were unchanged. For non-dairy commodities the sharpest fall was in wool prices, which fell 7 percent to be 43 percent down on 12 months earlier. Prices for skins were down 4 percent in July, with both beef and lamb prices down 2 percent. Aluminium, pulp, kiwifruit and log prices fell 1 percent. Prices for seafood and venison were unchanged. Prices for sawn timber gained 1 percent, and apple prices rose 2 percent.

**Partly offsetting the fall in broader commodity prices was a close to 1 percent lift in dairy prices.** Even within the dairy component (which has a 43 percent weight in the ANZ Commodity Price Index) there were offsetting movements: whole milk powder prices rose 3 percent, whereas prices fell 4 percent for butter and 1 percent for skim milk powder, with prices unchanged for cheese and casein. Despite the monthly lift, dairy prices have fallen 26 percent over the last 12 months, and are now 30 percent below historical peaks.

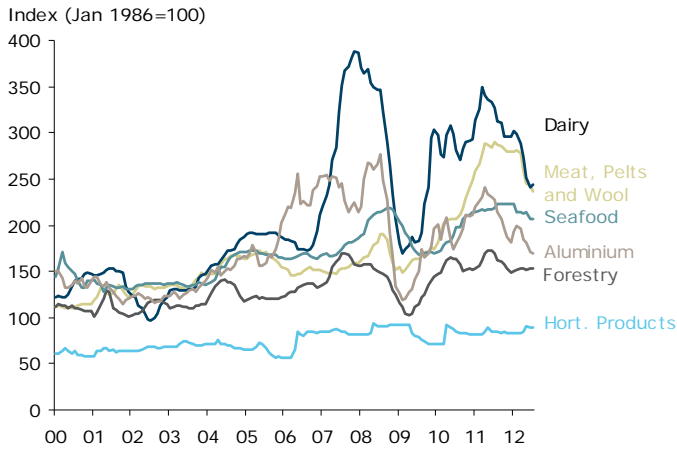
**Usually the NZD buffers commodity price movements, but not in July.** A 2.2 percent strengthening in the NZD TWI, with larger gains against the euro and USD, contributed to a **3.1 percent decline in the July NZD commodity price index**. The NZD index is now 15.3 percent lower than 12 months ago and 25.8 percent below its historical peaks.

ANZ Commodity Price Index

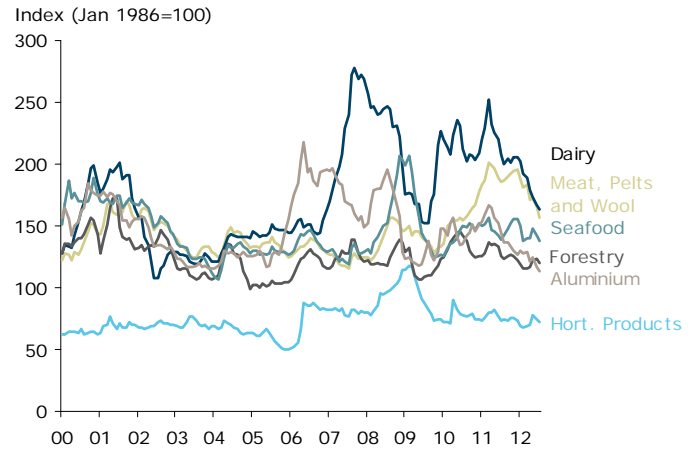


# ANZ COMMODITY PRICE INDEX

Sub-group Indices (World Prices)



Sub-group Indices (NZD Prices)



	World Price Index	Monthly % Change	Annual % Change	NZ\$ Index	Monthly % Change	Annual % Change
Jul-08	256.6	..	8.3	194.8	..	14.0
Jul-09	181.9	..	-29.1	155.7	..	-20.1
Jul-10	257.4	..	41.5	195.0	..	25.2
Jul-11	310.6	..	20.7	201.5	..	3.3

Feb-12	290.0	-0.1	-2.9	189.2	-4.1	-11.1
Mar-12	285.0	-1.7	-8.9	188.8	-0.2	-17.9
Apr-12	272.3	-4.5	-13.9	181.2	-4.0	-17.6
May-12	260.3	-4.4	-17.5	182.4	0.7	-15.9
Jun-12	254.0	-2.4	-18.7	176.3	-3.4	-16.1
Jul-12	252.7	-0.5	-18.6	170.7	-3.1	-15.3

Commodity Price Index weights are based on contributions to merchandise exports. Weights for the 2012 year are: Wool 3.7%; Beef 8.4%; Lamb 12.3%; Venison 0.9%; Skins 2.3%; Dairy 42.8%; Apples 1.5%; Kiwifruit 4.4%; Logs 6.8%; Sawn Timber 3.8%; Wood Pulp 2.5%; Seafood 5.5%; Aluminium 5.1%



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