

ANZ Commodity Price Index

New Zealand

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Woodworking

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The next issue of the *ANZ Commodity Price Index* is scheduled for release on: 4 August 2009 at 3pm.

World commodity prices tick up. The ANZ Commodity Price Index recorded a modest rise in June, increasing 0.2 percent from a month earlier. While only small, the latest increase represents the fourth consecutive monthly rise in the series. Once again, the latest rise was fairly broad-based with prices for eight of our key exports recording a lift in the month of June and five commodities recorded price declines.

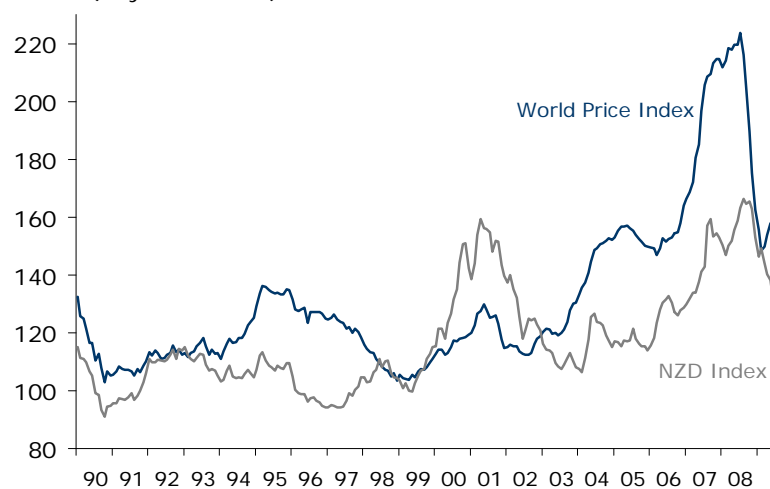
Forestry prices recovering but remain very low. The price of sawn timber posted the largest increase across the commodity basket, rebounding 13.5 percent from May. Aluminium prices recorded the second largest increase, lifting 7.9 percent. Skin prices rose 4.7 percent, while wood pulp prices gained 3.5 percent. Log prices rounded off the forestry-aligned price increases, lifting 1.4 percent in the month. Meat prices made up the balance of the increases in commodity prices in June. Beef prices rose 0.9 percent, venison prices lifted 0.4 percent and lamb prices inched up 0.3 percent. Beef, lamb and aluminium prices have all posted their fourth consecutive monthly increase.

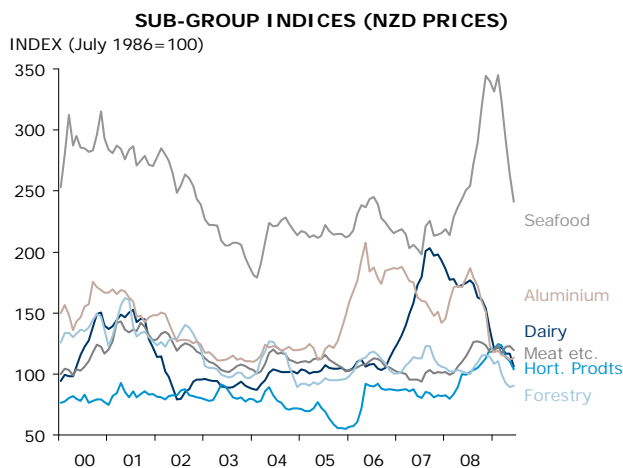
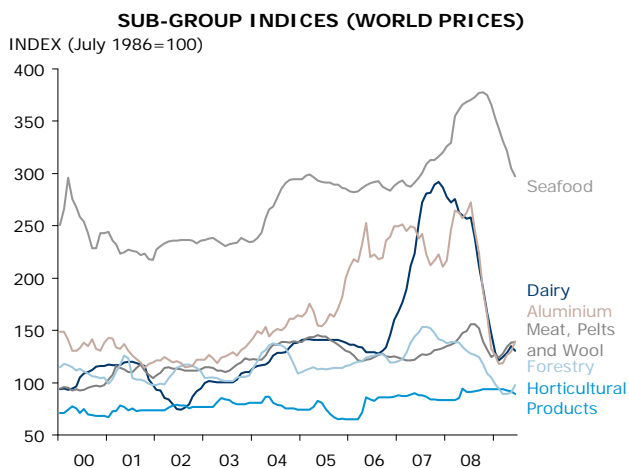
Dairy prices get skimmed. Leading the falls in the prices of NZ's export commodity basket was a drop in international dairy prices, which fell 3.3 percent in the month of June. Fruit prices also eased; kiwifruit dropped 3.0 percent and apple prices slipped 2.8 percent. Seafood prices eased 2.7 percent (the eight consecutive monthly decline in the series) and wool prices were trimmed by 0.1 percent.

Kiwi dollar in flight. The NZ dollar strengthened against all our major trading partners in the month of June. Consequently, the ANZ New Zealand Dollar Commodity Price Index posted a 5.0 percent decline in June, the largest monthly fall in six months – taking the series back down to a 2½-year low.

ANZ COMMODITY PRICE INDEX

INDEX (July 1986=100)





	World Price Index	Monthly % Change	Annual % Change	NZ\$ Index	Monthly % Change	Annual % Change
Jun-04	148.5	2.8	24.6	126.7	1.0	17.0
Jun-05	156.1	-0.6	5.1	117.3	0.1	-7.4
Jun-06	151.5	-0.9	-2.9	131.5	0.9	12.1
Jun-07	196.7	6.3	29.8	141.2	2.7	7.4
Jun-08	219.6	0.0	11.6	158.8	2.1	12.5
Dec-08	162.5	-7.4	-24.3	153.0	-6.1	-0.1
Jan-09	155.5	-4.3	-26.5	146.4	-4.3	-2.6
Feb-09	148.3	-4.6	-30.7	149.2	1.9	1.5
Mar-09	149.8	1.0	-31.4	144.1	-3.4	-4.0
Apr-09	153.7	2.6	-29.4	140.2	-2.7	-7.6
May-09	158.0	2.8	-28.1	138.2	-1.4	-11.2
Jun-09	158.3	0.2	-27.9	131.3	-5.0	-17.3

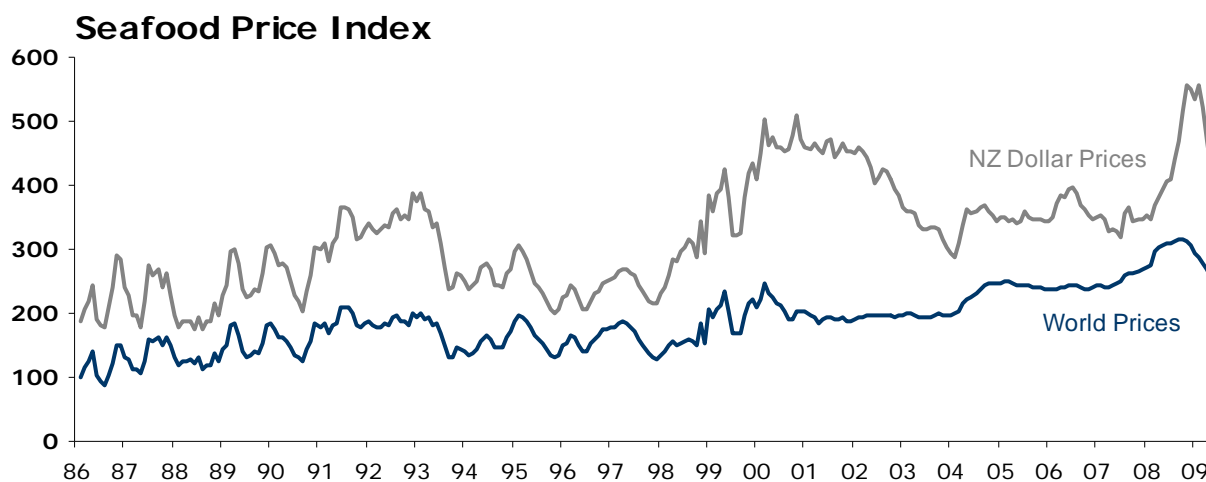
Commodity Price Index weights are based on contributions to merchandise exports. Weights for the 2009 year are: Wool 0.035; Beef 0.091; Lamb 0.131; Venison 0.015; Skins 0.025; Dairy 0.408; Apples 0.016; Kiwifruit 0.047; Logs 0.034; Sawn Timber 0.042; Wood Pulp 0.028; Seafood 0.059; Aluminium 0.069

Featured Commodity: SEAFOOD

The large swell in seafood prices recorded over 2008, has been all but wiped out by the global economic slowdown of 2009. Reduced fuel costs have been a consolation for fishermen, but a stubbornly high NZ dollar is proving to be a drag on the industry. Nevertheless, the industry is poised to "net" a large proportion of the anticipated "wave" in world-wide demand for seafood, particularly through aquaculture.

When New Zealand declared a 200 nautical mile Exclusive Economic Zone (EEZ) in 1978, it took control of the 4.2 million square kilometres of ocean around its islands. The area covered by the EEZ represents the fourth largest fishing zone in the world. There are 130 species of fish that are commercially fished off our waters, but only 10 species make up 80 percent of all our seafood exports. In the past 12 months, \$1.3 billion of fish and shellfish was exported, making the seafood industry the country's sixth largest merchandise export earner. Since 1986, New Zealand's fishery stock has been governed by the Quota Management System, which is today acknowledged as one of the best fishery management regimes in the world. Under the quota system a sustainable total catch, or harvest, of fish is set – with individuals or companies having been allocated the right to catch certain quantities of particular species. Previously sea fish could be caught by anyone who had a licence and complied with other regulations.

New Zealand's aquaculture sector (farming of fish and shellfish) is the country's fastest growing seafood sector. Aquaculture produces \$320 million of NZ's seafood exports, and is spread across the cultivation of mussels, salmon, Pacific oysters and paua. Aquaculture accounts for about 20 percent of New Zealand's seafood exports by revenue. The United Nation's Food and Agriculture Organisation (FAO) predicts that the world's seafood consumption will rise 35 percent within 10 years, with aquaculture production increasingly used to meet this surge in demand. Currently, NZ's contribution to global aquaculture is only about 0.02 percent of sales by weight, thus providing NZ with a huge opportunity to tap into this anticipated increase in worldwide demand. The FAO forecast that by 2030 aquaculture will match the wild fisheries catch. Likewise, the NZ Aquaculture Council projects our waters could be producing over \$1 billion worth of aquaculture products annually by 2025.



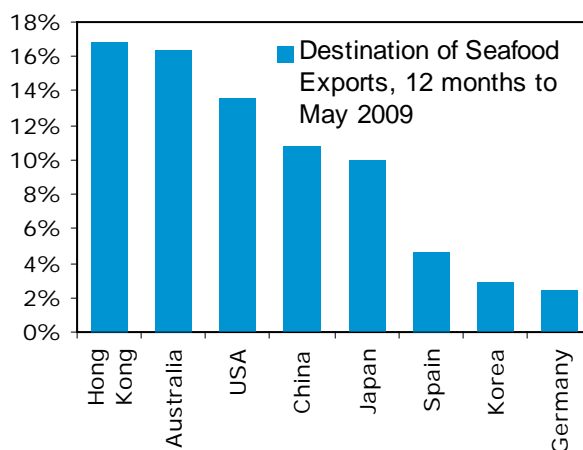
Source: ANZ

The worldwide price of NZ's seafood exports recorded a strong lift last year. However, the tide has gone out and prices have retraced by an equally large magnitude over the past 8 months, returning the global benchmark back to where it was 2 years ago. Returns for our local fishermen have been rather more volatile, reflecting the swings in the kiwi dollar, as well as increased fuel costs over previous years.

Hong Kong, with 17 percent of seafood exports, has overtaken Australia to now be the largest market for our seafood exports. The next largest markets are the USA, China and Japan, respectively taking 14, 11 and 10 percent of the value of our seafood exports.

In terms of the value of NZ's seafood exported, 14 percent was made up by mussel exports, 11 percent was hoki and 10 percent was rock lobster. The next largest export values by species were squid, paua and orange roughy.

Mussels are generally exported in frozen half-shell form predominantly to the US and EU; hoki is sent as prime white fish portions and ready-to-cook battered and breaded fish meals, largely to Australia and Europe; and rock lobsters are primarily air-freighted live to Japan.



Source: ANZ, Seafood Industry Council, Statistics NZ

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- Associate Member of Investment Savings & Insurance Association of NZ;
- Financial Markets Operations Association; and
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- Adjudicated bankrupt;
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- Subject of an adverse finding by a court in any proceeding that has been taken against them in their professional capacity;
- Expelled from or has been prohibited from being a member of a professional body; or
- Placed in statutory management or receivership.

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- Share in a limited partnership;
- Superannuation schemes and bonds;
- Group investment funds;
- Life insurance products;
- Derivative products including interest rate and currency forward rate contracts and options; and
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The Bank will keep adequate records of the deposit of investment moneys or property and all withdrawals and dealings with such money or property, using the account/investment number allocated to your investment. You may have access to those records upon request.

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