



Grocery Supplier Cost Index (GSCI)

<i>Infometrics-Foodstuffs NZ GSCI</i>	Nov-20	Nov-23
GSCI, Jan-18 = 1,000	1,044	1,241
GSCI annual % change	1.5%	4.8%
Number of products increasing in cost	2,073	4,817

Further moderation in pace of supplier cost increases in Nov

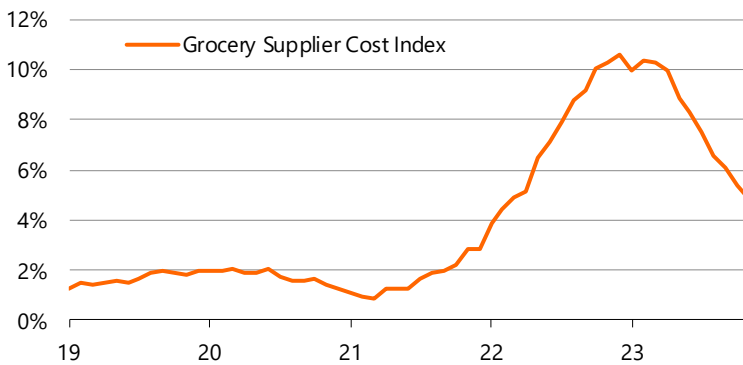
The **Grocery Supplier Cost Index** rose by 4.8%pa in November 2023, the first sub-5% annual increase since March 2022. Cost increases continue to be sustained at a higher pace than in 2018-19, but not as fast as throughout 2022, when inflationary pressures ran rampant.

The current pace of annual increases by department continues to slow too, although several of departments (grocery, produce, and frozen foods) have annual increases that are still quite a bit higher than "usual".

Various input indicators are still pointing towards a continued moderation of input cost growth, with lower fuel prices, a higher exchange rate, and slowing input cost rises.

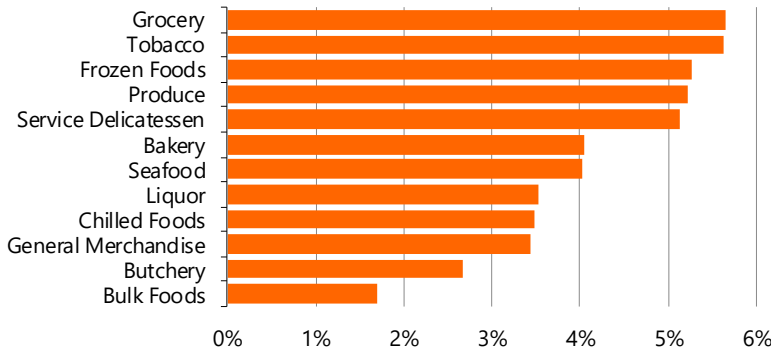
Nov supplier cost increases slow to 4.8%pa

Annual % change



Grocery supplier costs increases by type

Annual % change, by department, November 2023

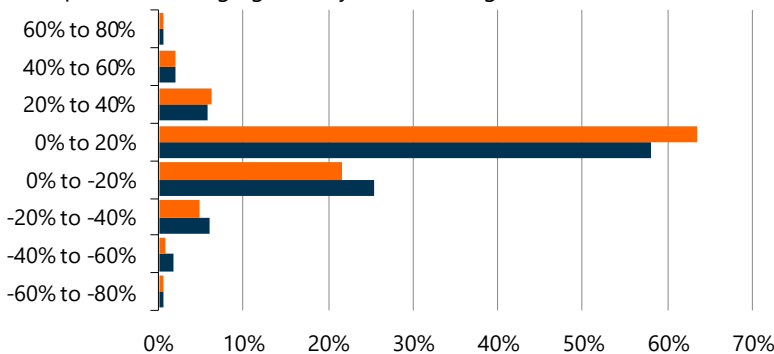


Seafood and grocery costs up

All departments recorded higher supplier costs in November 2023 than a year ago, but the pace of these cost increases continues to slow across almost every department. Seafood supplier costs increased the most in the last month, followed by grocery. These high monthly gains kept grocery in the top spot for annual increases, with several breakfast foods and cereals rising in cost during November. Fresh vegetable produce costs remained lower, but some fruit costs rose.

Distribution of cost changes

% of products changing cost, by size of change



Further product cost increases

Just over 4,800 items increased in cost in the November month, more than double the 2,000 or so products that rose in cost in November 2020. Last month, over 63% of items that changed cost recorded a 0-20% cost increase, larger than the 58% of items in November 2020. A similar proportion rose in cost by more than 20%, at 8.8% in November 2023, compared to 8.3% of items three years earlier. However, a smaller proportion of items fell in cost in November 2023, with 28% of items doing so, compared to 34% in 2020.

The Grocery Supplier Cost Index

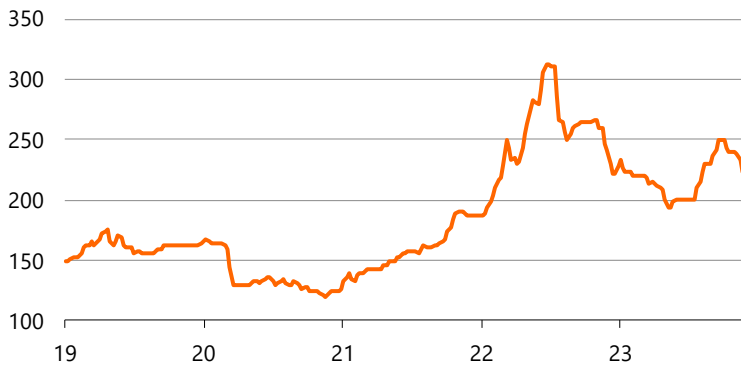
The *Infometrics-Foodstuffs New Zealand Grocery Supplier Cost Index* (GSCI), commissioned by Foodstuffs New Zealand, measures the change in the list cost of grocery goods charged by suppliers to the Foodstuffs North Island and Foodstuffs South Island co-operatives. The Index utilises detailed Foodstuffs NZ data, across over 60,000 products, analysed by independent economics consultancy Infometrics to produce the GSCI and publish it on a monthly basis.

For more details see www.infometrics.co.nz/product/grocery-supplier-cost-index.



Diesel shifts to lower \$2.20s/L in Nov 2023

Diesel, main port price, c/L, weekly



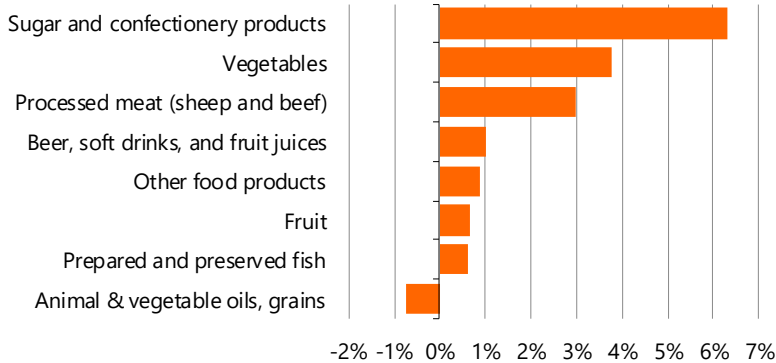
Diesel prices shift lower still

Diesel prices continued to reverse out some of their recent gains, with a decline of nearly 20c/L during November 2023. At the end of November, diesel prices had fallen to around \$2.20/L, the lowest level since early August 2023. The fall in fuel prices has been driven by lower crude oil prices, with Dubai crude prices (NZ's reference crude) dropping 5% in November. Lower global crude oil prices have come as supply levels improve somewhat, at the same time as lower global economic growth forecasts weigh on expected future demand for oil products.

Input prices still rising, but not by as much

Quarterly % change, selected PPI input commodities

■ Sep-23



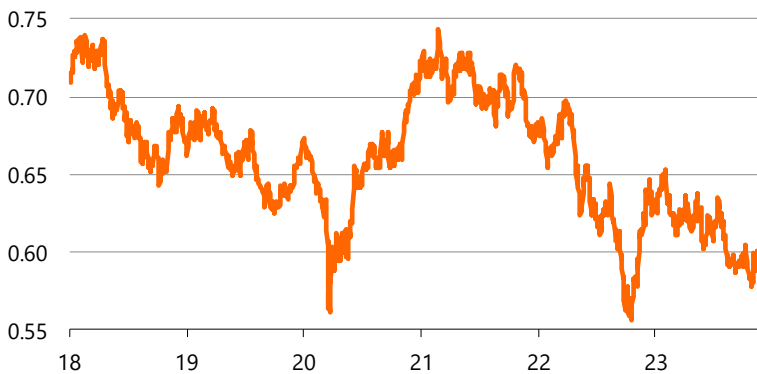
Input prices up, but not as much

The latest producers price index for the September 2023 quarter shows several food and food-related inputs have increased in price, but not by as much as previously. Sugar and confectionery products recorded the largest input cost rise, of over 6% in the latest quarter, with the annual increase accelerating to 22%pa.

Cooking oils and grains prices have fallen, down 0.7% from the June quarter, despite some rallies in international prices.

NZD rallies above 61c USD at end of Nov

Daily exchange rate, USD/NZD

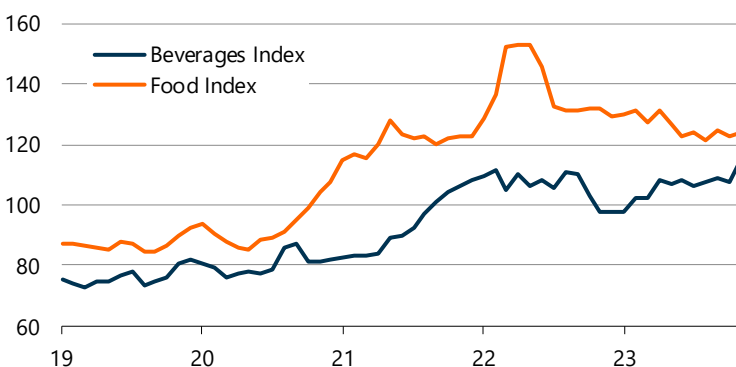


Exchange rate pitches higher

The NZ dollar averaged US59.9c in November, a pick-up of nearly 1c from October. The exchange rate broke above US60c around mid-November and headed above US61c at the end of the month. The Reserve Bank's more hawkish *Monetary Policy Statement* included a higher forecast track for interest rates, going against financial market expectations that rate cuts in the second half of 2024 were becoming more likely. The stronger exchange rate dampens the price of imports into New Zealand, which is welcome news for now.

Food prices still moving sideways

World Bank commodity price index, 2010 = 100



Global food prices move sideways

The World Bank commodity price index rose 0.9% in November from a month ago, continuing a trend for the year of small ups and downs. However, the overall track for global food prices is sideways at present. Higher cooking oil and staple bean meals, as well as higher chicken prices, kept food prices higher.

Beverage prices shot up 7% in November, underpinned by cocoa prices rising 11% and coffee prices increasing more than 7%.