



Grocery Supplier Cost Index (GSCI)

<i>Infometrics-Foodstuffs NZ GSCI</i>	Mar-21	Mar-24
GSCI, Jan-18 = 1,000	1,046	1,249
GSCI annual % change	0.9%	3.2%
Number of products increasing in cost	1,317	2,287

Supplier cost rises average 3.2%pa

The **Grocery Supplier Cost Index** was up by 3.2%pa in March 2024, a further slowing in the pace of annual increases. The annual pace of supplier cost increases has now been easing for 13 months, having moderated from a peak of 10.6%pa in December 2022. Grocery supplier costs are still rising on average, but at a much more moderate speed. Current trends suggest that the “new normal” for annual supplier cost increases might be 1-1.5 percentage points higher than before the pick-up in inflation in 2021.

Rises continue to occur across almost all departments, with larger monthly increases in frozen and chilled food costs seen in March. Grocery item costs are up too, but with rises of a smaller magnitude than previously. More items are still increasing in cost compared to the first half of 2021, before higher cost pressures emerged.

Frozen and chilled costs up

Department trends in March were similar to February, with almost all departments recording a monthly rise in supplier costs. Frozen food supplier costs continued to rise, with frozen vegetables and potato products up. Chilled food costs also rose, with several dairy items driving this change.

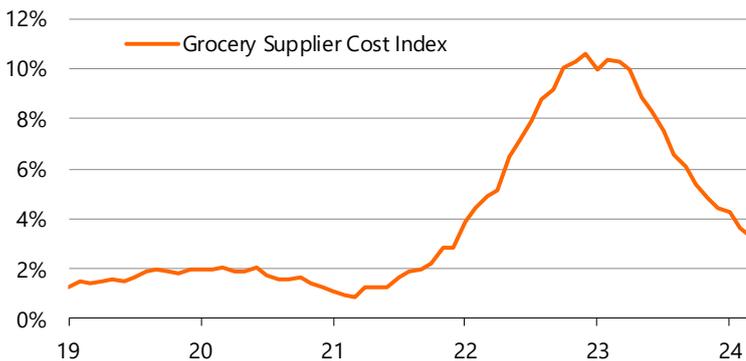
Grocery department goods saw further monthly supplier cost increases, but of a smaller magnitude than recently.

Still many items increasing in cost

Nearly 2,300 items increased in cost in March 2024 from the month before, close to double the number of items rising in cost in March 2021. There was still a higher proportion of larger cost increases, with 7.1% of monthly changes in March 2024 being rises of 20-40%, compared to 5.0% of cost changes being this large in 2021. However, there were also a number of monthly cost decreases, mostly due to seasonal changes in produce costs. *Note: cost increases figures have been revised from earlier updates due to a data error.*

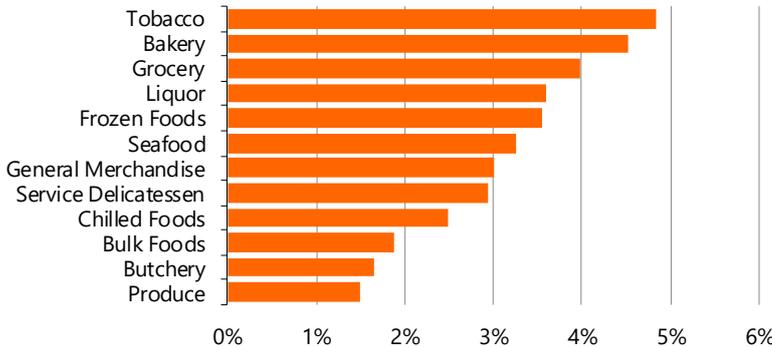
Mar supplier cost rises slow back to 3.2%pa

Annual % change



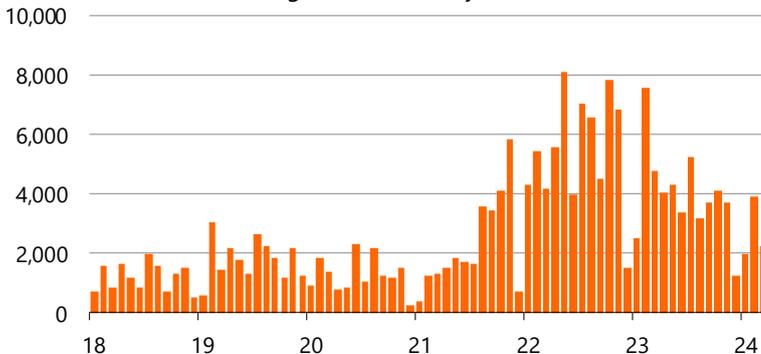
Grocery supplier costs increases by type

Annual % change, by department, March 2024



Nearly 2,300 items increased in cost in Mar

Number of items increasing in cost, monthly



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.



Unchanged diesel prices in March

Diesel, main port price, c/L, weekly



Diesel prices steady at \$2.27/L

Diesel prices remained steady throughout March at around \$2.27/L on average—however they are sitting around 7% higher than a year ago, partly due to conflict in the Middle East. But continued sluggish forecasts for Chinese and global economic growth are keeping demand subdued and preventing fuel costs from rising even further. Despite less fuel coming from the OPEC+ group, potential production from other countries has lifted, keeping supply higher. More stable fuel prices will be aiding producers and leading to less intense cost pressures.

Shipping costs settle back a bit

Freightos Baltic Index, weekly — Global Container Freight Index



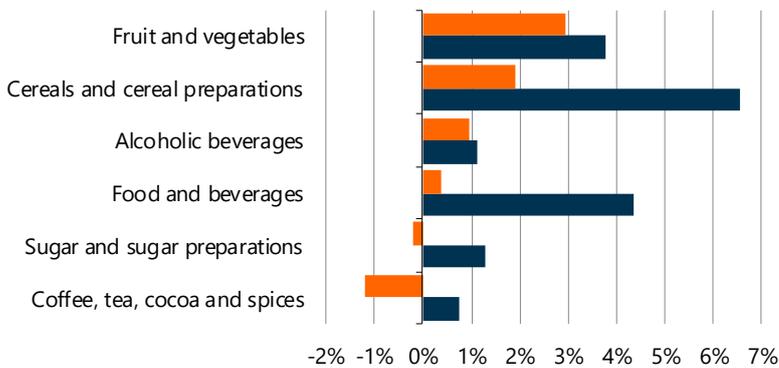
Shipping costs settle back a bit

Having spiked in January and into February after Houthi attacks on shipping in the Red Sea, shipping costs have pulled back slightly from recent highs. The *Freightos* Global Container Freight Index at the end of March was down 20% from its high in mid-February, but shipping costs were still more than double the level that prevailed at the end of 2023. Although signs of higher shipping costs to Australasia are less pronounced, this area remains a potential risk over the next 3-6 months for a delayed effect on cost pressures for suppliers.

Imported cost increases moderate

Annual % change, import prices

Dec-23
Dec-22

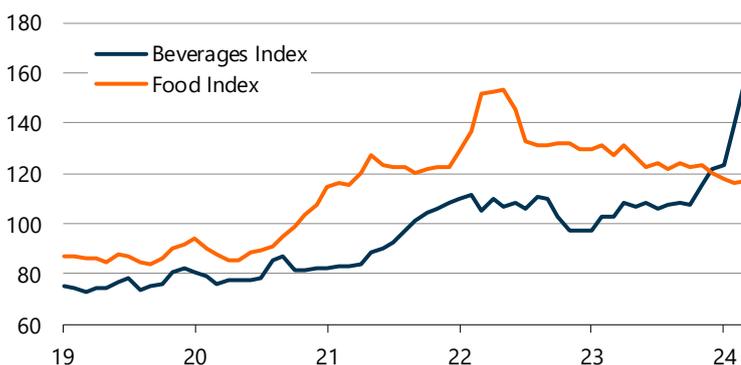


Imported cost increases moderate

Imported costs remain higher than a year ago for most food and beverage-related product groups. Imported fruit and vegetable costs were up the most in the December 2023 quarter, by 3.0%pa, although this increase was smaller than the 3.8%pa recorded in the December 2022 quarter. That trend is maintained across the board, with the pace of imported cost changes having moderated throughout 2023. Cereal cost increases slowed from 6.6%pa to 1.9%pa, and overall food and beverage imported cost growth moderated from 4.3%pa to 0.4%pa.

Food up a touch, drinks up a lot

World Bank commodity price index, 2010 = 100



Drink prices up, food down

The World Bank beverage price index rose another 14% in the month of March alone, as cocoa prices continue to climb rapidly. Cocoa prices are now up 158% from the same time last year due to supply issues from major producing areas. The World Bank food price index rose 0.6%, snapping a three-month streak of declines.

Global food prices remain 8.1% lower than a year ago, driven by lower oils and grains prices. However, other foods, including fruit and rice, remain more expensive than a year ago.