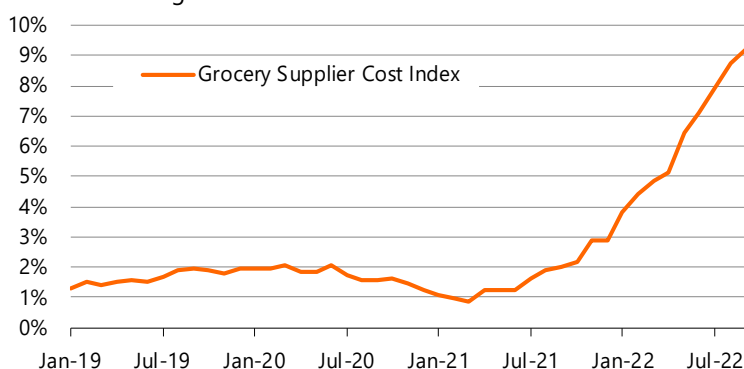


## Grocery Supplier Cost Index (GSCI)

<i>Infometrics-Foodstuffs NZ GSCI</i>	Sep-19	Sep-22
GSCI, Jan-18 = 1,000	1,028	1,163
GSCI annual % change	2.0%	9.2%
Number of products increasing in cost	2,768	5,404

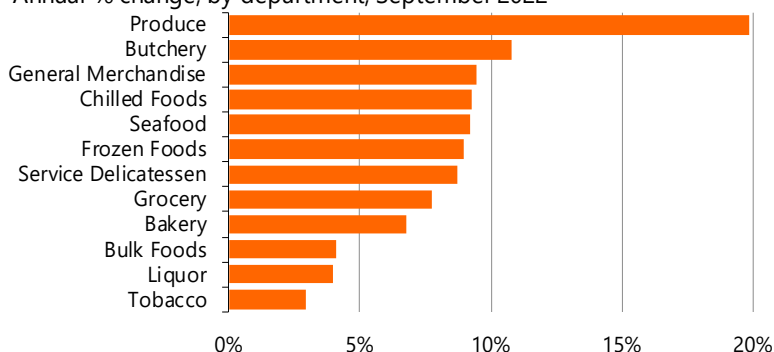
### Grocery supplier costs rise 9.2% in Sept

Annual % change



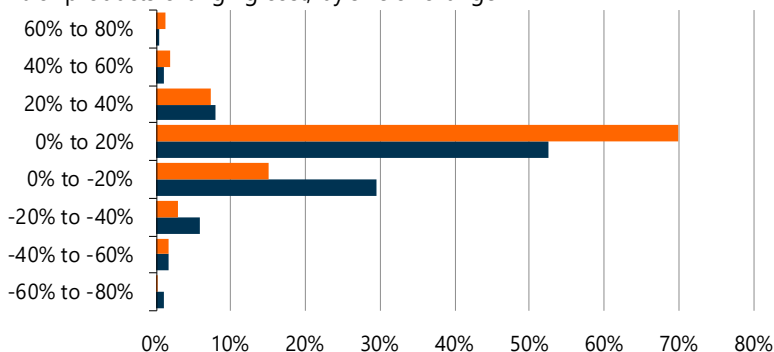
### Grocery supplier costs increases by type

Annual % change, by department, September 2022



### Distribution of cost changes

% of products changing cost, by size of change



## Supplier cost rises continue

The **Grocery Supplier Cost Index** rose 9.2%pa in September 2022, continuing the trend of accelerating grocery supplier cost increases, as suppliers face more intense input cost pressure themselves.

More products continue to be re-costed at higher levels, with a broadening in supplier cost increases apparent as general merchandise cost rises accelerate.

Recent falls in the exchange rate will put further pressure on the cost of imported goods, with the New Zealand dollar falling 6.5% against the US dollar in September and a total of 18% over the last six months. Current data still shows sustained supplier cost pressures, with input cost inflation still considerably elevated, which will maintain pressure on domestic supermarket pricing. Any pockets of relief in cost pressures remain limited.

## Cost rises remain broad-based

September saw all departments again record annual increases in supplier costs. Importantly, general merchandise supplier costs have now risen 9.4% over the last year, moving into third place in terms of largest annual increases, behind produce (up almost 20%pa) and butchery (up over 10%).

The increase in such a broad category of products underscores that suppliers are facing a wide array of increasing costs that are being passed on.

## Sustained larger cost increases

Over 5,400 products were re-costed higher in September 2022. This result was almost double the number of products recorded in September 2019, at 2,768.

More costs continue to go up, and are rising to a greater degree. In September 2022, 80% of changes were to a higher cost, compared to 62% in September 2019. Cost increases of above 40% accounted for 3.0% of September 2022 changes, compared to 1.6% in September 2019.

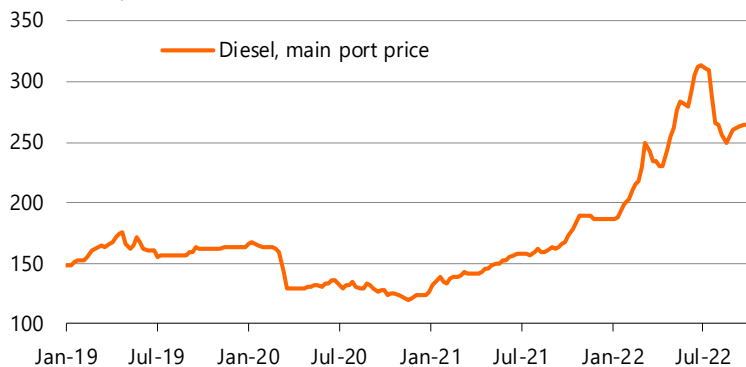
## The Grocery Supplier Cost Index

The *Infometrics-Foodstuffs New Zealand Grocery Supplier Cost Index* (GSCI) measures the change in the cost of grocery goods charged by suppliers to the Foodstuffs North and South Island cooperatives. 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](http://www.infometrics.co.nz/product/grocery-supplier-cost-index).

## Diesel prices still up by 58%pa

c/L, weekly



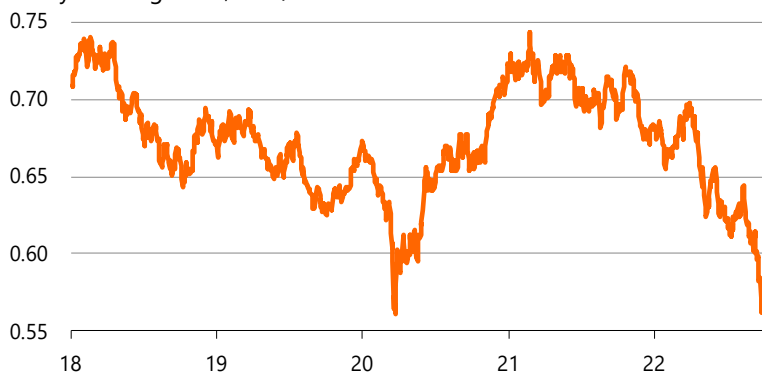
## Fuel prices remain high

After a fall in recent months, fuel prices have now stabilised well above their 2021 levels, with both upside and downside risks now present. Concerns over a global recession have brought fuel prices down, but recent moves by OPEC+ to cut production by 2% should keep fuel prices elevated.

Diesel prices remained 58% higher than a year ago at the end of September and have stayed steady at just over \$2.60/L in recent weeks – a level that will keep pressure on input costs.

## Exchange rate falls steeply

Daily exchange rate, USD/NZD



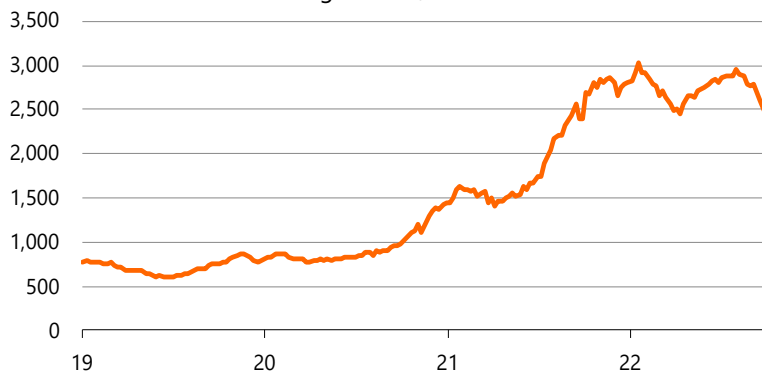
## USD/NZD fall will hit import costs

The recent strength of the US dollar has seen the NZ dollar and most other major currencies fall heavily, further increasing the cost of imported goods. In mid-September, the NZ dollar slipped below US60c for the first time in over two years. It ended the month 6.5% lower and has fallen 18% against the US dollar over the last six months.

Recent steeper falls in the exchange rate will add even more cost pressure on international imports, increasing the strain on input costs for businesses.

## Freight prices to New Zealand still high

SSE China Containerized Freight Index, China to Aus/NZ

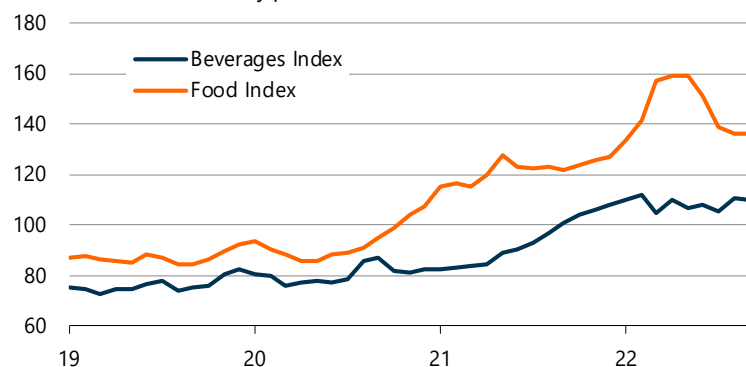


## Freight prices to NZ still high

Although many international shipping indices are showing marked improvements in 2022, shipping costs to New Zealand remain elevated. The Shanghai Shipping Exchange China Containerized Freight Index for China to Australia and New Zealand is up 228% from pre-pandemic levels in September 2019, and has risen 3% in the last year. Although this index shows less of an increase in shipping costs to New Zealand than other areas, the lack of recent declines underscores continued cost pressures.

## International prices stabilise at higher level

World Bank commodity price index, 2010 = 100



## Global prices stabilise higher

Despite falls in global food and beverage prices in recent months, the latest World Bank commodity price index points to a stabilisation of prices at a higher level.

Both indices were essentially unchanged in September, but remain up substantially from pre-pandemic levels. Food oils prices have moderated further, but grain and other food prices remain elevated. Food prices are now only 2% above levels seen at the start of 2022, but are still up 43% from the same time in 2020.