

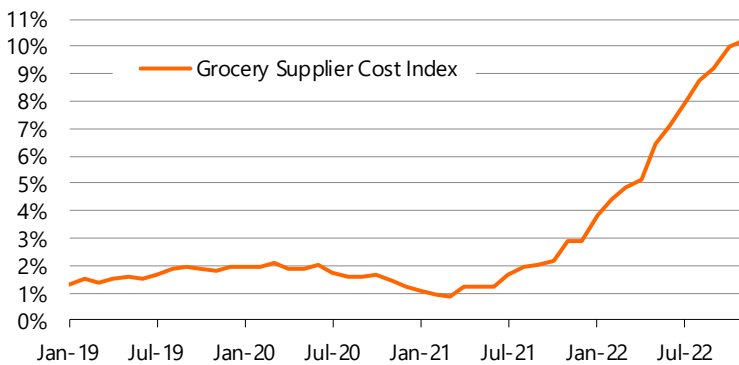


Grocery Supplier Cost Index (GSCI)

<i>Infometrics-Foodstuffs NZ GSCI</i>	Nov-19	Nov-22
GSCI, Jan-18 = 1,000	1,029	1,184
GSCI annual % change	1.8%	10.2%
Number of products increasing in cost	2,859	7,800

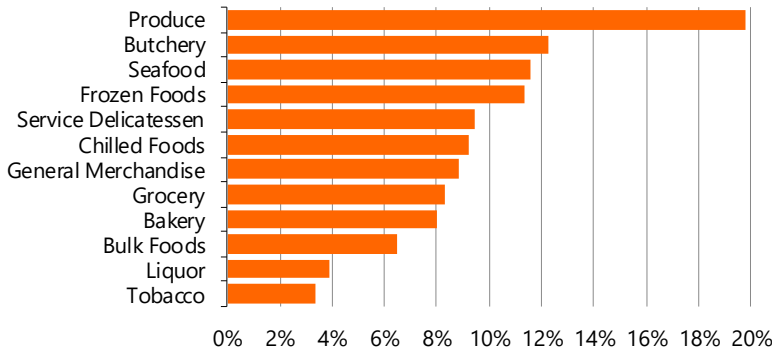
Grocery supplier costs up 10.2%pa in Nov

Annual % change



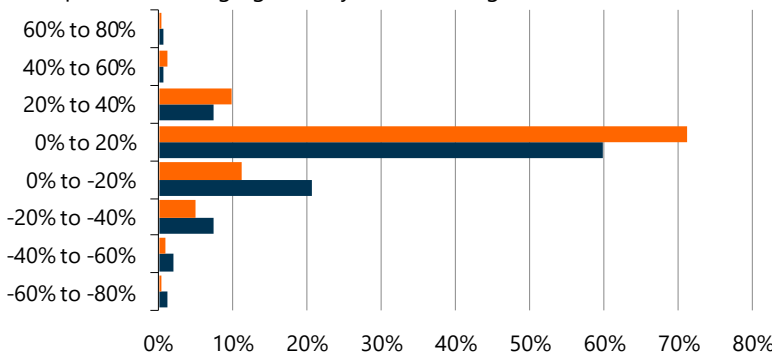
Grocery supplier costs increases by type

Annual % change, by department, November 2022



Distribution of cost changes

% of products changing cost, by size of change



Supplier cost rises remain high

The **Grocery Supplier Cost Index** rose 10.2%pa in November 2022, as cost increases continue to remain at highly elevated levels across a broader range of items.

Supplier cost increases remain high, at over 10% pa, with substantially higher numbers of supplier cost changes occurring with larger cost increases. These trends underscore the sustained broadness of cost increases, with suppliers passing on higher input costs. Recent acceleration in the costs of less volatile items like general grocery goods reinforces pervasive cost pressures.

Continued large increases in on-farm costs and imported food costs demonstrate the upstream effects of higher input costs being felt further down the supply chain and risks greater cost pressure persistence.

Increases across all departments

Supplier costs to supermarkets continued to rise across all departments. Produce, butchery, and seafood supplier costs rose further, and were joined by frozen foods in the group of departments experiencing a more than 10%pa rise in Supplier costs over the last year.

Supplier cost increases remain broad-based, with grocery and general merchandise department supplier costs up over 8%pa in November 2022.

More large cost increases

In November 2022 7,800 items increased in cost, nearly three times as many items as in November 2019 (pre-pandemic).

Around 83% supplier cost changes in November 2022 increased in cost, substantially higher than the 69% recorded in November 2019. More of these increases are of a larger magnitude, with just over 11% of cost changes being for increases of more than 20% in cost (compared to just under 9% in 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.



Diesel prices easing, but still up 29%pa

Diesel, main port price, c/L, weekly



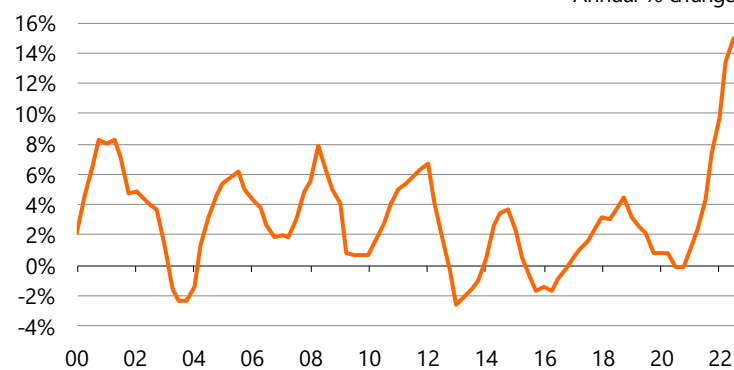
Fuel prices ease, but remain high

The price of diesel has fallen back to \$2.41/L at the end of November 2022, its lowest since mid-April. Fuel prices declined throughout November, as fears of a global slowdown and possible recession started to widen, with expectations of future fuel oil demand waning, compounded by a weak Chinese economy.

However, diesel prices remain 29% higher than a year ago, and earlier higher fuel costs are still filtering through into goods costs across the supply chain.

Farm expense growth accelerates to 15%pa

Farm expense price index, all farms, all inputs



On-farm costs up 15%pa

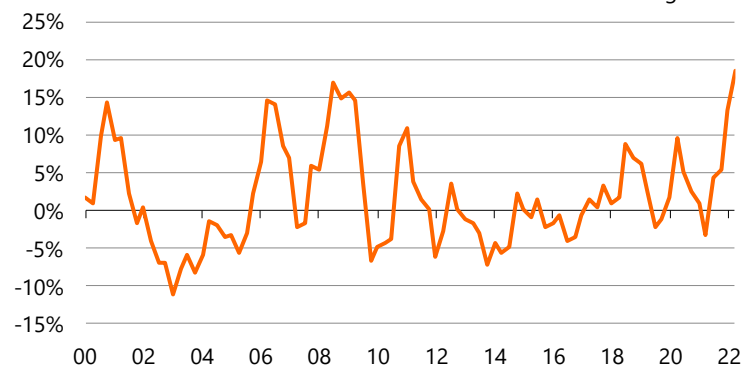
Cost increases on-farm have accelerated again, with the Stats NZ Farm Expense Price Index increasing 15%pa in the September 2022 quarter.

Fuel costs remain high, up more than 53%pa over the last year, alongside fertiliser costs (up 37%pa) and interest rates (up 34%pa).

Cost increases are broadening on-farm too, with feed costs increasing 13%pa, and repairs and maintenance up 12%pa.

Import prices increase by 22%pa

Import prices, food and beverages



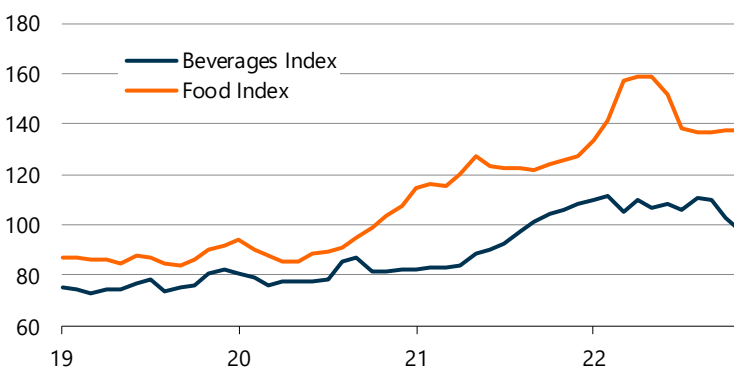
Import prices accelerate further

Import prices for food and beverages increased 22%pa in the September 2022 quarter, as higher global food costs earlier in 2022 continue to filter through supply chains and add imported cost pressures. For example, import prices for cereal and related products increased 26%pa over the last year.

The recent weakness in the NZ dollar against the US dollar will have exacerbated higher import costs for overseas goods.

Global food prices remain high

World Bank commodity price index, 2010 = 100



No change in global food prices

Global food prices remain unchanged again in November, with the latest World Bank commodity price index showing effectively flat food prices for the last five months. The stabilisation in global food prices, albeit at a higher price, is welcome, but price increases earlier in 2022 are yet to fully flow through to all parts of the supply chain.

Although food oils have slightly declined in price, grains and other foods prices (including fruits and meats) remain at elevated levels. Beverage prices have fallen, driven by lower coffee prices.