



## Grocery Supplier Cost Index (GSCI)

<i>Infometrics-Foodstuffs NZ GSCI</i>	<b>Feb-20</b>	<b>Feb-23</b>
GSCI, Jan-18 = 1,000	1,035	1,204
GSCI annual % change	2.0%	10.4%
Number of products increasing in cost	2,035	8,233

## Holding pattern for supplier costs

The **Grocery Supplier Cost Index** rose 10.4%pa in February 2023, an acceleration in supplier cost increases after a period of lower increases due to the usual summer moratorium on most cost changes.

Cost pressures remain broad-based, with a return to high levels of items increasing in cost in February 2023. Produce costs remain the most elevated on an annual basis, and frozen and grocery food cost increases accelerated again.

Global food prices and domestic fuel prices both remain stable at elevated levels, but other input costs, including packaging, continue to rise at pace. Domestic inflation pressures have not eased substantially yet, and weather-related disruptions will only reinforce some of the pressures already in the system, as supply is limited.

## Broad cost increases continue

Supplier costs remain higher than a year ago across all departments. Increases in produce costs averaged nearly 23%pa in February 2023, a slight acceleration from January, and with expectations that further produce cost pressures are to come as the effects of recent weather filter through.

Frozen food costs increased further, and are now up nearly 13%pa, and grocery goods accelerated to an 8.7%pa increase. Butchery cost increases slowed slightly, but remain at nearly 11%pa.

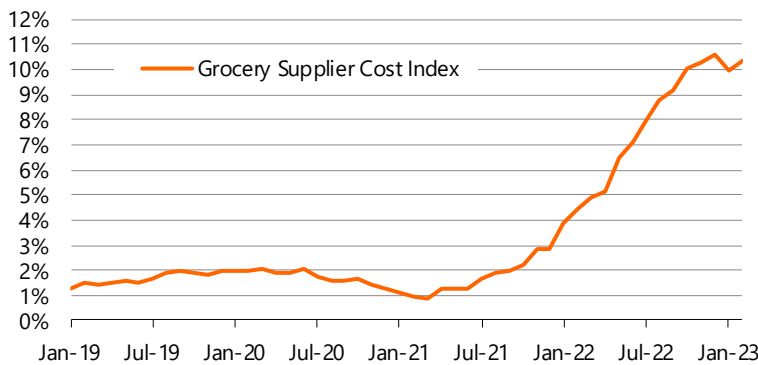
## More items increasing by more

Over 8,200 items increased in cost in February 2023, the third largest total (since 2018), with the bounce back to higher numbers of increasing product a reflection of the usual summer moratorium. February 2023's total was four times the number of items as in February 2020.

In February, 8.1% of items rose in cost by more than 20%, compared to 4.0% in February 2020. Around 11% of items saw a cost decrease, compared to 13% of items in February 2020.

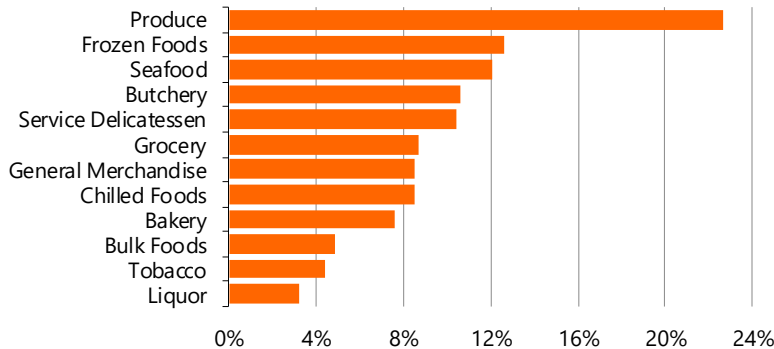
## Grocery supplier costs up 10.4%pa in Feb

Annual % change



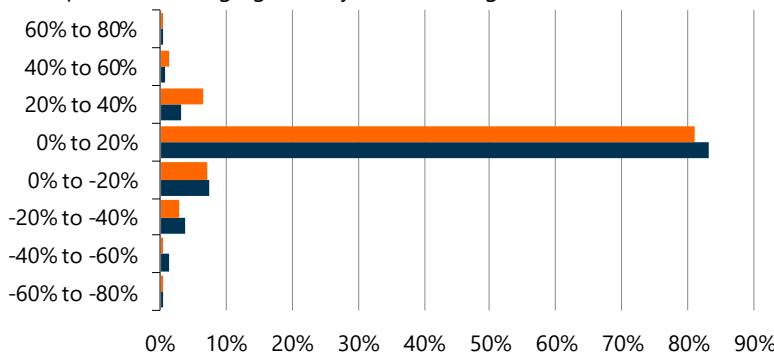
## Grocery supplier costs increases by type

Annual % change, by department, February 2023



## Distribution of cost changes

% of products changing cost, by size of change



## The Grocery Supplier Cost Index

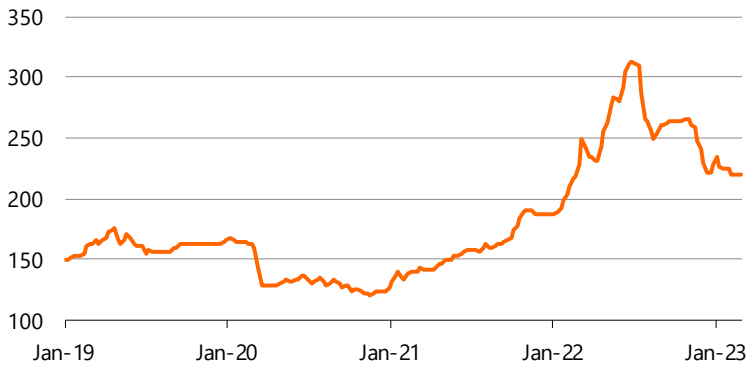
The *Infometrics-Foodstuffs New Zealand Grocery Supplier Cost Index* (GSCI) measures the change in the cost of grocery goods charged by suppliers to the Foodstuffs North and South Island cooperatives. The Index utilises detailed Foodstuffs NZ data, across over 60,000 products, analysed by independent 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 now at same, higher, level as in 2022

Diesel, main port price, c/L, weekly



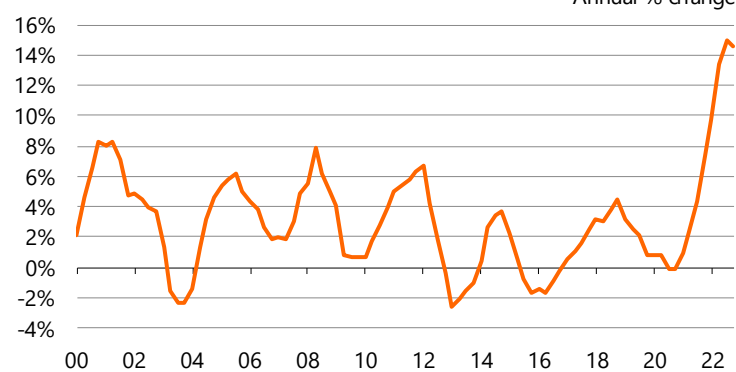
## Diesel prices stabilise at \$2.20/L

Diesel prices moderated slightly to around \$2.20/L in February 2023, and remained at around that level throughout the month. Diesel prices are now just 1% above February 2022 levels, although that comparison is slightly misleading as it compares to the period as the Russian invasion of Ukraine commenced, sending fuel prices higher.

The diesel/petrol margin has improved further, with diesel prices now 34c/L lower than regular petrol, but remains a narrower margin than the 57c/L average since 2004.

## Farm expense growth holds at 14.6%pa

Farm expense price index, all farms, all inputs



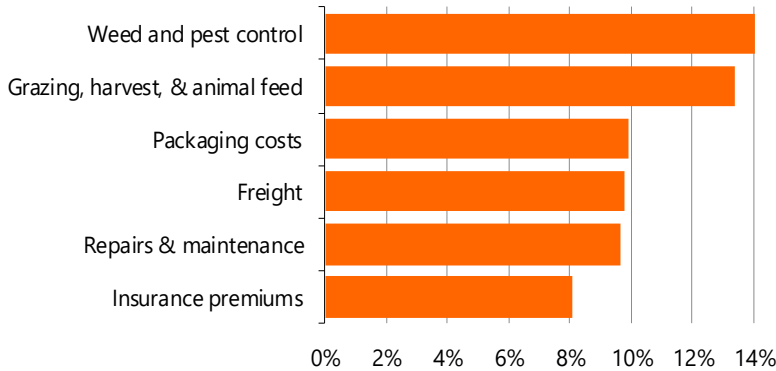
## Farm costs rising at elevated pace

The Farm Expenses Price Index from Stats NZ shows that on-farm costs rose 14.6%pa in the December 2022 quarter, close to the record 15% pa recorded in September 2022.

Finance, fuel, and fertiliser cost increases continue to drive farm costs higher, with a 45%, 33%, and 28%pa increase respectively for these major items. Farm price increases continue to run at a faster rate than consumer or general business inflation, at a near-record pace.

## Wider cost pressures to production

Annual % change, selected farm expenses

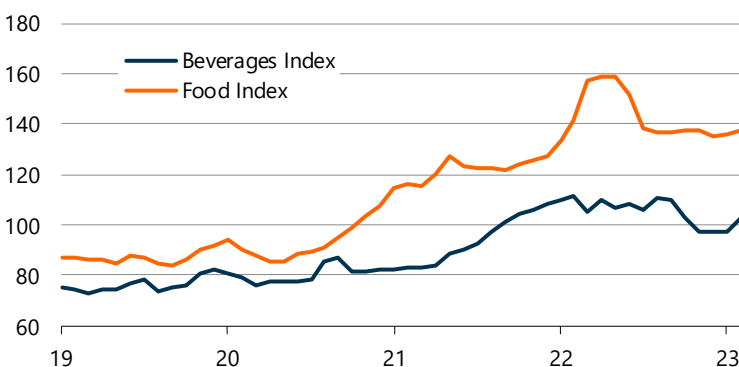


## Wider cost pressures remain too

Recent business price data has highlighted the broader cost increase that businesses are facing, with input cost increase driving further price increases. Higher cost increases for weed and pest control (14%pa), freight (9.8%pa), and repairs & maintenance (9.6%pa) reinforces levels of service-based inflation. Higher harvest and feed costs highlights some of the broader cost pressures on operational costs in the primary sector, and higher packaging costs underscores continued input cost pressures across the supply chain.

## Global food prices holding higher

World Bank commodity price index, 2010 = 100



## Global food prices holding higher

Global food prices increased slightly again in February 2023, with the trend in food prices remaining stable at higher levels. The World Bank commodity price index showed that food prices rose 1.0% in February from the month before.

Considerably higher food prices in February 2022 due to the Russian invasion of Ukraine means that global food prices in February 2023 are 2.8% lower than a year ago, but still up 18% from February 2021.