

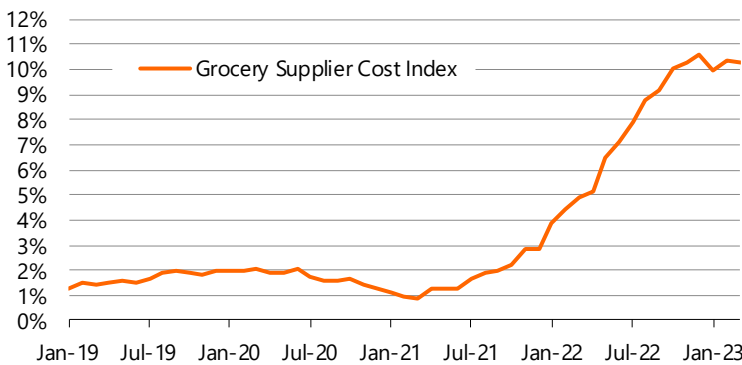


Grocery Supplier Cost Index (GSCI)

<i>Infometrics-Foodstuffs NZ GSCI</i>	Mar-20	Mar-23
GSCI, Jan-18 = 1,000	1,037	1,210
GSCI annual % change	2.1%	10.3%
Number of products increasing in cost	1,676	5,612

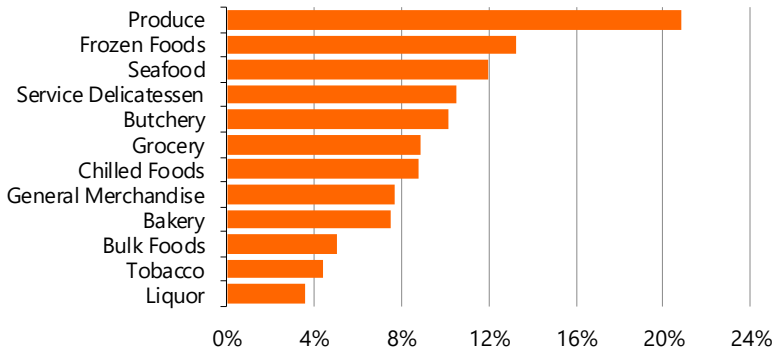
Grocery supplier costs up 10.3%pa in Mar

Annual % change



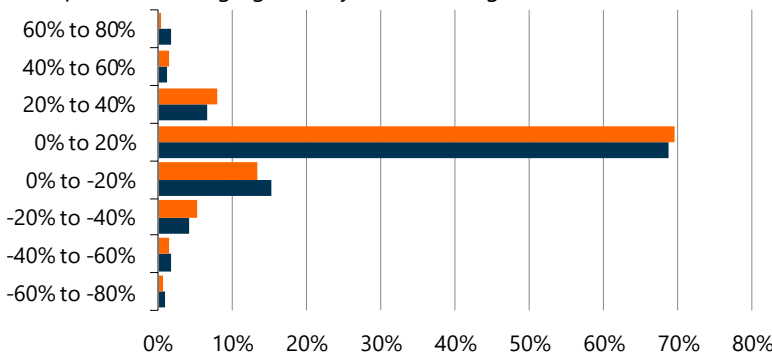
Grocery supplier costs increases by type

Annual % change, by department, March 2023



Distribution of cost changes

% of products changing cost, by size of change



Supplier cost pressures continue

The **Grocery Supplier Cost Index** rose 10.3%pa in March 2023, continuing the rapid pace of increases to costs so far in 2023.

Additional analysis shows large increases in apples, pears, potatoes, kiwifruit, and kumara in the wake of Cyclone Gabrielle. Some of these increases are not fully captured in the GSCI due to the way Infometrics excludes cost changes over certain magnitudes for data quality purposes.

Supplier cost increases remain intense, with producers across the supply chain still facing significant input cost pressures. Imported prices for grocery supplies have accelerated further, and input costs for food producers have continued to increase too. Although produce is currently in the spotlight, cost increases are broad-based across different types of goods.

No let-up in broad cost increases

Increases continue to be broad-based across all departments in March, with produce costs still up more than 20% from a year earlier. Frozen foods and grocery goods also saw an acceleration in supplier costs, with dairy products, frozen vegetables, breads, petfood, and eggs all recording larger increases. The 21%pa increase in produce costs underestimates the full extent of rising produce costs, with several fresh produce cost increases being outside the parameters of the index – an unusual situation brought about by the cyclone.

Still more items rising in cost

The number of items increasing in cost in March 2023 remained elevated, with costs for over 5,600 items increasing. This total is the 10th largest monthly total, and is four times the number of items increasing in cost in March 2020.

The distribution of increases in March 2023 is similar to in March 2020, albeit over a considerably larger number of items. Nearly 80% of items changing in cost in both periods were increases, with 10% of rises being more than 20%.

The Grocery Supplier Cost Index

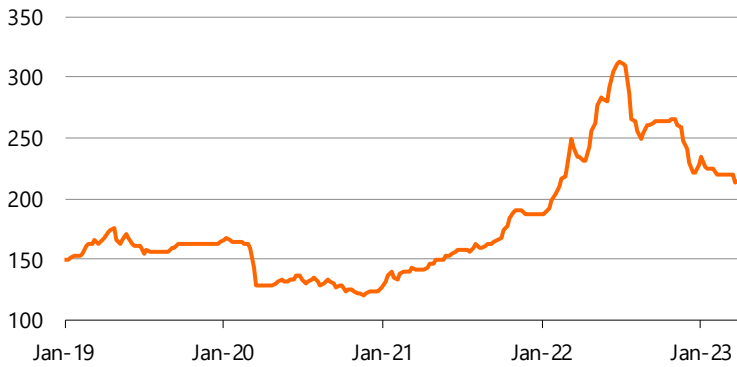
The *Infometrics-Foodstuffs New Zealand Grocery Supplier Cost Index* (GSCI) measures the change in the cost of grocery goods charged by suppliers to the Foodstuffs North and South Island cooperatives. The Index utilises detailed Foodstuffs NZ data, across over 60,000 products, analysed by independent 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 down 8%pa, but up 50% from 2021

Diesel, main port price, c/L, weekly

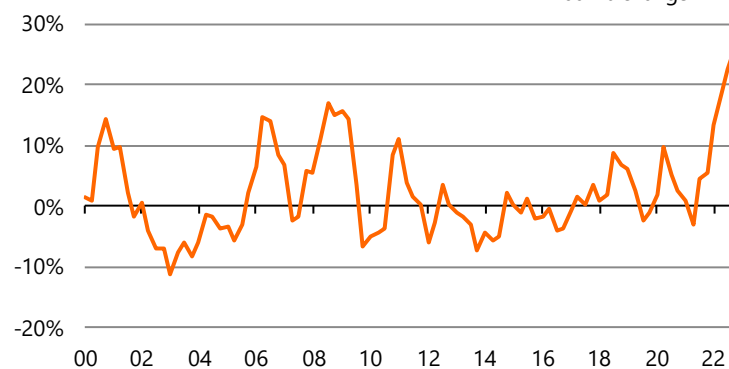


Diesel prices retreat to \$2.14/L

Diesel prices pulled back slightly to \$2.14/L at the end of March 2023. Helpfully for diesel users, the margin between petrol and diesel prices has continued to widen. Diesel prices are now 47c/L lower than regular petrol, nearing the 57c/L average since 2004. Diesel prices are now down 9% from a year earlier, when fuel prices were high immediately after Russia's invasion of Ukraine. However, diesel prices are still up 51% compared to 2021. Recent oil market pressures could push fuel prices back up again, and we continue to hear concerns from businesses about domestic transport costs.

Import prices increase by 26%pa

Import prices, food and beverages



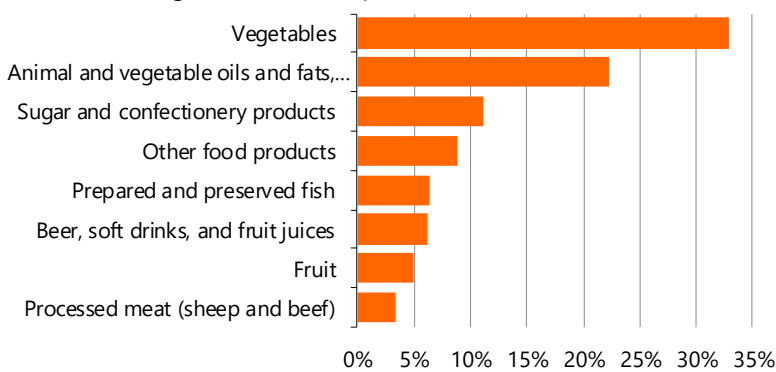
Import price growth accelerates

Import prices for food and beverages accelerated further in the December 2022 quarter, with growth hitting 26%pa following a 22%pa rise in the September quarter. This increase is the 10th largest annual lift on record, with data going back to the early 1970s.

Imported fruit and vegetable prices rose 20%pa, and cereal prices shot up 33%pa. Import prices across the board at the end of 2022 were 19% higher than a year ago.

Increases to input costs for producers

Annual % change, selected PPI input commodities

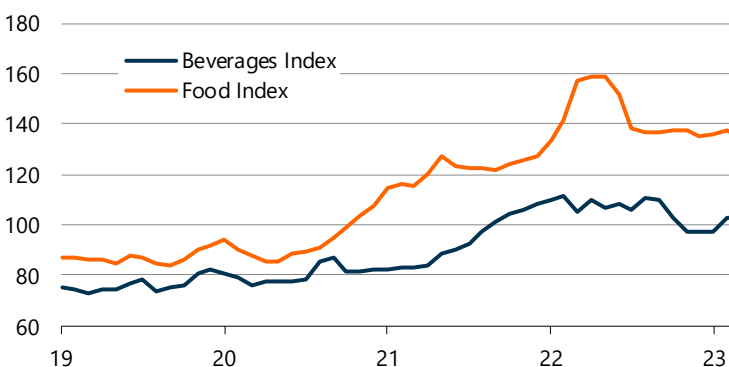


Input cost pressures hit harder

Analysis of producer price index (PPI) input commodities highlights the rising input costs hitting food and grocery suppliers across the board. Input costs for vegetables, for example, rose 33%pa in the December 2022 quarter, as costs for raw materials, packaging, repairs, and more hit producers in the pocket. Input costs for sugar and confectionery products rose more than 11%pa, and "other food" input costs increased 8.8%pa. The acceleration in input cost increases at the end of 2022 will add costs to production during 2023.

Limited changes to global food prices

World Bank commodity price index, 2010 = 100



Global food price drop limited

Global food prices fell in March 2023, reversing out the last two months of gains – although the broad trend for global food prices continues to show a stabilisation at high levels. The World Bank commodity price index showed that food prices fell 2.0% in March, compared to February, with oils, meats, and grain prices all dropping. However, other food prices advanced further.

Global food prices are now sitting 14% lower than a year ago, but they are still 17% higher than in 2021.