



Grocery Supplier Cost Index (GSCI)

<i>Infometrics-Foodstuffs NZ GSCI</i>	Jun-20	Jun-23
GSCI, Jan-18 = 1,000	1,041	1,223
GSCI annual % change	2.1%	8.3%
Number of products increasing in cost	2,674	4,057

Pace of cost increases moderates

The **Grocery Supplier Cost Index** rose 8.3%pa in June 2023, a further easing from the 8.8%pa pace recorded in May and higher annual increases before that. Monthly increases in the last three months have been less intense than the considerably larger rises in late 2022, but they are still about triple the monthly rate seen pre-pandemic.

Input cost indicators continue to show a moderation of further pressure too. Global food prices have declined further, and increases in imported food costs have moderated since the start of 2023. Domestic food input costs are also showing a trend of less intense rises than previously. It's important to stress that actual costs aren't falling overall – far from it – but cost increases aren't as fast-paced as they have been before, a sign of easing pressure on costs generally.

Less intense department rises

Supplier costs rose across all departments again in June. However, the annual change for most departments showed a further moderation as costs rise at a less intense pace than previously. Bakery costs rose the most month-on-month, with larger rises in chilled foods and grocery too. The chilled food increases were driven by higher costs for dairy and chilled meats, and the rise in grocery costs was driven by larger cost increases for grains, chips, and noodles items.

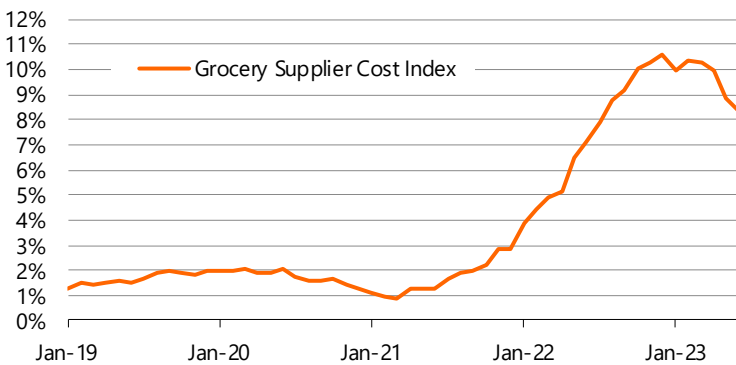
Continued larger increases

Over 4,000 items increased in cost in June 2023, around 2½ times the number back in June 2020. The latest result is still one of the top 20 months for the highest number of items rising in cost.

Cost changes continue to be skewed towards larger cost increases, with 11% of changes being increases of over 20% in June 2023, compared to 7.3% of cost changes being of this larger magnitude in June 2020. However, there were also more cost decreases of 0-20% this month.

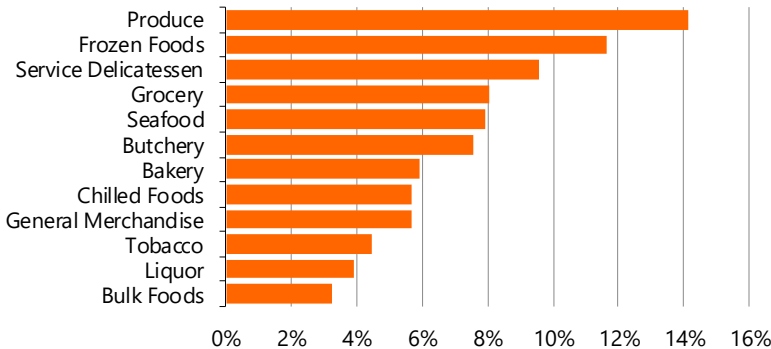
Grocery supplier costs up 8.3%pa in June

Annual % change



Grocery supplier costs increases by type

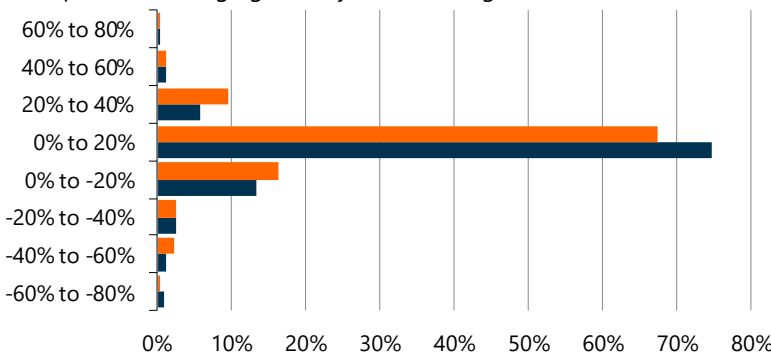
Annual % change, by department, June 2023



Distribution of cost changes

% of products changing cost, by size of change

Jun-23 Jun-20



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 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.



No change in diesel prices in June 2023

Diesel, main port price, c/L, weekly



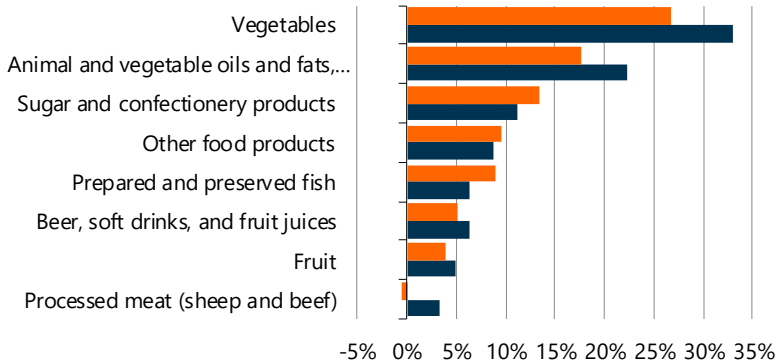
No change in diesel prices in June

Diesel prices were unchanged in June, at \$2/L on average across the country. A slight rise in underlying imported product costs was offset by a fall in costs related to the Emissions Trading Scheme, with lower carbon prices amid uncertainty about government policy surrounding the Scheme. The margin between petrol and diesel is now broadly back in line with pre-pandemic trends. Although diesel prices won't be directly affected, the reintroduction of full Road User Charges rates from 1 July will raise transport costs. It remains to be seen how much of this cost increase is passed on.

Input costs rising, but at a slower rate

Annual % change, selected PPI input commodities

Mar-23
Dec-22



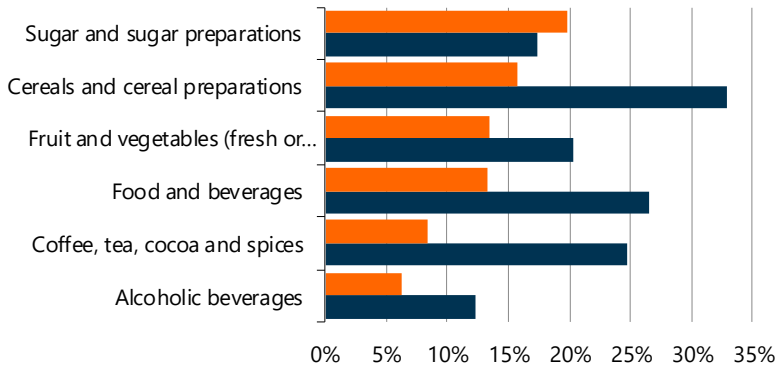
Input costs rising, at slower rate

Domestic food and beverage input costs rose further in March 2023, but generally at a slower pace than was seen throughout much of 2022. Vegetable costs were 27% higher in the March 2023 quarter compared to March 2022, but this lift represents a slowdown in the pace of cost increases compared to the 33%pa rise recorded in December 2022. Input cost increases for fish products accelerated further (confirming previous GSCI trends) as did sugar products (noted below). Meat costs fell slightly, and this category was the only one to record a fall.

Slower imported cost increases

Annual % change, import prices

Mar-23
Dec-22

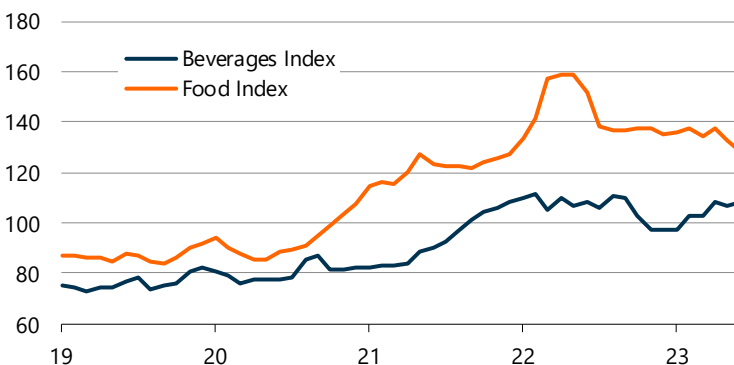


Slower imported cost increases

Imported food and beverage prices remain higher than a year ago, although the pace of increases has moderated substantially. Overall imported food and beverage prices were 13% higher in the March 2023 quarter than a year ago, but this result was a slowdown from the 26%pa rise seen in December 2022. Most imported food and beverage component price increases moderated in March, although sugar and related product prices rose further, in line with higher global sugar prices over the period.

Global food prices declining from highs

World Bank commodity price index, 2010 = 100



Global food prices declining

World food prices fell a further 3.5% in June 2023, according to the World Bank commodity price index. After broadly stagnating since mid-2022, there now appears to be a trend of falling food prices, with world food prices down 5.6% over 2023 so far.

Oils and meats prices were down the most, falling 4.9% in June, to be sitting 14% lower over 2023 so far. Grains fell 1.9% in June for an overall drop of 8.3% in 2023 to date. Other foods dropped 3.4% in June, but are still sitting 7.7% higher over 2023.