

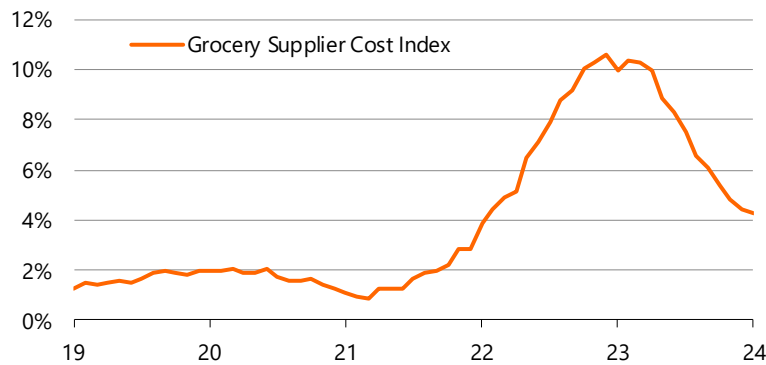


Grocery Supplier Cost Index (GSCI)

<i>Infometrics-Foodstuffs NZ GSCI</i>	Jan-21	Jan-24
GSCI, Jan-18 = 1,000	1,044	1,243
GSCI annual % change	1.1%	4.3%
Number of products increasing in cost	556	2,879

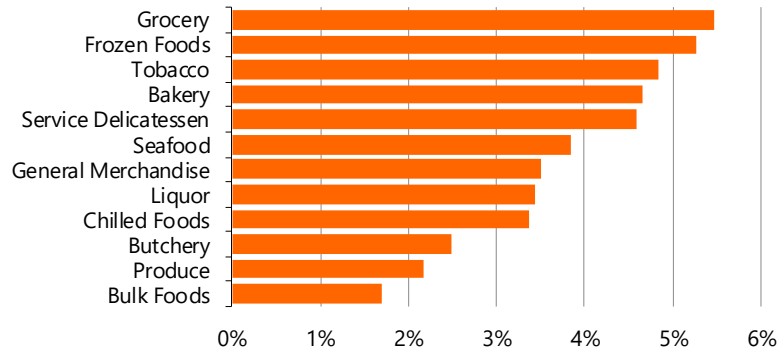
Jan supplier cost increases slow to 4.3%pa

Annual % change



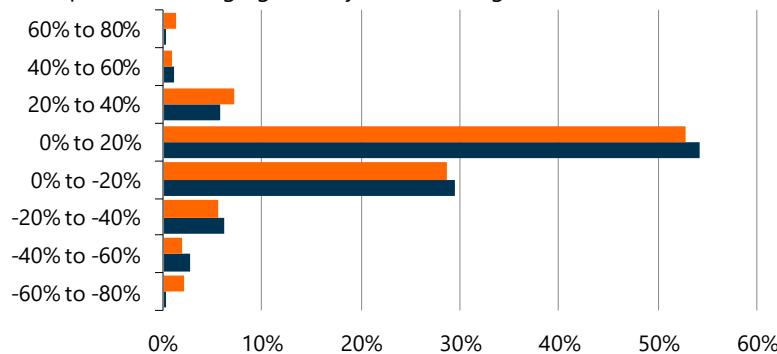
Grocery supplier costs increases by type

Annual % change, by department, January 2024



Distribution of cost changes

% of products changing cost, by size of change



Supplier cost increases slow again

The **Grocery Supplier Cost Index** was up 4.3%pa in January 2024, the slowest annual rise since the start of 2022 as January saw a more limited monthly rise in costs. The usual summer moratorium on most cost increases always limits movements in the Index for January, but recent trends support a continued moderation in input cost pressures.

Cost changes appear to be settling into a trend that is lower than when the most intense cost increases were being observed but still considerably higher than before inflationary pressures started taking off.

External data supports the current trend of less intense cost increases, but also highlights concerns over how persistent some of the input increases to suppliers might be.

Chilled foods and seafood up

Just over a third of departments again recorded no change in the January 2024 month (compared to December), but there was more variation in the remaining departments. Increasing dairy product prices saw chilled food costs lift. Seafood costs also lifted as fresh fish costs increased, and produce costs rose slightly too. Some higher vegetable costs (like broccoli, onions, and lettuce) contributed to this monthly rise, even as costs fell for some fruits like berries and apples.

Still more cost rises

Almost 2,900 items increased in cost in January, a smaller number than in January 2022 and 2023, but considerably more than in 2018-2020. Overall, this trend reinforces that supplier cost increases are not as broad and intense as in 2022 and 2023 but are still considerably elevated from periods when inflation was lower. Cost increases in January 2024 skewed higher than January 2021 increases, with 9.2% of changes in cost being increases of more than 20% - compared to 7.2% of items in 2021.

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 list cost of grocery goods charged by suppliers to the Foodstuffs North Island and Foodstuffs South Island co-operatives. 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 little changed in January 2024

Diesel, main port price, c/L, weekly



Diesel holds around \$2.15-\$2.20/L

Since the start of December 2023, diesel prices have averaged \$2.17/L, holding between \$2.15 and \$2.20/L. Prices at the end of January were 3% lower than a year ago, but still 10% higher than just before the Russian invasion of Ukraine. Markets have continued to adjust to concerns around shipping issues in the Red Sea and wider risks of geopolitical tensions in the Middle East, and have been tracking sideways recently. However, [recent data](#) has pointed to the lowest levels of diesel distillates stocks in some time, raising the risk of higher prices in 2024.

Shipping costs up 250% from end of 2023

Freightos Baltic Index, weekly — Global Container Freight Index



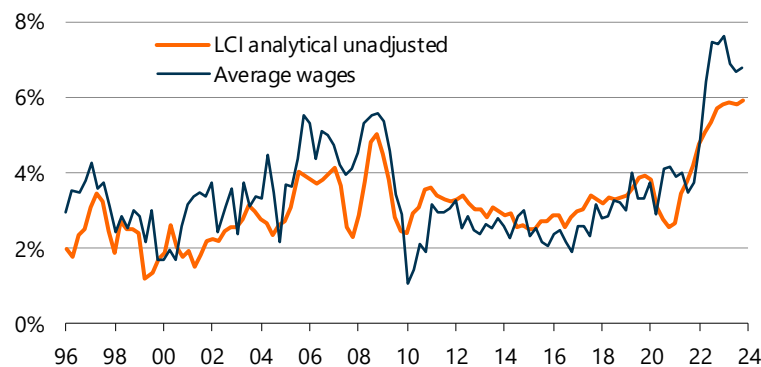
Shipping costs more than double

Continued attacks on shipping in the Red Sea by Iranian-back Houthi militia, and retaliatory strikes by the US and UK, have kept shipping costs at elevated levels over January. At the end of January 2024, the *Freightos* Global Container Freight Index was sitting 250% higher than at the end of December 2023.

Recent data suggests that shipping prices might have reached a near-term peak, with a stabilisation in weekly prices as networks adjust and more spare capacity is brought online.

Rapid wage growth turning, very slowly

Labour costs and average wages, annual % change

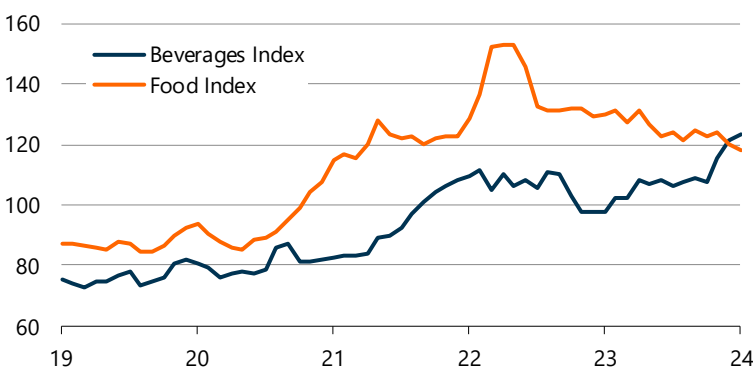


Wage pressures persist

The labour market is turning, but much slower than anticipated. The unemployment rate has edged up to 4.0%, with a larger population looking for work, but still high levels of hiring too. Wage inflation remains hotter than expected too, with the headline Labour Cost Index up 4.3%pa—a rate it has maintained throughout all of 2023. The analytical unadjusted index has tracked slightly higher, but is showing some signs of broadly plateauing too. Average hourly earnings rose 6.8%pa, slower than a peak of 7.6%pa in early 2023, but this remains high historically.

Food prices drop lower, drinks rise

World Bank commodity price index, 2010 = 100



World food prices down again

The World Bank commodity price food index fell 1.6% in January from a month ago, with the index now sitting 9.2% lower than a year ago. The lower index was driven by falls across the board, with food oils down 2.0%, other food down 1.5%, and grains down 1.3% from a month before. Rice prices still remain considerably higher than a year ago.

The beverages index rose further, up 1.7% in the month, as coffee and cocoa prices continued to increase.