

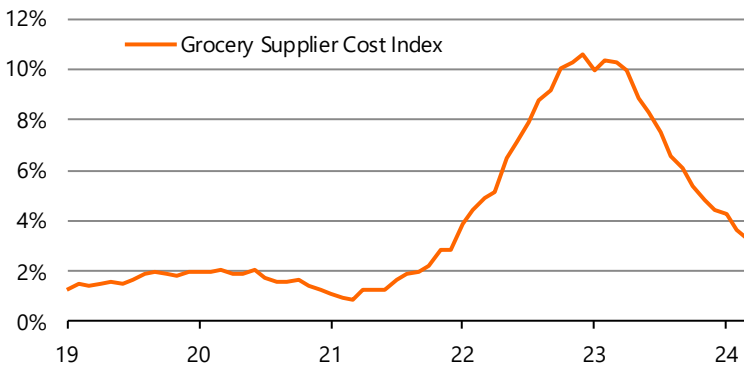


## Grocery Supplier Cost Index (GSCI)

<i>Infometrics-Foodstuffs NZ GSCI</i>	<b>Apr-21</b>	<b>Apr-24</b>
GSCI, Jan-18 = 1,000	1,050	1,251
GSCI annual % change	1.3%	3.0%
Number of products increasing in cost	1,525	2,998

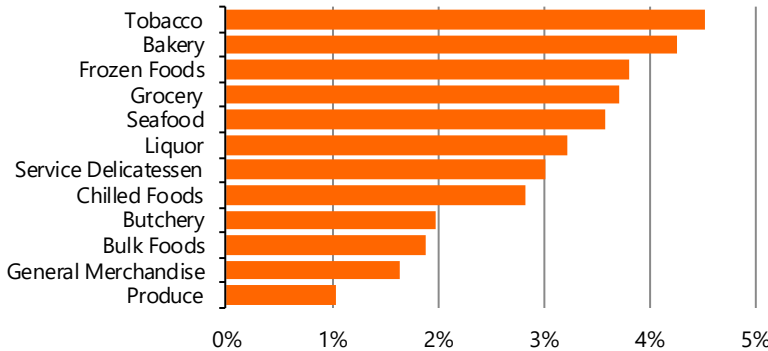
### Apr supplier cost rises slow back to 3.0%pa

Annual % change



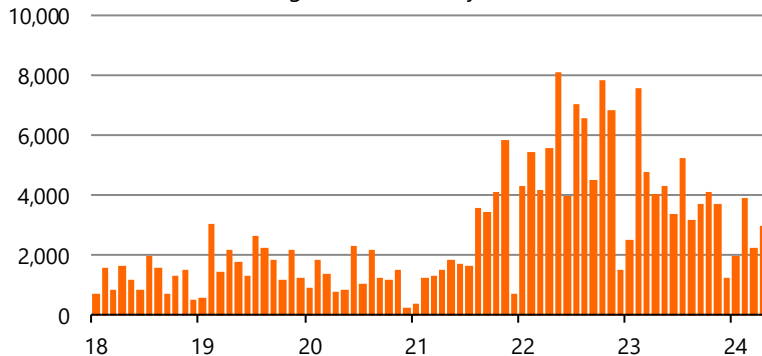
### Grocery supplier costs increases by type

Annual % change, by department, April 2024



### Nearly 3,000 items increased in cost in Apr

Number of items increasing in cost, monthly



## Supplier cost rises average 3.0%pa

The **Grocery Supplier Cost Index** rose 3.0% in April 2024 from a year earlier, with annual growth in the Index slowing further. Supplier costs continue to rise, but at a more moderate pace. Trends in supplier costs and input cost indicators in April remained consistent with a continued slowdown in cost pressures in 2024. However, as previously signalled, supplier cost increases look likely to stabilise at a higher-than-previous pace.

The number of items increasing in cost month-on-month remains substantially elevated compared to when cost pressures were less intense, with around double the number of increases appearing as a new standard. Produce cost increases are less intense than a year ago, as supply has improved after the Auckland floods and Cyclone Gabrielle, but other products remain under continued cost pressure.

## Produce cost rise slows to 1.1%pa

Nearly all departments showed an increase in supplier costs in April compared to the same month in 2023. Excluding tobacco, bakery costs increased the most, by 4.3%. Frozen foods saw above average increases too, with higher costs for frozen meats, mixed vegetables, and frozen meals.

Produce costs saw the lowest year-on-year rise, at just 1.1%, with bananas, tomatoes, and other fruits keeping cost growth restrained.

## Nearly 3,000 items rose in cost

Just under 3,000 items increased in cost in April 2024 compared to a month before, around double the number of items that rose in cost in the same month of 2021. However, the number of monthly cost increases at present is below the more than 5,000 per month recorded on average in 2022 and early 2023. Nearly 10% of April's cost increases were rises of more than 20%, compared to just under 7% of increases being of the same magnitude back in April 2021.

## The Grocery Supplier Cost Index

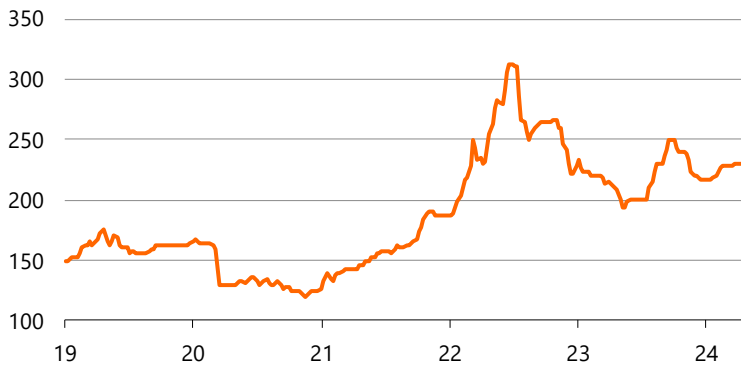
The *Infometrics-Foodstuffs New Zealand Grocery Supplier Cost Index* (GSCI), commissioned by Foodstuffs New Zealand, measures the change in the list cost of grocery goods charged by suppliers to the Foodstuffs North Island and Foodstuffs South Island co-operatives. The Index utilises detailed Foodstuffs 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](http://www.infometrics.co.nz/product/grocery-supplier-cost-index).



## Diesel prices flat since mid-Feb

Diesel, main port price, c/L, weekly



## Diesel prices broadly flat

Diesel prices remained broadly flat across April, averaging \$2.29/L, at a similar level to the one that has prevailed since mid-February. Prices are sitting 11% lower than in 2022, when fuel prices rose steeply after the Russian invasion of Ukraine, but diesel prices are still up 12c/L from the end of 2023, and 10% higher than at the same point in 2023. Ongoing conflict in the Middle East is maintaining upwards pressure on prices, but this pressure is being mitigated by expectations of lacklustre global economic growth.

## Shipping costs down, but not normal

Freightos Baltic Index, weekly

Global Container Freight Index

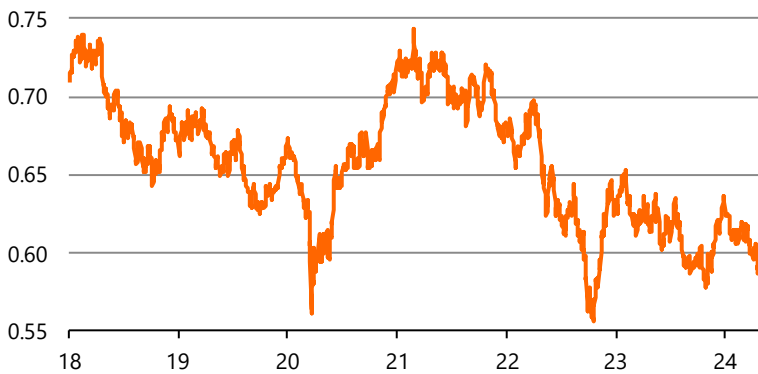


## Shipping costs lower, but not low

Shipping costs have continued to moderate, with costs at the end of April sitting 13% below where they were the end of March, according to the *Freightos* Global Container Freight Index. However, shipping costs are still up 78% from prices seen at the end of 2023, and are only retreating slowly. At the current pace, prices wouldn't return to normal until October. Ongoing conflict in the Red Sea means a higher freight premium is likely to persist, with continued shipping delays and higher prices expected across 2024.

## NZD holds lower in April

Daily exchange rate, USD/NZD

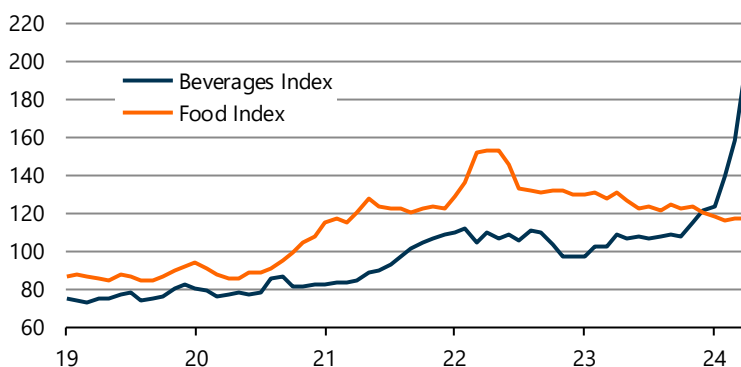


## Currency weakness of concern

The New Zealand dollar (NZD) averaged below US60c in April, continuing a trend of a lower exchange rate in 2024. The USD/NZD cross started 2024 at above US63c, and it is down 6.0% in 2024 so far. Expectations that interest rates will remain higher for longer in the US, coupled with stronger economic trends including spending and employment, have seen the NZD depreciate. The lower exchange rate is making imported goods more expensive, although global inflationary pressures continue to moderate.

## Drink prices soar, food remains level

World Bank commodity price index, 2010 = 100



## Supply hits drink prices

The World Bank beverage price index rocketed up another 27% in just one month in April, taking beverage prices to up 65% for 2024 so far. Higher cocoa prices continue to drive this increase, having more than tripled over the last year. Robusta coffee is considerably higher too, given lower supply from key producers.

Global food prices continue to bounce up and down each month, but have averaged around 10% lower in 2024 so far than during the same period in 2023.