



## Grocery Supplier Cost Index (GSCI)

<i>Infometrics-Foodstuffs NZ GSCI</i>	Jun-21	Jun-24
GSCI, Jan-18 = 1,000	1,054	1,256
GSCI annual % change	1.2%	2.7%
Number of products increasing in cost	1,739	2,067

## Supplier costs up 2.7%pa in June

The **Grocery Supplier Cost Index** rose 2.7% in June 2024 from a year earlier. The slower moderation that was seen in May has continued in June – the annual increase is pushing lower, but not by as much each month.

The number of cost increases was smaller in June than in most months of 2022-2024, but the trend of cost increases is still elevated compared to before 2022. Department-level data shows some stubborn persistence in some areas, especially grocery.

Although global shipping prices are higher and continue to cause concern for future input cost pressures, reduced import costs, softer fuel prices, and lower global food prices are all encouraging signs of a continued moderation in cost pressures.

## Still-stubborn grocery cost rises

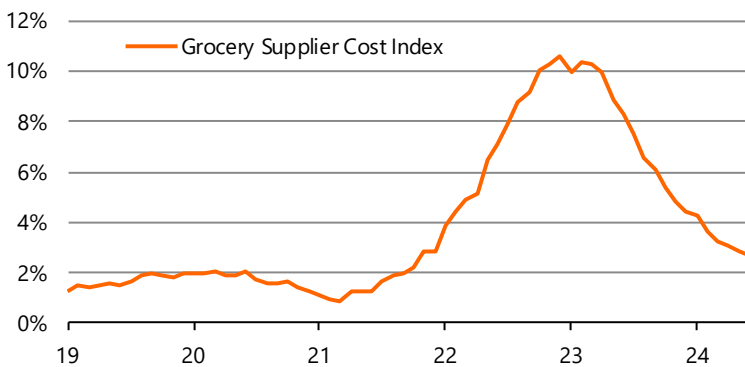
Costs in June 2024 remained higher for all departments compared to June 2023. Some departments are showing a slight reacceleration in the pace of annual cost increases, but these increases remain considerably slower than at their peak. Produce cost increases of 1.2%pa were slightly faster than in May, driven by increases for several fruits (including tomatoes). Cost pressures for products like cooking oils, chocolate, and coffee kept general grocery costs higher too, year-on-year.

## Around 2,000 items rose in cost

Around 2,000 items increased in cost in June 2024 from the previous month, up around 19% from the number of items that rose in cost in the same month of 2021. This figure was one of the lowest relative totals for increasing items in recent times. Only 52% of monthly cost changes in June were increases of 0-20%, compared to 81% in June 2021. However, a larger proportion of items fell in cost in June from the month before, with 38% of cost changes being cost decreases, compared to 12% being cost decreases in June 2021.

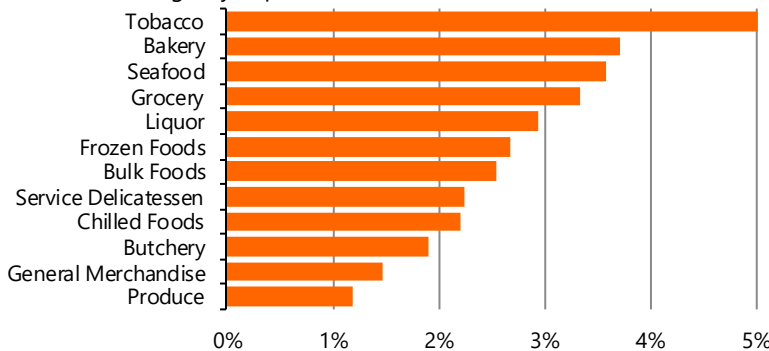
## Supplier costs up 2.7%pa in June

Annual % change



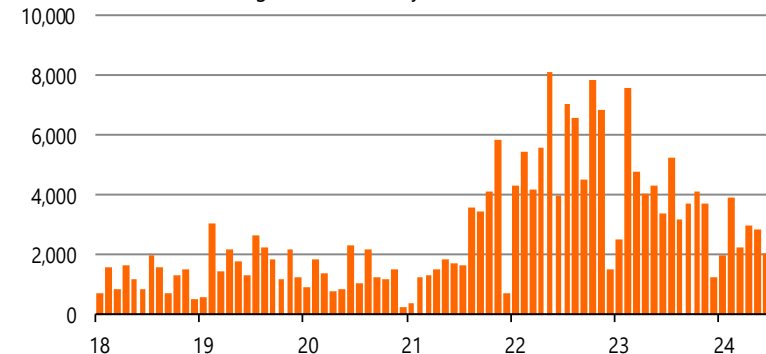
## Grocery supplier costs increases by type

Annual % change, by department, Jun 2024



## June saw 2,000 items increasing in cost

Number of items increasing in cost, monthly



## 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 hold lower in June

Diesel, main port price, c/L, weekly



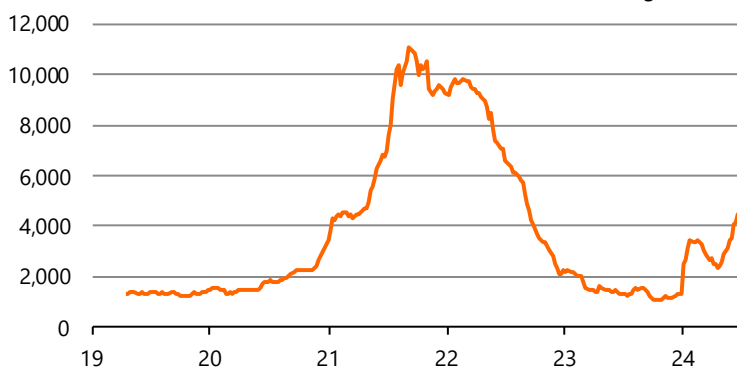
## Diesel prices hold lower in June

Diesel prices in June pushed down to around \$2.08/L on average for the first three weeks of the month. This average was down 12c/L from May's average of about \$2.20/L. International oil prices have been lower in recent weeks as expectations of a slower pace of interest rate cuts, and therefore a dampening effect on demand, is factored into the market. The New Zealand cost of crude oil fell 9.5% over the last month, highlighting this decline. Sustained lower Emissions Trading Scheme costs have also flowed through into lower diesel prices.

## Shipping costs rising further

Freightos Baltic Index, weekly

Global Container Freight Index



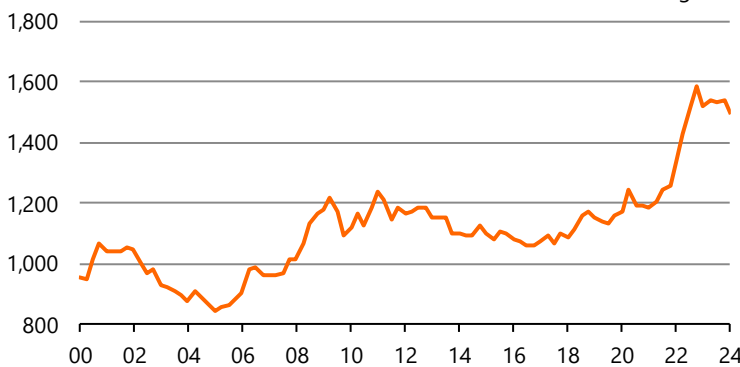
## Shipping costs head higher again

Shipping costs are increasing rapidly again, as tensions in the Red Sea persist. The *Freightos* Global Container Freight Index shows that shipping costs are currently 240% higher than at the end of 2023. This latest rapid rise in May and June comes after shipping costs had settled back a bit after increases in the first two months of 2024 in response to the Red Sea attacks on shipping. Shipping costs remain considerably lower than at the peak of pandemic disruptions, and with lower demand globally, current cost pressures are not expected to become as critical.

## Import prices edging lower

Import prices, index, June 2002 = 1,000

Food and beverages



## Imported food prices edge lower

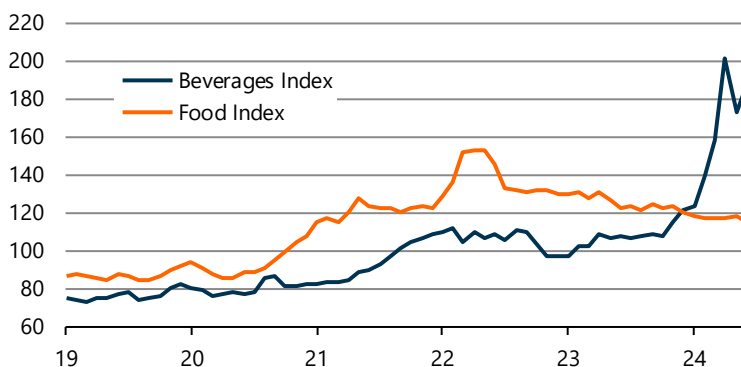
Import prices for food and beverages were down 1.6%pa at the start of 2024, after prices levelled out and have started to edge lower. However, import prices remain 28% higher than at the start of 2020. The annual drop in imported food prices was driven by a 6.0%pa fall in sugar and related preparations, and a 3.2%pa fall in cereals and related preparations. Other food groups continued to see higher import prices, with an 8.3%pa rise in coffee, tea, cocoa, and spices, and a 5.3%pa rise for imported fruits and vegetables.

## Global food prices ease further

World Bank commodity price index, 2010 = 100

Beverages Index

Food Index



## Further global food price easing

The World Bank beverage price index rallied again in June, up 8.5% from May to sit 74% higher than a year ago, as cocoa and coffee prices remain high. The global food index fell 2.5% in the last month, leaving food prices sitting 6.1% below a year earlier, and at their lowest since the start of 2021. Meats and fruits led the "other food" group lower, with lower prices for lamb, chicken, and bananas over the last year. On average, grain prices are down by 14%pa, led by wheat and maize, although rice prices remain elevated.