

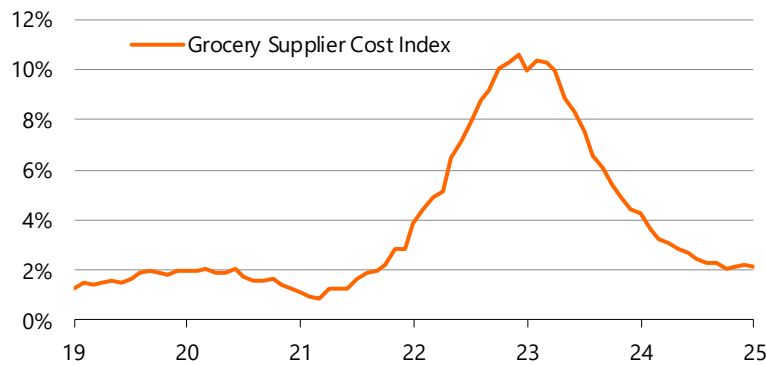


Grocery Supplier Cost Index (GSCI)

<i>Infometrics-Foodstuffs NZ GSCI</i>	Jan-22	Jan-25
GSCI, Jan-18 = 1,000	1,084	1,269
GSCI annual % change	3.8%	2.1%
Number of products increasing in cost	4,328	1,445

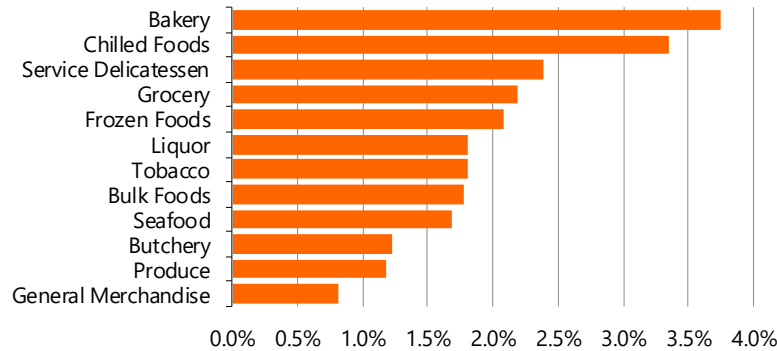
Supplier costs up 2.1%pa in January

Annual % change



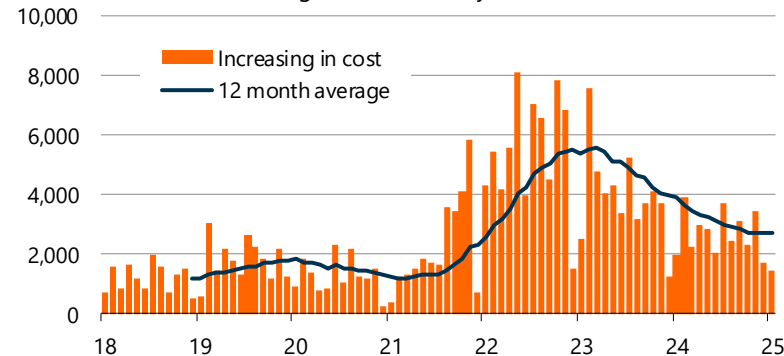
Grocery supplier costs increases by type

Annual % change, by department, Jan 2025



Average increases level out

Number of items increasing in cost, monthly



Supplier costs up 2.1%pa in Jan

The **Grocery Supplier Cost Index** rose 2.1% in January 2025 from a year earlier. This slight slow-down in the rate of annual change comes after two months of reacceleration, but despite the volatility recently, the annual increase in the Index continues to be close to 2.0%pa.

January, like December, is impacted by the usual summer cost change moratorium on most items, making trends harder to pick.

Wider input cost trends show some increase in cost pressures, with higher diesel costs compounded by a continued lower exchange rate heightening risks around imported cost pressures and wider transport costs. New Zealand businesses are also reporting more cost pressure expectations than before, adding to this risk.

Bakery and chilled goods up most

Costs in January 2025 remained higher for all departments compared to last January. Bakery had the largest annual increase of any department, up 3.7%pa, followed by Chilled Foods at 3.4%, both due to higher dairy input costs. Cheese, butter, milk, and cream costs all remain above year-ago levels as a result of strong pricing on global markets. A number of fruits remained below year-ago costs, but capsicum costs rose materially in January due to strong offshore demand, contributing to overall produce costs rising 1.2%pa.

Average increases level out

Month on month, just over 1,400 items increased in cost in January 2025 compared to December. This result was the lowest number of January increases counted since January 2021, with January typically having fewer cost changes due to the summer cost change moratorium.

Over the last 12 months, the number of items increasing in cost has averaged around 2,700 a month, nearly 50% higher than 2019's monthly average.

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 prices push higher in January

Diesel, main port price, c/L, weekly

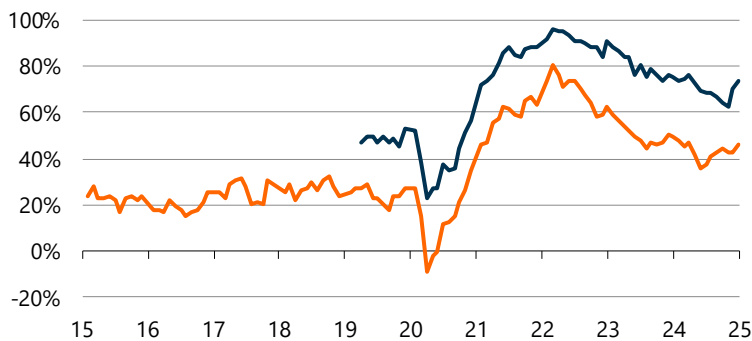


Diesel prices push higher in Jan

Diesel prices rose 4.3% in January from December, averaging just above \$2.18/L over the first month of the year. This increase was driven by an increase in international crude oil prices, with Dubai crude (the New Zealand benchmark) rising 9.3% in USD terms, breaking above \$80/bl at the end of January for the first time since last July. The lower USD/NZD exchange rate meant Dubai crude in NZD terms was up nearly 12%. Fuel prices could be under some short-term pressure, resulting from further US sanctions on Russian oil, raising broader oil supply concerns.

More cost and price pressure

Net % of firms expecting higher prices/costs, next 3 months (NB: lower = below 0%) Source: ANZ Bus. Outlook



More cost and price pressure

Although business confidence remains much stronger than last year, recent trends also show businesses expect further cost and price pressures to hit in coming months. A net 74% expect to face higher costs in the next quarter according to ANZ's Business Outlook survey, the highest reading since April last year, having increased sharply in the last two months. A net 46% of businesses expect to raise prices over the same period, an increasing trend recently. The increase in cost pressures is larger than pricing pressures, indicating reluctance to raise prices as much.

NZD remains lower in Jan 2025

Daily exchange rate, USD/NZD

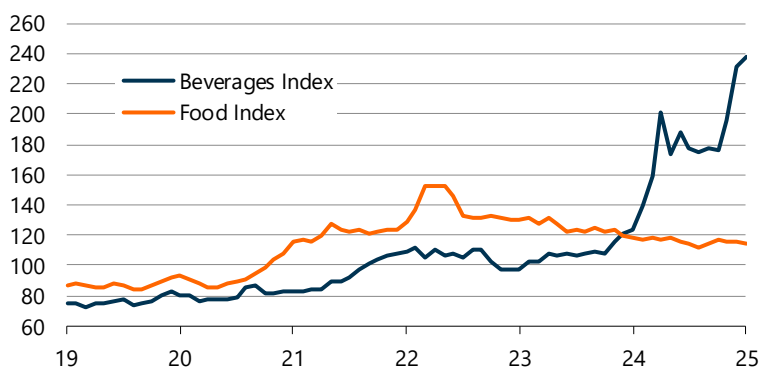


NZD remains lower in Jan 2025

The NZ Dollar (NZD) fell a further 2.2% on average against the USD in January from December, leaving the currency average over January sitting 9.5% lower than the September average. The TWI (representing broader currency movements for the NZD) is 5.0% lower over the same period. The currency fluctuated throughout January as US news influenced expectations, including President Trump's executive orders, and market news that set the tone for possible future interest rate changes. The lower dollar continues to create risks of higher imported inflation in 2025.

Food prices holding stable, beverages up

World Bank commodity price index, 2010 = 100



Food prices holding stable in Jan

The World Bank food price index continued to track broadly sideways in January, down 0.3% from December. Cooking oil and meal prices fell 3.5% with most cooking oils seeing a slight moderation. Grain prices eased 0.2% month-on-month, driven by lower rice prices, and leaving grain prices overall down 10%pa. Other food prices rose 3.2% in the month, due to higher meat costs. Beef prices are 29% higher than a year ago, due to demand outstripping supply. Beverage prices rose further, with increases in cocoa and coffee prices.