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Dairy prices lead to fall in producers' prices

Producers' prices fell in the September 2009 quarter, with output prices falling 1.4 percent and input prices falling 1.1 percent, Statistics New Zealand said today. Both output and input prices were influenced by falling dairy prices.

The dairy cattle farming index (down 24.3 percent) made the largest downward impact on output prices in the latest quarter. The fall was driven by lower milk prices at the farmgate, which make up the majority of the dairy cattle farming index, and are shown in the Producers Price Index (PPI) every September quarter. The decrease in the latest quarter was the largest fall since the series began in the June 1994 quarter.

The dairy product manufacturing index (down 20.9 percent) made the largest downward impact on input prices. The latest fall was also driven by lower milk prices at the farmgate. This is the largest quarterly fall since a 24.0 percent decrease in the September 2002 quarter.

The dairy product manufacturing index (down 10.9 percent) and the petroleum, coal and basic chemical manufacturing index (down 9.2 percent) were also major downward contributors to the fall in output prices. Lower prices in the electricity generation and supply index (down 8.2 percent), contributed to the fall in input prices.

In the year to the September 2009 quarter, the PPI outputs index fell 2.1 percent and the PPI inputs index fell 5.8 percent. This is the largest annual fall in the inputs index since the series began in the December 1977 quarter.

Dallas Welch (Mrs)
Acting Government Statistician

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For media enquiries contact:
Daniel Griffiths
Wellington 04 931 4600
Email: info@stats.govt.nz