

Commodity Market Monthly

Research Department, Commodities Team



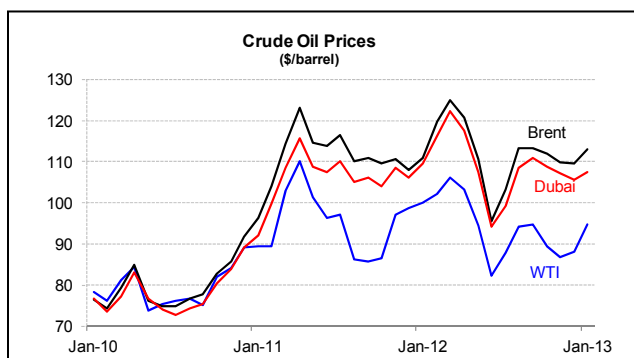
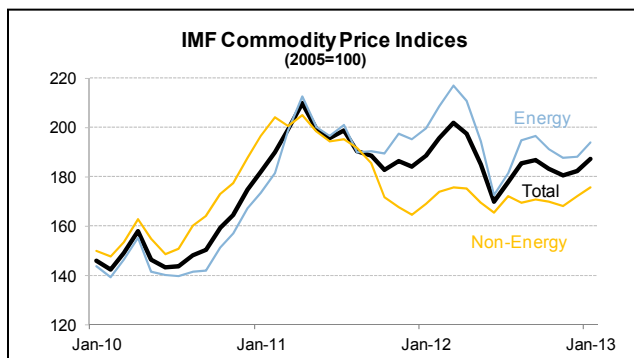
February 13, 2013

www.imf.org/commodity

Commodity prices rose 2.7 percent in January, up for a second consecutive month, in part due to further depreciation of the dollar—down 1.0 percent versus the euro. There were increases in both energy and non-fuel prices due to improving demand indicators, particularly in China, and various supply constraints across all sectors. While food prices were higher overall, most cereal prices fell on lower import demand and more favorable weather in South America.

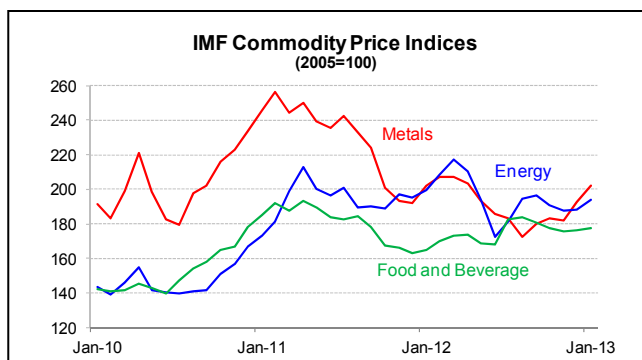
Crude oil prices rose 3.8 percent in January to \$105.1/bbl, up for a second straight month, and reached nearly \$110/bbl in early February. The increases have been due to stronger demand, a seasonal drop in inventories, lower OPEC production, and geopolitical risks in the Middle East and North Africa. Oil demand in the fourth quarter rose by 1.5 mb/d or 1.6 percent, with more than half occurring in China (up 8 percent), and crude imports into China continuing at a strong pace in January. OPEC production fell 1.0 mb/d the past three months, with a 0.7 mb/d drop in Saudi Arabia, in part due to lower seasonal domestic demand. Iran's oil exports fell 36 percent in January to under 1 mb/d due to a tightening of sanctions. In addition, over 1 mb/d remains offline in Syria, South Sudan, Yemen and elsewhere. Geopolitical problems remain fragile in a number of countries, as witnessed by the attack and tragedy at the Amenas gas plant in Algeria.

The price of U.S. WTI shot up over 7 percent in January, narrowing the WTI-Brent differential, on start-up of the Seaway pipeline expansion from Cushing OK to the Gulf coast. However, shipments had to be halted because of a lack of storage at the end of the line, and because a key refinery shut down for maintenance. Several pipeline and storage projects are planned this year and will help reduce the surplus of crude in the mid-continent that has built up from higher production of tight oil in North Dakota and oil sands in Canada.



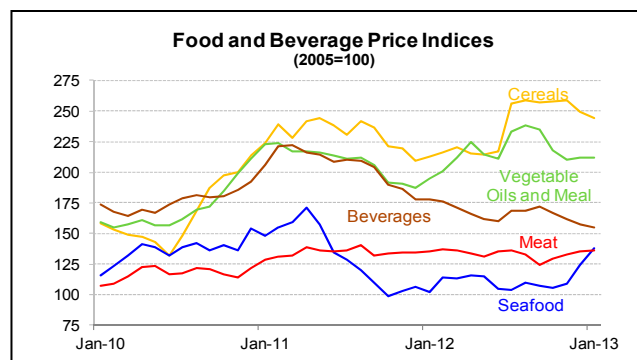
Coal prices in South Africa fell by 3.1 percent in January on weak demand and a generally well supplied global market. Australian coal prices were marginally lower and supported by weather-related supply disruptions. **Natural gas prices in Europe fell 2.1 percent** in January on weak demand and greater penetration of spot priced gas.

In the agriculture sector food prices rose by 0.7 percent in January led by a 16 percent jump in olive oil prices due to lower supplies from Spain because of drought. Salmon prices surged 14 percent owing to strong import demand in Europe and Asia, and palm oil prices leapt 9 percent on a production fall in Malaysia. Partly offsetting these gains, cereal prices fell 2 percent due to weakening demand and an improved supply outlook following more favorable weather in South America. Corn prices fell moderately on lower demand for exports and for



producing ethanol in the U.S., while soybean meal prices dropped 7 percent on expectations of reduced demand for feed. **Beverage prices fell 1.6 percent**, with cocoa dropping 6 percent on higher exports from Ghana, while tea prices fell 4 percent on improved supply in Kenya. Arabica and robusta coffee prices rose 3 percent on concerns about production in Central America. **Raw materials prices rose 0.7 percent**, led by a 6 percent increase in rubber prices due to reduced supply in south-east Asia, and also because of higher oil prices (synthetic rubber a close substitute). Cotton prices rose 3 percent on expectations of reduced planting in the U.S. in favor of more profitable crops.

Metals prices jumped 5.0 percent in January led by strong gains in iron ore and tin. The price of iron ore soared 17 percent, and is up more than 50 percent the past four months, on strong Chinese import demand and weather-related supply disruptions. China's demand surge has been driven by large restocking by steel mills in response to strengthening domestic steel demand and higher steel prices. This has coincided with weather-related supply constraints in Brazil and Western Australia—where cyclones closed three major ports—as well as in China as a cold winter has impacted domestic ore production. Tin prices rose 8 percent, and are up by one-third the past six months, on an expected pick up in China's electronics sector and continued supply contraction in Indonesia, the world's largest tin producer. Lead prices continue to rise on declining stocks and strong seasonal battery demand amid tight supply. Copper prices edged higher on improving demand indicators, but stocks continue to rise. Partly offsetting these increases were modest declines in aluminum and zinc prices, where markets remain in surplus and stocks for both



metals are high and rising. However much of these stocks are tied up in LME warehouse financing arrangements and not available to the market, particularly for aluminum.

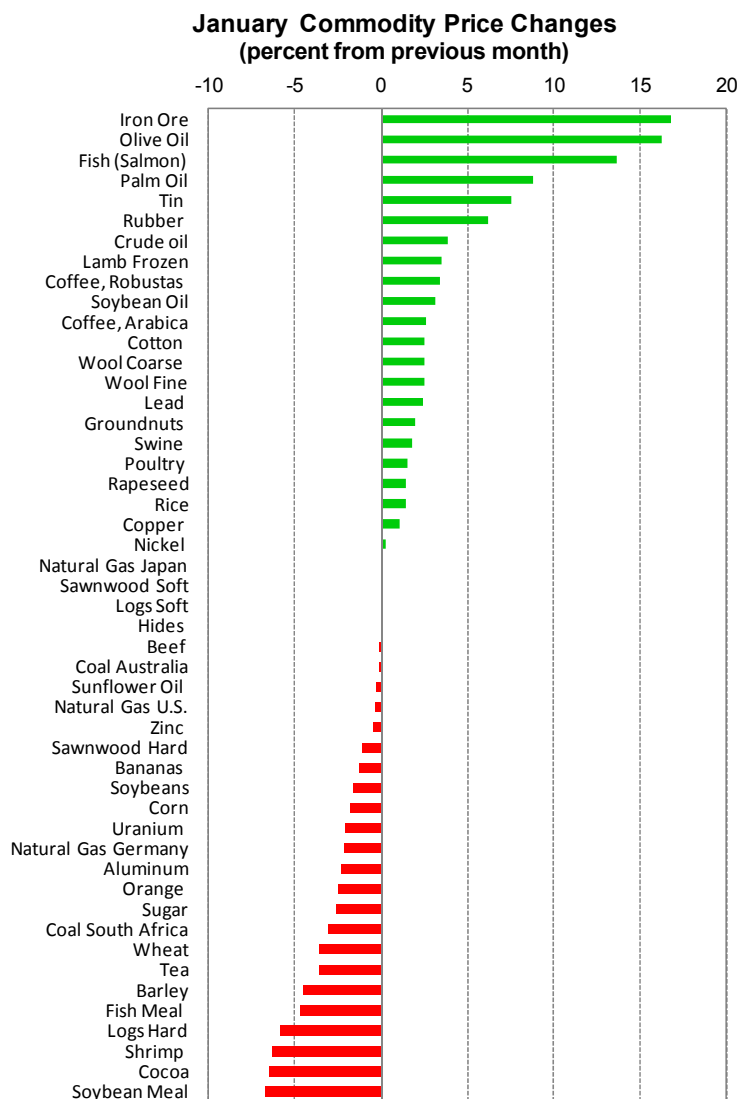


Table 1. Market Prices for Non-Fuel and Fuel Commodities

	Units	2010	2011	2012	2012Q1	2012Q2	2012Q3	2012Q4	Dec-2012	Jan-2013
Food										
Cereals										
Wheat	\$/MT	223.7	316.2	313.3	278.8	269.0	349.5	355.7	347.9	335.5
Maize	\$/MT	186.0	291.8	298.4	277.7	270.1	328.6	317.3	308.7	303.3
Rice	\$/MT	520.6	551.7	580.2	555.2	601.5	583.9	580.3	565.5	573.4
Barley	\$/MT	158.4	207.2	238.2	215.5	236.3	252.0	249.1	248.2	237.0
Vegetable oils and protein meals										
Soybeans	\$/MT	384.9	484.2	537.8	466.5	524.2	615.8	544.4	534.8	526.0
Soybean meal	\$/MT	331.3	378.9	473.3	372.4	454.7	565.9	500.1	489.7	456.8
Soybean oil	\$/MT	924.8	1215.8	1151.8	1166.2	1155.0	1192.4	1093.5	1088.8	1122.8
Palm oil	\$/MT	859.9	1076.5	939.8	1058.0	1038.7	920.9	741.7	713.9	776.5
Fish meal	\$/MT	1739.2	1519.3	1624.3	1309.9	1522.8	1735.6	1928.9	2190.1	2088.6
Sunflower Oil	\$/MT	1186.0	1621.8	1489.5	1478.5	1441.0	1546.1	1492.4	1510.9	1506.8
Olive oil	\$/MT	3171.3	3070.3	3135.7	2895.1	2858.9	3209.1	3579.7	3410.6	3964.5
Groundnuts	\$/MT	1239.4	1724.0	1880.5	1850.6	1832.5	1802.4	2036.6	2118.6	2161.3
Rapeseed oil	\$/MT	1011.7	1366.6	1239.1	1279.7	1241.1	1233.0	1202.5	1191.1	1208.1
Meat										
Beef	cts/lb	152.5	183.2	187.9	193.1	187.7	181.2	189.7	195.6	195.4
Lamb	cts/lb	145.7	149.2	100.9	125.0	99.8	89.5	89.5	91.4	94.6
Swine Meat	cts/lb	74.4	89.1	82.8	85.1	83.6	83.2	79.3	80.3	81.8
Poultry	cts/lb	85.8	87.4	94.3	91.4	93.9	95.1	96.7	97.6	99.1
Seafood										
Fish	\$/kg	6.1	5.9	4.8	8.3	8.2	8.3	8.1	5.5	6.3
Shrimp	\$/kg	7.5	8.2	8.2	4.7	4.8	4.6	4.9	7.9	7.4
Sugar										
Free market	cts/lb	20.9	26.2	21.4	23.7	20.9	21.2	19.6	19.2	18.7
United States	cts/lb	31.1	37.6	28.9	34.3	30.4	27.8	23.1	22.6	22.0
EU	cts/lb	25.7	26.7	26.4	26.1	26.3	26.3	26.7	26.8	26.5
Bananas	\$/MT	881.4	975.9	984.3	1046.5	980.4	962.8	947.4	945.8	933.8
Oranges	\$/MT	1033.2	891.1	868.0	770.6	843.8	995.5	861.9	758.1	739.0
Beverages										
Coffee										
Other milds	cts/lb	194.4	273.2	187.6	222.7	183.2	182.1	162.4	154.2	158.3
Robusta	cts/lb	84.1	116.0	110.6	111.4	113.7	112.4	105.0	102.3	105.8
Cocoa Beans	\$/MT	3130.6	2978.5	2377.1	2341.1	2215.2	2494.1	2457.8	2431.8	2275.4
Tea	cts/kg	316.7	346.2	348.9	339.8	341.0	352.3	362.6	351.4	338.9
Agricultural raw materials										
Timber										
Hardwood										
Logs 1/	\$/M3	278.2	390.5	360.5	882.9	883.8	864.3	874.4	354.8	334.1
Sawnwood 1/	\$/M3	848.3	939.4	876.3	373.3	361.0	355.1	352.7	879.9	870.6
Softwood										
Logs 1/	\$/M3	141.5	150.0	149.4	144.9	140.8	150.4	161.5	166.1	166.1
Sawnwood 1/	\$/M3	281.8	280.9	285.4	264.4	296.0	295.4	285.8	284.1	284.1
Cotton	cts/lb	103.5	154.6	89.2	100.5	90.3	84.2	82.1	83.4	85.5
Wool										
Fine	cts/kg	1023.2	1638.2	1345.3	1534.8	1355.7	1217.9	1273.0	1354.8	1388.6
Coarse	cts/kg	820.1	1209.2	1212.6	1338.0	1243.2	1138.0	1131.1	1208.0	1238.2
Rubber	cts/lb	165.7	218.5	153.2	174.7	162.9	134.7	140.4	141.1	149.9
Hides	cts/lb	72.0	82.0	83.2	77.3	84.0	85.3	86.0	86.0	86.0

1/ Provisional.

2/ Average Petroleum Spot Price (APSP). Average of U.K. Brent, Dubai, and West Texas Intermediate, equally weighted.

Table 1. Market Prices for Non-Fuel and Fuel Commodities (continued)

	Units	2010	2011	2012	2012Q1	2012Q2	2012Q3	2012Q4	Dec-2012	Jan-2013
Metals										
Copper	\$/MT	7538.4	8823.5	7958.9	8324.7	7870.2	7727.5	7913.2	7966.5	8053.7
Aluminum	\$/MT	2173.0	2400.6	2022.8	2181.1	1978.8	1927.9	2003.3	2086.8	2037.6
Iron Ore	\$/MT	146.7	167.8	128.5	141.8	139.5	111.7	121.1	128.9	150.5
Tin	\$/MT	20367.2	26051.4	21109.4	22942.1	20555.1	19331.0	21609.2	22880.9	24598.9
Nickel	\$/MT	21810.0	22909.1	17541.7	19654.4	17154.9	16373.5	16984.2	17448.5	17494.1
Zinc	\$/MT	2160.4	2195.5	1950.0	2027.6	1928.9	1891.3	1952.3	2040.4	2031.4
Lead	\$/MT	2148.2	2400.7	2063.6	2092.7	1974.6	1985.6	2201.2	2279.8	2334.5
Uranium	\$/lb	46.0	56.2	48.9	51.9	51.3	49.1	43.3	43.7	42.8
Energy										
Spot Crude 2/	\$/bbl	79.0	104.0	105.0	112.5	102.9	102.8	101.9	101.2	105.0
U.K. Brent	\$/bbl	79.6	111.0	112.0	118.5	108.9	110.0	110.4	109.6	112.9
Dubai	\$/bbl	78.1	106.0	108.9	116.0	106.4	106.2	107.1	105.7	107.5
West Texas Intermediate	\$/bbl	79.4	95.0	94.1	102.9	93.4	92.2	88.1	88.2	94.7
Natural Gas										
Russian in Germany	\$/000M3	296.0	381.5	431.3	444.7	452.4	409.9	418.2	419.0	410.0
Indonesian in Japan (LNG)	\$/M3	197.4	327.2	380.6	368.8	401.7	394.5	357.2	354.1	354.1
US, domestic market	\$/000M3	158.0	144.0	99.2	88.4	82.1	103.9	122.4	120.2	119.8
Coal										
South African, export markets	\$/MT	91.6	116.3	92.9	105.0	93.5	87.4	85.8	88.8	86.1
Australian, export markets	\$/MT	106.0	130.1	103.2	121.8	102.4	95.8	93.1	99.5	99.4

1/ Provisional

2/ Average Petroleum Spot Price (APSP). Average of U.K. Brent, Dubai, and West Texas Intermediate, equally weighted.

Table 2. Indices of Primary Commodity Prices

(2005=100, in terms of U.S. dollars) 1/

	(Weights) 1/	2010	2011	2012	2012Q1	2012Q2	2012Q3	2012Q4	Dec-2012	Jan-2013
All Primary Commodities 2/	100.0	152.2	192.2	186.2	195.2	184.2	183.4	182.0	182.3	187.2
Non-Fuel	36.9	160.9	189.5	170.9	172.7	170.1	170.8	170.0	172.2	175.7
Edibles	18.5	151.9	181.3	174.6	169.3	170.1	182.5	176.5	176.5	177.4
Food	16.7	149.2	178.6	175.4	168.7	170.9	183.9	178.0	178.5	179.8
Cereals	3.6	166.5	231.2	236.4	216.6	215.8	257.5	255.6	249.7	244.0
Vegetable oils and protein meals	4.4	170.4	209.1	217.1	202.5	216.7	235.6	213.5	211.8	211.6
Meat	3.7	117.2	134.5	133.3	136.2	133.4	131.0	132.6	135.3	136.5
Seafood	3.2	135.9	132.8	110.4	109.8	111.8	107.1	113.0	124.0	137.6
Beverages	1.8	176.2	205.5	167.4	175.2	162.7	169.6	162.0	157.5	155.0
Industrial Inputs	18.4	169.9	197.8	167.2	176.1	170.0	159.0	163.6	168.0	173.9
Agricultural Raw Materials 3/	7.7	125.1	153.5	134.1	135.6	136.6	131.9	132.4	133.7	134.6
Timber	3.4	101.1	110.8	107.6	104.8	109.1	108.5	107.9	108.2	106.8
Metals	10.7	202.3	229.7	191.0	205.4	194.2	178.5	186.1	192.7	202.3
Energy 4/	63.1	147.1	193.8	195.2	208.4	192.4	190.8	189.0	188.2	193.9
Petroleum 5/	53.6	148.5	195.9	197.9	211.9	193.9	193.7	192.3	190.8	197.9
Natural Gas	6.9	113.3	154.3	171.0	170.9	178.0	169.3	165.9	165.3	163.3
Coal	2.6	205.9	254.4	202.1	236.4	201.0	188.0	183.1	194.5	193.2

1/ Weights based on 2002-2004 average world export earnings.

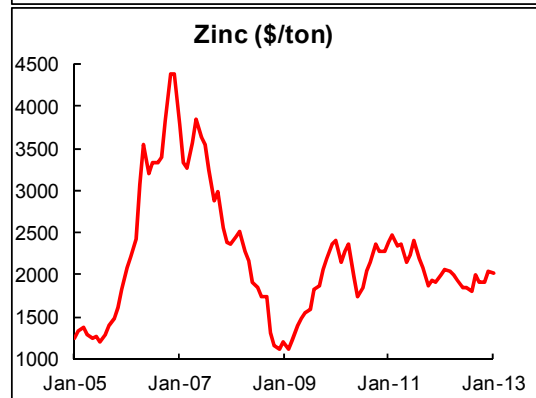
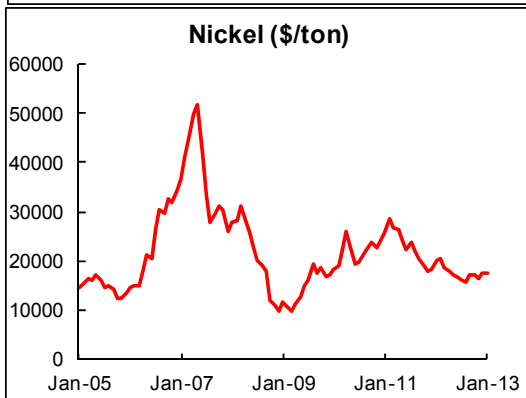
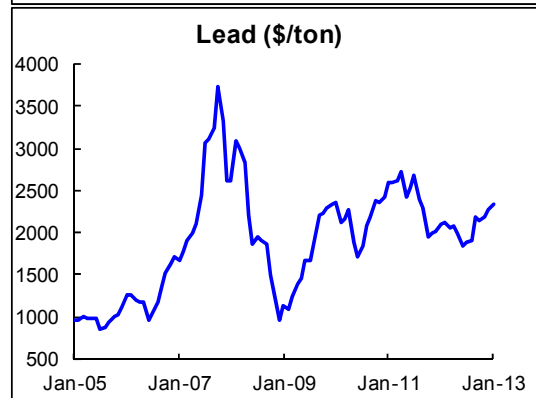
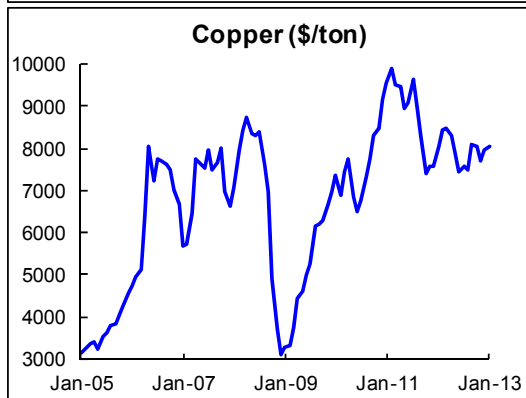
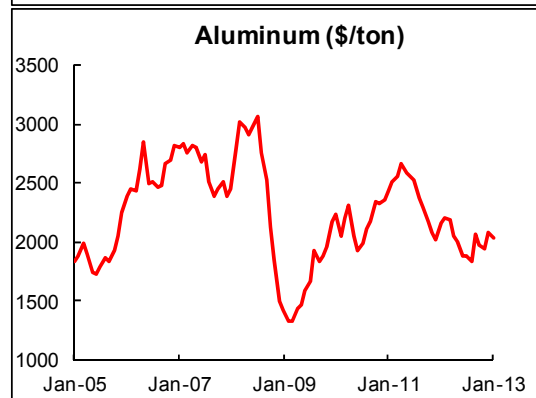
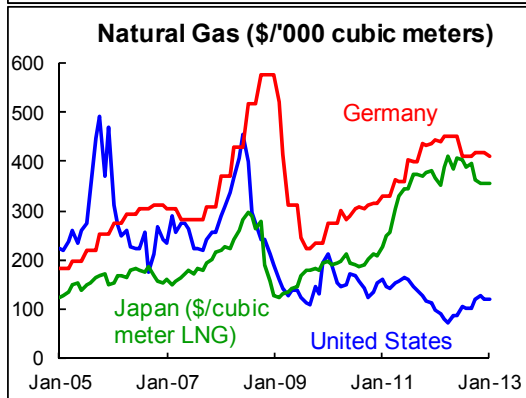
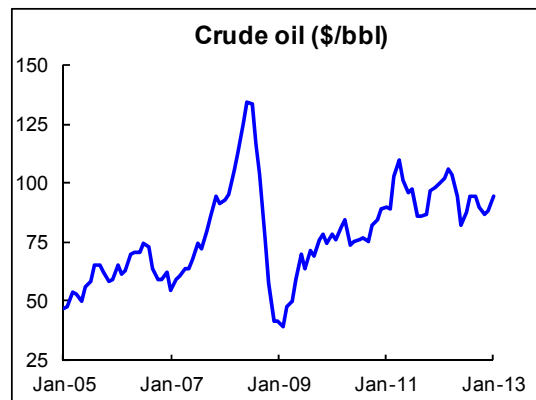
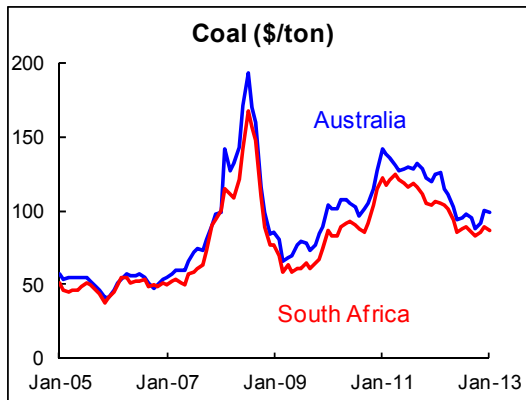
2/ Non-Fuel Primary Commodities and Energy Index.

3/ Includes forestry products.

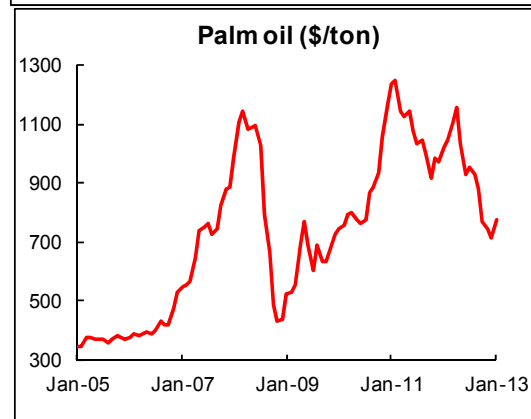
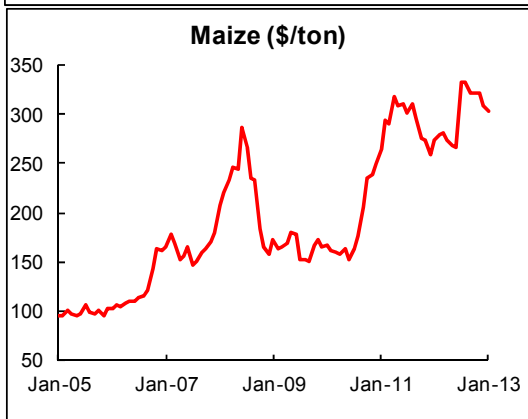
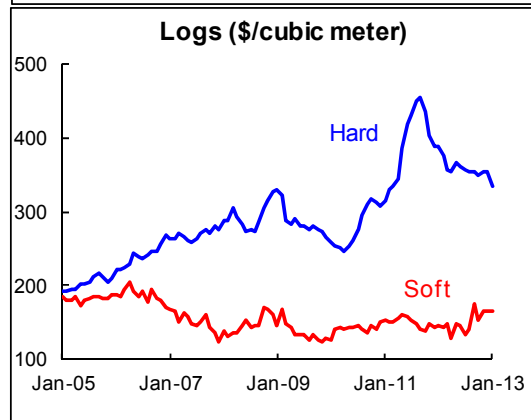
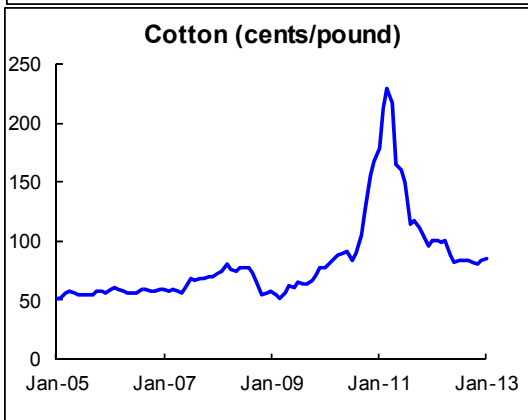
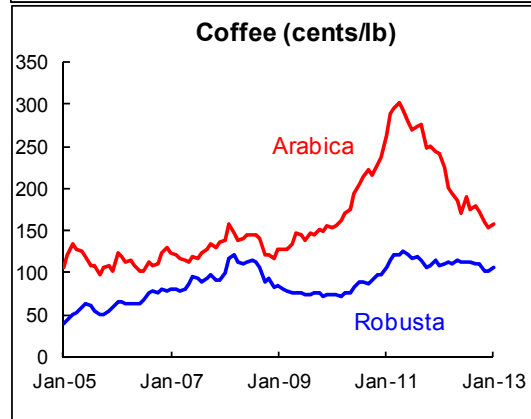
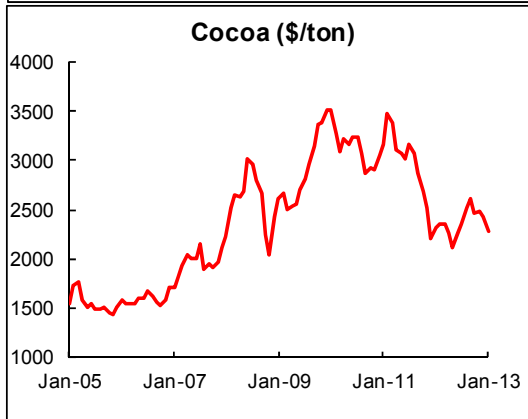
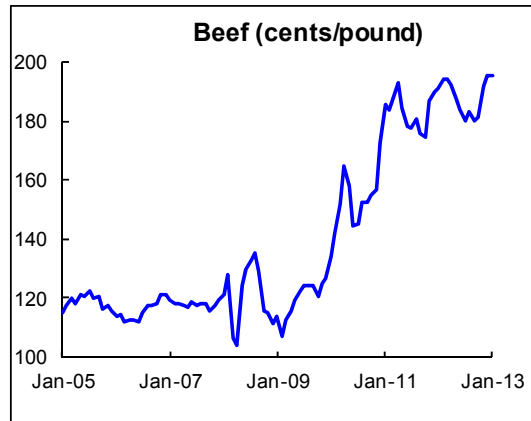
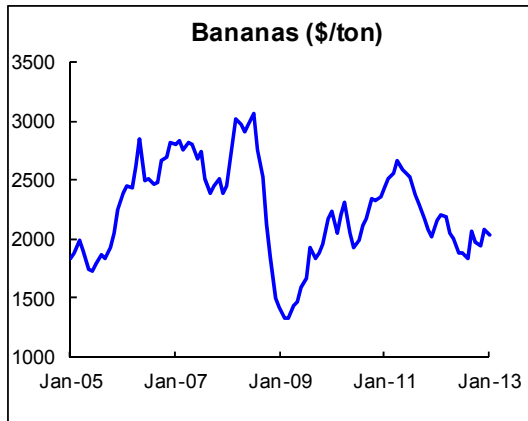
4/ Includes petroleum, natural gas and coal.

5/ Average Petroleum Spot Price (APSP). Average of U.K. Brent, Dubai, and West Texas Intermediate, equally weighted.

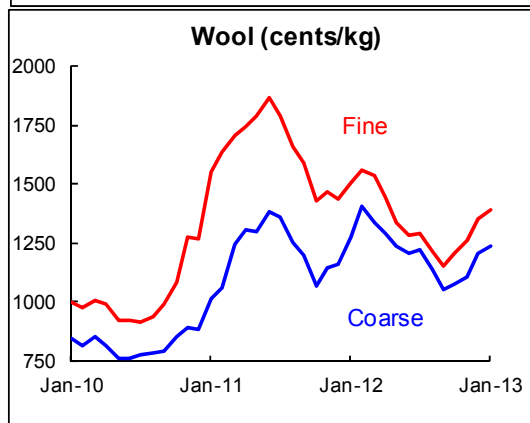
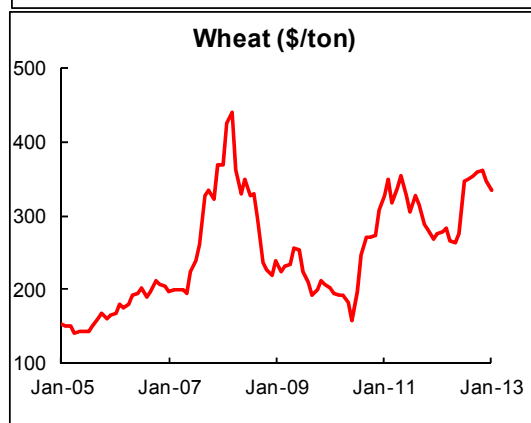
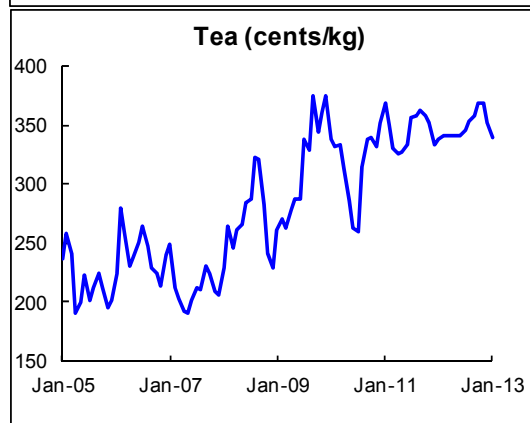
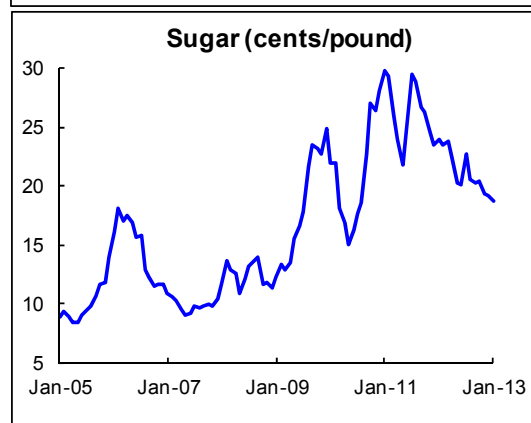
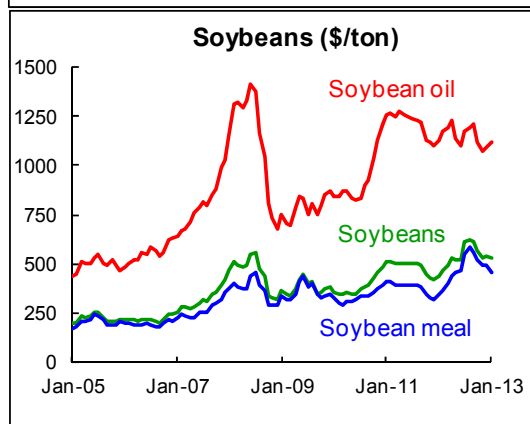
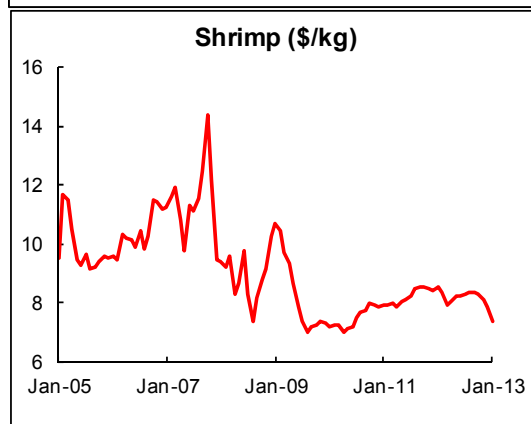
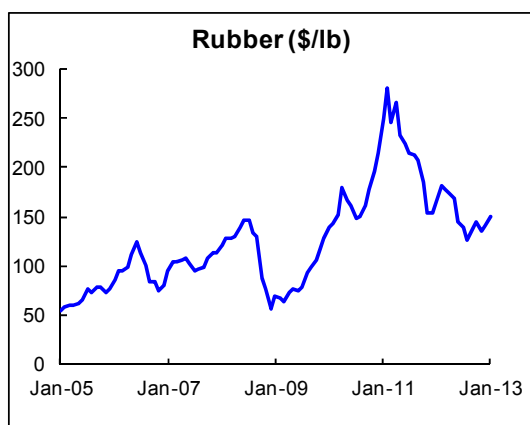
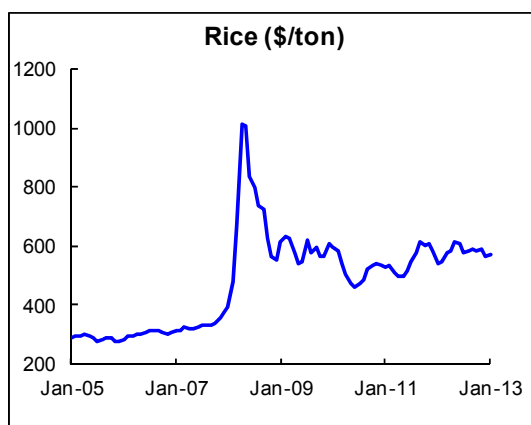
Commodity Prices in U.S. Dollars, 2005-2013



Commodity Prices in U.S. Dollars, 2005-2013 continued



Commodity Prices in U.S. Dollars, 2005-2013 continued



Commodity News Highlights

World Crude Steel Production, World Steel Association, January 18, 2013

World crude steel production reached a record 1,548 million tonnes (Mt) for the year 2012, up by 1.2% compared with 2011 (and follows growth of 6.8% in 2011 over 2010). The growth last year came mainly from Asia and North America while crude steel production in the EU (27), the CIS and South America decreased. Annual production for Asia was 1,012.7 Mt, an increase of 2.6%, while China accounted for 716.5 Mt, up 3.1%, and 46.3% of the world total. Production in North America was 121.9 Mt, an increase of 2.5%. Partly offsetting these gains, the EU recorded a decrease of -4.7% compared to 2011, producing 169.4 Mt of crude steel. The CIS showed a decrease of -1.2% in 2012, producing 111.3 Mt, while production for South America registered a decline of -3.0%, producing 46.9 Mt. The average crude steel capacity utilization ratio in 2012 was 78.8% compared to 80.7% in 2011, and fell to 73.2% in December 2012 compared to 76.1% in November 2012.

Grain: World Markets and Trade, U.S. Department of Agriculture, February 2013

Brazil is poised to knock the United States out of its historical position as the world's largest corn exporter due to a confluence of developments: successive bumper harvests, reduced domestic use, available export capacity, and high U.S. corn prices fueled by the historic 2012 drought. Brazilian farmers responded to elevated corn prices by expanding planted area in 2011/12, which resulted in a record crop last season. The current crop is also expected to be a bumper harvest. Meanwhile, there is reportedly less corn demand from the domestic poultry sector, further augmenting exportable supplies. Exports have also benefited insofar as soybeans were exported early last year, freeing up the transportation infrastructure for corn. Over the past 4 months, Brazil has exported nearly 14 million tons, more than double U.S. shipments over the same period. The United States has slowly lost its global export market share, from a high of 84 percent in 1979/80 to a projected 25 percent for 2012/13—the smallest share in the USDA database (1960/61). Despite sluggish export sales and shipments, U.S. prices are still uncompetitive. Huge plantings expected in 2013/14 combined with normal weather should enable the United States to be more competitive next year.

Short-Term Energy Outlook, U.S. Energy Information Administration, February 2013

The EIA expects that the Brent crude oil spot price, which averaged \$112 per barrel in 2012, will average \$109/bbl in 2013 and \$101/bbl in 2014. It expects oil markets to tighten in the first quarter of 2013, but increasing global supply more than offsets higher global consumption through the rest of the forecast period. The projected discount of West Texas Intermediate (WTI) crude oil to Brent, which averaged \$18/bbl in 2012, averages \$9/bbl in 2014 as planned new pipeline capacity lowers the cost of moving midcontinent crude oil to the Gulf Coast refining centers.

The EIA also estimates that U.S. total crude oil production averaged 6.4 million barrels per day (mb/d) in 2012, an increase of 0.8 mb/d from the previous year. Domestic crude oil production is projected to continue to increase to 7.3 mb/d in 2013 and to 7.8 mb/d in 2014. Drilling in tight oil plays in the Williston, Western Gulf, and Permian Basins is expected to account for the bulk of forecast production growth over the next two years. Since peaking in 2005 at 12.5 mb/d, U.S. liquid fuel net imports, including crude oil, fell to 7.5 mb/d in 2012, and EIA expects imports to continue declining to an average of 6.1 mb/d by 2014. Similarly, the share of total U.S. consumption met by liquid fuel net imports peaked at more than 60 percent in 2005 and fell to an average of 40 percent in 2012. EIA expects the net import share to fall to 32 percent in 2014.



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