

Commodity Market Monthly



Research Department, Commodities Team

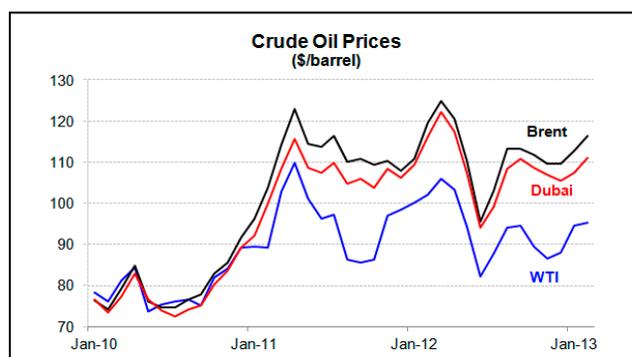
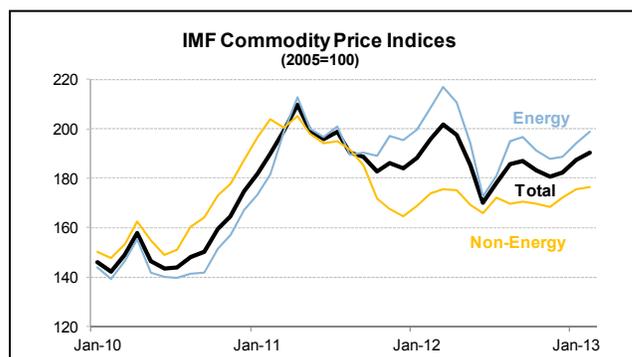
March 14, 2013

www.imf.org/commodity

Commodity prices rose 1.7 percent in February, up for a third straight month, on improving demand prospects and various supply outages. The largest gains were in crude oil and metals, followed by a modest increase in food prices. However, from mid-February prices declined sharply, particularly for industrial commodities, on renewed global macroeconomic concerns and appreciation of the dollar. A number of prices in early March were below the start of the year.

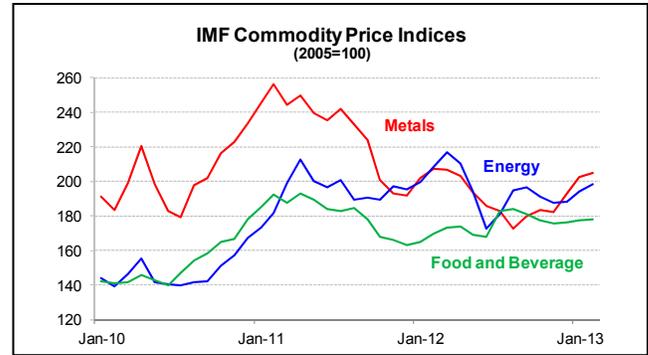
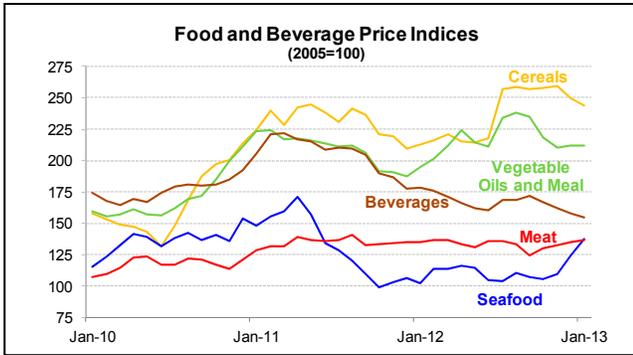
Crude oil prices increased 2.5 percent in February to \$107.7/bbl, up for a third straight month, on continued supply concerns. However, prices fell sharply in the second half of the month, with prices in early March below \$102/bbl, down \$9 from February highs. The price declines were due to a counter-seasonal buildup of inventories and the ramp-up of refinery maintenance which is expected to be quite heavy in North America and Asia this year, and will temporarily reduce the demand for crude. OPEC crude oil production edged up in February—following a decline of 1.5 mb/d over the preceding five months—to near 30.5 mb/d, which is 0.5 mb/d above its agreed target. The increase was mainly due to higher production in Iraq, which exceeded 3.1 mb/d, with exports reaching nearly 2.6 mb/d—mostly from the south. Iranian production also moved higher with increased output likely going to China and India.

The price of U.S. WTI dropped to near \$90/bbl in early March, but the WTI-Brent differential narrowed to \$16/bbl (from more than \$23/bbl during February). The contraction is due to a softening of Brent prices following reopening of the Brent oil pipeline system after a brief halt, as well as strengthening of WTI prices on lower crude oil stocks at Cushing OK. Inventories remain high in the mid-continent, but new pipelines and reversals are planned to transport crude to Gulf coast refiners and will help narrow the differential further.



Coal prices (Australia) rose by 2.3 percent in February due to several supply disruptions, in Indonesia and Australia from heavy rains, and in Colombia from a worker's strike at its largest mine, and suspension of Drummond's coal exports due to a January port incident. However global supplies are ample and prices are again easing.

In the agriculture sector food prices rose by 0.5 percent in February led by a 20 percent jump in oranges prices as adverse weather lowered production. Vegetable oils and protein meal prices rose 1 percent with a 1-3 percent rise in the soybean complex on expected lower production in South America because of dry weather. Palm oil prices rose 2 percent due to lower production in Malaysia and concerns about global soybean output (soybean oil and palm oil are close substitutes). Cereal prices fell 2 percent owing to a 5 percent drop in wheat



prices—down a third straight month—on expected recovery in world supplies from last year’s drought, in part due to recent snow and rain in the U.S. **Beverage prices fell 2.1 percent**, led by a 5 percent drop in tea prices on ample supplies following a record harvest in Kenya. Cocoa prices fell 3 percent on expected larger production in Côte d’Ivoire on improved weather, while Arabica coffee prices fell 3 percent on an anticipated record off-season crop in Brazil. **Raw materials prices fell 0.6 percent**, with a 4 percent decline in rubber prices due to rising inventories in Asia and higher exports from Malaysia. This was offset by a 5 percent jump in cotton prices on concerns that plantings in the U.S. will plunge.

Metals prices rose 1.4 percent in February, led by strong gains in zinc and iron ore, on expectations of improving demand in China. Zinc prices rose 5 percent on declining stocks, but the market remains in structural surplus. Zinc inventories are near record highs although a significant portion is tied up in warehouse financing deals and not available to the market. Iron ore prices increased 3 percent, up for a fifth consecutive month, on improving demand from large steel mills in China, but also in Japan and Europe. China’s crude steel production rose 11 percent y/y in January and February, and steel inventories at key cities are at historic lows. The iron ore seaborne market has been relatively tight this year and port stocks in China are quite low. The only metal to decline was tin, down 2 percent, on rising inventories and higher exports from Indonesia. The run-up in prices reversed sharply in mid-February, with many prices dropping 10 percent or more into early March, and falling toward levels at the start of the year. The decline came amid growing concerns about global demand, and particularly in China on weak economic data and as the government

announced new measures to tighten the property market. Inventories for most metals continue to climb, and demand outside of China remains weak.

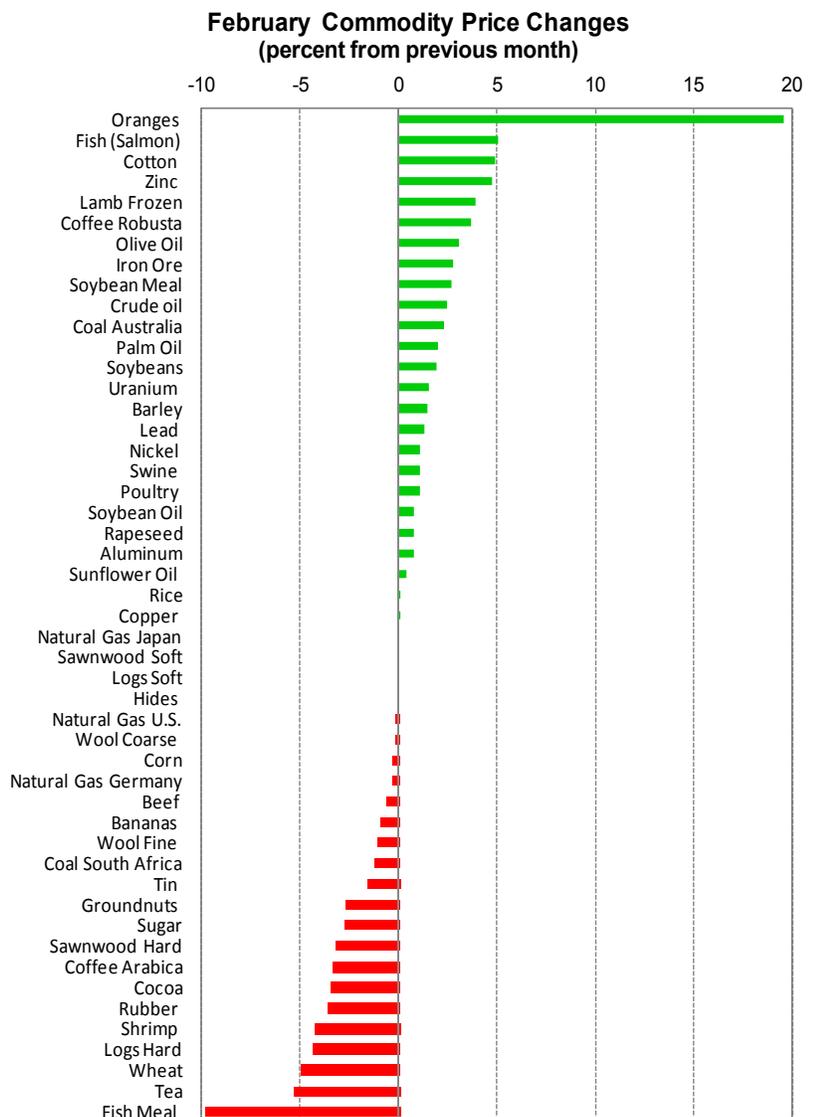


Table 1. Market Prices for Non-Fuel and Fuel Commodities

	Units	2010	2011	2012	2012Q1	2012Q2	2012Q3	2012Q4	Jan-2013	Feb-2013
Food										
Cereals										
Wheat	\$/MT	223.7	316.2	313.3	278.8	269.0	349.5	355.7	335.5	318.9
Maize	\$/MT	186.0	291.8	298.4	277.7	270.1	328.6	317.3	303.3	302.5
Rice	\$/MT	520.6	551.7	580.2	555.2	601.5	583.9	580.3	573.4	574.1
Barley	\$/MT	158.4	207.2	238.2	215.5	236.3	252.0	249.1	237.0	240.5
Vegetable oils and protein meals										
Soybeans	\$/MT	384.9	484.2	537.8	466.5	524.2	615.8	544.4	526.0	536.4
Soybean meal	\$/MT	331.3	378.9	473.3	372.4	454.7	565.9	500.1	456.8	469.2
Soybean oil	\$/MT	924.8	1215.8	1151.8	1166.2	1155.0	1192.4	1093.5	1122.8	1132.0
Palm oil	\$/MT	859.9	1076.5	939.8	1058.0	1038.7	920.9	741.7	776.5	792.4
Fish meal	\$/MT	1739.2	1519.3	1624.3	1309.9	1522.8	1735.6	1928.9	2088.6	1882.6
Sunflower Oil	\$/MT	1186.0	1621.8	1489.5	1478.5	1441.0	1546.1	1492.4	1506.8	1512.6
Olive oil	\$/MT	3171.3	3070.3	3135.7	2895.1	2858.9	3209.1	3579.7	3964.5	4085.5
Groundnuts	\$/MT	1239.4	1724.0	1880.5	1850.6	1832.5	1802.4	2036.6	2161.3	2104.0
Rapeseed oil	\$/MT	1011.7	1366.6	1239.1	1279.7	1241.1	1233.0	1202.5	1208.1	1217.6
Meat										
Beef	cts/lb	152.5	183.2	187.9	193.1	187.7	181.2	189.7	195.4	194.3
Lamb	cts/lb	145.7	149.2	100.9	125.0	99.8	89.5	89.5	94.6	98.4
Swine Meat	cts/lb	74.4	89.1	82.8	85.1	83.6	83.2	79.3	82.2	83.1
Poultry	cts/lb	85.8	87.4	94.3	91.4	93.9	95.1	96.7	99.1	100.2
Seafood										
Fish	\$/kg	6.1	5.9	4.8	8.3	8.2	8.3	8.1	6.3	6.6
Shrimp	\$/kg	7.5	8.2	8.2	4.7	4.8	4.6	4.9	7.4	7.0
Sugar										
Free market	cts/lb	20.9	26.2	21.4	23.7	20.9	21.2	19.6	18.7	18.2
United States	cts/lb	31.1	37.6	28.9	34.3	30.4	27.8	23.1	22.0	20.7
EU	cts/lb	25.7	26.7	26.4	26.1	26.3	26.3	26.7	26.5	25.7
Bananas	\$/MT	881.4	975.9	984.3	1046.5	980.4	962.8	947.4	933.8	925.4
Oranges	\$/MT	1033.2	891.1	868.0	770.6	843.8	995.5	861.9	739.2	883.6
Beverages										
Coffee										
Other milds	cts/lb	194.4	273.2	187.6	222.7	183.2	182.1	162.4	158.3	153.0
Robusta	cts/lb	84.1	116.0	110.6	111.4	113.7	112.4	105.0	105.8	109.7
Cocoa Beans	\$/MT	3130.6	2978.5	2377.1	2341.1	2215.2	2494.1	2457.8	2275.4	2197.7
Tea	cts/kg	316.7	346.2	348.9	339.8	341.0	352.3	362.6	338.9	320.9
Agricultural raw materials										
Timber										
Hardwood										
Logs 1/	\$/M3	278.2	390.5	360.5	882.9	883.8	864.3	874.4	334.1	319.7
Sawnwood 1/	\$/M3	848.3	939.4	876.3	373.3	361.0	355.1	352.7	870.6	842.9
Softwood										
Logs 1/	\$/M3	141.5	150.0	148.0	144.9	140.8	150.4	155.9	149.3	149.3
Sawnwood 1/	\$/M3	281.8	280.9	284.7	264.4	296.0	295.4	283.2	276.5	276.5
Cotton	cts/lb	103.5	154.6	89.2	100.5	90.3	84.2	82.1	85.5	89.7
Wool										
Fine	cts/kg	1023.2	1638.2	1345.3	1534.8	1355.7	1217.9	1273.0	1388.6	1374.6
Coarse	cts/kg	820.1	1209.2	1212.6	1338.0	1243.2	1138.0	1131.1	1238.2	1236.2

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

	Units	2010	2011	2012	2012Q1	2012Q2	2012Q3	2012Q4	Jan-2013	Feb-2013
Metals										
Copper	\$/MT	7538.4	8823.5	7958.9	8324.7	7870.2	7727.5	7913.2	8053.7	8060.9
Aluminum	\$/MT	2173.0	2400.6	2022.8	2181.1	1978.8	1927.9	2003.3	2037.6	2053.6
Iron Ore	\$/MT	146.7	167.8	128.5	141.8	139.5	111.7	121.1	150.5	154.6
Tin	\$/MT	20367.2	26051.4	21109.4	22942.1	20555.1	19331.0	21609.2	24598.9	24211.7
Nickel	\$/MT	21810.0	22909.1	17541.7	19654.4	17154.9	16373.5	16984.2	17494.1	17690.1
Zinc	\$/MT	2160.4	2195.5	1950.0	2027.6	1928.9	1891.3	1952.3	2031.4	2128.7
Lead	\$/MT	2148.2	2400.7	2063.6	2092.7	1974.6	1985.6	2201.2	2334.5	2365.8
Uranium	\$/lb	46.0	56.2	48.9	51.9	51.3	49.1	43.3	42.8	43.4
Energy										
Spot Crude 2/	\$/bbl	79.0	104.0	105.0	112.5	102.9	102.8	101.9	105.0	107.7
U.K. Brent	\$/bbl	79.6	111.0	112.0	118.5	108.9	110.0	110.4	112.9	116.5
Dubai	\$/bbl	78.1	106.0	108.9	116.0	106.4	106.2	107.1	107.5	111.2
West Texas Intermediate	\$/bbl	79.4	95.0	94.1	102.9	93.4	92.2	88.1	94.7	95.3
Natural Gas										
Russian in Germany	\$/000M3	296.0	381.5	431.3	444.7	452.4	409.9	418.2	410.0	409.0
Indonesian in Japan (LNG)	\$/M3	197.4	327.2	381.8	368.8	401.7	394.5	362.0	368.6	368.6
US, domestic market	\$/000M3	158.0	144.0	99.2	88.4	82.1	103.9	122.4	119.8	119.6
Coal										
South African, export markets	\$/MT	91.6	116.3	92.9	105.0	93.5	87.4	85.8	86.1	85.1
Australian, export markets	\$/MT	106.0	130.1	103.2	121.8	102.4	95.8	93.1	99.4	101.7

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	Jan-2013	Feb-2013
All Primary Commodities 2/	100.0	152.2	192.2	186.2	195.2	184.2	183.4	182.0	187.3	190.4
Non-Fuel	36.9	160.9	189.5	170.9	172.7	170.1	170.8	170.0	175.5	176.4
Edibles	18.5	151.9	181.3	174.6	169.3	170.1	182.5	176.5	177.4	177.9
Food	16.7	149.2	178.6	175.4	168.7	170.9	183.9	178.0	179.8	180.7
Cereals	3.6	166.5	231.2	236.4	216.6	215.8	257.5	255.6	244.0	239.1
Vegetable oils and protein meals	4.4	170.4	209.1	217.1	202.5	216.7	235.6	213.5	211.6	213.7
Meat	3.7	117.2	134.5	133.3	136.2	133.4	131.0	132.6	136.7	137.2
Seafood	3.2	135.9	132.8	110.4	109.8	111.8	107.1	113.0	137.7	143.2
Beverages	1.8	176.2	205.5	167.4	175.2	162.7	169.6	162.0	155.0	151.7
Industrial Inputs	18.4	169.9	197.8	167.1	176.1	170.0	159.0	163.4	173.5	174.9
Agricultural Raw Materials 3/	7.7	125.1	153.5	134.0	135.6	136.6	131.9	132.1	133.7	132.9
Timber	3.4	101.1	110.8	107.4	104.8	109.1	108.5	107.1	104.5	102.7
Metals	10.7	202.3	229.7	191.0	205.4	194.2	178.5	186.1	202.3	205.2
Energy 4/	63.1	147.1	193.8	195.2	208.4	192.4	190.8	189.1	194.2	198.6
Petroleum 5/	53.6	148.5	195.9	197.9	211.9	193.9	193.7	192.3	197.9	202.9
Natural Gas	6.9	113.3	154.3	171.2	170.9	178.0	169.3	166.8	166.0	165.7
Coal	2.6	205.9	254.4	202.1	236.4	201.0	188.0	183.1	193.2	196.4

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

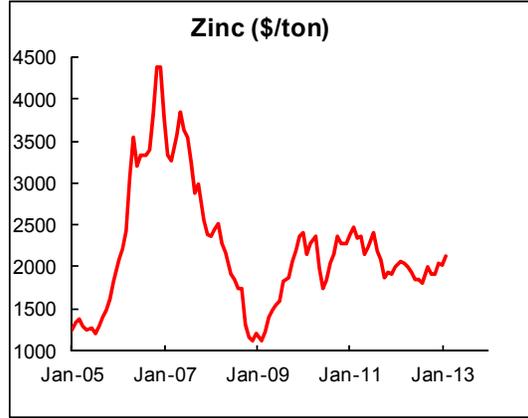
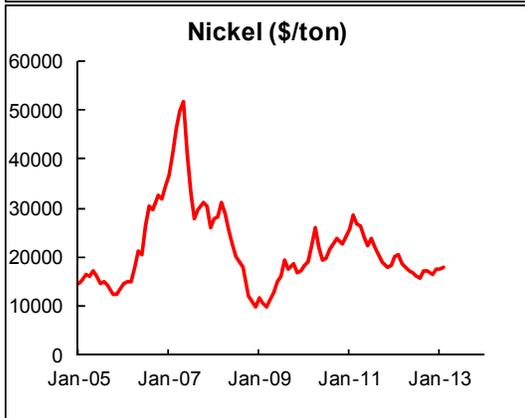
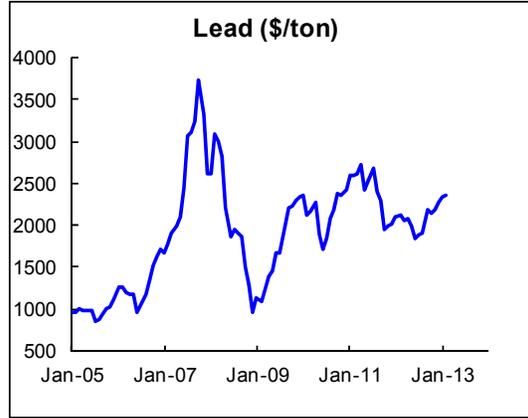
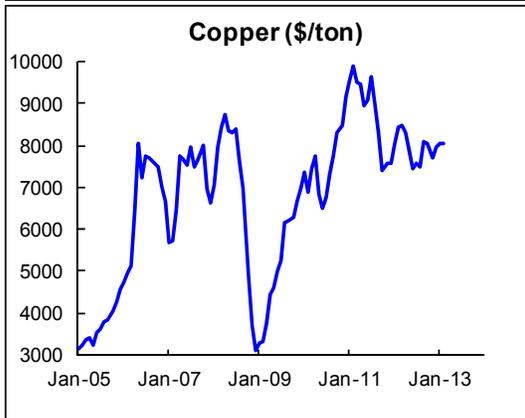
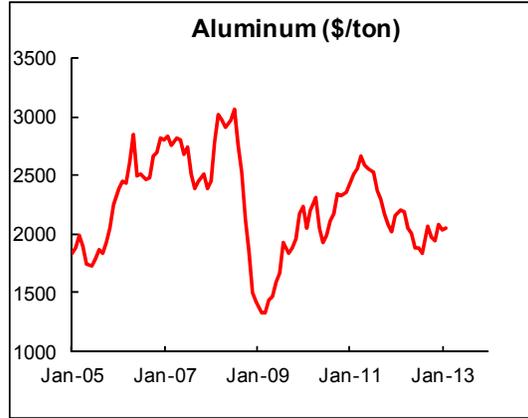
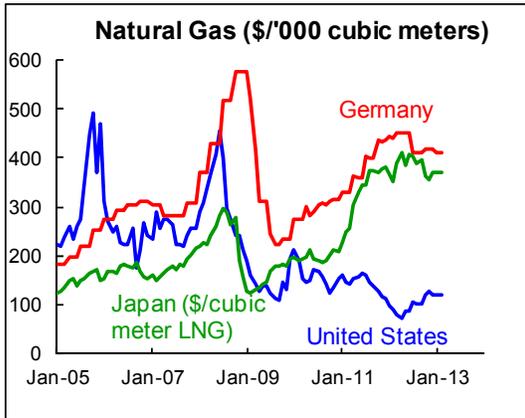
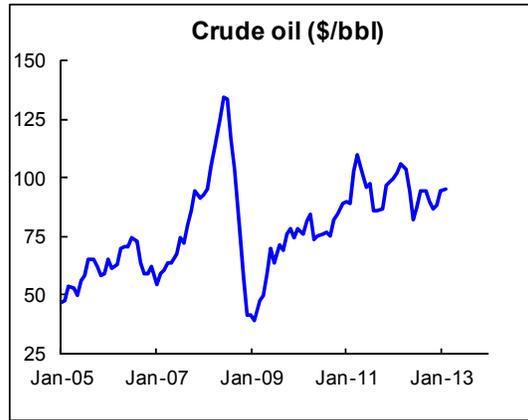
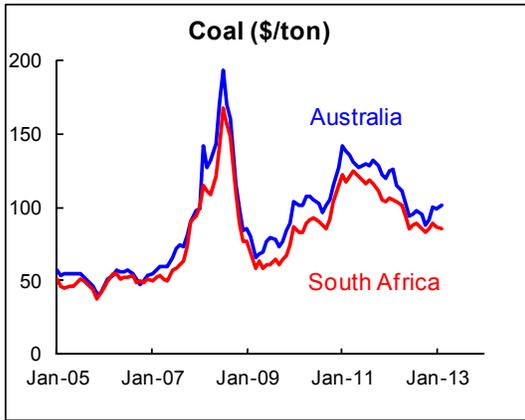
2/ Non-Fuel Primary Commodities and Energy Index.

3/ Includes forestry products.

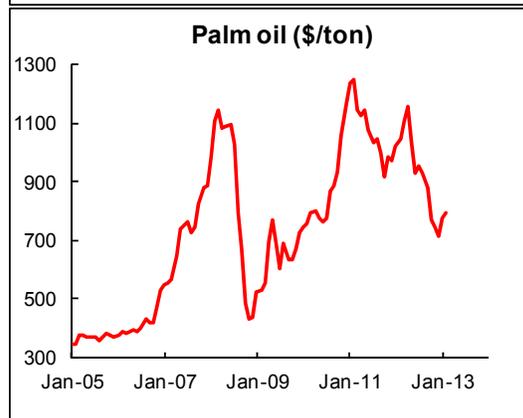
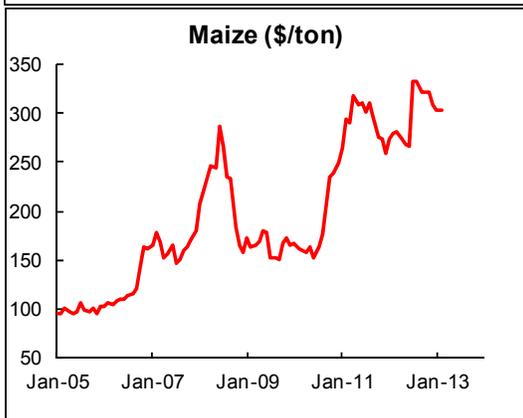
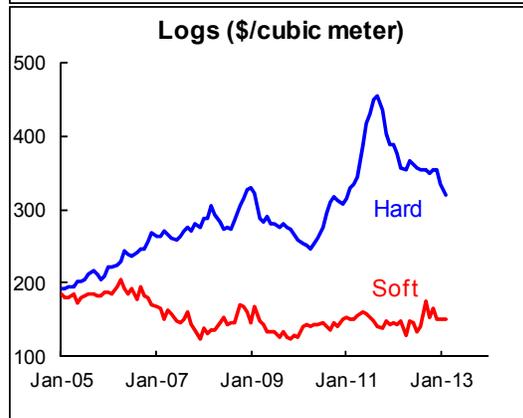
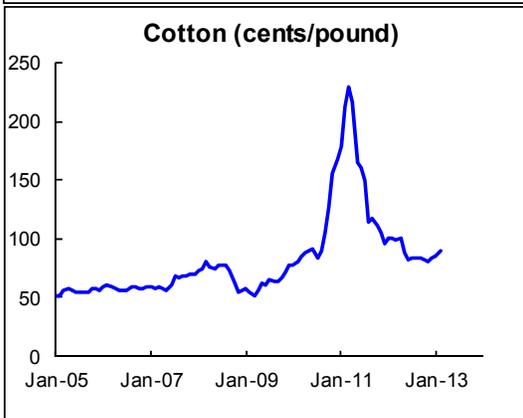
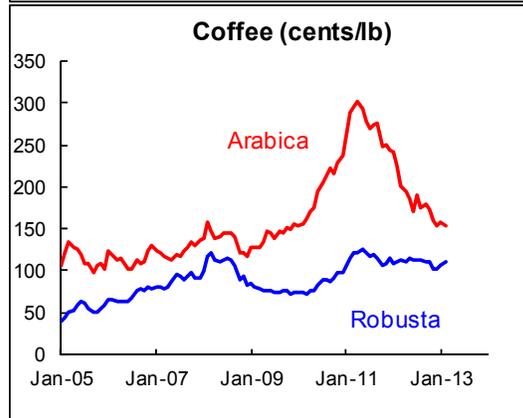
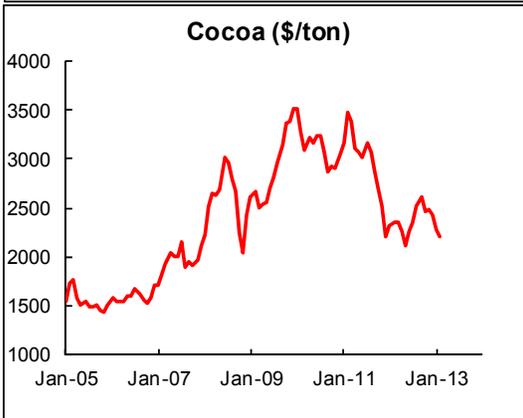
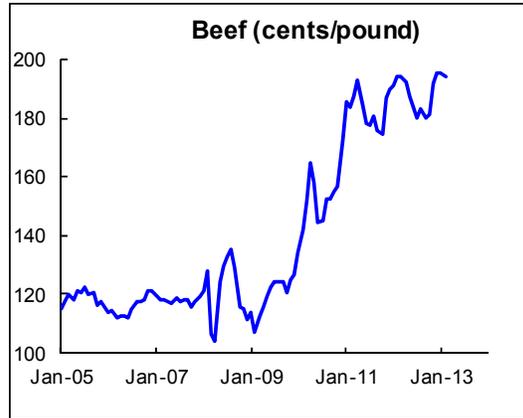
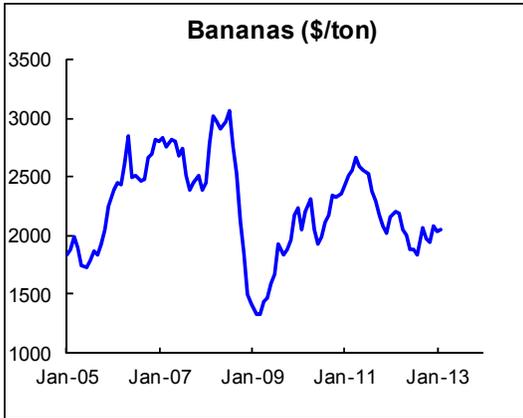
4/ Includes petroleum, natural gas and coal.

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

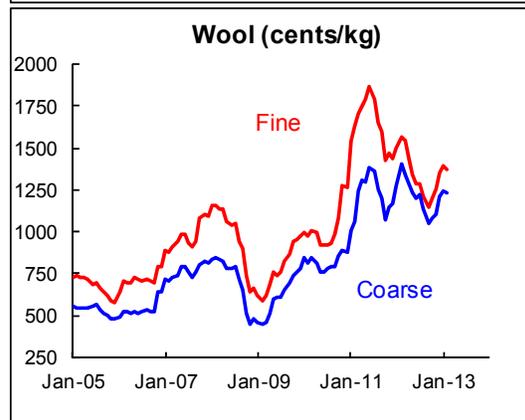
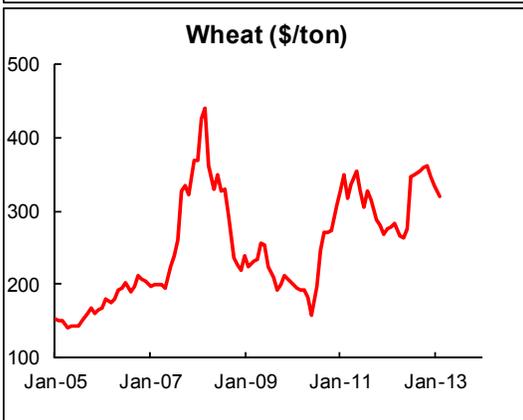
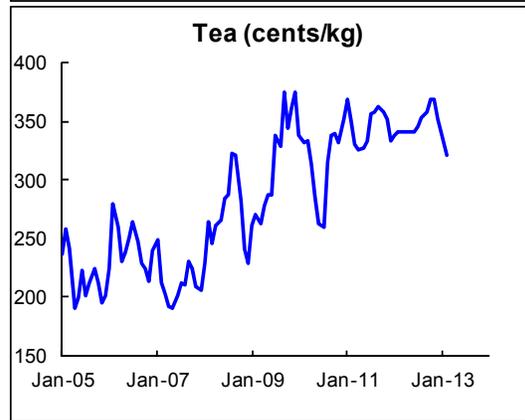
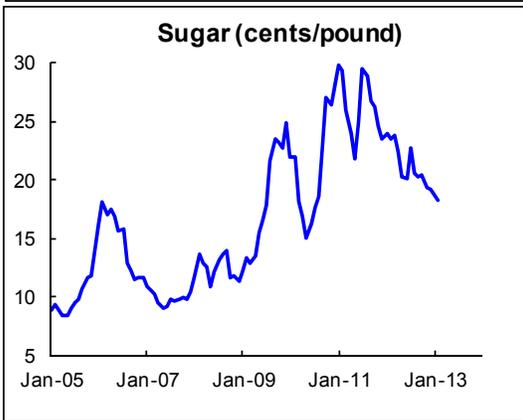
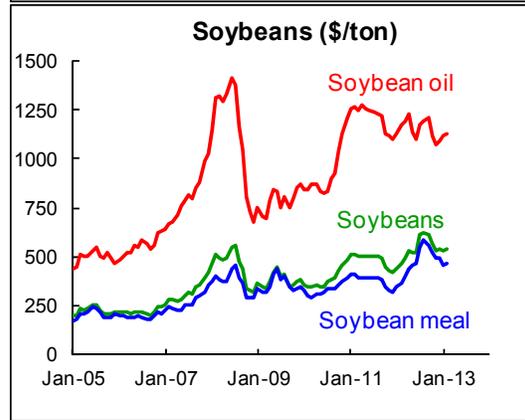
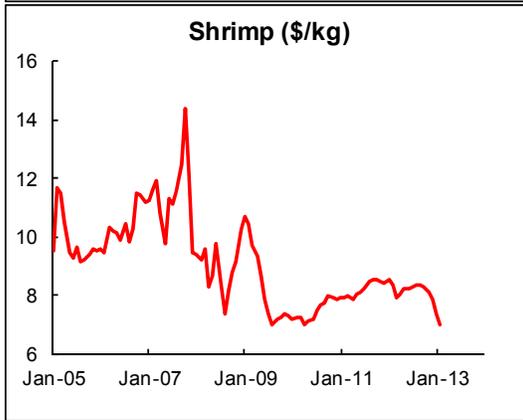
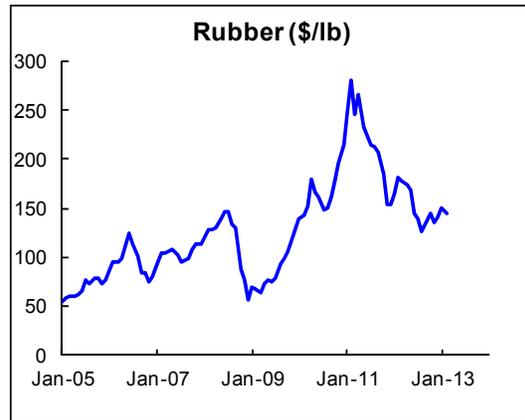
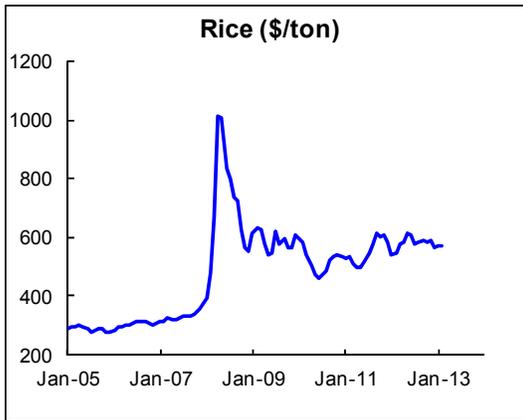
Commodity Prices in U.S. Dollars, 2005-2013



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



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



Commodity News Highlights

World Supply Demand Estimates, U.S. Department of Agriculture, March 2013

Global rice production 2012/13 is forecast at a record 468.1 million tons, up 2.3 million from last month, largely due to increases for Cambodia and India. India's rice crop is projected at 102.0 million tons, up 2.0 million from last month, but down 4.3 million from record 2011/12. The increase in India's crop is due entirely to the larger Kharif rice crop now forecast by the government of India at 90.7 million tons, up 4.5 million from an earlier forecast. The Rabi rice crop is expected to be down from last year due to late planting and a lower expected average yield. World consumption is forecast at a record 470.2 million tons, up 0.9 million from last month, owing mostly to increases for Cambodia, India, and Peru. The increase in global trade is relatively small. Global 2012/13 ending stocks are projected at 103.3 million tons, up 1.4 million from a month ago, but down 2.2 million from last year.

Global oilseed production for 2012/13 is projected at 466.8 million tons, down slightly from last month as reduced soybean and sunflower seed production is mostly offset by increased rapeseed and cottonseed production. Foreign production, projected at 374.1 million tons, accounts for all of the change. Argentina soybean production is projected at 51.5 million tons, down 1.5 million. Despite widespread rains in recent weeks, the extended dry period during planting and early crop development limited plantings and reduced yield prospects.

Argentina's corn production is still projected to be a record high, at 26.5 million tons, but problems have reduced production potential. Rainfall was above normal during planting, and extended dryness in the heart of the corn area (northern Buenos Aires Province, southern Cordoba, and southern Santa Fe) through December and January caught corn reproducing or in grain fill. Above-normal rains returned in February, limiting damage.

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

EIA expects U.S. crude oil production to continue to grow rapidly over the next two years, increasing from an average 6.5 million bbl/d (mb/d) in 2012 to average 7.3 mb/d in 2013 and 7.9 mb/d 2014. Drilling in tight oil plays in the onshore Williston, Western Gulf, and Permian basins is expected to account for the bulk of forecast production growth over the next two years. EIA expects that U.S. crude oil production will exceed U.S. crude oil imports as early as the end of 2013, the first time this will have occurred since February 1995. Since reaching 12.5 mb/d in 2005, total U.S. liquid fuel net imports, including crude oil, fell to 7.4 mb/d in 2012, and EIA expects imports to continue declining to an average of 6.0 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, which would be the lowest level since 1985.

Fuel ethanol production averaged 865,000 b/d (13.3 billion gallons) in 2012, its lowest average since 2009. EIA expects ethanol production to remain near current levels of about 800,000 b/d through mid-2013 before recovering to pre-drought production levels, averaging 857,000 b/d for the year. Ethanol production is expected to rise in 2014, averaging 922,000 b/d. Despite the forecast increase in ethanol production, EIA expects the drawdown of banked renewable identification numbers, as the average ethanol share of the gasoline pool increases only modestly between 2012 and 2014. Biodiesel production, which averaged 63,000 b/d (1.0 billion gallons) in 2012 is forecast to increase to 82,000 b/d (1.3 billion gallons) in both 2013 and 2014. This forecast assumes that the 2014 renewable fuel volume obligations are identical to those in 2013.



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