

Commodity Market Monthly

Research Department, Commodities Team*



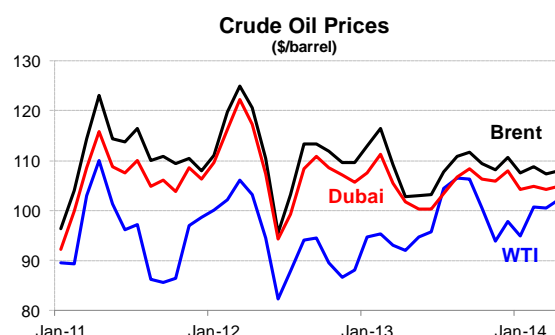
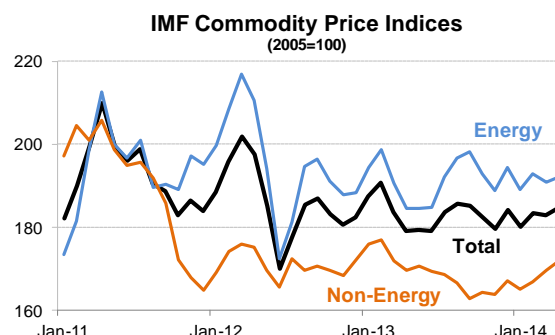
May 13, 2014

www.imf.org/commodities

Commodity prices rose 1.0 percent in April, with gains in all main groups due, in part, to depreciation of the dollar—down 0.4 percent against a broad group of countries. A few commodities face growing supply constraints, such as nickel following Indonesia's ore export ban, while a few agriculture commodities have been affected by weather and disease. Record global production of corn, rice and oilseeds are projected for crop year 2014/15 (p. 8).

Crude oil prices rose by 0.9 percent in April, averaging \$104.9/bbl, on rising tensions between Russia and western countries over the conflict in Ukraine, and continued global production outages. Deterioration in Ukraine raises the possibility of further sanctions, and Russia has stated it will only supply gas to Ukraine that is pre-paid beginning in June. Exports from Libya have been slow to re-emerge, but reopening of two ports could see exports of around 0.2 mb/d in the near term. Refinery maintenance in the Atlantic basin, that was expected to wind down in April, has been extended into May with further announced turnarounds (and maintenance is now underway in Asia). OPEC production reportedly rose in April with a rebound in Algeria, Iraq and Saudi Arabia. OPEC next meets June 11th to discuss its 30 mb/d production target.

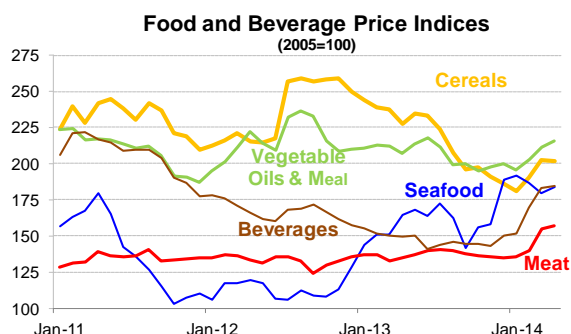
The Brent-WTI spread widened to \$6/bbl, and to nearly \$10/bbl in early May, due to a continued buildup in U.S. crude oil inventories. Stocks in the mid-continent have plunged in recent weeks facilitated by new pipeline capacity from Cushing OK to the Gulf coast. However, the surplus has now shifted to the Gulf where stocks are at record highs. Rising light crude oil production from U.S. shale deposits has reduced light crude imports. However, imports of Latin American heavy oil—which Gulf coast refineries are typically designed to process—are also declining somewhat and being redirected to other markets in Europe and Asia.



Natural gas prices in the U.S. fell by 4.1 percent in March on moderating seasonal demand. The storage injection season—which commenced in early April—began at a faster pace than last year, partly due to mild weather. However, larger injections are required to replace depleted inventories before winter, and may require higher prices. The pace of summer cooling demand will be a key factor.

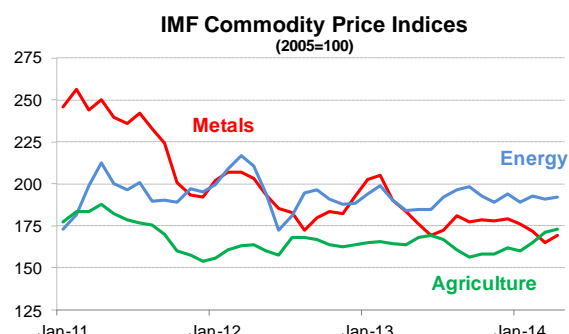
Agriculture prices rose by 0.9 percent in April, with large gains concentrated in a few commodities. Orange prices leapt 8 percent on reduced production estimates in Brazil because of drought and in the U.S. from bacterial disease. Swine prices rose 6 percent, up a third straight month, as a contagious disease has wiped out 10 percent of the U.S. swine population since last summer. Shrimp prices increased 5 percent as a disease in Asia is reducing supplies of farm-raised shrimp. Soybean

*Prepared by Shane Streifel with assistance from Daniel Rivera Greenwood and Marina Rousset



and soybean meal prices were up 5 due to strong demand, but prices eased in early May as a record South American crop entered the market. Arabica coffee prices rose 5 percent (and are up 85 percent the past 5 months) due to concerns about the size of Brazil's crop because of drought. Partly offsetting these gains was a 6 percent drop in tea prices on relatively weak demand at auctions in Kenya, the world's largest black tea exporter. Rice prices fell 5 percent, down a second month, as the Thailand government continued to sell from its stocks to help finance delayed payments under its Crop Rice Paddy Pledging Program. Palm oil prices declined 4 percent on rising production and stocks in Malaysia. Rubber prices fell 4 percent as global production is expected to record a surplus for the fourth straight year. Thailand is taking steps to reduce output but growth continues in other south-east Asian countries.

Metals prices rose by 2.7 percent in April, up for the first time this year, with gains in all metals except uranium. The largest increase was for nickel—jumping by 11 percent and up for the sixth consecutive month—mainly due to Indonesia's January 12th export ban on unprocessed ore. The nickel market is expected to gradually shift from a large surplus into deficit, especially in 2015, and record LME inventories have recently started to decline. China, which imported most of Indonesia's ore to process nickel pig iron, had stocked up with several month's supply to help cushion the loss, but smaller producers are already reporting shortages and larger producers are cutting output. Aluminum prices rose 6 percent following a court ruling against the LME to cut its warehouse queues, as well as continued production cuts outside of China. However prices fell back in early May on rising stocks and continued growth in production in China.



Iron ore prices rose 2 percent on expected higher demand in China, but prices in early May fell to the lowest levels in 20 months due to continued growth in production from Australia, and higher stocks at Chinese ports. Partly offsetting these increases was a 6 percent drop in uranium prices, to the lowest level in almost nine years, due to excess global supply and delay restarting Japan's nuclear power plants.

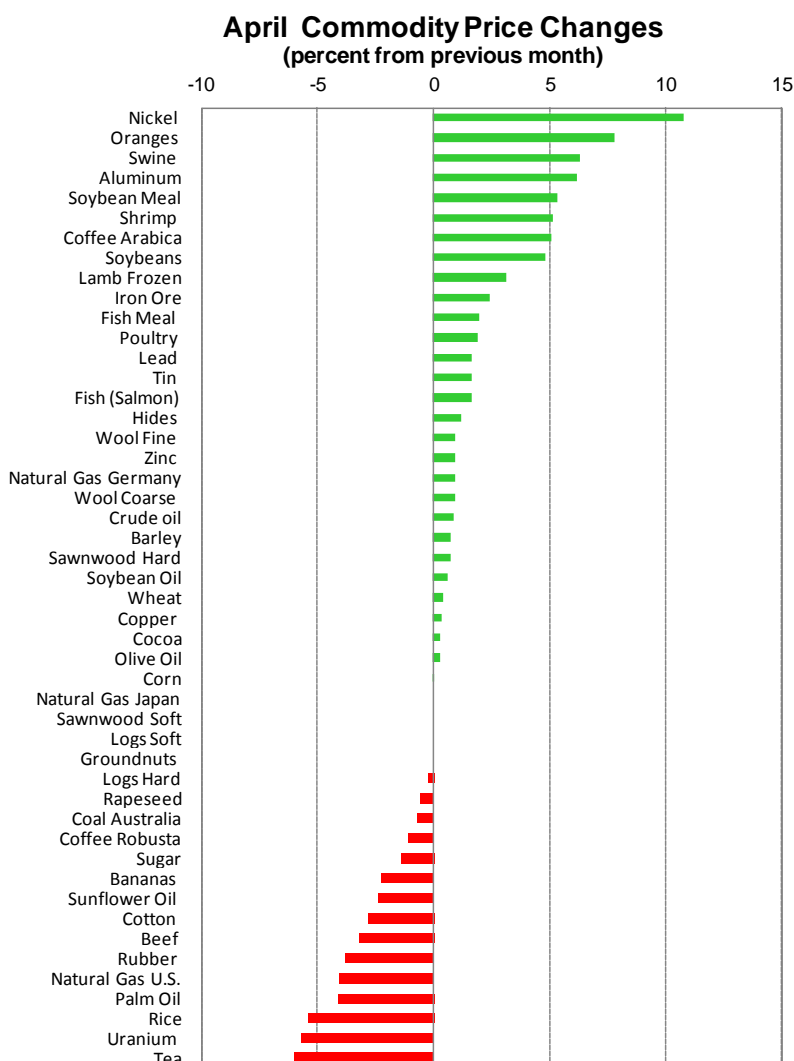


Table 1. Market Prices for Non-Fuel and Fuel Commodities

	Units	2011	2012	2013	2013Q2	2013Q3	2013Q4	2014Q1	Mar-2014	Apr-2014
Food										
Cereals										
Wheat	\$/MT	316.2	313.3	312.2	313.8	305.9	307.8	297.1	323.6	324.9
Maize	\$/MT	291.8	298.4	259.0	290.9	240.4	199.5	210.1	222.3	222.4
Rice	\$/MT	551.7	580.2	518.8	550.7	504.0	449.9	440.7	434.1	410.6
Barley	\$/MT	207.2	238.2	206.4	231.5	197.2	157.3	162.7	162.2	163.4
Vegetable oils and protein meals										
Soybeans	\$/MT	484.2	537.8	517.2	540.0	516.5	479.4	498.3	522.0	547.2
Soybean meal	\$/MT	378.9	473.3	477.3	475.6	496.5	472.5	493.3	506.7	533.6
Soybean oil	\$/MT	1215.8	1151.8	1011.1	1076.0	960.0	889.2	877.9	928.5	934.1
Palm oil	\$/MT	1076.5	939.8	764.2	761.0	726.2	789.4	813.7	860.5	825.3
Fish meal	\$/MT	1519.3	1624.3	1711.8	1804.7	1581.8	1542.2	1657.9	1729.3	1763.8
Sunflower Oil	\$/MT	1621.8	1489.5	1341.2	1459.4	1228.7	1182.9	1133.1	1152.1	1125.1
Olive oil	\$/MT	3070.3	3135.7	3820.9	3860.8	3761.4	3656.6	3599.0	3592.3	3602.3
Groundnuts	\$/MT	1724.0	1688.2	2318.2	2521.0	2347.1	2312.7	2380.6	2386.6	2386.6
Rapeseed oil	\$/MT	1366.6	1239.1	1080.9	1121.4	993.2	1012.8	980.3	1014.3	1008.3
Meat										
Beef	cts/lb	183.2	187.9	183.6	181.8	176.3	182.4	191.8	197.8	191.4
Lamb	cts/lb	149.2	100.9	106.7	103.9	109.2	116.4	124.1	128.3	132.3
Swine Meat	cts/lb	89.1	82.8	86.5	88.4	95.4	82.6	92.8	113.2	120.3
Poultry	cts/lb	87.4	94.3	103.8	104.1	106.4	104.7	104.7	105.3	107.3
Seafood										
Fish	\$/kg	5.9	4.8	6.8	7.2	6.5	6.9	7.8	7.4	7.6
Shrimp	\$/kg	11.9	10.1	14.0	12.7	15.6	16.6	17.1	17.2	18.1
Sugar										
Free market	cts/lb	26.2	21.4	17.7	17.3	17.3	17.7	16.8	17.9	17.6
United States	cts/lb	37.6	28.9	21.2	20.2	21.1	21.5	22.4	23.0	24.7
EU	cts/lb	26.7	26.4	26.0	25.5	25.8	26.9	27.5	27.6	27.8
Bananas	\$/MT	975.9	984.3	926.4	910.6	934.1	928.1	947.1	966.9	945.5
Oranges	\$/MT	891.1	868.0	967.3	1065.0	1143.9	834.4	816.7	900.0	970.0
Beverages										
Coffee										
Other milds	cts/lb	273.2	187.6	141.1	147.7	135.6	126.1	175.8	216.1	227.0
Robusta	cts/lb	116.0	110.6	100.5	103.5	98.9	90.4	102.0	111.9	110.7
Cocoa Beans	\$/MT	2978.5	2377.1	2439.1	2308.0	2469.4	2770.1	2951.3	3041.7	3050.6
Tea	cts/kg	346.2	348.9	265.6	264.2	244.9	234.2	247.9	237.7	223.4
Agricultural raw materials										
Timber										
Hardwood										
Logs 1/	\$/M3	390.5	360.5	305.4	837.4	846.0	882.7	901.9	290.9	290.3
Sawnwood 1/	\$/M3	939.4	876.3	852.8	301.8	301.1	296.3	289.8	905.7	912.5
Softwood										
Logs 1/	\$/M3	150.0	148.0	164.5	168.1	158.5	174.0	182.0	190.0	190.0
Sawnwood 1/	\$/M3	280.9	284.7	301.4	315.3	307.3	304.3	297.0	295.6	295.6
Cotton	cts/lb	154.6	89.2	90.4	92.7	91.8	87.2	94.0	96.9	94.2
Wool										
Fine	cts/kg	1638.2	1345.3	1197.7	1161.4	1071.6	1195.5	1114.0	1077.6	1088.0
Coarse	cts/kg	1209.2	1212.6	1128.1	1091.8	1039.5	1153.8	1083.6	1047.2	1056.9
Rubber	cts/lb	218.5	153.2	126.8	131.8	117.5	114.6	102.1	103.5	99.6
Hides	cts/lb	82.0	83.2	94.7	93.8	95.9	103.1	107.6	111.0	112.3

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	2011	2012	2013	2013Q2	2013Q3	2013Q4	2014Q1	Mar-2014	Apr-2014
Metals										
Copper	\$/MT	8823.5	7958.9	7331.5	7156.7	7084.1	7162.9	7030.2	6650.0	6673.6
Aluminum	\$/MT	2400.6	2022.8	1846.7	1836.0	1782.4	1767.5	1709.3	1705.4	1810.7
Iron Ore	\$/MT	167.8	128.5	135.4	125.4	132.8	134.9	120.4	111.8	114.6
Tin	\$/MT	26051.4	21109.4	22281.6	20879.6	21312.4	22896.9	22636.3	23024.3	23405.2
Nickel	\$/MT	22909.1	17541.7	15030.0	14952.6	13953.3	13908.7	14661.0	15678.1	17373.6
Zinc	\$/MT	2195.5	1950.0	1910.2	1841.9	1860.3	1908.7	2026.5	2007.9	2027.2
Lead	\$/MT	2400.7	2063.6	2139.7	2052.0	2101.9	2113.9	2101.4	2053.1	2087.1
Uranium	\$/lb	56.2	48.9	38.5	40.7	35.8	34.9	35.2	34.9	32.9
Energy										
Spot Crude ^{2/}	\$/bbl	104.0	105.0	104.1	99.3	107.3	104.5	103.7	104.0	104.9
U.K. Brent	\$/bbl	111.0	112.0	108.8	103.0	110.1	109.4	107.9	107.4	107.9
Dubai	\$/bbl	106.0	108.9	105.4	100.8	106.1	106.7	104.4	104.1	104.8
West Texas Intermediate	\$/bbl	95.0	94.1	97.9	94.2	105.8	97.4	98.8	100.6	102.2
Natural Gas										
Russian in Germany	\$/mmbtu	10.6	12.0	11.2	11.5	11.0	11.0	10.8	10.7	10.8
Indonesian in Japan	\$/mmbtu	15.6	18.1	17.3	17.4	17.0	17.0	17.8	17.8	17.8
US, domestic market	\$/mmbtu	4.0	2.8	3.7	4.0	3.6	3.8	5.2	4.9	4.7
Coal										
Australian, export markets	\$/MT	130.1	103.2	90.6	92.2	82.8	87.9	82.6	78.6	78.0

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/}	2011	2012	2013	2013Q2	2013Q3	2013Q4	2014Q1	Mar-2014	Apr-2014
All Primary Commodities ^{2/}	100.0	192.4	186.3	183.3	179.2	184.8	182.1	182.1	183.0	184.7
Non-Fuel	36.9	190.0	171.0	169.0	169.9	166.0	165.1	167.1	169.6	172.0
Agriculture	26.2	173.9	162.8	163.3	167.3	161.6	159.5	165.5	171.4	173.0
Food	16.7	179.9	175.6	177.6	183.4	175.6	170.2	176.6	183.3	185.5
Cereals	3.6	231.2	236.4	218.3	232.0	209.3	191.5	191.2	202.4	201.4
Vegetable oils and protein meals	4.4	209.1	215.9	206.4	213.0	203.5	197.5	203.1	211.2	215.4
Meat	3.7	134.5	133.3	136.8	137.1	139.4	135.4	143.4	154.9	156.9
Seafood	3.2	139.3	113.3	160.1	165.6	158.6	167.6	185.9	179.6	183.7
Beverages	1.8	205.5	167.4	147.4	146.8	144.7	145.9	167.9	183.0	184.6
Agricultural Raw Materials ^{3/}	7.7	153.5	134.0	136.2	137.0	135.0	139.7	140.8	143.0	143.0
Timber	3.4	110.8	107.4	107.3	109.0	107.4	109.0	108.7	109.1	109.3
Metals	10.7	229.7	191.0	182.9	176.5	177.0	178.6	171.1	165.0	169.5
Edibles ^{4/}	18.5	182.4	174.8	174.6	179.9	172.6	167.8	175.8	183.2	185.4
Industrial Inputs ^{5/}	18.4	197.8	167.1	163.3	159.9	159.4	162.3	158.4	155.8	158.4
Energy ^{6/}	63.1	193.8	195.2	191.7	184.6	195.7	192.1	190.9	190.8	192.2
Petroleum ^{7/}	53.6	195.9	197.9	195.9	187.0	201.8	196.8	195.2	195.7	197.4
Natural Gas	6.9	154.3	171.2	164.9	168.3	161.4	162.1	168.5	166.1	166.3
Coal	2.6	254.4	202.1	176.8	179.4	161.4	173.7	163.4	155.5	154.8

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

2/ Non-Fuel Primary Commodities and Energy Index.

3/ Includes Forestry Products.

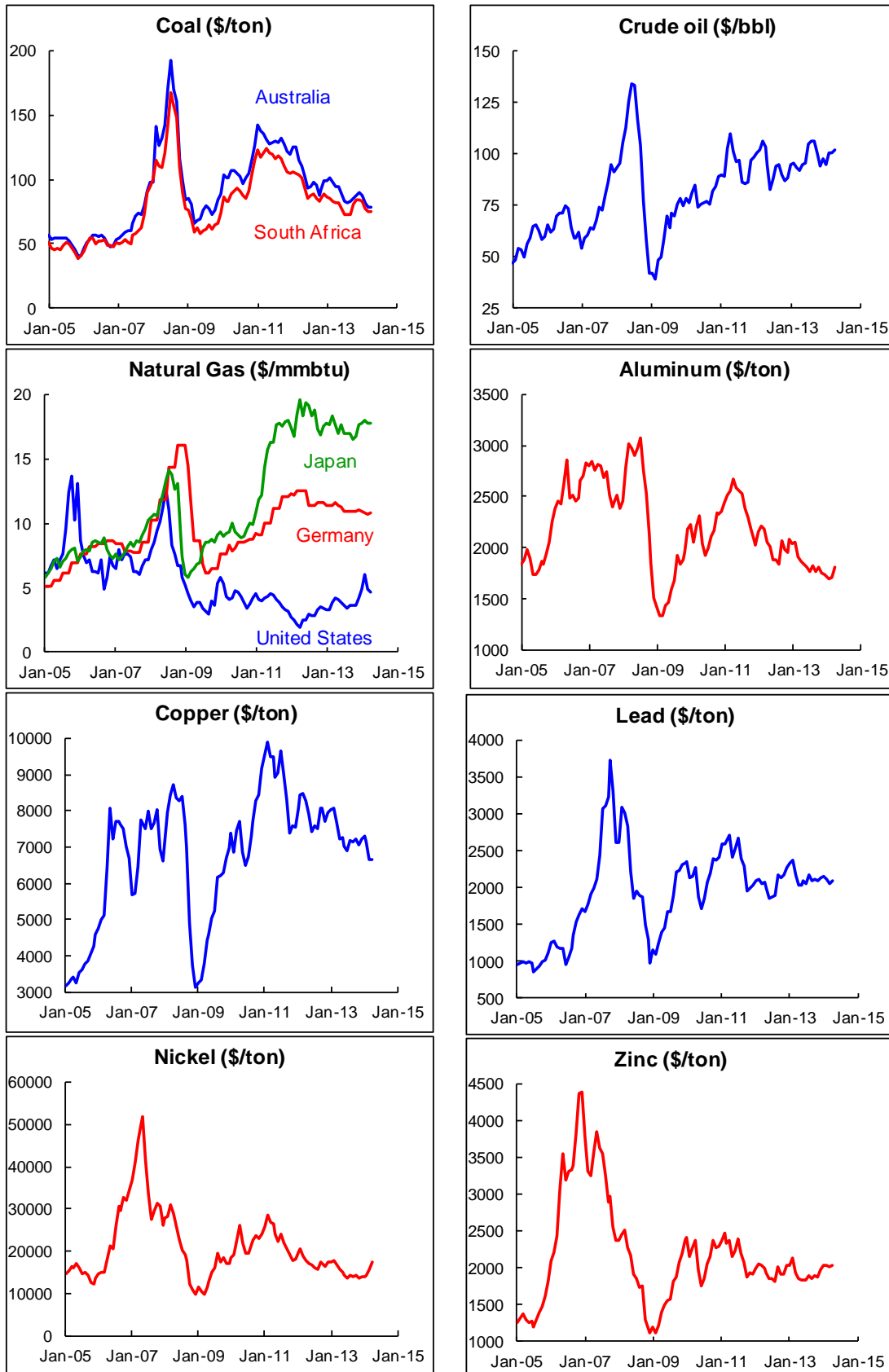
4/ Edibles comprised of Food and Beverages.

5/ Industrial (Non-Fuel) Inputs comprised of Agriculture and Metals.

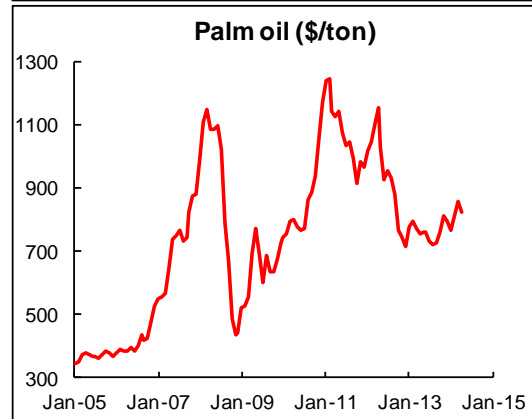
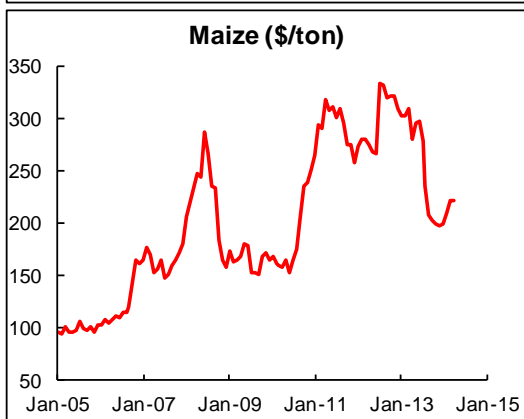
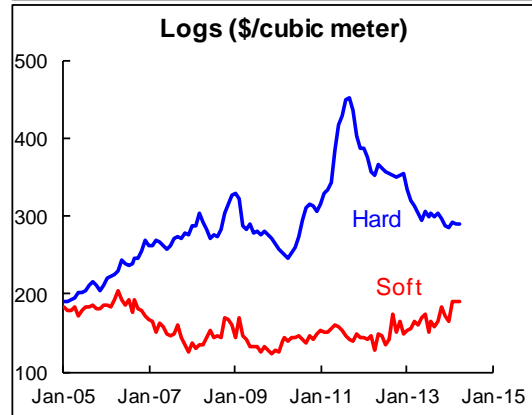
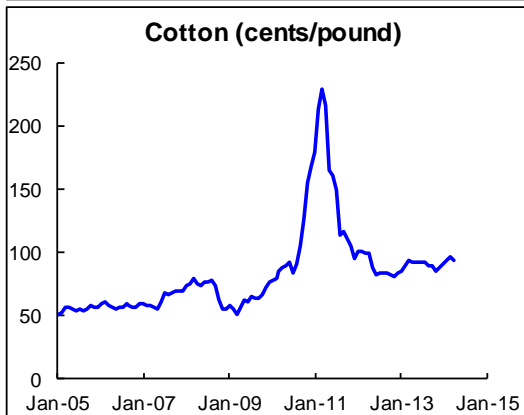
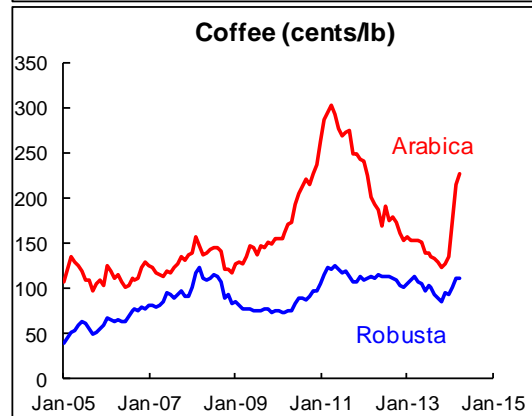
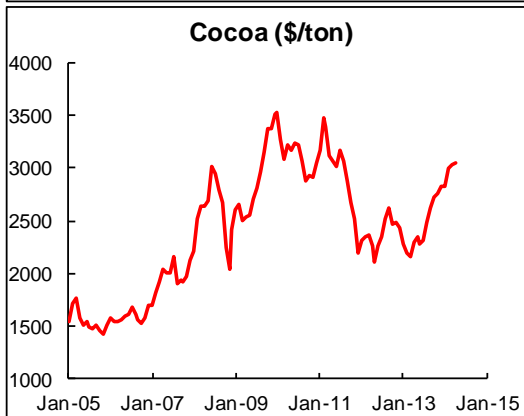
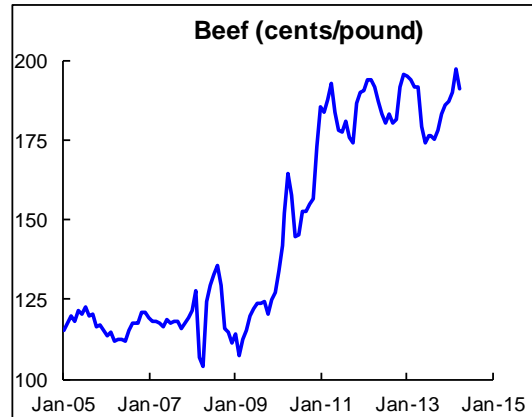
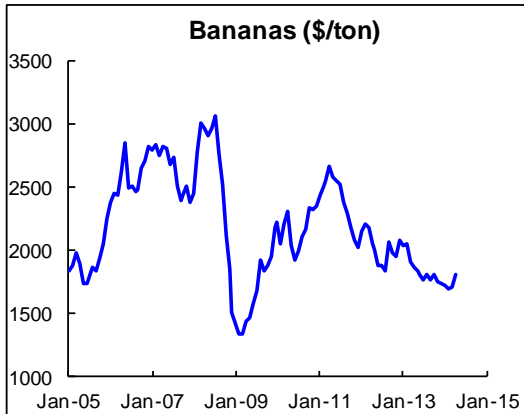
6/ Includes Petroleum, Natural Gas and Coal.

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

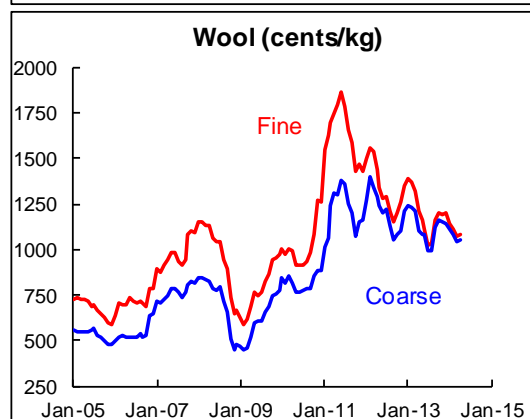
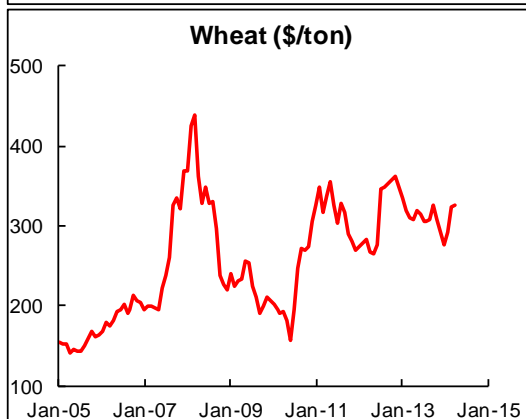
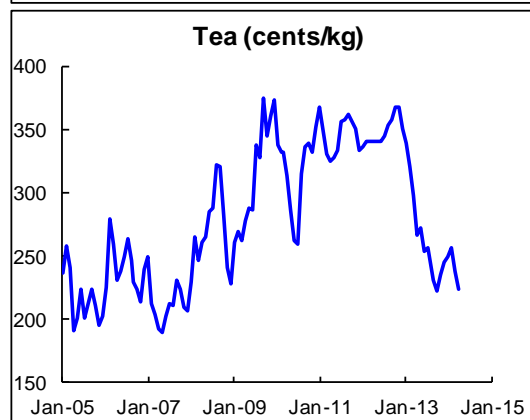
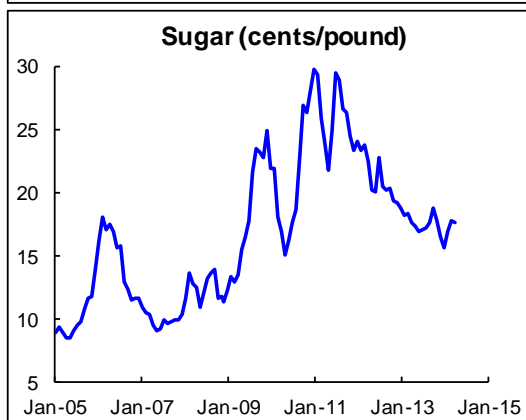
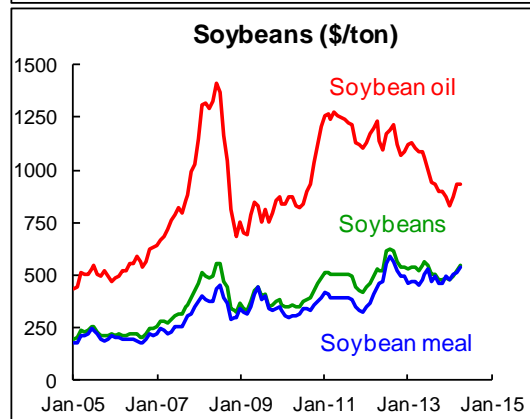
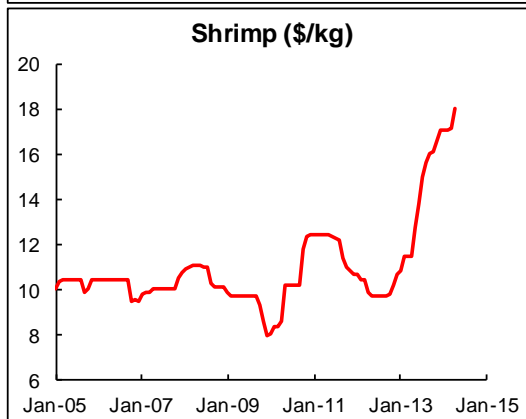
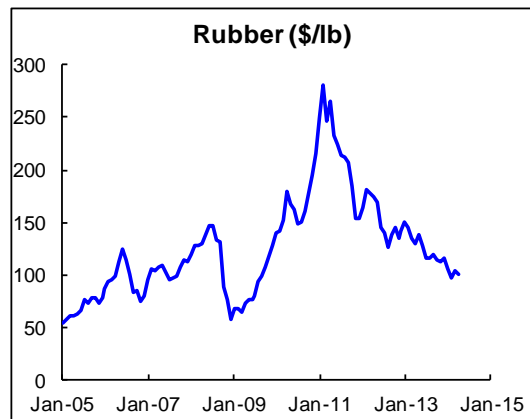
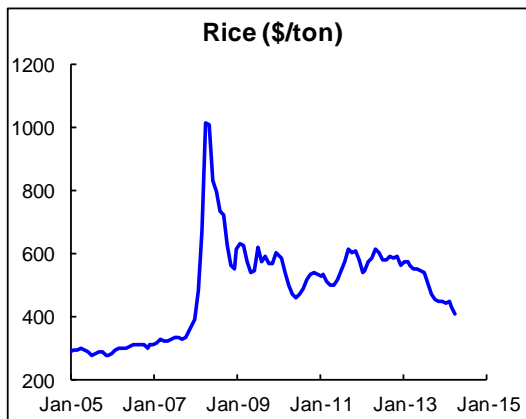
Commodity Prices in U.S. Dollars, 2005-2014



Commodity Prices in U.S. Dollars, 2005-2014 continued



Commodity Prices in U.S. Dollars, 2005-2014 continued



Commodity News Highlights

World Agricultural Supply and Demand Estimates. U.S. Department of Agriculture. May 9, 2014.

Select Highlights

Wheat. Global 2014/15 wheat supplies are projected down less than 1 percent from 2013/14 as reduced beginning stocks and production in the U. S. offset higher foreign beginning stocks. World wheat production is projected at 697 million tons (mt), down 2 percent, with foreign production projected 12 mt lower on reductions for Canada, Turkey, Morocco, Ukraine, Australia, Iran, and Syria. U.S. production is projected at 53 mt, down 8 percent. U.S. ending stocks are projected to decline for a fifth consecutive year. Global wheat consumption is projected 1 percent lower with a reduction in world wheat feeding only partly offset by higher expected food use. Global import demand is lower and global ending stocks are projected at 187 mt, up 1 mt.

Coarse Grain. Global coarse grain supplies for 2014/15 are projected at a record 1,461 mt, up 2 percent as increased world beginning stocks more than offsets reduced world output. Projected global **corn** production is projected at a record 979 mt, and is virtually unchanged from 2013/14. Ukraine production is lowered 4.9 mt from last year's record level as the reduced value of the local currency keeps input prices high and reduces expected use of fertilizer and other inputs. U.S. corn production is projected at 354 mt, up slightly from the 2013/14 record. U.S. exports are expected to decline on larger foreign supplies and lower import demand. U.S. ending corn stocks are projected at 44 mt, up 15 mt. Global corn trade is projected lower with reduced imports for China and Mexico. World corn consumption is projected at a record 966 mt, up 17 mt on higher use in China, Brazil, the European Union, Mexico, and Japan. Global corn ending stocks are projected at 182 mt, up 13 mt, and at a 15-year high.

Rice. Global 2014/15 rice supply and use are each projected to reach record levels at 592 and 482 mt, respectively, and result in a 1.5-mt decrease in world ending stocks. Global 2014/15 rice production is projected at a record 481 mt, up 5 mt. Record crops are projected for the major exporters, including India, Thailand, and Vietnam. On the importer side, record or near-record crops are forecast for Indonesia, the Philippines, and Sub-Saharan Africa. Global 2014/15 consumption is projected at a record 482 mt, up 1.5 percent from the previous year. Global exports in 2014/15 are projected at a record 41 mt, up 1 mt. Thailand is forecast to be the largest global rice exporter with exports of 10 mt followed by India at 9 mt and Vietnam at 7 mt. Large 2014/15 imports are projected for China, the Middle East, and Sub-Saharan Africa. China's annual consumption needs have overtaken production since 2012/13 resulting in declining stocks. Global 2014/15 ending stocks are expected to decrease 1.5 mt to 110 mt. The largest stocks reductions occur in India and China—down about 1 mt each.

Oilseeds. Global oilseed production for 2014/15 is projected at a record 515 mt, up 2.4 percent with increased soybean and peanut production partly offset by lower rapeseed, sunflower seed, and cottonseed production. Global **soybean** production is projected at 300 mt, up 5.6 percent, mostly due to a larger U.S. crop. U.S. soybean production is projected at a record 99 mt, up 9 mt on record yields and harvested area. Brazil's soybean crop is projected at a record 91 mt, up 3.5 mt on small gains in area and yield. The Argentina soybean crop is projected at 54 mt, unchanged with lower area offset by higher yields. China soybean production is projected at 12 mt, down slightly as producers continue to shift to more profitable crops. With crush projected to increase 2.4 percent, global oilseed ending stocks are projected at 95 mt, up 15 mt. Global protein meal consumption is projected to increase 3.2 percent, with China's consumption increasing 3.5 percent. Global soybean exports are projected at 112 mt, up 1.5 percent, with U.S. soybean exports estimated at 44 mt, up 1.5 percent. China soybean imports are projected at 72 mt, up 3 mt. Global vegetable oil consumption is projected to increase 4.1 percent led by increases for China, India, and Indonesia.



I N T E R N A T I O N A L M O N E T A R Y F U N D

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