

Commodity Market Monthly

Research Department, Commodities Team



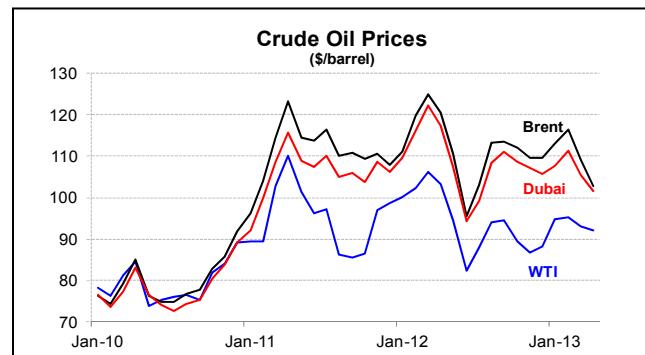
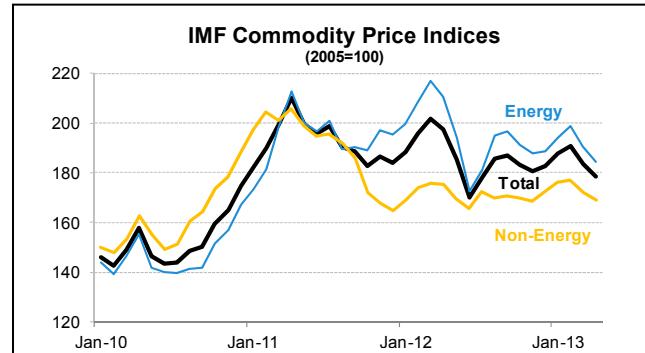
May 13, 2013

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Commodity prices fell by 2.7 percent in April—down sharply for a second straight month—on global macroeconomic concerns and rising supply prospects in most sectors. There were declines in all main indices, with the exception of natural gas due to stronger seasonal demand. Among agriculture commodities, cereals and vegetable oils fell on improved global supply outlooks. Year-to-date the IMF total commodity index is down 2.1 percent.

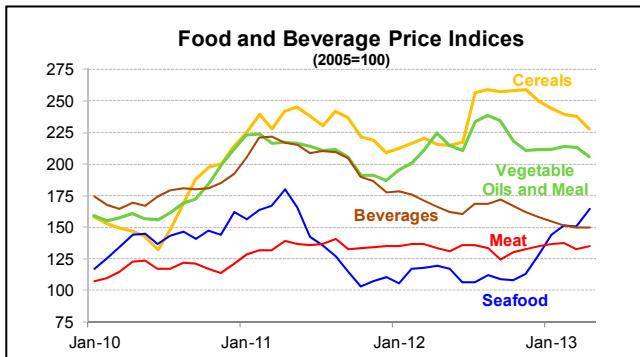
Crude oil prices fell 3.7 percent in April to \$98.9/bbl on weak demand, higher stocks and continued gains in supply. However, prices bounced off their mid-month lows and rose above \$101/bbl in early May on expectations of stronger refinery demand, as refineries exit seasonal maintenance. There was a large typical build in crude oil inventories in April, following an atypical build in the first quarter, due to a period of heavy refinery maintenance and weakening seasonal demand. Non-OPEC supplies continue to grow strongly, mainly from oil shale in the U.S. and oil sands in Canada. OPEC crude oil output edged up to 30.5 mb/d, and the Organization next meets May 31 to discuss its 30 mb/d production target. Geopolitical tensions remain, and supply outages persist in a number of countries in the Middle East, as well as in Nigeria and South Sudan—although production in the latter has resumed, albeit at small volume.

The price of U.S. WTI strengthened significantly relative to Brent, with the differential narrowing to under \$8/bbl in early May from more than \$20/bbl during February. The contraction is partly due to start up new West Texas pipeline capacity delivering crude to the Gulf coast and bypassing Cushing OK where stocks remain high. The return of the Whiting refinery near Chicago will also provide an outlet for Cushing stocks—mainly heavy crude. A large WTI discount is expected to remain, however, until further pipeline projects are completed in 2014.



Natural gas prices in the U.S. surged 9.6 percent in April due to lingering cold weather and further withdrawals from storage early in the month. The storage injection season then began, with U.S. gas inventories sitting one-third lower than a year earlier. **Coal prices in Australia fell 4.1 percent** on weak Chinese imports and a continued supply overhang.

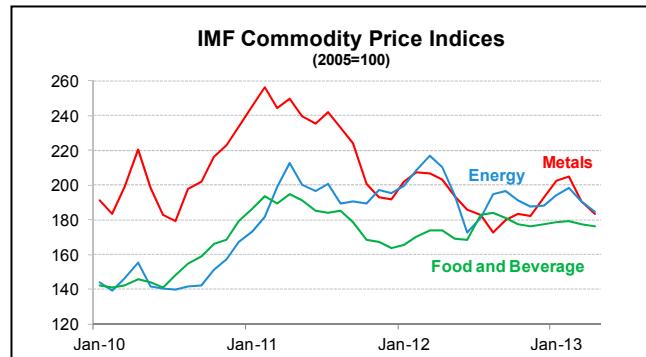
In the agriculture sector food prices fell by 0.8 percent in April, with decreases in all main indices except seafood. Cereals prices led the declines, falling by 4 percent, with a 9 percent drop in corn prices on improving supply prospects (see page 8). Soybean meal and soybeans prices fell by 5 and 3 percent, respectively, also on better outlooks for production. Groundnut prices slumped 10 percent owing to still high stocks. Partly offsetting these reductions was an 11 percent jump in salmon prices due to strong import demand. Swine prices rose 6



percent on an expected tightening of supply.

Beverage prices fell 0.4 percent, led by a 10 percent drop in tea prices due to higher production in Kenya. Robusta coffee prices declined 5 percent as drought concerns receded because of rains in Vietnam, the world's largest robusta producer. Partly offsetting the declines was a 7 percent jump in cocoa prices on expected lower supplies from Côte d'Ivoire. **Raw materials prices fell 1.5 percent**, with a 9 percent drop in wool prices due to weak demand. Rubber prices fell 4 percent also on weak demand, but prices reversed during the month and into May as China expanded imports for restocking.

Metals prices dropped 3.7 percent in April on concerns about disappointing global economic data, particularly in China, amid steady increases in global supply. Prices staged a rally in early May on more positive economic news, but most markets remain in surplus and stocks are high—although LME stocks decreased across the board in April. The largest price decline was tin, down 7 percent, due to weak import demand and destocking in China, and record tin shipments from Indonesia, the world's largest tin exporter. However, beginning in July Indonesia's exports may be more constrained when the government introduces new quality standards on exports. Lead prices declined 7 percent on slowing seasonal demand and sharply higher exports from China. Nickel prices also fell 7 percent, as the market remains oversupplied due to a sharp increase in Chinese nickel pig iron production and ongoing ramp-up of large nickel developments elsewhere—although there has been disruption to some of these technological challenging projects. Copper prices declined 6 percent due to weak Chinese import demand, the ongoing wave of new supply growth,



and recovery from disruptions last year. Zinc prices fell 4 percent—despite a significant portion of stocks being tied up in warehouse financing deals and unavailable to the market—on rising production and an absence of import demand in China.

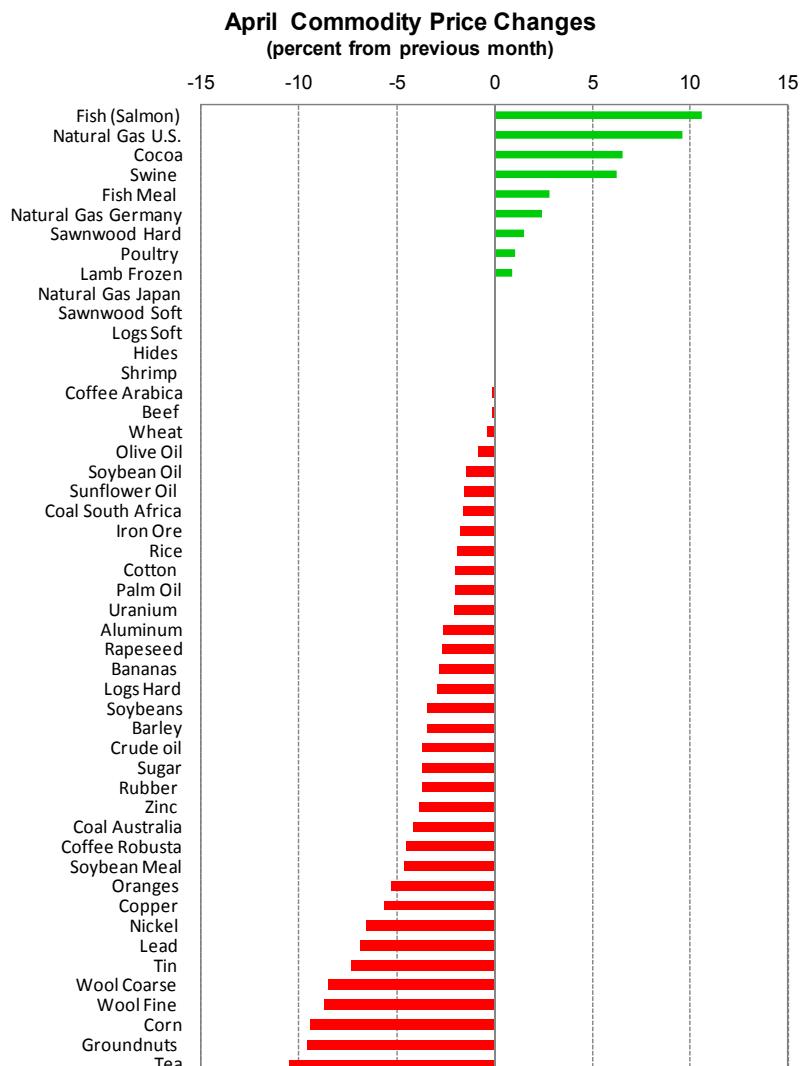


Table 1. Market Prices for Non-Fuel and Fuel Commodities

	Units	2010	2011	2012	2012Q2	2012Q3	2012Q4	2013Q1	Mar-2013	Apr-2013
Food										
Cereals										
Wheat	\$/MT	223.7	316.2	313.3	269.0	349.5	355.7	321.4	309.9	308.7
Maize	\$/MT	186.0	291.8	298.4	270.1	328.6	317.3	305.1	309.5	280.3
Rice	\$/MT	520.6	551.7	580.2	601.5	583.9	580.3	570.7	564.5	553.7
Barley	\$/MT	158.4	207.2	238.2	236.3	252.0	249.1	239.4	240.8	232.4
Vegetable oils and protein meals										
Soybeans	\$/MT	384.9	484.2	537.8	524.2	615.8	544.4	532.8	536.1	517.8
Soybean meal	\$/MT	331.3	378.9	473.3	454.7	565.9	500.1	464.6	468.0	446.4
Soybean oil	\$/MT	924.8	1215.8	1151.8	1155.0	1192.4	1093.5	1119.2	1102.9	1086.7
Palm oil	\$/MT	859.9	1076.5	939.8	1038.7	920.9	741.7	780.3	771.9	756.5
Fish meal	\$/MT	1739.2	1519.3	1624.3	1522.8	1735.6	1928.9	1918.4	1784.0	1834.7
Sunflower Oil	\$/MT	1186.0	1621.8	1489.5	1441.0	1546.1	1492.4	1493.8	1462.0	1439.2
Olive oil	\$/MT	3171.3	3070.3	3135.7	2858.9	3209.1	3579.7	4004.9	3964.6	3929.4
Groundnuts	\$/MT	1239.4	1724.0	1884.6	1838.0	1806.2	2043.6	2273.6	2501.6	2262.2
Rapeseed oil	\$/MT	1011.7	1366.6	1239.1	1241.1	1233.0	1202.5	1196.0	1162.4	1130.9
Meat										
Beef	cts/lb	152.5	183.2	187.9	187.7	181.2	189.7	193.8	191.8	191.7
Lamb	cts/lb	145.7	149.2	100.9	99.8	89.5	89.5	97.1	98.4	99.2
Swine Meat	cts/lb	74.4	89.1	82.8	83.6	83.2	79.3	79.7	73.4	77.9
Poultry	cts/lb	85.8	87.4	94.3	93.9	95.1	96.7	100.2	101.5	102.6
Seafood										
Fish	\$/kg	6.1	5.9	4.8	9.8	9.7	10.2	11.3	6.5	7.2
Shrimp	\$/kg	10.1	11.9	10.1	4.8	4.6	4.9	6.5	11.5	11.5
Sugar										
Free market	cts/lb	20.9	26.2	21.4	20.9	21.2	19.6	18.5	18.3	17.7
United States	cts/lb	31.1	37.6	28.9	30.4	27.8	23.1	22.0	21.5	20.7
EU	cts/lb	25.7	26.7	26.4	26.3	26.3	26.7	25.8	25.1	25.4
Bananas	\$/MT	881.4	975.9	984.3	980.4	962.8	947.4	932.6	938.6	912.2
Oranges	\$/MT	1033.2	891.1	868.0	843.8	995.5	861.9	843.2	907.0	858.9
Beverages										
Coffee										
Other milds	cts/lb	194.4	273.2	187.6	183.2	182.1	162.4	154.8	153.0	153.0
Robusta	cts/lb	84.1	116.0	110.6	113.7	112.4	105.0	109.4	112.7	107.6
Cocoa Beans	\$/MT	3130.6	2978.5	2377.1	2215.2	2494.1	2457.8	2208.8	2153.4	2294.7
Tea	cts/kg	316.7	346.2	348.9	341.0	352.3	362.6	319.1	297.4	266.3
Agricultural raw materials										
Timber										
Hardwood										
Logs 1/	\$/M3	278.2	390.5	360.5	883.8	864.3	874.4	845.2	313.8	304.5
Sawnwood 1/	\$/M3	848.3	939.4	876.3	361.0	355.1	352.7	322.5	822.0	834.4
Softwood										
Logs 1/	\$/M3	141.5	150.0	148.0	140.8	150.4	155.9	157.6	164.1	164.1
Sawnwood 1/	\$/M3	281.8	280.9	284.7	296.0	295.4	283.2	278.4	280.7	280.7
Cotton	cts/lb	103.5	154.6	89.2	90.3	84.2	82.1	89.9	94.4	92.6
Wool										
Fine	cts/kg	1023.2	1638.2	1345.3	1355.7	1217.9	1273.0	1362.4	1324.1	1208.6
Coarse	cts/kg	820.1	1209.2	1212.6	1243.2	1138.0	1131.1	1227.5	1208.1	1105.2
Rubber	cts/lb	165.7	218.5	153.2	162.9	134.7	140.4	143.1	135.0	130.0
Hides	cts/lb	72.0	82.0	83.2	84.0	85.3	86.0	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	2012Q2	2012Q3	2012Q4	2013Q1	Mar-2013	Apr-2013
Metals										
Copper	\$/MT	7538.4	8823.5	7958.9	7870.2	7727.5	7913.2	7922.3	7652.4	7221.2
Aluminum	\$/MT	2173.0	2400.6	2022.8	1978.8	1927.9	2003.3	2000.8	1911.3	1861.0
Iron Ore	\$/MT	146.7	167.8	128.5	139.5	111.7	121.1	148.3	139.9	137.4
Tin	\$/MT	20367.2	26051.4	21109.4	20555.1	19331.0	21609.2	24037.5	23302.0	21589.6
Nickel	\$/MT	21810.0	22909.1	17541.7	17154.9	16373.5	16984.2	17305.3	16731.7	15629.3
Zinc	\$/MT	2160.4	2195.5	1950.0	1928.9	1891.3	1952.3	2029.7	1929.2	1855.6
Lead	\$/MT	2148.2	2400.7	2063.6	1974.6	1985.6	2201.2	2291.2	2173.4	2024.4
Uranium	\$/lb	46.0	56.2	48.9	51.3	49.1	43.3	42.8	42.3	41.4
Energy										
Spot Crude 2/	\$/bbl	79.0	104.0	105.0	102.9	102.8	101.9	105.1	102.6	98.9
U.K. Brent	\$/bbl	79.6	111.0	112.0	108.9	110.0	110.4	112.9	109.2	102.9
Dubai	\$/bbl	78.1	106.0	108.9	106.4	106.2	107.1	108.1	105.5	101.7
West Texas Intermediate	\$/bbl	79.4	95.0	94.1	93.4	92.2	88.1	94.4	93.1	92.0
Natural Gas										
Russian in Germany	\$/mmbtu	8.2	10.6	12.0	12.6	11.4	11.6	11.4	11.4	11.6
Indonesian in Japan	\$/mmbtu	9.4	15.6	18.1	19.1	18.8	17.2	17.7	17.7	17.7
US, domestic market	\$/mmbtu	4.4	4.0	2.8	2.3	2.9	3.4	3.5	3.8	4.2
Coal										
South African, export markets	\$/MT	91.6	116.3	92.9	93.5	87.4	85.8	84.7	82.8	81.4
Australian, export markets	\$/MT	106.0	130.1	103.2	102.4	95.8	93.1	99.5	97.5	93.4

1/ Provisional

Table 2. Indices of Primary Commodity Prices

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

	(Weights) 1/	2010	2011	2012	2012Q2	2012Q3	2012Q4	2013Q1	Jan-2013	Apr-2013
		100.0	152.3	192.4	186.3	184.3	183.5	182.1	187.3	178.7
All Primary Commodities 2/		36.9	161.2	190.0	171.1	170.3	171.0	170.3	175.1	175.1
Non-Fuel		18.5	152.6	182.4	175.1	170.5	182.9	177.1	178.6	178.6
Edibles		16.7	150.1	179.9	175.9	171.4	184.3	178.7	181.4	181.4
Food		3.6	166.5	231.2	236.4	215.8	257.5	255.6	240.3	240.3
Cereals		4.4	170.4	209.1	217.1	216.7	235.6	213.6	212.9	206.2
Vegetable oils and protein meals		3.7	117.2	134.5	133.3	133.4	131.0	132.5	135.5	134.9
Meat		3.2	140.4	139.3	113.3	114.1	109.0	116.4	148.6	148.6
Seafood		1.8	176.2	205.5	167.4	162.7	169.6	162.0	152.2	149.4
Beverages		18.4	169.9	197.8	167.1	170.0	159.0	163.4	171.6	161.3
Industrial Inputs		7.7	125.1	153.5	134.0	136.6	131.9	132.1	133.1	133.1
Agricultural Raw Materials 3/		3.4	101.1	110.8	107.4	109.1	108.5	107.1	103.7	103.1
Timber		10.7	202.3	229.7	191.0	194.2	178.5	186.1	199.4	199.4
Metals		63.1	147.1	193.8	195.2	192.4	190.8	189.1	194.5	184.4
Energy 4/		53.6	148.5	195.9	197.9	193.9	193.7	192.3	198.1	186.2
Petroleum 5/		6.9	113.3	154.3	171.2	178.0	169.3	166.8	167.2	171.3
Natural Gas		2.6	205.9	254.4	202.1	201.0	188.0	183.1	192.7	181.8

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

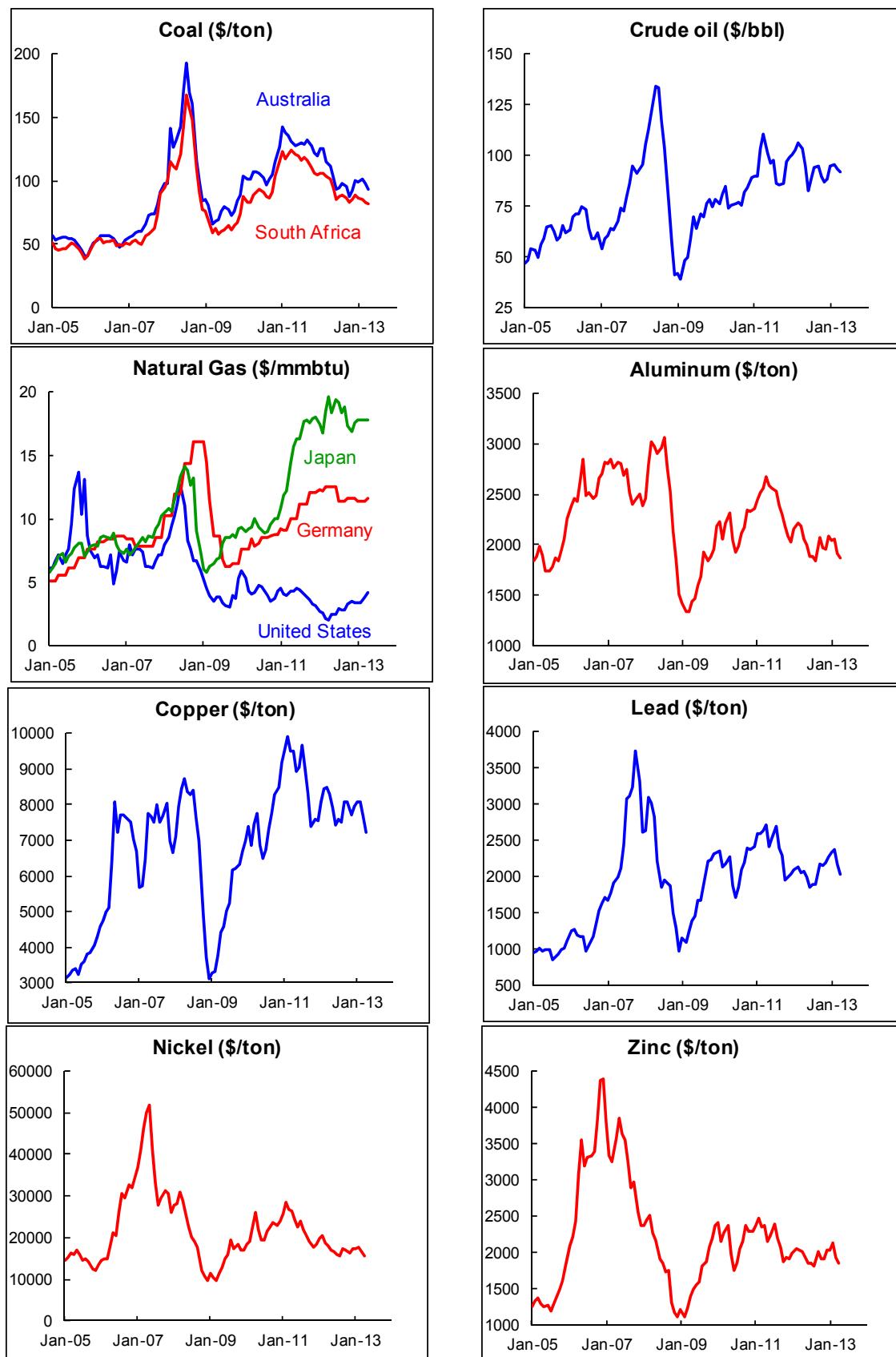
2/ Non-Fuel Primary Commodities and Energy Index.

3/ Includes forestry products.

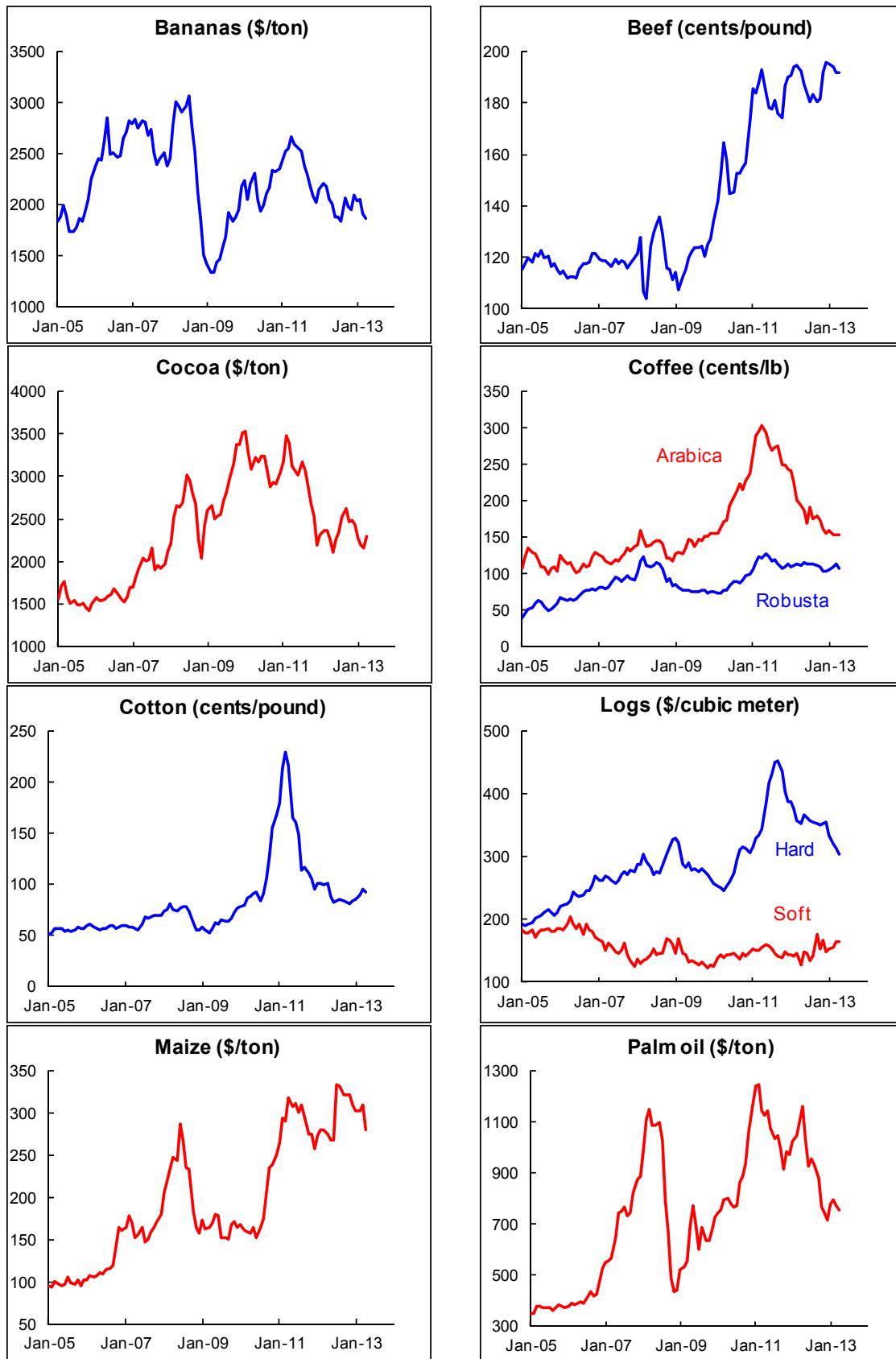
4/ Includes petroleum, natural gas and coal.

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

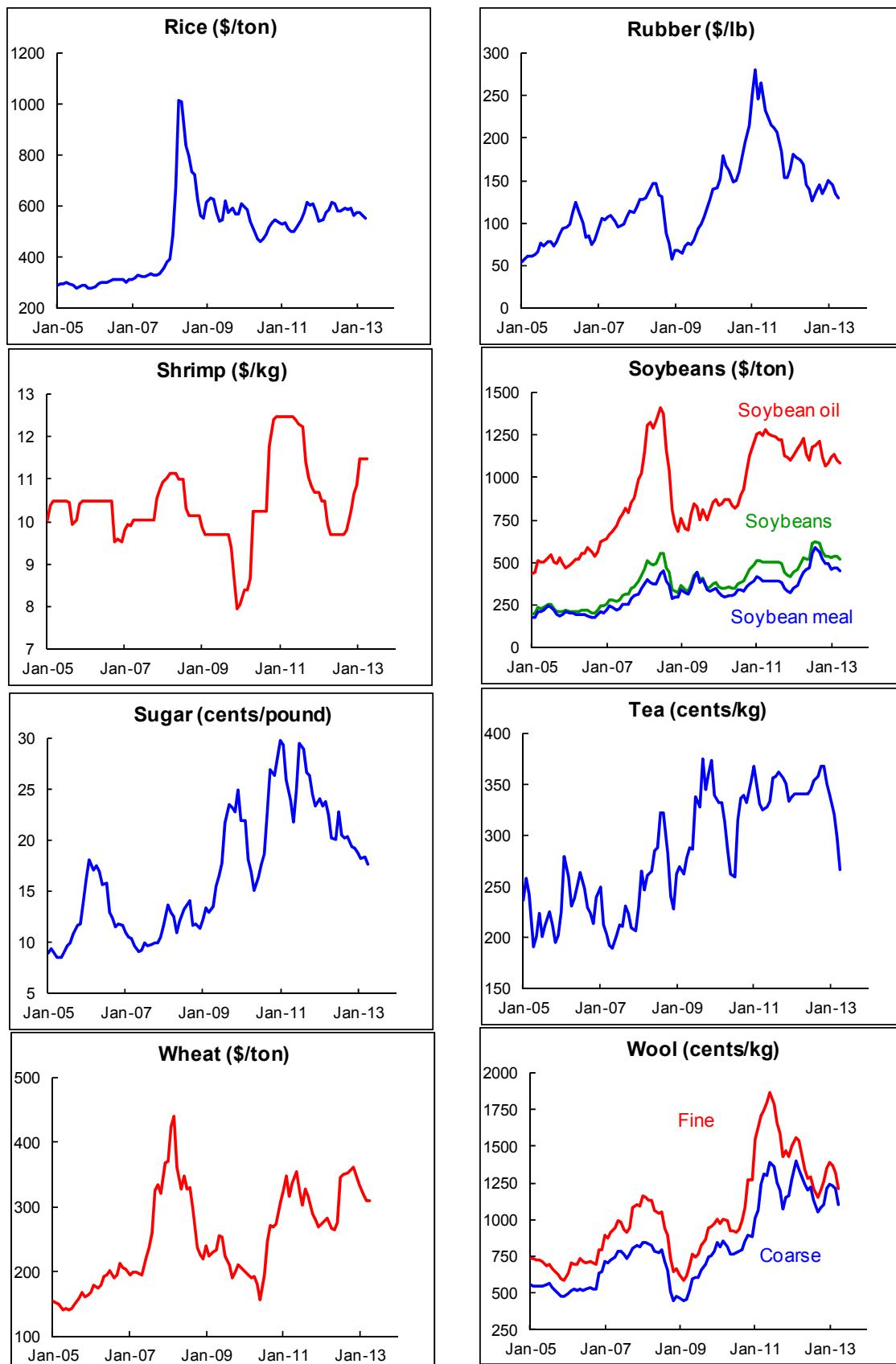
Commodity Prices in U.S. Dollars, 2005-2013



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



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



Commodity News Highlights

March 2013 Crude Steel Production. World Steel Association, April 22, 2013.

World crude steel production was 135 million tonnes (mt) in March 2013, an increase of 1.0% compared to March 2012. In Asia, China's crude steel production was 66.3 mt, up by 6.6%, while Japan produced 9.4 mt (+ 1.3%), South Korea's 5.7 mt (-7.0%), and India 6.9 mt (+6.5%). In the EU, production totaled 14.6 mt, down 6.6%, with Germany -2.2%, Italy -18.4%, Spain -2.3%, and France -9.6%. Among other large producing countries, the U.S. produced 7.3 mt (-8.4%), Russia 6.0 mt (-2.8%), Turkey 3.0 mt (-4.6%), Ukraine 2.9 mt (-2.9%) and Brazil 2.9 mt (-7.6%). Crude steel capacity utilization ratio slid to 79.4%--2.1 percentage points lower than March 2012.

In the first three months of 2013, global steel production totaled 388.7 Mt, an increase of 2.3% over the first quarter of 2012. Asia produced 259.8 MT, up 6.4%, of which China produced 191.9 MT (+9.1+%). The world outside Asia produced 128.9 MT, a decrease of 5.1%. The EU produced 41.5 Mt (-5.4%), North America produced 29.7 Mt (-5.7%), the CIS 27.1 MT (-4%), South America 11.1 MT (-5.7%) and Africa/Middle East 9.1 Mt (-3.4%).

World Agriculture Supply and Demand Estimates. U.S. Department of Agriculture, May 10, 2013.

Global 2013/14 wheat supplies are projected 3 percent higher than in 2012/13 with a 51.2-million-ton (mt) increase in foreign production more than offsetting a 19.3-mt reduction in global beginning stocks and 9 percent lower production in the U.S. because of persistent drought and April freezes for hard winter crops. At 701.1 mt, global production would be a record and up 45.5 mt or 7 percent. The largest increases are expected in the FSU-12 and EU-27, up 29.9 mt and 6.7 mt, respectively, while production for Australia, Argentina, and Canada, are up a collective 6.2 mt tons. Global wheat consumption and ending stocks are projected to rise 3 percent.

Global corn production is projected at a record 965.9 mt, up 108.8 mt or 13 percent. Foreign corn production is projected to rise 23.5 mt or 4 percent, while U.S. output increases to a record high, up 85.3 mt or 31 percent from extreme drought and heat last year. The largest foreign increases are projected for the FSU-12, EU-27, and China, but large crops are again expected in Brazil and Argentina. World corn consumption is projected at a record 936.7 mt, up 72.8 mt, with foreign consumption up 41.5 mt. Global corn ending stocks are projected to increase 29.2 mt to 154.6 mt tons, a 13-year high.

Global soybean production is projected at 285.5 mt, up 6 percent, with the U.S. at a record 92.3 mt, up 12 percent from the drought-reduced crop last year. The Brazil soybean crop is projected at a record 85 mt. with Argentina up 3.5 mt to 54.5 mt. China's soybean production is projected at 12 mt, down 0.6 mt as producers continue to shift area to more profitable crops. Global soybean exports are projected at 107.1 mt, up 11.3 percent.

Global rice production is projected at a record 479.3 mt, up 9.0 mt, with record to near-record crops in Asia, and large crops elsewhere. Global consumption is projected at a record 476.8 mt, up 1 percent, with large imports in China, the Middle East, and Sub-Saharan Africa. China's imports have surged since 2011/12, making China the largest global rice importer in 2013/14. China's annual consumption needs have overtaken production since 2012/13. Global 2013/14 ending stocks are expected to increase 2.4 mt to 107.8 mt, the largest since 2001/02.



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