

Commodity Market Monthly



Research Department, Commodities Team

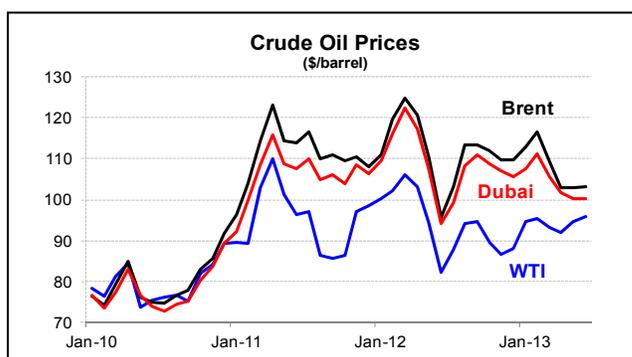
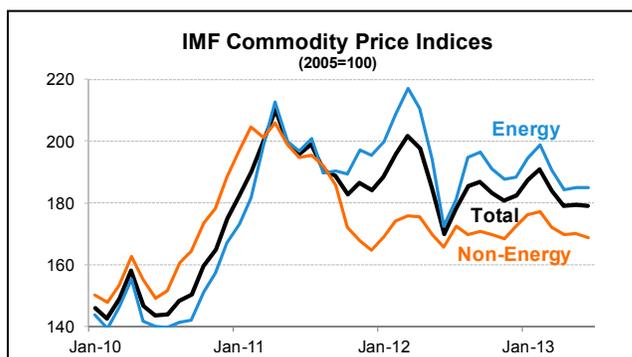
July 12, 2013

www.imf.org/commodities

Commodity prices fell by 0.3 percent in June—with energy edging higher on supply concerns, while food prices declined on larger supply prospects, and metals prices continued to drop. During the first six months of 2013, commodity prices declined by 2.0 percent (from December to June) on improving supply amid relatively weak demand, especially for industrial products; energy prices fell 2 percent, food prices declined 3 percent, and metals prices plunged 12 percent.

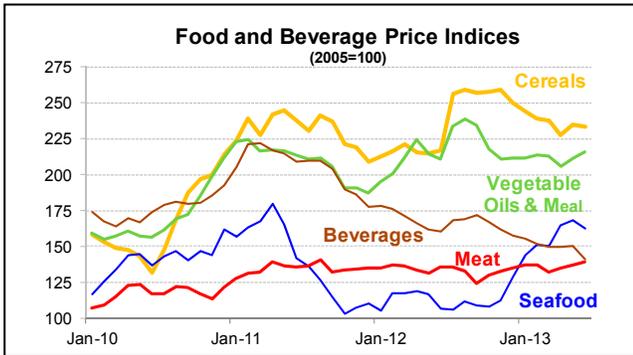
Crude oil prices rose 0.4 percent in June and averaged \$99.7/bbl, and reached \$106/bbl in early July on OPEC supply outages, geopolitical tensions, and falling U.S. stocks. Libya's oil production slumped below 1 mb/d in late June due to disruptions from protesting workers, militia attacks, and electricity shortages. Nigerian output fell for a third month due to oil theft and damage to pipelines and other infrastructure. Iraqi exports fell to the lowest level in three months due to leakages and attacks on pipelines in the north, and weather-related suspensions in the south. There were also planned and unplanned non-OPEC outages in the North Sea, Canada and elsewhere. In addition, escalating tensions in Egypt raised concerns about crude transit through the Suez Canal and SUMED pipeline. Global refinery demand for crude picked up as refiners returned from maintenance, and OECD oil consumption for the second quarter has been boosted, in part due to late-winter cold weather.

The spread between WTI and Brent continued to narrow, and in early July collapsed to \$2/bbl on falling stocks at Cushing OK—the pricing point for WTI—as new pipelines and reversals of existing lines have allowed more crude to move out of the region. In addition, the return of the Joliet and Whiting refineries provided an additional outlet for light sweet crude—although the Whiting refinery will run mainly heavy crude from Canada when its coker is up and running later in the year.



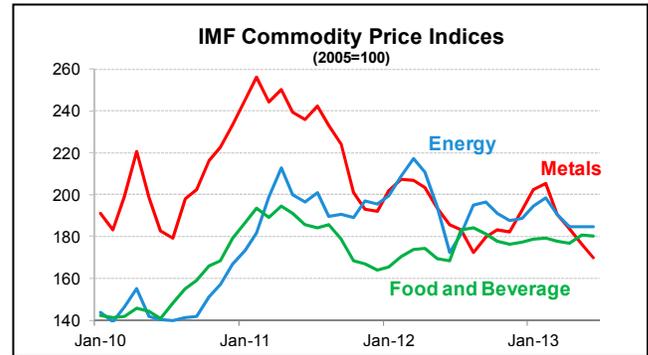
Natural gas prices in the U.S. fell by 5.3 percent in June on strong injections into storage. Demand has been sluggish due to a relatively mild start to summer, and lower coal-to-gas displacement. Gas production remains robust, particularly in the Marcellus and Utica shale plays where pipeline and processing infrastructure continues to expand.

In the agriculture sector food prices rose by 0.3 percent in June, with increases in vegetable oils & protein meal and meat nearly offset by decreases in the other groups. Vegetable oils & meal prices rose 2 percent, led by an 8 percent jump in groundnut prices due to poor crops in Argentina from severe drought. Soybean meal and soybeans prices rose 6 and 3 percent, respectively, on strong animal feed demand. Meat prices increased 2 percent led by a 10 percent jump in swine prices due to strong seasonal demand and tight supplies. Seafood prices declined



4 percent, following large increases this year, due to higher supply of salmon where prices fell 6 percent. Cereals prices continued to edge lower on improved supply prospects. **Beverage prices fell 6.0 percent**, led by an 8 percent drop in both arabica and robusta varieties on expected ample supplies. Tea and cocoa prices fell by 7 and 3 percent, respectively, on increasing supply prospects from favorable weather. **Raw materials prices rose 2.8 percent**, led by 9 percent increase in hides prices, which was partly offset by an 8 percent decline in rubber prices, due to surplus supply and a failure of the world's 3 top producers in Asia to extend their curbs on exports.

Metals prices dropped 3.8 percent in June—down for a fourth straight month—on concerns about slowing growth in China and expectations of QE tapering. Stocks increased for most metals as supply gains continue to exceed demand, with the exception of lead and zinc where inventories fell and prices edged higher. The largest decrease was for iron ore, down 7 percent and more than 25 percent the past four months, on rising production and concerns about slowing demand in China for construction and infrastructure. Although Chinese steel production has held up, output is expected to decline seasonally in the third quarter and further destocking by steel mills may ensue. Nickel prices fell 4 percent (and are down 19 percent the past 4 months) due to record high inventories and rising mine supply. However, prices have fallen deeply into the cost curve which could lead to cuts of high-cost output, e.g. nickel pig iron (NPI) in China. However, more efficient rotary kiln electric arc technology is rapidly gaining market share of China's NPI output, and displacing other higher cost capacity. Copper prices fell by 3 percent on higher stocks and demand concerns. Unlike other metals, prices remain above production costs and mine supply is increasing. In



addition, open pit copper production at Indonesia's Grasberg mine has restarted following a tunnel collapse in May, and underground production is expected to resume soon. Tin prices fell 2 percent on weak demand, higher stocks, and rising Indonesian exports. Indonesia's planned stricter quality standards for the country's tin exports scheduled for July 1st has been delayed to end-August.

June Commodity Price Changes (percent from previous month)

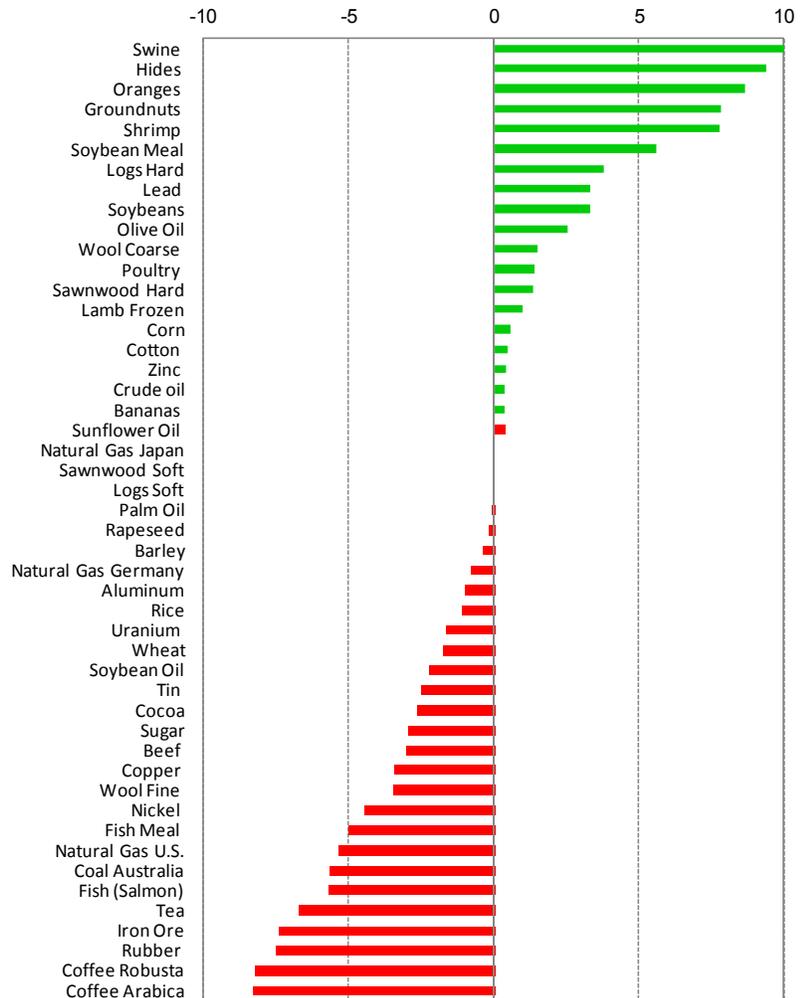


Table 1. Market Prices for Non-Fuel and Fuel Commodities

	Units	2010	2011	2012	2012Q2	2012Q3	2012Q4	2013Q1	May-2013	Jun-2013
Food										
Cereals										
Wheat	\$/MT	223.7	316.2	313.3	269.0	349.5	355.7	321.4	319.1	313.5
Maize	\$/MT	186.0	291.8	298.4	270.1	328.6	317.3	305.1	295.3	297.1
Rice	\$/MT	520.6	551.7	580.2	601.5	583.9	580.3	570.7	552.1	546.3
Barley	\$/MT	158.4	207.2	238.2	236.3	252.0	249.1	239.4	231.4	230.6
Vegetable oils and protein meals										
Soybeans	\$/MT	384.9	484.2	537.8	524.2	615.8	544.4	532.8	542.2	560.2
Soybean meal	\$/MT	331.3	378.9	473.3	454.7	565.9	500.1	464.6	476.7	503.6
Soybean oil	\$/MT	924.8	1215.8	1151.8	1155.0	1192.4	1093.5	1119.2	1082.8	1058.6
Palm oil	\$/MT	859.9	1076.5	939.8	1038.7	920.9	741.7	780.3	763.4	763.0
Fish meal	\$/MT	1739.2	1519.3	1624.3	1522.8	1735.6	1928.9	1918.4	1835.8	1743.9
Sunflower Oil	\$/MT	1186.0	1621.8	1489.5	1441.0	1546.1	1492.4	1493.8	1467.0	1472.1
Olive oil	\$/MT	3171.3	3070.3	3135.7	2858.9	3209.1	3579.7	4004.9	3778.8	3874.6
Groundnuts	\$/MT	1239.4	1724.0	1884.6	1838.0	1806.2	2043.6	2273.6	2157.5	2326.1
Rapeseed oil	\$/MT	1011.7	1366.6	1239.1	1241.1	1233.0	1202.5	1196.0	1117.7	1115.9
Meat										
Beef	cts/lb	152.5	183.2	187.9	187.7	181.2	189.7	193.8	179.6	174.3
Lamb	cts/lb	145.7	149.2	100.9	99.8	89.5	89.5	97.1	105.7	106.8
Swine Meat	cts/lb	74.4	89.1	82.8	83.6	83.2	79.3	79.7	89.2	98.1
Poultry	cts/lb	85.8	87.4	94.3	93.9	95.1	96.7	100.2	104.1	105.5
Seafood										
Fish	\$/kg	6.1	5.9	4.8	9.8	9.7	10.2	11.3	7.3	6.9
Shrimp	\$/kg	10.1	11.9	10.1	4.8	4.6	4.9	6.5	12.8	13.8
Sugar										
Free market	cts/lb	20.9	26.2	21.4	20.9	21.2	19.6	18.5	17.4	16.9
United States	cts/lb	31.1	37.6	28.9	30.4	27.8	23.1	22.0	20.3	19.6
EU	cts/lb	25.7	26.7	26.4	26.3	26.3	26.7	25.8	25.5	25.7
Bananas	\$/MT	881.4	975.9	984.3	980.4	962.8	947.4	932.6	908.0	911.6
Oranges	\$/MT	1033.2	891.1	868.0	843.8	995.5	861.9	825.9	1057.0	1148.5
Beverages										
Coffee										
Other milds	cts/lb	194.4	273.2	187.6	183.2	182.1	162.4	154.8	151.4	138.9
Robusta	cts/lb	84.1	116.0	110.6	113.7	112.4	105.0	109.4	105.8	97.1
Cocoa Beans	\$/MT	3130.6	2978.5	2377.1	2215.2	2494.1	2457.8	2208.8	2345.7	2283.6
Tea	cts/kg	316.7	346.2	348.9	341.0	352.3	362.6	319.1	272.4	254.0
Agricultural raw materials										
Timber										
Hardwood										
Logs 1/	\$/M3	278.2	390.5	360.5	883.8	864.3	874.4	845.2	294.8	306.0
Sawnwood 1/	\$/M3	848.3	939.4	876.3	361.0	355.1	352.7	322.5	833.2	844.6
Softwood										
Logs 1/	\$/M3	141.5	150.0	148.0	140.8	150.4	155.9	157.6	160.5	160.5
Sawnwood 1/	\$/M3	281.8	280.9	284.7	296.0	295.4	283.2	278.4	300.7	300.7
Cotton	cts/lb	103.5	154.6	89.2	90.3	84.2	82.1	89.9	92.6	93.1
Wool										
Fine	cts/kg	1023.2	1638.2	1345.3	1355.7	1217.9	1273.0	1362.4	1158.0	1117.7
Coarse	cts/kg	820.1	1209.2	1212.6	1243.2	1138.0	1131.1	1227.5	1085.5	1102.1
Rubber	cts/lb	165.7	218.5	153.2	162.9	134.7	140.4	143.1	137.8	127.5
Hides	cts/lb	72.0	82.0	83.2	84.0	85.3	86.0	86.0	92.4	101.0

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	May-2013	Jun-2013
Metals										
Copper	\$/MT	7538.4	8823.5	7958.9	7870.2	7727.5	7913.2	7922.3	7248.7	7000.2
Aluminum	\$/MT	2173.0	2400.6	2022.8	1978.8	1927.9	2003.3	2000.8	1832.6	1814.5
Iron Ore	\$/MT	146.7	167.8	128.5	139.5	111.7	121.1	148.3	124.0	114.8
Tin	\$/MT	20367.2	26051.4	21109.4	20555.1	19331.0	21609.2	24037.5	20781.6	20267.4
Nickel	\$/MT	21810.0	22909.1	17541.7	17154.9	16373.5	16984.2	17305.3	14948.2	14280.3
Zinc	\$/MT	2160.4	2195.5	1950.0	1928.9	1891.3	1952.3	2029.7	1831.0	1839.0
Lead	\$/MT	2148.2	2400.7	2063.6	1974.6	1985.6	2201.2	2291.2	2031.9	2099.7
Uranium	\$/lb	46.0	56.2	48.9	51.3	49.1	43.3	42.8	40.6	39.9
Energy										
Spot Crude 2/	\$/bbl	79.0	104.0	105.0	102.9	102.8	101.9	105.1	99.3	99.7
U.K. Brent	\$/bbl	79.6	111.0	112.0	108.9	110.0	110.4	112.9	103.0	103.1
Dubai	\$/bbl	78.1	106.0	108.9	106.4	106.2	107.1	108.1	100.3	100.3
West Texas Intermediate	\$/bbl	79.4	95.0	94.1	93.4	92.2	88.1	94.4	94.7	95.8
Natural Gas										
Russian in Germany	\$/mmbtu	8.2	10.6	12.0	12.6	11.4	11.6	11.4	11.4	11.3
Indonesian in Japan	\$/mmbtu	9.4	15.6	18.1	19.1	18.8	17.2	17.9	17.7	17.7
US, domestic market	\$/mmbtu	4.4	4.0	2.8	2.3	2.9	3.4	3.5	4.0	3.8
Coal										
Australian, export markets	\$/MT	106.0	130.1	103.2	102.4	95.8	93.1	99.5	94.0	88.7

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	2012Q2	2012Q3	2012Q4	2013Q1	May-2013	Jun-2013
All Primary Commodities 2/	100.0	152.3	192.4	186.3	184.3	183.5	182.1	187.4	179.4	178.9
Non-Fuel	36.9	161.2	190.0	171.1	170.3	171.0	170.3	175.1	170.0	168.7
Edibles	18.5	152.6	182.4	175.1	170.5	182.9	177.1	178.5	180.8	180.4
Food	16.7	150.1	179.9	175.9	171.4	184.3	178.7	181.4	184.1	184.6
Cereals	3.6	166.5	231.2	236.4	215.8	257.5	255.6	240.3	235.0	233.4
Vegetable oils and protein meals	4.4	170.4	209.1	217.1	216.7	235.6	213.6	212.9	211.3	216.2
Meat	3.7	117.2	134.5	133.3	133.4	131.0	132.5	135.5	136.8	139.6
Seafood	3.2	140.4	139.3	113.3	114.1	109.0	116.4	148.6	168.4	162.2
Beverages	1.8	176.2	205.5	167.4	162.7	169.6	162.0	152.2	150.0	141.1
Industrial Inputs	18.4	169.9	197.8	167.1	170.0	159.0	163.4	171.6	159.2	156.9
Agricultural Raw Materials 3/	7.7	125.1	153.5	134.0	136.6	131.9	132.1	133.1	135.3	139.2
Timber	3.4	101.1	110.8	107.4	109.1	108.5	107.1	103.7	105.6	106.7
Metals	10.7	202.3	229.7	191.0	194.2	178.5	186.1	199.4	176.4	169.7
Energy 4/	63.1	147.1	193.8	195.2	192.4	190.8	189.1	194.5	184.8	184.9
Petroleum 5/	53.6	148.5	195.9	197.9	193.9	193.7	192.3	198.1	187.0	187.7
Natural Gas	6.9	113.3	154.3	171.2	178.0	169.3	166.8	167.9	169.0	167.7
Coal	2.6	205.9	254.4	202.1	201.0	188.0	183.1	192.7	182.8	172.5

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

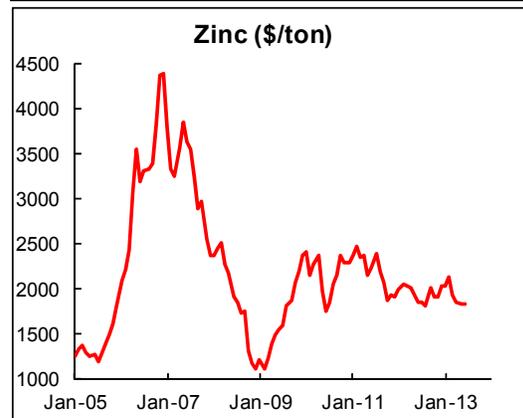
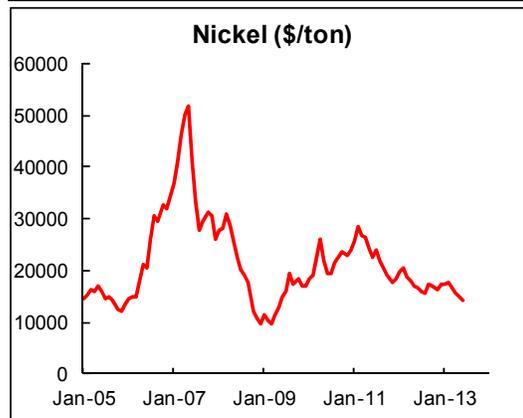
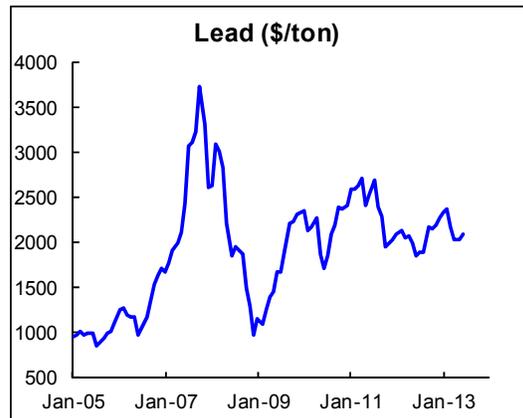
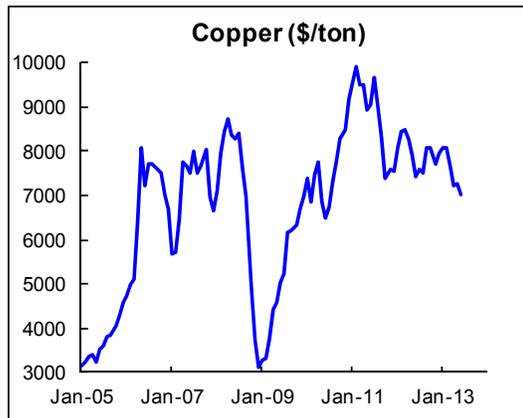
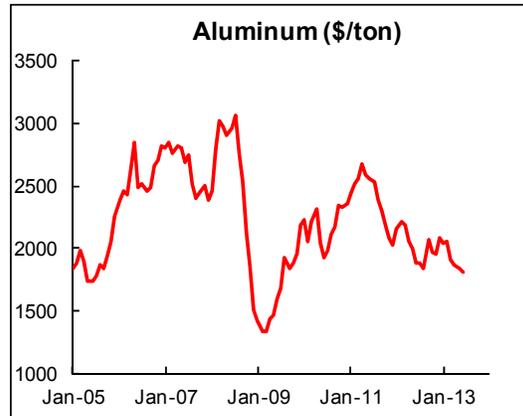
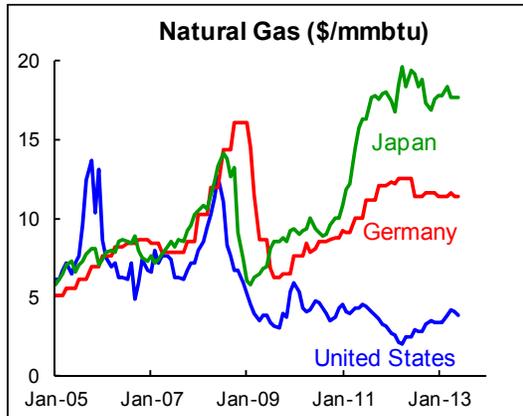
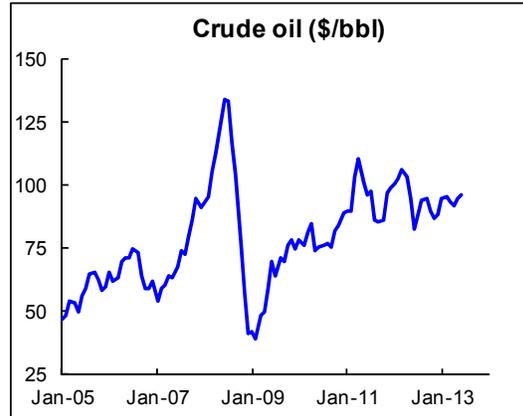
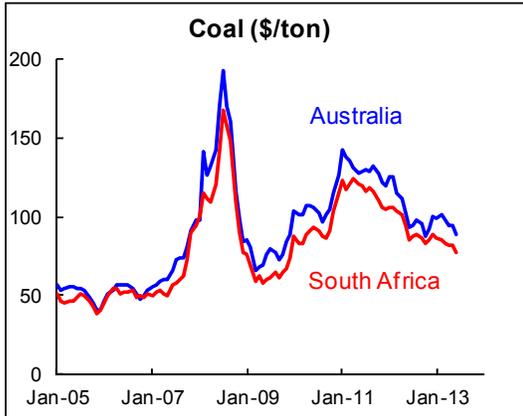
2/ Non-Fuel Primary Commodities and Energy Index.

3/ Includes forestry products.

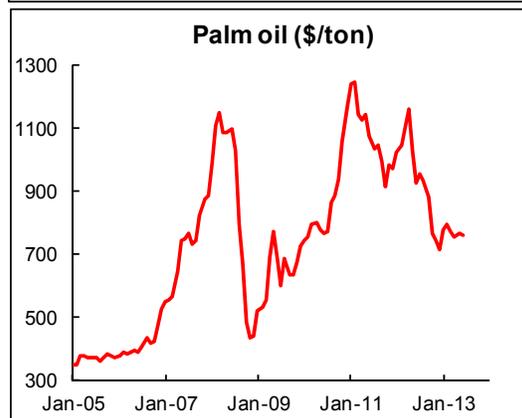
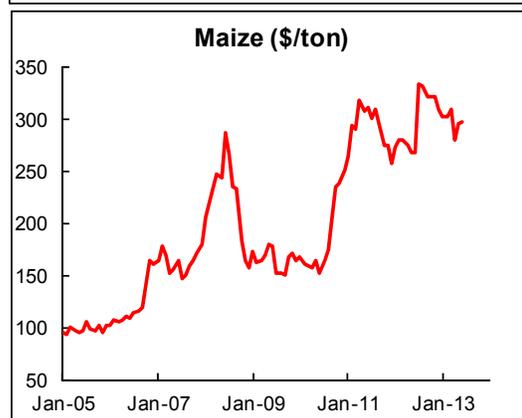
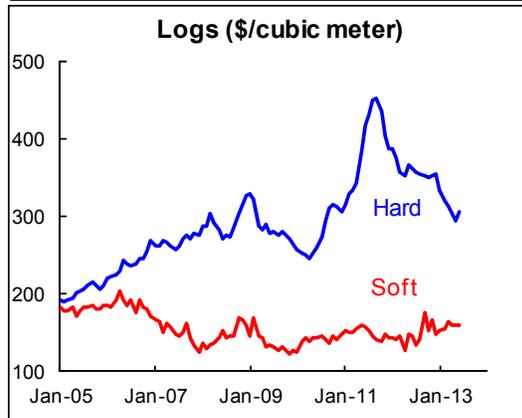
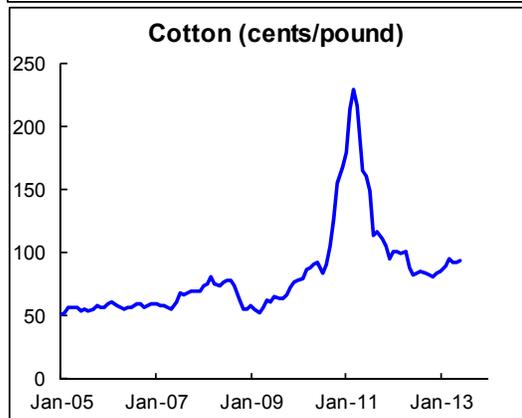
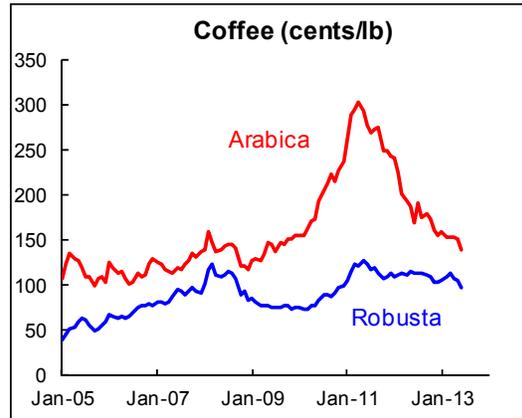
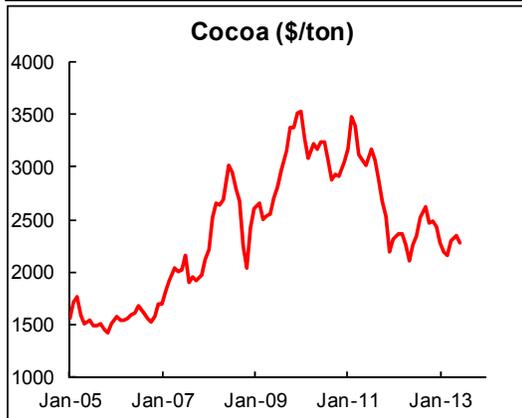
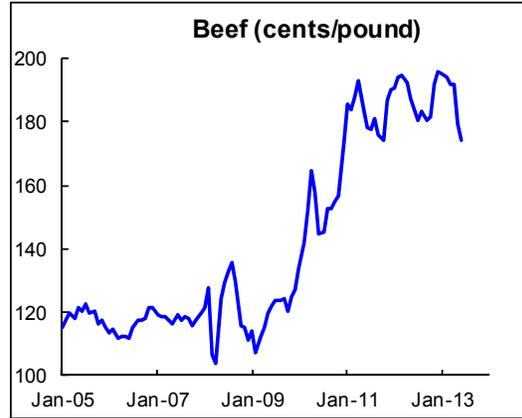
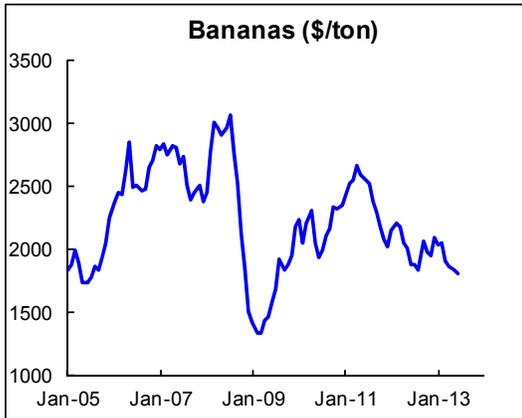
4/ Includes petroleum, natural gas and coal.

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

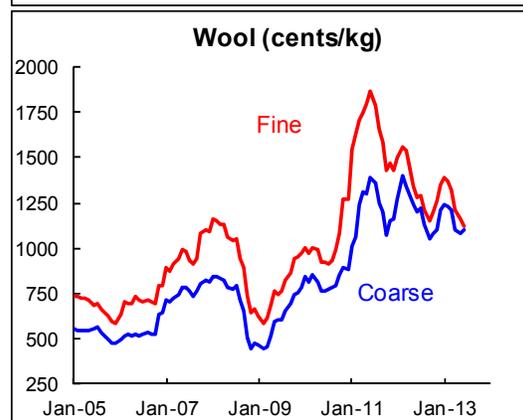
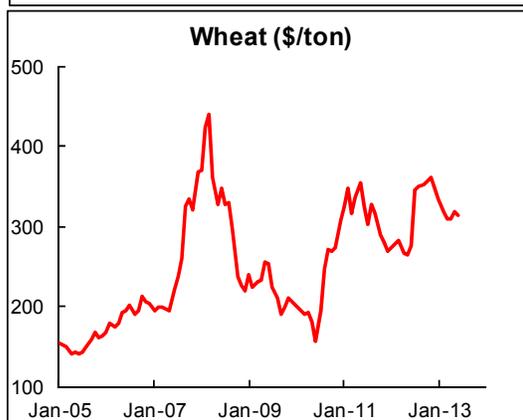
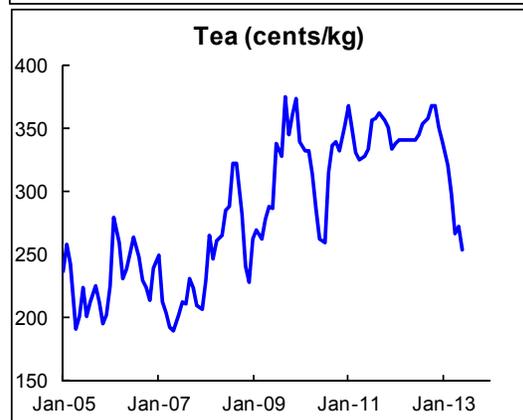
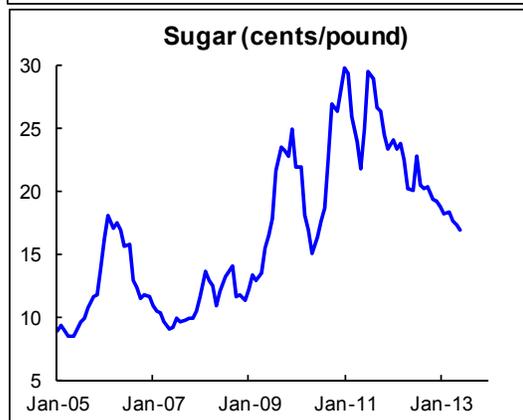
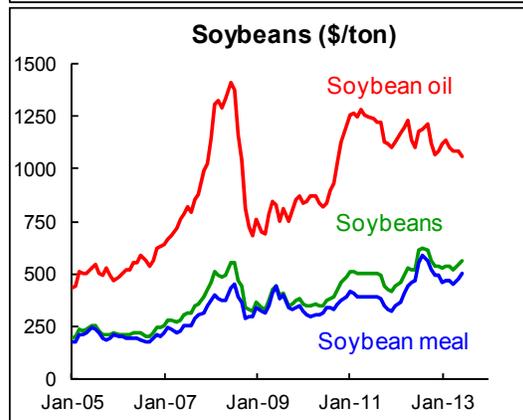
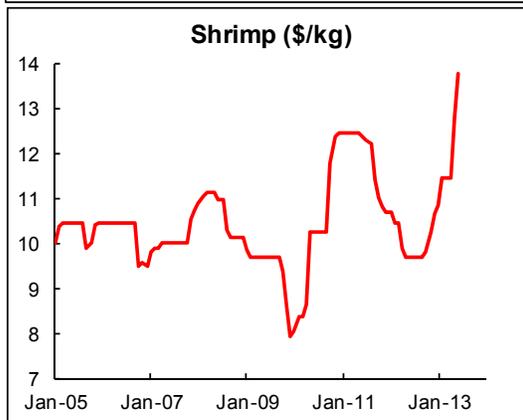
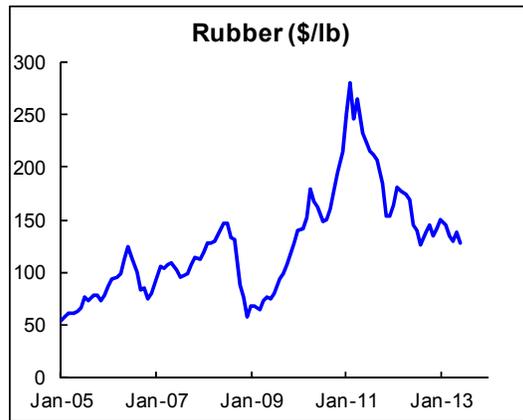
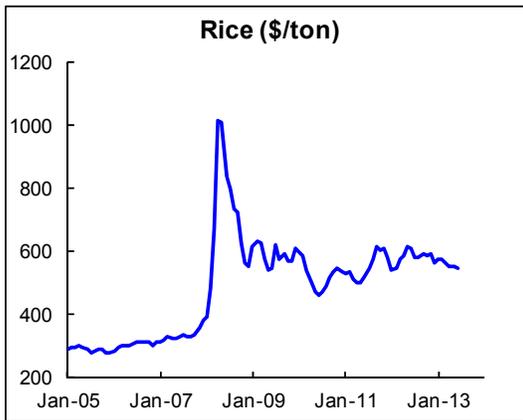
Commodity Prices in U.S. Dollars, 2005-2013



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



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



Commodity News Highlights

World Agriculture Supply and Demand Estimates. U.S. Department of Agriculture, July 11, 2013.

Global wheat supplies for 2013/14 are lowered 3.5 million tons (mt) to 872.3 mt reflecting lower projected beginning stocks as world production rises 1.9 mt to 697.8 mt, 6.5 percent above 2012/13 estimates. Higher 2012/13 feed use in China accounts for most of the reduction in beginning stocks with smaller increases in domestic consumption for Pakistan, Russia, and Iran adding to the decline in 2012/13 global carryout. World production for 2013/14 is raised with increases for Australia, the European Union, and the United States offsetting a reduction for Kazakhstan. Global wheat consumption for 2013/14 is raised 5.4 mt to 699.9 mt, mostly reflecting higher expected feeding in China, and reflects a 2.9 increase over 2012/13 estimates. Wheat consumption is also raised for India, Pakistan, Iran, and Japan, offsetting reductions for the European Union and the United States.

Global wheat trade of 149.1 mt is raised with a 5.0 mt increase in China imports. World exports are raised 5.0 mt with increases for Australia, the European Union, and the United States, while exports are lowered for India and Kazakhstan. World ending stocks for 2013/14 are projected 8.9 mt lower. At 172.4 mt, stocks would be the lowest since 2008/09, but well above the 128.8 mt in 2007/08.

North Dakota Sees Increases in Real GDP Per Capita Following Bakken Production. U.S. Energy Information Administration, July 12 2013.

In recent years, North Dakota has seen significant gains in real gross domestic product (GDP) per capita, coinciding with development of the Bakken shale play. In 2001, North Dakota's GDP per capita was well below the U.S. average, ranking 38th out of 50 states. Starting in 2004, the state's GDP per capita rose consistently each year, surpassing the U.S. average in 2008. By 2012, its real GDP per capita was \$55,250, more than 29% above the national average. In 2012, North Dakota had the highest annual increase in real per capita GDP of any state for the second consecutive year, by nearly 11% from 2011. This is considerably higher than the national growth rate of less than 2% and is more than three times as large as Texas (3.27%), the state with the next highest annual growth.

Real per capita GDP has been rising steadily for the past decade in North Dakota, even as incomes around the rest of the country have fluctuated. Particularly high growth started in 2007 when increased production of oil and natural gas in the Bakken region was made possible by advancements in horizontal drilling and hydraulic fracturing. Between 2007 and 2012, annual crude oil production in the state increased fivefold, and annual natural gas gross withdrawals more than tripled. As a result, real GDP of the state mining industry grew by nearly 42% in the past year with a compound annual growth rate of 39% between 2007 and 2012. This has led to increased demand for electricity by the industrial sector, and is spurring development of new oil and gas infrastructure.

Development in the mining industry has attracted further investment in other sectors, notably transportation which is an integral part of the production process. Hundreds of truckloads of materials are needed for the hydraulic fracturing process to begin production from a well, and afterward, about 75% of what is produced is transported by truck. Between 2007 and 2012, the transportation and warehousing industry in North Dakota has seen a compound annual growth rate of about 16%, with a 35% increase in 2012 alone. Accommodation and food services industry and the real estate industry have also grown by 7% and 9%, respectively, from 2007 to 2012.



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