

Commodity Market Monthly



Research Department, Commodities Team*

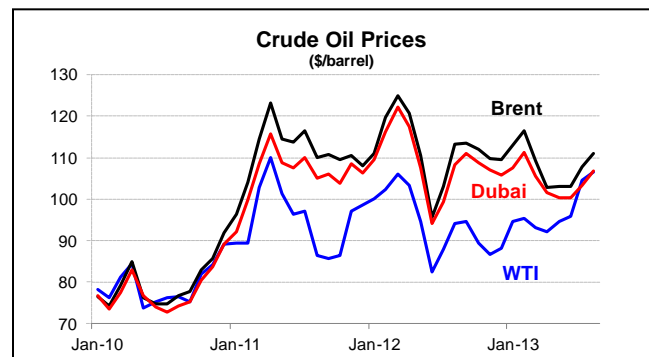
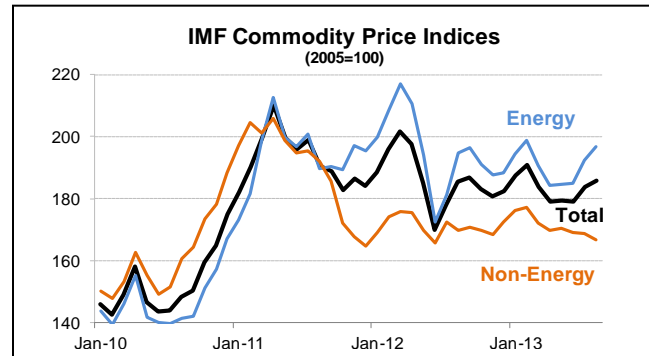
September 12, 2013

www.imf.org/commodities

Commodity prices rose by 1.1 percent in August, on improved economic indicators, and in part due to depreciation of the dollar against a group of major currencies. Most of the price increases were for industrial metals and crude oil, the latter because of supply outages and heightened geopolitical tensions in the Middle East. Most food prices declined—with the notable exception being cocoa—on favorable supply prospects for major crops.

Crude oil prices rose 2.7 percent in August, and averaged \$108.1/bbl, due to supply outages, geopolitical tensions, strong seasonal demand and low stocks. A spate of oil supply outages in several oil producing countries (see p. 8), including planned maintenance on offshore platforms and oil sands plants in Canada, helped tighten markets with oil prices exceeding \$112/bbl in early September before receding. The latest disruption has been in Libya, where crude oil output fell to under 0.2 mb/d in late August from 1.4 mb/d earlier this year, as worker strikes and armed groups shut down most of the key export terminals—and producing fields were forced to shut in as port storage facilities became full. Developments in Syria heightened oil supply risks, not so much in Syria where production has already plummeted to 0.05 mb/d, but from potential spillover into neighboring countries, notably Iraq where exports to the north are already routinely disrupted from pipeline attacks. Should a large supply disruption occur, IEA countries have large emergency oil stocks, and effective OPEC spare capacity stands at about 3 mb/d, mainly in Saudi Arabia.

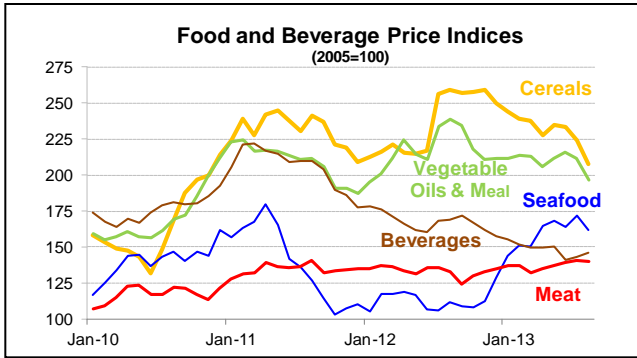
Strong peak summer demand and low stocks outside the U.S. have helped underpin prices. In addition, the large storage overhang at Cushing OK has declined sharply the past two months as new and reconfigured pipelines allow greater outflows to refineries on the Gulf.



Natural gas prices in the U.S. fell by 5.5 percent in August—down for a fourth straight month—due to mild summer temperatures that lowered air conditioning demand and allowed larger injections into storage. Gas production continues to edge higher—mainly from shale deposits and despite reduced drilling—because of continued efficiency gains among shale gas producers.

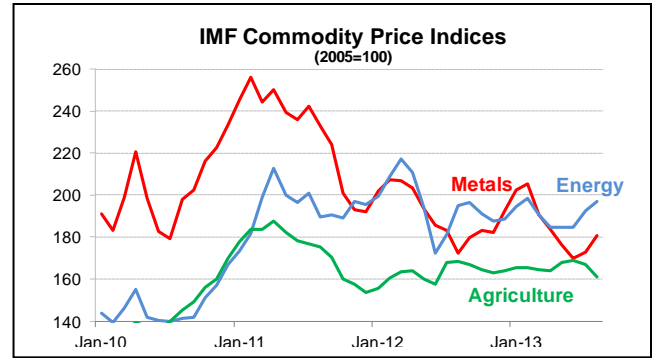
Agriculture prices fell by 3.8 percent in August with declines in most main indices. The largest decrease was for cereal prices, down 8 percent, led by 16 percent plunge in corn prices on favorable supply prospects. Prices have risen since mid-August on dry-weather concerns but a record U.S. harvest is still expected. Barley prices dropped 12 percent, also on ample supply estimates. Rice prices fell 6 percent, largely reflecting declining export prices in India and Thailand following release of government stocks and

*Prepared by Shane Streifel with assistance from Daniel Rivera Greenwood



depreciating currencies. Vegetable oils & meal prices fell 7 percent, also on improved supply outlooks, with large declines in the soybean complex. However soybean prices have jumped more than 10 percent since early August because of dry weather in the U.S. mid-continent and lower yield estimates amid already low stocks. Low inventories from last year's drought have forced some soymeal crushing plants to curtail operations. Seafood prices fell 6 percent, following almost steady demand-led gains over the previous 9 months. Partly offsetting the declines in August were a rise in beverages prices, solely because of an 8 percent increase in cocoa prices due to dry weather in West Africa that may reduce crops.

Metals prices rose by 4.8 percent in August—up for a second month—on improving economic data and large imports into China July. However, prices for most metals have eased recently on still large stocks, steady gains in supply, and weaker Chinese imports in August. The exception is tin, where prices have continued to climb because of rule changes and reduced exports from Indonesia, the world's second largest producer and largest exporter. Tin shipments fell 42 percent in July following new purity trade standards on July 1st. And on August 30th, PT Timah—the world's third largest tin producer—declared force majeure after the Indonesian government issued a new rule that domestic tin producers/exporters must trade via a domestic exchange. Iron ore prices rose 8 percent on weaker exports from Australia due to weather and technical problems, and restocking by China's steel mills. Lead prices increased by 6 percent on lower stocks and tightening supply. Nickel prices rose 4 percent, despite rising stocks, on a jump in Chinese imports, possibly for stocking. Nevertheless the market remains in surplus with expanding new supplies,



including new lower-cost nickel pig iron capacity in China. Copper prices rose 4 percent owing to falling stocks and strong Chinese import demand in July—although imports softened in August. The copper market is also facing increasing supply growth in the near to medium term.

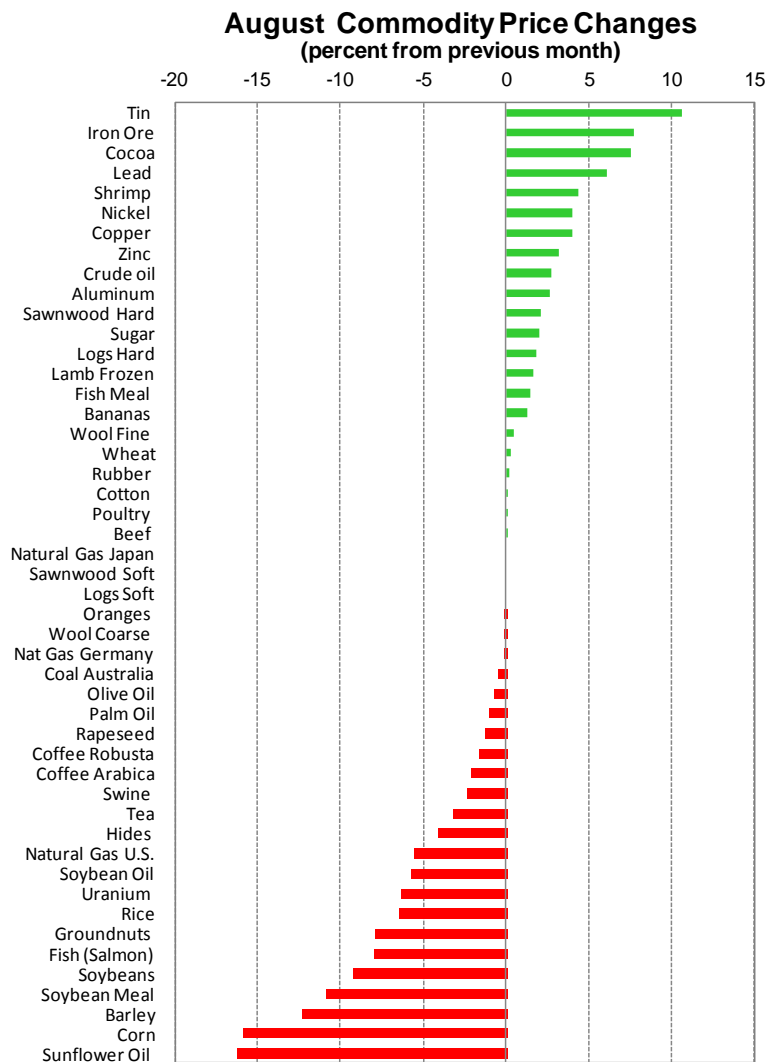


Table 1. Market Prices for Non-Fuel and Fuel Commodities

	Units	2010	2011	2012	2012Q3	2012Q4	2013Q1	2013Q2	Jul-2013	Aug-2013
Food										
Cereals										
Wheat	\$/MT	223.7	316.2	313.3	349.5	355.7	321.4	313.8	304.7	305.5
Maize	\$/MT	186.0	291.8	298.4	328.6	317.3	305.1	290.9	278.9	234.9
Rice	\$/MT	520.6	551.7	580.2	583.9	580.3	570.7	550.7	538.3	503.8
Barley	\$/MT	158.4	207.2	238.2	252.0	249.1	239.4	231.5	222.1	194.7
Vegetable oils and protein meals										
Soybeans	\$/MT	384.9	484.2	537.8	615.8	544.4	532.8	540.0	548.3	498.0
Soybean meal	\$/MT	331.3	378.9	473.3	565.9	500.1	464.6	475.6	528.3	471.0
Soybean oil	\$/MT	924.8	1215.8	1151.8	1192.4	1093.5	1119.2	1076.0	1000.8	944.3
Palm oil	\$/MT	859.9	1076.5	939.8	920.9	741.7	780.3	761.0	729.9	722.8
Fish meal	\$/MT	1739.2	1519.3	1624.3	1735.6	1928.9	1918.4	1804.7	1598.5	1621.6
Sunflower Oil	\$/MT	1186.0	1621.8	1489.5	1546.1	1492.4	1493.8	1459.4	1375.5	1152.4
Olive oil	\$/MT	3171.3	3070.3	3135.7	3209.1	3579.7	4004.9	3860.8	3762.9	3736.4
Groundnuts	\$/MT	1239.4	1724.0	1884.6	1806.2	2043.6	2273.6	2248.6	2255.9	2078.7
Rapeseed oil	\$/MT	1011.7	1366.6	1239.1	1233.0	1202.5	1196.0	1121.4	1003.4	991.2
Meat										
Beef	cts/lb	152.5	183.2	187.9	181.2	189.7	193.8	181.8	176.6	176.6
Lamb	cts/lb	145.7	149.2	100.9	89.5	89.5	97.1	103.9	107.8	109.6
Swine Meat	cts/lb	74.4	89.1	82.8	83.2	79.3	79.7	88.4	98.4	96.1
Poultry	cts/lb	85.8	87.4	94.3	95.1	96.7	100.2	104.1	106.4	106.5
Seafood										
Fish	\$/kg	6.1	5.9	4.8	9.7	10.2	11.3	12.7	7.3	6.7
Shrimp	\$/kg	10.1	11.9	10.1	4.6	4.9	6.5	7.2	15.0	15.7
Sugar										
Free market	cts/lb	20.9	26.2	21.4	21.2	19.6	18.5	17.3	16.4	16.7
United States	cts/lb	31.1	37.6	28.9	27.8	23.1	22.0	20.2	19.3	20.5
EU	cts/lb	25.7	26.7	26.4	26.3	26.7	25.8	25.5	25.3	25.8
Bananas	\$/MT	881.4	975.9	984.3	962.8	947.4	932.6	910.6	925.4	937.6
Oranges	\$/MT	1033.2	891.1	868.0	995.5	861.9	825.9	1062.0	1132.1	1132.1
Beverages										
Coffee										
Other milds	cts/lb	194.4	273.2	187.6	182.1	162.4	154.8	147.7	138.4	135.6
Robusta	cts/lb	84.1	116.0	110.6	112.4	105.0	109.4	103.5	102.4	100.7
Cocoa Beans	\$/MT	3130.6	2978.5	2377.1	2494.1	2457.8	2208.8	2308.0	2308.5	2483.6
Tea	cts/kg	316.7	346.2	348.9	352.3	362.6	319.1	264.2	256.2	248.0
Agricultural raw materials										
Timber										
Hardwood										
Logs 1/	\$/M3	278.2	390.5	360.5	864.3	874.4	845.2	837.4	298.8	304.4
Sawnwood 1/	\$/M3	848.3	939.4	876.3	355.1	352.7	322.5	301.8	827.7	845.0
Softwood										
Logs 1/	\$/M3	141.5	150.0	148.0	150.4	155.9	157.6	168.1	174.8	174.8
Sawnwood 1/	\$/M3	281.8	280.9	284.7	295.4	283.2	278.4	315.3	323.5	323.5
Cotton	cts/lb	103.5	154.6	89.2	84.2	82.1	89.9	92.7	92.6	92.7
Wool										
Fine	cts/kg	1023.2	1638.2	1345.3	1217.9	1273.0	1362.4	1161.4	1025.3	1030.6
Coarse	cts/kg	820.1	1209.2	1212.6	1138.0	1131.1	1227.5	1091.2	996.1	995.7
Rubber	cts/lb	165.7	218.5	153.2	134.7	140.4	143.1	131.8	116.3	116.5
Hides	cts/lb	72.0	82.0	83.2	85.3	86.0	86.0	93.8	99.4	95.3

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	2010	2011	2012	2012Q3	2012Q4	2013Q1	2013Q2	Jul-2013	Aug-2013
Metals										
Copper	\$/MT	7538.4	8823.5	7958.9	7727.5	7913.2	7922.3	7156.7	6906.6	7186.3
Aluminum	\$/MT	2173.0	2400.6	2022.8	1927.9	2003.3	2000.8	1836.0	1769.6	1816.2
Iron Ore	\$/MT	146.7	167.8	128.5	111.7	121.1	148.3	125.4	127.2	137.1
Tin	\$/MT	20367.2	26051.4	21109.4	19331.0	21609.2	24037.5	20879.6	19563.8	21638.2
Nickel	\$/MT	21810.0	22909.1	17541.7	16373.5	16984.2	17305.3	14952.6	13750.3	14308.3
Zinc	\$/MT	2160.4	2195.5	1950.0	1891.3	1952.3	2029.7	1841.9	1837.6	1896.4
Lead	\$/MT	2148.2	2400.7	2063.6	1985.6	2201.2	2291.2	2052.0	2047.7	2173.1
Uranium	\$/lb	46.0	56.2	48.9	49.1	43.3	42.8	40.7	38.0	35.6
Energy										
Spot Crude ^{2/}	\$/bbl	79.0	104.0	105.0	102.8	101.9	105.1	99.3	105.2	108.1
U.K. Brent	\$/bbl	79.6	111.0	112.0	110.0	110.4	112.9	103.0	107.7	111.0
Dubai	\$/bbl	78.1	106.0	108.9	106.2	107.1	108.1	100.8	103.4	106.7
West Texas Intermediate	\$/bbl	79.4	95.0	94.1	92.2	88.1	94.4	94.2	104.5	106.5
Natural Gas										
Russian in Germany	\$/mmbtu	8.2	10.6	12.0	11.4	11.6	11.4	11.5	11.0	11.0
Indonesian in Japan	\$/mmbtu	9.4	15.6	18.1	18.8	17.2	17.9	17.4	17.3	17.3
US, domestic market	\$/mmbtu	4.4	4.0	2.8	2.9	3.4	3.5	4.0	3.6	3.4
Coal										
Australian, export markets	\$/MT	106.0	130.1	103.2	95.8	93.1	99.5	92.2	82.8	82.5

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	2012Q3	2012Q4	2013Q1	2013Q2	Jul-2013	Aug-2013
All Primary Commodities ^{2/}	100.0	152.3	192.4	186.3	183.5	182.1	187.4	179.1	183.7	185.7
Non-Fuel	36.9	161.2	190.0	171.1	171.0	170.3	175.1	169.7	168.8	166.6
Agriculture	26.2	144.6	173.9	163.1	167.9	163.9	165.2	167.0	167.2	160.8
Food	16.7	150.1	179.9	175.9	184.3	178.7	181.4	183.0	183.4	173.9
Cereals	3.6	166.5	231.2	236.4	257.5	255.6	240.3	232.0	224.2	207.3
Vegetable oils and protein meals	4.4	170.4	209.1	217.1	235.6	213.6	212.9	211.2	211.5	196.6
Meat	3.7	117.2	134.5	133.3	131.0	132.5	135.5	137.1	140.8	139.9
Seafood	3.2	140.4	139.3	113.3	109.0	116.4	148.6	165.6	172.1	162.0
Beverages	1.8	176.2	205.5	167.4	169.6	162.0	152.2	146.8	143.5	145.8
Agricultural Raw Materials ^{3/}	7.7	125.1	153.5	134.0	131.9	132.1	133.1	137.0	137.5	135.9
Timber	3.4	101.1	110.8	107.4	108.5	107.1	103.7	109.0	110.2	111.1
Metals	10.7	202.3	229.7	191.0	178.5	186.1	199.4	176.5	172.7	180.9
Edibles ^{4/}	18.5	152.6	182.4	175.1	182.9	177.1	178.5	179.4	179.5	171.1
Industrial Inputs ^{5/}	18.4	169.9	197.8	167.1	159.0	163.4	171.6	159.9	157.9	162.0
Energy ^{6/}		147.1	193.8	195.2	190.8	189.1	194.5	184.6	192.4	196.9
Petroleum ^{7/}	53.6	148.5	195.9	197.9	193.7	192.3	198.1	187.0	197.7	203.1
Natural Gas	6.9	113.3	154.3	171.2	169.3	166.8	167.9	168.3	162.7	162.0
Coal	2.6	205.9	254.4	202.1	188.0	183.1	192.7	179.4	161.3	160.9

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

2/ Non-Fuel Primary Commodities and Energy Index.

3/ Includes Forestry Products.

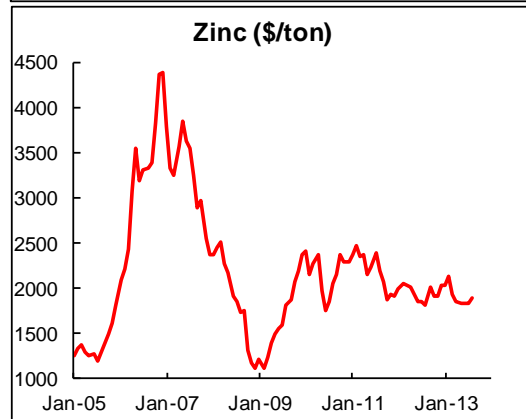
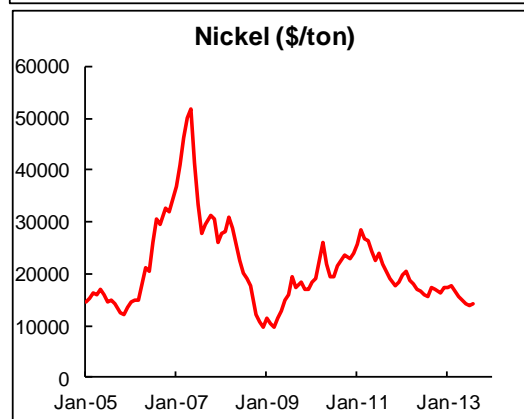
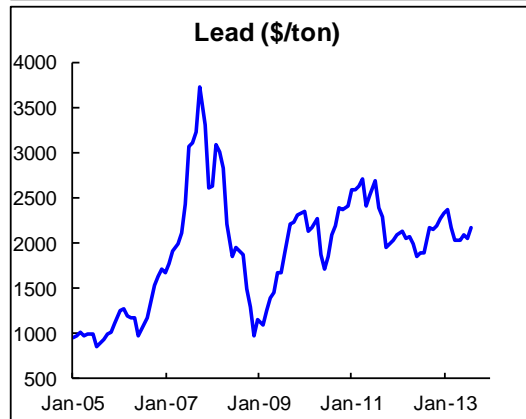
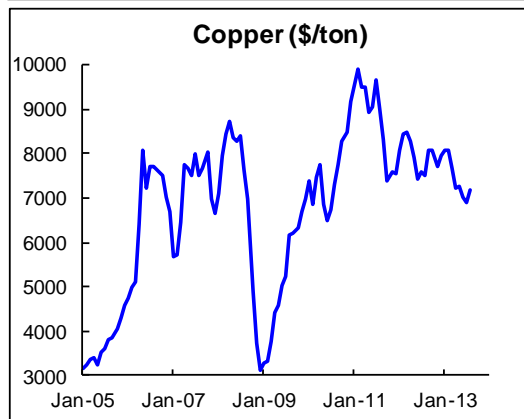
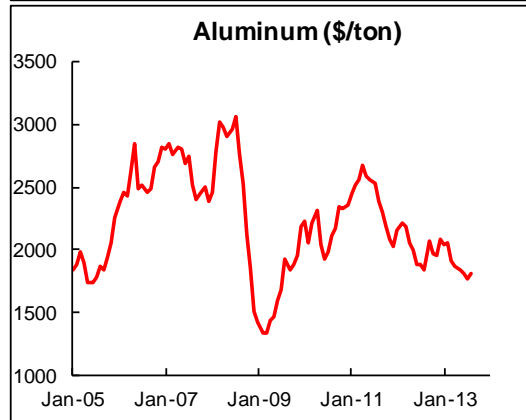
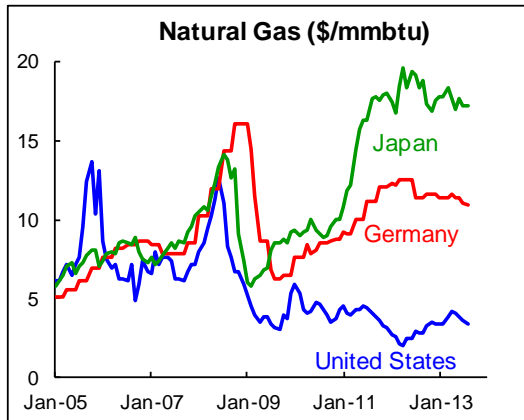
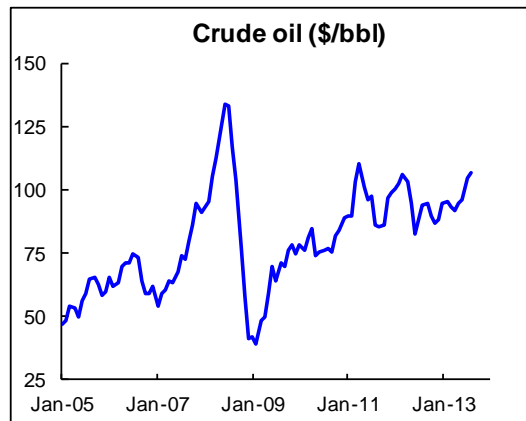
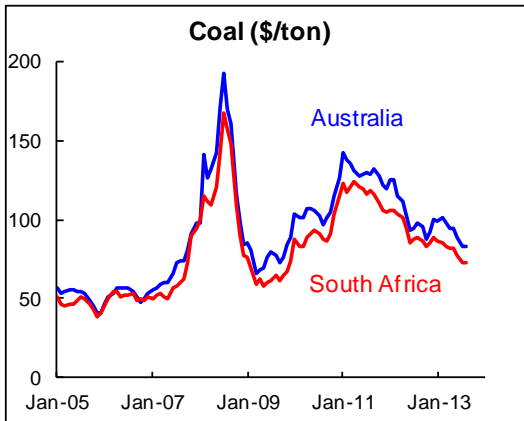
4/ Edibles comprised of Food, Beverages and Raw Materials

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

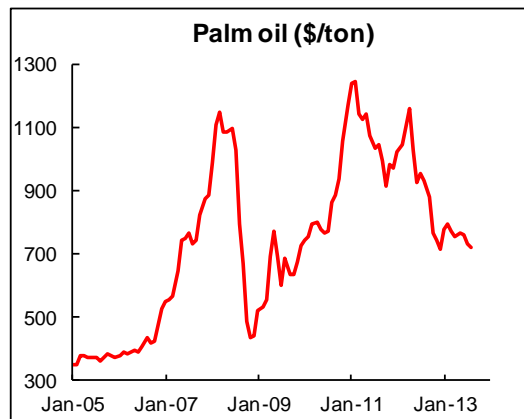
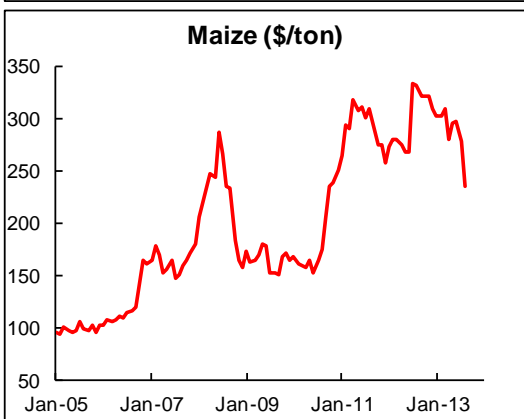
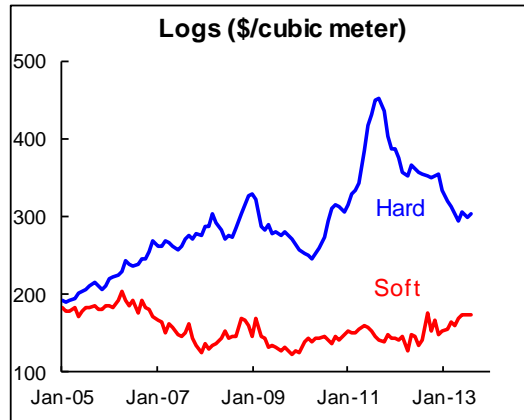
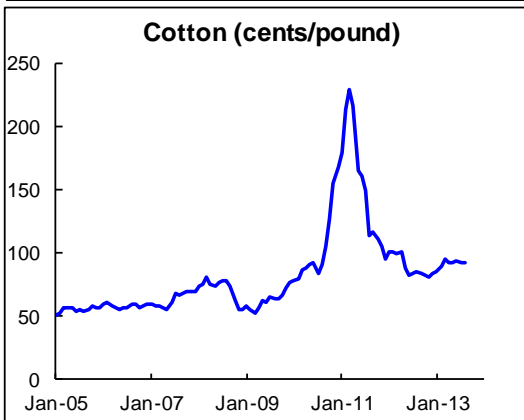
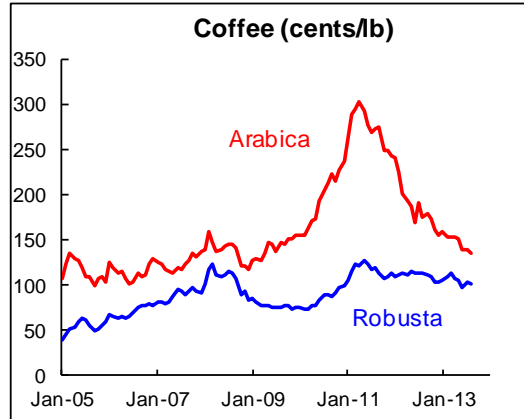
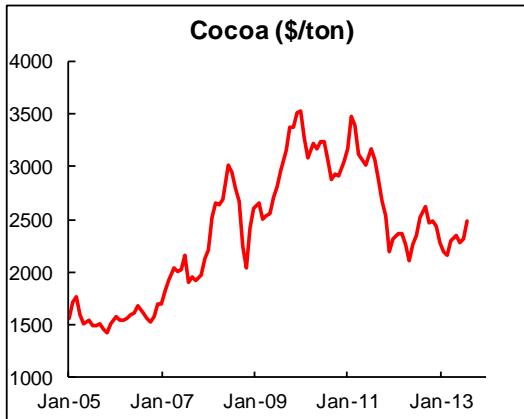
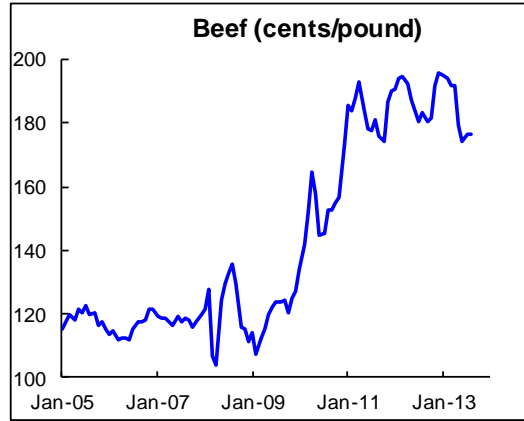
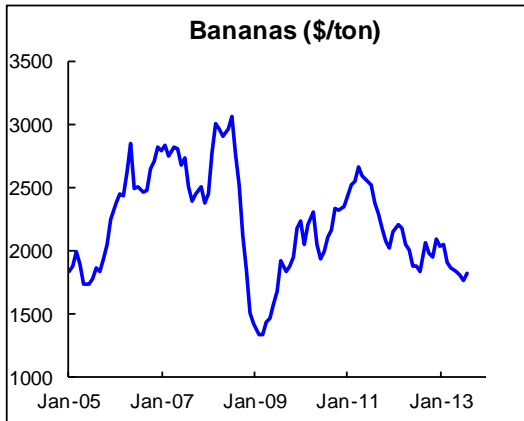
6/ Includes Petroleum, Natural Gas and Coal.

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

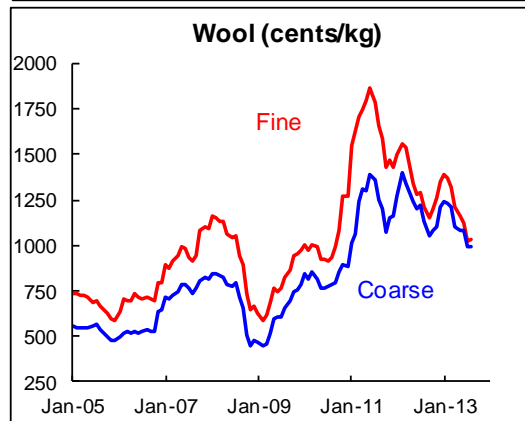
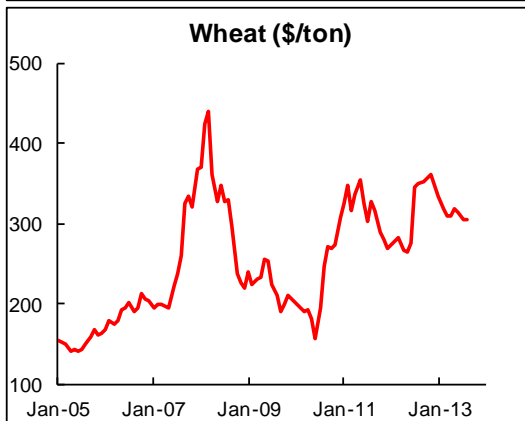
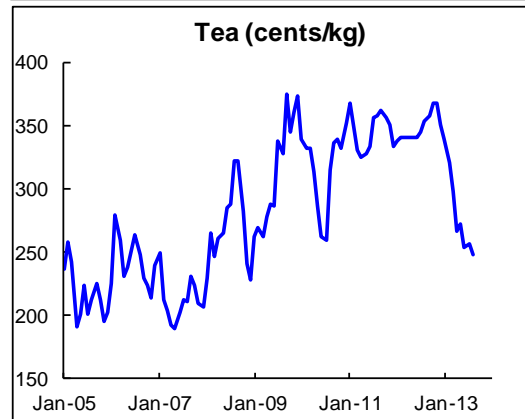
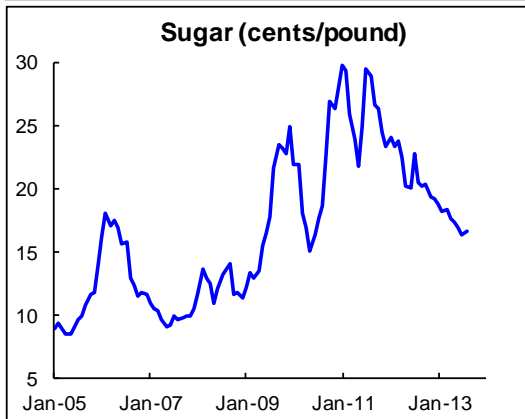
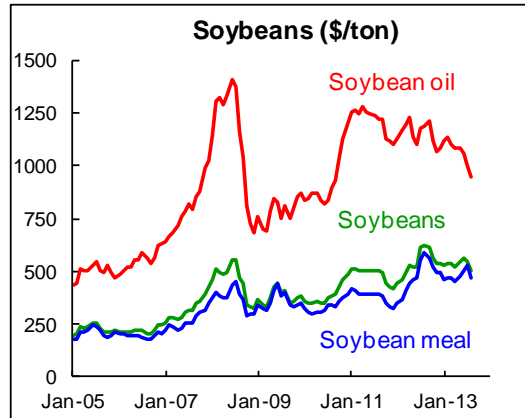
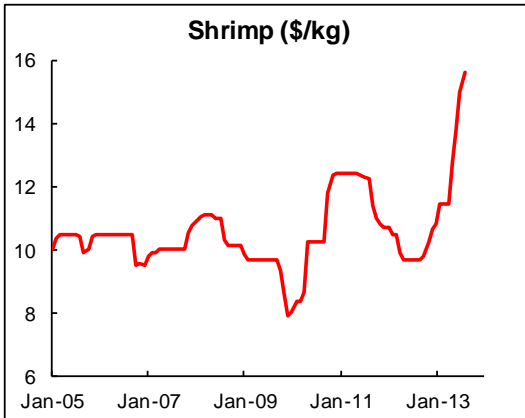
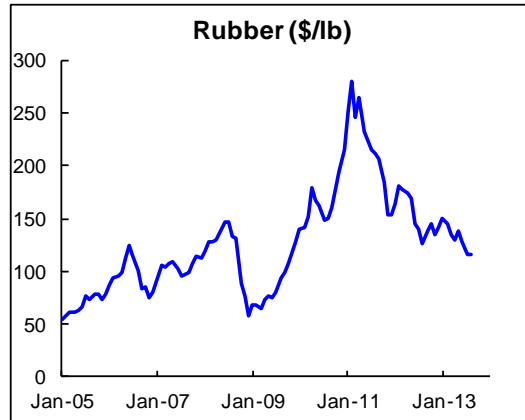
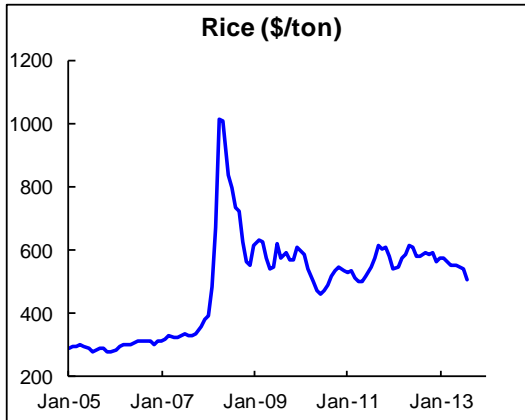
Commodity Prices in U.S. Dollars, 2005-2013



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



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



Commodity News Highlights

Estimates of Crude Oil and Liquid Fuels Supply Disruptions. U.S. Energy Information Administration. September 10, 2013. (summary)

In August, estimated unplanned disruptions among OPEC and non-OPEC producers reached 2.7 million barrels per day (mb/d). Of this, 0.6 mb/d was attributable to non-OPEC producers, while OPEC producers accounted for the remaining 2.1 mb/d of outages. Unplanned OPEC crude oil production disruptions were at their highest level since the U.S. Energy Information Administration (EIA) began tracking OPEC disruptions in January 2009.

OPEC Producers

Iran. Sanctions reduced Iran's petroleum exports by about 1 mb/d in 2012. Lower exports were reflected in lower production, as the National Iranian Oil Company was forced to shut in production because of a lack of an export market and sufficient storage space in which to house unsold oil. Sanctions on Iran have also led to a loss of effective production capacity, declining from 3.8 mb/d in January 2009 to approximately 3.4 mb/d in August 2013.

Iraq. Overall Iraqi oil production has been rising since 2003 despite continuing disruptions that have reduced exports in different parts of the country. Combined outages for August were estimated at 0.25 mb/d, all resulting from a shortfall in northern crude exports through the Kirkuk-Ceyhan pipeline. Although this route consists of two parallel pipelines with a combined nameplate capacity of 1.65 mb/d, only one is fully operational, with maximum available capacity of less than 0.6 mb/d. Iraqi exports from the southern ports of Basra and Khor Al-Amaya have been trending upwards since 2009, and most disruptions for these Gulf ports are weather-related.

Libya. Almost 1.0 mb/d of crude oil was shut in during August, reaching the highest level since the 2011 conflict, because of deterioration in the security and the closure of key oil exporting facilities, pipelines, and fields.

Nigeria. EIA estimates Nigeria's effective production capacity at approximately 2.32 mb/d and production at 2.03 mb/d, resulting in an average of 0.29 mb/d of unplanned disruptions in August. Major investments in infrastructure and drilling and a significant improvement in the security in the Niger Delta would be necessary to return Nigeria's production potential closer to its much higher nameplate capacity.

Non-OPEC Producers

Sudan/South Sudan. An estimated outage in August of 0.17 mb/d reflects the difference between the estimated effective production capacity and current production, of about 0.445 mb/d and 0.275 mb/d, respectively.

Syria. Sanctions targeting Syria's petroleum exports led to practically zero exports in 2012. Although its production capacity was 0.32 mb/d in August, Syria produced under 0.10 mb/d.

Yemen. EIA estimates that Yemen's effective production capacity has decreased to 0.22 mb/d from 0.35 mb/d in 2010. Yemen's total production in August was 0.12 mb/d, reflecting continued unrest and repeated disruptions to the Marib-Ras Isa Pipeline, Yemen's main export pipeline, which carries oil to a terminal on the Red Sea.

Brazil and North Sea. Outages in Brazil and the North Sea are the result of technical difficulties and weather related events. In Brazil, a 0.05 mb/d outage reflected the continued shut in at the Frade field following a November 2011 oil spill and subsequent oil leaks. An estimated 0.40 mb/d outage in the North Sea for August mainly stemmed from production outages at the Buzzard field.



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