

# Commodity Market Monthly



Research Department, Commodities Team\*

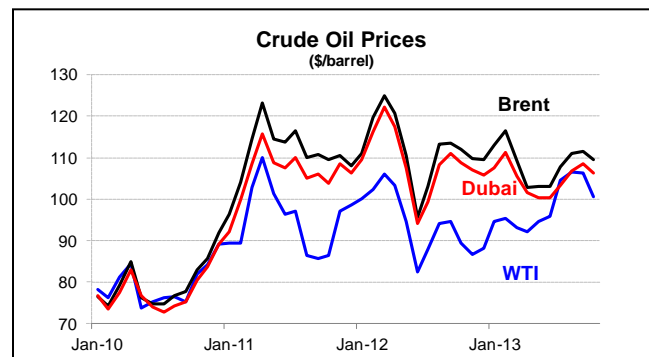
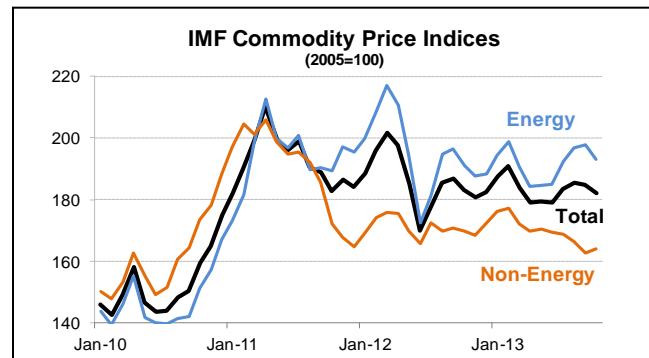
November 14, 2013

[www.imf.org/commodities](http://www.imf.org/commodities)

**Commodity prices fell by 1.4 percent in October, with gains in agriculture and metals prices, partly offset by a fall in energy prices. Improving economic indicators helped lift industrial commodities, while some agriculture prices were supported by a mix of strong import demand and supply issues. A number of agriculture prices also fell on favorable supply prospects. Energy prices declined due to rising output, weak seasonal demand, and easing of geopolitical tensions.**

**Crude oil prices fell 3.1 percent** in October—down for the first time since April—and averaged \$105.5/bbl, on weak seasonal demand, growing supplies, and some easing of geopolitical risks. Prices slipped further in early November to near \$100/bbl. Autumn refinery turnarounds—which peaked in October—reduced crude demand and allowed inventories to build. Oil product demand among end users also appeared relatively weak heading into the peak-consuming winter months. Crude oil supply continued to climb, led by the U.S. where output is up more than 1 mb/d y/y. Production is also up in Canada from new developments, and output rebounded in the North Sea from maintenance. OPEC production fell 0.1 mb/d, essentially with increases in Iraq and Libya offset by a seasonal drop in Saudi Arabia. Libya's oil output partially rebounded to 0.6 mb/d following agreement with protesters in the western part of the country, but unrest at month-end reduced output to under 0.3 mb/d. OPEC meets December 4 to discuss the market outlook and its production target.

The Brent-WTI spread widened to more than \$14/bbl in early November as stocks at Cushing OK rose due to weak refinery demand because of maintenance—that was particularly heavy in Louisiana—and a steady rise in light oil production. New pipeline projects will increase the flow of light oil from Cushing to the Gulf coast, but there is already a mounting glut of light oil in the region.

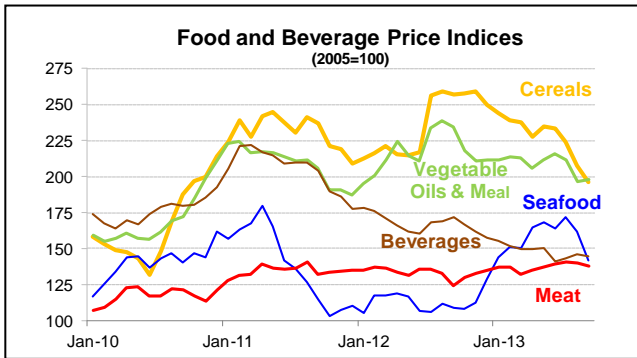


**Natural gas prices in the U.S. fell by 1.1 percent** in October—and have fallen five of the past six months—due to weak demand because of mild weather, and large inventories heading into winter.

**Coal prices in Australia rose 2.3 percent** in October due to restocking by utilities in China, where inventories were near two-year lows.

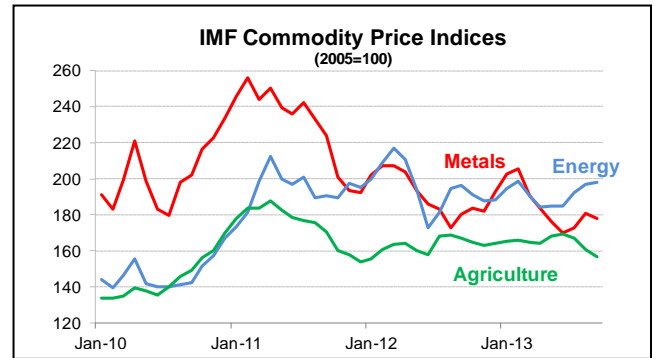
**Agriculture prices rose by 0.8 percent** in October—up for the first time in four months. The largest increase was for seafood prices, with salmon prices surging 11 percent on strong import demand, particularly from Europe and Russia. Sugar prices jumped 6 percent on wet weather as well as a major warehouse fire in Brazil. Prices have since retreated on ample global supplies. Hides prices rose 6 percent on strong demand. Wheat prices increased 6 percent due to stronger import demand and dry, cold weather in Argentina, but prices have since

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

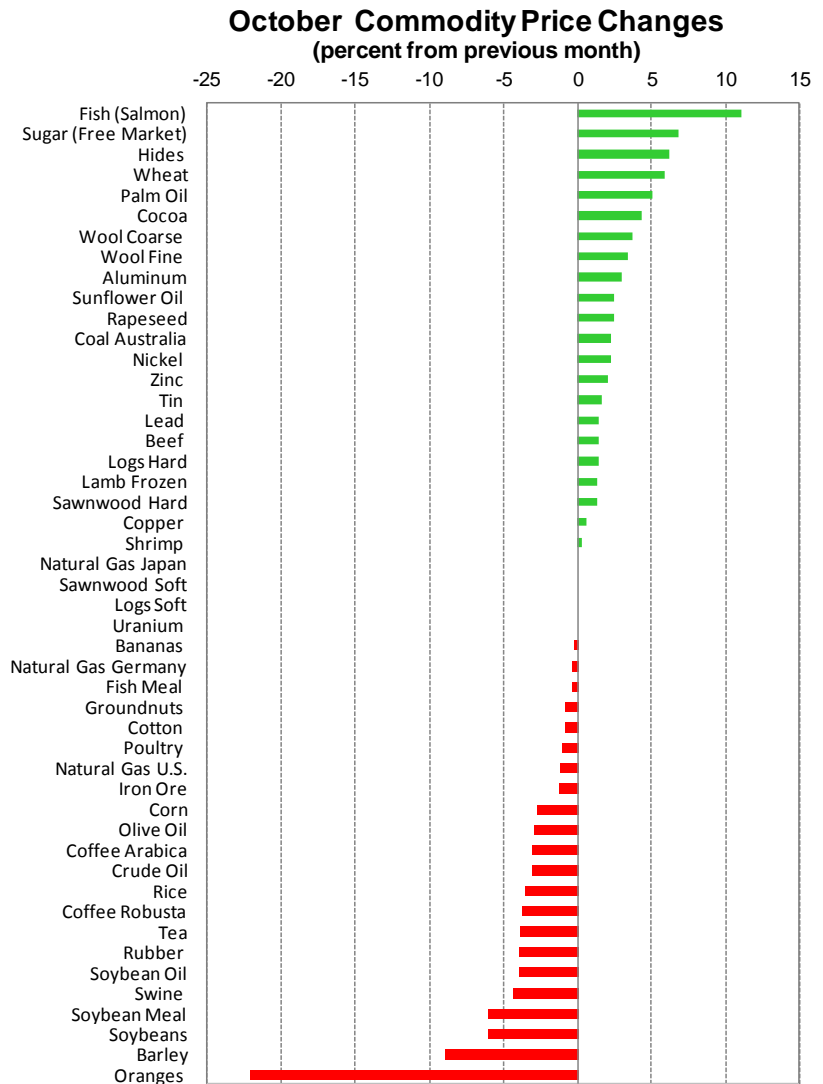


fallen back on expectations of higher exports from India. Palm oil prices rose 5 percent on expectations that wet weather will reduce yields in Southeast Asia. Cocoa prices rose 4 percent due to stronger demand and supply concerns in West Africa and Asia. A number of prices declined, the largest being oranges, plunging seasonally by 22 percent, on expected higher production. Barley prices dropped 9 percent on large crops in Western Canada. The soybean complex fell 4-6 percent as dry weather in the U.S. accelerated harvests, and as favorable rains in South America benefit new crops. Swine prices fell 4 percent on weakening demand and rising supply.

**Metals prices rose by 0.6 percent** in October on restocking in China and improving manufacturing data in many key countries/regions. However prices slipped in early November, partly due to appreciation of the dollar and the high level of stocks for most metals. The largest increase in October was for aluminum prices, up 3 percent, despite large inventories and a global market in surplus, on relatively strong demand and the fact that much of LME stocks are tied up in warehouse financing arrangements and not available to the market. The LME introduced new rules effective April 1, 2014 that will limit load-out queues to 50 days (down from 100 days) to make metal more quickly available to the market. However, there are concerns that metal may move to off-exchange warehouses and become less visible. Nickel prices rose 2 percent, despite inventories that continue to rise to record levels and a market in chronic oversupply, due to stocking in China ahead of a planned Indonesian export ban of unprocessed ores, effective January 12, 2014. Indonesia accounts for over 50 percent of China's nickel ore imports by volume, but about 70 percent by nickel content. Zinc



prices increased 2 per cent on relatively strong demand, but stocks remain high. Tin prices also rose 2 percent, up a fourth straight month, due to falling stocks and as Indonesian exporters adjust to a government rule August 30th that tin must first be traded on a domestic exchange before being exported.



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

	Units	2010	2011	2012	2012Q4	2013Q1	2013Q2	2013Q3	Sep-2013	Oct-2013
<b>Food</b>										
Cereals										
Wheat	\$/MT	223.7	316.2	313.3	355.7	321.4	313.8	305.9	307.5	325.7
Maize	\$/MT	186.0	291.8	298.4	317.3	305.1	290.9	240.4	207.4	201.8
Rice	\$/MT	520.6	551.7	580.2	580.3	570.7	550.7	504.0	470.0	453.3
Barley	\$/MT	158.4	207.2	238.2	249.1	239.4	231.5	197.2	174.8	159.3
Vegetable oils and protein meals										
Soybeans	\$/MT	384.9	484.2	537.8	544.4	532.8	540.0	516.5	503.2	472.8
Soybean meal	\$/MT	331.3	378.9	473.3	500.1	464.6	475.6	496.5	490.2	460.8
Soybean oil	\$/MT	924.8	1215.8	1151.8	1093.5	1119.2	1076.0	960.0	935.0	897.7
Palm oil	\$/MT	859.9	1076.5	939.8	741.7	780.3	761.0	726.2	725.8	762.6
Fish meal	\$/MT	1739.2	1519.3	1624.3	1928.9	1918.4	1804.7	1581.8	1525.3	1520.1
Sunflower Oil	\$/MT	1186.0	1621.8	1489.5	1492.4	1493.8	1459.4	1228.7	1158.4	1187.1
Olive oil	\$/MT	3171.3	3070.3	3135.7	3579.7	4004.9	3860.8	3761.4	3785.1	3676.3
Groundnuts	\$/MT	1239.4	1724.0	1884.6	2043.6	2273.6	2248.6	2128.3	2050.4	2033.5
Rapeseed oil	\$/MT	1011.7	1366.6	1239.1	1202.5	1196.0	1121.4	993.2	985.0	1009.3
Meat										
Beef	cts/lb	152.5	183.2	187.9	189.7	193.8	181.8	176.3	175.6	178.1
Lamb	cts/lb	145.7	149.2	100.9	89.5	97.1	103.9	109.2	110.3	111.9
Swine Meat	cts/lb	74.4	89.1	82.8	79.3	79.7	88.4	95.4	91.7	87.8
Poultry	cts/lb	85.8	87.4	94.3	96.7	100.2	104.1	106.4	106.2	105.1
Seafood										
Fish	\$/kg	6.1	5.9	4.8	4.9	6.5	7.2	6.5	5.6	6.2
Shrimp	\$/kg	10.1	11.9	10.1	10.2	11.3	12.7	15.6	16.0	16.1
Sugar										
Free market	cts/lb	20.9	26.2	21.4	19.6	18.5	17.3	17.3	17.6	18.8
United States	cts/lb	31.1	37.6	28.9	23.1	22.0	20.2	21.1	21.6	22.2
EU	cts/lb	25.7	26.7	26.4	26.7	25.8	25.5	25.8	26.4	26.8
Bananas	\$/MT	881.4	975.9	984.3	947.4	932.6	910.6	934.1	939.2	936.8
Oranges	\$/MT	1033.2	891.1	868.0	861.9	825.9	1065.0	1143.9	1119.7	872.9
<b>Beverages</b>										
Coffee										
Other milds	cts/lb	194.4	273.2	187.6	162.4	154.8	147.7	135.6	132.8	128.8
Robusta	cts/lb	84.1	116.0	110.6	105.0	109.4	103.5	98.9	93.5	90.0
Cocoa Beans	\$/MT	3130.6	2978.5	2377.1	2457.8	2208.8	2308.0	2469.4	2616.0	2730.7
Tea	cts/kg	316.7	346.2	348.9	362.6	319.1	264.2	244.9	230.5	221.7
<b>Agricultural raw materials</b>										
Timber										
Hardwood										
Logs 1/	\$/M3	278.2	390.5	360.5	874.4	845.2	837.4	846.0	300.1	304.3
Sawnwood 1/	\$/M3	848.3	939.4	876.3	352.7	322.5	301.8	301.1	865.1	877.0
Softwood										
Logs 1/	\$/M3	141.5	150.0	148.0	155.9	157.6	168.1	160.6	165.6	165.6
Sawnwood 1/	\$/M3	281.8	280.9	284.7	283.2	278.4	315.3	306.1	299.7	299.7
Cotton	cts/lb	103.5	154.6	89.2	82.1	89.9	92.7	91.8	90.1	89.3
Wool										
Fine	cts/kg	1023.2	1638.2	1345.3	1273.0	1362.4	1161.4	1071.6	1159.0	1198.7
Coarse	cts/kg	820.1	1209.2	1212.6	1131.1	1227.5	1091.8	1039.5	1123.4	1165.2
Rubber	cts/lb	165.7	218.5	153.2	140.4	143.1	131.8	117.5	119.7	115.0
Hides	cts/lb	72.0	82.0	83.2	86.0	86.0	93.8	95.9	93.1	98.9

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	2012Q4	2013Q1	2013Q2	2013Q3	Sep-2013	Oct-2013
<b>Metals</b>										
Copper	\$/MT	7538.4	8823.5	7958.9	7913.2	7922.3	7156.7	7084.1	7159.3	7203.0
Aluminum	\$/MT	2173.0	2400.6	2022.8	2003.3	2000.8	1836.0	1782.4	1761.3	1814.6
Iron Ore	\$/MT	146.7	167.8	128.5	121.1	148.3	125.4	132.8	134.2	132.6
Tin	\$/MT	20367.2	26051.4	21109.4	21609.2	24037.5	20879.6	21312.4	22735.1	23101.6
Nickel	\$/MT	21810.0	22909.1	17541.7	16984.2	17305.3	14952.6	13953.3	13801.4	14117.7
Zinc	\$/MT	2160.4	2195.5	1950.0	1952.3	2029.7	1841.9	1860.3	1846.9	1884.8
Lead	\$/MT	2148.2	2400.7	2063.6	2201.2	2291.2	2052.0	2101.9	2084.9	2115.4
Uranium	\$/lb	46.0	56.2	48.9	43.3	42.8	40.7	36.5	35.8	35.8
<b>Energy</b>										
Spot Crude <sup>2/</sup>	\$/bbl	79.0	104.0	105.0	101.9	105.1	99.3	107.3	108.8	105.5
U.K. Brent	\$/bbl	79.6	111.0	112.0	110.4	112.9	103.0	110.1	111.6	109.5
Dubai	\$/bbl	78.1	106.0	108.9	107.1	108.1	100.8	106.1	108.4	106.4
West Texas Intermediate	\$/bbl	79.4	95.0	94.1	88.1	94.4	94.2	105.8	106.3	100.5
<b>Natural Gas</b>										
Russian in Germany	\$/mmbtu	8.2	10.6	12.0	11.6	11.4	11.5	11.0	11.0	10.9
Indonesian in Japan	\$/mmbtu	9.4	15.6	18.1	17.2	17.9	17.4	16.8	16.5	16.5
US, domestic market	\$/mmbtu	4.4	4.0	2.8	3.4	3.5	4.0	3.6	3.6	3.6
<b>Coal</b>										
Australian, export markets	\$/MT	106.0	130.1	103.2	93.1	99.5	92.2	82.8	83.2	85.1

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) <sup>1/</sup>

	(Weights) <sup>1/</sup>	2010	2011	2012	2012Q4	2013Q1	2013Q2	2013Q3	Sep-2013	Oct-2013
<b>All Primary Commodities <sup>2/</sup></b>	100.0	152.3	192.4	186.3	182.1	187.4	179.1	184.7	184.9	182.2
<b>Non-Fuel</b>	36.9	161.2	190.0	171.1	170.3	175.1	169.7	165.9	162.6	163.9
<b>Agriculture</b>	26.2	144.6	173.9	163.1	163.9	165.2	167.0	161.3	156.5	157.7
Food	16.7	150.1	179.9	175.9	178.7	181.4	183.0	175.3	167.9	168.5
Cereals	3.6	166.5	231.2	236.4	255.6	240.3	232.0	209.3	196.3	197.9
Vegetable oils and protein meals	4.4	170.4	209.1	217.1	213.6	212.9	211.2	202.1	198.3	192.8
Meat	3.7	117.2	134.5	133.3	132.5	135.5	137.1	139.4	137.5	136.2
Seafood	3.2	140.4	139.3	113.3	116.4	148.6	165.6	158.6	141.8	154.0
Beverages	1.8	176.2	205.5	167.4	162.0	152.2	146.8	144.7	144.6	144.6
Agricultural Raw Materials <sup>3/</sup>	7.7	125.1	153.5	134.0	132.1	133.1	137.0	135.0	134.4	137.5
Timber	3.4	101.1	110.8	107.4	107.1	103.7	109.0	107.3	107.3	107.9
<b>Metals</b>	10.7	202.3	229.7	191.0	186.1	199.4	176.5	177.1	177.9	179.0
<b>Edibles <sup>4/</sup></b>	18.5	152.6	182.4	175.1	177.1	178.5	179.4	172.3	165.6	166.1
<b>Industrial Inputs <sup>5/</sup></b>	18.4	169.9	197.8	167.1	163.4	171.6	159.9	159.5	159.6	161.6
<b>Energy <sup>6/</sup></b>		147.1	193.8	195.2	189.1	194.5	184.6	195.6	197.9	192.9
Petroleum <sup>7/</sup>	53.6	148.5	195.9	197.9	192.3	198.1	187.0	201.8	204.6	198.5
Natural Gas	6.9	113.3	154.3	171.2	166.8	167.9	168.3	160.7	159.6	159.2
Coal	2.6	205.9	254.4	202.1	183.1	192.7	179.4	161.4	162.0	168.3

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

2/ Non-Fuel Primary Commodities and Energy Index.

3/ Includes Forestry Products.

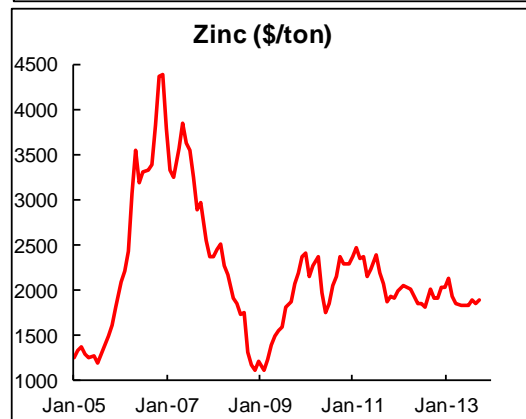
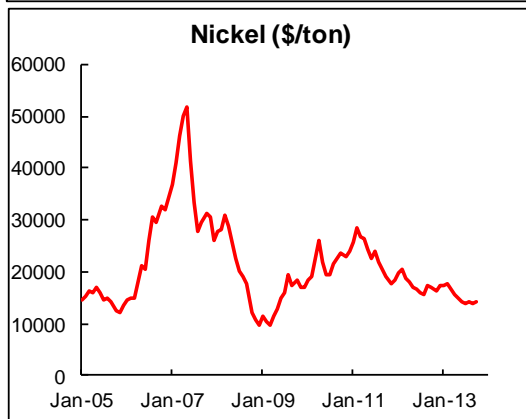
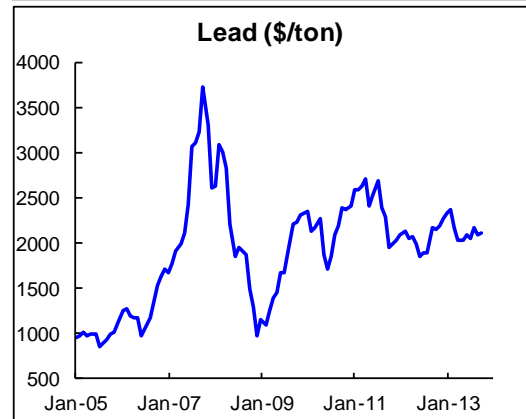
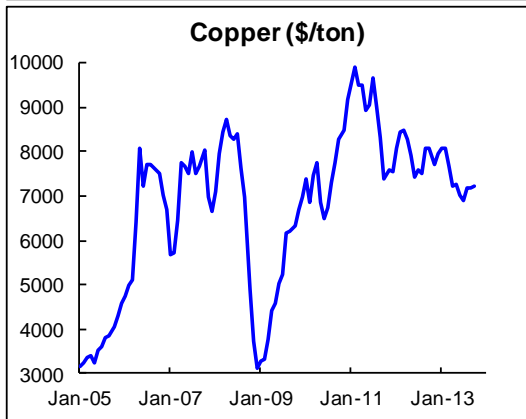
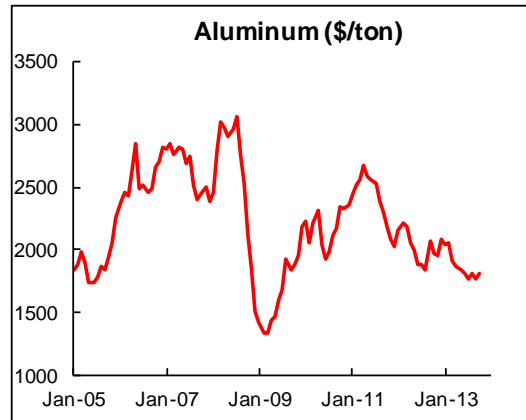
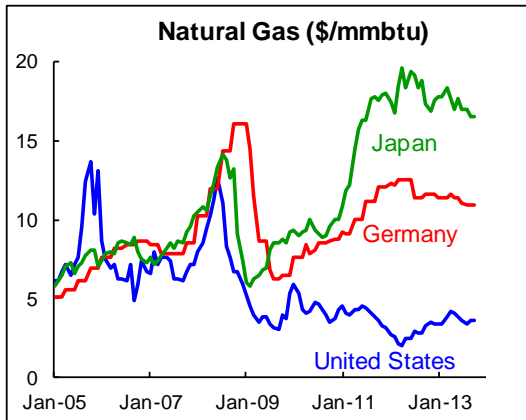
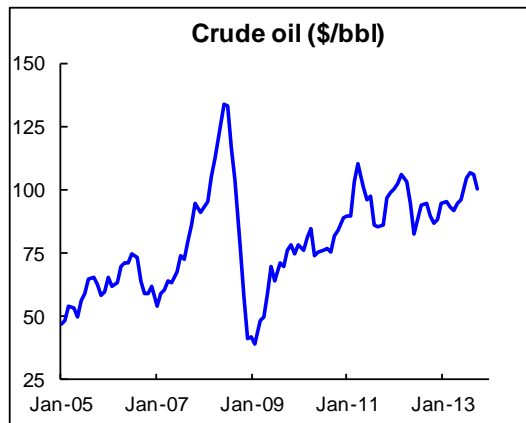
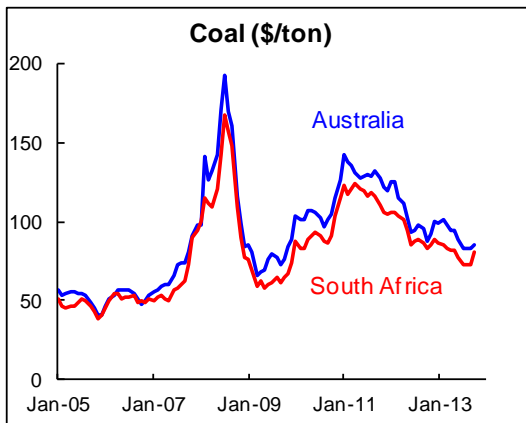
4/ Edibles comprised of Food, Beverages and Raw Materials

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

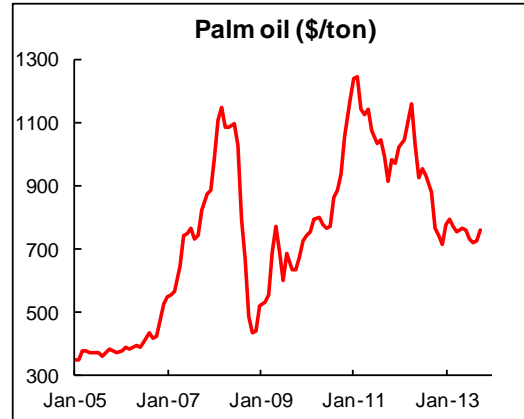
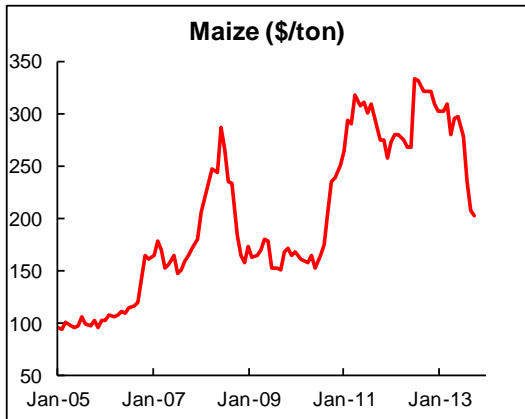
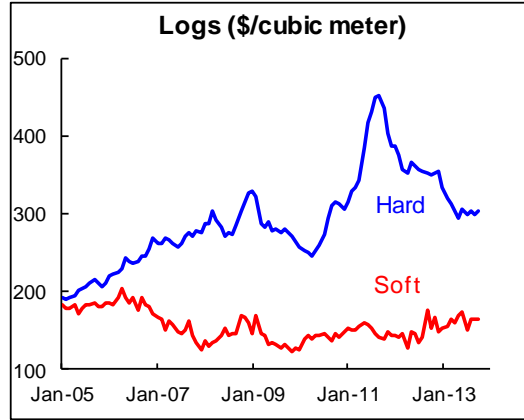
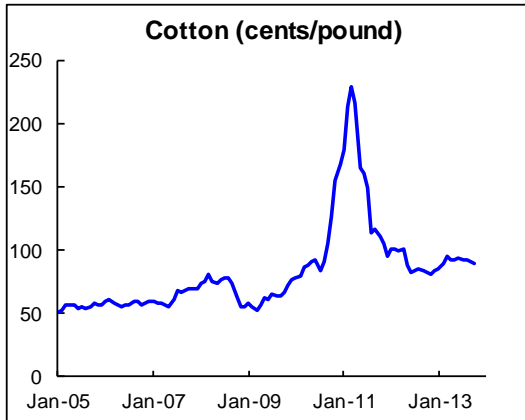
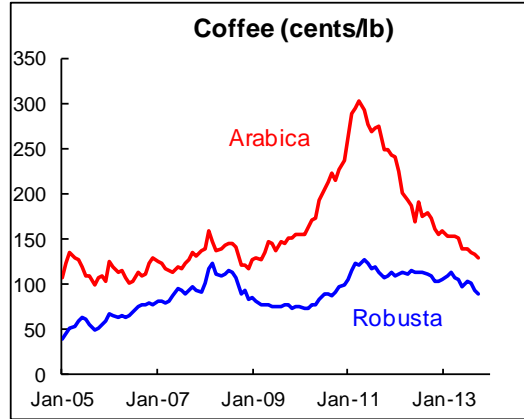
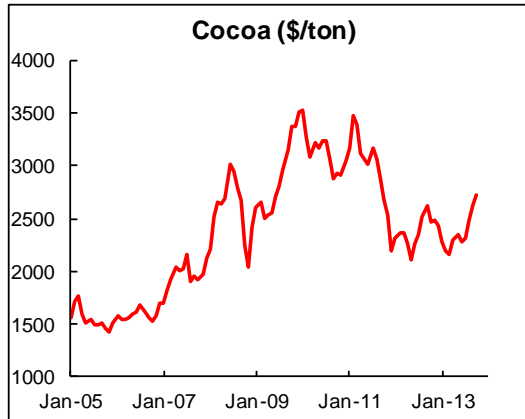
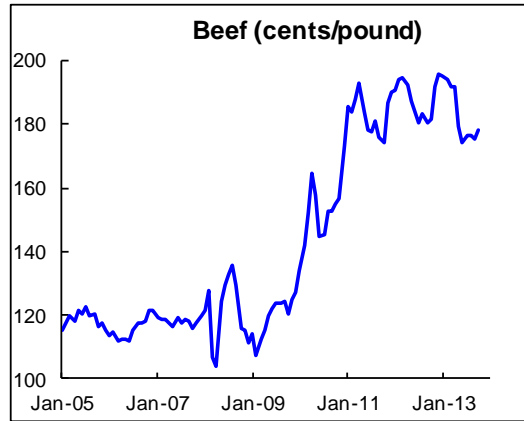
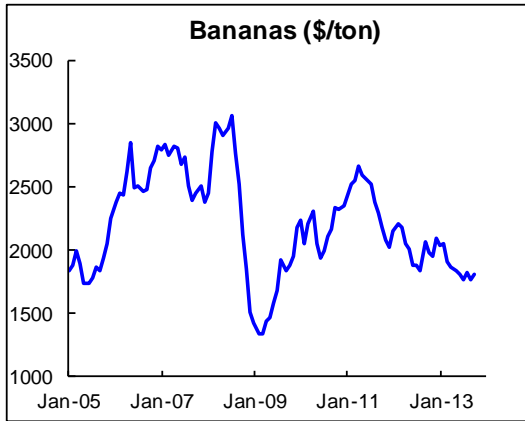
6/ Includes Petroleum, Natural Gas and Coal.

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

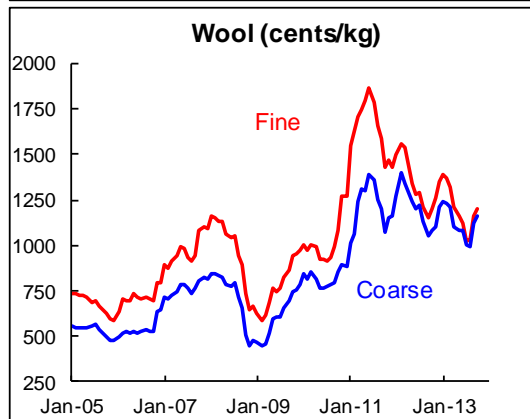
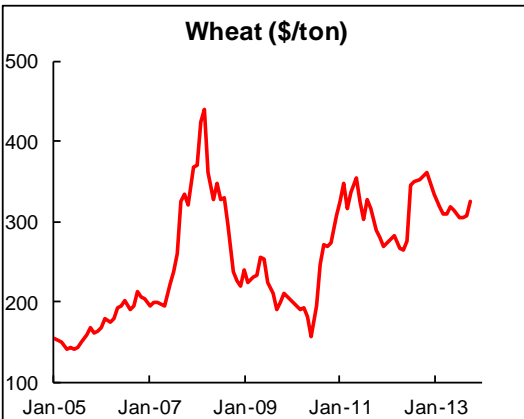
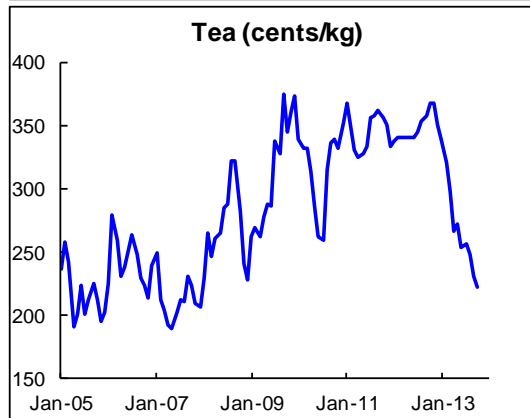
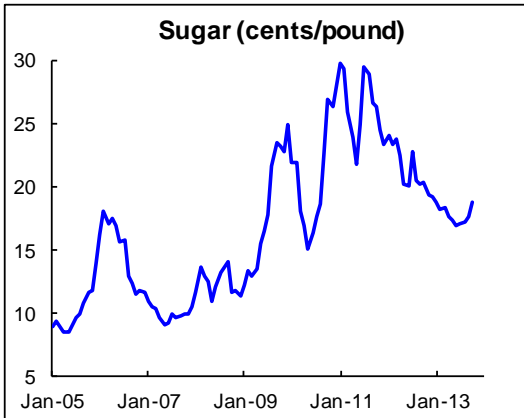
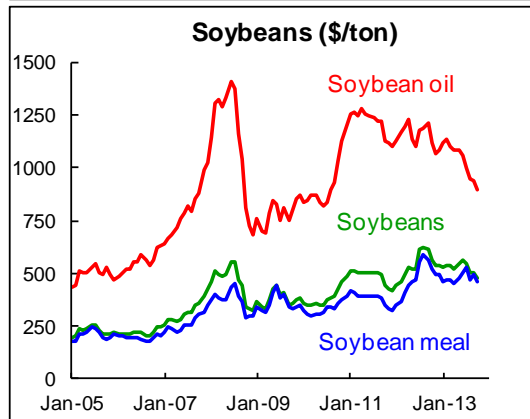
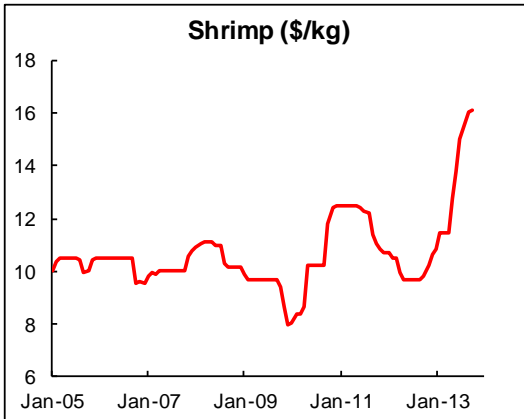
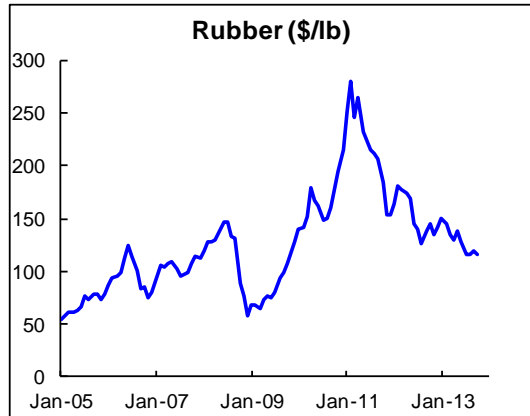
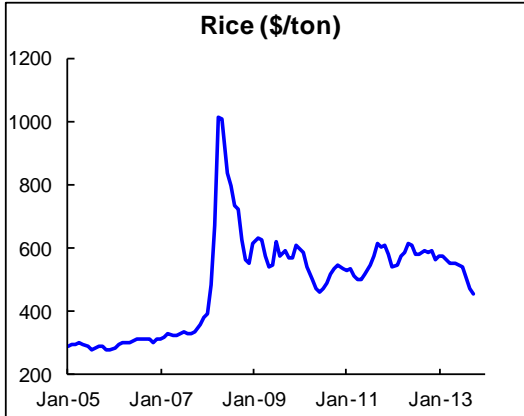
## Commodity Prices in U.S. Dollars, 2005-2013



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



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



## Commodity News Highlights

**World Energy Outlook, International Energy Agency, November 2013.**

### **Executive Summary – Oil Market**

The capacity of technologies to unlock new types of resources, such as light tight oil (LTO) and ultra-deepwater fields, and to improve recovery rates in existing fields is pushing up estimates of the amount of oil that remains to be produced. But this does not mean that the world is on the cusp of a new era of oil abundance. An oil price that rises steadily to \$128 per barrel (2012 dollars) in 2035 supports the development of these new resources, though no country replicates the level of success with LTO that is making the United States the largest global oil producer. The rise of unconventional oil (including LTO) and natural gas liquids meets the growing gap between global oil demand, which rises by 14 mb/d to reach 101 mb/d in 2035, and production of conventional crude oil, which falls back slightly to 65 mb/d.

The Middle East, the only large source of low-cost oil, remains at the centre of the longer-term oil outlook. The role of OPEC countries in quenching the world's thirst for oil is reduced temporarily over the next ten years by rising output from the United States, from oil sands in Canada, from deepwater production in Brazil and from natural gas liquids from all over the world. But, by the mid-2020s, non-OPEC production starts to fall back and countries in the Middle East provide most of the increase in global supply. Overall, national oil companies and their host governments control some 80% of the world's proven-plus-probable oil reserves.

The need to compensate for declining output from existing oil fields is the major driver for upstream oil investment to 2035. Once production has peaked, an average conventional field can expect to see annual declines in output of around 6% per year. While this figure varies according to the type of field, the implication is that conventional crude output from existing fields is set to fall by more than 40 mb/d by 2035. Among the other sources of oil, most unconventional plays are heavily dependent on continuous drilling to prevent rapid field-level declines. Of the 790 billion barrels of total production required to meet our projections for demand to 2035, more than half is needed just to offset declining production.

Demand for mobility and for petrochemicals keeps oil use on an upward trend to 2035, although the pace of growth slows. The decline in oil use in OECD countries accelerates. China overtakes the United States as the largest oil-consuming country and Middle East oil consumption overtakes that of the European Union, both around 2030. The shifting geography of demand is further underlined by India becoming the largest single source of global oil demand growth after 2020. Oil consumption is concentrated in just two sectors by 2035: transport and petrochemicals. Transport oil demand rises by 25% to reach 59 mb/d, with one-third of the increase going to fuel road freight in Asia. In petrochemicals, the Middle East, China and North America help push up global oil use for feedstocks to 14 mb/d. High prices encourage efficiency improvements and undercut the position of oil wherever alternatives are readily available, with biofuels and natural gas gaining some ground as transport fuels.

Major changes in the composition of oil supply and demand confront the world's refiners with an ever-more complex set of challenges, and not all of them are well-equipped to survive. Rising output of natural gas liquids, biofuels and coal- or gas-to-liquids technologies means that a larger share of liquid fuels reaches consumers without having to pass through the refinery system. Refiners nonetheless need to invest to meet a surge of more than 5 mb/d in demand for diesel that is almost triple the increase in gasoline use. The shift in the balance of oil consumption towards Asia and the Middle East sees a continued build-up of refining capacity in these regions. Over the period to 2035, nearly 10 mb/d of global refinery capacity is at risk, with refineries in OECD countries, and Europe in particular, among the most vulnerable.



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