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What is the new normal in commodity markets?

By

Philippe Chalmin, Professeur Université Dauphine, Paris
et Président-Fondateur de Cyclope

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CYCLOPE

**What is the new normal in commodity markets ?
Lendemain de chocs : la nouvelle « normalité »
des marchés mondiaux
For whom the bell tolls ?**

Professeur Philippe Chalmin
philippe.chalmin@cercle-cyclope.com
blog : www.philippe-chalmin.com

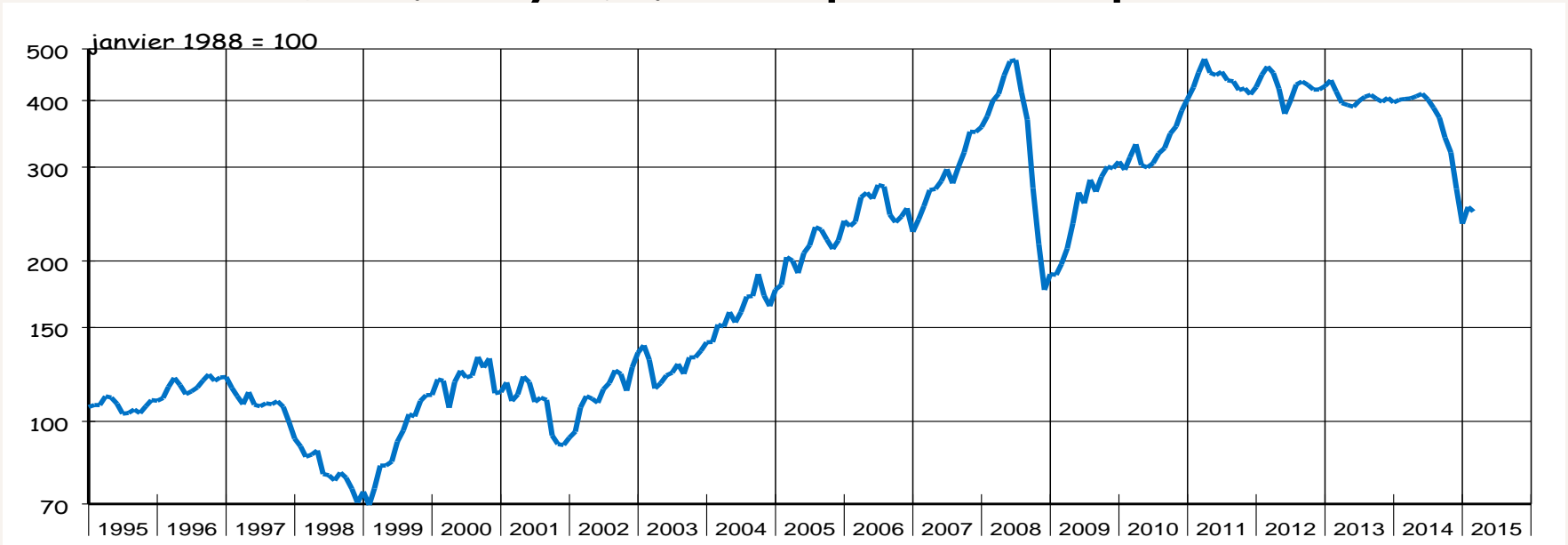
Cyclope
European leading research
Institute on commodity
markets

April 2015

The « 2006-2013 » commodity shock might be over

Indices Rexecode des cours des matières premières en \$

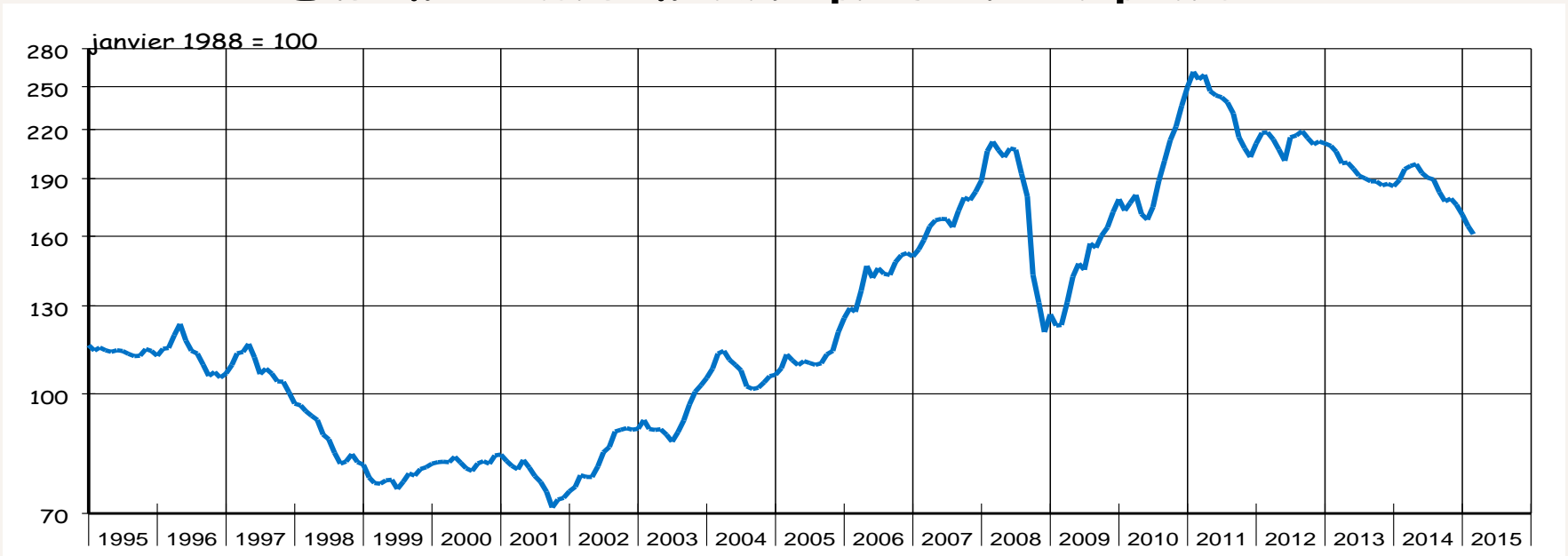
Ensemble y c. métaux précieux et pétrole



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Even if you don't take oil into account

Indices Rexecode des cours des matières premières en \$
Ensemble hors métaux précieux et pétrole



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What happened ?

- a demand – driven boom
- investment « time lag »



Skyrocketing prices for almost all commodities

oil, grains, tropicals, metals, freight ...

before and after 2008 economic crisis

What followed ?

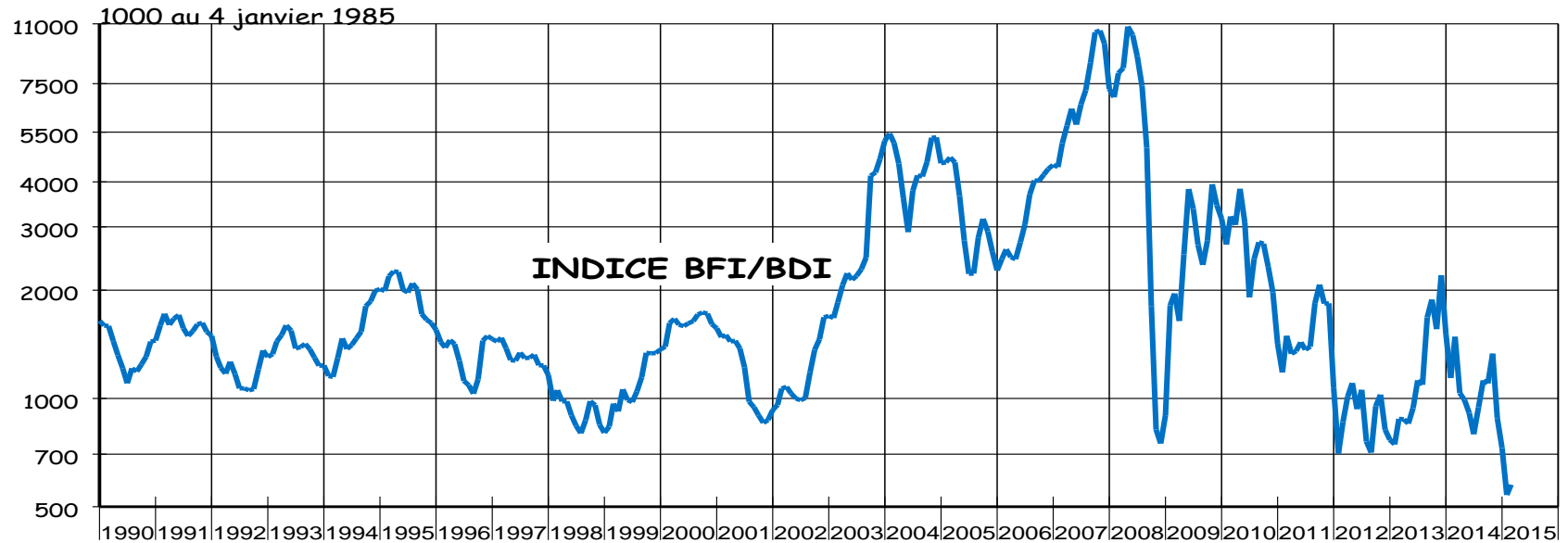
- investment in new capacities
 - energy revolution in the US
 - giant ships
 - new mines
 - etc ...
- Troubles in emerging countries

→ the end of the « super-cycle » ?

Dry freight : the worst case

Cours des matières premières

Frêts maritimes (carqaisons sèches)

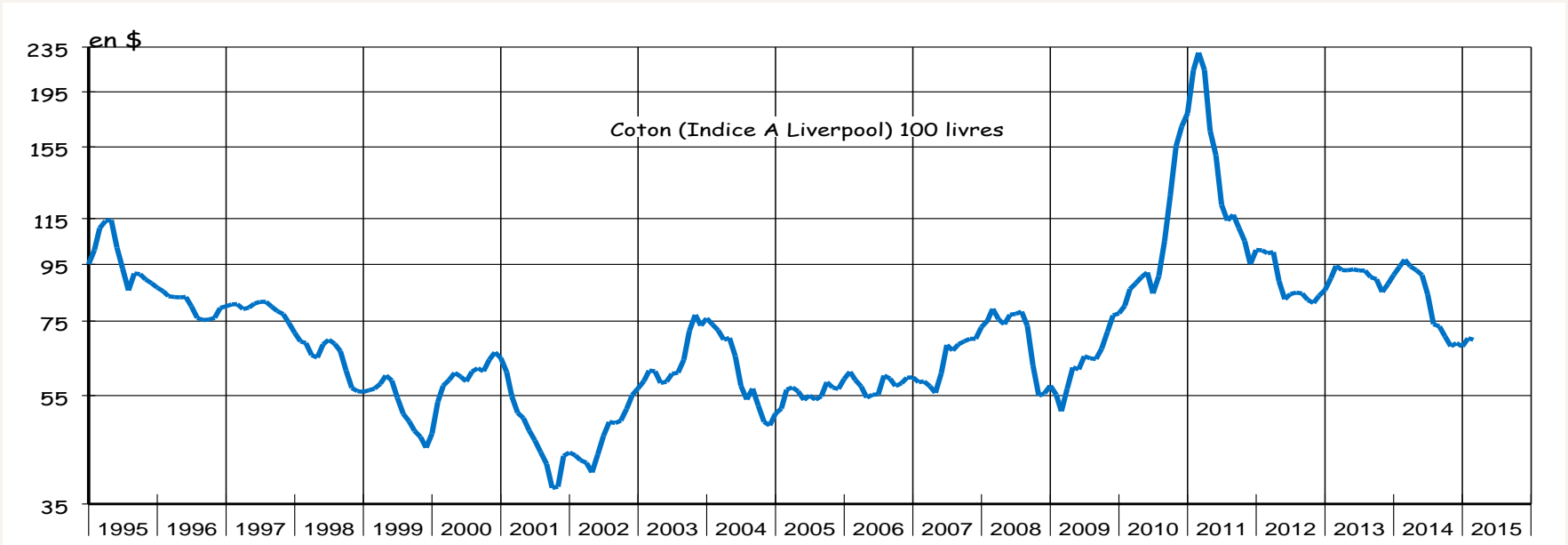


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Cotton

Cours des matières premières

Coton

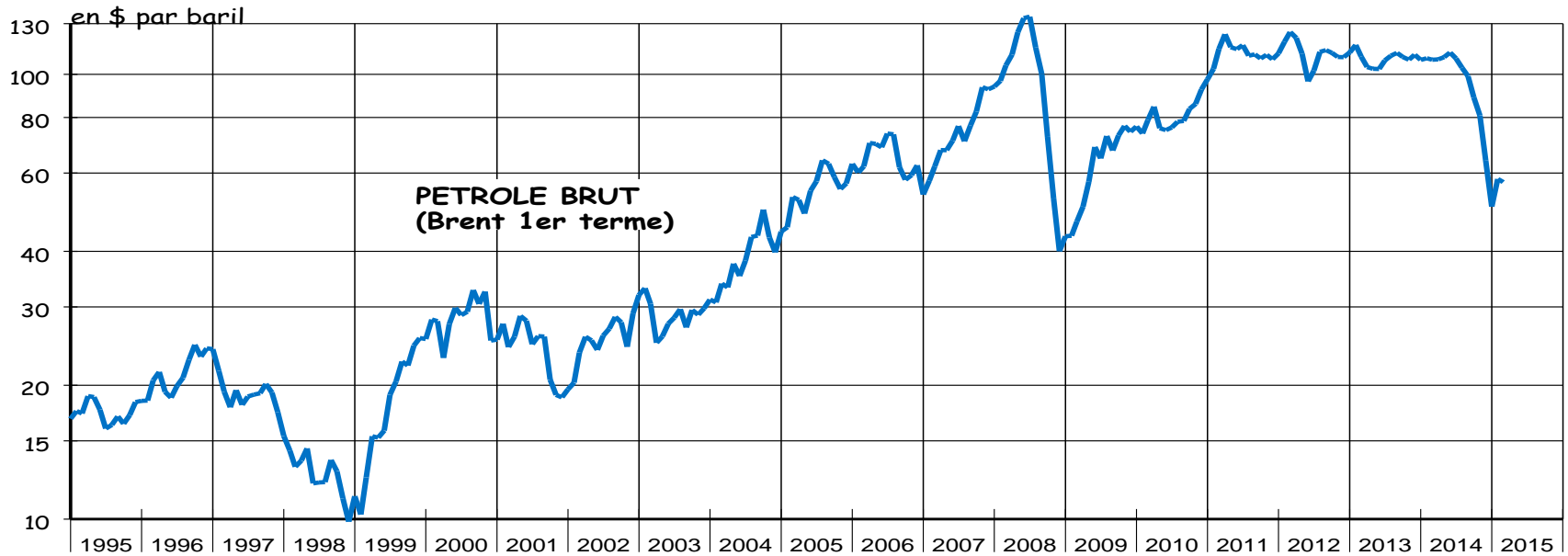


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Oil of course

Cours des matières premières

Pétrole brut

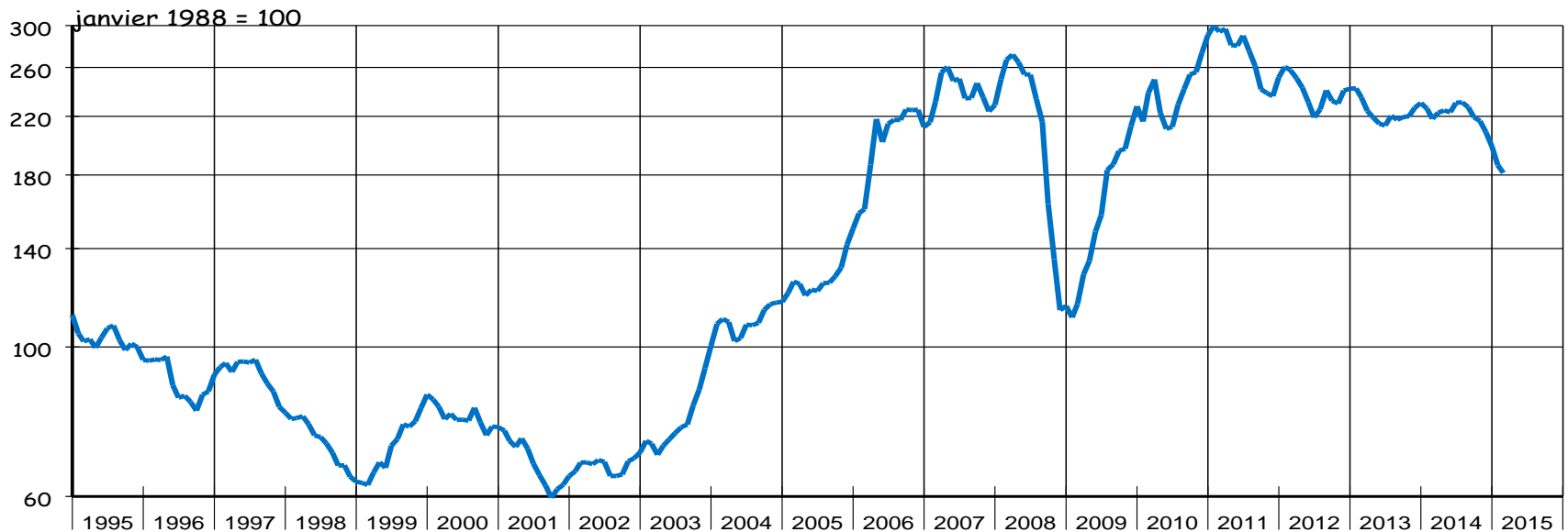


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And non ferrous metals

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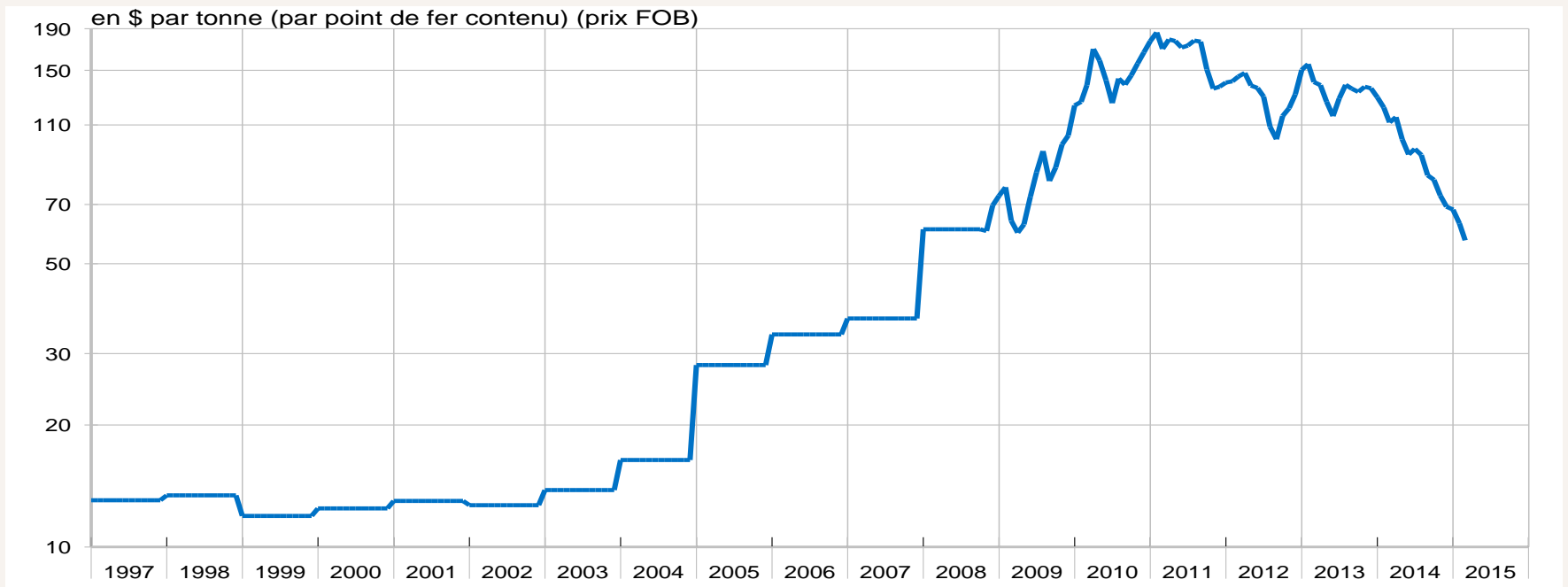
Métaux communs



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Iron ore : A « new » commodity

Minerai de fer

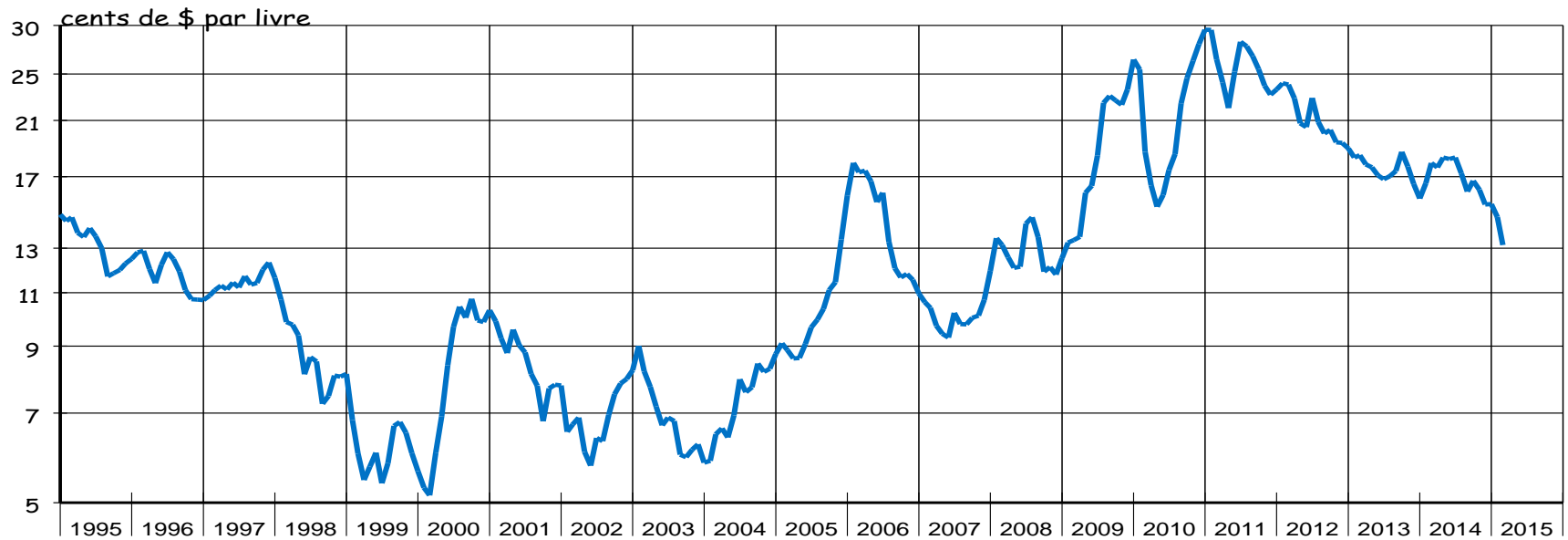


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And sugar

Cours des matières premières

Sucre

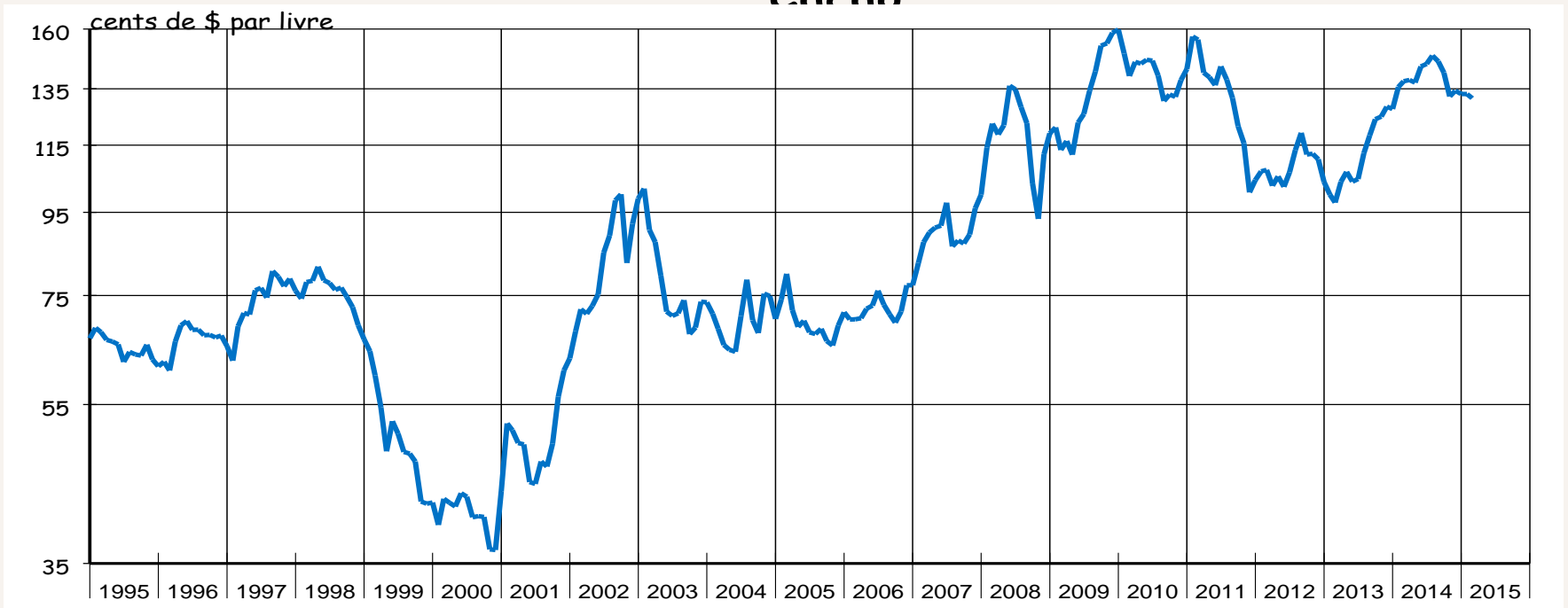


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Cocoa is a sweet exception

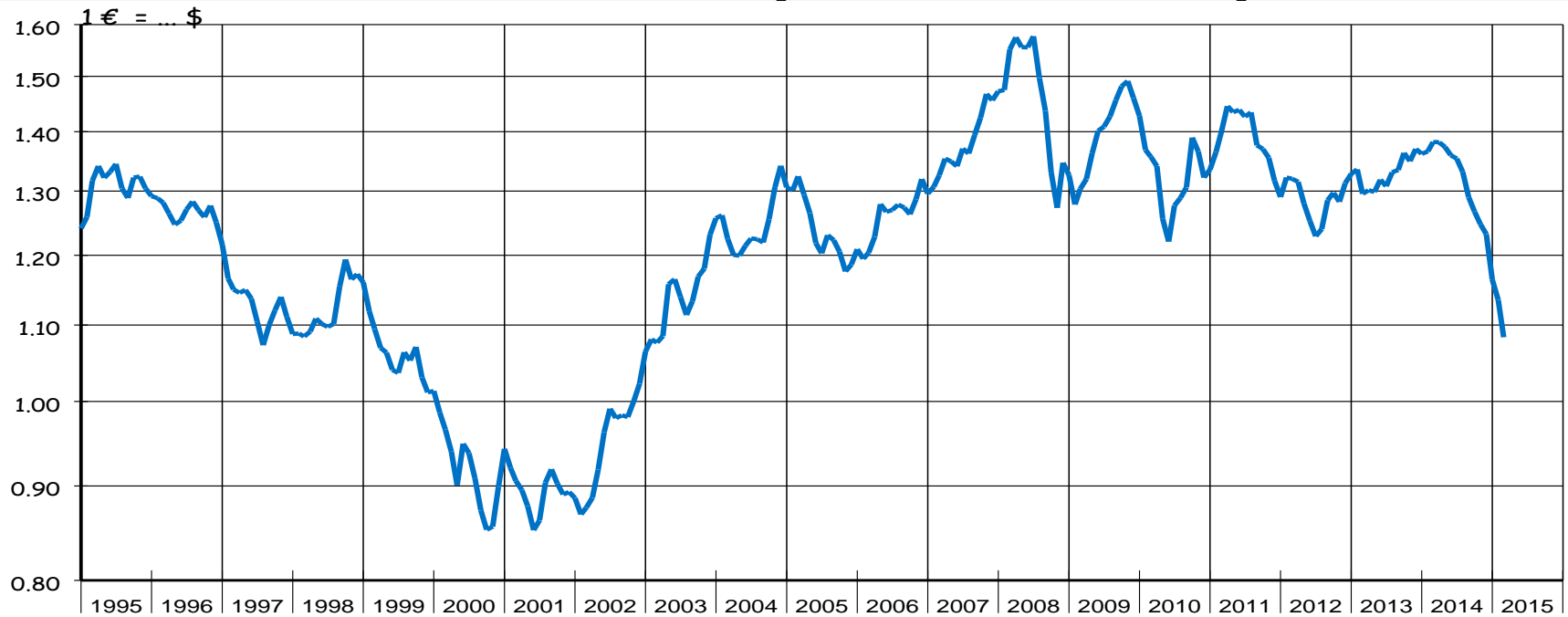
Cours des matières premières

Cacao



All this in a « rising » commodity called « dollar »

Cours de l'euro (1 euro = ... dollar)



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Back to « normal times » ?

- supply and demand
 - the Chinese interrogation
- more unstability and volatility
 - derivative markets
 - farm policies
- the « commodity curse » is not over

« For whom the bell tolls ? »

