

# United Nations Conference on Trade and Development

## **Multi-Year Expert Meeting on Commodities and Development**

8-9 February 2021, Geneva

### **Recent trends and outlook on commodity markets**

By

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# Recent trends and outlook on commodity markets

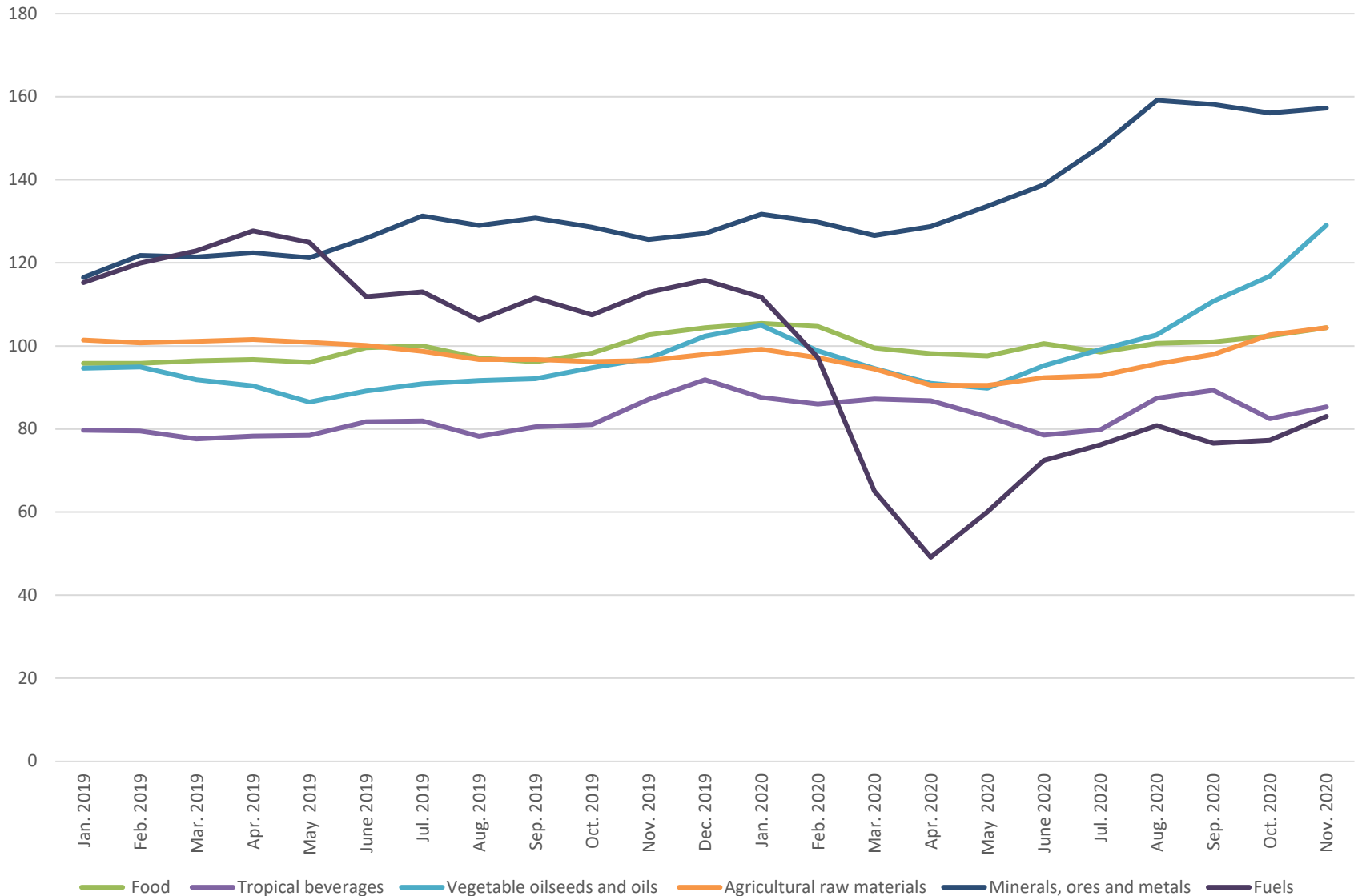
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# All commodity groups price index (Jan 2010 to Nov 2020)



# Most recent period (Jan 2019 to Nov 2020)



# Commodity price indices follow volatile path from Jan to Nov 2020

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- **Fuels:**

- Dropped by 56% from Jan to Apr
- But rose by 38% from May to Nov
- Overall index fell by 26% from Jan to Nov

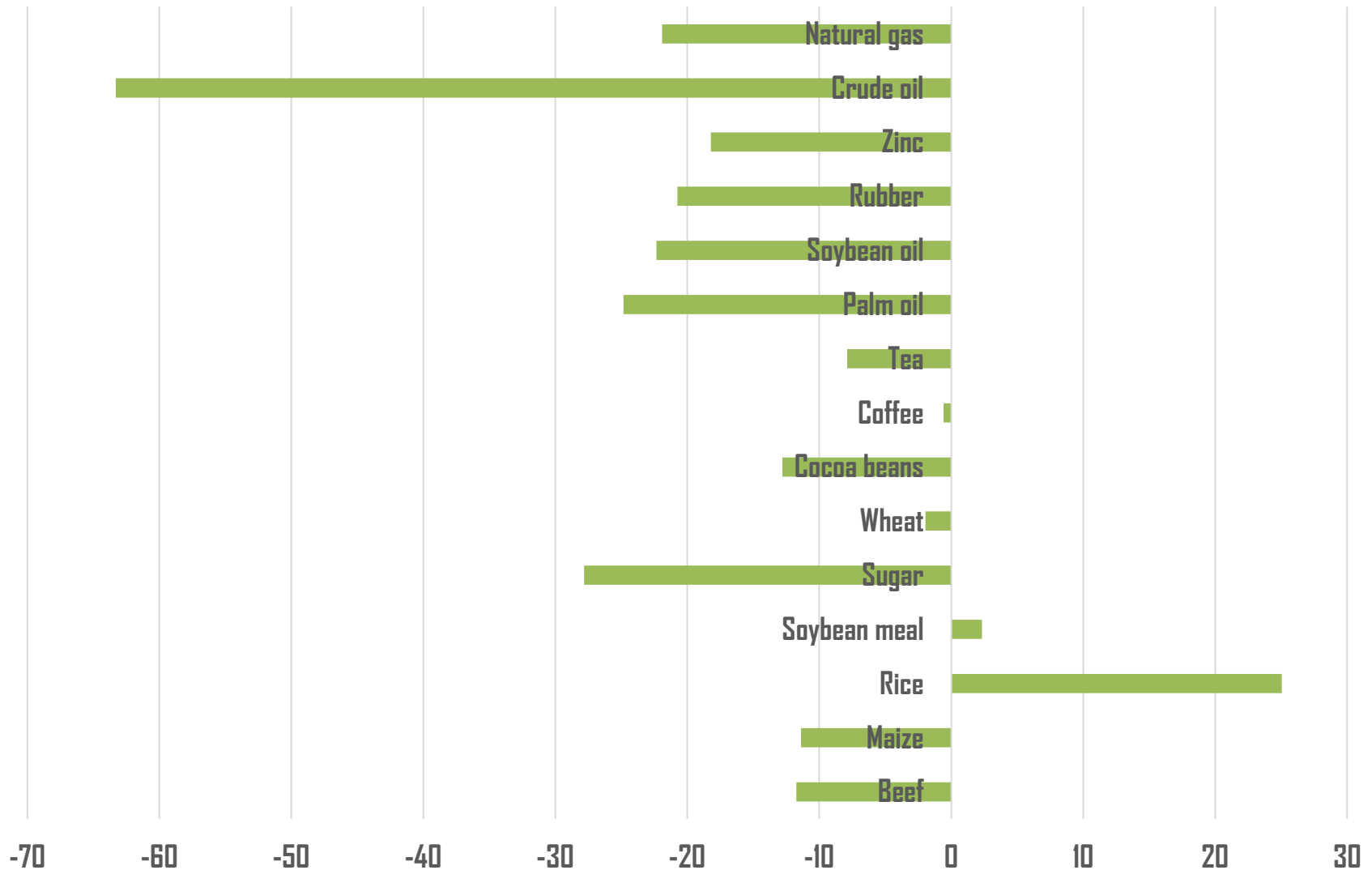
- **Food:**

- Dropped by 7.4% from Jan to May
- But rose by 4% from June to Nov
- Overall index was down by 1% from Jan to Nov

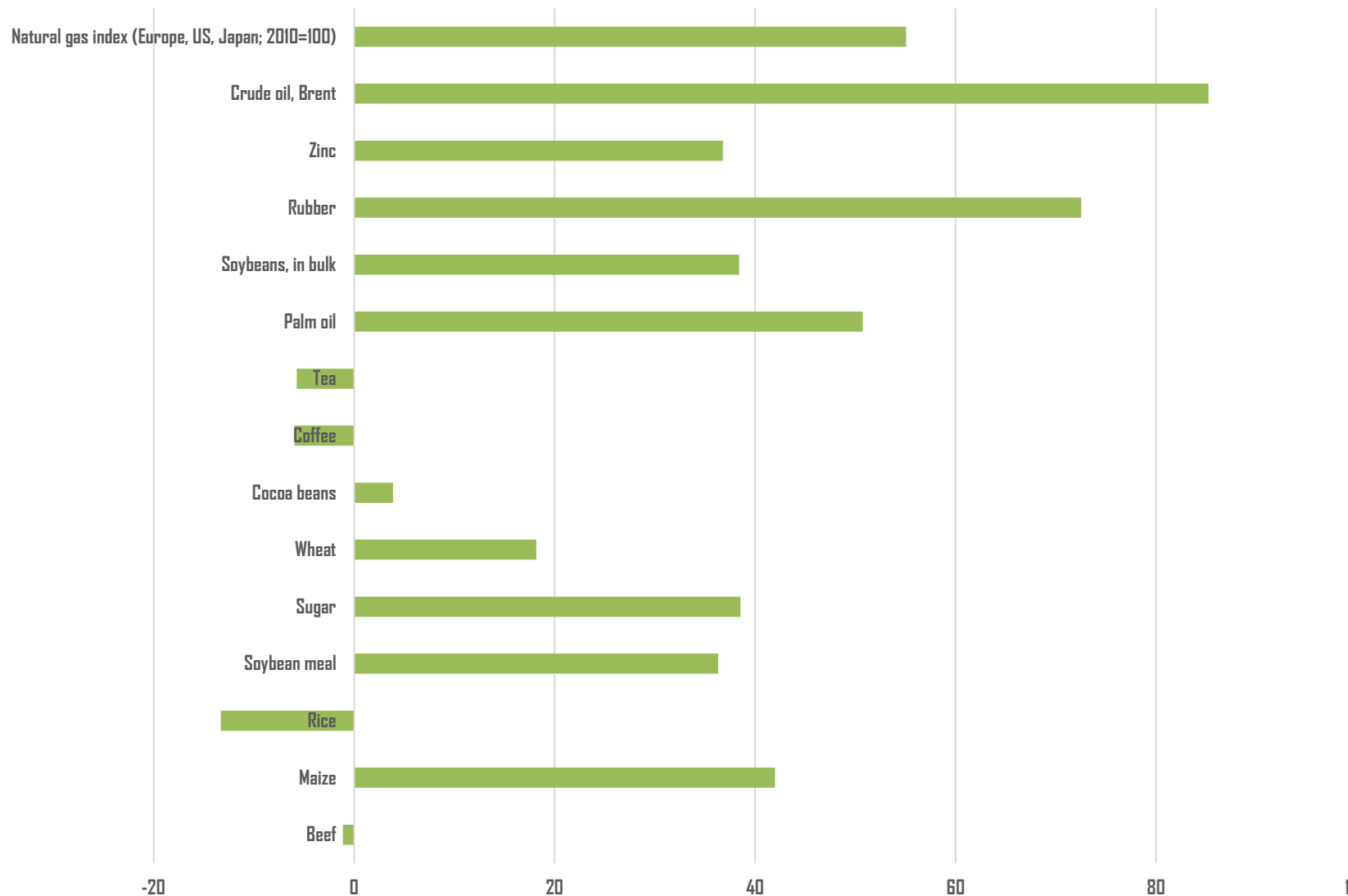
- **Minerals, ores, and metals:**

- Rose by 19% from Jan to Nov

# Commodity price monthly % change (Jan 2020 vs April 2020)



# Commodity price monthly % change (May 2020 vs Nov 2020)



# Explaining the trends: January-April 2020

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- Mostly downward price trend
- Main reason: weak demand due to the pandemic
- Notable exceptions: rice and precious metals
  - Rice: prices up due to supply constraints & temporary export restrictions
  - Precious metals, particularly gold: uncertainty led to gold and silver buying as safe haven assets
  - Gold prices reached a peak of \$1969 per troy ounce in August
- Dramatic decline in oil prices (63 per cent)



# Explaining the trends: May-November 2020

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- Upward trend across commodity classes
- Main reason: strengthening demand associated with easing of pandemic-related restrictions
- Spectacular increase:
  - Oil: 85% due to easing of restrictions and output cut
  - Natural gas: 69% from July to November
  - Palm oil: 59% from June to November
  - Silver: 48% from May to November
  - Precious metals: uncertainty pushed investment in gold and silver

# Renewable energy

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- Generation capacity at slower rate in 2019 compared to previous year.
- Wind & solar energy generation, accounted for 90% of capacity addition in 2019
- Power sector was largest consumer of renewable energy in 2019
- Growth in renewable energy-based power capacity largely driven by cost reductions and government incentives

# Summary & outlook

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- Commodity prices were impacted by measures to mitigate coronavirus pandemic
- Most commodity prices declined in Q1 and Q2 of 2020 but rebounded in Q3 & Q4
- Strengthening global economic activity expected to bolster demand & support rising trend in commodity prices
- Some are wondering whether we're at the cusp of another commodity supercycle
- But severe lockdowns could exert downward pressure on prices in 2021.

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Thank you.

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