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

Janvier D. Nkurunziza, Officer-in-Charge, Commodities Branch, Division on International Trade and Commodities, UNCTAD

The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.
Recent trends and outlook on commodity markets

Janvier D. Nkurunziza
Commodities Branch, UNCTAD
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

- **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)
Explaining the trends: January-April 2020

- 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

- 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

- 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

- 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.
Thank you.

Contact: janvier.nkurunziza@un.org