

Commodity Markets Outlook

Developments and prospects amid trade tensions and policy uncertainty*



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World Bank

Presented (in person) at the
International Finance Corporation
Washington, DC

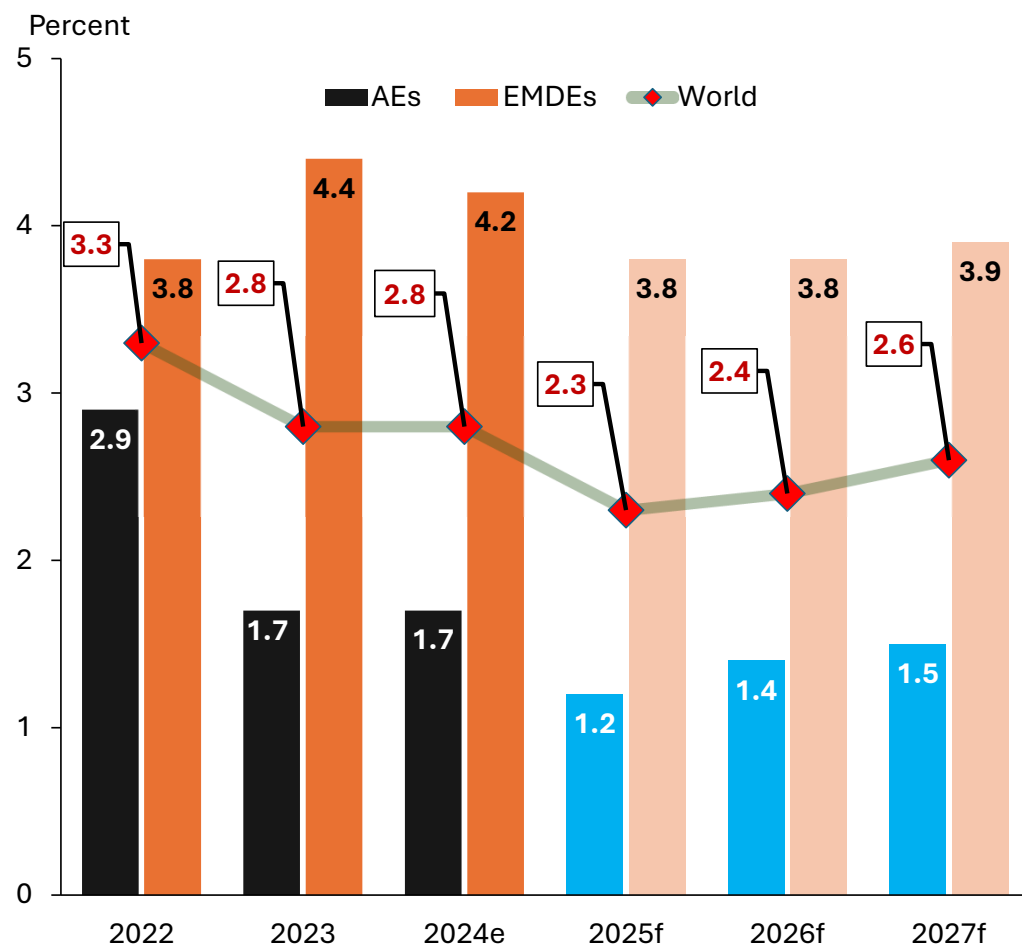
June 12, 2025

** The presentation is based on the Commodity Markets Outlook, published on April 29, 2025. Some figures have been updated following recent data releases. The main authors of the report are Paolo Agnolucci (oil, natural gas, and coal), John Baffes (fertilizers, beverages, and agricultural raw materials), Phil Kenworthy (executive summary), Jeetendra Khadan (metals and critical minerals), and Dawit Mekonnen (food commodities). Guillermo Verduzco Bustos provided analytical support for the scenario analysis. The Special Focus, “Post-Pandemic Commodity Cycles: A New Era?”, was authored by Mirco Balatti.*

Outline

- ***Macroeconomic conditions (3-5)***
- ***Energy (6-10)***
- ***Agriculture (11-15)***
- ***Fertilizers and metals (16-19)***
- ***Outlook and risks (20-21)***
- ***Special topics (22-24)***

Global growth expected to slow amid policy and trade uncertainty



- Global growth is projected to slow in 2025, reflecting a significant increase in trade barriers and the broad impact of ongoing policy uncertainty.
- This marks a shift from previous expectations of a tentative stabilization supported by easing inflation and improving labor markets.
- The 2025 June forecasts represent a notable downward revision from those released in January 2025 (and June 2024).

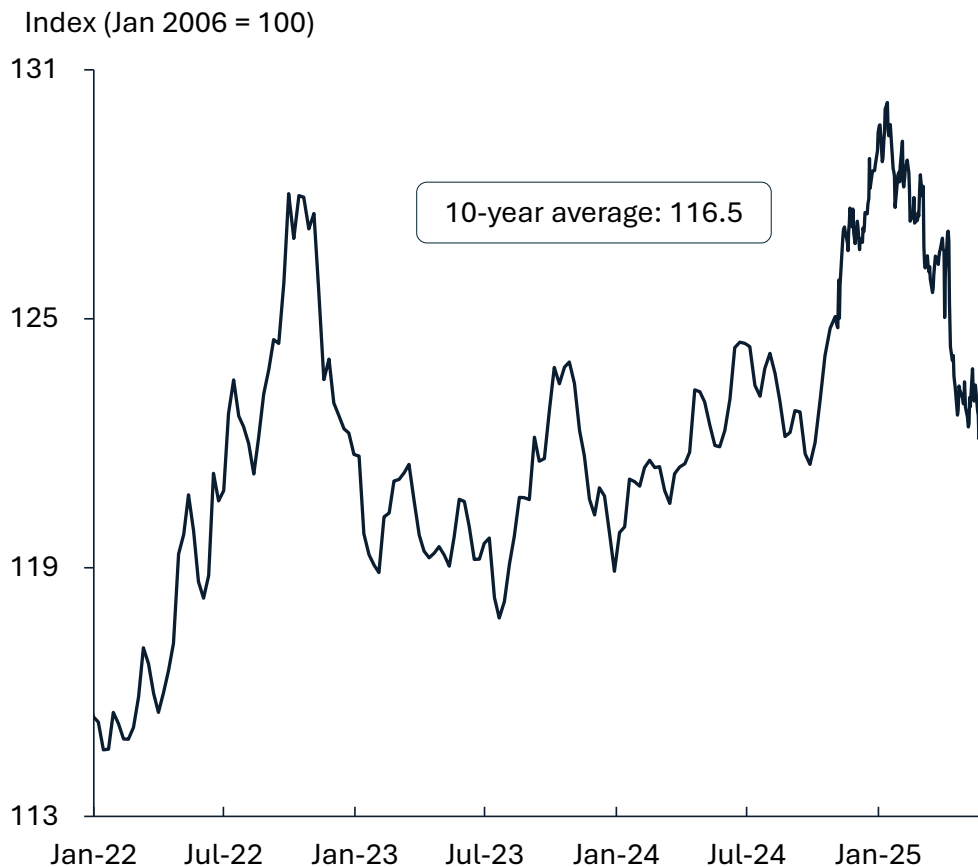
	2025	2026
World	-0.4 (-0.4)	-0.3 (-0.3)
AEs	-0.5 (-0.5)	-0.4 (-0.4)
EMDEs	-0.3 (-0.2)	-0.2 (-0.1)

Sources: World Bank (*Global Economic Prospects*, June 2025).

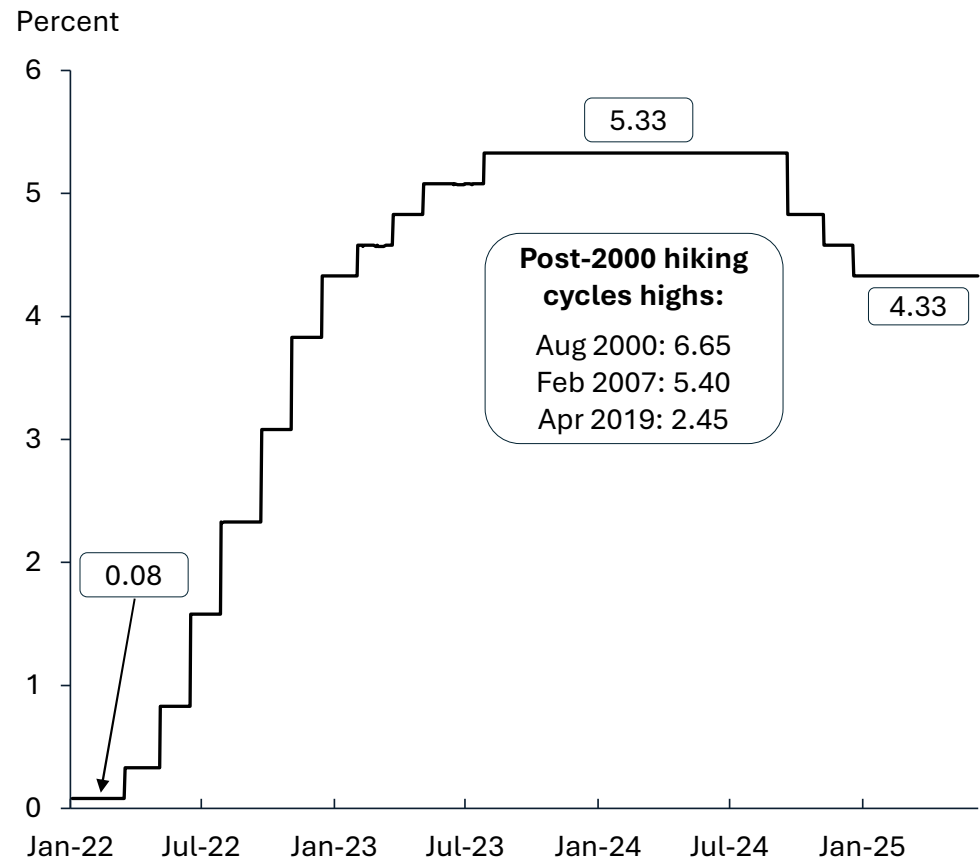
Note: AEs = Advanced Economies; EMDEs = Emerging Markets and Developing Economies; e = estimate; f = forecast. Light blue and light orange bars represent forecasts.

U.S. dollar weakens while easing cycle is put on hold

Nominal broad U.S. dollar index



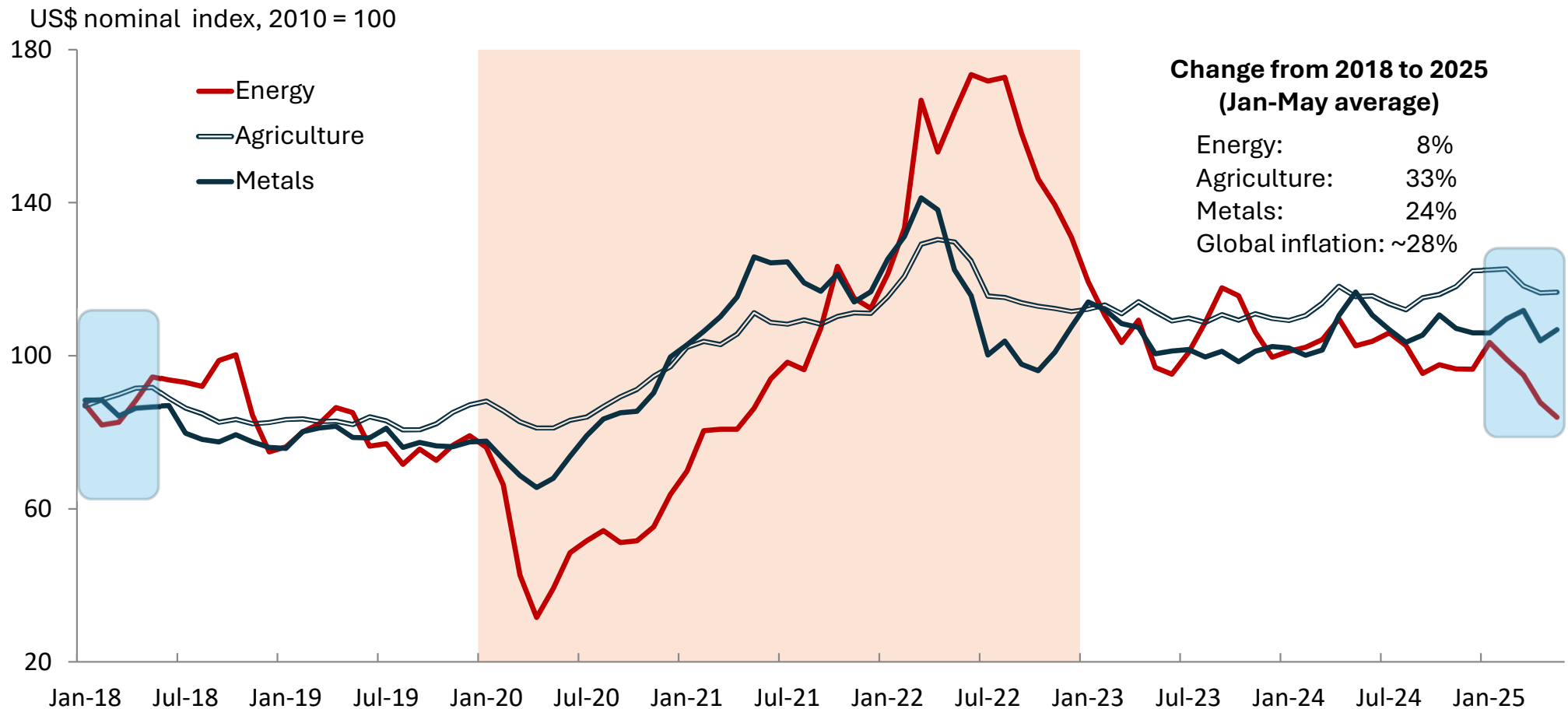
Effective Federal Funds Rate



Sources: Board of Governors of the Federal Reserve System and Federal Reserve Bank of New York, both retrieved from FRED Federal Reserve Bank of St. Louis.

Notes: Nominal Broad U.S. Dollar Index (DTWEXBGS); the index goes up when the US\$ appreciates [left]. Effective Federal Funds Rate (EFFR) [right].

Prices coming down, approaching pre-2020 levels in real terms

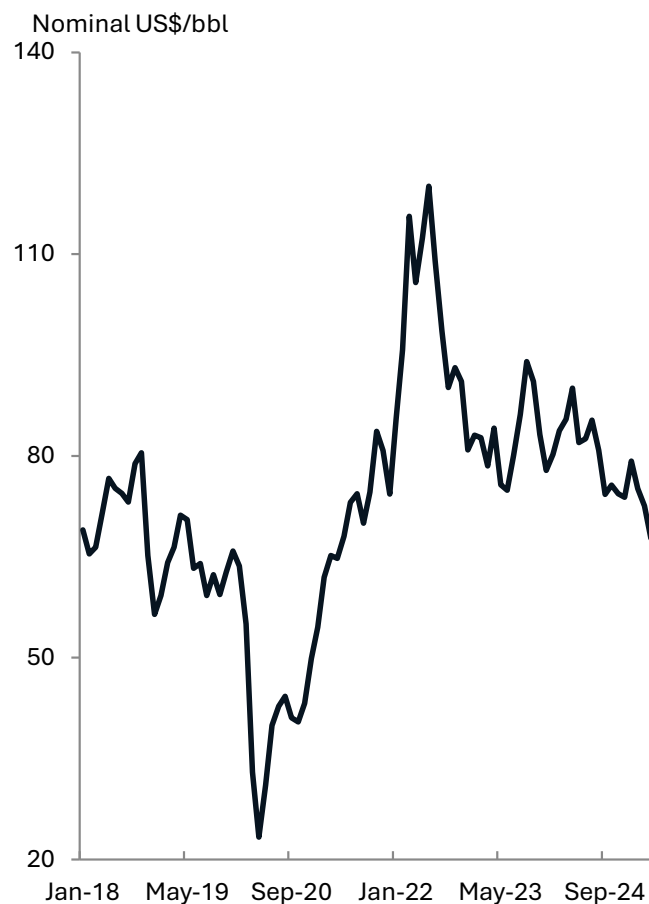


Source: World Bank (commodity prices), FAO (global inflation)

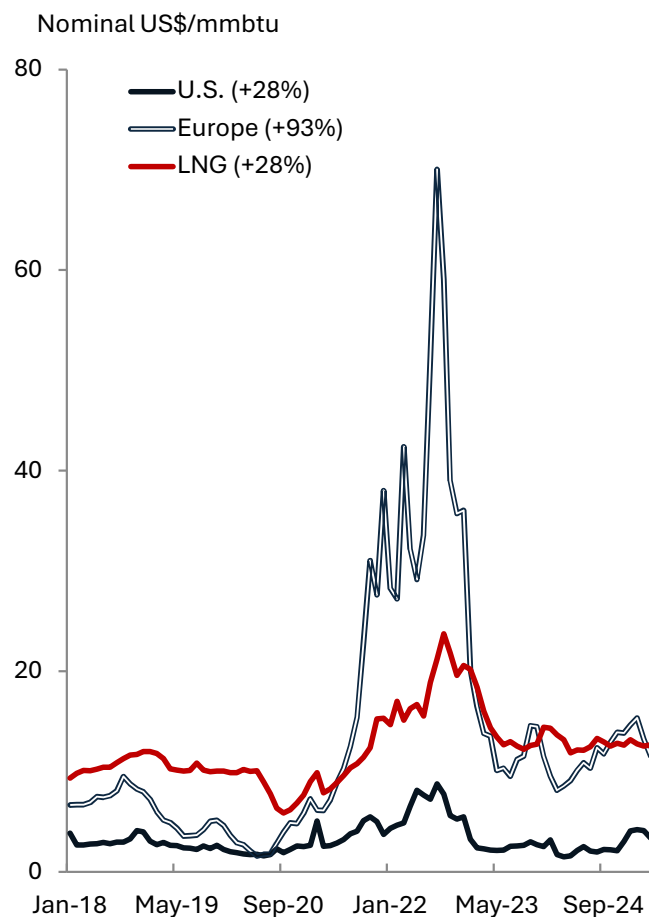
Notes: Last observation is May 2025. The orange shaded area (2020–2022) marks a period of heightened global risk, encompassing the COVID-19 pandemic, the war in Ukraine, and conflict in the Middle East. Global inflation is median across countries. Light blue shaded areas correspond to the Jan-May averages for 2012 and 2025.

Energy prices ease amid slower growth, trade tensions

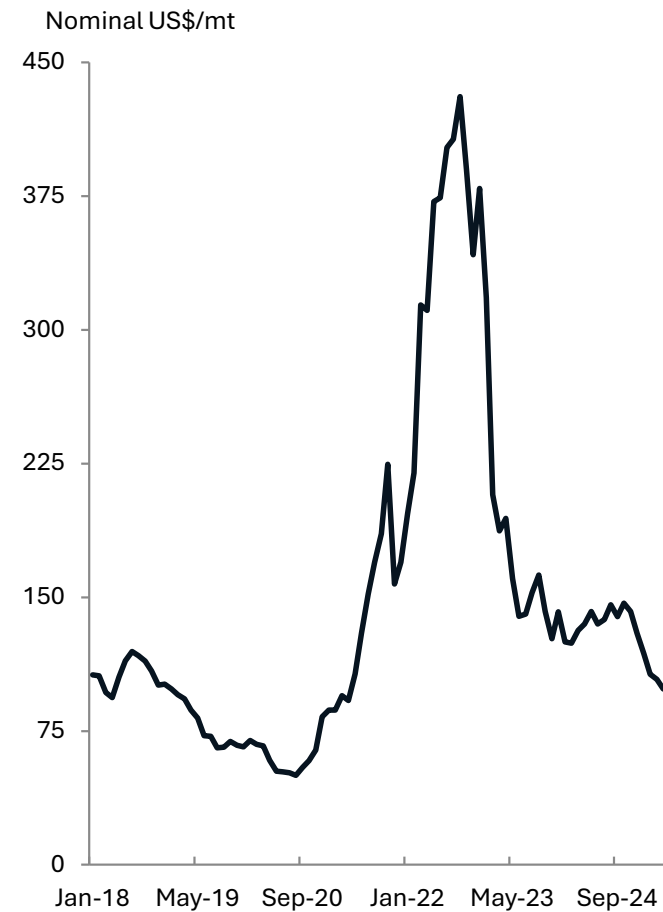
Oil (Brent, +5%)



Natural gas



Coal (Australia, +5%)

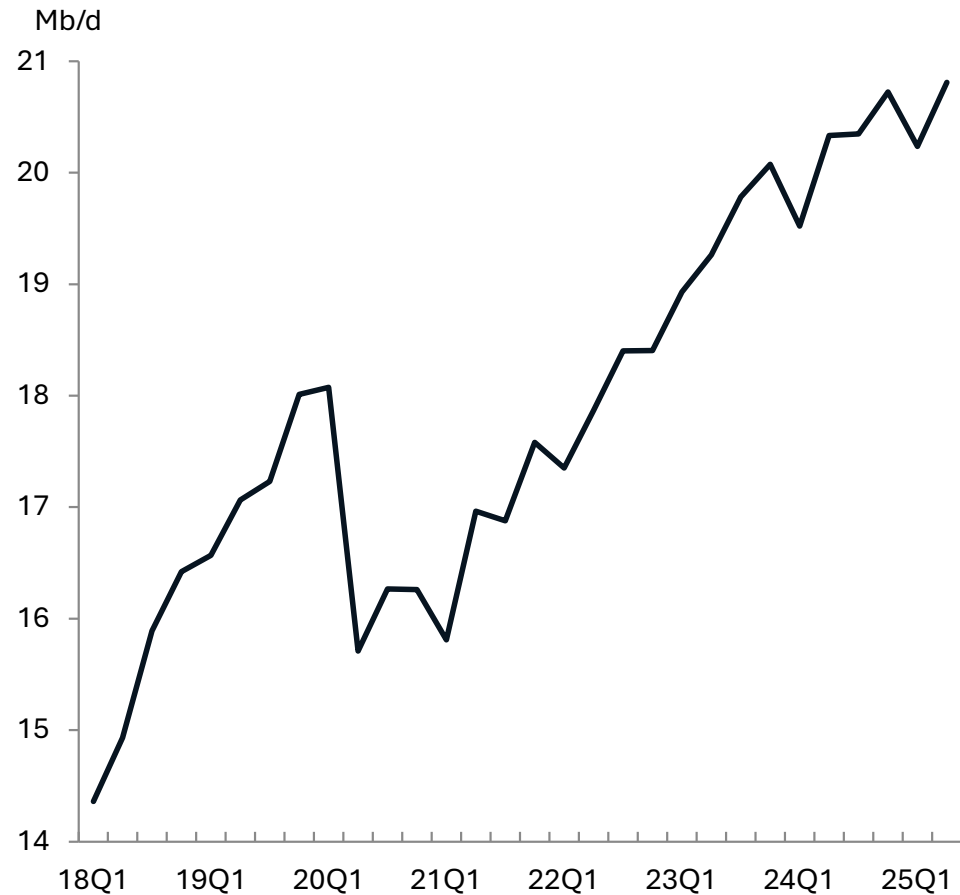


Source: World Bank

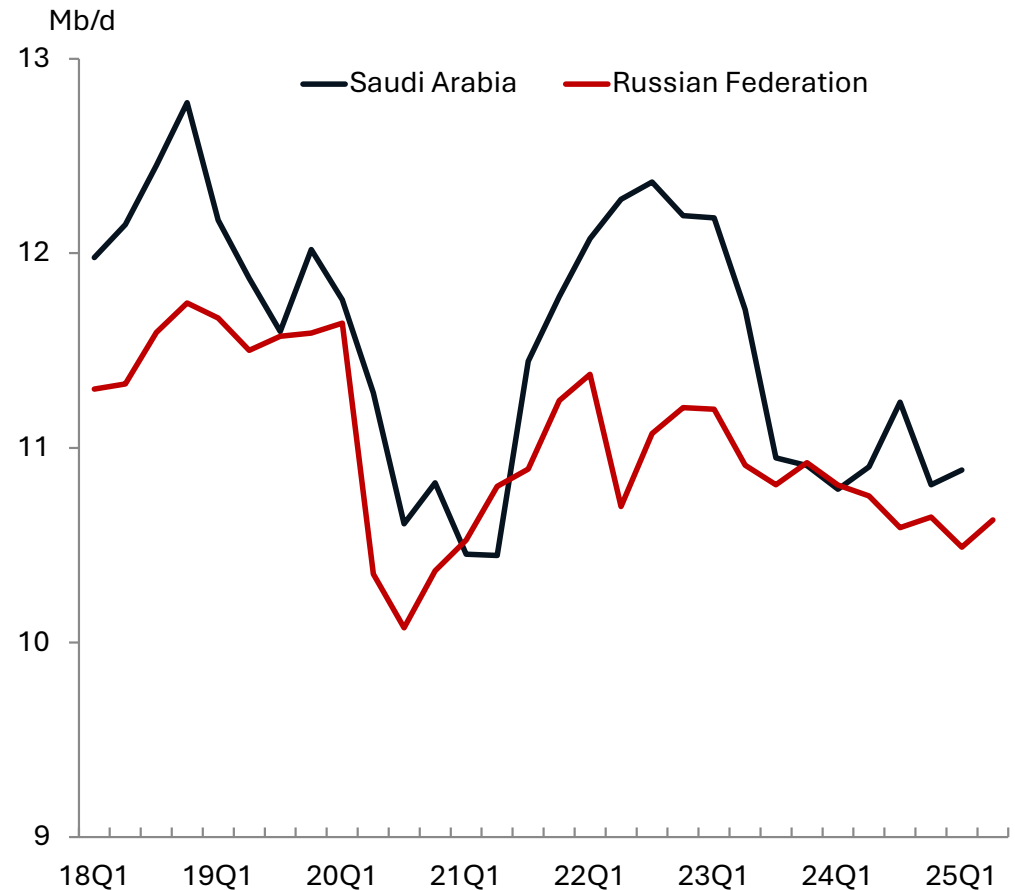
Notes: Last observation is May 2025. Numbers in parentheses denote percent changes from 2018 to 2025 (Jan-May averages).

U.S. produces as much oil as Saudi Arabia and Russia combined

United States



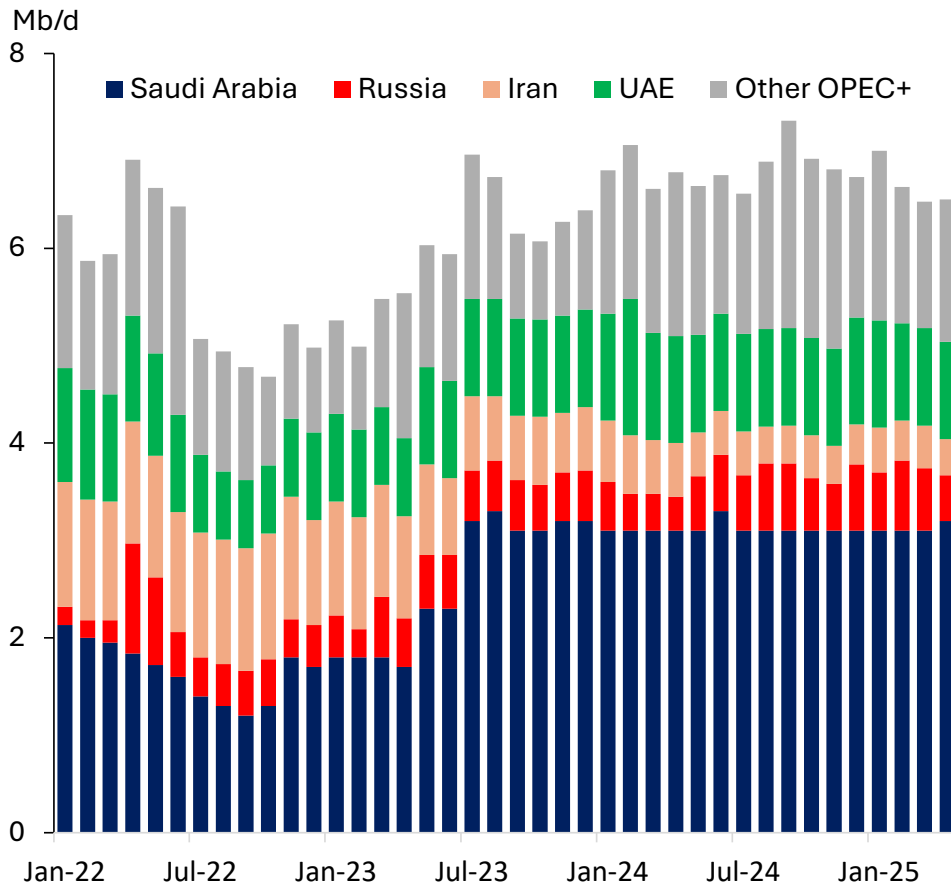
Saudi Arabia and Russia



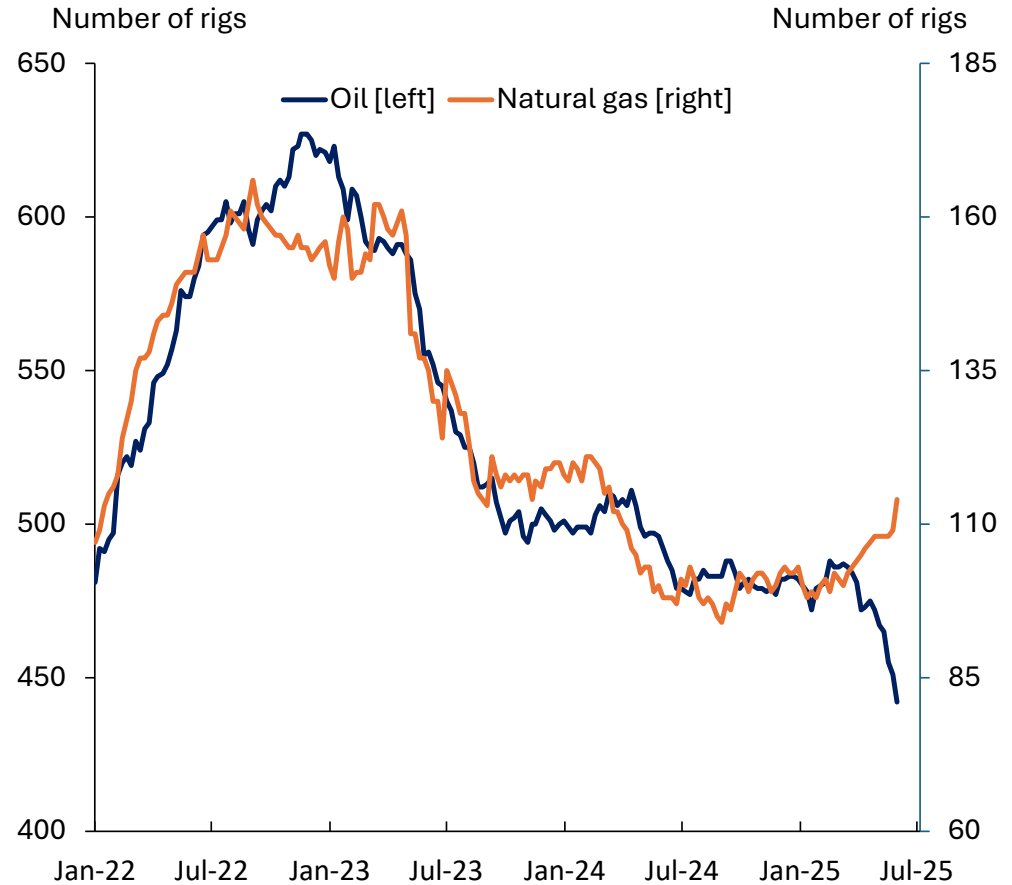
Source: International Energy Agency
Notes: Data for 2025Q2 is IEA estimate.

OPEC+ spare capacity and U.S. rig count

OPEC+ oil spare capacity



U.S. oil and natural gas rig count

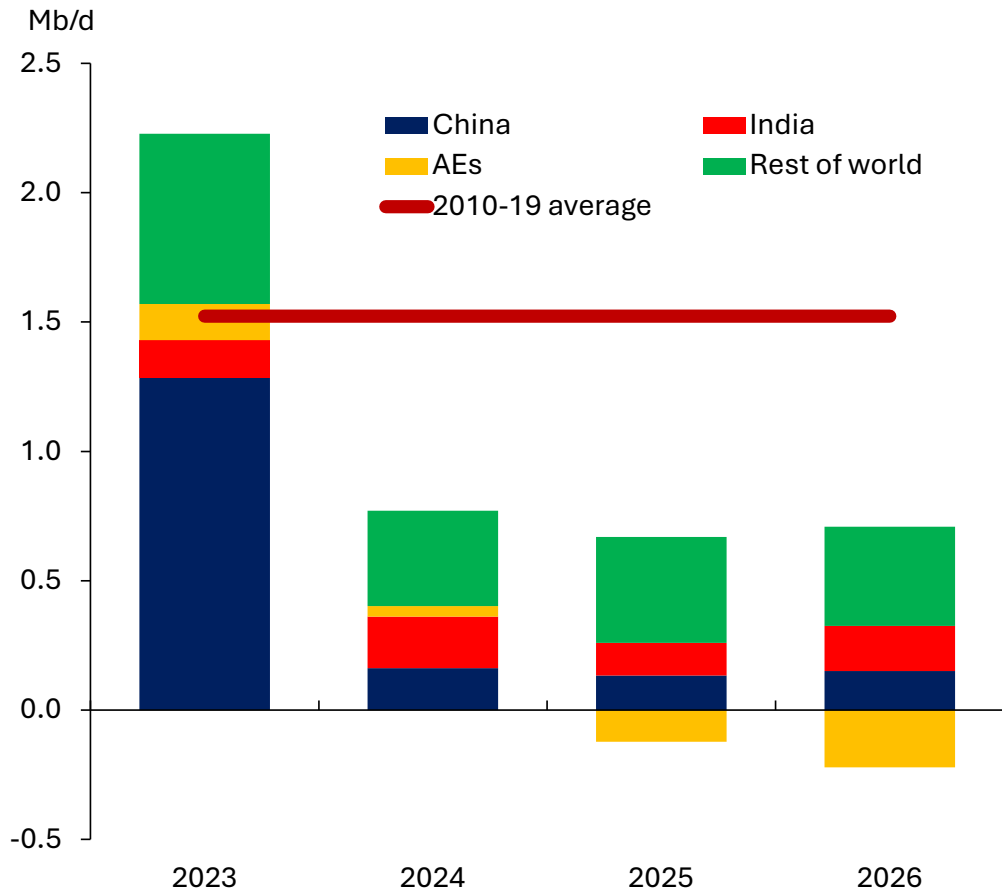


Source: Baker Hughes; International Energy Agency; World Bank.

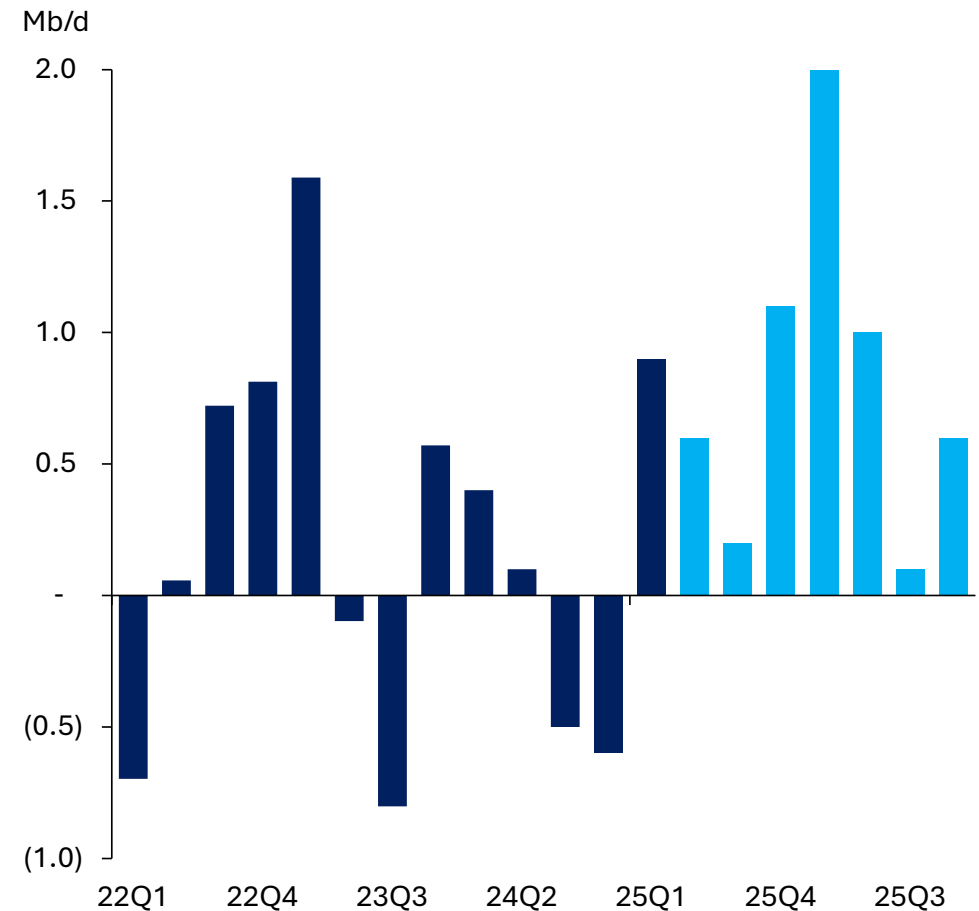
Notes: Spare capacity for OPEC+ members from monthly IEA Oil Market Reports; last observation April 2025 [left]. Weekly data; last observation is June 6, 2025 [right].

Oil market tips into surplus territory

Global oil demand growth



Oil market balance

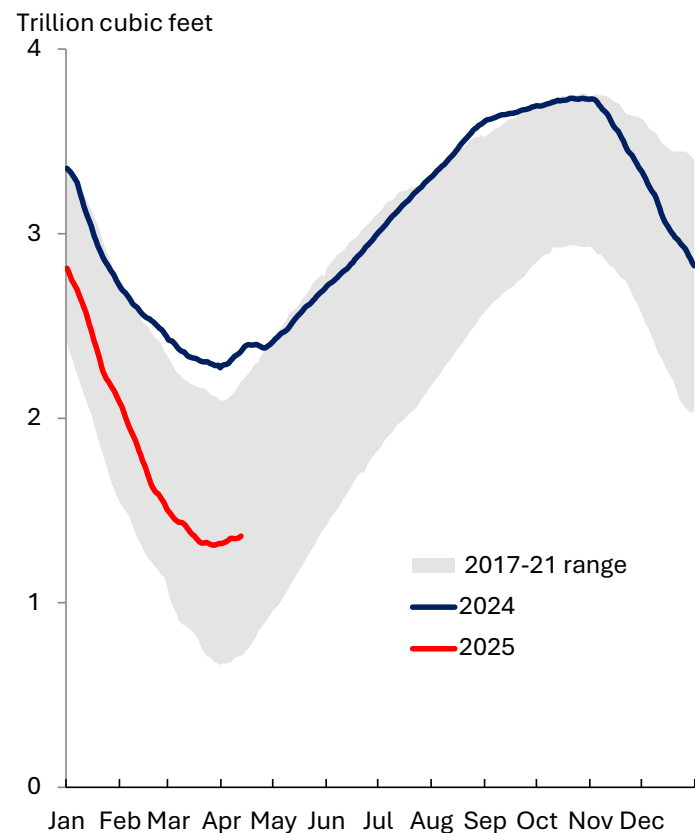


Source: International Energy Agency; World Bank.

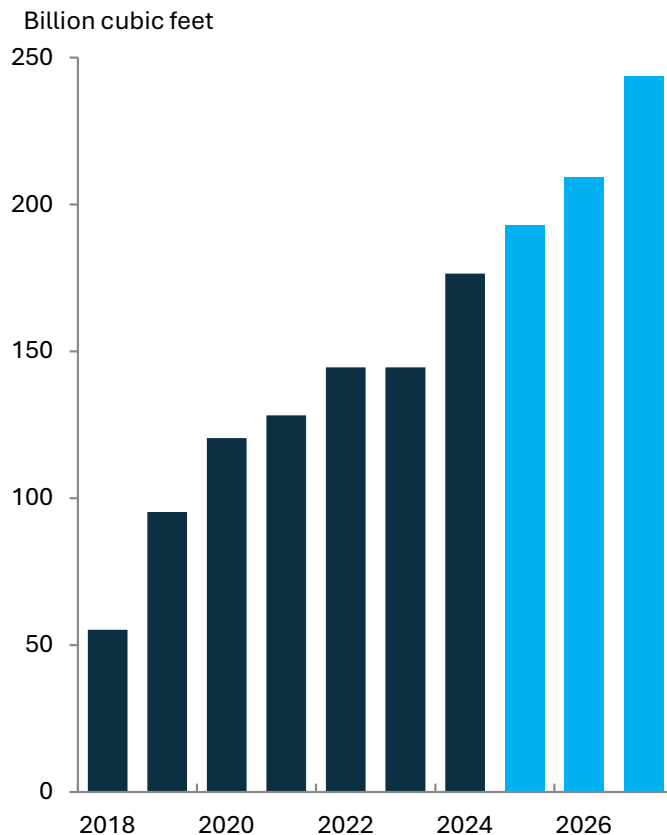
Notes: Year-on-year change; 2025 and 2026 are IEA forecasts [left]. Difference between supply and demand; 2025Q2-2026Q4 (light blue bars) are IEA forecasts [right].

U.S. emerges as dominant player in LNG exports

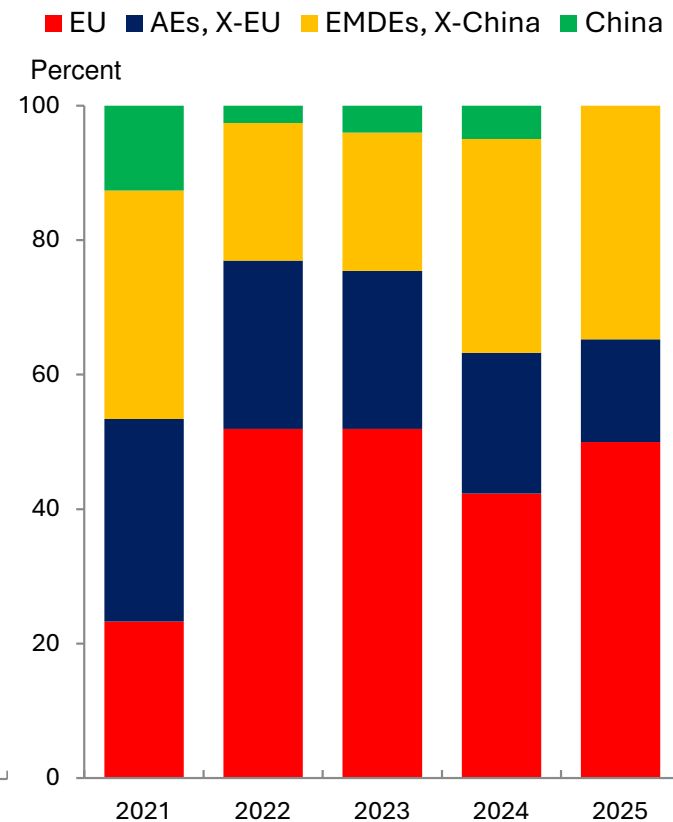
EU inventories of natural gas



U.S. export LNG capacity



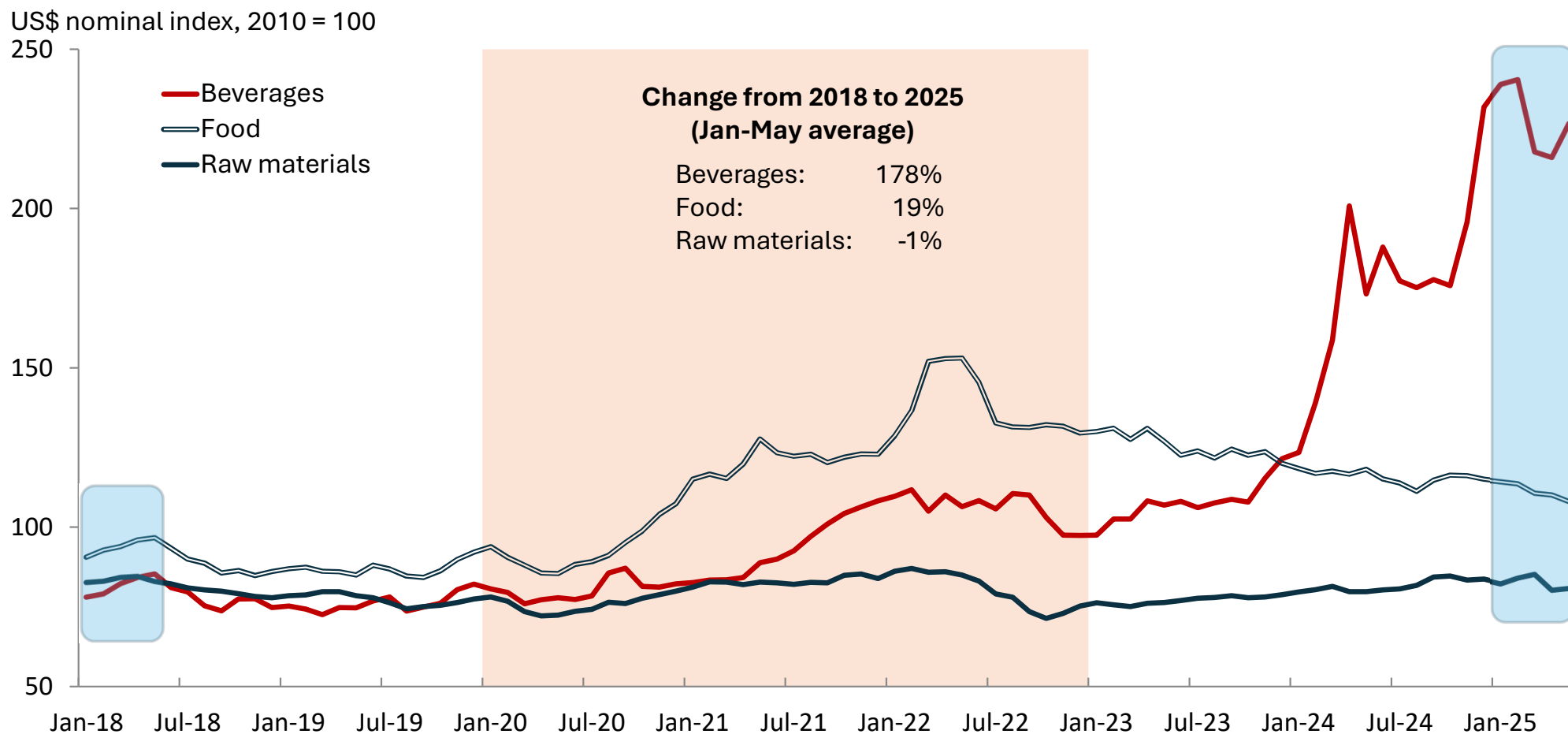
Destinations of U.S. LNG exports



Source: Gas Infrastructure Europe (AGSI+), EIA, World Bank

Notes: Gray area indicates 2017-21 range. Sample includes 20 EU countries and the United Kingdom. Last observation is April 12, 2025 [left]. 2025, 2026 and 2027 are EIA estimates (last update is 2025Q1 [middle]). Averages are based on monthly data of U.S. LNG shipments; AEs = Advanced Economies, EMDEs = Emerging Market and Developing Economies [right].

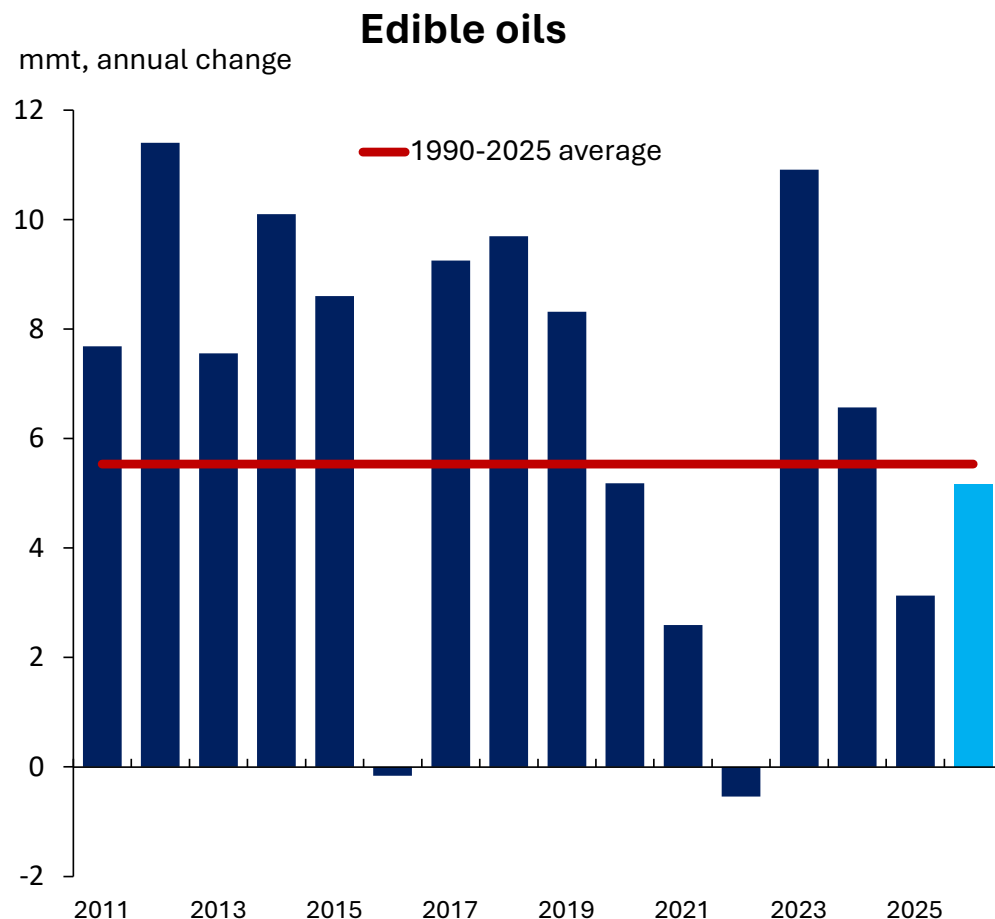
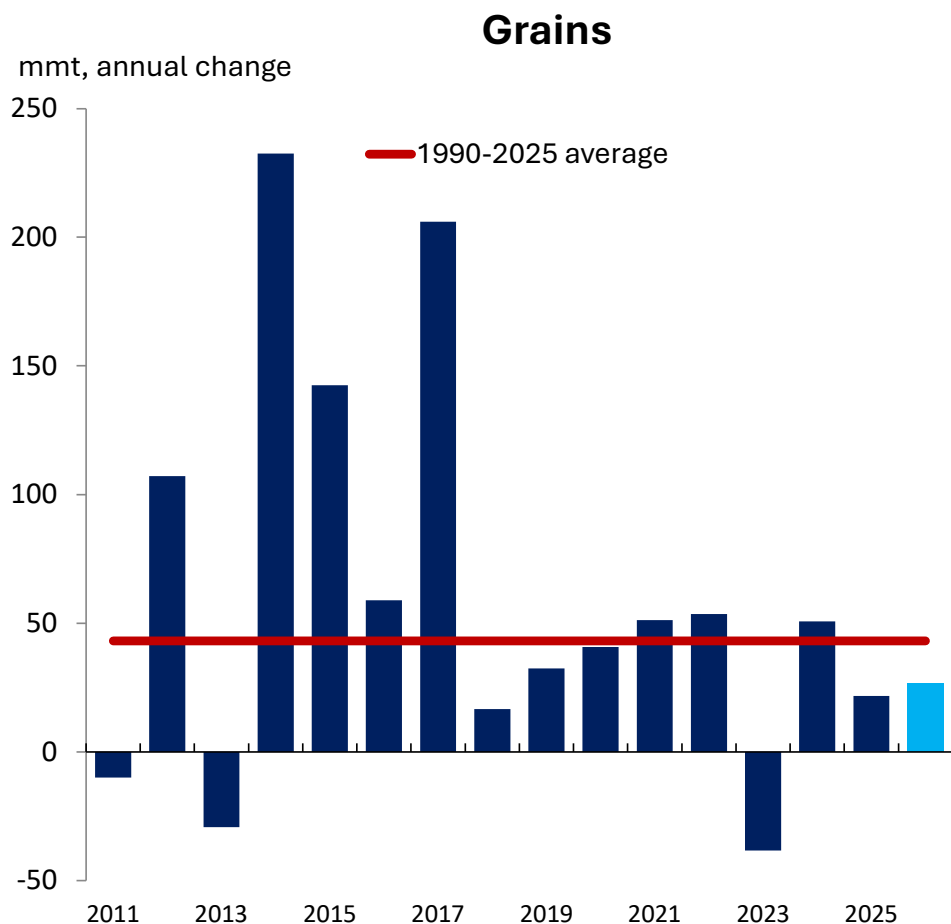
Broadly stable agricultural prices, surging beverage prices



Source: World Bank

Note: Last observation is May 2025. The orange shaded area (2020–2022) marks a period of heightened global risk, encompassing the COVID-19 pandemic, the war in Ukraine, and conflict in the Middle East. Light blue shaded areas correspond to the Jan-May averages for 2012 and 2025.

Supply of grains and edible oils closer to long-term average

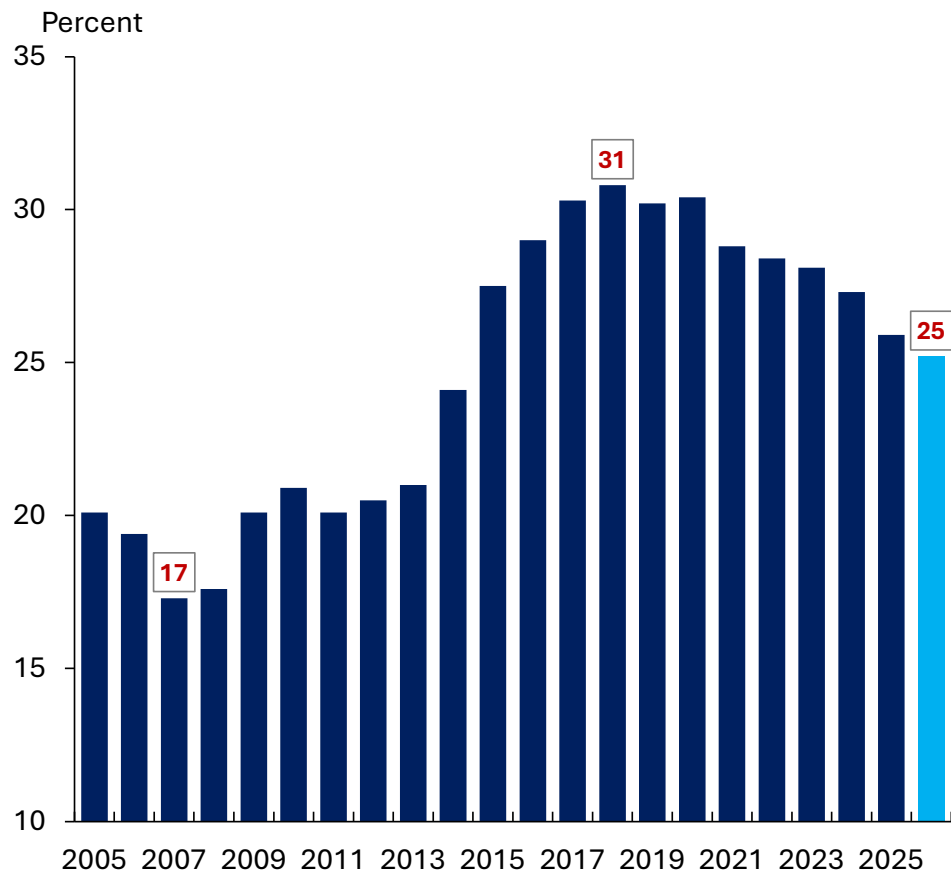


Source: U.S. Department of Agriculture and World Bank.

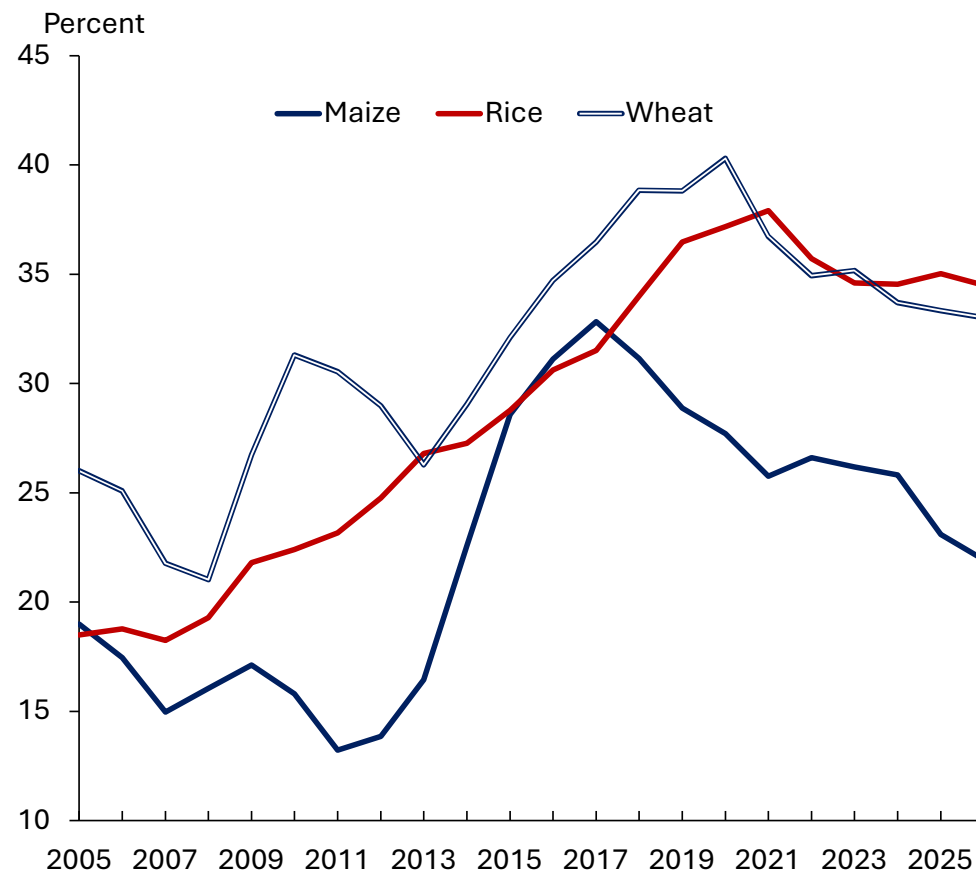
Notes: Supply is defined as the sum of beginning stocks and production. The final data point (light blue bar) corresponds to the 2025–26 crop year, labeled as 2026, and reflects the USDA forecast published in May 2025.

Global inventories for food commodities (stock-to-use ratios)

Aggregate index



Grains

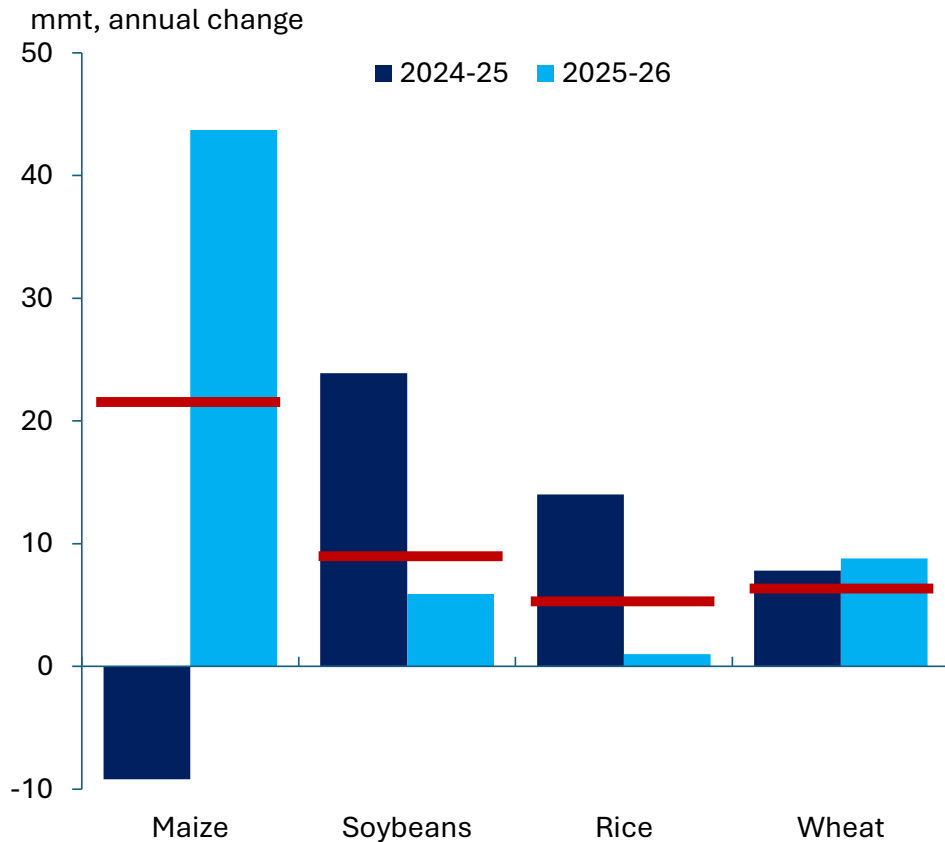


Source: U.S. Department of Agriculture (May 2025 update) and World Bank.

Notes: The aggregate index consists of 12 grain and edible oil commodities based on a calorific weighting aggregation. Last observation is the crop year 2025-26 (2025-26, based on USDA projection, light blue).

Mixed outlook for 2025-26 grain and soybean production

Grains and soybean production outlook



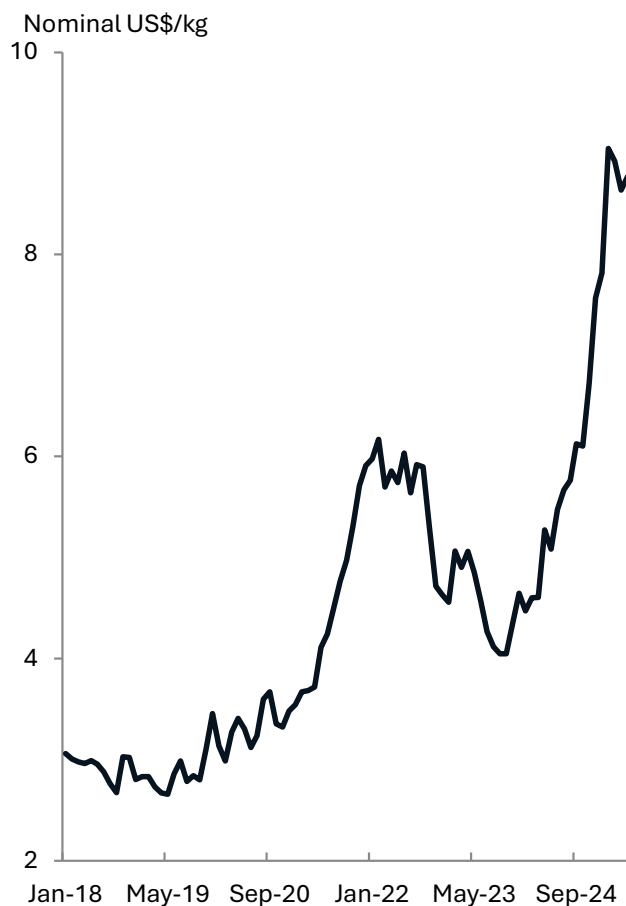
- **Maize:** After a contraction this season, production is projected to rebound strongly next season—growing at twice the long-term average rate.
- **Soybeans:** Next season's production growth is expected to slow, falling below both the current season's growth and the long-term average.
- **Rice:** Follows a similar trend to soybeans, with subdued growth anticipated.
- **Wheat:** Production is set to slightly exceed the long-term average in both the current and upcoming seasons.

Source: U.S. Department of Agriculture and World Bank.

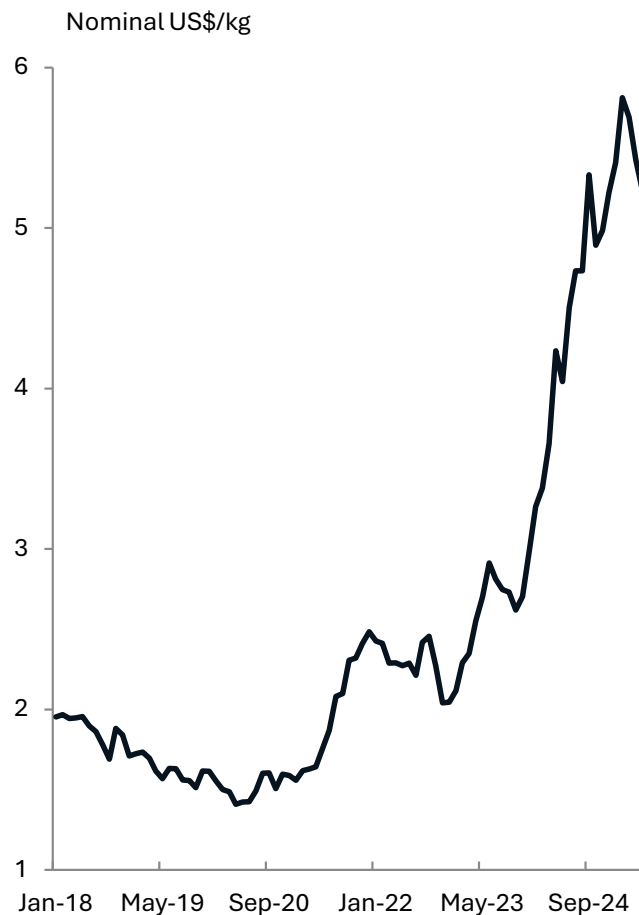
Notes: The columns represent production growth for the ongoing (2024-25, dark blue) and the upcoming (2025-26, light blue) seasons. The horizontal red lines represent long-term average (1990-2025) production growth.

Tight supplies push coffee and cocoa to record highs

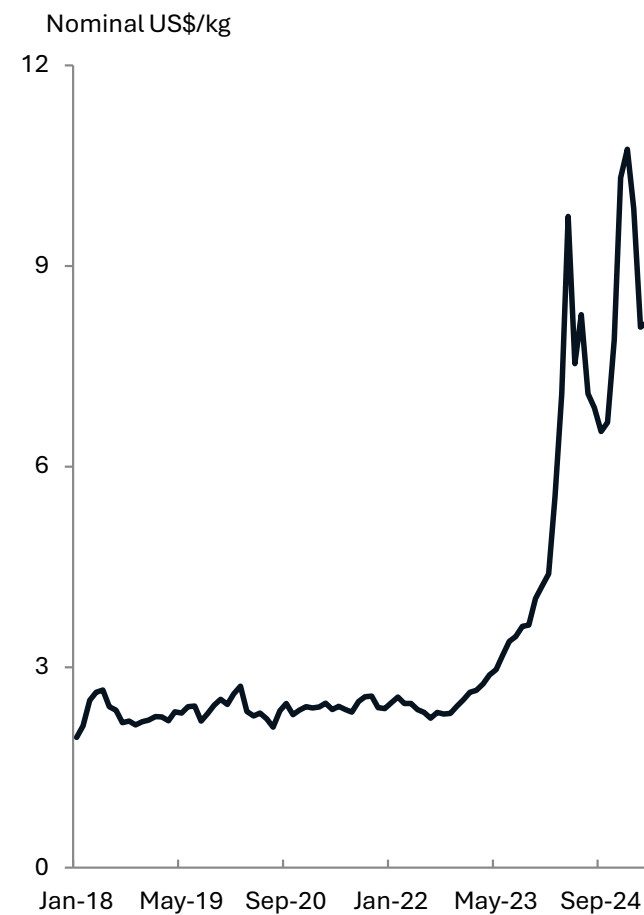
Coffee, Arabica (+188%)



Coffee, Robusta (+182%)



Cocoa (+286%)

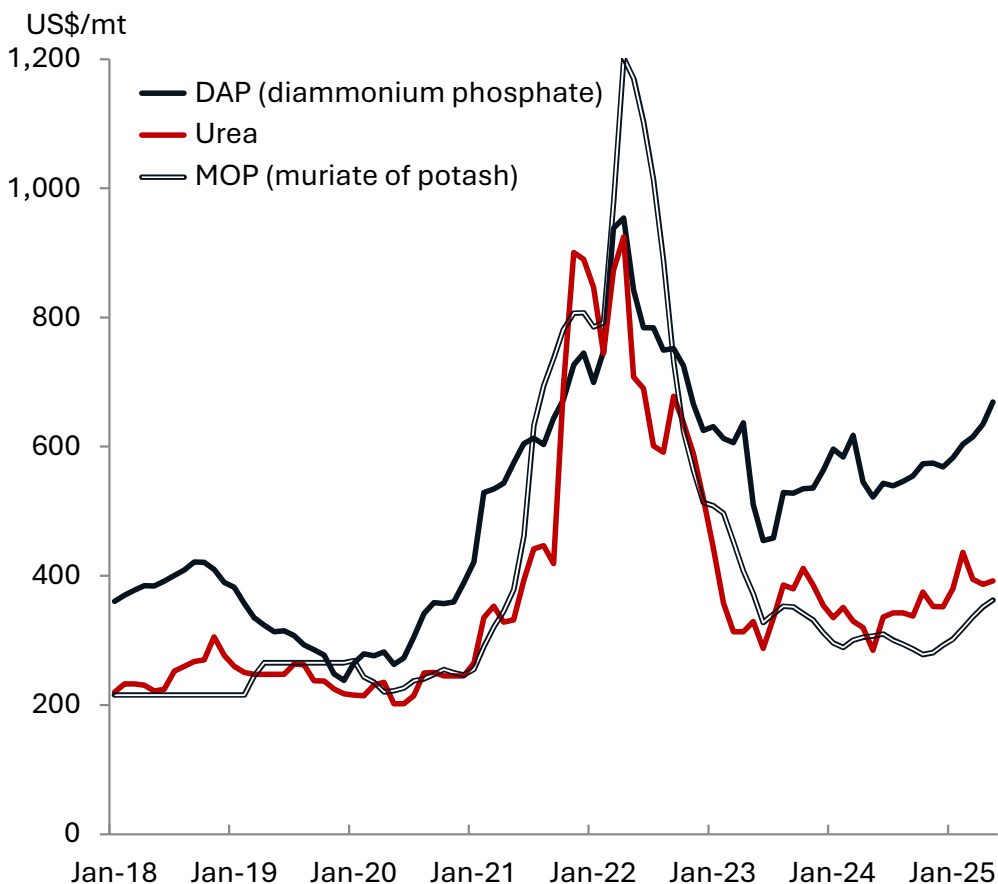


Source: World Bank

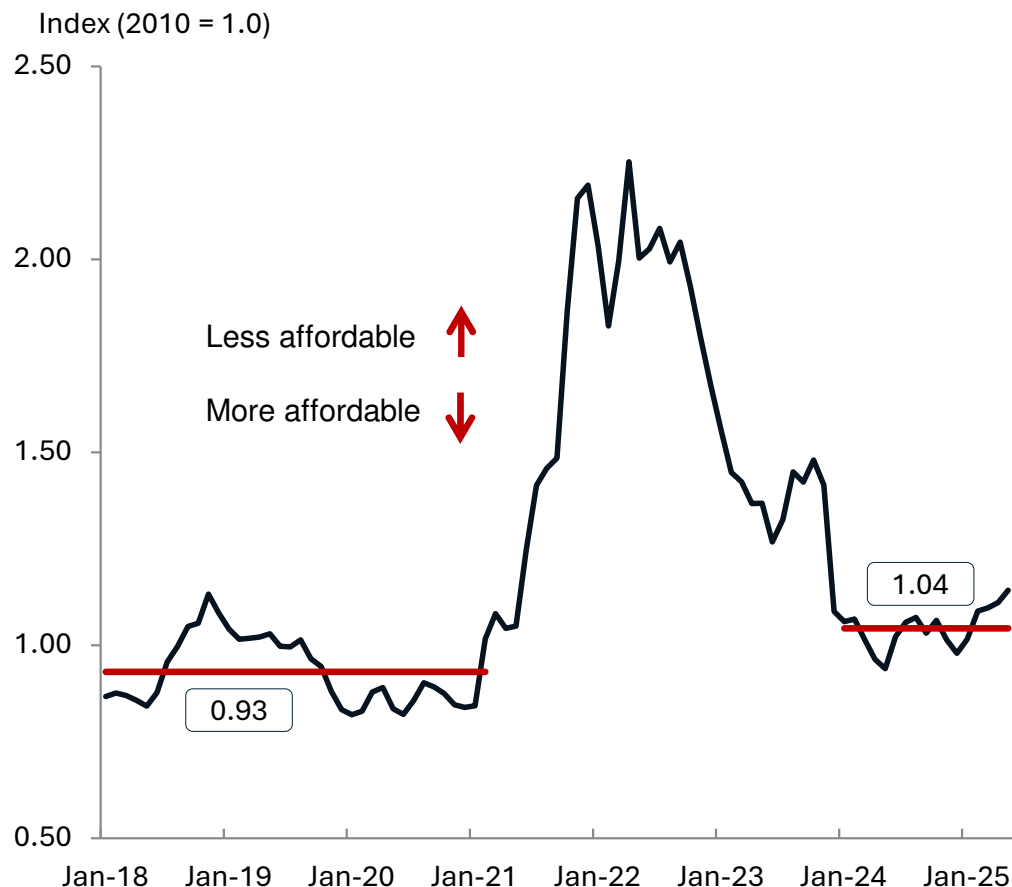
Notes: Last observation is May 2025. Numbers in parentheses denote percent changes from 2018 to 2025 (Jan-May averages).

Fertilizer prices tick up, but affordability holds firm

Fertilizer prices



Fertilizer affordability index

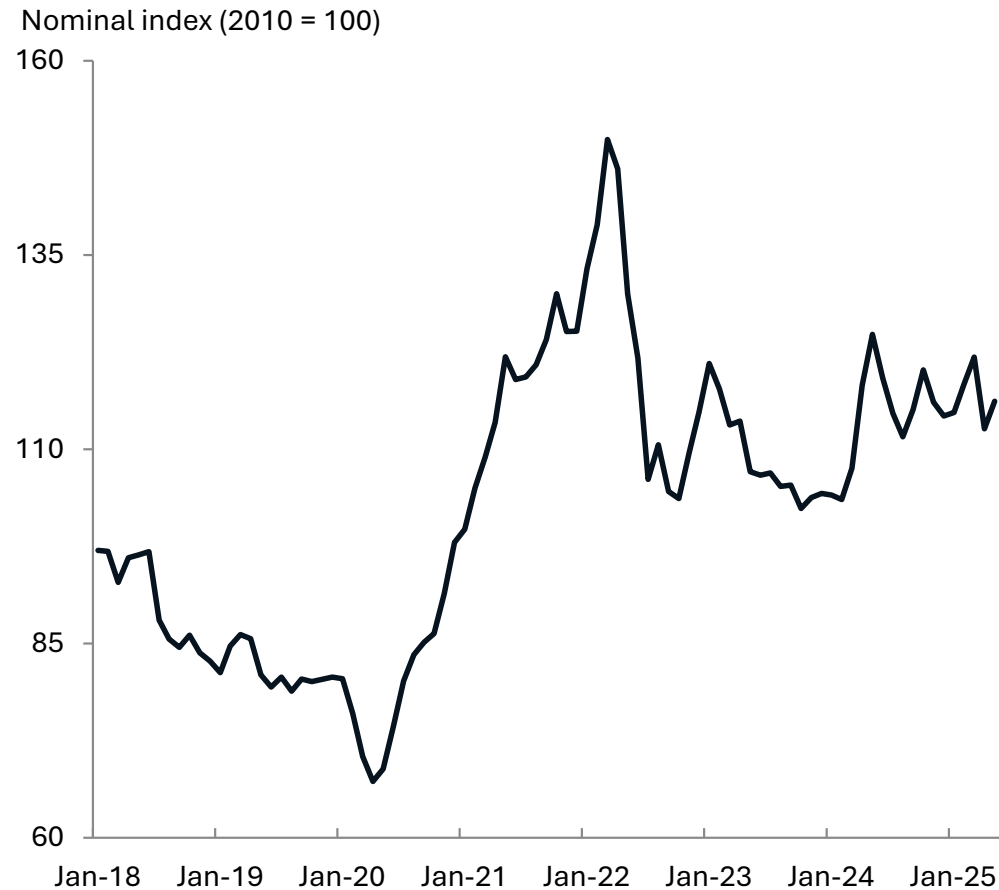


Source: Bloomberg; World Bank.

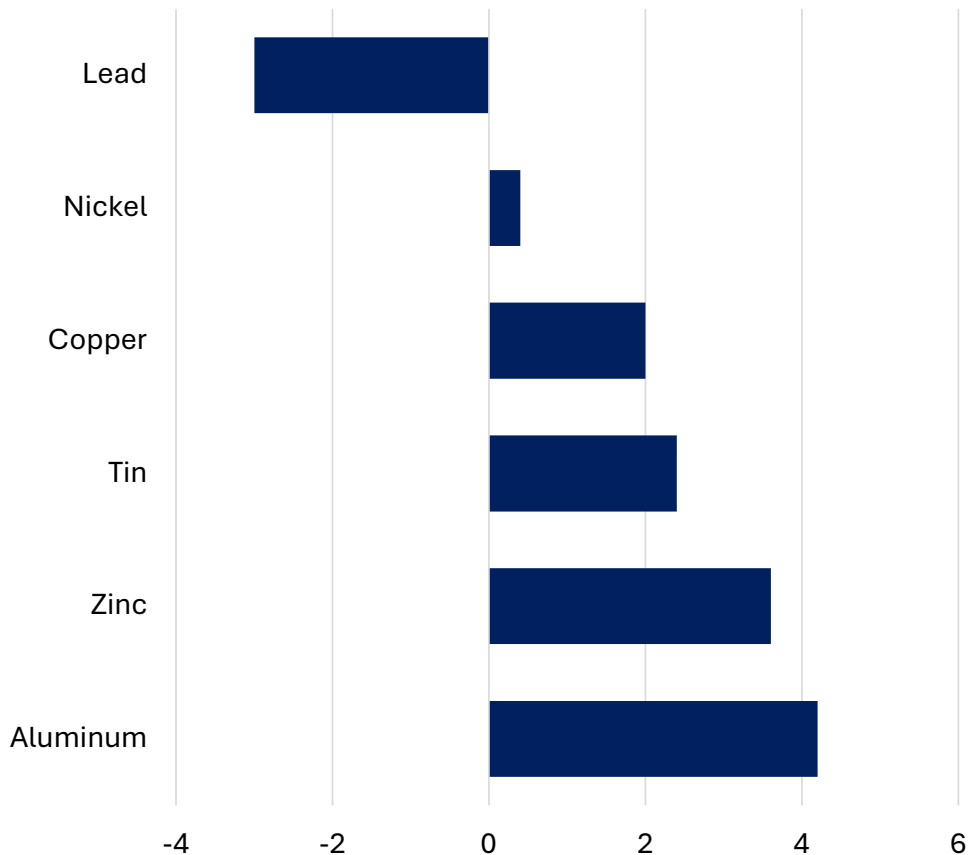
Notes: Last observation is May 2025. Affordability is defined as the ratio of the fertilizer price index over the agricultural price index.

Metal prices hold steady amid strong production growth ...

Base metal price index



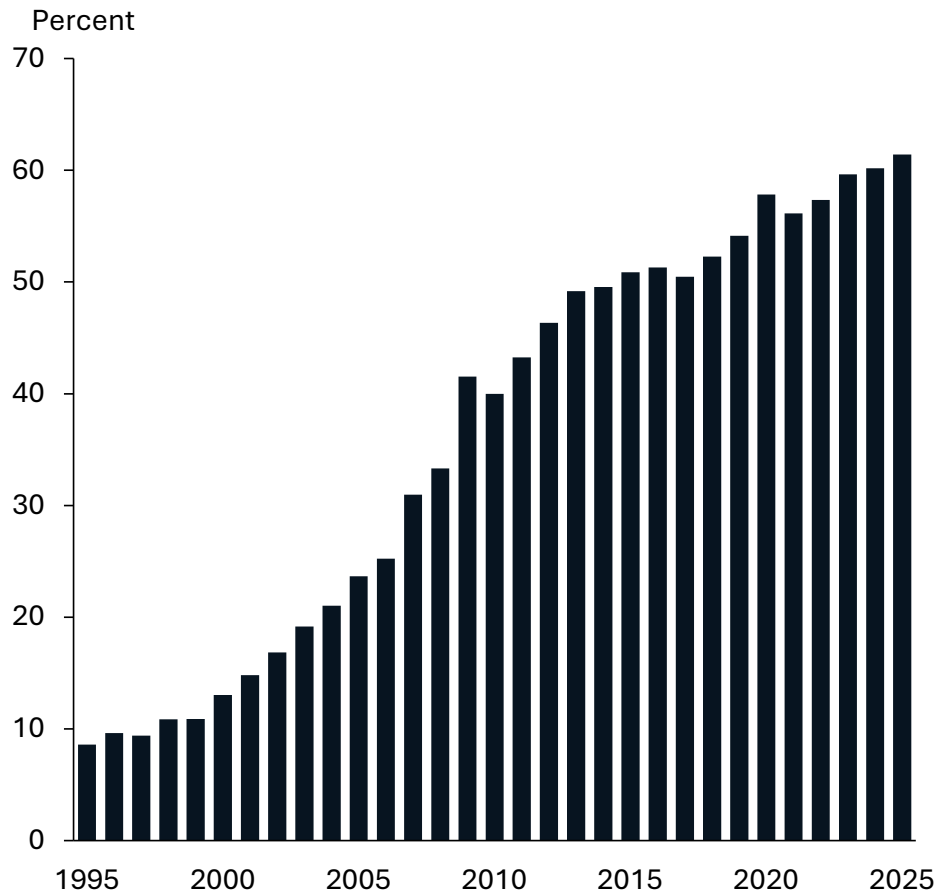
Base metals production growth, 2024



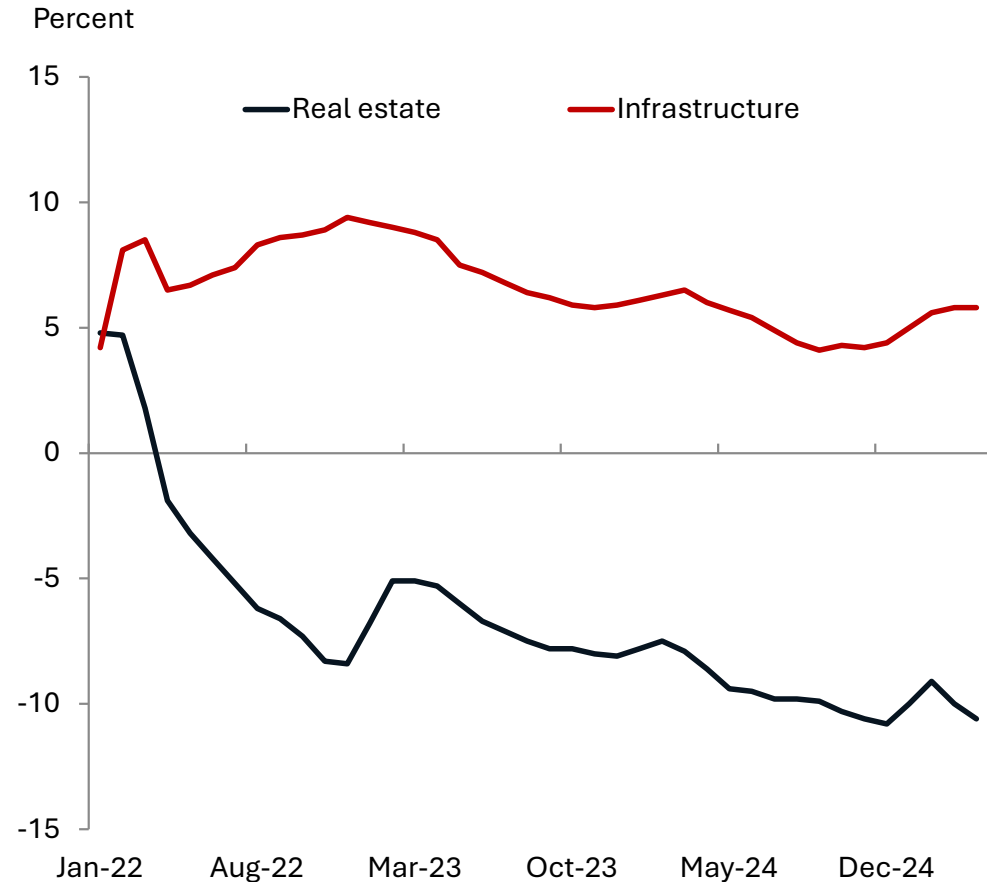
Source: Refinitiv (Database) and World Bank.
Notes: Last observation is May 2025; the base metal price index excludes iron ore [left]. Year-on-year change in global metals supply in 2024 compared to 2023 [right].

... and China's fixed asset investment growth

China's consumption share



China's fixed asset investment growth

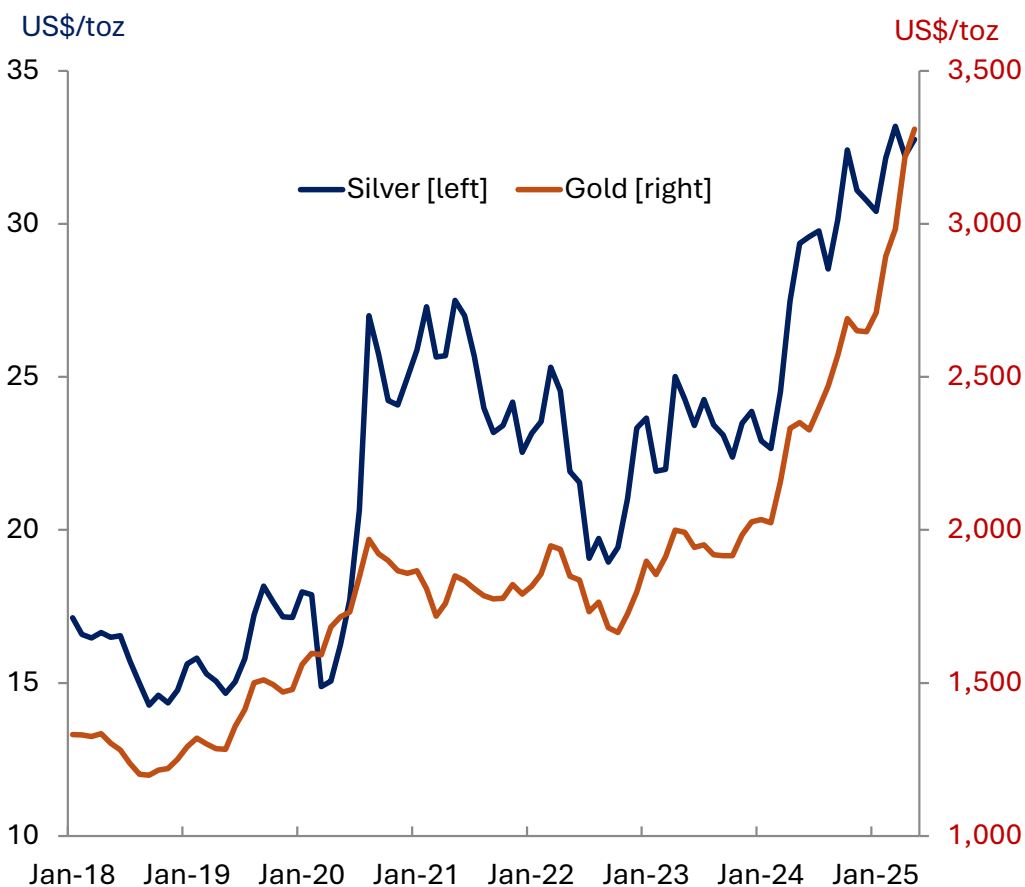


Source: Haver Analytics and World Bank.

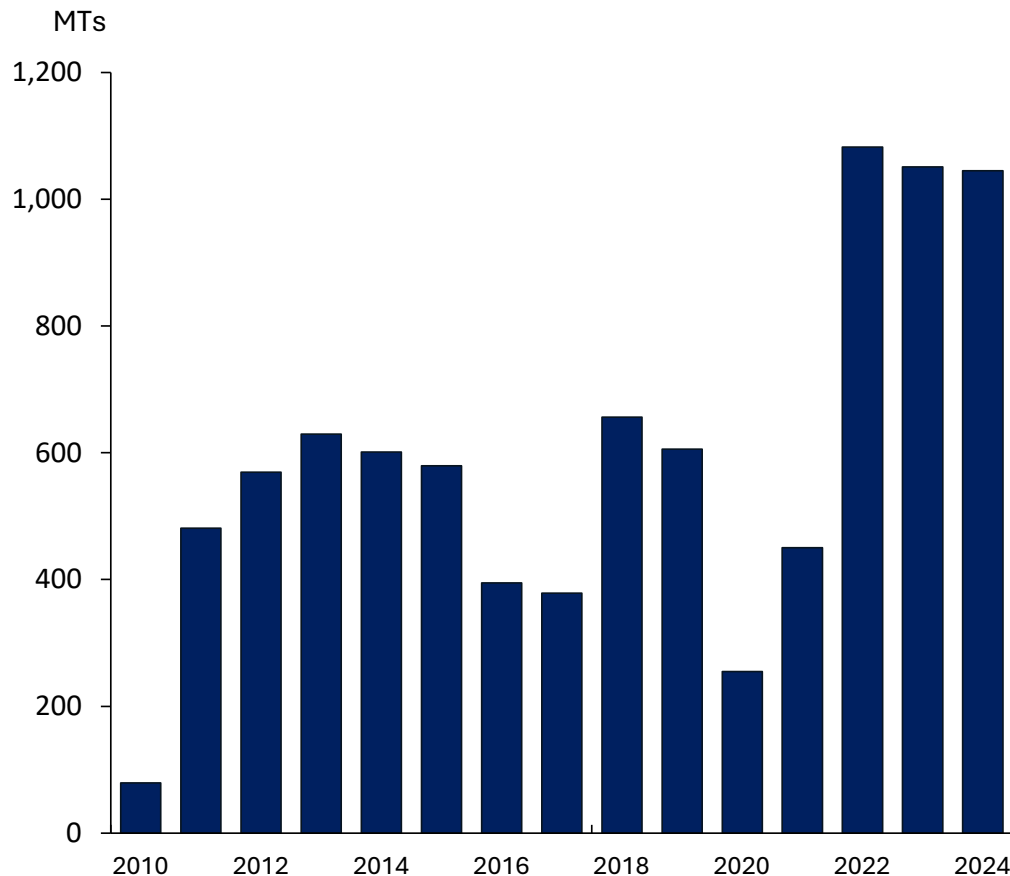
Notes: Last observation (2025) is based on Q1 data [left]. Year-on-year change in real estate and infrastructure investment; last observation is April 2025 [right].

Precious metals rally amid global uncertainty and institutional purchases

Gold and silver prices



Net institutional purchases of gold



Source: World Bank and World Gold Council.

Notes: Last observation is May 2025 [left]. Institutions comprise primarily of central banks [right].

Commodity price forecasts (indexes, 2010 = 100)

	History		Forecasts		% change from t-1		Change from Oct 2024	
	2023	2024	2025F	2026F	2025F	2026F	2025F	2026F
Energy	106.9	101.5	83.8	78.9	-17.4	-5.9	-10.7	-13.5
Oil (\$/bbl)	82.6	80.7	64.0	60.0	-20.7	-6.3	-9.0	-12.0
Non-energy	110.2	112.5	108.8	105.4	-3.3	-3.1	0.6	-1.5
Agriculture	110.9	115.0	114.0	110.3	-0.9	-3.2	5.6	2.4
<i>Beverages</i>	107.8	176.4	211.1	187.9	+19.7	-11.0	56.1	37.1
<i>Food</i>	125.4	115.8	107.7	106.8	-7.0	-0.9	-2.5	-3.0
Oils & meals	118.9	106.9	99.6	100.0	-6.8	+0.3	-1.6	-2.0
Grains	133.0	112.9	101.0	99.9	-10.5	-1.1	-6.6	-8.0
Other food	127.2	130.4	124.3	121.9	-4.6	-2.0	-0.1	0.0
<i>Raw materials</i>	77.1	81.6	79.8	79.4	-2.2	-0.6	-0.6	-2.0
Fertilizers	153.5	117.6	126.1	124.8	+7.2	-1.1	10.9	7.7
Metals	104.0	106.7	96.2	93.3	-9.8	-3.1	-10.6	-10.4
Precious metals	147.3	180.2	239.6	237.4	+33.0	-0.9	61.6	63.1
Gold (\$/toz)	1,943	2,388	3,250	3,200	+36.1	-1.5	925	950

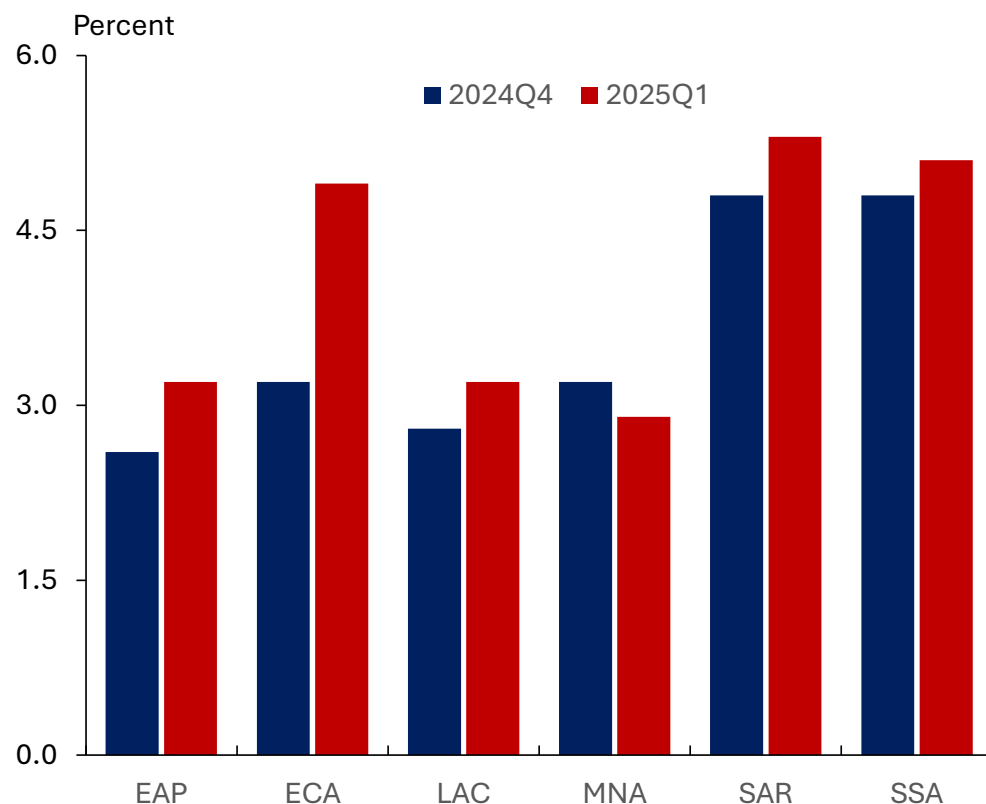
Source: World Bank (Commodity Markets Outlook, April 2025)

Summary of outlook and risks

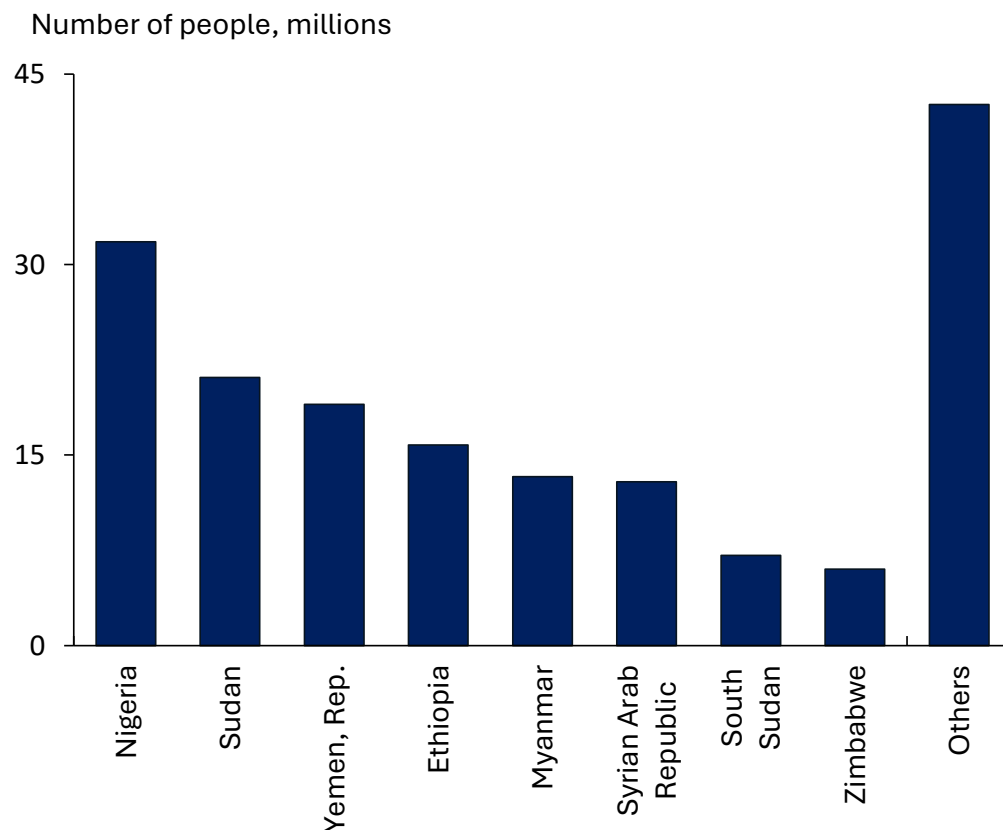
- **Outlook:** *Prices are projected to decline for 2025 and 2026, with downward revisions since October 2024 due to ample supplies and softening demand. Exceptions include:*
 - **Beverages**—*impacted by weather-related supply disruptions*
 - **Fertilizers**—*affected by trade restrictions*
 - **Precious metals** —*supported by elevated policy uncertainty and institutional purchases*
- **Risks:** *Titled to the downside*
 - **Macro:** *Weaker-than-expected growth; higher-for-longer interest rates; US\$ movements*
 - **Energy:** *Geopolitical tensions; OPEC+ production cuts*
 - **Agriculture:** *Weather/heatwaves; trade tensions; biofuels*
 - **Fertilizers:** *Export controls; energy costs*
 - **Metals:** *Uncertainty about China's economic outlook*

Food consumer price inflation and food insecurity

Food consumer price inflation



Number of people with acute food insecurity

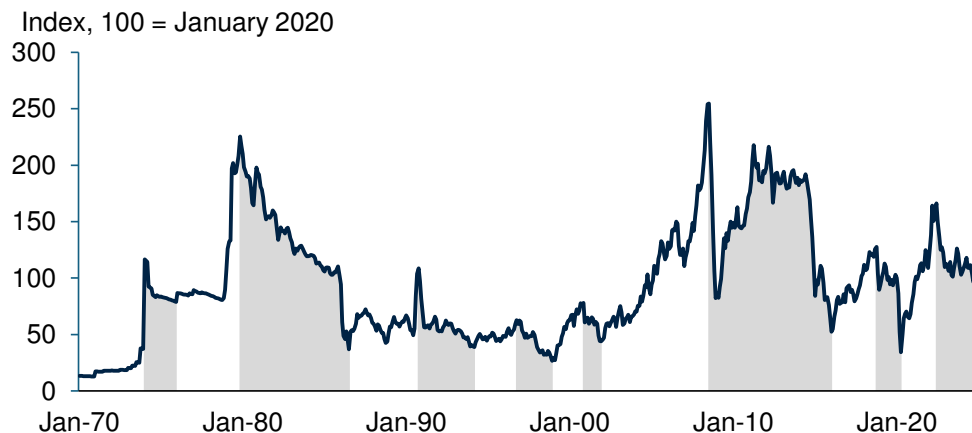


Sources: Haver Analytics; WFP and FAO (2024); World Bank

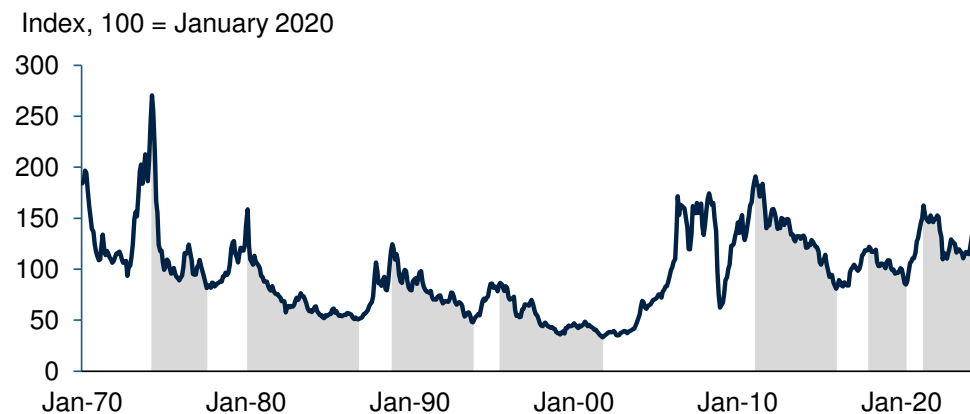
Notes: EAP = East Asia and the Pacific; ECA = Europe and Central Asia; LAC = Latin America and the Caribbean; MNA = Middle East and North Africa; SAR = South Asia; SSA = Sub Saharan Africa. A. Bars show median of year-on-year inflation rate in 2025Q1 compared to 2024Q4 [left]. B. Bars represent estimates for the sum of IPC Acute Food Insecurity phases 3 (crisis), 4 (emergency), and 5 (catastrophe/famine) categories across 22 hunger hotspot countries from November 2024 to May 2025 [right].

Commodity price cycles and turning points

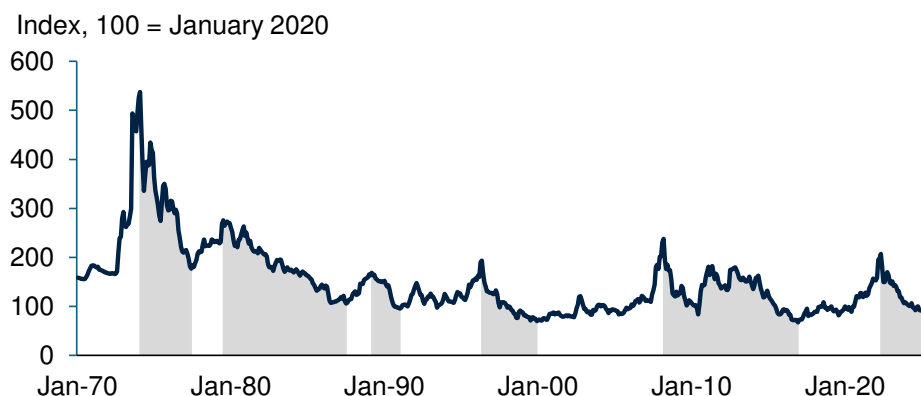
Crude oil



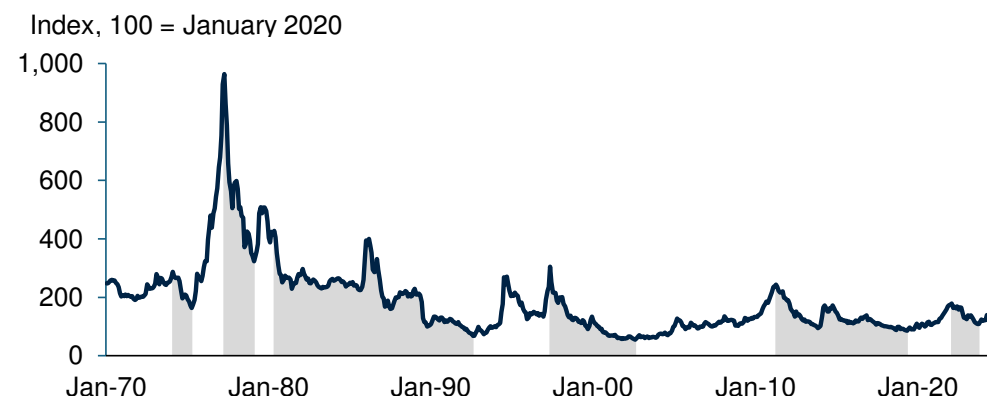
Copper



Wheat



Coffee, Arabica

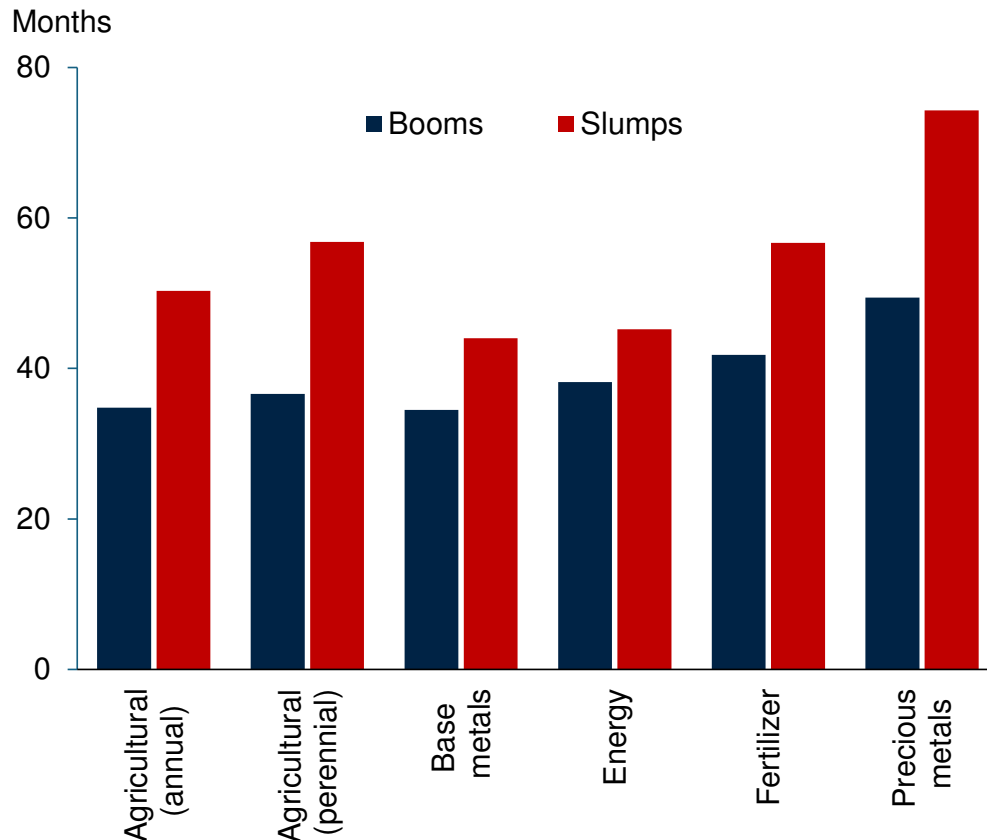


Source: World Bank.

Note: Monthly prices deflated using U.S. Consumer Price Index. Last observation is December 2024. Shaded areas indicate slump phases.

Duration of phases and key findings

Duration of phases

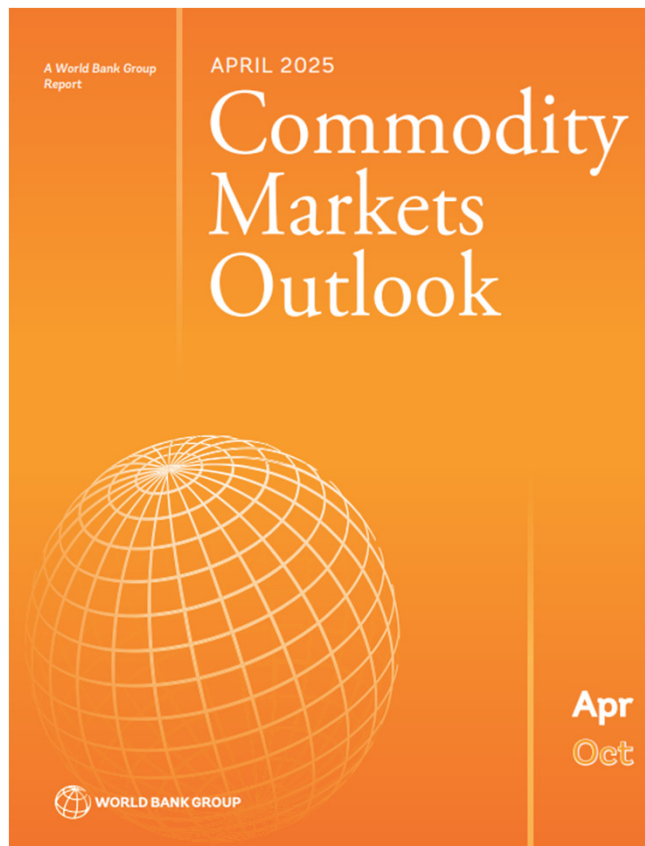


- On average, commodity prices exhibit a turning point every four years. Downward phases last significantly longer than upward phases--slumps average 52 months vs 38 months for booms. The amplitude is broadly similar.
- Across commodity groups, slumps consistently last longer than booms.
- Synchronization across commodity cycles is substantial, particularly among industrial commodities, and less so for agricultural commodities.
- Buffeted by a series of shocks, post-pandemic commodity markets have witnessed record price volatility. Since 2020, phases duration has nearly halved, averaging less than 25 months compared with almost 50 months pre-pandemic.

Source: World Bank.

Note: Last observation is December 2024. Sample includes 27 commodities. Average duration (in months) of completed phases within groups.

Commodity report



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May 2, 2025 — The energy price index fell 7.6% in April, led by sharp declines in U.S. natural gas (-17.6%) and crude oil (-4.8%). Non-energy prices decreased by 2.6%. Food prices edged down 0.5%, raw materials dipped 0.9%, and beverages eased 0.8%. Fertilizer prices inched up 0.7%. Metal prices dropped 7%, while precious metals rose 6.3%. [Read More](#)

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