The State of the Global Economy and Commodity Markets
The global economy is expected to grow 2.9 percent in 2022 (the January estimate was 4.1 percent). Global inflation has been revised upwards for both 2022 and 2023.

The shock from war in Ukraine, which came on top of the pandemic, has caused supply disruptions in several commodities, including energy, food, and fertilizers.

Most prices are expected to be significantly higher in 2022 than in 2021 and to remain high in the medium term.

Brent crude oil to average $100/bbl in 2022, more than 40 percent higher than 2021. Non-energy prices are expected to rise by 20 percent in 2022, with the largest increases in commodities where Russia or Ukraine are key exporters.

The outlook depends on the duration of the war and the severity of disruptions to commodity flows. China’s lockdown could also play a key role in both supply and demand for industrial commodities.
Weaker global growth prospects

Note: AEs = Advanced Economies; EMDEs = Emerging Markets and Developing Economies.
Expectations of higher Inflation and weaker growth

Global growth and inflation forecasts for 2022

Global growth and inflation forecasts for 2023

Sources: Consensus Economics; World Bank.
Note: Growth forecasts for aggregate groups are weighted by GDP in U.S. dollars, and inflation forecasts are based on median. Forecasts for 2023 (Right Panel) are presented since February 2022. Last observation is June 2022.
Similarities with the 1970s

Global inflation

Percent

1970-80 2022

Global real interest rates

Percent

1970-80 2010-21

Total debt in EMDEs

Percent of GDP

1980 2021

Sources: Ha, Kose, and Ohnsorge (2019); Havers Analytics; IMF; World Bank.
Notes: Left. 1970-80 is average of annual headline CPI inflation based on a sample of 30 AEs and 125 EMDEs. 2022 is based on monthly year-on-year inflation in March 2022 across 81 economies. Middle. CPI-adjusted short-term interest rates based on 113 countries, GDP-weighted. Right. Includes government and private debt.
**Differences with the 1970s**

**Countries with inflation targeting**

- Number of countries
- Percent

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<thead>
<tr>
<th>EMDEs</th>
<th>Advanced economies</th>
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<tr>
<td></td>
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<table>
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<th>2022</th>
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<tr>
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<td></td>
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<tr>
<td>Advanced economies</td>
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**Wage growth in the United States**

- Percent

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<tr>
<th>Year</th>
<th>1976-80</th>
<th>2021</th>
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<tr>
<td>Percent</td>
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**Labor market flexibility**

- Percent

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<th>Year</th>
<th>1980</th>
<th>2020</th>
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<tbody>
<tr>
<td>Collective bargaining</td>
<td>75</td>
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<tr>
<td>Trade union density</td>
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**Sources:** International Monetary Fund; OECD; World Bank.

**Notes:** Left. Based on the classification of IMF Annual Report on Exchange Arrangements and Exchange Restrictions. Center. Annual averages of wage growth. Right. Share of employees covered by agreements (collective bargaining) and unionized employees as a percent of total employees (trade union density); aggregation is based on median across 25 economies.
Commodity prices: 2011-22

US$ index, 2010 = 100, nominal

Note: The shaded area corresponds to March 2020 – June 2022 (last observation).
Russia and Ukraine’s importance in global commodity markets

Percent of global exports

- **Natural gas**
- **Coal**
- **Crude oil**
- **Pig iron**
- **Palladium**
- **Fertilizers**
- **Platinum**
- **Aluminium**
- **Wheat**
- **Barley**
- **Maize**
- **Edible oils**

**Source:** BP Statistical Review; UN Comtrade; U.S. Department of Agriculture; World Bank.

**Notes:** Data are for 2020. Energy and food shares based on trade volumes while metals and minerals are based on trade values. Fertilizers include phosphate rock and potash minerals as well as ammonia-based non-minerals. Ukraine accounts for two thirds of sunflower oil exports but only 7 percent of global edible oil exports (as shown in the chart).
Energy prices: 2011-22

Note: Last observation is June 2022. Coal refers to South African.
Real oil prices: Elevated but lower than 1970s and early 2000s

US$/bbl, deflated by U.S. CPI (base is Jan 2022)

1970-2022 average: $63/bbl

Note: Price represents the average Brent, Dubai, and WTI. Last observation is June 2022.
Real European natural gas prices at record highs

US$/mmbtu, deflated by U.S. CPI (base is Jan 2022)


Note: Last observation is June 2022.
Real coal prices at record highs as well

US$/mt, deflated by U.S. CPI (base is Jan 2022)

1970-2021: $90/mt

Oct 2021-May 2022: $259/mt

Note: Price refers to the Australia benchmark. Last observation is June 2022.
Agricultural prices: Food led the way up

US$ index, nominal, 2010 = 100

Note: Shaded area corresponds to February 2020 – June 2022 (last observation).
Food commodity prices: Sharply higher, except rice

Note: Last observation is June 2022. Wheat is HRW and rice is Thai 5%.
Real wheat prices: Elevated but much less than 1974

1970-2022 average: $373/mt

Note: Price represents the US HRW benchmark. Last observation is June 2022.
Grain and soybean supply growth: Mixed picture for 2022-23

Source: U.S. Department of Agriculture, psdonline database (July 2022 update).
Note: Years represent crop seasons (for example, 2022 refers to 2022-23). Supply is the sum of beginning stocks and production. The last bar represents estimate for 2022-23.
Stocks-to-use ratio: Weakened during 2017-22 but high by historical levels

Source: U.S. Department of Agriculture (July 2022 update) and World Bank.
Notes: The stocks-to-use ratio comprises of 12 grains and edible oils, aggregated according to calorific content. Years refer to crop seasons (for example, 2022 refers to 2022-23).
Metals prices and Purchasing Manager Index

**Global manufacturing PMI index [left]**

**Metals price index [right]**

**Base metal price index [left]**

**Iron ore [right]**

Index, 2019 = 100

Index, 2010 = 100

US$/mt

Jan-19 Sep-19 May-20 Jan-21 Sep-21 May-22

Jan-19 Sep-19 May-20 Jan-21 Sep-21 May-22

**Source**: Haver Analytics, World Bank.

**Note**: Last observation is June 2022. The base metals price index includes aluminum, copper, lead, nickel, tin, and zinc.
China dominates global metal markets

**Global metal consumption**

- **Rest of the World**
- **China**

**Metal consumption growth**

- **OECD**
- **China**
- **Other non-OECD**


**Notes:** Last observation is 2021 (left panel), March 2022 (right panel).
Key risk to non-energy prices: High input costs

Notes: Last observation June 2022.
Natural rubber prices: Remarkably stable during the past 10 years

Note: Last observation is June 2022.
Ratio of natural rubber price to non-energy price index

1970-2022 average: 0.64

Note: Natural rubber price is RSS3. Last observation is June 2022.
Commodity Markets

RELEASE SCHEDULE
The next Commodity Markets Outlook will be published in October 2022. This schedule will be followed by the release of a Special Topic.

NEWS RELEASE (4/26/22)
English
Food and energy price shocks from Ukraine will last for years
Other languages
عربي | 中文 | Français | 한국어 | Português | Tagalog | Русский

BLOGS
Pink Sheet
Commodity price update update in March
Pink Sheet, April 2022
Spring 2022 CMO
The Commodity Markets Outlook in 2022
Fall 2021 CMO
The Commodity Markets Outlook in the aftermath of the war
Metal prices stabilize and moderate demand growth and rising input costs
Beverage market outlook: Peak prices amid supply concerns
Precious metals outlook: Kinesics on pandemic risk and monetary policy direction

This blog is the seventh in a series of 11 blogs on commodity market developments, elaborating on themes discussed in the April 2022 edition of the World Bank’s Commodity Markets Outlook. An earlier version of this blog was published by Brookings.
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