

Commodity Markets Outlook: Recent Developments, Outlook, and Risks



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WORLD BANK MORNING SEMINAR in TOKYO

TOKYO

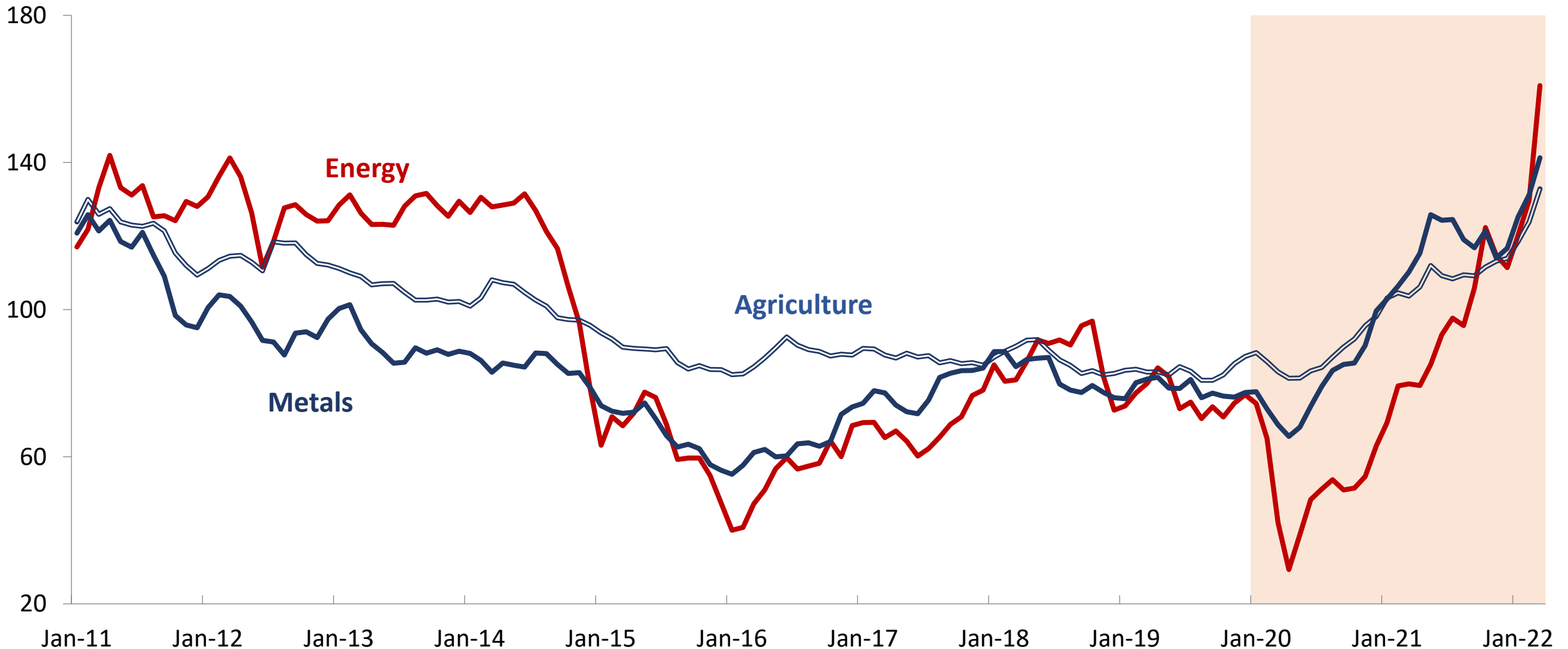
April 28, 2022

Key takeaways

- The war in Ukraine has caused major supply disruptions and led to historically higher prices for several commodities. The war added to the broad-based rise that began in mid-2020.
- 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, a 42 percent increase from 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.
- Wheat prices to increase by more than 40 percent in 2022.
- The outlook depends on the duration of the war in Ukraine and the severity of disruptions to commodity flows, with a key risk that commodity prices could be higher for longer.

Commodity prices: 2011-22

US\$ index, nominal terms, 2010 = 100

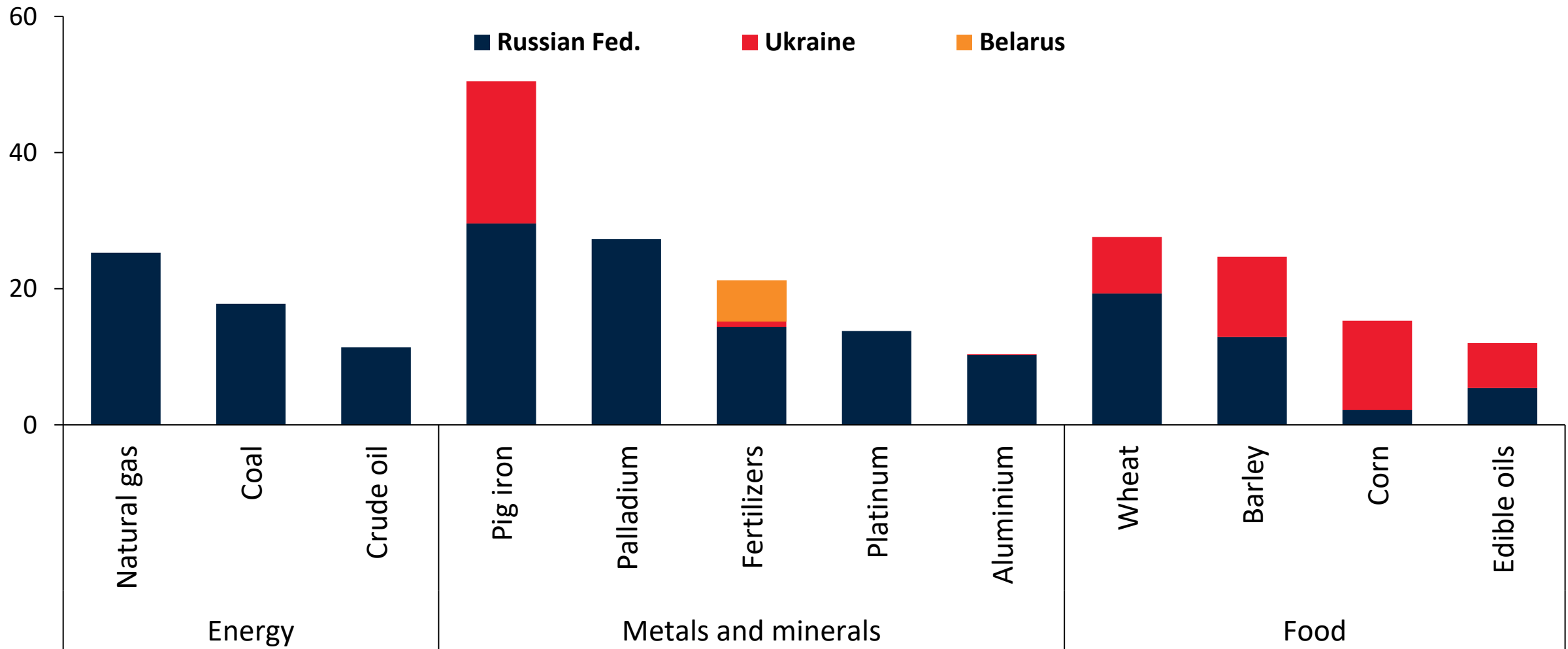


Source: World Bank.

Note: The shaded area corresponds to February 2020 – March 2022 (last observation).

Russia and Ukraine's importance in global commodity markets

Percent of global exports

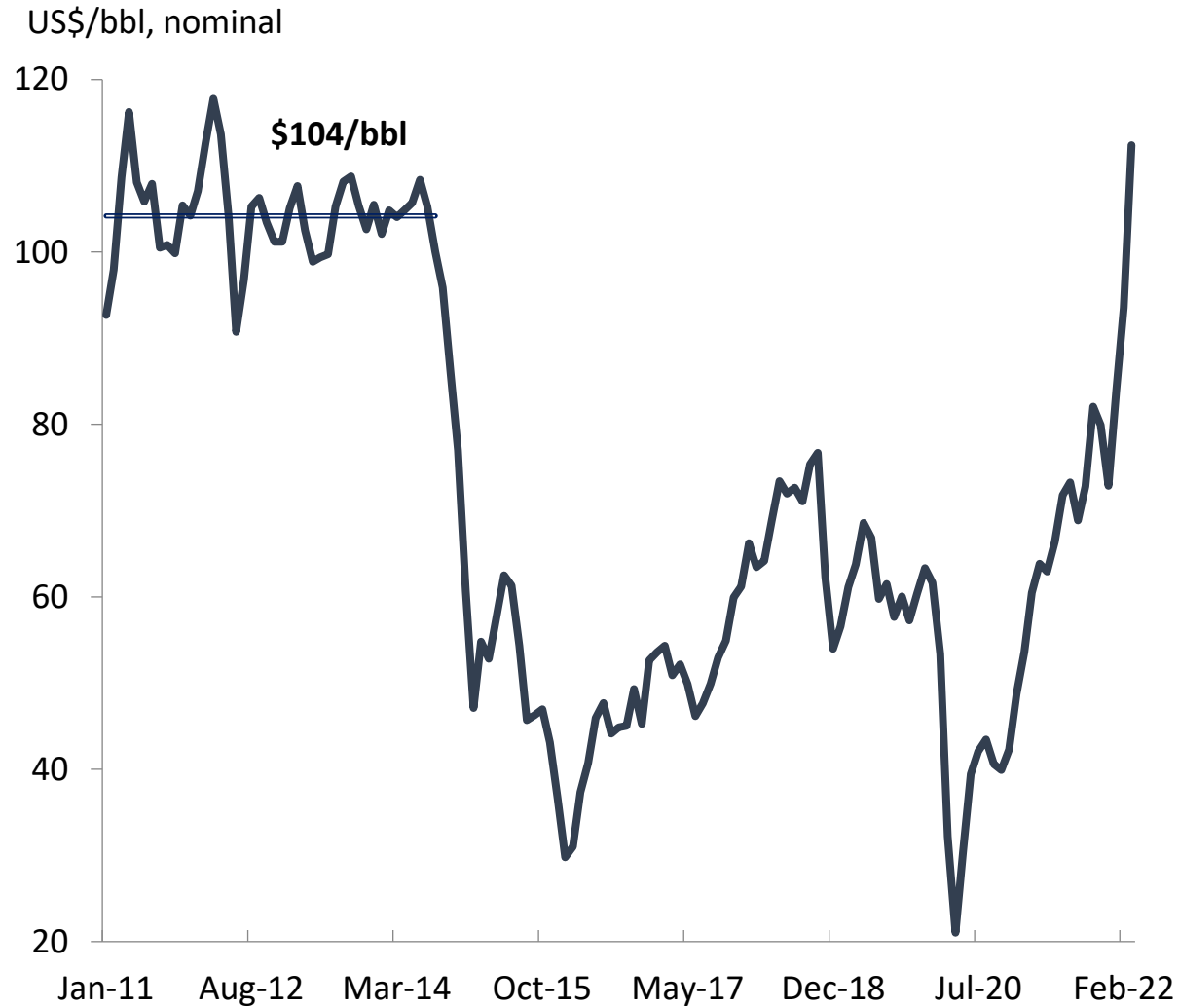


Source: BP Statistical Review; UN Comtrade; U.S. Department of Agriculture; World Bank.

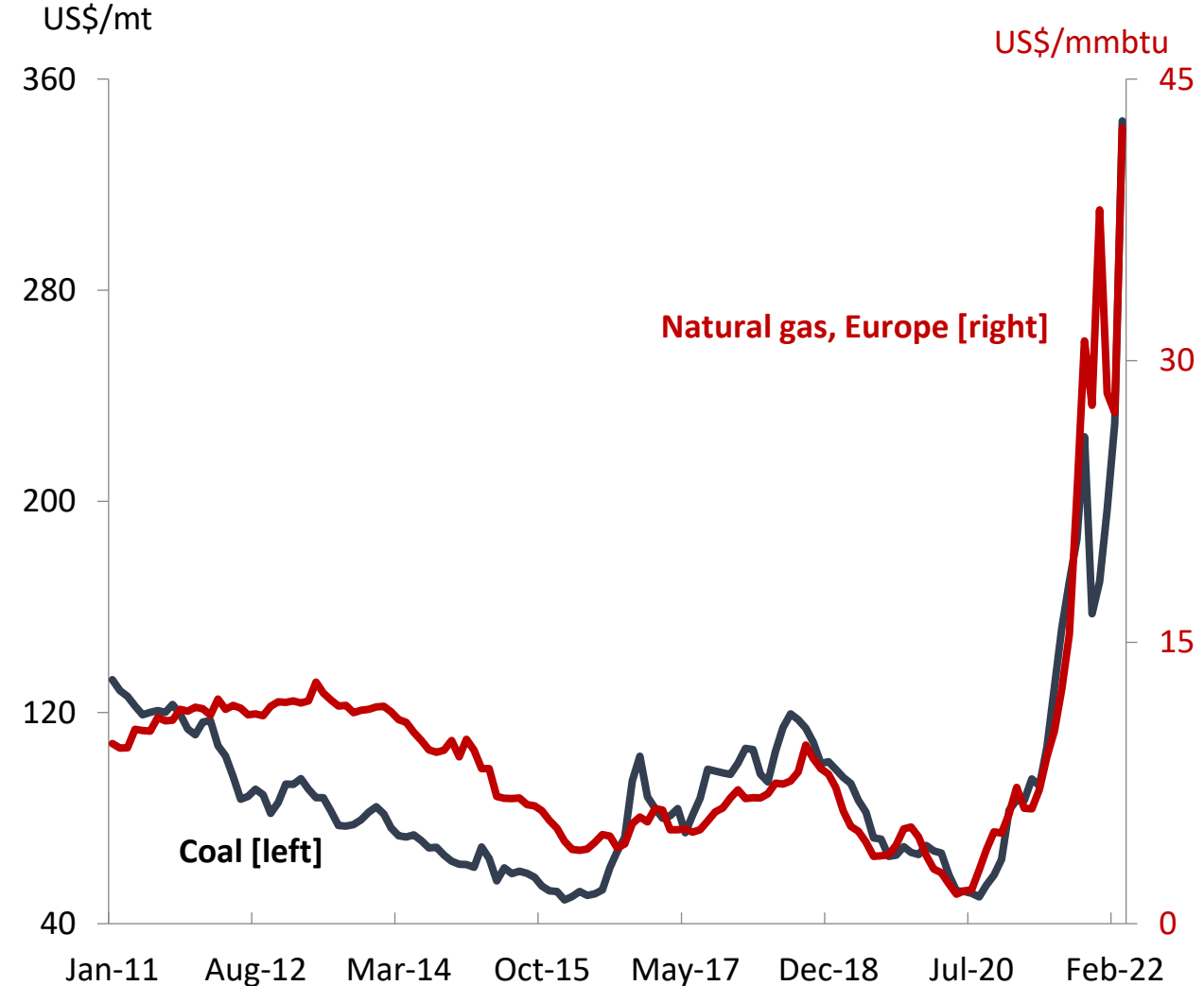
Notes: Data for energy and food are trade volumes while metals and minerals are trade values. Fertilizers include phosphate rock and potash minerals, and ammonia-based non-minerals. Data are for 2020.

Energy prices: 2011-21

Oil



Coal and natural gas

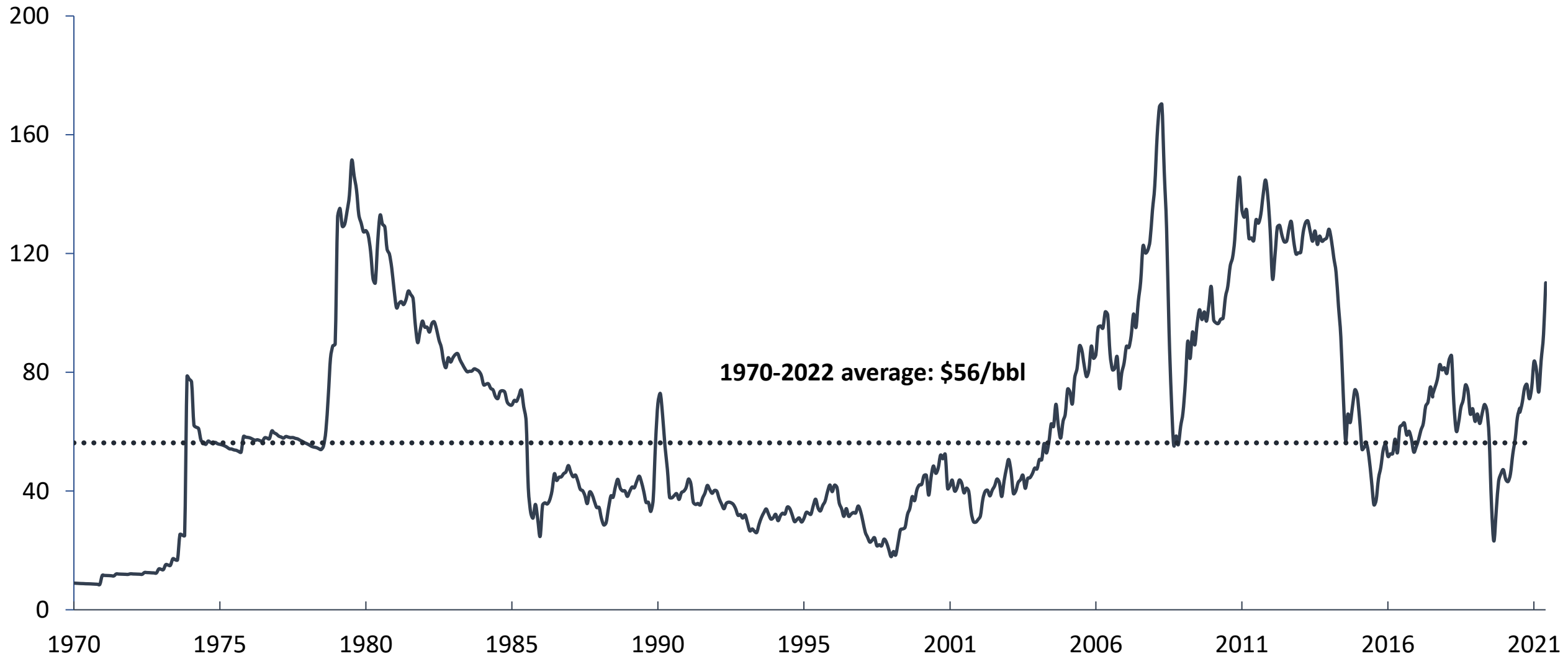


Source: World Bank.

Note: The horizontal (left panel) represents the January 2011 - August 2014 average. Last observation is March 2022.

Real oil prices: 1970-2022

US\$/bbl, deflated by U.S. CPI (Jan 2022 = 100)

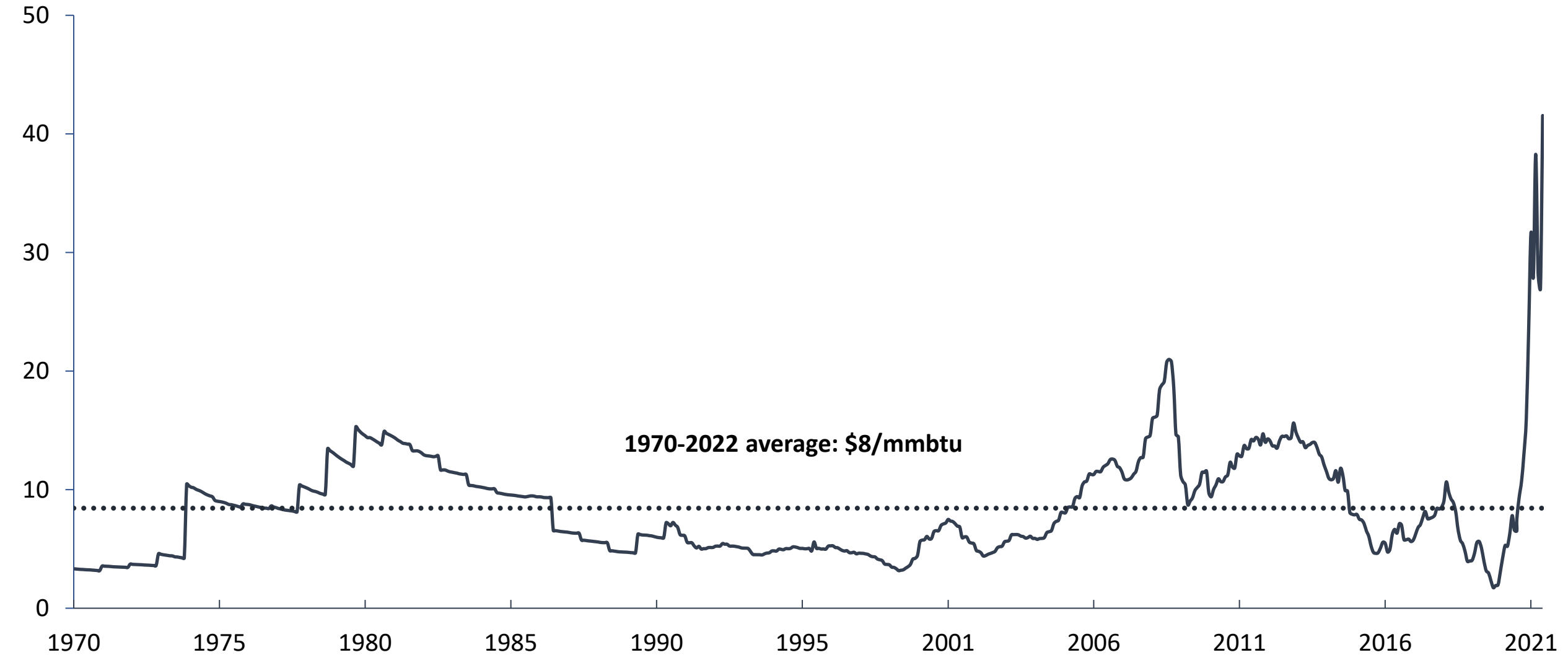


Source: World Bank.

Note: Price represents the average Brent, Dubai, and WTI. Last observation is March 2022.

European natural gas prices: 1970-2022

US\$/mmbtu, deflated by U.S. CPI (Jan 2022 = 100)

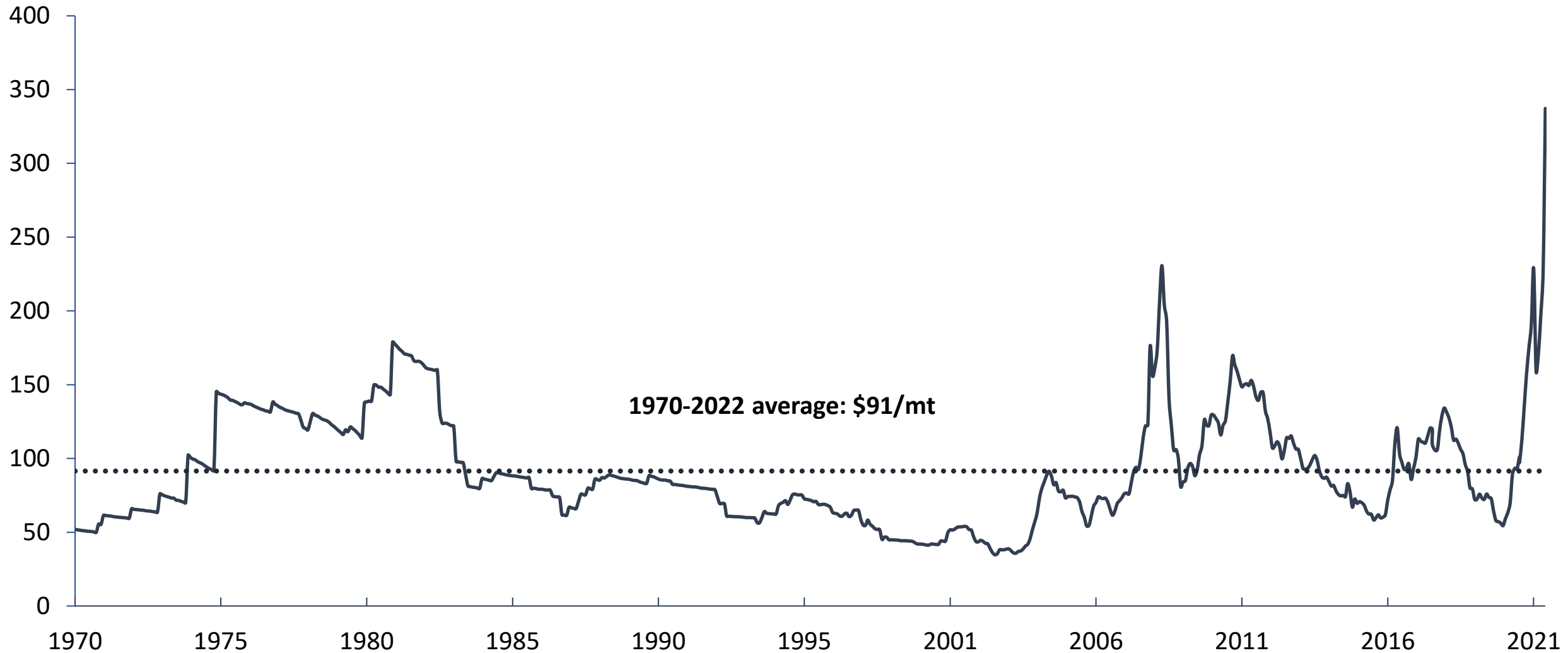


Source: World Bank.

Note: Last observation is March 2022.

Coal prices: 2070-2022

US\$/mt, deflated by U.S. CPI (Jan 2022 = 100)

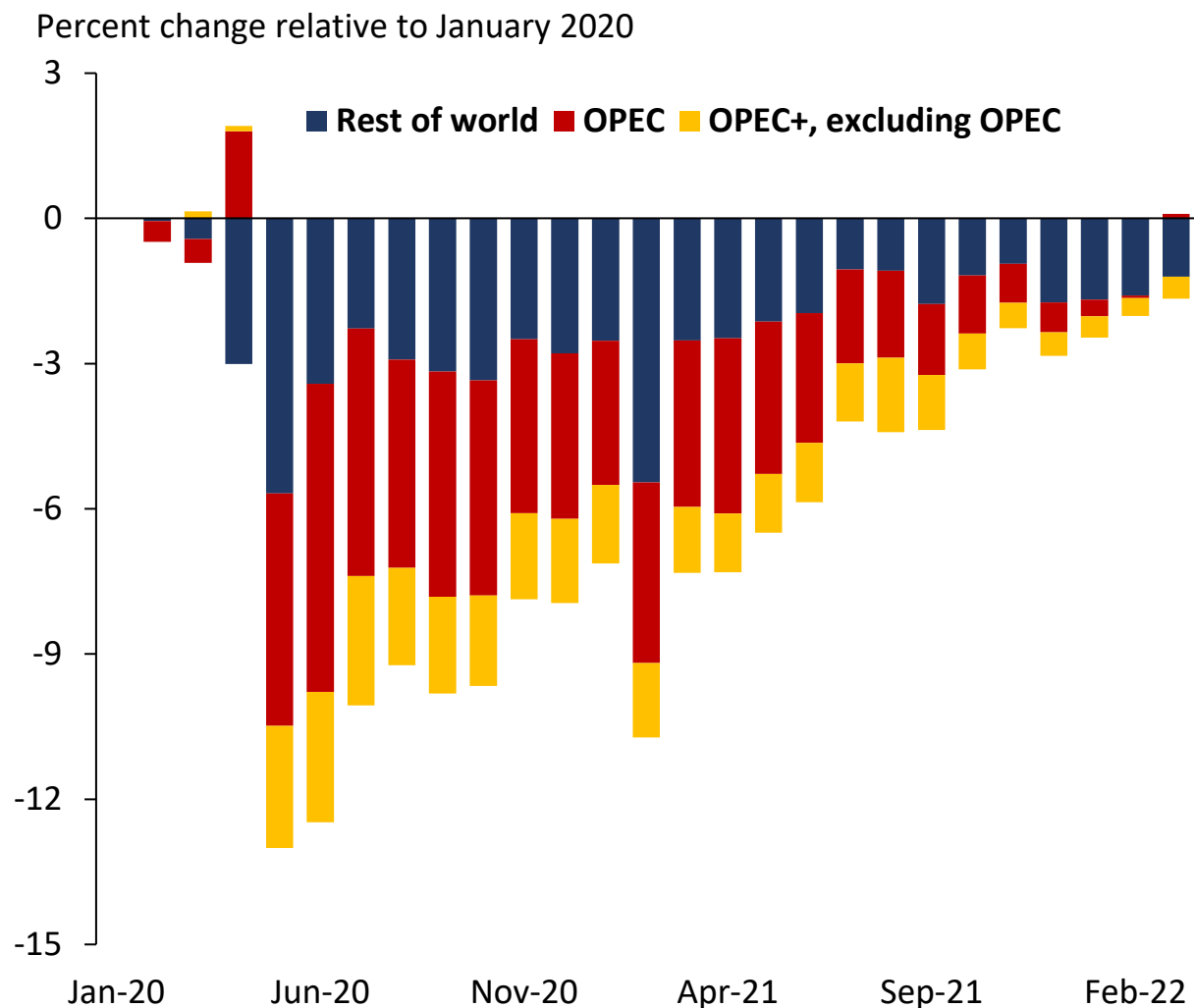


Source: World Bank.

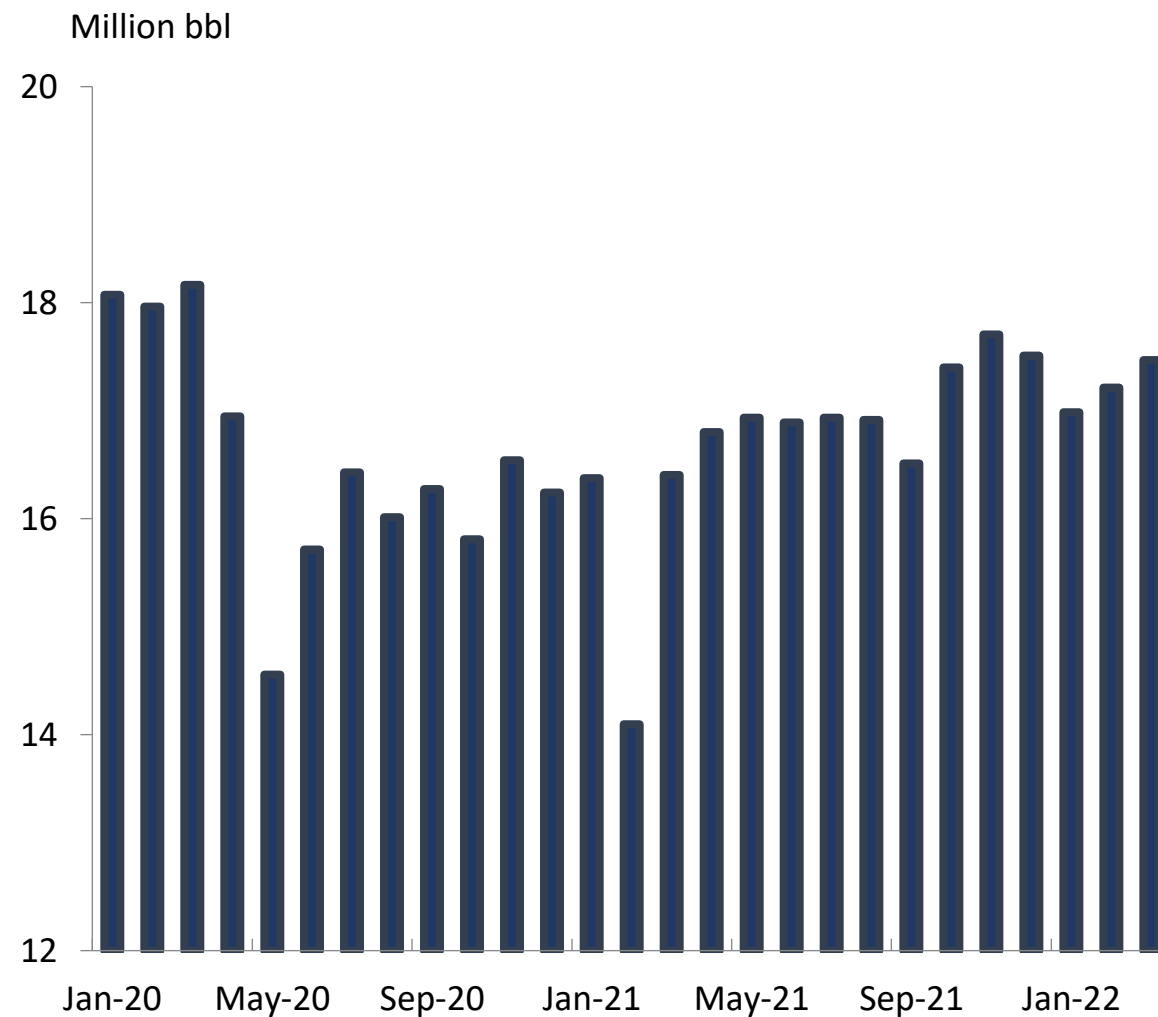
Note: Price refers to the Australia benchmark. Last observation is March 2022.

Oil supply

Global oil supply growth



US oil production

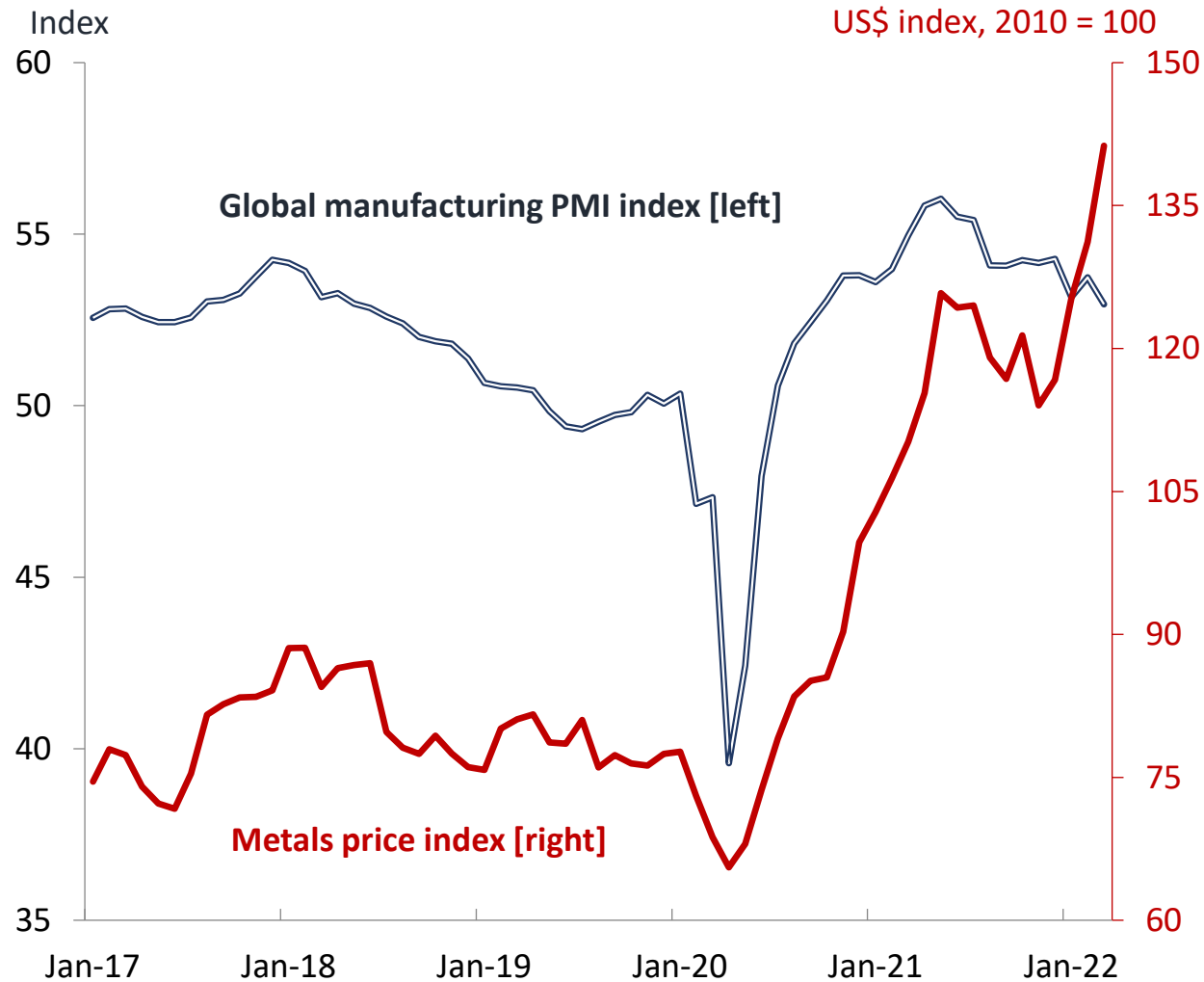


Source: IEA, OPEC, World Bank.

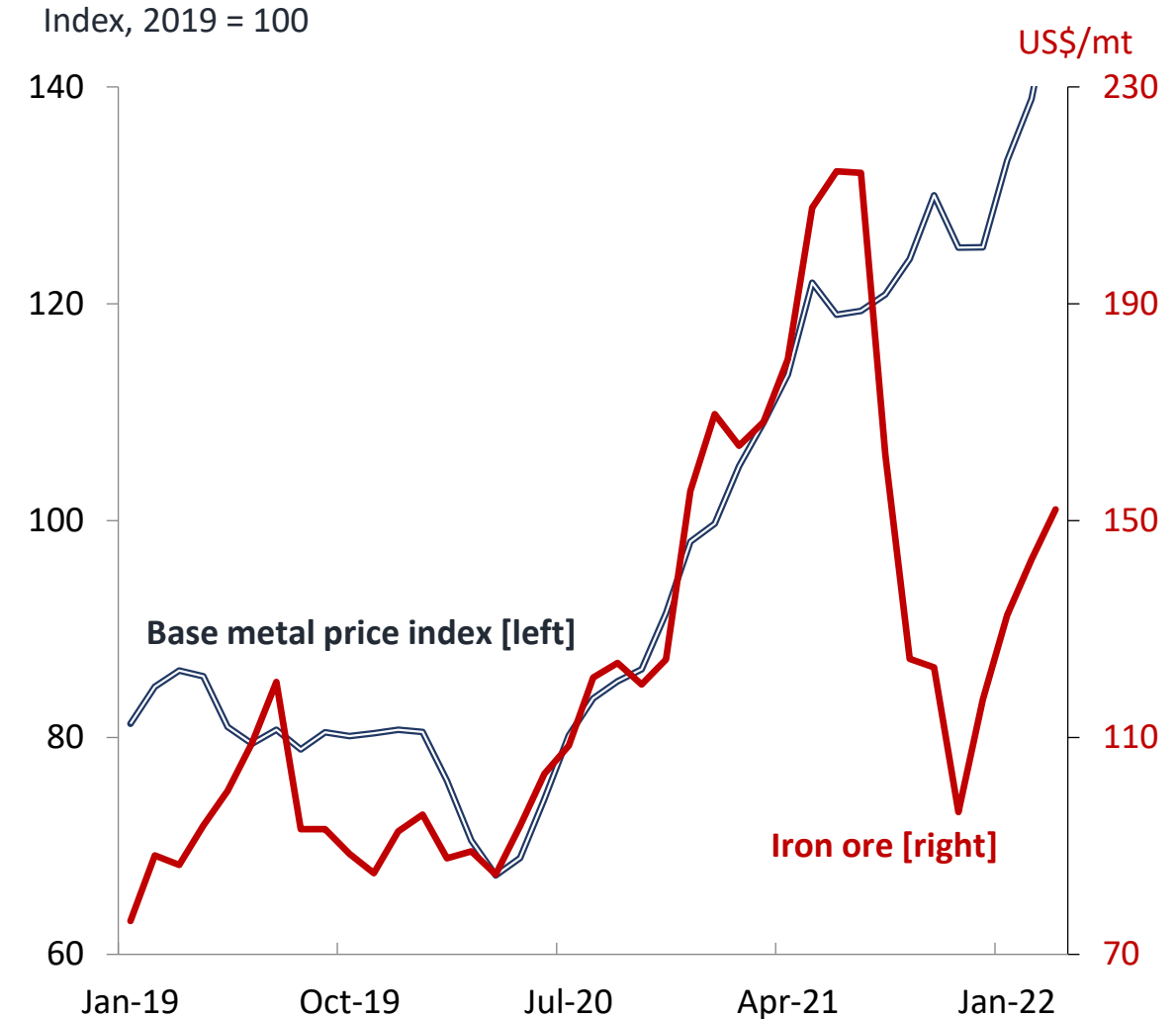
Notes: Global supply growth (left panel) is calculated as change relative to January 2020. Last observation March 2022.

Metals prices and Purchasing Manager Index

Metal price index and PMI



Base metals index and iron ore price

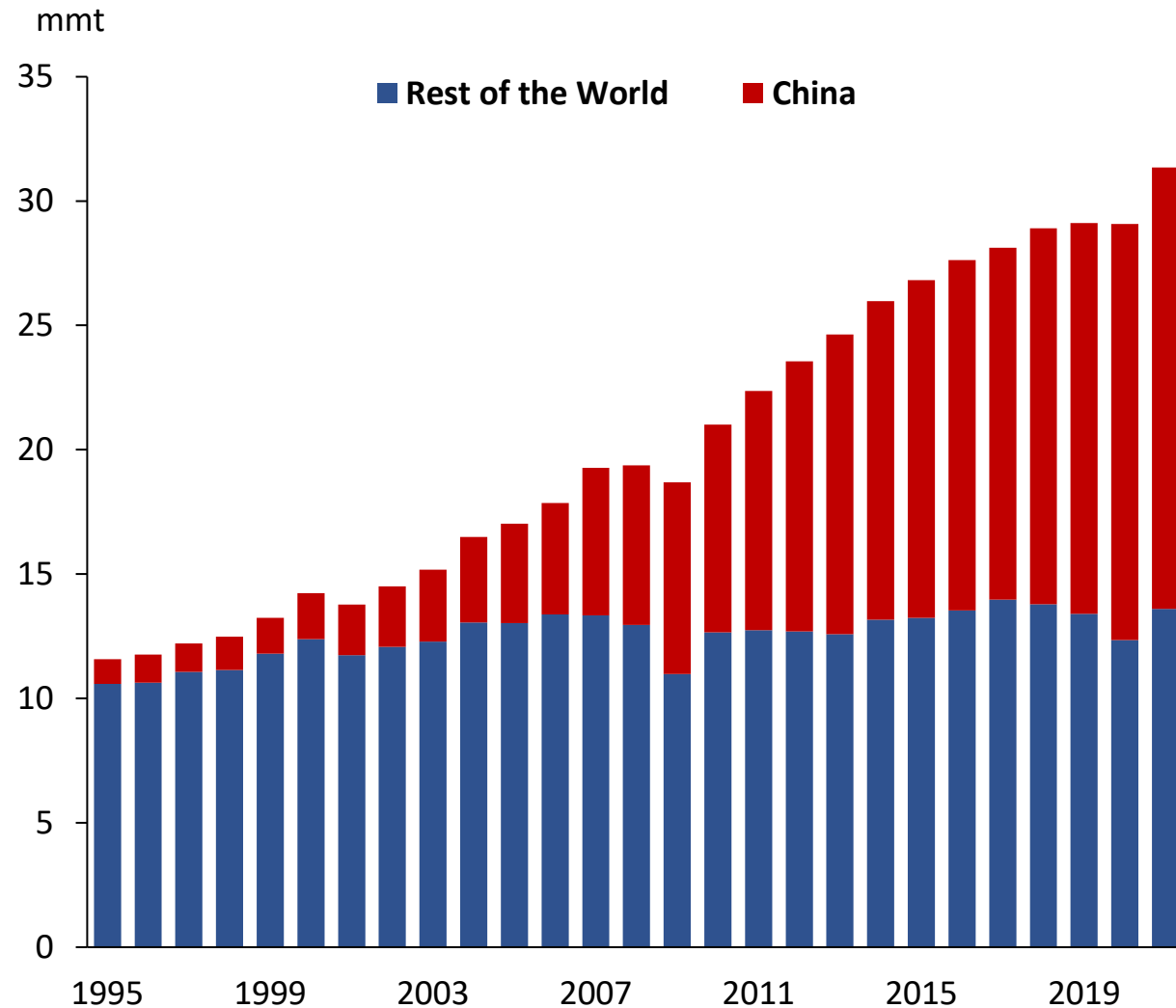


Source: Haver Analytics, World Bank.

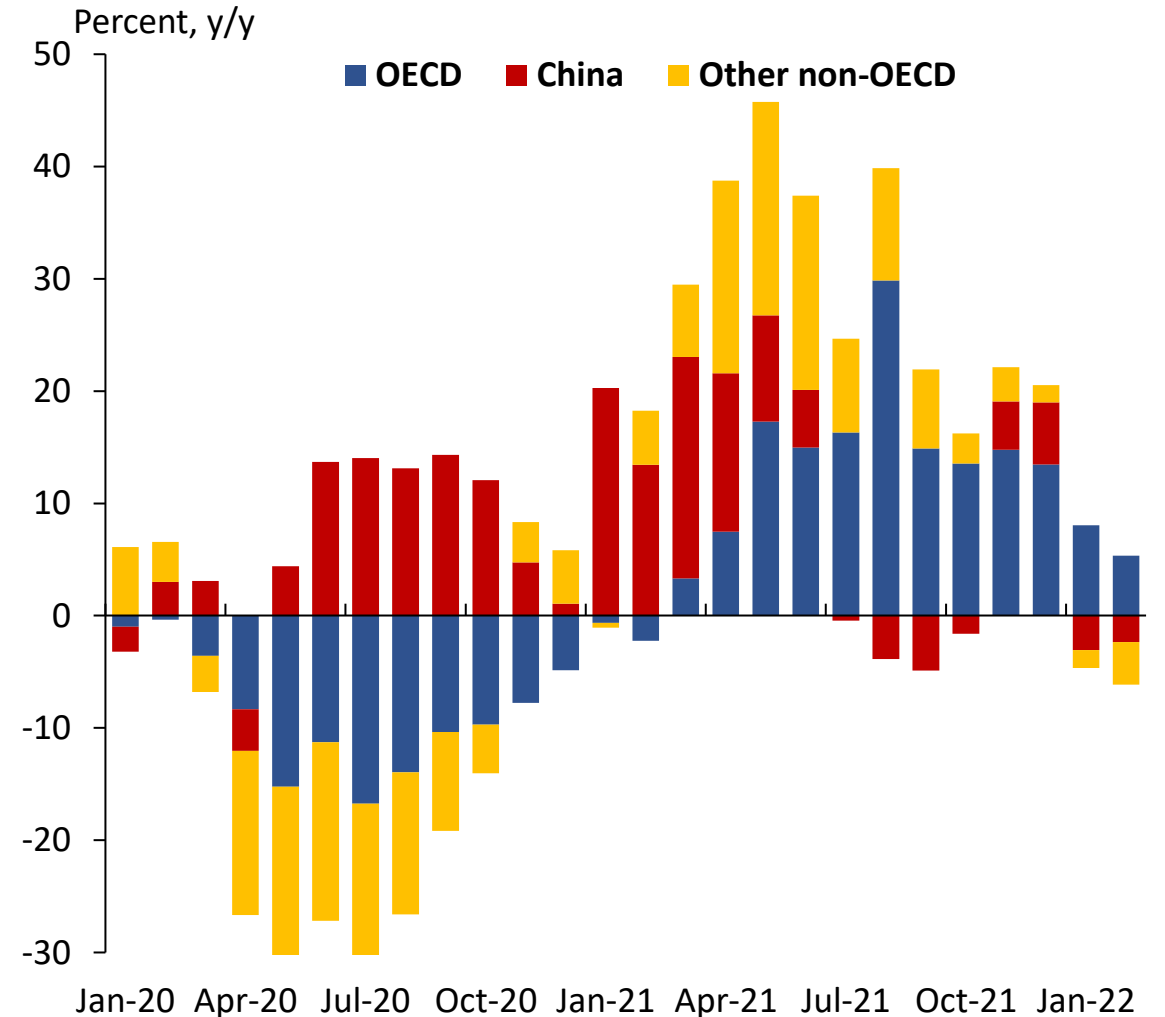
Note: Last observation is March 2022. The base metals price index includes aluminum, copper, lead, nickel, tin, and zinc.

Global metal consumption

Global metal consumption



Metal consumption growth

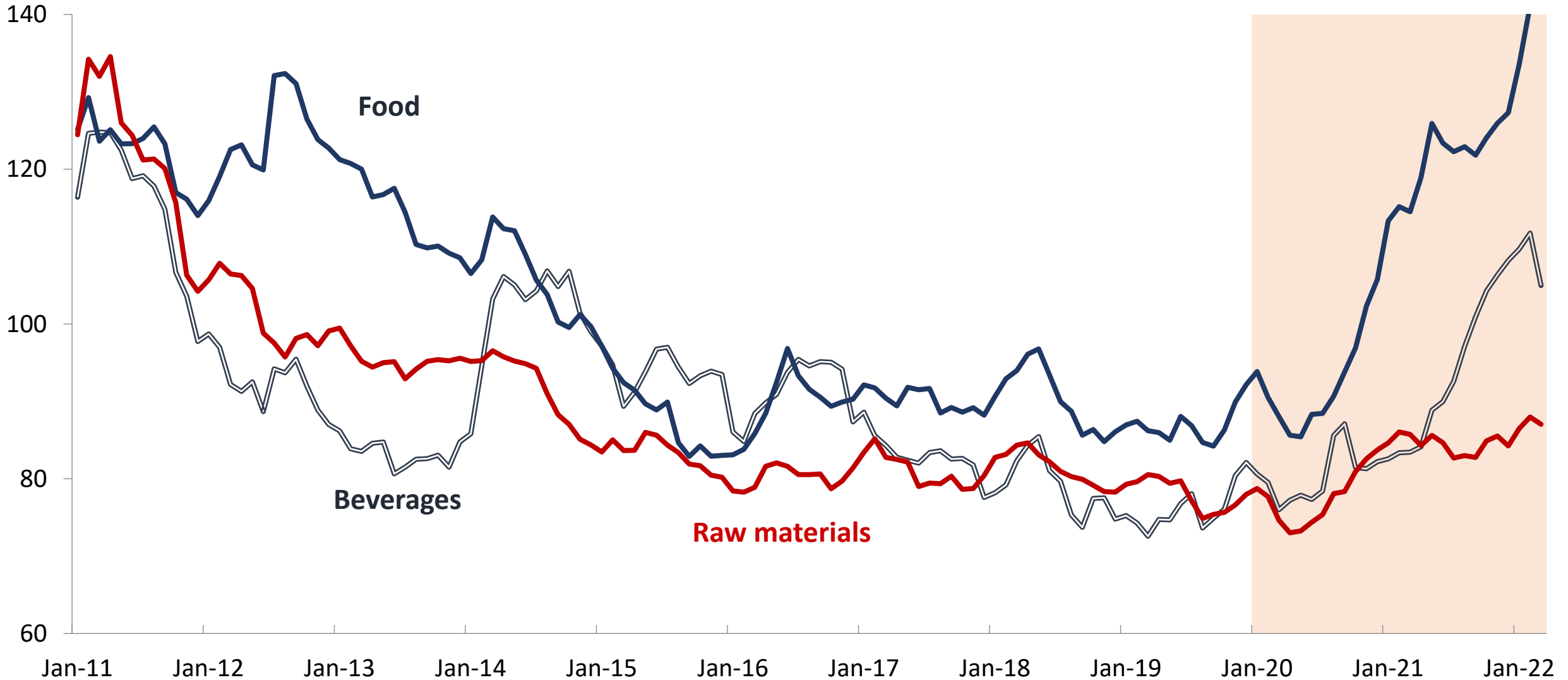


Source: World Bank, World Bureau of Metal Statistics, US Geological Survey, British Geological Survey.

Notes: Last observation is 2021 (left panel), February 2022 (right panel).

Agricultural prices

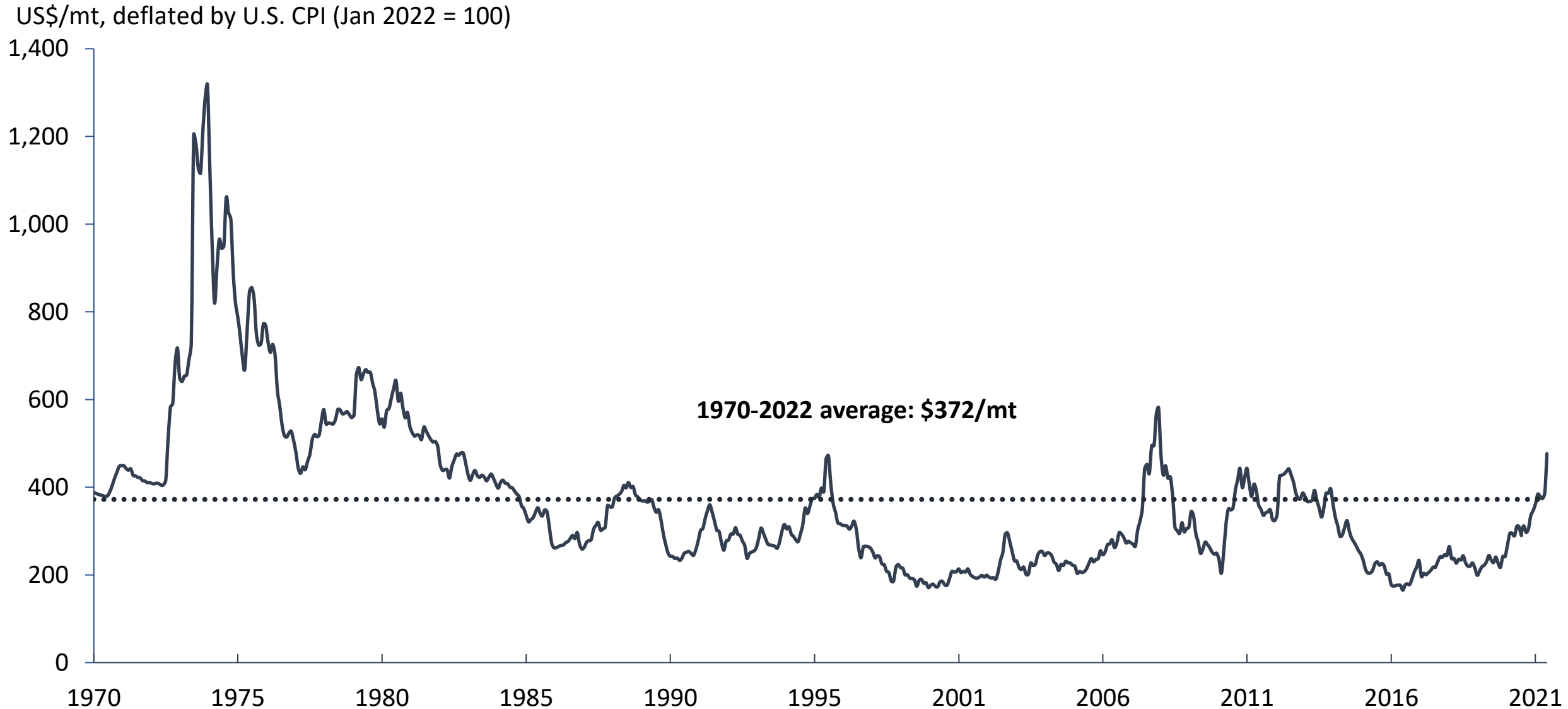
US\$ index, nominal, 2010 = 100



Source: World Bank.

Note: Shaded area corresponds to February 2020 – March 2022 (last observation).

Wheat prices: 1970-2022

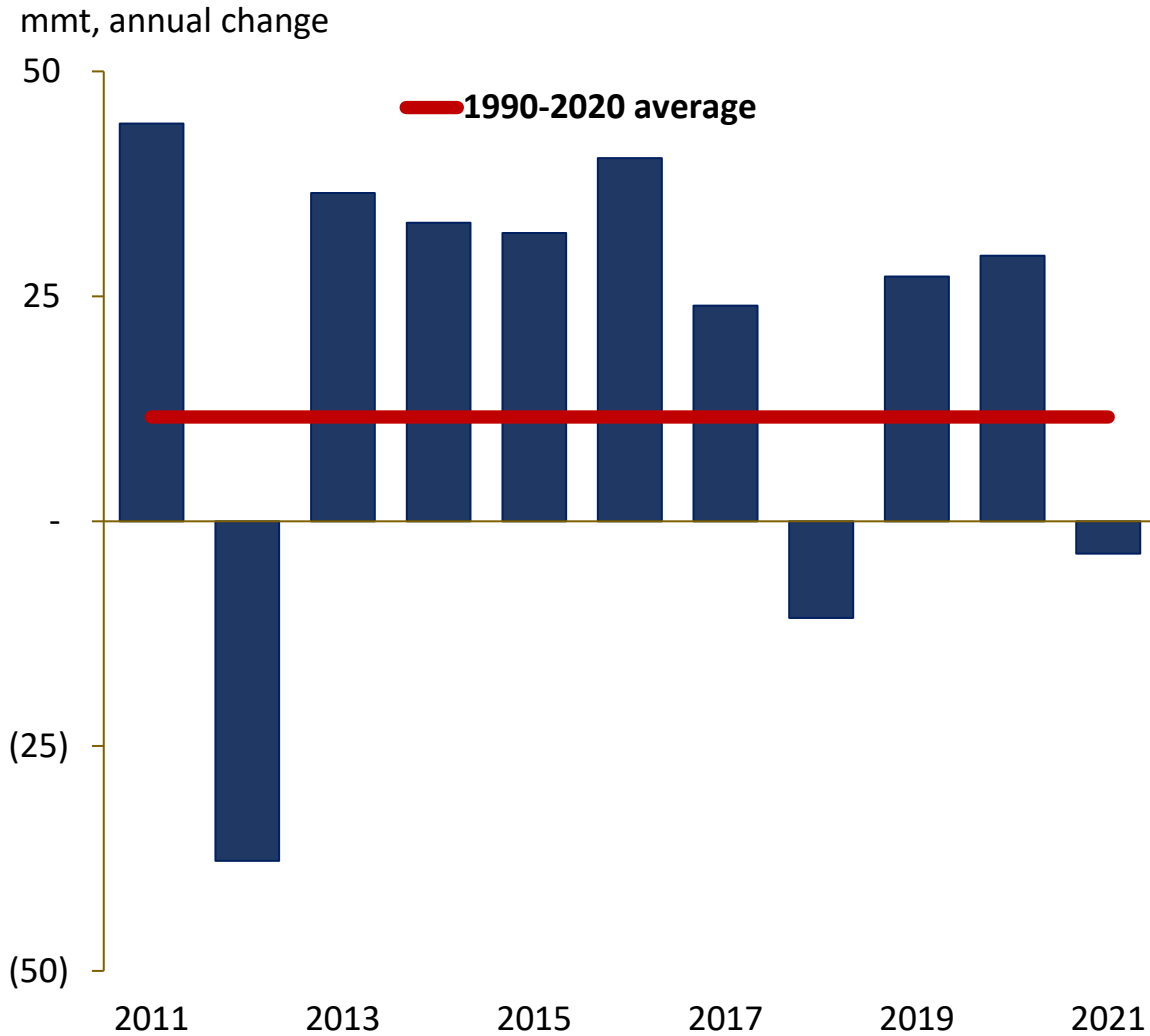


Source: World Bank.

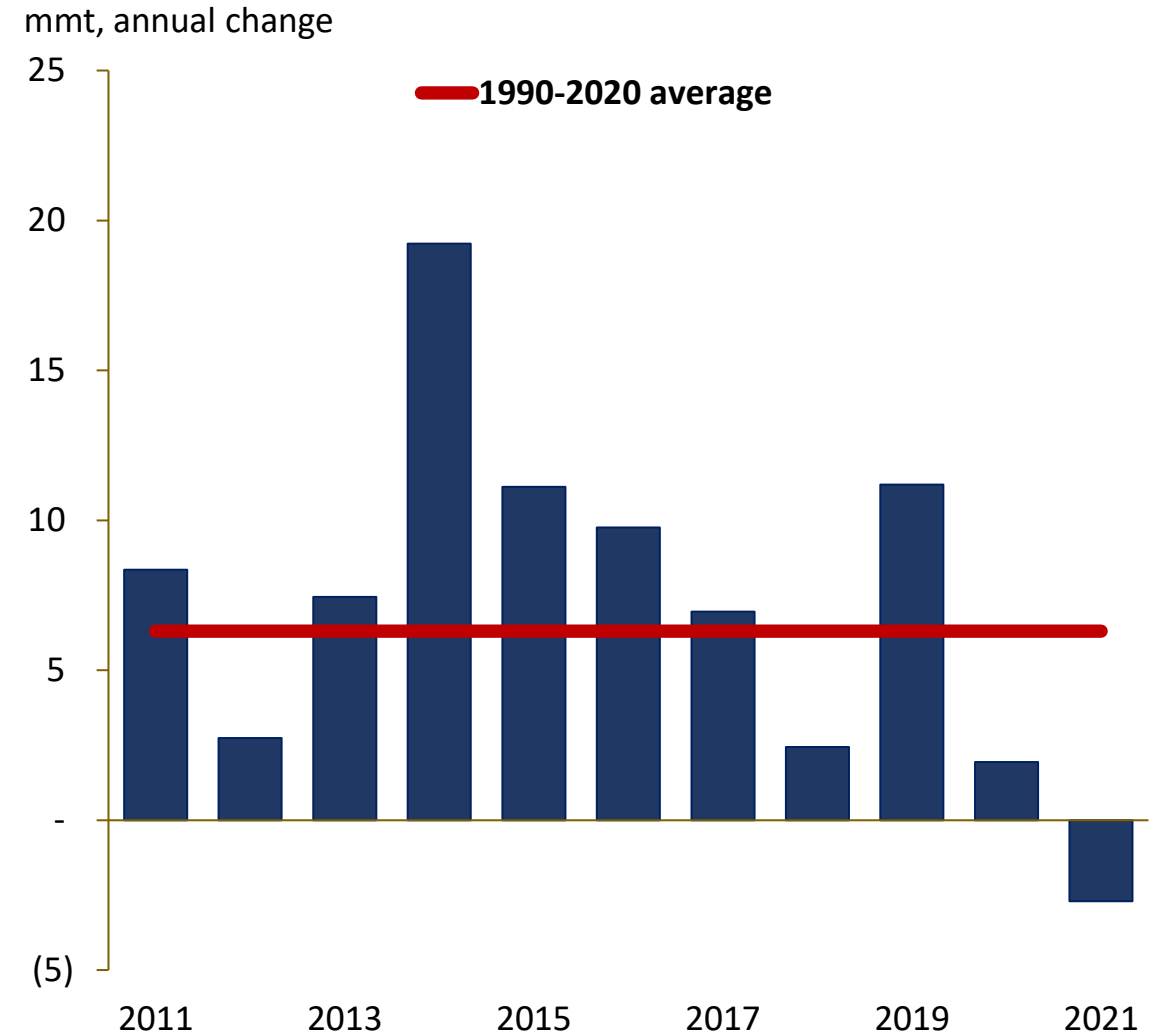
Note: Price represents the US HRW benchmark. Last observation is March 2022.

Food supply growth

Wheat



Soybeans

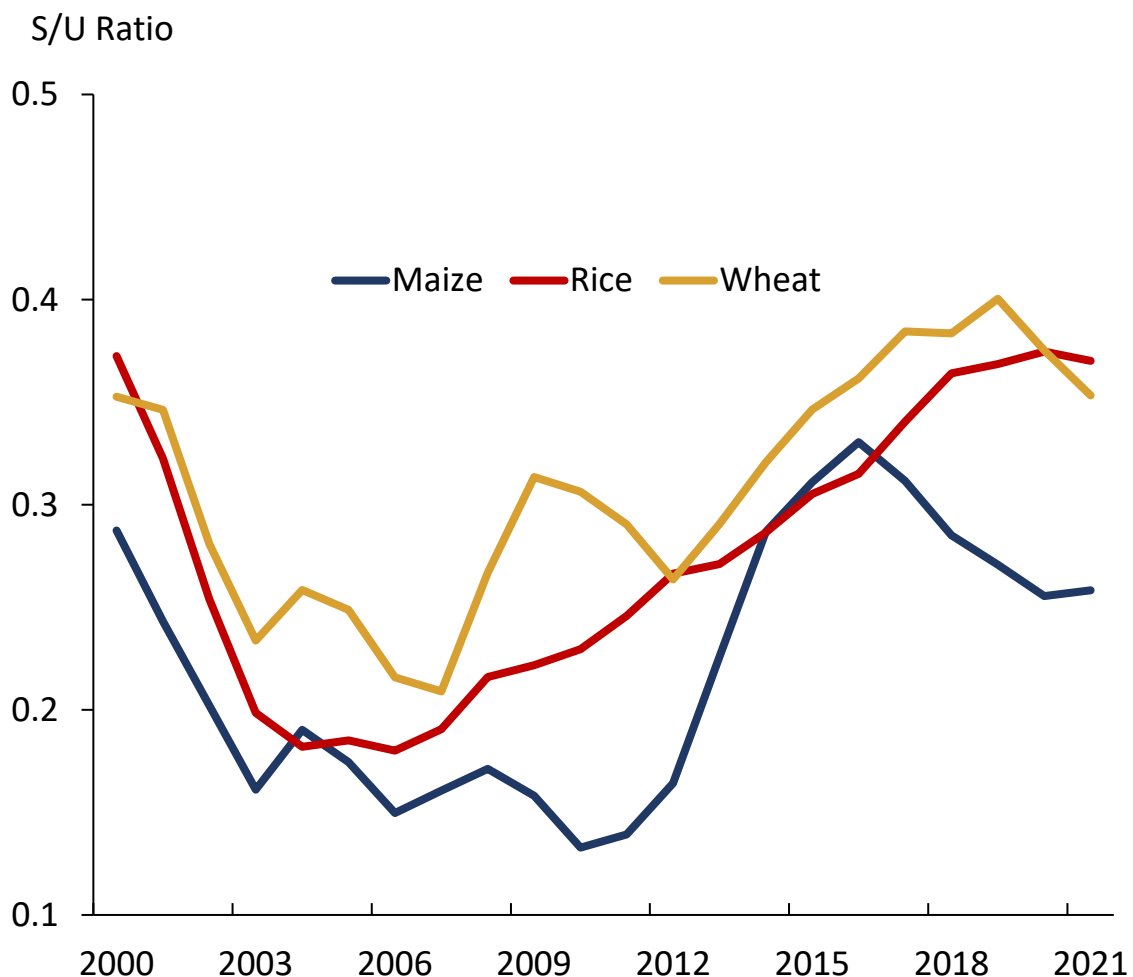


Source: U.S. Department of Agriculture (April 2022 update).

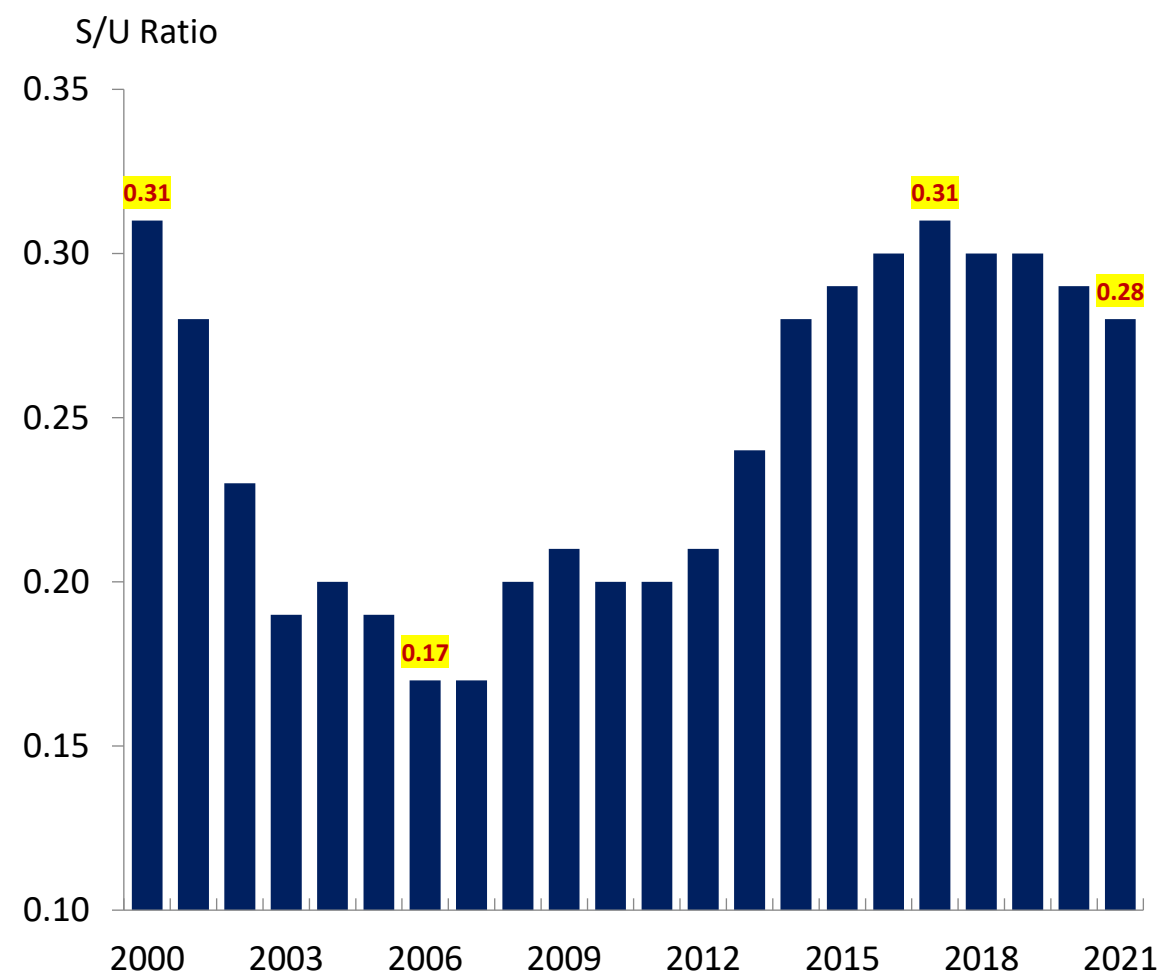
Note: Years represent crop seasons (for example, 2019 refers to 2019-20). Supply is the sum of beginning stocks and production.

Stocks-to-use ratio

Grains



Food aggregate

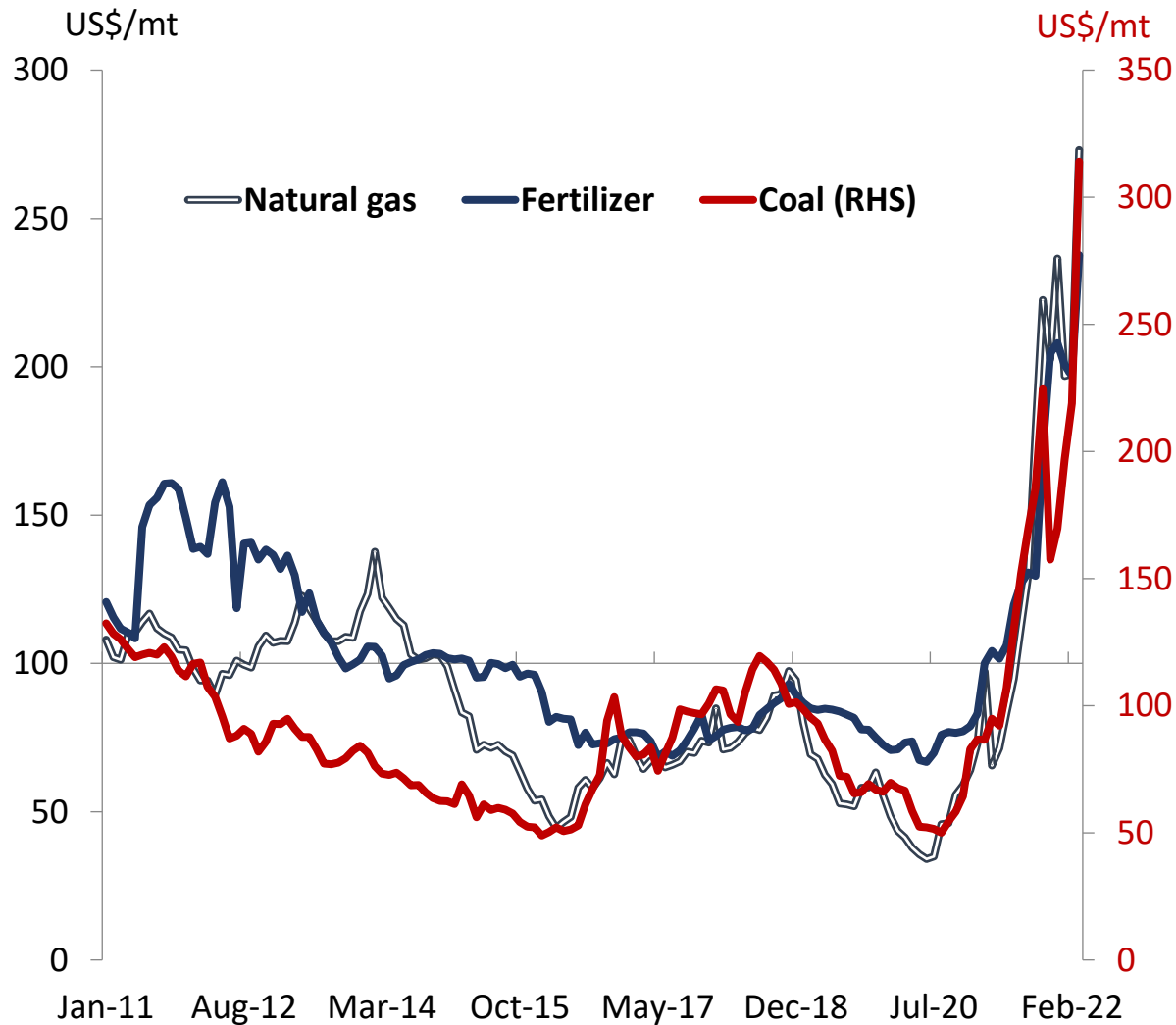


Source: U.S. Department of Agriculture (April 2022 update) and World Bank.

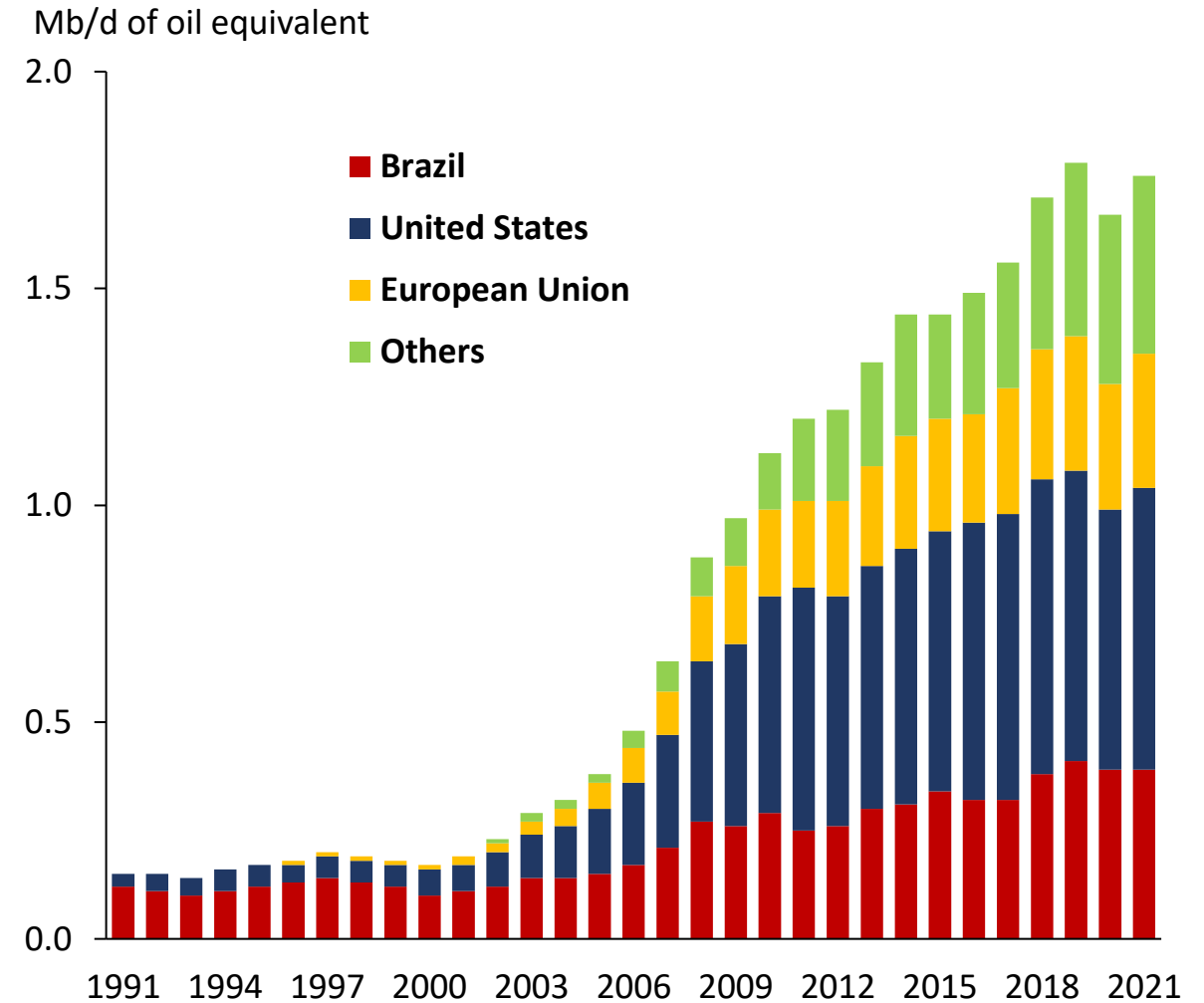
Notes: The stocks-to-use ratio (S/U) comprises of 12 grains and edible oils, aggregated according to calorific content. Years refer to crop seasons (i.e., 2020 refers to the 2020-21 crop season).

Input prices and biofuel production

Coal, natural gas, and fertilizer prices



Biofuel production



Source: BP Statistical Review, OECD, World Bank.

Notes: Last observation March 2022 (left panel) and 2021 (right panel).

Price forecasts

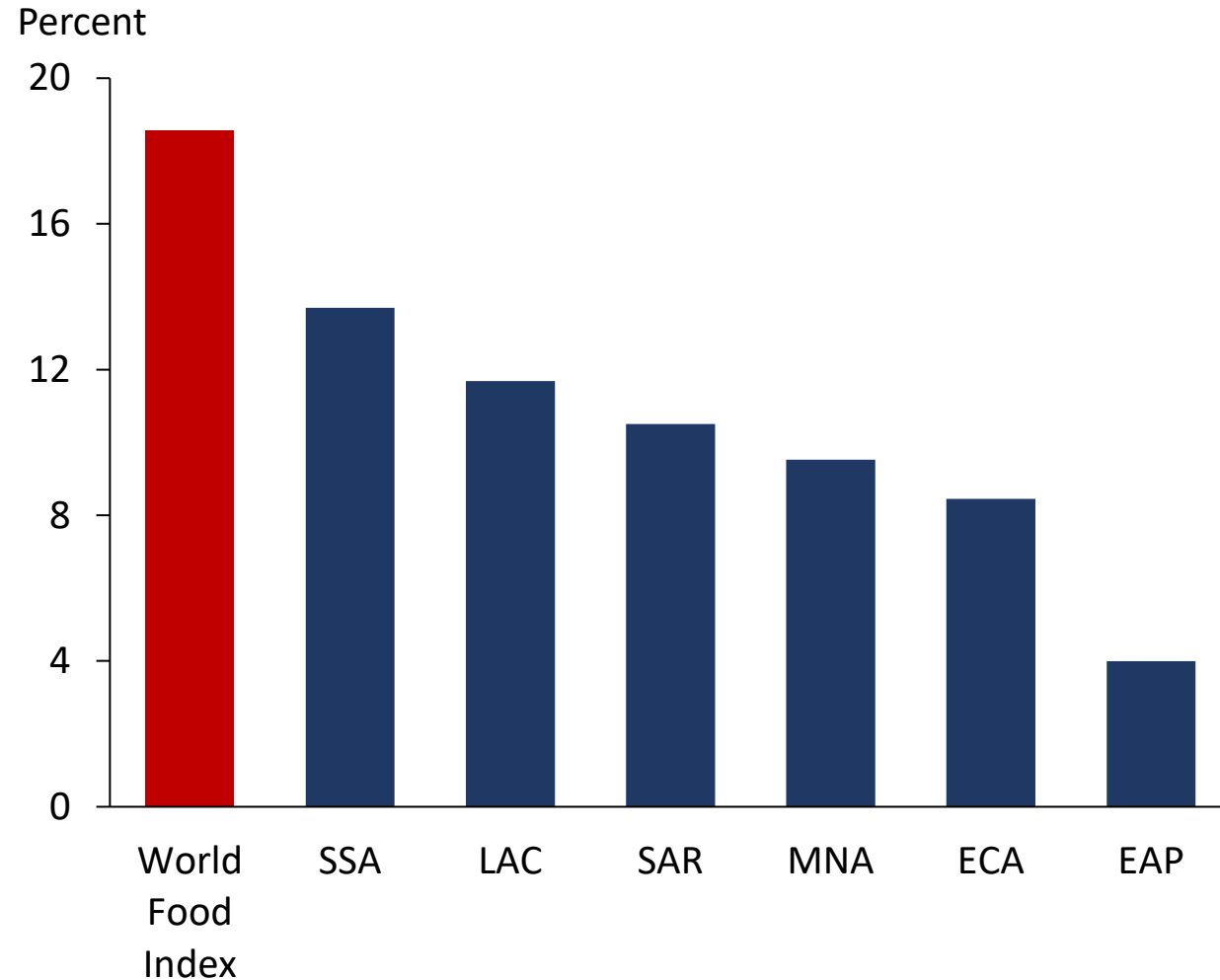
World Bank Commodities Price Forecast (nominal U.S. dollars)

Released: April 26, 2022

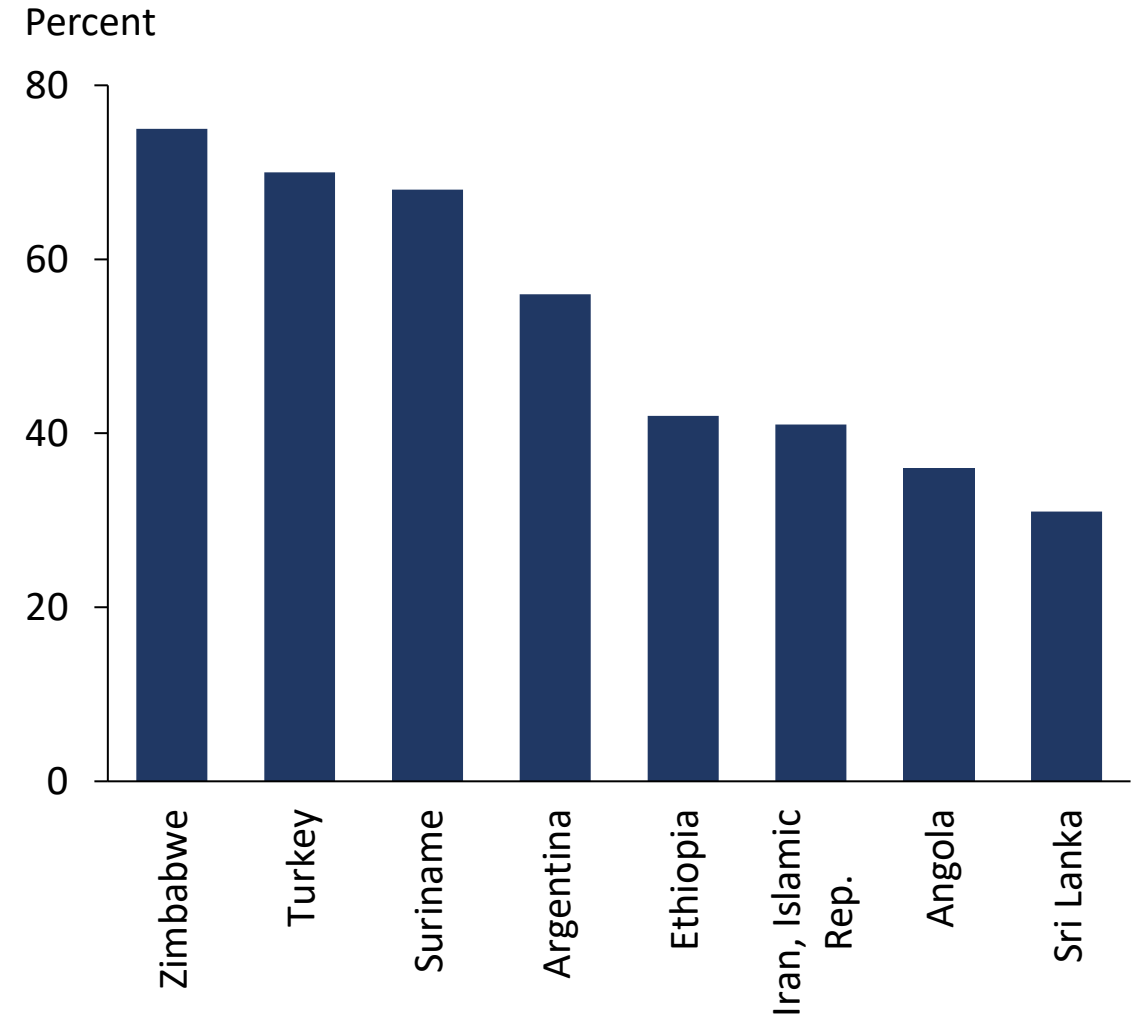
							Percent change from previous year		Differences in levels from October 2021 projections	
Commodity	Unit	2020	2021	2022f	2023f	2024f	2022f	2023f	2022f	2023f
Price indices in nominal U.S. dollars (2010=100)										
Energy a/		52.7	95.4	143.6	125.8	110.8	50.5	-12.4	91.7	30.6
Non-Energy Commodities		84.4	112.0	133.5	121.7	117.8	19.2	-8.8	49.4	11.5
Agriculture		87.5	108.7	127.9	118.0	117.8	17.7	-7.7	40.8	11.7
Beverages		80.4	93.5	103.5	99.7	100.2	10.7	-3.7	23.1	8.7
Food		93.1	121.8	149.7	134.2	133.5	22.9	-10.4	57.2	15.7
Oils and Meals		89.8	127.1	164.9	141.9	140.6	29.7	-13.9	75.1	16.2
Grains		95.3	123.8	149.0	133.6	132.6	20.4	-10.3	55.9	19.0
Other food		95.5	113.1	130.3	124.8	125.1	15.2	-4.2	34.8	12.2
Raw Materials		77.6	84.5	87.2	87.8	88.4	3.2	0.7	9.6	3.6
Timber		86.4	90.4	86.4	89.5	90.8	-4.4	3.6	0.0	-1.7
Other Raw Materials		67.9	78.0	88.1	85.9	85.9	12.9	-2.5	20.2	9.2
Fertilizers		73.2	132.2	223.7	198.3	168.5	69.2	-11.4	150.5	82.2
Metals and Minerals b/		79.1	116.4	134.8	120.6	112.1	15.8	-10.5	55.7	3.1
Base Metals c/		80.2	117.7	143.9	131.9	123.8	22.3	-8.3	63.7	13.3
Precious Metals		133.5	140.2	144.4	131.5	127.0	3.0	-8.9	10.9	-8.7

Food price inflation

World prices and regional averages




EMDEs with highest food price inflation



Source: IMF, Haver Analytics, World Bank.

Notes: EAP = East Asia and 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; EMDE = Emerging Markets and Developing Economies. Bars denote year-on-year inflation (average of December 2021-February 2022).


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Commodity Markets

APRIL 2022



Commodity Markets Outlook
The Impact of the War in Ukraine on Commodity Markets

REPORT

Commodity Markets Outlook
April 26, 2022 — The war in Ukraine has dealt a major shock to commodity markets, altering global patterns of trade, production, and consumption in ways that will keep prices at historically high levels through the end of 2024, according to the World Bank. [Read More »](#)
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Commodity prices April 2022 (PDF)	Commodity Markets Outlook April 2022 (PDF)	The impact of the war in Ukraine on commodity markets April 2022
Monthly prices April 2022 (XLS)	Executive summary April 2022 (PDF)	Urbanization and commodity demand October 2021
Annual prices April 2022 (XLS)	Price forecasts April 2022 (PDF) Charts and data files April 2022 (zip)	Causes and consequences of metal price shocks April 2021 Persistence of commodity shocks October 2020

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RELEASE SCHEDULE

The next Commodity Markets Outlook will be published in October 2022.

Pink sheets are published on the second business day of the month. Next update: May 3, 2022.

NEWS RELEASE (4/26/22)

English
Food and energy price shocks from Ukraine war could last for years

Other languages:
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BLOGS

Pink Sheet
Commodity prices soared further in March —Pink Sheet (4/06/22)

Spring 2022 CMO
The Commodity Markets Outlook in seven charts

Fall 2021 CMO
The Commodity Markets Outlook in eight charts (10/21/21)

Metal prices stabilize amid moderate demand growth and rising input costs (12/29/21)


Beverage market outlook: Spiking prices amid supply concerns (12/22/21)

Precious metals outlook hinges on pandemic fight and monetary policy direction (12/15/21)

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Published on Let's Talk Development

The Commodity Markets Outlook in seven charts

[JOHN BAFFES & PETER NAGLE](#) | APRIL 26, 2022
 This page in: [English](#)



Global natural resources commodity trade. Shutterstock.com/Immersion Imagery

The *Commodity Markets Outlook*, published today, reflects the effects of the conflict in Ukraine and the severity of disruptions to commodity flows.

Commodity prices surged during the first quarter of 2022

The increase in prices reflected the effects of the war in Ukraine as well as continued growth in demand and various constraints on supply. For most commodities, prices are expected to be significantly higher in 2022 than in 2021 and to remain high in the medium term. The outlook for commodity markets depends heavily on the duration of the war in Ukraine and the severity of disruptions to commodity flows, with a key risk that commodity prices could be higher for longer.

Global Economic Prospects

OVERVIEW

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Slowing Growth, Rising Risks



The global recovery is set to decelerate amid continued COVID-19 flare-ups, diminished policy support, and lingering supply bottlenecks. The outlook is clouded by various downside risks, including new virus variants, unanchored inflation expectations, and financial stress. If some countries eventually require debt restructuring, the recovery will be more difficult to achieve than in the past. Climate change may increase commodity price volatility. Social tensions may heighten as a result of the increase in inequality caused by the pandemic. These challenges underscore the need to foster widespread vaccination, enhance debt sustainability, tackle climate change and inequality, and diversify economic activity.

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Commodity Markets Outlook

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