

# *Commodity Markets Outlook: Recent Developments, Outlook, and Risks\**



**WORLD BANK GROUP**

\* This presentation is based on the April 2021 edition of the *Commodity Markets Outlook*

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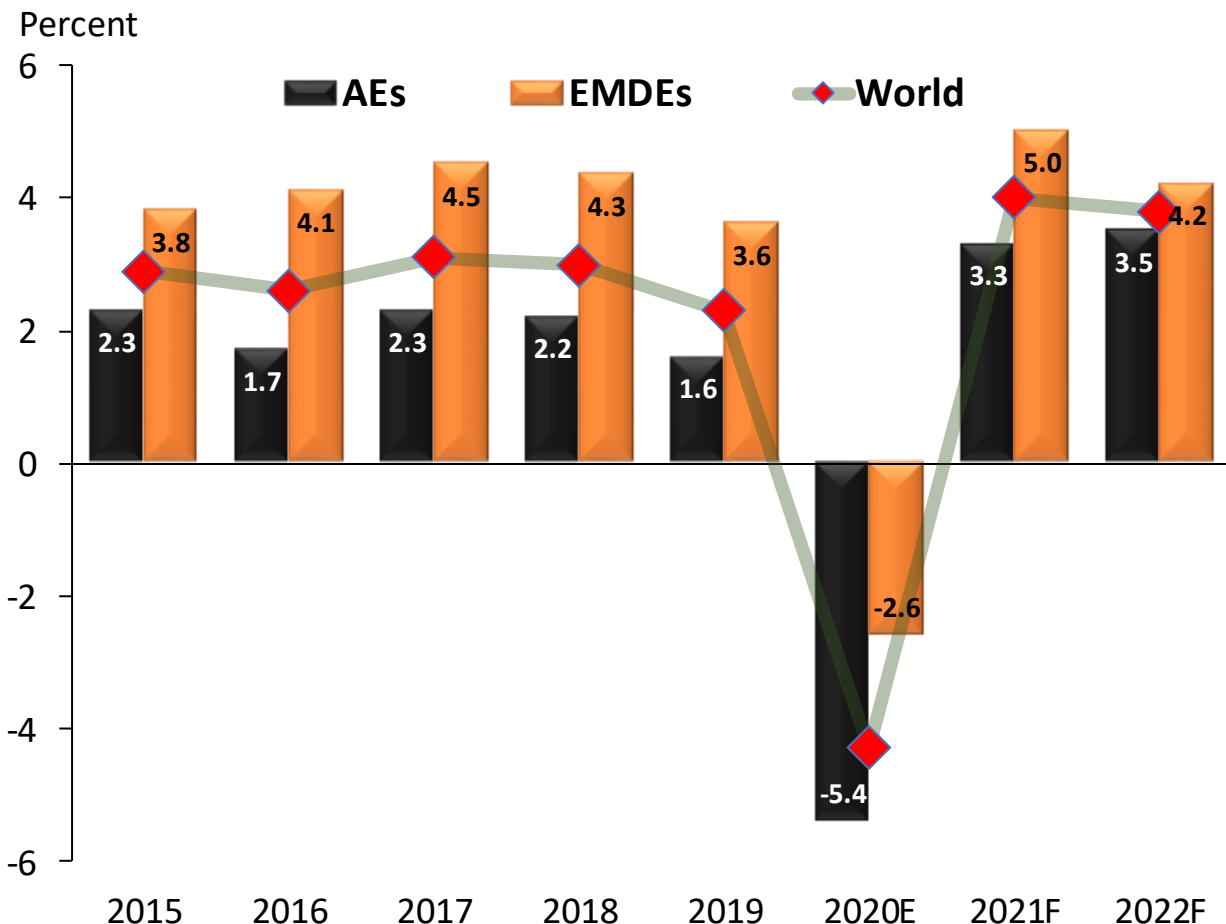
***WORLD BANK MORNING SEMINAR in TOKYO***

TOKYO  
April 22, 2021

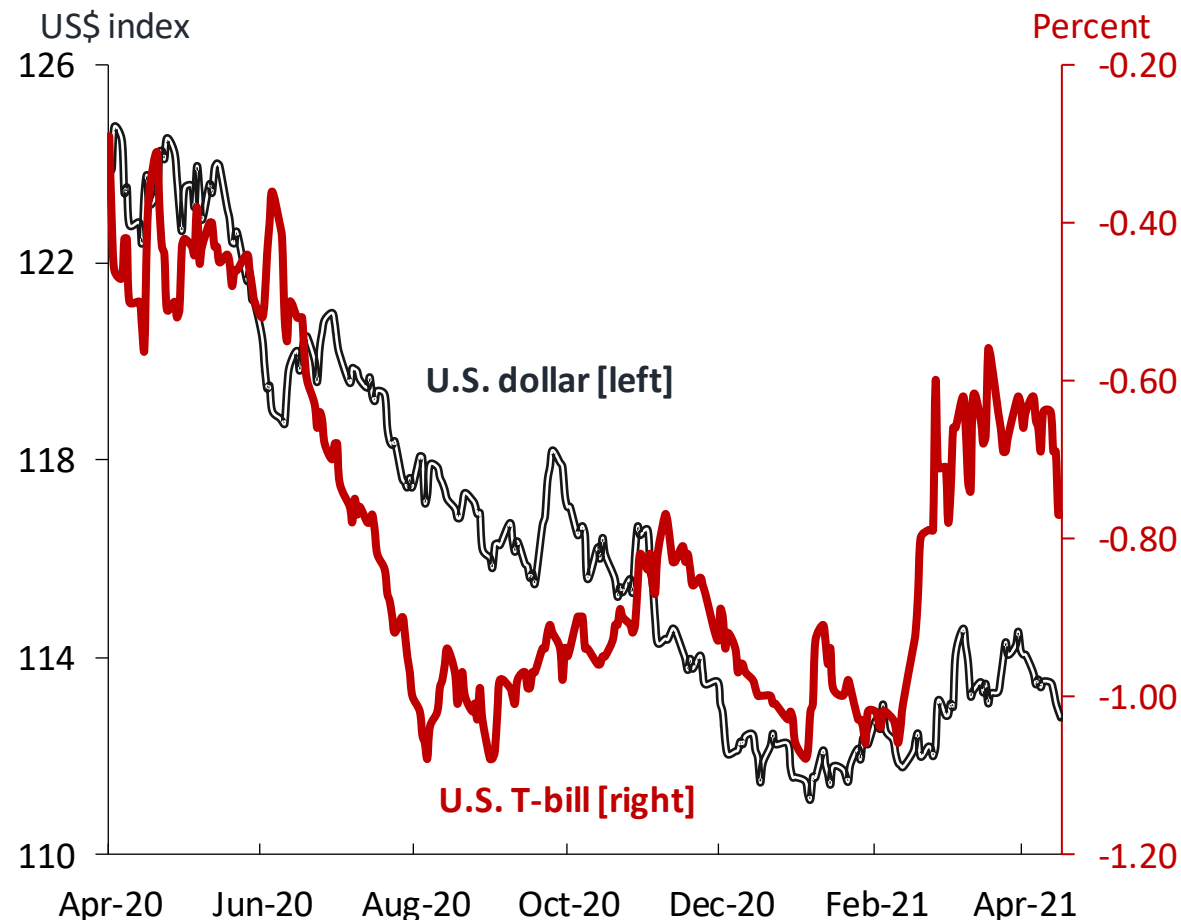
- **Trends**
  - **Global growth and macroeconomic conditions**
  - **Commodity price trends**
- **Commodity markets**
  - **Energy**
  - **Metals**
  - **Agriculture**
- **Price forecasts and risks**

# Global economic prospects and macroeconomic conditions

## Global growth



## Macroeconomic conditions

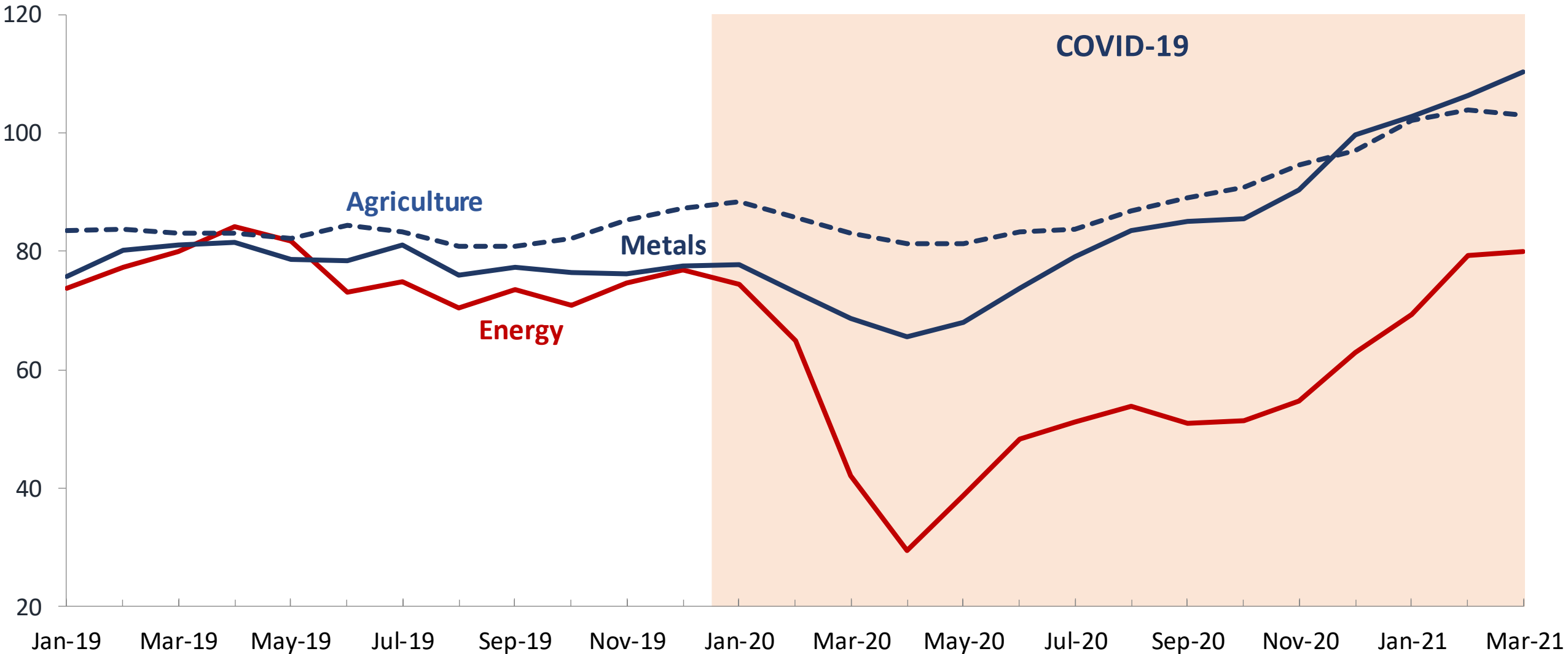


**Source:** World Bank, *Global Economic Prospects* (January 2021 edition) and Federal Reserve Bank of St. Louis.

**Note:** AEs stands for Advanced Economies and EMDEs stands for Emerging Markets and Developing Economies. The US dollar index is a broad trade weighted index for goods and services (DTWEXBGS). The U.S. T-bill is the 10-Year Treasury inflation-indexed security, constant maturity, not seasonally adjusted (DFII10). Last observation is April 16, 2021.

# Commodity prices: Pre- and post-COVID

US\$ index, nominal terms, 2010 = 100

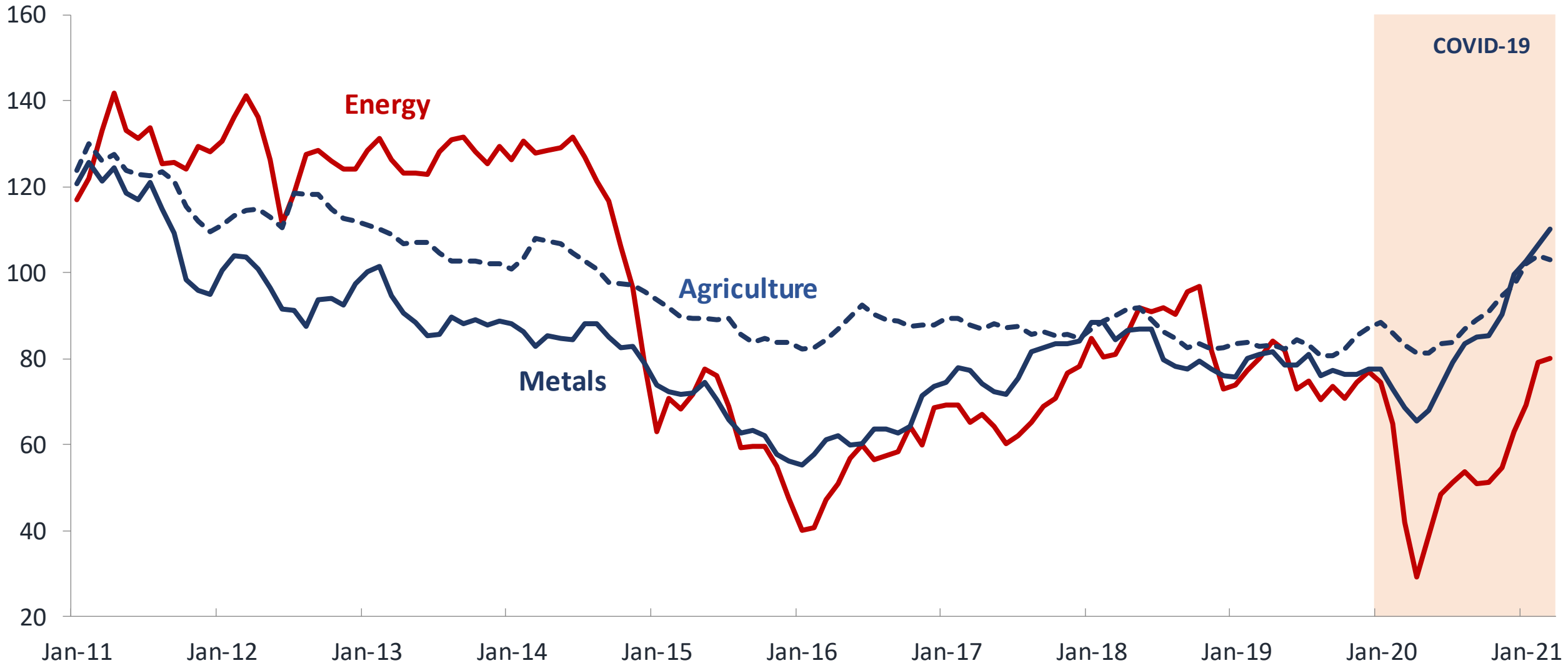


Source: World Bank

Note: The shaded area, COVID-19, corresponds to January 2020 – March 2021 (last observation).

# Commodity prices: Longer term perspective

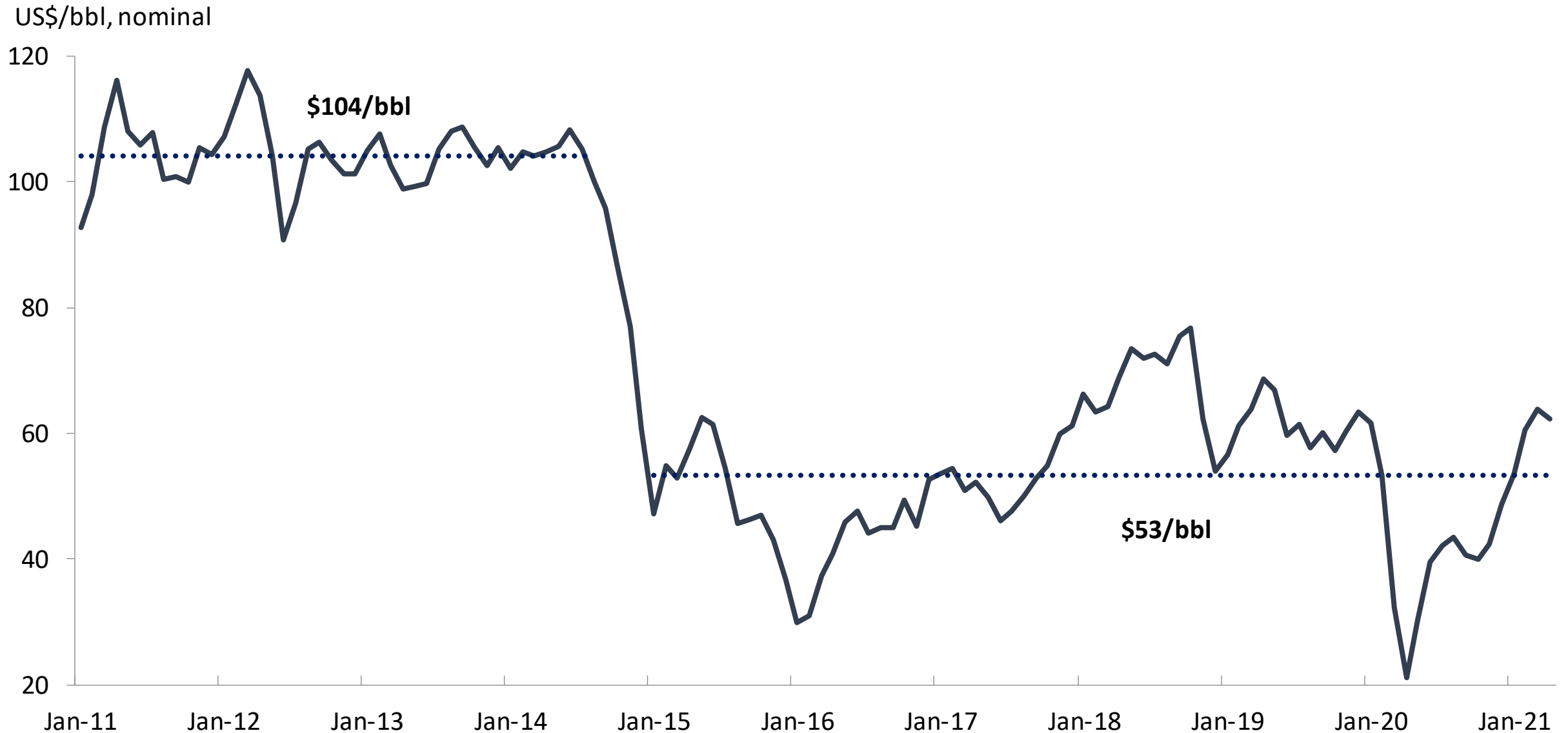
US\$ index, nominal terms, 2010 = 100



Source: World Bank

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

# Oil prices since 2011: A tale of two averages

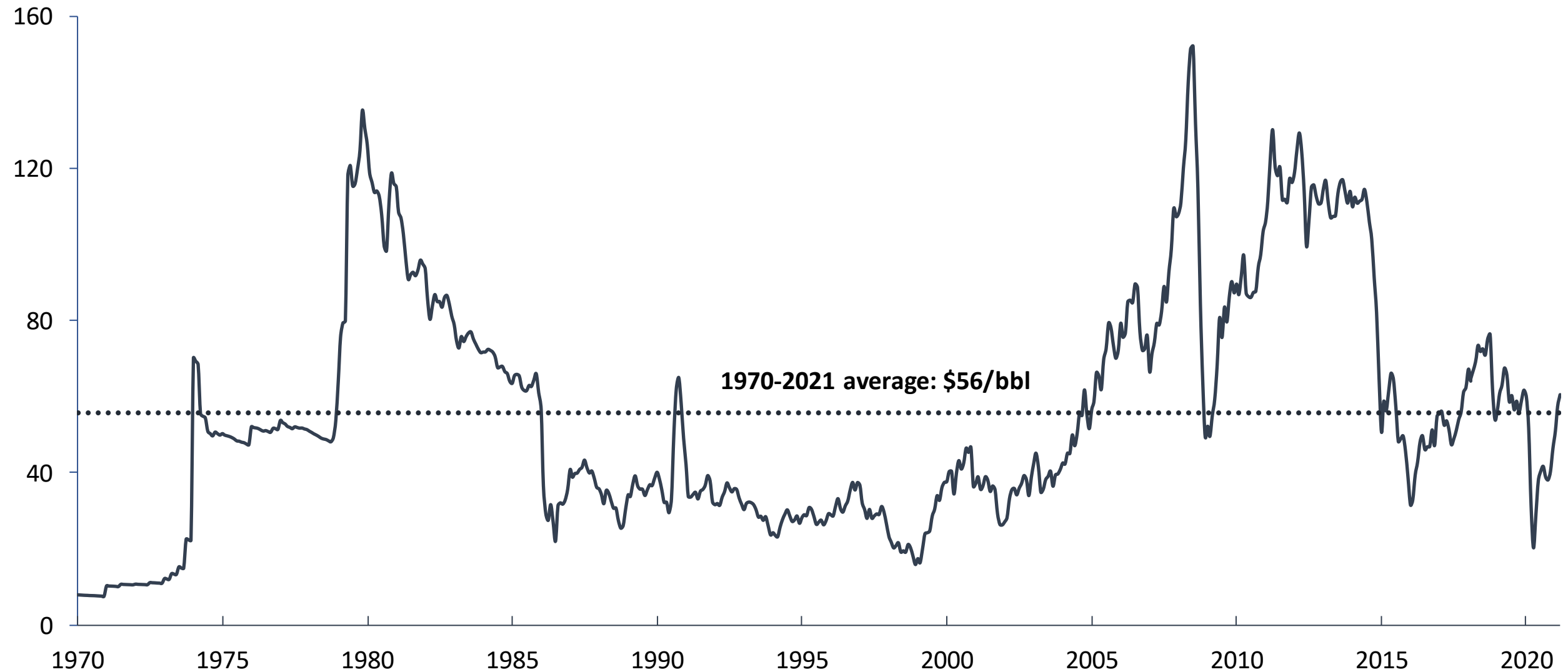


Source: World Bank

Note: The dotted lines represent averages during January 2011 - August 2014 and January 2015 - April 2021 (as of April 21).

# Half a century of real oil prices

US\$/bbl, deflated by U.S. CPI (Jan 2019 = 100)

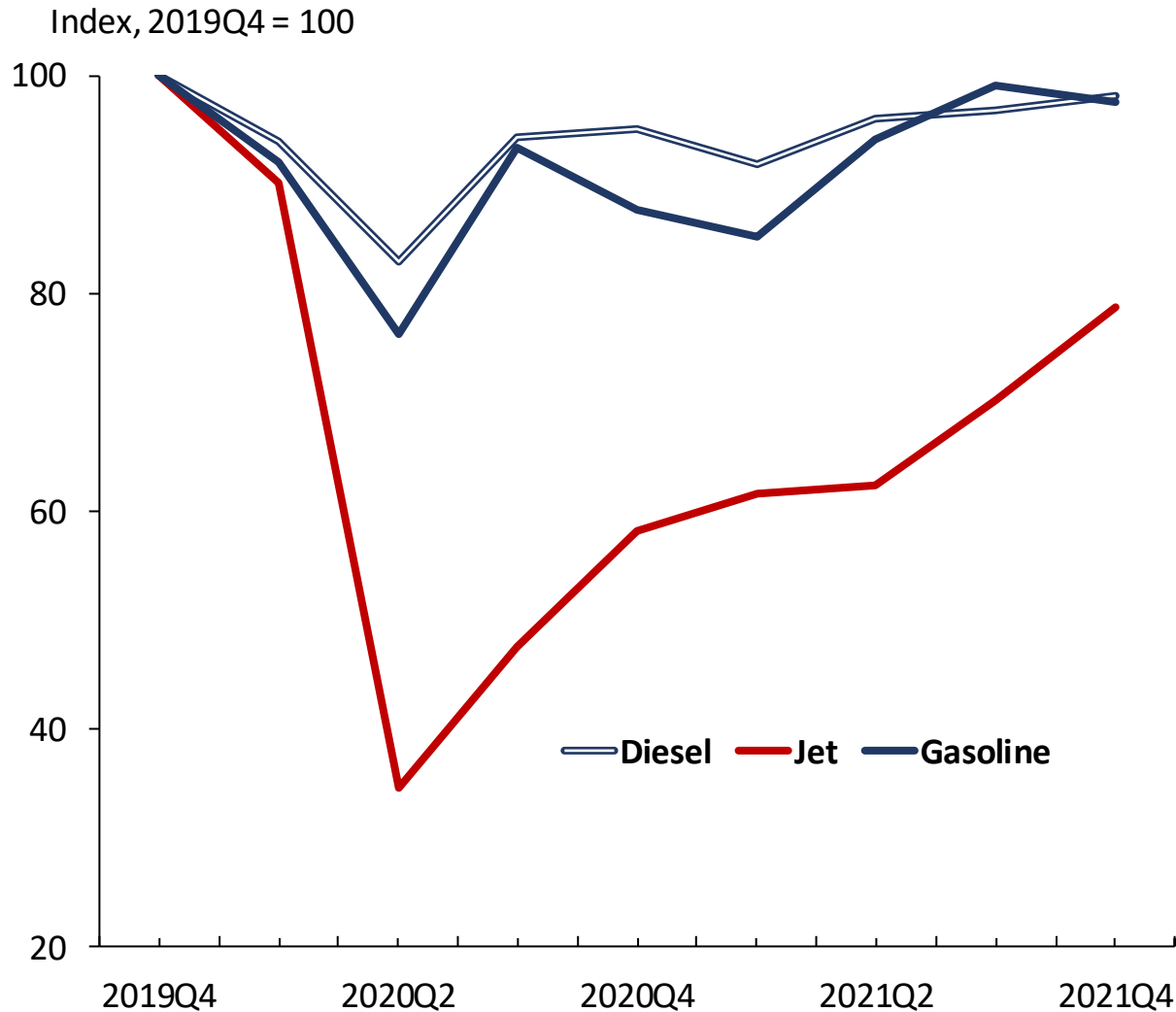


**Source:** World Bank.

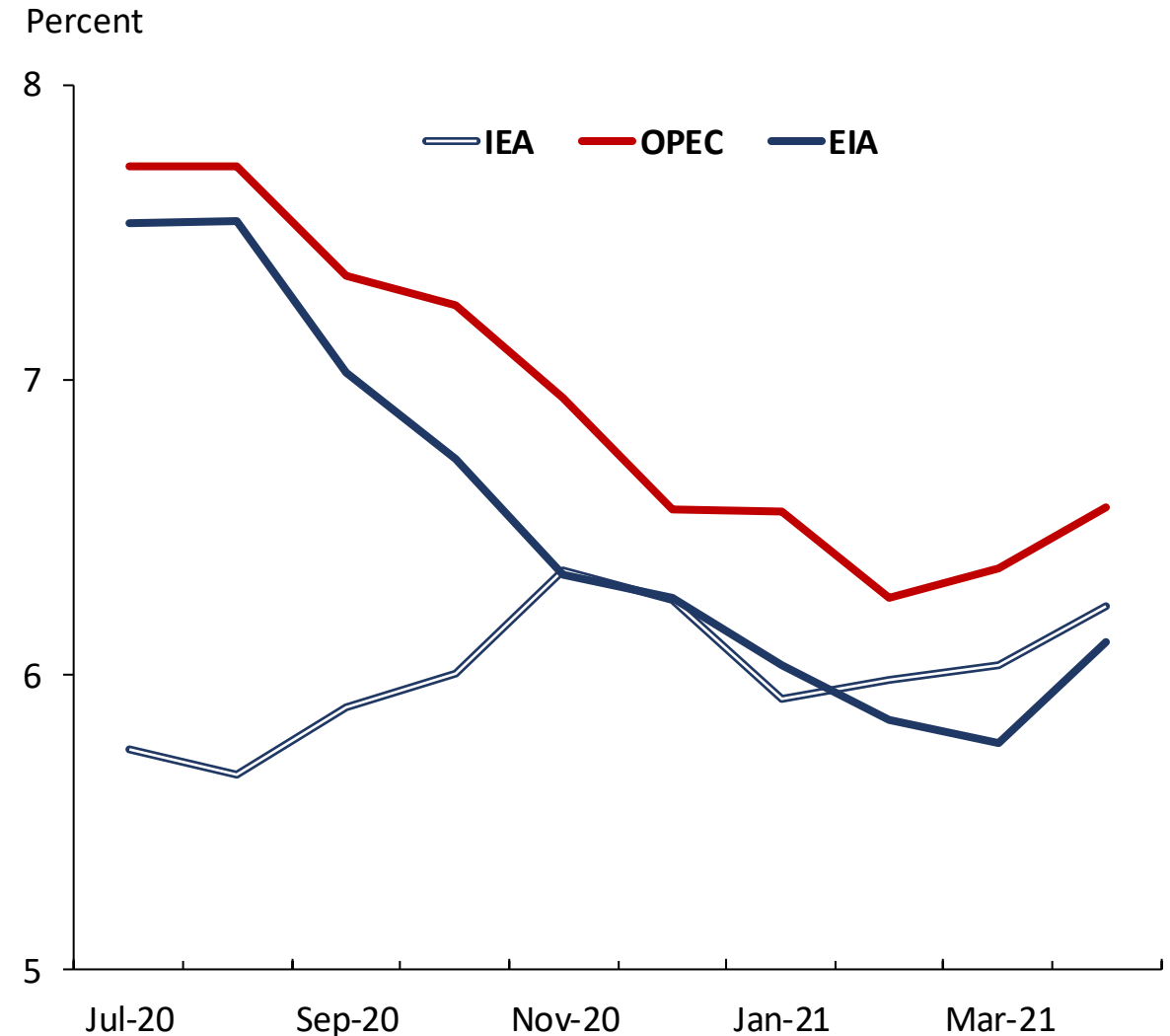
**Note:** Price represents the average Brent, Dubai, and WTI. Last observation is March 2021.

# Oil demand conditions and forecasts

## OECD demand growth by type of fuel



## Evolution of demand forecasts for 2021



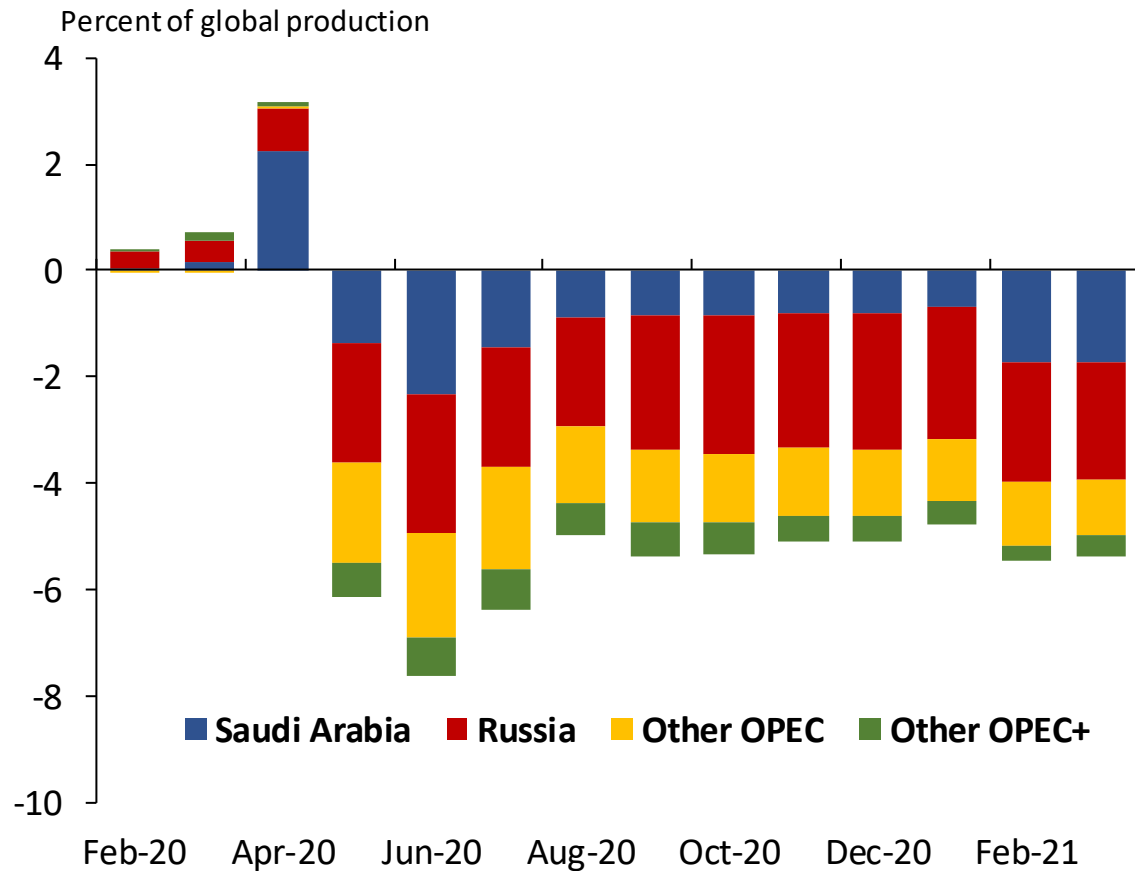
Source: EIA, IEA, OPEC, and World Bank.

Notes: 2021Q2 - Q4 are forecasts (left panel). Last observation is April (right panel).

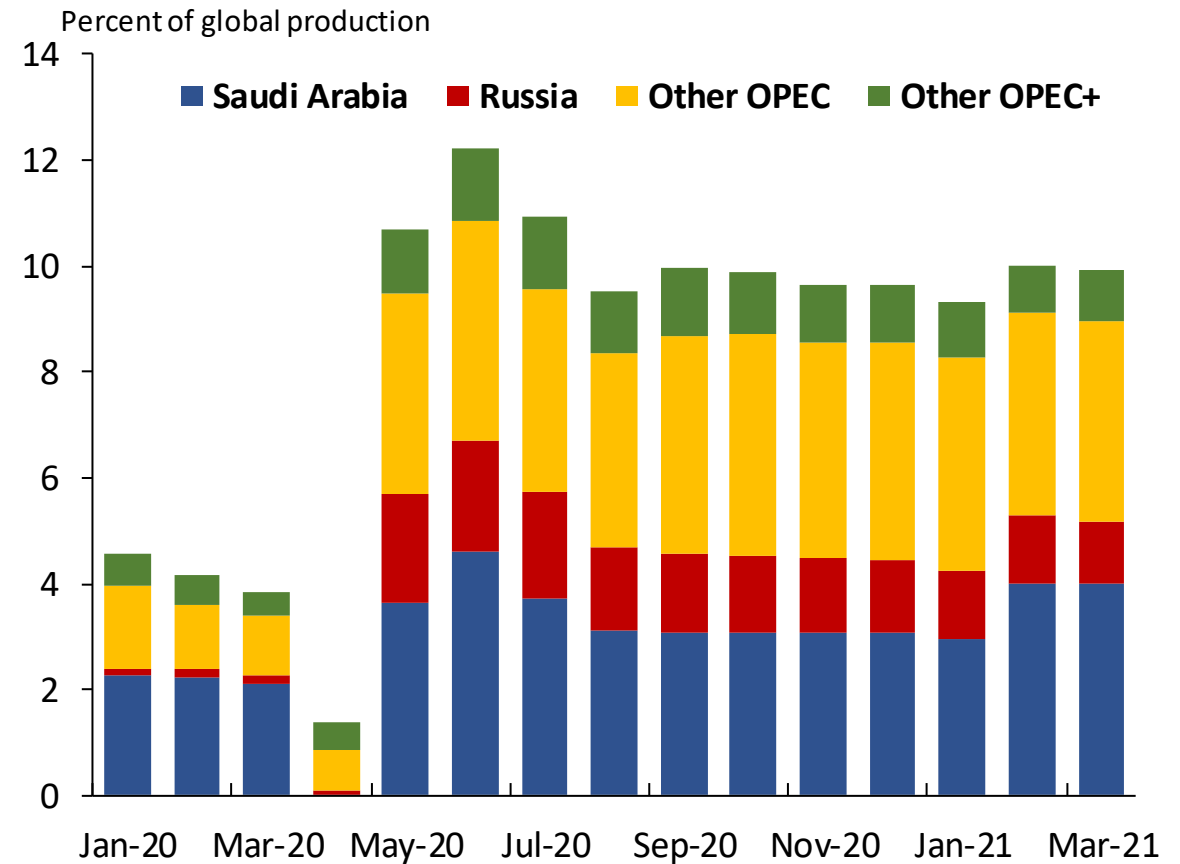


# Oil supply conditions

## OPEC+ production cuts



## OPEC+ spare capacity

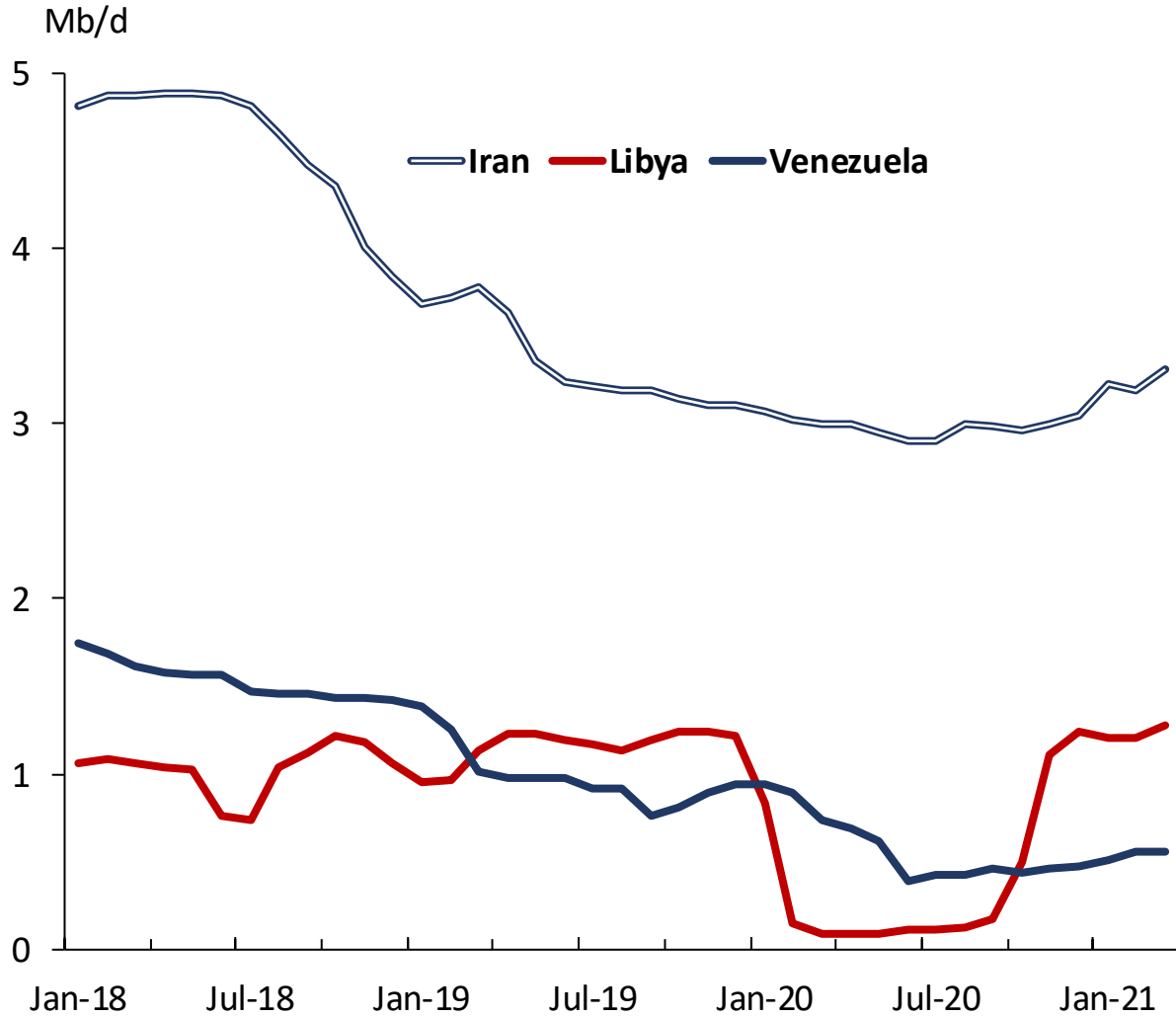


**Source:** EIA, OPEC, World Bank.

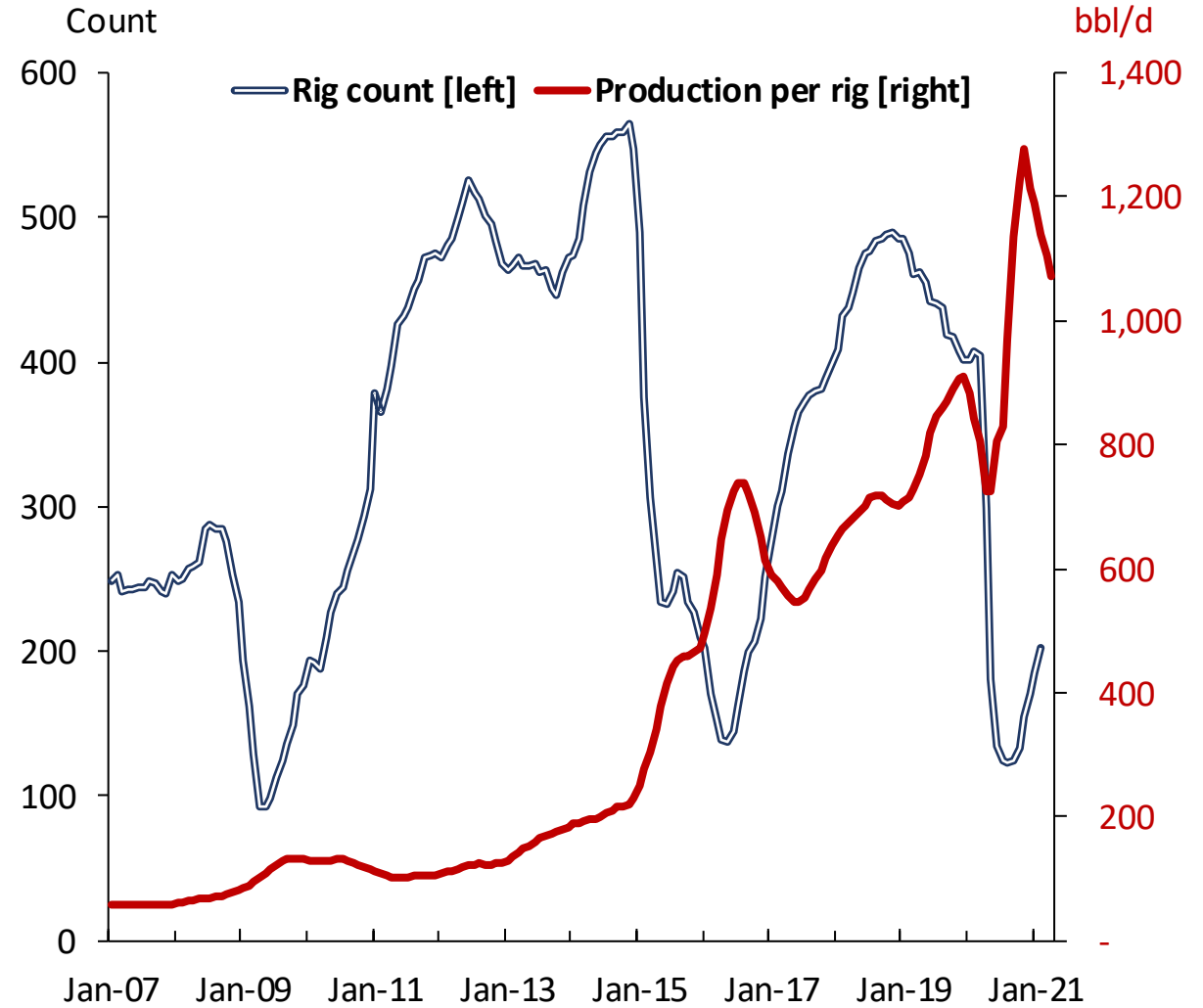
**Notes:** Production cuts are calculated as change in production relative to January 2020 as a share of global production in 2019. “Other OPEC” includes all current OPEC countries except Saudi Arabia, Iran, Libya, and Venezuela—the three latter are exempt from production cuts. “Other OPEC+” includes Azerbaijan, Bahrain, Brunei, Kazakhstan, Malaysia, Oman, South Sudan, and Sudan. Spare production capacity is the difference between the country’s maximum output since January 2018 and its current production level.

# Oil supply conditions, cont.

## Oil production, select OPEC countries



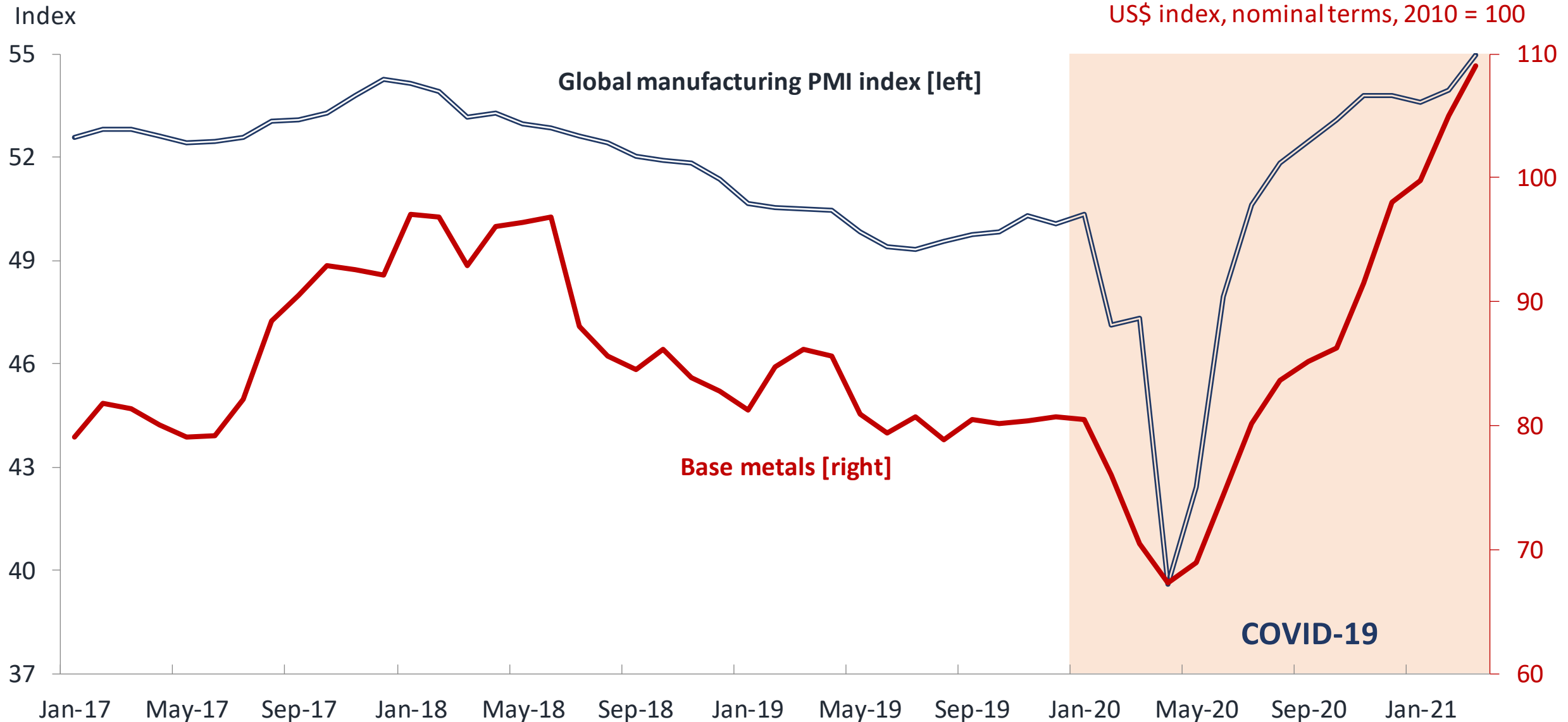
## Rig count in the Permian basin



Source: Baker Hughes, EIA, OPEC, World Bank.

Notes: Oil rig count and oil production per rig in the Permian basin (right panel).

# Metals prices recovered as soon as PMI reversed course

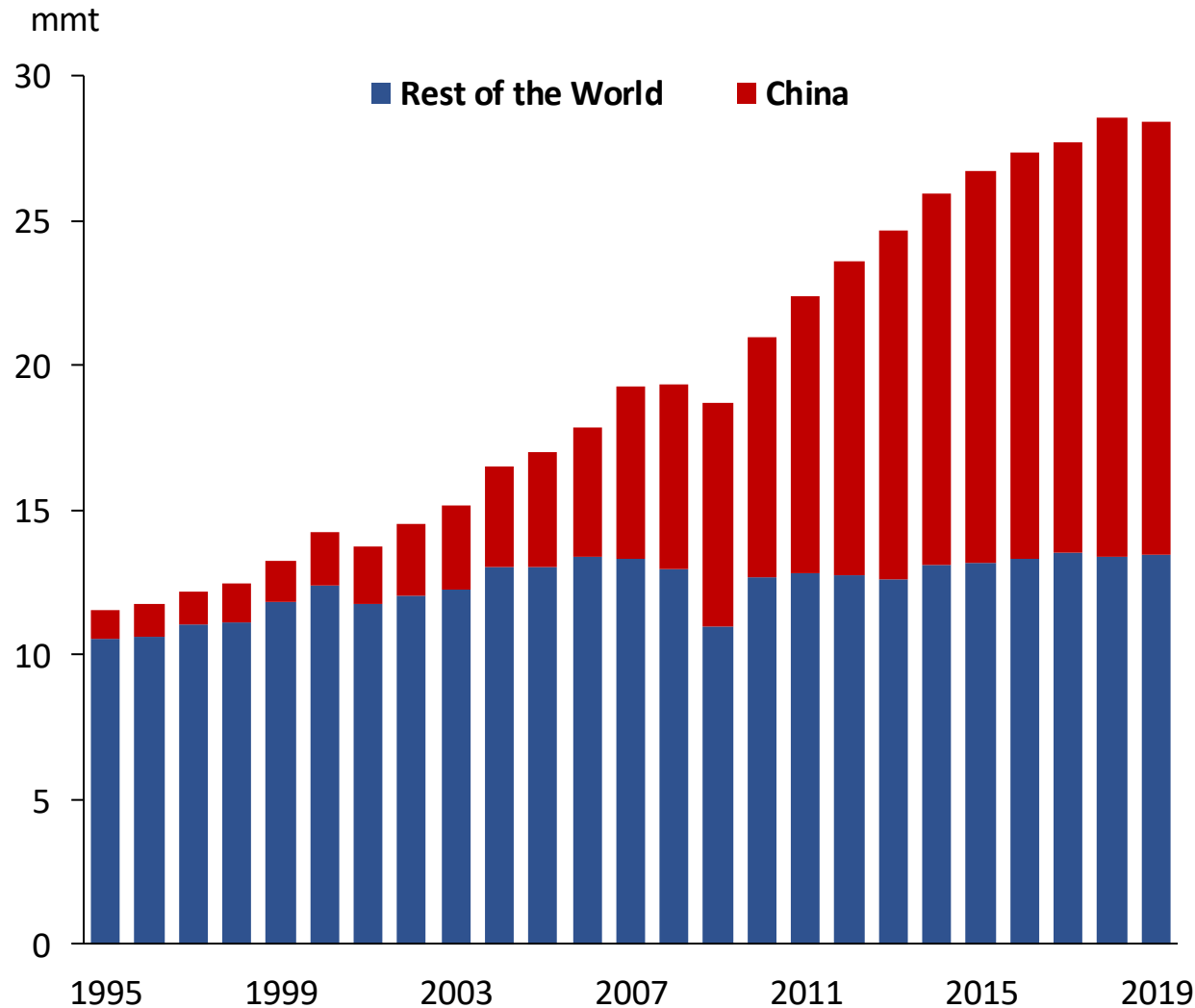


Source: Haver Analytics, World Bank.

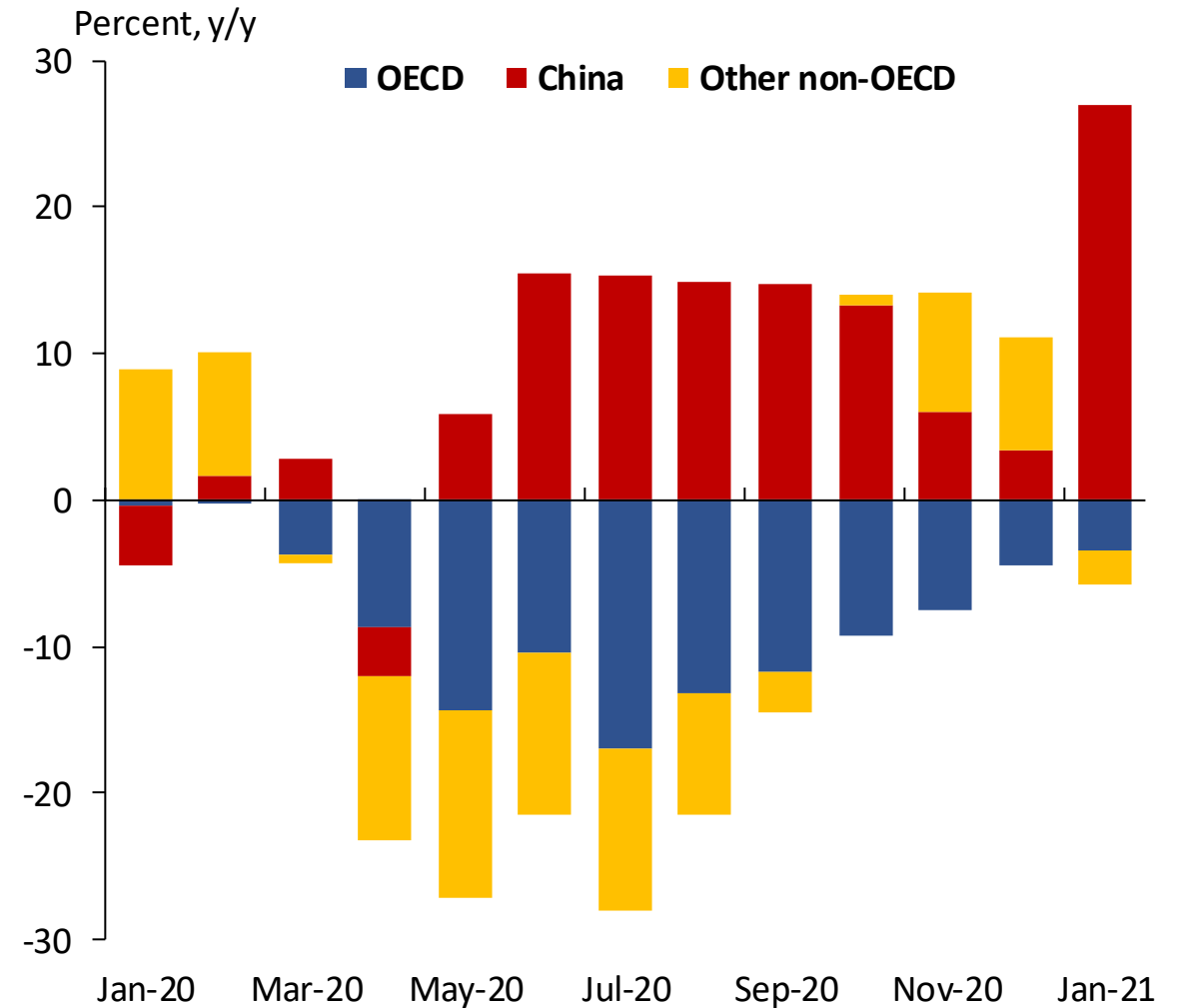
Note: Last observation is March 2021. The base metals price index includes aluminum, copper, lead, nickel, tin, and zinc.

# China dominates metal consumption

## Global metal consumption



## Metal consumption growth

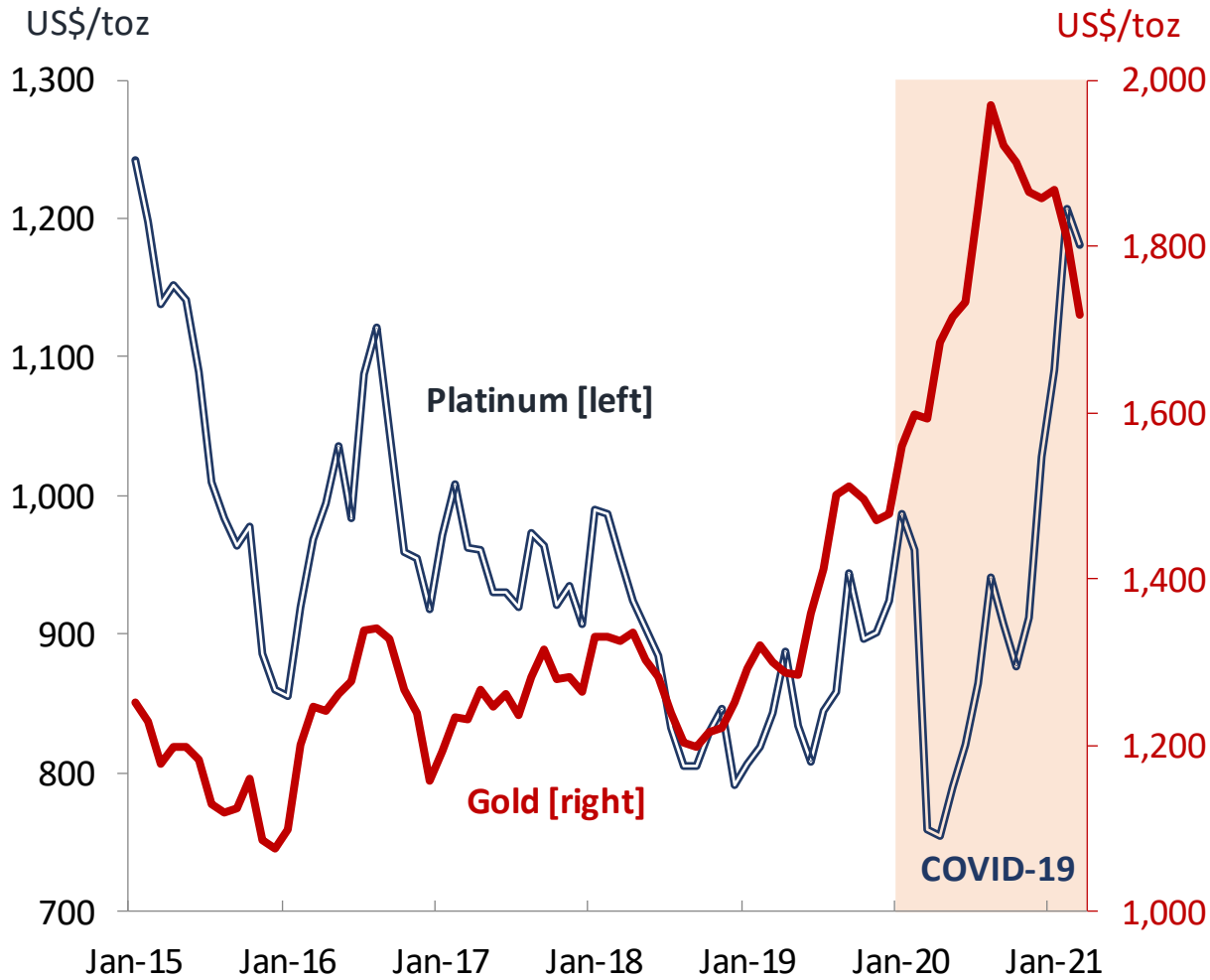


**Source:** World Bank, World Bureau of Metal Statistics, US Geological Survey, British Geological Survey.

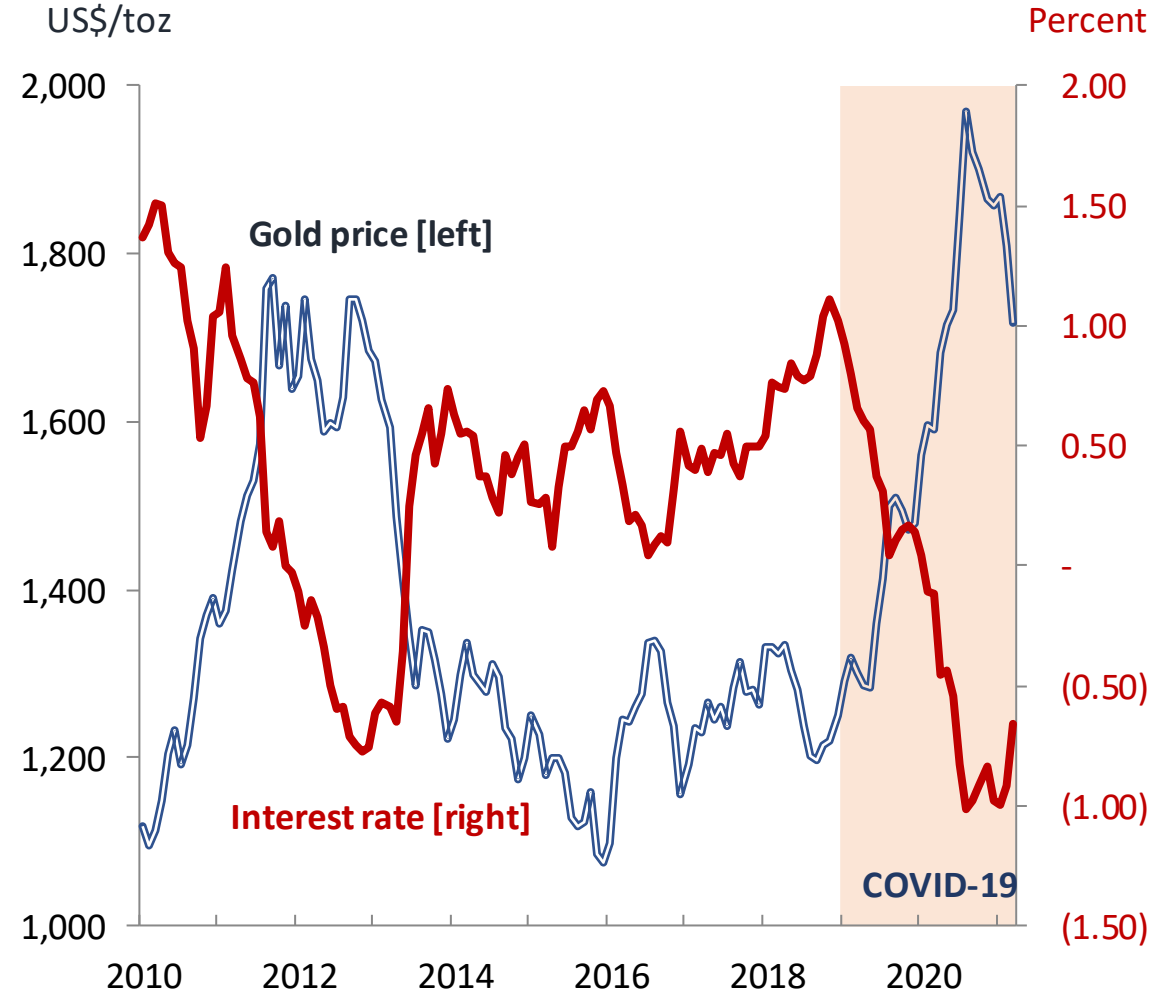
**Notes:** Last observation is 2019 (left panel), January 2021 (right panel).

# Precious metals prices: Diverging trends

## Precious metals prices



## Gold prices and interest rates

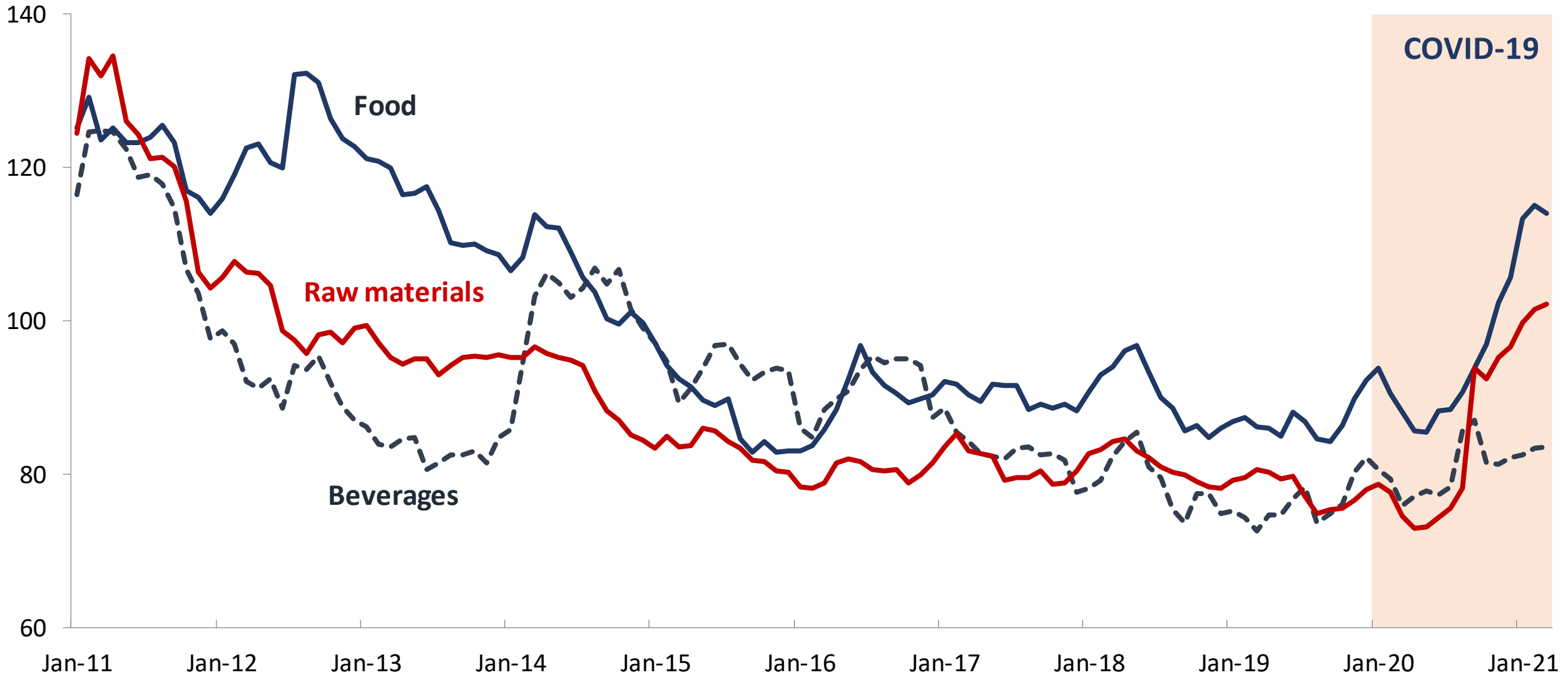


**Source:** Federal Reserve of St. Louis, World Bank.

**Note:** Interest rate is the 10-year U.S. Treasury inflation-indexed security with constant maturity, not seasonally adjusted (DFII10). Last observation is March 2021.

# Agricultural prices: Spiked following 5 years of stability

US\$ index, nominal, 2010 = 100

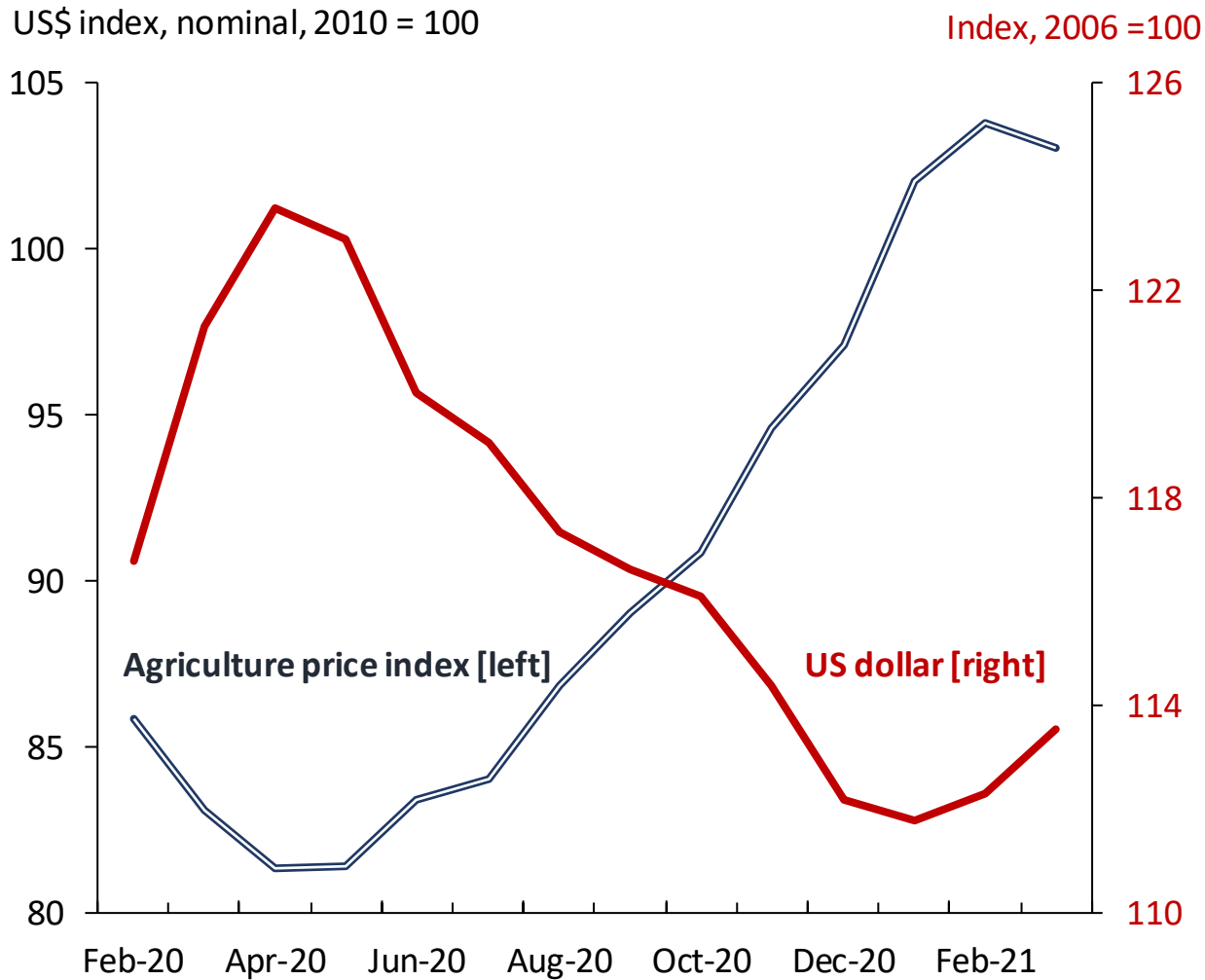


Source: World Bank.

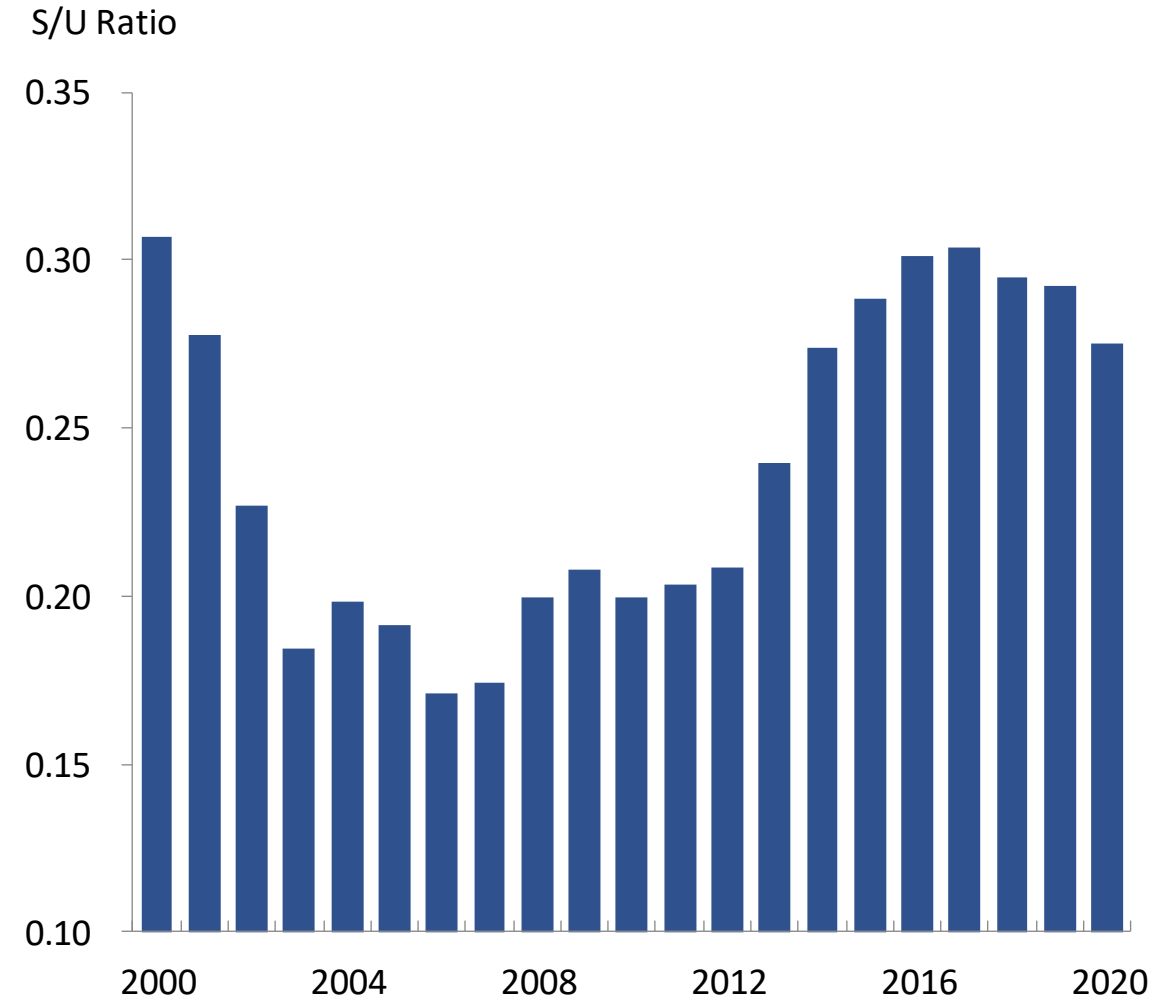
Note: Last observation is March 2021.

# The U.S. dollar and global grain supply/demand conditions

## Agricultural prices and the U.S. dollar



## Aggregate S/U ratio of 12 commodities

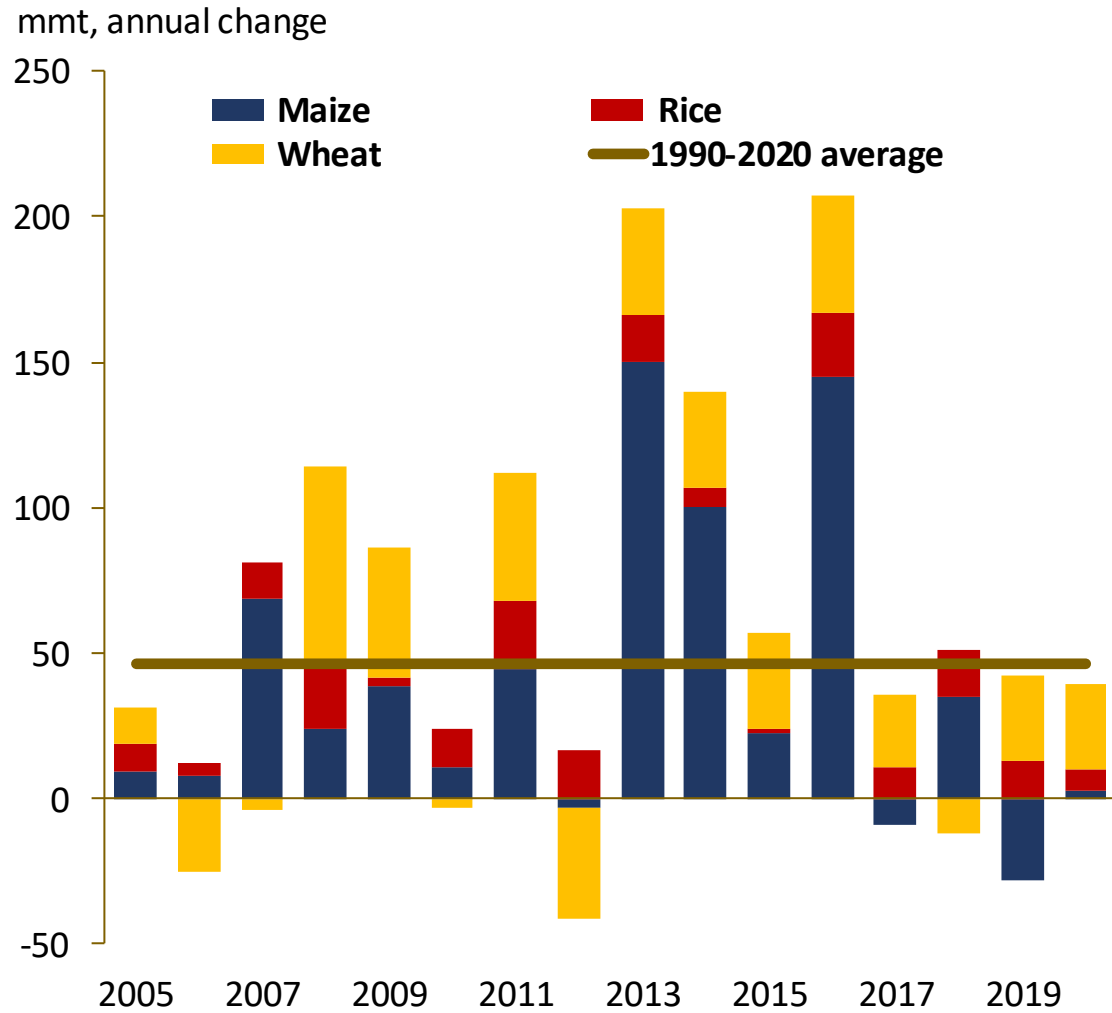


**Source:** Federal Reserve Bank of St. Louis, U.S. Department of Agriculture (April 9, 2021 update), and World Bank.

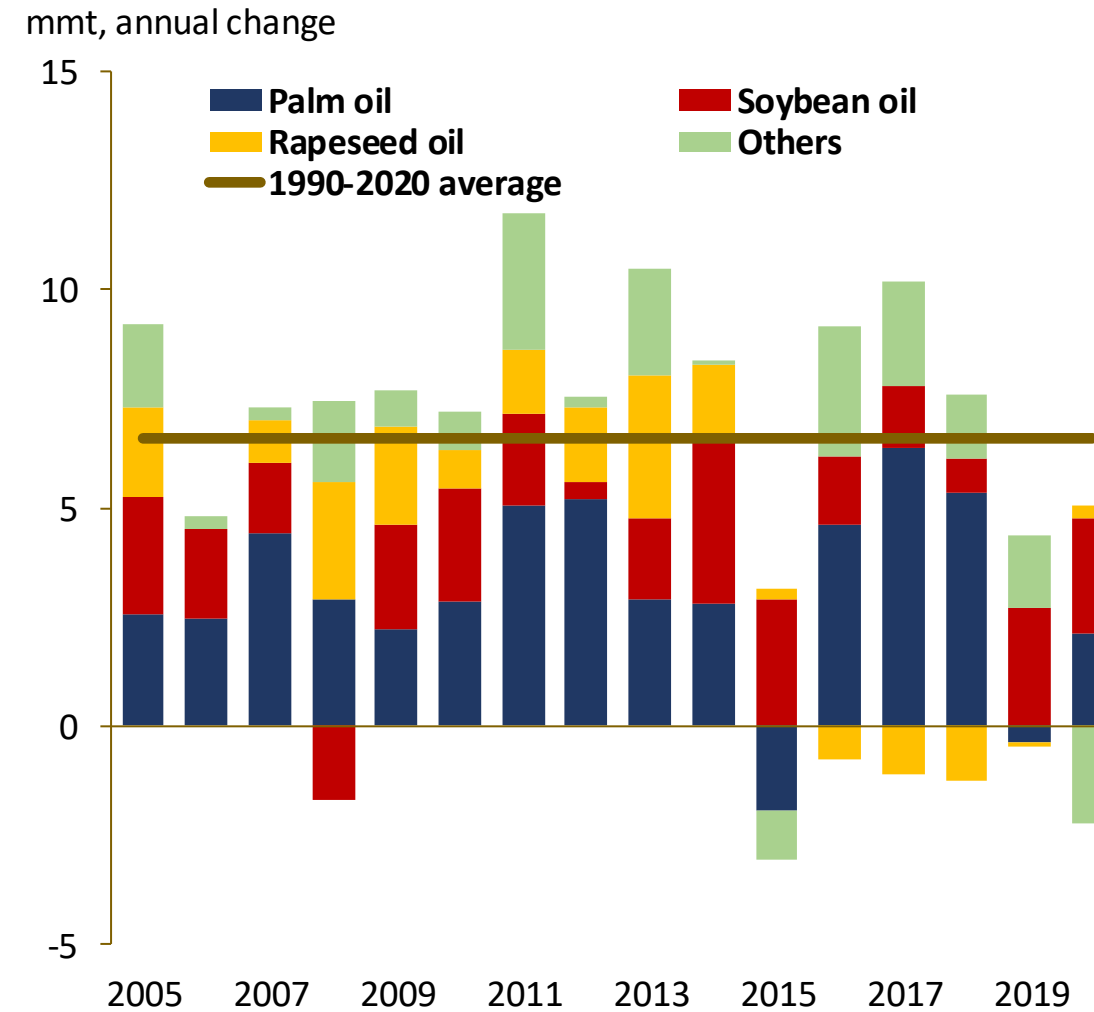
**Notes:** Last observation is March 2021 (left panel). The stocks-to-use ratio (S/U) comprises of 12 grains and edible oils, aggregated according to calorific content. Years denote crop seasons (i.e., 2020 refers to the 2020-21 crop season).

# Food supply growth

## Grains



## Edible oils



Source: U.S. Department of Agriculture (April 9, 2021 update).

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



# Price forecasts

**TABLE 1 Nominal price indexes and forecast revisions**

	Price Indexes (2010=100) <sup>1</sup>					Change (%), q/q		Change (%), y/y		Forecast revision <sup>3</sup>	
	2018	2019	2020	2021f <sup>2</sup>	2022f <sup>2</sup>	2020Q4	2021Q1	2021f <sup>2</sup>	2022f <sup>2</sup>	2021f <sup>2</sup>	2022f <sup>2</sup>
<b>Energy</b>	87	76	52	71	75	8.3	35.3	36.1	6.1	26.8	-5.9
<b>Non-Energy<sup>4</sup></b>	85	82	84	100	97	9.3	11.8	19.0	-3.5	17.3	-5.0
<i>Agriculture</i>	87	83	87	99	100	8.7	9.3	13.5	1.0	12.1	-0.5
<i>Beverages</i>	79	76	80	81	83	-2.5	1.9	1.4	1.6	0.3	0.5
<i>Food</i>	90	87	92	108	109	11.9	12.3	17.1	0.9	15.6	-0.6
<i>Oils and meals</i>	85	77	90	116	117	22.4	12.9	29.0	0.9	27.2	-0.9
<i>Grains</i>	89	89	93	106	107	10.7	17.2	13.8	0.9	12.3	-0.6
<i>Other food</i>	99	98	95	100	101	-0.1	6.8	5.2	0.9	4.2	-0.1
<i>Raw Materials</i>	81	78	78	85	86	6.0	4.2	9.8	0.9	8.1	-0.8
<b>Fertilizers</b>	83	81	73	93	88	4.4	23.5	27.1	-5.0	23.9	-8.2
<b>Metals and Minerals</b>	83	78	79	103	91	11.2	16.0	30.4	-12.1	28.3	-13.4
<b>Precious Metals</b>	97	105	134	134	125	-1.6	-1.9	0.1	-6.8	3.8	-4.9
<b>Memorandum items</b>											
Crude oil (\$/bbl) <sup>5</sup>	68	61	41	56	60	3.8	35.9	35.7	7.1	28.4	-6.5
Gold (\$/toz)	1,269	1,392	1,770	1,700	1,600	-2.0	-4.1	-4.0	-5.9	-2.0	-3.5

Source: World Bank.

Note: (1) Numbers may differ from tables A.1-4 due to rounding. (2) "f" denotes forecasts. (3) Denotes percentage points revision to the growth forecasts from the October 2020 report. (4) The non-energy price index excludes precious metals. (5) Average of Brent, Dubai, and WTI. See Appendix C for definitions of prices and indexes.

## ➤ **Energy**

- *Response of U.S. shale (?)*
- *OPEC+ cohesion (-)*
- *Demand weakening due COVID resurgence (-)*

## ➤ **Metals**

- *China's withdrawal of stimulus (-)*
- *U.S. proposed infrastructure bill (+)*

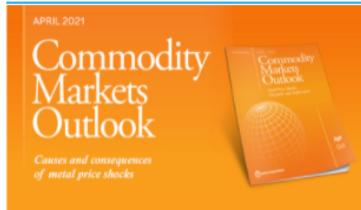
## ➤ **Agriculture**

- *Energy prices, input costs (?)*
- *Biofuels, medium term due to energy transition (+)*

## Commodity Markets

FEATURED

< 1 / 2 >



REPORT

### Commodity Markets Outlook

**April 20, 2021** — Commodity prices continued their recovery in the first quarter of 2021 and are expected to remain close to current levels throughout the year, lifted by the global economic rebound and improved growth prospects, the World Bank said. [Read More >](#)

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PUBLICATIONS AND DATA ARCHIVES (ANALYSIS) ARCHIVES (DATA)

"Pink Sheet" Data	Commodity Markets Outlook <b>New!</b>	Special Topics
<a href="#">Commodity prices</a> April 2021 (PDF)	<a href="#">Commodity Markets Outlook</a> April 2021 (PDF)	<a href="#">Causes and consequences of metal price shocks</a> April 2021
<a href="#">Monthly prices</a> April 2021 (XLS)	<a href="#">Executive summary</a> April 2021 (PDF)	<a href="#">Persistence of commodity shocks</a> October 2020
<a href="#">Annual prices</a> April 2021 (XLS)	<a href="#">Price forecasts</a> April 2021 (PDF)	<a href="#">A shock like no other: The impact of COVID-19 on commodity markets</a> April 2020
	<a href="#">Charts and data files</a> April 2021 (zip)	<a href="#">Set up to fail? The collapse of commodity agreements</a> April 2020

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### RELEASE SCHEDULE

The next Commodity Markets Outlook will be published in October 2021.

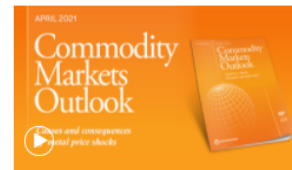
Pink sheets are released on the second business day of the month. Next release: May 4, 2021.

### NEWS

News release, English (04/20/21): [Commodity prices to stabilize after early 2021 gains, supported by global economic recovery](#)

Other languages: العربية | 中文 | Français | 日本語 | Português | Español | Русский

### VIDEO



VIDEO  
[Video | Commodity Markets Outlook April 2021: Causes and Consequences of Metal Price Shocks](#)

### BLOGS

Pink Sheet  
[Commodity prices stabilized in March—Pink Sheet \(4/8/21\)](#)

Blogs from April report  
[The Commodity Markets Outlook in eight charts](#)

Published on Voices

## The Commodity Markets Outlook in eight charts

JOHN BAFFES & PETER NAGLE | APRIL 20, 2021

This page in: [English](#) | [Español](#) | [中文](#) | [العربية](#)

### 1. Almost all commodity prices are higher than before the pandemic

Nearly all commodity prices rose in the first quarter of the year, and most are now above pre-pandemic levels. The gains have been driven by the recovery in global economic activity, as well as some specific supply factors, particularly for oil, copper, and some food commodities.

### Commodities price indexes, monthly



Source: World Bank • [Embed this chart](#) • [Download image](#)

## Global Economic Prospects

OVERVIEW

FOREWORD

OUTLOOK

TOPICAL ISSUES

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### Subdued Global Economic Recovery



Although global economic output is recovering from the collapse triggered by COVID-19, it will remain below pre-pandemic trends for a prolonged period. The pandemic has exacerbated the risks associated with a decade-long wave of global debt accumulation. It is also likely to steepen the long-expected slowdown in potential growth over the next decade. In his Foreword, World Bank Group President David Malpass notes that “Making the right investments now is vital both to support the recovery when it is urgently needed and foster resilience. Our response to the pandemic crisis today will shape our common future for years to come. We should seize the opportunity to lay the foundations for a durable, equitable, and sustainable global economy.”

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