

RBC COMMODITY PRICE MONITOR

November 2009

RBC commodity price index surges in October on broad-based gains

RBC's commodity price index jumped by 7.5% in October from the previous month, driven by increases across all commodity groupings. The index excluding energy commodities rose by 3.2%. The strong rise in RBC's overall commodity price index more than reverses September's 2.5% decrease and pushed the index to its highest level of the year. Relative to 12 months ago, the overall index and the index excluding energy are down 10.6% and 4.9%, respectively.

▲ The **energy products sub-index** increased by 13.5% in the month as all energy commodity prices rose, led by a 33.6% surge in the price of natural gas and a 9.2% rise in crude oil prices. Although the sub-index sat at its highest level so far this year, it was 16.9% below year-ago levels.

▲ The **agricultural products sub-index** increased for the first time since May, rising by 1.5% on higher field crop prices, which more than offset declines in the prices of livestock. The sub-index was down 10.8% on a year-over-year basis.

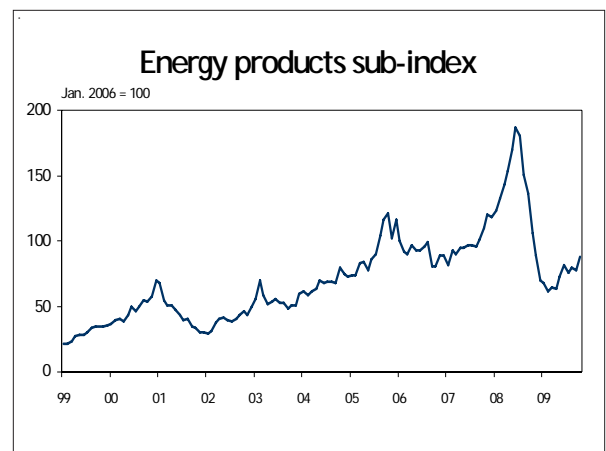
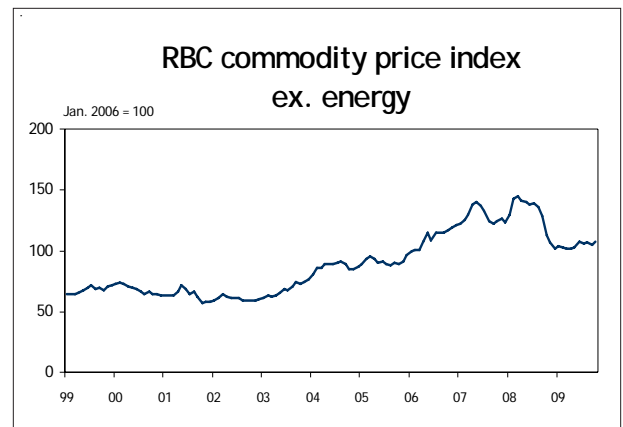
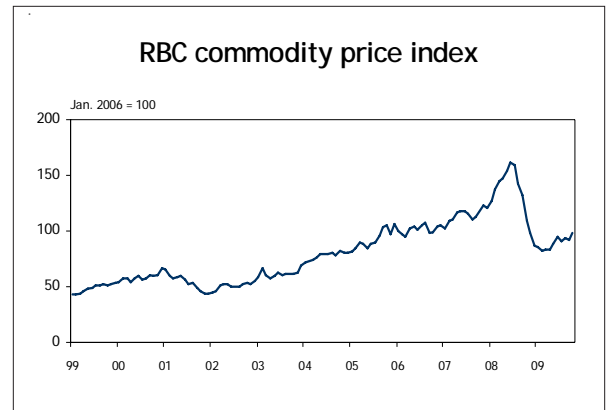
▲ The **forest products sub-index** rose by 2.8% in October from the previous month as the prices of lumber, pulp and newsprint all moved higher. The increase pushed the sub-index to its highest level of 2009; however, it continues to linger near six-year lows and was down 12.2% compared to the same month last year.

▲ The **non-precious metals and minerals sub-index** increased by 3.4% in October, mostly undoing the previous month's decline. All commodities in the grouping rose, with zinc and nickel seeing the largest increases, up by 10% and 6%, respectively. The sub-index was down 6.7% compared to the same month last year.

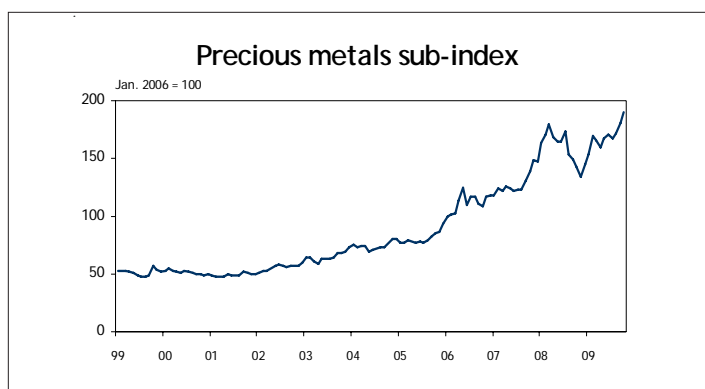
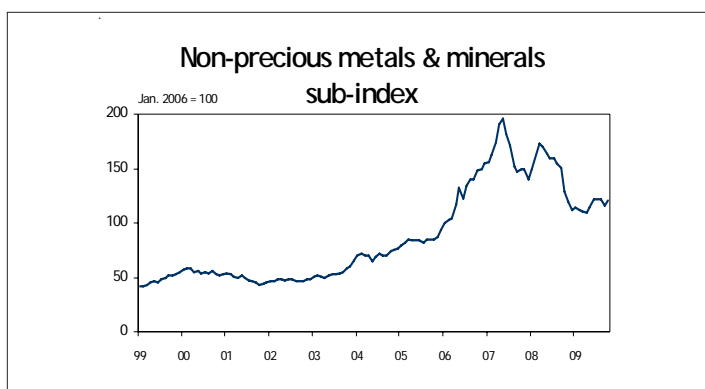
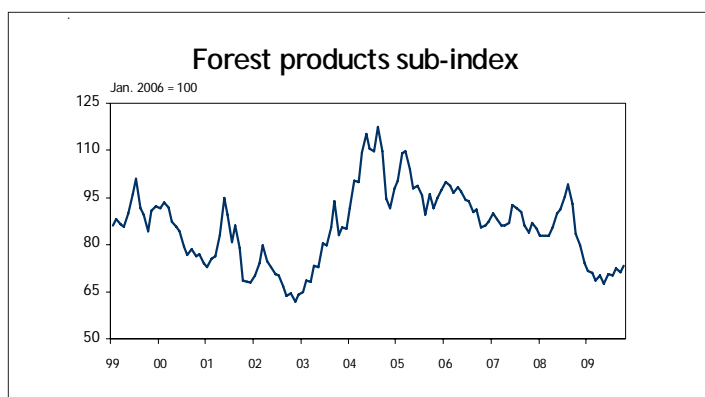
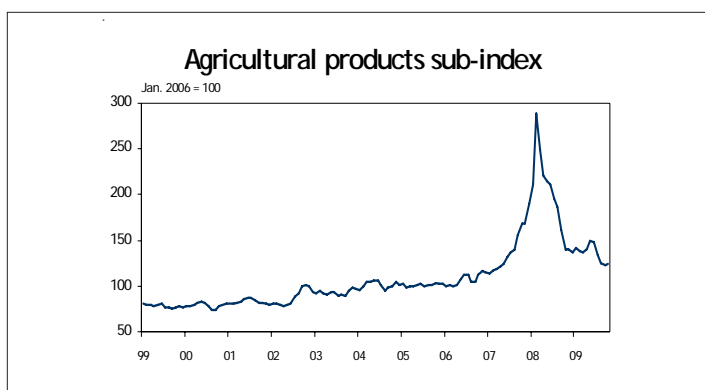
▲ The **precious metals sub-index** set a record high for the second consecutive month, gaining 4.7% from September. Both gold and silver posted strong increases, with the former reaching another all-time high of US\$1,043 per troy ounce. The sub-index was up 32.2% on a year-over-year basis.

RBC's commodity price index is a fixed-weighted index of spot or transaction prices of 21 of the top exported Canadian-produced commodities. The weight of each commodity in the overall index and various sub-indices is determined by its average share of export values from 2005 to 2007.

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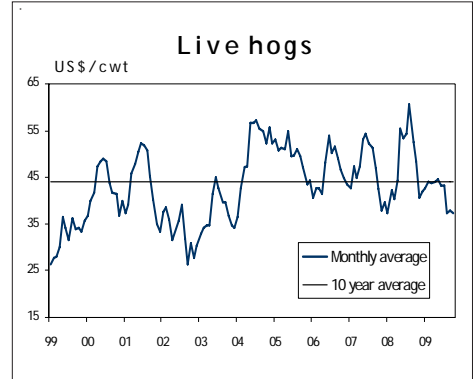
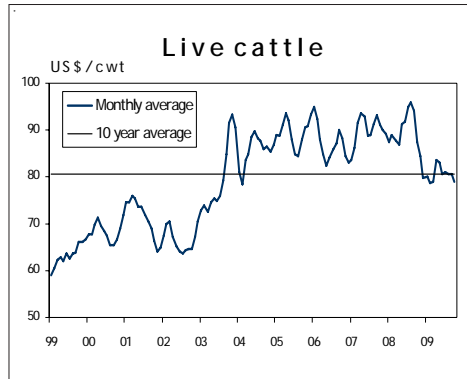
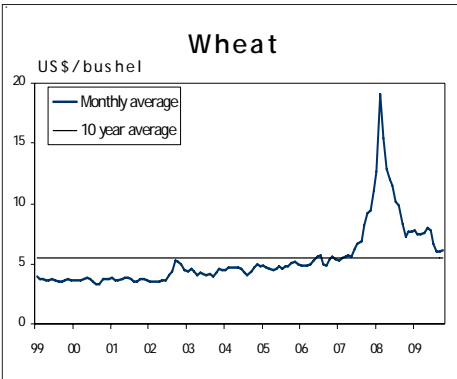
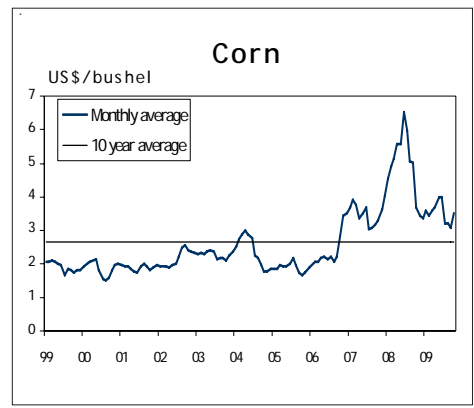
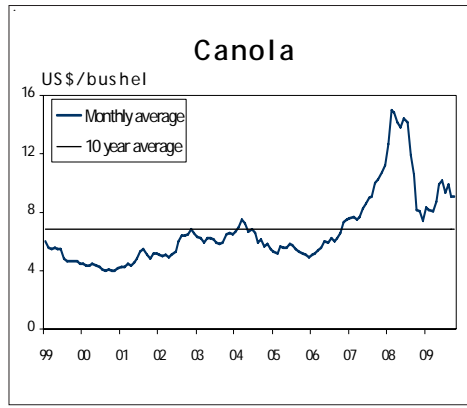
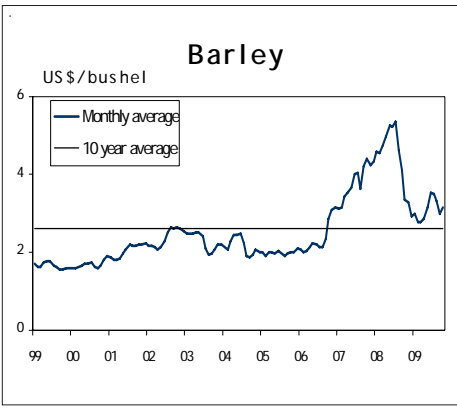
RBC commodity price sub-indices



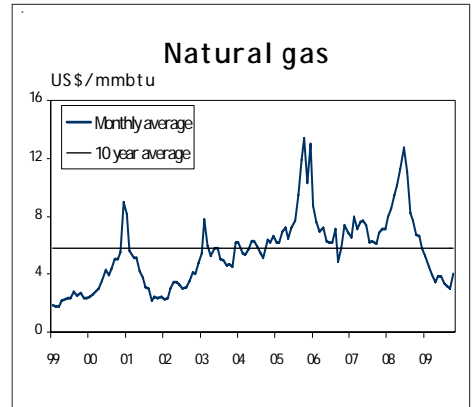
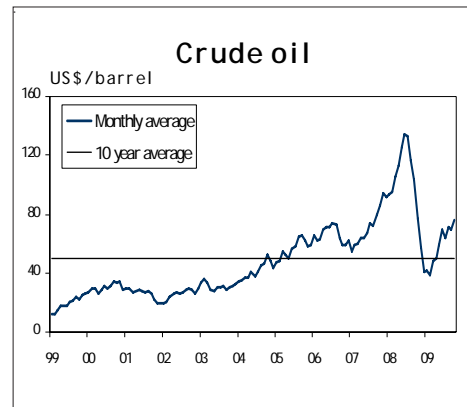
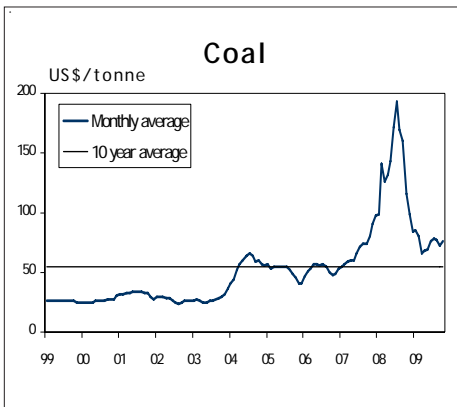
RBC commodity price index

	Period averages								
	2006	2007	2008	Q1-09	Q2-09	Q3-09	Aug-09	Sep-09	Oct-09
Indices									
RBC commodity price index	101.6	114.4	133.4	83.7	88.7	91.9	93.5	91.2	98.0
<i>Month-over-month/quarter-over-quarter % change</i>				-14.5	6.0	3.6	2.7	-2.5	7.5
<i>Year-over-year % change</i>	9.6	12.7	16.6	-38.6	-42.5	-36.6	-34.6	-31.3	-10.6
RBC commodity price index ex. energy	111.3	128.9	130.1	102.3	104.0	105.6	106.6	104.3	107.6
<i>Month-over-month/quarter-over-quarter % change</i>				-4.7	1.6	1.6	0.6	-2.1	3.2
<i>Year-over-year % change</i>	21.8	15.8	0.9	-26.6	-25.4	-21.5	-21.5	-19.1	-4.9
Sub-indices (overall index weight)									
Agricultural products (0.048)	107.2	140.6	196.1	138.8	146.1	127.2	125.9	122.1	124.0
<i>Month-over-month/quarter-over-quarter % change</i>				0.0	5.3	-13.0	-5.8	-3.0	1.5
<i>Year-over-year % change</i>	6.1	31.2	39.5	-44.4	-32.1	-29.7	-32.3	-24.4	-10.8
Energy products (0.492)	91.5	99.4	136.8	64.5	73.0	77.8	80.0	77.6	88.0
<i>Month-over-month/quarter-over-quarter % change</i>				-26.8	13.1	6.6	5.7	-3.1	13.5
<i>Year-over-year % change</i>	-2.6	8.7	37.6	-51.6	-57.1	-50.1	-46.9	-43.3	-16.9
Forest products (0.201)	93.2	87.8	86.6	70.5	69.4	71.3	72.3	71.4	73.4
<i>Month-over-month/quarter-over-quarter % change</i>				-11.0	-1.5	2.8	3.0	-1.2	2.8
<i>Year-over-year % change</i>	-5.6	-5.7	-1.4	-14.8	-21.9	-25.5	-27.1	-23.2	-12.2
Non-precious metals & minerals (0.219)	128.8	164.2	150.3	112.4	115.1	119.9	121.9	116.5	120.5
<i>Month-over-month/quarter-over-quarter % change</i>				-6.5	2.4	4.2	0.6	-4.4	3.4
<i>Year-over-year % change</i>	52.4	27.4	-8.5	-30.3	-30.0	-22.8	-21.4	-22.9	-6.7
Precious metals (0.040)	111.6	128.8	159.1	162.6	165.9	173.3	171.2	181.2	189.7
<i>Month-over-month/quarter-over-quarter % change</i>				15.5	2.0	4.5	2.2	5.8	4.7
<i>Year-over-year % change</i>	38.0	15.4	23.5	-5.0	0.1	9.2	11.7	21.5	32.2

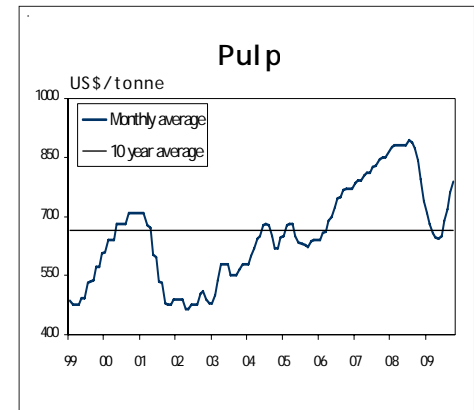
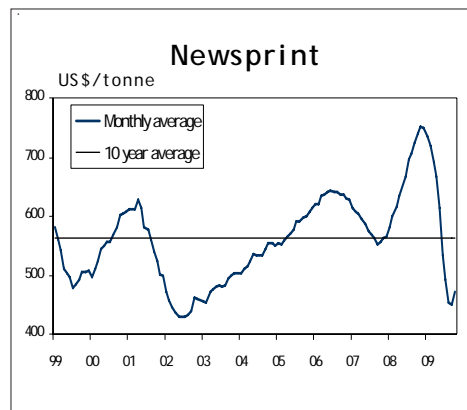
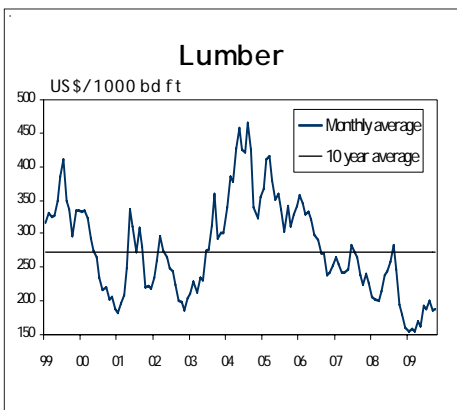
Agricultural products



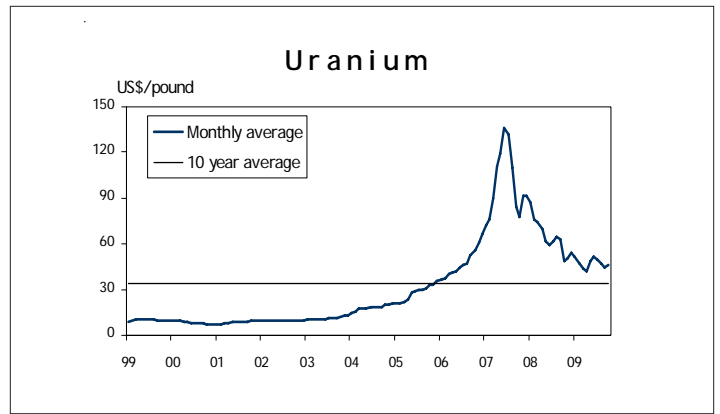
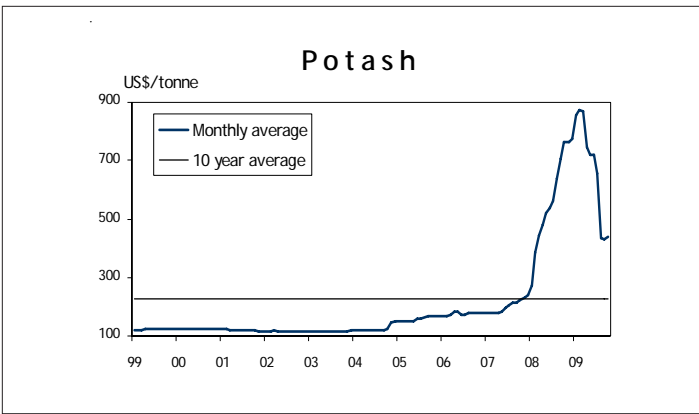
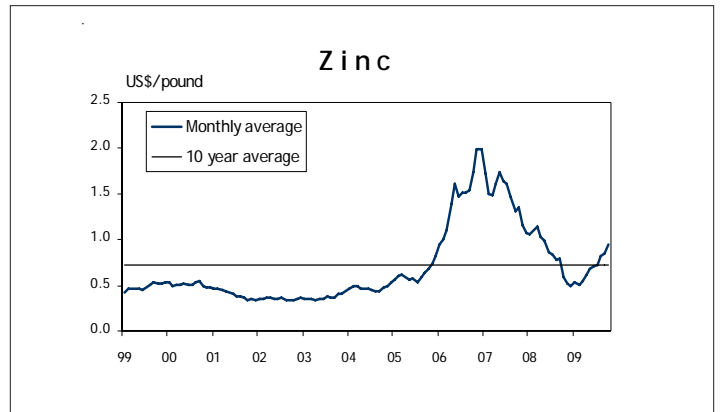
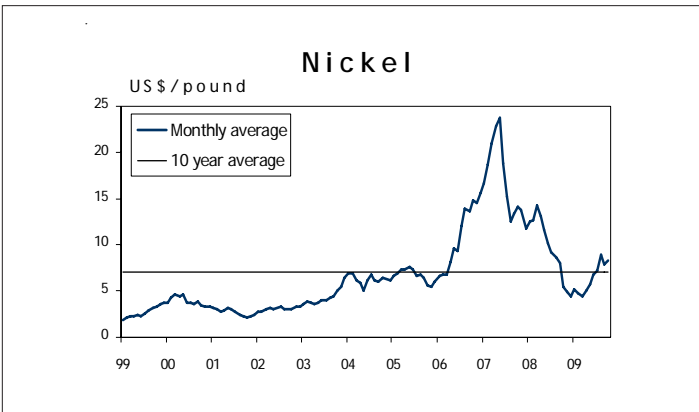
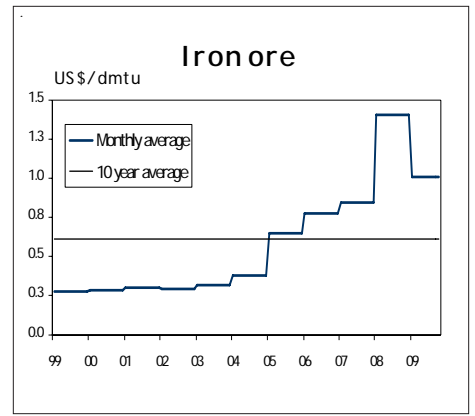
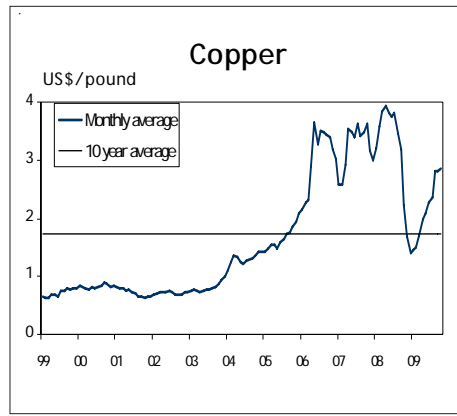
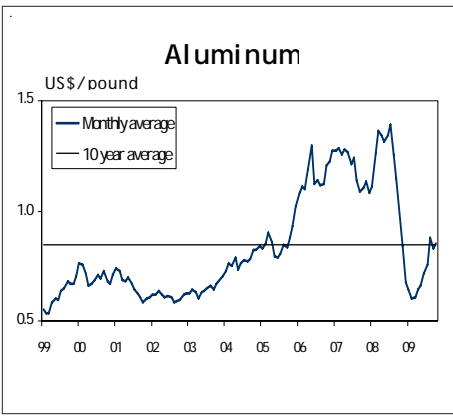
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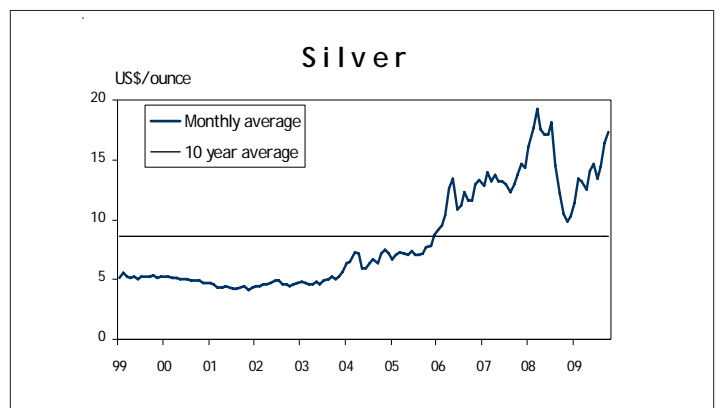
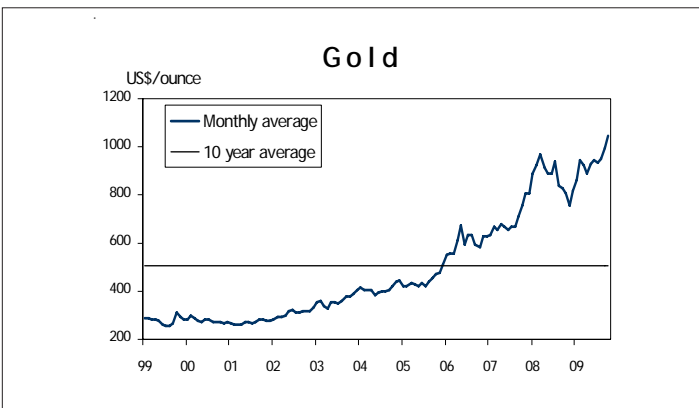
Forest products



Non-precious metals and minerals



Precious metals



Commodity price trends

Period averages

	2006	2007	2008	Q1-09	Q2-09	Q3-09	Aug-09	Sep-09	Oct-09
Agricultural products									
Barley (US \$/bsh, Lethbridge)	2.36	3.78	4.37	2.86	3.17	3.30	3.33	2.97	3.16
<i>Year-over-year % change</i>	<i>19.0</i>	<i>60.1</i>	<i>15.4</i>	<i>-38.2</i>	<i>-38.5</i>	<i>-30.4</i>	<i>-27.8</i>	<i>-27.6</i>	<i>-5.8</i>
Canola (US \$/bsh, Vancouver)	6.08	8.86	11.90	8.16	9.53	9.44	9.87	9.02	9.05
<i>Year-over-year % change</i>	<i>12.8</i>	<i>45.6</i>	<i>34.4</i>	<i>-42.4</i>	<i>-32.3</i>	<i>-22.6</i>	<i>-16.9</i>	<i>-14.1</i>	<i>11.8</i>
Corn (US \$/bsh, Central Illinois)	2.40	3.50	4.91	3.56	3.88	3.17	3.22	3.08	3.52
<i>Year-over-year % change</i>	<i>26.5</i>	<i>45.5</i>	<i>40.4</i>	<i>-27.1</i>	<i>-34.2</i>	<i>-40.6</i>	<i>-36.2</i>	<i>-38.5</i>	<i>-4.5</i>
Wheat (US \$/bsh, Minneapolis)	5.19	7.10	11.15	7.58	7.77	6.25	6.05	5.99	6.12
<i>Year-over-year % change</i>	<i>8.4</i>	<i>36.9</i>	<i>57.0</i>	<i>-51.5</i>	<i>-36.0</i>	<i>-33.8</i>	<i>-38.6</i>	<i>-27.7</i>	<i>-15.5</i>
Live cattle (US \$/cwt)	87.1	90.0	89.2	79.3	82.4	80.8	80.6	80.6	78.9
<i>Year-over-year % change</i>	<i>-2.8</i>	<i>3.4</i>	<i>-0.9</i>	<i>-10.0</i>	<i>-8.5</i>	<i>-15.0</i>	<i>-15.9</i>	<i>-14.4</i>	<i>-9.7</i>
Live hogs (US \$/cwt)	46.3	46.7	47.6	43.5	44.0	39.4	37.4	37.7	37.2
<i>Year-over-year % change</i>	<i>-6.8</i>	<i>0.9</i>	<i>2.1</i>	<i>8.8</i>	<i>-13.8</i>	<i>-29.4</i>	<i>-38.4</i>	<i>-28.3</i>	<i>-23.3</i>
Energy									
** Coal (US \$/tonne)	52.6	70.4	136.2	77.3	71.2	76.3	77.7	72.5	76.1
<i>Year-over-year % change</i>	<i>3.1</i>	<i>33.9</i>	<i>93.4</i>	<i>-36.7</i>	<i>-52.1</i>	<i>-56.3</i>	<i>-54.2</i>	<i>-54.9</i>	<i>-34.2</i>
Crude Oil (US \$/barrel, WTI)	66.1	72.4	99.6	43.0	59.5	68.2	71.1	69.5	75.8
<i>Year-over-year % change</i>	<i>17.1</i>	<i>9.5</i>	<i>37.6</i>	<i>-56.1</i>	<i>-52.0</i>	<i>-42.2</i>	<i>-39.1</i>	<i>-33.1</i>	<i>-1.1</i>
Natural Gas (US \$/mmbtu, Henry Hub)	6.74	6.98	8.86	4.56	3.71	3.18	3.15	3.01	4.02
<i>Year-over-year % change</i>	<i>-23.5</i>	<i>3.6</i>	<i>26.8</i>	<i>-47.3</i>	<i>-67.3</i>	<i>-64.6</i>	<i>-61.8</i>	<i>-60.8</i>	<i>-40.3</i>
Forest products									
Lumber (US \$/1000 board ft)	295.8	250.2	219.3	155.8	174.9	191.7	200.3	186.3	188.6
<i>Year-over-year % change</i>	<i>-16.4</i>	<i>-15.4</i>	<i>-12.4</i>	<i>-23.4</i>	<i>-24.7</i>	<i>-27.2</i>	<i>-29.3</i>	<i>-24.7</i>	<i>-3.0</i>
* Newsprint (US \$/tonne)	634.6	579.2	676.3	715.4	604.7	465.2	453.2	450.9	470.9
<i>Year-over-year % change</i>	<i>9.1</i>	<i>-8.7</i>	<i>16.8</i>	<i>19.5</i>	<i>-7.0</i>	<i>-34.4</i>	<i>-35.9</i>	<i>-37.7</i>	<i>-36.5</i>
* Pulp (US \$/tonne, NBSK)	720.3	821.1	858.4	681.2	646.6	722.8	719.5	759.8	788.1
<i>Year-over-year % change</i>	<i>11.3</i>	<i>14.0</i>	<i>4.5</i>	<i>-22.5</i>	<i>-26.5</i>	<i>-18.2</i>	<i>-18.8</i>	<i>-12.8</i>	<i>-6.4</i>
Non-precious metals & minerals									
Aluminum (US \$/lb, LME)	1.16	1.20	1.17	0.62	0.67	0.82	0.88	0.83	0.85
<i>Year-over-year % change</i>	<i>35.3</i>	<i>2.8</i>	<i>-2.6</i>	<i>-50.2</i>	<i>-49.4</i>	<i>-35.3</i>	<i>-30.1</i>	<i>-27.4</i>	<i>-11.4</i>
Copper (US \$/lb, LME)	3.05	3.23	3.15	1.56	2.12	2.65	2.80	2.81	2.85
<i>Year-over-year % change</i>	<i>82.7</i>	<i>5.9</i>	<i>-2.5</i>	<i>-55.7</i>	<i>-44.6</i>	<i>-24.1</i>	<i>-19.2</i>	<i>-11.4</i>	<i>27.7</i>
Nickel (US \$/lb, LME)	11.03	16.87	9.53	4.74	5.89	7.99	8.91	7.92	8.40
<i>Year-over-year % change</i>	<i>65.1</i>	<i>53.0</i>	<i>-43.5</i>	<i>-63.8</i>	<i>-49.5</i>	<i>-7.2</i>	<i>3.8</i>	<i>-7.8</i>	<i>52.6</i>
Zinc (US \$/lb, LME)	1.49	1.47	0.85	0.53	0.67	0.80	0.83	0.85	0.94
<i>Year-over-year % change</i>	<i>137.1</i>	<i>-0.8</i>	<i>-42.5</i>	<i>-51.6</i>	<i>-30.2</i>	<i>-0.9</i>	<i>5.7</i>	<i>8.6</i>	<i>59.1</i>
Iron Ore (US \$/dm tu)	0.77	0.85	1.41	1.01	1.01	1.01	1.01	1.01	1.01
<i>Year-over-year % change</i>	<i>19.1</i>	<i>9.4</i>	<i>66.0</i>	<i>-28.2</i>	<i>-28.2</i>	<i>-28.2</i>	<i>-28.2</i>	<i>-28.2</i>	<i>-28.2</i>
*** Potash (US \$/tonne)	174.5	200.0	570.1	865.2	726.7	505.6	432.5	428.9	438.9
<i>Year-over-year % change</i>	<i>10.3</i>	<i>14.6</i>	<i>185.1</i>	<i>135.3</i>	<i>42.2</i>	<i>-20.4</i>	<i>-32.4</i>	<i>-39.2</i>	<i>-42.4</i>
** Uranium (US \$/lb)	47.7	99.2	64.2	47.3	47.3	47.1	47.2	44.3	46.1
<i>Year-over-year % change</i>	<i>70.7</i>	<i>108.1</i>	<i>-35.3</i>	<i>-40.2</i>	<i>-25.4</i>	<i>-25.4</i>	<i>-26.8</i>	<i>-29.7</i>	<i>-5.1</i>
Precious metals									
Gold (US \$/ounce)	604.2	694.6	872.0	909.1	921.4	959.7	949.3	996.8	1043.2
<i>Year-over-year % change</i>	<i>35.9</i>	<i>15.0</i>	<i>25.5</i>	<i>-1.8</i>	<i>2.8</i>	<i>10.2</i>	<i>13.2</i>	<i>20.1</i>	<i>29.3</i>
Silver (US \$/ounce)	11.6	13.4	15.1	12.7	13.8	14.7	14.4	16.4	17.3
<i>Year-over-year % change</i>	<i>57.8</i>	<i>15.6</i>	<i>12.4</i>	<i>-28.2</i>	<i>-19.9</i>	<i>-7.7</i>	<i>-0.9</i>	<i>35.0</i>	<i>64.5</i>

Source: Haver Analytics, Bloomberg(*), IMF(**), World Bank(***)

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