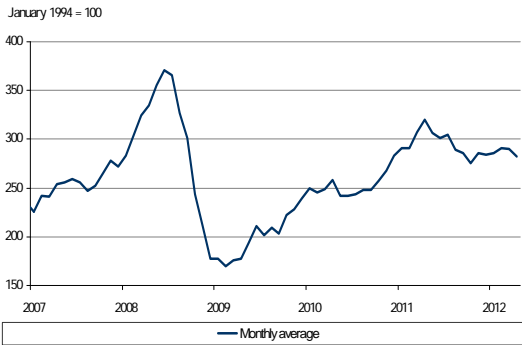




COMMODITY PRICE MONITOR

May 2012

RBC commodity price index



Index excluding energy product prices



Energy products sub-index



RBC's commodity price index is a Fisher chain-weighted index of spot or transaction prices of 24 of the top exported Canadian-produced commodities. The weight of each commodity in the overall index and various sub-indices is determined by its share of export volumes and is updated annually in February.

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More downward pressure on commodity prices in April

The RBC commodity price index declined for the second consecutive month in April, down 2.6% from the level seen in March to reach a six-month low. Energy product prices provided the largest drag on the headline index in the month, however, even absent this component the index fell 1.2% reflecting weakness in metal & mineral prices. With the upward pressure in commodity prices seen in the spring of last year not being repeated in 2012, both the overall index and the index excluding energy prices are well below their year ago levels, down 11.8% and 7.2%, respectively, compared to last April.

- The **energy products sub-index** fell 3.9% to a six-month low in April. All commodities in the grouping saw their prices decline on a month-over-month basis, led by the sharp 9.7% plunge in the price of natural gas. The fall in natural gas prices was the tenth consecutive, putting the price 57% below the level seen last July and at its lowest level since March 1999 as depressed demand and increased production have pushed North American inventories to highly elevated levels. The sub-index moved further below its year-ago level, down 16.6% compared to last April.
- The **agricultural products sub-index** increased for the third straight month, up 1.8% in April. The price of canola (the second most heavily weighted commodity in the measure) once again led the increases for the group, jumping a further 6.0% in the month to bring the cumulative increase to 27% so far in 2012. The combination of supply shortfalls and robust demand from China has pushed the oilseed's price within range of the record high set in early 2008. Despite the monthly gain, the sub-index remained below last year's level, down 10.4% on a year-over-year basis in April.
- The **forest products sub-index** rose for the fifth straight month, up 1.1% in April to reach a nine-month high. The monthly increase was driven by the 2.7% increase in pulp prices reflecting the pre-announced price increase imposed by producers at the beginning of the month. Prices for both lumber and newsprint were effectively unchanged in the month. The sub-index was 1.9% below the level seen in April 2011.
- The **non-precious metals & minerals sub-index** fell 3.1% in April, its second consecutive monthly decline and ninth over the last twelve months. Prices for base metals (aluminum, copper, nickel and zinc) were the main source of weakness in the month, reflecting concerns about slowing global demand and elevated inventories. The sub-index was down 16.3% on a year-over-year basis in April, its largest such decline since September 2009.
- The **precious metals sub-index** moved lower in April, falling 1.8% on a month-over-month basis as prices for both silver and gold declined. Indications from the US Federal Reserve of diminishing odds for further policy stimulus weighed on investment demand for precious metals (the commodities are traditionally viewed as a hedge for inflation and US dollar weakness). The sub-index was 5.1% above the level seen in April of last year.

Agricultural products sub-index



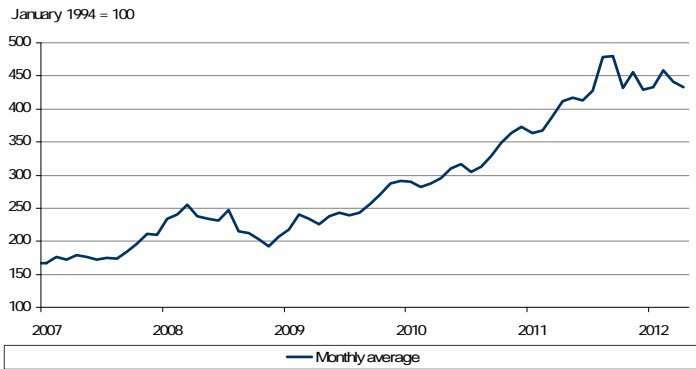
Forest products sub-index



Non-precious metals & minerals sub-index



Precious metals sub-index



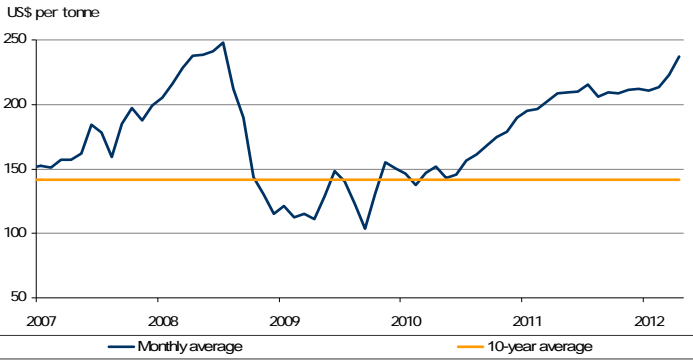
	Period averages								
	2009	2010	2011	Q3-11	Q4-11	Q1-12	Feb-12	Mar-12	Apr-12
Indices									
RBC commodity price index	200.6	252.9	295.1	309.0	293.1	281.7	290.9	289.7	282.3
<i>Month-over-month/quarter-over-quarter % change</i>				4.2	-5.1	-3.9	1.7	-0.4	-2.6
<i>Year-over-year % change</i>	-33.1	26.7	16.7	24.8	19.0	4.5	-0.1	-5.8	-11.8
RBC commodity price index ex. energy	146.6	180.5	213.3	217.9	218.8	201.6	209.8	208.4	205.9
<i>Month-over-month/quarter-over-quarter % change</i>				1.3	0.4	-7.9	2.9	-0.7	-1.2
<i>Year-over-year % change</i>	-19.9	23.2	18.2	24.0	23.2	1.4	-2.9	-4.1	-7.2
Sub-indices									
Agricultural products	114.9	124.3	164.1	175.7	163.3	150.1	151.0	154.2	157.0
<i>Month-over-month/quarter-over-quarter % change</i>				4.9	-7.1	-8.0	2.0	2.1	1.8
<i>Year-over-year % change</i>	-26.7	8.2	32.0	56.6	27.2	3.3	-12.2	-7.3	-10.4
Energy products	257.7	327.6	374.3	401.7	360.0	359.5	368.0	367.4	353.0
<i>Month-over-month/quarter-over-quarter % change</i>				6.9	-10.4	-0.2	0.5	-0.2	-3.9
<i>Year-over-year % change</i>	-42.9	27.1	14.3	24.5	14.1	6.9	1.8	-8.0	-16.6
Forest products	83.3	109.3	111.4	110.4	110.2	105.5	108.3	111.4	112.6
<i>Month-over-month/quarter-over-quarter % change</i>				-7.5	-0.2	-4.3	1.8	2.9	1.1
<i>Year-over-year % change</i>	-16.1	31.3	1.9	-0.9	4.8	-7.4	-7.8	-6.9	-1.9
Non-precious metals & minerals	222.0	270.1	309.1	322.6	313.3	276.4	291.9	286.5	277.7
<i>Month-over-month/quarter-over-quarter % change</i>				-0.5	-2.9	-11.8	2.2	-1.9	-3.1
<i>Year-over-year % change</i>	-27.1	21.7	14.5	22.5	19.6	-5.9	-11.8	-11.6	-16.3
Precious metals	249.1	317.8	422.1	414.1	461.9	438.8	458.1	441.1	433.1
<i>Month-over-month/quarter-over-quarter % change</i>				10.9	11.5	-5.0	5.8	-3.7	-1.8
<i>Year-over-year % change</i>	10.3	27.6	32.8	34.8	46.4	21.2	24.6	13.3	5.1



Commodity prices trends

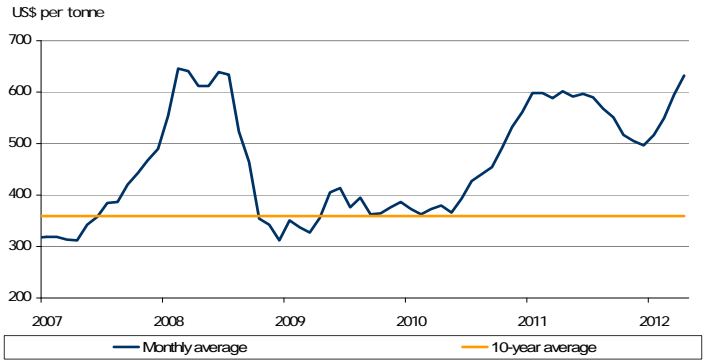
Agricultural products

Barley



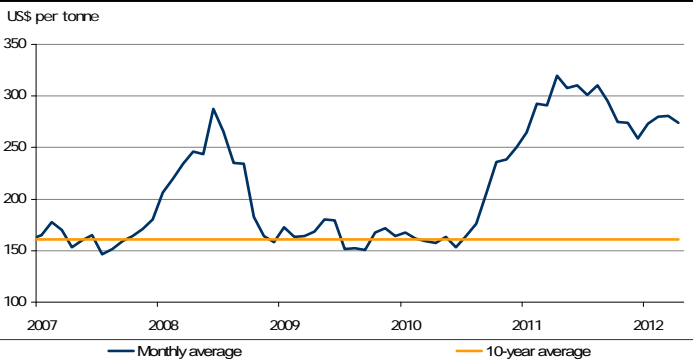
Source: Haver Analytics, RBC Economics Research

Canola



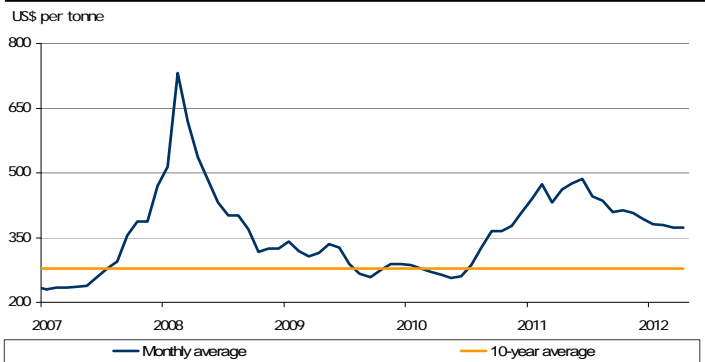
Source: Haver Analytics, RBC Economics Research

Corn



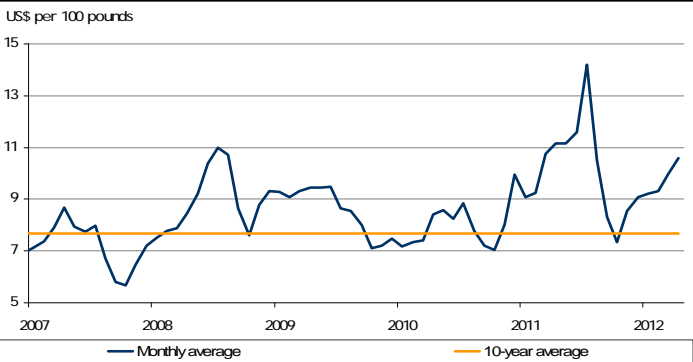
Source: Haver Analytics, RBC Economics Research

Wheat



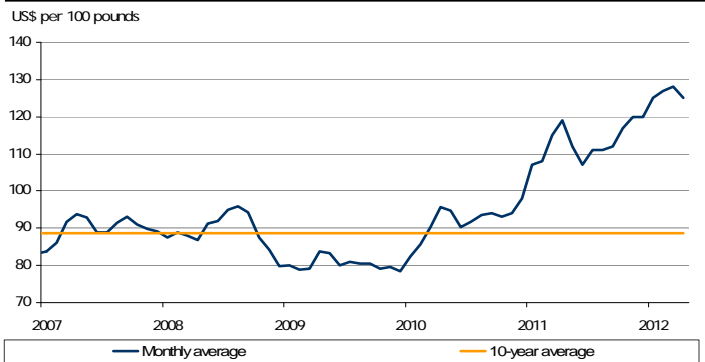
Source: Haver Analytics, RBC Economics Research

Potatoes



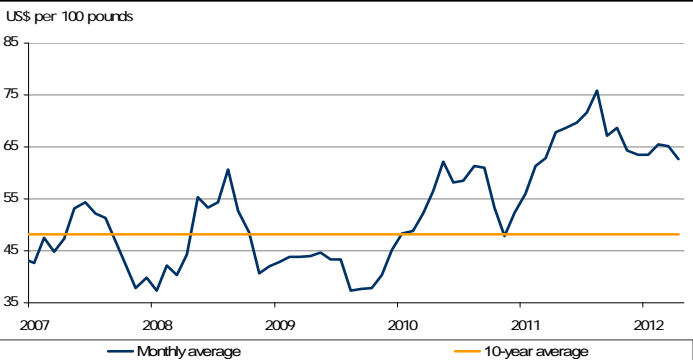
Source: Haver Analytics, RBC Economics Research

Live cattle



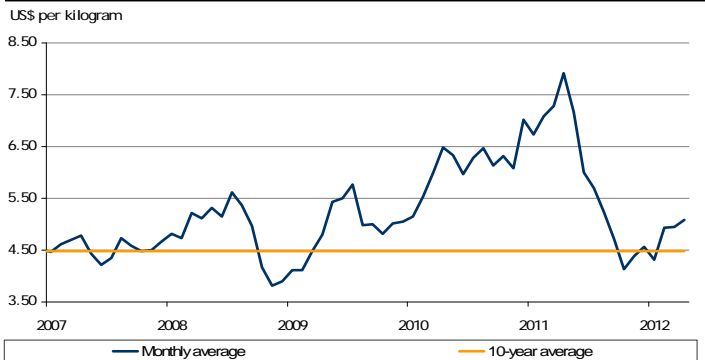
Source: Haver Analytics, RBC Economics Research

Live hogs



Source: Haver Analytics, RBC Economics Research

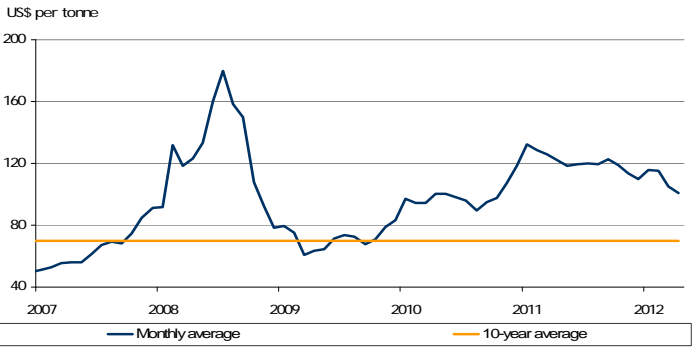
Fresh salmon



Source: Haver Analytics, RBC Economics Research

Energy products

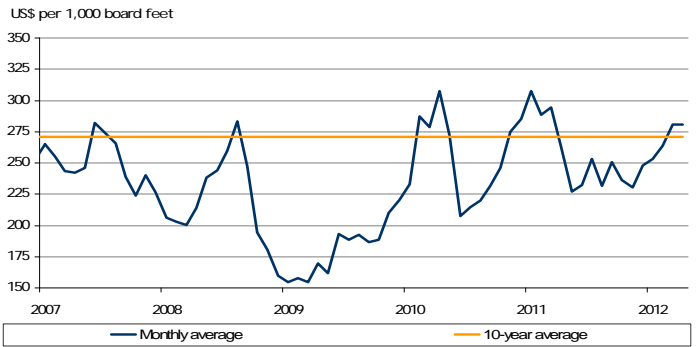
Coal



Source: Haver Analytics, RBC Economics Research

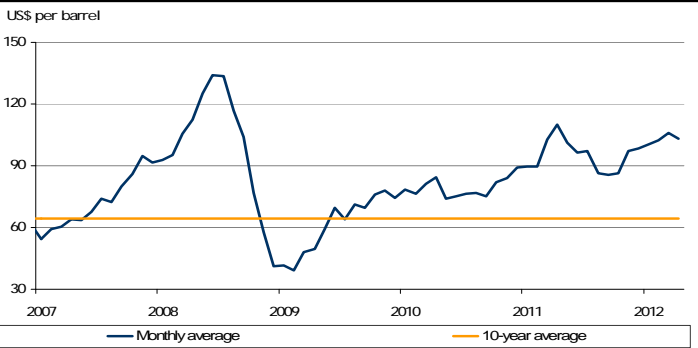
Forest products

Lumber



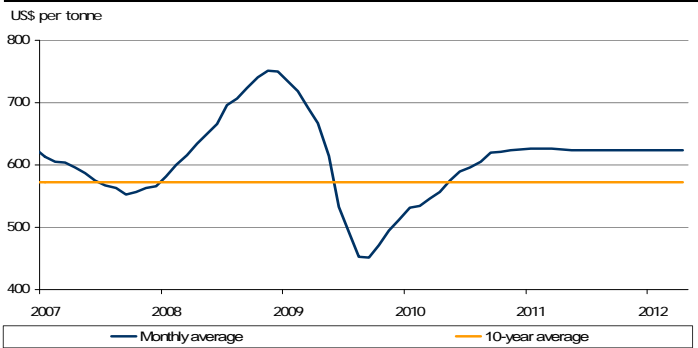
Source: Haver Analytics, RBC Economics Research

Crude oil



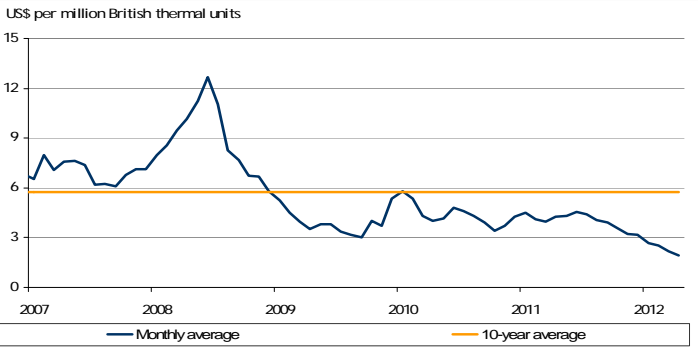
Source: Haver Analytics, RBC Economics Research

Newsprint



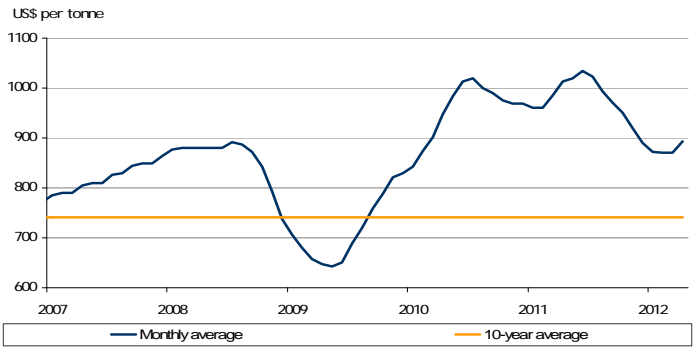
Source: Bloomberg, RBC Economics Research

Natural gas



Source: Haver Analytics, RBC Economics Research

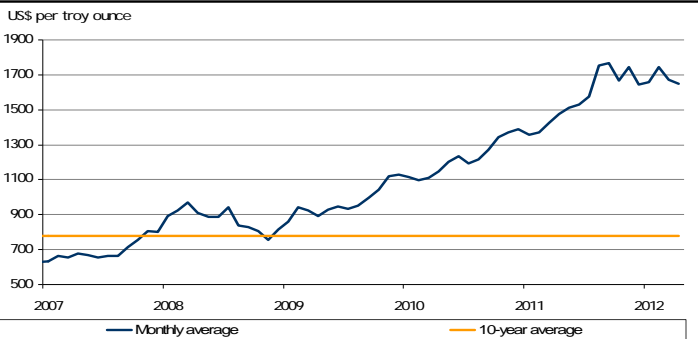
Pulp



Source: Bloomberg, RBC Economics Research

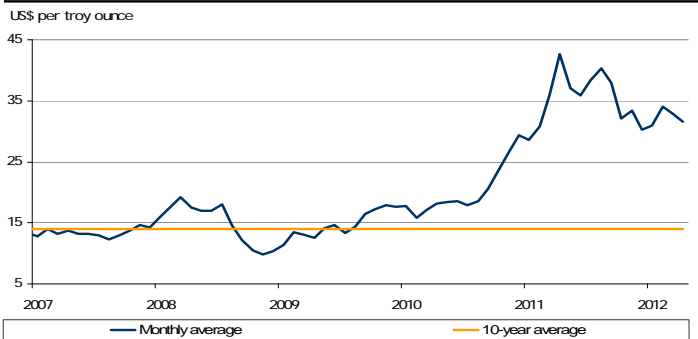
Precious metals

Gold



Source: Haver Analytics, RBC Economics Research

Silver

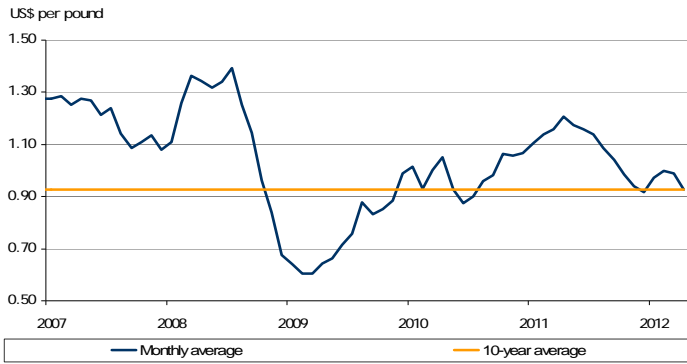


Source: Haver Analytics, RBC Economics Research

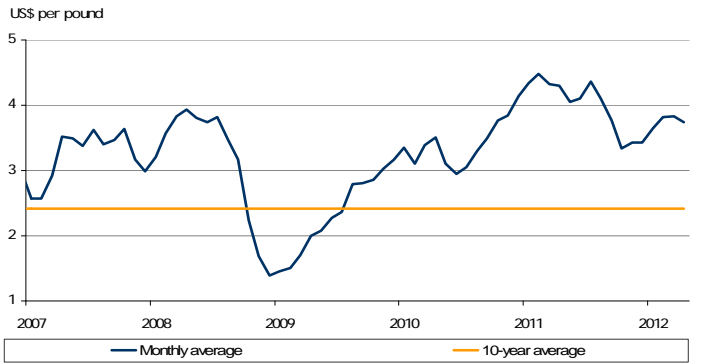
Commodity price trends

Non-precious metals & minerals

Aluminum



Copper



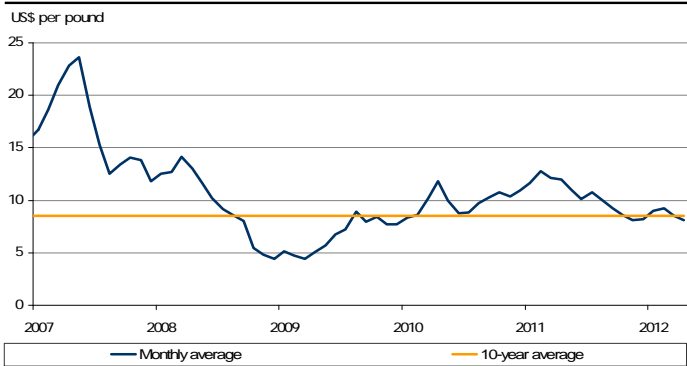
Iron ore



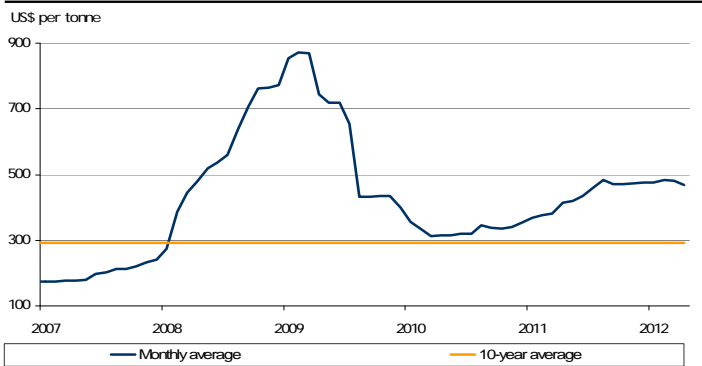
Lead



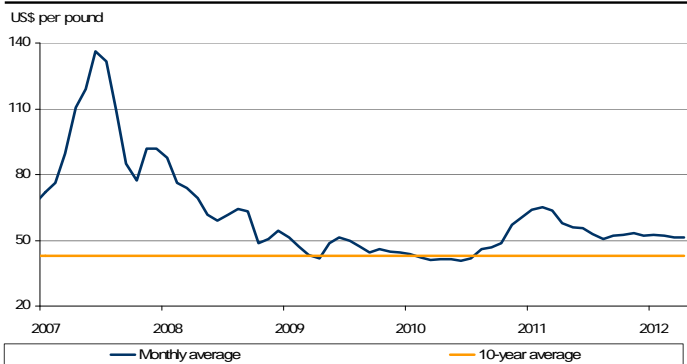
Nickel



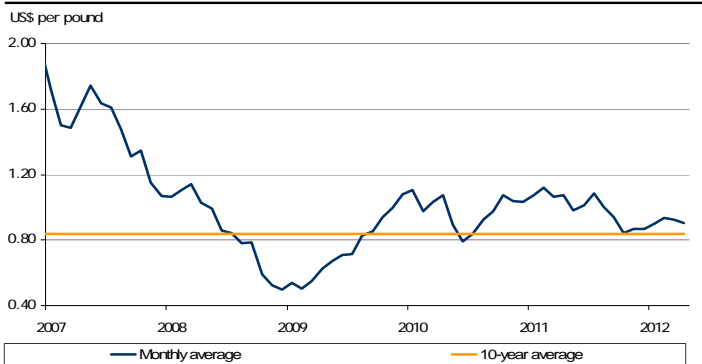
Potash



Uranium



Zinc



Commodity price trends

	Period averages									
	2009	2010	2011	Q3-11	Q4-11	Q1-12	Feb-12	Mar-12	Apr-12	
Agricultural products										
Barley (US \$/tonne)	128.3	158.4	207.2	210.4	210.9	215.6	213.4	222.8	237.2	
<i>Year-over-year % change</i>	-36.0	23.4	30.8	30.0	16.5	8.8	8.6	10.0	13.5	
Canola (US \$/tonne)	371.0	429.4	566.9	596.4	569.8	506.5	549.1	595.8	631.4	
<i>Year-over-year % change</i>	-29.7	15.7	32.0	57.3	29.3	-4.1	-8.3	1.3	5.0	
Corn (US \$/tonne)	165.5	185.9	291.7	302.1	269.3	277.7	279.5	280.7	274.0	
<i>Year-over-year % change</i>	-25.8	12.3	56.9	66.2	11.5	-1.8	-4.6	-3.4	-14.2	
Wheat (US \$/tonne)	300.5	312.4	439.6	429.8	405.2	378.1	379.9	372.9	372.9	
<i>Year-over-year % change</i>	-33.9	3.9	40.7	31.8	5.6	-15.8	-19.9	-13.8	-19.1	
Potatoes (US \$/cwt)	8.59	8.00	10.08	10.99	8.32	9.51	9.31	9.98	10.57	
<i>Year-over-year % change</i>	-3.9	-6.8	26.0	38.3	-0.1	-1.9	0.5	-7.1	-5.4	
Live cattle (US \$/cwt)	80.4	92.0	113.3	111.3	119.0	126.7	127.0	128.0	125.0	
<i>Year-over-year % change</i>	-9.9	14.4	23.1	19.6	25.2	15.2	17.6	11.3	5.0	
Live hogs (US \$/cwt)	42.0	55.1	66.5	71.5	65.5	64.7	65.5	65.2	62.6	
<i>Year-over-year % change</i>	-11.9	31.1	20.7	18.7	28.1	7.7	6.7	3.7	-7.7	
Fresh salmon (US \$/kg)	4.92	6.15	5.91	7.03	5.21	4.36	4.93	4.95	5.08	
<i>Year-over-year % change</i>	1.5	24.9	-3.9	12.3	-17.2	-32.7	-30.4	-32.0	-35.9	
Energy										
Coal (US \$/tonne)	71.8	99.0	120.9	120.6	114.2	112.0	115.2	105.1	100.8	
<i>Year-over-year % change</i>	-43.5	37.8	22.2	28.9	6.1	-13.1	-10.3	-16.7	-17.6	
Crude Oil (US \$/barrel)	61.7	79.4	95.1	89.7	94.1	102.9	102.3	106.2	103.3	
<i>Year-over-year % change</i>	-38.0	28.7	19.7	17.8	10.6	9.5	14.1	3.2	-6.1	
Natural Gas (US \$/mmbtu)	3.95	4.39	4.00	4.12	3.32	2.45	2.51	2.16	1.95	
<i>Year-over-year % change</i>	-55.4	11.0	-8.9	-3.7	-12.5	-41.5	-38.6	-45.6	-54.0	
Forest products										
Lumber (US \$/1000 board ft)	181.5	254.9	255.3	245.2	238.2	265.9	263.8	280.4	280.5	
<i>Year-over-year % change</i>	-17.2	40.4	0.1	10.4	-11.3	-10.4	-8.7	-4.7	6.7	
Newsprint (US \$/tonne)	569.4	585.6	624.5	624.4	623.3	623.8	623.1	623.1	623.1	
<i>Year-over-year % change</i>	-15.8	2.8	6.7	8.8	2.7	0.0	-0.6	-0.6	-0.3	
Pulp (US \$/tonne)	715.9	957.0	976.8	1022.7	995.6	920.2	870.0	870.0	893.7	
<i>Year-over-year % change</i>	-16.6	33.7	2.1	4.2	-0.8	-5.2	-9.4	-11.7	-11.8	

Source: Haver Analytics, Bloomberg, RBC Economics Research

Commodity price trends

	Period averages								
	2009	2010	2011	Q3-11	Q4-11	Q1-12	Feb-12	Mar-12	Apr-12
Non-precious metals & minerals									
Aluminum (US \$/lb)	0.76	0.99	1.09	1.09	0.95	0.99	1.00	0.99	0.93
<i>Year-over-year % change</i>	-35.2	30.3	10.2	14.8	-10.8	-13.0	-12.1	-14.5	-23.1
Copper (US \$/lb)	2.34	3.42	4.00	4.07	3.40	3.77	3.82	3.84	3.75
<i>Year-over-year % change</i>	-25.7	46.0	16.9	24.0	-13.3	-13.8	-14.6	-11.3	-12.9
Iron Ore (US \$/tonne)	80.0	145.9	167.8	175.9	140.8	141.8	140.4	144.7	147.6
<i>Year-over-year % change</i>	-48.7	82.4	15.0	28.0	-9.7	-20.6	-25.0	-14.6	-17.7
Lead (US \$/lb)	0.78	0.97	1.09	1.12	0.90	0.95	0.96	0.93	0.94
<i>Year-over-year % change</i>	-17.7	25.0	11.8	21.2	-17.0	-19.6	-17.8	-21.4	-24.7
Nickel (US \$/lb)	6.67	9.89	10.35	10.00	8.30	8.91	9.28	8.48	8.12
<i>Year-over-year % change</i>	-30.1	48.4	4.7	4.0	-22.4	-27.0	-27.6	-30.2	-32.0
Zinc (US \$/lb)	0.75	0.98	0.99	1.01	0.86	0.92	0.93	0.92	0.91
<i>Year-over-year % change</i>	-11.3	30.1	1.5	10.5	-18.0	-15.4	-16.5	-13.4	-15.8
Potash (US \$/tonne)	630.4	331.9	435.3	471.3	473.0	479.8	483.0	480.0	468.8
<i>Year-over-year % change</i>	10.6	-47.4	31.2	41.0	37.8	28.2	28.8	26.3	13.3
Uranium (US \$/lb)	46.7	46.0	56.2	51.8	52.6	51.9	52.1	51.3	51.3
<i>Year-over-year % change</i>	-27.3	-1.5	22.4	15.4	-5.3	-19.1	-19.9	-19.2	-11.3
Precious metals									
Gold (US \$/ounce)	972.3	1224.3	1570.5	1702.3	1683.3	1690.7	1743.1	1673.8	1649.7
<i>Year-over-year % change</i>	11.5	25.9	28.3	38.8	23.1	21.9	27.1	17.5	11.8
Silver (US \$/ounce)	14.7	20.2	35.3	38.9	31.9	32.6	34.1	32.9	31.5
<i>Year-over-year % change</i>	-2.3	37.1	75.4	104.7	20.9	2.0	10.5	-8.4	-26.0

Source: Haver Analytics, Bloomberg, RBC Economics Research

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