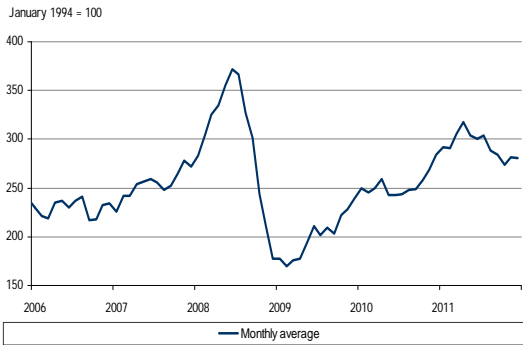


## COMMODITY PRICE MONITOR

January 2012

### RBC commodity price index



Source: RBC Economics Research

### Index excluding energy product prices



Source: RBC Economics Research

### Energy products sub-index



Source: RBC Economics Research

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.

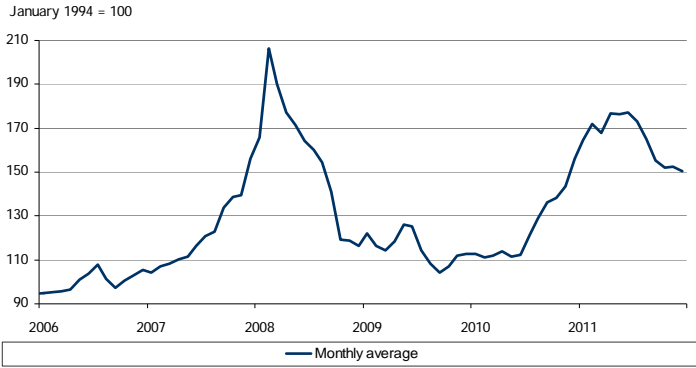
**David Onyett-Jeffries**  
Economist  
416-974-6525  
david.onyett-jeffries@rbc.com

## Commodity prices stumble to finish line in 2011

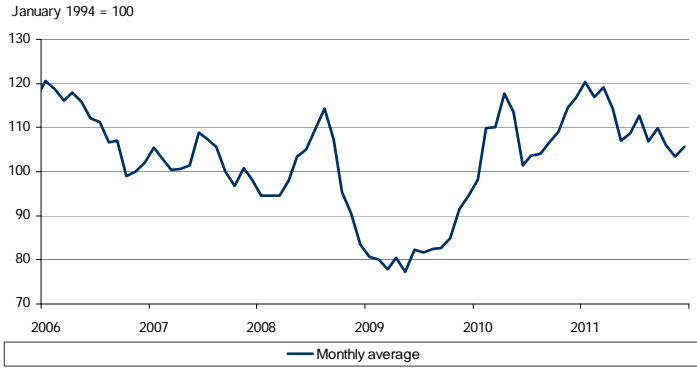
After touching post-recession peaks in early 2011, the RBC commodity price index generally declined thereafter and finished the year on a losing note as the overall index edged down by 0.4% in December. Excluding energy prices, the index dropped 1.0% in December, its fifth consecutive monthly decline and seventh in the last eight months. For the year as a whole, the overall index and the index excluding energy were up 15.8% and 17.5%, respectively, compared to their averages in 2010, however, the sharp declines over the second half of the year saw both measures fall below their year-ago levels for the first time since October 2009, down 1.2% and 3.4% compared to December 2010.

- The **energy products sub-index** posted its second straight monthly increase, rising by a modest 0.2% in December following the 6.2% jump seen in previous month. Crude oil was the sole reason for the component's increase, as the WTI price rose 1.4% to its highest level since May. Coal and natural gas prices provided a partial offset, falling 3.6% and 2.5%, respectively, with the latter reaching its lowest level since September 2009. The sub-index remains above its year-ago level, but the 0.5% year-over-year increase is the smallest since October 2009.
- The **agricultural products sub-index** fell 1.5% on a month-over-month basis in December to mark the grouping's fifth decline in the last six months. The sub-index has declined by 15.2% over this span. Grain prices continue to be a source of weakness as market dynamics are characterized by improving supply prospects and weak demand. The sharp drop in agricultural commodity prices in the second half of 2011 pushed the sub-index below year-ago levels for the first time since June 2010, down 3.7% from the level seen in December 2010.
- The **forest products sub-index** ended a two-month losing streak by rising 2.2% in December. Lumber prices jumped 7.7% in the month supported by indications of a pickup in US residential construction. Pulp prices declined for the sixth straight month to provide some offset while newsprint prices again held steady. The sub-index was down 9.4% on a year-over-year basis.
- The **non-precious metals & minerals sub-index** declined by 0.5% in December, its fifth straight monthly decrease and seventh in the last eight months. A 2.5% drop in the price of aluminum, the most heavily-weighted commodity in the grouping, combined with a smaller decline in uranium prices to offset modest gains in other component's prices. The sub-index was down 10.0% compared to December of last year.
- The **precious metals sub-index** fell by 5.6% in December to reverse the previous month's like-sized increase. Gold and silver prices fell sharply in December, down 5.7% and 9.2% in the month, respectively. Prices, however, remain elevated thanks to the significant gains made earlier in the year spurred by "safe haven" demand against the backdrop of heightened uncertainty in the market and the sub-index was up 15.9% on an annual basis.

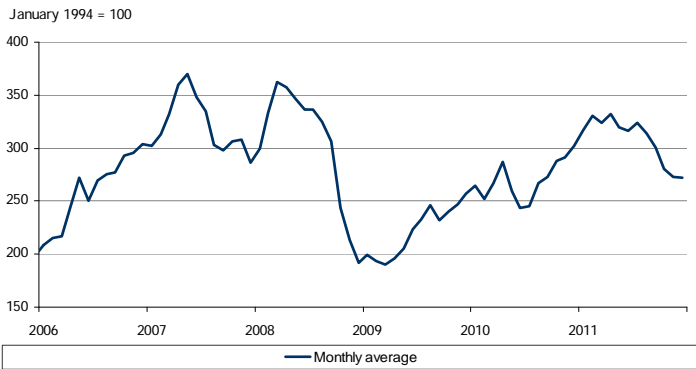
### Agricultural products sub-index



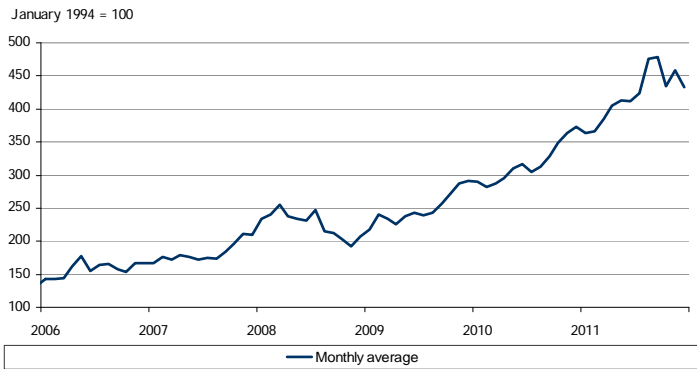
### Forest products sub-index



### Non-precious metals & minerals sub-index



### Precious metals sub-index



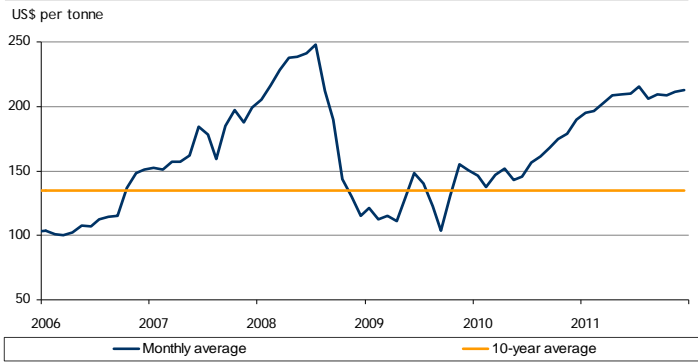
	Period averages								
	2009	2010	2011	Q2-11	Q3-11	Q4-11	Oct-11	Nov-11	Dec-11
<b>Indices</b>									
RBC commodity price index	200.7	253.3	293.4	307.1	292.0	278.6	273.8	281.6	280.3
<i>Month-over-month/quarter-over-quarter % change</i>				3.8	-4.9	-4.6	-3.6	2.8	-0.4
<i>Year-over-year % change</i>	-33.1	26.2	15.8	23.9	18.3	3.1	6.0	4.9	-1.2
RBC commodity price index ex. energy	146.5	180.5	212.1	216.4	216.9	200.3	201.6	200.7	198.6
<i>Month-over-month/quarter-over-quarter % change</i>				0.8	0.2	-7.6	-5.8	-0.5	-1.0
<i>Year-over-year % change</i>	-19.9	23.2	17.5	23.1	22.1	0.8	4.8	1.1	-3.4
<b>Sub-indices</b>									
Agricultural products	115.1	124.7	165.2	176.8	164.4	151.6	151.9	152.6	150.3
<i>Month-over-month/quarter-over-quarter % change</i>				5.2	-7.0	-7.8	-2.2	0.5	-1.5
<i>Year-over-year % change</i>	-26.8	8.4	32.5	57.2	27.7	3.9	10.0	6.3	-3.7
Energy products	257.6	328.0	371.9	399.7	359.6	353.7	339.6	360.5	361.1
<i>Month-over-month/quarter-over-quarter % change</i>				6.7	-10.0	-1.6	-1.3	6.2	0.2
<i>Year-over-year % change</i>	-42.9	27.3	13.4	23.7	13.8	4.9	6.5	8.1	0.5
Forest products	83.0	108.8	110.9	110.0	109.8	105.1	106.0	103.5	105.7
<i>Month-over-month/quarter-over-quarter % change</i>				-7.4	-0.2	-4.3	-3.5	-2.4	2.2
<i>Year-over-year % change</i>	-16.3	31.0	2.0	-0.8	4.8	-7.4	-2.7	-9.7	-9.4
Non-precious metals & minerals	222.0	270.1	308.6	322.6	312.6	275.1	280.6	273.1	271.8
<i>Month-over-month/quarter-over-quarter % change</i>				-0.4	-3.1	-12.0	-6.7	-2.7	-0.5
<i>Year-over-year % change</i>	-27.1	21.7	14.2	22.5	19.4	-6.4	-2.6	-6.3	-10.0
Precious metals	249.1	317.8	420.8	409.6	459.9	441.7	434.1	458.2	432.6
<i>Month-over-month/quarter-over-quarter % change</i>				10.1	12.3	-4.0	-9.4	5.6	-5.6
<i>Year-over-year % change</i>	10.3	27.6	32.4	33.4	45.7	22.0	24.4	26.1	15.9



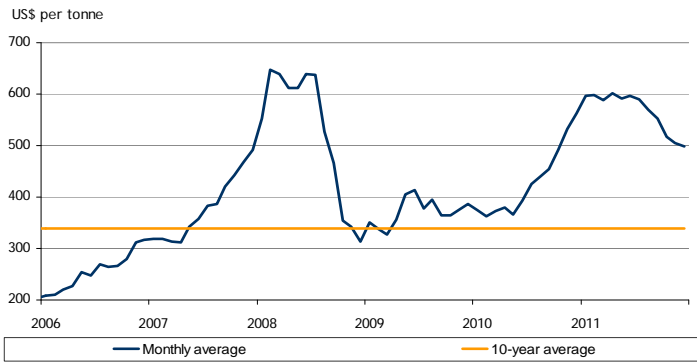
# Commodity prices trends

## Agricultural products

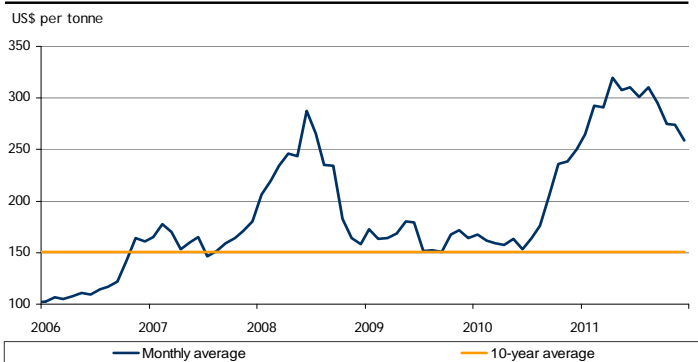
### Barley



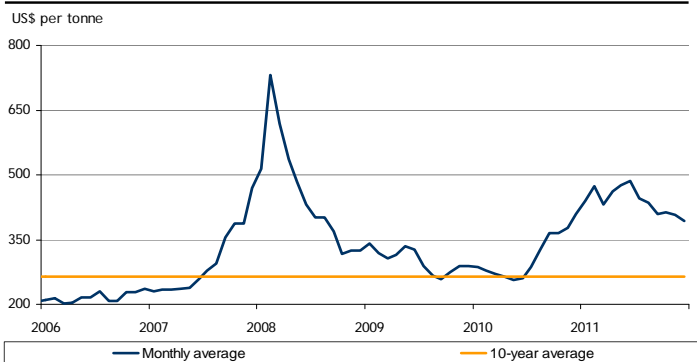
### Canola



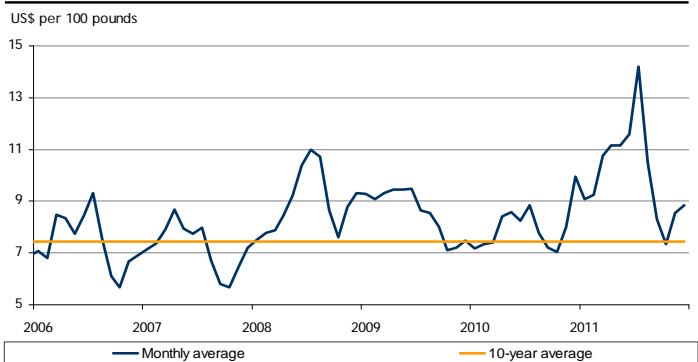
### Corn



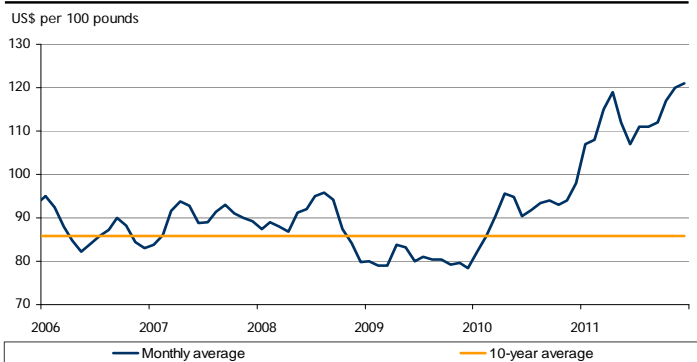
### Wheat



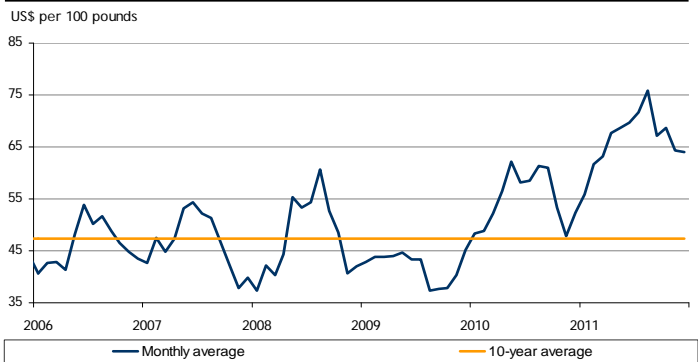
### Potatoes



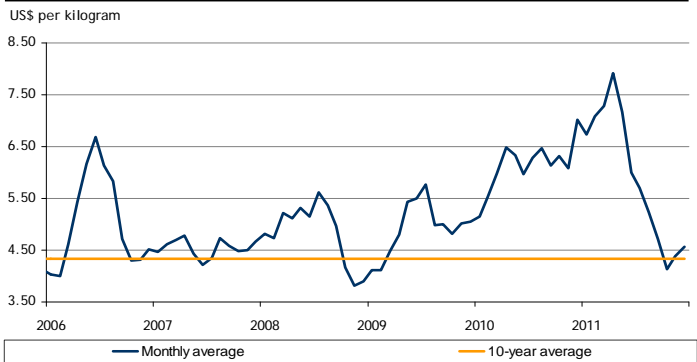
### Live cattle



### Live hogs

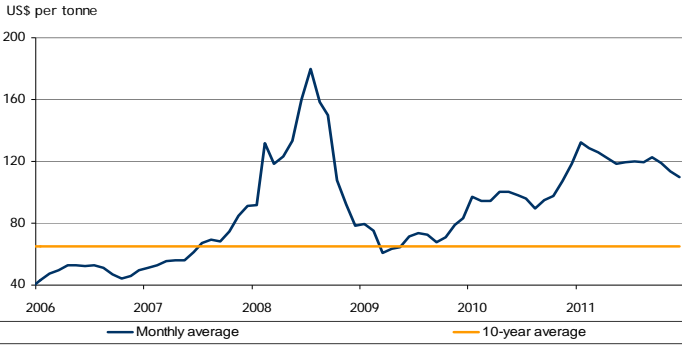


### Fresh salmon



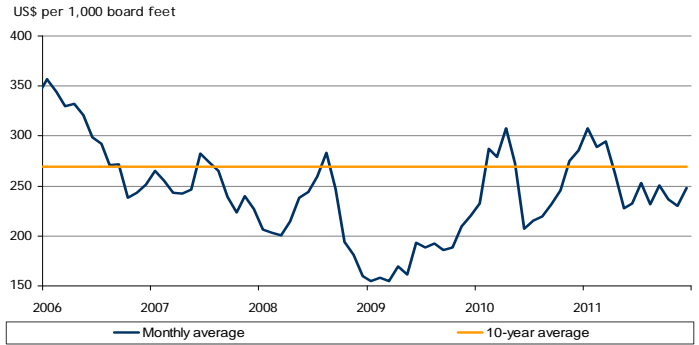
## Energy products

### Coal

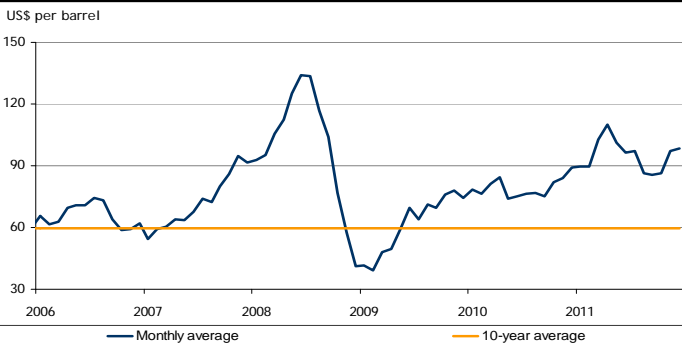


## Forest products

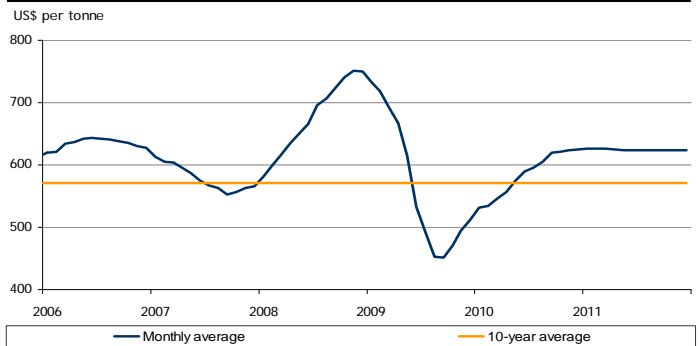
### Lumber



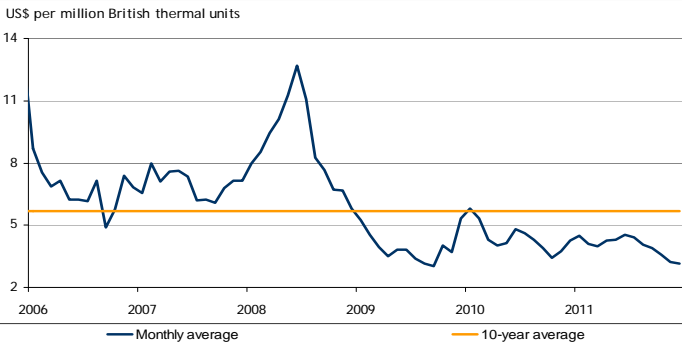
### Crude oil



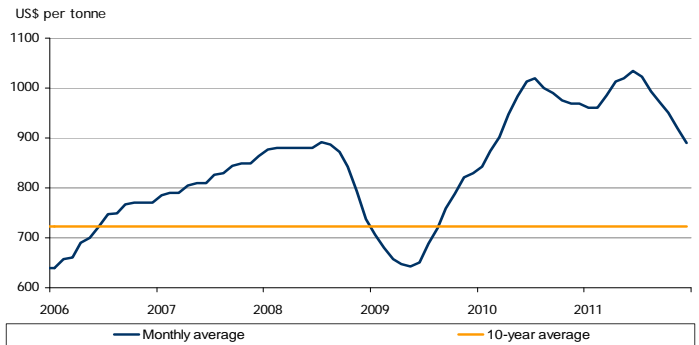
### Newsprint



### Natural gas

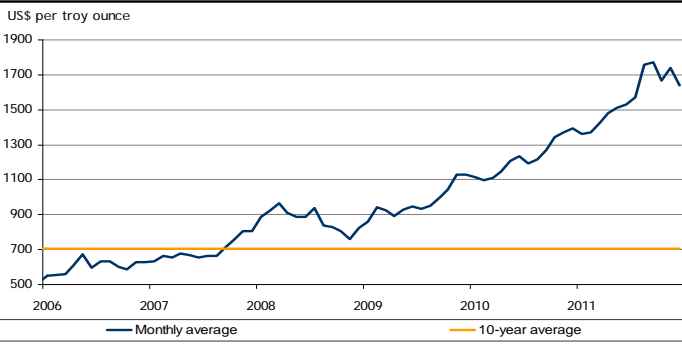


### Pulp

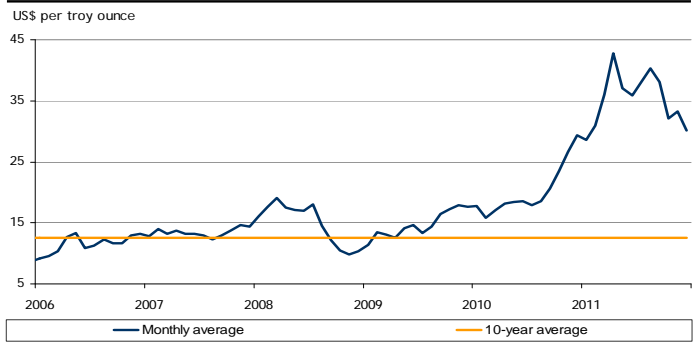


## Precious metals

### Gold



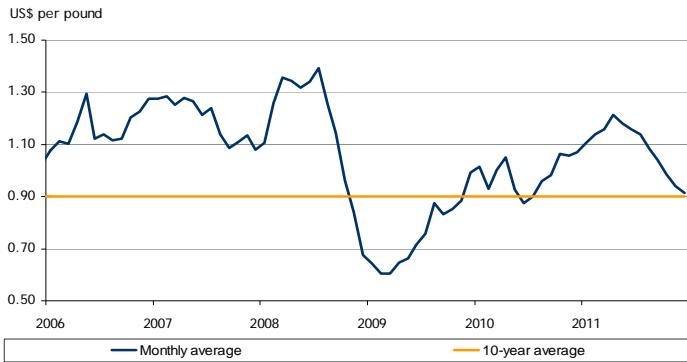
### Silver



# Commodity price trends

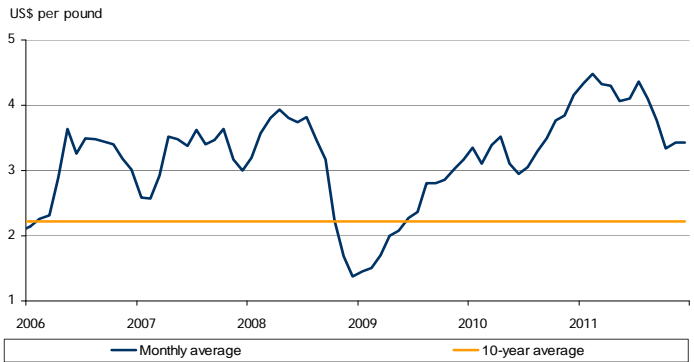
## Non-precious metals & minerals

### Aluminum



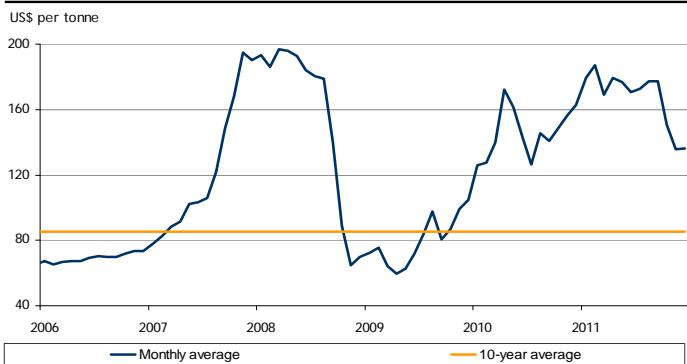
Source: Haver Analytics, RBC Economics Research

### Copper



Source: Haver Analytics, RBC Economics Research

### Iron ore



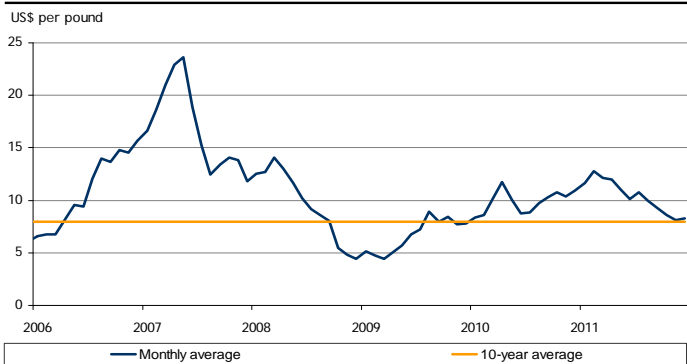
Source: Haver Analytics, RBC Economics Research

### Lead



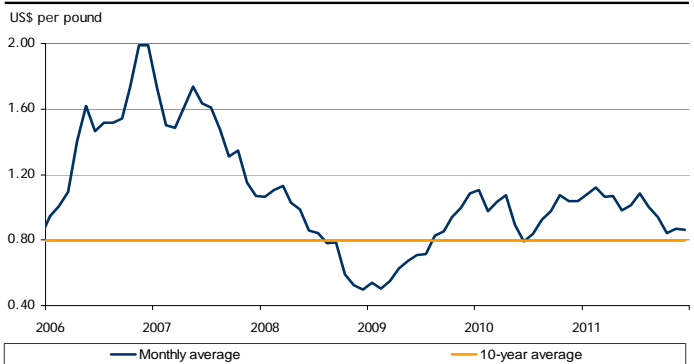
Source: Haver Analytics, RBC Economics Research

### Nickel



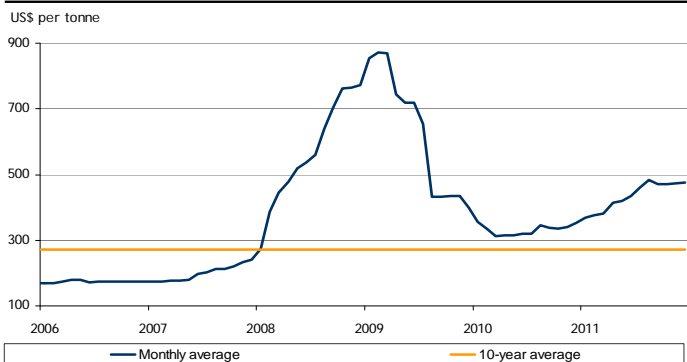
Source: Haver Analytics, RBC Economics Research

### Zinc



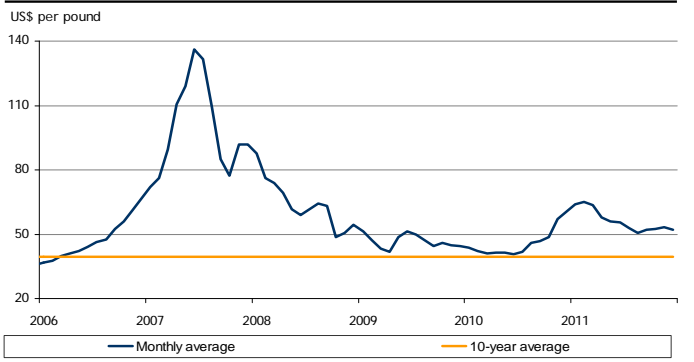
Source: Haver Analytics, RBC Economics Research

### Potash



Source: Haver Analytics, RBC Economics Research

### Uranium



Source: Haver Analytics, RBC Economics Research

## Commodity price trends

	Period averages								
	2009	2010	2011	Q2-11	Q3-11	Q4-11	Oct-11	Nov-11	Dec-11
<b>Agricultural products</b>									
Barley (US \$/tonne)	128.3	158.4	207.2	209.5	210.4	210.9	208.8	211.5	212.5
<i>Year-over-year % change</i>	-36.0	23.4	30.8	42.6	30.0	16.5	19.6	18.1	12.1
Canola (US \$/tonne)	371.0	429.5	567.1	596.6	570.4	506.9	517.0	504.8	498.9
<i>Year-over-year % change</i>	-29.8	15.8	32.0	57.4	29.5	-4.1	5.3	-5.3	-11.3
Corn (US \$/tonne)	165.5	185.9	291.7	312.6	302.1	269.3	274.8	274.4	258.6
<i>Year-over-year % change</i>	-25.8	12.3	56.9	98.1	66.2	11.5	16.5	15.2	3.3
Wheat (US \$/tonne)	300.5	312.4	439.6	474.6	429.8	405.2	414.1	407.7	393.7
<i>Year-over-year % change</i>	-33.9	3.9	40.7	81.9	31.8	5.6	13.3	8.4	-3.7
Potatoes (US \$/cwt)	8.59	8.00	10.06	11.31	10.99	8.24	7.33	8.54	8.86
<i>Year-over-year % change</i>	-3.9	-6.8	25.8	34.4	38.3	-1.0	4.3	6.6	-10.9
Live cattle (US \$/cwt)	80.4	92.0	113.3	112.7	111.3	119.3	117.0	120.0	121.0
<i>Year-over-year % change</i>	-9.9	14.4	23.2	20.4	19.6	25.5	25.7	27.7	23.3
Live hogs (US \$/cwt)	42.0	55.0	66.5	68.7	71.5	65.7	68.7	64.4	64.0
<i>Year-over-year % change</i>	-11.9	31.1	20.8	16.4	18.7	28.5	28.9	34.7	22.4
Fresh salmon (US \$/kg)	4.92	6.15	5.91	7.03	5.21	4.36	4.13	4.38	4.56
<i>Year-over-year % change</i>	1.5	24.9	-3.9	12.3	-17.2	-32.7	-34.7	-28.1	-35.0
<b>Energy</b>									
Coal (US \$/tonne)	71.8	99.0	120.9	120.0	120.6	114.2	119.0	113.8	109.7
<i>Year-over-year % change</i>	-43.5	37.8	22.2	20.6	28.9	6.1	22.1	6.2	-7.3
Crude Oil (US \$/barrel)	61.7	79.4	95.1	102.6	89.7	94.1	86.4	97.2	98.6
<i>Year-over-year % change</i>	-38.0	28.7	19.7	31.7	17.8	10.6	5.5	15.5	10.7
Natural Gas (US \$/mmbtu)	3.95	4.39	4.00	4.36	4.12	3.32	3.57	3.24	3.16
<i>Year-over-year % change</i>	-55.4	11.0	-8.9	0.6	-3.7	-12.5	4.1	-13.1	-25.5
<b>Forest products</b>									
Lumber (US \$/1000 board ft)	181.5	254.9	255.3	240.8	245.2	238.2	236.3	230.3	248.0
<i>Year-over-year % change</i>	-17.2	40.4	0.1	-8.3	10.4	-11.3	-3.9	-16.2	-13.1
Newsprint (US \$/tonne)	569.4	585.6	624.5	624.4	623.3	623.8	623.8	623.8	623.8
<i>Year-over-year % change</i>	-15.8	2.8	6.7	8.8	2.7	0.0	0.4	-0.1	-0.3
Pulp (US \$/tonne)	715.9	957.0	976.8	1022.7	995.6	920.2	950.5	920.0	890.0
<i>Year-over-year % change</i>	-16.6	33.7	2.1	4.2	-0.8	-5.2	-2.5	-5.0	-8.1

Source: Haver Analytics, Bloomberg, RBC Economics Research

## Commodity price trends

	Period averages								
	2009	2010	2011	Q2-11	Q3-11	Q4-11	Oct-11	Nov-11	Dec-11
<b>Non-precious metals &amp; minerals</b>									
Aluminum (US \$/lb)	0.76	0.99	1.09	1.18	1.09	0.95	0.99	0.94	0.92
<i>Year-over-year % change</i>	-35.2	30.3	10.2	24.3	14.8	-10.8	-7.4	-11.1	-14.0
Copper (US \$/lb)	2.34	3.42	4.00	4.14	4.07	3.40	3.33	3.43	3.43
<i>Year-over-year % change</i>	-25.7	46.0	16.9	30.3	24.0	-13.3	-11.4	-10.8	-17.3
Iron Ore (US \$/tonne)	80.0	145.9	167.8	175.8	175.9	140.8	150.4	135.5	136.4
<i>Year-over-year % change</i>	-48.7	82.4	15.0	10.4	28.0	-9.7	1.3	-13.2	-16.4
Lead (US \$/lb)	0.78	0.97	1.09	1.16	1.12	0.90	0.88	0.90	0.92
<i>Year-over-year % change</i>	-17.7	25.0	11.8	31.1	21.2	-17.0	-18.1	-16.6	-16.3
Nickel (US \$/lb)	6.67	9.89	10.35	10.96	10.00	8.30	8.57	8.11	8.23
<i>Year-over-year % change</i>	-30.1	48.4	4.7	8.0	4.0	-22.4	-20.7	-21.9	-24.7
Zinc (US \$/lb)	0.75	0.98	0.99	1.02	1.01	0.86	0.84	0.87	0.87
<i>Year-over-year % change</i>	-11.3	30.1	1.5	11.5	10.5	-18.0	-21.6	-16.4	-16.0
Potash (US \$/tonne)	630.4	331.9	435.3	422.7	471.3	473.0	470.0	474.0	475.0
<i>Year-over-year % change</i>	10.6	-47.4	31.2	33.7	41.0	37.8	40.3	39.2	34.2
Uranium (US \$/lb)	46.7	46.0	56.2	56.4	51.8	52.6	52.3	53.2	52.2
<i>Year-over-year % change</i>	-27.3	-1.5	22.4	37.2	15.4	-5.3	7.2	-6.9	-13.9
<b>Precious metals</b>									
Gold (US \$/ounce)	972.3	1224.3	1570.5	1506.1	1702.3	1683.3	1665.2	1743.8	1643.6
<i>Year-over-year % change</i>	11.5	25.9	28.3	26.0	38.8	23.1	24.1	27.2	18.2
Silver (US \$/ounce)	14.7	20.2	35.3	38.4	38.9	31.9	32.1	33.4	30.3
<i>Year-over-year % change</i>	-2.3	37.1	75.4	109.0	104.7	20.9	36.6	25.7	3.4

Source: Haver Analytics, Bloomberg, RBC Economics Research

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