

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 exports and is updated annually in February.

COMMODITY PRICE MONITOR

August 17, 2018

Commodity price index fell in July

The RBC commodity price index fell 1.2% in July matching June's decline. The July decline was due to widespread weakness across sub-indices. The forest products sub-index fell 6.5% and provided the greatest downward pressure on the overall index. Despite the monthly weakness, the overall index was 22.9% higher than a year earlier. Similarly, the index ex-energy fell 5.5% in July but stood 9.1% higher than a year ago.

- The **energy products sub-index** rose 3.6% in July to completely reverse June's 1.6% drop. Supply side disruption risks were likely partially responsible for higher crude oil prices in July.¹ Despite hotter-than-normal July weather, natural gas prices fell 4.4%. The energy products sub-index was 41.9% higher than a year earlier.
- The **agricultural products sub-index** fell 3.9% in July. Japan and South Korea resumed wheat imports from Canada after June's temporary suspension. The end of the suspension was announced in late July. Wheat prices dropped 4.4% in the month after falling 6.6% in June. Compared to a year-ago the agriculture products sub-index was down 12.3%.
- The **forest products sub-index** dropped 6.5% in July adding to the 3.4% dip in June. This is the first time in a year that the index has fallen for two consecutive months. Lumber prices fell 8.7% in July marking the largest single monthly decline in over two years. Despite the monthly drop, lumber prices were still 82% higher than in January 2017. Pulp and newsprint prices also fell in July though pulp prices remained at near record levels.
- The **non-precious metals & minerals sub-index** fell 6.5% in July on widespread declines across its sub-components. Aluminum and iron ore prices declined 6.3% and 7.9% respectively.
- The **precious metals sub-index** fell 3.5% in July. Despite clear risks in markets, gold prices were pushed 3.4% lower due to a combination of Fed tightening in June and U.S. dollar strength.² Gold prices were nearly 100\$/ounce lower in July than at the start of 2018.



RBC commodity price sub-indices

Agricultural products sub-index



Source: RBC Economics Research

Forest products sub-index



Source: RBC Economics Research

Non-precious metals & minerals sub-index



Source: RBC Economics Research

Precious metals sub-index



Source: RBC Economics Research

Period averages

	2015	2016	2017	Q4-17	Q1-18	Q2-18	May-18	Jun-18	Jul-18
Indices									
RBC commodity price index	180.7	172.8	201.4	215.0	232.1	242.2	246.4	243.4	240.4
<i>Month-over-month/quarter-over-quarter % change</i>				7.4	8.0	4.3	4.1	-1.2	-1.2
<i>Year-over-year % change</i>	-32.7	-4.4	16.5	14.8	18.3	24.8	27.1	28.9	22.9
RBC commodity price index ex. energy	158.3	157.5	178.2	189.1	198.8	205.0	207.4	205.8	194.4
<i>Month-over-month/quarter-over-quarter % change</i>				4.2	5.2	3.1	2.8	-0.8	-5.5
<i>Year-over-year % change</i>	-13.9	-0.5	13.1	17.9	17.4	18.7	20.6	20.1	9.1
Sub-indices									
Agricultural products	121.5	112.6	124.9	128.3	130.0	128.2	129.8	125.4	120.4
<i>Month-over-month/quarter-over-quarter % change</i>				-2.1	1.3	-1.4	0.3	-3.4	-3.9
<i>Year-over-year % change</i>	-14.5	-7.3	10.9	13.1	10.1	5.2	7.1	-2.5	-12.3
Energy products	191.1	172.9	206.1	221.4	247.7	261.5	267.6	263.2	272.6
<i>Month-over-month/quarter-over-quarter % change</i>				12.0	11.9	5.6	5.4	-1.6	3.6
<i>Year-over-year % change</i>	-45.8	-9.5	19.2	9.8	18.9	32.8	35.5	41.3	41.9
Forest products	111.8	119.0	146.2	163.7	177.5	199.7	205.7	205.7	192.3
<i>Month-over-month/quarter-over-quarter % change</i>				11.0	8.4	12.5	9.5	0.0	-6.5
<i>Year-over-year % change</i>	-14.7	6.4	22.9	33.7	35.5	39.9	44.0	48.0	30.5
Non-precious metals & minerals	185.4	170.7	191.2	200.8	210.6	210.6	211.3	211.6	197.7
<i>Month-over-month/quarter-over-quarter % change</i>				3.8	4.9	0.0	1.1	0.1	-6.5
<i>Year-over-year % change</i>	-16.1	-7.9	12.0	13.7	10.6	16.9	17.8	20.6	7.7
Precious metals	293.8	316.7	318.6	321.8	334.1	328.6	327.8	322.8	311.4
<i>Month-over-month/quarter-over-quarter % change</i>				-0.3	3.8	-1.6	-2.2	-1.5	-3.5
<i>Year-over-year % change</i>	-9.2	7.8	0.6	3.8	7.4	3.0	3.9	1.2	-0.2



Commodity prices trends

Agricultural products

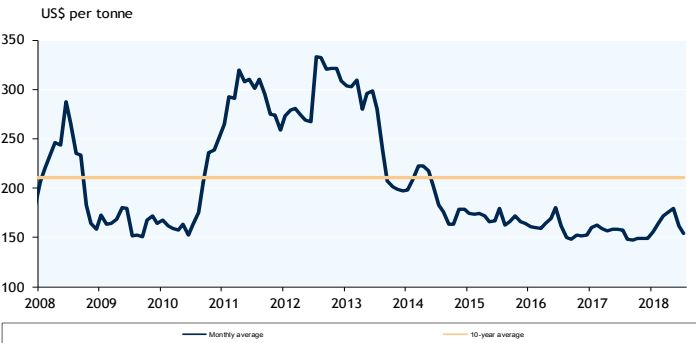
Barley



Canola



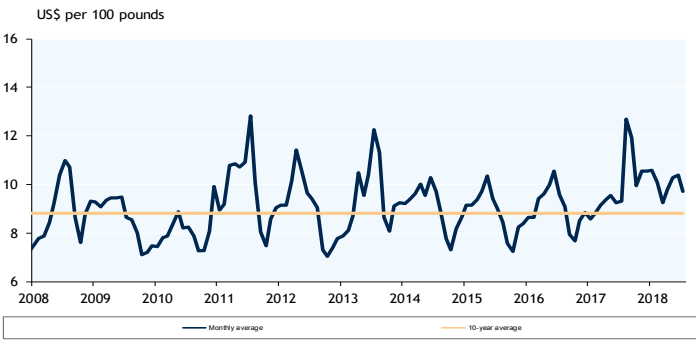
Corn



Wheat



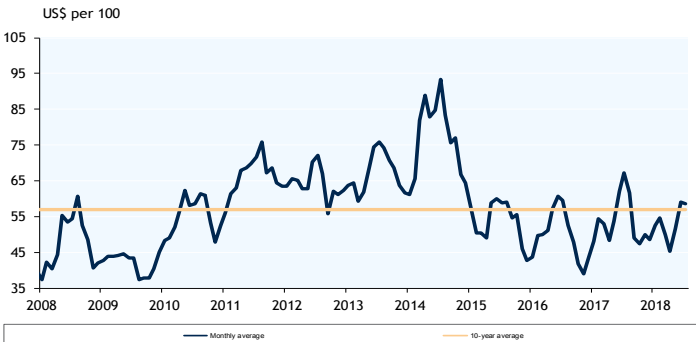
Potatoes



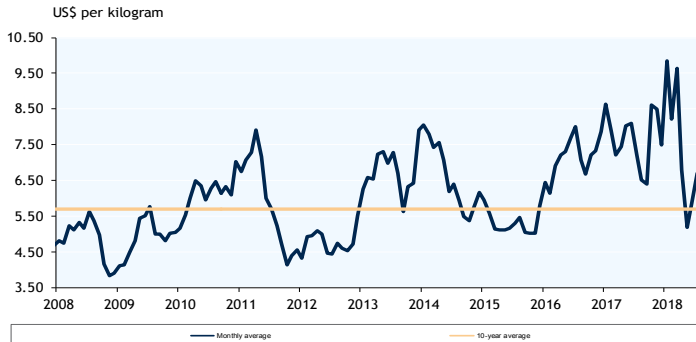
Live cattle



Live hogs



Fresh salmon





Commodity price trends

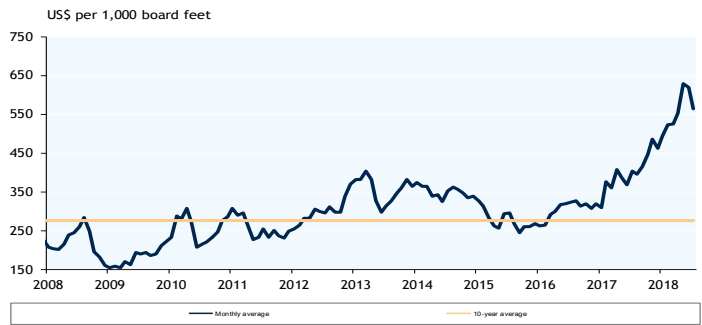
Energy products

Coal

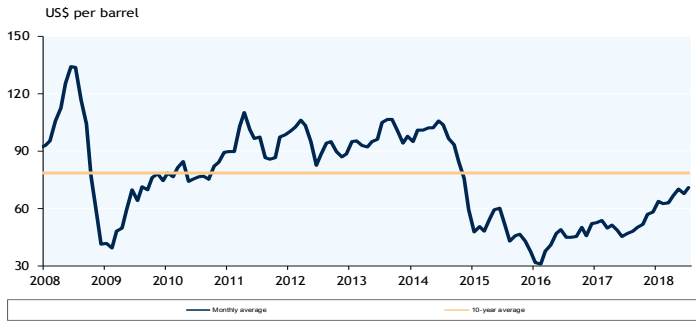


Forest products

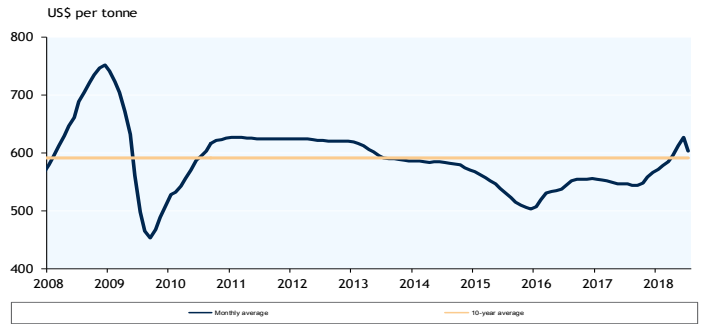
Lumber



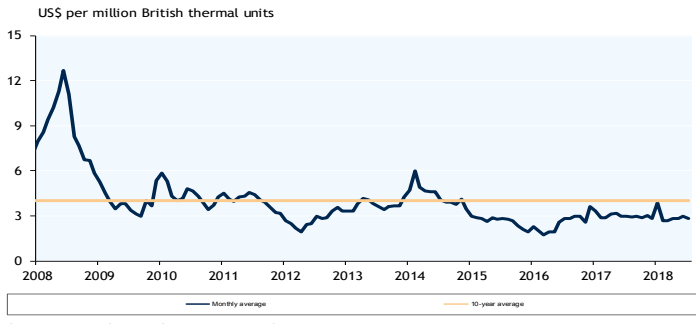
Crude oil (WTI)



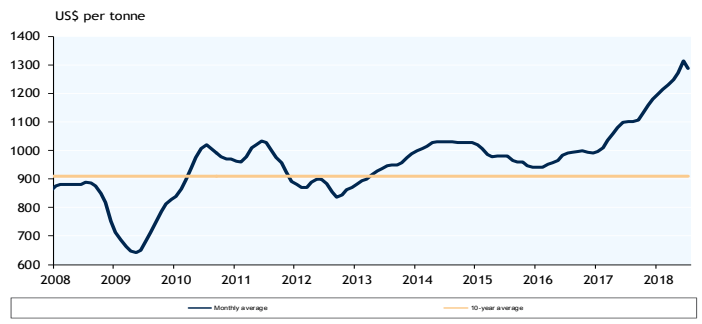
Newsprint



Natural gas

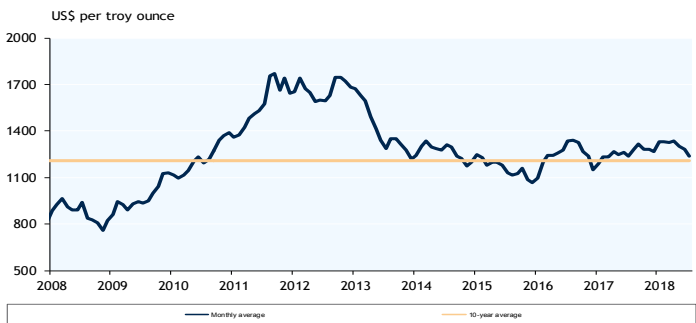


Pulp



Precious metals

Gold



Silver

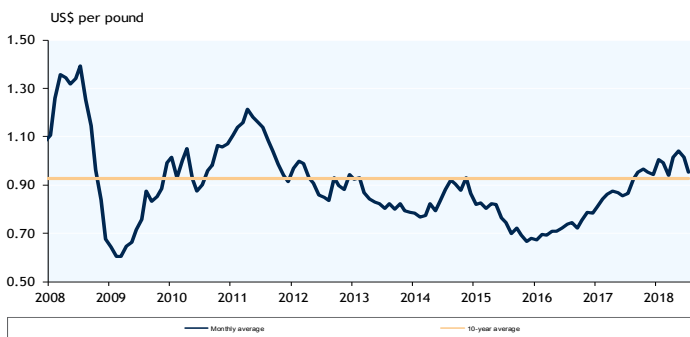




Commodity price trends

Non-precious metals & minerals

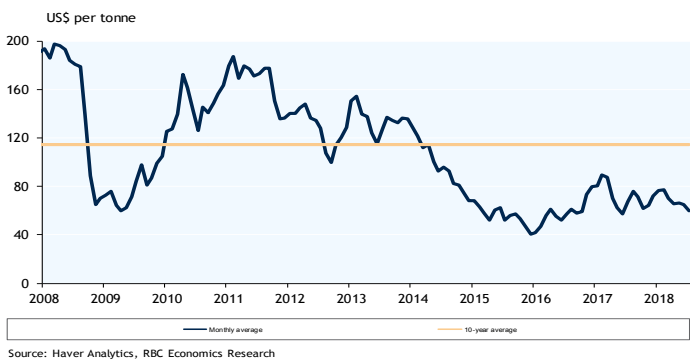
Aluminum



Copper



Iron ore



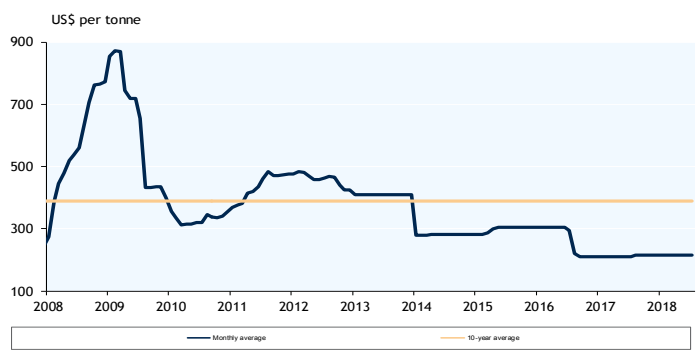
Lead



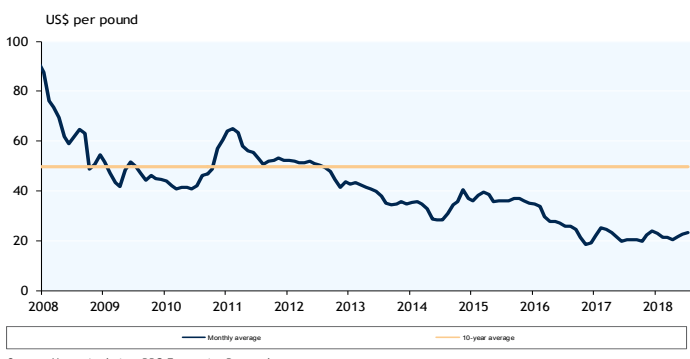
Nickel



Potash



Uranium



Zinc





Commodity price trends

	Period averages								
	2015	2016	2017	Q4-17	Q1-18	Q2-18	May-18	Jun-18	Jul-18
Agricultural products									
Barley (US \$/tonne)	213.6	189.0	186.7	214.5	226.5	246.1	253.4	248.4	221.4
<i>Year-over-year % change</i>	16.2	-11.5	-1.2	28.2	41.9	42.0	42.9	37.7	9.4
Canola (US \$/tonne)	370.7	366.0	393.2	396.4	398.2	409.3	413.2	398.7	380.3
<i>Year-over-year % change</i>	-7.3	-1.3	7.4	4.6	2.9	7.1	7.4	3.5	-9.9
Corn (US \$/tonne)	169.8	159.2	154.5	148.8	163.7	172.1	179.1	161.7	154.0
<i>Year-over-year % change</i>	-12.0	-6.2	-2.9	-2.2	1.9	9.2	12.9	2.4	-2.3
Wheat (US \$/tonne)	252.7	221.9	262.8	274.8	272.6	274.1	281.8	263.2	251.7
<i>Year-over-year % change</i>	-20.8	-12.2	18.4	15.5	13.6	9.8	16.9	-5.5	-20.8
Potatoes (US \$/cwt)*	8.84	9.04	9.97	10.35	9.95	10.15	10.27	10.39	9.71
<i>Year-over-year % change</i>	-2.3	2.3	10.3	-8.4	-3.9	2.1	7.8	12.5	4.3
Live cattle (US \$/cwt)	147.9	120.1	120.2	115.3	123.3	117.0	120.0	112.0	106.0
<i>Year-over-year % change</i>	-3.2	-18.8	0.1	9.5	2.5	-11.4	-11.8	-15.2	-11.3
Live hogs (US \$/cwt)	53.5	49.6	53.6	48.6	52.4	52.0	51.5	59.1	58.5
<i>Year-over-year % change</i>	-30.6	-7.3	8.0	17.9	1.0	-5.0	-3.9	-4.8	-13.1
Fresh salmon (US \$/kg)*	5.31	7.15	7.67	8.20	9.23	5.95	5.19	5.86	6.70
<i>Year-over-year % change</i>	-19.6	34.8	7.2	9.9	16.6	-24.3	-35.3	-27.7	-6.9
Energy									
Coal (US \$/tonne)	57.5	65.9	88.4	98.6	102.5	104.8	105.5	114.8	119.6
<i>Year-over-year % change</i>	-18.0	14.5	34.2	5.9	25.6	30.9	41.5	41.8	36.6
Crude Oil (US \$/barrel)	48.7	43.2	50.9	55.4	62.9	67.9	70.0	67.4	70.6
<i>Year-over-year % change</i>	-47.7	-11.3	17.8	12.6	21.3	40.7	44.3	49.2	51.5
Natural Gas (US \$/mmbtu)	2.61	2.49	2.96	2.90	3.08	2.86	2.80	2.97	2.83
<i>Year-over-year % change</i>	-40.2	-4.6	18.8	-4.5	2.3	-7.2	-11.1	-0.3	-5.0
Forest products									
Lumber (US \$/1000 board ft)	277.3	305.0	400.9	464.2	513.3	599.6	629.2	617.8	564.0
<i>Year-over-year % change</i>	-20.6	10.0	31.4	47.4	47.6	54.7	62.2	67.7	39.9
Newsprint (US \$/tonne)	533.9	539.4	550.3	557.0	577.8	611.1	611.9	626.4	603.0
<i>Year-over-year % change</i>	-8.1	1.0	2.0	0.5	4.5	11.7	12.0	14.7	10.6
Pulp (US \$/tonne)	975.2	974.9	1087.6	1155.7	1213.5	1277.8	1270.5	1314.4	1286.0
<i>Year-over-year % change</i>	-4.7	0.0	11.6	16.2	19.7	18.4	17.7	19.6	16.7

Source: Haver Analytics, Bloomberg, RBC Economics Research; * latest potato & salmon price based on percent change in BLS PPI index



Commodity price trends

	Period averages								
	2015	2016	2017	Q4-17	Q1-18	Q2-18	May-18	Jun-18	Jul-18
Non-precious metals & minerals									
Aluminum (US \$/lb)	0.75	0.73	0.89	0.95	0.98	1.02	1.04	1.02	0.95
Year-over-year % change	-11.0	-3.4	22.7	22.9	16.6	18.3	19.7	18.8	10.2
Copper (US \$/lb)	2.49	2.21	2.80	3.09	3.16	3.12	3.09	3.15	2.83
Year-over-year % change	-19.9	-11.5	26.8	29.0	19.4	21.4	22.0	22.0	4.5
Iron Ore (US \$/tonne)	55.9	58.4	71.8	66.1	74.7	65.6	66.1	64.9	59.8
Year-over-year % change	-42.4	4.6	22.8	-6.6	-13.0	3.5	5.9	12.9	-11.8
Lead (US \$/lb)	0.81	0.85	1.05	1.13	1.14	1.08	1.07	1.11	1.00
Year-over-year % change	-14.8	4.7	23.9	16.0	10.7	10.3	10.9	14.5	-2.4
Nickel (US \$/lb)	5.35	4.36	4.72	5.25	6.02	6.56	6.51	6.85	6.24
Year-over-year % change	-30.0	-18.6	8.4	7.2	29.3	56.9	56.8	69.2	45.2
Zinc (US \$/lb)	0.87	0.95	1.31	1.47	1.55	1.41	1.39	1.40	1.21
Year-over-year % change	-10.9	8.6	38.3	28.6	23.1	19.9	18.1	20.2	-4.5
Potash (US \$/tonne)	299.1	264.9	212.1	216.0	216.0	216.0	216.0	216.0	216.0
Year-over-year % change	6.2	-11.4	-19.9	3.3	3.3	3.4	3.3	3.3	3.4
Uranium (US \$/lb)	36.8	26.3	21.9	21.9	21.9	21.6	21.6	22.8	23.2
Year-over-year % change	9.8	-28.4	-16.7	8.0	-0.1	-1.4	0.1	15.6	14.0
Precious metals									
Gold (US \$/ounce)	1158.8	1250.1	1257.8	1275.5	1328.8	1306.5	1303.4	1281.6	1237.7
Year-over-year % change	-8.5	7.9	0.6	4.6	9.0	3.9	4.6	1.7	0.1
Silver (US \$/ounce)	15.7	17.2	17.1	16.7	16.7	16.6	16.5	16.5	15.7
Year-over-year % change	-17.7	9.4	-0.7	-2.7	-4.3	-3.7	-1.5	-2.3	-2.7

Source: Haver Analytics, Bloomberg, RBC Economics Research

¹ U.S. Energy Information Administration, *Short-Term Energy Outlook*, August 2018.

¹ RBC Capital Markets, *Commodity Comment: Heat Wave*, July 19, 2018.