

## 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

January 17, 2019

### Commodity price index sank in December

The RBC commodity price index continued to slide in December ending the quarter 8.8% lower than Q3/18. 2018 was a rollercoaster of ups and downs for the overall index. The first part of the year through May saw the index rise 13.7% to a multi-year high. That said, since its peak in May, the overall index fell 18.7%. Despite the recent weakness, the overall index on average in 2018 was 15.3% higher than in 2017. The index ex-energy tells a very similar story for 2018. First rising 10.9% through May, then falling 16.9% by year's end, though on average 8.5% higher in 2018 than in 2017.

- The **energy products sub-index** fell 11.6% in December. Plummeting crude oil prices were to blame for the sub-index's sharp decline in the month. Crude oil prices in December continued to fall and reached their lowest level in over a year. Price declines were the result of rising oil inventories paired with global growth uncertainty. The price declines continued through the month despite OPEC and the Alberta government announcing temporary oil production cuts.<sup>1,2</sup> On average 2018 crude oil prices were 27.4% higher than 2017.
- The **agricultural products sub-index** fell 2.3% in December leaving the sub-index 1.9% lower in Q4/2018 than in Q3/2018. Since May the sub-index fell 12.7%. The largest contributor to the decline was falling wheat prices, down 11.7% over the same period. In fact all crop prices included in the sub-index ended 2018 below 10-year their averages.
- The **forest products sub-index** fell in December for the fifth month since June 2018. The forest products sub-index tells a story of two distinct movement periods in the past couple of years. From January 2017 to its peak in May 2018, the forest products sub-index rose 75.7%. This was due to duties imposed by U.S. Department of Commerce on Canadian lumber causing lumber prices to climb during a robust construction period in the U.S.. The second period showed prices falling 34.5% from that record peak in just seven months as both duty rates were finalised and seasonal construction activity slowing began. Due to the record levels reached earlier last year, the sub-index's 2018 annual average was 21.8% higher than in 2017.
- The **non-precious metals & minerals sub-index** fell 1.4% in December. After reaching a multi-year high at the beginning of 2018, the sub-index modestly declined through the rest of the year. Nonetheless, the 2018 average level was higher than in both 2017 and 2016.
- The **precious metals sub-index** rose 2.5% in December and was the only sub-index to end the year on an upswing. Despite the late rally in gold prices in Q4/2018, 2018 was on average one with little volatility for the sub-index. The sub-index's annual average for 2018 was little changed from 2017.



# RBC commodity price sub-indices

## Agricultural products sub-index



## Forest products sub-index



## Non-precious metals & minerals sub-index



## Precious metals sub-index



### Period averages

#### Indices

	2016	2017	2018	Q2-18	Q3-18	Q4-18	Oct-18	Nov-18	Dec-18
RBC commodity price index	171.3	199.6	230.1	241.4	234.5	213.9	228.5	213.4	199.7
Month-over-month/quarter-over-quarter % change				4.8	-2.9	-8.8	-1.0	-6.6	-6.4
Year-over-year % change	-4.7	16.5	15.3	25.8	18.1	0.4	11.0	-1.5	-7.6
RBC commodity price index ex. energy	154.9	175.2	190.1	203.9	187.0	173.5	174.4	174.5	171.6
Month-over-month/quarter-over-quarter % change				4.0	-8.3	-7.2	-3.1	0.0	-1.7
Year-over-year % change	-1.0	13.1	8.5	20.5	4.6	-6.6	-4.6	-7.4	-7.9

#### Sub-indices

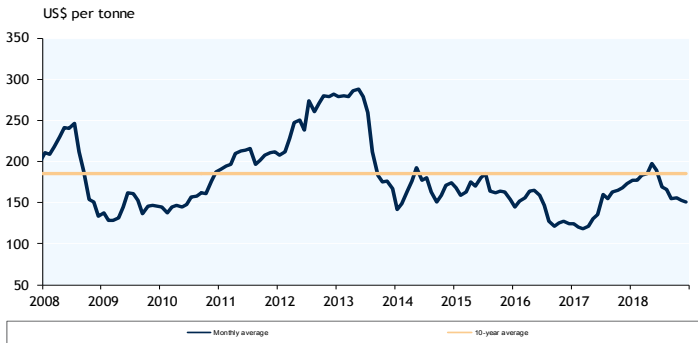
Agricultural products	117.1	128.5	127.4	134.2	123.0	120.6	120.7	121.9	119.2
Month-over-month/quarter-over-quarter % change				1.7	-8.4	-1.9	1.7	1.0	-2.3
Year-over-year % change	-6.6	9.8	-0.8	7.5	-10.5	-8.0	-6.9	-8.7	-8.4
Energy products	172.9	206.1	255.1	261.5	270.0	240.9	275.8	237.2	209.6
Month-over-month/quarter-over-quarter % change				5.5	3.3	-10.8	1.4	-14.0	-11.6
Year-over-year % change	-9.6	19.2	23.7	32.8	36.4	8.8	32.1	4.8	-8.4
Forest products	111.1	136.1	165.7	191.9	169.7	132.4	131.9	135.7	129.7
Month-over-month/quarter-over-quarter % change				13.8	-11.5	-22.0	-14.7	2.9	-4.4
Year-over-year % change	4.3	22.5	21.8	45.1	23.7	-13.5	-10.5	-13.9	-16.0
Non-precious metals & minerals	172.0	193.8	205.4	212.7	199.5	196.6	201.3	195.6	193.0
Month-over-month/quarter-over-quarter % change				0.0	-6.2	-1.4	2.0	-2.8	-1.4
Year-over-year % change	-8.0	12.7	6.0	17.1	2.2	-3.0	0.6	-3.8	-5.7
Precious metals	316.7	318.6	318.7	328.6	304.4	307.5	304.4	305.3	312.8
Month-over-month/quarter-over-quarter % change				-1.6	-7.4	1.0	1.5	0.3	2.5
Year-over-year % change	7.8	0.6	0.0	3.0	-5.7	-4.4	-5.8	-5.8	-1.7



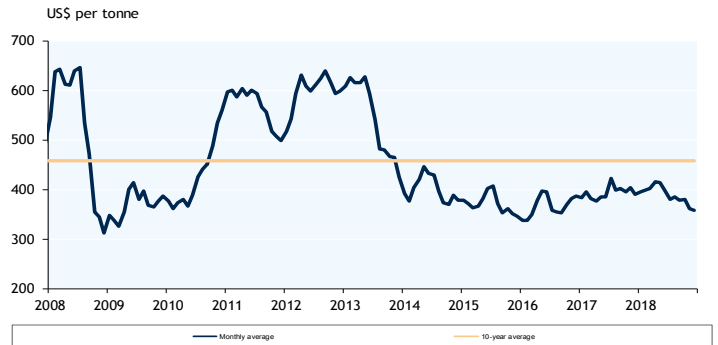
# Commodity prices trends

## Agricultural products

### Barley



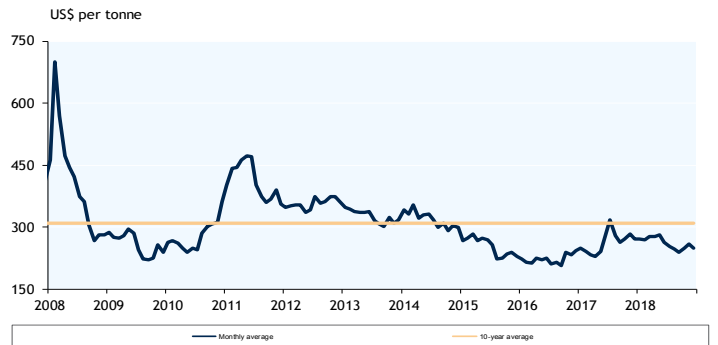
### Canola



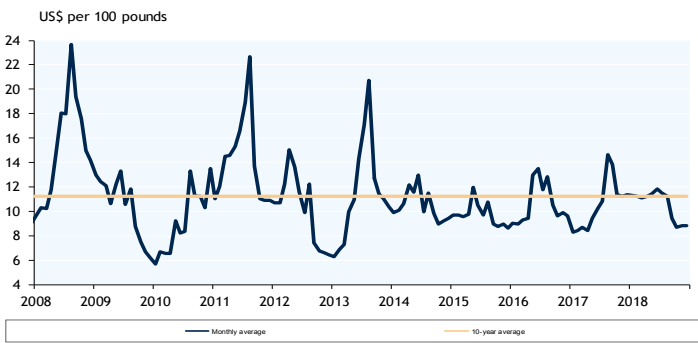
### Corn



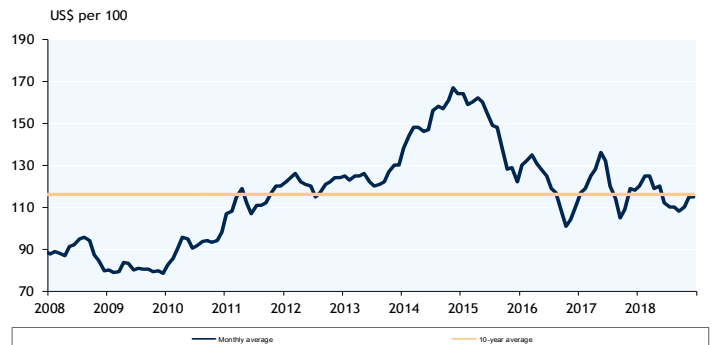
### Wheat



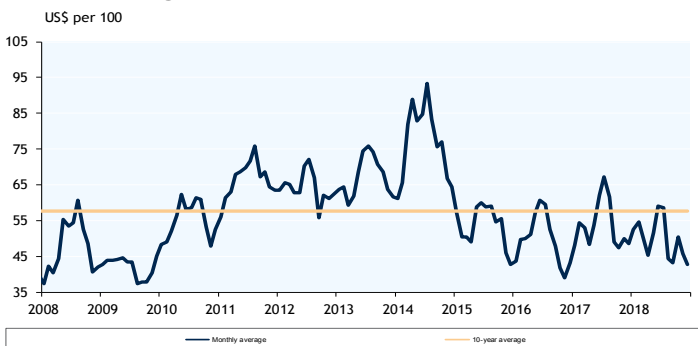
### Potatoes



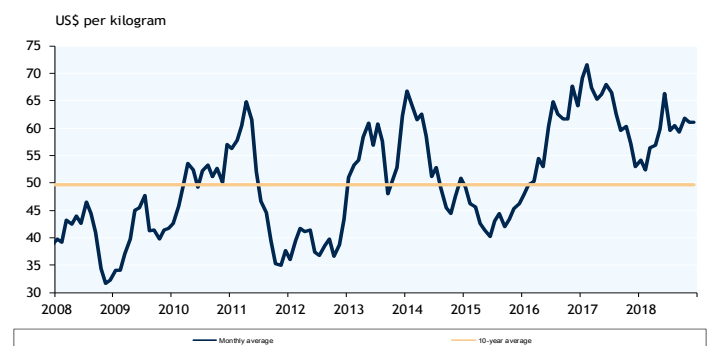
### Live cattle



### Live hogs



### Salmon

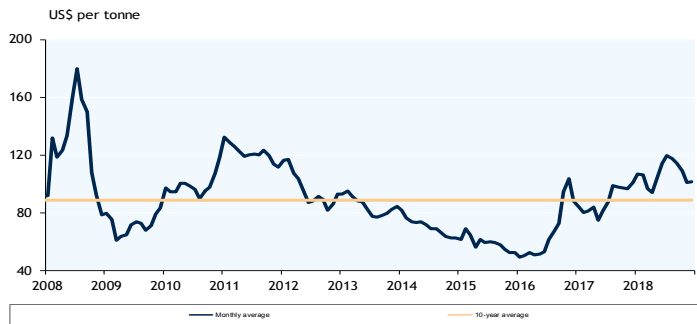




# Commodity price trends

## Energy products

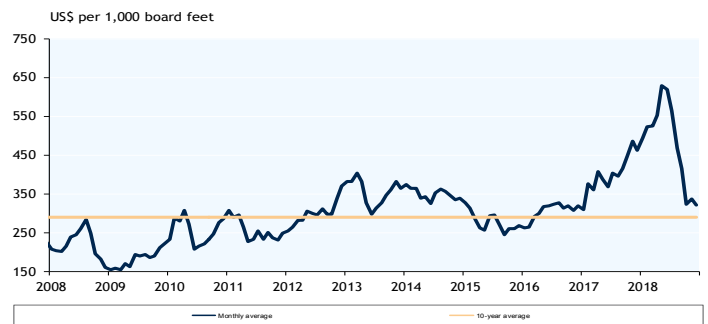
### Coal



Source: Haver Analytics, RBC Economics Research

## Forest products

### Lumber



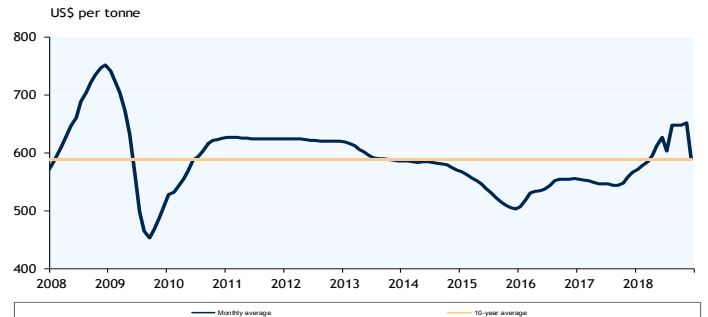
Source: Haver Analytics, RBC Economics Research

### Crude oil (WTI)



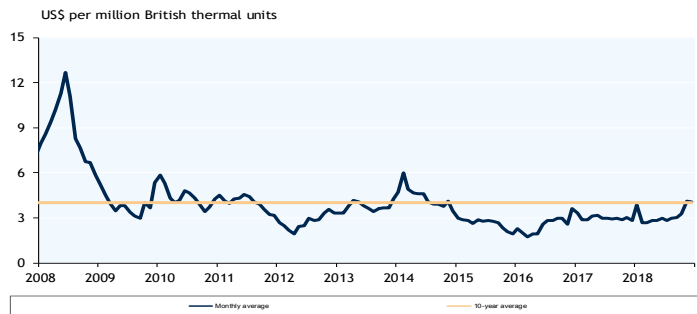
Source: Haver Analytics, RBC Economics Research

### Newsprint



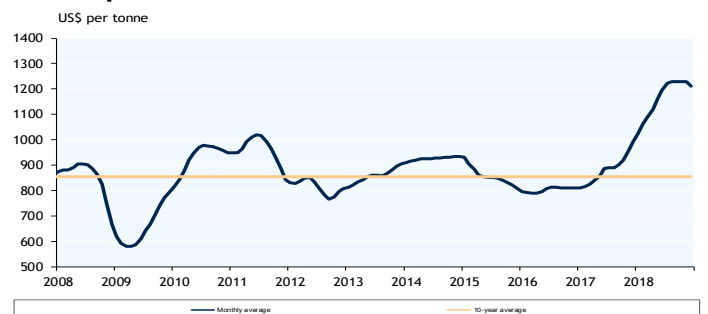
Source: Bloomberg, RBC Economics Research

### Natural gas



Source: Haver Analytics, RBC Economics Research

### Pulp



Source: INSEE, RBC Economics Research

## Precious metals

### Gold



Source: Haver Analytics, RBC Economics Research

### Silver



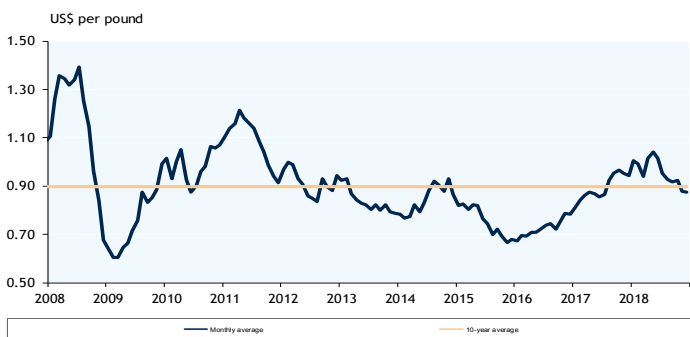
Source: Haver Analytics, RBC Economics Research



# Commodity price trends

## Non-precious metals & minerals

### Aluminum



Source: Haver Analytics, RBC Economics Research

### Copper



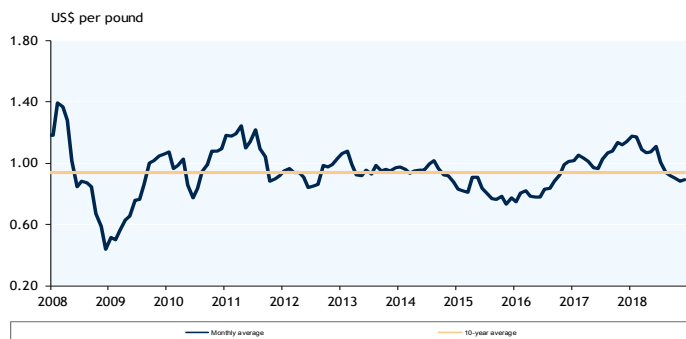
Source: Haver Analytics, RBC Economics Research

### Iron ore



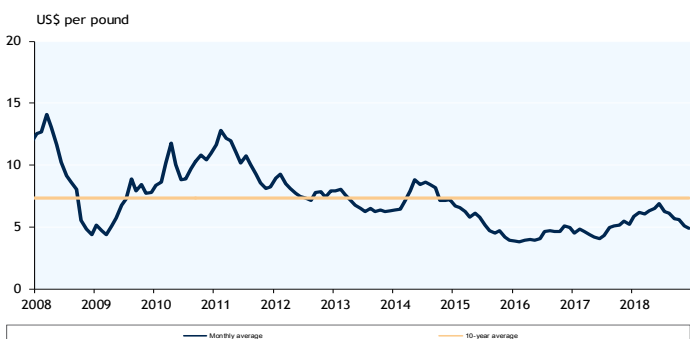
Source: Haver Analytics, RBC Economics Research

### Lead



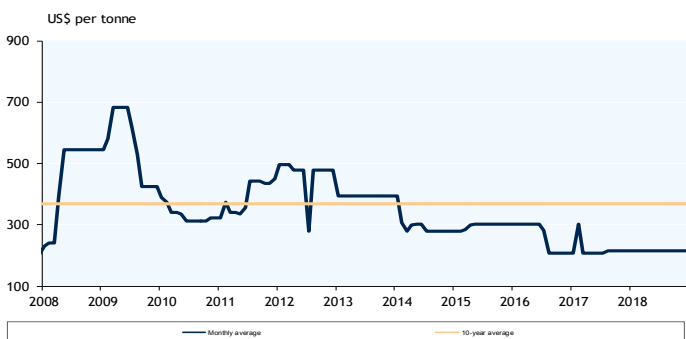
Source: Haver Analytics, RBC Economics Research

### Nickel



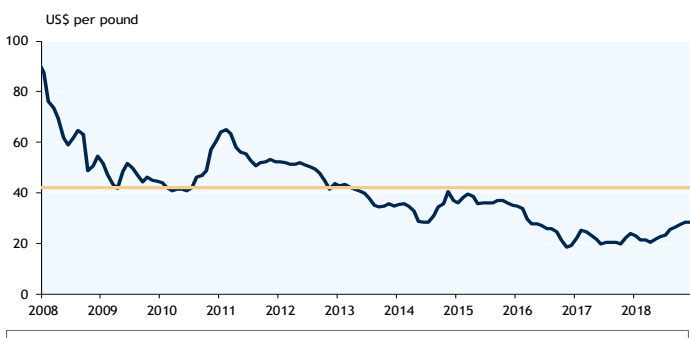
Source: Haver Analytics, RBC Economics Research

### Potash



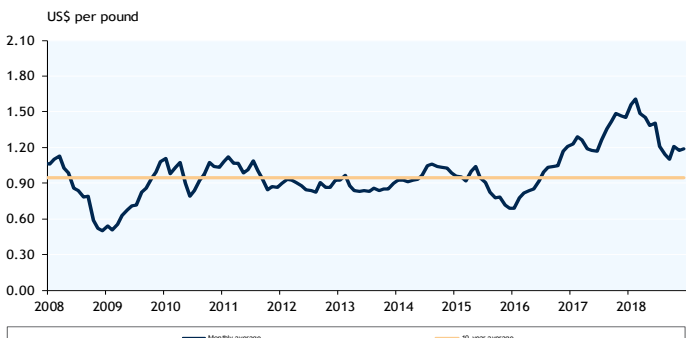
Source: Haver Analytics, RBC Economics Research

### Uranium



Source: Haver Analytics, RBC Economics Research

### Zinc



Source: Haver Analytics, RBC Economics Research



## Commodity price trends

	Period averages								
	2016	2017	2018	Q2-18	Q3-18	Q4-18	Oct-18	Nov-18	Dec-18
<b>Agricultural products</b>									
Barley (US \$/tonne)	189.0	186.7	221.9	246.1	213.1	201.9	201.9	201.9	201.9
<i>Year-over-year % change</i>	-11.5	-1.2	18.9	42.0	6.9	-5.9	-2.8	-5.9	-8.7
Canola (US \$/tonne)	366.0	393.2	388.6	409.3	380.9	365.9	379.7	360.9	357.2
<i>Year-over-year % change</i>	-1.3	7.4	-1.2	7.1	-6.5	-7.7	-4.0	-10.5	-8.5
Corn (US \$/tonne)	159.2	154.5	164.4	173.3	157.9	162.8	160.3	160.7	167.4
<i>Year-over-year % change</i>	-6.2	-2.9	6.4	9.9	4.5	9.4	7.8	8.1	12.4
Wheat (US \$/tonne)	221.9	262.8	261.2	274.1	245.9	252.2	248.1	259.6	249.0
<i>Year-over-year % change</i>	-12.2	18.4	-0.6	9.8	-14.3	-8.2	-8.1	-8.1	-8.4
Potatoes (US \$/cwt)*	10.61	10.55	10.53	11.47	10.71	9.76	8.65	8.81	8.82
<i>Year-over-year % change</i>	8.9	-0.6	-0.1	22.6	-18.1	-13.7	-23.7	-21.5	-22.6
Live cattle (US \$/cwt)	120.1	120.2	115.8	117.0	109.3	113.3	110.0	115.0	115.0
<i>Year-over-year % change</i>	-18.8	0.1	-3.7	-11.4	-3.2	-1.7	0.9	-3.4	-2.5
Live hogs (US \$/cwt)	49.6	53.6	49.8	52.0	48.7	46.2	50.3	45.7	42.7
<i>Year-over-year % change</i>	-7.3	8.0	-7.1	-5.0	-17.8	-5.0	6.3	-8.6	-12.2
Salmon (US \$/kg)**	58.16	63.86	58.93	61.00	59.77	60.70	61.80	61.00	59.30
<i>Year-over-year % change</i>	31.8	9.8	-7.7	-8.2	-4.9	6.8	2.5	6.6	11.9
<b>Energy</b>									
Coal (US \$/tonne)	66.1	88.5	107.0	104.4	117.0	103.6	108.7	100.7	101.4
<i>Year-over-year % change</i>	12.2	33.9	20.9	31.0	23.7	5.5	12.0	4.2	0.6
Crude Oil (US \$/barrel)	43.2	50.9	64.8	67.9	69.6	59.0	70.8	57.0	49.1
<i>Year-over-year % change</i>	-11.3	17.8	27.4	40.7	44.5	6.5	37.1	0.6	-15.1
Natural Gas (US \$/mmbtu)	2.49	2.96	3.14	2.86	2.93	3.80	3.28	4.09	4.04
<i>Year-over-year % change</i>	-4.6	18.8	6.1	-7.2	-0.8	31.0	13.9	35.9	43.3
<b>Forest products</b>									
Lumber (US \$/1000 board ft)	305.0	400.9	480.4	599.6	482.1	326.7	322.8	337.2	320.2
<i>Year-over-year % change</i>	10.0	31.4	19.8	54.7	19.4	-32.2	-27.7	-30.5	-30.7
Newsprint (US \$/tonne)	539.4	550.3	612.6	611.1	632.3	629.0	647.0	651.0	589.0
<i>Year-over-year % change</i>	1.0	2.0	11.3	11.7	16.2	12.9	18.1	16.7	4.2
Pulp (US \$/tonne)	802.1	882.0	1167.2	1159.1	1227.3	1223.3	1230.0	1230.0	1210.0
<i>Year-over-year % change</i>	-6.4	10.0	32.3	34.7	37.2	28.0	34.0	28.5	22.0

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

\*\*Salmon prices changed to INSEE data



## Commodity price trends

	Period averages								
	2016	2017	2018	Q2-18	Q3-18	Q4-18	Oct-18	Nov-18	Dec-18
<b>Non-precious metals &amp; minerals</b>									
Aluminum (US \$/lb)	0.73	0.89	0.96	1.02	0.93	0.89	0.92	0.88	0.88
Year-over-year % change	-3.4	22.7	7.2	18.3	2.2	-6.3	-4.5	-7.8	-6.7
Copper (US \$/lb)	2.21	2.80	2.96	3.12	2.77	2.80	2.82	2.81	2.76
Year-over-year % change	-11.5	26.8	5.8	21.4	-3.8	-9.4	-8.6	-9.3	-10.4
Iron Ore (US \$/tonne)	58.4	71.8	69.8	65.6	66.7	71.9	73.4	73.3	69.2
Year-over-year % change	4.6	22.8	-2.8	3.6	-7.1	8.9	19.1	14.0	-4.3
Lead (US \$/lb)	0.85	1.05	1.02	1.08	0.95	0.89	0.90	0.88	0.89
Year-over-year % change	4.7	23.9	-3.2	10.3	-9.9	-21.2	-20.8	-21.3	-21.7
Nickel (US \$/lb)	4.36	4.72	5.95	6.56	6.02	5.22	5.59	5.10	4.91
Year-over-year % change	-18.6	8.4	26.0	56.9	26.0	-0.6	8.9	-6.2	-5.0
Zinc (US \$/lb)	0.95	1.31	1.33	1.41	1.15	1.19	1.21	1.18	1.19
Year-over-year % change	8.6	38.3	0.9	19.9	-14.4	-18.7	-18.4	-19.9	-17.8
Potash (US \$/tonne)	260.3	218.2	215.5	215.5	215.5	215.5	215.5	215.5	215.5
Year-over-year % change	-12.1	-16.2	-1.3	4.4	1.3	0.0	0.0	0.0	0.0
Uranium (US \$/lb)	26.3	21.9	24.2	21.6	25.1	28.0	21.6	25.1	28.0
Year-over-year % change	-28.4	-16.7	10.3	0.7	23.5	27.6	38.9	27.0	19.0
<b>Precious metals</b>									
Gold (US \$/ounce)	1250.1	1257.8	1268.6	1306.5	1212.7	1227.7	1215.4	1220.7	1250.4
Year-over-year % change	7.9	0.6	0.9	3.9	-5.1	-3.7	-5.0	-4.8	-1.1
Silver (US \$/ounce)	17.2	17.1	15.7	16.6	15.0	14.6	14.6	14.4	14.8
Year-over-year % change	9.4	-0.7	-7.9	-3.7	-10.9	-12.8	-13.8	-15.5	-8.6

Source: Haver Analytics, Bloomberg, RBC Economics Research

<sup>1</sup> U.S. Energy Information Administration, *Short-Term Energy Outlook*, January 2019.

<sup>2</sup> RBC Capital Markets, *Oil Strategy—Made in Alberta Policy...*, December 3, 2018