



COMMODITY PRICE MONITOR

February 21, 2018

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 exports and is updated annually in February.

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Commodity price index moved higher in January

The RBC commodity price index climbed 8.6% in January building upon the strength in the second half of 2017. The overall index displayed its largest monthly gain since the beginning of 2016. Widespread gains in all sub-indices pushed the overall index 22% higher than in January 2017. Notably 13% rise in the energy products sub-index helped return the overall index to late 2014 levels. The index ex. energy posted a more modest 5.0% rise in January.

- The **energy products sub-index** in January continued on the steady upward trend established in early 2016 and climbed 13%. January marked the eighth consecutive monthly increase for the sub-index. Higher crude oil prices reflected a perfect storm of indicators with production issues in Venezuela and a rosier forecast of global economic growth, combined with declining oil reserves. These factors pushed crude oil prices 9.9% higher in January.¹ Natural gas prices surged 40.6% in January amidst record demand due to colder than usual weather. Natural gas prices were 73% higher in January 2018 than they were at their recent lows in January 2016 converging to their 10-year average level.
- The **agricultural products sub-index** rose a modest 2.2% higher in January. Compared to a year-ago the sub-index was 9.2% higher. The sub-index continued to recover from the recent low in Q3-16 and has since risen 24.4%.
- The **forest products sub-index** climbed 4.9% in January to fully retrace the December decline and continued its upward trend. The sub-index was 42.2% higher than a year-ago. The driver was again lumber prices which soared to the highest level on record. Since the recent low point in October 2015 lumber prices have risen 101%. Strong supply and demand fundamentals, coupled with the ongoing softwood lumber dispute between the U.S. and Canada, helped push lumber prices 6.8% higher in January. Duties were also applied to Canadian newsprint exports into the U.S. by its Department of Commerce. A final ruling is expected later in 2018 by the U.S. International Trade Commission.²
- The **non-precious metals & minerals sub-index** rose 6.1% in January, continuing its general recovery of 2017. Since it reached a multi-year low in early 2016, the index has recovered 36.6%. In the month price gains were widespread with all sub-components higher. In terms of year-over-year percentage changes, nickel prices have out-performed all other components in the sub-index.
- The **precious metals sub-index** climbed for the first time in five months rising 5.4% in January. January saw some U.S. dollar weakness translated to higher gold prices.³

Agricultural products sub-index



Forest products sub-index



Non-precious metals & minerals sub-index



Precious metals sub-index



Period averages

	2015	2016	2017	Q2-17	Q3-17	Q4-17	Nov-17	Dec-17	Jan-18
Indices									
RBC commodity price index	180.5	172.1	201.1	193.8	199.8	214.7	218.5	217.9	236.6
<i>Month-over-month/quarter-over-quarter % change</i>				-1.1	3.1	7.5	5.3	-0.3	8.6
<i>Year-over-year % change</i>	-32.8	-4.7	16.8	11.9	11.8	14.8	20.6	12.8	22.1
RBC commodity price index ex. energy	158.0	156.4	177.8	172.4	180.9	188.7	191.5	188.9	198.3
<i>Month-over-month/quarter-over-quarter % change</i>				2.0	4.9	4.3	3.1	-1.3	5.0
<i>Year-over-year % change</i>	-14.1	-1.1	13.7	9.5	13.0	17.9	19.4	17.0	21.9
Sub-indices									
Agricultural products	121.5	112.6	124.9	121.9	131.1	128.3	131.4	127.3	130.1
<i>Month-over-month/quarter-over-quarter % change</i>				3.2	7.6	-2.1	4.0	-3.1	2.2
<i>Year-over-year % change</i>	-14.5	-7.3	10.9	3.3	20.6	13.1	16.9	8.7	9.2
Energy products	191.1	172.9	206.1	197.0	197.7	221.4	226.3	229.0	258.9
<i>Month-over-month/quarter-over-quarter % change</i>				-5.4	0.4	12.0	8.4	1.2	13.0
<i>Year-over-year % change</i>	-45.8	-9.5	19.2	13.5	8.5	9.8	21.1	6.6	21.2
Forest products	111.8	119.0	146.2	142.8	147.5	163.7	168.5	164.2	172.2
<i>Month-over-month/quarter-over-quarter % change</i>				9.0	3.3	11.0	6.4	-2.6	4.9
<i>Year-over-year % change</i>	-14.7	6.4	22.9	18.7	19.1	33.7	40.1	33.0	42.2
Non-precious metals & minerals	185.3	168.1	190.8	180.0	192.7	200.6	201.1	202.7	215.1
<i>Month-over-month/quarter-over-quarter % change</i>				-5.3	7.1	4.1	1.6	0.8	6.1
<i>Year-over-year % change</i>	-16.8	-9.3	13.5	8.7	14.4	13.7	12.3	11.2	16.7
Precious metals	293.8	316.7	318.6	319.1	322.8	321.8	323.9	318.2	335.2
<i>Month-over-month/quarter-over-quarter % change</i>				2.6	1.2	-0.3	0.2	-1.8	5.4
<i>Year-over-year % change</i>	-9.2	7.8	0.6	0.1	-5.4	3.8	2.8	8.4	10.4



Commodity prices trends

Agricultural products

Barley



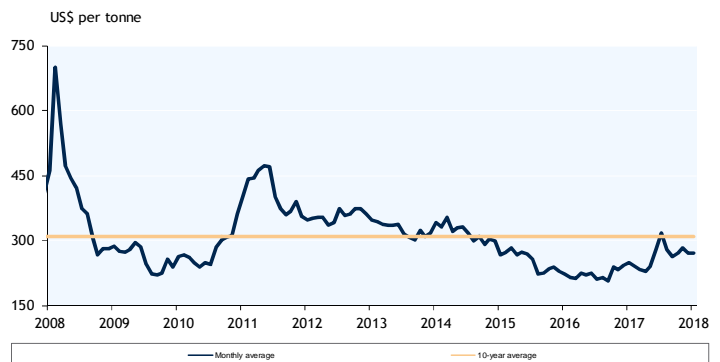
Canola



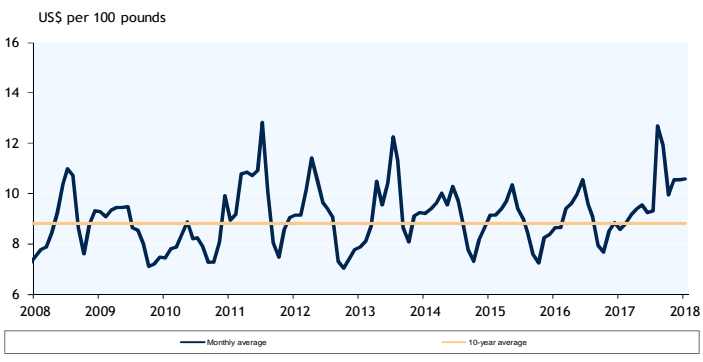
Corn



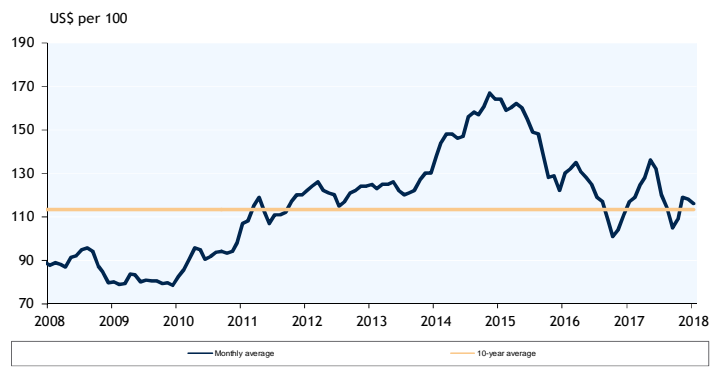
Wheat



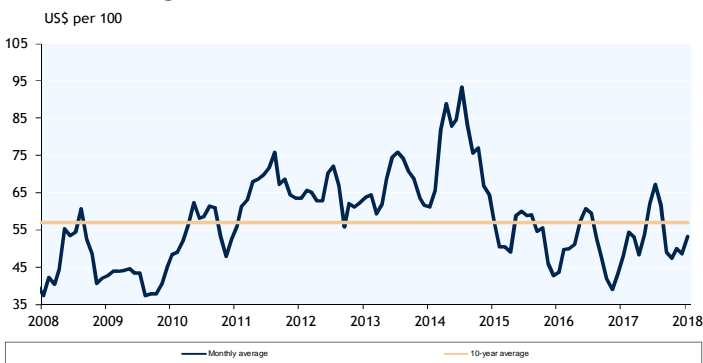
Potatoes



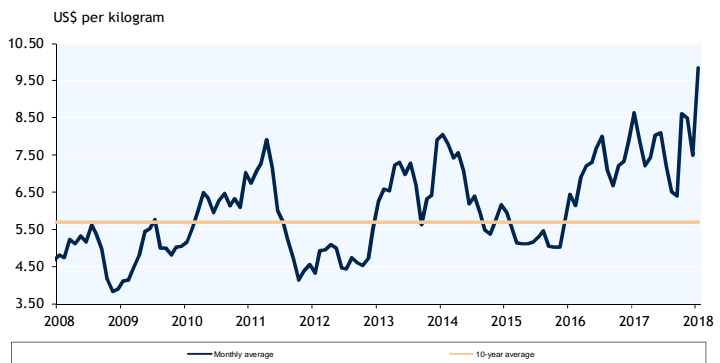
Live cattle



Live hogs

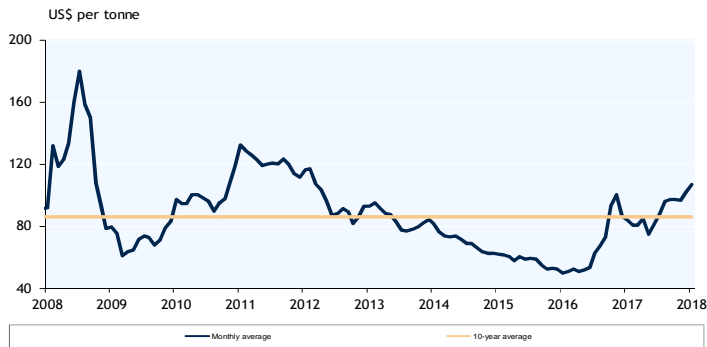


Fresh salmon



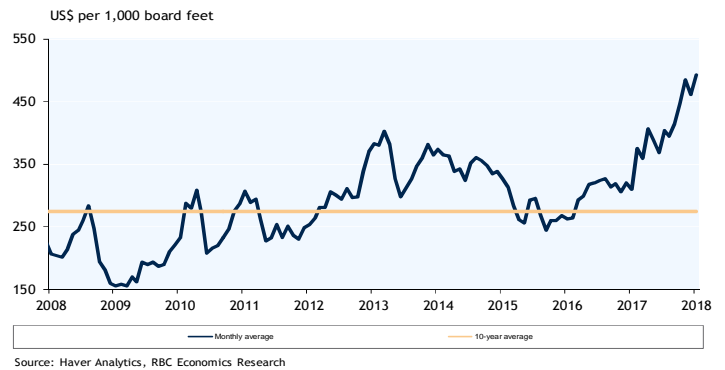
Energy products

Coal

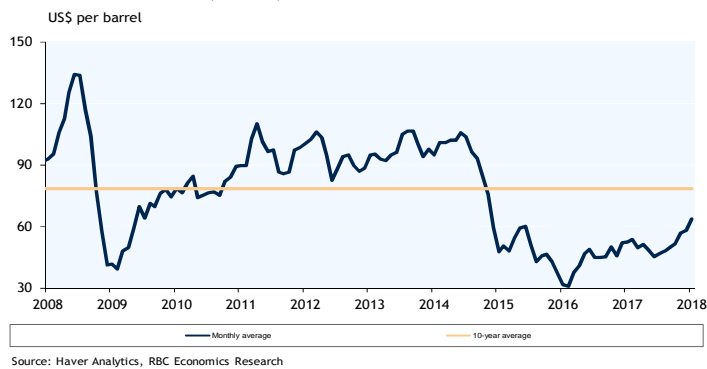


Forest products

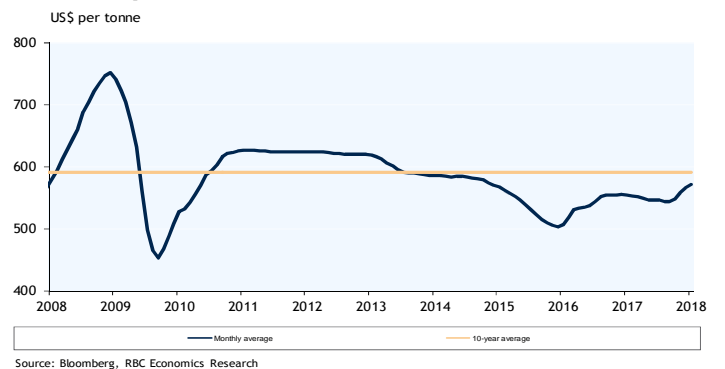
Lumber



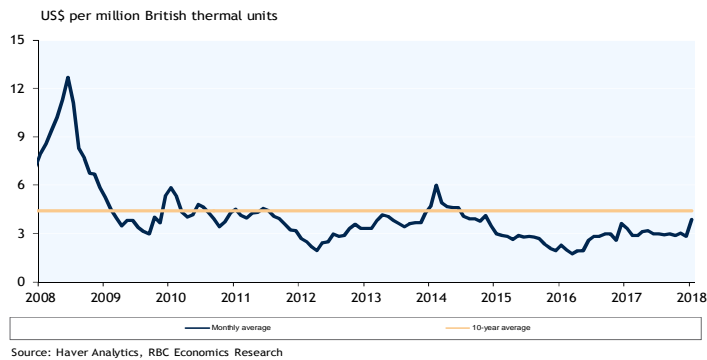
Crude oil (WTI)



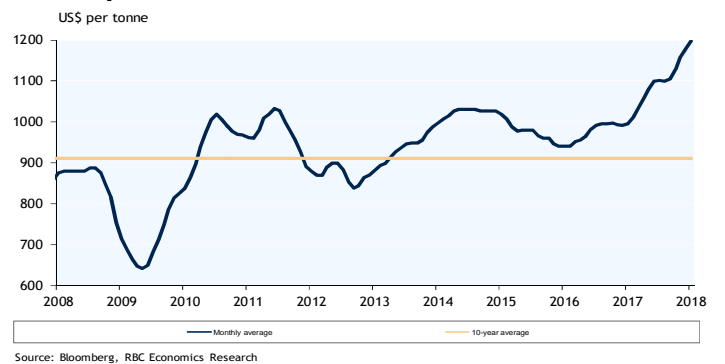
Newsprint



Natural gas

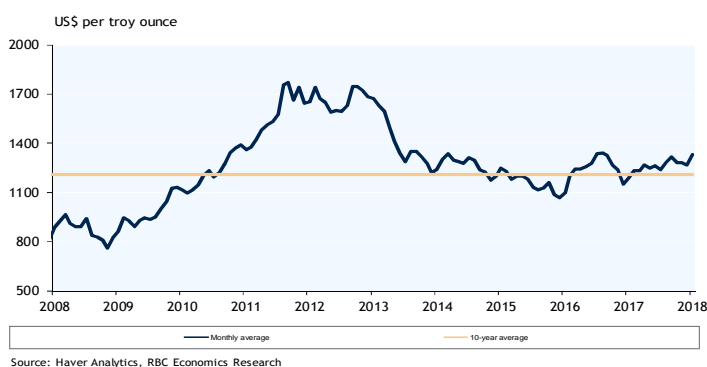


Pulp

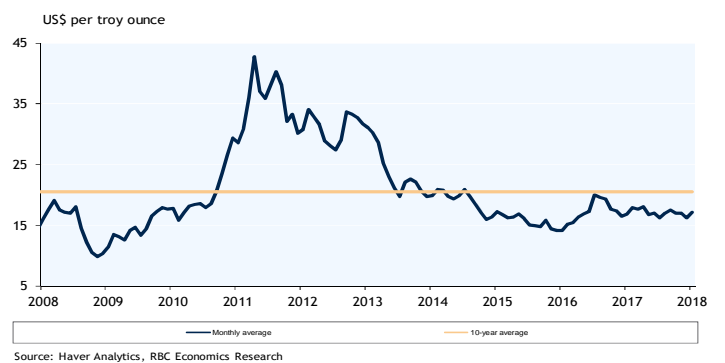


Precious metals

Gold



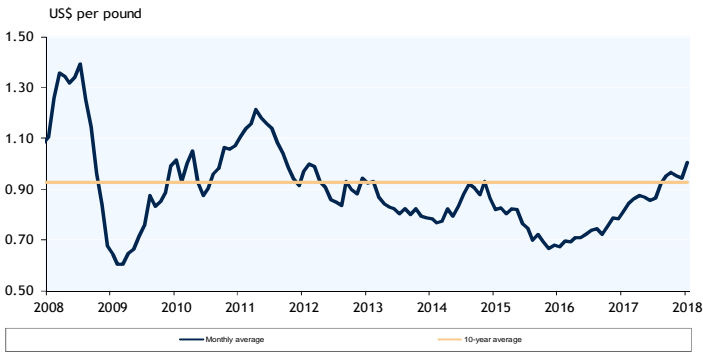
Silver



Commodity price trends

Non-precious metals & minerals

Aluminum



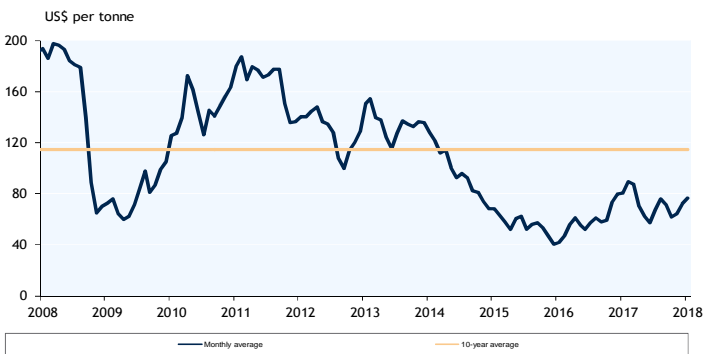
Source: Haver Analytics, RBC Economics Research

Copper



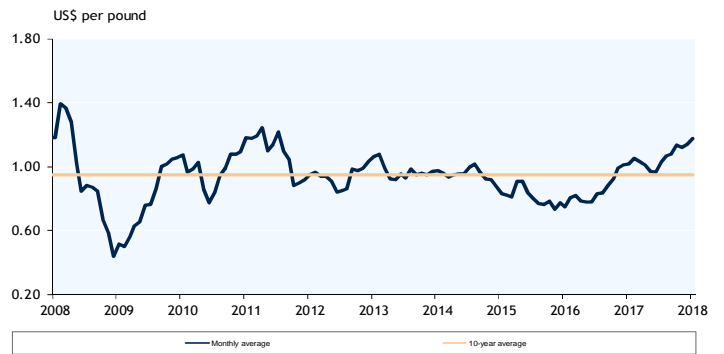
Source: Haver Analytics, RBC Economics Research

Iron ore



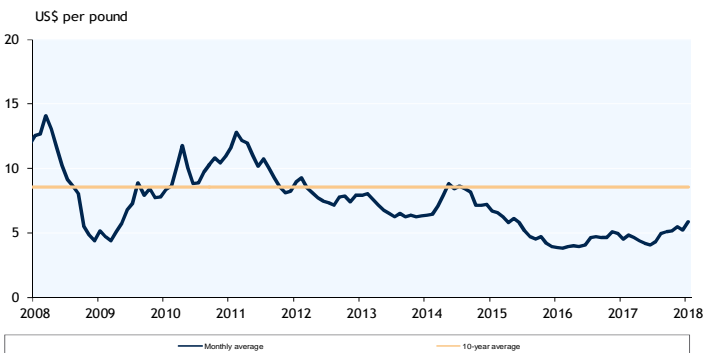
Source: Haver Analytics, RBC Economics Research

Lead



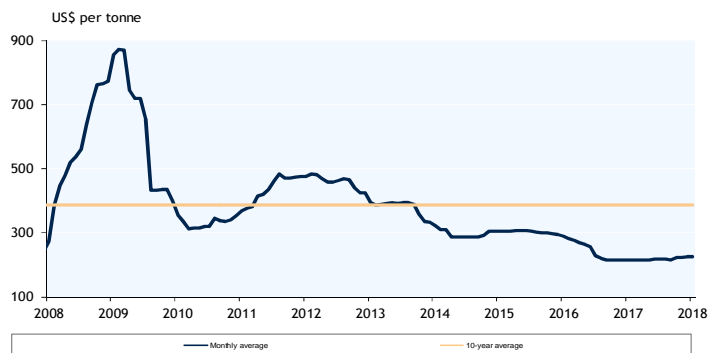
Source: Haver Analytics, RBC Economics Research

Nickel



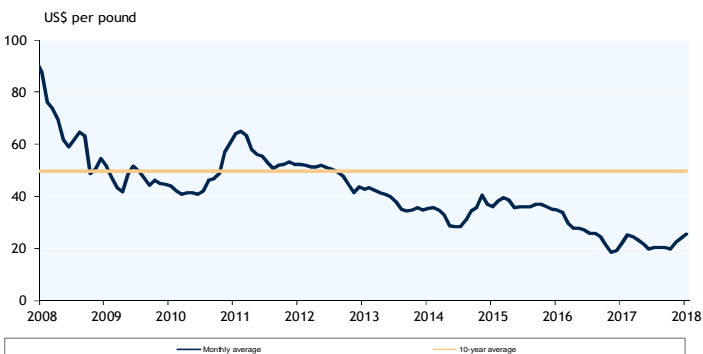
Source: Haver Analytics, RBC Economics Research

Potash



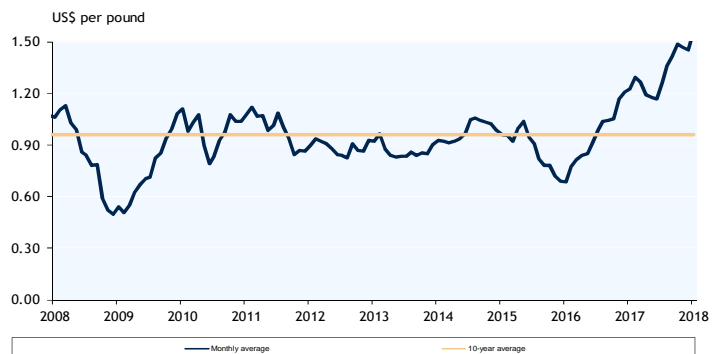
Source: Haver Analytics, RBC Economics Research

Uranium



Source: Haver Analytics, RBC Economics Research

Zinc



Source: Haver Analytics, RBC Economics Research

	Period averages								
	2015	2016	2017	Q2-17	Q3-17	Q4-17	Nov-17	Dec-17	Jan-18
Agricultural products									
Barley (US \$/tonne)	213.6	189.0	186.7	173.3	199.3	214.5	214.6	221.1	220.3
Year-over-year % change	16.2	-11.5	-1.2	-17.2	16.0	28.2	25.9	33.2	34.3
Canola (US \$/tonne)	370.7	366.0	393.2	382.0	407.6	396.4	403.2	390.3	394.7
Year-over-year % change	-7.3	-1.3	7.4	-1.9	14.8	4.6	5.8	1.0	2.9
Corn (US \$/tonne)	169.8	159.2	154.5	157.7	151.1	148.8	148.7	149.0	155.8
Year-over-year % change	-12.0	-6.2	-2.9	-7.8	-1.5	-2.2	-2.0	-2.3	-2.6
Wheat (US \$/tonne)	252.7	221.9	262.8	249.6	286.8	274.8	282.4	271.8	271.6
Year-over-year % change	-20.8	-12.2	18.4	12.1	36.4	15.5	21.6	11.6	9.6
Potatoes (US \$/cwt)*	8.84	9.04	9.97	9.38	11.30	10.35	10.54	10.56	10.58
Year-over-year % change	-2.3	2.3	10.3	-6.6	20.4	-8.4	23.8	19.3	23.4
Live cattle (US \$/cwt)	147.9	120.1	120.2	132.0	113.0	115.3	119.0	118.0	116.0
Year-over-year % change	-3.2	-18.8	0.1	3.1	-1.5	9.5	14.4	6.3	-0.9
Live hogs (US \$/cwt)	53.5	49.6	53.6	54.7	59.2	48.6	50.0	48.6	53.1
Year-over-year % change	-30.6	-7.3	8.0	-2.8	11.2	17.9	28.2	12.8	10.4
Fresh salmon (US \$/kg)*	5.31	7.15	7.67	7.85	6.70	8.20	8.50	7.50	9.84
Year-over-year % change	-19.6	34.8	7.2	6.1	-7.5	9.9	16.1	-4.6	13.9
Energy									
Coal (US \$/tonne)	57.5	65.9	88.4	80.0	93.4	98.6	96.6	102.1	106.8
Year-over-year % change	-18.0	14.5	34.2	54.4	38.4	5.9	-3.4	18.3	27.5
Crude Oil (US \$/barrel)	48.7	43.2	50.9	48.3	48.2	55.4	56.7	57.9	63.7
Year-over-year % change	-47.7	-11.3	17.8	6.2	7.3	12.6	23.9	11.2	21.1
Natural Gas (US \$/mmbtu)	2.61	2.49	2.96	3.08	2.95	2.90	3.01	2.82	3.88
Year-over-year % change	-40.2	-4.6	18.8	43.5	2.7	-4.5	18.0	-21.4	17.6
Forest products									
Lumber (US \$/1000 board ft)	277.3	305.0	400.9	387.6	403.8	464.2	485.0	461.4	493.0
Year-over-year % change	-20.6	10.0	31.4	24.3	25.8	47.4	58.4	44.4	59.3
Newsprint (US \$/tonne)	533.9	539.4	550.3	547.1	544.4	557.0	558.0	565.2	571.4
Year-over-year % change	-8.1	1.0	2.0	2.3	-0.9	0.5	0.6	1.9	3.1
Pulp (US \$/tonne)	975.2	974.9	1087.6	1078.8	1102.4	1155.7	1158.2	1179.1	1197.6
Year-over-year % change	-4.7	0.0	11.6	11.5	10.9	16.2	16.5	18.9	20.3

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	Q2-17	Q3-17	Q4-17	Nov-17	Dec-17	Jan-18
Non-precious metals & minerals									
Aluminum (US \$/lb)	0.75	0.73	0.89	0.87	0.91	0.95	0.95	0.94	1.00
Year-over-year % change	-11.0	-3.4	22.7	21.5	24.2	22.9	21.1	19.7	23.7
Copper (US \$/lb)	2.49	2.21	2.80	2.57	2.88	3.09	3.10	3.08	3.21
Year-over-year % change	-19.9	-11.5	26.8	19.7	33.0	29.0	25.4	20.0	23.4
Iron Ore (US \$/tonne)	55.9	58.4	71.8	63.4	71.8	66.1	64.2	72.3	76.3
Year-over-year % change	-42.4	4.6	22.8	13.2	22.4	-6.6	-12.1	-9.7	-5.1
Lead (US \$/lb)	0.81	0.85	1.05	0.98	1.06	1.13	1.12	1.14	1.17
Year-over-year % change	-14.8	4.7	23.9	25.9	24.7	16.0	13.1	12.5	15.8
Nickel (US \$/lb)	5.35	4.36	4.72	4.18	4.77	5.25	5.44	5.17	5.84
Year-over-year % change	-30.0	-18.6	8.4	4.6	2.6	7.2	7.6	3.6	29.0
Zinc (US \$/lb)	0.87	0.95	1.31	1.18	1.34	1.47	1.47	1.45	1.56
Year-over-year % change	-10.9	8.6	38.3	35.4	31.4	28.6	26.0	19.5	27.1
Potash (US \$/tonne)	302.9	245.6	217.5	216.0	217.0	222.7	222.0	224.0	225.0
Year-over-year % change	1.9	-18.9	-11.4	-17.9	-1.8	3.4	3.3	4.2	4.7
Uranium (US \$/lb)	36.8	26.3	21.9	21.5	20.3	21.9	22.3	23.9	25.6
Year-over-year % change	9.8	-28.4	-16.7	-22.0	-20.3	11.9	20.5	24.6	15.7
Precious metals									
Gold (US \$/ounce)	1158.8	1250.1	1257.8	1257.3	1278.2	1275.5	1281.9	1264.4	1331.3
Year-over-year % change	-8.5	7.9	0.6	-0.3	-4.2	4.6	3.5	9.9	11.7
Silver (US \$/ounce)	15.7	17.2	17.1	17.2	16.9	16.7	17.0	16.2	17.1
Year-over-year % change	-17.7	9.4	-0.7	1.8	-14.2	-2.7	-2.5	-1.7	1.3

Source: Haver Analytics, Bloomberg, RBC Economics Research

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

² RBC Capital Markets, *Paper, Packaging & Forest Products*, January 14, 2018.

³ RBC Capital Markets, *Commodity Comment: Sunset?*, January 25, 2018.

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