

### 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

October 19, 2018

### Commodity price index fell modestly in September

The RBC commodity price index fell 0.3% in September marking the third consecutive decline, resulting in the index falling 3.0% in third quarter. The September drop was due to widespread weakness across sub-indices with the exception of energy products. The continued slide in the forest products sub-index led declines in the month and quarter. Despite the recent weakness, the overall index was 13.3% higher than a year earlier reflecting the 18.9% pick-up in energy prices since the end of 2017. The index ex-energy fell 2.8% in September and was down 8.4% from Q2.

- The **energy products sub-index** rose 2.5% in September and almost fully recovered August's drop. Crude oil prices rose back to May 2018 levels, which were the highest since November 2014. This could be in part due to the market taking into consideration the impact on supply from Iranian oil sanctions effective in November.<sup>1</sup> A warmer-than-normal September triggered increased natural gas demand.<sup>2</sup> On a quarterly basis the energy products sub-index stood 3.2% higher than Q2 and was 33.3% higher than a year earlier in September.
- The **agricultural products sub-index** fell 2.9% in September. The sub-index is 7.5% lower in Q3/2018 with price declines in every sub-component. Since the start of the year, the agriculture products sub-index is down 11.3%.
- The **forest products sub-index** dropped 6.3% in September continuing the recent slide that started in July. Lumber prices fell 11.6% in September despite hurricane Florence touching down in the U.S.<sup>3</sup> Lumber prices though lower than the May 2018 record levels, remain at historically elevated levels. The sub-index is still 32.7% higher than in January 2017.
- The **non-precious metals & minerals sub-index** fell 1.0% in September as base metal prices remained under pressure. Nickel prices declined most in the sub-index, falling to their lowest level since the end of 2017. On a quarterly basis, the sub-index was down 6.2% in Q3/2018.
- The **precious metals sub-index** fell a modest 0.6% in September, for a fifth consecutive month. Gold prices declined to a near two-year low. On a quarterly basis the precious metal sub-index fell 7.4% in Q3/2018.



# 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

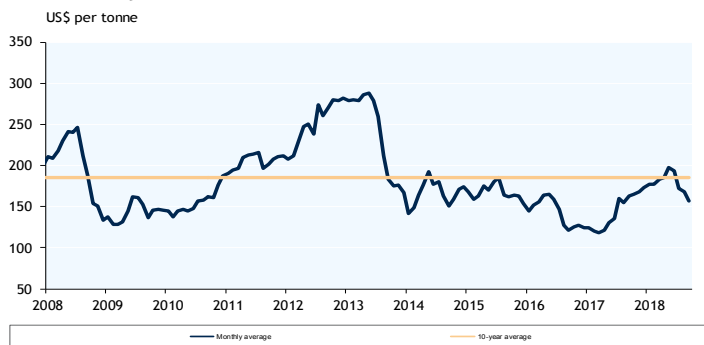
	2015	2016	2017	Q1-18	Q2-18	Q3-18	Jul-18	Aug-18	Sep-18
<b>Indices</b>									
RBC commodity price index	181.3	173.3	202.3	233.0	243.1	235.9	241.8	233.2	232.6
<i>Month-over-month/quarter-over-quarter % change</i>				8.0	4.3	-3.0	-1.0	-3.6	-0.3
<i>Year-over-year % change</i>	-32.8	-4.4	16.7	17.9	24.8	17.4	23.2	15.9	13.3
RBC commodity price index ex. energy	159.4	158.5	179.8	200.4	206.6	189.2	196.7	188.1	182.8
<i>Month-over-month/quarter-over-quarter % change</i>				5.2	3.1	-8.4	-5.2	-4.4	-2.8
<i>Year-over-year % change</i>	-14.1	-0.6	13.4	16.6	18.8	3.5	9.6	2.6	-1.5
<b>Sub-indices</b>									
Agricultural products	121.5	112.6	124.9	130.0	128.2	118.6	120.8	119.2	115.7
<i>Month-over-month/quarter-over-quarter % change</i>				1.3	-1.4	-7.5	-3.7	-1.3	-2.9
<i>Year-over-year % change</i>	-14.5	-7.3	10.9	10.1	5.2	-9.6	-12.1	-9.0	-7.5
Energy products	191.3	172.9	206.1	247.8	261.6	270.0	272.6	265.4	272.1
<i>Month-over-month/quarter-over-quarter % change</i>				11.9	5.6	3.2	3.6	-2.6	2.5
<i>Year-over-year % change</i>	-45.8	-9.6	19.2	19.0	32.8	36.4	41.9	34.3	33.3
Forest products	111.8	119.0	146.2	177.5	199.7	174.8	192.3	171.5	160.7
<i>Month-over-month/quarter-over-quarter % change</i>				8.4	12.5	-12.5	-6.5	-10.8	-6.3
<i>Year-over-year % change</i>	-14.7	6.4	22.9	35.5	39.9	18.6	30.5	18.1	7.2
Non-precious metals & minerals	187.1	172.0	193.8	212.7	212.7	199.5	201.7	199.4	197.5
<i>Month-over-month/quarter-over-quarter % change</i>				4.9	0.0	-6.2	-5.6	-1.1	-1.0
<i>Year-over-year % change</i>	-16.9	-8.0	12.7	8.6	17.1	2.2	9.0	0.2	-2.0
Precious metals	293.8	316.7	318.6	334.1	328.6	304.4	311.4	301.9	300.0
<i>Month-over-month/quarter-over-quarter % change</i>				3.8	-1.6	-7.4	-3.5	-3.0	-0.6
<i>Year-over-year % change</i>	-9.2	7.8	0.6	7.4	3.0	-5.7	-0.2	-6.9	-9.7



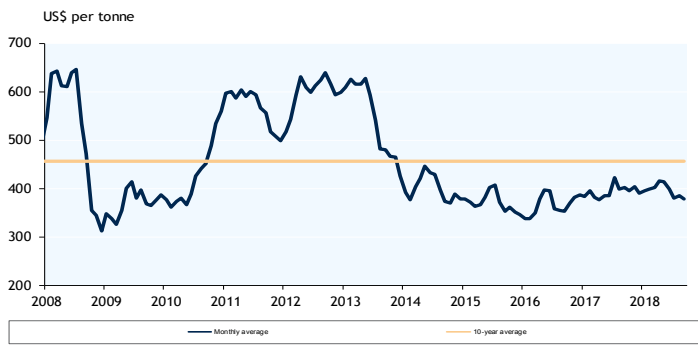
# Commodity prices trends

## Agricultural products

### Barley



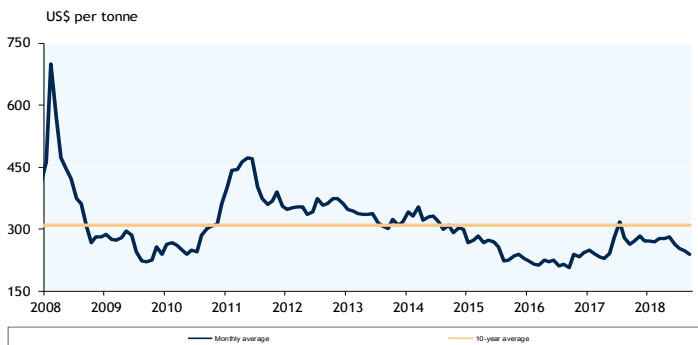
### Canola



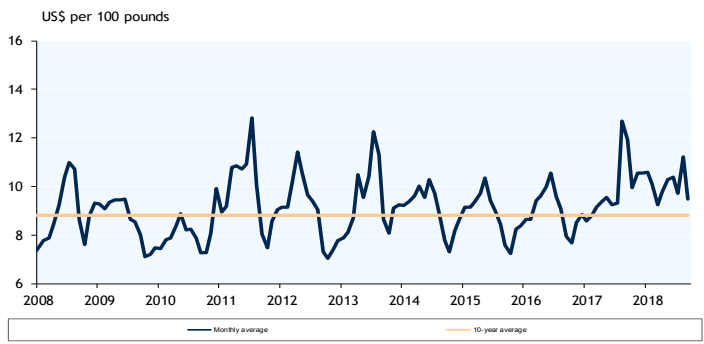
### Corn



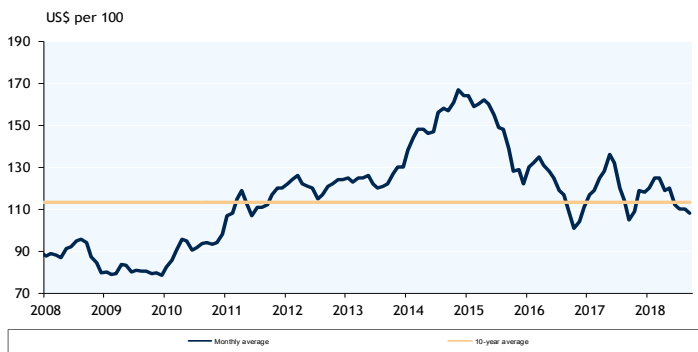
### Wheat



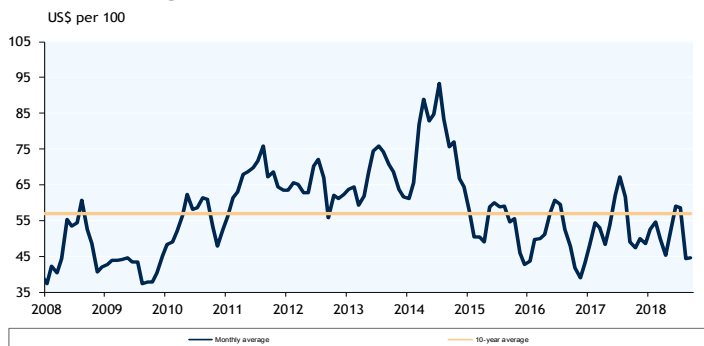
### Potatoes



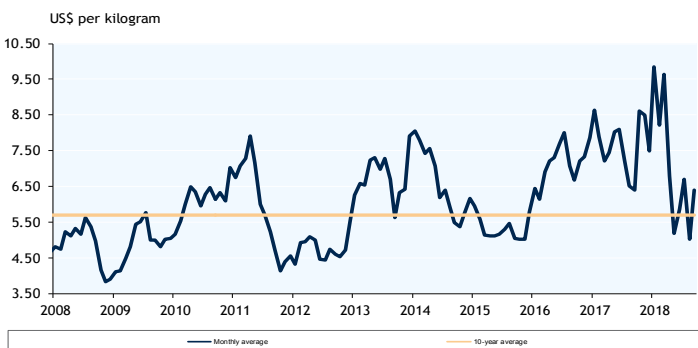
### Live cattle



### Live hogs



### Fresh salmon

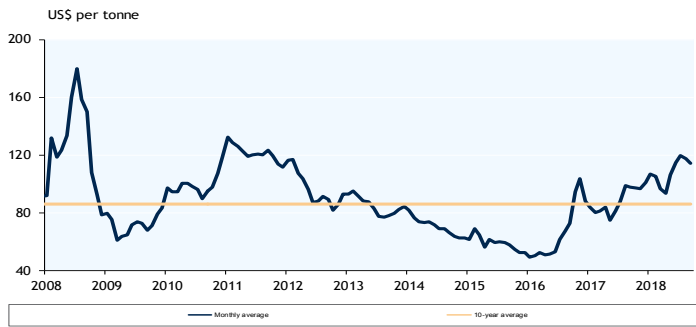




# Commodity price trends

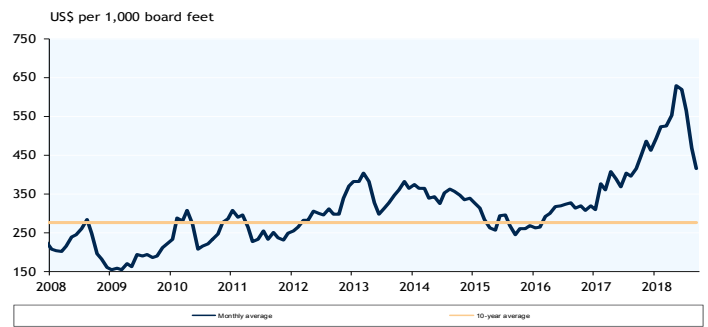
## Energy products

### Coal

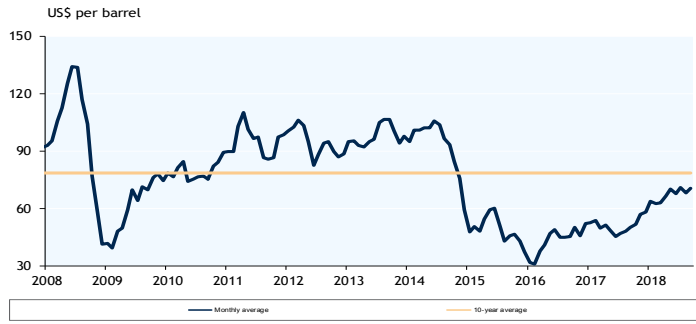


## Forest products

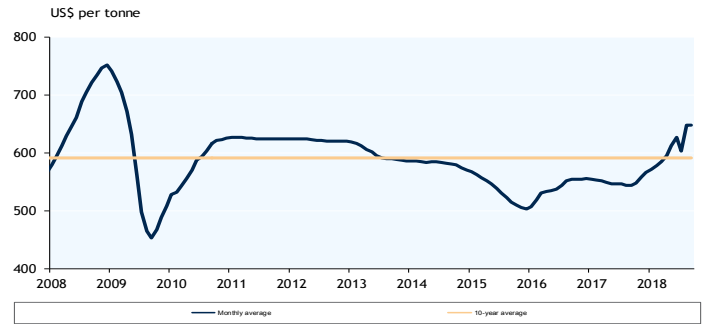
### Lumber



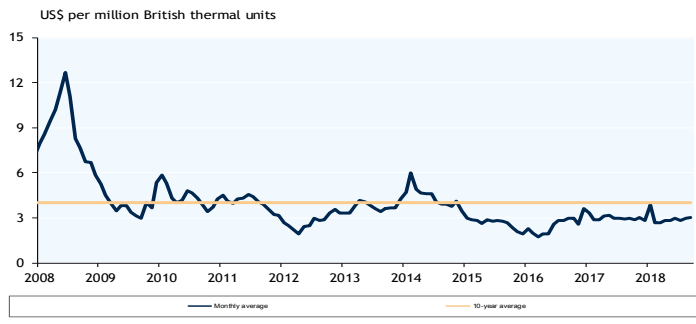
### Crude oil (WTI)



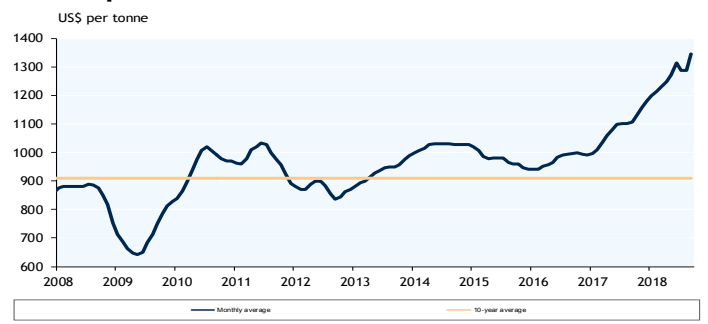
### Newsprint



### Natural gas

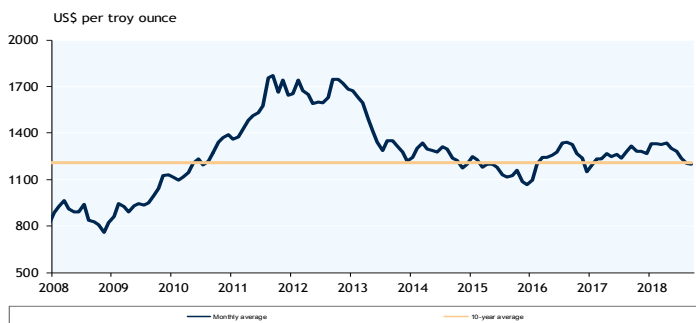


### Pulp



## Precious metals

### Gold



### Silver

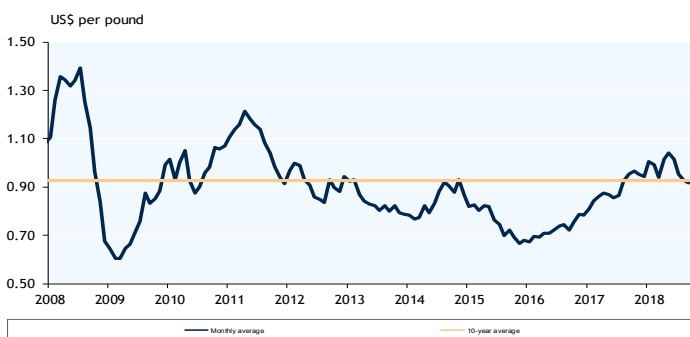




# Commodity price trends

## Non-precious metals & minerals

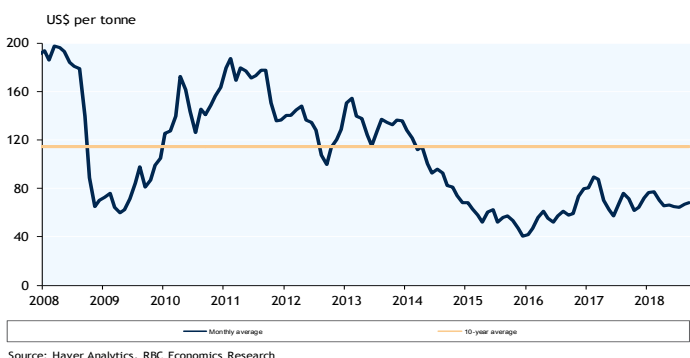
### Aluminum



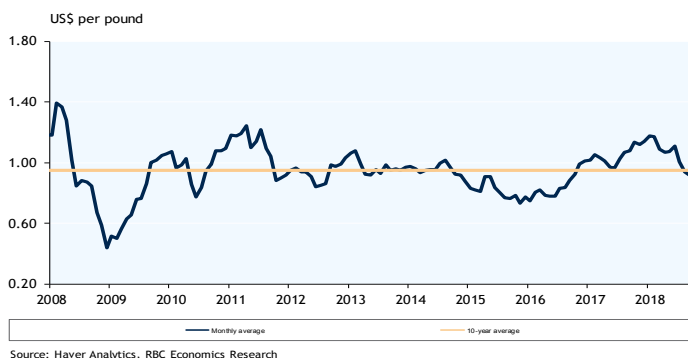
### Copper



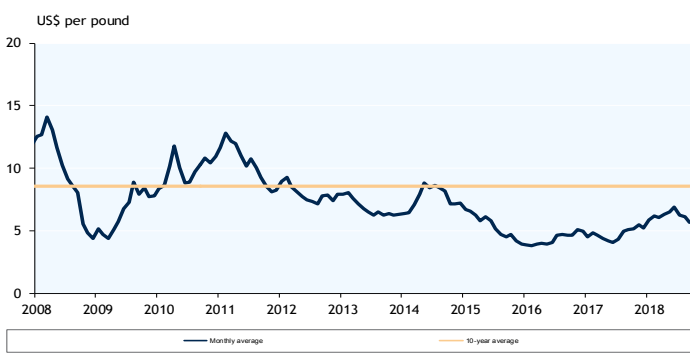
### Iron ore



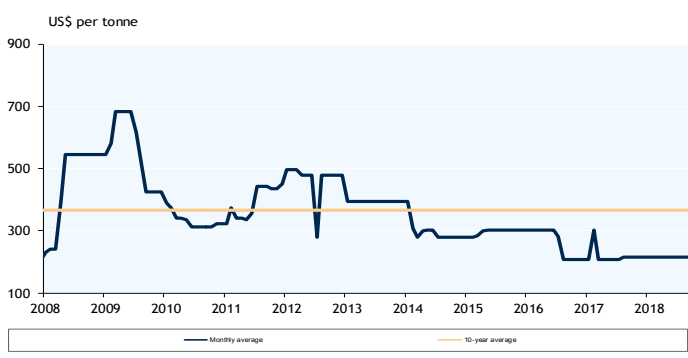
### Lead



### Nickel



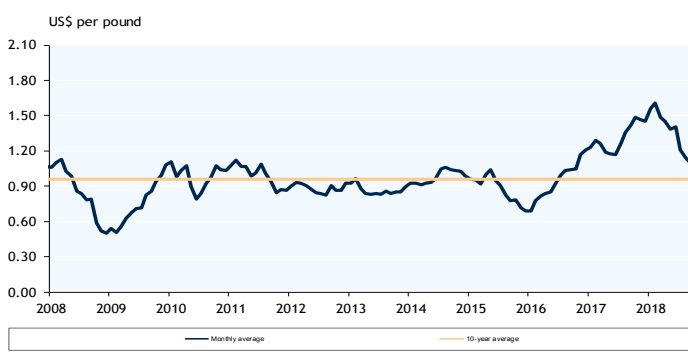
### Potash



### Uranium



### Zinc





## Commodity price trends

	Period averages								
	2015	2016	2017	Q1-18	Q2-18	Q3-18	Jul-18	Aug-18	Sep-18
<b>Agricultural products</b>									
Barley (US \$/tonne)	213.6	189.0	186.7	226.5	246.1	213.1	221.4	216.0	201.9
<i>Year-over-year % change</i>	16.2	-11.5	-1.2	41.9	42.0	6.9	9.4	10.5	1.0
Canola (US \$/tonne)	370.7	366.0	393.2	398.2	409.3	380.9	380.3	384.3	378.2
<i>Year-over-year % change</i>	-7.3	-1.3	7.4	2.9	7.1	-6.5	-9.9	-3.7	-5.8
Corn (US \$/tonne)	169.8	159.2	154.5	163.7	173.3	157.9	156.5	162.4	154.8
<i>Year-over-year % change</i>	-12.0	-6.2	-2.9	1.9	9.9	4.5	-0.7	9.3	5.1
Wheat (US \$/tonne)	252.7	221.9	262.8	272.6	274.1	245.9	251.7	247.4	238.6
<i>Year-over-year % change</i>	-20.8	-12.2	18.4	13.6	9.8	-14.3	-20.8	-11.4	-9.4
Potatoes (US \$/cwt)*	8.84	9.04	9.97	9.95	10.15	10.14	9.71	11.41	9.49
<i>Year-over-year % change</i>	-2.3	2.3	10.3	-3.9	2.1	-0.2	4.3	-11.6	-20.3
Live cattle (US \$/cwt)	147.9	120.1	120.2	123.3	117.0	109.3	110.0	110.0	108.0
<i>Year-over-year % change</i>	-3.2	-18.8	0.1	2.5	-11.4	-3.2	-8.3	-3.5	2.9
Live hogs (US \$/cwt)	53.5	49.6	53.6	52.4	52.0	49.1	58.6	44.3	44.5
<i>Year-over-year % change</i>	-30.6	-7.3	8.0	1.0	-5.0	-17.1	-12.9	-28.0	-9.1
Fresh salmon (US \$/kg)*	5.31	7.15	7.67	9.23	5.95	6.04	6.70	5.01	6.40
<i>Year-over-year % change</i>	-19.6	34.8	7.2	16.6	-24.3	-9.9	-6.9	-22.9	0.0
<b>Energy</b>									
Coal (US \$/tonne)	58.9	66.1	88.5	102.8	104.7	117.0	119.6	117.3	114.2
<i>Year-over-year % change</i>	-16.0	12.2	33.9	26.1	31.3	23.7	36.7	19.0	16.7
Crude Oil (US \$/barrel)	48.7	43.2	50.9	62.9	67.9	69.6	70.6	68.0	70.2
<i>Year-over-year % change</i>	-47.7	-11.3	17.8	21.3	40.7	44.5	51.5	41.5	40.9
Natural Gas (US \$/mmbtu)	2.61	2.49	2.96	3.08	2.86	2.93	2.83	2.96	3.00
<i>Year-over-year % change</i>	-40.2	-4.6	18.8	2.3	-7.2	-0.8	-5.0	2.1	0.7
<b>Forest products</b>									
Lumber (US \$/1000 board ft)	277.3	305.0	400.9	513.3	599.6	482.1	564.2	468.2	413.8
<i>Year-over-year % change</i>	-20.6	10.0	31.4	47.6	54.7	19.4	39.9	18.7	0.0
Newsprint (US \$/tonne)	533.9	539.4	550.3	577.8	611.1	632.3	603.0	647.0	647.0
<i>Year-over-year % change</i>	-8.1	1.0	2.0	4.5	11.7	16.2	10.6	18.9	19.0
Pulp (US \$/tonne)	975.2	974.9	1087.6	1213.5	1277.8	1306.0	1286.0	1286.0	1346.0
<i>Year-over-year % change</i>	-4.7	0.0	11.6	19.7	18.4	18.5	16.7	16.9	21.8

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	Q1-18	Q2-18	Q3-18	Jul-18	Aug-18	Sep-18
<b>Non-precious metals &amp; minerals</b>									
Aluminum (US \$/lb)	0.75	0.73	0.89	0.98	1.02	0.93	0.95	0.93	0.92
Year-over-year % change	-11.0	-3.4	22.7	16.6	18.3	2.2	10.2	0.8	-3.7
Copper (US \$/lb)	2.49	2.21	2.80	3.16	3.12	2.77	2.83	2.74	2.73
Year-over-year % change	-19.9	-11.5	26.8	19.4	21.4	-3.8	4.5	-6.8	-8.6
Iron Ore (US \$/tonne)	55.9	58.4	71.8	74.7	65.6	66.7	64.6	67.2	68.4
Year-over-year % change	-42.4	4.6	22.8	-13.0	3.6	-7.1	-4.7	-11.7	-4.3
Lead (US \$/lb)	0.81	0.85	1.05	1.14	1.08	0.95	1.00	0.94	0.92
Year-over-year % change	-14.8	4.7	23.9	10.7	10.3	-9.9	-2.4	-12.4	-14.7
Nickel (US \$/lb)	5.35	4.36	4.72	6.02	6.56	6.02	6.24	6.09	5.68
Year-over-year % change	-30.0	-18.6	8.4	29.3	56.9	26.0	45.2	23.8	11.5
Zinc (US \$/lb)	0.87	0.95	1.31	1.55	1.41	1.15	1.21	1.14	1.10
Year-over-year % change	-10.9	8.6	38.3	23.1	19.9	-14.4	-4.5	-15.8	-22.0
Potash (US \$/tonne)	296.1	260.3	218.2	215.5	215.5	215.5	215.5	215.5	215.5
Year-over-year % change	-0.2	-12.1	-16.2	-9.5	4.4	1.3	4.0	0.0	0.0
Uranium (US \$/lb)	36.8	26.3	21.9	21.9	21.6	25.1	23.2	25.5	26.5
Year-over-year % change	9.8	-28.4	-16.7	-0.1	-1.4	16.1	14.0	25.6	31.1
<b>Precious metals</b>									
Gold (US \$/ounce)	1158.8	1250.1	1257.8	1328.8	1306.5	1212.7	1237.7	1201.7	1198.4
Year-over-year % change	-8.5	7.9	0.6	9.0	3.9	-5.1	0.1	-6.3	-8.8
Silver (US \$/ounce)	15.7	17.2	17.1	16.7	16.6	15.0	15.7	15.0	14.3
Year-over-year % change	-17.7	9.4	-0.7	-4.3	-3.7	-10.9	-2.7	-11.6	-18.1

Source: Haver Analytics, Bloomberg, RBC Economics Research

<sup>1,2</sup> U.S. Energy Information Administration, *Short-Term Energy Outlook*, October 2018.

<sup>3</sup> RBC Capital Markets, *Forest Products*, October 15, 2018.