




Declines in commodity prices likely to continue through 2015, says WB report

Declines in commodity prices likely to continue through 2015, says WB report
Prices of most commodities, particularly oil, are expected to remain weak for the remainder of this year and through much of 2015, says the World Bank's latest issue of Commodity Markets Outlook, released today. Growing concern over a slowdown in the Euro Area and emerging economies, a strong US dollar, a well-supplied oil market and good crop prospects have contributed to a weakening of many commodity prices since the summer. The World Bank energy price index declined by about 6 percent during the third quarter, after being broadly stable in the first half of the year. "A broad-based expansion in commodity supply is coinciding with weakness in global growth, especially in emerging economies, where most of the demand expansion has been taking place," said Ayhan Kose, Director of the World Bank's Development Prospects Group. In good news for the urban poor, international food prices have been falling since their recent highs in 2012 and this trend is anticipated to continue through 2015. Maize prices are projected to slump by 27 percent, from \$260 per ton in 2013 to \$190 per ton in 2014, while rice and wheat prices will drop by 16 and 9 percent, respectively. Oil prices began tumbling in mid-June, a reflection of well-supplied markets and weak demand, despite ongoing geopolitical tensions. The recent drop in oil prices to below \$90 per barrel in early October, will bring down the average for this year to \$102 per barrel. The weakness is likely to persist through most of 2015. Metal prices are forecast to drop 5.5 percent in 2014, on top of a similar contraction last year, led by sharp decreases in copper and iron ore prices. Fertilizer prices are projected to fall almost 12 percent in 2014 on capacity expansion in the United States. A similar slide is expected in precious metals as they become less attractive as "safe haven" investment vehicles, while reduced demand for precious metals by China will also contribute to the weakness. The World Bank industrial metals index is on course to pick up slightly in 2015. Gold, however, will continue moderating, to \$1,275 per troy ounce this year and \$1,240/toz in 2015, from its high of \$1,670/toz in 2012. Exceptions to the general downward trend in commodity prices include rice, due to worsened crop prospects in several Asian suppliers; coffee (Arabica), whose prices spiked earlier in the year causing the beverage index to rise 23 percent from last year; and cocoa, due to supply problems in Côte d'Ivoire. The risks to cocoa prices could be exacerbated if the Ebola epidemic spreads to cocoa producers in West Africa. Lower commodity prices will help ease balance of payments pressures in food and energy importing countries. However, commodity exporting countries may feel the pinch because of lower export earnings," said John Baffes, Senior Economist in the World Bank's Development Prospects Group. The Commodity Markets Outlook and commodities data are available at www.worldbank.org/commodities. Media Contacts
In Washington
Indira Chand
Tel : +1 (202) 458-0434
Tel: +1 (703) 376-7491
ichand@worldbank.org
For Broadcast Requests
Mehreen Sheikh
Tel : +1 (202) 458-7336
msheikh1@worldbank.org


Pressekontakt

The World Bank

DC 20433 Washington

Firmenkontakt

The World Bank

DC 20433 Washington

The World Bank is a vital source of financial and technical assistance to developing countries around the world.