Association d'instituts européens de conjoncture économique

Working group on commodity prices and World trade

World Trade and Commodity Prices in 2010-2012

Report submitted at the AIECE Spring General Meeting

Essen, May 5 & 6

By Léa Mauro*, Vincent Tarrit*

We would like to thank all the participants at the AIECE Working Groups.

*lea.mauro@insee.fr, Vincent.tarrit@bipe.fr

AIECE Working Group on Commodity Prices and World Trade: new organization

In Spring 2011, AIECE working groups have merged to utilize the synergies of the two groups. The main advantage of this formula is to conciliate a relative large number of discussants regarding the overview on world economy and a more limited number of people on technical work. And as for the presentations of technical papers, the contributors benefit of a larger audience. Consequently, from this spring, there is only one report consisting of global environment, commodity prices and world trade parts. One person from the commodity group and one from the world trade group contribute jointly to make the report.

Members of the sub-group of commodity prices:

BIPE	Bureau d'Information et de Prévisions Économiques, Issy-les-Moulineaux
ETLA	Research Institute of the Finnish Economy, Helsinki
GKI	Economic Research Co., Budapest
HWWI	Hamburg Institute of International Economics, Hamburg
IBRKK	Institute for Market, Consumption and Business Cycles Research, Warsaw
IfW	Kiel Institute for the World Economy, Kiel
INSEE	Institut National de la Statistique et des Études Économiques, Paris
NIER	National Institute of Economic Research, Stockholm
Prometeia	Prometeia S.p.A., Bologna
Observer :	
OECD	Steel Committee

Members of the world trade sub-group:

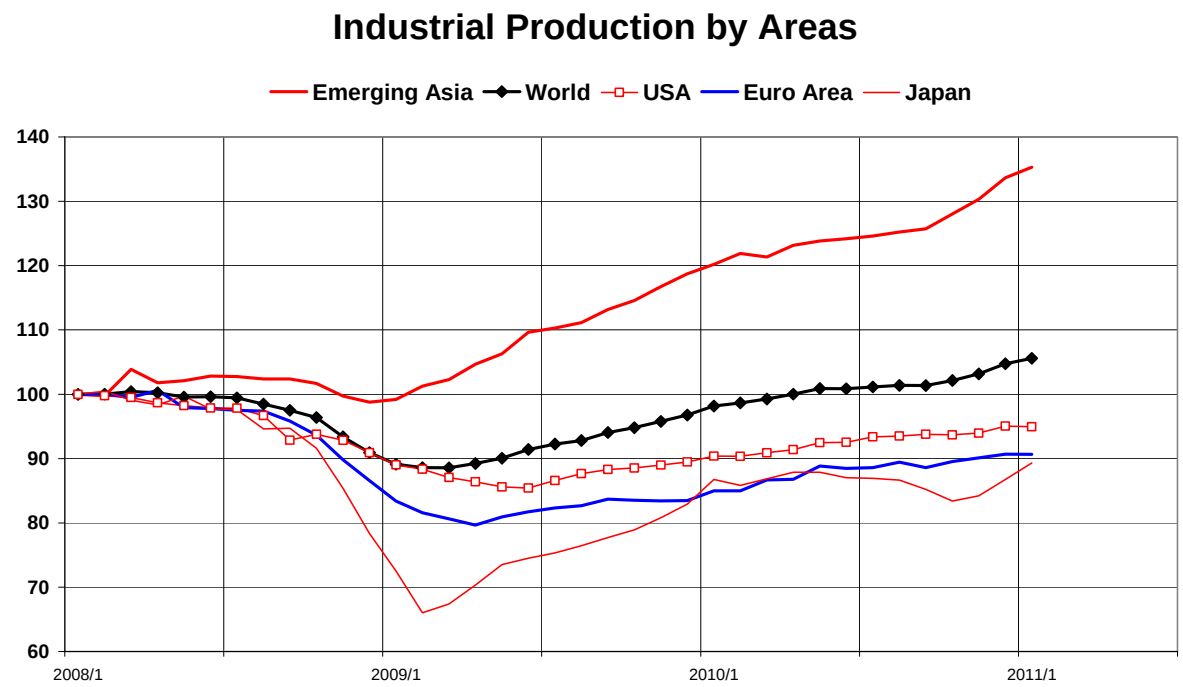
Coe-Rexecode:	Centre d'observation économique et de Recherches pour l'Expansion de l'Economie et des Entreprises, Paris
DIW :	Deutsche Institut für Wirtschaftsforschung, Berlin
IBBRK :	Instytut Bada Rynku, Konsumpcji i Koniunktur, Warsaw
INSEE :	Institut National de la Statistique et des Etudes Economiques, Paris
ISTAT :	Istituto nazionale di STATistica, Roma
Observer :	
ECB :	European Central Bank, Frankfurt

Boxes:

1 International background

General assumptions

	% change or level		
	2010	2011	2012
GDP volume (%change)			
Euro zone	1.7%	1.6%	1.5%
United States	2.9%	2.8%	2.6%
Japan	3.9%	0.7%	2.0%
China	10.3%	9.5%	9.0%
World (ppp basis)	5.0%	4.2%	4.0%
Exchange rate (level)			
Euro (1 euro = x USD)	1.32	1.44	1.43
Yen (1USD = x yens)	87.8	82.7	81.5
£ (1$ = x pounds)	0.65	0.61	0.58



The recovery in the global economy has become increasingly self-sustained (that is to say, less reliant on public support), thanks to resilient growth in the emerging market economies. Yet, the growth patterns vary significantly across countries and regions depending on their position in the business cycle and the speed of recovery. At the same time, several downside risks threaten global growth, some of which have emerged recently. Among these are: 1/The unrest in North Africa and the Middle

East (MENA region) which is driving oil prices to new peaks; 2/ Risks of further increases in interest rates due to inflationary pressures; 3/ The effects of the earthquake and tsunami in Japan on the Asian economies and on financial markets; 4/ The deceleration of growth in some emerging economies; 5/Worries about the state of corporate balance sheets in Europe; 6/ The funding of public sector debts in several EU countries; and, 6/ The US fiscal situation.

In the United States, the economic recovery continues at a moderate pace. Consumer spending and investments (in software and equipment) continued to grow in the last quarter of 2010, and external trade positively contributed to growth thanks to growing exports, while imports fell. The rate of growth has, however, been somewhat curtailed by a negative contribution from inventories changes.

The short-term growth outlook for the US remains favourable, despite mixed signals from available data for the start of 2011. In the early months of 2011, real private consumption and business fixed investments remained upward oriented: consumer spending is supported by the gradual improvement in the labour market, growing personal disposable income and accommodating credit conditions. In fact, the unemployment rate decreased to 8.8% in March, the lowest level since March 2009. Industrial production has also increased in recent months, in line with the trend in exports and nominal retail sales. On the negative side, housing markets remain very depressed, due to the large stock of foreclosed homes in the market, and by weak level of demand. On the price front, the past increases in oil prices and in other commodity prices have pushed up overall inflation, but the underlying inflation rate remains subdued. The US Federal Open Market Committee has therefore decided to continue expanding its holding of securities and to maintain the federal funds rate at 0.25%.

Thanks to continued accommodating monetary policy and an expansionary fiscal policy stance, GDP growth is expected to slow to 2.8 % and 2.6 % respectively in 2011 and in 2012, after posting 2.9% in 2010. The sizeable debt and the fiscal problems emerge as the most significant downside risk of the US economy. Recently, S&P has revised its outlook for the U.S. debt from “stable” to “negative”. A downgrade in the debt rating would push up interest rates on Treasuries, which are a benchmark for other consumer and business borrowing rates, raising the cost of credit throughout the economy and putting pressure on exchange rates.

In the Euro area, following the 0.3% quarter on quarter increase in real GDP in the fourth quarter of 2010, recent economic data and information from business surveys point towards a continued underlying growth of economic activity in early 2011. Euro area exports continue to benefit from the ongoing recovery in the world economy. At the same time, taking into account the relatively high level of business confidence in the euro area, private sector domestic demand should progressively strengthen, increasingly contributing to economic growth. Business fixed investments in particular

should start to recover given the rising rates of utilisation of production capacities, and the recent downturn of investments during the crisis. Downside risks for Europe relate to the ongoing tensions in the banking system and the public finance situation of several countries in the Euro area. In fact, the stability plans introduced in these countries are having mixed effects and the ratings of Ireland and Portugal have been downgraded once more. In Portugal, where the previous stability packages appear to have been insufficient, the resignation of the Prime Minister has triggered an intensification of the sovereign debt crisis, forcing the country to call upon the EU and the IMF. The risk of contagion to Spain entertains uncertainty and instability in financial markets. Such contagion could be accelerated due to the exposure of Spanish banks to the Portuguese economy. If Spain is impacted, this could lead to a serious crisis in the Euro zone. To avoid such outcome, EU Governments have extended the European Financial Stability facility and announced a strengthening of economic policy coordination in the European Monetary Union.

Despite the high level of uncertainty on future trends in the Euro area, the rise in inflation has prompted the ECB to raise its key intervention rates by 25 basis points in early April. The ECB's key rate is now 1.25%. This tightening of the monetary policy stance may slightly weaken activity in the region. All in all, growth in the Euro area is expected to reach 1.6 % in 2011 and 1.5 % in 2012.

The emerging market economies remain the engine of the world economy growth. Their growth is mainly driven by growing domestic demand. This strong pace of growth is expected to continue, driving import demand for equipment and capital goods from the western economies. But, the strength of emerging market economies also constitutes an important downside risk for the world economy, due to its effect on raw material and commodity prices. Increased demand for raw materials and primary commodities whose supply is constrained indeed pushes up prices and heightens inflationary pressures worldwide. Another downside risk relates to the important capital inflows which these economies are experiencing, which could fuel asset bubbles.

In China, GDP growth slowed down slightly but remains high, mainly driven by industrial production and investment in fixed assets. The main concern of China authorities at present is inflation. In the first quarter of 2011, the consumer price index increased +5.4% year on year, mainly driven by food prices, while producer prices accelerated due to the rising costs of raw materials and energy. To contain inflationary pressures, the People's Bank of China continued tightening its monetary policy in April. For the fourth time since October 2010, the Bank of China raised the one-year benchmark lending and deposit rates by 25 basis points to 6.31% and 3.25% respectively, effective from April 6. In order to drain excessive liquidity from the banking sector, the reserve requirement ratio was also raised by 50 basis points on April 18, the second time in the same month, to 20.5% for large banks, and 18.5% for the rest of banking system.

In other emerging economies, authorities also took steps to tighten their policy stance in order to curb inflationary pressures. For example, the Thai, Korean, Brazilian and Indian central banks all raised interest rates in both January and March.

This severe monetary policy tightening should slow domestic investments and the growth in household consumption, and negatively impact business and consumer confidence. As a result, China's growth should weaken to 9.5 percent in 2011, before returning to its potential growth level of 9.0 % in 2012.

Overall, the recovery of the global economy continues across sectors and countries/regions, but the outlook has become more uncertain amidst political turmoil in North Africa and the Middle East and the consequences of the crisis in Japan.

The rise in commodity prices constitutes a major threat for emerging markets, highly dependent on these commodities for production and consumption. In contrast, the impact of these price increases in the advanced economies is likely to be more temporary, yet an early tightening of policy could derail the recovery.

Overall, world GDP growth should reach 4.2 % in 2011 and 4.0 % in 2012, after 5.0% in 2010, thanks to the continued rapid growth in domestic demand in the emerging economies.

1. Japan: the potential global impact of the earthquake

R. De Santis and P. Suni

"*I am marvelled at the great rapidity with which countries recover from a state of devastation; the disappearance, in a short time, of all traces of the mischiefs done by earthquakes, floods, hurricanes, and the ravages of war*" (J.S. Mill, 1872).

The 9-magnitude earthquake that hit Japan on Friday March 11th this year was the country's strongest on record and the fourth strongest in the world. The quake and the following 10-metre-high tsunami probably killed over 25,000 people, injured numerous, and left at least half a million homeless. Buildings, industrial plants and other infrastructure was destroyed in a vast area. These two natural disasters caused one of the worst nuclear accidents in the world in Fukushima, when the quake and the tsunami damaged the reactors and the cooling ponds of the fuel rods, and destroyed, among other things, the electrical systems needed to cool down the rods. According to the OECD, about one-fifth of Japan's nuclear capacity was closed or otherwise not in use in mid-March.

According to the World Bank, the damage caused by the quake and the tsunami amounts up to 4% of Japan's GDP or over 1.5-fold compared with the previous large earthquake's damage in Kobe. The Japanese government's tentative estimates are slightly lower, but still imply a loss of around 1% of the country's capital stock. Insurance will only cover a small part of the damages.

In addition to stock effects, the disaster will have a considerable negative impact on Japan's first and second-quarter GDP even providing the problems in the nuclear reactors do not escalate.

Transportation and production interruptions in the most affected areas, have caused severe supply chain difficulties which led to production losses also elsewhere in Japan. The damage to electrical power facilities, including two nuclear plants, has created power shortages that have had ramifications throughout the country. In a situation when Japan's economy already has showed signs of slowing having registered a decline of GDP in the fourth quarter of 2010, the recent events are likely to lead to pronounced economic weakness in the short-term. On the other hand, natural disasters in developed economies have typically triggered a series of policy actions to create a positive counter-effect. In particular, the initial fall in production and consumption is often recovered to a large part in a

relatively short period of time and additional economic activity is triggered by a reconstruction of the damaged capital stock. Historically, government spending, monetary stimulus, and insurance payouts lay the foundation for a reconstruction phase, in which businesses and households rebuild lost and damaged infrastructure.

Table 1 The potential impacts of the Japanese earthquake

	Japanese GDP	**Imports**	**Exports**	**World GDP**
WTO	Cumulative effect over the course of the year not large.	Increase the volume of Japanese imports by between 0.4% and 1.3%.	Reduce the volume of Japanese exports by between 0.5% and 1.6%	Cumulative effect over the course of the year not large.
Morgan Stanley	GDP shrinking by 1-3% this year			-0.5% GDP 2011. About half of the shortfall would come from the direct effect of a drop in Japanese GDP; the other half would reflect negative spillovers to the rest of the world
BNP Paribas	GDP might contract by around 1% in 2011. For 2012 a strong rebound in GDP by around 3%			
ABN-AMRO	A reduction by -0.5- -1%GDP in 2011			Negligible effects
Oxford Economics	A reduction by -0.8%GDP			Limited and short term negative effects.
World Bank	Damages amounting at about 4% of Japan's GDP	Japan's exports and imports will decrease, which will weaken the availability of components in car and electronic manufacturing. On the other hand, their prices will rise.	The impact to the rest of the world will be rather small	
J.P. Morgan	Japanese GDP growth was expected to average 2.2% annualized in 1H11; now is contemplating a range of 0.5% to -1.5%.		Global GDP growth in 1H11 could be reduced by 0.4%-pt to 1.2%-pts, followed by a lift to 2H11 growth of 0.6%-pt to 1.3%-pts	
German Joint Economic Forecast	Real GDP depressed by 1 %-point in 2011 and raised by 0.8 %-point in		No significant impact on growth on a global level	

	2012 compared with pre-disaster baseline			

As an example, after the Kobe earthquake in 1995, Japanese industrial production fell by 2.6% during the month of the earthquake but had fully recovered to pre-earthquake levels just two months later. While we expect the general historical pattern of sudden decline followed by a reconstruction-led recovery which holds across many examples of natural disasters in developed economies to play out also this time, we expect the negative effect on output to be more pronounced than e.g. in case of Kobe earthquake and longer-lasting, given the magnitude of damage inflicted and especially the unprecedented nuclear catastrophe with substantial problems with electricity output also outside the region. Substantial damages to the economy imply a rather large level-shift of output downwards, but on the other hand the growth will get more momentum due to strong reconstruction.

Global impact is expected to be moderate save some industrial sectors. Global growth in 2011 was expected to come mostly from developing economies and the United States, with Japan accounting for 0.1%-points of the 4.2% real global GDP growth projected by the International Monetary Fund. The immediate depressive effect of the crisis on the Japanese economy is softened, to around on annual average of 1 %, by the rapid reconstruction of the damages after the crisis. The global average impacts, while uncertain (see table 1), are expected to be moderate.

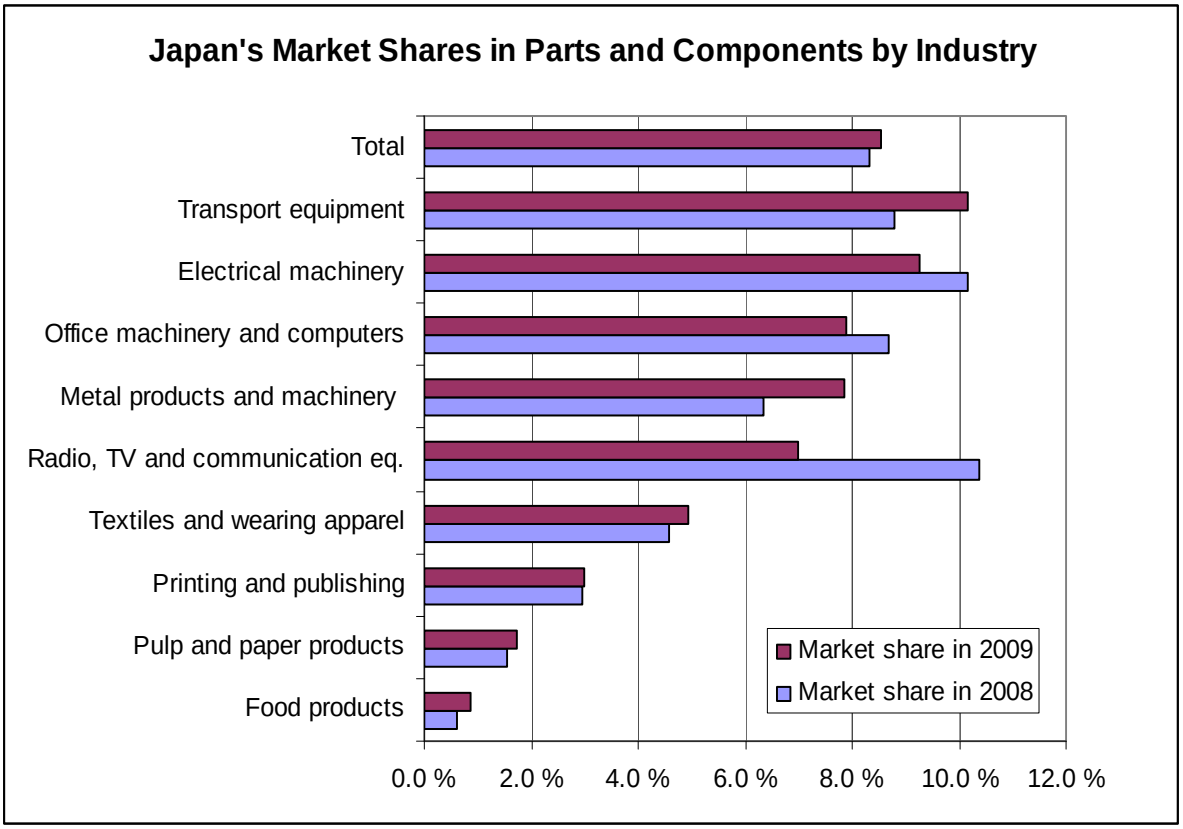
However, Japan is the world's third largest economy and is a significant link in the global manufacturing supply chain. As a result, lost output in Japan and disruption to industrial production will undoubtedly have a negative near-term impact on the global economy.

The shock to the Japanese economy could affect the rest of world through three broad channels of transmission: (1) trade in goods and services, (2) capital flows and financial market contagion, and (3) commodity prices. The overall impact will also depend on the policy responses in the affected economies and on initial global economic conditions before the shock hit.

Trade in goods and service. The first channel consists of a decline in Japanese exports, because of the human losses and injuries (affecting companies' human resources) and the destruction and damage to physical capital and equipment in the export sector. Furthermore, damage to public infrastructure, such as roads, bridges, railways, and telecommunication systems, can cause disruptions to the export supply chain. What may be less clear is the likely behaviour of imports. While the immediate loss in output and income would decrease imports, there maybe some substitution of domestic products by imports In the somewhat longer term, any major reconstruction or rebuilding of damaged infrastructure will likely increase imports, since the required materials, technology or skills may need to come from abroad. As a result, import demand in Japan could actually increase as a result of the disaster, as is for example estimated by WTO. As for the impact on global demand, for most countries, trade with Japan accounts for a relatively small part of their overall economic activity.

World exports to Japan account for around 4% of global trade and 1% of global GDP. Thus, the first-round effect of any 10% rise or fall in Japanese imports, as Morgan Stanley estimates, would amount to a change in global GDP growth of a little more than 0.1 percentage points. For the US and the euro area, exports to Japan account for 0.5% and 0.3% of GDP, respectively, so that the direct effect of even a large swing in Japanese demand would be rather small.

Supply chain disruptions are more of a concern than the direct reduction of exports due to reduced demand from Japan. According to Morgan Stanley estimates, vertical linkages imply downside risks to 2011 growth of about 0.2-0.4 percentage points. Given the close trade and capital flow linkages, Asia-Pacific economies should be affected more than the Americas and Europe. The biggest uncertainty is the impact of Japanese output, transport and export disruptions on the global supply chain.



Source: National data

The financial market contagion and capital flows: On Monday 14, stock markets in Asia and most of the world declined, but for the most part the losses outside of Japan were relatively modest and have been largely recouped within a couple of weeks. While there has been some speculation that Japanese investors may sell US Treasury bonds to repatriate the proceeds to Japan, long-term bond yields in the United States declined on March 14. Still, given the potentially large reconstruction funding facing Japan, any reduction in foreign demand for U.S. assets may raise the prospects for higher volatility in U.S. Treasury rates. As for the exchange rate, in the case of the Kobe earthquake

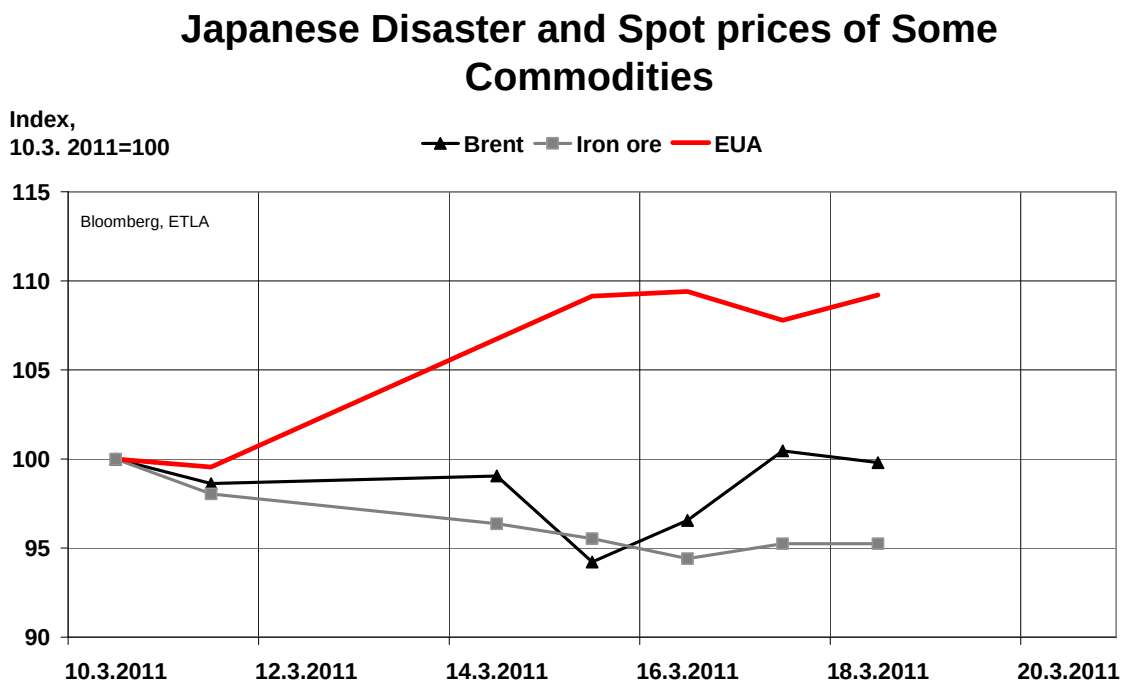
three months after the catastrophe, the yen had appreciated 20% vis-à-vis the dollar. This was related to the repatriation of assets, in particular by insurance companies. This time the yen also came under massive upward pressure following the catastrophe, but the Bank of Japan on a large scale intervened on the foreign exchange markets making clear it would not tolerate excessive appreciation, and the exchange rate has stabilized afterwards at levels seen before the earthquake struck.

Commodity prices. The disaster had an immediate depressive effect on many commodity prices due to an obvious negative impact on the commodity demand of this giant economy. For example, prices of crude oil, iron ore and nickel declined 4-6 % in a couple of days. Prices, however, generally recovered the losses soon as the expectations shifted to weigh on the raising demand effects from the already partly on-going huge reconstruction efforts. Coal demand is affected especially strongly by the Japanese disaster. In a short-term, Japan being the largest importer of coal with a market share of almost 20% in global coal imports, prices are affected negatively e.g. by the obvious strong decline in car production and damages in transport infrastructures. In the medium-term, reviving car production, strong reconstruction and compensation of losses in nuclear capacity with coal imply strong demand for both the coking coal and steam coal. In case of steam coal, a rise in yearly steam coal imports is expected to increase by 5-7 per cent this year and by 3 per cent next year compared with less than one per cent annual rises expected by ABARES. Global short-term effects of the disaster are, however, on average, expected to be negligible.

The problems related to damages of nuclear reactors are difficult to assess. There are both short-run and long-run impacts of the changes of attitudes towards nuclear power and the potential changes in nuclear energy production. The German move to close at least temporarily some of the country's oldest nuclear reactors is currently the most clear-cut reaction to Fukushima events, but may be pointing to general move towards less nuclear energy. The share of nuclear energy about the primary energy use was only about 6 % in 2008, but e.g. IEA expects its use to rise by more than 2% per year. The most obvious way to compensate a reduced share of nuclear energy in the medium term is the use of coal and gas and even diesel oil in some cases. This would support the price of these substitutes and lead to increasing emissions endangering already a difficult battle against the global warming.

As result the disaster can be expected to raise the price of electricity in the medium term by raising the prices of nuclear power substitutes in electricity generation, and through the price rise of emission allowances especially in the context of European Emission Trading Scheme. These factors raise the marginal costs of electricity production and subsequently the price. In a longer-term, the size of the effect will depend on the development of the renewable substitutes and technological

change.



Source: Bloomberg

Abstract

1.1 World trade

World imports in volume terms expanded further in 2010 (+13.9%) after having strongly rebounded in the second half of 2009. We expect that this progression will continue in 2011 but at a more moderate pace (+8.2%). However, in our scenario, world imports growth profile will be uneven : a sustained rise in 2011 Q1 should be followed by a slowdown in the following quarters of the year. In 2012, world imports should continue to soften (+7.3%), thus returning to pre-crisis growth trend. In particular, emerging economies imports, notably in Asian and Latin American countries, should decelerate sharply in 2011. But the dampening dynamism of emerging economies' imports needs to be put into perspective with basis effect: the boost in 2010 imports in these countries was in part due to a very strong carry-over at the end of 2009, as their activity also resumed strongly. Some deceleration towards the long run average growth is therefore to be expected afterwards.

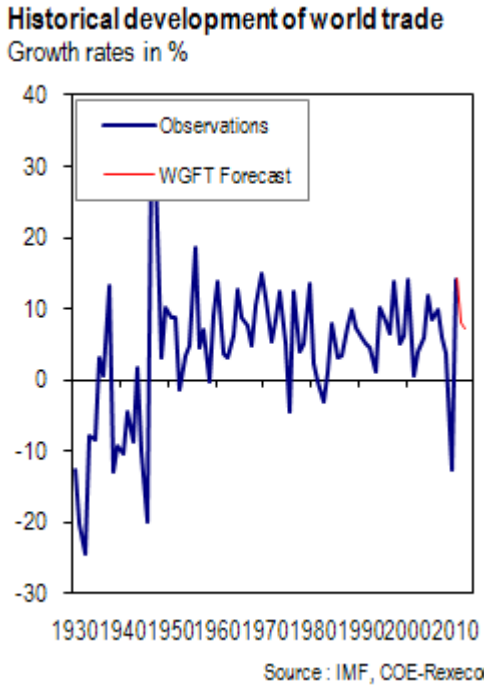
In the exports side, our scenario settles for a deceleration of world exports in line with world imports (+8.1% in 2011 and +7.2% in 2012). At the start of 2011, purchase managers reported a sharp improvement in their export order books which points out to a sustained growth of exports in the first half of 2011. Exports should, then, slow down in line with domestic and import demands both in the advanced economies and in the main emerging countries.

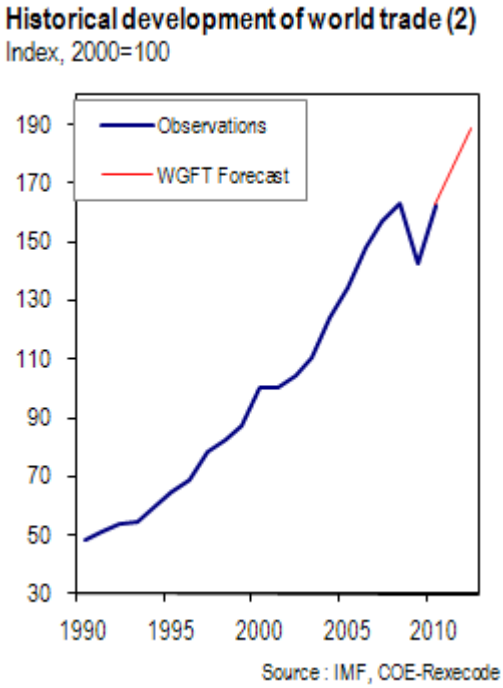
The depreciation of the US dollar against most currencies should result in a loss of price-competitiveness for many countries, especially the Euro Area members and Asian economies. European countries should, thus, record even more losses of market shares than trend-setting developments regarding the competition of emerging markets. The Yuan also appreciate sharply against the dollar: this should dampen exports growth and market share gains for China over the next two years. For the US, the gain in price-competitiveness of American exports should be partly offset by the long term trend losses. All in all, on our forecast for 2011 and 2012, we expect a flat profile for market shares gains in the United States. Japanese exports should record strong market shares losses but because of the difficulty in assessing precisely the economic impacts of the Japanese natural and nuclear disaster that followed, the intensity of the losses remains uncertain.

2 World trade forecasts

2.1 Recent trends in world trade

2.1.1 Background





In the aftermath of Lehman Brothers failure, the marked contraction in world activity and demand went hands in hands with an exceptional decline in world trade. It was the largest decrease recorded in the last 40 years (see Graph). Yet the decline in world trade was concentrated over a very short period (from 2008 Q4 to 2009 Q1). Thanks to the extra-ordinary fiscal and monetary stimulus authorities implemented worldwide, world activity rebounded from 2009 Q2, and the upturn in demand in several Asian economies enabled world trade to level out. In the following quarter, growth in the US and in the Euro Area also turned positive. All in all, world trade recovered remarkably quickly and vigorously in the second half of 2009 and expanded further in early 2010 (see Table).

World trade growth - quarterly profiles (based on CPB monitor)

	2008 Q1	2008 Q2	2008 Q3	2008 Q4	2009 Q1	2009 Q2	2009 Q3	2009 Q4	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2011 Q1*	Long terme average (1991-2007)
QoQ % change	2,9	0,0	-1,2	-8,3	-9,8	-0,2	4,3	5,7	4,6	3,0	1,3	2,0	3,1	1,7
YoY % change	7,0	6,7	4,1	-6,7	-18,2	-18,3	-13,8	-0,7	15,1	18,8	15,4	11,4	9,8	7,2

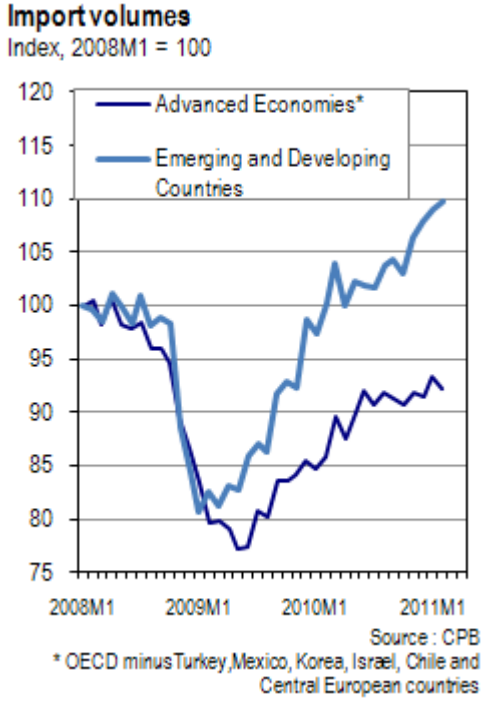
*carry-over at the end of february

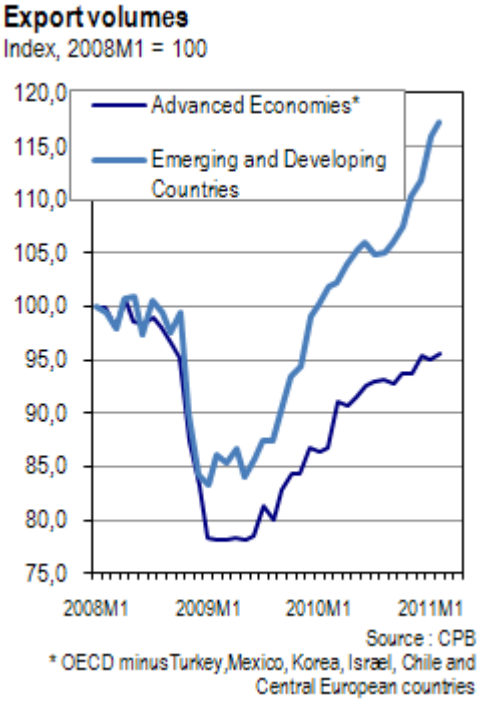
From 2010 Q2, world trade increased at a more moderate pace. This slowdown was due to several factors. In the advanced economies, if domestic demand remained strong, the inventory boost began to phase out. Besides, in the last quarter of 2010, activity was affected by the very poor weather conditions. In Japan, activity was also hit by the end of the scrappage allowance program. Likewise, in China and in the emerging Asian countries growth was less dynamic, as economic policies tightened and trade outlets slowed down.

Between 2010 Q2 and 2010 Q4, despite the deceleration, world trade ran on average at more than 2% QoQ: the momentum still exceeded the long term average of +1.7% at an quarterly rate.

2.1.2 Has world trade returned to pre-crisis levels?

In terms of level, we can observe on the graph above that world trade returned to the pre-crisis level at the end of 2010. But if we split world imports and world exports between emerging and developed economies, this affirmation begins to weaken. Indeed, it is mostly thanks to the dynamism of trade in the emerging countries that the gap with pre-crisis world imports and world exports volumes has been made up (see Graph). Conversely, the trade flows in advanced economies are still below their pre-crisis level (10 points below for imports, and 5 points for exports).



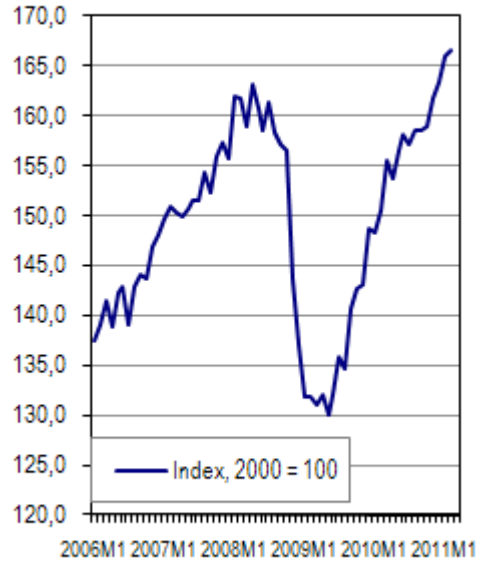


2.1.3 Latest surveys and monthly data

According to the latest monthly data (from CPB monitor), the carry-over at the end of February for 2011 Q1 shows a slight acceleration of world trade compared to 2010 Q4 (see Table and Graphs). Emerging economies imports are still driving world trade at the beginning of 2011, despite a decline in

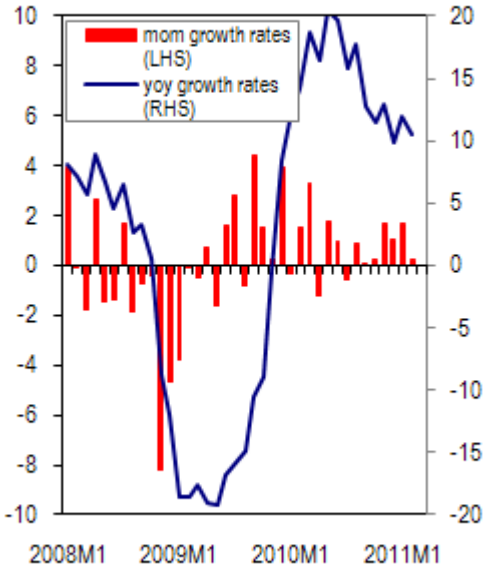
Africa and in the Middle East. Imports will also accelerate in advanced economies, due to the rebound of American imports. Yet, the carry-over at the end of February for Japanese imports is null.

Development of world trade (1)



Source : CPB

Development of world trade (2)



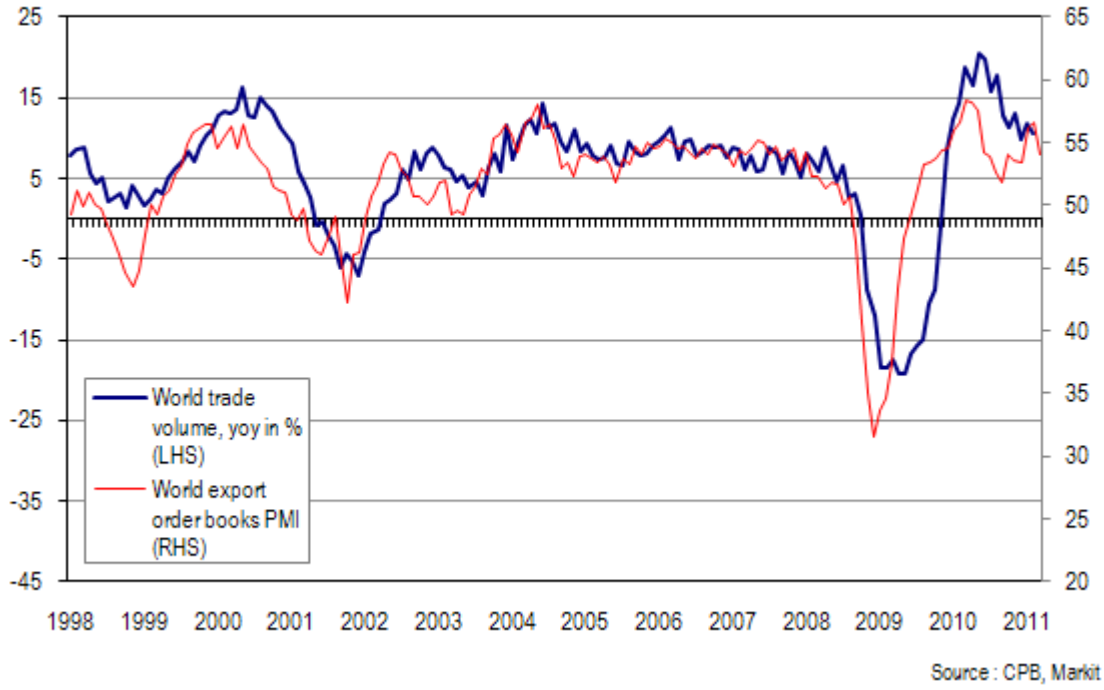
Source : CPB

World trade by region

QoQ % change	2010 Q4	Carry-over at the end of february
World trade	**2,0**	**3,1**
Imports	**1,2**	**2,4**
Advances Economies	**0,1**	**1,3**
United States	-2,0	3,3
Japan	-1,0	-0,1
Euro Area	1,1	1,1
Emerging and Developing Countries	**2,4**	**3,5**
Asia	3,2	4,7
Central and Eastern Europe	1,2	3,1
Latin America	0,0	3,6
Africa and Middle East	2,5	-1,8

For the next months, world trade should slow down. In the graph below, we can see that the Purchasing Manager Index (PMI) on world new export orders is declining in March after having accelerated in the last months of 2010 and in early 2011.

World trade and PMI export order books



Source : CPB, Markit

2.1.4 Working Group (WG) general forecasts for world trade

Before presenting in details the regional WG forecasts for imports and exports, let us review our global forecast. The consensus reached by the WG can be found in the table below.

Compared to our previous forecast, world trade growth is revised slightly downward for 2010 (+14.1% compared to +15.3% in the autumn forecast), because of downward revisions on quarterly growth in the second half of 2009 and in first half of 2010.

On the contrary, for 2011, our forecast is revised upward, mainly because of the dynamism of the first months. Even if the WG is unanimous in settling on a scenario where world trade growth should slow down this year, the carry-over at the end of the first quarter (average of January and February) for the whole year still implies an annual growth higher than 6%. The annual average displayed in our central forecast is thus based on a quarterly profile, which includes a still dynamic and above the trend of world trade growth in the beginning of the year, and a forecast weaker growth in the next quarters.

Finally, for 2012, the working group's scenario is a return to pre-crisis growth trend for world trade (+7.3%, the average growth recorded between 2000 and 2007 was around 7.1%).

World trade forecasts

	Autumn 2010		Spring 2011		
	2010	2011	2010	2011	2012
World trade volume (goods, yoy growth rayes)	15,3	7,2	14,1	8,2	7,3

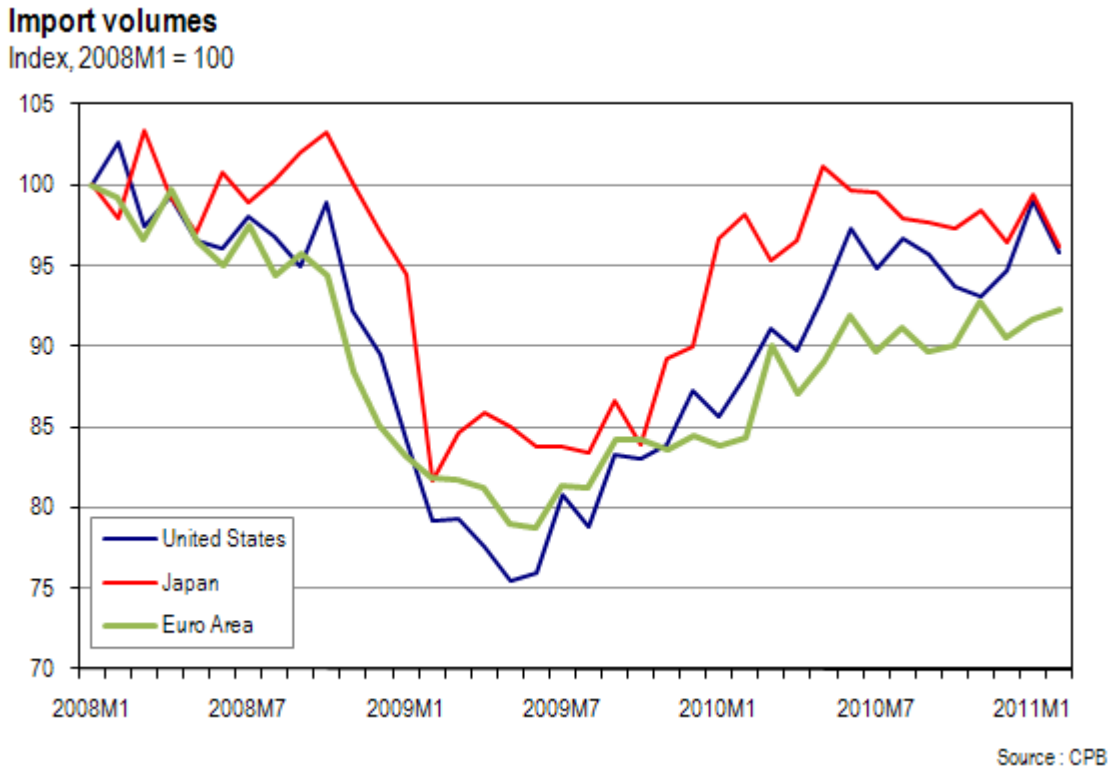
2.2 Imports and domestic demand

The first signs of a pick-up in domestic demand and imports were observed in the emerging economies in early 2009. In 2009 and 2010, the recovery was more vigorous in those countries than in developed economies. Once again, in terms of level, we can observe that for the emerging economies, imports returned to pre-crisis level at the end of 2010, while they are still inferior to levels seen in 2007 in the advanced economies.

For 2011 and 2012, we expect a widespread slowdown for imports in volume terms, in line with our global assumptions on activity and domestic demands. The deceleration should be stronger in emerging economies, also because the rebound in 2009 and 2010 was very high. But, emerging economies imports should continue to record higher growth than in developed countries. In the latter category of countries, the US should continue to outperform the Euro Area countries, as internal demand remains weaker.

2.2.1 Demand in advanced economies: decoupling!

Among the developed economic zones, substantial divergence is observable between Japan and the US in the one hand, and the Euro Area on the other hand. For the latter, imports haven't reached pre-crisis levels yet, whereas in the former the import gap was bridged at the end of 2010.



In the three first quarters of 2010, growth in Japan was particularly strong, mostly driven by substantial economic stimulus measures (eco-points, scrappage allowance) and by vigorous exports, which were supported by the dynamism of Asian economies. At the end of 2010 H1, Japan imports reached their pre-crisis level (see Graph). Nevertheless, in the last quarter of the year, Japanese economy saw a substantial decline: household consumption was dampened by the end of the scrappage allowance program and exports fell sharply following the contraction of American imports. Besides, the appreciation of the yen against the dollar weighed on Japanese products price-competitiveness. All in all, imports rebounded in 2010 by 10.4% at an annualised rate, after a 13% decline in 2009 (see Table in Annex).

In the first two months of 2011, signs of speed up of Japanese economy emerged, notably in industrial production leading indicator variables improvements. The earthquake on March 11th and the tsunami that followed should hit this progression. While the impact of the natural disaster is still not quantifiable, potential losses are tremendous. Imports forecasts are particularly uncertain. Thoughts in the WG and in World forecasting institutes and organisations on the gravity of the slowdown and the timing of a rebound linked to reconstruction issues are divided (for more details, see Box “Japan: the potential global impact of the earthquake”).

Eventually, the annual growth rate foreseen for 2011 (+6.0%) implies a slowdown of Japanese imports in the first half of 2011 and a rebound in the second half of 2011 mainly due to the need for energy and raw materials in the reconstruction of damaged infrastructure. In 2012, Japanese imports should slightly accelerate (+8.0%).

In the United States, GDP growth accelerated at the end of 2010, carried by a buoyant domestic demand. Private consumption grew more sharply thanks to the very expansionist American economic policy. But, at the same time, American imports declined, in line with the negative contribution of inventories. At the end of 2010, American imports still hadn't reached their pre-crisis level yet.

As in most countries, the PMI index for output and new orders clearly improved in January and February 2011 before indicating signs of a slowdown in March. The carry-over of American imports at the end of February is high and let us expect a strong growth at least in the first quarter. Besides, household consumption in the US should remain dynamic in the beginning of the year, despite the rise of inflation and the continued efforts to reduce debt. Moreover, imports should record a technical rebound higher than expected, in order to catch up for the decline in 2010 Q4 brought about by the inventories movements..

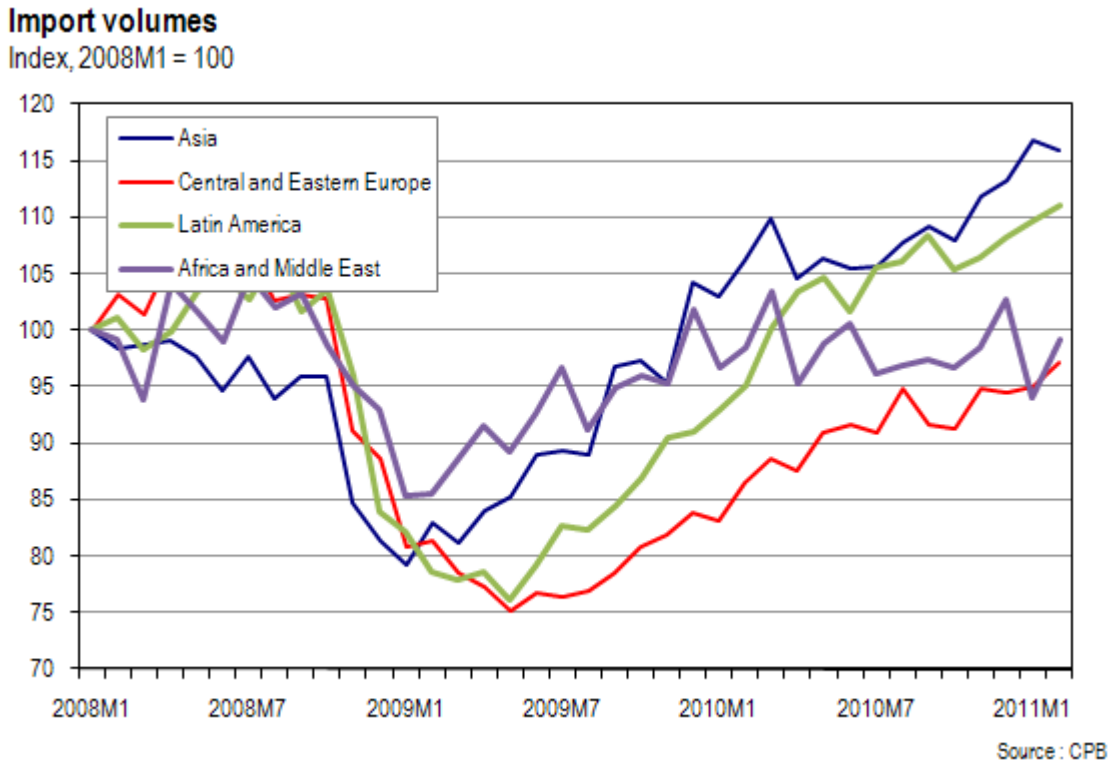
Taking into account a deceleration of domestic demand and imports in the second half of the year, the annual growth for American imports is expected to reach 9.0% in 2011. The US should remain one of the main driver of world trade. For next year, American imports should continue to decelerate (+5.5%), according to the WG consensus. In the Euro Area, domestic demand and imports slowed down in the second half of 2010. Euro Area imports were still very far from their pre-crisis level at the end of 2010.

For 2011, the early PMI indices for the Euro Area were on a very positive trend, like in other developed economies. But, even if the first quarter of 2011 is rather high, the imports should decelerate in the next quarters. In fact, in 2011, European households are likely to face higher inflation and economic policy is set to take a more restrictive turn. Internal demand and imports should thus grow at a more moderate pace in 2011 and 2012. In our consensus, the annual growth expected for 2011 and 2012 (5.6% and 5.2%) are rather low compared to Japan and US.

These growth prospects are shared unequally within the Euro Area. In Italy and Spain, the chronically weakness of internal demand should continue. According to the WG forecasts, imports should remain around 4.0% at an annualised rate in 2011 and 2012. In Germany and France, which were particularly affected by poor weathers conditions in 2010 Q4, there should be catch-up effects in demand in 2011 Q1. German imports, traditionally more sustained, should grow at 8.5% in 2011, and then at a decelerating pace in 2012 (7.0%). The same profile but moderated for French imports : 6.5% then 5.5%.

The government debt of certain countries in the Euro Area continues to cause concerns, and their financing costs have remained at a high level since November 2010. Our scenario on European domestic demand and imports should lead to a more marked slowdown if the debt crisis worsens in Europe. In Greece, imports are expected to contract again in 2011 (-5.0%) and to come back to stabilise in 2012.

2.2.2 Emerging economies demand: slowing but still driving!



As in 2009, emerging economies, and especially Asian and Latin American countries, remain the key driver of world trade recovery in 2010. At the end of 2010, strong imports growth above potential led to overtake the crisis gap. Emerging Asian imports grew by 21.7% in 2010 after –8.1% in 2009; Latin American imports by 25.8% after –14.2%.

In Emerging Asian economies, favourable labour market conditions, high liquidity and persistently strong capital inflows due to solid fundamentals should induce strong growth but slightly below the rates observed in 2010. But, the risk of overheating widely becomes a serious concern, generally leading to a tighter fiscal and monetary policy stance. Major risks for continuous growth stem from increasing commodity prices, which could put pressure on inflation and economic growth. While a tighter fiscal and monetary policy stance is expected to lead to a slowdown of economic activity, a hard landing cannot be ruled out if overheating is not stopped. In addition, monetary policy should also aim at stabilising prices in view of the risk of social unrest as a consequence of high food prices.

In China, price pressures are broadening beyond the energy and food price hikes that pushed headline inflation above 5 percent. In particular, prices on housing markets continue to increase, possibly justifying the notion of a bubble. Policy reacts with a tightening stance by increasing interest rates, tighter credit standards and increased minimum wages to lower the risk of social unrest as a result of increasing food prices. While consumption is expected to be weaker due to high inflation, domestic

demand is expected to take over the role as the driving force of growth in the coming quarters. This is due to fairly supportive labour market conditions, continuously high credit availability and yet another 5 year plan aimed at infrastructure investment.

In the WG scenario, import growth for Emerging Asian economies is thus expected to slow down in 2011 and in 2012 (11.0% and 10.0%), notably in line with Chinese imports deceleration (13.0% and 10.0%).

In 2010, Latin America experienced a strong recovery. While growth is expected to slow in the region, it should nevertheless still be sustained since the factors that have prompted its rapid recovery last year will still be present in 2011. Economic activity indicators for the whole region such as industrial production, retail sales, confidence indices remain on the right track in the first months of 2011. In particular, on average, the dynamism of domestic consumption is supported by positive labour market developments (continuous fall in unemployment in Brazil, Chile, Colombia) and the sharp increase in credit, prompted by relatively low real interest rates. The difference in national situations, which followed from the crisis, is expected to persist with, on one side, countries displaying robust growth and good fundamentals, such as Brazil and Chile. And on the other side, countries such as Mexico and in particular Venezuela seem to have become more vulnerable with the crisis, which has exacerbated structural domestic weaknesses.

Finally, while several countries of the region will hold major elections in the course of the year, the impact of political “noise” on the economy is not to be ignored.

The recovery in domestic demand and investments should cause an increase in import which will last for the whole 2012 although at a decelerating pace. For the current year, import volumes will rise by 11%, followed by a 10% increase in 2012.

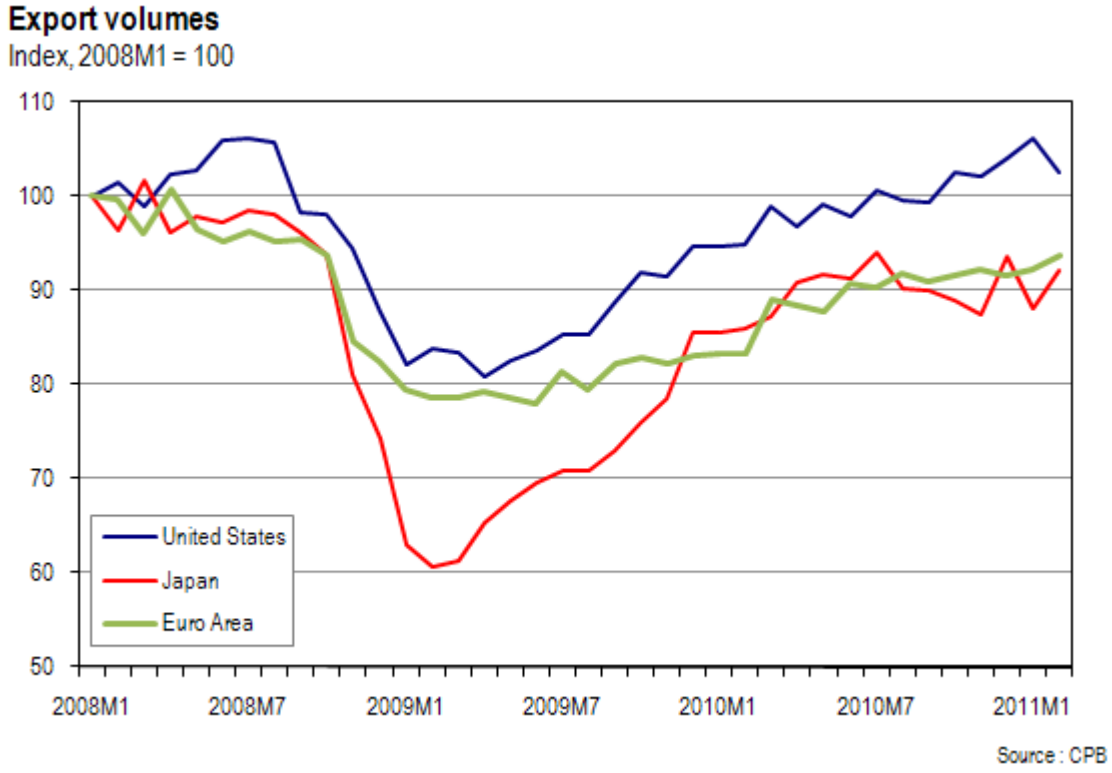
In Central and Eastern Europe, the recession was stronger and the recovery slower than in other emerging regions. Even so, in 2010, imports recorded a 13.4% rebound (after –23% in 2009) but in terms of level, imports are still slightly lower than the pre-crisis level. In 2011 and 2012, internal demand and imports in the whole region should remain vigorous but more moderate than in 2010 (+10% in 2011 and then +9.5% in 2012).

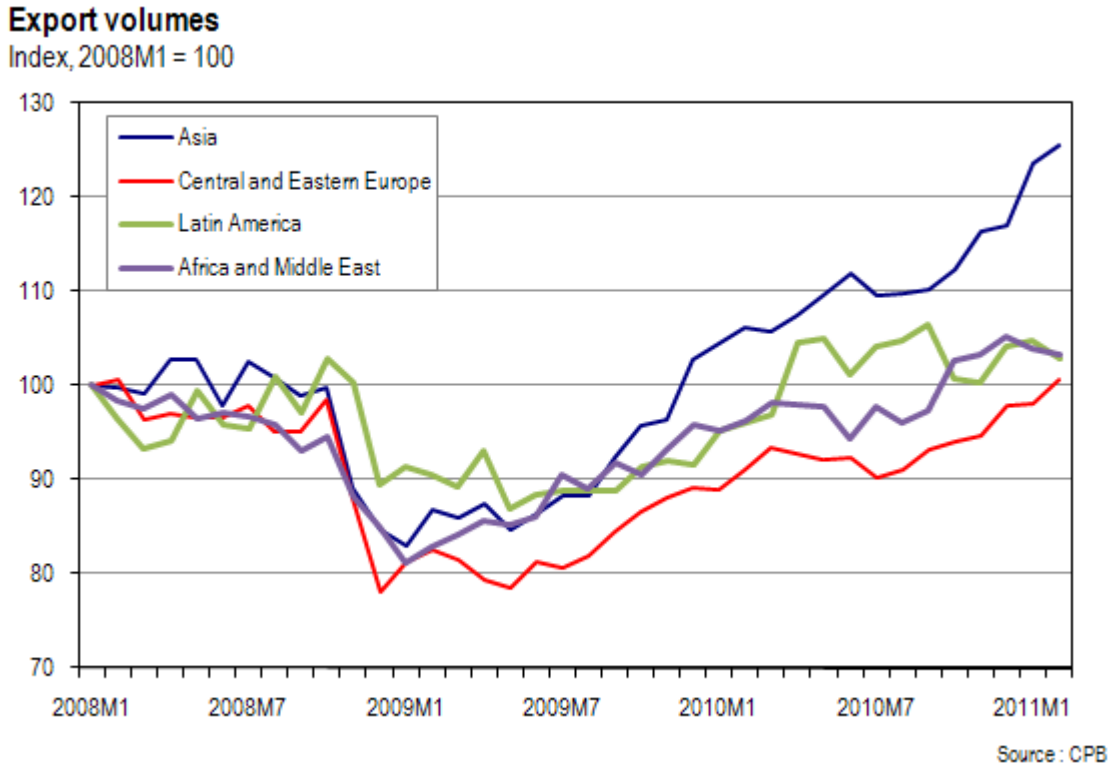
2.3 Exports and price competitiveness

2.3.1 World exports expected to be less dynamic in 2011 and 2012

In 2009 and 2010, exports recovery was faster and more vigorous in emerging countries than in developed countries. Besides, among the latter group, exports growth bounced back more sharply in US, Japan or even Germany, because of their closer linkages with emerging countries, particularly China and other Asian economies. Thus, in terms of level, emerging economies exports returned to pre-crisis level at the end of 2010. Emerging Asian economies exports level is even more than 20

points over the level in January 2008. In the advanced economies, only US exports finally bridged the gap at the end of 2010. The recovery was rather meagre in the Euro Area, especially for countries less turned on emerging markets (Spain…). Despite the dynamism of Japanese export growth since mid-2009, they are still lower than the 2007 levels also because they saw the deepest fall during the crisis.





For this year and next year, our scenario settles for a widespread deceleration of world exports (+8.1% in 2011 and +7.2% in 2012), in line with the slowdown of the world economy and of world imports.

However, at the start of 2011, purchase managers reported a sharp improvement in their export order books which points out to a sustained growth of exports in the first half of 2011. Exports should, then, slowdown in line with domestic demand and imports both in the advanced economies and in the main emerging countries. Regional exports growth forecasts can be seen in the table below (for more details, see the whole table in Annex). American exports should be impacted by the slowdown we put on our scenario from emerging countries (inflationist tensions…), from Euro Area countries (weaker domestic demand, consolidating plans…), and also from Japan. According to our baseline scenario on imports side, the foreign demand addressed to US should decelerate sharply (8.6% in 2011 compared to +16.2% in 2010). Then, it should be even a bit less dynamic in 2012 (+7.6%). The foreign demand addressed to Japan should see a sharper deceleration (+9.5% in 2011, then 8.2% in 2012, compared to +17% in 2010), notably in line with the strong profile of Emerging Asian economies. For the Euro Area, less linked to emerging markets, the deceleration of foreign demand should be less pronounced than in the former advanced countries (+7.2% in 2011 and then 5.8% in 2012 compared to 11% in 2010). For Emerging Asian economies, the risk related to the unquantifiable consequences of the disaster in Japan, with an eventual breakdown of Japanese imports, is higher than in other regions, even if the linkages with Japan are much smaller than a decade ago (also due to the increasing importance of China for the region). Thailand and China as exporters of intermediate goods to Japan are particularly vulnerable. On the other hand, energy exporters such as Malaysia or Indonesia might benefit from the need to compensate for the loss of domestic energy production in Japan. More importantly, the break up of integrated manufacturing cycles especially in key industries such as automobile and electronics poses a serious risk to growth in emerging markets. Japan is an important producer of high tech and intermediate goods, and inventories can only provide a temporary cushion to an interrupted manufacturing chain. Most vulnerable (as measured by their import shares from Japan) in this context are Indonesia, South Korea, China and Thailand, with import shares from Japan up to 20 percent. All in all, the foreign demand addressed to Emerging Asian economies should be at +7.5% in 2011 and +6.8% in 2012 after +11.8% in 2010. This profile is much more marked for China (+8.7% in 2011 and +7.8% in 2012 compared to +15.2% in 2010).

For Central and Eastern Europe countries, exports of the whole region should also decelerate in 2011 and 2012, following the foreign demand addressed to the region (+6.6% in 2011 and +6% in 2012 compared to +10.2% in 2010). Indeed, the external demand should be partly dragged down by the deceleration of domestic demand in the euro area, notably German demand, which is more linked with those countries. However, for Poland, we continue to expect a slight acceleration of exports. Besides,

among raw materials exporters, as in Russia, the higher commodity prices are boosting exports in value terms, especially exports of energy and food.

Foreign demand, export market share and export growth

(in percentage points)

		2010	2011	2012
Euro area (extra trade only)	Export growth	11,0	7,2	5,8
	Foreign demand	13,7	8,6	7,7
	Export market share	**-2,8**	**-1,4**	**-1,8**
US	Export growth	14,7	8,5	7,5
	Foreign demand	16,2	8,6	7,6
	Export market share	**-1,5**	**-0,1**	**-0,1**
Japan	Export growth	26,2	4,0	7,0
	Foreign demand	17,0	9,5	8,2
	Export market share	**9,2**	**-5,5**	**-1,2**
Emerging Asia	Export growth	22,0	10,4	9,4
	Foreign demand	11,8	7,5	6,8
	Export market share	**10,2**	**2,8**	**2,5**
China	Export growth	30,0	11,0	10,0
	Foreign demand	15,2	8,7	7,8
	Export market share	**14,8**	**2,3**	**2,2**
Latin America	Export growth	9,6	11,3	10,2
	Foreign demand	14,1	8,5	6,4
	Export market share	**-4,5**	**2,8**	**3,8**

2.3.2 Stabilisation of export market share in the US

The depreciation of the US dollar against most currencies should result in a loss of price-competitiveness for many countries (see the export market shares in the above table). European countries should, thus, record even more losses of market shares than before when trend-setting developments regarding the competition of emerging markets was already low. The Yuan also appreciate sharply against the dollar: this should dampen exports growth and market share gains for China over the next two years. Japanese exports should record strong market shares losses but because of the difficulty in assessing precisely the economic impacts of the Japanese natural and nuclear disaster that followed, the intensity of the losses remains uncertain. While Latin American currencies appreciated sharply in 2010, the region already recorded market shares losses in 2010. It should return to gains in 2011. For the US, the gain in price-competitiveness of American exports should be partly offset by the long term trend losses. All in all, on our forecast for 2011 and 2012, we expect a flat profile for market shares gains in the United States.

3 Commodity Prices

Abstract

Commodity prices have increased rapidly in the fall 2010. For some commodities, prices reached new highs. Commodities that did not reach a new record, were close to their historic highs, mostly reached in July 2008. The average dollar prices of non-energy commodities are now on a record level and higher than in the previous peak before the economic crisis. Real prices of non-energy commodities declined in the beginning of the crisis, but started to recover strongly well before the turn of the cycle in the industrialised countries. Once the advanced economies entered the recovery phase, the growth in China was already strong, which did push commodity prices higher.

After a pronounced rebound from the lows in recession, crude oil prices rose up to a level of 100 USD/barrel by the end of 2010. The unrest in the North Africa raised the price to over 120 USD/barrel in March/April in 2010. Successive crises in Egypt and Tunisia followed by a uprising in Libya and political tensions in other Middle Eastern countries did raise fears of oil shortages. Fundamentals seem not to sustain this raise. While there has been a rise in uncertainty about the strength of global economic growth, inventories are still relatively large and non-OPEC production is strong. This year, prices of energy raw materials will rise by an average of 23 per cent, following the 36 per cent increase during 2010. In 2012, prices will decline slightly with 6 per cent. The other energy commodities prices follow the crude oil fluctuations due to substitution possibilities and common demand factors.

In Australia, floods have cut production of steam and coking coal. The steel production increased steeply in the first half of 2010, followed by some stabilization during the summer. Prices of steel are still well below their pre-crisis level in the end of the year reflecting the expected moderation of Chinese economy, tough iron ore prices have reached new records. Ferrous raw material prices are expected to rise on average by 24 per cent in 2011, after a 57 per cent rise in 2010. In 2012 the ferrous prices fluctuations will be similar to energy, with a 6 per cent decrease.

Agricultural raw materials have risen by 34 per cent during the year 2010. In 2011 the prices will raise smoothly with an expected growth of 18 per cent for the year 2011. Cotton prices will be boosted by growing concerns about declining world stocks. The wool price will continue to increase by 42 per cent this year, following a 32 per cent rise in 2010. The market situation is expected to gradually ease in 2012, resulting in a 5 per cent decrease of prices. Natural rubber prices reached new records levels,

with a 81% increase in 2010, and will still increase in 2011 with a 58 per cent rise, mainly due to the fact that the demand is inelastic, and the only substitute is indexed on oil prices (the synthetic rubber is following oil prices). The wood products will be stable for the next two years, with a 4 per cent increase in 2011 and 1 per cent in 2012.

The price of foodstuffs and beverages will rise at a similar pace we can observe for the prices of energy and industrial raw materials. The prices will rise by 37 per cent in 2011 and will be stable in 2012 with a 2 per cent increase. After a small increase during 2010, cereals prices will grow steadily, with 54 per cent in 2011 and stay at their level in 2012 with a 1 per cent increase. Tropical beverages will grow at the same pace as 2010, with a 29 per cent increase. Oil seeds were stable during 2010, this will not be the case with an expected increase during 2011.

It's important to keep in mind that the weaker-than forecast US dollar would result higher price forecasts and vice versa. The triple disaster in Japan, while the effects are expected to be relatively smooth on the average global economy, will clearly impact the prices of some commodity prices, notably the coal.

Recent price developments

According to the dollar-based HWWI index, the average world commodity prices have risen more than in the autumn forecast. The euro with an exchange rate of 1.45 dollars per euro for the first quarter of 2011 was stronger than a realization of 1.37 dollars mainly due to continuing strong economic stimulus in the US.

Commodity price index excluding energy rose by 10 per cent in the last quarter of 2010, and by the same rate in the first quarter of 2011. The autumn forecast had envisaged a stable price development. In the first quarter of 2011, the autumn forecasts were lower than the realisations in all commodity groups. The forecasts were stable in most of cases, but the commodity price indexes rose between 8 and 15 per cent. The main reason for undershooting forecasts was a stronger-than-expected demand growth in emerging markets and especially in China.

A rebound of growth, led by emerging economies, after a temporary lull in summer is responsible of the general rise of commodity prices. Another explanation is the weakness of the dollar, which pushed up the commodity prices in general, as the commodities are, in most of case, sold in US dollars. Finally, the interest rates are low; there are excessive liquidities on the market, which result in volatility, and for some commodities, in increasing prices. This abundant liquidity should not be different on the forecast horizon, as for the weakness of the dollar.

Table 1 Autumn 2010 forecasts and realisations

	USD terms				EUR terms			
	2010 Q4		2011 Q1		2010 Q4		2011 Q1	
	Forecast	**Actual**	Forecast	**Actual**	Forecast	**Actual**	Forecast	**Actual**
	Quarterly percentage changes							
All commodities*	6	**12**	1	**15**	-1	**7**	-3	**15**
Total excl. energy	2	**10**	0	**10**	-5	**5**	-4	**9**
Food total	10	**17**	0	**14**	1	**12**	-4	**13**
Cereals	22	**22**	2	**16**	13	**16**	-2	**15**
Tropical beverages, sugar	1	**12**	-4	**16**	-7	**7**	-7	**15**
Oilseeds, vegetable oils	12	**19**	2	**11**	3	**13**	-2	**11**
Industrial raw materials	0	**8**	0	**8**	-8	**2**	-4	**8**
Agricultural raw materials	4	**7**	-3	**6**	-3	**2**	-6	**5**
Non-ferrous metals	4	**15**	0	**9**	-4	**9**	-3	**9**
Ferrous raw materials	-8	**-7**	2	**9**	-15	**-12**	-2	**8**
Energy raw materials	8	**13**	1	**17**	0	**7**	-2	**16**
USD/EUR	1.40	1.36	1.45	1.37				

* HWWI index, total

Aggregate price development

Continuing rather strong global growth keeps commodity prices expensive in 2011-2012, although the rises, on average, soften a bit this year and more a less stabilise in 2012.

The Crude oil prices will decline slightly next year reflecting mainly the expected moderation of geopolitical risks. In current circumstance, the price development is expected to be very volatile, as observed in the first quarter.

The Base metal prices are expected to rise in 2011 on average by 10 per cent, but copper and tin prices are expected to decline from the historical records. Iron ore markets will stay tight this year, but rising production and seaborne capacities will turn prices downwards from historical heights.

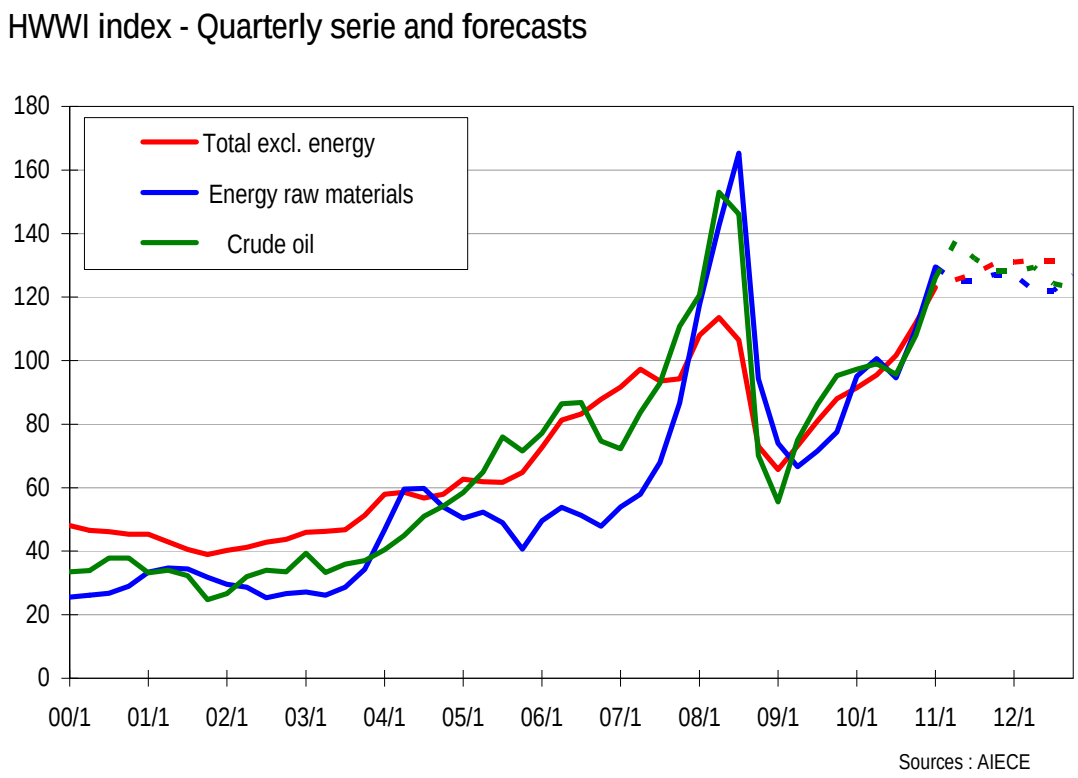
Many agricultural prices have risen very strongly in 2010 and early 2011. The rise is similar to the drastic rise of many industry-related price rises in 2003-2008 due to very strong demand rises in emerging countries and especially in China. The climatically conditions have sustain this rise in prices. Food prices have risen dramatically during the winter reflecting bad harvests in many countries and the export ban of Russia. The group do not expect as serious ‘food crisis’ than in 2008, unless forthcoming harvests in spring and summer prove to be bad.

The financial activity basing on commodities has risen strongly in line with the rising prices. Unlike in 2008, prices may have influenced by the financial activity e.g. in cases of zinc, nickel and lead, where prices have risen, tough inventories have been high and risen.

The initial impact of a Japanese disaster on commodity prices was negative as the demand was expected to weaken due to both a decrease in Japanese production and a related lack of components. However, the effect was short-lived as the obvious positive demand effect of reconstruction got more weigh in pricing.

3.1 Price forecasts until 2012

3.1.1 Energy raw materials



a) Crude Oil

According to IEA statistics, following a deep contraction in 2009 global oil demand rose by an estimated 2.9% in 2010, reaching almost 88 million barrels/day. A good economic environment and a strong internal market helped Chinese consumption posting an astonishing 12% increase in the past year, driving the surge in global oil consumption. Demand growth resulted also particularly strong in USA, due to a better economic environment and more supportive expansionary policies than in other OECD countries. A harsh winter season, and a warmer than normal summer temporary underpinned European and Japanese consumption in the past year. However OECD ex-USA consumption generally resulted lacklustre (except for Germany) leading to the second yearly consecutive contraction. According to our macroeconomic assumptions, we expect global consumption growth to slow its pace, albeit not retrenching, throughout the remainder of the forecast horizon.

In Asia, according to our macroeconomic assumptions, Chinese economy is expected to slow in the current year on tightening monetary conditions (placed to cool inflationary pressures) and lower public

spending. This should reflect on the Chinese oil market, leading to a lower consumption growth as compared to the past year. High unemployment, a weak and still deteriorating housing market, and higher products prices are expected to continue weighting on the US gasoline market. Despite of that, US oil market is expected to be one of the few positive contributors to OECD market development, mainly due to the extension of Bush-era tax cuts and the still loosening monetary stance. US oil consumption should increase less than 0.2 thousand barrel/day, or 0.7%, in 2011, and stay substantially unchanged in the coming year, as the least expansionary conditions will be removed and more tightening measures implemented. European consumption as a whole is expected to continue contracting over the coming two years, despite the positive contribution we foresee from Germany and France. Indeed, a still weak economic environment as well as some efficiency gains in energy intensive sectors should drive European oil consumption to meet further decline over the outlook period. We don't foresee any particular pressure on oil consumption in European markets following the Fukushima Earthquake, despite the announced closures of the oldest German nuclear power stations.

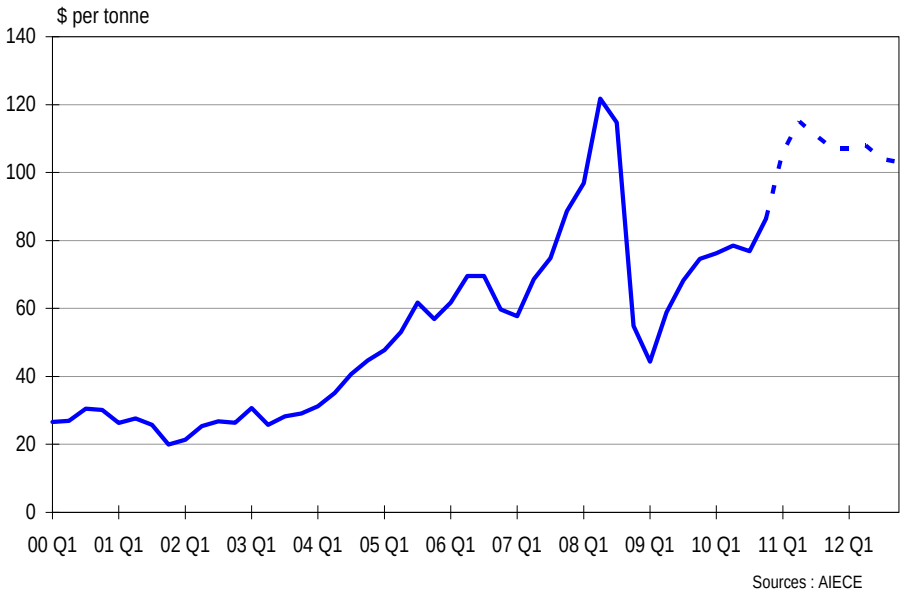
On Friday, March 11 Japan has been hit by a magnitude 9.0 Earthquake off the coast of Sendai. The quake and the subsequent tsunami resulted in major damages to the northern coastal regions, shutting down around 6.8 thousand MW of nuclear capacity. According to some industry estimates, Japan oil consumption should rise by 0.2-0.3 mbd in the coming months in order to offset the lack of nuclear power, but this estimate highly depends on the energy mix chosen. Degree of uncertainty over damages amount is still uncertain. However, looking behind to the past earthquakes experience, we don't expect relevant consequences over crude prices in the coming months.

From the supply side, Russian and Chinese efforts (+0.5 mbd cumulative) have been strong enough to offset the structural decline in European supply (approx. 300 thousand bpd in 2010). Northern and Southern America output increased as well by an estimated half mbd, allowing Non-Opec supply to rise around 1.1 % in the past year, touching 52.8 million mbd. Opec maintained an official ceiling of 24.85 mbd since the beginning of 2009: the cartel was able to keep a good degree of compliance in the first half of the year, while prices were low and global recovery strength still uncertain (According to Eia, OPEC compliance is calculated by comparing the size of the cumulate production cuts that OPEC members made with the targeted cuts). However, in the remainder of the year, as global growth rapidly gained steam and oil prices started increase, estimated compliance slipped from around 75-80 % to less than 50%. We estimate total Opec supply at 29.3 mbd in 2010, 6 thousand barrel/day more as compared to 2009 result. On yearly average, global oil supply growth failed to catch up with the fast increase in demand. According to IEA and EIA assessments, we estimate a 0.6 mbd global stock erosion in 2010.

Despite the fact that official production ceiling hasn't been moved in the past weeks, Saudi Arabia is expected to continue pumping additional oil in the market, as well as any disruptions in Libyan supply requires it to keep the market balanced. No extraordinary meeting has been yet announced (the next one is scheduled for June) but, if instability persists, and we believe it will, a joint movement by members will probably be necessary in the coming months. Opec is currently sitting on an ample amount of oil: we estimate Opec spare capacity ample enough to three fold offset the Libyan output. Non Opec growth is expected to slow, mainly on lower expected Russian output and structural falling in Northern Sea supply. Other non-Opec major suppliers are awaited to post some little increase in the current year. Combined, they should account for less than a million barrel/day.

Oil prices steadily grew in the second half of the year, on weakening dollar, Qe2 effects and strong Chinese imports. After an essentially quiet first half, Brent benchmark gained around 30 US$ in 6 months, overcoming the 100 US$ threshold in late January, 2011. Geopolitical issues in northern Africa subsequently focused the oil market attention towards potential interruption in oil transit points (Suez, Egypt) and, later, to the risk of disruptions in Libyan oil fields following the anti-Gheddafi rebellion. Libya is Africa's fourth largest oil producer after Nigeria, Algeria and Angola, normally providing around 1.6 million barrels of light and sweet oil per day and with estimated reserves of 42 billion barrels. Despite a still comfortable global spare capacity (close and probably over 5 mbd) and Saudi extra-pumping (probably between 0.7 and 0.9 mbd), political unrests and MENA contagion fears led late February crude to be traded with an approx. 15 US$ premium over January.

From a fundamental point of view, the strength in global consumption and a more than favourable economic environment, due to the expansionary monetary policies still in place and the enormous amount of liquidity in the market, are expected to keep oil price sustained on historically high levels. We believe that, at the same time, MENA turmoil premium wouldn't fade so quickly. Even if the amount of "oil at risk" doesn't appear exceptionally high (as we are writing top producing countries still seem comparatively exempted from civil unrests) fear of a contagion towards other countries will keep global oil market under pressure at least until the end of the summer. Starting from late 2011 oil markets should reflect a more balanced growth scenario, with prices heading back towards 100 US$/bl in the last months of the year. However, tension and upside risks are awaited to persist. Geopolitical issues will continue keeping oil markets under pressure, potentially leading to further price spikes in the coming months. Apart from Northern Africa countries, we still identify risks of social unrests in Nigeria, on late April election round, in other countries controlling the oil supply or major transit routes or chokepoints (Iran, Iraq), or strategically important. Among them, we identify Bahrain, where the US Middle Eastern Fleet is moored and plays a central role in Saudi Arabia – Iran foreign relationships, as the key country to keep monitored in the coming months.



Brent	
08 Q1	97
08 Q2	122
08 Q3	115
08 Q4	55
09 Q1	44
09 Q2	59
09 Q3	68
09 Q4	75
10 Q1	76
10 Q2	78
10 Q3	77
10 Q4	86
11 Q1	106
11 Q2	**115**
11 Q3	**111**
11 Q4	**107**
12 Q1	**107**
12 Q2	**108**
12 Q3	**104**
12 Q4	**103**

b) Steam Coal, Coking Coal

Australia's Queensland accounts for nearly two thirds of the world's sea-borne coking coal exports, and is also a major exporter of steam coal. Between late November 2010 and February 2011 heavy rains flooded its open pit mines and damaged transport infrastructure. According to recent estimates of the Queensland Resources Council, as a result of the flooding the state lost about 30 million tons of coal production, i.e. 15 per cent of its annual output. Export losses could be as high as 25.5 million tons, of which about two thirds supposedly fall on coking coal. Hence, the effects of the flooding proved more severe for the world market of coking coal (lost Australian shipments represent approximately 7 per cent of its annual global exports) than for that of steam coal (some 1 per cent respectively). However, in case of the latter they were aggravated by low output in Indonesia, South Africa and Colombia, which also suffered from heavy rains.

Supply disruptions that coincided with a rebound in the world coal demand triggered a hike in price quotations. Australian steam coal spot prices surged from US$ 98/mt in October 2010 to US$ 135/mt in mid-January 2011, and that of coking coal to US$ 380/mt, up 70 per cent on quarterly contract price of US$ 225/mt. Afterwards the price pressure eased; steam coal traded spot at just over US$ 120/mt, while coking coal at US$ 235/mt at the end of March. However, January highs translated into outcomes of recently concluded contract negotiations between Australian exporters and their Japanese customers, regarded as a benchmark for the market. Coking coal price was settled at US$ 330/mt for the second quarter of this year, which represents a rise by 47 per cent over the first quarter, and steam coal annual contract price increased from US$ 98/mt in FY 2010-11 (April-March) to US$ 130/mt in FY 2011/12, i.e. by 33 per cent and up the previous record of US$ 125/mt in FY 2008/09.

Australian coal sector should resume full operations in a few months. In the mid-term one could expect supply expanding not only from new mining and infrastructure capacities coming on stream in traditional coal exporting countries (e.g. in Australia, Indonesia, South Africa, Colombia), but also from newcomers on the market like Mongolia and Mozambique. Last year coking coal deliveries from Mongolia to China surged 278 per cent, to 15 million tons, and constituted 31.7 per cent of the total Chinese imports of this type of coal, trailing slightly only behind Australia (17.4 million tons, 36.8 per cent). Nevertheless, the market would probably remain tight due to expected quite strong rise in global coal demand in the forecasted period.

The world coal trade has already recovered from a slowdown in 2008 and a slight fall in 2009. Internationally traded volumes increased by an estimated 9.5 per cent last year, of which steam coal by 6.3 per cent and coking coal by as much as 20.4 per cent. The growth stemmed mainly from Asia, with the EU still showing a fall in imports (especially of steam coal).

According to the Australian Bureau of Agricultural and Resource Economics and Sciences' (ABERES) spring forecast, the world coal trade would rise by 3 per cent in 2011 and by 4.5 per cent in 2012, of which steam coal by 2.7 and 4.7 per cent respectively, and coking coal by 3.9 and 4.2 per cent. Regional pattern of the forecast indicates that Asia would retain its role of a major source of incremental coal demand, though a modest revival in the EU steam coal imports is also awaited.

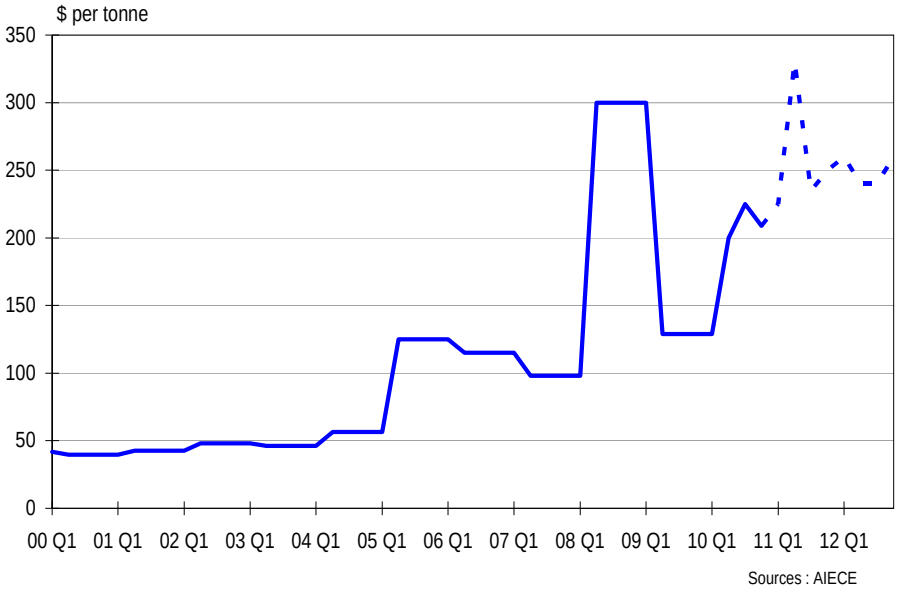
Expected rise in global import demand would stem to a large extent from hiking requirements of India, which is to remain one of the fastest growing coal importing regions both in Asia and in the world. Between 2010 and 2012 its steam coal imports are to increase by 32 million tons (53 per cent), while that of coking coal by 7 million tons (28 per cent), an equivalent of 55 per cent and 33 per cent, respectively, of incremental global imports projected in this period. The boost in India's demand would be supported by expansion of coal-fired power generation and steel production capacities coupled with higher competitiveness of imported coal due to coastal location of main consumption centers as well as relatively poor quality of domestic coal reserves.

Actually the forecasted figures could prove underestimated, especially in view of potential consequences of the March 11 earthquake in Japan, namely increased steel demand for reconstruction needs (inducing extra demand for coking coal) and additional demand for steam coal to make up for the lost nuclear capacity. Societe Generale predicts that Japan would need additional 7-8 million tons of steam coal for the rest of 2011 and a permanent 3 million tons from 2012 onwards, which would mean a rise in yearly steam coal imports by 6-7 per cent this year and by 3 per cent next year as compared with only 0.8 per cent annual rise expected by ABARES. Similar projection was presented by Clarkson Research, which expects that Japan's import of steam coal would expand 5 per cent this year, while its February prediction indicated a 1 per cent decline. Higher demand for imported coking coal is reported by the Chinese industrial sources. China might face a shortfall of 56 million tons of coking coal this year, 18.5 per cent up last year's imports.

Taking the above revisions into account, the world steam coal imports' growth rate could reach 4 per cent in 2011, and that of coking coal 7.5 per cent.

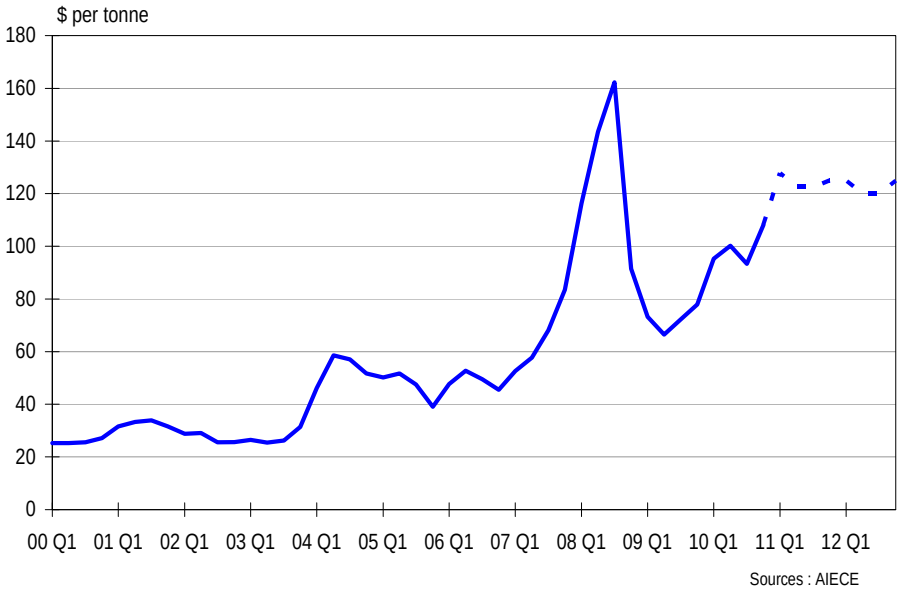
Regarding the market outlook and assuming no major external shocks (related e.g. to adverse weather conditions) we expect that coal prices would remain relatively high in the forecasted period – some 20-30 per cent up the last year's averages, though lower as compared with highs reached early this year.

Coking Coal Aus - Quarterly price serie and forecasts

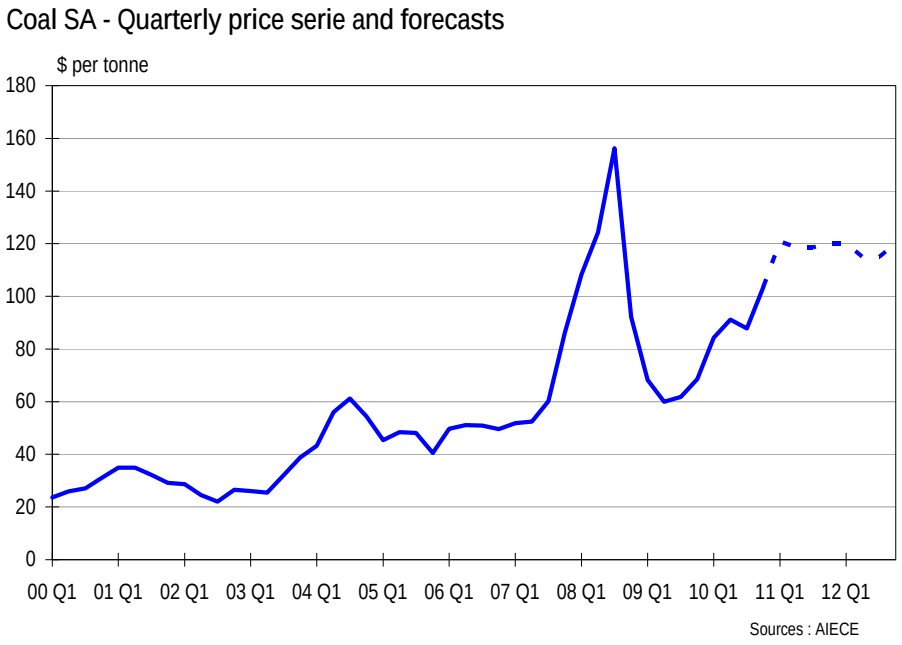


Coking Coal Aus	
08 Q1	98
08 Q2	300
08 Q3	300
08 Q4	300
09 Q1	300
09 Q2	129
09 Q3	129
09 Q4	129
10 Q1	129
10 Q2	200
10 Q3	225
10 Q4	209
11 Q1	225
11 Q2	**330**
11 Q3	**235**
11 Q4	**250**
12 Q1	**260**
12 Q2	**240**
12 Q3	**240**
12 Q4	**260**

Coal Aus - Quarterly price serie and forecasts



Coal Aus	
08 Q1	116
08 Q2	144
08 Q3	162
08 Q4	91
09 Q1	73
09 Q2	67
09 Q3	72
09 Q4	78
10 Q1	95
10 Q2	100
10 Q3	93
10 Q4	108
11 Q1	128
11 Q2	**123**
11 Q3	**123**
11 Q4	**125**
12 Q1	**125**
12 Q2	**120**
12 Q3	**120**
12 Q4	**125**



Coal SA	
08 Q1	108
08 Q2	124
08 Q3	156
08 Q4	92
09 Q1	68
09 Q2	60
09 Q3	62
09 Q4	69
10 Q1	84
10 Q2	91
10 Q3	88
10 Q4	104
11 Q1	121
11 Q2	**119**
11 Q3	**119**
11 Q4	**120**
12 Q1	**120**
12 Q2	**115**
12 Q3	**115**
12 Q4	**120**

c) Natural Gas

Natural gas	
08 Q1	
08 Q2	
08 Q3	
08 Q4	
09 Q1	
09 Q2	
09 Q3	
09 Q4	
10 Q1	
10 Q2	
10 Q3	8,26
10 Q4	8,54
11 Q1	9,45
11 Q2	**9,8**
11 Q3	**10**
11 Q4	**10,2**
12 Q1	**10,30**
12 Q2	**10,50**
12 Q3	**10,60**
12 Q4	**10,80**

The Western European monthly average import price of natural gas grew by 8 per cent in the third quarter of 2010, 3 per cent in the fourth one and by 11 per cent in the first quarter of 2011.

Following a 3 per cent increase in 2008, in terms of year-on-year figures apparent or gross consumption (indigenous production plus imports minus exports and changes in stocks) of natural gas in OECD Europe was down by 4.8 per cent in 2009 due to the fall of demand in the business sector as a result of the global economic crisis. With economic recovery in Europe, gross consumption increased by 6.7 per cent in 2010. In 2010 both exports and imports of natural gas grew dynamically.

In 2011 and 2012 natural gas prices will be shaped primarily by geopolitical tensions in North Africa and the Middle East as well as by the aftermath of the earthquake, the tsunami and the nuclear accident that took place this March in Japan.

Libyan unrest has removed 9 bcm (billion cubic metres) in natural gas exports to Europe. Egypt's exports valued at about 7 bcm per year are less threatened by the turmoil. Since the oil and gas

industry as well as the critical infrastructure of Algeria are defended by the military, no breakdown of deliveries is likely.

Since the share of North African region in European consumption accounts for about 13 per cent, troubles in supply may pose a significant negative risk. Under these circumstances Russian natural gas supply is becoming more and more attractive. Gazprom, Russia's state monopoly is likely to raise its exports to Europe from 139 bcm in 2010 to 152 bcm in 2011.

As a consequence of the natural catastrophe, fossil fuels, such as coal and natural gas are going to replace lost nuclear output in Japan. A further consequence of the Japanese nuclear accident is that the German government announced the decision to close some of the country's 17 nuclear plants. The Japanese nuclear accident is likely to bolster governments to reassess their policies towards nuclear energy with long-term implications for the natural gas sector. Liquefied natural gas (LNG) is best placed to replace Japan's closed nuclear power stations in the short term. (Nevertheless, rising gas prices may make coal more competitive in the near future.)

In the light of the geopolitical tensions in North Africa and the Middle East, the nuclear accident in Japan as well as the relatively limited supply reactions in the short term, the Western European average import price of natural gas is projected to increase gradually by 19 per cent in 2011 and by another 7 per cent in 2012.

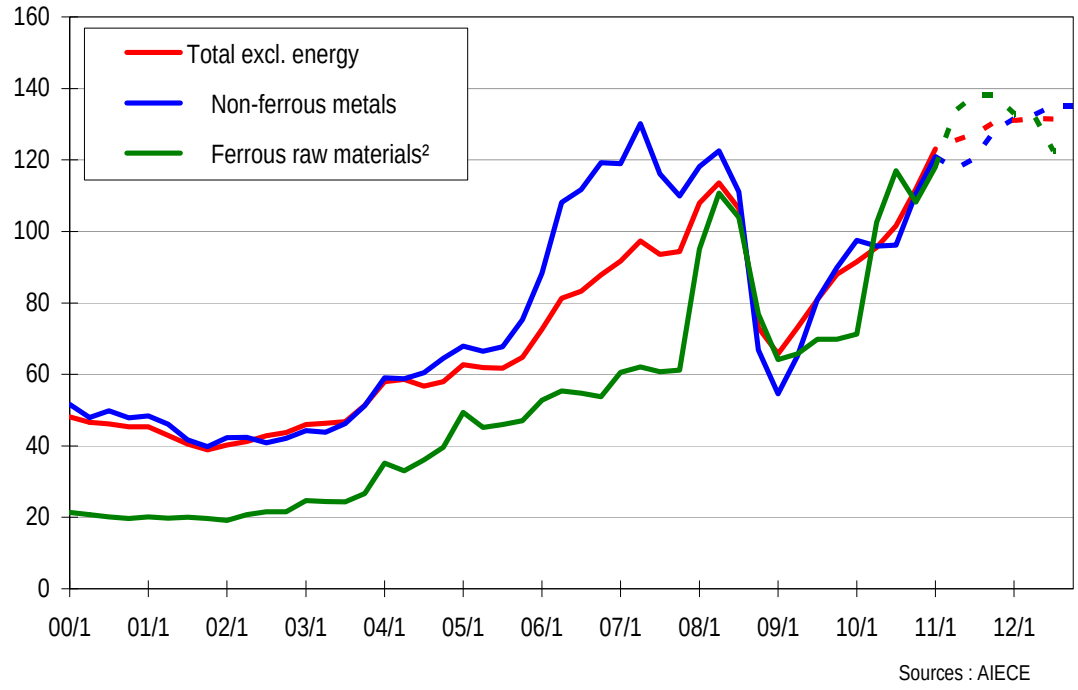
Table 4 Energy raw materials (US$ terms)

Commodity	10/1	10/2	10/3	10/4	11/1	11/2	11/3	11/4	12/1	12/2	12/3	12/4	2009	2010	2011	2012
Energy raw materials*	**97**	**99**	**96**	**108**	**126**	**137**	**132**	**128**	**128**	**129**	**124**	**123**	**78**	**100**	**131**	**126**
	3	***2***	***-3***	***13***	***17***	***8***	***-4***	***-3***	***0***	***1***	***-4***	***-1***	***-37***	***28***	***31***	***-4***
Crude oil	97	99	96	108	126	138	132	128	128	129	124	123	78	100	131	126
	2	*2*	*-3*	*13*	*17*	*9*	*-4*	*-3*	*0*	*1*	*-4*	*-1*	*-37*	*28*	*31*	*-4*
Steam coal	95	101	95	110	129	125	125	127	127	122	122	127	72	100	127	125
	23	*6*	*-6*	*16*	*18*	*-3*	*0*	*2*	*0*	*-4*	*0*	*4*	*-45*	*38*	*27*	*-2*
Coking coal	264	409	460	427	460	675	481	511	532	491	491	532	351	390	532	511
	0	*55*	*13*	*-7*	*8*	*47*	*-29*	*6*	*4*	*-8*	*0*	*8*	*-31*	*11*	*36*	*-4*
Natural gas	229	198	214	221	245	254	259	264	267	272	272	272	226	215	256	271
	13	*-14*	*8*	*3*	*11*	*4*	*2*	*2*	*1*	*2*	*0*	*0*	*-35*	*-5*	*19*	*6*

* Crude oil and steam coal only

3.1.2 Metals and Minerals

HWWI index - Quarterly serie and forecasts



a) Aluminium

The price of aluminium has resumed its upward trend since Q3 2010 (+161 $/t to reach 2,503 $/t on average in Q1 2011). In Q4 2010, stocks began to decline (-2.5%) but in Q1 2011 there is a small increase in stocks. Prices on the Shanghai Futures Exchange remain higher.

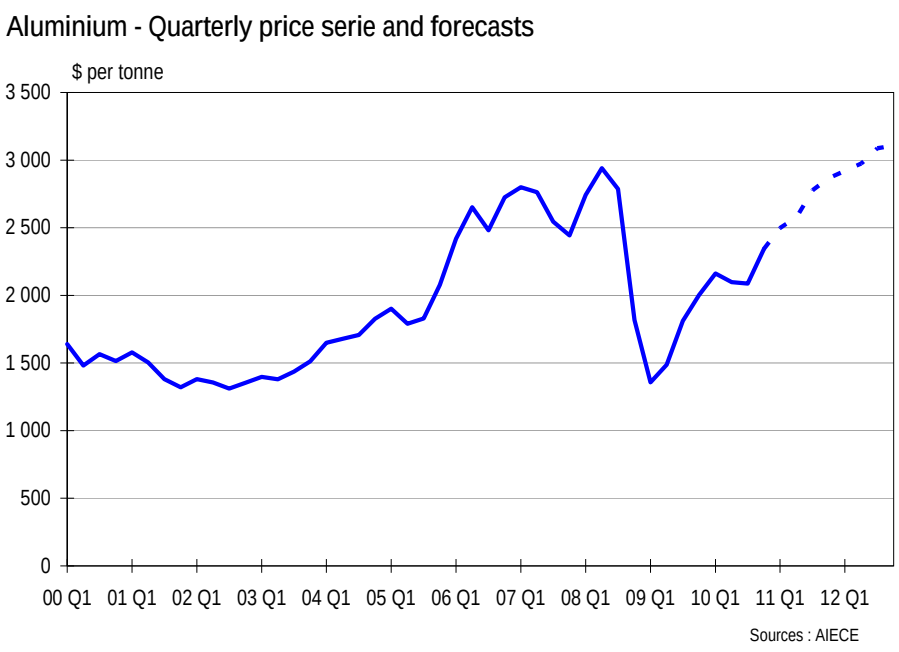
Over 2010, global production increased by 10%, compared with 2009, with contrasting situations by zones: American production is stable, European production including in the EEC states is up, as is the case in the Middle East and China, but other Asian countries are down. China moved to an import situation at the end of the year due to a rationing of the consumption of electricity (extreme weather conditions and a desire to reduce greenhouse gas emissions). On the other hand, the wish by the public authorities to halt outmoded and more expensive capacities prompts us to think that the situation in China should not change over the forecast horizon.

Global demand increased by approximately 14% in 2010 compared with the previous year. This rise was caused by two effects: growing consumption by developing countries and rebuilding of stocks by some OECD countries. As a reminder, China accounts for approximately 40% of global consumption, so it is necessary to track changes in its economic situation carefully.

Over 2010, despite an increase in demand, production exceeded demand, but this situation seemed to be changing towards the end of the financial year. Over 2011, supply should be up by approximately 5%, for an increase in demand of more than 9%. The aluminium market should therefore continue to

involve a deficit, which would support a rise in prices. Furthermore, as the prices of oil and gas are at high levels, the electricity price will not decline. Electricity price accounting for a significant part of the aluminium production costs, this should push aluminium prices higher.

And the taut situation and high prices in the copper market could accelerate this rise in 2011, through a substitution effect.



Aluminium	
08 Q1	2742
08 Q2	2940
08 Q3	2786
08 Q4	1817
09 Q1	1358
09 Q2	1487
09 Q3	1811
09 Q4	2002
10 Q1	2162
10 Q2	2098
10 Q3	2087
10 Q4	2342
11 Q1	2497
11 Q2	**2579**
11 Q3	**2776**
11 Q4	**2865**
12 Q1	**2919**
12 Q2	**2973**
12 Q3	**3087**
12 Q4	**3107**

b) Zinc

The price of zinc was listed at 2,288 $/T on the LME in December, with a quarterly average of 2,315 $/t (Q4), and 2,397 $/t in Q1 2011. Stocks have continued to increase, reaching 731,000 in March.

Over 2010, production of zinc grew 15% compared with 2009. China, which consumes 40% of zinc globally, saw its imports fall by more than 50% compared with 2009.

Despite this, growth in demand for zinc over 2010 amounted to 13%.

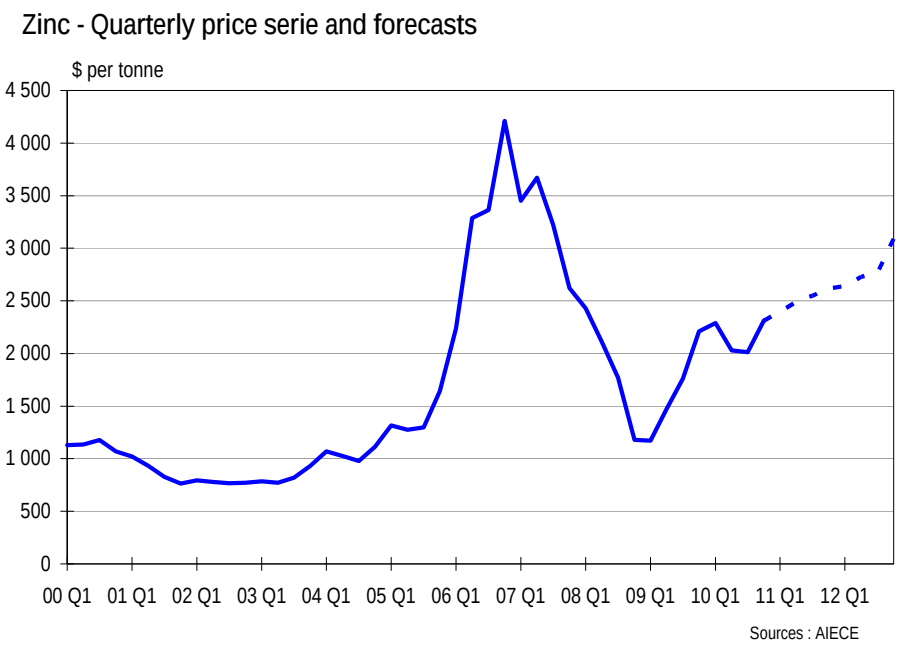
The supply/demand balance measured on the scales remains at a surplus but is gradually declining. The substantial stock makes it possible to cater for this demand at present.

A rally in prices took place at the end of the year, without being sustained by fundamentals. This upward trend should continue over 2011, albeit at a slower pace.

The slowdown in demand by emerging countries and weak American growth should restrict the increase in global demand in 2011, which should settle at 5%. On the supply level, production capacities should increase sharply in 2011, with the opening of new mines in India and Mexico. Furthermore, the re-opening of some capacities should lead to an increase in total production of approximately 7%.

The supply/demand balance would therefore remain in a surplus for 2011, which should restrain the price increase over the year 2011. By contrast, the closure of certain mines reaching the end of their lifespan in 2012 could reverse the trend, leading to acceleration in price evolution.

Even though we do not forecast a weakening dollar over the period, one should keep in mind that it could moderate this correction.



Zinc	
08 Q1	2429
08 Q2	2111
08 Q3	1771
08 Q4	1180
09 Q1	1172
09 Q2	1473
09 Q3	1761
09 Q4	2210
10 Q1	2288
10 Q2	2029
10 Q3	2012
10 Q4	2312
11 Q1	2397
11 Q2	**2493**
11 Q3	**2549**
11 Q4	**2619**
12 Q1	**2642**
12 Q2	**2729**
12 Q3	**2764**
12 Q4	**3089**

c) Nickel

The price of nickel amounted to 24,098 $/t in December with a quarterly average at 23,576 $/t. The price was 26926 $/t in Q1 2011.

Following a sharp increase between October 2010 and January 2011, stocks came back to their previous level over Q1 2011. The sharp increase can be explained by drop in demand at the end of 2010, due to a fall in requirements for stainless steel and substantial stocks in China.

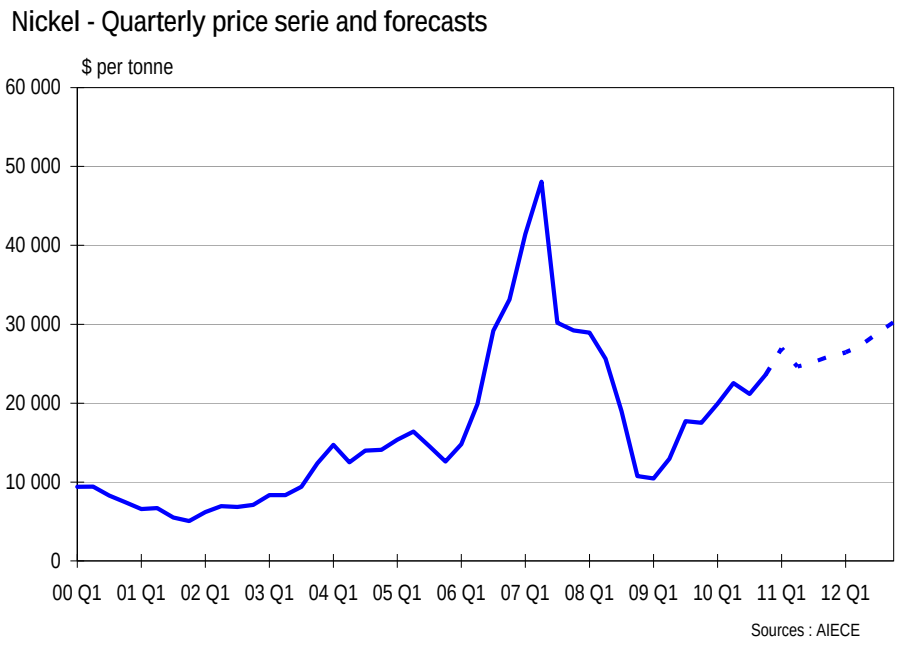
This trend should not reverse because new production capacities should emerge in the first or second half of 2011, accompanied by the reopening of certain mines which were shut down during the recession.

Despite a deficit during the first half of 2010 due to strong demand for stainless steel, over the entire period, the nickel market is almost at equilibrium or even displays a slight surplus.

Our forecast of a weakening of growth in emerging countries (reminder: China accounts for 36% of global demand for nickel) and the uncertain American situation encourages us to forecast moderate growth in demand of around 5% in 2011.

An increase in production of around 15% is expected due to the opening of new production capacities (especially the Goro mine in New Caledonia). However, this project has been delayed several times, and uncertainties over the timing of its full output production still remain.

We do not forecast a weakening of the dollar over the period, but one should monitor exchange rates, which could support prices. Furthermore, it is necessary to monitor the situation in Australia (third biggest global producer of nickel) following the flooding. Development of prices of copper should also be monitored, since copper, nickel and lead prices follow similar trends.



Nickel	
08 Q1	28949
08 Q2	25608
08 Q3	18986
08 Q4	10776
09 Q1	10466
09 Q2	12929
09 Q3	17694
09 Q4	17499
10 Q1	19920
10 Q2	22523
10 Q3	21174
10 Q4	23588
11 Q1	26926
11 Q2	**24619**
11 Q3	**25174**
11 Q4	**25920**
12 Q1	**26434**
12 Q2	**27378**
12 Q3	**28882**
12 Q4	**30266**

d) Lead

The spot price of lead was 2,421 $/t during December. Over Q4 2010 this settled at 2,406 $/t and 2598 $/t in Q1 2011.

Stocks continued too increase, reaching 287,200t. Despite the rise in stocks, lead prices continued to climb until Q1 2011.

In 2010, despite a supply surplus over the year, demand rose by 5.3% compared with 4.9% for supply. The rebuilding of stocks in certain OECD countries and consumption in China are at the source of this upturn in demand. By contrast, Chinese imports dropped from 150,000 t over the first 10 months of 2009, to 12,000 t in 2010. As confirmed by the latest figures regarding production capacities, this drop was caused by substantial rise in China's production.

A surplus of metal is expected in the market in 2011.

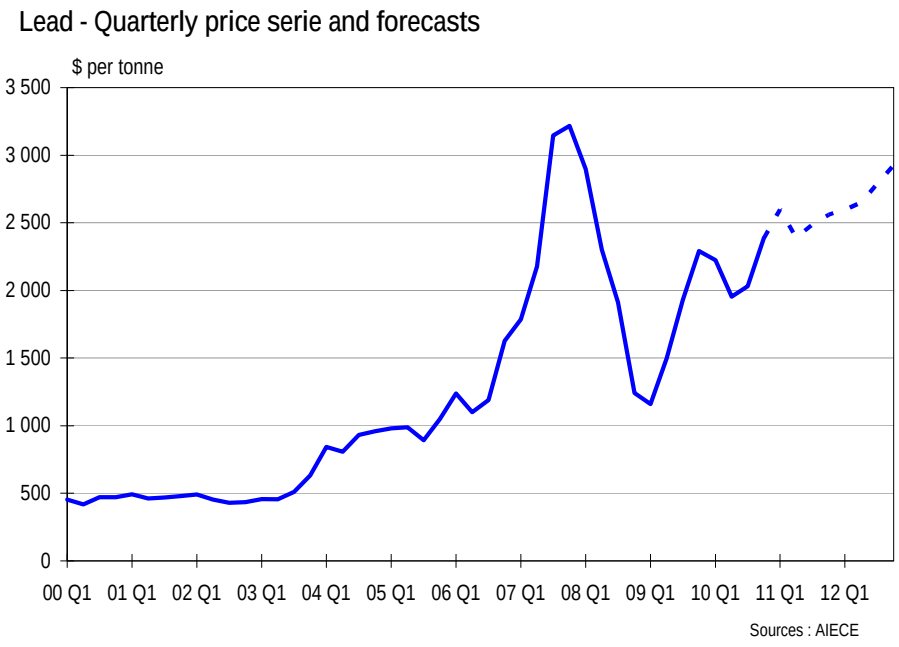
Now that the rebuilding of stocks in OECD countries has taken place, the technical correction upwards should turn into a limited drop.

Global demand should continue to rise to reach 6% in 2011 (China being the main party responsible with a planned increase of 9%).

Production should nonetheless remain at a surplus level in 2011, leading to a rise in stocks.

The lead market will therefore be still slightly at a surplus in 2011, which should lead to a stabilisation or a slight correction in prices in the middle of the year.

In 2012 the price should be driven by an increase in Chinese demand, leading to an increase in prices upwards.



Lead	
08 Q1	2898
08 Q2	2300
08 Q3	1911
08 Q4	1242
09 Q1	1160
09 Q2	1499
09 Q3	1931
09 Q4	2291
10 Q1	2224
10 Q2	1954
10 Q3	2031
10 Q4	2387
11 Q1	2598
11 Q2	**2390**
11 Q3	**2490**
11 Q4	**2558**
12 Q1	**2596**
12 Q2	**2649**
12 Q3	**2790**
12 Q4	**2925**

e) Copper

Global refined consumption increased in 2010, as Chinese copper demand remained robust throughout the year and industrial input need of advanced economies eventually rose up. According to Wbms preliminary data, 2010 global refined apparent consumption increased 5%, totaling 19.2 million tons. Several refineries disruption made the supply side unable to match the demand side need: global refinery output in the past year stood about 100k tons below consumption, leading to the fall in global stocks observed in the same period: world copper inventories declined from an estimated 2.9 weeks of consumption in early 2009 to approx. 2 weeks of consumption in January, 2010. On tightening balance and other bullish factors (i.e. declining US dollar, ongoing accommodative policies and other) copper quotes surged from an average 2010H1 price of 7300 US$/ton towards the 10000 US$/ton level observed in early February. End of quarter picture was somewhat different with copper losing more than 500 US$ a ton in a few days before closing the month at around 9200 US$/ton.

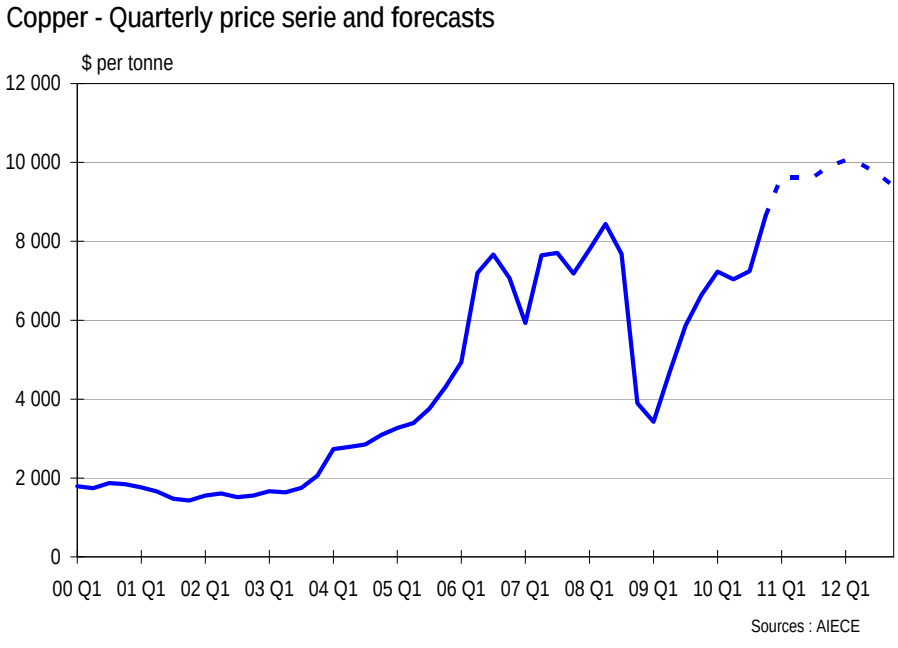
Copper demand in Emerging and mature economies followed two opposite paths in the last couple of years. Global financial crisis pushed LME copper quotes down in 2009, persuading Chinese industry to build up inventories in order to take advantage of the cheaper deals. Oecd consumption, at the same time, was plunging due to the effect of global financial crisis. Starting from 2009H2, on rising prices and infrastructural spending Chinese copper users began destocking. In the meanwhile advanced economies demand growth started keeping pace, offsetting the decline of Chinese imports. Chinese apparent demand was still weakening in 2010Q1 (as compared to the previous year), as Advanced Economies consumption eventually ramped up, driven by restocking and mainly pulled by Germany. According to Wbms statistics, refined consumption grew 10.3% in Europe and almost 9% in US in 2010, while, at the same time, Chinese demand recorded a 5% increase. Europe, Us and China accounted respectively for 17%, 9% and 37% of global consumption in 2010. The last months of the year saw Oecd and Chinese apparent demand coupling again: this, the QE2 effects and a declining US$ fuelled the prices run we observed in the same period.

Global demand scenario for copper in the next couple of years is quite mixed. According to our economic assumption the austerity measures we expect to be enforced in the coming year will result in a growth rate slowdown in Europe, although a still solid German performance should partially offset the European growth decline. US economy and manufacturing sector are expected to perform even better than in 2010, probably leading to another increase in copper demand, thought its growth rate is expected to slow, probably slightly over 2%, due to basis effect. Anyway, the big issue in the next years is clearly about China, given the size of its market. Industrial users seem now understocked, but a mixture of high prices, unfavourable SHFE/LME premiums, and uncertainty about inflation / further monetary policies change is currently leading buyers towards hand-to-mouth strategies rather than massive buying. Measures undertaken in 2010 to slow economic growth should start to affect manufacturing and infrastructure sectors starting from the current year, then persuading Chinese buyers to postpone again any strong restocking process. March numbers on Chinese imports came with a 29% increase over the previous month, but an almost 33% fall if compared to March, 2010, raising fears about the sustainability of the current copper inflows. We however expect Chinese demand substantially unchanged in 2011 and moderating to approx. 4% in 2011, on still high prices and partial industrial replacement with cheaper metals (i.e. aluminium). Globally, we estimate global refined copper demand to increase by approx 4 % in the current year (from the 2010 rate of 5%) and slackening again in 2011 (to approx. 3%).

According to Wbms estimates, global mine supply posted a 1.9% increase in 2010, or approx 300k tonnes, surging over 16 million t.. Concentrate refining and scrap recovery led to a 2.9% increase in global cathode production, to 19.2 million tonnes. As the global refined production slightly fell behind production, global copper market recorded a small deficit of around 14k ton in 2010, reversing the

surpluses recorded in the previous years. One of the big issues on the supply side over the forecast horizon will be the ongoing decline of ore grades, the complexity and costs of new developments and the aging mines. As many times confirmed by major copper miners these difficulties pose a major threat over the supply side ability to meet global demand. According to Codelco officials, the State-owned company supply should result –at best- slightly increased over the current year. On the other side of the Pacific, as Chinese smelters suffer from the power cut, and taking into account the energy saving measures emphasized in the 5-years plan, we exclude any strong acceleration in Chinese domestic supply over the forecast horizon.

In the past weeks we have recorded a number of downside risks about copper. Among them, growing warehouse stocks, political and social unrests in Mena regions (pressuring energy prices and then fuelling inflation), a still weakening US housing market and the short term consequences of the Japanese earthquake (demand erosion). Accordingly, late March copper backwardation resulted softer (meaning a decrease in spot premium) compared to February, and price fell more than 10% in the same period. According to our forecast about oil price we expect inflationary pressure, and the fear of further rates hike, keeping Chinese end-users at bay at least in the short term. Moreover, there is currently a plenty of SHFE stocks in China, discouraging the already reluctant buyers to enter the market. All those factors should result in a softer copper price in the coming months, although a still tight global balance and structural matters will continue keep price at historically high levels over the whole forecast horizon.



Copper	
08 Q1	7795
08 Q2	8437
08 Q3	7682
08 Q4	3897
09 Q1	3428
09 Q2	4665
09 Q3	5864
09 Q4	6642
10 Q1	7228
10 Q2	7036
10 Q3	7242
10 Q4	8630
11 Q1	9633
11 Q2	**9625**
11 Q3	**9633**
11 Q4	**9907**
12 Q1	**10057**
12 Q2	**9950**
12 Q3	**9714**
12 Q4	**9405**

f) Tin

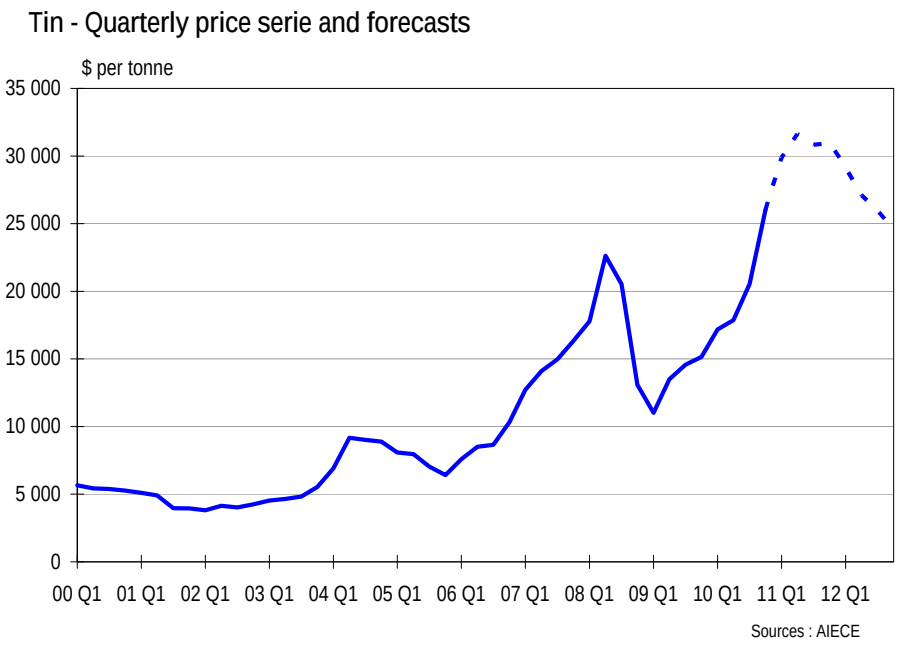
According to the latest Wbms statistics World tin consumption reached 373 thousand tons in 2010, an almost 16% increase as compared to the previous year result. Asian region resulted the main contributor to the global surge in refined consumption in the past year, mostly due to Japanese (+12k tonnes, an astonishing 52%) and Chinese (+9k tonnes, or 6%) performance. Generally demand sharply rebounded in Asia as well as in Advanced Economies. Electronic manufacturers demand pushed European industry to use 7k tons of tin more than in 2009, reaching an overall 60k tonnes, while, at the same time, US refined consumption overcome the 34k tons level, 8k tons more than the previous year. European and US demand remained however below the previous peaks, both reached in the first half of the past decade.

China clearly leads the global tin markets, accounting for more than 45% of global consumption. Almost every Chinese tin-intensive sector (home appliances, personal computers and mobile phones and others) posted a 20 to 30% increase in production volumes in the past year, and soldering inputs need increased accordingly. However, due to destocking of massive volumes imported in 2009, and huge internal production growth, Chinese refined imports resulted comparatively lower in the same period. A strong performance of electronic sectors fuelled tin demand in Japan, even though here, opposite than observed in China, restocking substantially contributed to the massive increase in tin imports recorded in the same period. Strong performance by other Asian key markets (Asia as a whole accounts for almost 70% of global tin demand) justified the 30% increase in regional consumption in 2010. According to our macroeconomic assumption, we expect that industrial production in Asian economies will keep on rising in the coming months, albeit at a slower rate than in 2010. Consistently, some of the major semiconductors industries (semiconductors demand is often use as a proxy of electronic parts and devices output) statements foresee a slowing of demand growth in 2011-12 after the booming 2010. Besides, tin demand in Advanced Economies is projected to follow a growth path in the next couple of years, though on a less steep slope than observed in 2010.

According to Wbms statistics, global refined production reached 357 thousand tons, a 7.5% increase as compared to the previous year. In the past four years China and Thailand progressively substituted the incremental production that was supposed to be granted by Indonesian miners: the story repeated again in 2010, as environmental issues, adverse weather and refineries constraint kept again Indonesian output well below the past years average. In the same period, Chinese and Thailand internal production more than offset the Indonesian fall, bringing Asian production well over 282 kt, a 20 kt increase as compared to the previous year. We expect global tin production will continue rising over the next two years, as high prices should trigger stronger investments by major producers. Indonesian Timah and Koba invested in several mine expansions that entered in service in the past months and many others are expected to come in service in the comings. Indonesian Ministry of

Energy and Minerals Resources predicted in a statement a strong increase in his country's supply in 2011. Moreover, several other expansions are expected to be implemented in China as well in other top producers.

Globally, tin production increased by a solid 25 kt in 2010, however not enough to avoid a 16 kt deficit in global balance. As a consequence of the widening deficit, and fuelled by many other bullish factors, 2010 LME tin price doubled from 15 k Us$/ton observed in January to almost 30k Us$ in late December. Fear of negative impact of Fukushima Earthquake on tin demand lasted just few days, until it became clear that Japanese electronic plants resulted largely unaffected by major damages: tin peaked again to 32k Us$/ton in early April. In the current year we expect global tightening to ease, as global demand is expected to slow and mine supply to substantially increase. Price is expected to ease from the current high levels, nevertheless the persistent tight balance should prevent any quick drop in the forecast horizon.



Tin	
08 Q1	17775
08 Q2	22619
08 Q3	20528
08 Q4	13080
09 Q1	11018
09 Q2	13503
09 Q3	14571
09 Q4	15135
10 Q1	17174
10 Q2	17865
10 Q3	20550
10 Q4	25997
11 Q1	29870
11 Q2	**31609**
11 Q3	**30836**
11 Q4	**30943**
12 Q1	**29146**
12 Q2	**27101**
12 Q3	**25957**
12 Q4	**24539**

g) Steel

Global steel demand and production grew by 15 per cent in 2010 to a new record of 1.4 billion tonnes after a recession-induced pronounced decline in 2009. The upturn was, however, very uneven like the preceding recession. Strong demand and production declines in the industrialised countries were followed by strong rebounds. The rises have, however, not been strong enough to compensate the previous losses.

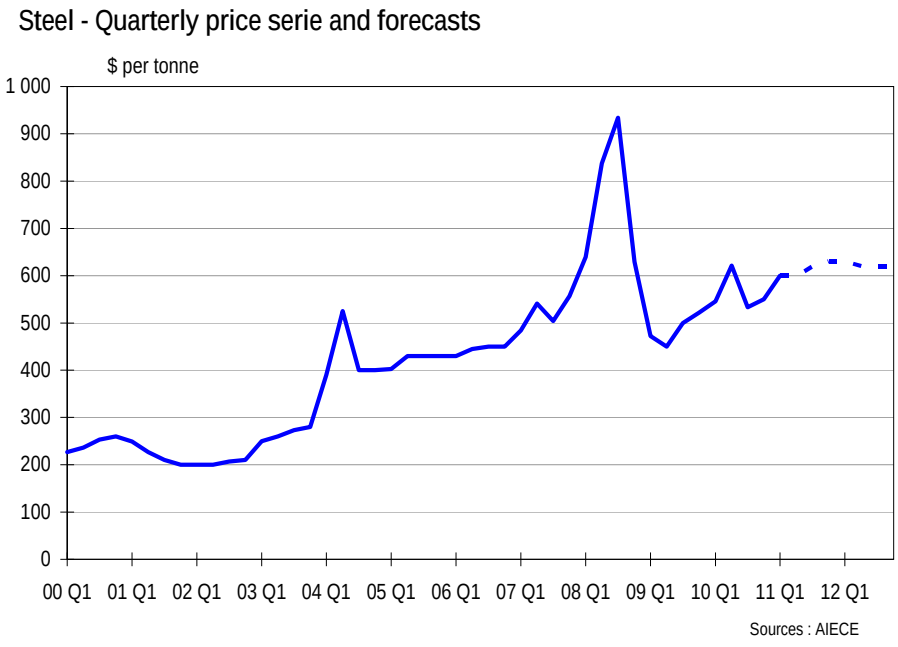
Steel demand and production in emerging countries rose even in 2009 thanks to a very strong stimulus in China, which turned the demand and production rapidly in the strong rise. The rise continued in

2010. While the average growth rate of 12.5 per cent in emerging market production was less pronounced than in the industrialised countries (26%), the contribution to world growth was even somewhat higher.

Steel prices did not decline to especially low level in winter 2008/9 in spite of the worst economic recession since the 1930's. Producers reacted strongly to steep decline in demand by cutting their production. In the EU and Japan, monthly production was as its lowest close half of the corresponding level in the previous year. In the US it was over 50 per cent lower. The sharpest year-on-year decline in China was 17 per cent and it took place already in October 2008. In 2009, Chinese steel production rose already by 13.5 per cent, while world production declined by around 8 per cent. Prices have continued their rise, but fluctuated time-to-time rather strongly reflecting the changes in the uncertain macroeconomic outlook.

China is a key to the future development with the global demand and production shares of around 45 per cent. Chinese demand has risen in the course of 2010 in spite of attempts to restrain overheating economy. The rise is continuing in 2011-12, tough the speed is slowing. Chinese production has risen faster than its domestic demand. Net exports of Chinese steel rose in 2010 by 2.8 from 2009, but remained less than 60 per cent of that in 2008.

While the expected moderating demand growth and rising Chinese exports diminish price pressures, rapidly rising raw material prices balance the situation. On average, prices are expected to fluctuate slightly upwards supported by the rapidly rising Japan demand for the reconstruction of earthquake and tsunami destructions. The rise of the long products are restricted by the low activity in the US and European construction.



Steel	
08 Q1	583
08 Q2	823
08 Q3	873
08 Q4	597
09 Q1	468
09 Q2	407
09 Q3	435
09 Q4	408
10 Q1	445
10 Q2	593
10 Q3	550
10 Q4	520
11 Q1	633
11 Q2	**600**
11 Q3	**620**
11 Q4	**630**
12 Q1	**630**
12 Q2	**620**
12 Q3	**620**
12 Q4	**620**

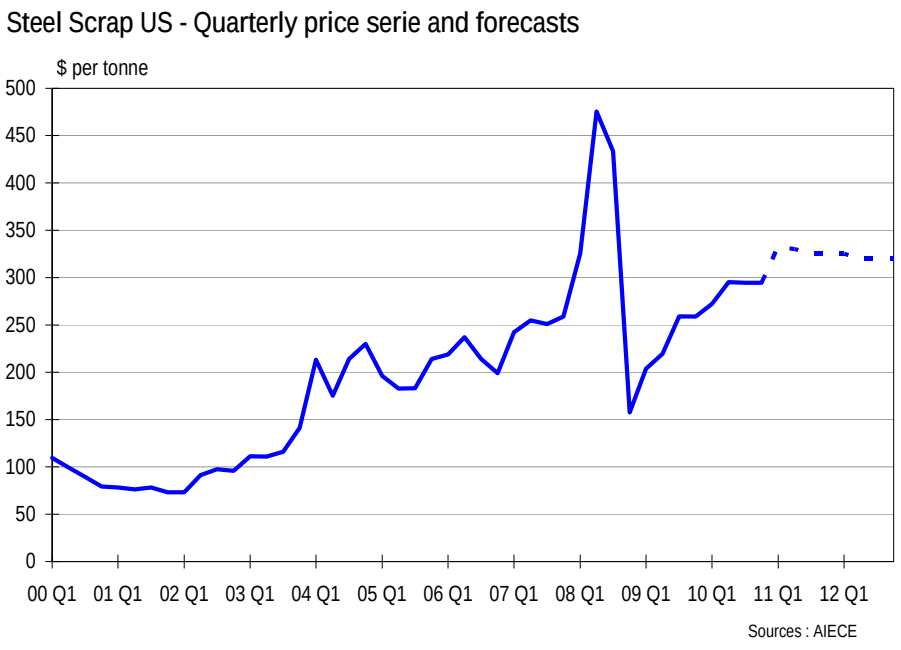
h) Steel Scrap

Unexpectedly rapid global steel production in winter 2010/11 lifted scrap prices (US heavy melting number 1.) in the first quarter by 13 per cent from the previous quarter. Prices appeared to peak in March and have since drifted slowly downwards. In March steel scrap was 24 per cent more expensive than in the year earlier, but still 34 per cent lower than in the previous peak in May 2008.

The momentum of the price development is sluggish as weak construction in industrialised countries brings weak demand for long products, which are mostly made of scrap with using so-called electric arch furnaces. The momentum in emerging economies is stronger, although e.g. in China government tries to cool the economy with tightening credit conditions, which will dampen the demand growth.

Strong albeit slowing Chinese steel production eases the price pressure. On the other hand, the Japanese reconstruction of natural disaster destruction will support the prices as it strengthens final demand of scrap for construction raw materials like rebar.

The price of steel scarp is expected to rise this year by 13 percent after a rise of around fifth last year, which do not yet compensate the price declines in the recession. Next year the price will decline slightly, but it will stay on a high level in historical comparison.



Steel Scrap US	
08 Q1	326
08 Q2	476
08 Q3	433
08 Q4	158
09 Q1	204
09 Q2	219
09 Q3	259
09 Q4	259
10 Q1	272
10 Q2	295
10 Q3	295
10 Q4	295
11 Q1	333
11 Q2	**330**
11 Q3	**325**
11 Q4	**325**
12 Q1	**325**
12 Q2	**320**
12 Q3	**320**
12 Q4	**320**

2. European climate policy a big challenge to the European steel industry

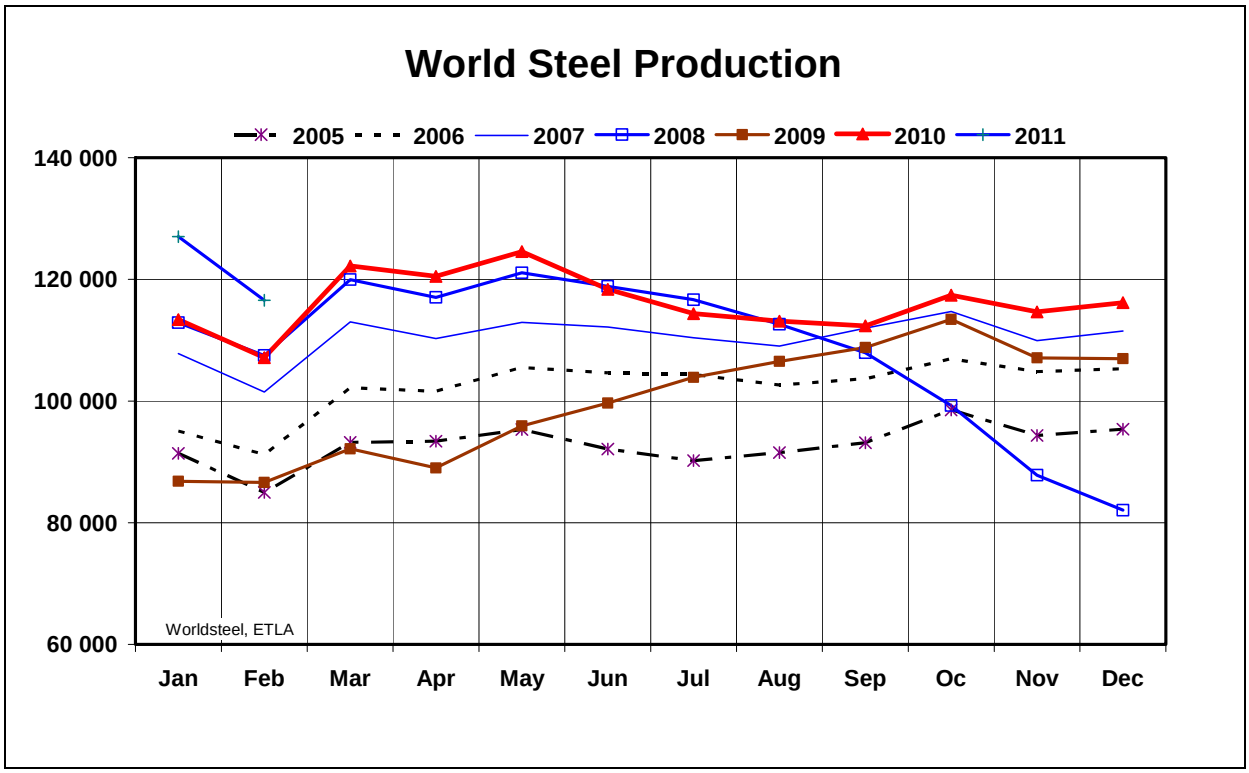
P. Suni

European Union has voluntarily adopted alone so called European Emission Trading System (ETS) to restrict the emissions of green house gases to avoid climate warming. Since the beginning of 2013 for the period 2013-2020, the best 10 per cent of polluting industries gets their allowances free to avoid "carbon leakage" i.e. transfer of production outside the EU. The rest of the industries have to pay fore their pollution by buying the allowances to pollute.

Steel produces argue that the current suggestion by the commission is unfair. First, the proposal is not taking into account the unavoidable gases, which could be used to substitute the use of fuels. Second, the 10 per cent limit for free allowances is not calculated from the industry data, but utilising best available technologies, which do not reflect the reality. Eurofer, the lobbying organisation calculates that two interpretations cost extra 11 billion euros to the industry, if compared to competitors outside the EU. Eurofer has started the legal process against the commission to change the two interpretations of the ETS rules.

While difficult to confirm the numbers, the logic is sound, if the target is to avoid carbon leakage.

In addition, steel industry faces extra costs compared to the rivals outside the EU from the ETS system also otherwise. First, the price of electricity, utilised in electric arch furnaces, is rising due to the introduction of the allowances for electricity generation. Second the price of the allowances is bound to rise to raise the price of electricity as it is the price of the electricity, which should encourage the decrease of the emissions below to an ambitious target. These effects encourage outside the EU investments of the European producers either by expanding more profitable production or/and to benefiting from so called development mechanisms (CDMs). CDMs are investments to developing countries to obtain emission allowance for domestic use.


World Steel Production
2005
2006
2007
2008
2009
2010
2011
140 000
120 000
100 000
80 000
60 000
Worldsteel, ETLA
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oc
Nov
Dec

i) Iron Ore

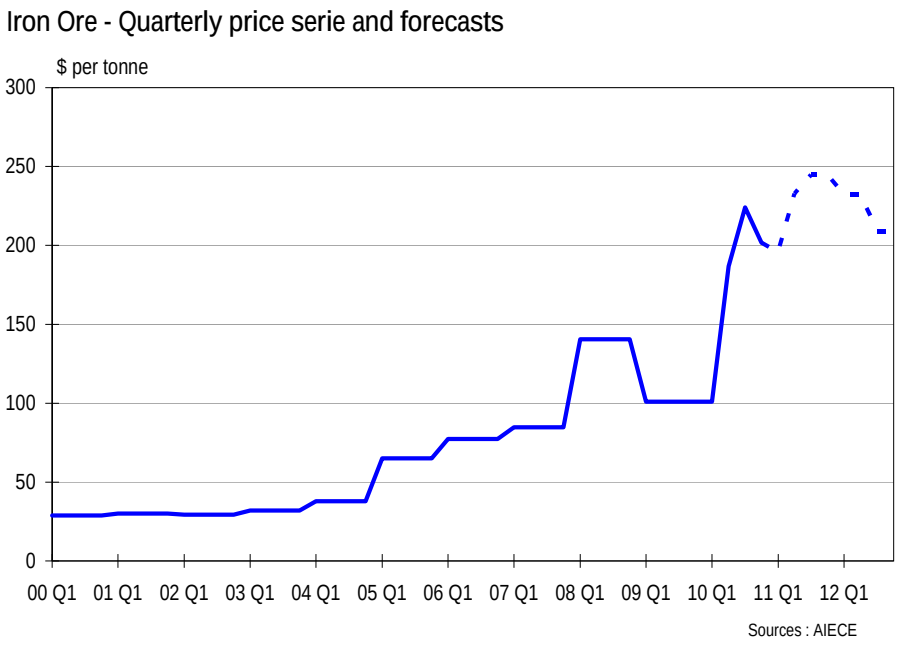
The pricing of iron ore changed to a large extent to quarterly pricing since April 2010 from the 40-year old annual bench mark system. In the quarterly system the price of a certain quarters determined by the spot price (import price in China) as an average of three months preceding the last month of the previous quarter. I.e. the price of the third quarter is basing on the average of the March, April and May prices. Different iron contents of the ore is taking into account with premiums e.g. on pellets and lumps. Prices are measured in 'landed equivalent' prices, which means that the transport costs also affect the price. In the forecast, we have used changes of Chinese import prices of fines, 62%, in the port of Tianjin) to the benchmark price utilised by the HWWI institute.

In principle, the system is more stable than spot pricing and it also fixes the price of a quarter in advance.

The system is not accepted by all. Some contracts are still negotiated on annual basis, some on monthly basis.

The implied change for the price of the second quarter 2011 is 19 per cent to 233 US cents per metric tonne unit (157 USD/dry metric tonne). A large rise reflects tight markets as Chinese steel production is growing rapidly and global supply will be rather stagnant this year, while it will rise rather strongly in medium term due to may on-going investment projects both on production and vessels. The Kanataka's export ban in India supported the price until April, when it was cancelled. Prices are supported this year also freight rates, which are about to rise rapidly due to Japanese need for coal to alleviate energy problems due to destruction of nuclear energy mills.

The Iron ore supply is expected to grow rather rapidly in 2012-2015 as high prices have prompted new investments on production and vessels seaborne trade. This will turn prices downward after 2011.



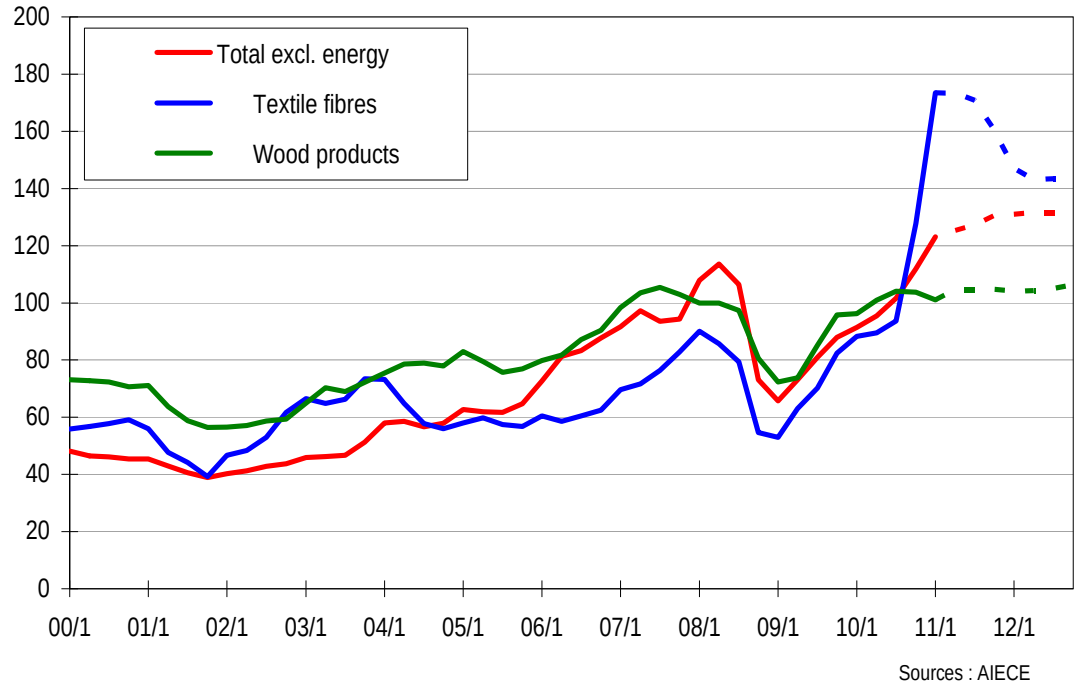
Iron ore	
08 Q1	141
08 Q2	141
08 Q3	141
08 Q4	141
09 Q1	101
09 Q2	101
09 Q3	101
09 Q4	101
10 Q1	101
10 Q2	187
10 Q3	224
10 Q4	202
11 Q1	196
11 Q2	**233**
11 Q3	**245**
11 Q4	**245**
12 Q1	**232**
12 Q2	**232**
12 Q3	**209**
12 Q4	**209**

Table 5 Metals and minerals (US$ terms)

Commodity		10/1	10/2	10/3	10/4	11/1	11/2	11/3	11/4	12/1	12/2	12/3	12/4	2009	2010	2011	2012
Non-ferrous metals		**97**	**96**	**96**	**111**	**121**	**118**	**120**	**128**	**132**	**133**	**135**	**135**	**73**	**100**	**122**	**134**
		8	***-2***	***0***	***15***	***9***	***-3***	***3***	***6***	***3***	***1***	***2***	***0***	***-31***	***37***	***22***	***10***
Aluminium	GB	100	97	96	108	115	110	116	129	134	137	142	143	77	100	117	139
		8	*-3*	*0*	*12*	*7*	*-4*	*5*	*11*	*5*	*2*	*4*	*1*	*-35*	*30*	*17*	*19*
Copper	GB	96	93	96	115	128	127	127	130	132	131	128	124	68	100	128	129
		9	*-3*	*3*	*19*	*12*	*-1*	*0*	*3*	*2*	*-1*	*-2*	*-3*	*-26*	*46*	*28*	*1*
Lead	GB	104	91	95	111	121	116	120	122	122	125	131	135	80	100	120	128
		-3	*-12*	*4*	*18*	*9*	*-4*	*3*	*2*	*0*	*2*	*5*	*3*	*24*	*20*	*7*	*0*
Nickel	GB	91	103	97	108	123	113	115	119	121	126	132	139	67	100	118	129
		14	*13*	*-6*	*11*	*14*	*-9*	*2*	*3*	*2*	*4*	*6*	*5*	*-30*	*48*	*18*	*10*
Tin	GB	84	87	101	127	146	155	151	151	143	133	127	120	66	100	151	131
		13	*4*	*15*	*27*	*15*	*6*	*-2*	*0*	*-6*	*-7*	*-4*	*-6*	*-27*	*51*	*51*	*-13*
Zinc	GB	106	94	93	107	111	118	121	124	122	123	129	132	77	100	118	127
		4	*-11*	*-1*	*15*	*4*	*6*	*3*	*2*	*-1*	*1*	*5*	*2*	*-12*	*30*	*18*	*7*
Ferrous raw materials		**71**	**103**	**117**	**108**	**118**	**134**	**138**	**138**	**133**	**133**	**123**	**123**	**67**	**100**	**132**	**128**
		2	***44***	***14***	***-7***	***9***	***13***	***3***	***0***	***-4***	***0***	***-8***	***0***	***-30***	***48***	***32***	***-3***
Iron ore	BRA	62	103	123	111	119	142	149	149	142	142	128	128	62	100	140	135
		0	*67*	*20*	*-10*	*7*	*19*	*5*	*0*	*-5*	*0*	*-10*	*0*	*-28*	*62*	*40*	*-4*
Steel scrap	US	94	102	102	102	115	114	112	112	112	111	111	111	81	100	113	111
		5	*8*	*0*	*0*	*13*	*-1*	*-2*	*0*	*0*	*-1*	*0*	*0*	*-33*	*23*	*13*	*-2*
Steel scrap	EU	95	102	102	101	115	114	112	112	112	111	111	111	81	100	113	111
		6	*8*	*-1*	*0*	*13*	*-1*	*-2*	*0*	*0*	*-2*	*0*	*0*	*-35*	*23*	*13*	*-2*
Steel		**239**	**272**	**233**	**241**	**262**	**262**	**271**	**276**	**276**	**271**	**271**	**271**	**230**	**246**	**268**	**272**
		2	*14*	*-14*	*3*	*9*	*0*	*3*	*2*	*0*	*-2*	*0*	*0*	*-31*	*7*	*9*	*2*

3.1.3 Agricultural raw materials

HWWI index - Quarterly serie and forecasts



a) Cotton

Cotton prices rocketed by 46,8 % over the last quarter of 2010, which is a 15-year record rise. This surge in prices, due to strong demand and low stocks, went on in early 2011 (+39,9%). At the end of march, cotton prices were almost three times higher than in August 2010, at the beginning of the season. Purchases of cottons by importers have been unusually advanced for 2010-2011, so that the scarce uncommitted supply left may explain why prices jump so high so fast.

But prices should ease through the end of 2010-2011 when the Southern hemisphere crops become available. Next season, production is expected to rise again. World cotton stocks will increase while consumption should only expand a little. Prices should therefore decrease further.

Production set to increase sharply up till 2012

This season, according to Abare (the Australian Bureau of Agriculture and Resource Economics), world cotton production is projected to rise by 13.6% to 25.1 Mt, which is very close to our previous forecast. This strong growth, the largest in seven years, is driven by higher prices and more favourable growing conditions. Consequently, world cotton area and world average yield should increase significantly this season (+11% to 33.5 Ma, which is even higher than our previous forecast, and +2% for cotton yield).

Record cotton crops are expected in the Southern hemisphere: in Australia, thanks to improved water availability, cotton production is forecast to jump by 154%. Cotton plantings losses in Queensland due

to the floods in late 2010 and early 2011 didn't have a negative impact on aggregate Australian supply, as cotton production increased in other regions, particularly in New South Wales. Likewise, Brazil cotton production is forecast to jump by 62% thanks to a sharp increase in the cotton area (+55%). Production is also expected to rebound in India (+9%) and in the United States (+50%), the world second and third largest producers. These rises should offset decline in other major producing countries, notably in China (-8%) and Pakistan (-9%), mainly due to adverse weather conditions.

Next season, a further strong increase in world cotton production is expected: +11.2% to 27,9 Mt, mainly thanks to a record rise in world cotton area (+7%, the largest in 17 years, according to the International Cotton Advisory Committee, ICAC). China will mainly drive the rise in production (accounting for 34% of the total rise).

In 2012-13, the cotton production is forecast to slow down: +0.5% to 28.03 Mt.

The rise in cotton area is not as fierce as what could be expected considering the doubling in prices. Besides, competition from food crops (mainly corn and soybeans, for which strong prices are also forecast), remains a downside risk to the increase in cotton area and thus in cotton production.

Cotton demand should stall as prices are at record level

According to Abare, world cotton demand is expected to stall this season: +0,9% at 26 Mt, below our previous estimate (26.3 Mt), after the strong rebound in 2009-2010 (+7.8%). Consumption is reduced by the high prices of cotton comparatively to alternative apparel fibres, notably polyester. The polyester-to-cotton prices ratio is at its lowest level in two decades (*see graph below*). The cotton share of the world apparel fibre market has been declining over the past 20 years, while that of polyester has strongly improved. In 2010 the polyester share in the world fibre market was 60%, compared to less than 10% in the 1990s.

According to the USDA (the United States Department of Agriculture), no significant rise in cotton consumption is projected for the major consuming countries this season, except for India (+9%). Demand is even expected to decline in China (-6%), which accounts for 40% of global cotton mill consumption, and in Pakistan (-6%), the world third largest consumer. Chinese cotton imports have already slown down in early 2011 (increasing by 5.7% since January, after +10.5% in the last quarter of 2010), and the carry-over at then end of February implies a 35% increase YoY (compared to +51% YoY at the end of February 2010).

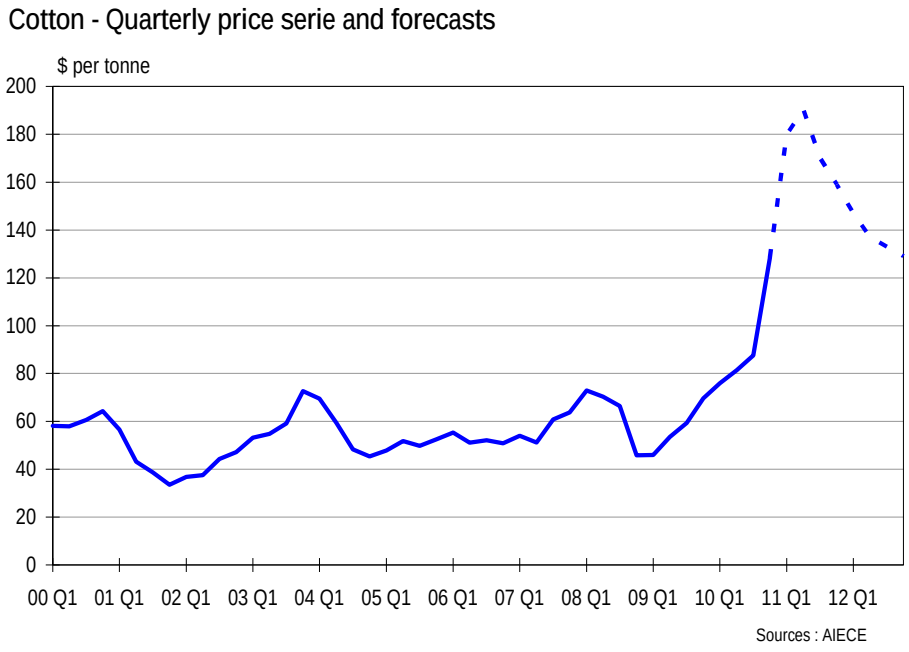
Next season, as the prices are forecast to decrease, while staying at high levels, cotton consumption should expand a little : +3,2% to 26,9 Mt, according to Abare. In 2012-2013, cotton consumption is forecast to increase further at 27.8 Mt (+3,3%).

Historically low stocks

World cotton stocks' decline is expected to soften this season. Closing stocks should decrease by almost 1 Mt (after 3.7 Mt in 2009-2010) to 8.6 Mt, the lowest level since 1995. Global mill use will still outpace production, leading to a new decline in the ratio between closing stocks and mill use. The latter will be at 33%, the lowest in almost two decades. Next season, the forecast higher production

should raise the closing stocks by 1 Mt and the stocks-to-use ratio to 36%. This is nevertheless still well below the ten-year average of 51%.

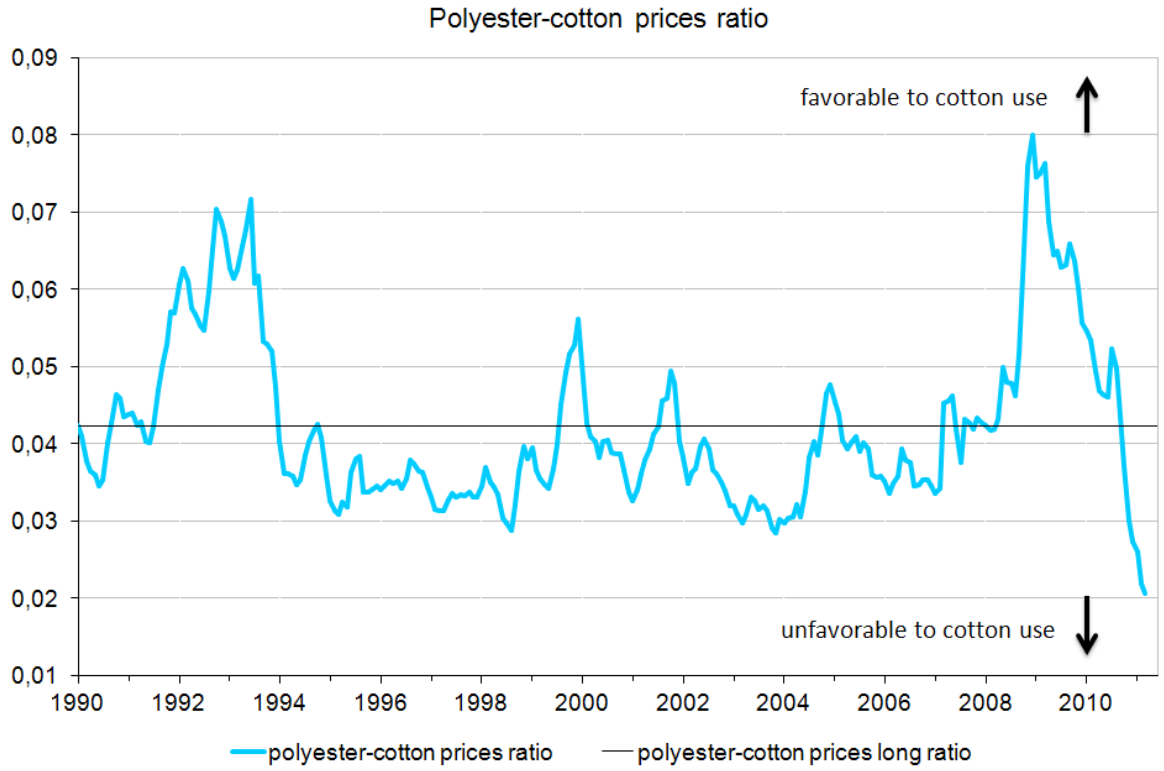
To conclude, in the short-run, prices should remain high, as the market is still undersupplied and stocks are very low. But as production rises further, and stocks begin to replenish, prices should begin to decrease. Next season rising cotton supplies will feed demand and prices are thus expected to decline again. Yet they should stay substantially higher than the prevailing past decade average of 54 US cent/kg.



Cotton	
08 Q1	73
08 Q2	70
08 Q3	66
08 Q4	46
09 Q1	46
09 Q2	54
09 Q3	59
09 Q4	70
10 Q1	76
10 Q2	81
10 Q3	87
10 Q4	128
11 Q1	180
11 Q2	**190**
11 Q3	**170**
11 Q4	**159**
12 Q1	**147**
12 Q2	**137**
12 Q3	**133**
12 Q4	**129**

3. Box : Inter-fibre competition and natural fibres' demand : a battle of three?

N. Jess

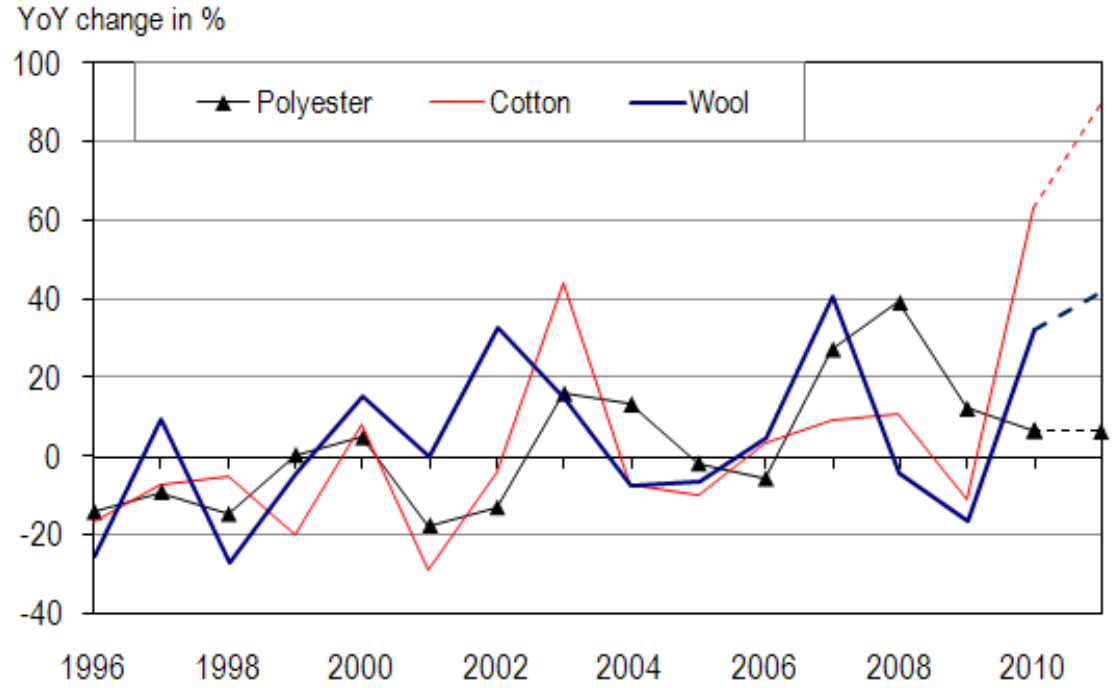


I - Substituting fibres

Mixing fibre types is a common practice in producing fabrics : at the spinning stage, manufacturers decide which proportion of each fibre will be used. The mix composition is based on several factors : the relative prices of fibres, the extent to which they can be substituted for the same end use (textile or apparel) and their physical attributes (in terms of feel, weight, dyeability, washability *etc.*). Blend ratios will be varied by manufacturers in order to minimise the production cost.

Artificial fibres, made from cellulose (mainly sourced from wood), started being substitutes for natural fibres in the 1920s. Synthetic fibres, produced from petrochemicals, were developed shortly after, first nylon around 1940, followed by polyester and acrylics in the 1950s. Synthetic and artificial fibres (*i.e.* manmade fibres) have become very popular since they can closely mimic or even improve natural fibres characteristics, often at a lower and more stable production cost.

Fibres' prices growth



Source : Landmark, NYCE and AIECE forecasts

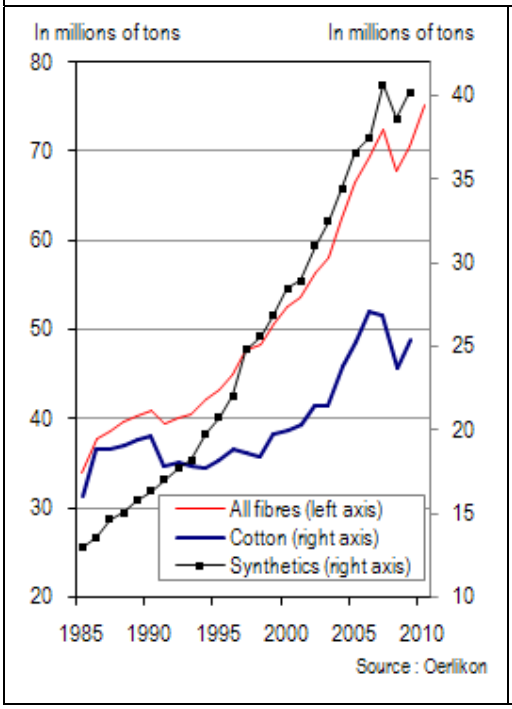
Over the last 15 years, the price of cotton, wool and polyester have more or less followed the same pattern (*see opposite graph*). This suggests a high degree of substitutability between them. However, prices movements have began to diverge since the end of the financial crisis. Natural fibres' prices (namely cotton and wool prices) have been sky rocketing while polyester's have remained relatively flat. This discrepancy may be accounted for by tightening market fundamentals for natural fibres as opposed to a global overcapacity of polyester production and relative low prices of naphtha, the oil derivative that is the main feedstock for polyester.

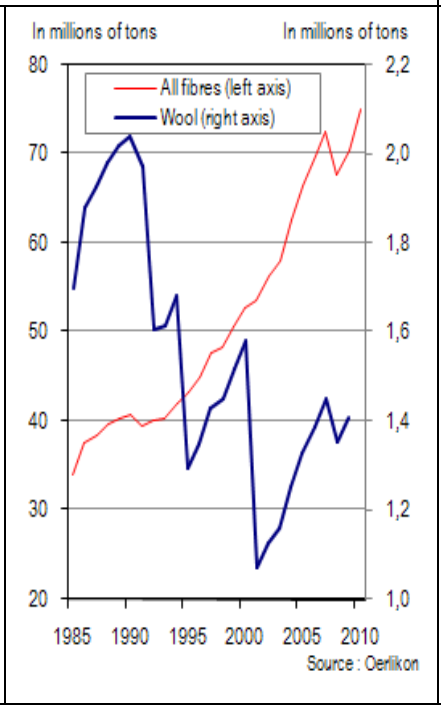
There has been strong improvements in the manufacturing and processing of synthetic fibres over the past years, notably with a strong increase in Chinese production (which now represents around 60% of world polyester production), in line with its growing share in world textile market (China accounts for more than 40% of global fibre processing). Conversely, wool and cotton quality and supply can vary from one season to another, due to changes in production conditions (cotton crops and cotton yields as well as sheep flock and the volume of wool cut per head are obviously highly sensitive to weather conditions). As a result, there has been a ongoing shift in the world fibre market towards manmade (and mostly synthetics) fibres use, at the expense of wool and to a lesser extent of cotton.

II - Manmade against natural fibres?

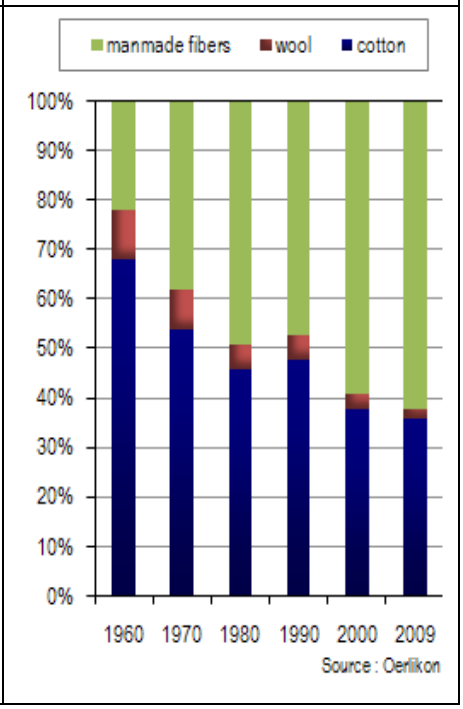
Between 1985 and 2009, aggregate world fibre consumption more than doubled : it was, mainly supplied by a threefold increase in synthetic fibres' use (*see the first two graphs below*). In the same time, cotton consumption rose more moderately (+60%), while that of wool actually declined by 17%. These decoupled evolutions are reflected in the change in market share for individual fibres. Natural fibres market shares in global fibres' consumption have severely dropped since the apparition of artificial and synthetic fibres. Between 1960 and 2009, wool's market share endured a 80% decline, cotton was less strongly hit (-48%), whereas manmade fibres market share nearly tripled (*see third graph below*).

Global fibre consumption





Fibres' share in global fibre consumption



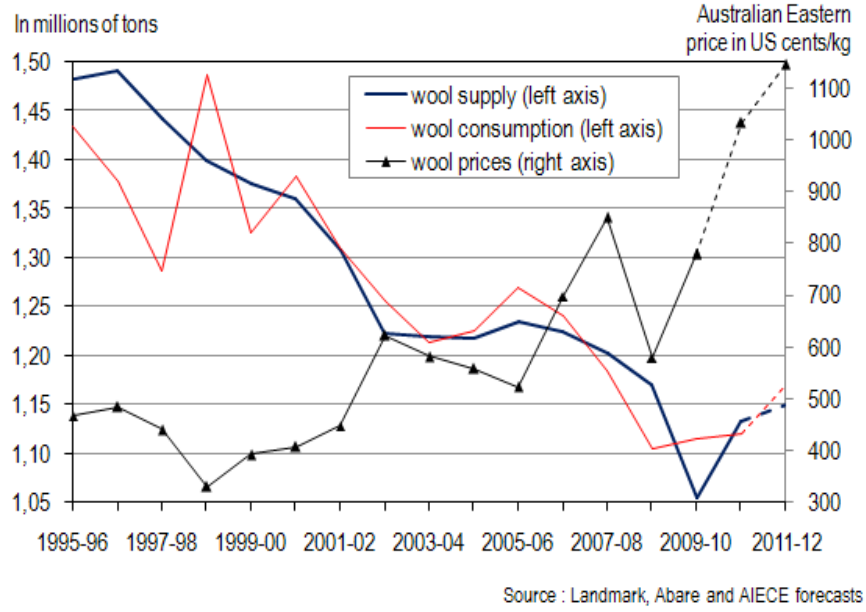
But the apparent opposition between natural and manmade fibres needs to be qualified. As we can see when looking closer at the fibre consumption path, the increase in fibre consumption relied both on synthetics and cotton, which followed a similar increasing trend. Over the past two decades, global fibre consumption in aggregate rose on average by 3.1% per year, that of synthetics grew more rapidly at 4.9% per year, and cotton use expanded a bit more slowly at 1.5% per year. Conversely, wool consumption peaked in the late 1980s, and then started declining in the 1990s, due to the economic contraction in former Soviet Union countries in the wake of the fall of the USSR. Despite a short recovery in the early 2000s, in line with stronger world economic growth, wool demand was still 31% lower in 2009 than in the late 1980s.

III – While both natural, cotton and wool follow different patterns

Although they both are agricultural products, cotton and wool production differ as the latter is based on livestock while the former depends on crops. Besides, the development of genetically modified cotton cultivation has improved cotton yields and cotton physical attributes, making cotton supply somewhat less sensitive to weather conditions. Moreover, cotton supply is less inelastic to price changes as the cotton area can be changed every year : farmers can react to higher prices by extending their cotton growing area.

Conversely, a change in the number of sheep takes time to turn into an increase of supply. Also, competition from meat activities, especially in Australia, the world main wool producer, makes it more difficult to link directly the increase in the number of sheep into wool supply. Indeed, because of a higher proportion of lambs and ewes and a thus lower proportion of male sheep, a stronger focus on meat activities results in a lower volume of wool cut per head. The fact that it has become easier for cotton to compete with synthetic fibres due to technological innovations, may explain why demand for wool and cotton behaved quite differently.

Wool market balance



Source : Landmark, Abare and AIECE forecasts

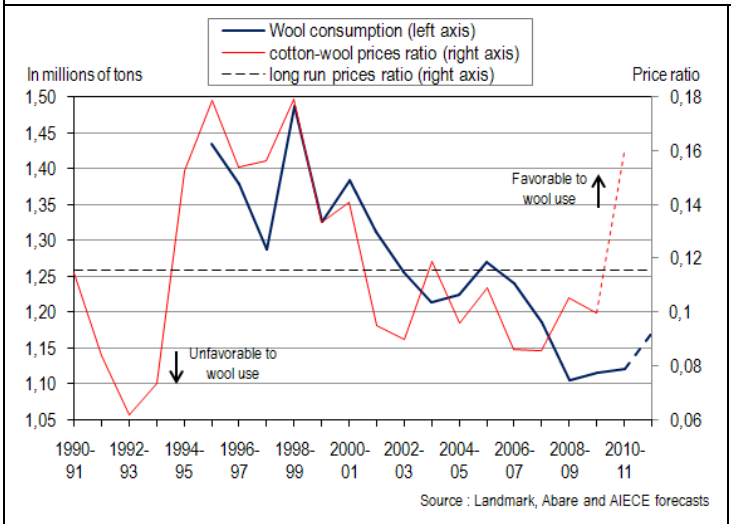
The ongoing decline in wool demand has also been influenced by a drop in wool supply (*see opposite graph*). Last season (from August 2009 to July 2010) wool supply reached a 50-year low (at 1.05 Mt), and is estimated to rebound only partly this season (2010-2011) to 1.13 Mt. Wool supply has been decreasing throughout the last two decades, at a time when global fibre demand was yet strongly growing, as mentioned above. It seems that the oversupply of wool in the mid-1990s and the consequent low prices prompted a fierce decline in wool supply (*see opposite graph*). Lower prices reduced producers' profitability, leading to a decrease in the number of sheep and to a stronger focus on meat and lamb activities. These changes have long term consequences as wool production price elasticity is very limited in the short run. Thus, although prices resumed in the mid-2000s, wool supply went on decreasing. The major reduction of wool availability in turn affected wool consumption because under-utilised wool textile machinery have been converted to processing other fibres.

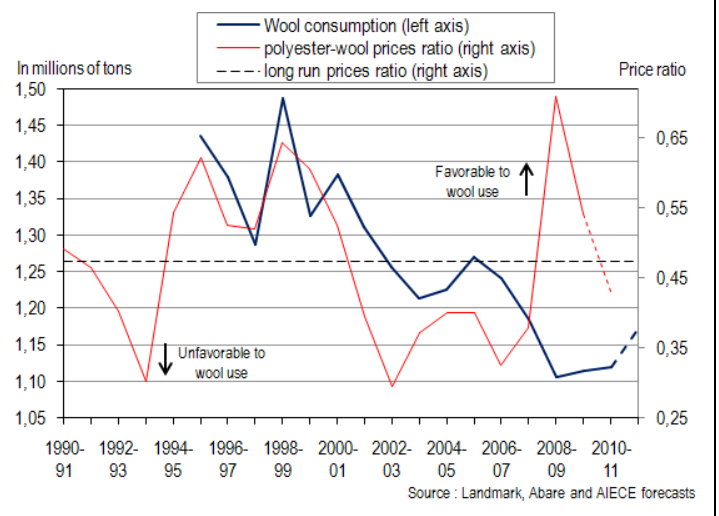
Wool relative prices : an important factor in the evolution of wool demand in the short term

Substitution between competitor fibres is highly influenced by their relative prices. The main substitutes for wool are cotton and polyester. Therefore, when the cotton-wool and polyester-wool prices ratios rise, manufacturers will be encouraged to increase the proportion of wool used in their textile and apparel production.

Conversely, when wool relative prices increase, substitution will result in a lower wool use and thus a decrease in wool demand. It happened in the 2000s (up until the global financial crisis), as wool prices rose on average three times faster than cotton prices and almost twice as fast as polyester prices. Over the past 15 years, wool demand and the prices of wool relative to those of cotton and polyester have indeed followed a similar pattern (*see graphs below*). Recently, it rather seemed to be the record increase in cotton prices that has enhanced a higher wool consumption, due to substitution effect.

Wool consumption and price competitiveness with cotton (left hand side) and with polyester (right hand side)





To be sure, in the long run, there has been a decreasing trend in wool demand and in wool market share. The decline in wool consumption that occurred in the 1990s does not seem reversible, considering the corresponding decline in wool production. However, time to time shift in wool consumption has been highly linked to the evolution of the relative prices of substitutable fibres (cotton and polyester). The responsiveness of fibre consumption to changes in relative prices is not the same for all fibres. Besides, other factors also influence the extent to which higher textile and apparel demand effectively translates into a strengthened consumption for a particular type of fibre such as changing consumer taste, demographics, fashion trends, marketing campaign and so on.

b) Wool

Wool prices continued to surge in the first quarter of 2011 (+29.1% after +22.3%), reaching their highest level ever[1]. This price jump was driven by an increased demand for raw wool from Western Europe mills, while production rebounded less than it previously fell. Sky rocking cotton prices over the past months may also have led to some substitution effect in favour of wool use.

In the short run, because of a dynamic demand facing a constrained production, prices are expected to remain at high levels.

Wool production remains constrained

This season, unlike in our previous forecast, the world wool production is expected to increase by 7.4% to 1.13 Mt (after a severe drop of 9.8% last season). Despite this rebound, production should remain below pre-crisis level (at 1.17 Mt in 2008-2009).

The production is expected to decrease in Australia (-2%) the world largest producer, despite a sustained rise in the number of sheep flock (+12% after +7% last season). This trend of flock rebuilding was enhanced by higher wool and meat prices. The effect on wool production remains modest rightly because of a stronger focus on meat production. Indeed, meat production implies a higher proportion of lambs and ewes and a lower proportion of wethers[2], resulting in lower wool cut per sheep. The latter will continue to fall this season (-4.4%), while the number of sheep shorn is forecast to remain almost unchanged (+0.8%). Yet the decline in Australian supply will be more than offset by the rise of wool production in New Zealand, Argentina and South Africa.

From next season onwards, Australian wool production should increase gradually : +2.1% in 2011-2012 and again +1.5% in 2012-2013. The increased rainfall since early 2010 has improved pasture growth. But the growth in the wool cut per head (+1.1% in 2011-2012 and +1.2% in 2012-2013) will be partly offset by the slowdown of the number of sheep flock (+2% and +1%).

[1] In US $. In Aus $, prices are at their highest level since 1989.

[2] Male sheep.

Yet no significant rise in global wool production should be seen in the short and medium term. After the rebound this season, production is set to stabilise in 2011-2012 (+1.1% to 1,15 Mt, according to Abare, the Australian Bureau of Agriculture and Resource Economics).

Wool consumption should resume

Benefiting from the world recovery, wool consumption rebounded slightly by 1% last season after a 7% drop in 2008-2009. Unlike in our previous forecast, wool consumption should remain almost flat this season (+0.4% to 1,12 Mt). Yet a bullish trend seems to be looming as wool demand from Western mills has increased over the past few months. This surge has been driven by better order and retail sales prospects, while wool stocks are low, and is likely to persist till the end of the year, with the run up of the Northern Hemisphere autumn/winter. Wool exports to Italy and the Czech Republic have strongly increased (+110% YoY and +60%, respectively, in the first half of the season). Conversely, Chinese and Indian wool demand have slowed down, as they own higher raw wool stocks.

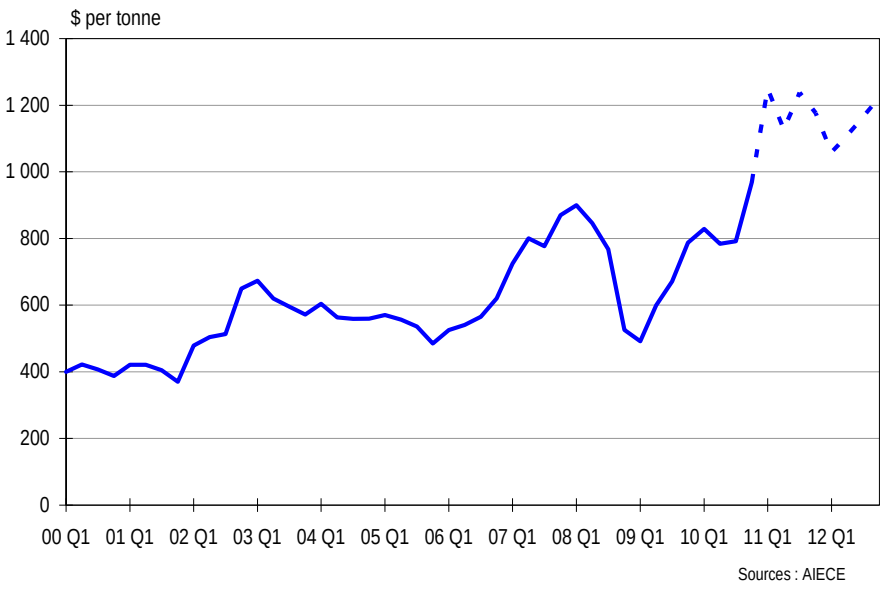
However, in the medium term, Chinese wool demand will continue to rise, as its domestic consumption of luxury apparel should grow in line with rising incomes. Adding to a rebounding Western Europe consumption, global wool demand is projected to rise by 4.5% to 1,17 Mt next season.

Substitution adds pressure on prices

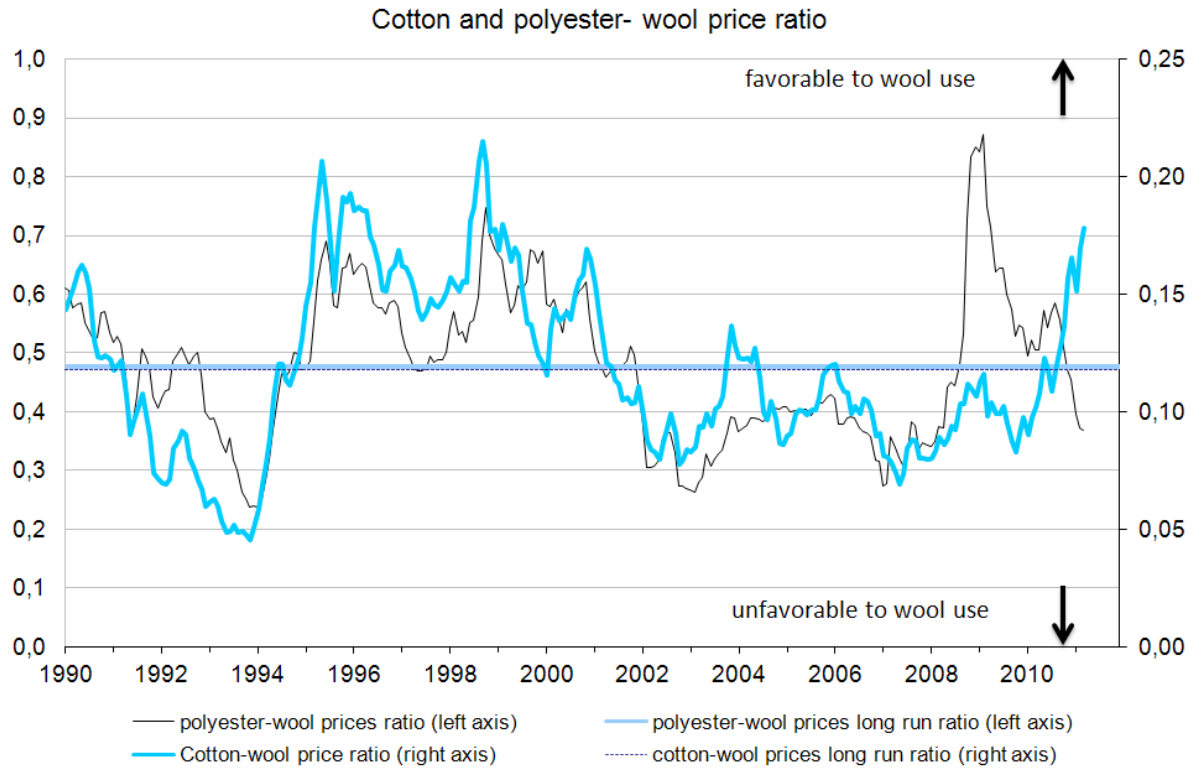
Wool demand is influenced by the price of other fibres, as textile manufacturing allows a high degree of substitution between wool, cotton and synthetic fibres such as polyester. The polyester-to-wool fibre prices ratio has been decreasing since early 2010, due to a worldwide overcapacity of polyester production. The ratio is now close to the low levels seen in the early 2000s (*see graph below*), thus leading wool being less price competitive than its synthetic counterpart.

Conversely, because of rocketing cotton prices since mid-2010, wool has become more attractive than cotton. The cotton-to-wool price ratio is at its highest level since 1998. This will strengthen the bullish trend in wool demand in the coming months. Yet in the medium-term, as cotton prices are forecast to ease, the competitiveness of wool relative to cotton should recede somewhat.

To conclude, in a context of constrained supply and fast rising demand, wool prices should remain at a high level for several months. On the one hand, Europe mills recovery adds further pressure on global wool demand, usually mainly driven by China and India. On the other hand, the forecast decline of cotton prices should dampen the rising price-competitiveness of wool.



Wool Aus	
08 Q1	900
08 Q2	846
08 Q3	768
08 Q4	526
09 Q1	492
09 Q2	599
09 Q3	671
09 Q4	787
10 Q1	829
10 Q2	784
10 Q3	792
10 Q4	969
11 Q1	1250
11 Q2	**1125**
11 Q3	**1238**
11 Q4	**1176**
12 Q1	**1058**
12 Q2	**1111**
12 Q3	**1167**
12 Q4	**1225**



c) Natural Rubber

Rubber prices have surged since the last quarter of 2010. Despite a sharp decline in March, following the earthquake in Japan, prices are now more than three times higher than they were in the trough of late 2008. This surge results from a buoyant demand outpacing a yet rising supply. On the one hand, the car production has been more dynamic than expected regarding the phasing out of the support the

scrap page subsidies. On the other hand, heavy rainfall in late 2010 in Asian main producing countries weighed on natural rubber supply.

Prices should rise more moderately in the coming quarters, as supply improves with the full development of rubber trees planted in 2005[3]. But demand is forecast to remain strong, so that prices shouldn't ease until late 2012.

Production to improve further

Rubber production is expected to rise by 6.2 % in 2010, after falling by 3% in 2009 because of bad weather. But heavy rainfall in late 2010 in the three top producing countries, (namely Thailand, Indonesia and Malaysia, which account for more than 70% of the global supply), has limited natural rubber production expansion.

In Thailand, the world first producer, rubber production decreased by 1.7% in 2010, after rising by 0.5% in 2009. However, Thailand rubber exports, which represent nearly 90% of Thailand natural rubber production, remained quite dynamic in the last quarter of 2010 (+34.5% YoY). They should even accelerate in early 2011 : the carry-over at the end of February implies a 62% YoY growth.

In Malaysia, the third producer, rubber supply fell sharply in December (-12.1% YoY). Yet overall, Malaysian production increased in 2010 (+9.4% after a severe drop of 20% in 2009).

Natural world rubber production is forecast to go on rising for the next two years (+6.2% in 2011 and +6.5% in 2012), assuming normal weather conditions. Besides, the many rubber trees that were planted in 2005 will start producing from 2010 onwards.

A buoyant demand that should slow down a little

In 2010, reflecting the recovery of the car industry induced by the scrappage allowance programs, global natural rubber consumption rose sharply: +13.6%, after a 7.7% decline in 2009. Unlike in our previous forecast, car production didn't significantly slow down in the second half of 2010. It accelerated further in China (+12.7% after +2.2% in H1) and in the United States (+8.6% after +5.7% in H1, *see graph below*). Overall, the car industry is estimated to have increased rubber demand by 1.3 Mt compared to 2009, which is higher than our previous estimate.

[3] One needs to wait 5 years before a rubber tree starts producing.

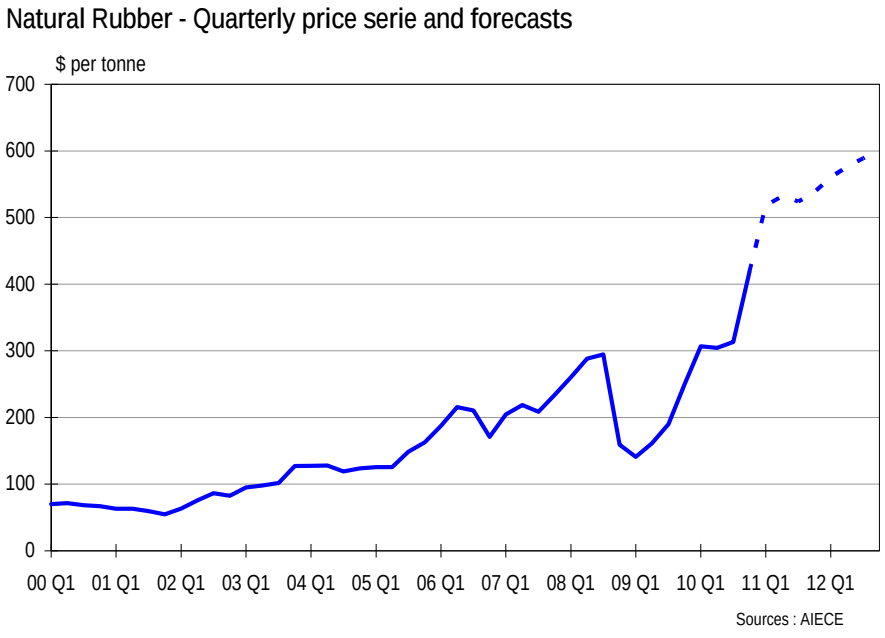
Latest data imply that car production should remain dynamic in early 2011, but the consequences of the earthquake in Japan and the stopping of Japanese car production in other countries as well, could reverse this picture. However, this should only be a temporary effect and shouldn't affect rubber demand in the long term. After falling in March, natural rubber prices recovered quickly: they have already increased by 8% during the first two weeks of April.

Over the next two years, natural rubber consumption growth is forecast to moderate somewhat, a 4.6% increase in 2011 should be followed by a 3.8% increase in 2012. The stopping of the Japanese car production remains a downside risk to that forecast.

Prices should remain at high levels

In the coming months, the weakness of the US dollar could add further pressure on rubber prices. Besides, up until 2012, despite the rise of production, the natural rubber market will remain undersupplied. Natural rubber prices should therefore stay at high levels.

Also, to meet the global demand for rubber, synthetic rubber, made from oil, can be used. Variations in oil prices directly affect synthetic rubber prices, which in turn affect natural rubber prices. Considering Insee's forecasts for oil prices, rubber prices will go on rising until late 2012, though at a widely more moderate pace than seen in the end of last year (*see graph below*).



Rubber	
08 Q1	260
08 Q2	288
08 Q3	295
08 Q4	159
09 Q1	141
09 Q2	161
09 Q3	190
09 Q4	250
10 Q1	307
10 Q2	304
10 Q3	313
10 Q4	418
11 Q1	518
11 Q2	**532**
11 Q3	**524**
11 Q4	**538**
12 Q1	**560**
12 Q2	**576**
12 Q3	**589**
12 Q4	**601**

d) Wood Pulp

As for most other commodities the global recession led to a world wide fall in demand, with a resulting steep drop in prices. Prices fell from around $900 to about $580 between the summer of 2008 to the spring of 2009. To meet the drop in demand, production cuts have been made. From the spring of 2009 the price on pulp increased steadily and sharply, due to short run restrictions in supply, and

peaked at $979 in July 2010. After that the price fell gradually until January 2011, when it again began to rise slowly.

Demand from China increasing

Demand for wood pulp has recovered from the weak period during the financial crisis. Especially demand from China has expanded and is expected to continue to expand. Many producers of paper products have shifted their production to China. Demand has also increased somewhat in Europe and North America, but is expected to be subtle.

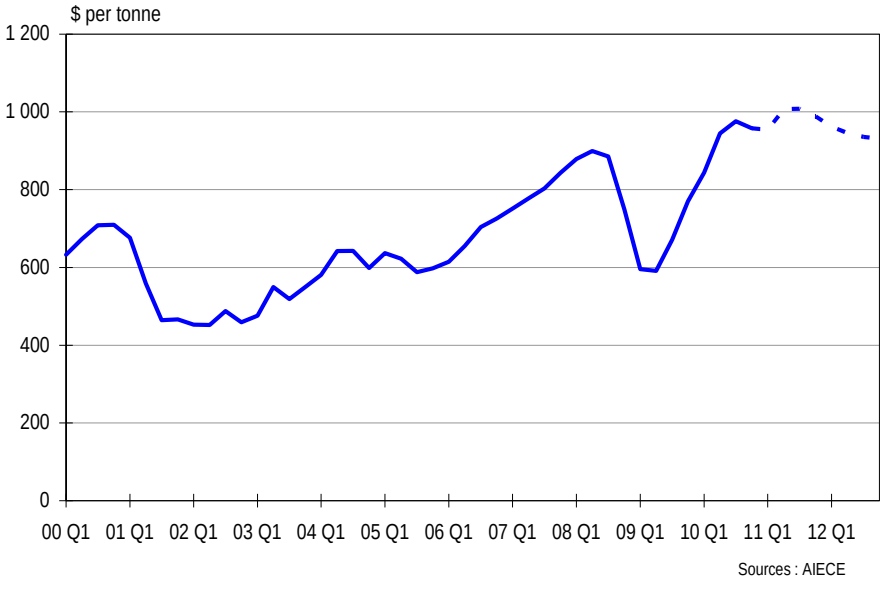
It is yet unclear how the earthquake in Japan affects the demand of wood pulp. Many Japanese paper mills were situated in the area of the catastrophe, but in most cases they produce their own pulp.

Tight market for wood pulp

When demand fell it led to production cuts. Now when demand is increasing again the market for pulp is tight and the producers' stocks of pulp are small. Supply is gradually expected to catch up better with demand.

High prices ahead

The prices are now back to high levels from a historical point of view. They will continue to be high during 2011 and 2012. The increased demand together with a weak dollar will push the prices slightly up-ward until the autumn. Beginning in the fourth quarter of this year the prices are expected to fall slightly.



Wood pulp	
08 Q1	879
08 Q2	899
08 Q3	885
08 Q4	749
09 Q1	596
09 Q2	591
09 Q3	671
09 Q4	770
10 Q1	844
10 Q2	944
10 Q3	976
10 Q4	958
11 Q1	954
11 Q2	**1007**
11 Q3	**1008**
11 Q4	**988**
12 Q1	**962**
12 Q2	**945**
12 Q3	**936**
12 Q4	**931**

e) Sawn Wood

The price on sawn soft wood fell from mid 2007 to spring 2009. Since spring 2009 prices increased continuously until end 2009 and they peaked in November 2009 at $313. During 2010 price development of sawn wood has been more or less unchanged, just above $290.

Modest increase in demand

Sawn wood is mainly used in construction. Demand in North America and Europe was weak in 2010, even if it rose somewhat compared to 2009. Demand in Europe 2010 was well below the peak year of 2007.

Some countries in Europe and in North America have problem with over capacity in the housing market. After three years of recession, the construction market will still be somewhat weak in 2011. Most companies have gone through a tough reconstruction during the crisis and first in 2012 construction output will recover.

Demand in general in Asia will continue to be high. This affects both the price development of sawn wood directly as well as the prices of timber, which in turn raises the prices of sawn wood. Still increases in demand on sawn wood stems mainly from China and other fast growing countries. The earth quake in Japan is expected to increase demand when the country starts reconstructing which will affect the prices up-ward.

Altogether, for the main part of 2011 the increase in demand on sawn wood will be modest. But in the future demand will pick up and this in turn will increase the prices

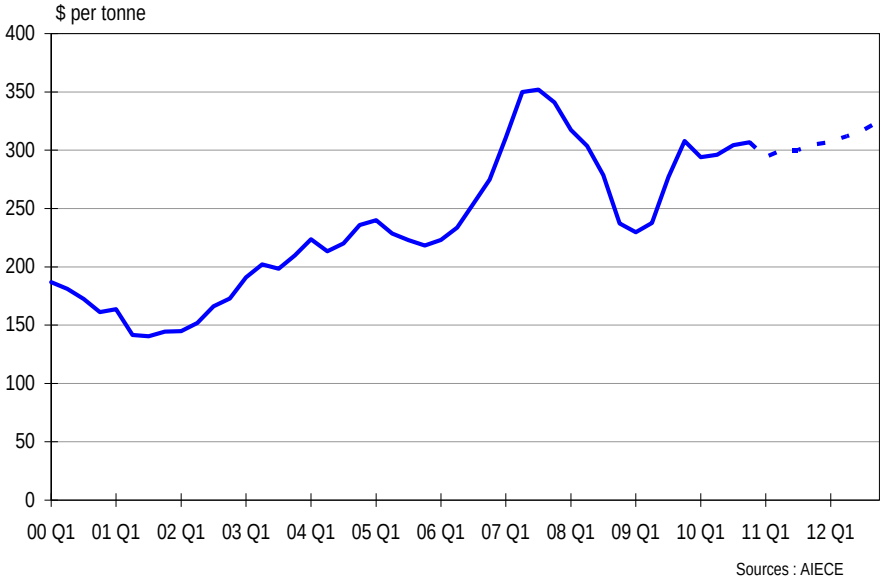
Supply gradually becoming more normal

As we wrote in the previous forecast the fall in demand led to production cuts. Low profitability has led to some sawn mills shutting down in Europe. There have also been some problems in the production. The level of production has gradually become more normal. For example, according to the Swedish Business Tendency Survey the stock of supply in the saw mills has grown to be a bit too high during the fourth quarter in 2010. This could be a sign of the supply being higher than demand, which will dampen the growth in prices.

Prices grow slow

Overall the demand on sawn wood is growing faster than the supply and the prices are expected to increase somewhat in the future. However, as the prices become higher more supply will return to the market and the growth in prices will be relatively slow.

Sawnwood - Quarterly price serie and forecasts



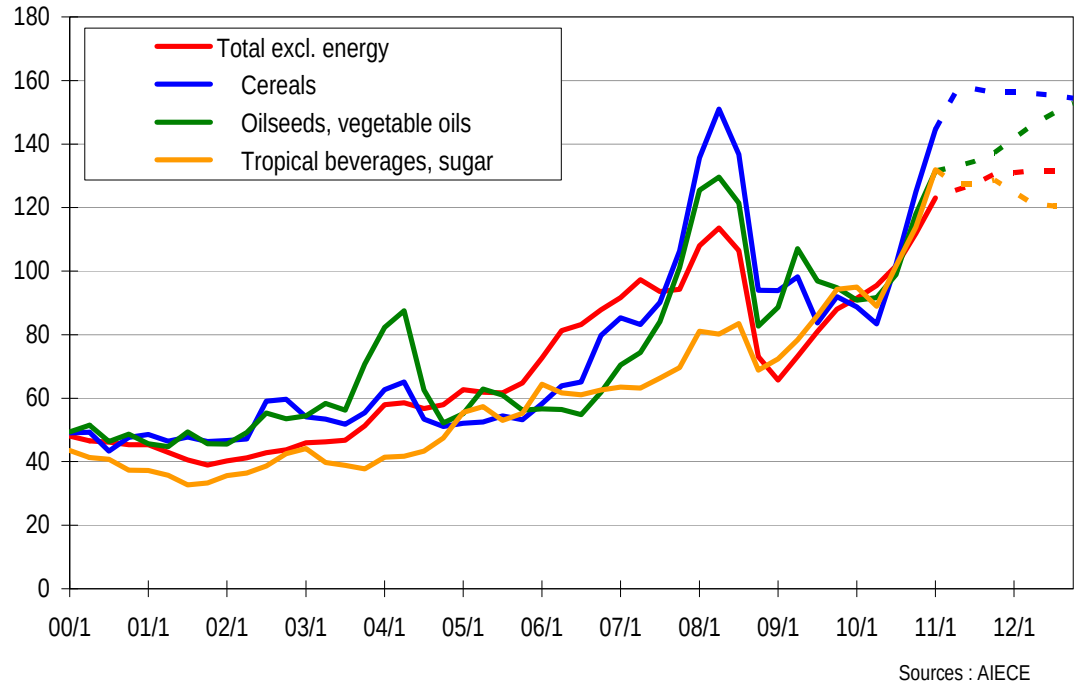
Sawnwood	
08 Q1	317
08 Q2	304
08 Q3	279
08 Q4	237
09 Q1	230
09 Q2	238
09 Q3	277
09 Q4	308
10 Q1	294
10 Q2	296
10 Q3	304
10 Q4	307
11 Q1	294
11 Q2	**300**
11 Q3	**300**
11 Q4	**305**
12 Q1	**307**
12 Q2	**312**
12 Q3	**317**
12 Q4	**325**

Table 6 Agricultural raw materials (US$ terms)

Commodity		10/1	10/2	10/3	10/4	11/1	11/2	11/3	11/4	12/1	12/2	12/3	12/4	2009	2010	2011	2012
Agricultural raw materials		**95**	**98**	**101**	**109**	**115**	**119**	**118**	**119**	**119**	**120**	**121**	**122**	**75**	**100**	**118**	**120**
		5	***4***	***3***	***7***	***6***	***3***	***0***	***0***	***0***	***1***	***1***	***1***	***-17***	***34***	***18***	***2***
Textile fibres		88	90	94	128	174	173	171	160	147	143	143	144	67	100	169	144
		7	*1*	*5*	*36*	*36*	*0*	*-1*	*-6*	*-8*	*-3*	*0*	*0*	***-13***	***49***	***69***	***-15***
Cotton	US	81	87	94	137	192	202	188	175	163	151	147	142	61	100	189	151
		9	*7*	*7*	*47*	*40*	*6*	*-7*	*-7*	*-7*	*-7*	*-3*	*-3*	*-11*	*64*	*89*	*-20*
Wool	AUS	98	93	94	115	149	134	147	140	126	132	139	146	76	100	142	136
		5	*-5*	*1*	*22*	*29*	*-10*	*10*	*-5*	*-10*	*5*	*5*	*5*	*-16*	*32*	*42*	*-5*
Natural rubber	THAI	91	91	93	124	155	159	156	161	167	172	176	179	55	100	158	174
		23	*-1*	*3*	*34*	*24*	*3*	*-2*	*3*	*4*	*3*	*2*	*2*	*-26*	*81*	*58*	*10*
Wood products		96	101	104	104	101	105	105	105	104	104	105	106	81	100	104	105
		0	*5*	*3*	*0*	*-3*	*3*	*0*	*0*	*-1*	*0*	*1*	*1*	*-15*	*24*	*4*	*1*
Softwood	S	98	99	101	102	98	100	100	102	102	104	106	108	88	100	100	105
		-5	*1*	*3*	*1*	*-4*	*2*	*0*	*2*	*1*	*2*	*2*	*2*	*-7*	*14*	*0*	*5*
Woodpulp	FIN	91	101	105	103	102	108	108	106	103	101	100	100	71	100	106	101
		10	*12*	*3*	*-2*	*0*	*6*	*0*	*-2*	*-3*	*-2*	*-1*	*-1*	*-23*	*42*	*6*	*-5*

3.1.4 Food and tropical beverages

HWWI index - Quarterly serie and forecasts



Sources : AIECE

Grains have been relatively late in participating in the general upturn in the commodity markets in the course of the recovery from the global financial crisis due to initially well-supplied markets, but price increases have finally been substantial when markets tightened. Wheat and coarse grain prices have almost doubled since spring last year as news on lower than expected crops combined with bullish sentiment in the financial markets and a weakening US-Dollar. The current high level of prices is forecast to be more or less maintained – with some moderation of wheat prices and some further increase of prices in the case of maize – as the projected recovery of production is confronting further significant increases in demand. Risks for further escalation of prices are especially high in the case of coarse grains where the level of stocks is extremely low. Although price levels are still some way off the peak levels seen in 2008 – especially in the case of rice the price of which has risen only modestly so far –, risks are increasing that low income countries again will have major difficulties to finance necessary grain imports, or sharply rising prices for staple foods will lead to another food crisis in the developing world.

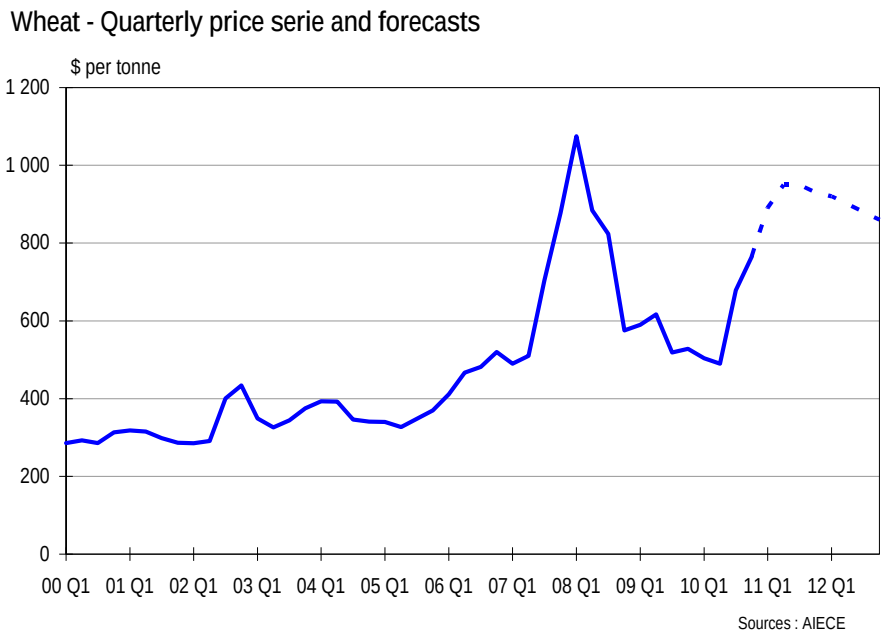
a) Wheat

International wheat prices started to rise last summer when the outlook for wheat production was drastically revised down due to wildfires in Russia, adverse weather in other European countries and

in Canada. In recent months, overly cold and dry weather conditions in large parts of the wheat belt have reduced the prospects for winter wheat yields in the US. In combination with generally bullish sentiment on commodity markets and weakness of the US Dollar this resulted in a further strong rise of world wheat prices towards the end of 2010 and into 2011, leaving quotations almost 80 % higher than one year ago.

Global production of wheat in 2010/11 is estimated to have been 5 percent below the previous year's level. While, at almost 650 mill. tons, this is still the third largest crop on record, markets will nevertheless be in deficit this year since, at the same time, consumption is expected to grow swiftly. Direct human food consumption which accounts for around 70 % of total use should rise beyond population growth given robust income growth in emerging and developing countries; feed use is projected to increase further despite higher prices, especially in parts of Asia; and industrial use mainly for production of ethanol in European countries is on a rising trend.

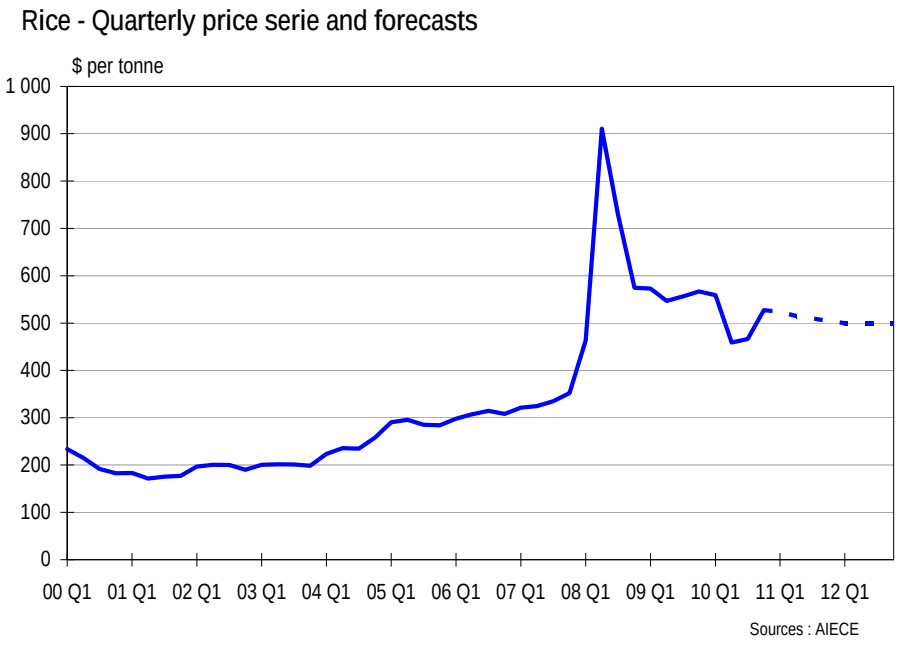
Looking forward to 2011/12, the outlook is for a significant rise of production, but it will be hard to achieve a significant market surplus. Most of the expected increase will stem from a recovery of production in Russia and Europe. US output is expected to be stagnant despite the fact that acreage sown to wheat has been expanded significantly (area dedicated to winter wheat rose by an estimated 10 %, all wheat is up 8 % according to USDA) as early completion of last year's corn and soy bean harvest has allowed farmers to respond to then relatively favourable wheat prices. Unfavourable weather conditions have, however, sharply reduced expected yields, and on balance US winter wheat production should come in slightly below last year's level. Assuming that current projections for crops are confirmed, world market prices for wheat are expected to level off or start declining going forward, given that the current level of stocks is comfortable. Robust demand and an economic environment that remains constructive for commodity prices should, however, limit downward pressure on prices over the forecast horizon.



Wheat	
08 Q1	1075
08 Q2	884
08 Q3	824
08 Q4	576
09 Q1	590
09 Q2	616
09 Q3	518
09 Q4	528
10 Q1	504
10 Q2	490
10 Q3	679
10 Q4	766
11 Q1	890
11 Q2	**950**
11 Q3	**950**
11 Q4	**930**
12 Q1	**920**
12 Q2	**900**
12 Q3	**880**
12 Q4	**860**

b) Rice

Rice prices have been relatively stable compared to other food commodities over recent months although worries about export availabilities have led to some upward pressure on prices towards the end of last year. Despite the downgrading of expectations for rice production in Asia, particularly in Pakistan, global production should be sufficient to cater rising demand in the current market year and even add to stocks which are already at historically relatively high levels. However, more than 70% of stocks are held in China and India, countries which are not major exporters on the world market, and supply on world markets may therefore be perceived as less comfortable than the aggregate figure suggests. In this environment supply disruptions in a major exporting country (such as Thailand or Vietnam) or substantial additional import demand could easily lead to significant upward pressure on prices. On the other hand, if harvests can be realized as projected and rice production is rising up to current expectations rice prices should continue to follow a relatively stable path and could even soften a bit over the forecast horizon.



Rice	
08 Q1	463
08 Q2	911
08 Q3	729
08 Q4	575
09 Q1	573
09 Q2	547
09 Q3	556
09 Q4	567
10 Q1	559
10 Q2	459
10 Q3	466
10 Q4	527
11 Q1	524
11 Q2	**515**
11 Q3	**510**
11 Q4	**505**
12 Q1	**500**
12 Q2	**500**
12 Q3	**500**
12 Q4	**500**

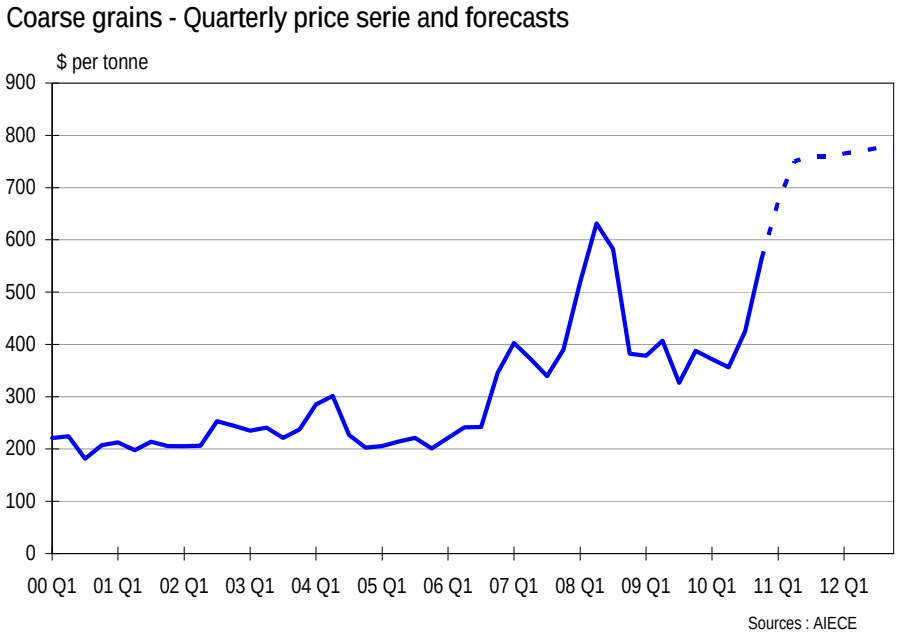
c) Coarse grains

Corse grain prices have soared more than expected last October, with maize prices rising by more than 50 % between last September and mid-April 2010 instead of 20 % in the Commodity Group's autumn forecast. Prices have risen somewhat less pronounced in the case of barley, but disappointing harvests and tight markets also led to a 25 % increase in the course of the past six months. Given very low levels of stocks and strong demand growth, partly due to a further increase in maize utilization for production of bio-fuels, we expect corn prices to remain firm in the remainder of 2011 and in 2012.

Global maize production in 2010/11 (October-September) is forecast to be disappointing mainly due to worse than expected productivity in the US. The fall in output in this country which is by far the most important exporter in world markets has raised concerns about availabilities. Although world output is estimated to come in only slightly below the previous year's record of 813 millions tons, this will not be enough to balance the markets. Due to a rapid rise in consumption (+3.3 % to an estimated 845 mill. tons) this year will see a sizeable market deficit and global coarse grain stocks will fall to a very low level of only 17 % of annual consumption. More recently there have been rumours that China will have to increase imports to cater rising demand. While this is so far officially denied, the possibility that China, which has been self-supporting so far and from time to time even exporting substantial amounts of corn, may enter the world market as a significant importer, has pushed up prices in recent weeks.

The strong growth of consumption is mainly due to firmer animal feed demand and increased production of grain-based ethanol. While feed use, which is predominantly stemming from emerging and developing countries, should continue to increase at robust rates as livestock production is

expanding, maize-based ethanol production centred in the US is forecast to start levelling off. Further expansion of biofuels production will increasingly come from alternative feedstocks given high maize prices and US government legislation that has put a cap on the amount of ethanol to be produced from corn from 2015 onwards because of concerns about food security. Nevertheless, in 2010/11 almost 40 % of US maize output will go into ethanol production (125 mill. tons, up from 20 mill tons ten years ago), and it will need a very substantial increase in global maize production to just balance the market and prevent further depletion of stocks. While farmers are expected to respond to high prices and increase plantings, suitable land is limited and competition for acreage between different crops is intense as prices are high across the board. According to the USDA prospective plantings survey, corn acreage is expected to rise by 5 % over previous year, which would be the second highest planted acreage in the US on record. At the same time, however, USDA quarterly grain stocks were released showing a further substantial decline in corn stocks, which triggered another sharp increase in maize prices. As current expectations of next season's coarse grain output imply that stocks remain at the current low levels also in 2011/12. Against this background we expect world market prices to remain firm for the time being. Given that markets remain tight, scope for a significant downward correction of prices over the forecasting horizon seems limited and there is a substantial risk of further significant price increases in the event that production falls short of expectations.



Maize	
08 Q1	520
08 Q2	631
08 Q3	583
08 Q4	382
09 Q1	378
09 Q2	407
09 Q3	327
09 Q4	388
10 Q1	372
10 Q2	356
10 Q3	425
10 Q4	562
11 Q1	672
11 Q2	**750**
11 Q3	**760**
11 Q4	**760**
12 Q1	**765**
12 Q2	**770**
12 Q3	**775**
12 Q4	**775**

d) Soybeans

Since September 2010 the prices of soybeans have increased by nearly 40 percent. In the time period between January 2010 till September 2011 the prices developed in a range from 900 to 1050 US¢ per bushel. But the strong Chinese soybean demand underpinned price increases from September 2010 to

April 2011. At the beginning of April 2011 the soybean price was listed by 1393 US¢ per bushel. But in comparison to the all-time high in 2008 the prices are still 15.5 percent lower.
The USDA estimates that the world wide soybean production will be 258.1 million tonnes in 2010/11. Against the prior season, in which a record harvest by 260.2 million tonnes was achieved, production will decrease by around 0.7 percent. Mainly Argentina´s lower crop is responsible for that reduction in world production. Dry weather reduced the crop in the South American country – minus 9.2 per cent to 49.5 million tonnes. In contrast to Argentina the soybean crop in Brazil seems to be profit-yielding. Brazil and Argentina are the second and third largest producers of soybeans.
The USDA forecasts a Brazilian soybean production of 70 million tonnes in 2010/11. The record soybean crop in Brazil eases the drop in global supplies. It is anticipated that Brazil´s soybean exports will increase up to a record of 32.5 million tonnes. For the soy crop in the United States, the largest soybean producer and exporter worldwide, the USDA forecasts 90.6 million tonnes. The exports of the United States are forecast to be 43.3 million tonnes.
In 2010/11, world soybean consumption is estimated by the USDA to increase by 6 percent to 253 million tonnes in comparison to the previous season. This record high is mainly reached because of the strong Chinese soybean consumption. China needs soybeans for feed ingredients and vegetable oils. According to the USDA China´s imports grew in the season 2010/11 to 57 million tonnes, which reflects an increase of 13.3 percent. The strong Chinese imports were responsible for the decrease of the global soybean ending stocks from 59 million tonnes to 58.3 million tonnes.
In 2012, soybean prices are expected to rise. Bigger crops in South America, especially in Brazil, combined with a slightly larger production in the USA will lead to an increase in global soy production. But the net rise in global demand is anticipated to be larger, especially because of the expanding needs of China. It is expected that a stronger Chinese meat-demand will increase the use of soybeans as animal feed and therefore cause price rises. Chinese soy bean consumption is driven by a rising income. Furthermore, the global production of biofuels in the next time will affect the soybean, soymeal and especially soy oil prices.

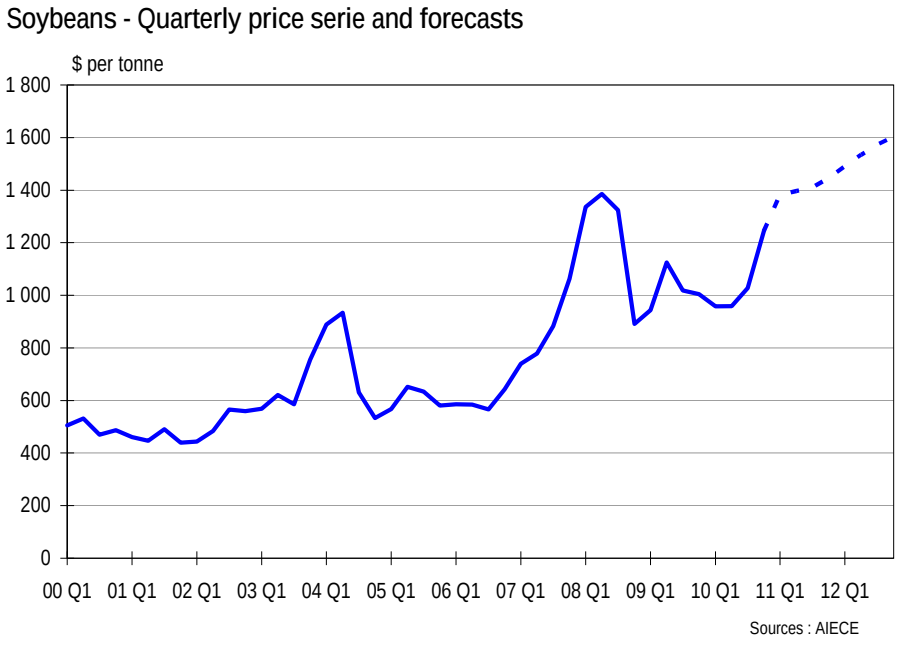
The energy prices will have an impact on the vegetable oil demand by biodiesel producers. The domestic use of soybean oil for methyl esters (biodiesel) is forecast by the USDA to increase. Additional production capacity and higher mandatory blending rates in some countries are responsible for the expanded biodiesel production. According to the Food and Agriculture Organization (FAO) biodiesel use is anticipated for at least half of the recent seasons increase in worldwide demand for oils/fats. The expansion of the biodiesel production in South America will be largely based on soy oil.

The further developments at the palm oil market will also influence the soy oil price. A great part of the palm oil production is used for biodiesel. It is a competitor to soy oil and it is normally traded with a price discount to soy bean oil. But lower output of palm oil in Indonesia and Malaysia in the last

months has led to a convergence of prices which caused an increased share of soybean oil in total purchases of vegetable oil in some import markets.

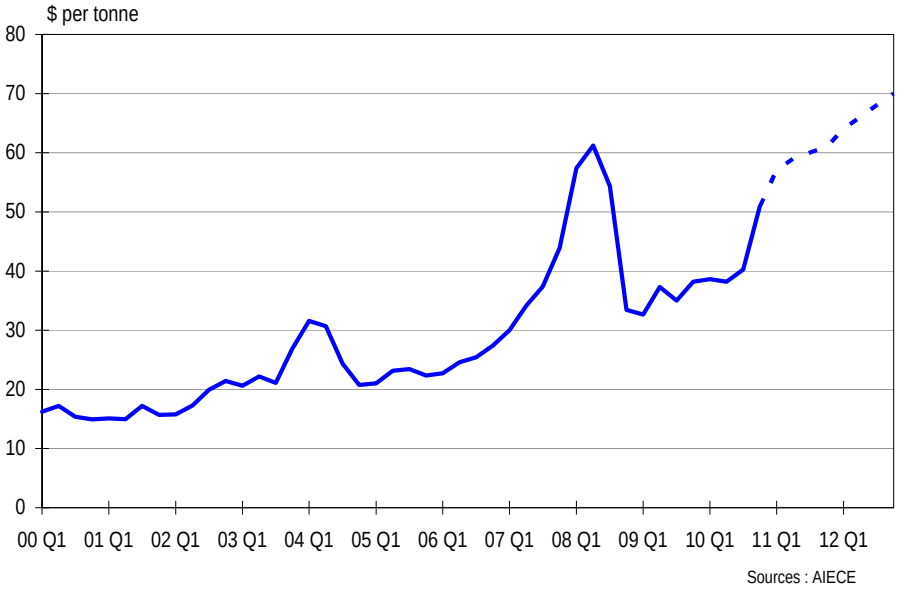
It is expected that the prices for soybeans, soybean meal and soybean oil will slightly rise from their current elevated level, because of the weaker global production increase in comparison to the strengthening consumption. Unforeseeable significant crop failures or bad weather conditions could cause stronger price hikes in the season 2011/12.

Furthermore, in the next season farmers could replace their soybean acreage with other crops like corn and wheat, because their prices increased stronger in the past months than the soybean prices. The allocation of farmland among soybeans, corn and wheat will play an important role on soybean prices. A diminished global soybean production would support soybean prices. According to the FAO the likely persisting strong price linkage between corn/wheat and soy points toward a continued strength in global prices of soy beans, meals and particularly of vegetable oils.



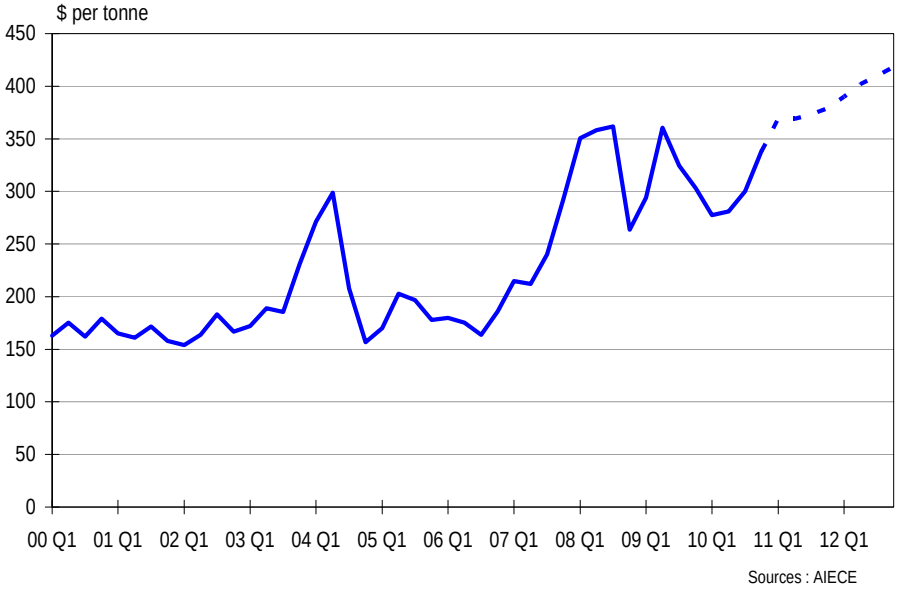
Soybeans	
08 Q1	1337
08 Q2	1385
08 Q3	1324
08 Q4	892
09 Q1	944
09 Q2	1124
09 Q3	1018
09 Q4	1004
10 Q1	957
10 Q2	959
10 Q3	1027
10 Q4	1244
11 Q1	1383
11 Q2	**1397**
11 Q3	**1411**
11 Q4	**1446**
12 Q1	**1490**
12 Q2	**1534**
12 Q3	**1573**
12 Q4	**1604**

Soybean oil - Quarterly price serie and forecasts



Soybean oil	
08 Q1	57
08 Q2	61
08 Q3	54
08 Q4	33
09 Q1	33
09 Q2	37
09 Q3	35
09 Q4	38
10 Q1	39
10 Q2	38
10 Q3	40
10 Q4	51
11 Q1	57
11 Q2	**59**
11 Q3	**60**
11 Q4	**61**
12 Q1	**64**
12 Q2	**66**
12 Q3	**68**
12 Q4	**70**

Soybeans meals - Quarterly price serie and forecasts



Soybean meal	
08 Q1	351
08 Q2	358
08 Q3	362
08 Q4	264
09 Q1	294
09 Q2	360
09 Q3	324
09 Q4	303
10 Q1	277
10 Q2	281
10 Q3	300
10 Q4	338
11 Q1	369
11 Q2	**369**
11 Q3	**373**
11 Q4	**379**
12 Q1	**390**
12 Q2	**402**
12 Q3	**410**
12 Q4	**418**

e) Coffee

Since June 2010 the composite indicator for Arabica and Robusta beans of the International Coffee Organization (ICO) has risen by more than 73 percent. Tight supplies were responsible for that strong price increase. In Columbia the crop of the high quality Arabica coffee was again disappointing. In March 2011 the indicator reached with 224.33 US cents pound a 34 year high. In April the prices remained at that high level.

The ICO estimates that the global coffee production in the crop year 2010/11 will be 133 million bags, corresponding to a growth of 8 percent compared to the previous season. This rise is mainly a result of an increased Arabica variety production in Brazil who is the biggest coffee producer worldwide with 48 million bags.

In Columbia, besides Brazil an important planting country for Arabica coffee, the coffee production is disappointing the third year in a row. The total production is expected to be at 9.2 million bags. In Vietnam, the main grower of Robusta coffee, the production increased by 1.6 percent to 18.5 million bags. Robusta coffee variety is mainly used for instant coffee.

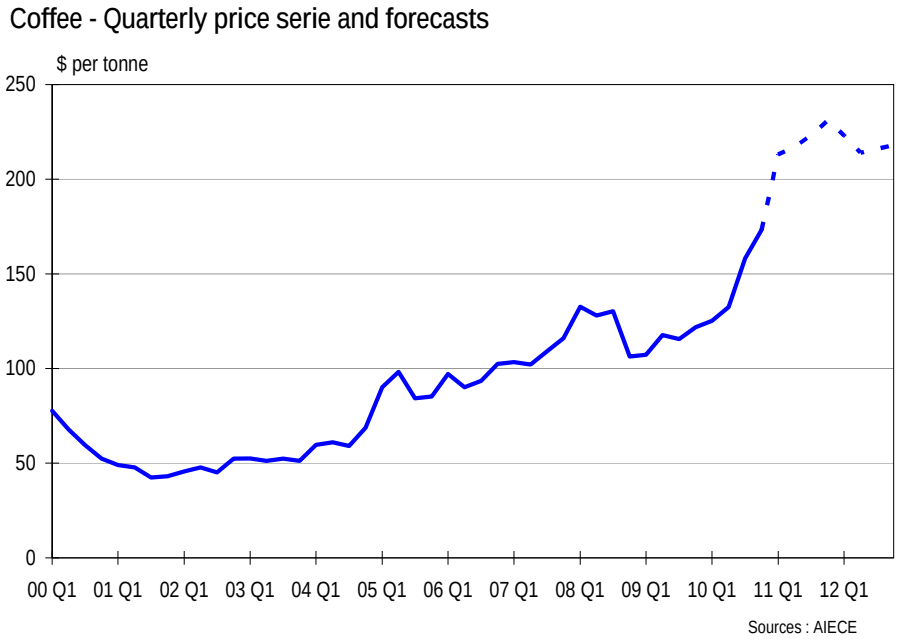
For the next crop year 2011/12, which has begun in a couple of countries including Brazil, the ICO forecasts a reduced global production by 43 million bags. In Brazil the next season will be an off-year in the biennial cycle of Arabica production. It is expected that the total exports of coffee will decline because of the reduced availability in Brazil.

The ICO estimates that in the calendar year 2010 134 million bags were consumed worldwide. This represents an increase of 2.4 percent in comparison to 2009. With the global economic recovery the coffee consumption rose. Especially in coffee exporting countries the people drank more coffee. In Brazil the consumption increased by 4.1 percent, in Vietnam by 31 percent and Ethiopia by 5.3 percent. In the United States and the European Union - two traditional importing markets - the growth rate of consumption (1.6 percent) was not that high.

The global coffee stocks are on low levels. According to the ICO the opening stocks in the crop year 2010/11 were around 13 million bags. The USDA forecasts an increase of the coffee stocks for the complete season 2010/11. But at the same time the USDA points out that the stocks are on such a low level that their refilling would not trigger easing coffee prices. The ICO estimates a stocks/grindings ratio of 46.6 percent, which is higher in comparison to the 2009/10 season (44.7 percent).

It is expected that tight market fundamentals continue to underpin high coffee prices. Low global coffee stocks and a growing demand will support coffee prices. Unforeseen weather conditions in the top coffee producing countries and speculative activity by investment funds could lead to even stronger price increases. But on the other hand the current high price levels could help to stimulate production by a greater use of fertilizer and in the long term by the rejuvenation of existing plantations. Coffee prices will weaken in the first half of 2012 in response of rising stocks. In 2012

Brazil´s crop, which starts in May and ends in September, will rise because of the on-year in the biennial cycle of Arabica production.



Coffee	
08 Q1	133
08 Q2	128
08 Q3	130
08 Q4	106
09 Q1	107
09 Q2	118
09 Q3	116
09 Q4	122
10 Q1	125
10 Q2	132
10 Q3	158
10 Q4	173
11 Q1	213
11 Q2	**217**
11 Q3	**223**
11 Q4	**231**
12 Q1	**223**
12 Q2	**214**
12 Q3	**216**
12 Q4	**218**

f) Cocoa

From November 2010 to March 2011 the cocoa prices increased by more than 25 percent. The main reason for the strong price rise is to be found in a political crisis in the Ivory Coast, which disrupted the supply of cocoa beans. The Ivory Coast is the biggest cocoa producer worldwide. In January Alassane Ouattara, the international recognized winner of the presidential election in November 2010 called for a cocoa-export ban to cut off cash to his political rival Laurent Gbagbo. Since then nearly all shipments of cocoa from the Ivory Coast have been stopped. In March 2011 the cocoa prices averaged by just under 3 400 US/tonne. At the beginning of April 2011 the cocoa price was 3 040 US/tonne.

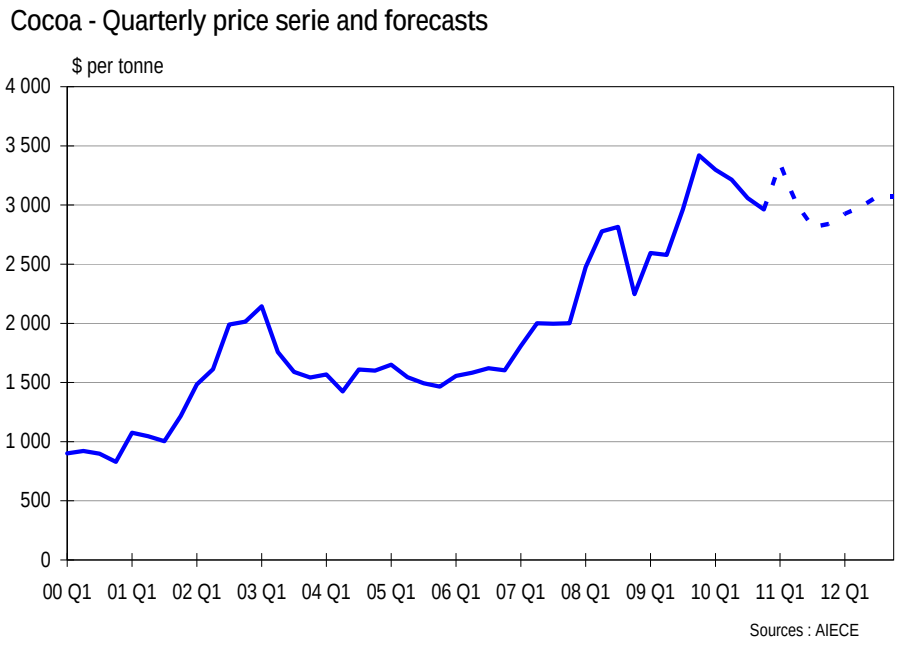
The International Cocoa Organization (ICCO) estimates for the season 2009/10, which ended in September, a global cocoa production of 3 613 thousand tonnes. That corresponds with a slight increase of 0.2 percent in comparison to the previous season. The outlook for the 2010/2011 output in the main cocoa producing countries Ivory Coast (about 35 percent of global output) and Ghana (18 percent) seems to be promising. It is expected that favourable weather conditions will raise the production of cocoa in West Africa. According to the ICCO at the end of March cocoa bean arrivals in the Ivory Coast and Ghana were considerably more than one year ago. The Ghana Cocoa Board raised its forecast for the 2010/11 season to 850 000 tonnes.

The cocoa consumption (grindings) reached 3 659 thousand tonnes in the season 2009/10. In comparison to the previous season that is an increase by 4.8 percent. The total end-of-season stocks

fell to 1 600 thousand tonnes. This reduction led to a shrinking stocks/grindings ratio at the end of the crop season 2009/10, which fell from 49.8 percent in the season before to 44.9 percent.

The political developments in the Ivory Coast will be crucial for the cocoa prices. It is likely that the dispute will be resolved in the near future. Sanctions of the European Union that inhibit the cocoa trade of the Ivory Coast are expected to be lifted after the besieged incumbent president´s fall. That would have a positive effect on the international cocoa market and reduce prices. Good cocoa crops in West Africa will add to the price decline.

Should the conflict in the Ivory Coast be settled a significant quantity of cocoa will flow from the country. But it is still unclear how long this will take because the financial and physical infrastructure, which is needed to release the stocks, is still disrupted. The closure of the banking system makes it impossible for the cocoa traders to pay export duties. Equipment is missing for the loading of the ships and many workers fled the violence in the country during the conflict. After the price eases in 2011 it is expected that the prices will rise in 2012, because the old problems of the Ivory Coast´s cocoa sector will be evident. Cocoa production will be limited because smallholders are not able to afford necessary fertilisers. Furthermore increasing fungal diseases will negatively affect the cocoa yields in the country.



Cocoa	
08 Q1	2475
08 Q2	2778
08 Q3	2814
08 Q4	2247
09 Q1	2595
09 Q2	2579
09 Q3	2963
09 Q4	3420
10 Q1	3297
10 Q2	3213
10 Q3	3059
10 Q4	2964
11 Q1	3342
11 Q2	**3007**
11 Q3	**2812**
11 Q4	**2840**
12 Q1	**2925**
12 Q2	**2984**
12 Q3	**3073**
12 Q4	**3073**

g) Tea

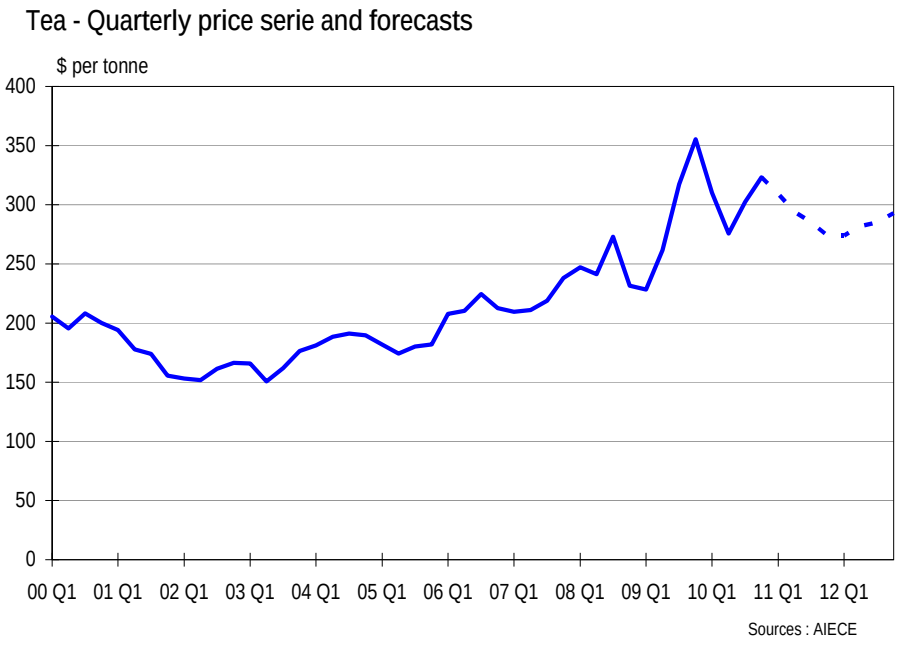
Tea prices have remained alternating on a high level. From the 25-year high in November 2009 they fell by 26 percent until June 2010, then increased by 20 percent until December and went down again by 11 percent to 289,7 US¢/kg up to date. According to the Indian Tea Association recent price increases in the industry are mainly caused due to higher production costs, triggered by high and volatile prices of fertiliser and energy commodities.

While India and China, the world top producers, have slightly reduced their exports in 2010, Kenya, the number one exporter of tea has fully recovered from the previous drought and has increased its exports by close to 30 percent in 2010, accounting for most of the increased supply on the global market. Also smaller producers like Vietnam try to gain ground in the market. With the China harvest about to start and despite bad weather causing medium-scale disruptions in parts of the Indian and Chinese tea production in the last months supply is slowly increasing, closing the current supply gap until the third quarter of 2011. High prices are already boosting investment in farm equipment which will have a positive effect on future harvests.

The demand for tea has risen continuously by an annual average of over 3 percent during the last decade. In the medium term demand is increasing, especially in India and China, due to population growth, higher standard of living and structural changes in consumption patterns. In the short-run however high commodity prices are alleviating tea consumption, keeping world demand rather stable and only slightly increasing.

With the arrival of new season teas from North India, the tea prices are expected to decrease. Good weather conditions are expected to have a positive effect on the harvest and as a result out of that a bumper crop in April 2011 is forecast. Furthermore a good harvest in Kenya seems to increase the worldwide tea supply. That will ease the tea market and enables packers to rebuild their stocks. But with little inventories left further unfavourable weather changes or other disruptions would directly result in a sharp increase in prices.

Although India and above all China struggle to boost production, steadily growing demand will outgrow supply in the medium term and result in high price levels well into 2012.



Tea	
08 Q1	247
08 Q2	241
08 Q3	273
08 Q4	232
09 Q1	228
09 Q2	262
09 Q3	317
09 Q4	355
10 Q1	310
10 Q2	276
10 Q3	302
10 Q4	323
11 Q1	309
11 Q2	**294**
11 Q3	**285**
11 Q4	**274**
12 Q1	**274**
12 Q2	**282**
12 Q3	**285**
12 Q4	**293**

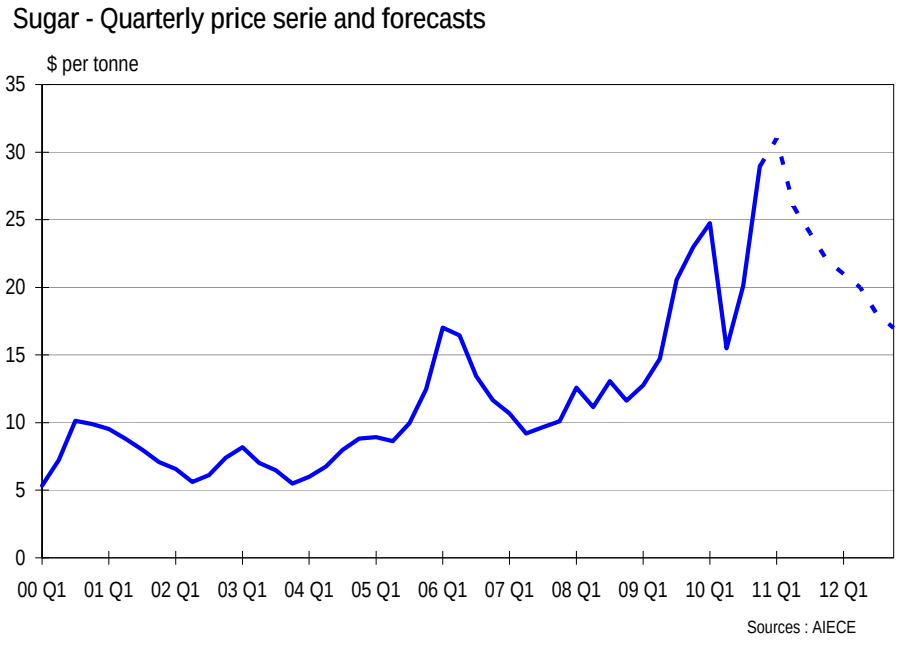
h) Sugar

World sugar prices have rebounded stronger than expected from the temporary relapse seen in spring 2010. Signs of weakening in autumn proved to be premature; markets picked up momentum again in December and reached a new 30-year peak of more than 36 US-cents/lb in early February. Since then prices have started to moderate but remained at historically high levels so far. From a fundamental point of view, the persistent strength in world market sugar prices has been due to the fact that expectations of a early and substantial recovery in production have been disappointed while at the same time consumption growth remained strong so that global sugar stocks will remain at a low level for the time being. In addition, weakness in the US-dollar and substantial inflows of speculative funds from financial investors supported prices over the recent months.

Global raw sugar production in the 2010/11 market year (October to September) is currently expected to recover to 167 mill. tons (+5%) mainly due to a further increase of output in India. Expectations of an even better outcome had to be scaled back, however, due to adverse weather conditions in major producing countries (excessive rains and cyclone in Australia, and unusually dry weather in Brazil). Although this still is a significant improvement from the low levels of production in the two years before, it will not be enough to allow for a significant increase in the stocks-to-use ratio which has fallen to historically low levels of around 35 % over the preceding years. This is against the background of global sugar consumption which continues to expand at robust rates of around 2.5 % per annum this year and is expected to slow only slightly in response to the high level of prices. Consumption tends to be more responsive to changes in income than prices (witness the decline in

consumption in 2008/09), and growth is taking place in the developing world whereas per capita consumption of sugar is on a secular declining trend in the developed countries.

Looking further ahead, we expect the world sugar market to swing back into meaningful surplus in the market year 2011/12, as high prices should induce increased plantings and assuming that more conducive weather conditions allow for higher yields in countries such as Australia, Brazil, and Russia. If the optimistic outlook for production is confirmed by incoming information on development of crops and area planted, such expectations which are currently priced on futures markets should exert downward pressure on prices over the forecast horizon. We forecast sugar prices to decline by 26 % next year, following an increase of 15 % in 2011. The level of prices will, however, remain relatively high compared to levels seen in the years before the prices started to spike up in 2010. Fundamental support should continue to come from rising demand for sugar cane based ethanol, especially given the limited potential for further expansion of production of bio fuels from sources such as maize and rape seeds. In addition, given the low levels of stocks relative to consumption, there is a substantial risk that disappointing news on production prospects in combination with speculative activities of financial investors may lead to further sharp increases in sugar prices.



Sugar	
08 Q1	13
08 Q2	11
08 Q3	13
08 Q4	12
09 Q1	13
09 Q2	15
09 Q3	21
09 Q4	23
10 Q1	25
10 Q2	15
10 Q3	20
10 Q4	29
11 Q1	31
11 Q2	**26**
11 Q3	**24**
11 Q4	**22**
12 Q1	**21**
12 Q2	**20**
12 Q3	**18**
12 Q4	**17**

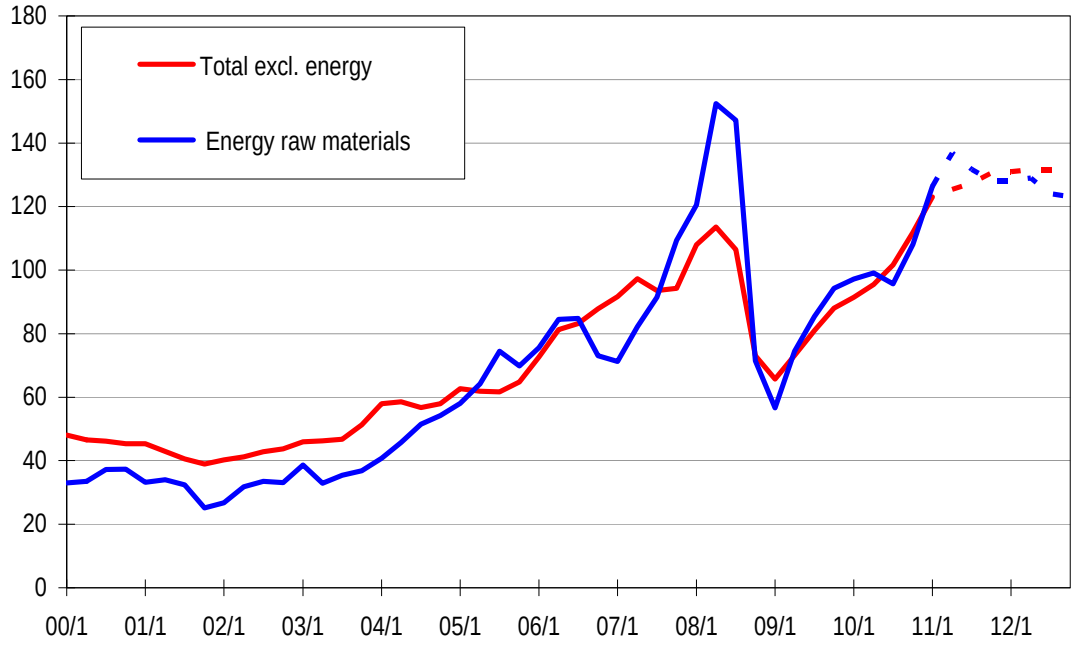
Table 7 Food and tropical beverages (US$ terms)

Commodity		10/1	10/2	10/3	10/4	11/1	11/2	11/3	11/4	12/1	12/2	12/3	12/4	2009	2010	2011	2012
Food total		**92**	**88**	**101**	**118**	**135**	**137**	**138**	**139**	**139**	**139**	**140**	**141**	**90**	**100**	**137**	**140**
		-2	***-4***	***14***	***17***	***14***	***1***	***1***	***1***	***0***	***0***	***1***	***1***	***-14***	***11***	***37***	***2***
Cereals		**89**	**83**	**102**	**125**	**145**	**156**	**157**	**156**	**156**	**156**	**155**	**154**	**92**	**100**	**154**	**155**
		-4	***-6***	***22***	***22***	***16***	***8***	***1***	***-1***	***0***	***0***	***0***	***-1***	***-29***	***9***	***54***	***1***
Barley	CAN	91	92	101	115	126	133	133	134	136	138	139	139	81	100	131	138
		3	*1*	*10*	*14*	*10*	*5*	*0*	*1*	*1*	*1*	*1*	*0*	*-37*	*24*	*31*	*5*
Maize	US	87	83	99	131	156	175	177	177	179	180	181	181	87	100	171	180
		-4	*-4*	*19*	*32*	*19*	*12*	*1*	*0*	*1*	*1*	*1*	*0*	*-30*	*15*	*71*	*5*
Wheat	US	82	80	111	125	146	153	153	150	148	145	142	138	92	100	150	143
		-4	*-3*	*39*	*13*	*16*	*5*	*0*	*-2*	*-1*	*-2*	*-2*	*-2*	*-33*	*9*	*50*	*-5*
Rice	THAI	111	91	93	105	104	102	101	100	99	99	99	99	112	100	102	99
		-1	*-18*	*2*	*13*	*-1*	*-2*	*-1*	*-1*	*-1*	*0*	*0*	*0*	*-16*	*-10*	*2*	*-3*
Tropical beverages, sugar		**95**	**89**	**102**	**114**	**132**	**127**	**127**	**129**	**125**	**121**	**121**	**121**	**83**	**100**	**129**	**122**
		1	***-6***	***14***	***12***	***16***	***-3***	***0***	***1***	***-3***	***-3***	***0***	***0***	***5***	***21***	***29***	***-5***
Coffee	US,D,F	85	90	107	117	144	147	151	156	151	145	146	148	78	100	150	148
		3	6	19	10	23	2	3	4	-4	-4	1	1	-7	28	50	-1
Cocoa	US	105	103	98	95	107	97	94	95	95	95	96	96	92	100	98	96
		-4	*-3*	*-5*	*-3*	*13*	*-9*	*-3*	*1*	*0*	*0*	*1*	*0*	*12*	*8*	*-2*	*-3*
Tea (avg)	ALL	102	91	100	107	102	97	94	90	90	93	94	97	96	100	96	94
		-13	*-11*	*10*	*7*	*-4*	*-5*	*-3*	*-4*	*0*	*3*	*1*	*3*	*17*	*4*	*-4*	*-2*
Sugar	US	111	69	90	130	137	116	107	98	94	89	80	76	80	100	115	85
		8	*-37*	*30*	*44*	*6*	*-15*	*-8*	*-8*	*-5*	*-5*	*-10*	*-6*	*47*	*25*	*15*	*-26*
Oil seeds, vegetable oils		**91**	**92**	**99**	**118**	**131**	**133**	**135**	**137**	**142**	**146**	**150**	**153**	**97**	**100**	**134**	**148**
		-4	***1***	***8***	***19***	***11***	***1***	***1***	***2***	***3***	***3***	***2***	***2***	***-16***	***3***	***34***	***10***
Soybeans	US	91	92	98	119	132	133	135	138	142	146	150	153	97	100	134	148
		-5	*0*	*7*	*21*	*11*	*1*	*1*	*2*	*3*	*3*	*2*	*2*	*-18*	*3*	*34*	*10*
Soybean meal	US	93	94	100	113	123	123	125	126	130	134	137	140	107	100	124	135
		-8	*1*	*7*	*13*	*9*	*0*	*1*	*1*	*3*	*3*	*2*	*2*	*-4*	*-6*	*24*	*9*
Soybean oil	US	92	91	96	121	136	140	143	146	151	157	161	165	85	100	141	159
		1	*-1*	*5*	*27*	*12*	*3*	*2*	*2*	*4*	*4*	*2*	*2*	*-31*	*18*	*41*	*13*

4 Appendix tables

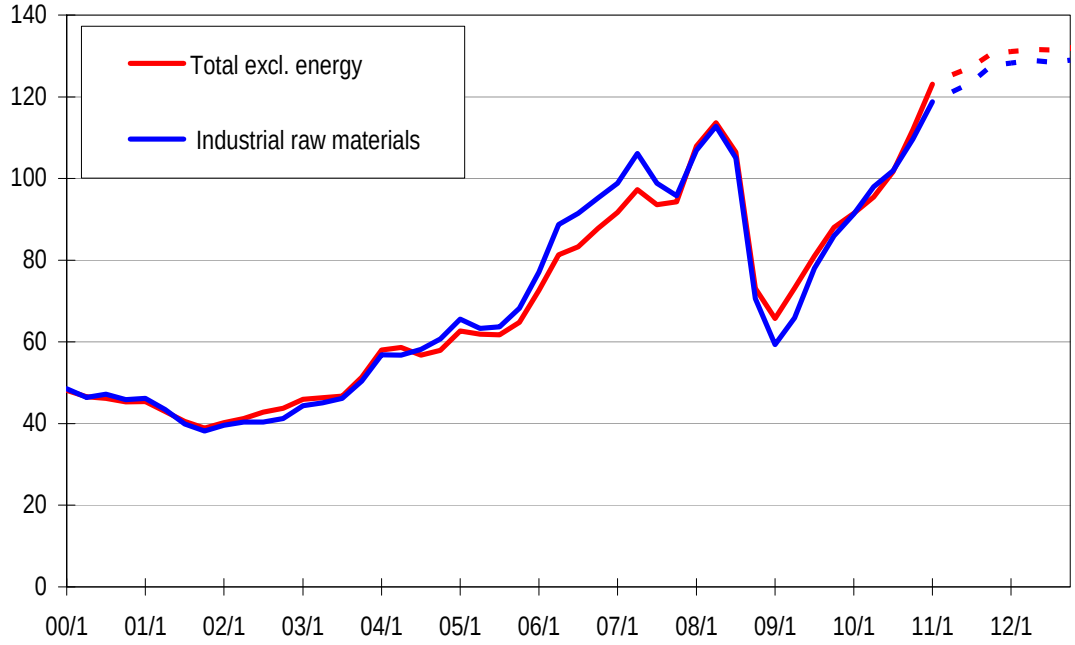
4.1 Prices

HWWI index - Quarterly serie and forecasts



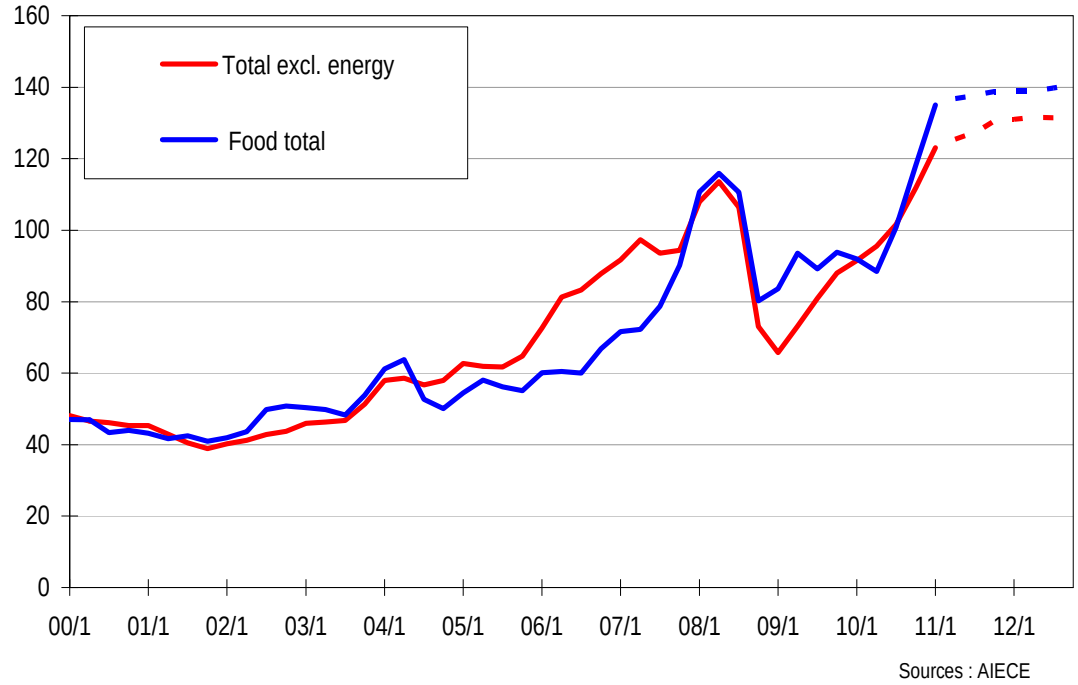
Sources : AIECE

HWWI index - Quarterly serie and forecasts



Sources : AIECE

HWWI index - Quarterly serie and forecasts



Sources : AIECE

Table A1 Actual and forecast commodity price indices (index in US$ terms, 2010=100, percentage change on previous period)

Commodity	Weight	10/1	10/2	10/3	10/4	11/1	11/2	11/3	11/4	12/1	12/2	12/3	12/4	2009	2010	2011	2012
All commodities[1]	100	**96**	**98**	**97**	**109**	**126**	**134**	**131**	**129**	**129**	**130**	**126**	**125**	**78**	**100**	**130**	**127**
		3	*2*	*-1*	*12*	*15*	*7*	*-3*	*-2*	*0*	*1*	*-3*	*0*	*-35*	*29*	*30*	*-2*
Total excl. energy	20.8	**91**	**95**	**102**	**112**	**123**	**125**	**127**	**131**	**131**	**132**	**131**	**132**	**77**	**100**	**127**	**132**
		4	*4*	*6*	*10*	*10*	*2*	*2*	*3*	*0*	*0*	*0*	*0*	*-24*	*30*	*27*	*4*
Food total	5.5	**92**	**88**	**101**	**118**	**135**	**137**	**138**	**139**	**139**	**139**	**140**	**141**	**90**	**100**	**137**	**140**
		-2	*-4*	*14*	*17*	*14*	*1*	*1*	*1*	*0*	*0*	*1*	*1*	*-14*	*11*	*37*	*2*
Cereals	1.4	89	83	102	125	145	156	157	156	156	156	155	154	92	100	154	155
		-4	*-6*	*22*	*22*	*16*	*8*	*1*	*-1*	*0*	*0*	*0*	*-1*	*-29*	*9*	*54*	*1*
Tropical beverages, sugar	2.1	95	89	102	114	132	127	127	129	125	121	121	121	83	100	129	122
		1	*-6*	*14*	*12*	*16*	*-3*	*0*	*1*	*-3*	*-3*	*0*	*0*	*5*	*21*	*29*	*-5*
Oilseeds, vegetable oils	1.9	91	92	99	118	131	133	135	137	142	146	150	153	97	100	134	148
		-4	*1*	*8*	*19*	*11*	*1*	*1*	*2*	*3*	*3*	*2*	*2*	*-16*	*3*	*34*	*10*
Industrial raw materials	15.4	**91**	**98**	**102**	**110**	**119**	**121**	**124**	**128**	**128**	**129**	**129**	**129**	**72**	**100**	**123**	**129**
		6	*7*	*4*	*8*	*8*	*2*	*2*	*3*	*0*	*1*	*0*	*0*	*-27*	*39*	*23*	*5*
Agricultural raw materials	4.3	95	98	101	109	115	119	118	119	119	120	121	122	75	100	118	120
		5	*4*	*3*	*7*	*6*	*3*	*0*	*0*	*0*	*1*	*1*	*1*	*-17*	*34*	*18*	*2*
Textile fibres	0.2	88	90	94	128	174	173	171	160	147	143	143	144	67	100	169	144
		7	*1*	*5*	*36*	*36*	*0*	*-1*	*-6*	*-8*	*-3*	*0*	*0*	*-13*	*49*	*69*	*-15*
Wood products	3.1	96	101	104	104	101	105	105	105	104	104	105	106	81	100	104	105
		0	*5*	*3*	*0*	*-3*	*3*	*0*	*0*	*-1*	*0*	*1*	*1*	*-15*	*24*	*4*	*1*
Non-ferrous metals	7.9	97	96	96	111	121	118	120	128	132	133	135	135	73	100	122	134
		8	*-2*	*0*	*15*	*9*	*-3*	*3*	*6*	*3*	*1*	*2*	*0*	*-31*	*37*	*22*	*10*
Ferrous raw materials[2]	3.2	71	103	117	108	118	134	138	138	133	133	123	123	67	100	132	128
		2	*44*	*14*	*-7*	*9*	*13*	*3*	*0*	*-4*	*0*	*-8*	*0*	*-30*	*48*	*32*	*-3*
Energy raw materials	79.2	**97**	**99**	**96**	**108**	**126**	**137**	**132**	**128**	**128**	**129**	**124**	**123**	**78**	**100**	**131**	**126**
		3	*2*	*-3*	*13*	*17*	*8*	*-4*	*-3*	*0*	*1*	*-4*	*-1*	*-37*	*28*	*31*	*-4*
Coal[3]	4.5	95	101	95	110	129	125	125	127	127	122	122	127	72	100	127	125
		23	*6*	*-6*	*16*	*18*	*-3*	*0*	*2*	*0*	*-4*	*0*	*4*	*-45*	*38*	*27*	*-2*
Crude oil	74.6	97	99	96	108	126	138	132	128	128	129	124	123	78	100	131	126
		2	*2*	*-3*	*13*	*17*	*9*	*-4*	*-3*	*0*	*1*	*-4*	*-1*	*-37*	*28*	*31*	*-4*

[1] HWWI index, total [2] iron ore, steel scrap [3] steam coal

Table A2 Actual and forecast commodity price indices (index in euro terms, 2010=100, percentage change on previous period)

Commodity	Weight	10/1	10/2	10/3	10/4	11/1	11/2	11/3	11/4	12/1	12/2	12/3	12/4	2009	2010	2011	2012
All commodities[1]	100	**92**	**102**	**99**	**106**	**122**	**126**	**122**	**120**	**118**	**118**	**115**	**114**	**73**	**100**	**122**	**116**
		10	*11*	*-3*	*7*	*15*	*3*	*-3*	*-2*	*-2*	*1*	*-3*	*0*	*-31*	*36*	*22*	*-5*
Total excl. energy	20.8	**87**	**99**	**104**	**109**	**119**	**117**	**119**	**122**	**120**	**120**	**120**	**121**	**73**	**100**	**119**	**120**
		11	*13*	*5*	*5*	*9*	*-2*	*2*	*3*	*-2*	*0*	*0*	*0*	*-19*	*37*	*19*	*1*
Food total	5.5	**88**	**92**	**103**	**115**	**131**	**128**	**129**	**130**	**127**	**127**	**128**	**129**	**86**	**100**	**129**	**128**
		5	*5*	*12*	*12*	*13*	*-2*	*1*	*1*	*-2*	*0*	*1*	*1*	*-9*	*17*	*29*	*-1*
Cereals	1.4	85	87	105	122	140	146	147	146	143	143	142	141	88	100	145	142
		3	*2*	*20*	*16*	*15*	*4*	*1*	*-1*	*-2*	*0*	*0*	*-1*	*-25*	*14*	*45*	*-2*
Tropical beverages, sugar	2.1	91	93	104	111	128	119	119	120	114	111	110	110	78	100	121	111
		8	*2*	*12*	*7*	*15*	*-7*	*0*	*1*	*-5*	*-3*	*0*	*0*	*11*	*27*	*21*	*-8*
Oilseeds, vegetable oils	1.9	87	96	102	115	128	124	126	128	130	134	137	140	92	100	126	135
		2	*10*	*6*	*13*	*11*	*-3*	*1*	*2*	*1*	*3*	*2*	*2*	*-11*	*9*	*26*	*7*
Industrial raw materials	15.4	**87**	**102**	**104**	**107**	**115**	**113**	**115**	**119**	**117**	**118**	**118**	**118**	**68**	**100**	**116**	**118**
		14	*17*	*3*	*2*	*8*	*-1*	*2*	*3*	*-2*	*1*	*0*	*0*	*-23*	*47*	*16*	*2*
Agricultural raw materials	4.3	90	102	103	105	111	111	110	111	108	109	110	112	70	100	111	110
		12	*13*	*1*	*2*	*5*	*0*	*0*	*0*	*-2*	*1*	*1*	*1*	*-13*	*42*	*11*	*-1*
Textile fibres	0.2	85	93	96	125	168	162	159	149	135	131	131	131	64	100	160	132
		15	*10*	*3*	*30*	*35*	*-4*	*-1*	*-6*	*-10*	*-3*	*0*	*0*	*-9*	*57*	*60*	*-17*
Wood products	3.1	91	104	105	100	97	98	98	98	95	95	96	97	76	100	97	96
		7	*14*	*1*	*-5*	*-3*	*1*	*0*	*0*	*-3*	*0*	*1*	*1*	*-10*	*31*	*-3*	*-2*
Non-ferrous metals	7.9	93	100	99	108	117	110	112	120	120	121	124	124	69	100	115	122
		16	*7*	*-1*	*9*	*9*	*-7*	*3*	*6*	*0*	*1*	*2*	*0*	*-27*	*45*	*15*	*6*
Ferrous raw materials[2]	3.2	68	106	119	105	114	125	129	129	122	121	112	112	64	100	124	117
		9	*57*	*12*	*-12*	*8*	*10*	*3*	*0*	*-6*	*0*	*-8*	*0*	*-26*	*57*	*24*	*-6*
Energy raw materials	79.2	**93**	**103**	**98**	**106**	**122**	**128**	**123**	**120**	**117**	**118**	**113**	**113**	**73**	**100**	**123**	**115**
		10	*11*	*-5*	*7*	*16*	*4*	*-4*	*-3*	*-2*	*1*	*-4*	*-1*	*-33*	*36*	*23*	*-6*
Coal[3]	4.5	91	105	97	107	125	117	117	119	116	112	112	116	69	100	119	114
		31	*15*	*-7*	*11*	*17*	*-7*	*0*	*2*	*-2*	*-4*	*0*	*4*	*-41*	*45*	*19*	*-5*
Crude oil	74.6	93	103	98	105	122	128	123	120	117	118	114	112	74	100	123	115
		9	*10*	*-5*	*7*	*16*	*5*	*-4*	*-3*	*-2*	*1*	*-4*	*-1*	*-33*	*36*	*23*	*-7*

[1] HWWI index, total [2] iron ore, steel scrap [3] steam coal

$/€	1.38	1.27	1.29	1.36	1.37	1.42	1.42	1.42	1.45	1.45	1.45	1.45	1.39	1.33	1.41	1.45

Table A3 Actual and forecast prices of individual commodities

Index in US$ terms, 2010=100, percentage change on previous period

Commodity		10/1	10/2	10/3	10/4	11/1	11/2	11/3	11/4	12/1	12/2	12/3	12/4	2009	2010	2011	2012
Barley	CAN	91	92	101	115	126	133	133	134	136	138	139	139	81	100	131	138
		3	*1*	*10*	*14*	*10*	*5*	*0*	*1*	*1*	*1*	*1*	*0*	*-37*	*24*	*31*	*5*
Maize	USA	87	83	99	131	156	175	177	177	179	180	181	181	87	100	171	180
		-4	*-4*	*19*	*32*	*19*	*12*	*1*	*0*	*1*	*1*	*1*	*0*	*-30*	*15*	*71*	*5*
Rice	THAI	111	91	93	105	104	102	101	100	99	99	99	99	112	100	102	99
		-1	*-18*	*2*	*13*	*-1*	*-2*	*-1*	*-1*	*-1*	*0*	*0*	*0*	*-16*	*-10*	*2*	*-3*
Wheat	US	82	80	111	125	146	153	153	150	148	145	142	138	92	100	150	143
		-4	*-3*	*39*	*13*	*16*	*5*	*0*	*-2*	*-1*	*-2*	*-2*	*-2*	*-33*	*9*	*50*	*-5*
Coffee	US,D,F	85	90	107	117	144	147	151	156	151	145	146	148	78	100	150	148
		3	*6*	*19*	*10*	*23*	*2*	*3*	*4*	*-4*	*-4*	*1*	*1*	*-7*	*28*	*50*	*-1*
Cocoa	US	105	103	98	95	107	97	94	95	95	95	96	96	92	100	98	96
		-4	*-3*	*-5*	*-3*	*13*	*-9*	*-3*	*1*	*0*	*0*	*1*	*0*	*12*	*8*	*-2*	*-3*
Tea	avg	102	91	100	107	102	97	94	90	90	93	94	97	96	100	96	94
		-13	*-11*	*10*	*7*	*-4*	*-5*	*-3*	*-4*	*0*	*3*	*1*	*3*	*17*	*4*	*-4*	*-2*
Sugar	US	111	69	90	130	137	116	107	98	94	89	80	76	80	100	115	85
		8	*-37*	*30*	*44*	*6*	*-15*	*-8*	*-8*	*-5*	*-5*	*-10*	*-6*	*47*	*25*	*15*	*-26*
Soybeans	US	91	92	98	119	132	133	135	138	142	146	150	153	97	100	134	148
		-5	*0*	*7*	*21*	*11*	*1*	*1*	*2*	*3*	*3*	*2*	*2*	*-18*	*3*	*34*	*10*
Soybean meal	US	93	94	100	113	123	123	125	126	130	134	137	140	107	100	124	135
		-8	*1*	*7*	*13*	*9*	*0*	*1*	*1*	*3*	*3*	*2*	*2*	*-4*	*-6*	*24*	*9*
Soybean oil	US	92	91	96	121	136	140	143	146	151	157	161	165	85	100	141	159
		1	*-1*	*5*	*27*	*12*	*3*	*2*	*2*	*4*	*4*	*2*	*2*	*-31*	*18*	*41*	*13*
Cotton	US	81	87	94	137	192	202	188	175	163	151	147	142	61	100	189	151
		9	*7*	*7*	*47*	*40*	*6*	*-7*	*-7*	*-7*	*-7*	*-3*	*-3*	*-11*	*64*	*89*	*-20*
Wool	AUS	98	93	94	115	149	134	147	140	126	132	139	146	76	100	142	136
		5	*-5*	*1*	*22*	*29*	*-10*	*10*	*-5*	*-10*	*5*	*5*	*5*	*-16*	*32*	*42*	*-5*
Natural rubber	THAI	91	91	93	124	155	159	156	161	167	172	176	179	55	100	158	174
		23	*-1*	*3*	*34*	*24*	*3*	*-2*	*3*	*4*	*3*	*2*	*2*	*-26*	*81*	*58*	*10*
Softwood	S	98	99	101	102	98	100	100	102	102	104	106	108	88	100	100	105
		-5	*1*	*3*	*1*	*-4*	*2*	*0*	*2*	*1*	*2*	*2*	*2*	*-7*	*14*	*0*	*5*
Woodpulp	FIN	91	101	105	103	102	108	108	106	103	101	100	100	71	100	106	101
		10	*12*	*3*	*-2*	*0*	*6*	*0*	*-2*	*-3*	*-2*	*-1*	*-1*	*-23*	*42*	*6*	*-5*
Aluminium	GB	100	97	96	108	115	110	116	129	134	137	142	143	77	100	117	139
		8	*-3*	*0*	*12*	*7*	*-4*	*5*	*11*	*5*	*2*	*4*	*1*	*-35*	*30*	*17*	*19*
Copper	GB	96	93	96	115	128	127	127	130	132	131	128	124	68	100	128	129
		9	*-3*	*3*	*19*	*12*	*-1*	*0*	*3*	*2*	*-1*	*-2*	*-3*	*-26*	*46*	*28*	*1*
Lead	GB	104	91	95	111	121	116	120	122	122	125	131	135	80	100	120	128
		-3	*-12*	*4*	*18*	*9*	*-4*	*3*	*2*	*0*	*2*	*5*	*3*	*24*	*24*	*7*	*0*
Nickel	GB	91	103	97	108	123	113	115	119	121	126	132	139	67	100	118	129
		14	*13*	*-6*	*11*	*14*	*-9*	*2*	*3*	*2*	*4*	*6*	*5*	*-30*	*48*	*18*	*10*
Tin	GB	84	87	101	127	146	155	151	151	143	133	127	120	66	100	151	131
		13	*4*	*15*	*27*	*15*	*6*	*-2*	*0*	*-6*	*-7*	*-4*	*-6*	*-27*	*51*	*51*	*-13*
Zinc	GB	106	94	93	107	111	118	121	124	122	123	129	132	77	100	118	127
		4	*-11*	*-1*	*15*	*4*	*6*	*3*	*2*	*-1*	*1*	*5*	*2*	*-12*	*30*	*18*	*7*
Iron ore	BRA	62	103	123	111	119	142	149	149	142	142	128	128	62	100	140	135
		0	*67*	*20*	*-10*	*7*	*19*	*5*	*0*	*-5*	*0*	*-10*	*0*	*-28*	*62*	*40*	*-4*
Steel scrap	US	94	102	102	102	115	114	112	112	112	111	111	111	81	100	113	111
		5	*8*	*0*	*0*	*13*	*-1*	*-2*	*0*	*0*	*-1*	*0*	*0*	*-33*	*23*	*13*	*-2*
Steel scrap	EU	95	102	102	101	115	114	112	112	112	111	111	111	81	100	113	111
		6	*8*	*-1*	*0*	*13*	*-1*	*-2*	*0*	*0*	*-2*	*0*	*0*	*-35*	*23*	*13*	*-2*
Steam coal	AUS	96	101	94	109	129	124	124	126	126	121	121	126	73	100	125	123
		22	*5*	*-7*	*16*	*18*	*-4*	*0*	*2*	*0*	*-4*	*0*	*4*	*-44*	*37*	*25*	*-2*
Steam coal	SA	92	99	96	113	132	129	129	130	130	125	125	130	70	100	130	128
		23	*8*	*-4*	*18*	*17*	*-2*	*0*	*1*	*0*	*-4*	*0*	*4*	*-47*	*42*	*30*	*-2*
Crude oil	avg	97	99	96	108	126	138	132	128	128	129	124	123	78	100	131	126
		2	*2*	*-3*	*13*	*17*	*9*	*-4*	*-3*	*0*	*1*	*-4*	*-1*	*-37*	*28*	*31*	*-4*

Table A4 Actual and forecast prices of individual commodities

Index in euro terms, 2010=100, percentage change on previous period

Commodity		10/1	10/2	10/3	10/4	11/1	11/2	11/3	11/4	12/1	12/2	12/3	12/4	2009	2010	2011	2012
Barley	CAN	87	96	104	113	122	124	124	125	124	126	127	127	77	100	124	126
		10	*10*	*8*	*9*	*9*	*1*	*0*	*1*	*-1*	*1*	*1*	*0*	*-33*	*31*	*24*	*2*
Maize	USA	83	87	102	128	152	164	166	166	164	165	166	166	83	100	162	165
		2	*4*	*17*	*26*	*19*	*8*	*1*	*0*	*-1*	*1*	*1*	*0*	*-25*	*20*	*62*	*2*
Rice	THAI	107	95	95	103	101	96	95	94	91	91	91	91	107	100	96	91
		5	*-11*	*0*	*8*	*-1*	*-6*	*-1*	*-1*	*-3*	*0*	*0*	*0*	*-11*	*-6*	*-4*	*-6*
Wheat	US	79	83	114	122	141	143	143	140	135	132	129	127	88	100	142	131
		2	*6*	*36*	*7*	*16*	*1*	*0*	*-2*	*-3*	*-2*	*-2*	*-2*	*-29*	*14*	*42*	*-8*
Coffee	US,D,F	81	93	110	114	139	137	141	146	138	132	134	135	74	100	141	135
		10	*15*	*17*	*4*	*22*	*-2*	*3*	*4*	*-5*	*-4*	*1*	*1*	*-2*	*35*	*41*	*-4*
Cocoa	US	101	107	100	92	103	91	88	89	87	87	88	88	88	100	93	87
		3	*6*	*-6*	*-8*	*12*	*-12*	*-3*	*1*	*-2*	*0*	*1*	*0*	*18*	*14*	*-7*	*-6*
Tea	avg	98	95	102	104	99	91	88	84	83	85	86	89	91	100	91	86
		-7	*-3*	*8*	*2*	*-5*	*-9*	*-3*	*-4*	*-2*	*3*	*1*	*3*	*22*	*10*	*-9*	*-5*
Sugar	US	107	73	93	127	134	109	101	92	86	82	74	70	76	100	109	78
		15	*-32*	*28*	*37*	*5*	*-19*	*-8*	*-8*	*-6*	*-5*	*-10*	*-6*	*53*	*32*	*9*	*-28*
Soybeans	US	88	95	101	116	128	124	126	129	130	134	137	140	93	100	127	135
		2	*9*	*5*	*15*	*10*	*-3*	*1*	*3*	*1*	*3*	*2*	*2*	*-12*	*8*	*27*	*7*
Soybean meal	US	89	98	103	110	120	115	116	118	119	123	125	127	102	100	117	123
		-2	*10*	*5*	*7*	*9*	*-4*	*1*	*1*	*1*	*3*	*2*	*2*	*2*	*-2*	*17*	*5*
Soybean oil	US	88	95	98	118	132	131	133	136	138	144	148	151	81	100	133	145
		8	*7*	*4*	*20*	*11*	*-1*	*2*	*2*	*2*	*4*	*2*	*3*	*-26*	*24*	*33*	*9*
Cotton	US	78	91	96	134	186	189	176	163	149	138	134	130	58	100	178	138
		17	*17*	*6*	*40*	*38*	*2*	*-7*	*-7*	*-9*	*-7*	*-3*	*-3*	*-6*	*73*	*78*	*-23*
Wool	AUS	94	97	96	112	144	125	137	131	115	121	127	133	71	100	134	124
		13	*3*	*0*	*16*	*28*	*-13*	*10*	*-5*	*-12*	*5*	*5*	*5*	*-12*	*40*	*34*	*-8*
Natural rubber	THAI	88	94	96	122	150	149	146	150	153	157	161	164	52	100	149	159
		31	*8*	*2*	*27*	*23*	*-1*	*-2*	*3*	*2*	*3*	*2*	*2*	*-22*	*92*	*49*	*7*
Softwood	S	94	103	104	99	95	93	93	95	93	95	97	99	83	100	94	96
		2	*10*	*1*	*-4*	*-5*	*-2*	*0*	*2*	*-1*	*2*	*2*	*2*	*-2*	*20*	*-6*	*2*
Woodpulp	FIN	87	106	107	100	99	101	101	99	94	92	92	91	67	100	100	92
		17	*22*	*2*	*-7*	*-1*	*2*	*0*	*-2*	*-5*	*-2*	*-1*	*0*	*-19*	*50*	*0*	*-7*
Aluminium	GB	95	100	99	105	112	103	108	120	123	125	130	131	73	100	111	127
		15	*5*	*-2*	*7*	*6*	*-8*	*5*	*11*	*2*	*2*	*4*	*1*	*-32*	*38*	*11*	*15*
Copper	GB	92	97	99	112	124	118	119	122	121	120	117	113	65	100	121	118
		16	*6*	*2*	*13*	*11*	*-5*	*0*	*3*	*-1*	*-1*	*-2*	*-3*	*-22*	*55*	*21*	*-3*
Lead	GB	99	95	97	109	118	109	112	114	112	115	120	124	76	100	113	118
		4	*-5*	*3*	*12*	*8*	*-8*	*3*	*2*	*-2*	*2*	*5*	*3*	*-13*	*32*	*13*	*4*
Nickel	GB	88	107	100	106	120	105	108	111	111	115	121	127	64	100	111	118
		22	*22*	*-7*	*6*	*13*	*-12*	*2*	*3*	*0*	*4*	*6*	*5*	*-26*	*57*	*11*	*7*
Tin	GB	81	91	103	124	142	145	141	141	131	121	116	110	63	100	142	120
		21	*13*	*13*	*20*	*14*	*2*	*-2*	*0*	*-8*	*-7*	*-4*	*-6*	*-23*	*59*	*42*	*-16*
Zinc	GB	102	98	96	105	108	110	113	116	112	113	118	121	73	100	112	116
		10	*-4*	*-2*	*9*	*3*	*2*	*3*	*2*	*-3*	*1*	*5*	*2*	*-7*	*38*	*12*	*4*
Iron ore	BRA	59	107	126	108	115	132	138	138	129	129	116	116	58	100	131	122
		7	*82*	*18*	*-15*	*7*	*14*	*5*	*0*	*-7*	*0*	*-10*	*0*	*-24*	*72*	*31*	*-7*
Steel scrap	US	90	106	104	99	111	106	105	105	102	101	101	101	77	100	107	101
		13	*18*	*-2*	*-5*	*12*	*-5*	*-2*	*0*	*-2*	*-1*	*0*	*0*	*-28*	*30*	*7*	*-5*
Steel scrap	EU	91	106	104	99	111	106	105	105	102	101	101	101	77	100	107	101
		13	*18*	*-2*	*-5*	*13*	*-5*	*-1*	*0*	*-2*	*-2*	*0*	*0*	*-30*	*30*	*7*	*-5*
Steam coal	AUS	92	105	97	106	125	115	115	117	115	110	110	115	69	100	118	113
		31	*15*	*-8*	*10*	*17*	*-8*	*0*	*2*	*-2*	*-4*	*0*	*4*	*-40*	*44*	*18*	*-5*
Steam coal	SA	88	104	98	110	128	120	120	121	119	114	114	119	67	100	122	117
		31	*18*	*-5*	*12*	*16*	*-6*	*0*	*1*	*-2*	*-4*	*0*	*4*	*-43*	*49*	*22*	*-5*
Crude oil	avg	93	103	98	105	122	128	123	120	117	118	114	112	74	100	123	115
		9	*10*	*-5*	*7*	*16*	*5*	*-4*	*-3*	*-2*	*1*	*-4*	*-1*	*-33*	*36*	*23*	*-7*
$/€		1.38	1.27	1.29	1.36	1.37	1.42	1.42	1.42	1.45	1.45	1.45	1.45	1.39	1.33	1.41	1.45

Table A5 Commodities not included in the HWWI index

2010=100, percentage change on previous period

in US$ terms	10/1	10/2	10/3	10/4	11/1	11/2	11/3	11/4	12/1	12/2	12/3	12/4	2009	2010	2011	2012
Coking coal	264	409	460	427	460	675	481	511	532	491	491	532	351	390	532	511
	0	*55*	*13*	*-7*	*8*	*47*	*-29*	*6*	*4*	*-8*	*0*	*8*	*-31*	*11*	*36*	*-4*
Natural gas	229	198	214	221	245	254	259	264	267	272	272	272	226	215	256	271
	13	*-14*	*8*	*3*	*11*	*4*	*2*	*2*	*1*	*2*	*0*	*0*	*-35*	*-5*	*19*	*6*
Steel reinforcing rounds	239	272	233	241	262	262	271	276	276	271	271	271	230	246	268	272
	2	*14*	*-14*	*3*	*9*	*0*	*3*	*2*	*0*	*-2*	*0*	*0*	*-31*	*7*	*9*	*2*
in euro terms																
Coking coal	176	297	329	291	311	439	313	333	339	313	313	339	237	273	349	326
	7	*69*	*11*	*-12*	*7*	*41*	*-29*	*6*	*2*	*-8*	*0*	*8*	*-27*	*15*	*28*	*-7*
Natural gas	153	144	153	151	165	165	169	172	170	173	173	173	151	150	168	173
	21	*-6*	*7*	*-2*	*10*	*0*	*2*	*2*	*-1*	*2*	*0*	*0*	*-31*	*-1*	*12*	*3*
Steel reinforcing rounds	160	198	167	164	177	171	176	179	176	173	173	173	152	172	176	174
	9	*24*	*-15*	*-2*	*8*	*-4*	*3*	*2*	*-2*	*-2*	*0*	*0*	*-27*	*13*	*2*	*-1*

Table A6 Weights of commodities and commodity groups[1]

per cent share in:	total	excl. energy		total	excl. energy
HWWI index, total	100		**Industrial raw materials**	15.4	73.8
Total excl. energy	20.8	100	Agricultural raw materials	4.3	20.6
			- Cotton	0.1	0.6
Food total	5.5	26.2	- Wool	0.1	0.4
			- Hides	0.1	0.7
Cereals	1.4	6.9	- Natural rubber	0.8	3.9
- Barley	0.0	0.2	- Wood	1.8	8.9
- Maize	0.7	3.4	- Woodpulp	1.3	6.1
- Wheat	0.5	2.3			
- Rice	0.2	0.9	Non-ferrous metals	7.9	37.9
			- Aluminium	3.7	17.6
Oilseeds, vegetable oils	1.9	9.1	- Copper	2.5	12.2
- Soybeans	0.7	3.5	- Lead	0.2	0.8
- Soybean meal	0.8	3.7	- Nickel	0.9	4.4
- Soybean oil	0.1	0.2	- Tin	0.2	0.9
- Coconut oil	0.1	0.4	- Zinc	0.4	2.0
- Palm oil	0.2	0.8			
- Sunflower oil	0.1	0.5	Iron ore, steel scrap	3.2	15.3
			- Iron ore	2.2	10.8
Tropical beverages, sugar	2.1	10.3	- Steel scrap	0.9	4.5
- Coffee	1.2	5.6			
- Cocoa	0.5	2.2	**Energy raw materials**	79.2	
- Tea	0.2	0.7	- Coal	4.5	
- Sugar	0.4	1.8	- Crude oil	74.6	

[1] Based on world imports of OECD countries minus Intra-EU trade, 2005-2007

Table 7 Price quotations included in the HWWI Commodity Price Index

	Variety	Market/ origin	Currency / units of quotation
Barley	Canadian No. 1 Western, nearest month	Winnipeg	CAD/t
Maize	US No. 2 yellow , nearest month	Chicago	US¢ / 56lb bushel
Rice	White Thai Long Grain, 100% B Grade, fob	Bangkok	US$/t
Wheat	US hard red winter, nearest month	Kansas City	US¢ / 60lb bushel
Soybeans	US No. 2 yellow, in bulk, nearest month	Chicago	US¢ / 60lb bushel
Soybean meal	48 percent protein, fob railroad cars at shipping plants, nearest month	Chicago	US$/sht
Soybean oil	Raw, ex warehouse, nearest month	Chicago	US¢/lb
Coconut oil	Philippines, bulk, cif Rotterdam	Rotterdam	US$/t
Palm oil	Malaysian, 5 % , cif England, nearest month	London	US$/t
Sunflower seed oil	All origins, ex tank Rotterdam, nearest month	Rotterdam	US$/t
Coffee	ICO composite average indicator price	NY,F,D	US¢/lb
Cocoa	ICCO price, average daily	London/NY	US$/t
Tea	Average price of Calcutta, Colombo and Kenia auctions		US¢/kg
Sugar	Raw, CSCE, contract No 11, nearest month	New York	US¢/lb
Cotton	Middling upland, 1 1/16 inches, contract No 2, nearest month	New York	US¢/lb
Hides	US, heavy domestic steers, ex warehouse	Chicago	US$/pc
Wood	Sawnwood, Swedish pine, 63 x 175 mm, cif NW Europe	NW Europe	EUR/m³
Rubber	Natural rubber, RSS 1, nearest month	Kuala Lumpur	Malays.¢/kg
Aluminium	Primary High Grade, ex warehouse, cash	London	US$/t
Lead	Standard, ex warehouse, cash	London	US$/t
Copper	Grade A, ex warehouse, cash	London	US$/t
Nickel	Primary High Grade, ex warehouse, cash	London	US$/t
Zinc	Special High Grade, ex warehouse, cash	London	US$/t
Tin	Ex warehouse, cash	London	US$/t
Iron ore	Brazilian, Carajás fines, contract price to Europe, fob	P da Madeira	US¢/dmtu
Steel scrap 1	No. 1 Steel (HMS1)	NE USA	US$/long ton
Steel scrap 2	No. 1 Steel	Europe	EUR/t
Coal 1	Australian steam coal, average spot price, fob	Newcastle	US$/t
Coal 2	South African steam coal, average spot price, fob	Richards Bay	US$/t
Crude oil 1	Dubai, 32% API, spot price, fob	London	US$/barrel
Crude oil 2	Brent, 38% API, spot price, fob	London	US$/barrel
Crude oil 3	West Texas Intermediate, 40% API, spot price, fob	USA	US$/barrel

4.2 World trade

Table A8: Imports volumes of goods

(annual percentage change)

	Weights	2010	2011	2012
World	***100,0***	***13,9***	***8,3***	***7,4***
Advanced economies	***54,8***	***10,3***	***6,8***	***5,5***
Euro Area	*25,7*	**8,7**	***5,6***	***5,2***
Austria	*1,0*	10,9	7,0	6,5
Belgium	*2,0*	6,6	4,5	5,5
Germany	*7,1*	12,6	8,5	7,0
Spain	*2,2*	5,4	4,0	4,5
Finland	*0,5*	9,9	10,5	6,0
France	*3,9*	8,6	6,5	5,5
Greece	*0,4*	-4,9	-5,0	0,0
Ireland	*0,9*	0,2	1,5	1,5
Italy	*3,2*	11,2	4,0	4,0
Luxembourg	*0,3*	-9,9	1,0	1,0
Netherlands	*2,8*	9,9	5,0	5,0
Portugal	*0,5*	-0,8	0,0	2,0
Slovenia	*0,2*	14,9	11,5	12,6
United Kingdom	*4,0*	11,2	6,5	4,0
Sweden	*1,1*	17,3	9,6	6,3
Denmark	*0,7*	4,5	7,2	4,3
Switzerland	*1,2*	9,8	6,6	7,9
United States	*12,7*	14,7	9,0	5,5
Japan	*4,3*	10,4	6,0	8,0
Australia	*1,3*	-6,1	7,0	7,0
New Zealand	*0,2*	3,0	8,0	6,0
Canada	*2,7*	14,8	8,0	5,0
Norway	*0,6*	7,0	7,0	6,0
Iceland	*0,0*	6,5	3,5	5,0
Emerging Economies	*45,2*	**18,7**	**10,2**	**9,8**
C+E Europe	*8,0*	**13,4**	**10,0**	**9,5**
Poland	*1,1*	11,1	12,5	13,7
Hungary	*0,6*	15,0	13,0	11,0
Czech Republic	*0,8*	8,4	9,7	9,5
Emerging Asia	*24,6*	21,7	11,0	10,0
China	*8,3*	22,4	13,0	10,0
NIEs	*9,3*	18,0	10,0	10,0
Other Asia	*7,0*	25,8	10,0	10,0
Latin America	*5,5*	**25,2**	**11,0**	**10,0**
Africa + Middle East	*7,2*	**11,0**	**7,0**	**9,0**

Table A9: Export volumes of goods

(annual percentage change)

	Weights	2009	2010	2011	2012
World	***100,0***	**-12,1**	***14,3***	***8,1***	***7,2***
Advanced economies	*52,7*	***-14,4***	***12,3***	***7,0***	***6,1***
Euro Area	*26,2*	**-14,5**	**11,0**	**7,2**	**5,8**
Austria	*1,1*	-18,7	12,7	8,5	7,5
Belgium	*2,0*	-11,4	9,5	5,5	5,5
Germany	*8,0*	-17,5	15,0	9,0	7,0
Spain	*2,0*	-13,5	8,1	7,5	5,0
Finland	*0,5*	-23,1	9,9	11,5	6,0
France	*3,5*	-13,0	11,6	7,0	6,0
Greece	*0,3*	-18,0	3,8	8,0	7,0
Ireland	*1,1*	-2,0	7,2	6,0	5,0
Italy	*2,9*	-20,0	10,0	5,5	4,5
Luxembourg	*0,4*	-10,5	-7,3	3,0	3,0
Netherlands	*3,1*	-10,5	10,6	7,0	6,0
Portugal	*0,4*	-13,0	5,9	5,0	5,0
Slovenia	*0,2*		13,6	12,0	11,0
United Kingdom	*3,5*	-14,3	10,7	8,0	7,0
Sweden	*1,3*	-17,0	14,3	10,5	5,5
Denmark	*0,8*	-12,0	4,5	5,0	4,0
Switzerland	*1,5*	-11,1	9,2	4,5	6,0
United States	*9,8*	-12,0	14,7	8,5	7,5
Japan	*4,7*	-24,5	26,2	4,0	7,0
Australia	*1,4*	-4,3	12,0	5,0	5,0
New Zealand	*0,2*	1,5	3,2	5,0	5,0
Canada	*2,5*	-16,0	8,0	7,0	4,5
Norway	*0,9*	-4,0	-2,7	2,0	2,0
Iceland	*0,0*	-15,5	12,4	6,0	6,0
Emerging Economies	*47,3*	**-9,3**	**16,8**	**9,3**	**8,5**
C+E Europe	*8,3*	-12,0	11,5	7,5	7,0
Poland	*1,0*	-7,9	10,4	10,6	11,3
Hungary	*0,6*		16,0	13,0	10,0
Czech Republic	*0,8*		9,6	11,3	10,2
Emerging Asia	*25,6*	-8,6	22,0	10,4	9,4
China	*9,4*	-10,5	30,0	11,0	10,0
NIEs	*9,8*	-7,8	20,0	10,0	9,0
Other Asia	*6,4*	-7,0	14,0	10,0	9,0
Latin America	*5,3*	-11,0	14,0	10,0	8,0
Africa + Middle East	*8,0*	-7,5	8,5	7,0	7,5

Table A10: Changes in export market shares

(in percentage points)

		2010	2011	2012
Euro area (extra trade only)	Export growth	11,0	7,2	5,8
	Foreign demand	13,7	8,6	7,7
	Export market share	**-2,8**	**-1,4**	**-1,8**
UK	Export growth	10,7	8,0	7,0
	Foreign demand	11,4	7,2	6,4
	Export market share	**-0,7**	**0,8**	**0,6**
Denmark	Export growth	4,5	5,0	4,0
	Foreign demand	11,8	7,4	6,2
	Export market share	**-7,3**	**-2,4**	**-2,2**
Sweden	Export growth	14,3	10,5	5,5
	Foreign demand	10,4	7,1	6,2
	Export market share	**3,9**	**3,4**	**-0,7**
US	Export growth	14,7	8,5	7,5
	Foreign demand	16,2	8,6	7,6
	Export market share	**-1,5**	**-0,1**	**-0,1**
Japan	Export growth	26,2	4,0	7,0
	Foreign demand	17,0	9,5	8,2
	Export market share	**9,2**	**-5,5**	**-1,2**
Switzerland	Export growth	9,2	4,5	6,0
	Foreign demand	11,7	7,2	6,4
	Export market share	**-2,5**	**-2,7**	**-0,4**
Emerging Asia	Export growth	22,0	10,4	9,4
	Foreign demand	11,8	7,5	6,8
	Export market share	**10,2**	**2,8**	**2,5**
China	Export growth	30,0	11,0	10,0
	Foreign demand	15,2	8,7	7,8
	Export market share	**14,8**	**2,3**	**2,2**
Latin America	Export growth	14,0	10,0	8,0
	Foreign demand	14,1	8,5	6,4
	Export market share	**-0,1**	**1,5**	**1,6**
C+E Europe	Export growth	11,5	7,5	7,0
	Foreign demand	10,2	6,6	6,0
	Export market share	**1,3**	**0,9**	**1,0**
Canada	Export growth	8,0	7,0	4,5
	Foreign demand	14,6	8,8	6,0
	Export market share	**-6,6**	**-1,8**	**-1,5**
Africa and Middle East	Export growth	8,5	7,0	7,5
	Foreign demand	14,9	8,4	7,5
	Export market share	**-6,4**	**-1,4**	**0,0**

Table A11: Change in export market shares (for euro area members)

(in percentage points)

		2010	2011	2012
Germany	Export growth	15,0	9,0	7,0
	Foreign demand	11,4	7,1	6,6
	Export market share	**3,6**	**1,9**	**0,4**
France	Export growth	11,6	7,0	6,0
	Foreign demand	11,3	6,9	6,4
	Export market share	**0,3**	**0,1**	**-0,4**
Italy	Export growth	10,0	5,5	4,5
	Foreign demand	11,3	7,3	6,8
	Export market share	**-1,3**	**-1,8**	**-2,3**
Spain	Export growth	8,1	7,5	5,0
	Foreign demand	10,3	6,4	6,0
	Export market share	**-2,2**	**1,1**	**-1,0**
Netherlands	Export growth	10,6	7,0	6,0
	Foreign demand	10,9	7,0	6,3
	Export market share	**-0,3**	**0,0**	**-0,3**
Austria	Export growth	12,7	8,5	7,5
	Foreign demand	12,0	7,7	7,0
	Export market share	**0,7**	**0,8**	**0,5**
Finland	Export growth	9,9	11,5	6,0
	Foreign demand	12,6	7,9	7,0
	Export market share	**-2,7**	**3,6**	**-1,0**
Belgium	Export growth	9,5	5,5	5,5
	Foreign demand	10,9	7,0	6,1
	Export market share	**-1,4**	**-1,5**	**-0,6**
Greece	Export growth	3,8	8,0	7,0
	Foreign demand	11,6	7,4	6,9
	Export market share	**-7,8**	**0,6**	**0,1**
Ireland	Export growth	7,2	6,0	5,0
	Foreign demand	11,3	7,0	5,8
	Export market share	**-4,1**	**-1,0**	**-0,8**
Luxembourg	Export growth	-7,3	3,0	3,0
	Foreign demand	10,5	6,7	6,0
	Export market share	**-17,8**	**-3,7**	**-3,0**
Portugal	Export growth	5,9	5,0	5,0
	Foreign demand	9,9	6,3	6,0
	Export market share	**-4,0**	**-1,3**	**-1,0**
Slovenia	Export growth	13,6	12,0	11,0
	Foreign demand	11,9	7,9	7,2
	Export market share	**1,7**	**4,1**	**3,8**

Table A12: Import prices of goods (in USD)

(annual percentage change)

	Weights	2010	2011	2012
World	***100.0***	***9.6***	***1.1***	***0.0***
Advanced economies	***54.8***	***10.4***	***-0.2***	***-0.2***
Euro Area	***25.7***	**12.6**	**-2.1**	**-1.3**
Austria	***1.0***	11.1	-2.4	-0.4
Belgium	***2.0***	14.5	-3.7	-0.8
Germany	***7.1***	11.4	-2.6	-2.3
Spain	***2.2***	11.7	-3.1	0.0
Finland	***0.5***	14.2	1.4	-1.1
France	***3.9***	10.2	-3.8	-1.8
Greece	***0.4***	13.4	-1.6	-1.1
Ireland	***0.9***	9.6	-4.6	-0.1
Italy	***3.2***	15.6	-0.5	-2.3
Luxembourg	***0.3***	19.6	3.4	-0.1
Netherlands	***2.8***	16.6	-0.6	-1.1
Portugal	***0.5***	16.2	1.4	-1.1
Slovenia	***0.2***	24.6	15.0	22.2
United Kingdom	***4.0***	5.7	1.5	1.3
Sweden	***1.1***	-5.7	-13.0	-3.0
Denmark	***0.7***	9.7	-3.1	0.1
Switzerland	***1.2***	-4.9	-13.4	-2.0
United States	***12.7***	6.1	7.1	1.9
Japan	***4.3***	23.2	-1.9	0.4
Australia	***1.3***	33.5	3.4	-0.1
New Zealand	***0.2***	33.7	0.4	-0.1
Canada	***2.7***	-7.0	-6.4	-1.6
Norway	***0.6***	22.9	0.4	-0.1
Iceland	***0.0***	11.1	0.4	-0.1
Emerging Economies	***45.2***	**8.5**	**2.6**	**0.3**
C+E Europe	***8.0***	**5.6**	**0.0**	**0.1**
Poland	***1.1***	-1.3	-3.7	0.4
Hungary	***0.6***	9.6	0.4	-0.1
Czech Republic	***0.8***	12.7	0.4	-0.1
Emerging Asia	*24.6*	**11.3**	**-0.4**	**-0.2**
China	***8.3***	24.7	-3.6	-0.1
NIEs	***9.3***	19.7	-4.3	-0.5
Other Asia	***7.0***	22.2	0.4	0.7
Latin America	***5.5***	**6.0**	**10.0**	**2.0**
Africa + Middle East	***7.2***	**5.0**	**10.0**	**1.0**

Table A13: Export prices of goods (in USD)

(annual percentage change)

	Weights	2010	2011	2012
World	***100.0***	***10.7***	***0.5***	***0.2***
Advanced economies	***52.7***	***8.4***	***-1.4***	***0.1***
Euro Area	***26.2***	**9.6**	**-3.6**	**-0.9**
Austria	***1.1***	7.3	-4.6	-1.1
Belgium	***2.0***	12.0	-4.5	-0.8
Germany	***8.0***	8.6	-4.0	-1.8
Spain	***2.0***	7.4	-3.9	0.5
Finland	***0.5***	14.2	-2.1	-1.1
France	***3.5***	6.8	-4.1	-1.1
Greece	***0.3***	13.4	-3.6	-0.6
Ireland	***1.1***	6.7	-6.1	-1.6
Italy	***2.9***	11.3	-3.4	-0.7
Luxembourg	***0.4***	10.6	-1.6	0.9
Netherlands	***3.1***	14.4	-2.1	-1.1
Portugal	***0.4***	14.7	-1.6	-0.6
Slovenia	***0.2***	23.6	14.0	20.8
United Kingdom	***3.5***	5.8	-0.5	2.5
Sweden	***1.3***	-6.3	-14.4	-2.0
Denmark	***0.8***	9.8	-3.7	-0.5
Switzerland	***1.5***	-5.8	-12.8	-2.1
United States	***9.8***	4.4	4.3	2.0
Japan	***4.7***	14.6	3.5	2.7
Australia	***1.4***	33.5	3.4	-0.1
New Zealand	***0.2***	33.7	1.4	-0.1
Canada	***2.5***	-0.2	-3.7	-1.6
Norway	***0.9***	22.9	7.4	-0.1
Iceland	***0.0***	11.1	-1.6	-0.1
Emerging Economies	***47.3***	**13.5**	**2.7**	**0.3**
C+E Europe	***8.3***	**11.4**	**-3.1**	**-0.4**
Poland	***1.0***	-2.5	-4.7	-0.3
Hungary	***0.6***	12.0	-3.6	-0.6
Czech Republic	***0.8***	10.3	-1.6	-0.6
Emerging Asia	*25.6*	**13.2**	**-4.1**	**-0.1**
China	***9.4***	11.3	-6.3	-0.4
NIEs	***9.8***	19.2	-3.7	0.6
Other Asia	***6.4***	16.2	-4.5	-0.1
Latin America	***5.3***	**12.0**	**14.0**	**1.0**
Africa + Middle East	***8.0***	**17.5**	**23.0**	**2.0**

Table A14: Import volumes of goods: share of world total

in %

	2004	2005	2006	2007	2008	2009	2010	2011	2012
World Exports	**100,0**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**
Advanced economies	**64,6**	**63,1**	**62,1**	**60,5**	**58,3**	**57,0**	**54,8**	**54,8**	**54,8**
Euro Area	**29,9**	**29,0**	**28,7**	**29,1**	**28,3**	**27,8**	**25,7**	**25,7**	**25,7**
Austria	1,2	1,2	1,1	1,2	1,2	1,1	1,0	1,0	1,0
Belgium	2,3	2,3	2,1	2,2	2,2	2,1	2,0	2,0	2,0
Germany	8,2	7,9	8,0	7,9	7,6	7,6	7,1	7,1	7,1
Spain	2,8	2,7	2,8	2,9	2,7	2,4	2,2	2,2	2,2
Finland	0,6	0,6	0,6	0,6	0,6	0,5	0,5	0,5	0,5
France	4,7	4,5	4,4	4,3	4,3	4,3	3,9	3,9	3,9
Greece	0,5	0,5	0,6	0,6	0,6	0,5	0,4	0,4	0,4
Ireland	1,1	1,1	1,1	1,1	1,0	1,1	0,9	0,9	0,9
Italy	3,8	3,6	3,6	3,7	3,5	3,3	3,2	3,2	3,2
Luxembourg	0,3	0,3	0,3	0,4	0,4	0,4	0,3	0,3	0,3
Netherlands	3,1	2,9	2,9	2,9	2,9	3,0	2,8	2,8	2,8
Portugal	0,6	0,6	0,6	0,6	0,6	0,5	0,5	0,5	0,5
Slovenia	0,2	0,2	0,2	0,2	0,2	0,2	0,2	0,2	0,2
United Kingdom	5,5	5,3	5,3	4,9	4,4	4,3	4,0	4,0	4,0
Sweden	1,2	1,2	1,2	1,2	1,1	1,1	1,1	1,1	1,1
Denmark	0,9	0,8	1,0	1,0	0,8	0,9	0,7	0,7	0,7
Switzerland	1,2	1,2	1,1	1,1	1,1	1,2	1,2	1,2	1,2
United States	15,8	15,7	15,2	13,9	13,1	12,6	12,7	12,7	12,7
Japan	4,8	4,8	4,6	4,3	4,5	4,2	4,3	4,3	4,3
Australia	1,2	1,2	1,1	1,2	1,3	1,3	1,3	1,3	1,3
New Zealand	0,3	0,3	0,2	0,2	0,2	0,2	0,2	0,2	0,2
Canada	3,0	3,0	2,9	2,8	2,6	2,6	2,7	2,7	2,7
Norway	0,7	0,7	0,7	0,7	0,7	0,7	0,6	0,6	0,6
Iceland	0,0	0,1	0,1	0,1	0,0	0,0	0,0	0,0	0,0
Emerging economies	**35,4**	**36,9**	**37,9**	**39,5**	**41,7**	**43,0**	**45,2**	**45,2**	**45,2**
C+E Europe	**6,7**	**6,9**	**7,4**	**8,2**	**8,9**	**7,9**	**8,0**	**8,0**	**8,0**
Poland	0,9	0,9	1,0	1,1	1,2	1,1	1,1	1,1	1,1
Hungary	0,6	0,6	0,6	0,6	0,7	0,6	0,6	0,6	0,6
Czech Republic	0,7	0,7	0,7	0,8	0,8	0,8	0,8	0,8	0,8
Emerging Asia	**19,4**	**19,9**	**20,2**	**20,3**	**20,8**	**22,4**	**24,6**	**24,6**	**24,6**
China	5,4	5,6	5,9	6,1	6,4	7,2	8,3	8,3	8,3
NIES	8,8	8,7	8,7	8,5	8,4	8,6	9,3	9,3	9,3
Other Asia	5,1	5,6	5,6	5,7	6,0	6,6	7,0	7,0	7,0
Latin America	**4,4**	**4,6**	**4,8**	**4,9**	**5,2**	**5,0**	5,5	5,5	5,5
Africa+Middle East	5,0	5,4	5,6	6,1	6,9	7,6	7,2	7,2	7,2

Source: IMF WEO.
Note: Computations based on trade values in USD.

Table A15: Export volumes of goods: share of world total

in %

	2004	2005	2006	2007	2008	2009	2010	2011	2012
World Exports	**100,0**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**
Advanced economies	**61,9**	**59,2**	**57,7**	**57,0**	**55,1**	**55,1**	**52,7**	**52,7**	**52,7**
Euro Area	**31,5**	**29,9**	**29,1**	**29,5**	**28,5**	**28,3**	**26,2**	**26,2**	**26,2**
Austria	1,3	1,3	1,2	1,3	1,2	1,2	1,1	1,1	1,1
Belgium	2,4	2,3	2,2	2,2	2,1	2,1	2,0	2,0	2,0
Germany	9,4	9,0	9,0	9,1	8,7	8,6	8,0	8,0	8,0
Spain	2,4	2,3	2,2	2,3	2,2	2,2	2,0	2,0	2,0
Finland	0,7	0,6	0,6	0,7	0,6	0,6	0,5	0,5	0,5
France	4,7	4,4	4,1	4,0	3,9	3,9	3,5	3,5	3,5
Greece	0,4	0,4	0,4	0,4	0,4	0,4	0,3	0,3	0,3
Ireland	1,4	1,3	1,2	1,2	1,1	1,3	1,1	1,1	1,1
Italy	3,9	3,6	3,5	3,5	3,3	3,2	2,9	2,9	2,9
Luxembourg	0,4	0,4	0,5	0,5	0,5	0,5	0,4	0,4	0,4
Netherlands	3,4	3,3	3,2	3,2	3,3	3,3	3,1	3,1	3,1
Portugal	0,5	0,4	0,4	0,4	0,4	0,4	0,4	0,4	0,4
Slovenia	0,2	0,2	0,2	0,2	0,2	0,2	0,2	0,2	0,2
United Kingdom	4,9	4,7	4,7	4,3	4,0	3,9	3,5	3,5	3,5
Sweden	1,4	1,4	1,3	1,4	1,3	1,2	1,3	1,3	1,3
Denmark	1,1	0,9	1,0	1,0	0,9	1,0	0,8	0,8	0,8
Switzerland	1,5	1,4	1,4	1,4	1,4	1,6	1,5	1,5	1,5
United States	10,2	10,0	9,8	9,5	9,3	10,0	9,8	9,8	9,8
Japan	5,6	5,3	4,9	4,7	4,5	4,3	4,7	4,7	4,7
Australia	1,0	1,1	1,1	1,1	1,2	1,3	1,4	1,4	1,4
New Zealand	0,3	0,2	0,2	0,2	0,2	0,2	0,2	0,2	0,2
Canada	3,4	3,3	3,1	2,9	2,7	2,4	2,5	2,5	2,5
Norway	1,0	1,0	1,1	1,0	1,1	1,0	0,9	0,9	0,9
Iceland	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Emerging economies	**38,1**	**40,8**	**42,3**	**43,0**	**44,9**	**44,9**	**47,3**	**47,3**	**47,3**
C+E Europe	**6,9**	**7,3**	**7,6**	**8,0**	**8,9**	**8,2**	**8,3**	**8,3**	**8,3**
Poland	0,8	0,9	0,9	1,0	1,1	1,1	1,0	1,0	1,0
Hungary	0,6	0,6	0,6	0,6	0,6	0,6	0,6	0,6	0,6
Czech Republic	0,7	0,7	0,7	0,8	0,9	0,8	0,8	0,8	0,8
Emerging Asia	**20,5**	**21,2**	**21,9**	**22,3**	**22,3**	**23,8**	**25,6**	**25,6**	**25,6**
China	5,8	6,5	7,1	7,8	8,0	8,4	9,4	9,4	9,4
NIES	9,5	9,4	9,3	9,0	8,7	9,1	9,8	9,8	9,8
Other Asia	5,2	5,4	5,5	5,5	5,6	6,2	6,4	6,4	6,4
Latin America	**4,8**	**5,1**	**5,2**	**5,1**	**5,1**	**5,1**	5,3	5,3	5,3
Africa+Middle East	6,0	7,3	7,6	7,6	8,6	7,8	8,0	8,0	8,0

Source: IMF WEO.
Note: Computations based on trade values in USD.