

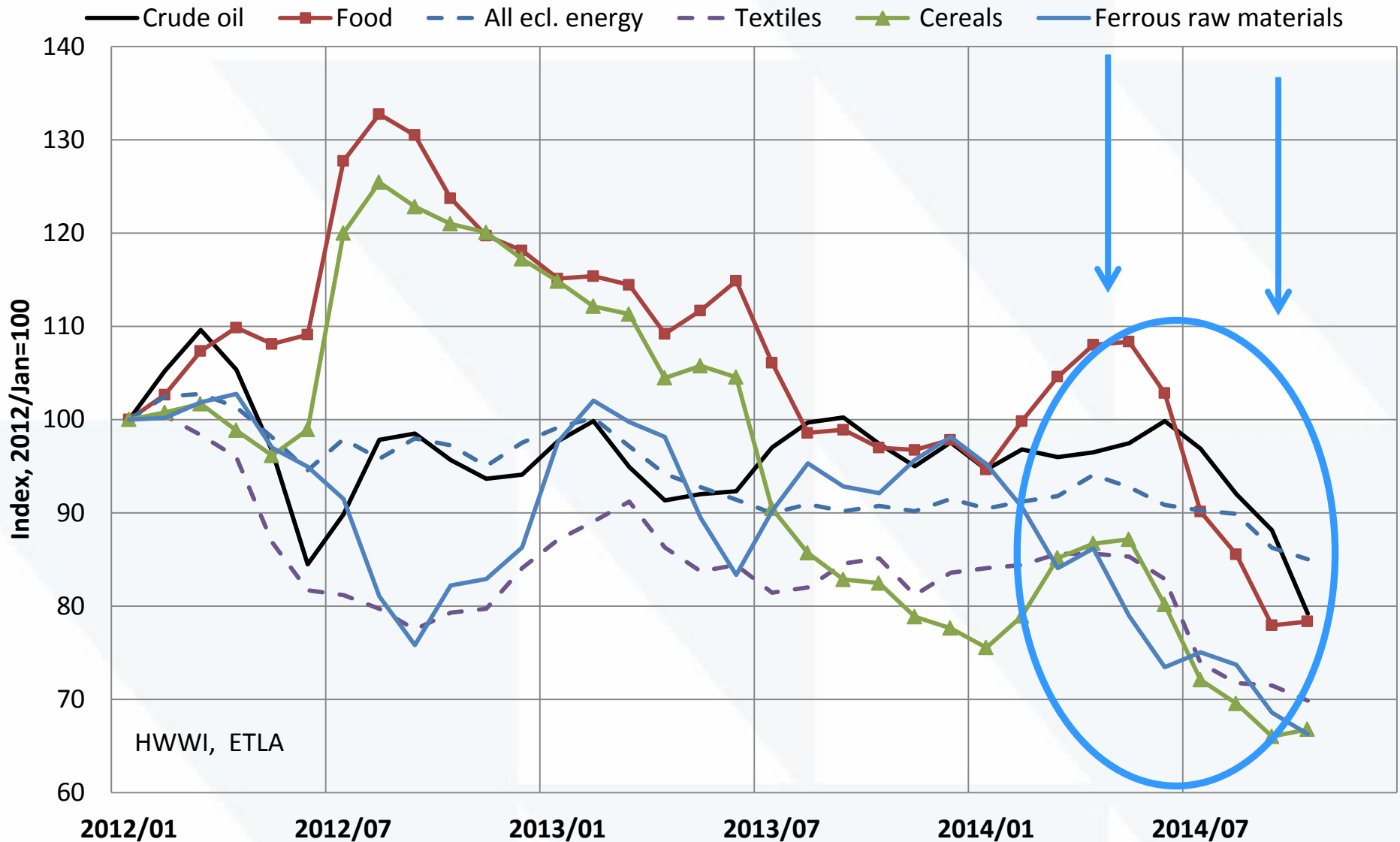
World Commodity Prices: A sharp decline bottoming?

AIECE General Meeting
6-7 November in Brussels
Paavo Suni, ETLA

Daily Crude Oil Prices, Brent, spot



Selected Commodity Price indices



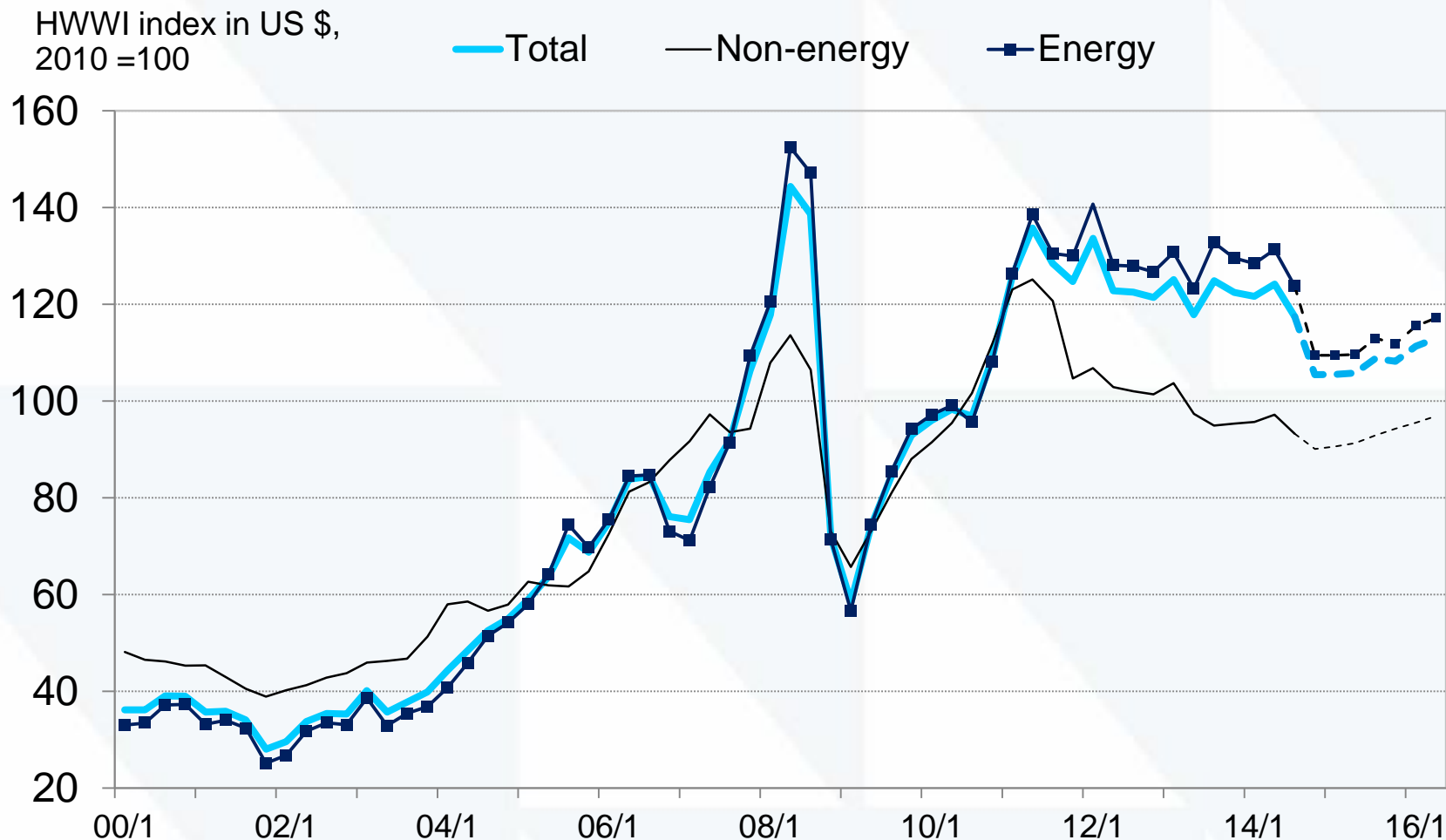
Strong price decline was a surprise

Spring 2014 forecasts and realisations

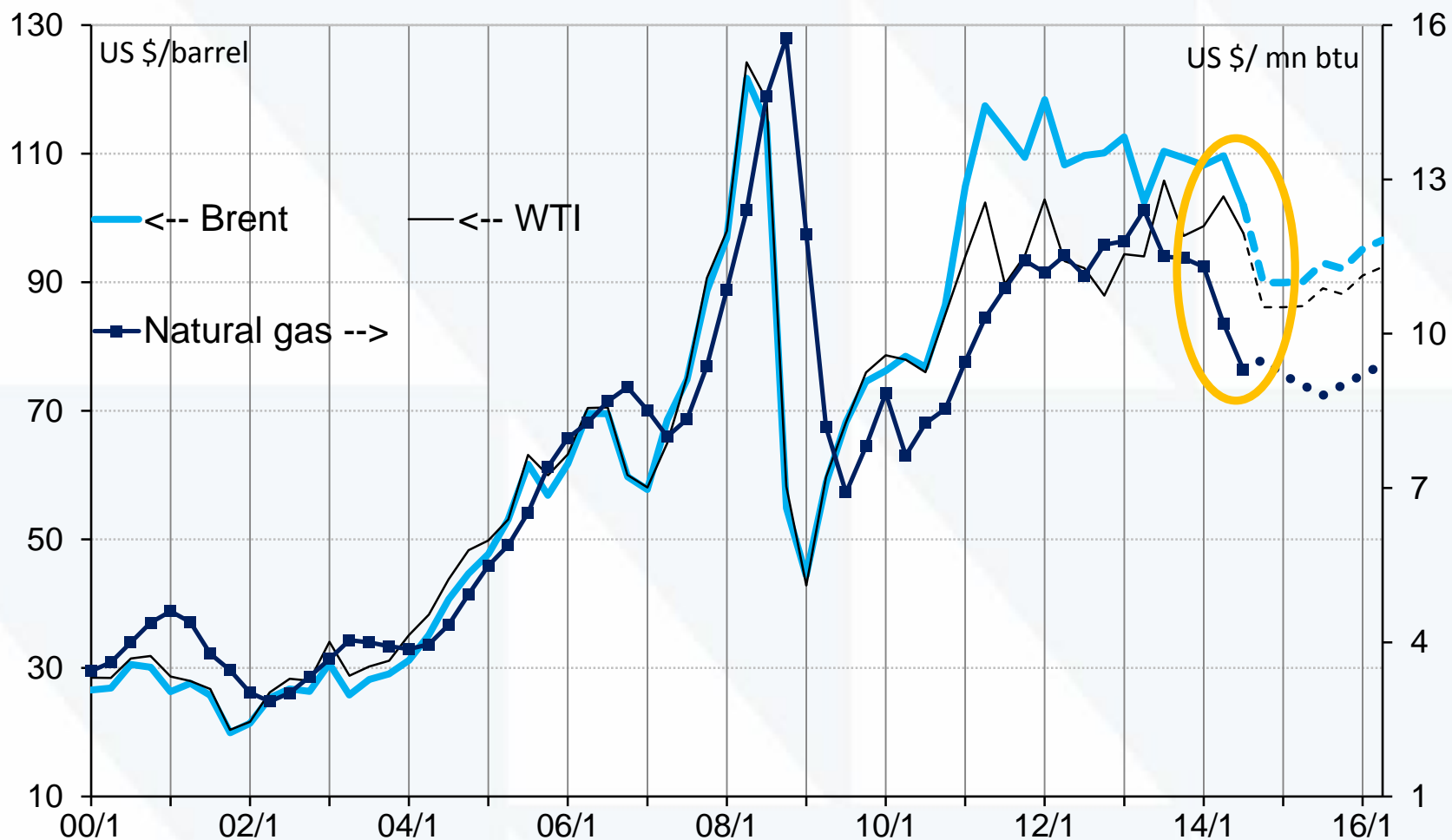
	USD terms				EUR terms			
	2014 Q2		2014 Q3		2014 Q2		2014 Q3	
	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual
	Quarterly percentage changes							
All commodities*	-1	2	0	-5	-1	2	0	-2
Total excl. energy	4	2	1	-4	3	1	1	-1
Food total	10	8	2	-14	9	8	2	-11
Cereals	8	6	-3	-18	7	6	-3	-15
Tropical beverages, sugar	17	11	8	-1	16	11	8	2
Oilseeds, vegetable oils	6	7	-1	-22	5	7	-1	-19
Industrial raw materials	1	-1	0	1	1	-1	0	4
Agricultural raw materials	1	-1	1	-3	1	-1	1	1
Non-ferrous metals	4	4	1	6	3	4	1	10
Ferrous raw materials	-4	-12	0	-9	-5	-12	0	-6
Energy raw materials	-2	2	0	-6	-2	2	0	-2
USD/EUR	1.31	1.37	1.32	1.33				

* HWWI index, total

World Commodity Prices by Main Aggregates

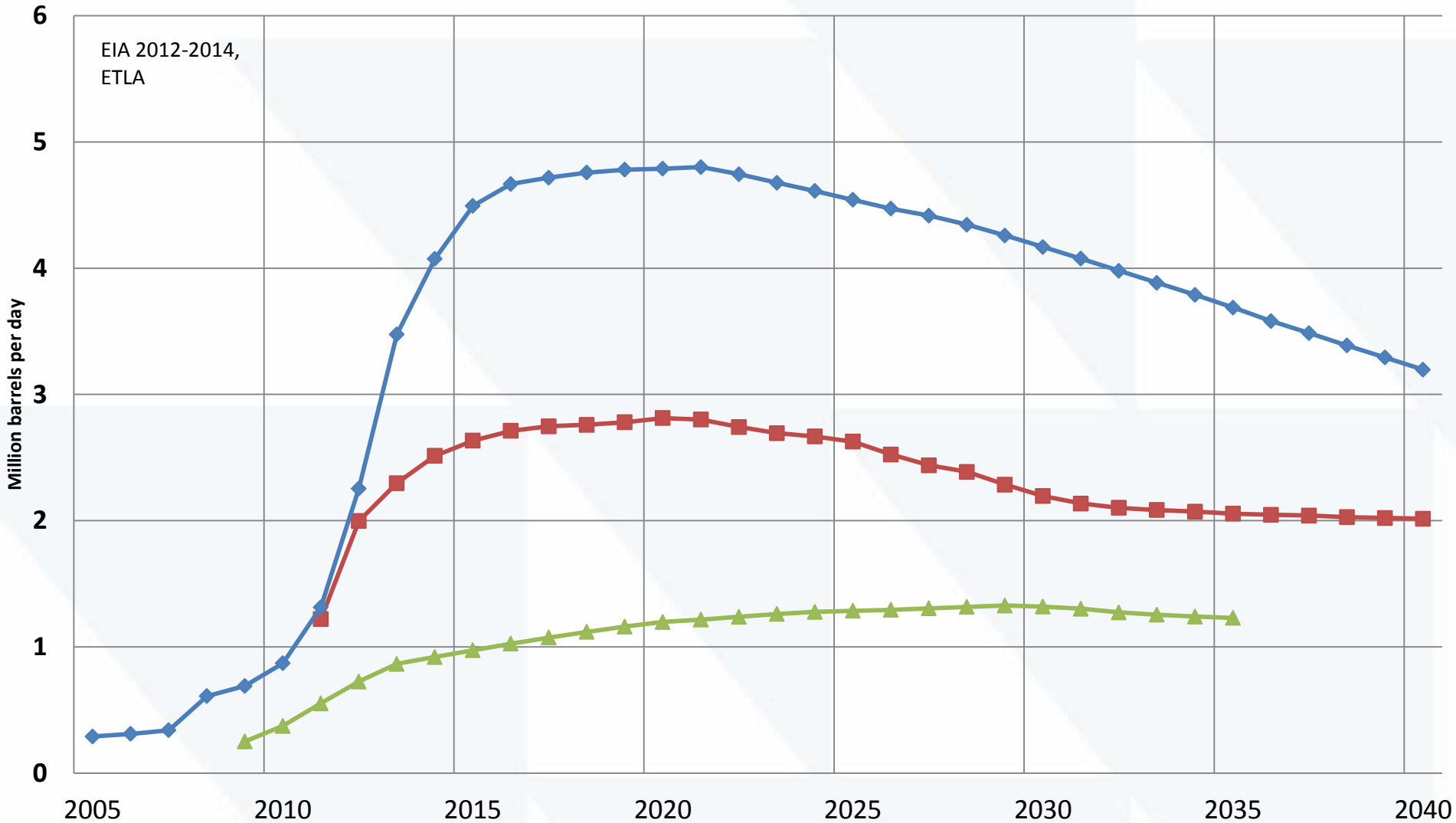


The Price Outlook of Crude Oil and Natural Gas (Europe)

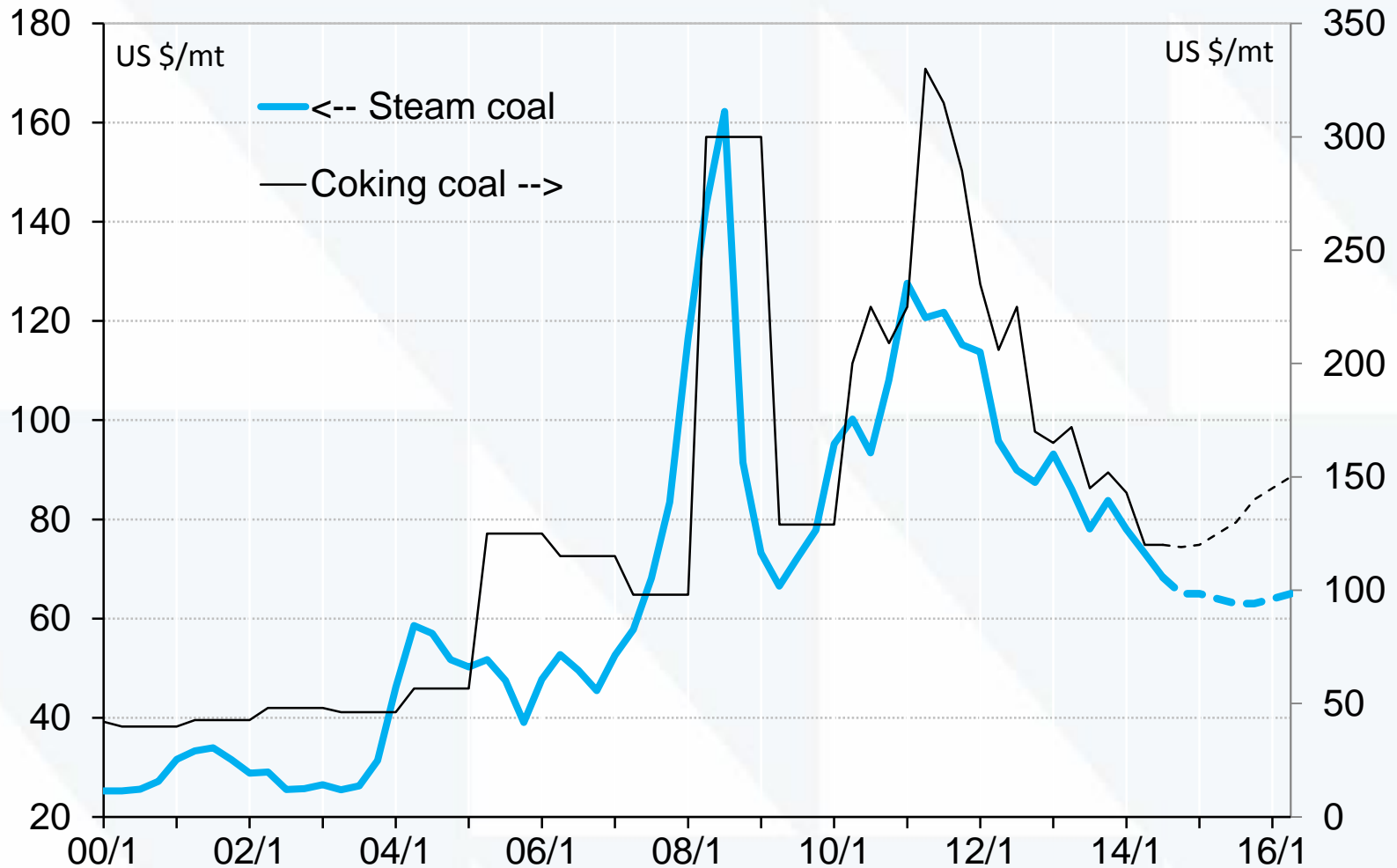


Tight Oil Production in the US, Three Reference Cases in 2012-2014

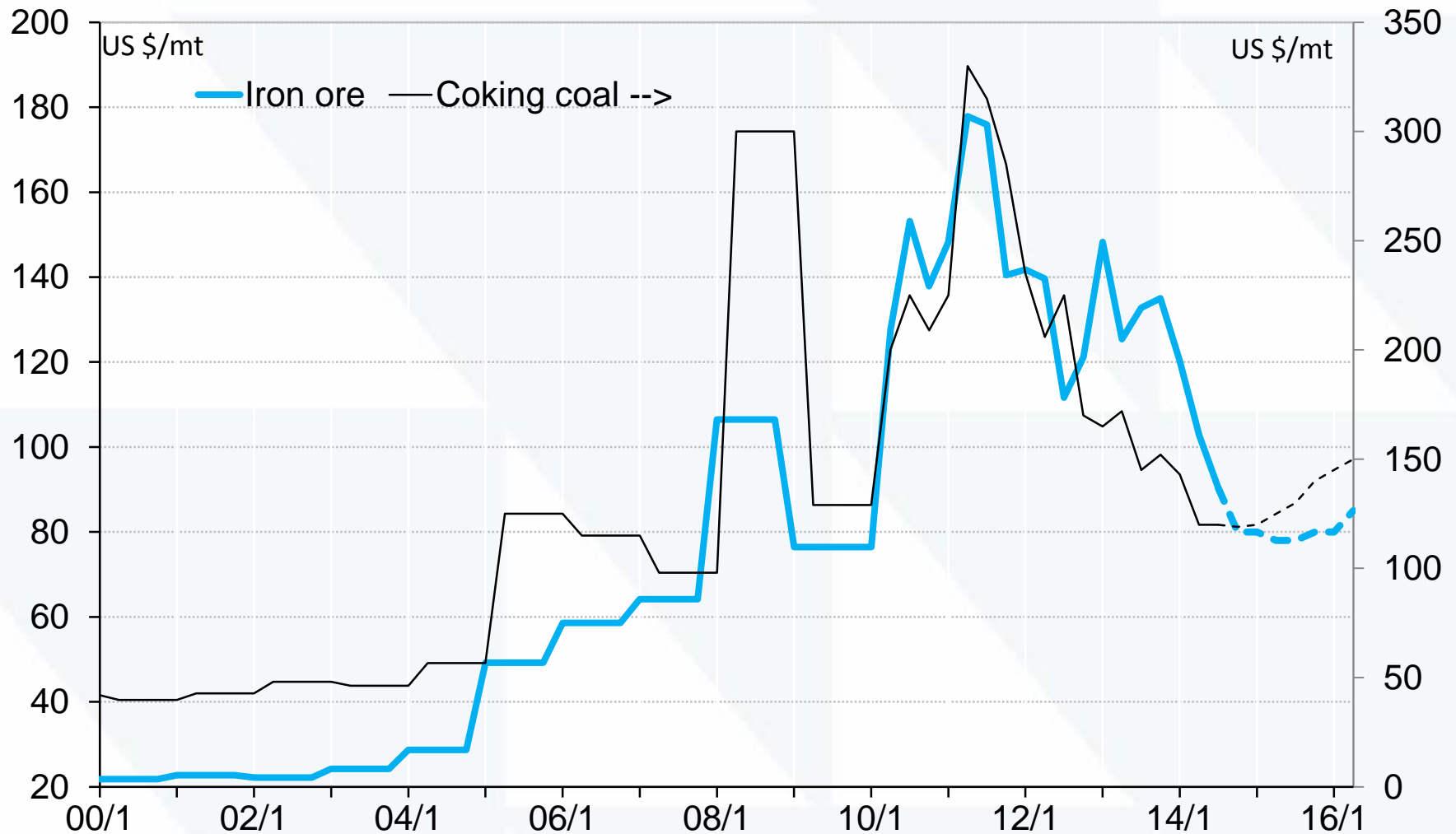
—▲— 2012 —■— 2013 —◆— 2014



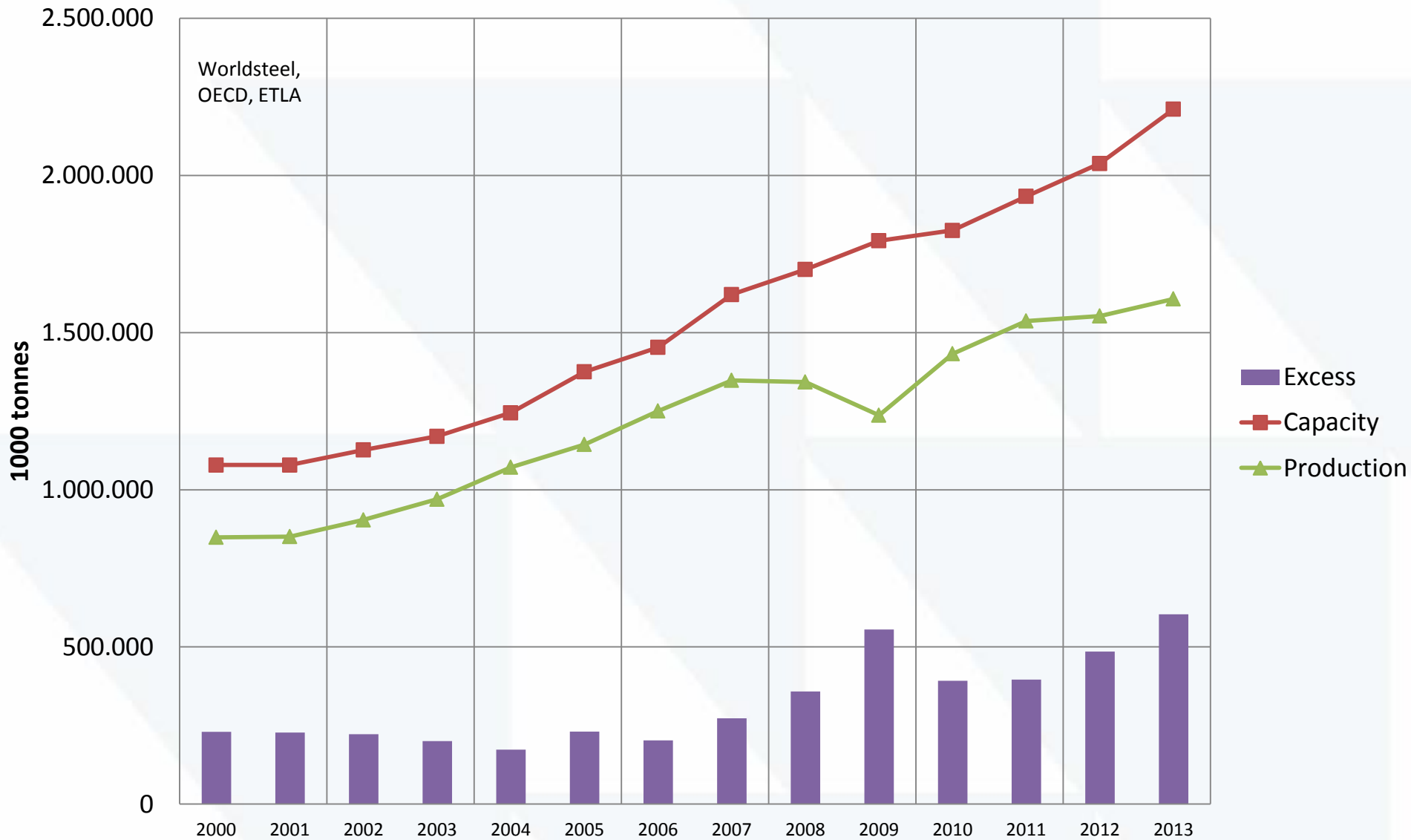
Coal Price Outlook



Fossil Steel Raw Materials Price Outlook

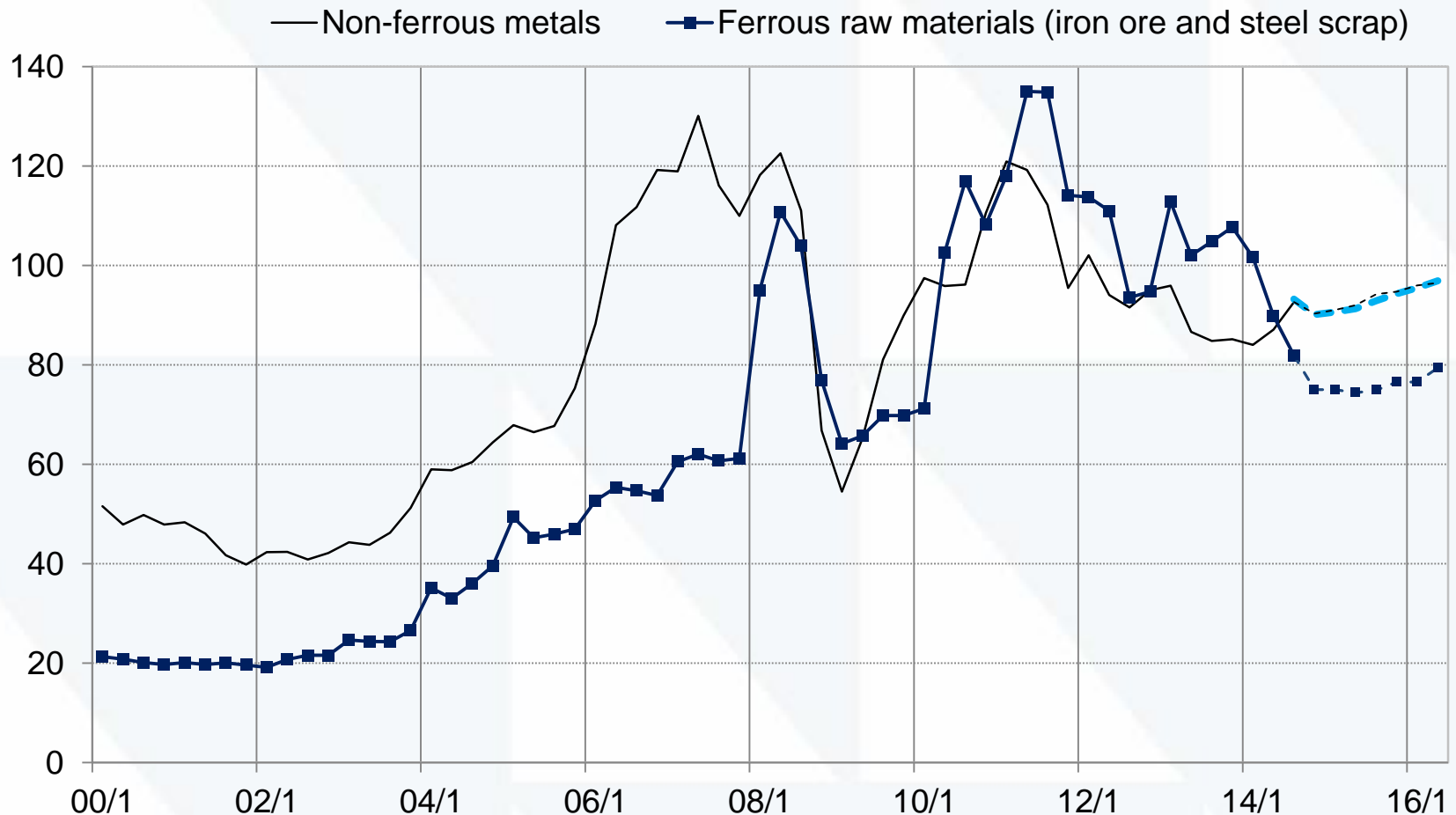


World Steel Supply

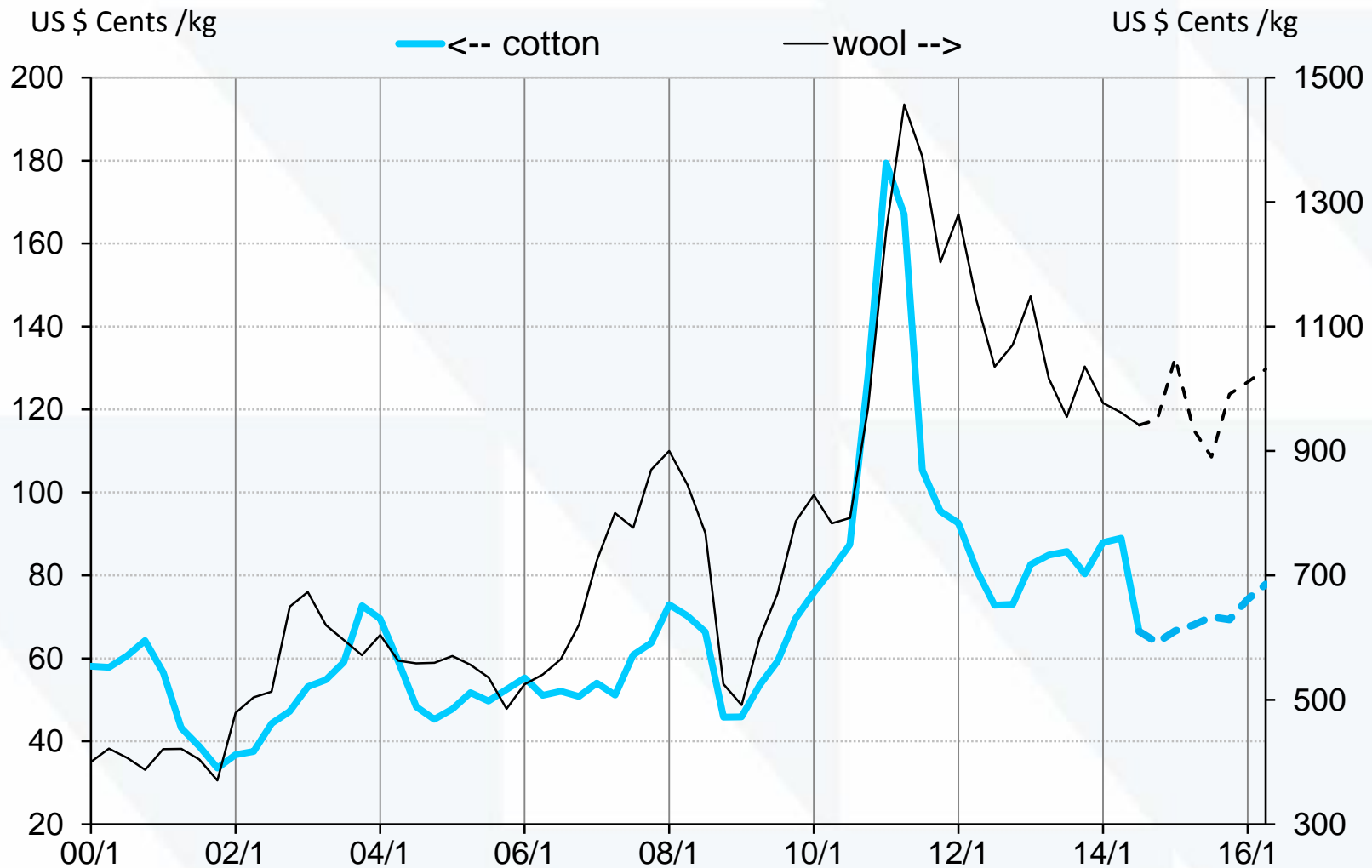


Non-Ferrous Metal Prices Relatively Stable

HWWI index in US \$, 2010 =100



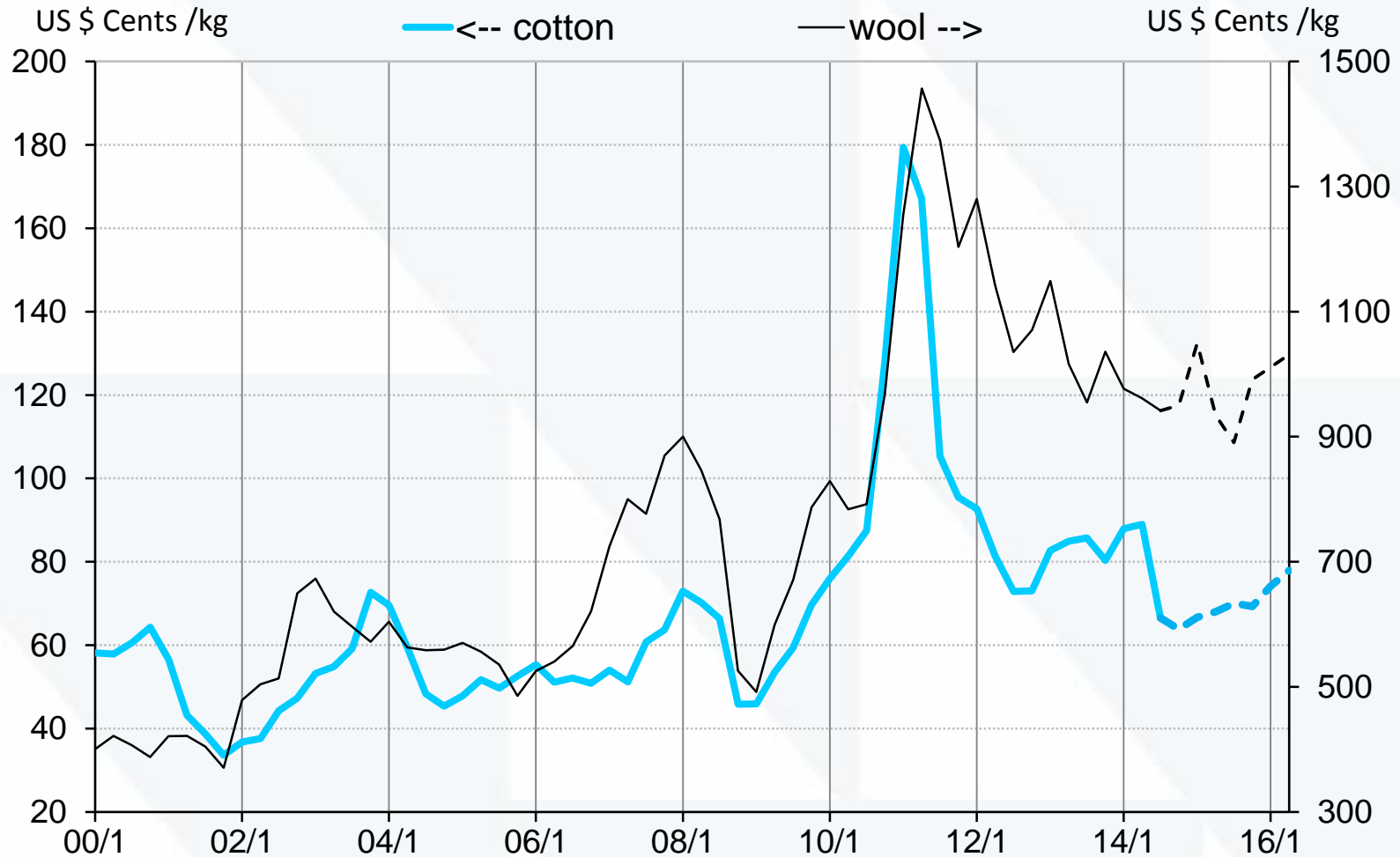
Agricultural prices: Cotton is cheap



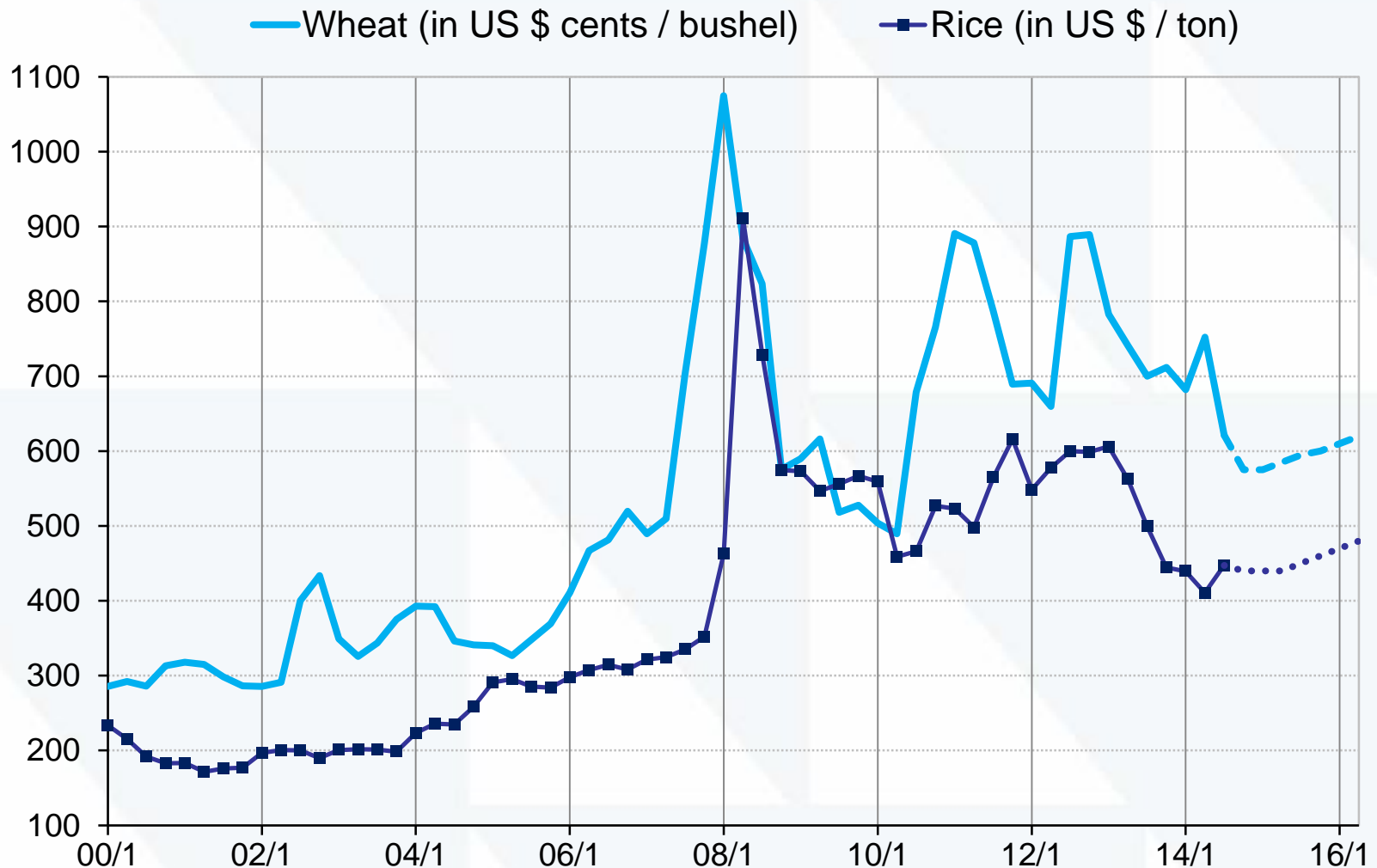
Non-ferrous metal prices relatively stable



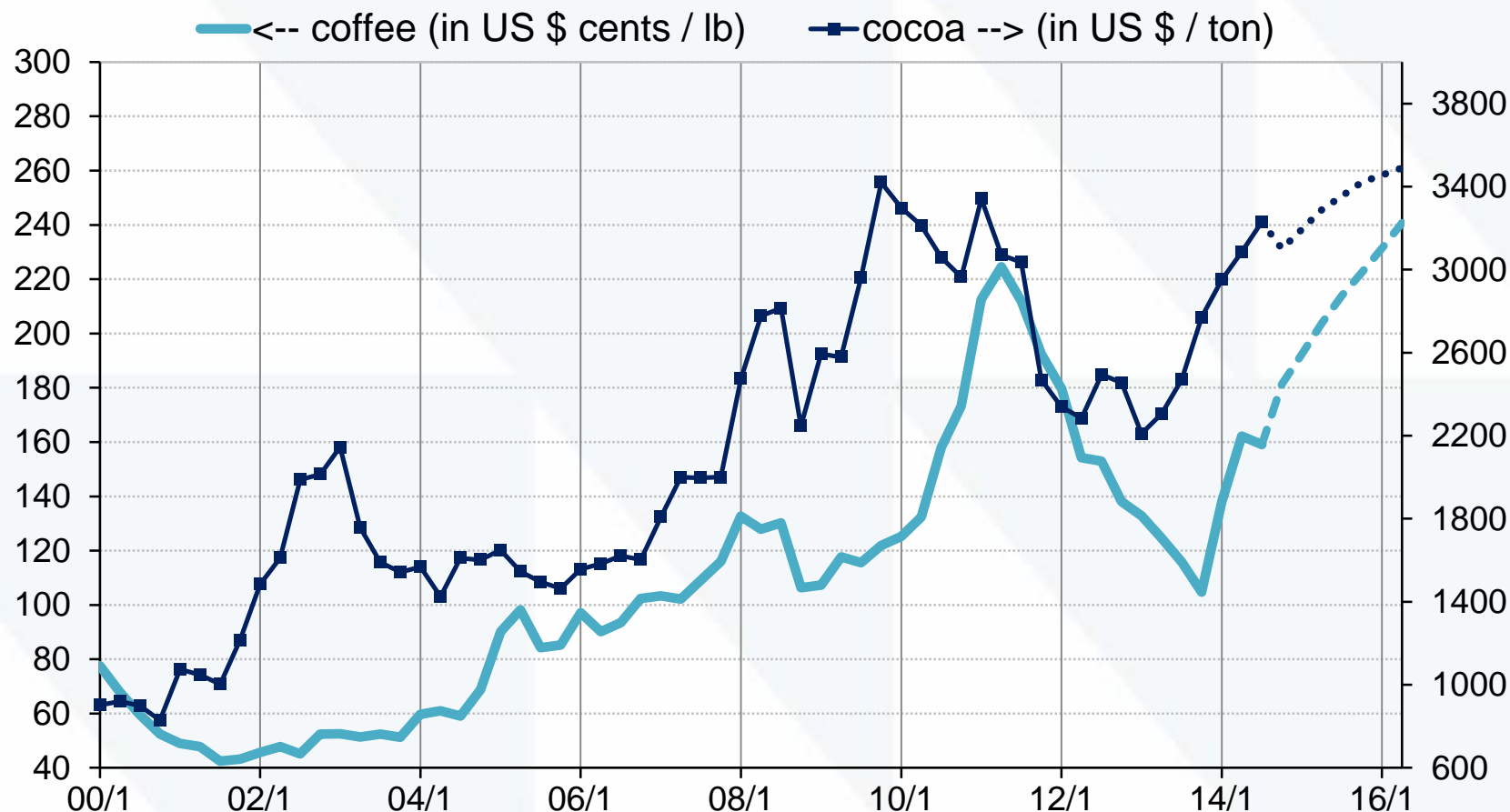
Agricultural prices: Cheap cotton



Food: Good harvests push the price



Beverages: Dry weather Good harvests push the price



A strong decline in Commodity Prices Stabilizes

- ❑ Commodity prices declined strongly in summer
 - Oil: -23%, ex-energy: -9.6% since peak in 2014
- ❑ Several reasons behind the price fall
 - USD strengthened; close to 10% vs euro,
 - Dampening of Chinese economic outlook
 - Improved weather or weather outlook
 - Oil: the Saud decision to defend market shares
- ❑ Bottoming in winter due to market responses
- ❑ Inflation impact: 4 and 9% drops on avg. prices
 - Large carry over on 2015