

Commodity prices: Recent developments

Iran war fallout

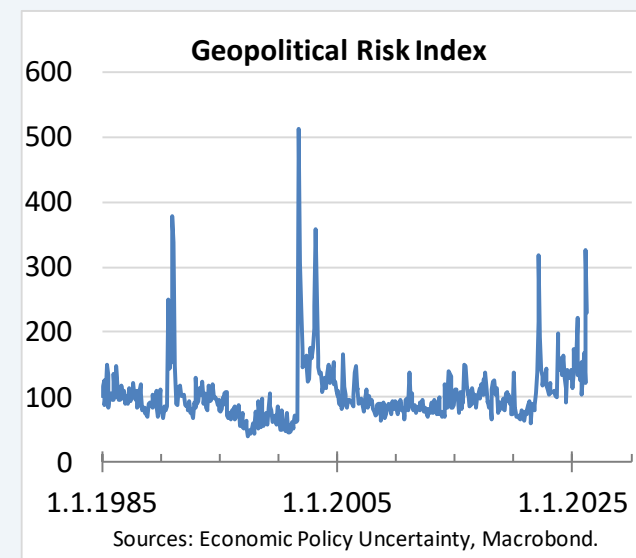
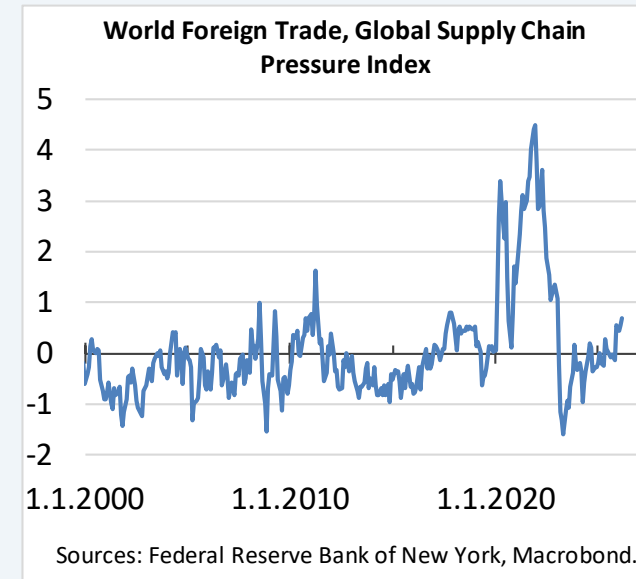
Ville Kaitila

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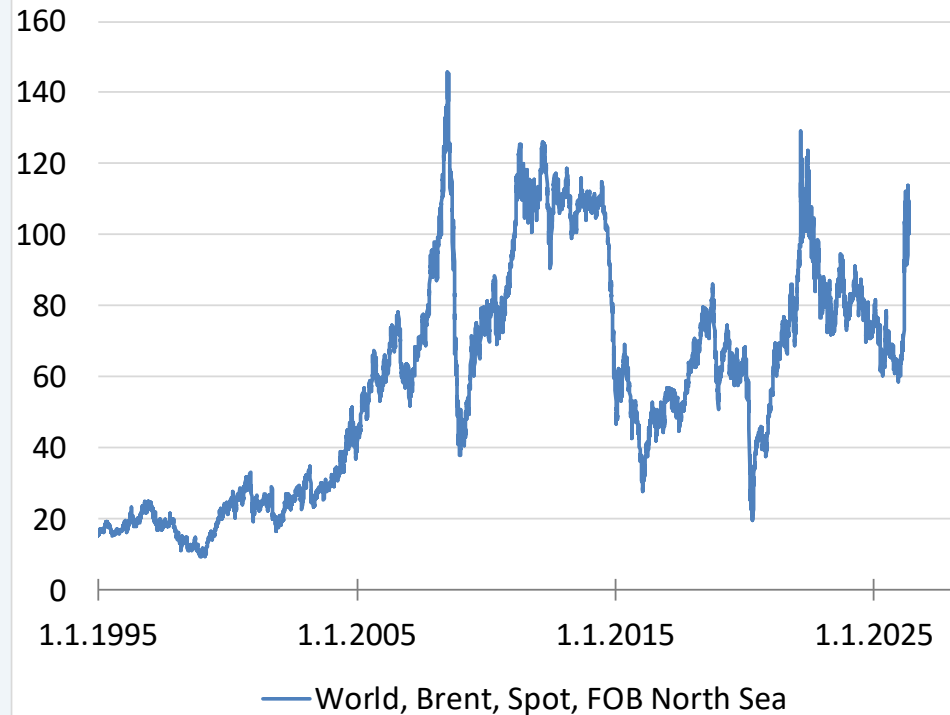
General

- I will discuss recent developments in commodity prices after the Iran war broke out February 28th.
- Main impact on fossil fuels, but the Gulf is not limited to that.
- Directly affected are
 - Crude oil and oil products
 - LNG
 - Fertilisers
 - Helium
 - Aluminium
 - Shipping lanes / global logistics
- In 2021–2022, the energy shock hit Europe, in particular. Now it's more global with a particular impact on Asia.
- Supply chain and logistical pressures only slightly elevated.
- UAE left OPEC and OPEC+.
- Venezuela's OPEC membership in a new light ?



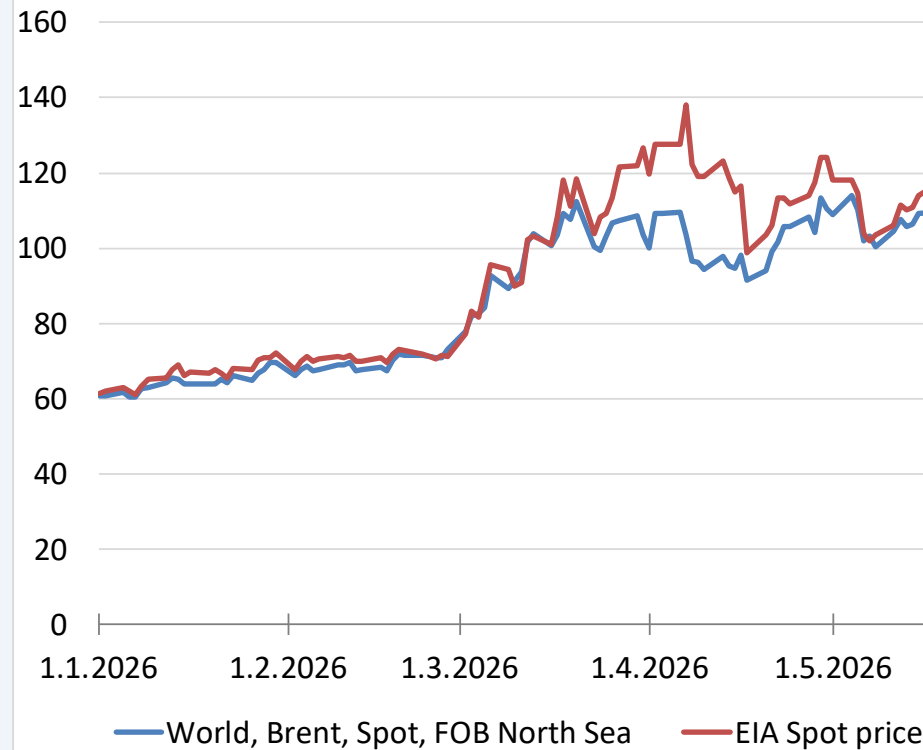
Brent, USD / barrel

Brent prices, USD/barrel



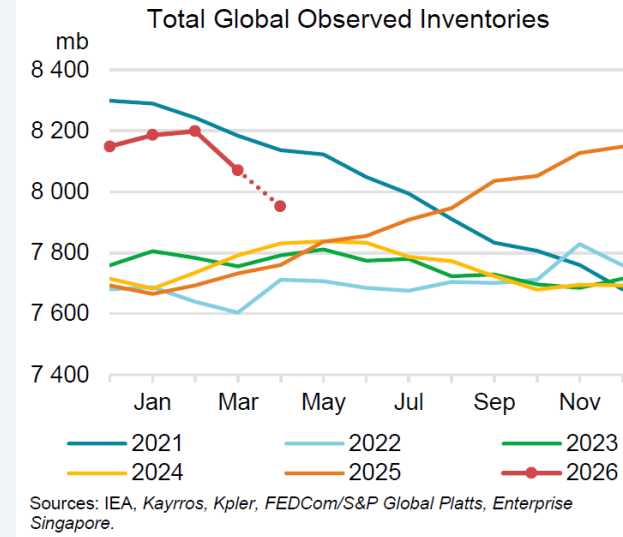
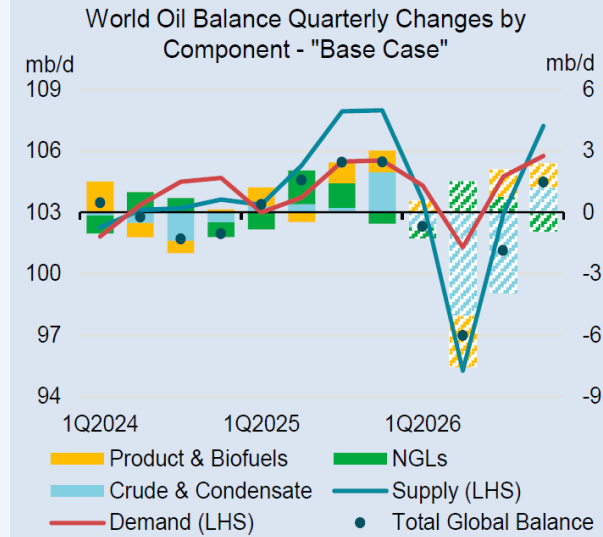
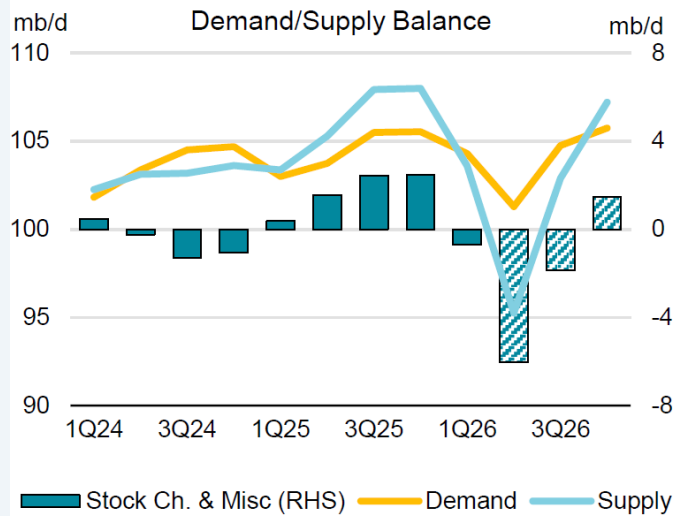
Source: Macrobond

Brent prices, USD

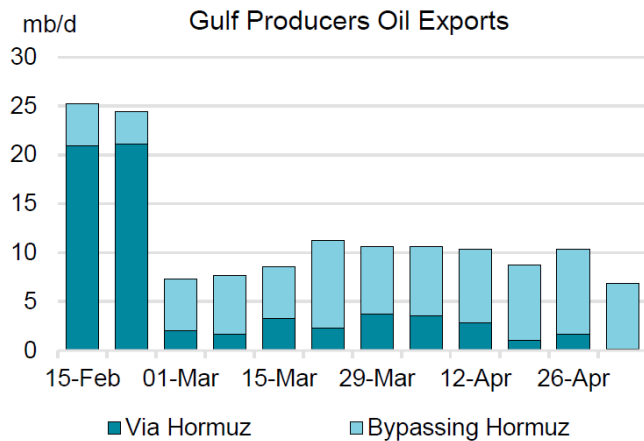


- Prices not that high in real terms.
- An exceptional divergence in Brent dated spot and futures prices.
- Prices for Dubai crude spot hit 165 USD in March.
- Calm before the storm if Hormuz is not open soon?

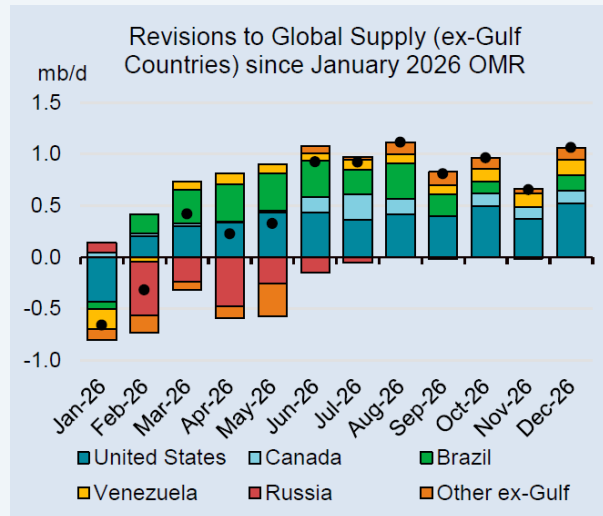
IEA Oil market report May 13th



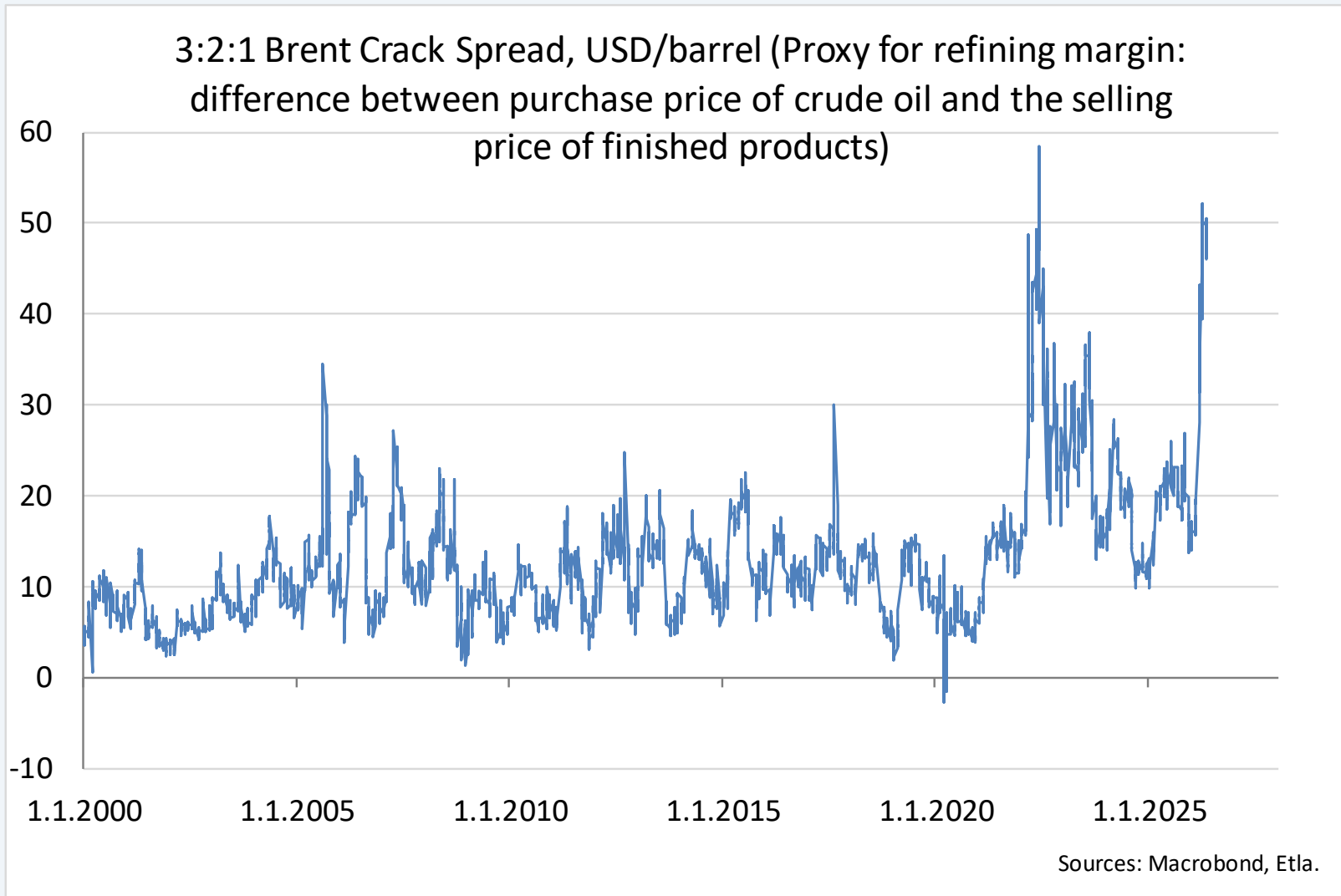
- At current pace, inventories will sink below their 2022 level in June



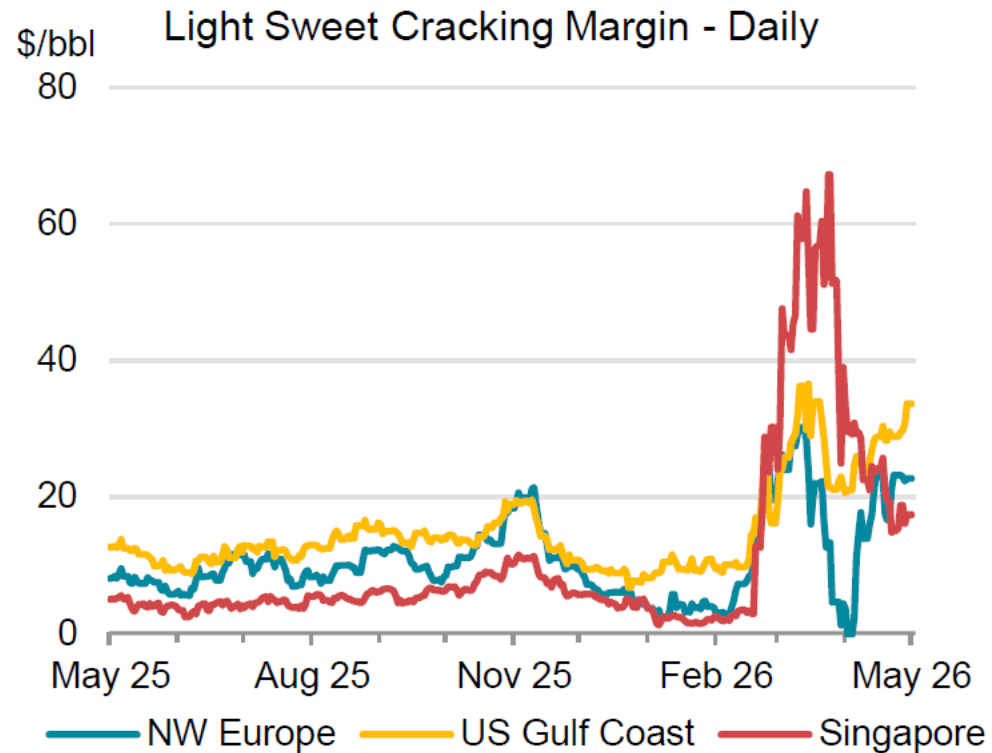
Notes: Includes exports from Saudi Arabia, Iraq, UAE, Iran, Kuwait, Qatar, Bahrain and the Neutral Zone. Hormuz bypass includes Saudi Red Sea ports, UAE's Habshan-Fujairah pipeline, Iraq via Türkiye and Syria, and Iran's Jask Oil Terminal. Source: Kpler.



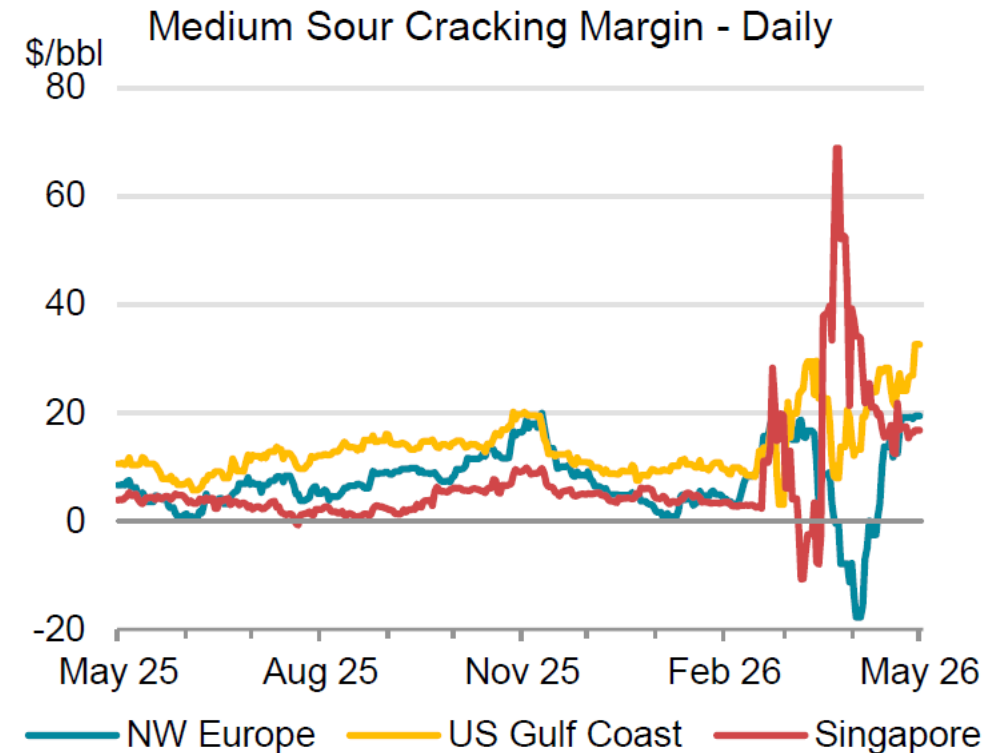
Refining margins are up again



Margins in different regions

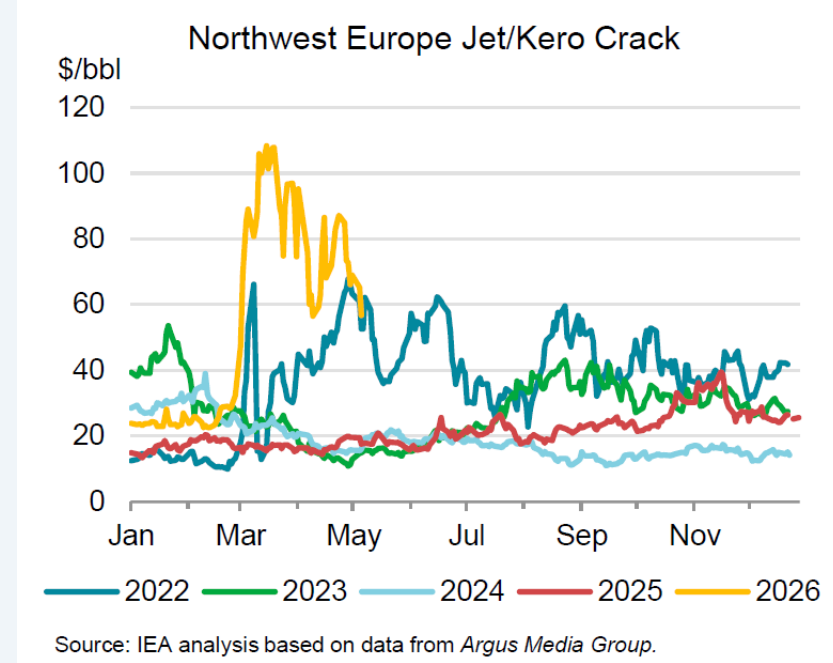
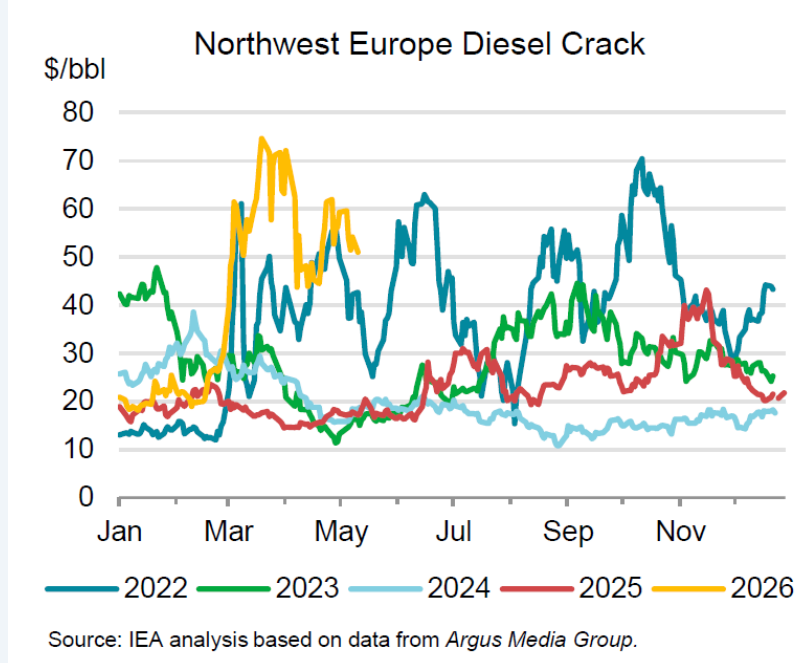
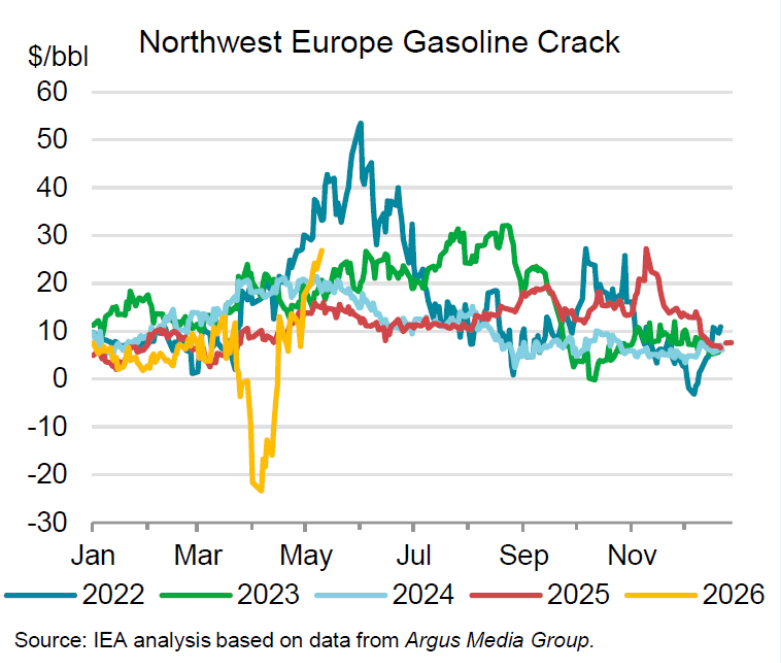


Source: IEA analysis based on data from *Argus Media Group*.



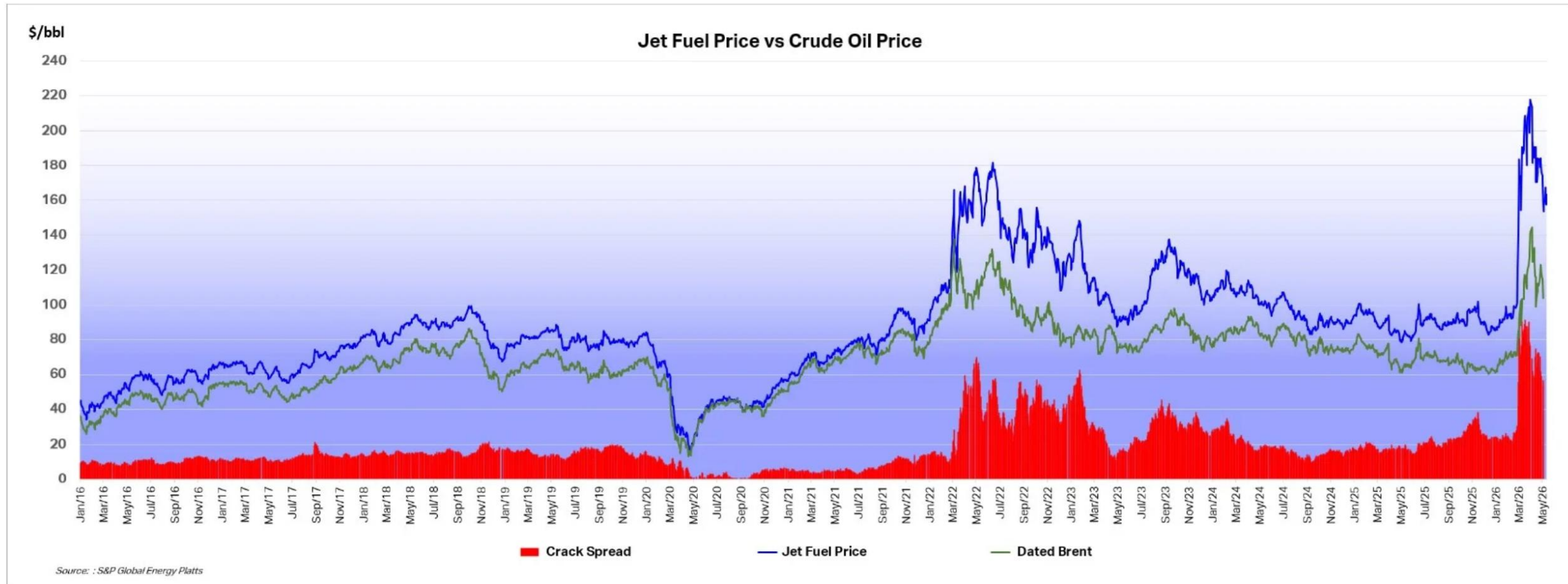
Source: IEA analysis based on data from *Argus Media Group*.

... and in Europe

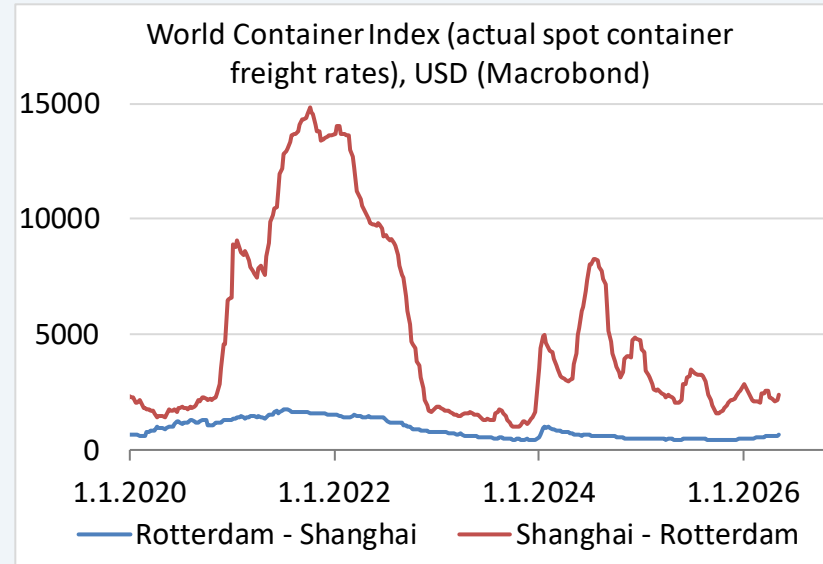
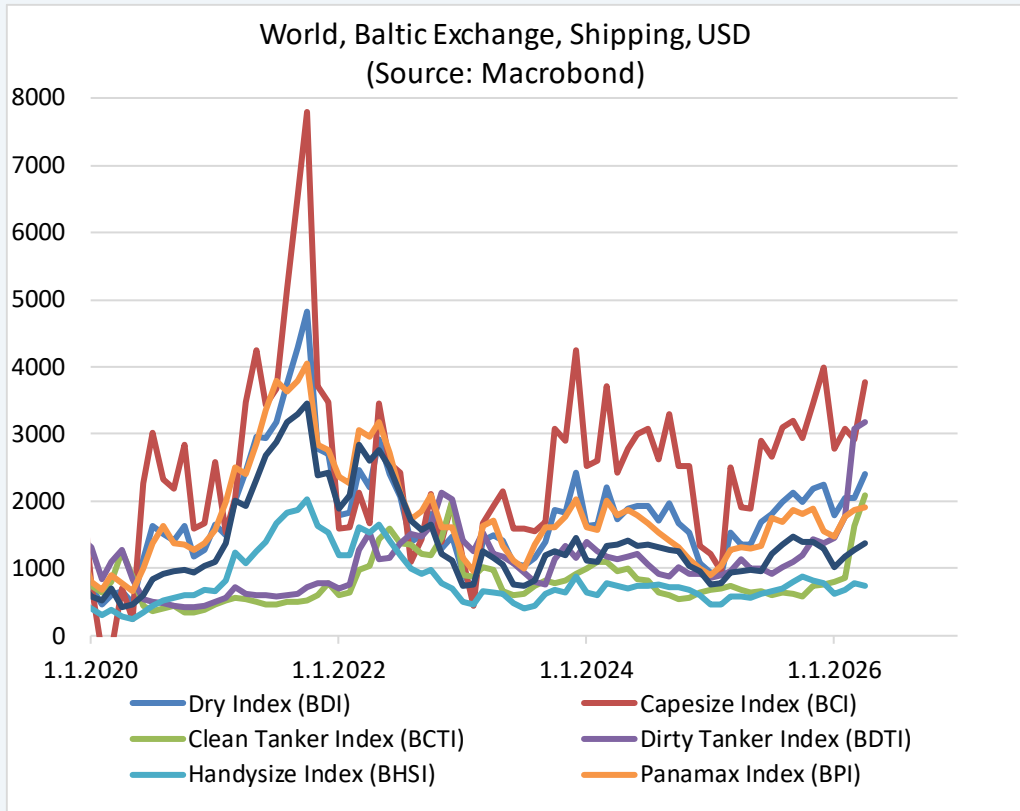


Jet fuel

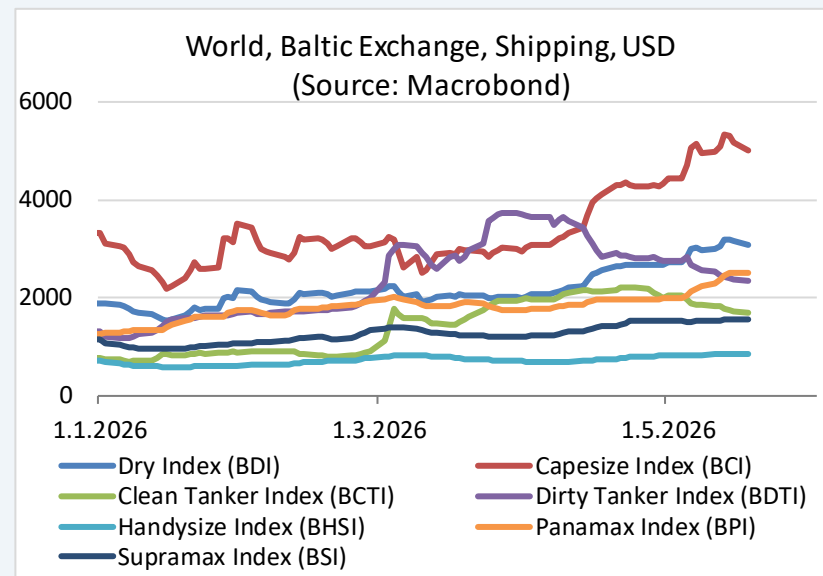
Jet Fuel Price Developments - Longer Term Perspective



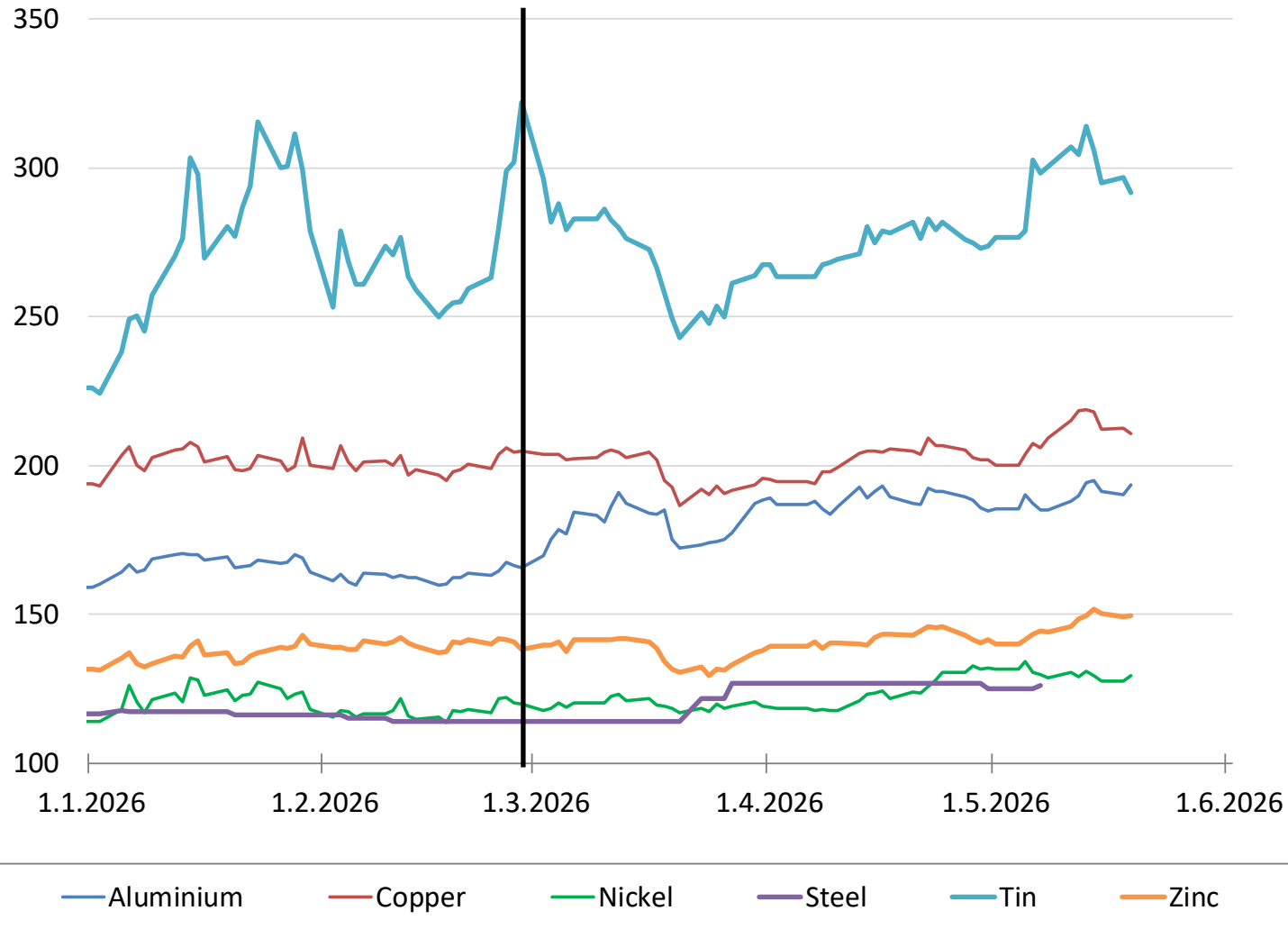
Global logistics



- Oil tanker prices first increased but have declined in May
- Capesize up (dry bulk that doesn't fit in Panama or Suez)



Metal commodity prices EUR, 1.1.2020 = 100

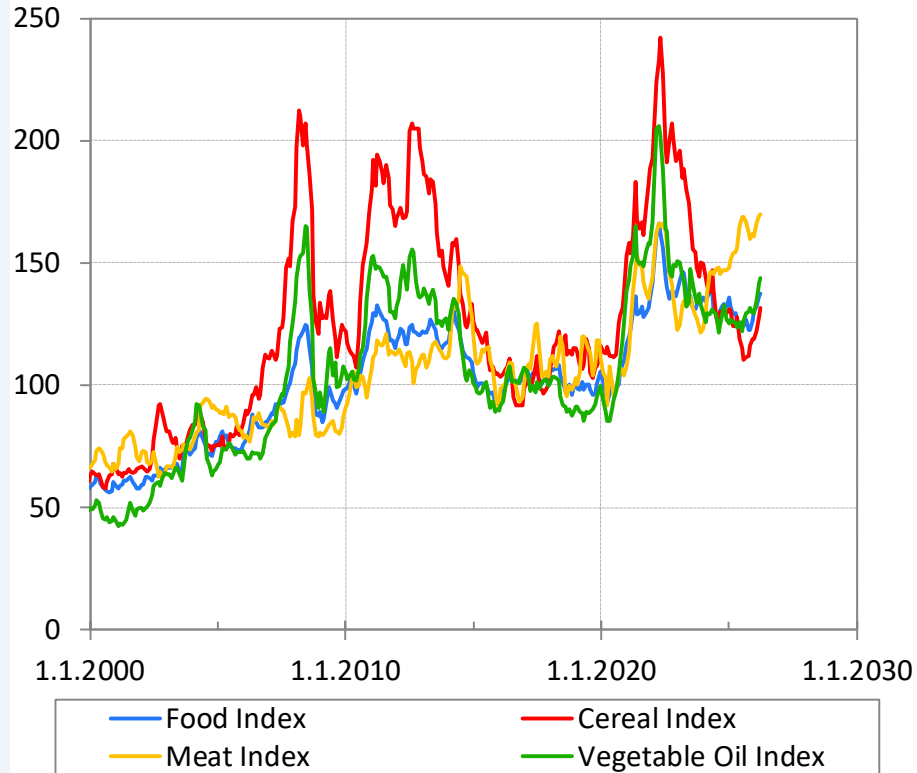


Sources: Macrobond, ETLA.

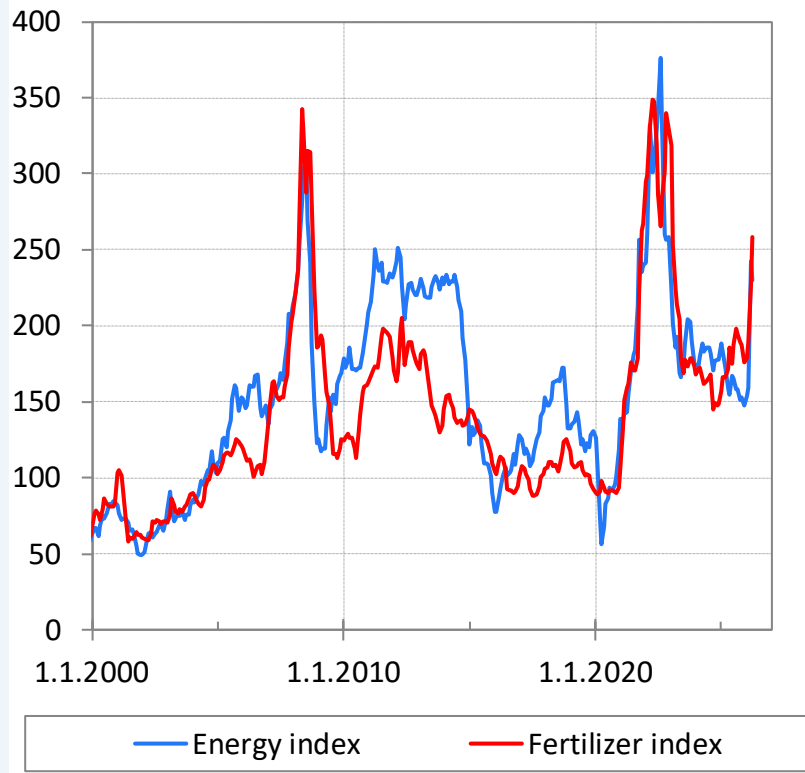
Metals, daily prices EUR

Food prices

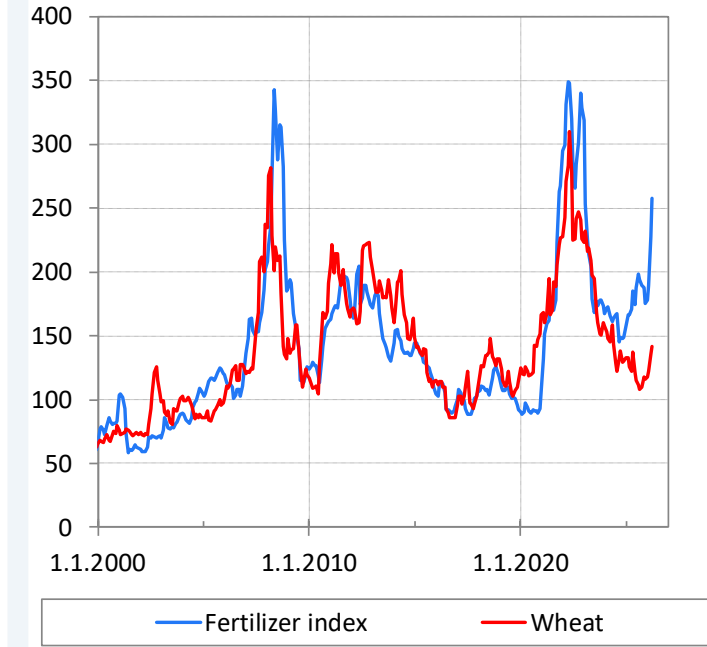
World market prices (IMF, USD), 2016 = 100



USD, 2016 = 100 (IMF)



USD, 2016 = 100 (IMF)



- Gulf countries are important in the production of fertilisers.
- They are also very dependent on imported foodstuffs themselves. Many 70–90 %.

Gas in Europe and urea (fertilisers)



Source: Trading Economics

Price of wheat

Wheat (USd/Bu) 674.59 38.84 (+6.11%)



- Good harvest last year.
 - Cost pressures are mounting.
 - Fertiliser shortages and higher prices.
 - A strong El Niño is building up raising temperatures this year. Likely negative impact on harvests.
- ➔ Higher food prices

Source: Trading Economics

The ETLA logo consists of the letters 'ETLA' in a bold, white, sans-serif font, centered within a dark blue square. The square has a subtle gradient, being darker at the top and lighter at the bottom.

ETLA

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