

by
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In November, the HWWI Commodity Price Index dropped sharply

Strong price decline on crude oil market

- **HWWI Commodity Price Index down 12.6% (US dollar base).**
- **On monthly average, crude oil price decreased by 18.5%.**
- **Sub-Index for food and beverage moved down.**

(Hamburg) In November, the HWWI fell sharply. The HWWI Total Index reduced by 12.6% (in Euro: -11.7%) to 124.7 points (in Euro: 121.7 points). Thus, the HWWI Commodity Price Index is 7.1% (in Euro: +10.5%) higher than a year ago. The Sub-Index for energy raw materials declined the most. It lowered by 13.9% (in Euro: -13.0%). Crude oil suffered a particularly sharp drop in prices. Crude oil fell by 18.5% (in Euro: -17.7%). The sub-Index for Food and beverages fell by 2.1% (in Euro: -1.1%). In November, the Index for Industrial raw materials fell slightly by 1.0% (in Euro: ± 0.0%). The Sub-Index excluding energy dropped by 1.4% (in Euro: -0.4%) to 106.8 points (in Euro: 104.4 points). In November, fears of a weaker global economy have weighed on commodity markets. Above all the trade conflict between the United States of America and China had damped the demand for raw materials.

Index for energy raw materials: -13.9% (in Euro: -13.0%)

In November, the monthly average price for crude oil dropped in by 18.5% (in Euro: -17.7%) to 62.66 US dollars (Euro: 55.12) per barrel compared to the previous month. Thus, in November the price of crude oil was to 4.2% (in Euro: +7.6%) above the level a year ago. The announced U.S. sanctions against the Iran entered into force on 5 November. Crude oil prices fell in November, as OPEC and associated non-OPEC countries together with Russia ("OPEC+") met the target rate and the United States of America provided crude oil at record levels despite the supply-restrictive U.S. sanctions. Economic expectations fell against the backdrop of the protectionist trade policies of the United States of America. Especially the conflict with China led to a significant decrease of crude oil prices in November. On 7 December, OPEC with Russia and the other countries together agreed to reduce the flow of crude oil from January 2019 to 1.2 million barrels per day. The supply could also be reduced by the withdrawal of Qatar from the OPEC. In November the prices of three in the index listed reference varieties developed as follows: the monthly average

price of Dubai crude oil dropped by 17.9% (in Euro: -17.1%) compared to the previous month. The price of the European crude oil Brent fell by 17.9% (in Euro: -17.1%) and the price for the American crude of the type West Texas intermediate (WTI) decreased by 18.5% (in Euro: -17.7%).

In November the monthly average price of natural gas increased by 8.8% (in Euro: +9.9%). After European natural gas had increased in September and October, it fell by 7.5% (in Euro: -6.6%) quite clearly in November. However, the price of American natural gas dramatically increased by 28.0% (in Euro: 29.3%) due to the expected winter weather and low storage levels. The price for thermal coal was reduced by 6.3% (in Euro: -5.3%). In total the index for all energy raw materials fell by 13.9% (in Euro: -13.0%) to 127.6 points (in Euro: 124.5 points).

Index for Industrial raw materials: -1.0% (in Euro: ±0.0%)

The Index for industrial raw materials is divided into the sub-indices: Agricultural raw materials, Non-ferrous metals, Iron ore and steel scrap. The Index for Agricultural raw materials fell by 2.6% (in Euro: -1.6%). Rubber fell by 6.6% (in Euro: -5.7%). The Index of Non-ferrous metals also fell. Non-ferrous metals prices plunged on average by 3.0% (in Euro: -2.1%) in November. Most significantly, the price for nickel dropped by 8.6% (in Euro: -7.7%). The tense trade relations between the United States of America and China in combination with a high supply led to this strong price erosion. The aluminium price gave way and fell by -4.5% (in Euro: -3.5%). Zinc dropped by 2.8% (in Euro: -1.8%). The price of lead fell by 2.1% (in Euro: -1.1%). The lowest price changes could be observed for Tin. The Tin price was moving at the level of the previous month with a variation of ±0.0% (in Euro: +1.0%). The index for iron ore and steel scrap repeatedly continued its upward movement again and rose by 3.5% (in Euro: +4.6%) in the monthly average. Overall, the Index for industrial raw materials fell slightly by 1.0% (in Euro: ±0.0%) to 118.7 points (in Euro: 116.0 points).

Index for Food and beverages: -2.1% (in Euro: -1.1%)

The coconut oil price fell by 8.9% (in Euro; -8.0%). After the end of the harvest season, there is a glut of coconut oil. High inventories and rather falling demand let the palm oil price fall to 12.0% (in Euro: -11.2%) in the monthly average. The price of wheat dropped on average by 5.8% (in Euro: -4.8%) due to good crop yields in the United States of America. The price of coffee fell only by 1.8% (in Euro: -0.8%). On the other hand the price of cocoa rose by 2.1% (in Euro: +3.1%). Overall, the Index for food and beverage fell by 2.1% (in Euro: -1.1%) to 90.0 points (in Euro: 87.8 points).

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The HWWI commodity price index is a comprehensive, weekly calculated indicator of price developments in the world commodity markets, which includes the major internationally traded commodities. Since 1960 the HWWI Commodity Price Index measures the price changes in the raw material import calculation of the industrialized countries and is thus an indicator for the cost development of imported raw materials and serves among other things central banks, research institutes and international institutions for their analyses.