



Hamburgisches
WeltWirtschaftsinstitut

Press Release 8

Release: 16.05.2024, 12am
Contact: Dr. Anja Behrendt
Mönkedamm 9
20457 Hamburg
Telephone: (040) 340576-665
E-mail: behrendt@hwwi.org

HWWI-Commodity Price Index shows rising trend again

Food and energy prices cause index to rise at the current margin

Hamburg, – 16th May 2024 –

After the HWWI-Commodity price Index trended downwards in the last reporting period (November to January), the index also fell in February, reaching a local minimum of 166.2. Since then, the index has increased slightly again by 4.1% in March and 5.7% in April compared to the previous month. In April, the index averaged 182.9, which is still 4.9% below the level of the same month last year (as of 05/05/2024).

Developments on the gas and oil markets have a major influence on the HWWI commodity price index: European gas prices recorded a mixed development, with a local minimum in February due to mild weather, followed by an increase in March and April to 286.7 in April 2024. However, the European gas price is still 33.3% lower than in the same month of the previous year. American gas prices, on the other hand, showed a slight decrease in February and March, followed by a slight increase in April. Oil prices, on the other hand, show a more uniform picture and have been trending upwards since the beginning of the year. As a result, the Crude Oil Index is now 6.8% higher than in the same month last year, which is probably mainly due to the tense geopolitical situation. Overall, the index for energy raw materials fell by 3.9% in February, but rose again in

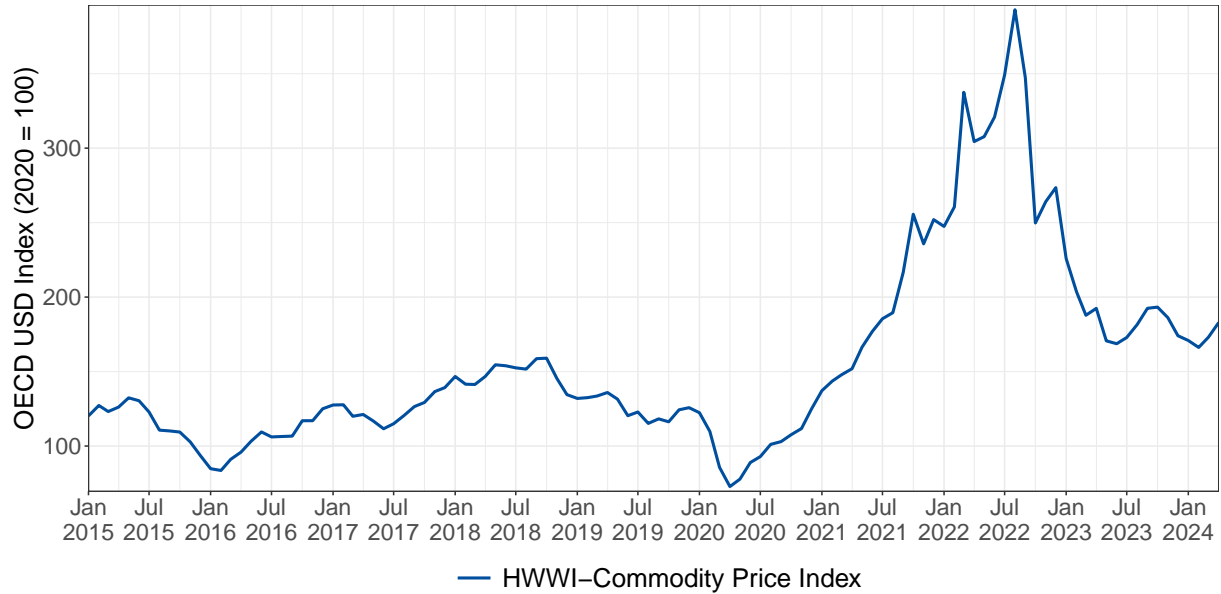
March and April by 4.5% and 4.8% respectively.

Cocoa and coffee prices have risen particularly sharply. The price of cocoa has increased by an average of 27% in the last three months, continuing its record upward trend. The index value for cocoa in April is 249.5% higher than in the same month last year. The reasons for this are still the harvest problems due to heat, dryness, drought and heavy rainfall in important growing countries such as the Ivory Coast, Ghana and Nigeria. In addition, longer periods of rain lead to plant diseases (CSSVD virus) and thus to the death of cocoa trees, which results in longer-term declines in supply. Poor weather conditions in Brazil and Vietnam also led to a poorer coffee harvest, which means that the price of coffee tends to rise further. In April, it even rose by 16.4% compared to the previous month and is therefore 21.5% higher than in the same month last year, reaching a record high of 200.8. The prices of oils (palm oil, coconut and sunflower oil) have also tended to rise in the last three months. Overall, the index for food has therefore risen significantly again in recent months (by up to 12.8%) and now stands at 171.3. The last time the index was at this level was in spring 2022.

The index for industrial raw materials also recently showed an upward trend (particularly in April) and now stands at 130.6. This is the first time that the index has risen again compared to the same month of the previous year. This increase is due in particular to price rises in copper and aluminium (the largest weights in the index for industrial raw materials). Here, prices rose significantly in March and especially in April (8.8% and 11.8% respectively compared to the previous month). The rise in copper prices is primarily due to a shortage of supply from Chinese mines. A revival in demand, particularly from China (the world's largest copper consumer), could also lead to significantly higher prices in the future. The new sanctions against Russia imposed by the United Kingdom and the USA are also likely to cause copper, nickel and aluminium prices to rise. The combination of high demand and lower supply is also likely to be responsible for the rise in aluminium prices in April.

However, less heavily weighted industrial metals such as tin (14.9% month-on-month) and zinc (10.3%) also show significant price increases in April. A recovering electrical industry and concerns about supply cuts could have caused these price increases. However, the picture is different for iron ore and steel scrap, whose index values have tended to fall in the last three months. In particular, the index value for iron ore fell by 12.3% in March compared to the previous month. Increasing

deliveries at the beginning of the year and the current weak recovery in demand (particularly in China) led to an oversupply of iron ore and thus to strong downward pressure on prices. This is also likely to have led to falling prices for steel scrap.



Source: HWWI (2024); 2017-2019 OECD Import weights; Data status: 5 May 2024

###