In January, the HWWI Commodity Price Index recorded a moderate increase.

**Turnaround at the start of the year**

- HWWI Total index rose by 0.4% (US dollar basis).
- On monthly average, crude oil increased by 4.5%.
- Industrial raw materials as well as food prices rose.

(Hamburg) In January, the HWWI Commodity Price Index increased by 0.4% on monthly average (in Euro: + 0.1%) compared to the previous month. Thus, commodity prices rose in the first month of the year 2019, after the overall index had registered declines in November and December of last year. In January 2019 the HWWI Commodity Price Index registered at 113.3 points (in Euro: 110.1 points) and 12.2% (in Euro: - 6.1%) lower than in January 2018. The Index for Food total as well as the Index for Industrial raw materials showed the largest increases. Both Sub-Indices increased 1.7% (in Euro: + 1.4%). Also, the Index Total excl. energy increased by 1.7% (in Euro: + 1.4%) to 106.6 points (in Euro: 103.6 points). The Index for raw materials, which had fallen extremely in the last two months, showed only a moderate increase of 0.2% (in Euro: - 0.1%). In January, crude oil prices rose, while the two other energy resources, natural gas and coal prices dropped. After strong losses in the two previous months, crude oil monthly average increased by 4.5% (in Euro: + 4.2%).

**Index for Energy raw materials: + 0.2% (in Euro: - 0.1%)**

In January, the monthly average price of crude rose by 4.5% (in Euro: + 4.2%) to $ 54.19 (in Euro: 48.11) per barrel from the previous month. Furthermore, the price of crude oil in January 2019 was 13.9% (in Euro: - 8.0%) below the price level of January 2018. At the beginning of December 2018, OPEC and its allied non-OPEC countries had joined forces with Russia (OPEC+) in Vienna and decided to reduce crude oil production in order to stop the price decline on the crude oil market that has persisted since the beginning of October. From the beginning of January, crude oil prices will rise. OPEC+'s plan to reduce oversupply on the world market by reducing production and thus raising the price of crude oil seems to be working. Furthermore, the political conflict in Venezuela is currently getting hotter. A relaxation of sanctions on the part of the US is not
expected, and thus the country with the world's largest oil reserves can still export no oil. The European initiative to acquire crude oil from Iran through bartering is uncertain, as rather smaller trading volumes are to be expected. The prices of the three reference varieties listed in the index increased by a monthly average as follows: The price of the European crude oil Brent rose by 3.9% (in Euro: +3.6%). The price of crude oil from the Middle East, the Dubai variety, rose by 4.5% (in Euro: +4.2%). The price of West Texas Intermediate (WTI) crude oil rose by 4.9% (in Euro: +4.6%). Thus, WTI's price increase was the largest among the three types of crude oil listed in the index, after exactly this reference grade has seen relatively sharp price declines in recent months. Furthermore, all three crude oil grades are well below the price level of January 2018.

The price of natural gas declined in the monthly average by 14.5% (in Euro: -14.7%). Repeatedly, the prices of the two types of natural gas contained in the index fell. Thus, in January 2019 the monthly average price of natural gas dropped by 8.2% (in Euro: -1.9%) under the price of natural gas from January 2018. The price for American natural gas reduced in January of this year by 21.0% (in Euro: -21.2%) and the price of European natural gas decreased by 6.9% (in Euro: -7.1%). The price used in the HWWI-index for U.S. natural gas is the spot price "Henry Hub". It is located in Louisiana and thus far in the South of the United States. The cold spells of the past month affected the north of the United States. This resulted in regional price increases in the northern region, which, however, exerted no influence on the price development at Henry Hub. The spot price of Henry Hub sank to the level before the start of the heating season, because the rest of the United States was warmer than normal, and in the Great Plains it was much warmer than normal. Thus, the demand for natural gas was low and the price fell. The price of coal fell month on average by 3.2% (in Euro: -3.4%). Overall the index for Energy raw materials rose only moderately by 0.2% (in Euro: -0.1%) to 114.4 points (in Euro: 111.2 points). The increase in the price of crude oil is responsible for the increase in the index, which compensated for the price declines in the other two fossil energy commodities.

**Index for Industrial raw materials: +1.7% (in Euro: +1.4%)**

The index for Industrial raw materials is divided in three sub-indices: the index for Agricultural raw materials, the index for Non-ferrous metals as well as the index for iron ore and steel scrap. On a monthly average, the index for agricultural commodities rose by 1.6% (in Euro: +1.3%). In anticipation of rising demand in 2019, the price of rubber rose by 7.1% (in Euro: +6.8%). By contrast, the prices of hides and cotton fell. Hides lost -8.7% (in Euros: -9.0%). A heightened ethical awareness of consumers and improved substitution options with alternative products, such as replica pelt, reduced the price of hides. The cotton price fell by -5.2% (in Euro: -5.5%). China has imposed tariffs on US cotton imports as part of the trade dispute with the US. Chinese demand for cotton
from the US is shifting to India. A high supply of cotton, especially from India, lowered the price of cotton.

Once again, the index of non-ferrous metals declined. Prices for the non-ferrous metals listed in the index developed differently. On a monthly average, price decreases were observed for aluminum, copper and zinc. The strongest price decline was recorded for aluminum, after the price of aluminum had already fallen in December. Aluminum decreased by 4.4% (in Euro: - 4.7%). The copper price fell again the second strongest, falling by 2.7% (in Euro: - 2.9%). Zinc was down by 2.5% (in Euro: - 2.8%). On a monthly average, prices for tin, nickel and lead rose. Tin rose by 6.4% (in Euro: + 6.1%), posting the biggest price increase. Low inventories and falling supply are responsible for the price increase. In contrast to the previous two months, the price of nickel rose. Low inventories and concerns about production bottlenecks caused the price of nickel to rise by 5.7% (in Euro: + 5.4%). By contrast, lead only gained 1.5% (in Euro: + 1.2%). The non-ferrous metals index fell by 2.1% on a monthly average (- 2.4% in Euros). The iron ore and steel scrap index fell by a monthly average of 7.9% (in Euro: + 7.6%), after falling slightly in December 2018. The price of iron ore rose in January, with prices for steel scrap remaining virtually unchanged. Delayed customs clearance due to the Chinese New Year celebrations and the dam failure of an iron ore mine in Brazil led to supply and production bottlenecks of iron ore. The iron ore price rose by 9.4% (in Euro: 9.1%). Overall, the index for industrial raw materials rose by 1.7% (in Euro: 1.4%) to 117.6 points (in Euro: 114.3 points).

**Index for Food total: + 1.7% (in Euro: + 1.4%)**

On a monthly average, prices for food and beverages rose. In particular, the price of palm oil rose. Palm oil increased by 12.4% (in Euro: + 12.1%). High demand and the expectation of falling palm oil stocks are responsible for the sharp rise in prices. Palm oil is used for the production of cosmetics, food and biofuels. After heavy pressure on the palm oil price in the fall, the Indonesian government decided to encourage the use of palm oil as fuel. From January 2019, India will also reduce import tariffs for vegetable oils, which has boosted Indian demand. In addition, stronger demand for palm oil from the food and energy sectors is expected. The cocoa price rose again. Cocoa increased by 2.8% (in Euro: + 2.5%). After a significant drop in coffee prices in December 2018, coffee prices rose slightly on a monthly average by 0.9% (in Euro terms: + 0.6%). Overall, the index for food and beverages rose by 1.7% (in Euro: + 1.4%) to 90.7 points (in Euro: 88.2 points).
The HWWI Commodity Price Index is a comprehensive, weekly calculated indicator of price developments in 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 accounting of industrialized countries and is thus an indicator of the cost development of imported raw materials and serves, among other things, central banks, research institutes and international institutions for their analyzes.