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HWWI Commodity Price Index continues its upswing

## OPEC postpones April meeting to June

- HWWI Total index rose by 3.9% (US dollar basis).
- Crude oil prices increased by 7.4%.
- The Index for Food total fell again.

(Hamburg) In April, the HWWI Commodity Price Index rose by 3.9% (in Euro: +4.5%) compared with the previous month, thus rising more sharply than in March 2019. It climbed to 123.8 points (in Euro: 122.2 points), but is still 3.6% (in Euro: + 5.3%) below (in Euro: above) the level of April 2018. The Index for Energy raw materials went up by 4.4% (in Euro: +5.0%). Continuing its increase of the previous two months, the price of crude oil soared by 7.4% (in Euro: + 8.0%), while the prices of gas and coal fell again on a monthly average. Compared to March, the Index for Industrial raw materials was up 0.9% (in Euro: +1.4%). The Index for Food total dropped less sharply than in the previous month by 0.7% (in Euro: -0.1%). After a decline in March, the Index Total excl. energy rose by 0.4% (in Euro: +0.9%).

### Index for Energy raw materials: +4.4% (in Euro: +5.0%)

Compared with the previous month, the April price of crude oil went up by 7.4% on a monthly average (+8.0% in euro terms) to \$ 68.77 (in Euros: 61.20) per barrel. OPEC+ postponed its meeting scheduled for 17 and 18 April to 25 and 26 June 2019, as current geopolitical and economic developments are imposing too many uncertainties on forecasts of future volumes and supply on the crude oil market. Therefore, the agreement to reduce production volumes from December last year is still in place. The goal of ending the decline in prices on the crude oil market has been achieved since January 2019, as crude oil prices on the monthly average have been on the rise in 2019. Once again, the largest price increase was observed for the US benchmark West Texas Intermediate (WTI). WTI increased by 9.6% (in Euro: + 10.2%) in April 2019 but is down by 4.1% (in Euro: up 4.8%) compared to the level of April 2018. Brent crude oil increased by 6.7% (in Euro: +7.4%), while the price of crude oil from the Middle East rose by 6.2% (in Euro: +6.8%).

The average price of natural gas descended by 10.1% (in Euro: -9.6%), with the price of European natural gas falling by 14.1% (in Euro: -13.6%) and the price of US natural gas falling by 7.0% (in Euro: -6.5%). Both Australian and South African coal prices dropped strongly, amounting to an average decline of coal prices of 11.8% (in Euro: -11.3%).

Overall, the Index for Energy raw materials rose by 4.4 % (in Euros: +5.0%) to 125.9 points (in Euro: 124.3 points), with the upswing of crude oil prices compensating for the price declines of the other two fossil resources.

#### **Index for Industrial raw materials: +0.9% (in Euro: +1.4%)**

The Index for Industrial raw materials is divided into the Index for Agricultural raw materials, the Index for Non-ferrous metals and the Index for iron ore and steel scrap. In April, the monthly average Index for Agricultural raw materials dropped by 3.2% (in Euro: -2.6%). The price of sawnwood fell particularly sharply by 11.9% (in Euro: -11.4%). Demand is negatively affected by another cold snap in the US, as this is delaying already planned construction projects. In addition, the report by the US Department of Housing and Urban Development and the Department of Commerce, which was delayed due to the government shutdown, was published, in which declining construction activity is expected in the future, especially for single-family homes in the Midwest and West of the USA.

In April, most non-ferrous metals were in decline, after they had shown a rising price trend in the last two months. While the zinc price increased by an average of 2.9% per month (in Euro: +3.5%), the prices of Nickel (-2.0%; in Euro: -1.4%), tin (-3.6%; in Euro: -3.0%) and lead (-5.2%; in Euro: -4.7%) dropped. The price of copper only slightly changed (-0.1%; in Euro: +0.4%). Overall, the Index for non-ferrous metals fell by 1.0% (in Euro: -0.5%). The Index for iron ore and steel scrap climbed by 6.2% (in Euro: +6.8%). High Chinese demand and supply problems in Brazil caused iron ore prices to rise, whereas the price of steel scrap fell by 8.3% (in Euros: -7.8%). The already weak demand is additionally burdened by the US punitive tariffs on steel products. Overall, the Index for Industrial raw materials rose by an average of 0.9% (in Euro: 1.4%) to 127.4 points (in Euro: 125.8 points).

#### **Index for Food total: -0.7% (in Euro: -0.1%)**

The average monthly price of coffee dropped by 3.2% (in Euro: -2.6%). By contrast, the price of cocoa rose by 6.0% (in Euro: +6.6%). Although cocoa crop yields increased, rising demand, especially from China, caused an upward movement of prices in April. The price of tea was up by 5.1% (in Euro: +5.7%). Expectations for crop yields are falling due to a dry spell in Kenya. At the same time, demand for tea is rising as countries such as Egypt, the UK, Pakistan,



Russia and Afghanistan import more tea from India. The monthly average Index for Food total fell moderately by 0.7% (in Euro: -0.1%) to 86.9 points (in Euro: 85.8 points).

(5.113 Zeichen)

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*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, amongst others, central banks, research institutes and international institutions for their analyzes.*