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Global commodity price movements

Global commodity prices have behaved differently across various product groups in 2024. Geopolitical issues as well as relative demand conditions linked to growth in some of the major economies have driven prices in different directions. Trends in current prices as well as prospects for the same are important as various central banks have dovetailed their policies to these conjectures. Therefore, prospects for prices in 2025 are important as they would have a bearing on trade flows and monetary policy across all countries. The report highlights these trends across various commodity groups as presented by the World Bank. World Bank data presented here shows price movements on y-o-y basis ending November 2024 (which is similar to how we reckon inflation numbers in India). Further, the Bank's perspectives of future movement in prices in 2025 and 2026 is also presented.

Energy products

Energy products (% change November 2024 over Nov 2023)

Commodity	% change
Crude oil, Brent	-10.6
Crude oil, Dubai	-12.8
Coal, Australian	12.1

- The energy price index is projected to fall by 6% in 2025. The forecast assumes that there is no prolonged additional escalation of ongoing armed conflicts, global economic growth remains stable, and oil supply from non-OPEC+ producers steadily expands. In addition, it is premised on OPEC+ countries maintaining elevated spare capacity and delaying the reversal of 2.2 mb/d of voluntary supply cuts.
- The Brent crude oil price is projected to average of \$73/bbl in 2025 and \$72/bbl in 2026.
- Global oil supply is expected to reach approximately 105 mb/d in 2025, up by 2 mb/d from 2024. Most of this increase is anticipated to occur in Brazil, Canada, Guyana, and the United States, with OPEC+ production only edging up.
- Global oil supply is expected to exceed demand by an average of 1.2 mb/d next year—a degree of oversupply surpassed only during COVID 19-related shutdowns in 2020 and the 1998 oil price collapse. Demand growth in China and India comprises nearly half of the envisioned increase in 2025, while consumption in advanced economies is set to decline marginally.
- European gas prices are expected to increase by a moderate 7% in 2025 before declining by a slightly larger magnitude in 2026 as supply increases. In contrast, the U.S. natural gas price is expected to decline in 2024, reflecting elevated production and large inventories.
- Coal prices are projected to fall throughout the forecast period as global consumption declines, led by China.

Agricultural prices

Agricultural prices are expected to fall by 4% in 2025 largely reflecting increasing supplies amid favourable weather conditions, with little change anticipated in 2026. Within the agriculture index, food commodity prices—including grains, oils and meals, and other foods—are on course to decline by 4% in 2025 and level off in 2026.

After a 58% surge in 2024, beverage prices are forecast to partially fall back in the next two years. Although growing conditions in major cocoa and coffee regions are likely to improve, prices are expected to remain elevated by historical standards. Meanwhile, agricultural raw material prices are projected to remain broadly stable over the forecast period.

Beverages: % change November 2024 over Nov 2023

Commodity	% change
Cocoa	96.0
Coffee, Arabica	54.7
Coffee, Robusta	84.4
Tea	12.7

- Arabica prices are forecast to decline by 8% in 2025 before stabilizing in 2026.
- Robusta prices, which are expected to rise by more than two-thirds in 2024, are projected to drop by a similar magnitude as Arabica in 2025, with a further 7% decrease in 2026. Key risks to this outlook, particularly for 2025, include worsening weather conditions in South America, which could damage Brazil's crop, and the potential emergence of La Niña, which could adversely affect production in South America and East Asia
- Cocoa supply conditions are expected to improve in 2024-25, especially in Côte d'Ivoire, where better weather across key production zones could boost output by as much as 15%. Nevertheless, with limited supply increases anticipated from other regions, cocoa prices will remain elevated. After a projected doubling of prices in 2024, cocoa prices are expected to ease in the coming years, by around 13% in 2025 and 2% in 2026.
- Tea prices are set to remain fairly flat in 2025, as a limited recovery in supplies in South Asia (especially India) and East Africa (notably Kenya) is balanced by subdued demand growth, particularly in the Middle East.

Oil complex: % change November 2024 over Nov 2023

Commodity	% change
Coconut oil	68.6
Groundnuts	-24.8
Groundnut oil	-8.4
Palm oil	40.7
Palm kernel oil	108.3
Soybeans	-21.2
Soybean oil	2.4
Soybean meal	-32.7
Rapeseed oil	18.8
Sunflower oil	34.1

- The oils and meals price index is forecast to soften a further 4% in 2025, driven by favourable global oilseed supplies, before flattening out in 2026.
- Soybean prices are projected to decrease by 6% in 2025, with global production projected to rise by 9% in the 2024-25 season to reach a new record. Among major exporters, soybean production is set to increase by 10% in Brazil and the United States and 6% in Argentina, driven by a combination of larger acreage and improving yields. In 2026, soybean prices are forecast to edge up by 2%.
- Soybean oil production is poised to rise sharply in 2024-25, but prices are expected to weaken by only 1% in 2025 before increasing by 3% in 2026, as crop losses in sunflower seed and rapeseed in the EU and the Black Sea region reduce the availability of alternative oils.
- Soybean meal prices are expected to decline by 18% in 2024, followed by a 2% drop in 2025, before recovering by 2% in 2026, in line with expected movements in soybean processing.

- Palm oil prices are expected to rise by 4% this year because of lower production in Indonesia and crop losses in Central America but are forecast to decline by 7% in 2025 and 1% in 2026 as global production recover.

Grains: % change November 2024 over Nov 2023

Commodity	% change
Maize	-4.7
Rice	-14.5
Wheat	-5.0
Sugar	-21.7

- Grain prices are forecast to soften by 5% in 2025, driven by increasing global grain supplies, before levelling out in 2026.
- Wheat prices are forecast to edge lower by a further 2% in 2025.
- Global maize prices are forecast to fall by just 1% in 2025, then edge up 2% in 2026 as global supply remains steady.
- Rice prices are forecast to fall by 11% in 2025 and 2% in 2026, as global output reaches a new high in the 2024-25 season and India eases its rice export restrictions. Ample monsoon rains have expanded rice sowings in India for the 2024-25 season, while the probable emergence of La Niña weather conditions, which typically bring more rainfall to South Asia, is expected to improve yields and boost inventories.
- Global sugar supply is set to decline marginally due to dry weather in Brazil and India's decision in late August to lift restrictions on ethanol production from sugarcane. Sugar prices are expected to remain mostly unchanged in 2026.

Commercial crops: % change November 2024 over Nov 2023

Commodity	% change
Tobacco, US	-8.3
Cotton, A Index	-9.9
Rubber, TSR20	30.5

- Cotton prices are projected to rebound in 2025 and 2026 as supply growth moderates. Key downside risks to this outlook are weaker-than-anticipated global economic growth and higher-than-anticipated global production.
- Natural rubber prices are expected to rise 3% in the next two years. However, a potential downturn in automobile production, particularly due to a supply glut in China, poses a significant downside risk.

Farm inputs

Fertilizers: change November 2024 over Nov 2023

Commodity	% change
DAP	7.3
TSP	6.1
Urea	-8.6
Potassium chloride	-15.3

- After halving in 2023, urea prices are on course to decline by a further 8% in 2024 before stabilizing in 2025.

- Production of urea is expected to grow in the forecast period, with much of the new capacity expected in East Asia and the Middle East. A recovery in urea output is also expected in Europe, where production has been hampered by the 2022 surge in natural gas prices.
- Key upside risks to the price outlook include a smaller-than expected expansion of productive capacity, further trade restrictions by major producers such as China, spikes in natural gas prices. Longer-term challenges for urea consumption—and thus prices—arise from the fertilizer’s high carbon content
- DAP prices are expected to stabilize in 2024 before declining by 9% in 2025 and 1% in 2026 as supply conditions improve and new production capacity comes online. The forecast assumes that Russia will continue redirecting exports previously destined for European markets to other major agricultural producers, such as Brazil and India. However, further trade restrictions, supply disruptions, or spikes in ammonia and natural gas prices—potentially triggered by escalating conflict in the Middle East—could drive DAP prices higher.

Metals

Metals: % change November 2024 over Nov 2023

Commodity	% change
Aluminum	17.3
Iron ore	-23.3
Copper	10.8
Lead	-9.2
Tin	22.7
Nickel	-7.7
Zinc	18.1

- The metal’s price index is projected to drift slightly lower over 2025-26. After rising 6% this year base metal prices are forecast to hold steady next year before softening by 3% in 2026. This reflects only moderate expected growth of industrial activity in major economies, particularly China.
- Iron ore prices are forecast to fall further in 2025-26 as major producers expand output and new mines come online.
- Aluminum prices are forecast to hold steady in 2025 before rising by 4% in 2026, underpinned by resilient demand.
- Copper prices are forecast to edge up by almost 1% in 2025 supported by steady demand growth. In 2026, copper prices are projected to fall by 9% owing to stronger supply growth.
- Lead prices are projected to edge down another 2% in 2025, mainly due to rising mine supplies from Australia, Brazil, Russia, and the United States. In 2026, prices are forecast to increase by a modest 2%.
- Nickel prices are forecast to rebound by 3% in 2025 and 6% in 2026.
- Tin prices are set to rise by 7% in 2025 and 6% in 2026, supported by growing demand for semiconductors, photovoltaic panels, and other energy transition technologies.
- Zinc prices are forecast to fall by 4% in both 2025 and 2026 as global zinc supply picks up.

Precious metals: % change November 2024 over Nov 2023

Commodity	% change
Gold	33.6
Platinum	6.6
Silver	32.4

The recent increase in price of gold was supported by various factors such as geopolitical tensions, continued demand from central banks, and the onset of U.S. monetary easing, which was foreshadowed by a weaker dollar and lower U.S. government bond yields. Additionally, a resurgence in demand for gold from exchange-traded funds helped propel prices higher in 2024Q3. Robust safe-haven demand for gold—which typically rises during periods of geopolitical, financial, and policy uncertainty—is expected to be sustained in the near term. However, demand from central banks and jewellery production, which together account for about two-thirds of global gold demand, is likely to ease over the forecast horizon due to record high prices.

- Precious metal prices are expected to remain stable next year and edge down in 2026, following a 21% increase in 2024.
 - Upside risks to these price projections include further stimulus measures that benefit metal-intensive sectors in China, potential production disruptions, and new trade restrictions that could tighten supply, and—for gold—further escalation of geopolitical tensions.
 - On the downside, weaker-than-expected growth in major economies could dampen demand for metals such that prices undershoot the forecasts.
- Silver demand is expected to grow steadily over the forecast horizon, fuelled by its dual financial and industrial uses. Solar panel installations, together with increasing vehicle electrification, are expected to drive the expansion in industrial silver demand. Global silver supply is expected to grow modestly in the next couple of years, driven by production in Canada, Peru, Russia, and the United States, along with contributions from recycling.
- With modest supply growth lagging behind strong demand tailwinds, silver prices are projected to rise by 7% in 2025 and 3% in 2026.

To summarize, in the near term, the possibility of escalating conflict in the Middle East poses substantial upside risks to energy prices. A conflict-related reduction in the region's energy exports could drive oil and gas prices higher in the closing months of 2024 and well above the forecasts for next year, with knock-on consequences for other commodities. Other upside risks to commodity prices include stronger-than anticipated economic growth, especially if related to policy stimulus in China, and potential supply disruptions due to climate change-related extreme weather. Even so, over the forecast horizon, risks to the aggregate commodity price forecast are tilted slightly to the downside. This reflects a judgment that the steady unwinding of OPEC+ production cuts—in line with announced policy—could generate abundant oil supply, significantly reducing oil prices and lowering commodity prices overall. In addition, weaker than-expected global industrial activity could weigh on energy and metal prices.

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