

## Commodities Remain on the Mend

Central bank patience provides support as trade issues linger

The **BMO Capital Markets Commodity Price Index** posted its largest gain in more than a year, increasing 4.2% in February amid relatively broad-based gains. February marked another strong month for lumber prices, while metals were whipsawed by the U.S. dollar amid fluctuating geopolitical risks and central bank expectations. Rising oil prices have provided the biggest boost to the index in recent months with sustained strength in March portending further near-term support.

The **Oil & Gas Index** rose 5.8% in February as a sizeable jump in oil prices more than offset a steep drop in natural gas. Oil continued to rise through much of March as Saudi Arabia reaffirmed its commitment to cutting supplies. The International Energy Agency reports that OPEC compliance with its output cut agreement measured 94% in February. Meanwhile, natural gas continued to swoon in February – falling 13.4% in the month – though Henry Hub moved moderately higher in March as U.S. underground storage plunged to approximately 35% below its five-year average.

The **Metals & Minerals Index** gained 2.5% in February, its best monthly performance since January 2018. Precious metals performed well, with gold hitting a 10-month high of \$1345 mid-month amid strong investor and central bank demand. Meantime, optimism around U.S./China trade talks supported nickel, zinc and copper outperformance in the month. While supply-side factors remain supportive for base metal prices, near-term gains should be tempered by a more stable U.S. dollar.

The **Forest Products Index** surged 14.2% in February as fears of an impending supply shortage pushed prices of Spruce-Pine-Fir to a high of \$417/mbf in the second week of trading. The \$54 jump in the monthly average is eerily similar to the buildup that fuelled 2018's price spike, but poor weather and a re-assessment by final buyers (activity was driven mostly by wholesalers) helped to moderate pricing by month-end. Oriented Strand Board prices continued to demonstrate constructive gains after bottoming out in December, gaining \$5 to average \$215/msf.

The **Agriculture Index** shed 1.8% in February and is once again in negative territory on a year-over-year basis. Wheat and canola prices came under pressure during the month and the latter saw further weakness in March following China's announcement that it would suspend imports of canola from Canada. Hog prices also lost ground in February, but surged in March on renewed concern over African Swine Fever in Asia.

**Aaron Goertzen** (Agriculture)

416-359-8229

[aaron.goertzen@bmo.com](mailto:aaron.goertzen@bmo.com)

**Carl Campus** (Metals & Minerals, Editor)

416-359-6792

[carl.campus@bmo.com](mailto:carl.campus@bmo.com)

**Alexandros Koustas** (Forest Products)

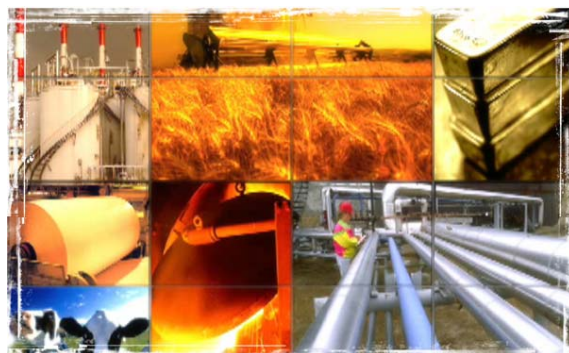
416-359-4624

[alexandros.koustas@bmo.com](mailto:alexandros.koustas@bmo.com)

**Earl Sweet** (Oil & Gas)

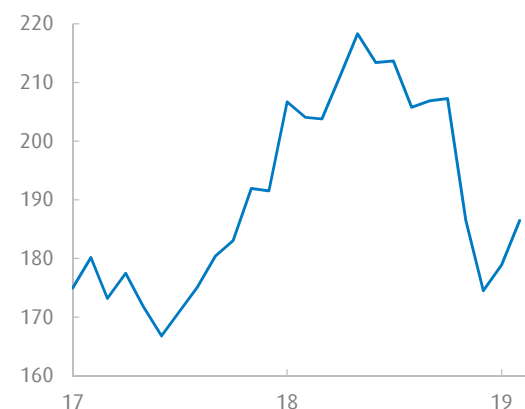
416-359-4407

[earl.sweet@bmo.com](mailto:earl.sweet@bmo.com)



**BMO CAPITAL MARKETS  
COMMODITY PRICE INDEX  
(2003 = 100)**

### All Commodities Index



	Feb. Level (2003=100)	% Change from Mth. Ago	Yr. Ago
All Commodities	186.5	4.2	-8.6
Oil & Gas	160.2	5.8	-11.2
Metals & Minerals	257.9	2.5	-4.3
Forest Products	137.3	14.2	-25.6
Agriculture	145.2	-1.8	-0.2

## Energy and Materials

		Crude Oil	Natural Gas		Lumber
		(WTI)	(Henry Hub)	(AECO)	
		US\$/bbl	US\$/mmbtu		US\$/mbf
	2006	66.10	6.74	5.76	290
	2007	72.36	6.98	6.02	245
	2008	99.57	8.86	7.79	215
	2009	61.69	3.95	3.48	177
	2010	79.43	4.39	3.89	255
	2011	95.08	4.00	3.67	255
	2012	94.20	2.75	2.39	299
	2013	97.93	3.73	3.09	356
	2014	93.26	4.39	4.08	349
	2015	48.69	2.63	2.12	277
	2016	43.21	2.52	1.63	305
	2017	50.91	2.99	1.67	401
	2018	64.84	3.17	1.19	480
	y-t-d 2019	53.37	2.95	1.95	371
<b>2018</b>	March	62.76	2.69	1.57	524
	April	66.26	2.80	1.10	552
	May	69.99	2.80	0.86	634
	June	67.33	2.97	0.91	609
	July	70.97	2.83	1.04	564
	August	67.99	2.96	0.82	468
	September	70.20	3.00	1.04	414
	October	70.76	3.28	1.10	323
	November	57.00	4.09	1.29	337
	December	48.95	4.04	1.25	320
<b>2019</b>	January	51.47	3.11	1.48	347
	February	54.96	2.69	2.55	401
	m-t-d March	56.28	3.54	3.09	378
<b>Forecast</b>	2019 Avg.	<b>59.00</b>	<b>2.95</b>	<b>1.55</b> ↓	<b>360</b> ↑
	2020 Avg.	<b>61.00</b>	<b>3.05</b>	<b>1.70</b>	<b>330</b>

Commodity price forecasts are by BMO Capital Markets Economics and are independent of those used by BMO Capital Markets Equity Research.

↑ and ↓ indicate annual forecast changes from last month.

## Base and Precious Metals

	Copper	Aluminum	Zinc	Nickel	Gold	Silver
	US\$/lb			US\$/oz		
2006	3.05	1.17	1.48	11.00	605	11.58
2007	3.23	1.20	1.47	16.89	697	13.40
2008	3.15	1.17	0.85	9.57	872	15.01
2009	2.34	0.75	0.75	6.64	973	14.67
2010	3.42	0.99	0.98	9.89	1225	20.16
2011	4.00	1.09	0.99	10.38	1570	35.11
2012	3.61	0.92	0.88	7.96	1668	31.15
2013	3.32	0.84	0.87	6.81	1411	23.83
2014	3.11	0.85	0.98	7.65	1266	19.08
2015	2.50	0.75	0.88	5.37	1160	15.70
2016	2.21	0.73	0.95	4.35	1248	17.10
2017	2.80	0.89	1.31	4.72	1258	17.06
2018	2.96	0.96	1.33	5.95	1270	15.71
y-t-d 2019	2.78	0.84	1.20	5.50	1304	15.67
<b>2018</b>						
March	3.08	0.94	1.49	6.08	1326	16.47
April	3.10	1.02	1.45	6.32	1334	16.60
May	3.09	1.04	1.39	6.51	1304	16.45
June	3.15	1.02	1.40	6.85	1282	16.51
July	2.83	0.95	1.21	6.25	1238	15.71
August	2.74	0.93	1.14	6.09	1202	15.00
September	2.73	0.92	1.10	5.68	1199	14.27
October	2.82	0.92	1.21	5.59	1215	14.58
November	2.81	0.88	1.18	5.10	1221	14.36
December	2.76	0.88	1.19	4.91	1250	14.67
<b>2019</b>						
January	2.69	0.84	1.16	5.19	1292	15.61
February	2.85	0.84	1.23	5.74	1320	15.81
m-t-d March	2.95	0.85	1.27	6.05	1294	15.23
<b>Forecast</b>						
2019 Avg.	<b>3.10</b>	<b>0.94</b> ↓	<b>1.21</b> ↑	<b>5.80</b> ↑	<b>1285</b>	<b>16.00</b> ↓
2020 Avg.	<b>3.30</b>	<b>0.99</b>	<b>1.23</b>	<b>5.90</b>	<b>1260</b>	<b>17.00</b> ↓

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## Agriculture

		Wheat	Canola	Cattle	Hogs
		US\$/bushel	US\$/tonne		US\$/cwt
	2006	4.02	257	86.23	64.08
	2007	6.38	378	93.92	65.56
	2008	7.98	527	93.60	66.05
	2009	5.30	371	83.85	58.11
	2010	5.81	429	94.95	75.60
	2011	7.10	566	114.54	90.34
	2012	7.50	601	122.65	84.93
	2013	6.84	545	126.40	89.33
	2014	5.88	400	151.50	105.83
	2015	5.08	371	146.49	69.40
	2016	4.36	366	118.61	65.60
	2017	4.36	393	117.90	69.87
	2018	4.95	389	114.64	65.26
	y-t-d 2019	5.03	360	126.56	58.27
<b>2018</b>	March	4.75	402	120.05	64.16
	April	4.75	416	117.21	61.01
	May	5.17	414	104.96	71.13
	June	5.01	398	107.63	80.01
	July	5.07	379	107.13	72.90
	August	5.38	384	108.63	54.74
	September	5.04	378	111.77	57.80
	October	5.11	378	113.36	61.13
	November	5.05	361	116.04	57.61
	December	5.17	357	119.83	58.44
<b>2019</b>	January	5.17	362	125.31	60.78
	February	4.99	361	127.44	55.71
	m-t-d March	4.49	341	128.91	57.18
<b>Forecast</b>	2019 Avg.	<b>5.10</b> ↓	<b>370</b> ↓	<b>120.00</b>	<b>68.00</b> ↑
	2020 Avg.	<b>5.60</b>	<b>400</b>	<b>122.00</b>	<b>77.00</b>

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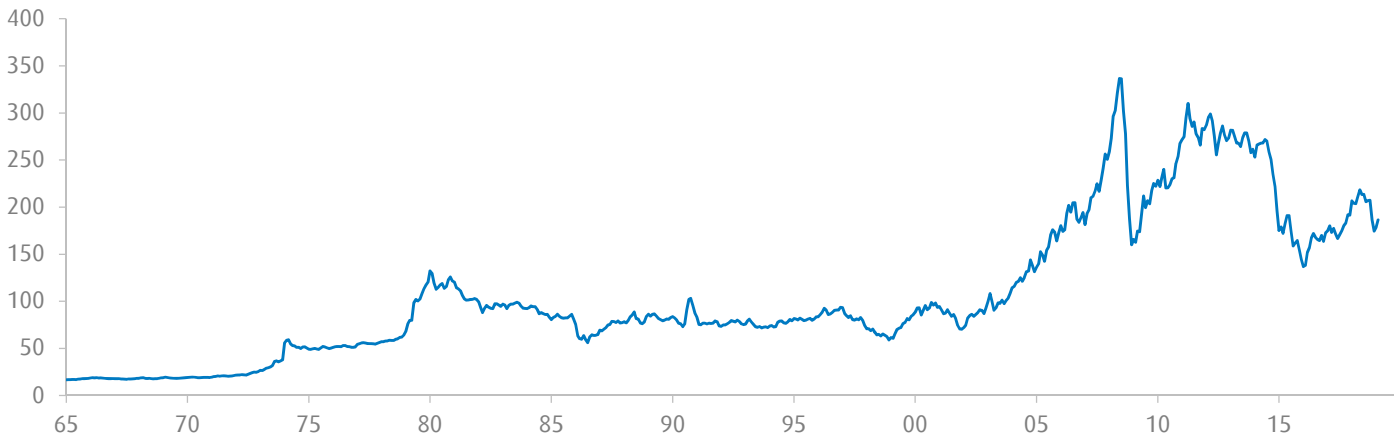
## Commodity Indices and Forecasts

US\$-terms : 2003 = 100		All Commodities	Oil & Gas	Metals & Minerals	Forest Products	Agricultural Products	All Commodities C\$-terms	
<b>Annual</b>								
	2010	234.6	232.7	291.1	92.0	163.4	172.5	
	2011	283.7	275.6	364.8	90.1	205.3	200.3	
	2012	279.7	270.2	353.8	108.4	216.9	199.5	
	2013	271.7	283.0	304.1	128.6	200.1	199.6	
	2014	252.1	271.4	270.5	121.3	170.0	198.4	
	2015	170.9	142.5	244.8	98.3	151.3	155.5	
	2016	160.7	126.9	241.1	110.3	135.9	151.8	
	2017	178.1	149.6	249.4	144.8	139.8	165.0	
	2018	204.3	189.0	257.5	169.5	147.2	188.8	
Forecast	2019	<b>193.4</b>	<b>172.1</b>	<b>261.3</b>	<b>124.9</b>	<b>147.8</b>	<b>183.8</b>	
	2020	<b>198.8</b>	<b>178.0</b>	<b>267.1</b>	<b>115.4</b>	<b>160.0</b>	<b>186.1</b>	
<b>Quarterly</b>								
	2017	Q2	172.0	142.3	243.6	139.4	139.2	165.3
		Q3	175.5	141.8	252.6	149.3	143.8	157.1
		Q4	188.8	161.9	258.8	165.5	138.0	171.2
	2018	Q1	204.8	183.3	268.2	180.9	144.2	184.6
		Q2	214.2	196.7	266.8	210.7	150.1	197.2
		Q3	208.8	202.1	247.8	170.9	148.3	194.9
		Q4	189.4	173.8	247.3	115.6	146.3	178.4
Forecast	2019	Q1	<b>184.9</b>	<b>159.9</b>	<b>255.6</b>	<b>128.5</b>	<b>143.7</b>	<b>175.8</b>
		Q2	<b>191.0</b>	<b>169.2</b>	<b>258.5</b>	<b>125.9</b>	<b>147.4</b>	<b>182.2</b>
		Q3	<b>197.2</b>	<b>177.7</b>	<b>263.6</b>	<b>124.9</b>	<b>148.2</b>	<b>187.4</b>
<b>Monthly</b>								
	2018	Feb	204.1	180.5	269.5	184.6	145.5	182.5
		Mar	203.8	182.0	264.9	186.3	146.8	187.8
		Apr	211.0	192.1	268.4	195.0	148.2	191.7
		May	218.3	202.6	266.4	222.2	153.0	200.3
		Jun	213.4	195.5	265.6	214.9	149.2	199.6
		Jul	213.7	205.4	252.5	198.8	147.1	200.4
		Aug	205.8	197.3	246.6	165.6	151.6	191.5
		Sep	206.9	203.6	244.4	148.3	146.2	192.6
		Oct	207.3	205.8	248.0	116.3	147.8	192.2
		Nov	186.5	169.2	245.9	118.9	144.6	175.6
		Dec	174.5	146.5	248.0	111.7	146.5	167.4
	2019	Jan	178.9	151.4	251.5	120.3	147.9	170.4
		Feb	186.5	160.2	257.9	137.3	145.2	175.9

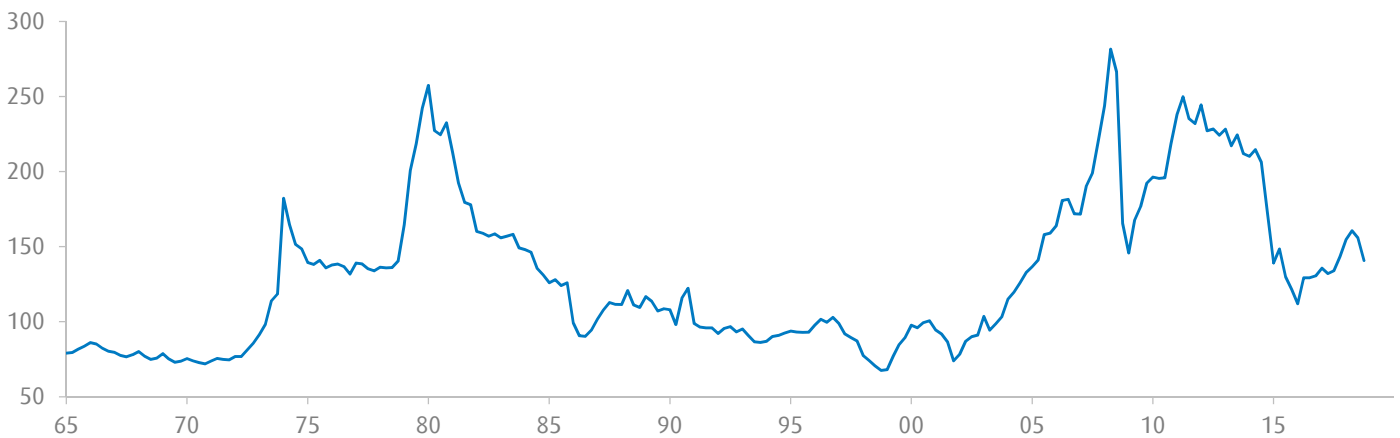
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## Historical Charts: All-Commodity Index

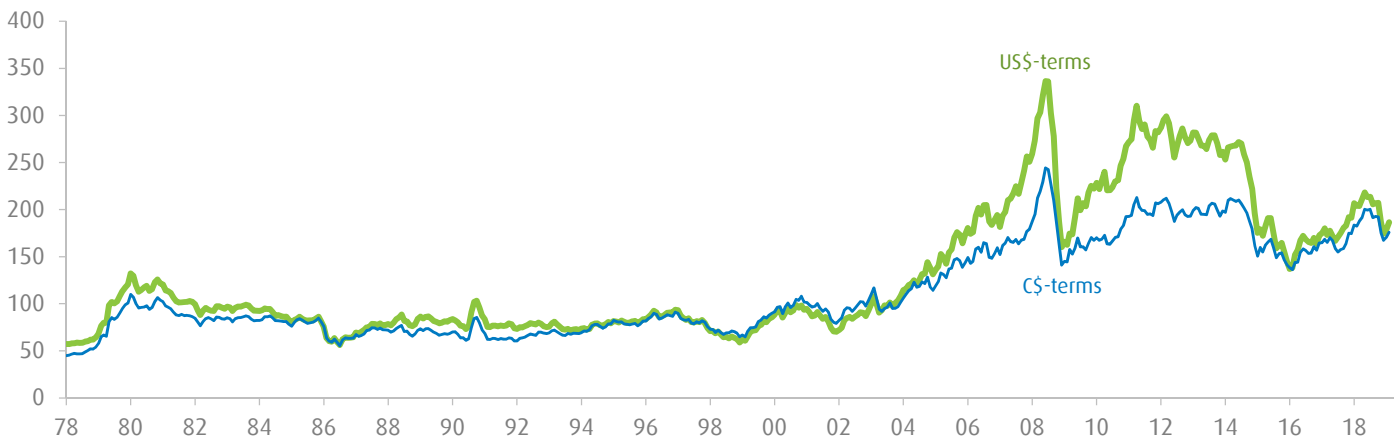
Nominal US\$-Terms (2003 = 100)



Real US\$-Terms (2003 = 100)



Nominal (2003 = 100)



## Technical Note

The BMO Capital Markets Commodity Price Index is a fixed-weight, export-based index that encompasses the price movement of 16 commodities key to Canadian exports. Weights are each commodity's average share of the total value of exports of the 16 commodities during the period 2012-16. Similarly, weights of sub-index components reflect the relative importance of commodities within their respective product group.

**The all-commodities index and sub-indices consist of the following:**

Percent	Weight in All-Commodities Index	Weight in Sub-Index		Weight in All-Commodities Index	Weight in Sub-Index
<b>Metals &amp; Minerals</b>	<b>29.8</b>	<b>100.0</b>	<b>Forest Products</b>	<b>6.5</b>	<b>100.0</b>
Gold	10.6	35.4	Lumber	5.5	84.1
Silver	1.4	4.6	OSB	1.0	15.9
Aluminum	6.4	21.4			
Copper	2.3	7.8	<b>Agricultural Products</b>	<b>9.1</b>	<b>100.0</b>
Nickel	3.2	10.8	Wheat	4.5	49.5
Zinc	0.9	3.0	Canola	3.3	36.6
Uranium	1.3	4.4	Hogs	0.3	3.0
Potash	3.8	12.6	Beef Cattle	1.0	10.9
<b>Oil and Gas</b>	<b>54.6</b>	<b>100.0</b>	<b>All Commodities</b>	<b>100.0</b>	
Crude Oil	47.6	87.2			
Canadian Natural Gas	7.0	12.8			

Unless otherwise specified, all indices reported in this publication correspond to prices in U.S. dollars.

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