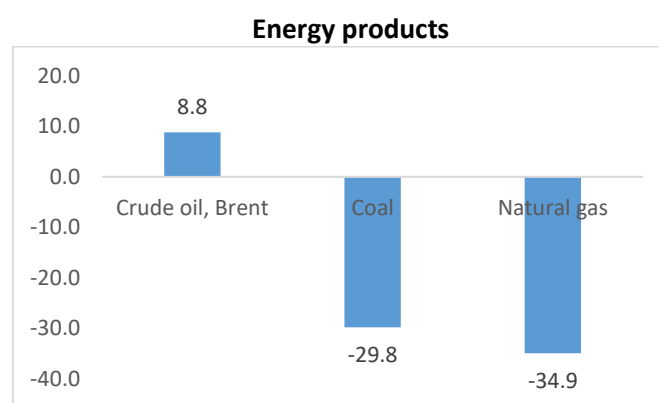


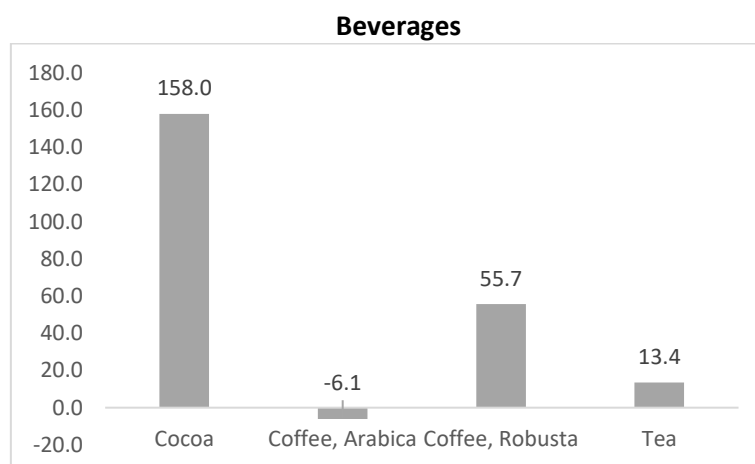
Global commodity prices ease

With the global economy largely adjusting to the new normal in terms of geo-political stability commodity prices have tended to be stable, if not ease, across various commodity groups. Commodities which are driven by weather conditions would continue to be driven by supply side factors. However, those in groups like metals and energy would be driven by how demand forces work out during the course of the year. The China factor will play a role here. Precious metals will be driven by financial markets developments as they become dearer when conditions are volatile.

The charts below give the changes witnessed in prices in the last one year with the period ending March 2024. The data is sourced from World Bank.



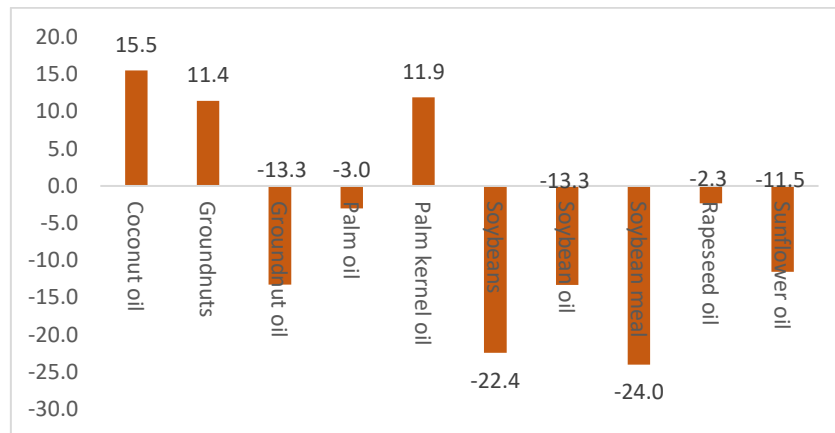
- Crude prices have moved up by around 9% on a year on year basis.
- Prices of coal and natural gas have however come down over this period.
- On the domestic side contrary pictures were witnessed. Crude oil inflation was up by 16.5% (February) while natural gas was down by 7.8%. In case of coal there was an increase of just 0.3%.



- Prices have tended to increase across the commodity spectrum with cocoa prices in particular rising sharply by almost 160%. This has had a strong impact on input costs in the confectionery segment. Cocoa products witnessed inflation of 6.8% during this period.
- The higher prices of tea, coffee and coffee are mainly due to swings in supply conditions with demand being steady or increasing marginally across the board.

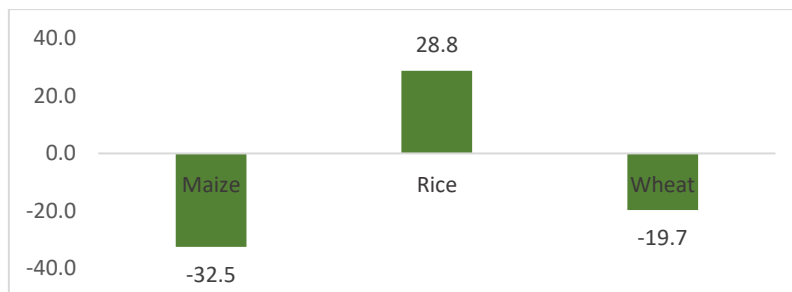
- In the domestic market, tea inflation was negative while that of coffee positive with an increase of 9-16% for different coffee varieties.

Oil Complex



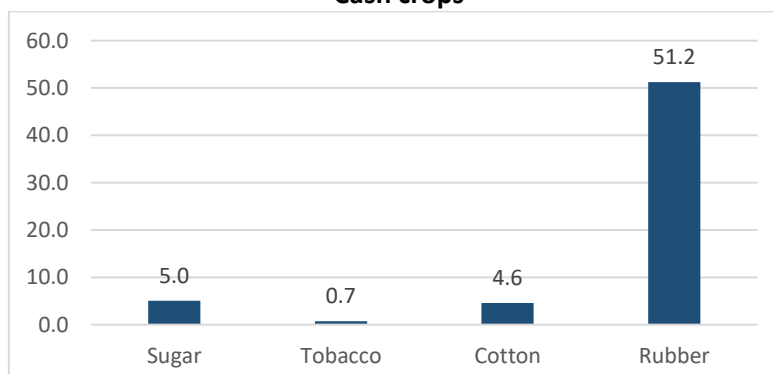
- With the exception of coconut oil, palm kernel oil and groundnuts, the oil complex witnessed a decline in prices indicating excess supply conditions even as the world economy came back to normal.
- In India too prices across the board came down for all varieties of edible oils. Interestingly, prices of groundnuts also witnessed a decline unlike what was seen on the global front.

Grains



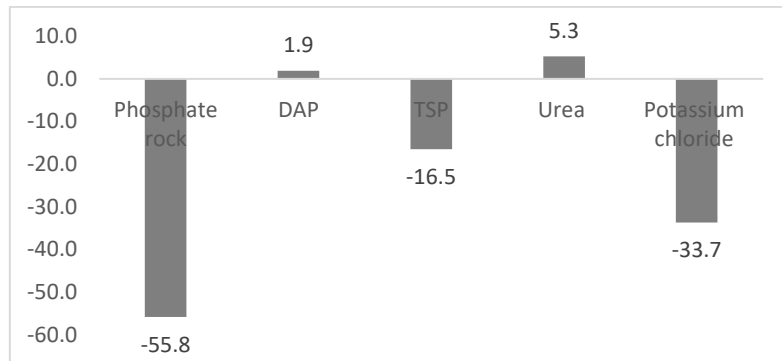
- Prices of wheat and maize have fallen globally while that of rice has gone up sharply by almost 29%.
- In India, paddy inflation was 10.3% while it was 2.3% for wheat and 2.7% for maize.

Cash crops



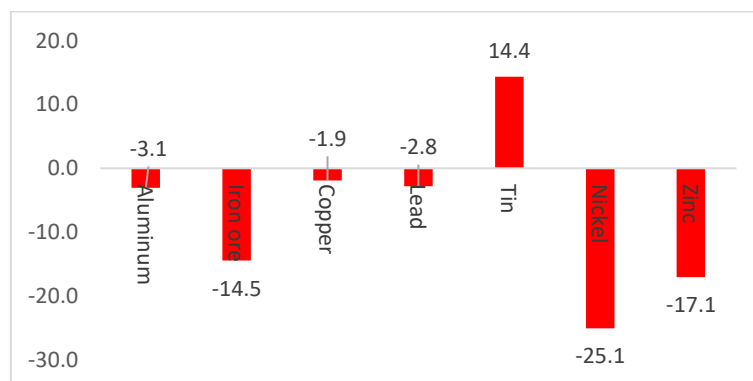
- Prices of cash crops have tended to increase over the year with rubber rising significantly by over 50%. In India too rubber prices were up by 14.9% (Feb over Feb).
- Inflation for sugar in domestic markets was high at 7.9%.
- Cotton prices had fallen by 11.8% while tobacco products were up by 4.3%.

Fertilizers group



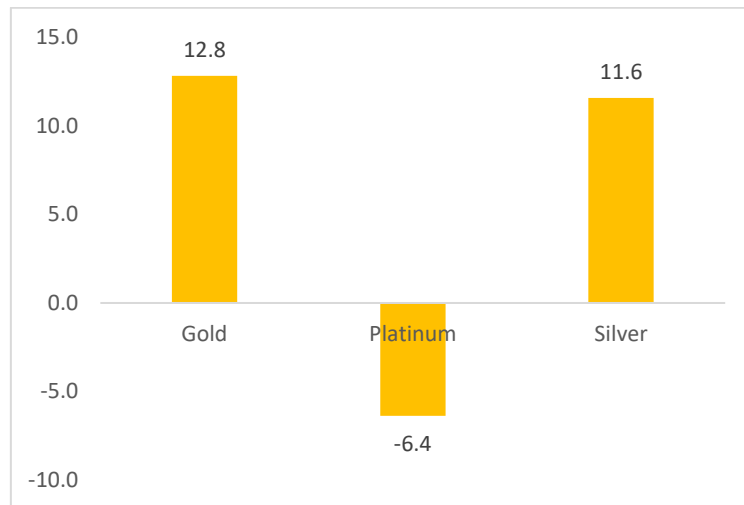
- With crude price up and natural gas down, fertilizers prices tended to decline for potassium, phosphate and TSP. It increased in case of urea.
- In domestic markets, fertilizers prices as a group witnessed decline of inflation of 3.3%.

Metals



- Metal prices came down due to low and stable growth conditions in the world. The slowdown in China in particular affected demand for these metals. With the exception of tin, there were declines in prices of all other metals.
- Falling prices was also witnessed in India with aluminium, copper, zinc, lead witnessing negative inflation.

Precious metals



- Gold prices increased sharply during the year mainly due to uncertain global economic environment. This was a year where there was uncertainty on the central bank actions which also made the dollar tend to be volatile. In this environment gold became a safe investment. Demand increased from central banks which sought diversification in their forex reserves. Further, with ETFs seeing a boom, demand for the metal also increased.
- The price movements witnessed in the global market for all the precious metals was also witnessed in India with the WPI index for both gold and silver moving up by 5.6%.

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