



Commodity Price Forecasts

Our commodity price forecasts reports, in which we analyse a range of quarterly and annual trends, are consistent with our prospects for the global economy and are derived from our advanced Global Economic Model. Access to our Commodity Price Databank and to an archive of reports going back to 2000 are included in the service, which includes forecasts for energy, food, base metals, precious metals, and other industrial inputs.

What the Service Includes

- In-depth analysis of current and future trends.** In disaggregated oil and non-oil commodity markets, including a wide array of soft and hard commodities, from base metals and energy to food and beverages.
- Two-year commodity price projections.** By quarter in line with our overall global economic forecast assumptions. Our team of experienced economists uses our rigorous global forecasting system to produce our commodity projections.
- Five-year historical commodity price data** organised by quarter and year. The service includes an archive of Commodity Price Forecasts going back to 2000.
- Extensive use of valuable charts and statistical tables** covering a wide range of commodity market data and forecasts.
- Economist Support.** We provide full client support to answer questions about our data or forecasts.

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Overview

Oil prices tumble on increased risk aversion, although iron ore is still buoyant

- October was a jittery month for the commodities complex, as financial markets started to feel the impact of a China slowdown and US\$ strength created additional headwinds. Oil prices rallied sharply early in the month, but then tumbled and were down 5% m/m at time of writing (24 October). Most of the base metals also fell, with copper down 2% m/m. It was not all doom and gloom however, with iron ore prices still buoyant and up 6% m/m. Gold also rallied – up 3% m/m – reflecting increased risk aversion.
- In oil markets, the fear about a global slowdown has finally started to outweigh concerns about supply shortages. One problem for bulls is that European oil demand looks very weak at the moment. Due to problems in the diesel car market, and while China still looks strong overall, here too the automotive sector is struggling. Moreover, on the supply side analysts have started to pare back their most pessimistic scenarios for Iranian production, as the US appears to be taking a more pragmatic approach to sanctions as it calls for lower oil prices. Russia, Saudi Arabia and the US are also boosting production to try to avoid a supply crunch.
- Iron ore prices got a boost this month from higher demand expectations. China has scrapped this year's blanket cuts on steel production and has instead devolved responsibility to reduce emissions by 3% y/y to the regional level. Steel prices initially reacted negatively as fears grew that, after a strong summer for supply, production would continue uninterrupted during the winter. But iron ore prices have risen in response as demand should fall by less than previously anticipated as China stimulates its economy.
- Copper prices had already fallen earlier in the year in response to concerns about China and therefore held up well as oil prices dropped. One advantage for copper is that it is more exposed than oil to Chinese construction and infrastructure, sectors that are likely to remain strong as the government boosts spending. LME copper inventories are also falling sharply at the moment, suggesting that demand is still outpacing supply despite decent growth in Chilean mine production.
- Aluminium prices fell more decisively in the past month reflecting two key developments. First, the Chinese car sector – a key consuming area for aluminium – is now looking very weak, with sales down 12% y/y in September. Second, the US government has again pushed back the deadline for halting trade with Russia's Russia, a key supplier. Overall, this has created a more bearish backdrop for aluminium.

Metal equity prices
Index of share price, June 2017 = 100

Oil price drops, but pockets of strength remain
Price trend in month to 24 October 2018 (% change m/m)

Iron ore outperforms oil and copper

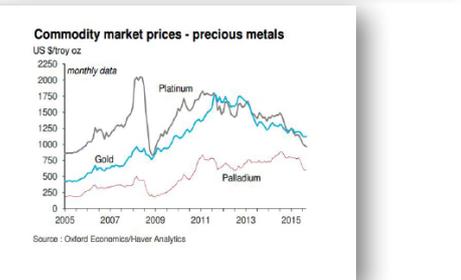
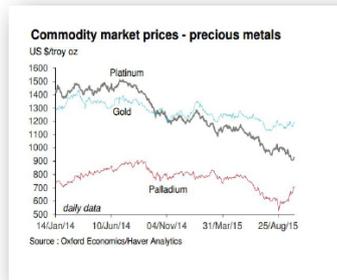
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Table 1: Oil Market Overview

Oil/ Oil Supply	World	Final Oil	Desp. Demand	Stock	Inventory
(m/bpd)	(m/bpd)	(m/bpd)	(m/bpd)	(m/bpd)	(m/bpd)
84.7	3.2	3819	78.1	1.7	4.5
85.4	0.8	3865	78.0	0.9	-1.7
85.5	1.1	3869	79.1	-0.9	3.1
85.4	-1.4	2554	78.4	-0.5	2.8
87.1	2.1	3969	80.8	3.0	-0.1
88.1	1.1	3916	81.3	0.6	-0.6
90.6	2.8	4047	82.8	1.8	34.0
91.2	0.7	4130	84.5	2.0	-0.6
92.7	2.7	4189	85.6	1.4	-0.9
95.5	3.0	4288	87.7	2.4	69.5
95.9	0.5	4339	89.7	1.2	28.1
97.5	0.6	4409	90.2	1.6	-1.9
99.5	2.1	4486	91.7	1.7	-1.8
103.0	0.6	4556	93.2	1.6	-0.2
103.6	1.6	4602	94.1	1.0	-0.1
99.1	2.0	4146	84.8	1.3	-2.4
93.0	2.0	4180	85.1	1.4	27.3
96.2	2.6	4209	86.1	1.4	31.4
95.4	4.0	4220	86.5	1.4	0.1
95.1	3.3	4226	86.4	1.9	0.2
96.3	3.5	4261	87.1	2.4	0.8
97.1	3.2	4344	88.0	2.2	26.8
97.3	2.0	4321	88.4	2.1	69.3
96.6	1.6	4289	87.9	1.7	56.2
96.8	0.3	4322	88.4	1.4	1.5
96.9	-0.3	4363	89.2	0.4	1.0
96.2	0.9	4372	89.4	1.2	-0.7
96.7	0.0	4343	88.8	1.0	10.1
97.0	1.0	4419	90.3	2.2	-4.3
97.9	1.1	4422	90.6	1.6	-1.9
98.2	0.1	4444	90.9	1.6	-1.4
98.3	1.7	4424	90.5	1.9	6.2
98.9	2.1	4434	90.7	0.4	28.0
103.0	2.1	4548	93.3	2.6	-0.7
100.5	2.3	4538	92.8	2.1	0.6
98.7	0.4	4525	92.6	2.3	-0.1
102.0	0.9	4527	92.6	2.1	-0.1
102.6	0.6	4583	93.9	1.0	-0.1
101.0	0.4	4560	93.7	0.9	-0.7
103.3	1.6	4649	93.4	0.9	-0.6
101.2	1.5	4573	93.5	1.0	2.5
102.0	1.5	4641	94.0	1.0	-0.5
102.6	1.6	4626	94.6	1.0	0.2

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Indicators covered

Our latest forecasts, in dollars and euros, for key commodities:

- **Oil markets:** Brent crude, world supply and demand for oil (mtoe and b/d) stockbuilding and bunker demand
- **Base metal prices:** aluminium, copper, nickel, tin, zinc, iron ore, steel, HRC & plate (US, EU, China) and lead
- **Other commodity prices:** food, beverages, agricultural, raw materials metals and fertiliser

The latest price statistics for a wide range of markets:

- **Oil:** WTI, Brent, Dubai, Urals
- **Oil products:** diesel, gas, gas oil, residual oil, residual fuel oil, jet kerosene, benzene, gasoline
- **Other energy:** coal, natural gas
- **Base metals:** aluminium, copper, nickel, tin, zinc, lead
- **HRC steel:** Europe, Asia, North America
- **Precious metals:** palladium, platinum, gold, silver

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Contact us

OXFORD: +44 1865 268900

LONDON: +44 20 3910 8000

BELFAST: +44 2892 635400

CAPE TOWN: +27 (0)21 863 6200

DUBAI: +971 (0) 4 429 5876

FRANKFURT: +49 69 96 758 658

MILAN: +39 02 8295 2521

PARIS: +33 (0)1 78 91 50 52

NEW YORK: +1 646 503 3050

BOSTON: +1 617 206 6113

CHICAGO: +1 773 867 8140

HOUSTON: +1 832 799 2556

LOS ANGELES: +1 424 238 4331

MEXICO CITY: +52 (55) 52503252

PHILADELPHIA: +1 610 995 9600

TORONTO: +1 905 361 6573

SINGAPORE: +65 6850 0110

HONG KONG: +852 3974 8842

SYDNEY: +61 (0)2 8458 4200

MELBOURNE: +61 3 8679 7300

TOKYO: +81 (0)3 6860 8264