



Commodities Price Action YTD %

Name	Units	YTD Change %
Natural Gas (Nymex)	USD/MM Btu	101.81
Gasoil (Nymex)	USD/MT	46.57
Crude Oil (Tokyo)	JPY/kl	39.97
Heating Oil (Nymex)	USd/gal.	39.27
RBOB Gasoline (Nymex)	USd/gal.	29.43
Brent Crude (ICE)	USD/bbl.	21.04
Orange Juice (ICE)	USd/lb.	19.97
Kerosene (Tokyo)	JPY/kl	17.5
Lean Hogs (CME)	USd/lb.	17.22
WTI Crude Oil (Nymex)	USD/bbl.	16.88
Palladium Spot	USD/t oz.	16.3
Nickel	USD/MT	15.77
Rough Rice (CBOT)	USD/cwt	14.54
Gold/Japanese Yen Spot	JPY/t oz.	12.73
Gold (Tokyo)	JPY/g	12.42
Gold/British Pound Spot	GBP/t oz.	9.4
Gold/Euro Spot	EUR/t oz.	9.17
Soybean Oil (CBOT)	USd/lb.	8.9
Feeder Cattle (CME)	USd/lb.	8.53
Wheat (CBOT)	USd/bu.	6.2
Coking Coal	CNY/MT	5.4
Gold/Indian Rupee Spot	INR/t oz.	5.37
Silver/Japanese Yen Spot	JPY/t oz.	5.03
Soybean (CBOT)	USd/bu.	3.94
Live Cattle (CME)	USd/lb.	3.55
Silver/British Pound Spot	GBP/t oz.	1.91
Silver (Tokyo)	JPY/g	1.82
Silver/Euro Spot	EUR/t oz.	1.8
Corn (CBOT)	USd/bu.	0.08
Rubber (Tokyo)	JPY/kg	0
Ethanol (CBOT)	USD/gal.	0
Gold (Comex)	USD/t oz.	-0.04
Soybean Meal (CBOT)	USD/T.	-0.15
Gold Spot	USD/t oz.	-0.95
Cocoa (ICE)	USD/MT	-3.67

Macro/Econ Strategy – Living with negative real rates for a while

- Raw materials price action is the key driver of inflation
- Commodities price dynamics becomes center of importance
- Energy costs are on average 20% of cost of goods sold in any industrial enterprise
- Fertilizers, chemicals and energy are key inputs into agricultural products
- Energy is a key input in metal production
- While there were periods of higher oil prices in recent past, gas prices are at records and driving overall energy costs.
- Higher gas costs in key economies in the US and Europe will further drive COGS of industrial companies.
- This can provide another leg to inflation this autumn for industrial companies.
- It will also drive costs of energy companies in the second leg of inflation when costs of construction, pipes and other supply materials of energy companies rise in the second leg of inflation.
- Rising credit rates will limit capital expenditures across all industries further decreasing supply and pressuring end product prices.
- This could become a third leg in inflation dynamics.
- Finally the wage hikes which are likely to exacerbate and coincide with third leg will serve as another driver of inflation across all sector including financials and non industrial companies.
- Restocking will be the key trend.
- Inventories will rise while real rates remain negative
- Eventually this could lead to a bubble burst and crisis of overproduction
- Other pressures on commodity prices include transportation bottlenecks
- Transportation price hikes and logistical problems can put price pressure on commodities prices
- Higher trade finance rates in the increased rates environment and decrease in trade finance funding can further increase commodities prices
- Energy shift will eventually play an important role in the supply demand equations for commodities sector and could become a price dampening factor.
- While there will be commodities especially rare earth and base metals which will be in higher demand as energy shift gathers momentum.

Sugar #11 (ICE)	USd/lb.	-4.34
Platinum Spot	USD/t oz.	-5.92
3Mo Zinc (LME)	USD/MT	-6.8
Coffee 'C' (ICE)	USd/lb.	-6.86
Silver Spot	USD/t oz.	-7.76
Silver (Comex)	USD/t oz.	-7.97
ECX Emissions (ICE)	EUR/MT	-8.12
Steel	USD/MT	-9.82
Canola (ICE)	CAD/MT	-12.69
3Mo Aluminum (LME)	USD/MT	-14.82
3Mo Copper (LME)	USD/MT	-16.93
Copper (Comex)	USd/lb.	-18.77
Cotton #2 (ICE)	USd/lb.	-18.79
Oats (CBOT)	USd/bu.	-34.72
3Mo Tin (LME)	USD/MT	-36.02
Lumber (CME)	USD/1000 board feet	-56.76

Source: Midlincoln

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Global USD Bond Yields and YTD Changes By Country

country	Yield	Yield Change YTD pp
Ukraine	50	41.23
Pakistan	44.09	37.31
Sri Lanka	38.79	31.66
Argentina	35.06	26.92
Zambia	26.54	17.44
Ghana	24.21	15.78
El Salvador	24.16	15.63
Egypt	15.02	7.63
China	9.02	4.95
Turkey	10.88	4.51
Israel	7.16	2.67
South Africa	8.44	2.61
Jordan	8.56	2.31
Colombia	7.19	1.83
Mexico	7.4	1.46
Kazakhstan	5.97	1.25
Canada	7.18	0.99
Costa Rica	8.65	0.88
United States	4.17	0.82
Peru	5.18	0.76
Bahrain	7.41	0.68
Hungary	4.9	0.62
Dominican Republic	7.43	0.61
Philippines	4.3	0.59

Panama	4.88	0.58
Netherlands	5.3	0.32
Jamaica	6.69	0.26
Morocco	5.28	0.13
Malaysia	3.93	0.1
United Arab Emirates	4.91	-0.01
Vietnam	4.98	-0.07
Indonesia	5.23	-0.08
Azerbaijan	5.35	-0.23
India	5.08	-0.23
Brazil	6.07	-0.65
Uruguay	4.11	-0.74

Source: Midlincoln