Overview of Energy Markets

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Agricultural Market Information System (AMIS) Webinar
Fertilizer markets in turmoil - A risk for global food security?

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Commodity prices: 2011-22

US$ index, 2010 = 100, nominal

Note: The shaded area corresponds to March 2020 - August 2022 (last observation).
Energy prices: 2011-22

Note: Last observation is August 2022. Coal refers to South African origin.
Real oil prices: Elevated but lower than 1970s and 2000s

Note: Price represents the average Brent, Dubai, and WTI. Last observation is August 2022.
Real European natural gas prices at record highs

Note: Last observation is August 2022.

US$/mmBtu, deflated by U.S. CPI (base is January 2022)

1970-2021: $8/mmBtu  Oct 2021-May 2022: $36/mmBtu
Real coal prices at record highs as well

Note: Price refers to the Australia benchmark. Last observation is August 2022.
Uncertainties and risks to the energy outlook

- Numerous uncertainties regarding the proposed price cap on Russian energy exports:
  - Level of price cap (already Russia’s oil exports are subjected to substantial discount, by some accounts as much as 30%; thus, the cap must be higher than 30%);
  - Which energy commodities to include--oil, natural gas, oil products?
  - Which countries will use the price cap--only G7 or other major energy importers such as China, India, Turkey?
  - To which countries the price cap will apply--only Russia or all energy exporters?
  - Various logistical issues regarding monitoring--especially oil, which is an internationally traded commodity.

- Main risk: In response to a price cap, Russia could retaliate by shutting off all natural gas supplies to Europe. Currently no exports take place through Nord Stream 1 (Germany) but exports via Ukraine (Central Europe) and TurkStream (Southern Europe) continue.
Real wheat prices: Currently at 1970-2022 average

US$/mt, deflated by U.S. CPI (base is January 2022)

1970-2022 average: $373/mt

Note: Price represents the US HRW benchmark. Last observation is August 2022.
S/U ratio and prices of food commodities

**Stocks-to-use ratio**

- **Source**: U.S. Department of Agriculture (September 2022 update) and World Bank.

**Notes**: The stocks-to-use ratio (S/U) comprises of 12 grains and edible oils, aggregated according to calorific content. Years refer to crop seasons (for example, 2022 refers to 2022-23).

**Food price Index**, real, deflated by U.S. CPI (base is January 2022)

**Source**: U.S. Department of Agriculture (September 2022 update) and World Bank.

**Notes**: The stocks-to-use ratio (S/U) comprises of 12 grains and edible oils, aggregated according to calorific content. Years refer to crop seasons (for example, 2022 refers to 2022-23).
How to mitigate the impact of the war in Ukraine on commodity markets

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