Commodity Markets Outlook
Geopolitical tensions and overlapping risks

John Baffes
World Bank

Presentation (in person)





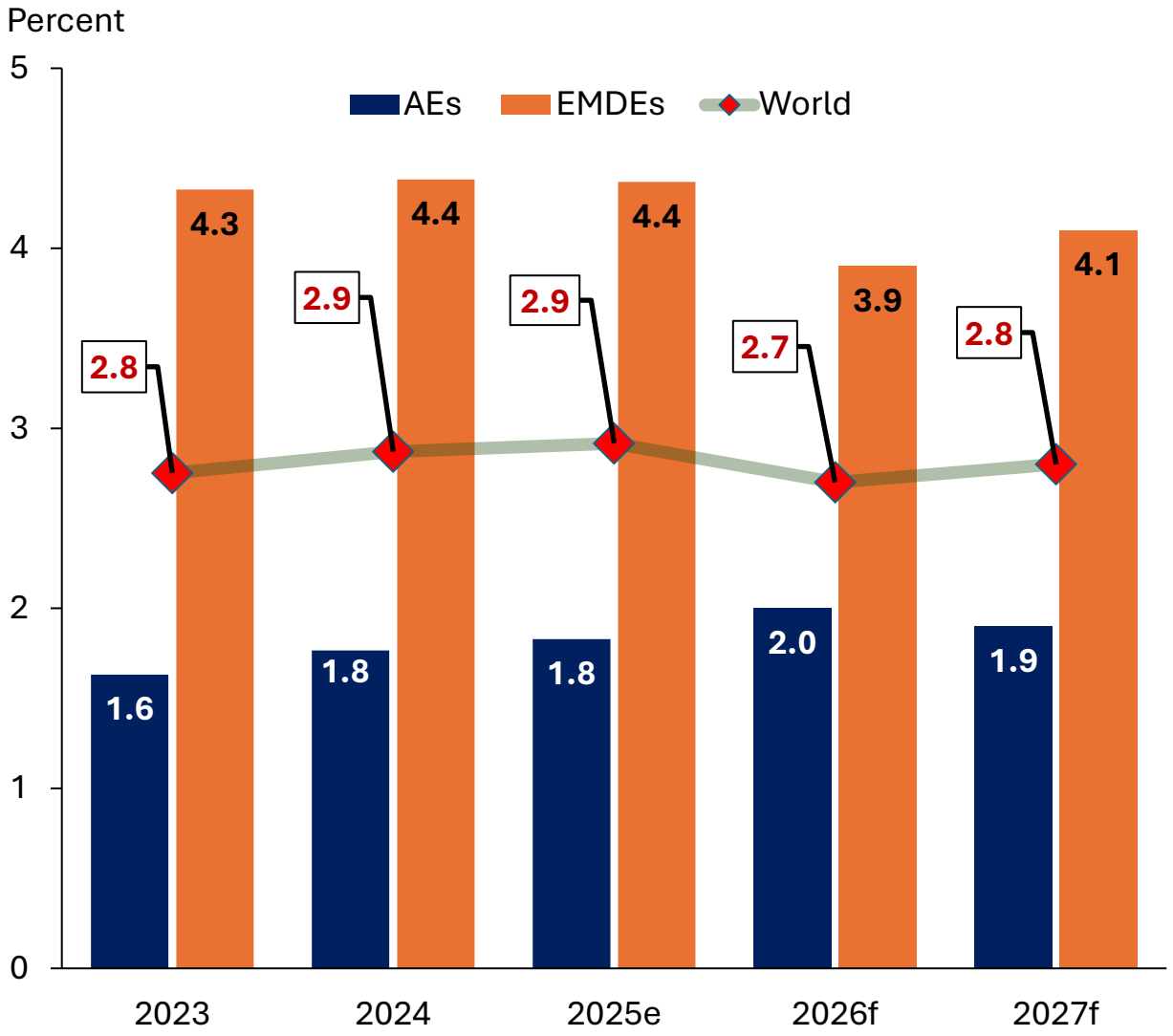
Brussels
November 20, 2026

Outline

- ***Macroeconomic conditions [3-6]***
- ***Energy [7-10]***
- ***Agriculture and fertilizers [11-15]***
- ***Metals [16-18]***
- ***Outlook and risks [19-24]***

Resilient global growth amid overlapping risks

History (2023-25) and forecasts (2026-27)



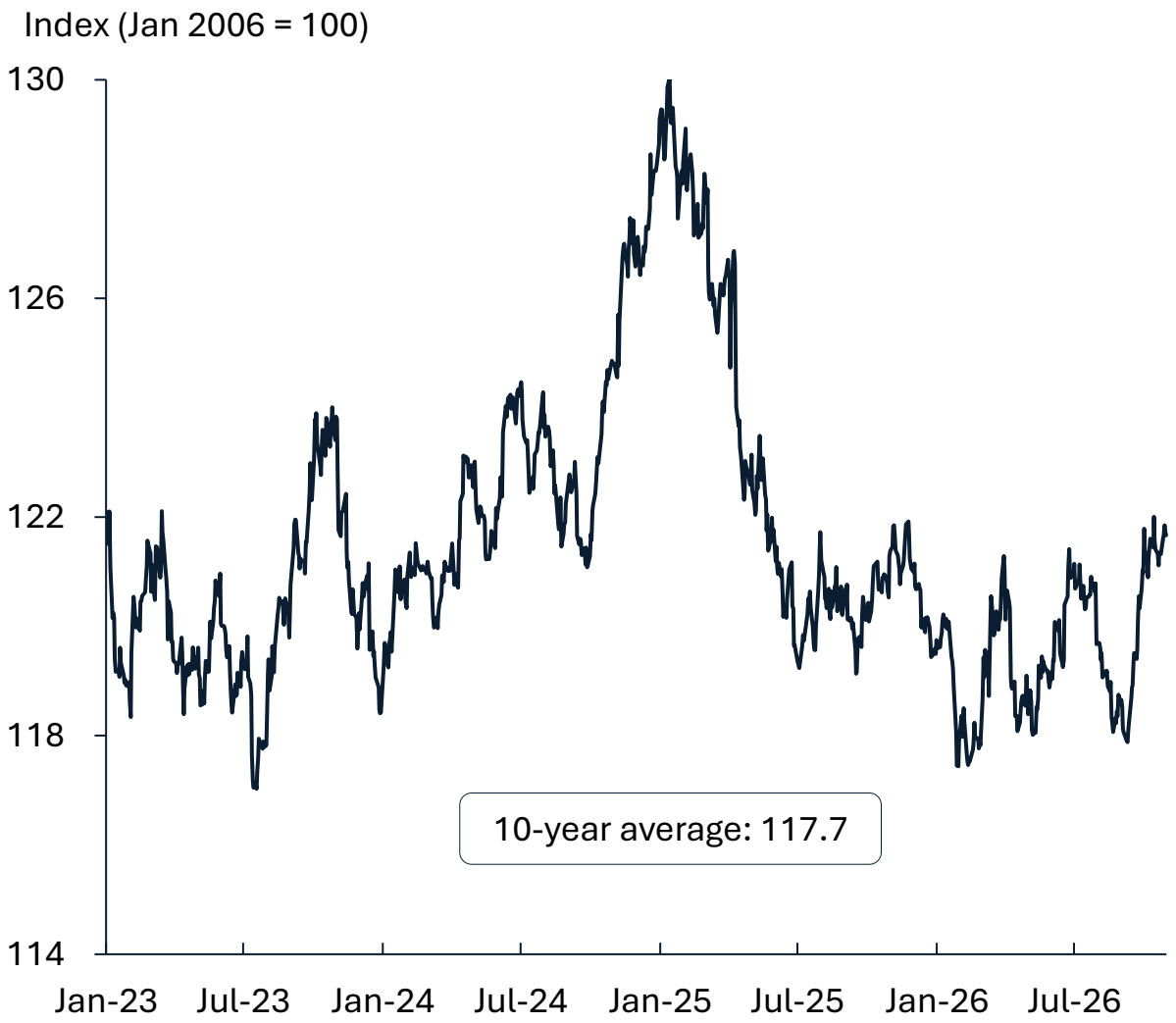
Evolution of consensus forecasts



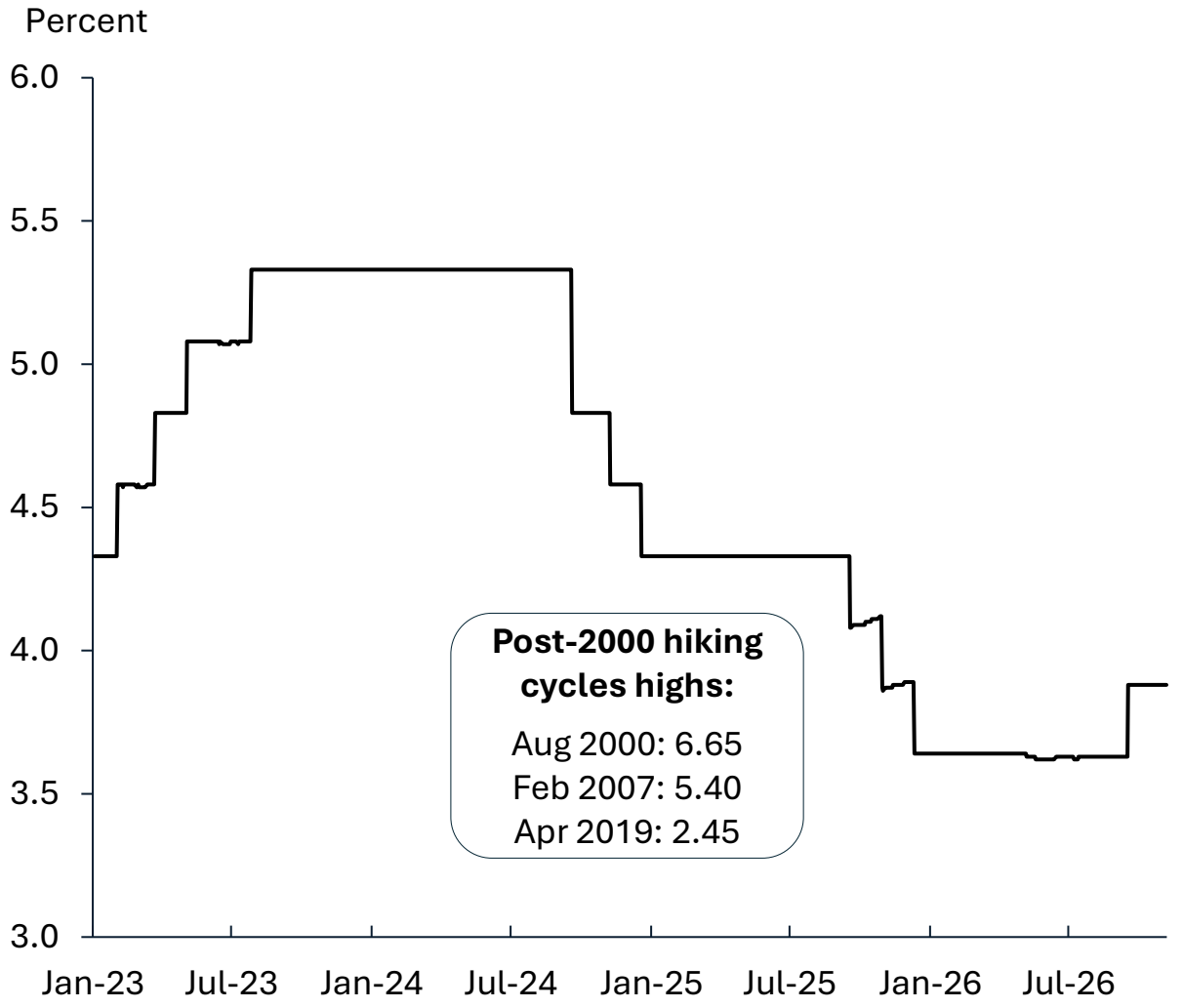
Sources: World Bank (*Global Economic Prospects*, June 2026) for 2023-25 and *Consensus Economics* for 2026-27.
Note: AEs = Advanced Economies; EMDEs = Emerging Markets and Developing Economies; e = estimate; f = forecast [**left**]. Last observation is November 6 [**right**].

U.S. dollar stable since 2025Q3; tightening began in September

Nominal broad U.S. dollar index

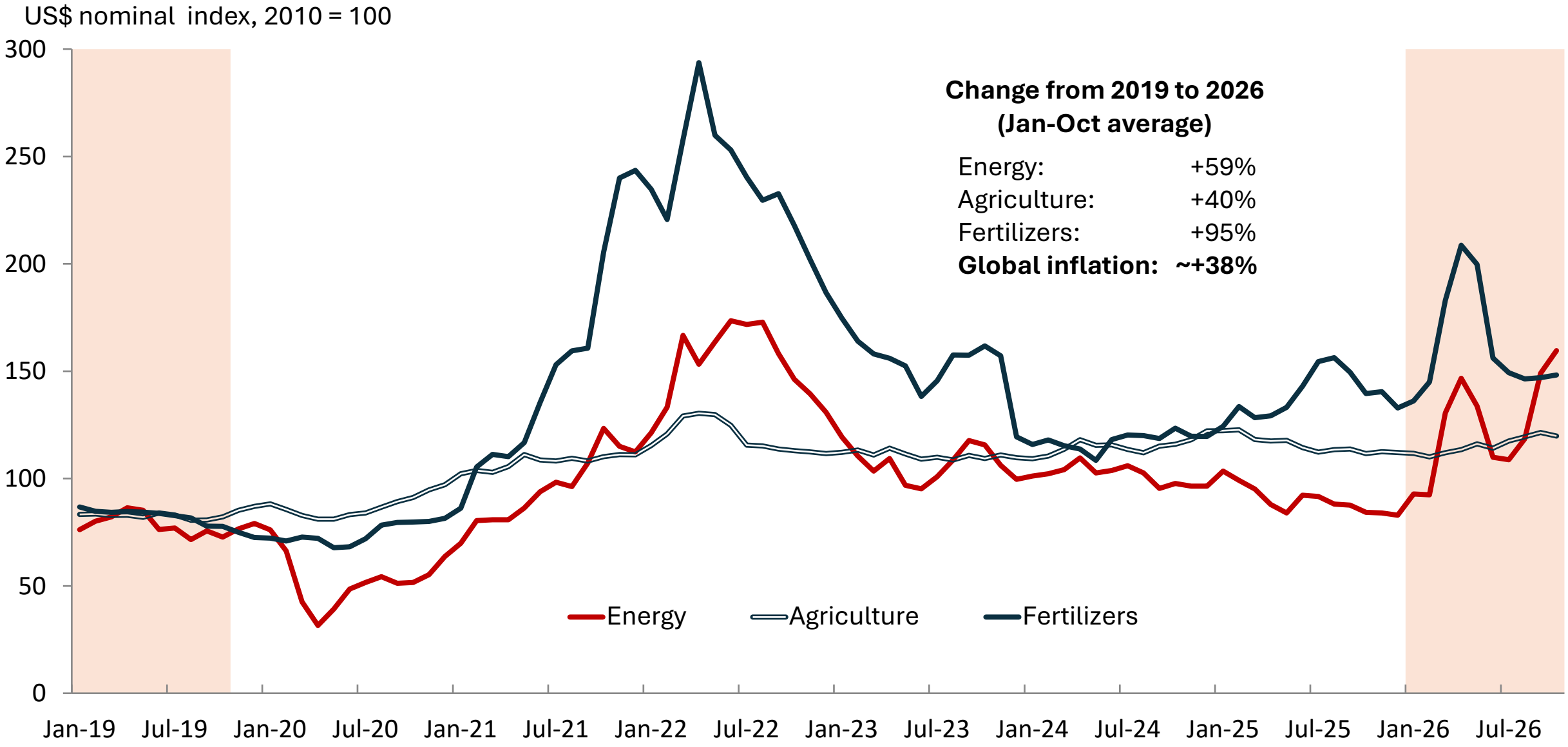


Effective U.S. Federal Funds Rate



Sources: Board of Governors of the Federal Reserve System and Federal Reserve Bank of New York, both retrieved from FRED Federal Reserve Bank of St. Louis.
Notes: Nominal Broad U.S. Dollar Index (DTWEXBGS); the index goes up when the US$ appreciates; last observation is October 30, 2026 [**left**]. Effective Federal Funds Rate (EFFR); last observation is November 5, 2026 [**right**].

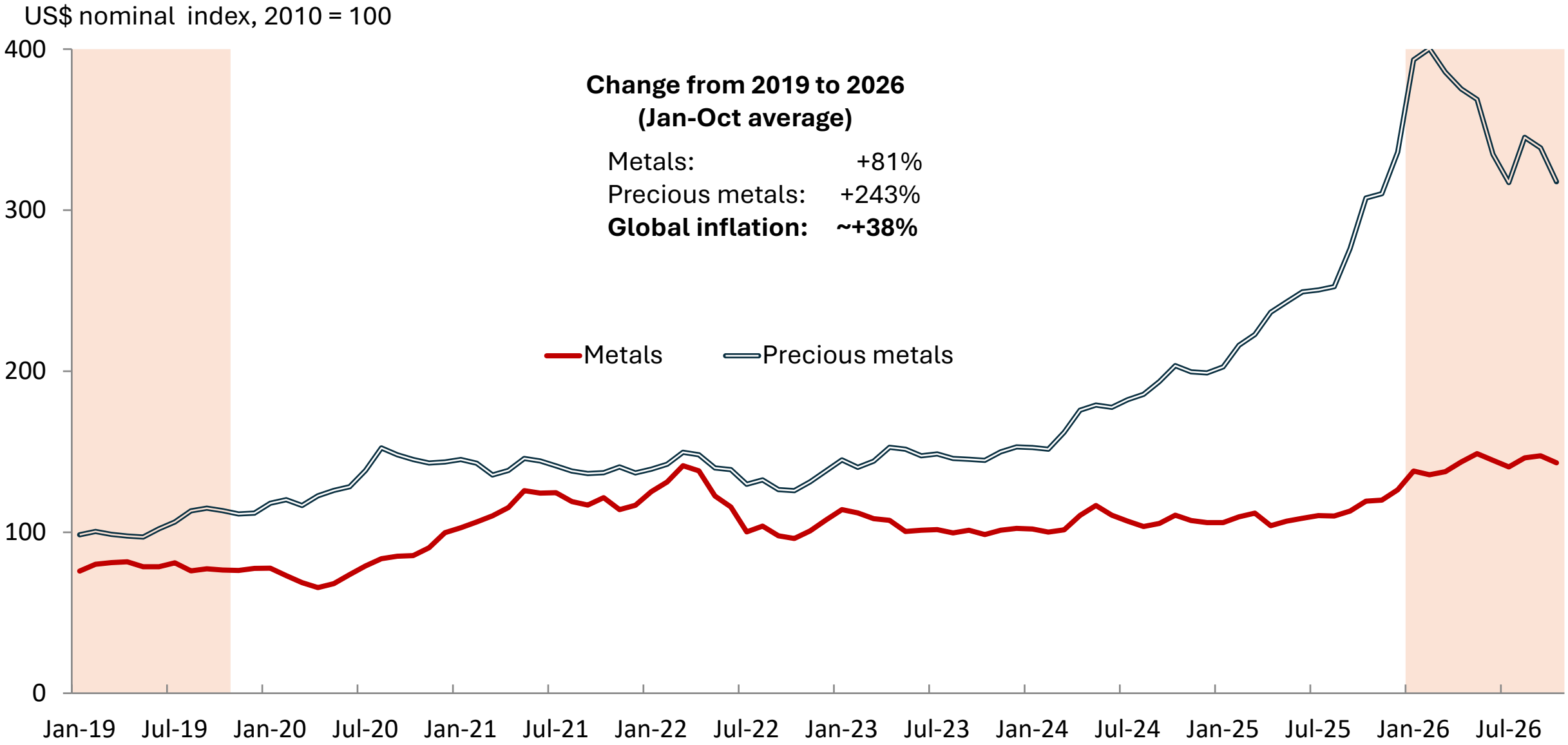
Price indexes: Agriculture, energy, and fertilizers



Source: World Bank

Notes: Last observation is October 2026. Global inflation is median across countries. Shaded areas correspond to the Jan-Oct averages for 2019 and 2026.

Price indexes: Metals and precious metals

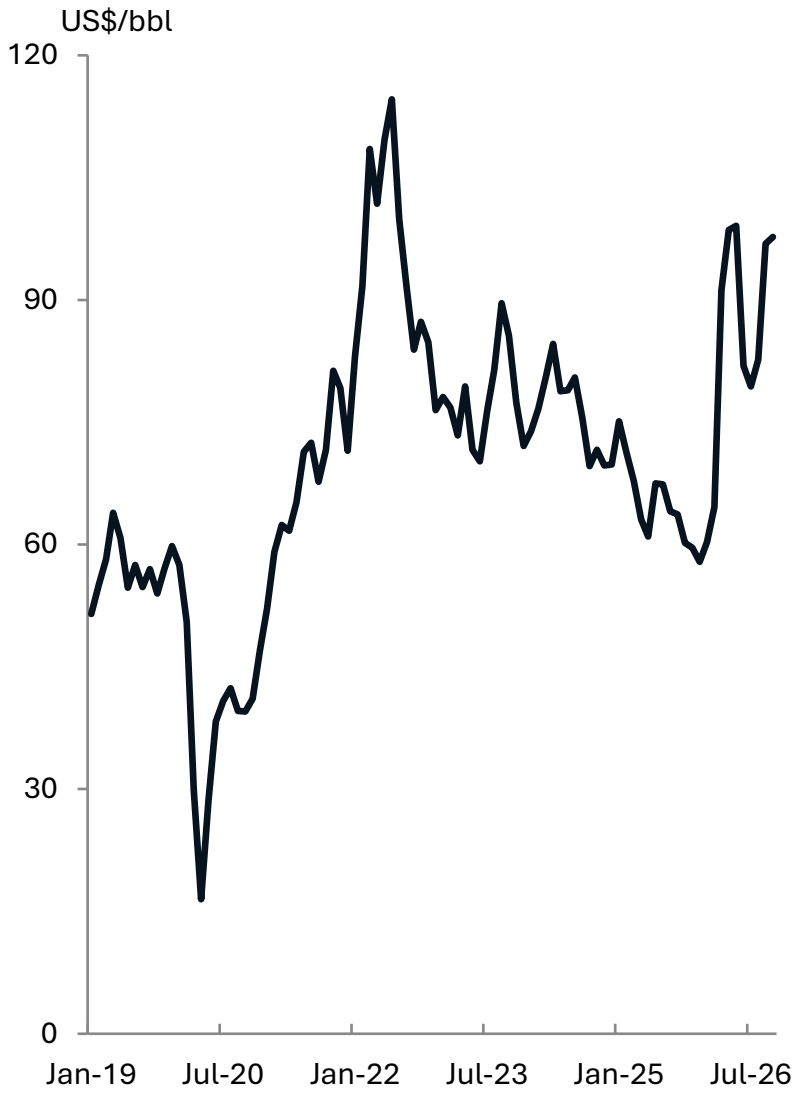


Source: World Bank

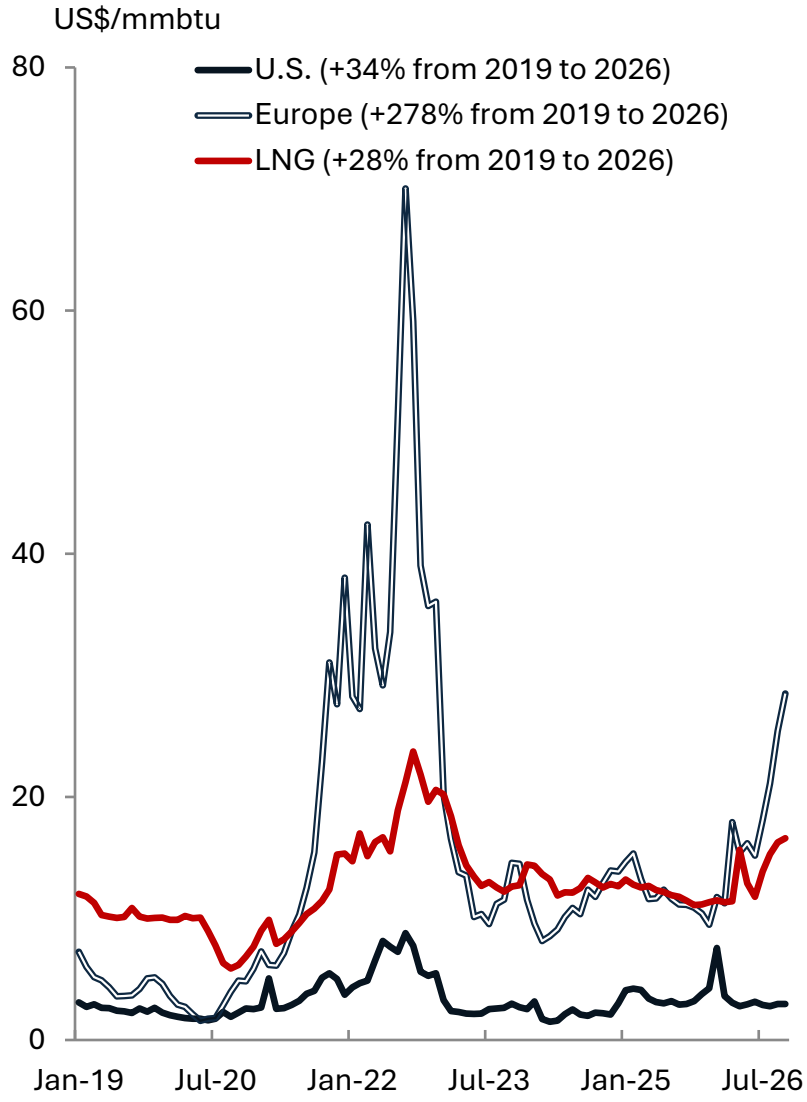
Notes: Last observation is October 2026. Global inflation is median across countries. Shaded areas correspond to the Jan-Oct averages for 2019 and 2026.

Energy prices spiked amid uncertainty

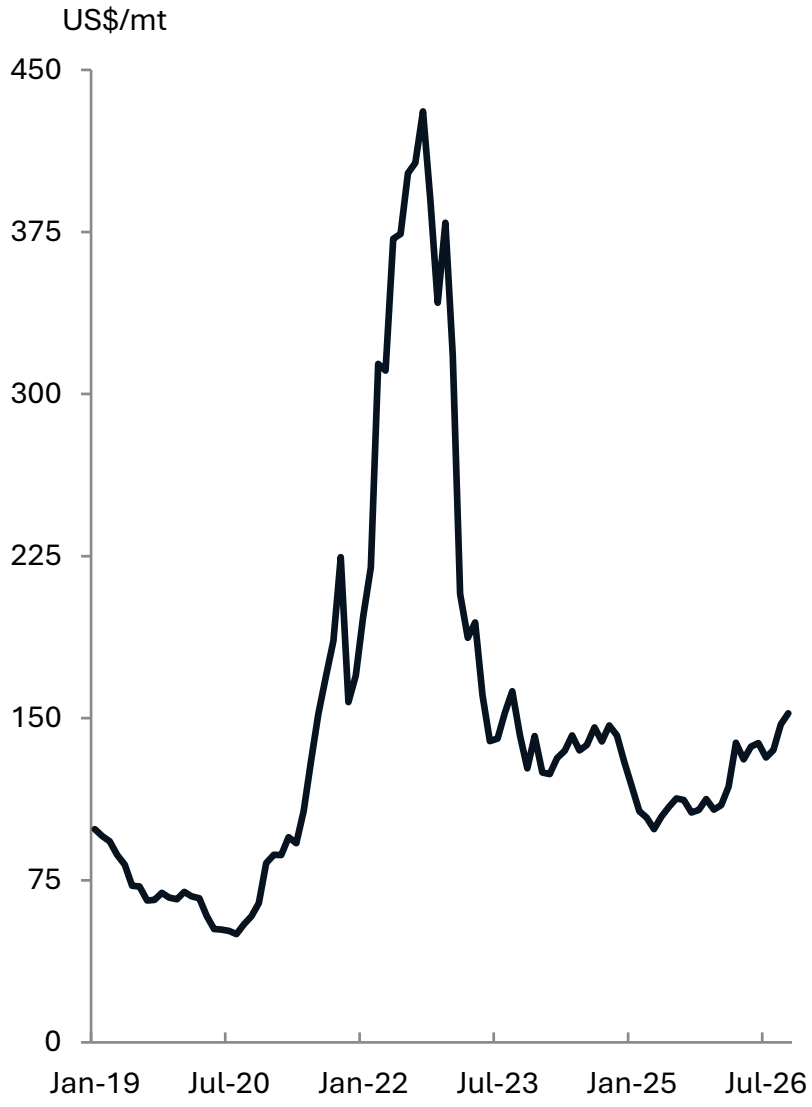
Oil, Brent (+50% from 2019 to 2026)



Natural gas



Coal (+67% from 2019 to 2026)

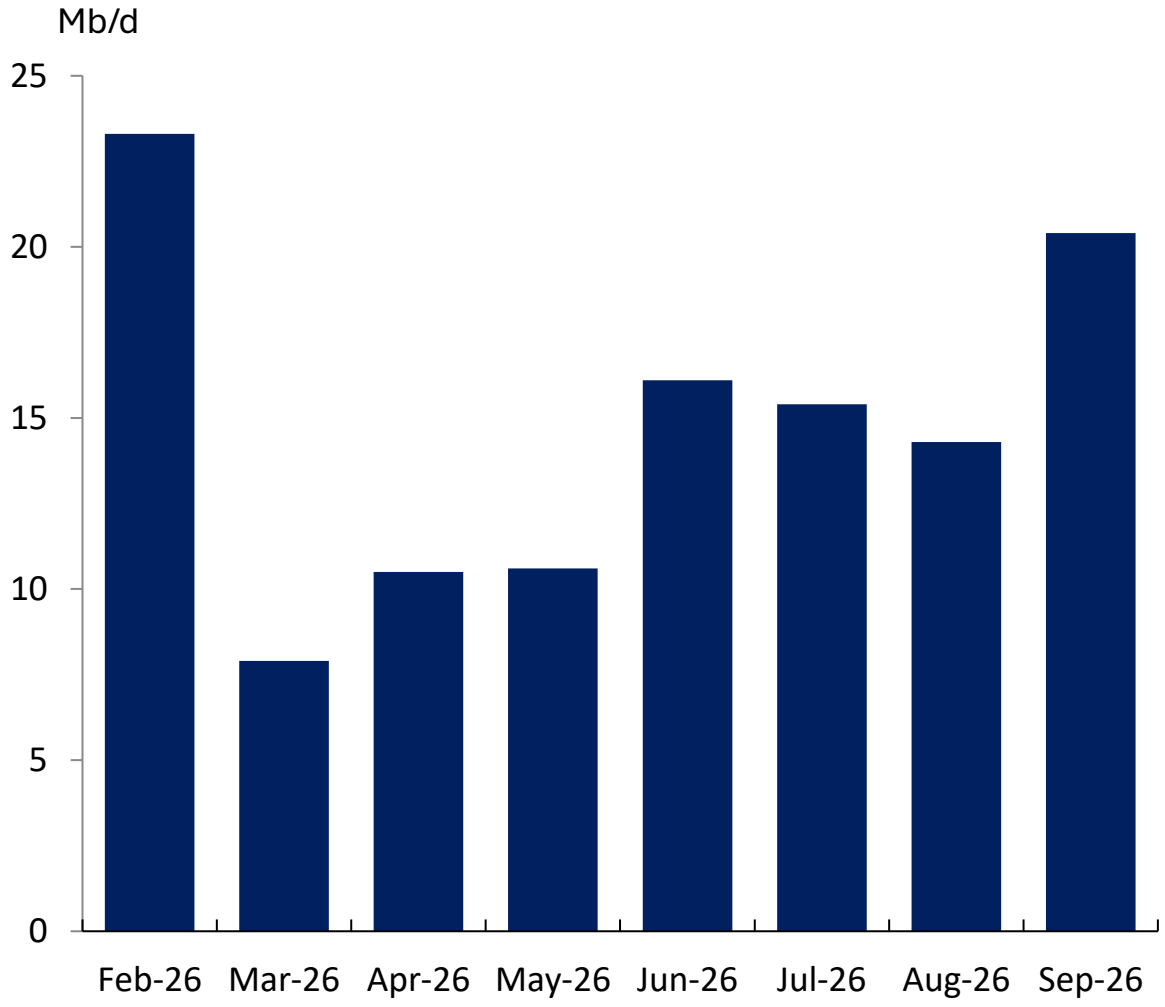


Source: World Bank

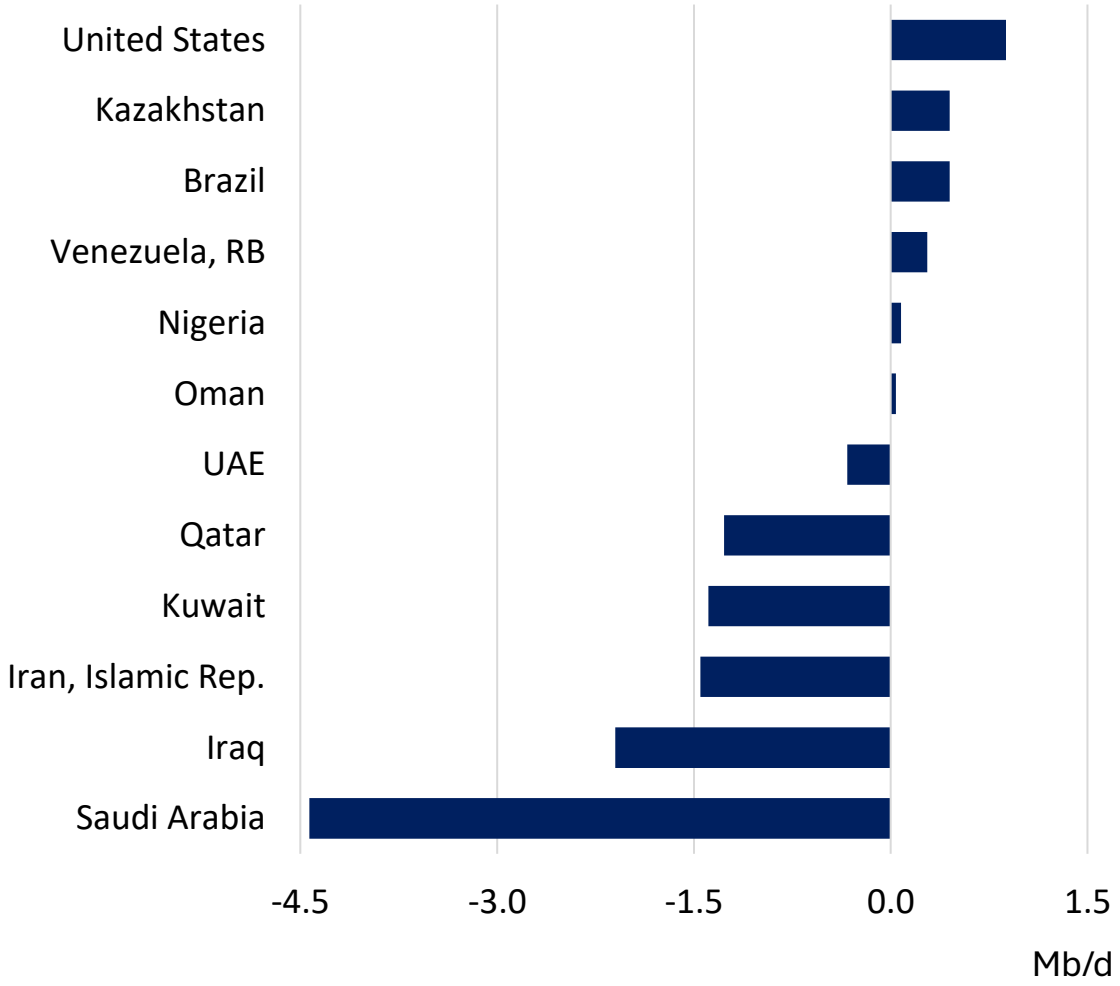
Notes: Last observation is October 2026. Numbers in parentheses denote percent changes from 2019 to 2026 (Jan-Oct averages).

Oil market: Exports and production

Middle East oil exports



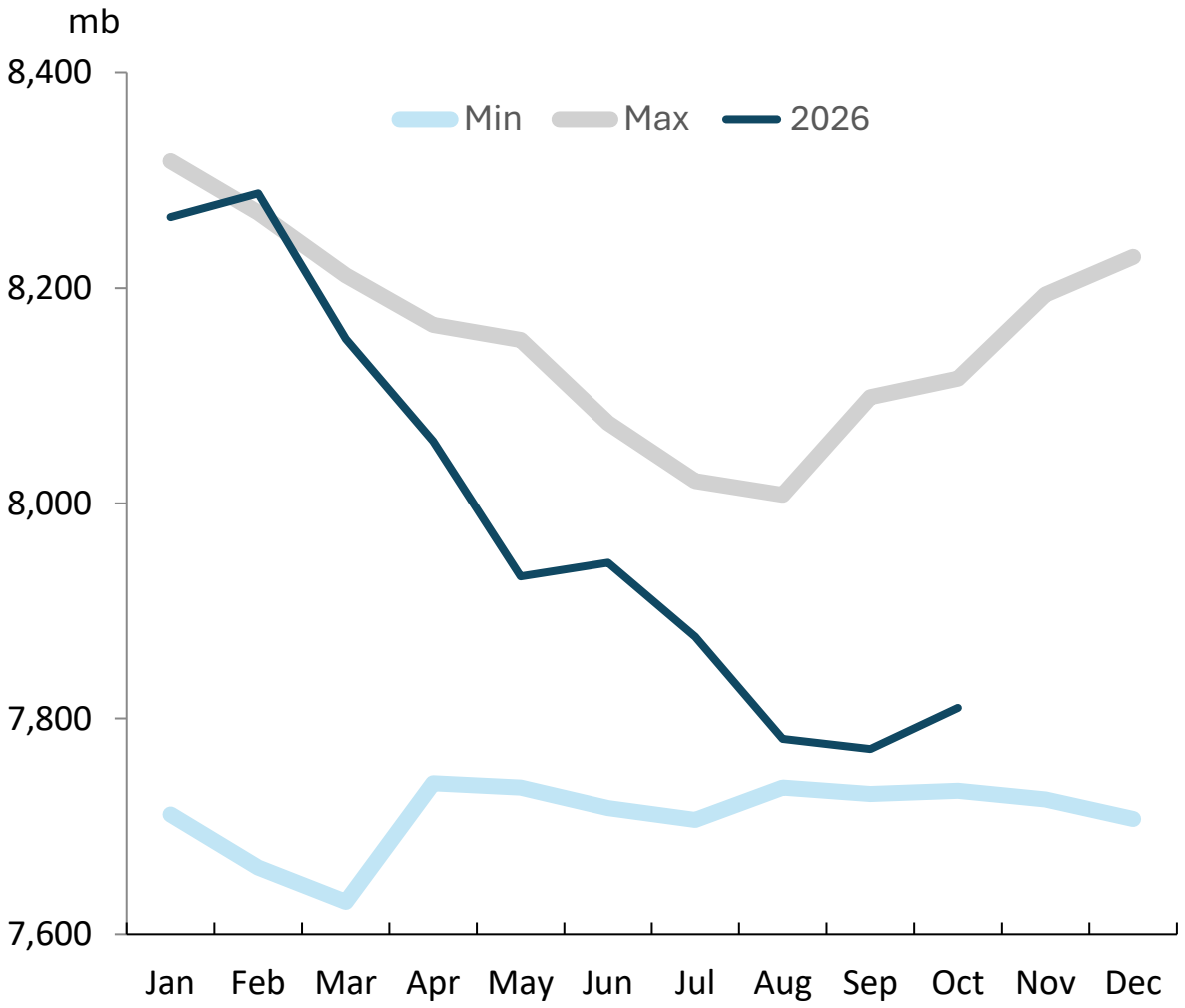
Change in supply: Jan-Feb to Mar-Sep 2026



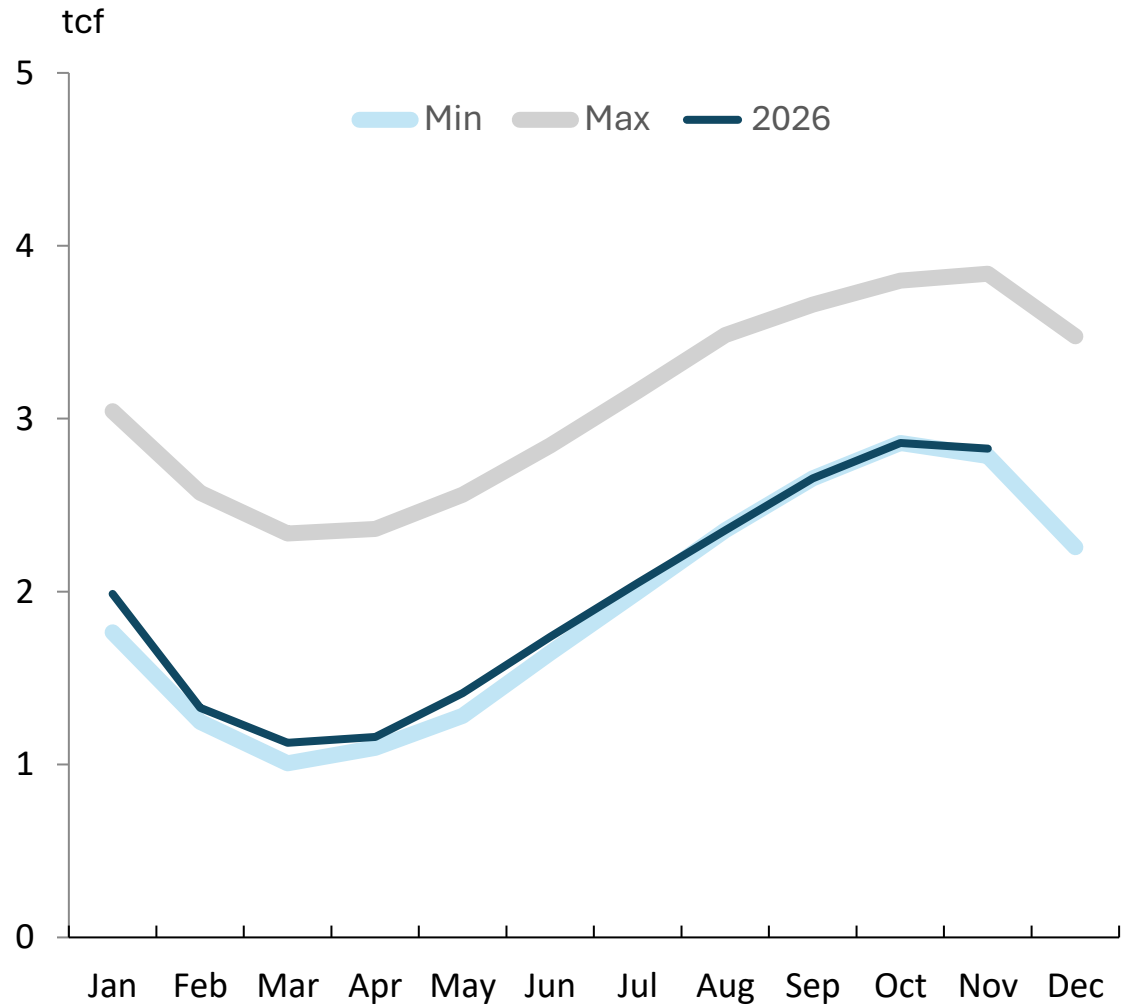
Source: International Energy Agency *Oil Market Report* (October 2026) and World Bank.
Notes: mb/d = million barrels per day. Monthly averages from daily data. Bars show oil flows through the Strait of Hormuz, Gulf of Oman, and Red Sea. Last observation: September 30, 2026 [**left**]. RB = República Bolivariana de Venezuela; UAE = United Arab Emirates. Change in average oil supply between January–February and March–September 2026 for the six largest increases and decreases [**right**].

Energy inventories

Crude oil, global



Natural gas, Europe

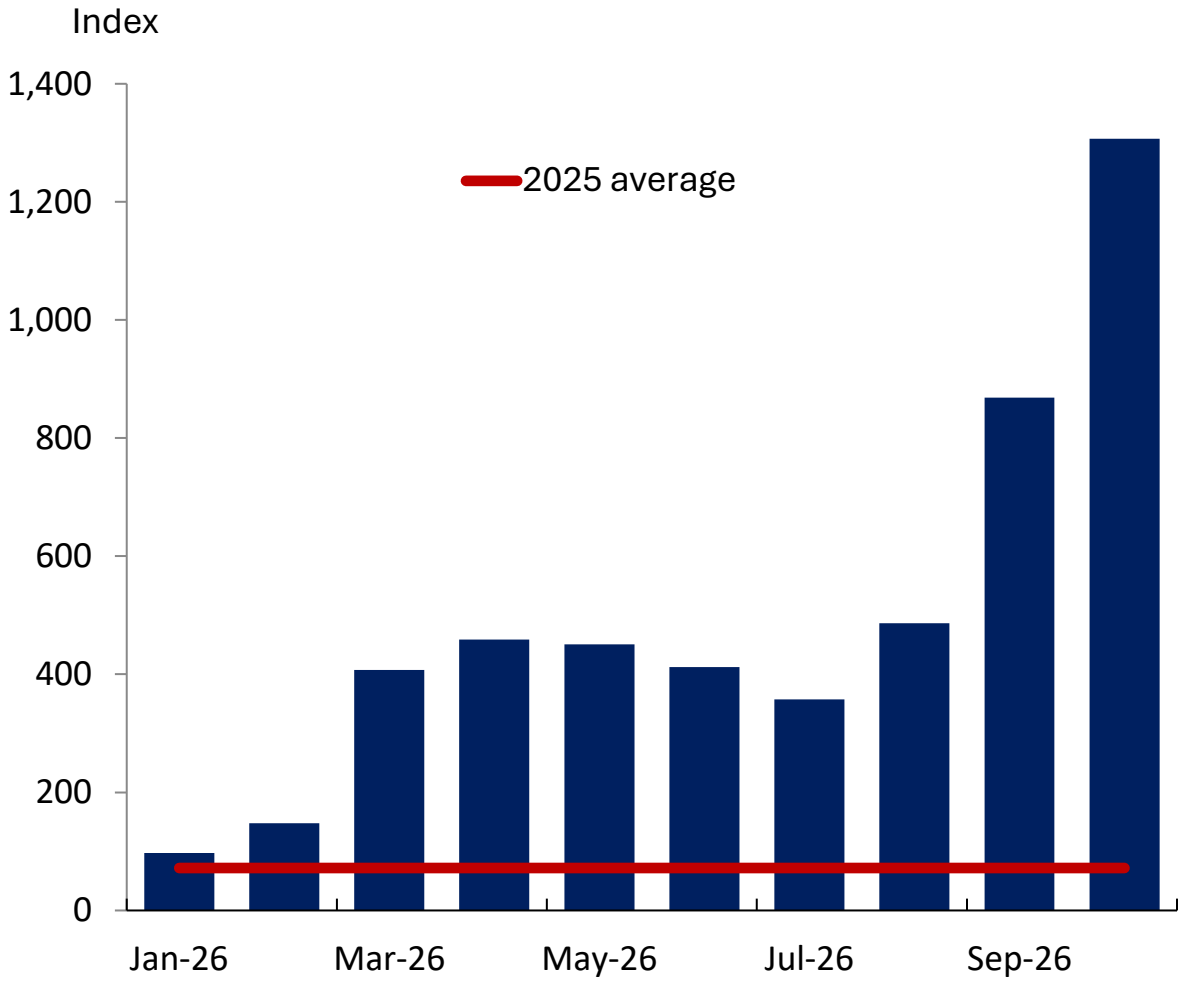


Source: International Energy Agency and World Bank

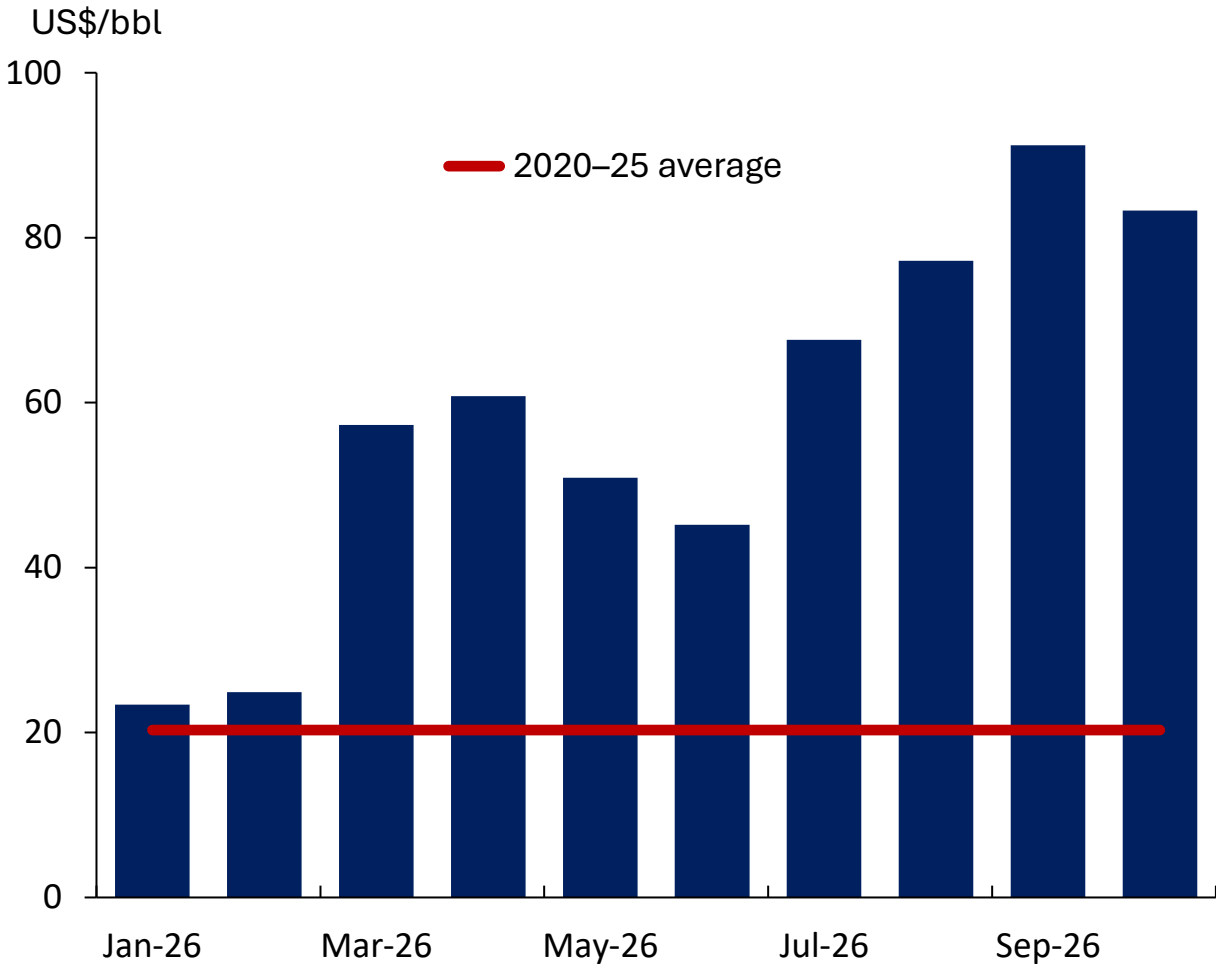
Notes: mb = million barrels; monthly global observed inventories; hick lines indicate the maximum and minimum observed for the month over 2021–25 [**left**]; tcf = trillion cubic feet; includes 20 EU countries and the United Kingdom; thick lines indicate the maximum and minimum observed for the month over 2021–25 [**right**].

Crude freight rates and diesel premium

Crude carrier freight rates



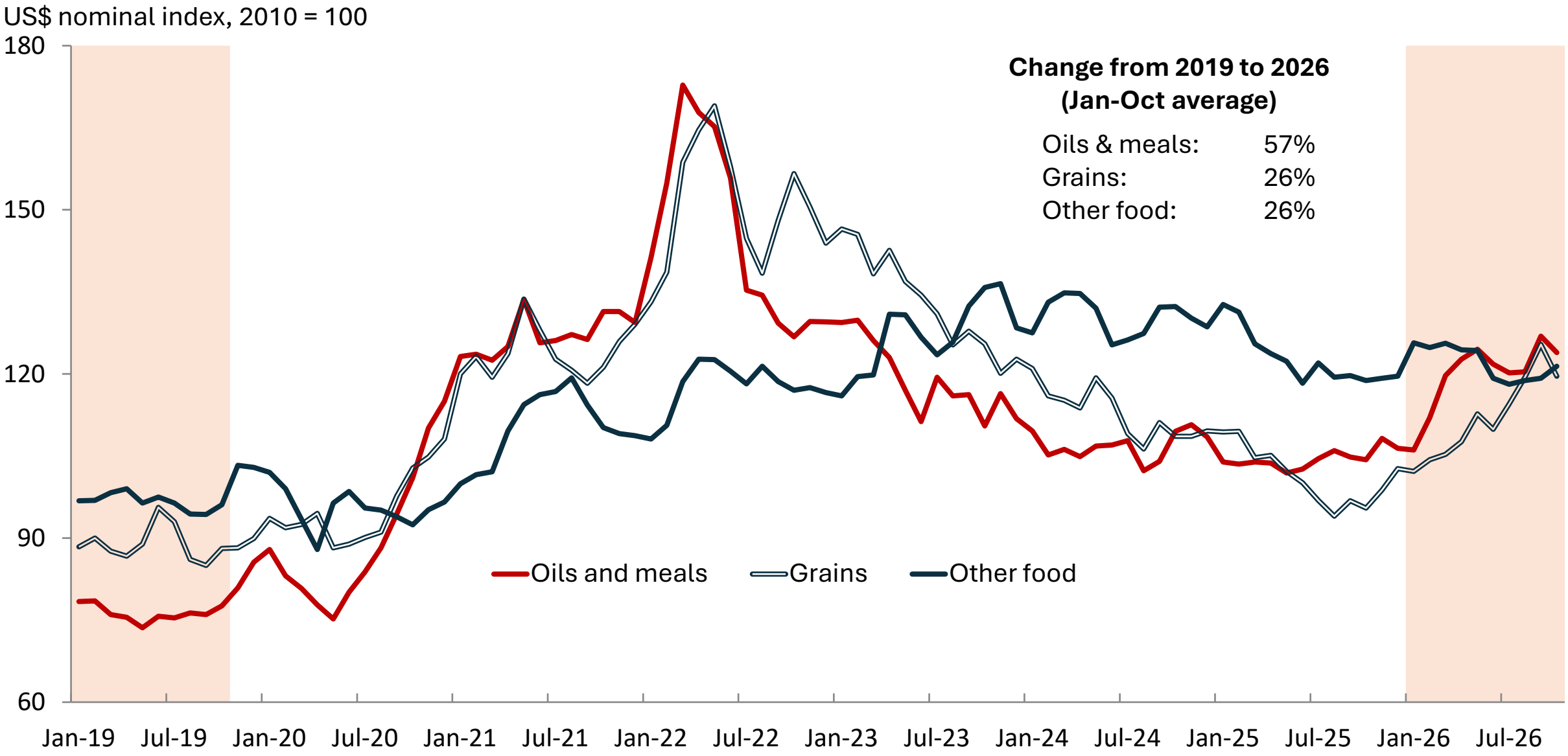
European diesel premium



Source: Bloomberg and World Bank.

Notes: Daily data, averaged by month; bars show current-month TD3C forward freight agreement (FFA) rates for shipping 270,000 metric tons of crude oil from Saudi Arabia to China on a very large crude carrier; the index represents Worldscale points; 1,200 points imply net time-charter-equivalent revenues of about $1.3 million per day, based on early October 2026 assumptions; red line shows the 2025 average[**left**]. bbl = barrel; premium measured as the difference between European diesel and Brent futures prices; red line represents the 2020–25 average [**right**].

Strengthening food commodity prices amid overlapping risks

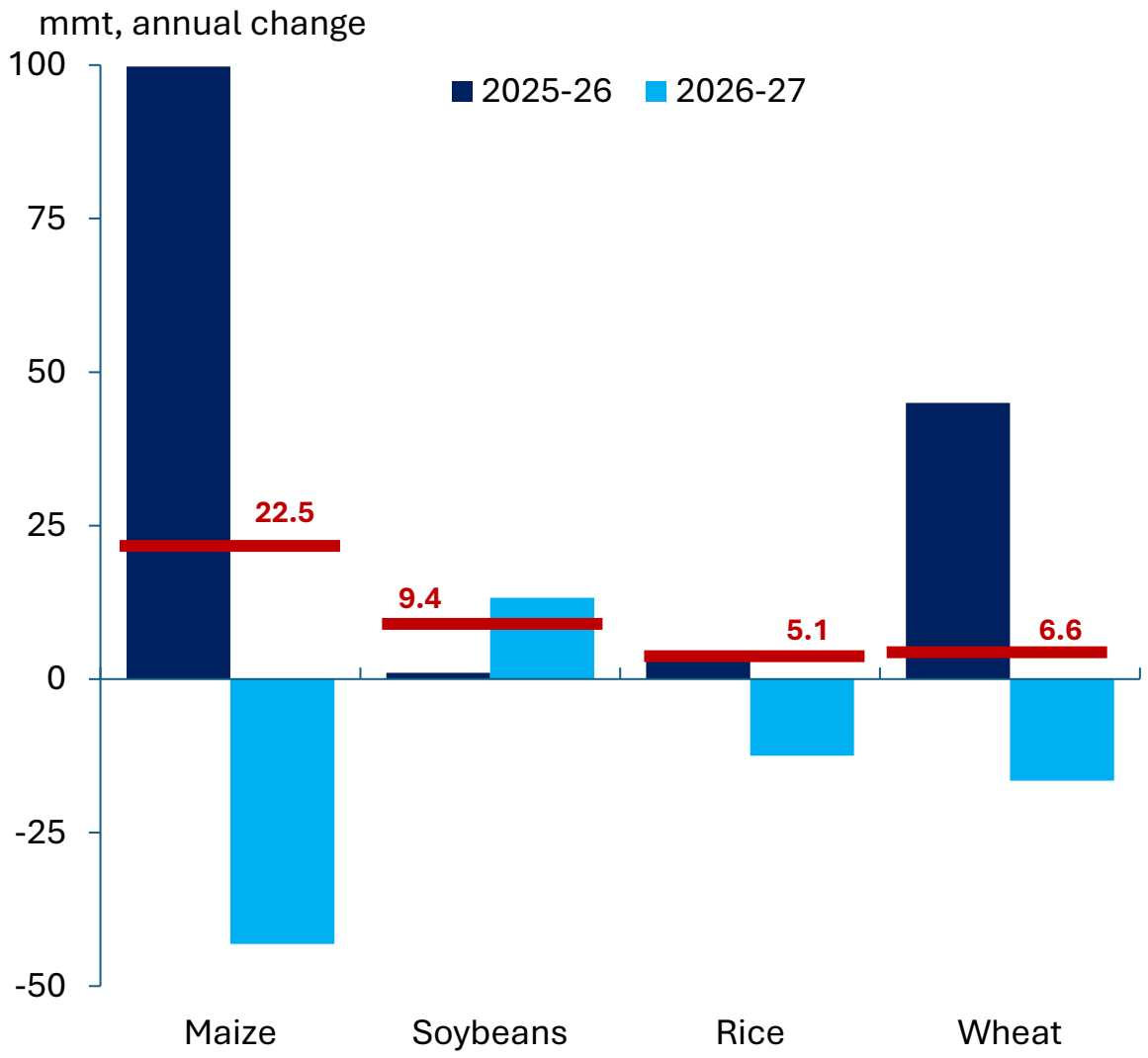


Source: World Bank

Note: Last observation is October 2026. Numbers in parentheses denote percent changes from 2019 to 2026 (Jan-Oct averages).

Production prospects for grains and soybeans

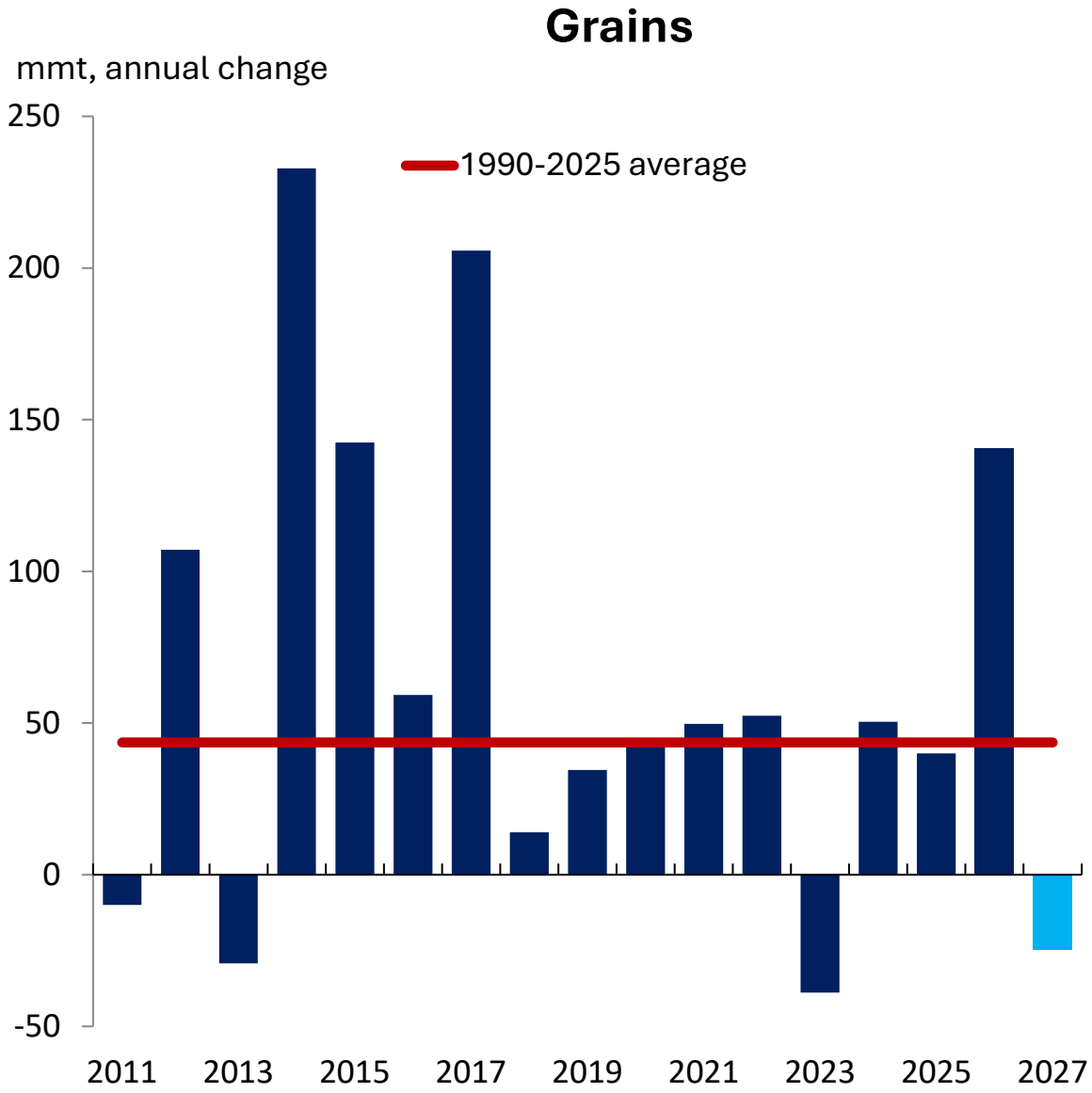
Projected changes in production

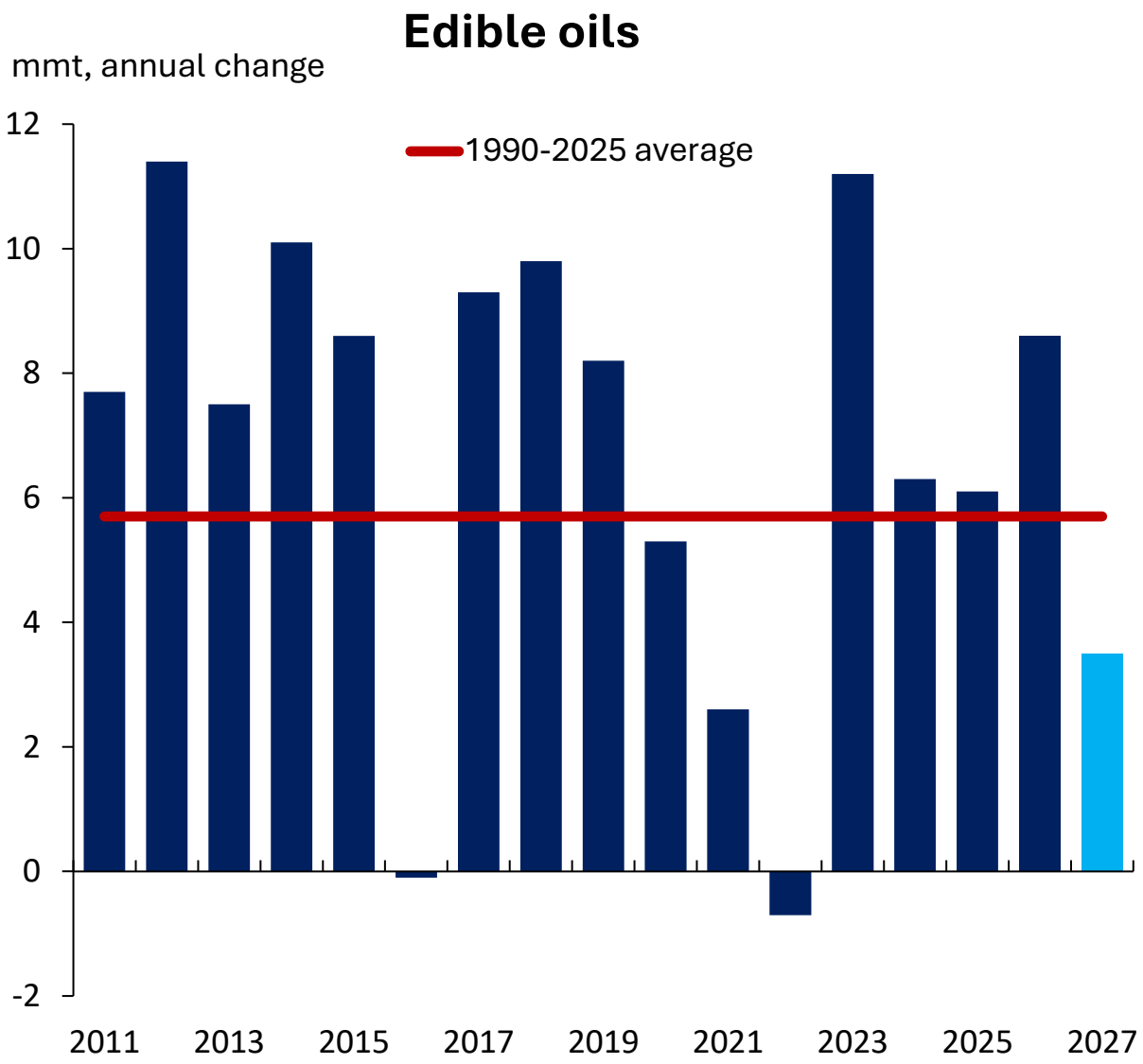


- ***Maize:*** *Production projected to fall by 43 mmt from last season's record, reflecting expectations of smaller harvests in Argentina, Brazil, the US, and EU.*
- ***Soybeans****: Production projected to increase by more than 13 mmt, with growth 50 percent above its long-term average.*
- ***Rice:*** *Production set to decline for the first time in a decade, as El Niño affects major Asian producers.*
- ***Wheat****: Production projected to fall by 16.5 mmt following last season's surge, reflecting poor harvests among major producers.*

Source: U.S. Department of Agriculture (November 2026 update) and World Bank.
Notes: Columns represent production growth for 2025-26 (dark blue) and 2026-27 (light blue) while horizontal red lines represent long-term average (1990-2025) production growth.

Agricultural projected supplies lower than long-term averages

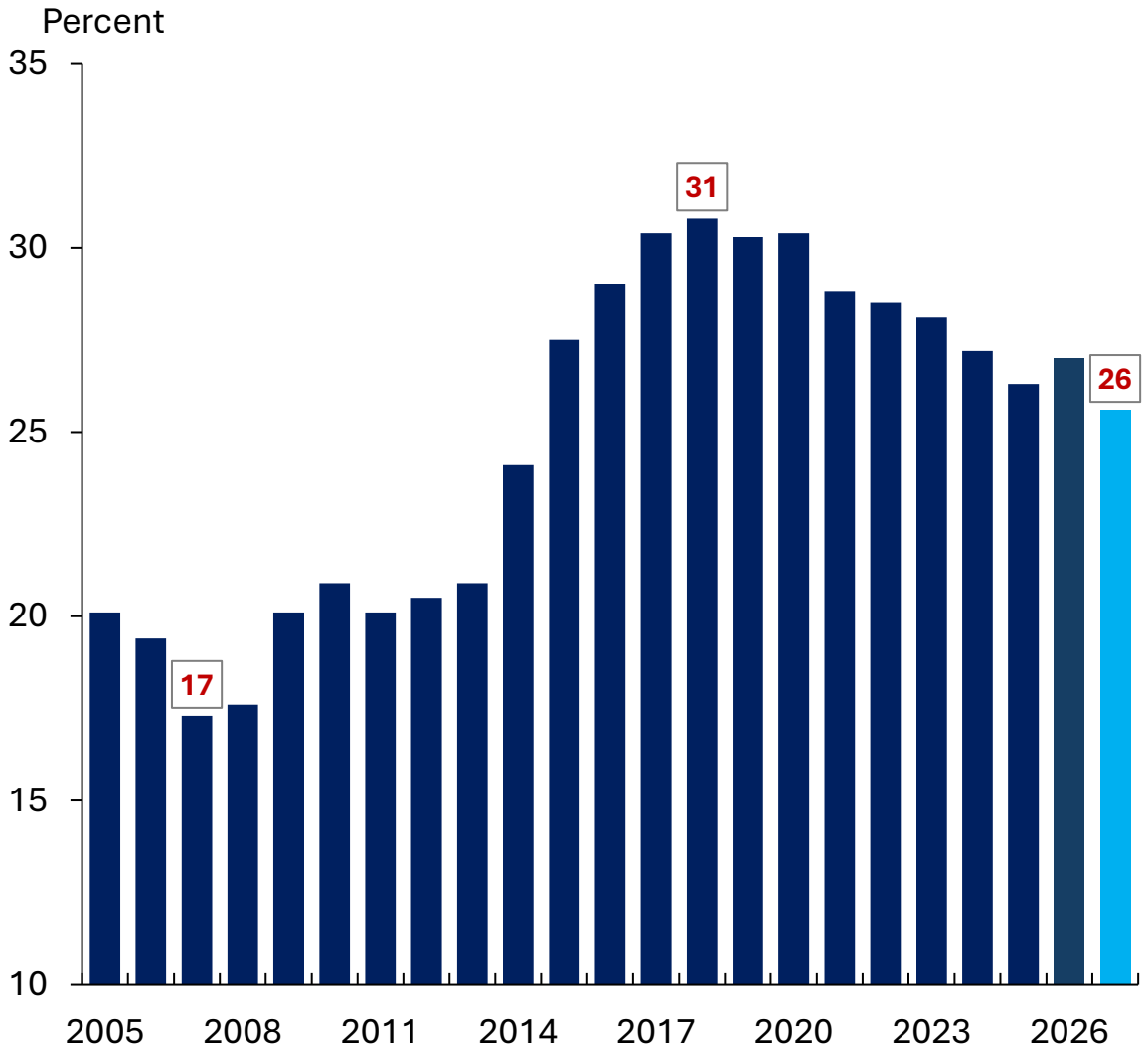




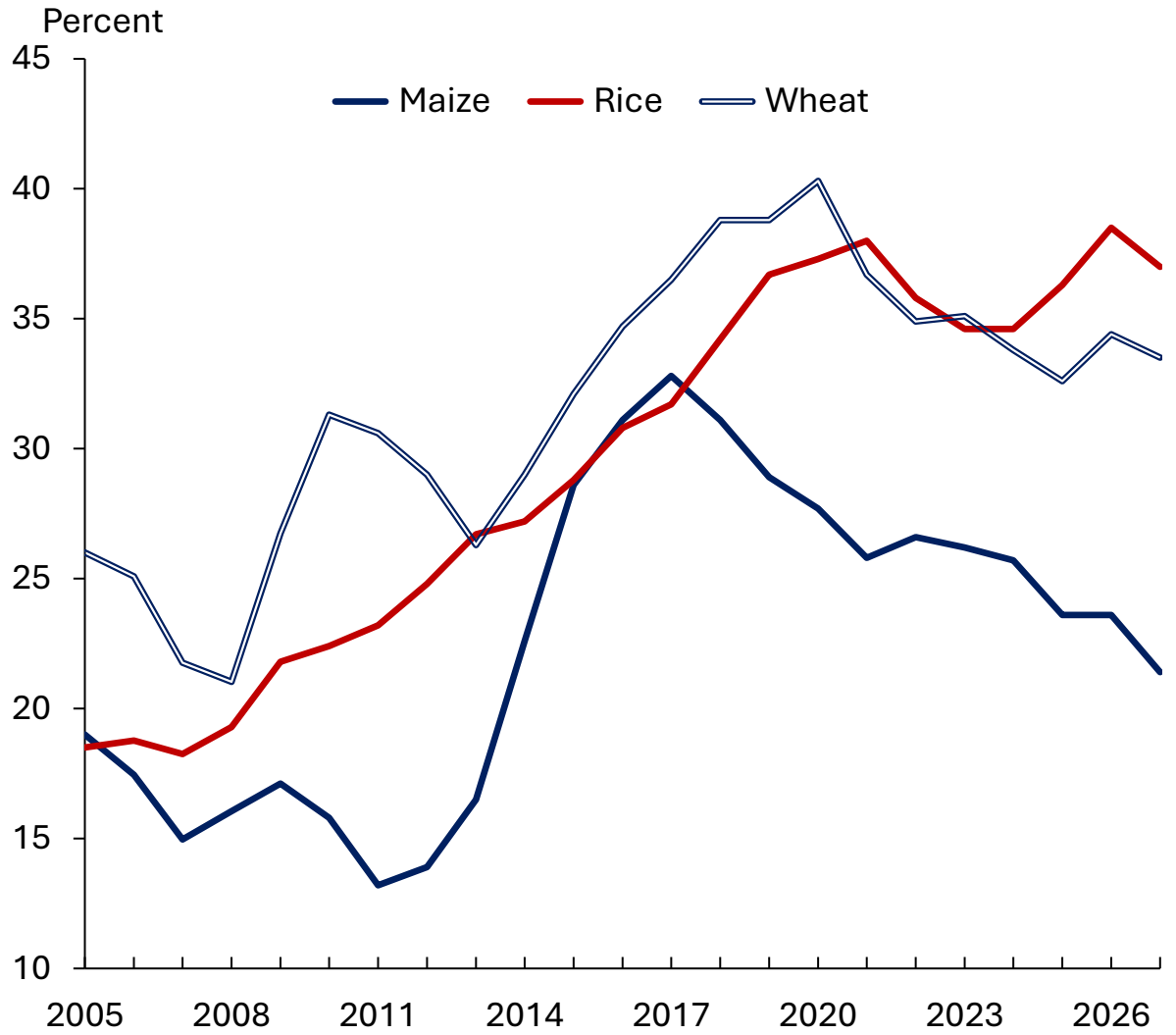
Source: U.S. Department of Agriculture (November 2026 update) and World Bank.
Notes: Supply is defined as the sum of beginning stocks and production. The last observation (light blue bar) corresponds to the 2026-27 crop year, labeled as 2027.

Global inventories for food commodities (stock-to-use ratios)

Aggregate food index



Grains

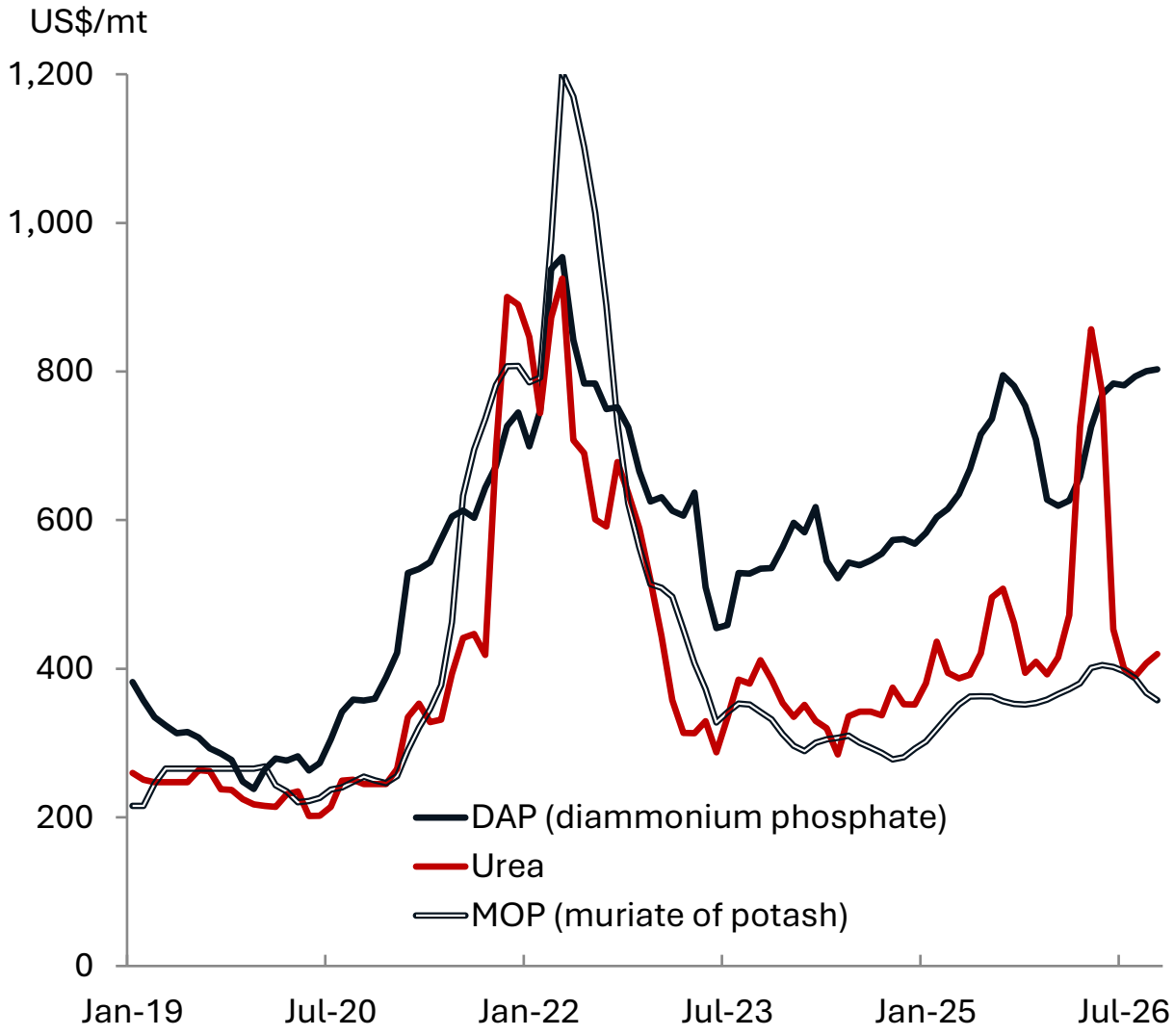


Source: U.S. Department of Agriculture (November 2026 update) and World Bank.

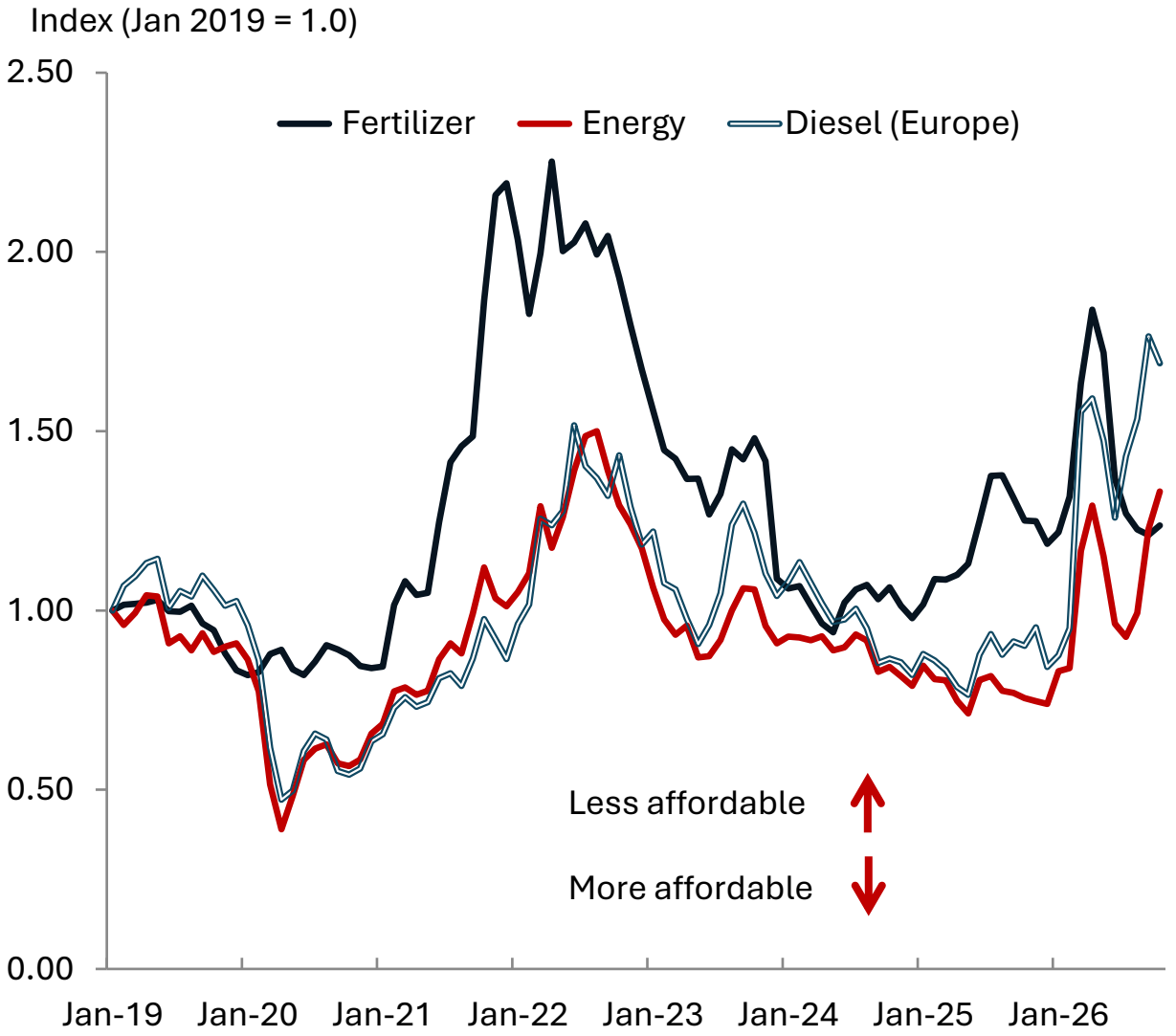
Notes: The aggregate index covers 12 grain and edible oil commodities, weighted by calorific content. The last observation (light blue bar) corresponds to the 2026-27 crop year, labeled as 2027.

Fertilizer prices trend upwards reducing affordability

Fertilizer prices



Affordability

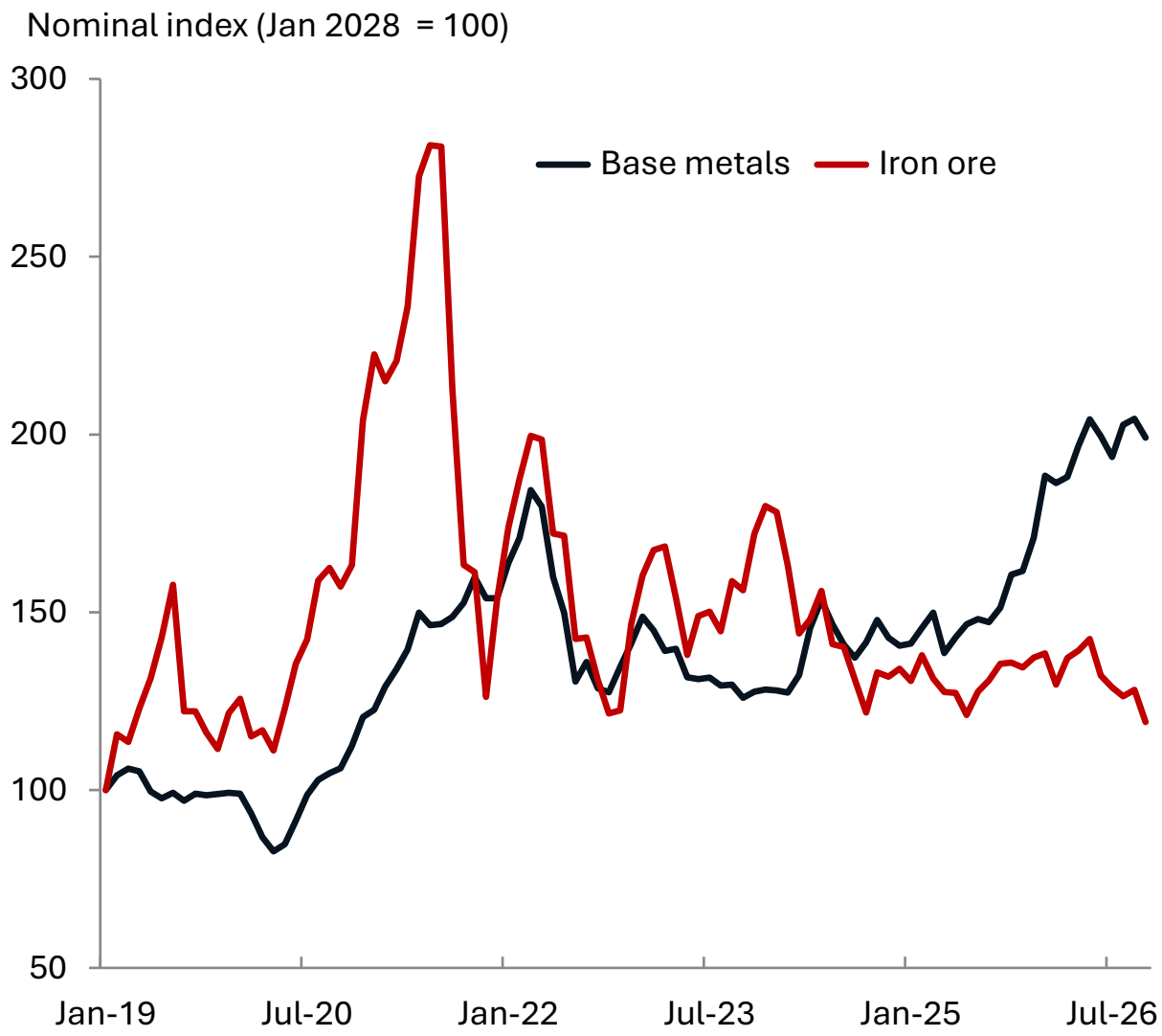


Source: World Bank.

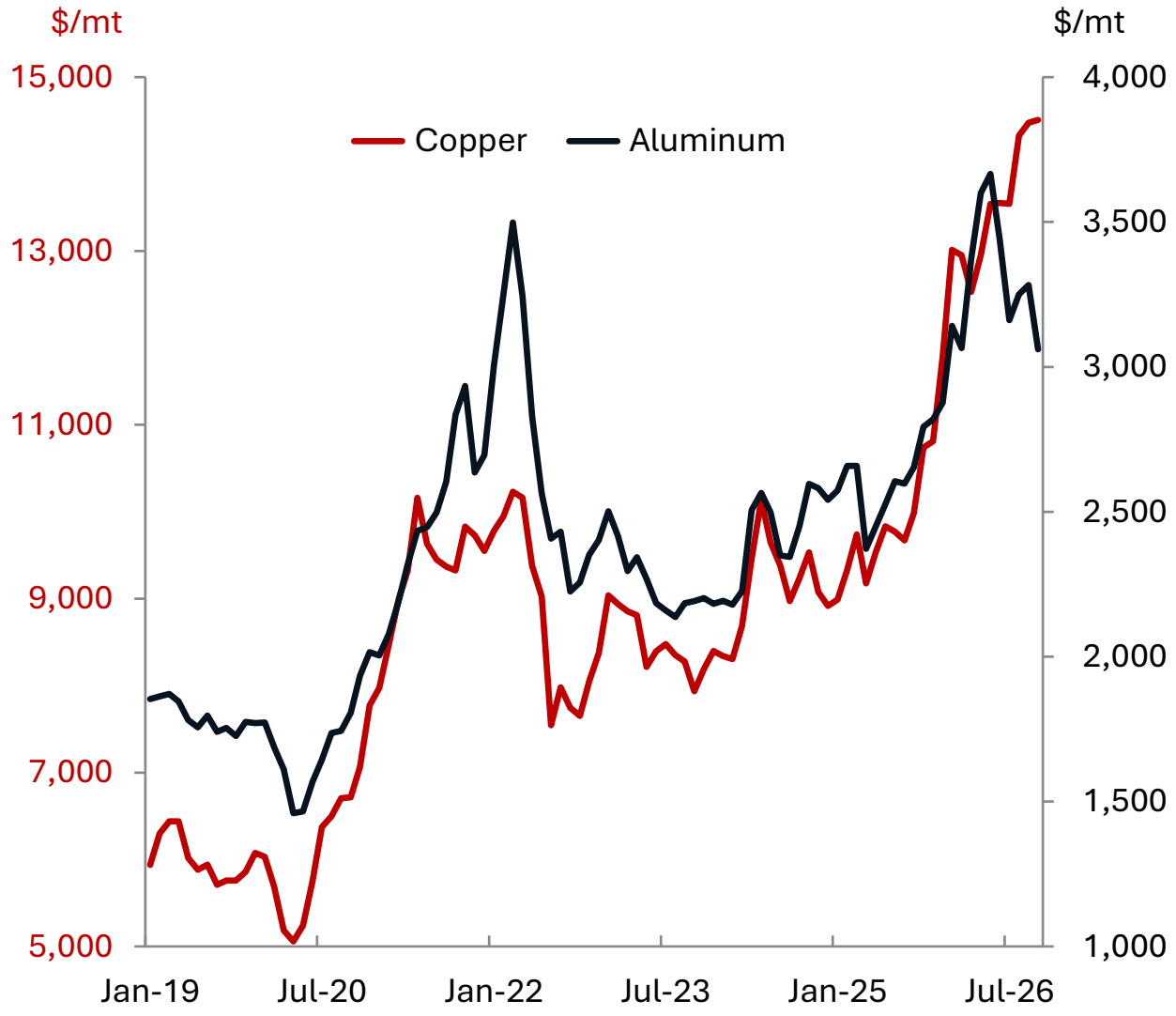
Notes: Last observation is October 2026. Affordability is defined as the ratio of the fertilizer, energy, and diesel prices over the agricultural price index.

Metal prices hold steady

Base metals and iron ore



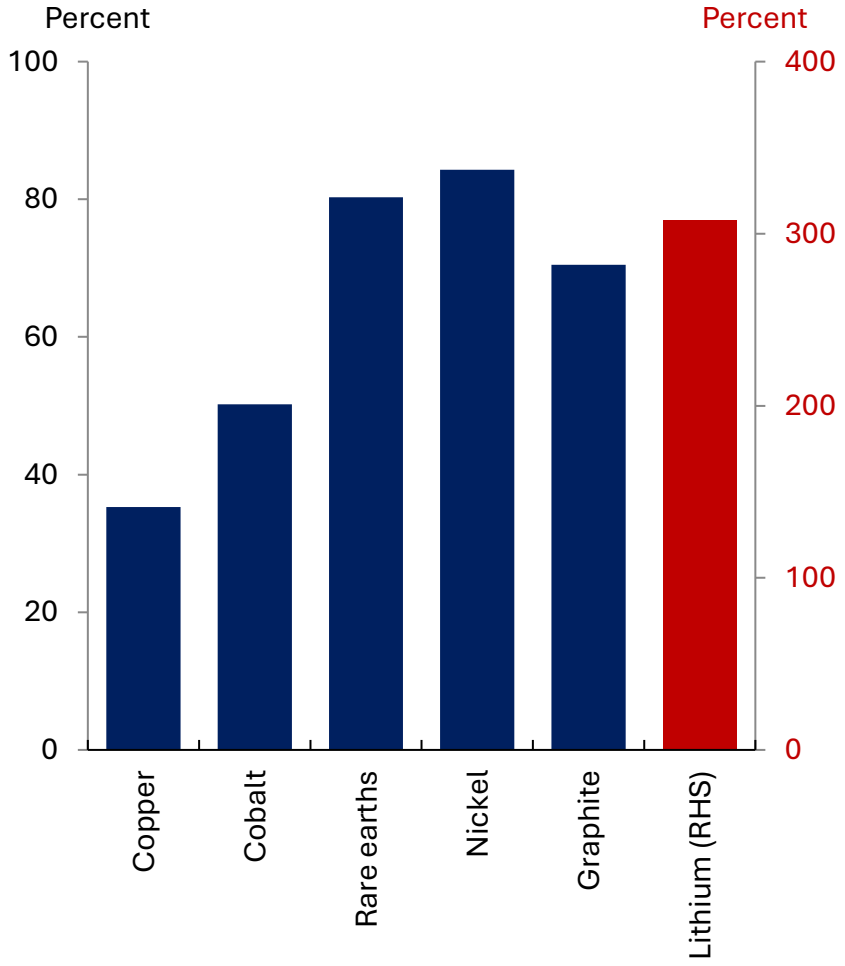
Aluminum and coper prices



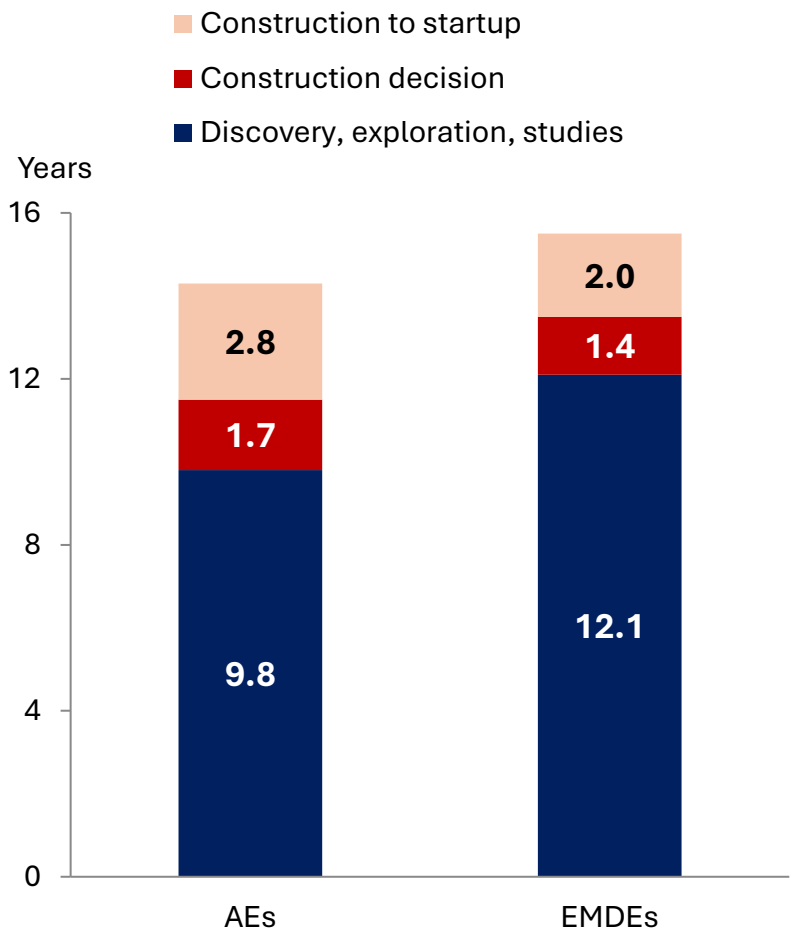
Source: World Bank.
Notes: Last observation is October 2026; the base metal price index excludes iron ore.

Longer term prospects and challenges for critical minerals

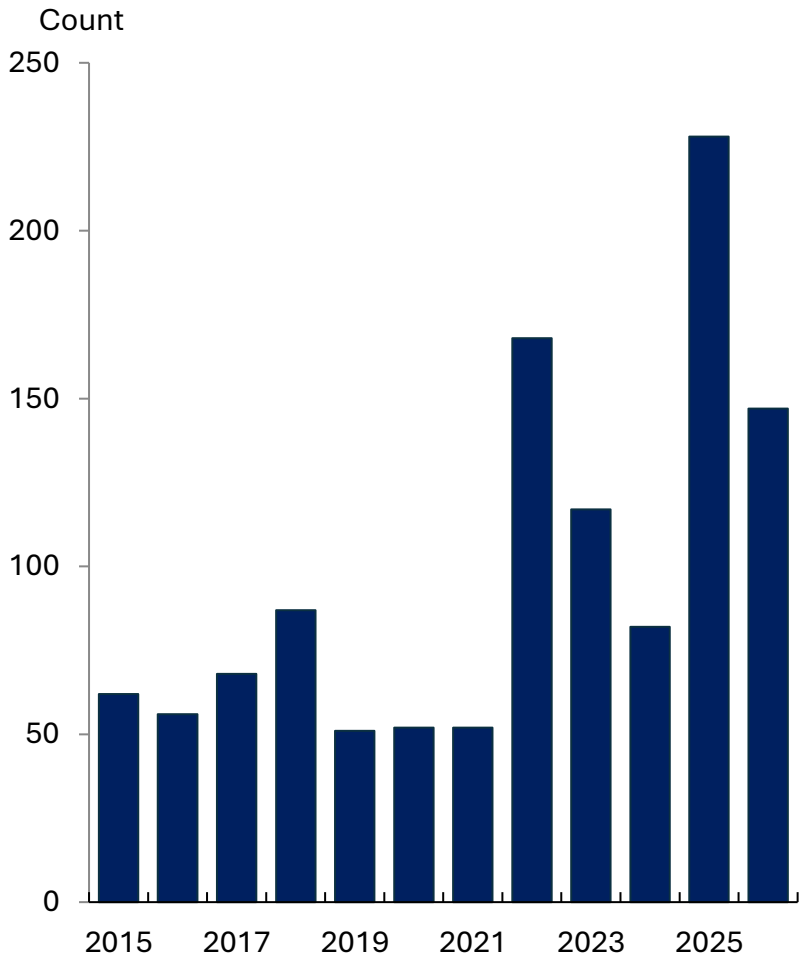
Demand growth, 2025-50



Duration of mine development



Export restrictions

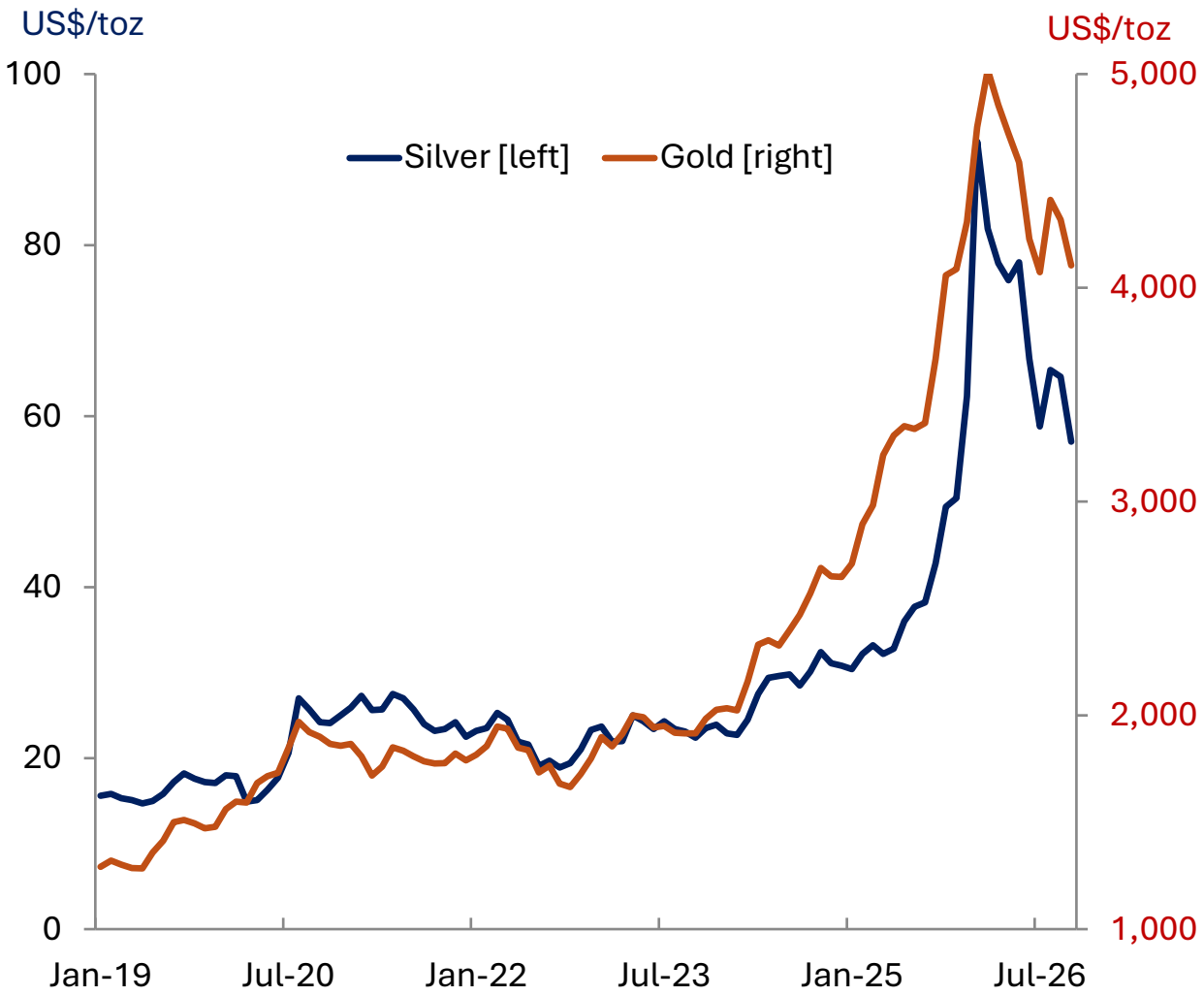


Source: IEA, Global Trade Alert, S&P Global, World Bank.

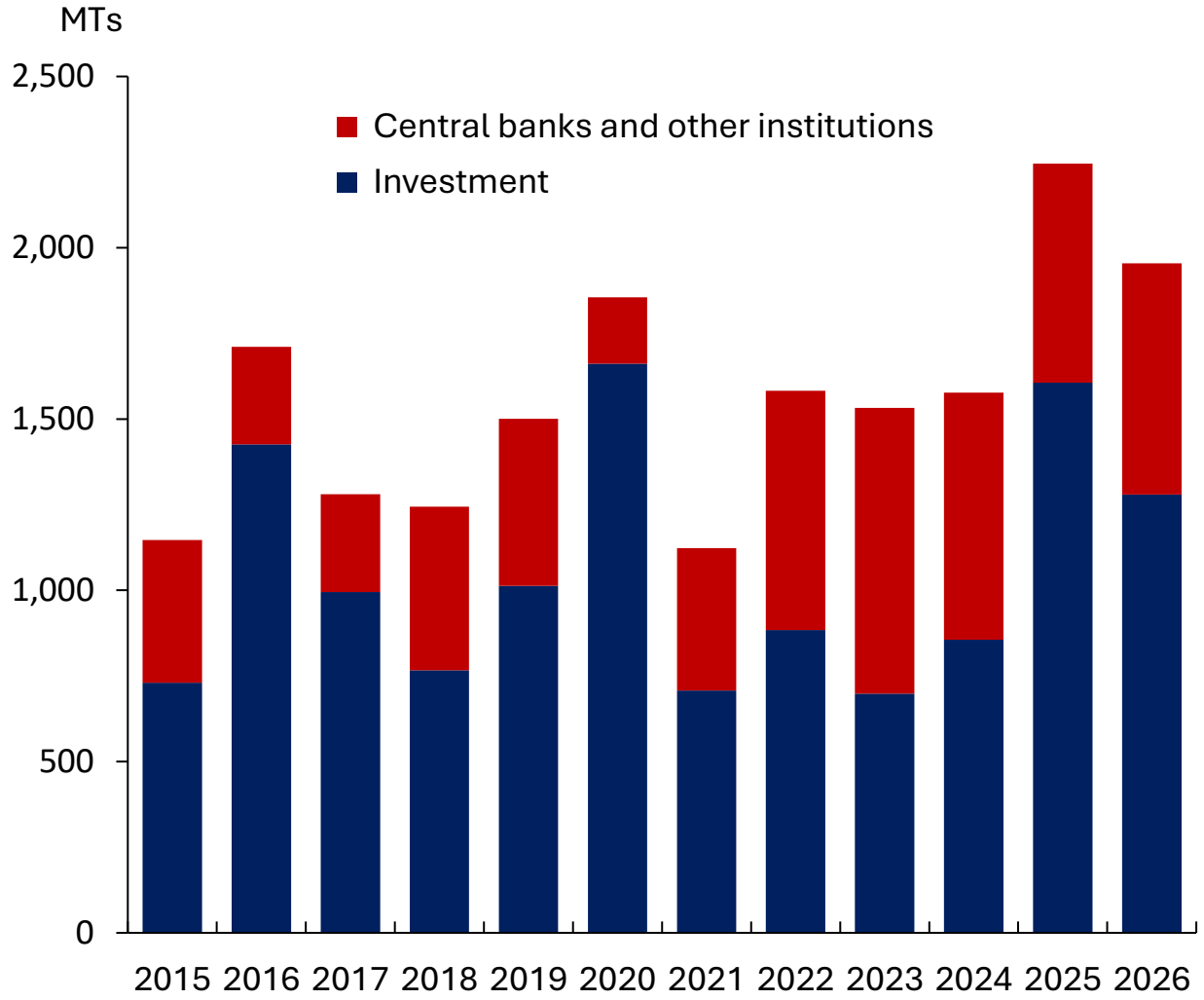
Notes: Demand growth between 2025 and 2050 under the IEA's Stated Policies Scenario [**left**]. AEs = advanced economies; EMDEs = emerging market and developing economies; median number of years from discovery to commercial production for 127 precious and base metal mines that began production during 2002–23 and were discovered from 1980 onward. Construction decision refers to the period between completion of feasibility studies and the start of construction. [**middle**]. Number of trade restrictive interventions affecting critical minerals implemented worldwide each year (i.e., those assessed as discriminating against foreign commercial interests) [**right**].

Precious metals retreat amid lower institutional purchases and investment

Prices



Demand composition



Source: World Bank and World Gold Council.
Notes: Last observation is October 2026 [**left**]. Numbers refer to the sum of the first three quarters of each year . “Investment” comprises bars, coins, as well as gold-backed ETFs and similar products. [**right**].

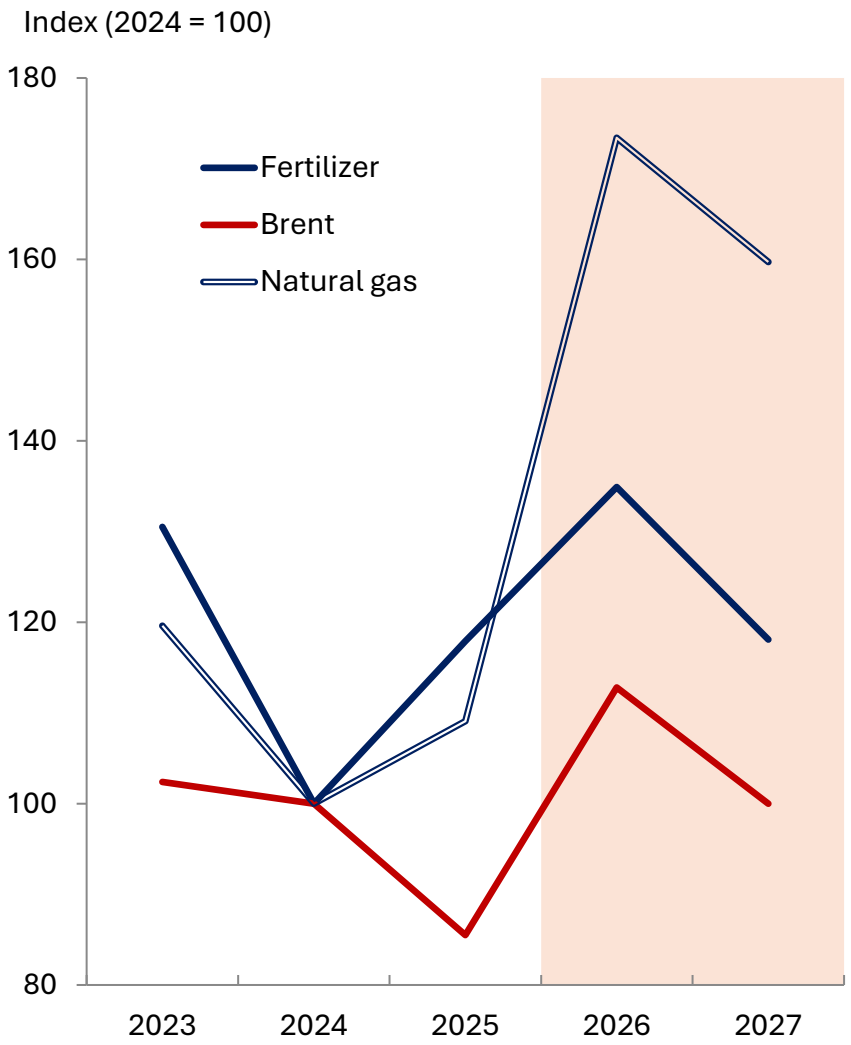
Commodity prices (indexes, 2010 = 100)

	History		Forecasts		Change from previous year (%)	
	2024	2025	2026	2027	2026	2027
Energy	101.5	90.0	118.8	105.1	+32.0	-11.5
Oil ($/bbl)	80.7	69.0	91.0	79.0	+31.9	-13.2
Non-energy	112.5	115.4	125.8	127.7	+9.0	+1.5
Agriculture	115.0	115.7	117.3	123.5	+1.4	+5.3
Beverages	176.4	207.3	157.7	162.7	-23.9	+3.2
Food	115.8	109.2	120.4	129.1	+10.3	+7.2
Raw materials	81.6	84.9	96.1	96.3	+4.8	+0.9
Fertilizers	117.6	138.7	158.6	138.9	+14.3	-12.4
Metals	106.7	112.3	139.7	135.1	+24.5	-3.3
Precious metals	180.2	258.6	361.9	331.8	+39.9	-8.3
Gold ($/toz)	2,388	3,442	4,600	4,250	+33.6	-7.6

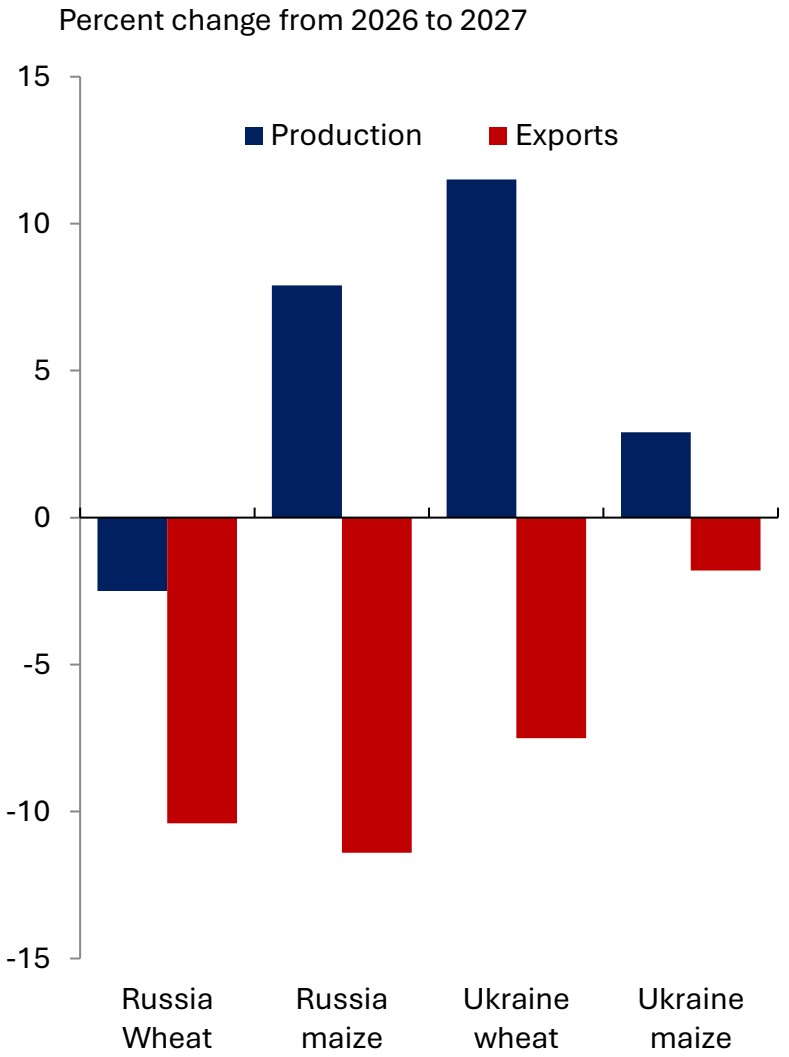
Source: World Bank (*Commodity Markets Outlook*, October 2026)

Risks: Input costs, Black Sea, biofuels, El Niño, trade measures

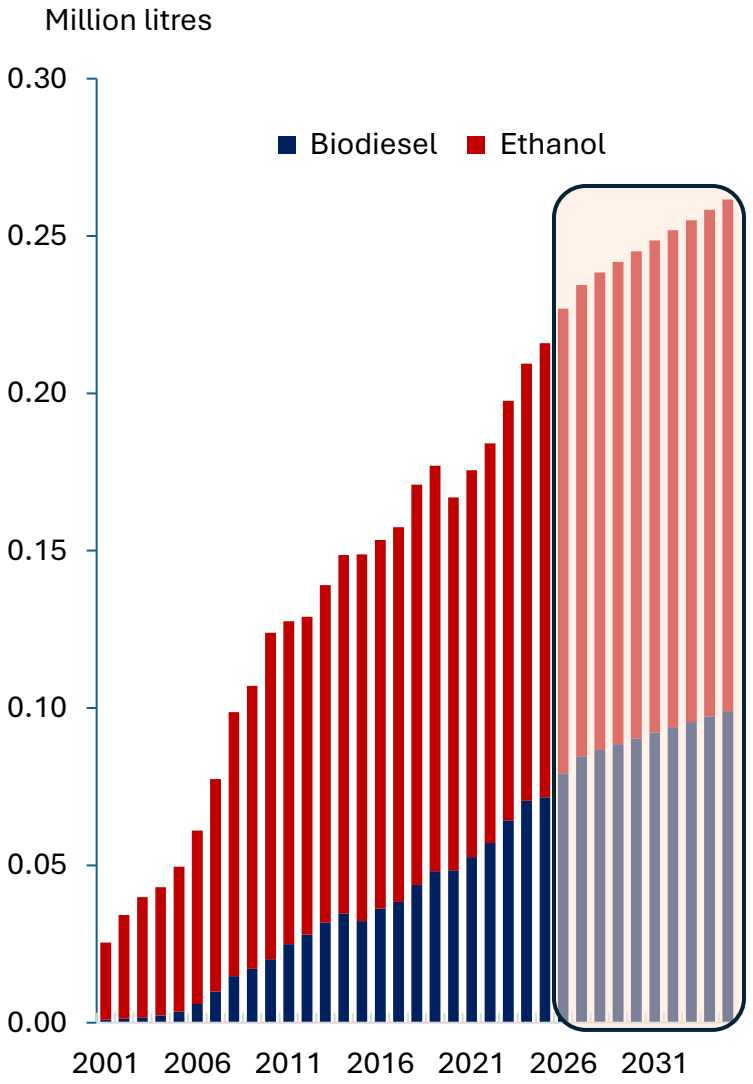
Input costs



Black Sea



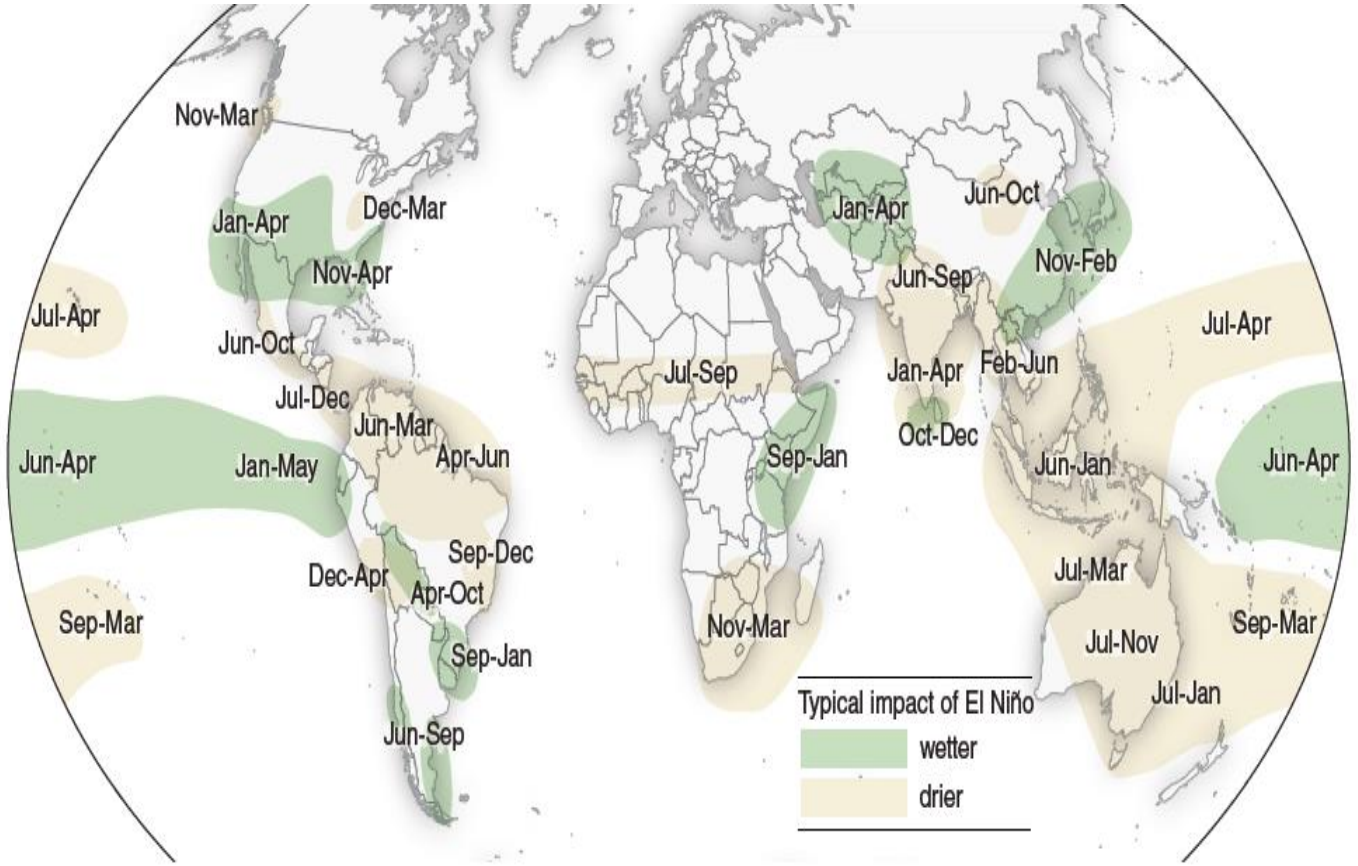
Biofuel demand



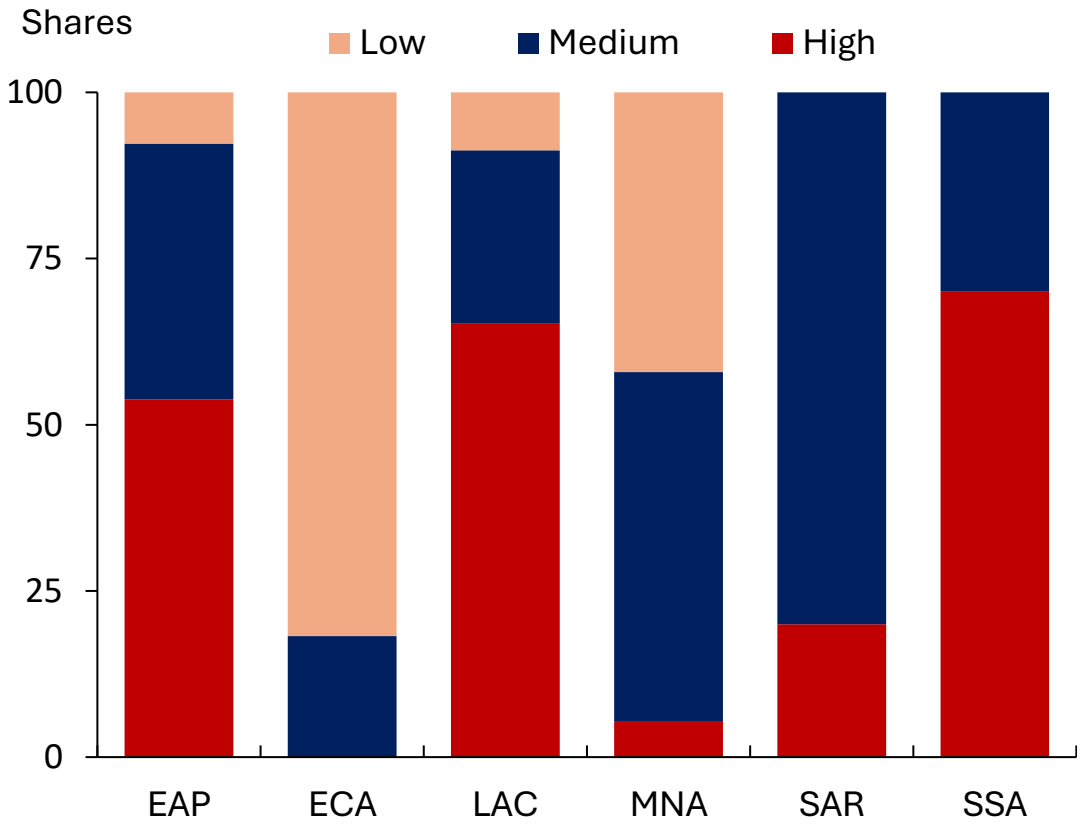
Source: Organization for Economic Co-operation and Development (OECD); U.S. Department of Agriculture; World Bank.
Notes: Shaded area indicates forecasts [**left**]. Percent change from 2026 to 2027 crop season [**middle**]. Data for 2026–35 are FAO-OECD forecasts **[right].**

El Niño

Rainfall patterns during El Niño



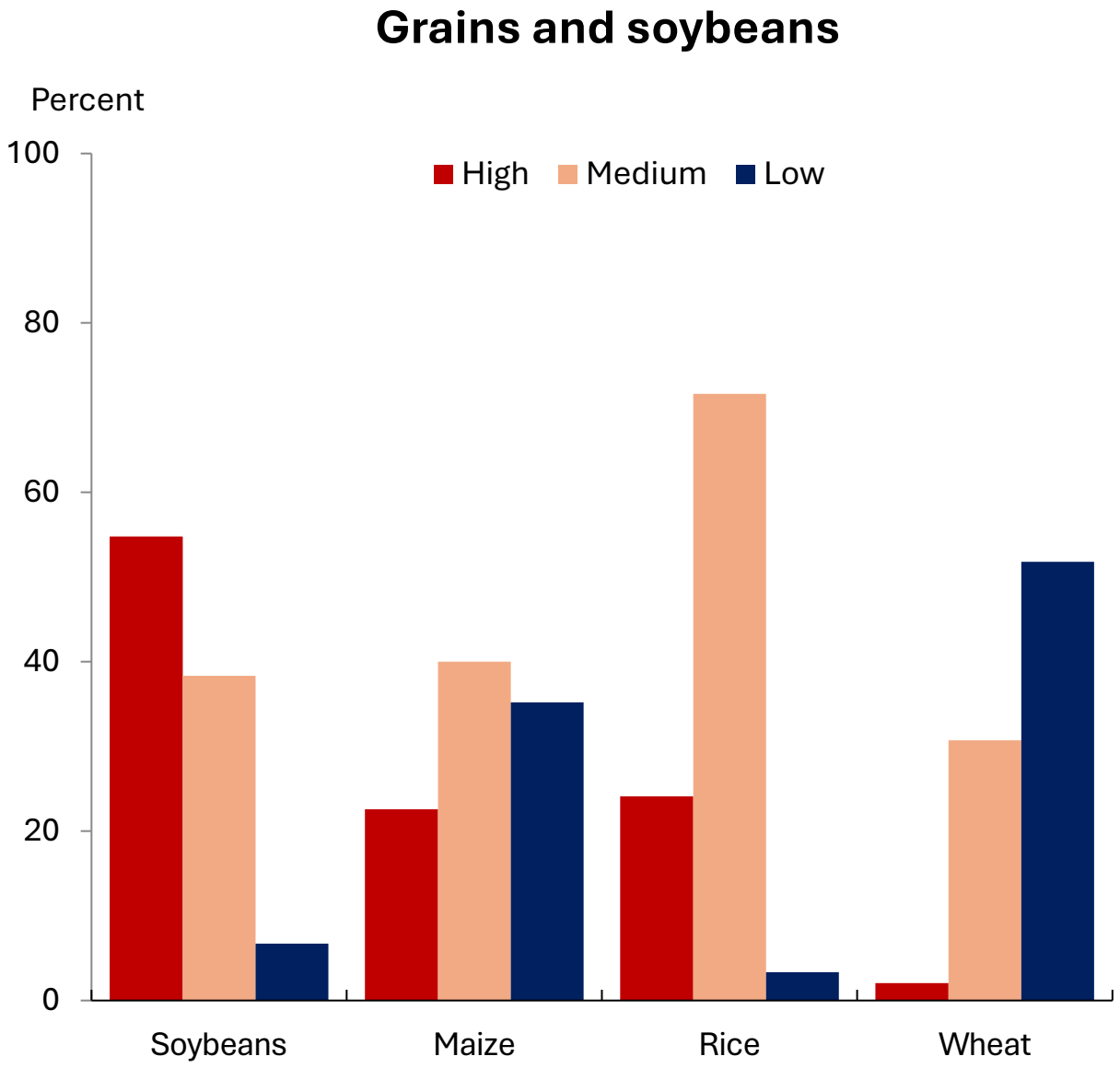
Exposure of countries to El Niño

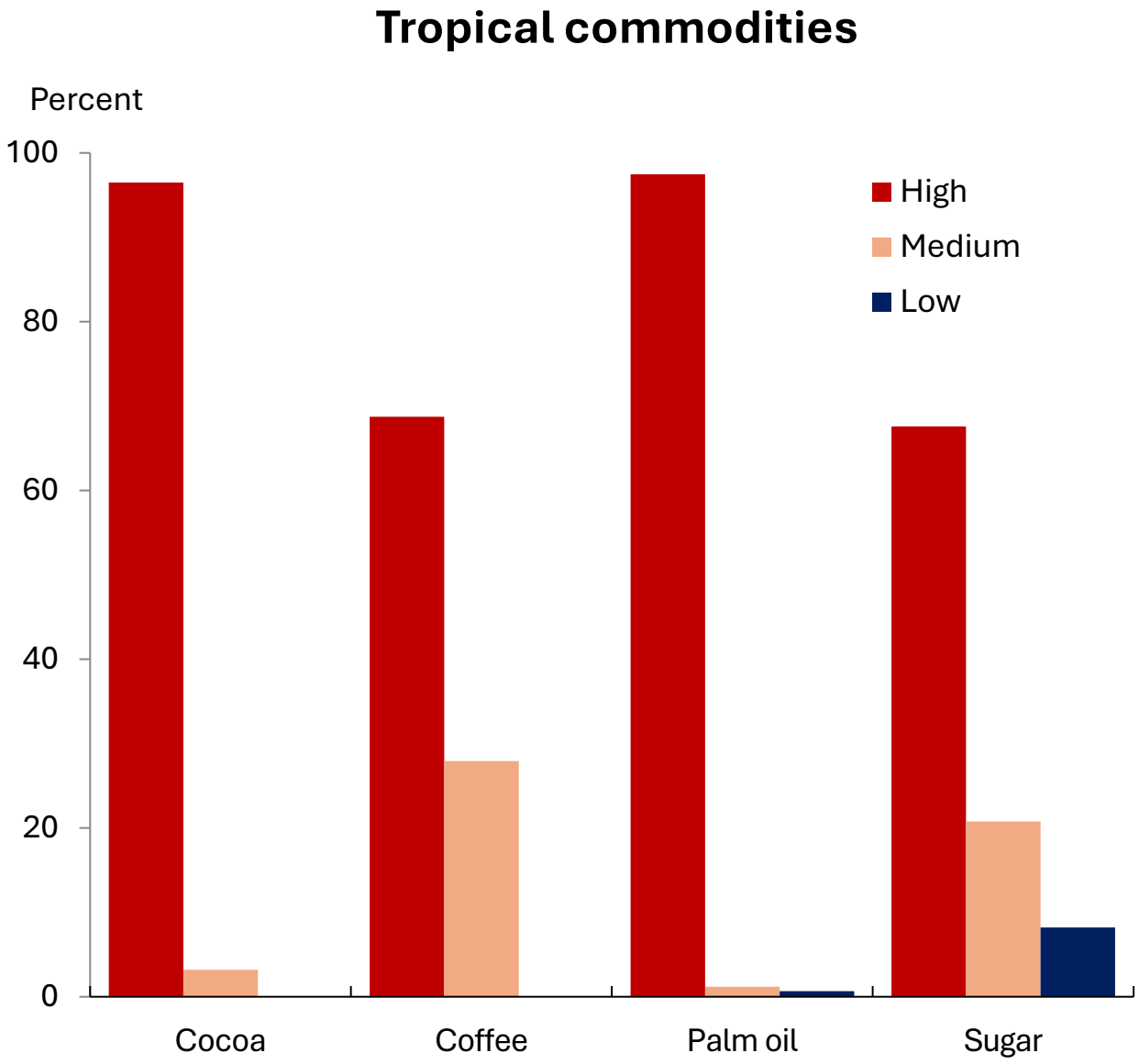


Sources: National Oceanic Atmospheric Administration (NOAA); World Bank.

Notes: The map was produced by the Cartography Unit of the World Bank Group. The boundaries, colors, denominations and any other information shown on this map do not imply, on the part of the World Bank Group, any judgment on the legal status of any territory, or any endorsement or acceptance of such boundaries. The original source map on El Niño and rainfall is Columbia Climate School, International Research Institute for Climate and Society [**left**]. Right Panel. EAP = East Asia and Pacific; ECA = Europe and Central Asia; ENSO = El Niño–Southern Oscillation; LAC = Latin America and the Caribbean; MNA = Middle East, North Africa, Afghanistan, and Pakistan; SAR = South Asia; SSA = Sub-Saharan Africa. Country-level ENSO teleconnections, based on Callahan and Mankin (2023). Teleconnection scores are calculated as the sum of the absolute values of the correlation coefficients between the E-index and monthly country-level temperature and precipitation from 1960 to 2019. High, medium, and low exposure countries refer to the top, middle, and bottom terciles of the teleconnection score distribution [**right**].

Global export shares by exposure to El Niño

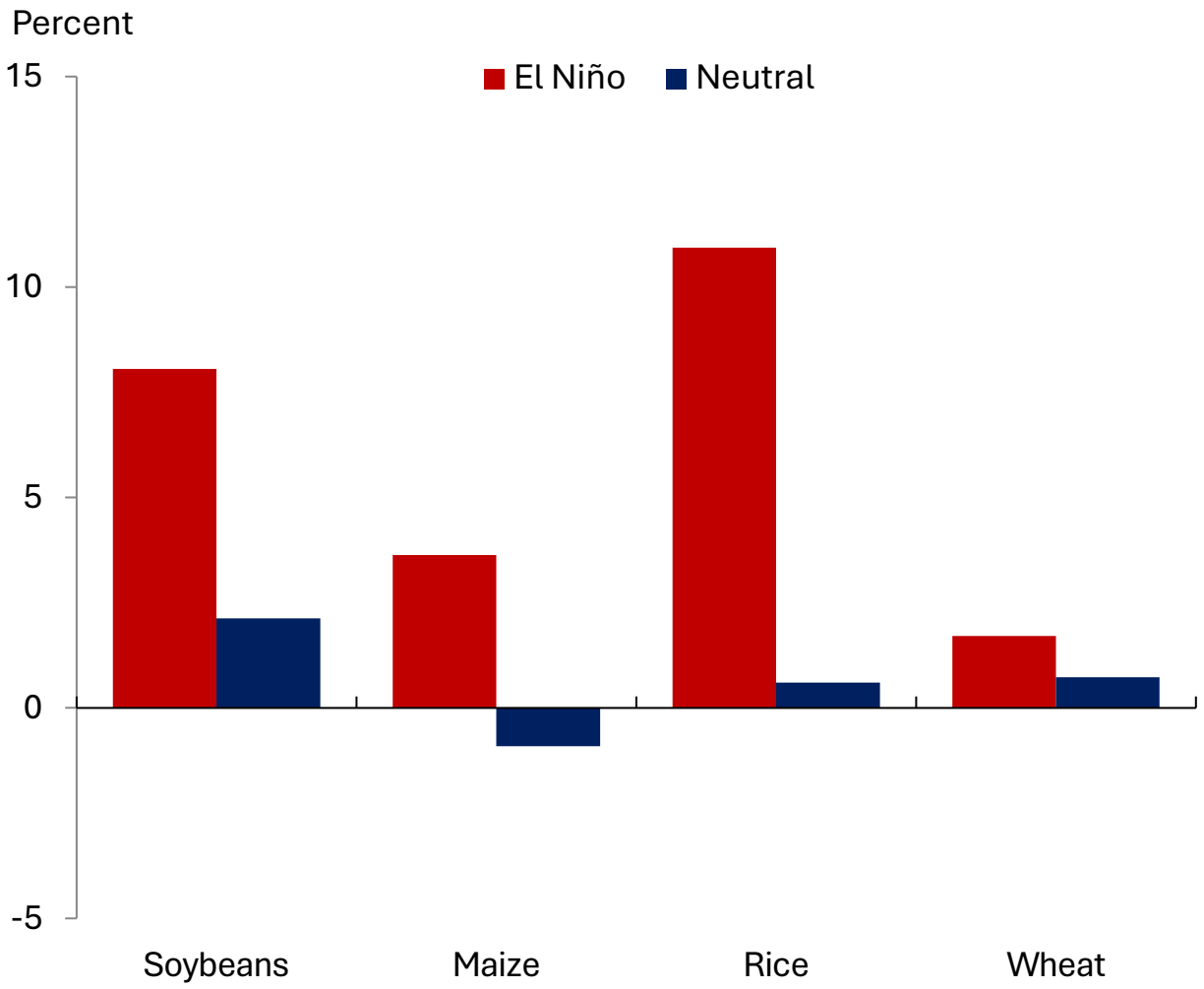




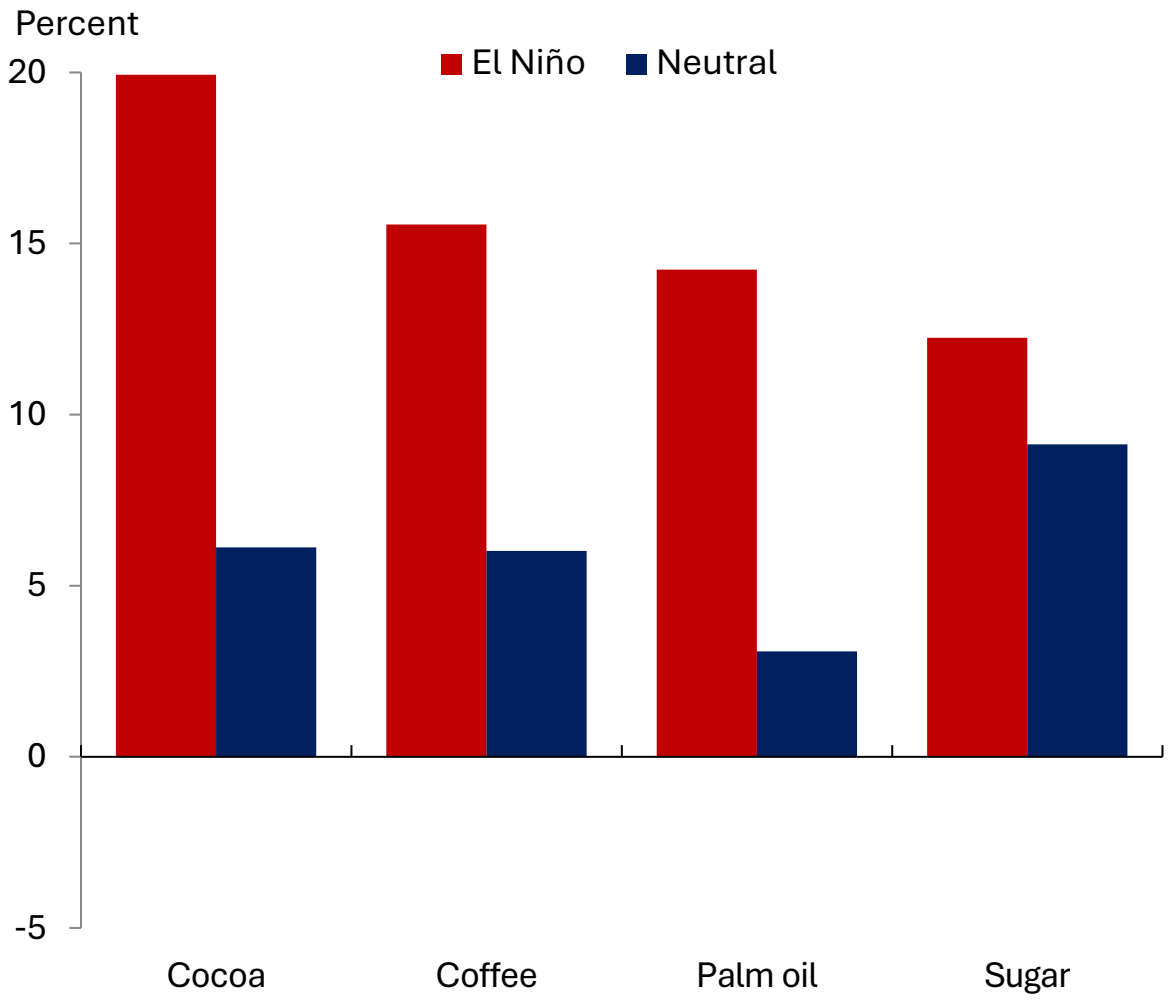
Source: National Oceanic and Atmospheric Administration (NOAA); U.S. Department of Agriculture; World Bank.
Notes: Bars show the share of global exports accounted for by countries in each El Niño exposure group.

Global commodity prices following El Niño and neutral periods

Grains and soybeans



Tropical commodities

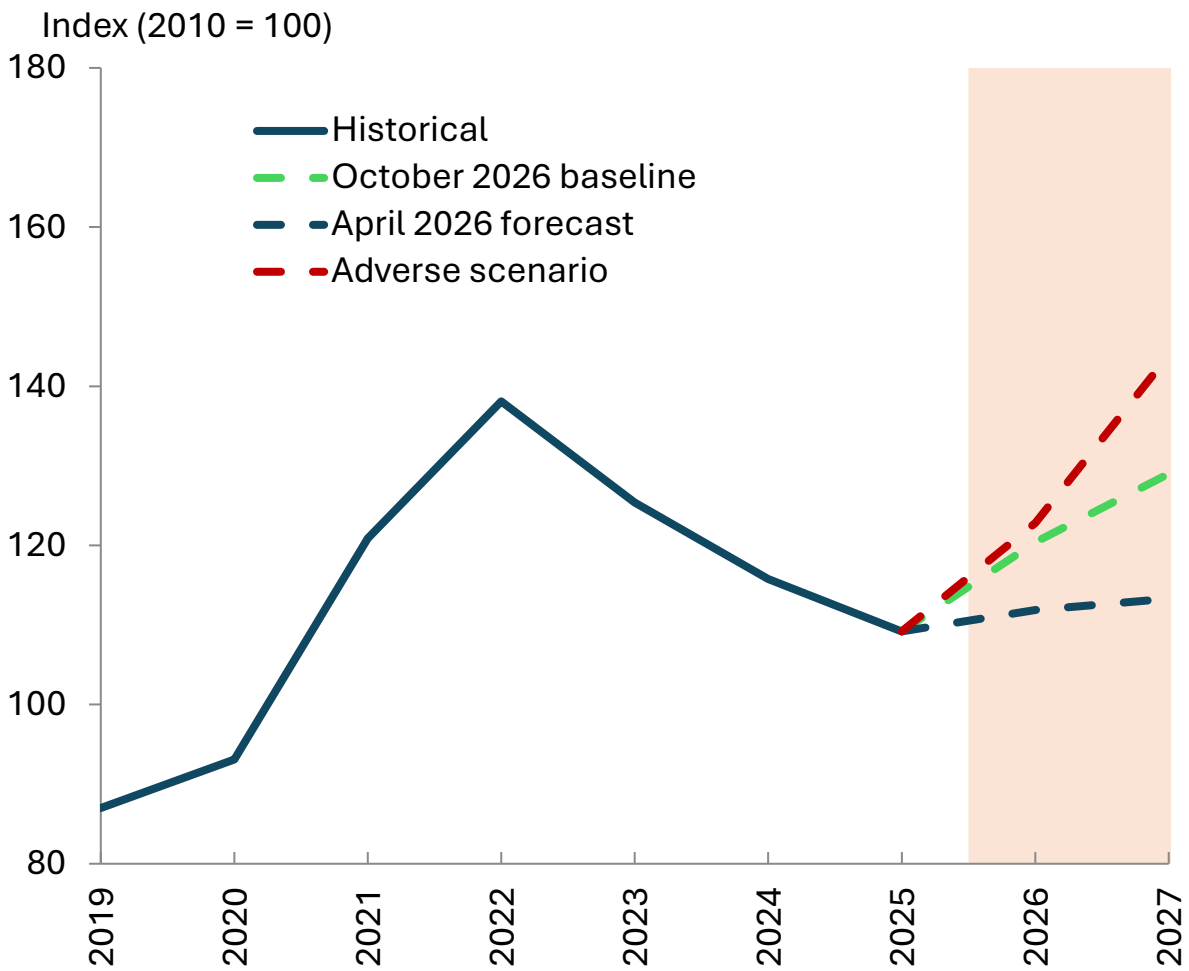


Sources: World Bank

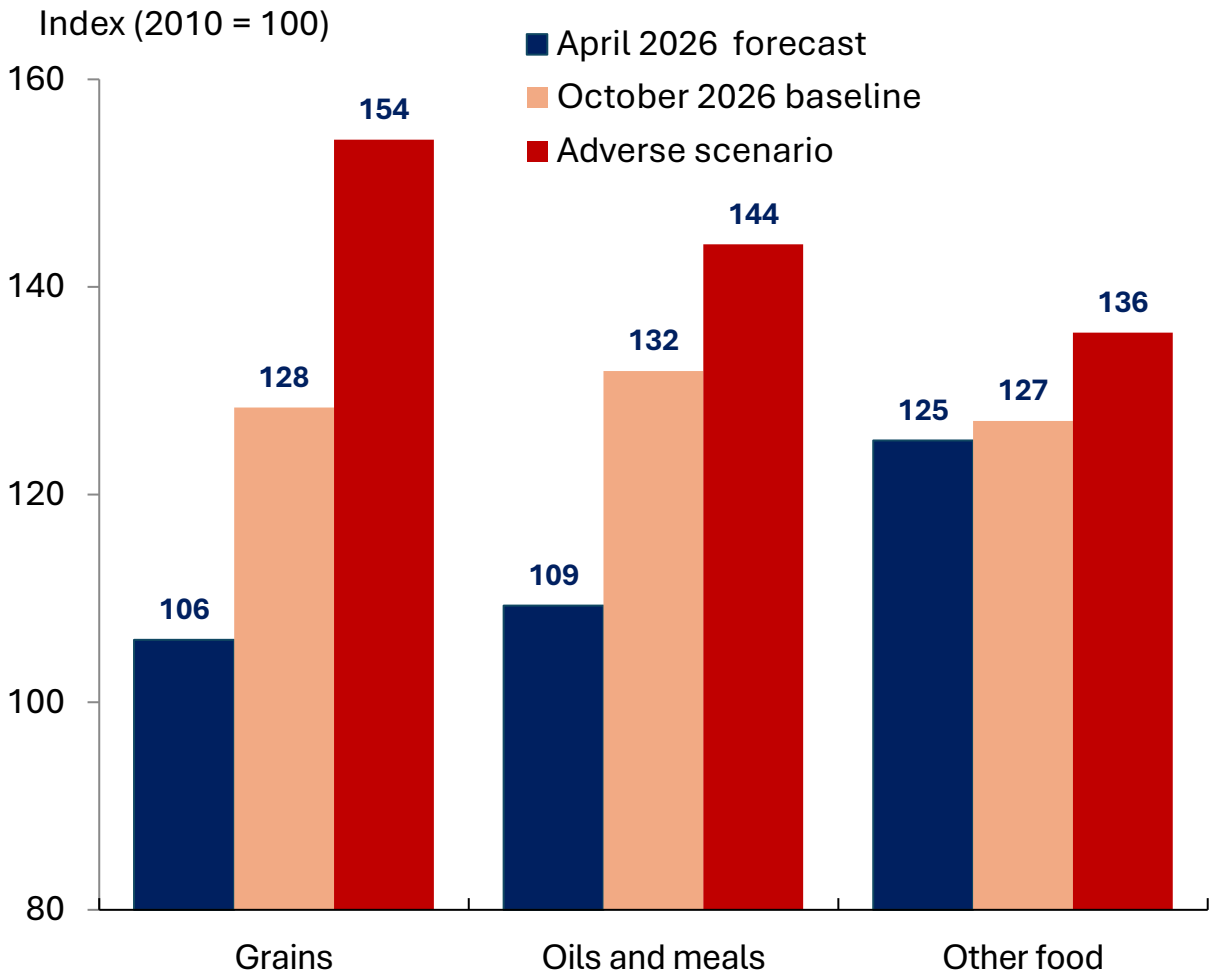
Note: Six-month-lagged year-on-year price changes in percent based on monthly ENSO conditions between 1970 and 2025. El Niño months are defined by a Niño-3.4 sea-surface temperature anomaly of at least +0.5°C; values between −0.5°C and +0.5°C are classified as ENSO-neutral. For all commodities except wheat and sugar, differences in price changes between El Niño and neutral episodes are statistically significant based on t-tests. Coffee refers to Robusta.

What if several risks materialize?

Food price index: history forecasts



Food price index components: 2027 forecasts

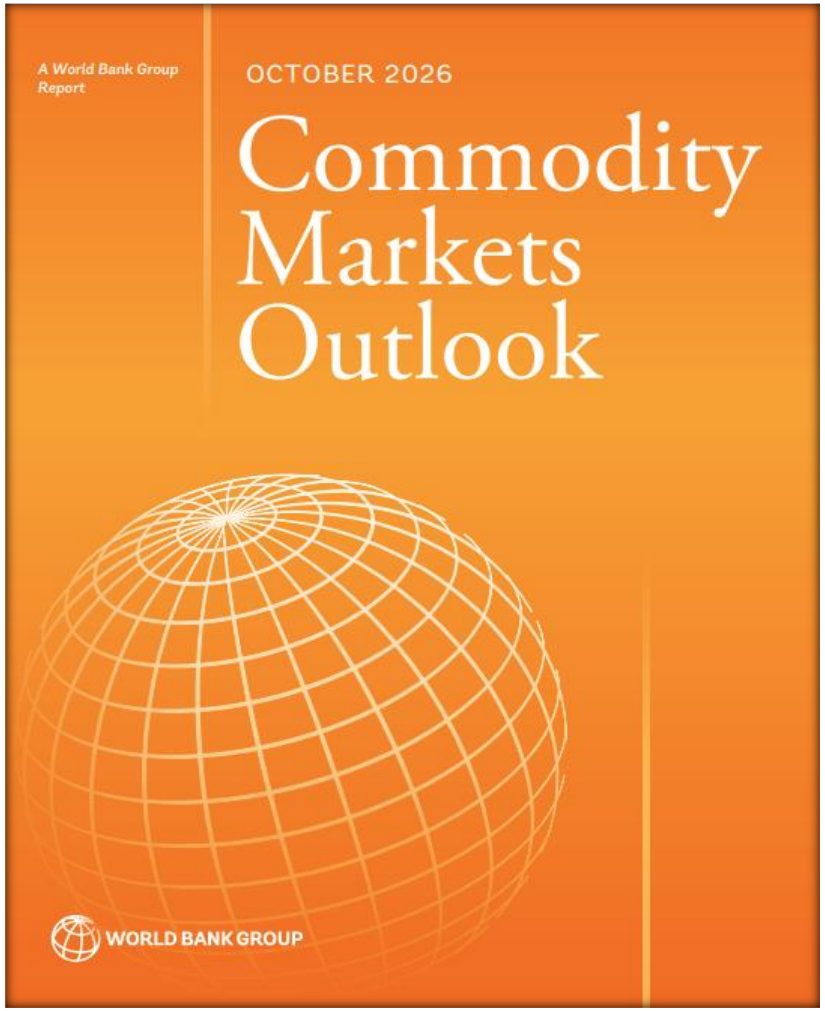


Sources: World Bank.

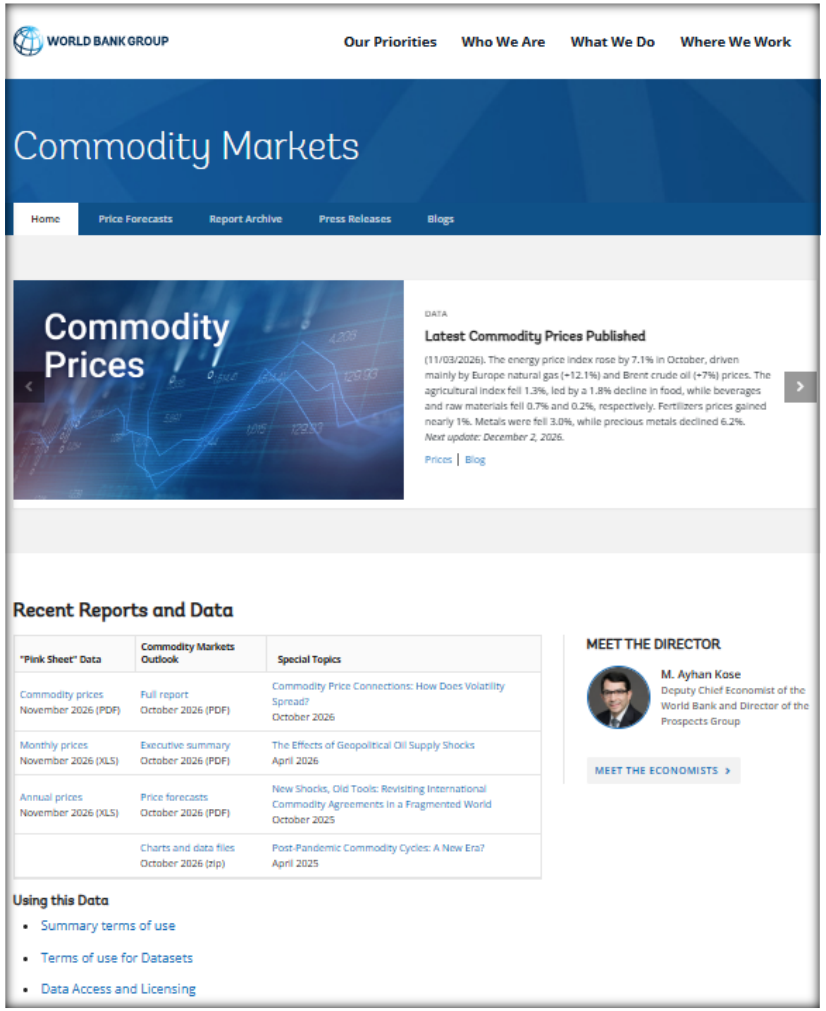
Note: The baseline assumes Black Sea disruptions persist through 2026Q4, El Niño has an average effect for episodes of its strength, and Hormuz flows return to near pre-conflict levels in 2027. The adverse scenario assumes the Middle East and Black Sea disruptions persist through 2027H1 and El Niño's effects are at the upper end of historical estimates. Bars show the World Bank Group's Food sub-group index forecasts for 2027 based on the October baseline projections. Orange markers show the index forecasts for 2027 based on the April 2026 edition of the *Commodity Markets Outlook*. Red diamonds show estimated projections under the "Adverse scenario".

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