

Global perspectives and local issues

Presentation to INA,
Port Moresby,
10th November, 2011

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Global perspectives

eg Oils: the new link to petroleum prices

offee: production increasingly focused on two producers

ocoa: consumption growth increasingly from emerging markets

ubber: supply dominated by Thailand and Indonesia; demand by China

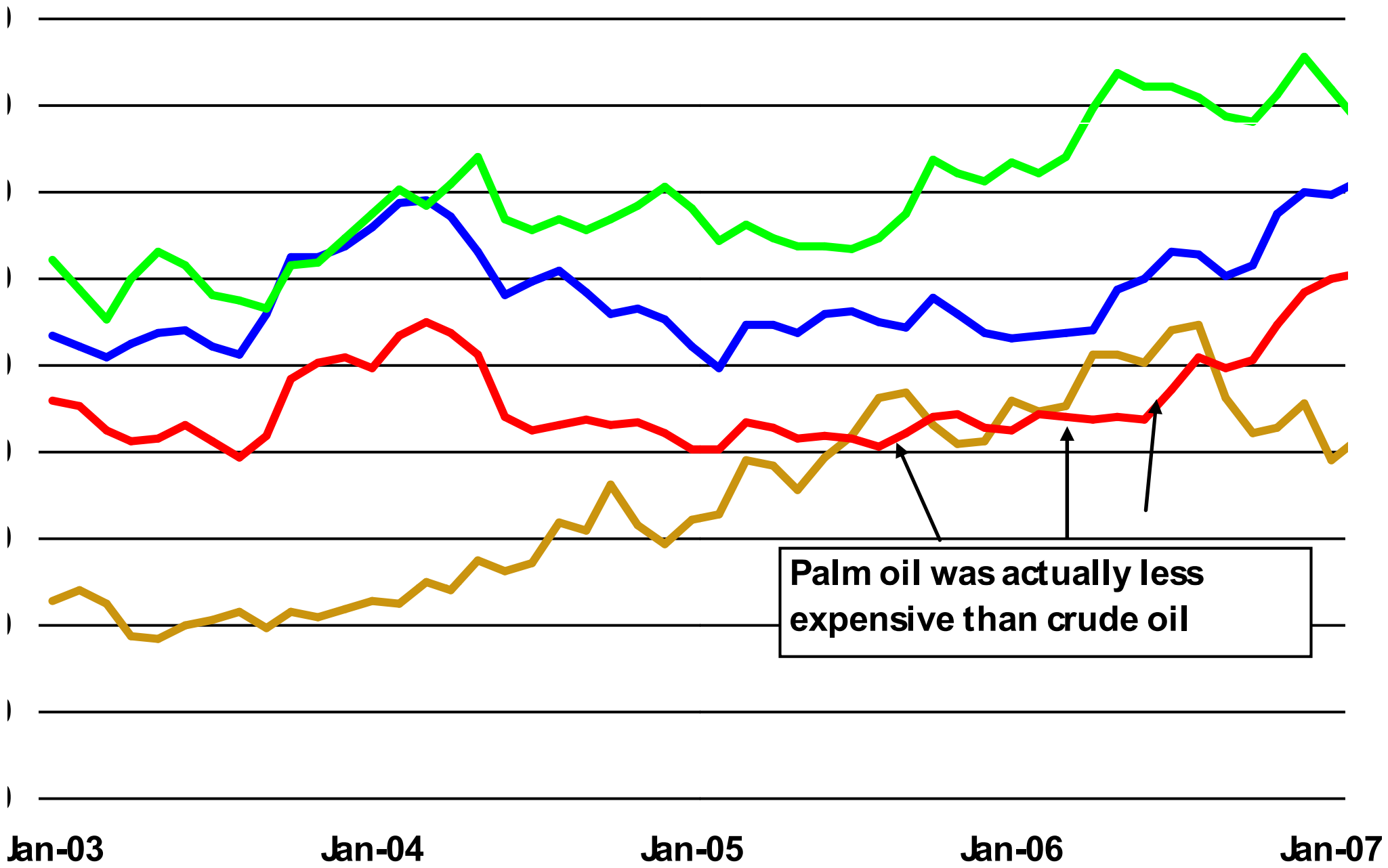
Putting commodity prices in perspective

Local issues

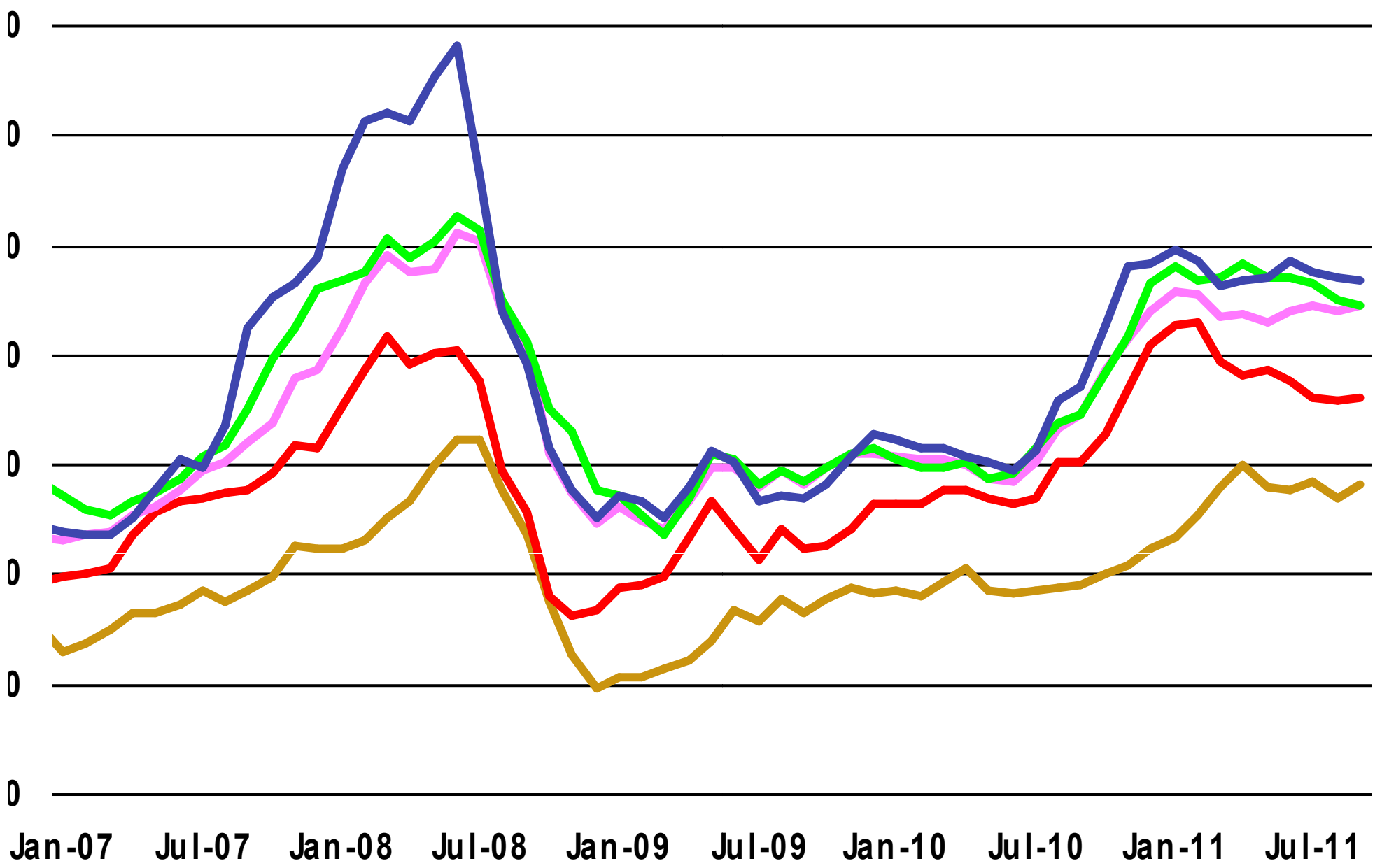
eg Oils: the new link to petroleum price



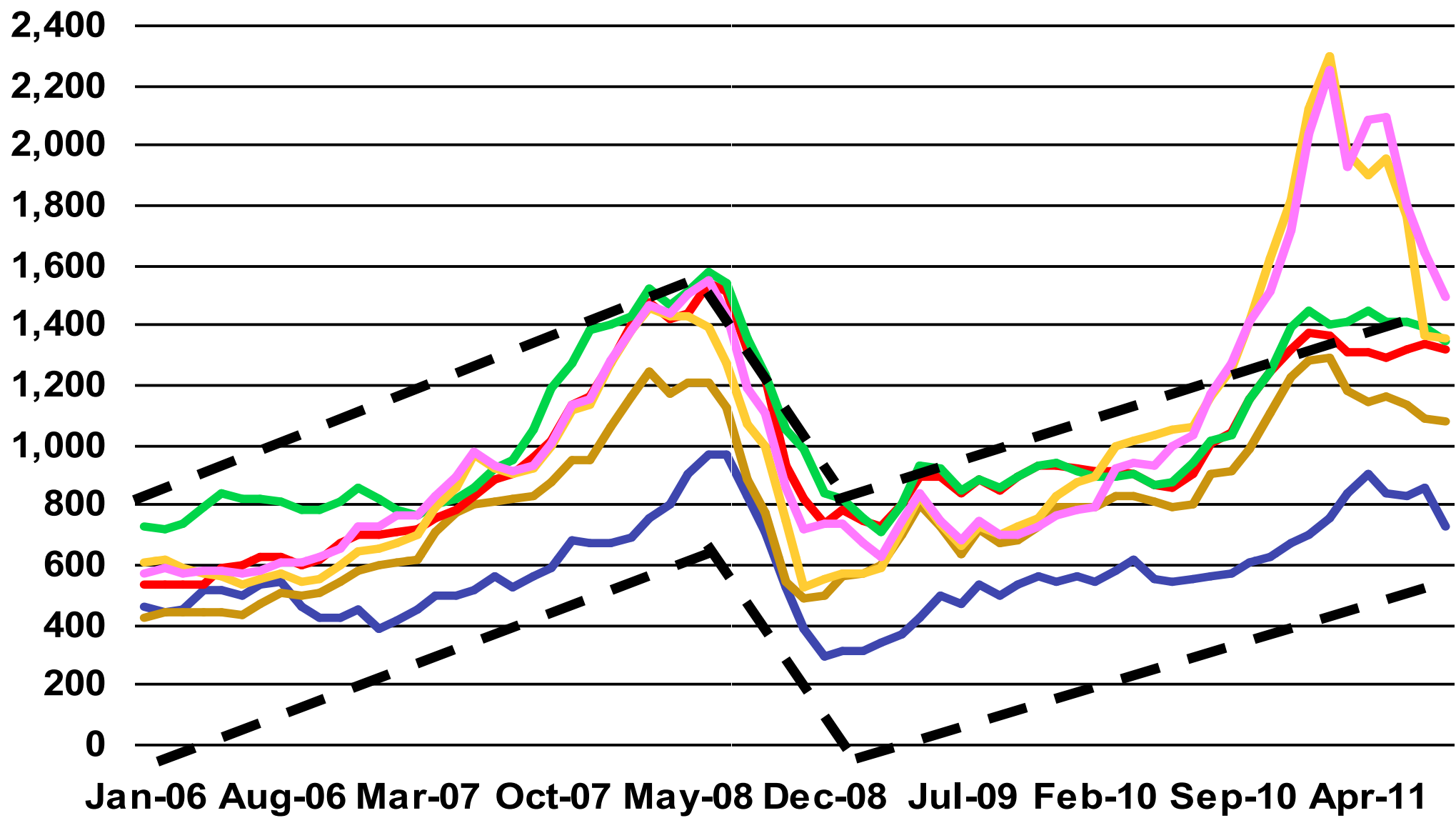
was often cheaper than crude oil per tonne.



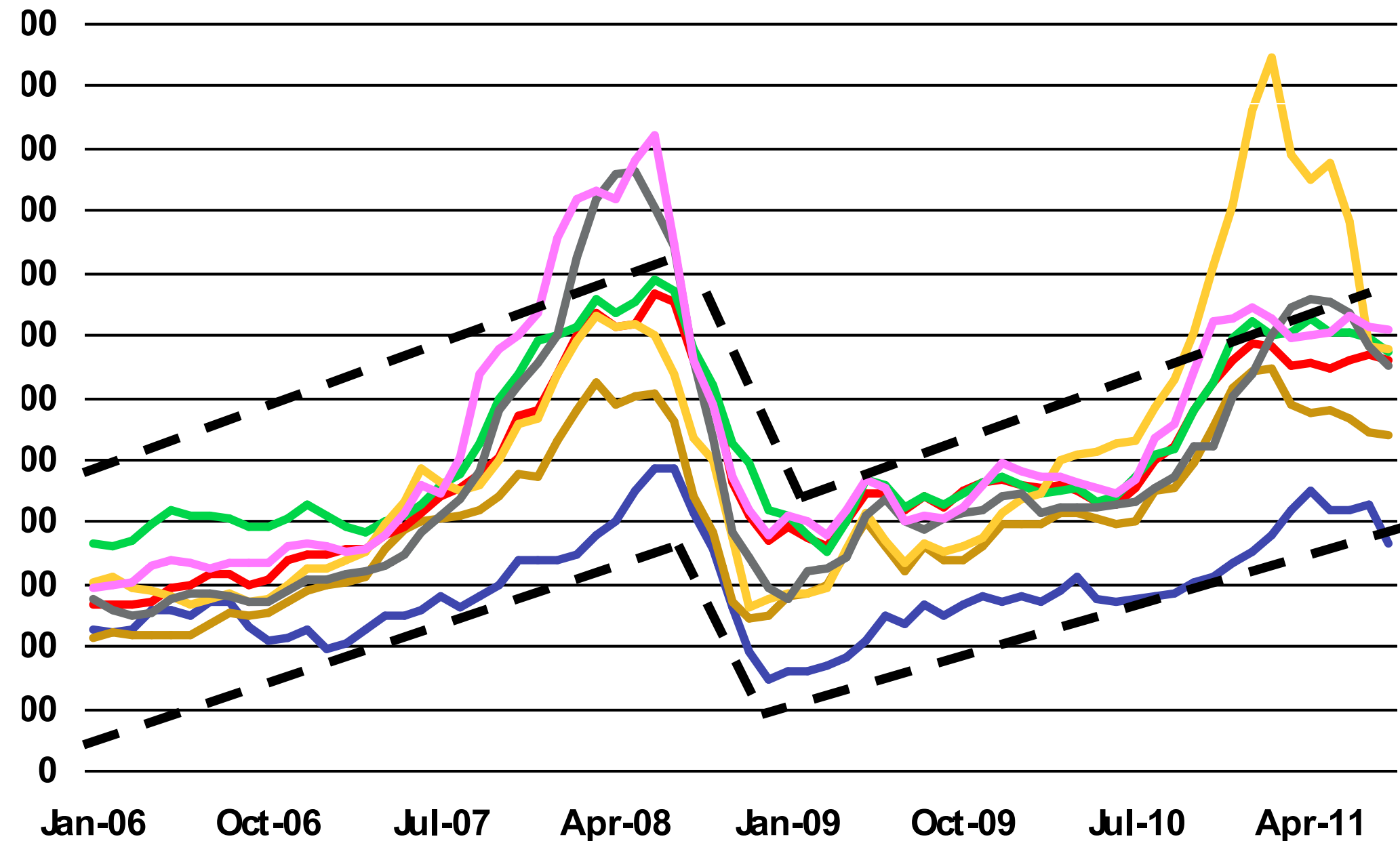
have emerged, which creates a strong link between vegetable and mineral oil prices.



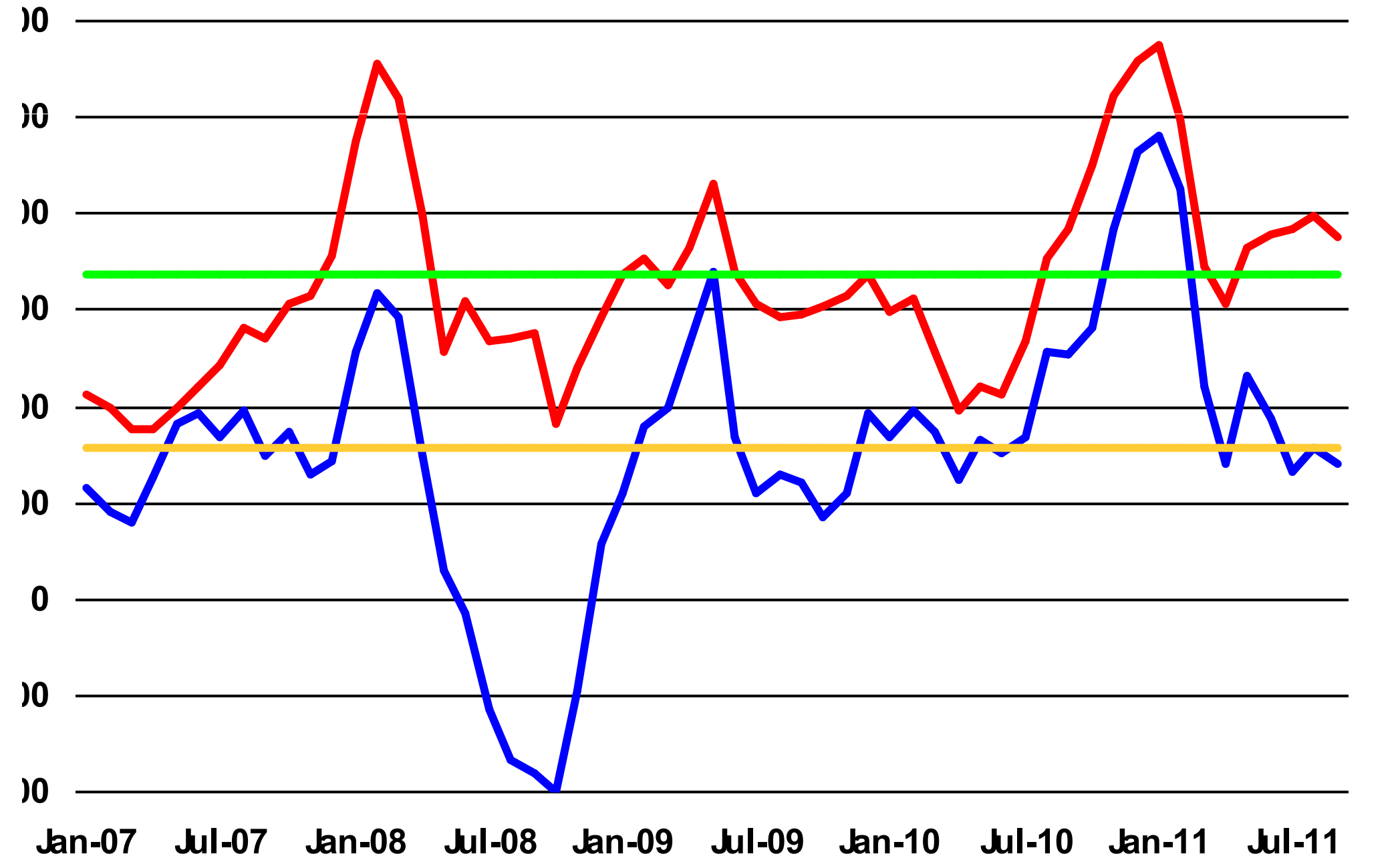
... now, which they test the bank's upper
it and we see a floor at zero premium.



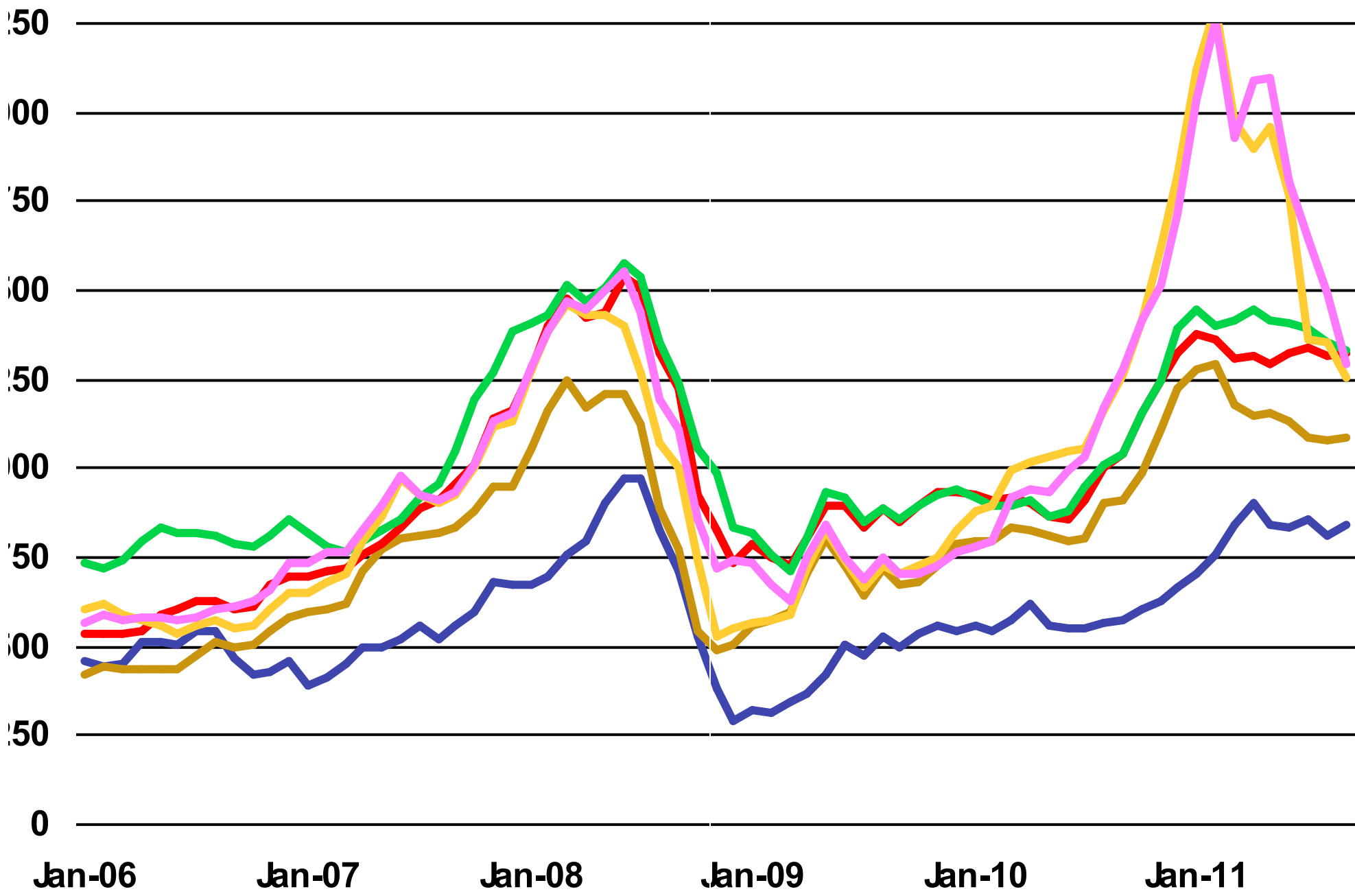
the band, they were soon pulled
as users switched to cheaper oils.



no. when the premium for vegetable oils vol-
el get too high or low, the correction is rapid.



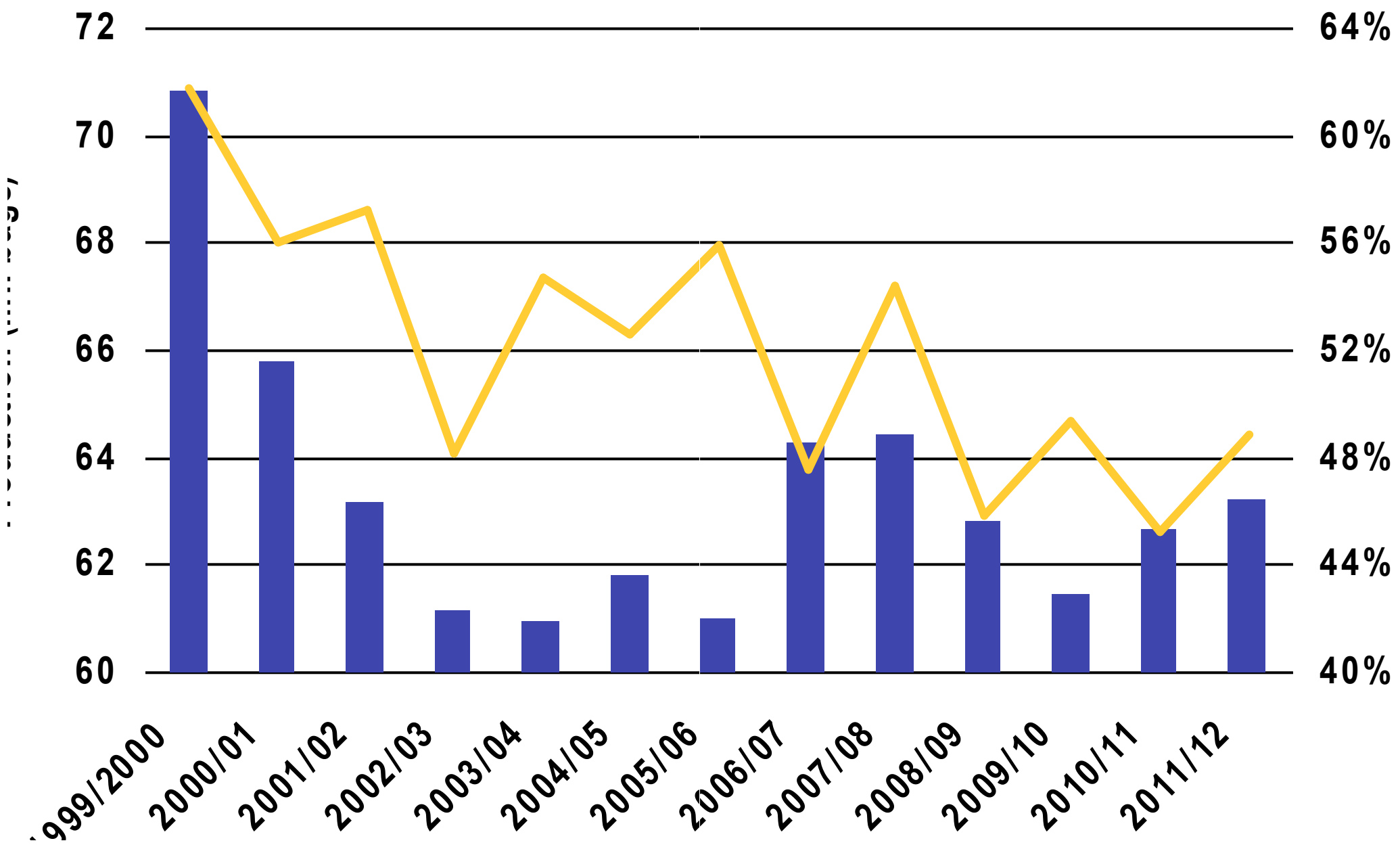
as character. Then prices have recently had dependent life, moving outside the band.



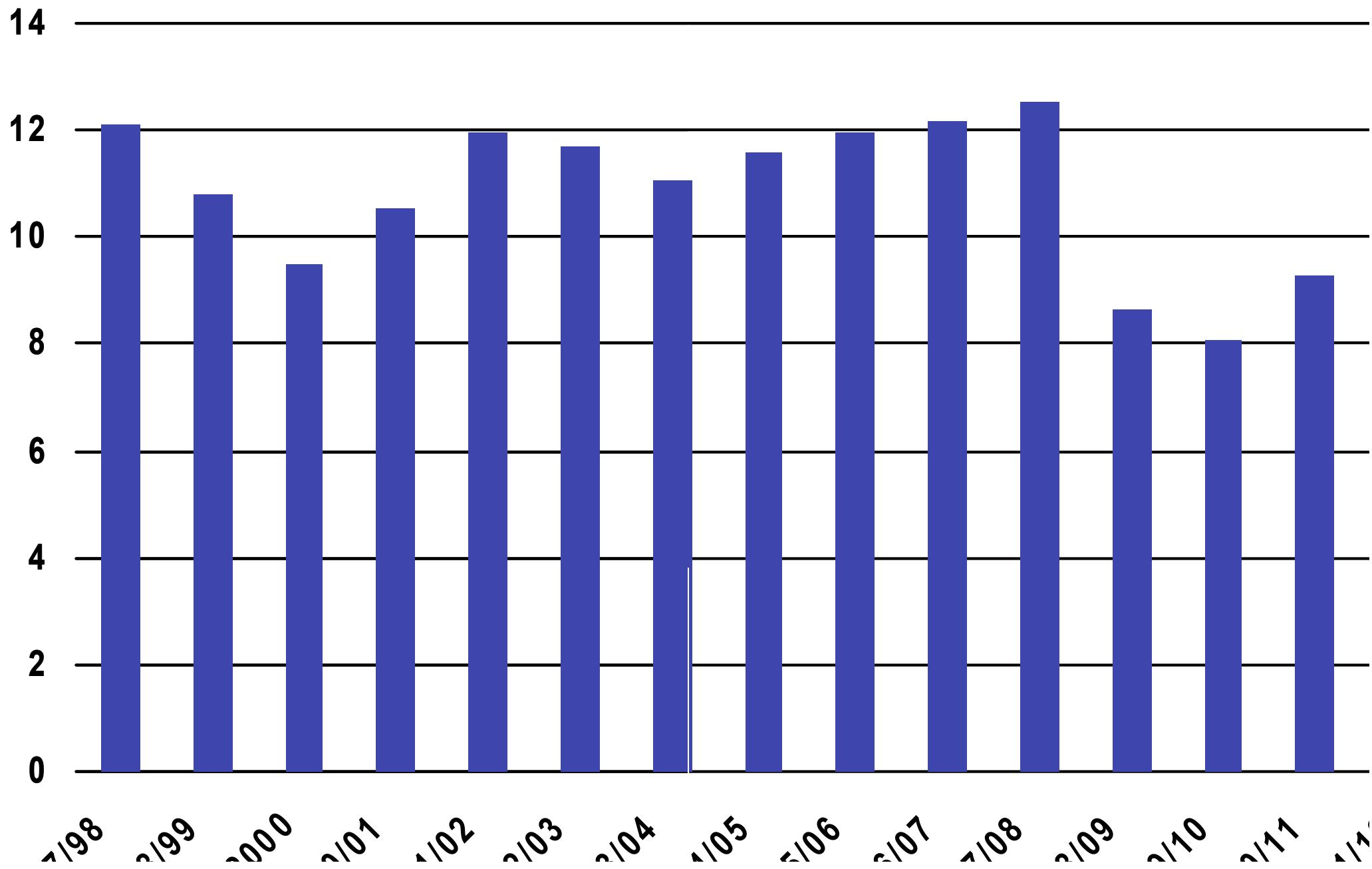
offee: production increasingly focused
two producers



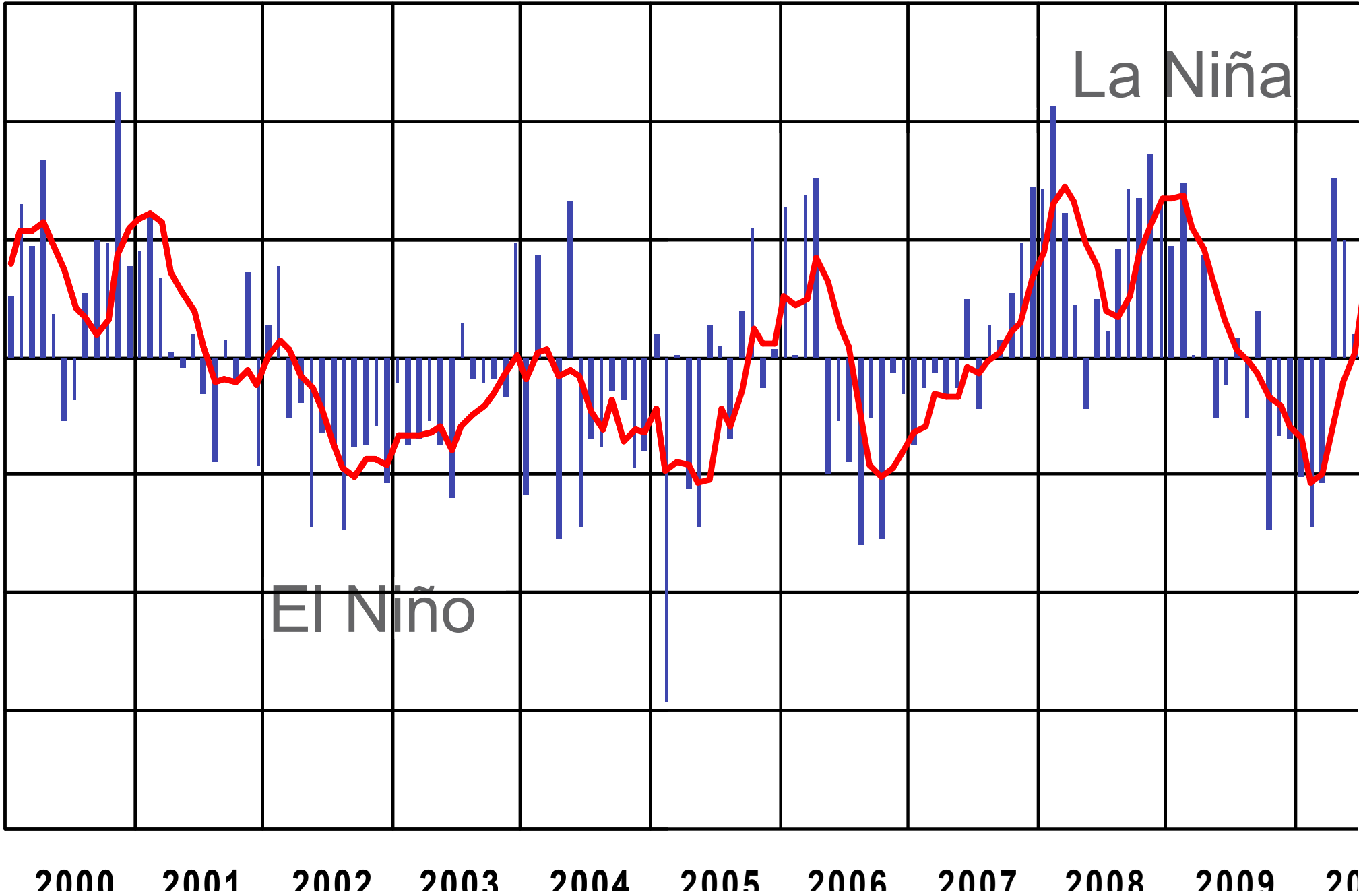
Percent years has been generated by these regions.



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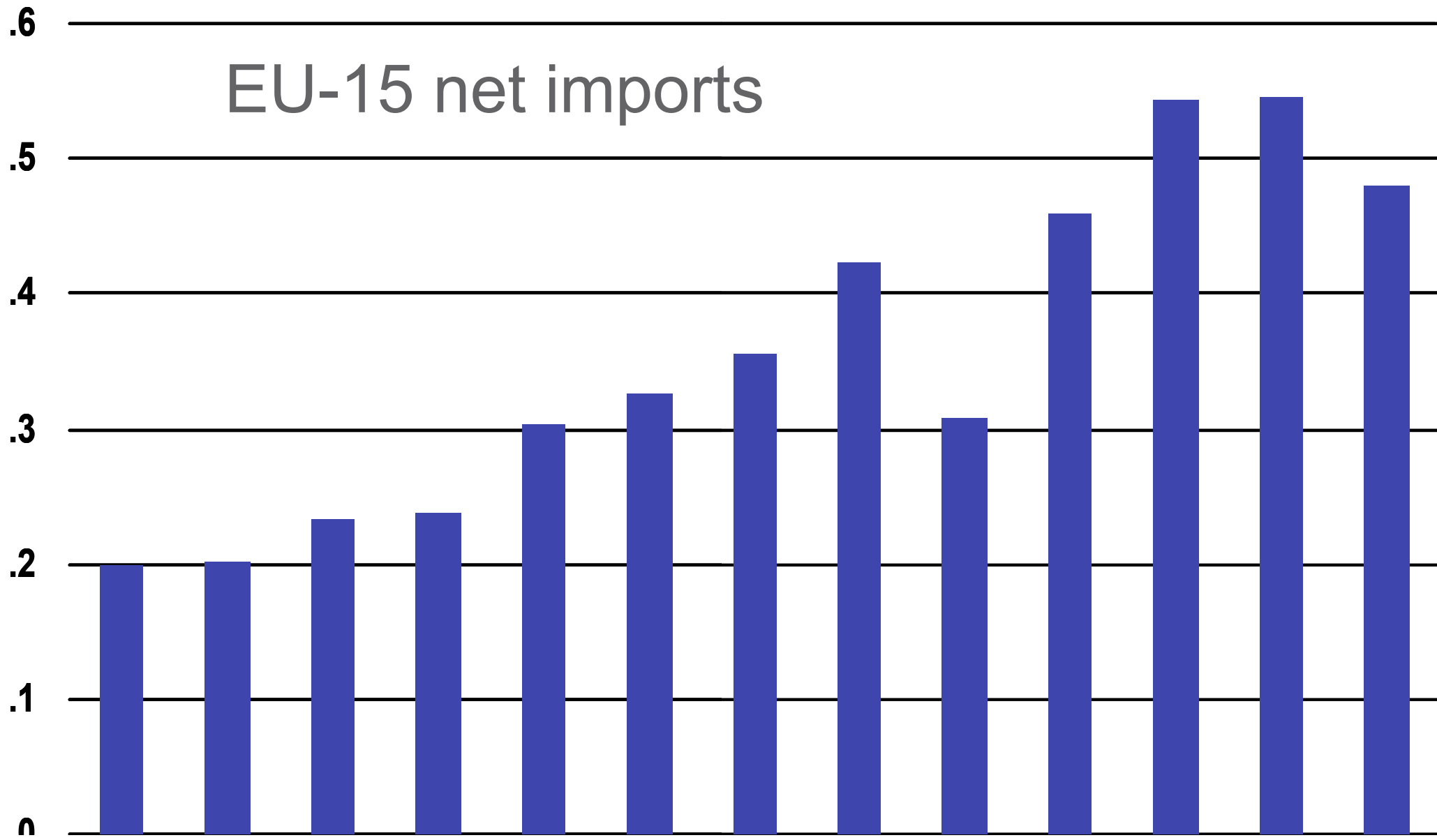


Unusually heavy rains in 2000

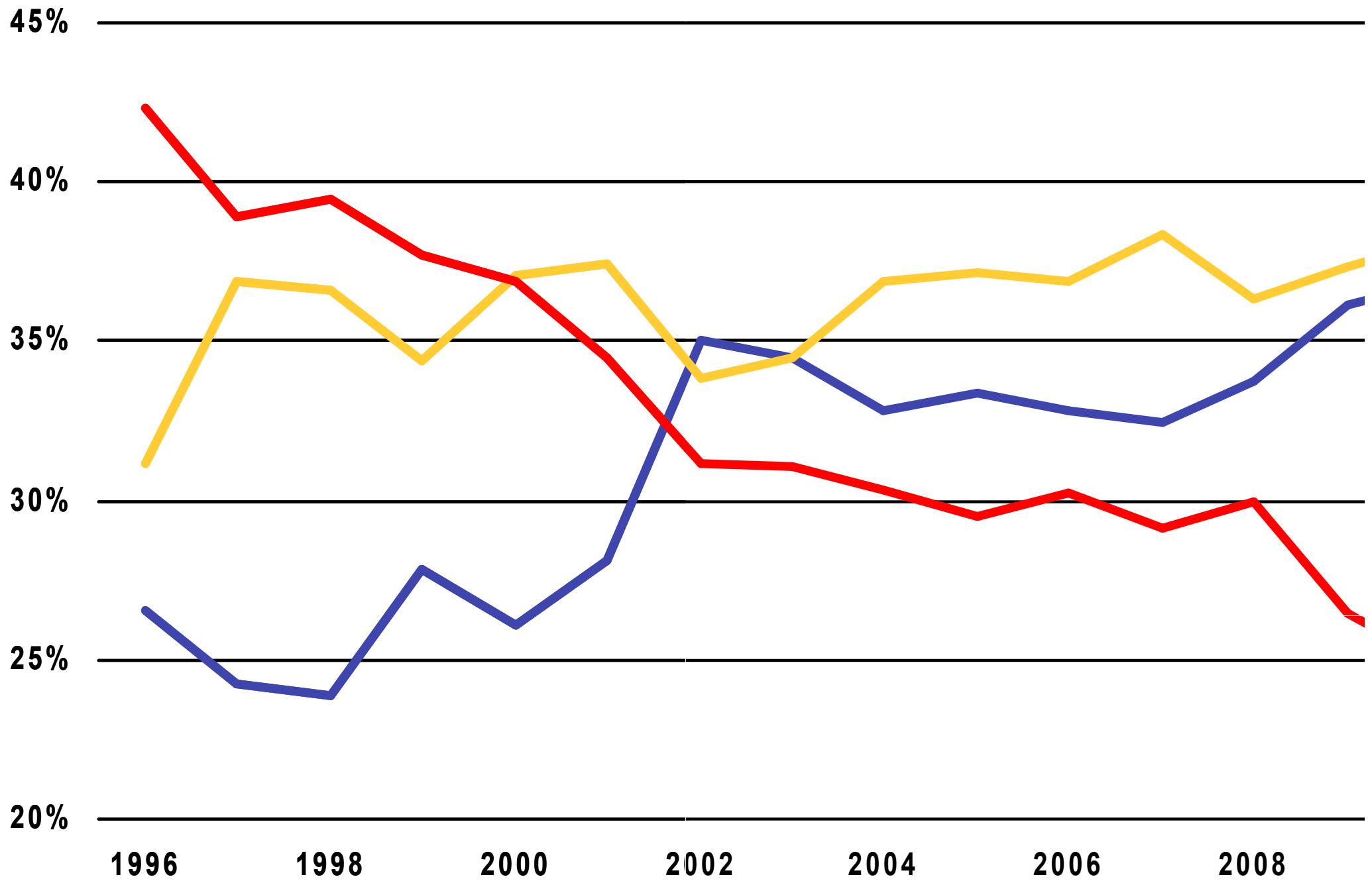


1% per annum) over the last 10 years

EU-15 net imports



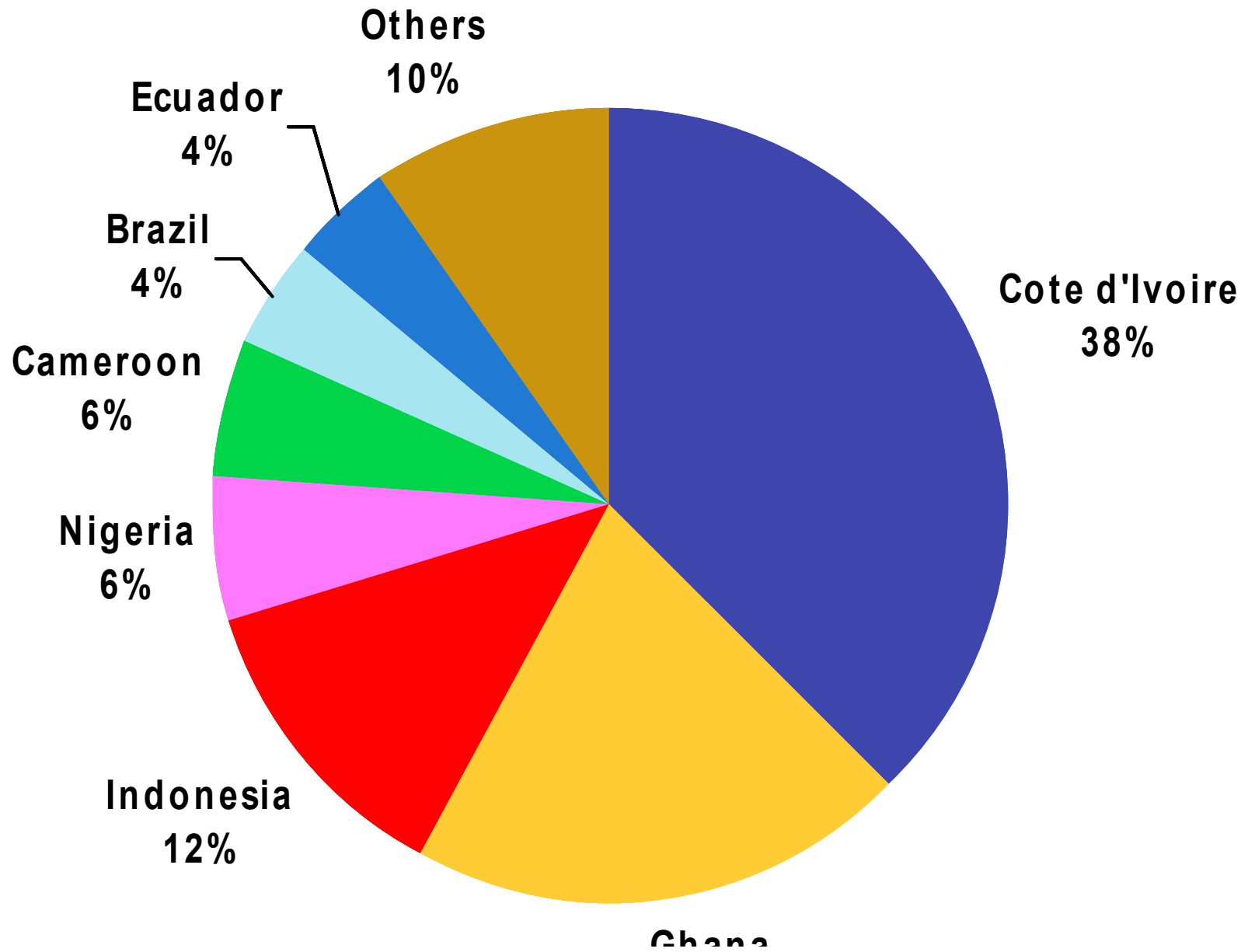
Change in the composition of imports



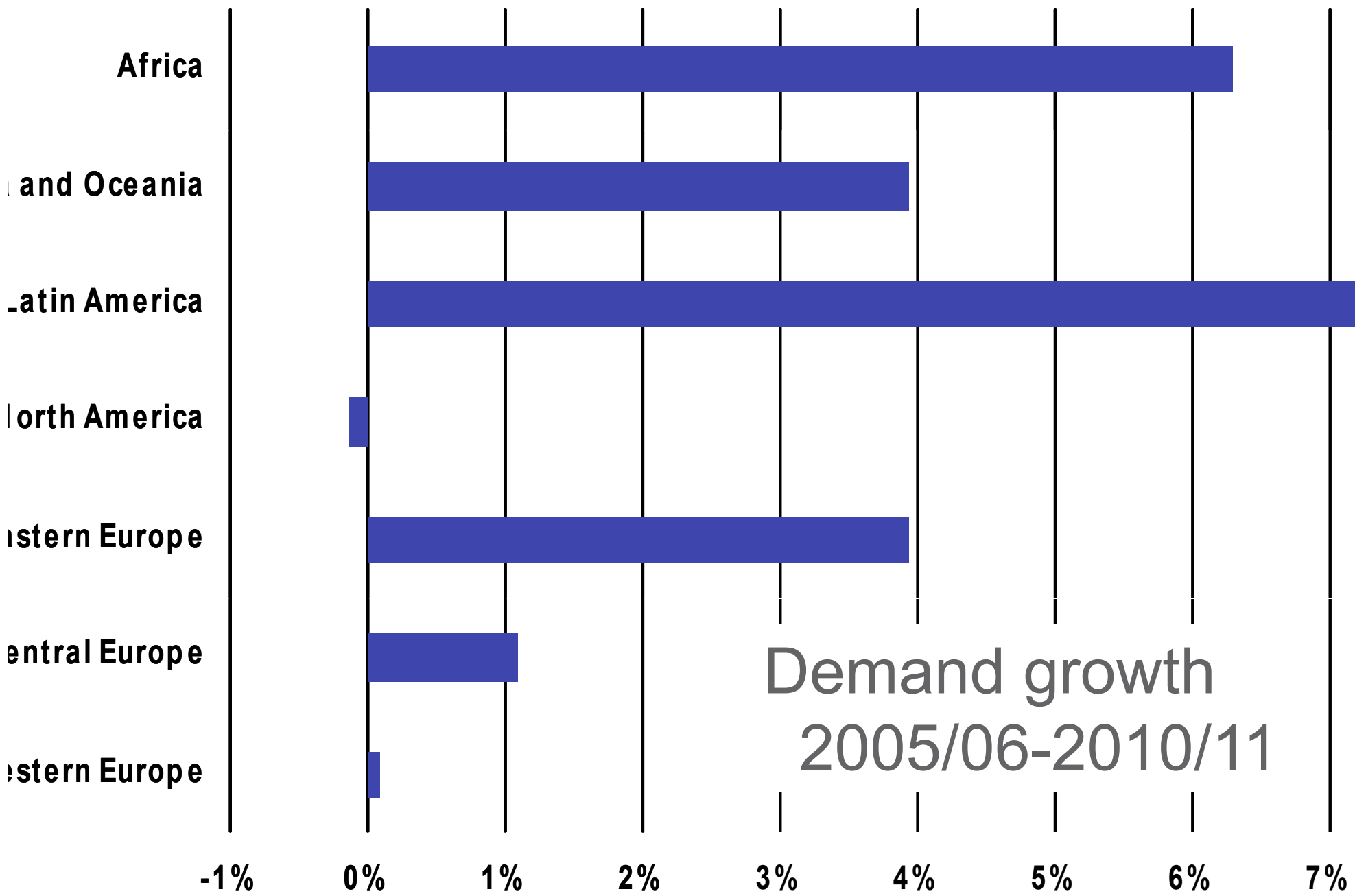
ooca: consumption growth increasin
from emerging markets



rd of more than 4 million tonnes in the)/11 crop year

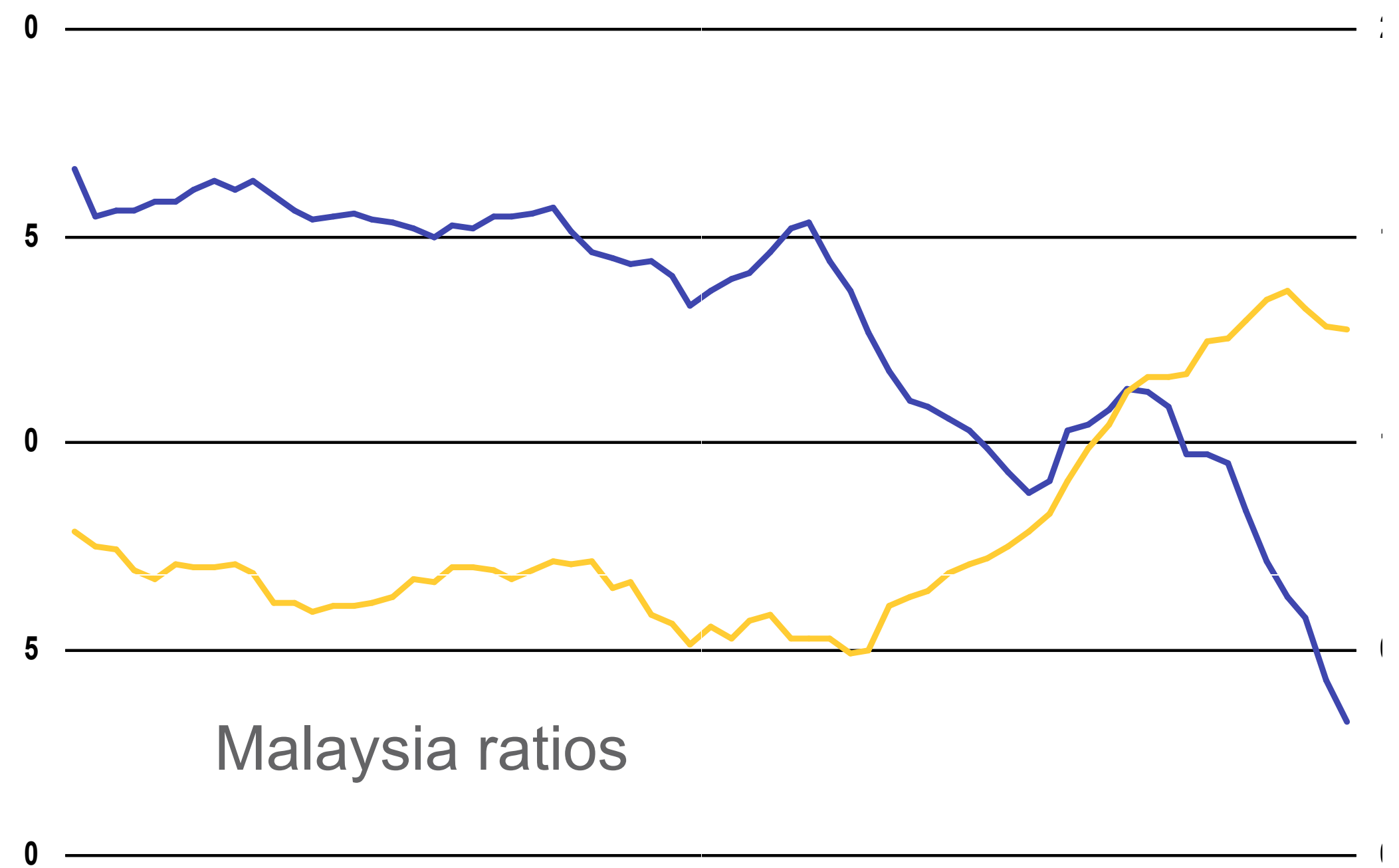


Emerging markets




Demand growth
2005/06-2010/11

ed products, powder ratios have risen
e butter ratios have fallen

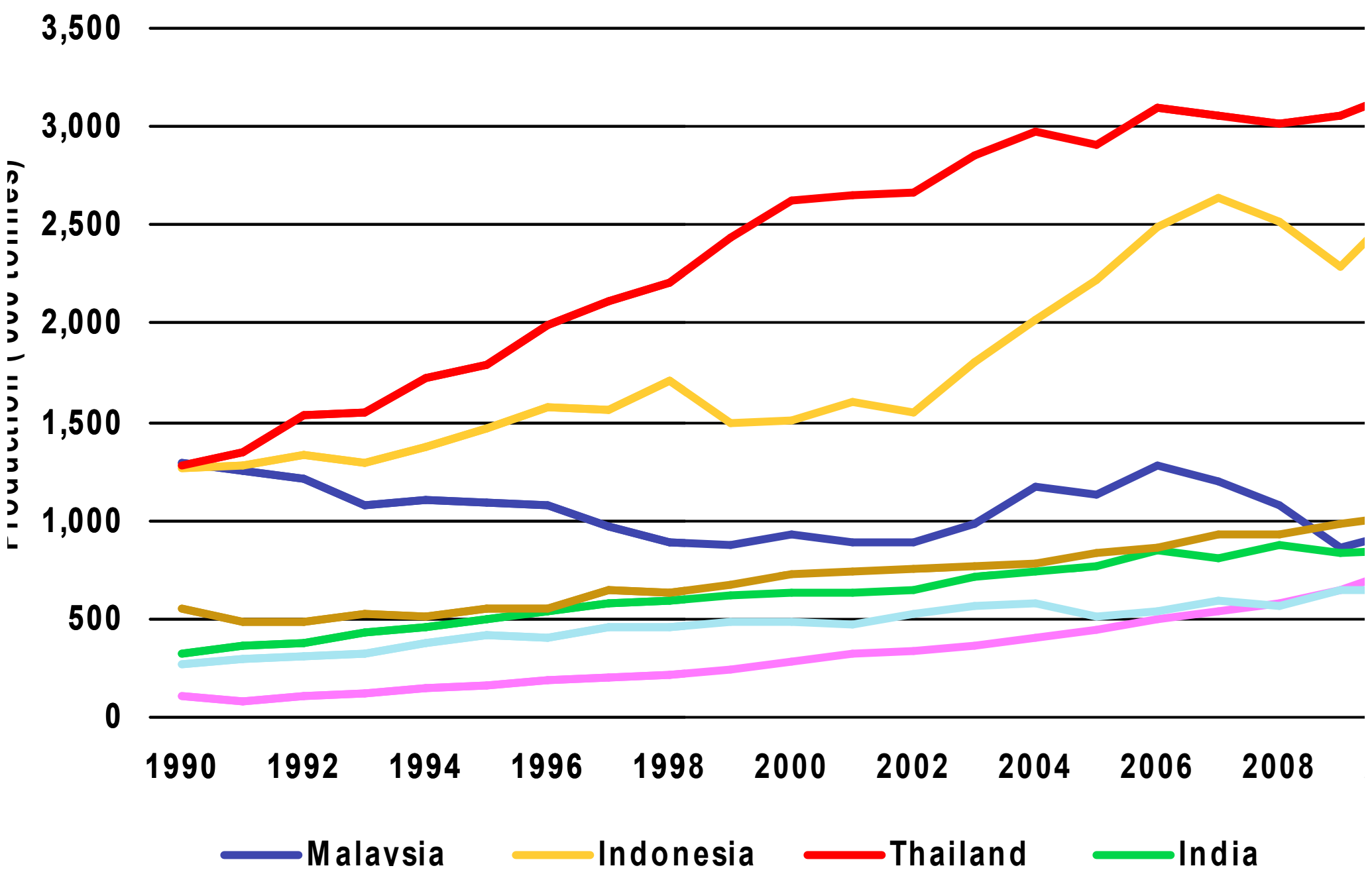


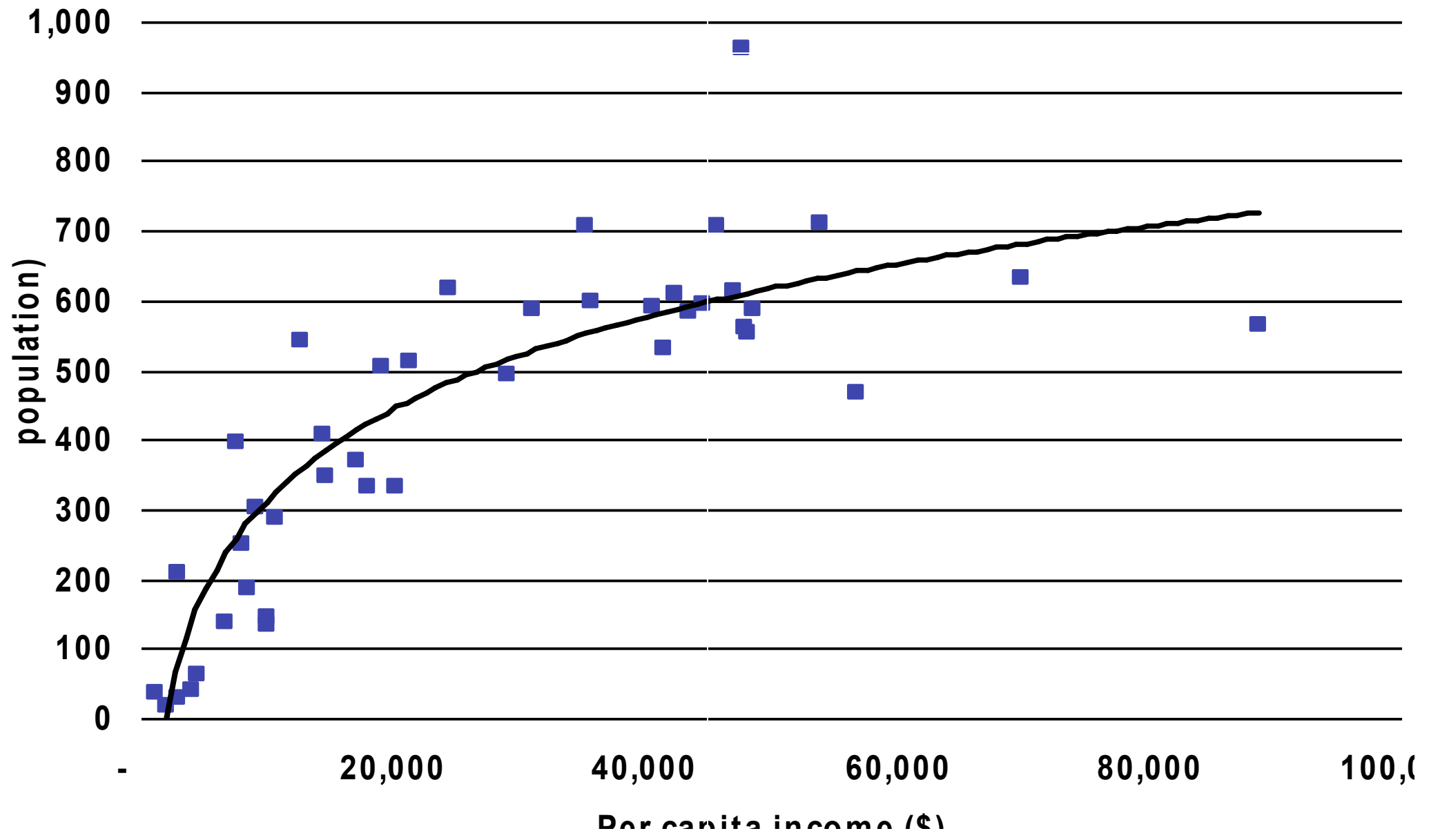
Malaysia ratios

ubber: supply dominated by Thailand
Indonesia; demand by China

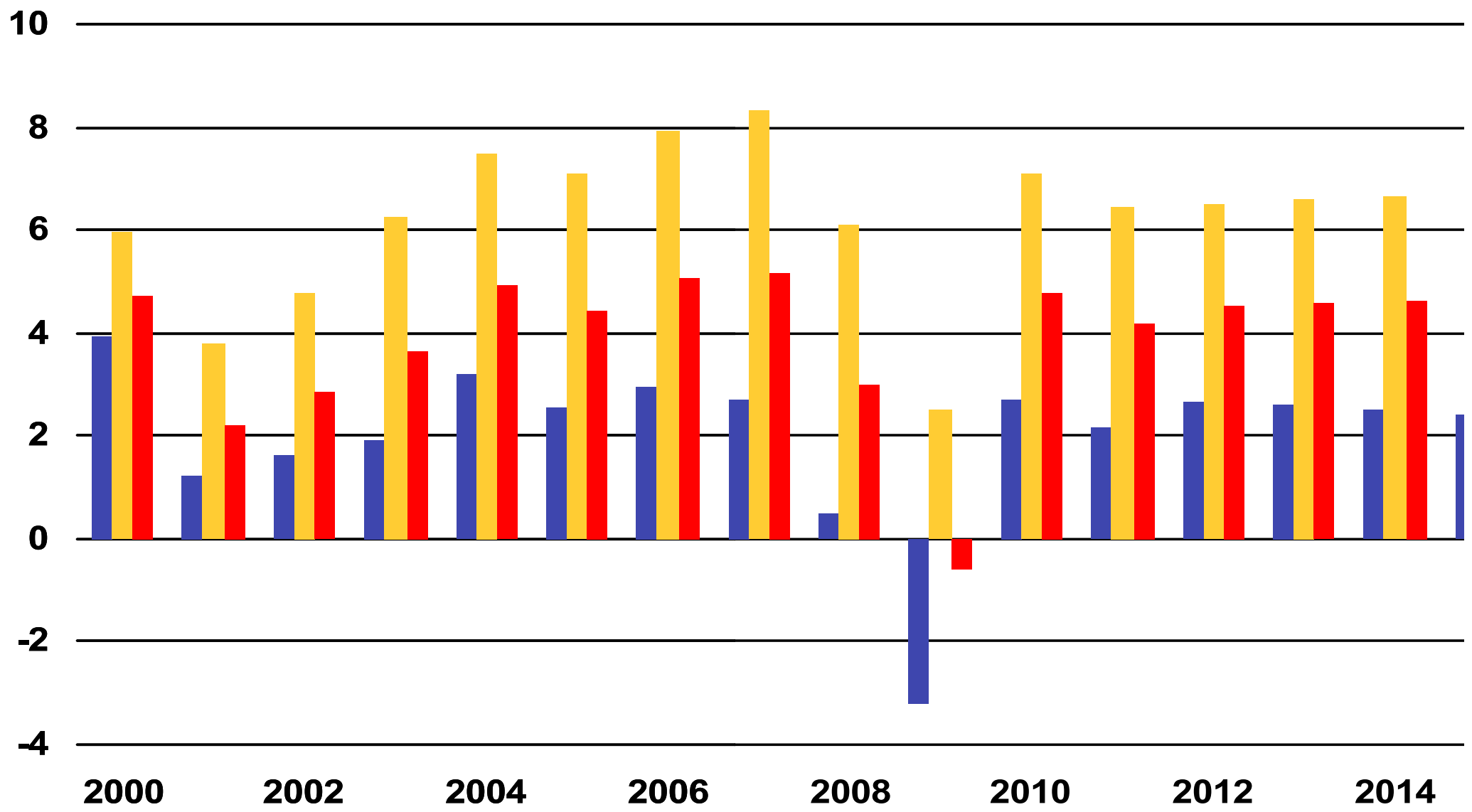


OTV. It is dominated by 2 producers

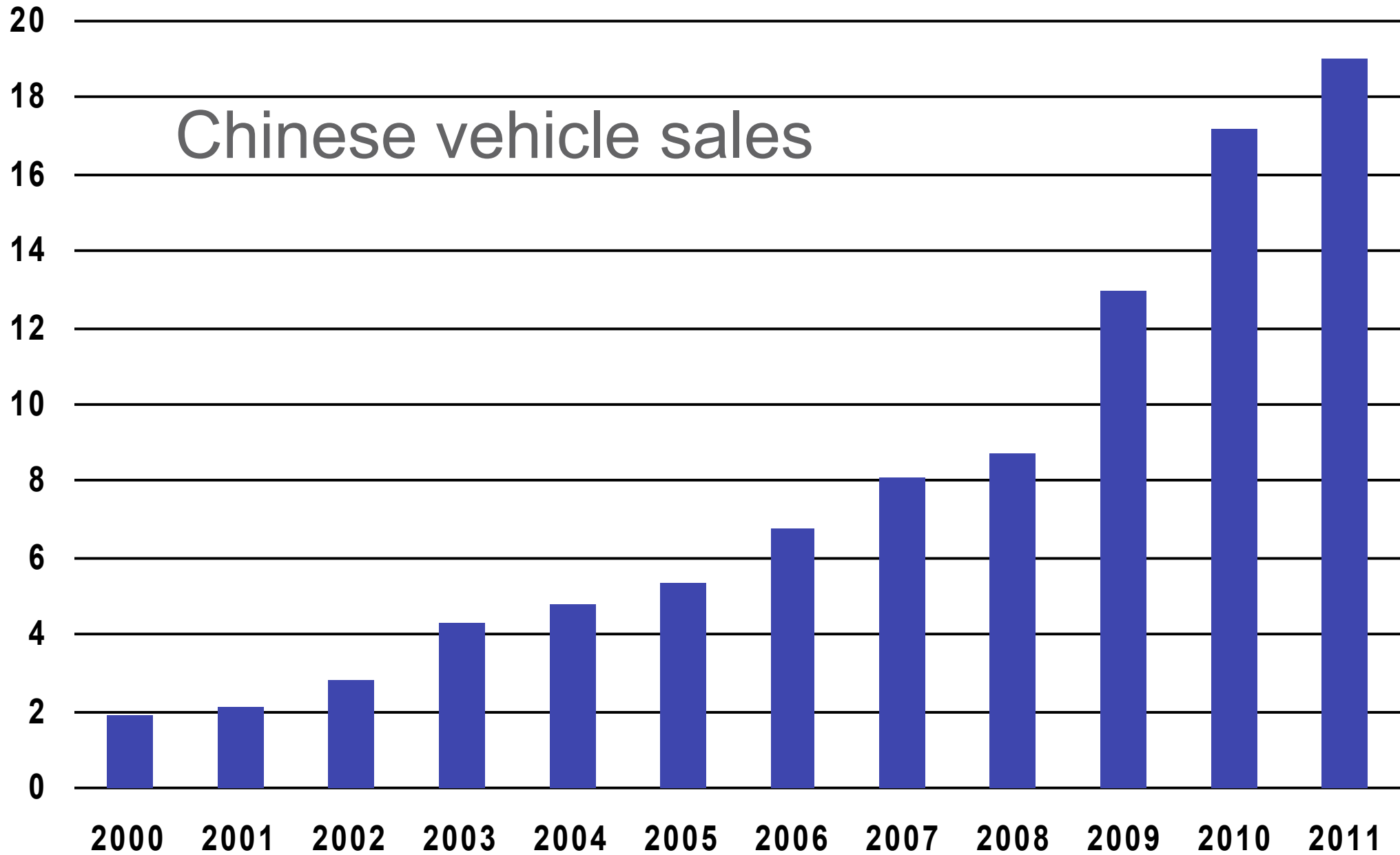




winning to stall.



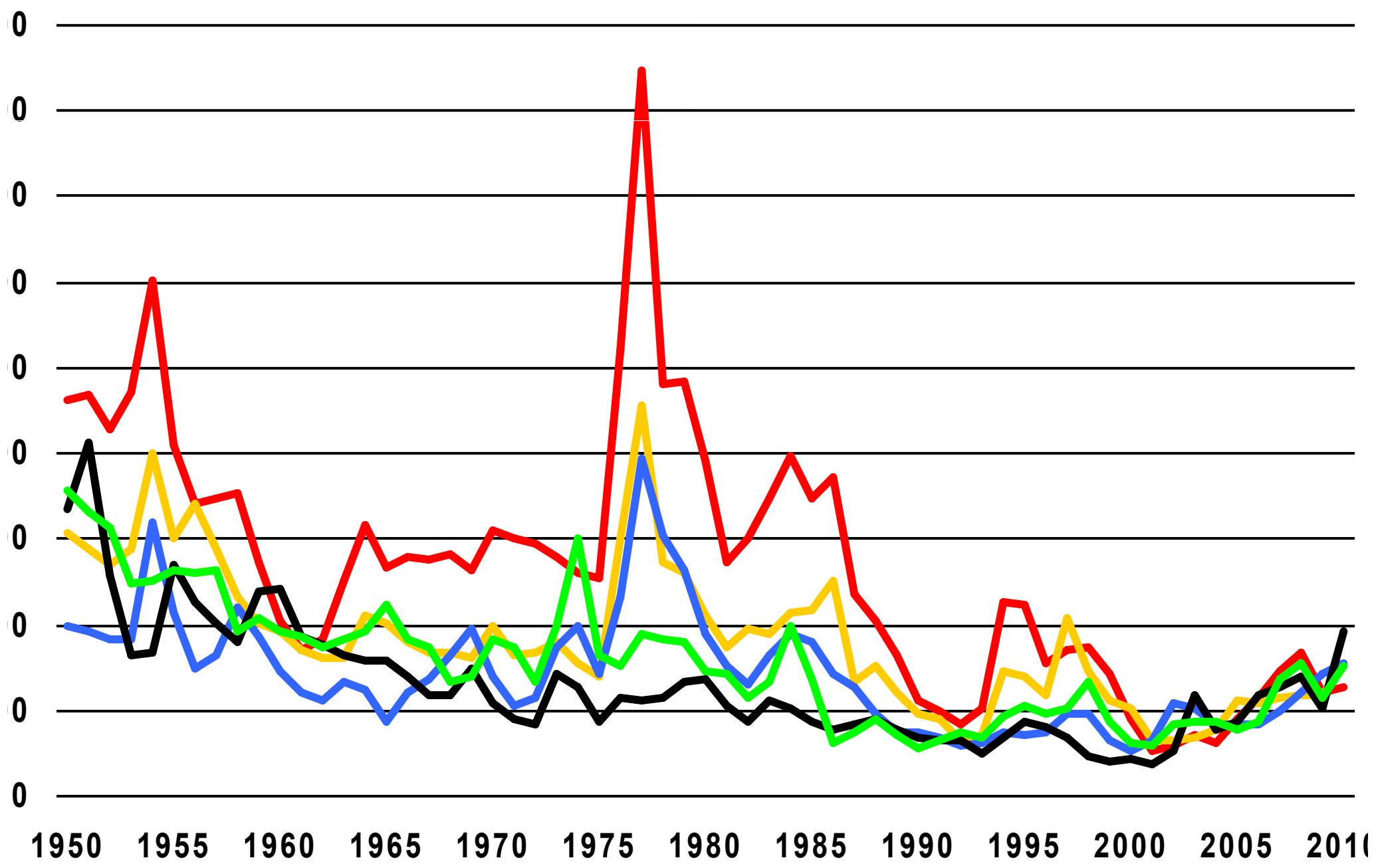
China and greater replacement tyre sales



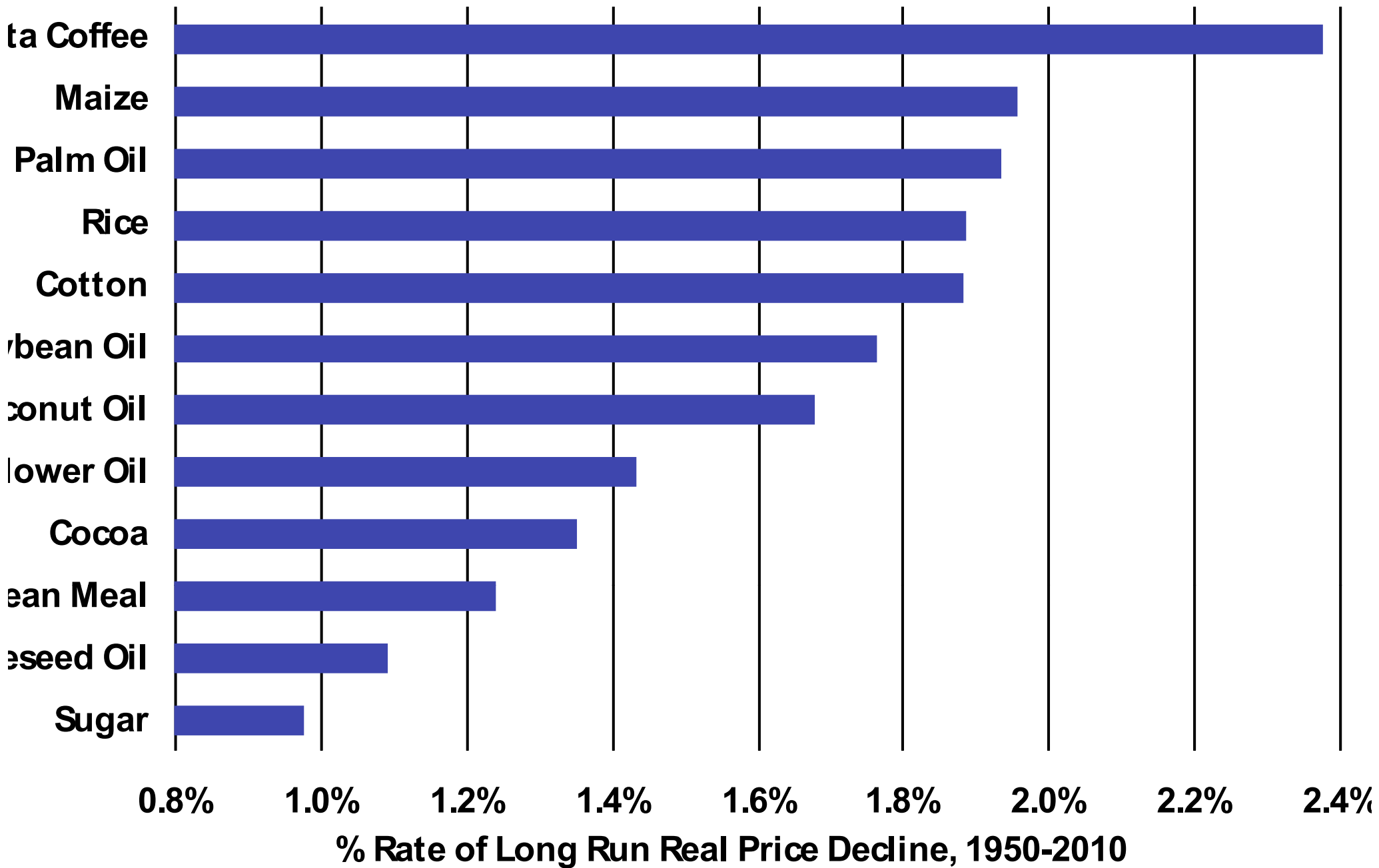
ting commodity prices in perspec



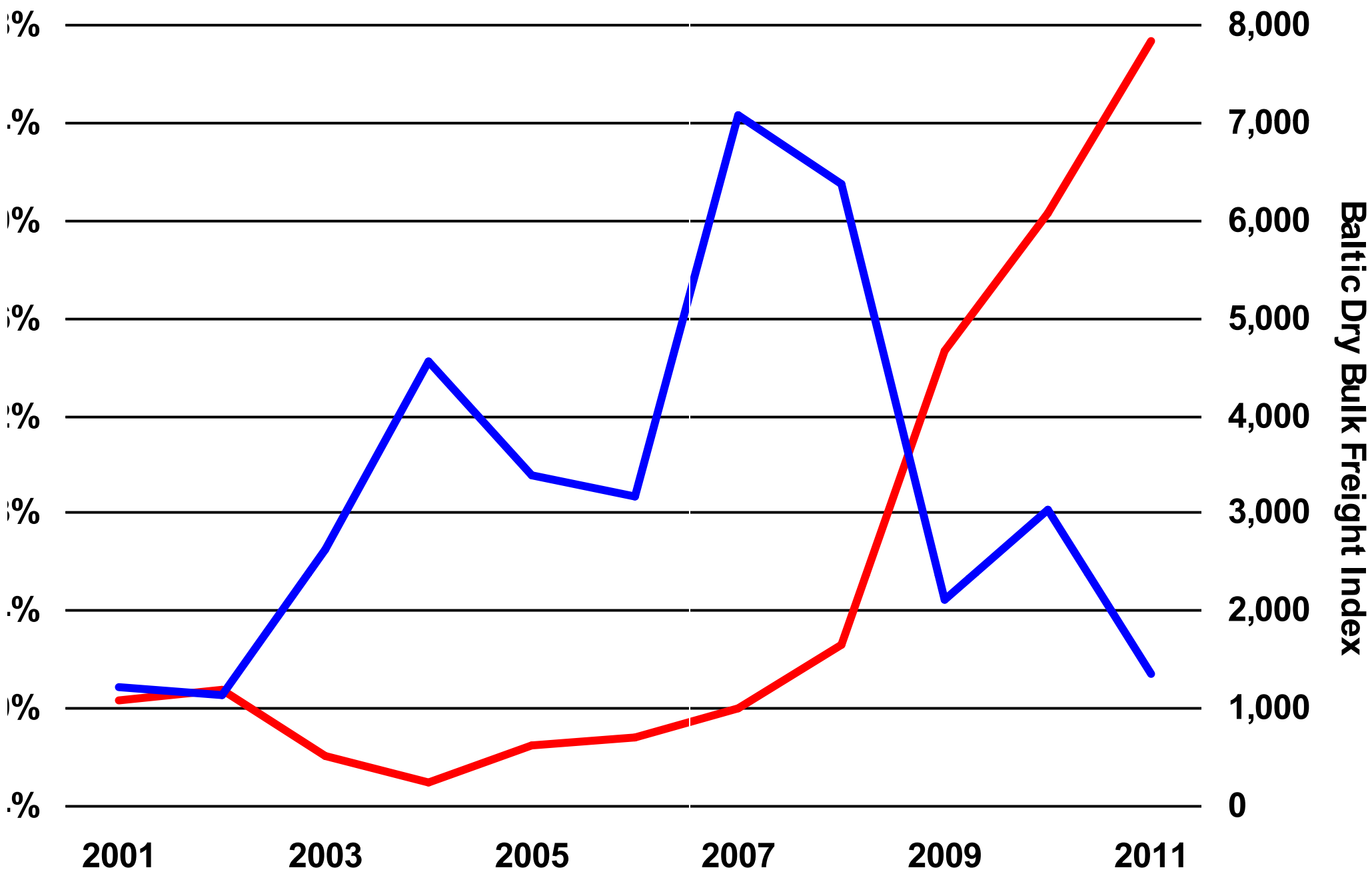
prices fluctuate around a fairly level.



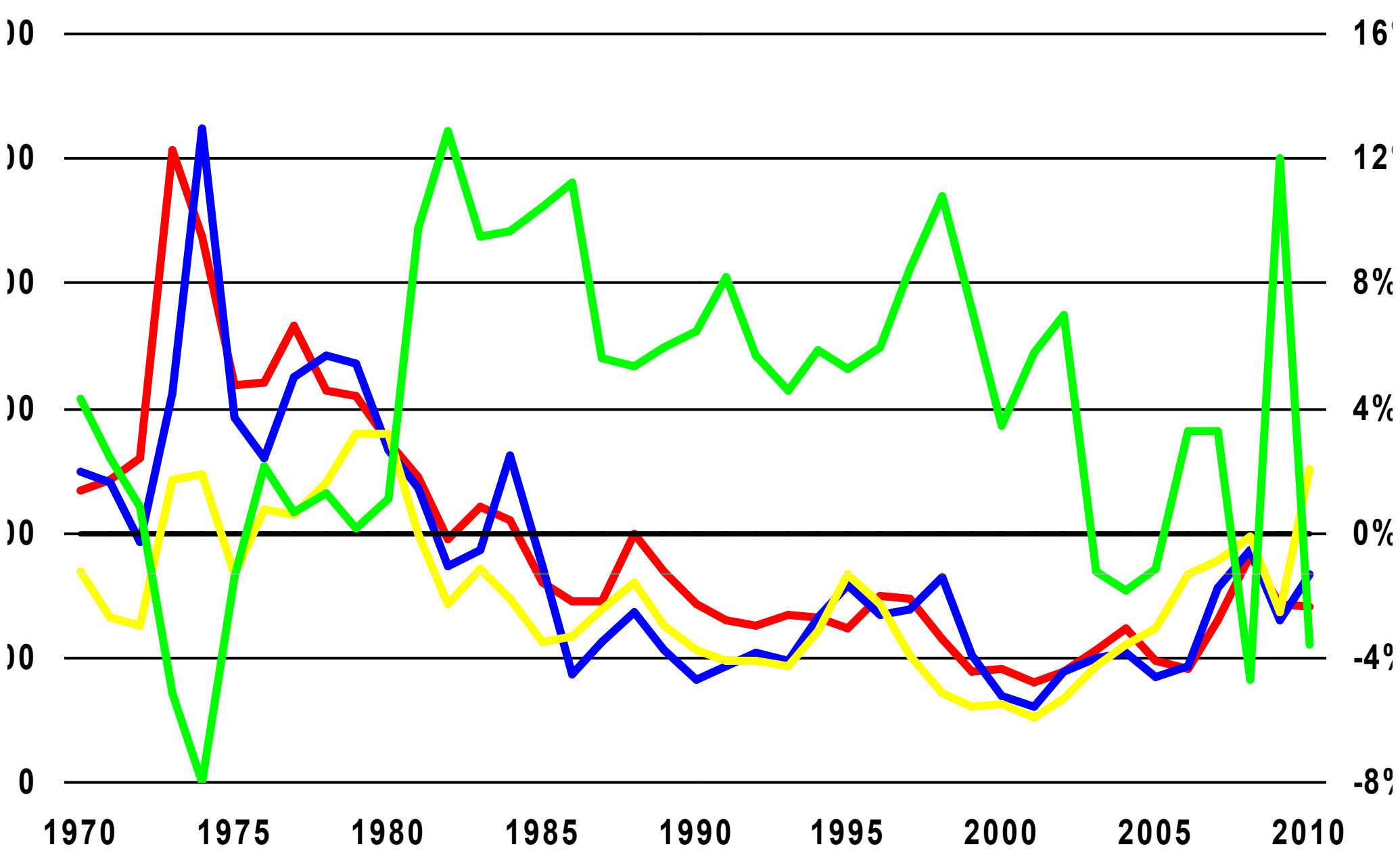
1950-2010 in real agricultural prices.



ample of a cycle of short duration.



es against real US bank prime loan rates.



Local issues



auCTION

Oil palm: investment in sustainability certification threatened by new developments (SABLs, FCAs)

Cocoa: response to CPB requires shift to high in high output mode requiring time and resources.

Coffee: low input mode and poor infrastructure restricts expansion; competition from fresh product markets in Highlands.

Estates: labour costs rising sharply.

Smallholders: stronger kina reduces incentive to raise output.

Thank You

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