

## 1. Commodity Markets Outlook

**Prelims Syllabus:** Agriculture, Ignorance, Subsidy, Marketing

**Mains Syllabus:** GS-III Food Processing and Related Industries in India - Scope and Significance, location, Upstream and Downstream Requirements, Supply Chain Management.

### Why in News:

- Recently, the World Bank's has released Commodity Markets Outlook.

### About Commodity Markets Outlook:

- It provides market analysis for major commodity groups - energy, metals, agriculture, precious metals, and fertilizers.
- The Report Forecasts Prices for 46 Key Commodities, Including Oil.

### Highlights:

- **Energy and metals commodities:** They are the most affected by the sudden stop to economic activity and the serious global slowdown that is anticipated. Commodities associated with transportation, including oil, have experienced the steepest declines.
- **Agricultural prices:** They are likely to stay broadly stable in 2020 because of relatively stable demand and all-time high levels of staple production and stock. However, supply chain disruptions and government steps to restrict exports or stockpile commodities raise concerns that food security may be at risk in places.
- **Gold prices:** They were up 6.9% in the last quarter (January- March,2020) – its sixth consecutive quarterly rise. The strong investor demand propped gold up despite weak jewelry demand in India and China.
- **Oil Prices:** These are expected to average at \$35 per barrel in 2020. The decline in crude oil prices has been exacerbated by uncertainty around production agreements among the Organization of the Petroleum Exporting Countries (OPEC) and other oil producers.
- **Importers and Exporters:** They are likely to see some long-term shifts in their markets due to the pandemic. These include Increasing transport costs due to enhanced border checks and thus impact on supply chains and substituting for imports with domestic goods.
- The Changing consumer behaviour, such as, people may choose to work remotely, travel less, and this could impact permanent drops in demand for oil, favourably impacting the accounts for oil importers.

- This leads to reduction in emissions of the harmful gases caused by the restrictions may also increase public pressure for greener transport and lowered fossil fuel use.

### **World Bank:**

- The Bretton Woods Conference held in 1944, created the International Bank for Reconstruction and Development (IBRD) along with the International Monetary Fund (IMF).
- The IBRD later became the World Bank.
- The World Bank Group is a unique global partnership of five institutions working for sustainable solutions that reduce poverty and build shared prosperity in developing countries.
- It has **189 Member Countries**.

### **Few Important Reports Released by the World Bank are:**

1. Ease of Doing Business
2. Human Capital Index and
3. World Development Report

### **The Development Institutions of the World Bank are:**

- International Bank for Reconstruction and Development (IBRD)
- International Development Association (IDA)
- International Finance Corporation (IFC)
- Multilateral Guarantee Agency (MIGA)
- International Centre for the Settlement of Investment Disputes (ICSID)