
2009 seen as best year for commodities since 1970

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NGR Guardian News reported that commodities had their best year in 2009 since at least 1970, led by a doubling in copper, sugar and lead prices, as Chinese demand compensated for the steepest slump in the global economy since World War II.

The S&P GSCI Index of 24 raw materials rose 51%, its best annual gain according to data on Bloomberg going back to 1971, as of 8:57 AM in New York. The Reuters/Jefferies CRB Index of 19 commodities has advanced 24% in 2009, heading for the biggest jump since 1973.

That outpaced the 28% gain in the MSCI World Index of stocks in 23 developed nations and 3.5% decline in Treasuries, according to Bank of America Merrill Lynch indexes. The S&P GSCI Total Return Index climbed 14% this year.

China, the biggest consumer of commodities such as copper and iron ore, expanded by about 9% in 2009. It imported record amounts of both raw materials this year, making up for weaker demand from countries such as the US, whose economy is forecast to contract 2.5% and the euro zone, with a projected 4.1% drop.

Barclays Capital estimates that commodities drew record investment of USD 60 billion this year. Mr Kevin Norrish, a commodities analyst at Barclays Capital in London, said "If you look at the theoretical or global portfolio of assets that are out there, the percentage of commodities allocation is tiny, less than 1%. If you look at what investors think that they should have, clearly that would suggest there's a lot of potential for growth."

Lead was the best performer among the main industrial metals traded on the London Metal Exchange in 2009, advancing 142% and 387% this decade.

Copper added 140% in 2009 and 290% over the decade.

Gold rose 25% and headed for its ninth consecutive annual gain, the longest winning streak since at least 1949.

Crude oil advanced 78% in 2009 and 210% for the decade.

(Sourced from www.ngrguardiannews.com)

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