



# The impact of financialization on commodity prices

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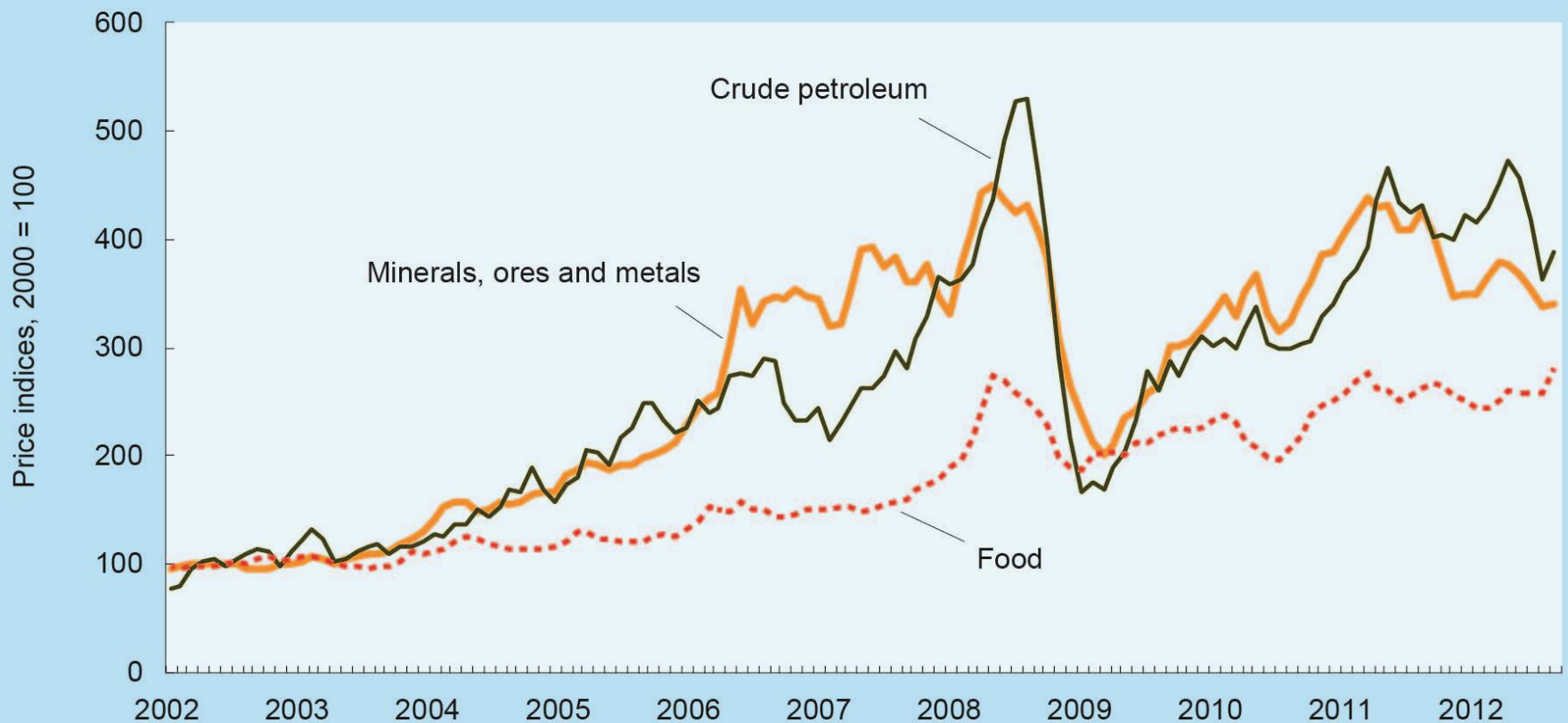
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Geneva*





# Commodity prices have recovered amidst high volatility and a global slowdown

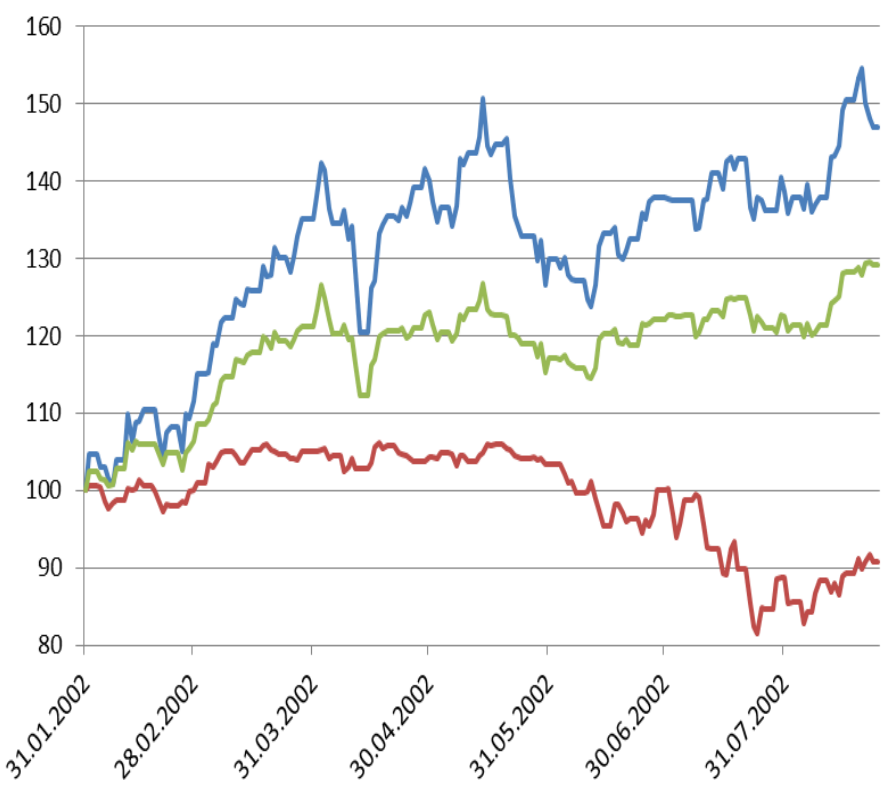
Commodity prices, selected categories, January 2002 – July 2012  
(Index numbers, 2000 = 100)



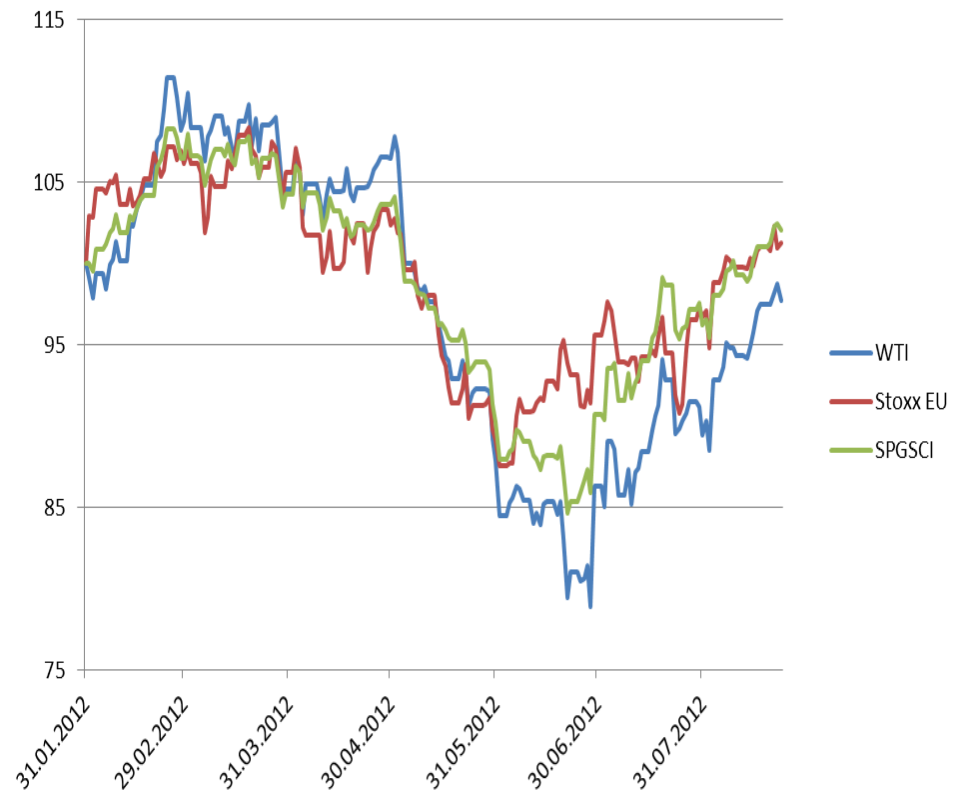


# By comparing the evolution of stocks and commodity prices, the financialization of commodity markets reveals a dramatic change

10 Years Ago...



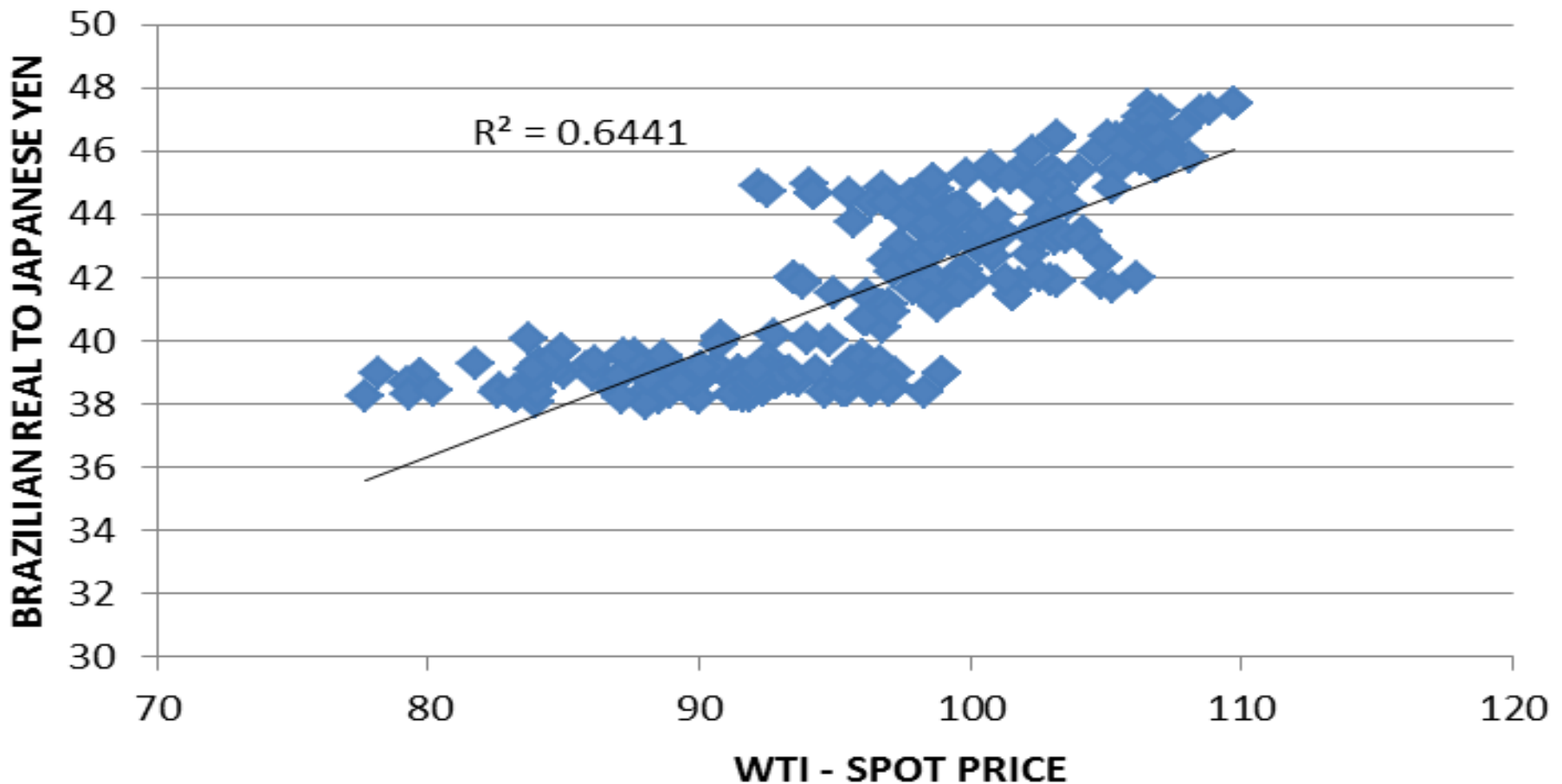
... and now!





# Daily movements in oil prices and Brazilian Real/Japanese Yen exchange rate are highly correlated

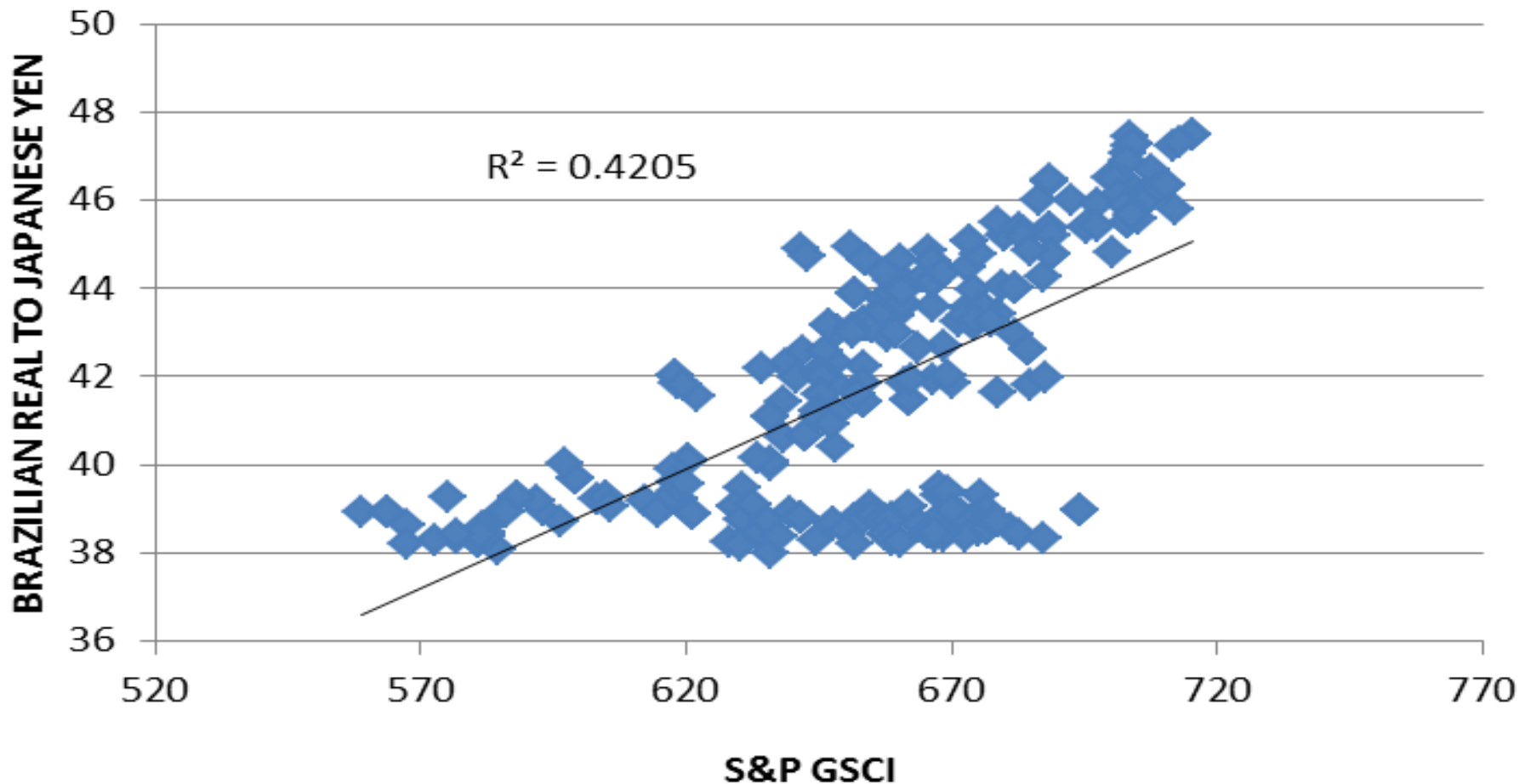
November 2011 – November 2012





# Daily movements in S&P GSCI and Brazilian Real/Japanese Yen exchange rate show only one major deviation

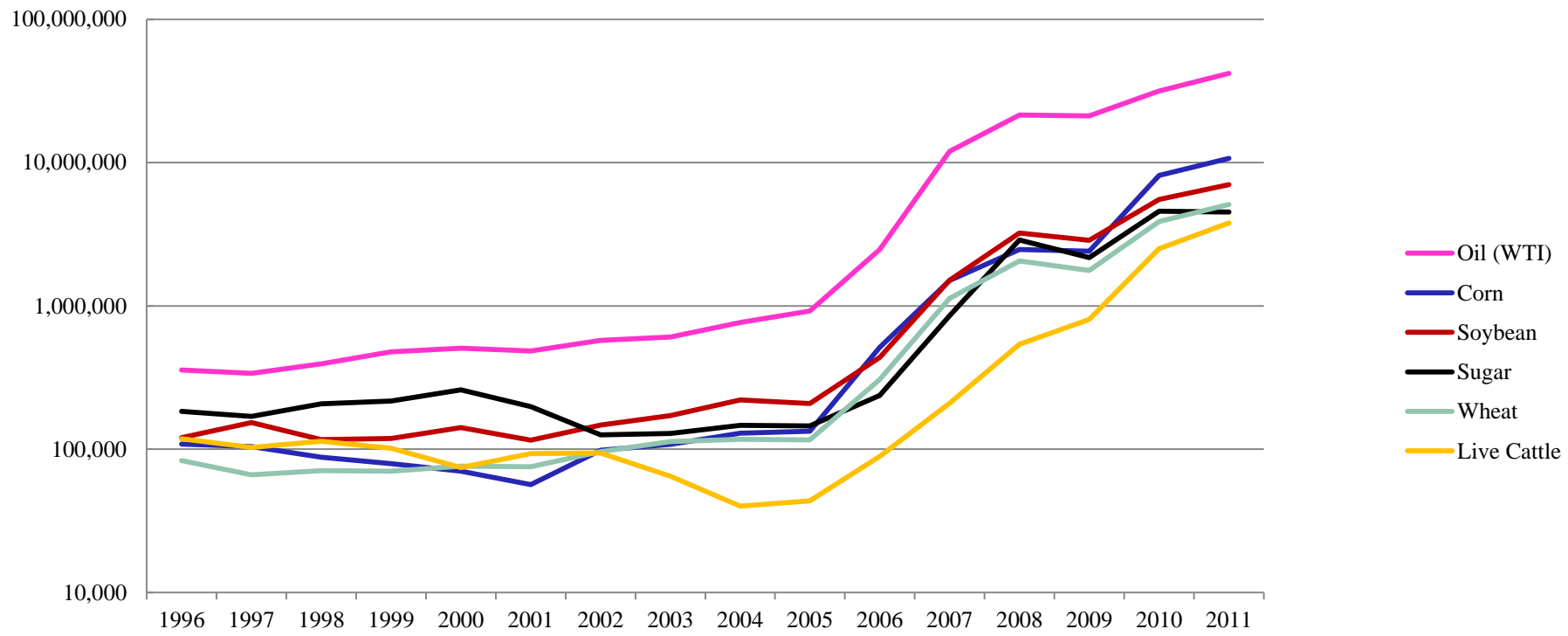
November 2011- November 2012





# The number of annual trades by commodity has increased in tandem with increased correlation among markets

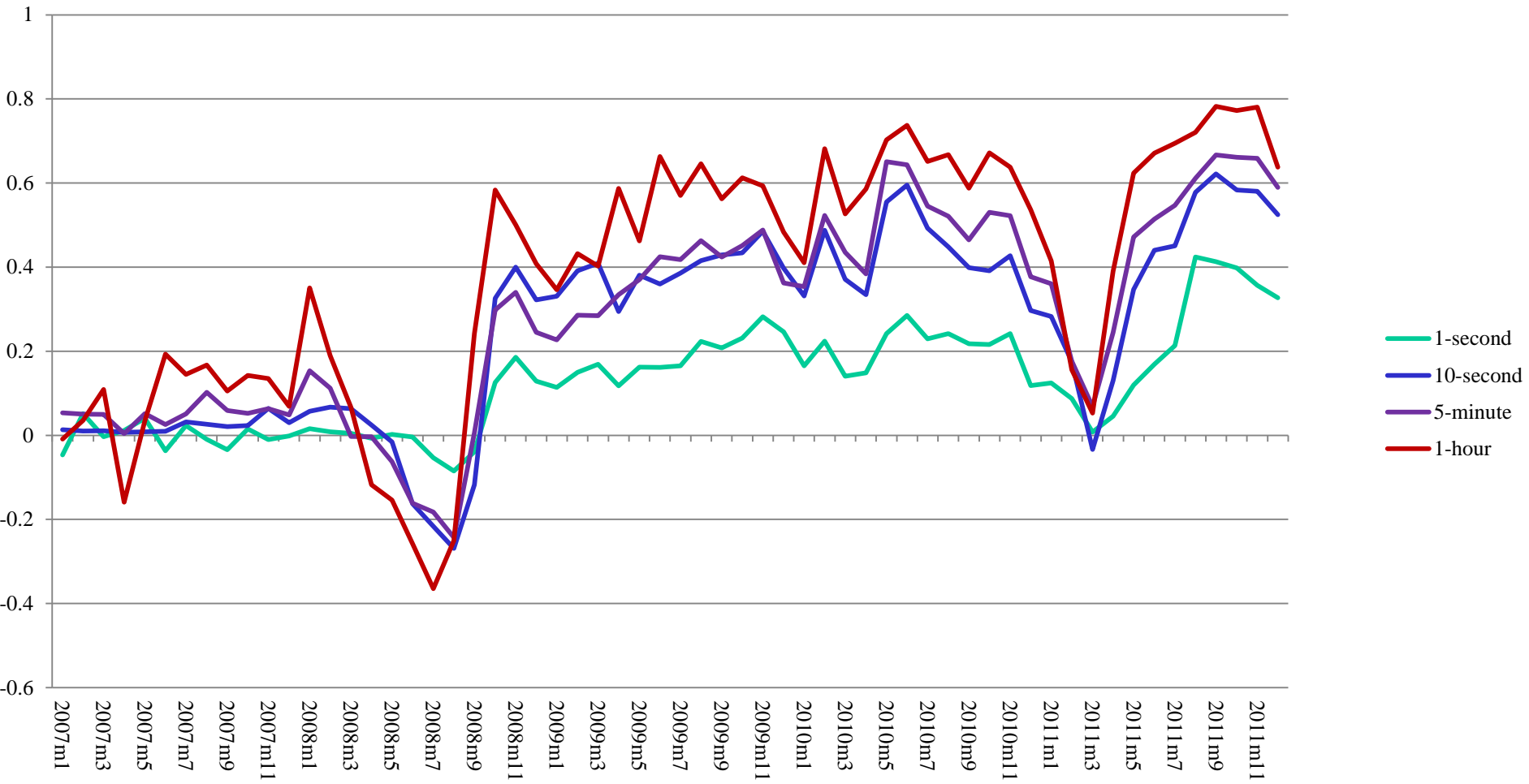
1996 -2011



**Note:** The y-axis is a logarithmic scale of base 10.

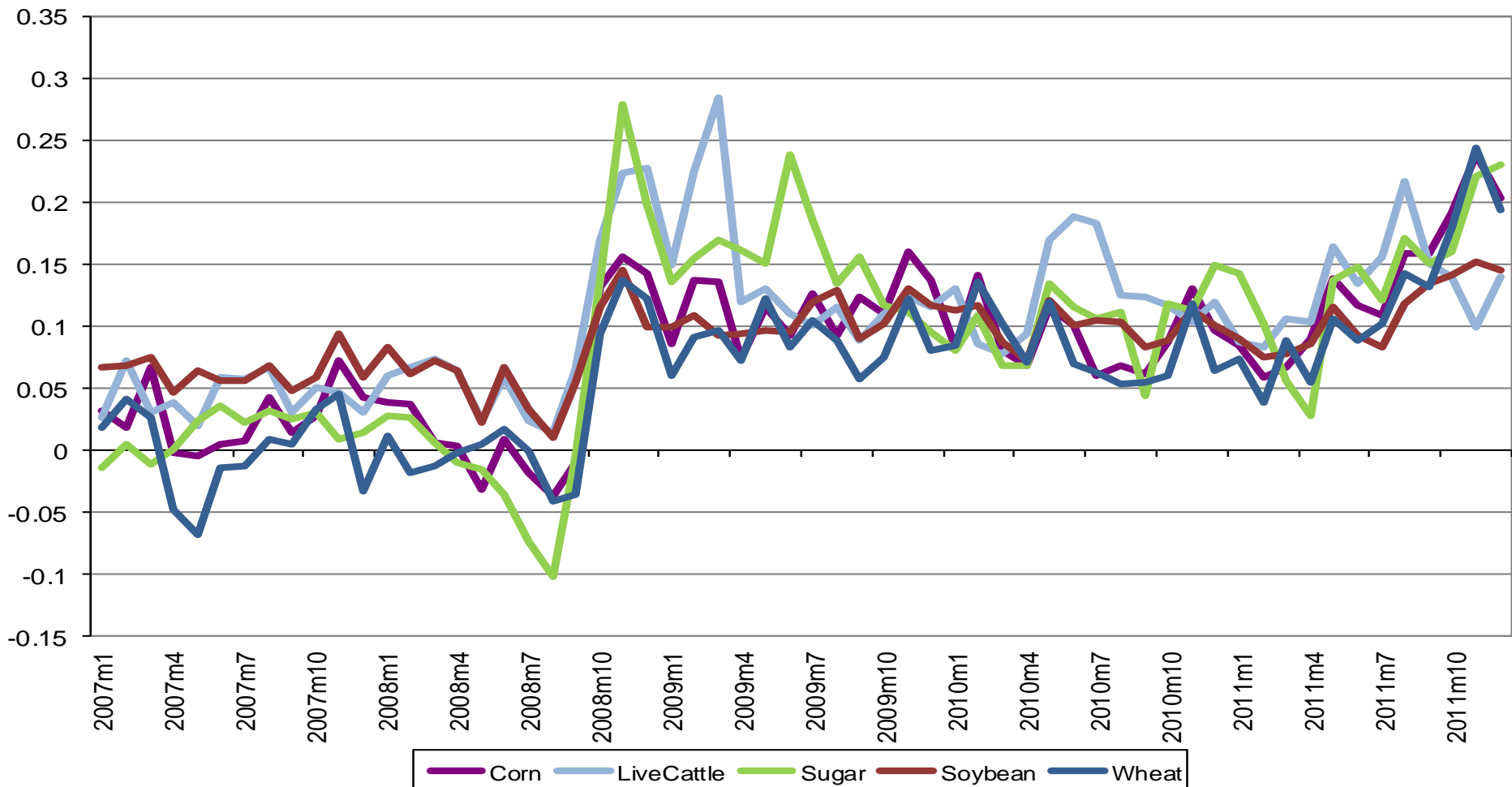


# Monthly median of short-term rolling correlations between the returns on the WTI and the S&P 500 Futures, by frequency shows higher correlation despite one deviation





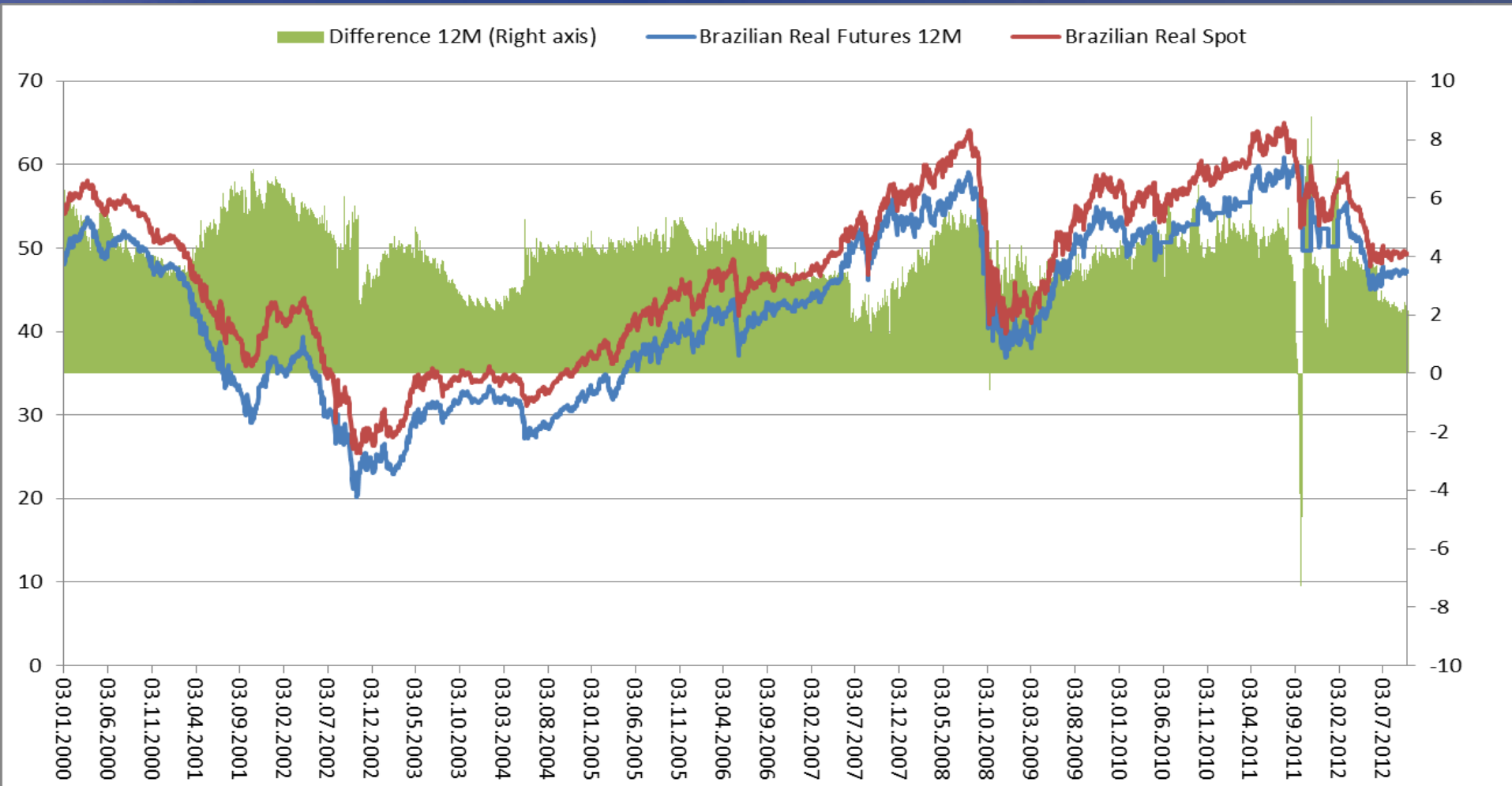
# Other agricultural products show the same break as oil in HFT





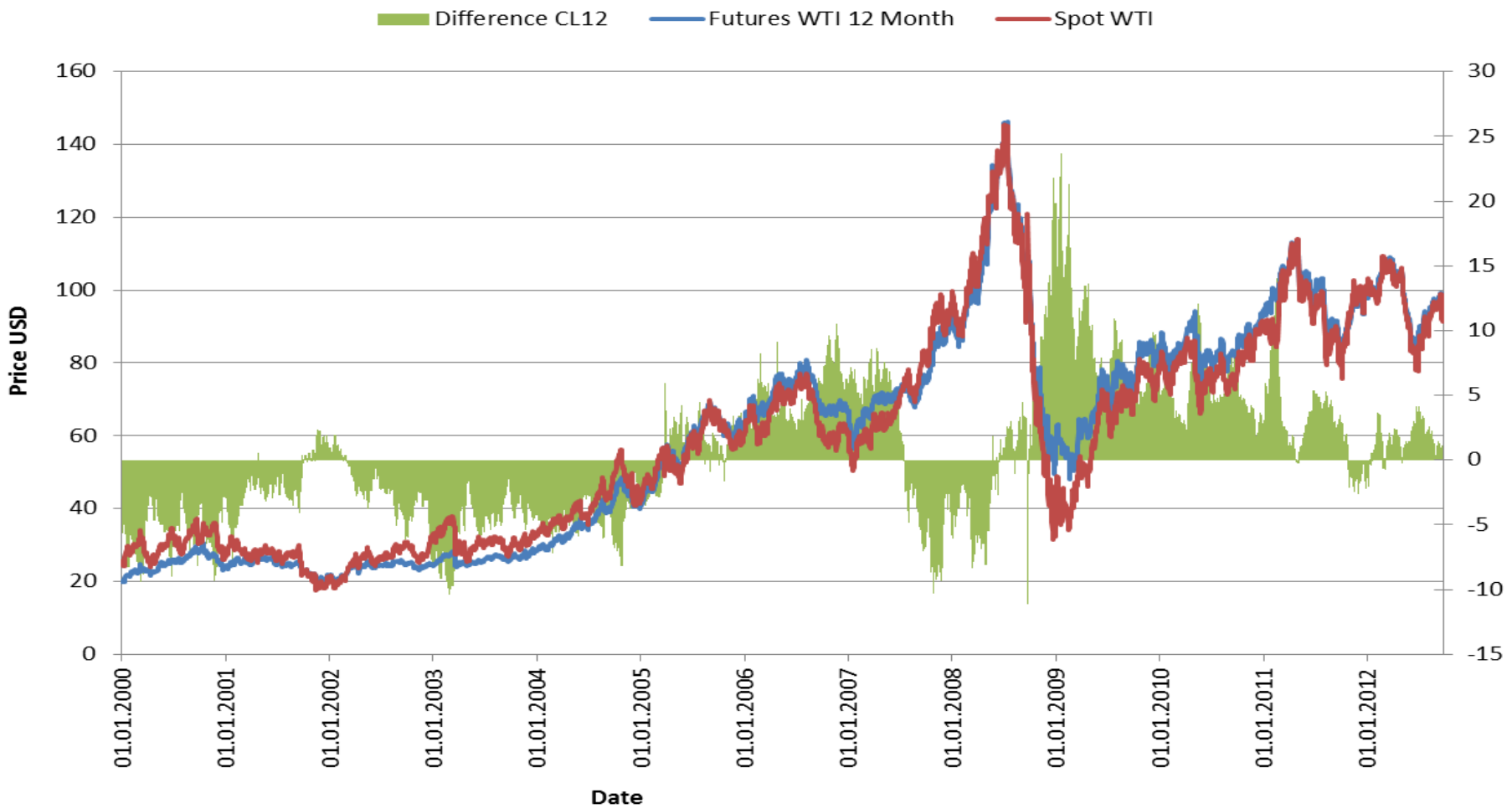


# Daily movements of the Brazilian Real spot and 12 month future prices: no future in the futures and no price discovery



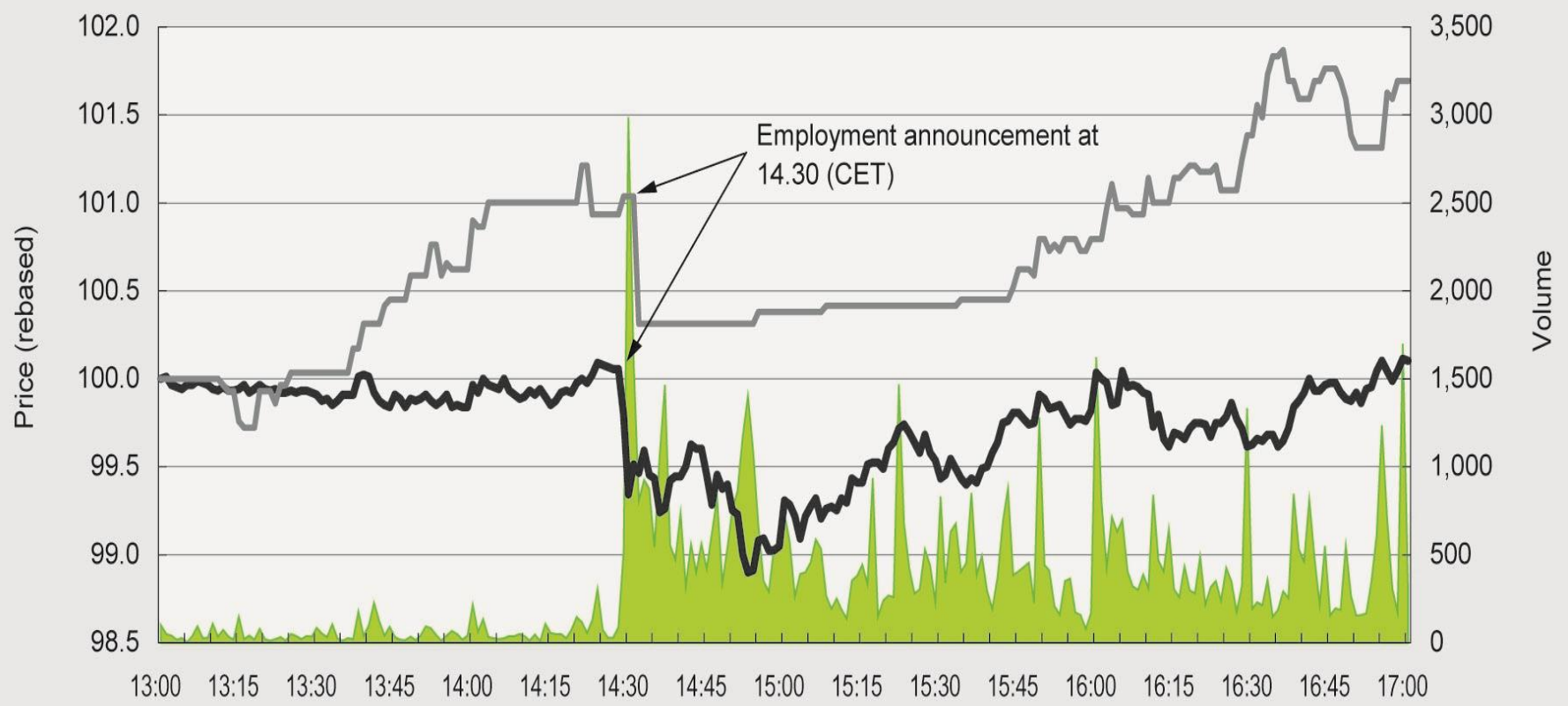


# Daily movements in the WTI spot and 12 month future prices: the future is more uncertain than ever before





# Information generation and use is inefficient in financial markets: Herding and price distortion but no additional liquidity from financial markets



— Cocoa futures price (left scale)      ■ WTI volume (right scale)  
— WTI futures price (left scale)