





CyclOpe

Spring 2010: world economy

and markets: where are they heading for?

CyclOpe European leading research Institute on commodity markets

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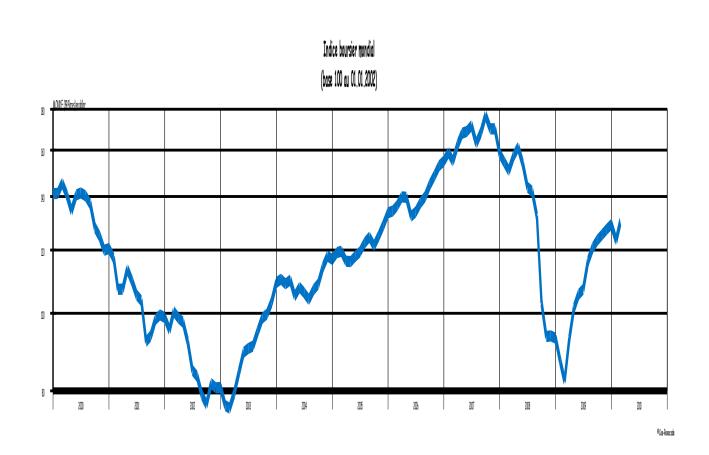
IMF forecasts for 2010: 4 % worldwide growth!

WTO forecasts for 2010: 9,5 % world Trade growth

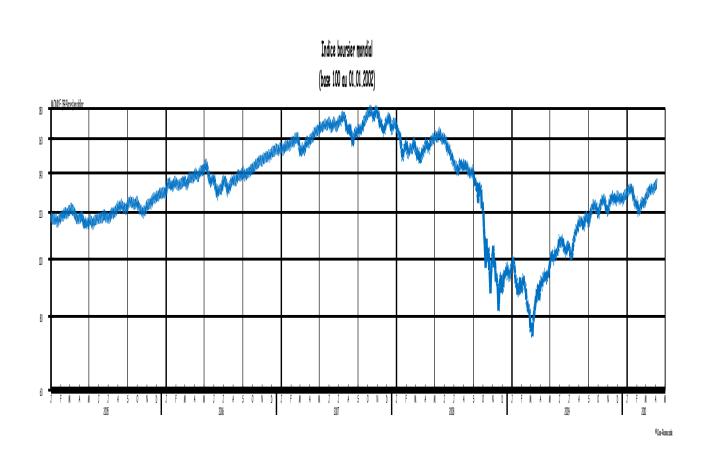
The 2009 recession is behind US

It is really true?

Worl wide equity markets are hopeful again



And spring 2010 has begun at levels similar to 2006



Facts: Emerging countries are more buoyant as ever and above all: China

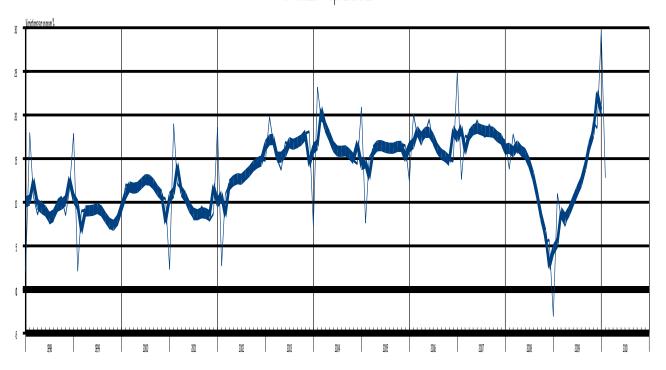
150 years after the sack of the Summer Palace opening of Shanghaï World Expo

Chinese economy is running on a 15 % growth path!

China is now the world's second biggest economy!

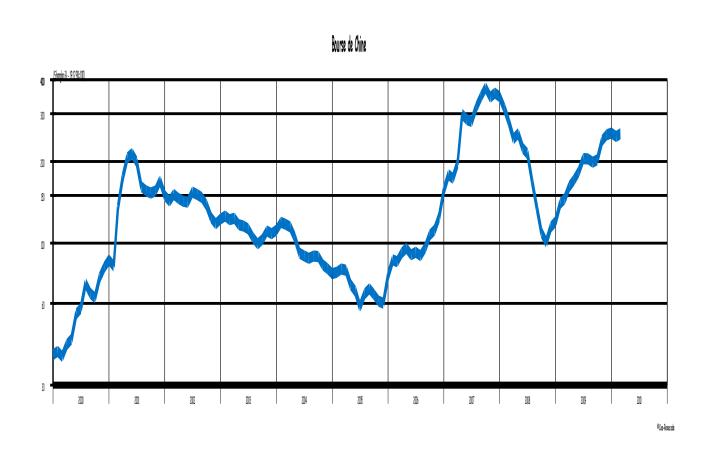
Chinese Industrial growth at more than 20 % yearly growth

Chine : croissance de la production industrielle



O(ne-Renerode

And Chinese equity markets reflect that optimism



And there is also

India
Vietnam
the rest of Asia
parts of Latin American
commodity producing countries

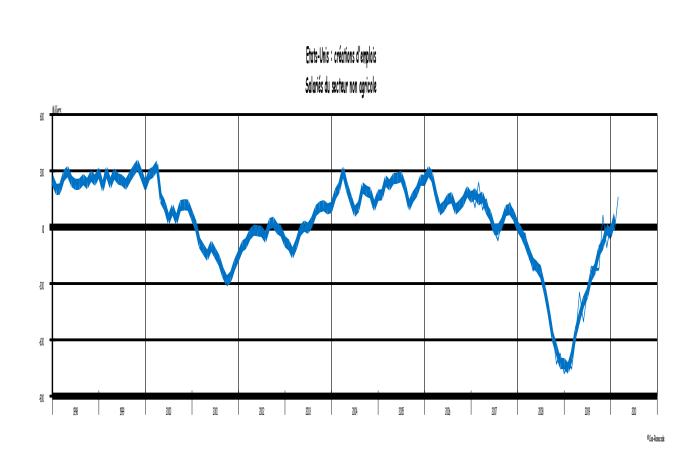
The situation doesn't look so good for OECD countries

US are slowly getting out of recession

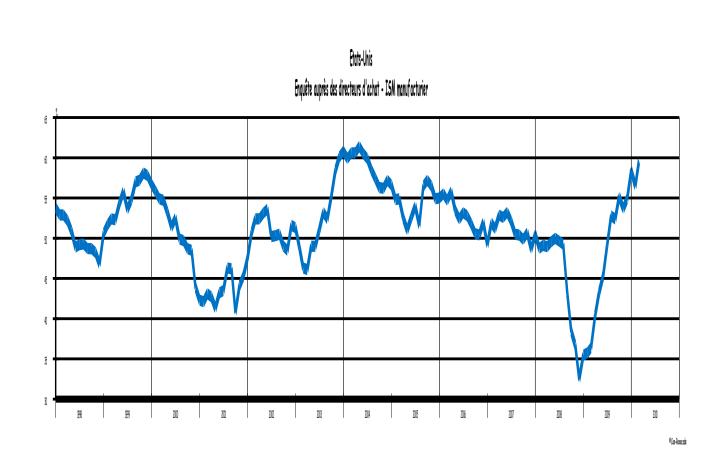
but with

- Obama plan
- budget déficit
- Fed zero rates

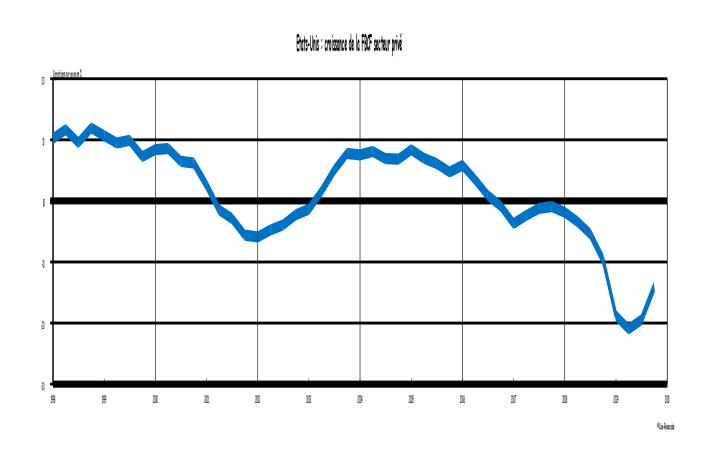
The US economy is beginning to create jobs



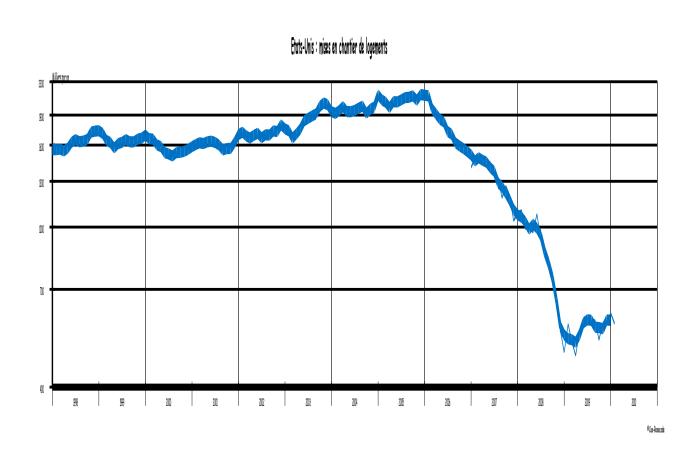
Optimism is back again



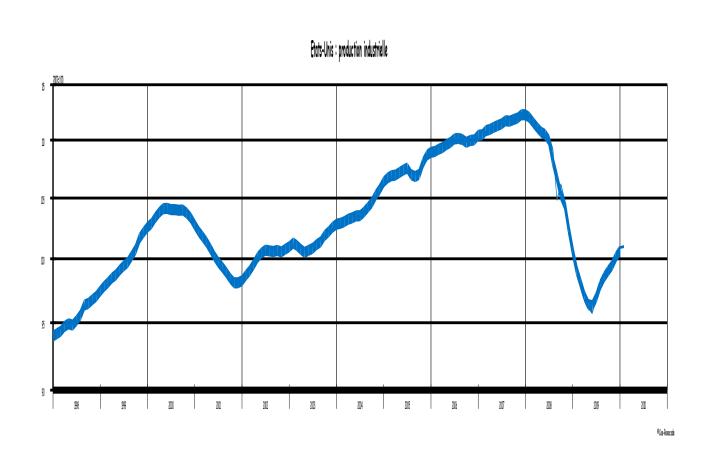
Investment is rebounding especially for high tech



But housing market is desperately low



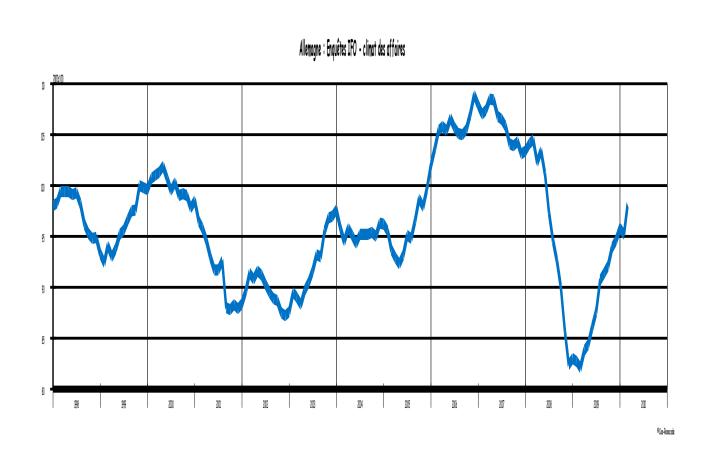
And industrial production is still lagging behind



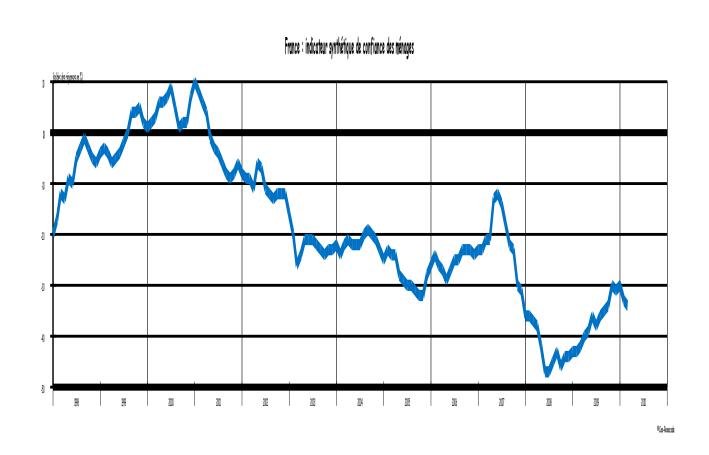
Europe is the weakest part of world economy in 2010

- most countries are slowly getting out of recession but still destroying jobs.
- Euroland doesn't work as an integrated economy
- Greek debt (€ 1000 bns) is weighing heavily
- What future for PIGS?

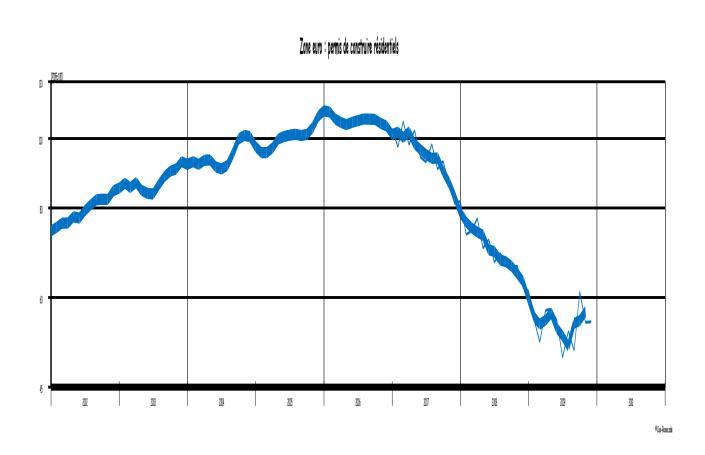
Germany is feeling better thanks to its exports



But in France house holds are more pessimistic



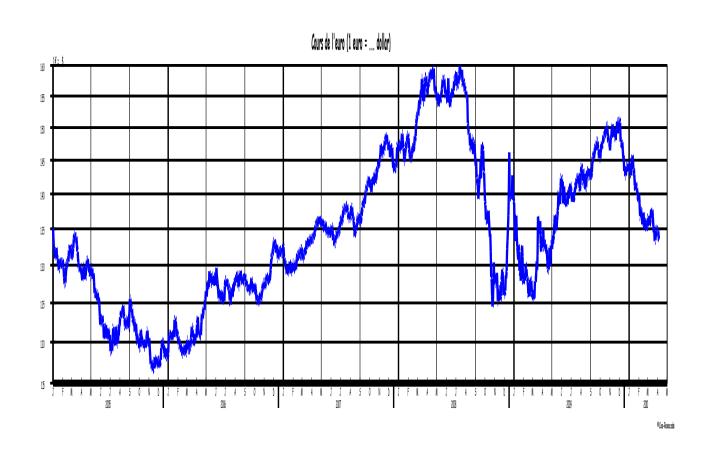
Housing market in Eurozone is languishing



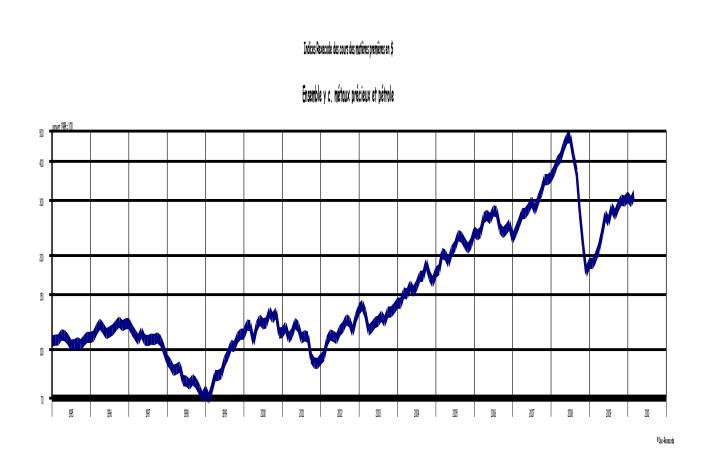
With the worst in Spain



At least euro is weakening

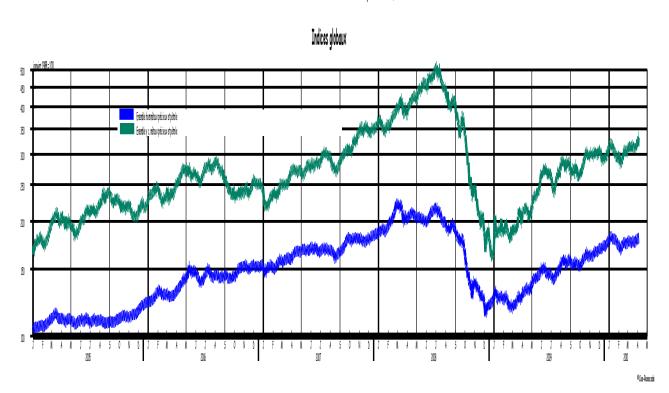


World commodity markets reflect world economy

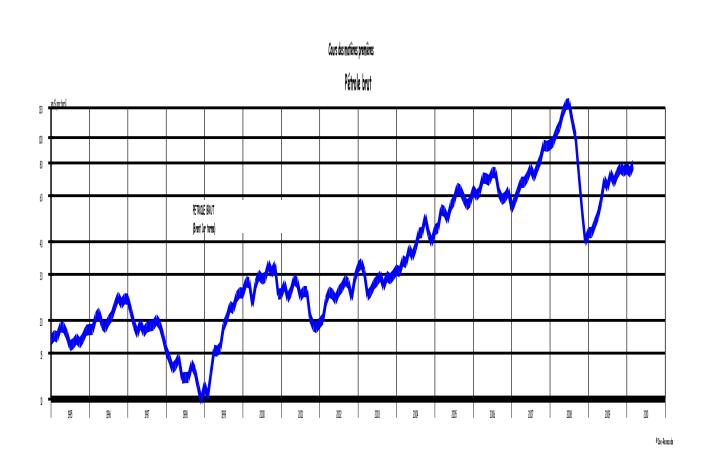


And some speculation too

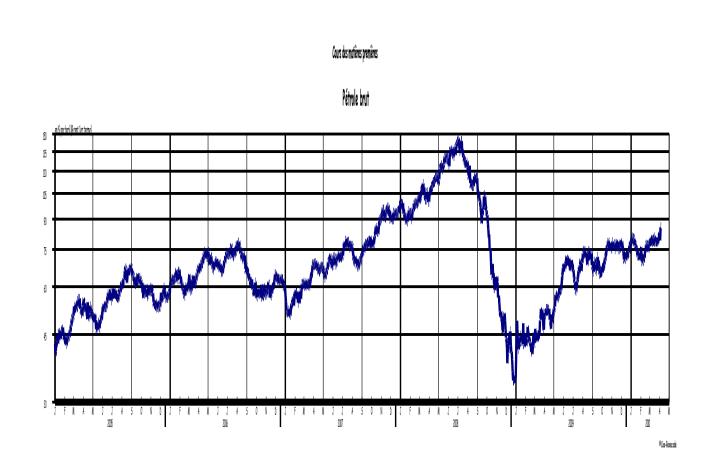




Oil has begun Spring 2010 above \$ 80



But don't forget what is happening with natural gas



Non ferrous metals are almost at their 2008 levels

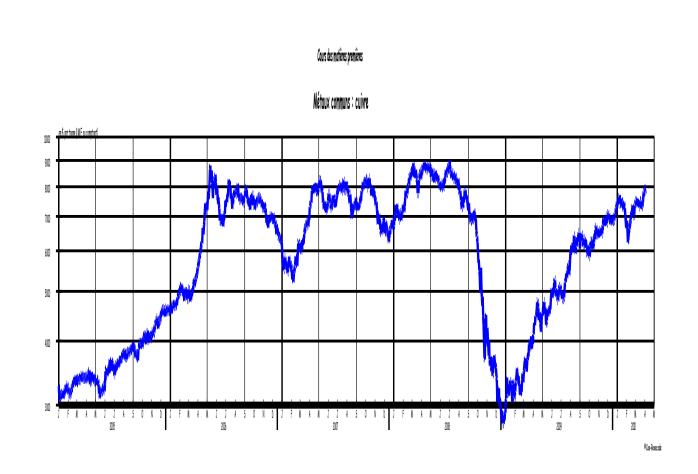


Métaux communs

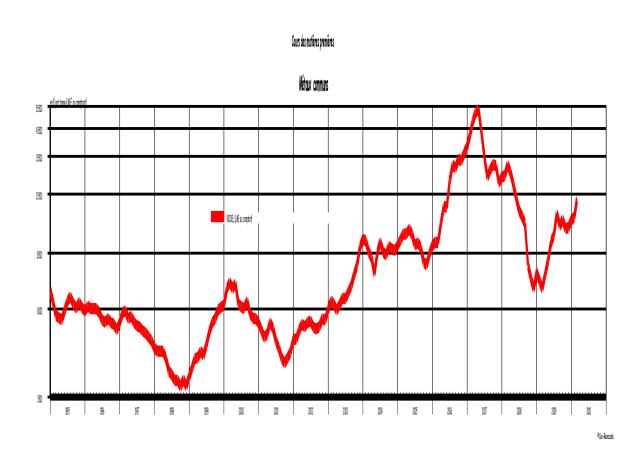


[©]Cor-Research

And this is especially the case for copper, almost at \$8000 a tonne



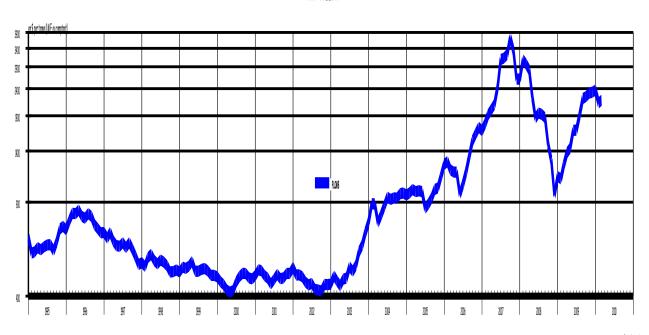
Nickel is rising too



And lead

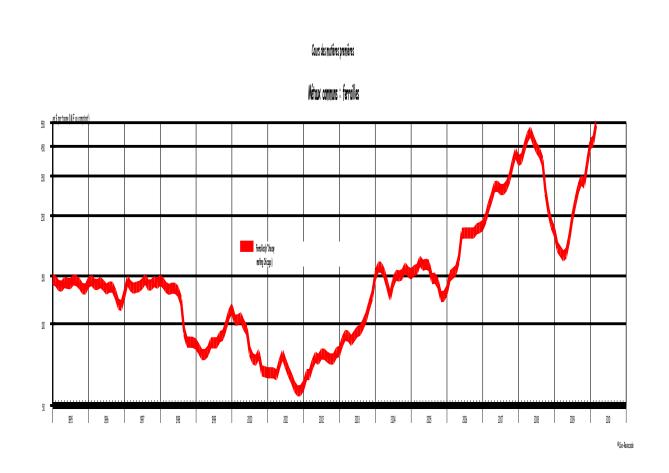


Métaux communs



O Coe-Resectode

But the most interesting developments are for iron ore, coking coal and scrap



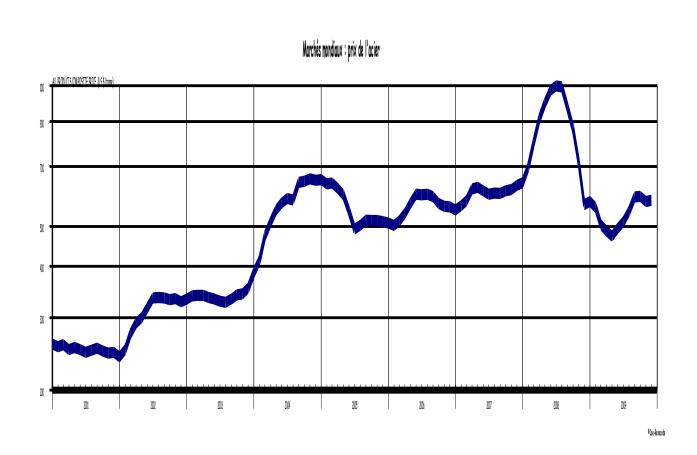
As for the 1st of April

iron ore prices have risen by 100 % for Q2

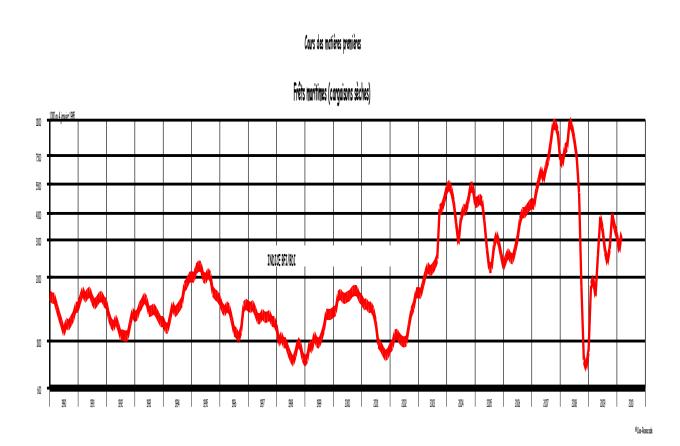
coking coal prices have risen by 55 %

spot market prices for iron ore cf China have risen from \$60 to \$155 (perton 62 % fe)

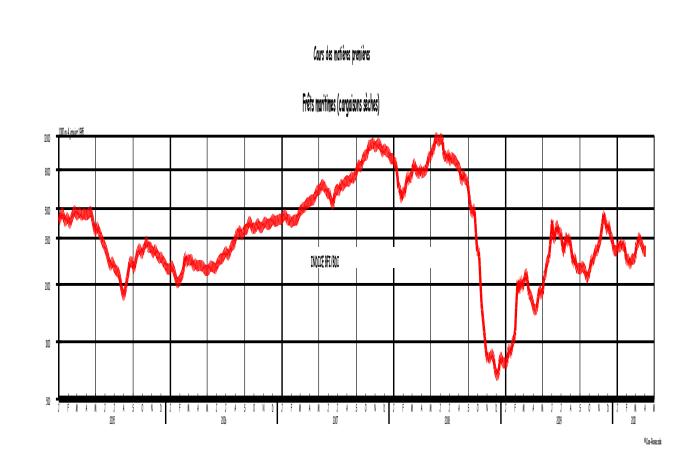
During Q1 2010, steel prices have risen on average by \$ 150



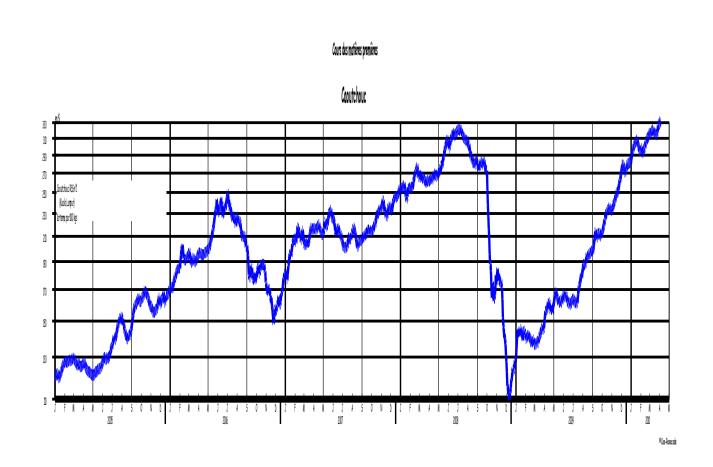
dry freight rates have rebounded too but



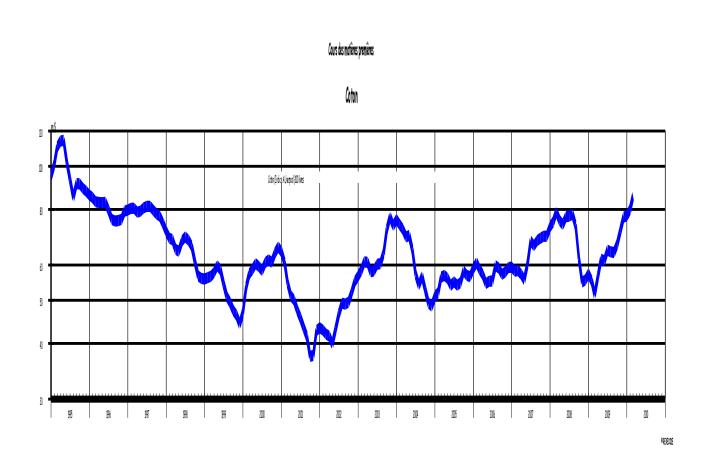
so many bulkers are delivered by ship yards



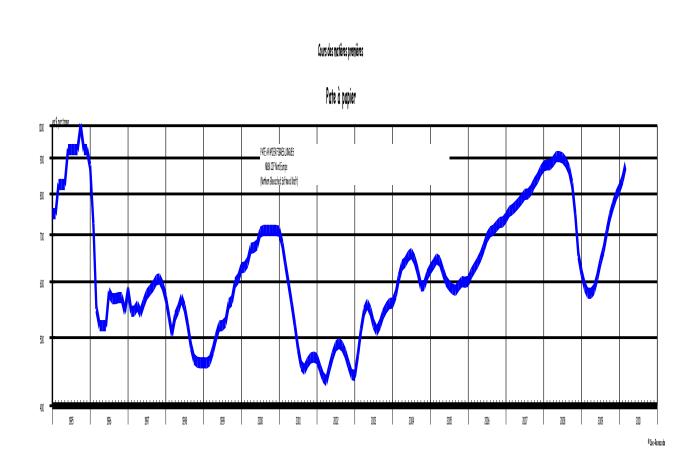
Rubber is impressive for... Chinese cars!



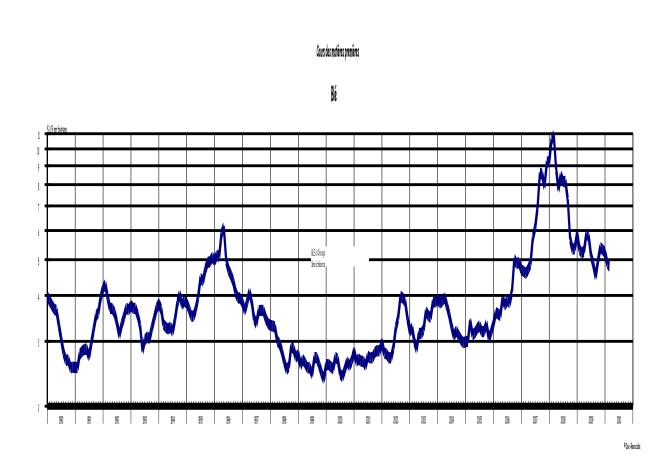
And even cotton is benefitting again



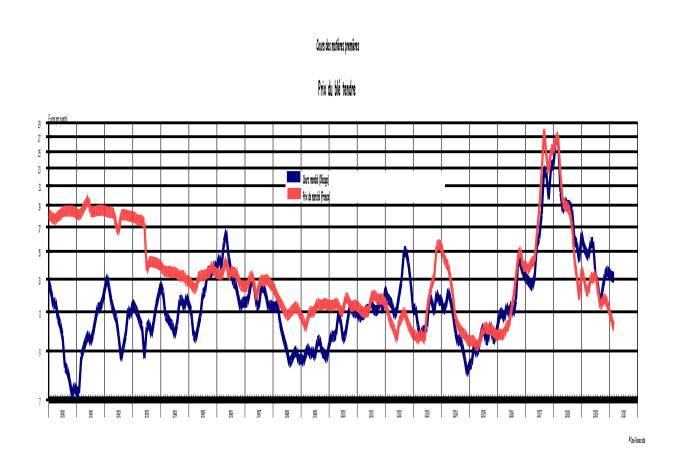
Like pulp and paper



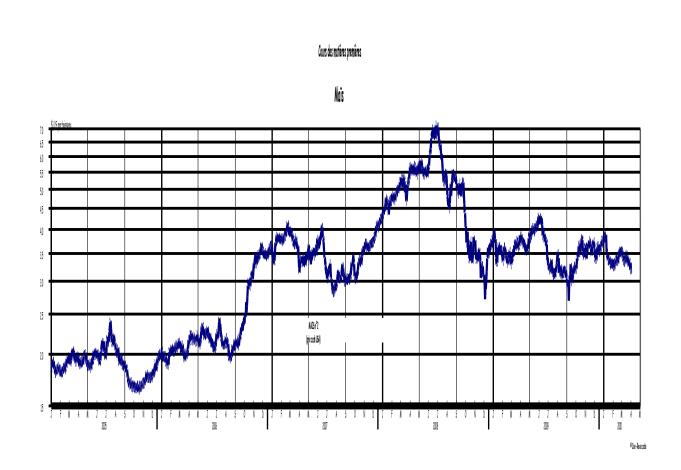
only grains are still suffering



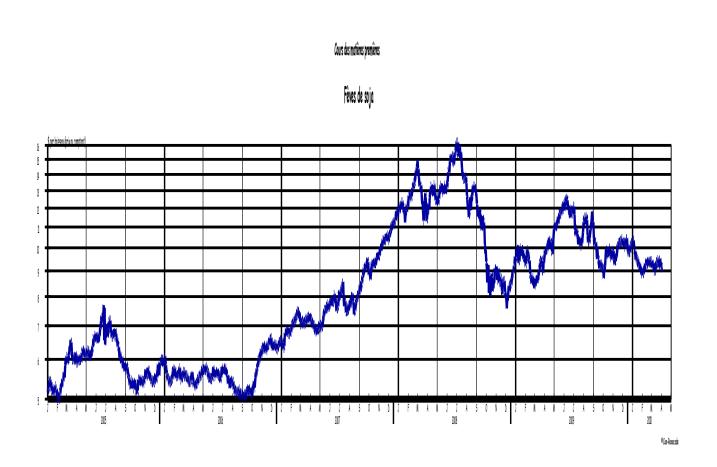
Like wheat especially in Europe



Corn is stabilised thanks to the US ethanol program



And soybeans thanks to Chinese demand



Where are we going?

> World economy, growth is there...

... but only in emerging countries

China 10 to 12 %

India 7 to 8 %

rest of Asia 6 to 8 %

Brazil 5 %

OECD is lagging behind

US 2,5 to 3 %

Japon 1,5 %

EU 1 to 1,5 %

> So many problems

- o America's twin deficits again
- o Dollar: their currency, our problem!
- Europe : no captain
- Deficits and debts: Keynes is dead
- o China: the next crisis?

- Commodity markets are too bullish to be true
 - . back to the fundamentals
 - . the Chinese anchor
 - . speculation and the like
- let's look at the real challenges:
 - . energy and climate
 - . food
 - . currencies
 - . a new world economic system?





