

of agriculture (10 percent). In particular, those sectors hardest hit by the downturn and those most levered to China registered the most notable upturns. These commodities included copper, nickel, pulp and crude oil (Figure 2-1).<sup>5</sup>

In Canada, average annual energy prices in U.S. dollar terms rose by 23.3 percent according to Bank of Canada statistics, while those for metals and minerals were up by 28.0 percent.

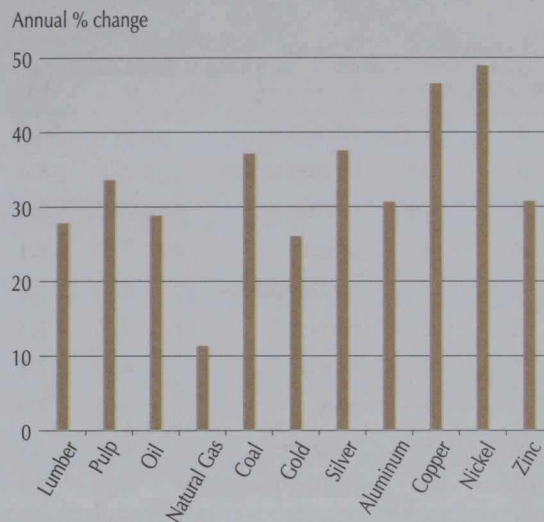
Crude oil prices rose by 28.7 percent in 2010, averaging US\$79.45 a barrel over the course of the year.<sup>6</sup> Prices opened on January 4 at US\$81.52 a barrel and remained above the US\$80-mark for about a week before slipping beneath this threshold. In early March, oil prices again crossed above this threshold, remaining there until early May. Prices then fell, reaching their annual low of US\$64.78 a barrel on May 25. On May 26, they breached the US\$70-mark; by the start of October they were again above the US\$80-mark. During the last week of the year they rose above the US\$90-mark, closing the year out at US\$91.38 on December 31.

Gold prices averaged US\$1,224.55 per troy ounce last year, up 25.9 percent from US\$972.39 in 2009. Prices ranged between a low of US\$1,058.00 (February 5) to a high of US\$1,420.00 (December 7).<sup>7</sup>

The direction taken by the U.S. currency also affected commodity prices. The U.S. dollar depreciated against nearly all major and emerging market currencies in 2010. Movements were driven primarily by concerns about the relative U.S. growth prospects as the divergence in the underlying strength of the U.S. and global outlooks and the associated yield differential across those markets

**FIGURE 2-1**

**Change in Commodity Prices from 2009 to 2010**



Source: TD Bank Commodity Price Forecast Update, January 14, 2011.

prompted some investors to reallocate capital away from the United States, putting downward pressure on the U.S. dollar. The depreciation of the U.S. dollar was also pronounced against currencies closely linked to commodities and the global growth cycle. On the other hand, as concerns about the sustainability of fiscal situations in Europe increased, the U.S. dollar appreciated vis à vis the euro and the pound sterling.

The Canadian dollar rose against the U.S. dollar from US86.6¢ to US97.1¢, a 10.9-percent rate of appreciation for the year. Because of the appreciation, each Canadian dollar of trade was worth 9.5¢ more when expressed in U.S. dollar terms. Thus, trade figures expressed in U.S. dollars overstate the Canadian trade performance in 2010.

<sup>5</sup> Ibid.

<sup>6</sup> Prices quoted are for West Texas Intermediate (WTI) crude trade in the spot market at Cushing, Oklahoma, as quoted by the U.S. Energy Information Administration (EIA) at <http://tonto.eia.doe.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=RWTC&f=D>.

<sup>7</sup> Price per troy ounce, London Afternoon (PM) Gold Price Fixings as quoted at <http://www.usagold.com/reference/prices/2010.html>.