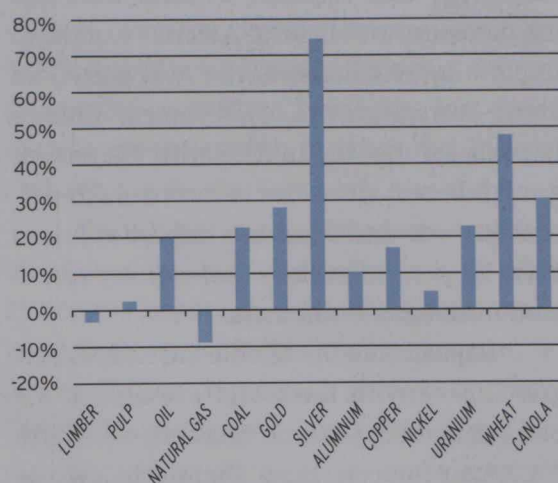


FIGURE 2-1
Change in Commodity Prices from 2010 to 2011



Source: TD Economics Commodity Price Report, February 29, 2012

and 5 of this report. Prices in the agricultural sector expanded across the board, with wheat leading at 47.9 percent and canola at 30.4 percent, buoying the value of Canadian exports in these commodities.

Metals and ores continued to increase in price, but not as quickly as in 2010 when the increases ranged from 30 to 50 percent. The price of uranium grew the most in 2011, up 22.8 percent; copper prices rose 17.0 percent; and aluminum prices increased by 10.4 percent. By contrast, the price of nickel increased a scant 5.0 percent.

While oil prices rose 19.7 percent during 2011, natural gas prices fell 9.0 percent. Coal prices grew robustly at 22.6 percent, increasing the value of Canada's exports, mostly to Asian destinations. Prices in the forestry sector stagnated, with the price of pulp gaining 2.6 percent and the price of lumber losing 3.3 percent.¹

According to the Bank of Canada's sectoral price indices based on Canadian production and world market sales, the price of Canadian energy products rose 10.6 percent during 2011. Metals and minerals gained 14.7 percent, forestry prices moved little, and agricultural prices rose 34.8 percent.² Weighting commodity prices according to Canadian production, the index moved up 12.9 percent last year, or by 16.7 percent if energy is excluded. This situation, i.e. where energy prices drag down the overall commodity price growth, is unusual, and may be largely explained by lower relative prices for Canadian-produced oil last year (see Chapter 3 box on WTI and Brent pricing).

Weekly West Texas Intermediate (WTI) crude oil prices opened the year at US\$89.54 a barrel. Steady growth during the first four months of the year took prices 25 percent higher, to US\$112.30 at the end of April. However, prices slowly weakened thereafter to just under US\$100 by the end of July, when the price of oil dropped quickly to US\$82.86 by mid-August to cruise in the US\$80 range until early October. A sustained increase during the last three months of the year brought oil prices back to the US\$100-mark, with the last reading of the year at US\$99.81 on December 30, 2011. Overall, the WTI price rose 11 percent in 2011 according to the U.S. Energy Information Administration.³

Gold prices averaged US\$1,571.97 per troy ounce in 2011, up 28 percent from US\$1,224.52 in 2010. Prices fluctuated in a wide band from US\$1,319.00 in January 2011 to US\$1,895.00 in September. Gold was worth US\$1,531.00 per troy ounce at the end of the year.⁴

1 Commodity Price Report, TD Economics, February 29, 2012.

2 Bank of Canada Commodity Price Index, <http://www.bankofcanada.ca/rates/price-indexes/bcpi/>

3 Price behaviour of WTI oil is based on trade in the spot market at Cushing, Oklahoma, as quoted by the U.S. Energy Information Administration (EIA) at <http://tonto.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=RWTC&f=W>.

4 Prices per troy ounce, London Afternoon (PM) Gold Price Fixings as quoted in <http://www.usagold.com/reference/prices/2011.html>.