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Raw material markets: Vigorous rise of raw material prices

Intereconomics

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crease of industrial production and herewith of consumption of raw materials in the Western industrial nations must be expected. The raw material prices will also not continue their upward development. Under these conditions it is improbable that the imports of the developing countries will increase as rapidly as they have done up to now.

1969: Difference in International Economic Growth

The economic growth in the industrial nations is to be estimated to about 4.5 p.c. on the average for the year 1969 (increase of the gross national product in real terms). During the course of the year demand

expansion will nevertheless weaken. The growth rate in the EEC member countries will be with an average of 5.5 p.c. considerably higher than in the Anglo-Saxon countries, where it will total 3 to 3.5 p.c. Hereby it is insinuated that a new sharpening of the international balance of payments problems will not enforce drastic economic policy interferences. Despite the differentiated expansion there is no sign for an equilibrium of the streams of transactions. As long as the Western world shrinks back from a correction of the rate of exchange distortions, it will because of this fact again have to take into the bargain economic growth losses.

duced stocks after the dockers' strike had ended.

A significant contribution to the price rise in the market for industrial raw materials was made by the American Stockpile Office through the announcement to restrict its raw material purchases or not to start them too soon, respectively. This way, the stockpile purchases of copper for the production of military goods were reduced and instead the obligation of firms to supply copper out of the current production was increased. In the case of tin and caoutchouc the hitherto fixed level of the strategical reserve was raised, and only in the case of lead an expansion of purchases was announced.

In the further course of this year, a remarkable change of the price level in the markets for industrial raw materials can hardly be expected. True, the rise in the demand for raw materials will slow down in connection with the dampening of the business upswing in the Western world, but the then possible weakening of prices will be very limited. For, producers will reduce the offer of individual raw materials by backings (lead), production reductions (zinc) and export quotas (tin), in order to stabilise prices.

Raw Material Markets

Vigorous Rise of Raw Material Prices

In the international markets for industrial raw materials the continuously strong rise of demand led—during the first months of 1969—to a continuation of the price increase, which had started in autumn of last year. Above all, non-ferrous metals and caoutchouc became dearer, whilst prices for cotton and wool declined somewhat. On the whole, the price level in the markets for industrial raw materials has, since the beginning of this year, increased by 4.5 p.c. It thus lies by 8 p.c. above the previous year's level. It has, however, to be taken into con-

sideration that at that time especially copper prices had considerably declined after the preceding boom.

The background of the brisk demand for raw materials during the last months was the continuously strongly expanding industrial production in the Western world. In addition, processors and traders made provident purchases, because of the possibility of new currency corrections and strikes in some production fields. In the USA, processors moreover had to refill their considerably re-

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