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Revised HWWA commodity price index

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The focus of the HWWA index remains the same: it measures changes in the prices of raw materials imports invoiced to the industrialised countries and is thus an indicator of developments in the cost of imported raw materials. As of January 2002 an additional index “Euroland” is calculated for the euro area countries. The revised HWWA index has been computed back to April 1996 for the daily figures and to September 1978 for the monthly figures.

The weights for individual commodities in the HWWA index are drawn from their share in total raw materials imports of the OECD countries, excluding intra-EU trade. For the index “Euroland” the imports of the 12 members from third countries are used as weights. In order to soften yearly fluctuations in raw materials imports, import data was again taken from three consecutive years, 1999 to 2001. The selection of raw materials is drawn from the “non-manufactured goods” as defined in the Standard International Trade Classification (SITC, revision 3); this group covers the sections 0 to 4 and 68.

When selecting the basket of goods, efforts were made to include only unprocessed or little-processed goods.

Klaus Matthies*

Revised HWWA Commodity Price Index

The pattern of international trade is changing constantly. The HWWA Index of World Market Prices of Commodities, which is weighted by imports, therefore needs to be adapted from time to time in order to preserve its relevance as an indicator of price trends in international commodity markets. It is now (as of September 2003) published with updated weights based on 1999-2001 import values and with a new price basis (2000=100).

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goods. Products which include a high proportion of labour costs and other factors charges – as is the case with most semi-finished and finished goods – were largely omitted. Historical trading practices are taken into account. In the case of non-ferrous metals, for instance, international trade and the publication of representative market prices takes place not at the level of primary processing (as ores) but at a higher level (as metals). With the exception of steel scrap, which is used in manufacturing in the same way as a raw material, waste materials or secondary raw materials remain excluded. While the importance of recyclable waste materials in the manufacturing process is certainly increasing, meaningful quotations are not available in most cases.

In order to come as close as possible to its aim of providing a representative picture of commodity price developments, the HWWA index includes important raw materials which are traded internationally. Exceptions are necessary, however, when representative or current or world market prices are lacking. Natural gas and raw tobacco, for example, are omitted for this reason. A number of food items which tend to resemble finished products rather than raw materials or are strongly influenced by the Common Agricultural Policy (CAP) of the EU are also excluded. Precious metals are excluded, too, as their price movements are heavily

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1 OECD countries, US dollar basis; 1990 index rebased to 2000=100.
influenced by speculative buying and selling, and they can only partially be regarded as raw materials in the sense of industrial inputs. Altogether, the HWWA index covers 28 commodities which, in the base period, accounted for about half of the imports of non-manufactured goods according to the SITC definition. For the 28 commodities, 36 price series have been selected, i.e. some raw materials are represented by two or three price series in order to take different qualities into consideration. The HWWA index is computed on the basis of what continues to be the most important currency in world trade, the US dollar, as well as on a euro basis.

A look at the index weights – 1999-2000 import values compared to 1989-1991 import values – shows an increased crude oil share in commodity imports, but that is above all a result of (about 20 per cent) higher oil prices and lower prices for the non-oil commodities. Therefore, crude oil has now a weight of 63 per cent in the index, compared to 56 per cent in the former version of the index. Given the high weight of fuels, which have a decisive influence on movements of the total index, a partial index without energy commodities – with more sub-indices – is computed. The number of sub-indices shown remains the same as before.

Further information: http://www.hwwa.de

Commodity Groups 1 2002 Apr. 03 May 03 June 03 July 03 Aug. 03 Sep. 03 Okt. 03 Nov. 03
Total Index 90.1 94.1 95.8 99.3 101.1 104.0 99.0 105.4 107.5
(0.6) (3.8) (5.3) (11.0) (9.4) (10.5) (0.5) (8.9) (17.8)
Total, excl. energy 92.5 102.5 104.3 102.6 101.7 102.8 105.4 110.9 113.8
(2.8) (15.1) (16.8) (11.6) (7.2) (8.8) (8.9) (14.4) (16.2)
Food total 103.9 111.3 113.4 108.2 104.8 106.0 110.9 118.8
(12.0) (15.2) (17.7) (9.3) (-2.1) (-3.4) (-4.6) (-6.8)
Food total 103.9 111.3 113.4 108.2 104.8 106.0 110.9 118.8
(12.0) (15.2) (17.7) (9.3) (-2.1) (-3.4) (-4.6) (-6.8)
Industrial raw materials 87.5 98.6 100.3 100.2 100.4 101.4 103.0 111.6
(-1.5) (14.6) (16.3) (12.8) (12.0) (15.5) (16.7) (23.1)
Agricultural raw materials 85.3 102.3 103.5 103.6 102.3 101.6 104.3 110.8
(-0.7) (25.6) (26.2) (20.8) (16.0) (15.5) (17.5) (24.6)
Non-ferrous metals 84.7 85.9 89.8 91.4 93.1 95.1 94.9 101.2
(-4.1) (-0.5) (5.6) (5.6) (9.0) (17.2) (16.6) (23.1)
Energy 89.0 90.1 91.6 97.7 100.8 104.6 95.9 102.8
(-0.5) (-1.6) (-0.1) (10.6) (10.5) (11.3) (-3.4) (6.3)

1 On a US dollar basis, averages for the period; figures in brackets: percentage year-on-year change. 2 Up to and incl. 21st November.

Further information: http://www.hwwa.de → Commodity Prices

2 See www.hwwa.de/rohind/rawplist.pdf for the current list of price quotations.

3 Further details are to be found on the HWWA website under “commodity prices.”