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Gorton and Rouwenhorst (2006) examined commodity futures returns over the period July 1959 to December 2004 based on an equally-weighted index. They found that fully collateralized commodity futures had historically offered the same return and Sharpe ratio as U.S. equities, but were negatively correlated with the return on stocks and bonds. Reviewing these results ten years later, we find that our conclusions largely hold up out-of-sample. The in- and out-of-sample average commodity risk premiums are not significantly different, nor is the cross-sectional relationship between average returns and the basis. Correlations among commodities and commodity correlations with other assets experienced a temporary increase during the financial crisis which is in line with historical experience of variation of these correlations over the business cycle.

The aim of this paper is to analyze the impact of the so-called “shale oil revolution” on oil prices and economic growth. We employ a general equilibrium model of the world oil market in which Saudi Arabia is the dominant firm, with the rest of the producers as a competitive fringe. Our results suggest that most of the expected increase in US oil supply due to the shale oil revolution has already been incorporated into oil prices and that it will produce an additional increase of 0.2 percent in the GDP of oil importers in the period 2010-2018. We also employ the model to
analyse the collapse in oil prices in the second half of 2014 and conclude that it was mainly due to positive unanticipated supply shocks.

"The Local Economic Impacts of Natural Resource Extraction"

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Whether it is fair to characterize natural resource wealth as a curse is still debated. Most of the evidence derives from cross-country analyses, providing cases both for and against a potential resource curse. Scholars are increasingly turning to within-country evidence to deepen our understanding of the potential drivers, and outcomes, of resource wealth effects. Moving away from cross-country studies offers new perspectives on the resource curse debate and can help overcome concerns regarding endogeneity. Therefore, scholars are leveraging datasets that provide greater disaggregation of economic responses and exogenous identification of impacts. This article surveys the literature on these studies of local and regional effects of natural resource extraction. We discuss data availability and quality, recent advances in methodological tools, and the main findings of several research areas. These areas include the direct impact of natural resource production on local labor markets and welfare, the effects of government spending channels resulting from mining revenue, and regional spillovers. Finally, we take stock of the state of the literature and provide suggestions for future research.

"World Energy Outlook 2014 Projections to 2040: Natural Gas and Coal Trade, and the Role of China"

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The paper presents data and results from the World Energy Outlook (WEO) 2014, published by the International Energy Agency (IEA). Over the period to 2040, total energy use is projected to grow by almost 40 per cent, while the share of fossil fuels in the energy mix falls. Nonetheless, these fossil fuels remain the dominant sources of energy, with oil, coal and gas each accounting for around one quarter of global energy needs by 2040. Increasingly, modern renewables are projected to replace fossil fuels, especially in the power sector. Around 93 per cent of the projected increased primary energy demand comes from non-OECD countries, with two-thirds coming from developing Asia, led by China. By 2025, China could account for almost a quarter of global energy use, doubling its share since the turn of the century. After 2025, India and other Asian countries surpass China as the main centres of energy demand growth. The IEA's WEO 2014 concludes that even taking into account ambitious policy measures announced as of mid to late 2014, energy growth projections place the world on a path consistent with a long-term temperature increase of 3.6 degrees. Urgent action is required if the world’s energy systems are to be steered towards lower greenhouse gas emissions.

"Financialisation of the Commodity Markets. Conclusions from the VARX DCC GARCH"

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The global economy is highly dependent on commodity prices, which are, by and large, the outcome of market-specific supply and demand fundamentals. As a result, driven by different
determinants, financial assets and commodity prices should be negligibly correlated. However, systematically growing engagement of noncommercial investors equipped with financial engineering innovations on commodity markets, generous inflow of capital resulting from the necessity for wider diversification of investment portfolios combined with the strengthening influence of purely financial and speculative motives have led in the 2000’s to a much stronger correlation between the financial and commodity markets, sparking a heated debate on the commodity markets financialisation. The empirical analysis presented here supports the claim that since 2005 commodity markets have been under heavier influence of macroeconomic, financial and speculative determinants. However, the process loses on strength since 2011. Results of the Varx Dcc Garch model with leverage effect and multivariate t error distribution demonstrate that the inclusion of the commodity markets’ growing sensitivity to macroeconomic conditions, financial markets turmoil and the impact of speculative aspects alters the dynamic conditional correlation path between commodities and the financial markets from 2005 to 2011 signaling the process of financialisation. Additional conclusions are drawn regarding the stability of the market interdependence as well as the parameter estimates.

"Macro News and Commodity Returns"
DIW Berlin Discussion Paper No. 1508
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This paper adopts a VAR-GARCH approach to model the dynamic linkages between both the mean and the variance of macro news and commodity returns (Gold, Corn, Wheat, Soybeans, Silver, Platinum, Palladium, Copper, Aluminium and Crude Oil) over the period 01/01/2001-26/09/2014. The chosen specification also controls for the effect of the exchange rate. The results can be summarised as follows. Mean spillovers running from news to commodity returns are positive with the exception of Gold and Silver. Volatility spillovers are bigger in size and affect most commodity returns. Both first and second moment linkages are stronger in the post-September 2008 period. Overall, our findings confirm that commodities, despite not being financial assets, are sensitive to macro news (especially their volatility), and also suggest that the global financial crisis has strengthened such linkages.

"Commodity Returns and Their Volatility in Relation to Speculation: A Consistent Empirical Approach"
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Granger causality (GC) tests are widely used when it comes to empirically address the dynamic relationship between speculative activities and pricing on commodity markets. However, the sheer number of studies and their heterogeneity makes it extremely difficult – if not impossible – to compare their results and to derive meaningful conclusions. This is the main objective of this paper, which analyzes a consistent dataset with a homogeneous estimation approach. We analyze futures returns and volatilities of 28 commodities for three maturities, from January 2006 to March 2015, in relation to three speculation proxies. Overall, we find a larger number of significant GC effects for volatilities than for returns. The volatility effect is mostly negative, i.e. more speculation is followed by lower volatilities. This is particularly true if the Working index
used as speculation proxy. The majority of destabilizing effects (positive relations) if any, is found in livestock. However, no such effects seem to be present in typical agricultural commodities. Mixed evidence is found for softs. Apart from statistical significance, the explained variance of returns and volatilities is below 8% and therefore economically small or at best moderate.