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Ukraine War Upends Global Commodities Prices

By Simon Constable Dec. 23, 2022 2:00 am ET

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Despite weeks of buildup, Russia's invasion of Ukraine on Feb. 24 was unexpected and sent shock waves through commodities markets still struggling with the after-effects of the pandemic. Indeed, the war between Ukraine and Russia turned out to be a key factor in commodities prices throughout the year and is still being felt around the globe.

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Commodities traders reacted fast, sending the price of Brent crude oil to \$123 on March 8, up from \$92 a barrel on Feb. 23, according to TradingEconomics.com. It shouldn't surprise anyone. Russia, which pumped 10 million barrels of crude oil a day in 2021, represents 10% of global output.

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The war also upended grain markets. Ukraine and Russia both export masses of wheat plus other food, and prices leapt as the Black Sea, through which much grain gets dispatched, descended into a battle zone. Wheat fetched \$12.53 a bushel on March 7, up from \$8.79 on Feb. 23. After a short retreat, it further jumped to \$12.78 on May 17. Corn prices also saw volatility.

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However, the laws of economics worked, and higher prices did become the cure for high prices. Wheat recently fetched \$7.66 a bushel, lower than a year ago.