



Financial Factors in Commodity Markets

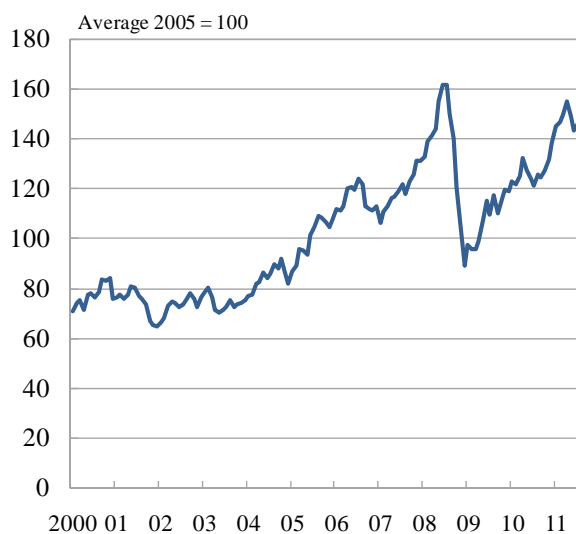
~ Speech at the Paris EUROPLACE
International Financial Forum in Tokyo, November 28 ~

Kiyohiko G. Nishimura
Deputy Governor of the Bank of Japan

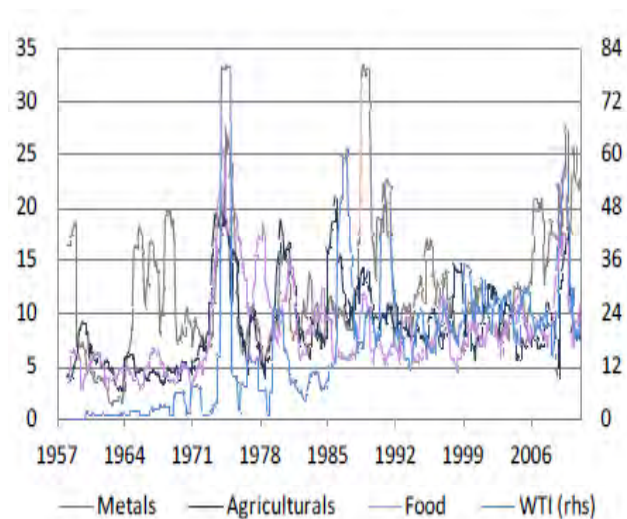


(Figure 1) High and Volatile Commodity Prices

<Real commodity price (1) >



<Commodity price volatility (2) >



Graph 1.2, Report of the G20 Study Group
on Commodities, November 2011

(1) In US dollar terms: deflated by world export prices.

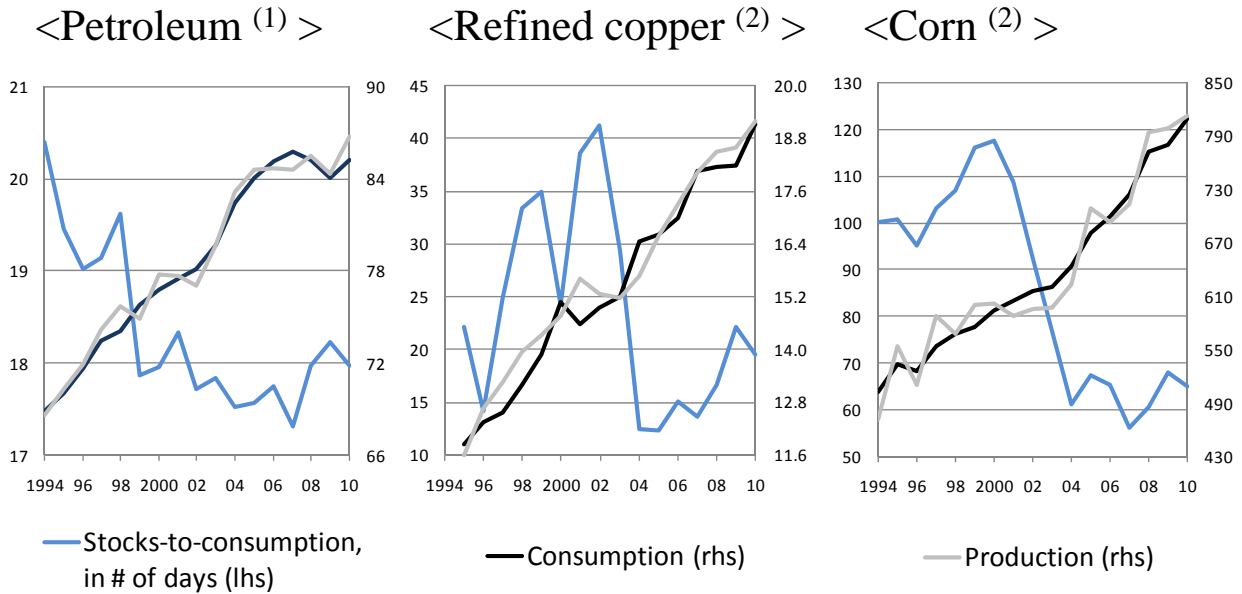
(2) Rolling one-year volatility of daily returns.

In per cent, annualized historical volatilities calculated from percent changes (in real terms) of IMF Commodity indices over one year. ²

(Figure 2)

Tightening demand and supply conditions

-- Supply, consumption and stocks of selected commodities--



(1) Supply and consumption in millions of barrels per day; stock in billions of barrels.

(2) Millions of metric tons.

Sources: Bloomberg, Energy Information Administration

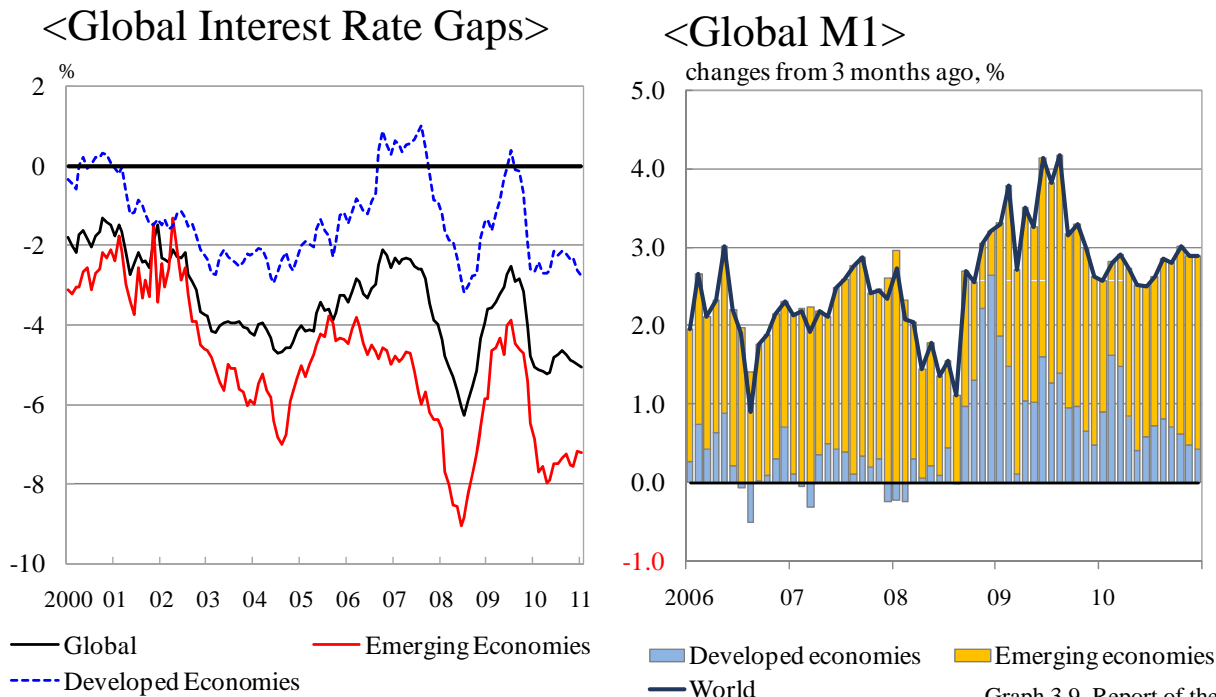
Graph 2.1, Report of the G20 Study Group on Commodities, November 2011

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(Figure 3)

Accommodative monetary conditions

-- Indicators of global monetary conditions --



Note: Interest rate gaps are estimated with relevant data published by the International Financial Statistics and the World Economic Outlook of the International Monetary Fund.

Graph 3.9, Report of the G20 Study Group on Commodities, November 2011

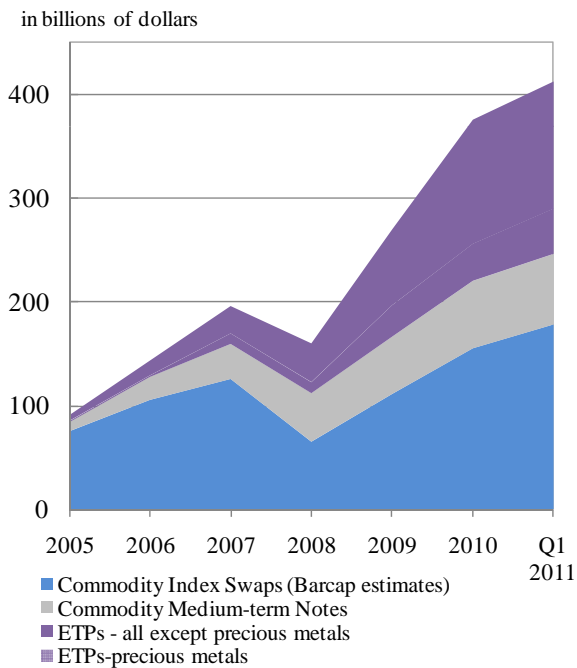
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(Figure 4)

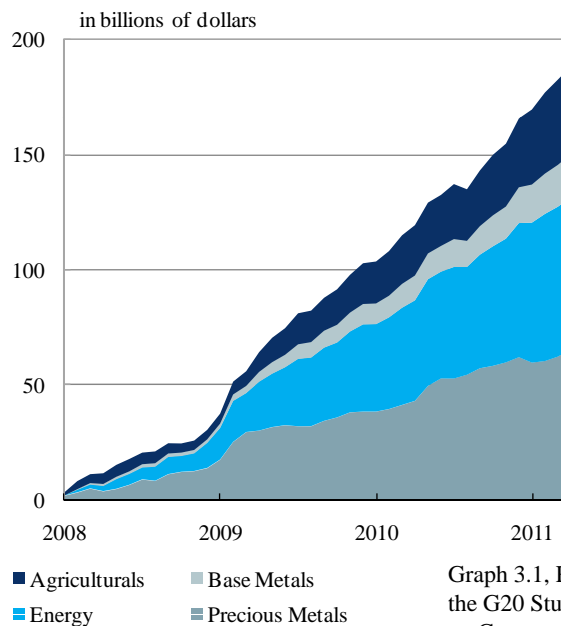
“Financializaion”

-- Total commodity assets under management and inflows by commodities--

<Assets under management>



<Cumulative flows by commodity type>



Graph 3.1, Report of the G20 Study Group on Commodities, November 2011

Note: The numbers in the left panel take into account valuation effects, thereby factoring in commodity prices fluctuations.

Source: Barclays Capital

End of Presentation



Dusk at the BOJ Courtyard