

Table 1  
Contribution of the Weak Dollar to Commodity-Price Increase (2002 - June 2008)

Commodity		28-Dec-01	30-Jun-08	Price of Commodity on 30-Jun-08 if the USD/EURO exchange rate remained at 0.8912 (28-Dec-01)	Exchange-rate Contribution to the Total Change in Commodity Price	Direction of Real Supply-Demand Fundamentals
Soybeans	(cents/bushel)	421.00	1,605.00	908.29	58.84%	+
Corn	(cents/bushel)	209.00	724.75	410.15	61.00%	+
Coffee	(cents/pound)	46.20	150.90	85.40	62.56%	+
Wheat	(cents/bushel)	289.00	843.50	477.35	66.03%	+
Cocoa	(USD/mt.)	1,310.00	3,245.00	1,836.39	72.80%	+
Oats	(cents/bushel)	195.75	444.00	251.27	77.64%	+
Sugar #11	(cents/pound)	7.39	12.04	6.81	112.40%	-
Live Cattle	(cents/pound)	68.17	100.60	56.93	134.66%	-
Orange Juice	(cents/pound)	89.10	118.35	66.98	175.64%	-
Lean Hogs	(cents/pound)	57.05	71.78	40.62	211.59%	-
Gold	(USD/troy oz.)	279.00	928.30	525.34	62.06%	+
Crude Oil	(USD/barrel)	19.84	140.00	79.23	50.58%	+
<b>USD / EURO</b>		<b>0.8912</b>	<b>1.5748</b>		<b>-43.41% *</b>	

The following is the computation for the weak-dollar contribution to the price increase of soybeans

Price of Soybeans on 30-Jun-08 if the USD/EURO exchange rate remains at 0.8912 (28-Dec-01)

$$= 1,605 \times 0.8912 / 1.5748$$

$$= 908.29$$

Total Change on Corn Price from 28-Dec-01 to 30-Jun-08

$$= 1,605 - 421$$

$$= 1,184$$

Exchange-rate Contribution to the Change in the Commodity Price

$$= 1,605 - 908.29$$

$$= 696.71$$

Exchange-rate Contribution as a Percentage to Total Change in Price

$$= 696.71 / 1,184$$

$$= 58.84\%$$

\* Note: The percentage represents U.S. dollar depreciation from 28-Dec-01 to 30-Jun-08

Source: Commodity Research Bureau, "Components: Monthly Charts and Data"; and author's calculations