

The Commodity Futures Curve, Convenience Yields And The Impact On Commodity Producers

Peter Nash

0.0.1 Introduction

We propose to investigate the relationship between convenience yields and economies of national commodity producers. The convenience yield can be thought of as the benefit of holding a physical commodity and can be estimated by the shape of the futures curve. We theorise that significant changes in this curve is evidence of shocks in supply & demand dynamics and will impact the economies of the raw commodity producers. If the convenience yield can predict future returns on a commodity then this would feed into the commodity producers accounts and related asset prices. There exists literature on commodity shocks in emerging market economies & separately on information contained within commodities futures curves. We intend to leverage this existing research and to combine both aspects.

0.0.2 Data

We propose to retrieve free commodity future data from *Quandl*¹, which contains data for contracts of different commodities across different tenors. We will retrieve relevant economic data from *DBNomics*² which maintains datasets from central banks & statistics offices across the world. If not available in DBNomics we would intend to revert to supranational agencies such as the World Bank & IMF.

¹<https://www.quandl.com/data/CHRIS-Wiki-Continuous-Futures>

²<https://db.nomics.world/>