

Renaissance of commodities after the 2008 financial crisis

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Abstract

After the commodity boom of 2006-2008, criticism on the impact of food commodity trading arose and diverse research to investigate its impact has been done. Therefore, this thesis explores the influencing factors on prices of food commodity Futures between 2008-2012, with a focus on recent food price rises.

After identifying the different types of commodities traded, each one is described shortly and examples are given. Through their characterization, the main food commodities are identified and discussed in greater detail. Possible influencing factors are stated and their impact on the prices of food commodity Futures is explained. Finally, an analysis of selected food commodity markets, Corn and Coffee, has been done.

Through this case study it could not be concluded generally that the price rises are primarily driven by financial investors. While there are certain indicators which suggest that a new bubble is forming, there are also fundamentals which can explain the high prices. As bubbles can only be identified ex-post due to their nature, this thesis tries to discuss and conclude the most likely outcome.