



AKADEMIYA

covid-19 Brief

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Changes in global commodity markets and effects on country trade performance: Senegal.

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The COVID-19 pandemic is affecting national economies through different avenues, such as global commodity trade and markets. This Brief assesses Senegal's Trade Performance in response to disruption in primary commodity markets. In addition to changes in prices, countries are also affected by changes in global demand and market access. These changes are the result of measures enacted in response to the pandemic leading to reduced availability of air cargo and shipping, changes in port and airport operations—from closures to changes in protocols, quarantine, additional documentation requirements, and reduced manpower.¹

This analysis focuses exclusively on the impact of the disruption in global commodity trade, that is, of changes in global prices and market access. No other changes are considered to isolate the latter effects. The effect of COVID-19 on the prices of primary commodities is based on forecasts released in October 2019 and April 2020 by the World Bank.² The ultimate impact of global price changes on Senegal's economy will depend on the magnitude of individual price changes and composition of

the basket of primary commodities internationally traded by the country. According to Figures 1 and 2, primary commodities contribute to 61 and 52 percent of Senegal's total exports and imports in 2019, respectively. The effects of COVID-19 on the prices of major primary commodities traded by Senegal are mixed. Figures 3 and 4 show that the international prices of the top ten primary commodities exported and imported by Senegal have increased and decreased, respectively. Regarding exports, gold as well as coconuts and cashew nuts saw the largest increases, with price boosts of 9 percentage points (pp) each. Only two export commodities experienced a decline in prices: niobium, tantalum, vanadium, or zinc as well as titanium ores and concentrates (-14 pp each). Changes in import prices are more pronounced. The prices of petroleum oils, crude oils, and petroleum gases each declined by 37 pp, followed by coal (-8 pp). Palm oil and its fractions saw the largest increase (12 pp), followed by rice (7 pp). The average change in export and import prices and related changes in export and import values are presented in Figure 5.

¹ COVID-19 and international trade: Issues and actions (OECD). Retrieved in July 2020 from www.oecd.org/coronavirus/policy-responses/covid-19-and-international-trade-issues-and-actions-494da2fa. Lower export demand elasticity values are selected to implement the COVID scenario compared to the baseline scenario.

² World Bank. Commodity Markets. Retrieved on July 2020. www.worldbank.org/en/research/commodity-markets#2

Figure 1: Share of Top Ten Primary Commodities in Senegal's Total Exports, 2019

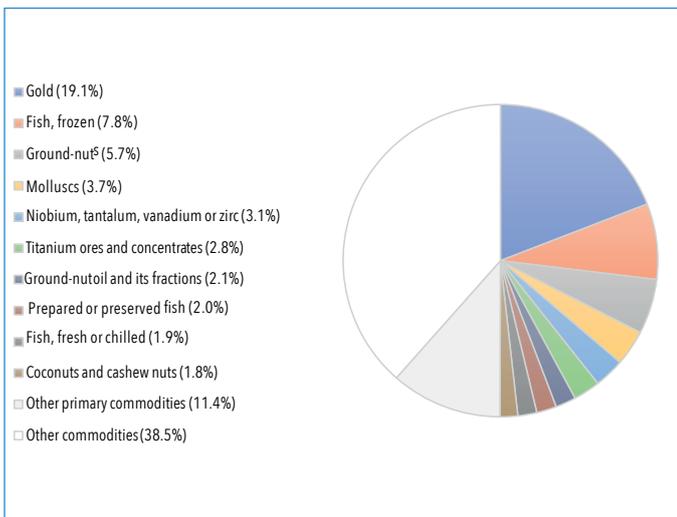
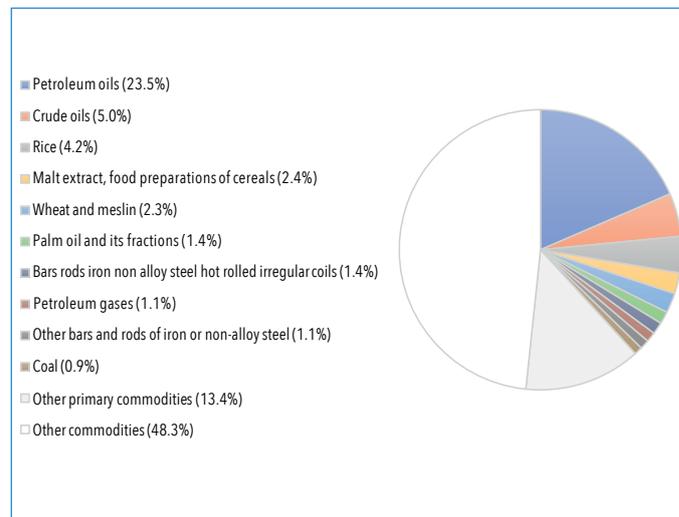


Figure 2: Share of Top Ten Primary Commodities in Senegal's Total Imports, 2019 Exports, 2019



Source: Computed from United Nations Commodity Trade Database, United Nations DESA. Data retrieved in July 2020 from <https://comtrade.un.org/data>.

Figure 3: Changes in predicted Prices for Top Ten Primary Commodities Exported by Senegal

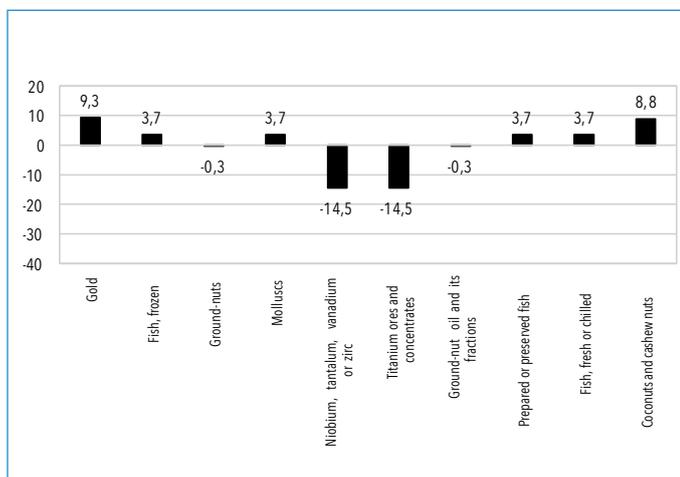
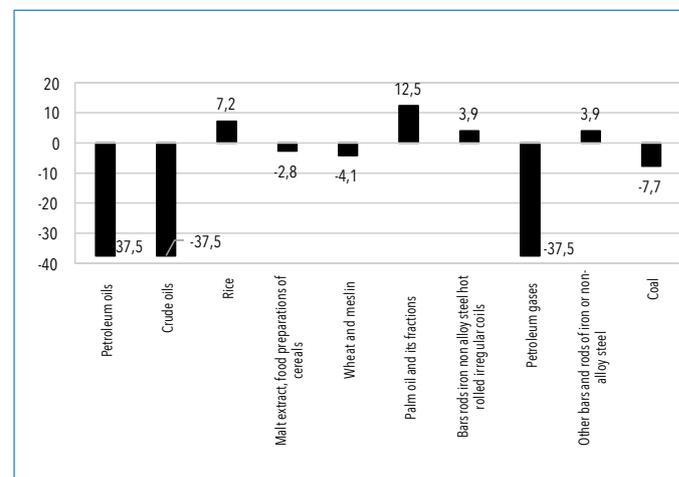
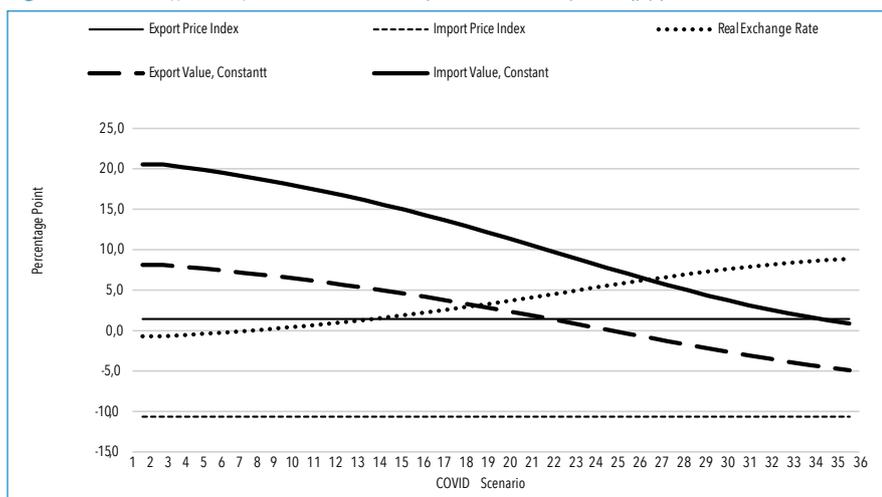


Figure 4: Changes in predicted Prices for Top Ten Primary Commodities Imported by Senegal



Note: Differences between prices forecast in April 2020 and in October 2019 in percentage points (pp). Source: Computed from the Commodity Market Outlook (World Bank). Data retrieved in July 2020 from <https://www.worldbank.org/en/research/commodity-markets>.

Figure 5: Trade Effects of Global Commodity Market Disruption (pp)



Note: The COVID scenarios (1 to 36) combine different values of trade (import and export) elasticities across commodities to mimic the responsiveness of Senegal's economy to changing global market conditions. Scenario 1 uses the highest and scenario 36 the lowest elasticity values. The remaining scenarios combine difference values of elasticities between the two extremes. Export price refers to the average weighted F.O.B. price indexes. Import price refers to the average weighted C.I.F. price indexes. Export and import values are in constant 2019 prices.



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