



# International Trade and Market Development

## CURRENCIES AND COMMODITIES

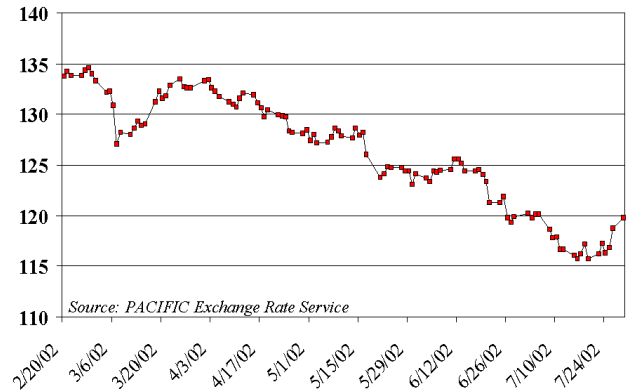
August 2002

### JAPANESE YEN

The Japanese yen strengthened over the last three months as investor uncertainty continued in the US economy. On July 16<sup>th</sup>, the yen appreciated to a 17th-month high against the dollar and has since weakened to the 119 yen per dollar range. In the short run, a strong yen is good for Alaskan exports to Japan. However, a strong yen has the potential of hurting the overall Japanese economy. Therefore, in May and June the Bank of Japan conducted yen selling interventions in order to maintain the yen at its current level of 120 yen per US dollars. In the long run, a strong Japanese economy leads to increased demand for Alaska products in Japan.

### Japanese Yen

Per U.S. Dollar

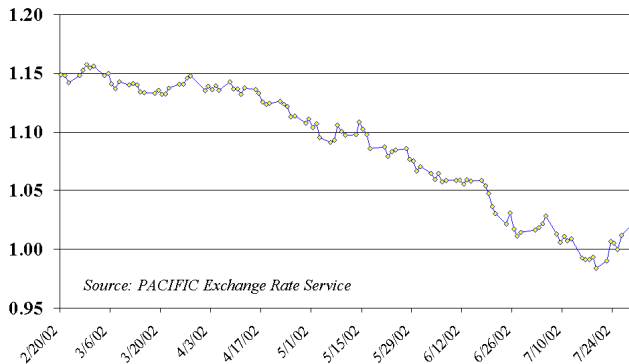


### E.U. EURO

The euro appreciated against the dollar over the last four months as a result of the sluggish US economy. For the first time in two and a half years the euro gained parity with the dollar, but has since retreated to around .98 US cents. While a stronger euro cuts the prices for US imports in the EU including raw materials, it also hurts EU exporters who are major contributors to the economic growth of the EU economy. Therefore, in the short run a strong euro is good for US exporters. However, in the long run, continued economic growth may suffer, which could lead to fewer imports of raw materials from the US. In 2001, Belgium, an EU member, was Alaska's top mineral export market.

### European Euro

Per U.S. Dollar

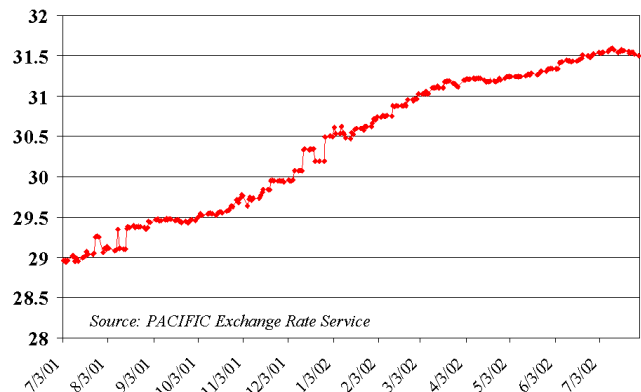


### RUSSIAN RUBLE

The Russian ruble continued to weaken against the US dollar. A weak ruble makes Alaska's goods and services more expensive to buyers using rubles. However, a large portion of Alaska's interest in Russia is in the oil industry, which is predominantly based in US dollars. Therefore the impact of the weakening ruble on Alaskan exporters will not be as significant as the graph might suggest.

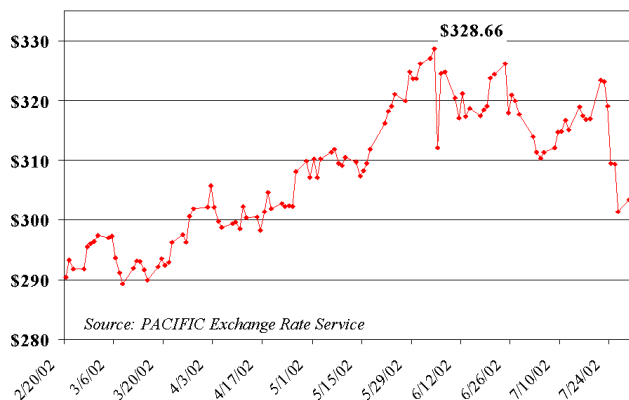
### Russian Ruble

Per U.S. Dollar



## Gold

\$ per ounce



## Gold

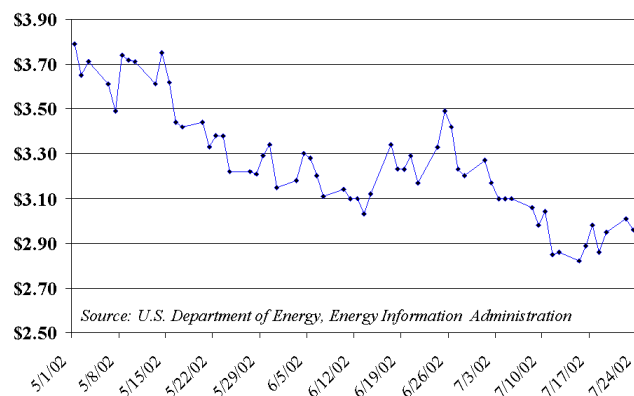
The price of gold increased over the past few months as the US dollar weakened against other major currencies and stock markets retreated due to investor concerns that the economic recovery in the US had slowed. Gold peaked in June at \$328 dollars an ounce and has since retreated to around \$300-\$310 an ounce. The price of gold often moves in the opposite direction as the stock market because investors often look to gold as a hedge against inflation and as a haven when other investments fall.

## Natural Gas

The price of natural gas has declined over the last three months, but has remained above \$2.85 MMBtu's (million British thermal units). In spite of high storage levels and relatively weak demand, The Energy Information Administration (EIA) predicts that prices should remain in the \$2.80 - \$2.90 MMBtu range for the remainder of the summer. However, the EIA warns that if high storage levels persist and late summer temperatures are relatively cool, the price of natural gas could go even lower. Cooler summers translate into less air conditioner usage and less demand for electricity produced from natural gas burning plants.

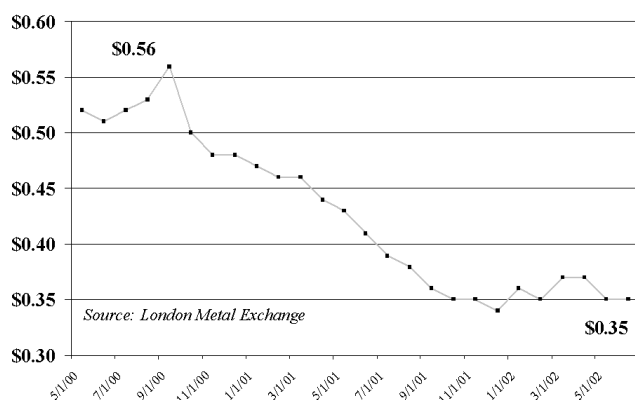
## Natural Gas

Henry Hub Spot Prices-(\$ per MMBtu)



## Zinc

Monthly Averages \$ per pound



## Zinc

Zinc is Alaska's largest export mineral. Zinc prices have declined 35 percent since Sept of 2000, and currently average 35 cents a pound. The Red Dog mine near Kotzebue is the world's largest zinc mine and produced 571,000 tons of zinc in 2001. Some industry experts predict that the currently low zinc prices have bottomed out and are causing other zinc mines to close. As a result, global zinc production is on the decline, which some experts predict could eventually raise zinc prices by mid 2003