

Commodity Markets Review

April 10, 2007

DECPG, The World Bank

Non-oil commodity prices rose 2.1 percent in March, with all of the gains in metals and fertilizers, while agriculture prices declined. Strong demand, supply problems and the decline in the dollar contributed to the increases.

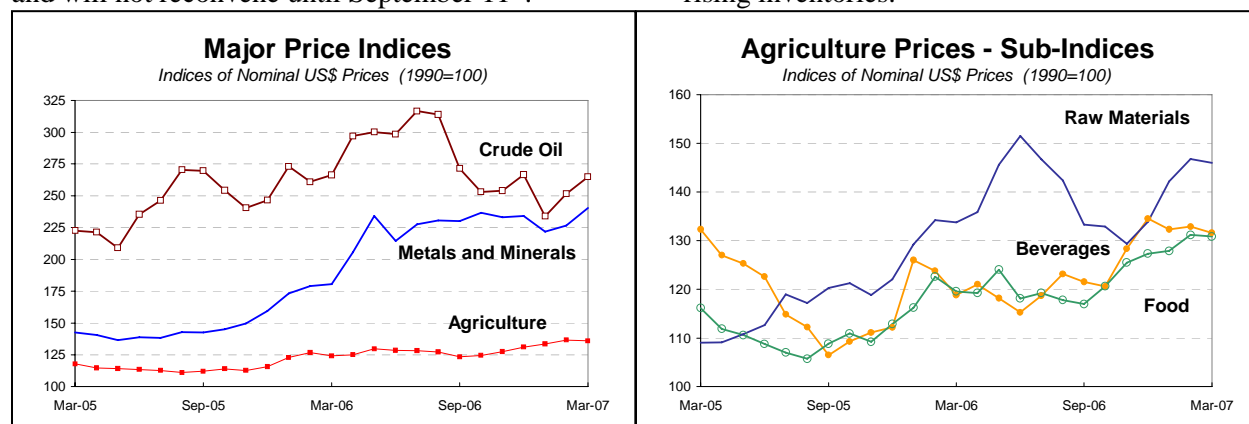
For the first quarter, non-oil commodity prices rose 3.2 percent, with gains of more than 20 percent in nickel, rubber, tin and fertilizer prices, partly offset by large declines in zinc, sugar and coffee. Metal prices jumped more than 8 percent the last two months, following a slump in mid-January, while agriculture prices rose 3.7 percent for the quarter. The largest gains were in fats and oils, and raw materials—mainly rubber.

Crude oil prices were down slightly for the quarter, but have risen sharply since the lows of mid-January, including a 5.3 percent climb in March. The capture of 15 British sailors helped propel prices to a high of nearly \$66/bbl in early April before their release. The oil market has been slowly tightening on OPEC production cuts, although crude oil stocks are ample due to the seasonal decline in demand and refinery maintenance and outages. Gasoline stocks, however, have fallen sharply, raising concerns about summer gasoline supplies.

OPEC has lowered production by about 1.2 mb/d since September, short of its agreed target cut of 1.7 mb/d. OPEC feels confident that its cuts to date are sufficient to tighten the market, and will not reconvene until September 11th.

Agriculture prices fell 0.5 percent in March, with all indices down, except for fats and oils which posted a slight gain. Declines were led by sorghum and maize prices, as the USDA Prospective Plantings report projects U.S. corn acreage up 15 percent this year and sorghum acreage up 9 percent. Coffee prices declined on reports that Brazil is heading for a bumper crop (arabica), while Vietnam's crop (robusta) is benefiting from improved weather conditions. Cocoa prices increased 6 percent on expected lower production in Côte d'Ivoire. Palmkernel oil and palm oil prices posted moderate gains, with the former rising on weak supplies of coconut oil (a close substitute), and the latter due to lower exports from Malaysia.

Metals and minerals prices surged 6.2 percent in March, on strong demand in China, numerous supply problems and low inventories. Copper prices surged 13.7 percent on large increases in Chinese imports and falling stocks. Nickel prices soared to new record highs, up 12.5 percent, due to strong demand for stainless steel, critically low stocks and a number of supply problems and project delays. Lead prices rose 7.6 percent on several production problems this year, while tin prices increased 7.4 percent as the Indonesian government continues to curb unlicensed output. Prices of aluminum and zinc—where China is a net exporter—fell on rising inventories.



Prepared in the Development Economics Prospects Group (DECPG) by Donald Mitchell, Shane Streifel, John Baffes and Betty Dow. Katherine Rollins is task assistant. This report is available on <http://decpg.worldbank.org>.

Major Movers in March¹

DAP and Urea fertilizer prices surged 21.8 percent and 4.5 percent, respectively, due to increased demand stemming from projected increases in grain crop areas.

Copper prices jumped 13.7 percent, due to large increases in China's imports and declining inventories. It was the absence of Chinese imports that contributed to the slump in copper prices during the second half of last year.

Nickel prices rose 12.5 percent in March—up 34 percent this year and 250 percent since end-2005—due to very strong demand for stainless steel in China, chronically low stocks, and numerous supply disruptions and project delays.

Lead prices rose 7.6 percent due to numerous disruptions to production this year, delayed start-ups, low stocks, and strong demand in China.

Tin prices jumped 7.4 percent due to lower output from Indonesia as the government curtails unlicensed production.

Cocoa prices climbed 6.0 percent, reaching the highest level since March 2003, due to anticipated major shortfalls in West African output—especially Cote d'Ivoire, the world's largest cocoa supplier.

Crude oil prices increased 5.3 percent, in part due to the capture of British sailors and marines by Iran, but the market continues to tighten from lower OPEC production, strong demand, and declining stocks.

Coal prices rose 4.4 percent due to strong demand and transport constraints in Australia, for both rail and ocean freight.

Palmkernel oil prices increased 3.4 percent primarily reflecting weak supplies of coconut oil, which is a close substitute to palmkernel oil.

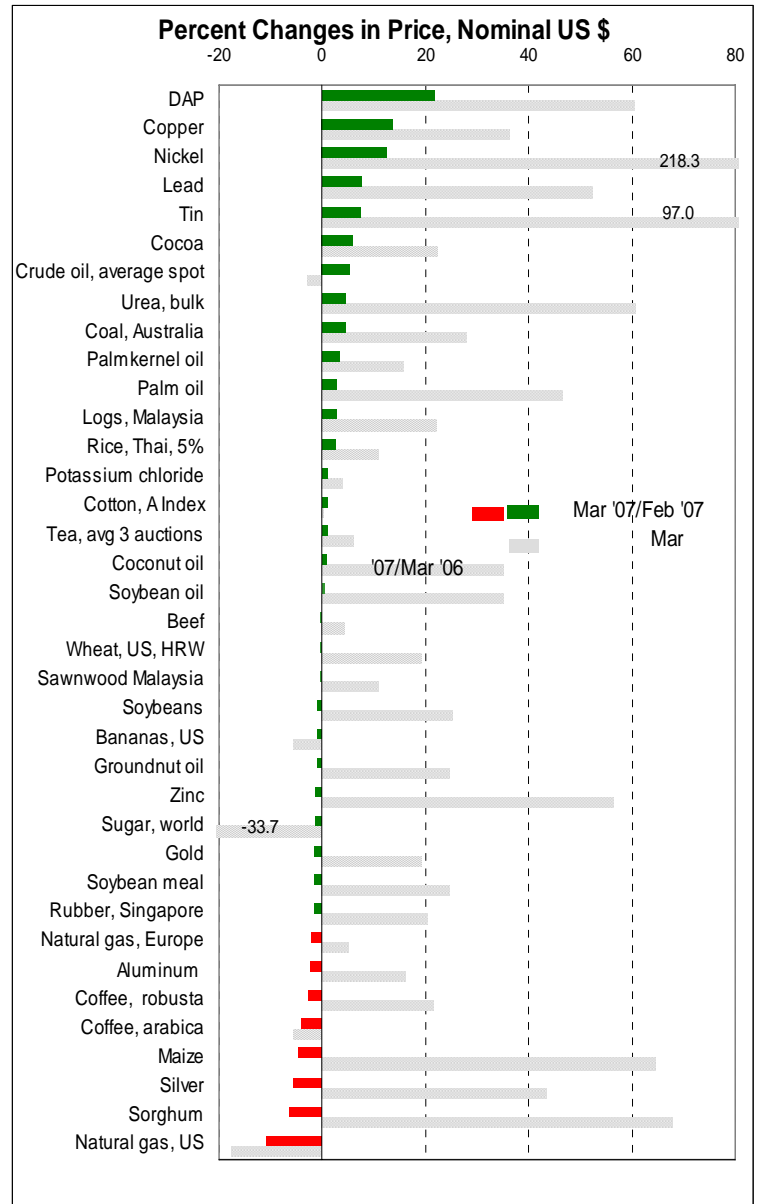
Palm oil prices rose 2.8 percent to an 8-year high on strong global demand and weak exports from Malaysia.

Coffee arabica and robusta prices fell by 4.1 percent and 2.6 percent, respectively, on reports that Brazil is heading for a bumper crop next season (arabica), and that Vietnam's crop should benefit from improved weather conditions (robusta).

Silver prices fell 5.6 percent on investor liquidation led by the sell-off in equity markets and the weaker dollar.

Sorghum and maize prices decreased 6.5 percent and 4.8 percent, respectively, following large increases the past 6-8 months, which are expected to lead to large plantings in the U.S.

Natural gas prices in the U.S. dropped 10.7 percent due to milder temperatures and inventories well above the 5-year average.



¹ Percent change of average March prices compared to average February 2007 prices in nominal U.S. dollars (graph also includes 12-month changes in grey).

COMMODITY PRICE DATA

Commodity	Unit	Annual averages			Quarterly averages				Monthly averages			
		Jan-Dec 2005	Jan-Dec 2006	Jan-Mar 2007	Jan-Mar 2006	Apr-Jun 2006	Jul-Sep 2006	Oct-Dec 2006	Jan-Mar 2007	Jan 2006	Feb 2007	Mar 2007
Energy												
Coal, Australia	\$/mt	47.62	49.09	53.14	46.88	52.62	50.26	46.60	53.14	51.29	52.90	55.23
Coal, US	\$/mt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Crude oil, avg, spot	a/ \$/bbl	53.39	64.29	57.23	61.03	68.31	68.79	59.02	57.23	53.52	57.56	60.60
Crude oil, Brent	a/ \$/bbl	54.43	65.39	58.07	61.92	69.83	70.09	59.73	58.07	54.30	57.76	62.14
Crude oil, Dubai	a/ \$/bbl	49.29	61.43	55.58	57.85	64.68	65.87	57.33	55.58	52.01	55.68	59.05
Crude oil, West Texas Int.	a/ \$/bbl	56.44	66.04	58.03	63.33	70.43	70.42	59.99	58.03	54.24	59.25	60.60
Natural gas, Europe	\$/mmbtu	6.33	8.47	8.51	7.97	8.27	8.69	8.96	8.51	8.59	8.56	8.37
Natural gas, US	\$/mmbtu	8.92	6.72	7.23	7.68	6.50	6.04	6.66	7.23	6.58	7.97	7.12
Non Energy Commodities												
Agriculture												
Beverages												
Cocoa	b/ c/kg	153.8	159.2	181.3	155.5	158.4	162.3	160.6	181.3	169.9	181.5	192.4
Coffee, Arabica	b/ c/kg	253.2	252.2	267.2	262.3	241.0	240.0	265.5	267.2	274.5	269.0	258.1
Coffee, robusta	b/ c/kg	111.5	148.9	172.8	136.7	132.9	158.1	168.0	172.8	174.5	174.3	169.8
Tea, auctions (3), average	c/kg	164.7	187.2	178.7	178.7	192.3	195.6	182.2	178.7	178.8	177.9	179.5
Tea, Colombo auctions	b/ c/kg	184.3	191.0	226.4	192.7	179.2	190.9	201.1	226.4	209.3	227.8	242.1
Tea, Kolkata auctions	b/ c/kg	162.1	175.4	143.7	143.7	192.5	192.3	173.2	143.7	157.0	140.8	133.3
Tea, Mombasa auctions	b/ c/kg	147.8	195.2	166.0	199.8	205.3	203.5	172.4	166.0	170.0	165.0	163.0
Food												
Fats and Oils												
Coconut oil	b/ \$/mt	617.0	606.9	754.3	578.3	578.7	599.4	671.2	754.3	731.0	763.0	769.0
Copra	\$/mt	413.7	402.5	498.6	383.3	383.0	400.3	443.5	498.6	483.8	503.0	509.0
Groundnut oil	b/ \$/mt	1,060	970	1,171	918	896	946	1,121	1,171	1,180	1,173	1,160
Palm oil	b/ \$/mt	422.1	478.4	608.7	436.4	438.7	492.7	545.7	608.7	599.0	605.0	622.0
Palmkernel oil	b/ \$/mt	627.0	581.1	677.3	606.7	557.1	559.0	601.7	677.3	653.0	678.0	701.0
Soybean meal	b/ \$/mt	214.4	209.2	255.7	200.8	197.3	208.3	230.3	255.7	247.0	262.0	258.0
Soybean oil	b/ \$/mt	544.9	598.6	709.7	535.3	576.3	620.3	662.2	709.7	697.0	714.0	718.0
Soybeans	b/ \$/mt	274.7	268.6	317.7	257.0	263.7	263.9	290.0	317.7	306.0	325.0	322.0
Grains												
Maize	b/ \$/mt	98.7	121.9	170.3	105.0	109.3	117.4	155.7	170.3	164.8	177.3	168.8
Rice, Thailand, 5%	b/ \$/mt	286.3	304.9	316.8	298.8	307.6	312.4	300.8	316.8	313.0	315.0	322.5
Rice, Thailand, 25%	\$/mt	265.4	277.1	293.6	271.8	276.0	284.6	276.1	293.6	286.6	291.8	302.5
Rice, Thailand, 35%	\$/mt	261.8	272.0	286.7	268.8	272.9	277.6	268.6	286.7	279.4	285.3	295.5
Rice, Thai, A1.Special	\$/mt	217.8	218.0	252.9	213.8	216.6	219.2	222.5	252.9	241.6	254.5	262.5
Sorghum	b/ \$/mt	96.2	122.9	174.9	103.5	111.7	118.0	158.6	174.9	175.1	180.6	168.9
Wheat, Canada	\$/mt	197.6	216.8	232.4	208.9	212.1	215.4	230.8	232.4	229.4	233.4	234.4
Wheat, US, HRW	b/ \$/mt	152.4	192.0	198.4	173.8	189.6	196.1	208.7	198.4	196.1	200.0	199.1
Wheat US SRW	\$/mt	135.7	159.0	173.4	145.4	144.0	153.0	193.5	173.4	176.0	176.5	167.9
Other Food												
Bananas EU	\$/mt	1,176	897	1,036	984	991	768	845	1,036	985	1,069	1,055
Bananas US	b/ \$/mt	602.8	677.2	647.2	788.4	770.3	548.5	601.8	647.2	639.4	654.5	647.6
Beef	b/ c/kg	261.7	254.7	261.2	249.2	247.3	257.4	265.0	261.2	261.2	261.8	260.7
Fishmeal	\$/mt	731	1,166	1,252	909	1,178	1,334	1,244	1,252	1,234	1,252	1,269
Lamb	c/kg	443.8	403.6	402.1	395.8	410.7	408.5	399.3	402.1	404.6	400.7	401.1
Oranges	b/ \$/mt	874.7	829.2	825.7	826.7	755.5	814.6	920.0	825.7	797.1	841.8	838.1
Shrimp, Mexico	b/ c/kg	1,034	1,024	988	1,047	1,047	1,047	953	988	981	992	990
Sugar EU domestic	b/ c/kg	66.54	64.56	65.10	64.08	66.78	63.30	64.10	65.10	64.57	64.95	65.79
Sugar US domestic	b/ c/kg	46.93	48.76	45.17	51.86	51.69	47.66	43.85	45.17	43.90	45.69	45.92
Sugar, world	b/ c/kg	21.79	32.59	23.49	37.50	36.53	30.60	25.71	23.49	24.14	23.30	23.02
Raw Materials												
Timber												
Logs, Cameroon	\$/cum	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Logs, Malaysia	\$/cum	203.1	239.4	264.8	222.9	237.3	240.9	256.6	264.8	262.3	262.6	269.7
Plywood	c/sheets	508.6	595.6	629.5	529.0	577.8	638.3	637.2	629.5	622.0	622.7	643.8
Sawnwood, Cameroon	\$/cum	559.1	622.9	720.1	583.0	617.8	632.9	657.8	720.1	721.8	720.9	717.4
Sawnwood, Malaysia	\$/cum	659.4	749.3	794.4	713.3	743.1	761.9	779.1	794.4	796.4	795.4	791.5
Woodpulp	\$/mt	635.5	698.6	725.8	627.8	682.3	737.1	747.2	725.8	717.4	730.0	730.0
Other Raw Materials												
Cotton A Index	b/ c/kg	121.7	126.7	128.9	129.0	121.8	128.0	127.8	128.9	130.2	127.6	128.9
Cotton Memphis	c/kg	129.8	133.5	130.45	134.1	130.1	137.3	132.7	135.9	138.4	133.4	136.0
Jute	\$/mt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Rubber, Malaysia	c/kg	n.q.	n.q.	n.q.	n.q.	n.q.	n.q.	n.q.	n.q.	n.q.	n.q.	n.q.
Rubber, US	c/kg	166.1	231.3	243.2	221.6	258.7	245.5	199.4	243.2	231.3	251.1	247.3
Rubber, Singapore	b/ c/kg	150.2	210.8	223.3	202.3	245.7	219.2	176.0	223.3	210.9	231.4	227.6
Sisal	\$/mt	885.0	885.0	590.0	885.0	885.0	885.0	885.0	590.0	885.0	885.0	885.0
Wool	c/kg	580.0	557.6	565.0	555.0	555.0	555.3	565.0	565.0	565.0	565.0	565.0

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a/ Included in the petroleum index b/ Included in the non-energy index c/ Steel not included in the non-energy index
 \$ = U.S. dollar ¢ = U.S. cent bbl = barrel cum = cubic meter dmtu = Dry Metric Ton Unit kg = kilogram mmbtu = million British thermal units
 mt = metric ton toz = troy oz n.a. = not available n.q. = not quotation

COMMODITY PRICE DATA

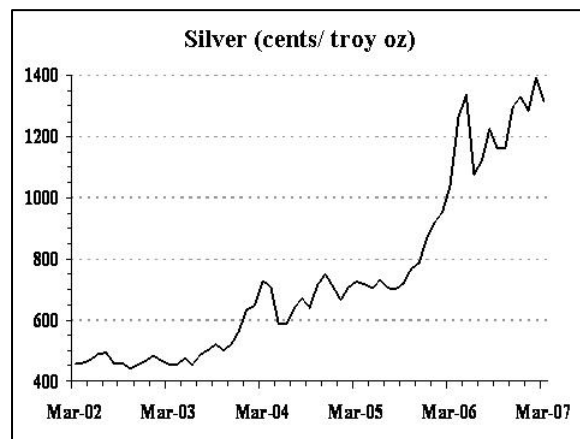
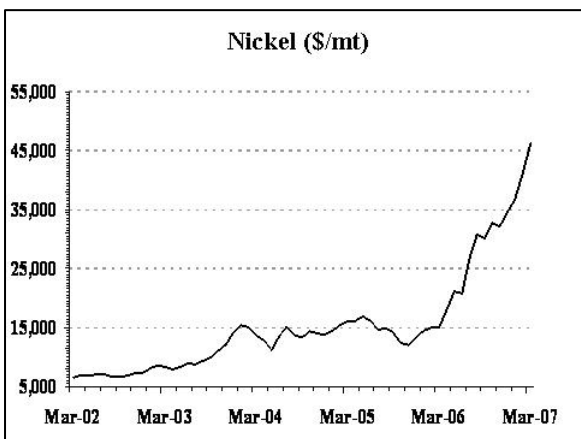
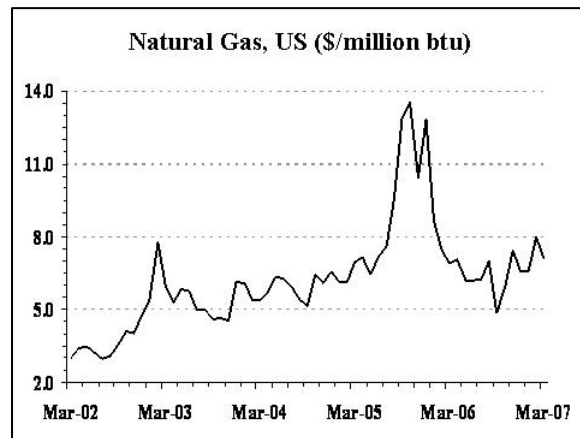
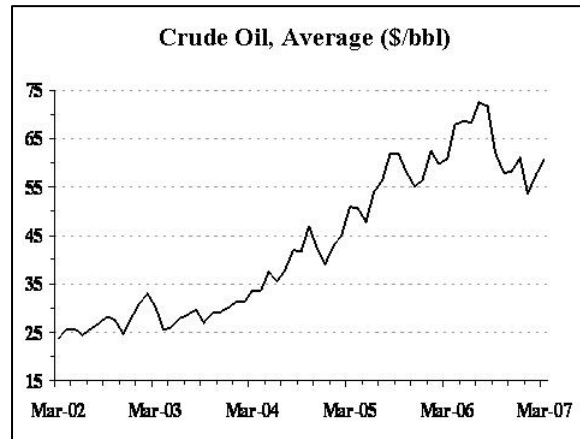
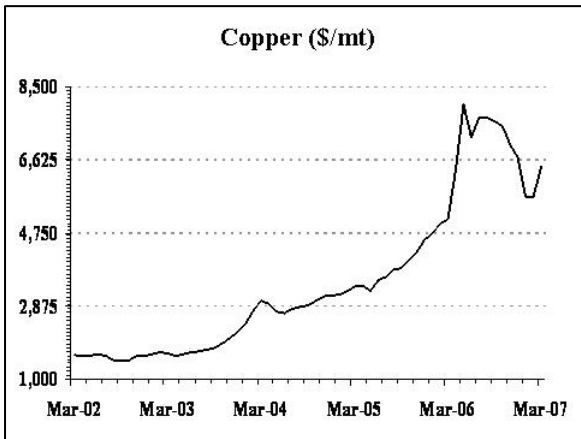
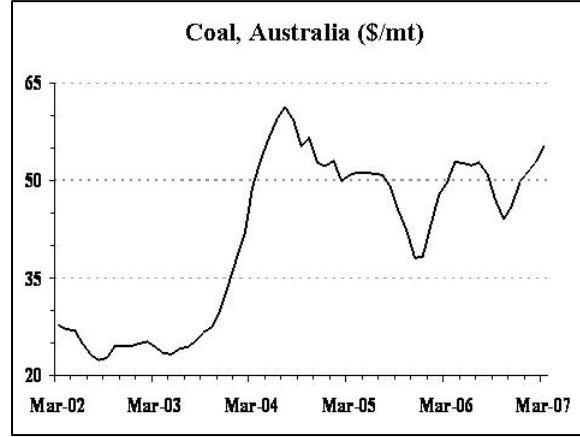
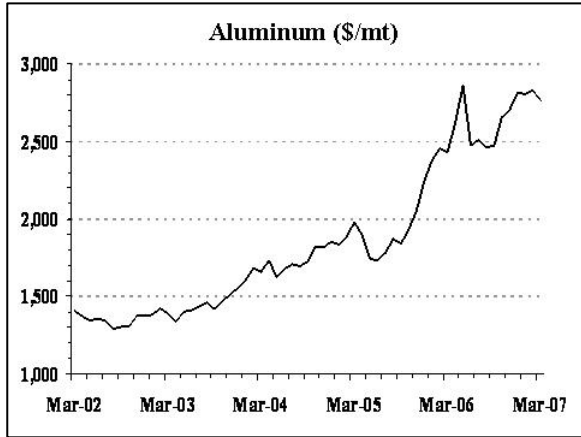
		Annual averages			Quarterly averages				Monthly averages			
		Jan-Dec 2005	Jan-Dec 2006	Jan-Mar 2007	Jan-Mar 2006	Apr-Jun 2006	Jul-Sep 2006	Oct-Dec 2006	Jan-Mar 2007	Jan 2006	Feb 2007	Mar 2007
Fertilizers												
DAP	\$/mt	247.0	260.3	344.5	259.6	266.9	260.3	254.2	344.5	267.6	345.4	420.5
Phosphate rock	b/ \$/mt	42.0	44.2	45.5	42.3	43.5	45.5	45.5	45.5	45.5	45.5	45.5
Pottasium chloride	\$/mt	158.2	174.5	175.6	171.1	177.3	174.6	175.0	175.6	175.0	175.0	176.9
TSP	\$/mt	201.5	204.9	n.a.	200.9	200.5	230.1	n.a.	n.a.	n.a.	n.a.	n.a.
Urea, E. Europe, bagged	\$/mt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Urea, E. Europe, bulk	\$/mt	219.0	222.9	297.4	219.2	228.1	210.4	234.0	297.4	269.8	304.3	318.0
Metals and Minerals												
Aluminum	b/ \$/mt	1,898	2,570	2,801	2,421	2,653	2,482	2,724	2,801	2,809	2,832	2,762
Copper	b/ \$/mt	3,679	6,722	5,933	4,940	7,210	7,670	7,068	5,933	5,670	5,676	6,452
Gold	\$/toz	444.8	604.3	650.3	554.0	627.4	621.5	614.5	650.3	631.2	664.7	654.9
Iron ore CVRD So & No	b/ c/dmtu	65.00	77.35	77.35	77.35	77.35	77.35	77.35	77.35	77.35	77.35	77.35
Lead	b/ c/kg	97.6	129.0	178.7	124.2	110.0	119.0	162.7	178.7	166.6	178.0	191.4
Nickel	b/ \$/mt	14,744	24,254	41,440	14,810	19,925	29,154	33,129	41,440	36,811	41,184	46,325
Silver	c/toz	734	1,157	1,332	969	1,226	1,169	1,263	1,332	1,287	1,395	1,316
Steel products (8) index	a/ 1990=100	137.9	134.5	132.0	138.6	131.6	135.8	132.1	132.0	131.4	132.0	132.5
Steel cr coilsheet	\$/mt	733.3	693.8	650.0	750.0	666.7	700.0	658.3	650.0	650.0	650.0	650.0
Steel hr coilsheet	\$/mt	633.3	600.0	550.0	650.0	591.7	600.0	558.3	550.0	550.0	550.0	550.0
Steel, rebar	\$/mt	423.1	443.8	484.2	430.0	445.0	450.0	484.2	484.2	450.0	487.5	515.0
Steel wire rod	\$/mt	579.2	581.3	500.0	600.0	575.0	600.0	550.0	500.0	500.0	500.0	500.0
Tin	c/kg	738.0	878.1	1272.9	760.6	852.9	865.3	1033.5	1272.9	1136.2	1293.3	1389.3
Zinc	b/ c/kg	138.1	327.5	345.6	224.2	329.2	336.3	420.4	345.6	378.7	331.0	327.1
World Bank commodity price indices for low and middle income countries(1990 =100)												
Energy		233.4	281.0	250.1	266.8	298.6	300.7	257.9	250.1	233.9	251.6	264.9
Non Energy Commodities		121.9	151.9	162.4	139.8	153.4	156.0	158.5	162.4	159.0	162.4	165.9
Agriculture		113.0	126.6	135.5	124.6	127.8	126.3	127.8	135.5	133.7	136.7	136.0
Beverages		116.9	122.5	132.3	122.9	118.1	121.1	127.8	132.3	132.3	132.9	131.6
Food		109.9	120.6	130.0	119.5	120.5	118.0	124.5	130.0	127.9	131.2	130.8
Fats and Oils		122.9	126.4	155.3	118.6	119.4	127.1	140.4	155.3	151.1	157.1	157.5
Grains		103.2	120.9	137.5	111.4	117.4	121.7	133.1	137.5	135.2	139.5	137.9
Other Food		103.1	115.7	105.0	124.7	123.1	108.5	106.6	105.0	104.6	105.3	105.0
Raw Materials		114.1	137.4	145.0	132.4	144.3	140.8	132.0	145.0	142.2	146.8	146.0
Timber		122.5	139.9	149.1	132.8	138.7	142.0	146.0	149.1	149.2	149.1	149.0
Other Raw Materials		108.3	135.7	142.2	132.2	148.1	139.9	122.5	142.2	137.3	145.2	143.9
Fertilizers		134.9	143.5	151.8	134.9	135.7	151.8	151.8	151.8	151.8	151.8	151.8
Metals and Minerals		142.5	215.0	229.6	177.7	218.1	229.5	234.7	229.6	221.8	226.4	240.4

a. Included in the petroleum index, but not in the non-fuel index/

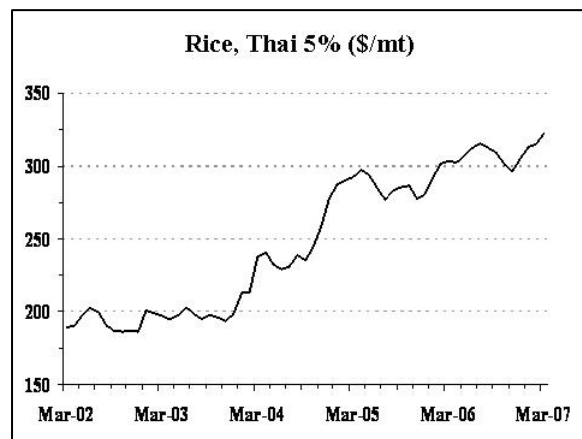
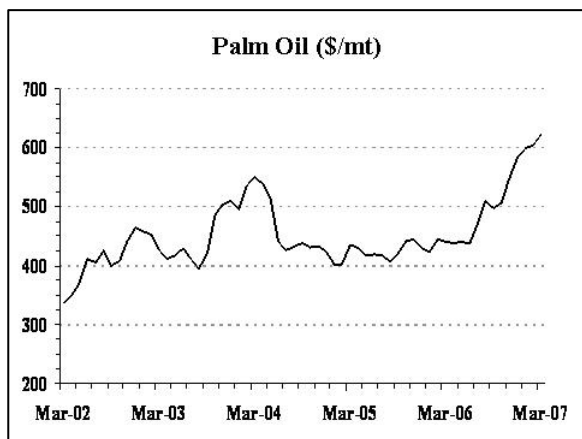
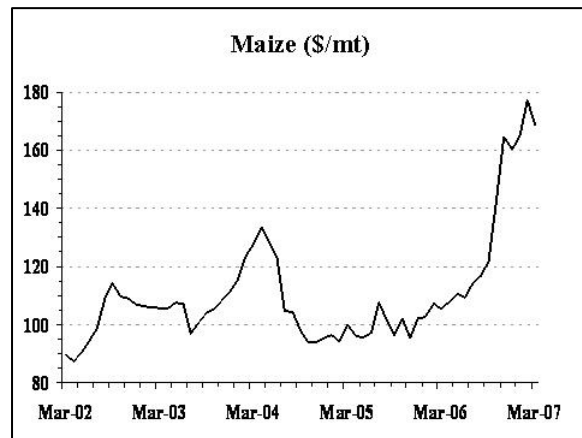
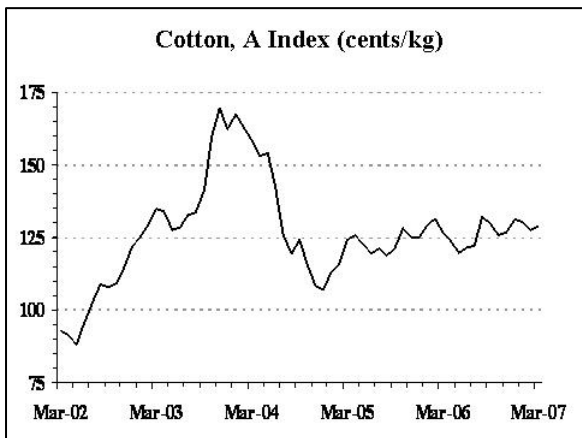
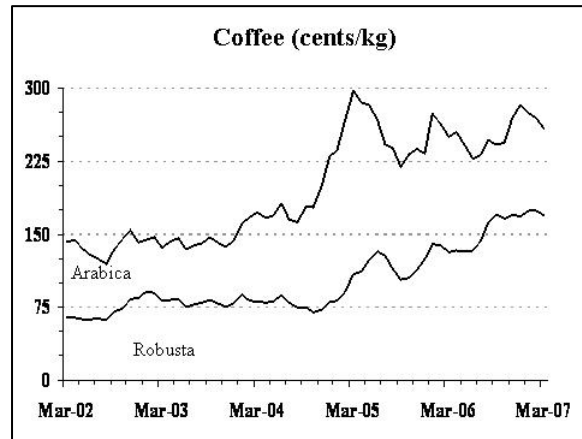
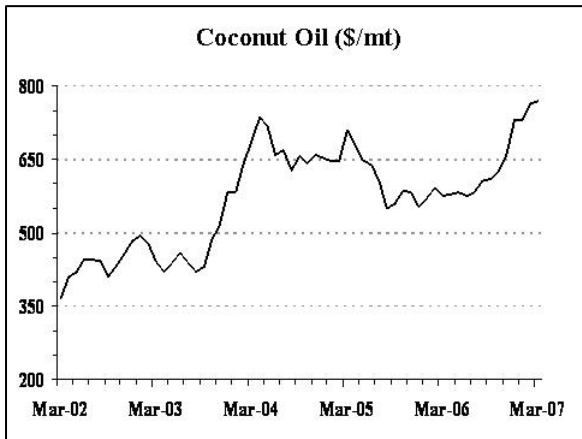
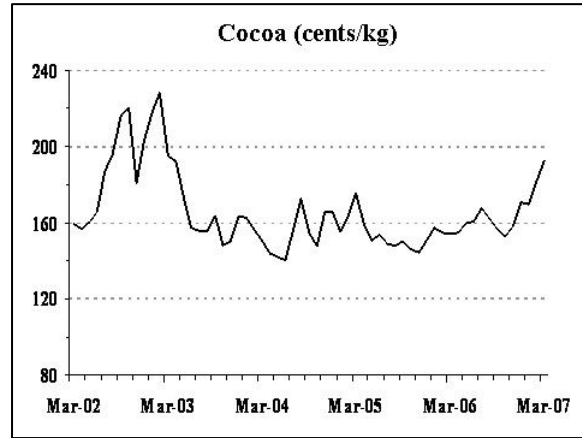
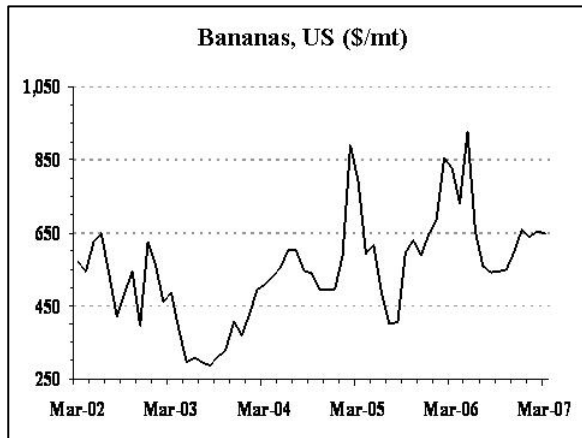
b. Not included in index/

mt = metric ton toz = troy oz n.a. = not available n.q. = no quotation

Selected Commodity Prices, Nominal US dollars, 2001-2006



Selected Commodity Prices, Nominal US dollars, 2001-2006 cont'd



Selected Commodity Prices, Nominal US dollars, 2001-2006 cont'd

