

Commodity Markets Review

January 13, 2010

DECPG, The World Bank

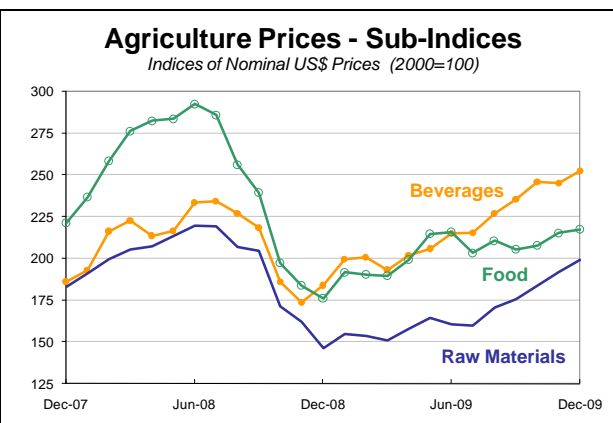
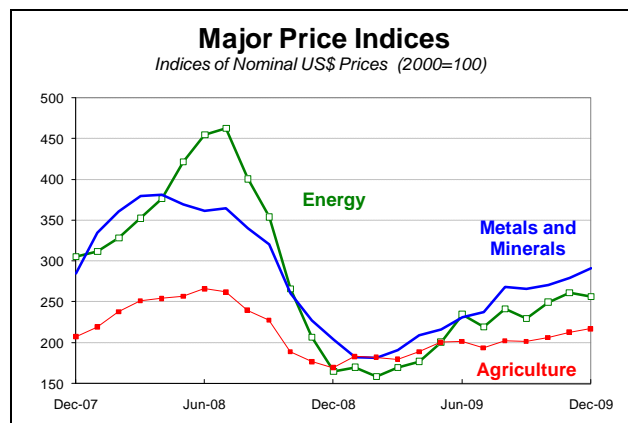
Non-energy commodity prices rose by 2.7 percent in December, led by relatively strong gains in most metals. **For the year 2009**, non-energy commodities jumped 28 percent, in part due to an 8 percent decline in the dollar versus the euro. Prices of a number of commodities more than doubled including lead, copper, zinc, rubber and sugar. Fertilizer and natural gas prices recorded declines over the period.

Crude oil prices fell 3.4 percent in December to average \$74.9/bbl, but surged above \$80/bbl in early January on the back of cold weather across the northern hemisphere. U.S. crude oil inventories remain high but have fallen in the second half of 2009 on sharply lower imports. The huge distillate (heating oil and diesel) overhang is being slowly burned off with the frigid temperatures, but transport demand remains very weak, prolonging conditions of excess supply. Globally, some 145 million barrels of oil are stored at sea, including 45 million barrels of crude and the rest products.

U.S. natural gas prices surged 44.6 percent in December because of colder than normal weather. This resulted in large inventory withdrawals but stocks remain well above their five-year average. **Coal prices rose 4.1 percent** in December and soared into early January due to cold weather and heavy snow in China that has both driven up demand and disrupted coal transportation to power plants.

Agriculture prices rose 1.9 percent in December, up for the third straight month, on various supply constraints and strong import demand. Rubber prices rose 10 percent due to adverse weather conditions in Malaysia and southern Thailand. Palm oil prices increased 9 percent on strong import demand and lower production in Malaysia. Rice prices climbed 9 percent following reports that the Philippines plans to buy almost 2 million tons because of severe crop damage from a typhoon in late November. Cotton prices increased 7 percent on strong demand by textile manufacturers in East Asia. Sugar prices rose 6 percent on reports of India's second annual crop shortfall.

Metals and minerals prices rose 4.1 percent in December, capping a strong year of recovery where prices rose in 9 out of 10 months since the trough in February. The annual gains were due to strong import demand and restocking in China and significant producer cuts. Global inventories remain high but restocking is expected to extend to other industrial regions this year. The largest increase in December was for aluminum, up 12 percent, due to strong demand in China and tight spot markets. A large quantity of aluminum is being stockpiled in anticipation of higher prices. Zinc prices rose 9 percent on relatively strong demand and some supply tightness in China, while copper increased 5 percent on rebounding Chinese imports in November and December.



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

Major Movers December¹

Natural gas (U.S.) prices soared 44.6 percent due to cold-weather-related demand increases and large inventory withdrawals.

DAP and urea fertilizer prices jumped 24.2 and 6.7 percent, respectively, on rising demand, especially for DAP that also coincided with an unexpected production outage in Morocco.

Aluminum prices surged 11.8 percent due to continuing imports into China and the fact that a large portion of LME stocks are tied up to meet forward contract agreements.

Rubber prices increased 10.2 percent due to rising tire demand and adverse weather in Malaysia and southern Thailand.

Palm oil prices rose 9.1 percent on strong import demand and lower-than-expected production in Malaysia.

Rice prices climbed 8.9 percent after the Philippines announcement to buy almost 2 million tons of rice because of typhoon damage to its rice crop in late November.

Zinc prices rose 8.3 percent due to relatively strong apparent demand in China and some supply tightness in the region from heavy snow.

Cotton prices increased 7.2 percent due to strong demand by East Asian textile manufacturers.

Groundnut oil prices rose 6.4 percent due to unusually low crops in India and reduced exports from Argentina.

Sugar prices gained 5.7 percent on lower production in Brazil and reports that India's sugar cane crop will incur a shortfall for the second year in a row.

Coconut oil and palmkernel oil prices rose 5.2 percent and 4.3 percent, respectively, due to strong import demand and weak exports from the Philippines and Indonesia.

Copper prices increased 4.6 percent on strengthening Chinese imports in November and December.

Coal prices rose 4.1 percent because of strong weather-related demand in China, supply bottlenecks, and very low stocks.

Tin prices rose 4.0 percent due to a rebound of imports into China, reflecting strong demand in the electrical and electronic goods sectors.

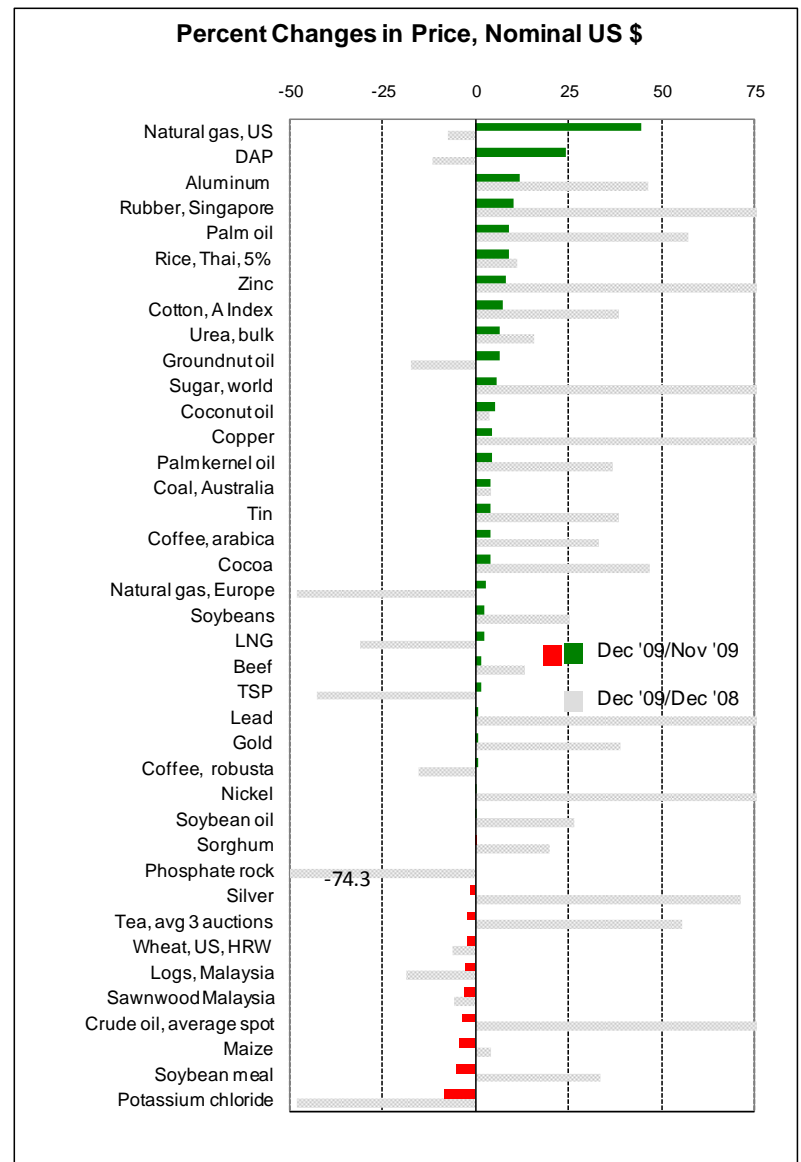
Coffee arabica prices increased 3.9 percent, as large rainfall in Brazil is believed to have caused some damage to next season's crop.

Cocoa prices were 3.8 percent higher on fears that instability in Côte d'Ivoire will affect longer-term supplies.

Maize prices fell 4.1 percent after the USDA estimated that global maize production will reach a record high 796 million tons.

Soybean meal prices fell 5.0 percent due to continuing weak feed demand.

Potassium Chloride prices dropped 8.3 percent due to continued weak demand and oversupply.



¹ Percent change of average December 2009 prices compared to average November 2009 prices in nominal U.S. dollars (graph includes 12-month changes in grey).

COMMODITY PRICE DATA

Commodity	Unit	Annual averages			Quarterly averages					Monthly averages		
		Jan-Dec	Jan-Dec	Jan-Dec	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Oct	Nov	Dec
		2007	2008	2009	2008	2009	2009	2009	2009	2009	2009	2009
Energy												
Coal, Australia	a/ \$/mt	65.73	127.10	7175	92.97	7193	66.48	7131	77.29	7107	78.80	82.00
Crude oil, avg, spot	a/ \$/bbl	71.12	96.99	6176	56.00	44.11	59.19	68.21	75.50	74.08	77.55	74.88
Crude oil, Brent	a/ \$/bbl	72.70	97.64	6186	55.89	44.98	59.13	68.37	74.97	73.19	77.04	74.67
Crude oil, Dubai	a/ \$/bbl	68.37	93.78	6175	53.67	44.56	58.93	68.07	75.46	73.28	77.63	75.49
Crude oil, West Texas Int.	a/ \$/bbl	72.28	99.56	6165	58.45	42.80	59.52	68.21	76.08	75.77	78.00	74.49
Natural gas Index	a/ 2000=100	186.5	267.9	153.4	266.2	198.2	142.9	123.3	149.3	142.8	141.4	163.8
Natural gas, Europe	a/ \$/mmbtu	8.56	13.41	8.71	15.75	11.94	8.18	6.91	7.81	7.60	7.81	8.01
Natural gas, US	a/ \$/mmbtu	6.98	8.86	3.95	6.40	4.57	3.70	3.17	4.36	4.02	3.70	5.35
Natural gas LNG, Japan	a/ \$/mmbtu	7.68	12.53	8.93	14.62	10.90	7.60	7.91	9.30	9.10	9.30	9.50
Non Energy Commodities												
Agriculture												
Beverages												
Cocoa	b/ c/kg	195.2	257.7	288.9	224.1	259.4	257.9	296.4	342.0	336.0	338.5	351.4
Coffee, Arabica	b/ c/kg	272.4	308.2	317.1	267.8	283.9	320.2	322.7	341.7	340.8	335.6	348.7
Coffee, robusta	b/ c/kg	190.9	232.1	164.4	192.6	175.8	165.3	160.1	166.4	162.1	163.2	164.1
Tea, auctions (3), average	b/ c/kg	203.6	242.0	272.5	206.6	218.0	266.1	303.6	302.5	302.7	305.6	299.1
Tea, Colombo auctions	b/ c/kg	252.2	278.9	313.7	208.8	261.7	299.1	356.1	338.0	352.4	335.0	326.7
Tea, Kolkata auctions	b/ c/kg	192.1	225.5	252.0	220.2	177.4	271.3	273.0	286.2	294.4	291.2	273.0
Tea, Mombasa auctions	b/ c/kg	166.5	221.8	252.0	190.8	214.9	228.0	281.7	283.2	261.3	290.6	297.7
Food												
Fats and Oils												
Coconut oil	b/ \$/mt	919	1224	725	772	677	779	711	734	706	729	767
Copra	\$/mt	607	816	480	520	447	513	469	491	470	493	509
Groundnut oil	b/ \$/mt	1,352	2,131	1,183	1,773	1,283	1,166	1,133	1,150	1,148	1,116	1,187
Palm oil	b/ \$/mt	780	949	683	512	577	743	679	732	680	725	791
Palmkernel oil	\$/mt	888	1,130	694	609	577	763	700	737	728	726	758
Soybean meal	b/ \$/mt	308	424	408	320	365	424	431	412	413	422	401
Soybean oil	b/ \$/mt	881	1,258	849	830	755	863	856	920	897	931	933
Soybeans	b/ \$/mt	384	523	437	377	394	461	454	439	427	440	451
Grains												
Barley	b/ \$/mt	172.4	200.5	128.3	129.5	116.3	129.5	122.0	145.5	130.7	155.3	150.6
Maize	b/ \$/mt	163.7	223.1	165.5	168.4	166.9	176.0	151.3	167.8	167.3	171.6	164.6
Rice, Thailand, 5%	b/ \$/mt	326.4	650.2	555.0	564.4	586.3	552.4	539.0	542.3	493.0	542.8	591.0
Rice, Thailand, 25%	\$/mt	306.5	n.a.	458.1	449.9	469.4	458.7	441.4	462.8	412.8	460.3	515.3
Rice, Thailand, 35%	\$/mt	300.1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
* Rice, Thai, A1 Special / Super	\$/mt	272.3	482.3	326.4	314.1	323.4	326.3	309.7	346.1	298.4	337.0	403.0
Sorghum	\$/mt	162.7	207.8	151.1	151.0	145.3	155.8	139.3	163.8	159.0	166.0	166.3
Wheat, Canada	\$/mt	300.4	454.6	300.5	322.1	321.9	325.6	271.2	283.2	274.1	288.4	287.2
Wheat, US, HRW	b/ \$/mt	255.2	326.0	224.1	228.1	231.6	250.5	208.8	205.4	198.8	211.0	206.3
Wheat US SRW	\$/mt	238.6	271.5	186.0	182.7	187.4	195.6	165.2	195.6	175.6	204.7	206.5
Other Food												
Bananas EU	\$/mt	1,037	1,188	1,145	944	1,142	1,288	1,118	1,031	1,080	1,027	986
Bananas US	b/ \$/mt	676	844	847	847	891	858	826	812	810	834	794
Fishmeal	\$/mt	1,177	1,133	1,230	1,023	1,013	1,097	1,276	1,535	1,427	1,526	1,651
Meat, beef	b/ c/kg	260.3	313.8	263.6	268.0	245.2	262.8	273.2	273.5	264.8	275.6	280.0
Meat, chicken	b/ c/kg	156.7	169.6	171.7	174.7	173.5	174.1	173.9	165.1	166.1	164.6	164.7
Meat, sheep	c/kg	412.0	458.5	427.6	410.0	378.5	428.7	453.3	450.1	445.8	457.0	447.5
Oranges	b/ \$/mt	957	1,107	909	842	799	870	861	1,107	1,153	1,154	1,014
Shrimp, Mexico	b/ c/kg	1,010	1,069	945	1,014	976	970	970	864	937	863	794
Sugar EU domestic	b/ c/kg	68.09	69.69	52.44	51.97	51.44	53.76	55.43	49.11	48.78	49.63	48.92
Sugar US domestic	b/ c/kg	45.77	46.86	54.88	44.72	43.82	47.89	57.31	70.48	67.78	70.25	73.42
Sugar, world	b/ c/kg	22.22	28.21	39.91	26.28	28.85	33.89	46.98	49.93	49.91	49.07	50.81
Raw Materials												
Timber												
Logs, Cameroon	\$/cum	381.3	526.9	421.5	473.8	426.8	394.8	444.9	449.5	444.5	451.1	452.7
Logs, Malaysia	b/ \$/cum	268.0	292.3	287.2	315.7	313.6	284.5	279.6	271.1	276.6	272.0	264.8
Plywood	c/sheets	640.7	645.5	564.6	645.5	572.8	565.8	561.5	558.4	559.3	558.6	557.2
Sawnwood, Cameroon	\$/cum	759.8	958.3	748.9	770.8	689.2	721.2	779.0	806.3	790.0	821.0	807.7
Sawnwood, Malaysia	b/ \$/cum	806.3	889.1	805.5	859.9	813.7	829.7	771.4	807.4	805.1	821.1	796.0
Woodpulp	\$/mt	767.0	820.2	616.2	711.0	565.1	550.0	627.7	721.8	693.5	722.0	750.0
Other Raw Materials												
Cotton A Index	b/ c/kg	139.5	157.4	138.3	126.9	120.8	132.4	141.9	158.0	147.3	157.7	169.1
Cotton Memphis	c/kg	142.9	161.3	144.2	129.4	122.4	137.5	148.8	168.1	163.7	171.5	169.2
Rubber, US	c/kg	248.0	284.1	214.6	202.8	165.8	187.0	221.0	284.7	264.8	279.3	310.0
Rubber, Singapore	b/ c/kg	226.3	258.6	192.1	159.0	146.0	166.4	199.3	256.5	235.2	254.2	280.1

continued on next page

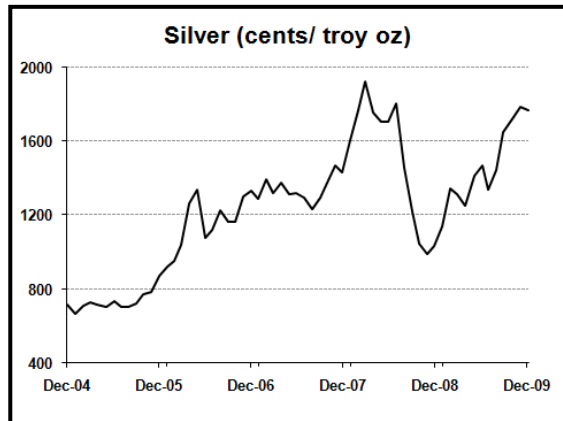
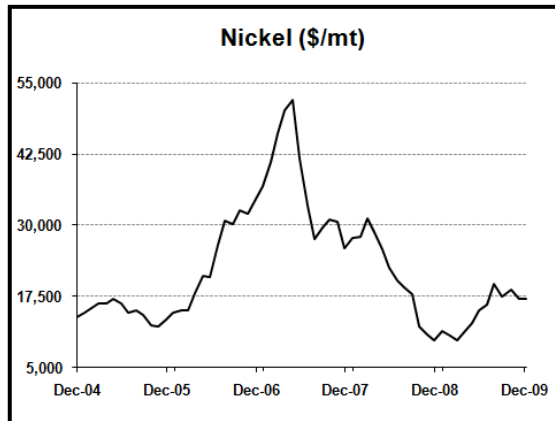
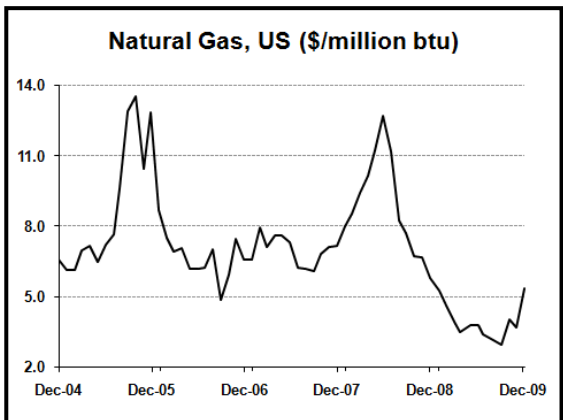
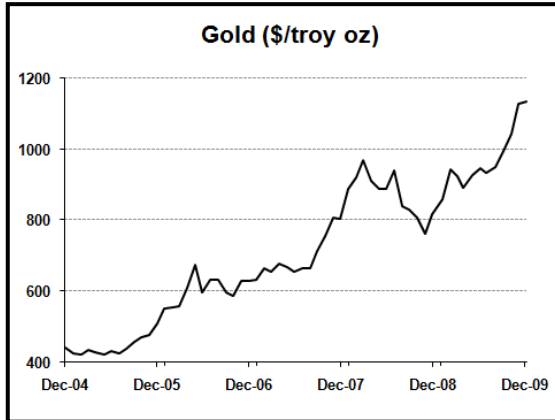
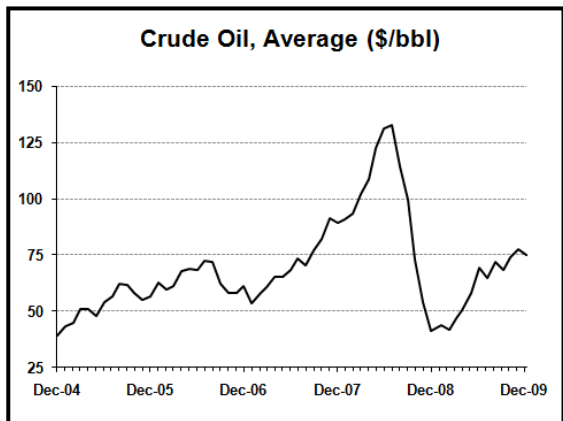
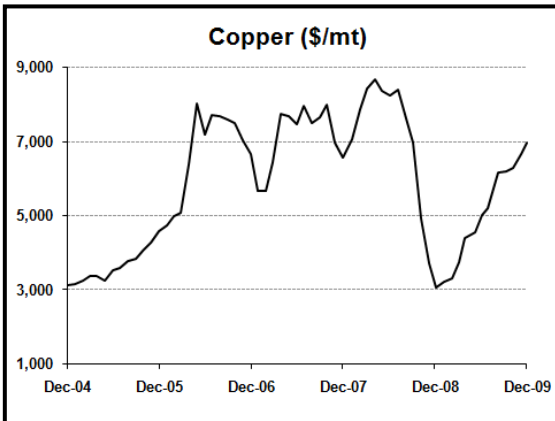
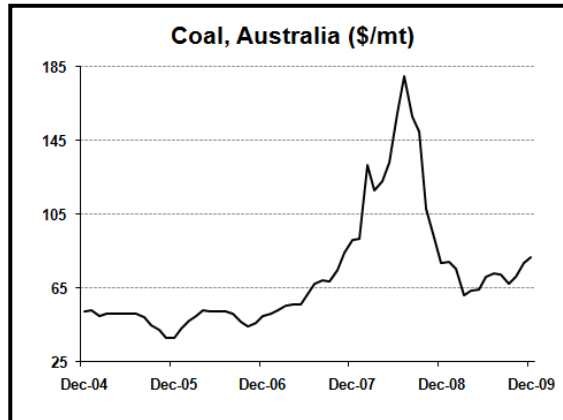
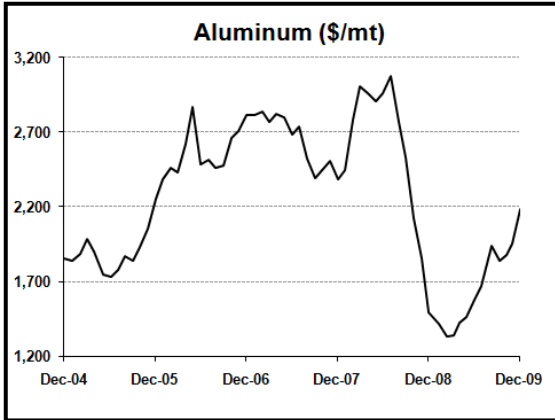
a/ Included in the energy index (2000=100) b/ Included in the non-energy index (2000=100) c/ Steel not included in the non-energy index
 \$ = US dollar ¢ = US cent bbl = barrel cum = cubic meter dmtu = Dry Metric Ton Unit kg = kilogram mmbtu = million British thermal units
 mt = metric ton toz = troy oz n.a. = not available n.q. = no quotation

COMMODITY PRICE DATA

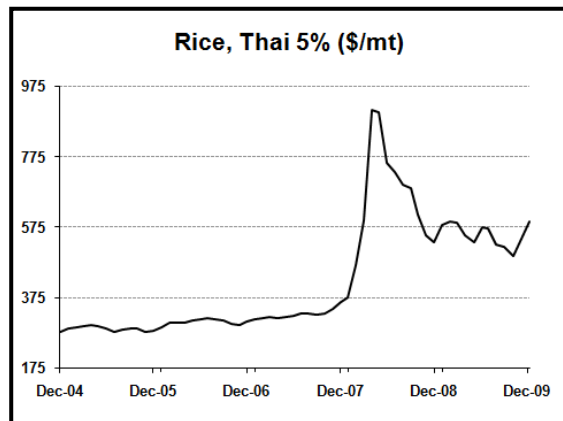
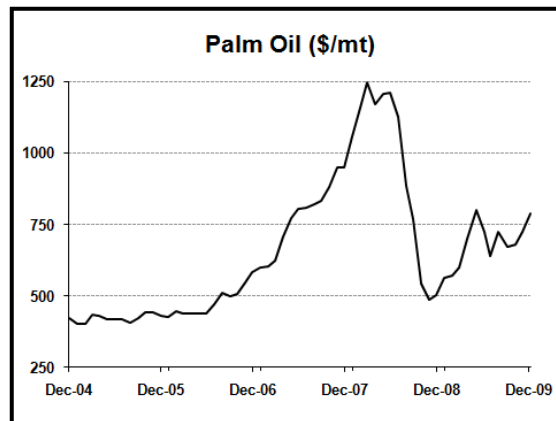
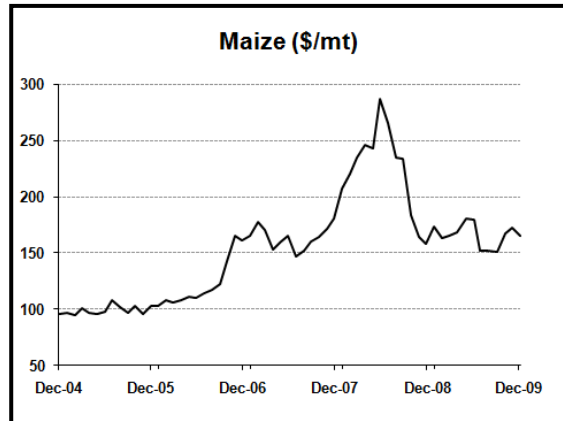
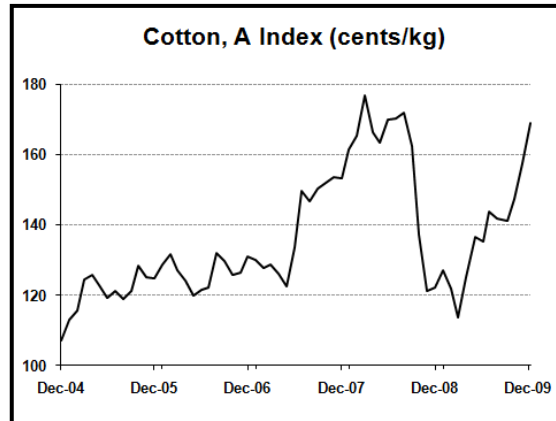
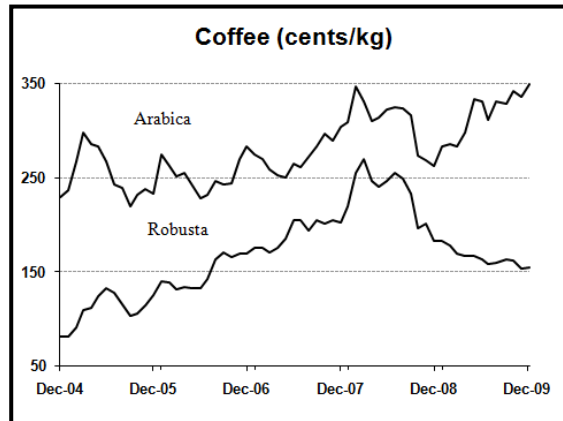
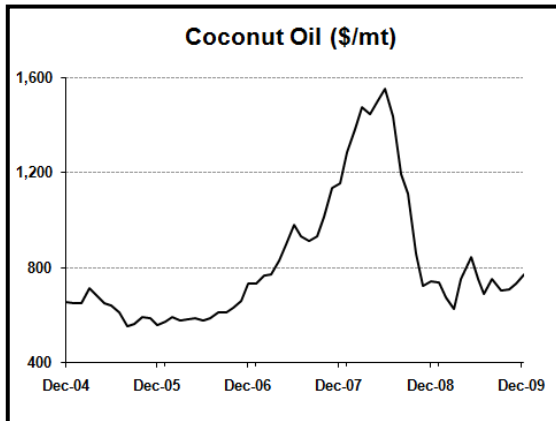
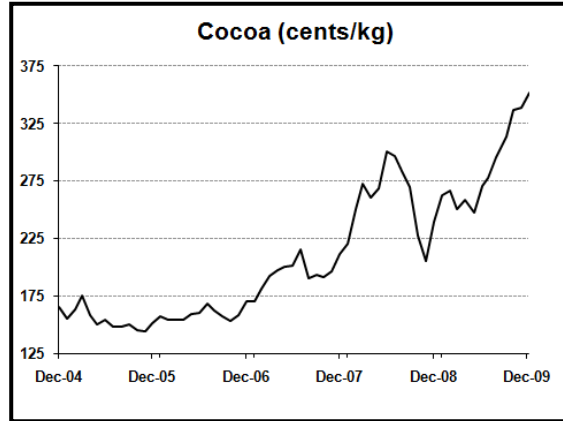
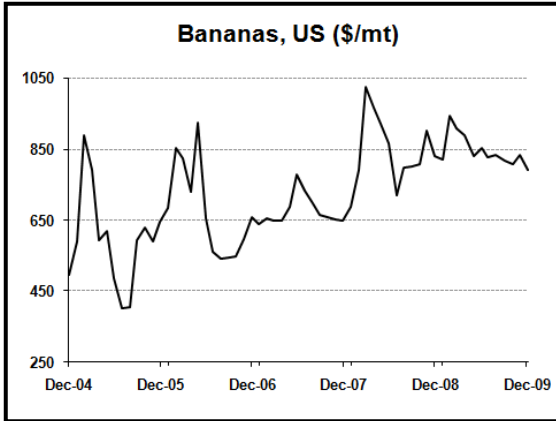
		Annual averages			Quarterly averages				Monthly averages			
		Jan-Dec	Jan-Dec	Jan-Dec	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Oct	Nov	Dec
		2007	2008	2009	2008	2009	2009	2009	2009	2009	2009	2009
Fertilizers												
DAP	b/ \$/mt	432.5	967.2	323.1	663.3	362.2	303.6	309.6	316.9	300.1	290.3	360.4
Phosphate rock	b/ \$/mt	70.9	345.6	121.7	371.3	193.3	113.3	90.0	90.0	90.0	90.0	90.0
Potassium chloride	b/ \$/mt	200.2	570.1	630.4	766.7	865.2	726.7	506.8	423.0	435.0	435.0	399.0
TSP	b/ \$/mt	339.1	879.4	257.4	658.7	321.7	247.7	224.7	235.7	246.5	228.5	232.0
Urea, E. Europe, bulk	b/ \$/mt	309.4	492.7	249.6	292.2	267.3	241.1	241.6	248.3	239.0	244.8	261.1
Metals and Minerals												
Aluminum	b/ \$/mt	2,638	2,573	1,665	1,821	1,360	1,485	1,812	2,003	1,879	1,949	2,180
Copper	b/ \$/mt	7,118	6,956	5,150	3,905	3,428	4,663	5,859	6,648	6,288	6,676	6,982
Gold	\$/toz	697	872	973	795	909	922	960	1,102	1,043	1,127	1,135
Iron ore	b/ c/dmtu	84.7	140.6	101.0	140.6	101.0	101.0	101.0	101.0	101.0	101.0	101.0
Lead	b/ c/kg	258.0	209.1	171.9	124.5	115.7	149.9	192.8	229.3	224.1	230.9	232.9
Nickel	b/ \$/mt	37,230	21,111	14,655	10,843	10,471	12,920	17,700	17,528	18,525	16,991	17,066
Silver	c/toz	1,341	1,500	1,469	1,020	1,265	1,376	1,477	1,760	1,726	1,788	1,764
** Steel products index, Japan F	2000=100	182	289	227	310	275	215	211	207	210	207	205
Steel cr coilsheet, Japan, Reins	\$/mt	650	966	783	1,100	1,033	700	700	700	700	700	700
Steel hr coilsheet, Japan, Reins	\$/mt	550	883	683	1,000	933	600	600	600	600	600	600
Steel, rebar, Japan, Reinstated	\$/mt	522	760	486	630	473	450	500	522	580	495	490
Steel wire rod, Japan, Reinstated	\$/mt	533	1,010	970	1,200	1,200	1,007	857	816	850	825	773
Tin	b/ c/kg	1,454	1,851	1,357	1,310	1,103	1,351	1,459	1,517	1,501	1,494	1,555
Zinc	b/ c/kg	324.2	187.5	165.5	185.5	117.2	147.3	176.1	221.4	207.2	219.3	237.6
NEW World Bank commodity price indices for low and middle income countries (2000 =100)												
Energy		244.8	342.0	214.3	212.9	166.3	204.5	230.3	256.0	249.9	261.5	256.5
Non Energy Commodities		224.7	272.0	213.1	206.3	189.9	207.8	219.8	235.1	228.3	235.3	241.7
Agriculture		180.3	229.5	197.7	178.6	181.9	197.1	199.5	212.4	206.6	213.2	217.3
Beverages		169.9	210.0	219.9	181.2	197.9	207.3	226.4	248.0	246.0	245.4	252.6
Food		184.7	247.4	205.0	185.7	190.4	209.8	206.4	213.5	207.8	215.3	217.4
Fats and Oils		209.0	277.3	216.2	182.4	191.4	227.9	220.9	224.5	217.0	225.6	231.0
Grains		189.0	281.7	214.9	218.6	221.3	225.3	202.3	210.8	201.0	214.3	217.0
Other Food		149.0	177.1	181.5	160.2	161.3	172.1	191.2	201.4	201.8	202.7	199.8
Raw Materials		174.9	195.7	168.7	160.0	153.1	161.1	168.9	191.7	183.7	191.8	199.4
Timber		136.8	150.5	138.9	149.4	143.1	141.8	133.6	137.3	137.6	139.2	135.1
Other Raw Materials		216.6	245.3	201.2	171.6	164.0	182.2	207.5	251.1	234.2	249.4	269.7
Fertilizers		240.1	566.7	293.0	492.2	376.6	300.6	252.1	242.8	242.7	242.2	243.5
Metals and Minerals		314.0	325.7	235.6	230.6	185.0	219.0	257.6	280.8	271.2	279.8	291.4

a/ Included in the energy index (2000=100) b/ Included in the non-energy index (2000=100) c/ Steel not included in the non-energy index
 \$ = US dollar ¢ = US 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. = no quotation

Selected Commodity Prices, Nominal US dollars, 2004-2009



Selected Commodity Prices, Nominal US dollars, 2004-2009 cont'd



Selected Commodity Prices, Nominal US dollars, 2004-2009 cont'd

