

# Commodity Markets Review

October 12, 2010

DECPG, The World Bank

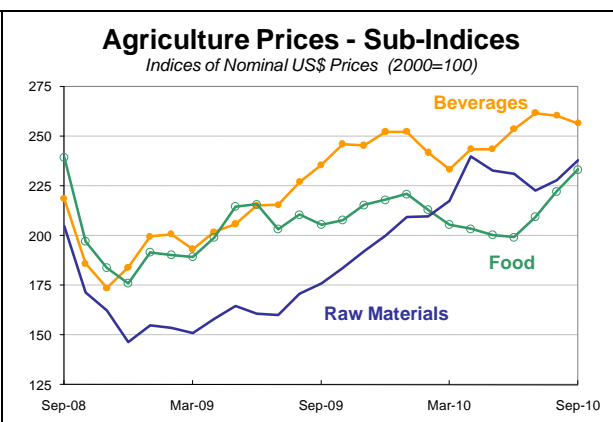
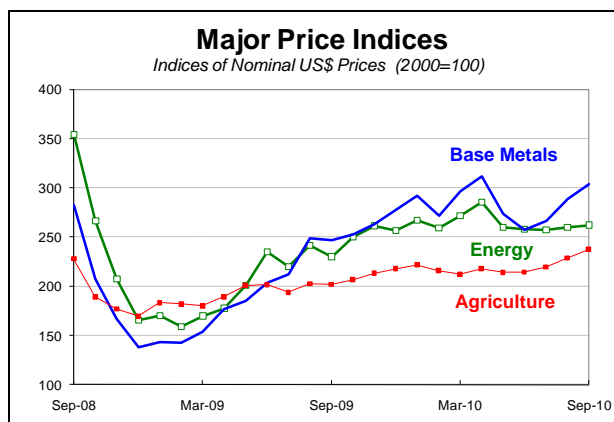
**Non-energy commodity prices in September rose for the third straight month, up 3.9 percent**, due to supply constraints and a weakening U.S. dollar—down 1.5 percent versus the euro. **For the first nine months of the year**, non-energy prices are up 17.9 percent, with large gains in iron ore and fertilizers.

**Crude oil prices increased marginally in September, up 0.4 percent**, averaging \$76.1/bbl which is slightly below the average of the past year. Prices have been supported by strong demand and OPEC production restraint, but large stocks and non-OPEC supply gains have prevented prices from moving higher on a sustained basis this year. In early October, however, oil prices rose above \$83/bbl in part due to depreciation of the dollar (the price in euros is little changed). Prices have been pulled higher by strong diesel transport demand in the U.S., German consumer restocking of heating oil ahead of winter, and a crippling strike at France's Mediterranean oil port. OPEC meets October 14<sup>th</sup>, and the group is not expected to alter crude oil output levels.

**Natural gas prices in the U.S. dropped 9.3 percent in September** to \$3.9/mmbtu. This level is less than half Europe's import price and one-third Japan's delivered LNG price—where gas imports are indexed to oil prices. U.S. prices have been weighed down by steady growth in un-conventional shale gas production.

**Agriculture prices rose 3.9 percent in September**, up for a fourth straight month, and continued to be led by higher grains prices—up 11 percent. Sorghum and maize prices soared 29 and 17 percent, respectively, partly as a lagged response to tighter conditions in wheat markets. (Grains prices continued to rise in early October on lower USDA yield estimates.) Sugar prices jumped 22 percent due to unfavorable weather conditions in a number of producing countries, e.g., Russia and Pakistan, and concerns about dry weather in Brazil. Cotton prices rose 16 percent on low stocks, weather-related damage to this season's crop in Pakistan, and harvest delays in India and China.

**Base metals prices surged 5.3 percent in September**, up for the third straight month, on lower inventories and supply constraints, notably for tin and copper. The largest price increase was for the precious-metal silver, up 11 percent, due to strong investment demand and macroeconomic-financial-currency concerns that have prompted investors to seek physical commodity assets, such as precious metals that are relatively easily stored. Tin prices rose 9 percent on a further decline in inventories, strong demand, and a production fall in Indonesia due to heavy rains. Copper prices rose 6 percent on a steady decline in stocks, stagnant mine production, and concerns about future supply growth needed to meet rising demand.



Prepared in the Development Economics Prospects Group (DECPG) by Shane Streifel, John Baffes and Betty Dow. Katherine Rollins is task assistant.

## Major Movers September<sup>1</sup>

**Sorghum and maize** prices soared 28.9 percent and 17.3 percent, respectively, in response to tighter conditions in wheat markets and because of a lower U.S. maize production outlook.

**Sugar** prices surged 21.9 percent due to extreme weather that affected production in a number of countries, e.g., in Russia and Pakistan, as well as concerns about dry conditions in Brazil.

**Urea, TSP and DAP** fertilizer prices rose 16.8, 11.6, and 4.5 percent, respectively, due to strong demand in the U.S., Europe and emerging markets spurred by higher grains prices.

**Cotton** prices jumped 15.9 percent on strong demand, low stocks, weather-related damage to this season's crop in Pakistan, and harvest delays in India and China.

**Silver** prices increased 11.5 percent due to strong investment demand as numerous macro and financial concerns have prompted demand for physical and physically-backed assets.

**Wheat** prices rose 10.3 percent because of weather-related supply losses in Eastern Europe and Central Asia, and an export ban by Russia.

**Coconut oil and palmkernel oil** prices (close substitutes) increased 9.7 percent and 8.8 percent, respectively, due to strong demand and a looming supply shortfall of coconut oil in the Philippines.

**Tin** prices rose 9.4 percent due to a continued sharp decline in inventories amid strong demand and lower production in Indonesia from heavy rain and flooding.

**Rubber** prices increased 6.5 percent due to strong demand and heavy rains in south-east Asian rubber producing countries.

**Copper** prices rose 5.8 percent on falling stocks, stagnant production, and concerns about future major increments to supply.

**Nickel** prices rose 5.7 percent due to on-going strike-related tightness, and expectations of a rebound in stainless production in the fourth quarter.

**Coal** prices increased 5.7 percent as heavy rains in Indonesia (world's largest thermal coal exporter) are expected to lower that country's output by 10-20 percent.

**Logs (Malaysia)** prices increased 5.5 percent on tight supply of Mercanti logs from Sarawak, and steady demand from China.

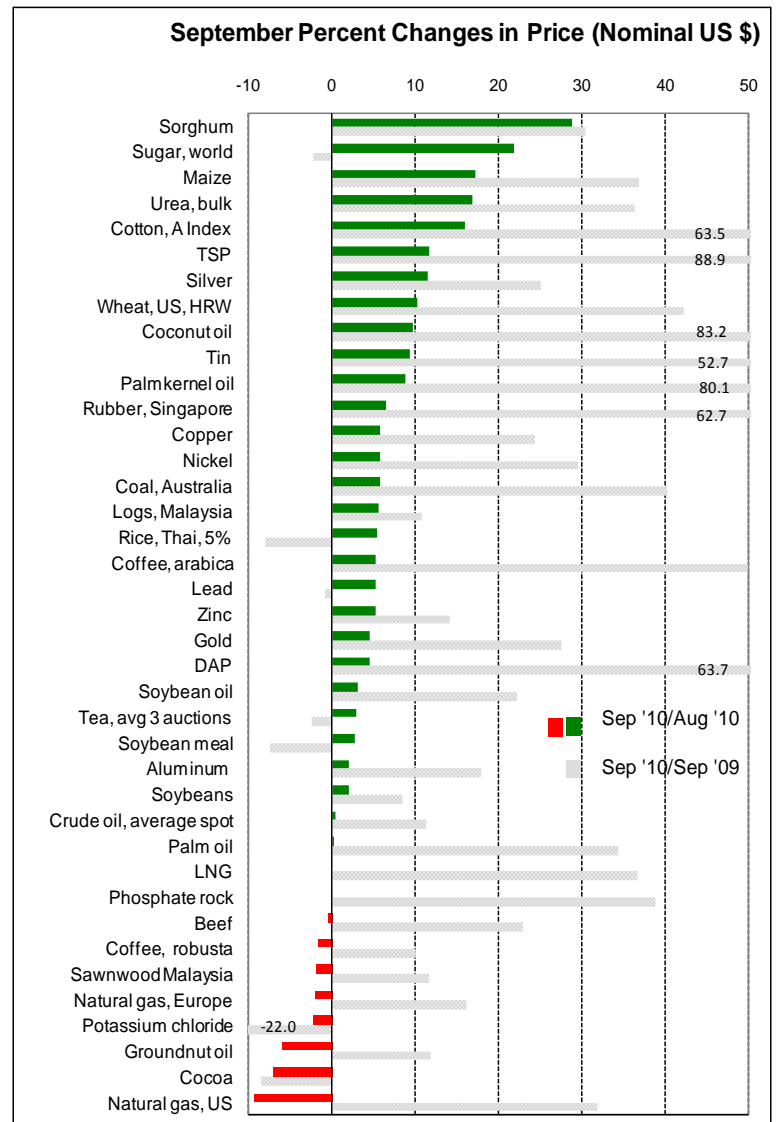
**Rice** prices rose 5.4 percent reflecting higher prices in other grains markets, and longer-than-normal rains that reduced yields in Indonesia.

**Coffee arabica** prices rose 5.3 percent due to falling stocks and a threat of drought in Brazil.

**Groundnut oil** prices fell 6.1 percent on favorable harvests in India and the U.S.

**Cocoa** prices declined 7.0 percent on positive reports regarding the upcoming West African crops.

**Natural gas (U.S.)** prices dropped 9.3 percent on weak seasonal demand, large stocks, and continued gains in non-conventional production.



<sup>1</sup> Percent change of average September 2010 prices compared to average August 2010 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-Sep	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Jul	Aug	Sep
		2008	2009	2010	2009	2009	2010	2010	2010	2010	2010	2010
<b>Energy</b>												
Coal, Australia	a/ \$/mt	127.10	7184	96.07	7131	77.66	95.19	99.49	93.55	95.98	89.78	94.88
Crude oil, avg, spot	a/ \$/bbl	96.99	6176	76.91	68.21	75.50	77.06	78.18	75.51	74.58	75.83	76.12
Crude oil, Brent	a/ \$/bbl	97.64	6186	77.25	68.37	74.97	76.65	78.69	76.41	74.74	76.69	77.79
Crude oil, Dubai	a/ \$/bbl	93.78	6175	75.96	68.07	75.46	75.86	77.98	74.04	72.65	74.18	75.27
Crude oil, West Texas Int.	a/ \$/bbl	99.56	6165	77.54	68.21	76.08	78.67	77.85	76.08	76.35	76.60	75.29
Natural gas Index	a/ 2000=100	267.9	153.5	158.8	123.3	149.4	170.3	147.5	158.7	157.3	157.8	161.0
Natural gas, Europe	a/ \$/mmbtu	13.41	8.71	8.20	6.91	7.81	8.84	7.51	8.26	8.04	8.45	8.28
Natural gas, US	a/ \$/mmbtu	8.86	3.95	4.58	3.17	4.36	5.15	4.32	4.28	4.63	4.31	3.90
Natural gas LNG, Japan	a/ \$/mmbtu	12.53	8.94	10.90	7.91	9.33	10.32	10.95	11.44	11.32	11.50	11.50
<b>Non Energy Commodities</b>												
<b>Agriculture</b>												
<b>Beverages</b>												
Cocoa	b/ c/kg	257.7	288.9	319.0	296.4	341.8	329.7	321.0	306.2	322.2	309.1	287.4
Coffee, Arabica	b/ c/kg	308.2	317.1	404.7	322.7	341.7	353.7	392.0	468.5	448.0	466.5	491.0
Coffee, robusta	b/ c/kg	232.1	164.4	165.0	160.1	156.4	150.8	161.0	183.2	188.0	182.3	179.2
Tea, auctions (3), average	b/ c/kg	242.0	272.4	284.4	303.6	301.9	279.0	276.4	297.8	286.4	299.3	307.8
Tea, Colombo auctions	b/ c/kg	278.9	313.7	324.5	356.1	338.0	335.1	316.2	322.1	304.5	327.0	334.9
Tea, Kolkata auctions	b/ c/kg	225.5	251.5	272.9	273.0	284.4	215.8	274.0	328.7	323.3	320.3	342.7
Tea, Mombasa auctions	b/ c/kg	221.8	252.0	255.9	281.7	283.2	286.1	238.9	242.7	231.5	250.8	245.8
<b>Food</b>												
<b>Fats and Oils</b>												
Coconut oil	b/ \$/mt	1224	725	984	711	734	834	955	1162	1031	1170	1284
Copra	\$/mt	816	480	654	469	491	557	634	772	689	772	854
Groundnut oil	b/ \$/mt	2,131	1,184	1,335	1,133	1,152	1,359	1,352	1,296	1,300	1,334	1,253
Palm oil	b/ \$/mt	949	683	831	679	732	808	813	873	807	905	906
Palmkernel oil	\$/mt	1,130	700	1,040	700	761	922	1,034	1,164	1,059	1,165	1,268
Soybean meal	b/ \$/mt	424	408	363	431	412	369	342	377	356	383	393
Soybean oil	b/ \$/mt	1,258	849	925	856	921	917	876	981	907	1,002	1,033
Soybeans	b/ \$/mt	523	437	425	454	439	417	409	451	429	457	466
<b>Grains</b>												
Barley	b/ \$/mt	200.5	128.3	150.8	122.0	145.5	143.6	146.9	161.9	156.4	161.2	168.1
Maize	b/ \$/mt	223.1	165.5	167.4	151.3	167.8	162.7	157.7	181.7	163.8	175.6	205.9
Rice, Thailand, 5%	b/ \$/mt	650.2	555.0	481.7	539.0	542.3	535.3	452.4	457.2	441.8	452.8	477.0
Rice, Thailand, 25%	\$/mt	n.a.	458.1	431.5	441.4	462.8	477.0	399.1	418.5	395.6	412.0	448.0
Rice, Thailand, 35%	\$/mt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
* Rice, Thai, A1Special / Super	\$/mt	482.3	326.4	370.6	309.7	346.1	400.7	333.8	377.1	349.8	369.0	412.5
Sorghum	\$/mt	207.8	151.1	151.0	139.3	163.8	156.9	142.6	153.6	132.4	143.4	184.9
Wheat, Canada	\$/mt	454.6	300.5	288.7	271.2	283.4	279.0	260.9	326.1	287.5	326.0	365.0
Wheat, US, HRW	b/ \$/mt	326.0	224.1	203.6	208.8	205.4	195.4	177.4	237.9	195.8	246.2	271.7
Wheat US SRW	\$/mt	271.5	186.0	211.3	165.2	195.6	193.5	186.9	253.4	222.3	261.6	276.3
<b>Other Food</b>												
Bananas EU	\$/mt	1,188	1,145	992	1,118	1,032	1,014	1,029	933	959	865	974
Bananas US	b/ \$/mt	844	847	855	826	813	781	862	922	985	899	880
Fishmeal	\$/mt	1,133	1,230	1,172	1,276	1,535	1,660	1,814	1,662	1,715	1,629	1,643
Meat, beef	b/ c/kg	313.8	263.6	329.1	273.2	273.5	314.2	342.4	330.9	321.0	336.5	335.1
Meat, chicken	b/ c/kg	169.6	171.7	172.1	173.9	165.1	167.2	173.0	176.0	176.1	176.0	175.9
Meat, sheep	c/kg	458.5	427.6	480.8	453.3	450.1	447.6	486.8	508.0	462.3	528.3	533.4
Oranges	b/ \$/mt	1,107	909	1,083	861	1,107	1,009	1,084	1,158	1,302	1,139	1,031
Shrimp, Mexico	b/ c/kg	1,069	945	874	970	864	827	945	n.a.	n.a.	n.a.	n.a.
Sugar EU domestic	b/ c/kg	69.69	52.44	44.11	55.43	49.11	46.38	42.66	43.29	42.77	43.21	43.90
Sugar US domestic	b/ c/kg	46.86	54.88	77.38	57.31	70.48	84.31	69.62	78.20	73.28	77.17	84.15
Sugar, world	b/ c/kg	28.21	40.00	43.23	46.98	50.29	51.82	34.93	42.94	38.49	40.71	49.63
<b>Raw Materials</b>												
<b>Timber</b>												
Logs, Cameroon	\$/cum	526.9	421.5	421.9	414.9	449.5	431.4	408.0	426.3	421.4	425.6	432.0
Logs, Malaysia	b/ \$/cum	292.3	287.2	266.9	279.6	271.1	253.6	253.5	293.5	274.9	294.7	310.9
Plywood	c/sheets	645.5	564.6	565.3	561.5	558.4	557.2	566.3	572.3	569.7	571.8	575.4
Sawnwood, Cameroon	\$/cum	958.3	748.9	801.0	779.0	806.3	804.1	787.1	811.8	794.5	813.7	827.1
Sawnwood, Malaysia	b/ \$/cum	889.1	805.5	833.4	771.4	807.4	787.8	832.6	879.8	871.2	892.2	876.0
Woodpulp	\$/mt	820.2	614.6	857.7	627.7	715.6	780.9	875.5	916.8	914.2	918.0	918.0
<b>Other Raw Materials</b>												
Cotton A Index	b/ c/kg	157.4	138.2	194.4	141.9	157.7	178.8	199.3	205.2	185.5	199.2	230.9
Cotton Memphis	c/kg	161.3	145.3	191.9	148.8	172.4	183.6	200.1	n.a.	n.a.	n.a.	n.a.
Rubber, US	c/kg	284.1	214.6	362.4	221.0	284.7	345.2	381.5	360.7	349.7	356.5	375.9
Rubber, Singapore	b/ c/kg	258.6	192.1	342.9	199.3	256.5	318.6	372.7	337.4	327.4	331.6	353.3

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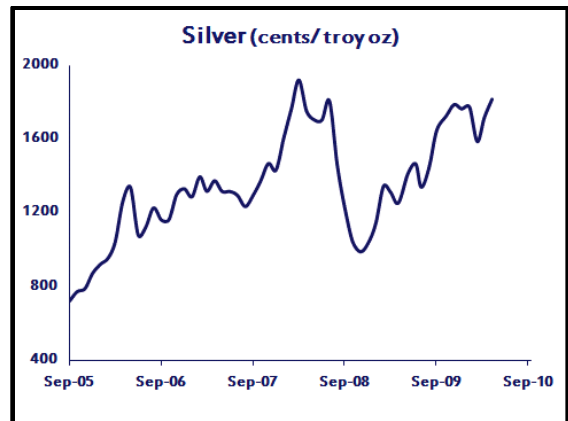
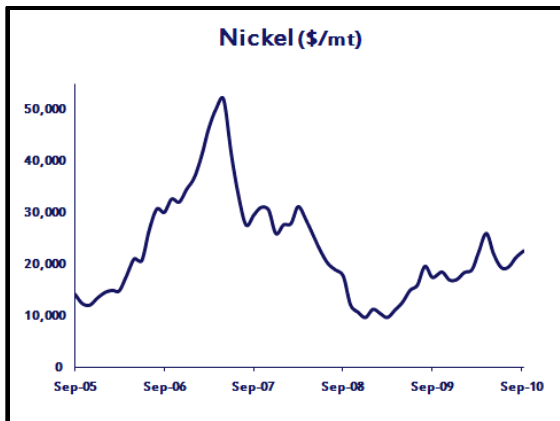
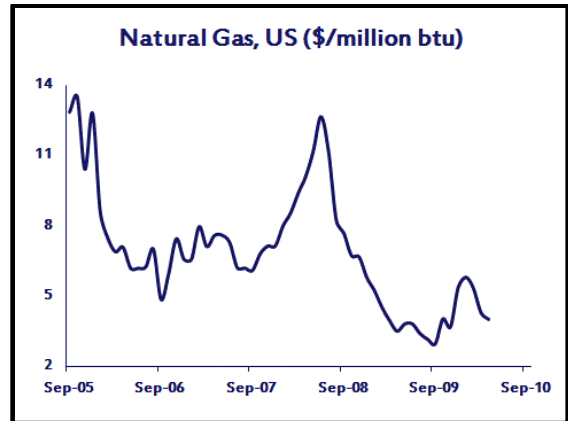
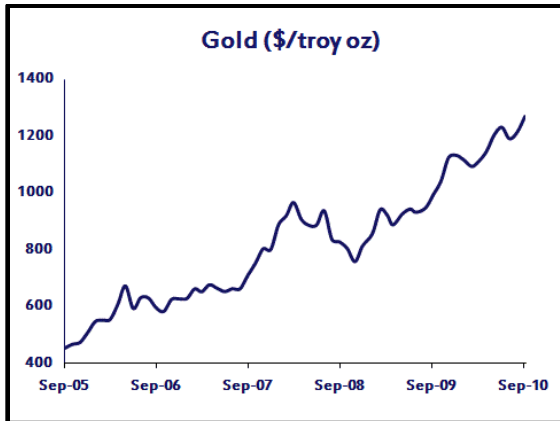
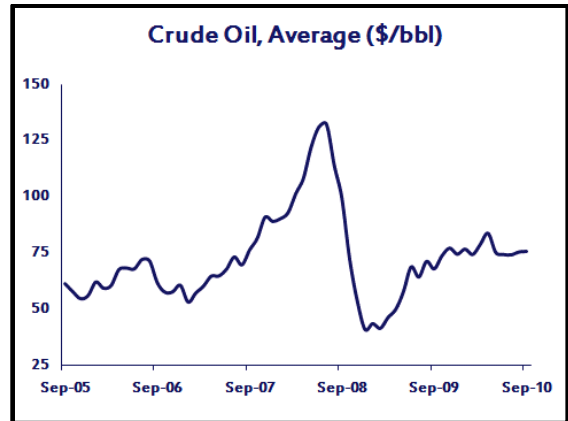
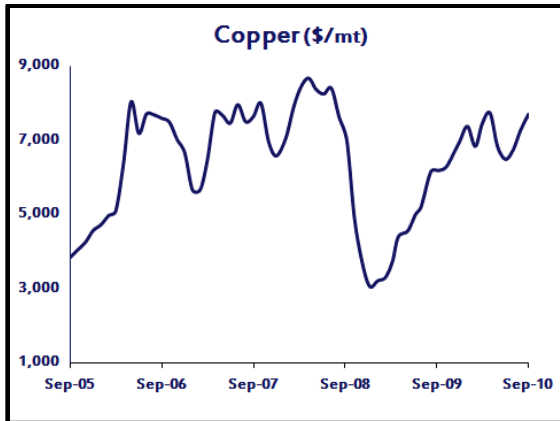
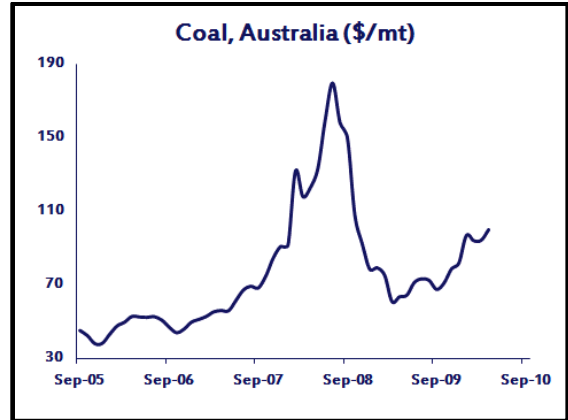
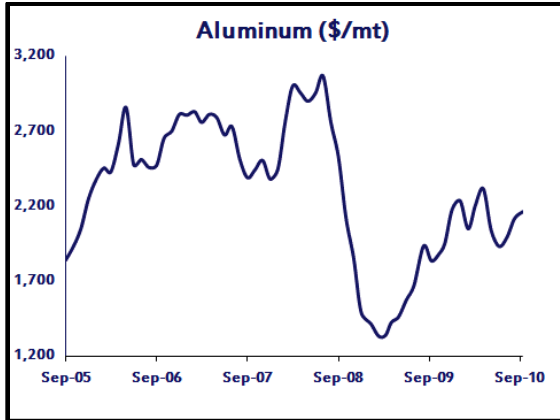
a/ Included in the energy index (2000=100)    b/ Included in the non-energy index (2000=100)    c/ Steel not included in the non-energy index  
d/ base metals plus iron ore    e/ Includes aluminum, copper, lead, nickel, tin and zinc  
\$ = US dollar    ¢ = US cent    bbl = barrel    cum = cubic meter    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

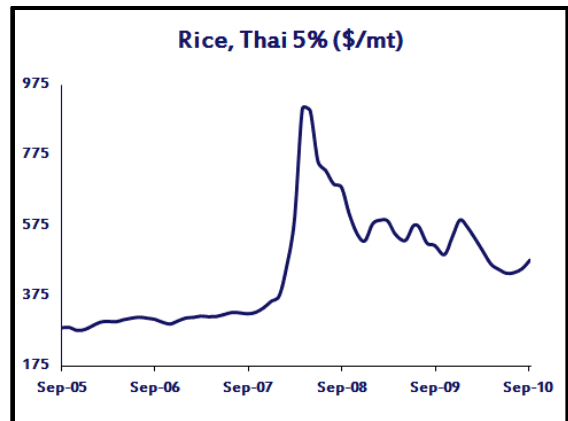
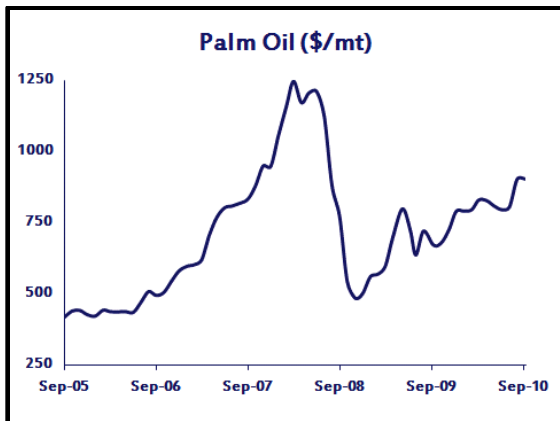
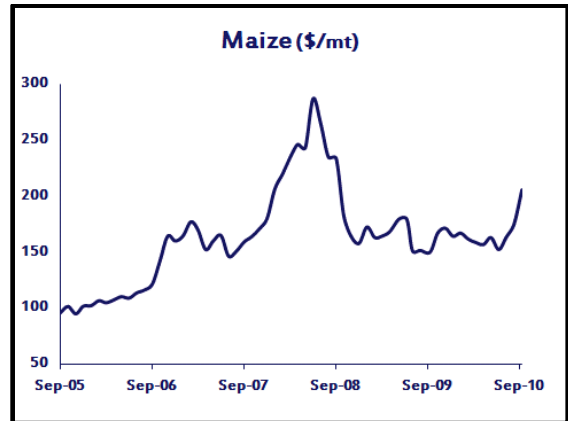
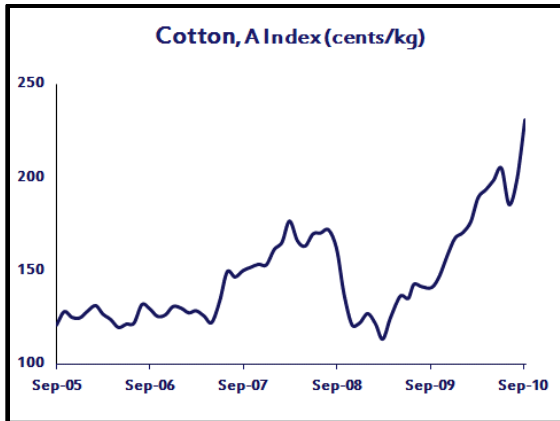
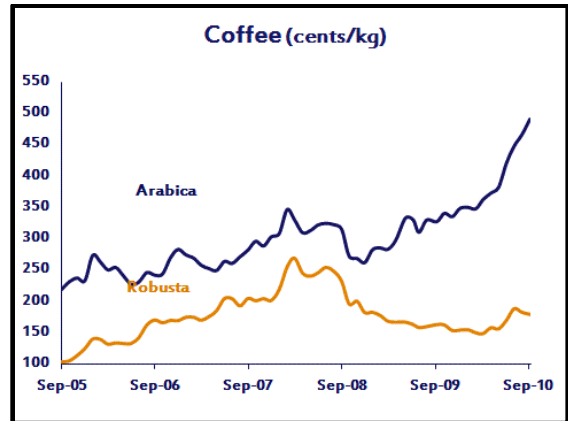
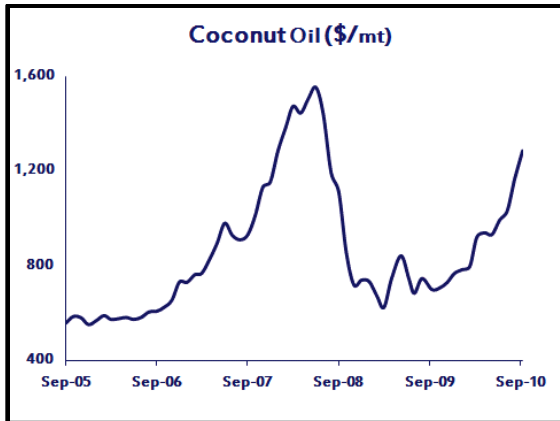
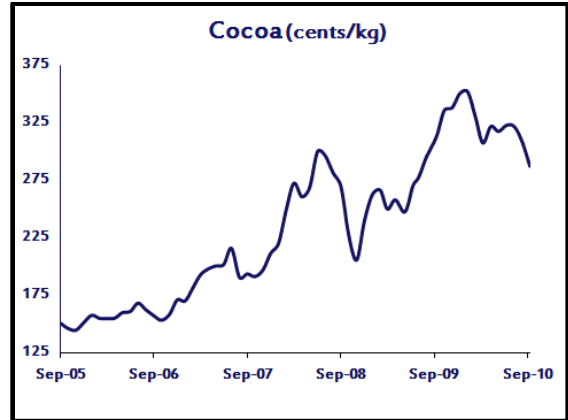
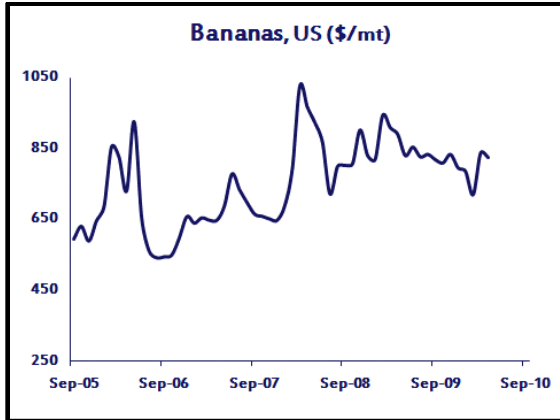
		Annual averages				Quarterly averages				Monthly averages		
		Jan-Dec	Jan-Dec	Jan-Sep	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Jul	Aug	Sep
		2008	2009	2010	2009	2009	2010	2010	2010	2010	2010	2010
<b>Fertilizers</b>												
DAP	b/ \$/mt	967.2	323.1	471.6	309.6	316.9	464.8	458.2	492.0	461.3	496.1	518.5
Phosphate rock	b/ \$/mt	345.6	121.7	117.4	90.0	90.0	102.1	125.0	125.0	125.0	125.0	125.0
Potassium chloride	b/ \$/mt	570.1	630.4	328.1	506.8	423.0	334.0	316.1	334.2	320.0	345.0	337.5
TSP	b/ \$/mt	879.4	257.4	354.3	224.7	235.7	316.9	357.4	388.6	360.0	380.8	425.0
Urea, E. Europe, bulk	b/ \$/mt	492.7	249.6	266.2	241.6	248.3	281.0	237.2	280.4	249.5	273.0	318.8
<b>Metals and Minerals</b>												
Aluminum	b/ \$/mt	2,573	1,665	2,116	1,812	2,003	2,163	2,096	2,090	1,988	2,118	2,162
Copper	b/ \$/mt	6,956	5,150	7,168	5,859	6,648	7,232	7,027	7,243	6,735	7,284	7,709
Gold	\$/toz	872	973	1,177	960	1,102	1,109	1,196	1,227	1,193	1,216	1,271
Iron ore	b/ c/dmtu	140.6	101.0	157.7	101.0	101.0	101.0	167.0	205.0	205.0	205.0	205.0
Lead	b/ c/kg	209.1	171.9	206.8	192.8	229.3	222.1	195.0	203.2	183.7	207.5	218.4
Nickel	b/ \$/mt	21,111	14,655	21,209	17,700	17,528	19,959	22,476	21,191	19,518	21,413	22,643
Silver	c/toz	1,500	1,469	1,811	1,477	1,760	1,693	1,838	1,901	1,794	1,849	2,061
Steel products index	c/ 2000=100	289	227	228	211	207	211	241	232	232	230	235
Steel cr coilsheet, Japan, Reins	c/ \$/mt	966	783	804	700	700	725	838	850	850	850	850
Steel hr coilsheet, Japan, Reins	c/ \$/mt	883	683	704	600	600	625	738	750	750	750	750
Steel, rebar, Japan, Reinstated	c/ \$/mt	760	486	567	500	522	546	621	533	540	530	530
Steel wire rod, Japan, Reinstated	c/ \$/mt	1,010	969	732	857	814	751	767	678	694	670	670
Tin	b/ c/kg	1,851	1,357	1,854	1,459	1,517	1,721	1,786	2,055	1,819	2,075	2,270
Zinc	b/ c/kg	1,875	1,655	210.9	176.1	221.4	228.9	202.6	201.3	184.4	204.5	215.1
<b>NEW World Bank commodity price indices for low and middle income countries (2000 =100)</b>												
Energy		342.0	214.3	264.6	230.3	256.1	266.1	267.7	259.9	257.4	260.1	262.2
Non Energy Commodities		272.0	213.2	257.8	219.8	235.2	244.2	255.3	274.0	262.3	274.6	285.2
Agriculture		229.5	197.8	220.2	199.5	212.6	216.6	215.4	228.5	219.5	228.6	237.5
Beverages		210.0	219.9	249.7	226.4	247.9	242.5	246.9	259.6	261.7	260.4	256.6
Food		247.4	205.1	211.9	206.4	213.7	213.1	201.0	221.7	209.4	222.2	233.4
Fats and Oils		277.3	216.2	228.3	220.9	224.5	224.7	219.7	240.5	225.0	246.2	250.4
Grains		281.7	214.9	201.4	202.3	210.8	205.1	186.6	212.5	192.3	210.8	234.4
Other Food		177.1	181.6	199.9	191.2	202.0	205.1	189.4	205.1	204.3	201.1	210.0
Raw Materials		195.7	168.7	225.2	168.9	192.0	211.9	234.4	229.3	222.5	227.8	237.7
Timber		150.5	138.9	140.2	133.6	137.3	132.7	138.6	149.4	146.1	151.2	150.9
Other Raw Materials		245.3	201.4	318.2	207.5	251.8	298.6	339.1	316.7	306.0	311.5	332.7
Fertilizers		566.7	293.0	263.7	252.1	242.8	259.0	253.3	278.9	259.4	276.4	300.8
Metals and Minerals d/		325.7	235.6	334.4	257.6	280.8	299.0	337.3	366.8	350.4	368.7	381.2
Base Metals e/		287.9	208.9	284.8	236.0	264.6	287.0	280.9	286.5	266.4	288.9	304.3

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  
d/ base metals plus iron ore    e/ Includes aluminum, copper, lead, nickel, tin and zinc  
\$ = 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, 2005-2010**



## Selected Commodity Prices, Nominal US dollars, 2005-2010 Cont'd



## Selected Commodity Prices, Nominal US dollars, 2005-2010 Cont'd

