

Commodity Markets Review

March 11, 2005

DECPG, The World Bank

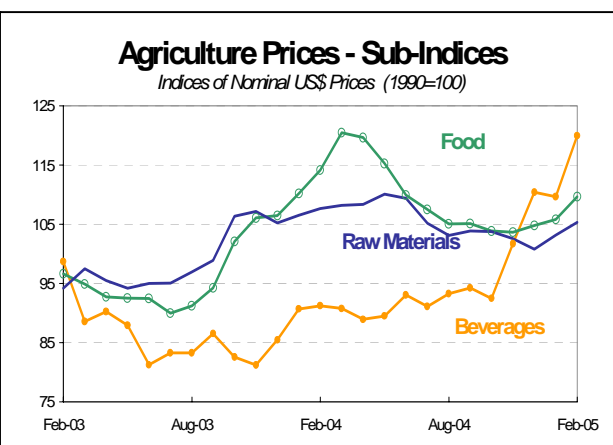
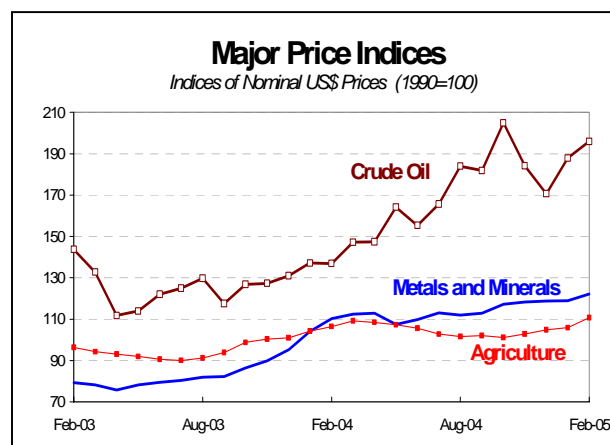
Non-oil commodity prices jumped 3.9 percent in February, the sixth consecutive monthly rise. Gains in agricultural prices were concentrated in beverages, due to supply constraints, and bananas, sugar, and rubber. Metals prices were higher across the board because of very low stocks and expectations of strong demand this year, especially from China.

Crude oil prices increased 4.3 percent in February to \$44.8/bbl, following abandonment by OPEC of its price band. Prices surged above \$50/bbl in early March, spurred by comments by the Saudi Arabian oil minister that he expects prices between \$40 and \$50/bbl this year. OPEC meets March 16th in Iran and it is expected to leave production quotas unchanged, given the current pricing environment. The meeting may also help clarify the organization's broader price target, but it is uncertain if, or at what level, a definitive band will be set.

Markets are generally well-supplied, as crude and product inventories—especially gasoline in the U.S.—have risen to more comfortable levels on a seasonal basis. China's crude oil imports fell more than 10 percent during the first two months of this year after increasing 35 percent in 2004. OPEC production rose in February by 0.4 mb/d, and Iraq's production edged up to 1.85 mb/d, although the country has been mired below 2 mb/d since October.

Agricultural prices rose 4.6 percent in February, led by sharp increases in beverages and bananas prices. Arabica coffee prices rose 12.8 percent on unfavorable weather in Brazil and are up by a third over the past six months. Robusta coffee prices rose 11.6 percent because of lower shipments from Vietnam due to drought. Cocoa prices rose 5.2 percent on lower supplies from Côte d'Ivoire, and threats of strikes by co-operatives. Sugar prices rose 4.4 due to lower production in Brazil, and increased use of cane in ethanol production. Most other agriculture price changes were relatively small except for soybean oil and palm oil which both fell sharply because of ample supplies.

Metals and minerals prices rose 2.7 percent in February, with price gains across the board as LME inventories fell for all metals except copper, although the latter are critically low. Market deficits and expectations of strong demand in China, following a period of heavy de-stocking in 2004, are expected to send most prices to new highs this year. Zinc prices, which have lagged the gains in other metals prices the past two years, rose 6.4 percent in February because of strong demand in China and supply concerns. Nickel prices increased 5.8 percent due to rising demand in China as it reverses its substitution away from nickel in stainless steel production..



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 February¹

Bananas prices (U.S.) soared more than 50 percent due to lower exports from Ecuador, strong demand, and high freight rates.

Coffee (arabica and robusta) prices surged 12.8 percent and 11.6 percent, respectively, with the increase in robusta due to low drought-related shipments from Vietnam, and the Arabica increase due to unfavorable weather in Brazil.

Zinc prices increased 6.4 percent on falling inventories, strong demand in China, and concerns about adequate supply this year. China became a net importer of zinc last year for the first time since 1989.

Silver prices rose 6.3 percent largely on investment demand, partly because of its role as an alternative investment to gold.

Rubber prices gained 6.2 percent because of tight supplies from South-East Asia due to dry weather.

Nickel prices climbed 5.8 percent on higher stainless steel production in China, following heavy de-stocking in 2004 and reversal of the substitution away from nickel last year.

Cocoa prices rose 5.2 percent due to lower supplies from Cote d'Ivoire, and threatened strikes by Ivorian farmers if the government did not agree to talks on financing of the cooperatives.

Tin prices increased 4.6 percent on falling inventories and concerns about insufficient supply. Tin is increasingly being used in electronics to replace lead that is being phased out in Europe and Japan.

Sugar prices rose 4.4 percent due to lower than expected sugar cane production in Brazil and the increased use of cane for ethanol production due to high crude oil prices.

Crude oil prices were 4.3 percent higher, despite a more comfortable oil balance, due to uncertainty about where OPEC might set its new price target following abandonment of its previous \$22-28/bbl band in January.

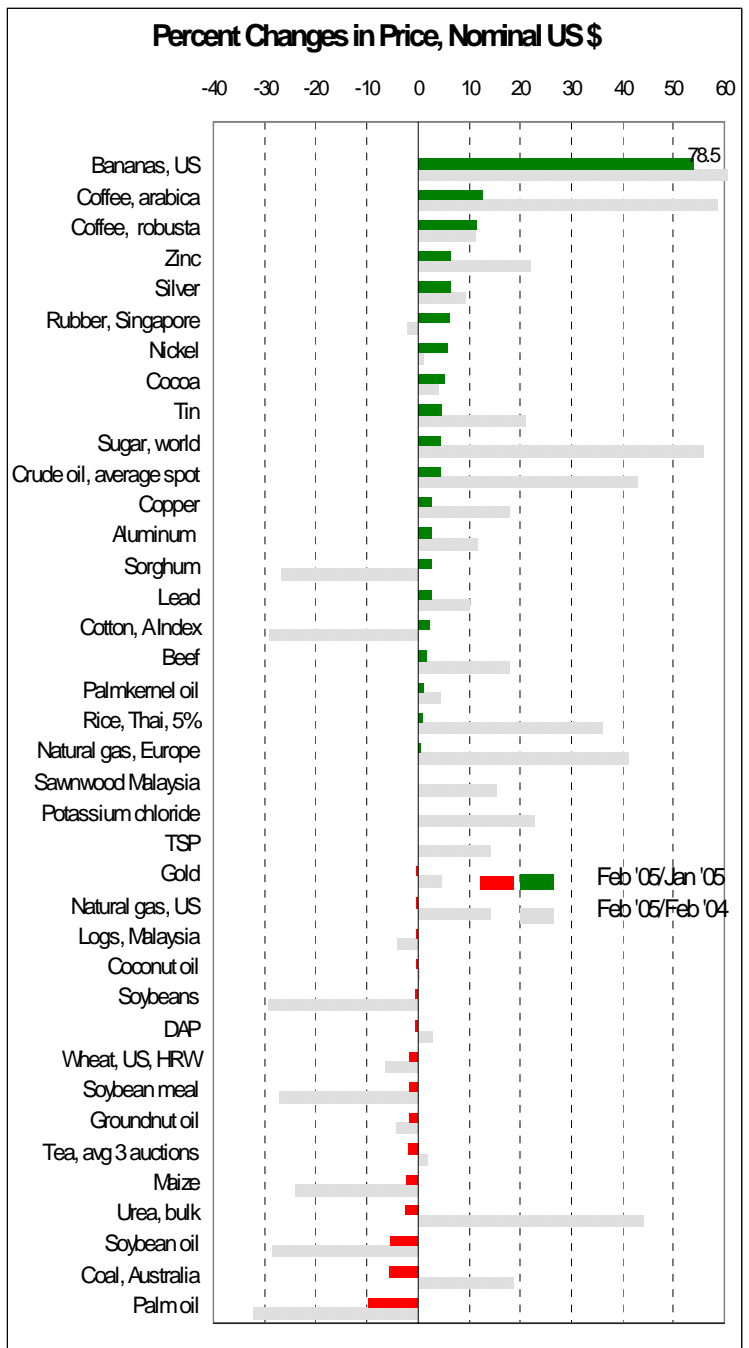
Copper prices increased 2.6 percent as stocks remain critically low. While Chinese import demand has picked up in recent months, imports

remain below year-earlier levels.

Soybean oil prices fell 5.3 in response to adequate supplies of soybeans and palm oil (close substitutes), primarily in Malaysia.

Coal prices dropped 5.7 percent on slowing demand and rising supplies, including higher steam coal exports from China in January, with shipments at a record high for the month.

Palm oil prices plunged 9.7 percent on ample supplies, as global output is expected to increase by 11.7 percent (y/y) in the first quarter of 2005.



¹ Percent change of average February 2005 prices compared to average January 2005 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 2003	Jan-Dec 2004	Jan-Feb 2005	Oct-Dec 2003	Jan-Mar 2004	Apr-Jun 2004	Jul-Sep 2004	Oct-Dec 2004	Dec 2004	Jan 2005	Feb 2005
Energy												
Coal, Australia	\$/mt	27.84	54.70	53.22	32.22	44.56	58.16	60.42	55.65	54.00	54.79	51.65
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	28.90	37.73	43.90	29.37	32.12	35.60	40.52	42.68	39.04	42.97	44.82
Crude oil, Brent	a/ \$/bbl	28.85	38.30	44.92	29.43	31.95	35.49	41.59	44.17	39.64	44.28	45.56
Crude oil, Dubai	a/ \$/bbl	26.74	33.46	39.37	27.50	29.18	32.98	36.09	35.57	34.26	37.81	40.94
Crude oil, West Texas Int.	a/ \$/bbl	31.11	41.44	47.39	31.18	35.23	38.34	43.89	48.31	43.23	46.82	47.96
Natural gas, Europe	\$/mmbtu	3.91	4.28	5.47	3.92	3.87	3.96	4.34	4.93	5.01	5.46	5.49
Natural gas, US	\$/mmbtu	5.49	5.89	6.15	5.10	5.62	6.11	5.49	6.36	6.58	6.15	6.14
Non Energy Commodities												
Agriculture												
Beverages												
Cocoa	b/ c/kg	175.1	155.0	159.3	154.1	156.7	142.1	161.2	159.9	165.8	155.2	163.4
Coffee, Arabica	b/ c/kg	141.5	177.4	251.4	140.7	166.8	172.4	168.3	202.1	229.6	236.3	266.5
Coffee, robusta	b/ c/kg	81.5	79.3	86.2	77.8	83.5	82.9	76.6	74.3	81.0	81.5	90.9
Tea, auctions (3), average	c/kg	151.7	168.6	160.8	157.7	153.9	167.2	176.4	176.7	173.0	162.5	159.1
Tea, Colombo auctions	b/ c/kg	154.1	178.1	194.2	165.9	167.5	165.7	177.9	201.4	200.9	197.3	191.0
Tea, Kokata auctions	b/ c/kg	146.5	172.2	138.4	144.5	132.1	183.6	193.2	179.8	167.0	138.9	137.9
Tea, Mombasa auctions	b/ c/kg	154.4	155.4	149.9	162.7	162.3	152.3	158.1	149.1	151.0	151.3	148.5
Food												
Fats and Oils												
Coconut oil	b/ \$/mt	467.3	660.8	644.9	528.3	637.0	703.3	651.0	651.7	654.0	646.0	643.8
Copra	\$/mt	299.9	450.0	434.8	344.0	417.7	489.7	444.3	448.3	449.0	429.5	440.0
Groundnut oil	b/ \$/mt	1,243.2	1161.0	1152.4	1196.7	1197.3	1198.7	1117.7	1130.3	1131.0	1162.3	1142.5
Palm oil	b/ \$/mt	443.3	471.3	382.5	499.3	527.0	497.0	432.3	429.0	423.0	402.0	363.0
Palmkernel oil	b/ \$/mt	458.8	648.1	639.6	535.0	619.0	691.3	629.0	653.0	656.0	636.0	643.3
Soybean meal	b/ \$/mt	210.9	241.2	205.3	262.3	287.7	276.7	204.3	196.0	198.0	207.0	203.5
Soybean oil	b/ \$/mt	553.9	616.0	507.3	629.0	679.3	628.0	597.3	559.3	553.0	521.0	493.5
Soybeans	b/ \$/mt	264.0	306.5	260.9	323.0	377.0	323.0	268.0	258.0	265.0	261.5	260.3
Grains												
Maize	b/ \$/mt	105.4	111.8	95.2	108.3	122.3	128.3	102.3	94.3	95.4	96.3	94.1
Rice, Thai, 5%	b/ \$/mt	197.6	237.7	288.5	195.8	221.3	233.9	235.0	260.5	278.3	287.0	290.0
Rice, Thai, 25%	\$/mt	181.7	225.4	269.6	182.3	207.9	223.7	224.6	245.6	261.8	268.6	270.5
Rice, Thai, 35%	\$/mt	178.1	222.3	266.7	178.7	204.4	221.1	221.9	241.9	257.3	265.4	268.0
Rice, Thai, A1, Special	\$/mt	151.5	205.1	229.0	159.5	186.7	213.4	209.6	210.9	219.8	226.2	231.8
Sorghum	b/ \$/mt	106.5	109.8	91.1	113.1	126.0	121.0	99.8	92.3	90.7	90.0	92.3
Wheat, Canada	\$/mt	177.4	186.5	203.4	177.5	189.6	185.9	174.4	196.1	201.4	204.2	202.6
Wheat, US, HRW	b/ \$/mt	146.1	156.9	152.4	157.9	164.7	161.7	147.6	153.5	153.9	153.6	151.2
Wheat US SRW	\$/mt	138.6	144.4	142.1	154.2	156.6	147.6	133.0	140.6	139.5	142.5	141.6
Other Food												
Bananas EU (SOPISCO)	\$/mt	790.4	892.0	1226.2	760.6	991.1	883.0	705.5	988.3	1103.0	1,153.4	1,299.0
Bananas US (UPEB & SOPISCO)	\$/mt	374.8	524.6	730.3	368.8	477.1	563.0	563.3	494.9	496.1	575.3	885.3
Beef	b/ c/kg	198.0	251.3	256.4	231.7	223.9	245.0	275.1	261.1	259.4	254.1	258.8
Fish.meal.Hamburg	\$/mt	610.7	648.6	634.4	642.7	676.7	646.7	629.0	642.0	654.0	628.0	640.8
Lamb	c/kg	388.5	459.9	477.3	426.9	458.6	453.8	454.4	472.7	488.9	476.2	478.5
Oranges	b/ \$/mt	680.8	857.5	684.6	693.4	828.0	884.2	943.7	774.2	686.1	640.1	729.0
Shrimp, Mexican	b/ c/kg	1,144	1,110	n.a.	1,100	1,090	1,124	n.a.	n.a.	n.a.	n.a.	n.a.
Sugar EU domestic	b/ c/kg	59.72	66.97	68.84	62.20	67.22	66.05	66.47	68.13	70.51	68.67	69.02
Sugar US domestic	b/ c/kg	47.37	45.47	45.18	45.76	45.74	45.44	44.86	45.84	45.30	45.47	44.89
Sugar, world	b/ c/kg	15.63	15.80	19.64	13.48	13.31	14.59	17.03	18.27	18.19	19.22	20.06
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	187.2	197.3	191.2	196.9	197.8	195.0	199.5	196.8	190.4	191.4	191.0
Plywood	c/sheets	431.9	464.8	509.3	459.1	466.3	456.0	454.9	482.0	510.4	513.3	505.3
Sawnwood, Cameroon	\$/cum	551.6	586.4	601.0	558.9	575.5	553.9	594.7	621.5	629.7	603.4	598.6
Sawnwood, Malaysia	\$/cum	551.0	581.3	636.4	543.1	547.8	576.9	594.4	606.1	608.4	636.4	636.4
Woodpulp	\$/mt	525.7	640.8	661.8	559.8	607.5	660.1	658.1	637.5	661.5	661.8	661.8
Other Raw Materials												
Cotton A Index	b/ c/kg	139.9	136.6	114.3	164.0	163.0	149.8	123.1	110.4	107.1	113.0	115.6
Cotton Memphis	c/kg	156.6	137.5	117.67	169.9	165.4	154.1	119.4	116.3	115.6	122.9	112.4
Jute	\$/mt	242.2	280.6	n.a.	245.0	252.5	290.0	290	290.0	290.0	n.a.	n.a.
Rubber, RSS1, Malaysia	c/kg	105.6	n.q.	n.q.	127.3	n.q.	n.q.	n.q.	n.q.	n.q.	n.q.	n.q.
Rubber, NY	c/kg	122.5	148.3	143.7	143.7	146.0	153.3	147.5	146.5	144.0	141.5	146.0
Rubber, Singapore	b/ c/kg	108.3	130.4	123.3	128.0	130.5	138.0	127.8	125.4	121.1	119.6	127.1
Sisal	\$/mt	697.9	862.1	885.0	775.0	793.3	885.0	885.0	885.0	885.0	885.0	885.0
Wool 64's UK	c/kg	538.8	541.0	578.5	532.2	555.7	516.7	534.0	557.4	579.6	575.5	581.5

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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

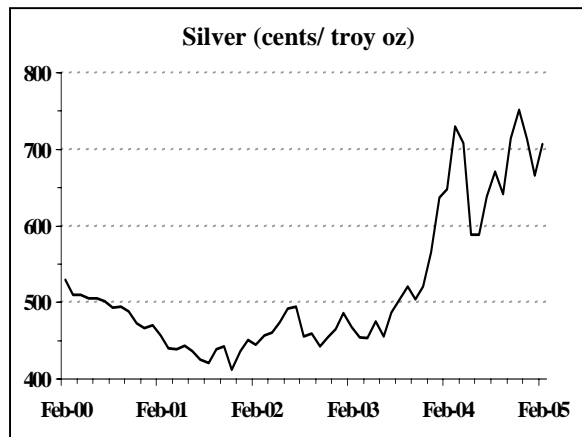
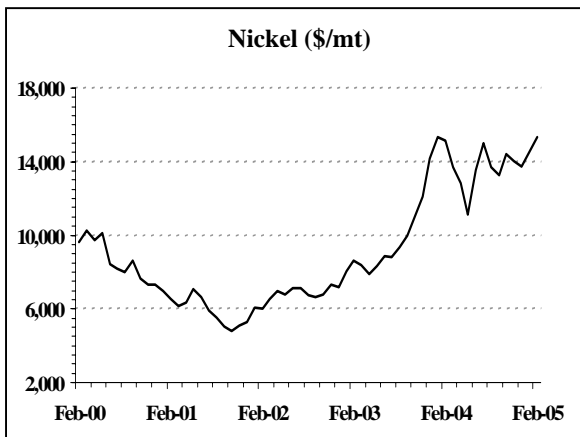
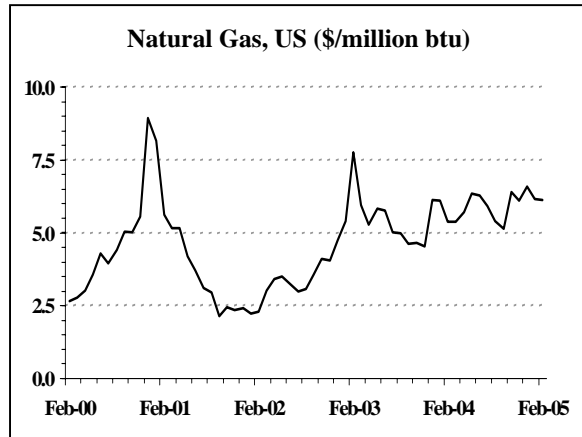
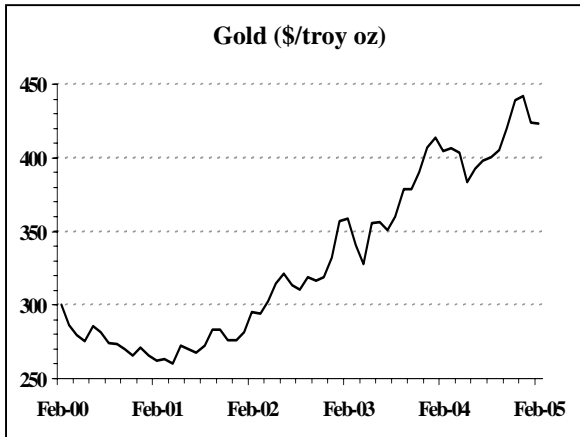
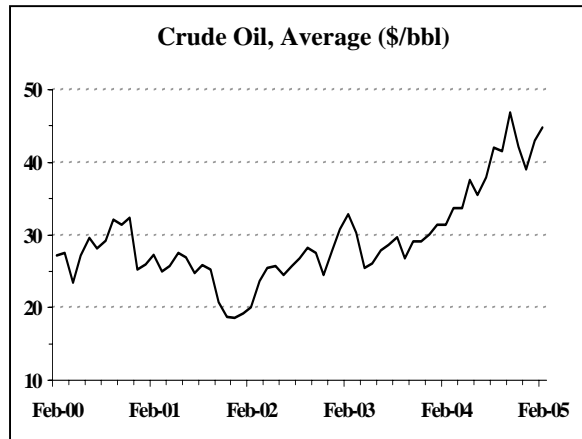
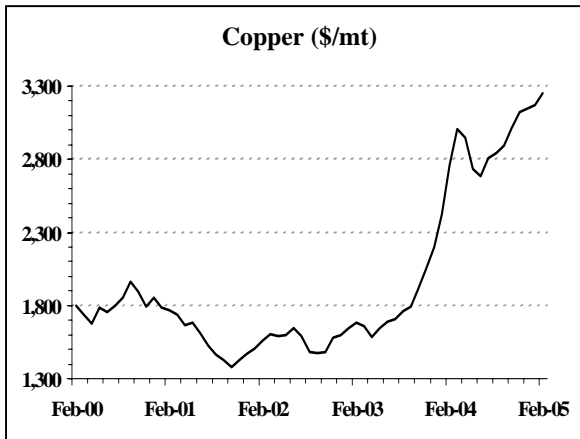
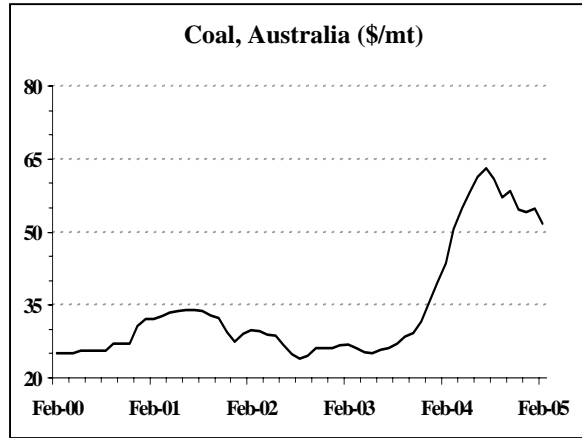
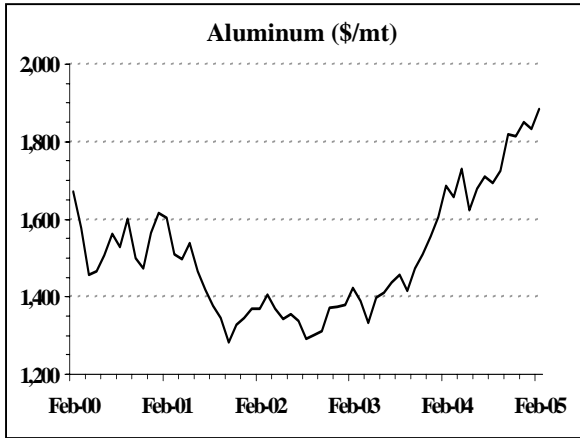
		Annual averages			Quarterly averages				Monthly averages			
		Jan-Dec	Jan-Dec	Jan-Feb	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Dec	Jan	Feb
		2003	2004	2005	2003	2004	2004	2004	2004	2004	2005	2005
Fertilizers												
DAP	\$/mt	179.4	221.2	227.7	185.3	217.9	209.6	222.8	234.6	234.4	228.4	227.0
Phosphate rock	b/ \$/mt	38.0	41.0	42.0	38.0	38.8	41.2	42.0	42.0	42.0	42.0	42.0
Pottasium chloride	\$/mt	113.3	124.6	147.5	115.6	120.0	120.0	120.0	138.2	147.5	147.5	147.5
TSP	\$/mt	149.3	186.3	202.0	163.3	175.4	177.5	193.8	198.5	202.0	202.0	202.0
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	138.9	175.3	187.2	155.3	137.1	142.8	210.4	210.9	184.0	189.5	184.9
Metals and Minerals												
Aluminum	b/ \$/mt	1,431	1,716	1,859	1,513	1,649	1,677	1,708	1,828	1,849	1,834	1,883
Copper	b/ \$/mt	1,779	2,866	3,212	2,059	2,731	2,790	2,850	3,093	3,145	3,170	3,254
Gold	\$/toz	363.5	409.2	423.7	391.9	408.4	393.1	401.3	434.0	442.1	424.0	423.4
Iron ore CVRD So & No	b/ c/dmtu	31.95	37.90	37.90	31.95	37.90	37.90	37.90	37.90	37.90	37.90	37.90
Lead	b/ c/kg	51.5	88.7	96.5	63.4	84.4	81.1	93.2	95.9	97.5	95.3	97.8
Nickel	b/ \$/mt	9,629	13,823	14,927	12,432	14,729	12,500	13,991	14,073	13,769	14,505	15,350
Silver	c/toz	491.1	669.1	686.4	530.0	671.4	628.3	650.2	726.2	712.4	665.6	707.3
Steel products (8) index	a/ 1990=100	78.8	121.5	130.7	82.8	100.2	128.6	128.7	128.5	128.6	128.6	132.7
Steel cr coilsheet	\$/mt	444.6	607.1	668.8	490.0	520.0	608.3	650.0	650.0	650.0	650.0	687.5
Steel hr coilsheet	\$/mt	320.2	502.5	568.8	330.0	401.7	508.3	550.0	550.0	550.0	550.0	587.5
Steel, rebar	\$/mt	265.8	428.8	400.0	280.0	390.0	525.0	400.0	400.0	400.0	400.0	400.0
Steel wire rod	\$/mt	300.0	487.5	550.0	300.0	300.0	550.0	550.0	550.0	550.0	550.0	550.0
Tin	c/kg	489.5	851.3	791.2	555.2	692.6	920.7	902.9	889.0	855.4	773.6	808.9
Zinc	b/ c/kg	82.8	104.8	128.6	93.0	107.0	102.8	98.0	111.4	118.0	124.6	132.6
World Bank commodity price indices for low and middle income countries(1990 =100)												
Energy		126.3	164.9	191.9	128.4	140.4	155.6	177.1	186.6	170.7	187.8	195.9
Non Energy Commodities		91.5	107.5	112.5	97.7	107.6	108.4	105.9	108.0	109.6	110.3	114.6
Agriculture		94.7	104.7	108.3	100.0	106.6	107.1	102.1	102.9	104.8	105.9	110.8
Beverages		87.1	94.0	114.8	83.1	90.9	90.5	92.9	101.5	110.4	109.7	120.0
Food		96.4	110.0	107.7	104.9	114.9	114.9	105.9	104.1	104.8	105.8	109.7
Fats and Oils		120.6	137.1	116.9	142.7	157.4	148.8	122.9	119.5	119.9	119.1	114.7
Grains		90.2	100.2	102.5	93.3	102.5	104.9	95.2	98.2	101.2	102.7	102.3
Other Food		80.1	93.2	103.2	80.4	87.1	92.8	98.0	94.8	94.4	96.7	109.7
Raw Materials		98.2	105.8	104.3	106.3	107.5	109.3	104.1	102.4	100.8	103.2	105.3
Timber		103.7	109.3	117.9	103.1	103.9	108.5	111.6	113.4	113.3	117.9	117.9
Other Raw Materials		94.4	103.4	94.9	108.4	109.9	109.8	98.9	94.9	92.3	93.1	96.8
Fertilizers		106.2	126.6	135.1	112.9	119.4	122.6	131.2	133.4	135.1	135.1	135.1
Metals and Minerals		82.0	112.4	120.5	90.5	108.9	110.1	112.6	118.1	118.8	118.8	122.1

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

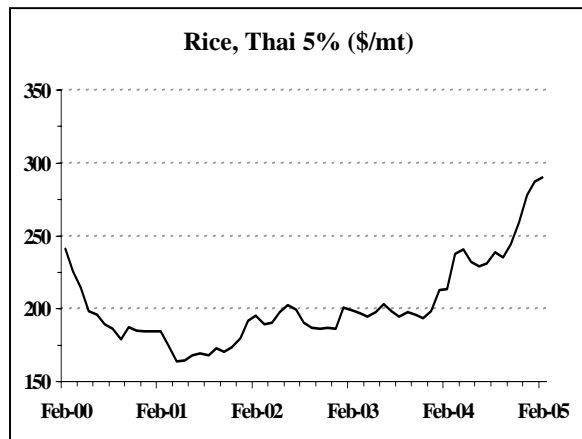
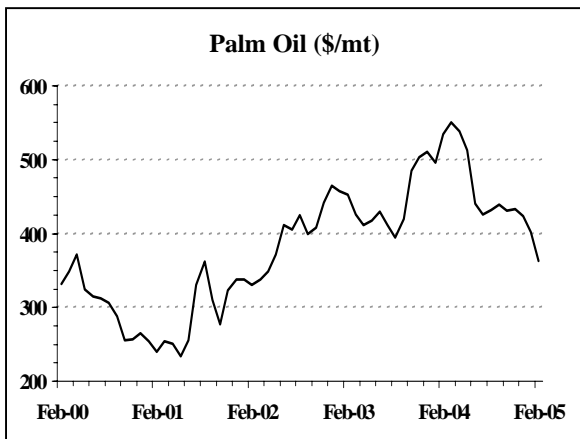
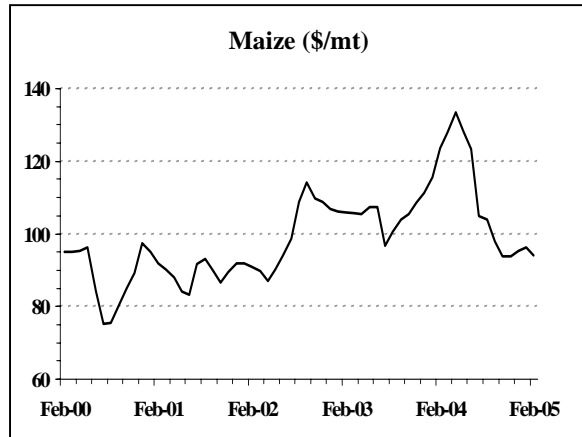
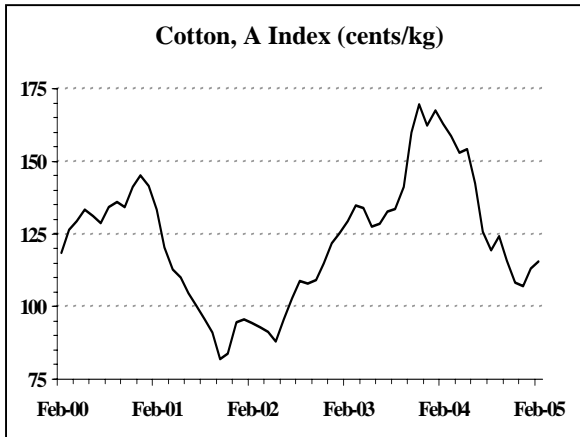
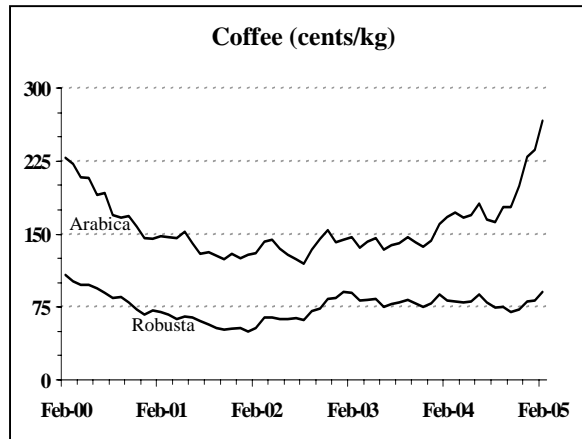
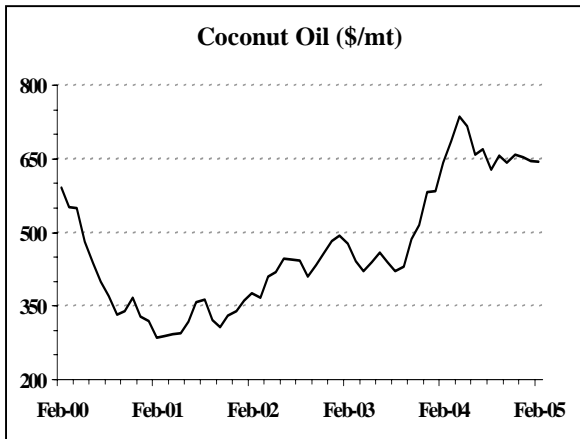
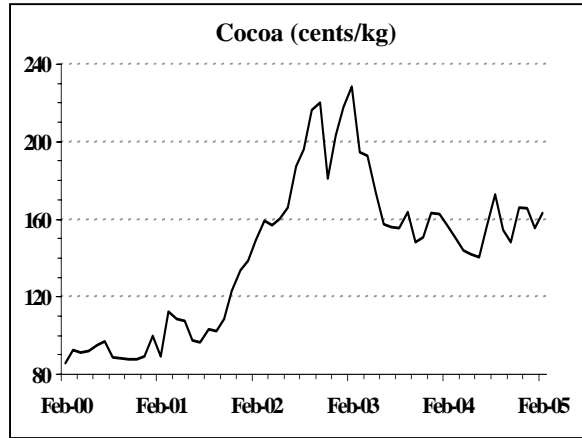
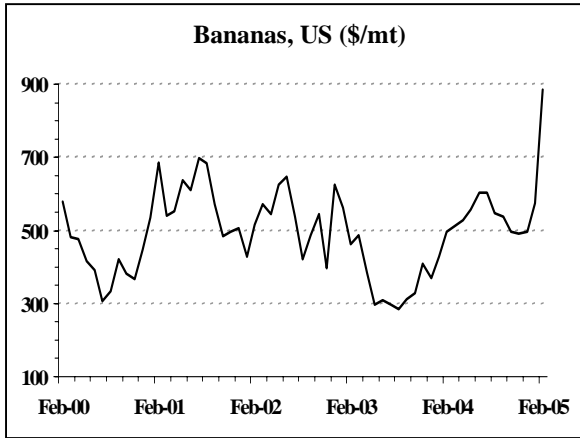
b. Not included in index/

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

Selected Commodity Prices, Nominal US dollars, 2000-2005



Selected Commodity Prices, Nominal US dollars, 2000-2005 cont'd



Selected Commodity Prices, Nominal US dollars, 2000-2005 cont'd

