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COMMODITY MARKETS AND THE DEVELOPING COUNTRIES

A WORLD BANK QUARTERLY

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Nonenergy primary commodity prices dropped 5.3%, led by sharply lower metals and minerals prices and lower food prices. Grains dropped 11.1% on large increases in world production. Energy prices continued to rise, up 7.1% over the previous quarter.

CHANGE IN QUARTERLY AVERAGES, 2Q96 TO 3Q96
Percent

Energy	+7.1
Nonenergy	-5.3
Total agriculture	-4.3
Beverages	-3.5
Total food	-4.9
Fats and oils	-1.6
Grains	-11.1
Others	-3.7
Raw materials	-4.1
Timber	-0.2
Fertilizers	+1.9
Metals and minerals	-9.7

METALS AND MINERALS

COMMODITY PRICES

SUMMARY

Nonenergy commodity prices dropped sharply on lower food and metals and minerals prices. The peak in the World Bank's nonenergy price index was in the spring of 1995. Since then prices have fallen roughly 12%. The grains price index dropped sharply this quarter and was a major contributor to the drop in the overall agricultural price index. Wheat prices were lower by 23%, and maize prices were down 10.7% as world grain production increased. The index of beverage prices declined 3.5% as coffee and cocoa prices fell. Robusta coffee prices dipped 13.8%, as supplies for 1996/97 increased more than expected.

Energy prices continued the increase begun in 1994, with crude oil prices up 7.1% for the quarter on strong demand, low stocks, and supply shortfalls. Iraqi crude oil exports, which had been expected to enter the market in September, were postponed indefinitely following military activity in Iraq in early September. Coal and natural gas prices weakened during the quarter. Natural gas prices in the US were weakened by a mild summer that reduced demand for air conditioning.

Metals and minerals prices dropped 9.7% on large declines in copper prices and lesser declines in most other metals and minerals. Copper prices declined 20%, as the fallout from the trading scandal at the Sumitomo Corporation of Japan continues to threaten large liquidations of copper stocks. Aluminum prices fell 7.1% and nickel prices 1.9%. Precious metals prices were down on weak demand.

LETTER TO OUR READERS

We have made a number of changes to *Commodity Markets and the Developing Countries.* We have changed the ordering of commodities in both the text and tables, to make the order consistent throughout the quarterly. These changes should make it easier to find information. You might also note that some of the historical data have changed slightly. These changes reflect the transition to our new database management system and the fact that some of the historical data averages, which had been manually computed, have been corrected. Most of these adjustments are small.

We hope that the changes make this publication more useful and easier to use. We continue to welcome your comments, and we will strive to make the publication as accurate and timely as we can.

Sincerely,
Donald Mitchell
Senior Economist and Editor

FIGURE 1. WEIGHTED INDEX OF PRIMARY COMMODITY PRICES FOR LOW- AND MIDDLE-INCOME ECONOMIES

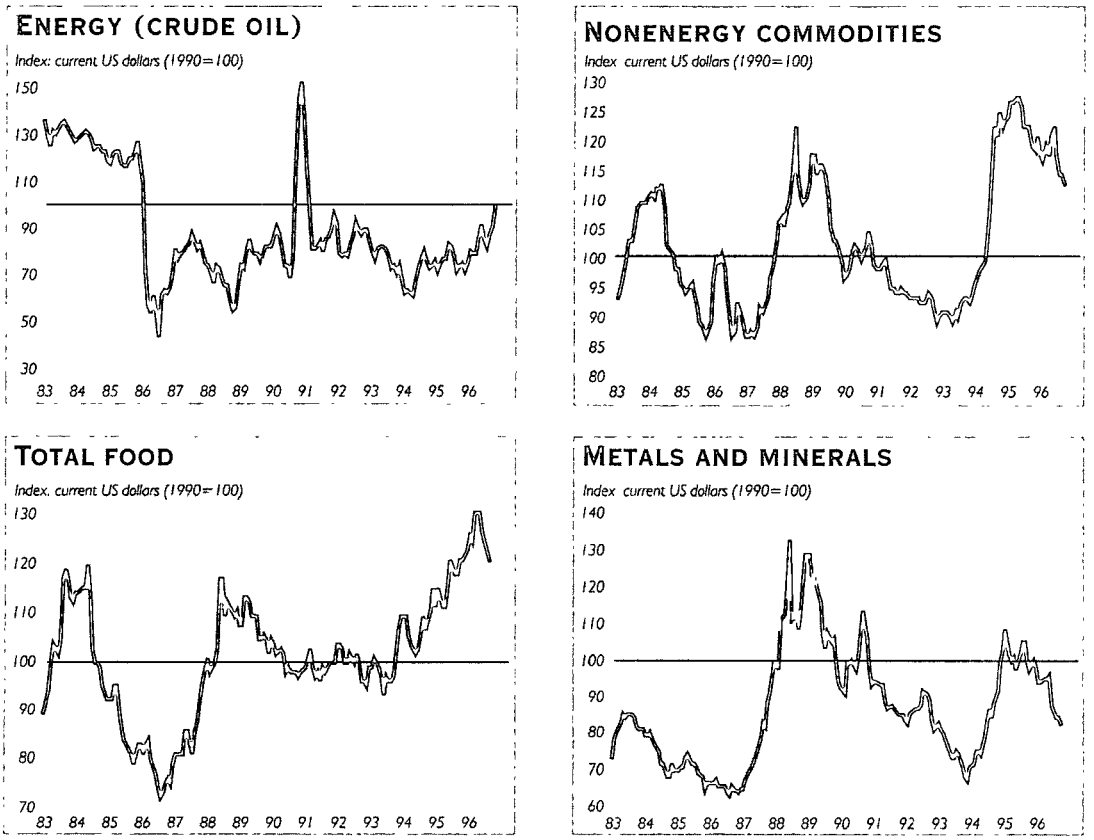


TABLE 1. WEIGHTED INDEX OF PRIMARY COMMODITY PRICES FOR LOW- AND MIDDLE-INCOME ECONOMIES IN CURRENT DOLLARS

1990=100

			Agriculture									
					Food				Raw materials			
	Energy (100)[a]	Nonenergy commodities (100)	Total agriculture (69.1)	Beverages (16.9)	Total food (29.4)	Fats and oils (10.1)	Grains (6.9)	Other food (12.4)	Total raw materials (22.8)	Timber (9.3)	Fertilizers (2.7)	Metals and minerals (28.2)
Annual												
1993	73.6	91.4	98.8	83.6	98.6	111.5	93.7	90.7	110.3	152.4	83.7	73.9
1994	69.4	111.6	123.3	148.8	106.8	125.9	102.1	93.9	125.8	156.6	93.4	84.6
1995	75.1	122.2	131.3	151.2	116.9	136.6	120.4	98.8	135.2	139.5	103.6	101.6
Quarterly												
1995Q3	71.9	120.5	128.0	145.7	119.5	136.0	128.4	100.9	126.0	138.4	102.6	103.7
1995Q4	73.9	118.2	126.4	128.3	122.1	144.2	137.6	95.3	130.6	134.5	107.5	98.9
1996Q1	80.0	117.1	126.2	124.0	124.8	142.6	147.1	97.7	129.7	135.5	116.2	94.7
1996Q2	84.8	119.4	130.3	131.3	129.7	150.1	157.2	97.6	130.3	141.4	118.9	92.8
1996Q3	90.8	113.1	124.7	126.7	123.3	147.7	139.8	94.0	125.0	141.1	121.1	83.8
Monthly												
1995 Sep	73.5	118.2	126.0	138.7	118.6	135.6	131.9	97.2	126.2	135.2	102.6	100.6
1995 Oct	70.5	117.9	126.7	134.2	121.7	141.1	140.3	95.3	127.8	135.2	103.8	97.6
1995 Nov	73.2	119.7	128.0	133.7	121.9	144.0	134.8	96.5	131.8	133.8	108.9	100.1
1995 Dec	78.1	116.9	124.5	117.0	122.7	147.4	137.6	94.0	132.3	134.6	109.8	99.1
1996 Jan	77.8	115.8	124.4	118.6	123.3	145.2	143.2	94.3	130.1	134.6	113.4	94.8
1996 Feb	77.4	118.2	128.0	128.4	126.2	142.3	147.7	101.0	130.0	134.6	116.6	94.3
1996 Mar	84.8	117.2	126.2	124.8	124.9	140.2	150.4	98.0	128.9	137.5	118.7	95.0
1996 Apr	90.3	120.0	130.2	129.1	131.2	151.5	156.7	100.2	129.8	141.1	118.7	95.2
1996 May	83.3	121.2	131.7	134.1	130.8	152.0	161.3	96.3	131.0	142.1	118.7	95.9
1996 Jun	80.9	117.0	129.0	130.7	127.1	146.7	153.5	96.3	130.2	140.8	119.2	87.4
1996 Jul	85.6	114.0	125.8	126.8	125.0	143.2	150.3	95.8	126.3	140.5	119.7	84.2
1996 Aug	89.3	113.5	125.1	129.4	123.3	147.2	141.2	93.8	124.1	140.7	121.1	84.4
1996 Sep	97.3	111.7	123.1	123.9	121.5	152.7	127.8	92.5	124.5	142.2	122.5	82.8

a. Crude oil index.

Note. Weighted by average 1987–89 export values for low- and middle-income economies

Source: World Bank, International Economics Department, Commodity Policy and Analysis Unit

A GLOBAL FOOD SHORTAGE? SEVERAL COMPUTER SIMULATION STUDIES SAY NO

The World Food Summit held this month in Rome sought to renew the commitment of world leaders to the eradication of hunger and malnutrition and the achievement of lasting food security for all. The summit came at a time when the sharp rise in grain prices during the past two years and the low level of world grain stocks have renewed concern about world food prospects. A recent decline in prices triggered by prospects of a large 1996 crop has diminished concern for the coming year, and stocks will probably be rebuilt over the next several years because of expanded production in the major exporting countries.

Several recent simulations have projected global cereal or food balances to 2005, 2010, or 2020, based on specific assumptions and computer models. Three projections to 2010 come to similar conclusions: Agcaoili and Rosegrant (1995) from the International Food Policy Research Institute (IFPRI), Alexandratos (1995) from the Food and Agricultural Organization (FAO), and Mitchell and Ingco (1993), based on research done at the World Bank. The IFPRI study was later extended to make projections to 2020 (Rosegrant 1995).

The medium-term outlook is for adequate world food supplies, which should cause prices to remain below the levels seen in early 1996. However, concern still remains for the longer-term world food outlook because of slower yield growth in recent years and the uncertainty affecting demand growth.

Simulations agree...

The three studies reach similar conclusions, with some variations for specific countries. All three studies provide plausible descriptions of what the world food situation will be like in 2010 (table 2). Grain yields are expected to increase at rates comparable to those of recent years (1.5–1.7% a year), area harvested to grains is expected to increase modestly, global grain demand is expected to grow more slowly than in the past, and trade in grains is expected to increase. All three studies see real grain prices remaining constant or declining. Regional food problems are expected to persist, with the most severe problems in Sub-Saharan Africa.

The three projections of world and regional cereal production and consumption to 2010 were presented and reviewed at a conference sponsored by IFPRI in 1994 (Islam 1995). The conclusions of the modelers and conference participants were summarized by the organizers as follows:

> There was general agreement that the world food supply in 2010 would probably meet global demand, but regional problems would occur. South Asia and Sub-Saharan Africa were recognized as the most vulnerable regions. The key to future food supplies was seen as increased productivity, that is, yields must continue to rise; to accomplish this, sustained support for investment in agriculture, including research expenditures, would be needed (Islam 1995, 1).

The three studies project an average annual increase in grain production over the 20 years 1989–91 to 2010 of 1.55%—1.94% for developing countries and 1.13% for industrial countries (see table 2). All three models project slower growth for world cereal production and consumption over the period to 2010 than over the period 1979–81 to 1989–91 because of slower population growth rates, which will reduce the rate of growth of demand. Cereal demand during the 20 years before 1989–91 grew 2.2% a year worldwide and 3.2% in developing countries (Islam 1995, 85). About 90% of the increase in aggregate cereal demand to 2010 is projected to be due to population increases.

...but with some differences on trade

The average cereal deficit of developing countries is projected to grow from 90 million tons during 1989–91 to 176 million tons by 2010. The three studies differ in their view

of the rate of growth of world cereal trade, with Agcaoili and Rosegrant's (1995) and Alexandratos's (1995) projections nearly identical and Mitchell and Ingco's (1993) projection significantly higher.

The three studies are conditional projections, based on specific assumptions about population and income growth and yield increases based on continued investment in agricultural research. The study projections also assume normal conditions, and so would not reflect the effects of any major changes in crop production conditions or other abnormal events. The projections do reflect the expected economic responses of producers and consumers to changes in prices. The projections also reflect the continuing increase in international trade that would accompany trade reform.

Maintaining agricultural research is crucial

Despite this relatively favorable outlook for world food supplies, little improvement is projected in food security for the poor in many regions. According to the IFPRI report, consumers in Sub-Saharan Africa face the bleakest prospects, with virtually no improvement in per capita calorie availabilities. The prospects for South Asia are somewhat better, with both per capita incomes and per capita calorie supplies rising. However, the increase is not enough to close the gap with other regions. China and India, the two largest countries, are not expected to put severe pressure on the world cereal market. China is expected to increase its net cereal imports from 13 million tons to 27 million tons by 2020, while India is projected to remain essentially self-sufficient in cereals. Eastern Europe and the countries of the former Soviet Union are expected to become substantial cereal exporters as policy changes lead to a more market-oriented agriculture. The report cautions, however, that these projections assume that agricultural research investment is maintained.

In an alternative scenario the IFPRI projections consider the impact of lower investment in agricultural research combined with slower income growth. A decline in public investment in agricultural research has severe consequences for the global food situation. (The simulation assumes a significant weakening of the national and international agricultural research system equivalent to a $1.5 billion cut in public research expenditures in developing countries.) By reducing the rate of growth of crop productivity and food production in the developing world, the cutback in research reverses world price declines and causes malnutrition to rise.

This article is based on a recent World Bank publication by Merlinda D. Ingco, Donald O. Mitchell, and Alex F. McCallum, *Global Food Supply Prospects,* World Bank Technical Paper 353, 1996. References cited in this article may be found in that publication.

TABLE 2. ADEQUATE GLOBAL SUPPLIES BUT SOME REGIONAL DIFFICULTIES
Millions of tons

	Production			Consumption		
	World	Industrial countries	Developing countries	World	Industrial countries	Developing Countries
Actual 1989–91	1,727	864	863	1,730	777	953
Projected 2010						
Alexandratos	2,334	1,016	1,318	2,334	854	1,480
Agcaoili Rosegrant	2,405	1,174	1,232	2,406	1,015	1,392
Mitchell Ingco	2,311	1,058	1,253	2,308	848	1,459
Average growth rates						
Projected 1989–91 to 2010	1.55	1.13	1 94	1.54	0.75	2.10

Note Developing countries include the former centrally planned economies of Eastern Europe and the former Soviet Union.
Source Islam 1995.

THE RISE AND FALL OF COOPERATIVE STRATEGIES

In the 1950s many governments of commodity-producing countries entered into international agreements under which they took on the task of managing commodity market risk. Under United Nations auspices five international commodity agreements were signed by producing and consuming countries: the Sugar Agreement (1954), Tin Agreement (1954), Coffee Agreement (1962), Cocoa Agreement (1972), and Natural Rubber Agreement (1980). These agreements have been unable to adapt to changes in the market, however, and by 1996 their economic clauses had lapsed or failed, victims of politics and economics (table 3).

Four important lessons can be drawn from theory and history:

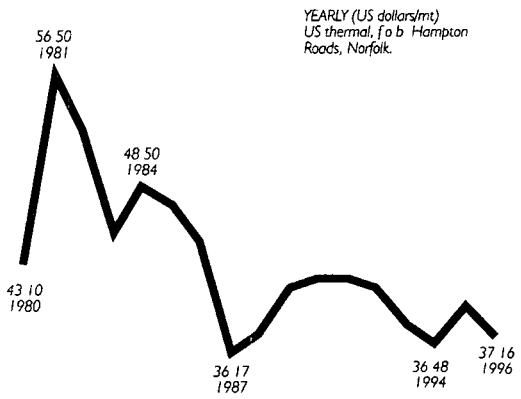
- Benefits to producers are not distributed equally among countries that coordinate their policies. Major producers have often benefited from not joining a commodity agreement. Brazil stayed out of the Tin Agreement, Côte d'Ivoire out of the third Cocoa Agreement, and Vietnam out of the Coffee Agreement.
- Under several agreements (tin, cocoa, rubber) buffer stock operations were used to influence world prices. Yet research shows that even random commodity price movements will eventually bankrupt such schemes. Such was the case when the Tin Agreement failed in spectacular fashion in 1985, nearly bringing the London Metal Exchange down with it.
- Because the agreements are shaped to existing market conditions, they cannot respond to changing markets in a dynamic world. The economic provisions of the second Sugar Agreement were first suspended in 1962 when Cuba, having lost access to the protected US market, sought a substantial increase in its quota, which the other producers refused to grant. The third International Cocoa Agreement, negotiated during a period of historically high prices, sought to defend unsustainable price levels.
- The very success of agreements in raising international prices often leads to the agreements' eventual demise. Although governments negotiate the agreements, farmers decide how much to produce and how much to invest. For example, responding to higher prices, farmers in Brazil, Côte d'Ivoire, Indonesia, and Malaysia planted new cocoa areas during the Cocoa Agreement, swamping an underfinanced buffer stock operation. Similarly, coffee production expanded dramatically in Colombia and Vietnam during the Coffee Agreement, leading to large inventories of unmarketed coffee.

TABLE 3. INTERNATIONAL COMMODITY AGREEMENTS HAVE PROVEN UNSUSTAINABLE

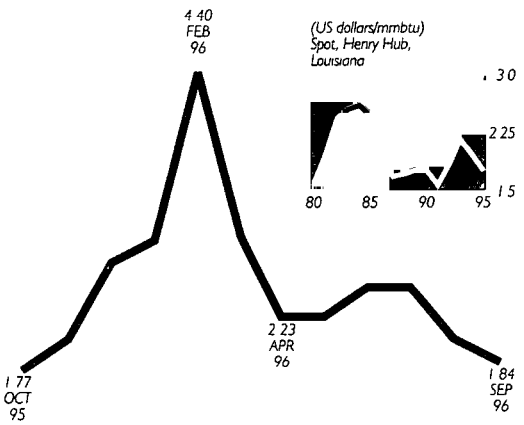
	Sugar	*Tin*	*Coffee*	*Cocoa*	*Rubber*
Initial agreement date	1954	1954	1962	1972	1980
Status of economic clauses	Lapsed in 1963 and 1983	Collapsed in 1985	Suspended in 1989	Suspended in 1988	Suspended in 1996
Number of agreements	4	6	4	4	3

Source: Panos Varangis and Don Larson, "Dealing with Commodity Price Uncertainty," Policy Research Working Paper 1667, World Bank, Commodity Policy and Analysis Unit, Washington, D.C.

COAL



NATURAL GAS



GREATER COMPETITION LIKELY TO WEAKEN PRICES IN 1997

International steam coal prices have weakened this year, although the market balance has remained fairly firm, due in part to the drop in exports early in the year. In South Africa the Richards Bay Coal Terminal has processed record tonnages in recent months to make up for lost production early this year due to heavy, unseasonal rains that flooded many open-cast mines.

Recent spot coal sales between Australian and Japanese companies have been $6 to $7 per metric ton (mt) below the contract benchmark of $40.30/mt. Although the volumes are small, these transactions will have a bearing on 1997 contract negotiations.

The many structural changes taking place in the buying and selling of coal will likely lead to more competition and lower prices—at least in the short term. The longer-term question is what these changes will mean for investment in new capacity. Deregulation in Japan will likely result in greater reliance on spot sales, which could quickly grow in size. In Australia the removal of export controls earlier this year will mean greater competition and less solidarity between producers and the government during contract negotiations. For 1997 coal prices are expected to decline somewhat but not nearly to the level suggested by recent spot sales. The new production that is expected in exporting countries will more than offset the demand increases.

MILD SUMMER WEATHER DEFLATES US PRICES

US natural gas prices weakened significantly during the summer as mild weather weakened demand for air conditioning. The lower demand allowed more gas to flow into depleted inventories, reducing pressure on the market. Prices fell sharply in July, and in August prices slipped below $2 per million Btu (mmbtu) for the first time since November 1995.

Despite lower consumption, prices remained fairly firm this summer due to strong demand for gas injections into storage, which had been severely reduced during the long, cold winter. While the market is in much better balance than in the spring, inventories will likely be lower than at the beginning of last winter. The lower inventories could again set the stage for higher prices, depending on the winter weather. The deficit in storage will be mainly in the producing regions, because inventories in the east could rise to last year's levels by the end of October. Prices are likely to rebound in the fall, due to strong demand for injections into storage in October and reluctance by storage owners to withdraw inventories in November and into early winter.

Prices could spike again in this coming heating season if last winter's extreme weather conditions are repeated. While storage levels may be lower this year than last, production and deliveries into eastern markets should be higher, resulting in about the same peak period deliverability. The weather is key. Normal

or even mild weather would mean a much smaller impact on prices than last winter.

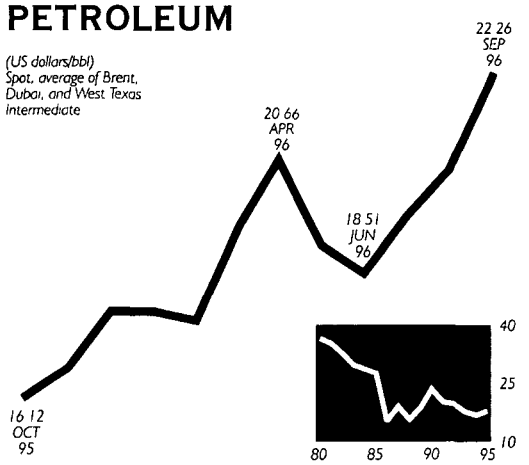
In the absence of a price spike in early 1997, gas prices for the year should average around $2/mmbtu, substantially less than the estimate for this year of $2.60/mmbtu. This projection reflects a return to a more balanced market rather than a collapse in prices. Moderate demand growth will be met through increasing production and easing bottlenecks in pipelines moving gas west to east. Prices are expected to be more stable—although spikes due to weather or supply disruptions could occur—and should fall below $2/mmbtu during off-peak months. Export capacity expansions in Canada are slated for this year and next, but major pipeline bottlenecks from Canada to the Midwest are not expected to open up before 1998.

In Europe gas prices have fluctuated somewhat in response to changing oil prices under lagged indexation of gas oil and fuel oil prices in various long-term contracts. With higher oil prices, gas prices too should move higher.

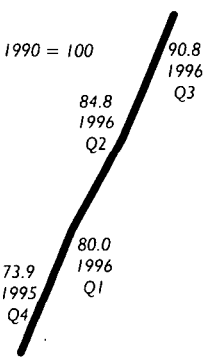
Important structural changes in European gas markets will eventually bring more competition and lower prices. The most important developments are taking place in the UK, where deregulation is lowering end-use prices. The spot market is likely to become a prominent feature of the UK gas industry, and completion of the Interconnector pipeline in 1998 could become a key to European continental gas prices. There has been little progress in settlement of the take-or-pay dispute in the UK following the collapse of spot gas prices.

European gas demand is projected to grow strongly, but several supply sources should reach the market late this year and in early 1997. Gas from Norway's giant offshore Troll field will be delivered to northwestern Europe, gas from Algeria will begin flowing through the Maghreb pipeline into Spain, and small volumes of Russian gas will be shipped to Germany, thanks to expansion of the Polish grid system.

PETROLEUM



Crude oil prices rose 7.1% on strong demand., low stocks, and supply shortfalls. Iraqi crude oil exports are postponed indefinitely.



SUPPLY TIGHTNESS RAISES OIL PRICES

Crude oil prices rose in the third quarter, driven by strong demand, low stocks, and supply shortfalls. Iraqi crude oil exports, which had been expected to begin flowing in September, were postponed indefinitely, following military activity in Iraq in early September. Delays in the startup of new non-OPEC production also contributed to the supply tightness, and there has been no increase in output from OPEC producers with surplus capacity. The petroleum industry continues to run on lean inventories, generating prompt demand for crude and products. US heating oil inventories are especially low heading into the heating season, and another long, cold winter could send prices soaring. In addition, the supply-demand balance may be much tighter than reported statistics indicate.

Oil prices ended the third quarter 20% higher than at the close of the second quarter, and the strong prices are expected to continue into the winter. The weather looms as a major uncertainty, particularly for heating oil demand, but OPEC's decision on whether to increase production will also have a strong bearing on prices. The market could remain finely balanced next year, depending on OPEC production levels, including Iraq's.

OPEC crude oil production rose 0.24 million barrels per day (mb/d) in the third quarter, putting it 0.82 mb/d above quota (table 4). Excluding Iraq would bring over-quota

production to 1.5 mb/d, because Iraq's production was 0.65 mb/d below its recently revised quota. Iraq had been given a higher quota at the June OPEC meeting in anticipation of limited exports under a UN-sponsored oil-for-food deal that was widely expected to commence by the fourth quarter of this year. It is now very uncertain when UN-sanctioned oil exports from Iraq might begin.

Venezuela accounted for nearly half the above-quota production, but all countries are producing more than their quotas, including Kuwait and Saudi Arabia after accounting for their equal shares of Neutral Zone output. Interestingly, OPEC's higher production has been required by the market, as evidenced by rising oil prices. Prices would have been much higher had all OPEC members been producing at quota (assuming no increase in exports from Iraq).

Non-OPEC supplies rose 0.28 mb/d in the third quarter (table 5). Declines in the US and Latin America were offset by increases in a number of other countries, the largest occurring in Canada and in countries of the former Soviet Union. The Latin American decline was due to lower production in Mexico, the result of an explosion in late July at the country's largest natural gas processing plant that affected both natural gas liquids (NGLs) and crude output.

TABLE 4. OPEC CRUDE OIL PRODUCTION AND QUOTAS

Millions of barrels per day

	1994	*1995*	*2Q96*	*3Q96*	*Quotas*
Algeria	0.75	0.76	0.81	0.83	0 750
Indonesia	1 32	1 34	1.41	1.39	1.330
Iran	3 61	3.65	3.62	3.71	3.600
Iraq	0.53	0.55	0.55	0.55	1.200
Kuwait	1.84	1.84	1.79	1.80	2.000
Libya	1.38	1.41	1.39	1 40	1.390
Neutral Zone	0.39	0.43	0.47	0.48	
Nigeria	1.90	1.93	2.13	2.08	1.865
Qatar	0.41	0.45	0.48	0.49	0.378
Saudi Arabia	7.90	7.94	7.84	7.93	8.000[a]
UAE	2.22	2.19	2 19	2 18	2.161
Venezuela	2.44	2 58	2.94	3.02	2.359
Total crude	24.67	25.06	25.61	25.85	17.033
NGLs[b]	2.38	2.42	2 57	2 71	
Total OPEC	27.05	27.48	28.17	28 57	

a Quota includes share of Neutral Zone.
b Natural gas liquids (NGLs).
Source: International Energy Agency and OPECNA

World oil demand continued to grow quite strongly, with estimated third-quarter consumption up nearly 3% (table 6). OECD demand is estimated to have increased about 2.5%, while demand in the non-OECD countries outside the former Soviet states and Eastern Europe is estimated to have grown some 5%. The largest growth continues to be in Asia, with consumption growth in the second quarter more than 6% above the same period a year earlier. Demand growth in the Republic of Korea has slowed to well under 10%, down from 20% in the early 1990s. In India, however, demand appears to be climbing, having risen 9% in the second quarter.

Given the recent strength in prices, it is likely that underlying demand is higher than the estimates reported by the International Energy Agency (IEA) and elsewhere. Publication of official non-OECD consumption data lags by a couple of years; the IEA only recently released 1994 annual data. Demand figures are typically revised upward when the annual data are released. Thus it may be that 1995 demand is underestimated by at least 0.5 mb/d and 1996 demand by perhaps twice that amount. As for supply, production data for many countries, especially within OPEC, are only estimates, and official monthly data may never be publicly known.

Another important element that is driving prices higher is the low level of inventories

TABLE 5. NON-OPEC OIL SUPPLY

Millions of barrels per day

	1994	*1995*	*2Q96*	*3Q96*	*Change, 2Q96 to 3Q96*
Unites States	8.64	8.61	8.59	8 47	–0 12
Canada	2.28	2.39	2 37	2 49	0.12
United Kingdom	2.71	2.79	2.73	2.75	0.02
Norway	2.69	2.91	3.22	3.27	0 05
Other OECD	1.32	1.28	1.35	1.43	0.08
Latin America	5.94	6 06	6.52	6 45	–0.07
Africa	2.43	2.59	2.69	2.75	0 06
Middle East	1.79	1.87	1.88	1 90	0 02
China	2.84	2.99	3.14	3 15	0 01
Other Asia	1 94	2.07	1.96	1.98	0.02
FSU	7.27	7.12	6.99	7.08	0.09
East Europe	0 28	0 27	0 28	0 28	0.00
Processing gain	1.43	1.46	1.50	1.50	0.00
Total non-OPEC	41 56	42 40	43.21	43.49	0.28

Note Includes NGLs, nonconventional, and other supply sources.
Source: International Energy Agency

held by the petroleum industry, both for crude oil and petroleum products. More than a year ago many companies decided to reduce inventories in order to lower costs and free up working capital. This just-in-time inventory management has been most common in the US but is occurring in other countries as well. With tight markets for crude and products, futures prices have been in backwardation, which discourages the building of stocks.

Heating oil stocks are extremely low in the US and Europe entering the winter season. Prices for middles distillate (heating oil and diesel oil) have been rising due to strong demand in Europe and the switch to 0.05% sulfur diesel oil in the EU on October 1. The switch necessitates product segregation, which adds to price volatility. In addition, supplies of high sulfur product cannot be used in the same proportion as before, which tends to reduce supply availability. With low levels of heating oil, an early and extremely cold winter could cause further sharp runups in prices for both heating oil and crude.

For the fourth quarter the crude oil market is expected to remain tight unless OPEC increases production. Weather will be a key factor, either exacerbating strong prices if early temperatures are cold, or alleviating the situation somewhat if there is extended mild weather. Typically, a stock draw occurs in the fourth quarter, but IEA projections show supply and demand to be about equal, which would indicate a well-supplied market (table 7). Current prices, however, show that crude and product markets, far from being well supplied, are extremely tight. Thus it appears that either demand is higher or supply is lower than estimated, or both. On the demand side, it appears that the base-demand statistics in 1995 are deficient rather than the growth trends during 1996.

Non-OPEC supplies are projected to increase significantly in the fourth quarter, but the projections are lower than had been anticipated earlier in the year. Nevertheless, output is expected to increase 1.5 mb/d from the third quarter (and to be 2.3 mb/d higher than a year earlier). More than half the increase in the fourth quarter will come from the North Sea.

Demand is projected to rise 2.5%, assuming normal weather. However, the underlying data are likely underestimated, and current growth may be stronger. Any deviation from normal weather could have a large impact on market demand. Should there be lengthy periods of extremely cold weather, the heating oil market will be of critical importance to market demand.

Given the tightness in oil markets, attention will focus on the OPEC meeting on

TABLE 6. OIL CONSUMPTION

	Millions of barrels per day				*Percentage change*			
	OECD	*FSU and Eastern Europe*	*Developing countries*	*Total*	*OECD*	*FSU and Eastern Europe*	*Developing countries*	*Total*
1990	38.1	10 1	18.2	66.4	0.3	-5.0	4.1	0.5
1991	38.2	9.7	18.9	66.8	0.4	-4.1	3 7	0.6
1992	38.8	8.3	20.1	67.3	1 7	-13 8	6.4	0.8
1993	39.0	7.1	21.5	67.6	0.5	-15 3	6 7	0.4
1994	40 0	6 1	22.7	68.8	2.5	-13.0	5.6	1.9
1995	40.3	6.1	23.7	70.1	0,7	-0.2	4 4	1 9
1Q94	40.7	6.7	22.4	69.8	2.7	-13.0	5.2	1.9
2Q94	38 7	5 7	22.2	66 6	3.0	-18 6	4 1	1.1
3Q94	39 7	5 9	22.3	67.9	2.9	-7.8	4 5	2.4
4Q94	40 9	6.3	23.4	70.5	0 9	-10 0	5.4	1.3
1Q95	41.0	6.5	23.5	71.0	0.8	-3.0	4.8	1 7
2Q95	39.2	5 9	23.2	68.3	1 1	3.5	4.9	2.6
3Q95	39.7	5.8	23.2	68.7	0.1	-1.7	3.9	1 2
4Q95	41 3	6 3	24 3	71 9	1 2	0.0	3.9	2.0
1Q96	42.1	6.3	24.4	72 8	2 6	-3 1	3.9	2.5
2Q96	39 6	5 7	24 4	69 7	1 2	-3.4	4.9	2 0
3Q96	40 7	5.6	24 3	70 6	2.4	-3.4	4.9	2 8

Source. International Energy Agency and World Bank

November 27. While the market appears to need more oil, it may not be easy for OPEC to agree to new quotas and to raise production. Venezuela is already producing nearly 0.7 mb/d above its quota, and its production is generally expected to rise further in 1997. Only three countries have significant surplus capacity—Kuwait, Saudi Arabia, and the United Arab Emirates—although somewhat higher output could come from Iran and a few other member countries.

In addition to the normal difficulties of realigning quotas, there is the issue of OPEC's longer-term strategy. Since the price collapse in 1986, OPEC appeared to be content with prices in the upper teens per barrel, a level that would not negatively affect demand or stimulate a too rapid increase in non-OPEC production. OPEC's decisions at its meeting and its production practices during the winter may provide some indication of whether a new strategy is emerging. OPEC may choose simply to roll over its quotas and raise production temporarily, should prices become too high—say, above $25/bbl.

For 1997 the market is projected to remain evenly balanced. Both demand and non-OPEC supplies are projected to increase about 2.5%, or by 1.8 mb/d. Again, a large portion of the increase in non-OPEC supplies is expected to originate from the North Sea. The projected balance does not leave much room for higher OPEC production, but entrenched underestimation of demand and perhaps overoptimistic projections for non-OPEC supplies will likely result in increased demand for OPEC crude output.

OPEC is expected to raise output somewhat even if it rolls over its quotas for next year. The market should remain fairly tight through the winter, and prices are expected to decline when that tightness eases—weather will be a key factor. Limited Iraqi exports could begin flowing next year, but the political events in September make this highly uncertain. Longer term, there is no change in our price forecast because ultimately Iraq will reenter the market, and supply pressures are expected to keep prices well below current levels. OPEC production practices could clearly affect the level of prices, however.

TABLE 7. WORLD PETROLEUM DEMAND AND SUPPLY

Millions of barrels per day

	1994	1995	1Q96	2Q96	3Q96	4Q96	1996	1Q97	2Q97	3Q97	4Q97	1997
Demand												
OECD	40.0	40.3	42.1	39 6	40.7	41 9	41.1	42.5	40.3	41 3	42.7	41 7
FSU	4 9	4.7	4.6	4.1	4.3	4.8	4.5	4.7	4.2	4.3	4.8	4.5
Other	24 0	25 1	26.2	26 0	25 6	27.0	26.2	27.5	27.2	26.9	28.2	27.4
Total	68.9	70.1	72.9	69.7	70.6	73.7	71.8	74.7	71 7	72 5	75 7	73 6
Supply												
OECD	17.6	18.1	18.3	18.3	18 4	19 5	18.6	19.5	18.9	18.9	20.2	19.3
FSU	7 3	7.1	7 0	7 0	7 1	7.1	7.0	7.2	7.1	7.2	7.4	7.2
Other[a]	16.7	17.5	17.9	17.9	18.0	18 4	18 1	18.6	18.8	19.0	19.3	19.0
OPEC[b]	27 0	27.2	28.2	28.2	28.6	28.6	28.5	28.6	28.6	28.6	28 6	28.6
Total	68.6	69.9	71.4	71.4	72.1	73.6	72 2	73.9	73.4	73.7	75.5	74.1
Stock change and miscellaneous												
OECD	0.2	–0 3	–1 2	1 0	0.8							
Floating/transit	–0 1	0 1	–0.3	0.1	0.0							
Other/miscellaneous	–0.4	0.0	–0 1	0 6	0 6							
Total	–0.3	–0 2	–1.6	1.7	1.4							

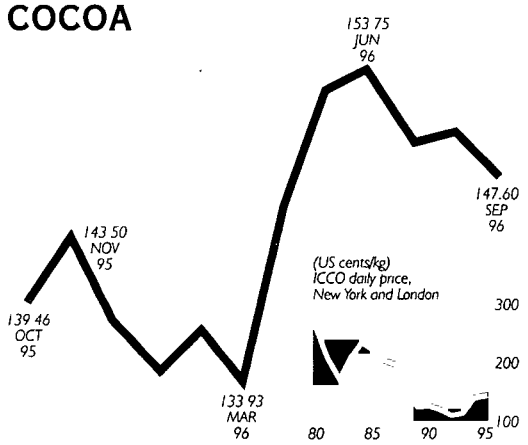
Note: Includes natural gas liquids (NGLs), nonconventional, and other supply sources. FSU comprises countries of the former Soviet Union

a. Includes processing gains (1.5 mb/d in 1995)

b. Includes NGLs (2 4 mb/d in 1995).

Source. International Energy Agency and World Bank.

COCOA



PRICES SHOW LITTLE CHANGE

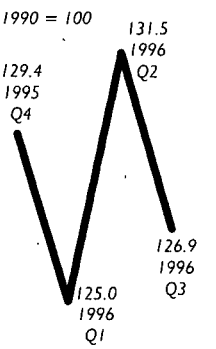
With the end of the 1995/96 crop year approaching, production estimates were revised upward, indicating an abundant supply before the October beginning of the 1996/97 crop year. Production estimates were revised to 1.2 million tons for Côte d'Ivoire, an all-time record crop, and 390,000 tons for Ghana, the largest crop of the past 20 years. Estimates also were raised for Cameroon (to 130,000 tons), Nigeria (to 150,000 tons), and Indonesia (to 300,000 tons). Overall, world production for 1995/96 is estimated to be 16% higher than in the previous year. So, despite an estimated 6% growth in consumption, a production surplus of about 70,000–90,000 tons is expected for this year.

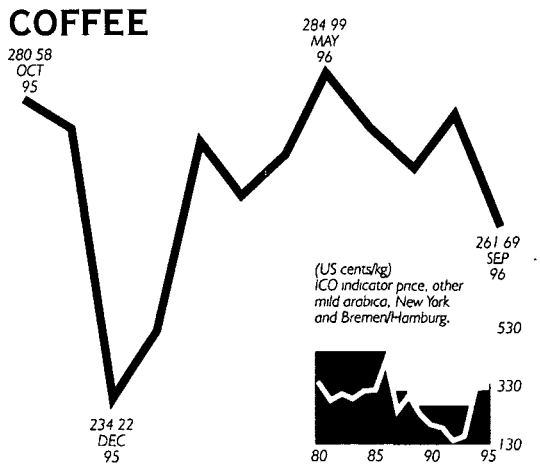
The sizable increase in this year's crop had little effect on cocoa prices, however, mainly because early indications for the 1996/97 crop point to a large deficit of as much as 150,000 tons. Forecasts earlier in the summer indicated that the Ivorian and Ghanaian 1996/97 crops would be significantly lower than those of 1995/96. However, some analysts have recently revised upward their forecasts for Côte d'Ivoire. Crop estimates for the 1996/97 Ivorian main crop vary between 850,000 tons and 950,000 tons, but still well below the 1,050,000 tons in 1995/96. News reports also indicate that heavy rains in July and early August, followed by a much drier than normal September, could mean a later and smaller cocoa crop. Reports also indicate that crop arrivals could be influenced by the preseason financing difficulties experienced by local shippers. Another concern is Ghana. Projections for the 1996/97 main crop vary between 250,000 and 300,000 tons, putting the crop well below 1995/96's 350,000 tons. Early 1996/97 forecasts for Cameroon, Malaysia, and Nigeria are for about the same size crops as in 1995/96, while further decreases are projected for the Brazilian cocoa crops, due to dry weather and the effect of witches broom disease. Indonesian production is projected to increase significantly, however, from 300,000 tons in 1995/96 to 350,000 tons in 1996/97.

The key uncertainty in the 1996/97 crop forecast is what will happen to the Ivorian and Ghanaian crops. Another uncertainty comes from the consumption side. Some analysts expect continuing strong growth in the US and Western Europe and an expansion in the markets of Eastern Europe and the countries of the former Soviet Union. Third-quarter cocoa grindings rose significantly in the Netherlands (16.7%), the UK (41.9%), and the US (7.5%). If 1996/97 consumption remains strong and crop developments in Côte d'Ivoire and Ghana are toward the lower bound of forecasts, the deficit could be sizable, causing prices to rise significantly. A deficit of 150,000 tons, say, would bring the stock-to-grindings ratio to 36%, the lowest since 1986/87, when prices were $2,000/ton.

In Ghana producer prices for 1996/97 are set at 1,250 cedis/kg. Meanwhile, an outbreak of blackpod disease in the Bong Ahafo region (due to the cool, wet weather in July and August) is reportedly causing some concern among farmers. Ghanaian officials claim that the main crop harvested between October and March will not be affected, however. Côte d'Ivoire has reportedly been routinely selling quantities for October–December 1996 and January–March 1997 shipments through the electronic auction system. Sales are also reported for the October–December 1997 shipment. The producer price for 1996/97 was set at CFAF 315/kg, and it is currently the lowest among major cocoa producers.

Beverage prices declined 3.5% as coffee and cocoa prices fell. Robusta coffee prices dropped 13.8% as supplies for 1996/97 increased more than expected.





WORLD SUPPLY TO INCREASE AS BRAZIL'S CROP RECOVERS

World coffee prices weakened on expectations that Brazil's 1996/97 crop will be considerably larger than the previous crop, which was hurt by two frosts and a drought during the summer of 1994. Estimates of Brazil's current crop vary from 22 million bags to 26 million bags; its 1995/96 crop was 15–16 million bags. Global supply is likely to increase by about 12 million bags to 99 million bags, the highest level in the past five years.

Prices fell more for robusta than for arabicas because of significant supply increases in major robusta-producing countries. The USDA estimated Côte d'Ivoire's 1996/97 crop at 3.2 million bags, an increase of 14% over the previous crop. The increase is due to favorable weather conditions and higher producer prices. The 50% devaluation of the CFA franc in January 1994 appears to be having positive effects on the Ivorian export sector, including coffee. Adjusted for inflation, coffee producer prices more than doubled after the devaluation. The USDA estimates a rise in Indonesia's crop to 6.5 million bags, up from 5.9 million bags.

Two factors are holding prices steady: low world stocks, especially in consuming countries, and the export ceiling agreed on by the Association of Coffee Producing Countries (ACPC). Stocks in producing countries as of the end of September 1996 are estimated at 27.4 million bags, the lowest since the coffee bonanza years of the late 1970s, when prices were more than $6/kg. Stocks held in the main consuming countries are also low. At between 7 million bags and 8.5 million bags, these stocks are at less than half their level of 17 million bags just two years ago.

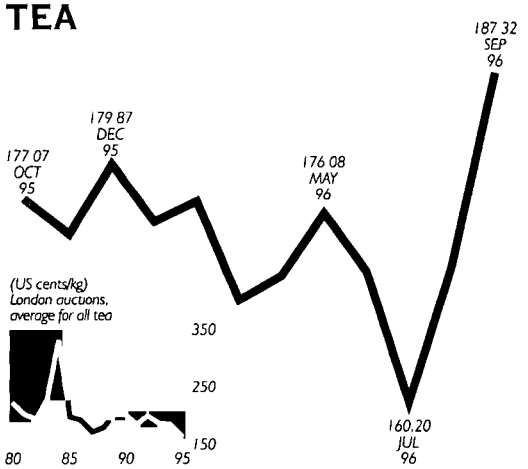
The ACPC set an export ceiling of 53 million bags of green coffee and 4–5 million bags green equivalent of soluble coffee. Because ACPC exports constitute 80% of global exports, the world coffee market is not likely to be flooded with supplies.

Liberalization of coffee markets in a number of countries—notably Côte d'Ivoire, Ethiopia, and Uganda—has improved producers' profitability and productivity. However, countries that liberalized their markets still have problems, now related largely to export financing, quality control, and risk management. An interesting development at the International Coffee Organization (ICO) has been its efforts to propose projects for financing by the UN Common Fund for Commodities, including some projects to address the problems of liberalizing markets. The ICO has proposed projects to promote coffee production, eradicate coffee berry borer disease, implement coffee marketing systems and policies, develop the East African coffee market, and improve African robusta coffee. A few of these projects will be executed by the World Bank.

On the demand side, an encouraging sign is the slight increase in US coffee consumption. According to the 1996 Winter Coffee Study conducted by the US National Coffee Association, the share of people drinking coffee increased 2% in 1995. Gourmet coffee contributed significantly to the increase.

For the next year or so coffee prices are expected to drift slowly downward because of sufficient supply. By the end of the year the market will be focusing on Brazil's 1997/98 crop. So far, Brazil's coffee growing regions have not experienced abnormal weather, so the crop should be at least 25 million bags. For the medium term the increased demand in the US gourmet coffee market and rising consumption in Brazil are encouraging signs.

TEA



INCREASED DEMAND STRENGTHENS WORLD PRICES

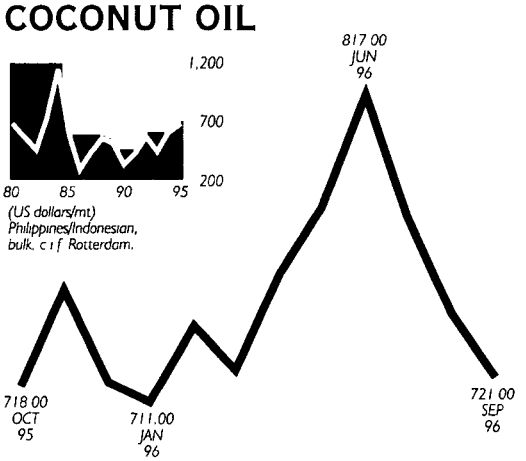
Tea auction prices in London strengthened during the quarter, as heavy demand from Russia and other countries of the former Soviet Union (FSU) drove up prices at the Colombo auction. The strong prices are surprising because both northern India and Kenya are likely to have record crops this year.

Until 1991 the Soviet Republics imported mostly from India, but in recent years the countries of the former Soviet Union have imported from various sources. Indian exports to these countries declined from 20,000 tons in 1994 to 16,000 tons in 1995, while Sri Lanka's increased from 13,000 to 38,000 tons in the same years. Sri Lankan exporters developed a booming market in packaged tea in the FSU countries, made possible by their investments in packaging machinery and the absence of competition in these countries.

One consequence of Sri Lanka's success was lower demand for tea exports from southern India. The tea industry in southern India is also suffering the effects of increasing domestic demand for northern Indian tea and increasing labor costs. Many potential tea pluckers prefer working in urban areas, even at lower wages.

The outlook for tea prices will continue to depend on the FSU countries and India on the demand side and on India and Kenya on the supply side. Prices are likely to hover just below 200¢/kg for a while.

COCONUT OIL



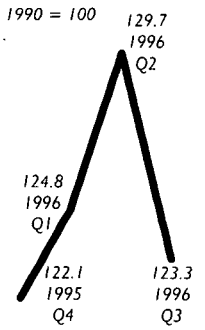
PRICES CONTINUE TO FALL

Coconut oil prices continued downward in recent months but remained higher than at the same time last year. Since August supplies of copra have been rising in the Philippines, the world's leading producer with about 40% of total global output. Prices are likely to come under pressure over the coming months. Supplies of copra meal are plentiful, and Philippine export volumes are likely to pick up in the next quarter. Copra meal exports from Indonesia, the second largest producer (responsible for about 25% of world production), were running at about 55,000 tons per quarter in 1996, down from previous years despite higher crushing activities.

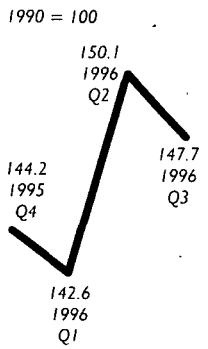
Despite declines in copra, coconut meal, and coconut oil prices since August, prices remained high relative to other oils and feed ingredients, encouraging users to buy other vegetable oils and feed. With the price of grains on the decline because of improved crops worldwide and the resulting fall in oilmeal prices, copra meal's share of the feed market has declined, further depressing prices.

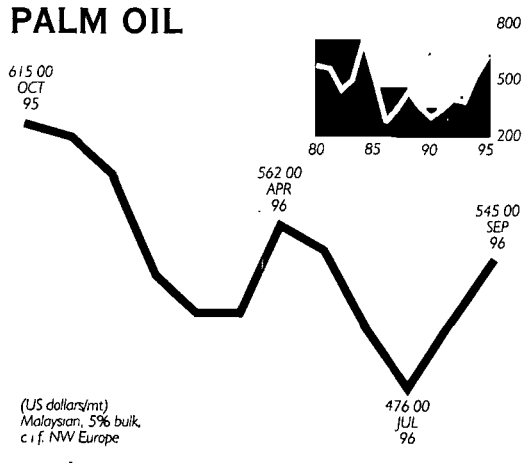
World copra production is set to increase from the fourth quarter onward, joining the uptrend of palmkernels. For 1997 world output of copra and palmkernels is expected to increase 0.3 million tons, to a combined record of 10.16 million tons. Following the decline in the third quarter, copra yields in the Philippines are projected to recover in the short term.

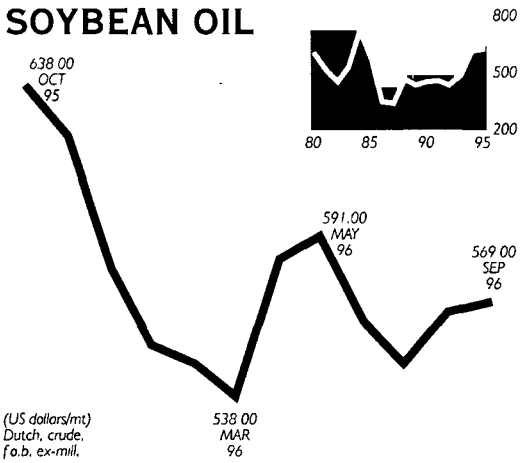
Food prices fell 4.9% due in large part to the large decline (11.1%) in grain prices. Bananas, beef, and oranges prices were also lower.



FATS AND OILS
Prices fell 1.6% as coconut, palm, and soybean oil prices declined. Palm oil prices recovered in August after dropping in July.







PRICES RALLY ON LARGE IMPORT DEMAND

Malaysia and Indonesia account for four-fifths of world palm oil exports. The slowdown in their combined production growth, begun in 1995/96, is expected to continue with their combined production growth for palm oil slowing to 4% in 1996/97, down from 7% in 1995/96.

Oil World reported sharply higher palm oil production and stocks in Malaysia in recent months. Eastern Malaysia experienced a significant production increase of 41% (218,300 tons) in September over the same period last year, bringing Malaysian palm oil production to a record 865,000 tons in September. As of the end of September combined Malaysian inventories of crude and processed palm oils reached 894,000 tons, up more than 250,000 tons from last year and from the five-year moving average. However, the seasonal downtrend in yields and production is projected during October 1996 through February 1997, followed by a recovery beginning in March.

World population growth of 1.53% in 1995/96 and the continuing strong demand for food and nonfood uses for vegetable oils have resulted in high demand growth. However, the uptrend in demand is not expected to continue in 1996/97 at the high rate of the past two seasons. Sharply higher prices as stocks reach a record low will result in slower demand growth in the short term, particularly in low-income developing countries, but also in high-income Asian countries and in North America and Europe.

LOW SUPPLIES LEAD TO BULLISH PRICE OUTLOOK

The deviating price trends for soybeans, soybean meal, and soybean oils that began in July have continued. With the exception of copra and palmkernels, the prices for soybeans and other oilseeds rose significantly, displaying an independence from grain prices. The divergence stems largely from differences in supply, with oilseeds facing prospects of a decline in world supply and grains facing large increases.

The price rise has been significantly more pronounced for soybean meal than for soybeans, despite price declines in grains, because world soybean meal stocks are considerably lower than soybean oil stocks. Also, strong import demand for soybean meal from Asian countries, particularly China, has pushed prices higher. This trend has allowed crushers to raise the meal share of the combined product value of soybean meal and oil. This wide divergence in stocks for soybean meal and oil explains why soybean oil prices have fallen in the US while rising slightly in South America and Europe.

Further price increases during November–February are projected for soybeans and soybean meal, a result of lower South American oilseed production and the expectation that soybean supplies will not meet demand. However, bearish factors in 1996/97, following improved supplies of grain, including milled rice, will limit the price increases in the next four months.

GRAINS

PRICES FALL SHARPLY AS A RECORD HARVEST REBUILDS STOCKS AND MARKET CONFIDENCE

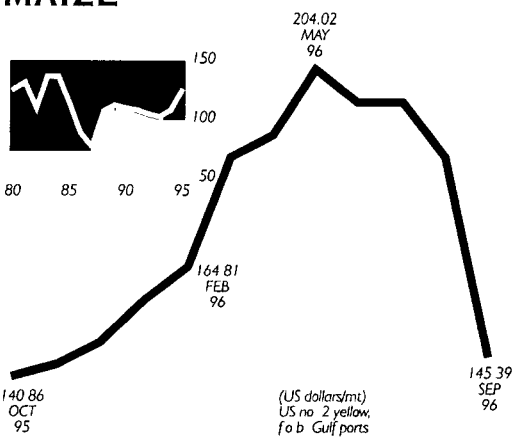
World grain production is projected to be 7.5% higher than in 1995, while consumption is expected to rise just 2.4%. Production increased by the largest percentage in the major exporters, which will rebuild the stocks that are most readily available for export. Trade is expected to remain unchanged or to fall slightly, which could allow further increases in the stock levels of the major exporters. According to the USDA, wheat production in the five largest exporting countries accounted for 63% of the total increase in global grain production.

By historical standards, world stocks are still low, but with slow or no growth expected in world trade, they should be adequate for the coming year. The stock-to-use ratio is expected to rise to 15.1% at the end of the 1996/97 crop year (June 1997), above last year's 13.8% but still below the 18% average during 1990–95. World trade is projected to reach 196 million tons of wheat, coarse grains, and rice, accounting for 10.8% of total use.

Production in the major consuming countries, such as China, India, and the countries of the former Soviet Union, was good, with production 3.4% higher than in the previous year in China, 2.8% higher in India, and 2.5% higher in countries of the former Soviet Union. At an expected 10 million tons, China's net grain imports will be well below the nearly 16 million tons in 1995/96. India is expected to remain an exporter of rice and wheat, as it was in 1995/96.

Although stocks are expected to rebuild, the level of stocks is still low enough that an unexpected increase in import demand or a poor outlook for next year's crop could lead to higher prices. In fact, prices have fallen too far too fast, and a rebound from current lows is likely. However, it does not seem likely that prices will return to their recent highs this year.

MAIZE

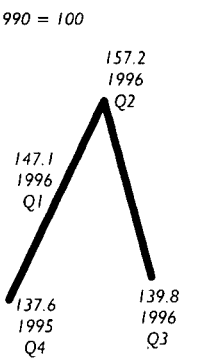


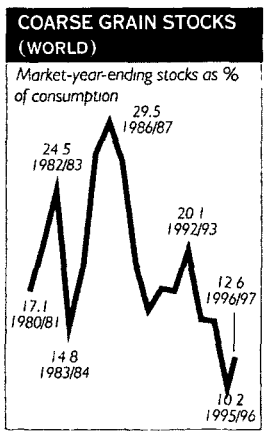
PRODUCTION INCREASES CAUSE PRICES TO DROP

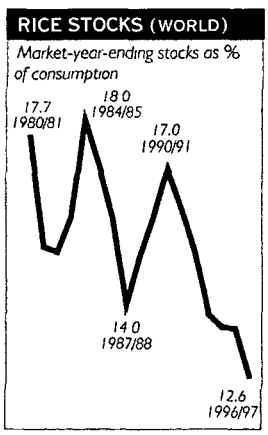
World coarse grain production increased an estimated 9.9% over last year, while consumption is expected to increase 2.2% for the year. This increase caused US maize export prices to drop from a high of $204/ton in May to $145/ton in September, and prices continued to fall in October. End-of-year stocks for 1996/97 (year ending June 1997) are expected to increase 19%, to 108 million tons. According to USDA estimates, the stock-to-use ratio will rise from 10.8% last June to 12.6% next June. Although world stocks are still low by historical standards, they provide an additional cushion that should be adequate for the coming year. World trade is expected to fall slightly from last year, further easing the world supply-demand balance. World trade is about 10% of world production.

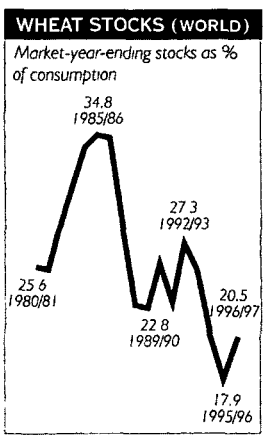
The world's three largest coarse grain producers in 1996/97 were the US, with production of 260 million tons; China, with 131 million tons; and the EU, with 103 million tons. All three producers had sharply higher production, with US production 24% higher than in the previous year, when spring flooding and summer drought resulted in a poor crop. China had a record coarse grain crop, up 5.3% from the previous year; the EU crop was up 17.2% over the previous year. The US and EU are exporters, while China has been an importer in recent years. China's production has been growing at a nearly unprecedented 4.5% a year for the past 10 years; average world growth has been less than 1%.

GRAINS
Prices dropped sharply as large wheat and maize crops were harvested. Wheat prices dropped 23.3%, and maize prices dropped 10.7%.

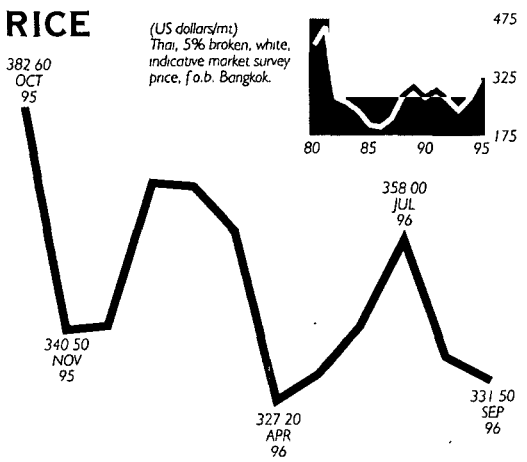








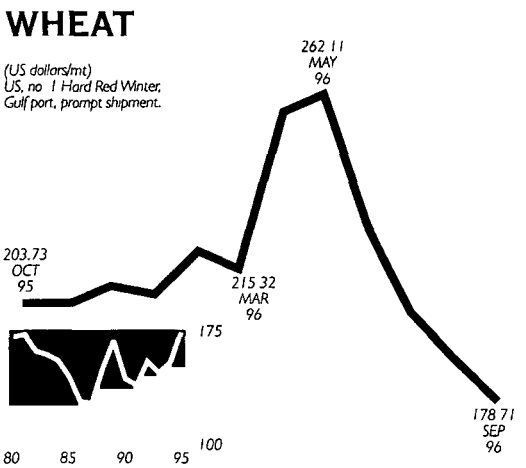
Note: Data for 1994/95 and 1995/96 are estimated
Source: USDA, FAS



PRICES WEAKEN

Rice prices weakened throughout the quarter in response to large export supplies, weak import demand, and lower prices for competing grains such as wheat. The price of Thai 5% broken rice fell from a high of $358/ton in July to $332/ton in September. Prices had not increased as much as other grain prices nor have they fallen as far. Production in major consuming countries is expected to be slightly higher in 1997 than in 1996, with no major problems reported. China and India, the two largest rice producing countries, should have slightly higher production in 1997. China is expected to be a net importer of about 1 million tons, while India is expected to be a net exporter of roughly 3 million tons.

Thailand, the world's largest exporter, is expected to export about 5.5 million tons, up slightly from the previous year. India should remain the second largest exporter, Vietnam the third largest, and the US the fourth largest. In response to a growing trade deficit, Vietnam's trade ministry recently raised its rice export quota from 2.5 million tons to 3 million tons in an apparent attempt to boost agricultural export revenues. This action partially accounts for the recent price declines because import demand has not been strong enough to absorb the additional supplies without lower prices. The US is expected to export about 2.3 million tons. According to the latest USDA estimates, world trade should total 18.3 million tons.

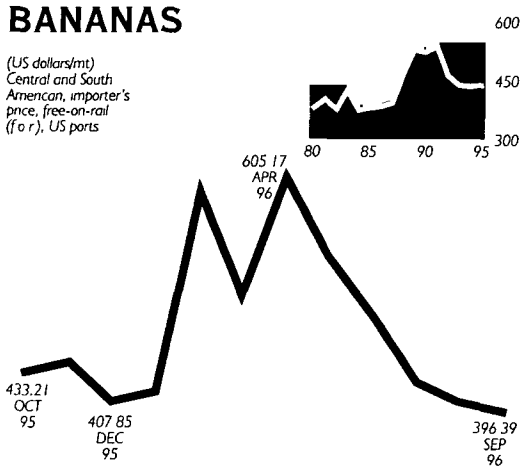


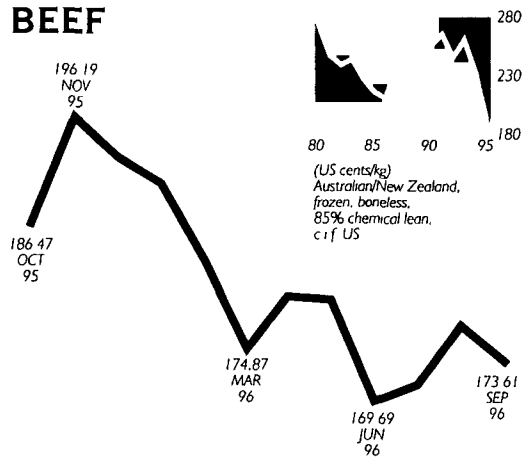
LARGE HARVEST CAUSES PRICES TO TUMBLE

Last spring's large price increase has been erased now that supply has responded to the high prices. Wheat prices fell sharply throughout the quarter as world supply increased 8.3% over last year. After May's high of $262/ton, prices fell to $179/ton in September and continued to fall in October. Prices should average about $210/ton for 1996, still well above the $177/ton in 1995 and $150/ton in 1994. Stocks, though expected to rebuild slightly in 1996/97 (year ending June 1997), will remain low by historical standards, which means that prices could increase again next year if production problems develop.

The large increase in world production was overshadowed by the production increase of 28 million tons, or 14.2%, in the major exporters (US, EU, Canada, Australia, and Argentina), which account for nearly 90% of total exports. World trade is expected to remain nearly unchanged from the previous year at 91 million tons. According to USDA estimates, consumption will increase 3.6%, which will allow an 11% increase in stocks. The stock-to-use ratio is expected to reach 20.5% by the end of 1996/97, above last year's 19.1% but below the 23.7% average since 1990/91.

Production in major developing countries was generally good, which accounts for the stagnant world import demand. Production in China, the world's largest wheat producer, was up 6.6% this year to a record high.





PRICES FALL SHARPLY AS SUPPLY FLOODS MARKETS

At $409/ton the banana indicator price was 24.5% lower than in the second quarter. Prices were pushed lower in the third quarter by abundant imports into North America and the EU, while demand was soft following higher prices in the first half of 1996. Prices are expected to remain low for the remainder of 1996. The government of Ecuador, the world's largest banana exporter, withdrew a planned program to reduce the banana growing area because of the program's heavy costs. The government also held minimum prices unchanged, despite growers' demands for an increase.

The US Department of Agriculture expects banana imports and domestic production in the US to decline slightly during 1996. Hawaii's 1996 production is likely to fall below last year's 13 million pounds because of tropical storm damage to trees in February and March. Imports continue to account for most of US banana supplies, with Latin American countries the major suppliers. US banana imports may decline slightly in 1996 from their 8.077 billion pounds in 1995 as demand takes a hit from high prices in the first half of the year and the increased competition from domestic summer and autumn fruits in the last half.

In mid-September the World Trade Organization panel began its examination of whether the EU's preferential banana trade with African, Caribbean, and Pacific countries violated current free trade rules.

PRICES FALL FURTHER ON WEAK DEMAND

World beef export markets are under continued pressure as a result of bovine spongiform encephalopathy (BSE, or "mad cow disease") in Europe and E. coli in Japan. US beef imports in August–September were up over those a year ago, with the largest year-to-year increases from Australia, Brazil, and Canada. Imports from New Zealand were well below last year's. US imports are likely to remain under pressure until world health concerns related to BSE and E. coli are resolved.

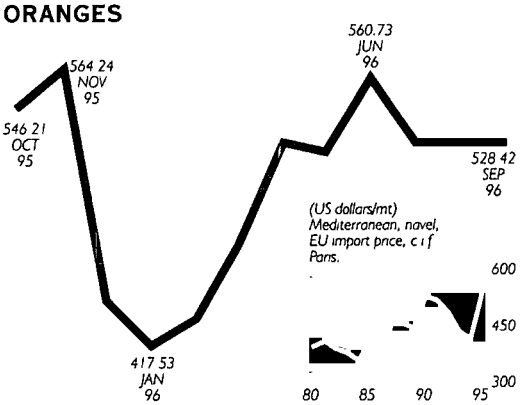
World beef production has been declining in recent months because of low feeding profitability—a result of high grain and meal prices, the BSE crisis in Europe, and shrinking demand for beef, mainly in Western Europe. US beef supplies are on the rise, following the seasonal upturn in cow slaughter in recent months.

Beef imports by major Asian countries declined in recent months. US beef exports to Japan, the largest market, were down 23% in August–September. Exports to the Republic of Korea remained sluggish, down 34% from last year, because of the dollar's strength against the won. The Mexican market continues to show strength. It was the only major market showing import demand growth prospects in the short term.

Japan is the world's largest meat importer; its beef imports currently represent about 60% of domestic consumption, up from 50% in 1990.

CITRUS

ORANGES



GROWING CONDITIONS IN SPAIN CUT ORANGE PRODUCTION

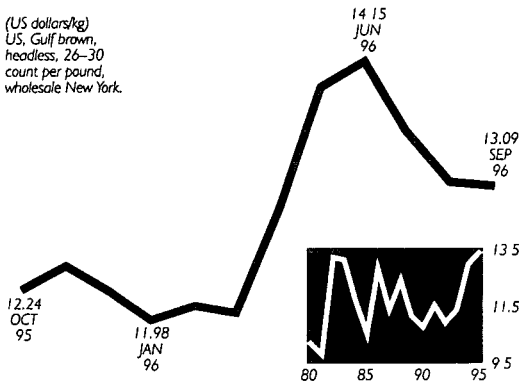
Orange prices remained stable in the third quarter, averaging $527.70/ton. Relatively strong demand is expected to moderate the fourth-quarter seasonal decline.

US orange juice prices remain strong. Florida bulk concentrate f.o.b. prices averaged $1.46/lb for solids during the season to July 27, up 20% from a year earlier. Despite the higher prices, the cumulative movement of frozen concentrate from Florida was 3% greater by August 3 than in the previous year. Higher prices for apple juice boosted demand for orange juice.

Brazilian frozen concentrate production for 1996 is expected to be 1,483 million single equivalent (SSE) gallons, down 3% from 1995. Despite the expected decline, exports are forecast to increase 2%, to 1,511 million gallons, with most of the increase going to European markets. Brazilian domestic consumption of fresh oranges has been increasing for the past 10 years, as rising production eased aggressive buying by processors, which lowered fresh orange prices.

South American citrus growing is expanding to meet domestic and export demand. About half the citrus from Uruguay's largest exporter is expected to be marketed in Eastern Europe. In Russia demand for citrus is strong, as markets beyond the major cities are increasing their citrus consumption. Argentina's citrus crop this year was hit by unfavorable weather.

SHRIMP



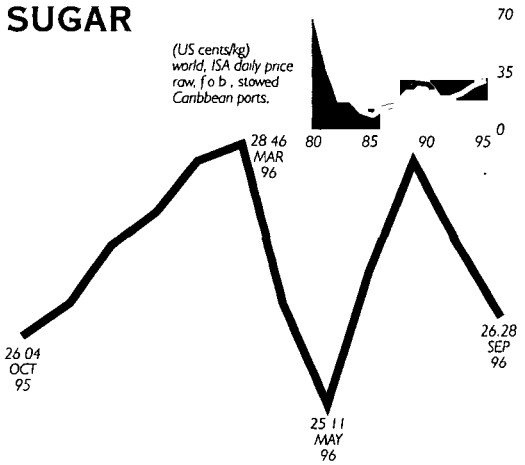
IMPROVED SUPPLY PROSPECTS EASE PRESSURE ON PRICES

The US shrimp market showed firmness in the third quarter with steady demand and relatively limited supplies. Imports from Latin America were steady, while domestic production from the US Gulf and Asian production of black tiger shrimp was lower than expected.

Supply prospects have improved since August. Shrimp supplies are up from Asian and Latin American countries. There are favorable reports on the shrimp producing season along the western Mexican coast, particularly for larger sizes. Among Asian countries, Bangladesh has had steady shrimp production, particularly for black tiger shrimp. Supplies of black tiger from Vietnam also increased. Bangladesh and India are the main sources of headless black tiger shrimp.

In the US the brown shrimp season in Louisiana and Texas resulted in better than expected catch volumes in recent months. White shrimp supplies from Mexico were lower than in early 1996, with cultured shrimp accounting for a small proportion—and small in size as well. Also, supplies of large-sized shrimp from Ecuador have improved since the limited catch in August. India's exports to the US, restricted to shrimp caught by nonmechanized fishing boats, have been low in recent months. Indian supplies are expected to recover in the next few months, however, following improvements in supplies of cultured black tiger shrimp since August.

SUGAR



No sweetness in prices

The futures markets expect prices to linger between 10¢ and 10.5¢/pound over the next six months, despite evidence of building inventories. Prices have drifted downward since mid-August. World sugar production is expected to rise 3.5 million tons in the 1996/97 season to 126.5 million tons, up from last year's 123 million tons. EU production may fall slightly, from 15.7 million tons to 15.4 million tons, because of bad weather. EU exports are expected to remain at nearly 4.5 million tons, 3 million of which receive price supports.

Prospects are glum in Russia and Eastern Europe. Production is expected to fall in Russia, with yields dropping from 2.24 million tons to 1.80 million tons, and imports are expected to rise. For financial reasons the government has been forced to exclude from the 1996 budget a modernization program for the sugar industry. In Ukraine production is expected to drop from 3.8 million tons to 3.2 million tons because of adverse weather and a lack of inputs. Sugar factories stood idle in September as diesel fuel supplies failed to arrive. Only 57 of the industry's 192 sugar factories remained operational, with many running at 50% of capacity. In Romania the sugar industry is also near collapse because of heavy winter snows and inadequate access to credit. In Poland, where production is expected to climb from 1.7 million tons to 2 million tons, the government will subsidize exports of nearly 114,000 tons.

Production in Asia may well exceed 39 million tons this season, with sizable gains in India and Pakistan. In South America the government of Brazil has authorized tax-exempt exports of 5.2 million tons because of abundant cane supply. Production in May–August 1996 exceeded 1995 levels by nearly 27%. The 1996/97 Brazilian crop is estimated at nearly 15 million tons. In Africa production is also expected to grow, with gains expected in Mauritius, South Africa, and Zimbabwe.

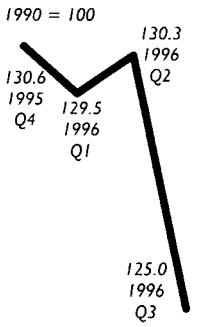
With international prices falling, domestic producers are calling for protection. Yugoslav Minister of Agriculture Tihomir Vrebalov has asked the government to ban sugar imports. Belarus has imposed a 25% VAT on refined sugar imports. In October Russia imposed a 10% VAT on all Ukrainian raw and refined white sugar imports. Also in October the chief of the Philippine Sugar Regulatory Administration announced that he had ordered traders and millers to suspend sugar imports for six months to support local prices. As the exception to the rule, China announced a reduction in sugar import tariffs, reducing most-favored-nation rates for sugar and sugar products from 55% to 35.5%.

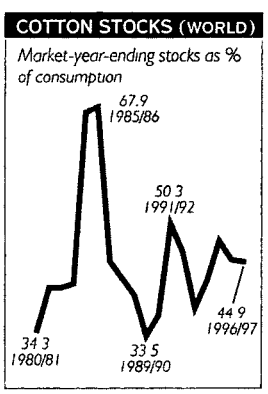
The Philippine Senate ratified the 1992 International Sugar Agreement, clearing the way for the country's reentry into the International Sugar Organization (ISO) as its 48th member. Costa Rica joined the ISO in October to become the organization's 47th member.

Queensland Sugar Corporation, Australia's main sugar industry body, signed a $500 million stand-by cash advance facility through Rabobank to fund financial risk management and other activity.

The Indian government has authorized private firms to export sugar. While export levels remain under government control, the move will end the monopoly of the Indian Sugar and General Industries Export Import Corporation. Firms and individuals will be eligible for export licenses. Analysts expect sugar output in 1995/96 to exceed 16.4 million tons, up from last year's 14.6 million tons.

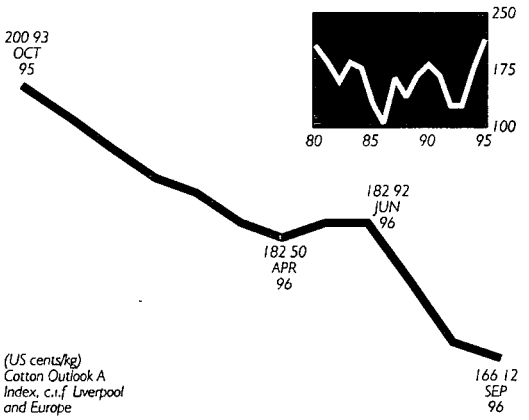
The index of agricultural raw materials was down 4.1% as cotton prices fell 6.9% and rubber prices fell 10.3%.





Source: International Cotton Advisory Committee

COTTON



EU DELAYS OPENING ITS TEXTILE MARKETS

The USDA's recent 150,000 ton downward forecast for the US 1996/97 crop, together with weather problems in the cotton producing regions of the Mediterranean and Central Asia, put upward pressure on New York futures contracts. However, the medium staple cotton indicator price (Cotlook A index) moved downward during July–September, averaging 170¢/kg for the quarter—far below the 194¢/kg average in the same period of 1995 and 13¢/kg below the second quarter average. The weakness in cotton prices is expected to persist, according to the International Cotton Advisory Committee (ICAC).

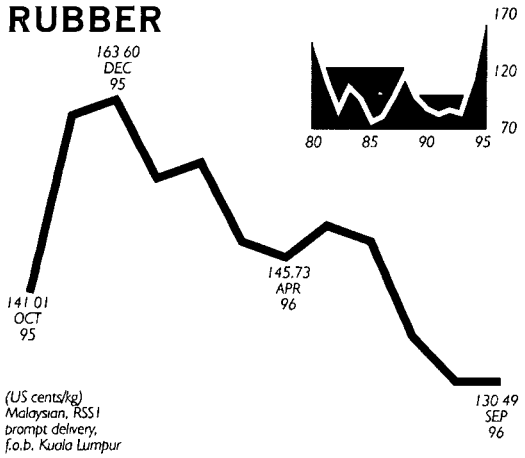
Despite earlier forecasts that world production would reach 19.6 million tons in 1996/97, recent ICAC estimates foresee a drop to 19 million tons in 1996/97. Low cotton prices, competition with other crops for planting area (linked to the recent high grain prices), and low cotton yields seem to have been the main reasons for the decline in production. The 1997/98 outlook seems more optimistic, as large increases in production are expected to take place outside the major producing countries (Australia, Brazil, Egypt, Mexico, South Africa, Spain, and Zimbabwe). Production is also expected to increase in francophone Africa, where countries are still adjusting to the 1994 devaluation.

World cotton consumption is likely to exceed 19 million tons in 1996/97. Continued economic growth, lower cotton prices, and reduced inventories of textile products at retail level are expected to boost US mill use of cotton. For the first time since the breakup of the Soviet Union, Russia is importing cotton from sources other than the Central Asian countries (and other than through government-to-government arrangements). The Russian government eliminated the 20% value added tax on cotton from outside the former Soviet Union, and imports from other sources are expected to expand in 1996/97. Indonesia has emerged as a major cotton-consuming country. After the recent expansion in the textile industry, Indonesia became the second largest importer of cotton, behind China, and is expected to be the largest in 1996/97, accounting for 500,000 tons.

Primarily because of cotton imports, ending stocks in China have risen about 2 million tons to an estimated 4 million tons (equal to a year's worth of Chinese consumption, or more than one-fifth of world consumption). China also had record stocks of 4 million tons in 1984/85. The China National Textile Council has urged textile enterprises to speed up production schedules to avoid further stock buildups. These stocks are cited as the principal cause of the industry's financial difficulties. *Cotton Outlook* reported that the Chinese textile industry faces considerable operating and trade difficulties: working capital is tied up holding stocks of finished products, and equipment is running idle as new orders decline. This has led to a lack of confidence in the industry, which in turn discourages new investment.

On the trade front, the EU remains at odds with major textile exporters over implementation of the agreement reached at the Uruguay Round. The European Commission has not yet announced the measures needed to improve access to the EU textile markets, which constitutes the next stage of the 10-year program to phase out the quotas of the Multifiber Arrangement. The reluctance to proceed with the program prompted the head of the World Trade Organization to "inform" the EU trade ministers that they were failing to comply with the agreement.

RUBBER



PRICES DRIFT DOWNWARD

Seasonal changes in supply and demand have combined to depress natural rubber prices during the third quarter. Growing demand, much of it from developing countries, is expected to sustain rubber prices near current levels in the long term. However, inventories, which were drawn down during the first and second quarters, are building again. By the end of 1996 inventories are expected to recover to near-1994 levels of about 1.7 million tons.

Production increases are expected by most major producers. In Indonesia production is expected to climb from 1.46 million tons to 1.57 million tons. Thai production is expected to grow at nearly 2.5%.

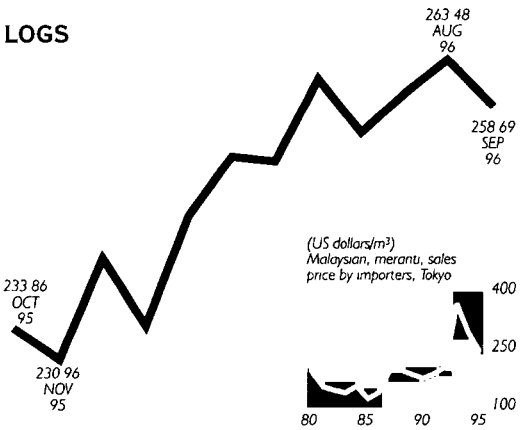
Tire production outside of the US shows signs of recovering. Rubber for tire manufacturing is expected to grow worldwide, from 5.30 million tons to nearly 5.47 million tons. In 1995 the use of natural rubber in tire production (4.2%) grew faster than the use of synthetics (3.1%). Nontire consumption of natural rubber is expected to exceed 3.80 million tons in 1996, up from 3.73 million tons in 1995.

In June the US Senate Foreign Relations Committee approved the US signing of the 1995 Natural Rubber Agreement (INRA III). In August INRA's future was bolstered by China's announcement that it will also join.

Hungary's state privatization agency plans to offer a 90% stake in its tire manufacturer Tuarus Rt.

TIMBER

LOGS



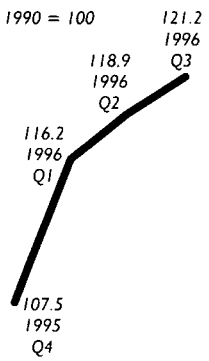
LOG PRICES INCREASE AS DEMAND IMPROVES

Malaysian log prices in the Japanese market and Cameroonian log prices in the European market showed signs of a third-quarter increase, due mainly to improvements in demand conditions. In Japan July housing starts, at 157,140 units, were a substantial 21.7% higher than in the same period last year. In addition, adverse weather conditions in producing areas in Papua New Guinea and Sarawak have reduced the number of log shipments to Japan.

In Europe there are good signs that the UK housing market is beginning to recover, nudging up timber product prices. Conditions in the furniture industry will improve only after there has been a sustained upturn in housing sales. In France demand remains stagnant, though log and sawnwood prices are up, probably the result of log export restrictions in some African timber-producing countries, in particular Côte d'Ivoire and Ghana. Competition from Asian markets for logs from Cameroon and Gabon, among other countries, has also led to price increases in European markets.

African governments, aware of limits to their forest resources and facing weak log prices, have moved to encourage more domestic processing, hoping to maintain revenues by adding value. Though intially slow in reducing log exports, African producers have picked up the pace. Another response has been the development of national timber certification schemes, such as those in Ghana.

Fertilizer prices rose 1.9% as DAP and TSP prices offset falling urea prices.



FERTILIZERS

AN END TO PRICE INCREASES?

Falling grain prices threaten to take the steam out of the fertilizer market. US maize export prices have fallen 29% since the $204/ton high reached in May. Wheat prices have fallen 32%, and rice prices are down 10% from their highs in 1996. World grain production for 1996 is expected to be up 7.5% over 1995 levels, and some stock rebuilding is likely to take place during 1996/97.

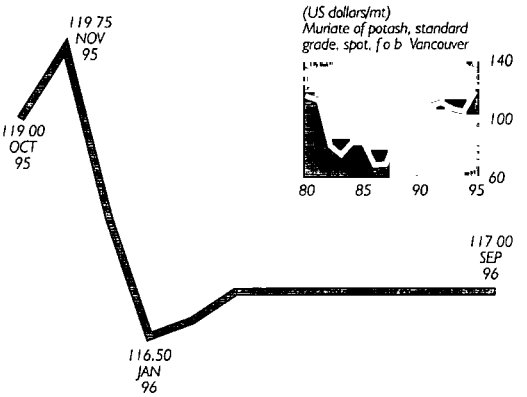
Total crop land used for grain production rose 2.8% in 1996 over 1995, reaching the highest level since 1986. These trends will reduce farmer demand for fertilizer next year. Further price weakness could come from fertilizer supply increases, a result of expanding plants and new facilities. Taken together, these factors could signal the end of the fertilizer price increases that began in 1993/94.

Urea prices increased 118% from their monthly low in September 1993 to their high in November and December 1995. DAP prices rose 103% and TSP prices were up 73% from their 1993 monthly lows to their 1995 and 1996 monthly highs. Potassium chloride had the smallest increase, up 16% from March 1994 to November 1995. With most prices falling since the beginning of the year, further drops are possible. TSP may be the exception, with prices remaining firm.

Large grain harvests in China and India could also slightly weaken next year's fertilizer demand. Grain production in China was up 3.4%, and production in India was 2.8% higher.

Fertilizer freight rates have fallen to four-year lows on major routes, dropping by nearly 30% since January. Rates have fallen because of slow grain and mineral trade, which has led to large supplies of vessels in all size categories. This has reduced importer costs and helped fertilizer demand. However, even with these low freight rates, fertilizer prices have shown weakness.

POTASSIUM CHLORIDE



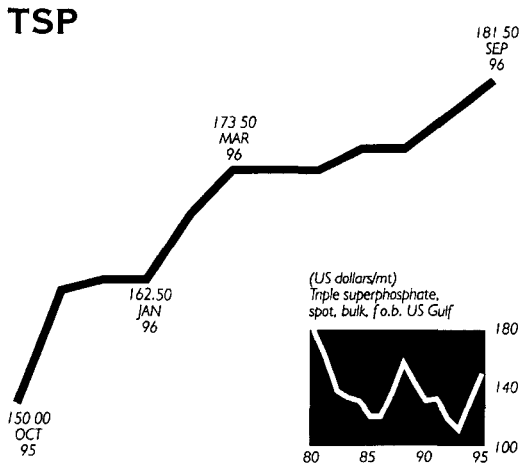
PRICES UNCHANGED

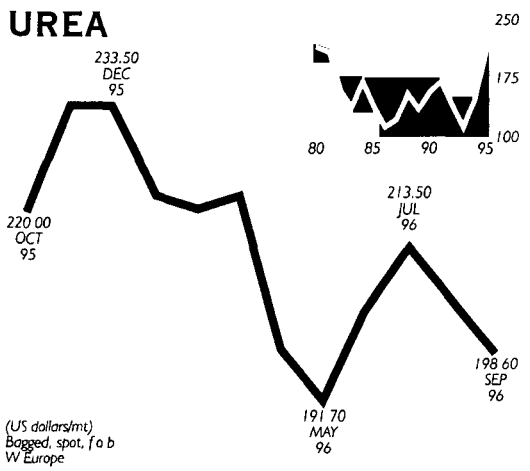
Potassium chloride prices have stalled at $117/ton (spot f.o.b. Vancouver). Several contracts for the second half of the year have been settled at prices unchanged from earlier in the year, and production has been cut in Europe, North America, and countries of the former Soviet Union to keep prices from slipping. Indian buyers have been negotiating unsuccessfully for lower prices. World potash production was up 11% in 1994 and 7% in 1995.

Despite the weak market, one major exporter has announced plans to raise prices in January. Offers in Southeast Asian markets show no increase over last year, and there is strong export competition for any spot orders. Given these market conditions, it remains to be seen whether price increases can be defended.

Potash Corporation of Saskatchewan reported record second-quarter net earnings after acquiring the phosphate assets of the former Texasgulf. Potash output fell from the previous year, however, because of weak prices and the severe downturn in Chinese demand.

Potash prices are stagnant because of the industry's large reserve of production capacity, with most excess capacity located in Canada and the countries of the former Soviet Union. Although many small Canadian and Middle Eastern producers operate near full capacity, large Canadian producers have cut production.





TSP PRICES CONTINUE TO RISE...

TSP prices continued upward, reaching a new high in September of $181.5/ton (f.o.b. the US Gulf), up from $149.6/ton in 1995. DAP prices weakened during the quarter, falling to $198.8/ton (f.o.b. the US Gulf) from July's high of $211.8/ton. Prices remain well below December's high of $245.5/ton.

In July the Indian government raised fertilizer subsidies, mainly for DAP and potash. The subsidies, designed to stimulate more balanced fertilizer consumption, will apply to both imported and domestically produced fertilizer. DAP consumption is expected to rise by as much as 1 million tons, and potash imports should increase by 700,000 tons.

Fertilizer demand has been growing rapidly in Brazil, up 10% in 1995 over 1994, and domestic producers have been unable to keep up. Demand has weakened in 1996, however, because banks have imposed more stringent conditions on loans for imports in response to the large losses incurred last year. Imports during the first half of 1996 lagged behind 1995 by significant margins, with potash imports down nearly one-third from the first half of 1995. Brazil has obtained approval from other Mercosur countries to lower the duty on imports of urea, TSP, MAP, and DAP from 6% to 2%. The agreement will be effective for one year and will apply to limited tonnage when ratified by the government.

The Ukrainian government has pledged to provide loans to fertilizer producers under a government program.

...WHILE UREA PRICES FALL

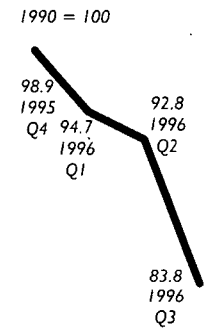
Urea prices continued to slide from the December high of $233.5/ton. By September spot prices had fallen to $198.6/ton (f.o.b. West Europe). Buying has been slow in China and most other Asian markets. India and Pakistan have been recent buyers, and Brazil has been an active buyer. A reduction in Brazil's import duties on urea and phosphate is expected to increase demand for imports.

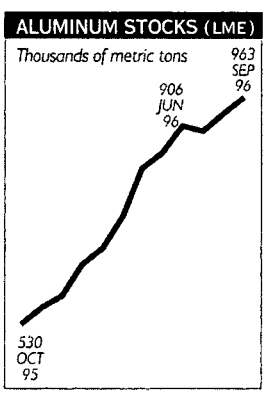
China has begun (or will soon begin) operation of two new urea plants with production capacity of 1 million tons a year. These plants will reduce import demand and help meet growing demand for fertilizer as part of government efforts to increase grain production. Several additional projects are scheduled for Xinjiang province, one of China's richest natural gas producing areas.

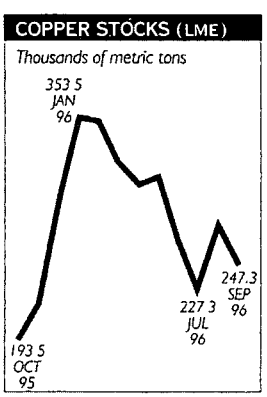
The Council of European Agricultural Ministries cut land set-asides in the EU from 10% in 1996 to 5% in 1997. This move will allow farmers to return up to 1.7 million hectares of arable land to crop production. Although much of this land may be of marginal quality, fertilizer demand is expected to increase 2–3 % by next spring. EU application rates are 180 kg/hectare.

Flooding in Vietnam is expected to weaken fertilizer demand. The main fertilizer application occurs between November and January, and nearly half the applications are in the Mekong Delta, where flooding has delayed rice plantings by up to a month.

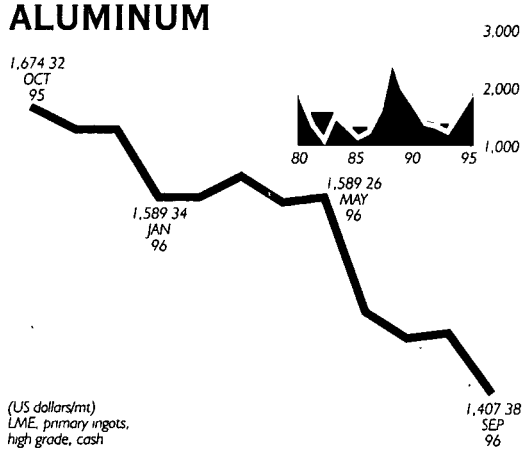
Metals and minerals prices fell 9.7%, primarily because of sharply lower copper prices. Other metals and minerals prices were generally weak because of rising stocks and weak demand.

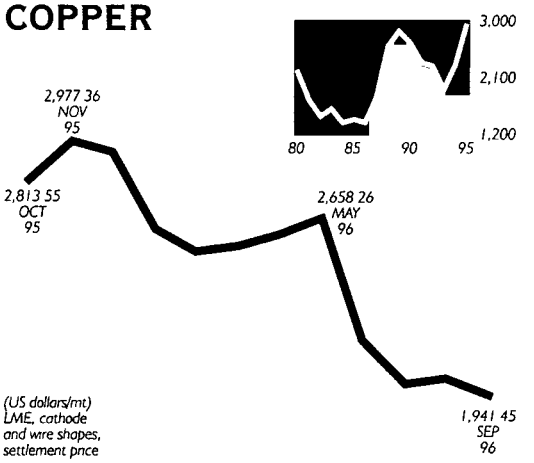






Source Metal Bulletin





WEAK CONSUMPTION AND GROWING STOCKS LEAD TO LOWER PRICES

Aluminum prices declined 7% between the second and third quarters. Prices fell sharply in September, due to slower than expected growth in consumption and the realization that exports from the countries of the former Soviet Union were high during the first half of the year—43% higher than a year ago. Most analysts predict a market surplus for 1996, following a sizable deficit of 625,000 tons for 1995. The 1996 market surplus reflects slower consumption growth and higher production as a result of new capacity coming onstream as well as the restart of capacity that was idled following the 1994 Memorandum of Understanding.

Aluminum production during the first eight months of the year is 6.7% higher than in the same period a year ago, up from 9,146 tons per day in 1995 to 9,757 tons in 1996. Meanwhile, aluminum consumption growth is expected to be below 2% for 1996. Consumption in Western Europe is expected to be lower than in 1995, and only small increases are projected for the US and Japan. Strong consumption growth is projected in Asian countries such as China, India, and the Republic of Korea. Consumption in the former Soviet states may have declined from 1995 levels, but some analysts predict higher consumption during 1997. Most analysts predict a price recovery during 1997, based on higher consumption growth in the US, the Far East, and Latin America.

LOW WORLD PRICES PERSIST

The market is in correction mode after the Sumitomo unauthorized-trading scandal. World copper prices remain low after the sharp drop in June. In the past quarter markets were quiet, with low volumes of trade. Although slow trading and low current prices induced inventory accumulation in August and September, larger than expected demand in mid-October brought London Metal Exchange (LME) warehouse stocks to a low level. New copper investments are coming onstream in Chile despite low world prices. Copper markets seem to be weakening in other parts of the world, except in the US and possibly in East Asia.

Although LME stocks have been falling and larger than expected draw-down of LME warehouse stocks helped boost futures, the after-shock effect of Sumitomo's scandal seems to linger. In mid-October stocks reached their lowest level since December 1995 at 220,950 tons. Some analysts, however, believe that Sumitomo has at least 500,000 tons of copper to dispose of either in physical metal or future positions. This surplus would put extra pressure on already low copper prices, which fell to a low of $1,858/ton in the beginning of September and recovered to $1,930/ton in mid-September. Our projections for 1997 prices range from $1,884/ton to $2,084/ton.

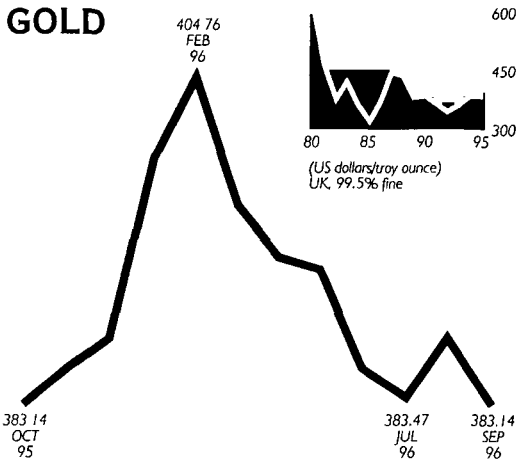
Sumitomo announced on September 19 that it had liquidated most of its open long positions at the London Exchange and that

it would press criminal charges against its former chief copper trader, Yasuo Hamanaka. Many analysts agreed that Sumitomo's announcement did not improve anything in the market and did not have a significant impact on prices. Sumitomo's future influence on the market remains uncertain, and the losses caused by Sumitomo's exposure to the market during Hamanaka's tenure may have to be revised upward. Sumitomo has admitted that its true losses are about $4 billion, not $2.6 billion.

Inventories started to accumulate in the past quarter as a result of slowing world markets. During the summer inventories increased about 20%. The narrowing in the LME three-month case backwardation from about $80/ton to $10/ton during August augmented the accumulation. As the backwardation between forward and cash prices narrows, there are greater incentives to store. However, before the price collapse in June consumer inventories were low because of the high backwardation and expected low prices.

Despite low world copper prices, the number of private investments with expected high future production are increasing in Chile. The Collahuasi copper project was approved in September. Sanomi (the private mining companies association) revealed that total copper production will reach 4.3 million tons in 2000, up from 2.5 million tons in 1995. Of this, the private sector's contribution will increase from 1.3 million tons in 1995 to 2.7 million tons in 2000. With growing private copper investments, and production well below world prices, Chile will remain the world's dominant copper producer. Aided by strong production from Peru and Mexico, Latin America's copper production is projected to grow about 8% in 1997. In the rest of the world, production growth is projected to be modest—about 2%.

One source of uncertainty in the copper market are reports from China suggesting that large stocks are being stored in bonded warehouses. Some rumors indicate that these stocks could soon be released.



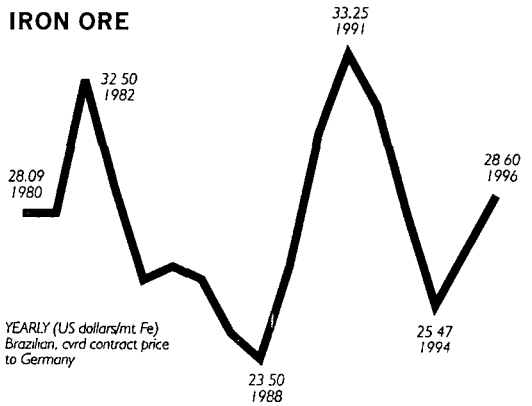
PRICES DRIFT LOWER ON WEAK DEMAND

Dull and duller. There is no other way to describe the gold market during the quarter as prices drifted lower, finally breaking $380/toz at the end of September. IMF sales, weak physical demand, and hedge fund sales all weighted down the market. Increased central bank selling in recent weeks added to the pressure on the market. The dollar's strength relative to the yen and the deutsche mark took its toll on demand as well.

Demand in China is down sharply, due to successful government efforts to curb inflation, which reduces the appeal of gold as a store of value. Sales in Hong Kong, the Republic of Korea, and Taiwan (China) were all down relative to the same time last year. The weak yen has also undermined demand for gold in Japan, where imports are down more than one-third from levels of a year ago. Total demand is down because of lower demand for gold for jewelry fabrication and coin minting and a decline in bar hoarding. Demand in India is one of the few bright spots, with offtake remaining strong for most of the year.

Supply—the other side of the coin—has been increasing with mine output well ahead of 1995 levels. Production was higher in Australia and Canada and in a number of Asian and Latin American developing countries. Gold recycling was also strong in many Asian countries, as high prices during the first few months of 1996 stimulated the recycling of old gold jewelry.

IRON ORE AND STEEL



DEMAND FOR IRON ORE WEAKENS, AND STEEL MARKETS IMPROVE SLIGHTLY

Preliminary discussions for 1997 iron ore price negotiations are under way. But depressed international steel markets have weakened demand for raw materials such as scrap and pig iron, making price increases difficult for the third consecutive year. Nevertheless, steel markets have started to recover, especially in Europe and Asia, after several months of depressed conditions and low prices. The recovery is due mainly to continuing production cuts and inventory corrections. The US remains the strongest regional steel market.

In 1996 the primary steel production cutbacks have come from Europe and Japan, and prices in both regions have bottomed in the past few months. In Japan average production was cut 6.2% over 1995 to maintain domestic prices. In November 1995 Europe took similar steps to stop the price slide in domestic markets. Production in September 1996 was 8.5% lower than in September 1995.

Although production cuts stabilized prices in Europe, demand after the summer holiday season has not increased as expected. Underlying demand must improve to get price increases. Good news for demand is that steel has captured market share from aluminum in the European beverage can market. A lighter-weight steel beverage can has given steel a cost advantage over aluminum in Europe because aluminum can sheet is more expensive there than in the US. Four can manufacturing lines have already been converted from aluminum to steel. An easy-open, light-weight can should further increase demand for steel.

Although steel prices are higher in the US than in any other region, the latest capacity expansions, increasing imports, and strikes at automotive plants are starting to affect the markets. The fourth-quarter price rises for steel sheet announced two months ago seem to be holding, although service centers claim that they cannot pass on the full increase because of weak demand. Still, prices have risen $10–15/ton for hot-rolled, cold-rolled, and hot-dipped galvanized sheet. The long-product market has been mixed; structural and merchant bar prices have fallen, while wire rod and rebar prices have remained stable. Weak demand has started to undermine the scrap market. US scrap prices dropped about $9/ton, or about 6%, during the first week of October because of poor export demand and rising pig iron imports from Brazil, India, Russia, and Turkey.

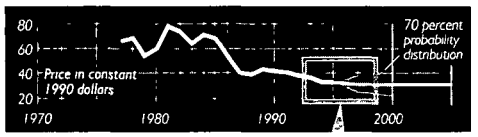
Japanese steel sheet markets are showing positive signs after production cuts throughout the year. Furthermore, the market for long products continues to improve, and prices continue to rise as a result of construction activity. East Asian sheet markets have also been improving as demand grows and oversupply subsides, especially for sheet imports from the Commonwealth of Independent States (CIS), easing supply pressures in the region. Certain sheet prices rose over last months. Buyers are ordering larger volumes because prices are stabilizing. Chinese imports, on the other hand, are still low. Long-product prices in East Asia have now bottomed because underlying demand is poor and stock levels are still high.

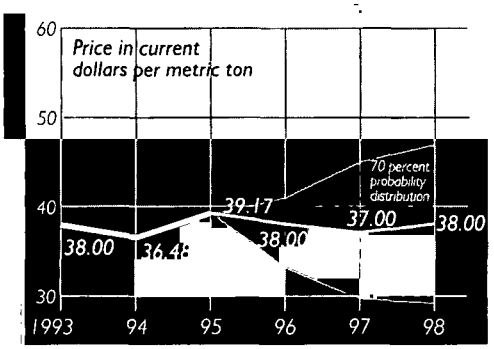
Global pig iron production was down almost 4% year-on-year in August, bringing the overall decline for 1996 to 2.3%. Much of the decline has been concentrated in the main importing regions such as Japan and Western Europe.

ENERGY

COAL

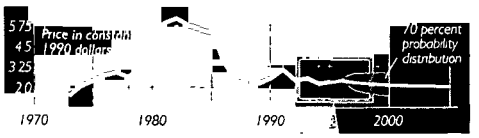
Weak prices expected

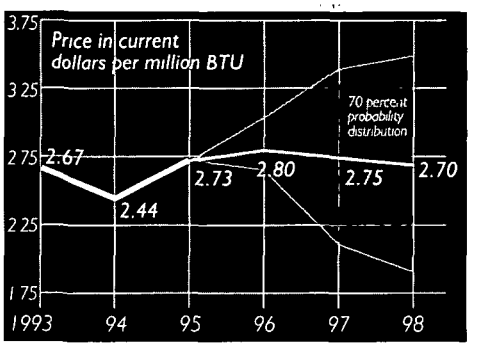




NATURAL GAS (EUROPE)

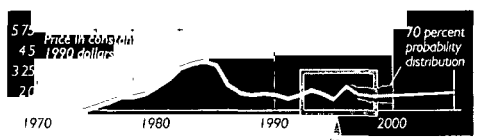
Competition slowly building

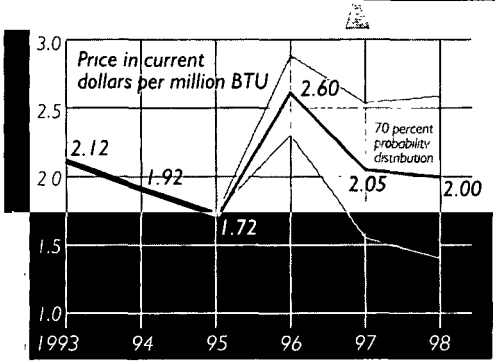




NATURAL GAS (US)

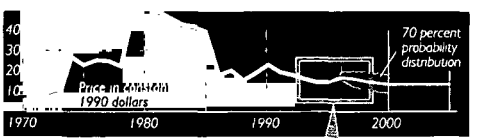
Prices to fall as market balance is restored

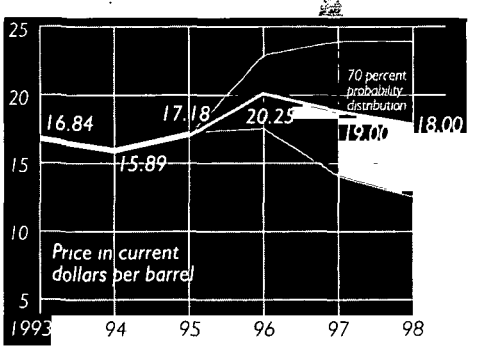




PETROLEUM

Price firmness near term

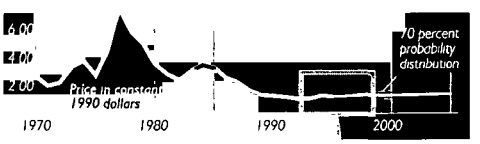


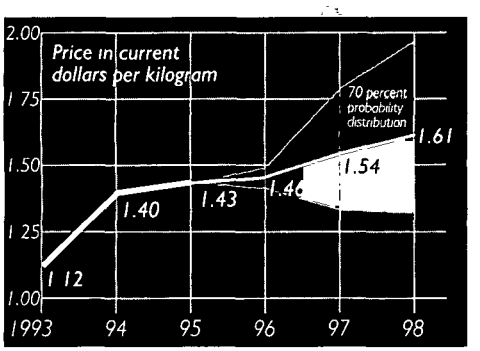


BEVERAGES

COCOA

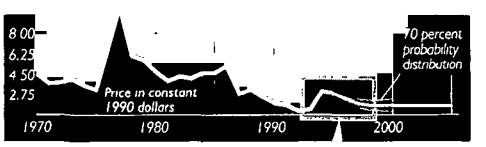
Prices could increase during 1996/97, as preliminary projections indicate a large deficit

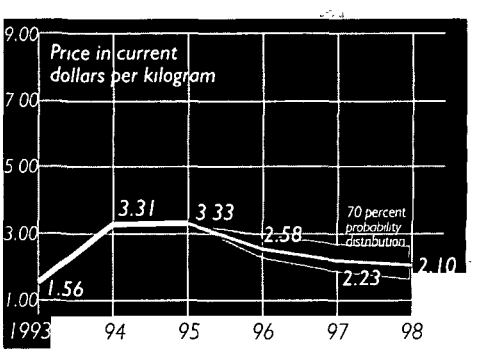




COFFEE

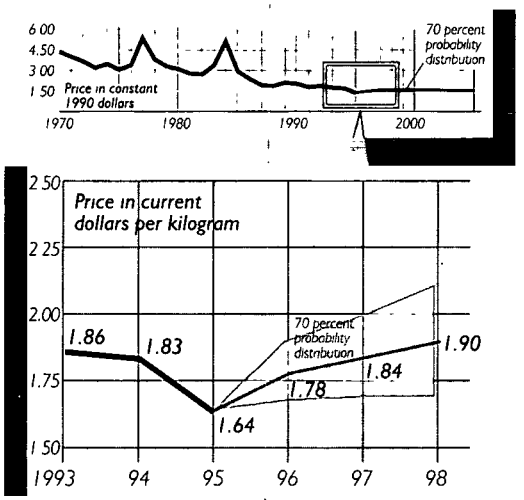
Prices relatively stable at a low level





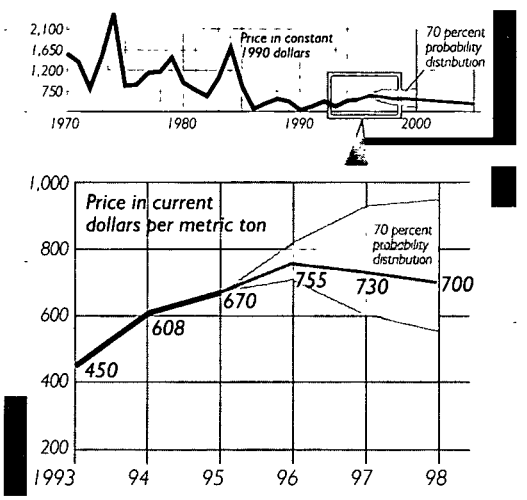
TEA

Prices expected to strengthen slightly



COCONUT OIL

Growing supplies pressure prices

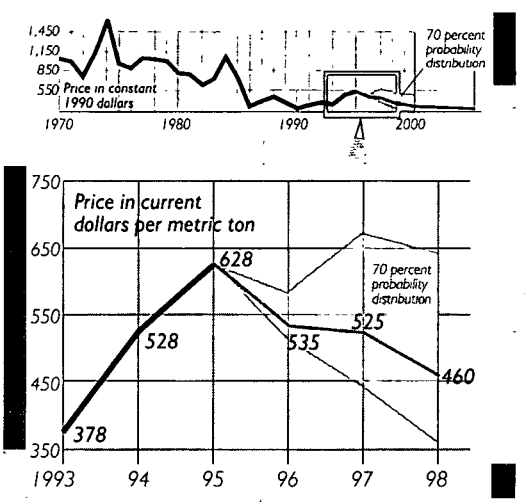


FOOD

FATS AND OILS

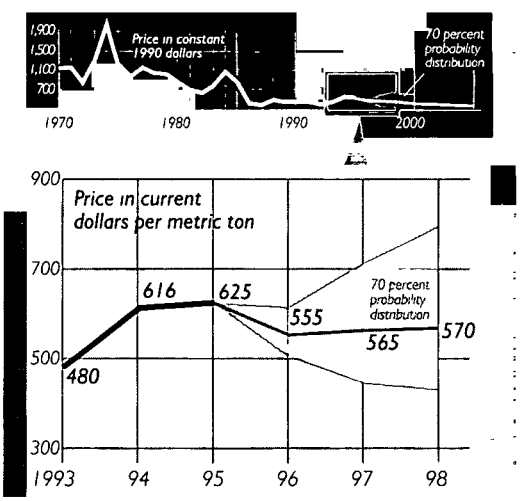
PALM OIL

Production growth to slow in 1996/97



SOYBEAN OIL

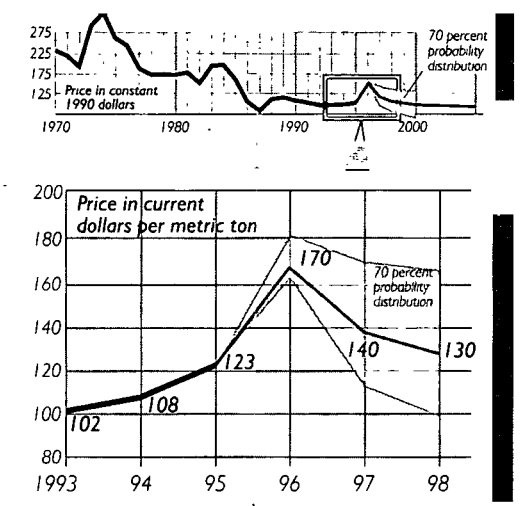
Prices increase due to low supplies



GRAINS

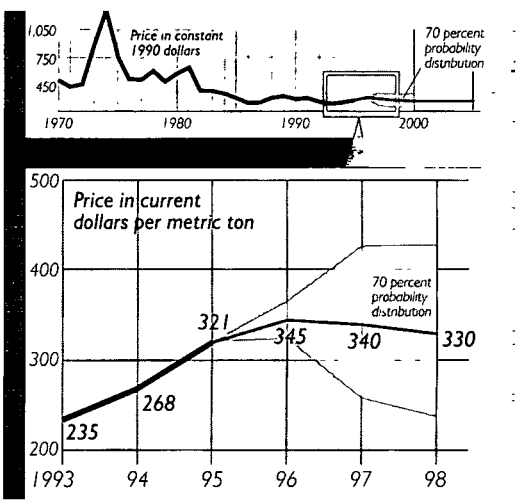
MAIZE

Higher production sends prices lower



RICE

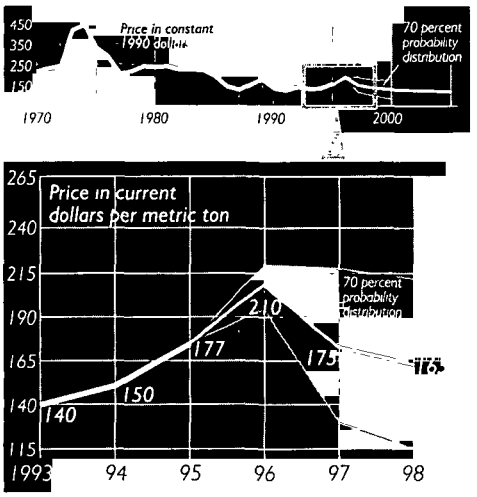
Prices retreat



OTHER FOOD

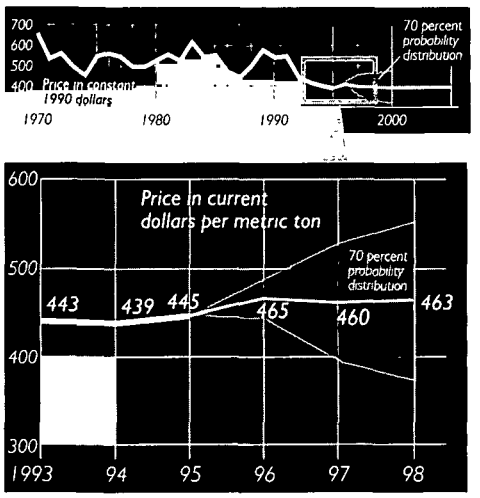
WHEAT

Price spike ends



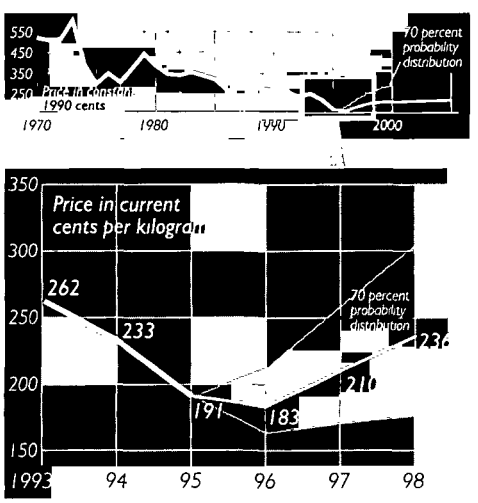
BANANAS

Abundant supplies control price trend



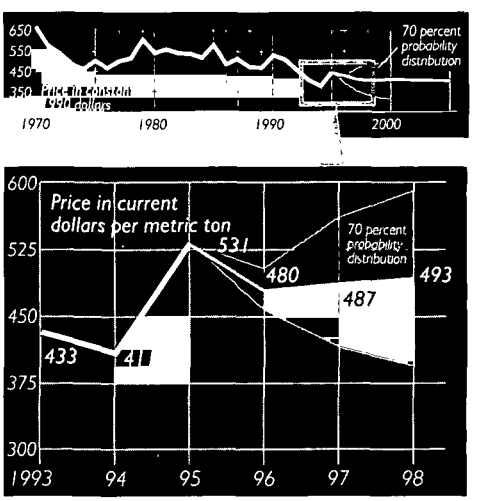
BEEF

Beef prices falling



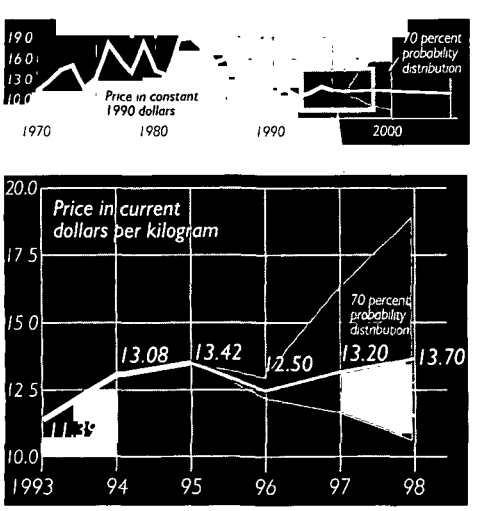
CITRUS (ORANGES)

Prices are strong



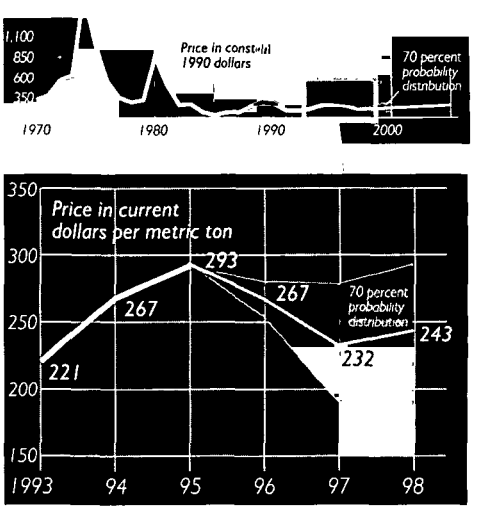
SHRIMP

Good supply prospects, lower prices



SUGAR

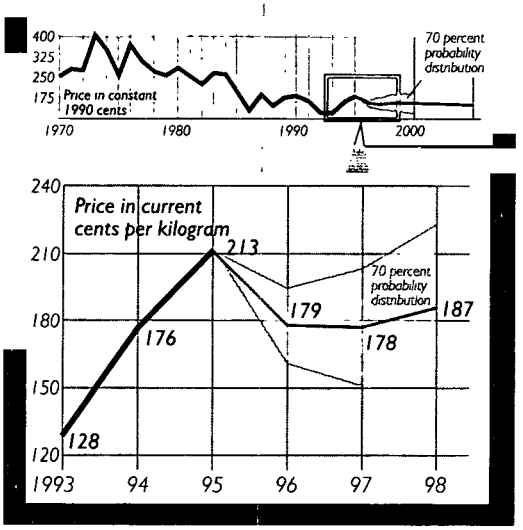
Prices drop



AGRICULTURAL RAW MATERIALS

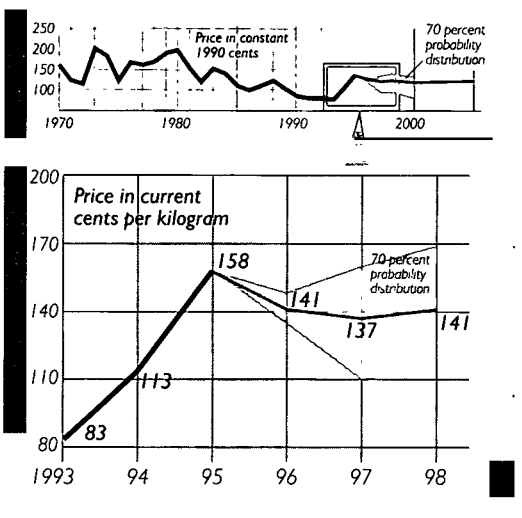
COTTON

Prices remain weak despite expected reduction in production



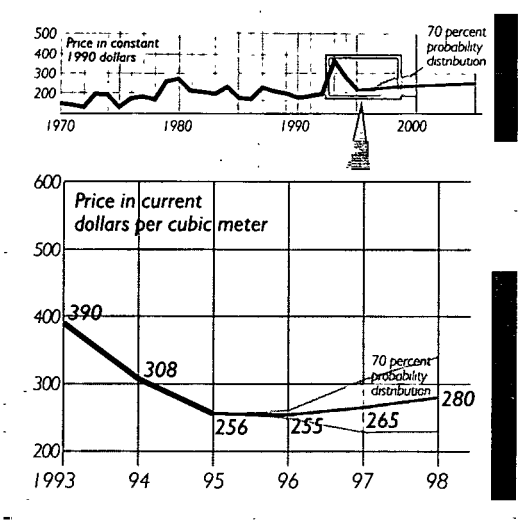
RUBBER

Prices fall



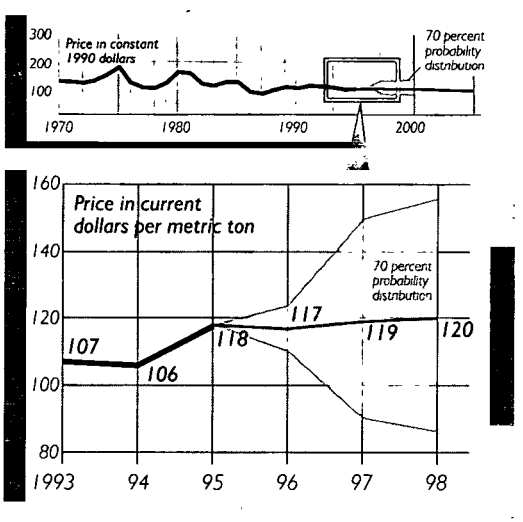
TIMBER (MERANTI LOGS)

Prices improve as demand shows signs of recovery



POTASSIUM CHLORIDE

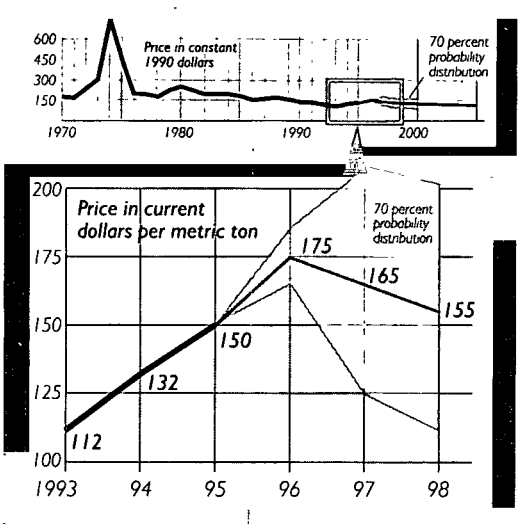
Prices stagnate



FERTILIZERS

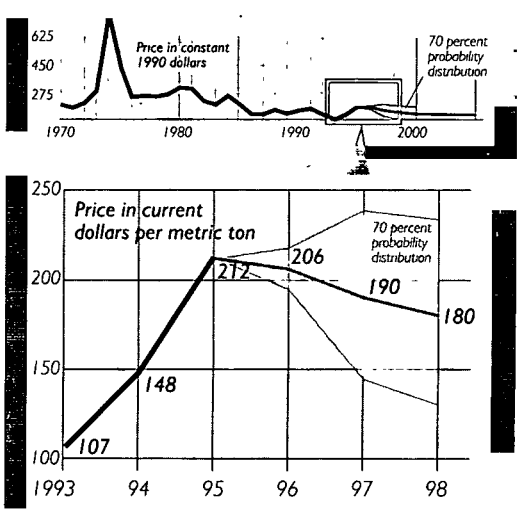
TSP

Prices remain strong



UREA

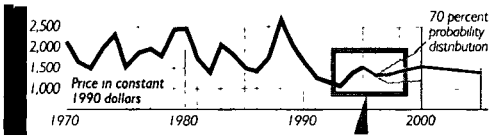
Prices may be past their peak

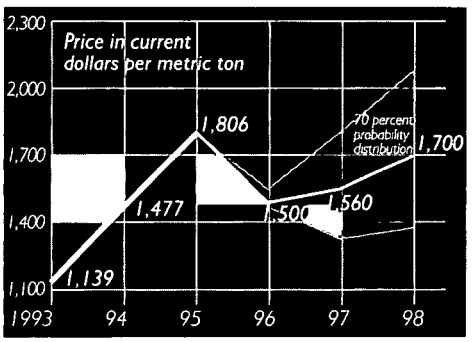


METALS AND MINERALS

ALUMINUM

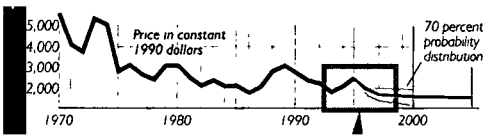
Prices decline as consumption grows slower than expected

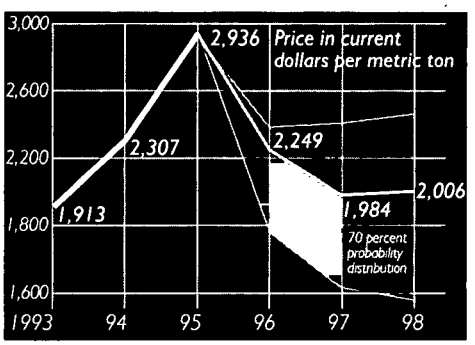




COPPER

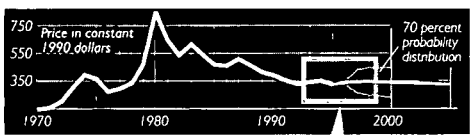
Prices increase slightly

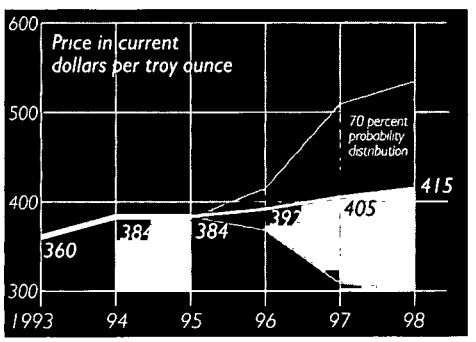




GOLD

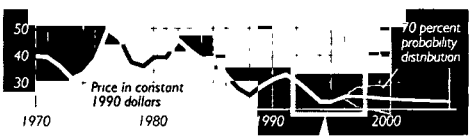
Prices drift





IRON ORE

Prices increase slightly



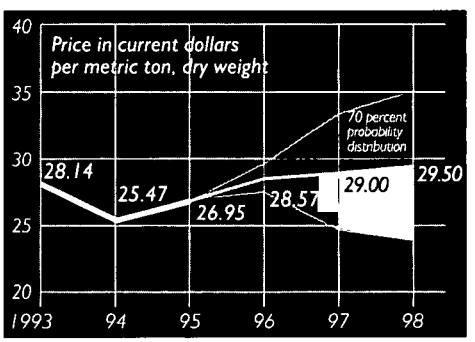


TABLE A1. COMMODITY PRICES AND PRICE PROJECTIONS IN CONSTANT 1990 DOLLARS

		Actual								Short-term projections			Long-term projections	
Commodity	*Unit*	*1970*	*1980*	*1985*	*1990*	*1992*	*1993*	*1994*	*1995*	*1996*	*1997*	*1998*	*2000*	*2005*
Energy														
Coal, US	$/mt	—	59.88	67.96	41.75	38 10	35.74	33 10	32.82	32 21	31.24	31 4	31.35	31.33
Crude oil, avg , spot	$/bbl	4 82	51.22	39.62	22.88	17 84	15.84	14 41	14.38	17 40	16.04	14 87	13.32	13 23
Natural gas, Europe	$/mmbtu	—	4.72	5.39	2.55	2.40	2.51	2.22	2.29	2 41	2.28	2.23	2.12	2.02
Natural gas, US	$/mmbtu	0.68	2 15	3.57	1 70	1.66	1.99	1.74	1.44	2.23	1.73	1.65	1 72	1.88
Beverages														
Cocoa	¢/kg	269 1	361.7	328 6	126.7	103.1	105.0	126 7	120.0	125.4	130.0	133 0	133.2	139 2
Coffee, other milds	¢/kg	457.2	481.6	470.9	197.2	132 4	146.7	300 1	279.1	221.6	188.3	173.5	172 4	167.1
Coffee, Robusta	¢/kg	362.8	450 6	386.0	118.2	88 19	108.8	237.7	232.1	161.5	140.2	134.7	137.1	134.4
Tea, auctions, avg	¢/kg	358 8	250.4	263 5	205.1	159 7	157.7	143 1	128.1	146 0	140.2	141 3	140.3	135 1
Tea, London, all	¢/kg	436.4	310.0	289 0	203.2	187 5	175.3	166 2	137.6	152.9	155.4	157.0	156.7	153.2
Food														
Fats and oils														
Coconut oil	$/mt	1,584	936.1	860.2	336 5	541.6	423 4	551.2	560 8	645.2	616.4	578.4	579 9	491.5
Copra	$/mt	896 5	629.0	562.6	230.7	356.7	277 8	378.7	367.3	422.6	400 7	375.9	329.1	345.3
Groundnut meal	$/mt	407 4	333.9	211 7	184.8	146 0	158.1	152.7	141.2	177.2	151.2	142 9	169.3	188 0
Groundnut oil	$/mt	1,509.	1,193	1,319	963.7	571.9	695.1	928 0	829.9	778.6	726.2	644 5	603.4	451 8
Palm oil	$/mt	1,037	810 9	729.6	289 7	369.0	355 3	479.5	526 2	451.3	443 3	380.1	329 1	301.4
Soybean meal	$/mt	409 0	364.6	229.1	200.2	191.7	195 8	174.6	164 9	227.8	202 7	190.0	195 9	190.8
Soybean oil	$/mt	1,142	830.2	833.7	447 3	402.2	451 8	558.6	523 5	482.9	477 1	471 0	438 8	401.7
Soybeans	$/mt	466.2	411.5	327.1	246.8	220.8	239.9	228 5	217.1	266.6	249 1	239 6	235.1	231 1
Grains														
Maize	$/mt	232.9	174.0	163.6	109.3	97.75	96.01	97.59	103 4	155.2	118.2	107 4	97.95	93.29
Rice, Thai, 5%	$/mt	503 6	570.6	287 0	270.9	251.5	221 4	242.8	268 8	298.1	287 1	272.7	258.6	260.4
Grain sorghum	$/mt	206.5	179.0	150.1	103.9	96.35	93 13	94.25	99 64	140.9	114.7	104.2	92.47	91 20
Wheat, US, HRW	$/mt	218.9	240.0	198 0	135.5	141.8	131.9	135 9	148 2	187 2	147.8	136 3	125.4	119 7
Other food														
Bananas	$/mt	662.2	524.1	551.0	540 9	443.6	416 7	399.0	372.8	415.8	388.4	382 5	380.8	380 1
Beef, US	¢/kg	520.1	383 4	314.0	256 3	230.2	246 2	211.5	159.7	152 5	177.3	195 0	203.4	212 3
Oranges	$/mt	670.0	556.0	580.7	531.1	458 8	406.7	373 2	445.1	431.2	411.2	407 3	411.4	408 0
Shrimp	¢/kg	1,108	1,421	1,529	1,079	1,027	1,071	1,186	1,134	1,115	1,115	1,132	1,114	1,056
Sugar, world	¢/kg	32 79	87.75	13.04	27.67	18.72	20.78	24.22	24.52	22.92	19.55	20.04	21.25	23 81
Agricultural raw materials														
Timber														
Logs, Malaysia	$/m³	172.0	271 6	177.4	177.2	196.5	366 6	279.1	214.1	218.2	223 8	231.3	235.1	250.6
Logs, Cameroon	$/m³	171.5	349.7	253.4	343.5	310.7	291.8	299.7	284.3	228.9	244 9	260.3	289.9	313.3
Sawnwood, Malaysia	$/m³	697.8	550.2	447.5	533.0	569.2	713.1	745.0	619 7	635 4	646.0	652.7	666.1	696 2
Other raw materials														
Cotton	¢/kg	269.7	286 4	192.1	181.9	119.9	120.4	159.9	178.2	151 8	150.0	153.0	152.1	148.6
Rubber, RSS1· Malaysia	¢/kg	162 3	197.9	110.6	86.47	80.79	78.18	102 2	132.3	121.1	115.4	116 6	112.0	117.0
Tobacco	$/mt	4,290	3,162	3,807	3,392	3,225	2,535	2,395	2,211	2,563	2,449	2,417	2,331	2,158
Fertilizers														
DAP	$/mt	215 3	308.7	246 3	171.4	136 1	121.4	156 8	181.4	184.2	177.3	173.5	155 2	145.5
Phosphate rock	$/mt	43.86	64 89	49.43	40.50	39 15	31.04	29.94	29.31	33.50	33 78	33.05	32.13	30 63
Potassium chloride[a]	$/mt	127.6	160.8	122.4	98 13	105.1	101 0	95.93	98.62	100.4	100.5	99 15	99.52	93.98
TSP	$/mt	171 5	250.4	176.9	131.8	113.2	105 3	119.9	125 3	149.1	139.3	128.1	119.9	110 0
Urea	$/mt	191.4	308.6	198.7	157.0	131.6	100.4	134.2	177.1	178.9	160 4	148.7	136.4	130.2
Metals and minerals														
Aluminum	$/mt	2,217	2,023	1,517	1,639	1,176	1,071	1,340	1,512	1,315	1,317	1,405	1,528	1,392
Copper	$/mt	5,645	3,032	2,066	2,661	2,139	1,799	2,094	2,459	1,932	1,675	1,657	1,588	1,532
Gold	$/toz	143.5	844.7	463.4	383.5	322.3	338.4	348.4	321.7	336.4	342	342.9	337.0	327.2
Iron ore	¢/DMTU	39.23	39.02	38.71	30.80	29.65	26.46	23 11	22.57	24.57	24.49	24.37	23.59	22.83
Lead	¢/kg	120 8	125.8	56 97	81.05	50.77	38 22	49.70	52 84	67.86	64.18	59 49	52.19	47.41
Nickel	$/mt	11,348	9,056	7,140	8,864	6,565	4,978	5,752	6,891	6,529	6,587	6,527	6,267	6,333
Silver	¢/toz	705 7	2,867	895.2	482.0	369.1	404.3	479 5	434.8	454.8	460.2	462.7	442.8	417.7
Tin	¢/kg	1,465	2,330	1,682	608.5	572 1	485.4	495.8	520.4	531.7	521 0	518.9	514.8	520.1
Zinc	¢/kg	117.9	105.8	114 2	151.3	116.3	90.47	90.53	86.36	88.05	92.05	91.71	88.55	86.90

— Not available.

Note· Computed from unrounded data and deflated by MUV (1990=100). Forecast as of October 21, 1996

a Also known as muriate of potash

Source World Bank, International Economics Department, Commodity Policy and Analysis Unit

TABLE A2. COMMODITY PRICES AND PRICE PROJECTIONS IN CURRENT DOLLARS

		Actual								Short-term projections			Long-term projections	
Commodity	Unit	1970	1980	1985	1990	1992	1993	1994	1995	1996	1997	1998	2000	2005
Energy														
Coal, US	$/mt	—	43.10	46 63	41 75	40.63	38.00	36.48	39.19	37.50	37.00	38 00	40.00	45.00
Crude oil, avg., spot	$/bbl	1.21	36.87	27.18	22.88	19.02	16.84	15.89	17.17	20.25	19.00	18.00	17.00	19.00
Natural gas, Europe	$/mmbtu	—	3.40	3.70	2.55	2.56	2.67	2.44	2.73	2.81	2 70	2.70	2.70	2.90
Natural gas, US	$/mmbtu	0.17	1.55	2.45	1.70	1.77	2.12	1.92	1.72	2.62	2 05	2 00	2.20	2.70
Beverages														
Cocoa	¢/kg	67.50	260.3	225.4	126.7	110.0	111.7	139.6	143.2	146.0	154.0	161.0	170.0	200.0
Coffee, other milds	¢/kg	114.7	346.6	323.1	197.2	141.2	156.0	330.8	333.2	258.0	223.0	210 0	220.0	240.0
Coffee, Robusta	¢/kg	91.00	324.3	264.9	118.2	94.04	115.7	262.0	277.1	188 0	166 0	163.0	175.0	193 0
Tea, auctions, avg.	¢/kg	89 99	180.2	180.8	205.1	170 3	167 7	157 7	152.9	170.0	166 0	171 0	179.0	194.0
Tea, London, all	¢/kg	109.5	223.1	198.3	203.2	200.0	186 4	183 2	164.3	178.0	184.0	190.0	200.0	220.0
Food														
Fats and oils														
Coconut oil	$/mt	397.2	673.8	590.2	336 5	577 6	450.3	607.5	669.6	751 1	730 0	700 0	740.0	706 0
Copra	$/mt	224.8	452.7	386.0	230 7	380.4	295 4	417.3	438.5	492 0	474 5	455 0	420.0	496.0
Groundnut meal	$/mt	102.2	240 3	145 3	184 8	155.7	168.1	168.3	168.6	206 3	179.0	173.0	216 0	270 0
Groundnut oil	$/mt	378 5	858 8	904.9	963.7	609.9	739 1	1,023	990 9	906.3	860 0	780 0	770.0	649.0
Palm oil	$/mt	260.0	583.7	500.6	289.8	393.5	377 8	528.4	628.3	525.3	525 0	460.0	420.0	433 0
Soybean meal	$/mt	102.6	262.4	157.2	200 2	204 4	208 2	192.4	196.9	265 2	240 0	230.0	250.0	274 0
Soybean oil	$/mt	286.3	597.6	572 0	447.3	428.9	480.4	615.6	625 1	562.1	565.0	570 0	560 0	577.0
Soybeans	$/mt	116 9	296.2	224.4	246.8	235 5	255 1	251.8	259.3	310.3	295 0	290.0	300.0	332 0
Grains														
Maize	$/mt	58.40	125.3	112.2	109 3	104 2	102.1	107.6	123.5	180 7	140.0	130.0	125.0	134.0
Rice, Thai, 5%	$/mt	126.3	410.7	196.9	270.9	268.2	235.4	267.6	321.0	347.0	340 0	330.0	330.0	374.0
Grain sorghum	$/mt	51 80	128.9	103.0	103.9	102.8	99.03	103.9	119.0	164.0	135.8	126.1	118.0	131 0
Wheat, US, HRW	$/mt	54.90	172.7	135.8	135 5	151 2	140.2	149.7	177.0	217 9	175 0	165.0	160.0	172.0
Other food														
Bananas	$/mt	166.1	377.3	378 1	540.8	473.1	443.0	439 8	445 1	484.1	460.0	463 0	486.0	546.0
Beef, US	¢/kg	130.4	276.0	215.4	256.3	245 5	261.8	233.1	190.7	177 5	210 0	236.0	259 6	305.0
Oranges	$/mt	168 0	400.2	398.4	531.1	489.2	432.5	411.3	531.5	501.9	487 0	493.0	525.0	586 0
Shrimp	¢/kg	278.0	1,023	1,049	1,079	1,095	1,139	1,308	1,354	1,298	1,320	1,370	1,422	1,517
Sugar, world	¢/kg	8.22	63.16	8 95	27 67	19.96	22.10	26.70	29 28	26 68	23.15	24.25	27 12	34.20
Agricultural raw materials														
Timber														
Logs, Malaysia	$/m^3	43 13	195 5	121.7	177.2	209 5	389 8	307.5	255.6	254.0	265 0	280 0	300.0	360 0
Logs, Cameroon	$/m^3	43.00	251.7	173.9	343 5	331 3	310.3	330.3	339.5	266 5	290.0	315.0	370 0	450 0
Sawnwood, Malaysia	$/m^3	175 0	396 0	307.0	533 0	607 0	758 3	821.0	740.0	739 6	765 0	790.0	850 0	1,000
Other raw materials														
Cotton	¢/kg	67 63	206.2	131.8	181.9	127.8	128.0	176 3	212.8	176.7	177 6	185.2	194 0	213.4
Rubber, RSS1 · Malaysia	¢/kg	40 72	142.5	75.87	86.47	86.16	83 13	112 6	158.0	141 0	136 7	141.1	143 0	168.1
Tobacco	$/mt	1,076	2,276	2,612	3,392	3,440	2,695	2,639	2,639	2,983	2,900	2,925	2,975	3,100
Fertilizers														
DAP	$/mt	54.00	222.2	169 0	171 4	145 2	129.1	172.8	216.6	214 4	210 0	210 0	198.0	209 0
Phosphate rock	$/mt	11.00	46.71	33.92	40.50	41.75	33.00	33.00	35.00	39.00	40 00	40.00	41.00	44 00
Potassium chloride[a]	$/mt	32 00	115.7	83.96	98.13	112.1	107.4	105 7	117 8	116.9	119.0	120.0	127 0	135.0
TSP	$/mt	43.00	180 3	121 4	131.8	120.7	111.9	132.1	149 6	173 6	165.0	155.0	153 0	158.0
Urea	$/mt	48.00	222.1	136 3	157 0	140.3	106.8	147.9	211.5	208 3	190.0	180.0	174 0	187.0
Metals and minerals														
Aluminum	$/mt	556.0	1,456	1,041	1,639	1,254	1,139	1,477	1,806	1,531	1,560	1,700	1,950	2,000
Copper	$/mt	1,416	2,182	1,417	2,661	2,281	1,913	2,307	2,936	2,249	1,984	2,006	2,026	2,201
Gold	$/toz	36.00	608.0	317.9	383.5	343.7	359.8	384.0	384 2	391.6	405.0	415.0	430.0	470.0
Iron ore	¢/DMTU	9.84	28 09	26.56	30.80	31.62	28.14	25.47	26.95	28.60	29.00	29 50	30.10	32 80
Lead	¢/kg	30.29	90.58	39.09	81.05	54.14	40.64	54.78	63.10	78.70	76.00	72.00	66.60	68.10
Nickel	$/mt	2,846	6,519	4,899	8,864	7,001	5,293	6,340	8,228	7,600	7,800	7,900	7,997	9,097
Silver	¢/toz	177.0	2,064	614.2	482.0	393.6	429.8	528.4	519.1	529.5	545.0	560.0	565 0	600.0
Tin	¢/kg	367 3	1,677	1,154	608.5	610.1	516.1	546.4	621 4	619 0	617.0	628.0	657 0	747.0
Zinc	¢/kg	29.58	76.12	78 34	151 3	124 0	96 20	99 77	103.1	102.5	109 0	111 0	113.0	124.8

— Not available

Note Computed from unrounded data. Forecast as of October 21, 1996

a. Also known as muriate of potash

Source World Bank, International Economics Department, Commodity Policy and Analysis Unit.

TABLE A3. WEIGHTED INDEX OF COMMODITY PRICES IN CURRENT DOLLARS AND IN CONSTANT 1990 DOLLARS

1990=100

Year	Energy (100)	Nonenergy commodities (100)[a]	Agriculture: Total agriculture (69 1)[a]	Agriculture: Beverages (16.9)[a]	Agriculture: Food: Total food (29 4)[a]	Agriculture: Food: Fats and oils (10.1)[a]	Agriculture: Food: Grains (6 9)[a]	Agriculture: Food: Other foods (12.4)[a]	Agriculture: Raw materials: Total raw materials (22 8)[a]	Agriculture: Raw materials: Timber (9.3)[a]	Fertilizers (2 7)[a]	Metals and minerals (28.2)[a]
						Current dollars						
1980	161.2	125 9	138.3	182.4	139.3	148.7	134.3	134 3	104.6	79.02	128.9	95 11
1985	118.8	91.44	100.2	164.1	86.31	113 0	89.23	62 80	70.84	59.06	89 03	70 17
1990	100	100	100	100	100	100	100	100	100	100	100	100
1991	84 67	95.30	97.63	92 94	99.15	104.5	101 7	93.35	99.15	104.2	102 4	88.90
1992	83.13	91.80	93 95	77.46	100 0	111.7	101 7	89.53	98.34	114.5	95.80	86.14
1993	73.62	91.38	98.78	83 62	98.57	111.5	93.65	90.72	110 3	152 4	83.66	73.94
1994	69.43	111.6	123.3	148.8	106.8	125.9	102.1	93.86	125 8	156.6	93 36	84.60
1995	75.06	122.2	131.3	151.2	116 9	136.6	120.4	98.84	135.2	139.5	103 6	101.6
1996	86.99	115 5	126.4	127 4	124.9	146 6	145.2	95 80	127.5	140 3	119.2	88 56
1997	83.04	110.5	119 9	114.0	117 2	139.9	127 5	92.79	127 9	144.3	115 5	86.88
1998	78.67	111.0	119.5	111.8	114.1	131.8	121.1	95.61	132.3	149.5	110.7	90 03
2000	74 30	115.6	124 1	117.7	116 5	134.1	118.5	101.0	138.9	160.7	110 6	95.25
2005	83.04	128.0	139.1	131.2	127.5	142.0	130.5	114.0	159 8	189.6	115 8	102.1
						Constant 1990 dollars						
1980	223 9	174.9	192 2	253.4	193.5	206.6	186.6	186.6	145.3	109.8	179 1	132.1
1985	173.2	133 3	146.0	239 2	125.8	164 7	130.0	91.53	103.2	86 08	129.8	102.3
1990	100	100	100	100	100	100	100	100	100	100	100	100
1991	82 82	93.22	95.50	90.91	96 98	102.2	99 47	91.31	96.99	101.9	100 2	86.96
1992	77 96	86.09	88.10	72.63	93.78	104.7	95.37	83 96	92.21	107.3	89.84	80.78
1993	69 24	85.94	92 90	78.64	92.70	104.9	88 08	85.32	103.7	143.3	78 68	69 54
1994	63.00	101.3	111.9	135.0	96.94	114 3	92.63	85 16	114 1	142.1	84 71	76.77
1995	62.87	102.3	110.0	126.6	97.91	114 4	100.8	82 78	113.2	116.9	86 76	85.10
1996	76 04	99.25	108 6	109.5	107.3	126.0	124 7	82.29	109.5	120 5	102.4	76 08
1997	70 13	93.32	101 3	96.25	98.96	118.2	107 6	78.35	108.0	121 8	97.54	73 37
1998	65 00	91.69	98 75	92.37	94.24	108 9	100 0	79.00	109.3	123.5	91.46	74 39
2000	58 23	90.63	97.29	92.27	91 32	105.1	92 87	79.18	108 7	126.0	86.70	74 64
2005	57.81	89.14	96 82	91.37	88 77	98.84	90 86	79.34	111 3	132.0	80 59	71.11

Note: Figures for 1996–2005 are projections. Weights used are the average 1987–89 export values for low- and middle-income economies. Forecast as of October 21,1996.

a Percentage share of commodity group in nonenergy index.

Source: World Bank, International Economics Department, Commodity Policy and Analysis Unit.

TABLE A4. INFLATION INDICES FOR SELECTED YEARS

Year	G-5 MUV index[a] 1990=100	G-5 MUV index[a] % change	US GDP deflator 1990=100	US GDP deflator % change
1980	71 98		64.54	
1985	68.61	–0.95	83.77	5.66
1990	100 00	7.83	100 00	3.61
1991	102.23	2 23	103.95	3.95
1992	106.64	4.31	106.84	2.78
1993	106.33	–0 29	109.62	2.60
1994	110.21	3.65	112.18	2.34
1995	119.40	8.34	114.85	2.38
1996	116 41	–2 51	117.61	2.40
1997	118.42	1.73	121 13	3.00
1998	121.03	2 21	124.53	2.80
2000	127.61	2.68	132 24	3.05
2005	143 64	2.39	154.35	3.14

Note: Figures for 1996-2005 are projections. Forecast as of October 10, 1996. Growth rates for years 1985, 1990, 2000, and 2005 are compound annual rates of change between adjacent end-point years, all others are annual growth rates from the previous year.

a Unit value index in US dollar terms of manufactures exported from the G-5 countries (France, Germany, Japan, UK, and US), weighted proportionally to the countries' exports to the developing countries.

Source: G-5 MUV index, G-5 GDP/GNP deflator, and G-7 CPI: World Bank. US GDP deflator: US Department of Commerce.

TABLE A5. COMMODITY PRICE PROBABILITY DISTRIBUTIONS IN CONSTANT 1990 DOLLARS

		70% probability distribution			
Commodity	*Unit*	*1996*	*1997*	*1998*	*2000*
Energy					
Coal, US	$/mt	28.35–35.22	24.91–38.00	23.96–38.83	21 94–40.75
Natural gas, Europe	$/mmbtu	2 28–2.62	1.77–2 87	1.57–2 89	1.37–2.90
Natural gas, US	$/mmbtu	1 98–2 49	1.31–2.15	1.16–2.15	1.10–2.35
Crude oil, avg., spot	$/bbl	15 03–19.76	11.82–20 27	10.33–19.83	8.62–18.81
Beverages					
Cocoa	¢/kg	121 51–128.42	111.93–151.09	108.92–162.48	102.72–172 78
Coffee, other milds	¢/kg	195 00–255.13	156.22–228.00	133.85–218.95	123.81–232 74
Coffee, Robusta	¢/kg	145.18–179.54	116.53–169.73	104 93–172.68	97 17–188.07
Tea, auctions, avg.	¢/kg	130.57–148.61	129.20–152.00	125.59–156.99	117.55–159 86
Tea, auction, London	¢/kg	143.46–163.22	142.71–168.05	139.63–174.34	131.65–178.67
Food					
Fats and oil					
Coconut oil	$/mt	605.62–700.11	506.67–785.34	454 43–784.93	405 92–811.85
Copra	$/mt	396.01–473 33	350.45–527 78	305.71–524.66	230.39–467.05
Groundnut meal	$/mt	137.45–180.40	125 82–201.82	101 63–195.82	118 33–236.66
Groundnut oil	$/mt	730.18–824.67	616.45–895.12	520.53–902.26	422.38–856.52
Palm oil	$/mt	442.40–502.53	375.78–570.01	297.45–532 10	230.39–467 05
Soybean meal	$/mt	207.89–250 84	177 33–261 78	144 59–264 40	137.14–274.27
Soybean oil	$/mt	433.81–528.31	375.78–603.78	355 28–659 34	307 19–622.99
Soybeans	$/mt	244.82–304 96	206.89–325 11	181.77–335 45	164.56–333 83
Grains					
Maize	$/mt	137.27–154 80	94.58–141.87	81.63–135.34	68.57–132 24
Rice	$/mt	278.58–314.15	218.21–361.76	196.31–354 46	168.09–362.04
Grain sorghum	$/mt	133.16–150.15	91.74–137 61	79.19–131.28	64 73–124.83
Wheat, US, HRW	$/mt	169.57–191 22	112.31–186.20	98.16–177.23	81.50–173.03
Other food					
Bananas	$/mt	379.69–419.21	330.18–446.72	305.71–459.39	285.24–476.45
Beef	¢/kg	140.02–182.97	143.56–219 56	145.42–252 83	142.62–284.46
Oranges	$/mt	391.72–432 95	349.60–472.89	325.54–489.13	307.97–514.07
Shrimp	¢/kg	1,048.02–1116 74	988.01–1368 01	875.82–1565 73	813.42–1560.22
Sugar, world	$/mt	217.68–240.62	160.28–234.59	156.32–242.42	153.04–286.81
Agricultural raw materials					
Timber					
Logs (Malaysia)	$/m^3	212.71–224.77	192.61–260.00	189 41–282.57	181 27–304.90
Logs (Cameroon)	$/m^3	223.64–236.42	210.78–284 52	213.09–317 89	223.56–376 04
Sawnwood, Malaysia	$/m^3	620.09–655.36	556.02–750 55	534.41–797 25	513.59–863 87
Other raw materials					
Cotton	¢/kg	138.30–168.37	127.51–173 11	123.94–185 90	115 19–191.99
Rubber, Malaysia	¢/kg	115 11–127.31	92.30–135.03	90.97–139.88	79.38–133.38
Tobacco	$/mt	2,431.92–2687.91	2,084 95–2816.25	1,933.40–2900.11	1,748.30–2913.56
Fertilizers					
DAP	$/mt	169.57–191.22	134.77–223.44	124.93–225.56	108.93–209.23
Phosphate rock	$/mt	31.49–35.51	25.67–42.56	23.80–42.96	22.73–43.10
Potassium chloride[a]	$/mt	94 48–106.54	76.37–126.62	71.39–128.89	69.74–134.00
TSP	$/mt	141.31–159.35	105.89–175.56	92.21–166.49	83 85–162.21
Urea	$/mt	166.34–187.58	121.94–202 16	107.08–193.34	95.60–184.15
Metals and minerals					
Aluminum	$/mt	1,274.97–1345.98	1,133.85–1530.54	1,150.00–1715.59	1,178 24–1981.83
Copper	$/mt	1,641.61–2028 18	1,373 92–2010.64	1,293.07–2006.11	1,142.54–1984 17
Gold	$/toz	316.54–356.95	259.92–430.92	246.88–442.33	231.16–442.77
Iron ore	¢/DMTU	23 62–25.51	20.86–28.20	19.75–29 00	17 71–29.46
Lead	$/mt	653.21–705.78	545 52–738.05	481.86–707 92	391.51–652 54
Nickel	$/mt	6,283.82–6789.79	5,598 72–7574.73	5,287 12–7767 50	4,700.26–7833.71
Silver	¢/toz	421.51–475.32	349.77–579.89	333.14–596.88	294.88–589.75
Tin	¢/kg	511.81–553.05	442.92–599 22	420.31–617.45	386 18–643.60
Zinc	$/mt	847.52–915.73	782.38–1058 52	742.87–1091.38	664.13–1106.89

Note: Forecast as of October 25, 1996

a Also known as muriate of potash

Source: World Bank, International Economics Department, Commodity Policy and Analysis Unit.

TABLE A6. COMMODITY PRICE PROBABILITY DISTRIBUTIONS IN CURRENT DOLLARS

		70% probability distribution			
Commodity	*Unit*	*1996*	*1997*	*1998*	*2000*
Energy					
Coal, US	$/mt	33.00–41 00	29 50–45 00	29.00–47.00	28.00–52.00
Natural gas, Europe	$/mmbtu	2.65–3.05	2 10–3.40	1.90–3.50	1.75–3 70
Natural gas, US	$/mmbtu	2.30–2.90	1.55–2.55	1.40–2 60	1.40–3.00
Crude oil, avg , spot	$/bbl	17.50–23.00	14 00–24 00	12.50–24.00	11.00–24.00
Beverages					
Cocoa	¢/kg	141–149	133–179	132–197	131–220
Coffee, other milds	¢/kg	227–297	185–270	162–265	158–297
Coffee, Robusta	¢/kg	169–209	138–201	127–209	124–240
Tea, auctions, avg.	¢/kg	152–173	153–180	152–190	150–204
Tea, auction, London	¢/kg	167–190	169–199	169–211	168–228
Food					
Fats and oil					
Coconut oil	$/mt	705–815	600–930	550–950	518–1,036
Copra	$/mt	461–551	415–625	370–635	294–596
Groundnut meal	$/mt	160–210	149–239	123–237	151–302
Groundnut oil	$/mt	850–960	730–1,060	630–1,092	539–1,093
Palm oil	$/mt	515–585	445–675	360–644	294–596
Soybean meal	$/mt	242–292	210–310	175–320	175–350
Soybean oil	$/mt	505–615	445–715	430–798	392–795
Soybeans	$/mt	285–355	245–385	220–406	210–426
Grains					
Maize	$/mt	160–180	112–168	99–164	88–169
Rice	$/mt	324–366	258–428	238–429	215–462
Grain sorghum	$/mt	155–175	109–163	96–159	83–159
Wheat, US, HRW	$/mt	197–223	133–221	119–215	104–221
Other food					
Bananas	$/mt	442–488	391–529	370–556	364–608
Beef	¢/kg	163–213	170–260	176–306	182–363
Oranges	$/mt	456–504	414–560	394–592	393–656
Shrimp	¢/kg	1,220–1,300	1,170–1,620	1,060–1,895	1,038–1,991
Sugar, world	$/mt	253–280	190–278	189–293	195–366
Agricultural raw materials					
Timber					
Logs (Malaysia)	$/m^3	248–262	228–308	229–342	231–389
Logs (Cameroon)	$/m^3	260–275	250–337	258–385	285–480
Sawnwood, Malaysia	$/m^3	722–763	658–889	647–965	655–1,102
Other raw materials					
Cotton	¢/kg	161–196	151–205	150–225	147–245
Rubber, Malaysia	¢/kg	134–148	109–160	110–169	101–170
Tobacco	$/mt	2,831–3,129	2,469–3,335	2,340–3,510	2,231–3,718
Fertilizers					
DAP	$/mt	197–223	160–265	151–273	139–267
Phosphate rock	$/mt	37–41	30–50	29–52	29–55
Potassium chloride[a]	$/mt	110–124	90–150	86–156	89–171
TSP	$/mt	165–186	125–208	112–202	107–207
Urea	$/mt	194–218	144–239	130–234	122–235
Metals and minerals					
Aluminum	$/mt	1,484–1,567	1,343–1,812	1,392–2,076	1,504–2,529
Copper	$/mt	1,911–2,361	1,627–2,381	1,565–2,428	1,458–2,532
Gold	$/toz	368–416	308–510	299–535	295–565
Iron ore	¢/DMTU	27.50–29.70	24.70–33.40	23.90–35 10	22 60–37.60
Lead	$/mt	760–822	646–874	583–857	500–833
Nickel	$/mt	7,315–7,904	6,630–8,970	6,399–9,401	5,998–9,997
Silver	¢/toz	491–553	414–687	403–722	376–753
Tin	¢/kg	596–644	525–710	509–747	493–821
Zinc	$/mt	987–1,066	927–1,254	899–1,321	848–1,413

Note Forecast as of October 25, 1996

a. Also known as muriate of potash

Source World Bank, International Economics Department, Commodity Policy and Analysis Unit

TABLE A7. RECENT COMMODITY PRICES

Commodity	Unit	Annual averages			Quarterly averages					Monthly averages		
		Jan–Dec 1994	Jan–Dec 1995	Jan–Sep 1996	Jul–Sep 1995	Oct–Dec 1995	Jan–Mar 1996	Apr–Jun 1996	Jul–Sep 1996	Jul 1996	Aug 1996	Sep 1996
Energy												
Coal												
Australia[a]	$/mt	32.30	39.37	38.69	40 95	39.97	39.22	38.58	38.28	38.40	38 35	38 10
US[a]	$/mt	36.48	39 19	37.16	38 58	36.50	36.77	37.10	37.60	37 60	37.60	37 60
Crude oil, avg., spot[b]	$/bbl	15.89	17 17	19.49	16 46	16.91	18.30	19.41	20.76	19 59	20 44	22.26
Brent[b]	$/bbl	15.83	17.07	19.68	16 24	16.99	18.63	19.47	20.93	19.61	20 58	22 59
Dubai[b]	$/bbl	14.67	16 11	17.58	15 33	15.76	16.56	17 25	18.94	17.79	18 77	20.26
West Texas Int.[b]	$/bbl	17.16	18 34	21.21	17.80	17 98	19.71	21.52	22 42	21.36	21 97	23.92
Natural gas												
Europe[a]	$/mmbtu	2 44	2.73	2 81	2.79	2 76	2.73	2 91	2.79	2.78	2.79	2.79
US[a]	$/mmbtu	1 92	1 72	2.62	1 55	2.17	3 43	2.32	2 12	2.48	2 03	1.84
Beverages												
Cocoa	¢/kg	139.6	143.2	145.0	139.1	140.3	135.3	150.6	149 1	149.5	150 1	147.6
Coffee												
Other milds	¢/kg	330 8	333.2	269 7	318 4	263.6	261 3	277.9	270 0	270.0	278 3	261.7
Robusta	¢/kg	262.0	277 1	190.3	268 2	232.5	204 2	196 9	169 8	170.8	174.6	163.9
Tea												
Auctions, avg.	¢/kg	157.7	152 9	168.2	154.1	161.4	158 7	170.4	175 7	174.3	173 1	177.6
London, all[a]	¢/kg	183.2	164.3	173.1	153.0	177.0	173.6	172.7	172 9	160.2	171 3	187.3
Food												
Fats and oils												
Coconut oil	$/mt	607.5	669.6	751.1	685.3	728 7	724 0	783.3	746 0	775 0	742 0	721.0
Copra[a]	$/mt	417 3	438.5	492 0	452.0	473.3	464.0	510 7	501.3	534.0	495.0	475 0
Groundnut meal[a]	$/mt	168.3	168 6	206.3	166.0	184.3	186.3	217.7	215.0	210.0	215.0	220 0
Groundnut oil	$/mt	1,023	990 9	906 3	976.7	991 0	931.7	898.7	888 7	902.0	885 0	879.0
Palm oil	$/mt	528 4	628.3	525 3	619.0	604.0	524.0	540.7	511.3	476.0	513.0	545.0
Soybean meal	$/mt	192 4	196.9	265 2	196.3	229 7	253 0	269.0	273 7	265.0	270.0	286.0
Soybean oil	$/mt	615.6	625.1	562 1	618 7	613 3	546.7	578.7	561.0	549.0	565 0	569 0
Soybeans	$/mt	251.8	259 3	310.3	261.3	283 0	299.7	315 3	316.0	312 0	317 0	319 0
Grains												
Maize	$/mt	107 6	123.5	180 7	128.0	144.5	168.6	197.3	176 2	197.8	185.5	145.4
Rice												
Thai, 35%[a]	$/mt	218 5	290.2	284 8	317 1	319.3	311 6	272.6	270 0	281 4	265.3	263.5
Thai, 5%	$/mt	267.6	321 0	347 0	348.3	354.9	365.6	333 6	341.7	358 0	335 5	331 5
Thai, A. 1.Special[a]	$/mt	182.3	262.8	241.7	288 9	290.1	262 5	243 2	219.3	229.2	213 0	215 8
Grain sorghum	$/mt	103.9	119 0	164.0	121.7	144.0	160 0	183.1	148 8	163.6	152.5	130.4
Wheat												
Canada[a]	$/mt	198 6	207.1	243.2	221.6	232.2	232.6	277 2	219.9	250 3	222.1	187.3
US hard red winter	$/mt	149.7	177.0	217.9	189.6	205 5	213.7	249 0	191.0	202 6	191.6	178 7
US soft red winter[a]	$/mt	138 6	167.4	197 1	175 8	199 2	202.1	213 9	175 3	181.1	175 0	169 7
Other food												
Bananas	$/mt	439.8	445.1	484.1	525.1	427.3	501.4	541.8	409.0	425.0	405 6	396.4
Beef, US	¢/kg	233.1	190 7	177 6	173 9	191 8	182 5	176 2	173.9	171 3	176.9	173 6
Fish meal, Hamburg[a]	$/mt	376.3	495.0	585.3	500.0	590.3	635 3	570 0	550.7	547.0	539 0	566.0
Lamb[a]	¢/kg	297 5	262.1	315.3	254.0	264.7	262.6	332 3	351.0	354.5	351 3	347.2
Oranges	$/mt	411.3	531.5	501 9	610.9	517 9	442.1	536.0	527.7	527.5	527 3	528.4
Shrimp[a]	¢/kg	1,308	1,362	1,298	1,340	1,229	1,203	1,366	1,326	1,356	1,312	1,309
Sugar												
EU domestic	¢/kg	62.17	68.80	68.39	69.56	69.25	68.69	68.01	68.48	69.69	67.66	68.08
US domestic	¢/kg	48.57	50.82	49.41	52.29	50 16	49.63	49.73	48.88	48.06	49.27	49.32
World	¢/kg	26.70	29.28	27 16	28.12	26.53	28.11	26 12	27.26	28.24	27 27	26.28
Agricultural raw materials												
Timber												
Logs												
Malaysia	$/m³	307.5	255.6	254.0	239.0	235 5	244.6	256.7	260.6	259.7	263.5	258.7
Cameroon[a]	$/m³	330 3	339.5	266.5	343.6	328 0	278.1	254.0	267.4	255.2	264 3	282.7
Plywood[a]	$/m³	601 2	584 4	529.5	557.6	535 5	535.6	526.7	526.0	521.4	538.3	538.3
Sawnwood												
Malaysia	$/m³	821.0	740.0	739.6	740.9	718.5	720.6	750.8	747.6	744 0	743.4	755 3
Ghana[a]	$/m³	618.5	632.5	529.1	640 3	589.8	530 8	524.8	531.5	532.2	519 9	542.4
Woodpulp, cif North Sea[a]	$/mt	552 5	853.1	573 7	898.5	942.7	678.7	499 2	543.1	539 5	544.8	544 8

TABLE A7. RECENT COMMODITY PRICES (CONTINUED)

Commodity	Unit	Annual averages			Quarterly averages					Monthly averages		
		Jan–Dec 1994	Jan–Dec 1995	Jan–Sep 1996	Jul–Sep 1995	Oct–Dec 1995	Jan–Mar 1996	Apr–Jun 1996	Jul–Sep 1996	Jul 1996	Aug 1996	Sep 1996
Other raw materials												
Cotton	¢/kg	176.3	212.8	179.9	193.7	197 1	187 0	182.8	170.1	175.8	168 3	166.1
Jute[a]	$/mt	298.3	368.0	477.0	418 7	466 7	525.4	502.3	403.3	410.0	410.0	390 0
Rubber												
RSS1, Malaysia	¢/kg	112.6	158.0	144 0	132 6	155.3	152.8	147.1	132.0	135 1	130.3	130.5
NY[a]	¢/kg	131.6	181.4	165.5	155.1	176.5	176.2	166.9	153.4	156 4	152.3	151.6
Singapore[a]	¢/kg	115 4	160 3	145.8	134.6	156.5	156.9	148.7	131 8	134 2	131.2	129.9
Sisal[a]	$/mt	605.3	709 7	864.4	715.8	735.3	843 3	860.0	890 0	890.0	890.0	890.0
Wool[a]	¢/kg	389.3	488.3	417.8	487 9	430.4	430.0	410.8	412.4	410.1	417.5	409.7
Fertilizers												
DAP[a]	$/mt	172 8	216.6	214.4	210 7	243.9	231 7	204.5	206.9	211.8	210.2	198.8
Phosphate rock	$/mt	33.00	35.00	39 00	35.00	35.00	39.00	39.00	39.00	39.00	39 00	39.00
Potassium chloride[a]	$/mt	105 7	117 8	116.9	119.0	118.9	116.7	117.0	117.0	117.0	117.0	117 0
TSP	$/mt	132.1	149.6	173.6	147.5	157.7	168 4	173.9	178.6	175.6	178.6	181.5
Urea[a]	$/mt	147.9	211.5	208.3	197 3	229.0	220.0	198.5	206.4	213.5	207.2	198 6
Metals and minerals												
Aluminum	$/mt	1,477	1,806	1,531	1,836	1,662	1,598	1,553	1,443	1,459	1,463	1,407
Copper	$/mt	2,307	2,936	2,342	3,009	2,906	2,572	2,476	1,979	1,986	2,009	1,941
Gold[a]	$/toz	384 0	384.2	391 6	384.3	385.3	400.1	390.0	384.7	383 5	387 4	383.1
Iron ore	¢/DMTU	25.47	26.95	28 60	26 95	26 95	28 57	28 57	28.57	28.57	28.57	28.57
Lead	¢/kg	54.78	63.10	79.00	61.27	69.48	76 57	81 72	79.86	78.37	81.57	79.64
Nickel	$/mt	6,340	8,228	7,717	8,649	8,220	8,033	7,926	7,192	7,204	7,054	7,318
Silver[a]	¢/toz	528.4	519.1	529.5	532.7	526.0	553.7	529.9	504.8	503.0	510.5	501.0
Steel												
Cold-rolled coilsheet[a]	$/mt	511 7	554.2	499 1	576.7	553.3	523.3	500.0	474.0	492.0	490.0	440.0
Hot-rolled coilsheet[a]	$/mt	402.9	440.8	376.9	466.7	426.7	390.0	373.3	367.3	372.0	380.0	350.0
Rebar[a]	$/mt	322.5	381.7	361.3	390.0	380.0	370.0	353.3	360.7	352.0	360.0	370 0
Wire rod[a]	$/mt	371.7	420.8	448.0	433.3	456.7	463 3	443.3	437 3	442.0	450.0	420.0
Tin	¢/kg	546.4	621 4	624.6	666.3	629.9	622.1	636.2	615 4	625.0	611.0	610.2
Zinc	¢/kg	99 77	103.1	102.4	100.9	100.9	104 0	103.0	100.2	100.0	100.7	100.0
World Bank commodity price indices for low- and middle-income countries (1990 = 100)												
Energy		69.43	75.06	85.19	71.93	73 91	79 99	84.84	90.75	85.62	89 34	97.29
Nonenergy commodities		111.6	122.2	116.5	120.5	118.2	117.1	119.4	113 1	114 0	113 5	111.7
Agriculture		123.3	131 3	126.8	128.0	126.4	126.2	130.3	124.7	125.8	125 1	123 1
Beverages		148.8	151.2	127.3	145.7	128 3	123 9	131.3	126.7	126.8	129.4	123.9
Food		106.8	116 9	125.9	119.5	122.1	124.8	129.7	123 3	125.0	123.3	121.5
Fats and oils		126.0	136.6	146.8	136.1	144.2	142 6	150.1	147.7	143.2	147.2	152 7
Grains		102.1	120 3	148.0	128.4	137.6	147.1	157.2	139.8	150.3	141.2	127.8
Other food		93 86	98.84	96 45	100.9	95.27	97.74	97.58	94 03	95.81	93.81	92.45
Raw materials		125.8	135.2	128.3	126 0	130.6	129.7	130.3	125.0	126.3	124.1	124 5
Timber		156.6	139.5	139.3	138.4	134.5	135 5	141.4	141 1	140.5	140.7	142.2
Other raw materials		104.8	132.3	120.8	117.5	128 0	125 6	122.8	113.9	116.6	112.8	112 4
Fertilizers		93.36	103.6	118 7	102.6	107.5	116.2	118.9	121.1	119.7	121 1	122.5
Metals and minerals		84.60	101.6	90.50	103.7	98.91	94.68	92.84	83.82	84 23	84.43	82 79

Note Prices as of October 21, 1996. Monthly updates of commodity prices are available on the internet at http /www worldbank org/html/ieccp/ieccp html

a Not included in index

b. Included in the petroleum index but not in the nonfuel index.

Source: World Bank, International Economics Department, Commodity Policy and Analysis Unit

COMMODITY DESCRIPTIONS

Energy

Coal (Australian), thermal, 12,000 btu/lb, less than 1.0% sulfur, 14% ash, f.o.b. piers, Newcastle/Port Kembla

**Coal (US)*, thermal, 12,000 btu/lb, less than 1.0% sulfur, 12% ash, f.o.b piers, Hampton Road/Norfolk

Natural Gas (Europe), average import border price

Natural Gas (US), spot price at Henry Hub, Louisiana

**Petroleum (spot)*, average spot price of Brent, Dubai, and West Texas Intermediate, equally weighed

Petroleum (spot), UK Brent 38° API, f.o.b. UK ports

Petroleum (spot), Dubai Fateh 32° API, f.o.b. Dubai

Petroleum (spot), West Texas Intermediate (WTI) 40° API, f.o.b. Midland, Texas

Beverages

Cocoa (ICCO), International Cocoa Organization daily price, average of the first three positions on the terminal markets of New York and London, nearest three future trading months

Coffee (ICO), International Coffee Organization indicator price, other mild arabicas, average New York and Bremen/Hamburg markets, ex-dock

Coffee (ICO), International Coffee Organization indicator price, robustas, average New York and Le Havre/Marseilles markets, ex-dock

**Tea (Auctions, average)*, leaf at Calcutta auction, and all tea at Colombo, London, and Nairobi/Mombasa auctions, arithmetic averages of weekly quotes

Tea (London auctions), all tea, arithmetic averages of weekly quotes

Foods

Fats and oils

Coconut oil (Philippines/Indonesian), bulk, c.i.f. Rotterdam

Copra (Philippines/Indonesian), bulk, c.i.f. N.W. Europe

Groundnut meal (Argentine), 48/50%, c.i.f. Rotterdam

Groundnut oil (any origin), c.i.f. Rotterdam

Palm oil (Malaysian), 5% bulk, c.i.f. N. W. Europe

Soybean meal (any origin), Argentine 45/46% extraction, c.i.f. Rotterdam, prior to 1990, US 44%

Soybean oil (Dutch), crude, f.o.b ex-mill

Soybeans (US), c.i.f. Rotterdam

Grains

Grain sorghum (US), no. 2 milo yellow, f.o.b. Gulf ports

Maize (US), no. 2, yellow, f.o b US Gulf ports

**Rice (Thai)*, 5% broken, white rice (WR), milled, indicative market price based on weekly surveys of export transactions (indicative survey price), government standard, f.o.b. Bangkok

Rice (Thai), 35% broken, WR, milled, indicative survey price, government standard, f.o b Bangkok

Rice (Thai), 100% broken, A.1 Special, broken kernel obtained from the milling of WR 15%, 20%, and 25%, indicative survey price, government standard, f o b Bangkok

Wheat (Canadian), no. 1, Western Red Spring (CWRS), in store, St Lawrence, export price

**Wheat (US)*, no. 1, hard red winter, ordinary protein, export price delivered at the Gulf port for prompt or 30 days shipment

Wheat (US), no. 2, soft red winter, export price delivered at the Gulf port for prompt or 30 days shipment

Other foods

Bananas (Central and South American), first-class quality tropical pack, importer's price to jobber or processor, f.o.b. US ports

Beef (Australian/New Zealand), cow forequarters, frozen boneless, 85% chemical lean, c i.f US port (East Coast), ex-dock

Fishmeal (any origin), 64-65%, c&f Hamburg, nfs

Lamb (New Zealand), frozen whole carcasses, wholesale price, Smithfield market, London

Oranges (Mediterranean exporters) navel, EEC indicative import price, c.i.f. Paris

Shrimp (US), frozen, Gulf brown, shell-on, headless, 26 to 30 count per pound, wholesale price at New York

Sugar (EU), European Union negotiated import price for raw unpackaged sugar from African, Caribbean and Pacific (ACP) under Lomé Conventions c.i.f. European ports

Sugar (US), import price, nearest future, c.i.f. New York

**Sugar (world)*, International Sugar Agreement (ISA) daily price, raw, f o.b. and stowed at greater Canbbean ports

Agricultural raw materials

Other raw materials

Cotton (Cotlook A index), middling 1-3/32 inch, c.i.f. Europe

Jute (Bangladesh), raw, white D, f o b. Chittagong/Chalna

**Rubber (Malaysian)*, RSS1, in bales, Malaysian Rubber Exchange & Licensing Board, midday buyers' asking price for prompt or 30 days delivery, f.o.b. Kuala Lumpur

Rubber (Asian), RSS1, in bales, Rubber Association of Singapore Commodity Exchange (RASCE)/ Singapore Commodity Exchange, midday buyers' asking price for prompt or 30 days delivery; prior to June 1992, spot, Singapore

Rubber (any origin), RSS1, in bales, Rubber Traders Association (RTA), spot, New York

Sisal (East African), UG (rejects), c.i.f. UK

Tobacco (US) unmanufactured, unit value of general imports, 12-month moving averages

Wool (Dominion), crossbred, 56's, clean, c.i.f. UK

Timber

Logs (Malaysian), meranti, Sarawak, sale price charged by importers, Tokyo; prior to February 1993, average of Sabah and Sarawak weighted by Japanese import volumes

Logs (West African), sapelli, high quality (loyal and marchand), f.o.b. Cameroon

Plywood (Southeast Asian), Lauan, 3-ply, extra, 91 m^3 x 182 m^3 x 4 mm, wholesale price, spot Tokyo

Sawnwood (Ghanaian), sapele, bundled, f.o.b. Takoradi

**Sawnwood (Malaysian)*, dark red seraya/meranti, select and better quality, General Market Specification (GMS), width 6 inches or more, average 7 to 8 inches; length 8 inches or more, average 12 to 14 inches, thickness 1 to 2 inch(es); kiln dry, c&f UK ports

Woodpulp (Swedish), softwood, sulphate, bleached, air-dry weight, c i f North Sea ports

Fertilizers

DAP (diammonium phosphate), bulk, spot, f.o.b. US Gulf

Phosphate rock (Moroccan), 70% BPL, contract, f a s Casablanca

Potassium chloride (muriate of potash), standard grade, spot, f.o.b. Vancouver

TSP (triple superphosphate), bulk, spot, f.o.b. US Gulf

Urea (varying origins), bagged, spot, f o b West Europe

Metals and minerals

Aluminum (LME) London Metal Exchange, unalloyed primary ingots, high grade, minimum 99 7% purity, cash price

Copper (LME), grade A, minimum 99.9935% purity, cathodes and wire bar shapes, settlement price

Gold (UK), 99.5% fine, London afternoon fixing, average of daily rates

Iron ore (Brazilian), CVRD Southern System standard sinter feed (SSF), 64 3% purity (dry weight) ores from Itabira and other southern mines, contract price to Europe, f o b Tubarao; unit refers to dry metric ton unit, or MT 1% Fe-unit, 28 57 ¢/ DMTU is equivalent to $18 37/DMT SSF, or $17.10/Wet MT SSF

Lead (LME), refined, 99.97% purity, settlement price

Nickel (LME), cathodes, minimum 99.8% purity, official morning session, weekly average bid/asked price

Silver (Handy & Harman), 99 9% grade refined, New York

Steel products price index, 1990=100, (Japanese), composite price index for eight selected steel products based on quotations f o b Japan excluding shipments to the United States and China, weighted by product shares of apparent combined consumption (volume of deliveries) at Germany, Japan, and the US. The eight products are as follows. rebar (concrete reinforcing bars), merch bar (merchant bars), wire rod, section (H-shape), plate (medium), hot rolled coil/sheet, cold rolled coil/sheet, and galvanized iron sheet

Tin (LME), refined, 99.85% purity, settlement price

Zinc (LME), special high grade, minimum 99.995% purity, weekly average bid/asked price, official morning session; prior to April 1990, high grade, minimum 99.95% purity, settlement price

* The price series forecast in tables A1 and A2

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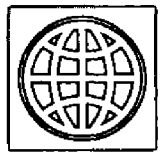

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