

Commodity Markets Review

October 8, 2009

DECPG, The World Bank

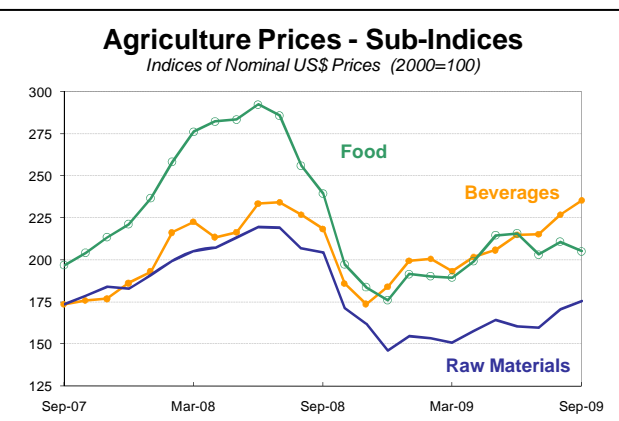
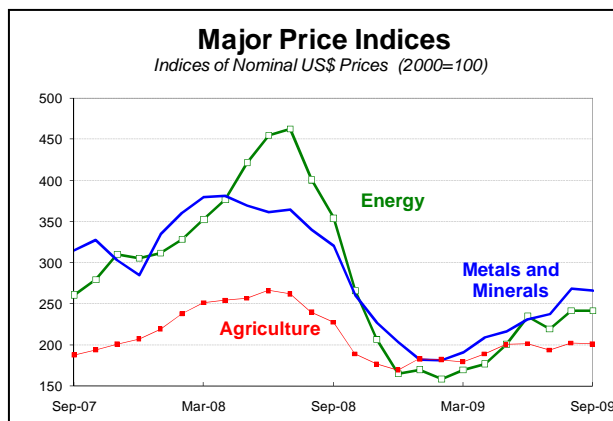
Non-energy commodity prices fell 0.6 percent in September with all main groups declining due to weak demand and ample supply. However, for the **first 9 months**, non-energy commodities rose 18 percent, with agriculture up 19 percent (although grains declined) and metals up 31 percent (with lead and copper more than doubling). Fertilizer prices dropped 44 percent on continued oversupply and weak demand.

Crude oil prices fell 4.6 percent in September to \$68.4/bbl, close to where they have averaged since June. Crude oil inventories remain high, particularly in the U.S., but have been declining seasonally in recent months along with crude in floating storage. However, product stocks have continued to soar, especially middle distillate (diesel and heating oil), and floating storage of distillate now far exceeds that for crude. Although oil demand in the U.S. has turned positive y/y (this compares with a weak September last year impacted by hurricanes), distillate demand is down nearly 10 percent reflecting the slump in commercial transport.

Natural gas prices (U.S.) fell 5.9 percent in September, due to weak industrial demand, stocks approaching capacity, and earlier strong production gains. Prices are now under \$3/mmbtu compared with \$7-8/mmbtu for gas imported to Europe and Japan, as U.S. gas prices are market determined and more weakly linked to oil than imported gas to Europe or Japan.

Agriculture prices fell 0.5 percent in September, with declines concentrated in grains and fats & oils. Wheat prices fell 9 percent due to expectations of a record global wheat crop. Soybeans also fell 9 percent on reports of sharp increases in South American crops and expectations of a record U.S. harvest. Palm oil prices dropped 7 percent, in part due to rising supplies of palm oil and competing vegetable oils—prices of which have also declined. Elsewhere cocoa prices rose 6 percent due to concerns of reduced production from Côte d'Ivoire because of spreading black pod disease and lack of investment. Rubber and tea prices both climbed 5 percent, the latter due to drought.

Metals and minerals prices fell 0.6 percent in September due to weak demand and high stocks that continue to edge higher. Nickel prices dropped 11 percent due to reduced imports and rising nickel pig iron output in China. Aluminum prices fell 5 percent on aggressive re-starts of idle production in China. There were also strong gains in September, notably for lead and precious metals. Lead prices jumped 16 percent due to supply concerns as Chinese authorities shut down a number of lead smelters for safety checks. Silver prices surged 14 percent on strong investment demand, although industrial usage remains weak. Gold prices burst sharply above \$1000/toz in early October due to investor concerns about inflation.



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

Major Movers September¹

Lead prices surged 16.0 percent owing to supply concerns as Chinese authorities shut down a number of lead smelters for safety checks. Additional capacity may be at risk of government closure.

Silver prices jumped 14.2 percent due to strong investment demand and projections of record exchange traded funds (ETF) holdings, although the physical market remains in surplus due to robust supply growth.

Cocoa prices rose 6.0 percent, exceeding \$3/kg for the first time in 30 years, due to growing fears of a shortfall from Côte d'Ivoire because of the spread of black pod disease, lack of investment, and poor distribution of fertilizer.

Rubber prices increased 5.5 percent as destocking by major tire companies ends and purchasing activity intensifies—especially by China the world's largest rubber consumer.

Tea prices rose 5.5 percent on low global supplies owing to persistent drought in major exporting countries, and by labor union wage demands and "go-slow" actions in Sri Lanka.

Gold prices rose 5.0 percent due to strong investment demand, concerns about inflation, and the weak dollar.

Crude oil prices declined 4.6 percent on high inventories and weak demand, especially diesel reflecting the slump in commercial transport.

Aluminum prices fell 5.2 percent due to rising stocks and aggressive re-starts of idle production capacity in China, while recovery in global demand is proving tentative.

Urea fertilizer prices fell 5.4 percent because of continued oversupply, but demand in South Asia is expected to rise over the next month.

Natural gas prices in the U.S. fell 5.9 percent on weak industrial demand, and inventories that are approaching capacity as the injection winds down ahead of peak winter demand.

Cocount oil and palmkernel oil prices fell 6.2 percent and 3.4 percent, respectively, due to relatively large supplies and weak EU demand.

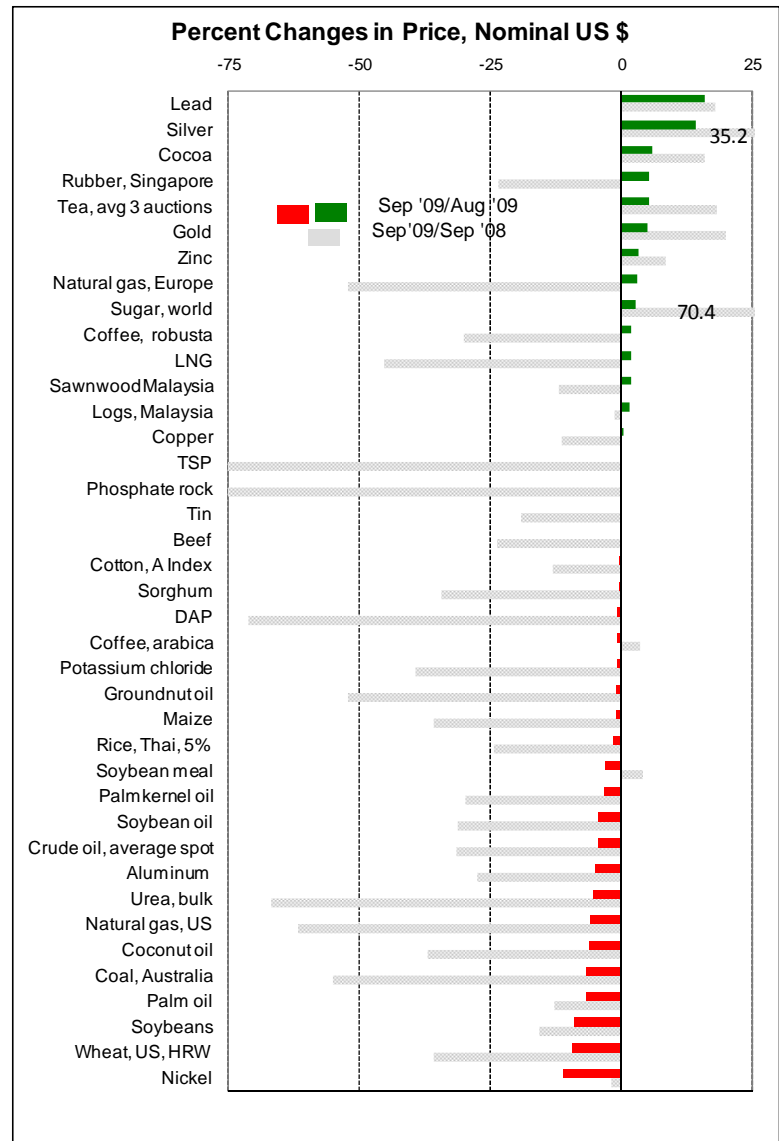
Coal prices declined 6.7 percent because of weak demand in Asian and European markets, high stocks, and stronger Indonesian exports.

Palm oil and soybean oil prices fell 6.8 percent and 4.5 percent, respectively, due to weak demand in India, in part due to better crops from substitute domestic oils.

Soybeans and soybean meal prices decreased 9.2 percent and 3.0 percent, respectively on reports of a sharp increase in South American crops—particularly Argentina and Brazil, the world's 2nd and 3rd largest soybean suppliers.

Wheat prices dropped 9.5 percent on expectations of a large global crop, notably from Australia, the world's 4th largest wheat exporter.

Nickel prices plunged 11.0 percent due to developments in China, notably falling imports, rising nickel pig iron production, and perceived overstocking of stainless steel.



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

COMMODITY PRICE DATA

Commodity	Unit	Annual averages			Quarterly averages				Monthly averages			
		Jan-Dec	Jan-Dec	Jan-Sep	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Jul	Aug	Sep
		2007	2008	2009	2008	2008	2009	2009	2009	2009	2009	2009
Energy												
Coal, Australia	a/ \$/mt	65.73	127.10	69.91	162.80	92.97	71.93	66.48	71.31	73.80	72.50	67.64
Crude oil, avg. spot	a/ \$/bbl	71.12	96.99	57.17	15.68	56.00	44.11	59.19	68.21	64.67	71.63	68.35
Crude oil, Brent	a/ \$/bbl	72.70	97.64	57.49	15.60	55.89	44.98	59.13	68.37	64.91	72.50	67.69
Crude oil, Dubai	a/ \$/bbl	68.37	93.78	57.19	13.47	53.67	44.56	58.93	68.07	64.97	71.32	67.91
Crude oil, West Texas Int.	a/ \$/bbl	72.28	99.56	56.84	17.98	58.45	42.80	59.52	68.21	64.12	71.06	69.44
Natural gas Index	a/ 2000=100	186.5	267.9	154.7	284.1	266.2	198.2	142.9	123.1	123.0	123.0	123.2
Natural gas, Europe	a/ \$/mmbtu	8.56	13.41	9.01	14.62	15.75	11.94	8.18	6.91	6.67	6.92	7.13
Natural gas, US	a/ \$/mmbtu	6.98	8.86	3.81	9.03	6.40	4.57	3.70	3.17	3.39	3.15	2.96
Natural gas LNG, Japan	a/ \$/mmbtu	7.68	12.53	8.75	13.33	14.62	10.90	7.60	7.73	7.55	7.75	7.90
Non Energy Commodities												
Agriculture												
Beverages												
Cocoa	b/ c/kg	195.2	257.7	271.3	282.6	224.1	259.7	258.7	295.5	277.5	295.7	313.3
Coffee, Arabica	b/ c/kg	272.4	308.2	308.9	321.2	267.8	283.9	320.2	322.7	310.6	330.2	327.5
Coffee, robusta	b/ c/kg	190.9	232.1	167.1	244.8	192.6	175.8	165.3	160.1	158.0	169.5	162.7
Tea, auctions (3), average	b/ c/kg	203.6	242.0	262.6	272.3	206.6	218.0	266.1	303.6	295.9	299.2	315.7
Tea, Colombo auctions	b/ c/kg	252.2	278.9	305.9	303.2	208.8	261.7	299.1	357.0	346.0	345.8	379.1
Tea, Kolkata auctions	b/ c/kg	192.1	225.5	239.8	260.9	220.2	177.4	271.3	270.7	274.4	270.5	267.2
Tea, Mombasa auctions	b/ c/kg	166.5	221.8	242.0	252.8	190.8	214.9	228.0	283.1	267.3	281.4	300.7
Food												
Fats and Oils												
Coconut oil	b/ \$/mt	919	1224	722	1246	772	677	779	711	685	747	701
Copra	\$/mt	607	816	476	817	520	447	513	469	448	492	466
Groundnut oil	b/ \$/mt	1352	2131	1194	2417	1773	1283	1166	1133	1149	1131	1120
Palm oil	b/ \$/mt	780	949	666	928	512	577	743	679	639	723	674
Palmkernel oil	\$/mt	888	1130	680	1114	609	577	763	700	666	729	704
Soybean meal	b/ \$/mt	308	424	406	450	320	365	424	431	429	438	425
Soybean oil	b/ \$/mt	881	1258	825	1353	830	755	863	856	836	886	846
Soybeans	b/ \$/mt	384	523	437	566	377	394	461	455	462	474	430
Grains												
Barley	b/ \$/mt	172.4	200.5	122.6	216.6	129.5	116.3	129.5	122.0	140.3	122.2	103.5
Maize	b/ \$/mt	163.7	223.1	164.7	244.7	168.4	166.9	176.0	151.3	151.6	152.0	150.4
Rice, Thailand, 5%	b/ \$/mt	326.4	650.2	559.2	703.0	564.4	586.3	552.4	539.0	572.0	526.3	518.8
Rice, Thailand, 25%	\$/mt	306.5	n.a.	456.5	669.5	449.9	469.4	458.7	441.4	463.5	432.8	428.0
Rice, Thailand, 35%	\$/mt	300.1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
* Rice, Thai, A1Special / Super	\$/mt	272.3	482.3	319.8	478.6	314.1	323.4	326.3	309.7	320.3	305.5	303.3
Sorghum	\$/mt	162.7	207.8	146.8	214.7	151.0	145.3	155.8	139.3	133.8	142.4	141.8
Wheat, Canada	\$/mt	300.4	454.6	306.2	390.2	322.1	321.9	325.6	271.2	288.4	266.0	259.3
Wheat, US, HRW	b/ \$/mt	255.2	326.0	230.2	317.7	228.1	231.6	250.5	208.6	224.9	210.4	190.4
Wheat US SRW	\$/mt	238.6	271.5	182.7	241.5	182.7	187.4	195.6	165.2	175.6	161.7	158.4
Other Food												
Bananas EU	\$/mt	1037	1188	1182	1123	944	1142	1288	1118	1147	1076	1130
Bananas US	b/ \$/mt	676	844	859	775	847	891	858	826	827	834	818
Fishmeal	\$/mt	1177	1133	1129	1198	1023	1013	1097	1276	1207	1272	1348
Meat, beef	b/ c/kg	260.3	313.8	260.4	372.4	268.0	245.2	262.8	273.2	273.4	273.4	272.7
Meat, chicken	b/ c/kg	166.7	169.6	173.8	177.1	174.7	173.5	174.1	173.9	177.5	173.9	170.1
Meat, sheep	c/kg	412.0	458.5	420.2	477.3	410.0	378.5	428.7	453.3	453.7	456.0	450.1
Oranges	b/ \$/mt	957	1107	840	1163	842	799	870	853	715	836	1007
Shrimp, Mexico	b/ c/kg	1010	1069	972	1048	1014	976	970	970	970	970	970
Sugar EU domestic	b/ c/kg	68.09	69.69	53.54	74.70	51.97	51.44	53.76	55.43	55.63	56.34	54.30
Sugar US domestic	b/ c/kg	45.77	46.86	49.67	51.52	44.72	43.82	47.89	57.31	50.74	57.46	63.74
Sugar, world	b/ c/kg	22.22	28.21	36.57	31.14	26.28	28.85	33.89	46.98	40.63	49.47	50.84
Raw Materials												
Timber												
Logs, Cameroon	\$/cum	3813	526.9	412.1	548.5	473.8	426.8	394.8	414.9	408.6	413.8	422.3
Logs, Malaysia	b/ \$/cum	268.0	292.3	292.6	277.7	315.7	313.6	284.5	279.6	281.4	276.6	280.8
Plywood	c/sheets	640.7	645.5	566.7	648.6	645.5	572.8	565.8	561.5	561.9	562.0	560.7
Sawnwood, Cameroon	\$/cum	760	958	730	974	771	689	721	779	776	786	776
Sawnwood, Malaysia	b/ \$/cum	806.3	889.1	804.9	900.3	859.9	813.7	829.7	771.4	760.3	769.7	784.3
Woodpulp	\$/mt	767.0	820.2	580.1	848.8	711.0	565.1	550.0	625.1	596.2	629.2	650.0
Other Raw Materials												
Cotton A Index	b/ c/kg	139.5	157.4	131.7	168.2	126.9	120.8	132.4	141.9	142.9	141.6	141.2
Cotton Memphis	c/kg	142.9	161.5	140.7	170.0	130.1	129.8	142.4	149.9	142.2	152.5	154.9
Rubber, US	c/kg	248.0	284.1	191.3	329.1	202.8	165.8	187.0	221.0	191.4	223.1	248.7
Rubber, Singapore	b/ c/kg	226.3	258.6	170.6	298.4	159.0	146.0	166.4	199.3	174.9	205.9	217.2

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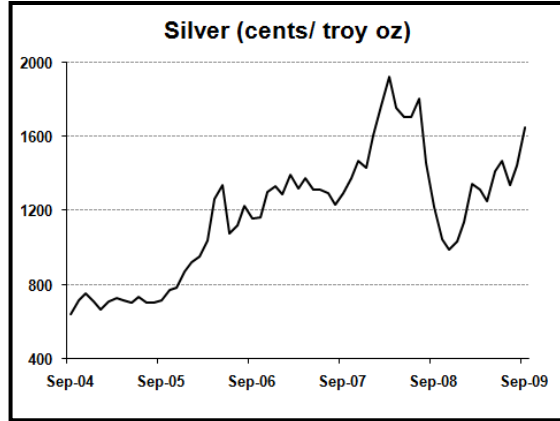
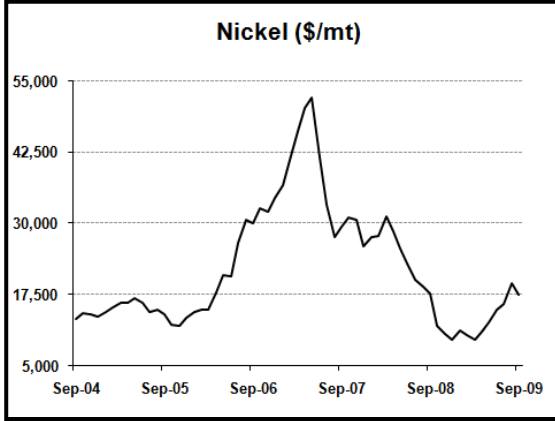
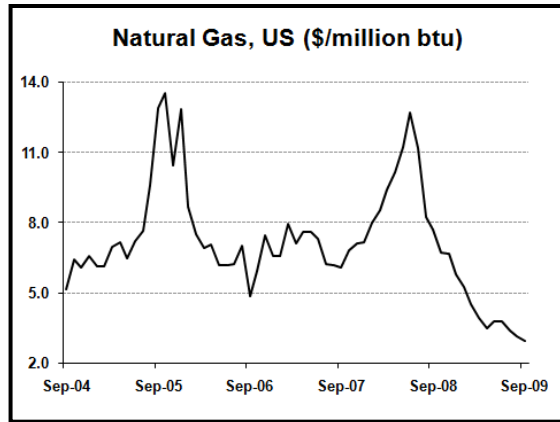
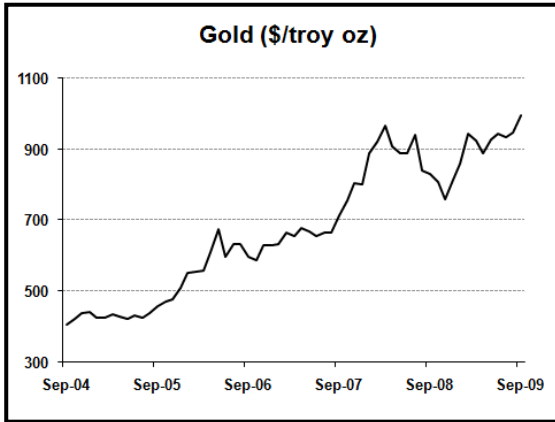
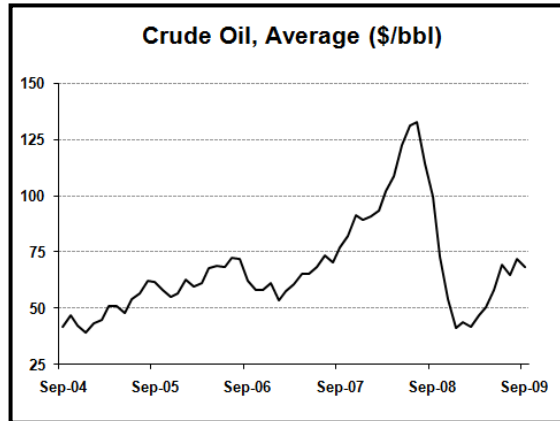
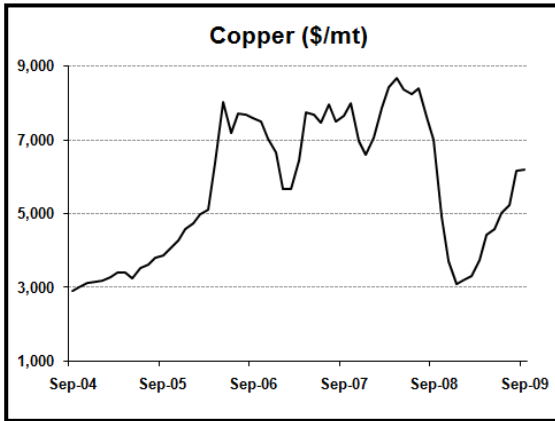
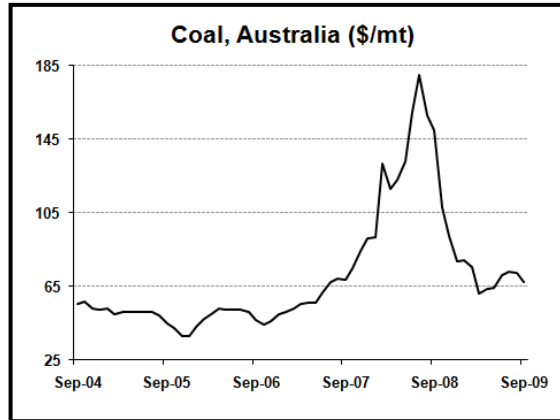
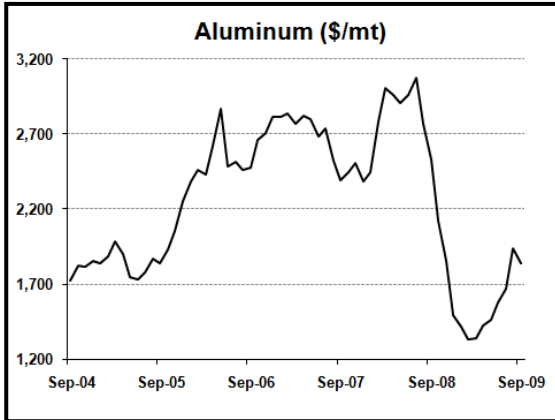
a/ Included in the energy index (2000=100) b/ Included in the non-energy index (2000=100) c/ Steel not included in the non-energy index
 \$ = US dollar ¢ = US cent bbl = barrel cum = cubic meter dmtu = Dry Metric Ton Unit kg = kilogram mmbtu = million British thermal units
 mt = metric ton toz = troy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

COMMODITY PRICE DATA

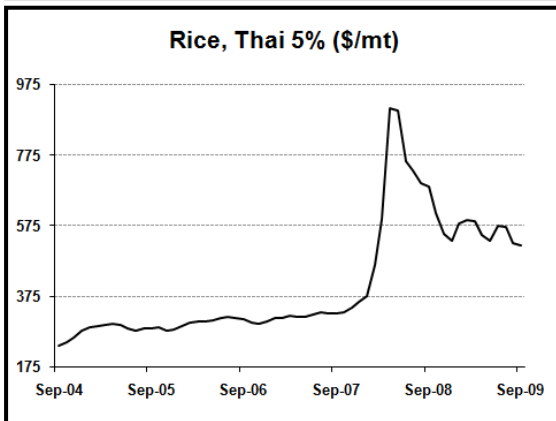
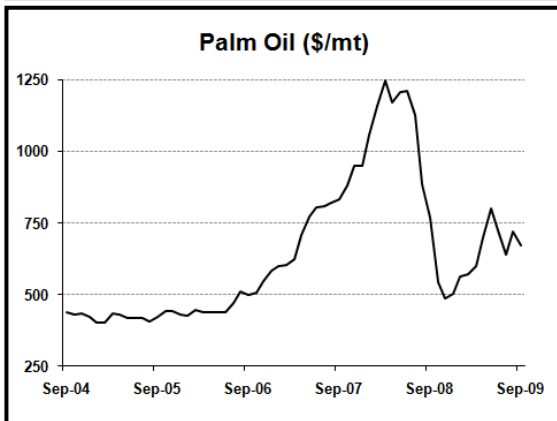
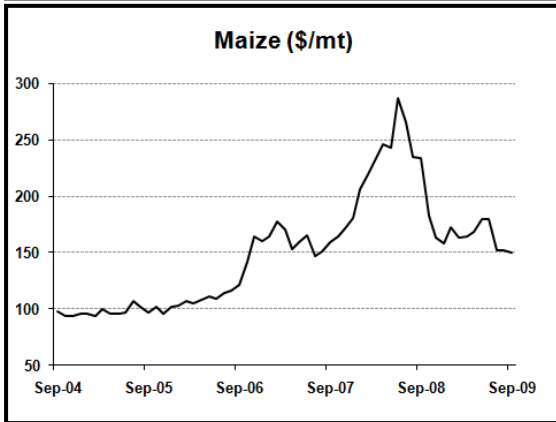
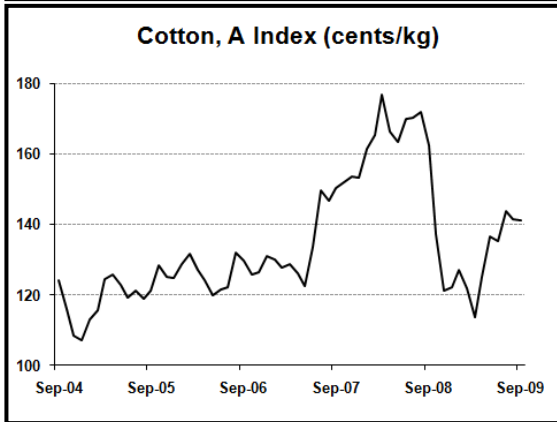
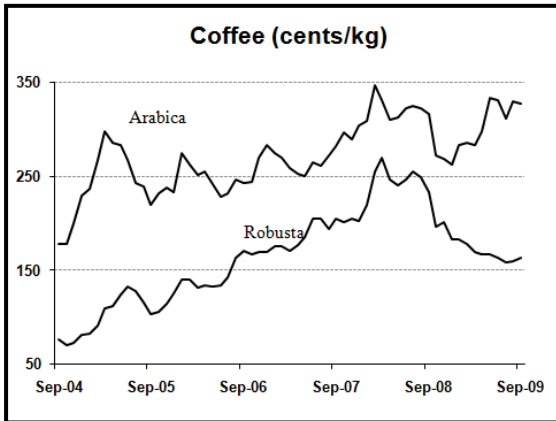
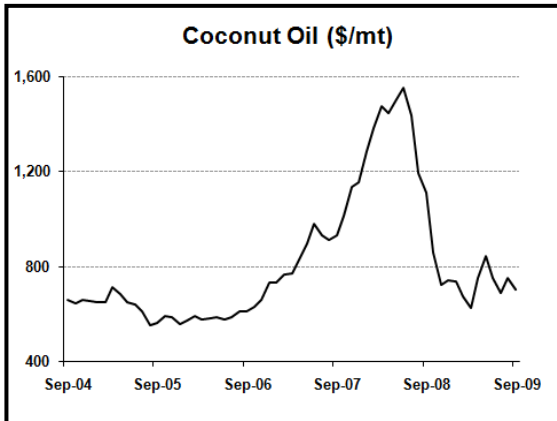
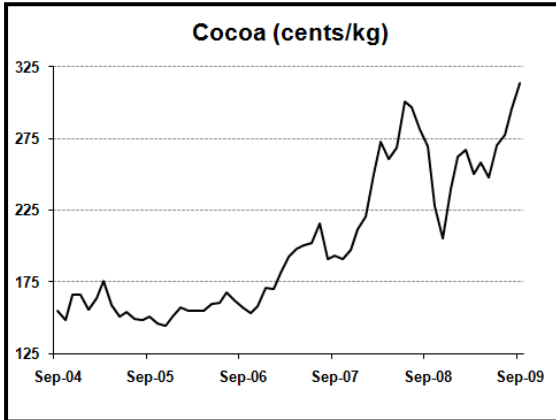
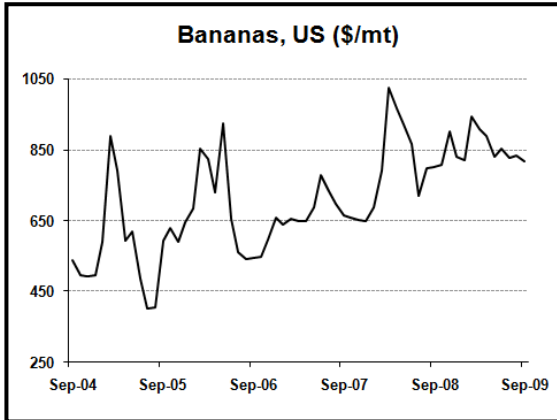
		Annual averages			Quarterly averages				Monthly averages			
		Jan-Dec	Jan-Dec	Jan-Sep	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Jul	Aug	Sep
		2007	2008	2009	2008	2008	2009	2009	2009	2009	2009	2009
Fertilizers												
DAP	b/ \$/mt	433	967	325	1,154	663	362	304	310	293	319	317
Phosphate rock	b/ \$/mt	70.9	345.6	132.2	409.2	3713	193.3	113.3	90.0	90.0	90.0	90.0
Potassium chloride	b/ \$/mt	200.2	570.1	699.2	635.0	766.7	865.2	726.7	505.6	655.5	432.5	428.9
TSP	b/ \$/mt	339	879	265	1,108	659	322	248	225	224	225	225
Urea, E. Europe, bulk	b/ \$/mt	309.4	492.7	250.0	745.4	292.2	267.3	2411	2416	243.7	247.1	233.9
Metals and Minerals												
Aluminum	b/ \$/mt	2,638	2,573	1,552	2,787	1,821	1,360	1,485	1,812	1,668	1,934	1,834
Copper	b/ \$/mt	7,118	6,956	4,650	7,680	3,905	3,428	4,663	5,859	5,216	6,165	6,196
Gold	\$/toz	696.7	871.7	930.1	869.6	794.5	908.7	921.5	960.1	934.2	949.4	996.6
Iron ore	b/ c/dmtu	84.7	140.6	101.0	140.6	140.6	101.0	101.0	101.0	101.0	101.0	101.0
Lead	b/ c/kg	258.0	209.1	152.8	191.2	124.5	15.7	149.9	192.8	167.9	190.0	220.5
Nickel	b/ \$/mt	37,230	21,111	13,697	18,961	10,843	10,471	12,920	17,700	15,985	19,642	17,473
Silver	c/toz	1,341	1,500	1,373	1,495	1,020	1,265	1,376	1,477	1,339	1,443	1,648
** Steel products index, Japan F	2000=100	120.0	289.3	233.6	338.2	310.4	274.5	215.5	210.8	211.3	210.3	210.8
Steel cr coilsheet, Japan, Reins	c/ \$/mt	650.0	965.6	811.1	1,100.0	1,100.0	1,133.3	700.0	700.0	700.0	700.0	700.0
Steel hr coilsheet, Japan, Reins	c/ \$/mt	550.0	883.3	711.1	1,000.0	1,000.0	933.3	600.0	600.0	600.0	600.0	600.0
Steel, rebar, Japan, Reinstated	c/ \$/mt	521.5	760.2	474.2	934.2	629.6	472.5	450.0	500.0	500.0	500.0	500.0
Steel wire rod, Japan, Reinstated	c/ \$/mt	533.3	1,009.8	1,021.1	1,135.0	1,200.0	1,200.0	1,006.7	856.7	870.0	850.0	850.0
Tin	b/ c/kg	1,454	1,851	1,304	2,051	1,310	1,103	1,351	1,459	1,404	1,487	1,487
Zinc	b/ c/kg	324.2	187.5	146.9	177.0	118.5	117.2	147.3	176.1	157.9	182.2	188.4
NEW World Bank commodity price indices for low and middle income countries (2000 =100)												
Energy		244.8	342.0	201.7	406.0	212.9	166.3	204.5	234.4	219.9	2418	2417
Non Energy Commodities		224.7	272.0	205.8	292.6	206.3	189.9	207.8	219.7	210.8	224.8	223.4
Agriculture		180.3	229.5	192.8	243.5	178.6	181.9	197.2	199.4	193.9	202.7	2016
Beverages		189.9	210.0	210.6	226.8	181.2	198.0	207.7	226.1	215.5	227.1	235.6
Food		184.7	247.4	202.2	260.5	185.7	190.4	209.8	206.4	203.3	210.8	205.2
Fats and Oils		209.0	277.3	218.4	288.9	182.4	191.4	227.9	221.1	216.9	229.9	216.4
Grains		189.0	281.7	216.3	298.5	218.6	221.3	225.3	202.2	211.8	2010	193.9
Other Food		149.0	177.1	174.8	188.9	160.2	161.3	172.1	190.9	177.7	194.4	200.6
Raw Materials		174.9	195.7	161.0	210.4	160.0	153.1	161.1	168.7	160.0	170.6	175.6
Timber		136.8	150.5	139.5	150.2	149.4	143.1	141.8	133.6	132.3	133.0	135.4
Other Raw Materials		216.6	245.3	184.5	276.3	171.6	164.0	182.2	207.2	190.3	211.7	219.6
Fertilizers		240.1	566.7	309.7	741.1	492.2	376.6	300.6	251.9	277.3	242.2	236.2
Metals and Minerals		314.0	325.7	220.6	342.4	230.6	185.0	219.0	257.6	238.1	268.3	266.6

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

Selected Commodity Prices, Nominal US dollars, 2004-2009



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



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

