

Commodity Markets Review

July 10, 2008

DECPG, The World Bank

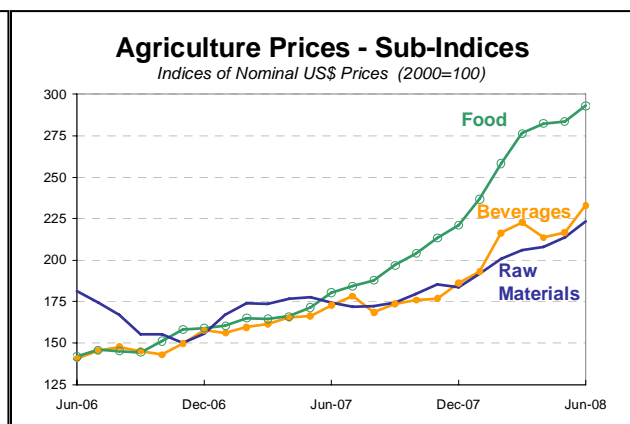
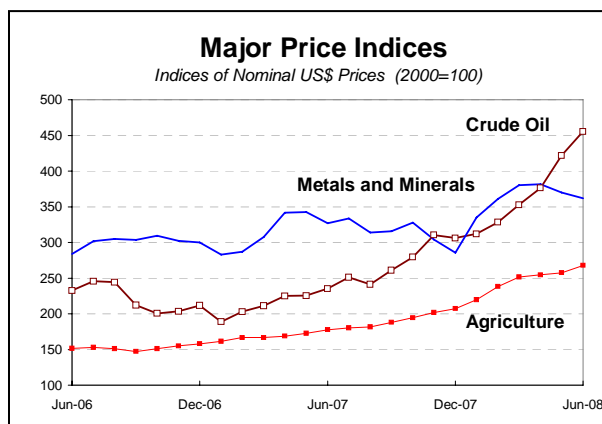
Non-energy commodity prices rose 1.4 percent in June, up for the 6th straight month, on strong gains in agriculture prices which were partly offset by further declines in metals prices. **For the first half of 2008**, non-energy commodity prices rose 32 percent, with a 29 percent jump in agriculture prices, 16 percent increase in metals prices, and a more than doubling of fertilizer prices—the latter due to higher crop plantings and capacity constraints.

Crude oil prices rose 7.2 percent in June, to average \$131.5/bbl, and surged in early July with WTI trading above \$145/bbl. Prices have been driven higher by low stocks and sluggish supply growth. In addition, a very tight middle distillate market is causing refiners to bid up the prices of light crudes, such as WTI. New ultra-low sulfur diesel requirements and emergency power generation needs in Australia, South Africa and South America—coupled with China's surging distillate imports—have all contributed to the tightness in the diesel market. OECD oil demand fell by more than 1 percent in the first quarter, but demand in developing countries continued to grow near 4 percent.

Coal prices soared 19.9 percent due to strong demand in Asia and supply shortfalls in a number of the main exporting countries. Natural gas prices in the U.S. jumped 12.9 percent on high oil prices, low LNG imports, and lower stocks than last year.

Agriculture prices surged 4.0 percent in June, up for the 15th straight month, with strong gains among all the main groups. The largest increase was an 18 percent jump in maize prices due a large drop in U.S. plantings that may be further affected by recent flooding in the Midwest. The entire soybean complex rose 6-10 percent, partly due to the effects from flooding and strong global demand for food, feed and biofuels. Cocoa prices rose 12 percent due to reports of lower-than-expected output and quality of beans from Côte d'Ivoire. Rubber prices climbed 8 percent on higher oil prices and strong demand in China. Only rice recorded a large decline, falling 14 percent from its recent spike, on favorable prospects for new crops.

Metals and minerals prices declined 2.1 percent in June, with most metals dropping for the second straight month on slowing demand and improving supply prospects. Lead prices plunged 17 percent due to both rising stocks and production prospects, while zinc prices fell 13 percent on higher inventories and expectations of strong growth in output. Nickel prices declined 12 percent on continued weak demand from the stainless steel sector and large supply growth expected over the coming year. Prices for energy-intensive aluminum rose 2 percent on concerns about the availability and pricing for electric power, and have moved sharply higher in July on announced production cuts in China.



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

Major Movers June¹

Coal prices soared 19.9 percent due to strong demand, particularly in Asia, and supply shortfalls in several exporting countries due to weather and infrastructure constraints.

Maize prices increased 17.9 percent due to flooding in the U.S. Midwest and the USDA's estimate for a 10 percent decline in production.

Natural gas (U.S.) prices jumped 12.9 percent on high oil prices, low LNG imports, and lower stocks than last year.

Cocoa prices surged 11.8 percent, reaching a 22-year high, following reports of lower-than-expected output and quality of cocoa beans from Côte d'Ivoire, the world largest supplier.

Sorghum prices increased 10.1 percent because of the rise in maize prices and the USDA's projected 18 percent decline in the U.S. 2008/09 sorghum crop.

Soybean meal prices increased 9.7 percent in response to flooding in the U.S. Midwest and the sharp rise in the price of maize which is a substitute feed crop.

Soybean prices increased 8.7 percent due to flooding in the U.S. Midwest, and despite the USDA's projection for a 10 percent increase in global production.

Rubber prices rose 8.3 percent on supply concerns, rising crude oil prices, and strong demand growth from China, which has been climbing at 10 percent during the past few years.

Crude oil prices leapt 7.4 percent due to a tight distillate market that is bidding up prices of light crude, and sagging non-OPEC supply growth.

Wheat prices rose 6.0 percent due to the impact from higher maize prices and despite a projected 8.5 percent increase in world wheat production.

Soybean oil prices rose 6.0 percent due to Midwestern U.S. floods which are expected to lower the current US soybean crop.

Beef prices jumped 5.3 percent as higher feed prices are expected to increase production costs and limit supplies.

Tea prices rose 5.3 percent due to lower production in Kenya and Sri Lanka and on higher demand from Russia, Iran and Iraq.

Groundnut oil prices rose 4.0 percent on supply

tightness, partly reflecting the still unresolved crisis in Argentina where strikes by farmers and transporters have practically halted exports.

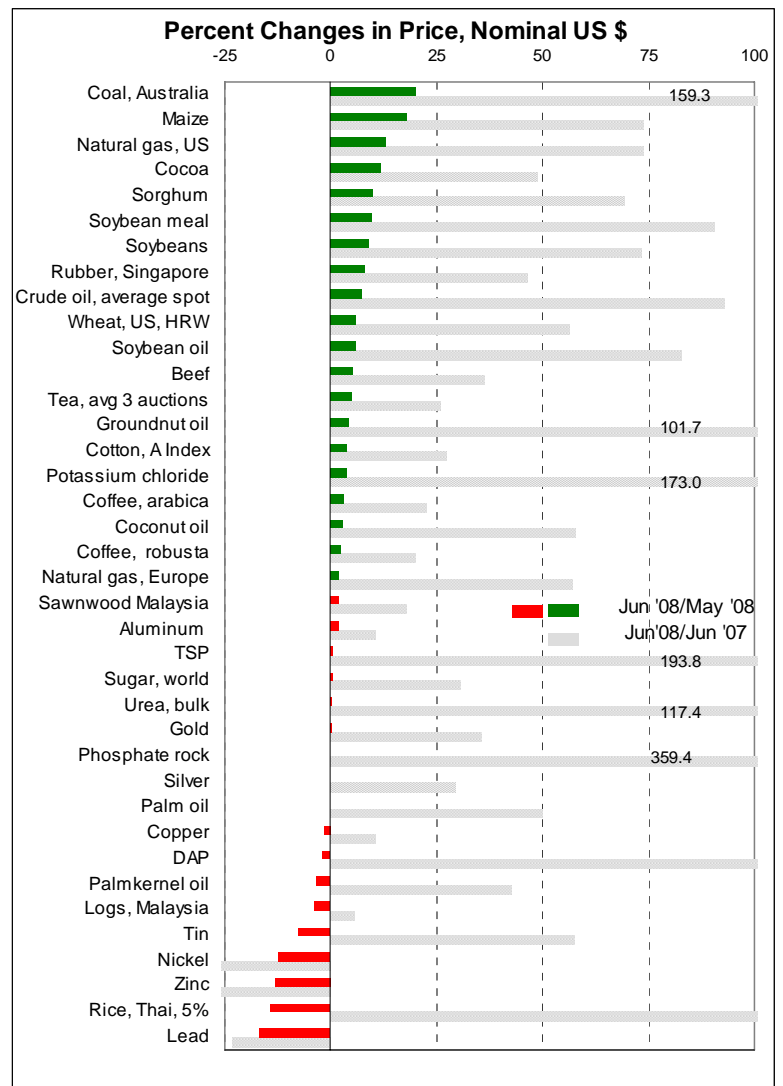
Tin prices fell 7.6 percent, down for the first time since December, but market fundamentals remain tight due to low and falling stocks and supply problems in China and Indonesia.

Nickel prices dropped 12.4 percent on continued weak demand from the stainless steel sector and from new capacity looming over the next year.

Zinc prices fell 13.2 percent due to rising stocks and expectations of strong supply growth.

Rice prices plunged 14.0 percent as new crop prospects appear favorable for most major producers, except Myanmar which suffered substantial hurricane damage.

Lead prices plummeted 16.6 percent due to sharply higher stocks, relatively weak demand, and expectations of strong growth in supply.



¹ Percent change of average June 2008 prices compared to average May 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 2006	Jan-Dec 2007	Jan-Jun 2008	Apr-Jun 2007	Jul-Sep 2007	Oct-Dec 2007	Jan-Mar 2008	Apr-Jun 2008	Apr 2008	May 2008	Jun 2008
Energy												
Coal, Australia	a/ \$/mt	49.09	65.73	126.33	57.91	68.37	83.47	114.00	138.65	123.00	133.20	159.75
Crude oil, avg. spot	a/ \$/bbl	64.29	71.12	108.14	66.13	73.50	87.61	95.31	120.97	108.76	122.63	131.52
Crude oil, Brent	a/ \$/bbl	65.39	72.70	109.53	68.73	75.04	88.95	96.67	122.39	110.19	123.94	133.05
Crude oil, Dubai	a/ \$/bbl	61.43	68.37	103.99	64.71	69.97	83.21	91.30	116.67	103.47	118.95	127.59
Crude oil, West Texas Int.	a/ \$/bbl	66.04	72.28	110.90	64.96	75.48	90.67	97.94	123.85	112.62	125.01	133.93
Natural gas Index	a/ 2000=100	181.6	186.5	260.8	186.1	174.4	197.7	235.3	286.3	268.7	284.7	305.6
Natural gas, Europe	a/ \$/mmbtu	8.47	8.56	11.63	8.00	8.34	9.37	10.86	12.40	12.19	12.38	12.63
Natural gas, US	a/ \$/mmbtu	6.72	6.98	10.00	7.50	6.17	7.03	8.65	11.35	10.13	11.23	12.68
Natural gas LNG, Japan	a/ \$/mmbtu	7.08	7.68	11.18	7.14	7.68	8.96	10.45	11.91	11.42	11.90	12.40
Non Energy Commodities												
Agriculture												
Beverages												
Cocoa	b/ c/kg	159.2	195.2	262.1	200.0	199.9	199.7	247.7	276.4	260.8	268.4	300.1
Coffee, Arabica	b/ c/kg	252.2	272.4	321.8	255.1	271.1	296.1	328.5	315.1	310.2	312.9	322.2
Coffee, robusta	b/ c/kg	148.9	190.9	245.5	188.3	200.4	202.1	247.3	243.6	245.4	240.0	245.5
Tea, auctions (3), average	b/ c/kg	187.2	203.6	243.6	199.9	211.0	225.6	234.6	252.6	248.8	248.4	260.7
Tea, Colombo auctions	b/ c/kg	191.0	252.2	301.8	231.1	254.7	296.7	305.2	298.5	291.6	293.7	310.1
Tea, Kolkata auctions	b/ c/kg	175.4	192.1	207.4	208.7	211.3	207.1	176.6	238.1	235.2	237.2	241.7
Tea, Mombasa auctions	b/ c/kg	195.2	166.5	221.6	159.8	167.1	173.0	221.8	221.3	219.5	214.3	230.3
Food												
Fats and Oils												
Coconut oil	b/ \$/mt	607	919	1,438	900	923	1,098	1,379	1,497	1,443	1,502	1,545
Copra	\$/mt	403	607	963	599	607	724	914	1,013	963	1,014	1,063
Groundnut oil	b/ \$/mt	970	1,352	2,168	1,190	1,397	1,651	2,007	2,328	2,200	2,345	2,439
Palm oil	b/ \$/mt	478	780	1,176	762	822	928	1,156	1,196	1,174	1,208	1,206
Palmkernel oil	\$/mt	581	888	1,395	876	917	1,084	1,375	1,415	1,428	1,434	1,384
Soybean meal	b/ \$/mt	209	307	464	260	309	402	443	485	470	469	515
Soybean oil	b/ \$/mt	599	881	1,423	794	917	1,105	1,384	1,461	1,425	1,436	1,522
Soybeans	b/ \$/mt	269	384	574	338	396	485	563	586	558	575	625
Grains												
Barley	b/ \$/mt	116.6	172.4	227.9	167.8	173.8	194.6	216.8	239.1	237.8	238.4	241.0
Maize	b/ \$/mt	121.9	163.7	239.7	159.4	152.5	171.9	220.4	259.0	246.4	243.5	287.1
Rice, Thailand, 5%	b/ \$/mt	304.9	326.4	669.7	319.1	327.1	344.0	478.1	861.4	907.0	901.8	775.3
Rice, Thailand, 25%	\$/mt	277.1	306.5	n.a.	297.4	306.5	329.5	n.a.	n.a.	n.a.	n.a.	n.a.
Rice, Thailand, 35%	\$/mt	272.0	300.1	n.a.	288.8	298.0	327.7	n.a.	n.a.	n.a.	n.a.	n.a.
* Rice,Thai, A1.Special / Super	\$/mt	219.5	272.3	568.8	257.0	265.7	312.0	442.8	694.9	762.7	727.4	594.7
Sorghum	\$/mt	122.9	162.7	232.8	151.4	150.7	173.4	218.7	246.9	240.3	238.2	262.2
Wheat, Canada	\$/mt	216.8	300.4	553.0	244.7	309.0	415.3	621.7	484.4	537.1	484.3	431.8
Wheat, US, HRW	b/ \$/mt	192.0	255.2	379.2	205.7	274.9	341.9	411.8	346.5	362.2	328.8	348.6
Wheat US SRW	\$/mt	159.0	238.6	330.9	187.0	267.5	326.2	384.1	277.8	323.4	255.1	254.7
Other Food												
Bananas EU	\$/mt	897	1,037	1,342	1,045	999	1,068	1,421	1,263	1,440	1,247	1,102
Bananas US	b/ \$/mt	677	676	878	705	699	652	836	920	967	923	868
Fishmeal	\$/mt	1,166	1,177	1,155	1,260	1,123	1,075	1,126	1,184	1,168	1,187	1,197
Meat, beef	b/ c/kg	254.7	260.3	307.4	259.9	260.3	259.8	282.1	332.7	302.3	338.9	356.9
Meat, chicken	b/ c/kg	138.8	156.7	163.3	159.3	163.0	156.7	158.8	167.9	164.5	167.3	171.8
Meat, sheep	c/kg	403.6	412.0	473.4	399.3	416.5	437.9	453.6	493.2	489.3	495.3	494.9
Oranges	b/ \$/mt	829	957	1,213	893	1,135	982	1,103	1,322	1,234	1,318	1,414
Shrimp, Mexico	b/ c/kg	1,024	1,010	1,108	1,003	1,003	1,045	1,103	1,113	1,113	1,113	n.a.
Sugar EU domestic	b/ c/kg	64.56	68.09	76.05	66.98	68.28	72.00	74.51	77.59	78.22	77.29	77.27
Sugar US domestic	b/ c/kg	48.76	45.77	45.60	46.47	46.98	44.48	44.85	46.34	45.16	45.93	47.95
Sugar, world	b/ c/kg	32.59	22.22	27.72	20.90	21.86	22.61	28.42	27.01	27.69	26.61	26.74
Raw Materials												
Timber												
Logs, Cameroon	\$/cum	318.5	381.3	542.6	372.8	371.6	409.6	530.8	554.4	558.9	552.3	552.1
Logs, Malaysia	b/ \$/cum	239.4	268.0	287.9	262.0	269.6	275.5	293.4	282.3	291.8	283.0	272.3
Plywood	c/sheets	595.6	640.7	643.9	639.6	646.7	647.0	640.4	647.3	646.6	648.2	647.3
Sawnwood, Cameroon	\$/cum	623	760	1,044	725	756	838	1,036	1,052	1,021	1,048	1,088
Sawnwood, Malaysia	b/ \$/cum	749.3	806.3	901.3	807.4	820.9	802.5	860.3	942.2	941.0	933.6	952.1
Woodpulp	\$/mt	698.6	767.0	860.0	751.3	769.8	819.4	850.2	869.9	867.6	871.0	871.0
Other Raw Materials												
Cotton A Index	b/ c/kg	126.7	139.5	167.2	127.4	148.9	153.0	167.9	166.4	166.2	163.4	169.8
Cotton Memphis	c/kg	133.5	142.9	172.3	130.0	150.3	155.5	174.3	170.4	173.5	165.3	172.2
Rubber, US	c/kg	231.3	248.0	300.2	251.6	234.2	264.8	292.6	307.7	300.3	300.9	322.0
Rubber, Singapore	b/ c/kg	210.8	229.0	291.7	233.9	213.8	245.1	275.5	307.9	285.3	306.5	332.0

continued on next page

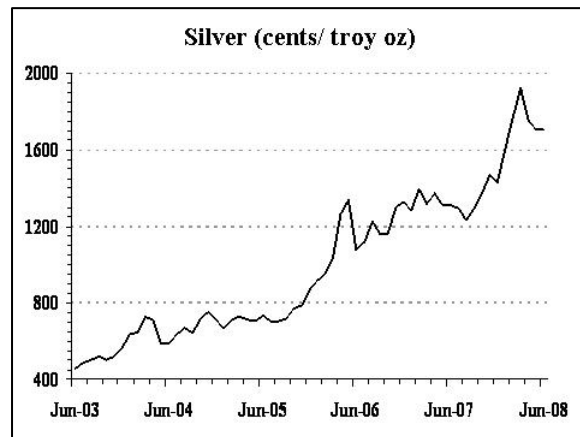
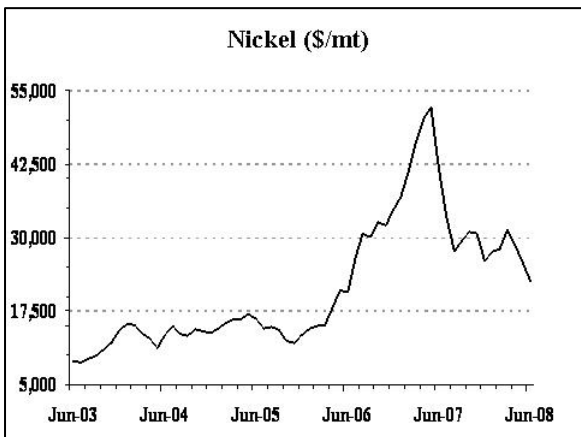
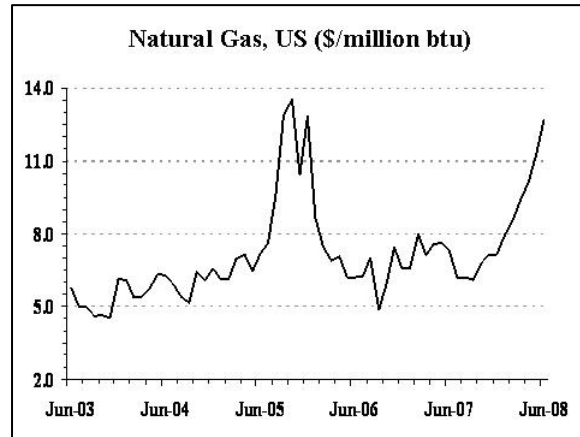
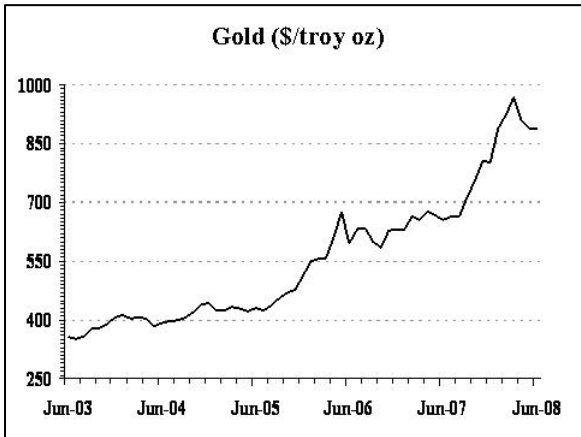
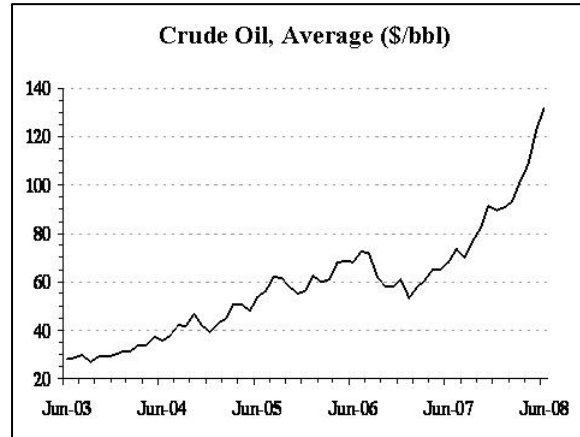
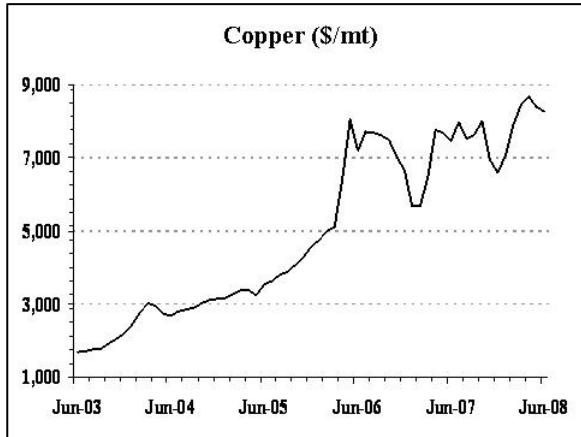
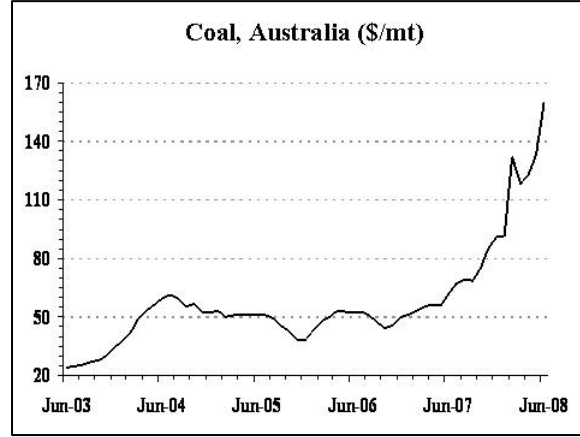
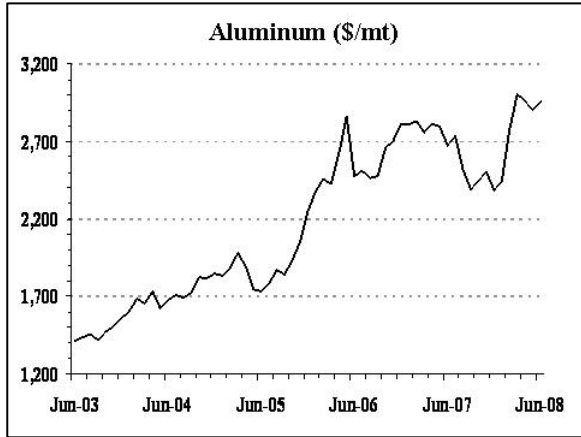
a/ Included in the energy index (2000=100) b/ Included in the non-energy index (2000=100) c/ Steel not included in the non-energy index
 \$ = US dollar ¢ = US cent bbl = barrel cum = cubic meter dmtu = Dry Metric Ton Unit kg = kilogram mmbtu = million British thermal units
 mt = metric ton toz = troy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

COMMODITY PRICE DATA

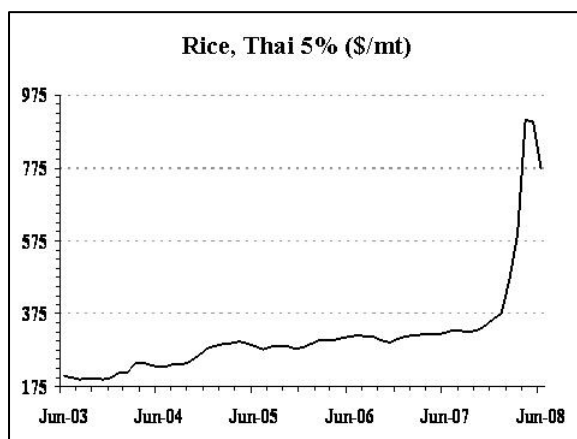
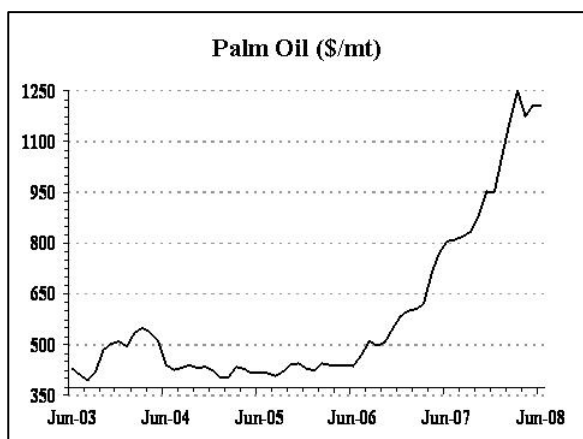
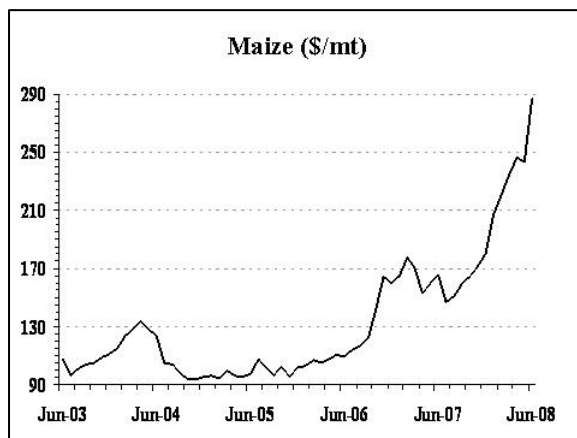
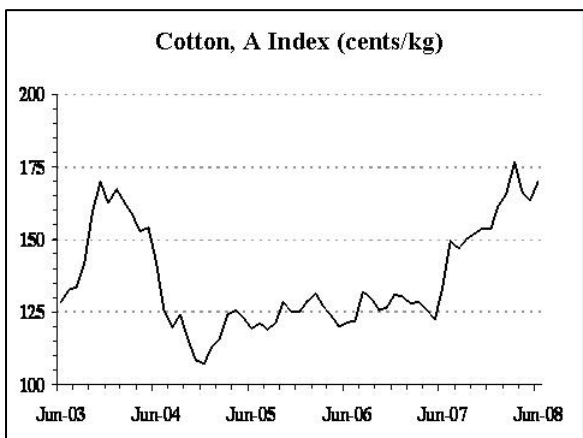
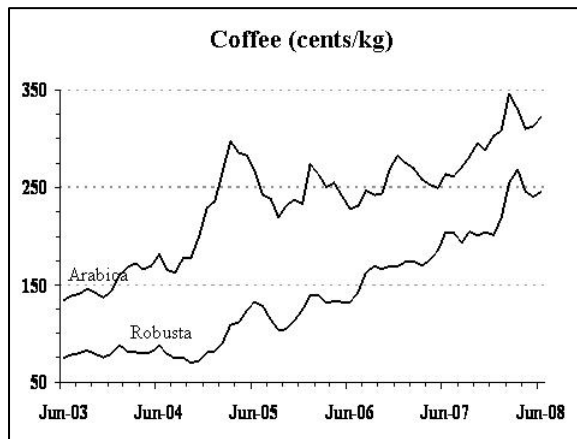
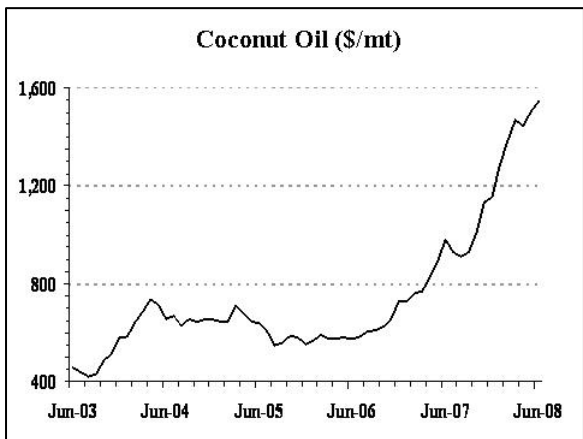
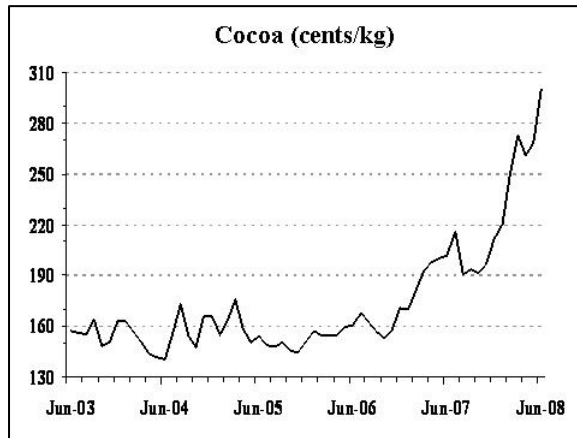
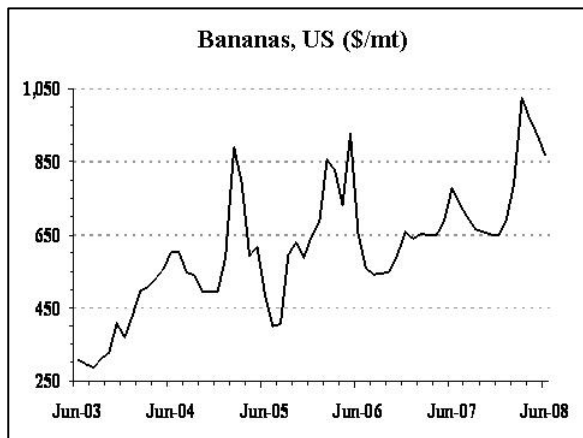
		Annual averages			Quarterly averages				Monthly averages			
		Jan-Dec	Jan-Dec	Jan-Jun	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Apr	May	Jun
		2006	2007	2008	2007	2007	2007	2008	2008	2008	2008	2008
Fertilizers												
DAP	b/ \$/mt	260	433	1,026	431	433	522	860	1,192	1,201	1,199	1,175
Phosphate rock	b/ \$/mt	44.2	70.9	300.9	59.9	80.0	98.3	234.4	367.5	367.5	367.5	367.5
Potassium chloride	b/ \$/mt	174.5	200.2	439.4	184.8	209.4	230.8	367.7	511.1	477.6	518.3	537.5
TSP	b/ \$/mt	202	339	876	331	375	425	715	1,036	1,029	1,037	1,043
Urea, E. Europe, bulk	b/ \$/mt	222.9	309.4	466.6	291.3	283.6	365.4	357.6	575.7	471.3	627.5	628.4
Metals and Minerals												
Aluminum	b/ \$/mt	2,570	2,638	2,841	2,761	2,546	2,444	2,743	2,940	2,959	2,903	2,958
Copper	b/ \$/mt	6,722	7,118	8,119	7,641	7,712	7,188	7,796	8,443	8,685	8,383	8,261
Gold	\$/toz	604.3	696.7	911.4	667.4	681.1	788.0	926.8	896.0	909.7	888.7	889.5
Iron ore	b/ c/dmtu	77.4	84.7	140.6	84.7	84.7	84.7	140.6	140.6	140.6	140.6	140.6
Lead	b/ c/kg	129.0	258.0	260.3	217.6	314.3	321.5	289.9	230.7	282.3	223.5	186.3
Nickel	b/ \$/mt	24,254	37,230	27,320	48,055	30,205	29,219	28,957	25,682	28,763	25,735	22,549
Silver	c/toz	1,157	1,341	1,742	1,336	1,273	1,424	1,765	1,720	1,751	1,705	1,704
* * Steel products index, Japar	c/ 2000=100	181.6	182.0	254.4	179.2	179.8	192.0	229.6	279.2	250.6	264.6	322.4
Steel cr coilsheet, Japan, Rein	c/ \$/mt	693.8	650.0	831.3	650.0	650.0	650.0	762.5	900.0	800.0	800.0	1100.0
Steel hr coilsheet, Japan, Reir	c/ \$/mt	600.0	550.0	766.7	550.0	550.0	550.0	700.0	833.3	750.0	750.0	1000.0
Steel, rebar, Japan, Reinstater	c/ \$/mt	443.8	521.5	738.5	540.8	504.2	556.8	639.4	837.5	790.0	790.0	932.5
Steel wire rod, Japan, Reinsta	c/ \$/mt	581.3	533.3	852.0	530.0	550.0	553.3	754.0	950.0	880.0	970.0	1000.0
Tin	b/ c/kg	878	1,454	2,022	1,410	1,498	1,634	1,778	2,265	2,166	2,406	2,223
Zinc	b/ c/kg	327.5	324.2	227.2	366.4	322.7	262.3	243.0	211.3	226.4	218.2	189.4
NEW World Bank commodity price indices for low and middle income countries(2000 =100)												
Energy		220.9	244.8	374.5	228.5	251.1	298.6	331.1	417.8	376.6	421.7	455.3
Non Energy Commodities		192.1	224.8	294.7	226.7	228.8	237.3	281.4	308.1	306.3	306.8	311.2
Agriculture		150.4	180.5	248.2	173.0	183.3	200.9	236.6	259.9	254.7	257.3	267.7
Beverages		145.4	169.9	215.9	167.9	173.3	179.4	210.7	221.2	213.7	216.7	233.1
Food		147.0	184.7	271.8	172.6	189.7	212.9	257.2	286.4	282.5	283.7	293.1
Fats and Oils		137.9	208.8	318.8	191.1	216.2	259.1	310.2	327.5	317.8	324.3	340.3
Grains		149.8	189.0	305.4	174.7	188.3	215.6	274.6	336.2	340.6	331.1	336.8
Other Food		156.4	149.0	179.6	146.5	156.1	149.7	171.9	187.4	183.3	187.4	191.5
Raw Materials		161.4	175.8	207.4	176.4	172.8	182.8	199.6	215.2	208.1	213.9	223.6
Timber		126.0	136.8	151.6	136.2	138.9	137.2	146.8	156.3	157.2	155.2	156.4
Other Raw Materials		200.0	218.5	268.5	220.3	209.8	232.7	257.4	279.6	263.7	278.0	297.0
Fertilizers		168.6	240.1	516.7	224.6	240.2	292.0	409.4	624.1	574.7	646.5	651.0
Metals and Minerals		280.3	314.0	364.9	337.1	320.8	305.7	358.7	371.1	381.7	369.8	361.9

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

Selected Commodity Prices, Nominal US dollars, 2001-2008



Selected Commodity Prices, Nominal US dollars, 2001-2008 cont'd



Selected Commodity Prices, Nominal US dollars, 2001-2008 cont'd

