

Commodity Markets Review

December 10, 2007

DECPG, The World Bank

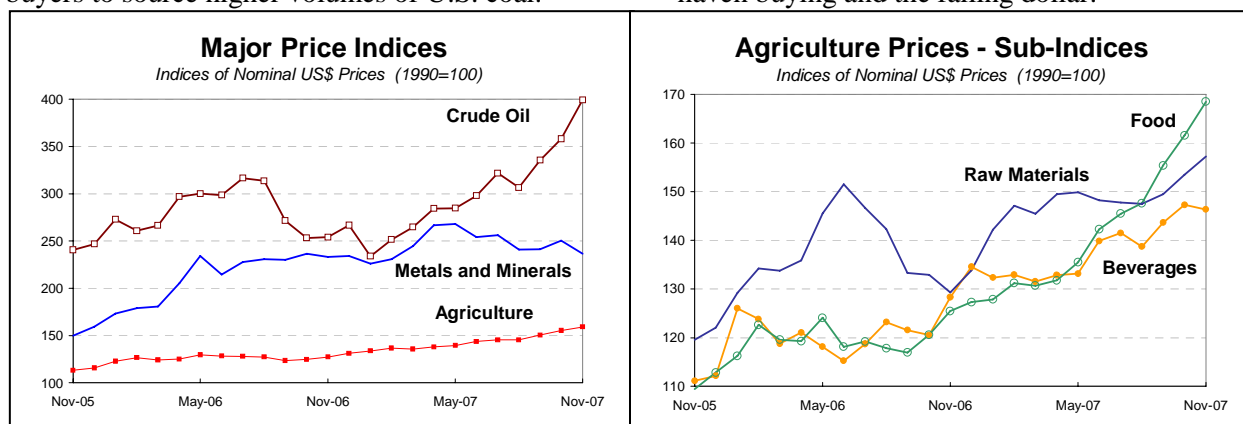
Non-oil commodity prices fell 0.5 percent in November, led by a large drop in metals prices on increasing concerns about slowing demand. This was offset by strong gains in most agriculture prices, especially fats and oils, on strong demand for food, feed and bio-fuel. There were also sharp increases in fertilizer prices.

Crude oil prices surged 11.4 percent in November, averaging \$91.3/bbl, with U.S. WTI topping \$98/bbl. Prices were driven higher by a tight market for light crude, declining stocks—particularly at Cushing Oklahoma, the delivery point of WTI—as well as the effect of options trading and fears of supply disruption. Prices slid back under \$90/bbl in early December in anticipation of OPEC raising production levels. However, on December 5th OPEC decided to leave output targets unchanged on concerns about slowing demand. OPEC meets on February 1st and on March 5th to reassess the market and adjust production as they deem necessary. OPEC production has been edging higher, mainly from Iraq and Angola.

Coal prices surged 10.9 percent on strong Asian demand and over-extended supply chains. Congestion of port and rail services at Newcastle Australia is worsening, and a quota system is proposed for 2008. The emergence of India as a growing importer is redirecting South African exports to Asia, leading European and Moroccan buyers to source higher volumes of U.S. coal.

Agriculture prices rose 2.5 percent in November, up for the eighth straight month, led by a 7.5 percent jump in fats & oils prices (which have doubled in the past 18 months). Strong demand for biofuels and lower production of most oilseeds has left the overall fats & oils complex tight. Groundnut, soybean, coconut and palmkernel oils all posted double-digit gains. Fertilizer prices were broadly higher, with particularly sharp gains in DAP and Urea, due to higher energy and crop prices which have driven production costs and demand, respectively, sharply higher. Rubber prices increased 6 percent on higher oil prices and strong demand for industrial tyres.

Metals and minerals prices fell 5.5 percent in November on growing concerns about demand. The metals index stood just 1.0 percent above the December 2006 level, largely due to the halving of nickel prices this summer. Zinc prices plunged 15 percent in November (down 1/3 since May) due to large consumer inventories of zinc and galvanized steel, and expectations of large gains in zinc mine supply next year. Copper prices dropped 13 percent on rising inventories and worries about demand. Lead prices fell 10 percent on speculation that suspended production at the Magellan mine in Australia will restart in the first quarter of 2008. Gold and silver prices rose 7 percent on safe-haven buying and the falling dollar.



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 November¹

Groundnut oil prices soared 16.2 percent due to poor crops in U.S., Brazil and China which triggered strong exports from India. The Indian government is considering limiting exports to maintain domestic supplies.

Fertilizer prices were sharply higher—**DAP** up 15.4 percent, **Urea** up 13 percent and **TSP** up 5.2 percent—due to higher energy and crop prices which have driven up production costs and demand, respectively.

Soybean oil prices increased 13.5 percent on strong buying from China in order to counter shortages in the domestic cooking oil market.

Coconut oil and palmkernel oil prices (close substitutes) jumped 13.1 percent and 12.1 percent, respectively, due to tightness in the coconut oil market, as well as overall tightness in fats & oils markets due to strong demand for biofuels and lower production of some oils.

Crude oil prices leapt 11.4 percent on declining stocks, the exercising of call options, and fears of supply disruption in oil exporting countries.

Coal prices climbed 10.9 percent due to strong demand, particularly in India, and worsening infrastructure problems at the Australian port of Newcastle.

Palm oil prices increased 8.3 percent on strong import demand from China and India. Palm oil stocks in Indonesia, the world's largest supplier, are at their lowest levels in years, fueling concerns that prices may increase even further.

Soybean prices increased 7.5 percent due to higher demand for biodiesel (made from vegetable oils) and for livestock feed in response to higher prices for other feeds such as maize.

Silver prices rose 6.9 percent, in tandem with the drivers of gold, as it is often an alternative investment to the yellow metal.

Gold prices advanced 6.8 percent to average \$806/toz mainly due to the falling dollar and spiraling oil prices.

Rubber prices climbed 6.3 percent on strong demand for tyre production, especially in the U.S. and China.

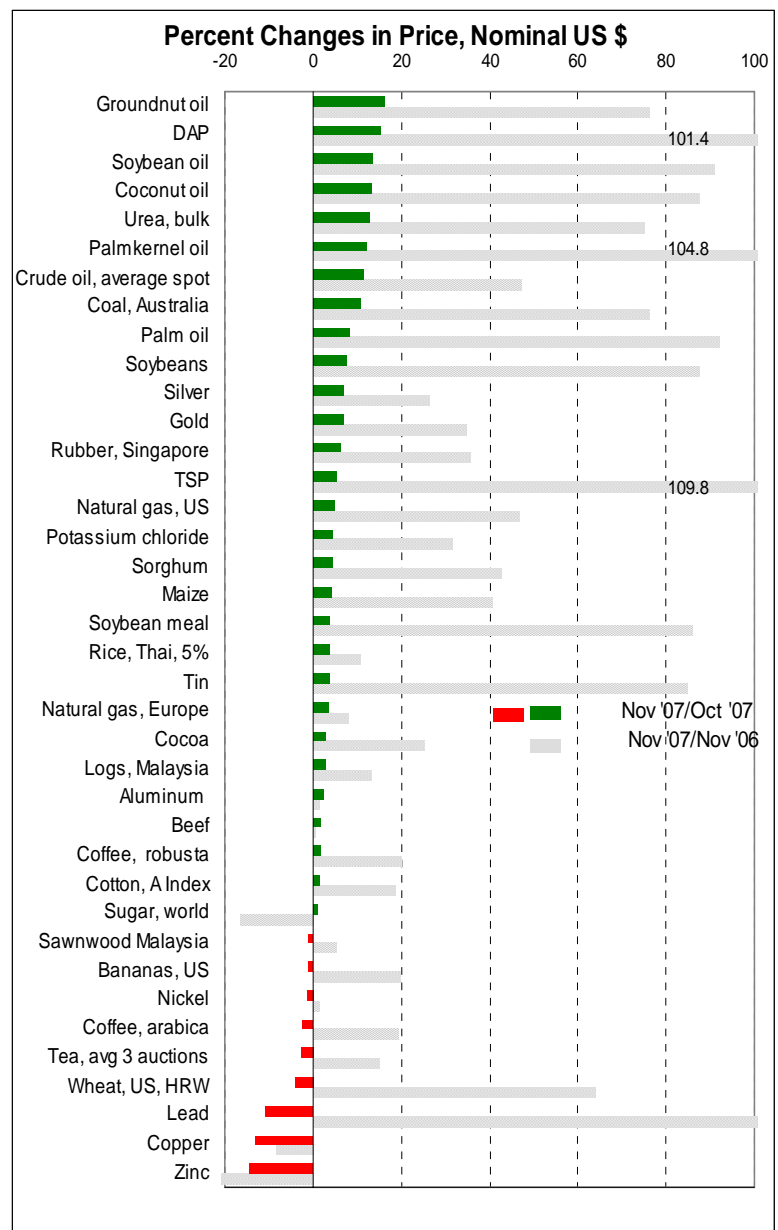
Natural gas prices in the U.S. rose 5.0 percent

on higher oil prices and arrival of below normal temperatures, although inventories remain at record levels.

Lead prices fell 10.5 percent on rising stocks and expectation that suspended production from the Magellan mine in Australia will be allowed to resume in the first quarter of 2008.

Copper prices dropped 13.0 percent on rising inventories and concerns about slowing economic growth and copper demand.

Zinc prices plunged 14.6 percent on high consumer stocks of galvanized steel, and anticipation of large zinc supply increases next year.



¹ Percent change of average November prices compared to average October 2007 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 2005	Jan-Dec 2006	Jan-Nov 2007	Jul-Sep 2006	Oct-Dec 2006	Jan-Mar 2007	Apr-Jun 2007	Jul-Sep 2007	Sep 2007	Oct 2007	Nov 2007
Energy												
Coal, Australia	\$/mt	47.62	49.09	63.29	50.26	46.60	53.19	57.91	68.37	68.44	74.81	83.00
Coal, US	\$/mt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Crude oil, avg, spot	a/ \$/bbl	53.39	64.29	69.44	68.79	59.02	57.23	66.13	73.50	76.76	81.97	91.34
Crude oil, Brent	a/ \$/bbl	54.43	65.39	70.99	70.09	59.73	58.07	68.73	75.04	77.13	82.86	92.53
Crude oil, Dubai	a/ \$/bbl	49.29	61.43	66.79	65.87	57.33	55.58	64.71	69.97	73.25	77.14	86.73
Crude oil, West Texas Int.	a/ \$/bbl	56.44	66.04	70.55	70.42	59.99	58.03	64.96	75.48	79.91	85.90	94.76
Natural gas, Europe	\$/mmbtu	6.33	8.47	8.47	8.69	8.96	8.51	8.00	8.34	8.54	9.16	9.47
Natural gas, US	\$/mmbtu	8.92	6.72	6.97	6.04	6.66	7.23	7.50	6.17	6.10	6.80	7.14
Non Energy Commodities												
Agriculture												
Beverages												
Cocoa	b/ c/kg	153.8	159.2	193.8	162.3	160.6	181.3	200.0	199.9	193.4	191.1	196.8
Coffee, Arabica	b/ c/kg	253.2	252.2	269.6	240.0	265.5	267.2	255.1	271.1	282.3	296.1	288.8
Coffee, robusta	b/ c/kg	111.5	148.9	190.0	158.1	168.0	172.8	188.3	200.4	204.5	200.8	204.1
Tea, auctions (3), average	c/kg	164.7	187.2	200.9	195.6	182.2	178.0	199.9	211.0	213.3	224.9	219.0
Tea, Colombo auctions	b/ c/kg	184.3	191.0	247.1	190.9	201.1	226.4	231.1	254.7	260.8	290.1	291.3
Tea, Kolkata auctions	b/ c/kg	162.1	175.4	189.9	192.3	173.2	141.5	208.7	211.3	202.5	209.6	194.8
Tea, Mombasa auctions	b/ c/kg	147.8	195.2	165.9	203.5	172.4	166.0	159.8	167.1	176.5	175.0	170.8
Food												
Fats and Oils												
Coconut oil	b/ \$/mt	617	607	899	599	671	754	900	923	930	1,010	1,143
Copra	\$/mt	414	403	594	400	444	499	599	607	614	658	758
Groundnut oil	b/ \$/mt	1,060	970	1,312	946	1,121	1,170	1,190	1,397	1,445	1,463	1,700
Palm oil	b/ \$/mt	422	478	765	493	546	609	762	822	835	881	955
Palmkernel oil	b/ \$/mt	627	581	867	559	602	678	876	917	923	1,001	1,123
Soybean meal	b/ \$/mt	214	209	296	208	230	256	260	309	342	384	399
Soybean oil	b/ \$/mt	545	599	857	620	662	710	794	917	959	1,012	1,149
Soybeans	b/ \$/mt	275	269	372	264	290	318	338	396	426	450	484
Grains												
Maize	b/ \$/mt	98.7	121.9	162.6	117.4	155.7	170.9	159.4	154.0	164.1	164.1	171.0
Rice, Thailand, 5%	b/ \$/mt	286.3	304.9	323.3	312.4	300.8	315.6	319.1	327.1	325.0	329.2	342.0
Rice, Thailand, 25%	\$/mt	265.4	277.1	302.8	284.6	276.1	292.6	297.4	306.5	306.3	313.4	327.8
Rice, Thailand, 35%	\$/mt	261.8	272.0	295.9	277.6	268.6	285.8	288.8	298.0	300.0	310.6	326.3
Rice, Thai, A1.Special	\$/mt	217.8	218.0	264.2	219.2	222.5	252.3	255.2	262.7	267.8	288.6	307.3
Sorghum	b/ \$/mt	96.2	122.9	160.5	118.0	158.6	175.2	151.4	150.7	163.3	163.1	170.4
Wheat, Canada	\$/mt	197.6	216.8	285.4	215.4	230.8	232.4	244.7	310.1	357.7	386.3	391.0
Wheat, US, HRW	b/ \$/mt	152.4	192.0	244.9	196.1	208.7	198.4	205.7	274.9	326.5	335.1	321.8
Wheat US SRW	\$/mt	135.7	159.0	229.1	153.0	193.5	173.7	187.0	268.4	325.7	320.9	311.6
Other Food												
Bananas EU	\$/mt	1,176	897	1,035	768	845	1,036	1,045	999	1,107	1,104	1,045
Bananas US	b/ \$/mt	602.8	677.2	678.4	548.5	601.8	647.2	705.0	698.6	664.9	658.7	651.1
Beef	b/ c/kg	261.7	254.7	260.0	257.4	265.0	261.2	259.9	260.3	260.7	255.5	260.3
Fishmeal	\$/mt	731	1,166	1,186	1,334	1,244	1,251	1,260	1,123	1,079	1,068	1,071
Lamb	c/kg	443.8	403.6	410.4	408.5	399.3	394.2	399.3	416.5	429.5	439.3	445.3
Oranges	b/ \$/mt	875	829	959	815	920	817	893	1,135	1,032	975	1,044
Shrimp, Mexico	b/ c/kg	1,034	1,024	1,004	1,047	953	988	1,003	1,003	1,003	1,003	1,056
Sugar EU domestic	b/ c/kg	66.54	64.56	67.70	63.30	64.10	65.10	66.98	68.28	69.04	70.68	72.93
Sugar US domestic	b/ c/kg	46.93	48.76	45.89	47.66	43.85	45.17	46.47	46.98	46.31	44.71	44.18
Sugar, world	b/ c/kg	21.79	32.59	22.10	30.60	25.71	23.49	20.90	21.86	21.52	22.05	22.27
Raw Materials												
Timber												
Logs, Cameroon	\$/cum	334.4	318.5	377.9	314.8	327.4	371.3	372.8	371.6	378.7	387.7	422.1
Logs, Malaysia	\$/cum	203.1	239.4	267.3	240.9	256.6	264.8	262.0	269.6	275.0	271.7	279.4
Plywood	c/sheets	508.6	595.6	645.4	638.3	637.2	629.5	639.6	653.9	660.8	656.6	674.1
Sawnwood, Cameroon	\$/cum	559.1	622.9	751.9	632.9	657.8	720.1	725.1	756.2	779.4	801.2	866.0
Sawnwood, Malaysia	\$/cum	659.4	749.3	807.9	761.9	779.1	794.4	807.4	820.9	819.6	813.0	806.3
Woodpulp	\$/mt	635.5	698.6	759.1	737.1	747.2	727.4	751.3	769.8	791.7	802.2	802.2
Other Raw Materials												
Cotton A Index	b/ c/kg	121.7	126.7	138.3	128.0	127.8	128.8	127.4	148.9	150.2	152.0	154.0
Cotton Memphis	c/kg	129.8	133.5	141.8	137.3	132.7	135.9	130.0	150.3	150.8	155.4	155.7
Jute	\$/mt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Rubber, Malaysia	c/kg	n.q.	n.q.	n.q.	n.q.	n.q.	n.q.	n.q.	n.q.	n.q.	n.q.	n.q.
Rubber, US	c/kg	166.1	231.3	245.8	245.5	199.4	241.6	251.6	234.2	234.8	249.8	271.4
Rubber, Singapore	b/ c/kg	150.2	210.8	227.2	219.2	176.0	223.3	233.9	213.8	218.0	235.8	250.6
Sisal	\$/mt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Wool	c/kg	580.0	557.6	565.0	555.3	565.0	565.0	565.0	565.0	565.0	n.a.	n.a.

continued on next page

a/ Included in the petroleum index b/ Included in the non-energy index c/ Steel not included in the non-energy index
 \$ = U.S. dollar ¢ = U.S. cent bbl = barrel cum = cubic meter dmtu = Dry Metric Ton Unit kg = kilogram mmbtu = million British thermal units
 mt = metric ton toz = troy oz n.a. = not available n.q. = not quotation

COMMODITY PRICE DATA

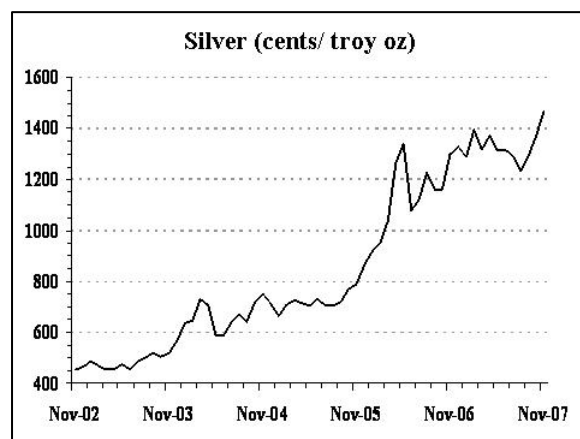
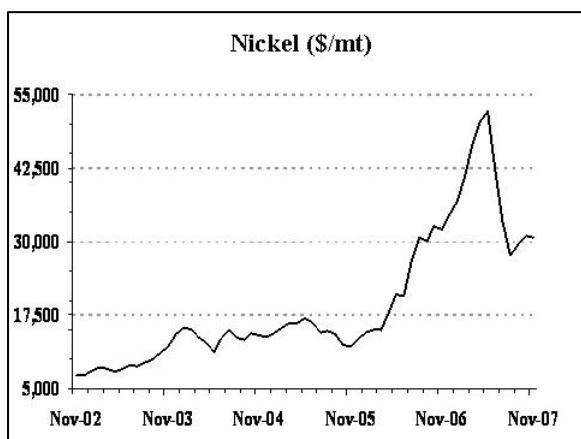
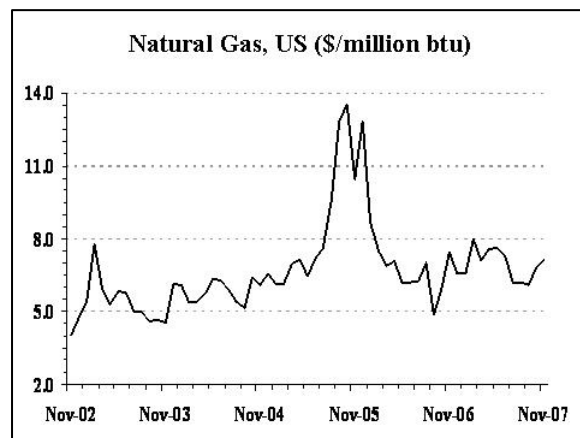
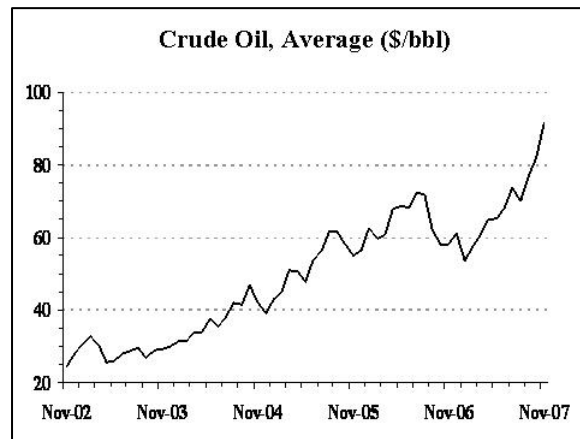
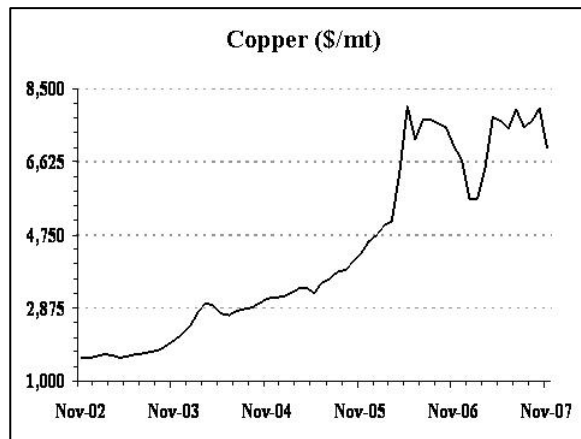
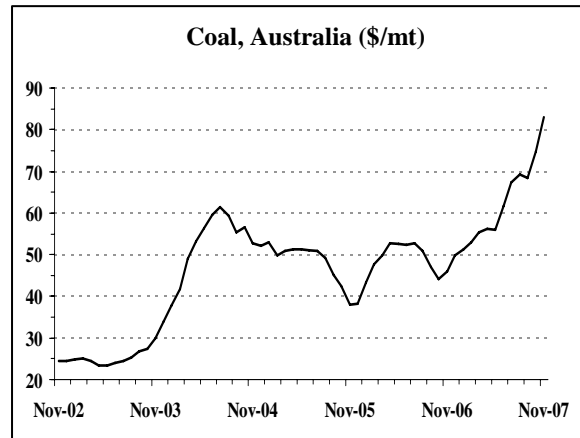
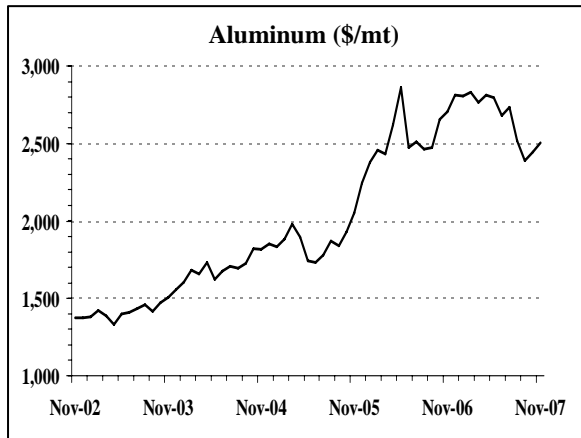
		Annual averages			Quarterly averages				Monthly averages			
		Jan-Dec 2005	Jan-Dec 2006	Jan-Nov 2007	Jul-Sep 2006	Oct-Dec 2006	Jan-Mar 2007	Apr-Jun 2007	Jul-Sep 2007	Sep 2007	Oct 2007	Nov 2007
Fertilizers												
DAP	\$/mt	247.0	260.3	417.9	260.3	254.2	344.5	431.1	432.5	431.9	451.3	521.0
Phosphate rock	<u>b/</u> \$/mt	42.0	44.2	65.1	45.5	45.5	45.5	59.9	80.0	80.0	80.0	80.0
Pottasium chloride	\$/mt	158.2	174.5	196.3	174.6	175.0	175.6	184.8	209.4	212.5	220.0	230.0
TSP	\$/mt	201.5	201.6	329.3	202.0	203.2	225.7	331.0	375.0	392.5	402.9	423.8
Urea, E. Europe, bagged	\$/mt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Urea, E. Europe, bulk	\$/mt	219.0	222.9	302.5	210.4	234.0	297.4	291.3	283.6	314.0	333.7	377.1
Metals and Minerals												
Aluminum	<u>b/</u> \$/mt	1,898	2,570	2,661	2,482	2,724	2,801	2,761	2,546	2,391	2,442	2,507
Copper	<u>b/</u> \$/mt	3,679	6,722	7,166	7,670	7,068	5,933	7,641	7,712	7,649	8,008	6,967
Gold	\$/toz	444.8	604.3	687.0	621.5	614.5	650.3	667.4	681.1	712.7	754.6	806.2
Iron ore CVRD So & No	<u>b/</u> c/dmtu	65.00	77.35	84.70	77.35	77.35	84.70	84.70	84.70	84.70	84.70	84.70
Lead	<u>b/</u> c/kg	97.6	129.0	257.9	119.0	162.7	178.7	217.6	314.3	322.7	372.0	332.8
Nickel	<u>b/</u> \$/mt	14,744	24,254	38,251	29,154	33,129	41,440	48,055	30,205	29,538	31,055	30,610
Silver	c/toz	734	1,157	1,333	1,169	1,263	1,332	1,336	1,273	1,293	1,372	1,467
Steel products (8) index	<u>a/</u> 1990=100	137.9	134.5	134.3	135.8	132.1	132.0	133.4	133.6	135.3	139.8	140.3
Steel cr coilsheet	\$/mt	733.3	693.8	650.0	700.0	658.3	650.0	650.0	650.0	650.0	650.0	650.0
Steel hr coilsheet	\$/mt	633.3	600.0	550.0	600.0	558.3	550.0	550.0	550.0	550.0	550.0	550.0
Steel, rebar	\$/mt	423.1	443.8	518.3	450.0	450.0	484.2	540.8	504.2	545.0	545.0	569.0
Steel wire rod	\$/mt	579.2	581.3	531.4	600.0	550.0	500.0	530.0	550.0	550.0	550.0	555.0
Tin	c/kg	738.0	878.1	1438.0	865.3	1033.5	1272.9	1409.8	1497.8	1502.3	1607.1	1669.2
Zinc	<u>b/</u> c/kg	138.1	327.5	332.3	336.3	420.4	345.6	366.4	322.7	288.1	297.5	254.1
World Bank commodity price indices for low and middle income countries(1990 =100)												
Energy		233.4	281.0	303.5	300.7	257.9	250.1	289.1	321.2	335.5	358.3	399.2
Non Energy Commodities		121.9	151.8	174.9	155.6	158.2	163.6	176.9	177.8	179.1	185.1	184.2
Agriculture		113.0	126.6	144.0	126.3	127.8	135.6	140.4	147.1	150.5	155.4	159.4
Beverages		116.9	122.5	138.2	121.1	127.8	132.2	135.2	141.3	143.6	147.3	146.3
Food		109.9	120.6	143.4	118.0	124.5	129.9	136.5	149.5	155.4	161.5	168.5
Fats and Oils		122.9	126.4	185.9	127.1	140.4	155.3	174.3	196.7	207.8	224.4	241.6
Grains		103.2	120.9	145.8	121.7	133.1	137.5	135.8	150.3	163.7	166.1	167.2
Other Food		103.1	115.7	107.3	108.5	106.6	104.9	105.9	110.4	107.8	107.5	109.4
Raw Materials		114.1	137.4	149.0	140.8	132.0	145.3	149.2	148.2	149.4	153.5	157.2
Timber		122.5	139.9	151.5	142.0	146.0	149.1	151.0	153.8	153.9	152.6	152.1
Other Raw Materials		108.3	135.7	147.3	139.9	122.5	142.7	148.0	144.4	146.3	154.1	160.7
Fertilizers		134.9	136.8	217.2	137.8	138.8	149.6	213.3	252.6	261.1	266.1	276.1
Metals and Minerals		142.5	215.0	246.9	229.5	234.7	233.9	263.0	246.1	241.3	250.3	236.5

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

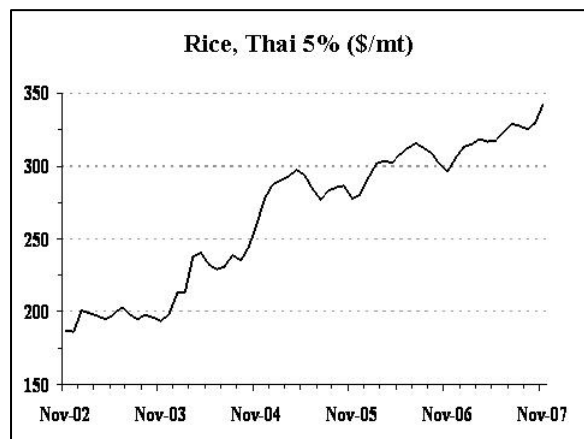
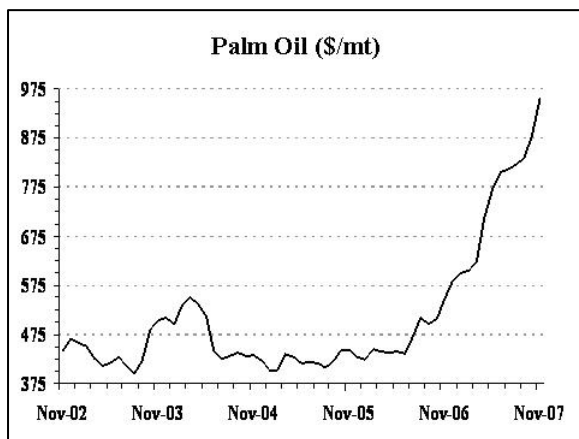
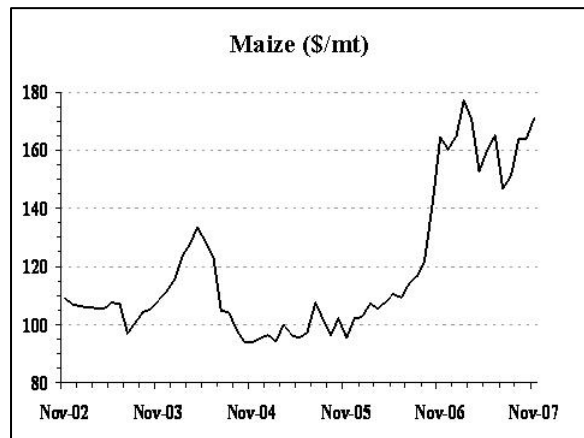
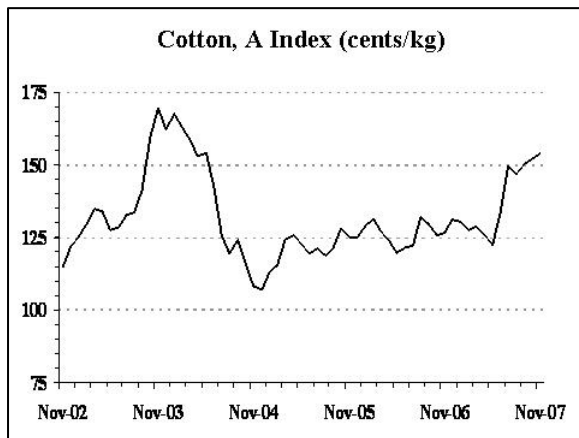
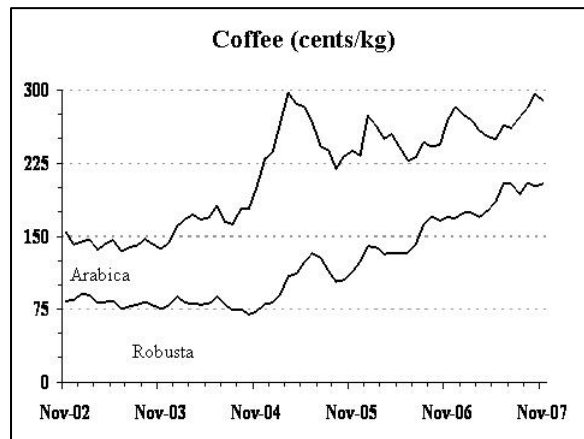
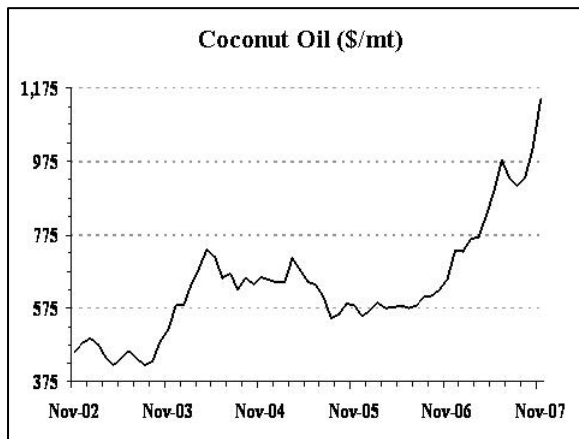
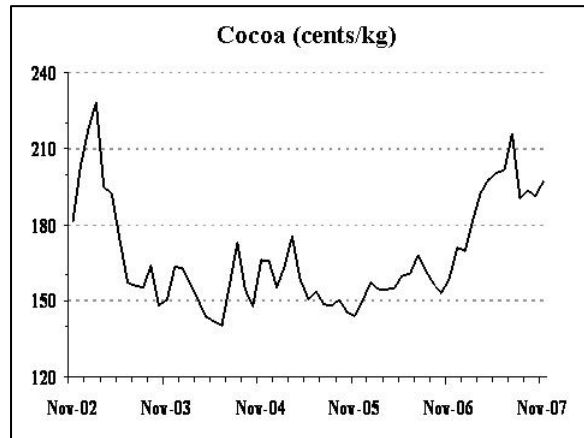
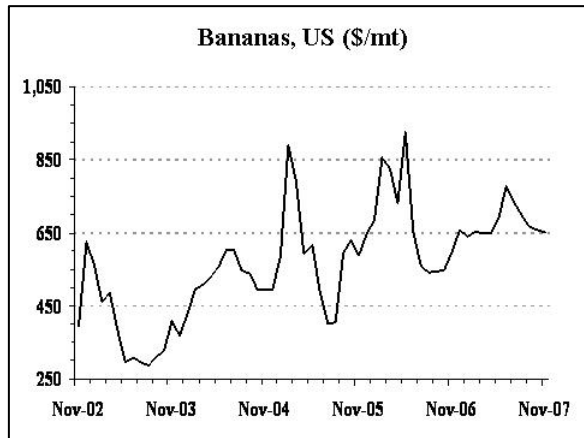
b. Not included in index/

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

Selected Commodity Prices, Nominal US dollars, 2001-2007



Selected Commodity Prices, Nominal US dollars, 2001-2007 cont'd



Selected Commodity Prices, Nominal US dollars, 2001-2007 cont'd

