

Commodity Markets Review

December 11, 2008

DECPG, The World Bank

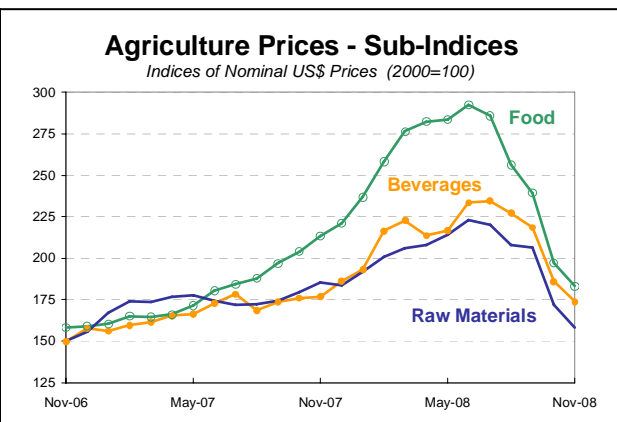
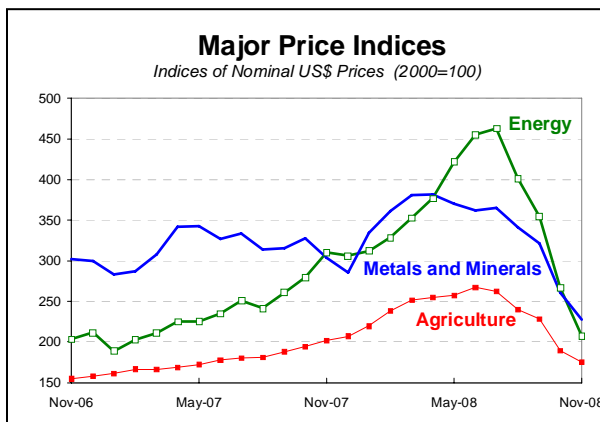
Non-energy commodity prices plunged 10.1 percent in November, and are down more than one-third the past four months. The declines were due to sharply slowing demand, credit constraints, consumer destocking, and further appreciation of the dollar (up 4.3 percent versus the euro). All indices posted large declines, led by fertilizer prices which plunged 16 percent on falling demand and growing oversupply.

Crude oil prices fell 25.8 percent in November, averaging \$54.0/bbl, and fell to a low of \$40/bbl in early December—down more than \$100/bbl or 72 percent since peaking in early July. The drop has been due to falling demand, with U.S. consumption down 6.1 percent or nearly 1.3 mb/d for the first 11 months of this year. The IEA projects global demand will grow by 0.5 mb/d in 2009, but others expect demand to contract. OPEC held an informal consultative meeting at end-November in Cairo, but postponed any action on production cuts until its scheduled meeting December 17th in Algeria. Non-OPEC supply growth continues to be scaled back but is projected to rise in 2009. Thus it appears that additional OPEC cuts are needed to support prices.

Coal prices fell 14.6 percent in November on weak global demand, including falling power production and slowing industrial demand in China, as well as easing supply conditions among major coal exporters.

Agriculture prices dropped 7.2 percent in November—the fifth consecutive monthly decline—on weakening demand, lower energy prices and improved supply prospects. The largest declines continue to be fats & oils prices which fell 9 percent, and are down by nearly half since June, on generally weak demand in the edible oils complex. The largest decrease in November was palmkernel oil, down 30 percent, while soybean oil and palm oil prices fell 12 percent on reduced import demand from China and India. Tea prices plunged 14 percent on reduced import demand in major consuming countries, while cotton prices fell 12 percent on weak demand from key Asian textile producers.

Metals and minerals prices fell 12.7 percent in November, down for the 7th consecutive month and by 40 percent since April. The declines were due to a sharp drop in industrial production with demand slowing significantly in construction, transport and other sectors. Most metal prices have fallen into their cost curves, and this has prompted numerous announcements of production cuts and project delays. This is particularly the case for nickel where prices have plunged two-thirds since March, and where stainless steel production is estimated to be down 30 percent this quarter. Copper prices recorded the largest decline in November, down nearly 25 percent, and are now at the top end of the industry's cost curve.



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

Urea, DAP, and Phosphate Rock fertilizer prices plunged 39.4 percent, 36.9 percent, and 15.5 percent, respectively, on a sharp fall in demand and buildup of inventories.

Palmkernel oil and coconut oil (close substitutes) prices fell 30.0 percent and 15.9 percent, respectively, due to the general weakening of the edible oils complex in response to the global economic slowdown.

Crude oil prices dropped 25.8 percent on sharply falling demand in the OECD, and slowing growth in non-OECD countries.

Copper prices declined 24.5 percent on slowing demand, especially in China, and rising inventories.

Groundnut oil prices fell 17.7 percent due to sharply falling demand in Europe and removal of the export ban in Senegal.

Beef prices decreased 16.3 percent on sluggish demand as consumers switch to cheaper cuts of beef or other sources of protein.

Coal prices decreased 14.6 percent on weak global demand—including falling power production in China—and easing of supply conditions in major exporting countries.

Tea prices plunged 14.0 percent on reduced demand from major importers, notably from the Middle East, Pakistan, Russia and the U.K.

Lead prices fell 12.8 percent on slowing demand and news that stockpiles at the port of Esperance in Australia will be allowed to be shipped (exports were suspended in early 2007).

Aluminum prices declined 12.7 percent on rising stocks and weak demand, particularly in the construction and transport sectors.

Soybean oil and palm oil (close substitutes) prices dropped 12.4 percent and 12.1 percent, respectively, on ample supplies and weak import demand by India and China, two of world's largest consumers of edible oils.

Nickel prices fell 11.8 percent on plunging stainless steel production and rising stocks, although there have been several announcements of nickel production cuts and project delays.

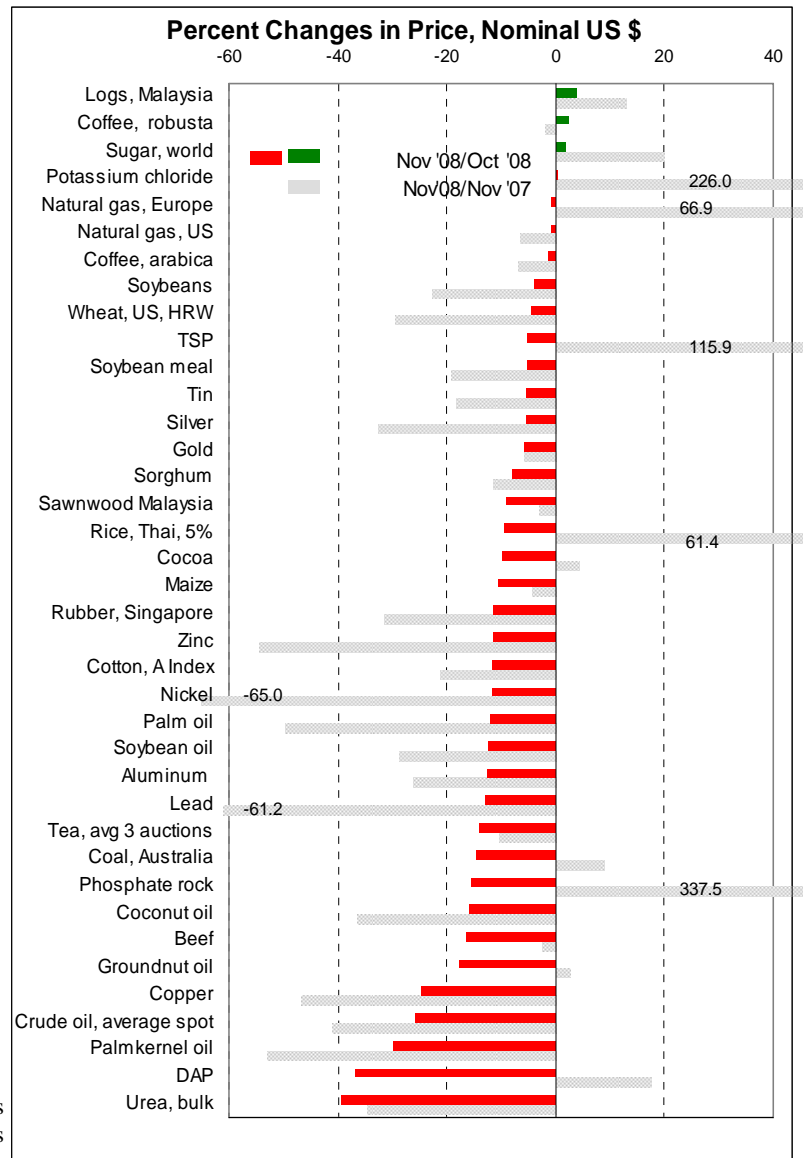
Cotton prices fell 11.8 percent on very weak demand from key textile producers, including China, India, and Pakistan.

Zinc prices fell 11.5 percent on weak demand and rising stocks, but a number of production cuts at mines and smelters have been announced.

Rubber prices dropped 11.5 percent on plunging crude oil prices and weak demand in the auto sector (most natural rubber goes to tire manufacturing).

Maize prices dropped 10.5 percent on news of weakening demand in the EU and a larger than expected US crop.

Cocoa prices fell 9.6 percent following reports of good weather conditions in Cote d'Ivoire (world's top cocoa supplier).



¹ Percent change of average November 2008 prices compared to average October 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-Nov 2008	Jul-Sep 2007	Oct-Dec 2007	Jan-Mar 2008	Apr-Jun 2008	Jul-Sep 2008	Sep 2008	Oct 2008	Nov 2008
Energy												
Coal, Australia	a/ \$/mt	49.09	65.73	131.51	68.37	83.47	114.00	138.65	162.80	150.00	108.00	92.25
Crude oil, avg. spot	a/ \$/bbl	64.29	71.12	102.05	73.50	87.61	95.31	120.97	115.68	99.66	72.69	53.97
Crude oil, Brent	a/ \$/bbl	65.39	72.70	102.73	75.04	88.95	96.67	122.39	115.60	99.06	72.84	53.24
Crude oil, Dubai	a/ \$/bbl	61.43	68.37	98.58	69.97	83.21	91.30	116.67	113.47	95.97	68.62	51.38
Crude oil, West Texas Int.	a/ \$/bbl	66.04	72.28	104.84	75.48	90.67	97.94	123.85	117.98	103.94	76.61	57.29
Natural gas Index	a/ 2000=100	181.6	186.5	269.2	174.4	197.7	235.3	286.0	284.1	272.0	273.5	271.4
Natural gas, Europe	a/ \$/mmbtu	8.47	8.56	13.22	8.34	9.37	10.86	12.40	14.62	14.85	15.93	15.81
Natural gas, US	a/ \$/mmbtu	6.72	6.98	9.14	6.17	7.03	8.65	11.35	9.03	7.69	6.73	6.67
Natural gas LNG, Japan	a/ \$/mmbtu	7.08	7.68	12.49	7.68	8.96	10.45	11.71	13.33	14.39	15.50	15.40
Non Energy Commodities												
Agriculture												
Beverages												
Cocoa	b/ c/kg	159.2	195.2	259.4	199.9	199.7	247.7	276.4	282.6	269.6	227.4	205.5
Coffee, Arabica	b/ c/kg	252.2	272.4	312.3	271.1	296.1	328.5	315.1	321.2	315.9	272.5	268.7
Coffee, robusta	b/ c/kg	148.9	190.9	236.7	200.4	202.1	247.3	243.6	244.8	232.3	195.7	200.1
Tea, auctions (3), average	b/ c/kg	187.2	203.6	246.7	211.0	225.6	234.6	254.7	272.3	266.9	230.5	198.2
Tea, Colombo auctions	b/ c/kg	191.0	252.2	287.3	254.7	296.7	305.2	298.5	303.2	298.0	236.7	203.3
Tea, Kolkata auctions	b/ c/kg	175.4	192.1	226.9	211.3	207.1	176.6	244.0	260.9	245.4	232.3	218.6
Tea, Mombasa auctions	b/ c/kg	195.2	166.5	225.8	167.1	173.0	221.8	221.6	252.8	257.2	222.5	172.8
Food												
Fats and Oils												
Coconut oil	b/ \$/mt	607	919	1,268	923	1,098	1,379	1,499	1,246	1,110	856	720
Copra	\$/mt	403	607	845	607	724	914	1,013	817	724	585	479
Groundnut oil	b/ \$/mt	970	1,352	2,191	1,397	1,651	2,007	2,328	2,417	2,341	2,110	1,738
Palm oil	b/ \$/mt	478	780	988	822	928	1,156	1,198	928	771	545	479
Palmkernel oil	\$/mt	581	888	1,181	917	1,084	1,375	1,420	1,114	999	746	523
Soybean meal	b/ \$/mt	209	307	435	309	402	443	484	450	407	338	320
Soybean oil	b/ \$/mt	599	881	1,305	917	1,105	1,384	1,466	1,353	1,226	928	813
Soybeans	b/ \$/mt	269	384	538	396	485	563	585	566	509	394	379
Grains												
Barley	b/ \$/mt	116.6	172.4	208.3	173.8	194.6	216.8	239.1	216.6	189.5	143.4	130.1
Maize	b/ \$/mt	121.9	163.7	229.0	152.5	171.9	220.4	259.0	244.7	233.8	183.1	163.8
Rice, Thailand, 5%	b/ \$/mt	304.9	326.4	661.0	327.1	344.0	478.1	855.3	703.0	683.8	609.3	552.0
Rice, Thailand, 25%	\$/mt	277.1	306.5	n.a.	306.5	329.5	n.a.	n.a.	669.5	651.0	487.5	440.3
Rice, Thailand, 35%	\$/mt	272.0	300.1	n.a.	298.0	327.7	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
* Rice, Thai, A1.Special / Super	\$/mt	219.5	272.3	500.0	265.7	312.0	442.8	693.7	478.6	420.4	348.3	307.0
Sorghum	\$/mt	122.9	162.7	214.1	150.7	173.4	218.7	246.9	214.7	216.0	163.6	150.8
Wheat, Canada	\$/mt	216.8	300.4	466.4	309.0	415.3	621.7	484.4	390.2	369.1	316.4	324.7
Wheat, US, HRW	b/ \$/mt	192.0	255.2	335.7	274.9	341.9	411.8	346.5	317.7	295.6	237.4	226.8
Wheat US SRW	\$/mt	159.0	238.6	279.9	267.5	326.2	384.1	277.8	241.5	223.8	185.9	183.0
Other Food												
Bananas EU	\$/mt	897	1,037	1,204	999	1,068	1,421	1,263	1,123	1,107	942	883
Bananas US	b/ \$/mt	677	676	845	699	652	836	920	775	803	807	903
Fishmeal	\$/mt	1,166	1,177	1,142	1,123	1,075	1,126	1,185	1,198	1,173	1,051	989
Meat, beef	b/ c/kg	254.7	260.3	319.8	260.3	259.8	282.1	332.7	372.4	356.6	302.9	253.5
Meat, chicken	b/ c/kg	138.8	156.7	169.2	163.0	156.7	158.8	167.9	177.1	177.2	175.5	174.3
Meat, sheep	c/kg	403.6	412.0	464.5	416.5	437.9	453.6	493.2	477.3	454.2	431.5	405.4
Oranges	b/ \$/mt	829	957	1,139	1,135	982	1,103	1,322	1,163	924	910	853
Shrimp, Mexico	b/ c/kg	1,024	1,010	1,073	1,003	1,045	1,103	1,109	1,048	1,014	1,014	1,014
Sugar EU domestic	b/ c/kg	64.56	68.09	71.21	68.28	72.00	74.51	77.59	74.70	71.39	52.61	50.28
Sugar US domestic	b/ c/kg	48.76	45.77	47.15	46.98	44.48	44.85	46.34	51.52	50.92	47.19	43.36
Sugar, world	b/ c/kg	32.59	22.22	28.42	21.86	22.61	28.42	27.01	31.14	29.83	26.23	26.70
Raw Materials												
Timber												
Logs, Cameroon	\$/cum	318.5	381.3	531.5	371.6	409.6	530.8	554.4	548.5	531.7	492.9	452.0
Logs, Malaysia	b/ \$/cum	239.4	268.0	289.2	269.6	275.5	293.4	282.3	277.7	284.5	304.4	316.0
Plywood	c/sheets	595.6	640.7	645.4	646.7	647.0	640.4	647.3	648.6	648.8	643.9	646.5
Sawnwood, Cameroon	\$/cum	623	760	979	756	838	1,036	1,052	974	910	822	757
Sawnwood, Malaysia	b/ \$/cum	749.3	806.3	884.8	820.9	802.5	860.3	935.8	900.3	888.8	861.7	782.1
Woodpulp	\$/mt	698.6	767.0	840.2	769.8	819.4	850.2	870.7	848.8	826.2	783.0	750.0
Other Raw Materials												
Cotton A Index	b/ c/kg	126.7	139.5	160.6	148.9	153.0	167.9	166.5	168.2	162.3	137.3	121.2
Cotton Memphis	c/kg	133.5	142.9	164.2	150.3	155.5	174.2	171.6	170.0	164.0	135.5	123.7
Rubber, US	c/kg	231.3	248.0	295.9	234.2	264.8	292.6	311.7	329.1	317.5	244.7	209.4
Rubber, Singapore	b/ c/kg	210.8	229.0	274.5	213.8	245.1	275.5	307.9	301.5	288.1	193.5	171.3

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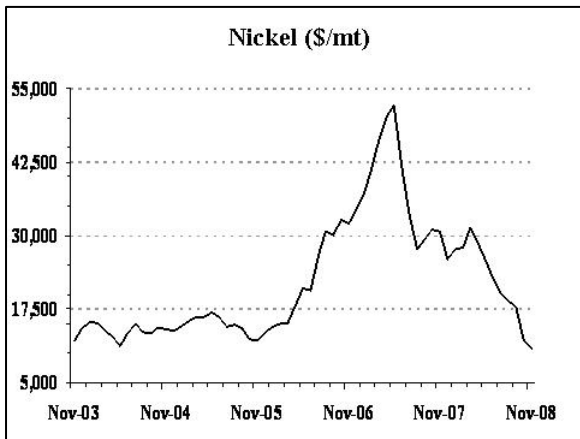
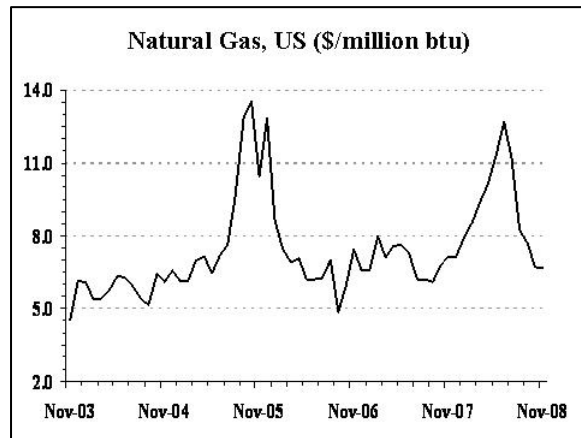
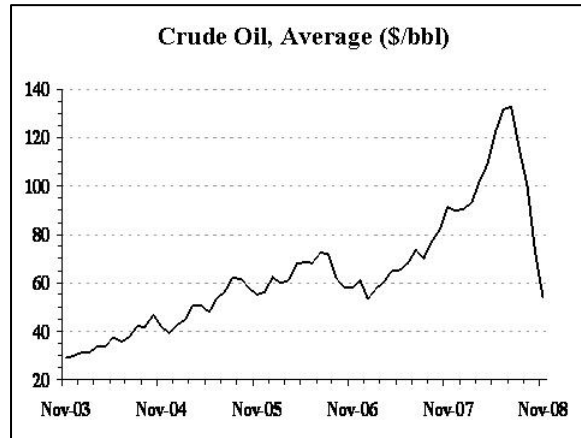
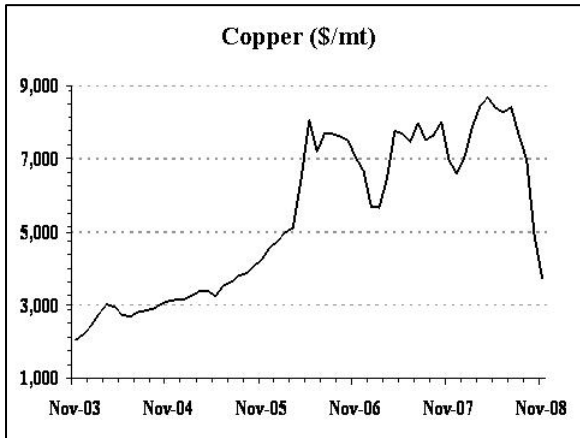
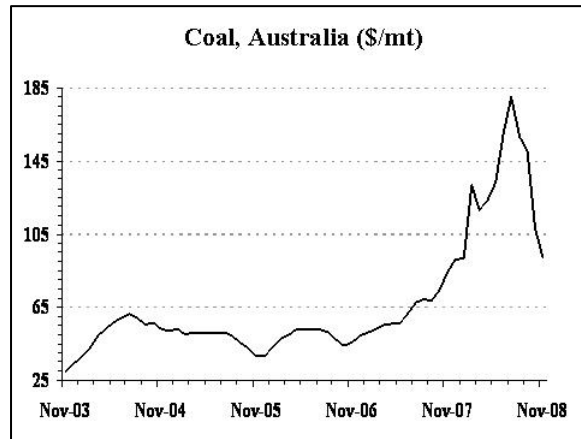
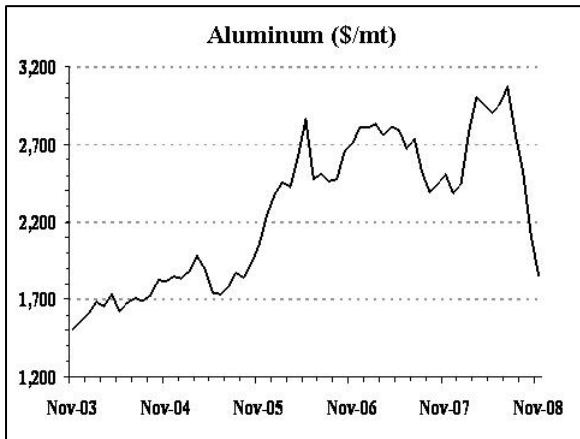
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 \$ = US dollar ¢ = US cent bbl = barrel cum = cubic meter dmtu = Dry Metric Ton Unit kg = kilogram mmbtu = million British thermal units
 mt = metric ton toz = troy oz n.a. = not available n.q. = no quotation

COMMODITY PRICE DATA

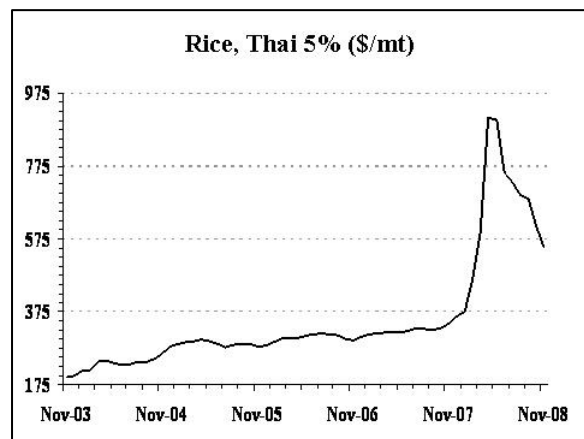
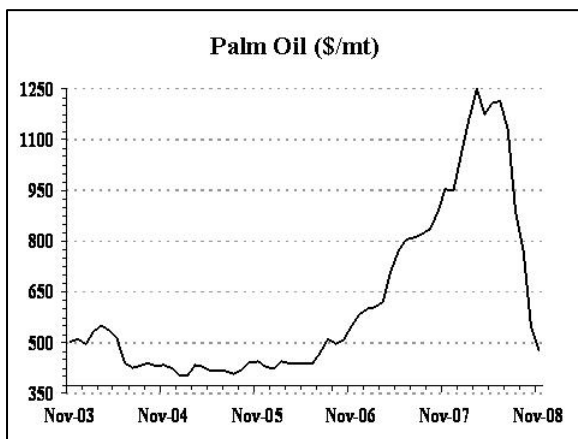
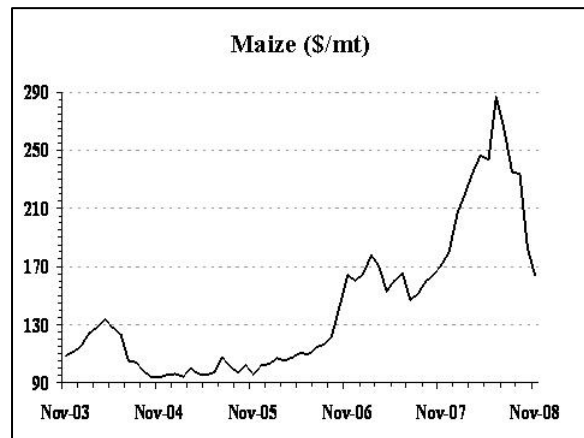
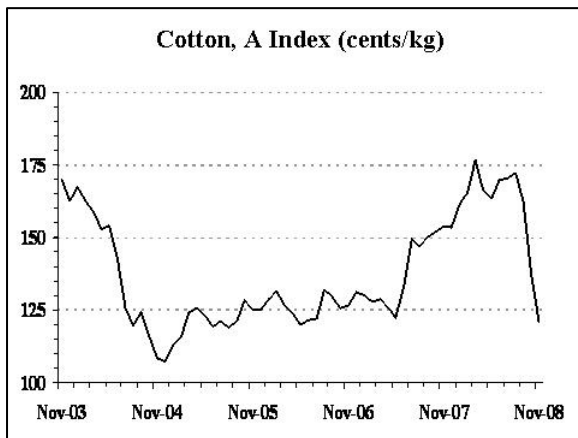
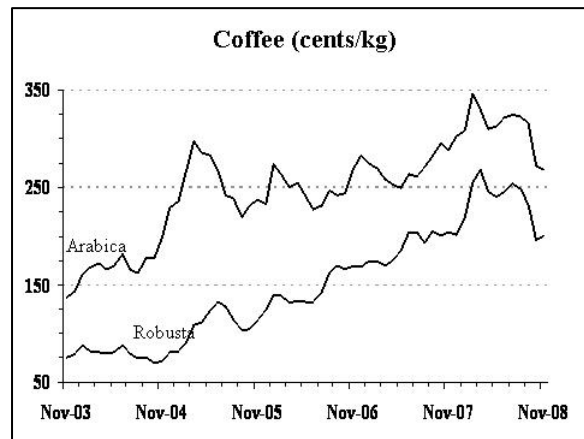
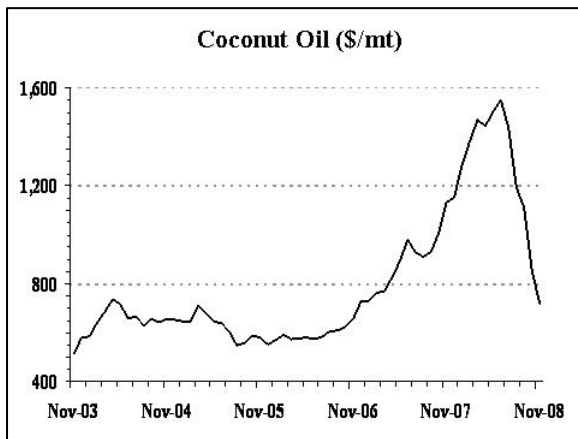
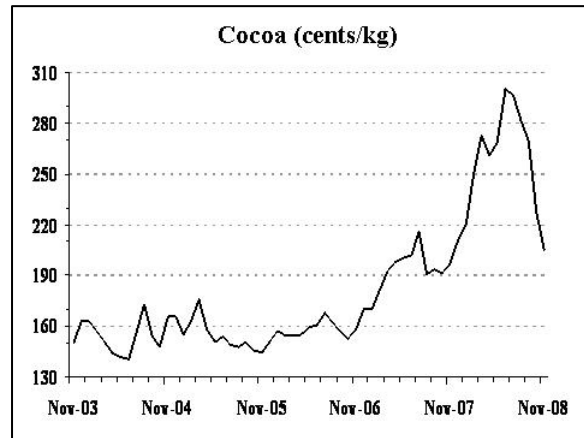
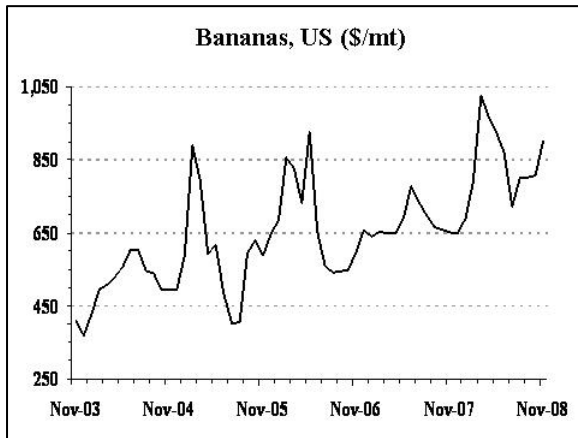
		Annual averages			Quarterly averages				Monthly averages			
		Jan-Dec	Jan-Dec	Jan-Nov	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Sep	Oct	Nov
		2006	2007	2008	2007	2007	2008	2008	2008	2008	2008	2008
Fertilizers												
DAP	b/ \$/mt	260	433	1,018	433	522	860	1,192	1,154	1,099	970	613
Phosphate rock	b/ \$/mt	44.2	70.9	345.2	80.0	98.3	234.4	367.5	409.2	430.0	414.0	350.0
Potassium chloride	b/ \$/mt	174.5	200.2	551.7	209.4	230.8	367.7	511.1	635.0	705.0	762.5	765.0
TSP	b/ \$/mt	202	339	951	375	425	715	1,036	1,108	1,079	965	915
Urea, E. Europe, bulk	b/ \$/mt	222.9	309.4	517.0	283.6	365.4	357.6	575.7	745.4	706.3	405.5	245.8
Metals and Minerals												
Aluminum	b/ \$/mt	2,570	2,638	2,671	2,546	2,444	2,743	2,940	2,787	2,526	2,121	1,852
Copper	b/ \$/mt	6,722	7,118	7,309	7,712	7,188	7,796	8,443	7,680	6,991	4,926	3,717
Gold	\$/toz	604.3	696.7	876.8	681.1	788.0	926.8	896.0	869.6	829.9	806.6	760.9
Iron ore	b/ c/dmtu	77.4	84.7	140.6	84.7	84.7	140.6	140.6	140.6	140.6	140.6	140.6
Lead	b/ c/kg	129.0	258.0	219.3	314.3	321.5	289.9	230.7	191.2	186.8	148.0	129.1
Nickel	b/ \$/mt	24,254	37,230	22,149	30,205	29,219	28,957	25,682	18,961	17,795	12,140	10,702
Silver	c/toz	1,157	1,341	1,542	1,273	1,424	1,765	1,720	1,495	1,219	1,043	987
* * Steel products index, Japar	c/ 2000=10	181.6	182.0	288.2	179.8	192.0	229.6	279.2	338.2	338.8	335.6	293.8
Steel cr coilsheet, Japan, Reir	c/ \$/mt	693.8	650.0	953.4	650.0	650.0	762.5	900.0	1100.0	1100.0	1100.0	1100.0
Steel hr coilsheet, Japan, Reir	c/ \$/mt	600.0	550.0	872.7	550.0	550.0	700.0	833.3	1000.0	1000.0	1000.0	1000.0
Steel, rebar, Japan, Reinstae	c/ \$/mt	443.8	521.5	788.7	504.2	556.8	639.4	837.5	934.2	792.5	760.0	682.5
Steel wire rod, Japan, Reinsta	c/ \$/mt	581.3	533.3	992.5	550.0	553.3	754.0	950.0	1135.0	1200.0	1200.0	1200.0
Tin	b/ c/kg	878	1,454	1,917	1,498	1,634	1,778	2,265	2,051	1,837	1,440	1,364
Zinc	b/ c/kg	327.5	324.2	194.5	322.7	262.3	243.0	211.3	177.0	173.5	130.2	115.3
NEW World Bank commodity price indices for low and middle income countries(2000 =100)												
Energy		220.9	244.8	363.3	251.1	298.6	331.1	417.8	406.0	354.4	266.8	265.0
Non Energy Commodities		192.1	224.8	279.7	228.8	237.3	281.4	308.1	292.8	276.0	226.6	203.7
Agriculture		150.4	180.5	235.0	183.3	200.9	236.6	259.8	243.7	228.3	189.3	175.6
Beverages		145.4	169.9	212.4	173.3	179.4	210.7	221.4	226.8	218.6	186.0	173.8
Food		147.0	184.7	253.8	189.7	212.9	257.2	286.3	260.5	239.4	197.2	183.1
Fats and Oils		137.9	208.8	286.7	216.2	259.1	310.2	327.7	288.9	254.8	195.7	178.2
Grains		149.8	189.0	288.5	188.3	215.6	274.6	335.2	298.5	284.4	234.8	214.4
Other Food		156.4	149.0	179.2	156.1	149.7	171.9	187.4	188.9	178.4	165.1	161.3
Raw Materials		161.4	175.8	200.8	172.8	182.8	199.5	215.2	211.5	206.3	171.8	158.2
Timber		126.0	136.8	149.5	138.9	137.2	146.8	155.4	150.2	149.5	148.3	139.2
Other Raw Materials		200.0	218.5	256.8	209.8	232.7	257.2	280.5	278.4	268.4	197.5	178.9
Fertilizers		168.6	240.1	584.7	240.2	292.0	409.4	624.1	741.1	740.1	602.5	505.0
Metals and Minerals		280.3	314.0	336.8	320.8	305.7	358.7	371.1	342.4	321.1	260.5	227.3

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
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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

