

# Commodity Markets Review

August 12, 2010

DECPG, The World Bank

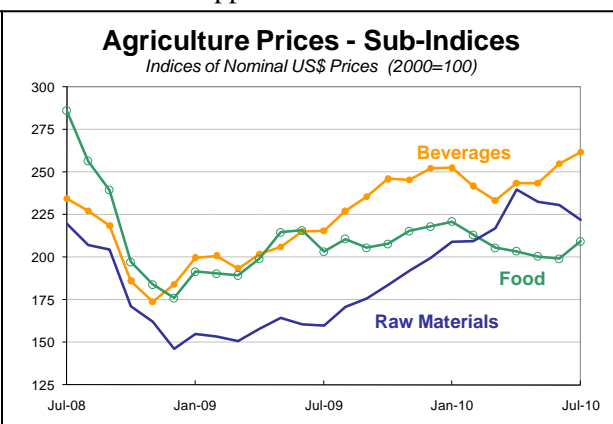
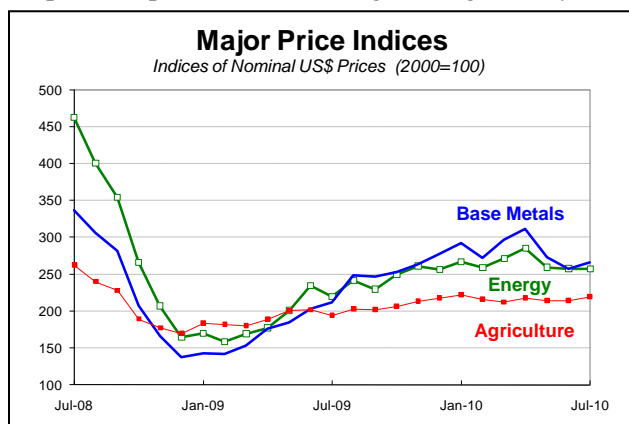
**Non-energy commodity prices rose by 2.4 percent in July**, in part due to a weak U.S. dollar—down 4.8 percent versus the euro. There were strong gains in food prices—notably wheat owing to production losses in Canada and the former Soviet Union—but also price increases in other agriculture commodities and base metals.

**Crude oil prices slipped 0.2 percent in July**, averaging \$74.6/bbl, the third straight monthly decline. Prices briefly surged to \$81/bbl in early August but have retreated back below \$75/bbl on continuing concerns about the pace of economic recovery. Oil demand growth is moderating from robust gains in the first half of the year, with China's oil imports in July falling 3 percent—the first decline since March 2009. World oil demand is expected to slow in the second half of the year to trend growth of 1.5 mb/d or less than 2 percent. Crude oil inventories remain high, particularly in the U.S. However crude in floating storage fell by nearly 1/3 in July to 59 million barrels, while products stocks at sea edged up to 34 million barrels.

**Natural gas prices in the U.S. fell 3.5 percent in July**, despite a spate of hot weather. While the summer's heat has helped bring gas inventories below last year's levels, they remain high and storage appears headed for another record fill this year. Gas production remains robust, particularly unconventional shale gas despite low prices and declining drilling activity.

**Agriculture prices increased 2.3 percent in July**, with gains concentrated in grains, coffee and sugar. Wheat prices soared 24 percent because of weather-related supply tightness in Canada, Kazakhstan, Russia and the Ukraine—key wheat exporters. Prices surged in early August to a 24-month high following Russia's announcement of a ban on wheat exports. Coffee robusta and arabica prices rose 11 and 6 percent, respectively, in response to tight global arabica supplies after two bad crops in Colombia. Roaster substitution of robusta for arabica also drove up robusta prices. Sugar prices rose 10 percent due to weather-related supply concerns in Russia as well as limited exports by Brazil.

**Base metals prices rose 3.5 percent in July**, the first increase in three months, due to falling stocks and pick-up in demand outside China. However, prices turned lower in early August on renewed concerns about growth in the U.S. and China. Lead prices jumped 8 percent due to strong battery demand and falling LME inventories in the U.S., as well as slowing scrap supply. Zinc prices rose 6 percent on an explosion at a U.S. refinery, but the market remains well supplied and stocks are high. Tin prices rose 5 percent due to declining stocks, strong demand, and lower production in Indonesia because of wet weather. Gold and silver both fell 3 percent due to a switch in investor risk appetite to other financial assets.



Prepared in the Development Economics Prospects Group (DECPG) by Shane Streifel, John Baffes and Betty Dow. Katherine Rollins is task assistant.

## Major Movers July<sup>1</sup>

**Wheat** prices surged 24.2 percent due to weather-related supply tightening in Canada, Kazakhstan, Russia, and the Ukraine—key wheat suppliers.

**Coffee robusta and arabica** prices increased 10.9 percent and 6.4 percent, respectively in response to tight global arabica supplies following two bad crops in Colombia.

**Sugar** prices jumped 9.9 percent due to weather-related supply concerns in Russia and limited exports by Brazil.

**Urea and TSP** fertilizer prices rose 8.8 percent and 3.8 percent, respectively, on higher demand in Nigeria and Latin America. Surging grain prices are expected to increase fertilizer demand.

**Lead** prices increased 7.8 percent due to strong battery demand and falling LME inventories in the U.S., as well as slowing scrap supply.

**Maize** prices rose 7.2 percent, mostly a reflection of the rally in wheat prices.

**Zinc** prices rose 5.8 percent, in part due to an explosion at Horsehead's Pennsylvania refinery. However, the market remains well supplied.

**Soybean oil, soybean meal and soybeans** prices rose 5.6, 5.3, and 5.1 percent, respectively, due to surging demand by China and India, and a decline in soybean crushings in Argentina.

**Logs (Malaysia)** prices increased 5.4 percent on robust demand from India and China while supplies in the state of Sarawak remain tight.

**Tin** prices rose 5.0 percent due to continued decline in stocks, rising demand for solder in the electronics sector, and falling production in Indonesia because of long rains.

**Natural gas (Europe)** prices rose 3.9 percent due to rising demand by industry, and also for air conditioning because of warm weather.

**Coconut oil** prices increased 3.8 percent due to strong demand, in part a reflection of the low prices reached earlier in the year.

**Copper** prices rose 3.6 percent on falling stocks and supply tightness, the latter underpinned by declining ore grades at a number of major mines.

**Silver** prices fell 3.2 percent in tandem with gold prices, as investors switched to other

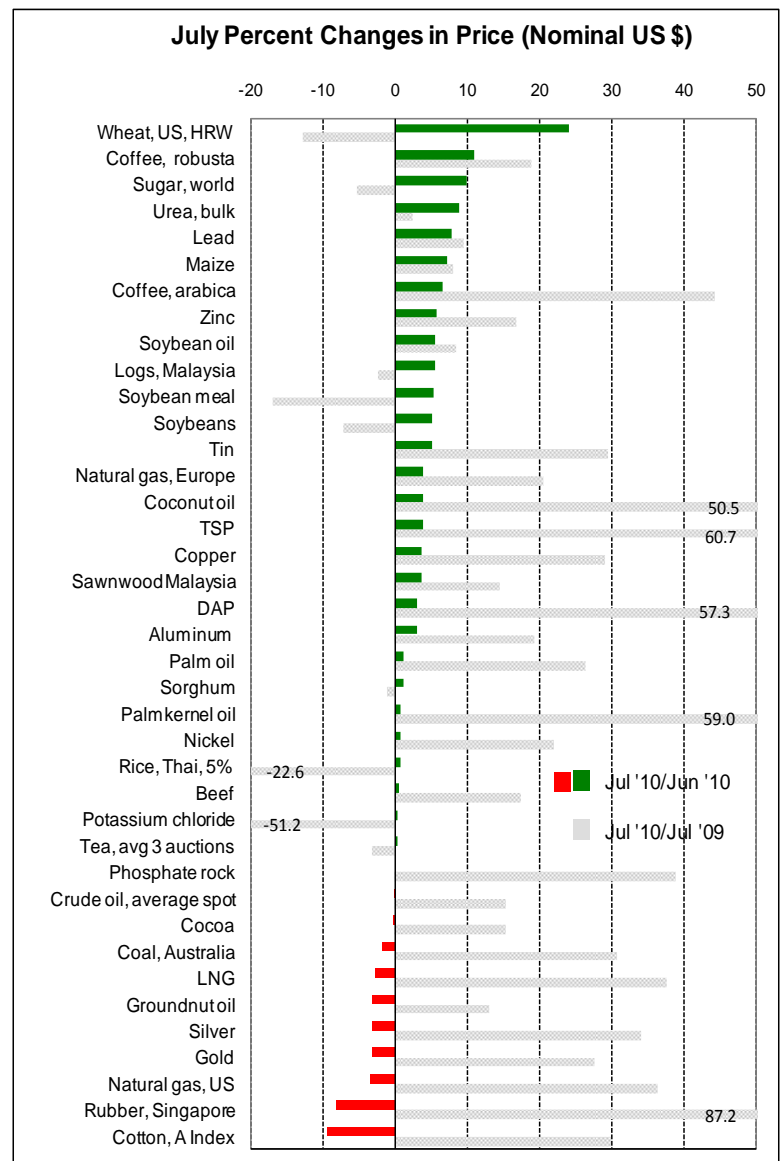
financial assets.

**Gold** prices slid 3.2 percent due to a shift in investor risk appetite to equities and other investment vehicles.

**Natural gas (U.S.)** prices decreased 3.5 percent due to large inventories and robust production, although hot weather has boosted power demand for air conditioning.

**Rubber** prices declined 8.2 percent due to weakening demand, especially in China the world's largest consumer.

**Cotton** prices dropped 9.5 on ample global supplies, especially a good crop in the U.S.



<sup>1</sup> Percent change of average July 2010 prices compared to average June 2010 prices in nominal U.S. dollars (graph includes 12-month changes in grey).

## COMMODITY PRICE DATA

Commodity	Unit	Annual averages			Quarterly averages					Monthly averages		
		Jan-Dec	Jan-Dec	Jan-Jul	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	May	Jun	Jul
		2008	2009	2010	2009	2009	2009	2010	2010	2010	2010	2010
<b>Energy</b>												
Coal, Australia	a/ \$/mt	127.10	71.84	95.00	66.48	71.31	77.66	95.19	99.49	100.13	98.19	96.44
Crude oil, avg, spot	a/ \$/bbl	96.99	6176	77.51	59.19	68.21	75.50	77.06	78.18	75.62	74.73	74.58
Crude oil, Brent	a/ \$/bbl	97.64	6186	45.06	59.13	68.37	74.97	76.65	78.69	76.25	74.84	74.74
Crude oil, Dubai	a/ \$/bbl	93.78	6175	44.51	58.93	68.07	75.46	75.86	77.98	76.87	73.98	72.65
Crude oil, West Texas Int.	a/ \$/bbl	99.56	6165	45.49	59.52	68.21	76.08	78.67	77.85	73.73	75.35	76.35
Natural gas Index	a/ 2000=100	267.9	153.5	159.4	142.9	123.3	149.4	170.3	147.6	143.7	155.3	155.8
Natural gas, Europe	a/ \$/mmbtu	13.41	8.71	8.00	8.18	6.91	7.81	8.84	7.51	7.27	7.74	8.04
Natural gas, US	a/ \$/mmbtu	8.86	3.95	5.00	3.70	3.17	4.36	5.15	4.32	4.16	4.79	4.63
Natural gas LNG, Japan	a/ \$/mmbtu	12.53	8.94	10.00	7.60	7.91	9.33	10.32	11.02	11.39	10.70	10.40
<b>Non Energy Commodities</b>												
<b>Agriculture</b>												
<b>Beverages</b>												
Cocoa	b/ c/kg	257.7	288.9	310.0	257.9	296.4	341.8	329.7	321.0	317.8	323.1	322.2
Coffee, Arabica	b/ c/kg	308.2	317.1	350.0	320.2	322.7	341.7	353.7	392.0	382.0	420.9	448.0
Coffee, robusta	b/ c/kg	232.1	164.4	150.0	165.3	160.1	156.4	150.8	161.0	155.7	169.6	188.0
Tea, auctions (3), average	b/ c/kg	242.0	272.4	250.0	266.1	303.6	301.9	279.0	281.1	279.9	286.1	286.4
Tea, Colombo auctions	b/ c/kg	278.9	313.7	188.2	299.1	356.1	338.0	335.1	316.2	321.9	300.1	304.5
Tea, Kolkata auctions	b/ c/kg	225.5	251.5	152.7	271.3	273.0	284.4	215.8	288.3	284.8	334.8	319.9
Tea, Mombasa auctions	b/ c/kg	221.8	252.0	150.8	228.0	281.7	283.2	286.1	238.9	233.0	223.5	235.0
<b>Food</b>												
<b>Fats and Oils</b>												
Coconut oil	b/ \$/mt	1224	725	850	779	711	734	834	955	932	993	1031
Copra	\$/mt	816	480	605	513	469	491	557	634	624	651	689
Groundnut oil	b/ \$/mt	2,131	1,184	1,325	1,166	1,133	1,152	1,359	1,352	1,353	1,342	1,300
Palm oil	b/ \$/mt	949	683	800	743	679	732	808	813	811	798	807
Palmkernel oil	\$/mt	1,130	700	577	763	700	761	922	1,034	1,030	1,051	1,059
Soybean meal	b/ \$/mt	424	408	350	424	431	412	369	342	348	338	356
Soybean oil	b/ \$/mt	1,258	849	880	863	856	921	917	876	865	859	907
Soybeans	b/ \$/mt	523	437	410	461	454	439	417	409	407	408	429
<b>Grains</b>												
Barley	b/ \$/mt	200.5	128.3	137.9	129.5	122.0	145.5	143.6	146.9	143.0	145.9	156.4
Maize	b/ \$/mt	223.1	165.5	173.6	176.0	151.3	167.8	162.7	157.7	163.4	152.7	163.8
Rice, Thailand, 5%	b/ \$/mt	650.2	555.0	500.0	552.4	539.0	542.3	535.3	452.4	451.3	440.0	442.8
Rice, Thailand, 25%	\$/mt	n.a.	458.1	252.0	458.7	441.4	462.8	477.0	399.1	396.7	392.0	396.3
Rice, Thailand, 35%	\$/mt	n.a.	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	482.3	326.4	212.7	326.3	309.7	346.1	400.7	333.8	329.0	329.5	349.3
Sorghum	\$/mt	207.8	151.1	147.2	155.8	139.3	163.8	156.9	142.6	147.3	131.0	132.4
Wheat, Canada	\$/mt	454.6	300.5	158.9	325.6	271.2	283.4	279.0	260.9	256.5	261.3	287.5
Wheat, US, HRW	b/ \$/mt	326.0	224.1	190.0	250.5	208.8	205.4	195.4	177.4	181.6	157.7	195.8
Wheat US SRW	\$/mt	271.5	186.0	113.6	195.6	165.2	195.6	193.5	186.9	190.3	182.6	222.3
<b>Other Food</b>												
Bananas EU	\$/mt	1,188	1,145	591	1,288	1,118	1,032	1,014	1,029	999	1,037	959
Bananas US	b/ \$/mt	844	847	810	858	826	813	781	862	799	962	985
Fishmeal	\$/mt	1,133	1,230	1,011	1,097	1,276	1,535	1,660	1,814	1,821	1,747	1,715
Meat, beef	b/ c/kg	313.8	263.6	325.0	262.8	273.2	273.5	314.2	342.4	347.8	319.7	321.0
Meat, chicken	b/ c/kg	169.6	171.7	168.8	174.1	173.9	165.1	167.2	173.0	173.3	174.7	176.1
Meat, sheep	c/kg	458.5	427.6	272.2	428.7	453.3	450.1	447.6	486.8	484.3	520.1	462.3
Oranges	b/ \$/mt	1,107	909	950	870	861	1,107	1,009	1,084	1,055	1,201	1,302
Shrimp, Mexico	b/ c/kg	1,069	945	1,140	970	970	864	827	945	1,025	n.a.	n.a.
Sugar EU domestic	b/ c/kg	69.69	52.44	45.00	53.76	55.43	49.11	46.38	42.66	42.10	40.91	42.77
Sugar US domestic	b/ c/kg	46.86	54.88	72.20	47.89	57.31	70.48	84.31	69.62	68.11	72.37	73.28
Sugar, world	b/ c/kg	28.21	40.00	45.00	33.89	46.98	50.29	51.82	34.93	33.51	35.01	38.49
<b>Raw Materials</b>												
<b>Timber</b>												
Logs, Cameroon	\$/cum	526.9	421.5	420.0	394.8	414.9	449.5	431.4	408.0	403.5	390.8	421.4
Logs, Malaysia	b/ \$/cum	292.3	287.2	260.0	284.5	279.6	271.1	253.6	253.5	253.7	260.8	274.9
Plywood	c/sheets	645.5	564.6	328.4	565.8	561.5	558.4	557.2	566.3	566.8	567.5	569.7
Sawnwood, Cameroon	\$/cum	958.3	748.9	464.0	721.2	779.0	806.3	804.1	787.1	772.9	770.4	794.5
Sawnwood, Malaysia	b/ \$/cum	889.1	805.5	825.0	829.7	771.4	807.4	787.8	832.6	836.5	841.1	871.2
Woodpulp	\$/mt	820.2	614.6	490.4	550.0	627.7	715.6	780.9	875.5	879.1	896.9	915.0
<b>Other Raw Materials</b>												
Cotton A Index	b/ c/kg	157.4	138.2	180.0	132.4	141.9	157.7	178.8	199.3	198.6	205.1	185.5
Cotton Memphis	c/kg	161.3	145.3	104.7	137.5	148.8	172.4	183.6	200.1	199.1	202.7	n.a.
Rubber, US	c/kg	284.1	214.6	210.8	187.0	221.0	284.7	345.2	381.5	374.6	371.0	349.7
Rubber, Singapore	b/ c/kg	258.6	192.1	320.0	166.4	199.3	256.5	318.6	372.7	366.8	356.6	327.4

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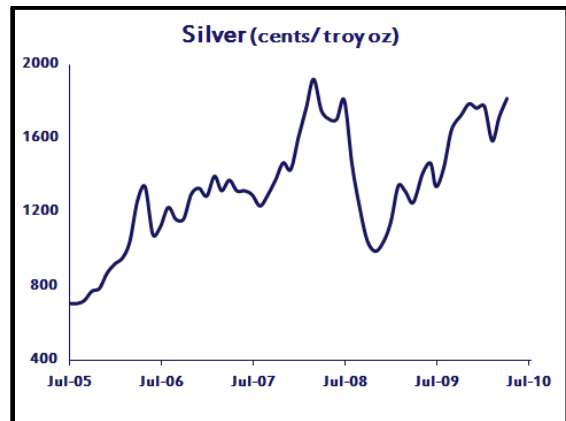
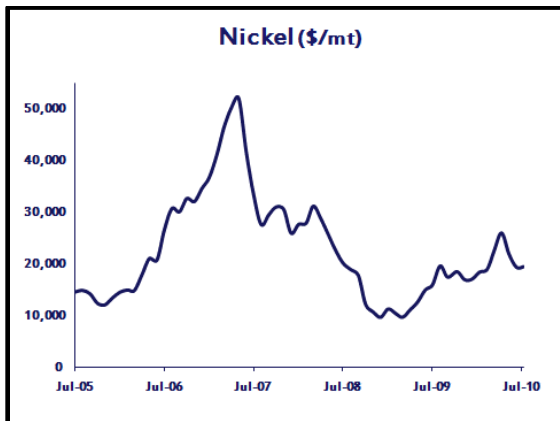
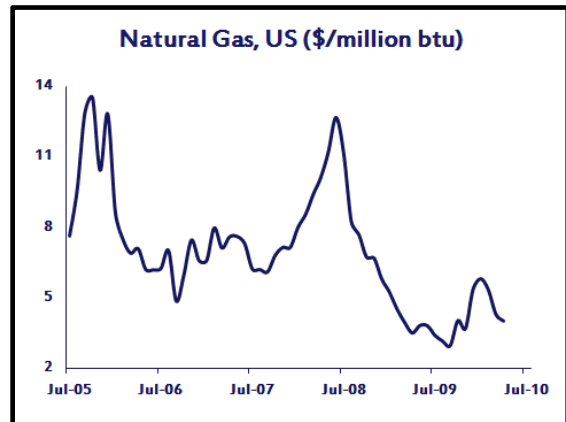
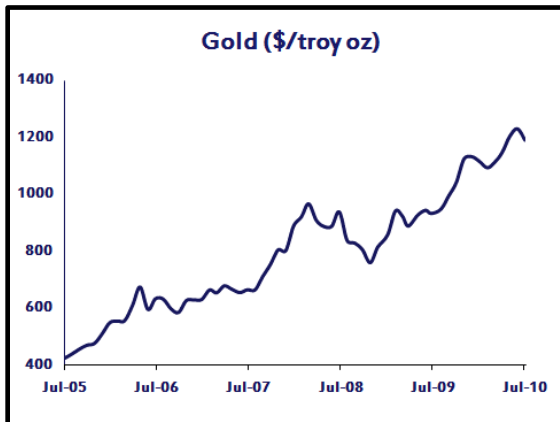
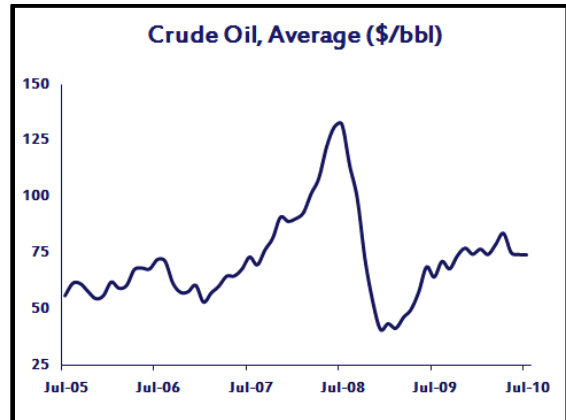
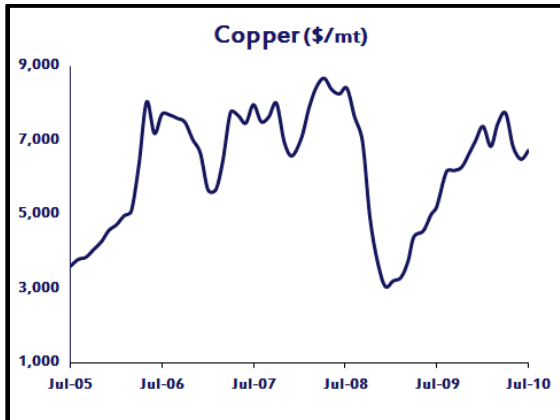
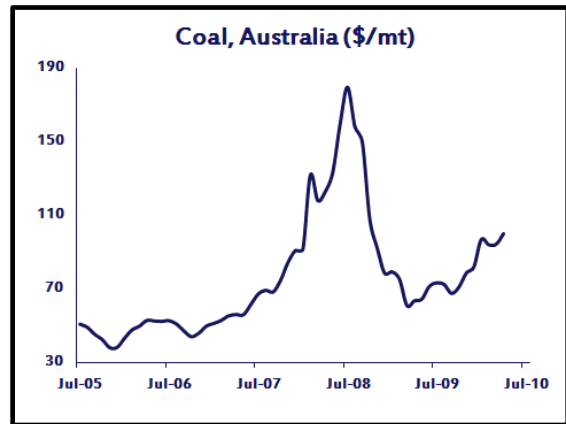
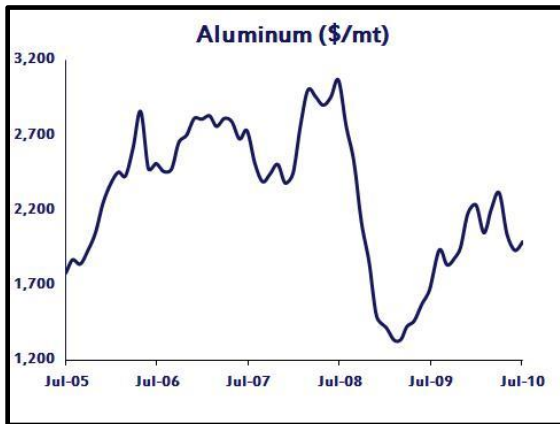
a/ Included in the energy index (2000=100)    b/ Included in the non-energy index (2000=100)    c/ Steel not included in the non-energy index  
d/ base metals plus iron ore    e/ Includes aluminum, copper, lead, nickel, tin and zinc  
\$ = US dollar    ¢ = US cent    bbl = barrel    cum = cubic meter    drmt = 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

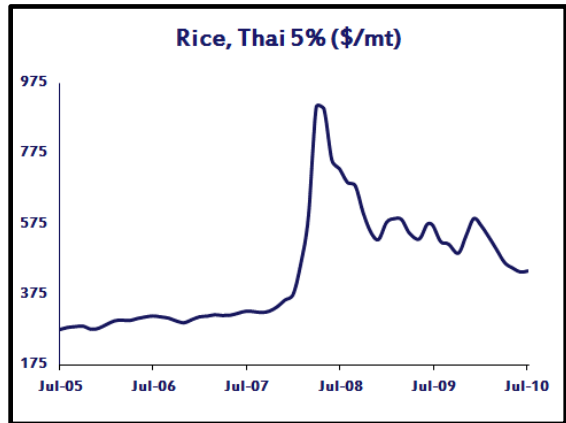
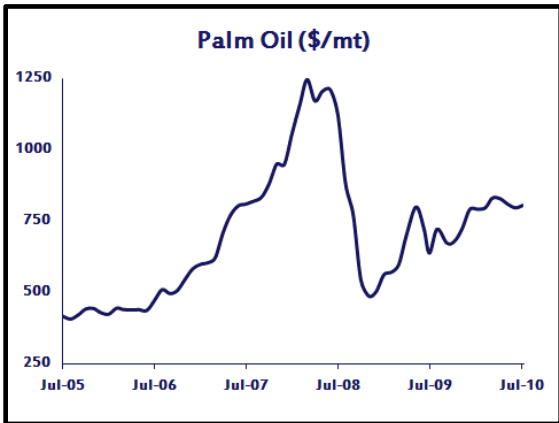
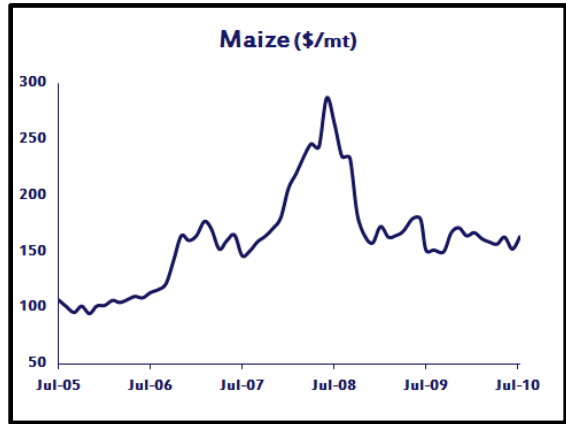
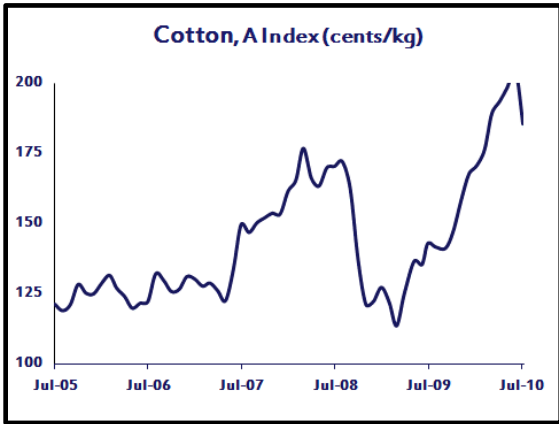
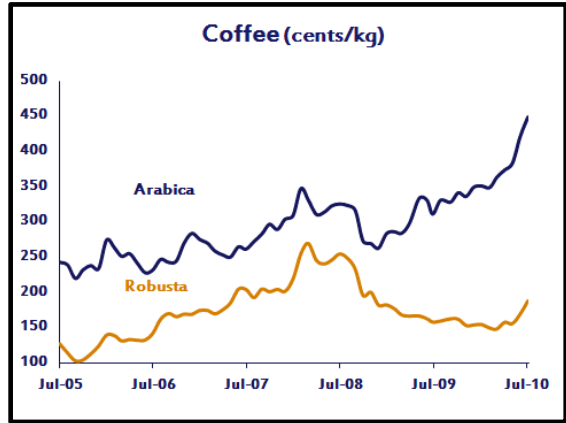
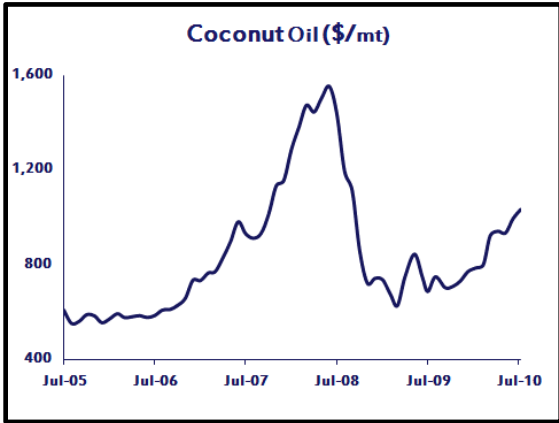
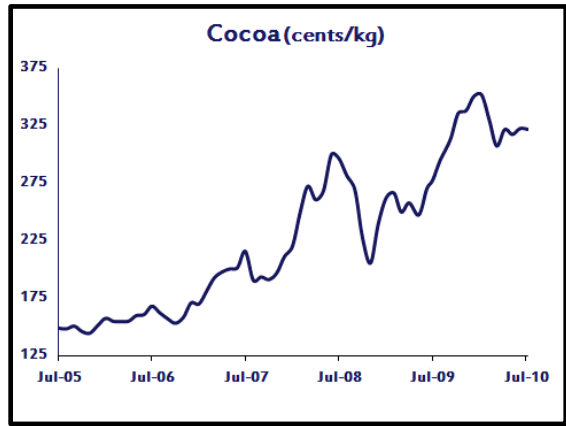
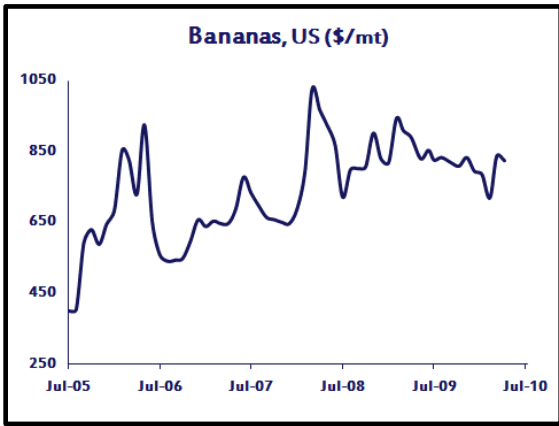
		Annual averages			Quarterly averages					Monthly averages		
		Jan-Dec	Jan-Dec	Jan-Jul	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	May	Jun	Jul
		2008	2009	2010	2009	2009	2009	2010	2010	2010	2010	2010
<b>Fertilizers</b>												
DAP	b/ \$/mt	967.2	323.1	455.0	303.6	309.6	316.9	464.8	458.2	460.6	448.0	461.3
Phosphate rock	b/ \$/mt	345.6	121.7	110.0	113.3	90.0	90.0	102.1	125.0	125.0	125.0	125.0
Potassium chloride	b/ \$/mt	570.1	630.4	315.0	726.7	506.8	423.0	334.0	316.1	315.0	319.0	320.0
TSP	b/ \$/mt	879.4	257.4	330.0	247.7	224.7	235.7	316.9	357.4	352.8	346.8	360.0
Urea, E. Europe, bulk	b/ \$/mt	492.7	249.6	275.0	2411	2416	248.3	2810	237.2	229.6	229.3	249.5
<b>Metals and Minerals</b>												
Aluminum	b/ \$/mt	2,573	1,665	2,100	1,485	1,812	2,003	2,163	2,096	2,041	1,931	1,988
Copper	b/ \$/mt	6,956	5,150	7,200	4,663	5,859	6,648	7,232	7,027	6,838	6,499	6,735
Gold	\$/toz	872	973	1,175	922	960	1,102	1,109	1,196	1,205	1,233	1,193
Iron ore	b/ c/dmtu	140.6	101.0	145.9	101.0	101.0	101.0	101.0	167.0	167.0	167.0	167.0
Lead	b/ c/kg	209.1	171.9	190.0	149.9	192.8	229.3	222.1	195.0	188.3	170.4	183.7
Nickel	b/ \$/mt	21,111	14,655	21,000	12,920	17,700	17,528	19,959	22,476	22,008	19,389	19,518
Silver	c/toz	1,500	1,469	1,800	1,376	1,477	1,760	1,693	1,838	1,842	1,853	1,794
**Steel products index, Japan F	c/ 2000=100	289	227	132	215	211	207	211	241	247	242	232
Steel cr coilsheet, Japan, Reins	c/ \$/mt	966	783	461	700	700	700	725	838	850	850	850
Steel hr coilsheet, Japan, Reins	c/ \$/mt	883	683	403	600	600	600	625	738	750	750	750
Steel, rebar, Japan, Reinstated	c/ \$/mt	760	486	337	450	500	522	546	621	630	618	540
Steel wire rod, Japan, Reinstated	c/ \$/mt	1,010	969	437	1,007	857	814	751	767	780	755	694
Tin	b/ c/kg	1,851	1,357	1,750	1,351	1,459	1,517	1,721	1,786	1,757	1,732	1,819
Zinc	b/ c/kg	1,875	1,655	200.0	147.3	176.1	221.4	228.9	202.6	196.8	174.3	184.4
<b>NEW World Bank commodity price indices for low and middle income countries( 2000 =100)</b>												
Energy		342.0	214.3	266.2	204.5	230.3	256.1	266.1	267.8	259.8	258.0	257.3
Non Energy Commodities		272.0	213.2	249.6	207.8	219.8	235.2	244.2	255.3	252.4	248.4	254.3
Agriculture		229.5	197.8	212.2	197.1	199.5	212.6	216.6	215.4	214.1	214.3	219.3
Beverages		210.0	219.9	231.0	207.3	226.4	247.9	242.5	247.4	243.5	255.0	261.7
Food		247.4	205.1	207.3	209.8	206.4	213.7	213.1	2010	200.4	199.2	209.4
Fats and Oils		277.3	216.2	219.1	227.9	220.9	224.5	224.7	219.7	219.6	217.2	225.0
Grains		281.7	214.9	203.4	225.3	202.3	210.8	205.1	186.6	189.8	178.0	192.4
Other Food		177.1	181.6	195.4	172.1	191.2	202.0	205.1	189.4	184.7	194.7	204.3
Raw Materials		195.7	168.7	214.5	161.1	168.9	192.0	211.9	234.2	232.5	230.5	221.9
Timber		150.5	138.9	138.3	141.8	133.6	137.3	132.7	138.6	139.1	140.5	146.1
Other Raw Materials		245.3	201.4	297.9	182.2	207.5	251.8	298.6	338.9	334.7	328.8	304.7
Fertilizers		566.7	293.0	258.5	300.6	252.1	242.8	259.0	253.3	249.3	248.9	259.4
Metals and Minerals d/		325.7	235.6	325.4	219.0	257.6	280.8	299.0	337.3	331.3	318.2	325.5
Base Metals (NEW) e/		287.9	208.9	283.3	188.5	236.0	264.6	287.0	280.9	273.5	257.3	266.4

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  
d/ base metals plus iron ore    e/ Includes aluminum, copper, lead, nickel, tin and zinc  
\$ = 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, 2005-2010



**Selected Commodity Prices, Nominal US dollars, 2005-2010 Cont'd**



**Selected Commodity Prices, Nominal US dollars, 2005-2010 Cont'd**

