

Commodity Markets Review

March 8, 2011

DECPG, The World Bank

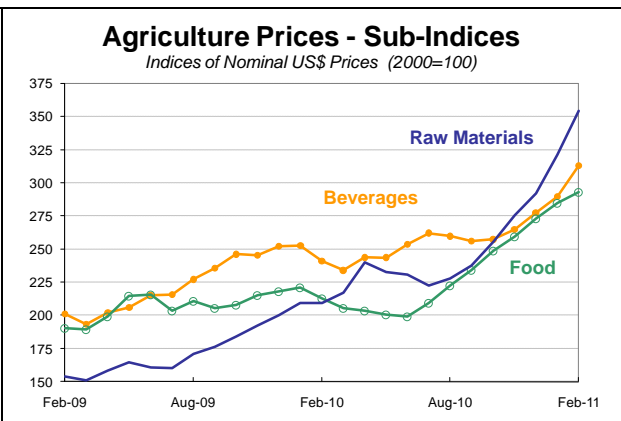
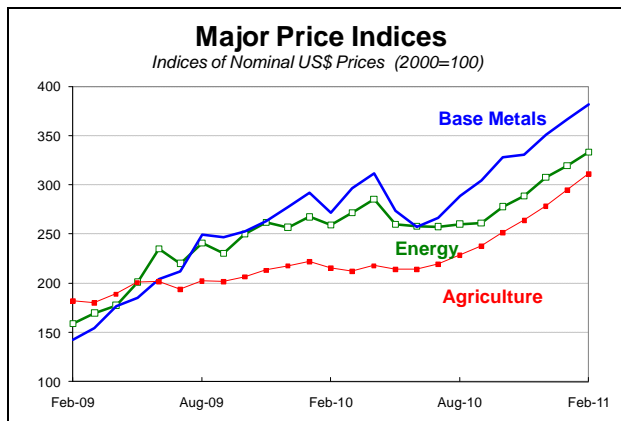
Non-energy commodity prices rose for an eighth straight month in February, up 4.8 percent, partly due to depreciation of the dollar—down 2.2 percent versus the euro. There were strong gains in nearly all main indices.

Crude oil prices increased 5.6 percent in February, up for a seventh month averaging \$92.7/bbl; however other energy prices declined (see below). The price of the international oil marker, Brent, rose above \$116/bbl in early March on escalating conflict and oil supply losses in Libya, and concerns about potential disruptions in other oil producing countries. Up to 1 mb/d of Libyan crude production has been shut-in—out of typical output of 1.6 mb/d—equivalent to slightly more than 1 percent of world oil supply. The bulk of Libya’s light-sweet crude goes to Europe, and it will be difficult for refiners to replace this grade. Saudi Arabia and other OPEC members are reportedly raising output to make up the shortfall, but much of its spare capacity is medium-sour crude.

Natural gas prices in the U.S. dropped 9.3 percent in February as temperatures moderated and inventories remained ample. European gas prices also eased on milder weather and weaker demand. **Coal prices dropped 5.3 percent** on recovering operations in Australia from severe flooding in January, and reduced sales to China. The country continues to be absent from the import market because of earlier high prices.

Agriculture prices rose 5.6 percent in February, up for a ninth straight month. Most of the gains were in raw materials and beverages. Food prices rose 2.9 percent, just 0.7 percentage points more than the dollar depreciation. Cotton prices surged 19 percent due to a number of supply shortfalls, while rubber prices jumped 10 percent as wet weather affected production in south-east Asia. Cocoa prices increased 10 percent because of political conflict in Côte d’Ivoire, while coffee increased 8-9 percent on low stocks and tight supplies. Maize prices rose 11 due to tight U.S. inventories and concerns that the U.S. might not be able to rebuild its current low level of stocks.

Metals and minerals prices rose 4.2 percent in February, up for a seventh straight month. Since mid-February, however, nearly all metals prices have declined on concerns about the impact of geopolitical unrest and higher oil prices on economic growth, as well as policy tightening in China. For the month, tin prices jumped 15 percent to a record nominal high due to continued declines in supply from Indonesia. Nickel prices increased 10 percent on strong stainless steel demand and supply shortfalls from Canada and Indonesia. Iron ore prices rose 4 percent on weather-related supply tightness in Australia and Brazil. Among precious metals, silver prices surged 8 percent on safe haven buying and worries about inflation.



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

Major Movers February¹

Cotton prices soared 18.7 percent to an all-time high due to strong demand, tight supplies and very low stocks.

Tin prices surged 14.8 percent as declines in Indonesian output are expected to continue this year, in part due to the impact of heavy rains.

Rubber prices leapt 13.4 percent to a record high as widespread bad weather owing to La Nina has caused supply disruptions throughout major growing areas in south-east Asia.

Coconut oil and palmkernel oil prices (close substitutes) rose 10.9 percent and 8.3 percent, respectively, due to a steep decline in Malaysian palmkernel oil production, causing stocks to fall to a multi-year lows.

Maize prices increased 10.5 percent due to strong demand and concerns that the U.S. might not be able to rebuild its current low level of stocks.

Nickel prices jumped 10.2 percent due to strong stainless steel demand, falling stocks, and supply shortfalls from Canada and Indonesia.

Cocoa prices climbed 9.7 percent, hitting a new 33-year high, a result of the deteriorating political situation in Côte d'Ivoire and an extension of the cocoa export ban.

Coffee robusta and arabica prices increased 9.1 percent and 8.2 percent, respectively, in response to tight supplies, especially for Arabica beans, as global coffee inventories fell to a 40-year low.

Silver prices rose 8.1 percent on strong investment demand reflecting various geopolitical/macro concerns, notably the impact of higher oil prices on growth and inflation.

Wheat prices gained 6.6 percent due to concerns about the winter wheat crop in the U.S. and China, and strong international buying.

Crude oil prices increased 5.6 percent because of political unrest in a number oil producing countries, particularly Libya where more than half of its oil production has ceased.

Iron ore prices rose 4.5 percent on supply tightness following severe weather conditions in Australia and Brazil in January and February.

Logs (Malaysia) prices rose 4.2 percent owing

to strong demand from India and China, and a supply shortfall in Sarawak from wet weather.

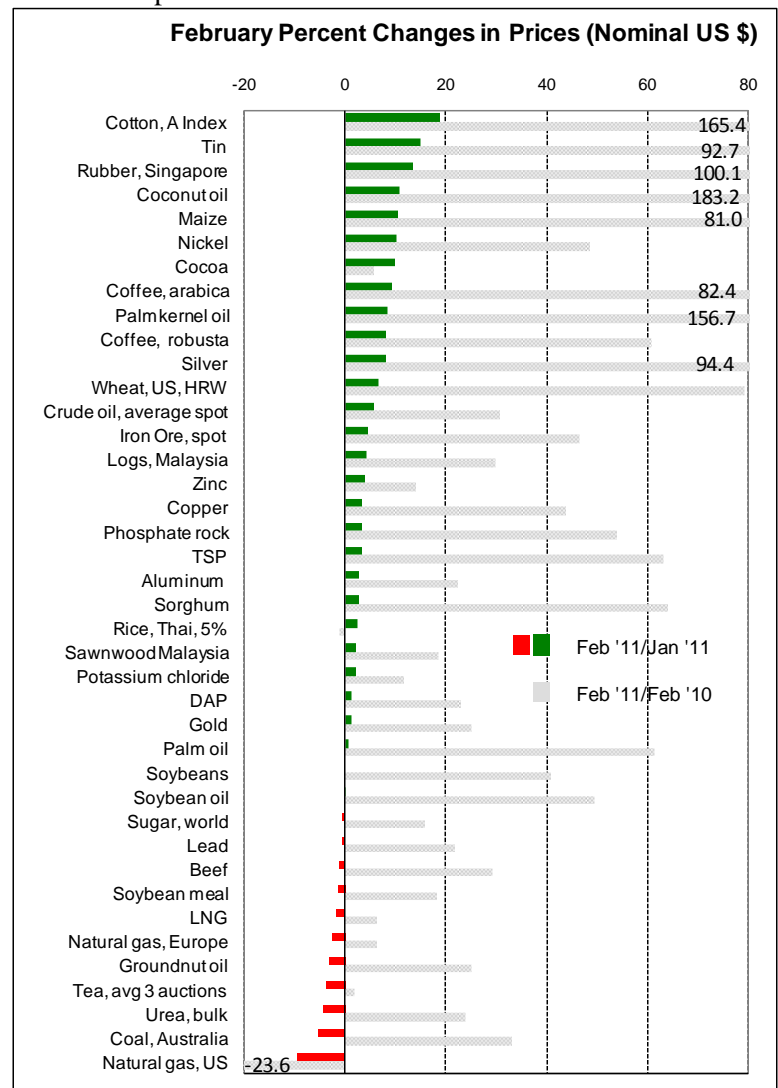
Zinc prices increased 3.9 percent on rising steel production, but the zinc market remains in surplus and stocks increased in early March.

Tea prices decreased 3.9 percent on lower quality offerings at the Kolkata auction, as well as weaker demand from Egypt.

Urea fertilizer prices declined 4.3 percent due to mounting inventories in the Middle East and limited buying in key markets.

Coal prices fell 5.3 percent due to recovering operations in Australia and an absence of Chinese demand because of earlier high prices.

Natural gas (U.S.) prices dropped 9.3 percent due to moderating temperatures, weaker demand and ample inventories.



¹ Percent change of average February 2011 prices compared to average January 2011 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-Feb	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Dec	Jan	Feb
		2009	2010	2011	2009	2010	2010	2010	2010	2010	2011	2011
Energy												
Coal, Australia	a/ \$/mt	7184	98.97	128.99	77.66	95.19	99.49	93.55	107.63	118.29	132.48	125.50
Crude oil, avg, spot	a/ \$/bbl	6176	79.04	95.30	75.50	77.06	78.18	75.51	85.42	90.01	92.69	97.91
Crude oil, Brent	a/ \$/bbl	6186	79.64	100.12	74.97	76.65	78.69	76.41	86.79	91.80	96.29	103.96
Crude oil, Dubai	a/ \$/bbl	6175	78.06	96.31	75.46	75.86	77.98	74.04	84.37	89.07	92.37	100.25
Crude oil, West Texas Int.	a/ \$/bbl	6165	79.43	89.47	76.08	78.67	77.85	76.08	85.09	89.15	89.41	89.53
Natural gas Index	a/ 2000=100	153.5	156.1	166.1	149.4	170.3	147.5	155.1	151.6	158.8	170.1	162.1
Natural gas, Europe	a/ \$/mmbtu	8.71	8.29	9.49	7.81	8.84	7.51	8.26	8.54	8.74	9.61	9.36
Natural gas, US	a/ \$/mmbtu	3.95	4.39	4.28	4.36	5.15	4.32	4.28	3.80	4.24	4.49	4.07
Natural gas LNG, Japan	a/ \$/mmbtu	8.94	10.85	11.30	9.33	10.32	10.95	11.22	10.91	10.75	11.40	11.20
Non Energy Commodities												
Agriculture												
Beverages												
Cocoa	b/ c/kg	288.9	313.3	331.9	341.8	329.7	321.0	305.9	296.6	306.0	316.5	347.2
Coffee, Arabica	b/ c/kg	317.1	432.0	608.1	341.7	353.7	392.0	468.5	513.9	547.1	581.5	634.7
Coffee, robusta	b/ c/kg	164.4	173.6	232.0	156.4	150.8	161.0	183.2	199.4	207.4	222.9	241.1
Tea, auctions (3), average	b/ c/kg	272.4	288.5	296.2	301.9	279.0	276.4	295.1	303.5	304.2	302.1	290.4
Tea, Colombo auctions	b/ c/kg	313.7	329.0	355.9	338.0	335.1	316.2	322.1	342.4	350.3	355.9	355.9
Tea, Kolkata auctions	b/ c/kg	251.5	280.5	248.2	284.4	215.8	274.0	320.6	311.7	293.7	261.2	235.2
Tea, Mombasa auctions	b/ c/kg	252.0	256.0	284.6	283.2	286.1	238.9	242.7	256.3	268.7	289.2	280.0
Food												
Fats and Oils												
Coconut oil	b/ \$/mt	725	1124	2149	734	834	955	1159	1546	1715	2038	2260
Copra	b/ \$/mt	480	750	1429	491	557	634	769	1038	1154	1354	1503
Groundnut oil	b/ \$/mt	1184	1404	1759	1152	1359	1352	1301	1604	1753	1788	1730
Palm oil	b/ \$/mt	683	901	1286	732	808	813	875	1108	1228	1281	1290
Palmkernel oil	b/ \$/mt	700	1184	2208	760	922	1034	1161	1619	1820	2120	2295
Soybean meal	b/ \$/mt	408	378	448	412	369	342	378	424	433	451	444
Soybean oil	b/ \$/mt	849	1005	1371	921	917	876	984	1242	1322	1374	1368
Soybeans	b/ \$/mt	437	450	572	439	417	409	452	522	547	572	572
Grains												
Barley	b/ \$/mt	128.3	158.4	195.8	145.5	143.6	146.9	161.9	181.1	189.6	195.2	196.5
Maize	b/ \$/mt	165.5	185.9	278.9	167.8	162.7	157.7	181.7	241.5	250.4	264.9	292.9
Rice, Thailand, 5%	b/ \$/mt	555.0	488.9	522.9	542.3	535.3	452.4	457.0	510.8	532.0	516.8	529.0
Rice, Thailand, 25%	b/ \$/mt	458.1	441.5	471.3	462.8	477.0	399.1	418.5	471.4	479.8	467.6	475.0
Rice, Thai, 35% (to be dropped)	b/ \$/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, A1 Special / Super	b/ \$/mt	326.4	383.7	413.0	346.1	400.7	333.8	376.9	423.1	413.4	405.0	421.0
Rice, Vietnam 5% (NEW)	b/ \$/mt	n.a.	429.1	498.0	n.a.	433.2	366.1	411.1	506.2	533.0	521.1	475.0
Sorghum	b/ \$/mt	151.1	165.4	249.7	163.8	156.9	142.6	153.6	208.6	221.6	246.3	253.2
Wheat, Canada	b/ \$/mt	300.5	312.4	457.3	283.4	279.0	260.9	326.1	383.6	408.9	440.5	474.1
Wheat, US, HRW	b/ \$/mt	224.1	223.6	337.3	205.4	195.4	177.4	237.9	283.6	306.5	326.6	348.1
Wheat US SRW	b/ \$/mt	186.0	229.7	329.6	195.6	193.5	186.9	253.4	284.9	308.6	320.4	338.8
Other Food												
Bananas EU	b/ \$/mt	1145	1002	1254	1032	1014	1029	933	1033	1062	1197	1311
Bananas US	b/ \$/mt	847	868	947	813	781	862	922	909	900	892	1002
Fishmeal	b/ \$/mt	1230	1687	1712	1535	1660	1814	1663	1613	1520	1631	1792
Meat, beef	b/ c/kg	263.6	335.1	407.3	273.5	314.2	342.4	330.9	353.2	374.4	409.7	404.8
Meat, chicken	b/ c/kg	171.7	172.1	170.5	165.1	167.2	173.0	176.0	172.1	171.1	170.4	170.5
Meat, sheep	b/ c/kg	427.6	531.4	634.5	450.1	447.6	486.8	572.5	618.7	610.7	627.6	641.4
Oranges	b/ \$/mt	909	1033	810	1107	1009	1084	1163	878	724	735	885
Shrimp, Mexico	b/ c/kg	945	1004	1246	864	827	945	0.0	1222	1246	1246	1246
Sugar EU domestic	b/ c/kg	52.44	44.18	44.14	49.11	46.38	42.66	43.29	44.38	43.19	43.67	44.61
Sugar US domestic	b/ c/kg	54.88	79.25	86.09	70.48	84.31	69.62	78.20	84.86	84.69	84.79	87.39
Sugar, world	b/ c/kg	40.00	46.93	65.12	50.29	51.82	34.93	42.98	58.01	61.69	65.28	64.97
Raw Materials												
Timber												
Logs, Cameroon	b/ \$/cum	421.5	428.6	446.1	449.5	431.4	408.0	426.3	448.5	436.5	441.3	450.8
Logs, Malaysia	b/ \$/cum	287.2	278.2	322.0	271.1	253.6	253.5	293.5	312.1	306.5	315.3	328.6
Plywood	c/sheets	564.6	569.1	586.6	558.4	557.2	566.3	572.3	580.5	582.4	584.5	588.7
Sawnwood, Cameroon	b/ \$/cum	748.9	812.7	829.7	806.3	804.1	787.1	811.8	847.8	832.1	827.8	831.5
Sawnwood, Malaysia	b/ \$/cum	805.5	848.3	917.8	807.4	787.8	832.6	879.8	892.9	897.0	907.8	927.8
Woodpulp	b/ \$/mt	614.6	866.8	879.5	715.6	780.9	875.5	912.9	897.8	880.8	879.1	880.0
Other Raw Materials												
Cotton A Index	b/ c/kg	138.2	228.3	431.4	157.7	178.8	199.3	205.2	330.1	370.3	394.5	468.4
Cotton Memphis (to be dropped)	b/ c/kg	145.3	233.4	435.5	172.4	183.6	200.1	215.0	335.0	381.5	390.2	480.8
Rubber, US (to be dropped)	b/ c/kg	214.6	386.6	610.8	284.7	345.2	381.5	360.7	459.1	490.3	580.9	640.7
Rubber, Singapore, RSS3	b/ c/kg	192.1	365.4	588.9	256.5	318.6	372.7	337.5	432.8	474.6	552.0	625.9
Rubber, Singapore, TSR20 (NEW)	b/ c/kg	180.0	338.1	545.7	251.6	309.8	302.3	314.4	425.9	468.9	533.2	558.1

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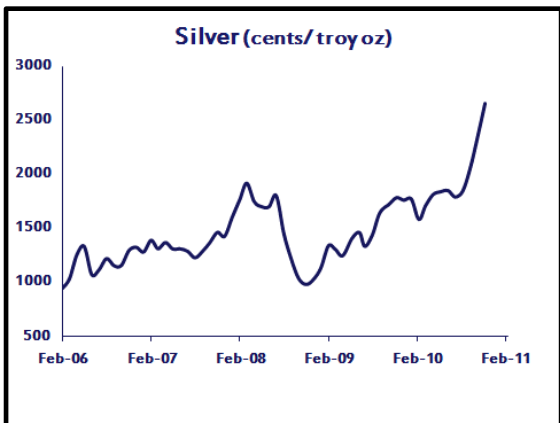
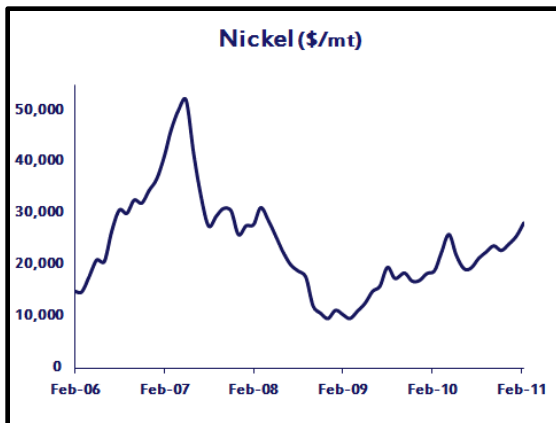
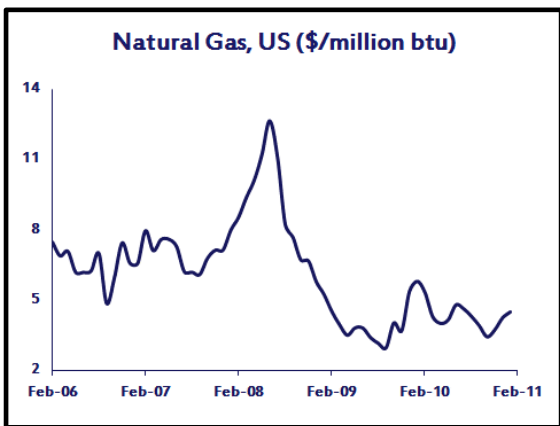
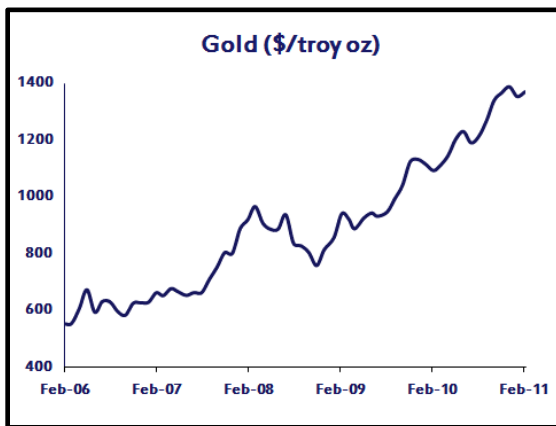
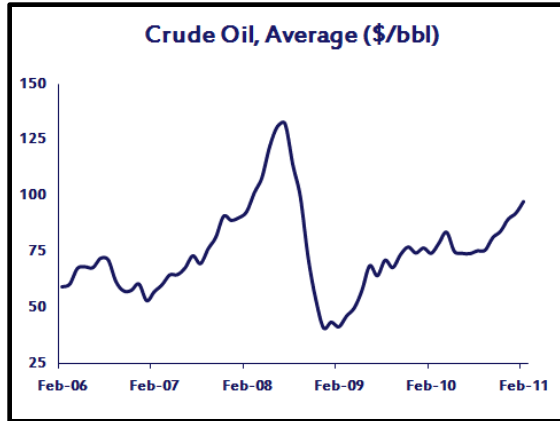
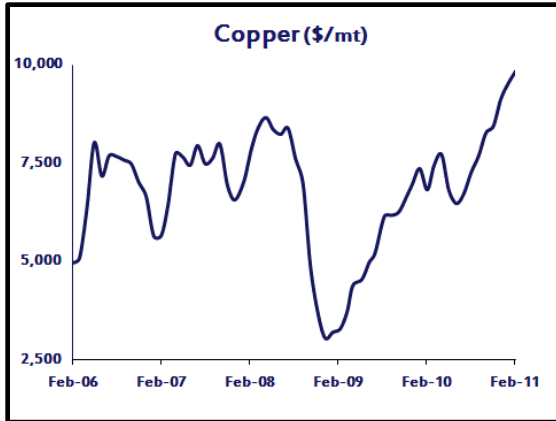
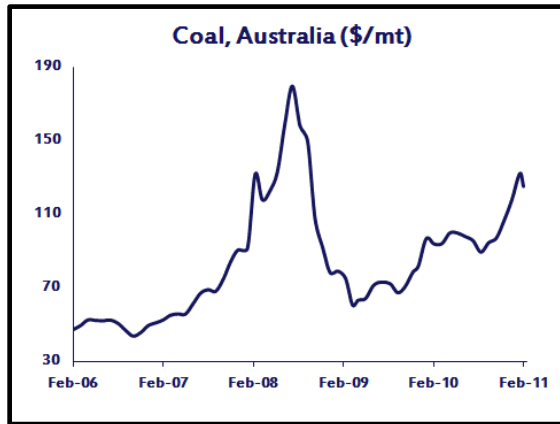
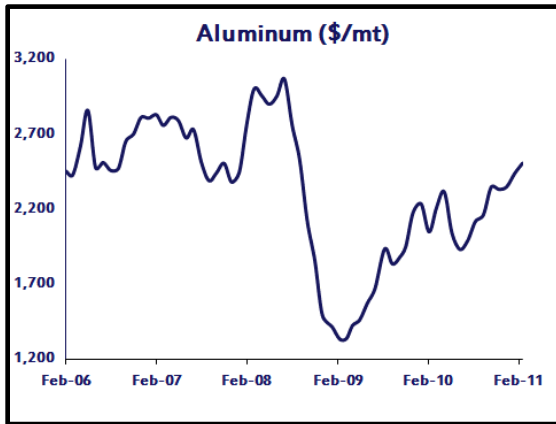
a/ Included in the energy index (2000=100) b/ Included in the non-energy index (2000=100) c/ Steel not included in the non-energy index
d/ base metals plus iron ore e/ Includes aluminum, copper, lead, nickel, tin and zinc
\$ = US dollar ¢ = US cent bbl = barrel cum = cubic meter dmtu = Dry Metric Ton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

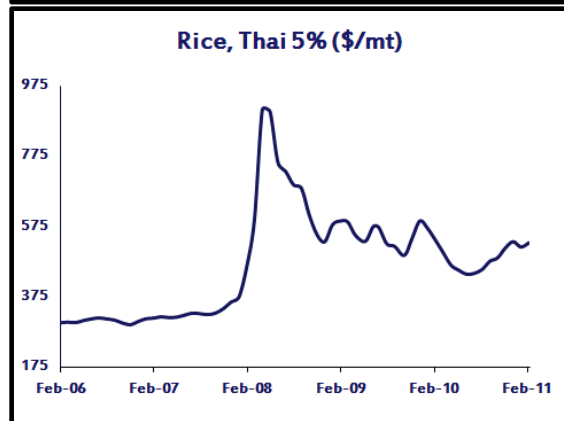
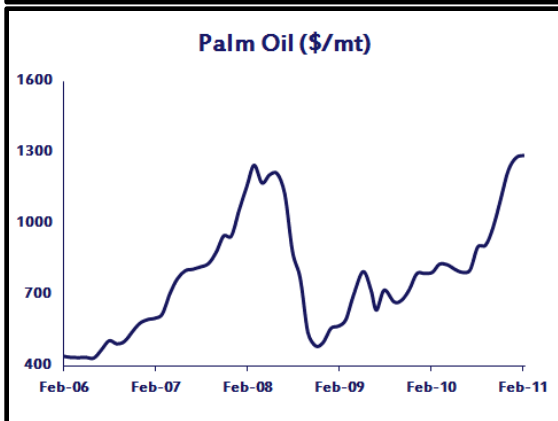
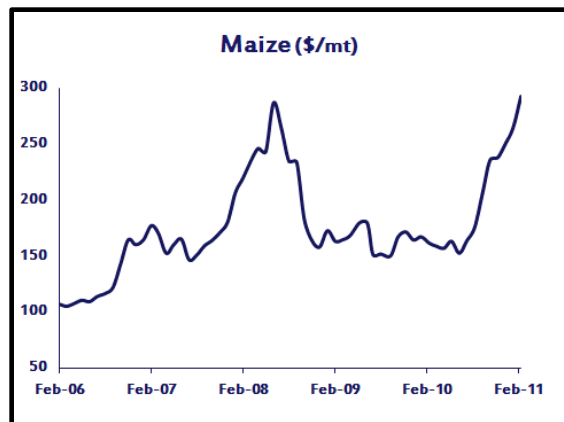
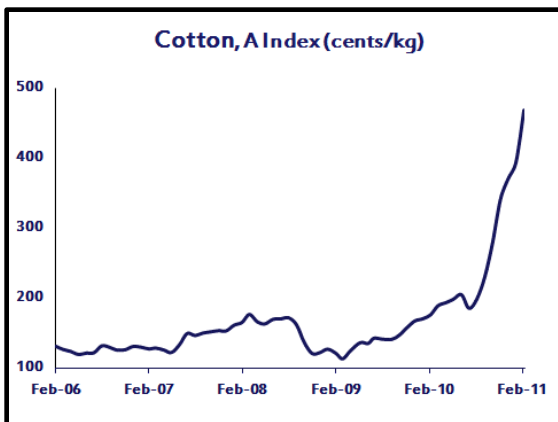
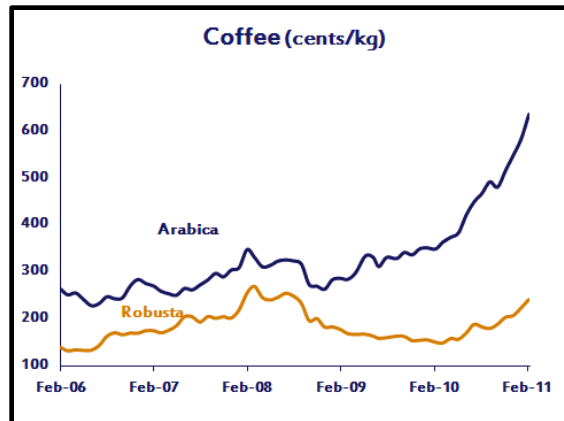
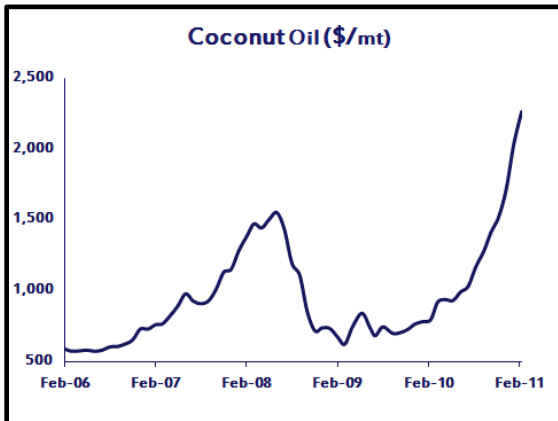
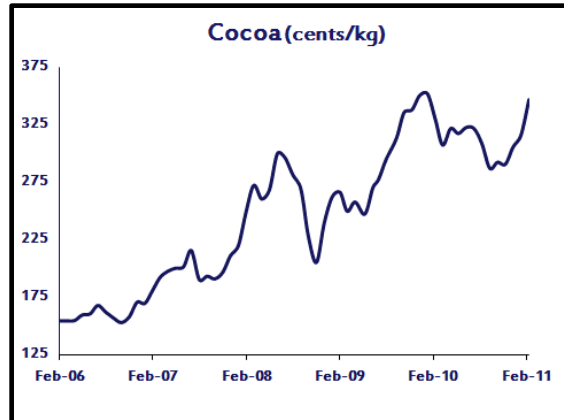
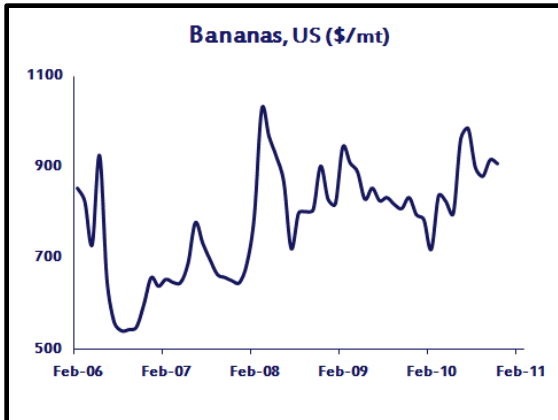
		Annual averages				Quarterly averages				Monthly averages		
		Jan-Dec	Jan-Dec	Jan-Feb	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Dec	Jan	Feb
		2009	2010	2011	2009	2010	2010	2010	2010	2010	2011	2011
Fertilizers												
DAP	b/ \$/mt	323.1	500.7	599.8	316.9	464.8	458.2	494.1	585.6	593.9	595.8	603.8
Phosphate rock	b/ \$/mt	1217	123.0	157.5	90.0	102.1	125.0	125.0	140.0	140.0	155.0	160.0
Potassium chloride	b/ \$/mt	630.4	3319	371.3	423.0	334.0	316.1	334.2	343.2	354.0	367.5	375.0
TSP	b/ \$/mt	257.4	3819	482.5	235.7	316.9	357.4	389.6	463.8	472.5	475.0	490.0
Urea, E. Europe, bulk	b/ \$/mt	249.6	288.6	366.1	248.3	281.0	237.2	279.2	357.0	375.1	374.1	358.1
Metals and Minerals												
Aluminum	b/ \$/mt	1665	2,173	2,474	2,003	2,163	2,096	2,090	2,343	2,351	2,440	2,508
Copper	b/ \$/mt	5,150	7,535	9,712	6,648	7,232	7,027	7,243	8,637	9,147	9,556	9,868
Gold	b/ \$/toz	973	1,225	1,365	1,102	1,109	1,196	1,227	1,367	1,391	1,356	1,373
Iron ore, contract, fob Brazil	b/ \$/dmto	1010	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Iron ore, spot, cfr China (NEW)	\$/dmto	80.0	145.9	183.2	97.0	131.0	159.2	137.4	155.9	163.1	179.2	187.2
Lead	b/ c/kg	1719	214.8	259.4	229.3	222.1	195.0	203.2	239.0	241.3	260.2	258.7
Nickel	b/ \$/mt	14,655	21,809	26,949	17,528	19,959	22,476	21,191	23,609	24,111	25,646	28,252
Silver	c/toz	1,469	2,020	2,970	1,760	1,693	1,838	1,901	2,647	2,937	2,855	3,086
Steel products index	c/ 2000=100	227	230	243	207	211	241	232	234	233	241	246
Steel cr coilsheet, Japan, Reins	c/ \$/mt	783	816	850	700	725	838	850	850	850	850	850
Steel hr coilsheet, Japan, Reins	c/ \$/mt	683	716	750	600	625	738	750	750	750	750	750
Steel, rebar, Japan, Reinstated	c/ \$/mt	486	563	600	522	546	621	533	550	550	600	600
Steel wire rod, Japan, Reinstated	c/ \$/mt	969	712	677	814	751	767	678	653	650	663	690
Tin	b/ c/kg	1,357	2,041	2,950	1,517	1,721	1,786	2,055	2,601	2,616	2,747	3,153
Zinc	b/ c/kg	1,655	2,161	2,418	2,214	2,289	2,026	2,013	2,315	2,281	2,372	2,465
NEW World Bank commodity price indices for low and middle income countries (2000 = 100)												
Energy		214.3	271.2	326.3	256.1	266.1	267.7	259.5	291.3	307.7	319.5	333.1
Non Energy Commodities		208.8	266.5	342.7	234.4	250.4	253.7	260.1	302.0	316.4	334.6	350.8
Agriculture		197.8	231.3	302.8	212.6	216.6	215.4	228.6	264.7	278.4	294.6	311.1
Beverages		219.9	253.8	301.2	247.9	242.5	246.9	259.2	266.4	277.4	289.6	312.9
Food		205.1	224.1	288.8	213.7	213.1	201.0	222.0	260.4	273.1	284.6	293.0
Fats and Oils		216.2	244.4	328.2	224.5	224.7	219.7	241.1	292.1	312.8	327.7	328.7
Grains		214.9	215.8	290.8	210.8	205.1	186.6	212.5	259.1	271.8	281.0	300.5
Other Food		181.6	204.9	235.2	202.0	205.1	189.4	205.3	219.7	222.0	231.2	239.3
Raw Materials		168.7	237.5	337.8	192.0	211.9	234.4	229.2	274.4	291.9	321.2	354.3
Timber		138.9	143.5	157.7	137.3	132.7	138.6	149.4	153.3	153.2	155.6	159.8
Other Raw Materials		201.4	340.3	534.7	251.8	298.6	339.1	316.5	406.9	443.7	502.4	567.0
Fertilizers		293.0	280.0	347.3	242.8	259.0	253.3	278.5	329.3	339.8	347.8	346.8
Metals and Minerals d/		221.9	337.2	423.9	278.2	318.6	332.2	322.5	375.4	391.6	415.3	432.6
Base Metals e/		208.9	297.8	374.6	264.6	287.0	280.9	286.5	336.8	350.9	367.2	382.0

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 dmto = 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, 2006-2011



Selected Commodity Prices, Nominal US dollars, 2006-2011 Cont'd



Selected Commodity Prices, Nominal US dollars, 2006-2011 Cont'd

