

Global Commodity Markets

COMMODITIES TEAM OF DECPG, WORLD BANK

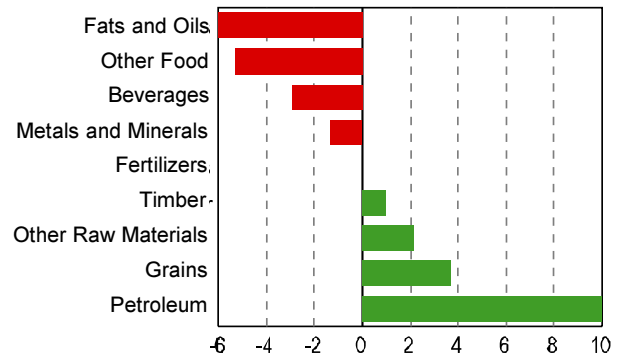
monthly update

february 1999

The CRB index of commodities prices fell to a 21-year low in early February, as many commodities continued to take a pounding. The World Bank's non-energy price index declined 1.8% in January. The list of winners and losers shows that the wave of commodity price declines has now spread to commodities which are exported more heavily by Latin American countries, while prices for those commodities exported by East Asian countries were generally higher. Coffee, soybeans, and sugar prices were lower, while tropical timber, tea, natural rubber, and rice prices were all higher. Petroleum prices were 10% higher.

Prices got another jolt when Brazil allowed its currency to float on January 13th and stopped supporting it on January 15th. The result was a quick decline in the real relative to the US dollar (now down 36%). The devaluation is expected to cause Brazilian producers to draw down their stocks of commodities and divert supplies from the domestic market to the export market in response to the strong dollar. The devaluation contributed to lower prices for those commodities in which Brazil has a large share of world exports. The increased supplies will add downward pressure to an already weak commodity market.

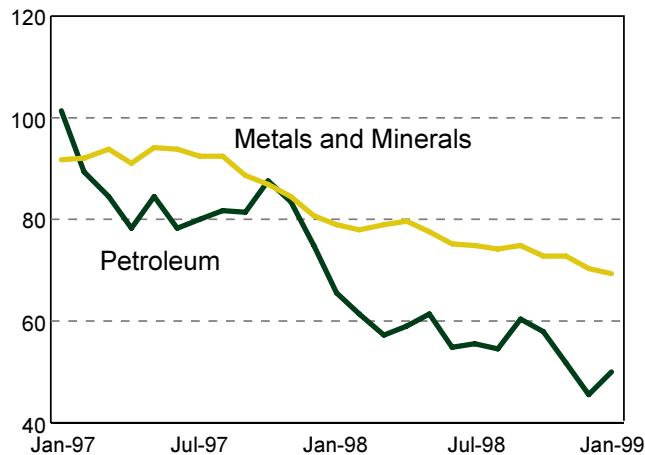
Percentage Change in Price Indices December 1998 - January 1999



Brazil's share of world exports in 1997 was 23% for coffee, 29% for iron ore, 82% for orange juice concentrate, 22% for soybeans and products, and 24% for sugar. Futures prices were quick to respond to the devaluation, with sugar prices falling more than 20% in the two week period from just prior to the devaluation. Coffee prices fell about 12%, soybean prices declined about 10%, and orange juice concentrate fell about 5%. Other commodity prices also declined partly in response to the Brazilian devaluation, and possibly due to the expectations that currency devaluations may spread to other major producers in the region.

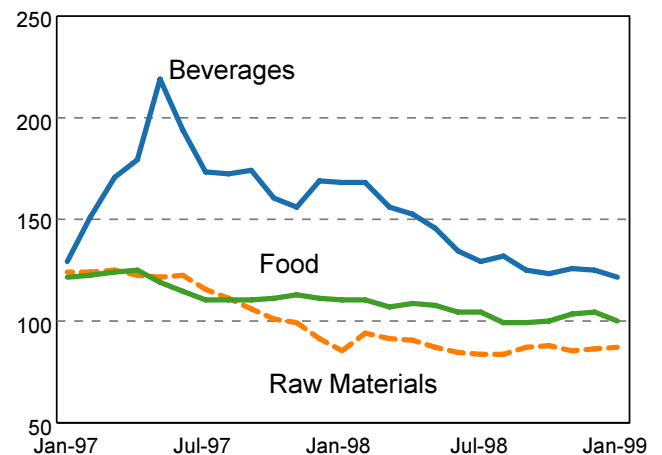
Petroleum and Metals Price Indices

January 1997 - 99 (June 1990 = 100)



Agriculture Price Indices

January 1997 - 99 (June 1990 = 100)



Major Movers in January

Oil prices rose about 10% in January due to cold weather. However, the price increase was from very low levels following OPEC's decision not to reduce production further. Crude oil stocks fell slightly, but still remain high enough to discourage further price increases. The price increases in early January gave way to lower prices later in the month, and prices for early February were near record lows.

Arabica and robusta coffee prices declined in January by 4% and 2%, respectively, mainly in response to Brazil's currency devaluation. During the two weeks following the devaluation the arabica contract at the New York Coffee, Cocoa, and Sugar Exchange declined by 13%, while the arabica contract in

London declined by 5%. Fears that Brazil will flood the market with coffee still persist, while Central American arabica producers are discussing the possibility of taking measures to curtail coffee exports. Much depends on whether Brazil will impose an export tax on coffee.

Vegetable oil prices came under intense pressure following Indonesia's announcement that it would reduce its export tax on palm oil from 60% to 40%. Soybean oil prices declined by 7.6%, while palm oil prices declined by 4.7%. The devaluation of the real put more downward pressure on soybeans, causing prices to decline by more than 6%.

Malaysian rubber prices increased by 6.5%, following Malaysia's imposition of capital controls. Exporters have turned to Indonesia and Thailand for rubber, thus putting some upward pressure on prices.

Rice prices rose on concerns that Thailand's dry season crop, which begins harvesting in March, will be reduced due to drought conditions and inadequate irrigation water. The price increases were confined to the high grades of rice such as the Thai 5% broken while prices for the lower grades remained unchanged.

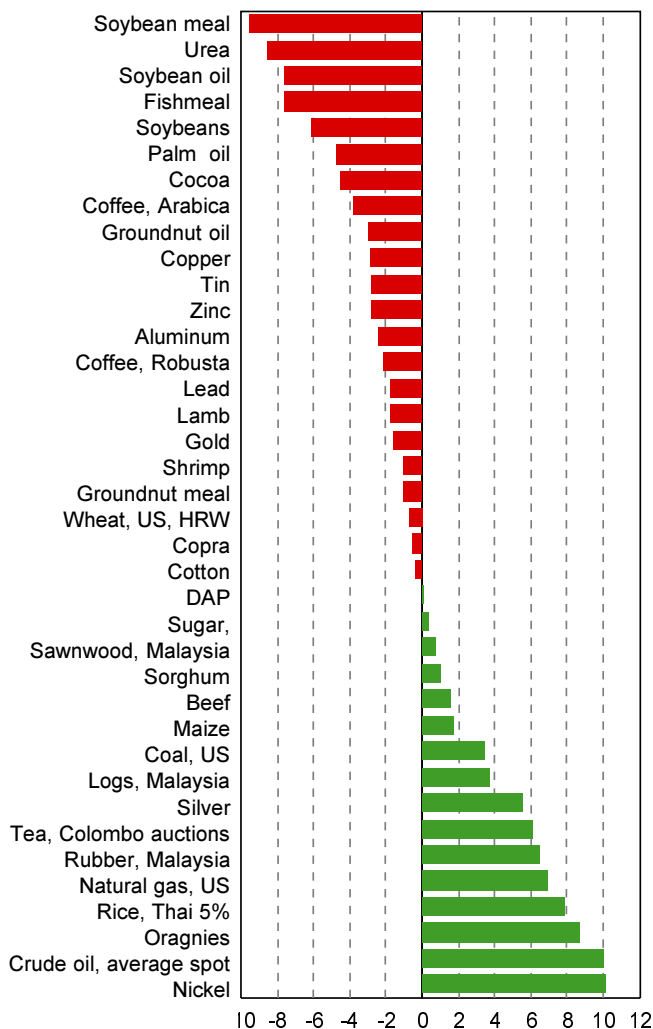
Urea prices, down 8.5% in January, continued to fall due to large exports from Eastern Europe.

Sugar prices declined sharply following the devaluation of the real, but the average price for January remained unchanged as gains in early January were erased by month-end. Prices are expected to continue falling on the recent news that Brazil's crop will be larger than previously expected.

Tea prices were higher, with the Colombo auction price up 6.1% due to a recovery in Russian imports. Mombasa auction prices were up 12% due to concerns over the size of the coming crop which may have been damaged by drought conditions.

Tropical timber prices were higher as shortages of logs developed following a sustained period of low prices. Heavy rains have also hampered logging in Southeast Asia.

**Percentage Change in Price
December 1998 - January 1999**



COMMODITY PRICE DATA

Commodity	Unit	-----Quarterly averages-----				-----Monthly averages-----			----- Changes (%) -----				
		Oct-Dec 1997	Jan-Mar 1998	Apr-Jun 1998	Jul-Sep 1998	Oct-Dec 1998	Nov 1998	Dec 1998	Jan 1999	Q4 '98/ Q4 '97	Q4 '98/ Q3 '98	Jan '99 / Dec '98	Jan '99
Energy													
Coal, Australia	\$/mt	34.05	32.24	30.49	27.76	26.43	26.10	26.10	30.00	-22.4	-4.8	14.9	-4.1
Coal, US	\$/mt	35.66	35.24	34.76	34.04	33.50	33.50	33.50	34.63	-6.1	-1.6	3.4	-2.7
Crude oil, average spot	a/ \$/bbl	18.74	14.07	13.36	13.01	11.85	11.88	10.41	11.45	-36.8	-8.9	10.0	-23.8
Crude oil, Brent	a/ \$/bbl	18.62	14.08	13.29	12.42	11.09	10.92	9.80	11.06	-40.4	-10.7	12.9	-26.7
Crude oil, Dubai	a/ \$/bbl	17.87	12.44	12.08	12.41	11.56	11.76	10.12	10.78	-35.3	-6.8	6.5	-20.0
Crude oil, West Texas Int.	a/ \$/bbl	19.73	15.69	14.64	14.16	12.90	12.96	11.31	12.49	-34.6	-8.9	10.4	-24.3
Natural gas, Europe	\$/mmbtu	2.65	2.63	2.52	2.37	2.15	2.15	2.13	2.02	-18.9	-9.3	-5.2	-23.8
Natural gas, US	\$/mmbtu	2.80	2.18	2.24	2.01	1.91	2.10	1.74	1.86	-31.8	-5.0	6.9	-11.1
Non-Energy Commodities													
Agriculture													
Beverages													
Cocoa	b/ c/kg	172.5	167.8	174.2	169.5	159.1	160.0	152.4	145.6	-7.8	-6.2	-4.5	-12.9
Coffee, Arabica	b/ c/kg	371.4	377.5	303.5	259.2	252.4	256.6	258.8	249.0	-32.0	-2.6	-3.8	-36.9
Coffee, Robusta	b/ c/kg	171.3	183.0	192.9	173.5	179.7	176.7	185.3	181.4	4.9	3.6	-2.1	-1.1
Tea, Calcutta auctions	b/ c/kg	241.0	231.8	229.5	214.5	190.0	192.8	177.0	173.9	-21.2	-11.4	-1.8	-30.0
Tea, Colombo auctions	b/ c/kg	224.2	236.0	215.3	197.3	181.4	187.6	172.6	183.1	-19.1	-8.1	6.1	-12.4
Tea, Mombasa auctions	b/ c/kg	233.5	254.8	169.0	171.2	164.6	158.8	161.3	182.0	-29.5	-3.9	12.8	-17.0
Food													
Fats and Oils													
Coconut oil	b/ \$/mt	609.7	565.0	664.3	662.0	740.3	752.0	774.0	763.0	21.4	11.8	-1.4	36.7
Copra	\$/mt	406.0	375.7	404.7	404.7	459.3	465.0	474.0	471.0	13.1	13.5	-0.6	24.0
Groundnut meal	\$/mt	175.7	137.3	114.3	108.0	105.0	105.0	105.0	104.0	-40.2	-2.8	-1.0	-29.7
Groundnut oil	b/ \$/mt	1077.0	1011.0	906.3	862.7	857.7	862.0	861.0	835.0	-20.4	-0.6	-3.0	-20.9
Palm oil	b/ \$/mt	556.3	650.3	675.3	679.3	679.3	681.0	663.0	632.0	22.1	0.0	-4.7	1.8
Palmkernel oil	\$/mt	606.7	605.0	706.3	694.3	741.0	746.0	763.0	744.0	22.1	6.7	-2.5	26.7
Soybean meal	b/ \$/mt	266.7	209.7	162.0	149.0	160.7	163.0	168.0	152.0	-39.7	7.8	-9.5	-34.2
Soybean oil	b/ \$/mt	636.3	637.0	654.0	606.3	606.3	614.0	591.0	546.0	-4.7	0.0	-7.6	-12.0
Soybeans	b/ \$/mt	283.3	270.3	247.7	224.3	229.0	234.0	230.0	216.0	-19.2	2.1	-6.1	-20.9
Grains													
Maize	b/ \$/mt	117.0	114.1	105.8	91.6	96.5	98.1	95.8	97.4	-17.6	5.4	1.8	-15.7
Rice, Thai, 5%	b/ \$/mt	262.6	293.8	318.4	322.3	282.2	270.0	277.8	299.8	7.4	-12.5	7.9	4.7
Rice, Thai, 25%	\$/mt	230.3	246.0	262.0	273.7	257.7	250.7	251.5	258.8	11.9	-5.8	2.9	4.8
Rice, Thai, 35%	\$/mt	222.9	235.3	249.7	262.1	251.6	245.7	245.3	251.8	12.9	-4.0	2.7	6.9
Rice, Thai, A1.Special	\$/mt	189.5	188.2	199.8	225.6	238.5	231.0	232.8	233.5	25.8	5.7	0.3	26.4
Sorghum	b/ \$/mt	111.8	111.2	100.4	90.5	90.0	92.2	90.2	91.1	-19.5	-0.5	1.0	-18.2
Wheat, Canada	\$/mt	172.7	168.7	165.3	153.0	164.7	165.9	167.6	167.2	-4.6	7.6	-0.2	-1.1
Wheat, US, HRW	b/ \$/mt	148.7	138.7	126.6	111.6	127.7	130.2	126.2	125.3	-14.2	14.4	-0.7	-8.0
Wheat, US, SRW	\$/mt	139.2	129.1	112.6	95.3	109.0	115.3	104.1	103.2	-21.7	14.4	-0.9	-20.8
Other Food													
Bananas	b/ \$/mt	404.8	422.2	567.5	456.5	520.1	542.9	617.3	n.a.	n.a.	n.a.	n.a.	n.a.
Beef	b/ c/kg	181.7	181.3	176.1	166.7	166.2	166.6	168.3	171.1	-8.5	-0.3	1.6	-6.4
Fishmeal	\$/mt	698.3	694.7	681.3	670.3	601.3	601.0	541.0	500.0	-13.9	-10.3	-7.6	-28.9
Lamb	c/kg	333.0	312.5	272.3	251.1	264.2	263.3	254.1	249.6	-20.6	5.2	-1.8	-23.9
Oranges	b/ \$/mt	420.5	388.2	450.1	516.3	415.1	428.2	383.9	417.4	-1.3	-19.6	8.7	15.4
Shrimp	c/kg	1640	1653	1661	1574	1427	1433	1433	1418	-13.0	-9.3	-1.0	-14.2
Sugar, EU, domestic	b/ c/kg	60.50	59.94	59.59	58.59	60.88	60.76	61.09	60.36	0.6	3.9	-1.2	1.1
Sugar, US, domestic	b/ c/kg	48.52	48.05	49.15	49.10	48.27	48.13	48.92	49.41	-0.5	-1.7	1.0	2.0
Sugar, world	b/ c/kg	26.27	23.57	19.85	17.92	17.34	17.77	17.81	17.88	-34.0	-3.2	0.4	-29.0
Raw Materials													
Timber													
Logs, Cameroon	\$/cum	291.9	287.7	282.7	279.4	295.9	292.7	294.6	289.4	1.4	5.9	-1.8	0.6
Logs, Malaysia	b/ \$/cum	217.8	196.9	150.2	140.7	162.0	159.5	163.5	169.6	-25.6	15.1	3.7	-14.0
Plywood	c/sheet	439.5	403.6	361.1	344.3	395.2	389.8	416.6	432.9	-10.1	14.8	3.9	5.7
Sawnwood, Cameroon	\$/cum	572.3	530.5	523.6	519.2	532.0	523.2	517.9	508.9	-7.0	2.5	-1.7	-4.7
Sawnwood, Malaysia	b/ \$/cum	509.4	474.6	476.7	465.5	519.8	514.0	535.0	538.5	2.0	11.7	0.7	30.3
Woodpulp	\$/mt	597.0	527.5	540.5	507.5	459.6	457.8	457.8	457.8	-23.0	-9.4	0.0	-19.0

COMMODITY PRICE DATA

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Agriculture (continued)													
Other Raw Materials													
Cotton	b/ c/kg	168.5	153.9	146.2	150.2	127.5	123.6	123.5	123.0	-24.3	-15.1	-0.4	-22.7
Jute	\$/mt	242.3	243.3	258.8	260.0	270.0	280.0	250.0	250.0	11.5	3.8	0.0	4.2
Rubber, Malaysia	b/ c/kg	81.3	74.8	75.3	68.0	70.6	71.9	67.1	71.5	-13.1	3.9	6.5	5.7
Rubber, NY	c/kg	103.3	92.8	92.0	86.1	87.0	88.2	84.3	86.0	-15.7	1.1	2.0	-3.9
Rubber, Singapore	c/kg	80.8	73.1	73.4	68.3	69.0	69.3	64.2	68.1	-14.7	0.9	5.9	-2.1
Sisal	\$/mt	760.0	778.3	805.0	850.0	850.0	850.0	850.0	850.0	11.8	0.0	0.0	11.0
Wool	c/kg	412.9	374.3	350.8	313.0	307.2	312.4	305.7	312.6	-25.6	-1.8	2.3	-17.0
Fertilizers													
DAP	\$/mt	200.1	194.6	205.3	209.5	204.4	204.4	201.9	202.2	2.1	-2.4	0.1	3.1
Phosphate rock	b/ \$/mt	41.0	43.0	43.0	43.0	43.0	43.0	43.0	43.0	4.9	0.0	0.0	0.0
Potassium chloride	\$/mt	116.5	116.5	116.5	116.5	118.1	118.5	118.5	118.5	1.3	1.3	0.0	1.7
TSP	b/ \$/mt	168.7	172.5	175.9	175.0	168.9	167.5	167.5	167.5	0.1	-3.5	0.0	-2.9
Urea, E. Europe, bagged	\$/mt	110.8	110.3	111.7	102.3	88.0	89.4	82.5	75.5	-20.6	-14.0	-8.5	-31.2
Urea, E. Europe, bulk	\$/mt	92.0	89.7	89.5	84.8	68.3	69.5	66.0	63.0	-25.7	-19.5	-4.5	-27.2
Metals and Minerals													
Aluminum	b/ \$/mt	1579	1463	1363	1321	1283	1295	1249	1218	-18.8	-2.9	-2.4	-18.0
Copper	b/ \$/mt	1911	1700	1731	1640	1545	1574	1474	1431	-19.2	-5.8	-2.9	-15.2
Gold	\$/toz	306.6	294.2	299.9	288.7	293.9	294.1	291.7	287.1	-4.1	1.8	-1.6	-0.7
Iron ore	b/ c/dmtu	28.88	29.69	29.69	29.69	29.69	29.69	29.69	29.69	2.8	0.0	0.0	0.0
Lead	b/ c/kg	56.3	53.6	54.8	53.4	49.6	49.4	50.1	49.2	-11.9	-7.2	-1.8	-7.4
Nickel	b/ \$/mt	6155	5425	4963	4169	3961	4132	3878	4269	-35.7	-5.0	10.1	-22.3
Silver	c/toz	526.2	624.8	571.2	522.0	495.8	498.4	488.7	516.2	-5.8	-5.0	5.6	-11.7
Steel products (8) index	c/ 1990=100	84.5	80.4	76.7	73.4	69.0	69.7	66.4	65.3	-18.4	-6.0	-1.6	-18.8
Steel, cold rolled coilsheet	\$/mt	443.3	416.7	386.7	360.0	320.0	320.0	310.0	310.0	-27.8	-11.1	0.0	-26.2
Steel, hot rolled coilsheet	\$/mt	330.0	316.7	293.3	270.0	236.7	240.0	220.0	210.0	-28.3	-12.3	-4.5	-34.4
Steel, rebar	\$/mt	306.7	296.7	260.0	233.3	240.0	240.0	240.0	240.0	-21.7	2.9	0.0	-20.0
Steel, wire rod	\$/mt	346.7	328.3	336.7	336.7	326.7	330.0	310.0	300.0	-5.8	-3.0	-3.2	-6.3
Tin	b/ c/kg	557.8	530.9	585.3	561.0	538.9	547.8	525.8	511.0	-3.4	-3.9	-2.8	-1.9
Zinc	b/ c/kg	118.5	106.3	105.6	102.3	95.6	96.7	95.9	93.3	-19.4	-6.6	-2.8	-15.0
World Bank commodity price indices for low and middle income countries (1990 =100)													
Petroleum		81.9	61.5	58.4	56.9	51.8	51.9	45.5	50.1	-36.8	-8.9	10.0	-23.8
Non-Energy Commodities		109.3	105.9	101.0	95.2	94.5	95.0	94.5	92.8	-13.6	-0.7	-1.8	-12.4
Agriculture		119.2	116.3	109.6	102.5	102.6	103.0	103.3	101.2	-13.9	0.2	-2.0	-13.0
Beverages		161.9	164.3	144.2	129.0	124.9	125.9	125.4	121.7	-22.9	-3.2	-2.9	-27.8
Food		112.0	109.1	106.8	101.0	102.5	103.3	104.0	100.3	-8.5	1.5	-3.6	-9.0
Fats and Oils		146.3	140.0	132.5	127.2	131.5	132.9	132.2	124.3	-10.1	3.3	-6.0	-12.5
Grains		103.8	105.6	104.2	97.7	96.2	95.4	95.1	98.6	-7.3	-1.6	3.7	-5.7
Other Food		88.7	85.8	87.3	81.4	82.4	83.8	86.2	81.6	-7.1	1.3	-5.3	-6.6
Raw Materials		97.1	90.3	87.7	84.9	86.4	85.6	85.9	87.4	-11.0	1.8	1.6	2.2
Timber		98.7	91.9	88.8	86.3	96.7	95.6	99.3	100.3	-2.0	12.1	1.0	22.4
Other Raw Materials		96.1	89.2	87.0	83.9	79.4	78.8	76.8	78.5	-17.3	-5.4	2.2	-10.7
Fertilizers		118.2	121.8	123.4	123.0	120.1	119.4	119.4	119.4	1.6	-2.4	0.0	-2.0
Metals and Minerals		84.1	78.7	77.4	74.5	72.0	72.9	70.4	69.4	-14.4	-3.4	-1.3	-12.1

a/ Included in the petroleum index
 \$ = U.S. dollar c = U.S. cent
 mmbtu = million British thermal units

b/ Included in the non-energy index
 bbl = barrel cum = cubic meter
 mt = metric ton toz = troy oz

c/ Steel not included in the non-energy index
 dmtu = Dry Metric Ton Unit kg = kilogram

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 February 5, 1999