

Commodity Markets Review

December 10, 2010

DECPG, The World Bank

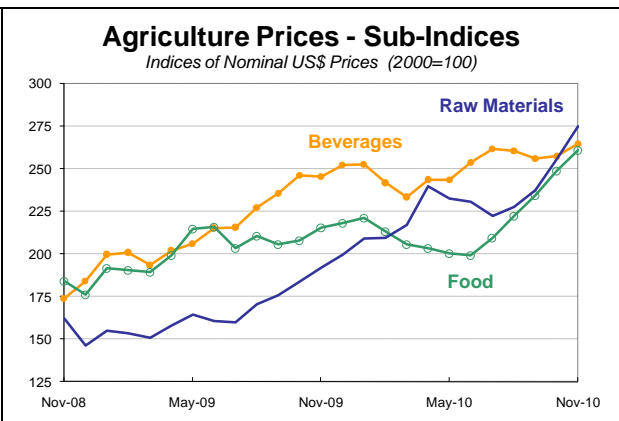
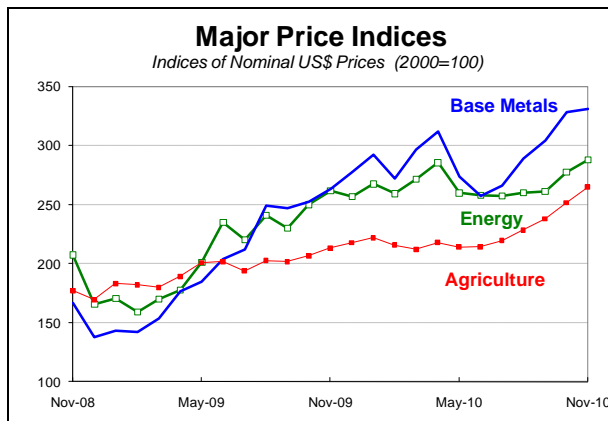
Non-energy commodity prices rose for a fifth straight month in November, up 3.4 percent, despite slight strengthening of the dollar. There was large volatility during the month, with prices of many exchange traded commodities peaking early in November then declining sharply before recovering more recently.

Crude oil prices increased 3.4 percent in November, up for a fourth month, averaging \$84.5/bbl. However, prices surged to nearly \$90/bbl in early December, due to higher refining runs and falling stocks. Strong distillate demand globally has been augmented by cold weather in Europe and, more recently, in the U.S. Distillate demand in China surged because of policy measures to meet energy efficiency goals under the 11th Five-Year Plan during 2005-2010. Local Chinese authorities have cut off power to large industrial users, who have turned to diesel power generators. OPEC meets December 11th and is not expected to raise quotas, as prices remain in the broad \$70-90/bbl range that OPEC ministers deem comfortable.

Natural gas prices in the U.S. jumped 8.6 percent in November due to strong heating demand from cold weather. However, prices remained at a relatively low \$3.7/mmbtu, due to large stocks and growth in domestic production. European gas prices rose 3.6 percent, also on cold weather, and stand at \$8.6/mmbtu in part due to indexation of imported gas to oil prices.

Agriculture prices rose 5.3 percent in November, up a sixth straight month, with strong gains in most indices, particularly fats & oils and raw materials. Since end-November wheat prices surged 21 percent on concerns that heavy rains in Australia will reduce production. Groundnut oil prices jumped 30 percent in November due to lower production in Argentina and export ban in India. Other main oilseeds prices posted strong increases due to strong Chinese import demand and various weather-related supply shortfalls this year. Cotton prices surged 22 percent on strong demand and low global stocks, while rubber prices climbed 10 percent as wet weather in Asia curbed supply.

Base metal prices rose 0.8 percent in November, up a fifth straight month, with gains in copper outweighing declines in all other metals. Copper prices rose 2.1 percent (rising above \$9000/ton in early December) on falling inventories, slow mine supply growth, and expectations of the potential impact of physically-backed exchange traded funds (ETFs). ETF Securities announced that they will launch the first physically-backed ETFs for copper, nickel and tin on December 10 in London, and that ETFs in aluminum, lead and zinc will be available in 2011. Among precious metals, silver prices increased 13.2 percent on strong investment and industrial demand, the former partly a hedge against potential inflation.



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

Major Movers November¹

Groundnut oil prices soared 29.8 percent due to weak exports from Argentina and the ongoing ban on exports by India.

Cotton prices surged 22.2 percent due to strong demand, low global stocks, and supply shortfalls this year.

Palmkernel oil and coconut oil prices (close substitutes) rose 16.5 percent and 7.7 percent, respectively, due to weak coconut oil supply and overall demand strength for edible oils.

Palm oil and soybean oil prices (close substitutes) jumped 13.5 percent and 8.0 percent, respectively, on strong Chinese import demand and shortage of competing oils, the latter partly due to weather-induced shortfalls in Eastern Europe and Central Asia.

Silver prices climbed 13.2 percent due to strong investment and industrial demand.

Urea fertilizer prices rose 11.2 percent reflecting strong demand in the U.S. and Europe, and concerns about lower exports from China.

Rubber prices increased 9.7 percent because of weather-related supply problems in key South-East Asian suppliers, and higher crude oil prices.

Natural gas (U.S.) prices rose 8.6 percent on strong space heating demand late in the month owing to cold weather.

Coffee robusta and arabica prices increased 7.9 percent and 7.3 percent, respectively, due to tight supplies in Vietnam (robusta) and Colombia (arabica).

Sugar prices rose 7.1 percent on weather-related supply problems in Australia and India.

Soybean and soybean meal prices increased 6.7 percent and 5.2 percent, respectively, due to strong demand in China, supply problems in Argentina, and lower U.S. crop estimates.

Rice prices increased 5.9 percent on strong import demand in China and lower supplies because of floods in Thailand, Vietnam and Pakistan this year.

Coal prices rose 5.4 percent because of strong cold-weather demand in Europe, and wet-weather production problems in Australia and Colombia.

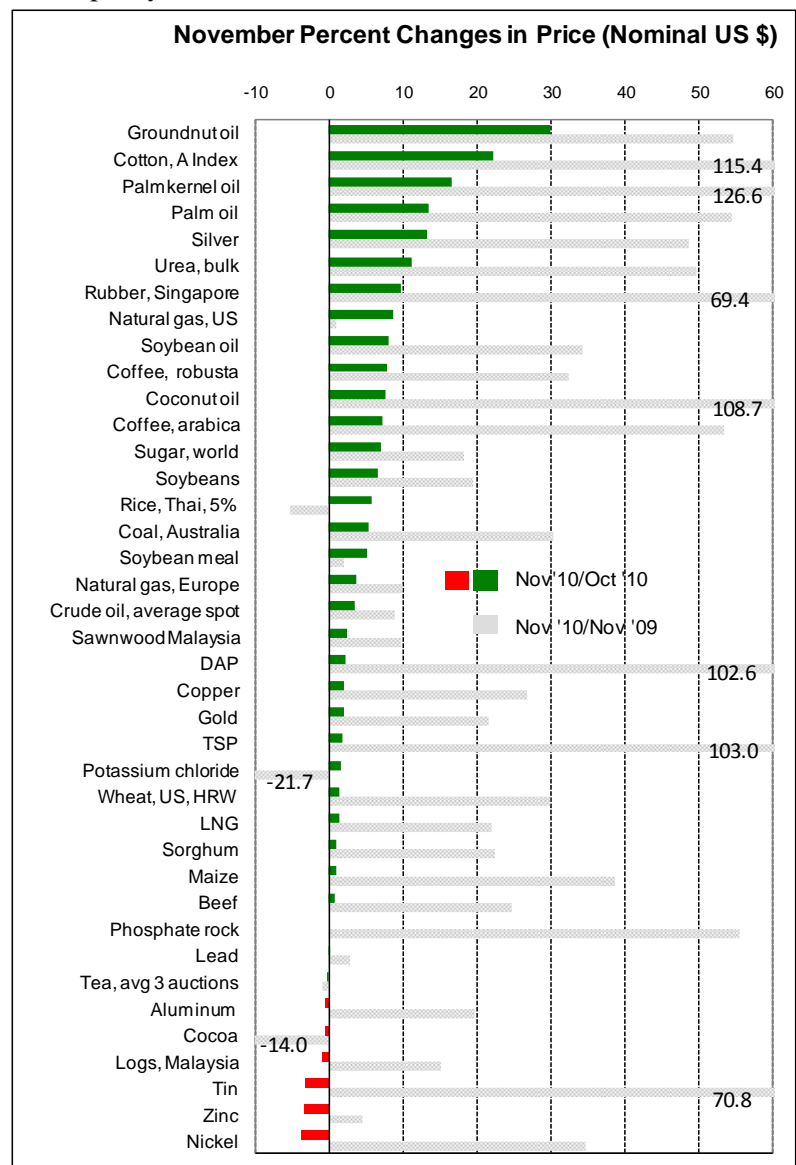
Natural gas (Europe) prices increased 3.6

percent on stronger demand owing to extreme cold weather and sharp drawdown of inventories.

Tin prices fell 3.1 percent due to rising inventories and large production increases in Indonesia as producers responded to recent record-high prices.

Zinc prices declined 3.4 percent on higher stocks and over-supply conditions, although warehouse financing deals have absorbed a significant portion of the excess metal.

Nickel prices decreased 3.8 percent because of rising inventories and expectations of large capacity additions in 2011.



¹ Percent change of average November 2010 prices compared to average October 2010 prices in nominal U.S. dollars (graph includes 12-month changes in grey).

COMMODITY PRICE DATA

Table with columns: Commodity, Unit, Annual averages (Jan-Dec 2008, Jan-Dec 2009, Jan-Nov 2010), Quarterly averages (Jul-Sep 2009, Oct-Dec 2009, Jan-Mar 2010, Apr-Jun 2010, Jul-Sep 2010), Monthly averages (Sep 2010, Oct 2010, Nov 2010). Sections include Energy, Non Energy Commodities, Agriculture, Beverages, Food, Fats and Oils, Grains, Other Food, Raw Materials, Timber, and Other Raw Materials.

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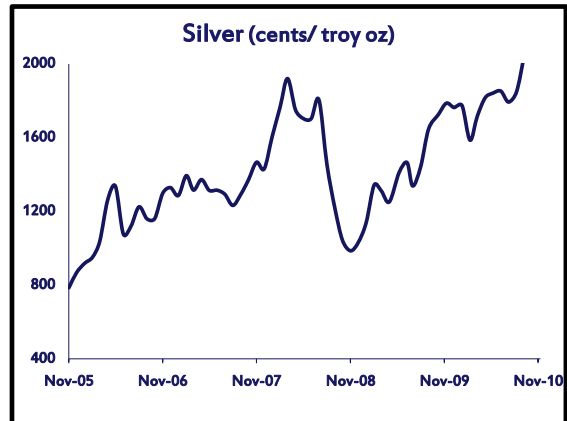
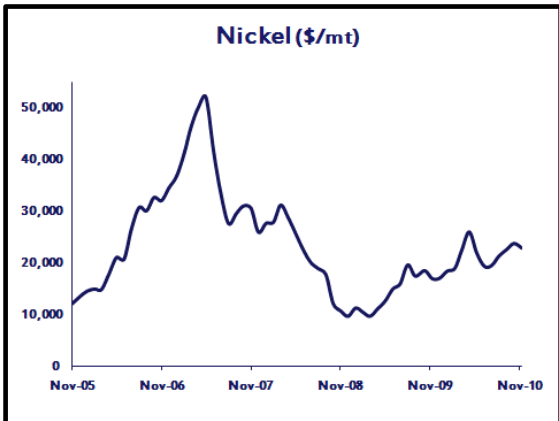
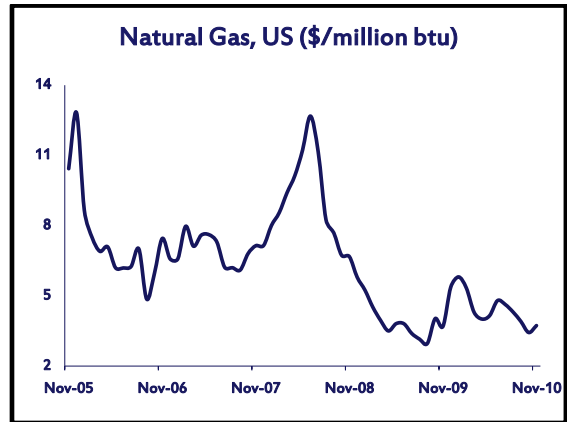
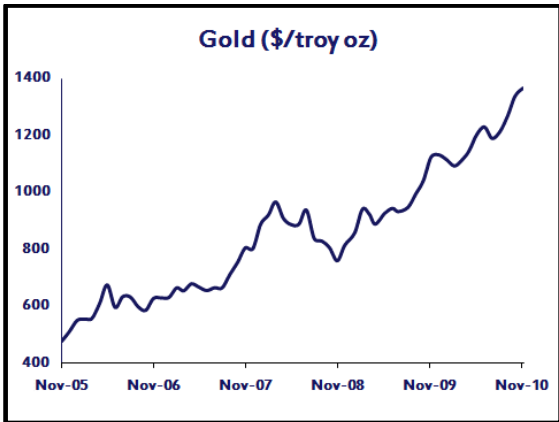
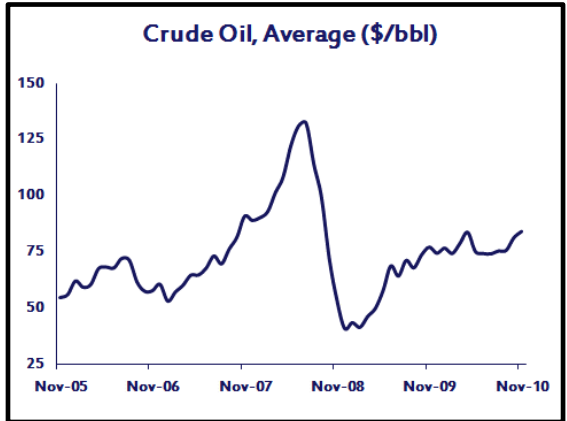
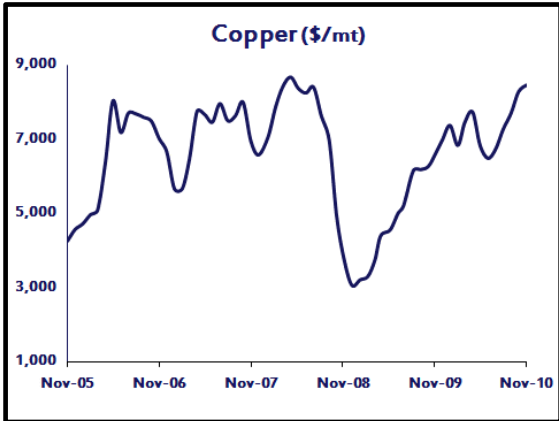
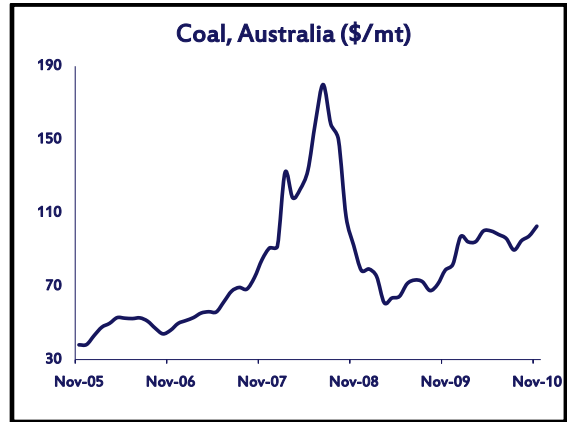
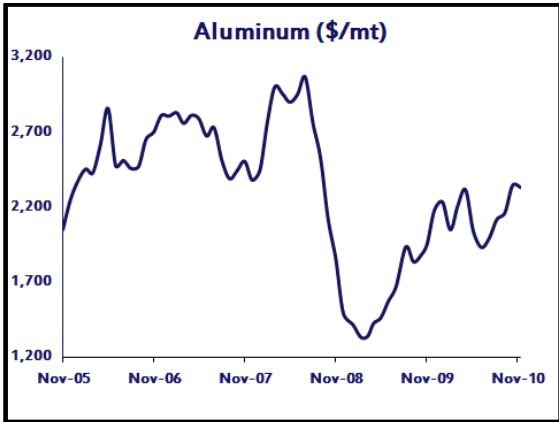
a/ Included in the energy index (2000=100) b/ Included in the non-energy index (2000=100) c/ Steel not included in the non-energy index
d/ base metals plus iron ore e/ Includes aluminum, copper, lead, nickel, tin and zinc
\$ = US dollar ¢ = US cent bbl = barrel cum = cubic meter dmtu = Dry Metric Ton Unit kg = kilogram mmbtu = million British thermal units
mt = metric ton toz = troyoz n.a. = not available n.q. = no quotation

COMMODITY PRICE DATA

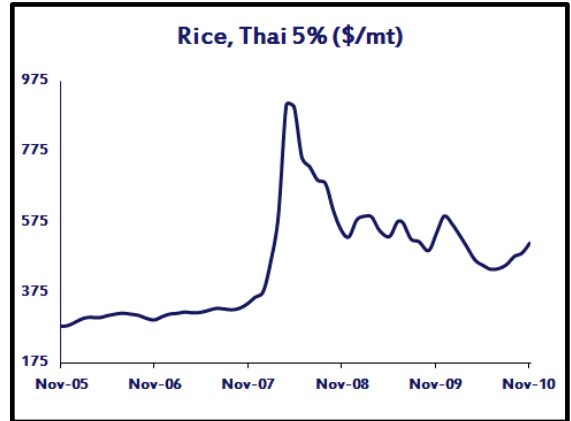
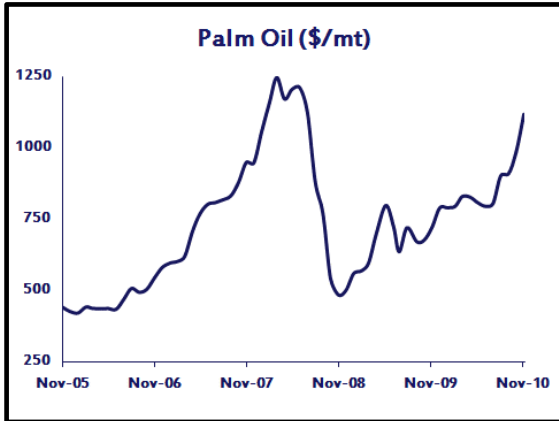
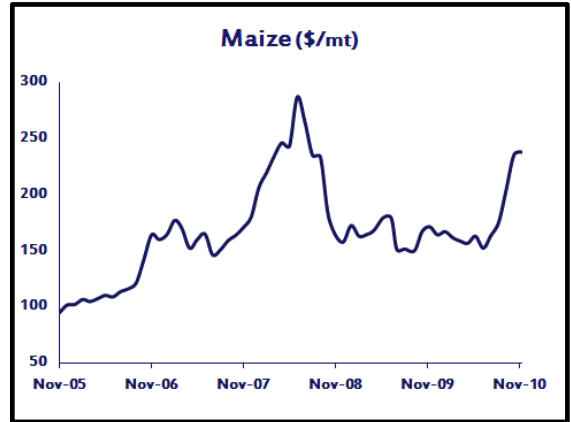
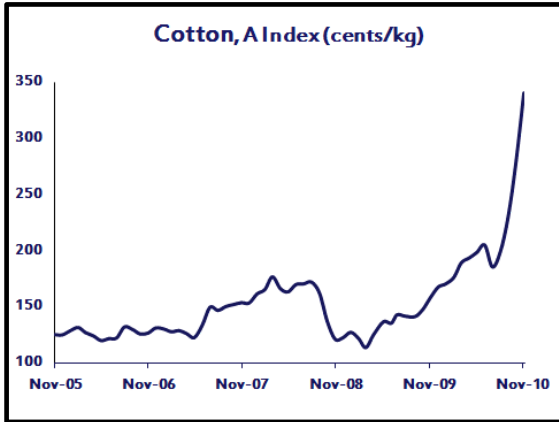
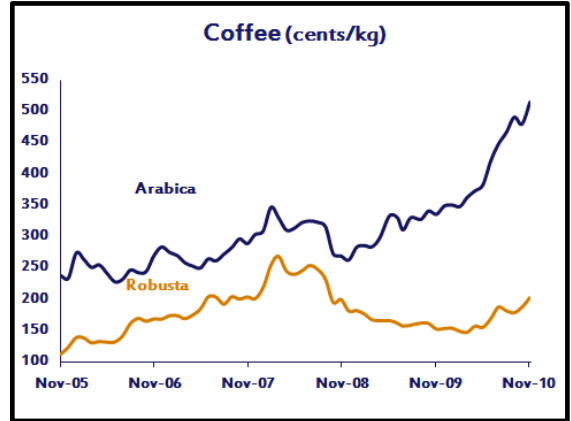
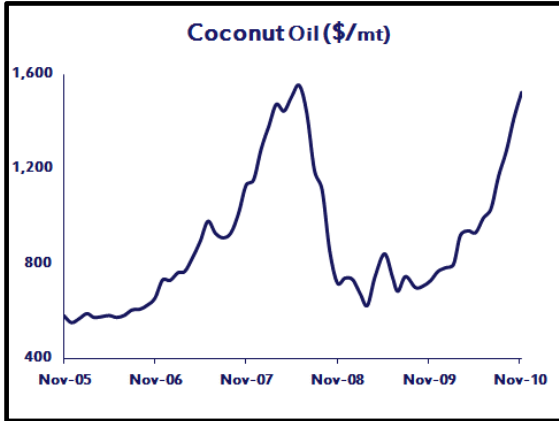
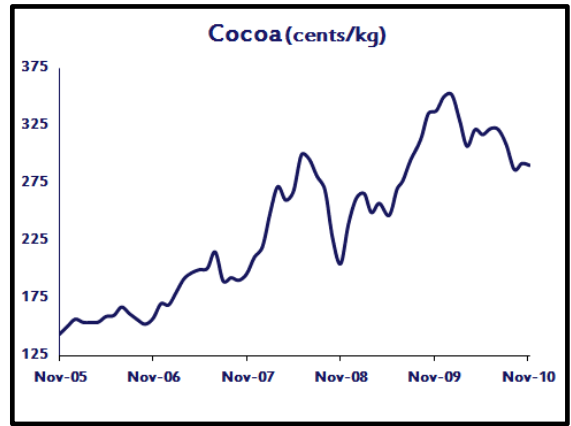
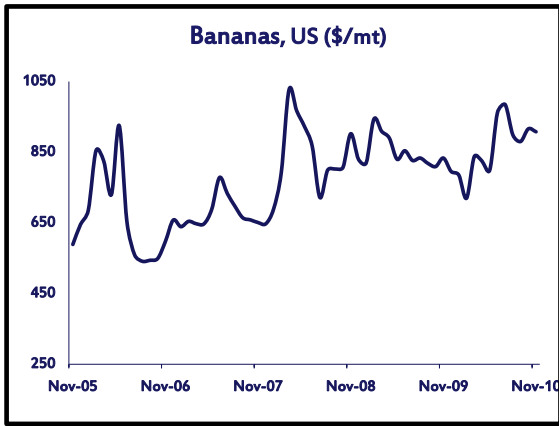
		Annual averages			Quarterly averages					Monthly averages		
		Jan-Dec	Jan-Dec	Jan-Nov	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Sep	Oct	Nov
		2008	2009	2010	2009	2009	2010	2010	2010	2010	2010	2010
Fertilizers												
DAP	b/ \$/mt	967.2	323.1	492.2	309.6	316.9	464.8	458.2	494.1	525.0	575.0	588.0
Phosphate rock	b/ \$/mt	345.6	1217	1215	90.0	90.0	102.1	125.0	125.0	125.0	140.0	140.0
Potassium chloride	b/ \$/mt	570.1	630.4	329.9	506.8	423.0	334.0	316.1	334.2	337.5	335.0	340.6
TSP	b/ \$/mt	879.4	257.4	373.7	224.7	235.7	316.9	357.4	389.6	428.0	455.0	463.8
Urea, E. Europe, bulk	b/ \$/mt	492.7	249.6	280.7	2416	248.3	281.0	237.2	279.2	315.0	329.4	366.4
Metals and Minerals												
Aluminum	b/ \$/mt	2,573	1,665	2,157	1,812	2,003	2,163	2,096	2,090	2,162	2,347	2,333
Copper	b/ \$/mt	6,956	5,150	7,388	5,859	6,648	7,232	7,027	7,243	7,709	8,292	8,470
Gold	\$/toz	872	973	1,210	960	1,102	1,109	1,196	1,227	1,271	1,342	1,370
Iron ore	b/ c/dmtu	140.6	101.0	159.9	101.0	101.0	101.0	152.0	212.0	212.0	182.0	182.0
Lead	b/ c/kg	209.1	171.9	212.4	192.8	229.3	222.1	195.0	203.2	218.4	238.0	237.7
Nickel	b/ \$/mt	21,111	14,655	21,600	17,700	17,528	19,959	22,476	21,191	22,643	23,807	22,909
Silver	c/toz	1,500	1,469	1,936	1,477	1,760	1,693	1,838	1,901	2,061	2,347	2,657
Steel products index	c/ 2000=100	289	227	229	211	207	211	241	232	235	235	233
Steel cr coilsheet, Japan, Reins	c/ \$/mt	966	783	813	700	700	725	838	850	850	850	850
Steel hr coilsheet, Japan, Reins	c/ \$/mt	883	683	713	600	600	625	738	750	750	750	750
Steel, rebar, Japan, Reinstated	c/ \$/mt	760	486	564	500	522	546	621	533	530	550	550
Steel wire rod, Japan, Reinstated	c/ \$/mt	1,010	969	718	857	814	751	767	678	670	660	650
Tin	b/ c/kg	1,851	1,357	1,988	1,459	1,517	1,721	1,786	2,055	2,270	2,634	2,552
Zinc	b/ c/kg	1,875	1,655	2,150	1,761	2,214	2,289	2,026	2,013	2,151	2,372	2,292
NEW World Bank commodity price indices for low and middle income countries(2000 =100)												
Energy		342.0	214.3	267.8	230.3	256.1	266.1	267.7	259.5	261.1	277.7	287.8
Non Energy Commodities		272.0	213.2	265.3	219.8	235.2	244.2	252.2	275.5	286.9	296.2	306.2
Agriculture		229.5	197.8	227.1	199.5	212.6	216.6	215.4	228.6	237.9	251.5	264.9
Beverages		210.0	219.9	251.6	226.4	247.9	242.5	246.9	259.2	255.9	257.3	264.6
Food		247.4	205.1	219.8	206.4	213.7	213.1	201.0	221.9	234.2	248.6	260.7
Fats and Oils		277.3	216.2	238.3	220.9	224.5	224.7	219.7	241.1	252.3	269.7	295.3
Grains		281.7	214.9	210.7	202.3	210.8	205.1	186.6	212.5	234.3	249.5	255.9
Other Food		177.1	181.6	203.6	191.2	202.0	205.1	189.4	205.3	210.5	220.2	219.6
Raw Materials		195.7	168.7	232.5	168.9	192.0	211.9	234.4	229.2	237.6	255.6	275.0
Timber		150.5	138.9	142.6	133.6	137.3	132.7	138.6	149.4	150.9	152.1	154.5
Other Raw Materials		245.3	201.4	330.8	207.5	251.8	298.6	339.1	316.5	332.5	368.8	406.8
Fertilizers		566.7	293.0	274.6	252.1	242.8	259.0	253.3	278.5	299.8	315.3	332.7
Metals and Minerals d/		325.7	235.6	342.5	257.6	280.8	299.0	327.5	371.4	385.8	385.7	387.8
Base Metals e/		287.9	208.9	293.0	236.0	264.6	287.0	280.9	286.5	304.3	328.5	331.0

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
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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

