

Commodity Markets Review

February 10, 2009

DECPG, The World Bank

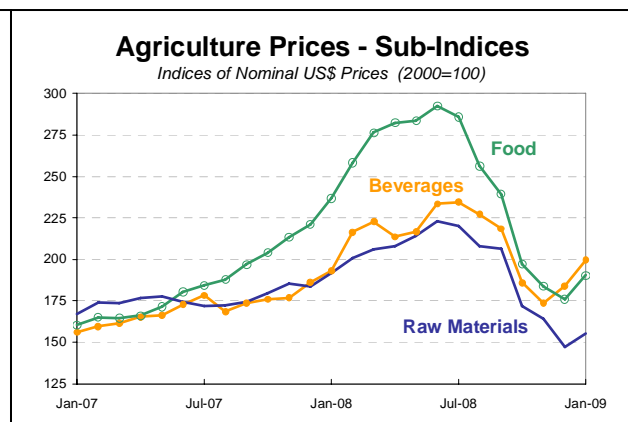
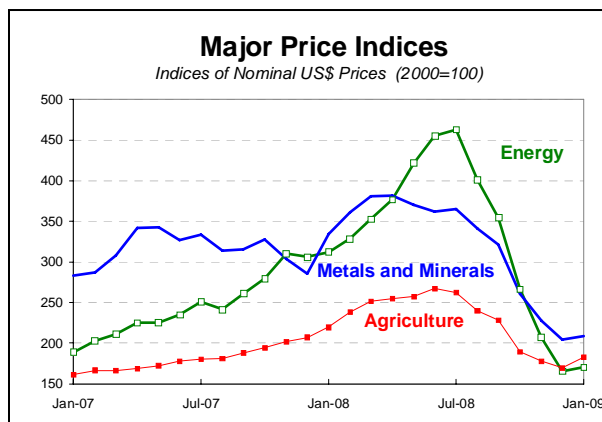
Non-energy commodity prices rose 4.9 percent in January, up for the first time in six months. Commodity prices have broadly stabilized following the plunge in the second half of 2008, with announced and anticipated production cuts (and shortfalls) being the main supporting factor, as demand remains extremely weak and inventories continue to soar—especially for industrial commodities.

Crude oil prices increased 6.1 percent in January, the first monthly upturn since July, averaging \$43.9/bbl. OPEC has agreed to reduce production by more than 4 mb/d since September, and compliance approached two-thirds through January. Saudi Arabia, in particular, has moved to aggressively reduce production and has indicated that it would cut output further, if necessary. However, the market remains in surplus, as global oil demand continues to fall and inventories continue to surge, especially in the U.S. In addition, there are estimates of as much as 80 million barrels of oil in floating storage at sea (which is nearly one day of global oil consumption).

The international natural gas price index fell 9.9 percent in January, with European prices down 10.4 percent reflecting the lagged indexation of imported gas to oil prices. U.S. gas prices fell 9.5 percent on weak industrial demand, rising production and ample stocks.

Agriculture prices jumped 7.7 percent in January, up for the first time in seven months, with strong increases in most main indices. The largest gain was in rubber, surging 23 percent, as governments in key producing Asian countries announced measures to restrain supplies. Soybean meal prices also leapt 23 percent on downward revisions to Brazil's soybeans output, dry weather in South America, and strong import demand into China. Sorghum and maize prices were also boosted by lower supply prospects in South America, while wheat prices increased on strong import demand. Cocoa and coffee arabica prices were both higher on lower production prospects.

Metals and minerals prices rose 2.1 percent in January, the first increase since July. The rise has been partly due to significant cuts in supply, which have been much more rapid than during previous downturns. Also, a tentative recovery in demand by steel producers improved market sentiment. However, most metals markets remain in surplus as demand contracts and inventories soar. The largest price increase was in lead, up 18 percent, on some tightening in China's mine supply as well as robust battery demand in the country for electronic-bikes, motorcycles and replacement vehicle batteries. Other metal prices recorded strong gains except for aluminum which is massively oversupplied.



Prepared in the Development Economics Prospects Group (DECPG) by Shane Streifel, John Baffes and Betty Dow. Katherine Rollins is task assistant. This report is available on <http://decpg.worldbank.org>.

Major Movers January¹

Rubber prices soared 23.4 percent as key producing country governments (Thailand, Malaysia, and Vietnam) announced measures to contain supplies.

Soybean and soymeal prices jumped 14.3 and 22.8 percent, respectively, due to severe soybean crop damage in Argentina and to a lesser degree in Brazil and Paraguay.

Lead prices surged 17.6 percent on robust battery demand for e-bikes and motorcycles in China, as well as tightening domestic mine supply.

Urea and potassium chloride prices rose 16.9 and 10.4 percent, respectively, as the natural gas dispute between Russia and Ukraine caused buyers to rush to secure supplies.

Nickel prices increased 16.7 percent on significant production cuts and some uptick in stainless steel production—although from very depressed levels.

Tea prices rose 13.8 percent on higher imports by China and several European countries.

Sorghum and maize (substitutes for animal feed) prices increased 10.6 and 9.2 percent, respectively, because of uncertainty regarding Southern Hemisphere production prospects.

Silver prices rose 10.5 percent on strong investment demand and increasing concerns about mine supply given output cuts at lead/zinc mines which also reduce co-product silver.

Cocoa prices rose 9.6 percent on reports that the cocoa market is heading into deficit for a third consecutive year, and as arrivals at the port of Abidjan were 27% lower than a year ago.

Rice prices increased 9.1 percent due to limited exportable supplies by key exporters, especially Thailand, and low off-season rice production due to unusually cold weather.

Wheat prices rose 8.6 percent due to strong demand by key importers, including the EU, South Korea, Saudi Arabia, and Turkey.

Zinc prices increased 7.9 percent, partly due to the massive cuts in of mine supply and stocking by China's State Reserves Bureau.

Coffee (arabica) prices rose 7.8 percent on reports that the 2009/10 season may face a

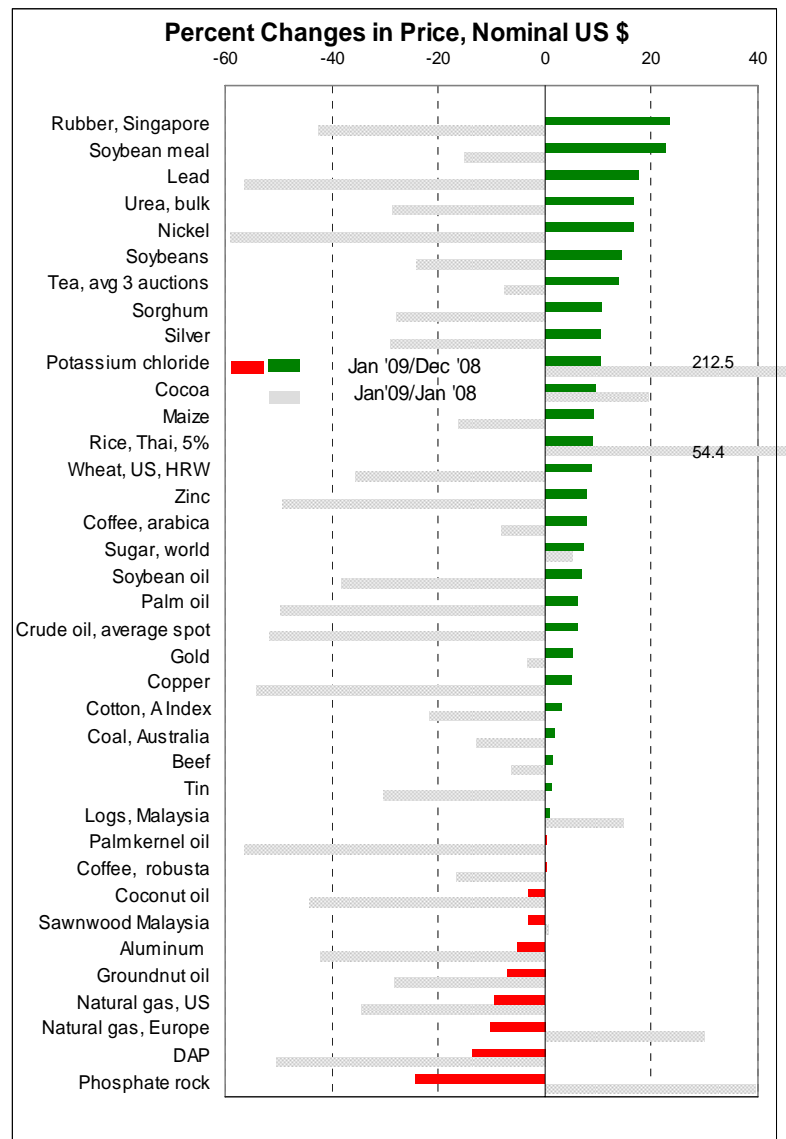
deficit of 5 million bags (about 4% of global production) because of reduced output in Brazil.

Sugar prices rose 7.1 percent as India is set to be a net importer for the first time since 2006 due to falling production as farmers switch to other crops.

Natural gas prices in the U.S. decreased 9.5 percent on weak industrial demand, ample storage, and rising production—particularly of unconventional shale-gas output.

Natural gas prices in the Europe decreased 10.4 percent on the lagged indexation to oil prices in imported gas contracts.

Phosphate rock and DAP fertilizer prices plunged 24.3 and 13.9 percent, respectively, on the continued slump in global demand.



¹ Percent change of average January 2009 prices compared to average December 2008 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 2007	Jan-Dec 2008	Jan-Dec 2009	Oct-Dec 2007	Jan-Mar 2008	Apr-Jun 2008	Jul-Sep 2008	Oct-Dec 2008	Nov 2008	Dec 2008	Jan 2009
Energy												
Coal, Australia	a/ \$/mt	65.73	127.10	80.00	83.47	114.00	138.65	162.80	92.97	92.25	78.65	80.00
Crude oil, avg, spot	a/ \$/bbl	71.12	96.99	43.86	87.61	95.31	120.97	115.68	56.00	53.97	41.34	43.86
Crude oil, Brent	a/ \$/bbl	72.70	97.64	44.86	88.95	96.67	122.39	115.60	55.89	53.24	41.58	44.86
Crude oil, Dubai	a/ \$/bbl	68.37	93.78	44.97	83.21	91.30	116.67	113.47	53.67	51.38	41.00	44.97
Crude oil, West Texas Int.	a/ \$/bbl	72.28	99.56	41.74	90.67	97.94	123.85	117.98	58.45	57.29	41.44	41.74
Natural gas Index	a/ 2000=100	186.5	267.9	230.2	197.7	235.3	286.0	284.1	266.4	270.8	255.5	230.2
Natural gas, Europe	a/ \$/mmbtu	8.56	13.41	13.89	9.37	10.86	12.40	14.62	15.75	15.81	15.50	13.89
Natural gas, US	a/ \$/mmbtu	6.98	8.86	5.24	7.03	8.65	11.35	9.03	6.40	6.67	5.79	5.24
Natural gas LNG, Japan	a/ \$/mmbtu	7.68	12.55	13.05	8.96	10.45	11.71	13.33	14.72	15.06	14.10	13.05
Non Energy Commodities												
Agriculture												
Beverages												
Cocoa	b/ c/kg	195.2	257.7	262.4	199.7	247.7	276.4	282.6	224.1	205.5	239.4	262.4
Coffee, Arabica	b/ c/kg	272.4	308.2	282.9	296.1	328.5	315.1	321.2	267.8	268.7	262.3	282.9
Coffee, robusta	b/ c/kg	190.9	232.1	182.4	202.1	247.3	243.6	244.8	192.6	200.1	181.9	182.4
Tea, auctions (3), average	b/ c/kg	203.6	242.0	219.2	225.6	234.6	254.7	272.3	206.6	196.7	192.6	219.2
Tea, Colombo auctions	b/ c/kg	252.2	278.9	245.9	296.7	305.2	298.5	303.2	208.8	198.0	191.6	245.9
Tea, Kolkata auctions	b/ c/kg	192.1	225.5	192.4	207.1	176.6	244.0	260.9	220.2	219.5	208.9	192.4
Tea, Mombasa auctions	b/ c/kg	166.5	221.8	219.3	173.0	221.8	221.6	252.8	190.8	172.8	177.3	219.3
Food												
Fats and Oils												
Coconut oil	b/ \$/mt	919	1,224	718	1,098	1,379	1,499	1,246	772	719	740	718
Copra	\$/mt	607	816	479	724	914	1,013	817	520	479	495	479
Groundnut oil	b/ \$/mt	1,352	2,131	1,334	1,651	2,007	2,328	2,417	1,773	1,772	1,436	1,334
Palm oil	b/ \$/mt	780	949	534	928	1,156	1,198	928	512	488	503	534
Palmkernel oil	\$/mt	888	1,130	556	1,084	1,375	1,420	1,114	609	527	554	556
Soybean meal	b/ \$/mt	308	424	369	408	443	484	450	320	323	300	369
Soybean oil	b/ \$/mt	881	1,258	789	1,105	1,384	1,466	1,353	830	824	738	789
Soybeans	b/ \$/mt	384	523	412	485	563	585	566	377	378	360	412
Grains												
Barley	b/ \$/mt	172.4	200.5	121.4	194.6	216.8	239.1	216.6	129.5	130.1	115.2	121.4
Maize	b/ \$/mt	163.7	223.1	172.8	171.9	220.4	259.0	244.7	168.4	163.8	158.3	172.8
Rice, Thailand, 5%	b/ \$/mt	326.4	650.2	580.0	344.0	478.1	855.3	703.0	564.4	552.0	531.8	580.0
Rice, Thailand, 25%	\$/mt	306.5	n.a.	464.0	329.5	n.a.	n.a.	669.5	449.9	440.3	422.0	464.0
Rice, Thailand, 35%	\$/mt	300.1	n.a.	n.a.	327.7	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
* Rice,Thai, A1.Special / Super	\$/mt	272.3	482.3	318.6	312.0	442.8	693.7	478.6	314.1	307.0	287.0	318.6
Sorghum	\$/mt	162.7	207.8	153.3	173.4	218.7	246.9	214.7	151.0	150.8	138.6	153.3
Wheat, Canada	\$/mt	300.4	454.6	340.2	415.3	621.7	484.4	390.2	322.1	324.7	325.1	340.2
Wheat, US, HRW	b/ \$/mt	255.2	326.0	239.1	341.9	411.8	346.5	317.7	228.1	226.8	220.1	239.1
Wheat US SRW	\$/mt	238.6	271.5	195.1	326.2	384.1	277.8	241.5	182.7	183.0	179.3	195.1
Other Food												
Bananas EU	\$/mt	1,037	1,188	1,028	1,068	1,421	1,263	1,123	944	883	1,006	1,028
Bananas US	b/ \$/mt	676	844	820	652	836	920	775	847	903	830	820
Fishmeal	\$/mt	1,177	1,133	1,009	1,075	1,126	1,185	1,198	1,023	983	1,036	1,009
Meat, beef	b/ c/kg	260.3	313.8	251.6	259.8	282.1	332.7	372.4	268.0	253.5	247.7	251.6
Meat, chicken	b/ c/kg	156.7	169.6	174.9	156.7	158.8	167.9	177.1	174.7	174.3	174.4	174.9
Meat, sheep	c/kg	412.0	458.5	380.7	437.9	453.6	493.2	477.3	410.0	405.4	393.1	380.7
Oranges	b/ \$/mt	957	1,107	783	982	1,103	1,322	1,163	842	853	762	783
Shrimp, Mexico	b/ c/kg	1,010	1,069	988	1,045	1,103	1,109	1,048	1,014	1,014	1,014	988
Sugar EU domestic	b/ c/kg	68.09	69.69	52.31	72.00	74.51	77.59	74.70	51.97	50.28	53.02	52.31
Sugar US domestic	b/ c/kg	45.77	46.86	44.42	44.48	44.85	46.34	51.52	44.72	43.36	43.59	44.42
Sugar, world	b/ c/kg	22.22	28.21	27.76	22.61	28.42	27.01	31.14	26.28	26.70	25.90	27.76
Raw Materials												
Timber												
Logs, Cameroon	\$/cum	381.3	526.9	470.2	409.6	530.8	554.4	548.5	473.8	452.0	476.6	470.2
Logs, Malaysia	b/ \$/cum	268.0	292.3	329.7	275.5	293.4	282.3	277.7	315.7	316.0	326.6	329.7
Plywood	c/sheets	640.7	645.5	574.7	647.0	640.4	647.3	648.6	645.5	646.5	646.1	574.7
Sawnwood, Cameroon	\$/cum	760	958	698	838	1,036	1,052	974	771	757	734	698
Sawnwood, Malaysia	b/ \$/cum	806.3	889.1	818.4	802.5	860.3	935.8	900.3	859.9	872.3	845.8	818.4
Woodpulp	\$/mt	767.0	820.2	580.0	819.4	850.2	870.7	848.8	711.0	719.8	630.3	580.0
Other Raw Materials												
Cotton A Index	b/ c/kg	139.5	157.4	126.3	153.0	167.9	166.5	168.2	126.9	121.1	122.2	126.3
Cotton Memphis	c/kg	142.9	161.5	134.9	155.5	174.2	171.6	170.0	130.1	123.7	131.1	134.9
Rubber, US	c/kg	248.0	284.1	169.8	264.8	292.6	311.7	329.1	202.8	209.4	154.3	169.8
Rubber, Singapore	b/ c/kg	229.0	261.9	152.0	245.1	275.5	307.9	301.5	162.7	171.3	123.2	152.0

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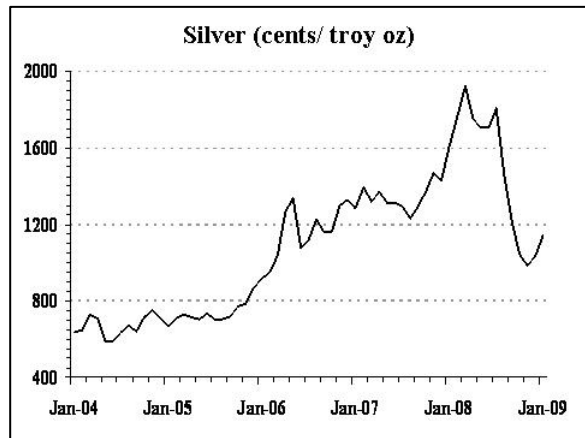
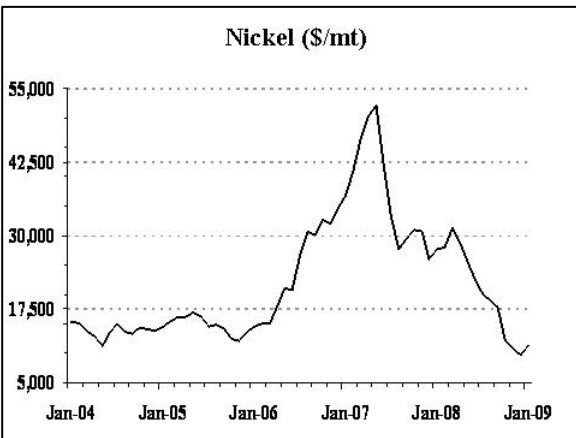
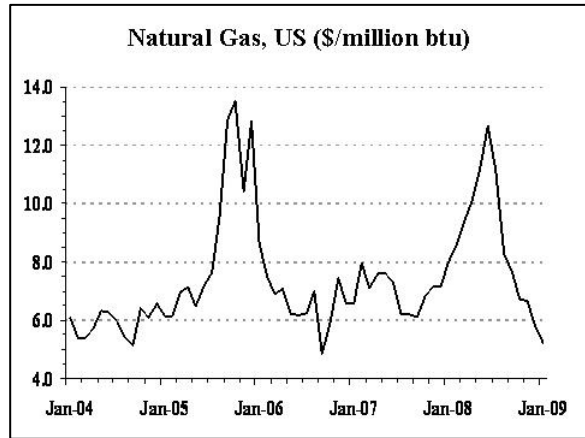
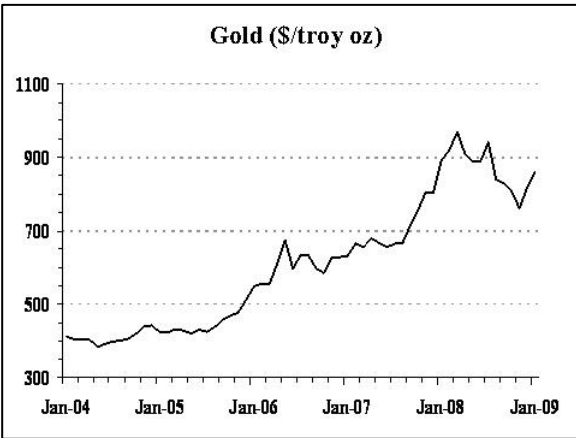
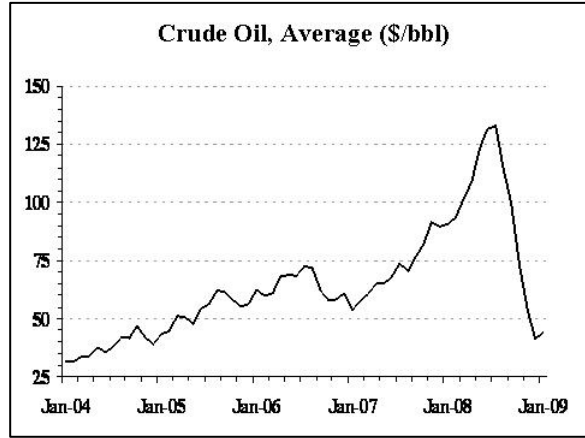
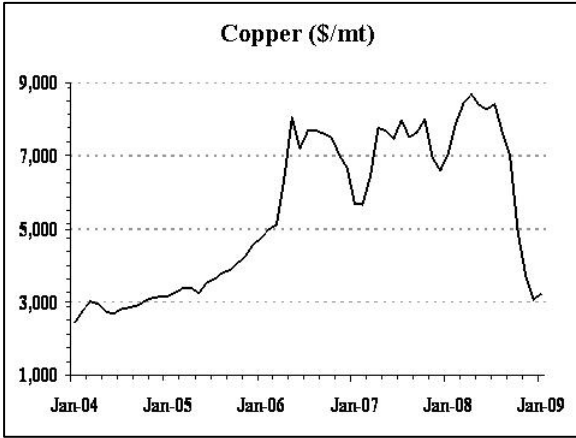
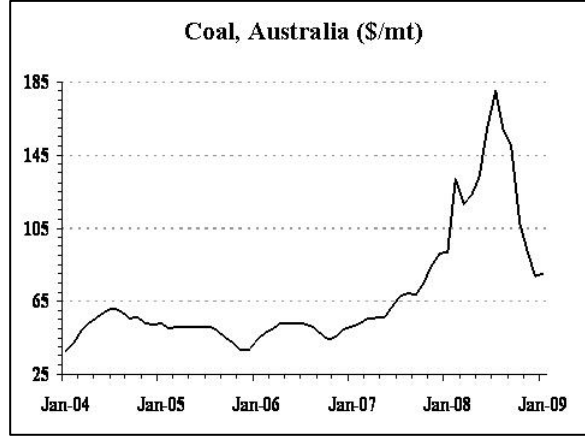
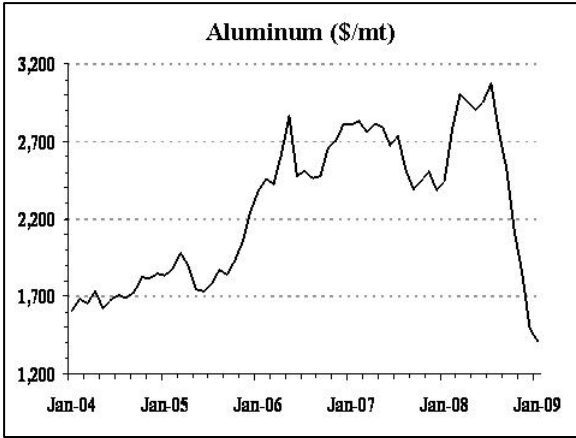
a/ Included in the energy index (2000=100) b/ Included in the non-energy index (2000=100) c/ Steel not included in the non-energy index
 \$ = US dollar ¢ = US cent bbl = barrel cum = cubic meter dmtu = Dry Metric Ton Unit kg = kilogram mmbtu = million British thermal units
 mt = metric ton toz = troy oz n.a. = not available n.q. = no quotation

COMMODITY PRICE DATA

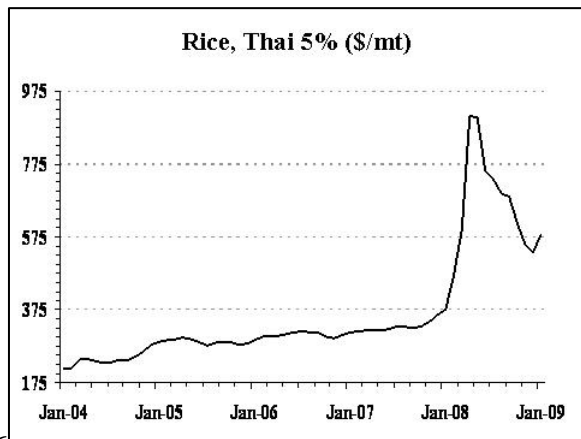
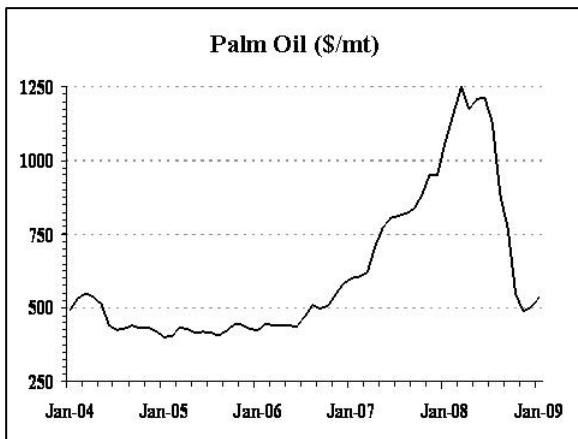
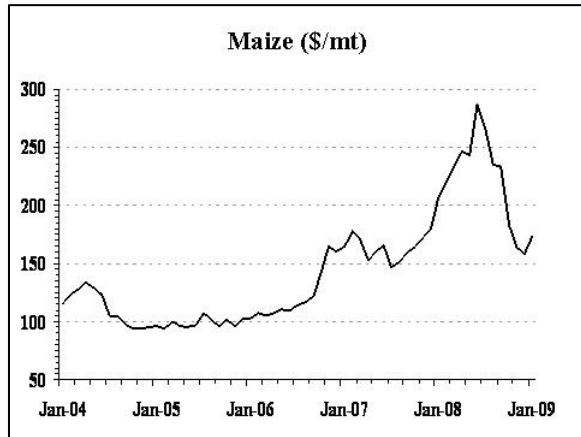
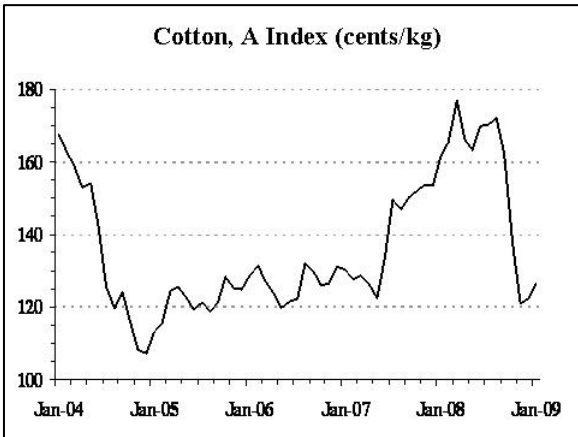
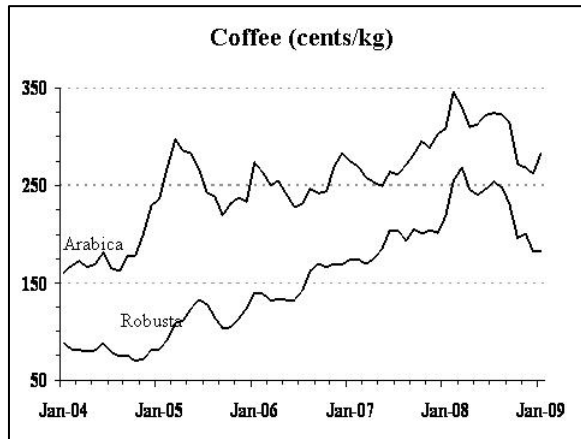
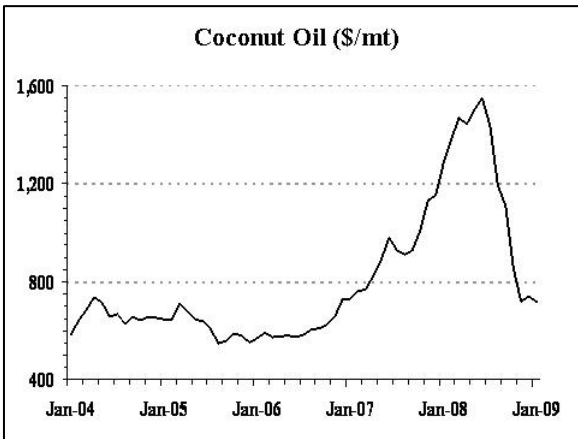
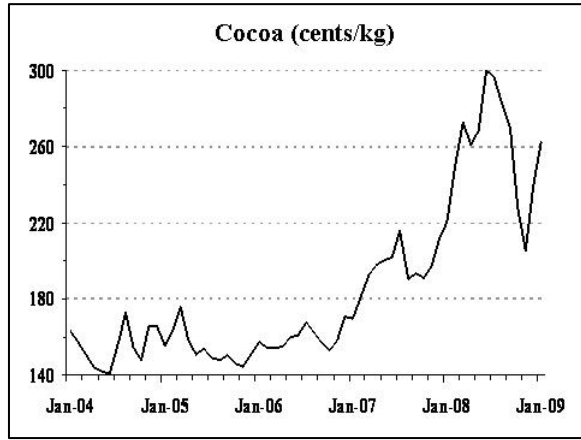
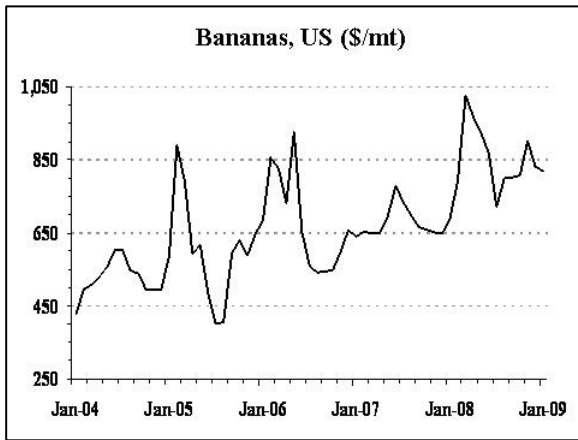
		Annual averages			Quarterly averages					Monthly averages		
		Jan-Dec 2007	Jan-Dec 2008	Jan-Dec 2009	Oct-Dec 2007	Jan-Mar 2008	Apr-Jun 2008	Jul-Sep 2008	Oct-Dec 2008	Nov 2008	Dec 2008	Jan 2009
Fertilizers												
DAP	b/ \$/mt	433	967	351	522	860	1,192	1,154	663	613	408	351
Phosphate rock	b/ \$/mt	70.9	345.6	265.0	98.3	234.4	367.5	409.2	371.3	350.0	350.0	265.0
Potassium chloride	b/ \$/mt	200.2	570.1	853.1	230.8	367.7	511.1	635.0	766.7	765.0	772.5	853.1
TSP	b/ \$/mt	339	905	n.a.	425	715	1,036	1,108	762	915	n.a.	n.a.
Urea, E. Europe, bulk	b/ \$/mt	309.4	492.7	263.4	365.4	357.6	575.7	745.4	292.2	245.8	225.4	263.4
Metals and Minerals												
Aluminum	b/ \$/mt	2,638	2,573	1,413	2,444	2,743	2,940	2,787	1,821	1,852	1,490	1,413
Copper	b/ \$/mt	7,118	6,956	3,221	7,188	7,796	8,443	7,680	3,905	3,717	3,072	3,221
Gold	\$/toz	696.7	871.7	858.7	788.0	926.8	896.0	869.6	794.5	760.9	816.1	858.7
Iron ore	b/ c/dmtu	84.7	140.6	140.6	84.7	140.6	140.6	140.6	140.6	140.6	140.6	140.6
Lead	b/ c/kg	258.0	209.1	113.3	321.5	289.9	230.7	191.2	124.5	129.1	96.3	113.3
Nickel	b/ \$/mt	37,230	21,111	11,307	29,219	28,957	25,682	18,961	10,843	10,702	9,686	11,307
Silver	c/toz	1,341	1,500	1,140	1,424	1,765	1,720	1,495	1,020	987	1,032	1,140
** Steel products index, Japan	c/ 2000=10	182.0	289.3	283.8	192.0	229.6	279.2	338.2	310.4	312.2	283.4	283.8
Steel cr coilsheet, Japan, Rein	c/ \$/mt	650.0	965.6	1100.0	650.0	762.5	900.0	1100.0	1100.0	1100.0	1100.0	1100.0
Steel hr coilsheet, Japan, Rein	c/ \$/mt	550.0	883.3	1000.0	550.0	700.0	833.3	1000.0	1000.0	1000.0	1000.0	1000.0
Steel, rebar, Japan, Reinstate	c/ \$/mt	521.5	760.2	462.5	556.8	639.4	837.5	934.2	629.6	682.5	446.3	462.5
Steel wire rod, Japan, Reinsta	c/ \$/mt	533.3	1009.8	1200.0	553.3	754.0	950.0	1135.0	1200.0	1200.0	1200.0	1200.0
Tin	b/ c/kg	1,454	1,851	1,137	1,634	1,778	2,265	2,051	1,310	1,364	1,124	1,137
Zinc	b/ c/kg	324.2	187.5	118.7	262.3	243.0	211.3	177.0	118.5	115.3	110.1	118.7
NEW World Bank commodity price indices for low and middle income countries(2000 =100)												
Energy		244.8	342.0	170.4	298.6	331.1	417.8	406.0	213.0	207.2	165.3	170.4
Non Energy Commodities		224.9	272.3	198.8	237.4	281.4	308.1	292.8	207.0	205.0	189.5	198.8
Agriculture		180.6	229.7	182.7	201.1	236.6	259.8	243.7	178.9	177.6	169.7	182.7
Beverages		169.9	210.0	199.7	179.4	210.7	221.4	226.8	181.2	173.7	184.0	199.7
Food		184.7	247.4	190.4	213.2	257.2	286.3	260.5	185.7	183.8	176.0	190.4
Fats and Oils		209.0	277.3	191.5	259.9	310.2	327.7	288.9	182.4	179.9	171.6	191.5
Grains		189.0	281.7	225.0	215.6	274.6	335.2	298.5	218.6	214.4	206.6	225.0
Other Food		149.0	177.1	157.6	149.7	171.9	187.4	188.9	160.2	161.3	154.1	157.6
Raw Materials		175.8	196.8	155.4	182.8	199.5	215.2	211.5	161.2	164.3	147.1	155.4
Timber		136.8	150.5	145.6	137.2	146.8	155.4	150.2	149.4	151.0	148.8	145.6
Other Raw Materials		218.5	247.5	166.3	232.7	257.2	280.5	278.4	174.1	178.8	145.3	166.3
Fertilizers		240.1	570.7	405.0	292.0	409.4	624.1	741.1	508.4	505.0	417.7	405.0
Metals and Minerals		314.0	325.7	208.4	305.7	358.7	371.1	342.4	230.6	227.3	204.0	208.4

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
 \$ = 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

