

Commodity Markets Review

October 13, 2005

DECPG, The World Bank

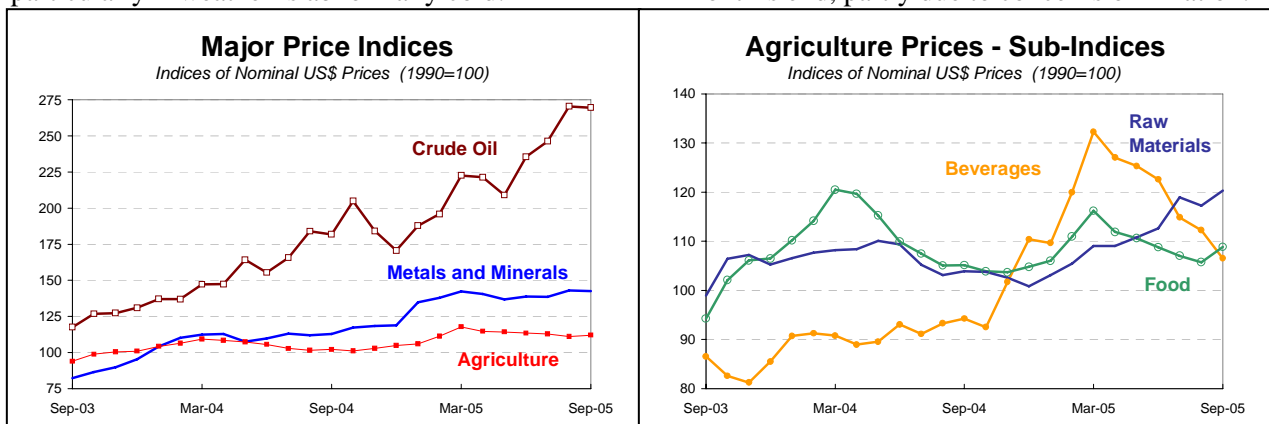
Non-oil commodity prices increased 0.5 percent in September, the first gain in six months. Agricultural price increases were concentrated in a few commodities, such as bananas, rubber, wheat, and sugar, on strong demand and supply constraints. Metals prices edged lower overall, with continued strong increases in zinc, lead and copper prices offset by declines in the other metals.

Crude oil prices slipped 0.3 percent in September, but remained at a lofty \$61.7/bbl. Following hurricanes Katrina and Rita, about 1.1 mb/d of U.S. oil production remains shut-in. Reduced demand, the release of IEA emergency oil stocks, loans from the U.S. Strategic Petroleum Reserve, and offers of increased OPEC sales has put a temporary ceiling on oil prices. The key constraints are at the refinery level, as hurricanes closed more than 2 mb/d of refinery capacity. Despite weak seasonal demand and increased gasoline imports, product prices have risen relative to crude oil. There are growing concerns about winter heating oil supplies, particularly if there is a lengthy spell of colder-than-normal weather.

U.S. natural gas prices surged 33 percent in September, as nearly 12 percent of total U.S. production remains shut-in. Unlike oil there are severe limitations to raising imports, and heating fuel prices could rise significantly this winter—particularly if weather is abnormally cold.

Agricultural prices rose 0.8 percent in September, the first rise since March. The largest increase was for bananas, up 47 percent, reflecting disruptions from Katrina and the start of seasonal upturn in demand when supplies of other fruits diminish. Wheat prices rose 7 percent and sugar prices gained 4 percent, both on strong demand and U.S. supply curtailments from hurricane Katrina—exports of wheat, and crop damage to sugar. Rubber prices rose 5 percent on supply problems in Thailand and higher prices for synthetic rubber due to high oil prices. There were notable declines in soybeans and grains prices due to ample supply prospects, and coffee prices continued their decline on raised expectations for this year's crops.

Metals and minerals prices slipped 0.2 percent in September, but there were mixed trends among the main metals. Tin prices fell 6 percent on a sharp rise in LME inventories, weak demand, and rising supplies from Indonesia. Nickel prices fell 5 percent on rising stocks and cutbacks of stainless steel production. Offsetting these declines were increases in zinc and lead prices, up 8 percent and 6 percent, respectively, due to falling stocks and production shortfalls from a strike in British Columbia Canada (settled October 6), and threats of a further strike in Ontario. Gold prices rose 4 percent, reaching nearly \$475/toz at month's end, partly due to concerns of inflation.



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

Major Movers in September¹

Bananas prices soared 47.4 percent due to disruptions from Katrina and typical cyclical increase in demand at the start of the fall in the Northern Hemisphere when the availability of other fruits declines.

Natural gas prices in the U.S. surged 33.7 percent due to supply concerns following hurricanes Katrina and Rita which temporarily reduced U.S. production by 12 percent.

Zinc prices rose 7.6 percent on falling inventories, a strike in British Columbia, Canada (settled October 6) and the threat of another strike in Ontario, Canada.

Wheat prices rose 6.9 percent on strong import demand, especially from the Middle East due to drought which reduced production, and reduced export supplies from the U.S. because of hurricane Katrina.

Rubber prices increased 5.4 percent due to weather-related supply shortages in Thailand, strong demand in China, and high oil prices which kept synthetic rubber prices high.

Lead prices rose 3.8 percent due to declining LME stocks and the on-going strike in Canada.

Potassium Chloride prices rose 4.6 percent due to strong global demand which led to higher contract prices.

Gold prices increased 4.1 percent, despite a strengthening U.S. dollar, on concerns about higher energy prices and inflation.

Sugar prices were up 3.8 percent due to strong import demand and damage to the U.S. sugar cane crop from hurricane Katrina.

Soybeans and soybean meal prices fell 4.0 percent and 3.6 percent, respectively, due to an upward revision to the U.S. production estimate and large stocks from the previous year's crop. Brazil is also expected to harvest a record crop.

Nickel prices declined 4.5 percent on rising inventories, as the market has swung into surplus in recent weeks following a number of cuts in stainless steel production.

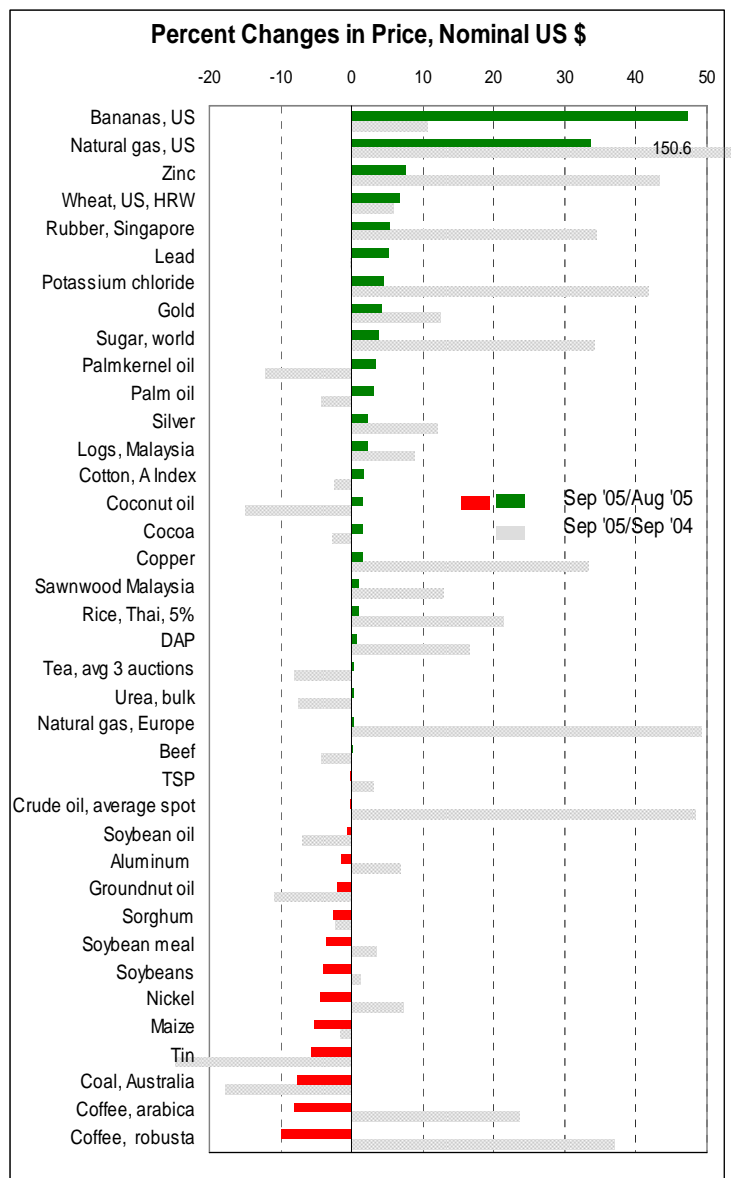
Maize prices decreased by 5.2 percent due to improved U.S. crop prospects which offset the reduced exports due to port damage and

shipping disruptions from hurricane Katrina.

Tin prices decreased by 5.6 percent due to rising stocks, weak demand and increased supplies, particularly from Indonesia.

Coal prices dropped 7.6 percent on a continued slowdown in economic growth and power/coal demand, as well as steadily rising supplies, with much of growth in Indonesia.

Coffee prices fell 8.0 percent (robusta) and 9.8 percent (Arabica) as many countries (including Colombia and India) raised expectations regarding this season's production.



¹ Percent change of average August 2005 prices compared to average July 2005 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 2003	Jan-Dec 2004	Jan-Sep 2005	Jul-Sep 2004	Oct-Dec 2004	Jan-Mar 2005	Apr-Jun 2005	Jul-Sep 2005	Jul 2005	Aug 2005	Sep 2005
Energy												
Coal, Australia	\$/mt	27.84	54.70	52.05	60.42	55.65	53.04	52.94	50.18	52.65	50.88	47.00
Coal, US	\$/mt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Crude oil, avg, spot	a/ \$/bbl	28.90	37.73	52.34	40.52	42.68	46.24	50.79	59.98	56.37	61.89	61.69
Crude oil, Brent	a/ \$/bbl	28.85	38.30	53.60	41.59	44.17	47.64	51.61	61.55	57.58	64.09	62.98
Crude oil, Dubai	a/ \$/bbl	26.74	33.46	48.16	36.09	35.57	41.44	47.69	55.34	52.85	56.63	56.54
Crude oil, West Texas Int.	a/ \$/bbl	31.11	41.44	55.25	43.89	48.31	49.65	53.06	63.05	58.67	64.96	65.54
Natural gas, Europe	\$/mmbtu	3.91	4.28	5.97	4.34	4.93	5.49	5.89	6.52	6.42	6.56	6.58
Natural gas, US	\$/mmbtu	5.49	5.89	7.80	5.49	6.36	6.42	6.94	10.04	7.63	9.63	12.88
Non Energy Commodities												
Agriculture												
Beverages												
Cocoa	b/ c/kg	175.1	155.0	156.1	161.2	159.9	164.7	154.4	149.1	148.7	148.1	150.5
Coffee, Arabica	b/ c/kg	141.5	177.4	259.6	168.3	202.0	266.8	278.6	233.4	242.4	238.5	219.3
Coffee, robusta	b/ c/kg	81.4	79.3	110.5	76.6	74.3	93.9	122.6	115.2	127.6	114.6	103.3
Tea, auctions (3), average	c/kg	151.7	168.6	164.2	176.4	176.7	159.9	166.0	166.8	169.3	165.3	165.9
Tea, Colombo auctions	b/ c/kg	154.1	178.1	182.0	177.9	201.4	193.5	176.5	176.0	164.3	175.6	188.1
Tea, Kokata auctions	b/ c/kg	146.5	172.2	163.8	193.2	179.8	136.9	179.1	175.5	198.3	170.7	157.5
Tea, Mombasa auctions	b/ c/kg	154.4	155.4	146.9	158.1	149.1	149.3	142.3	149.0	145.3	149.6	152.3
Food												
Fats and Oils												
Coconut oil	b/ \$/mt	467.3	660.8	631.3	651.0	651.7	667.3	654.9	571.7	606.0	550.0	559.0
Copra	\$/mt	299.9	450.0	425.0	444.3	448.3	447.8	446.4	380.7	425.0	371.0	346.0
Groundnut oil	b/ \$/mt	1,243.2	1161.0	1092.9	1117.7	1130.3	1152.4	1101.3	1025.0	1050.0	1023.0	1002.0
Palm oil	b/ \$/mt	443.3	471.3	416.6	432.3	429.0	413.3	421.7	414.7	417.0	407.0	420.0
Palmkernel oil	b/ \$/mt	458.8	648.1	633.4	629.0	653.0	662.3	655.6	582.3	612.0	558.0	577.0
Soybean meal	b/ \$/mt	210.9	241.2	217.8	204.3	196.0	213.5	221.3	218.7	224.0	220.0	212.0
Soybean oil	b/ \$/mt	553.9	616.0	540.3	597.3	559.3	521.3	548.0	551.7	561.0	549.0	545.0
Soybeans	b/ \$/mt	264.0	306.5	279.9	268.0	258.0	270.8	290.7	278.3	298.0	274.0	263.0
Grains												
Maize	b/ \$/mt	105.4	111.8	98.3	102.3	94.3	96.8	96.3	101.8	107.5	101.7	96.4
Rice, Thai, 5%	b/ \$/mt	197.6	237.7	287.9	235.0	260.5	289.9	292.0	281.7	276.8	282.8	285.5
Rice, Thai, 25%	\$/mt	181.7	225.4	267.3	224.6	245.6	270.5	270.5	260.8	256.5	261.4	264.5
Rice, Thai, 35%	\$/mt	178.1	222.3	263.4	221.9	241.9	267.6	265.8	256.8	251.8	257.2	261.5
Rice, Thai, A1.Special	\$/mt	151.5	205.1	220.0	209.6	210.9	229.3	218.9	211.9	207.3	212.8	215.8
Sorghum	b/ \$/mt	106.5	109.8	96.5	99.8	92.3	92.9	95.4	101.0	105.6	100.1	97.4
Wheat, Canada	\$/mt	177.4	186.5	195.6	174.4	196.1	200.8	191.0	194.9	192.4	190.7	201.5
Wheat, US, HRW	b/ \$/mt	146.1	156.9	148.3	147.6	153.5	151.9	142.0	151.0	143.9	149.4	159.7
Wheat US SRW	\$/mt	138.6	144.4	135.9	133.0	140.6	145.4	132.1	130.3	130.9	131.8	128.2
Other Food												
Bananas EU (SOPISCO)	\$/mt	790.4	892.0	1215.2	705.5	988.3	1284.5	1346.0	1015.0	907.5	1,002.7	1,134.7
Bananas US (UPEB & SOPS)	b/ \$/mt	374.8	524.6	596.8	563.3	494.9	757.3	565.5	467.6	401.3	404.8	596.6
Beef	b/ c/kg	198.0	251.3	263.5	275.1	261.1	258.9	264.8	266.8	270.6	264.6	265.1
Fish.meal.Hamburg	\$/mt	610.7	648.6	672.0	629.0	642.0	640.6	663.1	712.3	695.0	715.0	727.0
Lamb	c/kg	388.4	459.9	454.1	454.4	472.7	478.1	454.9	429.2	422.5	432.8	432.2
Oranges	b/ \$/mt	680.8	857.5	882.8	943.7	774.2	830.5	1,068.4	749.4	748.7	757.4	742.2
Shrimp, Mexican	b/ c/kg	1,144	1,022	1,035	952	966	1,030	1,047	1,028	1,047	1,044	992
Sugar EU domestic	b/ c/kg	59.71	66.97	67.42	66.47	68.13	69.12	67.90	65.23	64.01	65.57	66.12
Sugar US domestic	b/ c/kg	47.37	45.47	46.58	44.86	45.84	45.26	47.76	46.73	48.36	45.17	46.66
Sugar, world	b/ c/kg	15.63	15.80	20.28	17.03	18.27	19.62	19.28	21.96	21.25	21.89	22.73
Raw Materials												
Timber												
Logs, Cameroon	\$/cum	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Logs, Malaysia	\$/cum	187.2	197.3	201.1	199.5	196.8	192.0	199.9	211.4	205.5	211.9	216.8
Plywood	c/sheets	431.9	464.8	511.4	454.9	482.0	515.2	512.6	506.5	496.0	510.3	513.2
Sawnwood, Cameroon	\$/cum	551.6	587.0	569.2	594.7	621.5	598.5	562.6	546.6	541.3	553.1	545.3
Sawnwood, Malaysia	\$/cum	551.0	581.3	652.3	594.4	606.1	639.9	652.7	664.3	657.3	664.3	671.3
Woodpulp	\$/mt	525.7	640.8	645.9	658.1	637.4	676.9	651.7	609.0	610.6	608.2	608.2
Other Raw Materials												
Cotton A Index	b/ c/kg	139.9	136.6	120.2	123.1	110.4	117.6	122.6	120.4	121.3	118.9	121.1
Cotton Memphis	c/kg	156.6	137.5	127.77	79.6	116.3	124.8	130.9	127.7	n.a.	125.2	130.1
Jute	\$/mt	242.2	280.6	n.a.	290.0	290.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Rubber, RSS1, Malaysia	c/kg	105.6	n.q.	n.q.	n.q.	n.q.	n.q.	n.q.	n.q.	n.q.	n.q.	n.q.
Rubber, NY	c/kg	122.5	148.3	159.3	147.5	146.5	144.9	151.6	181.5	177.5	178.6	188.5
Rubber, Singapore	b/ c/kg	108.3	130.4	144.2	127.8	125.4	126.5	138.5	167.5	170.2	161.8	170.6
Sisal	\$/mt	697.9	862.1	885.0	885.0	885.0	885.0	885.0	885.0	885.0	885.0	885.0
Wool 64's UK	c/kg	538.8	541.0	581.6	534.0	557.4	583.8	584.5	576.5	579.5	575.0	575.0

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a/ Included in the petroleum index b/ Included in the non-energy index c/ Steel not included in the non-energy index
 \$ = U.S. dollar ¢ = U.S. 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. = not quotation

COMMODITY PRICE DATA

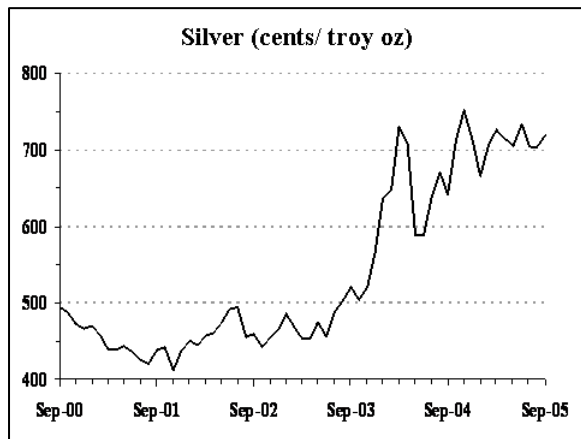
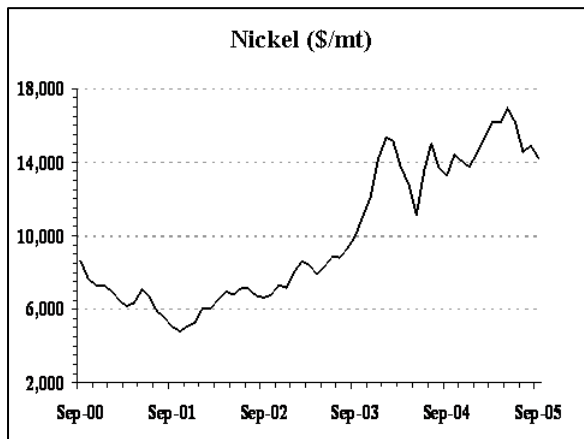
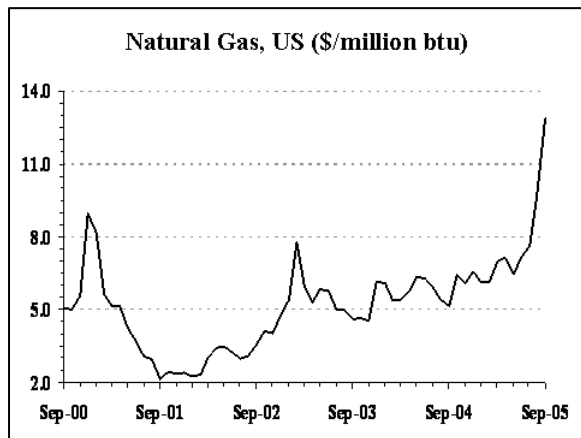
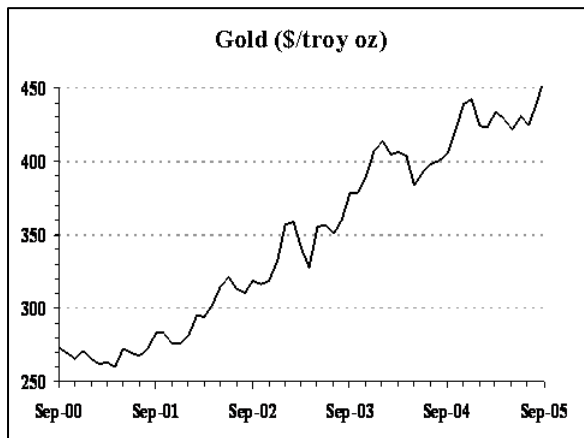
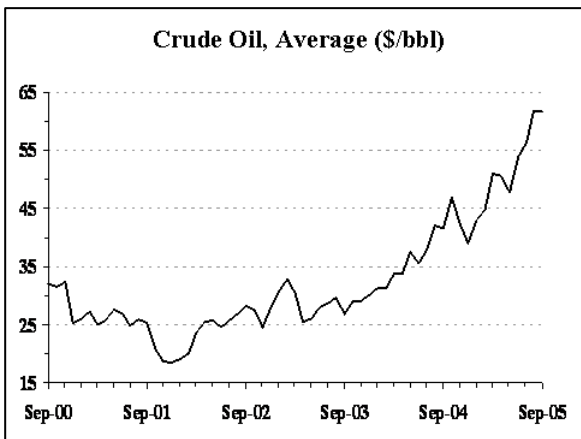
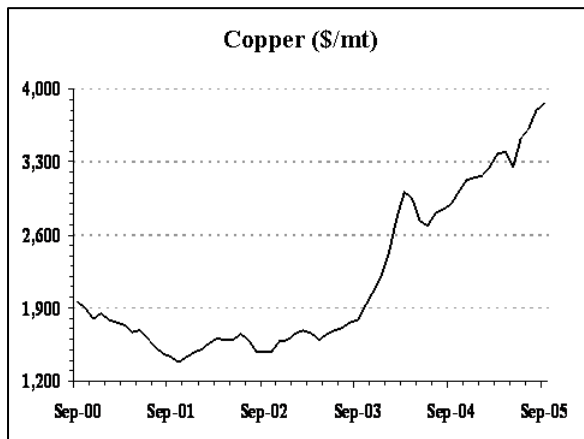
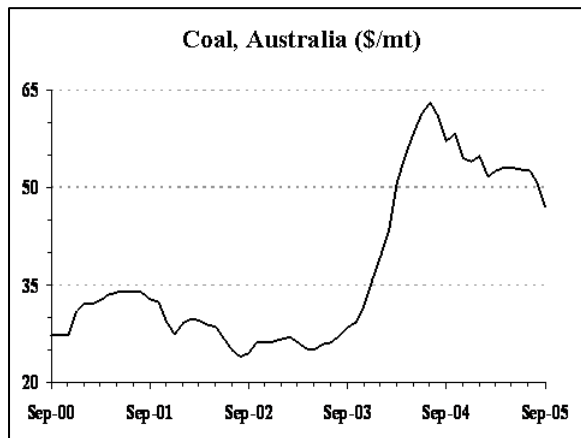
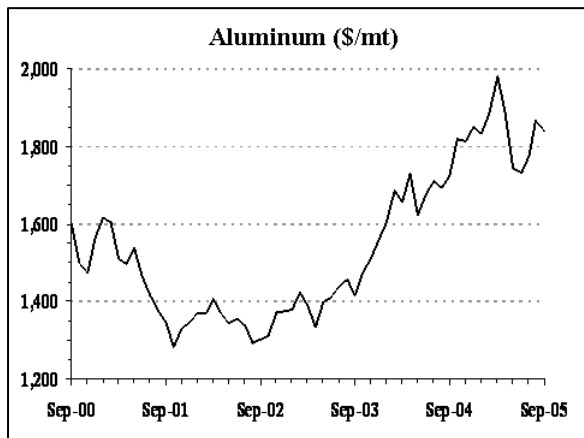
		Annual averages			Quarterly averages					Monthly averages		
		Jan-Dec	Jan-Dec	Jan-Sep	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Jul	Aug	Sep
		2003	2004	2005	2004	2004	2005	2005	2005	2005	2005	2005
Fertilizers												
DAP	\$/mt	179.4	221.2	241.2	222.8	234.6	226.4	235.6	261.6	258.8	262.0	264.1
Phosphate rock	b/ \$/mt	38.0	41.0	42.0	42.0	42.0	42.0	42.0	42.0	42.0	42.0	42.0
Pottasium chloride	\$/mt	113.3	124.6	154.2	120.0	138.2	147.5	151.7	163.5	158.1	162.5	170.0
TSP	\$/mt	149.3	186.3	201.6	193.8	198.5	202.0	201.7	201.2	201.3	201.4	201.0
Urea, E. Europe, bagged	\$/mt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Urea, E. Europe, bulk	\$/mt	138.9	175.3	217.1	210.4	210.9	198.1	241.6	211.7	216.0	209.3	209.9
Metals and Minerals												
Aluminum	b/ \$/mt	1,431	1,716	1,839	1,708	1,828	1,899	1,790	1,829	1,779	1,868	1,840
Copper	b/ \$/mt	1,779	2,866	3,471	2,850	3,093	3,268	3,389	3,757	3,614	3,798	3,858
Gold	\$/toz	363.5	409.2	431.3	401.3	434.0	427.1	427.3	439.5	424.5	437.9	456.0
Iron ore CVRD So & No	b/ c/dmtu	31.95	37.90	65.00	37.90	37.90	65.00	65.00	65.00	65.00	65.00	65.00
Lead	b/ c/kg	51.5	88.7	95.2	93.2	95.8	97.8	98.7	89.2	85.4	88.7	93.3
Nickel	b/ \$/mt	9,629	13,823	15,442	13,991	14,073	15,348	16,411	14,567	14,581	14,893	14,228
Silver	c/toz	491.1	669.0	709.0	650.2	726.2	699.9	718.2	708.8	704.4	702.7	719.3
Steel products (8) index	a/ 1990=100	78.8	121.5	137.7	128.7	128.5	132.7	141.6	138.6	138.6	138.6	138.6
Steel cr coilsheet	\$/mt	444.6	607.1	727.8	650.0	650.0	683.3	750.0	750.0	750.0	750.0	750.0
Steel hr coilsheet	\$/mt	320.2	502.5	627.8	550.0	550.0	583.3	650.0	650.0	650.0	650.0	650.0
Steel, rebar	\$/mt	265.8	428.8	420.8	400.0	400.0	402.5	430.0	430.0	430.0	430.0	430.0
Steel wire rod	\$/mt	300.0	487.5	572.2	550.0	550.0	550.0	566.7	600.0	600.0	600.0	600.0
Tin	c/kg	489.5	851.3	769.6	902.9	889.0	807.7	796.3	704.7	716.9	718.9	678.4
Zinc	b/ c/kg	82.8	104.8	129.5	98.0	111.4	131.5	127.3	129.7	119.4	129.8	139.8
World Bank commodity price indices for low and middle income countries(1990 =100)												
Energy		126.3	164.9	228.8	177.1	186.6	202.1	222.0	262.2	246.4	270.5	269.6
Non Energy Commodities		91.5	106.7	119.9	105.0	107.1	118.9	120.8	120.1	119.9	119.9	120.5
Agriculture		94.7	104.7	112.6	102.1	102.9	111.7	114.1	112.0	112.9	111.1	112.0
Beverages		87.1	94.0	118.9	92.9	101.5	120.6	125.0	111.2	114.8	112.2	106.5
Food		96.4	110.0	109.6	105.9	104.1	111.0	110.4	107.2	107.0	105.7	108.8
Fats and Oils		120.6	137.1	123.9	122.9	119.4	122.5	126.5	122.7	126.4	121.5	120.1
Grains		90.2	100.2	102.5	95.2	98.2	103.0	101.3	103.1	102.4	102.9	104.1
Other Food		80.1	93.2	101.8	98.0	94.8	106.2	102.4	96.8	93.8	94.4	102.2
Raw Materials		98.2	105.8	111.8	104.1	102.4	105.9	110.8	118.8	119.0	117.2	120.3
Timber		103.7	109.3	121.2	111.6	113.3	118.5	121.2	123.9	122.4	124.0	125.5
Other Raw Materials		94.4	103.4	105.4	98.9	94.9	97.2	103.8	115.3	116.6	112.6	116.8
Fertilizers		106.2	100.5	103.9	100.6	98.4	99.8	104.8	107.2	106.9	106.5	108.2
Metals and Minerals		82.0	112.4	139.5	112.6	118.1	138.4	138.7	141.3	138.4	142.9	142.6

a. Included in the petroleum index, but not in the non-fuel index/

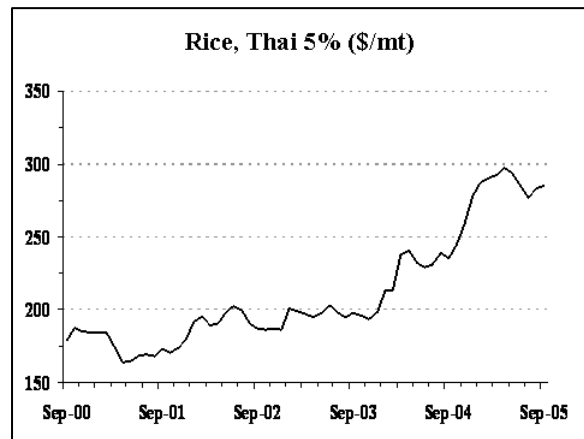
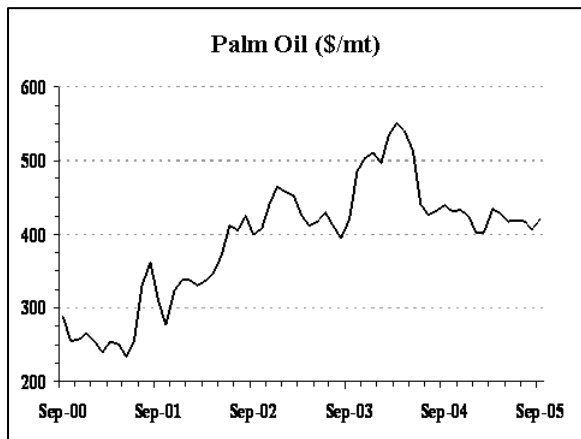
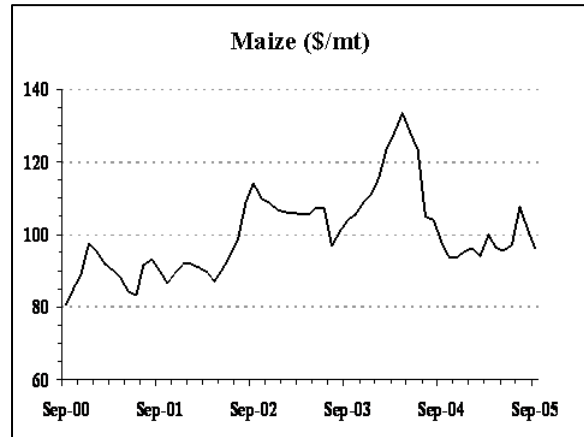
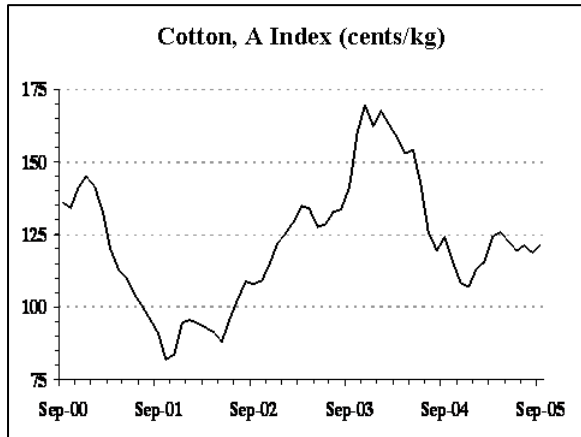
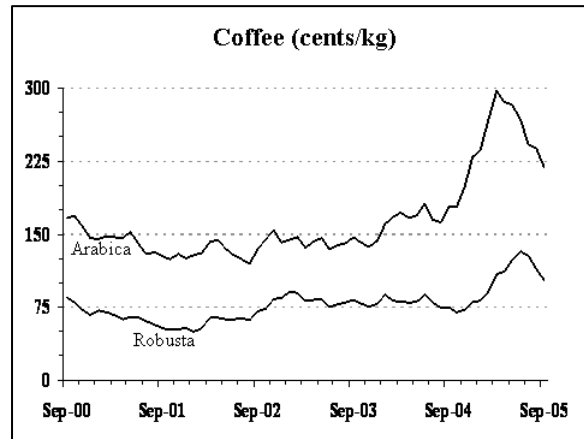
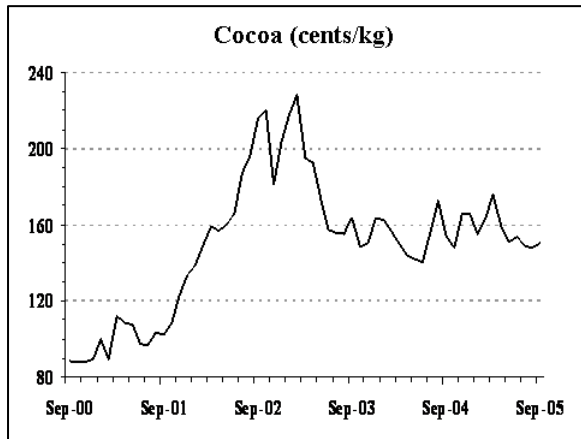
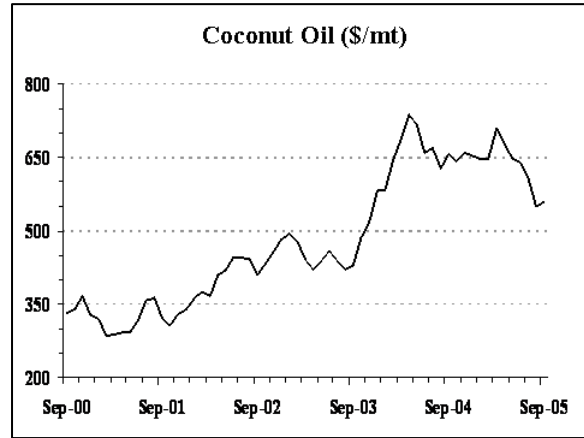
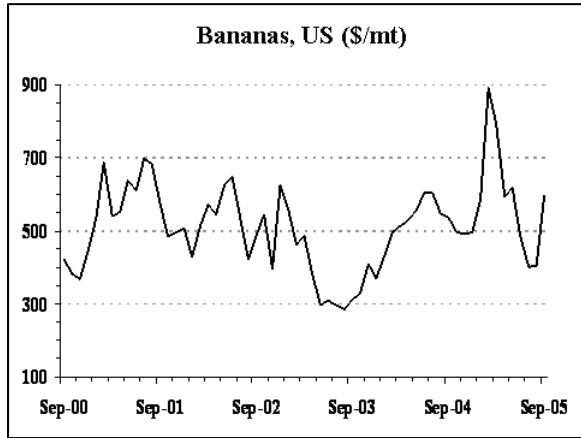
b. Not included in index/

mt = metric ton toz = troy oz n.a. = not available n.q. = no quotation

Selected Commodity Prices, Nominal US dollars, 2000-2005



Selected Commodity Prices, Nominal US dollars, 2000-2005 cont'd



Selected Commodity Prices, Nominal US dollars, 2000-2005 cont'd

