

# Commodity Markets Review

December 12, 2005

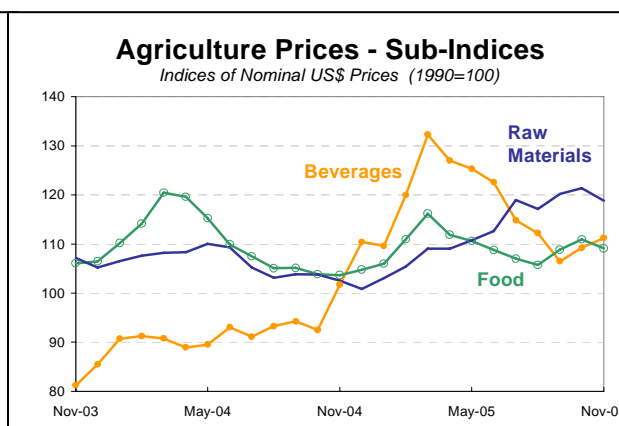
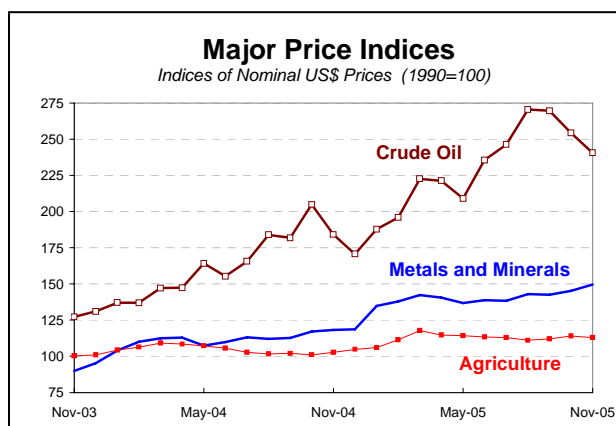
DECPG, The World Bank

**Non-oil commodity prices rose 0.4 percent in November**, the fourth consecutive monthly gain. The increases continue to be concentrated in metals due to low stocks, numerous supply problems, and prospects of continuing strong demand next year. Agriculture markets remain well supplied, while import demand for chicken feed is slowing due to concerns about the spread of Avian Flu.

**Crude oil prices fell 5.4 percent in November** to average \$55.0/bbl, a drop of \$10/bbl since the peak immediately following hurricane Katrina at end-August. Despite significant losses to U.S. oil production and refining, the industry produced ample products, pushing gasoline prices back to pre-Katrina levels. Rising inventories of crude and products were aided by mild fall weather and the release of IEA emergency stocks. The IEA reported that 83 percent of the 60 million barrels on offer were taken. OPEC has also helped keep the market well supplied by agreeing to sell from its surplus if needed, but apparently little oil was taken. OPEC left oil production quotas unchanged at its December 12 meeting, but will meet January 31, 2006, to review market developments. There was no indication at the meeting of any new price band, or floor price, but the organization is expected to reduce output if prices fall precipitously.

**Agricultural prices fell 1.0 percent in November**, following two months of gains, with moderate declines in all main indices except for beverages. Grains prices recorded the largest decrease of 4.2 percent, on ample supplies and reduced demand in Asia. Buyers are unwilling to accumulate inventories should Avian Flu infections escalate. Wheat prices also receded from the highs following hurricane Katrina on higher export supplies. Fats and oils prices fell 1 percent on expected large global production increases. The only significant price increase in November was for robusta coffee, which climbed 8 percent, on fears that Vietnam's crop is lower than expected due to prolonged drought.

**Metals and minerals prices surged 3.2 percent in November**, on low stocks, supply problems, and strong demand in China. Zinc prices jumped 8 percent on expectations of a shortage of mine supply next year, amid declining stocks and continuing strong demand in China for galvanizing steel. Aluminum prices rose 6 percent due to the tightness in supply of alumina (needed to produce refined aluminum), as well as the potential for higher electricity prices as power contracts expiring in Europe and the U.S. will be negotiated in more liberalized market environments. Copper prices rose to record highs, mainly on chronically low stocks and supply disruptions this year.



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 November<sup>1</sup>

**Coffee (Robusta)** prices increased 8.2 percent reflecting fears that Vietnam's crop is lower due to prolonged drought, and that Mexico's crop is damaged from hurricane Stan.

**Zinc** prices gained 8.2 percent on declining inventories, worries of insufficient mine supply next year, and continuing strong import demand from China to galvanize its large steel output.

**Aluminum** prices climbed 6.3 percent due to low inventories, a tight alumina market, and prospects of higher electricity prices as existing power contracts expire in Europe and the U.S.

**Copper** prices rose 5.2 percent, continuing six months of gains, on extremely low inventories and significant supply disruptions and shortfalls this year, exacerbated by large short positions held by China's State Reserve Bureau.

**Urea** bulk prices rose 3.2 percent due to high prices for natural gas used as input to production. However, prices remain below the highs earlier this year.

**Rice** prices fell 3.0 percent partly due to strong exports from Egypt, and weaker import demand.

**Soybean oil** prices decreased 3.6 percent due to expected production increases for this and other fats and oils, especially palm oil which is a close substitute to soybean oil.

**Wheat** prices fell 4.0 percent from last month's highs which were caused by hurricane disruptions to U.S. exports through the Gulf.

**Tin** prices decreased by 4.1 percent, continuing its almost steady decline since March, due to rising stocks and higher supplies, particularly from Indonesia's informal, small-scale smelters.

**Crude oil** prices declined 5.4 percent on rising stocks, mild weather, and maintenance of adequate OPEC supply.

**Rubber** prices fell 5.7 percent reversing sustained increases this year that resulted in a 10-year high last month. The decline reflects ample supplies accumulated by East Asian producers.

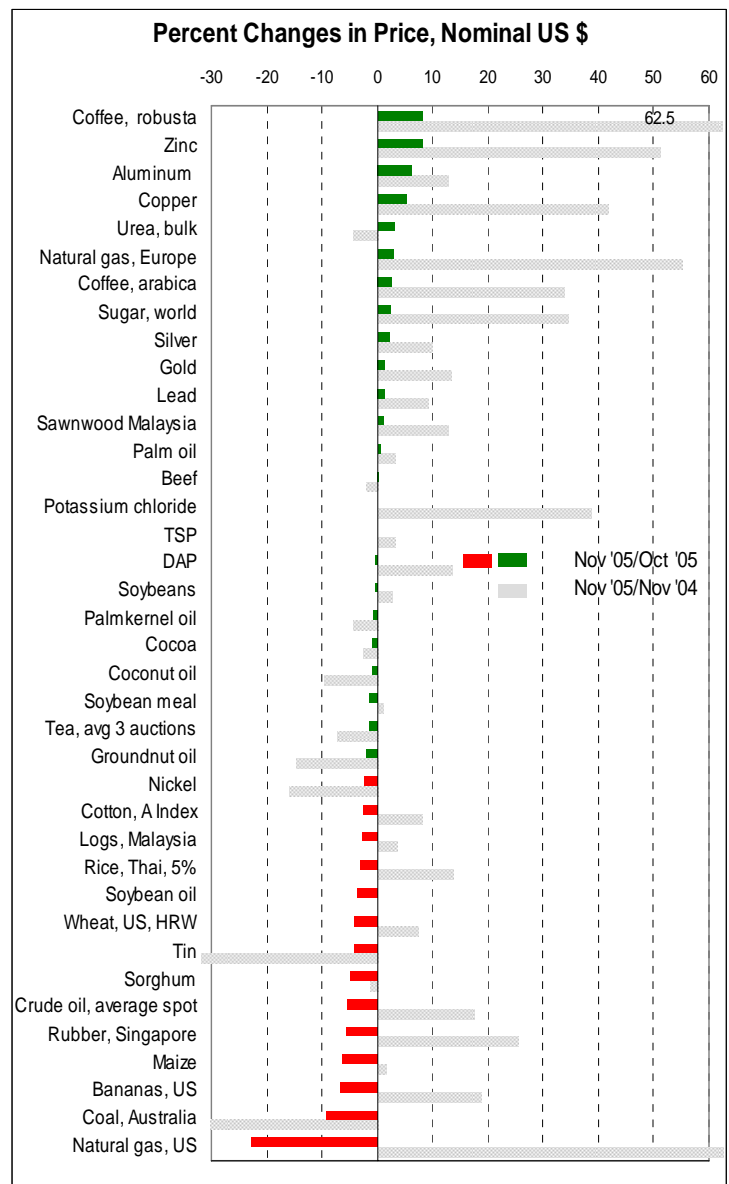
**Maize and sorghum** prices fell 6.4 and 5.0 percent, respectively, on fears of lower feed demand due to Avian Flu, as well as an increase

in USDA's estimate of U.S. production.

**Bananas** prices in the U.S. declined 6.6 percent, mainly a reflection of lower transportation costs.

**Coal** prices dropped 9.3 percent, continuing declines of the past few months, mainly due to the large rise in exports from Indonesia, and only moderate demand growth because of mild summer/fall weather.

**Natural gas** prices in the U.S. plunged 22.9 percent on mild weather and rising inventories, but recent cold weather has led to a sharp reversal in prices, as a significant portion of production in the Gulf remains shut in.



<sup>1</sup> Percent change of average November prices compared to average October 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-Nov 2005	Jul-Sep 2004	Oct-Dec 2004	Jan-Mar 2005	Apr-Jun 2005	Jul-Sep 2005	Sep 2005	Oct 2005	Nov 2005
<b>Energy</b>												
Coal, Australia	\$/mt	27.84	54.70	50.38	60.42	55.65	53.04	52.94	50.18	47.00	44.94	40.75
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	\$/bbl	28.90	37.73	53.11	40.52	42.68	46.24	50.79	59.98	61.69	58.19	55.04
Crude oil, Brent	\$/bbl	28.85	38.30	54.22	41.59	44.17	47.64	51.61	61.55	62.98	58.52	55.54
Crude oil, Dubai	\$/bbl	26.74	33.46	48.95	36.09	35.57	41.44	47.69	55.34	56.54	53.67	51.31
Crude oil, West Texas Int.	\$/bbl	31.11	41.44	56.17	43.89	48.31	49.65	53.06	63.05	65.54	62.36	58.28
Natural gas, Europe	\$/mmbtu	3.91	4.28	6.22	4.34	4.93	5.49	5.89	6.52	6.58	7.28	7.49
Natural gas, US	\$/mmbtu	5.49	5.89	8.56	5.49	6.36	6.42	6.94	10.04	12.88	13.52	10.43
<b>Non Energy Commodities</b>												
<b>Agriculture</b>												
<b>Beverages</b>												
Cocoa	b/ c/kg	175.1	155.0	154.1	161.2	159.9	164.7	154.4	149.1	150.5	145.7	144.3
Coffee, Arabica	b/ c/kg	141.5	177.4	255.0	168.3	202.0	266.8	278.6	233.4	219.3	231.6	237.5
Coffee, robusta	b/ c/kg	81.4	79.3	110.3	76.6	74.3	93.9	122.6	115.2	103.3	104.8	113.4
Tea, auctions (3), average	c/kg	151.7	168.6	164.9	176.4	176.7	159.9	166.0	166.8	165.8	169.0	166.3
Tea, Colombo auctions	b/ c/kg	154.1	178.1	184.2	177.9	201.4	193.5	176.5	176.1	188.5	196.2	191.3
Tea, Kokata auctions	b/ c/kg	146.5	172.2	163.1	193.2	179.8	136.9	179.1	175.2	156.8	157.4	162.4
Tea, Mombasa auctions	b/ c/kg	154.4	155.4	147.3	158.1	149.1	149.3	142.3	149.0	152.3	153.6	145.3
<b>Food</b>												
<b>Fats and Oils</b>												
Coconut oil	b/ \$/mt	467.3	660.8	622.7	651.0	651.7	667.3	654.9	571.7	559.0	587.0	580.8
Copra	\$/mt	299.9	450.0	417.5	444.3	448.3	447.8	446.4	380.7	346.0	384.0	383.8
Groundnut oil	b/ \$/mt	1,243.2	1161.0	1071.0	1117.7	1130.3	1152.4	1101.3	1025.0	1002.0	982.0	962.5
Palm oil	b/ \$/mt	443.3	471.3	421.5	432.3	429.0	413.3	421.7	415.0	421.0	442.0	444.5
Palmkernel oil	b/ \$/mt	458.8	648.1	630.4	629.0	653.0	662.3	655.6	582.3	577.0	619.0	615.0
Soybean meal	b/ \$/mt	210.9	241.2	214.7	204.3	196.0	213.5	221.3	218.7	212.0	202.0	199.0
Soybean oil	b/ \$/mt	553.9	616.0	545.5	597.3	559.3	521.3	548.0	551.7	545.0	579.0	558.0
Soybeans	b/ \$/mt	264.0	306.5	275.7	268.0	258.0	270.8	290.7	278.3	263.0	257.0	255.8
<b>Grains</b>												
Maize	b/ \$/mt	105.4	111.8	98.4	102.3	94.3	96.8	96.3	101.8	96.4	101.9	95.4
Rice, Thai, 5%	b/ \$/mt	197.6	237.7	286.8	235.0	260.5	289.9	292.0	281.6	285.3	286.4	277.8
Rice, Thai, 25%	\$/mt	181.7	225.4	266.1	224.6	245.6	270.5	270.5	260.7	264.3	265.2	257.3
Rice, Thai, 35%	\$/mt	178.1	222.3	262.5	221.9	241.9	267.6	265.8	256.7	261.3	262.4	255.0
Rice, Thai, A1.Special	\$/mt	151.5	205.1	218.8	209.6	210.9	229.3	218.9	211.9	215.5	217.4	209.5
Sorghum	b/ \$/mt	106.5	109.8	96.2	99.8	92.3	92.9	95.4	101.0	97.4	97.4	92.6
Wheat, Canada	\$/mt	177.4	186.5	196.8	174.4	196.1	200.8	191.0	194.9	201.5	203.2	201.0
Wheat, US, HRW	b/ \$/mt	146.1	156.9	151.3	147.6	153.5	151.9	142.0	151.0	159.7	167.8	161.1
Wheat US SRW	\$/mt	138.6	144.4	135.6	133.0	140.6	145.4	132.1	130.3	128.2	135.3	132.3
<b>Other Food</b>												
Bananas EU (SOPISCO)	\$/mt	790.4	892.0	1190.4	705.5	988.3	1284.5	1346.0	1016.7	1139.7	1,063.6	1,089.0
Bananas US (UPEB & SOPIS)	b/ \$/mt	374.8	524.6	598.9	563.3	494.9	757.3	565.5	466.8	594.2	630.4	589.1
Beef	b/ c/kg	198.0	251.3	262.4	275.1	261.1	258.9	264.8	266.8	265.1	256.8	257.9
Fish.meal.Hamburg	\$/mt	610.7	648.6	698.4	629.0	642.0	640.6	663.1	712.3	727.0	793.0	841.3
Lamb	c/kg	388.4	459.9	446.9	454.4	472.7	478.1	454.9	429.2	432.2	419.8	409.5
Oranges	b/ \$/mt	680.8	857.5	872.6	943.7	774.2	830.5	1,068.4	751.7	749.0	815.1	831.6
Shrimp, Mexican	b/ c/kg	1,144	1,022	1,033	952	966	1,030	1,047	1,028	992	1,003	1,042
Sugar EU domestic	b/ c/kg	59.71	66.97	66.79	66.47	68.13	69.12	67.90	65.23	66.12	64.49	63.45
Sugar US domestic	b/ c/kg	47.37	45.47	46.80	44.86	45.84	45.26	47.76	46.73	46.66	47.89	47.70
Sugar, world	b/ c/kg	15.63	15.80	21.11	17.03	18.27	19.62	19.28	21.96	22.73	24.52	25.09
<b>Raw Materials</b>												
<b>Timber</b>												
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	202.4	199.5	196.8	192.0	199.9	211.4	216.8	211.3	205.2
Plywood	c/sheets	431.9	464.8	508.5	454.9	482.0	515.2	512.6	506.5	513.2	496.4	494.1
Sawnwood, Cameroon	\$/cum	551.6	587.0	562.0	594.7	621.5	598.5	562.6	546.6	545.3	534.6	524.4
Sawnwood, Malaysia	\$/cum	551.0	581.3	656.4	594.4	606.1	639.9	652.7	664.3	671.3	671.3	678.3
Woodpulp	\$/mt	525.7	640.8	637.7	658.1	637.4	676.9	651.7	607.4	603.4	603.5	603.5
<b>Other Raw Materials</b>												
Cotton A Index	b/ c/kg	139.9	136.6	121.4	123.1	110.4	117.6	122.6	120.4	121.1	128.3	125.2
Cotton Memphis	c/kg	156.6	137.5	129.43	119.4	116.3	124.8	130.9	128.5	131.7	138.8	131.7
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	164.8	147.5	146.5	144.9	151.6	181.5	188.5	193.8	184.6
Rubber, Singapore	b/ c/kg	108.3	130.4	148.3	127.8	125.4	126.5	138.5	167.5	170.6	171.9	162.1
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	580.4	534.0	557.4	583.8	584.5	576.5	575.0	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

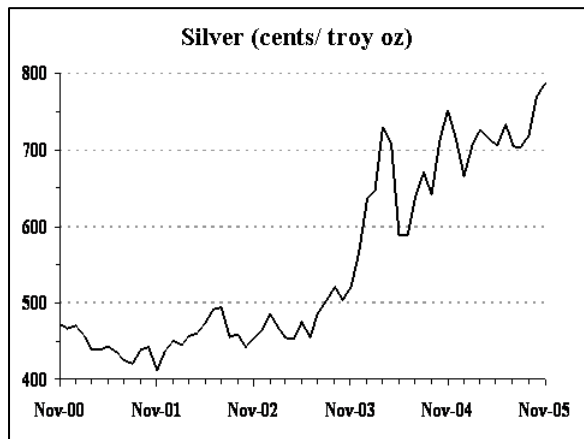
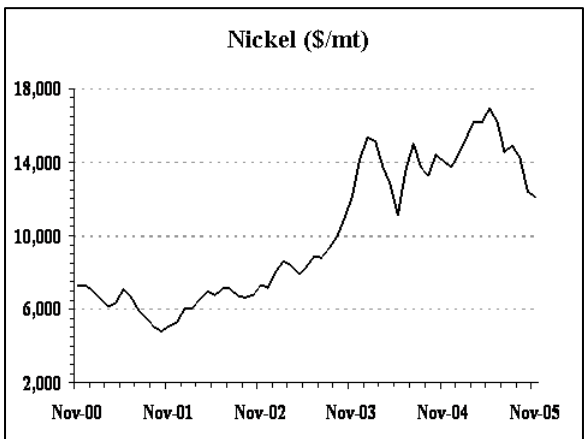
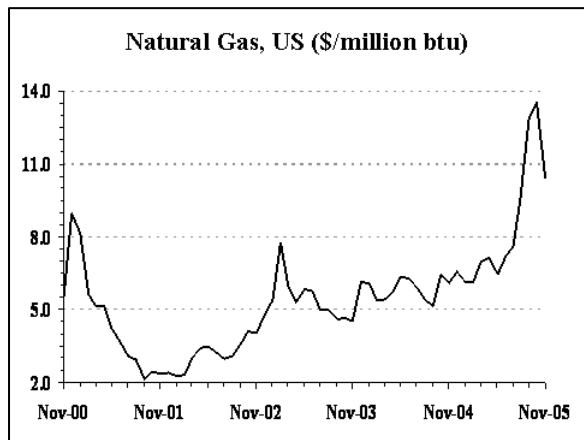
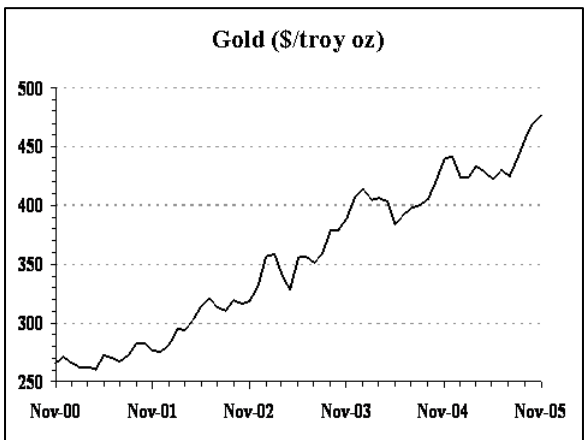
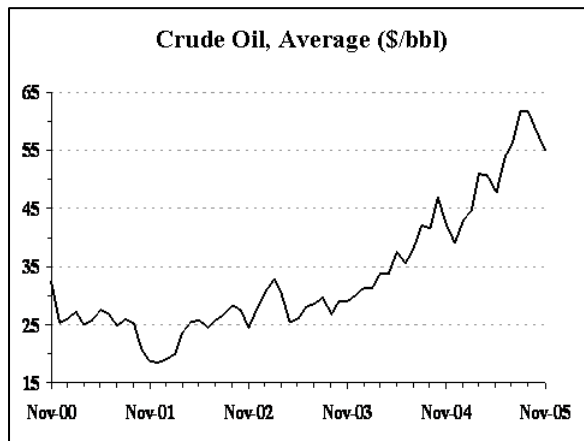
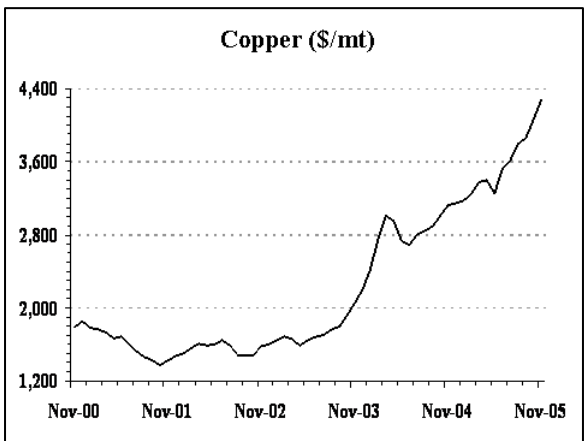
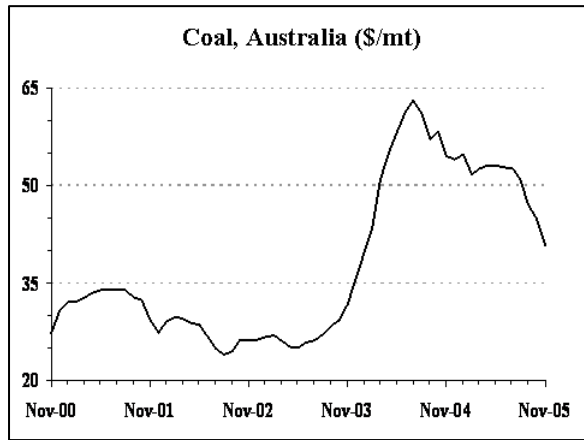
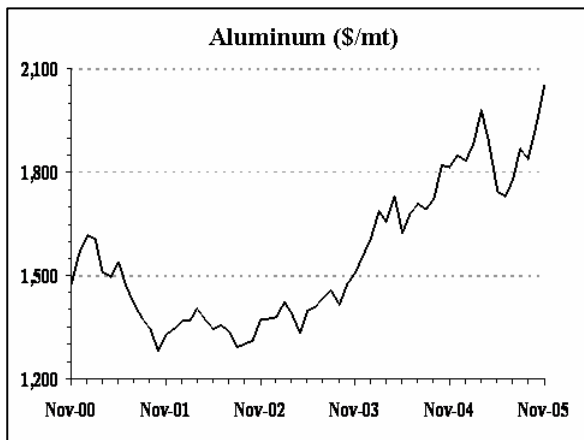
		Annual averages			Quarterly averages					Monthly averages		
		Jan-Dec	Jan-Dec	Jan-Nov	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Sep	Oct	Nov
		2003	2004	2005	2004	2004	2005	2005	2005	2005	2005	2005
<b>Fertilizers</b>												
DAP	\$/mt	179.4	221.2	245.7	222.8	234.6	226.4	235.6	261.6	264.1	266.4	265.3
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
Potassium chloride	\$/mt	113.3	124.6	157.1	120.0	138.2	147.5	151.7	163.5	170.0	170.0	170.0
TSP	\$/mt	149.3	186.3	201.5	193.8	198.5	202.0	201.7	201.2	201.0	201.0	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	219.3	210.4	210.9	198.1	241.6	211.7	209.9	225.5	232.8
<b>Metals and Minerals</b>												
Aluminum	b/ \$/mt	1,431	1,716	1,867	1,708	1,828	1,899	1,790	1,829	1,840	1,929	2,051
Copper	b/ \$/mt	1,779	2,866	3,597	2,850	3,093	3,268	3,389	3,757	3,858	4,060	4,269
Gold	\$/toz	363.5	409.2	438.9	401.3	434.0	427.1	427.3	439.5	456.0	469.9	476.7
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	96.3	93.2	95.8	97.8	98.7	89.2	93.3	100.5	101.8
Nickel	b/ \$/mt	9,629	13,823	14,863	13,991	14,073	15,348	16,411	14,567	14,228	12,403	12,116
Silver	c/toz	491.1	669.0	721.5	650.2	726.2	699.9	718.2	708.8	719.3	769.9	786.4
Steel products (8) index	a/ 1990=100	78.8	121.5	137.8	128.7	128.5	132.7	141.6	138.6	138.6	138.6	138.6
Steel cr coilsheet	\$/mt	444.6	607.1	731.8	650.0	650.0	683.3	750.0	750.0	750.0	750.0	750.0
Steel hr coilsheet	\$/mt	320.2	502.5	631.8	550.0	550.0	583.3	650.0	650.0	650.0	650.0	650.0
Steel, rebar	\$/mt	265.8	428.8	422.5	400.0	400.0	402.5	430.0	430.0	430.0	430.0	430.0
Steel wire rod	\$/mt	300.0	487.5	577.3	550.0	550.0	550.0	566.7	600.0	600.0	600.0	600.0
Tin	c/kg	489.5	851.3	744.0	902.9	889.0	807.7	796.3	704.7	678.4	642.3	616.0
Zinc	b/ c/kg	82.8	104.8	134.1	98.0	111.4	131.5	127.3	129.7	139.8	148.8	161.1
<b>World Bank commodity price indices for low and middle income countries( 1990 =100)</b>												
Energy		126.3	164.9	232.2	177.1	186.6	202.1	222.0	262.2	269.6	254.3	240.6
Non Energy Commodities		91.5	107.4	121.3	105.9	108.0	119.8	121.6	120.9	121.2	123.3	123.8
Agriculture		94.7	104.7	112.7	102.1	102.9	111.7	114.1	112.0	112.0	114.0	112.8
Beverages		87.1	94.0	117.3	92.9	101.5	120.6	125.0	111.2	106.5	109.2	111.2
Food		96.4	110.0	109.6	105.9	104.1	111.0	110.4	107.2	108.8	110.9	109.1
Fats and Oils		120.6	137.1	123.1	122.9	119.4	122.5	126.5	122.7	120.2	120.4	119.3
Grains		90.2	100.2	102.9	95.2	98.2	103.0	101.3	103.1	104.1	107.2	102.7
Other Food		80.1	93.2	102.4	98.0	94.8	106.2	102.4	96.8	102.2	105.3	104.3
Raw Materials		98.2	105.8	113.3	104.1	102.4	105.9	110.8	118.7	120.2	121.4	118.8
Timber		103.7	109.3	122.0	111.6	113.3	118.5	121.2	123.9	125.5	125.1	125.8
Other Raw Materials		94.4	103.4	107.4	98.9	94.9	97.2	103.8	115.2	116.6	118.9	114.1
Fertilizers		106.2	126.6	134.9	131.2	133.4	135.1	135.0	134.7	134.6	134.6	134.6
Metals and Minerals		82.0	112.4	140.9	112.6	118.1	138.4	138.7	141.3	142.6	145.1	149.7

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

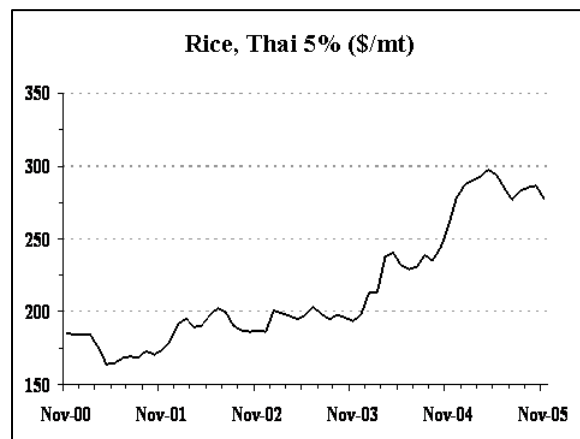
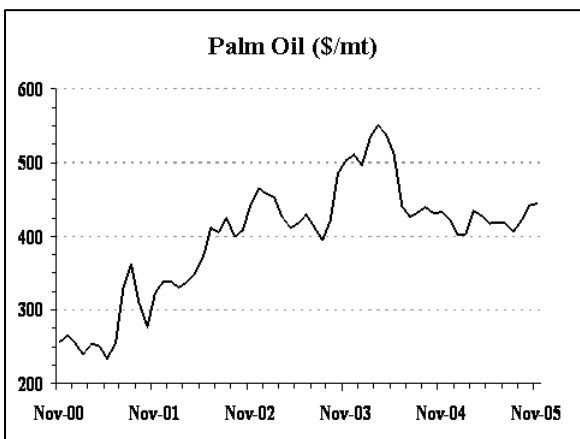
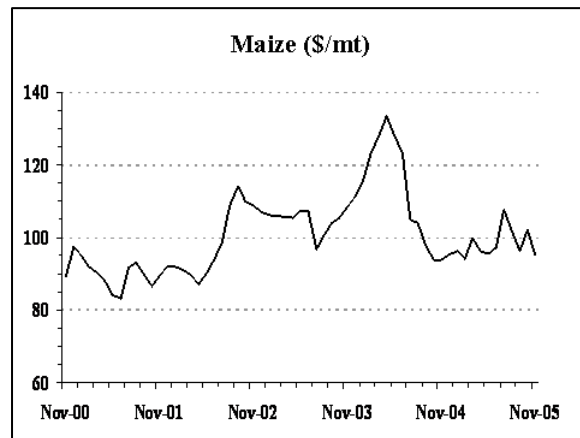
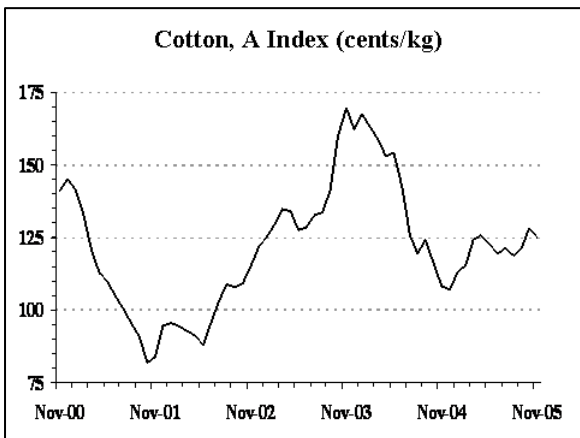
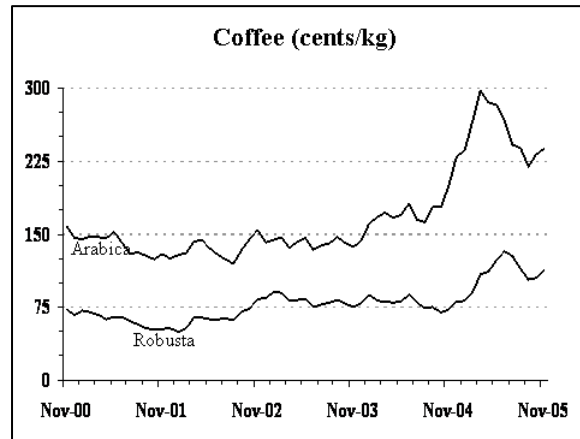
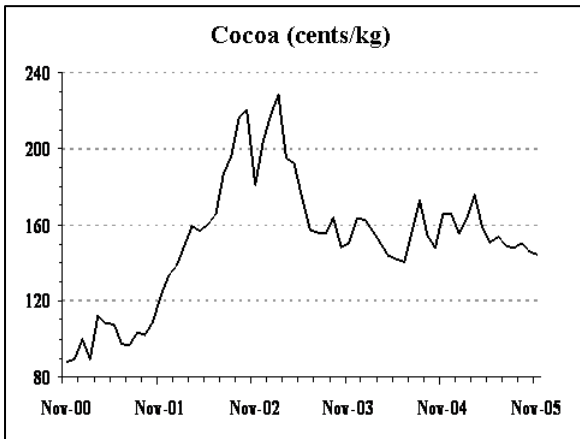
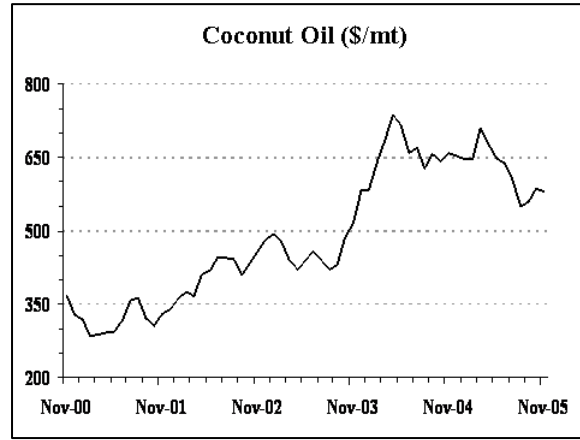
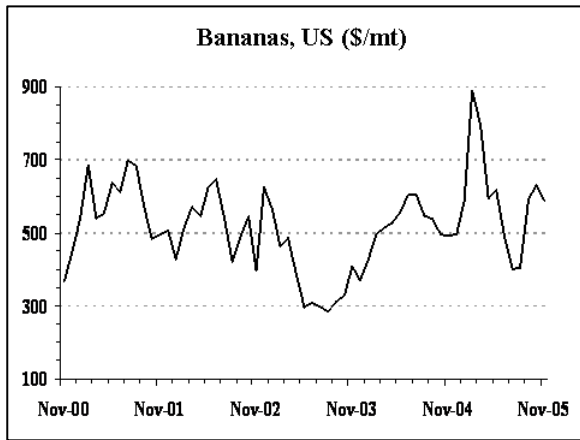
b. Not included in index/

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

