

Commodity Markets Review

August 9, 2005

DECPG, The World Bank

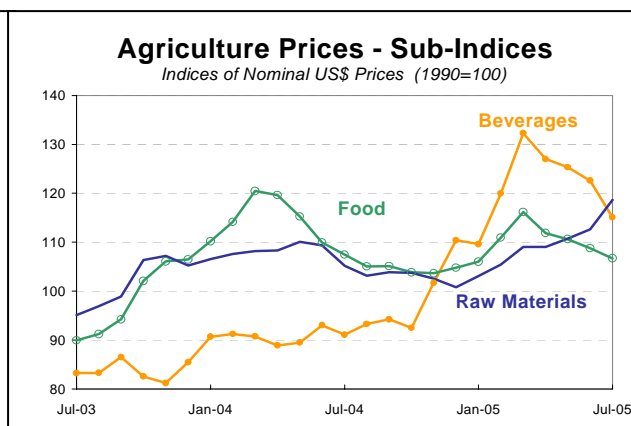
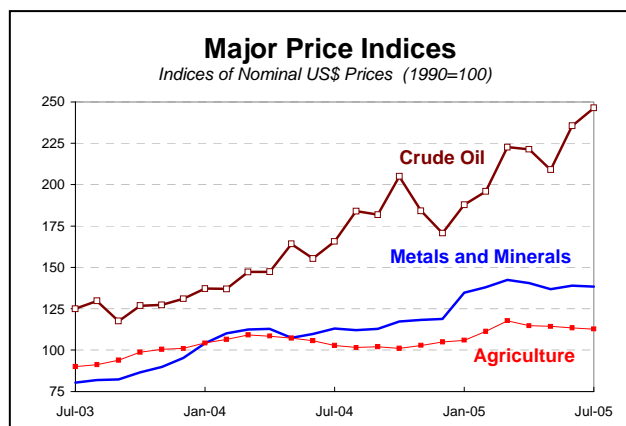
Non-oil commodity prices declined 0.5 percent in July, the fourth consecutive monthly drop. There were relatively large movements in a number of commodities. Most of the large declines were in metals, bananas and coffee, which were partly offset by increases in rubber, grains, sugar and the major metals of copper and aluminum. Gas and oil prices continued to rise.

Crude oil prices rose 4.6 percent in July, averaging \$56.4/bbl, on expectations of capacity constraints later in the year during peak winter demand. Prices eclipsed \$60 in early August, with WTI futures prices for delivery in January exceeding \$66/bbl. A series of disruptions to crude oil and petroleum products production, as well as geopolitical concerns in the Middle East, contributed to the bullish sentiment. Hurricanes in the U.S. Gulf temporarily reduced output, and a fire destroyed an 0.11 mb/d platform in India's offshore Bombay High field. A number of refinery outages reinforced the reality that there is limited spare capacity in both the downstream and upstream sectors. Prices continue to rise despite adequate oil inventories for crude and products, although gasoline stocks are declining, as is typical for this time of year.

OPEC oil output rose an estimated 0.3 mb/d in July, with Iraq exports up by more than 0.2 mb/d. However, OPEC did not schedule further discussions to increase production by 0.5 mb/d, despite the surge in prices.

Agricultural prices decreased 0.6 percent in July, the fourth consecutive monthly drop. Declines in food and beverages were partly offset by gains in raw materials—for both July and the four-month period. In July, bananas prices plunged 17 percent following a 21 percent drop in June on reduced seasonal demand and ample supplies. Coffee prices fell on favorable harvests in Brazil, and improving weather conditions in Viet Nam. Among agricultural price gains, rubber prices surged 16.5 percent on strong demand, high prices of crude oil-based synthetic rubber, and tight supplies in Thailand. Grains prices rose 1.9 percent on concerns of hot, dry weather in the U.S. Midwest.

Metals and minerals prices fell 0.3 percent in July, as large declines in lead, nickel, tin and zinc more than offset moderate gains in copper and aluminum. Lead prices dropped 13.3 percent due to a sharp rise in stocks and higher output in China. Nickel prices fell 9.8 percent on reduced stainless steel output and lower imports into China, while zinc prices also fell because of cuts in steel galvanization. Most metals markets remain in deficit and inventories are low, paving the way for higher prices should demand recover. Copper prices rose to new highs in August, exceeding \$3,800/t, boosted by strike actions and critically low stocks. Aluminum prices have also risen on prospects that China will reduce aluminum exports.



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 July¹

Rubber prices surged 16.5 percent owing to tight supplies in Thailand, high prices for synthetic rubber made from petroleum, and strong demand in China.

Maize prices rose 10.7 percent on speculation of reduced production due to hot, dry weather in the Mid-western U.S.

Sorghum prices rose 8.8 percent on damage from Hurricane Emily and high maize prices.

Natural gas prices in Europe rose 8.6 percent, mainly due to rising oil prices. Contract gas imported into Europe is indexed to oil products with a lag.

Sugar prices rose 6.4 percent on expectations of stronger demand in Russia, China and India, and increased use of sugar cane for ethanol production in Brazil.

Natural gas prices in the U.S. rose 6.1 percent, as hot weather raised demand for cooling and limited injections into storage.

Tea prices climbed 5.4 percent led by Kolkata's seasonal gain of 11.7 percent as its Darjeeling teas attracted premium prices. Mombassa's average auction prices rose 4.3 percent on improved quality.

Coconut oil prices declined by 5.0 percent on increased exports from Philippines and Indonesia where domestic consumption has declined in favor of the relatively lower priced palm oil and soybean oil.

Tin prices decreased 5.9 percent on rising supplies in China and Indonesia. Inventories on the LME increased only slightly, as most of Indonesia's new output is not LME deliverable because of poor quality and is shipped to China.

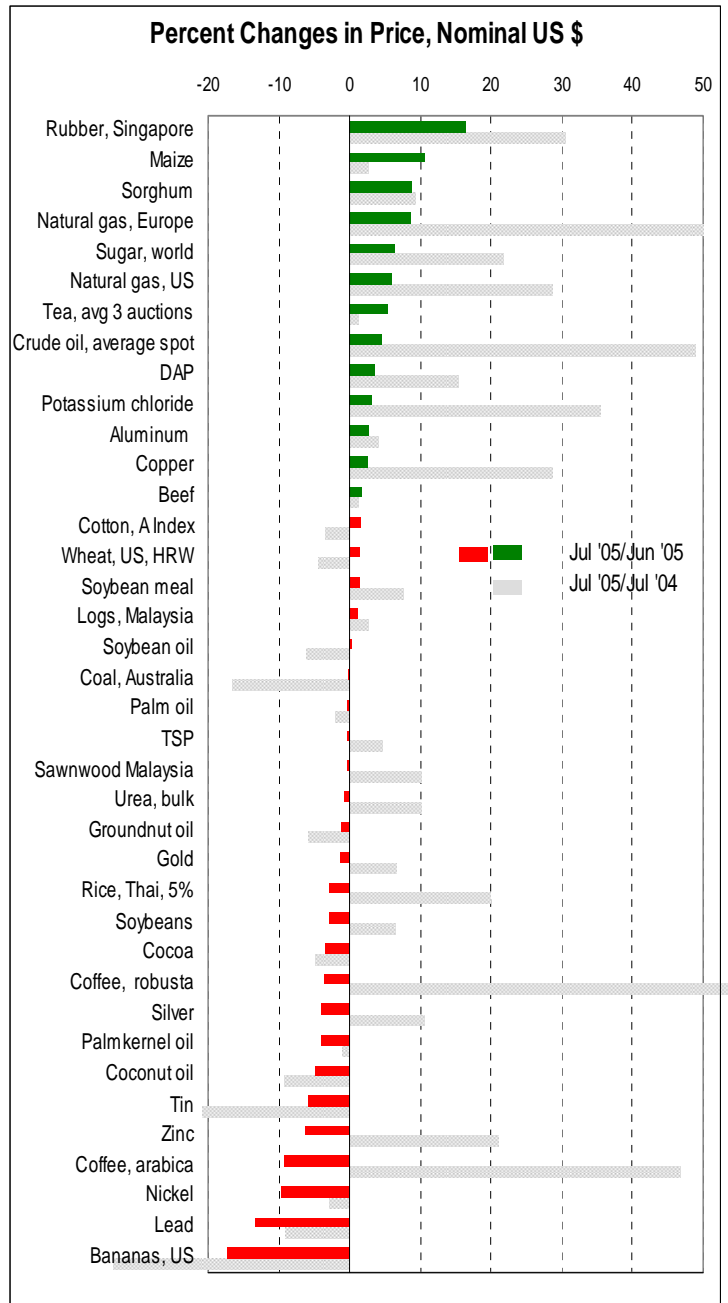
Zinc prices decreased 6.4 percent due to a large increase in inventories resulting from cuts in steel production and de-stocking by stainless steel producers.

Coffee (Arabica) prices fell 9.3 percent, the second monthly decline, on weak summer demand and a favorable harvest in Brazil.

Nickel prices dropped 9.8 percent on reductions in stainless steel production and reduced imports by China.

Lead prices decreased 13.3 percent on a large increase in inventories stemming from a sharp rise in global mine production and higher Chinese refined output.

Bananas prices in the U.S. plunged 17.4 percent due to lower demand caused by the ample availability of competing fruits, and plentiful supplies from Central America and Colombia.



¹ Percent change of average July 2005 prices compared to average June 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	Jan-Dec	Jan-Jul	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	May	Jun	Jul
		2003	2004	2005	2004	2004	2004	2005	2005	2005	2005	2005
Energy												
Coal, Australia	\$/mt	27.84	54.70	52.94	58.16	60.42	55.65	53.04	52.94	53.06	52.75	52.65
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	49.64	35.60	40.52	42.68	46.24	50.79	47.83	53.89	56.37
Crude oil, Brent	\$/bbl	28.85	38.30	50.76	35.49	41.59	44.17	47.64	51.61	48.67	54.31	57.58
Crude oil, Dubai	\$/bbl	26.74	33.46	45.75	32.98	36.09	35.57	41.44	47.69	45.00	50.97	52.85
Crude oil, West Texas Int.	\$/bbl	31.11	41.44	52.40	38.34	43.89	48.31	49.65	53.06	49.81	56.39	58.67
Natural gas, Europe	\$/mmbtu	3.91	4.28	5.79	3.96	4.34	4.93	5.49	5.89	5.89	5.91	6.42
Natural gas, US	\$/mmbtu	5.49	5.89	6.81	6.11	5.49	6.36	6.42	6.94	6.47	7.19	7.63
Non Energy Commodities												
Agriculture												
Beverages												
Cocoa	b/ c/kg	175.1	155.0	158.0	142.1	161.2	159.9	164.7	154.5	150.8	154.0	148.8
Coffee, Arabica	b/ c/kg	141.5	177.4	268.4	172.4	168.3	202.1	266.8	278.6	283.0	267.1	242.4
Coffee, robusta	b/ c/kg	81.5	79.3	111.0	82.9	76.6	74.3	93.9	122.6	123.6	132.3	127.6
Tea, auctions (3), average	c/kg	151.7	168.6	164.6	167.2	176.4	176.7	159.9	166.4	161.7	164.7	173.6
Tea, Colombo auctions	b/ c/kg	154.1	178.1	181.9	165.7	177.9	201.4	193.5	176.5	176.1	164.9	163.4
Tea, Kokata auctions	b/ c/kg	146.5	172.2	166.2	183.6	193.2	179.8	136.9	180.4	168.0	189.8	212.0
Tea, Mombasa auctions	b/ c/kg	154.4	155.4	145.7	152.3	158.1	149.1	149.3	142.3	141.0	139.3	145.3
Food												
Fats and Oils												
Coconut oil	b/ \$/mt	467.3	660.8	653.4	703.3	651.0	651.7	667.3	654.9	647.0	638.8	607.0
Copra	\$/mt	299.9	450.0	444.0	489.7	444.3	448.3	447.8	446.4	446.3	433.0	425.0
Groundnut oil	b/ \$/mt	1,243.2	1161.0	1116.0	1198.7	1117.7	1130.3	1152.4	1101.3	1102.0	1065.0	1051.0
Palm oil	b/ \$/mt	443.3	471.3	417.4	497.0	432.3	429.0	413.3	421.7	417.0	419.0	417.0
Palmkernel oil	b/ \$/mt	458.8	648.1	652.4	691.3	629.0	653.0	662.3	655.6	647.0	638.8	613.0
Soybean meal	b/ \$/mt	210.9	241.2	218.4	276.7	204.3	196.0	213.5	221.3	217.0	221.0	224.0
Soybean oil	b/ \$/mt	553.9	616.0	538.4	628.0	597.3	559.3	521.3	548.0	538.0	559.0	561.0
Soybeans	b/ \$/mt	264.0	306.5	283.1	323.0	268.0	258.0	270.8	290.7	283.0	306.0	297.0
Grains												
Maize	b/ \$/mt	105.4	111.8	98.1	128.3	102.3	94.3	96.8	96.3	95.4	97.1	107.5
Rice, Thai, 5%	b/ \$/mt	197.6	237.7	288.9	233.9	235.0	260.5	289.9	292.0	293.8	285.0	276.8
Rice, Thai, 25%	\$/mt	181.7	225.4	268.5	223.7	224.6	245.6	270.5	270.5	272.6	262.5	256.5
Rice, Thai, 35%	\$/mt	178.1	222.3	264.6	221.1	221.9	241.9	267.6	265.8	267.0	258.3	251.8
Rice, Thai, A1.Special	\$/mt	151.5	205.1	221.7	213.4	209.6	210.9	229.3	218.9	220.4	210.8	207.3
Sorghum	b/ \$/mt	106.5	109.8	95.8	121.0	99.8	92.3	92.9	95.4	96.2	97.1	105.6
Wheat, Canada	\$/mt	177.4	186.5	195.4	185.9	174.4	196.1	200.8	191.0	189.4	198.7	192.4
Wheat, US, HRW	b/ \$/mt	146.1	156.9	146.5	161.7	147.6	153.5	151.9	142.1	143.3	141.9	143.9
Wheat US SRW	\$/mt	138.6	144.4	137.6	147.6	133.0	140.6	145.4	132.1	133.1	131.1	130.9
Other Food												
Bananas EU (SOPISCO)	\$/mt	790.4	892.0	1257.0	883.0	705.5	988.3	1284.5	1346.0	1473.4	1,232.0	907.5
Bananas US (UPEB & SOPISCO)	\$/mt	374.8	524.6	624.2	563.0	563.3	494.9	757.3	565.5	618.3	485.7	401.3
Beef	b/ c/kg	198.0	251.3	263.1	245.0	275.1	261.1	258.9	264.8	267.8	266.0	270.6
Fish.meal.Hamburg	\$/mt	610.7	648.6	658.0	646.7	629.0	642.0	640.6	663.1	662.5	672.0	695.0
Lamb	c/kg	388.5	459.9	460.2	453.8	454.4	472.7	478.1	454.9	453.8	439.0	422.5
Oranges	b/ \$/mt	680.8	857.5	912.9	884.2	943.7	774.2	830.5	1,068.5	1,095.7	934.7	693.2
Shrimp, Mexican	b/ c/kg	1,144	1,020	1,040	1,075	952	966	1,030	1,047	1,047	1,047	1,047
Sugar EU domestic	b/ c/kg	59.72	66.97	67.87	66.05	66.47	68.13	69.12	67.90	67.92	66.50	64.01
Sugar US domestic	b/ c/kg	47.37	45.47	46.77	45.44	44.86	45.84	45.26	47.76	48.26	48.26	48.36
Sugar, world	b/ c/kg	15.63	15.80	19.70	14.59	17.03	18.27	19.62	19.28	18.94	19.95	21.23
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	197.4	195.0	199.5	196.8	192.0	199.9	202.5	203.1	205.5
Plywood	c/sheets	431.9	464.8	511.3	456.0	454.9	482.0	515.2	512.6	519.1	510.9	496.0
Sawnwood, Cameroon	\$/cum	551.6	586.4	574.9	553.9	594.7	621.5	598.5	562.6	571.1	547.4	541.3
Sawnwood, Malaysia	\$/cum	551.0	581.3	647.4	576.9	594.4	606.1	639.9	652.7	657.3	657.3	653.9
Woodpulp	\$/mt	525.7	640.8	659.3	660.1	658.1	637.5	676.9	651.7	651.4	629.0	629.0
Other Raw Materials												
Cotton A Index	b/ c/kg	139.9	136.6	120.3	149.8	123.1	110.4	117.6	122.6	122.8	119.3	121.3
Cotton Memphis	c/kg	156.6	137.5	127.80	154.1	119.4	116.3	124.8	130.9	132.0	126.1	n.q.
Jute	\$/mt	242.2	280.6	n.a.	290.0	290.0	290.0	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	152.4	153.3	147.5	146.5	144.9	151.6	147.7	160.1	177.5
Rubber, Singapore	b/ c/kg	108.3	130.4	137.9	138.0	127.8	125.4	126.5	138.5	136.6	146.1	170.2
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	583.5	516.7	534.0	557.4	583.9	584.5	584.1	580.0	579.5

continued on next page

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

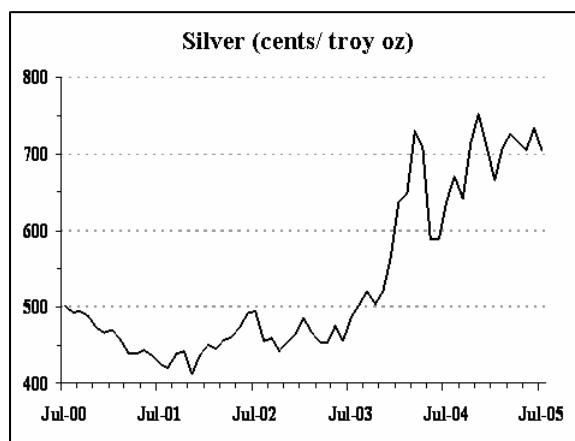
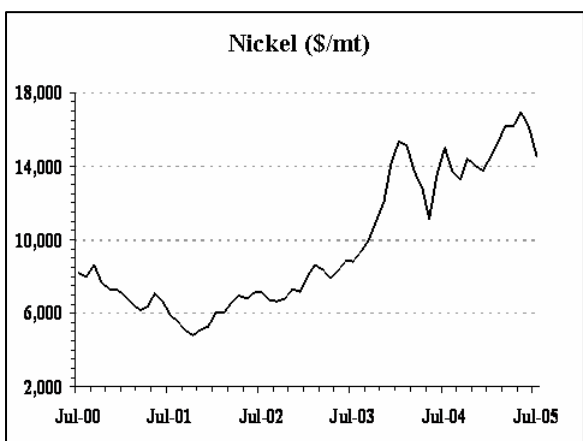
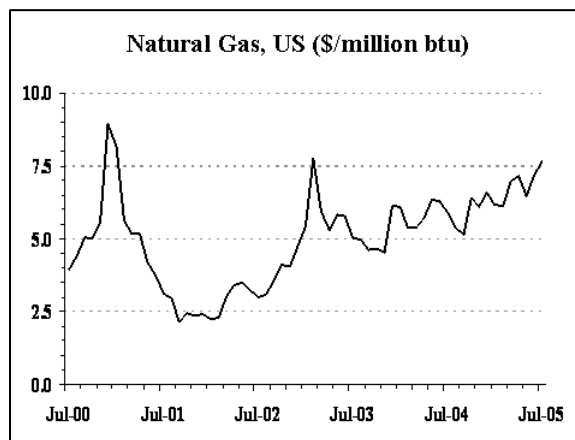
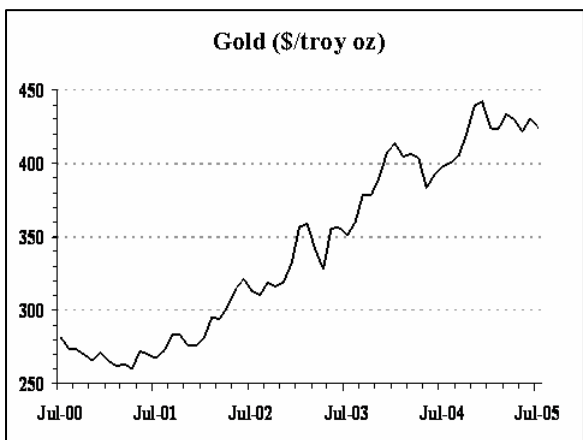
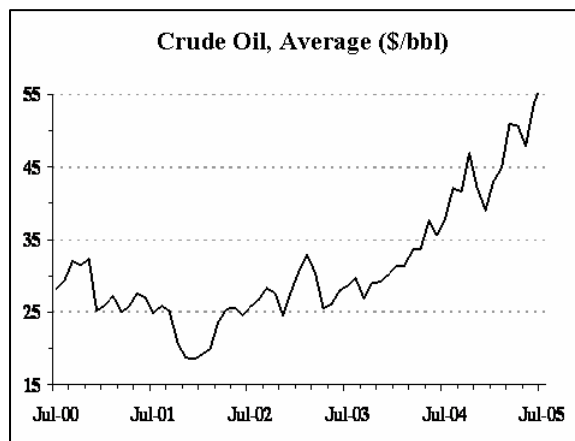
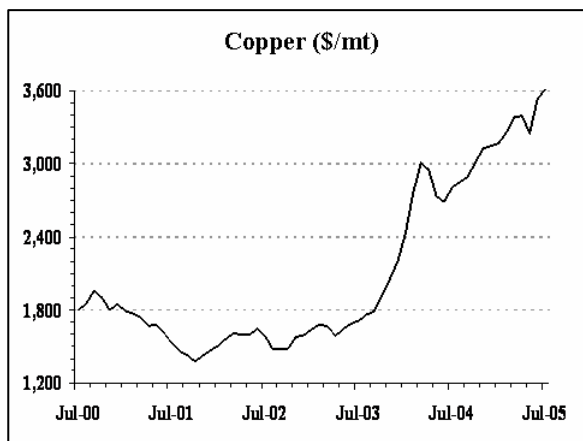
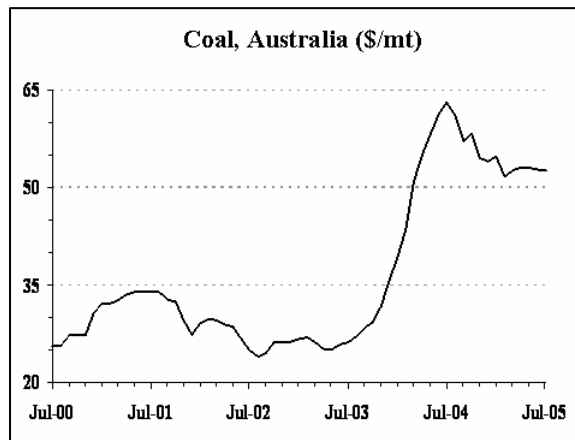
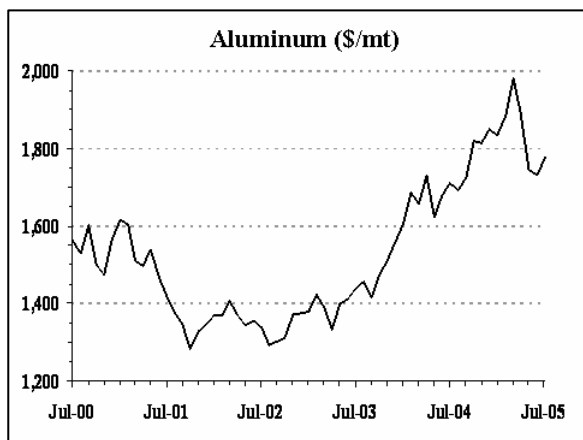
		Annual averages			Quarterly averages				Monthly averages			
		Jan-Dec 2003	Jan-Dec 2004	Jan-Jul 2005	Apr-Jun 2004	Jul-Sep 2004	Oct-Dec 2004	Jan-Mar 2005	Apr-Jun 2005	May 2005	Jun 2005	Jul 2005
Fertilizers												
DAP	\$/mt	179.4	221.2	234.6	209.6	222.8	234.6	226.4	235.6	235.1	247.7	256.5
Phosphate rock	b/ \$/mt	38.0	41.0	42.0	41.2	42.0	42.0	42.0	42.0	42.0	42.0	42.0
Pottasium chloride	\$/mt	113.3	124.6	151.4	120.0	120.0	138.2	147.5	151.7	150.0	157.5	162.5
TSP	\$/mt	149.3	186.3	201.7	177.5	193.8	198.5	202.0	201.7	201.6	201.5	200.5
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	219.8	142.8	210.4	210.9	198.1	241.6	257.3	221.3	219.7
Metals and Minerals												
Aluminum	b/ \$/mt	1,431	1,716	1,835	1,677	1,708	1,828	1,899	1,790	1,744	1,731	1,779
Copper	b/ \$/mt	1,779	2,866	3,369	2,790	2,850	3,093	3,268	3,389	3,249	3,524	3,614
Gold	\$/toz	363.5	409.2	426.8	393.1	401.3	434.0	427.1	427.3	421.9	430.7	424.5
Iron ore CVRD So & No	b/ c/dmtu	31.95	37.90	65.00	37.90	37.90	37.90	65.00	65.00	65.00	65.00	65.00
Lead	b/ c/kg	51.5	88.7	96.4	81.1	93.2	95.9	97.8	98.7	98.8	98.6	85.5
Nickel	b/ \$/mt	9,629	13,823	15,694	12,500	13,991	14,073	15,348	16,411	16,932	16,160	14,581
Silver	c/toz	491.1	669.1	708.4	628.3	650.2	726.2	699.9	718.2	705.3	733.6	704.4
Steel products (8) index	a/ 1990=100	78.8	121.5	137.4	128.6	128.7	128.5	132.7	141.6	141.4	142.2	138.6
Steel cr coilsheet	\$/mt	444.6	607.1	721.4	608.3	650.0	650.0	683.3	750.0	750.0	750.0	750.0
Steel hr coilsheet	\$/mt	320.2	502.5	621.4	508.3	550.0	550.0	583.3	650.0	650.0	650.0	650.0
Steel, rebar	\$/mt	265.8	428.8	418.2	525.0	400.0	400.0	402.5	430.0	430.0	430.0	430.0
Steel wire rod	\$/mt	300.0	487.5	564.3	550.0	550.0	550.0	550.0	566.7	550.0	600.0	600.0
Tin	c/kg	489.5	851.3	789.8	920.7	902.9	889.0	807.7	796.3	812.5	761.9	716.9
Zinc	b/ c/kg	82.8	104.8	128.0	102.8	98.0	111.4	131.5	127.3	124.4	127.6	119.4
World Bank commodity price indices for low and middle income countries(1990 =100)												
Energy		126.3	164.9	217.0	155.6	177.1	186.6	202.1	222.0	209.0	235.5	246.4
Non Energy Commodities		91.5	107.5	120.7	108.4	105.9	108.0	119.8	121.6	121.1	121.2	120.5
Agriculture		94.7	104.7	112.9	107.1	102.1	102.9	111.7	114.1	114.3	113.4	112.7
Beverages		87.1	94.0	121.7	90.5	92.9	101.5	120.6	125.0	125.3	122.6	115.1
Food		96.4	110.0	110.2	114.9	105.9	104.1	111.0	110.4	110.6	108.8	106.7
Fats and Oils		120.6	137.1	124.7	148.8	122.9	119.5	122.5	126.5	124.3	127.2	126.4
Grains		90.2	100.2	102.2	104.9	95.2	98.2	103.0	101.3	101.7	100.5	102.4
Other Food		80.1	93.2	102.7	92.8	98.0	94.8	106.2	102.4	104.5	98.3	93.0
Raw Materials		98.2	105.8	109.8	109.3	104.1	102.4	105.9	110.8	110.8	112.6	118.7
Timber		103.7	109.3	120.1	108.5	111.6	113.4	118.5	121.2	122.1	122.2	121.8
Other Raw Materials		94.4	103.4	102.8	109.8	98.9	94.9	97.2	103.7	103.0	106.1	116.5
Fertilizers		106.2	126.6	134.9	122.6	131.2	133.4	135.1	135.0	134.9	134.9	134.4
Metals and Minerals		82.0	112.4	138.5	110.1	112.6	118.1	138.4	138.7	136.7	138.8	138.4

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

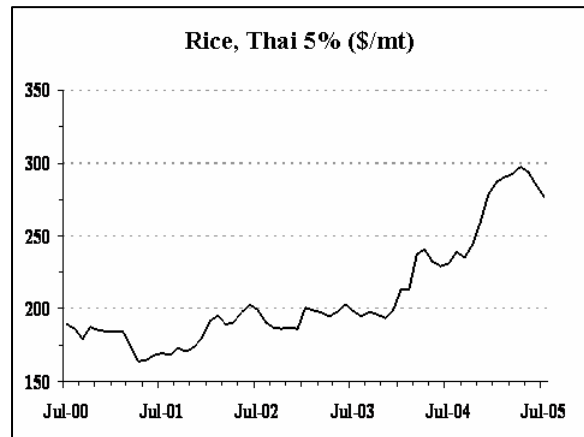
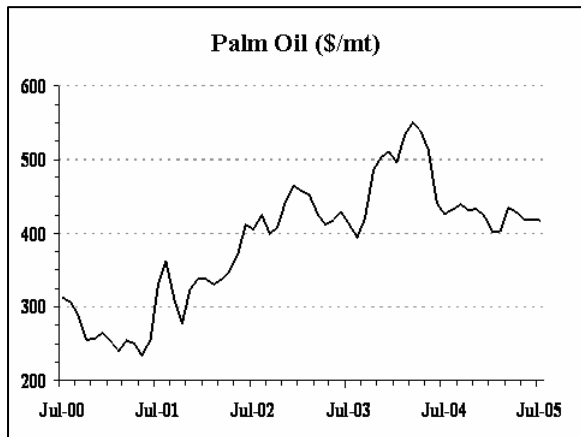
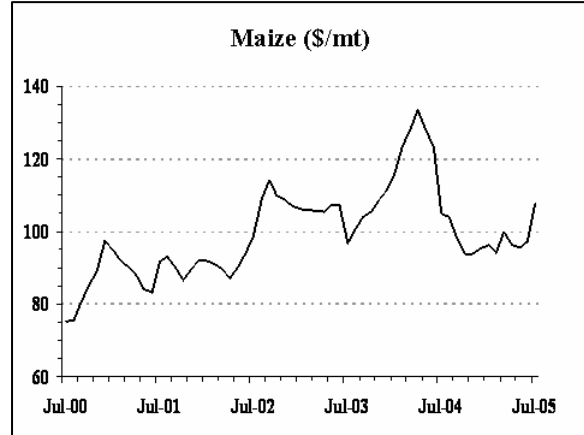
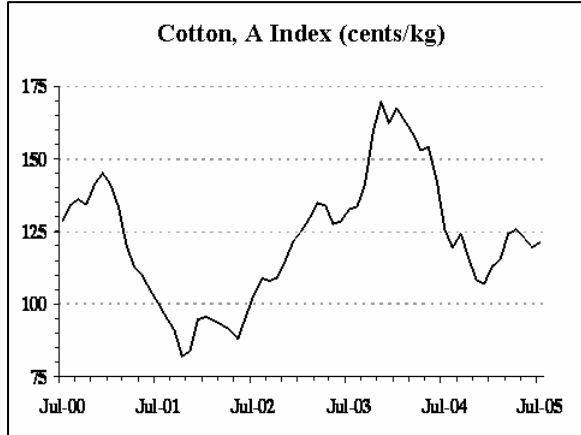
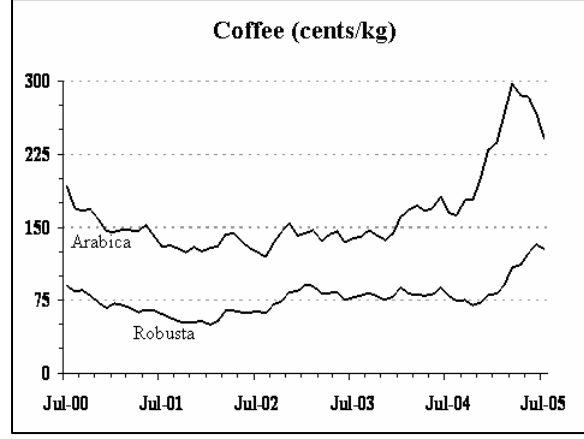
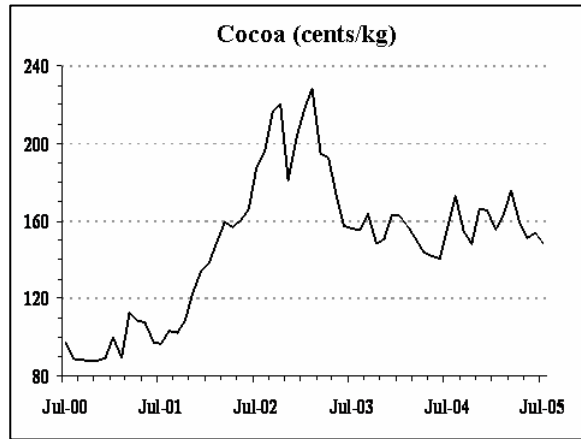
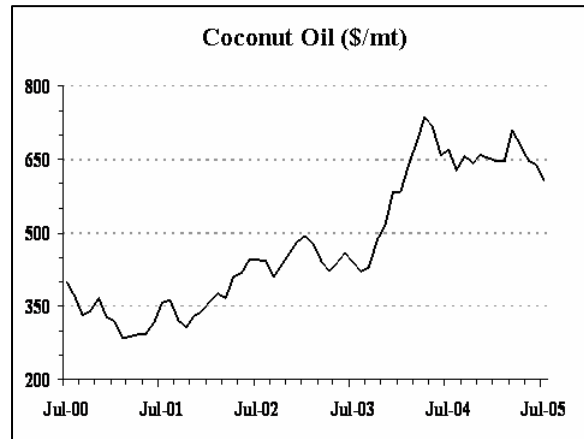
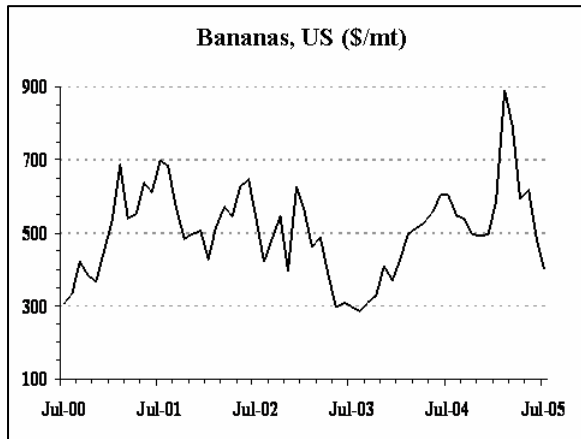
b. Not included in index/

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

