

Global Commodity Markets

COMMODITIES TEAM OF DECPG, WORLD BANK

monthly update

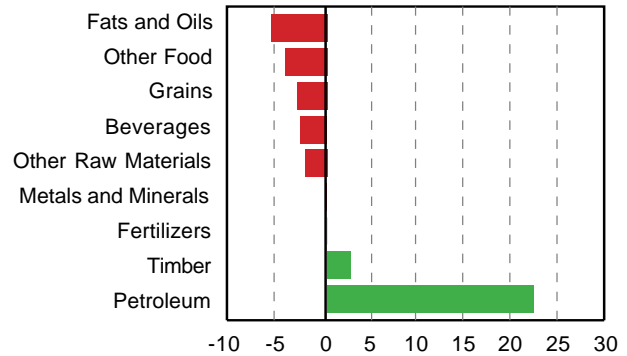
april 1999

Most commodity prices continued to decline in March, but there were notable exceptions. Crude oil and urea fertilizer – both commodities where prices had fallen to unexpected lows – rose sharply on news of supply control programs by major exporters. Crude oil prices got a boost (up 22%) from the OPEC agreement to cut 2 million barrels from production, and urea fertilizer prices rose 11% on rumors of an agreement between the Russian Federation and Ukraine to curtail exports. Price declines continued in food, down 5% in March following a 5.4% decline in February, due to lower rice, sugar, and vegetable oil prices. Beverage prices fell about 3% on average, with cocoa, robusta coffee, and tea prices lower. Cocoa prices fell to new lows because of large production and heavy selling by African exporters. Metals and minerals prices were unchanged in aggregate, with aluminum and copper lower while nickel and silver were higher. And, timber prices were higher due primarily to higher Malaysian sawnwood prices.

The effects of the Brazilian devaluation continue to impact commodity markets, with coffee, soybean oil, and sugar (all major exports from Brazil) among the commodities experiencing major price declines in March. Concerns about the spread of the crisis to other Latin American countries is also being felt, with coffee prices falling over fears that Colombia may be next to devalue according to the financial press.

Percentage Change in Price Indices

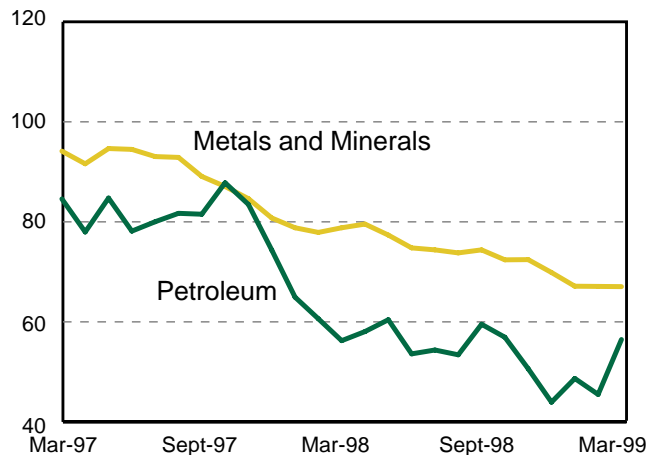
February 1999 - March 1999



A rally in commodity futures prices which began in mid-March turned mixed, with some commodities such as copper, cotton, and wheat holding most of their gains while others such as gold, soybeans, and sugar gave back earlier gains. Gold prices rose to \$294/toz in early March sparked by a fall in the US dollar, but producer selling and growing support for IMF gold sales sent prices down to \$280 by month's end. A number of metals prices, such as aluminum and copper, rose on hopes for rising demand in Asia, but rallies were short-lived as producers sold amid the realization that the global surplus will not disappear soon. Other metals, such as nickel and tin, rallied and retained part of their gains.

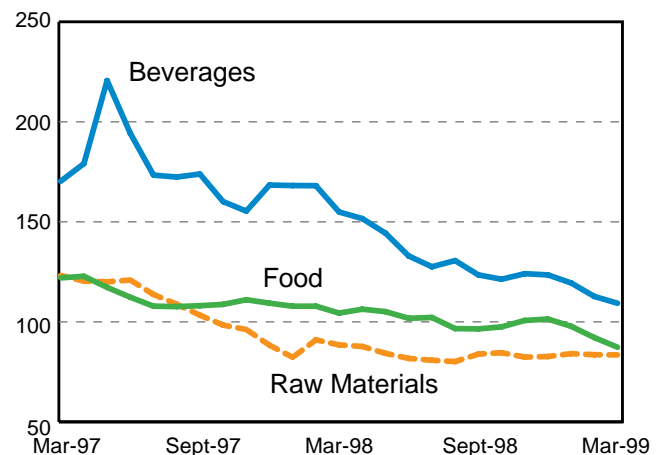
Petroleum and Metals Price Indices

March 1997 - 99 (1990 = 100)



Agriculture Price Indices

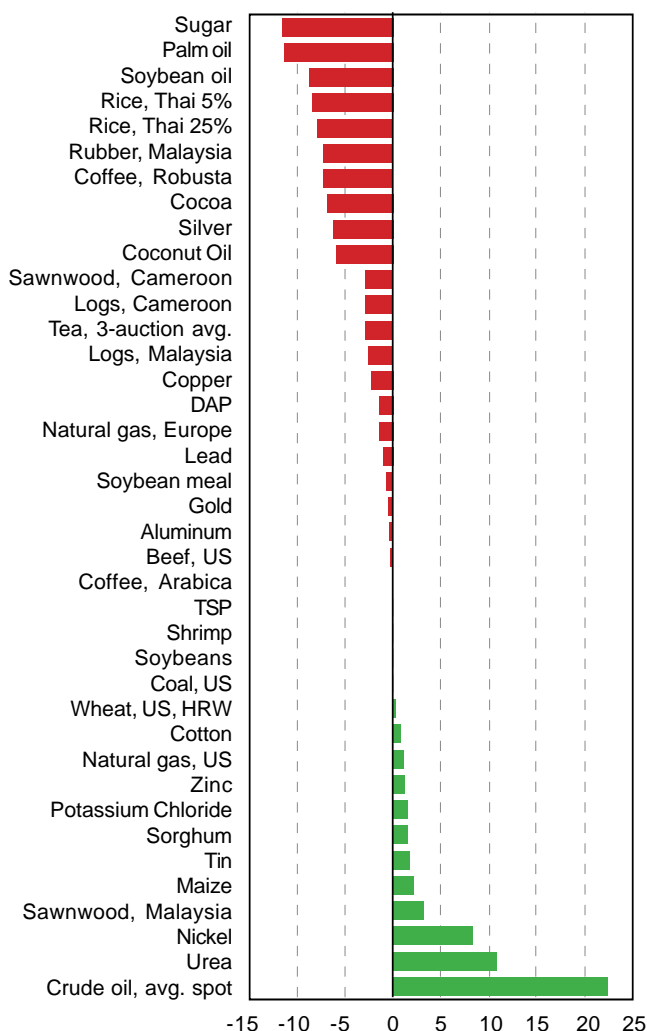
March 1997 - 99 (1990 = 100)



Major Movers in March

Crude oil prices rose sharply following OPEC's latest agreement to reduce production for the third time in the last year. The organization agreed to reduce output by 1.7 mb/d for the year beginning April 1, and non-OPEC members are expected to cut an additional 0.3 mb/d. If fully implemented, the cuts will reduce the supply overhang and allow prices to rise. Markets reacted strongly to the anticipated cuts, with oil prices on the NYMEX up nearly 50% since mid-February – before any new reductions in output occurred. The path of prices during the rest of the year will depend on how quickly inventories are reduced, which in turn will depend on OPEC quota compliance and the growth in demand.

Percentage Change in Price February 1999 - March 1999



Cocoa prices declined an additional 7% over February, continuing the downward path which started ten months ago. Strong supplies in combination with weak demand are mainly to blame. African exporters have been selling ahead of an expected large world harvest.

Coconut oil prices declined 6% since February. Although coconut oil is still in tight supply, it appears that the January level of \$745/ton was the highest level the fundamentals could support. Large palm kernel oil supplies (a close substitute for coconut oil), in combination with weak demand, brought the March average down to \$700/ton.

Palm and soybean oils prices dropped another 11.4% and 8.8%, respectively, in March. In addition to Indonesia's decision to reduce the export tax from 40% to 60%, a recovery in palm oil production, ample supplies of soybean oil, and stagnant demand have contributed to the bearish sentiment.

Rice prices fell 7.9% in March due to large exports from Thailand and Vietnam. The Thai 5% broken price (f.o.b. Bangkok) fell to \$256/ton – the lowest since the 1997 crisis period. However, stocks remain very low and higher prices are expected later in 1999.

Robusta coffee prices fell 7.3% in March in addition to the 3.7% fall in February. The Brazilian devaluation, global oversupply, and the steady buildup of stocks have weakened robusta prices. The robusta price had held relatively steady in contrast to arabica's large swings in the last three seasons.

Rubber prices declined almost 6% in March, reaching an historical low of 63.7¢/kg. Thailand's decision to withdraw from the INRO appears likely to weaken INRA III. Thailand is the world's dominant producer and exporter of natural rubber.

Sugar prices fell an additional 11.6% following the 15.9% decline in February due to large exports from Brazil and increased estimates of the global surplus. Recent reports that Australia, the Republic of South Africa, and Thailand are harvesting larger crops than last year further added to the concerns.

Tea prices at Calcutta and Colombo auctions fell by 12% and 14%, respectively, due to reduced Russian imports. Mombasa prices increased by 9%.

Urea prices finally stopped falling and rose 10.8% in March on news of a possible agreement by the Russian Federation and Ukraine to limit production for exports. The price increase was also supported by increased demand from Asia. However, by the end of March, prices had started to fall from their earlier highs.

COMMODITY PRICE DATA

Commodity	Unit	Quarterly Averages				Monthly Averages			Changes (%)				
		Jan-Mar 1998	Apr-Jun 1998	Jul-Sep 1998	Oct-Dec 1998	Jan-Mar 1999	Jan 1999	Feb 1999	Mar 1999	Q1 '99/ Q1 '98	Q1 '99/ Q4 '98	Mar '99/ Feb '99	Mar '99/ Mar '98
Energy													
Coal, Australia	\$/mt	32.24	30.49	27.76	26.43	26.1	26.1	26.1	-19.0	-1.2	0	-18.1	
Coal, US	\$/mt	35.24	34.76	34.04	33.5	33.5	33.5	33.5	-4.9	0	0	-4.0	
Crude oil, avg. spot*	\$/bbl	14.07	13.36	13.01	11.85	11.79	11.45	10.75	13.16	-16.2	-0.5	22.4	0.4
Crude oil, Brent*	\$/bbl	14.08	13.29	12.42	11.09	11.24	11.06	10.2	12.47	-20.2	1.4	22.3	-4.7
Crude oil, Dubai*	\$/bbl	12.44	12.08	12.41	11.56	11.07	10.78	10.05	12.37	-11.0	-4.2	23.1	7.8
Crude oil, W. TX Int'l*	\$/bbl	15.69	14.64	14.16	12.9	13.05	12.49	12.01	14.66	-16.8	1.2	22.1	-0.7
Natural gas, Europe	\$/mmbtu	2.63	2.52	2.37	2.15	2.00	2.02	2.01	1.98	-24.0	-0.7	-1.5	-24.1
Natural gas, US	\$/mmbtu	2.18	2.24	2.01	1.91	1.81	1.86	1.77	1.79	-17.0	-5.2	1.1	-19.7
Non-Energy Commodities													
Agriculture													
Beverages													
Cocoa**	¢/kg	167.8	174.2	169.5	159.1	139.4	145.6	141.1	131.4	-17.0	-12.4	-6.9	-23.7
Coffee, arabica**	¢/kg	377.5	303.5	259.2	252.4	238.0	249.0	232.5	232.3	-37.0	-5.7	-0.1	-33.0
Coffee, robusta**	¢/kg	183.0	192.9	173.5	179.7	172.7	181.4	174.7	161.9	-5.6	-3.9	-7.3	-10.7
Tea, Calcutta auctions**	¢/kg	231.8	229.5	214.5	190.0	164.2	173.5	166.2	152.9	-29.2	-13.6	-8.0	-26.5
Tea, Colombo auctions**	¢/kg	236.0	215.3	197.3	181.4	159.6	179.9	153.9	145.0	-32.4	-12.0	-5.8	-12.4
Tea, Mombasa auctions**	¢/kg	254.8	169.0	171.2	164.6	179.4	175.0	177.0	186.3	-29.6	9.0	5.2	-17.6
Food													
Fats and Oils													
Coconut oil**	\$/mt	565.0	664.3	662.0	740.3	736.0	763	745	700	30.3	-0.6	-6	21.1
Copra	\$/mt	375.7	404.7	404.7	459.3	457.7	471	451	451	21.8	-0.4	0	19.3
Groundnut meal	\$/mt	137.3	114.3	108.0	105.0	102.3	104	103	100	-25.5	-2.5	-2.9	-20.0
Groundnut oil**	\$/mt	1011.0	906.3	862.7	857.7	808.0	835	813	776	-20.1	-5.8	-4.6	-18.2
Palm oil**	\$/mt	650.3	675.3	679.3	679.3	563.3	632	561	497	-13.4	-17.1	-11.4	-25.9
Palmkernel oil	\$/mt	605.0	706.3	694.3	741.0	704.7	744	709	661	16.5	-4.9	-6.8	9.3
Soybean meal**	\$/mt	209.7	162.0	149.0	160.7	145.7	152	143	142	-30.5	-9.3	-0.7	-22.8
Soybean oil**	\$/mt	637.0	654.0	606.3	606.3	492.3	546	487	444	-22.7	-18.8	-8.8	-31.9
Soybeans**	\$/mt	270.3	247.7	224.3	229.0	210.3	221	205	205	-22.2	-8.2	0	-22.6
Grains													
Maize**	\$/mt	114.1	105.8	91.6	96.5	95.9	97.4	94.2	96.2	-15.9	-0.5	2.1	-15.8
Rice, Thai, 5%**	\$/mt	293.8	318.4	322.3	282.2	278.7	299.8	280.0	256.2	-5.1	-1.2	-8.5	-13.4
Rice, Thai, 25%	\$/mt	246.0	262.0	273.7	257.7	239.6	258.8	239.5	220.6	-2.6	-7.0	-7.9	-10.0
Rice, Thai, 35%	\$/mt	235.3	249.7	262.1	251.6	232.9	251.8	233.5	213.4	-1.0	-7.5	-8.6	-9.1
Rice, Thai, A1.Special	\$/mt	188.2	199.8	225.6	238.5	214.2	233.5	212.0	197.2	13.8	-10.2	-7.0	2.1
Sorghum**	\$/mt	111.2	100.4	90.5	90.0	90.9	91.1	90.1	91.4	-18.3	0.9	1.5	-17.3
Wheat, Canada	\$/mt	168.7	165.3	153.0	164.7	160.7	167.2	159.3	155.4	-4.8	-2.4	-2.5	-10.1
Wheat, US, HRW**	\$/mt	138.7	126.6	111.6	127.7	119.9	125.3	117.0	117.3	-13.6	-6.1	0.3	-15.5
Wheat, US, SRW	\$/mt	129.1	112.6	95.3	109.0	99.5	103.2	95.0	100.2	-23.0	-8.8	5.6	-22.8
Other Food													
Bananas**	\$/mt	422.2	567.5	456.5	520.1	478.4	471.2	514.2	449.7	13.3	-8.0	-12.5	13.8
Beef**	¢/kg	181.3	176.1	166.7	166.2	177.1	171.1	180.4	179.9	-2.3	6.6	-0.3	-0.1
Fishmeal	\$/mt	694.7	681.3	670.3	601.3	453.3	500.0	454.0	406.0	-34.7	-24.6	-10.6	-40.5
Lamb	¢/kg	312.5	272.3	251.1	264.2	246.7	249.6	245.9	244.7	-21.1	-6.6	-0.5	-19.5
Oranges**	\$/mt	388.2	450.1	516.3	415.1	420.3	417.4	404.0	439.6	8.3	1.3	8.8	7.7
Shrimp	¢/kg	1653.0	1661.0	1574.0	1427.0	1413.0	1418.0	1411.0	1411.0	-14.5	-1.0	0	-14.7
Sugar, EU, domestic**	¢/kg	59.94	59.59	58.59	60.88	59.72	60.36	59.55	59.24	-0.4	-1.9	-0.5	-2.1
Sugar, US, domestic**	¢/kg	48.05	49.15	49.1	48.27	49.45	49.41	49.25	49.69	2.9	2.4	0.9	3.7
Sugar, world**	¢/kg	23.57	19.85	17.92	17.34	15.40	17.88	15.04	13.29	-34.7	-11.2	-11.6	-38.7
Raw Materials													
Timber													
Logs, Cameroon	\$/cum	287.7	282.7	279.4	295.9	282.3	291.2	281.8	273.7	-1.9	-4.6	-2.9	-4.8
Logs, Malaysia**	\$/cum	196.9	150.2	140.7	162.0	175.3	176.2	177.1	172.5	-11.0	8.2	-2.6	-9.6
Plywood	¢/sheet	403.6	361.1	344.3	395.2	427.8	441.8	420.0	421.6	6.0	8.2	0.4	8.5
Sawnwood, Cameroon	\$/cum	530.5	523.6	519.2	532.0	461.5	508.9	444.1	431.3	-13.0	-13.3	-2.9	-18.7
Sawnwood, Malaysia**	\$/cum	474.6	476.7	465.5	519.8	544.3	538.5	538.5	555.9	14.7	4.7	3.2	9.8
Woodpulp	\$/mt	527.5	540.5	507.5	458.3	449.7	450.7	449.2	449.2	-14.7	-1.9	0	-9.8

Continued

COMMODITY PRICE DATA (continued)

Commodity	Unit	Quarterly Averages				Monthly Averages			Changes (%)				
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Non-Energy Commodities (continued)													
Agriculture (continued)													
Other Raw Materials													
Cotton**	¢/kg	153.9	146.2	150.2	127.5	123.9	123.0	123.9	124.8	-19.5	-2.9	0.8	-17.3
Jute	\$/mt	243.3	258.8	260.0	270.0	250.0	250.0	250.0	250.0	2.7	-7.4	0	-2.0
Rubber, Malaysia**	¢/kg	74.8	75.3	68.0	70.6	68.0	71.5	68.7	63.7	-9.1	-3.8	-7.3	-14.5
Rubber, NY	¢/kg	92.8	92.0	86.1	87.0	83.7	86.0	85.1	80.1	-9.8	-3.8	-5.8	-12.9
Rubber, Singapore	¢/kg	73.1	73.4	68.3	69.0	65.5	68.1	67.0	61.6	-10.3	-5	-8.1	-13.9
Sisal	\$/mt	778.3	805.0	850.0	850.0	779.2	800.0	787.5	750.0	0.1	-8.3	-4.8	-5.1
Wool	¢/kg	374.3	350.8	313.0	307.2	302.9	312.6	296.0	295.7	-19.1	-1.4	-0.1	-20.7
Fertilizers													
DAP	\$/mt	194.6	205.3	209.5	204.4	199.3	201.8	199.5	196.5	2.4	-2.5	-1.5	0.7
Phosphate rock**	\$/mt	43.0	43.0	43.0	43.0	44.0	44.0	44.0	44.0	2.3	2.3	0	2.3
Potassium chloride	\$/mt	116.5	116.5	116.5	118.1	119.1	118.5	118.5	120.2	2.2	0.9	1.5	3.2
TSP**	\$/mt	172.5	175.9	175.0	168.9	164.1	166.4	163.0	163.0	-4.9	-2.8	0	-5.5
Urea, E. Europe, bagged	\$/mt	110.3	111.7	102.3	88.0	79.5	75.5	77.4	85.8	-27.9	-9.6	10.8	-23.4
Urea, E. Europe, bulk	\$/mt	89.7	89.5	84.8	68.3	67.6	63.0	65.6	74.1	-24.6	-1.1	13	-22.8
Metals and Minerals													
Aluminum**	\$/mt	1463.0	1363.0	1321.0	1283.0	1196.0	1218.0	1187.0	1182.0	-18.3	-6.8	-0.4	-17.8
Copper**	\$/mt	1700.0	1731.0	1640.0	1545.0	1407.0	1431.0	1411.0	1378.0	-17.3	-8.9	-2.3	-21.1
Gold	\$/toz	294.2	299.9	288.7	293.9	286.8	287.1	287.3	286.0	-2.5	-2.4	-0.5	-3.4
Iron ore**	¢/dmtu	29.69	29.69	29.69	29.69	26.96	26.96	26.96	26.96	-9.2	-9.2	0	-9.2
Lead**	¢/kg	53.6	54.8	53.4	49.6	50.5	49.2	51.4	50.8	-5.8	1.7	-1.1	-9.3
Nickel**	\$/mt	5425.0	4963.0	4169.0	3961.0	4635.0	4269.0	4626.0	5011.0	-14.6	17.0	8.3	-7.1
Silver	¢/toz	624.8	571.2	522.0	495.8	530.2	516.2	554.6	519.9	-15.1	6.9	-6.3	-15.8
Steel products (8) index*** 1990=100		80.4	76.7	73.4	69.0	64.1	65.3	63.1	64.0	-20.2	-7.0	1.4	-19.0
Steel-cold rolled coilsheet	\$/mt	416.7	386.7	360.0	320.0	306.7	310.0	300.0	310.0	-26.4	-4.2	3.3	-24.4
Steel-hot rolled coilsheet	\$/mt	316.7	293.3	270.0	236.7	206.7	210.0	200.0	210.0	-34.7	-12.7	5.0	-32.3
Steel, rebar	\$/mt	296.7	260.0	233.3	240.0	230.0	240.0	230.0	220.0	-22.5	-4.2	-4.3	-24.1
Steel, wire rod	\$/mt	328.3	336.7	336.7	326.7	293.3	300.0	290.0	290.0	-10.7	-10.2	0	-12.1
Tin**	¢/kg	530.9	585.3	561.0	538.9	524.6	511.0	526.9	536.0	-1.2	-2.7	1.7	-2.1
Zinc**	¢/kg	106.3	105.6	102.3	95.6	99.3	93.3	101.7	103.0	-6.5	4.0	1.2	-1.7
World Bank Commodity Price Indices for Low and Middle Income Countries (1990 = 100)													
Petroleum		61.5	58.4	56.9	51.8	51.5	50.1	47.0	57.5	-16.2	-0.5	22.4	0.4
Non-Energy Commodities		105.9	101.0	95.2	94.5	89.8	92.3	89.5	87.5	-15.3	-5.1	-2.2	-16.0
Agriculture		116.4	109.7	102.6	102.7	97.6	101.3	97.2	94.4	-16.1	-5.0	-2.9	-17.0
Beverages		164.3	144.2	129.0	124.9	116.0	121.5	114.9	111.7	-29.4	-7.1	-2.9	-28.3
Food		109.1	106.9	101.1	102.6	95.3	100.5	95.1	90.4	-12.6	-7.1	-4.9	-15.4
Fats and Oils		140.0	132.5	127.2	131.5	115.6	124.7	114.5	107.6	-17.4	-12.1	-6.1	-21.1
Grains		105.7	104.5	98.3	96.5	94.3	99.0	93.5	90.4	-10.8	-2.3	-3.3	-14.8
Other Food		85.8	87.3	81.4	82.4	79.3	81.6	80.0	76.3	-7.5	-3.8	-4.6	-8.3
Raw Materials		90.3	87.7	84.9	86.4	86.9	87.3	86.8	86.7	-3.8	0.6	-0.1	-5.3
Timber		91.9	88.8	86.3	96.7	101.7	100.8	100.9	103.4	10.7	5.1	2.5	7.0
Other Raw Materials		89.2	87.0	83.9	79.4	76.8	78.1	77.1	75.3	-13.9	-3.2	-2.4	-14.5
Fertilizers		121.8	123.4	123.0	120.1	118.7	119.8	118.2	118.2	-2.6	-1.1	0	-3.0
Metals and Minerals		78.7	77.4	74.5	72.0	67.7	67.8	67.7	67.7	-13.9	-6.0	-0.1	-14.3

*Included in the petroleum index. **Included in the non-energy index. ***Steel not included in the non-energy index.

\$ = U.S. dollar ¢ = U.S. cent bbl = barrel cum = cubic meter dmtu = dry metric ton kg = kilogram

mmbtu = million British thermal units mt = metric ton toz = troy ounce