

Commodity Markets Review

November 12, 2008

DECPG, The World Bank

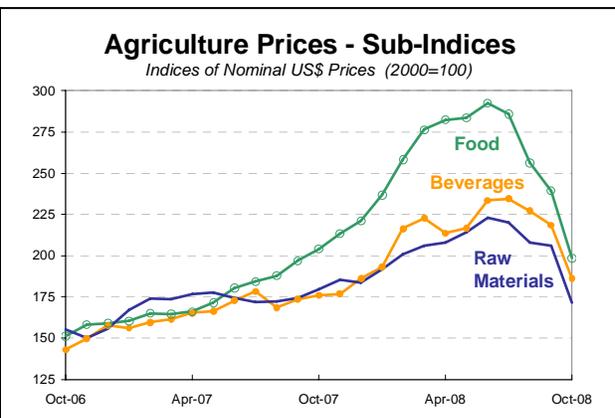
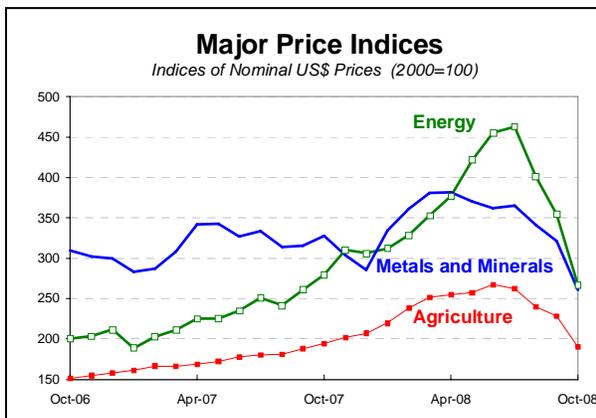
Non-energy commodity prices plunged 17.7 percent in October, the largest drop since the start of our records (1960). Most indices posted record declines except for energy, fertilizers and “other food” (sugar). The declines were due to falling demand, the weakening global economic outlook, credit constraints affecting seaborne and other trade, appreciation of the dollar (up 7.5 percent versus the euro), and improving supply prospects.

Crude oil prices fell 27.1 percent in October, averaging \$72.69/bbl, and fell below \$60/bbl in early November. The slump was due to falling demand in high income countries, with U.S. consumption down 5.6 percent or nearly 1.2 mb/d for the first 10 months of this year. Oil demand may show little or no growth next year while non-OPEC supplies are also poised to increase by more than 1 mb/d. OPEC agreed to reduce output by 1.5 mb/d as of November 1st, and seems prepared to lower production further, possibly at its next meeting December 17th.

Coal prices fell 25.8 percent in October on weak global demand and improving supply conditions, including easing of port congestion in Australia. **Natural gas** prices in the U.S. fell 12.5 percent to \$6.7/mmbtu on weak demand and ample supply and inventories, while European gas prices rose 7.3 percent to \$15.9/mmbtu, due to the lagged indexing of imported contract gas to oil prices.

Agriculture prices dropped 16.7 percent in October—the fourth consecutive monthly decline—on weakening demand, lower crude oil prices, and improved supply prospects. The largest decrease was in rubber prices, down 33 percent, due to plunging prices of oil. Fats and oils prices fell 22 percent due to weak demand for edible oils and ample supply prospects. Grains prices fell 17 percent due to weaker U.S. maize exports, and expectations of an 11 percent rise in global wheat production and a 7 percent gain in the global soybean crop. Beverages prices declined 15 percent on bumper coffee crops, mainly in Brazil and Vietnam, as well as from higher cocoa production prospects.

Metals and minerals prices fell 18.9 percent in October due to weak global demand, rising inventories and improved supply prospects. All base metals fell substantially with nickel and copper down 32 and 30 percent, respectively, as consumers run down inventories amid market uncertainty. Metals demand remains very weak in China, particularly from the construction and auto sectors, and its steel production fell 9 percent in September, contributing to the slump in iron ore and coal prices. Most metal prices have fallen deep into their cost curves, and a number of producers have announced production cuts in several countries, e.g., Australia and China. Gold prices fell just 3 percent on safe haven buying.



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

Major Movers October¹

Urea prices plunged 42.6 percent on a sharp fall in demand and buildup of inventories.

Rubber prices dropped 32.8 percent on lower crude oil prices and the poor outlook for the auto industry (most rubber goes to tire production).

Nickel prices fell 31.8 percent on extremely weak stainless steel demand and startup of several new projects over the next few years.

Copper prices declined 29.5 percent on weak global demand, although prices remain well above costs compared with other metals.

Crude oil prices fell 27.1 percent on falling demand and an expected rise in non-OPEC supplies over the next year.

Palm oil and soybean oil (close substitutes) prices dropped 26.9 percent and 22.9 percent, respectively, on good supply prospects and weak demand, especially in China.

Coal prices decreased 25.8 percent on weak global demand and easing of port congestion and improved supply availability in Australia.

Zinc prices fell 25.0 percent on weakening demand in the construction and auto sectors, rising stocks, and improving supply.

Sorghum and maize prices dropped 24.3 percent and 21.7 percent, respectively, on weaker demand for U.S. exports and a bumper maize crop in the EU.

Palmkernel oil and coconut oil (close substitutes) prices fell 23.8 percent and 21.6 percent, respectively, due to weakness in the edible oil market as well as good coconut oil production prospects from the Philippines (world's largest coconut oil supplier).

Soybeans and soymeal prices declined 22.2 percent and 16.8 percent, respectively, on news that the global 2008/09 soybean crop is expected to be 7 percent higher, as well as indications that import demand will decline.

Tin prices decreased 21.6 percent on weakening demand, although stocks continue to trend lower and large production cuts have been announced.

Lead prices fell 20.8 percent on weakening demand, although stocks continue move lower as the market is tighter than most metals.

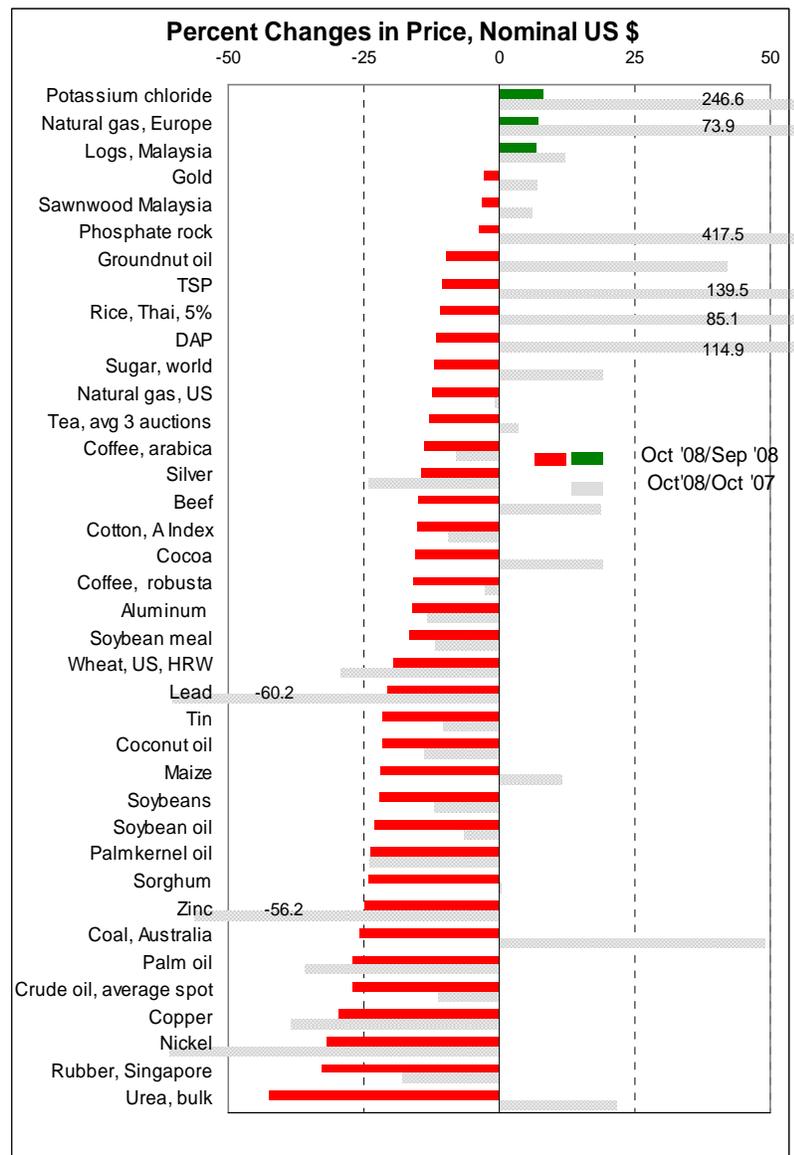
Wheat prices declined 19.7 percent as global

production is projected to increase by 11 percent, pushing up ending stocks by 21 percent.

Aluminum prices dropped 16.0 percent on weakening demand, rising stocks, and continued growth in new Chinese aluminum capacity.

Coffee robusta and arabica prices decreased 15.8 percent and 13.7 percent, respectively, on reports of bumper crops in main producing countries, especially Brazil and Vietnam.

Cocoa prices fell 15.6 percent on weak demand and improved production prospects for the 2008/09 season.



¹ Percent change of average October 2008 prices compared to average September 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 2006	Jan-Dec 2007	Jan-Oct 2008	Jul-Sep 2007	Oct-Dec 2007	Jan-Mar 2008	Apr-Jun 2008	Jul-Sep 2008	Aug 2008	Sep 2008	Oct 2008
Energy												
Coal, Australia	a/ \$/mt	49.09	65.73	135.76	68.37	83.47	114.00	138.65	162.80	158.40	150.00	111.25
Crude oil, avg, spot	a/ \$/bbl	64.29	71.12	106.86	73.50	87.61	95.31	120.97	115.68	114.57	99.66	72.69
Crude oil, Brent	a/ \$/bbl	65.39	72.70	107.68	75.04	88.95	96.67	122.39	115.60	113.85	99.06	72.84
Crude oil, Dubai	a/ \$/bbl	61.43	68.37	103.29	69.97	83.21	91.30	116.67	113.47	113.21	95.97	68.62
Crude oil, West Texas Int.	a/ \$/bbl	66.04	72.28	109.60	75.48	90.67	97.94	123.85	117.98	116.64	103.94	76.61
Natural gas Index	a/ 2000=100	181.6	186.5	268.7	174.4	197.7	235.3	286.0	283.9	274.7	271.4	271.5
Natural gas, Europe	a/ \$/mmbtu	8.47	8.56	12.96	8.34	9.37	10.86	12.40	14.62	14.64	14.85	15.93
Natural gas, US	a/ \$/mmbtu	6.72	6.98	9.38	6.17	7.03	8.65	11.35	9.03	8.25	7.69	6.73
Natural gas LNG, Japan	a/ \$/mmbtu	7.08	7.68	12.03	7.68	8.96	10.45	11.71	13.20	13.25	14.00	14.20
Non Energy Commodities												
Agriculture												
Beverages												
Cocoa	b/ c/kg	159.2	195.2	264.8	199.9	199.7	247.7	276.4	282.6	281.6	269.6	227.4
Coffee, Arabica	b/ c/kg	252.2	272.4	316.7	271.1	296.1	328.5	315.1	321.2	322.8	315.9	272.5
Coffee, robusta	b/ c/kg	148.9	190.9	240.3	200.4	202.1	247.3	243.6	244.8	248.2	232.3	195.7
Tea, auctions (3), average	b/ c/kg	187.2	203.6	251.7	211.0	225.6	234.6	254.7	272.3	274.2	266.9	232.6
Tea, Colombo auctions	b/ c/kg	191.0	252.2	295.7	254.7	296.7	305.2	298.5	303.2	299.6	298.0	236.7
Tea, Kolkata auctions	b/ c/kg	175.4	192.1	228.1	211.3	207.1	176.6	244.0	260.9	263.0	245.4	236.3
Tea, Mombasa auctions	b/ c/kg	195.2	166.5	231.3	167.1	173.0	221.8	221.6	252.8	260.0	257.2	224.7
Food												
Fats and Oils												
Coconut oil	b/ \$/mt	607	919	1,324	923	1,098	1,379	1,499	1,246	1,193	1,110	870
Copra	\$/mt	403	607	881	607	724	914	1,013	817	780	724	585
Groundnut oil	b/ \$/mt	970	1,352	2,237	1,397	1,651	2,007	2,328	2,417	2,372	2,341	2,110
Palm oil	b/ \$/mt	478	780	1,041	822	928	1,156	1,198	928	885	771	564
Palmkernel oil	\$/mt	581	888	1,249	917	1,084	1,375	1,420	1,114	1,072	999	761
Soybean meal	b/ \$/mt	209	307	447	309	402	443	484	450	436	407	339
Soybean oil	b/ \$/mt	599	881	1,355	917	1,105	1,384	1,466	1,353	1,322	1,226	945
Soybeans	b/ \$/mt	269	384	554	396	485	563	585	566	556	509	396
Grains												
Barley	b/ \$/mt	116.6	172.4	216.1	173.8	194.6	216.8	239.1	216.6	212.3	189.5	143.4
Maize	b/ \$/mt	121.9	163.7	235.5	152.5	171.9	220.4	259.0	244.7	235.0	233.8	183.1
Rice, Thailand, 5%	b/ \$/mt	304.9	326.4	671.8	327.1	344.0	478.1	855.3	703.0	693.5	683.8	609.3
Rice, Thailand, 25%	\$/mt	277.1	306.5	286.0	306.5	329.5	121.5	0.0	669.5	657.5	651.0	487.5
Rice, Thailand, 35%	\$/mt	272.0	300.1	36.2	298.0	327.7	120.7	0.0	n.a.	n.a.	n.a.	n.a.
* Rice, Thai, A1.Special / Super	\$/mt	219.5	272.3	519.3	265.7	312.0	442.8	693.7	478.6	468.8	420.4	348.3
Sorghum	\$/mt	122.9	162.7	220.5	150.7	173.4	218.7	246.9	214.7	209.3	216.0	163.6
Wheat, Canada	\$/mt	216.8	300.4	480.5	309.0	415.3	621.7	484.4	390.2	400.8	369.1	316.4
Wheat, US, HRW	b/ \$/mt	192.0	255.2	346.5	274.9	341.9	411.8	346.5	317.7	329.3	295.6	237.4
Wheat US SRW	\$/mt	159.0	238.6	289.6	267.5	326.2	384.1	277.8	241.5	255.4	223.8	185.9
Other Food												
Bananas EU	\$/mt	897	1,037	1,235	999	1,068	1,421	1,263	1,123	1,158	1,107	927
Bananas US	b/ \$/mt	677	676	840	699	652	836	920	775	799	803	806
Fishmeal	\$/mt	1,166	1,177	1,159	1,123	1,075	1,126	1,185	1,198	1,188	1,173	1,058
Meat, beef	b/ c/kg	254.7	260.3	326.4	260.3	259.8	282.1	332.7	372.4	373.4	356.6	302.9
Meat, chicken	b/ c/kg	138.8	156.7	168.7	163.0	156.7	158.8	167.9	177.1	177.2	177.2	175.5
Meat, sheep	c/kg	403.6	412.0	472.5	416.5	437.9	453.6	493.2	477.3	476.4	454.2	431.5
Oranges	b/ \$/mt	829	957	1,170	1,135	982	1,103	1,322	1,163	1,132	924	936
Shrimp, Mexico	b/ c/kg	1,024	1,010	1,079	1,003	1,045	1,103	1,109	1,048	n.a.	1,014	1,014
Sugar EU domestic	b/ c/kg	64.56	68.09	73.30	68.28	72.00	74.51	77.59	74.70	74.40	71.39	52.61
Sugar US domestic	b/ c/kg	48.76	45.77	47.53	46.98	44.48	44.85	46.34	51.52	51.27	50.92	47.19
Sugar, world	b/ c/kg	32.59	22.22	28.60	21.86	22.61	28.42	27.01	31.14	32.21	29.83	26.23
Raw Materials												
Timber												
Logs, Cameroon	\$/cum	318.5	381.3	539.4	371.6	409.6	530.8	554.4	548.5	554.1	531.7	492.9
Logs, Malaysia	b/ \$/cum	239.4	268.0	286.5	269.6	275.5	293.4	282.3	277.7	272.9	284.5	304.4
Plywood	c/sheets	595.6	640.7	645.3	646.7	647.0	640.4	647.3	648.6	649.3	648.8	643.9
Sawnwood, Cameroon	\$/cum	623	760	1,001	756	838	1,036	1,052	974	957	910	822
Sawnwood, Malaysia	b/ \$/cum	749.3	806.3	895.1	820.9	802.5	860.3	935.8	900.3	879.4	888.8	861.7
Woodpulp	\$/mt	698.6	767.0	851.9	769.8	819.4	850.2	870.7	848.8	841.8	826.2	810.0
Other Raw Materials												
Cotton A Index	b/ c/kg	126.7	139.5	164.5	148.9	153.0	167.9	166.5	168.2	172.1	162.3	137.4
Cotton Memphis	c/kg	133.5	142.9	168.4	150.3	155.5	174.2	171.6	170.0	173.2	164.0	137.0
Rubber, US	c/kg	231.3	248.0	304.5	234.2	264.8	292.6	311.7	329.1	332.9	317.5	244.7
Rubber, Singapore	b/ c/kg	210.8	229.0	284.8	213.8	245.1	275.5	307.9	301.5	294.9	288.1	193.5

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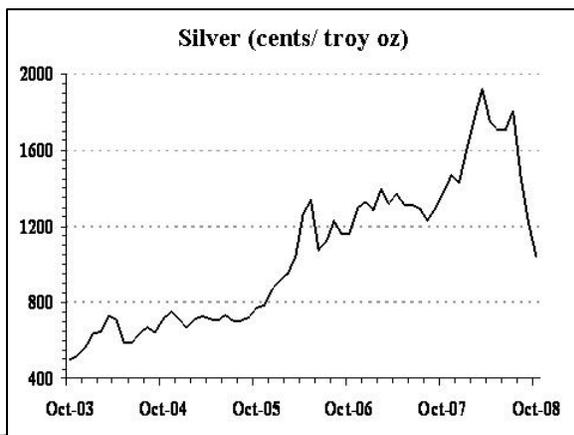
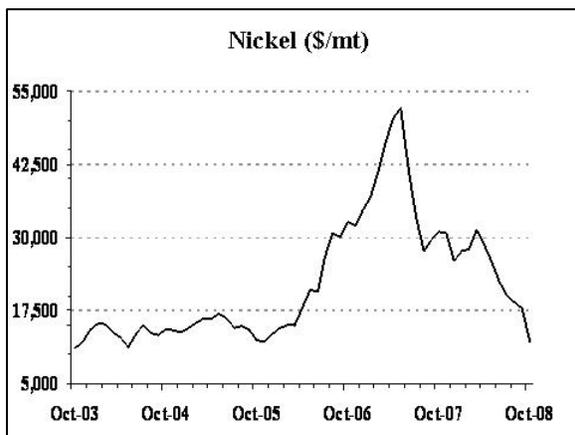
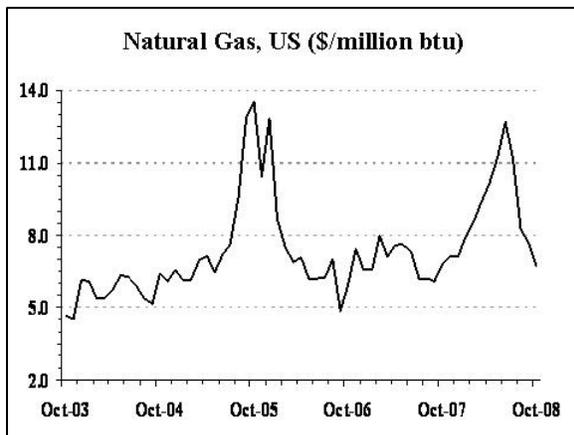
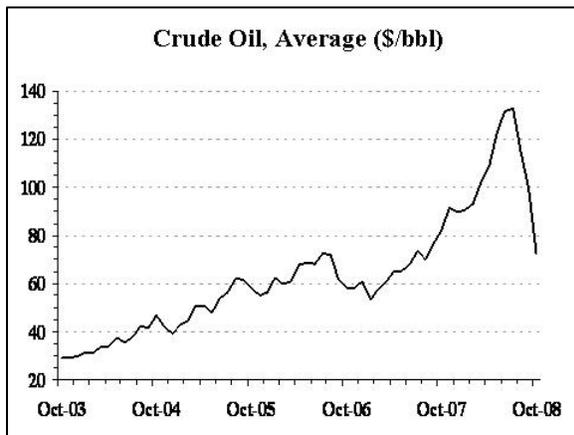
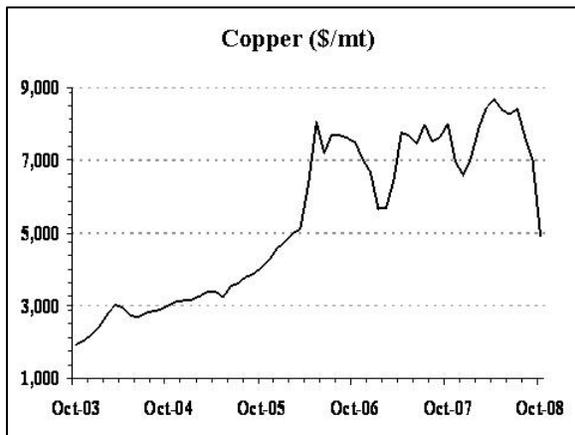
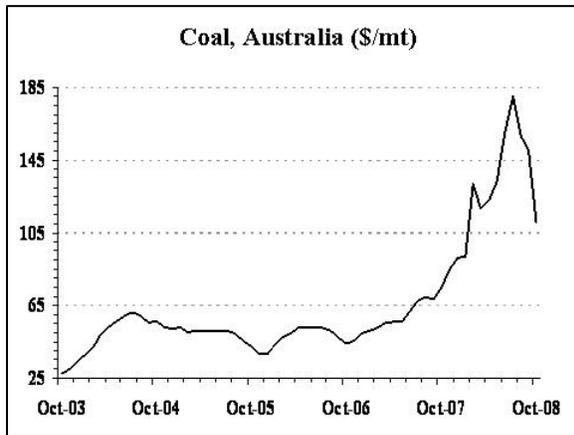
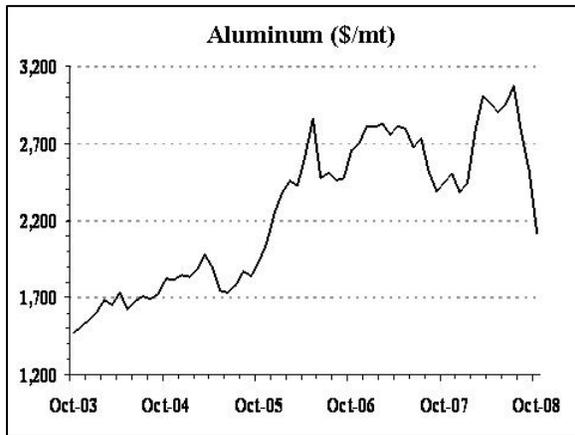
a/ Included in the energy index (2000=100) b/ Included in the non-energy index (2000=100) c/ Steel not included in the non-energy index
 \$ = US dollar ¢ = US cent bbl = barrel cum = cubic meter dmtu = Dry Metric Ton Unit kg = kilogram mmbtu = million British thermal units
 mt = metric ton toz = troy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

COMMODITY PRICE DATA

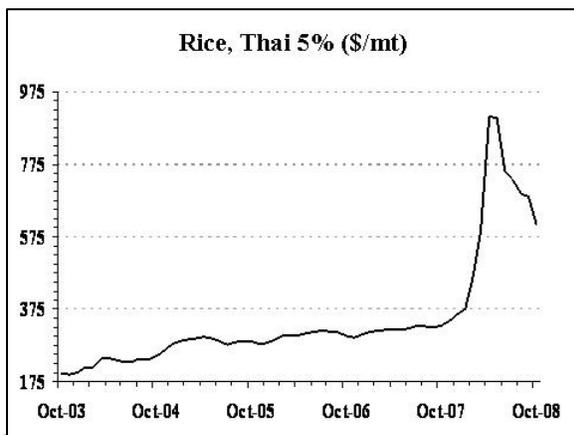
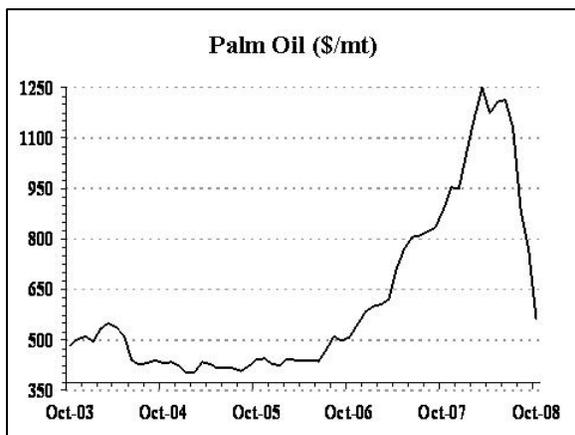
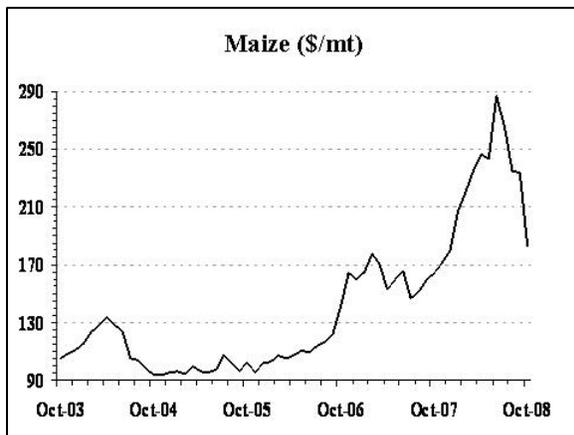
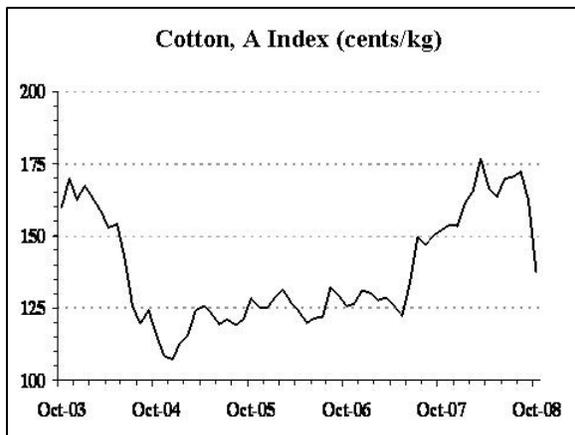
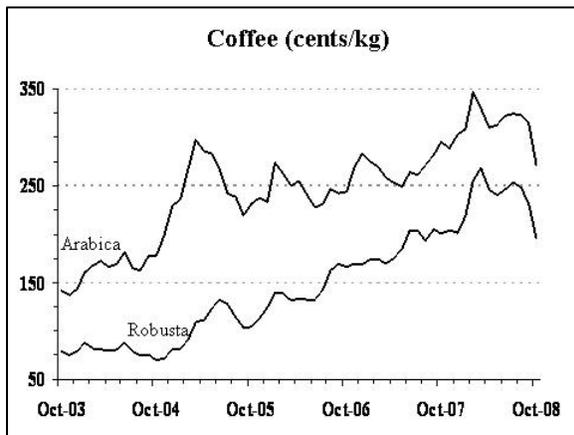
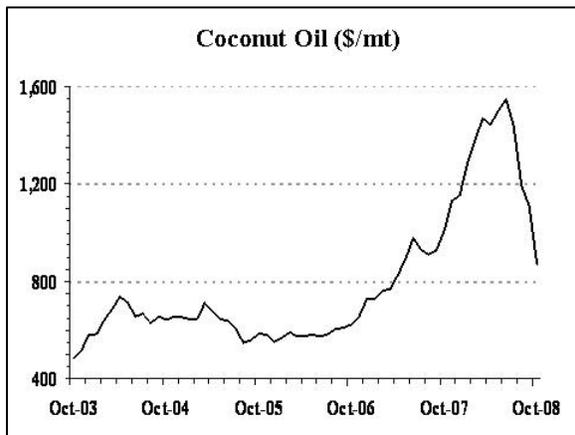
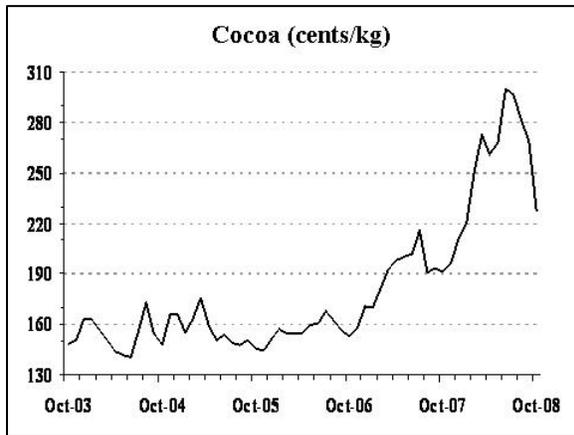
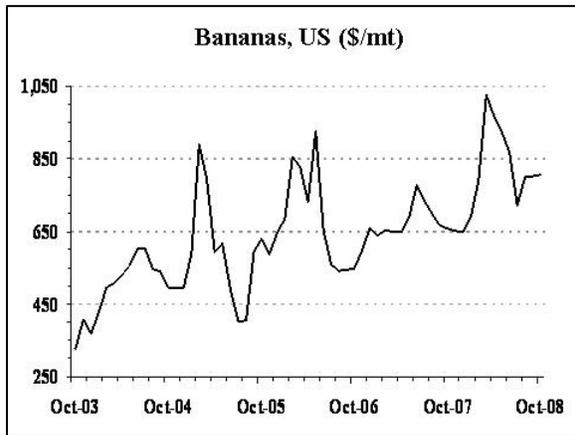
		Annual averages			Quarterly averages				Monthly averages			
		Jan-Dec	Jan-Dec	Jan-Oct	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Aug	Sep	Oct
		2006	2007	2008	2007	2007	2008	2008	2008	2008	2008	2008
Fertilizers												
DAP	b/ \$/mt	239	433	1,059	433	522	860	1,192	1,154	1,177	1,099	970
Phosphate rock	b/ \$/mt	44.2	70.9	344.7	80.0	98.3	234.4	367.5	409.2	430.0	430.0	414.0
Potassium chloride	b/ \$/mt	174.5	200.2	530.4	209.4	230.8	367.7	511.1	635.0	640.0	705.0	762.5
TSP	b/ \$/mt	202	339	954	375	425	715	1,036	1,108	1,132	1,079	965
Urea, E. Europe, bulk	b/ \$/mt	222.9	309.4	544.2	283.6	365.4	357.6	575.7	745.4	770.0	706.3	405.5
Metals and Minerals												
Aluminum	b/ \$/mt	2,570	2,638	2,753	2,546	2,444	2,743	2,940	2,787	2,764	2,526	2,121
Copper	b/ \$/mt	6,722	7,118	7,668	7,712	7,188	7,796	8,443	7,680	7,635	6,991	4,926
Gold	\$/toz	604.3	696.7	888.4	681.1	788.0	926.8	896.0	869.6	839.0	829.9	806.6
Iron ore	b/ c/dmtu	77.4	84.7	140.6	84.7	84.7	140.6	140.6	140.6	140.6	140.6	140.6
Lead	b/ c/kg	129.0	258.0	228.3	314.3	321.5	289.9	230.7	191.2	192.4	186.8	148.0
Nickel	b/ \$/mt	24,254	37,230	23,294	30,205	29,219	28,957	25,682	18,961	18,928	17,795	12,140
Silver	c/toz	1,157	1,341	1,598	1,273	1,424	1,765	1,720	1,495	1,458	1,219	1,043
** Steel products index, Japar c/ 2000=10		181.6	182.0	287.6	179.8	192.0	229.6	279.2	338.2	341.9	338.8	335.6
Steel cr coilsheet, Japan, Reir c/ \$/mt		693.8	650.0	938.8	650.0	650.0	762.5	900.0	1100.0	1100.0	1100.0	1100.0
Steel hr coilsheet, Japan, Reir c/ \$/mt		600.0	550.0	860.0	550.0	550.0	700.0	833.3	1000.0	1000.0	1000.0	1000.0
Steel, rebar, Japan, Reinstat c/ \$/mt		443.8	521.5	799.3	504.2	556.8	639.4	837.5	934.2	1030.0	792.5	760.0
Steel wire rod, Japan, Reinsta c/ \$/mt		581.3	533.3	971.7	550.0	553.3	754.0	950.0	1135.0	1130.0	1200.0	1200.0
Tin	b/ c/kg	878	1,454	1,972	1,498	1,634	1,778	2,265	2,051	2,003	1,837	1,440
Zinc	b/ c/kg	327.5	324.2	202.4	322.7	262.3	243.0	211.3	177.0	172.3	173.5	130.2
NEW World Bank commodity price indices for low and middle income countries(2000 =100)												
Energy		220.9	244.8	373.2	251.1	298.6	331.1	417.8	406.0	400.9	354.4	266.8
Non Energy Commodities		192.1	224.8	287.4	228.8	237.3	281.4	308.1	292.7	290.8	276.0	227.2
Agriculture		150.4	180.5	241.0	183.3	200.9	236.6	259.8	243.7	240.3	228.2	190.1
Beverages		145.4	169.9	216.3	173.3	179.4	210.7	221.4	226.8	227.2	218.6	186.2
Food		147.0	184.7	261.1	189.7	212.9	257.2	286.3	260.5	256.3	239.4	198.6
Fats and Oils		137.9	208.8	297.9	216.2	259.1	310.2	327.7	288.9	279.7	254.8	198.6
Grains		149.8	189.0	296.0	188.3	215.6	274.6	335.2	298.5	295.0	284.4	234.8
Other Food		156.4	149.0	181.0	156.1	149.7	171.9	187.4	188.9	190.5	178.4	165.8
Raw Materials		161.4	175.8	205.0	172.8	182.8	199.5	215.2	211.4	207.9	206.1	171.6
Timber		126.0	136.8	150.6	138.9	137.2	146.8	155.4	150.2	147.0	149.5	148.3
Other Raw Materials		200.0	218.5	264.5	209.8	232.7	257.2	280.5	278.3	274.5	267.9	197.1
Fertilizers		168.6	240.1	592.6	240.2	292.0	409.4	624.1	741.1	763.7	740.1	602.5
Metals and Minerals		280.3	314.0	347.7	320.8	305.7	358.7	371.1	342.4	340.7	321.1	260.5

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

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

