

# Global Commodity Markets

COMMODITIES TEAM OF DECPG, WORLD BANK

monthly update

april 2000

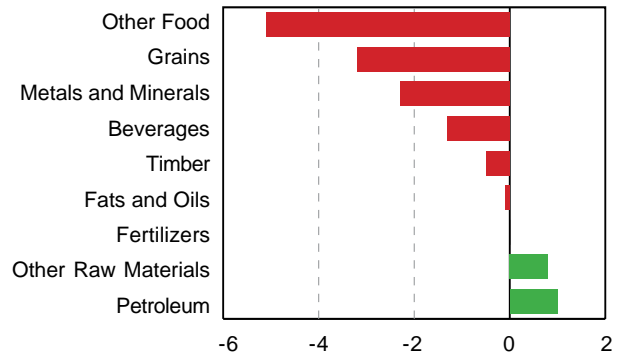
**Commodity prices were generally lower in March.** Petroleum prices peaked at \$32/bbl on March 7, and then fell below \$25/bbl by month's end, in anticipation of higher OPEC production. OPEC met March 27-29 and agreed to raise quotas by 1.7 mb/d April 1 (this includes a proportional increase for Iran, although the country was not a party to the agreement). Mexico and Norway also announced they will increase production by 0.15 mb/d and 0.10 mb/d, respectively. As OPEC was exceeding quotas by about 1.1 mb/d in March, the net increase of "new" supply is expected to be about 1.2 mb/d, assuming some overproduction and higher output from Iraq.

**Non-energy commodity prices declined 1.6 percent in March** following a slight decline in February. The decline is seen as a pause in the general trend of price increases expected for non-energy commodity prices this year. The recovery of prices has been modest since the cyclical low last July, with non-energy prices up only 4.2 percent. Most of this increase has come from metals which reached a low one year ago while agricultural commodities are up less than 1.0 percent since their low last July. Agricultural commodities prices were down 1.4 percent in March, relative to February.

**Metals and minerals prices fell 2.3% amid high stocks**, rising supplies and some concern about the strength of world demand. Aluminum recorded the largest decline of 5.6%. Gold prices fell 4.5% because of actual and prospective sales from central banks, as well as forward

## Percentage Change in Price Indices

February 2000 - March 2000

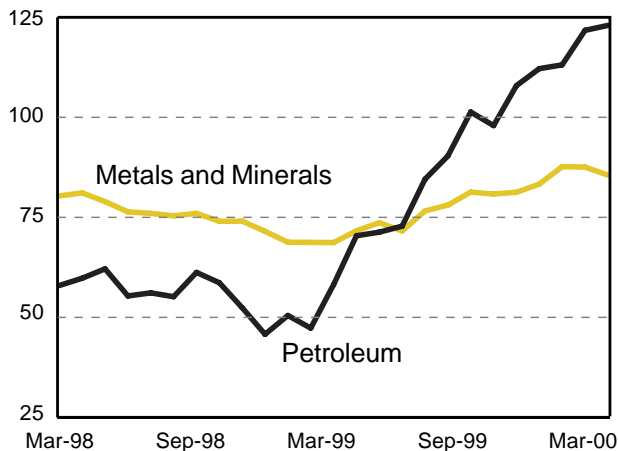


sales by gold producers. Bucking these trends were further increases in the prices of steel, nickel and zinc, led by strong growth in steel demand and extreme tightness in nickel supplies.

**Trade volumes have begun to increase for many agricultural commodities** and this is expected to support prices as stock levels for most commodities continue to decline. Trade increases are coming from several groups of countries, including the oil exporting countries which are benefiting from higher oil prices, the Asian crisis countries which are recovering from the 1997-98 economic slump, and the former Soviet Union countries especially Russia which has benefited from higher oil prices as well as an overall improvement in its economic situation.

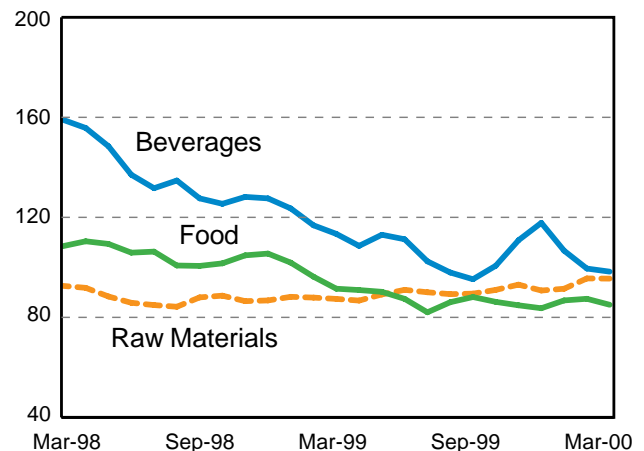
## Petroleum and Metals Price Indices

March 1998 - 00 (1990 = 100)



## Agriculture Price Indices

March 1998 - 00 (1990 = 100)



## Major Movers in March

**Aluminum** prices declined 5.6% following a squeeze on the LME. Aluminum stocks have declined recently but this is merely a reversal of the in-flow of material when the market was in backwardation, and does not represent a tightness of supply.

**Cocoa** prices gained 8.1% in March mainly reflecting the slowing of West Africa's main crop arrivals. Following good mid-crop forecasts, arrivals are expected to regain strength and thus put downward pressure on prices again.

**Coconut oil** and **palmkernel oil** prices declined 6.6% and 4.1%, respectively, in March due to large palm kernel oil production. This is the third consecutive monthly setback in lauric oils prices.

**Coffee robusta** prices declined 5.3% in March following reports that production by both Asian and African coffee producers will exceed earlier expectations. **Arabica** prices declined 2.6%, with the prospects of another record crop (currently estimated to exceed 107 million bags). Brazil and Colombia, the world's top coffee producers, are reportedly contemplating a supply retention program, but the details are not known yet.

**Cotton** prices increased an additional 6.6% in March to reach 126 cents/kg, almost 30% higher than their December '99 15-year low. The recovery is expected to continue on recent estimates that consumption will exceed production by 1.3 million tons while stocks will decline by 1.4 million tons in the 2000/01 season.

**Gold** prices fell 4.5%, ending the month slightly above \$275/toz, as planned and rumored sales by several central banks weighed heavily on prices. The UK sold 25 tons on March 21, its fifth such auction under a plan to ultimately sell 415 tons of gold reserves.

**Natural gas** prices in the **US** rose 5.3% on declining inventories and expectations of a tightening market this summer due to strong demand and only modest growth in domestic supplies. Gas prices in **Europe** soared 19% because of higher oil prices, as imported gas into Europe is indexed to petroleum prices.

**Nickel** prices leapt a further 6.5% due to strong demand for steel and an extremely tight nickel market, brought on by very low stocks, labor disputes, and supply problems at new mines.

**Palm oil** prices gained 5.4% in March, despite good production prospects. Demand growth appears to be the driving force behind the price increase. **Soybean oil** prices also gained 1.4%.

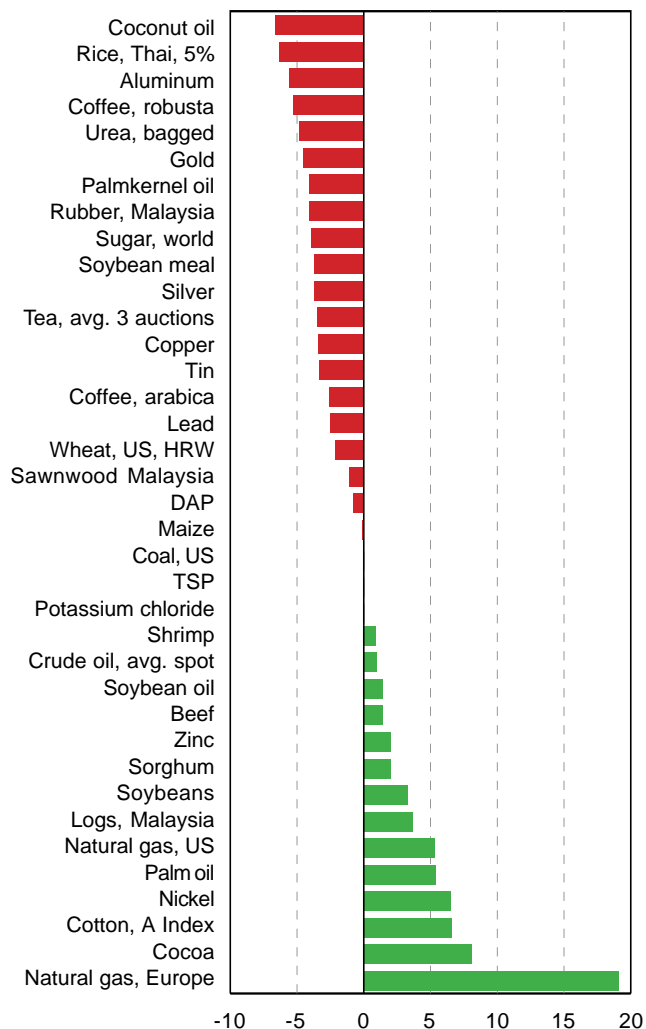
**Rice** prices fell 6.3% on news that Indonesia banned rice imports until June to protect local farmers from falling prices during the April harvest. This decision raised concerns that the policy may affect orders previously placed by Indonesia's State Logistics Agency. And given the already weak import demand situation, rice prices weakened further on the announcement.

**Sugar** prices fell 3.9% on reduced imports by Russia and announced increases in sugar import duties by India and Russia.

**Tea** prices fell 3.5% (three auctions average) due to the weak market in Calcutta, where leaf prices sank to end-of-season lows as mostly poor quality offerings met with nominal export and domestic demand.

**Timber** prices were mixed, with Malaysian logs up 3.7% after dropping by 4.8% in February when prices fell due to slow trade during the Chinese New Year. West African sapeli log were slightly lower.

**Percentage Change in Price  
February 2000 - March 2000**



COMMODITY PRICE DATA

Commodity	Unit	Quarterly Averages				Monthly Averages			Changes (%)				
		Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Jan	Feb	Mar	Q1 '00/ Q1 '99	Q1 '00/ Q4 '99	Mar '00/ Feb '00	Mar '00/ Mar '99
		1999	1999	1999	1999	2000	2000	2000	2000				
<b>Energy</b>													
Coal, Australia	\$/mt	26.10	26.10	26.10	25.27	25.10	25.10	25.10	25.10	-3.8	-0.7	0.0	-3.8
Coal, US	\$/mt	33.50	33.17	33.00	33.00	33.00	33.00	33.00	33.00	-1.5	0.0	0.0	-1.5
Crude oil, avg. spot*	\$/bbl	11.79	16.10	20.65	23.74	26.67	25.31	27.22	27.49	126.2	12.3	1.0	108.9
Crude oil, Brent*	\$/bbl	11.24	15.40	20.54	24.04	26.85	25.38	27.70	27.47	138.9	11.7	-0.8	120.3
Crude oil, Dubai*	\$/bbl	11.07	15.26	19.69	22.65	24.35	23.28	24.68	25.08	120.0	7.5	1.6	102.7
Crude oil, W. TX Int'l*	\$/bbl	13.05	17.66	21.73	24.52	28.82	27.27	29.28	29.92	120.8	17.5	2.2	104.1
Natural gas, Europe	\$/mmbtu	1.99	1.89	2.09	2.55	3.65	3.36	3.46	4.12	83.4	43.1	19.1	111.3
Natural gas, US	\$/mmbtu	1.81	2.23	2.55	2.48	2.62	2.42	2.65	2.79	44.8	5.6	5.3	55.9
<b>Non-Energy Commodities</b>													
<b>Agriculture</b>													
<b>Beverages</b>													
Cocoa**	¢/kg	139.4	113.6	105.7	95.4	90.0	91.9	85.7	92.6	-35.4	-5.6	8.1	-29.5
Coffee, arabica**	¢/kg	238.0	235.5	198.8	244.0	231.7	245.0	228.1	222.1	-2.6	-5.0	-2.6	-4.4
Coffee, robusta**	¢/kg	172.7	149.1	135.4	138.4	109.0	117.2	107.7	102.0	-36.9	-21.3	-5.3	-37.0
Tea, 3-auction average**	¢/kg	167.6	181.5	190.8	195.8	180.5	185.5	181.2	174.8	7.7	-7.8	-3.5	8.6
Tea, Calcutta auctions**	¢/kg	162.3	223.4	224.9	216.6	158.2	186.1	152.4	136.2	-2.5	-27.0	-10.6	-7.5
Tea, Colombo auctions**	¢/kg	160.3	145.9	170.7	182.9	181.9	182.7	180.8	182.1	13.5	-0.6	0.7	23.8
Tea, Mombasa auctions**	¢/kg	180.3	175.1	176.9	187.8	201.4	187.6	210.5	206.2	11.7	7.3	-2.0	9.2
<b>Food</b>													
<b>Fats and Oils</b>													
Coconut oil**	\$/mt	736.0	832.3	681.3	698.7	599.0	654.0	591.0	552.0	-18.6	-14.3	-6.6	-21.1
Copra	\$/mt	457.7	521.3	433.7	433.3	411.3	420.0	411.0	403.0	-10.1	-5.1	-1.9	-10.6
Groundnut oil**	\$/mt	808.0	755.7	781.7	805.3	773.0	789.0	774.0	756.0	-4.3	-4.0	-2.3	-2.6
Palm oil**	\$/mt	563.3	458.7	353.7	368.3	343.3	348.0	332.0	350.0	-39.1	-6.8	5.4	-29.6
Palmkernel oil	\$/mt	704.7	729.0	656.7	686.0	588.0	628.0	580.0	556.0	-16.6	-14.3	-4.1	-15.9
Soybean meal**	\$/mt	145.7	140.0	152.3	170.7	182.3	180.0	187.0	180.0	25.2	6.8	-3.7	26.8
Soybean oil**	\$/mt	492.3	426.7	406.3	384.0	363.3	371.0	357.0	362.0	-26.2	-5.4	1.4	-18.5
Soybeans**	\$/mt	210.3	200.0	196.3	200.0	214.3	208.0	214.0	221.0	1.9	7.2	3.3	7.8
<b>Grains</b>													
Maize**	\$/mt	95.9	93.4	85.4	86.1	94.5	93.3	95.2	95.1	-1.5	9.7	-0.1	-1.2
Rice, Thai, 5%**	\$/mt	278.7	244.5	244.3	226.3	236.1	241.4	241.0	225.8	-15.3	4.3	-6.3	-11.9
Rice, Thai, 25%	\$/mt	239.6	211.6	217.9	196.1	196.4	201.6	199.0	188.7	-18.0	0.2	-5.2	-14.5
Rice, Thai, 35%	\$/mt	232.9	205.9	212.7	190.6	188.7	194.4	191.0	180.8	-19.0	-1.0	-5.4	-15.3
Rice, Thai, A1.Special	\$/mt	214.2	189.5	201.1	165.7	155.8	158.2	156.7	152.5	-27.3	-6.0	-2.7	-22.7
Sorghum**	\$/mt	90.9	87.6	79.5	79.6	90.3	89.3	89.9	91.7	-0.6	13.5	2.0	0.4
Wheat, Canada	\$/mt	160.7	148.2	148.2	148.0	149.2	150.7	150.4	146.5	-7.2	0.8	-2.6	-5.8
Wheat, US, HRW**	\$/mt	119.9	112.8	109.2	106.4	106.5	105.8	107.9	105.7	-11.2	0.1	-2.1	-9.9
Wheat, US, SRW	\$/mt	99.5	96.4	93.4	95.9	98.6	98.6	100.1	97.2	-0.9	2.8	-2.9	-3.0
<b>Other Food</b>													
Bananas, EU**	\$/mt	1092.8	824.1	745.8	739.0	889.8	885.5	919.6	864.4	-18.6	20.4	-6.0	-21.7
Bananas, US**	\$/mt	461.1	346.2	351.6	336.4	514.4	482.3	578.7	482.3	11.6	52.9	-16.7	7.7
Beef**	¢/kg	177.1	175.6	192.5	192.1	196.8	194.5	196.5	199.3	11.1	2.4	1.4	10.8
Fishmeal	\$/mt	453.3	343.3	369.3	404.0	405.7	416.0	409.0	392.0	-10.5	0.4	-4.2	-3.4
Lamb	¢/kg	247.0	263.2	267.1	266.7	270.8	272.7	269.8	270.0	9.6	1.5	0.1	9.9
Oranges**	\$/mt	420.3	458.6	474.8	369.6	226.1	245.3	229.3	203.8	-46.2	-38.8	-11.2	-53.7
Shrimp	¢/kg	1,413	1,470	1,485	1,473	1,493	n.a.	1,488	1501.35	5.6	1.3	0.9	6.4
Sugar, EU, domestic**	¢/kg	59.72	58.78	58.55	59.65	58.77	60.01	58.51	57.78	-1.6	-1.5	-1.2	-2.5
Sugar, US, domestic**	¢/kg	49.45	49.88	47.01	40.05	39.06	39.00	37.65	40.54	-21.0	-2.5	7.7	-18.4
Sugar, world**	¢/kg	15.40	12.63	13.06	14.14	11.80	12.41	11.73	11.27	-23.4	-16.5	-3.9	-15.2
<b>Raw Materials</b>													
<b>Timber</b>													
Logs, Cameroon	\$/cum	282.3	255.3	247.2	292.4	293.5	301.3	292.3	286.7	4.0	0.4	-1.9	4.7
Logs, Malaysia**	\$/cum	175.3	178.4	195.9	198.8	189.4	193.1	184.1	190.9	8.0	-4.8	3.7	10.6
Plywood	¢/sheet	426.4	429.9	440.3	465.6	446.9	456.4	439.1	445.0	4.8	-4.0	1.3	6.6
Sawnwood, Cameroon	\$/cum	461.5	424.4	441.8	493.1	501.5	509.9	494.7	500.0	8.7	1.7	1.1	15.9
Sawnwood, Malaysia**	\$/cum	544.3	582.8	632.9	643.4	641.0	643.4	643.4	636.4	17.8	-0.4	-1.1	14.5
Woodpulp	\$/mt	447.6	491.5	521.2	570.8	611.5	611.5	611.5	611.5	36.6	7.1	0.0	38.0

Continued

**COMMODITY PRICE DATA (continued)**

Commodity	Unit	Quarterly Averages				Monthly Averages			Changes (%)				
		Jan-Mar 1999	Apr-Jun 1999	Jul-Sep 1999	Oct-Dec 1999	Jan-Mar 2000	Jan 2000	Feb 2000	Mar 2000	Q1 '00/ Q1 '99	Q1 '00/ Q4 '99	Mar '00/ Feb '00	Mar '00/ Mar '99
<b>Non-Energy Commodities (continued)</b>													
<b>Agriculture (continued)</b>													
<b>Other Raw Materials</b>													
Cotton, A Index**	¢/kg	123.9	129.4	113.8	101.3	116.5	104.6	118.5	126.3	-6.0	15.0	6.6	1.2
Cotton, Memphis	¢/kg	n.q.	n.q.	n.q.	120.47	136.0	129.4	134.3	144.3	n.a.	12.9	7.4	n.a.
Jute	\$/mt	250.0	260.0	295.0	300.3	299.3	300.0	300.0	298.0	19.7	-0.3	-0.7	19.2
Rubber, Malaysia**	¢/kg	68.0	59.7	55.6	68.1	70.1	64.9	74.2	71.1	3.1	3.0	-4.1	11.7
Rubber, NY	¢/kg	83.7	77.5	74.6	87.7	85.8	84.1	89.0	84.2	2.4	-2.2	-5.4	5.1
Rubber, Singapore	¢/kg	65.5	59.9	55.9	66.9	68.8	64.5	73.7	68.2	5.0	2.8	-7.4	10.9
Sisal	\$/mt	779.2	731.7	647.5	607.7	558.3	550.0	550.0	575.0	-28.3	-8.1	4.5	-23.3
Wool	¢/kg	368.0	400.3	414.2	412.5	402.6	410.4	400.3	397.2	9.4	-2.4	-0.8	6.8
<b>Fertilizers</b>													
DAP	\$/mt	199.3	189.7	173.9	148.2	149.5	149.4	150.1	148.9	-25.0	0.8	-0.8	-24.2
Phosphate rock**	\$/mt	44.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0	0.0	0.0	0.0	0.0
Potassium chloride	\$/mt	119.1	122.5	122.5	122.5	122.5	122.5	122.5	122.5	2.9	0.0	0.0	1.9
TSP**	\$/mt	164.1	162.6	150.9	140.4	138.0	138.0	138.0	138.0	-15.9	-1.7	0.0	-15.3
Urea, E. Europe, bagged	\$/mt	79.5	75.9	77.4	78.2	96.5	90.0	102.3	97.3	21.3	23.4	-4.8	13.5
Urea, E. Europe, bulk	\$/mt	67.6	64.6	66.1	67.3	85.2	79.8	91.4	84.4	26.0	26.5	-7.6	13.9
<b>Metals and Minerals</b>													
Aluminum**	\$/mt	1,196	1,306	1,443	1,501	1,643	1,680	1,670	1,577	37.4	9.5	-5.6	33.5
Copper**	\$/mt	1,407	1,467	1,679	1,739	1,795	1,844	1,801	1,739	27.6	3.2	-3.4	26.2
Gold	\$/toz	286.8	273.5	259.2	295.7	290.2	284.3	299.9	286.4	1.2	-1.9	-4.5	0.2
Iron ore**	¢/dmtu	27.59	27.59	27.59	27.59	28.79	28.79	28.79	28.79	4.3	4.3	0.0	4.3
Lead**	¢/kg	50.5	51.9	50.2	48.5	45.5	47.2	45.2	44.1	-9.8	-6.1	-2.5	-13.1
Nickel**	\$/mt	4,635	5,232	6,392	7,785	9,414	8,310	9,653	10,280	103.1	20.9	6.5	105.1
Silver	¢/toz	530.2	515.6	526.7	527.3	521.1	523.5	529.7	510.2	-1.7	-1.2	-3.7	-1.9
Steel products (8) index*** 1990=100		64.1	66.4	70.4	72.6	73.0	69.9	73.7	75.5	13.9	0.6	2.5	18.0
Steel-cold rolled coilsheet	\$/mt	306.7	328.3	350.0	376.7	386.7	370.0	390.0	400.0	26.1	2.7	2.6	29.0
Steel-hot rolled coilsheet	\$/mt	206.7	223.3	263.3	280.0	290.0	280.0	290.0	300.0	40.3	3.6	3.4	42.9
Steel, rebar	\$/mt	230.0	230.0	240.0	236.7	226.7	220.0	230.0	230.0	-1.4	-4.2	0.0	4.5
Steel, wire rod	\$/mt	293.3	290.0	290.0	286.7	273.3	260.0	280.0	280.0	-6.8	-4.7	0.0	-3.4
Tin**	¢/kg	524.6	543.6	526.8	566.5	567.6	592.8	564.2	545.8	8.2	0.2	-3.3	1.8
Zinc**	¢/kg	99.3	102.0	113.2	116.0	113.0	117.9	109.5	111.6	13.8	-2.6	2.0	8.4
<b>World Bank Commodity Price Indices for Low and Middle Income Countries (1990 = 100)</b>													
<b>Petroleum</b>		51.5	70.4	90.3	103.8	116.6	110.6	119.0	120.2	126.3	12.4	1.0	108.9
<b>Non-Energy Commodities</b>		89.5	87.3	86.0	89.2	90.2	90.7	90.6	89.2	0.7	1.1	-1.6	2.0
<b>Agriculture</b>		97.5	92.8	88.7	92.1	91.6	92.0	92.0	90.7	-6.1	-0.6	-1.4	-3.8
Beverages		116.0	109.3	97.3	108.1	100.2	105.1	98.3	97.0	-13.7	-7.4	-1.3	-13.1
Food		95.1	87.1	83.8	84.2	85.6	85.9	86.5	84.2	-10.0	1.6	-2.7	-6.9
Fats and Oils		115.6	106.0	96.7	101.9	101.1	101.7	100.8	100.7	-12.6	-0.8	-0.1	-6.4
Grains		94.3	86.8	83.8	80.6	84.5	84.9	85.7	83.0	-10.3	4.9	-3.2	-8.2
Other Food		78.7	71.9	73.2	71.8	73.4	73.5	75.3	71.4	-6.7	2.3	-5.1	-6.5
<b>Raw Materials</b>		86.9	88.0	88.6	90.6	92.9	90.2	94.2	94.3	6.9	2.6	0.1	9.1
Timber		101.7	108.2	117.7	119.6	118.5	119.2	118.5	117.9	16.5	-0.9	-0.5	14.0
<b>Other Raw Materials</b>		76.8	74.2	68.8	70.8	75.5	70.5	77.7	78.3	-1.8	6.7	0.8	4.4
Fertilizers		118.7	118.0	112.3	107.3	106.1	106.1	106.1	106.1	-10.6	-1.1	0.0	-10.2
Metals and Minerals		67.2	70.7	76.8	80.2	85.3	86.0	85.9	84.0	26.9	6.4	-2.3	24.1

\*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

Note: Price Indices were computed using the old price series for bananas and iron ore.