

Commodity Markets Review

July 15, 2003

DECPG, The World Bank

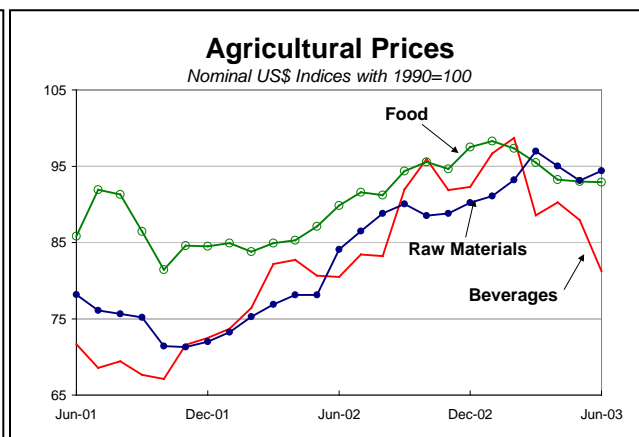
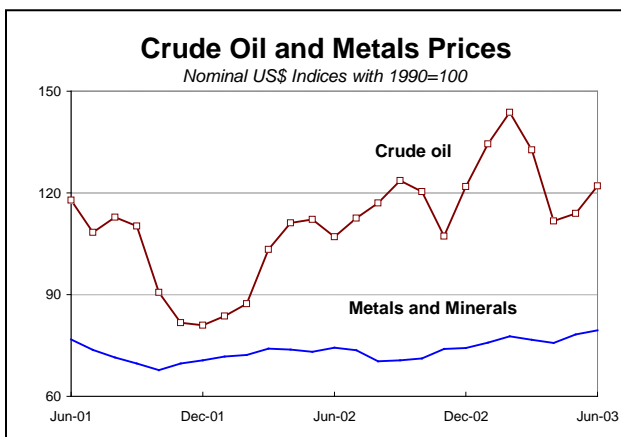
Non-oil commodity prices fell 0.6 percent in June, the fourth consecutive monthly decline, with the index down 3.7 percent since February. Price decreases in June were concentrated in beverages, grains, and sugar, due to rising supplies and weak demand. They were partly offset by further price increases in metals and minerals, and fertilizers, as well as increases in fats and oils.

Crude oil prices rose 7.1 percent in June to average \$26.5/bbl, and have risen above \$29/bbl in July on continued low inventories, delays re-starting Iraq oil exports, and lower OPEC production. In addition, there are concerns about supply disruptions from hurricanes in the U.S. Gulf of Mexico, strikes in Nigeria, and possible impacts from a planned presidential referendum in Venezuela in August.

Iraq's oil production averaged 0.4 mb/d in June, with most sent to domestic refineries. Output has been restrained by persistent looting of upstream equipment and sabotage of crude and products pipelines. In addition, crude oil is being smuggled from pierced pipelines. So far, exports have been limited to shipments of stored pre-war oil at Ceyhan, Turkey, and Mina al-Bakr in the Gulf. Depending on security and logistical arrangements, production might only average 1.0 mb/d in the third quarter.

Agricultural prices fell 1.4 percent in June, the fourth straight monthly decrease, leaving the index 4.0 percent below its February level. Grains declined 2.0 percent in June and 12 percent over the nine-month period because of increasingly favorable supply prospects. Beverage prices fell 7.6 percent, extending a plunge that began in March, totaling 18 percent. Sugar prices were down 6.1 percent due to a large crop in Brazil which increased exports. Partly offsetting the declines in June were increases in fats and oils prices of 0.8 percent, and raw materials prices of 1.4 percent. These, along with the "other food" index, are slightly higher than six months earlier.

Metals and minerals prices rose 1.5 percent in June, continuing a moderate rally, with prices up 7 percent from December. Much of the increase in metals prices this year has been in nickel where an extremely tight market has raised prices 23 percent. Nickel prices were up 6.5 percent in June due to the Inco strike in Canada. Other metals have had more moderate gains this year, the largest being tin up 11 percent on reduced supplies, and copper up 6 percent on supply cuts and declining inventories. In July, metals prices have increased strongly on expectations of rising demand and declining inventories.



Prepared by a team from the Prospects Group of Development Economics (DECPG) consisting of Donald Mitchell, Shane Streifel, John Baffes and Betty Dow. Katherine Rollins is the task assistant. This report is available on the World Bank's intranet at <http://decpg.worldbank.org>.

Major Movers in June¹

Crude oil prices rose 7.1 percent due to continued low inventories, delays re-starting Iraq oil exports, and lower OPEC production.

Nickel prices increased 6.5 percent due to the strike at Inco's operations in Sudbury, Canada that began on June 1, 2003.

Beef prices were up 5.5 percent following the May 20th U.S. ban on Canadian imports because of discovery of bovine spongiform encephalopathy (BSE) in Canada.

Rubber prices rose 5.3 percent in response to a surge in imports by China, the world's dominant natural rubber user.

Groundnut oil prices increased 5.1 percent due to a production shortfall in China, a major supplier of groundnut oil.

Coconut oil prices gained 4.3 percent due to low stocks in major producing and importing countries. End-June stocks were estimated to be about 20 percent lower than a year ago.

Urea prices rose 4.2 percent due to increased demand from Latin America, plant shutdowns in Russia and Ukraine for routine maintenance, and production problems in Brazil.

Bananas prices in the U.S. gained 4.1 percent, after declining sharply for several months, due to higher freight rates and reduced supplies from Ecuador, the world's dominant banana exporter.

Soybean prices fell 4.4 percent due to an expected 6 percent increase in world soybean production in the coming crop year, and a 7.5 percent increase in world oilseed production.

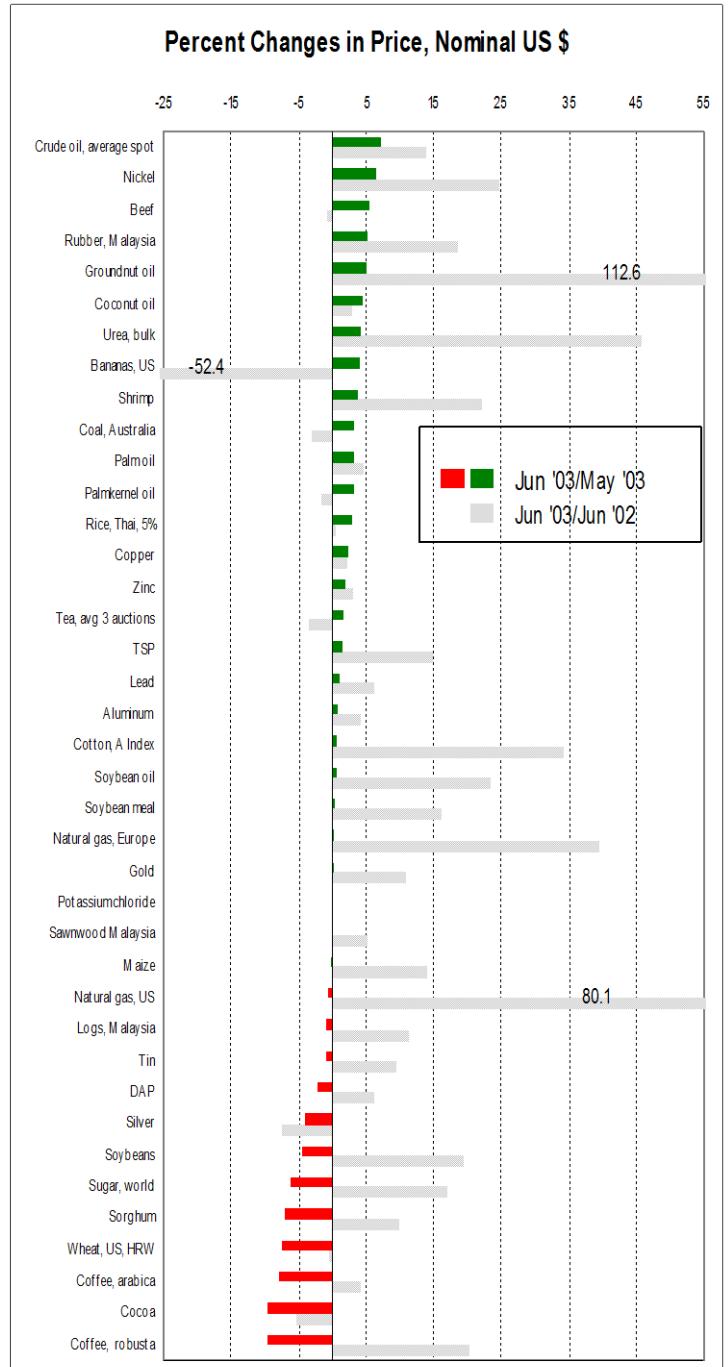
Sugar prices were down 6.1 percent due to excellent growing conditions in the center-south sugar growing region of Brazil and larger than expected exports from Brazil.

Sorghum prices decreased 7.0 percent due to improved production prospects in the U.S. and an estimated 15 percent increase in world production compared to last year.

Wheat prices fell 7.5 percent due to expected large production increases in major exporters, with U.S. production up 43 percent, Canadian production up 59 percent, and Australian production up 145 percent versus last year.

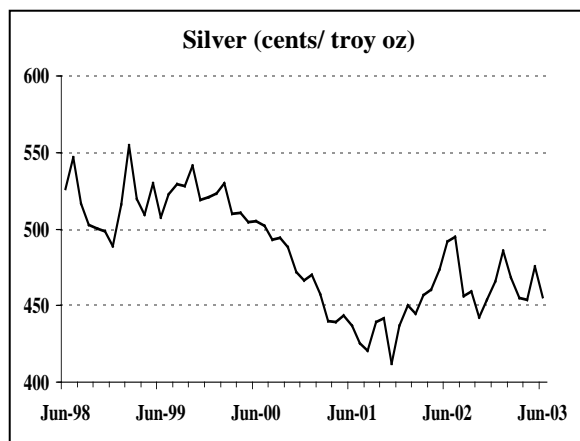
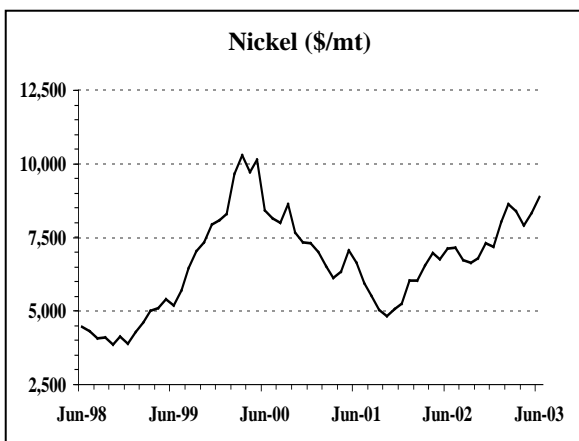
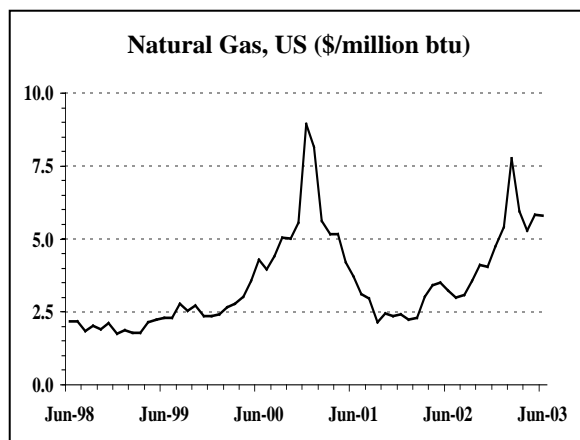
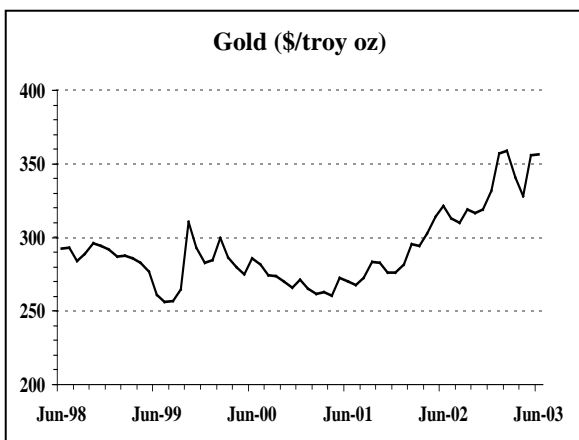
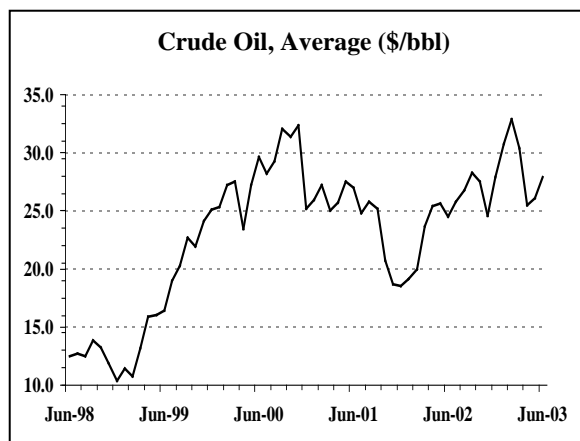
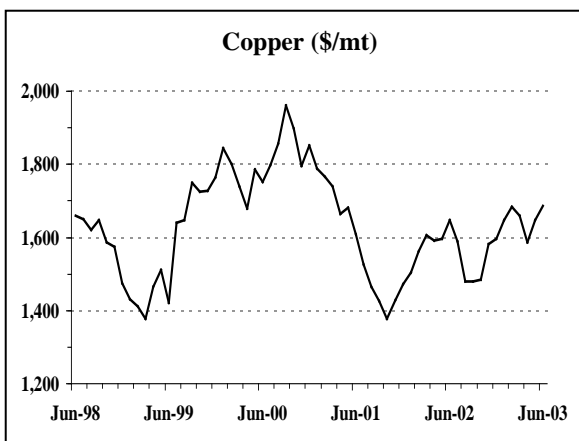
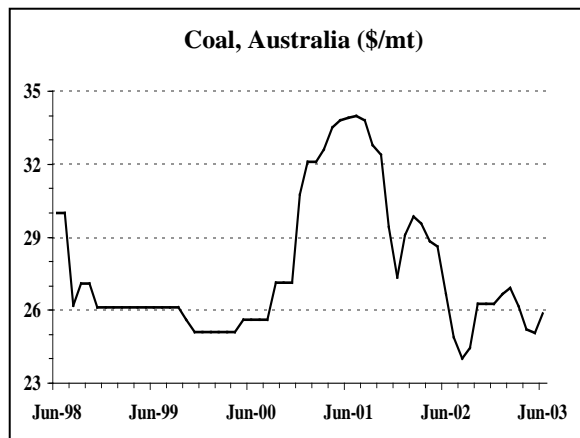
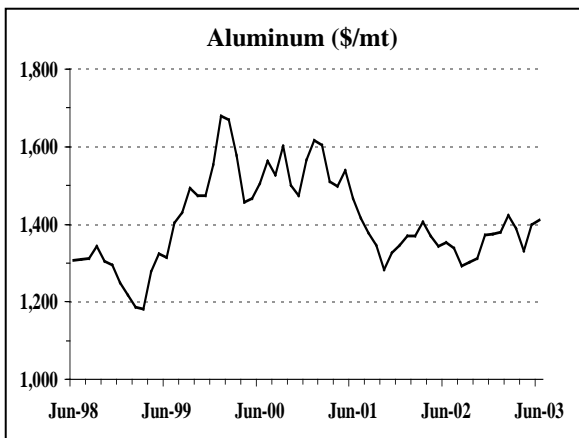
Cocoa prices declined 9.5 percent reflecting full resumption of supplies from Cote d'Ivoire, following an ease in the conflict and favorable weather. Prices are down almost one-third from the 16-year high of \$2.28/kg in February.

Coffee prices dropped sharply, with arabica down 7.9 percent and robusta down 9.5 percent, as fears subsided that Brazilian crops may be affected by frost. However, robusta prices are 30 percent higher than a year ago.

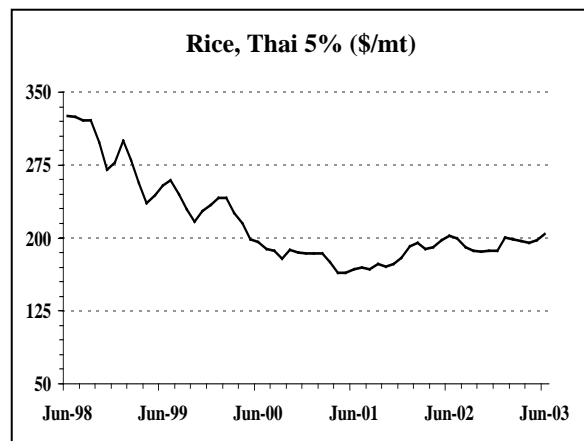
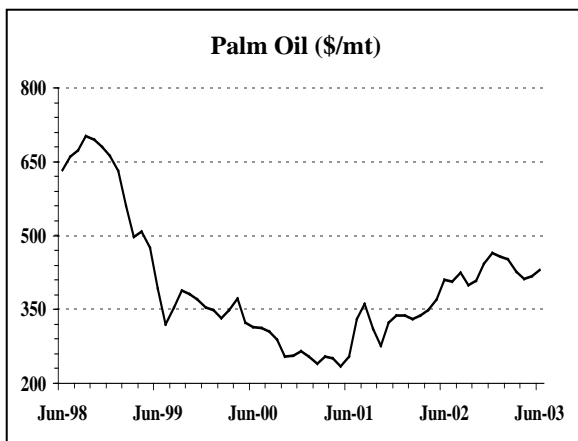
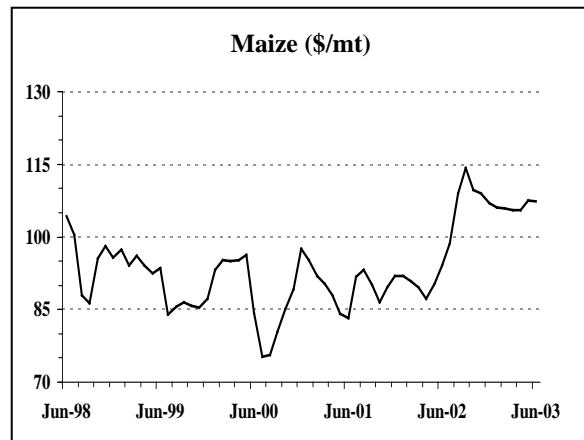
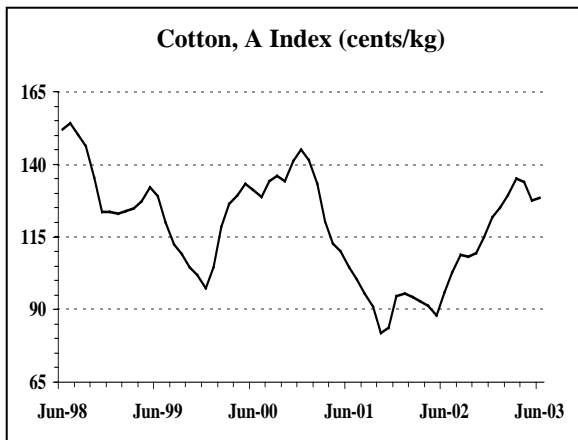
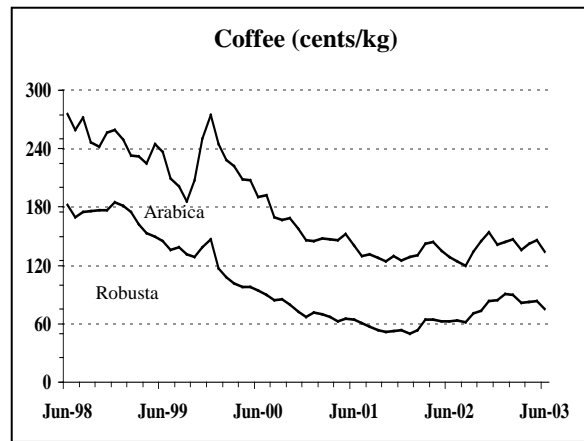
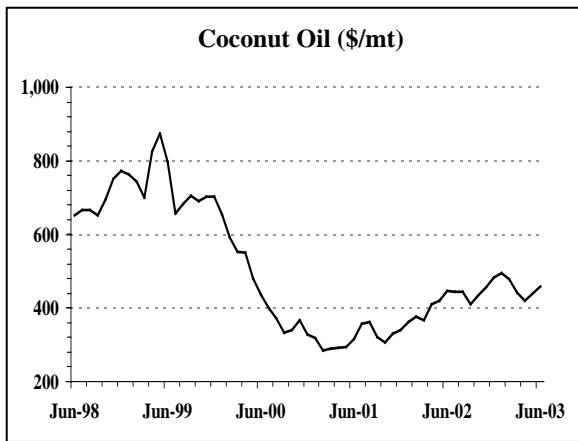
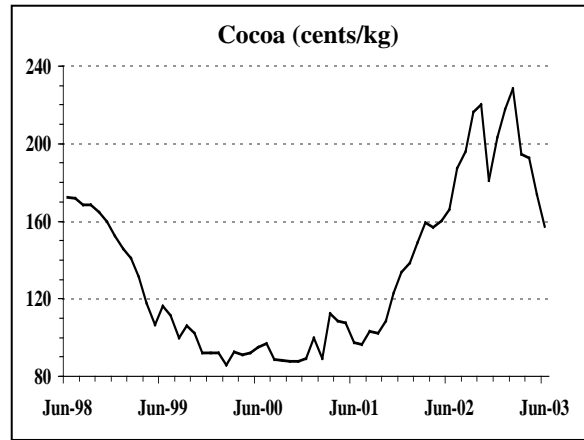
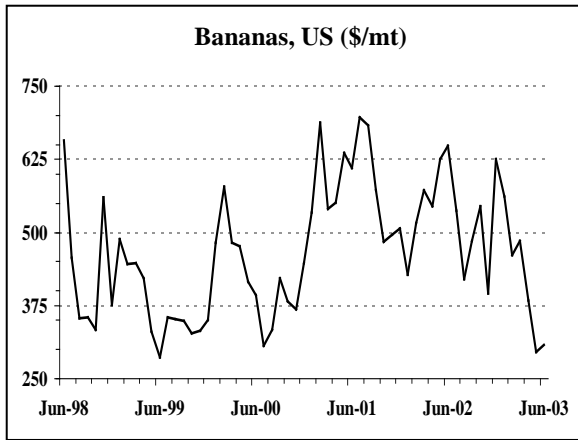


¹ Percent change of average June 2003 prices compared to average May 2003 prices in nominal U.S. dollars (graph also includes 12-month changes).

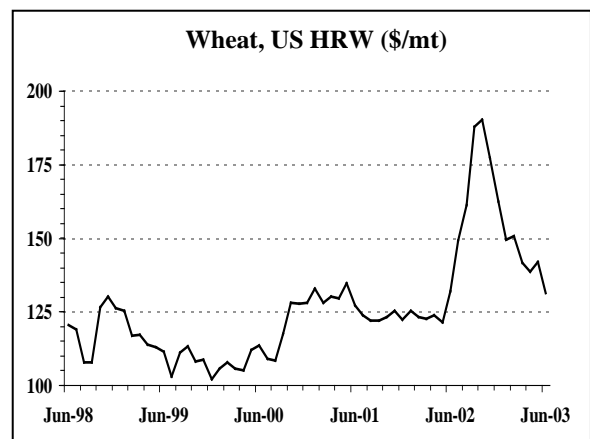
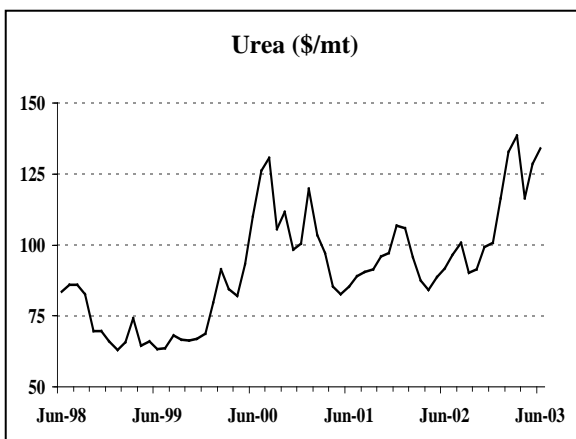
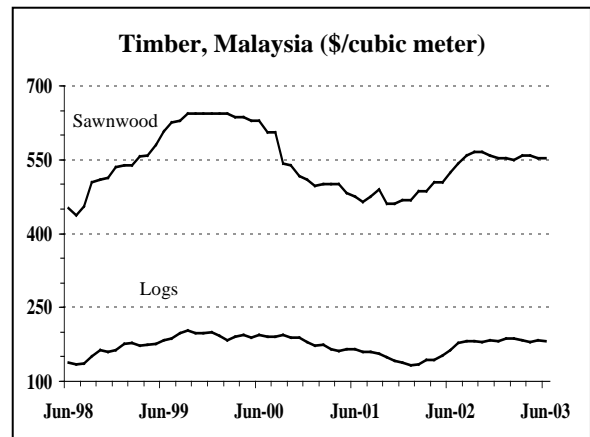
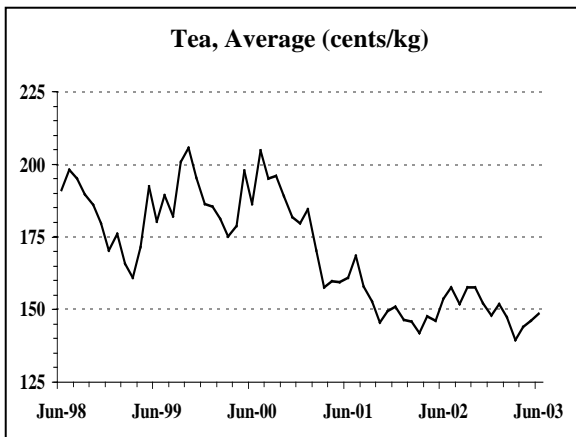
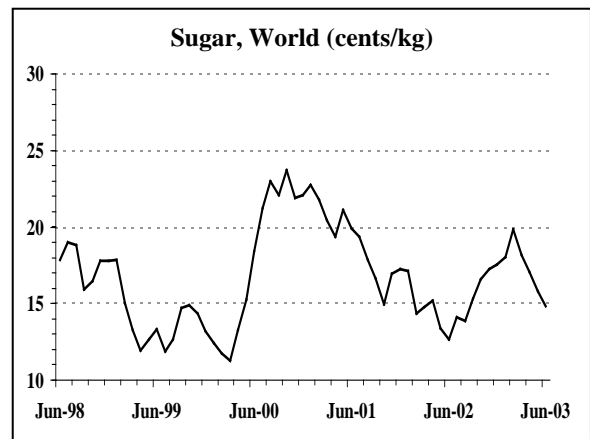
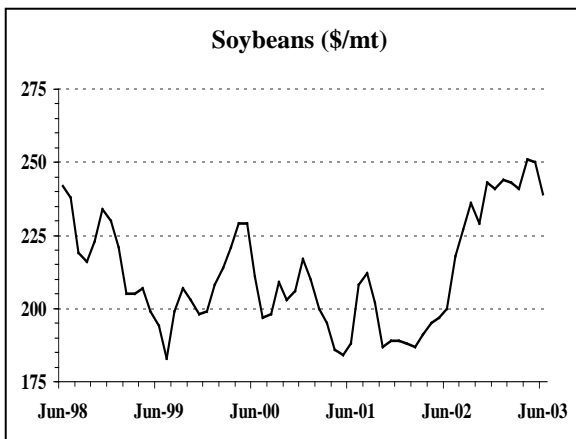
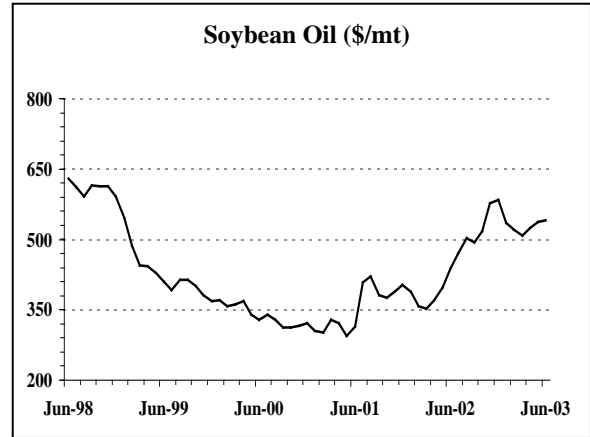
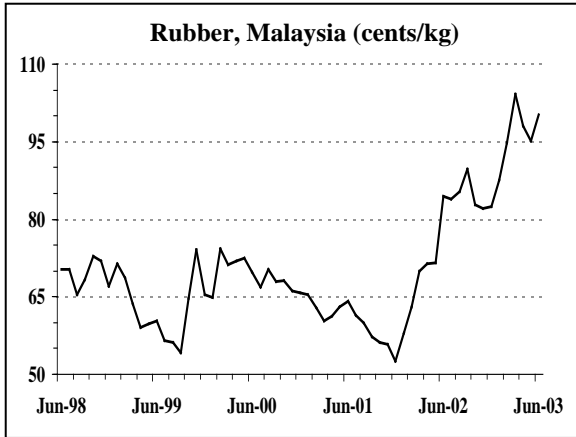
Selected Commodity Prices, Nominal US dollars, 1998-2003



Selected Commodity Prices, Nominal US dollars, 1998-2003 cont'd



Selected Commodity Prices, Nominal US dollars, 1998-2003 cont'd



COMMODITY PRICE DATA

Commodity	Unit	Annual averages			Quarterly averages					Monthly averages		
		Jan-Dec 2001	Jan-Dec 2002	Jan-Jun 2003	Apr-Jun 2002	Jul-Sep 2002	Oct-Dec 2002	Jan-Mar 2003	Apr-Jun 2003	Apr 2003	May 2003	Jun 2003
Energy												
Coal, Australia	\$/mt	32.31	27.06	25.97	28.04	24.45	26.25	26.57	25.37	25.20	25.05	25.85
Coal, US	\$/mt	44.86	40.02	n.a.	39.73	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Crude oil, avg, spot	a/ \$/bbl	24.35	24.93	28.92	25.20	26.94	26.65	31.33	26.51	25.56	26.06	27.92
Crude oil, Brent	a/ \$/bbl	24.42	24.97	28.77	25.06	26.91	26.75	31.41	26.12	25.02	25.81	27.55
Crude oil, Dubai	a/ \$/bbl	22.71	23.72	26.48	24.28	25.57	25.01	28.56	24.39	23.43	24.25	25.50
Crude oil, West Texas Int.	a/ \$/bbl	25.92	26.09	31.52	26.26	28.32	28.19	34.02	29.02	28.22	28.13	30.71
Natural gas, Europe	\$/mmbtu	4.06	3.05	3.86	2.85	3.01	3.33	3.67	4.04	4.03	4.04	4.05
Natural gas, US	\$/mmbtu	3.96	3.35	6.01	3.38	3.21	4.30	6.38	5.64	5.29	5.84	5.80
Non Energy Commodities												
Agriculture												
Beverages												
Cocoa	b/ c/kg	106.9	177.8	194.0	161.0	199.7	201.5	213.6	174.4	192.4	173.6	157.1
Coffee, Arabica	b/ c/kg	137.3	135.7	141.7	136.2	126.0	146.8	142.4	141.1	142.6	146.1	134.6
Coffee, robusta	b/ c/kg	60.7	66.2	83.9	63.3	65.1	80.3	87.5	80.4	82.5	83.3	75.4
Tea, auctions (3), average	c/kg	159.8	150.6	146.3	149.2	155.8	152.6	146.2	146.3	144.1	146.2	148.6
Tea, Colombo auctions	b/ c/kg	161.7	156.2	147.4	150.0	150.1	156.1	151.6	143.3	143.4	144.4	142.0
Tea, Kokata auctions	b/ c/kg	166.1	146.4	141.9	153.3	165.9	150.6	138.8	144.9	138.7	142.0	154.1
Tea, Mombasa auctions	b/ c/kg	151.7	149.2	149.4	144.4	151.3	151.1	148.2	150.7	150.3	152.3	149.7
Food												
Fats and Oils												
Coconut oil	b/ \$/mt	318.1	421.0	455.3	425.7	432.7	457.7	470.7	440.0	421.0	440.0	459.0
Copra	\$/mt	202.1	266.3	289.8	265.3	283.0	288.3	303.7	276.0	273.0	276.0	279.0
Groundnut oil	b/ \$/mt	680.3	687.1	1165.5	648.0	655.3	778.0	1023.3	1307.7	1284.0	1287.0	1352.0
Palm oil	b/ \$/mt	285.7	390.3	432.5	377.0	410.3	438.3	445.3	419.7	412.0	417.0	430.0
Palmkernel oil	b/ \$/mt	308.1	415.8	444.8	423.7	430.0	457.7	469.3	420.3	406.0	421.0	434.0
Soybean meal	b/ \$/mt	181.0	175.2	192.2	169.0	177.7	182.3	188.7	195.7	188.0	199.0	200.0
Soybean oil	b/ \$/mt	354.0	454.3	527.8	401.7	489.0	559.7	521.3	534.3	524.0	538.0	541.0
Soybeans	b/ \$/mt	195.8	212.7	244.7	197.3	227.0	237.7	242.7	246.7	251.0	250.0	239.0
Grains												
Maize	b/ \$/mt	89.6	99.3	106.3	90.5	107.3	108.5	105.9	106.8	105.5	107.5	107.3
Rice, Thailand, 5%	b/ \$/mt	172.8	191.9	198.9	196.8	192.2	186.5	198.8	198.9	195.0	198.0	203.8
Rice, Thailand, 25%	\$/mt	153.1	175.0	182.2	177.0	176.1	174.4	182.5	181.9	178.6	180.8	186.3
Rice, Thailand, 35%	\$/mt	149.1	170.5	178.6	170.8	171.8	171.5	179.0	178.2	174.8	177.0	182.8
Rice, Thai, A1.Special	\$/mt	134.1	150.2	147.3	148.5	149.8	156.6	149.8	144.9	141.4	142.5	150.8
Sorghum	b/ \$/mt	95.2	101.7	106.0	89.2	110.5	114.0	108.9	103.1	106.8	105.0	97.6
Wheat, Canada	\$/mt	151.5	175.8	180.7	143.7	190.1	221.8	187.1	174.2	175.4	175.3	171.9
Wheat, US, HRW	b/ \$/mt	126.8	148.1	142.4	125.7	166.1	176.7	147.4	137.3	138.6	142.0	131.4
Wheat US SRW	\$/mt	107.7	130.0	131.5	113.1	135.1	154.4	135.9	127.1	125.8	129.2	126.3
Other Food												
Bananas EU	\$/mt	777.2	759.4	894.4	790.7	707.0	695.1	963.3	825.5	892.2	892.6	691.8
Bananas US	b/ \$/mt	583.3	528.6	416.2	605.8	480.9	521.9	502.7	329.7	384.4	296.3	308.3
Beef, US	b/ c/kg	212.9	212.7	207.6	216.1	210.2	194.5	214.2	201.0	202.8	194.7	205.5
Fishmeal	\$/mt	486.7	605.9	597.5	621.7	617.0	595.7	591.3	603.7	577.0	604.0	630.0
Lamb	c/kg	291.2	330.3	366.2	319.2	339.7	351.5	356.7	375.8	350.3	374.4	402.7
Oranges	b/ \$/mt	595.5	564.5	615.7	616.7	639.3	506.0	561.8	669.6	673.8	685.0	650.0
Shrimp, Mexico	b/ c/kg	1,517	1,052	1,170	983	992	1,069	1,172	1,168	1,168	1,168	1,168
Sugar EU domestic	b/ c/kg	52.86	54.92	58.91	53.44	56.61	57.48	58.62	59.21	57.58	59.34	60.72
Sugar US domestic	b/ c/kg	47.04	46.14	48.43	43.74	46.41	48.62	48.85	48.01	48.19	48.16	47.67
Sugar, world	b/ c/kg	19.04	15.18	17.30	13.76	14.43	17.12	18.69	15.91	17.09	15.81	14.84
Raw Materials												
Timber												
Logs, Cameroon	\$/cum	266.1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Logs, Malaysia	\$/cum	159.1	163.4	184.2	153.6	180.9	181.9	186.3	182.1	180.0	183.9	182.3
Plywood	c/sheets	409.8	402.7	434.2	389.9	430.7	420.4	433.4	434.9	429.9	439.2	435.5
Sawnwood, Cameroon	\$/cum	471.9	486.4	554.1	473.5	511.4	513.5	542.0	566.2	542.3	578.4	577.9
Sawnwood, Malaysia	\$/cum	481.4	526.5	554.2	510.5	555.9	559.4	553.6	554.8	559.4	552.5	552.5
Woodpulp.cif.North.Sea	\$/mt	517.3	452.3	511.6	443.3	483.9	450.7	466.6	556.5	539.2	565.2	565.2
Other Raw Materials												
Cotton A Index	b/ c/kg	105.8	101.9	129.9	91.6	106.5	115.3	129.8	130.0	134.0	127.6	128.4
Cotton Memphis	b/ c/kg	116.6	104.9	n.a.	98.1	109.4	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Jute	\$/mt	329.4	270.8	239.4	n.a.	235.0	227.33	233.75	245.0	245.0	245.0	245.0
Rubber, Malaysia	b/ c/kg	60.0	77.1	96.6	75.9	86.3	82.5	95.5	97.8	98.0	95.2	100.3
Rubber, US	c/kg	74.7	90.7	102.4	85.9	101.0	100.0	106.7	98.1	101.2	96.2	96.8
Rubber, Singapore	c/kg	57.5	76.5	99.7	74.0	86.1	83.8	98.6	100.9	99.8	100.0	103.1
Sisal	\$/mt	699.2	659.6	662.5	668.3	650.0	650.0	650.0	675.0	675.0	675.0	675.0
Wool	c/kg	418.7	469.0	557.5	447.3	438.3	534.7	564.4	n.a.	545.9	548.3	n.a.

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 2001	Jan-Dec 2002	Jan-Jun 2003	Apr-Jun 2002	Jul-Sep 2002	Oct-Dec 2002	Jan-Mar 2003	Apr-Jun 2003	Apr 2003	May 2003	Jun 2003
Fertilizers												
DAP	\$/mt	147.7	157.5	176.3	155.8	167.3	152.1	172.0	180.5	190.3	177.5	173.9
Phosphate rock	b/ \$/mt	41.8	40.4	38.0	41.0	41.0	38.5	38.0	38.0	38.0	38.0	38.0
Pottasium chloride	\$/mt	118.1	113.3	112.5	112.9	112.5	112.5	112.5	112.5	112.5	112.5	112.5
TSP	\$/mt	126.9	133.1	141.3	132.3	132.1	132.2	136.1	146.4	145.0	146.0	148.3
Urea, E. Europe, bagged	\$/mt	105.3	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	95.3	94.4	127.7	88.2	95.8	97.1	129.2	126.3	116.4	128.5	133.9
Metals and Minerals												
Aluminum	b/ \$/mt	1,444	1,350	1,388	1,356	1,310	1,353	1,397	1,380	1,332	1,398	1,410
Copper	b/ \$/mt	1,578	1,559	1,652	1,611	1,516	1,554	1,663	1,641	1,587	1,648	1,687
Gold	\$/toz	271.0	310.0	349.4	312.8	314.2	322.5	352.1	346.7	328.2	355.7	356.4
Iron ore	b/ c/dmtu	30.03	29.31	31.95	29.31	29.31	29.31	31.95	31.95	31.95	31.95	31.95
Lead	b/ c/kg	47.6	45.3	45.8	45.5	43.0	43.5	45.9	45.6	43.7	46.4	46.8
Nickel	b/ \$/mt	5,945	6,772	8,357	6,946	6,833	7,104	8,343	8,372	7,910	8,331	8,875
Silver	c/toz	438.6	462.5	465.5	475.4	470.1	454.0	469.5	461.5	453.6	475.3	455.6
Steel products (8) index	a/ 1990=100	66.8	67.7	75.5	66.0	69.7	71.4	74.6	76.4	75.6	76.8	76.8
Steel cr coilsheet	\$/mt	299.2	328.3	405.0	300.0	353.3	380.0	400.0	410.0	410.0	410.0	410.0
Steel hr coilsheet	\$/mt	216.5	246.7	313.3	236.7	270.0	280.0	306.7	320.0	320.0	320.0	320.0
Steel, rebar	\$/mt	221.5	204.2	255.0	200.0	206.7	210.0	250.0	260.0	260.0	260.0	260.0
Steel wire rod	\$/mt	302.3	300.0	300.0	300.0	300.0	300.0	300.0	300.0	300.0	300.0	300.0
Tin	c/kg	448.4	406.1	460.1	415.3	404.1	423.6	453.7	466.6	456.6	473.7	469.5
Zinc	b/ c/kg	88.6	77.9	78.0	78.2	76.6	77.3	78.6	77.4	75.5	77.6	79.1
World Bank commodity price indices for low and middle income countries(1990 =100)												
Energy		106.4	109.0	126.4	110.1	117.7	116.5	136.9	115.9	111.7	113.9	122.0
Non Energy Commodities		79.0	83.0	89.5	81.3	84.8	87.7	90.7	88.2	88.5	88.3	87.8
Agriculture		79.8	86.5	93.6	83.5	89.7	93.1	95.4	91.8	93.1	91.8	90.6
Beverages		72.1	84.6	90.6	81.3	86.2	93.4	94.7	86.5	90.3	87.9	81.2
Food		86.0	90.1	95.0	87.5	92.6	96.1	97.0	93.1	93.3	93.0	92.9
Fats and Oils		89.0	101.2	113.6	96.7	105.2	111.3	113.6	113.5	111.1	114.3	115.2
Grains		78.2	88.1	89.7	81.6	94.1	95.9	90.9	88.6	88.2	89.7	88.0
Other Food		87.9	82.2	82.9	83.3	81.3	83.7	87.0	78.8	81.4	77.4	77.4
Raw Materials		77.4	83.2	94.0	80.1	88.5	89.2	93.8	94.2	95.0	93.1	94.4
Timber		90.2	98.1	104.0	94.6	104.0	105.2	104.0	103.9	104.5	103.7	103.5
Other Raw Materials		68.6	73.1	87.2	70.2	77.9	78.3	86.8	87.6	88.6	85.9	88.2
Fertilizers		98.8	100.5	102.3	100.7	100.6	98.4	99.8	104.8	104.1	104.6	105.6
Metals and Minerals		75.1	72.8	78.0	73.8	71.5	73.2	78.3	77.8	75.7	78.3	79.4

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