Commodity Markets Review

February 14, 2011 DECPG, The World Bank

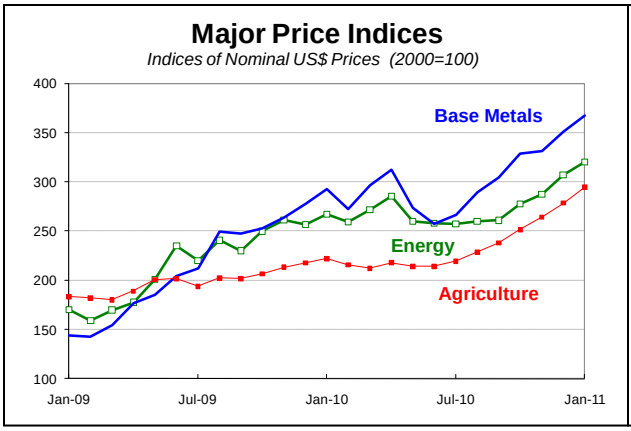
Non-energy commodity prices rose for a seventh straight month in January, up 4.3 percent, partly due to depreciation of the dollar—down 1.1 percent versus the euro. There were strong gains in nearly all main indices.

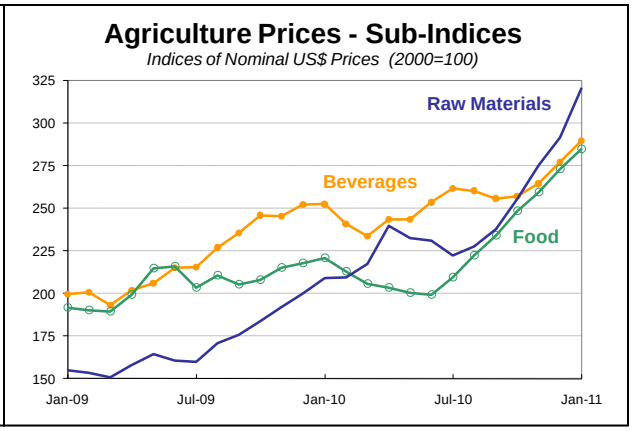
Crude oil prices increased 3.0 percent in January, up for a sixth month, averaging $92.7/bbl. However, there has been a large divergence between main marker crude prices. The price of internationally traded Brent topped $102/bbl in early February on concerns about supply disruptions emanating from political unrest in Egypt and contagion to other oil producing countries. Meanwhile, the price of WTI has fallen $15/bbl below Brent due to a build-up of inventories in the U.S. mid-continent resulting from increased crude flows from Canada. The situation is expected to persist until new pipeline capacity is available to move crude to the U.S. Gulf coast (2013). Globally, falling stocks and strong demand—in part due to cold weather—have underpinned crude prices.

Coal prices soared 18.9 percent in January due to devastating floods in the Queensland state of Australia that disrupted mines, transport and ports, with further disruption likely from recent cyclones. Rain and adverse weather has affected supplies from other major producing countries (Colombia, Indonesia, Russia and South Africa), while demand in the northern hemisphere has been bolstered by cold weather.

Agriculture prices rose 5.8 percent in January, up for an eighth straight month. There were strong gains in all main indices, as adverse weather continued to impact many commodities. The largest increase was for raw materials, up 10 percent, with rubber and cotton hitting all-time highs due to rains in Malaysia and Thailand in the case of rubber, and low stocks, strong demand and supply constraints for cotton. The largest individual gains were for coconut oil and palmkernel oil (up 17-20 percent) due to lower output of the latter in South Asia and tight copra supplies in the Philippines. Sorghum and maize prices rose strongly because of tight supplies in the U.S. and reduced prospects in Argentina.

Base metal prices rose 4.6 percent in January, up for a seventh straight month, on expectations of strong global growth, although there is some concern of slowing in China. In early February, tin and copper prices surged to record nominal highs, as they are the two metals that are most supply-constrained in the near term. Lead prices rose 7.8 percent in January, despite rising stocks, on strong battery demand for replacement and new vehicles. Nickel prices increased 6.4 percent on strong stainless steel demand and lower ore imports into China from Indonesia and Philippines. Tin prices were up 5.0 percent due to supply shortfalls from Indonesia, while copper prices rose 4.5 percent because of constrained mine supply growth.





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Major Movers January[1]

Coconut oil and palmkernel oil prices (close substitutes) surged 20.3 percent and 16.9 percent, respectively, due to below-normal palmkernel oil output in South Asia and tight copra supplies in the Philippines.

Coal prices soared 18.9 percent due to supply disruptions from flooding in Australia that affected rail transport and mine production.

Rubber prices leapt 16.3 percent to an all-time high owing to strong demand and adverse weather conditions in Malaysia and Thailand.

Sorghum and maize prices increased 11.2 percent and 5.8 percent, respectively, on tight U.S. supplies and reduced prospects in Argentina due to lower-than-expected yields.

Phosphate rock prices rose 10.7 percent on strong demand in Europe and North America, and emerging strength in Latin America.

Natural gas (Europe) prices jumped 10.0 percent due to strong heating demand because of cold weather, and higher oil prices.

Beef prices climbed 9.4 percent because of extensive flooding in Queensland Australia which seriously hampered cattle processing, transportation, and exports.

Natural gas (LNG Japan) prices rose 8.8 percent on greater consumption, partly due to severe cold weather, and high level of imports.

Lead prices rose 7.8 percent, despite rising inventories, on strong battery demand.

Coffee robusta and arabica prices increased 7.4 percent and 6.3 percent, respectively, due to an estimated 3.5 percent global coffee deficit because of a shortfall in Brazilian production.

Wheat prices gained 6.5 percent due to concerns of tightening supplies, especially for higher grades of wheat.

Cotton prices increased 6.5 percent to an all-time high owing to very low stocks, limited supplies and strong demand.

Nickel prices rose 6.4 percent on declining stocks, strong stainless steel demand, and reduced imports into China from Indonesia and the Philippines as wet weather curbed output.

Natural gas (U.S.) prices increased 6.0 percent as extremely cold weather raised heating demand and strained production capability late in the month.

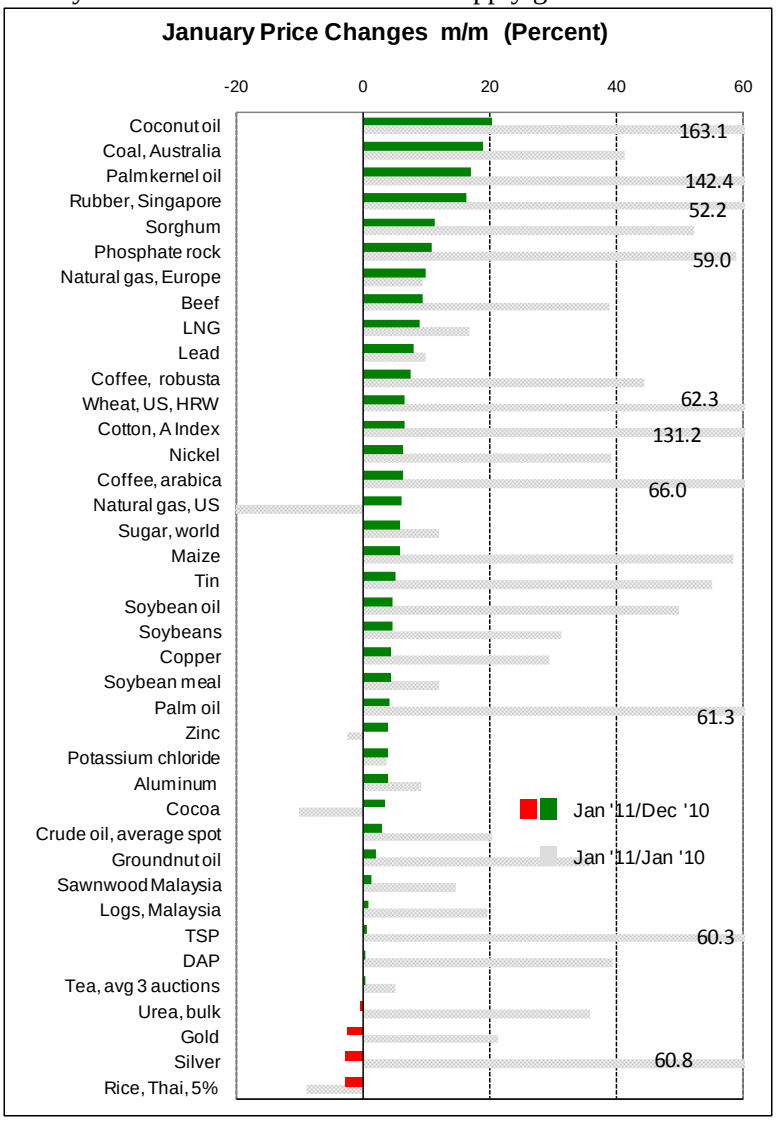
Sugar prices rose 5.8 percent due to limited supplies and concerns that the Australian crop may be smaller than normal.

Tin prices gained 5.0 percent on continued shortfalls in Indonesian output from heavy rains, and expectations of another deficit in 2011.

Soybean oil and palmoil prices increased 4.7 percent and 4.2 percent, respectively, because of disruption of Malaysian palmoil supplies due to excessive rains.

Soybeans and soymeal prices increased 4.6 percent and 4.4 percent, respectively, due to tight soybean supplies in South America.

Copper prices rose 4.5 percent, and to record nominal highs above $10,000/ton in early February, on expectations of market deficits this year due to constraints on mine supply growth.



[1] Percent change of average January 2011 prices compared to average December 2010 prices in nominal U.S. dollars (graph includes 12-month changes in grey).

COMMODITY PRICE DATA

Commodity	Unit	Annual averages Jan-Dec 2009	Jan-Dec 2010	Jan-Jan 2011	Quarterly averages Oct-Dec 2009	Jan-Mar 2010	Apr-Jun 2010	Jul-Sep 2010	Oct-Dec 2010	Monthly averages Nov 2010	Dec 2010	Jan 2011
Energy												
Coal, Australia	a/ $/mt	71.84	98.38	137.00	77.66	95.19	99.49	93.55	105.30	103.20	115.24	137.00
Crude oil, avg, spot	a/ $/bbl	61.76	79.04	92.69	75.50	77.06	78.18	75.51	85.42	84.53	90.01	92.69
Crude oil, Brent	a/ $/bbl	61.86	79.64	96.29	74.97	76.65	78.69	76.41	86.79	85.67	91.80	96.29
Crude oil, Dubai	a/ $/bbl	61.75	78.06	92.37	75.46	75.86	77.98	74.04	84.37	83.70	89.07	92.37
Crude oil, West Texas Int.	a/ $/bbl	61.65	79.43	89.41	76.08	78.67	77.85	76.08	85.09	84.24	89.15	89.41
Natural gas Index	a/ 2000=100	153.5	156.1	170.6	149.4	170.3	147.5	155.1	151.6	151.1	158.8	170.6
Natural gas, Europe	a/ $/mmbtu	8.71	8.29	9.61	7.81	8.84	7.51	8.26	8.54	8.59	8.74	9.61
Natural gas, US	a/ $/mmbtu	3.95	4.39	4.49	4.36	5.15	4.32	4.28	3.80	3.73	4.24	4.49
Natural gas LNG, Japan	a/ $/mmbtu	8.94	10.85	11.70	9.33	10.32	10.95	11.22	10.91	10.84	10.75	11.70
Non Energy Commodities												
Agriculture												
Beverages												
Cocoa	b/ c/kg	288.9	313.3	316.5	341.8	329.7	321.0	305.9	296.6	291.0	306.0	316.5
Coffee, Arabica	b/ c/kg	317.1	432.0	581.5	341.7	353.7	392.0	468.5	513.9	514.7	547.1	581.5
Coffee, robusta	b/ c/kg	164.4	173.6	222.9	156.4	150.8	161.0	183.2	199.4	202.9	207.4	222.9
Tea, auctions (3), average	b/ c/kg	272.4	288.5	304.6	301.9	279.0	276.4	295.1	303.5	302.7	304.2	304.6
Tea, Colombo auctions	b/ c/kg	313.7	329.0	355.9	338.0	335.1	316.2	322.1	342.4	339.8	350.3	355.9
Tea, Kolkata auctions	b/ c/kg	251.5	280.5	263.4	284.4	215.8	274.0	320.6	311.7	316.6	293.7	263.4
Tea, Mombasa auctions	b/ c/kg	252.0	256.0	294.5	283.2	286.1	238.9	242.7	256.3	251.8	268.7	294.5
Food												
Fats and Oils												
Coconut oil	b/ $/mt	725	1,124	2,063	734	834	955	1,159	1,546	1,512	1,715	2,063
Copra	$/mt	480	750	1,354	491	557	634	769	1,038	1,013	1,154	1,354
Groundnut oil	b/ $/mt	1,184	1,404	1,788	1,152	1,359	1,352	1,301	1,604	1,728	1,753	1,788
Palm oil	b/ $/mt	683	901	1,279	732	808	813	875	1,108	1,109	1,228	1,279
Palmkernel oil	$/mt	700	1,184	2,128	760	922	1,034	1,161	1,619	1,626	1,820	2,128
Soybean meal	b/ $/mt	408	378	452	412	369	342	378	424	429	433	452
Soybean oil	b/ $/mt	849	1,005	1,384	921	917	876	984	1,242	1,247	1,322	1,384
Soybeans	b/ $/mt	437	450	572	439	417	409	452	522	526	547	572
Grains												
Barley	b/ $/mt	128.3	158.4	195.2	145.5	143.6	146.9	161.9	181.1	179.1	189.6	195.2
Maize	b/ $/mt	165.5	185.9	264.9	167.8	162.7	157.7	181.7	241.5	238.2	250.4	264.9
Rice, Thailand, 5%	b/ $/mt	555.0	488.9	516.8	542.3	535.3	452.4	457.0	510.8	514.5	532.0	516.8
Rice, Thailand, 25%	$/mt	458.1	441.5	467.6	462.8	477.0	399.1	418.5	471.4	477.5	479.8	467.6
Rice, Thai, 35% **(to be dropped)**	$/mt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Rice,Thai, A.1Special / Super	$/mt	326.4	383.7	405.0	346.1	400.7	333.8	376.9	423.1	427.8	413.4	405.0
Rice, Vietnam 5% **(NEW)**	$/mt	n.a.	429.1	521.1	n.a.	433.2	366.1	411.1	506.2	508.0	533.0	521.1
Sorghum	$/mt	151.1	165.4	246.3	163.8	156.9	142.6	153.6	208.6	203.2	221.6	246.3
Wheat, Canada	$/mt	300.5	312.4	440.5	283.4	279.0	260.9	326.1	383.6	376.2	408.9	440.5
Wheat, US, HRW	b/ $/mt	224.1	223.6	326.6	205.4	195.4	177.4	237.9	283.6	274.1	306.5	326.6
Wheat US SRW	$/mt	186.0	229.7	320.4	195.6	193.5	186.9	253.4	284.9	278.5	308.6	320.4
Other Food												
Bananas EU	$/mt	1,145	1,002	1,000	1,032	1,014	1,029	933	1,033	1,035	1,062	1,197
Bananas US	b/ $/mt	847	868	900	813	781	862	922	909	909	900	892
Fishmeal	$/mt	1,230	1,687	1,600	1,535	1,660	1,814	1,663	1,613	1,609	1,520	1,600
Meat, beef	b/ c/kg	263.6	335.1	409.7	273.5	314.2	342.4	330.9	353.2	343.9	374.4	409.7
Meat, chicken	b/ c/kg	171.7	172.1	170.4	165.1	167.2	173.0	176.0	172.1	171.3	171.1	170.4
Meat, sheep	c/kg	427.6	499.5	568.4	450.1	447.6	486.8	508.0	555.6	553.6	562.8	568.4
Oranges	b/ $/mt	909	1,033	735	1,107	1,009	1,084	1,163	878	823	724	735
Shrimp, Mexico	b/ c/kg	945	1,246	1,246	864	827	945	n.a.	1,222	1,240	1,246	1,246
Sugar EU domestic	b/ c/kg	52.44	44.18	43.67	49.11	46.38	42.66	43.29	44.38	44.55	43.19	43.67
Sugar US domestic	b/ c/kg	54.88	79.25	84.79	70.48	84.31	69.62	78.20	84.86	85.62	84.69	84.79
Sugar, world	b/ c/kg	40.00	46.93	65.28	50.29	51.82	34.93	42.98	58.01	58.09	61.69	65.28
Raw Materials												
Timber												
Logs, Cameroon	$/cum	421.5	428.6	441.3	449.5	431.4	408.0	426.3	448.5	450.2	436.5	441.3
Logs, Malaysia	b/ $/cum	287.2	278.2	308.8	271.1	253.6	253.5	293.5	312.1	313.3	306.5	308.8
Plywood	c/sheets	564.6	569.1	583.8	558.4	557.2	566.3	572.3	580.5	581.0	582.4	583.8
Sawnwood, Cameroon	$/cum	748.9	812.7	827.8	806.3	804.1	787.1	811.8	847.8	843.8	832.1	827.8
Sawnwood, Malaysia	b/ $/cum	805.5	848.3	907.8	807.4	787.8	832.6	879.8	892.9	901.5	897.0	907.8
Woodpulp	$/mt	614.6	866.8	880.7	715.6	780.9	875.5	912.9	897.8	897.2	880.8	880.7
Other Raw Materials												
Cotton A Index	b/ c/kg	138.2	228.3	394.5	157.7	178.8	199.3	205.2	330.1	341.0	370.3	394.5
Cotton Memphis **(to be droppe**	c/kg	145.3	233.4	381.3	172.4	183.6	200.1	215.0	335.0	338.5	381.5	381.3
Rubber, US **(to be dropped)**	c/kg	214.6	386.6	580.9	284.7	345.2	381.5	360.7	459.1	464.3	490.3	580.9
Rubber, Singapore, RSS3	b/ c/kg	192.1	365.4	552.0	256.5	318.6	372.7	337.5	432.8	431.2	474.6	552.0
Rubber, Singapore, TSR20 **(NEW**	c/kg	180.0	338.1	533.2	251.6	309.8	302.3	314.4	425.9	423.8	468.9	533.2

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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
d/ base metals plus iron ore e/ Includes aluminum, copper, lead, nickel, tin and zinc
$ = US dollar ¢ = US cent bbl = barrel cum = cubic meter dmtu = Dry Metric Ton Unit kg = kilogram mmbtu = million British thermal units
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COMMODITY PRICE DATA

		Annual averages			Quarterly averages					Monthly averages		
		Jan-Dec 2009	Jan-Dec 2010	Jan-Jan 2011	Oct-Dec 2009	Jan-Mar 2010	Apr-Jun 2010	Jul-Sep 2010	Oct-Dec 2010	Nov 2010	Dec 2010	Jan 2011
Fertilizers												
DAP	b/ $/mt	323.1	500.7	595.8	316.9	464.8	458.2	494.1	585.6	588.0	593.9	595.8
Phosphate rock	b/ $/mt	121.7	123.0	155.0	90.0	102.1	125.0	125.0	140.0	140.0	140.0	155.0
Potassium chloride	b/ $/mt	630.4	331.9	367.5	423.0	334.0	316.1	334.2	343.2	340.6	354.0	367.5
TSP	b/ $/mt	257.4	381.9	475.0	235.7	316.9	357.4	389.6	463.8	463.8	472.5	475.0
Urea, E. Europe, bulk	b/ $/mt	249.6	288.6	374.1	248.3	281.0	237.2	279.2	357.0	366.4	375.1	374.1
Metals and Minerals												
Aluminum	b/ $/mt	1,665	2,173	2,440	2,003	2,163	2,096	2,090	2,343	2,333	2,351	2,440
Copper	b/ $/mt	5,150	7,535	9,556	6,648	7,232	7,027	7,243	8,637	8,470	9,147	9,556
Gold	$/toz	973	1,225	1,356	1,102	1,109	1,196	1,227	1,367	1,370	1,391	1,356
Iron ore, contract, fob Brazil	b/ ¢/dmtu	101.0	161.7	194.0	101.0	101.0	152.0	212.0	182.0	182.0	182.0	194.0
Iron ore, spot, cfr China **(NEW)**	$/dmt	82.9	152.2	182.6	101.2	133.4	166.0	145.2	164.4	163.9	173.7	182.6
Lead	b/ c/kg	171.9	214.8	260.2	229.3	222.1	195.0	203.2	239.0	237.7	241.3	260.2
Nickel	b/ $/mt	14,655	21,809	25,646	17,528	19,959	22,476	21,191	23,609	22,909	24,111	25,646
Silver	c/toz	1,469	2,020	2,855	1,760	1,693	1,838	1,901	2,647	2,657	2,937	2,855
Steel products index	c/ 2000=100	227	230	241	207	211	241	232	234	233	233	241
Steel cr coilsheet, Japan, Reins	c/ $/mt	783	816	850	700	725	838	850	850	850	850	850
Steel hr coilsheet, Japan, Reins	c/ $/mt	683	716	750	600	625	738	750	750	750	750	750
Steel, rebar, Japan, Reinstated	c/ $/mt	486	563	600	522	546	621	533	550	550	550	600
Steel wire rod, Japan, Reinstate	c/ $/mt	969	712	663	814	751	767	678	653	650	650	663
Tin	b/ c/kg	1,357	2,041	2,747	1,517	1,721	1,786	2,055	2,601	2,552	2,616	2,747
Zinc	b/ c/kg	165.5	216.1	237.2	221.4	228.9	202.6	201.3	231.5	229.2	228.1	237.2
NEW World Bank commodity price indices for low and middle income countries(2000 =100)												
Energy		214.3	271.1	320.4	256.1	266.1	267.7	259.5	290.9	287.8	307.2	320.4
Non Energy Commodities		213.2	269.8	337.6	235.2	244.2	252.2	275.5	307.4	305.6	320.2	337.6
Agriculture		197.8	231.3	294.5	212.6	216.6	215.4	228.6	264.6	264.0	278.3	294.5
Beverages		219.9	253.8	289.8	247.9	242.5	246.9	259.2	266.4	264.6	277.4	289.8
Food		205.1	224.1	284.8	213.7	213.1	201.0	222.0	260.4	259.3	273.1	284.8
Fats and Oils		216.2	244.4	328.2	224.5	224.7	219.7	241.1	292.1	293.8	312.8	328.2
Grains		214.9	215.8	281.0	210.8	205.1	186.6	212.5	259.1	255.9	271.8	281.0
Other Food		181.6	204.9	231.2	202.0	205.1	189.4	205.3	219.7	217.0	222.0	231.2
Raw Materials		168.7	237.4	320.3	192.0	211.9	234.4	229.2	274.1	275.2	291.4	320.3
Timber		138.9	143.5	154.8	137.3	132.7	138.6	149.4	153.3	154.5	153.2	154.8
Other Raw Materials		201.4	340.1	501.2	251.8	298.6	339.1	316.5	406.2	407.2	442.6	501.2
Fertilizers		293.0	280.0	347.8	242.8	259.0	253.3	278.5	329.3	332.7	339.8	347.8
Metals and Minerals d/		235.6	347.6	425.0	280.8	299.0	327.5	371.4	392.5	387.8	403.9	425.0
Base Metals e/		208.9	297.8	367.2	264.6	287.0	280.9	286.5	336.8	331.0	350.9	367.2

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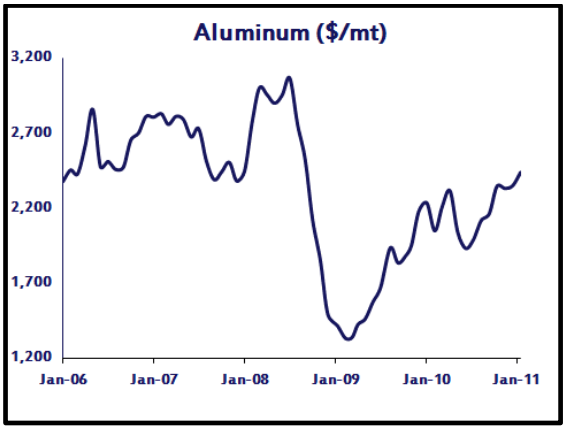
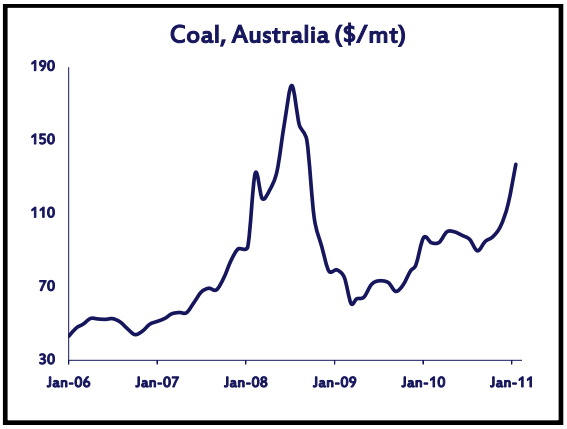
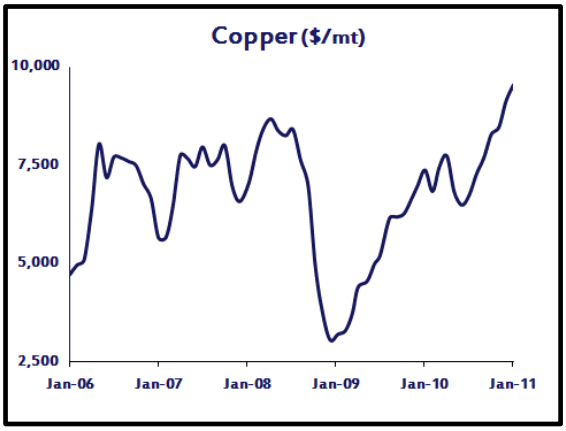
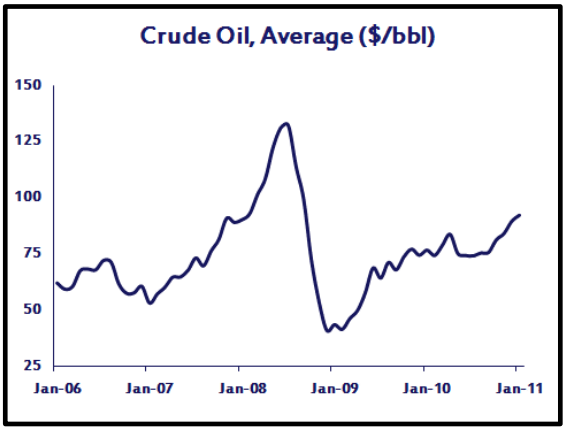
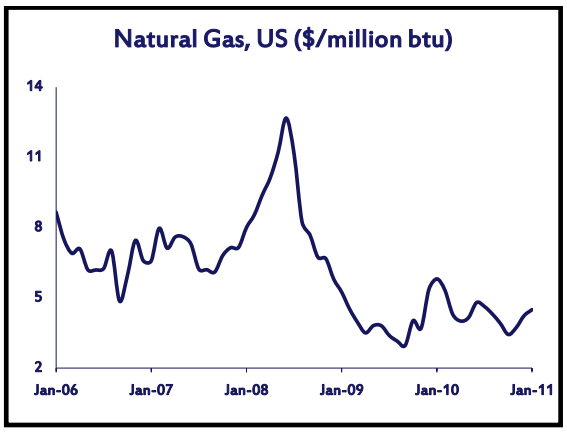
Selected Commodity Prices, Nominal US dollars, 2005-2010

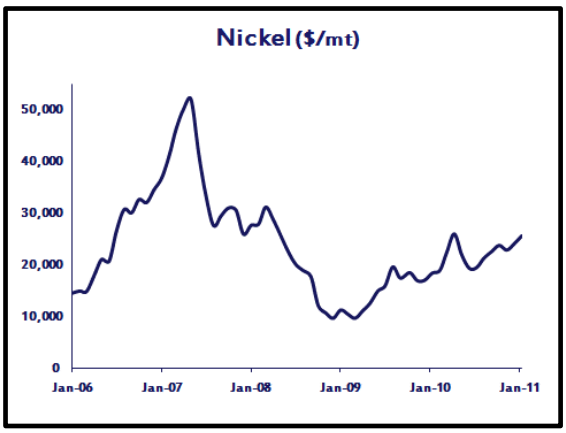


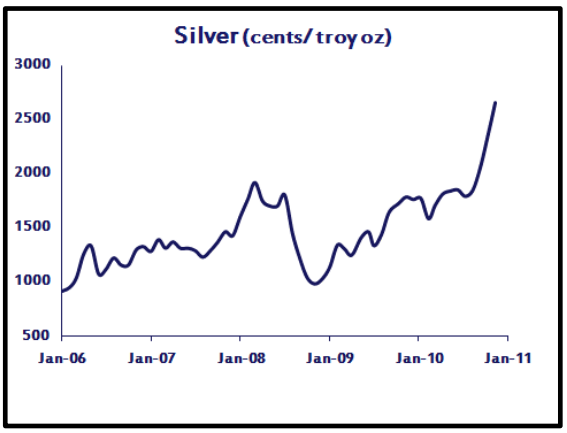




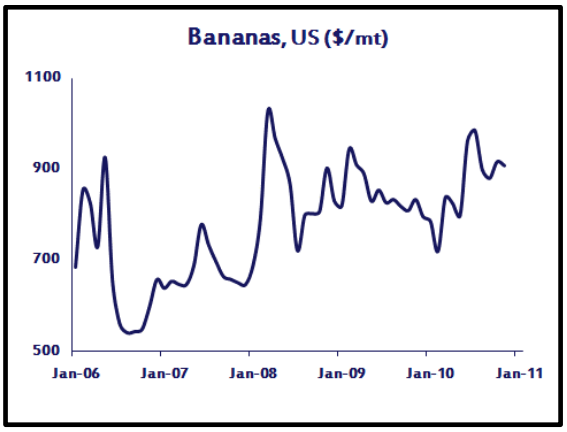


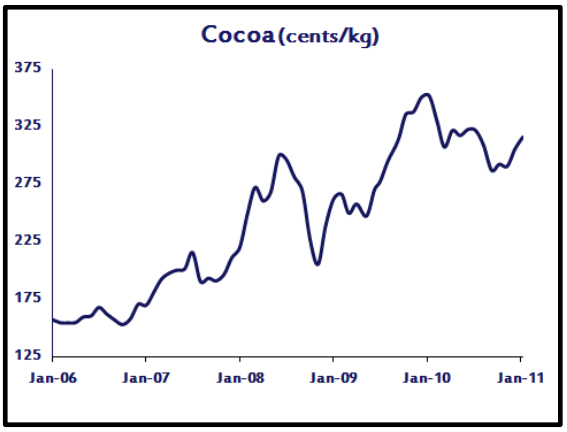


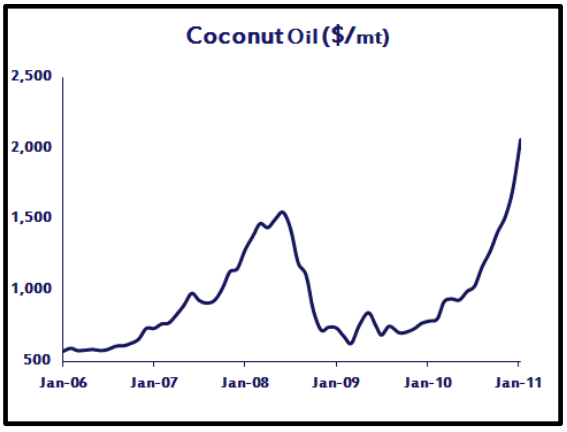


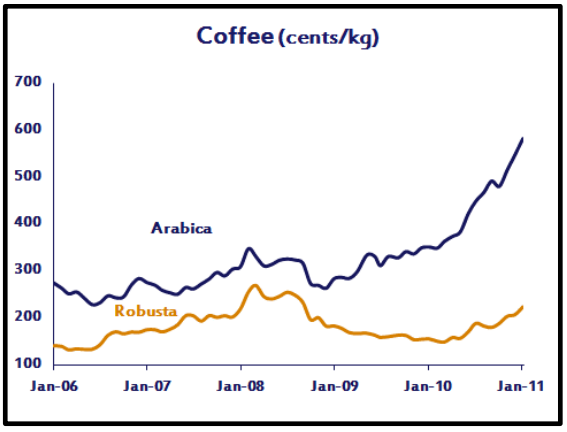


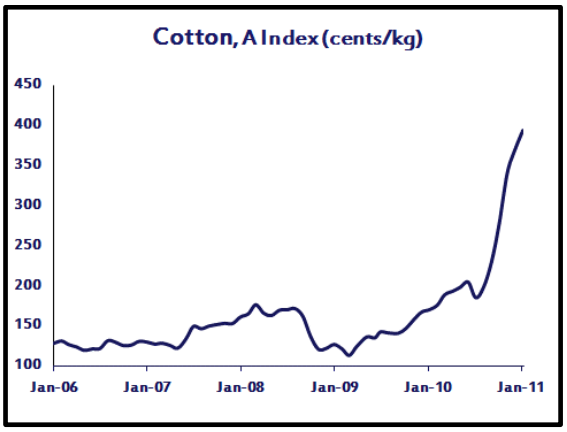
Selected Commodity Prices, Nominal US dollars, 2005-2010 Cont'd

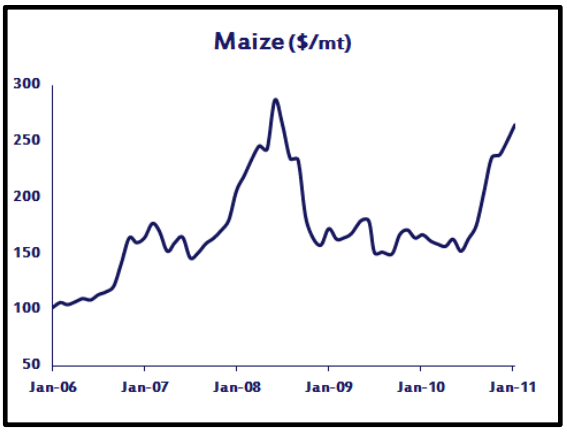


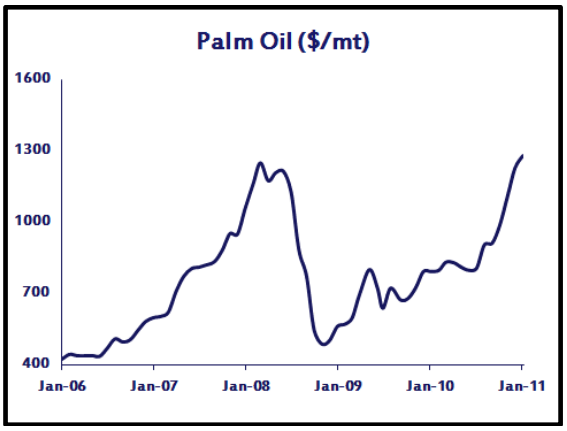


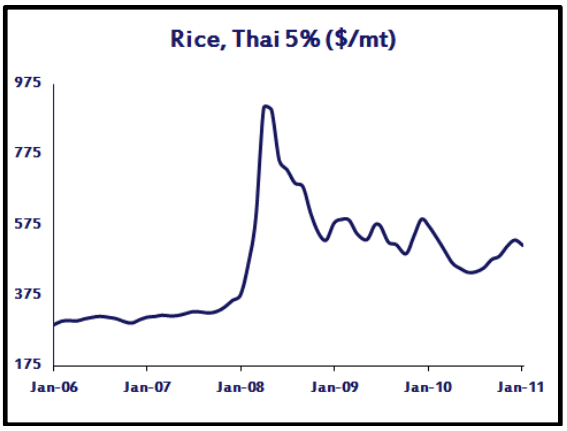












Selected Commodity Prices, Nominal US dollars, 2005-2010 Cont'd