

# Commodity Markets Review

November 10, 2005

DECPG, The World Bank

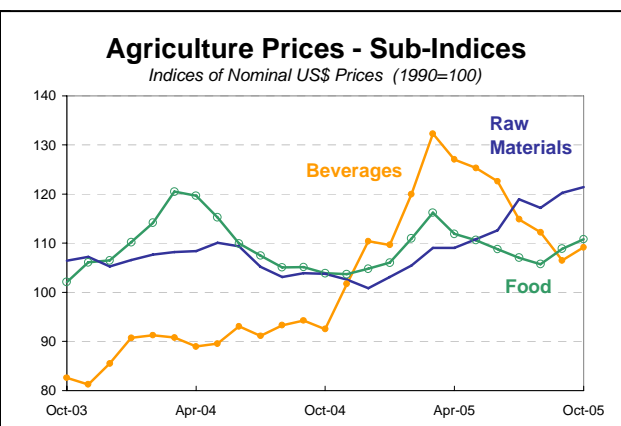
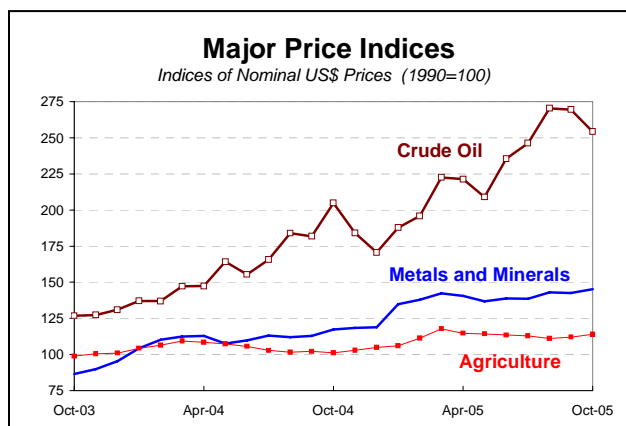
**Non-oil commodity prices increased 1.6 percent in October**, the third straight monthly gain, with increases in all main indices. Prices rose for a number of agriculture commodities, partly related to supply issues, but markets are generally well supplied. Metal prices continued to climb overall, particularly those metals in which stocks are low and demand in China remains strong.

**Crude oil prices dropped 5.7 percent in October**, averaging \$58.2/bbl, on ample stocks, lower demand, and higher supplies. Production in the U.S. Gulf continues to rebound from hurricanes Katrina and Rita, but about 10 percent of total U.S. liquids production remains shut-in. Some 29 million barrels of emergency stocks were taken by end-October—mainly crude—and the IEA agreed to keep on offer those volumes not yet taken. OPEC also continues to make oil available from its surplus.

**U.S. oil demand** (measured as deliveries from refineries) fell 2.7 percent in September (y-o-y) due to logistical difficulties following the hurricanes and some reduction from high prices. There has been a surge of gasoline imports into the U.S., in part emergency stocks, which have helped keep gasoline prices below pre-hurricane levels. Recent mild weather has permitted inventories of heating oil (and natural gas) to build, contributing to lower prices. Still, there are concerns about winter fuel supplies.

**Agricultural prices rose 1.7 percent in October**, following a similar rise in September, with fairly strong growth in a number of commodities due to strong demand and various supply problems. The largest increase was for sugar, up 7.9 percent, due to lower exports from Brazil because of higher ethanol production, hurricane damage to the U.S. sugar cane crop, drought in Thailand, and higher imports in Asia. Palmkernel oil and soybean oil climbed 7.1 percent and 6.4 percent, respectively, partly due to strong demand. Bananas and cotton prices both jumped 6 percent, due to various weather problems, while maize and wheat prices rose more than 5 percent, although large harvests are expected to prevent significant price increases.

**Metals and minerals prices climbed 1.8 percent in October**, with strong gains in most metals, due to low stocks, strong demand, and various supply problems. Lead and zinc prices rose 7.7 percent and 6.5 percent, respectively, due to falling inventories, strong demand in China, the effects of an earlier strike in Canada, and the unavailability of LME inventories in New Orleans warehouses. Copper prices remained firm on extremely low stocks and various supply shortfalls, e.g., strikes. These gains were partly offset by further declines in nickel and tin due to rising stocks and, in the case of nickel, large cutbacks in the production of stainless steel.



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

## Major Movers in October<sup>1</sup>

**Natural gas** prices in Europe surged 10.6 percent due to higher oil prices, which pass through to contracted gas imports with a lag.

**Sugar** prices jumped 7.9 percent, to the highest level since January 1998, due to a confluence of factors, including lower exports from Brazil due to higher ethanol production, hurricane damage to the U.S. sugar cane crop, drought in Thailand, and strong imports from China and Pakistan.

**Lead** prices climbed 7.7 percent due to declining stocks, an earlier strike in Canada, strong demand, and reduced exports from China.

**Urea** bulk prices rose 7.4 percent as natural gas prices rose in Europe and the U.S., raising production costs. Import demand from South Asia also increased due to a heavy monsoon.

**Palmkernel oil** prices increased 7.1 percent owing to a pronounced acceleration in demand in the EU and the U.S.

**Silver** prices rose 7.0 percent, despite a strengthening U.S. dollar, on concerns about higher energy prices and inflation, and its attraction as an alternate investment to gold.

**Zinc** prices gained 6.5 percent on falling inventories and strong demand for galvanizing steel in China. An earlier strike in Canada (now settled) and an inability to access LME stocks in New Orleans helped support prices.

**Soybean oil** prices increased 6.4 percent because of strengthening demand, especially for biofuel production, as well as lower forecasts regarding the current season's output.

**Bananas** prices rose 6.1 percent reflecting shortages in Central and South America supplies due to adverse conditions (floods in Guatemala and wind damage in Costa Rica).

**Cotton** prices increased 5.9 percent as China's output is set to decline an estimated 10 percent this season due to a decrease in cotton area and recent heavy rains.

**Maize** prices rebounded 5.8 percent after falling 10 percent the previous two months, but are expected to remain low due to a large global harvest.

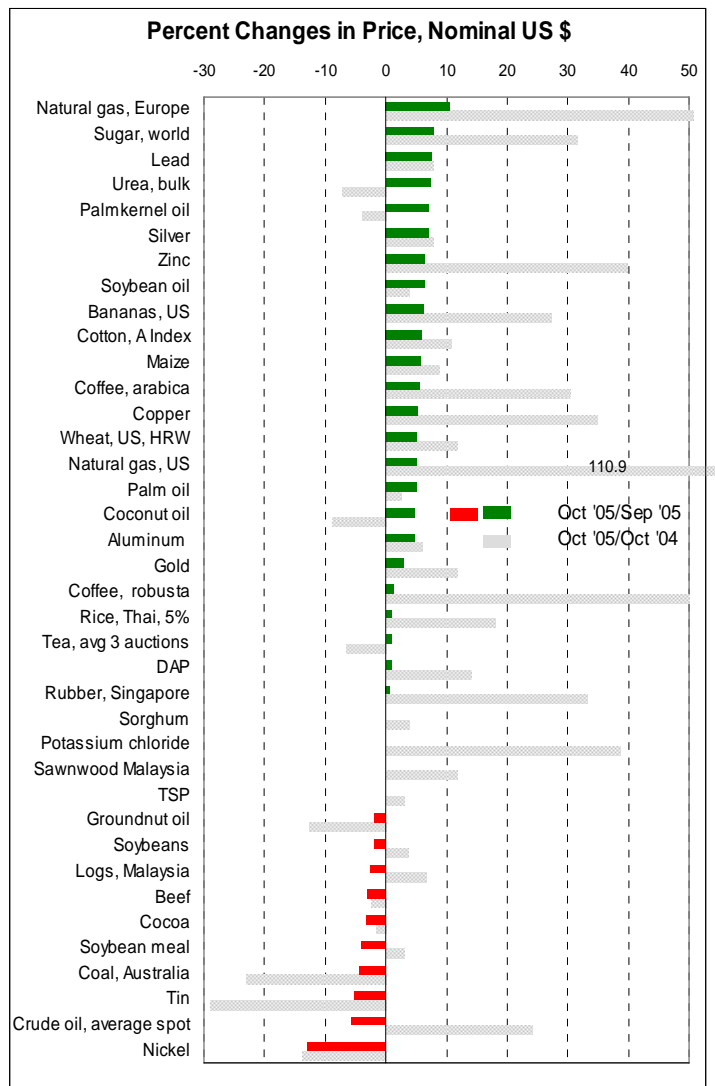
**Coffee (Arabica)** prices increased 5.6 percent,

mainly reflecting erratic weather conditions, especially in Central America, where hurricane Stan caused heavy rains and mudslides.

**Tin** prices decreased by 5.3 percent due to rising stocks, weak demand and increased supplies, particularly from Indonesia's informal, small-scale smelters.

**Crude oil** prices dropped 5.7 percent on rising stocks—partly the result of mild weather—and deliveries from emergency stocks. In addition, those emergency stocks not yet taken remained on offer.

**Nickel** prices plunged 12.8 percent due to rising stocks, large cuts in stainless steel output, and substitution to other steel-alloying materials in the production of stainless steel.



<sup>1</sup> Percent change of average October prices compared to average September 2005 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 2003	Jan-Dec 2004	Jan-Oct 2005	Jul-Sep 2004	Oct-Dec 2004	Jan-Mar 2005	Apr-Jun 2005	Jul-Sep 2005	Aug 2005	Sep 2005	Oct 2005
<b>Energy</b>												
Coal, Australia	\$/mt	27.84	54.70	51.34	60.42	55.65	53.04	52.94	50.17	50.88	47.00	44.94
Coal, US	\$/mt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Crude oil, avg, spot	a/ \$/bbl	28.90	37.73	52.92	40.52	42.68	46.24	50.79	59.98	61.89	61.69	58.19
Crude oil, Brent	a/ \$/bbl	28.85	38.30	54.09	41.59	44.17	47.64	51.61	61.55	64.09	62.98	58.52
Crude oil, Dubai	a/ \$/bbl	26.74	33.46	48.71	36.09	35.57	41.44	47.69	55.34	56.63	56.54	53.67
Crude oil, West Texas Int.	a/ \$/bbl	31.11	41.44	55.96	43.89	48.31	49.65	53.06	63.05	64.96	65.54	62.36
Natural gas, Europe	\$/mmbtu	3.91	4.28	6.10	4.34	4.93	5.49	5.89	6.52	6.56	6.58	7.28
Natural gas, US	\$/mmbtu	5.49	5.89	8.37	5.49	6.36	6.42	6.94	10.04	9.63	12.88	13.52
<b>Non Energy Commodities</b>												
<b>Agriculture</b>												
<b>Beverages</b>												
Cocoa	b/ c/kg	175.1	155.0	155.1	161.2	159.9	164.7	154.5	149.1	148.1	150.5	145.7
Coffee, Arabica	b/ c/kg	141.5	177.4	256.8	168.3	202.1	266.8	278.6	233.4	238.5	219.3	231.6
Coffee, robusta	b/ c/kg	81.5	79.3	110.0	76.6	74.3	93.9	122.6	115.2	114.6	103.3	104.8
Tea, auctions (3), average	c/kg	151.7	168.6	164.5	176.4	176.7	159.9	166.0	166.8	165.3	165.9	167.3
Tea, Colombo auctions	b/ c/kg	154.1	178.1	183.2	177.9	201.4	193.5	176.5	176.2	175.6	188.5	194.0
Tea, Kokata auctions	b/ c/kg	146.5	172.2	162.7	193.2	179.8	136.9	179.1	175.3	170.7	156.8	153.4
Tea, Mombasa auctions	b/ c/kg	154.4	155.4	147.6	158.1	149.1	149.3	142.3	149.0	149.6	152.3	154.5
<b>Food</b>												
<b>Fats and Oils</b>												
Coconut oil	b/ \$/mt	467.3	660.8	626.8	651.0	651.7	667.3	654.9	571.7	550.0	559.0	586.0
Copra	\$/mt	299.9	450.0	420.9	444.3	448.3	447.8	446.4	380.7	371.0	346.0	384.0
Groundnut oil	b/ \$/mt	1,243.2	1161.0	1081.9	1117.7	1130.3	1152.4	1101.3	1025.0	1023.0	1002.0	983.0
Palm oil	b/ \$/mt	443.3	471.3	419.2	432.3	429.0	413.3	421.7	415.0	407.0	421.0	442.0
Palmkernel oil	b/ \$/mt	458.8	648.1	631.9	629.0	653.0	662.3	655.6	582.3	558.0	577.0	618.0
Soybean meal	b/ \$/mt	210.9	241.2	216.4	204.3	196.0	213.5	221.3	218.7	220.0	212.0	203.0
Soybean oil	b/ \$/mt	553.9	616.0	544.3	597.3	559.3	521.3	548.0	551.7	549.0	545.0	580.0
Soybeans	b/ \$/mt	264.0	306.5	277.8	268.0	258.0	270.8	290.7	278.3	274.0	263.0	258.0
<b>Grains</b>												
Maize	b/ \$/mt	105.4	111.8	98.7	102.3	94.3	96.8	96.3	101.9	101.7	96.4	101.9
Rice, Thai, 5%	b/ \$/mt	197.6	237.7	287.9	235.0	260.5	289.9	292.0	281.6	282.8	285.3	288.0
Rice, Thai, 25%	\$/mt	181.7	225.4	267.1	224.6	245.6	270.5	270.5	260.7	261.4	264.3	266.3
Rice, Thai, 35%	\$/mt	178.1	222.3	263.4	221.9	241.9	267.6	265.8	256.7	257.2	261.3	263.8
Rice, Thai, A1.Special	\$/mt	151.5	205.1	219.8	209.6	210.9	229.3	218.9	211.9	212.8	215.5	218.3
Sorghum	b/ \$/mt	106.5	109.8	96.6	99.8	92.3	92.9	95.4	101.0	100.1	97.4	97.4
Wheat, Canada	\$/mt	177.4	186.5	196.3	174.4	196.1	200.8	191.0	194.9	190.8	201.5	203.2
Wheat, US, HRW	b/ \$/mt	146.1	156.9	150.3	147.6	153.5	151.9	142.1	151.0	149.4	159.7	167.8
Wheat US SRW	\$/mt	138.6	144.4	135.9	133.0	140.6	145.4	132.1	130.3	131.8	128.2	135.3
<b>Other Food</b>												
Bananas EU (SOPISCO)	\$/mt	790.4	892.0	1200.5	705.5	988.3	1284.5	1346.0	1016.7	1002.7	1,139.7	1,063.7
Bananas US (UPEB & SOPIS)	b/ \$/mt	374.8	524.6	599.9	563.3	494.9	757.3	565.5	466.8	404.8	594.2	630.4
Beef	b/ c/kg	198.0	251.3	262.8	275.1	261.1	258.9	264.8	266.8	264.6	265.1	256.8
Fish.meal.Hamburg	\$/mt	610.7	648.6	684.1	629.0	642.0	640.6	663.1	712.3	715.0	727.0	793.0
Lamb	c/kg	388.5	459.9	451.0	454.4	472.7	478.1	454.9	429.2	432.8	432.2	423.3
Oranges	b/ \$/mt	680.8	857.5	870.8	943.7	774.2	830.5	1,068.5	751.7	757.4	749.0	756.4
Shrimp, Mexican	b/ c/kg	1,144	1,020	1,032	952	966	1,030	1,047	1,028	1,044	992	1,003
Sugar EU domestic	b/ c/kg	59.72	66.97	67.12	66.47	68.13	69.12	67.90	65.23	65.57	66.12	64.49
Sugar US domestic	b/ c/kg	47.37	45.47	46.71	44.86	45.84	45.26	47.76	46.73	45.17	46.66	47.89
Sugar, world	b/ c/kg	15.63	15.80	20.71	17.03	18.27	19.62	19.28	21.96	21.89	22.73	24.52
<b>Raw Materials</b>												
<b>Timber</b>												
Logs, Cameroon	\$/cum	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Logs, Malaysia	\$/cum	187.2	197.3	202.1	199.5	196.8	192.0	199.9	211.4	211.9	216.8	211.3
Plywood	c/sheets	431.9	464.8	509.9	454.9	482.0	515.2	512.6	506.5	510.3	513.3	496.4
Sawnwood, Cameroon	\$/cum	551.6	586.4	565.8	594.7	621.5	598.5	562.6	546.6	553.1	545.3	534.6
Sawnwood, Malaysia	\$/cum	551.0	581.3	654.2	594.4	606.1	639.9	652.7	664.3	664.3	671.3	671.3
Woodpulp	\$/mt	525.7	640.8	641.2	658.1	637.5	676.9	651.7	607.4	608.2	603.4	603.4
<b>Other Raw Materials</b>												
Cotton A Index	b/ c/kg	139.9	136.6	121.0	123.1	110.4	117.6	122.6	120.4	118.9	121.1	128.3
Cotton Memphis	c/kg	156.6	137.5	127.80	79.6	116.3	124.8	130.9	128.5	125.3	131.7	132.3
Jute	\$/mt	242.2	280.6	n.a.	290.0	290.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Rubber, RSS1, Malaysia	c/kg	105.6	n.q.	n.q.	n.q.	n.q.	n.q.	n.q.	n.q.	n.q.	n.q.	n.q.
Rubber, NY	c/kg	122.5	148.3	162.8	147.5	146.5	144.9	151.6	181.5	178.6	188.5	193.8
Rubber, Singapore	b/ c/kg	108.3	130.4	147.0	127.8	125.4	126.5	138.5	167.5	161.8	170.6	171.9
Sisal	\$/mt	697.9	862.1	885.0	885.0	885.0	885.0	885.0	885.0	885.0	885.0	885.0
Wool 64's UK	c/kg	538.8	541.0	581.0	534.0	557.4	583.9	584.5	576.5	575.0	575.0	575.0

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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

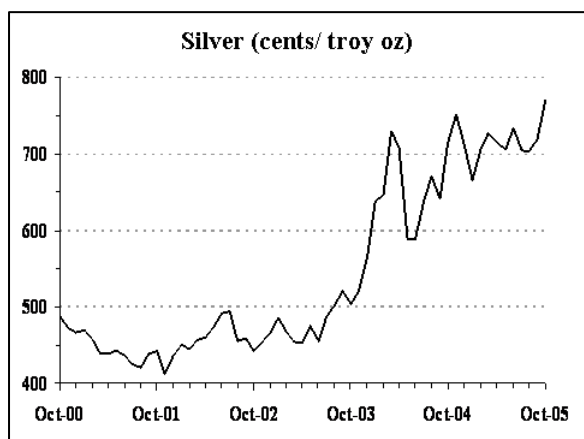
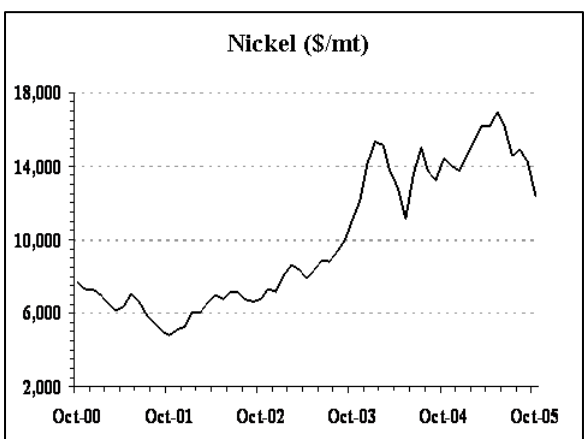
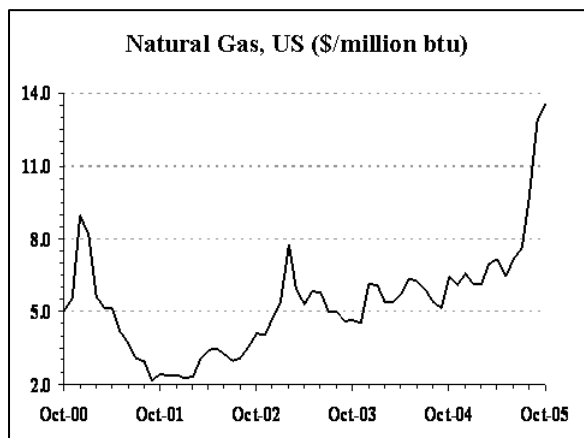
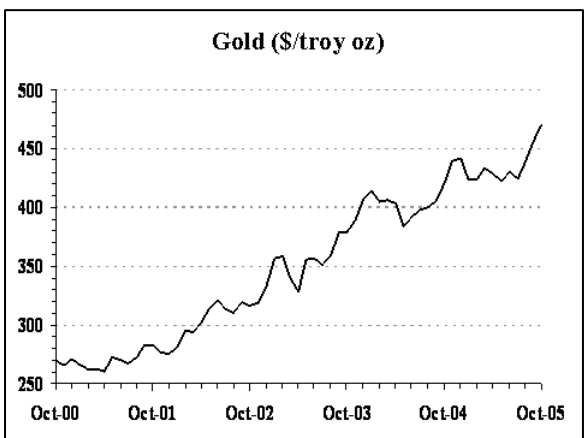
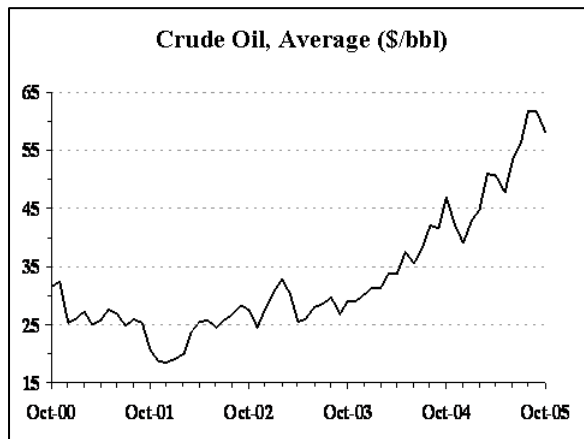
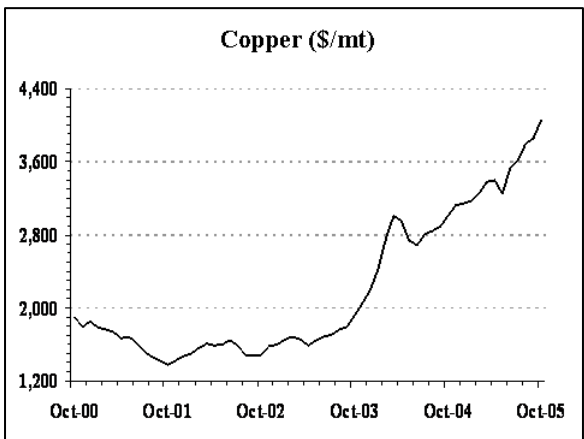
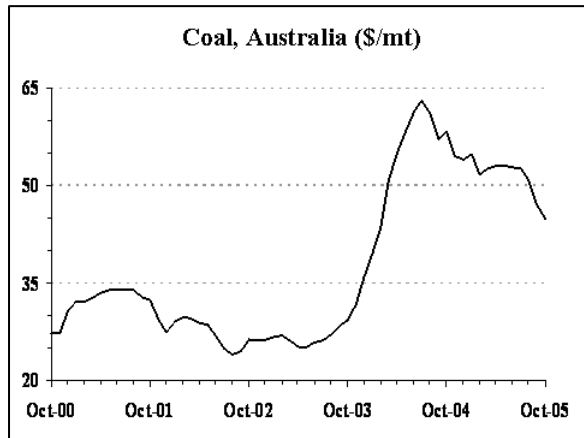
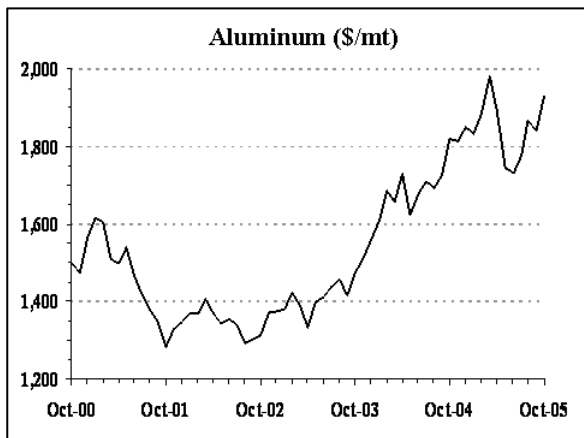
		Annual averages			Quarterly averages					Monthly averages		
		Jan-Dec	Jan-Dec	Jan-Oct	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Aug	Sep	Oct
		2003	2004	2005	2004	2004	2005	2005	2005	2005	2005	2005
<b>Fertilizers</b>												
DAP	\$/mt	179.4	221.2	243.7	222.8	234.6	226.4	235.6	261.6	262.0	264.1	266.4
Phosphate rock	b/ \$/mt	38.0	41.0	42.0	42.0	42.0	42.0	42.0	42.0	42.0	42.0	42.0
Pottasium chloride	\$/mt	113.3	124.6	155.8	120.0	138.2	147.5	151.7	163.5	162.5	170.0	170.0
TSP	\$/mt	149.3	186.3	201.6	193.8	198.5	202.0	201.7	201.2	201.4	201.0	201.0
Urea, E. Europe, bagged	\$/mt	n.a.	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	138.9	175.3	218.0	210.4	210.9	198.1	241.6	211.7	209.3	209.9	225.5
<b>Metals and Minerals</b>												
Aluminum	b/ \$/mt	1,431	1,716	1,848	1,708	1,828	1,899	1,790	1,829	1,868	1,840	1,929
Copper	b/ \$/mt	1,779	2,866	3,530	2,850	3,093	3,268	3,389	3,757	3,798	3,858	4,060
Gold	\$/toz	363.5	409.2	435.1	401.3	434.0	427.1	427.3	439.5	437.9	456.1	469.9
Iron ore CVRD So & No	b/ c/dmtu	31.95	37.90	65.00	37.90	37.90	65.00	65.00	65.00	65.00	65.00	65.00
Lead	b/ c/kg	51.5	88.7	95.7	93.2	95.9	97.8	98.7	89.2	88.7	93.3	100.5
Nickel	b/ \$/mt	9,629	13,823	15,138	13,991	14,073	15,348	16,411	14,567	14,893	14,228	12,403
Silver	c/toz	491.1	669.1	715.1	650.2	726.2	699.9	718.2	708.8	702.7	719.3	769.9
Steel products (8) index	a/ 1990=100	78.8	121.5	137.8	128.7	128.5	132.7	141.6	138.6	138.6	138.6	138.6
Steel cr coilsheet	\$/mt	444.6	607.1	730.0	650.0	650.0	683.3	750.0	750.0	750.0	750.0	750.0
Steel hr coilsheet	\$/mt	320.2	502.5	630.0	550.0	550.0	583.3	650.0	650.0	650.0	650.0	650.0
Steel, rebar	\$/mt	265.8	428.8	421.8	400.0	400.0	402.5	430.0	430.0	430.0	430.0	430.0
Steel wire rod	\$/mt	300.0	487.5	575.0	550.0	550.0	550.0	566.7	600.0	600.0	600.0	600.0
Tin	c/kg	489.5	851.3	756.8	902.9	889.0	807.7	796.3	704.7	718.9	678.4	642.3
Zinc	b/ c/kg	82.8	104.8	131.4	98.0	111.4	131.5	127.3	129.7	129.8	139.8	148.8
<b>World Bank commodity price indices for low and middle income countries( 1990 =100)</b>												
Energy		126.3	164.9	231.3	177.1	186.6	202.1	222.0	262.2	270.5	269.6	254.3
Non Energy Commodities		91.5	107.5	121.0	105.9	108.0	119.8	121.6	120.9	120.7	121.3	123.3
Agriculture		94.7	104.7	112.7	102.1	102.9	111.7	114.1	112.0	111.1	112.0	113.9
Beverages		87.1	94.0	117.9	92.9	101.5	120.6	125.0	111.2	112.2	106.5	109.1
Food		96.4	110.0	109.7	105.9	104.1	111.0	110.4	107.2	105.7	108.8	110.8
Fats and Oils		120.6	137.1	123.6	122.9	119.5	122.5	126.5	122.7	121.5	120.2	120.7
Grains		90.2	100.2	103.0	95.2	98.2	103.0	101.3	103.1	102.9	104.1	107.5
Other Food		80.1	93.2	102.1	98.0	94.8	106.2	102.4	96.8	94.4	102.2	104.6
Raw Materials		98.2	105.8	112.8	104.1	102.4	105.9	110.8	118.7	117.1	120.2	121.4
Timber		103.7	109.3	121.6	111.6	113.4	118.5	121.2	123.9	124.0	125.5	125.1
Other Raw Materials		94.4	103.4	106.8	98.9	94.9	97.2	103.8	115.2	112.5	116.6	118.9
Fertilizers		106.2	126.6	134.9	131.2	133.4	135.1	135.0	134.7	134.8	134.6	134.6
Metals and Minerals		82.0	112.4	140.0	112.6	118.1	138.4	138.7	141.3	142.9	142.6	145.1

a. Included in the petroleum index, but not in the non-fuel index/

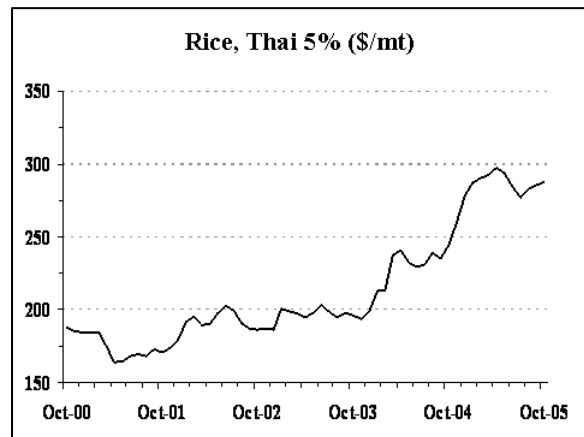
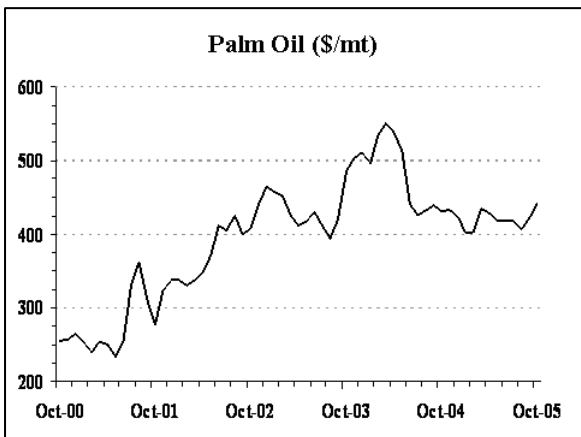
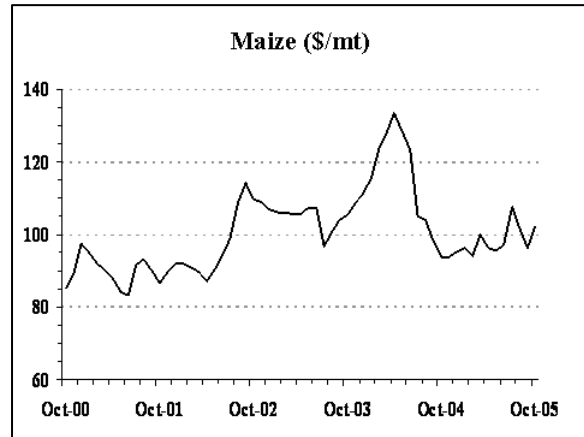
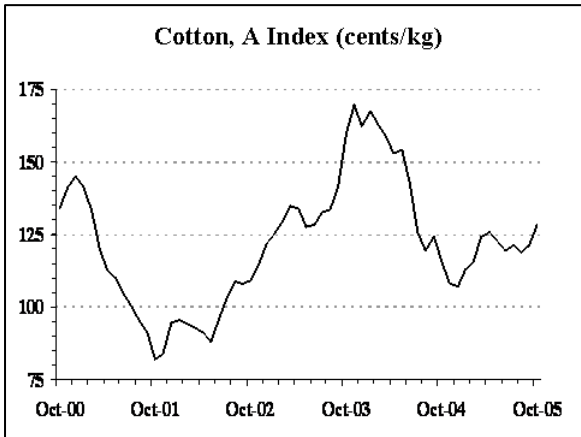
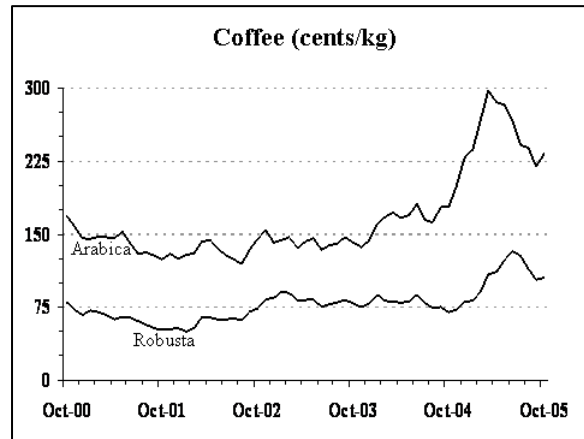
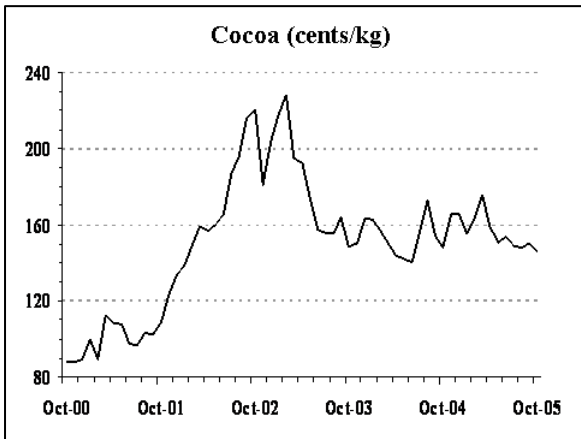
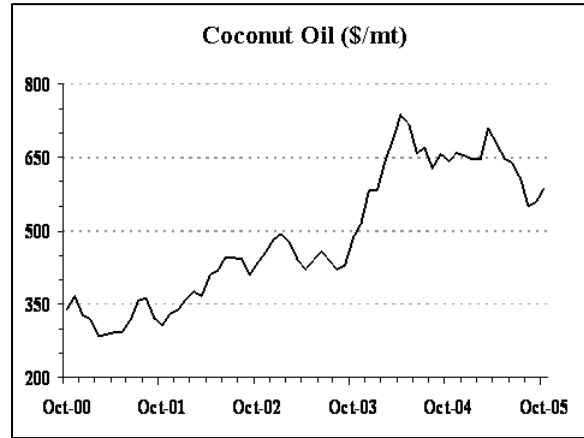
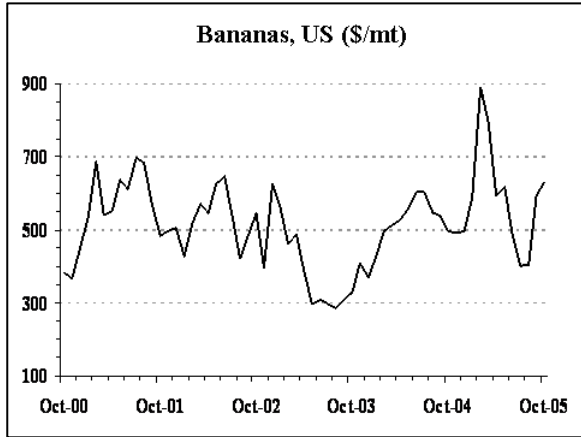
b. Not included in index/

mt = metric ton    toz = troy oz    n.a. = not available    n.q. = no quotation

Selected Commodity Prices, Nominal US dollars, 2000-2005



Selected Commodity Prices, Nominal US dollars, 2000-2005 cont'd



Selected Commodity Prices, Nominal US dollars, 2000-2005 cont'd

