APRIL 2000

Number 2

GLOBAL COMMODITY MARKETS

A COMPREHENSIVE REVIEW AND PRICE FORECAST

THE WORLD BANK
Commodities Team
Development Prospects Group

The World Bank
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

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May 18, 2000

Dear Global Commodity Market Reader:

Over the past 18 months, we have tried to bring you a reasoned and informed view of commodity markets. Unfortunately, changing priorities and resource constraints make it impossible for us to continue the *Global Commodity Markets* report. From now on, the commodities team will focus more directly on analysis of critical issues related to trends in commodity markets and their effect on developing countries. This analysis will be available through the World Bank's Global Economic Prospects and Global Development Finance publications.

Global Commodity Markets will continue under the auspices of a new publisher. We are in negotiations with United Nations Conference on Trade and Development (UNCTAD), a respected international organization with long experience in commodities, to continue publication of this journal. We hope to conclude our negotiations by early June. During this transition, the World Bank will provide some editorial support for the July issue (third issue) and will continue to fulfill your subscription. There may be a delay in the mailing of the July 2000 issue, but we expect the October issue (fourth issue) to be mailed on schedule. Full-service subscribers will continue to get their Monthly Updates from the World Bank through June and thereafter from UNCTAD.

We hope that this transition from one publisher to another will ensure your continued access to high-quality information on commodities. If you have questions, please contact our subscription fulfillment house at 201-476-2192 (phone) or 201-476-2197 (fax).

We appreciate your interest in *Global Commodity Markets*. We will inform you when we complete negotiations and will keep you apprised of any new information as we move forward. Thank you for your readership. We apologize for any inconvenience that this change may cause.

Sincerely,

Alan C. Donovan
Marketing Manager
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This report was prepared by the Commodities Team of the World Bank's Development Prospects Group. The core team includes **Donald Mitchell** (Team Leader), **John Baffes** and **Shane Streifel** (Economists), **Betty Dow** (Senior Information Analyst), **Jean-Charles Le Vallee** (Consultant), and **Katherine Rollins** (Team Assistant). The report was prepared with the assistance of **Margaret Moss** of www.giglobal.com.

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or visit us on the web at http://www.worldbank.org/prospects/

Summary

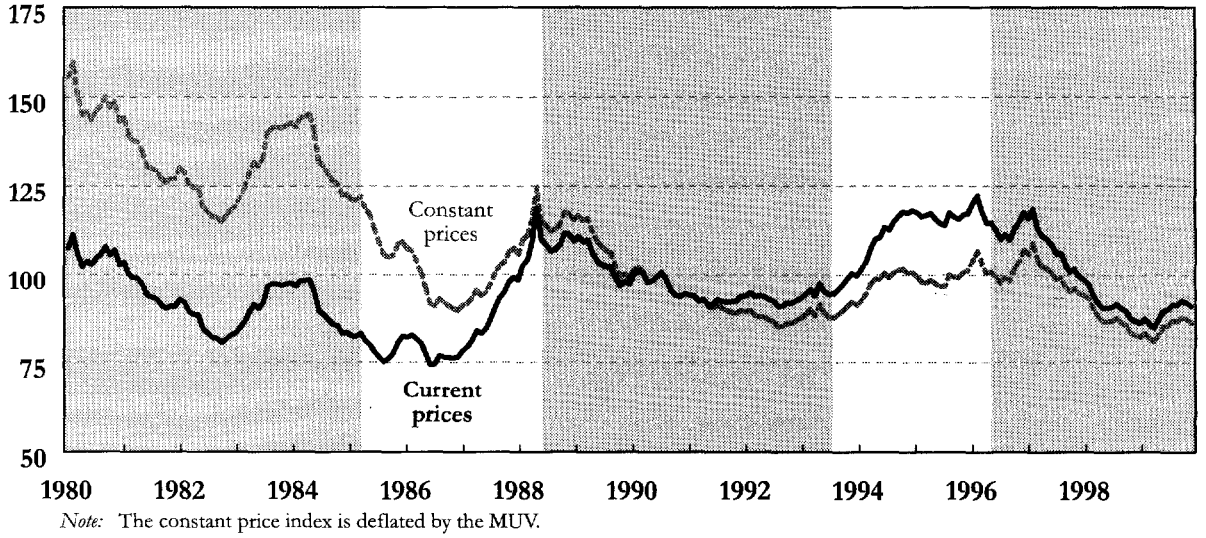
Crude oil prices surged higher during the first quarter due to falling inventories and supply restraint by oil producers. Prices are likely to rise again later in the year unless OPEC further increases production. The index of non-energy commodity prices was relatively unchanged from last quarter in what is seen as a pause in the upward trend of commodity prices. Continued improvement in the global economy is now being reflected in higher levels of trade and consumption of commodities. Stocks of many commodities have begun to decline and this is expected to lead to higher prices later this year.

Energy prices rose sharply during the first quarter, with petroleum prices up 12.3% compared to the fourth quarter and natural gas prices higher in both Europe and the US. Crude oil prices rose to $32/bbl in early March due to falling inventories and uncertainty about OPEC supply. Prices then declined leading up to the OPEC meeting where quotas were increased by 1.7 mb/d from April 1, with prices falling below $25/bbl by the end of the quarter. However, supplies are expected to tighten and prices could rise later in the year unless OPEC increases production.

Non-energy commodity prices were up a modest 1.1%, led by higher metals and minerals prices while agricultural prices were lower. The recovery of non-energy prices from the lows following the Asia crisis has been mixed, with metals and minerals prices increasing 27% compared to one year ago, while agricultural prices are still below their year-earlier levels. Stocks remain high for most commodities, but many have declined or are expected to decline this year. For example, aluminum stocks have declined 4% compared to one year ago while copper stocks have remained near last year's levels, but are expected to decline this year. Nickel and zinc stocks have fallen sharply over the past year while lead stocks continue to rise. Stocks of agricultural commodities also showed mixed trends, with cocoa, coffee and sugar stocks still rising while cotton, grains, and soybean stocks are falling. Prices have responded to these trends, with prices continuing to fall for cocoa, coffee, and sugar but rising for cotton, grains and soybeans. Grains and soybean stocks have declined about 4% from last year's levels and prices rose 4.8% and 7.2%, respectively, in the first quarter.

The outlook for the global economy continues to improve, with world GDP growth now projected to average 3.5% in 2000 compared to 2.9% in our last report. Developing country growth is now projected to average 4.6% in 2000 compared to a projected growth of 4.2% in our last report. Beyond 2000, GDP growth in OECD countries is projected to slow to 3.1% during 2001-02 while growth in developing

Non-Energy Commodity Price Index (US $)
(1990 = 100)

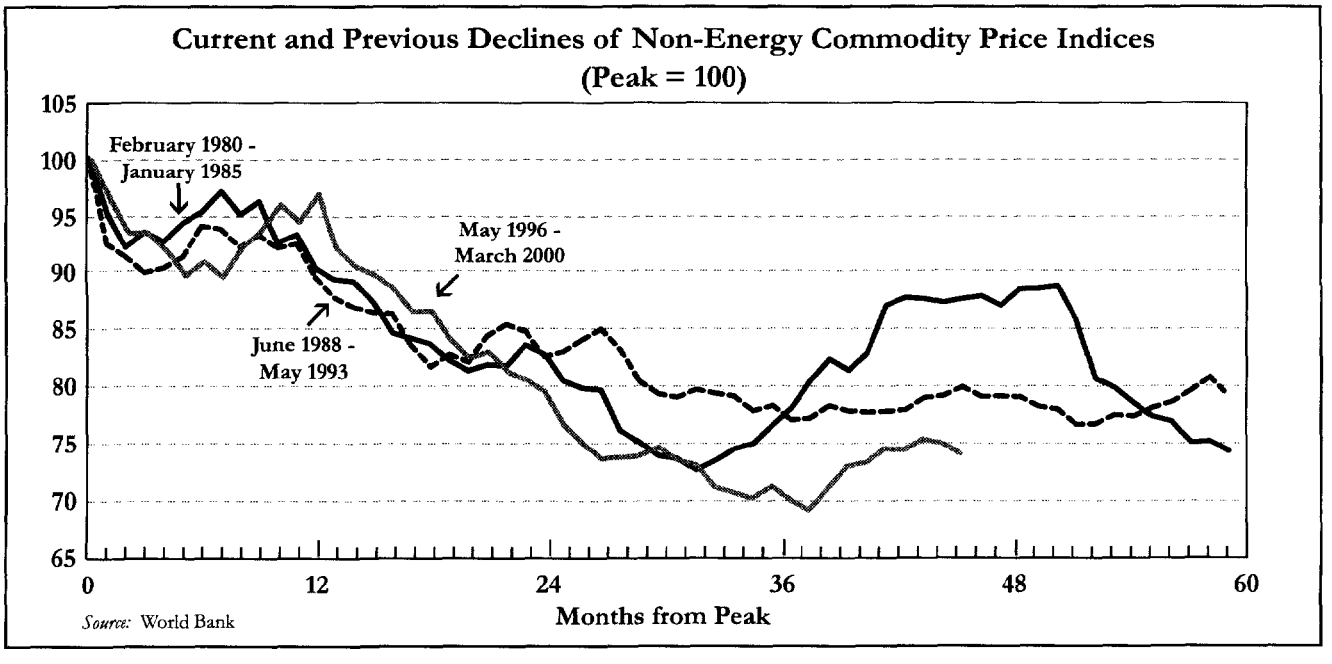


Note: The constant price index is deflated by the MUV.
Source: World Bank

countries is projected to increase to 4.8% during this period. Although systemic risks in the global environment have lessened, downside risks remain due to the need to achieve four transitions simultaneously. These are: a soft landing in the US, fiscal stimulus to private demand-led growth in Japan, a healthier financial and corporate sector in Asia, and adjustment in the oil-exporting countries. Higher oil prices also pose some additional risk to growth in the near term.

Continued improvement in the global economy has boosted commodity demand and this is beginning to be reflected in imports. Trade volumes have begun to increase for many commodities and this is expected to support prices as stock levels for most commodities continue to decline. Import demand is rising in 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 downturn, and the countries of the former Soviet Union, especially Russia, which has benefited from higher oil prices as well as an overall improvement in its economic situation. Although it is difficult to obtain recent trade data on commodities, the USDA monitors trade for many agricultural commodities and revises its annual estimates monthly in accordance with recent trends. For the current marketing year, the USDA has been increasing its trade estimates for many crops. For example, world grain trade is now projected to increase 3.3 percent in the 1999/00 marketing year compared to 1.0 percent in the previous year. Soybean trade is projected to increase 6.9 percent compared to 3.1 percent last year. Many other crops show similar increase, with cotton trade projected to increase 8.3 percent after falling 4.3 percent last year. Part of the increase is due to current low prices, and other factors including the severe drought last year in the Middle East which caused domestic crop production to fall sharply. However, much of the increased import demand is also coming from the improved economic outlook. For example, the Republic of Korea is expected to increase maize imports from 7.5 million tons last year to 9.0 million tons this year. Russia is expected to increase grain imports from 4.3 million tons to 6.3 million tons despite higher domestic grain production.

The outlook is generally for higher commodity prices for the balance of the year. Petroleum prices are expected to increase in the second-half of the year unless OPEC members raise production. Metals prices are projected to increase as demand increases and stock levels fall. However, given the increases which have already occurred, metals prices are not expected to increase significantly. Agricultural prices are expected to remain mixed, with prices of those commodities which have not yet seen production and stocks fall remaining weak while commodities which have already seen reduced supply expected to increase. Among agricultural commodities, those which still face rising stocks include cocoa, coffee and sugar while those with falling stocks include cotton, grains and soybeans.



Regional Price Indices

The index of non-energy commodity prices for developing countries grew 1.1% during the first quarter compared to a 1.0% increase for the world index. There was considerable variability between regions, with only the Latin America and Caribbean region showing an increase while the East Asia and Pacific, South Asia, and Sub-Sahara Africa regions saw their export prices fall. Export prices of the Latin America and Caribbean region have fared relatively well for two quarters with a total gain of 9.1% while the Sub Saharan Africa region has seen its export prices fall 6.6% over two quarters.

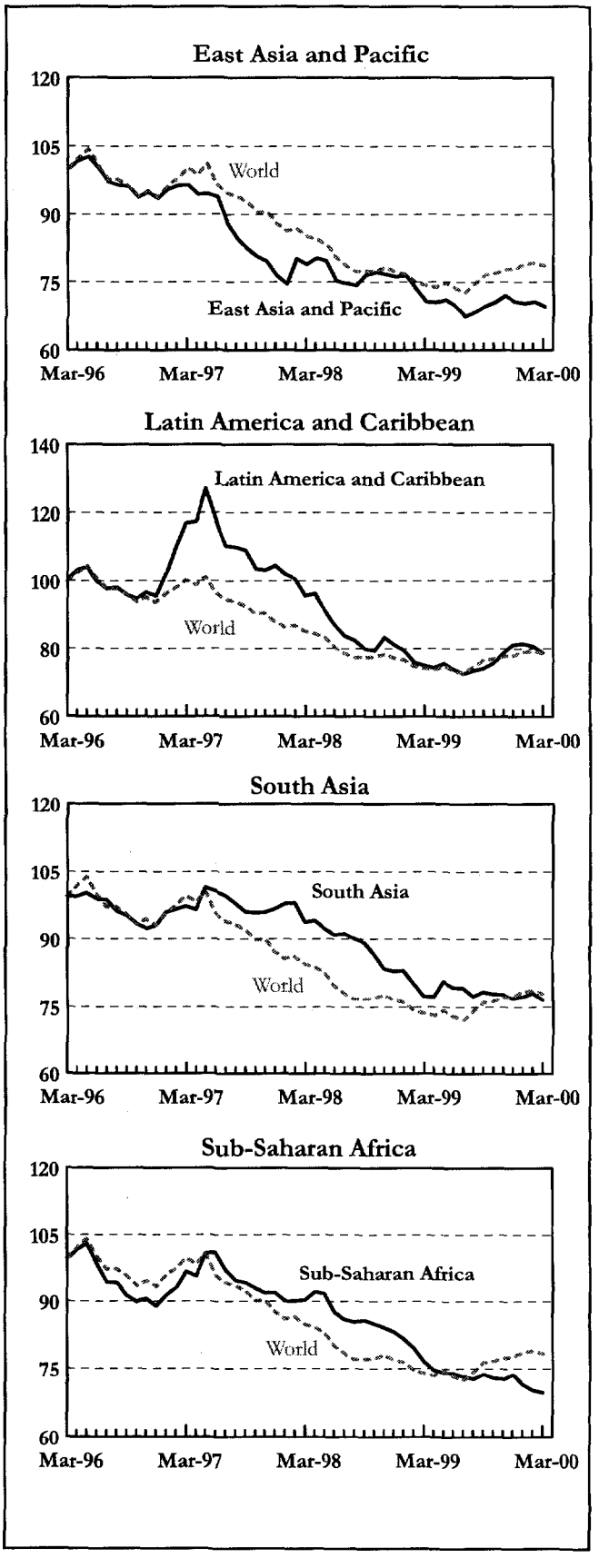
Export prices of the East Asia and Pacific region fell 1.2%, following last quarter's increase of 3.7%. Price declines for the major exports of the region included palm oil (-6.8%) and logs (-4.8%) whilst price increases included copper (3.2%), natural rubber (3.0%), and rice (4.3%).

The Latin America and Caribbean region benefited from higher export prices for the second consecutive quarter with a gain of 2.3% following last quarters gain of 6.8%. Price movements among important exports of the region were mixed, with declines in sugar (-16.5%) and arabica coffee (-5.0%), and increases for soybean meal (6.8%), and metals and minerals (aluminum 9.5%, iron ore 4.3% and copper 3.2%).

The South Asia region had a 0.3% decline in the non-energy commodity price index following a 1.1% decline last quarter. Tea prices at the Calcutta auctions were down 27.0% as lower quality teas were marketed. Other commodities important to the region which had large price changes included cotton (15.0%), iron ore (4.3%) and rice (4.3%).

Prices of the Sub-Saharan Africa region had the largest decline among all regions for the second consecutive quarter at -3.6%, a total decline for the last two quarters of 6.6%. The two most important non-energy export commodities for the region, cocoa and robusta coffee, saw their prices fall 5.6% and 21.3%, respectively. Sugar prices also fell 16.5%. Sustaining the export price index for the region were price increases in metals (aluminum 9.5% and copper 3.2%).

Note: The regional price indices use the US$ non-energy commodity export basket of each region to compute the price index. This index is then compared with the index using global exports.



Change in Commodity Production and Trade

Values and Concentration

Value of Production and Trade

The apparent real value of production of 21 commodities rose by 59% or $481 billion between 1970/71 and 1996/97. (Apparent value in table calculated by multiplying world production and trade volumes by spot prices – commodities ranked by value of recent production.) Virtually all of the growth has been the result of higher production volumes because real prices of nearly all commodities have fallen significantly over the period. Real prices have only risen for crude oil, gold and hardwood logs, and consequently these commodities have shown the largest increases in production value. The main exception is palm oil where production value has more than tripled – despite a halving of price – because of a more than 8-fold increase in production. Crude oil has retained the highest valued production of almost $500 billion in 1996/97, as both production and real prices have risen by 40% and 275%. In 1970/71, the apparent value of rice production was not that much lower than crude oil, but while production has doubled, real prices fell by over half. For some commodities – copper, iron ore, cotton, and coffee – the value of production has fallen, as the decline in prices has been greater than gains in physical output.

The apparent value of trade has risen twice as fast as production despite the drop in real prices for most products. This reflects the growing share of trade in world economic activity, but also indicates the ability to supply a greater volume of primary commodities at lower prices. The largest growth in value of trade was in aluminum, crude oil, fertilizers, palm oil, and rubber – of these, real prices fell for all but

APPARENT VALUE OF PRODUCTION AND TRADE AT EXPORT PRICES OF 22 MAJOR COMMODITIES (1970-71 & 1996-97 Averages)

	1970-71 average US$ billion		*1970-71 average constant 1997 US$ billion*		*1996-97 average current US$ billion*		*1970-71 to 1996-97 change in constant value (percent)*		*Trade Share of Production (percent)*	
	Production	Trade	Production	Trade	Production	Trade	Production	Trade	1970-71	1996-97
Crude Oil	31.5	16.0	129.3	65.8	496.1	262.9	283.7	299.3	50.9	53.0
Coal	35.1	2.7	147.4	11.2	135.5	17.6	-8.1	56.7	7.6	13.0
Rice	25.5	1.0	107.5	4.3	119.9	5.9	11.5	35.9	4.0	4.9
Wheat	19.0	3.1	79.9	13.1	106.0	18.4	32.6	40.7	16.4	17.4
Maize	16.8	2.0	70.8	8.3	80.3	9.0	13.4	7.4	11.8	11.2
Hardwood Logs	9.2	1.7	38.7	7.2	75.0	4.3	94.1	-40.8	18.6	5.7
Soybeans	5.6	1.6	23.4	6.8	42.5	11.4	81.6	67.9	29.1	26.9
Cotton	8.5	2.7	35.7	11.5	34.0	10.3	-4.7	-11.1	32.3	30.2
Aluminum	5.9	1.6	24.9	6.8	32.3	19.6	29.8	188.3	27.3	60.7
Sugar	6.7	2.0	28.1	8.3	31.4	9.0	11.8	8.3	29.6	28.7
Iron Ore	4.6	2.1	19.4	8.7	18.4	8.1	-5.0	-6.8	45.0	44.1
Copper	9.3	3.2	39.5	13.4	29.3	12.1	-25.9	-9.9	34.0	41.3
Bananas	4.9	0.9	20.8	3.9	27.9	5.7	34.3	46.5	18.8	20.5
Gold	1.9	n.a.	8.0	n.a.	25.0	n.a.	212.5	n.a.	n.a.	n.a.
Coffee	4.4	3.4	18.3	14.1	17.1	13.6	-6.5	-4.0	77.0	79.1
Nitrogen fertilizer	1.6	0.3	6.8	1.4	13.9	3.7	103.7	171.1	20.3	27.0
Palm Oil	0.5	0.3	2.0	1.2	9.1	6.2	341.8	418.5	58.1	68.1
Natural Rubber	1.2	1.0	4.9	4.4	7.5	5.3	52.1	19.9	90.0	70.9
Phosphate fertilizer	1.0	0.1	4.1	0.6	5.8	2.0	41.6	258.9	13.8	35.0
Tea	1.1	0.5	4.6	2.3	5.0	2.1	8.9	-9.7	50.3	41.7
Cocoa	0.9	0.7	4.0	3.1	4.0	2.9	0.8	-5.9	77.0	71.9
Potash fertilizer	0.6	0.3	2.5	1.3	2.7	2.5	10.2	86.3	53.8	91.0
Total/Average	**193.9**	**47.4**	**812.7**	**198.0**	**1,293.8**	**432.6**	**59.2**	**118.5**	**24.4**	**33.4**

Notes: For 1996-97 harwood logs refer to tropical harwood logs; Cocoa exports are 1971-72; Crude oil production and exports are 1971 and 1997 only.
Source: World Bank

crude oil. The trade share of production has risen from one-quarter to one-third over the period, although for a number of commodities the shares have declined. For example, coal, rice, and maize are subsistence commodities in many developing countries, and thus the trade share of production is relatively small, while most of logs are traded in processed form.

Concentration of Production and Exports

The table below shows concentration indices for production and exports for 1970 and 1997 using two measures: the largest-4 (L4) index (share of the largest 4 producers and exporters); and the Herfindahl-Hirchman (HH) index (the sum of squares of the shares of all producers and exporters).

Generally, there has been a slight increase in the concentration of both production and exports over the 1970-97 period, but with some notable exceptions – e.g., for gold, rubber, and soybeans, concentration fell significantly. For the L4 index, the median concentration for production increased from 58.9 to 63.7, while for exports it increased from 67.3 to 72.9.

In 1970, soybeans exhibited the highest concentration index for both production and exports, as the US was the largest producer/exporter. This was followed by gold (led by South Africa) and natural rubber (led by Malaysia). By 1997, palm oil had the highest concentration index, with Malaysia and Indonesia accounting for the bulk of production and trade – followed by soybeans, cocoa and maize. Concentration indices for nitrogen fertilizer, sugar, coffee and aluminum were among the lowest over both periods. Strikingly, crude oil has the lowest production concentration index in 1997 (HH of 4.2 and L4 of 35.6) when OPEC countries are considered as separate producers. If OPEC is considered as a single entity, the respective producer concentration indices rise to 19.1 and 64.7, respectively.

CONCENTRATION INDICES FOR PRODUCTION AND EXPORTS OF 22 MAJOR COMMODITIES (1970 & 1997)

	Herfindahl-Hirchman				*Largest-4*			
	Production		Exports		Production		Exports	
	1970	1997	1970	1997	1970	1997	1970	1997
Crude Oil	9.6	4.2	8.8	5.4	54.4	35.6	53.7	38.1
Coal	10.8	20.5	21.2	15.1	57.0	73.8	78.8	63.7
Rice	18.1	18.5	11.0	14.9	67.6	70.1	62.1	62.6
Wheat	12.3	10.1	21.8	16.8	58.3	58.2	85.6	76.6
Maize	17.8	20.9	21.9	41.1	60.6	70.7	79.1	92.1
Hardwood Logs	5.6	8.8	19.5	19.6	41.5	50.7	81.0	87.7
Soybeans	52.1	28.2	88.3	39.6	94.8	88.5	99.5	94.2
Cotton	11.6	12.8	8.7	14.1	63.6	64.5	50.3	69.1
Aluminum	11.6	9.3	8.5	14.6	59.4	49.9	51.0	50.8
Sugar	4.4	6.8	11.0	11.1	37.3	45.6	48.8	59.3
Iron Ore	10.5	13.4	10.0	19.5	54.2	64.0	54.9	73.1
Copper	6.8	9.5	13.9	14.6	47.9	51.7	67.3	57.2
Bananas	5.4	7.6	10.6	17.8	40.0	46.2	61.1	73.7
Gold	40.1	10.8	n.a.	n.a.	86.7	57.1	n.a.	n.a.
Coffee	7.1	9.7	11.5	6.6	45.3	51.4	53.5	45.9
Nitrogen fertilizer	9.8	10.1	9.0	5.3	52.8	55.8	51.6	39.5
Palm Oil	16.5	34.3	27.5	49.5	74.6	86.5	88.2	91.4
Natural Rubber	24.2	9.4	30.5	28.4	80.6	79.8	89.6	89.6
Phosphate fertilizer	9.8	14.3	13.9	24.4	53.2	63.3	64.8	69.9
Tea	16.7	16.5	21.4	14.3	72.1	70.6	75.5	72.9
Cocoa	14.5	22.3	15.5	28.9	70.6	75.4	71.9	81.5
Potash fertilizer	18.9	19.3	22.5	20.5	81.6	76.6	84.6	73.6
Median	**11.6**	**11.8**	**13.9**	**16.8**	**58.9**	**63.7**	**67.3**	**72.9**

Notes: For aluminum, copper and gold, concentrations are for 1975 and iron ore 1974. The L4 index assigns equal weight to all four largest producing or exporting countries, while the HH index assigns disproportionally higher weights to large producers or exporters. For example, if 4 producers account for 25% each, the L4 index would give a value of 100% [4 x 0.25] while the HH index would give a value of 25% [4 x 0.25^2]. If the largest producer accounts for 70%, and the rest account for 10% each, the L4 index would still give a value of 100% [0.7 + 3 x 0.1], while the HH index would give 52% [0.7^2 + 3 x 0.1^2].
Source: World Bank.

Economic Outlook

World GDP growth is expected to average 3.5% in 2000, and slow to 3.1% in 2001-02. While systemic risks to the global economic environment have lessened, downside risks remain.

Economic growth in developing countries continues to recover from the financial crisis, underpinned by stronger and more broadly based growth in industrial countries, and expansion of world trade. Nevertheless, adjustment to the recent financial crisis is far from complete in the developing world, and growth in 2000-02 is projected to remain somewhat below pre-crisis trends.

World GDP growth is projected to average 3.5% in 2000, but slow to 3.1% in 2001-02, mainly due to lower growth in the OECD. Developing countries growth, on the other hand, is expected to increase from 4.6% in 2000 to 4.8% in 2001-02.

Not all developing countries will participate equally in this recovery. The fastest growth is likely to occur in middle-income countries that experienced substantial real exchange rate devaluations, that are significant diversified exporters, and that attract high levels of foreign direct investment (FDI) inflows, e.g., middle-income East Asian countries, Eastern European countries eligible for EU accession, Brazil and Mexico. China and India, with 46 percent of developing country population and 55 percent of the poor, are also expected to sustain fairly rapid growth while grappling with large domestic reform agendas.

Other middle-income diversified exporters that are more reliant on external savings for their growth (as in Latin America) will also gain, but may be constrained by still-hesitant capital flows. Oil exporters in the Middle East and elsewhere will experience income gains because of higher oil prices, but are expected to show below average output growth, reflecting oil production cuts and adjustment to past borrowing and fiscal deficits. Non-oil commodity exporters – mostly in Sub-Saharan Africa and Central America – will benefit less than other countries as the recovery in agricultural prices is anticipated to be gradual, while their import costs are boosted by high oil prices.

Although systemic risks in the global environment have lessened, downside risks remain. These arise from the need to achieve four transitions simultaneously: a soft landing in the United States; fiscal stimulus to private demand-led growth in Japan; healthier financial and corporate sectors in Asia; and adjustment in the oil-exporting countries. Higher oil prices in the near-term also pose some additional risk.

WORLD GROWTH, 1981-2008
(annual percentage change in real GDP)

			Est.	Forecasts			
Region	***1981-90***	***1991-98***	***1999***	***2000***	***2001***	***2002***	***2002-08***
World total	**3.0**	**2.3**	**2.9**	**3.5**	**3.1**	**3.1**	**3.2**
High-income countries	3.0	2.2	2.7	3.2	2.7	2.6	2.7
OECD countries	2.9	2.1	2.7	3.1	2.6	2.5	2.6
Non-OECD countries	4.9	5.1	3.7	4.6	4.8	5.1	5.2
Developing countries	3.4	2.8	3.3	4.6	4.8	4.8	4.9
East Asia and the Pacific*	7.7	7.8	6.5	6.6	6.3	6.1	6.2
Europe and Central Asia	3.6	-4.2	1.0	2.5	3.4	3.6	3.9
Latin America and the Caribbean	1.1	3.6	0.0	3.6	3.8	4.4	4.2
Middle East and North Africa	0.5	3.0	2.2	3.5	3.6	3.6	3.7
South Asia	5.8	5.4	5.8	5.9	5.8	5.5	5.5
Sub-Saharan Africa	1.9	2.5	2.5	3.2	3.7	3.8	3.8
Memorandum item							
East Asian 5 crisis countries**	7.0	5.0	5.8	5.7	5.4	5.1	5.3

*Includes the Republic of Korea

**Indonesia, the Republic of Korea, Malaysia, Philippines, and Thailand.

Note: GDP is measured at market prices and expressed in 1987 prices and exchange rates. Growth rates over historic intervals are computed using the least squares method.

Source: Global Development Finance, World Bank, March 2000.

Ocean Freight

Freight rates rise sharply due to robust growth in economic activity and trade.

Bulk freight rates rose sharply during the first quarter, reaching their highest levels in nearly five years. The rise was mainly due to accelerating economic growth, but higher bunker fuel prices also contributed to the surge in rates. The Baltic Dry Index (BDI) ended March at 1660, up 26% from end-1999, and 84% higher than a year ago.

The BDI – formerly the Baltic Freight Index – was launched November 1 and is a composite of the Baltic Capesize, Baltic Panamax, and Baltic Handy indices. The Baltic Panamax Index (BPI) is used by Liffe as the price settlement for its Biffex futures contracts.

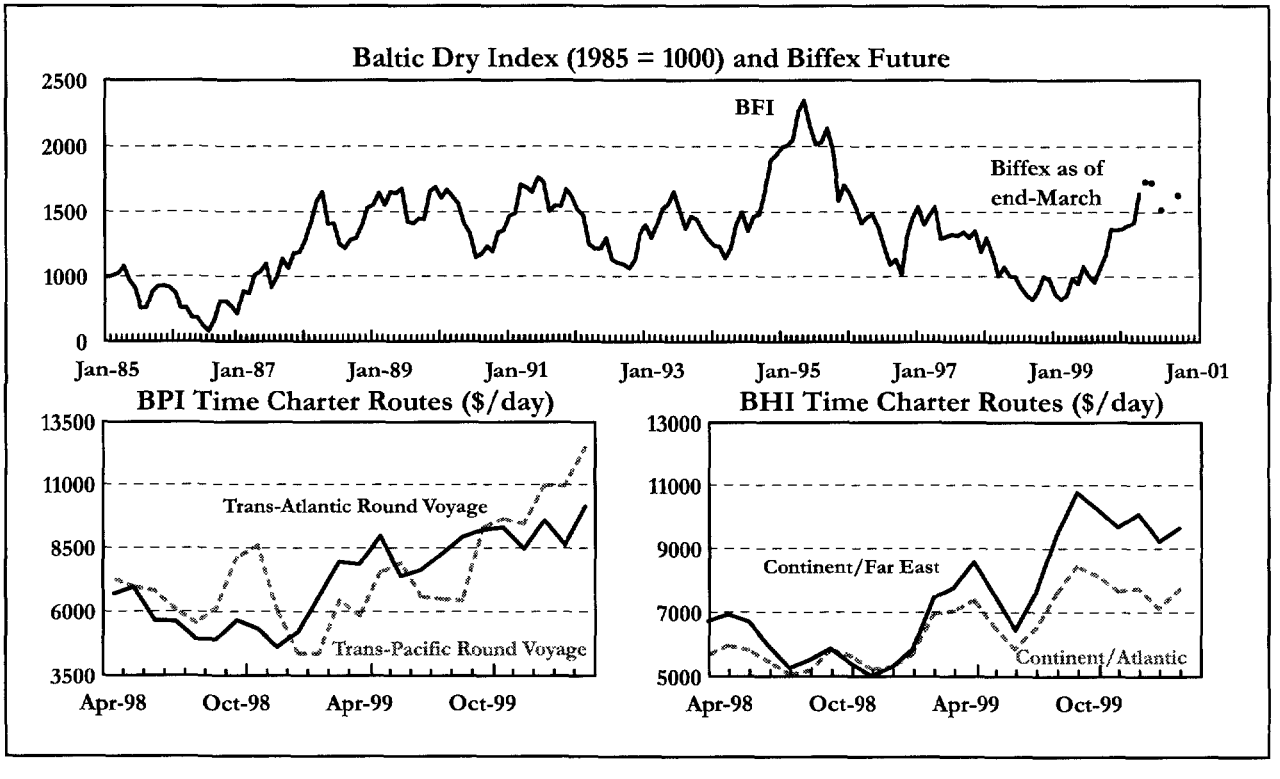
A principal reason for the rise in rates the past several months has been the revival of shipments to the Far East of raw materials to produce steel. Consequently capesize rates have led the way the past year, but Panamax and Handymax rates have also benefited from increased commodity trade and expanding economic growth in Europe.

The Baltic Capesize Index (80,000dwt+) ended the quarter 25% higher than end-1999, and 122% higher from a year ago. Atlantic rates posted the largest gains in the first quarter due to strong European demand for coal. Australian coal shipped to Europe rose 33% to $15.16/ton, while shipments to China increased 24% to $6.72/ton.

The Panamax Index (50,000-75,000dwt) rose 28% over the quarter, and was up 72% from a year earlier. Trans-Pacific round voyage rates were up 36% to $11,900/ day, on strong grain trade but also supplemented from increased coal and ore shipments. Trans-Atlantic round voyage rates ended the quarter at $10,717/day, up 31%.

The Handy Index, of smaller size vessels, increased 23% but is only slightly more than 50% higher than a year ago. Rates to Europe slipped back from the surge in the fourth quarter, but voyage rates to the Pacific rose sharply on the strength of increased trade in coal, ore, forest products and fertilizeers.

Rates are expected to remain firm because of the rapid pace of economic activity and tightness in the supply of vessels. Biffex futures at end-March stood near 1700 for April/May (versus the prevailing level of 1660), and at 1600 for October, suggesting not much weakness is expected this year. However, there is a glut of new tonnage overhanging the market from the surge in orders of new vessels last year. Longer term rates are expected to fall, the extent of which will depend on the strength of demand, the number of ships scrapped, and the volume of new vessels entering the market.



COMMODITIES

Coal

Prices into Europe rose on strong demand and supply problems at Colombian and South African ports. These conditions are likely temporary as the market remains fundamentally over-supplied.

International coal prices were marginally lower at $25.10/ton in the first quarter on continued surplus supply conditions, with prices $10/ton or nearly 30% lower than levels two years earlier. Prices into Europe, however, strengthened on strong demand and supply problems out of Colombia and South Africa, which raised prices for these coals, as well as those from Russia and Poland. These conditions are likely to be temporary, as the market remains fundamentally over-supplied.

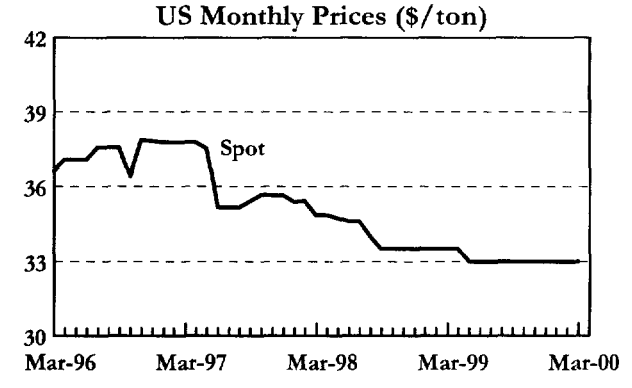
Coking coal contract prices between Australian producers and Japanese steel mills were settled in February, down 5% or $2.15/ton from last year. This follows an 18% reduction last winter, with the new benchmark price set at $39.75/ton.

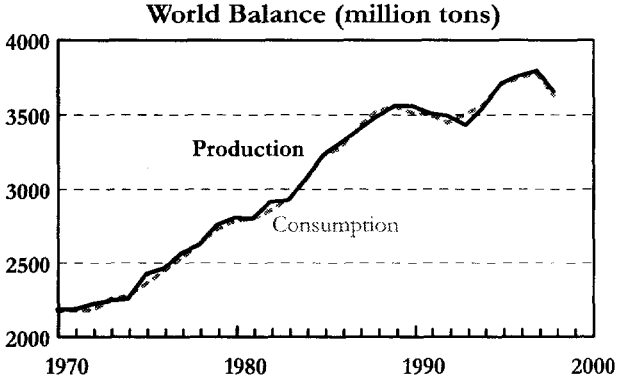
Thermal coal contract prices were settled with Japanese utilities in March, with producers agreeing to a reduction of 4% or $1.20/ton. The new benchmark of $28.75/ton follows a 13% drop last year.

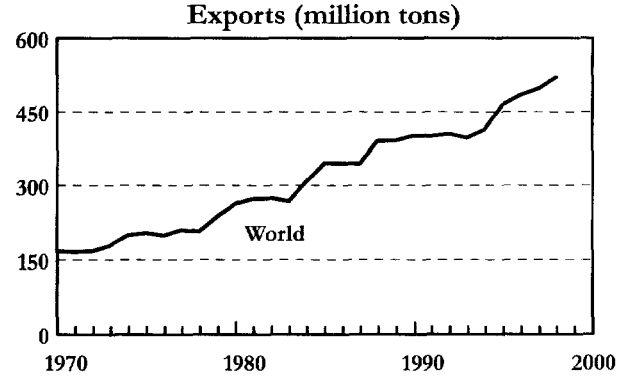
Global coal demand is expected to increase moderately in the longer term, with most of the growth for power generation. Coking coal demand growth will be limited by technical advances in steel production, increasing output from electric arc furnaces, and continuing substitution of non-steel materials in end-use products. The toughest challenges facing the coal industry are environmental, especially if the Kyoto Protocol becomes a legally binding agreement.

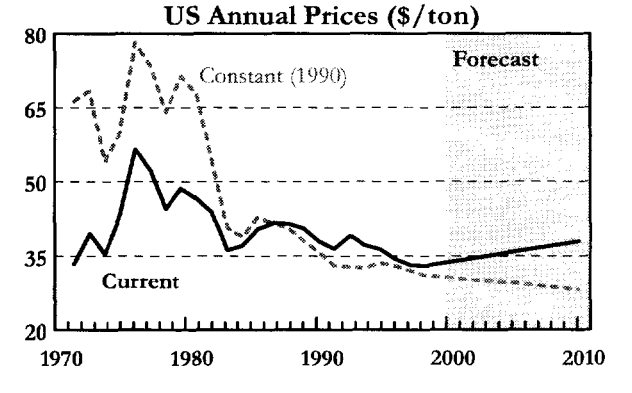
Real coal prices are expected to decline due to improvements in mine productivity and increasing exports from new low-cost producers, e.g., Colombia, Indonesia, and Venezuela. Liberalization of electricity markets is forcing generators to cut costs and secure a greater share of coal supplies on spot markets.

US coal exporters have lost market share because of falling prices and a strong US dollar, and exports are expected to continue to decline. Growth in domestic coal demand for power generation will result in higher US coal production, with western low-cost, low-sulfur coal capturing most of the increase. Improving mine productivity is expected to result in a continued decline in real US coal prices.









Source: Coal Week International and World Bank

Other Developments

- ABARE, in its Outlook 2000, projects that world thermal coal trade will increase by 4%/year over the next 5 years due to high economic growth and increased demand for electricity in Asia. World metallurgical coal trade is projected to rise by 1.9%/year, with half of the growth consisting of pulverized coal injection coals. Australia's thermal coal exports are projected to grow at a rate of 4.9%, while metallurgical coal exports are expected to increase at a rate of 2.5%. Production costs of Australian metallurgical and thermal coal producers have declined significantly in recent years due to mine productivity improvements.
- The US DOE, in its International Energy Outlook, projects that over the 1997-2020 period world oil consumption will increase by 81.7 quadrillion btus (quads), gas 89.4 quads, and coal 41.7 quads. Nearly 2/3 of the total energy growth occurs in developing countries, accounting for virtually all of the net growth in coal consumption. Over this period, combustion of oil contributes 1.5 billion tons of carbon emissions, gas 1.3 billion tons, and coal 1.1 billion tons.
- AME Mineral Economics, in its Export Coal 2000 Outlook, sites the emergence of China as a major coal exporter, with exports rising to 71 million tons by 2004. Its proximity to Japan, the Republic of Korea, and Taiwan, China, is a major competitive advantage. AME also expects that a larger share of the coal export market will be controlled by a smaller group of large companies that will tend to dampen excess supply.

PRODUCTION (million tons)

	1995	*1996*	*1997*	*1998*
China	1360.7	1396.7	1372.8	1235.6
US	858.6	885.2	910.4	936.0
India	273.4	285.6	297.2	303.1
S. Africa, Rep.	206.2	206.4	220.1	222.8
Australia	191.1	193.4	206.8	219.0
Russian Fed.	176.9	166.5	159.2	148.6
Poland	137.2	137.9	137.8	116.9
Ukraine	83.5	74.1	75.5	73.7
Kazakhstan	79.6	73.2	70.2	67.0
Indonesia	41.1	50.2	55.1	59.7
Germany	58.9	53.2	51.2	45.3
UK	54.6	50.2	48.5	41.3
Canada	38.6	40.0	41.3	38.3
Colombia	25.7	30.1	30.7	33.8
Korea, D. R.	26.0	24.1	24.1	24.1
Czech Rep.	17.7	17.5	16.6	16.1
Vietnam	6.6	11.2	13.1	13.1
Spain	13.7	13.7	13.8	12.5
Venezuela	4.6	3.5	5.6	6.8
World	**3705.4**	**3761.8**	**3796.3**	**3655.8**

Source: IEA

EXPORTS (million tons)

	1995	*1996*	*1997*	*1998*
Australia	136.4	138.6	146.4	162.3
US	80.3	82.1	76.0	70.5
S. Africa, Rep.	59.7	60.2	63.4	67.1
China	28.6	36.5	30.7	32.3
Indonesia	31.3	36.4	41.5	46.9
Canada	34.0	34.4	36.5	34.2
Colombia	18.3	24.8	26.5	29.6
Poland	31.9	28.9	29.5	28.1
Russian Fed.	26.3	25.3	21.2	23.5
Kazakhstan	12.9	21.7	n.a.	n.a.
Czech Rep.	7.0	6.7	6.6	n.a.
Venezuela	4.3	3.5	4.2	n.a.
Netherlands	2.9	2.4	3.5	n.a.
Vietnam	1.8	4.4	4.2	3.5
Ukraine	2.4	2.0	n.a.	n.a.
New Zealand	1.3	1.6	1.2	n.a.
Belgium	0.8	1.2	1.5	1.3
UK	0.9	1.0	1.1	0.9
Germany	1.7	1.0	0.5	0.3
World	**464.6**	**483.9**	**496.7**	**519.2**

Source: IEA

GLOBAL SUMMARY

	Actual						*Annual Growth Rate (%)*		
World Balance (mil. tons)	*1970*	*1980*	*1990*	*1996*	*1997*	*1998*	*1970-80*	*1980-90*	*1990-98*
Production	2185	2807	3561	3762	3796	3656	2.8	2.5	0.4
Consumption	2175	2783	3516	3744	3777	3630	2.8	2.6	0.4
Exports	167	263	401	484	497	519	4.7	4.8	2.8

	Actual				*Forecast*				
Price ($/ton)	*1996*	*1997*	*1998*	*1999*	*2000*	*2001*	*2002*	*2005*	*2010*
Current	37.21	36.39	34.38	33.17	33.00	33.50	34.00	35.50	38.00
Constant 1990	32.58	33.58	33.00	32.03	31.09	30.79	30.46	29.70	28.13

Source: IEA and World Bank forecasts.

Natural Gas – US

Prices rise on declining inventories and concerns about domestic production. Strong demand for storage and end-use consumption are expected to keep prices firm this year.

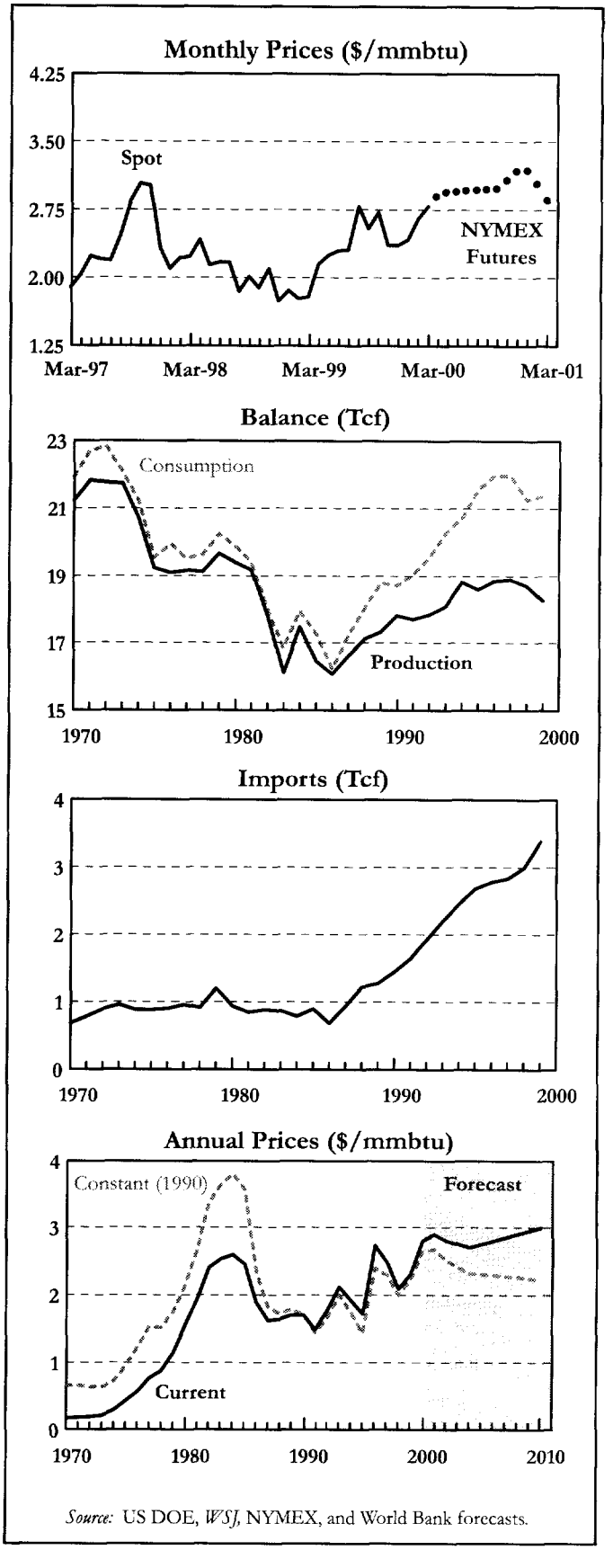
Natural gas prices rose 5.6% in the first quarter, despite near-record warm weather, due to a larger-than-expected decline in inventories and concerns about a tight market this year. The inventory decline was due to a combination of lower-than-expected supplies of both domestic and imported gas, and strong demand in non weather-sensitive sectors of the economy. Prices are expected to remain firm the rest of the year due to strong demand for storage and end-use consumption, while supplies remain constrained.

Inventories are estimated to have ended the winter well under 1100 billion cubic feet (bcf), about 25% below last year's high level. Consequently, demand for storage injections will be strong over the summer if pre-winter inventories are to rebuild to last year's level of 3,000 bcf by end-October.

Gas demand could increase by nearly 4% this year due to continued strong economic growth. Industrial gas demand – the largest end-use sector for gas consumption – is expected to increase by more than 5%. Gas demand in the power sector is also expected to record strong growth because of the rapid expansion of gas-fired generation capacity, and peak summer requirements for air conditioning. In addition, a fall-off in hydro and nuclear capacity as well as high oil prices could exert additional pressure on gas demand this year.

US natural gas production was flat last year following a lengthy period of depressed prices, but the industry is now responding to higher prices through increased investment and drilling. Still, production is expected to grow slowly this year. Imports from Canada again will rise sharply, helped in part by new pipeline capacity. However, the ability of producers to fill the new lines will depend on drilling levels and storage.

If US demand remains strong, storage levels could be well below last year's levels by end-October, resulting in fairly strong prices through this year and next winter. However, higher prices are expected to result in rising production later this year and next in both the US and Canada.



Source: US DOE, *WSJ*, NYMEX, and World Bank forecasts.

Natural Gas – Europe

Continental gas prices rise because of high oil prices, creating a large arbitrage with UK gas. Consequently low-priced gas is set to flow to the continent this summer.

Imported natural gas prices rose above $3.50 per million btu (mmbtu) because of higher oil prices, as contracted gas brought into Europe is indexed to petroleum prices, but with a lag. Relatively high oil prices should keep imported gas prices firm this year.

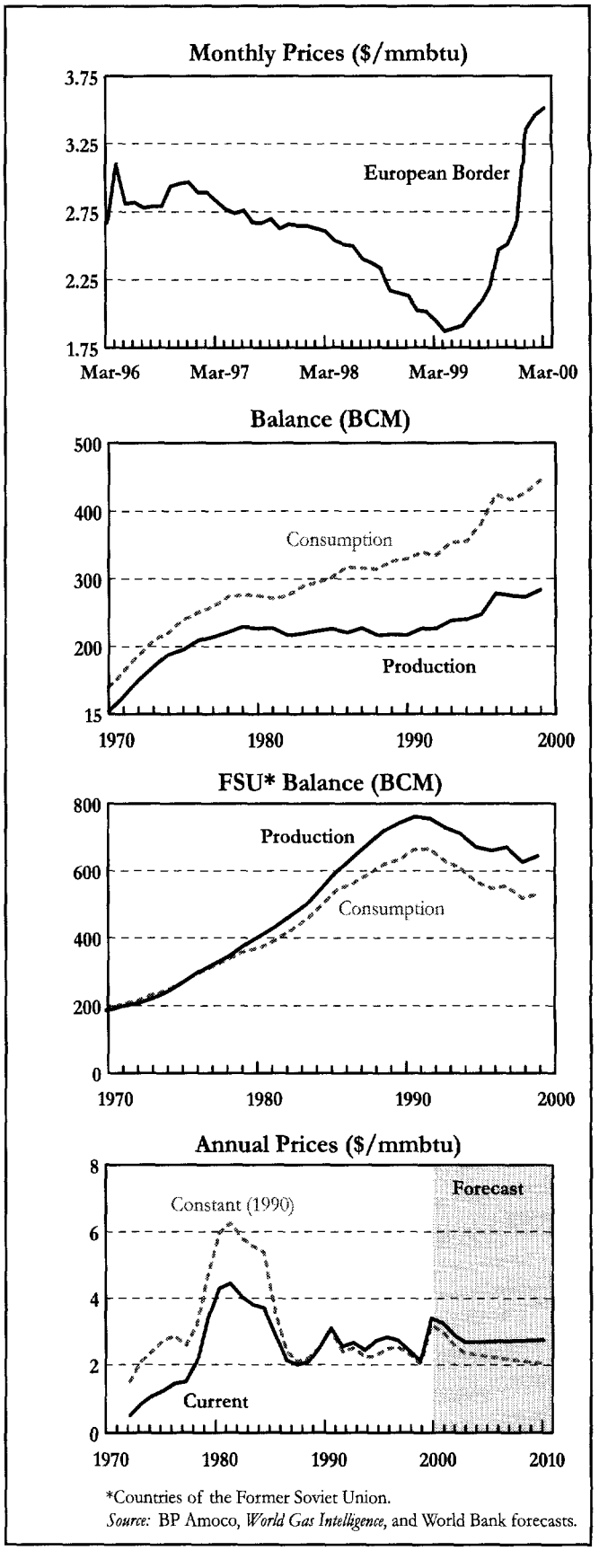
In the liberalized UK market, spot gas prices rose above $2.20/mmbtu in late March, partly due to cooler weather and offshore supply problems. However, prices remain well below those on the continent, and the divergence of prices means that low-priced British gas is set to move into the European mainland this summer. The Interconnector pipeline between the UK and Belgium is in its second year of operation, and got off to a slow start last year because of low prices on the continent. The pipeline is likely to be full this summer because of the large arbitrage opportunity, which should support UK prices during the summer months.

Gas liberalization is emerging on the continent, as the deadline approaches to implement the EU Gas Directive in August. This follows launching of the EU Electricity Directive in February 1999, and heightens competition for gas – the preferred fuel of choice – in the power sector.

European gas demand is projected to increase by more than 4% this year, following a similar gain in 1999, with much of the growth for power generation and expansion into the residential sector.

Europe is well supplied from several internal and external sources, with Russia and Norway adding capacity to potentially increase their market share. The UK will continue to have surplus capacity in off-peak periods for several years, and be able to continue to send competitively priced gas to the continent.

The large arbitrage between the UK and mainland Europe is unlikely to last for any extended period, as continental gas prices decline – both from an expected decline in oil prices and as market liberalization advances. Increasing competition and liberalization are expected to lead to gas-on-gas competition and a decline in real prices.



*Countries of the Former Soviet Union.

Source: BP Amoco, *World Gas Intelligence*, and World Bank forecasts.

Petroleum

Prices fall in March as OPEC agrees to raise production. Markets remain tight, however, and without further increases in production prices could spike later in the year.

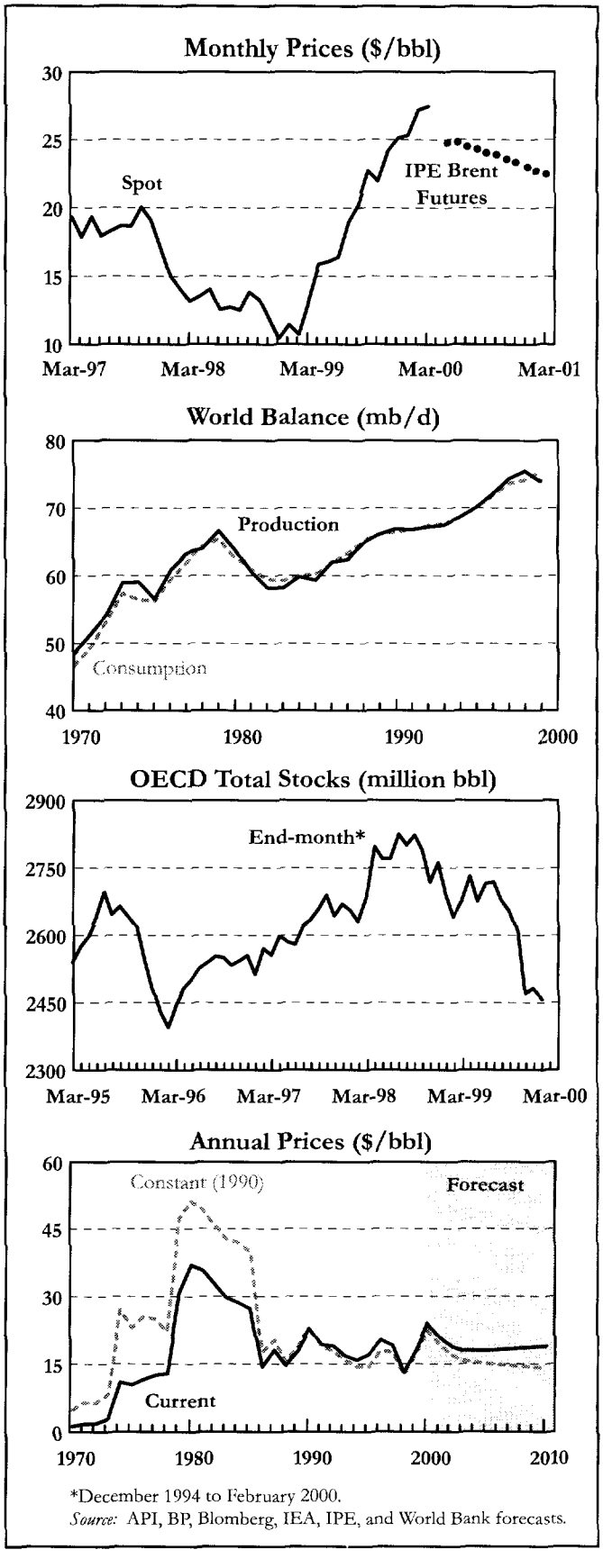
OPEC agreed to raise production quotas by a *defacto* 1.7 mb/d beginning April 1, bringing some relief to the run-up in prices. Including increases from Mexico and Norway, an estimated 1.2 mb/d of "new" production is expected on the market. After peaking at $32/bbl in early March, oil prices fell below $25/bbl at month's end in anticipation of higher output. Despite rising levels of stocks in the second quarter, markets will increasingly tighten during the second half of the year. Without further increases in production, prices could surge later in the year.

OPEC met March 27-29 and nine of eleven members agreed to raise output by 7% or 1.45 mb/d on April 1. Iran was not a party to the agreement because of its preference for lower production ceilings, but indicated it would maintain its market share. Iraq remains outside the quota system because of UN sanctions against the country. Including a proportional increase for Iran, quotas for the ten OPEC countries (excluding Iraq) were increased by 1.72 mb/d to 24.69 mb/d.

All countries had been producing above their previous quotas. In March the OPEC Ten produced 24.4 mb/d, which was 1.4 mb/d above quota. Saudi Arabia was the largest over-producer, including its half share of Neutral Zone output. Assuming some continued over-production, OPEC is likely to add an additional 1 mb/d in the second quarter.

Given developments over the past several months, it is clear that OPEC is targeting a level of prices above $20/bbl, although there was no formal declaration at the OPEC meeting. It was reported that OPEC will target a band of $22-28/bbl for the OPEC basket of crudes. If prices move out of this range for 20 days, the OPEC President can authorize a change in production of up to 0.5 mb/d. It was also reported that Saudi Arabia favors a somewhat lower range of prices.

Non-OPEC producers, Mexico and Norway, have indicated that they will increase production by 0.15 and 0.1 mb/d, respectively, in continued coop-



*December 1994 to February 2000.
Source: API, BP, Blomberg, IEA, IPE, and World Bank forecasts.

Petroleum (continued)

eration with OPEC. Norway's production restraint is less clear than Mexico's because its reductions are from annual production forecasts.

In the first quarter, total non-OPEC production rose 0.40 mb/d. OECD output increased by 0.25 mb/d, with a 0.17 mb/d gain in Mexico. Elsewhere, much of the OECD gains were from Norway and Australia. Non-OECD production rose 0.15 mb/d, primarily from Angola, the FSU and China.

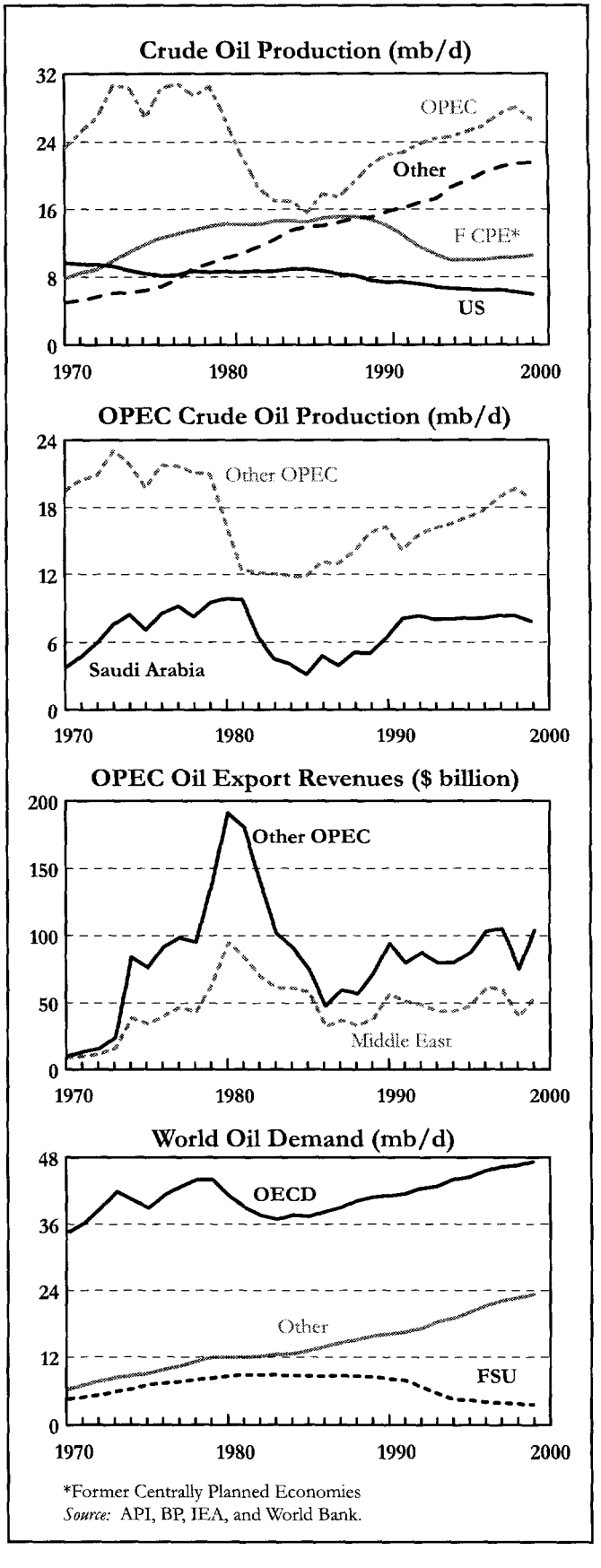
OECD petroleum inventories fell by 2.4 mb/d in the fourth quarter, bringing stocks near the low levels of 1996 (see graphs). For all of 1999, global inventories are estimated to have been reduced by 1.1 mb/d, with OECD stocks down 0.8 mb/d. Projections for the first quarter suggest a further global decline of 1.1 mb/d. However, OECD inventories were down only 0.23 mb/d in January/February, in part due to mild weather and higher imports. US preliminary data indicates a modest build in March, with crude oil stocks rebounding well ahead of products – again mainly due to higher imports.

Oil demand in the first quarter was flat year-on-year due to a 1% decline in the OECD because of mild weather. Much of the reduction occurred in Europe (-2.5%) and North America (-0.5%), which helped ease the rapid drop in inventories. In the non-OECD outside the FSU, demand rose 3.6% or 0.8 mb/d, with most of the growth occurring in Asia. Growth was generally modest in other developing regions, except for the FSU where apparent consumption fell 0.4 mb/d.

In the second quarter, global inventories are projected to increase by 0.8 mb/d, replacing a good portion of the draw in the first quarter. This should keep prices well below first quarter highs, but markets remain tight – particularly the US gasoline market – and price spikes are possible.

For 2000, oil demand is projected by the IEA to increase by 2% or 1.5 mb/d, assuming continued strong growth economic growth. Non-OPEC supplies are projected to rise by more than 1 mb/d this year from a number of new developments but also from the effects of higher prices. Increases are expected in a number of countries, notably Angola, Australia, Brazil, Canada, Mexico, Norway and the FSU.

In the absence of higher OPEC production or



*Former Centrally Planned Economies
Source: API, BP, IEA, and World Bank.

Petroleum (continued)

a collapse in demand, stocks will likely decline in the second half of the year – particularly in the fourth quarter – taking global stocks down to extremely low levels. More oil will be required from OPEC to prevent prices from soaring later in the year.

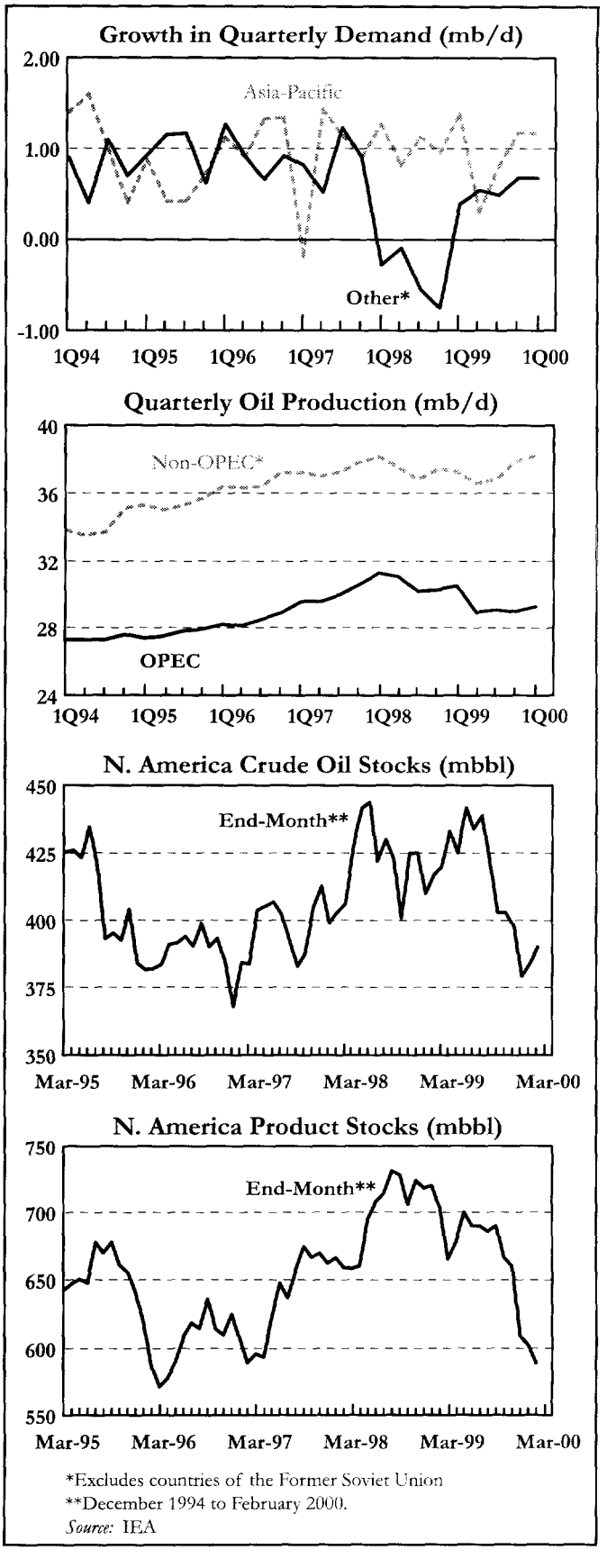
OPEC plans to hold an extraordinary meeting June 21 to review market developments, but they are unlikely to raise production so soon after the latest contested increase. Consequently an atypical stockdraw is expected in the third quarter of 0.4 mb/d, which will begin to tighten markets once again.

OPEC's next formal gathering is September 10, and it is assumed that they will increase production 1.0 mb/d for the fourth quarter to prevent prices from spiking over the winter months. Despite this increase, it will be unable to prevent a further reduction in annual stocks of 0.3 mb/d (see table). This suggests that prices will remain firm, but there is great uncertainty about the projections of demand, non-OPEC supply and, most importantly, inventories. The market is expected to remain tightly balanced, supporting an average price of $24/bbl.

But clearly the risks are to the upside, especially if OPEC does not take pre-emptive action in September. Even if OPEC raises production, it brings many countries to sustainable capacity. Only Saudi Arabia, Kuwait and the UAE would have sizeable spare capacity of roughly 3 mb/d should there be an unexpected loss of supply or surge in weather-related demand.

As such, Iraq's production could prove critical. Its output has fallen from a high of 2.9 mb/d last fall to 2.3 mb/d in the first quarter, mainly due to a lack of spare parts and equipment. Production is assumed to gradually rise to 3 mb/d in the fourth quarter, however ongoing disputes with the UN over lifting of sanctions continues to leave the continuity of exports highly uncertain. Should exports cease for any extended period, it may require the rest of OPEC to maximize capacity. In such an extreme situation, members may not be able or willing to raise production sufficiently fast to prevent a spike in prices.

Our long-term forecast of declining real prices remains unchanged given abundant resources, improved technology, demand constraints (e.g., environmental), and increased competition from alternative sources of supply.



*Excludes countries of the Former Soviet Union
**December 1994 to February 2000.
Source: IEA

OPEC CRUDE OIL PRODUCTION AND QUOTAS (mb/d)

	1Q98	4Q99	1Q99	1Q00-Quota 99	Quotas Apr-99	Quotas Apr-00
Algeria	0.87	0.74	0.76	0.03	0.731	0.788
Indonesia	1.31	1.26	1.23	0.04	1.187	1.280
Iran, Islamic. R.	3.58	3.46	3.46	0.10	3.359	3.623
Iraq	1.58	2.29	2.32			
Kuwait*	1.94	1.60	1.63	-0.21	1.836	1.980
Libya	1.46	1.39	1.41	0.18	1.227	1.323
Neutral Zone	0.52	0.59	0.60	0.60		
Nigeria	2.26	1.96	1.97	0.09	1.885	2.033
Qatar	0.71	0.63	0.65	0.06	0.593	0.640
Saudi Arabia*	8.43	7.45	7.52	0.08	7.438	8.023
UAE	2.45	2.03	2.10	0.10	2.000	2.157
Venezuela	3.36	2.75	2.80	0.08	2.720	2.845
Total Crude	28.47	26.14	26.45	1.15	22.976	24.692
Excluding Iraq	26.89	23.85	24.13	1.15	22.976	24.692
NGLs	2.82	2.83	2.83			
Total OPEC	**31.29**	**28.97**	**29.28**	**1.15**	**22.976**	24.692

*Quota includes share of Neutral Zone production.
Source: IEA and OPECNA.

NON-OPEC OIL SUPPLY (mb/d)

	1998	1999	4Q99	1Q00	Change 4Q99-1Q00
US	8.37	8.08	8.23	8.15	-0.08
Mexico	3.50	3.35	3.22	3.39	0.17
Canada	2.67	2.56	2.65	2.68	0.03
UK	2.84	2.93	3.02	2.99	-0.03
Norway	3.14	3.14	3.38	3.45	0.07
Other OECD	1.36	1.35	1.48	1.57	0.09
Africa	2.73	2.78	2.88	2.94	0.06
China	3.19	3.19	3.17	3.22	0.05
Other Asia	2.19	2.24	2.25	2.21	-0.04
FSU	7.30	7.49	7.61	7.67	0.06
Eastern Europe	0.20	0.19	0.19	0.19	0.00
Latin America	3.70	3.78	3.77	3.76	-0.01
Middle East	1.89	1.88	1.90	1.90	0.00
Processing gain	1.64	1.67	1.69	1.74	0.05
Total non-OPEC	**44.71**	**44.62**	**45.44**	**45.84**	**0.40**

Note: Includes natural gas liquids (NGLs), unconventional, and other supply sources.
Source: IEA

WORLD PETROLEUM DEMAND AND SUPPLY (millions of barrels per day)

Demand	1996	1997	1998	1Q99	2Q99	3Q99	4Q99	1999	1Q00	2Q00	3Q00	4Q00	2000
OECD	45.9	46.7	46.9	48.8	45.7	46.9	48.9	47.6	48.4	46.7	48.2	50.0	48.3
FSU	4.3	4.3	4.1	4.2	3.6	4.0	4.1	4.0	3.8	3.8	4.0	4.1	3.9
Other	21.4	22.4	22.9	23.3	23.8	23.7	23.8	23.6	24.0	24.7	24.5	24.8	24.5
Total	**71.6**	**73.4**	**73.9**	**76.3**	**73.1**	**74.6**	**76.8**	**75.2**	**76.2**	**75.2**	**76.7**	**78.9**	**76.7**
Supply													
OECD	21.7	22.1	21.9	21.5	20.9	21.2	22.0	21.4	22.2	22.0	21.9	22.5	22.2
FSU	7.1	7.2	7.3	7.4	7.4	7.5	7.6	7.5	7.7	7.6	7.7	7.7	7.7
Other*	14.8	15.2	15.5	15.7	15.7	15.8	15.8	15.7	15.9	16.0	16.0	16.0	15.9
OPEC**	28.4	29.9	30.8	30.6	29.1	29.1	29.0	29.4	29.3	30.4	30.7	31.9	30.6
Total	**72.0**	**74.4**	**75.5**	**75.2**	**73.1**	**73.6**	**74.4**	**74.1**	**75.1**	**76.0**	**76.3**	**78.1**	**76.4**
Stock change													
OECD	0.0	0.3	0.3	-0.7	0.4	-0.4	-2.4	-0.8					
Other/misc.***	0.5	0.7	1.2	-0.3	-0.6	-0.6	0.0	-0.3					
Total	**0.5**	**1.0**	**1.5**	**-1.0**	**0.0**	**-1.0**	**-2.4**	**-1.1**	**-1.1**	**0.8**	**-0.4**	**-0.8**	**-0.3**

*Includes processing gains (1.6 mb/d in 1998 and 1.7 mb/d in 1999). **Includes NGLs (2.8 mb/d in 1998 and 2.9 mb/d in 1999).
***Includes floating storage, oil in transit, and miscellaneous to balance.
Note: Includes natural gas liquids (NGLs), nonconventional, and other supply sources.
Source: IEA data and estimates, and World Bank forecasts.

GLOBAL SUMMARY

	Actual						Annual Growth Rate (%)		
World Balance (mb/d)	1970	1980	1990	1997	1998	1999	1970-80	1980-90	1990-99
Production	48.5	63.9	66.9	74.4	75.5	74.1	1.82	0.18	1.96
Consumption	46.7	62.7	66.4	73.4	73.9	75.2	2.25	0.20	1.88
Stock Change & Misc.	1.8	1.2	0.5	1.0	1.5	-1.1			

	Actual				Forecast				
Price ($/bbl)	1996	1997	1998	1999	2000	2001	2002	2005	2010
Current	20.42	19.17	13.07	18.07	24.00	21.00	19.00	18.00	19.00
Constant 1990	17.88	17.69	12.54	17.38	22.61	19.30	17.02	15.06	14.07

Source: BP and IEA, and World Bank forecasts.

Cocoa

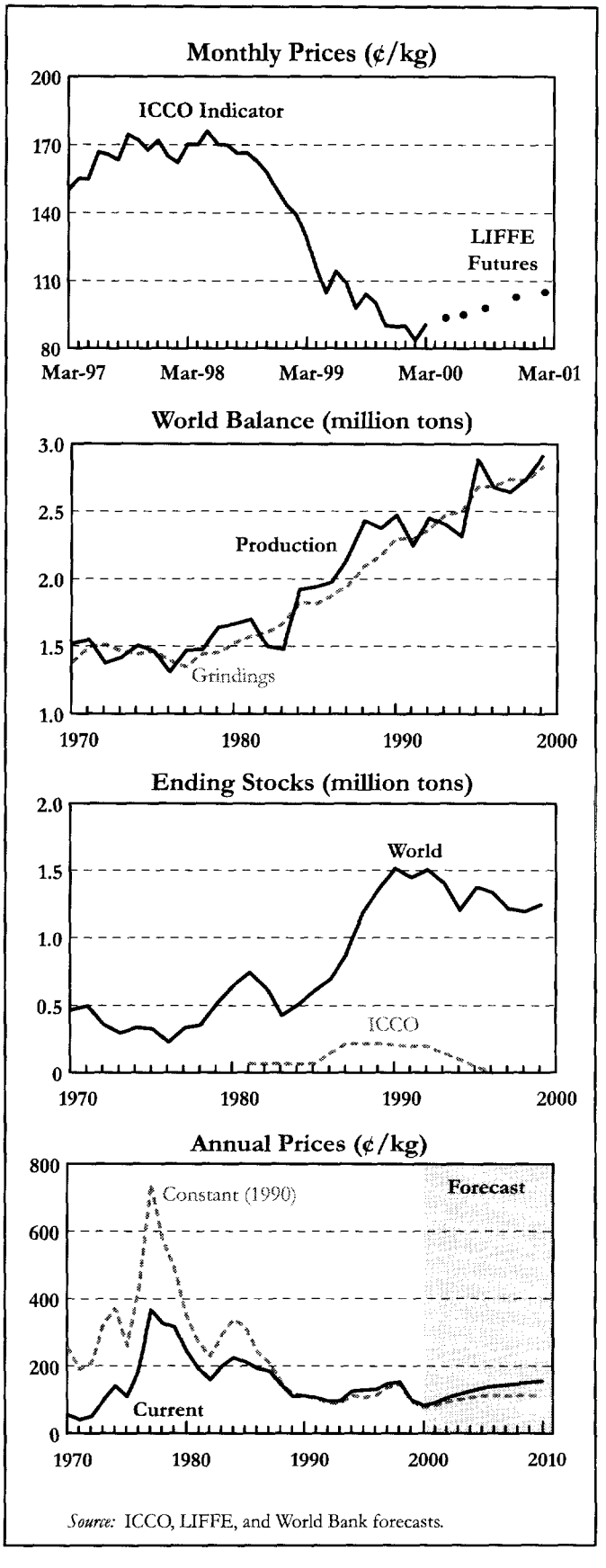
With the dominant producers registering record output, prices dropped to 85.7¢/kg in February, a 3-decade record low. Despite recovery in demand, the bearish supply-side fundamentals are expected to keep the market depressed for the rest of the year with some recovery possibly taking place in 2001.

Cocoa prices continued to fall throughout the first quarter of 2000, with the ICCO daily price indicator reaching yet another record low of 85.2 ¢/kg in February, a 3-decade record low. A recovery in March was short-lived and the quarter average bottomed at 90.0¢/kg, 5.6% lower than the fourth quarter of 1999 and 35.4% lower than a year ago.

The most recent crop update released by the International Cocoa Organization (ICCO) indicates that world cocoa bean output for the 1999/00 season (October to September) will reach an estimated 2.94 million tons, up 6% from 1998/99. With the exception of Colombia and Nigeria, which will each experience a 13% decline, all other major cocoa producers are expected to register substantial gains in output – Côte d'Ivoire (6%), Ecuador (27%), Ghana (3%), and Indonesia (12%).

World grindings are expected to increase by 3.5%, from 2.76 million tons in 1998/99 to 2.86 million tons in 1999/00. With the exception of Brazil, which is experiencing a 14% drop in grindings, most countries are expected to increase grindings: Côte d'Ivoire (7%), France (3%), the Netherlands (1%), UK (3%), and the US (5%).

Based on the recent March ICCO update, the cocoa market is expected to register a surplus of about 80,000 tons during the 1999/00 season. Other forecasts, however, put the surplus at much higher levels: *LMC International's Cocoa Bulletin* (April 2000 update) at 236,000 tons, and *ED&F Man* (January 2000 update) at 102,000 tons. Given these estimates, it is unlikely that the market will turn higher any time soon. We thus expect the 2000 cocoa indicator price to average about 95¢/kg (which is 17 ¢/kg lower than our January forecast). Some recovery is expected to take place in 2000 which may push prices above 100¢/kg.



Source: ICCO, LIFFE, and World Bank forecasts.

Other Developments

- The drop in world cocoa prices has pushed prices received by Ivorian producers to very low levels, which in some instances has triggered protests by the farmers. Furthermore, the role of the New Caistab (the reformed cocoa parastatal) is still unknown as the Ivorian government has reportedly removed its support while it currently reviews its entire cocoa policy.
- The new European Cocoa Association (ECA) plans to launch a single cocoa contract, according to *The Public Ledger*. This is part of the harmonization policies across the EU regarding cocoa trading and is backed by the Dutch Cocoa Association. Currently, cocoa contracts are traded at the London International Financial Futures and Options Exchange (Liffe) and at the ParisBourse. This move follows an earlier decision by the EU to harmonize the use of non-cocoa butter in chocolate production across all EU members. The decision is expected to be ratified within the year.

PRODUCTION AND GRINDINGS

	1996/97	*1997/98*	*1998/99*	*1999/00*
Gross Production (000 tons)				
Côte d'Ivoire	1,108	1,113	1,175	1,250
Ghana	323	409	398	410
Indonesia	325	331	365	410
Nigeria	160	165	195	170
Brazil	185	170	130	135
Cameroon	126	115	125	125
Ecuador	103	35	75	95
Malaysia	100	65	70	80
Dominican R.	52	58	26	47
Colombia	50	45	46	40
Mexico	45	35	30	35
PNG	29	29	30	33
World	**2,714**	**2,675**	**2,777**	**2,939**
Grindings (000 tons)				
Netherlands	402	425	415	420
US	394	399	406	425
Côte d'Ivoire	150	193	225	240
Germany	240	226	197	195
Brazil	180	188	192	166
UK	172	174	165	170
France	106	103	123	127
Malaysia	95	100	100	105
World	**2,725**	**2,774**	**2,764**	**2,860**

Source: ICCO

TRADE

	1995/96	*1996/97*	*1997/98*	*1998/99*
Exports (000 tons)				
Côte d'Ivoire	1,038	929	964	977
Ghana	331	267	326	308
Indonesia	224	264	148	212
Nigeria	147	137	143	142
Cameroon	93	95	84	91
Dominican R.	50	41	54	48
PNG	35	28	29	30
World	**2,116**	**1,932**	**1,941**	**1,990**
Imports (000 tons)				
US	445	353	427	408
Netherlands	405	464	320	396
Germany	299	327	309	312
UK	248	176	193	206
France	117	111	108	112
Singapore	88	86	89	88
Russian Fed.	75	85	75	78
Italy	71	71	72	71
Bel-Lux	45	54	82	60
Spain	50	49	66	55
Estonia	5	65	78	49
Japan	49	54	43	49
Canada	39	34	53	42
World	**2,229**	**2,219**	**2,218**	**2,222**

Source: ICCO and World Bank.

GLOBAL SUMMARY

	Actual						*Annual Growth Rate (%)*		
World Balance (000 tons)	*1970/71*	*1980/81*	*1990/91*	*1996/97*	*1997/98*	*1998/99*	*1970-80*	*1980-90*	*1990-98*
Gross Production	1,554	1,695	2,506	2,714	2,675	2,777	0.44	4.69	1.43
Grindings	1,418	1,556	2,335	2,725	2,774	2,764	0.19	4.39	2.72
Exports	1,186	1,126	1,733	1,932	1,941	1,990	-0.52	4.31	1.11
Ending Stocks	497	675	1,791	1,372	1,246	1,231	2.32	14.10	-4.84

	Actual				*Forecast*				
Price (¢/kg)	*1996*	*1997*	*1998*	*1999*	*2000*	*2001*	*2002*	*2005*	*2010*
Current	145.6	161.9	167.6	113.5	95.0	105.0	120.0	150.0	170.0
Constant 1990	127.7	149.4	160.9	109.6	89.5	96.5	107.5	125.5	125.8

Note: Quantities refer to cocoa beans. Crop year begins October 1.
Source: ICCO and World Bank.

Coffee

Coffee prices lost ground this quarter with robusta dropping to 102¢/kg in March, a 7-year low. ACPC countries are in the process of initiating a supply retention scheme, although the details remain unclear.

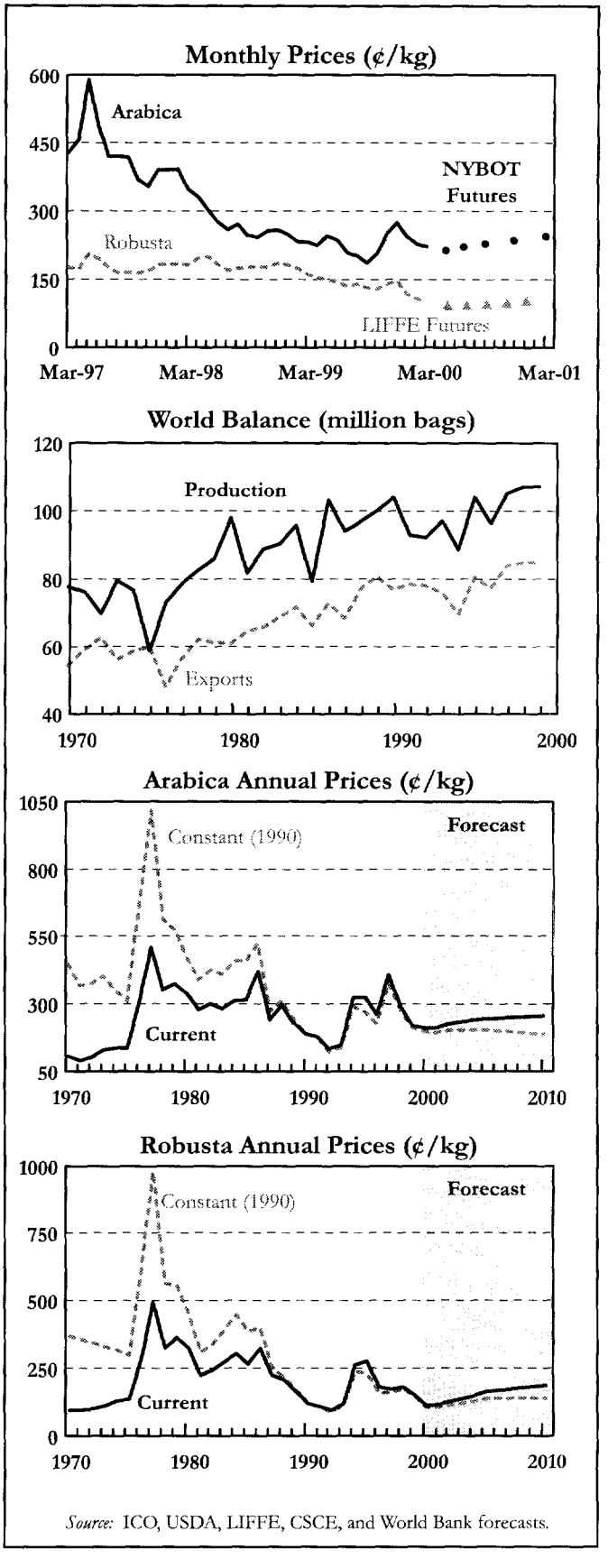
The arabica indicator price dropped to 222.1¢/kg in March, bringing the past quarter's average down to 231.7¢/kg, 5.0% lower than last quarter and 2.6% lower than a year ago. Robusta prices received a harder hit, reaching a 7-year record low of 102.0 ¢/kg in March, pushing the average of the first quarter of 2000 down to 109.0¢/kg, 21.3% lower than the last quarter of 1999 and 36.9% lower than a year ago.

Most analysts agree that global coffee output for the 1999/00 season will most likely exceed 106 million bags. According to the USDA, Brazil's output is expected to be 27 million bags while the latest *LMC International Coffee Bulletin* puts the figure a little lower at 24.4 million bags. Colombia appears to have been affected by excessive rains, prompting USDA to reduce its forecast from 12.0 to 10.2 million bags for this season. Attention now is gradually shifting to the next crop year. Recent estimates by the Agricultural Trade Office in São Paulo has forecasted that Brazil's production for the 2000/01 season will be 28.1 million bags, according to USDA.

Global coffee consumption for 1999/00 (through the first quarter of 2000) is currently estimated to reach 103 million bags, much higher than earlier estimates. But that still leaves the market with 4 million bags of surplus. Most of the increase in consumption took place in the robusta market where the sharp decline in robusta prices gave roasters strong incentives to substitute arabica for robusta in blends.

The stocks picture has also changed considerably this season. Total stocks held by producing countries declined from 24.1 million bags in 1998/99 to 20.0 million bags in 1999/00. But total stocks increased by an estimated 25% in the last six months, with most of this increase in coffee consuming countries. For example, US stocks reached 3.1 million bags at the beginning of the year, the first time to exceed the 3 million bag mark since July of 1995.

Given the estimated surplus of 4 million bags, we expect arabica prices to average a little over 220¢/kg and robusta prices to be around 110¢/kg this year, with a small recovery in both markets in 2001.



Source: ICO, USDA, LIFFE, CSCE, and World Bank forecasts.

Other Developments

- Following fears of further deterioration in the coffee market, the Association of Coffee Producing Countries (ACPC) initiated a supply retention program, in the range of 6 to 7 million bags. Brazil and Colombia are major supporters of the program, which has also found support with non-ACPC countries. While the details of the program have not been made public, analysts believe that producers may withhold as much as 6 million bags.
- A number of Vietnamese coffee traders may default on their contracts due to prolonged supply delays because of attempts to renegotiate contracts, according to *The Public Ledger*. A number of traders had signed forward contracts at 150¢/kg, while robusta has recently traded as low as 100¢/kg. Vietnam is the world's top robusta producer and exporter.

PRODUCTION (000 bags)

	1996/97	*1997/98*	*1998/99*	*1999/00*
Brazil^	27,663	22,756	34,547	27,000
Colombia	10,876	12,211	11,500	10,800
Vietnam*	5,705	6,893	6,200	7,500
Indonesia*^	8,296	7,756	7,589	7,200
Côte d'Ivoire*	4,528	3,682	2,742	5,300
Mexico	5,324	5,116	4,400	5,200
Guatemala	4,524	4,218	3,400	4,900
India	3,469	4,718	3,833	4,700
Uganda*	4,297	3,032	3,600	4,000
Ethiopia	3,270	2,916	3,867	3,500
Honduras	2,004	2,564	2,300	2,776
Costa Rica	2,126	2,489	2,376	2,550
El Salvador	2,534	2,157	1,840	2,221
Peru^	1,802	1,916	2,066	2,150
Ecuador^	1,993	1,191	1,260	1,800
Thailand*	1,403	1,293	993	1,370
Kenya	1,246	882	1,133	1,330
Cameroon*	1,432	889	1,333	1,300
Venezuela	1,200	975	1,400	1,250
PNG^	1,089	1,076	1,340	1,250
Nicaragua	793	1,086	1,044	1,100
World	**102,411**	**96,438**	**105,140**	**106,515**

Source: ICO and USDA.

STOCKS AND CONSUMPTION

	1996/97	*1997/98*	*1998/99*	*1999/00*
Ending Stocks in Producing Countries (000 bags)				
Brazil	14,128	11,278	12,075	7,362
Colombia	4,420	3,929	2,669	2,447
Côte d'Ivoire	2,915	1,885	1,693	1,517
Costa Rica	1,212	1,212	1,052	1,122
Ethiopia	660	360	1,077	1,102
Congo, D. R.	219	292	492	694
Kenya	367	423	336	648
Thailand	62	187	431	503
Cameroon	115	117	450	498
World	**29,185**	**24,500**	**24,083**	**20,039**
Consumption (000 bags)				
US	17,847	18,194	18,290	18,110
Brazil	10,880	10,880	12,500	12,800
Germany	9,709	9,038	9,300	9,349
Japan	6,369	5,900	5,710	5,993
France	5,623	5,317	5,300	5,413
Italy	4,857	4,843	4,700	4,800
Spain	3,029	2,968	2,999	2,999
Canada	2,960	2,920	2,291	2,724
UK	2,296	2,565	2,419	2,427
World	**99,500**	**99,400**	**98,000**	**98,967**

Source: ICO, World Bank and USDA.

GLOBAL SUMMARY

	Actual					*Est.*	*Annual Growth Rate (%)*		
World Balance (000 bags)	*1970/71*	*1980/81*	*1990/91*	*1997/98*	*1998/99*	*1999/00*	*1970-80*	*1980-90*	*1990-98*
Production	64,161	86,174	88,749	96,438	105,140	106,515	2.03	1.62	0.17
Consumption	71,536	79,100	96,300	99,400	98,000	98,967	1.01	1.97	0.22
Exports	54,186	60,995	76,163	77,538	83,891	84,979	0.71	2.63	0.17
Ending Stocks	53,661	30,979	45,096	24,500	24,083	20,039	-5.49	3.75	-6.49
	Actual					*Forecast*			
Arabica Prices (¢/kg)	*1996*	*1997*	*1998*	*1999*	*2000*	*2001*	*2002*	*2005*	*2010*
Current	269.4	416.8	297.6	229.1	220.5	220.5	234.8	254.0	265.0
Constant 1990	236.4	384.6	285.7	221.2	207.7	202.6	210.3	212.5	196.2
Robusta Prices (¢/kg)									
Current	180.6	173.6	181.9	148.9	110.2	114.6	125.7	163.1	187.4
Constant 1990	158.4	160.2	174.6	143.8	103.8	105.4	112.6	136.5	138.7

*Entirely or predominantly robusta producer. ^Crop year begins April 1 (Otherwise October 1). One bag equals 60 kg.
Source: ICCO, USDA, and World Bank.

Tea

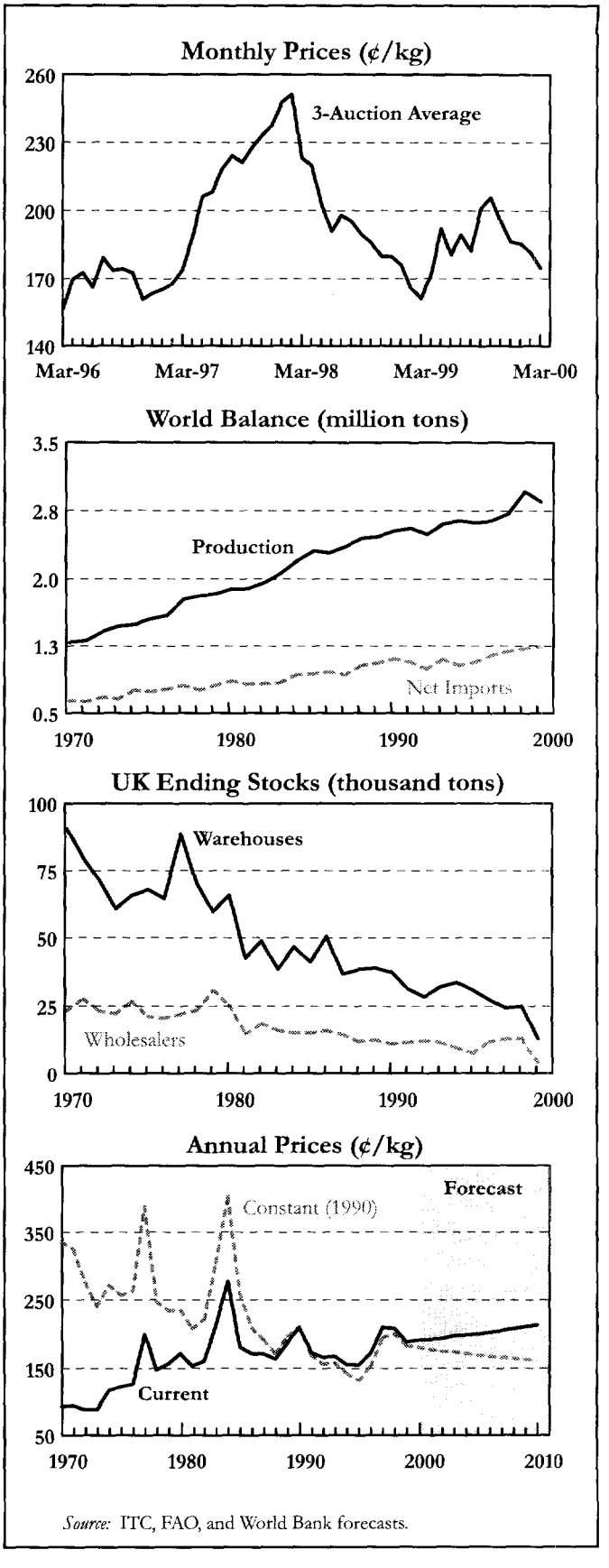
The 3-auction price average dropped 7.3% during the first quarter. Calcutta auction prices reached a low of 136.2¢/kg in March while Mombassa posted moderate gains to end the quarter at 206.2¢/kg. Global production prospects for 2000 look healthy despite unfavorable weather in Kenya.

While Calcutta auction prices declined by 27.0% this quarter, Mombassa auction prices posted a 7.3% increase; Colombo auctions remained largely unchanged (-0.6%). The 3-auction price averaged 7.8% lower this quarter.

Global tea output for 1999 is expected to reach 2.85 million tons, down from 2.96 million tons in 1998 with India and Kenya are experiencing 7.4% and 15.4% declines, respectively. On the consumption side, India, the world's dominant black tea consumer, absorbed about 650 thousand tons, virtually unchanged from 1998 consumption levels. The UK, the leading tea importer until 1998, was overtaken by the Russian Federation which last year imported 141 thousand tons. Despite domestic economic problems and a high tariff for packet teas, Russian tea imports did not decline as originally anticipated, mainly because Russian importers switched to bulk (and in some cases lower quality) tea.

Despite the recent unfavorable weather in Kenya which caused the Mombassa auction deliveries to decline from 100 thousand lots in January to 55 thousand lots in April, production during the first quarter totaled 53.9 thousand tons, compared to 50.3 thousand tons in the first quarter of 1999. Mombassa auction volumes were also bolstered by good offerings from Tanzania and Malawi. India and Sri Lanka have posted large outputs for the first quarter raising the prospects of a recovery to a promising crop year.

On the supply side, we expect a strong recovery in production. On the demand side, we expect Russia and Middle-East tea consumers to increase imports of better quality tea, especially following increased export earnings due to higher crude oil prices. Putting these two factors together, we thus forecast tea prices for the year 2000 to average 186¢/kg, a little above the 1999 average.



Source: ITC, FAO, and World Bank forecasts.

Other Developments

- The Tea Board of India is studying a feasibility report submitted in February exploring futures trading for tea using 11 benchmark grades. The proposed locations of the exchanges are in the South and East (Calcutta or Guwahti). Although the government is keen on the initiative, the Indian Tea industry is sharply divided.
- India and Sri Lanka finalized a bilateral free trade agreement by which India will provide a quota of 15 thousand tons of Sri Lankan tea per year at a 50% reduction from the prevailing import duty.
- In February, Tata Tea Ltd., the world's largest integrated tea company, acquired the British company Tetley Ltd., which owns the second-largest tea brand for $434 million, according to the *Asian Wall Street Journal.*

PRODUCTION AND AUCTION VOLUMES

	1996	1997	1998	1999
Production (000 tons)				
India	780	811	870	806
China	593	613	665	660
Sri Lanka	259	277	281	284
Kenya	257	221	294	249
Turkey	115	140	178	170
Indonesia	166	154	166	165
Japan	89	91	82	85
Iran, Islam. R.	58	60	60	63
Argentina	43	55	50	54
Bangladesh	53	54	56	47
Vietnam	40	42	42	45
Malawi	38	44	40	39
Uganda	17	21	26	25
Tanzania	19	22	24	23
Taiwan, China	23	24	23	22
Zimbabwe	17	17	18	18
World	**2,639**	**2,724**	**2,963**	**2,850**
Major Auction Volumes (000 tons)				
Colombo	230	255	229	262
Mombasa	190	167	207	215
Calcutta	85	87	79	87
Chittagong	46	43	43	40
Jakarta	13	30	35	24
All Auctions	**941**	**969**	**987**	**1,014**

Source: FAO, ITC, and World Bank.

TRADE

	1996	1997	1998	1999
Exports (000 tons)				
Sri Lanka	234	258	265	264
Kenya	244	198	263	242
China	170	202	217	200
India	160	201	203	176
Indonesia	102	67	67	75
Argentina	41	56	59	59
Malawi	37	49	41	35
Uganda	15	18	23	22
Tanzania	18	19	22	21
Bangladesh	26	25	22	20
World	**1,113**	**1,178**	**1,265**	**1,200**
Net Imports (000 tons)				
Russian Fed.	111	148	141	141
UK	148	151	146	137
Pakistan	111	87	112	108
US	89	81	97	93
Egypt	65	78	66	65
Japan	49	52	45	49
Iraq	2	17	42	35
Morroco	28	35	41	35
Iran, Islam. R.	31	36	34	27
Poland	30	31	29	31
Afganistan	48	35	26	22
World	**1,141**	**1,188**	**1,216**	**1,235**

Source: FAO, ITC, and World Bank.

GLOBAL SUMMARY

	Actual					Est.	Annual Growth Rate (%)		
World Balance (000 tons)	**1970**	**1980**	**1990**	**1997**	**1998**	**1999**	**1970-80**	**1980-90**	**1990-98**
Production	1,287	1,894	2,526	2,724	2,963	2,850	4.07	2.88	0.90
Net Imports	640	859	1,099	1,188	1,216	1,235	2.57	2.33	1.26
Yields (tons/hectare)	0.77	0.80	1.12	1.22	1.31	1.31	0.34	4.12	0.19
	Actual					Forecast			
Price (¢/kg)	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2005**	**2010**
Current	166.1	206.0	204.6	183.9	186.0	187.0	188.5	195.0	210.0
Constant 1990	145.4	190.1	196.4	177.6	175.2	171.9	168.9	163.2	155.5

Source: ITC, FAO, and World Bank.

Fats and Oils

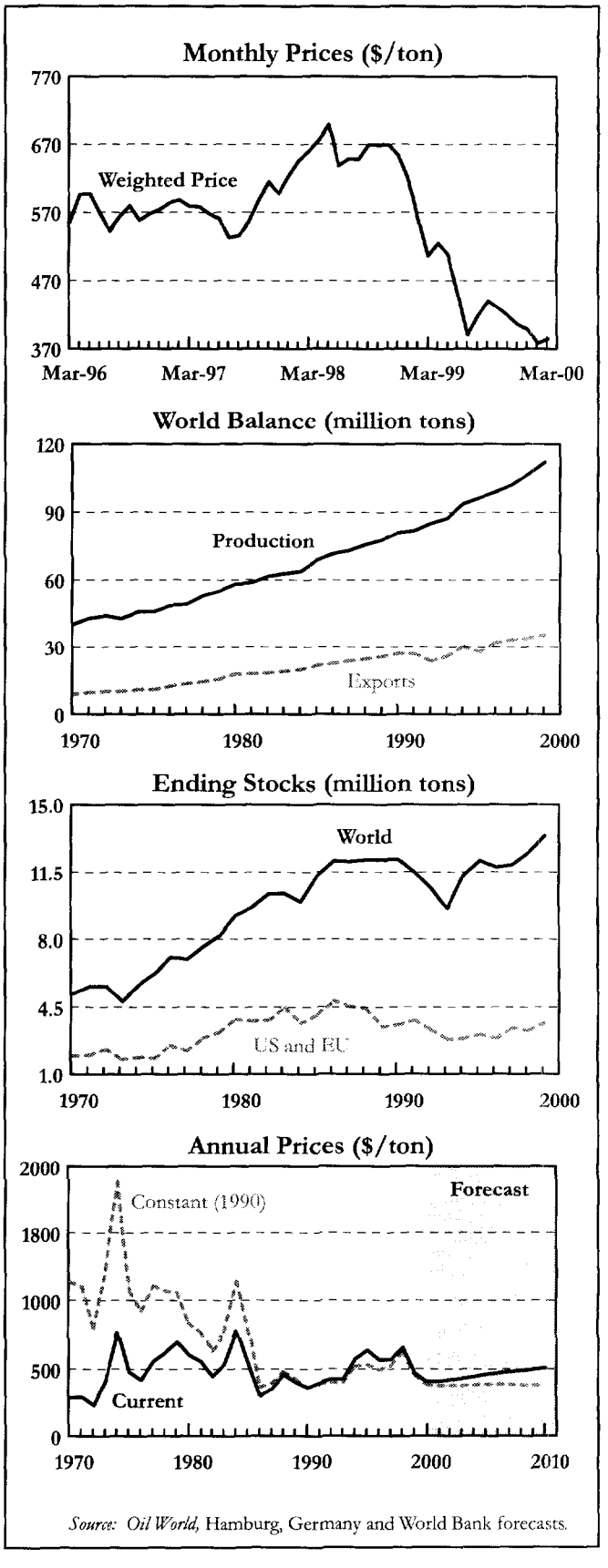
The World Bank's oils index declined 7.6% in the first quarter. With ample supplies of palm, rapeseed, and coconut oil, it will be some time before the downward pressure is taken off the market.

The World Bank's weighted oil price index averaged $387.05/ton during the first quarter of 2000, 7.6% lower than the last quarter of 1999 and 31.2% lower than a year ago. Both soybean and palm oil, the index's major components, experienced substantial price declines.

World output of the major fats and oils for the 1999/00 season (October to September) is currently estimated at about 112 million tons, almost 5% higher than last season's crop. Most of this growth is expected to be accounted for by rapeseed oil (15.3%), palm oil (8.5%), sunflowerseed oil (3.26%) and soybean oil (2.28%). Marked declines in production are expected to take place in groundnut oil (-4.4%), olive oil (-9.9%), sesame oil (-7.1%).

Malaysia continues to be by far the largest oil exporter, currently accounting for almost 30% of the world market followed by Argentina (14%), Indonesia (12%), the US (9%), the EU (8%), Brazil (4%), and Canada (3%). Malaysia and Indonesia account for the bulk of palm oil exports while the US, Argentina, and Brazil account for the majority of soybean oil exports, while Canada exports mainly rapeseed oil. On the import side, India and the EU lead the way with a 14% share each, followed by China (8%), US (5%), Pakistan (4%), and Iran (3%). The structure of imports has changed lately, with India emerging as the dominant importer, after occupying the third position just two seasons ago. China, which in 1996/97 used to be the dominant importer, has switched from oil imports to seed imports, a trend likely to be followed by others as importers attempt not only to circumvent import trade restrictions but also add some domestic value added into the final product.

The 1999/00 season is going to reach a record level again with the 10 most important oils increasing by 4.7% (according to the USDA March update). Production of the 17 most important oils are expected to increase by 4.9% (according to *Oil World*). We expect the World Bank's oil price index to average $410/ton for the year 2000 and remain unchanged for 2001. Substantial recovery is expected in 2002.



Source: *Oil World,* Hamburg, Germany and World Bank forecasts.

EXPORTS OF MAJOR FATS & OILS (milion tons)

	1996/97	1997/98	1998/99	1999/00
Malaysia	8.45	8.58	9.31	10.50
Argentina	3.95	3.95	5.16	4.96
Indonesia	3.49	3.28	4.03	4.32
US	3.10	4.05	3.54	3.10
EU	2.73	2.96	2.83	2.75
Brazil	1.38	1.29	1.54	1.57
Canada	0.93	0.99	1.07	1.01
Philippines	0.96	1.40	0.48	0.87
World	**31.90**	**33.08**	**33.79**	**35.17**

Source: Oil World, Hamburg Germany

IMPORTS OF MAJOR FATS & OILS (million tons)

	1996/97	1997/98	1998/99	1999/00
India	1.98	2.18	4.46	4.81
EU	4.35	4.53	4.38	4.73
China	4.56	4.10	3.02	2.82
US	1.68	1.82	1.58	1.80
Pakistan	1.32	1.53	1.58	1.50
Iran, Islamic R.	0.79	1.05	1.21	1.17
Mexico	0.86	0.92	0.94	0.93
Turkey	0.86	0.90	0.71	0.88
World	**31.34**	**33.23**	**33.68**	**34.96**

Source: Oil World, Hamburg Germany

PRODUCTION, EXPORTS, AND STOCKS OF MAJOR FATS AND OILS

	Production (million tons)			Exports (million tons)			Ending Stocks (million tons)		
Fats and Oils	1997/98	1998/99	1999/00	1997/98	1998/99	1999/00	1997/98	1998/99	1999/00
Soybean	23.16	24.57	25.13	7.61	7.74	7.14	2.42	2.54	2.84
Palm	17.02	19.30	20.93	11.63	13.09	14.51	2.54	3.22	3.52
Rapeseed	12.20	12.48	14.39	2.10	1.86	1.80	1.18	1.24	1.35
Sunflower	8.57	9.21	9.51	2.99	3.04	3.00	0.91	0.92	0.96
Tallow	7.69	8.06	8.13	2.22	2.36	2.24	0.59	0.52	0.55
Lard	6.36	6.60	6.67	0.16	0.19	0.18	0.43	0.39	0.43
Butter	5.73	5.82	5.90	0.59	0.58	0.61	0.67	0.69	0.72
Groundnut	4.43	4.77	4.56	0.26	0.24	0.29	0.41	0.43	0.40
Cotton	4.09	3.83	3.91	0.23	0.16	0.19	0.31	0.28	0.30
Coconut	3.45	2.41	3.08	2.13	1.04	1.64	0.60	0.31	0.43
Palm Kernel	2.19	2.42	2.62	1.06	1.23	1.24	0.30	0.24	0.30
Olive	2.62	2.52	2.27	0.47	0.58	0.51	0.14	0.16	0.16
Corn	1.93	1.97	2.05	0.77	0.71	0.72	1.05	1.16	0.96
Fish	0.80	1.13	1.27	0.46	0.61	0.70	0.15	0.19	0.25
Linseed	0.68	0.73	0.74	0.12	0.12	0.15	0.09	0.11	0.11
Sesame	0.73	0.70	0.65	0.02	0.02	0.02	0.05	0.04	0.04
Castor	0.44	0.44	0.43	0.26	0.21	0.23	0.06	0.07	0.05
Total	**102.09**	**106.94**	**112.24**	**33.08**	**33.79**	**35.17**	**11.88**	**12.51**	**13.36**

Source: Oil World, Hamburg, Germany

GLOBAL SUMMARY

	Actual					Est.	Annual Growth Rate (%)		
World Balance (mil. tons)	1970/71	1980/81	1990/91	1997/98	1998/99	1999/00	1970-80	1980-90	1990-98
Production	39.78	58.09	80.84	102.09	106.94	112.24	3.66	3.61	3.43
Consumption	39.82	56.80	80.77	102.40	106.19	111.18	3.53	3.75	3.38
Exports	8.83	17.76	26.89	33.08	33.79	35.17	7.01	4.34	2.83
Ending Stocks	5.18	9.25	12.15	11.88	12.51	13.36	6.97	2.83	-0.84
	Actual				Forecast				
Price ($/ton)	1996	1997	1998	1999	2000	2001	2002	2005	2010
Current	569.7	574.0	658.6	473.2	410.3	410.3	424.5	466.6	511.5
Constant 1990	498.9	529.6	632.1	456.9	386.5	377.1	380.3	390.4	378.6

Note: Crop year begins October 1. The price is trade weighted average of soybean, palm, coconut, and groundnut oils.
Source: Oil World, Hamburg, Germany, and World Bank.

Coconut Oil

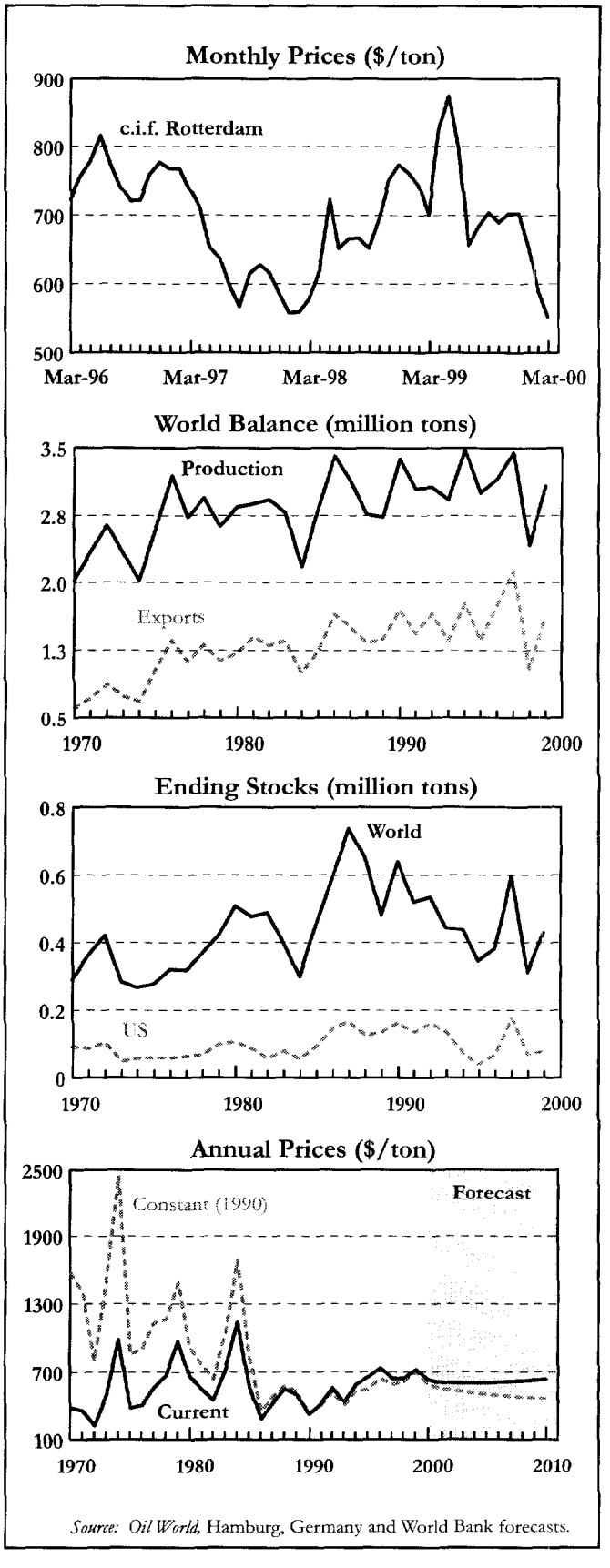
With healthy production prospects for both coconut and palm kernel oil, prices declined throughout the first quarter of 2000, reaching $552/ton and $556/ton, respectively in March. The bearish sentiment is likely to persist for the rest of calendar 2000.

Coconut oil prices averaged $599/ton during the first quarter of 2000, 14.3% lower than the fourth quarter average of 1999 and 18.6% lower than a year ago. Prices of palm kernel oil, a close substitute to coconut oil, averaged $588.0/ton in the first quarter of 2000, 14.3% lower than the last quarter of 1999 and 16.6% lower than a year ago. In 1999/00, coconut and palm kernel oils will account for 2.74% and 2.33% of world production of the 17 major fats and oils, respectively. About half of the global production of both oils is internationally traded.

While global coconut oil output for the 1999/00 season (October to September) will recover from the lagged El Niño effects, latest forecasts place it at about 3.08 million tons, almost 10% lower than 1997/98. *Oil World*'s estimate of global output is currently 3.08 million tons. USDA also lowered its forecast from its December update, which placed it at the much higher level of 3.36 million tons. Exports are expected to reach 1.63 million tons, with the EU and the US expected to account for 36% and 31% of global imports. Palm kernel oil will pick up with world production exceeding 2.6 million tons 1999/00, up from 2.42 million tons last season. Trade is expected to top 1.20 million tons with the EU and the US accounting for imports of 494,000 and 205,000 tons, respectively.

The Philippines, the world's dominant coconut oil producer, is anticipated to reach 1.18 million tons, followed by Indonesia and India with 714,000 and 407,000 tons, respectively. Production of palm kernel oil will reach 1.42 million tons in Malaysia, followed by 650,000 tons in Indonesia.

With coconut oil production approaching its pre-El Niño levels and palm kernel oil production also posting a healthy increase, the market outlook for the rest of the calendar 2000 is bearish. We thus anticipate coconut oil prices to average about $650/kg in the year 2000, more than 10% lower than 1999, a further price decline is anticipated in 2001.



Source: *Oil World,* Hamburg, Germany and World Bank forecasts.

Other Developments

- During the 1970s, the government of Philippines introduced a levy on exports of coconut products. Producers paid the levy and received a stock certificate entitling them to shares of the proceeds of the fund. The objective of the fund was to stabilize the prices of domestic coconut products. According to *LMC International*, the fund is currently worth $2.5 billion and there appears to be consensus in the industry that the fund should be used to improve the competitiveness of the Filipino coconut sector.

COCONUT OIL

	1996/97	1997/98	1998/99	1999/00
Production (000 tons)				
Philippines	1,257	1,628	780	1,183
Indonesia	756	652	458	714
India	419	439	435	407
Mexico	134	128	123	125
Vietnam	57	69	74	77
World	**3,151**	**3,449**	**2,414**	**3,075**
Ending Stocks (000 tons)				
Philippines	87	32	56	80
US	68	178	69	78
Indonesia	35	40	40	60
India	31	32	34	27
World	**382**	**598**	**314**	**430**
Exports (000 tons)				
Philippines	950	1,386	463	834
Indonesia	603	511	348	555
World	**1,753**	**2,125**	**1,039**	**1,635**
Imports (000 tons)				
EU	639	756	534	596
US	539	653	359	504
China	42	34	53	56
Korea, Rep.	44	40	42	42
World	**1,695**	**2,087**	**1,163**	**1,631**

Source: Oil World, Hamburg, Germany

PALM KERNEL OIL

	1996/97	1997/98	1998/99	1999/00
Production (000 tons)				
Malaysia	1,157	1,127	1,251	1,420
Indonesia	506	543	628	650
Nigeria	181	180	188	188
Colombia	33	34	39	41
Thailand	36	34	37	40
World	**2,167**	**2,191**	**2,419**	**2,622**
Ending Stocks (000 tons)				
Malaysia	144	149	105	135
Indonesia	40	50	43	60
US	23	29	34	37
EU	15	23	24	27
World	**263**	**297**	**235**	**299**
Exports (000 tons)				
Malaysia	483	476	551	600
Indonesia	435	459	563	525
World	**1,036**	**1,058**	**1,232**	**1,243**
Imports (000 tons)				
EU	427	419	472	494
US	178	163	181	205
Japan	54	53	50	53
Brazil	51	39	28	36
World	**1,055**	**1,064**	**1,194**	**1,278**

Source: Oil World, Hamburg, Germany

GLOBAL SUMMARY

	Actual					Est.	Annual Growth Rate (%)		
Coconut Oil (000 tons)	**1970/71**	**1980/81**	**1990/91**	**1997/98**	**1998/99**	**1999/00**	**1970-80**	**1980-90**	**1990-98**
Production	2,020	2,842	3,377	3,449	2,414	3,075	2.36	0.74	0.08
Consumption	2,021	2,688	3,169	3,195	2,822	2,995	2.24	0.72	0.25
Exports	608	1,215	1,701	2,125	1,039	1,635	6.80	1.29	1.26
Ending Stocks	292	509	641	598	314	430	3.22	3.89	-5.59
Palm Kernel Oil (000 tons)									
Production	378	570	1,449	2,191	2,419	2,622	2.80	11.20	5.77
Consumption	387	528	1,375	2,163	2,443	2,593	2.62	11.38	5.80
Exports	160	402	907	1,058	1,232	1,243	7.24	9.35	1.76
Ending Stocks	45	134	256	297	235	299	6.26	9.60	0.23
	Actual					Forecast			
Coconut Oil Prices ($/ton)	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2005**	**2010**
Current	751.6	656.8	657.9	738.0	650.0	625.0	620.0	620.0	650.0
Constant 1990	659.3	606.1	631.5	712.6	612.3	574.4	555.4	518.8	481.2

Note: Crop year begins October 1.
Source: Oil World, Hamburg, Germany and World Bank.

Palm Oil

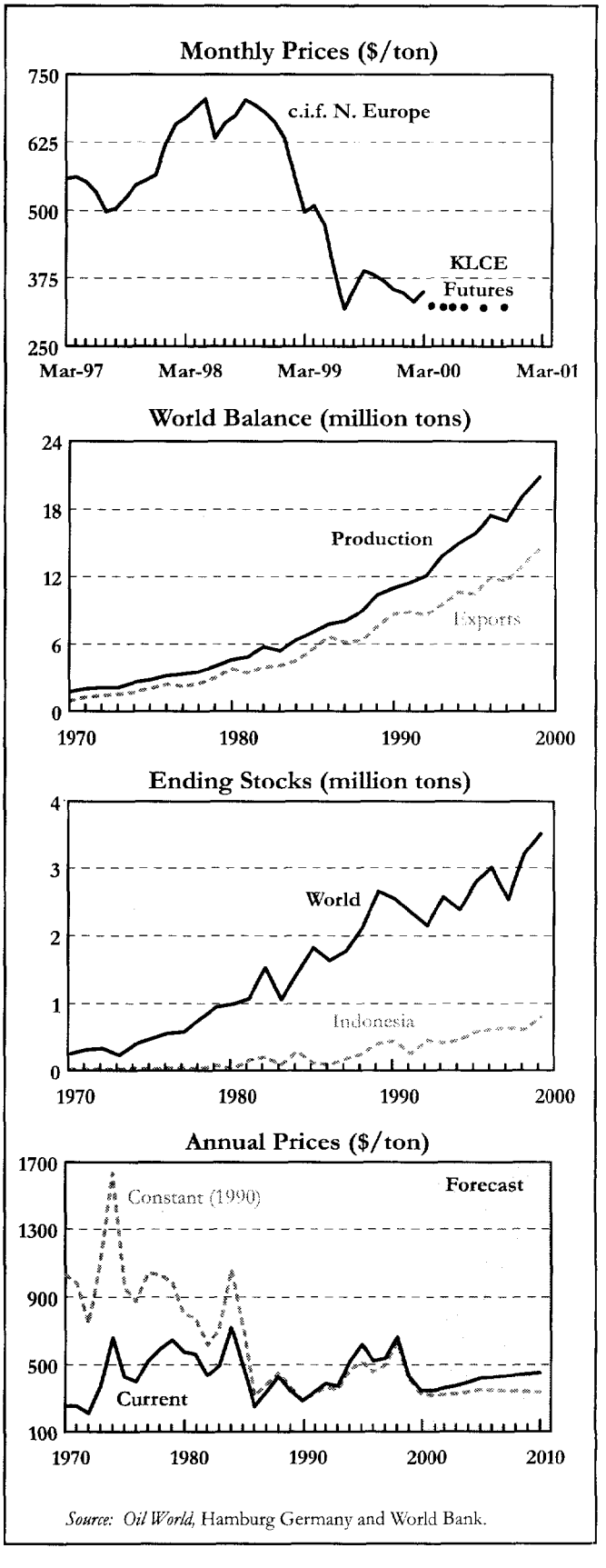
Global palm oil production will exceed 20 million tons this season and a bearish sentiment is expected to remain for the rest of the year. China may phase out its palm oil quota system in view of its bid to become a WTO member. Malaysia and Indonesia are considering eliminating their export taxes.

Palm oil prices declined to $343.3/ton in the first quarter, 6.8% lower than the fourth quarter of 2000 average and 39.1% lower than a year ago. Palm oil, a close substitute to soybean oil, is expected to account for 18.7% of global production and 41.3% of global trade of the most important oils. Almost 70% of global production is internationally traded, making it the most highly traded oil.

The 1999/00 season (October to September) will be another record for palm oil production and output will reach 20.93 million tons (according to *Oil World*) or 20.99 million tons (according to the USDA's March update of *Oilseeds: World Markets and Trade*). Malaysia and Indonesia, the world's top producers, will increase their crop by 10% and 6% respectively, and are expected to account for about 82% of global production. In the first quarter of 2000, Malaysia's output reached 2.23 million tons, up from 1.77 million tons in the first quarter of 1999. World end-of-season stocks will exceed 2.5 million tons, with Malaysia expected to hold 1.15 million tons.

Global exports will also set another record, estimated at 13.4 million tons (according to USDA's figures) and 14.5 million tons (according to *Oil World's* figures.) Two-thirds of exports will come from Malaysia. India, which in the last two seasons has emerged as the dominant palm oil importer, is expected to account for almost 23% of imports ahead of the EU (16.2%), China (10.2%), and Pakistan (7.7%). Almost 40% of imports will go to India and the EU, which are expected to be 19% and 13% higher than last season. India, however, may reduce its imports, if the proposed import duty increase comes into effect – currently standing at 27.5%.

Based on the latest global production estimates of palm oil, as well as other competing oils, the market outlook is expected to remain bearish. In particular, during 2000 the price will average around $350/ton and remain at that level throughout the year 2001. Recovery is expected to take place in 2002.



Source: *Oil World,* Hamburg Germany and World Bank.

Other Developments

- China and Malaysia are discussing the gradual phase out of the palm oil import quota regime, within a time frame of six years. The discussions are part of China's bilateral talks with many of its trading partners, following its bid to become a member of the World Trade Organization (WTO).
- Malaysia and Indonesia are considering cutting export taxes on crude palm oil in order to further boost exports. Malaysia is considering scraping the tax, from the current level of $36.80/ton while Indonesia is considering reducing it to 3%, from 10%.
- India's Central Organization for Oil Industry and Trade has asked the government to further raise custom duties on vegetables oils, including palm oil, on top of the increase from 16.5% to 27.5% that went into effect earlier this year. If any further increase takes place, Malaysian palm refineries may move to India, according to *The Public Ledger*.

PRODUCTION AND CONSUMPTION

	1996/97	1997/98	1998/99	1999/00
Production (000 tons)				
Malaysia	9,000	8,509	9,759	10,805
Indonesia	5,078	5,086	5,965	6,340
Nigeria	678	688	713	735
Colombia	440	439	465	511
Thailand	386	363	397	430
Côte d'Ivoire	250	276	281	288
PNG	276	232	259	277
Ecuador	201	202	213	238
World	**17,487**	**17,018**	**19,302**	**20,932**
Consumption (000 tons)				
India	1,275	1,797	2,577	3,310
Indonesia	2,699	2,797	2,876	2,920
EU	1,897	1,945	1,970	2,210
China	1,663	1,545	1,476	1,405
Malaysia	1,217	1,088	1,099	1,318
Pakistan	1,087	1,175	1,048	1,095
Nigeria	728	775	768	823
Egypt	367	381	409	423
Colombia	384	384	372	401
Thailand	387	357	354	378
World	**17,090**	**17,756**	**18,234**	**20,344**

Source: Oil World, Hamburg Germany

TRADE AND ENDING STOCKS

	1996/97	1997/98	1998/99	1999/00
Exports (000 tons)				
Malaysia	7,794	7,847	8,482	9,634
Indonesia	2,419	2,301	3,118	3,235
Singapore	286	253	270	270
PNG	281	228	250	267
World	**11,875**	**11,630**	**13,086**	**14,514**
Imports (000 tons)				
India	1,395	1,684	2,754	3,280
EU	1,957	2,022	2,041	2,300
China	1,851	1,490	1,433	1,450
Pakistan	1,020	1,210	1,053	1,095
Egypt	374	384	453	500
Singapore	402	351	450	429
Japan	382	355	361	368
Myanmar	290	241	253	300
World	**11,729**	**11,866**	**12,692**	**14,231**
Ending Stocks (000 tons)				
Malaysia	907	719	1,208	1,150
Indonesia	605	625	600	800
India	285	180	360	350
China	280	175	130	170
World	**3,009**	**2,543**	**3,216**	**3,521**

Source: Oil World, Hamburg Germany

GLOBAL SUMMARY

	Actual					Est.	Annual Growth Rate (%)		
World Balance (000 tons)	1970/71	1980/81	1990/91	1997/98	1998/99	1999/00	1970-80	1980-90	1990-98
Production	1,742	4,587	10,976	17,018	19,302	20,932	9.82	9.41	7.15
Consumption	1,685	4,822	11,041	17,756	18,234	20,344	9.66	9.76	6.88
Exports	920	3,793	8,639	11,630	13,086	14,514	12.24	9.31	5.24
Ending Stocks	247	992	2,551	2,543	3,216	3,521	16.21	9.41	1.34
Yields	2.50	2.91	3.19	3.23	2.98	3.36	3.93	0.92	-0.27
	Actual					Forecast			
Prices ($/ton)	1996	1997	1998	1999	2000	2001	2002	2005	2010
Current	530.9	545.8	671.1	436.0	350.0	350.0	365.0	425.0	460.0
Constant 1990	465.8	503.6	644.1	421.0	329.7	321.7	327.0	355.6	340.5

Note: Crop year begins October 1.
Source: Oil World, Hamburg, Germany and World Bank.

Soybean Oil

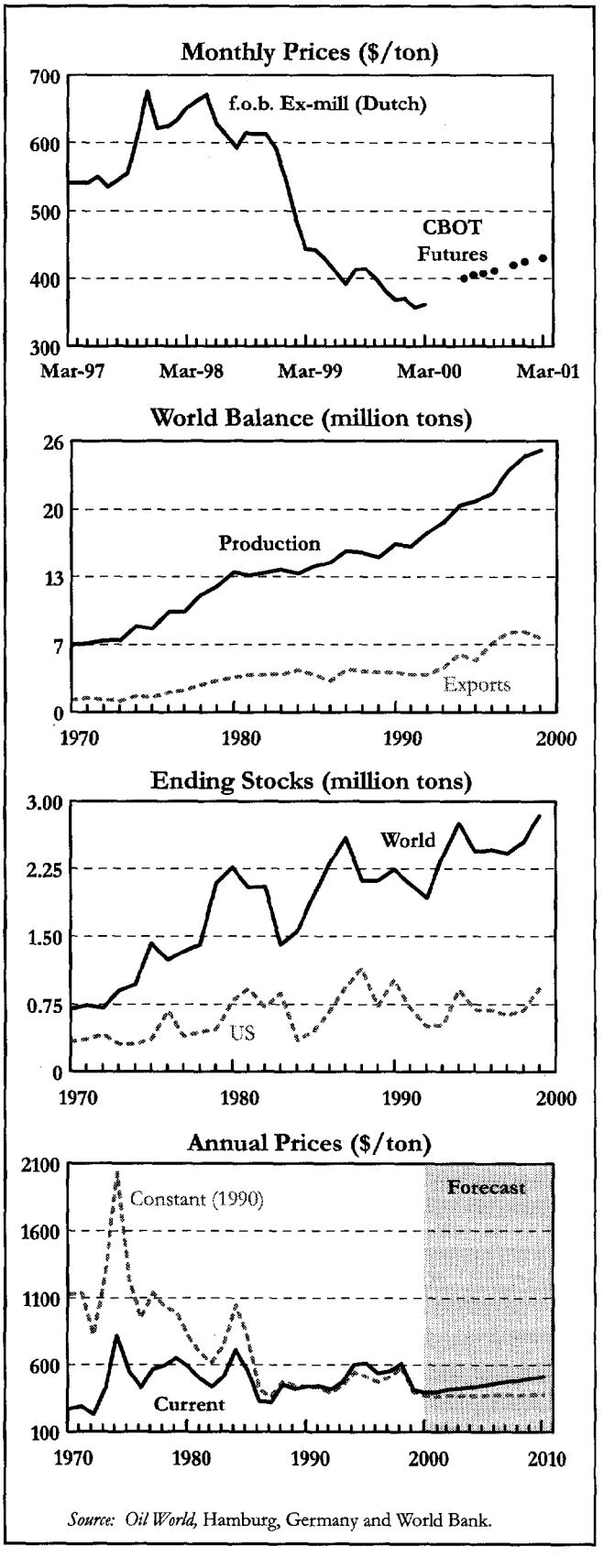
Prices slipped further reaching $357/ton in February bringing the first quarter average more than 26% below prices from a year ago. India's oil industry representatives asked for another increase in import duties for both oils.

Soybean oil prices averaged $363.3/ton during the first quarter of 2000, down 5.4% from the fourth quarter of 1999 and 26.2% lower than a year ago. Soybean oil, a close substitute to palm oil, accounts for 22% of global fats & oils production, with 23% being traded internationally.

This season's output (1999/00, October to September) is expected to be between 24.18 million tons (USDA's March update) and 25.13 million tons (according to the latest *Oil World* estimate), implying little or no growth from the 1998/99 season. Increased soybean oil output is expected in China (13.9%) and Brazil (4.8%) while reductions are expected in the EU (-2.9%) and India (-5.7%).

Soybean oil exports are expected to shrink by an estimated 7.8% according to *Oil World*, or 7.1% according to USDA, with the US accounting for most of the decline (more than 40%) followed by Argentina (-5.6%) and the EU (-7.6%). Soybean oil exports are shrinking for the second consecutive season, mostly reflecting the fact that a number of importing countries are constructing their own crushing facilities in order to enjoy part of the value added as well as the change in import tariff structure of oils. For example, China and Hong Kong, imported 2.04 and 0.59 million tons of soybean oil in the 1996/97 season. In 1999/00, they are expected to import 0.81 and 0.18 million tons respectively according to *Oil World* (USDA also cites similar figures). Chinese soybean crushings have surged from 8.69 to 12.13 million tons over the same time period. A similar pattern is being observed in palm oil. India, the world's third soybean oil importer, has increased its soybean oil imports 10-fold in three seasons. The recent import duty on all oils, however, favored by the domestic oil industry may reverse that trend. The import duty was increased in December 1999.

Plentiful supplies of competing oils along with a good soybean crop will put some pressure on soybean oil prices. We expect $405/ton for this year (5% lower than the 1999 average) followed by some increase in 2001.



Source: *Oil World*, Hamburg, Germany and World Bank.

Other Developments

• The Executive Director of India's Central Organization for Oil Industry and Trade (Cooit), has asked the government for a 40% duty on refined oils and 27.5% duty on crude oils. Last December's increase in duties did not have an appreciable impact on the market according to *The Public Ledger*.

SOYBEAN OIL

	1996/97	1997/98	1998/99	1999/00
Production (000 tons)				
US	7,145	8,226	8,201	8,221
Brazil	3,760	3,790	4,042	4,237
Argentina	1,966	2,281	3,139	3,081
EU	2,730	2,936	2,929	2,844
China	1,410	1,663	1,836	2,091
India	607	791	807	761
World	**21,033**	**23,159**	**24,568**	**25,129**
Ending Stocks (000 tons)				
US	690	627	689	920
Brazil	311	346	300	350
China	455	340	220	260
World	**2,441**	**2,418**	**2,544**	**2,837**
Exports (000 tons)				
Argentina	2,019	2,128	3,125	2,950
Brazil	1,297	1,228	1,480	1,500
EU	867	1,040	1,082	1,000
US	924	1,433	1,076	630
World	**6,662**	**7,607**	**7,740**	**7,138**
Imports (000 tons)				
Iran, Islamic R.	408	699	933	820
China	2,041	1,850	934	810
India	84	254	841	720
Bangladesh	279	253	504	435
H.K., China	591	767	195	182
World	**5,840**	**7,549**	**7,716**	**7,194**

Source: Oil World, Hamburg, Germany

SOYBEAN MEAL

	1996/97	1997/98	1998/99	1999/00
Production (000 tons)				
US	31,036	34,611	34,284	34,711
Brazil	15,640	15,637	16,513	17,442
Argentina	8,867	10,353	13,901	13,576
EU	11,998	12,808	12,584	12,318
China	7,069	8,293	9,146	10,301
India	2,787	3,623	3,685	3,480
World	**92,567**	**100,721**	**106,156**	**109,122**
Ending Stocks (000 tons)				
Brazil	759	1,124	1,058	1,200
Argentina	412	700	1,060	920
China	755	1,160	460	480
World	**4,049**	**5,076**	**4,926**	**5,028**
Exports (000 tons)				
Argentina	8,684	9,705	13,156	13,300
Brazil	10,927	9,788	10,347	10,700
US	6,345	8,470	6,520	6,550
India	2,156	2,787	2,953	2,560
World	**30,510**	**33,725**	**36,150**	**36,340**
Imports (000 tons)				
EU	11,370	13,027	16,582	16,400
East Europe	2,140	2,629	2,505	2,513
Thailand	1,059	956	1,187	1,175
Korea, Rep.	818	881	1,095	1,040
China	3,750	3,609	1,522	810
World	**30,401**	**33,523**	**36,540**	**36,150**

Source: Oil World, Hamburg, Germany

GLOBAL SUMMARY

	Actual					Est.	Annual Growth Rate (%)		
Soybean Oil (000 tons)	1970/71	1980/81	1990/91	1997/98	1998/99	1999/00	1970-80	1980-90	1990-98
Production	6,477	13,417	16,141	23,159	24,568	25,129	7.92	2.02	5.50
Consumption	6,245	12,730	16,149	23,120	24,419	24,892	8.01	2.15	5.42
Exports	1,140	3,303	3,800	7,607	7,740	7,138	13.36	0.83	9.35
Ending Stocks	653	2,094	2,119	2,418	2,544	2,837	11.84	1.61	2.22
Soybean Meal (000 tons)									
Production	29,265	59,379	70,528	100,721	106,156	109,122	7.81	1.86	5.30
Consumption	29,012	57,744	69,653	99,501	106,696	108,830	7.81	1.93	5.23
Exports	5,636	18,201	26,649	33,725	36,150	36,340	9.75	4.39	4.98
Ending Stocks	602	1,992	3,217	5,076	4,926	5,028	13.58	4.89	6.15
	Actual					Forecast			
Soybean Oil Prices ($/ton)	1996	1997	1998	1999	2000	2001	2002	2005	2010
Current	551.5	564.8	625.9	427.3	405.0	410.0	430.0	460.0	525.0
Constant 1990	483.8	521.1	600.8	412.6	381.5	376.8	385.2	384.9	388.6

Note: Crop year begins October 1.
Source: Oil World, Hamburg, Germany and World Bank.

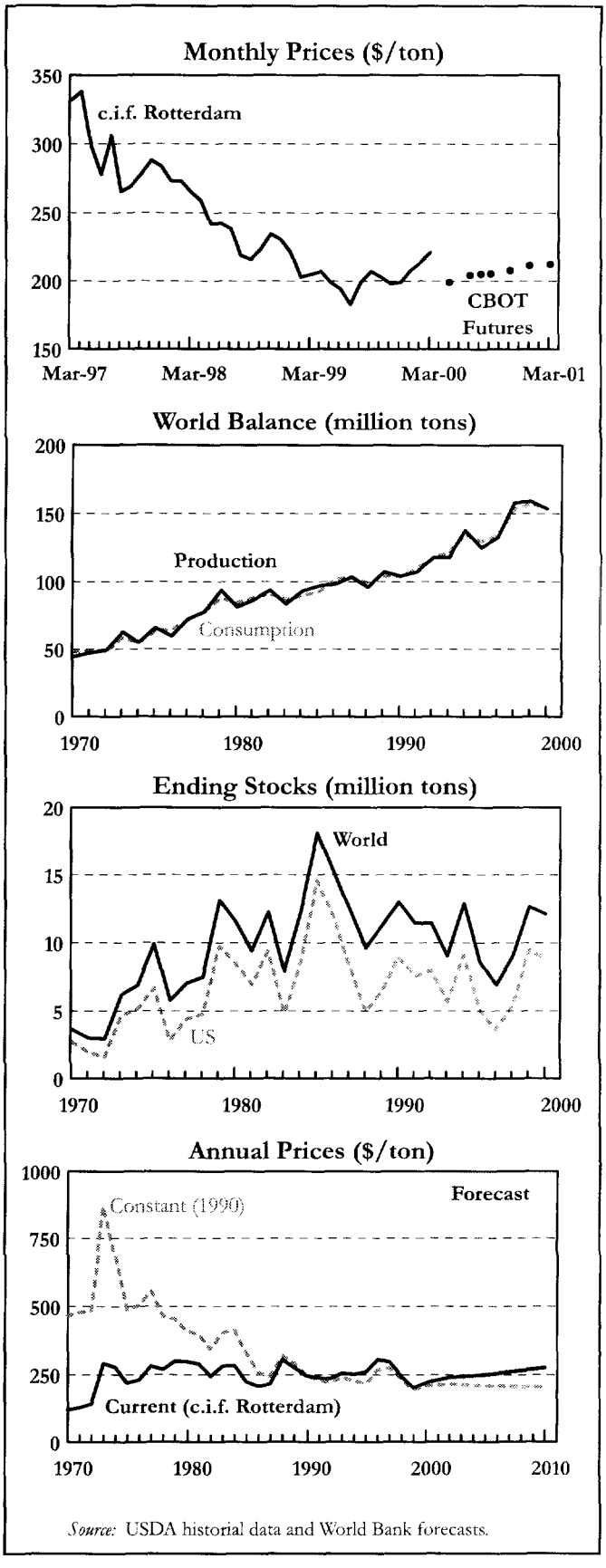
Soybeans

Soybean prices rose 7% compared to last quarter as exports increased, estimates of ending-year stocks declined, and US yields are threatened by drought. Prices are expected to be volatile over the next few months as the new crop prospects unfold.

Soybean prices increased throughout the first quarter to average $221/ton in March compared to $200/ton in the fourth quarter. The increase was due to higher soymeal prices, which rose to $187/ton in February compared to $170.7/ton in the fourth quarter. Soyoil prices were lower as large supplies of palm oil kept most oil prices weak. The increase in soymeal prices closely tracked the rise in maize prices. Prospects for higher soybean prices remain favorable due to declining global ending-stocks of soybeans, dry conditions in the mid-western and south-western US, and stronger demand as global economic prospects continue to improve. Soybean trade is projected to increase 6.9 percent this year compared to 3.1 percent last year.

The strength in soybean prices is partly related to changing fundamentals in the oilseed complex and partly to changes in the livestock feed complex. The major livestock feeds are protein meals and coarse grains. Soybean meal accounts for two-thirds of protein meals, and maize accounts for nearly 70% of coarse grains. The coarse grain markets has become tighter this year, with production down 2.2%, stocks down 5%, and maize prices up almost 10% in the first quarter. Soybean production is also lower, down 3.4%, but this is somewhat offset by increased production of other oilseeds. On balance, both soybean and coarse grain production have declined while demand has increased due to the improving global economic situation.

Growing conditions in the US this summer will likely be the major determinant of soybean and maize prices in the coming year. The US produces 40% of the world's maize and nearly one-half of the world's soybeans. Both maize and soybean plantings are expected to increase about 1% this year according to the USDA's March planting intentions report. However, drought conditions in parts of the US threaten yields and this will likely lead to an uncertain situation causing prices to remain volatile until the size of the coming crop is determined.



Source: USDA historial data and World Bank forecasts.

Other Developments

- The USDA's March survey of US producers found that farmers intend to plant nearly 1.5% more soybean acres than in 1999. If these intentions were realized, this would be the largest US soybean planted area on record. The share of soybeans planted to genetically modified seeds will drop from 57% last year to 52% this year according to the survey.
- Monsanto, the US biotechnology and agri-chemical company, is being sued by Dupont over the rights to the technology used to develop Roundup Ready soybeans. The law suit, filed by Dupont, charges that Monsanto obtained the technology when it bought Asgrow Seed company in 1997 and then tried to monopolize the market. Dupont had shared the technology with Asgrow prior to Monsanto's purchase of Asgrow.
- Soybean futures (CBOT) have increased about 16% for delivery in August and September, 2000 since our last report. This reflects recent changes in the outlook for soybean prices and supports our earlier views.

PRODUCTION AND CRUSH

	1996/97	*1997/98*	*1998/99*	*1999/00*
Production (000 tons)				
US	64,780	73,176	74,598	71,928
Brazil	27,300	32,500	31,000	30,500
Argentina	11,200	19,500	19,900	20,000
China	13,220	14,728	15,000	14,000
India	4,100	5,350	6,000	5,200
Canada	2,165	2,738	2,737	2,766
Paraguay	2,771	2,988	3,000	2,500
Indonesia	1,460	1,306	1,300	1,300
World	**132,193**	**158,072**	**158,947**	**153,511**
Crush (000 tons)				
US	39,080	43,464	43,262	43,545
Brazil	18,910	21,900	21,400	21,000
Argentina	10,423	16,782	16,800	16,500
EU	14,669	15,429	15,756	15,613
China	8,690	10,728	11,850	12,125
India	3,650	4,770	5,400	4,400
Mexico	2,690	3,600	3,720	3,785
Japan	3,810	3,720	3,680	3,620
Taiwan, China	2,362	2,043	1,900	1,990
World	**113,772**	**131,785**	**133,734**	**133,115**

Source: USDA

TRADE AND STOCKS

	1996/97	*1997/98*	*1998/99*	*1999/00*
Exports (000 tons)				
US	24,110	23,761	21,813	24,766
Brazil	8,340	9,325	8,700	8,700
Argentina	750	3,231	3,300	3,500
Paraguay	2,150	2,390	2,400	2,000
World	**36,997**	**41,085**	**38,353**	**41,255**
Imports (000 tons)				
EU	15,309	16,295	16,403	16,486
Japan	5,043	4,873	4,650	4,700
China	2,274	2,940	3,850	5,000
Mexico	2,680	3,479	3,600	3,700
Taiwan, China	2,632	2,387	2,150	2,300
Korea, Rep.	1,486	1,340	1,450	1,500
Indonesia	684	823	927	1,200
Brazil	1,450	500	700	900
World	**37,058**	**38,585**	**39,769**	**42,526**
Ending Stocks (000 tons)				
US	3,588	5,438	9,485	8,845
Brazil	475	560	470	480
Argentina	393	570	310	250
World	**6,922**	**9,006**	**12,638**	**12,100**

Source: USDA

GLOBAL SUMMARY

	Actual					*Est.*	*Annual Growth Rate (%)*		
World Balance (million tons)	*1970/71*	*1980/81*	*1990/91*	*1997/98*	*1998/99*	*1999/00*	*1970-80*	*1980-90*	*1990-98*
Production	44.3	81.0	104.2	158.1	158.9	153.5	6.85	1.85	5.16
Consumption	48.0	84.3	104.0	153.5	156.7	155.3	6.52	2.06	4.87
Ending Stocks	3.6	11.5	13.0	9.0	12.6	12.1	13.52	0.24	-3.57
Crop Area (million hectares)	30.0	49.9	54.3	68.9	70.7	71.1	5.25	0.79	2.88
Yields (tons/hectare)	1.48	1.63	1.92	2.30	2.25	2.16	1.51	1.07	2.18

	Actual				*Forecast*				
Price ($/ton)	*1995*	*1996*	*1998*	*1999*	*2000*	*2001*	*2002*	*2005*	*2010*
Current	259.3	304.8	243.3	201.7	220.0	230.0	240.0	250.0	275.0
Constant 1990	217.3	267.4	233.5	194.7	207.3	211.4	215.0	209.2	203.6

Note: All quantities are in local marketing years. Prices are for US soybeans, c.i.f. Rotterdam in calendar years.
Source: USDA historical data and estimates and World Bank price forecasts.

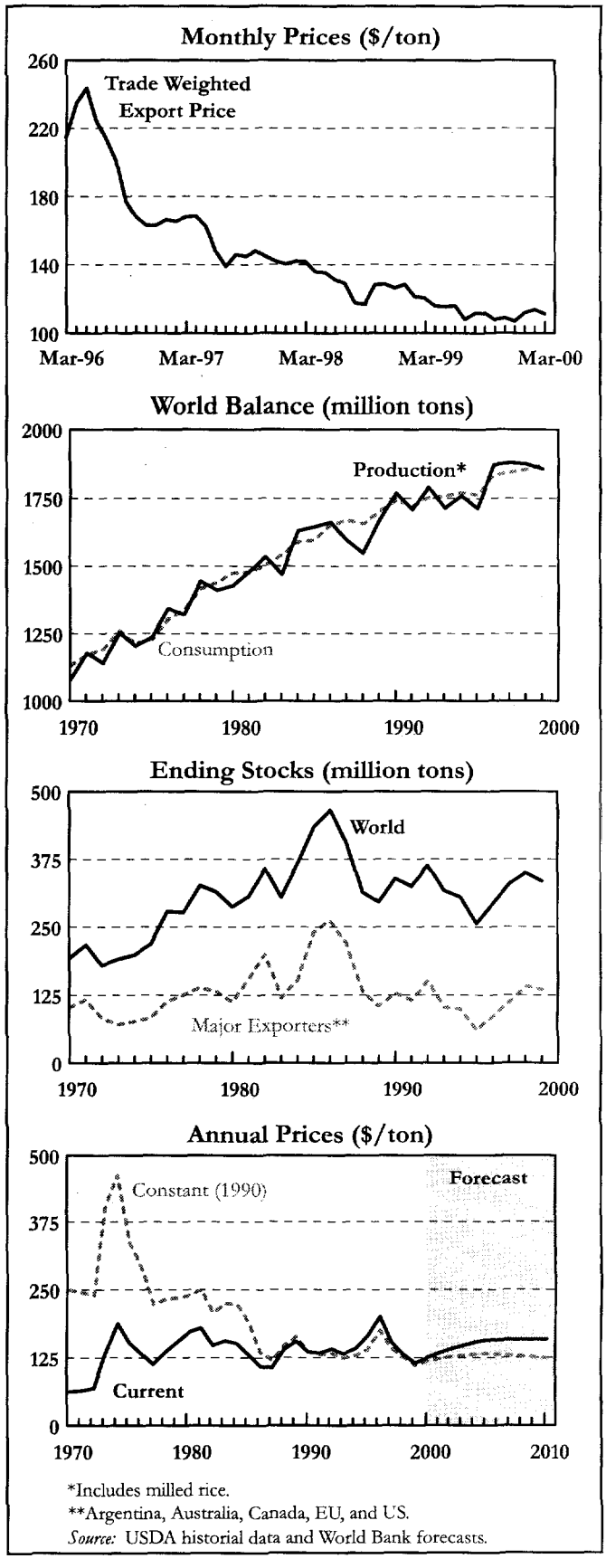
Grains

Grain prices increased 4.9% in the first quarter as ending-stocks estimates were reduced and consumption and trade estimates were increased. The prospect of a drought in the southern and mid-western US has contributed to recent price increases.

World grain production for the current crop year is expected to fall short of consumption by about 15 million tons (0.8%). Consequently, global ending-stocks would fall about 4.5% and major exporter's stocks would fall about 4.0%. Grain trade is expected to reach a record 225 million tons (excluding intra-EU trade) as imports by some Asian crisis countries, oil exporters, and Russia increase from lows of the last several years. USDA's estimate of grain trade has increased by 10.0 million tons over the past six months, as the global economic situation has continued to improve and a severe drought in the Middle East raised imports in that region.

The increase in imports in 1999/00 compared to the previous year has been the largest in the oil exporting countries which have benefited from the sharp rise in oil prices over the past year. The Islamic Republic of Iran is expected to increase grain imports by 6.0 million tons compared to the previous year due to the combination of lower domestic production and increased oil export revenues. The Russian Federation is expected to increase imports 2.0 million tons due to improved economic conditions and the recovery of oil prices. Smaller increases in imports are expected in other oil exporting countries such as Iraq, Saudi Arabia, Syria, and the UAE. Among Asian crisis countries, imports by Malaysia, Republic of Korea, and Thailand are expected to increase in 1999/00 compared to the previous year. However, these increases will be more than offset by lower imports by Indonesia as grain production recovers from the poor 1997/98 harvest.

A comparison of recent relative grain prices suggests that wheat is undervalued compared to maize and rice. The current wheat price relative to maize is 112.7% (compared to a 1990s average of 132.3%) and relative to rice it is 45.1% (compared to a 1990s average of 52.5%). A return to these historical norms would suggest that either wheat prices will rise relative to maize and rice or the opposite – maize and rice will fall relative to wheat.



*Includes milled rice.
**Argentina, Australia, Canada, EU, and US.
Source: USDA historial data and World Bank forecasts.

Other Developments

- The USDA has warned that much of the southern and mid-western US is currently experiencing a drought that is likely to intensify this spring, threatening crops and water supplies. Scientists blame the dry weather on La Niña, the weather pattern that is related to cooler-than-normal temperatures in the eastern and central Pacific Ocean. La Niña is expected to linger for at least several months. The first three months of this year have been the warmest on record in the US. (*Washington Post*, 1/24 and 1/30/2000)
- The USDA's March planting intentions survey of US producers shows that farmers intend to plant 1.9% less cropland to grain in 2000 compared to 1999. Maize area is expected to increase 0.6%, rice area is expected to fall 5.2%, wheat area is expected to fall 1.8%, and all other grains are expected to fall 4.1%.

PRODUCTION AND STOCKS

	1996/97	1997/98	1998/99	1999/00
Production (000 tons)				
China	388,458	378,532	393,930	395,100
US	333,154	333,713	346,712	332,672
EU	203,991	205,411	210,189	201,705
India	177,758	182,842	184,020	183,780
Canada	57,995	49,395	50,641	53,617
Russian Fed.	66,799	85,265	46,118	53,089
Brazil	46,260	39,485	43,247	42,547
Indonesia	38,034	36,818	38,600	38,300
Argentina	35,611	40,125	30,815	34,995
Australia	34,921	29,892	32,703	33,005
Mexico	29,865	27,053	28,098	29,575
Turkey	26,110	26,270	29,307	26,735
Poland	25,296	25,403	27,150	25,479
World	**1,871,342**	**1,879,468**	**1,874,563**	**1,856,569**
Ending Stocks (000 tons)				
China	96,261	87,279	94,531	93,081
US	39,949	58,691	77,811	77,936
EU	26,520	37,044	44,892	39,455
India	17,520	21,301	23,821	27,201
World	**293,428**	**329,353**	**349,365**	**333,882**

Source: USDA

TRADE

	1996/97	1997/98	1998/99	1999/00
Exports (000 tons)				
US	81,294	76,301	86,999	87,254
EU*	62,472	55,493	60,311	62,516
Canada	24,899	23,880	17,911	22,525
Australia	24,248	19,374	21,390	22,415
Argentina	22,575	24,887	17,325	20,075
China	5,893	11,099	6,507	11,380
Thailand	5,324	6,488	6,829	5,625
World	**217,190**	**216,200**	**221,900**	**225,700**
Imports (000 tons)				
EU*	41,583	43,837	44,327	43,198
Japan	27,290	27,639	27,451	27,260
Korea, Rep.	12,195	11,592	12,583	13,015
Mexico	7,634	10,454	11,887	11,840
Iran, Isl. Rep.	8,539	7,311	4,406	10,400
Egypt	10,122	10,424	11,265	10,375
Brazil	7,329	9,540	9,100	9,300
Saudi Arabia	8,081	6,065	7,025	7,100
Russia	3,759	3,593	4,335	6,275
Algeria	4,869	6,553	6,015	6,245
World	**217,190**	**216,200**	**221,900**	**225,700**

*Includes intra-EU trade.
Source: USDA

GLOBAL SUMMARY

	Actual					Est.	Annual Growth Rate (%)		
World Balance (mil. tons)	1970/71	1980/81	1990/91	1997/98	1998/99	1999/00	1970-80	1980-90	1990-97
Production	1,078.7	1,429.6	1,768.9	1,879.5	1,874.6	1,856.6	2.90	1.49	1.10
Consumption	1,130.8	1,475.5	1,743.2	1,843.5	1,854.5	1,872.1	2.67	1.69	0.73
Exports	109.6	214.7	202.1	216.2	21.9	225.7	6.28	0.24	0.56
Ending Stocks	192.8	287.9	338.9	329.4	349.4	333.9	6.68	0.67	-3.18
Crop Area (mil. hectares)	663.0	722.1	694.3	690.8	686.0	674.5	0.90	-0.57	0.12
Yields (tons/hectare)	1.78	2.16	2.79	2.72	2.73	2.75	1.97	2.18	1.02

	Actual				Forecast				
Price ($/ton)	1996	1997	1998	1999	2000	2001	2002	2005	2010
Current	201.0	153.7	131.0	115.9	122.6	132.6	140.4	158.3	167.9
Constant 1990	176.0	141.8	125.7	111.9	115.4	121.8	125.7	132.2	123.8

Note: Quantities are in local marketing years. Production and yields are based on milled rice. Prices are the trade weighted average of US maize, US HRW wheat, and Thai 5% broken white rice in calendar years.

Source: USDA historical data and estimates and World Bank price forecasts.

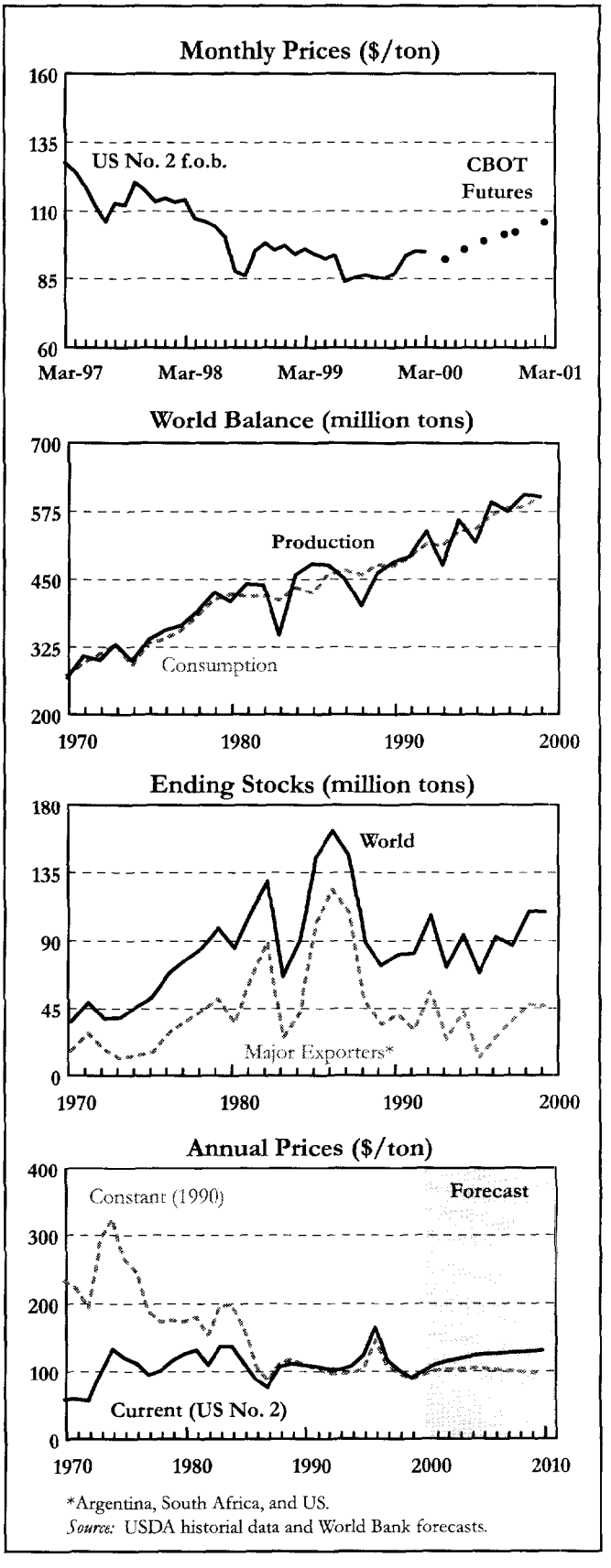
Maize

Prices in the coming months will depend heavily on US production and the extent of the drought which currently threatens the southern and mid-western US. Improved global economic conditions are raising trade prospects and could pressure prices upwards, but stocks are at 12-year highs.

World maize production and consumption are expected to be nearly equal in the current crop year (1999/00) while trade continues to recover from the low reached following the Asia crisis. Global ending-stocks and major exporter's ending-stocks are above the average of the past decade and appear adequate. However, maize prices are below their historical relationship to ending-year stocks and this could provide some upward pressure on prices if prices return to their historical norms. The extent of the recovery in trade and the outlook for this summer's northern hemisphere harvest will probably be the major determinants of price movements during the coming months.

The USDA has warned that much of the southern and mid-western US is currently experiencing a drought that is expected to intensify this spring and threaten crop production. The first three months were the warmest on record in the US. Since the US accounts for roughly 40% of world maize production, the US crop will be very important in determining world prices. The USDA's March planting intentions survey showed that US maize producers intend to plant 0.6% more cropland to maize.

World maize trade fell to a 5-year low of 62.9 million tons in crop year 1997/98 following the Asia crisis, but has recovered to a projected 70.4 million tons in the current 1999/00 crop year. The recovery was led by imports to the Asian crisis countries and oil exporting countries. Among the East Asia 5 crisis countries (Indonesia, Malaysia, Philippines, Republic of Korea, and Thailand), imports of maize have increased from a low of 10.8 million tons in 1997/98 to a projected 12.7 million tons in 1999/00. Other crisis countries, such as Brazil and Russia, are also increasing maize imports following the lows in 1998/99. In addition, some of the oil exporting countries including the Republic of Iran, Saudi Arabia and Syria have begun to increase maize imports following the recovery in petroleum prices.



*Argentina, South Africa, and US.

Source: USDA historial data and World Bank forecasts.

Other Developments

- Maize demand may be weakened by the outbreak of foot & mouth disease in cattle in Japan and the Republic of Korea. Following the outbreak, some cattle were slaughtered and some feed processors were reportedly planning to cut back on purchases. This could shift feed import demand to countries which are known to be foot & mouth disease free such as the US. The origin of the disease is not yet clearly established, but countries which could be potential sources of the disease could see their feed exports drop.
- Since our last report, futures prices have increased about $10/ton for deliveries over the next year. The increase likely reflects the increased concern over the US drought, increased trade prospects, and reduced global stock estimates since our last report.

PRODUCTION AND STOCKS

	1996/97	1997/98	1998/99	1999/00
Production (000 tons)				
US	234,518	233,864	247,882	239,719
China	127,470	104,300	132,954	128,000
EU	34,794	38,522	35,105	37,145
Brazil	35,700	30,100	32,200	32,000
Mexico	18,922	16,934	17,600	19,000
Argentina	15,500	19,360	13,500	15,500
India	10,612	10,852	10,680	10,500
Romania	9,610	12,680	8,500	10,500
S. Africa	10,136	7,693	7,700	9,500
Canada	7,380	7,180	8,952	9,096
World	**591,979**	**575,254**	**605,872**	**600,721**
Ending Stocks (000 tons)				
US	22,433	33,220	45,391	44,181
China	45,000	26,000	38,616	38,916
EU	3,280	4,368	4,468	5,168
S. Africa	2,450	1,599	1,449	1,749
Brazil	2,633	1,109	1,034	1,034
Argentina	750	1,540	741	742
Thailand	222	134	284	284
World	**92,870**	**86,856**	**109,254**	**108,628**

Source: USDA

TRADE

	1996/97	1997/98	1998/99	1999/00
Exports (000 tons)				
US	46,633	37,697	51,886	48,000
Argentina	10,210	12,756	7,849	8,500
China	3,892	6,173	3,338	8,000
Hungary	1,122	1,289	1,766	1,700
S. Africa, Rep.	2,200	1,041	1,000	1,100
World	**67,138**	**62,887**	**68,832**	**70,420**
Imports (000 tons)				
Japan	15,963	16,422	16,336	16,250
Korea, Rep.	8,336	7,528	7,517	9,000
Mexico	3,141	4,376	5,612	5,000
Taiwan, China	5,741	4,474	4,575	4,700
Egypt	3,196	3,259	3,700	4,000
Malaysia	2,485	2,145	2,500	2,600
EU	2,595	2,065	3,000	2,500
Colombia	1,674	1,694	1,570	1,700
Brazil	513	1,324	968	1,600
Saudi Arabia	1,272	1,234	1,500	1,500
Venezuela	1,494	1,161	1,500	1,250
Iran	1,503	900	750	1,200
World	**67,138**	**62,887**	**68,832**	**70,420**

Source: USDA

GLOBAL SUMMARY

	Actual					Est.	Annual Growth Rate (%)		
World Balance (mil. tons)	1970/71	1980/81	1990/91	1997/98	1998/99	1999/00	1970-80	1980-90	1990-98
Production	268.1	408.5	482.4	575.3	605.9	600.7	4.12	1.15	3.21
Consumption	273.0	421.9	475.0	581.3	583.5	601.3	3.95	1.58	2.71
Exports*	32.2	84.9	64.5	71.5	75.6	80.3	7.80	-1.62	1.57
Ending Stocks	36.1	85.5	80.9	86.9	109.3	108.6	12.36	-1.28	-0.92
Crop Area (mil. hectares)	112.5	131.1	128.5	136.2	139.6	140.6	1.31	-0.08	1.19
Yields (tons/hectare)	2.38	3.12	3.75	4.22	4.34	4.27	2.79	1.22	1.97

	Actual				Forecast				
Price ($/ton)	1996	1997	1998	1999	2000	2001	2002	2005	2010
Current	165.8	117.1	102.0	90.2	100.0	110.0	115.0	125.0	130.0
Constant 1990	145.5	108.0	97.9	87.1	94.2	101.1	103.0	104.6	96.2

*Includes intra-EU trade.
Note: Quantities are in local marketing years. Prices are for US No. 2 maize, f.o.b. US Gulf in calendar years.
Source: USDA historical data and estimates and World Bank price forecasts.

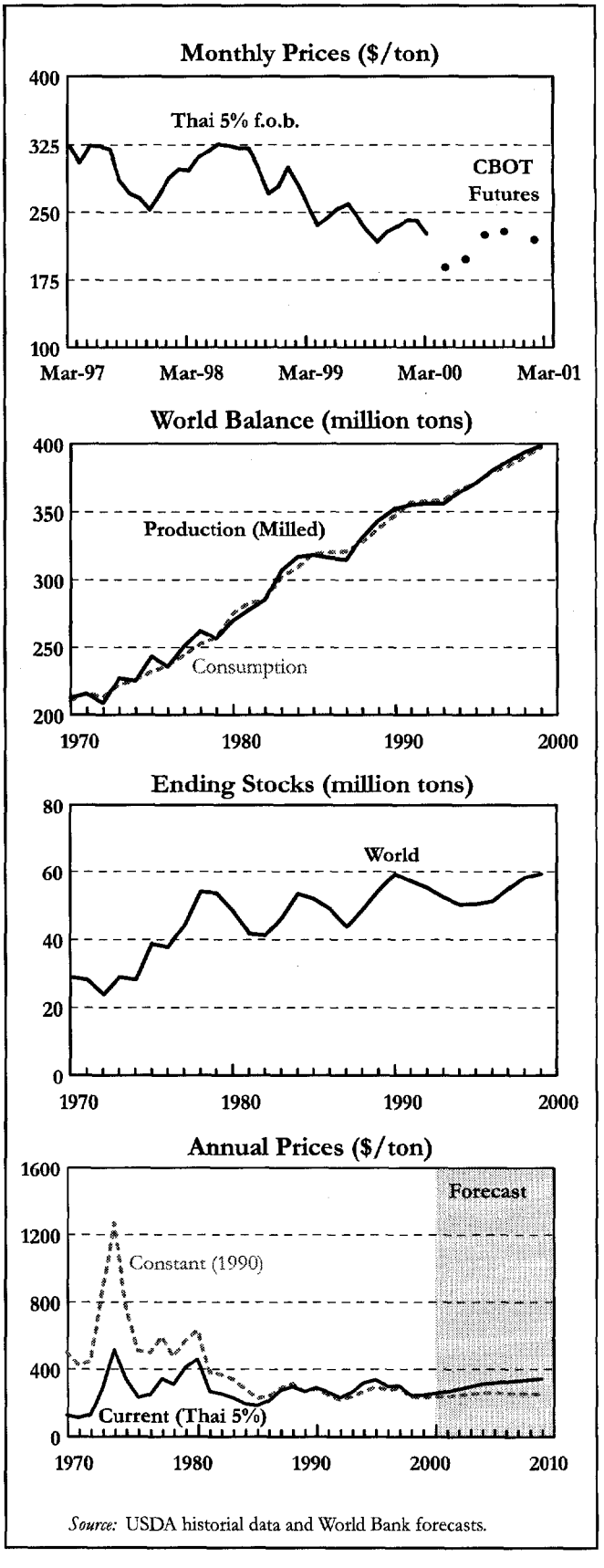
Rice

Weak import demand and aggressive export competition sent prices back near previous lows. The announced ban on imports by Indonesia during the current harvest added to the price weakness. Adequate global stocks suggest prices may remain weak for some time.

Global rice production and consumption are nearly in balance for the current crop year. As a result, rice ending-stocks will remain about equal to last year's levels and the stock-to-use percentage will remain unchanged at 14.9%. The stock-to-use percentage over the past decade has also averaged 14.9%. Rice trade is expected to fall from last year's record level as lower Asian imports more than offset larger Middle Eastern imports. With weaker trade and roughly balanced production and consumption, prices have little reason to increase. However, the coming harvest will determine whether conditions will remain unchanged in the coming crop year.

Indonesia banned rice imports until June to protect local farmers during the April harvest according to the Trade Minister (Bloomberg, March 22). Indonesia had imposed a 30% tariff on rice in January to stop lower priced imports, but domestic prices continued to fall. The government plans to intervene in the domestic rice market in an effort to stabilize prices according to the Agriculture Minister. This decision raises concerns that the policy may affect orders previously placed by the State Logistics Agency from China and Pakistan.

Conditions in major producing countries appear to be adequate, with no major shortfalls. Production in China, the world's largest producer with a 34% share, is expected to be up slightly from last year. Production in India, the second largest producer, is expected to fall about 1.7%. The third largest producer, Indonesia, is expected to harvest a normal crop following two years of poor crops due to El Niño related weather problems. Indonesia's imports are expected to fall 2.0 million tons in calendar year 2000. Imports by Bangladesh and Philippines, both major importers in the past two years, are expected to decline as production increases. The Republic of Iran has emerged as a major importer, with expected imports of 1.2 million tons in calendar year 2000, and other oil exporters are also expected to increase imports in response to higher crude oil prices.



Source: USDA historial data and World Bank forecasts.

Other Developments

- A new variety of high-yielding rice, which could raise global output by 15%, should be ready for distribution to farmers by 2004 according to officials at the International Rice Research Institute (IRRI) in the Philippines. The new "super rice", as it is called, has fewer stems than previous varieties but all of the stems produce grain. Current high-yielding rice varieties have 20-25 stems, but only 14-15 produce grain. The new rice has 6-10 stems but all of them will be productive according to IRRI.

PRODUCTION AND STOCKS

	1996/97	1997/98	1998/99	1999/00
Production (000 tons of paddy)				
China	195,100	200,700	198,714	201,429
India	121,980	123,822	129,013	126,763
Indonesia	49,360	49,237	50,791	50,791
Vietnam	27,277	28,930	30,467	30,455
Bangladesh	28,326	28,296	29,784	30,378
Thailand	20,700	23,500	23,000	24,015
Myanmar	15,517	15,345	16,034	16,466
Philippines	11,177	9,982	10,268	11,923
Japan	12,930	12,532	11,201	11,470
Brazil	9,504	8,551	11,375	10,588
US	7,783	8,300	8,530	9,547
Pakistan	6,461	6,500	7,012	7,651
World	**563,740**	**574,323**	**585,247**	**591,960**
Ending Stocks (000 tons)				
China	25,556	26,723	26,539	27,089
India	9,500	10,500	12,000	12,500
Indonesia	1,530	3,529	4,025	2,425
Philippines	1,590	1,566	2,115	2,165
Thailand	708	1,051	652	2,002
Korea, Rep.	390	805	980	1,330
World	**51,306**	**54,895**	**58,203**	**59,255**

Source: USDA

TRADE

	1996/97	1997/98	1998/99	1999/00
Exports (000 tons)				
Thailand	5,216	6,367	6,679	5,500
Vietnam	3,327	3,776	4,555	4,000
US	2,292	3,165	2,650	3,000
China	938	3,734	2,708	2,850
Pakistan	1,982	1,800	1,850	2,000
India	1,954	4,491	2,400	1,500
Uruguay	640	639	725	600
World	**18,806**	**27,270**	**24,986**	**22,971**
Imports (000 tons)				
Indonesia	808	6,081	3,900	2,000
Iran, Islamic R.	973	500	1,000	1,200
Bangladesh	44	2,499	1,400	900
Nigeria	731	900	900	850
Saudi Arabia	660	775	750	800
EU**	844	787	775	800
Brazil	845	1,457	850	800
Japan	546	479	633	750
Iraq	684	610	781	700
Malaysia	645	593	650	675
South Africa	573	525	550	575
World	**18,806**	**27,270**	**24,986**	**22,971**

Source: USDA

GLOBAL SUMMARY

	Actual					Est.	Annual Growth Rate (%)		
World Balance (mil. tons)	1970/71	1980/81	1990/91	1997/98	1998/99	1999/00	1970-80	1980-90	1990-98
Production (milled)	213.0	270.0	352.1	386.9	393.8	398.3	2.81	2.54	1.23
Consumption	210.6	275.0	347.4	383.3	390.4	397.3	2.85	2.58	1.27
Exports*	8.6	12.7	12.2	27.3	25.0	23.0	4.02	1.09	8.30
Ending Stocks	28.8	48.5	59.2	54.9	58.2	59.3	7.02	0.74	-0.43
Crop Area (mil. hectares)	132.7	144.5	146.6	151.3	152.2	153.8	0.77	0.08	0.22
Yields (tons/hectare)	2.35	2.75	3.56	3.79	3.84	3.85	2.03	2.54	0.81
	Actual					Forecast			
Price ($/ton)	1996	1997	1998	1999	2000	2001	2002	2005	2010
Current	338.9	303.5	304.2	248.4	250.0	260.0	270.0	315.0	345.0
Constant 1990	297.3	280.0	291.9	239.9	235.5	239.0	241.8	263.6	255.4

*Milled basis in calendar years.
** Includes intra-EU trade.
Note: Production and yields are paddy in marketing years. Consumption and stocks are on a milled basis in marketing years. Trade is on a milled basis in calendar years. Prices are for Thai 5% broken WR, milled, f.o.b. Bangkok in calendar years.
Source: USDA historical data and estimates and World Bank price forecasts.

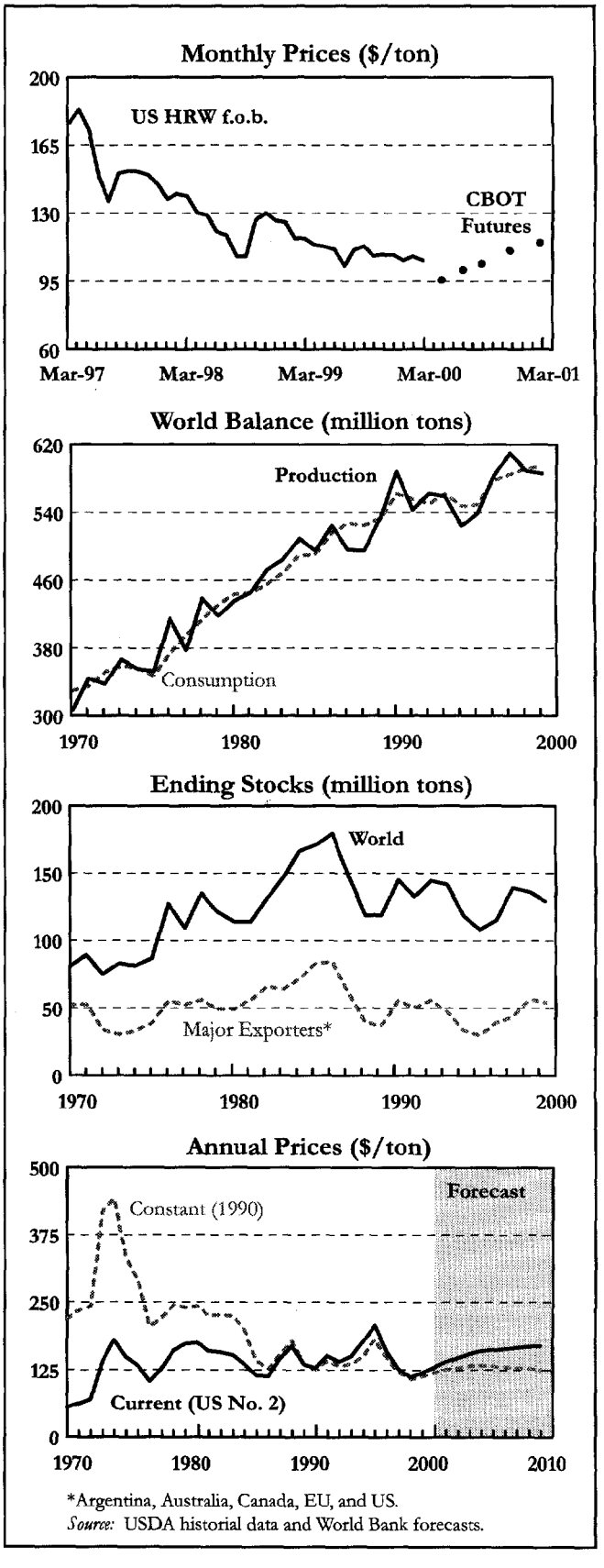
Wheat

Prices are expected to increase from current low levels due to lower ending-stocks, higher imports and the relative under-valuation of wheat compared to other grains. However, the size of the new crop will largely determine how much prices increase.

The world wheat market is expected to tighten as production falls 0.5%, consumption increases by an equal percentage and ending-year stocks fall 6.4% according to USDA's estimates. However, stocks in the major exporting countries will remain high which should keep prices from rising significantly. The USDA's March planting intentions report showed that US producers expect to plant 1.8% less wheat in the coming year – the lowest level since 1973. While stocks are adequate, they are not large by historical standards, and prices could increase if the new crop is below trend or if consumption and trade continue to increase.

The USDA's estimate of world wheat trade for the 1999/00 crop year has been increased by nearly 4.0% compared to six months ago and is now expected to total 104.3 million tons compared to 100.5 million tons last year. The increase is due primarily to larger imports to the Middle East. The Islamic Republic of Iran is expected to increase imports from 2.1 million tons in 1998/99 to 7.0 million tons in 1999/00 due to a poor domestic crop (down 3.5 million tons) and also due to increased oil export earnings following the recovery in petroleum prices. Although the UAE is not a large importer, it provides an example of the effects of higher oil prices and the improved economic situation among oil exporters: the UAE is expected to increase imports from 0.76 million tons last year to 1.0 million tons this year, and since the country does not produce wheat, this reflects the improved economic situation. Russia is also reaping the benefits of improved oil exports and is expected to increase wheat imports by about 2.3 million tons despite increased domestic production.

The extent of the price increase this year will depend largely on the size of the new crop and whether the drought in the southern and mid-western United States reduces national yields. Current estimates are for a near normal crop, but it is still too early to know growing conditions. The next few months are likely to see volatile prices as the estimates of production change in response to crop conditions.



*Argentina, Australia, Canada, EU, and US.

Source: USDA historial data and World Bank forecasts.

Other Developments

- Monsanto, the US biotech and agri-chemical company, will launch a Roundup Ready wheat in 2003 according to *The Public Ledger*. The research is already being done to release a spring wheat variety, followed by a winter wheat variety. The development will add to current concerns by some consumer groups about the potential risks posed by genetically modified crops.
- Canada's United Grain Growers has forecast that farmers in western Canada will increase wheat area by 3.9% to 25.88 million acres, with durum area up 20.3% according to *The Public Ledger* (4/10).

PRODUCTION AND STOCKS

	1996/97	1997/98	1998/99	1999/00
Production (000 tons)				
China	110,570	123,389	109,726	115,000
EU	98,506	94,181	103,074	96,932
India	62,097	69,350	66,350	70,780
US	61,980	67,534	69,327	62,662
Russian Fed.	34,900	44,200	26,900	31,000
Canada	29,801	24,280	24,076	26,850
Australia	23,702	19,417	22,108	24,500
Pakistan	16,907	16,650	18,694	17,854
Turkey	16,000	16,000	18,500	16,500
Argentina	15,900	14,800	12,000	14,500
Ukraine	13,550	18,404	14,937	13,500
Kazakhstan	7,700	8,950	4,700	11,200
Mexico	3,107	3,639	3,250	3,100
World	**582,751**	**609,359**	**588,771**	**585,589**
Ending Stocks (000 tons)				
US	12,073	19,663	25,744	27,144
China	24,166	33,455	27,921	26,121
EU	13,764	14,500	19,022	15,529
India	7,000	10,081	11,081	14,111
Canada	9,047	6,009	7,365	7,415
Australia	2,395	1,348	2,400	2,825
World	**113,494**	**138,288**	**135,556**	**126,863**

Source: USDA

TRADE

	1996/97	1997/98	1998/99	1999/00
Exports (000 tons)				
US	27,093	28,090	29,035	28,500
Canada	18,167	21,325	14,455	18,500
Australia	18,191	15,444	16,000	18,500
EU*	17,834	14,196	14,589	15,500
Argentina	10,079	9,606	8,700	10,000
Kazakhstan	2,320	3,428	2,280	4,500
Turkey	989	1,274	3,000	1,500
World	**103,597**	**103,262**	**100,464**	**104,310**
Imports (000 tons)				
Iran, Islamic R.	7,117	3,587	2,538	7,000
Brazil	5,724	5,969	7,290	6,700
Egypt	6,893	7,156	7,430	6,300
Japan	6,264	6,200	5,883	5,900
Russian Fed.	2,629	3,085	2,500	4,800
Algeria	3,630	5,221	4,200	4,500
EU	2,442	3,858	3,761	3,600
Korea, Rep.	3,465	3,917	4,689	3,500
Indonesia	4,201	3,664	3,075	2,800
Mexico	1,940	2,166	2,485	2,700
Morocco	1,587	2,565	2,557	2,500
Iraq	1,136	2,707	2,028	2,500
World	**103,597**	**103,262**	**100,464**	**104,310**

Source: USDA

GLOBAL SUMMARY

	Actual					Est.	Annual Growth Rate (%)		
World Balance (mil. tons)	1970/71	1980/81	1990/91	1997/98	1998/99	1999/00	1970-80	1980-90	1990-98
Production	306.5	436.3	588.0	609.4	588.8	585.6	3.45	2.07	0.79
Consumption	329.5	444.0	561.9	584.6	591.5	594.3	3.08	2.39	0.57
Exports	55.0	94.1	101.1	103.3	100.5	104.3	5.51	1.79	-1.21
Ending Stocks	80.5	113.9	145.0	138.3	135.6	126.9	6.11	0.60	-1.98
Crop Area (mil. hectares)	207.0	237.1	231.4	227.9	224.4	216.6	1.28	-0.69	0.29
Yields (tons/hectare)	1.48	1.84	2.54	2.67	2.62	2.70	2.13	2.79	0.48
	Actual					Forecast			
Price ($/ton)	1996	1997	1998	1999	2000	2001	2002	2005	2010
Current	177.0	207.6	126.1	112.0	122.0	130.0	140.0	160.0	170.0
Constant 1990	148.5	182.1	121.1	108.2	114.9	119.5	125.4	133.9	125.8

*Includes intra-EU trade.
Note: Quantities are in local marketing years, except export and imports which are in July/June years.Prices are for US HRW No. 2 wheat, f.o.b. US Gulf in calendar years.
Source: USDA historical data and estimates and World Bank price forecasts.

Bananas

Recovery in the US banana price came late but strong as it averaged $514/ton during the first quarter. Good production prospects in Central America, however, may put some downward pressure on prices. WTO ruled in favor of Ecuador on trade losses from EU's banana import regime.

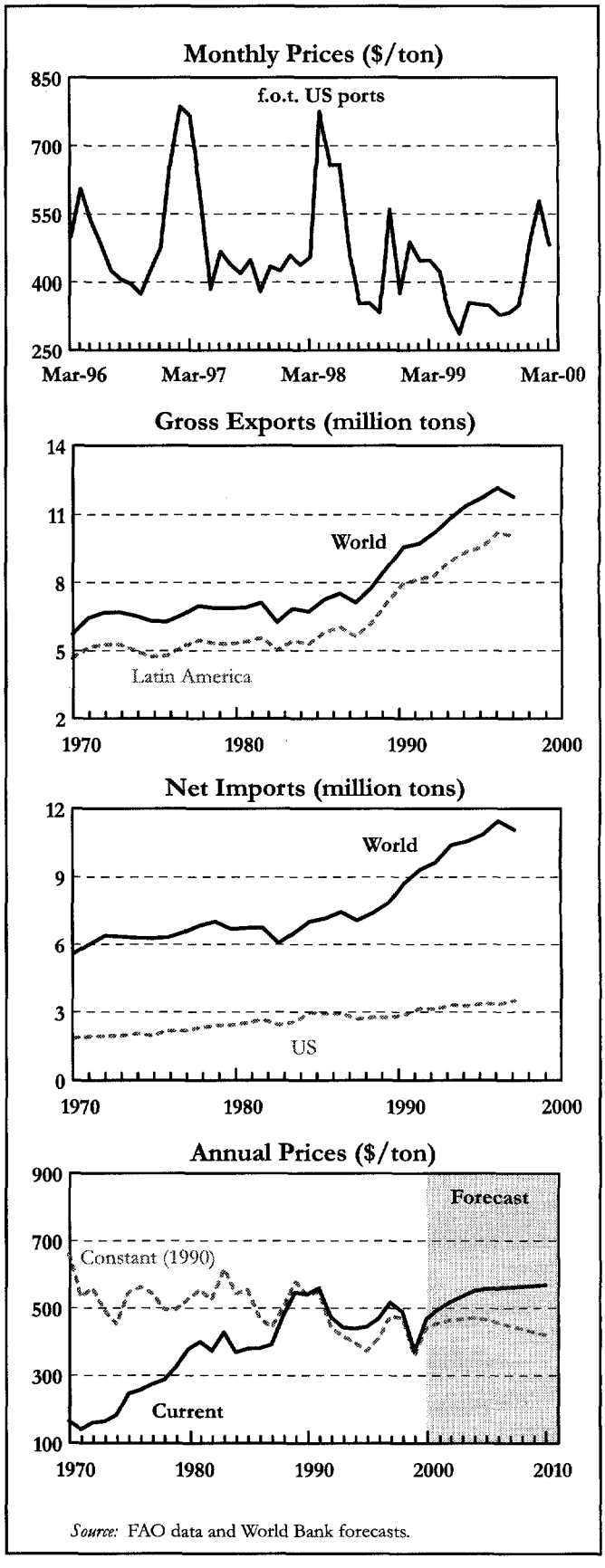
Banana prices (f.o.t. US ports) averaged $514.4/ton during the first quarter of 2000, a 52.9% increase over last quarter's average of $336.4/ton, and 11.6% higher than a year ago. Following cyclical decline and excessive citrus production in Europe, prices returned to levels typical for this time of the year.

Recently released FAO statistics indicate that global banana production for 1999 reached 58.4 million tons, a 4% increase over 1998. The seven dominant producers account for more than a third of total output: India (19%), Ecuador (11%), China (10%), Philippines (7%), Indonesia (6%), Costa Rica (5%), and Mexico (4%). Less than 20% of bananas are internationally traded, and the four dominant exporters account for over three quarters of global exports: Ecuador (33%), Costa Rica (18%), Colombia (12%), and Philippines (10%).

Ecuador shipped 4.30 million tons of bananas during 1999, about half a million tons more than 1998. Export earnings (evaluated at US f.o.b. prices) increased 9.45%, from $843 million in 1998 to $923 million in 1999 according to *Sopisco News*. For the first three months of 2000, banana exports from Ecuador reached 1.16 million tons, 33,000 tons higher than for the first three months of 1999. Banana producers in Ecuador have repeatedly asked the government to take drastic measures against export companies which pay less than the minimum price. Currently the "official" or minimum banana price is fixed at $2.25/box (1 box = 19 kgs).

Banana exports from Costa Rica, the world's second largest banana exporter, remained at their 1998 levels, close to 3 million tons. Export earnings, however, declined by 2.2% due to lower prices, according to the *National Banana Corporation*.

Following overproduction in Ecuador and weak demand, we expect banana prices to average $468/ton for 2000 and close to $500 in the year 2001.



Source: FAO data and World Bank forecasts.

Other Developments

- Following a brief period of optimism, the US-EU banana dispute took another turn with little hope of resolution in the foreseeable future, according to comments made by the EU farm Commissioner. On the other hand, there are reports that the WTO panel has backed EU complaints that the punitive tariffs were premature, according to *Fruit and Vegetable Markets* (April 2000).
- On March 24, WTO ruled that Ecuador is entitled to claim $201.6 million from the EU for trade losses arising from the EU's banana import regime. Ecuador plans to ask the WTO in May for permission to take retaliatory measures against EU goods, services, and even intellectual property rights, according to *Sopisco News*.
- Honduras, the world's seventh largest banana exporter, has posted a deficit of $1.48 billion following a sharp decline in banana and coffee export earnings due to Hurricane Mitch and low world prices.

PRODUCTION (000 tons)

	1996	1997	1998	1999
India	10,299	10,982	11,000	11,000
Ecuador	5,727	7,494	4,563	6,392
Brazil	5,844	6,095	5,506	5,592
China	2,677	3,097	3,734	3,996
Philippines	3,304	3,774	3,561	3,561
Indonesia	3,023	3,057	3,177	3,177
Costa Rica	2,400	2,300	2,098	2,101
Mexico	2,210	1,714	1,526	1,737
Thailand	1,750	1,700	1,720	1,720
Colombia	1,491	1,607	1,517	1,570
Burundi	1,544	1,543	1,399	1,511
Vietnam	1,300	1,310	1,315	1,243
Venezuela	1,026	1,123	948	1,000
Cameroon	986	986	1,000	990
Honduras	1,022	946	862	861
Tanzania	465	904	778	752
Guatemala	681	730	880	733
Papua N.G.	665	670	670	680
Panama	838	800	650	650
Bangladesh	634	628	625	625
Egypt	570	635	656	600
Uganda	590	590	595	600
Malaysia	530	530	535	535
EU	432	525	525	525
Dominican R.	383	389	359	432
World	**55,970**	**59,832**	**55,989**	**58,434**

Source: FAO and World Bank.

TRADE

	1995	1996	1997	1998
Gross Exports (000 tons)				
Ecuador	3,737	3,842	4,446	3,848
Costa Rica	2,033	1,933	1,835	2,101
Colombia	1,336	1,407	1,509	1,436
Philippines	1,213	1,253	1,143	1,147
Guatemala	646	611	659	632
Panama	693	634	602	463
Honduras	522	637	557	433
Mexico	110	163	240	280
Côte d'Ivoire	173	193	191	200
Cameroon	171	191	179	132
Nicaragua	54	78	70	103
World	**11,375**	**11,712**	**12,124**	**11,489**
Net Imports (000 tons)				
US	3,266	3,368	3,354	3,505
EU	3,125	3,164	3,139	2,983
Japan	874	819	885	865
China	160	513	547	539
Russian Fed.	503	307	881	475
Canada	400	408	417	417
Poland	227	238	242	277
Argentina	201	248	252	243
F. Yugoslavia	117	155	195	169
Saudi Arabia	167	153	147	144
Chile	145	151	137	135
World	**10,536**	**10,787**	**11,466**	**10,979**

Source: FAO and World Bank.

GLOBAL SUMMARY

	Actual						Annual Growth Rate (%)		
World Balance (000 tons)	1970	1980	1990	1996	1997	1998	1970-80	1980-90	1990-98
Production	31,777	36,969	47,177	55,970	59,832	55,989	1.31	3.00	2.93
Gross Exports	5,731	6,886	11,364	11,712	12,124	11,489	0.43	2.23	5.79
Net Exports	5,585	6,680	10,567	10,787	11,466	10,979	0.87	1.75	5.67

	Actual				Forecast				
Price ($/ton)	1996	1997	1998	1999	2000	2001	2002	2005	2010
Current	469.6	517.1	489.5	373.2	468.5	496.0	518.1	556.7	567.7
Constant 1990	411.2	477.1	469.8	360.4	441.3	455.9	464.1	465.8	420.2

Source: FAO and World Bank.

Shrimp

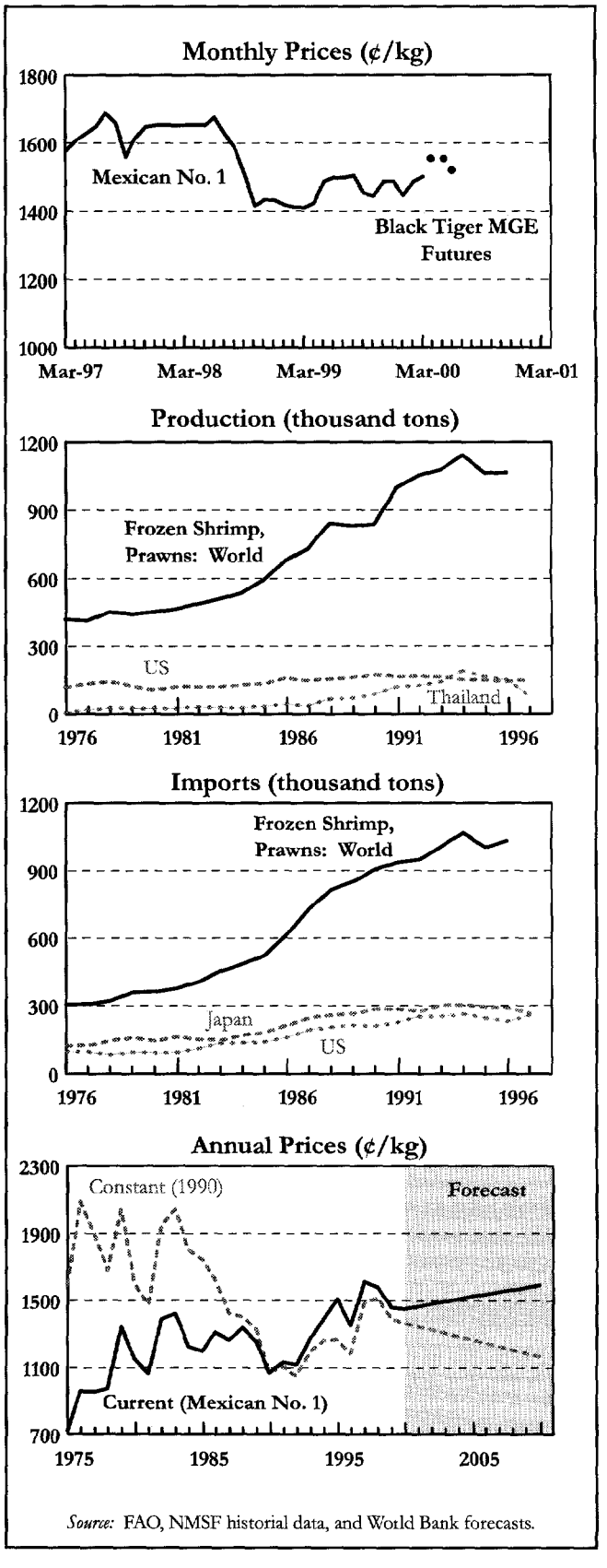
Shrimp prices increased slightly this quarter due to strong demand and reduced supplies. Production in a number of Latin American countries was reduced by disease and the cool waters of La Niña. New supplies will soon become available and this should weaken prices over the next few months.

Shrimp prices increased slightly with prices of Mexican white 26/30 count averaging 1,493¢/kg in the first quarter – 1.3% higher than last quarter. March prices averaged 1,501¢/kg (up 6.4% over last year), as tight supplies and strong demand pushed prices higher. High fuel prices contributed to the tight supplies by reducing the profitability of ocean shrimping, while the improved global economic situation led to higher shrimp demand.

US shrimp imports totaled 331,706 tons in 1999, a 5.3% increase over the previous year (*NMFS* February). But imports in January and February of 2000 are down 21.4% compared to last year because of reduced shrimp availability and higher prices. An easing of prices should occur beginning in May as new supplies become available with the opening of inshore and open-ocean seasons in April in many countries. New supplies of Ecuadorian farmed white shrimp will become available in June. *La Niña* has lowered sea temperatures from 25 to between 18 and 22 degrees Celsius in Ecuador, and this has reduced catches of wild tropical shrimp (*FIS Latin America*).

Japanese imports were reported to be 247,314 tons in 1999, up 3.5% over 1998 due to the strengthening of the yen and improved economic conditions. Increased Japanese imports came from: Bangladesh (47%), Ecuador (21%), Vietnam (13.3%), China (11.1%), Thailand (8.7%), the Philippines (6.3%), and India (4.6%), while lower imports came from Sri Lanka (-50%) due to crop failure, and Indonesia (-5.2%) due to political strife. Imports were down (14.7%) in January, due in part to delays in harvesting in India (*Infofish Trade News*).

Import costs have increased in Europe due to the weak Euro, but Norway's exports of frozen peeled shrimp for March were up 56% compared to last year, with the main buyers being Great Britain and Sweden. The EU changed the import tariff on frozen shrimp from Thailand to 14.4% from 4.5% which had been allowed under the Generalized System of Preferences.



Source: FAO, NMSF historial data, and World Bank forecasts.

Other Developments

- With the help of a US$65,000 World Bank grant, Thai shrimp farmers, processors and exporters, signed a code of conduct, developed by the Marine Shrimp Culture Research Development Institute. The code provides standards for sustainable shrimp farming to ensure production quality and environmental protection.
- Resource depletion is a serious concern for the industry. Mexico's shrimp production has fallen to only half of 1998 levels, because of suspected over-fishing according to *Infoport*. In the Barents Sea, many are worried stocks are depleting as vessels are changing to double and triple trawls. Overexploitation is also a threat to Ecuador's industry and exports have dropped 69% compared to February of last year.
- Aquaculture production schemes are doing well: yields have reportedly reached 1,500 kg per hectare in Curacama, Brazil, and 2,000 kg/ha in Sonora, Mexico. The world average is 950 kg/ha.

PRODUCTION

	1994	1995	1996	1997
Production (000 tons)				
US	153.0	148.8	143.5	152.2
India	107.9	101.8	128.4	134.0
Ecuador	72.7	84.9	85.7	109.0
Thailand	191.0	165.7	152.0	79.4
Indonesia	88.7	78.2	79.6	77.6
Vietnam	63.1	38.7	38.8	41.6
Mexico	45.9	51.6	44.1	41.4
Greenland	35.0	33.0	34.7	30.8
Bangladesh	22.1	26.3	26.5	25.7
Spain	19.4	19.0	21.9	25.3
Pakistan	13.8	14.8	16.8	17.7
Iceland	31.2	35.1	38.7	15.6
Norway	25.0	16.1	17.8	15.2
Colombia	12.7	11.0	9.8	13.8
Panama	9.2	12.2	12.2	13.6
Australia	11.1	14.9	10.8	13.5
China, PR	61.0	48.0	56.9	13.5
Philippines	21.7	17.8	21.8	10.1
Korea, Rep	10.0	9.8	7.6	9.8
Mozambique	8.2	8.0	6.9	9.5
Myanmar	...	4.5	8.7	9.1
Venezuela	4.7	5.2	7.0	8.6
Taiwan, China	4.3	2.6	2.1	7.5
World	**1,143.3**	**1,060.7**	**1,063.7**	**n.a.**

Source: FAO

TRADE

	1994	1995	1996	1997
Exports (000 tons)				
Ecuador	72.0	86.4	85.7	109.0
India	110.5	98.5	110.7	105.4
Thailand	178.5	165.7	152.0	79.4
Indonesia	83.8	76.6	79.6	77.6
Denmark	40.6	34.0	46.7	47.9
Vietnam	63.1	37.4	35.8	41.6
Mexico	24.4	35.9	35.8	35.7
Bangladesh	31.3	27.7	27.6	31.4
Greenland	34.3	33.0	34.7	30.8
Canada	18.2	21.2	17.7	21.8
Pakistan	15.5	14.9	15.6	17.7
World	**1,050.4**	**978.0**	**1,013.2**	**n.a.**
Imports (000 tons)				
Japan	303.5	293.1	289.0	267.6
US	263.1	245.2	230.3	259.5
Spain	108.2	80.5	82.7	77.0
Denmark	49.9	40.4	53.1	52.8
France	48.3	53.1	55.1	51.6
Canada	16.4	22.6	50.8	34.8
Italy	28.8	28.2	33.1	28.1
UK	27.8	26.6	25.1	25.9
HK, China	33.2	28.8	29.7	23.0
Belgium	19.7	22.2	21.2	20.7
World	**1,068.9**	**1,003.3**	**1,033.5**	**n.a.**

Source: FAO

GLOBAL SUMMARY

	Actual						Annual Growth Rate (%)		
World Balance (000 tons)	**1980**	**1985**	**1990**	**1994**	**1995**	**1996**	**1976-80**	**1980-90**	**1990-96**
Production	451.4	593.2	838.9	1143.3	1,060.7	1,063.7	2.17	7.56	3.33
Imports	361.9	524.1	905.5	1068.9	1,003.3	1,033.5	5.11	10.63	2.37

	Actual				Forecast				
Price (¢/kg)	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2005**	**2010**
Current	1,351.6	1,611.6	1,578.9	1,461.0	1,480.0	1,500.0	1,520.0	1,550.0	1,590.0
Constant 1990	1,183.6	1,487.0	1,515.4	1,410.0	1,394.0	1,379.0	1,362.0	1,297.0	1,177.0

Note: Production, trade, exports, and imports are for the calendar year for frozen shrimp and prawns.
Source: FAO, NMFS historical data, and World Bank forecasts.

Sugar

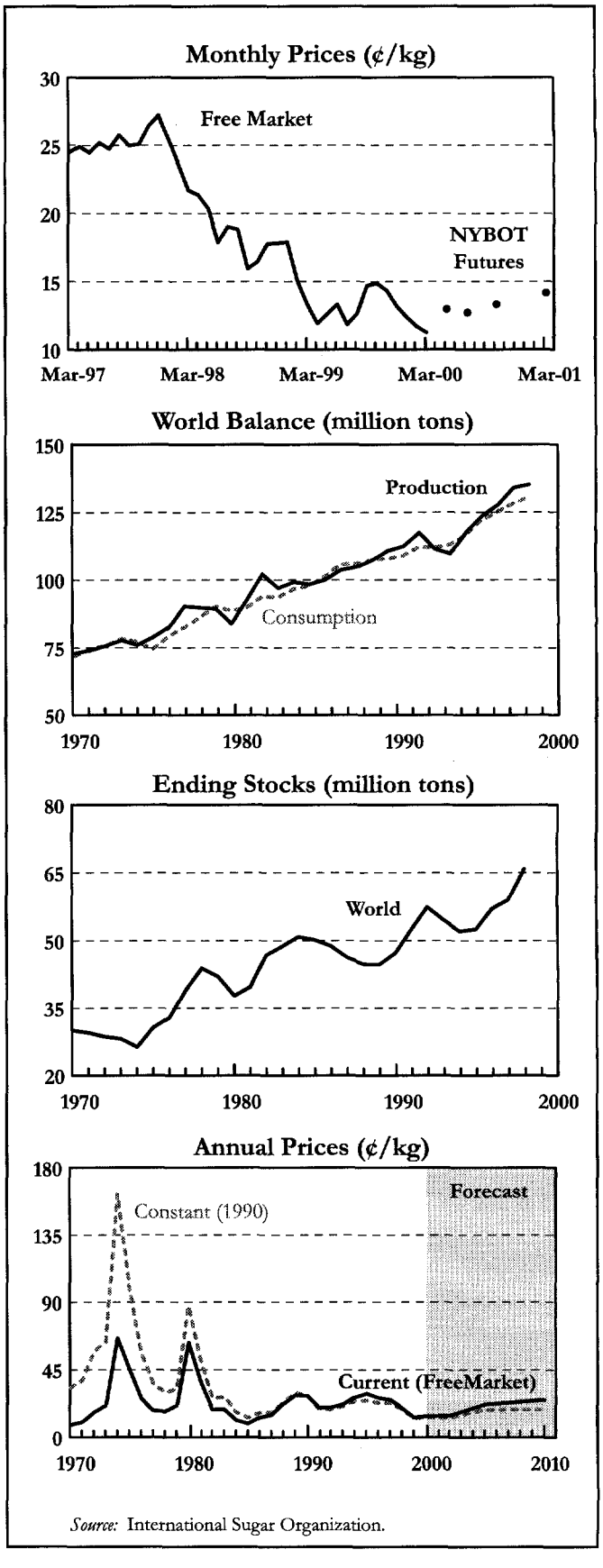
Another year of surplus production adds to the sugar mountain and sends prices to 14-year lows. Significant price increases are not expected for several years.

Sugar prices fell to 14-year lows of 11.27 cents/kg in March, ending the modest price recovery which began last summer. The fundamentals have not changed enough to justify the price decline, but rather the questions is, why did prices rally from depressed levels last summer? World production (October/September) is estimated by the ISO at 134.2 million tons – slightly lower than 1998/99 production of 134.6 million tons. World consumption in 1999/00 is estimated at 130.6 million tons leaving a surplus of 3.6 million tons to add to the already large mountain of sugar. World sugar production has exceeded consumption for the past six consecutive years according to the ISO.

Brazil, the largest producer and exporter, is expected to produce less sugar this year. Brazilian exports have also slowed because sugar supplies are being diverted to the domestic market where the increase in petroleum prices has raised the demand for alcohol produced from sugar. Brazil will begin harvesting its new crop next month. Australia, the world's second largest exporting country, is not expected to increase production this year because of a series of cyclones and floods which damaged the crop.

Importers such as China, Indonesia and Russia will not import enough to change the balance in the world sugar market. Russian imports are expected to fall following a surge in imports in 1999 which left large stocks. India has raised tariffs twice since December in an effort to slow imports and protect domestic producers who are expected to harvest a bumper crop. Most of India's sugar imports come from neighboring Pakistan which has a bumper crop this year. China has a poor sugar crop and will become a net importer, but not a large enough net importer to absorb large supplies available for export.

The world market remains grossly oversupplied according to the ISO's *Quarterly Market Review* and the last time that a large surplus weighted on the market (in the mid-80s) it took three years for the surplus to clear. Thus, prices are unlikely to rally significantly above 14 cent/kg for the next year or more.



Source: International Sugar Organization.

Other Developments

- C. Czarnikow, the international sugar broker, has launched an internet-based service which includes the company's market reports and analysis as well as pricing and trading services. A secure site will provide prices, trading benchmarks, and allow members to complete transactions
- Raw sugar imports to Russia soared to 6.3 million tons in 1999 from 3.6 million tons in 1998 according to F.O. Licht's *International Sugar and Sweetener Report.* In response, the Russian government has imposed a special 10% duty on raw sugar imports until mid-June in addition to the existing 5% tariff. The government also plans to impose a 45% seasonal import tariff on raw sugar from June 15 to December 15.

PRODUCTION AND CONSUMPTION

	1996/97	*1997/98*	*1998/99*	*1999/00*
Production (000 tons)				
Brazil	15,269	18,134	21,050	19,750
EU	18,756	18,900	17,900	19,100
India	13,898	13,859	16,780	17,400
China	7,323	8,747	9,702	8,900
US	6,537	7,274	7,555	8,085
Thailand	6,099	4,325	5,475	6,000
Mexico	4,822	5,492	5,025	5,475
Australia	5,793	5,395	5,200	5,400
Cuba	4,316	3,284	3,780	4,000
Pakistan	2,460	3,800	3,775	3,575
World	**123,698**	**127,501**	**133,949**	**135,160**
Consumption (000 tons)				
India	15,195	16,026	16,225	16,600
EU	14,605	14,100	14,300	14,600
Brazil	8,800	9,150	9,200	9,300
US	8,838	8,923	9,140	9,300
China	8,050	8,300	8,625	8,800
Russian Fed.	5,325	5,450	5,975	5,995
Mexico	4,140	4,416	4,420	4,500
Pakistan	2,910	3,130	3,250	3,300
Indonesia	3,280	2,930	3,000	3,025
Japan	2,478	2,530	2,500	2,525
World	**122,231**	**125,199**	**128,140**	**130,395**

Source: ISO

TRADE

	1996/97	*1997/98*	*1998/99*	*1999/00*
Exports (000 tons)				
Brazil	5,995	8,483	11,205	10,450
EU	5,064	6,158	4,930	6,325
Australia	4,415	4,514	4,142	4,322
Thailand	4,129	2,570	3,270	4,060
Cuba	3,597	2,569	3,030	3,245
Guatemala	1,047	1,324	1,165	1,230
S. Africa, Rep.	939	1,078	1,531	1,130
Mexico	742	1,137	605	975
Colombia	808	849	875	850
Pakistan	0	519	525	275
World	**35,410**	**36,647**	**38,650**	**38,881**
Imports (000 tons)				
Russian Fed.	3,060	4,395	5,900	4,025
EU	1,902	1,896	1,825	1,825
Japan	1,726	1,660	1,610	1,630
Korea, Rep.	1,446	1,376	1,445	1,470
US	2,620	2,106	1,725	1,400
Canada	1,064	1,068	1,135	1,145
Egypt	1,295	1,210	1,025	1,085
Iran, Islamic R.	1,390	1,075	1,050	1,075
Malaysia	1,122	1,010	1,225	990
Indonesia	1,690	1,080	1,410	975
World	**35,425**	**36,631**	**38,419**	**33,890**

Source: ISO

GLOBAL SUMMARY

	Actual					*Est.*	*Annual Growth Rate (%)*		
World Balance (mil. tons)	*1970/71*	*1980/81*	*1990/91*	*1997/98*	*1998/99*	*1999/00*	*1970-80*	*1980-90*	*1990-98*
Production	72.9	83.9	110.7	127.5	133.9	135.2	2.43	1.72	2.12
Consumption	71.9	88.6	107.9	125.2	128.1	130.4	2.22	1.97	1.91
Ending Stocks	30.0	37.7	47.3	59.0	65.8	n.a.	5.02	1.49	2.75

	Actual				*Forecast*				
Price (¢/kg)	*1996*	*1997*	*1998*	*1999*	*2000*	*2001*	*2002*	*2005*	*2010*
Current	26.4	25.1	19.7	13.8	14.0	14.2	14.5	22.0	25.0
Constant 1990	23.1	23.1	18.9	13.3	13.2	13.1	13.0	18.4	18.5

Note: Quantities are in marketing years (October/September), measured in raw value, except world ending stocks, which are in calendar years. Prices are in calendar years.

Source: Historical data from the International Sugar Organization and World Bank price forecasts.

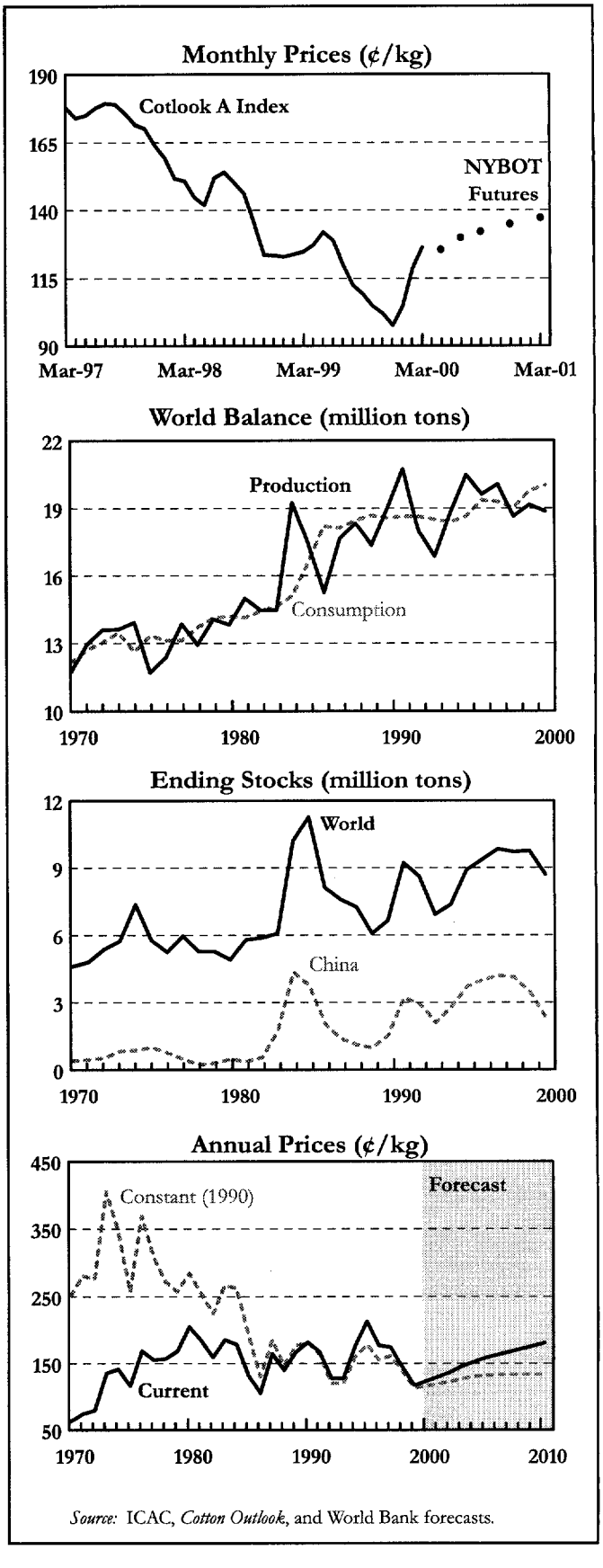
Cotton

The Cotlook A Index reached 126.3 ¢/kg in March following two consecutive monthly increases in January and February. The recovery in the cotton market is likely to be sustainable as production cutbacks are expected to take place in many countries while consumption recovers. Consumption is estimated to exceed 20 million tons for the 2000/01 season.

The medium staple cotton indicator price (Cotlook A Index) reversed its downward trend to reach 126.3¢/kg in March, almost 30% higher than the December low of 94.7¢/kg (the lowest level since September, 1986). The index averaged 116.5¢/kg during the first quarter of 2000, up 15.0% from the last quarter's average but 6.0% lower than during the first quarter of last year.

Recent global balance estimates released by the International Cotton Advisory Committee (ICAC) indicate that world cotton production for the 1999/00 season (August to July) will reach 19.66 million tons, almost 4% higher than last season's crop, while consumption will recover from 19.01 to 19.75 million tons, creating a deficit of 625,000 tons. Early estimates for the 2000/01 season indicate that production will decline to 18.86 million tons while consumption will reach almost 20 million tons. Major production cutbacks are expected to take place in Australia (7%), China (29%), Greece (7%), the Syrian Arab Republic (12%), and Turkey (5%). The US is expected to increase production by an estimated 24%, mainly reflecting the reintroduction of the step-2 payment, which this time will include support to producers of extra fine cotton. Exports for 2000/01 may be as high as 6.36 million tons, up from 5.82 million tons in 1999/00. Most of the increase (currently estimated at 400,000 tons) will be accounted for by the US. Major import increases are expected for Brazil (18%), India (51%), Japan (17%), and Mexico (42%).

The fundamentals in the cotton market have changed, and the bearish sentiment has been replaced by a bullish attitude. Given the estimated deficit of 1.3 million tons for the 2000/01 season, we have revised our A Index forecast slightly upwards for the year 2000 to 123¢/kg while we expect the A Index to reach 130¢/kg in 2001.



Source: ICAC, *Cotton Outlook*, and World Bank forecasts.

Other Developments

- Textiles have been on the center stage at the EU/China negotiations regarding China's accession to the World Trade Organization. The EU is expected to face increased Chinese textile exports and is currently negotiating a transition period which will give some breathing space to its textile industry. The EU had imposed antidumping duties for a brief period on textile imports from a number of (mainly Asian) countries in the last few years.
- Cotton farmers in Australia make much greater use of futures and options contracts than producers in the US at the New York Board of Trade (NYBOT), according to the NYBOT's Assistant Vice-President. The US cotton programs have reduced farmer's needs for protection. Contrary to this, the government of Australia does not provide any assistance to its cotton growers.
- After much debate, USDA increased its estimate of Chinese stocks from 2.94 to 3.52 million tons for 1999/00.

PRODUCTION AND STOCKS

	1997/98	*1998/99*	*1999/00*	*2000/01*
Production (000 tons)				
US	4,092	3,030	3,690	4,200
China	4,602	4,501	3,900	3,500
India	2,686	2,710	2,750	2,700
Pakistan	1,561	1,480	1,800	1,550
Uzbekistan	1,139	1,000	1,160	1,100
West Africa	956	897	900	896
Turkey	838	880	850	840
Australia	681	726	660	680
Brazil	370	420	569	580
Greece	348	405	410	380
Turkmenistan	180	200	280	350
Syrian Arab R.	355	335	325	300
World	**20,053**	**18,640**	**19,160**	**18,860**
Ending Stocks (000 tons)				
China	4,198	4,124	2,944	1,844
US	844	849	969	1,150
India	811	1,011	1,017	1,017
Pakistan	323	353	533	598
Australia	326	424	443	341
Turkey	100	269	304	206
World	**9,895**	**9,680**	**9,080**	**7,950**

Source: ICAC

TRADE

	1997/98	*1998/99*	*1999/00*	*2000/01*
Exports (000 tons)				
US	1,695	915	1,400	1,900
Uzbekistan	950	900	950	970
West Africa	815	843	838	890
Australia	625	650	589	650
Greece	200	230	242	334
Turkmenistan	58	210	230	298
Syrian Arab R.	230	180	180	212
World	**5,911**	**5,300**	**5,820**	**6,360**
Imports (000 tons)				
Mexico	330	302	412	586
Indonesia	425	500	555	536
Italy	350	330	365	370
Korea, Rep.	265	330	360	370
Turkey	280	250	376	346
Brazil	380	292	284	334
Taiwan, China	275	293	322	310
Thailand	285	271	295	307
India	180	136	200	301
Japan	285	270	230	270
Russia Fed.	223	179	239	242
World	**5,738**	**5,450**	**5,820**	**6,360**

Source: ICAC

GLOBAL SUMMARY

	Actual					*Est.*	*Annual Growth Rate (%)*		
World Balance (000 tons)	*1970/71*	*1980/81*	*1990/91*	*1998/98*	*1999/00*	*2000/01*	*1970-80*	*1980-90*	*1990-99*
Production	11,740	13,832	18,970	18,640	19,160	18,860	1.23	3.05	0.13
Consumption	12,173	14,215	18,576	19,010	19,754	19,990	1.09	3.17	-0.08
Exports	3,875	4,414	5,081	5,300	5,820	6,360	0.50	2.83	0.27
Ending Stocks	4,605	4,895	6,645	9,680	9,080	7,950	1.77	2.63	2.17
Yields (tons/hectare)	369	411	574	557	589	591	0.92	3.41	-0.55
	Actual					*Forecast*			
Price (¢/kg)	*1996*	*1997*	*1998*	*1999*	*2000*	*2001*	*2002*	*2005*	*2010*
Current	177.3	174.8	144.4	117.1	123.5	130.1	136.7	158.7	180.8
Constant 1990	155.6	161.3	138.6	113.1	116.3	119.5	122.4	132.8	133.8

Note: Crop year begins August 1.
Source: ICAC and World Bank

Rubber

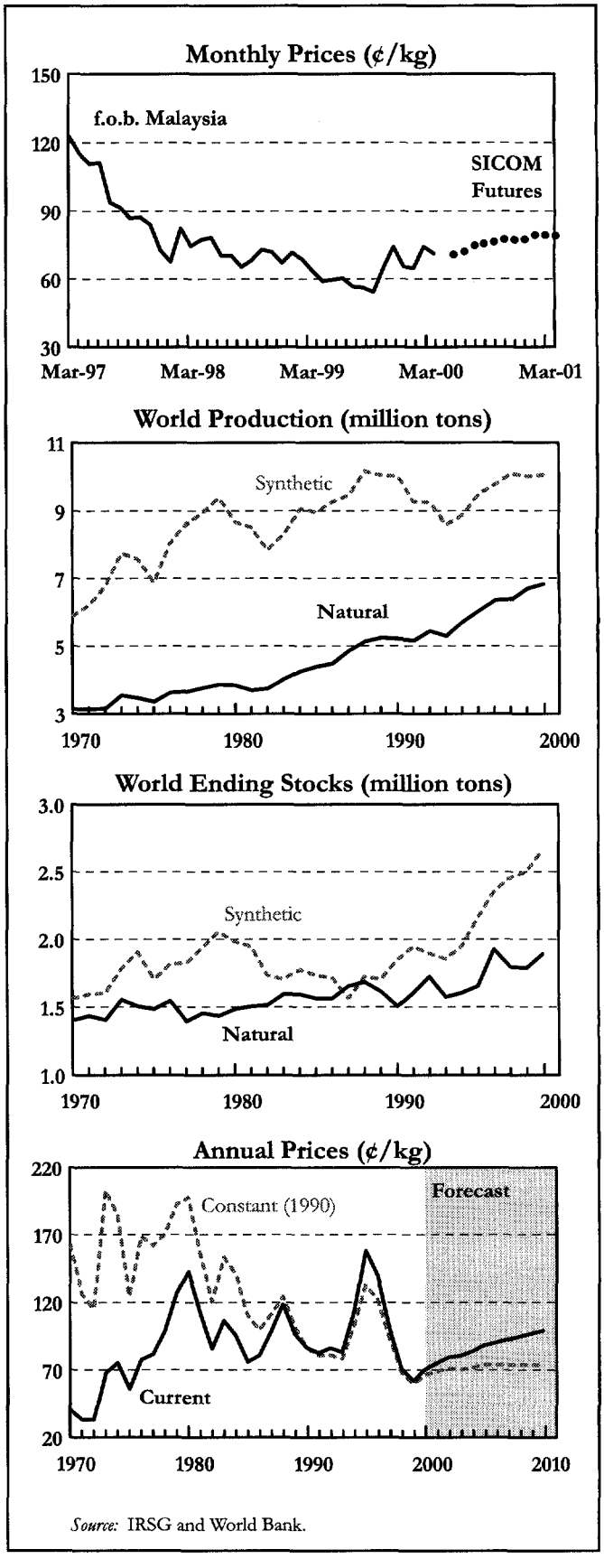
The rubber market increased on the gains it made last quarter reaching a high of 74.2¢/kg in February. While demand side fundamentals look strong, much will depend on the fate of INRO's stocks along with the new rubber supply agreement expected to be launched by the three dominant producers.

The price signals were mixed this quarter. The Kuala Lumpur rubber indicator price averaged 70.1¢/kg in the first quarter of 2000, 3.0% higher than the last quarter of 1999 and 3.1% higher than a year ago. Singapore prices gained 2.8% while New York prices declined by 2.2%, over last quarter.

Based on data from the International Rubber Study Group (IRSG) covering the first 10 months of 1999, global natural rubber production was 6.52 million tons, almost 3% lower than in 1998. Thailand, Malaysia, and Indonesia, the three dominant producers, accounted for 30%, 28%, and 12% of the world total: 1.92, 1.85, and 0.77 million tons, respectively.

Global synthetic rubber production reached 10.04 million tons in 1999, just 1% higher than 1998. The US and Japan accounted for 23% and 16% of the world total. Consumption of natural rubber in 1999 reached 6.61 million tons, up 62,000 tons from 1998, mainly a response to lower prices. Consumption of synthetic rubber was 9.58 million tons, very close to the 1998 level.

The demand side fundamentals of the rubber market have definitely improved. According to the latest World Bank report (*Global Development Finance 2000*) world income growth for 2000 will be 3.5%, up from 2.9% in 1999. Much, however, will depend on the supply side and especially the outcome of the newly proposed supply retention scheme by major producers, as well as whether the INRO stocks will actually find their way to the market. With the information at hand and consistent with our January report, we expect prices for 2000 to average about 70¢/kg, considerably higher than in 1999, but still below the 1998 average. Full recovery will take place in 2001 with prices expected to reach 75¢/kg.



Source: IRSG and World Bank.

Other Developments

- Following INRO's collapse, the three dominant natural rubber producers, Thailand, Malaysia, and Indonesia are about to sign a rubber agreement. Under this agreement, supplies of natural rubber will be reduced when prices fall below a certain level.
- Six leading tire groups (Goodyear, Pirelli, Michelin, Cooper Tyre and Rubber, Continental and Sumitomo) are expected to launch an internet-based exchange for the rubber industry. The exchange, which is expected to be running by the end of this year, would lead to significant savings due to efficiency gains in purchasing and procurement across the entire industry.

NATURAL RUBBER

	1996	1997	1998	1999
Production (000 tons)				
Thailand	1,970	2,033	2,216	1,923
Indonesia	1,527	1,505	1,714	1,850
Malaysia	1,083	971	886	772
India	540	580	591	560
China	430	444	450	460
Vietnam	218	209	213	211
Côte d'Ivoire	90	108	109	120
Sri Lanka	113	106	96	99
World	**6,390**	**6,380**	**6,700**	**6,516**
Consumption (000 tons)				
US	1,002	1,044	1,157	1,082
China	810	910	839	821
Japan	715	713	707	731
India	558	572	580	614
Germany	193	212	247	221
World	**6,100**	**6,460**	**6,550**	**6,612**
Net Exports (000 tons)				
Indonesia	1,434	1,404	1,641	1,748
Thailand	1,763	1,837	1,839	1,603
Malaysia	710	587	425	454
Vietnam	194	194	191	186
Liberia	30	67	75	89
World	**4,540**	**4,490**	**4,600**	**4,476**

Source: IRSG and World Bank estimates for 1999.

SYNTHETIC RUBBER

	1996	1997	1998	1999
Production (000 tons)				
US	2,486	2,589	2,610	2,339
Japan	1,520	1,592	1,520	1,567
Germany	548	555	619	699
Russian Fed.	775	725	621	680
China	553	600	589	673
France	583	595	606	588
Korea, Rep.	516	540	533	546
Taiwan, China	376	457	472	487
World	**9,770**	**10,090**	**9,990**	**10,044**
Consumption (000 tons)				
US	2,187	2,323	2,354	2,094
China	870	995	1,000	1,206
Japan	1,125	1,163	1,116	1,115
Germany	478	501	569	600
Russian Fed.	438	450	358	378
World	**9,580**	**10,000**	**9,850**	**9,852**
Gross Exports (000 tons)				
US	732	769	742	798
Japan	477	494	490	552
Germany	403	424	458	500
France	462	507	497	493
Korea, Rep.	177	266	342	370
World	**4,550**	**4,990**	**5,230**	**5,484**

Source: IRSG and World Bank estimates for 1999.

GLOBAL SUMMARY

	Actual					Est.	Annual Growth Rate (%)		
Natural Rubber (000 tons)	**1970**	**1980**	**1990**	**1997**	**1998**	**1999**	**1970-80**	**1980-90**	**1990-98**
Production	3,140	3,820	5,080	6,380	6,700	6,516	1.77	3.19	2.91
Consumption	3,090	3,770	5,190	6,460	6,550	6,612	1.58	3.18	3.17
Net Exports	2,820	3,280	3,950	4,490	4,600	4,476	1.22	2.19	1.33
Ending Stocks	1,440	1,480	1,500	1,990	2,140	2,060	0.45	0.71	1.26
Synthetic Rubber (000 tons)									
Production	5,880	8,640	9,840	10,090	9,990	10,044	3.45	0.63	0.22
Consumption	5,610	8,830	9,620	10,000	9,850	9,852	3.80	0.46	0.17
Gross Exports	1,460	2,320	3,370	4,990	5,230	5,484	3.67	3.90	5.77
Ending Stocks	1,560	1,740	1,890	2,460	2,600	2,760	1.77	-1.41	5.41

	Actual				Forecast				
Prices-Natural (¢/kg)	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2005**	**2010**
Current	139.4	101.8	70.9	62.0	70.5	75.0	79.4	88.2	99.2
Constant 1990	122.3	93.9	68.1	59.9	66.5	68.9	71.1	73.8	73.4

Source: IRSG and World Bank.

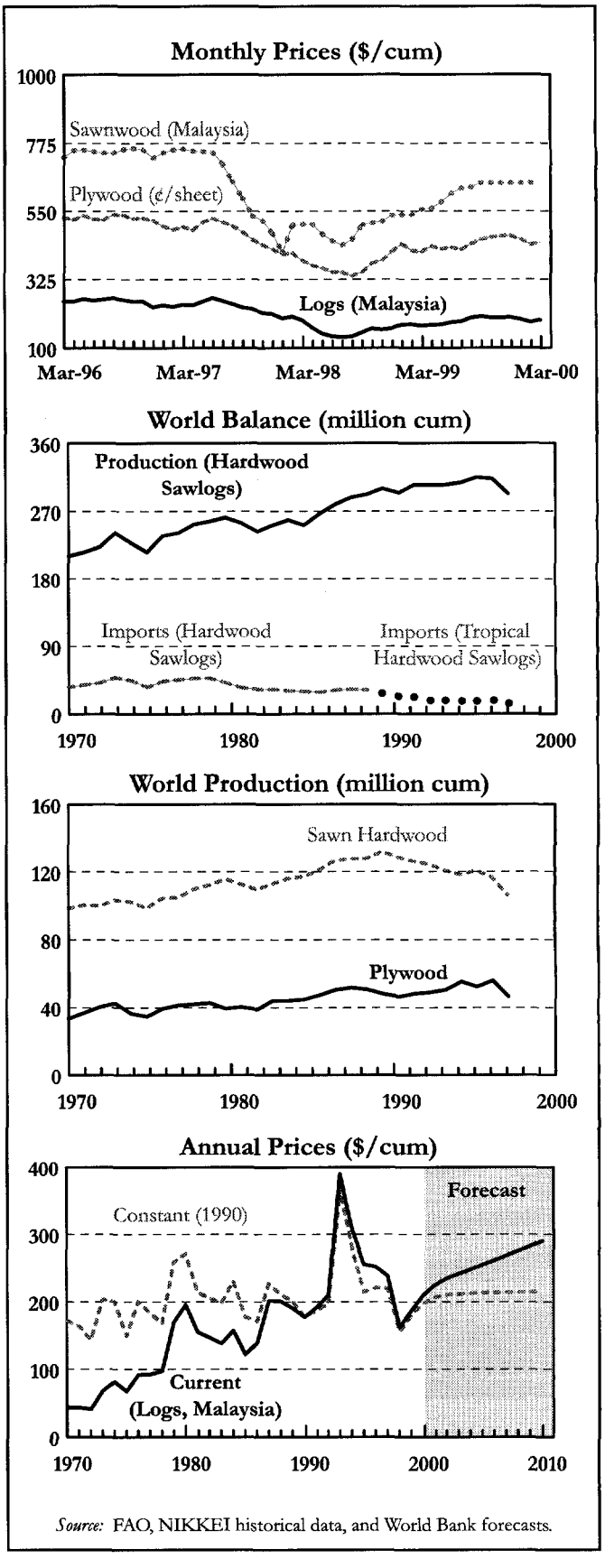
Tropical Timber

Tropical timber prices languished in the first quarter due to insufficient demand in Japan, large supplies from Indonesia, and only moderate demand in China.

Timber prices stabilized in the first quarter after improving noticably in the second half of 1999. Asian timber prices are very dependent upon demand in Japan, and the weakening of the yen as well as large inventory carryovers from last year have weakened import demand. The restructuring of the Japanese timber industry in 1998/99 also led to increased imports of Russian softwoods at the expense of Asian hardwoods. The extended holidays for Moslem Ramadan and the Chinese New Year further reduced importing activity in January and February and caused meranti log prices to linger around $190/cubic meter during the first quarter. Demand in Europe for Asian meranti timber was dampened by the rise in ocean freight rates and the weakening of the Euro to the US dollar. West African redwood sapeli log prices remained stable in French francs, but declined about 5% in US dollar terms during the first quarter. Sapeli sawnwood prices edged up about 1% during the first quarter in US dollars and rose about 6% in French francs. Exports from Cameroon are limited by the export ban on selected logs while exports from neighboring countries continue.

The supply of logs from Indonesia has increased sharply, contributing to the recent price weakness of Asian timber. Illegal logging in Indonesia has swelled to more than double the officially sanctioned production of 21 million cubic meters according to estimates made by the Tropical Forest Management Program, a joint Indonesian and British project. These estimates suggest that Indonesia's log harvest could be at least twice that of Malaysia, which is "officially" the world's largest tropical timber producer estimated at 30 million cubic meters in 1998, according to ITTO. Malaysian timber production has reportedly slowed in favor of cheaper imports from Indonesia. Plywood from the region also remains abundant and prices weak.

Tropical timber prices are expected to make moderate gains due to the gradual increase of Chinese imports and steady demand in Europe, although the continued sluggishness in Japanese imports and large supplies of logs from Southeast Asia could keep prices subdued in the near-term.



Source: FAO, NIKKEI historical data, and World Bank forecasts.

Other Developments

- In January, the Consultative Group for Indonesia – an alliance between the government, multi-donors, international agencies (including the World Bank), civil societies and other stakeholders – reached broad agreement to take rapid action on urgent problems to arrest the destruction and degradation of Indonesian tropical forests. These problems include illegal logging, natural forest conversion, and industrial overcapacity. Follow-up actions by an intergovernmental committee began in February.

Hardwood Logs (000 cum)			Sawn Hardwood (000 cum)			Plywood (000 cum)		
	1997	*1998*		*1997*	*1998*		*1997*	*1998*
Prod. of Sawlogs & Veneer			**Production**			**Production**		
US	70,721	71,260	US	29,972	28,084	US	17,517	15,732
Brazil	26,000	25,000	India	14,960	14,960	Indonesia	9,600	7,015
Indonesia	32,250	21,444	Brazil	10,500	10,000	China*	8,097	4,978
China*	22,159	20,553	China*	8,195	7,295	Malaysia	4,447	3,904
Malaysia	29,700	20,000	Malaysia	7,176	5,091	Japan	4,257	3,267
World	**313,131**	**293,372**	**World**	**116,754**	**106,425**	**World**	**55,968**	**46,419**
Exports of Tropical Hardwood			**Exports**			**Exports**		
Malaysia	6,593	5,583	US	3,096	3,015	Indonesia	8,500	5,423
PNG	3,006	1,613	Malaysia	3,007	2,735	Malaysia	3,825	3,520
Gabon	3,000	1,600	Canada	1,022	1,183	US	1,596	858
Cameroon	1,706	1,280	HK, China	735	837	Canada	863	848
HK, China	548	742	Brazil	885	749	Russian Fed.	631	723
World	**18,186**	**14,097**	**World**	**16,802**	**17,155**	**World**	**20,593**	**16,387**
Imports of Tropical Hardwood			**Imports**			**Imports**		
China*	4,439	3,723	China*	2,607	2,377	Japan	5,422	3,938
Japan	5,854	3,427	Italy	1,760	2,021	China*	2,373	2,520
India	704	1,323	US	1,160	1,368	US	1,868	2,150
HK, China	843	914	Japan	1,789	1,060	HK, China	1,074	1,078
France	675	780	Spain	900	1,017	Germany	1,095	1,074
World	**17,617**	**14,470**	**World**	**21,066**	**20,929**	**World**	**19,522**	**18,608**
Source: FAO			*Source:* FAO			*Source:* FAO		

GLOBAL SUMMARY

	Actual						*Annual Growth Rate (%)*		
World Balance (mil. cum)	*1970*	*1980*	*1990*	*1996*	*1997*	*1998*	*1970-80*	*1980-90*	*1990-98*
Hardwood logs prod.**	210	262	300	315	313	293	1.49	1.65	0.73
Hardwood logs imports**	36.1	42.2	25.1	16.7	17.6	14.5	0.07	-4.77	-6.81
Sawn hardwood prod.	98.5	115.8	131.8	120.6	116.8	106.4	1.17	1.74	-1.95
Sawn hardwood imports	7.1	13.2	16.1	19.1	21.1	20.9	4.97	2.50	3.67
Plywood production	33.4	39.4	48.2	52.4	56.0	46.4	1.16	2.04	0.34
Plywood imports	4.9	6.0	14.9	19.1	19.5	18.6	0.75	8.91	4.38
	Actual				*Forecast*				
Prices ($/cum)	*1996*	*1997*	*1998*	*1999*	*2000*	*2001*	*2002*	*2005*	*2010*
Logs, current	252.1	238.3	162.4	187.1	210.0	225.0	235.0	255.0	290.0
Logs constant 1990	220.8	219.8	155.9	180.7	197.8	206.8	210.5	213.4	214.7
Sawn hardwood, current	741.4	663.8	484.1	600.8	640.0	660.0	680.0	755.0	900.0
Sawn hardwood constant 1990	649.2	612.4	464.7	580.2	602.9	606.6	609.2	631.7	666.2

*Including Taiwan, China.
**Imports for 1970-89 and producton for all years refer to hardwood sawlogs and veneer logs. Imports from 1990 onwards are tropical hardwood sawlogs and veneer logs.
Source: FAO, NIKKEI historical data, and World Bank estimates and forecasts.

Nitrogen

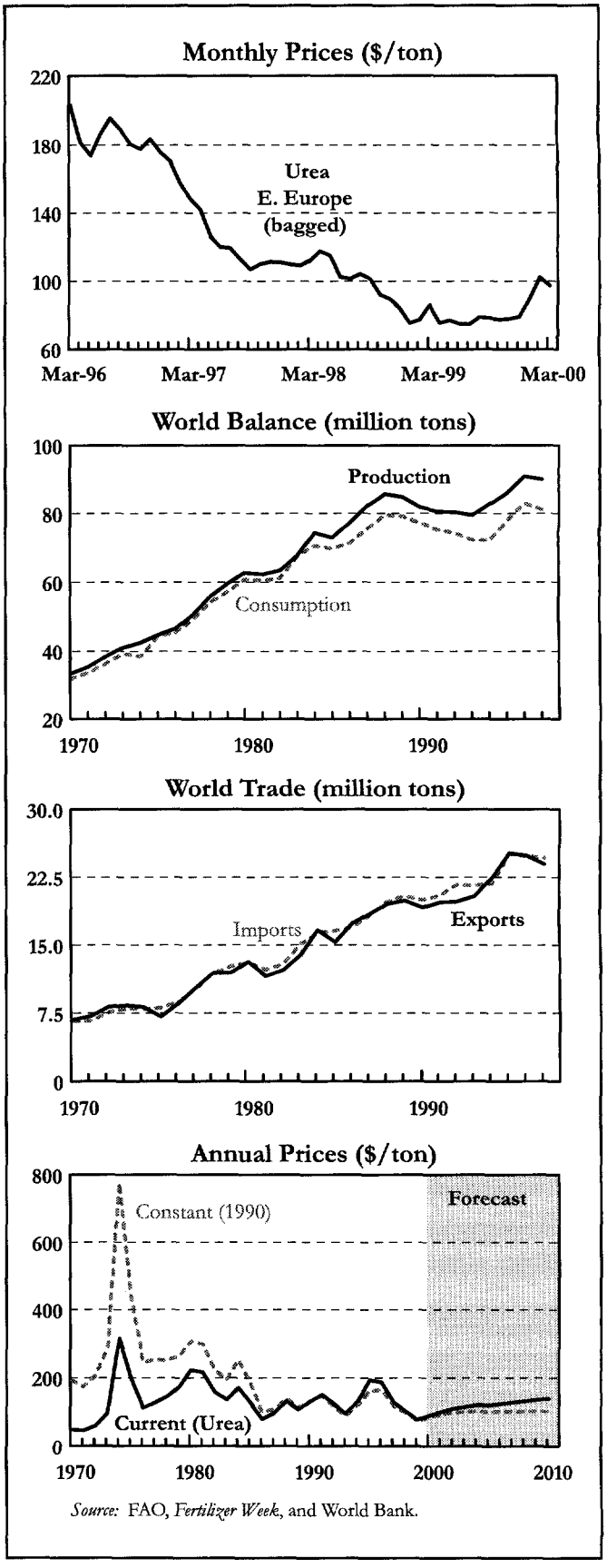
Urea prices were 27% higher during the first quarter, due to production cuts by major producers and increased demand. Prices are expected to hold recent gains unless production cutbacks are reversed.

Urea fertilizer prices continued to increase in January and February before retreating in March. The combination of production cutbacks in Europe and the US combined with improved demand are largely credited for the recovery. However, the industry still has surplus capacity and prices could fall if production cuts are not maintained. Improved demand largely reflects recent crop price increases, and future demand will be closely linked to crop prices.

Bulk urea prices, f.o.b. Eastern Europe, averaged $85.2/ton during the first quarter, up 27% from the fourth quarter. March prices fell to $84.4/ton after reaching a high of $91.4/ton in February. An increase in import demand in Asia, Europe, Turkey, and the United States at the end of last year have given way to lower demand in recent months. However, with spring planting soon to begin in the northern hemisphere, prices could regain February highs. US traders reported surging prices as dealers stocked-up for spring planting and some buyers expressed "sticker-shock" compared to the favorable prices faced one year ago.

While European and US producers were cutting production, Russian producers were increasing production and exports. Russia was the world's largest exporter in 1999 with 15% of urea exports. Overall, nitrogen fertilizer output in Russia surged 25% in 1999 and urea exports totaled 3.36 million tons, up 25% over 1998 according to *Fertilizer Week*.

Pakistan imposed a 10% import duty on urea at the end of 1999 to protect domestic producers from aggressively priced imports according to *Fertilizer Week*. New capacity in Pakistan is expected to have raised 1999 production by 4% and a further increase of 8% is expected in 2000. This new capacity comes at a bad time as domestic urea sales during the first quarter were down 15% because of drought. In an effort to ease the pressure on domestic prices, the Ministry of Food and Agriculture has approved producer's plans to export about 100,000 tons of urea during 2000. The domestic surplus of urea is estimated to total 400,000 tons.



Source: FAO, *Fertilizer Week*, and World Bank.

Other Developments

- The Indian government announced a three year moratorium on domestic grassroots urea plants in February, saying it could not guarantee that proposed expansions to existing units would be included in the existing Retention Pricing Scheme which automatically allows a 12% after tax return on capital investments according to *Fertilizer Week*, 2/14. The Department of Fertilizer announced intentions to introduce a plan for the phased removal of India's Retention Pricing Scheme in a fertilizer sector reform, *Fertilizer Week*, 3/6.
- Urea production in Mexico is expected to restart following an agreement between Mexico's Energy Ministry, Pemex, petrochemical sector unions, and domestic nitrogen fertilizer producers. Production halted last May at Agromex, Mexico's sole urea producer.

PRODUCTION AND CONSUMPTION

	1994/95	1995/96	1996/97	1997/98
Production (000 tons)				
China	16,689	18,633	21,042	20,538
US	14,017	14,244	15,226	15,372
India	7,944	8,769	8,593	10,083
Russian Fed.	4,027	4,713	4,900	4,293
Canada	3,801	4,019	4,049	4,122
Indonesia	2,565	2,858	3,045	3,059
Ukraine	1,935	1,871	2,083	2,022
Netherlands	1,785	1,595	1,772	1,848
Pakistan	1,547	1,693	1,682	1,661
Poland	1,269	1,469	1,549	1,545
World	**82,746**	**86,004**	**90,973**	**90,092**
Consumption (000 tons)				
China	19,216	23,383	25,277	23,260
US	10,631	11,161	11,206	11,163
India	9,507	9,823	10,302	10,905
France	2,309	2,392	2,525	2,518
Pakistan	1,738	1,984	1,985	2,088
Indonesia	1,649	1,844	2,084	1,838
Germany	1,787	1,769	1,758	1,788
Canada	1,456	1,576	1,671	1,708
Brazil	1,225	1,151	1,197	1,306
UK	1,339	1,328	1,438	1,251
World	**72,247**	**77,986**	**83,017**	**81,177**

Source: FAO

TRADE

	1994/95	1995/96	1996/97	1997/98
Exports (000 tons)				
Russian Fed.	2,814	3,661	3,646	3,122
US	2,902	2,997	2,989	3,038
Canada	1,955	2,179	2,090	1,878
Netherlands	1,480	1,457	1,505	1,435
Ukraine	1,301	1,231	1,464	1,418
Indonesia	740	914	711	1,087
Bel-Lux	1,001	978	1,043	1,074
Saudi Arabia	911	788	845	806
Poland	457	637	520	590
Germany	630	831	676	561
World	**22,433**	**25,157**	**24,894**	**23,957**
Imports (000 tons)				
US	4,702	4,569	4,132	4,697
China	2,577	4,897	4,423	2,955
India	1,473	2,008	1,156	1,375
Germany	1,249	1,218	1,165	1,224
France	1,218	1,306	1,222	1,112
Vietnam	903	785	937	952
Italy	679	600	736	787
Thailand	687	780	811	779
Brazil	494	426	495	686
Australia	428	493	628	679
World	**21,815**	**25,097**	**24,838**	**24,646**

Source: FAO

GLOBAL SUMMARY

	Actual						Annual Growth Rate (%)		
World Balance (mil. tons)	**1970/71**	**1980/81**	**1990/91**	**1995/96**	**1996/97**	**1997/98**	**1970-80**	**1980-90**	**1990-96**
Production	33.3	62.8	81.9	86.0	91.0	90.1	6.53	3.12	0.03
Consumption	31.8	60.8	77.2	78.0	83.0	81.2	6.86	2.60	-0.49
Exports	6.8	13.2	20.0	25.1	24.9	24.0	7.23	5.10	2.69

	Actual				Forecast				
Urea Prices ($/ton)	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2005**	**2010**
Current	187.5	127.9	103.1	77.8	90.0	100.0	110.0	120.0	140.0
Constant 1990	164.5	118.0	98.9	75.1	84.8	91.9	98.5	100.4	103.6

Note: Quantities are for total nitrogen fertilizer in marketing years and prices are for urea, bagged, spot, f.o.b. Eastern Europe in calendar years.

Source: FAO and World Bank.

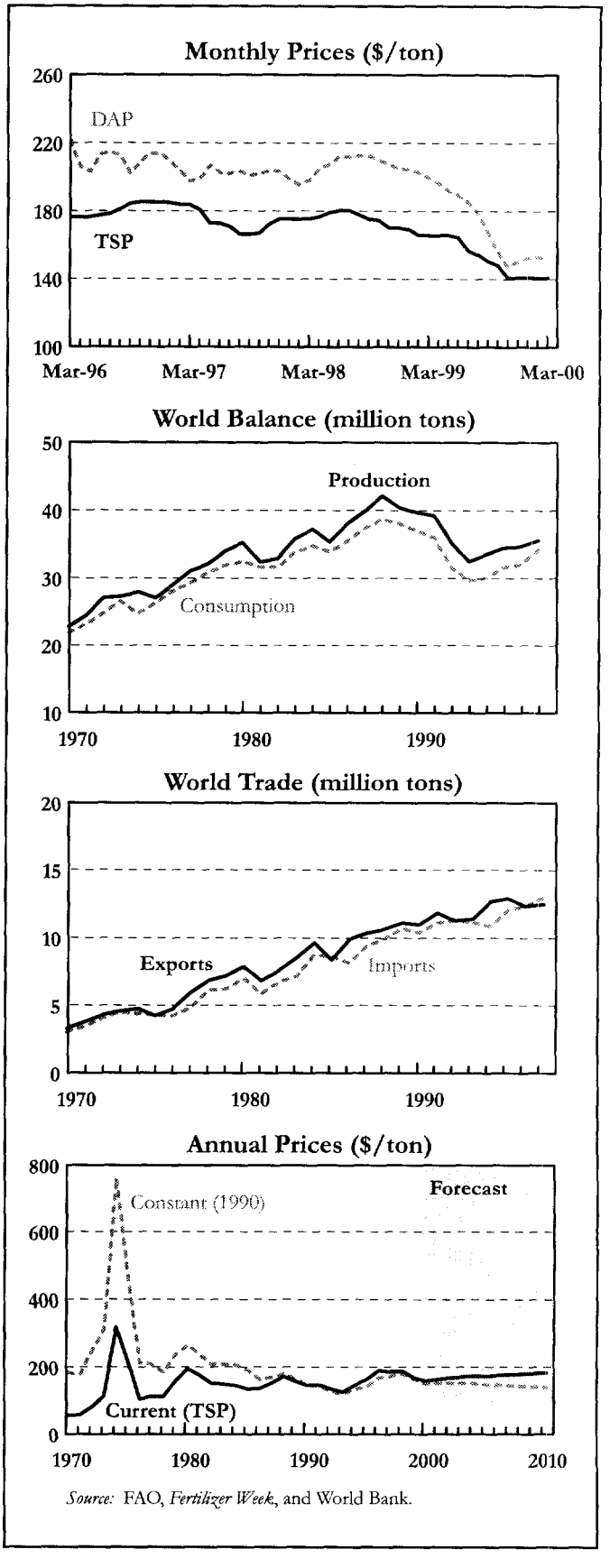
Phosphates

Phosphate fertilizer prices remained steady this quarter after falling sharply last year. Production cutbacks by major producers and delays at new plants in Australia and India supported prices along with improved demand prospects. Firm phosphate rock prices also supported phosphate fertilizer prices.

Phosphate fertilizer prices remained essentially unchanged from last quarter after falling sharply from year-ago levels. DAP prices averaged $149.5/ton during the first quarter, up less than 1.0% from the previous quarter and TSP prices were down 1.7% from last quarter at $138/ton. Production cutbacks introduced by major producers over the past six months have tightened the market, and demand has increased with the prospects of higher crop prices in 2000. In addition, delayed start-ups of the WMC plant in Australia and the Oswal complex in India have kept new product off the market.

Earlier estimates that the Western Mining Corporation (WMC) complex at Phosphate Hill, Australia would produce 800,000 tons of DAP in 2000 are being scaled back to 600,000 tons. Production estimates at the Oswal plant in India have also been scaled back as the plant was operating at only 30% of capacity in early April according to industry estimates. More supply came off the market when two Ukrainian phosphate producers, with combined capacity of about 800,000 tons, stopped production in March due to increased production costs and weak international prices. A Russian producer of about equal size to the two Ukrainian producers is also reported to be near closing due to weak international prices. Phosphate rock prices have remained firm and this has helped to halt the decline of fertilizer prices.

Increased demand has also helped halt the decline in phosphate fertilizer prices. Imports of DAP by China totaled 5.2 million tons in 1999, with the bulk of the product being supplied by the US according to *Fertilizer Week*, 2/14. PhosChem announced a contract to supply 1.1 million tons of DAP for shipment to China in May-December. Recent sales to Pakistan and Vietnam have also contributed to a firmer market. Brazil is emerging as a strong buyer following last year's 9% decline in imports compared to 1998.



Source: FAO, *Fertilizer Week*, and World Bank.

Other Developments

- Plans are underway to develop Guinea-Bissau's Farim phosphate rock deposit into a dry-pit mine expected to produce 1.5 million tons of phosphate rock per year. The mine will be developed by Canada's Champion Resources and operated under contract with Met-Chem Canada and Time Mining. Most of the funding for the $112 million project will be provided by a group of South African banks.
- The Indian government is expected to cut the subsidy on imported and domestically produced DAP following a subsidy cut on imported phosphoric acid. The subsidy on domestically produced DAP averaged $91/ton in the year just ended according to *Fertilizer Week*, 4/3. India imported 3.2 million tons in the twelve months ending in March, and the subsidy may be cut by as much as 35% according to industry sources.

PRODUCTION AND CONSUMPTION

	1994/95	*1995/96*	*1996/97*	*1997/98*
Production (000 tons)				
US	11,055	10,500	10,900	10,765
China	5,045	6,091	5,822	6,482
India	2,587	2,626	2,615	3,090
Russian Fed.	1,716	1,933	1,575	1,777
Brazil	1,429	1,265	1,305	1,353
Morocco	894	936	979	921
France	667	668	682	687
Tunisia	721	741	790	673
Spain	422	413	478	488
Mexico	373	427	433	469
World	**32,808**	**33,847**	**34,020**	**34,925**
Consumption (000 tons)				
China	7,020	8,913	8,521	9,339
US	4,014	4,107	4,184	4,195
India	2,932	2,898	2,977	3,917
Brazil	1,931	1,575	1,705	1,943
France	1,030	1,032	1,052	1,120
Australia	923	965	985	1,100
Canada	628	658	704	705
Japan	703	631	611	594
Turkey	444	580	578	592
Pakistan	429	494	419	551
World	**29,271**	**30,908**	**31,428**	**33,466**

Source: FAO

TRADE

	1994/95	*1995/96*	*1996/97*	*1997/98*
Exports (000 tons)				
US	6,335	5,838	5,679	5,716
Russian Fed.	1,397	1,525	1,130	1,294
Morocco	769	811	858	846
Tunisia	674	686	703	637
Mexico	81	267	273	343
Bel-Lux	194	270	282	333
Netherlands	459	390	285	320
Jordan	318	318	328	256
Norway	179	207	207	208
Poland	91	175	135	197
World	**12,329**	**12,568**	**11,994**	**12,146**
Imports (000 tons)				
China	2,023	2,936	2,803	2,950
Australia	519	612	651	716
India	376	686	219	707
Brazil	517	341	446	703
France	600	568	561	568
Italy	500	538	524	508
Pakistan	283	272	381	416
Thailand	379	453	436	380
UK	377	349	343	345
Canada	286	292	377	343
World	**10,543**	**11,738**	**12,005**	**12,629**

Source: FAO

GLOBAL SUMMARY

	Actual						*Annual Growth Rate (%)*		
World Balance (mil. tons)	*1970/71*	*1980/81*	*1990/91*	*1995/96*	*1996/97*	*1997/98*	*1970-80*	*1980-90*	*1990-96*
Production	22.0	34.5	39.0	33.8	34.0	34.9	3.72	1.70	-3.57
Consumption	21.1	31.7	36.3	30.9	31.4	33.5	3.85	1.39	-3.87
Exports	2.9	7.5	10.7	12.6	12.0	12.1	8.37	5.01	1.57

	Actual				*Forecast*				
TSP Prices ($/ton)	*1996*	*1997*	*1998*	*1999*	*2000*	*2001*	*2002*	*2005*	*2010*
Current	175.8	171.9	173.1	154.5	145.0	150.0	155.0	160.0	170.0
Constant 1990	154.3	158.6	166.1	149.2	136.6	137.9	138.9	133.9	125.8

Note: Quantities are for total phosphate fertilizer in marketing years and prices are for TSP, bulk, spot, f.o.b. US Gulf in calendar years.

Source: FAO and World Bank.

Potash

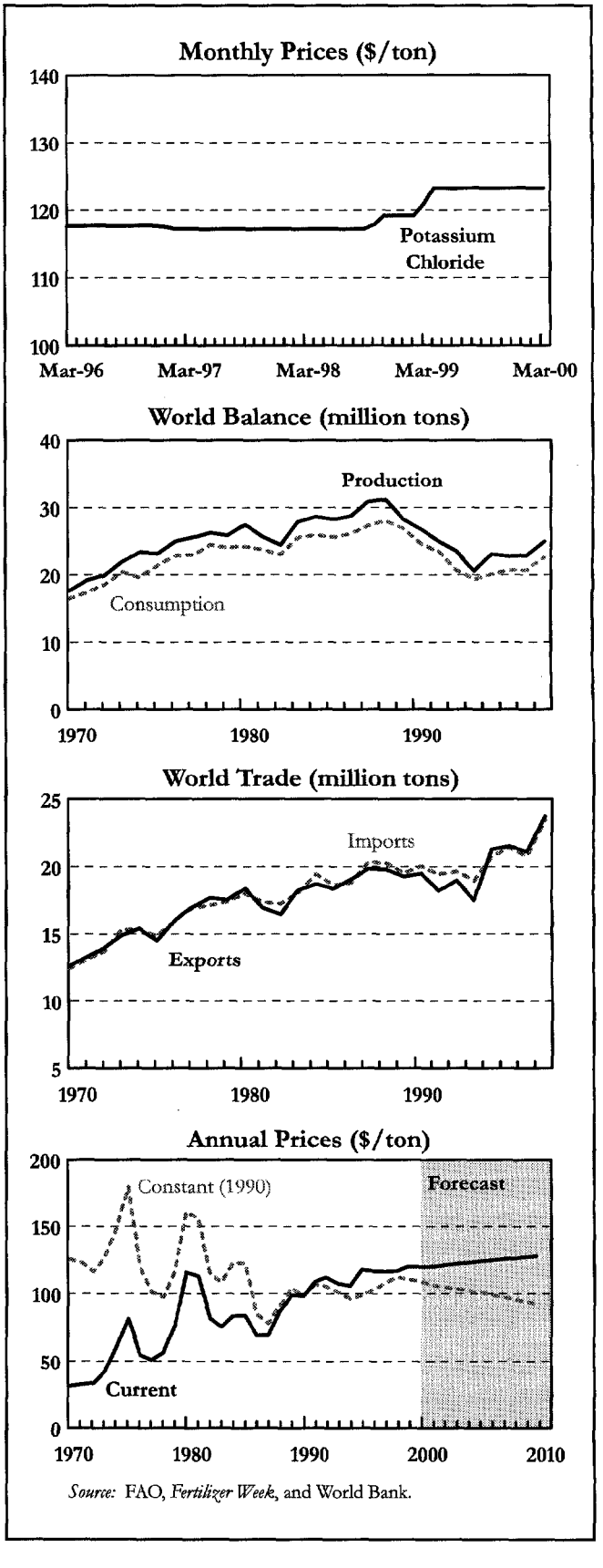
Potash fertilizer prices edged higher following larger than expected imports from China and strict supply controls by some producers. However, global production and trade were both lower in 1999.

The potash market ended the first quarter firm with contract negotiations for first-half deliveries showing increases of $2-3/ton over second-half 1999. Potassium chloride prices, f.o.b. Vancouver, were reported at $122.5/ton prior to the contract settlement. Canpotex, the Canadian export marketing organization, reached agreement with Chinese importers and this was quickly followed by agreements involving Japan and Republic of Korea at the higher prices. Prices in the US's mid-west are $3-6/ton higher than during the end of last year.

Potash prices have remained firm, and even increased over the last several years, while other fertilizer prices have declines. The difference can largely be traced to the concentration of potash exports among a few companies and the willingness of some of these companies to curtail production and reduce sales rather than see prices fall. Global production in 1999 is estimated to have fallen about 1.6 million tons (about 6%) from 1998 levels in response to weaker demand, and trade is estimated to have declined about 400,000 tons (about 2%) according to the *World Fertilizer Review*.

Canada accounts for about 40% of world exports, and Potash Corporation of Saskatchewan, is one of the world's largest fertilizer producers. In 1999, the company produced 15% of global potash production, had 24% of global potash capacity and an estimated 60% of global excess potash capacity according to company reports. Not all producers have followed the lead set by the Canadian company. For example, Russian potash production rose 17% in 1999, with the bulk of the increase coming from Uralkali according to *Fertilizer Week*, 2/14.

Demand has started to recover from the declines of the last several years. Brazil, one of the countries hardest hit by the financial turmoil which followed the Asian financial crisis, saw potash imports fall 9% in 1999. However, demand began to recover in late-1999 and the prospects of higher crop prices in 2000 could contribute to further increases in demand.



Source: FAO, *Fertilizer Week*, and World Bank.

Other Developments

- Canpotex, the Canadian export agency for Saskatchewan potash producers, announced that it has reached agreement with JSC Uralkali, a Russian potash producer, to form a joint marketing arrangement in certain offshore markets. The agreement is subject to approval of the respective Boards of directors, but if approved, it would tighten links between major Canadian and Russian producers.
- The Sea Port of St. Petersburg is planning to build a new potash handling complex which could rival the newly inaugurated Kalija Parks potash terminal in Ventspils, Latvia. The project will be based on reconditioning existing berths at the port, and future plans are to handle other fertilizers, especially nitrogen according to *Fertilizer Week*, 4/10. The complex will have a loading rate of about 35,000 tons per day.

PRODUCTION AND CONSUMPTION

	1994/95	1995/96	1996/97	1997/98
Production (000 tons)				
Canada	9,060	8,065	8,151	9,029
Germany	3,286	3,278	3,334	3,423
Russian Fed.	2,493	2,814	2,618	3,403
Belarus	2,510	2,789	2,716	3,247
Israel	1,260	1,326	1,500	1,488
US	827	843	834	883
Jordan	930	1,068	1,059	849
France	870	802	751	665
Spain	684	637	681	639
UK	580	582	618	565
World	**23,077**	**22,767**	**22,876**	**24,947**
Consumption (000 tons)				
US	4,652	4,770	4,921	4,847
China	2,444	2,887	2,337	3,390
Brazil	1,866	1,791	1,941	2,242
France	1,373	1,491	1,488	1,434
India	1,125	1,156	1,030	1,373
Malaysia	700	603	646	670
Germany	668	652	646	659
Spain	417	415	451	479
UK	475	473	485	450
Belarus	300	250	422	425
World	**20,084**	**20,690**	**20,675**	**22,611**

Source: FAO

TRADE

	1994/95	1995/96	1996/97	1997/98
Exports (000 tons)				
Canada	8,216	7,851	8,077	9,015
Germany	2,802	2,446	2,549	2,838
Russian Fed.	2,027	2,317	1,947	2,830
Belarus	1,917	2,189	1,978	2,506
Israel	1,327	1,286	1,203	1,632
Jordan	910	1,058	1,052	861
US	538	523	597	846
France	596	538	538	588
Spain	410	489	470	498
UK	385	374	371	373
World	**20,348**	**20,634**	**20,128**	**23,370**
Imports (000 tons)				
US	4,759	5,181	5,073	5,784
China	2,261	2,870	2,258	3,291
Brazil	1,643	1,539	1,826	2,132
India	1,282	1,424	667	1,437
France	1,274	1,230	1,341	1,418
Malaysia	708	660	631	701
Poland	386	456	502	509
Italy	439	461	440	447
Japan	485	490	439	431
Korea, Rep.	333	353	417	407
World	**19,906**	**20,472**	**19,717**	**23,043**

Source: FAO

GLOBAL SUMMARY

	Actual						Annual Growth Rate (%)		
World Balance (mil. tons)	1970/71	1980/81	1990/91	1995/96	1996/97	1997/98	1970-80	1980-90	1990-96
Production	17.6	27.5	26.7	22.8	22.9	24.9	3.97	-0.03	-4.47
Consumption	16.4	24.2	24.5	20.7	20.7	22.6	3.93	0.05	-4.82
Exports	9.5	16.7	18.1	20.6	20.1	23.4	4.89	0.73	2.06

	Actual				Forecast				
MOP Prices ($/ton)	1996	1997	1998	1999	2000	2001	2002	2005	2010
Current	116.9	116.5	116.9	121.6	122.5	124.0	124.0	125.0	127.0
Constant 1990	102.6	107.5	112.2	117.5	115.4	114.0	111.1	104.6	94.0

Note: Quantities are for total potash fertilizer in marketing years and prices are for potassium chloride, also known as muriate of potash (MOP), f.o.b. Vancouver, in calendar years.

Source: FAO and World Bank.

Aluminum

Prices peaked in January on an LME squeeze, but heavy liquidation was triggered by the re-start of idle capacity. Prices are expected to rebound due to strong growth in demand and the shrinking market surplus.

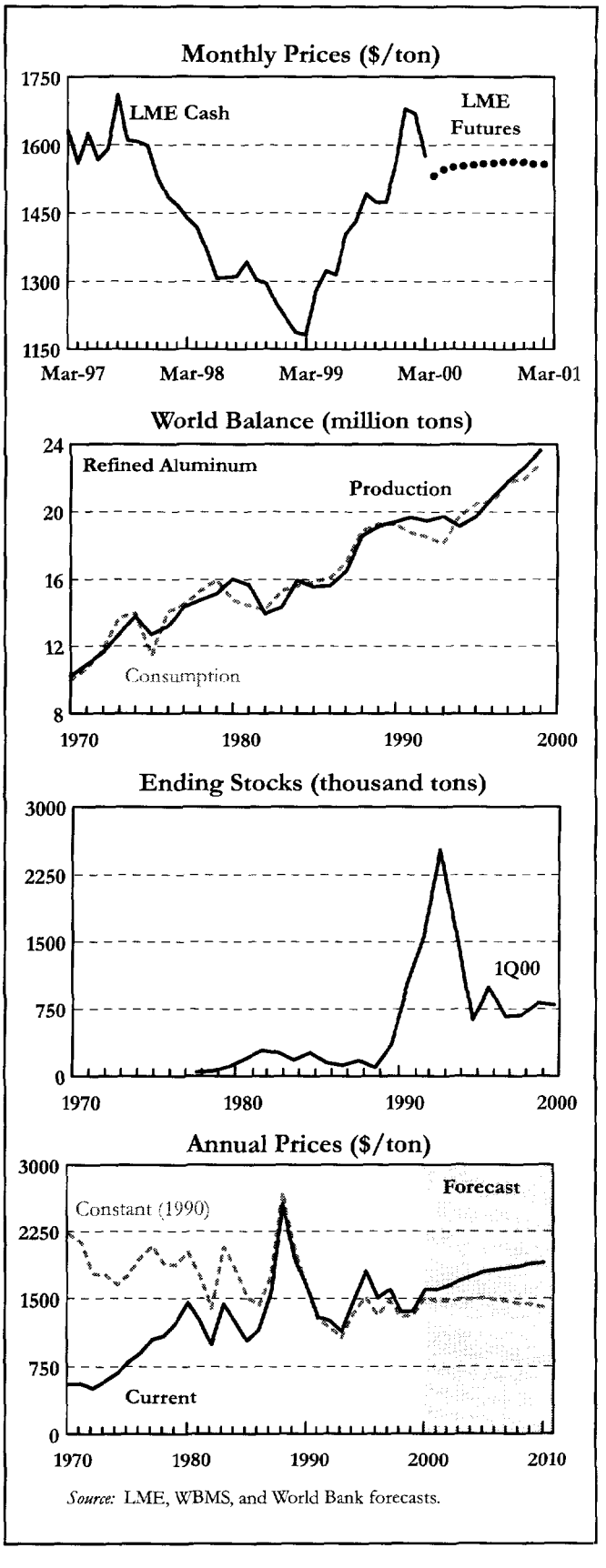
Aluminum prices were 9.5% higher in the first quarter on expectations of a tight market and a squeeze on LME short positions. However, after peaking above $1,700/ton in January, a heavy wave of speculative selling pushed prices below $1,500/ton in early April.

Bullish sentiment at the start of this year was fueled by potential production problems at a number of Russian smelters, the tight alumina market, and accelerating growth of global demand. As the market became increasingly overbought, the announcement on January 19 by Alcoa of the restart of 200,000 tons of idle capacity triggered the sell-off. The decline occurred despite Pechiney declaring *force majeure* on shipments from its Dunkirk smelter, because of strike action by most of its workforce.

The LME squeeze led to large backwardation that drew significant volumes of metal onto the LME, as it became profitable to "lend" metal to the market. LME inventories rose 12% from the start of the year to 869,000 tons on February 23, and then fell to 755,000 tons at the end of March as contango reappeared. Inventories leaving LME warehouses are most likely going back into unreported stocks, rather than consumption, and is not being taken as a bullish signal on demand.

The outlook for the tight alumina market has improved with the restart of the Ghyandia refinery in Azerbaijan. Kaiser's Gramercy refinery is due to re-start in the second half of this year and will be fully operational at the end of 1Q 2001. Consequently, the market is expected to tilt into surplus next year and alumina prices are expected to decline significantly.

Aluminum prices are expected to rebound due to strong growth in global demand, albeit with an expected slowdown in the US. The market surplus is expected to shrink this year but could widen in 2001 with the start-up of new and idled capacity. Consequently, prices are expected to be flat next year, with risks to the downside depending on the pace of global demand.



Source: LME, WBMS, and World Bank forecasts.

Other Developments

- AME Mineral Economics reported that the average cost of production from 1994 to 1999 fell by almost 16% from $1,342 to $1,132 per ton, but predicts that the cost will drop only by a further $14 per ton in 1999 dollar terms to $1,118 in 2004. AME says that apart from the US dollar exchange rate the drop in production cost over the last five years can be largely attributed to low metals prices, as the price of major cost inputs, alumina and power, are often related to aluminium prices. Technological improvements which saw older plants being upgraded or closed to be replaced by more efficient capacity were also contributing factors. Australian smelters had an average cost of $982/ton in 1999. This was slightly ahead of Canada's $1,008/t while Russia and the USA were well up along the cost curve at $1,143/ton and $1,296/ton, respectively. The UK was the highest cost producer last year with an average cost of production of just under $1,500/ton.
- Pechiney has withdrawn from the proposed merger with Alcan and Algroup, after the three companies decided that divestments demanded by the European Commission would undermine the strategic viability of the combined company's rolled products business in Europe. Alcan and Algroup will now proceed with their merger plans through an offer to the Swiss company's shareholders.

PRODUCTION OF REFINED ALUMINUM (000 tons)

	1996	1997	1998	1999
US	3,577	3,603	3,713	3,779
Russian Fed.	2,874	2,906	3,005	3,146
China	1,771	2,035	2,336	2,618
Canada	2,283	2,327	2,374	2,390
Australia	1,370	1,490	1,626	1,714
Brazil	1,197	1,189	1,208	1,250
Norway	862	919	996	1,020
S. Africa, Rep.	617	683	693	687
Germany	577	572	612	634
India	531	547	542	614
Venezuela	635	641	584	567
Bahrain	461	490	501	501
UAE	259	378	387	500
Spain	362	360	360	364
New Zealand	285	310	318	327
Netherlands	227	232	264	285
UK	240	248	258	272
Tajikistan	198	189	196	229
Iceland	103	123	173	222
Other	2,407	2,557	2,462	2,546
World	**20,836**	**21,799**	**22,606**	**23,664**

Source: WBMS

CONSUMPTION OF REFINED ALUMINUM (000 tons)

	1996	1997	1998	1999
US	5,348	5,390	5,814	6,204
China	2,135	2,260	2,425	3,054
Japan	2,393	2,434	2,080	2,093
Germany	1,355	1,558	1,580	1,431
Korea, Rep.	674	666	506	808
Canada	620	628	734	754
France	672	724	744	744
Italy	585	671	674	737
India	585	553	567	554
UK	600	619	668	520
Spain	360	430	460	503
Taiwan, China	310	374	301	464
Brazil	497	479	521	463
Belgium	331	345	370	370
Australia	322	352	367	343
Norway	169	200	154	218
Greece	156	204	213	213
Sweden	129	142	177	176
Hungary	159	183	164	175
Other	3,227	3,546	3,377	2,997
World	**20,627**	**21,760**	**21,895**	**22,820**

Source: WBMS

GLOBAL SUMMARY

	Actual						Annual Growth Rate (%)		
World Balance (000 tons)	**1970**	**1980**	**1990**	**1997**	**1998**	**1999**	**1970-80**	**1980-90**	**1990-98**
Production	10,257	16,027	19,362	21,799	22,606	23,664	3.1	2.0	2.3
Consumption	9,996	14,771	19,244	21,760	21,895	22,820	3.1	2.0	2.1
LME Ending Stocks	0	68	311	622	636	775	n.a.	-0.3	-1.5

	Actual				Forecast				
Price ($/ton)	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2005**	**2010**
Current	1,506	1,599	1,357	1,361	1,600	1,600	1,650	1,800	1,900
Constant 1990	1,318	1,476	1,303	1,314	1,507	1,471	1,478	1,506	1,407

Source: WBMS and LME data, and World Bank forecasts.

Copper

After peaking in January prices slipped on concerns about prospects for global economic activity. Prices are expected to recover as the market surplus diminishes.

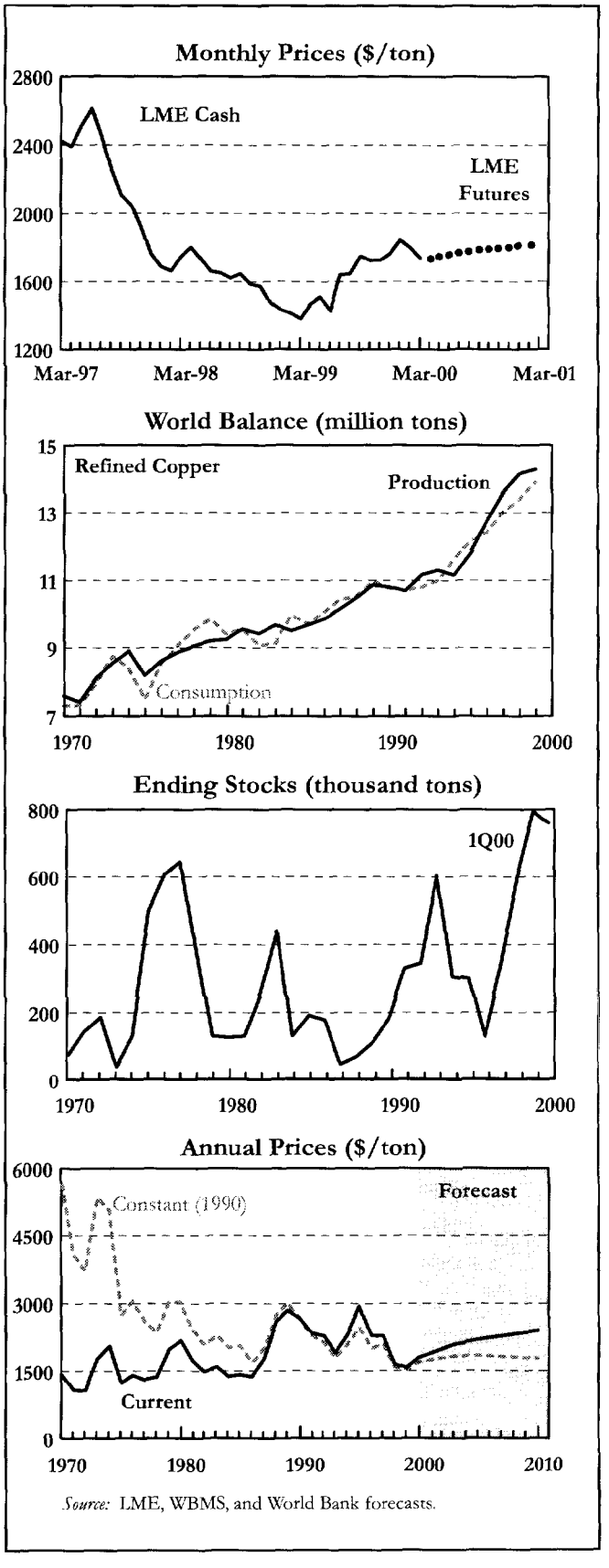
Copper prices were 3.2% higher in the first quarter, extending the rally of the past year that has been fueled by expectations of strong demand growth and shrinking market surplus. After peaking in January, however, prices fell 9% on concerns over high inventories and the prospects for global economic growth. Still, March prices were 26% higher than the lows of a year earlier, and a seasonally strong second quarter offers the potential for further price gains, particularly if investment funds return to the market.

LME inventories fell 10% during March, but end-month stocks of 755 thousand tons (kt) remains historically high. Much of the decline in March was destined for China because of arbitrage opportunities between the Shanghai and LME exchanges. While it is difficult to know how much of the material will simply wind up in inventory, a sharp increase in copper intensive electrical exports and ongoing programs to upgrade power and telecommunication networks suggests that a significant portion will be consumed.

Elsewhere demand remains very strong in the US, led by buoyant auto and construction sectors. European economic activity continues to improve, with strong growth in the auto industry, while construction remains relatively weak, especially in Germany. Asian demand continues to recover outside of Japan, with especially strong growth in the Republic of Korea and Taiwan, China. World demand growth is expected to average 4% in 2000, with increases in nearly all main regions.

World refined copper production is projected to increase by 2.5%, resulting in a diminished market surplus of about 100 kt. Much of the growth in copper mine production is expected to occur in Chile, Indonesia, and Australia, with smaller increments in a number of other countries. This projection includes a number mine reactivations that have occurred in recent months.

The market is expected to move into deficit in 2001 leading to a reduction in inventories and higher prices. The outlook is dependent on strong growth in demand and the extent of re-started idle capacity.



Source: LME, WBMS, and World Bank forecasts.

Other Developments

- Codelco, the world's largest copper producer, saw its production rise by 7% in 1999 to 1.62m tons. The company reported total sales of $2.8bn with copper contributing $2.5bn, up 9%. Codelco had pre-tax profits of $572m in 1999, up 60% despite copper prices being 4 cents per lb lower. Codelco achieved this result by cutting production costs by 9 cents per lb – aided partly by employees taking salary cuts.
- Codelco expects production to be essentially unchanged in 2000, according to the company's new president, Juan Villarzu. The company has raised output 50% since 1994.
- On March 31, Zambia completed privatization by selling a number of Zambia Consolidated Copper Mines' (ZCCM) assets to Konkola Copper Mines (KCM), a new Zambian company owned 65% by Anglo American subsidiary ZCI, 20% by ZCCM and 7.5% by the IFC and Commonwealth Development Corp. In a simultaneous transaction, the Mufilira division and the Nkana mines of ZCCM were sold to Mopani Copper Mines, a joint venture between Glencore International and First Quantum Minerals. ZCCM through the transactions has been transformed into an investment holding company with investments in the privatized mines.

PRODUCTION OF REFINED COPPER (000 tons)

	1996	1997	1998	1999
Chile	1,748	2,117	2,335	2,665
US	2,347	2,450	2,460	2,137
Japan	1,251	1,279	1,277	1,342
China	1,119	1,179	1,211	1,045
Germany	671	674	696	696
Russian Fed.	599	640	656	640
Canada	559	561	563	540
Poland	425	441	447	464
Korea, Rep.	246	265	369	449
Mexico	246	297	445	445
Peru	342	384	411	427
Australia	311	271	285	419
Belgium	386	373	368	368
Kazakhstan	267	301	325	362
Spain	264	292	304	305
Zambia	317	328	306	260
Brazil	172	172	167	195
India	39	66	134	173
Phillippines	156	147	152	150
Other	1,266	1,356	1,236	1,221
World	**12,732**	**13,592**	**14,147**	**14,301**

Source: WBMS

CONSUMPTION OF REFINED COPPER (000 tons)

	1996	1997	1998	1999
US	2,621	2,790	2,883	3,015
China	1,193	1,270	1,397	1,345
Japan	1,480	1,441	1,255	1,294
Germany	960	1,039	1,138	1,150
Korea, Rep.	598	621	560	790
Taiwan, China	544	588	584	655
Italy	504	521	590	644
France	518	558	583	514
Mexico	192	252	341	439
Belgium	332	329	324	330
UK	396	408	374	305
Brazil	233	258	301	292
Canada	218	225	246	266
Poland	226	230	266	261
Spain	191	203	235	239
Turkey	160	188	208	221
India	140	160	200	220
Australia	160	160	155	167
Russian Fed.	165	165	165	165
Other	1,570	1,616	1,589	1,589
World	**12,401**	**13,021**	**13,394**	**13,901**

Source: WBMS

GLOBAL SUMMARY

	Actual						Annual Growth Rate (%)		
World Balance (000 tons)	**1970**	**1980**	**1990**	**1997**	**1998**	**1999**	**1970-80**	**1980-90**	**1990-98**
Production	7,583	9,242	10,809	13,592	14,147	14,301	2.0	1.1	3.3
Consumption	7,294	9,400	10,780	13,021	13,394	13,901	2.4	1.1	2.9
LME Ending Stocks	72	123	179	338	592	790	7.5	-6.0	3.7
	Actual						Forecast		
Price ($/ton)	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2005**	**2010**
Current	2,295	2,277	1,654	1,573	1,800	1,900	2,000	2,200	2,400
Constant 1990	2,010	2,101	1,588	1,519	1,696	1,746	1,792	1,841	1,777

Source: WBMS and LME data, and World Bank forecasts.

Gold

Prices were generally supported by announcements that several producers would limit or suspend their hedging programs, but concerns about central bank sales sent prices lower in late March.

Gold prices averaged $290/toz in the first quarter, down less than 2% from 4Q99, supported in part by producer buy-backs, as several producers announced they would limit or suspend their gold hedging programs. In late-March, however, concerns about central bank sales – both actual and potential – caused prices to fall to near $275/toz. Rumors that France might mobilize part of its reserves was the latest in a series of reports that have exerted downward pressures on gold prices.

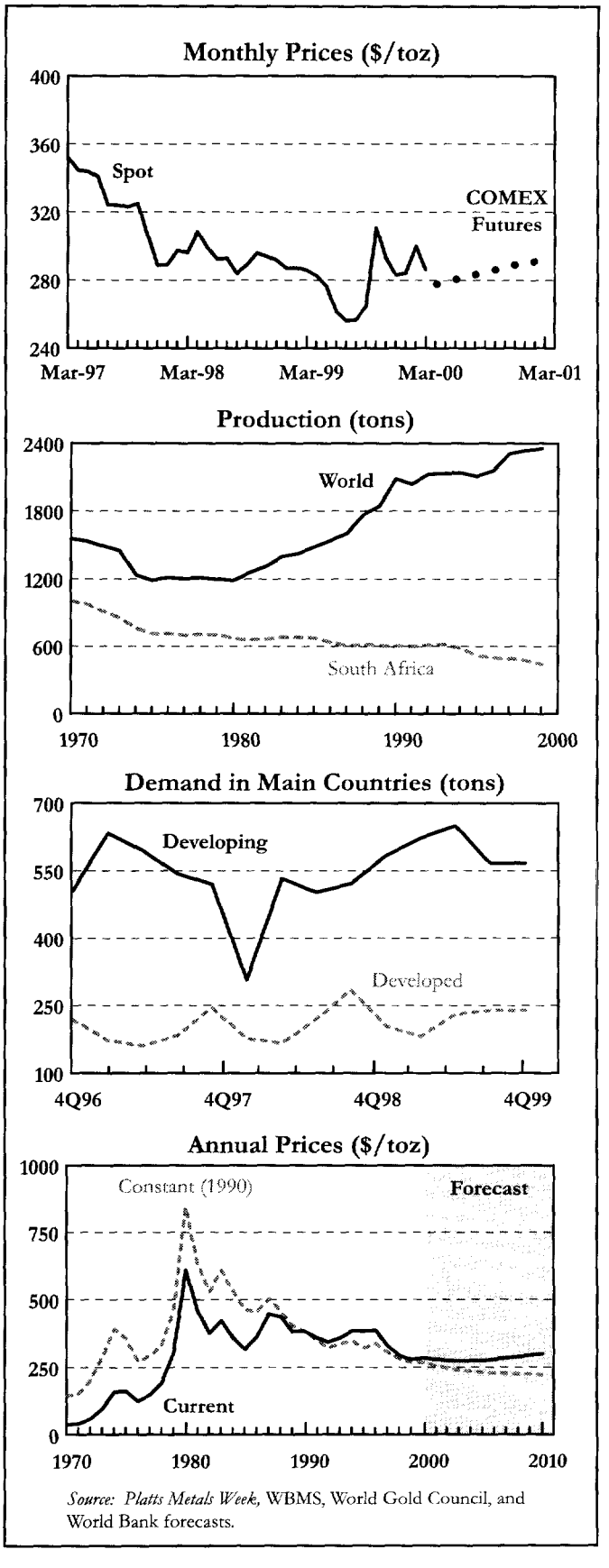
The UK completed its fifth sale of 25 tons in March at $285.25/toz, slightly below prevailing spot prices, with the auction 3 times over-subscribed. This ended the first 125 tons of its planned sales of 415 tons over the medium-term. The UK also announced that it will sell a further 150 tons in a series of six bi-monthly auctions, starting in May.

The Netherlands' central bank rapidly completed sale of 100 tons in February, less than three months after announcing its plan on December 6, 1999, to sell 300 tons over the next five years, with the first tranche to be sold by September 2000. The Dutch will be free this fall to begin the next leg of their program to sell another 200 tons before September 2004.

Switzerland's large, planned sale of 1300 tons could begin in the second quarter, but details on the method and scheduling have not yet been revealed.

Despite efforts by some gold producers to reduce hedging activities, it will remain an essential tool for producers to thrive in an environment of volatile and relatively low prices. In fact, recently there has been fresh producer selling in Australia spurred by a weaker Australian dollar.

Prices will remain under downward pressure as supplies from all sources will be more than adequate to meet demand. Movements above $300/toz will result in reduced demand from price-sensitive consumers, and provide greater incentives for producers to sell forward and for central banks to mobilize reserves.



Source: Platts Metals Week, WBMS, World Gold Council, and World Bank forecasts.

MINE PRODUCTION (tons)

	1996	1997	1998	1999
S. Africa, Rep.	494.6	492.5	473.8	443.1
US	326.2	362.3	366.0	339.0
Australia	289.5	311.0	309.3	301.7
China	120.6	149.6	158.2	168.0
Canada	166.4	171.4	165.6	159.0
Indonesia	83.6	90.0	124.0	134.1
Peru	65.1	74.3	93.8	125.0
Russian Fed.	119.9	123.9	113.1	113.1
Uzbekistan	71.0	82.0	82.0	82.0
Brazil	60.0	58.5	65.0	65.0
Ghana	49.3	54.7	63.1	63.2
PNG	51.6	48.5	60.3	61.1
Chile	51.8	47.8	43.8	45.6
Zimbabwe	24.7	24.3	25.2	27.4
Mexico	23.1	26.4	25.4	22.5
Kazakhstan	10.2	9.7	18.0	22.5
Kyrgyzstan	4.1	15.6	20.1	18.1
Colombia	21.5	16.2	14.8	18.0
Guyana	12.0	13.6	14.6	13.3
Bolivia	12.6	13.3	14.4	11.1
Mongolia	4.9	8.5	7.3	11.0
Japan	8.6	8.4	8.6	9.4
New Zealand	11.5	11.4	7.7	7.7
Philippines	8.1	11.2	8.7	7.1
Venezuela	11.7	22.3	6.8	5.5
World	**2,155.8**	**2,303.3**	**2,335.5**	**2,351.8**

Source: WBMS

CONSUMPTION IN MAIN MARKETS (tons)

	1996	1997	1998	1999
India	507.8	736.7	815.0	838.8
US	331.7	362.0	428.4	459.7
China	210.7	213.8	191.6	205.0
Saudi Arabia	184.9	199.0	208.4	199.4
Turkey	153.0	202.0	172.0	139.0
Indonesia	129.0	92.5	-40.0	136.0
Egypt	75.7	97.6	104.4	124.8
Japan	152.2	107.1	110.4	121.8
Pakistan	53.7	81.8	98.2	121.8
Korea, Rep.	125.5	114.4	-162.5	118.5
Taiwan, China	123.3	142.1	91.2	109.7
Italy	105.3	110.8	112.2	94.7
UAE	52.6	71.6	79.4	79.7
Mexico	41.0	49.0	55.0	69.6
UK	47.1	58.8	66.8	62.2
France	47.5	49.4	59.4	60.0
Germany	73.1	74.0	70.2	57.5
Brazil	59.0	58.0	64.0	57.0
Vietnam	41.0	45.0	44.0	53.0
Thailand	106.0	14.0	19.0	48.0
Kuwait	34.7	35.4	33.0	31.6
HK, China	40.4	51.0	31.8	28.7
Malaysia	33.6	30.1	14.4	17.5
Oman	16.5	17.8	15.3	16.1
Singapore	20.0	22.4	14.1	11.0
World	**2,779.5**	**3,053.6**	**2,712.1**	**3,278.4**

Source: WBMS

GLOBAL SUMMARY

	Actual								% p.a.
World Balance (tons)	**1991**	**1992**	**1993**	**1994**	**1995**	**1996**	**1997**	**1998**	**1991-98**
Jewelry	2,358	2,760	2,553	2,618	2,791	2,850	3,342	3,145	4.2
Other Fabrication	518	446	488	457	503	486	563	564	1.2
Bar Hoarding	252	282	162	231	306	182	323	155	-6.7
Other		30	239		6			260	n.a.
Total Demand	**3,128**	**3,518**	**3,442**	**3,305**	**3,606**	**3,518**	**4,228**	**4,123**	**4.0**
Mine Production	2,159	2,234	2,287	2,279	2,274	2,357	2,480	2,555	2.4
Net Official Sales	111	622	464	81	173	275	376	412	20.6
Old Gold Scrap	482	488	576	617	625	641	629	1,098	12.5
Net Hedging	66	174	116	163	535	125	472	58	-1.8
Other	310			173		119	271		n.a.
Total Supply	**3,128**	**3,518**	**3,442**	**3,305**	**3,606**	**3,518**	**4,228**	**4,123**	**4.0**

	Actual				Forecast				
Price ($/toz)	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2005**	**2010**
Current	388	331	294	279	285	280	275	275	300
Constant 1990	388	305	282	269	268	257	246	230	222

Source: Gold Fields Minerals Services and LME data, and World Bank forecasts.

Iron Ore and Steel

Iron ore prices rose 4.4% for FY2000 reflecting improved profitability of the steel industry. Steel prices are expected to continue rising in the coming months due to strong growth in demand.

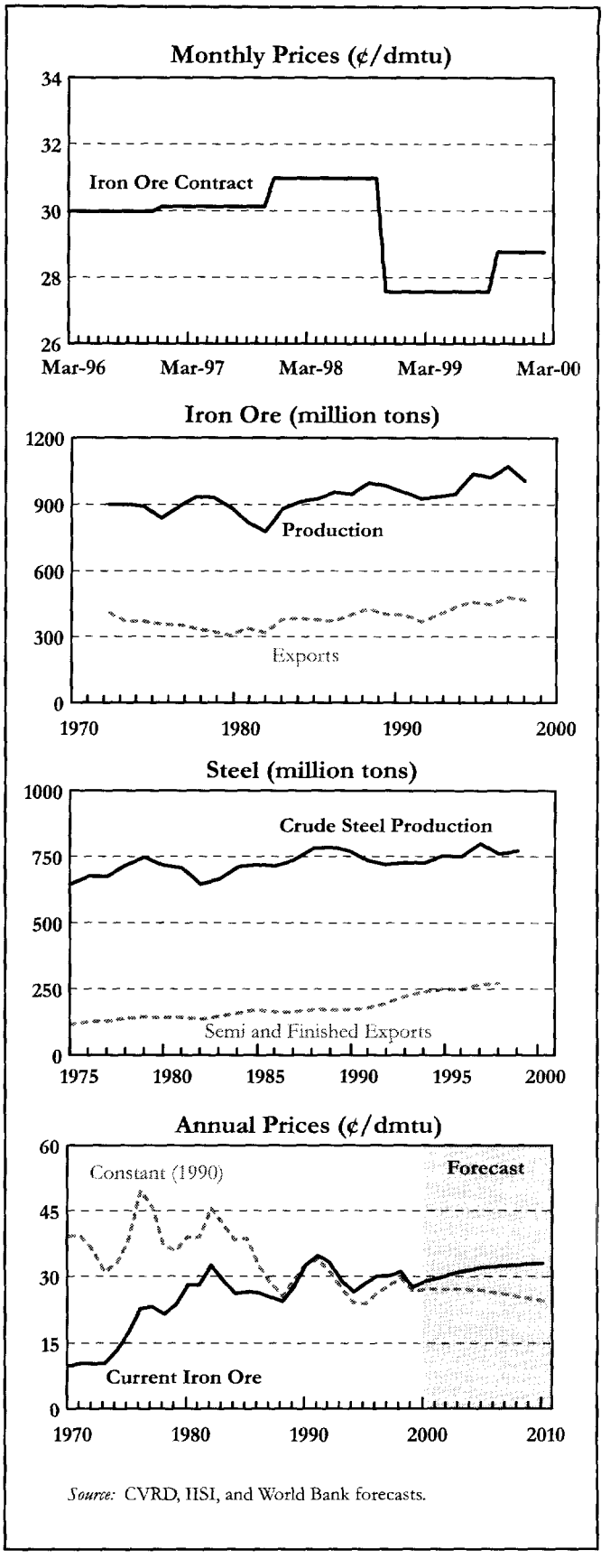
Iron ore contract prices rose 4.3% for the current fiscal year, with the price to Europe of Carajas fines – the reference grade for Brazil's Companhia Vale do Rio Doce (CVRD) – set at 28.79 cents per dry metric ton unit, f.o.b. Ponta da Madeira. Similar price increases were achieved for producers in other main markets reflecting improved profitability in the steel industry. The upturn in iron ore prices, along with the recent bout of aggressive cost cutting, means that the ore industry is well positioned to expand investment and revisit projects that were suspended during the slump in prices.

Steel prices increased marginally in the first quarter, although products under anti-dumping sanctions, e.g., cold- and hot-rolled coiled sheet, recorded gains of some 3%. Prices for wire rod and rebar, on the other hand, were down more than 4% because of excess supplies.

The US International Trade Commission has rejected trade complaints against cold-rolled coil from six countries – Argentina, Brazil, Japan, Russia South Africa, and Thailand – and US imports are likely to rise again and slow the pace of price increases. On February 11, President Clinton announced restrictions on wire rod imports (excluding Canada, Mexico and some other Latin America producers), which should support prices for wire rod in the near-term, and indirectly rebar.

Steel demand remains strong in North America and is firming in Europe, while the Asian recovery in the auto and manufacturing sectors continues – the exception being Japan. World steel production was up 12.2% for the first two months of 2000 according to the IISI, with large gains in all main regions. It is estimated that the rate of operating capacity in the industry is a relatively high 93%.

Prices for steel products are likely to increase in the coming months, mainly due to the increase in global demand. The gains for individual products will not be uniform, however, as developments on trade complaints will continue to affect supply balances in particular regions.



Source: CVRD, IISI, and World Bank forecasts.

IRON ORE PRODUCTION (000 tons)

	1995	1996	1997	1998
China	261,919	252,283	268,623	222,236
Brazil	178,380	179,870	187,950	183,050
Australia	139,067	147,200	157,767	153,459
Russian Fed.	78,348	72,136	70,870	72,340
India	62,000	67,264	69,400	71,400
US	62,645	62,132	62,737	62,590
Ukraine	50,741	47,590	52,990	50,760
Canada	37,629	37,042	38,928	38,908
S. Africa, Rep.	32,650	30,829	33,250	32,948
Sweden	21,663	21,288	21,893	20,930
Venezuela	19,452	18,720	18,660	17,230
Mexico	12,910	14,202	13,244	14,500
Iran, Islamic R.	9,080	9,850	12,750	12,750
Mauritania	11,330	11,400	11,700	11,402
Kazakhstan	14,900	12,980	12,627	8,693
Chile	7,950	8,480	8,090	8,280
Turkey	5,510	5,150	8,065	7,383
Peru	5,975	4,468	4,746	4,905
Egypt	2,099	2,700	3,000	3,000
New Zealand	2,570	2,600	2,500	2,700
Other	21,695	13,726	10,395	8,243
World	**1,038,51**	**1,021,91**	**1,070,185**	**1,007,707**

Source: IISI

CRUDE STEEL PRODUCTION (000 tons)

	1996	1997	1998	1999
China	101,237	108,911	114,135	123,310
US	95,535	98,486	97,295	96,051
Japan	98,801	104,545	93,548	94,178
Russian Fed.	49,253	48,502	41,786	49,759
Germany	39,793	45,007	44,046	42,056
Korea D. Rep.	38,903	42,554	39,896	41,040
Ukraine	22,332	25,629	23,461	26,757
Brazil	25,237	26,153	25,760	24,996
Italy	23,910	25,842	25,798	24,964
India	23,753	24,415	23,480	24,269
France	17,633	19,767	20,126	20,211
UK	17,992	18,501	17,287	16,634
Canada	14,735	15,553	15,930	16,300
Taiwan, China	12,350	15,994	16,903	15,376
Mexico	13,172	14,218	14,213	15,299
Spain	12,154	13,683	14,821	14,610
Turkey	13,624	14,475	14,144	14,359
Belgium	10,818	10,739	11,427	10,972
Poland	10,432	11,585	9,915	8,770
Australia	8,415	8,831	8,941	8,179
Other	201,165	214,363	201,117	205,877
World	**750,007**	**798,842**	**759,894**	**770,657**

Source: IISI

EXPORTS OF IRON ORE (000 tons)

	1995	1996	1997	1998
Brazil	131,358	129,740	140,419	143,200
Australia	130,223	128,606	144,914	142,134
India	32,332	31,700	31,100	32,200
Canada	28,833	27,920	32,340	30,179
S. Africa Rep.	21,847	20,091	20,730	22,093
Ukraine	21,015	20,570	20,083	17,702
Sweden	17,083	16,071	18,282	15,954
Russian Fed.	20,218	17,126	11,773	14,000
Mauritania	11,514	11,158	11,700	11,400
Venezuela	10,609	9,580	9,322	8,600
Kazakhstan	1,180	3,747	9,270	7,354
Chile	6,114	6,911	7,052	6,700
Peru	6,008	4,029	3,712	4,800
Philippines	4,744	4,546	4,500	4,500
US	5,270	6,256	6,336	3,002
Bahrain	3,200	2,800	3,000	3,000
New Zealand	1,316	1,382	1,300	1,300
Korea, D. Rep.	300	200	200	200
Slovak Rep.	80	95	81	75
Spain	1,552	975	43	55
Other	4,059	2,604	1,102	304
World	**458,855**	**446,107**	**477,259**	**468,752**

Source: IISI

EXPORTS OF SEMI-FINISHED AND FINISHED STEEL(000 tons)

	1995	1996	1997	1998
Japan	22,129	19,262	22,892	24,996
Russian Fed.	27,371	26,994	26,120	24,831
Germany	20,324	20,437	23,663	22,400
Bel.-Lux.	14,190	14,673	16,459	17,647
Korea Rep.	9,795	10,438	11,739	17,476
Ukraine	11,653	12,142	16,147	15,948
France	12,796	13,124	14,884	15,056
Italy	10,173	10,922	10,695	10,192
Brazil	9,655	10,257	9,163	8,756
UK	8,896	9,336	9,371	8,332
Netherlands	6,317	6,481	6,819	6,752
Taiwan, China	3,027	3,765	5,119	6,022
Mexico	5,930	5,352	5,497	5,961
Turkey	6,211	6,697	7,227	5,723
US	6,623	4,641	5,568	5,597
Spain	4,947	5,486	5,556	5,280
Canada	4,716	4,929	4,787	5,262
China	10,745	7,131	8,765	5,206
Austria	3,762	3,128	3,724	4,838
Sweden	3,217	3,599	3,975	3,832
Other	46,014	48,232	49,490	50,703
World	**248,491**	**247,026**	**267,660**	**270,810**

Source: IISI

APPENDIX

APPENDIX

TABLE A1: COMMODITY PRICE DATA

Commodity	Unit	Annual Averages			Quarterly Averages					Monthly Averages		
		Jan-Dec 1998	Jan-Dec 1999	Jan-Mar 2000	Jan-Mar 1999	Apr-Jun 1999	Jul-Sep 1999	Oct-Dec 1999	Jan-Mar 2000	Jan 2000	Feb 2000	Mar 2000
Energy												
Coal, Australia	$/mt	29.23	25.89	25.10	26.10	26.10	26.10	25.27	25.10	25.10	25.10	25.10
Coal, US	$/mt	34.38	33.17	33.00	33.50	33.17	33.00	33.00	33.00	33.00	33.00	33.00
Crude oil, avg. spot*	$/bbl	13.07	18.07	26.67	11.79	16.10	20.65	23.74	26.67	25.31	27.22	27.49
Crude oil, Brent*	$/bbl	12.72	17.81	26.85	11.24	15.40	20.54	24.04	26.85	25.38	27.70	27.47
Crude oil, Dubai*	$/bbl	12.12	17.16	24.35	11.07	15.26	19.69	22.65	24.35	23.28	24.68	25.08
Crude oil, W. TX Int'l*	$/bbl	14.35	19.24	28.82	13.05	17.66	21.73	24.52	28.82	27.27	29.28	29.92
Natural gas, Europe	$/mmbtu	2.42	2.13	3.44	1.99	1.89	2.09	2.55	3.44	3.36	3.46	3.51
Natural gas, US	$/mmbtu	2.09	2.27	2.62	1.81	2.23	2.55	2.48	2.62	2.42	2.65	2.79
Non-Energy Commodities												
Agriculture												
Beverages												
Cocoa**	¢/kg	167.6	113.5	90.0	139.4	113.6	105.7	95.4	90.0	91.9	85.7	92.6
Coffee, arabica**	¢/kg	298.1	229.1	231.7	238.0	235.5	198.8	244.0	231.7	245.0	228.1	222.1
Coffee, robusta**	¢/kg	182.3	148.9	109.0	172.7	149.1	135.4	138.4	109.0	117.2	107.7	102.0
Tea, 3-auction avg.**	¢/kg	204.6	183.9	180.5	167.6	181.5	190.8	195.8	180.5	185.5	181.2	174.8
Tea, Calcutta auctions**	¢/kg	216.5	206.8	158.2	162.3	223.4	224.9	216.6	158.2	186.1	152.4	136.2
Tea, Colombo auctions**	¢/kg	207.5	164.9	181.9	160.3	145.9	170.7	182.9	181.9	182.7	180.8	182.1
Tea, Mombasa auctions**	¢/kg	189.9	180.0	201.4	180.3	175.1	176.9	187.8	201.4	187.6	210.5	206.2
Food												
Fats and Oils												
Coconut oil**	$/mt	657.9	737.1	599.0	736.0	832.3	681.3	698.7	599.0	654.0	591.0	552.0
Copra	$/mt	411.1	461.5	411.3	457.7	521.3	433.7	433.3	411.3	420.0	411.0	403.0
Groundnut oil**	$/mt	909.4	787.7	773.0	808.0	755.7	781.7	805.3	773.0	789.0	774.0	756.0
Palm oil**	$/mt	671.1	436.0	343.3	563.3	458.7	353.7	368.3	343.3	348.0	332.0	350.0
Palmkernel oil	$/mt	686.7	694.1	588.0	704.7	729.0	656.7	686.0	588.0	628.0	580.0	556.0
Soybean meal**	$/mt	170.3	152.2	182.3	145.7	140.0	152.3	170.7	182.3	180.0	187.0	180.0
Soybean oil**	$/mt	625.9	427.3	363.3	492.3	426.7	406.3	384.0	363.3	371.0	357.0	362.0
Soybeans**	$/mt	243.3	201.7	214.3	210.3	200.0	196.3	200.0	214.3	208.0	214.0	221.0
Grains												
Maize**	$/mt	102.0	90.2	94.5	95.9	93.4	85.4	86.1	94.5	93.3	95.2	95.1
Rice, Thai, 5%**	$/mt	304.2	248.4	236.1	278.7	244.5	244.3	226.3	236.1	241.4	241.0	225.8
Rice, Thai, 25%	$/mt	259.9	216.3	196.4	239.6	211.6	217.9	196.1	196.4	201.6	199.0	188.7
Rice, Thai, 35%	$/mt	249.7	210.5	188.7	232.9	205.9	212.7	190.6	188.7	194.4	191.0	180.8
Rice,Thai, A1.Special	$/mt	213.0	192.6	155.8	214.2	189.5	201.1	165.7	155.8	158.2	156.7	152.5
Sorghum**	$/mt	98.0	84.4	90.3	90.9	87.6	79.5	79.6	90.3	89.3	89.9	91.7
Wheat, Canada	$/mt	162.9	151.3	149.2	160.7	148.2	148.2	148.0	149.2	150.7	150.4	146.5
Wheat, US, HRW**	$/mt	126.1	112.0	106.5	119.9	112.8	109.2	106.4	106.5	105.8	107.9	105.7
Wheat, US, SRW	$/mt	111.5	96.3	98.6	99.5	96.4	93.4	95.9	98.6	98.6	100.1	97.2
Other Food												
Bananas - EU	$/mt	1,005.0	850.4	889.8	1092.8	824.1	745.8	739.0	889.8	885.5	919.6	864.4
Bananas - US**	$/mt	489.5	373.8	514.4	461.1	346.2	351.6	336.4	514.4	482.3	578.7	482.3
Beef**	¢/kg	172.6	184.3	196.8	177.1	175.6	192.5	192.1	196.8	194.5	196.5	199.3
Fishmeal	$/mt	661.9	392.5	405.7	453.3	343.3	369.3	404.0	405.7	416.0	409.0	392.0
Lamb	¢/kg	275.0	261.0	270.8	247.0	263.2	267.1	266.7	270.8	272.7	269.8	270.0
Oranges**	$/mt	442.4	430.8	226.1	420.3	458.6	474.8	369.6	226.1	245.3	229.3	203.8
Shrimp	¢/kg	1,579	1,461	1,493	1,413	1,470	1,485	1,473	1,493	n.a.	1,488	1,501
Sugar, EU, domestic**	¢/kg	59.75	59.17	58.77	59.72	58.78	58.55	59.65	58.77	60.01	58.51	57.78
Sugar, US, domestic**	¢/kg	48.64	46.60	39.06	49.45	49.88	47.01	40.05	39.06	39.00	37.65	40.54
Sugar, world**	¢/kg	19.67	13.81	11.80	15.40	12.63	13.06	14.14	11.80	12.41	11.73	11.27
Raw Materials												
Timber												
Logs, Cameroon	$/cum	286.4	269.3	293.5	282.3	255.3	247.2	292.4	293.5	301.3	292.3	286.7
Logs, Malaysia**	$/cum	162.4	187.1	189.4	175.3	178.4	195.9	198.8	189.4	193.1	184.1	190.9
Plywood	¢/sheet	376.1	440.6	446.9	426.4	429.9	440.3	465.6	446.9	456.4	439.1	445.0
Sawnwood, Cameroon	$/cum	526.3	455.2	501.5	461.5	424.4	441.8	493.1	501.5	509.9	494.7	500.0
Sawnwood, Malaysia**	$/cum	484.2	600.8	641.0	544.3	582.8	632.9	643.4	641.0	643.4	643.4	636.4
Woodpulp	$/mt	508.4	507.8	616.6	447.6	491.5	521.2	570.8	615.7	611.5	616.0	618.4

Continued

TABLE A1. COMMODITY PRICE DATA (CONTINUED)

Commodity	Unit	Annual Averages Jan-Dec 1998	Annual Averages Jan-Dec 1999	Annual Averages Jan-Mar 2000	Quarterly Averages Jan-Mar 1999	Quarterly Averages Apr-Jun 1999	Quarterly Averages Jul-Sep 1999	Quarterly Averages Oct-Dec 1999	Quarterly Averages Jan-Mar 2000	Monthly Averages Jan 2000	Monthly Averages Feb 2000	Monthly Averages Mar 2000
Non-Energy Commodities (continued)												
Agriculture (continued)												
Other Raw Materials												
Cotton**	¢/kg	144.5	117.1	116.5	123.9	129.4	113.8	101.3	116.5	104.6	118.5	126.3
Cotton, Memphis	¢/kg	165.8	123.0	136.0	n.q.	n.q.	n.q.	120.5	136.0	129.4	134.3	144.3
Jute	$/mt	258.0	276.3	299.3	250.0	260.0	295.0	300.3	299.3	300.0	300.0	298.0
Rubber, Malaysia**	¢/kg	72.2	62.9	70.1	68.0	59.7	55.6	68.1	70.1	64.9	74.2	71.1
Rubber, US	¢/kg	89.5	80.9	85.8	83.7	77.5	74.6	87.7	85.8	84.1	89.0	84.2
Rubber, Singapore	¢/kg	70.9	62.0	68.8	65.5	59.9	55.9	66.9	68.8	64.5	73.7	68.2
Sisal	$/mt	820.8	691.5	558.3	779.2	731.7	647.5	607.7	558.3	550.0	550.0	575.0
Wool	¢/kg	429.0	398.8	402.6	368.0	400.3	414.2	412.5	402.6	410.4	400.3	397.2
Fertilizers												
DAP	$/mt	203.4	177.8	149.5	199.3	189.7	173.9	148.2	149.5	149.4	150.1	148.9
Phosphate rock**	$/mt	43.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0
Potassium chloride	$/mt	116.9	121.6	122.5	119.1	122.5	122.5	122.5	122.5	122.5	122.5	122.5
TSP**	$/mt	173.1	154.5	138.0	164.1	162.6	150.9	140.4	138.0	138.0	138.0	138.0
Urea, E. Europe, bagged	$/mt	103.1	77.8	96.5	79.5	75.9	77.4	78.2	96.5	90.0	102.3	97.3
Urea, E. Europe, bulk	$/mt	83.1	66.4	85.2	67.6	64.6	66.1	67.3	85.2	79.8	91.4	84.4
Metals and Minerals												
Aluminum**	$/mt	1,357	1,361	1,643	1,196	1,306	1,443	1,501	1,643	1,680	1,670	1,577
Copper**	$/mt	1,654	1,573	1,795	1,407	1,467	1,679	1,739	1,795	1,844	1,801	1,739
Gold	$/toz	294.2	278.8	290.2	286.8	273.5	259.2	295.7	290.2	284.3	299.9	286.4
Iron ore	¢/dmtu	31.00	27.59	28.79	27.59	27.59	27.59	27.59	28.79	28.79	28.79	28.79
Lead**	¢/kg	52.9	50.3	45.5	50.5	51.9	50.2	48.5	45.5	47.2	45.2	44.1
Nickel**	$/mt	4,630	6,011	9,414	4,635	5,232	6,392	7,785	9,414	8,310	9,653	10,280
Silver	¢/toz	553.4	525.0	521.1	530.2	515.6	526.7	527.3	521.1	523.5	529.7	510.2
Steel products (8) index***	1990=100	74.9	68.4	73.0	64.1	66.4	70.4	72.6	73.0	69.9	73.7	75.5
Steel-cold rolled coilsheet	$/mt	370.8	340.4	386.7	306.7	328.3	350.0	376.7	386.7	370.0	390.0	400.0
Steel-hot rolled coilsheet	$/mt	279.2	243.3	290.0	206.7	223.3	263.3	280.0	290.0	280.0	290.0	300.0
Steel, rebar	$/mt	257.5	234.2	226.7	230.0	230.0	240.0	236.7	226.7	220.0	230.0	230.0
Steel, wire rod	$/mt	332.1	290.0	273.3	293.3	290.0	290.0	286.7	273.3	260.0	280.0	280.0
Tin**	¢/kg	554.0	540.4	567.6	524.6	543.6	526.8	566.5	567.6	592.8	564.2	545.8
Zinc**	¢/kg	102.5	107.6	113.0	99.3	102.0	113.2	116.0	113.0	117.9	109.5	111.6
World Bank Commodity Price Indices for Low and Middle Income Countries (1990 = 100)												
Petroleum		57.1	79.0	116.6	51.5	70.4	90.3	103.8	116.6	110.6	119.0	120.2
Non-Energy Commodities		99.1	88.0	90.2	89.5	87.3	86.0	89.2	90.2	90.7	90.6	89.2
Agriculture		107.8	92.8	91.6	97.5	92.8	88.7	92.1	91.6	92.0	92.0	90.7
Beverages		140.6	107.7	100.2	116.0	109.3	97.3	108.1	100.2	105.1	98.3	97.0
Food		104.9	87.5	85.6	95.1	87.1	83.8	84.2	85.6	85.9	86.5	84.2
Fats and Oils		132.8	105.0	101.1	115.6	106.0	96.7	101.9	101.1	101.7	100.8	100.7
Grains		101.3	86.4	84.5	94.3	86.8	83.8	80.6	84.5	84.9	85.7	83.0
Other Food		84.1	73.9	73.4	78.7	71.9	73.2	71.8	73.4	73.5	75.3	71.4
Raw Materials		87.31	88.53	92.94	86.9	88.0	88.6	90.6	92.9	90.2	94.2	94.3
Timber		90.9	111.8	118.5	101.7	108.2	117.7	119.6	118.5	119.2	118.5	117.9
Other Raw Materials		84.8	72.7	75.5	76.8	74.2	68.8	70.8	75.5	70.5	77.7	78.3
Fertilizers		122.1	114.1	106.1	118.7	118.0	112.3	107.3	106.1	106.1	106.1	106.1
Metals and Minerals		75.5	73.7	85.3	67.2	70.7	76.8	80.2	85.3	86.0	85.9	84.0

*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

APPENDIX

Table A2: Commodity Prices and Price Projections in Current Dollars

Commodity	Unit	Actual					Projections				
		1970	1980	1990	1998	1999	2000	2001	2002	2005	2010
Energy											
Coal, US	$/mt	n.a.	43.10	41.67	34.38	33.17	33.00	33.50	34.00	35.50	38.00
Crude oil, avg. spot	$/bbl	1.21	36.87	22.88	13.07	18.07	24.00	21.00	19.00	18.00	19.00
Natural gas, Europe	$/mmbtu	n.a.	3.40	2.55	2.42	2.13	3.40	3.25	2.90	2.70	2.75
Natural gas, US	$/mmbtu	0.17	1.55	1.70	2.09	2.27	2.80	2.90	2.80	2.75	3.00
Non-Energy Commodities											
Agriculture											
Beverages											
Cocoa	¢/kg	67.5	260.4	126.7	167.6	113.5	95.0	105.0	120.0	150.0	170.0
Coffee, other milds	¢/kg	114.7	346.6	197.2	298.1	229.1	220.5	220.5	234.8	254.0	265.0
Coffee, robusta	¢/kg	91.4	324.3	118.2	182.3	148.9	110.2	114.6	125.7	163.1	187.4
Tea, 3-auction average	¢/kg	83.5	165.9	205.8	204.6	183.9	186.0	187.0	188.5	195.0	210.0
Food											
Fats and Oils											
Coconut oil	$/mt	397.2	673.8	336.5	657.9	737.1	650.0	625.0	620.0	620.0	650.0
Copra	$/mt	224.8	452.7	230.7	411.1	461.5	410.0	425.0	435.0	460.0	483.0
Groundnut oil	$/mt	378.6	858.8	963.7	909	787.7	750.0	800.0	800.0	820.0	850.0
Palm oil	$/mt	260.1	583.7	289.8	671.1	436.0	350.0	350.0	365.0	425.0	460.0
Soybean meal	$/mt	102.6	262.4	200.2	170.3	152.2	185.0	195.0	205.0	215.0	226.0
Soybean oil	$/mt	286.3	597.6	447.3	625.9	427.3	405.0	410.0	430.0	460.0	525.0
Soybeans	$/mt	116.9	296.2	246.8	243.3	201.67	220.0	230.0	240.0	250.0	275.0
Grains											
Maize	$/mt	58.4	125.3	109.3	102.0	90.2	100.0	110.0	115.0	125.0	130.0
Rice, Thai, 5%	$/mt	126.3	410.7	270.9	304.2	248.4	250.0	260.0	270.0	315.0	345.0
Sorghum	$/mt	51.8	128.9	103.9	98.0	84.4	95.0	105.0	110.0	120.0	125.0
Wheat, US, HRW	$/mt	54.9	172.7	135.5	126.1	112.0	120.0	130.0	140.0	160.0	170.0
Other Food											
Bananas, US	$/mt	166.1	377.3	540.9	489.5	373.2	468.5	496.0	518.1	556.7	567.7
Beef	¢/kg	130.4	276.0	256.3	172.6	184.3	198.4	202.8	202.8	209.4	220.0
Oranges	$/mt	168.0	400.2	531.1	442.4	430.8	250.0	400.0	500.0	565.0	600.0
Shrimp, Mexican	¢/kg	n.a.	1,152	1,069	1,579	1,461	1,500	1,510	1,530	1,550	1,590
Sugar, world	¢/kg	8.2	63.16	27.67	19.67	13.81	13.45	14.20	14.50	20.00	24.00
Raw Materials											
Timber											
Logs, Cameroon	$/cum	43.0	251.7	343.5	286.4	269.3	295.0	310.0	320.0	340.0	420.0
Logs, Malaysia	$/cum	43.1	195.5	177.2	162.4	187.1	210.0	225.0	235.0	255.0	290.0
Sawnwood, Malyasia	$/cum	175.0	396.0	533.0	484.2	600.8	640.0	660.0	680.0	755.0	900.0
Other Raw Materials											
Cotton	¢/kg	67.6	206.2	181.9	144.5	117.1	123.5	130.1	136.7	158.7	180.8
Rubber, RSS1, Malaysia	¢/kg	40.7	142.5	86.5	72.2	62.9	70.6	75.0	79.4	88.2	99.2
Tobacco	$/mt	1,076	2,276	3,392	3,342	3,026	3,100	3,100	3,100	3,250	3,300
Fertilizers											
DAP	$/mt	54.0	222.2	171.4	203.4	177.8	165.0	175.0	180.0	195.0	205.0
Phosphate rock	$/mt	11.00	46.71	40.50	43.00	44.00	44.00	44.00	44.00	44.00	46.00
Potassium chloride	$/mt	32.0	115.7	98.1	116.9	121.6	122.5	124.0	124.0	125.0	127.0
TSP	$/mt	43.0	180.3	131.8	173.1	154.5	142.0	150.0	155.0	160.0	170.0
Urea, E. Europe, bagged	$/mt	48.0	222.1	130.7	103.1	77.8	90.0	100.0	110.0	120.0	140.0
Metals and Minerals											
Aluminum	$/mt	556	1,456	1,639	1,357	1,361	1,600	1,600	1,650	1,800	1,900
Copper	$/mt	1,416	2,182	2,661	1,654	1,573	1,800	1,900	2,000	2,200	2,400
Gold	$/toz	36.0	608.0	383.5	294.2	278.8	285.0	280.0	275.0	275.0	300.0
Iron ore, Carajas	¢/dmtu	9.84	28.09	32.50	31.00	27.59	29.00	29.50	30.25	32.00	33.00
Lead	¢/kg	30.3	90.6	81.1	52.9	50.3	47.0	52.5	55.0	60.0	64.0
Nickel	$/mt	2,846	6,519	8,864	4,630	6,011	9,000	8,000	7,000	6,000	6,800
Silver	¢/toz	177.0	2,064	482.0	553.4	525.0	520.0	515.0	510.0	525.0	550.0
Tin	¢/kg	367.3	1,677	608.5	554.0	540.4	560.0	560.0	570.0	590.0	610.0
Zinc	¢/kg	29.6	76.1	151.4	102.5	107.6	115.0	116.0	117.0	120.0	125.0

n.a. = not available

Note: Projections as of May 4, 2000.

Source: World Bank, Development Economics, Development Prospects Group

Table A3. Confidence Intervals for Price Projections in Current Dollars (70% probability)

Commodity	Unit	2000	2001	2002	2005
Energy					
Coal, US	$/mt	28.25 - 37.75	25.50 - 41.50	24.00 - 44.00	22.00 - 49.00
Crude oil, avg. spot	$/bbl	20.00 - 28.00	15.00 - 27.00	12.50 - 25.50	10.75 - 25.25
Natural gas, Europe	$/mmbtu	2.85 - 3.95	2.45 - 4.05	1.95 - 3.85	1.60 - 3.80
Natural gas, US	$/mmbtu	2.35 - 3.25	2.20 - 3.60	2.00 - 3.60	1.65 - 3.85
Non-Energy Commodities					
Agriculture					
Beverages					
Cocoa	¢/kg	83 - 107	83 - 127	82 - 159	82 - 219
Coffee, other milds	¢/kg	189 - 253	169 - 272	153 - 317	134 - 373
Coffee, robusta	¢/kg	95 - 127	89 - 142	85 - 168	99 - 229
Tea, 3-auction average	¢/kg	157 - 209	149 - 225	143 - 238	137 - 265
Food					
Fats and Oils					
Coconut oil	$/mt	572 - 794	519 - 793	475 - 892	452 - 1,050
Copra	$/mt	359 - 462	349 - 502	325 - 547	296 - 613
Groundnut oil	$/mt	655 - 829	628 - 937	621 - 1,009	583 - 1,138
Palm oil	$/mt	306 - 396	281 - 438	287 - 500	308 - 678
Soybean meal	$/mt	159 - 218	152 - 238	148 - 275	151 - 312
Soybean oil	$/mt	355 - 455	344 - 511	345 - 588	347 - 721
Soybeans	$/mt	189 - 260	179 - 281	173 - 322	163 - 363
Grains					
Maize	$/mt	86 - 116	86 - 136	85 - 145	81 - 179
Rice, Thai, 5%	$/mt	215 - 290	198 - 333	194 - 356	205 - 457
Sorghum	$/mt	81 - 110	80 - 130	74 - 139	78 - 172
Wheat, US, HRW	$/mt	103 - 139	101 - 161	104 - 176	104 - 229
Other Food					
Bananas, US	$/mt	422 - 517	416 - 577	427 - 610	439 - 675
Beef	¢/kg	169 - 228	158 - 247	146 - 272	147 - 304
Oranges	$/mt	213 - 313	288 - 512	350 - 650	379 - 752
Shrimp, Mexican	¢/kg	1,275 - 1,725	1,178 - 1,842	1,102 - 2,020	1,008 - 2,201
Sugar, world	¢/kg	11.8 - 15.1	11.1 - 17.3	10.2 - 19.6	13.4 - 30.0
Raw Materials					
Timber					
Logs, Cameroon	$/cum	251 - 342	233 - 391	208 - 432	187 - 493
Logs, Malaysia	$/cum	179 - 244	173 - 281	165 - 306	153 - 357
Sawnwood, Malyasia	$/cum	544 - 755	508 - 825	490 - 857	468 - 1,027
Other Raw Materials					
Cotton	¢/kg	107 - 138	110 - 151	102 - 171	102 - 214
Rubber, RSS1, Malaysia	¢/kg	63 - 79	61 - 89	62 - 96	61 - 116
Tobacco	$/mt	2,728 - 3,472	2,480 - 3,720	2,325 - 3,875	2,178 - 4,323
Fertilizers					
DAP	$/mt	142 - 188	137 - 214	130 - 234	137 - 273
Phosphate rock	$/mt	40 - 48	36 - 52	35 - 53	33 - 55
Potassium chloride	$/mt	110 - 135	99 - 149	94 - 156	88 - 169
TSP	$/mt	122 - 162	117 - 183	112 - 202	112 - 224
Urea, E. Europe, bagged	$/mt	77 - 107	75 - 125	79 - 147	84 - 174
Metals and Minerals					
Aluminum	$/mt	1,350 - 1,850	1,200 - 2,000	1,100 - 2,200	1,075 - 2,525
Copper	$/mt	1,525 - 2,075	1,425 - 2,375	1,330 - 2,670	1,300 - 3,100
Gold	$/toz	240 - 330	210 - 350	185 - 365	170 - 385
Iron ore, Carajas	¢/dmtu	25 - 33	23 - 36	23 - 38	22 - 43
Lead	¢/kg	40 - 54	40 - 66	37 - 74	36 - 84
Nickel	$/mt	7,500 - 10,500	6,000 - 10,000	4,600 - 9,400	3,600 - 8,400
Silver	¢/toz	440 - 600	385 - 645	340 - 680	315 - 735
Tin	¢/kg	475 - 645	420 - 700	380 - 760	355 - 825
Zinc	¢/kg	98 - 132	87 - 145	78 - 156	72 - 168

Note: Projections as of May 4, 2000.
Source: World Bank, Development Economics, Development Prospects Group

APPENDIX

Table A1. Commodity Prices and Price Projections in Constant 1998 Dollars

Commodity	Unit	Actual					Projections				
		1970	1980	1990	1998	1999	2000	2001	2002	2005	2010
Energy											
Coal, US	$/mt	n.a.	59.88	41.67	33.00	32.03	31.09	30.79	30.46	29.70	28.13
Crude oil, avg. spot	$/bbl	4.82	51.22	22.88	12.54	17.45	22.61	19.30	17.02	15.06	14.06
Natural gas, Europe	$/mmbtu	n.a.	4.72	2.55	2.32	2.06	3.20	2.99	2.60	2.26	2.04
Natural gas, US	$/mmbtu	0.68	2.15	1.70	2.00	2.19	2.64	2.67	2.51	2.30	2.22
Non-Energy Commodities											
Agriculture											
Beverages											
Cocoa	¢/kg	269.1	361.7	126.7	160.9	109.6	89.5	96.5	107.5	125.5	125.8
Coffee, other milds	¢/kg	457.2	481.6	197.2	286.1	221.2	207.7	202.6	210.3	212.5	196.2
Coffee, robusta	¢/kg	364.3	450.6	118.2	174.9	143.8	103.8	105.4	112.6	136.5	138.7
Tea, 3-auction average	¢/kg	332.9	230.5	205.8	196.4	177.6	175.2	171.9	168.9	163.2	155.5
Food											
Fats and Oils											
Coconut oil	$/mt	1583.7	936.1	336.5	631.5	711.8	612.3	574.5	555.4	518.8	481.2
Copra	$/mt	896.5	629.0	230.7	394.6	445.6	386.3	390.6	389.7	384.9	357.5
Groundnut oil	$/mt	1509.4	1193.0	963.7	872.8	760.6	706.6	735.3	716.7	686.1	629.2
Palm oil	$/mt	1036.9	810.9	289.8	644.1	421.0	329.7	321.7	327.0	355.6	340.5
Soybean meal	$/mt	409.0	364.6	200.2	163.5	146.9	174.3	179.2	183.6	179.9	167.3
Soybean oil	$/mt	1141.7	830.2	447.3	600.8	412.6	381.5	376.8	385.2	384.9	388.6
Soybeans	$/mt	466.2	411.5	246.8	233.5	194.7	207.3	211.4	215.0	209.2	203.6
Grains											
Maize	$/mt	232.9	174.0	109.3	97.9	87.1	94.2	101.1	103.0	104.6	96.2
Rice, Thai, 5%	$/mt	503.6	570.6	270.9	291.9	239.9	235.5	239.0	241.9	263.6	255.4
Sorghum	$/mt	206.5	179.0	103.9	94.1	81.5	89.5	96.5	98.5	100.4	92.5
Wheat, US, HRW	$/mt	218.9	240.0	135.5	121.1	108.2	113.1	119.5	125.4	133.9	125.8
Other Food											
Bananas, US	$/mt	662.2	524.1	540.9	469.8	360.4	441.3	455.9	464.1	465.8	420.2
Beef	¢/kg	520.1	383.4	256.3	165.6	178.0	186.9	186.4	181.7	175.2	162.9
Oranges	$/mt	670.0	556.0	531.1	424.6	416.0	235.5	367.7	447.9	472.8	444.2
Shrimp, Mexican	¢/kg	n.a.	1,600	1,069	1,515	1,410	1,413	1,388	1,371	1,297	1,177
Sugar, world	¢/kg	32.8	87.8	27.7	18.9	13.3	12.7	13.1	13.0	16.7	17.8
Raw Materials											
Timber											
Logs, Cameroon	$/cum	171.5	349.7	343.5	274.9	260.0	277.9	284.9	286.7	284.5	310.9
Logs, Malaysia	$/cum	172.0	271.6	177.2	155.9	180.7	197.8	206.8	210.5	213.4	214.7
Sawnwood, Malyasia	$/cum	697.8	550.2	533.0	464.7	580.2	602.9	606.6	609.2	631.8	666.2
Other Raw Materials											
Cotton	¢/kg	269.7	286.5	181.9	138.7	113.1	116.3	119.6	122.5	132.8	133.8
Rubber, RSS1, Malaysia	¢/kg	162.4	197.9	86.5	69.3	60.7	66.5	68.9	71.1	73.8	73.4
Tobacco	$/mt	4,290	3,162	3,392	3,207	2,922	2,920	2,849	2,777	2,719	2,443
Fertilizers											
DAP	$/mt	215.3	308.7	171.4	195.2	171.7	155.4	160.9	161.3	163.2	151.8
Phosphate rock	$/mt	43.9	64.9	40.5	41.3	42.5	41.5	40.4	39.4	36.8	34.1
Potassium chloride	$/mt	127.6	160.8	98.1	112.2	117.5	115.4	114.0	111.1	104.6	94.0
TSP	$/mt	171.5	250.4	131.8	166.1	149.2	133.8	137.9	138.9	133.9	125.8
Urea, E. Europe, bagged	$/mt	191.4	308.6	130.7	98.9	75.1	84.8	91.9	98.5	100.4	103.6
Metals and Minerals											
Aluminum	$/mt	2,217	2,023	1,639	1,303	1,314	1,507	1,471	1,478	1,506	1,406
Copper	$/mt	5,645	3,032	2,661	1,588	1,519	1,696	1,746	1,792	1,841	1,777
Gold	$/toz	143.5	844.7	383.5	282.3	269.2	268.5	257.4	246.4	230.1	222.1
Iron ore, Carajas	¢/dmtu	39.2	39.0	32.5	29.8	26.6	27.3	27.1	27.1	26.8	24.4
Lead	¢/kg	120.8	125.8	81.1	50.7	48.5	44.3	48.3	49.3	50.2	47.4
Nickel	$/mt	11,348	9,056	8,864	4,443	5,805	8,479	7,353	6,271	5,021	5,034
Silver	¢/toz	705.7	2866.9	482.0	531.2	506.9	489.9	473.4	456.9	439.3	407.1
Tin	¢/kg	1464.7	2330.5	608.5	531.8	521.8	527.6	514.7	510.6	493.7	451.6
Zinc	¢/kg	118.0	105.8	151.4	98.3	103.9	108.3	106.6	104.8	100.4	92.5

n.a. = not available

Note: Projections as of May 4, 2000.

Source: World Bank, Development Economics, Development Prospects Group

Table A5: Confidence Intervals for Price Projections in Constant 1999 Dollars
(70% probability)

Commodity	Unit	2000	2001	2002	2005
Energy					
Coal, US	$/mt	26.61 - 35.56	23.44 - 38.14	21.50 - 39.42	18.41 - 41.00
Crude oil, avg. spot	$/bbl	18.84 - 26.38	13.79 - 24.82	11.20 - 22.84	9.00 - 21.13
Natural gas, Europe	$/mmbtu	2.68 - 3.72	2.25 - 3.72	1.75 - 3.45	1.34 - 3.18
Natural gas, US	$/mmbtu	2.21 - 3.06	2.02 - 3.31	1.79 - 3.22	1.38 - 3.22
Non Energy Commodities					
Agriculture					
Beverages					
Cocoa	¢/kg	78 - 101	77 - 117	73 - 142	69 - 183
Coffee, other milds	¢/kg	178 - 238	155 - 250	137 - 284	112 - 312
Coffee, robusta	¢/kg	89 - 120	82 - 130	76 - 151	83 - 192
Tea, 3-auction average	¢/kg	148 - 197	137 - 207	128 - 213	114 - 222
Food					
Fats and Oils					
Coconut oil	$/mt	539 - 748	477 - 729	425 - 799	379 - 879
Copra	$/mt	338 - 435	321 - 461	291 - 490	248 - 513
Groundnut oil	$/mt	617 - 781	577 - 861	556 - 903	488 - 952
Palm oil	$/mt	288 - 373	259 - 402	257 - 448	257 - 567
Soybean meal	$/mt	150 - 206	140 - 219	132 - 246	126 - 261
Soybean oil	$/mt	334 - 429	317 - 470	309 - 527	290 - 604
Soybeans	$/mt	178 - 245	165 - 258	155 - 288	136 - 303
Grains					
Maize	$/mt	81 - 109	79 - 125	76 - 130	68 - 150
Rice, Thai, 5%	$/mt	203 - 273	182 - 306	174 - 319	171 - 382
Sorghum	$/mt	76 - 104	73 - 120	66 - 124	65 - 144
Wheat, US, HRW	$/mt	97 - 131	93 - 148	93 - 158	87 - 191
Other Food					
Bananas, US	$/mt	397 - 487	382 - 531	383 - 546	367 - 565
Beef	¢/kg	159 - 215	145 - 227	131 - 243	123 - 254
Oranges	$/mt	200 - 294	265 - 471	314 - 582	317 - 629
Shrimp, Mexican	¢/kg	1,201 - 1,625	1,083 - 1,693	987 - 1,809	843 - 1,842
Sugar, world	¢/kg	11.1 - 14.2	10.2 - 15.9	9.1 - 17.6	11.2 - 25.1
Raw Materials					
Timber					
Logs, Cameroon	$/cum	236 - 322	214 - 359	186 - 387	156 - 413
Logs, Malaysia	$/cum	168 - 229	159 - 259	147 - 274	128 - 299
Sawnwood, Malyasia	$/cum	512 - 711	467 - 758	439 - 768	392 - 859
Other Raw Materials					
Cotton	¢/kg	100 - 130	101 - 139	91 - 153	86 - 179
Rubber, RSS1, Malaysia	¢/kg	59 - 74	56 - 82	56 - 86	51 - 97
Tobacco	$/mt	2,570 - 3,271	2,279 - 3,419	2,083 - 3,471	1,822 - 3,617
Fertilizers					
DAP	$/mt	134 - 177	125 - 196	116 - 210	114 - 228
Phosphate rock	$/mt	37 - 46	33 - 48	32 - 47	28 - 46
Potassium chloride	$/mt	104 - 127	91 - 137	84 - 140	73 - 141
TSP	$/mt	115 - 153	108 - 168	100 - 181	94 - 187
Urea, E. Europe, bagged	$/mt	72 - 100	69 - 115	71 - 132	70 - 146
Metals and Minerals					
Aluminum	$/mt	1,272 - 1,743	1,103 - 1,838	985 - 1,971	900 - 2,113
Copper	$/mt	1,437 - 1,955	1,310 - 2,183	1,191 - 2,392	1,088 - 2,594
Gold	$/toz	226 - 311	193 - 322	166 - 327	142 - 322
Iron ore, Carajas	¢/dmtu	24 - 31	21 - 33	20 - 34	18 - 36
Lead	¢/kg	38 - 51	36 - 60	33 - 66	30 - 70
Nickel	$/mt	7,065 - 9,892	5,515 - 9,191	4,121 - 8,421	3,012 - 7,029
Silver	¢/toz	415 - 565	354 - 593	305 - 609	264 - 615
Tin	¢/kg	447 - 608	386 - 643	340 - 681	297 - 690
Zinc	¢/kg	92 - 124	80 - 133	70 - 140	60 - 141

Note: Projections as of May 4, 2000.
Source: World Bank, Development Economics, Development Prospects Group

APPENDIX

Table A5. Weighted Indices of Commodity Prices and Inflation

	Actual					Projections*				
	1970	*1980*	*1990*	*1998*	*1999*	*2000*	*2001*	*2002*	*2005*	*2010*
Current Dollars										
Petroleum	5.3	161.2	100.0	57.1	79.0	104.9	91.8	83.0	78.7	83.0
Non-Energy Commodities**	43.8	125.5	100.0	99.1	88.0	91.5	94.3	98.1	107.6	116.6
Agriculture	45.8	138.1	100.0	107.8	92.8	93.8	97.3	102.0	113.4	123.7
Beverages	56.9	181.4	100.0	140.6	107.7	98.5	100.8	108.5	123.1	132.9
Food	46.7	139.3	100.0	104.9	87.5	90.3	94.3	98.0	107.6	113.4
Fats and oils	64.4	148.7	100.0	132.8	105.0	104.3	106.9	111.1	119.3	128.1
Grains	46.7	134.3	100.0	101.3	86.4	91.0	97.4	102.4	116.3	124.4
Other food	32.2	134.3	100.0	84.1	73.9	78.5	82.4	84.7	93.2	95.3
Raw materials	36.4	104.6	100.0	87.3	88.5	94.8	98.6	102.2	113.6	130.3
Timber	31.8	79.0	100.0	90.9	111.8	119.9	124.2	128.2	141.9	168.2
Other Raw Materials	39.6	122.0	100.0	84.8	72.7	77.7	81.1	84.5	94.3	104.4
Fertilizers	30.4	128.9	100.0	122.1	114.1	108.1	111.9	114.3	116.7	123.3
Metals and minerals	40.4	94.2	100.0	75.5	73.7	84.4	85.2	87.1	92.7	98.6
Current 1990 Dollars***										
Petroleum	21.1	223.8	100.0	54.8	76.3	98.8	84.4	74.4	65.8	61.5
Non-Energy Commodities**	174.7	174.3	100.0	95.1	85.0	86.2	86.7	87.9	90.1	86.3
Agriculture	182.4	191.8	100.0	103.5	89.6	88.4	89.4	91.3	94.9	91.6
Beverages	226.7	252.0	100.0	134.9	104.0	92.8	92.6	97.2	103.0	98.4
Food	186.0	193.4	100.0	100.7	84.5	85.1	86.7	87.8	90.0	84.0
Fats and oils	256.4	206.5	100.0	127.5	101.4	98.3	98.2	99.6	99.8	94.8
Grains	186.1	186.5	100.0	97.2	83.4	85.7	89.5	91.7	97.3	92.1
Other food	128.4	186.6	100.0	80.8	71.3	74.0	75.7	75.9	78.0	70.5
Raw materials	145.1	145.2	100.0	83.8	85.5	89.3	90.6	91.6	95.1	96.4
Timber	126.6	109.7	100.0	87.3	107.9	112.9	114.2	114.9	118.8	124.5
Other Raw Materials	157.7	169.5	100.0	81.4	70.2	73.2	74.6	75.7	78.9	77.3
Fertilizers	121.1	179.0	100.0	117.2	110.1	101.8	102.9	102.4	97.7	91.3
Metals and minerals	160.8	130.8	100.0	72.4	71.2	79.5	78.3	78.0	77.5	73.0
Inflation Indices, 1990=100****										
MUV index*****	25.08	71.98	100.00	104.19	103.56	106.15	108.80	111.63	119.51	135.09
% change per annum		11.12	3.34	0.51	-0.60	2.50	2.50	2.60	2.30	2.48
US GDP deflator	33.59	65.93	100.00	119.19	120.92	122.74	124.95	127.44	135.78	150.50
% change per annum		6.98	4.25	2.22	1.45	1.50	1.80	2.00	2.13	2.08

*Commodity price projections as of May 4, 2000.

**The World Bank primary commodity price indices are computed based on 1987-89 export values in US dollars for low- and middle-income economies, rebased to 1990. Weights for the sub-group indices expressed as ratios to the non-energy index are as follows in percent: agriculture 69.1, fertilizers 2.7, metals and minerals 28.2; beverages 16.9, food 29.4, raw materials 22.8; fats and oils 10.1, grains 6.9, other food 12.4; timber 9.3 and other raw mterials 13.6.

***Computed from unrounded data and deflated by the MUV index

****Inflation indices for 2000-2010 are projections as of March 3, 2000. MUV for 1998 is a preliminary estimate, and 1999 a projection. Growth rates for years 1980, 1990, 1998, 2005 and 2010 refer to compound annual rate of change between adjacent end-point years; all others are annual growth rates from the previous year.

*****Unit value index in US dollar terms of manufactures exported from the G-5 countries (France, Germany, Japan, UK, and US) weighted proportionally to the countries' exports to the developing countries

Source: World Bank, Development Prospects Group; Historical US GDP deflator: US Department of Commerce.

Description of Price Series

Aluminum (LME) London Metal Exchange, unalloyed primary ingots, high grade, minimum 99.7% purity, cash price

Bananas (Central & South American), major brands, c.i.f. Hamburg

Bananas (Central & South American), major brands, US import price, free on truck (f.o.t.) US ports

Beef (Australian/New Zealand), cow forequarters, frozen boneless, 85% chemical lean, c.i.f. U.S. port (East Coast), ex-dock

Coal (Australian), thermal, 12,000 btu/lb, less than 1.0% sulfur, 14% ash, f.o.b. piers, Newcastle/Port Kembla

Coal (US), thermal, 12,000 btu/lb, less than 1.0% sulfur, 12% ash, f.o.b. piers, Hampton Road/Norfolk

Cocoa (ICCO), International Cocoa Organization daily price, average of the first three positions on the terminal markets of New York and London, nearest three future trading months

Coconut oil (Philippines/Indonesian), bulk, c.i.f. Rotterdam

Coffee (ICO), International Coffee Organization indicator price, other mild Arabicas, average New York and Bremen/Hamburg markets, ex-dock

Coffee (ICO), International Coffee Organization indicator price, Robustas, average New York and Le Havre/Marseilles markets, ex-dock

Copper (LME), grade A, minimum 99.9935% purity, cathodes and wire bar shapes, settlement price

Copra (Philippines/Indonesian), bulk, c.i.f. N.W. Europe

Cotton ("cotton outlook", "A" index), middling 1-3/32 inch, average of the cheapest 5 of 15 styles traded in Northern Europe, c.i.f.

Cotton (US), Memphis/Eastern, middling 1-3/32 inch, c.i.f. Northern Europe, one of the 15 styles based on which the Cotlook A Index is computed

Crude oil (spot), average spot price of Brent, Dubai and West Texas Intermediate, equally weighed

Crude oil (spot), U.K. Brent 38' API, f.o.b. U.K ports

Crude oil (spot), Dubai Fateh 32' API, f.o.b. Dubai

Crude oil (spot), West Texas Intermediate (WTI) 40' API, f.o.b. Midland Texas

DAP (diammonium phosphate), bulk, spot, f.o.b. US Gulf

Fishmeal (any origin), 64-65%, c&f Hamburg, nfs

Gold (UK), 99.5% fine, London afternoon fixing, average of daily rates

Groundnut oil (any origin), c.i.f. Rotterdam

Iron ore (Brazilian), Companhia Vale do Rio Doce (CVRD) Carajas fines, 67.35% Fe (iron) content (dry weight) ores, moisture content 8.0%, contract price to Europe, f.o.b. Ponta da Madeira. Unit dry metric ton unit (dmtu) stands for mt 1% Fe-unit. To convert price in cents/dmtu to $/dmt SSF (dry ore), multiply by percent Fe content.

Jute (Bangladesh), raw, white D, f.o.b. Chittagong/Chalna

Lamb (New Zealand), frozen whole carcasses, wholesale price, Smithfield market, London

Lead (LME), refined, 99.97% purity, settlement price

Logs (West African), sapele, high quality (loyal and marchand LM), f.o.b. Cameroon; beginning January 1996, LM 80 centimeter or more

Logs (Malaysian), meranti, Sarawak, sale price charged by importers, Tokyo; prior to February 1993, average of Sabah and Sarawak weighted by Japanese import volumes

Maize (US), no. 2, yellow, f.o.b. US Gulf ports

Natural Gas (Europe), average import border price

Natural Gas (U.S.), spot price at Henry Hub, Louisiana

Nickel (LME), cathodes, minimum 99.8% purity, official morning session, weekly average bid/asked price

Oranges (Mediterranean exporters) navel, EEC indicative import price, c.i.f. Paris

Palm oil (Malaysian), 5% bulk, c.i.f. N. W. Europe

Palmkernel Oil (Malaysian), c.i.f. Rotterdam

Phosphate rock (Moroccan), 70% BPL, contract, f.a.s. Casablanca

Plywood (African and Southeast Asian), Lauan, 3-ply, extra, 91 cum x 182 cum x 4 mm, wholesale price, spot Tokyo

Potassium chloride (muriate of potash), standard grade, spot, f.o.b. Vancouver

Description of Price Series (continued)

Rice (Thai), 5% broken, WR, milled, indicative price based on weekly surveys of export transactions (indicative survey price), government standard, f.o.b. Bangkok

Rice (Thai), 25% broken, WR, milled indicative survey price, government standard, f.o.b. Bangkok

Rice (Thai), 35% broken, WR, milled, indicative survey price, government standard, f.o.b. Bangkok

Rice (Thai), 100% broken, A.1 Special, broken kernel obtained from the milling of WR 15%, 20%, and 25%, indicative price, government standard, f.o.b. Bangkok

Rubber (Malaysian), RSS no. 1, in bales, Malaysian Rubber Exchange & Licensing Board, midday buyers' asking price for prompt or 30 days delivery, f.o.b. Kuala Lumpur

Rubber (any origin), RSS no. 1, in bales, Rubber Traders Association (RTA), spot, New York

Rubber (Asian), RSS no. 1, in bales, Rubber Association of Singapore Commodity Exchange (RASCE)/ Singapore Commodity Exchange, midday buyers' asking price for prompt or 30 days delivery; prior to June 1992, spot, Singapore

Sawnwood (Cameroonian), sapele, width 6 inches or more, length 6 feet or more, f.a.s. Cameroonian ports

Sawnwood (Malaysian), dark red seraya/meranti, select and better quality, General Market Specification (GMS), width 6 inches or more, average 7 to 8 inches; length 8 inches or more, average 12 to 14 inches; thickness 1 to 2 inch(es); kiln dry, c. & f. UK ports

Shrimp (Mexican), west coast, frozen, white, No. 1, shell-on, headless, 26/30 count per pound, wholesale price at New York

Silver (Handy & Harman), 99.9% grade refined, New York

Sisal (East African), UG (rejects), c.i.f. UK

Sorghum (US), no. 2 milo yellow, f.o.b. Gulf ports

Soybean meal (any origin), Argentine 45/46% extraction, c.i.f. Rotterdam; prior to 1990, US 44%

Soybean oil (Dutch), crude, f.o.b. ex-mill

Soybeans (US), c.i.f. Rotterdam

Steel products price index, 1990=100, (Japanese), composite price index for eight selected steel products based on quotations f.o.b. Japan excluding shipments to the United States and China, weighted by product shares of apparent combined consumption (volume of deliveries) at Germany, Japan and the United States. The eight products are as follow: rebar (concrete reinforcing bars), merch bar (merchant bars), wire rod, section (H-shape), plate (medium), hot rolled coil/sheet, cold rolled coil/sheet, and galvanized iron sheet

Sugar (EU), European Union negotiated import price for raw unpacked sugar from African, Caribbean and Pacific (ACP) under Lome Conventions, c.i.f. European ports

Sugar (US), import price, nearest future, c.i.f. New York

Sugar (world), International Sugar Agreement (ISA) daily price, raw, f.o.b. and stowed at greater Caribbean ports

Tea (Average three auctions), arithmetic average of quotations at Calcutta, Colombo and Mombasa/Nairobi

Tea (Calcutta auctions), leaf, include excise duty, arithmetic averages of weekly quotes

Tea (Colombo auctions), Sri Lankan origin, all tea, arithmetic averages of weekly quotes

Tea (Mombassa/Nairobi auctions), African origin, all tea, arithmetic averages of weekly quotes

Tin (LME), refined, 99.85% purity, settlement price

TSP (triple super-phosphate), bulk, spot, f.o.b. US Gulf

Urea, (varying origins), bagged, spot, f.o.b. Eastern Europe

Urea, (varying origins), bulk, spot, f.o.b. Eastern Europe

Wheat (Canadian), no. 1, Western Red Spring (CWRS), in store, St. Lawrence, export price

Wheat (US), no. 1, hard red winter, ordinary protein, export price delivered at the Gulf port for prompt or 30 days shipment

Wheat (US), no. 2, soft red winter, export price delivered at the Gulf port for prompt or 30 days shipment

Woodpulp (Swedish), softwood, sulfate, bleached, air-dry weight, c.i.f. North Sea ports

Wool (Australian), merino, 64's, clean, c.i.f. UK

Zinc (LME), special high grade, minimum 99.995% purity, weekly average bid/asked price, official morning session; prior to April 1990, high grade, minimum 99.95% purity, settlement price

Definitions and Explanations

Annual growth rates are calculated by least squares regressions for the three sub-periods (1970-80, 1980-90, 1990-most recent figure). Because the selection of breaks is admittedly *ad hoc*, in the sense that it is based solely on the fact that 1980 and 1990 represent the beginning and the end of their respective decades, the break points are introduced in the estimation process through a kinked growth model. This model imposes the restriction that the three growth lines intersect at 1980 and 1990, which implies that one sub-period's observations will affect the growth rates of the other sub-periods. The growth rates are updated in each January issue of this report. The full results and details about the methodology can be found in a forthcoming paper "Unit Roots *Versus* Trend Stationarity in Growth Rate Estimation," which will also be available on our *GCM* web site.

Constant prices are prices which are deflated by the Manufactures Unit Value Index (MUV), with a base of 1990=100. The MUV is the unit value index in US dollar terms of manufactures exported from the G-5 countries (France, Germany, Japan, UK, and US), weighted proportionally to the countries' exports to the developing countries.

Dollars are US dollars unless otherwise specified.

Futures prices shown in this report are end of quarter closing prices. The prices are converted to the same units as the monthly data for comparison purposes, however they are not adjusted for quality or transportation. Thus, the futures prices will often have a significant margin from the actual monthly prices, but this margin should not be interpreted as the expected direction of future price movements. Rather, it is the path of futures prices which is considered to have economic meaning.

Price indexes were computed by the Laspeyres formula. The Non-Energy Price Index is comprised of 33 commodities. U.S. dollar prices of each commodity are weighted by 1987-89 average export values. Base year reference for all indexes is 1990. Countries comprised of all low and middle income economies according to World Bank income classification. Details are shown in Table A1 Commodity Price Data.

Regions are classified according to the World Bank's analytical groupings.

Reporting period. Calendar vs. crop or marketing year refers to the span of the year. It is common in many agricultural commodities to refer to production and other variables over the twelve month period which begins with harvest. A crop or marketing year will often differ by commodity and, in some cases, by country or region. Commodities such as metals use calendar year.

Tons refer to metric tons (1,000 kilograms).

Acronyms and Abbreviations

ACP	African, Caribbean, and Pacific States
API	American Petroleum Institute
bbl	barrel
BP	British Petroleum
Bel-Lux	Belgium/Luxemburg
c.i.f.	cost, insurance, and freight
CBOT	Chicago Board of Trade
CSCE	Coffee, Sugar, and Cocoa Exchange
cum	cubic meter
CVRD	Companhia Vale do Rio Doce
dmtu	dry metric ton unit
dwt	dead weight ton
EU	European Union
ECE	Economic Commission for Europe
f.o.b.	free on board
f.o.r.	free on rail
f.o.t.	free on truck
FAO	Food and Agriculture Organization of the United Nations
FSU	Former Soviet Union
G-5	France, Germany, Japan, United Kingdom, and United States
G-7	G-5 plus Canada and Italy
GATT	General Agreement on Tariffs and Trade
GDP	Gross domestic product
GNP	Gross national product
ha	hectare
ICAC	International Cotton Advisory Committee
ICCO	International Cocoa Organization
ICO	International Coffee Organization
IEA	International Energy Agency
IGC	International Grains Council
IISI	International Iron and Steel Institute
IMF	International Monetary Fund
INRO	International Natural Rubber Organization
IRSG	International Rubber Study Group
ISO	International Sugar Organization
ITC	International Tea Committee
ITTO	International Tropical Timber Organization
kg	kilogram
KLCE	Kuala Lumpur Commodity Exchange
kt	thousand ton
lb	pound
LIBOR	London Interbank Offer Rate
LIFFE	London International Financial and Futures and Options Exchange
LME	London Metal Exchange
mb/d	million barrels per day
MGE	Minneapolis Grain Exchange
mmbtu	millions of British thermal units
mt	metric ton
mtoe	million tons of oil equivalent
MUV	Manufactures unit value
n.a.	data not available
NIKKEI	Nihon Keizai Shimbun, Inc.
nil.	data less than half the unit shown
NMFS	The National Marine Fisheries Service
NYBOT	New York Board of Trade (the parent company of CSCE and NYCE)
NYCE	New York Cotton Exchange
NYMEX	New York Mercantile Exchange
OECD	Organization for Economic Cooperation and Development
OPEC	Organization of Petroleum Exporting Countries
QR	Quantitative Restrictions
PNG	Papua New Guinea
SDR	Special drawing right
SICOM	Singapore Commodity Exchange
ton	metric ton
TRQ	Tariff Rate Quotas
UAE	United Arab Emirates
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
US DOE	US Department of Energy
USDA	US Department of Agriculture
WBMS	World Bureau of Metal Statistics
WFP	World Food Programme
WHO	World Health Organization
WSJ	The Wall Street Journal
WTO	World Trade Organization

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