

# Commodity Markets Review

July 16, 2002

DECPG, The World Bank

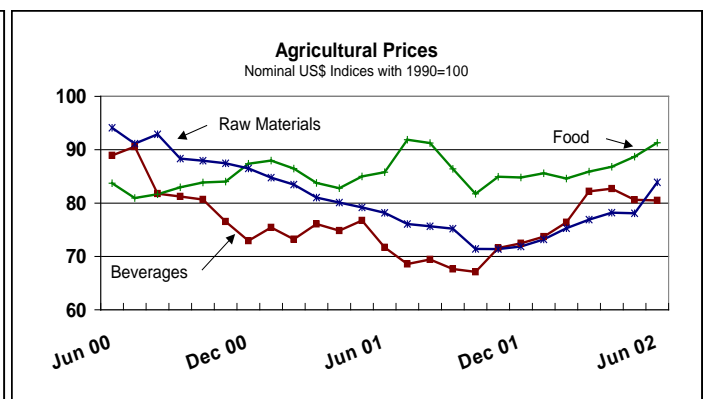
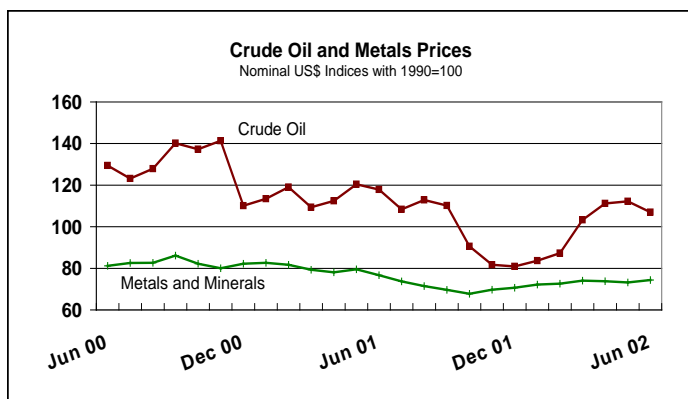
**The increase in non-oil commodity prices continued for the eighth consecutive month, with June prices up 2.9 percent compared to May, while crude oil prices fell 4.6 percent after rising 39 percent since December.**

The largest increase in non-oil prices was in agricultural, with prices of tropical commodities such as rubber and palm oil increasing sharply due to reduced supplies. The weakening of the dollar, heightened concerns about the impact of the U.S. and Canadian drought, and renewed interest in commodities in the wake of weaker equities prices further added to the strength of agricultural commodities. Metals prices rose a more modest 1.7 percent as the strength provided by the weaker dollar and renewed commodity interest was offset by concerns about the U.S. economic recovery.

**Agricultural prices rose 3.6 percent in June** due to a 7.5 percent increase in raw materials, a 5.4 percent increase in fats and oils, and a 4.7 percent increase in grains, which were partially offset by lower sugar and beverage prices. The rally in most agricultural prices is expected to continue due to low stocks (grains and oilseeds) and reduced production. The U.S. wheat crop, for example, is expected to be the smallest since 1973, and maize stocks are the lowest relative to use since 1975/76.

**Crude oil prices fell 4.6 percent in June, as large product inventories and weak demand weighed on the market.** However, prices rebounded to \$26/bbl in mid-July, after reaching a low of \$23.2/bbl in June, on expectations of higher demand and concerns about supply disruption in Venezuela. OPEC left its quotas unchanged for the third quarter, which could lead to lower stocks if demand recovers as expected. Renewed concerns about possible military actions against Iraq raised the “war premium” which had eroded in recent weeks.

**Metals and minerals prices** rose 1.7 percent in June, following two months of decline, with most of the gains coming in copper and nickel. Further cutbacks in copper production, plus a reduction in inventories, helped lift copper prices 3.2 percent in June. Nickel prices rose 5.3 percent in June, and moved sharply higher in early July, due to large restocking in the stainless steel sector, proactive supply management from Russia’s Norlisk, and a decline in already-low LME inventories. Demand for most other metals continues to be weak and inventories generally remain high. Gold prices rose 2.1 percent to \$321.2/toz, on continued concerns about U.S. currency and equity markets.



Prepared by a team from the Development Prospects Group of Development Economics (DECPG) under the supervision of Hans Timmer and consisting of Donald Mitchell, Shane Streifel, John Baffes and Betty Dow. Katherine Rollins was the task assistant.

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

**Natural gas** prices in the U.S. fell 7.7 percent in June as seasonal inventories rose to 20 percent above the five year average due to mild weather in June.

**Sugar** prices fell 5.4 percent, as the large Brazilian crops harvest began and stocks built.

**Triple Super Phosphate (TSP)** prices fell 5.3 percent as the northern hemisphere planting season ended and demand weakened.

**Arabica coffee** prices declined by 4.6 percent in response to Brazilian government estimates that the 2002/03 coffee crop will reach a record 44.7 million bags.

**Crude oil** prices fell 4.6 percent as product inventories increased and demand remained weak.

**Tea** prices (3 auction average) rose 5.7 percent due to higher prices in India which accompanied the seasonal improvement in crop quality.

**Coconut oil** prices rose 6.2 percent due to the generally strong vegetable oil prices and lower Philippine copra production.

**Malaysian log** prices rose 6.6 percent due to the weaker dollar and restricted supplies due to the Indonesian ban on log exports to control illegal logging.

**Diammonium Phosphate (DAP)** prices rose 6.6 percent due to large Chinese imports.

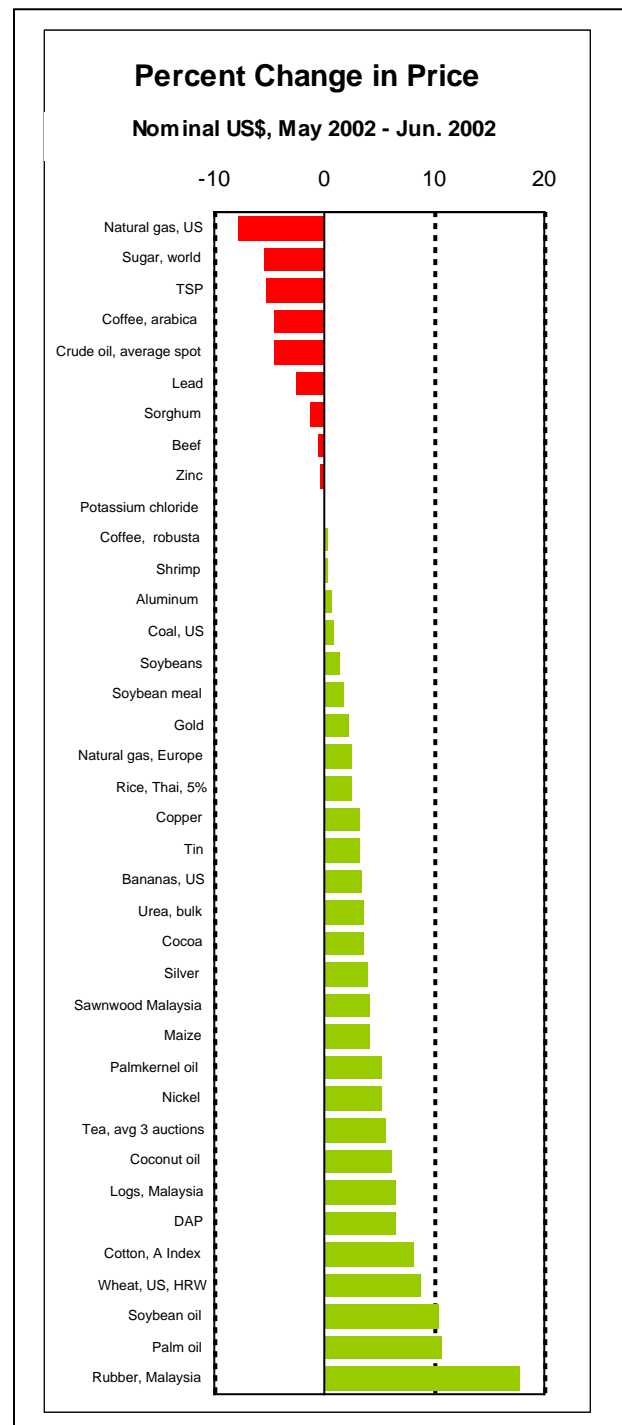
**Cotton** prices rose 8.2 percent on reports that China's crop will be substantially smaller than previously expected.

**Wheat** prices rose 8.7 percent due to the U.S. drought and a USDA report that estimated that the U.S. wheat crop will be the smallest since 1973.

**Soybean oil** prices increased 10.3 percent due to drought and a USDA report that U.S. acreage is two million less than expected.

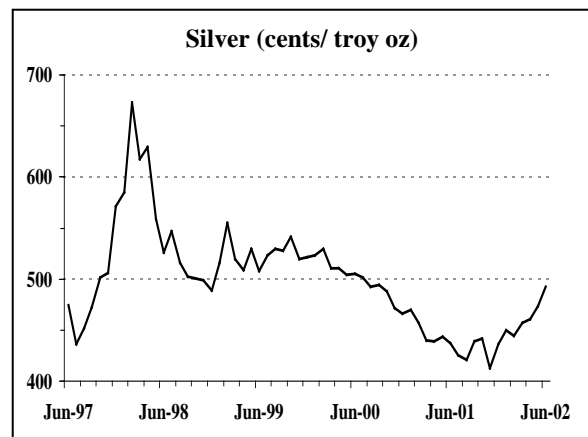
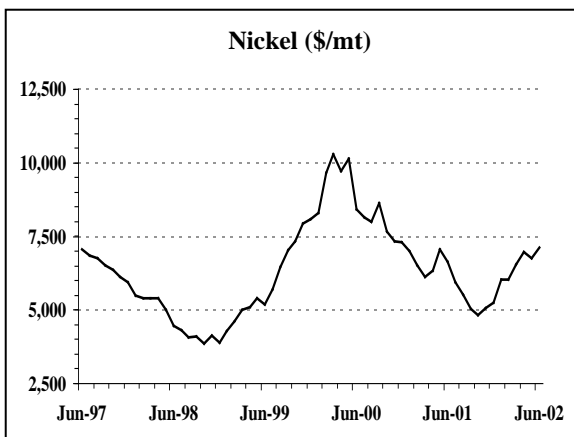
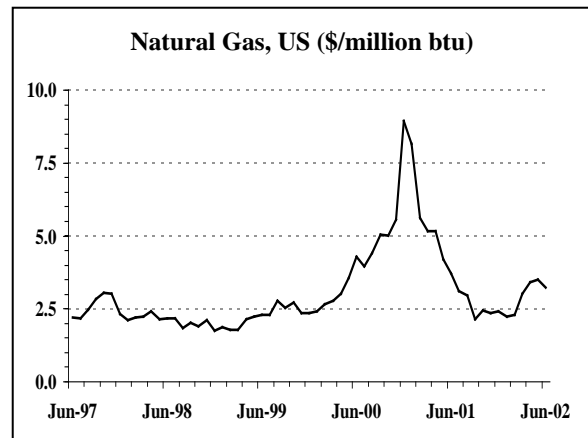
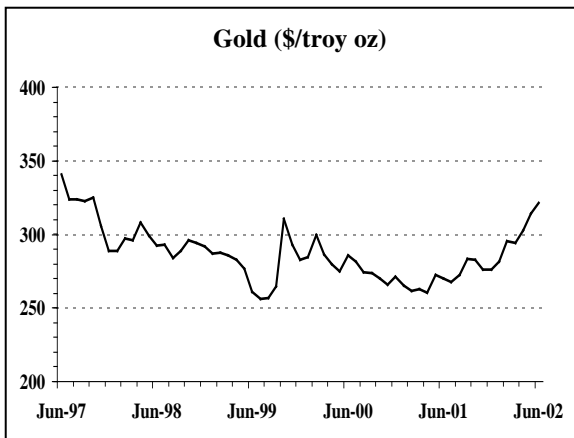
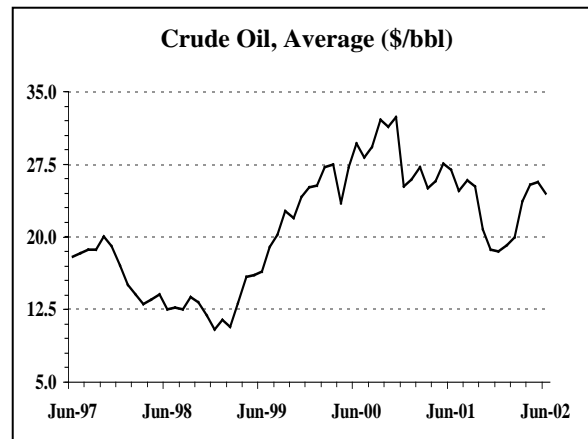
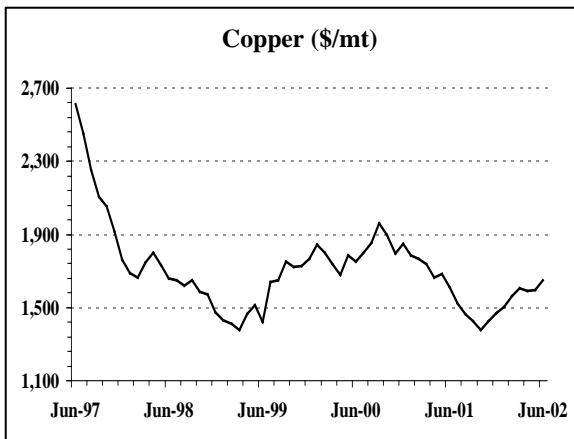
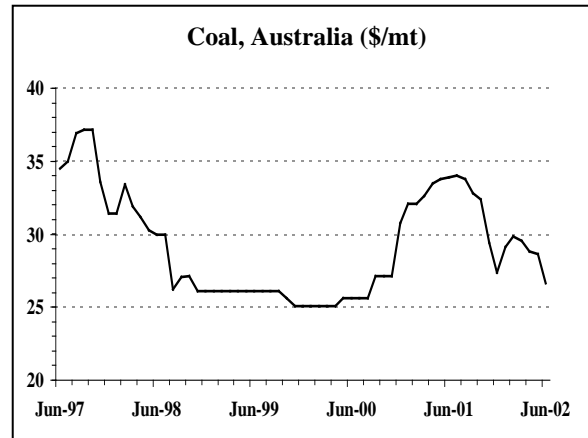
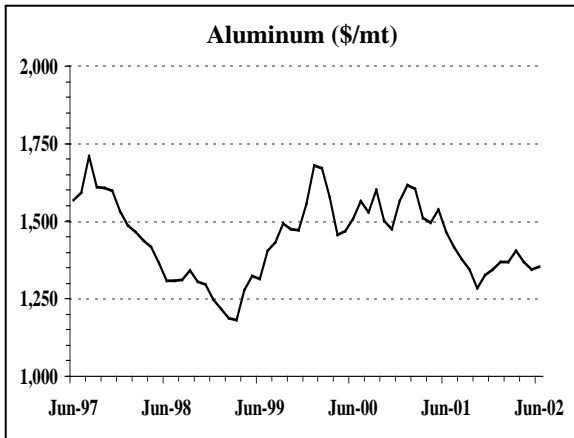
**Palm oil** prices rose 10.8 percent due to higher soybean oil prices and reduced yields in major producers Indonesia and Malaysia.

**Rubber** prices rose 17.9 percent due to production cutbacks in Southeast Asia, defaults on contracts by Thai producers, the decline of the dollar, and expectations that the International Tripartite Rubber Organization (consisting of Indonesia, Malaysia, and Thailand) will succeed in reducing exports.

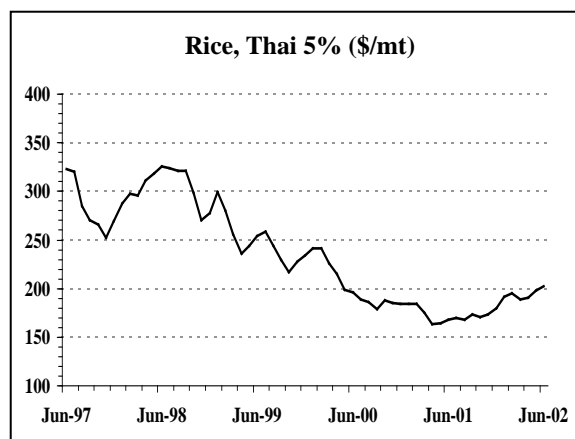
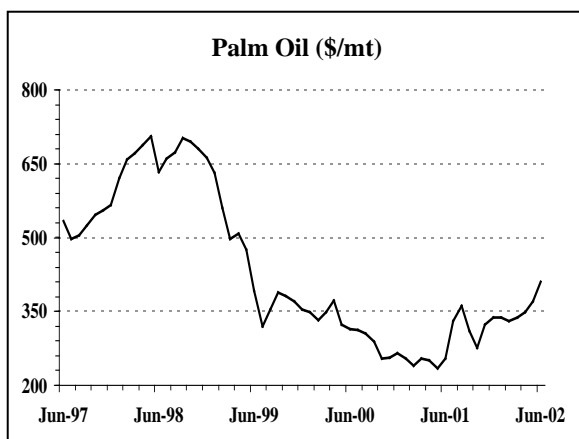
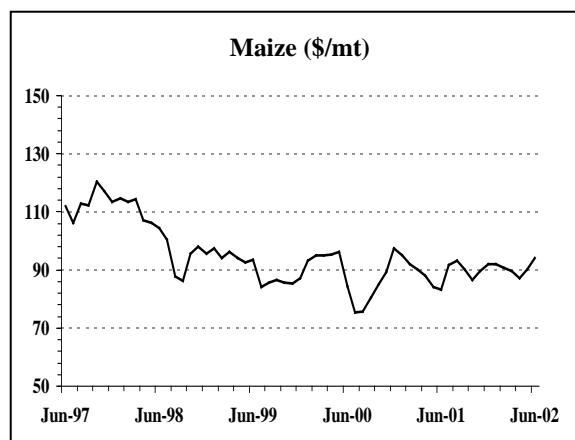
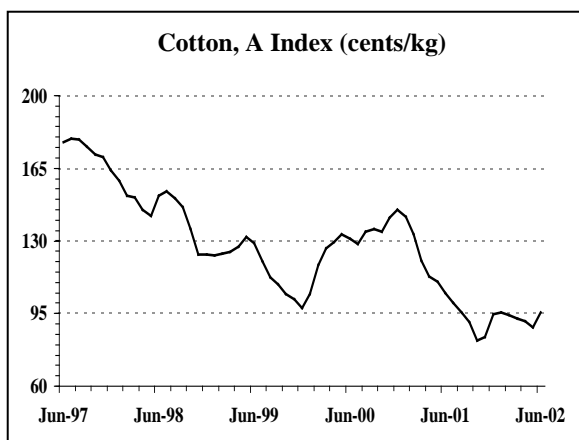
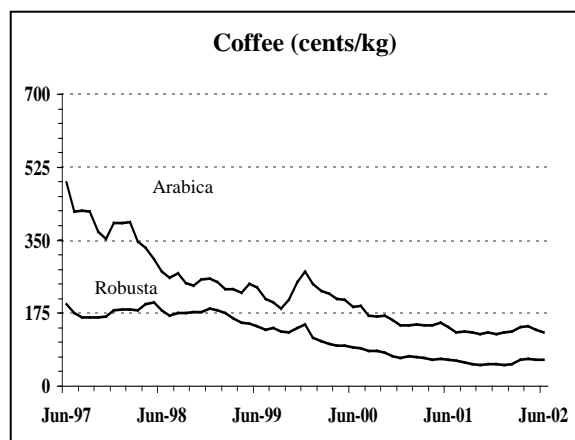
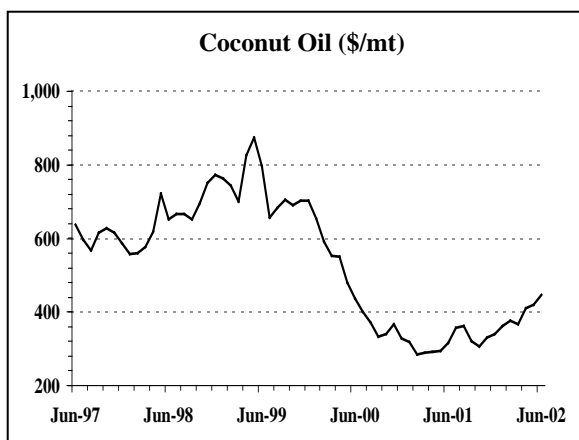
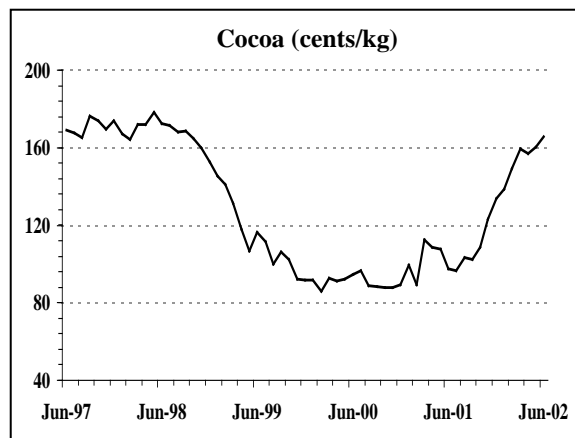
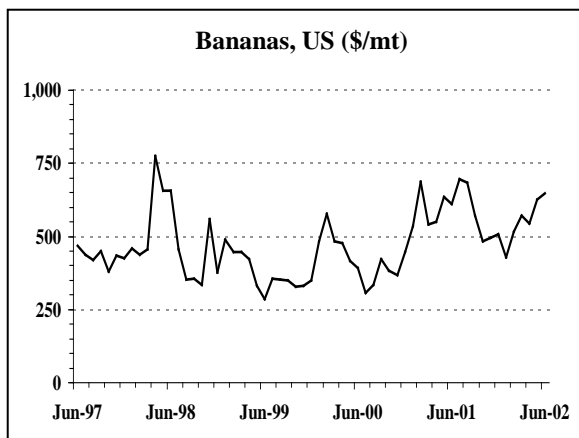


<sup>1</sup> Based on the percent change of average June compared to average May 2002 prices measured in nominal U.S. dollars.

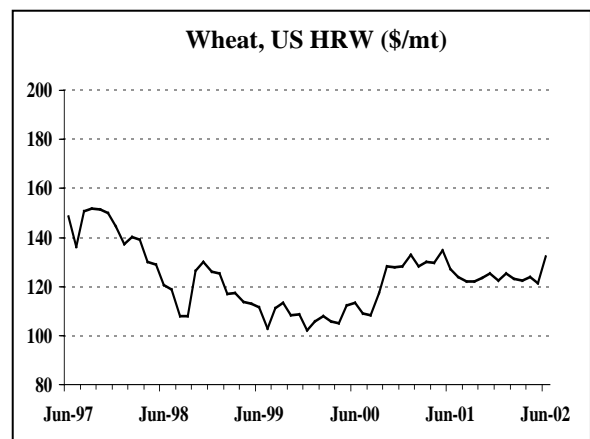
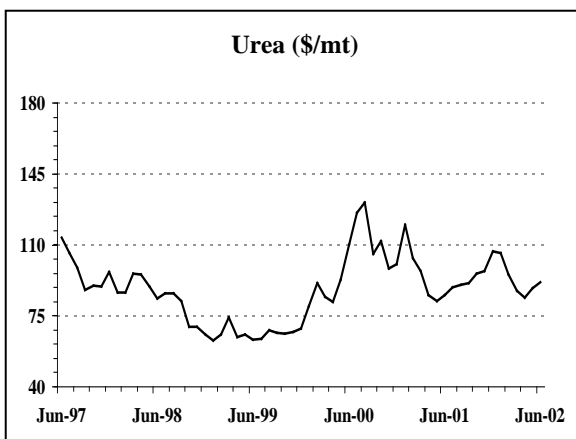
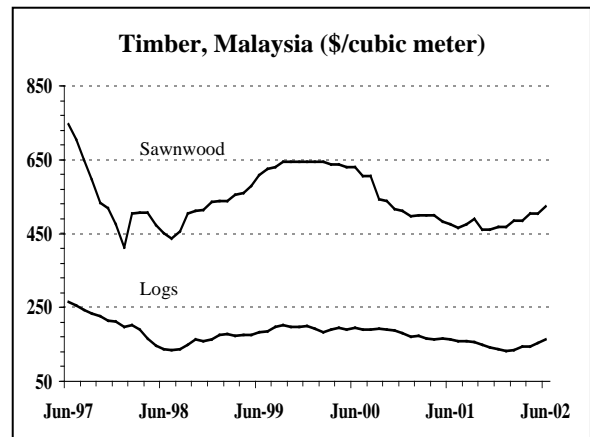
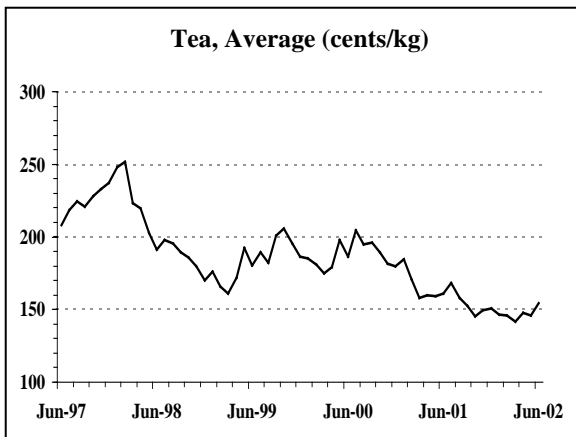
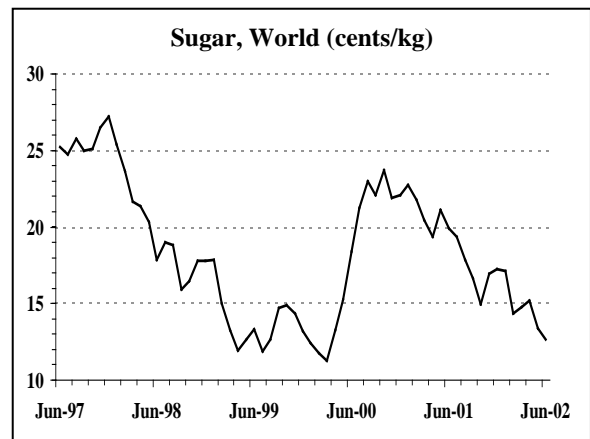
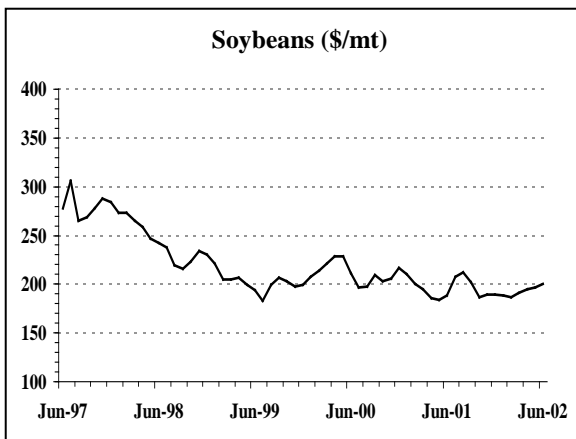
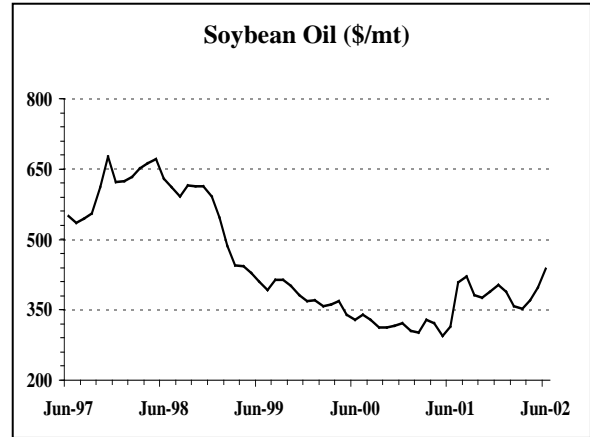
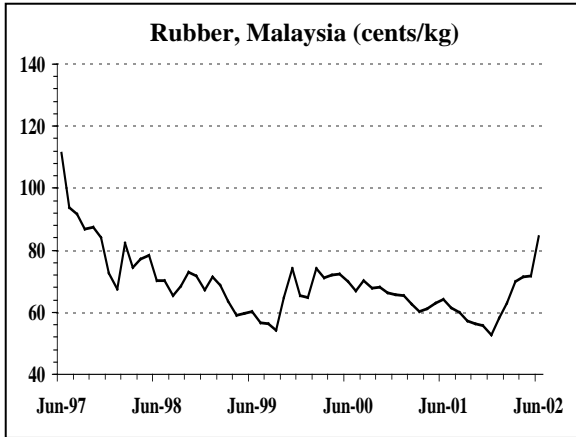
## Selected Commodity Prices, Nominal US dollars, 1997-2002



## Selected Commodity Prices, Nominal US dollars, 1997-2002 cont'd



## Selected Commodity Prices, Nominal US dollars, 1997-2002 cont'd



## COMMODITY PRICE DATA

Commodity	Unit	Annual averages			Quarterly averages					Monthly averages		
		Jan-Dec 2000	Jan-Dec 2001	Jan-Jun 2002	Apr-Jun 2001	Jul-Sep 2001	Oct-Dec 2001	Jan-Mar 2002	Apr-Jun 2002	Apr 2002	May 2002	Jun 2002
<b>Energy</b>												
Coal, Australia	\$/mt	26.25	32.31	28.77	33.73	33.53	29.72	29.50	28.04	28.84	28.63	26.65
Coal, US	\$/mt	33.06	44.86	40.02	46.88	49.45	46.30	40.31	39.73	37.70	40.55	40.93
Crude oil, average spot	a/ \$/bbl	28.23	24.35	23.06	26.75	25.28	19.31	20.92	25.20	25.43	25.67	24.49
Crude oil, Brent	a/ \$/bbl	28.27	24.42	23.11	27.27	25.26	19.34	21.16	25.06	25.65	25.39	24.13
Crude oil, Dubai	a/ \$/bbl	26.08	22.71	22.15	25.09	23.90	18.24	20.02	24.28	24.41	24.59	23.83
Crude oil, West Texas Int.	a/ \$/bbl	30.33	25.92	23.93	27.86	26.67	20.36	21.60	26.26	26.24	27.04	25.51
Natural gas, Europe	\$/mmbtu	3.86	4.06	2.93	4.39	3.78	3.46	3.02	2.85	2.81	2.83	2.90
Natural gas, US	\$/mmbtu	4.31	3.96	2.95	4.36	2.73	2.41	2.53	3.38	3.42	3.49	3.22
<b>Non-Energy Commodities</b>												
<b>Agriculture</b>												
<b>Beverages</b>												
Cocoa	b/ ¢/kg	90.6	106.9	155.0	104.5	100.8	121.8	149.0	161.0	156.8	160.2	165.9
Coffee, arabica	b/ ¢/kg	192.0	137.3	134.9	146.4	129.7	126.4	133.6	136.2	144.3	135.4	129.1
Coffee, robusta	b/ ¢/kg	91.3	60.7	59.7	64.1	57.0	52.4	56.1	63.3	64.7	62.4	62.7
Tea, average 3 auctions	b/ ¢/kg	187.6	159.8	147.1	160.0	159.8	148.6	144.8	149.5	147.8	146.1	154.5
Tea, Kolkata auctions	b/ ¢/kg	180.6	166.1	134.5	183.1	181.5	142.6	115.8	153.3	134.6	151.6	173.5
Tea, Colombo auctions	b/ ¢/kg	179.3	161.7	159.5	152.9	151.2	162.8	168.6	150.4	159.8	147.8	143.6
Tea, Mombasa auctions	b/ ¢/kg	202.9	151.7	147.4	144.1	146.6	140.4	150.0	144.8	149.0	139.0	146.3
<b>Food</b>												
<b>Fats and Oils</b>												
Coconut oil	b/ \$/mt	450.3	318.1	396.8	301.7	347.7	325.3	368.0	425.7	411.0	420.0	446.0
Copra	\$/mt	304.8	202.1	246.8	189.3	222.7	203.0	228.3	265.3	244.0	263.0	289.0
Groundnut oil	b/ \$/mt	713.7	680.3	657.5	697.7	665.7	667.3	667.0	648.0	656.0	647.0	661.0
Palm oil	b/ \$/mt	310.3	285.7	356.2	246.7	334.0	312.7	335.3	377.0	349.0	371.0	411.0
Palmkernel oil	\$/mt	443.5	308.1	387.8	295.0	343.7	310.0	352.0	423.7	411.0	419.0	441.0
Soybean meal	b/ \$/mt	189.2	181.0	170.3	171.7	184.3	179.0	171.7	169.0	166.0	169.0	172.0
Soybean oil	b/ \$/mt	338.1	354.0	384.2	310.3	404.3	389.0	366.7	401.7	370.0	397.0	438.0
Soybeans	b/ \$/mt	211.8	195.8	193.0	186.0	207.3	188.3	188.7	197.3	195.0	197.0	200.0
<b>Grains</b>												
Maize	b/ \$/mt	88.5	89.6	90.7	85.1	91.7	89.3	90.8	90.5	87.1	90.3	94.1
Rice, Thai, 5%	b/ \$/mt	202.4	172.8	194.4	165.4	170.2	174.5	192.0	196.8	190.2	197.5	202.7
Rice, Thai, 25%	\$/mt	172.8	153.1	174.7	143.1	155.5	160.2	172.4	177.0	171.6	177.0	182.3
Rice, Thai, 35%	\$/mt	167.2	149.1	169.4	139.1	151.5	157.0	167.9	170.9	166.0	170.5	176.3
Rice, Thai, A1.Special	\$/mt	143.5	134.1	147.2	124.4	142.1	138.5	145.8	148.6	148.4	148.0	149.3
Sorghum	b/ \$/mt	88.0	95.2	91.2	92.9	94.7	95.2	93.3	89.2	88.9	89.8	88.7
Wheat, Canada	\$/mt	147.1	151.5	145.6	152.4	148.0	148.5	147.4	143.7	142.5	142.1	146.7
Wheat, US, HRW	b/ \$/mt	114.1	126.8	124.7	130.6	122.6	123.7	123.7	125.7	123.7	121.5	132.0
Wheat, US, SRW	\$/mt	98.9	107.7	115.2	100.4	107.2	116.5	117.2	113.1	113.0	110.9	115.4
<b>Other Food</b>												
Bananas, EU	\$/mt	712.4	777.2	817.8	834.9	686.0	677.8	844.9	790.7	863.5	844.0	664.6
Bananas, US	b/ \$/mt	424.0	583.3	555.8	599.2	650.9	495.4	505.7	605.8	544.3	625.6	647.6
Beef	b/ ¢/kg	193.2	212.9	223.8	203.0	226.1	226.7	230.0	217.7	228.7	212.7	211.6
Fishmeal	\$/mt	413.0	486.7	605.5	443.7	499.0	541.7	589.3	621.7	609.0	625.0	631.0
Lamb	¢/kg	261.9	291.2	315.1	291.3	283.9	303.7	311.1	319.2	314.8	318.4	324.3
Oranges	b/ \$/mt	363.2	609.2	776.2	729.4	768.9	501.4	673.0	879.4	851.2	916.6	870.3
Shrimp	¢/kg	1,513	1,517	1,073	1,653	1,559	1,230	1,162	983	970	988	992
Sugar, EU, domestic	b/ ¢/kg	55.52	52.86	52.78	53.12	52.57	52.77	52.14	53.42	52.69	53.37	54.21
Sugar, US, domestic	b/ ¢/kg	42.76	47.04	44.76	46.96	46.78	46.97	45.78	43.74	43.44	43.71	44.07
Sugar, world	b/ ¢/kg	18.04	19.04	14.59	20.15	17.96	16.40	15.42	13.76	15.19	13.40	12.68
<b>Raw Materials</b>												
<b>Timber</b>												
Logs, Cameroon	\$/cum	275.4	266.1	n.a.	259.5	264.7	266.2	n.a.	n.a.	n.a.	n.a.	n.a.
Logs, Malaysia	b/ \$/cum	190.0	159.1	145.4	164.1	158.2	143.4	137.2	153.6	143.9	153.4	163.6
Plywood	¢/sheet	448.2	409.8	379.9	410.4	402.6	397.0	369.9	389.9	373.8	391.4	404.5
Sawnwood, Cameroon	\$/cum	489.1	471.9	460.3	459.1	475.2	459.6	447.1	473.5	451.7	472.2	496.6
Sawnwood, Malaysia	b/ \$/cum	594.7	481.4	495.3	486.0	476.7	463.9	480.2	510.5	503.5	503.5	524.5
Woodpulp	\$/mt	664.3	517.3	435.0	544.1	432.9	444.0	431.4	438.6	421.2	447.4	447.4
<b>Other Raw Materials</b>												
Cotton, "A Index"	b/ ¢/kg	130.2	105.8	92.9	109.2	95.6	86.8	94.2	91.6	91.3	88.2	95.4
Cotton, Memphis	¢/kg	146.2	116.6	98.4	117.5	108.5	93.6	98.5	98.2	99.2	93.4	102.0
Jute	\$/mt	277.4	329.4	350.0	339.6	347.0	335.0	350.0	n.a.	n.a.	n.a.	n.a.
Rubber, Malaysia	b/ ¢/kg	69.1	60.0	69.8	62.8	59.5	54.9	63.6	75.9	71.4	71.7	84.5
Rubber, US	¢/kg	83.2	74.7	80.9	76.7	75.2	68.7	75.9	85.9	80.2	81.6	96.0
Rubber, Singapore	¢/kg	66.7	57.5	68.0	60.2	59.0	51.3	62.1	74.0	67.4	70.5	84.1
Sisal	\$/mt	631.8	699.2	669.2	732.9	676.6	663.3	670.0	668.3	670.0	670.0	665.0
Wool	¢/kg	437.0	418.7	451.5	430.7	407.0	387.3	455.7	447.3	459.0	444.0	439.0

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a/ Included in the petroleum index      b/ Included in the non-energy index      c/ Steel not included in the non-energy index  
 \$ = U.S. dollar    ¢ = U.S. cent    bbl = barrel    cum = cubic meter    dmtu = Dry Metric Ton Unit    kg = kilogram    mmbtu = million British thermal units  
 mt = metric ton    toz = troy oz    n.a. = not available    n.q. = not quotation

## COMMODITY PRICE DATA

Commodity	Unit	----- Annual averages -----			----- Quarterly averages -----					----- Monthly averages -----		
		Jan-Dec 2000	Jan-Dec 2001	Jan-Jun 2002	Apr-Jun 2001	Jul-Sep 2001	Oct-Dec 2001	Jan-Mar 2002	Apr-Jun 2002	Apr 2002	May 2002	Jun 2002
<b>Fertilizers</b>												
DAP	\$/mt	154.2	147.7	155.4	143.0	139.1	145.8	155.0	155.8	150.1	153.5	163.6
Phosphate rock	b/ \$/mt	43.8	41.8	41.0	42.1	41.0	41.0	41.0	41.0	41.0	41.0	41.0
Potassium chloride	\$/mt	122.5	118.1	114.1	117.5	117.5	115.8	115.3	112.9	113.8	112.5	112.5
TSP	b/ \$/mt	137.7	126.9	134.0	125.7	124.4	128.5	135.7	132.3	132.0	136.1	128.9
Urea, Black Sea, bagged	\$/mt	112.1	105.3	n.a.	95.9	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Urea, Ukrain, bulk	\$/mt	101.1	95.3	92.3	84.4	90.3	99.9	96.4	88.2	84.1	88.6	91.8
<b>Metals and Minerals</b>												
Aluminum	b/ \$/mt	1,549	1,444	1,368	1,501	1,379	1,318	1,381	1,356	1,370	1,343	1,354
Copper	b/ \$/mt	1,813	1,578	1,584	1,652	1,472	1,426	1,557	1,611	1,590	1,596	1,648
Gold	\$/toz	279.0	271.0	301.6	267.7	274.5	278.4	290.4	312.8	302.7	314.5	321.2
Iron ore	¢/dmtu	28.79	30.03	29.31	30.03	30.03	30.03	29.31	29.31	29.31	29.31	29.31
Lead	b/ ¢/kg	45.4	47.6	47.3	46.3	47.0	47.9	49.1	45.5	47.2	45.2	44.0
Nickel	b/ \$/mt	8,638	5,945	6,575	6,677	5,495	5,056	6,203	6,946	6,958	6,761	7,120
Silver	¢/toz	499.9	438.6	463.0	439.9	428.5	430.3	450.7	475.4	460.5	473.6	492.1
Steel products (8) index	c/ 1990=100	76.4	66.8	64.9	67.2	65.2	63.7	63.7	66.0	65.7	65.7	66.5
Steel, cold rolled coilsheet	\$/mt	385.8	299.2	290.0	302.0	295.0	280.0	280.0	300.0	300.0	300.0	300.0
Steel, hot rolled coilsheet	\$/mt	295.8	216.5	218.3	224.0	210.8	200.0	200.0	236.7	230.0	230.0	250.0
Steel, rebar	\$/mt	244.2	221.5	200.0	226.7	210.0	200.0	200.0	200.0	200.0	200.0	200.0
Steel, wire rod	\$/mt	291.7	302.3	300.0	300.0	300.0	300.0	300.0	300.0	300.0	300.0	300.0
Tin	b/ ¢/kg	543.6	448.4	398.3	490.8	398.0	393.7	381.2	415.3	402.4	415.0	428.6
Zinc	b/ ¢/kg	112.8	88.6	78.8	93.4	82.6	76.3	79.5	78.2	80.8	77.0	76.7
<b>World Bank commodity price indexes for low and middle income countries( 1990 =100 )</b>												
Petroleum		123.4	106.4	100.8	116.9	110.5	84.4	91.5	110.1	111.2	112.2	107.0
Non-Energy Commodities		86.9	79.0	80.1	80.2	78.1	75.1	78.6	81.7	80.8	80.9	83.2
Agriculture		87.7	79.8	82.1	80.3	80.0	76.5	80.0	84.1	82.9	83.2	86.2
Beverages		88.4	72.1	79.4	74.4	68.6	70.4	77.4	81.3	82.7	80.7	80.5
Food		84.5	86.1	87.1	84.5	89.9	83.8	85.4	88.9	86.8	88.7	91.3
Fats and Oils		96.2	89.0	94.2	82.2	95.9	90.9	91.6	96.7	92.9	96.0	101.2
Grains		79.5	78.2	81.1	76.7	77.3	77.7	80.7	81.6	79.3	80.8	84.6
Other Food		77.7	88.1	84.7	90.8	92.0	81.5	82.9	86.6	86.0	87.1	86.8
Raw Materials		91.4	77.4	77.6	79.2	75.7	71.6	75.1	80.0	78.1	78.0	83.9
Timber		111.0	90.2	91.5	91.4	89.4	86.2	88.4	94.6	92.7	93.4	97.6
Other Raw Materials		78.0	68.6	68.1	70.8	66.3	61.6	66.0	70.1	68.2	67.5	74.6
Fertilizers		105.8	98.8	101.5	98.5	96.9	98.8	102.3	100.7	100.6	102.5	99.0
Metals and Minerals		83.0	75.1	73.2	78.1	71.6	69.4	72.7	73.8	73.8	73.2	74.4

a/ Included in the petroleum index

b/ Included in the non-energy index

c/ Steel not included in the non-energy index

\$ = U.S. dollar    ¢ = U.S. cent    bbl = barrel    cum = cubic meter    dmtu = Dry Metric Ton Unit    kg = kilogram    mmbtu = million British thermal units  
 mt = metric ton    toz = troy oz    n.a. = not available    n.q. = not quotation