

Commodity Markets Review

January 15, 2002

EPPG, The World Bank

Commodity markets were relatively quiet during December, with non-oil commodity prices up 0.8 percent and oil prices down 0.9 percent. For the year, non-oil commodity prices were down 9.1 percent and oil prices were down 13.8 percent relative to 2000.

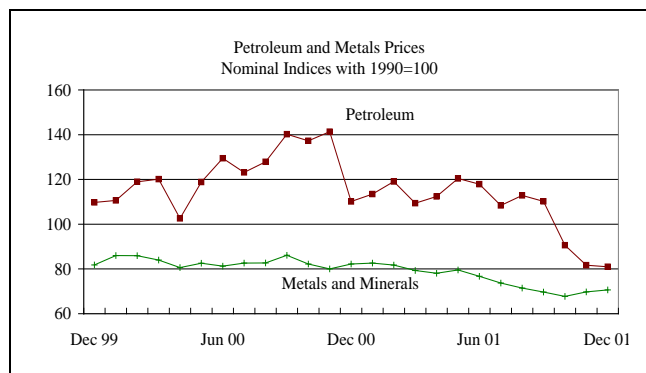
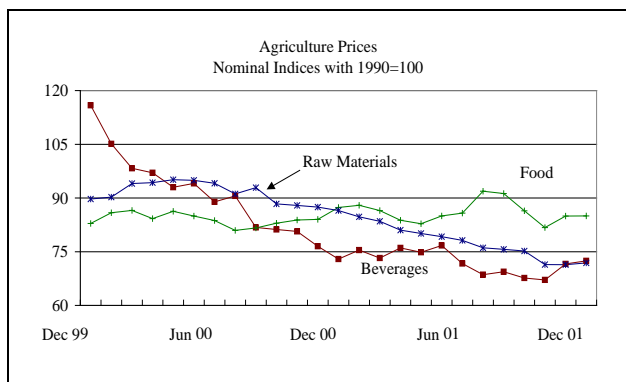
Agricultural prices were marginally higher in December, following November's gain of 3.2 percent. There are no clear signs of a reversal of the downward trend of the past 4 years. However some commodities, such as grains and sugar, are expected to have significantly lower stocks by mid-2002 and that could lead to higher prices this year. Other commodities, such as cotton and coffee, have large stocks and prices are not expected to recover for at least another season. Cocoa is one of the few agricultural commodities with rising prices--due to a poor crop in the major exporter, Côte d'Ivoire.

Crude oil prices were little changed during December as the markets waited for the OPEC decision to cut production. The agreement, announced in end-December, was for OPEC to cut production by 1.5 mb/d as of January 1st and non-OPEC producers to cut production by 0.46 mb/d. Prices rose less than many expected following the decision, because of weak demand and mild winter weather in the

U.S., which could signal continued weakness in crude oil prices.

Metals and minerals prices rose 1.4 percent in December, following a 2.8 percent gain in November. Most metals and minerals futures prices have continued to rise in January, with the exception of tin (held down by high stocks). The futures prices increases have been sparked by a series of production cuts, in response to low prices in previous years, and expectations that an economic recovery will boost future demand and draw down inventories. Demand for prompt delivery is currently still weak and metal inventories are still high, but price movements already seem to anticipate the next phase of the cobweb cycle.

The devaluation of the Argentine currency in January could eventually weaken maize, soybean, and wheat prices since Argentina has an 11-15 percent world export share in these commodities and the devaluation will make Argentina more competitive. However, the immediate effect of the devaluation appears to be to keep Argentine exports out of the market because of the uncertainty about the value of the currency and the reluctance of producers to sell their crops until the pesos stabilizes.



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Major Movers in December

Rubber prices fell 5.9 percent in December, due to weakness in the demand for tires in OECD countries following the global economic slowdown. Continued sales of the rubber buffer stocks held under the, now suspended International Rubber Agreement, contributed to the declines.

Soybean meal prices fell 4.9 percent in December due to reduced feed demand, a 3.9 percent increase in world soybean production, and a large world coarse grain crop which substitutes for soybean meal in livestock rations.

Shrimp prices fell 6 percent in December, following a 7.5 percent decline in November, as a result of reduced demand—especially for restaurant meals—in the wake of the September 11th terrorist attacks. Since August, shrimp prices have declined 25 percent.

Arabica coffee prices fell 3.5 percent in December, after rising 4.3 percent in November. Large stocks are expected to keep prices low.

Beef prices fell 3.3 percent in December, due to weak U.S. demand in the midst of the recession, and a fall in Japanese imports due to concerns over BSE. Further decreases appear likely.

Palm oil prices rose 4.6 percent in December, largely due to reduced supplies of palm and other vegetable oils. Competing soybean oil prices were also higher despite the large increase in soybean production.

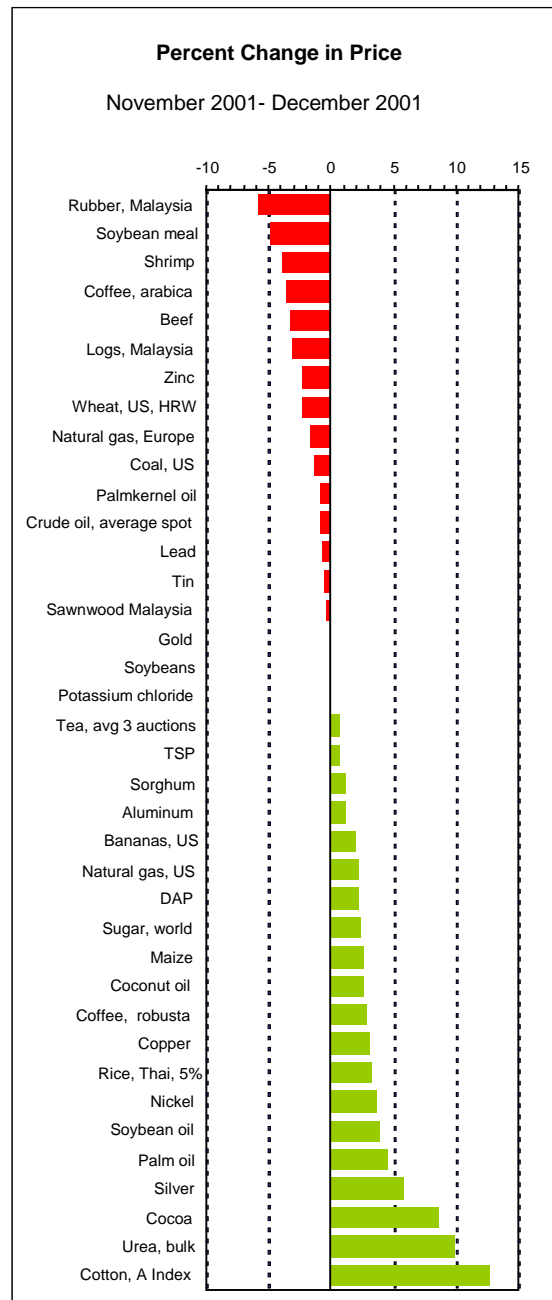
Silver prices rose 5.9 percent in December after falling 6.7 percent in November. Prices are not expected to rise significantly because of weak demand.

Cocoa prices rose 8.5 percent in December to continue the nearly 2 year rally which began after cocoa hit a 30 year low in February 2000. Speculators and processors have been buying aggressively in anticipation of future price increases because of a poor crop in Côte d'Ivoire.

Urea fertilizer prices rose 10 percent in December, due to large orders from private importers in China, who wanted to import

before the WTO agreement goes into effect. The agreement grants 90 percent of the first years' tariff-rate quotas on fertilizer imports to State Trading Enterprises.

Cotton prices jumped 12.8 percent in December, following a 2.2 percent rise in November. The increases are seen as a temporary correction to the 10 months of consecutive decline through October 2001 which reduced prices by 43.5 percent.



COMMODITY PRICE DATA

Commodity	Unit	----- Annual averages-----			-----Quarterly averages-----					-----Monthly averages-----		
		Jan-Dec 1999	Jan-Dec 2000	Jan-Dec 2001	Oct-Dec 2000	Jan-Mar 2000	Apr-Jun 2001	Jul-Sep 2001	Oct-Dec 2001	Oct 2001	Nov 2001	Dec 2001
Energy												
Coal, Australia	\$/mt	25.89	26.25	32.31	28.35	32.27	33.73	33.53	29.72	32.40	29.40	27.35
Coal, US	\$/mt	33.17	33.06	44.86	33.25	36.80	46.88	49.45	46.30	46.43	46.55	45.93
Crude oil, average spot	a/ \$/bbl	18.07	28.23	24.35	29.64	26.07	26.75	25.28	19.31	20.73	18.69	18.52
Crude oil, Brent	a/ \$/bbl	17.81	28.27	24.42	29.53	25.82	27.27	25.26	19.34	20.48	18.94	18.60
Crude oil, Dubai	a/ \$/bbl	17.16	26.08	22.71	27.47	23.62	25.09	23.90	18.24	19.54	17.53	17.64
Crude oil, West Texas Int.	a/ \$/bbl	19.24	30.33	25.92	31.94	28.79	27.86	26.67	20.36	22.18	19.59	19.31
Natural gas, Europe	\$/mmbtu	2.13	3.86	4.06	4.38	4.60	4.39	3.78	3.46	3.52	3.46	3.40
Natural gas, US	\$/mmbtu	2.27	4.31	3.96	6.51	6.32	4.36	2.73	2.41	2.45	2.36	2.41
Non-Energy Commodities												
Agriculture												
Beverages												
Cocoa	b/ ¢/kg	113.5	90.6	106.9	88.3	100.4	104.5	100.8	121.8	108.5	123.2	133.7
Coffee, arabica	b/ ¢/kg	229.1	192.0	137.3	157.5	146.7	146.4	129.7	126.4	124.3	129.7	125.1
Coffee, robusta	b/ ¢/kg	148.9	91.3	60.7	73.0	69.5	64.1	57.0	52.4	51.2	52.2	53.7
Tea, average 3 auctions	b/ ¢/kg	183.9	187.6	159.8	183.6	170.9	160.0	159.8	148.5	145.4	149.5	150.5
Tea, Calcutta auctions	b/ ¢/kg	206.8	180.6	166.1	165.6	157.3	183.1	181.5	142.7	137.3	141.4	149.3
Tea, Colombo auctions	b/ ¢/kg	164.9	179.3	161.7	188.6	179.8	152.9	151.2	163.1	160.7	166.8	161.8
Tea, Mombasa auctions	b/ ¢/kg	180.0	202.9	151.5	196.5	175.6	144.1	146.6	139.6	138.2	140.3	140.3
Food												
Fats and Oils												
Coconut oil	b/ \$/mt	737.1	450.3	318.1	345.3	297.7	301.7	347.7	325.3	307.0	330.0	339.0
Copra	\$/mt	461.5	304.8	202.1	225.0	193.3	189.3	222.7	203.0	195.0	202.0	212.0
Groundnut oil	b/ \$/mt	787.7	713.7	680.3	685.0	690.3	697.7	665.7	667.3	666.0	668.0	668.0
Palm oil	b/ \$/mt	436.0	310.3	285.7	259.0	249.3	246.7	334.0	312.7	277.0	323.0	338.0
Palmkernel oil	\$/mt	694.1	443.5	308.1	329.7	283.7	295.0	343.7	310.0	289.0	322.0	319.0
Soybean meal	b/ \$/mt	152.2	189.2	181.0	206.7	189.0	171.7	184.3	179.0	182.0	182.0	173.0
Soybean oil	b/ \$/mt	427.3	338.1	354.0	316.7	312.3	310.3	404.3	389.0	376.0	388.0	403.0
Soybeans	b/ \$/mt	201.7	211.8	195.8	208.7	201.7	186.0	207.3	188.3	187.0	189.0	189.0
Grains												
Maize	b/ \$/mt	90.2	88.5	89.6	90.6	92.5	85.1	91.7	89.3	86.6	89.5	91.9
Rice, Thai, 5%	b/ \$/mt	248.4	202.4	172.8	185.6	181.3	165.4	170.2	174.5	170.6	173.5	179.3
Rice, Thai, 25%	\$/mt	216.3	172.8	153.1	159.8	153.6	143.1	155.5	160.2	158.2	159.3	163.0
Rice, Thai, 35%	\$/mt	210.5	167.2	149.1	154.5	148.8	139.1	151.5	157.0	154.8	156.3	160.0
Rice, Thai, A1.Special	\$/mt	192.6	143.5	134.1	131.3	131.3	124.4	142.1	138.5	146.2	135.0	134.3
Sorghum	b/ \$/mt	84.4	88.0	95.2	95.5	98.1	92.9	94.7	95.2	95.0	94.7	95.9
Wheat, Canada	\$/mt	151.3	147.1	151.5	152.5	156.9	152.4	148.0	148.5	146.3	148.4	150.8
Wheat, US, HRW	b/ \$/mt	112.0	114.1	126.8	128.0	130.4	130.6	122.6	123.7	123.3	125.3	122.4
Wheat, US, SRW	\$/mt	96.3	98.9	107.7	104.2	106.9	100.4	107.2	116.5	115.0	116.4	118.2
Other Food												
Bananas, EU	\$/mt	850.4	712.4	777.2	628.2	910.2	834.9	686.0	677.8	686.6	650.8	696.1
Bananas, US	b/ \$/mt	373.8	424.0	583.3	399.4	587.6	599.2	650.9	495.4	483.6	496.0	506.4
Beef	b/ ¢/kg	184.3	193.2	212.9	190.1	196.0	203.0	226.1	226.7	227.9	229.9	222.3
Fishmeal	\$/mt	392.5	413.0	486.7	430.0	462.3	443.7	499.0	541.7	509.0	543.0	573.0
Lamb	¢/kg	261.0	261.9	291.2	260.6	285.8	291.3	283.9	303.7	300.8	302.7	307.7
Oranges	b/ \$/mt	438.2	363.2	609.0	351.0	437.0	729.4	768.9	500.9	484.5	532.9	485.2
Shrimp	¢/kg	1,461	1,513	1,517	1,540	1,627	1,653	1,559	1,230	1,312	1,213	1,165
Sugar, EU, domestic	b/ ¢/kg	59.17	55.52	52.86	52.89	53.00	53.12	52.57	52.77	53.07	52.61	52.62
Sugar, US, domestic	b/ ¢/kg	46.60	42.76	47.04	47.56	47.44	46.96	46.78	46.97	46.64	47.02	47.24
Sugar, world	b/ ¢/kg	13.81	18.04	19.05	22.56	21.65	20.15	17.96	16.42	14.97	16.95	17.35

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		Jan-Dec 1999	Jan-Dec 2000	Jan-Dec 2001	Oct-Dec 2000	Jan-Mar 2000	Apr-Jun 2001	Jul-Sep 2001	Oct-Dec 2001	Oct 2001	Nov 2001	Dec 2001	
Raw Materials													
Timber													
Logs, Cameroon		\$/cum	269.3	275.4	266.1	258.4	273.8	259.5	264.7	266.2	269.3	264.1	265.2
Logs, Malaysia	b/	\$/cum	187.1	190.0	159.1	185.9	170.5	164.1	158.2	143.4	149.6	142.5	138.1
Plywood		¢/sheet	440.6	448.2	410.1	446.2	429.2	410.4	402.6	398.2	404.0	400.6	390.0
Sawnwood,													
Cameroon		\$/cum	455.2	489.1	471.8	472.7	493.9	459.1	475.2	458.9	469.5	453.6	453.6
Sawnwood, Malaysia	b/	\$/cum	600.8	594.7	480.6	522.1	498.8	486.0	476.7	461.0	461.5	461.5	460.0
Woodpulp		\$/mt	507.8	664.3	516.8	692.7	648.3	544.1	432.9	441.8	440.6	442.4	442.4
Other Raw Materials													
Cotton, "A Index"	b/	¢/kg	117.1	130.2	105.8	140.2	131.7	109.2	95.6	86.8	82.0	83.8	94.5
Cotton, Memphis		¢/kg	122.8	146.2	116.5	151.0	146.7	117.5	108.5	93.4	89.6	93.0	97.6
Jute		\$/mt	276.3	277.4	329.4	262.5	295.8	339.6	347.0	335.0	305.0	350.0	350.0
Rubber, Malaysia	b/	¢/kg	62.9	69.1	60.0	66.7	62.8	62.8	59.5	54.9	56.2	55.9	52.6
Rubber, US		¢/kg	80.9	83.2	74.7	82.0	78.2	76.7	75.2	68.7	70.5	68.6	66.9
Rubber, Singapore		¢/kg	62.0	66.7	57.5	63.8	59.5	60.2	59.0	51.3	53.8	51.4	48.8
Sisal		\$/mt	691.5	631.8	699.2	680.0	723.8	732.9	676.6	663.3	650.0	670.0	670.0
Wool		¢/kg	398.8	437.0	418.7	448.3	449.7	430.7	407.0	387.3	381.0	386.0	395.0
Fertilizers													
DAP		\$/mt	177.8	154.2	147.7	158.3	163.1	143.0	139.1	145.8	141.0	146.5	149.8
Phosphate rock	b/	\$/mt	44.0	43.8	41.8	43.0	43.0	42.1	41.0	41.0	41.0	41.0	41.0
Potassium chloride		\$/mt	121.6	122.5	118.1	122.5	121.5	117.5	117.5	115.8	117.5	115.0	115.0
TSP	b/	\$/mt	154.5	137.7	126.9	133.1	129.0	125.7	124.4	128.5	124.4	130.0	131.0
Urea, Black Sea, bagged		\$/mt	77.8	112.1	105.3	114.5	118.4	95.9	99.9n.a.	n.a.	n.a.	n.a.	n.a.
Urea, Ukrain, bulk		\$/mt	66.4	101.1	95.3	103.5	106.7	84.4	90.3	99.9	95.9	97.1	106.8
Metals and Minerals													
Aluminum	b/	\$/mt	1,361	1,549	1,444	1,513	1,576	1,501	1,379	1,318	1,283	1,327	1,345
Copper	b/	\$/mt	1,573	1,813	1,578	1,848	1,764	1,652	1,472	1,426	1,377	1,428	1,472
Gold		\$/toz	278.8	279.0	271.0	269.2	263.5	267.7	274.5	278.4	283.1	276.2	275.9
Iron ore		¢/dmtu	27.59	28.79	30.03	28.79	30.03	30.03	30.03	30.03	30.03	30.03	30.03
Lead	b/	¢/kg	50.3	45.4	47.6	47.2	49.3	46.3	47.0	47.9	46.8	48.7	48.3
Nickel	b/	\$/mt	6,011	8,638	5,945	7,444	6,551	6,677	5,495	5,056	4,825	5,078	5,264
Silver		¢/toz	525.0	499.9	438.6	475.5	455.8	439.9	428.5	430.3	441.9	412.4	436.7
Steel products (8) index	c/	1990=100	68.4	76.4	66.8	76.1	70.9	67.2	65.2	63.7	63.7	63.7	63.7
Steel, cold rolled													
coilsheet		\$/mt	340.4	385.8	299.2	360.0	319.6	302.0	295.0	280.0	280.0	280.0	280.0
Steel, hot rolled coilsheet		\$/mt	243.3	295.8	216.5	263.3	231.3	224.0	210.8	200.0	200.0	200.0	200.0
Steel, rebar		\$/mt	234.2	244.2	221.5	260.0	249.2	226.7	210.0	200.0	200.0	200.0	200.0
Steel, wire rod		\$/mt	290.0	291.7	302.3	310.0	309.2	300.0	300.0	300.0	300.0	300.0	300.0
Tin	b/	¢/kg	540.4	543.6	448.4	526.2	511.3	490.8	398.0	393.7	375.1	404.2	401.9
Zinc	b/	¢/kg	107.6	112.8	88.6	107.2	102.0	93.4	82.6	76.3	76.2	77.3	75.5
World Bank commodity price indexes for low and middle income countries(1990 =100)													
Petroleum			79.0	123.4	106.4	129.6	114.0	116.9	110.5	84.4	90.6	81.7	81.0
Non-Energy Commodities			88.0	86.9	79.0	83.6	82.5	80.2	78.1	75.1	73.4	75.7	76.3
Agriculture			92.8	87.7	79.8	83.7	82.4	80.3	80.0	76.5	74.8	77.2	77.6
Beverages			107.7	88.4	72.1	76.7	74.9	74.4	68.6	70.4	67.1	71.6	72.5
Food			87.6	84.5	86.1	85.1	86.1	84.5	89.9	83.9	81.8	85.0	85.0
Fats and Oils			105.0	96.2	89.0	93.0	87.1	82.2	95.9	90.9	88.0	92.4	92.2
Grains			86.4	79.5	78.2	80.6	81.0	76.7	77.3	77.7	76.4	77.9	78.8
Other Food			74.0	77.7	88.1	81.1	88.0	90.8	92.0	81.7	79.6	82.8	82.6
Raw Materials			88.5	91.4	77.4	87.1	83.1	79.2	75.7	71.6	71.4	71.4	71.9
Timber			111.8	111.0	90.1	98.9	93.9	91.4	89.4	85.8	86.3	85.8	85.2
Other Raw Materials			72.7	78.0	68.7	79.1	75.7	70.8	66.3	61.9	61.3	61.6	62.8
Fertilizers			114.1	105.8	98.8	102.9	100.9	98.5	96.9	98.8	96.9	99.6	100.1
Metals and Minerals			73.7	83.0	75.1	81.5	81.2	78.1	71.6	69.4	67.8	69.7	70.7

a/ Included in the petroleum ind

\$ = U.S. dollar ¢ = U.S. cent bbl = barrel

b/ Included in the non-energy index

cum = cubic meter dmtu = Dry Metric Ton Unit

c/ Steel not included in the non-energy index

kg = kilogram mmbtu = million British thermal units

