

Commodity Markets Review

September 10, 2010

DECPG, The World Bank

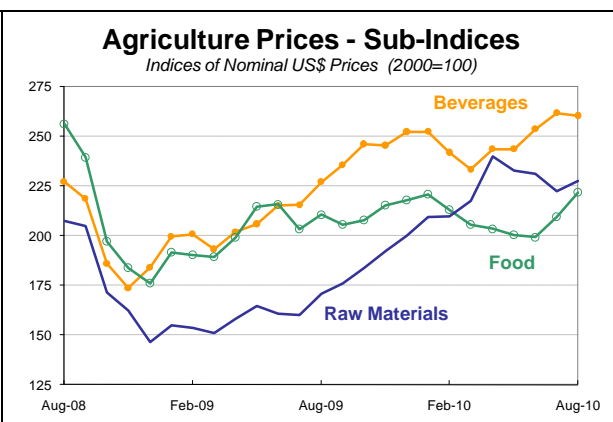
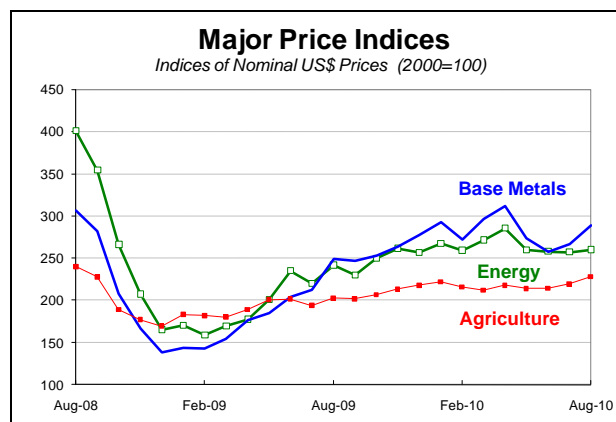
Non-energy commodity prices in August jumped for the second straight month, up 4.6 percent, in part due to a weak U.S. dollar—down 0.7 percent versus the euro. The increases were again led by strong gains in base metals and food prices, the latter generated by weather-related production losses in Canada and the former Soviet Union.

Crude oil prices rose 1.7 percent in August, averaging \$75.8/bbl which is marginally below the average of the past 12 months. Prices have rallied above \$80/bbl a few times this year on strong demand growth in China and recovering consumption in the U.S, but steady supply gains and large stocks have kept prices in check. Oil demand growth has weakened in the third quarter, partly due to base-period effects, and is expected to average 1.7 percent in the second half of the year. Non-OPEC supplies grew by more than 1 mb/d in the first half but have slowed to 0.5 mb/d in the third quarter. OPEC crude oil production has held steady at just above 29 mb/d, while oil in floating storage continues to contract—falling to 72 million barrels at end-August.

Natural gas prices in the U.S. dropped 7.0 percent in August, as peak summer demand began to wane on moderating temperatures. Inventories remain above their five-year average and look set to end the injection season this fall at near record levels.

Agriculture prices rose 4.0 percent in August, with sharp increases in grains and fats & oils. Wheat prices soared 26 percent (up 56 percent the past two months) because of weather-related supply losses in Canada, Kazakhstan, Russia and the Ukraine—and Russia’s subsequent ban on grain exports until the end of its 2011 harvest. Sorghum and maize prices rose 7-8 percent because of expected smaller crops in the U.S., and higher export demand because of the tight wheat market. Fats & oils prices rose 9 percent due to soybean losses from drought in the EU and the Black Sea region, and concerns regarding next season’s crop in South America.

Base metals prices surged 8.5 percent in August, continuing a rally that began in early June due to falling stocks, supply constraints, and strengthening demand outside China. Tin prices recorded the largest increase in August, jumping 14 percent, on a continued sharp decline in inventories, strong demand, and production declines in Indonesia—owing to wet weather and government efforts to curtail illegal mining. Lead prices leapt 13 percent due to strong battery demand, a tight scrap market, and mine and refinery closures. Zinc prices rose 11 percent, despite high stocks, on supply disruptions, while nickel prices increase 10 percent buoyed by a strong stainless steel sector in China and production outages in Canada.



Prepared in the Development Economics Prospects Group (DECPG) by Shane Streifel, John Baffes and Betty Dow. Katherine Rollins is task assistant.

Major Movers August¹

Wheat prices surged 25.8 percent following weather-related crop losses in Eastern Europe and Central Asia, and a subsequent export ban by Russia until the end of the 2011 harvest.

Tin prices jumped 14.1 percent due to falling stocks, strong demand, and declining Indonesian production due to wet weather and new mining laws to reduce illegal mining.

Lead prices increased 13.0 percent, despite high stocks, due to strong car battery demand, tight scrap supply, and smelter and mine closures.

Coconut oil and palmkernel oil prices (close substitutes) increased 12.6 percent and 9.7 percent, respectively, on output reductions in the Philippines, the world's key supplier, and steep increases in demand, especially in the EU.

Palm oil and soybean oil prices increased 11.6 percent and 10.5 percent, respectively, reflecting supply problems of competing oils and strong demand by India as importers stock up for the festival season.

Zinc prices rose 10.9 percent, in part due to supply disruptions, but the market remains well supplied and stocks are high.

Nickel prices rose 9.7 percent underpinned by supply outages in Canada, strong stainless steel demand in China, and falling stocks—but all are now easing.

Urea, potassium chloride, DAP and TSP fertilizer prices rose 9.4, 7.8, 7.6 and 5.8 percent, respectively, due to strong demand in the U.S., India, and East Asia.

Sorghum and maize prices rose 8.3 percent and 7.2 percent, respectively, because of expected smaller crops in the U.S., and higher export demand because of the tight wheat market.

Copper prices rose 8.1 percent on falling stocks, sluggish mine supply growth, and relatively strong demand.

Soybean meal and soybeans prices increased 7.5 percent and 6.5 percent, respectively, due to crop losses from drought in the EU and the Black Sea region, and concerns regarding next season's soybean crop in South America.

Cotton prices increased 7.4 percent following

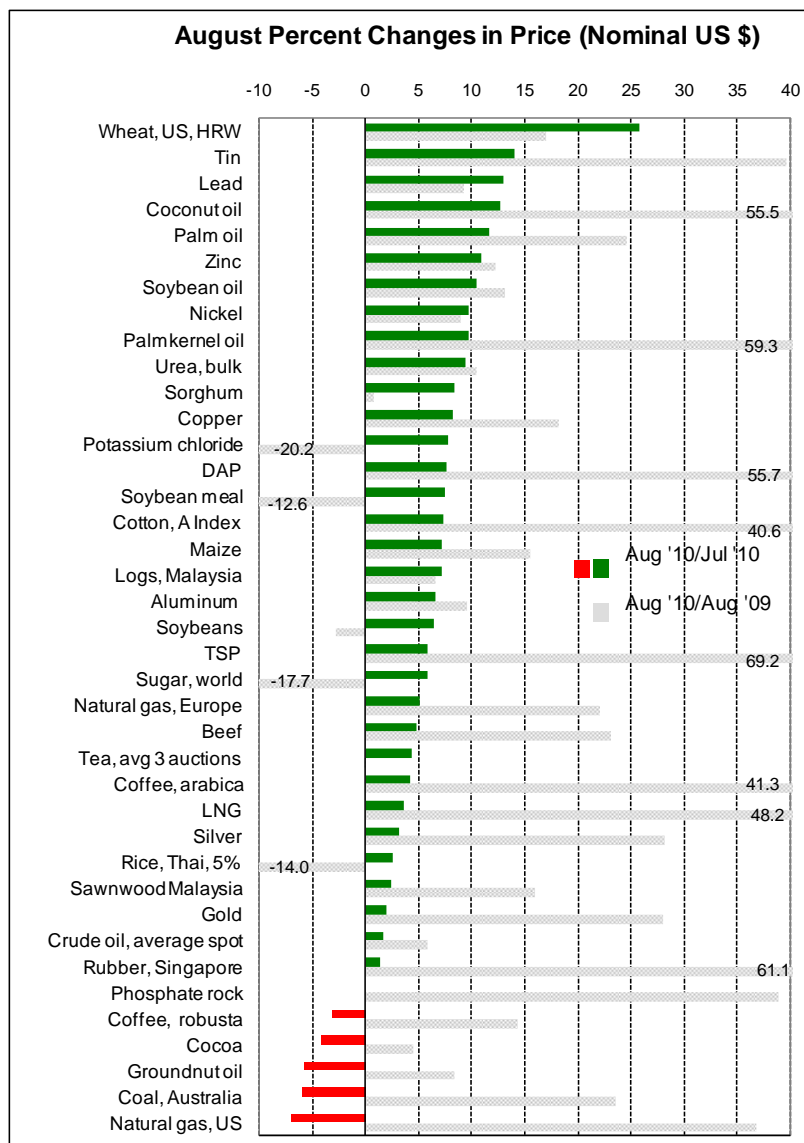
reports that the current season may be in deficit, which comes after a massive shortfall in supply during 2009/10.

Logs (Malaysia) prices increased 7.2 percent on strong demand from India and China amid tight supplies in the state of Sarawak.

Aluminum prices rose 6.5 percent on relatively strong demand, a number of supply outages, and because inventories continue to be tied up in warehousing financing deals.

Coal prices declined 5.8 percent on weakening Chinese demand amid ample stocks and spot supplies from South Africa and Colombia.

Natural gas (U.S.) prices dropped 7.0 percent on moderating temperatures, falling electric cooling demand, and large inventories.



¹ Percent change of average August 2010 prices compared to average July 2010 prices in nominal U.S. dollars (graph includes 12-month changes in grey).

COMMODITY PRICE DATA

Commodity	Unit	Annual averages			Quarterly averages					Monthly averages		
		Jan-Dec 2008	Jan-Dec 2009	Jan-Aug 2010	Apr-Jun 2009	Jul-Sep 2009	Oct-Dec 2009	Jan-Mar 2010	Apr-Jun 2010	Jun 2010	Jul 2010	Aug 2010
Energy												
Coal, Australia	a/ \$/mt	127.10	7184	96.10	66.48	7131	77.66	95.19	99.49	98.19	95.15	89.59
Crude oil, avg, spot	a/ \$/bbl	96.99	6176	77.01	59.19	68.21	75.50	77.06	78.18	74.73	74.58	75.83
Crude oil, Brent	a/ \$/bbl	97.64	6186	77.18	59.13	68.37	74.97	76.65	78.69	74.84	74.74	76.69
Crude oil, Dubai	a/ \$/bbl	93.78	6175	76.04	58.93	68.07	75.46	75.86	77.98	73.98	72.65	74.18
Crude oil, West Texas Int.	a/ \$/bbl	99.56	6165	77.82	59.52	68.21	76.08	78.67	77.85	75.35	76.35	76.60
Natural gas Index	a/ 2000=100	267.9	153.5	158.5	142.9	123.3	149.4	170.3	147.5	155.0	156.9	157.8
Natural gas, Europe	a/ \$/mmbtu	13.41	8.71	8.19	8.18	6.91	7.81	8.84	7.51	7.74	8.04	8.45
Natural gas, US	a/ \$/mmbtu	8.86	3.95	4.67	3.70	3.17	4.36	5.15	4.32	4.79	4.63	4.31
Natural gas LNG, Japan	a/ \$/mmbtu	12.53	8.94	10.80	7.60	7.91	9.33	10.32	10.95	10.48	11.10	11.50
Non Energy Commodities												
Agriculture												
Beverages												
Cocoa	b/ c/kg	257.7	288.9	322.9	257.9	296.4	341.8	329.7	321.0	323.1	322.2	309.1
Coffee, Arabica	b/ c/kg	308.2	317.1	393.9	320.2	322.7	341.7	353.7	392.0	420.9	448.0	466.5
Coffee, robusta	b/ c/kg	232.1	164.4	163.2	165.3	160.1	156.4	150.8	161.0	169.6	188.0	182.3
Tea, auctions (3), average	b/ c/kg	242.0	272.4	281.4	266.1	303.6	301.9	279.0	276.4	271.8	286.4	299.0
Tea, Colombo auctions	b/ c/kg	278.9	313.7	322.7	299.1	356.1	338.0	335.1	316.2	300.1	304.5	322.9
Tea, Kolkata auctions	b/ c/kg	225.5	251.5	264.3	271.3	273.0	284.4	215.8	274.0	291.8	323.3	321.9
Tea, Mombasa auctions	b/ c/kg	221.8	252.0	257.3	228.0	281.7	283.2	286.1	238.9	223.5	231.5	252.0
Food												
Fats and Oils												
Coconut oil	b/ \$/mt	1224	725	945	779	711	734	834	955	993	1031	1161
Copra	\$/mt	816	480	629	513	469	491	557	634	651	689	772
Groundnut oil	b/ \$/mt	2,131	1,184	1,332	1,166	1,133	1,152	1,359	1,352	1,342	1,300	1,225
Palm oil	b/ \$/mt	949	683	821	743	679	732	808	813	798	807	901
Palmkernel oil	\$/mt	1,130	700	1,011	763	700	761	922	1,034	1,051	1,059	1,161
Soybean meal	b/ \$/mt	424	408	359	424	431	412	369	342	338	356	383
Soybean oil	b/ \$/mt	1,258	849	911	863	856	921	917	876	859	907	1,002
Soybeans	b/ \$/mt	523	437	420	461	454	439	417	409	408	429	457
Grains												
Barley	b/ \$/mt	200.5	128.3	148.6	129.5	122.0	145.5	143.6	146.9	145.9	156.4	161.2
Maize	b/ \$/mt	223.1	165.5	162.6	176.0	151.3	167.8	162.7	157.7	152.7	163.8	175.6
Rice, Thailand, 5%	b/ \$/mt	650.2	555.0	482.2	552.4	539.0	542.3	535.3	452.4	440.0	441.8	452.8
Rice, Thailand, 25%	\$/mt	n.a.	458.1	429.5	458.7	441.4	462.8	477.0	399.1	392.0	395.6	412.0
Rice, Thailand, 35%	\$/mt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
* Rice, Thai, A1Special / Super	\$/mt	482.3	326.4	365.3	326.3	309.7	346.1	400.7	333.8	329.5	349.8	369.0
Sorghum	\$/mt	207.8	151.1	146.8	155.8	139.3	163.8	156.9	142.6	131.0	132.4	143.4
Wheat, Canada	\$/mt	454.6	300.5	279.1	325.6	271.2	283.4	279.0	260.9	261.3	287.5	326.0
Wheat, US, HRW	b/ \$/mt	326.0	224.1	195.1	250.5	208.8	205.4	195.4	177.4	157.7	195.8	246.2
Wheat US SRW	\$/mt	271.5	186.0	203.1	195.6	165.2	195.6	193.5	186.9	182.6	222.3	261.6
Other Food												
Bananas EU	\$/mt	1,188	1,145	994	1,288	1,118	1,032	1,014	1,029	1,037	959	865
Bananas US	b/ \$/mt	844	847	852	858	826	813	781	862	962	985	899
Fishmeal	\$/mt	1,133	1,230	1,719	1,097	1,276	1,535	1,660	1,814	1,747	1,715	1,616
Meat, beef	b/ c/kg	313.8	263.6	328.4	262.8	273.2	273.5	314.2	342.4	319.7	321.0	336.5
Meat, chicken	b/ c/kg	169.6	171.7	171.6	174.1	173.9	165.1	167.2	173.0	174.7	176.1	176.0
Meat, sheep	c/kg	458.5	427.6	474.3	428.7	453.3	450.1	447.6	486.8	520.1	462.3	528.3
Oranges	b/ \$/mt	1,107	909	1,088	870	861	1,107	1,009	1,084	1,201	1,302	1,127
Shrimp, Mexico	b/ c/kg	1,069	945	874	970	970	864	827	945	n.a.	n.a.	n.a.
Sugar EU domestic	b/ c/kg	69.69	52.44	44.14	53.76	55.43	49.11	46.38	42.66	40.91	42.77	43.21
Sugar US domestic	b/ c/kg	46.86	54.88	76.53	47.89	57.31	70.48	84.31	69.62	72.37	73.28	77.17
Sugar, world	b/ c/kg	28.21	40.00	42.43	33.89	46.98	50.29	51.82	34.93	35.01	38.49	40.71
Raw Materials												
Timber												
Logs, Cameroon	\$/cum	526.9	421.5	420.6	394.8	414.9	449.5	431.4	408.0	390.8	421.4	425.6
Logs, Malaysia	b/ \$/cum	292.3	287.2	261.4	284.5	279.6	271.1	253.6	253.5	260.8	274.9	294.7
Plywood	c/sheets	645.5	564.6	564.0	565.8	561.5	558.4	557.2	566.3	567.5	569.7	571.8
Sawnwood, Cameroon	\$/cum	958.3	748.9	797.7	721.2	779.0	806.3	804.1	787.1	770.4	794.5	813.7
Sawnwood, Malaysia	b/ \$/cum	889.1	805.5	828.1	829.7	771.4	807.4	787.8	832.6	841.1	871.2	892.2
Woodpulp	\$/mt	820.2	614.6	849.7	550.0	627.7	715.6	780.9	875.5	896.9	914.2	914.0
Other Raw Materials												
Cotton A Index	b/ c/kg	157.4	138.2	189.9	132.4	141.9	157.7	178.8	199.3	205.1	185.5	199.2
Cotton Memphis	c/kg	161.3	145.3	192.0	137.5	148.8	172.4	183.6	200.1	202.7	n.a.	n.a.
Rubber, US	c/kg	284.1	214.6	360.8	187.0	221.0	284.7	345.2	381.5	371.0	349.7	356.5
Rubber, Singapore	b/ c/kg	258.6	192.1	341.6	166.4	199.3	256.5	318.6	372.7	356.6	327.4	331.6

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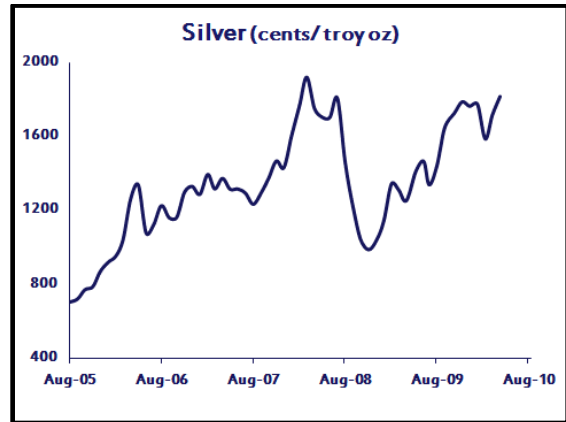
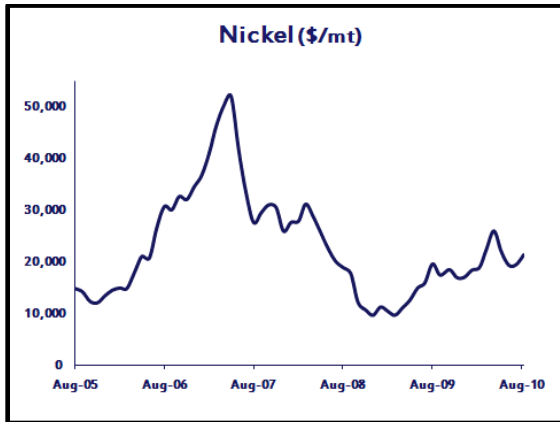
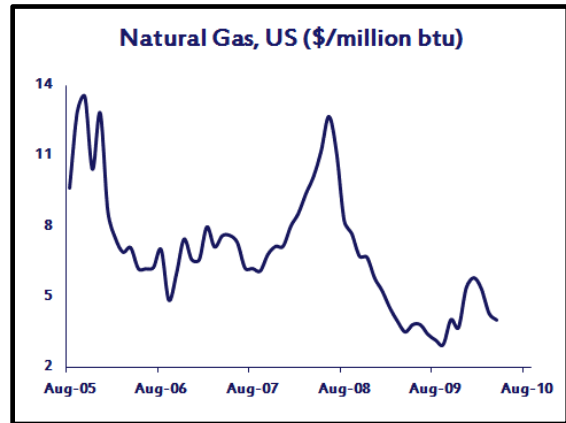
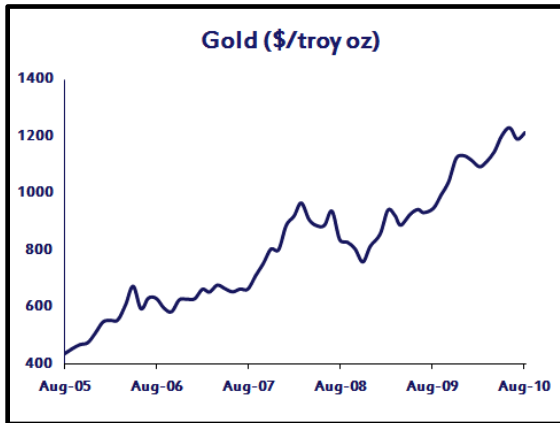
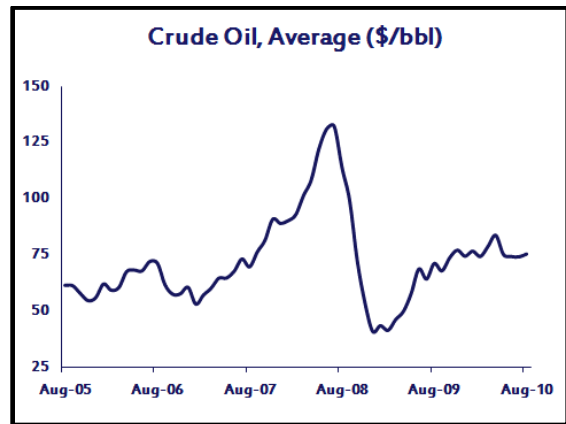
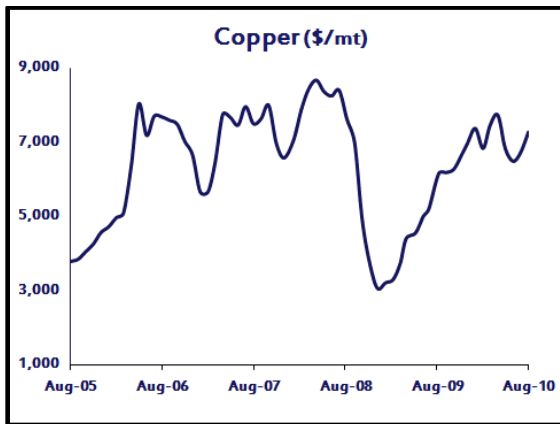
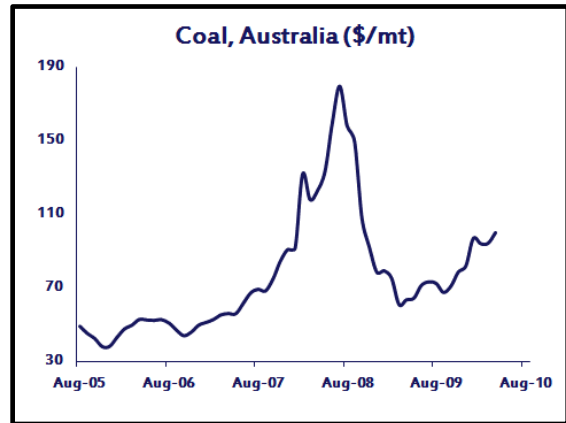
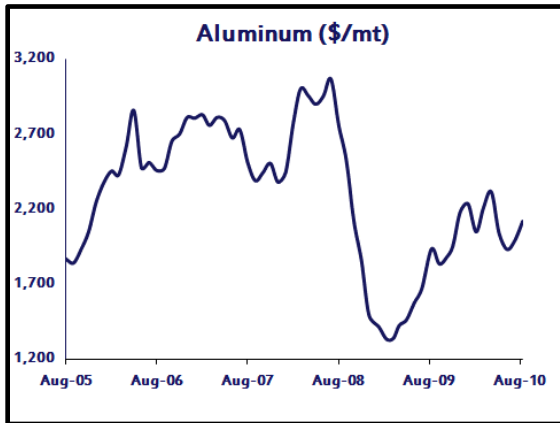
a/ Included in the energy index (2000=100) b/ Included in the non-energy index (2000=100) c/ Steel not included in the non-energy index
d/ base metals plus iron ore e/ Includes aluminum, copper, lead, nickel, tin and zinc
\$ = US dollar ¢ = US cent bbl = barrel cum = cubic meter dmtu = Dry Metric Ton Unit kg = kilogram mmbtu = million British thermal units
mt = metric ton toz = troy oz n.a. = not available n.q. = no quotation

COMMODITY PRICE DATA

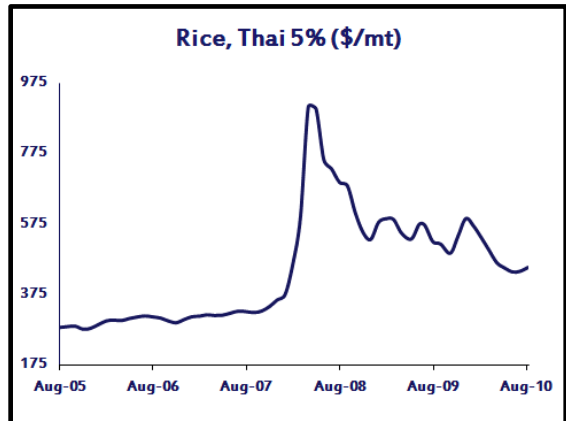
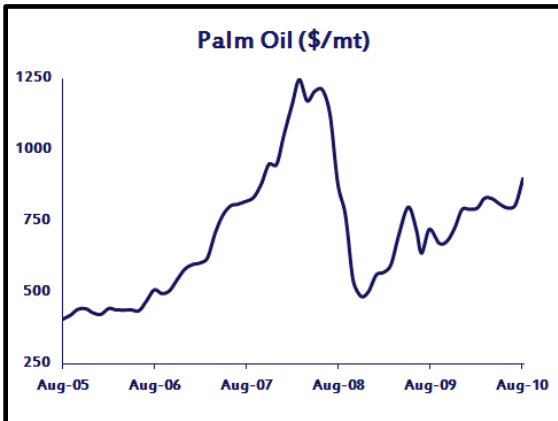
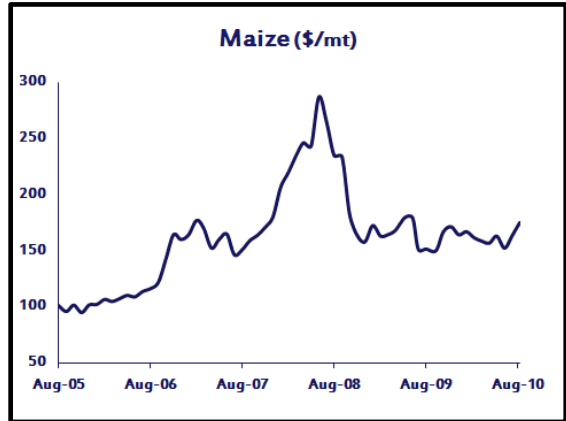
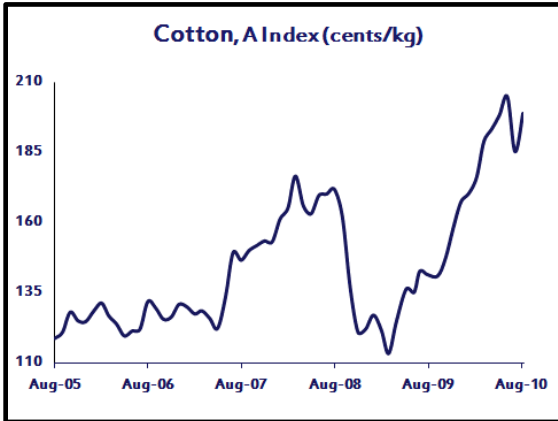
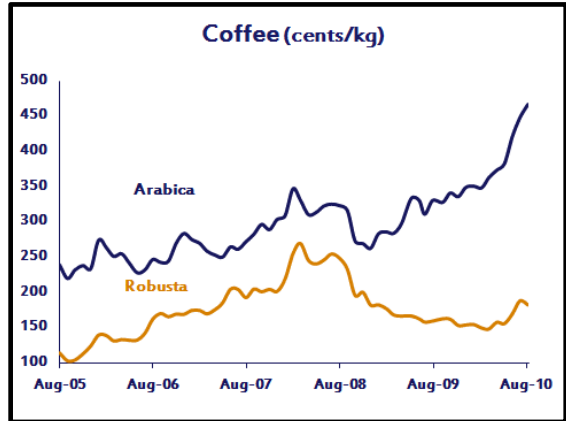
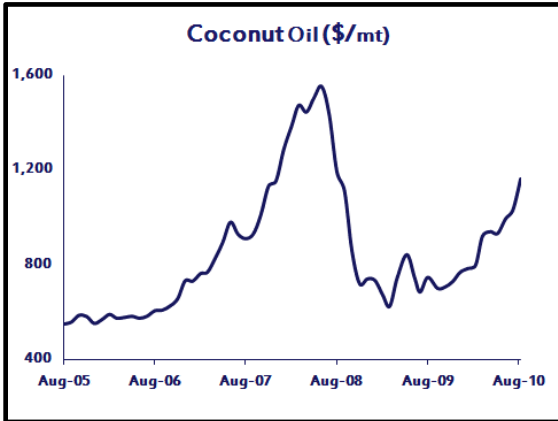
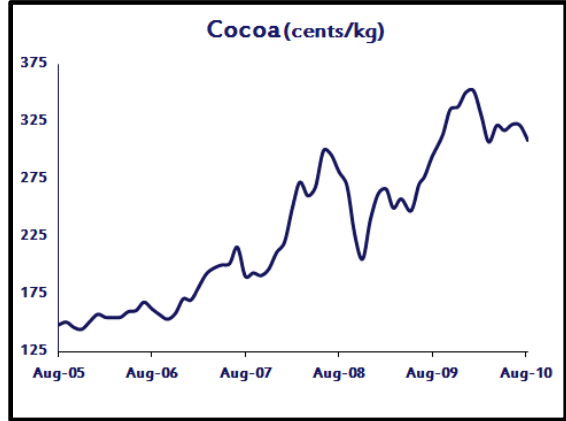
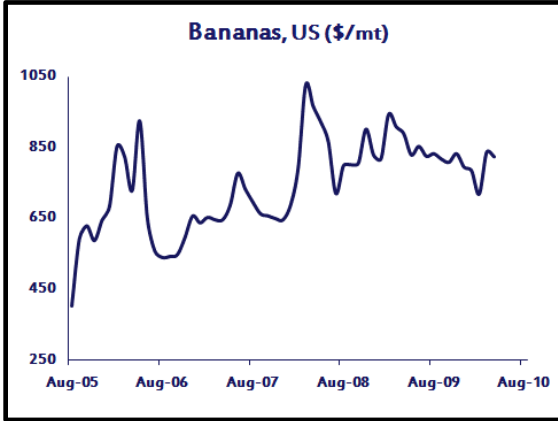
		Annual averages			Quarterly averages				Monthly averages			
		Jan-Dec	Jan-Dec	Jan-Aug	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jun	Jul	Aug
		2008	2009	2010	2009	2009	2009	2010	2010	2010	2010	2010
Fertilizers												
DAP	b/ \$/mt	967.2	323.1	465.8	303.6	309.6	316.9	464.8	458.2	448.0	461.3	496.1
Phosphate rock	b/ \$/mt	345.6	121.7	116.4	113.3	90.0	90.0	102.1	125.0	125.0	125.0	125.0
Potassium chloride	b/ \$/mt	570.1	630.4	326.9	726.7	506.8	423.0	334.0	316.1	319.0	320.0	345.0
TSP	b/ \$/mt	879.4	257.4	345.4	247.7	224.7	235.7	316.9	357.4	346.8	360.0	380.8
Urea, E. Europe, bulk	b/ \$/mt	492.7	249.6	259.7	241.1	241.6	248.3	281.0	237.2	229.3	249.5	273.0
Metals and Minerals												
Aluminum	b/ \$/mt	2,573	1,665	2,111	1,485	1,812	2,003	2,163	2,096	1,931	1,988	2,118
Copper	b/ \$/mt	6,956	5,150	7,100	4,663	5,859	6,648	7,232	7,027	6,499	6,735	7,284
Gold	\$/toz	872	973	1,165	922	960	1,102	1,109	1,196	1,233	1,193	1,216
Iron ore	b/ c/dmtu	140.6	101.0	151.7	101.0	101.0	101.0	101.0	167.0	167.0	205.0	205.0
Lead	b/ c/kg	209.1	171.9	205.3	149.9	192.8	229.3	222.1	195.0	170.4	183.7	207.5
Nickel	b/ \$/mt	21,111	14,655	21,029	12,920	17,700	17,528	19,959	22,476	19,389	19,518	21,413
Silver	c/toz	1,500	1,469	1,779	1,376	1,477	1,760	1,693	1,838	1,853	1,794	1,849
Steel products index	c/ 2000=100	289	227	228	215	211	207	211	241	242	232	230
Steel cr coilsheet, Japan, Reins	c/ \$/mt	966	783	798	700	700	700	725	838	850	850	850
Steel hr coilsheet, Japan, Reins	c/ \$/mt	883	683	698	600	600	600	625	738	750	750	750
Steel, rebar, Japan, Reinstated	c/ \$/mt	760	486	571	450	500	522	546	621	618	540	530
Steel wire rod, Japan, Reinstated	c/ \$/mt	1,010	969	740	1,007	857	814	751	767	755	694	670
Tin	b/ c/kg	1,851	1,357	1,802	1,351	1,459	1,517	1,721	1,786	1,732	1,819	2,075
Zinc	b/ c/kg	1,875	1,655	2,104	1,473	1,761	2,214	2,289	202.6	174.3	184.4	204.5
NEW World Bank commodity price indices for low and middle income countries(2000 =100)												
Energy		342.0	214.3	264.8	204.5	230.3	256.1	266.1	267.7	258.0	257.2	260.1
Non Energy Commodities		272.0	213.2	254.4	207.8	219.8	235.2	244.2	255.3	248.4	262.3	274.3
Agriculture		229.5	197.8	218.0	197.1	199.5	212.6	216.6	215.4	214.3	219.4	228.2
Beverages		210.0	219.9	248.8	207.3	226.4	247.9	242.5	246.9	253.7	261.7	260.4
Food		247.4	205.1	209.2	209.8	206.4	213.7	213.1	201.0	199.2	209.4	221.7
Fats and Oils		277.3	216.2	225.5	227.9	220.9	224.5	224.7	219.7	217.2	225.0	245.3
Grains		281.7	214.9	197.3	225.3	202.3	210.8	205.1	186.6	178.0	192.3	210.8
Other Food		177.1	181.6	198.6	172.1	191.2	202.0	205.1	189.4	194.7	204.3	200.6
Raw Materials		195.7	168.7	223.6	161.1	168.9	192.0	211.9	234.4	230.9	222.3	227.5
Timber		150.5	138.9	138.9	141.8	133.6	137.3	132.7	138.6	140.5	146.1	151.2
Other Raw Materials		245.3	201.4	316.2	182.2	207.5	251.8	298.6	339.1	329.6	305.5	311.1
Fertilizers		566.7	293.0	259.1	300.6	252.1	242.8	259.0	253.3	248.9	259.4	276.4
Metals and Minerals d/		325.7	235.6	328.5	219.0	257.6	280.8	299.0	337.3	318.2	350.4	368.7
Base Metals (NEW) e/		287.9	208.9	282.4	188.5	236.0	264.6	287.0	280.9	257.3	266.4	288.9

a/ Included in the energy index (2000=100) b/ Included in the non-energy index (2000=100) c/ Steel not included in the non-energy index
d/ base metals plus iron ore e/ Includes aluminum, copper, lead, nickel, tin and zinc
\$ = US dollar ¢ = US cent bbl = barrel cum = cubic meter dmtu = Dry Metric Ton Unit kg = kilogram mmbtu = million British thermal units
mt = metric ton toz = troy oz n.a. = not available n.q. = no quotation

Selected Commodity Prices, Nominal US dollars, 2005-2010



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



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

