Commodity Markets Review

June 10, 2009 DECPG, The World Bank

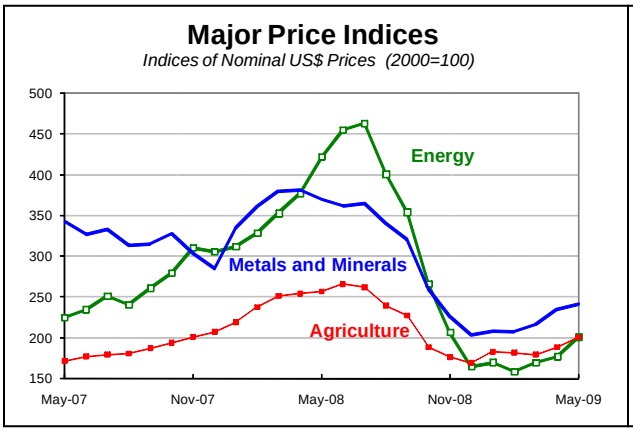
Non-energy commodity prices jumped 4.5 percent in May, with relatively strong gains in all main indices except fertilizers which were down for the ninth straight month. The increases were mainly due to a falling dollar (down 3.6 percent against the Euro). Agriculture prices rose more quickly due to weather-related supply reductions, while rapid gains in some metals prices reflect strong import demand in China.

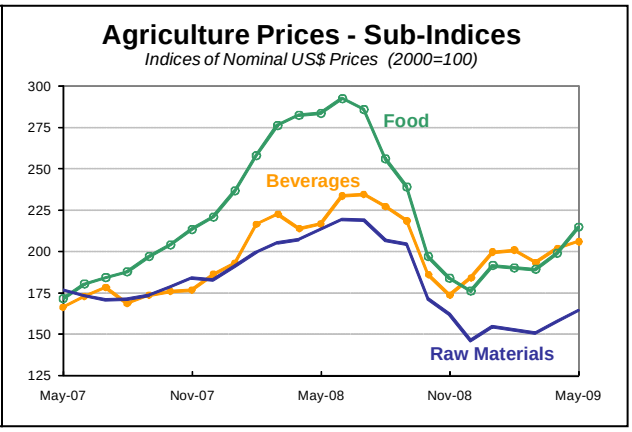
Crude oil prices surged 15.7 percent in May, averaging $58.2/bbl, and rose above $70/bbl in early June on expectations that strengthening demand and supply constraints will tighten the market. Crude oil stocks have started to fall in the U.S. and from storage at sea, but remain high. Although global oil demand is still falling, there are some signs that it is doing so less rapidly, e.g., gasoline in the U.S., while consumption is rising in some developing regions—notably China and the Middle East. On the supply side, OPEC left its quotas unchanged at its May meeting, and non-OPEC supplies are expected to decline this year. Thus, any recovery in demand should draw down stocks.

Natural gas prices in Europe and Japan fell 4-5 percent in May, reflecting weak demand, increasing liquefied natural gas (LNG) supplies, and earlier declines in oil prices. In the U.S., gas prices rose 8.9 percent on a weather-related demand spurt early in the month, but have fallen back below $4/mmbtu on large inventories.

Agriculture prices rose 6.3 percent in May, on strong import demand and various shortfalls in supply. The largest gains were in fats and oils, up 13.2 percent and nearly 40 percent this year, due to strong import demand in China and other industrializing countries. There also have been weather-related supply problems in South America in the case of soybeans, and tight supplies of palm and palmkernel oils in Asia. Wheat, maize and cotton prices recorded strong gains on lower than expected production. Coffee (arabica) prices increased 12 percent due to weather-induced shortfalls in Latin America, while tea prices increased 7 percent on dry weather in major producing countries.

Metals and minerals prices rose 2.9 percent in May, on large imports into China and expectations of a broader recovery in demand. Much of the price-strength this year has been in copper and lead, up nearly 50 percent, but in May the gains moved to most other base metals—except for aluminum which remains in oversupply. Tin prices jumped 17.5 percent on strong Chinese demand and weak Indonesian exports. Nickel prices leapt 13.2 percent on restocking and pick-up of stainless steel production in China. Zinc prices rose 7.6 percent on record concentrate imports into China and falling stocks. Silver prices rose 12.7 percent, along with smaller gains in gold, on safe-haven buying and longer-term inflationary concerns.





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

Major Movers May[1]

Tin prices surged 17.5 percent, despite a continued increase in LME inventories, due to strong Chinese import demand and weak exports out of Indonesia.

Palmkernel oil and coconut oil (close substitutes) prices rose 15.9 percent and 12.8 percent, respectively, reflecting disappointing copra output in the Philippines, and lower than expected palmkernel oil production.

Crude oil prices leapt 15.7 percent on expectations of tightening markets, with crude oil stocks starting to decline from high levels and demand picking up in emerging Asia.

Palm oil and soybean oil (close substitutes) prices rose 14.1 percent and 11.5 percent, respectively, because of a poor soybean crop in South America and a very tight stock situation of palm oil in Malaysia.

Soybeans and soybean meal prices increased 14.1 percent and 13.6 percent, respectively, on exceptionally tight supplies due to the crop shortfall in South America.

Nickel prices jumped 13.2 percent on restocking in China and reduction in high-cost Chinese production of nickel pig iron.

Silver prices rose 12.7 percent on strong investment demand spurred by the weak dollar, financial uncertainty, and longer-term inflationary concerns.

Wheat prices rose 12.0 percent following the USDA's recent assessment on next season's global wheat crop, which is expected to decline by almost 4 percent from 2008/09 levels.

Coffee arabica prices increased 11.9 percent due to weather-induced shortfalls in Colombia and Central America.

Natural gas (U.S.) prices rose 8.9 percent on rising oil prices and weather-related strength in demand early in the month.

Cotton prices increased 8.8 percent reflecting an expected smaller crop in 2009/10, likely to put downward pressure on global stocks.

Zinc prices rose 7.6 percent on record concentrate imports into China and falling stocks. As a result, some shut-in capacity is now being restarted.

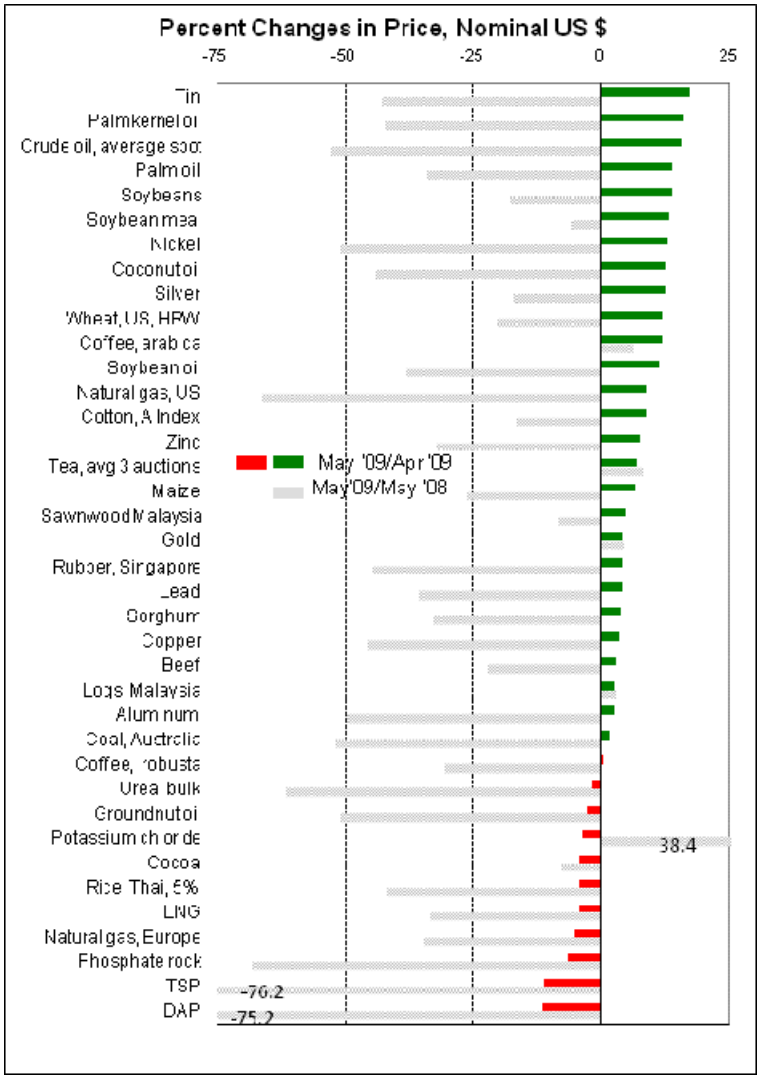
Tea prices rose 7.1 percent owing to drier than normal weather in major producing countries, and the premium for new-season teas in India.

Maize prices increased 6.8 percent on news that next season's global production may fall, and continuing diversion for biofuel use in the U.S.

Rice prices dropped 4.2 percent on signs of a well-supplied market, as global rice production and stocks will increase by 1% and 5.5%, respectively, in the season that is about to begin.

Natural gas (Europe and Japan) prices plunged 4.9 percent and 4.3 percent, respectively, on weak demand, rising LNG supplies and lagged indexation to oil prices.

DAP, TSP and Phosphate rock fertilizer prices fell 11.3, 11.2, and 6.4 percent, respectively, on weak demand and abundant supplies, but there are signs that a bottom to prices is near.



[1] Percent change of average May 2009 prices compared to average April 2009 prices in nominal U.S. dollars (graph also includes 12-month changes in grey).

COMMODITY PRICE DATA

Commodity	Unit	Annual averages Jan-Dec 2007	Jan-Dec 2008	Jan-May 2009	Quarterly averages Jan-Mar 2008	Apr-Jun 2008	Jul-Sep 2008	Oct-Dec 2008	Jan-Mar 2009	Monthly averages Mar 2009	Apr 2009	May 2009
Energy												
Coal, Australia	a/ $/mt	65.73	127.10	68.77	114.00	138.65	162.80	92.97	71.93	61.00	63.56	64.50
Crude oil, avg, spot	a/ $/bbl	71.12	96.99	48.16	95.31	120.97	115.68	56.00	44.11	46.65	50.28	58.15
Crude oil, Brent	a/ $/bbl	72.70	97.64	48.75	96.67	122.39	115.60	55.89	44.98	46.84	50.85	57.94
Crude oil, Dubai	a/ $/bbl	68.37	93.78	48.25	91.30	116.67	113.47	53.67	44.56	45.58	50.18	57.40
Crude oil, West Texas Int.	a/ $/bbl	72.28	99.56	47.47	97.94	123.85	117.98	58.45	42.80	47.52	49.81	59.13
Natural gas Index	a/ 2000=100	186.5	267.9	176.5	235.3	286.0	284.1	266.2	198.2	177.5	144.7	143.4
Natural gas, Europe	a/ $/mmbtu	8.56	13.41	10.49	10.86	12.40	14.62	15.75	11.94	10.90	8.51	8.09
Natural gas, US	a/ $/mmbtu	6.98	8.86	4.20	8.65	11.35	9.03	6.40	4.57	3.95	3.50	3.81
Natural gas LNG, Japan	a/ $/mmbtu	7.68	12.53	9.71	10.45	11.71	13.33	14.62	10.90	9.48	8.10	7.75
Non Energy Commodities												
Agriculture												
Beverages												
Cocoa	b/ c/kg	195.2	257.7	257.0	247.7	276.4	282.6	224.1	259.7	250.1	258.1	247.5
Coffee, Arabica	b/ c/kg	272.4	308.2	296.4	328.5	315.1	321.2	267.8	283.9	283.3	297.4	332.9
Coffee, robusta	b/ c/kg	190.9	232.1	172.1	247.3	243.6	244.8	192.6	175.8	168.2	166.5	166.7
Tea, auctions (3), average	b/ c/kg	203.6	242.0	234.2	234.6	254.7	272.3	206.6	217.0	219.0	250.9	268.8
Tea, Colombo auctions	b/ c/kg	252.2	278.9	273.7	305.2	298.5	303.2	208.8	261.7	284.7	287.3	296.5
Tea, Kolkata auctions	b/ c/kg	192.1	225.5	211.1	176.6	244.0	260.9	220.2	174.5	158.4	244.4	287.6
Tea, Mombasa auctions	b/ c/kg	166.5	221.8	217.6	221.8	221.6	252.8	190.8	214.9	213.8	221.0	222.3
Food												
Fats and Oils												
Coconut oil	b/ $/mt	919	1,224	724	1,379	1,499	1,246	772	677	625	747	843
Copra	$/mt	607	816	480	914	1,013	817	520	447	416	499	559
Groundnut oil	b/ $/mt	1,352	2,131	1,238	2,007	2,328	2,417	1,773	1,283	1,214	1,187	1,154
Palm oil	b/ $/mt	780	949	646	1,156	1,198	928	512	577	598	700	799
Palmkernel oil	$/mt	888	1,130	656	1,375	1,420	1,114	609	577	587	717	831
Soybean meal	b/ $/mt	308	424	384	443	484	450	320	365	344	388	441
Soybean oil	b/ $/mt	881	1,258	792	1,384	1,466	1,353	830	755	727	801	893
Soybeans	b/ $/mt	384	523	414	563	585	566	377	394	379	414	472
Grains												
Barley	b/ $/mt	172.4	200.5	117.8	216.8	239.1	216.6	129.5	116.3	114.8	111.3	128.7
Maize	b/ $/mt	163.7	223.1	169.8	220.4	259.0	244.7	168.4	166.9	164.6	168.5	179.9
Rice, Thailand, 5%	b/ $/mt	326.4	650.2	567.0	478.1	855.3	703.0	564.4	586.3	588.3	549.7	526.5
Rice, Thailand, 25%	$/mt	306.5	338.4	460.3	182.2	0.0	669.5	449.9	469.4	471.5	446.0	447.0
Rice, Thailand, 35%	$/mt	300.1	32.9	0.0	181.0	0.0	0.0	0.0	0.0	n.a.	n.a.	n.a.
* Rice, Thai, A1.Special / Super	$/mt	272.3	482.3	325.5	442.8	693.7	478.6	314.1	323.4	332.0	335.7	321.8
Sorghum	$/mt	162.7	207.8	150.0	218.7	246.9	214.7	151.0	145.3	138.6	154.1	160.1
Wheat, Canada	$/mt	300.4	454.6	323.1	621.7	484.4	390.2	322.1	321.9	306.9	315.4	334.6
Wheat, US, HRW	b/ $/mt	255.2	326.0	238.3	411.8	346.5	317.7	228.1	231.6	230.9	234.2	262.3
Wheat US SRW	$/mt	238.6	271.5	189.5	384.1	277.8	241.5	182.7	187.4	183.7	182.6	202.5
Other Food												
Bananas EU	$/mt	1,037	1,188	1,201	1,421	1,263	1,123	944	1,142	1,331	1,292	1,286
Bananas US	b/ $/mt	676	844	879	836	920	775	847	891	909	890	830
Fishmeal	$/mt	1,177	1,133	1,037	1,126	1,185	1,198	1,023	1,013	1,030	1,040	1,104
Meat, beef	b/ c/kg	260.3	313.8	250.9	282.1	332.7	372.4	268.0	245.2	247.7	255.5	263.7
Meat, chicken	b/ c/kg	156.7	169.6	173.3	158.8	167.9	177.1	174.7	173.5	171.8	171.2	174.5
Meat, sheep	c/kg	412.0	458.5	393.5	453.6	493.2	477.3	410.0	378.5	374.6	404.4	427.7
Oranges	b/ $/mt	957	1,107	838	1,103	1,322	1,163	842	799	847	905	888
Shrimp, Mexico	b/ c/kg	1,010	1,069	974	1,103	1,109	1,048	1,014	976	970	970	970
Sugar EU domestic	b/ c/kg	68.09	69.69	52.05	74.51	77.59	74.70	51.97	51.44	51.53	52.09	53.84
Sugar US domestic	b/ c/kg	45.77	46.86	45.19	44.85	46.34	51.52	44.72	43.82	43.55	46.83	47.68
Sugar, world	b/ c/kg	22.22	28.21	30.40	28.42	27.01	31.14	26.28	28.85	29.54	30.09	35.36
Raw Materials												
Timber												
Logs, Cameroon	$/cum	381.3	526.9	411.6	530.8	554.4	548.5	473.8	426.8	388.2	382.5	395.4
Logs, Malaysia	b/ $/cum	268.0	292.3	303.0	293.4	282.3	277.7	315.7	313.6	288.6	283.1	291.1
Plywood	c/sheets	640.7	645.5	570.4	640.4	647.3	648.6	645.5	572.8	570.8	567.7	565.9
Sawnwood, Cameroon	$/cum	760	958	694	1,036	1,052	974	771	689	680	684	718
Sawnwood, Malaysia	b/ $/cum	806.3	889.1	822.4	860.3	935.8	900.3	859.9	813.7	815.9	815.7	855.4
Woodpulp	$/mt	767.0	820.2	553.2	850.2	870.7	848.8	711.0	565.1	537.7	538.8	532.0
Other Raw Materials												
Cotton A Index	b/ c/kg	139.5	157.4	124.8	167.9	166.5	168.2	126.9	120.8	113.5	125.2	136.3
Cotton Memphis	c/kg	142.9	161.5	135.0	174.2	171.6	170.0	130.1	129.8	123.3	135.6	150.2
Rubber, US	c/kg	248.0	284.1	174.2	292.6	311.7	329.1	202.8	165.8	161.8	183.6	189.8
Rubber, Singapore	b/ c/kg	226.3	258.6	154.0	273.5	303.5	298.4	159.0	146.0	143.1	162.4	169.3

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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
$ = 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 2007	Jan-Dec 2008	Jan-May 2009	Jan-Mar 2008	Apr-Jun 2008	Jul-Sep 2008	Oct-Dec 2008	Jan-Mar 2009	Mar 2009	Apr 2009	May 2009
Fertilizers												
DAP	b/ $/mt	433	967	344	860	1,192	1,154	663	362	368	335	298
Phosphate rock	b/ $/mt	70.9	345.6	164.6	234.4	367.5	409.2	371.3	193.3	157.5	125.5	117.5
Potassium chloride	b/ $/mt	200.2	570.1	811.6	367.7	511.1	635.0	766.7	865.2	870.0	745.0	717.5
TSP	b/ $/mt	339	879	298	715	1,036	1,108	659	322	295	278	247
Urea, E. Europe, bulk	b/ $/mt	309.4	492.7	257.6	357.6	575.7	745.4	292.2	267.3	265.4	245.2	240.8
Metals and Minerals												
Aluminum	b/ $/mt	2,638	2,573	1,392	2,743	2,940	2,787	1,821	1,360	1,336	1,421	1,460
Copper	b/ $/mt	7,118	6,956	3,852	7,796	8,443	7,680	3,905	3,428	3,750	4,407	4,569
Gold	$/toz	696.7	871.7	909.0	926.8	896.0	869.6	794.5	908.7	924.3	890.2	928.6
Iron ore	b/ c/dmtu	84.7	140.6	140.6	140.6	140.6	140.6	140.6	140.6	140.6	140.6	140.6
Lead	b/ c/kg	258.0	209.1	125.9	289.9	230.7	191.2	124.5	115.7	123.9	138.3	144.0
Nickel	b/ $/mt	37,230	21,111	11,043	28,957	25,682	18,961	10,843	10,471	9,696	11,166	12,635
Silver	c/toz	1,341	1,500	1,292	1,765	1,720	1,495	1,020	1,265	1,312	1,252	1,411
* * Steel products index, Japan l	c/ 2000=10	182.0	289.3	251.3	229.6	279.2	338.2	310.4	274.5	255.4	219.0	213.8
Steel cr coilsheet, Japan, Reins	c/ $/mt	650.0	965.6	900.0	762.5	900.0	1100.0	1100.0	1033.3	900.0	700.0	700.0
Steel hr coilsheet, Japan, Reins	c/ $/mt	550.0	883.3	800.0	700.0	833.3	1000.0	1000.0	933.3	800.0	600.0	600.0
Steel, rebar, Japan, Reinstated	c/ $/mt	521.5	760.2	458.5	639.4	837.5	934.2	629.6	472.5	470.0	425.0	450.0
Steel wire rod, Japan, Reinstate	c/ $/mt	533.3	1009.8	1144.0	754.0	950.0	1135.0	1200.0	1200.0	1200.0	1100.0	1020.0
Tin	b/ c/kg	1,454	1,851	1,172	1,778	2,265	2,051	1,310	1,103	1,068	1,174	1,379
Zinc	b/ c/kg	324.2	187.5	127.6	243.0	211.3	177.0	118.5	117.2	121.7	137.9	148.4
NEW World Bank commodity price indices for low and middle income countries(2000 =100)												
Energy		244.8	342.0	175.5	331.1	417.8	406.0	212.9	166.3	169.7	177.5	201.1
Non Energy Commodities		224.7	272.0	204.0	281.2	307.8	292.6	206.3	198.1	198.2	208.1	217.6
Agriculture		180.3	229.5	187.1	236.4	259.4	243.5	178.6	181.9	180.1	189.0	200.9
Beverages		169.9	210.0	200.3	210.7	221.4	226.8	181.2	197.9	193.2	201.9	205.9
Food		184.7	247.4	197.1	257.2	286.3	260.5	185.7	190.4	189.4	199.0	214.9
Fats and Oils		209.0	277.3	204.7	310.2	327.7	288.9	182.4	191.4	187.1	210.8	238.6
Grains		189.0	281.7	221.3	274.6	335.2	298.5	218.6	221.3	220.3	216.9	225.8
Other Food		149.0	177.1	165.0	171.9	187.4	188.9	160.2	161.3	164.5	167.4	173.9
Raw Materials		174.9	195.7	156.3	198.9	213.7	210.4	160.0	153.1	150.8	158.0	164.5
Timber		136.8	150.5	143.0	146.8	155.4	150.2	149.4	143.1	140.4	139.8	145.9
Other Raw Materials		216.6	245.3	170.9	255.8	277.4	276.3	171.6	164.0	162.1	177.8	184.8
Fertilizers		240.1	566.7	349.0	409.4	624.1	741.1	492.2	376.6	358.6	314.8	300.5
Metals and Minerals		314.0	325.7	222.1	358.7	371.1	342.4	230.6	211.0	217.0	235.4	242.3

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
$ = US dollar ¢ = US cent bbl = barrel cum = cubic meter dmtu = Dry Metric Ton Unit kg = kilogram mmbtu = million British thermal units
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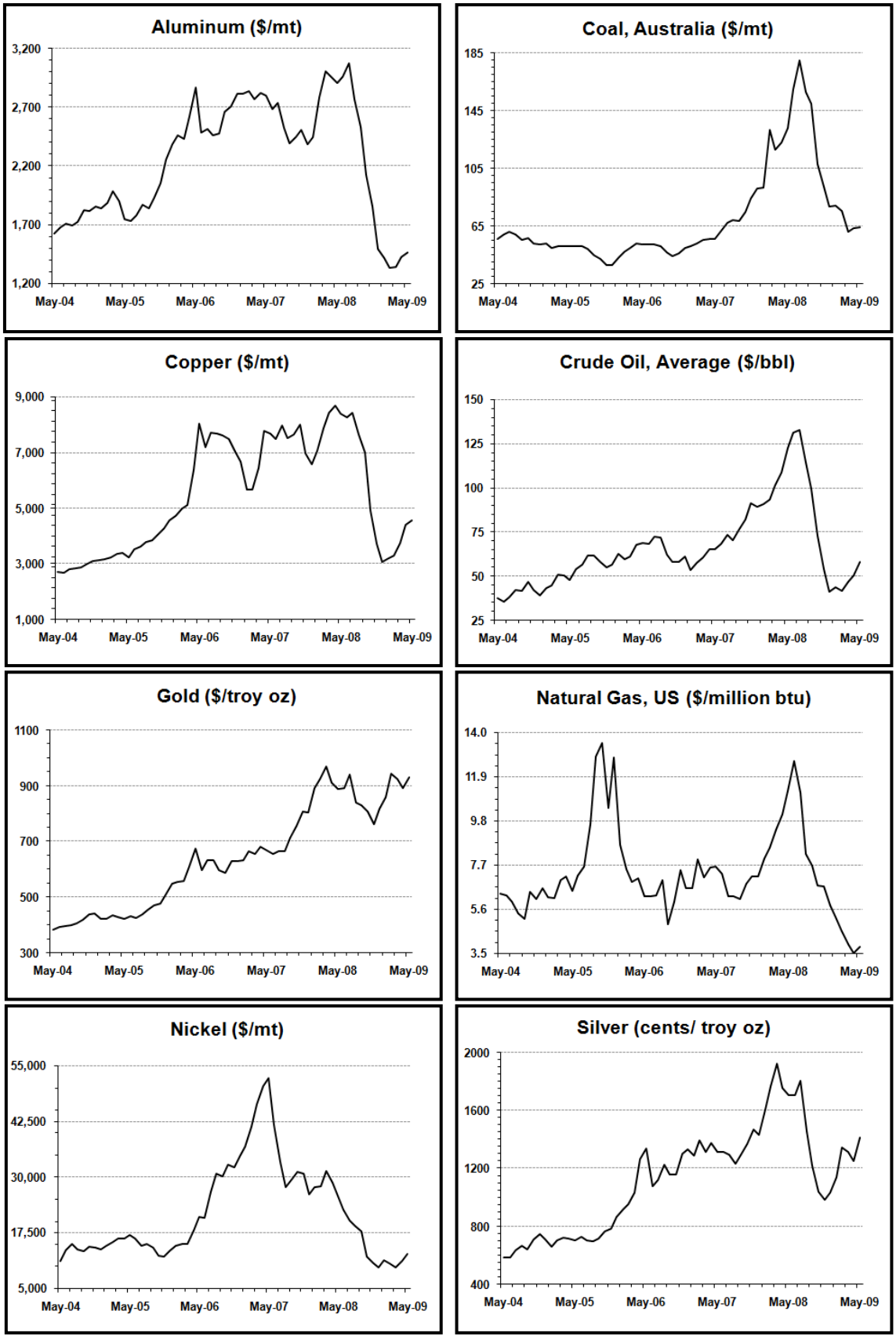
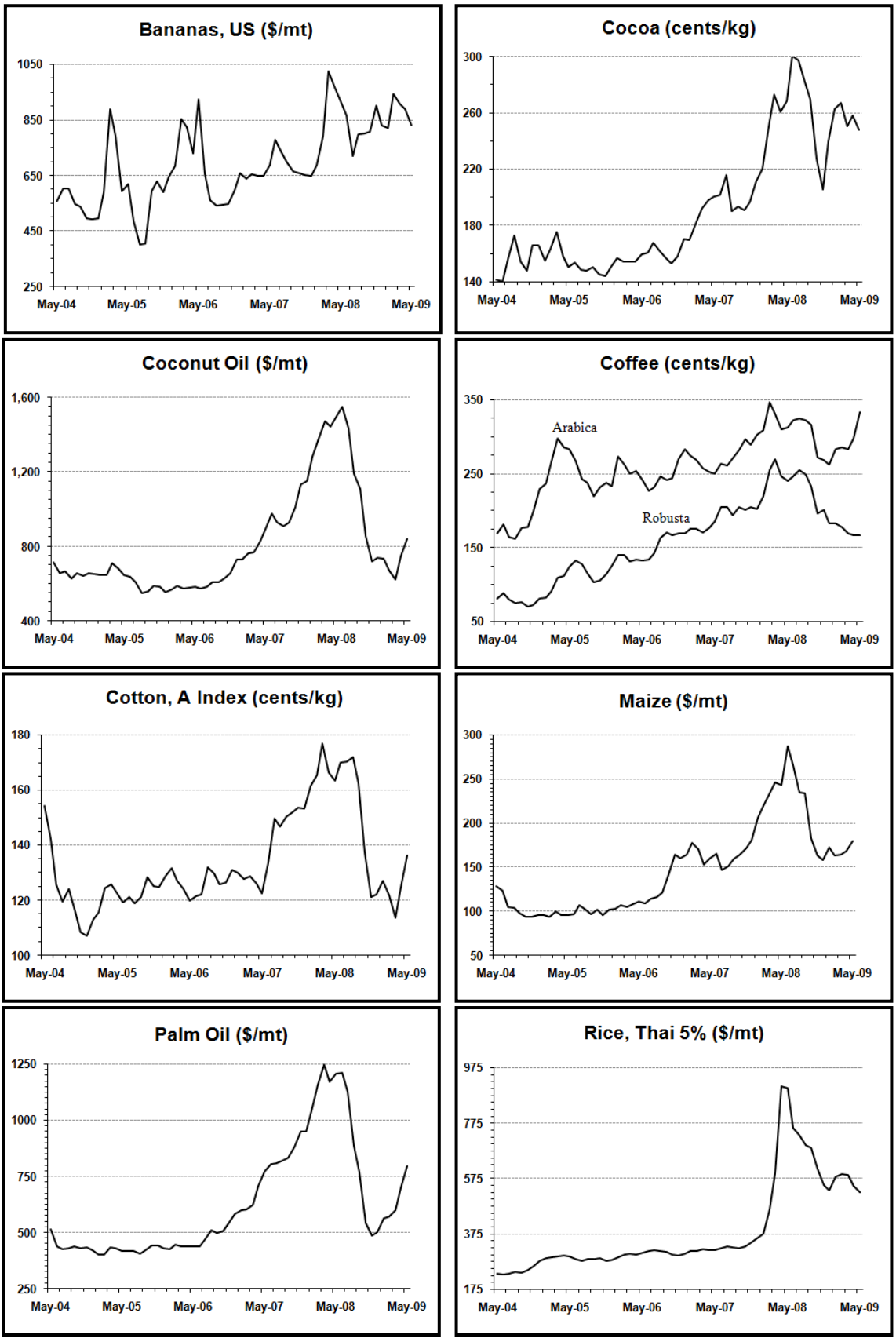
Selected Commodity Prices, Nominal US dollars, 2004-2009



Selected Commodity Prices, Nominal US dollars, 2004-2009 cont'd



Selected Commodity Prices, Nominal US dollars, 2004-2009 cont'd