

Global Commodity Markets

COMMODITIES TEAM OF DECPG, WORLD BANK

monthly update

november 1999

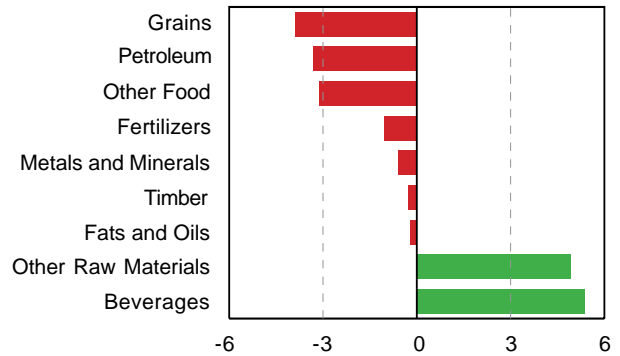
Commodity prices were fairly weak overall but a few commodities experienced large gains – namely, coffee, gold, natural gas, and rubber. Oil and metals prices plateaued and generally retracted from large gains in recent months, although a sharp jump in gold prices and a continued tight nickel market were notable exceptions to this trend. Agriculture prices remained weak on abundant supplies, however weather related problems caused large increases in rubber and arabica coffee prices. The exceptional gains in these commodities contributed to a 0.7% increase in the non-energy price index.

Petroleum prices fell 3.3% after more than doubling over the preceding seven months. Some reported slippage in OPEC compliance and relatively high stock levels, particularly for petroleum products, contributed to the decline. However, stocks are expected to fall significantly during the peak-demand winter season, and prices could again surge upward in the absence of increased supplies. Natural gas prices in Europe continued to recover in lagged response to the sharp rise in oil prices.

Metals and minerals prices generally retracted from the rally of recent months, which was caused by reductions in supply and strengthening demand in Asia. However, stocks remain extremely high in some markets and there is some uncertainty about the prospects for growth in demand. The big exception in

Percentage Change in Price Indices

September 1999 - October 1999

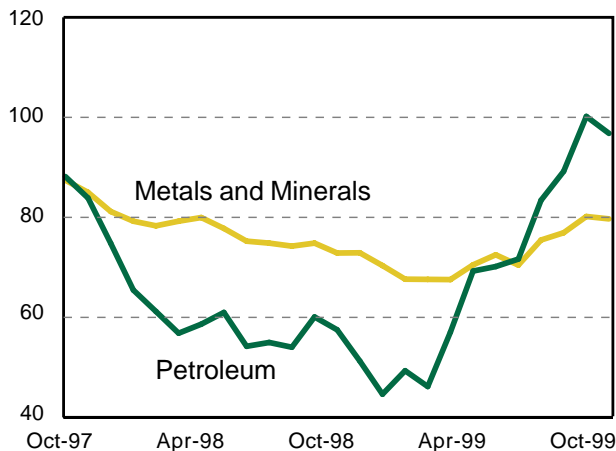


October was in gold prices which rose 17% following the surprise announcement by EU central banks in late September that they would limit gold sales to 2000 tons over the next five years. Nickel prices also continued their upward trend due to shortfalls in supply and low stocks.

Agricultural prices were up 1.2%, mainly because of large gains in arabica coffee and rubber prices, which increased 11.7% and 19.5% respectively. Both increases were a result of weather-related problems. Grains and other food prices fell 3.9% and 3.1%, respectively due to oversupplied markets and weak demand. **Fertilizer prices** were also down reflecting DAP's continued decline for the third consecutive month.

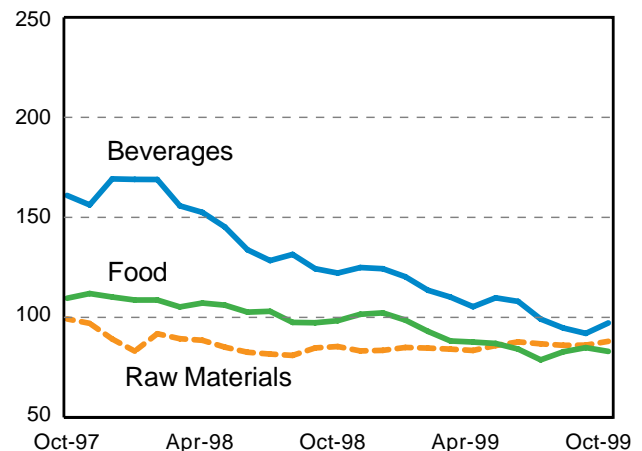
Petroleum and Metals Price Indices

October 1997 - 99 (1990 = 100)



Agriculture Price Indices

October 1997 - 99 (1990 = 100)



Major Movers in October

Arabica coffee prices increased 11.7% following dry weather in Brazil which threatens to reduce next year's crop by as much as 30%. New York's December contract has gained 36% since October 1, while on October 13, it rose 24%, the largest daily increase in five years.

Cotton prices declined an additional 4.1% in October, reaching a 13-year record low of 104.6¢/kg. Expectations that production will exceed consumption by at least 100,000 tons this season, coupled with an increase in exports from China, have contributed to the current low prices.

Fertilizer (DAP) prices fell an additional 7.1% following a 6.0% decline last month. The decline is

due mostly to surplus capacity and low grain prices, but the recent decline also reflects the inability of major producers to control supply and prop up prices. Prices may increase due to the impact of the recent cyclone on India's largest phosphate fertilizer producing region. India is the third biggest producing country.

Gold prices soared to \$340/toz following the decision by European central banks to limit gold sales to about 400 tons per year over the next five years. Short covering on futures markets by producers and speculators contributed to the surge in prices, however prices settled back to under \$300/toz by end-October. Market fundamentals have not changed materially, and announced central bank sales will nevertheless continue.

Natural gas prices in **Europe** surged 12.3% due to the strong recovery in oil prices this year. Contracted imported gas into the European continent is indexed to petroleum prices but with a lag of several months. Natural gas in the **US** increased 7.1% on expectations of strong winter demand and uncertainty about US supply deliverability. However, stocks are relatively high by historical standards and this should prevent a spike in prices this winter.

Nickel prices continued to increase, rising by 4.2% in October, because of low inventories and shortfall in supply. A strike in Canada and problems bringing on new capacity in Australia have contributed to the tight market.

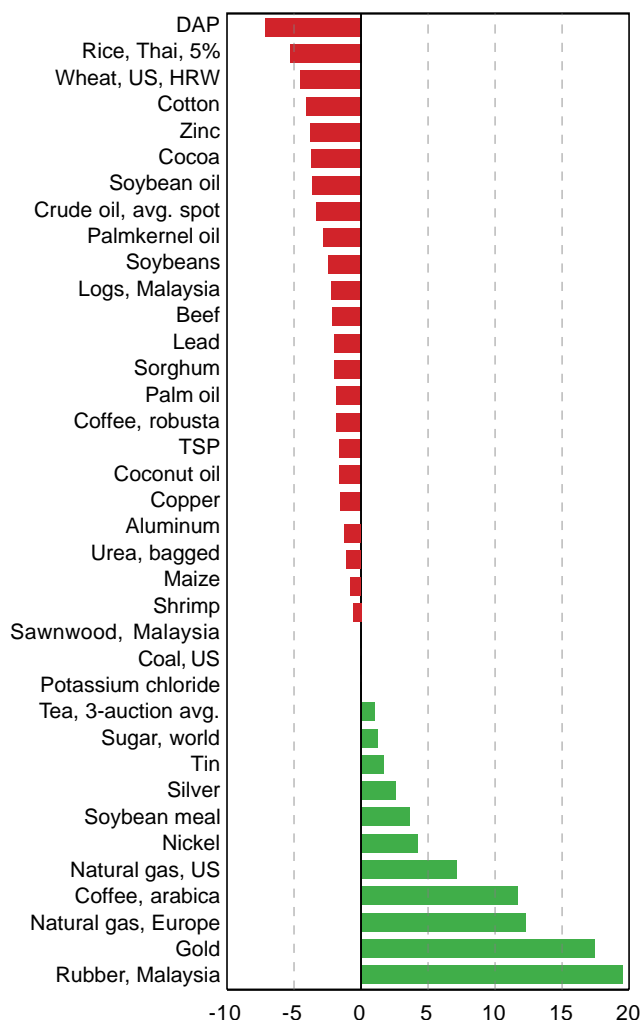
Petroleum prices declined 3.3% because of uncertainty as to how fast the market might tighten this winter. OPEC compliance slipped below 90%, and reported stock levels did not appear to be declining in the third quarter as much as had been expected, particularly for products.

Rice prices fell 5.3% to the lowest level in 5 years. Abundant supplies from major producers and an absence of any major purchases contributed to the decline. The recent decision by Indonesia to ban imports of low and medium quality rice by the private sector is also weighing on the market.

Rubber prices gained an impressive 19.5% in October, up from the 25-year record low in September. In addition to higher demand, heavy monsoon rains in southern Thailand and Indonesia have prevented farmers from collecting rubber.

Wheat prices fell 4.5% on improved export prospects from Southern Hemisphere wheat exporters. Increased planted area and favorable weather conditions have boosted the size of this year's crops, allowing Argentina and Australia to increase exports by as much as 3 million tons.

Percentage Change in Price September 1999 - October 1999



COMMODITY PRICE DATA

Commodity	Unit	Quarterly Averages				Monthly Averages			Changes (%)				
		Jul-Sep 1998	Oct-Dec 1998	Jan-Mar 1999	Apr-Jun 1999	Jul-Sep 1999	Aug 1999	Sep 1999	Oct 1999	Q3 '99/ Q3 '98	Q3 '99/ Q2 '99	Oct '99/ Sep '99	Oct '99/ Oct '98
Energy													
Coal, Australia	\$/mt	27.76	26.43	26.10	26.10	26.10	26.10	26.10	25.60	-6.0	0.0	-1.9	-5.5
Coal, US	\$/mt	34.04	33.50	33.50	33.17	33.00	33.00	33.00	33.00	-3.1	-0.5	0.0	-1.5
Crude oil, avg. spot*	\$/bbl	13.01	11.85	11.79	16.10	20.65	20.27	22.70	21.95	58.7	28.3	-3.3	65.5
Crude oil, Brent*	\$/bbl	12.42	11.09	11.24	15.40	20.54	20.22	22.40	21.95	65.4	33.4	-2.0	74.8
Crude oil, Dubai*	\$/bbl	12.41	11.56	11.07	15.26	19.69	19.34	21.84	21.26	58.7	29.0	-2.7	66.0
Crude oil, W. TX Int'l*	\$/bbl	14.16	12.90	13.05	17.66	21.73	21.25	23.86	22.64	53.5	23.0	-5.1	57.0
Natural gas, Europe	\$/mmbtu	2.37	2.15	1.99	1.89	2.09	2.08	2.20	2.47	-11.8	10.6	12.3	13.8
Natural gas, US	\$/mmbtu	2.01	1.91	1.81	2.23	2.55	2.79	2.54	2.72	26.9	14.3	7.1	43.9
Non-Energy Commodities													
Agriculture													
Beverages													
Cocoa**	¢/kg	169.5	159.1	139.4	113.6	105.7	99.8	106.1	102.2	-37.6	-6.9	-3.7	-38.0
Coffee, arabica**	¢/kg	259.2	252.4	238.0	235.5	198.8	201.4	185.9	207.7	-23.3	-15.6	11.7	-14.1
Coffee, robusta**	¢/kg	173.5	179.7	172.7	149.1	135.4	139.1	131.3	129.0	-22.0	-9.2	-1.8	-27.1
Tea, Calcutta auctions**	¢/kg	214.5	190.0	162.3	223.4	224.9	212.5	221.0	226.8	4.9	0.7	2.7	13.3
Tea, Colombo auctions**	¢/kg	197.3	181.4	160.3	145.9	170.7	167.8	183.9	181.5	-13.5	17.0	-1.3	-1.3
Tea, Mombasa auctions**	¢/kg	171.2	164.6	180.3	175.1	176.9	166.4	197.8	200.3	3.3	1.0	1.3	15.3
Food													
Fats and Oils													
Coconut oil**	\$/mt	662.0	740.3	736.0	832.3	681.3	684.0	704.0	693.0	2.9	-18.1	-1.6	-0.3
Copra	\$/mt	404.7	459.3	457.7	521.3	433.7	431.0	421.0	430.0	7.2	-16.8	2.1	-2.1
Groundnut meal	\$/mt	108.0	105.0	102.3	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Groundnut oil**	\$/mt	862.7	857.7	808.0	755.7	781.7	782.0	797.0	804.0	-9.4	3.4	0.9	-5.4
Palm oil**	\$/mt	679.3	679.3	563.3	458.7	353.7	354.0	388.0	381.0	-47.9	-22.9	-1.8	-45.1
Palmkernel oil	\$/mt	694.3	741.0	704.7	729.0	656.7	689.0	710.0	690.0	-5.4	-9.9	-2.8	-3.4
Soybean meal**	\$/mt	149.0	160.7	145.7	140.0	152.3	152.0	167.0	173.0	2.2	8.8	3.6	14.6
Soybean oil**	\$/mt	606.3	606.3	492.3	426.7	406.3	413.0	414.0	399.0	-33.0	-4.8	-3.6	-35.0
Soybeans**	\$/mt	224.3	229.0	210.3	200.0	196.3	199.0	207.0	202.0	-12.5	-1.8	-2.4	-9.4
Grains													
Maize**	\$/mt	91.6	96.5	95.9	93.4	85.4	85.7	86.5	85.8	-6.8	-8.6	-0.8	-10.2
Rice, Thai, 5%**	\$/mt	322.3	282.2	278.7	244.5	244.3	244.5	229.3	217.0	-24.2	-0.1	-5.3	-27.4
Rice, Thai, 25%	\$/mt	273.7	257.7	239.6	211.6	217.9	220.3	202.5	190.3	-20.4	3.0	-6.0	-29.8
Rice, Thai, 35%	\$/mt	262.1	251.6	232.9	205.9	212.7	215.3	197.8	186.0	-18.8	3.3	-5.9	-29.5
Rice, Thai, A1.Special	\$/mt	225.6	238.5	214.2	189.5	201.1	202.8	184.5	169.8	-10.9	6.1	-8.0	-32.6
Sorghum**	\$/mt	90.5	90.0	90.9	87.6	79.5	81.6	80.0	78.4	-12.1	-9.2	-2.0	-10.6
Wheat, Canada	\$/mt	153.0	164.7	160.7	148.2	148.2	147.6	150.1	147.6	-3.2	-0.1	-1.7	-8.0
Wheat, US, HRW**	\$/mt	111.6	127.7	119.9	112.8	109.2	111.3	113.2	108.1	-2.2	-3.2	-4.5	-14.6
Wheat, US, SRW	\$/mt	95.3	109.0	99.5	96.4	93.4	92.8	102.1	98.7	-2.0	-3.1	-3.3	-8.3
Other Food													
Bananas**	\$/mt	456.5	520.1	479.3	444.0	406.4	412.1	395.5	299.0	-11.0	-8.5	-24.4	-25.3
Beef**	¢/kg	166.7	166.2	177.1	175.6	192.5	207.3	190.7	186.6	15.5	9.7	-2.1	14.0
Fishmeal	\$/mt	670.3	601.3	453.3	343.3	369.3	371.0	382.0	399.0	-44.9	7.6	4.5	-39.7
Lamb	¢/kg	251.1	264.2	247.0	263.2	267.1	269.2	268.0	272.2	6.4	1.5	1.6	-1.1
Oranges**	\$/mt	516.3	415.1	420.3	458.6	474.8	492.4	471.9	530.1	-8.0	3.5	12.4	22.4
Shrimp	¢/kg	1574	1427	1413	1470	1485	1505	1452	1444	-5.6	1.0	-0.6	2.0
Sugar, EU, domestic**	¢/kg	58.59	60.88	59.72	58.78	58.55	58.75	59.35	60.61	-0.1	-0.4	2.1	-0.3
Sugar, US, domestic**	¢/kg	49.10	48.27	49.45	49.88	47.01	46.85	44.36	42.84	-4.3	-5.8	-3.4	-10.3
Sugar, world**	¢/kg	17.92	17.34	15.40	12.63	13.06	12.63	14.70	14.88	-27.1	3.4	1.2	-9.5
Raw Materials													
Timber													
Logs, Cameroon	\$/cum	279.4	295.9	282.3	255.3	247.2	250.5	n.a.	269.3	-11.5	-3.2	n.a.	n.a.
Logs, Malaysia**	\$/cum	140.7	162.0	175.3	178.4	195.9	198.4	202.8	198.4	39.2	9.8	-2.2	21.7
Plywood	¢/sheet	344.3	395.2	426.4	429.9	440.3	441.8	455.5	445.0	27.9	2.4	-2.3	17.3
Sawnwood, Cameroon	\$/cum	519.2	532.0	461.5	424.4	441.8	444.4	456.2	481.4	-14.9	4.1	5.5	-13.3
Sawnwood, Malaysia**	\$/cum	465.5	519.8	544.3	582.8	632.9	629.4	643.4	643.4	35.9	8.6	0.0	26.0
Woodpulp	\$/mt	507.5	458.3	447.6	491.5	521.2	511.5	544.6	544.6	2.7	6.0	0.0	17.6

Continued

COMMODITY PRICE DATA (continued)

Commodity	Unit	Quarterly Averages				Monthly Averages			Changes (%)				
		Jul-Sep 1998	Oct-Dec 1998	Jan-Mar 1999	Apr-Jun 1999	Jul-Sep 1999	Aug 1999	Sep 1999	Oct 1999	Q3 '99/ Q3 '98	Q3 '99/ Q2 '99	Oct '99/ Sep '99	Oct '99/ Oct '98
Non-Energy Commodities (continued)													
Agriculture (continued)													
Other Raw Materials													
Cotton**	¢/kg	150.2	127.5	123.9	129.4	113.8	112.4	109.1	104.6	-24.2	-12.1	-4.1	-22.8
Jute	\$/mt	260.0	270.0	250.0	260.0	295.0	290.0	305.0	301.0	13.5	13.5	-1.3	7.5
Rubber, Malaysia**	¢/kg	68.0	70.6	68.0	59.7	55.6	56.2	54.2	64.7	-18.1	-6.9	19.5	-11.2
Rubber, NY	¢/kg	86.1	87.0	83.7	77.5	74.6	74.1	75.7	82.8	-13.4	-3.7	9.4	-6.6
Rubber, Singapore	¢/kg	68.3	69.0	65.5	59.9	55.9	54.9	56.9	64.7	-18.2	-6.7	13.7	-11.9
Sisal	\$/mt	850.0	850.0	779.2	731.7	647.5	650.0	612.5	628.0	-23.8	-11.5	2.5	-26.1
Wool	¢/kg	313.0	307.2	301.4	307.8	309.0	316.5	300.6	300.6	-1.3	0.4	0.0	-1.0
Fertilizers													
DAP	\$/mt	209.5	204.4	199.3	189.7	173.9	175.0	164.5	152.9	-17.0	-8.3	-7.1	-26.1
Phosphate rock**	\$/mt	43.0	43.0	44.0	44.0	44.0	44.0	44.0	44.0	2.3	0.0	0.0	2.3
Potassium chloride	\$/mt	116.5	118.1	119.1	122.5	122.5	122.5	122.5	122.5	5.2	0.0	0.0	4.6
TSP**	\$/mt	175.0	168.9	164.1	162.6	150.9	151.3	147.5	145.1	-13.8	-7.2	-1.6	-15.4
Urea, E. Europe, bagged	\$/mt	102.3	88.0	79.5	75.9	77.4	78.9	78.4	77.5	-24.4	1.9	-1.1	-15.8
Urea, E. Europe, bulk	\$/mt	84.8	68.3	67.6	64.6	66.1	68.0	66.7	66.3	-22.1	2.3	-0.7	-4.7
Metals and Minerals													
Aluminum**	\$/mt	1321	1283	1196	1306	1443	1431	1492	1474	9.2	10.5	-1.2	13.1
Copper**	\$/mt	1640	1545	1407	1467	1679	1648	1750	1724	2.4	14.5	-1.5	8.7
Gold	\$/toz	288.7	293.9	286.8	273.5	259.2	256.7	264.7	310.7	-10.2	-5.2	17.4	5.0
Iron ore**	¢/dmtu	29.69	29.69	26.96	26.96	26.96	26.96	26.96	26.96	-9.2	0.0	0.0	-9.2
Lead**	¢/kg	53.4	49.6	50.5	51.9	50.2	50.3	50.7	49.7	-6.0	-3.3	-2.0	0.9
Nickel**	\$/mt	4169	3961	4635	5232	6392	6449	7028	7321	53.3	22.2	4.2	89.1
Silver	¢/toz	522.0	495.8	530.2	515.6	526.7	529.4	527.9	541.7	0.9	2.2	2.6	8.3
Steel products (8) index*** 1990=100		73.4	69.0	64.1	66.4	70.4	70.7	72.1	72.5	-4.0	6.1	0.6	2.3
Steel-cold rolled coilsheet	\$/mt	360.0	320.0	306.7	328.3	350.0	350.0	360.0	370.0	-2.8	6.6	2.8	12.1
Steel-hot rolled coilsheet	\$/mt	270.0	236.7	206.7	223.3	263.3	270.0	280.0	280.0	-2.5	17.9	0.0	12.0
Steel, rebar	\$/mt	233.3	240.0	230.0	230.0	240.0	240.0	240.0	240.0	2.9	4.3	0.0	0.0
Steel, wire rod	\$/mt	336.7	326.7	293.3	290.0	290.0	290.0	290.0	290.0	-13.9	0.0	0.0	-14.7
Tin**	¢/kg	561.0	538.9	524.6	543.6	526.8	523.0	534.3	543.1	-6.1	-3.1	1.7	0.0
Zinc**	¢/kg	102.3	95.6	99.3	102.0	113.2	113.1	119.4	114.9	10.6	11.0	-3.8	22.1
World Bank Commodity Price Indices for Low and Middle Income Countries (1990 = 100)													
Petroleum		56.9	51.8	51.5	70.4	90.3	88.6	99.2	95.9	58.8	28.3	-3.3	65.5
Non-Energy Commodities		95.2	94.5	89.8	87.8	86.3	86.2	87.2	87.8	-9.3	-1.7	0.7	-6.7
Agriculture		102.6	102.7	97.6	93.4	89.0	89.0	89.3	90.4	-13.2	-4.7	1.2	-11.2
Beverages		129.0	124.9	116.0	109.3	97.3	96.7	94.1	99.2	-24.6	-11.0	5.4	-19.6
Food		101.1	102.6	95.3	88.6	84.6	85.2	87.2	85.4	-16.4	-4.5	-2.1	-14.8
Fats and Oils		127.2	131.5	115.6	106.0	96.7	97.1	103.9	103.7	-24.0	-8.7	-0.2	-19.9
Grains		98.3	96.5	94.3	86.8	83.8	84.4	82.6	79.4	-14.8	-3.5	-3.9	-19.5
Other Food		81.4	82.4	79.3	75.3	75.1	75.9	76.2	73.8	-7.7	-0.3	-3.1	-4.5
Raw Materials		84.9	86.4	86.9	88.0	88.6	88.3	88.4	90.3	4.4	0.7	2.1	2.9
Timber		86.3	96.7	101.7	108.2	117.7	117.3	119.9	119.6	36.3	8.8	-0.3	25.5
Other Raw Materials		83.9	79.4	76.8	74.2	68.8	68.6	67.0	70.3	-18.0	-7.4	4.9	-14.9
Fertilizers		123.0	120.1	118.7	118.0	112.3	112.5	110.7	109.6	-8.7	-4.8	-1.0	-9.7
Metals and Minerals		74.5	72.0	67.7	71.2	77.3	76.7	79.9	79.4	3.7	8.6	-0.6	9.1

*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