

Commodity Markets Review

September 10, 2009

DECPG, The World Bank

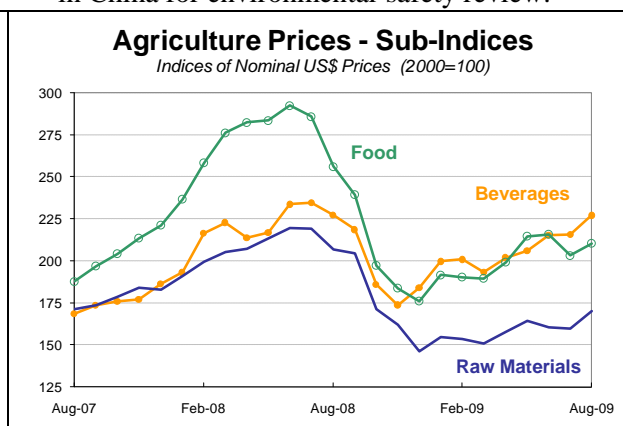
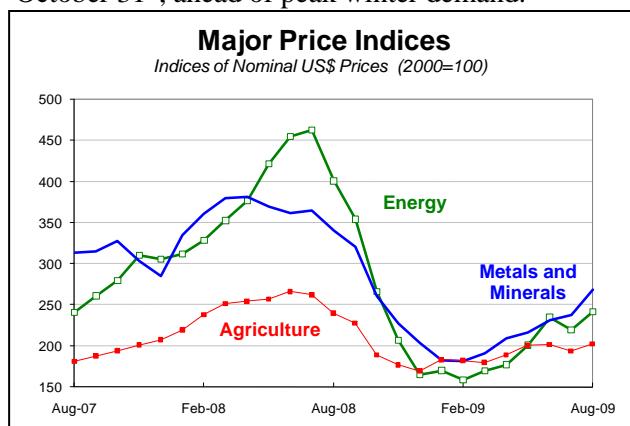
Non-energy commodity prices rose 6.6 percent in August partly reflecting a 1.3 percent decline in the value of the dollar versus the euro, and various supply constraints. The largest gains were in metals and a few agriculture commodities, notably sugar, rubber and vegetable oils.

Crude oil prices rebounded in August, rising 10.8 percent to average \$71.6/bbl, the highest level in 10 months. However, prices have had difficulty climbing much above \$70/bbl in recent months due to still weak demand and large overhang of stocks. Nevertheless, prices remain supported by OPEC's determination to lift prices to around \$75/bbl. At its meeting in early September OPEC agreed to leave production levels unchanged but indicated it would respond rapidly should oil prices fall sharply. Global oil demand is firming with relatively strong growth in non-OECD countries and somewhat smaller declines in the OECD.

Natural gas prices in the U.S. fell 7.1 percent in August, and are down 75 percent from last year's peak due to weak demand, large stocks and robust production from non-conventional shale gas. Industrial gas demand fell 12 percent in the first half of the year, and inventories are on track to reach record levels at the end of the storage injection season on October 31st, ahead of peak winter demand.

Agriculture prices rose 4.4 percent in August, with large gains confined to a few commodities. Sugar prices shot up 22 percent due to stronger imports from India because of a weak monsoon, and also due to wet weather in Brazil that has slowed harvest. Rubber prices jumped 18 percent due to strong demand and weather-related disruptions in the key suppliers, Thailand and Malaysia. The other strong gains were in vegetable oils where lower production in Indonesia and Malaysia lifted palm oil prices 13 percent. Poor production of copra in the Philippines and lower-than-expected palm kernels in Malaysia and Indonesia helped raise palmkernel and coconut oil prices by 9 percent.

Metals and minerals prices jumped 12.7 percent in August—but remain 15 percent below 2007 average levels—mainly due to a number of supply constraints. Nickel prices soared 23 percent due to strikes at Vale's operations in Canada, as well as rising demand from the stainless steel sector. Strong demand for galvanized steel has also boosted zinc prices. Copper prices jumped 18 percent on impending labor negotiations at a number of large mines, especially in Chile. Aluminum prices rose 16 percent as a large volume of LME inventories are tied up in financing deals and unavailable to the market. Lead prices rose 13 percent following indefinite closure of several smelters in China for environmental-safety review.



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

Major Movers August¹

Nickel prices soared 22.9 percent due to strikes at Vale's Canadian operations that began in July. While the labor disputes may be protracted, there has been a resurgence of nickel pig iron production in China and stocks are very high.

Sugar prices surged 21.8 percent as wet conditions slowed Brazil's sugar cane harvest, while India and Pakistan have increased imports, in part because of a poor monsoon.

Copper prices jumped 18.2 percent on expectations of restocking outside China, and re-emerging supply constraints, including renewal of large labor contracts during 2H09.

Rubber prices increased 17.7 percent due to strong demand and weather-related supply disruptions in Thailand and Malaysia, the world's key natural rubber suppliers.

Aluminum prices rose 15.9 percent due to strong demand from the auto sector, and the fact that a large volume of LME inventories are collateralized against financing arrangements.

Zinc prices rose 15.4 percent following strong demand from the galvanized steel sector, and expectations of restocking outside China.

Lead prices rose 13.2 percent as Chinese authorities shut down a number of lead smelters following a spate of poisoning incidents, and more are expected. However, the duration of the closures is unknown.

Palm oil prices rose 13.0 percent due to relatively strong demand and lower production in Indonesia and Malaysia.

Crude oil prices increased 10.8 percent on continued expectations of recovering demand and OPEC production restraint.

Palmkernel and coconut oil prices rose 8.7 percent and 8.6 percent, respectively, because of poor production of copra in the Philippines and lower-than-expected palmkernel production in Malaysia and Indonesia.

DAP fertilizer prices rose 8.6 percent with some strengthening of demand, but prices are barely a quarter of a year earlier.

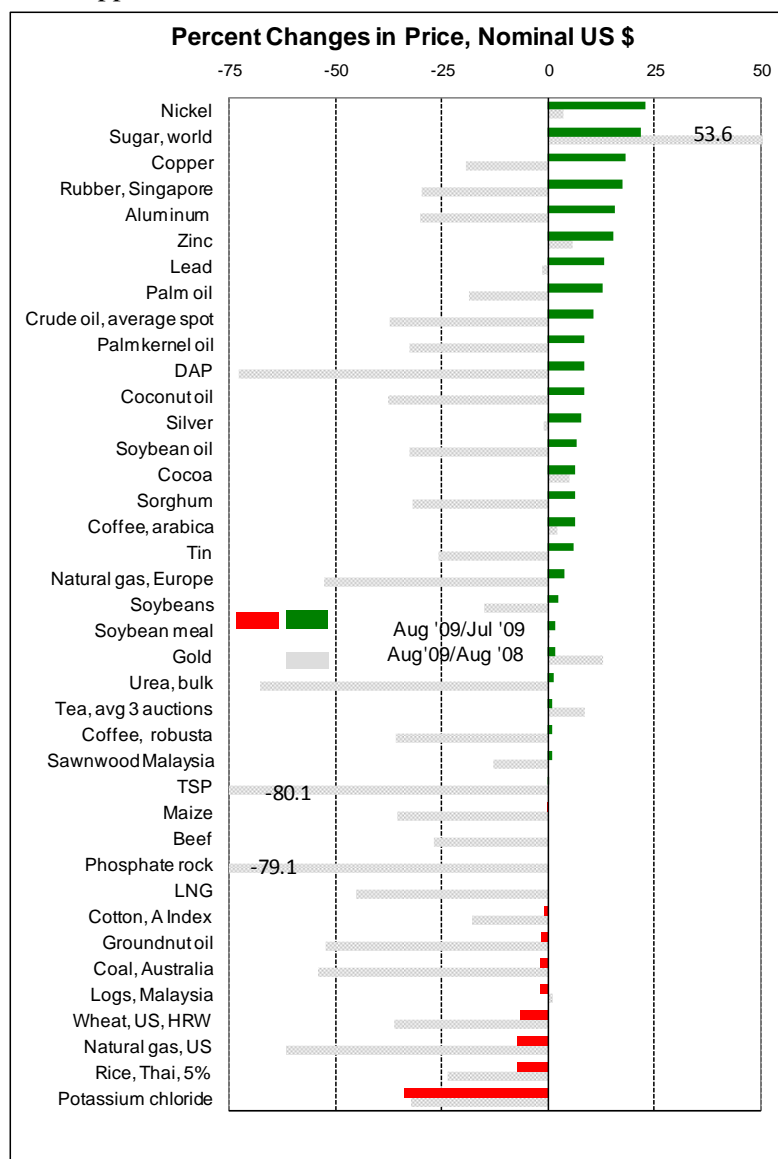
Silver prices rose 7.8 percent due to strong demand—both from industrial users and financial investors.

Wheat prices dropped 6.4 percent following an upward revision of the global wheat crop by the US Department of Agriculture, which currently shows a well-supplied market.

Natural gas prices in the U.S. fell 7.1 percent due to weak industrial demand, robust production and large inventories.

Rice prices fell 7.4 percent on news that stocks held by the Thai government rose to its highest levels on record.

Potassium chloride fertilizer prices plunged 34.0 percent due to weak demand amid ample supplies.



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

COMMODITY PRICE DATA

Commodity	Unit	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
		2007	2008	2009	2008	2008	2008	2009	2009	2009	2009	2009
Energy												
Coal, Australia	a/ \$/mt	65.73	127.10	70.19	138.65	162.80	92.97	71.93	66.48	71.38	73.80	72.50
Crude oil, avg, spot	a/ \$/bbl	71.12	96.99	55.78	120.97	15.68	56.00	44.11	59.19	69.15	64.67	71.63
Crude oil, Brent	a/ \$/bbl	72.70	97.64	56.22	122.39	15.60	55.89	44.98	59.13	68.62	64.91	72.50
Crude oil, Dubai	a/ \$/bbl	68.37	93.78	55.85	116.67	13.47	53.67	44.56	58.93	69.21	64.97	71.32
Crude oil, West Texas Int.	a/ \$/bbl	72.28	99.56	55.27	123.85	17.98	58.45	42.80	59.52	69.62	64.12	71.06
Natural gas Index	a/ 2000=100	186.5	267.9	158.5	286.0	284.1	266.2	198.2	142.9	141.0	122.5	122.3
Natural gas, Europe	a/ \$/mmbtu	8.56	13.41	9.25	12.40	14.62	15.75	11.94	8.18	7.95	6.67	6.92
Natural gas, US	a/ \$/mmbtu	6.98	8.86	3.92	11.35	9.03	6.40	4.57	3.70	3.80	3.39	3.15
Natural gas LNG, Japan	a/ \$/mmbtu	7.68	12.53	8.75	11.71	13.33	14.62	10.90	7.60	7.18	7.25	7.25
Non Energy Commodities												
Agriculture												
Beverages												
Cocoa	b/ c/kg	195.2	257.7	266.1	276.4	282.6	224.1	259.7	258.7	270.4	277.5	295.7
Coffee, Arabica	b/ c/kg	272.4	308.2	306.6	315.1	321.2	267.8	283.9	320.2	330.2	310.6	330.2
Coffee, robusta	b/ c/kg	190.9	232.1	167.6	243.6	244.8	192.6	175.8	165.3	162.7	158.0	159.5
Tea, auctions (3), average	b/ c/kg	203.6	242.0	255.9	254.7	272.3	206.6	218.0	266.1	278.2	295.9	298.7
Tea, Colombo auctions	b/ c/kg	252.2	278.9	296.6	298.5	303.2	208.8	261.7	299.1	313.6	346.0	344.3
Tea, Kolkata auctions	b/ c/kg	192.1	225.5	236.5	244.0	260.9	220.2	177.4	271.3	280.1	274.4	272.0
Tea, Mombasa auctions	b/ c/kg	166.5	221.8	234.5	221.6	252.8	190.8	214.9	228.0	240.8	267.3	279.8
Food												
Fats and Oils												
Coconut oil	b/ \$/mt	919	1224	725	1499	1246	772	677	779	747	685	744
Copra	\$/mt	607	816	477	1013	817	520	447	513	480	448	492
Groundnut oil	b/ \$/mt	1352	2131	1203	2328	2417	1773	1283	1166	1154	1149	1130
Palm oil	b/ \$/mt	780	949	665	1198	928	512	577	743	726	639	722
Palmkernel oil	\$/mt	888	1130	676	1420	1114	609	577	763	741	666	724
Soybean meal	b/ \$/mt	308	424	404	484	450	320	365	424	446	429	437
Soybean oil	b/ \$/mt	881	1258	823	1466	1353	830	755	863	896	836	891
Soybeans	b/ \$/mt	384	523	437	585	566	377	394	461	503	462	474
Grains												
Barley	b/ \$/mt	172.4	200.5	125.0	239.1	216.6	129.5	116.3	129.5	148.6	140.3	122.3
Maize	b/ \$/mt	163.7	223.1	166.5	259.0	244.7	168.4	166.9	176.0	179.5	151.6	152.0
Rice, Thailand, 5%	b/ \$/mt	326.4	650.2	564.7	855.3	703.0	564.4	586.3	552.4	574.5	572.0	529.5
Rice, Thailand, 25%	\$/mt	306.5	n.a.	460.3	n.a.	669.5	449.9	469.4	458.7	476.0	463.5	434.5
Rice, Thailand, 35%	\$/mt	300.1	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	272.3	482.3	322.1	693.7	478.6	314.1	323.4	326.3	320.8	320.3	308.0
Sorghum	\$/mt	162.7	207.8	147.4	246.9	214.7	151.0	145.3	155.8	153.0	133.8	142.4
Wheat, Canada	\$/mt	300.4	454.6	312.1	484.4	390.2	322.1	321.9	325.6	326.8	288.4	266.1
Wheat, US, HRW	b/ \$/mt	255.2	326.0	235.2	346.5	317.7	228.1	231.6	250.5	256.6	224.9	210.4
Wheat US SRW	\$/mt	238.6	271.5	185.8	277.8	241.5	182.7	187.4	195.6	201.7	175.6	161.7
Other Food												
Bananas EU	\$/mt	1037	1188	1189	1263	1123	944	1142	1287	1284	1146	1076
Bananas US	b/ \$/mt	676	844	864	920	775	847	891	858	854	827	834
Fishmeal	\$/mt	1177	1133	1101	1185	1198	1023	1013	1097	1149	1207	1271
Meat, beef	b/ c/kg	260.3	313.8	258.8	332.7	372.4	268.0	245.2	262.8	269.2	273.4	273.4
Meat, chicken	b/ c/kg	156.7	169.6	174.3	167.9	177.1	174.7	173.5	174.1	176.8	177.5	173.9
Meat, sheep	c/kg	412.0	458.5	416.3	493.2	477.3	410.0	378.5	428.7	453.9	453.7	455.5
Oranges	b/ \$/mt	957	1107	815	1322	1163	842	799	870	816	715	803
Shrimp, Mexico	b/ c/kg	1010	1069	972	1109	1048	1014	976	970	970	970	970
Sugar EU domestic	b/ c/kg	68.09	69.69	53.45	77.59	74.70	51.97	51.44	53.76	55.35	55.63	56.34
Sugar US domestic	b/ c/kg	45.77	46.86	47.92	46.34	51.52	44.72	43.82	47.89	49.15	50.74	57.46
Sugar, world	b/ c/kg	22.22	28.21	34.79	27.01	31.14	26.28	28.85	33.89	36.22	40.63	49.47
Raw Materials												
Timber												
Logs, Cameroon	\$/cum	3813	526.9	410.9	554.4	548.5	473.8	426.8	394.8	406.5	408.6	413.7
Logs, Malaysia	b/ \$/cum	268.0	292.3	294.0	282.3	277.7	315.7	313.6	284.5	279.3	281.4	276.4
Plywood	c/sheets	640.7	645.5	567.4	647.3	648.6	645.5	572.8	565.8	563.6	561.9	561.6
Sawnwood, Cameroon	\$/cum	760	958	724	1052	974	771	689	721	762	776	785
Sawnwood, Malaysia	b/ \$/cum	806.3	889.1	807.2	935.8	900.3	859.9	813.7	829.7	817.9	760.3	767.3
Woodpulp	\$/mt	767.0	820.2	568.3	870.7	848.8	711.0	565.1	549.9	565.7	596.2	605.0
Other Raw Materials												
Cotton A Index	b/ c/kg	139.5	157.4	130.5	166.5	168.2	126.9	120.8	132.4	135.4	142.9	141.6
Cotton Memphis	c/kg	142.9	161.5	139.2	171.6	170.0	130.1	129.8	142.4	141.4	142.2	154.9
Rubber, US	c/kg	248.0	284.1	184.1	311.7	329.1	202.8	165.8	187.0	187.6	191.4	223.1
Rubber, Singapore	b/ c/kg	226.3	258.6	164.8	303.5	298.4	159.0	146.0	166.4	167.5	174.9	205.9

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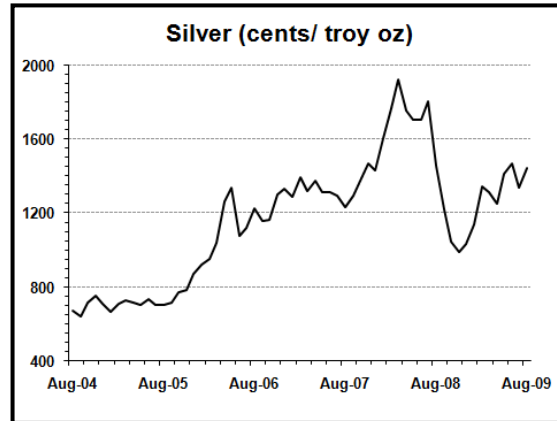
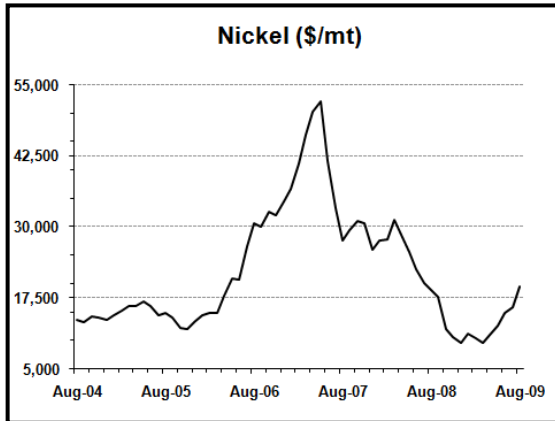
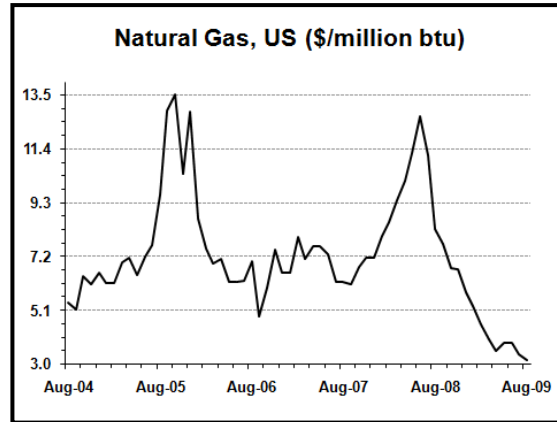
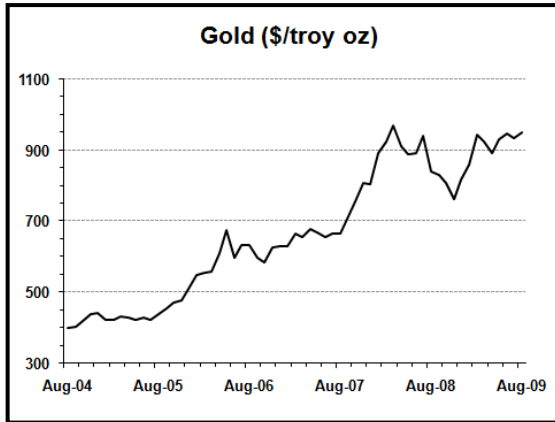
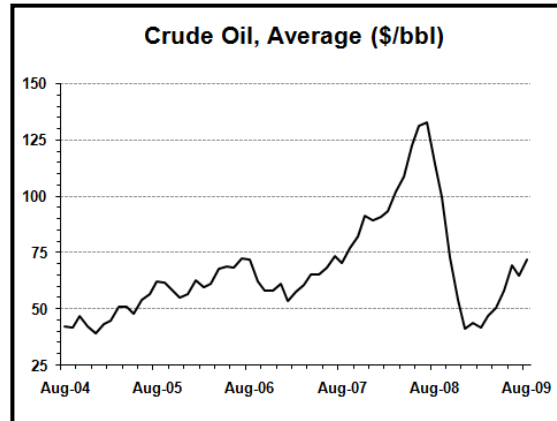
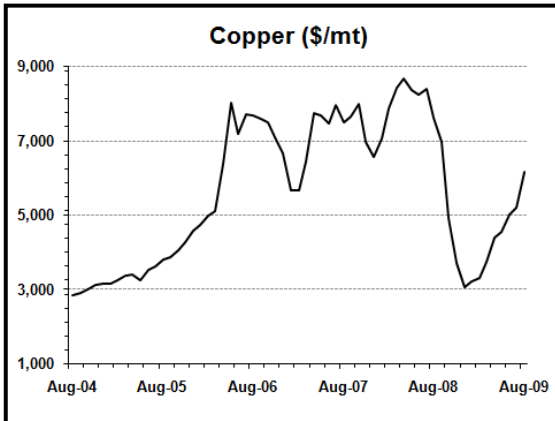
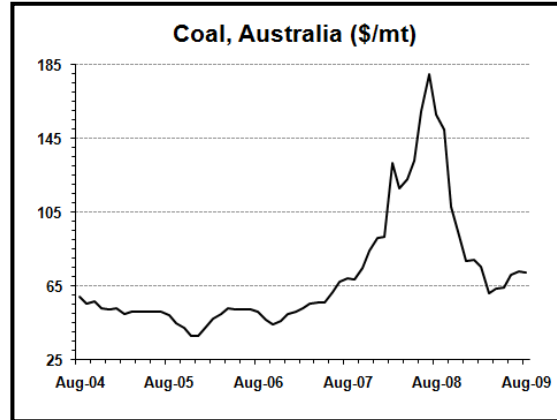
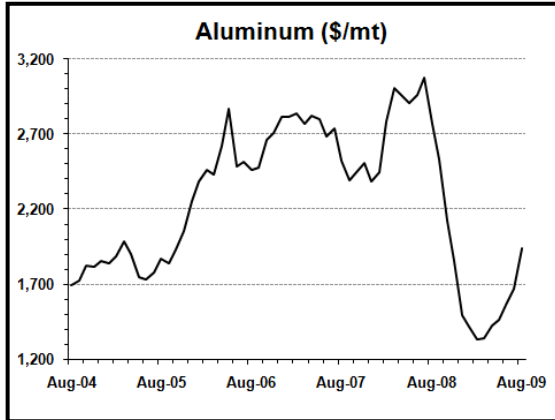
a/ Included in the energy index (2000=100) b/ Included in the non-energy index (2000=100) c/ Steel not included in the non-energy index
 \$ = US dollar ¢ = US cent bbl = barrel cum = cubic meter dmtu = Dry Metric Ton Unit kg = kilogram mmbtu = million British thermal units
 mt = metric ton toz = troy oz n.a. = not available n.q. = no quotation

COMMODITY PRICE DATA

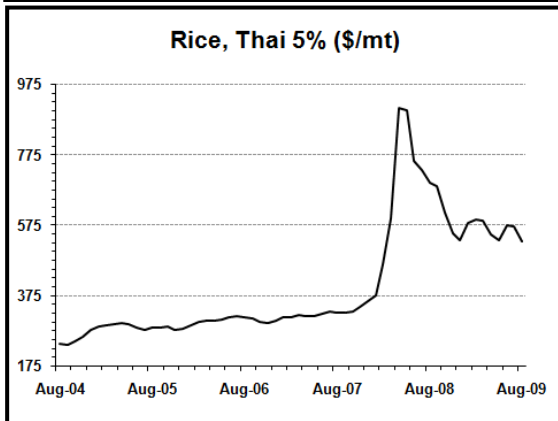
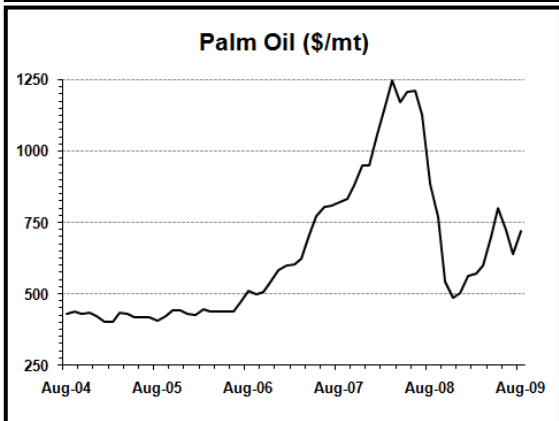
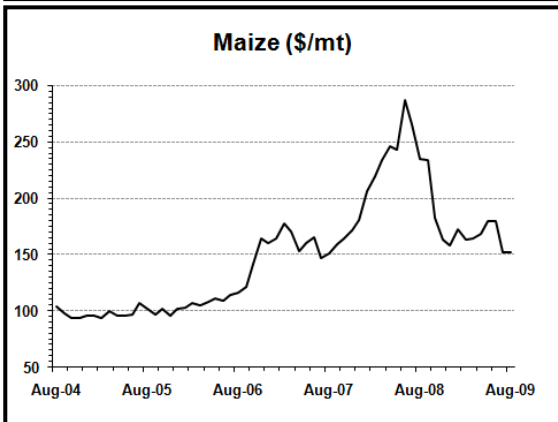
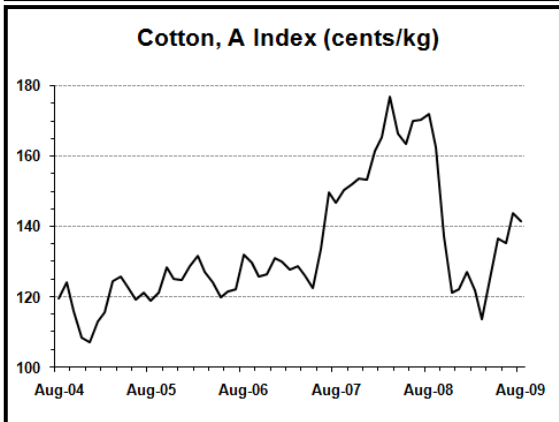
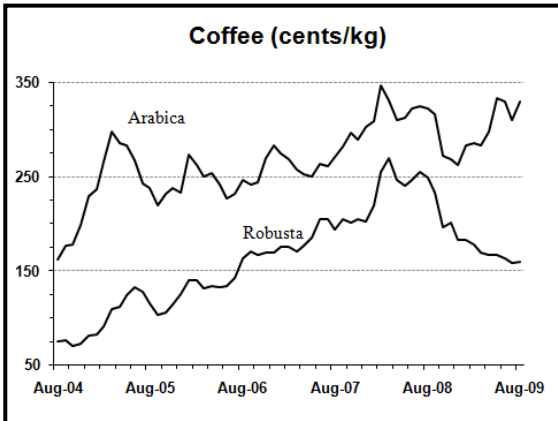
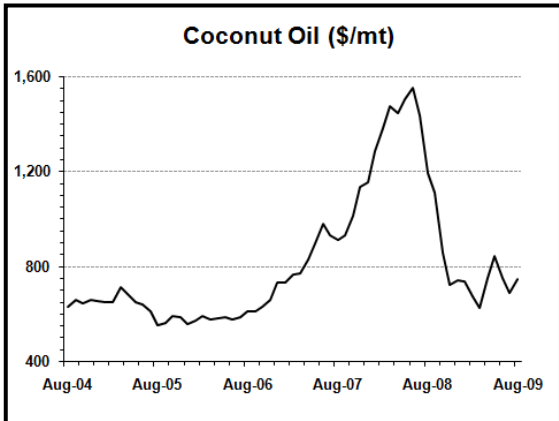
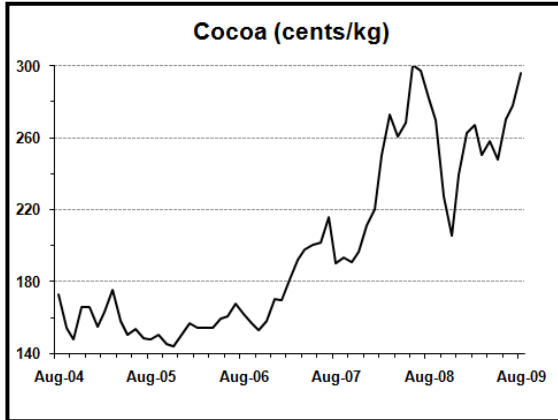
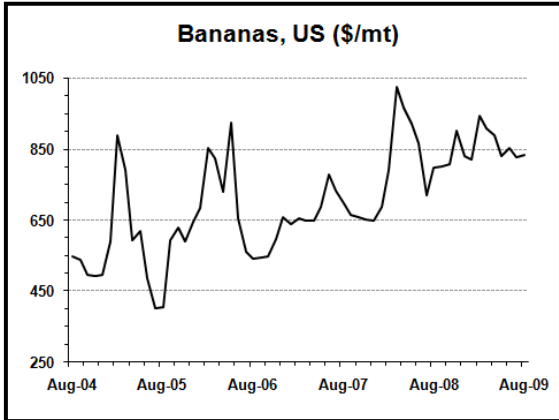
		Annual averages			Quarterly averages					Monthly averages		
		Jan-Dec	Jan-Dec	Jan-Aug	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jun	Jul	Aug
		2007	2008	2009	2008	2008	2008	2009	2009	2009	2009	2009
Fertilizers												
DAP	b/ \$/mt	433	967	326	1,192	1,154	663	362	304	278	293	319
Phosphate rock	b/ \$/mt	70.9	345.6	137.5	367.5	409.2	371.3	193.3	113.3	96.9	90.0	90.0
Potassium chloride	b/ \$/mt	200.2	570.1	733.0	511.1	635.0	766.7	865.2	726.7	717.5	655.5	432.5
TSP	b/ \$/mt	339	879	270	1,036	1,108	659	322	248	220	224	225
Urea, E. Europe, bulk	b/ \$/mt	309.4	492.7	252.0	575.7	745.4	292.2	267.3	241.1	237.4	243.7	247.1
Metals and Minerals												
Aluminum	b/ \$/mt	2,638	2,573	1,517	2,940	2,787	1,821	1,360	1,485	1,574	1,668	1,934
Copper	b/ \$/mt	7,118	6,956	4,457	8,443	7,680	3,905	3,428	4,663	5,014	5,216	6,165
Gold	\$/toz	696.7	871.7	921.8	896.0	869.6	794.5	908.7	921.5	945.7	934.2	949.4
Iron ore	b/ c/dmtu	84.7	140.6	101.0	140.6	140.6	140.6	101.0	101.0	101.0	101.0	101.0
Lead	b/ c/kg	258.0	209.1	144.4	230.7	191.2	124.5	115.7	149.9	167.4	167.9	190.0
Nickel	b/ \$/mt	37,230	21,111	13,225	25,682	18,961	10,843	10,471	12,920	14,960	15,985	19,642
Silver	c/toz	1,341	1,500	1,338	1,720	1,495	1,020	1,265	1,376	1,466	1,339	1,443
** Steel products index, Japan F	2000=100	182.0	289.3	236.4	279.2	338.2	310.4	274.5	215.5	213.6	211.3	210.3
Steel cr coilsheet, Japan, Reins	\$/mt	650.0	965.6	825.0	900.0	1100.0	1100.0	1033.3	700.0	700.0	700.0	700.0
Steel hr coilsheet, Japan, Reins	\$/mt	550.0	883.3	725.0	833.3	1000.0	1000.0	933.3	600.0	600.0	600.0	600.0
Steel, rebar, Japan, Reinstated	\$/mt	521.5	760.2	470.9	837.5	934.2	629.6	472.5	450.0	475.0	500.0	500.0
Steel wire rod, Japan, Reinstated	\$/mt	533.3	1009.8	1042.5	950.0	1135.0	1200.0	1200.0	1006.7	900.0	870.0	850.0
Tin	b/ c/kg	1,454	1,851	1,281	2,265	2,051	1,310	1,103	1,351	1,499	1,404	1,487
Zinc	b/ c/kg	324.2	187.5	141.7	211.3	177.0	118.5	117.2	147.3	155.7	157.9	182.2
NEW World Bank commodity price indices for low and middle income countries (2000 =100)												
Energy		244.8	342.0	196.8	417.8	406.0	212.9	166.3	204.5	235.0	219.9	241.8
Non Energy Commodities		224.7	272.0	203.6	307.8	292.6	206.3	189.9	207.8	214.2	210.8	224.7
Agriculture		180.3	229.5	191.7	259.4	243.5	178.6	181.9	197.2	201.7	193.9	202.5
Beverages		169.9	210.0	207.4	221.4	226.8	181.2	198.0	207.7	215.2	215.5	227.0
Food		184.7	247.4	201.8	286.3	260.5	185.7	190.4	209.8	215.7	203.3	210.5
Fats and Oils		209.0	277.3	213.1	327.7	288.9	182.4	191.4	227.9	235.3	216.9	229.8
Grains		189.0	281.7	219.1	335.2	298.5	218.6	221.3	225.3	232.5	211.8	201.5
Other Food		149.0	177.1	171.4	187.4	188.9	160.2	161.3	172.1	174.9	177.7	183.3
Raw Materials		174.9	195.7	159.1	213.7	210.4	160.0	153.1	161.1	160.7	160.0	170.5
Timber		136.8	150.5	139.9	155.4	150.2	149.4	143.1	141.8	139.6	132.3	132.7
Other Raw Materials		216.6	245.3	180.1	277.4	276.3	171.6	164.0	182.2	183.7	190.4	211.8
Fertilizers		240.1	566.7	318.9	624.1	741.1	492.2	376.6	300.6	286.9	277.3	242.2
Metals and Minerals		314.0	325.7	214.8	371.1	342.4	230.6	185.0	219.0	231.5	238.1	268.3

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

