

Commodity Markets Review

August 7, 2007

DECPG, The World Bank

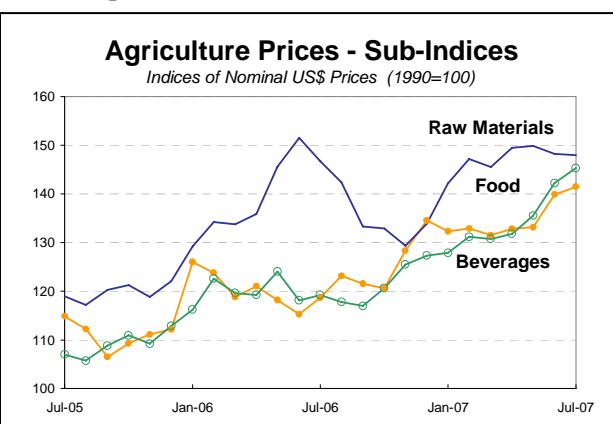
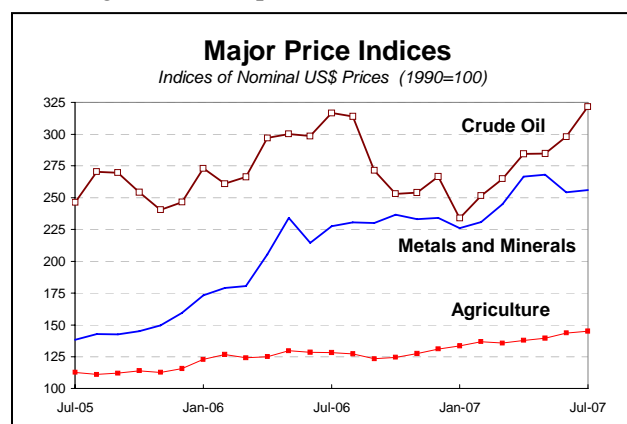
Non-oil commodity prices increased 0.9 percent in July, with the year-to-date gain at almost 11 percent. Among agriculture prices, strong gains in fats & oils, cotton, sugar, and wheat were partly offset by declines in maize and rubber. For metals, soaring lead prices were partly offset by plunging nickel prices.

Crude oil prices rose 7.9 percent in July, setting a record nominal monthly high of \$73.6/bbl. Prices in late July also exceeded their previous daily highs, with Brent reaching \$79.5/bbl, before slumping in early August. Large inflows of investment funds drove prices higher on expectations that the global oil market will tighten. Crude oil markets remain well supplied, but U.S. inventories have fallen in the last several weeks as refineries ramp-up output following numerous outages. However, this has lifted refined product supplies, and prices such as gasoline have declined.

Crude oil futures prices moved into backwardation (near-by prices above future prices) for the first time in nearly 3 years, and this will discourage stock building. As crude inventories fall, OPEC will be obliged to raise production, however the organization has said it has no intention of increasing quotas before its meeting September 11th, arguing that markets are well supplied. In July, OPEC production rose some 0.4 mb/d, mainly on gains of 0.2 mb/d in both Nigeria and Iraq.

Agriculture prices rose 1.1 percent in July, led by a 3.1 percent jump in fats and oils prices (up 29 percent y-t-d). Groundnut oil prices surged 14 percent on lower production in India, while soybean meal and oil prices were up 6-7 percent on strong demand for feed, fuel and food amid lower U.S. soybean plantings. Cotton prices rose 12 percent on lower U.S. production prospects from drought (southeast) and flooding (Texas). Sugar prices rose 10 percent, reversing an 18-month, 50 percent price slide, while cocoa prices rose 7 percent on drought in West Africa. Wheat prices rose 7 percent on lower production estimates in Canada and Europe, while maize and sorghum prices dropped 11 percent on expectations of higher production.

Metals and minerals prices rose 0.7 percent in July, led by a 27 percent surge in lead prices. The temporary closure of the Magellan mine in Australia because of environment issues at ports has led to a shortage of lead concentrate amid strong battery demand in China. Copper prices rose 6.7 percent, continuing their rebound back above \$8,000/ton, on a series of strike-related disruptions in Chile, Mexico, Peru, Canada and Zambia. Tin prices increased 4.5 percent on ongoing efforts by the Indonesian government to curb unlicensed production. Largely offsetting these gains, nickel prices plunged 20 percent due to rising stocks and large cutbacks in stainless steel production.



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

Major Movers July¹

Lead prices surged 27.1 percent (up 80 percent y-t-d) on continued suspension of production in Australia because of environmental issues at ports, and lower exports from China following changes to tariffs on refined lead.

Groundnut oil prices jumped 13.7 percent due to sharply lower production in India, a result of strong demand for direct use of groundnuts.

Cotton prices in the U.S. rose 12.5 percent on strong Chinese demand, and expectations of lower U.S. output due to drought in the southeast and flooding in West Texas.

Coal prices rose 10.3 percent on strong electric power demand in Asia and supply bottlenecks in Australia.

Sugar prices rose 9.6 percent, reversing a 50 percent decline over the past 18 months, as world production rose 10 percent in response to the price increases of 2005 and early 2006.

Crude oil prices increased 7.9 percent on expectations of tightening markets amid OPEC production restraint.

Soybean meal and oil prices climbed 7.3 percent and 6.4 percent, respectively, on strong demand for feed, fuel and food, and lower soybean planting in the U.S.

Cocoa prices rose 7.0 percent on expectations of lower supplies due to drought and political unrest in the Cote d'Ivoire, and dry weather in Ghana and Indonesia.

Wheat prices gained 6.9 percent, following last month's 14 percent rise, due to downward revisions of production and export estimates for the EU, Ukraine and Canada, and the projected third successive year of declining world stocks.

Copper prices rose 6.7 percent on falling stocks and a series of strike-related supply disruptions in Chile, Mexico, Peru, Canada and Zambia.

Tin prices increased 4.5 percent due to strong battery demand in China and efforts by the Indonesian government to clamp down on independent unlicensed smelters.

Urea prices fell 7.3 percent as import demand slowed, especially from India, and exporter's stocks increased. However, prices were more

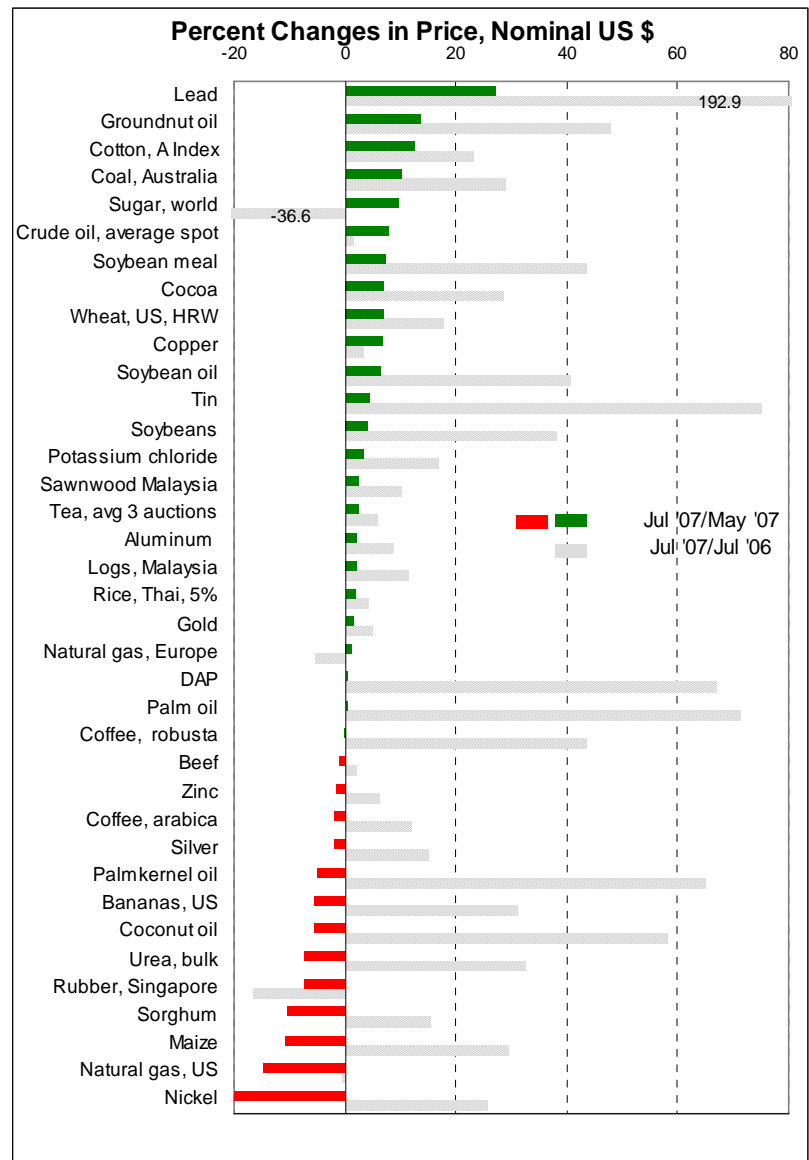
than 30 percent higher than last year.

Rubber prices fell 8.2 percent on expectations of higher production in Asia following the wintering season, and lower imports into China.

Maize and sorghum prices fell 11.0 percent and 10.5 percent, respectively, due to a projected 9 percent increase in world coarse grains production and a 5 percent rise in world stocks.

Natural gas prices in the U.S. dropped 14.8 percent due to mild weather in major consuming regions, and large injections into storage.

Nickel prices plunged 19.9 percent due to rising stocks, significant cutbacks in stainless steel production, and the effects of substitution to low-grade nickel in China.



¹ Percent change of average July prices compared to average June 2007 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 2005	Jan-Dec 2006	Jan-Jul 2007	Apr-Jun 2006	Jul-Sep 2006	Oct-Dec 2006	Jan-Mar 2007	Apr-Jun 2007	May 2007	Jun 2007	Jul 2007
Energy												
Coal, Australia	\$/mt	47.62	49.09	57.32	52.62	50.26	46.60	53.19	57.91	56.00	61.60	67.94
Coal, US	\$/mt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Crude oil, avg, spot	a/ \$/bbl	53.39	64.29	63.38	68.31	68.79	59.02	57.23	66.13	65.16	68.19	73.60
Crude oil, Brent	a/ \$/bbl	54.43	65.39	65.37	69.83	70.09	59.73	58.07	68.73	67.48	71.32	77.20
Crude oil, Dubai	a/ \$/bbl	49.29	61.43	61.48	64.68	65.87	57.33	55.58	64.71	64.54	65.76	69.46
Crude oil, West Texas Int.	a/ \$/bbl	56.44	66.04	63.30	70.43	70.42	59.99	58.03	64.96	63.45	67.49	74.14
Natural gas, Europe	\$/mmbtu	6.33	8.47	8.24	8.27	8.69	8.96	8.51	8.00	7.98	8.03	8.13
Natural gas, US	\$/mmbtu	8.92	6.72	7.20	6.50	6.04	6.66	7.23	7.50	7.61	7.30	6.22
Non Energy Commodities												
Agriculture												
Beverages												
Cocoa	b/ c/kg	153.8	159.2	194.2	158.4	162.3	160.6	181.3	200.0	200.4	201.7	215.8
Coffee, Arabica	b/ c/kg	253.2	252.2	261.0	241.0	240.0	265.5	267.2	255.4	249.7	264.0	259.3
Coffee, robusta	b/ c/kg	111.5	148.9	183.9	132.9	158.1	168.0	172.8	188.3	185.0	204.3	203.9
Tea, auctions (3), average	c/kg	164.7	187.2	192.3	192.3	195.6	182.2	178.0	199.9	194.1	207.4	212.3
Tea, Colombo auctions	b/ c/kg	184.3	191.0	230.7	179.2	190.9	201.1	226.4	231.1	227.7	231.3	242.4
Tea, Kolkata auctions	b/ c/kg	162.1	175.4	183.0	192.5	192.3	173.2	141.5	208.7	199.7	225.0	230.6
Tea, Mombasa auctions	b/ c/kg	147.8	195.2	163.0	205.3	203.5	172.4	166.0	159.8	155.0	165.8	163.8
Food												
Fats and Oils												
Coconut oil	b/ \$/mt	617.0	606.9	840.9	578.7	599.4	671.2	754.3	900.2	894.0	979.0	922.5
Copra	\$/mt	413.7	402.5	558.0	383.0	400.3	443.5	498.6	599.2	592.0	653.0	612.8
Groundnut oil	b/ \$/mt	1,060	970	1,208	896	946	1,121	1,170	1,190	1,159	1,209	1,375
Palm oil	b/ \$/mt	422.1	478.4	702.9	438.7	492.7	545.7	608.7	762.3	772.0	805.0	807.5
Palmkernel oil	b/ \$/mt	627.0	581.1	797.0	557.1	559.0	601.7	677.7	875.7	863.0	969.0	918.8
Soybean meal	b/ \$/mt	214.4	209.2	262.5	197.3	208.3	230.3	255.7	260.3	258.0	270.0	289.8
Soybean oil	b/ \$/mt	544.9	598.6	771.0	576.3	620.3	662.2	709.7	793.9	788.0	833.0	886.0
Soybeans	b/ \$/mt	274.7	268.6	334.8	263.7	263.9	290.0	317.7	338.3	334.0	361.0	375.5
Grains												
Maize	b/ \$/mt	98.7	121.9	162.6	109.3	117.4	155.7	170.9	159.4	160.2	165.2	147.5
Rice, Thailand, 5%	b/ \$/mt	286.3	304.9	319.0	307.6	312.4	300.8	315.6	319.1	317.6	323.3	328.8
Rice, Thailand, 25%	\$/mt	265.4	277.1	296.7	276.0	284.6	276.1	292.6	297.4	295.8	300.5	306.8
Rice, Thailand, 35%	\$/mt	261.8	272.0	288.6	272.9	277.6	268.6	285.8	288.8	283.0	293.0	296.5
Rice,Thai, A1.Special	\$/mt	217.8	218.0	254.1	216.6	219.2	222.5	252.3	255.2	254.2	254.5	256.5
Sorghum	b/ \$/mt	96.2	122.9	159.8	111.7	118.0	158.6	175.2	151.4	150.0	154.8	138.5
Wheat, Canada	\$/mt	197.6	216.8	244.2	212.1	215.4	230.8	232.4	244.7	238.6	259.2	277.7
Wheat, US, HRW	b/ \$/mt	152.4	192.0	207.2	189.6	196.1	208.7	198.4	205.7	195.7	223.0	238.4
Wheat US SRW	\$/mt	135.7	159.0	187.1	144.0	153.0	193.5	173.7	187.0	180.8	205.0	227.8
Other Food												
Bananas EU	\$/mt	1,176	897	1,028	991	768	845	1,036	1,045	1,038	977	954
Bananas US	b/ \$/mt	602.8	677.2	684.3	770.3	548.5	601.8	647.2	705.0	689.0	778.5	733.7
Beef	b/ c/kg	261.7	254.7	260.4	247.3	257.4	265.0	261.2	259.9	258.4	262.1	259.0
Fishmeal	\$/mt	731	1,166	1,247	1,178	1,334	1,244	1,251	1,260	1,264	1,227	1,195
Lamb	c/kg	443.8	403.6	398.4	410.7	408.5	399.3	394.2	399.3	398.7	399.1	408.7
Oranges	b/ \$/mt	874.7	829.2	892.4	755.5	814.6	920.0	816.7	892.7	886.8	935.3	1,118.6
Shrimp, Mexico	b/ c/kg	1,034	1,024	996	1,047	1,047	953	988	1,003	1,003	1,003	1,003
Sugar EU domestic	b/ c/kg	66.54	64.56	66.34	66.78	63.30	64.10	65.10	66.98	67.12	66.66	68.14
Sugar US domestic	b/ c/kg	46.93	48.76	45.93	51.69	47.66	43.85	45.17	46.47	46.32	47.01	46.56
Sugar, world	b/ c/kg	21.79	32.59	22.23	36.53	30.60	25.71	23.49	20.90	20.79	20.48	22.44
Raw Materials												
Timber												
Logs, Cameroon	\$/cum	334.4	318.5	371.0	316.2	314.8	327.4	371.3	372.8	373.6	356.9	364.8
Logs, Malaysia	\$/cum	203.1	239.4	263.3	237.3	240.9	256.6	264.8	262.0	261.9	257.9	263.1
Plywood	c/sheets	508.6	595.6	636.7	577.8	638.3	637.2	629.5	639.6	641.1	642.6	649.7
Sawnwood, Cameroon	\$/cum	559.1	622.9	725.7	617.8	632.9	657.8	720.1	725.1	724.0	718.1	744.5
Sawnwood, Malaysia	\$/cum	659.4	749.3	804.5	743.1	761.9	779.1	794.4	807.4	806.2	807.1	826.4
Woodpulp	\$/mt	635.5	698.6	742.5	682.3	737.1	747.2	727.4	751.3	748.9	761.4	761.4
Other Raw Materials												
Cotton A Index	b/ c/kg	121.7	126.7	131.3	121.8	128.0	127.8	128.8	127.4	122.5	133.6	150.4
Cotton Memphis	c/kg	129.8	133.5	130.5	130.1	137.3	132.7	135.9	130.0	123.5	135.9	152.3
Jute	\$/mt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Rubber, Malaysia	c/kg	n.q.	n.q.	n.q.	n.q.	n.q.	n.q.	n.q.	n.q.	n.q.	n.q.	n.q.
Rubber, US	c/kg	166.1	231.3	244.5	258.7	245.5	199.4	241.6	251.6	253.1	253.0	232.2
Rubber, Singapore	b/ c/kg	150.2	210.8	225.9	245.7	219.2	176.0	223.3	233.9	239.5	226.7	210.1
Sisal	\$/mt	885.0	885.0	885.0	885.0	885.0	885.0	885.0	885.0	885.0	885.0	885.0
Wool	c/kg	580.0	557.6	565.0	555.0	555.3	565.0	565.0	565.0	565.0	565.0	565.0

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a/ Included in the petroleum index b/ Included in the non-energy index c/ Steel not included in the non-energy index
 \$ = U.S. dollar ¢ = U.S. 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. = not quotation

COMMODITY PRICE DATA

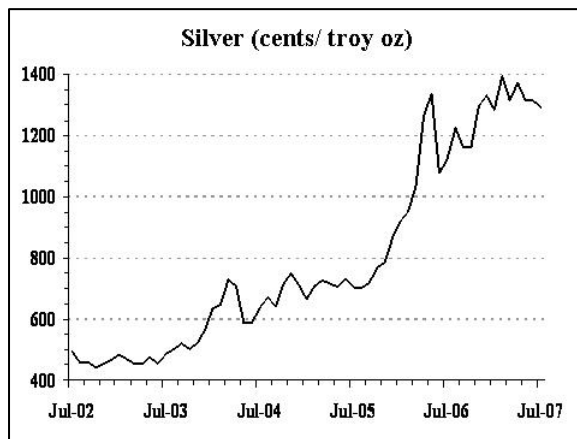
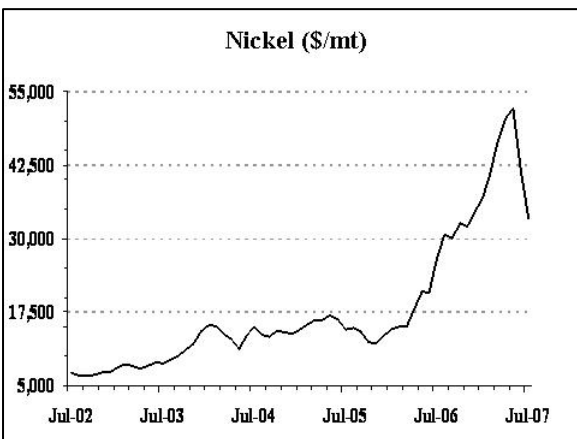
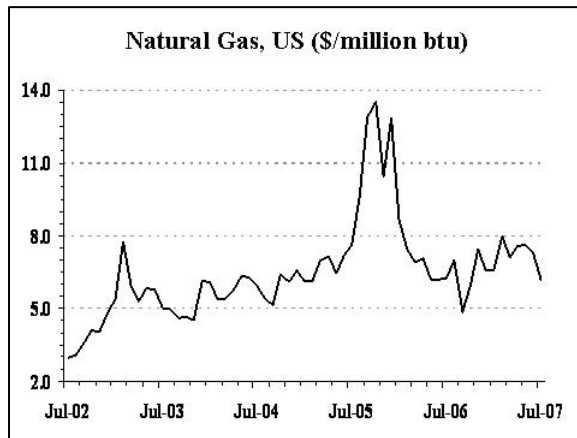
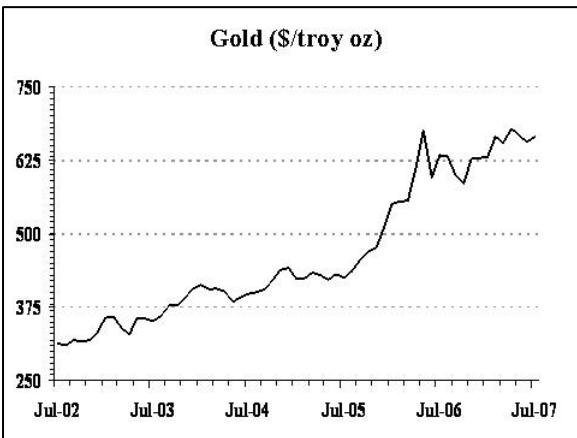
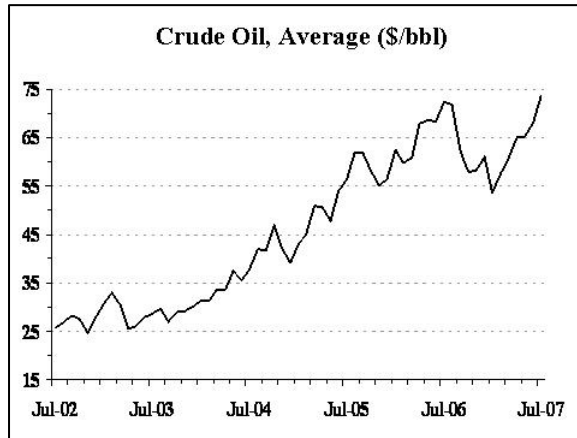
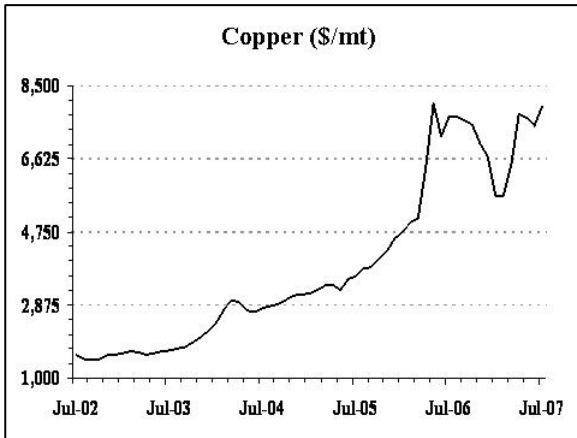
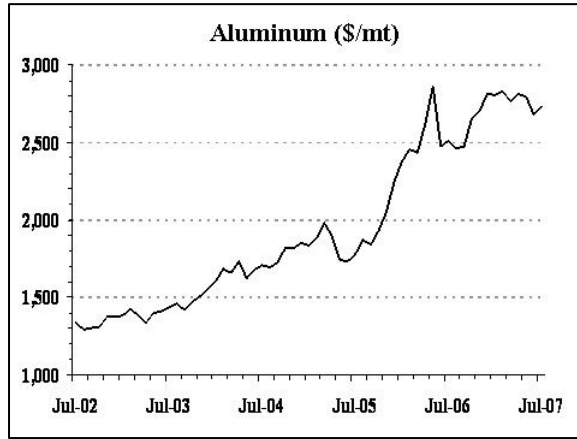
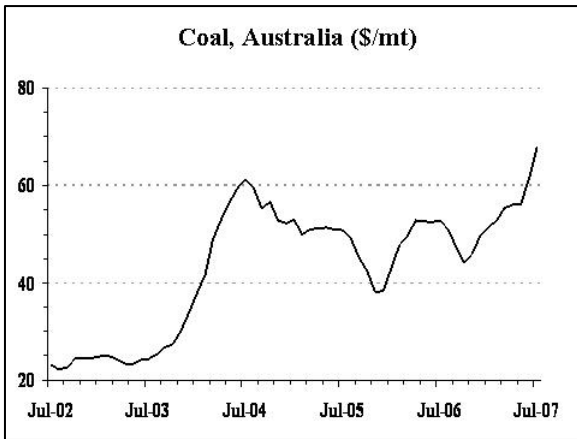
		Annual averages			Quarterly averages					Monthly averages		
		Jan-Dec	Jan-Dec	Jan-Jul	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	May	Jun	Jul
		2005	2006	2007	2006	2006	2006	2007	2007	2007	2007	2007
Fertilizers												
DAP	\$/mt	247.0	260.3	394.7	266.9	260.3	254.2	344.5	431.1	426.4	434.5	436.3
Phosphate rock	b/ \$/mt	42.0	44.2	56.6	43.5	45.5	45.5	45.5	59.9	54.1	80.0	80.0
Pottasium chloride	\$/mt	158.2	174.5	183.5	177.3	174.6	175.0	175.6	184.8	180.0	196.9	203.1
TSP	\$/mt	201.5	204.9	n.a.	200.5	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Urea, E. Europe, bagged	\$/mt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Urea, E. Europe, bulk	\$/mt	219.0	222.9	290.5	228.1	210.4	234.0	297.4	291.3	296.3	289.0	267.9
Metals and Minerals												
Aluminum	b/ \$/mt	1,898	2,570	2,774	2,653	2,482	2,724	2,801	2,761	2,793	2,677	2,732
Copper	b/ \$/mt	3,679	6,722	6,956	7,210	7,670	7,068	5,933	7,641	7,681	7,474	7,973
Gold	\$/toz	444.8	604.3	659.8	627.4	621.5	614.5	650.3	667.4	667.3	655.7	665.4
Iron ore CVRD So & No	b/ c/dmtu	65.00	77.35	84.70	77.35	77.35	77.35	84.70	84.70	84.70	84.70	84.70
Lead	b/ c/kg	97.6	129.0	213.9	110.0	119.0	162.7	178.7	217.6	210.1	242.5	308.3
Nickel	b/ \$/mt	14,744	24,254	43,119	19,925	29,154	33,129	41,440	48,033	52,127	41,705	33,417
Silver	c/toz	734	1,157	1,327	1,226	1,169	1,263	1,332	1,334	1,315	1,314	1,291
Steel products (8) index	a/ 1990=100	137.9	134.5	132.7	131.6	135.8	132.1	132.0	133.4	133.5	133.5	132.9
Steel cr coilsheet	\$/mt	733.3	693.8	650.0	666.7	700.0	658.3	650.0	650.0	650.0	650.0	650.0
Steel hr coilsheet	\$/mt	633.3	600.0	550.0	591.7	600.0	558.3	550.0	550.0	550.0	550.0	550.0
Steel, rebar	\$/mt	423.1	443.8	509.6	445.0	450.0	450.0	484.2	540.8	545.0	545.0	492.5
Steel wire rod	\$/mt	579.2	581.3	520.0	575.0	600.0	550.0	500.0	530.0	530.0	530.0	550.0
Tin	c/kg	738.0	878.1	1360.3	852.9	865.3	1033.5	1272.9	1409.8	1414.0	1410.0	1473.8
Zinc	b/ c/kg	138.1	327.5	355.8	329.2	336.3	420.4	345.6	366.4	383.1	360.3	354.6
World Bank commodity price indices for low and middle income countries(1990 =100)												
Energy		233.4	281.0	277.0	298.6	300.7	257.9	250.1	289.1	284.8	298.0	321.7
Non Energy Commodities		121.9	151.9	170.7	153.4	156.0	158.5	163.7	175.5	176.3	175.8	177.4
Agriculture		113.0	126.6	139.0	127.8	126.3	127.8	135.6	140.4	139.7	143.6	145.2
Beverages		116.9	122.5	134.9	118.1	121.1	127.8	132.2	135.3	133.1	139.9	141.5
Food		109.9	120.6	134.9	120.5	118.0	124.5	129.9	136.5	135.5	142.2	145.3
Fats and Oils		122.9	126.4	168.3	119.4	127.1	140.4	155.3	174.3	173.9	183.7	189.3
Grains		103.2	120.9	137.2	117.4	121.7	133.1	137.5	135.8	133.6	141.5	140.8
Other Food		103.1	115.7	106.3	123.1	108.5	106.6	104.9	105.9	105.1	108.6	111.8
Raw Materials		114.1	137.4	147.3	144.3	140.8	132.0	145.3	149.2	149.8	148.2	147.9
Timber		122.5	139.9	150.6	138.7	142.0	146.0	149.1	151.0	150.8	150.6	154.2
Other Raw Materials		108.3	135.7	145.1	148.1	139.9	122.5	142.7	148.0	149.2	146.6	143.7
Fertilizers		134.9	143.5	161.8	135.7	151.8	151.8	151.8	164.8	159.6	183.0	183.0
Metals and Minerals		142.5	215.0	249.5	218.1	229.5	234.7	233.9	262.9	267.9	254.2	256.0

a. Included in the petroleum index, but not in the non-fuel index/

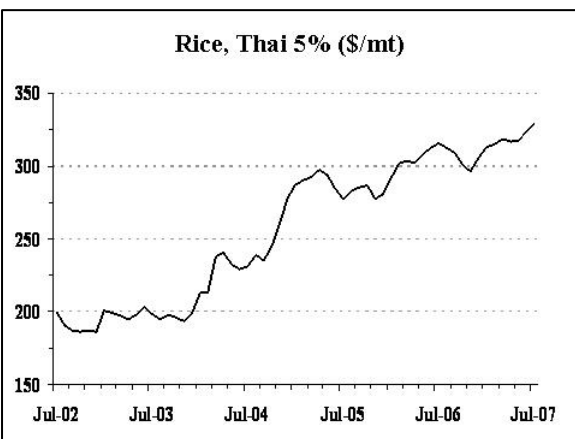
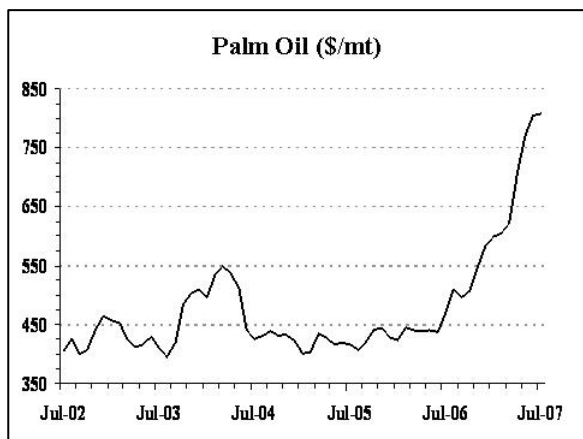
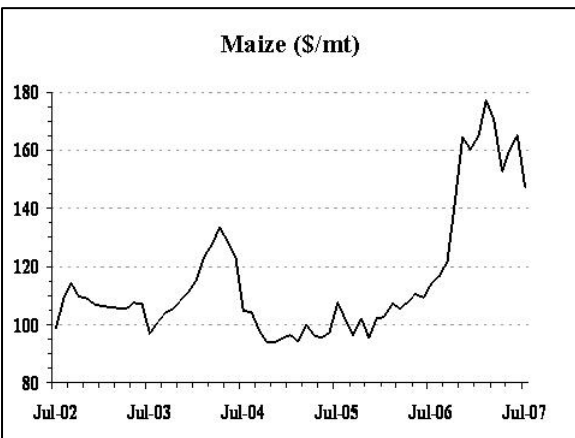
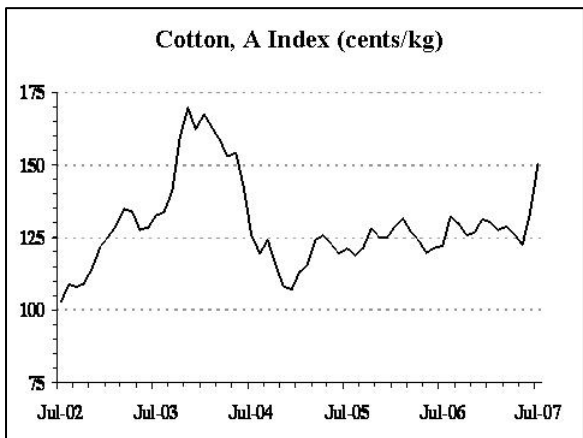
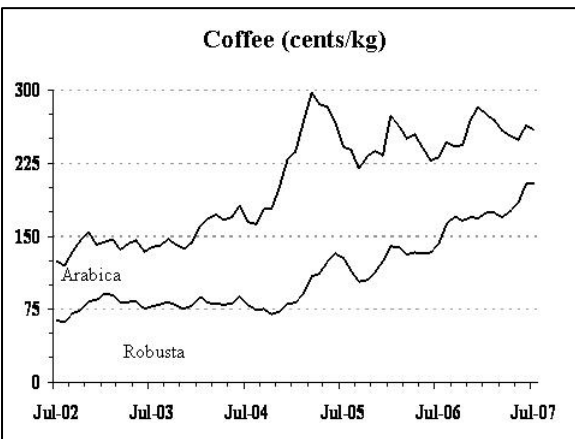
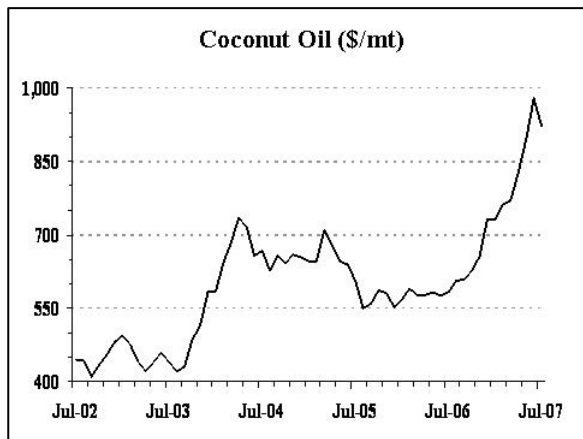
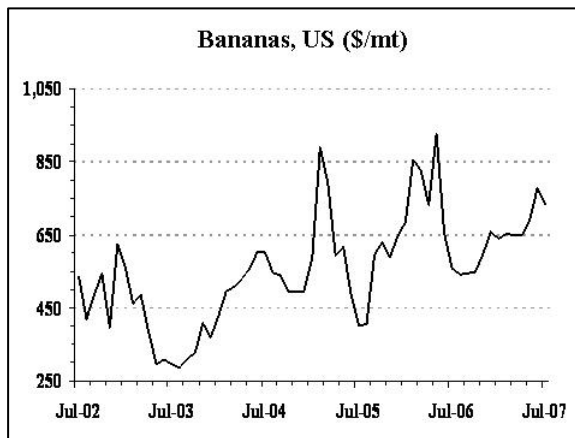
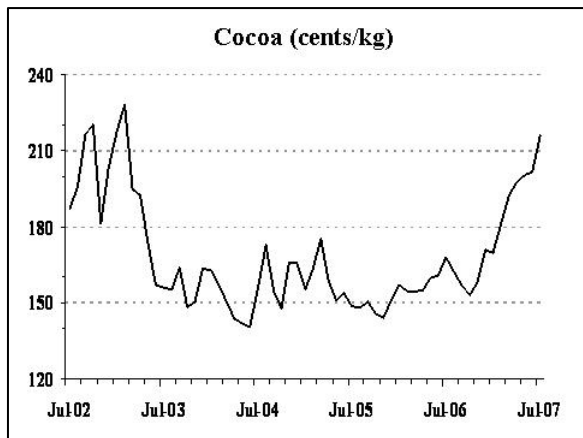
b. Not included in index/

mt = metric ton toz = troy oz n.a. = not available n.q. = no quotation

Selected Commodity Prices, Nominal US dollars, 2001-2007



Selected Commodity Prices, Nominal US dollars, 2001-2007 cont'd



Selected Commodity Prices, Nominal US dollars, 2001-2007 cont'd

