

Commodity Markets Review

December 10, 2002

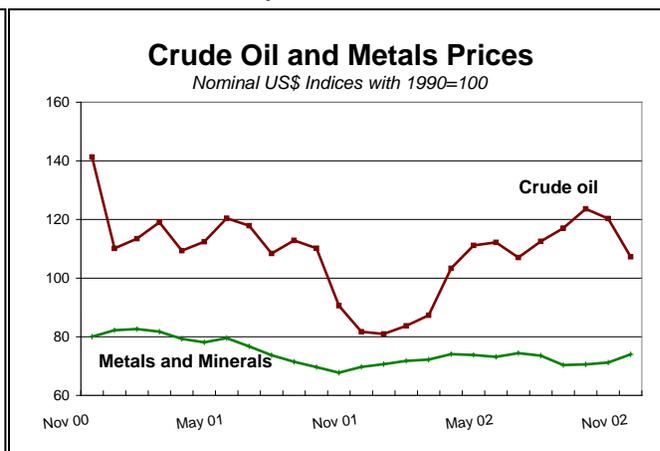
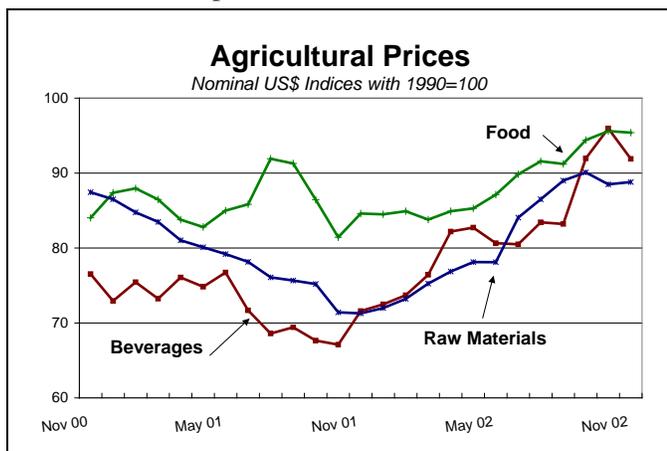
DECPG, The World Bank

Crude oil prices fell 10.9 percent in November, while non-oil commodity prices were unchanged. Reduced threat of immediate military action against Iraq and continued above quota OPEC production accounted for the fall in crude oil prices. Non-oil prices increased in 11 of the previous 12 months and are still up 19.2 percent since the lows in October 2001.

Agricultural prices fell 1.1 percent, following a year-long rally which increased prices 25 percent. Beverage prices were down 4.2 percent due to a decline in cocoa prices following a cease-fire between rebels and government forces in Cote d'Ivoire. Coffee prices continued to increase from severely depressed levels due to concerns about drought in Brazil during the critical flowering stage. Food prices continued to increase from severely depressed levels due to concerns about drought in Brazil during the critical flowering stage. Food prices continued to increase due to reduced supplies and strong demand from China and India, sugar prices continued to rise due to expected smaller Brazilian production, and wheat prices fell due to improved production prospects in Canada and the United States. Banana prices were sharply lower due to seasonally weaker demand and increased supplies from Central America. Raw materials prices were slightly higher as a 5 percent increase in cotton was largely offset by lower rubber prices.

Crude oil prices fell sharply in November due to continuing large OPEC production and the reduced likelihood of an imminent attack on Iraq. Although OPEC producers (excluding Iraq) lowered production slightly in November, they were still producing 2.5 mb/d more than agreed quotas. Saudi Arabia was nearly 1 mb/d above quota. In addition, Iraq's exports have risen significantly since September when surcharges on exports were removed and weapons inspectors were allowed back into the country. Rising production is starting to improve crude inventories, but product inventories remain very low entering the peak-demand winter season and that could lead to higher price if temperatures remain cold or supplies are disrupted. OPEC meets December 12 and Algeria and Nigeria are requesting higher quotas.

Metals and minerals prices rose 3.9 percent on expectations of stronger demand and production cuts by major producers. The increases extend the rally which began in mid-October and brings the index of metals prices near the highs for the year. LME inventories for most metals declined slightly in November, but most remain relatively high and thus this latest rally is expected to stall unless a sustained economic recovery increases demand for metals.



Prepared by a team from the Prospects Group of Development Economics (DECPG) under the supervision of Hans Timmer and consisting of Donald Mitchell, Shane Streifel, John Baffes and Betty Dow. Katherine Rollins was the task assistant. This report is available on the World Bank's intranet at <http://decpg.worldbank.org>.

Major Movers in November¹

Banana prices in the U.S. fell 27.2 percent in November compared to October due to weak demand, seasonal factors, and a surge in imports following the end of the west coast labor strike.

Cocoa prices fell 17.7 percent, after more than doubling in the past two years, due to a cease-fire agreement between rebel and government forces in Côte d'Ivoire which is the largest cocoa exporter.

Crude oil prices fell 10.9 percent due to above quota production among OPEC producers and reduced concerns about military action against Iraq.

Wheat prices fell 6.8 percent due to weak import demand, slightly improved production estimates for Canada, and heavy snows in the U.S. plains states which reduced drought concerns. However, supplies remain tight and prices are expected to rise farther.

Copper prices rose 6.6 percent due to production cuts by major producers in response to recent low prices. Substantial surplus production capacity should preclude significant price increases.

Soybean prices rose 7.4 percent due to strong import demand from China, other Asian countries, and Europe. Rising vegetable oil prices also contributed to the rise in soybean prices.

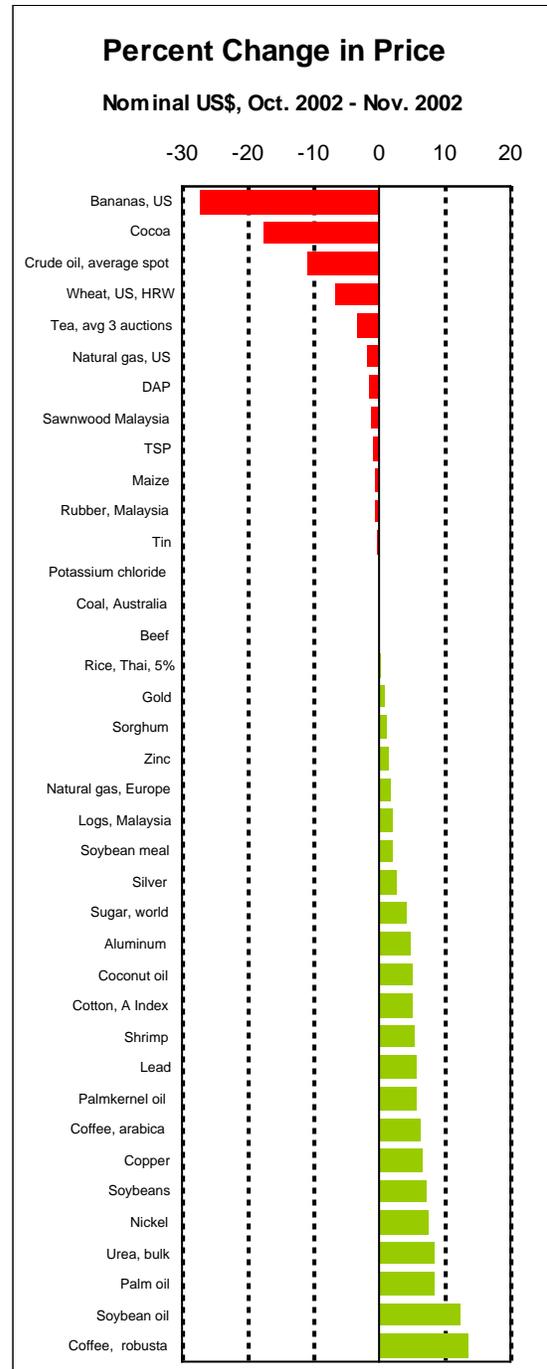
Nickel prices rose 7.5 percent due to tight supplies of scrap, some improvement in demand, and heavy speculative buying by commodity funds.

Urea fertilizer prices rose 8.3 percent due to strong import demand from China and South America, probably in response to planned increases in grain plantings following recent grain price increases.

Palm oil prices rose 8.6 percent, but remained below recent highs. The market remains tight with strong demand and reduced supplies.

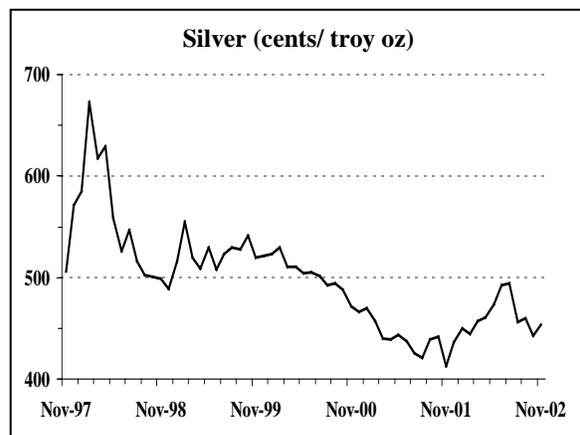
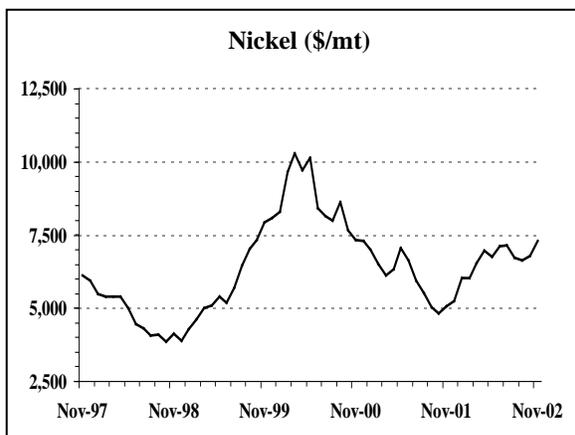
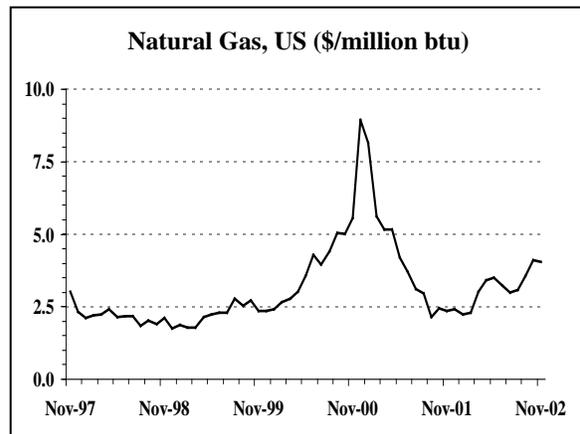
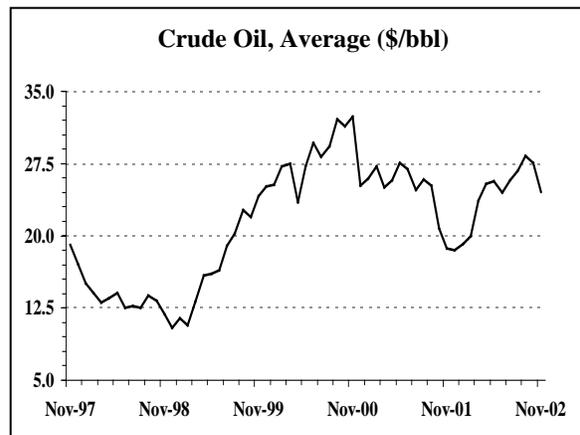
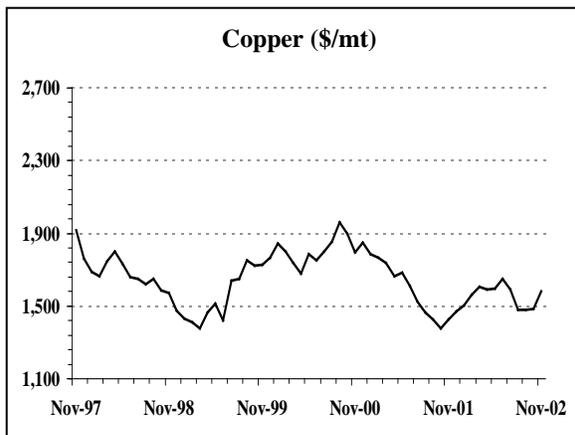
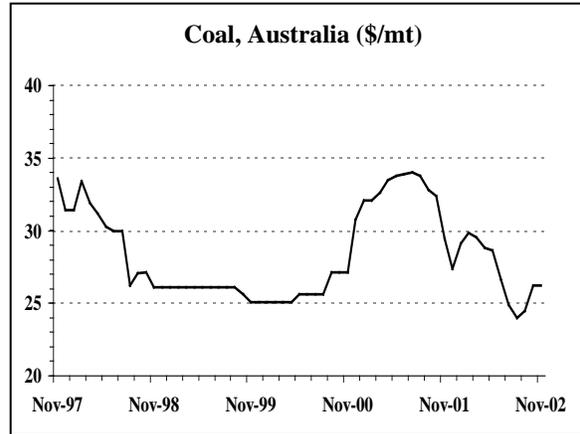
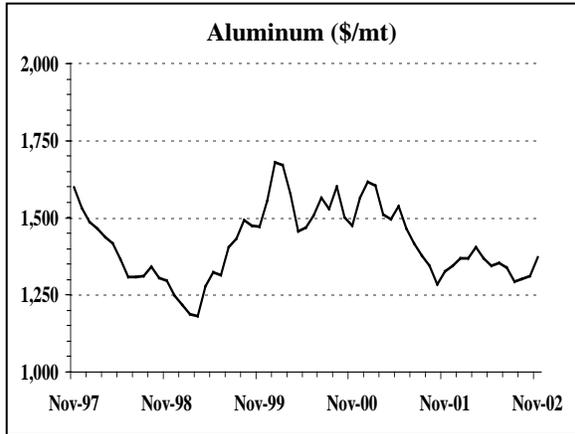
Soybean oil prices rose 12.4 percent due to strong import demand, especially from China and India the two largest importers. Tight supplies of all vegetable oils contributed to the price increases.

Robusta coffee prices rose 13.7 percent and Arabica prices rose 6.3 percent following concerns that the Brazilian crop, which is now at the flowering stage, may be poor due to inadequate rains.

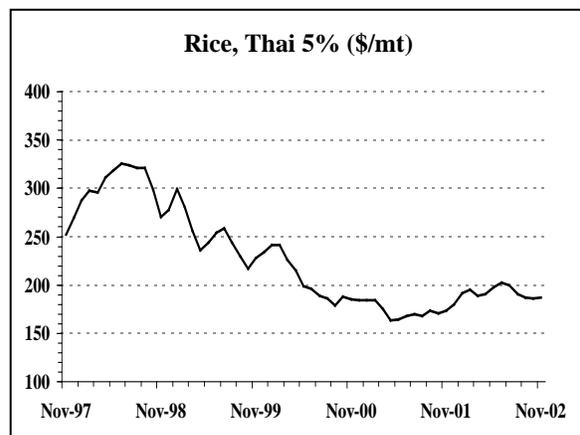
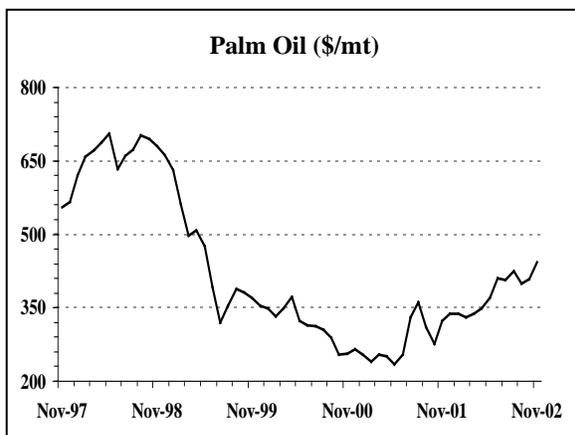
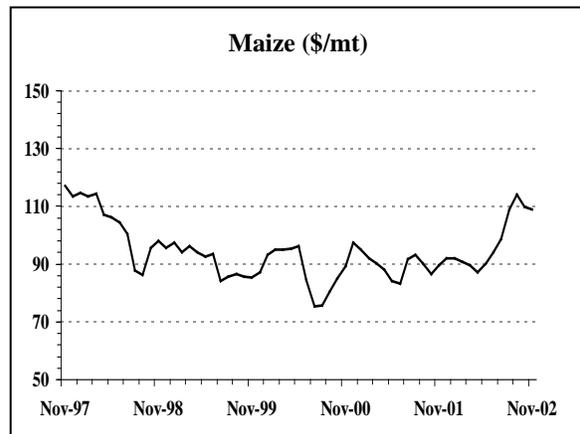
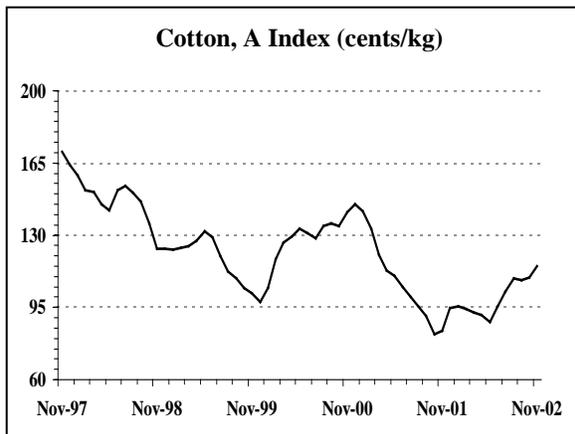
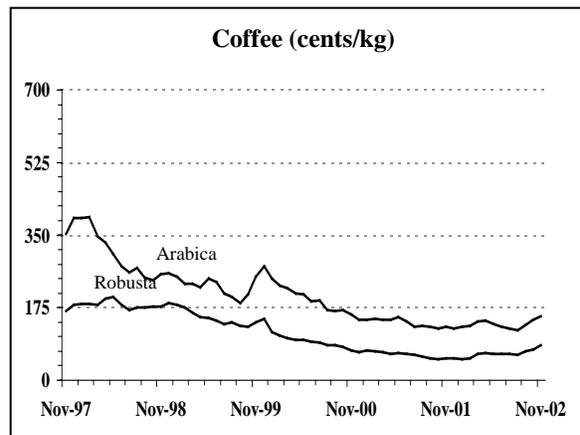
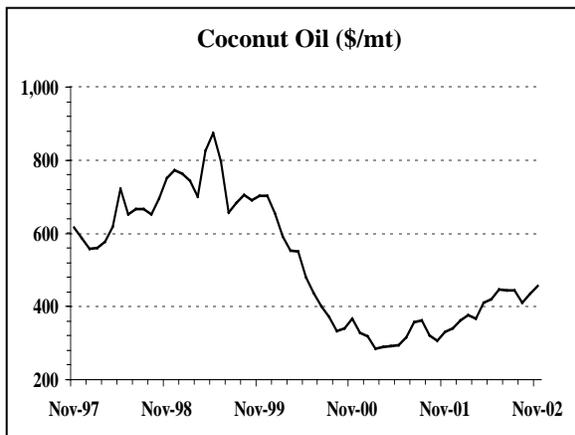
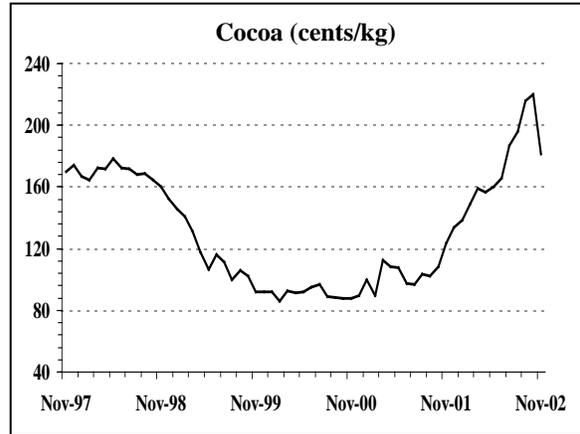
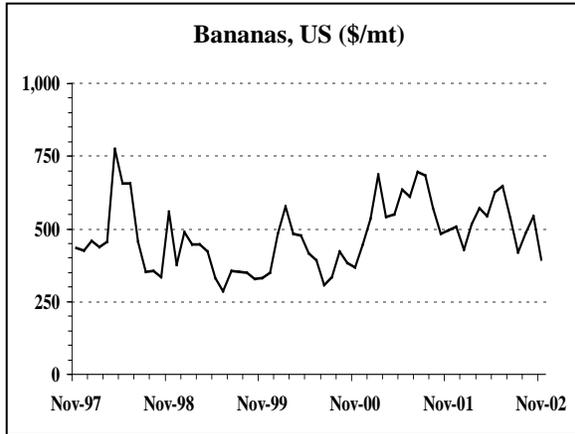


¹ Based on the percent change of average November compared to average October 2002 prices measured in nominal U.S. dollars.

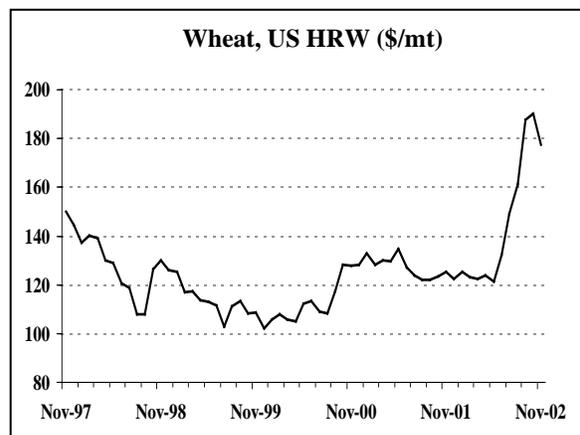
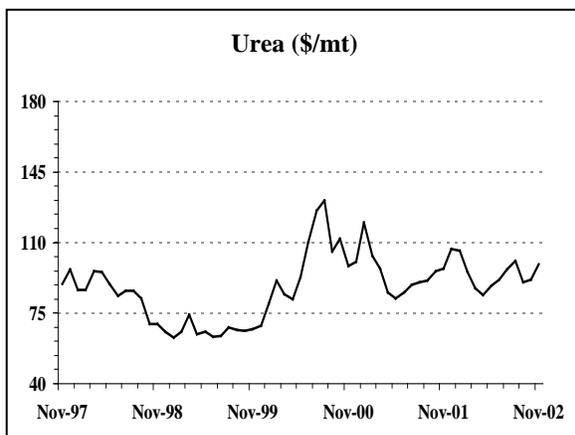
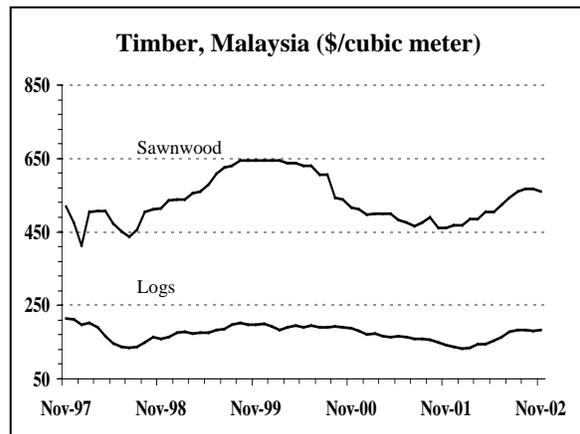
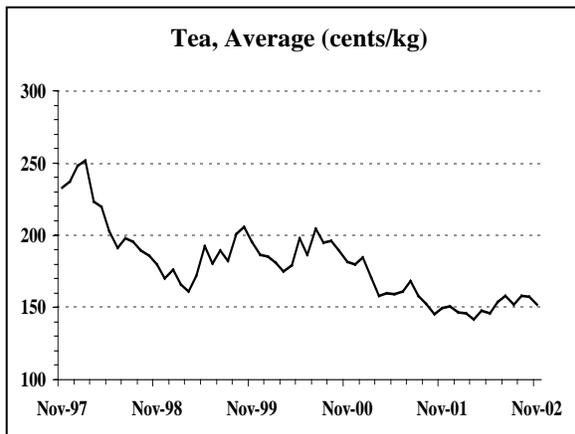
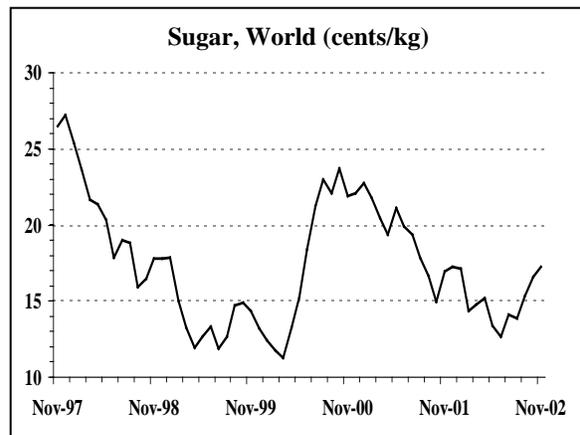
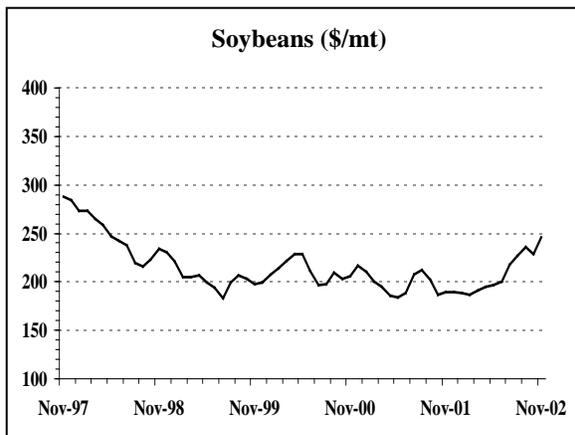
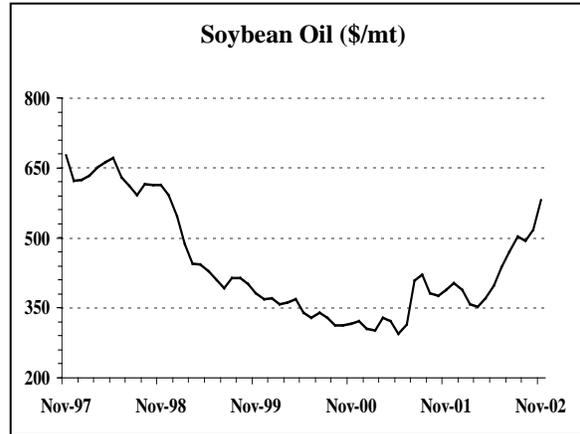
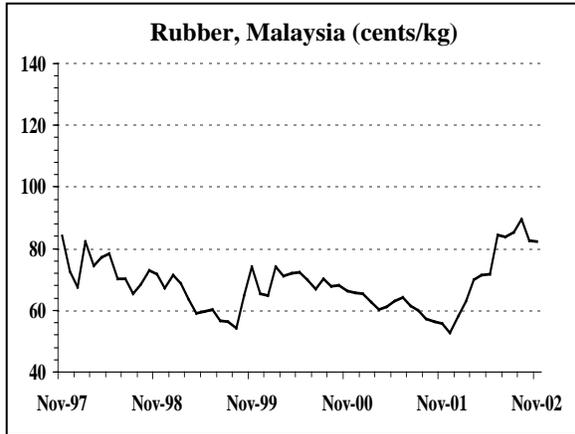
Selected Commodity Prices, Nominal US dollars, 1997-2002



Selected Commodity Prices, Nominal US dollars, 1997-2002 cont'd



Selected Commodity Prices, Nominal US dollars, 1997-2002 cont'd



COMMODITY PRICE DATA

Commodity	Unit	Annual averages			Quarterly averages					Monthly averages		
		Jan-Dec 2000	Jan-Dec 2001	Jan-Nov 2002	Jul-Sep 2001	Oct-Dec 2001	Jan-Mar 2002	Apr-Jun 2002	Jul-Sep 2002	Sep 2002	Oct 2002	Nov 2002
Energy												
Coal, Australia	\$/mt	26.25	32.31	27.13	33.53	29.72	29.50	28.04	24.45	24.45	26.25	26.25
Coal, US	\$/mt	33.06	44.86	40.02	49.45	46.30	40.31	39.73	n.a.	n.a.	n.a.	n.a.
Crude oil, average spot	a/ \$/bbl	28.23	24.35	24.66	25.28	19.31	20.92	25.20	26.94	28.28	27.53	24.54
Crude oil, Brent	a/ \$/bbl	28.27	24.42	24.65	25.26	19.34	21.16	25.06	26.91	28.34	27.55	24.18
Crude oil, Dubai	a/ \$/bbl	26.08	22.71	23.54	23.90	18.24	20.02	24.28	25.57	26.83	26.18	23.16
Crude oil, West Texas Int.	a/ \$/bbl	30.33	25.92	25.79	26.67	20.36	21.60	26.26	28.32	29.67	28.85	26.28
Natural gas, Europe	\$/mmbtu	3.86	4.06	3.02	3.78	3.46	3.02	2.85	3.01	3.08	3.28	3.34
Natural gas, US	\$/mmbtu	4.31	3.96	3.23	2.73	2.41	2.53	3.38	3.21	3.57	4.12	4.04
Non-Energy Commodities												
Agriculture												
Beverages												
Cocoa	b/ ¢/kg	90.6	106.9	175.5	100.8	121.8	149.0	161.0	199.7	216.1	220.2	181.2
Coffee, arabica	b/ ¢/kg	192.0	137.3	135.1	129.7	126.4	133.6	136.2	126.0	133.8	144.9	154.0
Coffee, robusta	b/ ¢/kg	91.3	60.7	64.6	57.0	52.4	56.1	63.3	65.1	70.7	73.5	83.6
Tea, average 3 auctions	b/ ¢/kg	187.6	159.8	150.8	159.8	148.6	144.8	149.2	155.8	157.7	157.5	152.3
Tea, Colombo auctions	b/ ¢/kg	179.3	161.7	156.5	151.2	162.8	168.6	150.0	150.1	161.0	161.1	153.7
Tea, Kolkata auctions	b/ ¢/kg	180.6	166.1	146.7	181.5	142.6	115.8	153.3	165.9	156.0	157.0	151.6
Tea, Mombasa auctions	b/ ¢/kg	202.9	151.7	149.4	146.6	140.4	150.1	144.4	151.3	156.3	154.5	151.5
Food												
Fats and Oils												
Coconut oil	b/ \$/mt	450.3	318.1	415.4	347.7	325.3	368.0	425.7	432.7	410.0	434.0	456.0
Copra	\$/mt	304.8	202.1	263.1	222.7	203.0	228.3	265.3	283.0	270.0	274.0	290.0
Groundnut oil	b/ \$/mt	713.7	680.3	672.6	665.7	667.3	667.0	648.0	655.3	696.0	718.0	770.0
Palm oil	b/ \$/mt	310.3	285.7	383.6	334.0	312.7	335.3	377.0	410.3	400.0	408.0	443.0
Palmkernel oil	\$/mt	443.5	308.1	409.3	343.7	310.0	352.0	423.7	430.0	412.0	430.0	455.0
Soybean meal	b/ \$/mt	189.2	181.0	174.8	184.3	179.0	171.7	169.0	177.7	183.0	182.0	186.0
Soybean oil	b/ \$/mt	338.1	354.0	442.7	404.3	389.0	366.7	401.7	489.0	494.0	517.0	581.0
Soybeans	b/ \$/mt	211.8	195.8	210.4	207.3	188.3	188.7	197.3	227.0	236.0	229.0	246.0
Grains												
Maize	b/ \$/mt	88.5	89.6	98.6	91.7	89.3	90.8	90.5	107.3	114.1	109.7	108.9
Rice, Thai, 5%	b/ \$/mt	202.4	172.8	192.4	170.2	174.5	192.0	196.8	192.2	186.6	186.3	186.8
Rice, Thai, 25%	\$/mt	172.8	153.1	175.1	155.5	160.2	172.4	177.0	176.1	172.2	174.0	175.3
Rice, Thai, 35%	\$/mt	167.2	149.1	170.5	151.5	157.0	167.9	170.8	171.8	168.8	171.0	172.5
Rice, Thai, A1.Special	\$/mt	143.5	134.1	149.8	142.1	138.5	145.8	148.5	149.8	148.8	157.3	158.3
Sorghum	b/ \$/mt	88.0	95.2	100.7	94.7	95.2	93.3	89.2	110.5	117.0	113.6	115.1
Wheat, Canada	\$/mt	147.1	151.5	173.0	148.0	148.5	147.4	143.7	190.1	222.9	233.8	225.8
Wheat, US, HRW	b/ \$/mt	114.1	126.8	146.8	122.6	123.7	123.7	125.7	166.1	187.8	190.3	177.4
Wheat, US, SRW	\$/mt	98.9	107.7	128.5	107.2	116.5	117.2	113.1	135.1	151.8	156.8	160.0
Other Food												
Bananas, EU	\$/mt	712.4	777.2	760.1	686.0	677.8	844.9	790.7	707.0	679.0	683.8	649.1
Bananas, US	b/ \$/mt	424.0	583.3	519.8	650.9	495.4	505.7	605.8	480.9	485.7	544.3	396.1
Beef	b/ ¢/kg	193.2	212.9	213.9	226.1	226.7	230.0	216.1	210.2	205.2	191.7	191.9
Fishmeal	\$/mt	413.0	486.7	607.6	499.0	541.7	589.3	621.7	617.0	615.0	606.0	593.0
Lamb	¢/kg	261.9	291.2	328.0	283.9	303.7	311.1	319.2	339.7	343.5	346.6	351.1
Oranges	b/ \$/mt	363.2	595.5	577.5	775.0	438.5	518.8	604.6	609.1	598.9	590.0	565.0
Shrimp	¢/kg	1,513	1,517	1,047	1,559	1,230	1,162	983	992	992	1,025	1,080
Sugar, EU, domestic	b/ ¢/kg	55.52	52.86	54.64	52.57	52.77	52.14	53.44	56.61	56.86	56.94	57.51
Sugar, US, domestic	b/ ¢/kg	42.76	47.04	45.92	46.78	46.97	45.78	43.74	46.41	47.44	48.13	49.16
Sugar, world	b/ ¢/kg	18.04	19.04	14.97	17.96	16.40	15.42	13.76	14.43	15.34	16.56	17.26
Raw Materials												
Timber												
Logs, Cameroon	\$/cum	275.4	266.1	n.a.	264.7	266.2	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Logs, Malaysia	b/ \$/cum	190.0	159.1	161.7	158.2	143.4	137.2	153.6	180.9	182.0	179.9	183.5
Plywood	¢/sheet	448.2	409.8	401.1	402.6	397.0	369.9	389.9	430.7	427.5	415.8	424.1
Sawnwood, Cameroon	\$/cum	489.1	471.9	483.4	475.2	459.6	447.1	473.5	511.4	509.9	505.1	515.9
Sawnwood, Malaysia	b/ \$/cum	594.7	481.4	524.2	476.7	463.9	480.2	510.5	555.9	566.4	566.4	559.4
Woodpulp	\$/mt	664.3	517.3	454.8	432.9	444.0	431.4	443.3	483.9	473.3	463.7	463.7
Other Raw Materials												
Cotton, "A Index"	b/ ¢/kg	130.2	105.8	100.1	95.6	86.8	94.2	91.6	106.5	108.1	109.3	114.8
Cotton, Memphis	¢/kg	146.2	116.6	105.0	108.5	93.6	98.5	98.2	109.3	107.5	114.2	122.6
Jute	\$/mt	277.4	329.4	275.9	347.0	335.0	350.0	n.a.	235.0	225.0	225.0	227.0
Rubber, Malaysia	b/ ¢/kg	69.1	60.0	76.6	59.5	54.9	63.6	75.9	86.3	89.7	82.7	82.2
Rubber, US	¢/kg	83.2	74.7	89.8	75.2	68.7	75.9	85.9	101.0	105.6	100.8	99.1
Rubber, Singapore	¢/kg	66.7	57.5	75.7	59.0	51.3	62.1	74.0	86.1	88.9	82.7	84.0
Sisal	\$/mt	631.8	699.2	660.5	676.6	663.3	670.0	668.3	650.0	650.0	650.0	650.0
Wool	¢/kg	437.0	418.7	460.7	407.0	387.3	455.7	447.3	438.3	453.0	493.0	551.0

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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

Commodity	Unit	Annual averages			Quarterly averages					Monthly averages		
		Jan-Dec 2000	Jan-Dec 2001	Jan-Nov 2002	Jul-Sep 2001	Oct-Dec 2001	Jan-Mar 2002	Apr-Jun 2002	Jul-Sep 2002	Sep 2002	Oct 2002	Nov 2002
Fertilizers												
DAP	\$/mt	154.2	147.7	158.1	139.1	145.8	155.0	155.8	167.3	164.3	153.9	151.4
Phosphate rock	b/ \$/mt	43.8	41.8	40.6	41.0	41.0	41.0	41.0	41.0	41.0	39.6	38.0
Potassium chloride	\$/mt	122.5	118.1	113.4	117.5	115.8	115.3	112.9	112.5	112.5	112.5	112.5
TSP	b/ \$/mt	137.7	126.9	133.2	124.4	128.5	135.7	132.3	132.1	135.5	133.1	132.0
Urea, Black Sea, bagged	\$/mt	112.1	105.3	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Urea, Ukrain, bulk	\$/mt	101.1	95.3	93.8	90.3	99.9	96.4	88.2	95.8	90.1	91.5	99.1
Metals and Minerals												
Aluminum	b/ \$/mt	1,549	1,444	1,348	1,379	1,318	1,381	1,356	1,310	1,301	1,311	1,372
Copper	b/ \$/mt	1,813	1,578	1,556	1,472	1,426	1,557	1,611	1,516	1,479	1,484	1,582
Gold	\$/toz	279.0	271.0	308.0	274.5	278.4	290.4	312.8	314.2	319.1	316.6	319.1
Iron ore	¢/dmtu	28.79	30.03	29.31	30.03	30.03	29.31	29.31	29.31	29.31	29.31	29.31
Lead	b/ ¢/kg	45.4	47.6	45.4	47.0	47.9	49.1	45.5	43.0	42.1	41.8	44.2
Nickel	b/ \$/mt	8,638	5,945	6,733	5,495	5,056	6,203	6,946	6,833	6,640	6,804	7,314
Silver	¢/toz	499.9	438.6	462.2	428.5	430.3	450.7	475.4	470.1	459.4	442.3	453.9
Steel products (8) index	c/ 1990=100	76.4	66.8	67.4	65.2	63.7	63.7	66.0	69.7	71.4	71.4	71.4
Steel, cold rolled coilsheet	\$/mt	385.8	299.2	323.6	295.0	280.0	280.0	300.0	353.3	380.0	380.0	380.0
Steel, hot rolled coilsheet	\$/mt	295.8	216.5	243.6	210.8	200.0	200.0	236.7	270.0	280.0	280.0	280.0
Steel, rebar	\$/mt	244.2	221.5	203.6	210.0	200.0	200.0	200.0	206.7	210.0	210.0	210.0
Steel, wire rod	\$/mt	291.7	302.3	300.0	300.0	300.0	300.0	300.0	300.0	300.0	300.0	300.0
Tin	b/ ¢/kg	543.6	448.4	404.5	398.0	393.7	381.2	415.3	404.1	395.7	424.2	423.0
Zinc	b/ ¢/kg	112.8	88.6	77.7	82.6	76.3	79.5	78.2	76.6	75.6	75.5	76.5
World Bank commodity price indexes for low and middle income countries(1990 =100)												
Petroleum		123.4	106.4	107.8	110.5	84.4	91.5	110.1	117.7	123.6	120.3	107.3
Non-Energy Commodities		86.9	79.0	82.5	78.1	75.0	78.3	81.2	84.8	86.5	87.3	87.3
Agriculture		87.7	79.8	85.8	80.0	76.4	79.7	83.5	89.6	92.4	93.3	92.3
Beverages		88.4	72.1	83.9	68.6	70.4	77.4	81.3	86.2	92.0	95.9	91.9
Food		84.5	86.0	89.5	89.9	83.5	84.5	87.4	92.4	94.4	95.6	95.4
Fats and Oils		96.2	89.0	100.1	95.9	90.9	91.6	96.7	105.2	106.0	106.8	113.4
Grains		79.5	78.2	87.7	77.3	77.7	80.7	81.6	94.1	99.7	99.0	96.3
Other Food		77.7	87.9	81.8	92.0	80.7	80.9	83.1	80.9	81.9	84.5	80.2
Raw Materials		91.4	77.4	82.6	75.7	71.6	75.1	80.1	88.5	90.1	88.5	88.8
Timber		111.0	90.2	97.4	89.4	86.2	88.4	94.6	104.0	105.8	105.6	104.8
Other Raw Materials		78.0	68.6	72.4	66.3	61.6	66.0	70.2	77.9	79.3	76.7	77.8
Fertilizers		105.8	98.8	100.8	96.9	98.8	102.3	100.7	100.6	102.2	99.8	97.8
Metals and Minerals		83.0	75.1	72.6	71.6	69.4	72.7	73.8	71.5	70.6	71.2	74.0

a/ Included in the petroleum ind

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