

Commodity Markets Review

November 8, 2010

DECPG, The World Bank

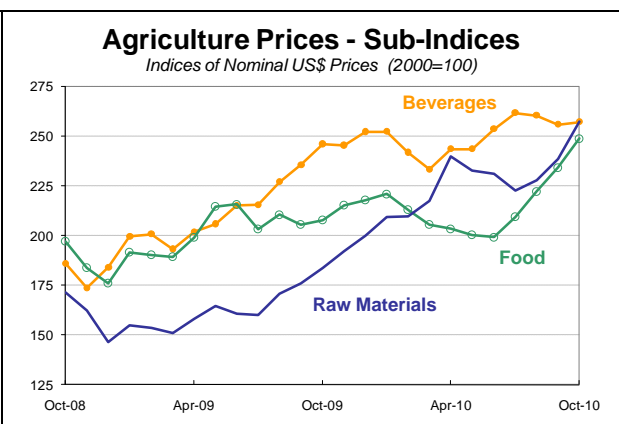
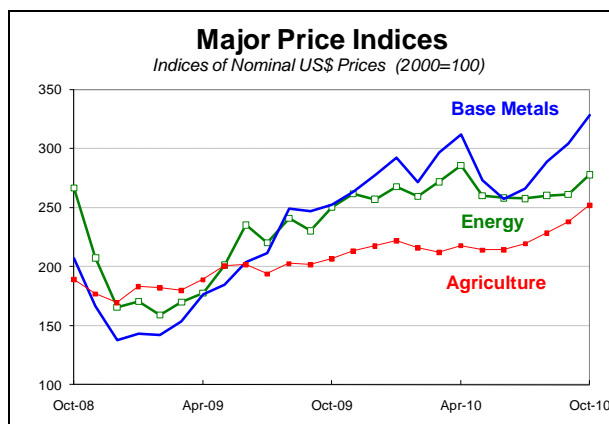
Non-energy commodity dollar prices in October rose for the fourth straight month, up 3.3 percent, mainly reflecting a weaker dollar—down 6.2 percent versus the euro and 3.5 percent against a basket of currencies. Dollar prices rose across commodity sectors, including agriculture, metals, fertilizers—and oil.

Crude oil dollar prices increased 7.4 percent in October, averaging \$81.72/bbl, but rose just 1.1% in euros. Dollar prices shot above \$86/bbl in early November as global crude oil inventories continue to fall, particularly the large overhang of floating storage, although U.S. stocks remain high. Product stocks also dropped due to autumn refinery maintenance and strikes in France. However, refinery runs are ramping up following turnarounds, and China's crude import demand surged in September, reflecting new refinery capacity. OPEC met October 14th and agreed to leave production quotas unchanged. However, OPEC's previous "ideal" price range of \$70-80/bbl has expanded to \$70-90/bbl, a range that the Saudi oil minister deemed "comfortable."

Natural gas prices in the U.S. dropped 12.1 percent in October to \$3.4/mmbtu, due to mild weather that kept demand moderate, and large seasonal injections into storage that are approaching record levels. U.S. gas production continues to increase, in part due to the steady growth in un-conventional shale gas output.

Agriculture dollar prices jumped 5.9 percent in October, up a fifth straight month, but fell 0.3 percent in euros. Cotton prices soared 21 percent to an all-time nominal high due to low stocks, strong demand and supply tightness. Maize prices climbed 15 percent following significantly lower yield estimates by the USDA. Rubber prices rose 11 percent because of heavy rains in Thailand, Malaysia and Indonesia. Several oilseed prices rose sharply due to tight supplies, strong demand from China, and concerns about Latin American soybean prospects. Sugar prices rose 9 percent on a lower-than-expected U.S. crop, and weather related shortfalls in Australia and Brazil.

Base metal dollar prices surged 7.9 percent in October, up for a fourth straight month, but only 1.6 percent in euros. Tin prices jumped 16 percent on strong demand in China, declining inventories, falling production in Indonesia from heavy rains, and output cuts in China in order to save energy. Zinc, lead and aluminum prices rose sharply on flattening/declining inventories, but these markets remain well supplied. Copper prices rose 8 percent on falling stocks and concerns about mine supply growth. Two physically-backed copper ETFs were filed with the SEC that could begin trading in 2011 and may impact both inventories and demand. Silver prices surged 14 percent due to strong investment and industrial demand.



Prepared in the Development Economics Prospects Group (DECPG) by Shane Streifel, John Baffes and Betty Dow. Katherine Rollins is task assistant.

Major Movers October¹

Cotton prices soared 20.9 percent, the largest nominal monthly gain during the past 50 years, due to the low level of global stocks, strong demand by spin millers, and supply shortfalls.

Tin prices jumped 16.0 percent due to strong demand in China, declining inventories, falling production in Indonesia from heavy rains, and recent output cuts in China to save energy.

Maize and sorghum prices surged 14.5 percent and 8.7 percent, respectively, following a USDA update that significantly lowered yield estimates in the U.S. and other countries, indicating a tight market for coarse grains.

Silver prices increased 13.9 percent due to strong investment and industrial demand.

Phosphate rock, DAP and TSP fertilizer prices rose 12.0, 9.5, and 6.3 percent, respectively, on strong demand in the U.S. and Brazil, partly driven by higher agriculture prices.

Palmkernel oil and coconut oil prices (close substitutes) rose 11.9 percent and 10.7 percent, respectively, reflecting tight supplies, and because copra production in the Philippines is expected to decline 25 percent in 2011.

Rubber prices increased 11.1 percent due to tight supplies because of heavy rains in Thailand, Malaysia, and Indonesia, the world's dominant natural rubber suppliers.

Soybean oil and palm oil prices (close substitutes) rose 10.7 percent and 7.9 percent, respectively, due to strong demand by China, higher production of biodiesel, export restrictions of sunflower oil by Ukraine, and expected competition from grains for land.

Zinc prices increased 10.3 percent on flattening stock levels and warehouse financing deals that have tightened the spot market; however the global market remains well supplied.

Sugar prices rose 9.3 percent reflecting a lower than expected U.S. crop and weather-related shortfalls in Australia and Brazil.

Lead prices increased 8.9 percent due to strong demand in China's auto and battery-powered bike sectors; however the lead market is well supplied and stocks are high.

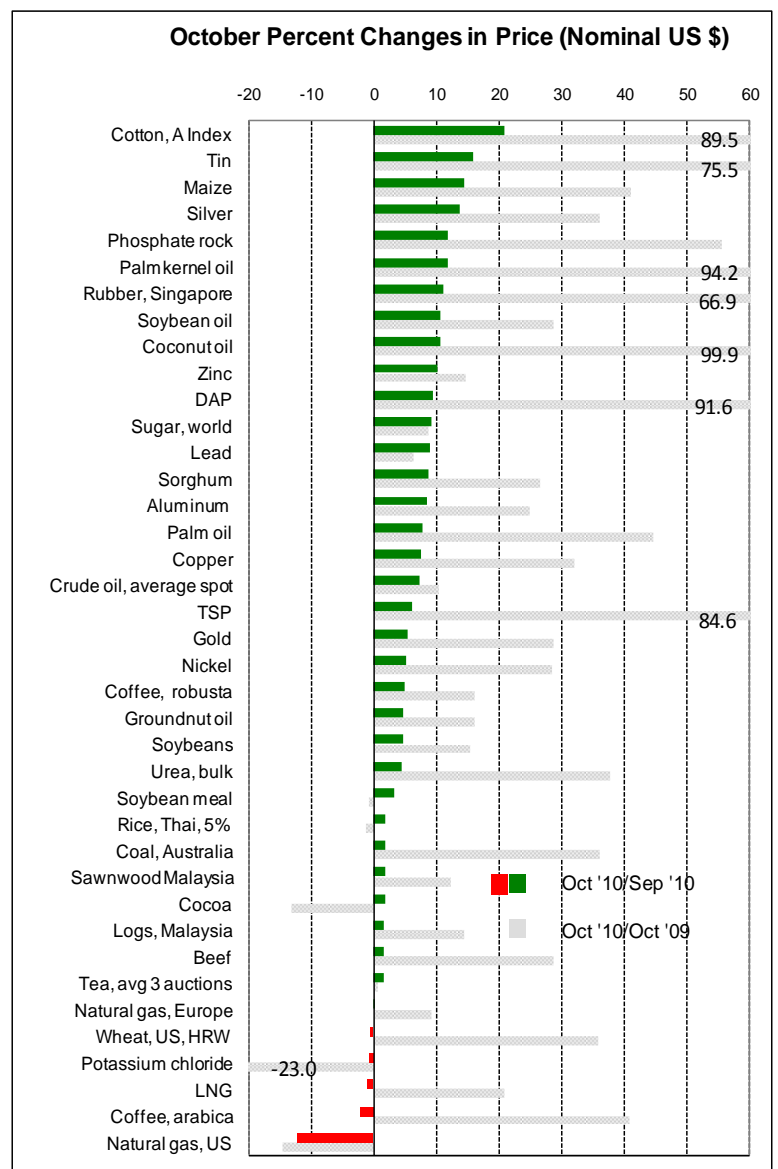
Aluminum prices rose 8.5 percent because of

falling stocks and government-forced production cutbacks in China to meet energy targets.

Copper prices rose 7.6 percent on falling stocks, strong Chinese import demand, and potential impact on demand and stocks from SEC filings of two physically-backed Exchange Traded Funds that could begin trading in early 2011.

Crude oil prices increased 7.4 percent (1.1 percent in euros) partly reflecting falling stocks and higher crude demand as refiners ramp up from autumn maintenance.

Natural gas (U.S.) prices plunged 12.1 percent on high inventories, growing production, and subdued demand because of mild weather.



¹ Percent change of average October 2010 prices compared to average September 2010 prices in nominal U.S. dollars (graph includes 12-month changes in grey).

COMMODITY PRICE DATA

Commodity	Unit	Annual averages			Quarterly averages				Monthly averages			
		Jan-Dec 2008	Jan-Dec 2009	Jan-Oct 2010	Jul-Sep 2009	Oct-Dec 2009	Jan-Mar 2010	Apr-Jun 2010	Jul-Sep 2010	Aug 2010	Sep 2010	Oct 2010
Energy												
Coal, Australia	a/ \$/mt	127.10	7184	96.14	7131	77.66	95.19	99.49	93.55	89.78	94.90	96.72
Crude oil, avg, spot	a/ \$/bbl	96.99	6176	77.39	68.21	75.50	77.06	78.18	75.51	75.83	76.12	81.72
Crude oil, Brent	a/ \$/bbl	97.64	6186	77.82	68.37	74.97	76.65	78.69	76.41	76.69	77.79	82.92
Crude oil, Dubai	a/ \$/bbl	93.78	6175	76.40	68.07	75.46	75.86	77.98	74.04	74.18	75.27	80.34
Crude oil, West Texas Int.	a/ \$/bbl	99.56	6165	77.97	68.21	76.08	78.67	77.85	76.08	76.60	75.29	81.90
Natural gas Index	a/ 2000=100	267.9	153.5	156.4	123.3	149.4	170.3	147.5	155.2	157.5	150.8	144.7
Natural gas, Europe	a/ \$/mmbtu	13.41	8.71	8.21	6.91	7.81	8.84	7.51	8.26	8.45	8.28	8.29
Natural gas, US	a/ \$/mmbtu	8.86	3.95	4.47	3.17	4.36	5.15	4.32	4.28	4.31	3.90	3.43
Natural gas LNG, Japan	a/ \$/mmbtu	12.53	8.94	10.85	7.91	9.33	10.32	10.95	11.24	11.30	11.10	11.00
Non Energy Commodities												
Agriculture												
Beverages												
Cocoa	b/ c/kg	257.7	288.9	316.3	296.4	341.8	329.7	321.0	306.2	309.1	287.4	292.6
Coffee, Arabica	b/ c/kg	308.2	317.1	412.2	322.7	341.7	353.7	392.0	468.5	466.5	491.0	479.8
Coffee, robusta	b/ c/kg	232.1	164.4	167.3	160.1	156.4	150.8	161.0	183.2	182.3	179.2	188.0
Tea, auctions (3), average	b/ c/kg	242.0	272.4	285.6	303.6	301.9	279.0	276.4	295.1	299.3	299.6	304.3
Tea, Colombo auctions	b/ c/kg	278.9	313.7	325.8	356.1	338.0	335.1	316.2	322.1	327.0	334.9	337.2
Tea, Kolkata auctions	b/ c/kg	225.5	251.5	275.9	273.0	284.4	215.8	274.0	320.6	320.3	318.2	327.4
Tea, Mombasa auctions	b/ c/kg	221.8	252.0	255.1	281.7	283.2	286.1	238.9	242.7	250.8	245.8	248.3
Food												
Fats and Oils												
Coconut oil	b/ \$/mt	1224	725	1025	711	734	834	955	1159	1170	1275	1411
Copra	\$/mt	816	480	683	469	491	557	634	769	772	847	947
Groundnut oil	b/ \$/mt	2,131	1,184	1,337	1,133	1,152	1,359	1,352	1,301	1,334	1,270	1,331
Palm oil	b/ \$/mt	949	683	847	679	732	808	813	875	905	912	984
Palmkernel oil	\$/mt	1,130	700	1,076	700	760	922	1,034	1,161	1,165	1,260	1,410
Soybean meal	b/ \$/mt	424	408	368	431	412	369	342	378	383	396	409
Soybean oil	b/ \$/mt	1,258	849	948	856	921	917	876	984	1,002	1,042	1,154
Soybeans	b/ \$/mt	523	437	432	454	439	417	409	452	457	470	492
Grains												
Barley	b/ \$/mt	200.5	128.3	153.2	122.0	145.5	143.6	146.9	161.9	161.2	168.1	174.6
Maize	b/ \$/mt	223.1	165.5	174.2	151.3	167.8	162.7	157.7	181.7	175.6	205.9	235.8
Rice, Thailand, 5%	b/ \$/mt	650.2	555.0	482.0	539.0	542.3	535.3	452.4	457.0	452.8	476.5	486.0
Rice, Thailand, 25%	\$/mt	n.a.	458.1	434.1	441.4	462.8	477.0	399.1	418.5	412.0	448.0	457.0
Rice, Thailand, 35%	\$/mt	n.a.	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	482.3	326.4	376.3	309.7	346.1	400.7	333.8	376.9	369.0	412.0	428.3
Sorghum	\$/mt	207.8	151.1	156.0	139.3	163.8	156.9	142.6	153.6	143.4	184.9	201.0
Wheat, Canada	\$/mt	454.6	300.5	296.4	271.2	283.4	279.0	260.9	326.1	326.0	365.0	365.6
Wheat, US, HRW	b/ \$/mt	326.0	224.1	210.2	208.8	205.4	195.4	177.4	237.9	246.2	271.7	270.2
Wheat US SRW	\$/mt	271.5	186.0	216.9	165.2	195.6	193.5	186.9	253.4	261.6	276.3	267.5
Other Food												
Bananas EU	\$/mt	1,188	1,145	993	1,118	1,032	1,014	1,029	933	865	974	1,000
Bananas US	b/ \$/mt	844	847	860	826	813	781	862	922	899	880	908
Fishmeal	\$/mt	1,133	1,230	1,712	1,276	1,535	1,660	1,814	1,663	1,629	1,645	1,712
Meat, beef	b/ c/kg	313.8	263.6	330.3	273.2	273.5	314.2	342.4	330.9	336.5	335.1	340.9
Meat, chicken	b/ c/kg	169.6	171.7	172.2	173.9	165.1	167.2	173.0	176.0	176.0	175.9	173.9
Meat, sheep	c/kg	458.5	427.6	487.8	453.3	450.1	447.6	486.8	508.0	528.3	533.4	550.3
Oranges	b/ \$/mt	1,107	909	1,090	861	1,107	1,009	1,084	1,163	1,139	1,047	1,133
Shrimp, Mexico	b/ c/kg	1,069	945	n.a.	970	864	827	n.a.	n.a.	n.a.	n.a.	1,179
Sugar EU domestic	b/ c/kg	69.69	52.44	44.24	55.43	49.11	46.38	42.66	43.29	43.21	43.90	45.41
Sugar US domestic	b/ c/kg	46.86	54.88	78.07	57.31	70.48	84.31	69.62	78.20	77.17	84.15	84.29
Sugar, world	b/ c/kg	28.21	40.00	44.33	46.98	50.29	51.82	34.93	42.94	40.71	49.63	54.26
Raw Materials												
Timber												
Logs, Cameroon	\$/cum	526.9	421.5	425.6	444.9	449.5	431.4	408.0	426.3	425.6	432.0	458.9
Logs, Malaysia	b/ \$/cum	292.3	287.2	271.8	279.6	271.1	253.6	253.5	293.5	294.7	310.9	316.4
Plywood	c/sheets	645.5	564.6	566.6	561.5	558.4	557.2	566.3	572.3	571.8	575.4	578.1
Sawnwood, Cameroon	\$/cum	958.3	748.9	807.6	779.0	806.3	804.1	787.1	811.8	813.7	827.1	867.4
Sawnwood, Malaysia	b/ \$/cum	889.1	805.5	841.6	771.4	807.4	787.8	832.6	883.7	892.2	887.6	904.0
Woodpulp	\$/mt	820.2	614.6	861.8	627.7	715.6	780.9	875.5	912.9	918.0	906.6	910.0
Other Raw Materials												
Cotton A Index	b/ c/kg	157.4	138.2	202.9	141.9	157.7	178.8	199.3	205.2	199.2	230.9	279.1
Cotton Memphis	c/kg	161.3	145.3	n.a.	148.8	172.4	183.6	200.1	n.a.	n.a.	n.a.	n.a.
Rubber, US	c/kg	284.1	214.6	368.5	221.0	284.7	345.2	381.5	360.7	356.5	375.9	422.8
Rubber, Singapore	b/ c/kg	258.6	192.1	347.9	199.3	256.5	318.6	372.7	337.5	331.6	353.3	392.5

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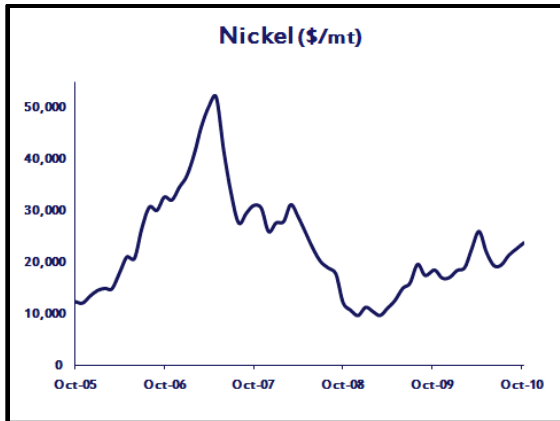
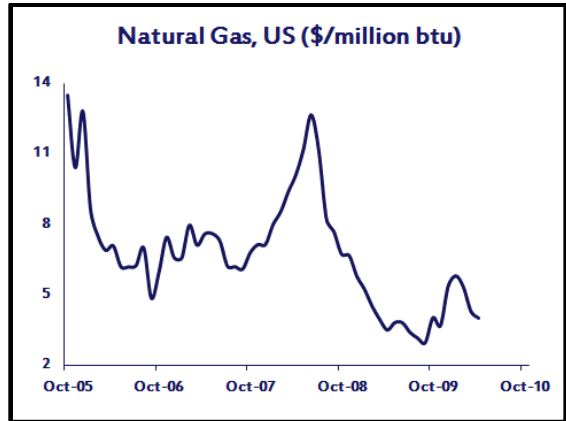
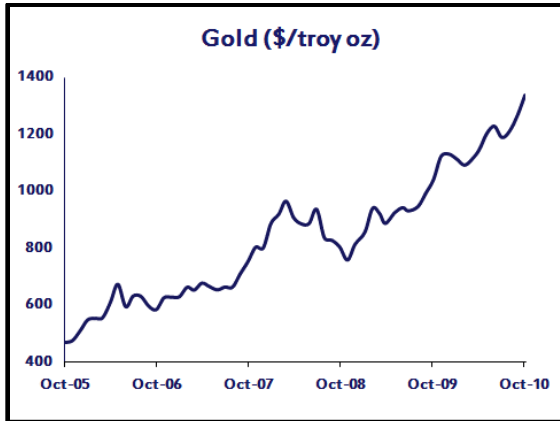
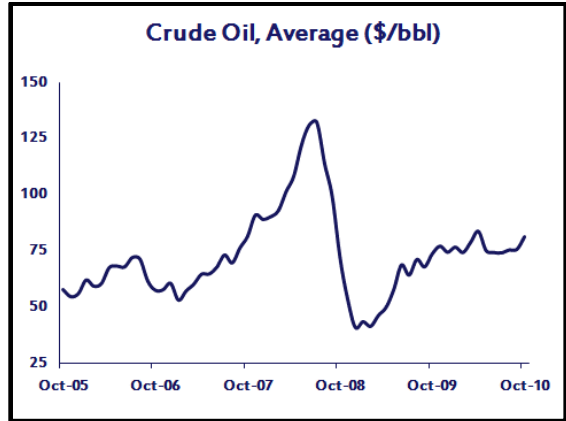
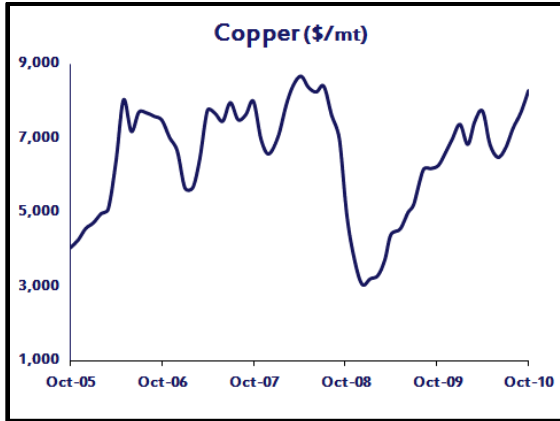
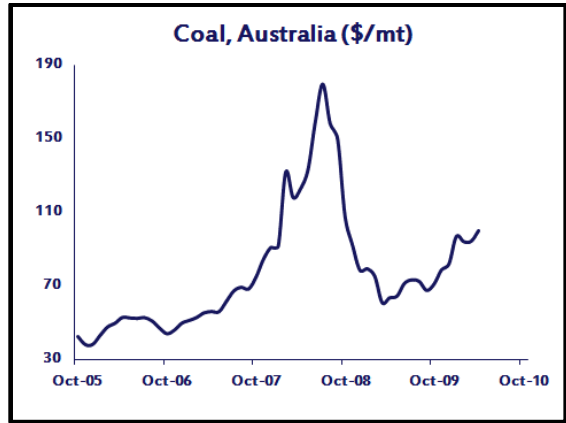
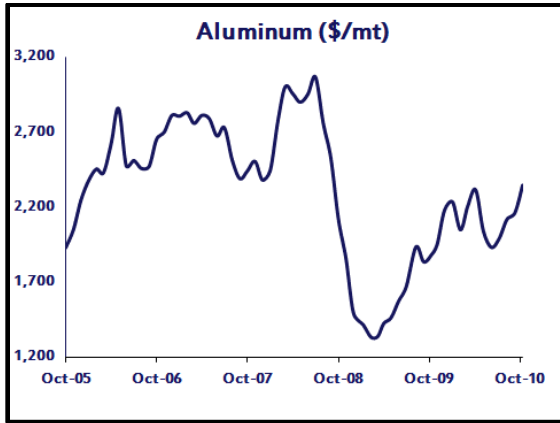
a/ Included in the energy index (2000=100) b/ Included in the non-energy index (2000=100) c/ Steel not included in the non-energy index
d/ base metals plus iron ore e/ Includes aluminum, copper, lead, nickel, tin and zinc
\$ = US dollar ¢ = US cent bbl = barrel cum = cubic meter drmt = Dry Metric Ton 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

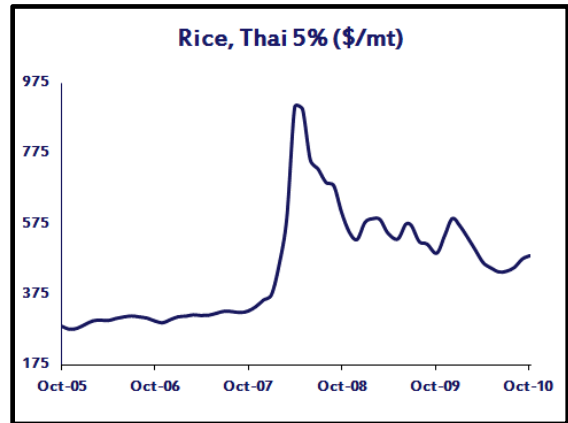
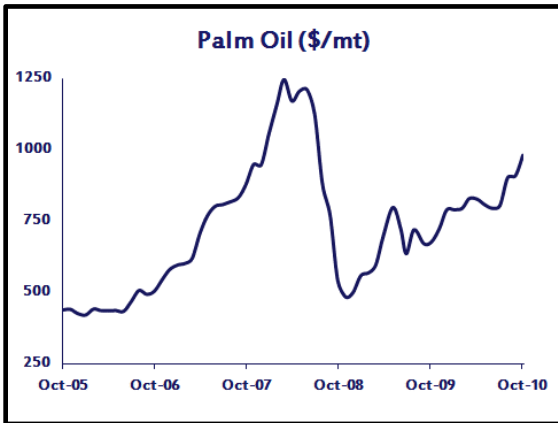
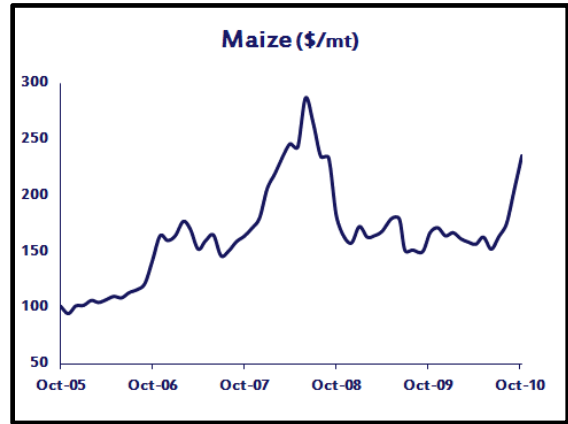
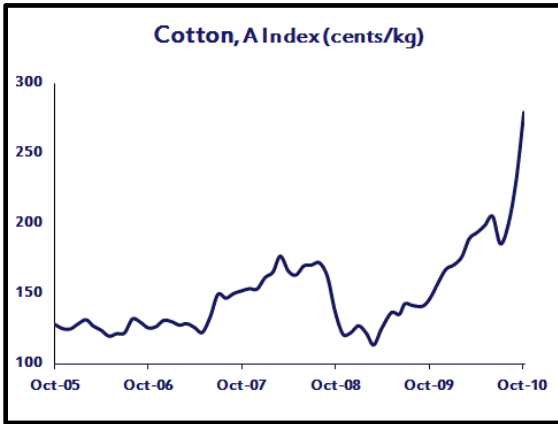
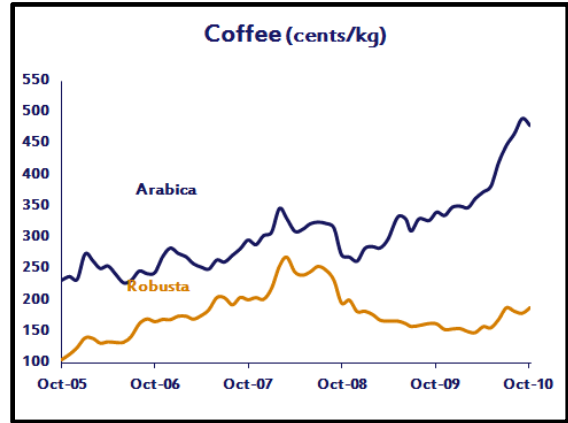
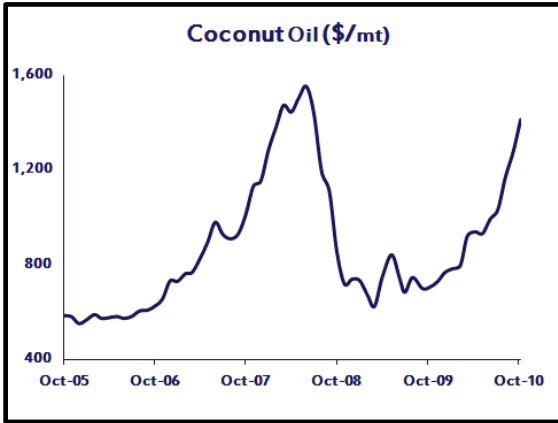
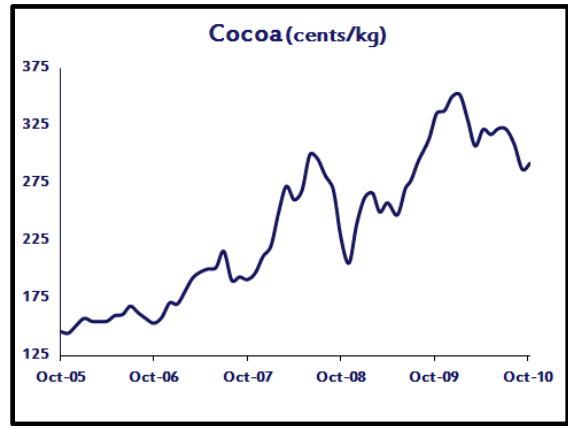
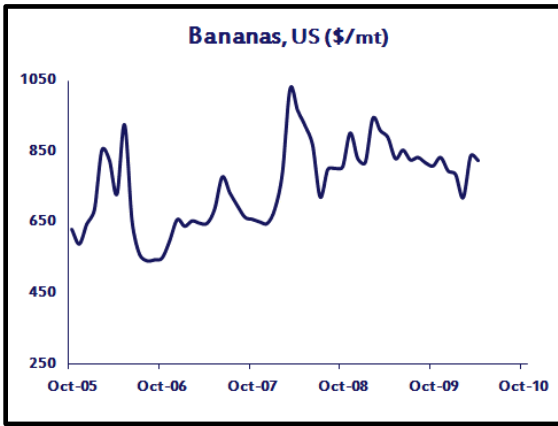
		Annual averages			Quarterly averages					Monthly averages		
		Jan-Dec	Jan-Dec	Jan-Oct	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Aug	Sep	Oct
		2008	2009	2010	2009	2009	2010	2010	2010	2010	2010	2010
Fertilizers												
DAP	b/ \$/mt	967.2	323.1	482.6	309.6	316.9	464.8	458.2	494.1	496.1	525.0	575.0
Phosphate rock	b/ \$/mt	345.6	1217	119.6	90.0	90.0	102.1	125.0	125.0	125.0	125.0	140.0
Potassium chloride	b/ \$/mt	570.1	630.4	328.8	506.8	423.0	334.0	316.1	334.2	345.0	337.5	335.0
TSP	b/ \$/mt	879.4	257.4	364.6	224.7	235.7	316.9	357.4	389.6	380.8	428.0	455.0
Urea, E. Europe, bulk	b/ \$/mt	492.7	249.6	272.2	2416	248.3	281.0	237.2	279.2	273.0	315.0	329.4
Metals and Minerals												
Aluminum	b/ \$/mt	2,573	1,665	2,139	1,812	2,003	2,163	2,096	2,090	2,118	2,162	2,347
Copper	b/ \$/mt	6,956	5,150	7,280	5,859	6,648	7,232	7,027	7,243	7,284	7,709	8,292
Gold	\$/toz	872	973	1,194	960	1,102	1,109	1,196	1,227	1,216	1,271	1,342
Iron ore	b/ c/dmtu	140.6	101.0	157.7	101.0	101.0	101.0	152.0	212.0	212.0	212.0	182.0
Lead	b/ c/kg	209.1	171.9	209.9	192.8	229.3	222.1	195.0	203.2	207.5	218.4	238.0
Nickel	b/ \$/mt	21,111	14,655	21,469	17,700	17,528	19,959	22,476	21,191	21,413	22,643	23,807
Silver	c/toz	1,500	1,469	1,864	1,477	1,760	1,693	1,838	1,901	1,849	2,061	2,347
Steel products index	c/ 2000=100	289	227	229	211	207	211	241	232	230	235	235
Steel cr coilsheet, Japan, Reins	c/ \$/mt	966	783	809	700	700	725	838	850	850	850	850
Steel hr coilsheet, Japan, Reins	c/ \$/mt	883	683	709	600	600	625	738	750	750	750	750
Steel, rebar, Japan, Reinstated	c/ \$/mt	760	486	565	500	522	546	621	533	530	530	550
Steel wire rod, Japan, Reinstated	c/ \$/mt	1,010	969	725	857	814	751	767	678	670	670	660
Tin	b/ c/kg	1,851	1,357	1,932	1,459	1,517	1,721	1,786	2,055	2,075	2,270	2,634
Zinc	b/ c/kg	1,875	1,655	2,136	1,761	2,214	2,289	2,026	2,013	2,045	2,151	2,372
NEW World Bank commodity price indices for low and middle income countries (2000=100)												
Energy		342.0	214.3	265.8	230.3	256.1	266.1	267.7	259.5	260.1	261.1	277.6
Non Energy Commodities		272.0	213.2	261.2	219.8	235.2	244.2	252.2	275.6	276.0	287.0	296.6
Agriculture		229.5	197.8	223.4	199.5	212.6	216.6	215.4	228.7	228.5	238.1	252.1
Beverages		210.0	219.9	250.4	226.4	247.9	242.5	246.9	259.3	260.4	255.9	257.3
Food		247.4	205.1	215.7	206.4	213.7	213.1	201.0	221.9	222.2	234.2	248.8
Fats and Oils		277.3	216.2	232.6	220.9	224.5	224.7	219.7	241.1	246.2	252.3	269.1
Grains		281.7	214.9	206.2	202.3	210.8	205.1	186.6	212.5	210.8	234.3	249.6
Other Food		177.1	181.6	202.1	191.2	202.0	205.1	189.4	205.3	201.1	210.5	221.4
Raw Materials		195.7	168.7	228.5	168.9	192.0	211.9	234.4	229.5	227.6	238.3	257.2
Timber		150.5	138.9	141.9	133.6	137.3	132.7	138.6	149.9	151.2	152.4	155.2
Other Raw Materials		245.3	201.4	323.1	207.5	251.8	298.6	339.1	316.5	311.2	332.3	368.8
Fertilizers		566.7	293.0	268.8	252.1	242.8	259.0	253.3	278.5	276.4	299.8	315.3
Metals and Minerals d/		325.7	235.6	337.9	257.6	280.8	299.0	327.5	371.4	373.3	385.8	385.7
Base Metals e/		287.9	208.9	289.2	236.0	264.6	287.0	280.9	286.5	288.9	304.3	328.5

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
d/ base metals plus iron ore e/ Includes aluminum, copper, lead, nickel, tin and zinc
\$ = 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

Selected Commodity Prices, Nominal US dollars, 2005-2010



Selected Commodity Prices, Nominal US dollars, 2005-2010 Cont'd



Selected Commodity Prices, Nominal US dollars, 2005-2010 Cont'd

