Commodity Markets Review

February 16, 2010 DECPG, The World Bank

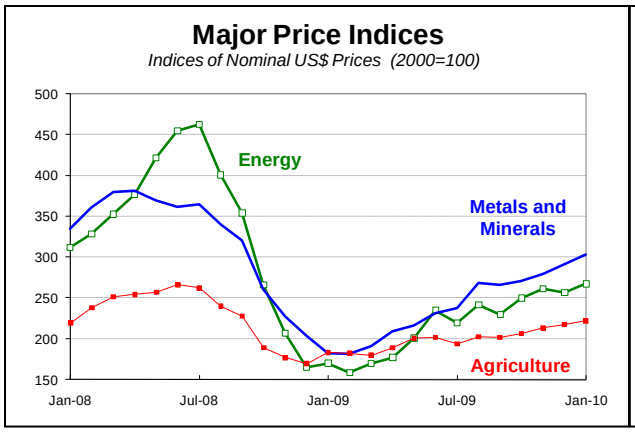
Non-energy commodity prices rose by 2.9 percent in January, with gains in all main indices. However, prices fell in the second half of the month on the sudden strength of the dollar and renewed macroeconomic concerns.

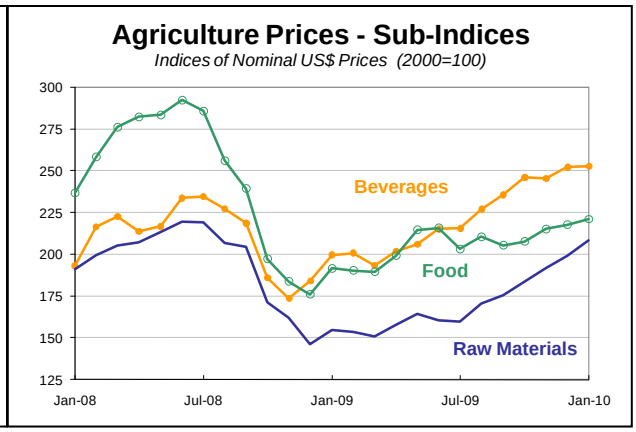
Crude oil prices fell 3.0 percent in January to average $77.1/bbl. However, prices slid from over $81/bbl early in January to less than $72/bbl at month-end on moderating temperatures, before recovering partially in February on renewed cold weather in the northern hemisphere. The stock overhang of crude and products in the U.S. continues to diminish but remains above historic norms. Globally some 145 million barrels of oil are stored at sea, of which 59 million barrels are crude, the remainder products. OPEC oil production continues to edge higher, with compliance to its cumulative 4.2 mb/d of agreed production cuts falling below 60 percent. OPEC next meets on March 17th to discuss market developments.

Coal prices surged 16.7 percent in January as cold weather and heavy snow in China boosted heating demand and disrupted coal transport. **U.S. natural gas prices rose 8.2 percent** due to cold-weather demand early in the month. Natural gas prices in Europe and Japan (LNG) rose 9.9 and 5.3 percent, respectively, on strong winter demand and the lagged indexation of imported gas to oil prices.

Agriculture prices rose 2.0 percent in January, with the largest gains in raw materials and "other food" category. Rubber prices increased 10.4 percent due to strong demand and continued adverse weather conditions in all major Asian rubber producing countries (Thailand, Malaysia, and Indonesia). Sugar prices rose 12.5 percent to a new high exceeding $0.58/kg, as Indonesia and India announced plans to import large amounts of the sweetener. Palmkernel oil prices increased 5.9 percent due to a poor crop of coconut oil (a close substitute). Offsetting these increases were moderate declines in grains prices due to expectations of favorable global supplies.

Metals and minerals prices rose 4.1 percent in January. The sharp gains of December continued through the early part of the month, but prices fell sharply in the second half and into February. The recent declines have been the result of increased risk aversion, concerns about monetary policy tightening, the demand outlook in China, and continuing rise in LME inventories for most metals. For January as a whole, tin prices rose most, up 14 percent due to the stabilization of LME inventories suggesting an improving supply/demand balance. Nickel prices increased 8 percent on the nearly seven-month strike at Vale's operations in Canada. Copper prices rose 6 percent on short-lived strike action in Chile early in the month.





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Major Movers January[1]

TSP, DAP, phosphate rock and urea fertilizer prices jumped 27.7, 18.6, 8.3, and 5.6 percent, respectively, due to strong demand in the southern hemisphere, particularly for phosphate fertilizers in Latin America.

Coal prices surged 16.7 percent due to strong cold-weather demand in China, and as heavy snow disrupted coal transport.

Tin prices climbed 13.9 percent as LME inventories stabilized, unlike other metals where stocks continue to rise.

Sugar prices increased 12.5 percent to exceed $0.58/kg, a 30-year nominal high, reflecting plans by Indonesia and India to secure large imports of the commodity.

Rubber prices rose 10.4 percent due to strong demand and adverse weather conditions in all major Asian rubber producing countries (Thailand, Malaysia, and Indonesia).

Goundnut oil prices rose 10.2 percent due to a poor groundnut crop in India.

Natural gas prices in Europe and Japan (LNG) rose 9.9 percent and 5.3 percent, respectively, on strong winter demand and the lagged indexation of gas imports to oil prices.

Natural gas (U.S.) prices increased 8.2 percent because of cold-weather demand early in the month, but prices subsequently fell on milder weather and ample storage.

Nickel prices climbed 8.0 percent, despite a build-up of stocks, due to concerns about the prolonged strikes at Vale's Canadian operations.

Palmkernel oil prices rose 5.9 percent because of poor crops of coconut oil (a close substitute).

Copper prices increased 5.8 percent on continued strong imports into China, and strike action in Chile early in the month.

Beef prices rose 5.4 percent reflecting seasonally tight supplies in Australia.

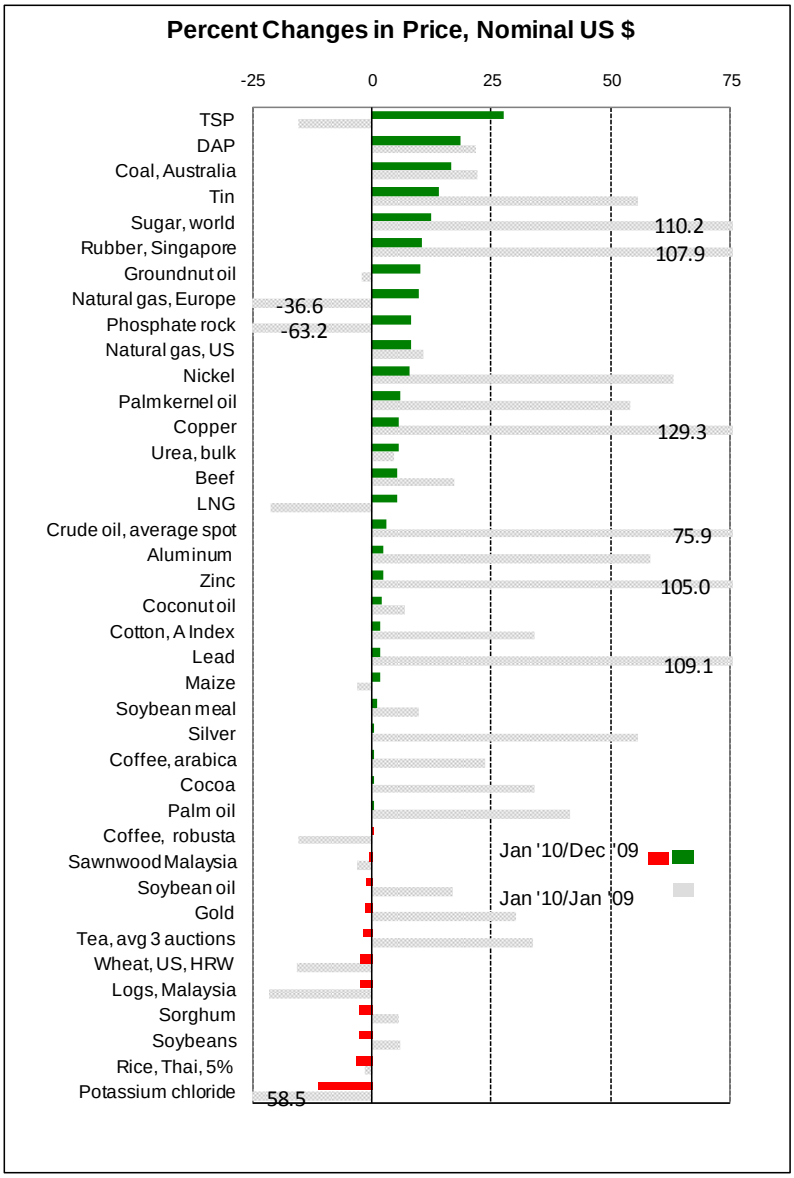
Crude oil prices increased 3.0 percent due to cold weather-demand early in the month but subsequently fell sharply as temperatures moderated and as concerns about the robustness of the recovery grew.

Sorghum prices fell 2.7 percent on reports of higher corn production in Argentina, and larger corn plantings in the U.S. (corn and maize are close substitutes).

Soybeans prices decreased 2.9 percent because of bumper crops in South America, estimated at 30 million tons higher than last year's drought-reduced level.

Rice prices fell 3.3 percent, despite aggressive buying practices by the Philippines, reflecting a well-supplied market.

Potassium Chloride prices dropped 11.2 percent, reflecting recently-signed contracts by two producers with China for 2010.



[1] Percent change of average January 2010 prices compared to average December 2009 prices in nominal U.S. dollars (graph includes 12-month changes in grey).

COMMODITY PRICE DATA

		Annual averages			Quarterly averages					Monthly averages		
Commodity	Unit	Jan-Dec 2008	Jan-Dec 2009	Jan-Jan 2010	Oct-Dec 2008	Jan-Mar 2009	Apr-Jun 2009	Jul-Sep 2009	Oct-Dec 2009	Nov 2009	Dec 2009	Jan 2010
Energy												
Coal, Australia	a/ $/mt	127.10	71.84	97.00	92.97	71.93	66.48	71.31	77.66	78.80	83.10	97.00
Crude oil, avg, spot	a/ $/bbl	96.99	61.76	77.12	56.00	44.11	59.19	68.21	75.50	77.55	74.88	77.12
Crude oil, Brent	a/ $/bbl	97.64	61.86	76.37	55.89	44.98	59.13	68.37	74.97	77.04	74.67	76.37
Crude oil, Dubai	a/ $/bbl	93.78	61.75	76.64	53.67	44.56	58.93	68.07	75.46	77.63	75.49	76.64
Crude oil, West Texas Int.	a/ $/bbl	99.56	61.65	78.36	58.45	42.80	59.52	68.21	76.08	78.00	74.49	78.36
Natural gas Index	a/ 2000=100	267.9	153.4	178.4	266.2	198.2	142.9	123.3	149.3	141.1	164.0	178.4
Natural gas, Europe	a/ $/mmbtu	13.41	8.71	8.80	15.75	11.94	8.18	6.91	7.81	7.81	8.01	8.80
Natural gas, US	a/ $/mmbtu	8.86	3.95	5.81	6.40	4.57	3.70	3.17	4.36	3.69	5.37	5.81
Natural gas LNG, Japan	a/ $/mmbtu	12.53	8.91	10.00	14.62	10.90	7.60	7.91	9.24	9.13	9.50	10.00
Non Energy Commodities												
Agriculture												
Beverages												
Cocoa	b/ c/kg	257.7	288.9	352.3	224.1	259.4	257.9	296.4	341.8	338.5	350.9	352.3
Coffee, Arabica	b/ c/kg	308.2	317.1	350.3	267.8	283.9	320.2	322.7	341.7	335.6	348.7	350.3
Coffee, robusta	b/ c/kg	232.1	164.4	154.5	192.6	175.8	165.3	160.1	156.4	153.2	154.1	154.5
Tea, auctions (3), average	b/ c/kg	242.0	272.4	292.3	206.6	218.0	266.1	303.6	301.9	305.6	297.4	292.3
Tea, Colombo auctions	b/ c/kg	278.9	313.7	341.1	208.8	261.7	299.1	356.1	338.0	335.0	326.7	341.1
Tea, Kolkata auctions	b/ c/kg	225.5	251.5	251.4	220.2	177.4	271.3	273.0	284.4	291.2	267.7	251.4
Tea, Mombasa auctions	b/ c/kg	221.8	252.0	284.5	190.8	214.9	228.0	281.7	283.2	290.6	297.7	284.5
Food												
Fats and Oils												
Coconut oil	b/ $/mt	1,224	725	785	772	677	779	711	734	729	768	785
Copra	$/mt	816	480	524	520	447	513	469	491	493	509	524
Groundnut oil	b/ $/mt	2,131	1,184	1,314	1,773	1,283	1,166	1,133	1,152	1,116	1,192	1,314
Palm oil	b/ $/mt	949	683	795	512	577	743	679	732	725	792	795
Palmkernel oil	$/mt	1,130	700	878	609	577	763	700	761	726	829	878
Soybean meal	b/ $/mt	424	408	405	320	365	424	431	412	422	401	405
Soybean oil	b/ $/mt	1,258	849	924	830	755	863	856	921	931	935	924
Soybeans	b/ $/mt	523	437	437	377	394	461	454	439	440	450	437
Grains												
Barley	b/ $/mt	200.5	128.3	146.5	129.5	116.3	129.5	122.0	145.5	155.3	150.6	146.5
Maize	b/ $/mt	223.1	165.5	167.3	168.4	166.9	176.0	151.3	167.8	171.6	164.6	167.3
Rice, Thailand, 5%	b/ $/mt	650.2	555.0	571.3	564.4	586.3	552.4	539.0	542.3	542.8	591.0	571.3
Rice, Thailand, 25%	$/mt	n.a.	458.1	510.8	449.9	469.4	458.7	441.4	462.8	460.3	515.3	510.8
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, A.1 Special / Super	$/mt	482.3	326.4	419.8	314.1	323.4	326.3	309.7	346.1	337.0	403.0	419.8
Sorghum	$/mt	207.8	151.1	161.8	151.0	145.3	155.8	139.3	163.8	166.0	166.3	161.8
Wheat, Canada	$/mt	454.6	300.5	287.2	322.1	321.9	325.6	271.2	283.4	288.4	287.8	287.2
Wheat, US, HRW	b/ $/mt	326.0	224.1	201.2	228.1	231.6	250.5	208.8	205.4	211.0	206.3	201.2
Wheat US SRW	$/mt	271.5	186.0	198.8	182.7	187.4	195.6	165.2	195.6	204.7	206.5	198.8
Other Food												
Bananas EU	$/mt	1,188	1,145	941	944	1,142	1,288	1,118	1,032	1,027	989	941
Bananas US	b/ $/mt	844	847	785	847	891	858	826	813	834	796	785
Fishmeal	$/mt	1,133	1,230	1,683	1,023	1,013	1,097	1,276	1,535	1,526	1,651	1,683
Meat, beef	b/ c/kg	313.8	263.6	295.1	268.0	245.2	262.8	273.2	273.5	275.6	280.0	295.1
Meat, chicken	b/ c/kg	169.6	171.7	166.4	174.7	173.5	174.1	173.9	165.1	164.6	164.7	166.4
Meat, sheep	c/kg	458.5	427.6	451.2	410.0	378.5	428.7	453.3	450.1	457.0	447.5	451.2
Oranges	b/ $/mt	1,107	909	1,089	842	799	870	861	1,107	1,154	1,014	1,089
Shrimp, Mexico	b/ c/kg	1,069	945	794	1,014	976	970	970	864	863	794	794
Sugar EU domestic	b/ c/kg	69.69	52.44	47.81	51.97	51.44	53.76	55.43	49.11	49.63	48.92	47.81
Sugar US domestic	b/ c/kg	46.86	54.88	86.77	44.72	43.82	47.89	57.31	70.48	70.25	73.42	86.77
Sugar, world	b/ c/kg	28.21	40.00	58.36	26.28	28.85	33.89	46.98	50.29	49.07	51.87	58.36
Raw Materials												
Timber												
Logs, Cameroon	$/cum	526.9	421.5	442.4	473.8	426.8	394.8	414.9	449.5	451.1	452.7	442.4
Logs, Malaysia	b/ $/cum	292.3	287.2	258.2	315.7	313.6	284.5	279.6	271.1	272.0	264.8	258.2
Plywood	c/sheets	645.5	564.6	557.2	645.5	572.8	565.8	561.5	558.4	558.6	557.2	557.2
Sawnwood, Cameroon	$/cum	958.3	748.9	804.1	770.8	689.2	721.2	779.0	806.3	821.0	807.7	804.1
Sawnwood, Malaysia	b/ $/cum	889.1	805.5	792.4	859.9	813.7	829.7	771.4	807.4	821.1	796.0	792.4
Woodpulp	$/mt	820.2	614.6	731.4	711.0	565.1	550.0	627.7	715.6	722.0	731.4	731.4
Other Raw Materials												
Cotton A Index	b/ c/kg	157.4	138.2	170.5	126.9	120.8	132.4	141.9	157.7	158.3	167.6	170.5
Cotton Memphis	c/kg	161.3	145.3	179.7	129.4	122.4	137.5	148.8	172.4	173.9	179.5	179.7
Rubber, US	c/kg	284.1	214.6	335.1	202.8	165.8	187.0	221.0	284.7	279.3	310.0	335.1
Rubber, Singapore	b/ c/kg	258.6	192.1	309.2	159.0	146.0	166.4	199.3	256.5	254.2	280.1	309.2

continued on next page

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 2008	Jan-Dec 2009	Jan-Jan 2010	Oct-Dec 2008	Jan-Mar 2009	Apr-Jun 2009	Jul-Sep 2009	Oct-Dec 2009	Nov 2009	Dec 2009	Jan 2010
Fertilizers												
DAP	b/ $/mt	967.2	323.1	427.5	663.3	362.2	303.6	309.6	316.9	290.3	360.4	427.5
Phosphate rock	b/ $/mt	345.6	121.7	97.5	371.3	193.3	113.3	90.0	90.0	90.0	90.0	97.5
Potassium chloride	b/ $/mt	570.1	630.4	354.4	766.7	865.2	726.7	506.8	423.0	435.0	399.0	354.4
TSP	b/ $/mt	879.4	257.4	296.3	658.7	321.7	247.7	224.7	235.7	228.5	232.0	296.3
Urea, E. Europe, bulk	b/ $/mt	492.7	249.6	275.8	292.2	267.3	241.1	241.6	248.3	244.8	261.1	275.8
Metals and Minerals												
Aluminum	b/ $/mt	2,573	1,665	2,235	1,821	1,360	1,485	1,812	2,003	1,949	2,180	2,235
Copper	b/ $/mt	6,956	5,150	7,386	3,905	3,428	4,663	5,859	6,648	6,676	6,982	7,386
Gold	$/toz	872	973	1,118	795	909	922	960	1,102	1,127	1,135	1,118
Iron ore	b/ c/dmtu	140.6	101.0	101.0	140.6	101.0	101.0	101.0	101.0	101.0	101.0	101.0
Lead	b/ c/kg	209.1	171.9	236.8	124.5	115.7	149.9	192.8	229.3	230.9	232.9	236.8
Nickel	b/ $/mt	21,111	14,655	18,439	10,843	10,471	12,920	17,700	17,528	16,991	17,066	18,439
Silver	c/toz	1,500	1,469	1,775	1,020	1,265	1,376	1,477	1,760	1,788	1,764	1,775
** Steel products index, Japan F	c/ 2000=100	289	227	206	310	275	215	211	207	207	205	206
Steel cr coilsheet, Japan, Reins	c/ $/mt	966	783	700	1,100	1,033	700	700	700	700	700	700
Steel hr coilsheet, Japan, Reins	c/ $/mt	883	683	600	1,000	933	600	600	600	600	600	600
Steel, rebar, Japan, Reinstated	c/ $/mt	760	486	510	630	473	450	500	522	495	490	510
Steel wire rod, Japan, Reinstate	c/ $/mt	1,010	969	750	1,200	1,200	1,007	857	814	825	768	750
Tin	b/ c/kg	1,851	1,357	1,771	1,310	1,103	1,351	1,459	1,517	1,494	1,555	1,771
Zinc	b/ c/kg	187.5	165.5	243.4	118.5	117.2	147.3	176.1	221.4	219.3	237.6	243.4
NEW World Bank commodity price indices for low and middle income countries(2000 =100)												
Energy		342.0	214.3	267.5	212.9	166.3	204.5	230.3	256.1	261.5	256.7	267.5
Non Energy Commodities		272.0	213.1	248.9	206.3	189.9	207.8	219.8	235.2	235.4	241.9	248.9
Agriculture		229.5	197.8	222.1	178.6	181.9	197.1	199.5	212.5	213.3	217.6	222.1
Beverages		210.0	219.9	252.7	181.2	197.9	207.3	226.4	247.9	245.4	252.2	252.7
Food		247.4	205.1	221.1	185.7	190.4	209.8	206.4	213.7	215.3	217.9	221.1
Fats and Oils		277.3	216.2	230.6	182.4	191.4	227.9	220.9	224.5	225.6	231.1	230.6
Grains		281.7	214.9	214.0	218.6	221.3	225.3	202.3	210.8	214.3	217.0	214.0
Other Food		177.1	181.6	215.2	160.2	161.3	172.1	191.2	202.0	202.7	201.4	215.2
Raw Materials		195.7	168.7	208.7	160.0	153.1	161.1	168.9	191.7	192.0	199.4	208.7
Timber		150.5	138.9	133.8	149.4	143.1	141.8	133.6	137.3	139.2	135.1	133.8
Other Raw Materials		245.3	201.2	290.6	171.6	164.0	182.2	207.5	251.3	249.8	269.7	290.6
Fertilizers		566.7	293.0	255.2	492.2	376.6	300.6	252.1	242.8	242.2	243.5	255.2
Metals and Minerals		325.7	235.6	303.4	230.6	185.0	219.0	257.6	280.8	279.8	291.4	303.4

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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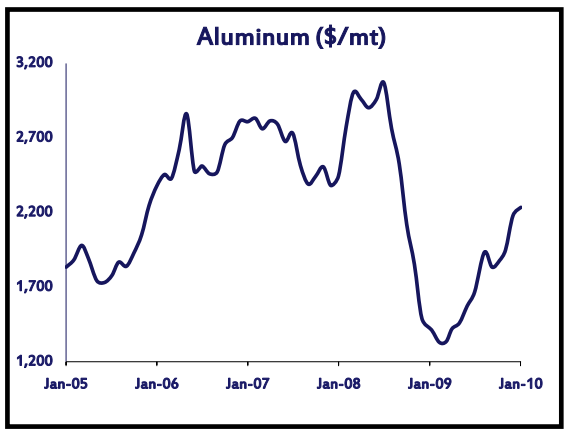
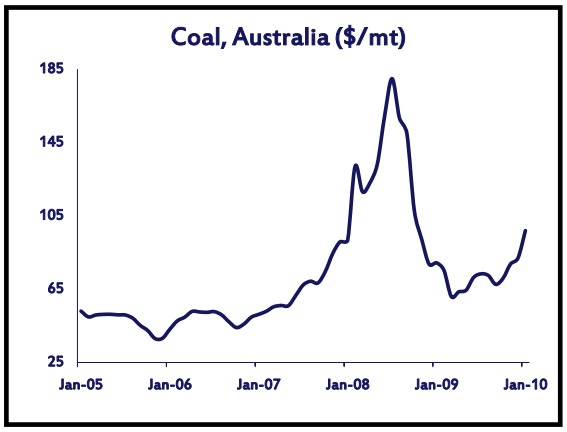
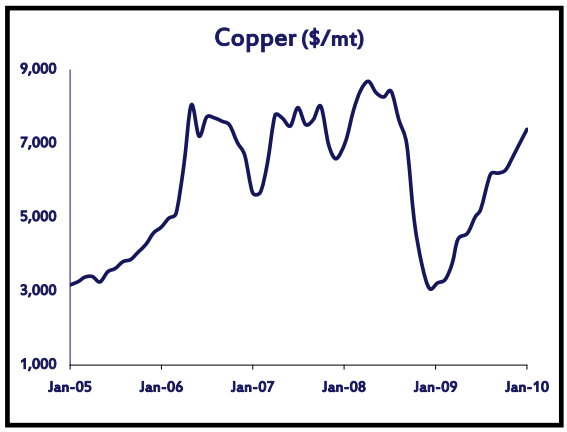
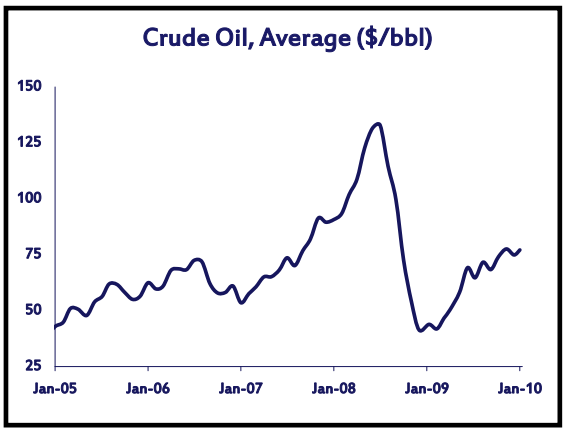
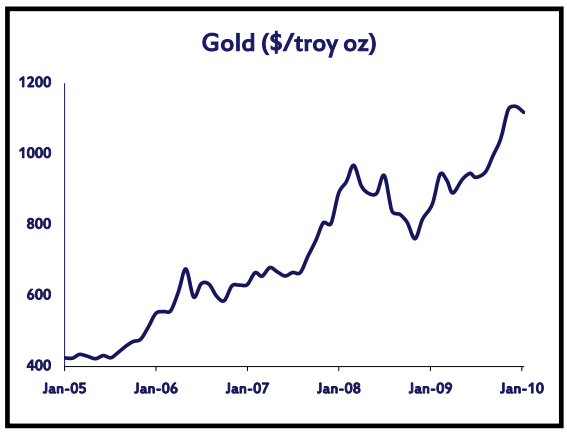
Selected Commodity Prices, Nominal US dollars, 2005-2010

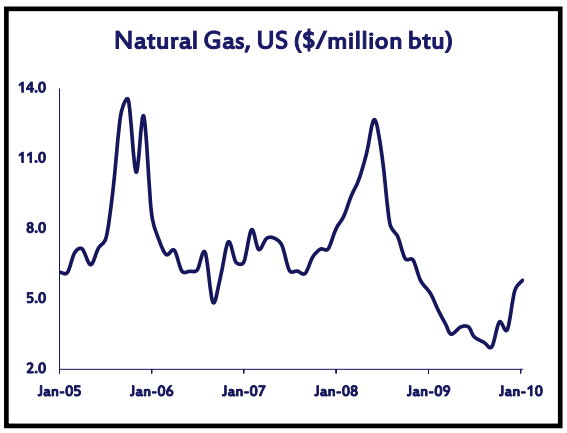


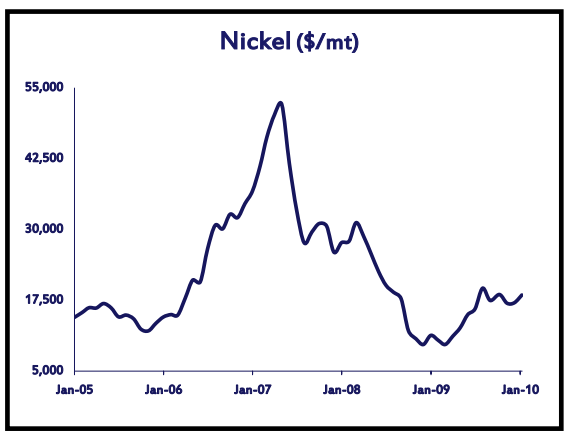


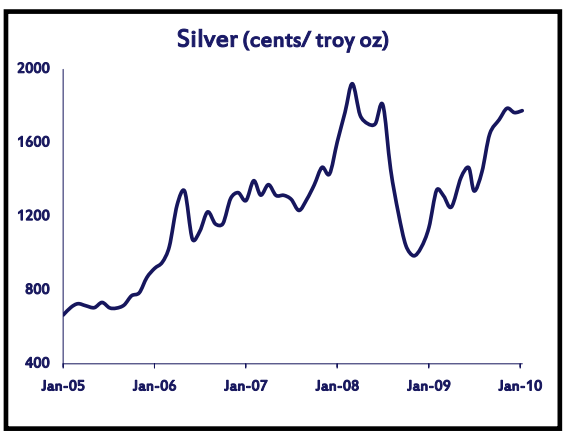




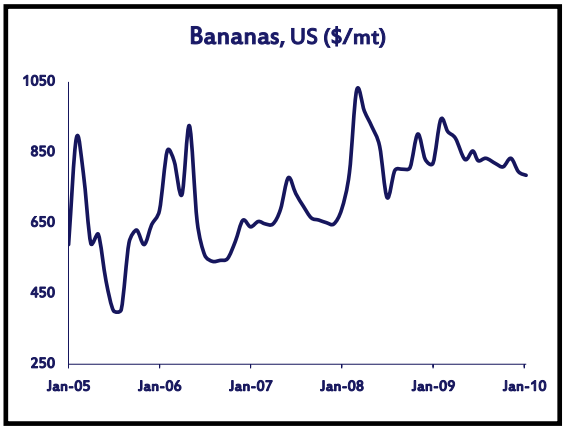


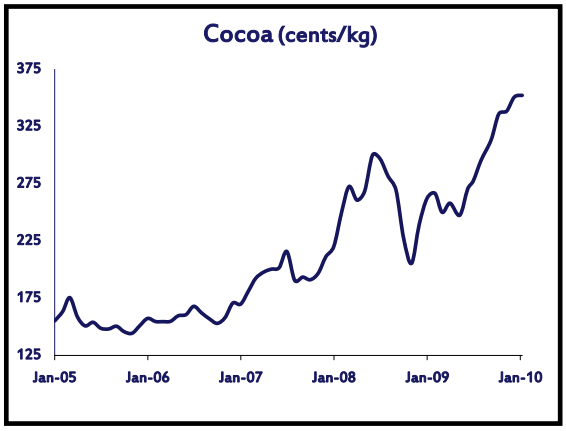


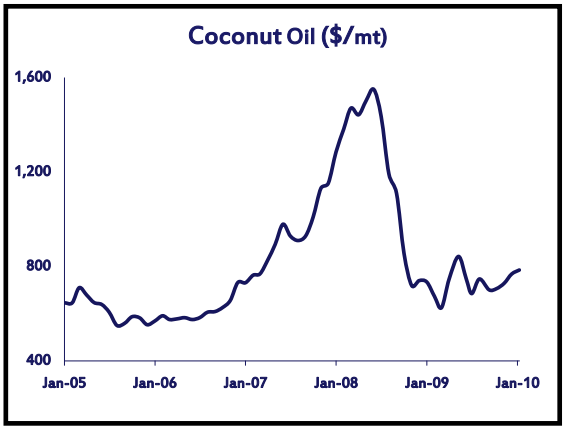


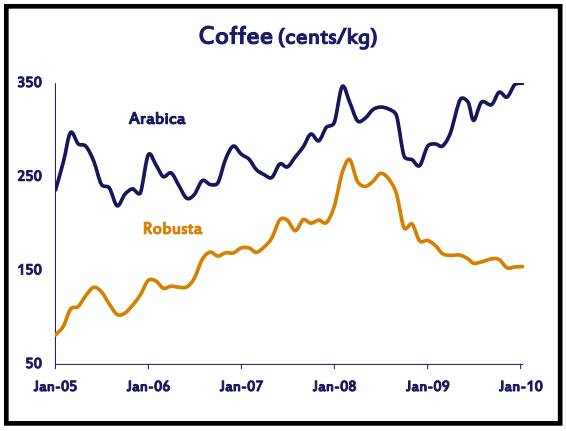


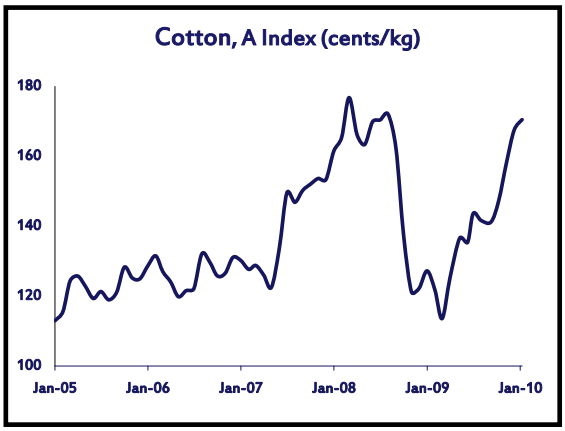
Selected Commodity Prices, Nominal US dollars, 2005-2010 cont'd

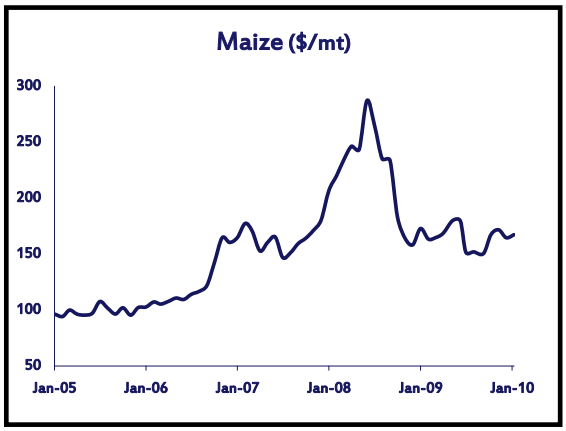


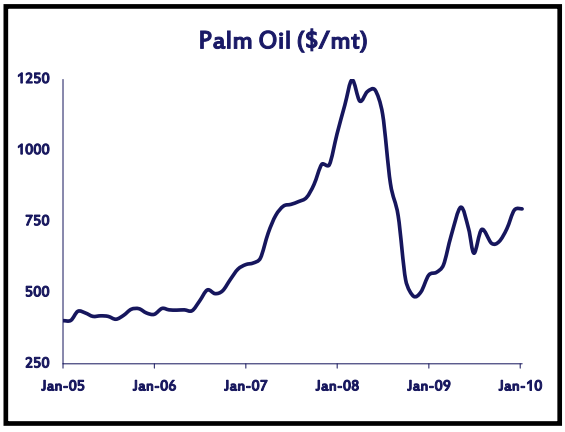


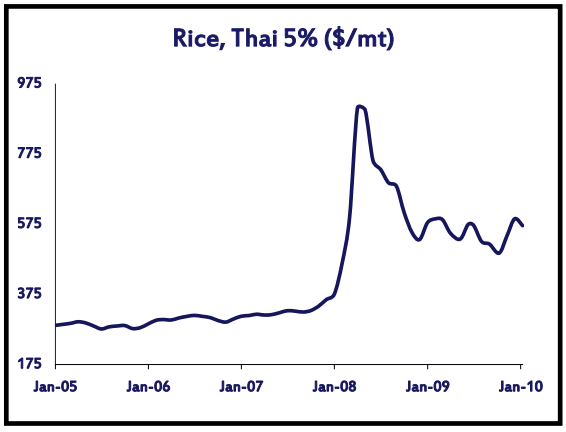












Selected Commodity Prices, Nominal US dollars, 2005-2010 cont'd