

Commodity Markets Review

June 11, 2002

EPPG, The World Bank

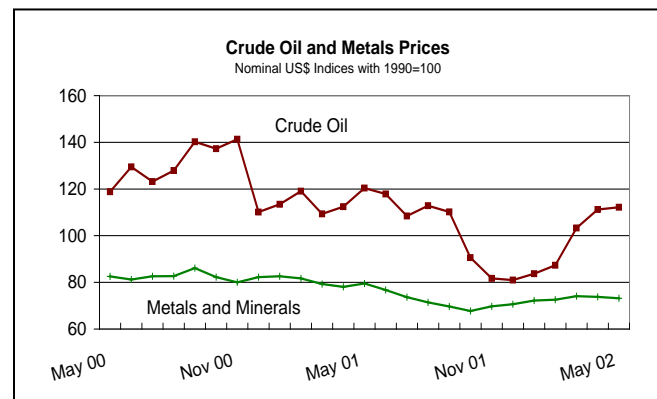
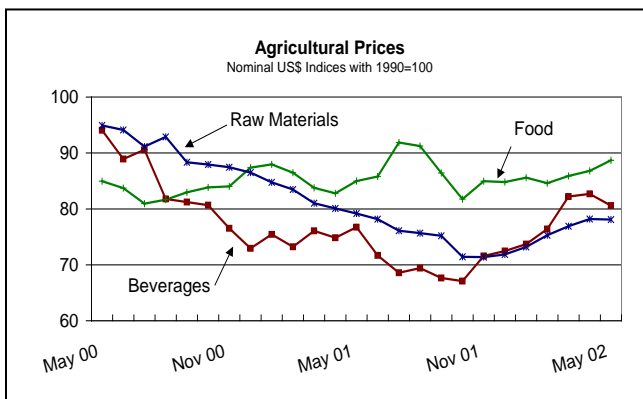
Non-oil commodity prices were unchanged, on average, in May (versus April) while oil prices increased a modest 0.9 percent. The stagnation in non-oil commodity prices followed six consecutive monthly increases which totaled 10.2 percent since the October 2001 lows. Prices were supported by a 7 percent decline in the dollar on a trade weighted basis since March, but this was offset by larger than expected stocks. Prices are expected to continue higher later in the year as the economic recovery continues. Oil prices had increased five consecutive months for a total 38.6 percent since their lows in December, but now appear to be heading lower as supplies increase and demand remains weak.

Agricultural prices rose 0.2 percent in May, for the seventh consecutive monthly increase. Food prices increased 2.2 percent, due mostly to higher fats and oils prices, while beverage prices fell 2.5 percent as the modest rally in coffee prices appears to have ended. Sugar prices continued to fall on the prospects of a large Brazilian harvest. Most grain prices increased, but wheat prices fell despite the drought in the major Canadian and U.S. wheat producing areas. Agricultural raw materials prices declined due to lower cotton prices following the new U.S. Farm Bill which is expected to increase support to producers.

Crude oil prices rose in early May, peaked at \$27.5/bbl by mid-month, and then fell below \$24/bbl, as U.S. acknowledgment of no imminent plans to attack Iraq began to remove the war premium. A number of bearish elements took prominence, notably the ample level of crude and product stocks, relatively weak demand, and plans by Mexico, Russia, and Norway to stop assisting OPEC to curtail production after June, Iraqi exports have also resumed, and over-production by OPEC members has risen. OPEC meets June 26th and has indicated it will roll over quotas.

Metals and minerals prices fell 0.8 percent in May, mainly because of continued high stocks and weak demand. Prices started to rebound during the third week of the month due to supply cuts, largely in copper, which helped raise prices for most metals. This rebound, like the rally of the past few months, continues to be fueled by expectations of increased demand as the economic recovery continues. However, stocks continued to rise in May for all main metals except copper.

Gold prices continued to rise, topping \$325/toz in May, due to weakness of the U.S. currency and equity markets, and tensions between India and Pakistan.



Prepared by a team from the Economic Policy and Prospects Group (EPPG) of Development Economics under the supervision of Hans Timmer and consisting of Donald Mitchell, Shane Streifel, John Baffes and Betty Dow. Katherine Rollins was the task assistant.

Major Movers in May¹

Sugar prices fell 11.8 percent in May as Brazil began to harvest a large crop, which is expected to exceed last year's crop by 13 percent.

Beef prices fell 7 percent on increased supplies caused by the U.S. drought which has forced ranchers to sell cattle due to a shortages of feed and water.

Arabica coffee prices fell 6.2 percent after rising for four consecutive months from severely depressed levels. Stocks are high and prices are expected to remain weak.

Zinc prices declined by 4.8 percent due to a large and increasing inventory levels.

Lead prices fell 4.3 percent due to rising inventories and weak demand.

Robusta coffee prices fell 3.6 percent, but held most of their recent increases from January lows. Large stocks suggest that prices will remain low and could decline toward previous lows.

Cotton prices fell 3.4 percent following the approval of the U.S. Farm Bill which increases support to U.S. producers and is expected to increase this year's production.

Nickel prices fell 2.8 percent due to rising LME inventories, mainly as a result of a surge in nickel output from Russia.

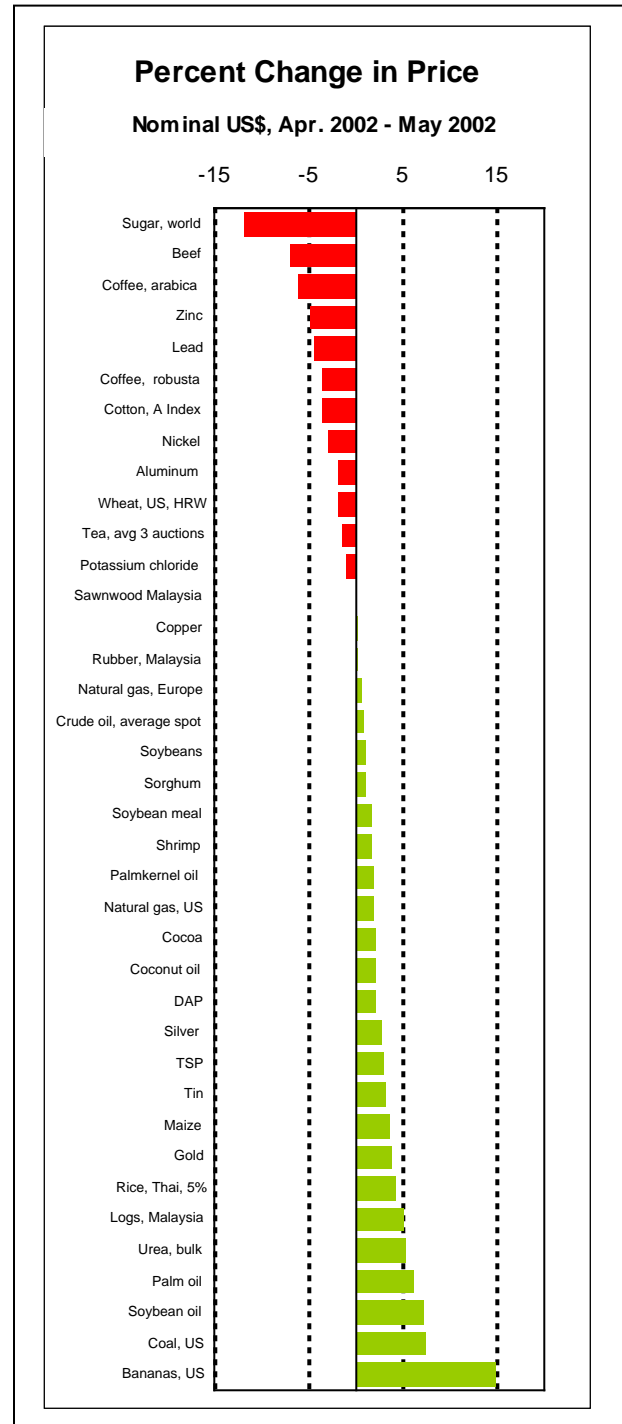
Malaysian logs prices rose due to currency movements which led to increased dollar prices despite constant local currency prices.

Urea prices rose 5.4 percent after falling sharply over the past several months. Prices are expected to remain weak due to large production capacity and weak demand.

Palm oil prices rose 6.3 percent and prices of close substitute, **soybean oil**, rose 7.3 percent due to reduced global supplies of vegetable oils and China's restrictions on imports of soybeans from countries which use genetically modified seeds. The restrictions led to a shortage of soybeans for processing in China and an increase in import demand for other vegetable oils.

U.S. Coal prices rose 7.6 percent following a surge in exports to Japan.

Banana prices in the U.S. increased 14.9 percent in May due to heavy rains in Colombia, Costa Rica, and Ecuador, and a strike in Honduras.



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

COMMODITY PRICE DATA

Commodity	Unit	Annual averages			Quarterly averages				Monthly averages			
		Jan-Dec 2000	Jan-Dec 2001	Jan-May 2002	Jan-Mar 2001	Apr-Jun 2001	Jul-Sep 2001	Oct-Dec 2001	Jan-Mar 2002	Mar 2002	Apr 2002	May 2002
Energy												
Coal, Australia	\$/mt	26.25	32.31	29.19	32.27	33.73	33.53	29.72	29.50	29.55	28.84	28.63
Coal, US	\$/mt	33.06	44.86	39.84	36.80	46.88	49.45	46.30	40.31	36.93	37.70	40.55
Crude oil, average spot	a/ \$/bbl	28.23	24.35	22.77	26.07	26.75	25.28	19.31	20.92	23.64	25.43	25.67
Crude oil, Brent	a/ \$/bbl	28.27	24.42	22.90	25.82	27.27	25.26	19.34	21.16	23.69	25.65	25.39
Crude oil, Dubai	a/ \$/bbl	26.08	22.71	21.81	23.62	25.09	23.90	18.24	20.02	22.85	24.41	24.59
Crude oil, West Texas Int.	a/ \$/bbl	30.33	25.92	23.61	28.79	27.86	26.67	20.36	21.60	24.38	26.24	27.04
Natural gas, Europe	\$/mmbtu	3.86	4.06	2.94	4.60	4.39	3.78	3.46	3.02	2.97	2.81	2.83
Natural gas, US	\$/mmbtu	4.31	3.96	2.90	6.32	4.36	2.73	2.41	2.53	3.03	3.42	3.49
Non-Energy Commodities												
Agriculture												
Beverages												
Cocoa	b/ ¢/kg	90.6	106.9	152.8	100.4	104.5	100.8	121.8	149.0	159.3	156.8	160.2
Coffee, arabica	b/ ¢/kg	192.0	137.3	136.1	146.7	146.4	129.7	126.4	133.6	142.1	144.3	135.4
Coffee, robusta	b/ ¢/kg	91.3	60.7	59.1	69.5	64.1	57.0	52.4	56.1	64.2	64.7	62.4
Tea, average 3 auctions	b/ ¢/kg	187.6	159.8	145.6	170.9	160.0	159.8	148.6	144.8	142.0	147.8	145.8
Tea, Calcutta auctions	b/ ¢/kg	180.6	166.1	126.7	157.3	183.1	181.5	142.6	115.8	102.6	134.6	151.6
Tea, Colombo auctions	b/ ¢/kg	179.3	161.7	162.8	179.8	152.9	151.2	162.8	168.6	170.0	159.8	148.6
Tea, Mombasa auctions	b/ ¢/kg	202.9	151.7	147.2	175.6	144.1	146.6	140.4	150.0	153.3	149.0	137.0
Food												
Fats and Oils												
Coconut oil	b/ \$/mt	450.3	318.1	387.0	297.7	301.7	347.7	325.3	368.0	366.0	411.0	420.0
Copra	\$/mt	304.8	202.1	238.4	193.3	189.3	222.7	203.0	228.3	232.0	244.0	263.0
Groundnut oil	b/ \$/mt	713.7	680.3	660.8	690.3	697.7	665.7	667.3	667.0	671.0	656.0	647.0
Palm oil	b/ \$/mt	310.3	285.7	345.2	249.3	246.7	334.0	312.7	335.3	338.0	349.0	371.0
Palmkernel oil	\$/mt	443.5	308.1	377.2	283.7	295.0	343.7	310.0	352.0	358.0	411.0	419.0
Soybean meal	b/ ¢/kg	189.2	181.0	170.0	189.0	171.7	184.3	179.0	171.7	164.0	166.0	169.0
Soybean oil	b/ \$/mt	338.1	354.0	373.4	312.3	310.3	404.3	389.0	366.7	353.0	370.0	397.0
Soybeans	b/ \$/mt	211.8	195.8	191.6	201.7	186.0	207.3	188.3	188.7	191.0	195.0	197.0
Grains												
Maize	b/ \$/mt	88.5	89.6	90.0	92.5	85.1	91.7	89.3	90.8	89.6	87.1	90.3
Rice, Thai, 5%	b/ \$/mt	202.4	172.8	192.9	181.3	165.4	170.2	174.5	192.0	189.0	190.2	198.3
Rice, Thai, 25%	\$/mt	172.8	153.1	173.3	153.6	143.1	155.5	160.2	172.4	171.5	171.6	177.3
Rice, Thai, 35%	\$/mt	167.2	149.1	168.1	148.8	139.1	151.5	157.0	167.9	165.8	166.0	171.0
Rice, Thai, A1.Special	\$/mt	143.5	134.1	146.8	131.3	124.4	142.1	138.5	145.8	151.3	148.4	148.0
Sorghum	b/ \$/mt	88.0	95.2	91.7	98.1	92.9	94.7	95.2	93.3	91.7	88.9	89.8
Wheat, Canada	\$/mt	147.1	151.5	145.4	156.9	152.4	148.0	148.5	147.4	144.6	142.5	142.1
Wheat, US, HRW	b/ \$/mt	114.1	126.8	123.3	130.4	130.6	122.6	123.7	123.7	122.5	123.7	121.5
Wheat, US, SRW	\$/mt	98.9	107.7	115.1	106.9	100.4	107.2	116.5	117.2	116.6	113.0	110.9
Other Food												
Bananas, EU	\$/mt	712.4	777.2	848.4	910.2	834.9	686.0	677.8	844.9	911.1	863.5	844.0
Bananas, US	b/ \$/mt	424.0	583.3	537.4	587.6	599.2	650.9	495.4	505.7	571.8	544.3	625.6
Beef	b/ ¢/kg	193.2	212.9	226.3	196.0	203.0	226.1	226.7	230.0	240.4	228.7	212.7
Fishmeal	\$/mt	413.0	486.7	600.4	462.3	443.7	499.0	541.7	589.3	593.0	609.0	625.0
Lamb	¢/kg	261.9	291.2	312.5	285.8	291.3	283.9	303.7	311.1	310.4	314.8	314.8
Oranges	b/ \$/mt	363.2	609.2	757.4	437.0	729.4	768.9	501.4	673.0	759.7	851.2	916.6
Shrimp	¢/kg	1,513	1,517	1,089	1,627	1,653	1,559	1,230	1,162	1,146	970	988
Sugar, EU, domestic	b/ ¢/kg	55.52	52.86	52.50	53.00	53.12	52.57	52.77	52.14	52.01	52.69	53.37
Sugar, US, domestic	b/ ¢/kg	42.76	47.04	44.90	47.44	46.96	46.78	46.97	45.78	44.56	43.44	43.71
Sugar, world	b/ ¢/kg	18.04	19.04	14.97	21.65	20.15	17.96	16.40	15.42	14.77	15.19	13.40
Raw Materials												
Timber												
Logs, Cameroon	\$/cum	275.4	266.1	n.a.	273.8	259.5	264.7	266.2	n.a.	n.a.	n.a.	n.a.
Logs, Malaysia	b/ \$/cum	190.0	159.1	141.4	170.5	164.1	158.2	143.4	137.2	143.8	143.9	151.4
Plywood	¢/sheet	448.2	409.8	374.2	429.2	410.4	402.6	397.0	369.9	373.5	373.8	387.4
Sawnwood, Cameroon	\$/cum	489.1	471.9	453.1	493.9	459.1	475.2	459.6	447.1	446.6	451.7	472.2
Sawnwood, Malaysia	b/ \$/cum	594.7	481.4	489.5	498.8	486.0	476.7	463.9	480.2	486.0	503.5	503.5
Woodpulp	\$/mt	664.3	517.3	427.3	648.3	544.1	432.9	444.0	431.4	429.2	421.2	421.2
Other Raw Materilas												
Cotton, "A Index"	b/ ¢/kg	130.2	105.8	92.4	131.7	109.2	95.6	86.8	94.2	92.7	91.3	88.2
Cotton, Memphis	¢/kg	146.2	116.6	97.6	146.7	117.5	108.5	93.6	98.5	101.4	99.2	93.4
Jute	\$/mt	277.4	329.4	350.0	295.8	339.6	347.0	335.0	350.0	350.0	n.a.	n.a.
Rubber, Malaysia	b/ ¢/kg	69.1	60.0	66.8	62.8	62.8	59.5	54.9	63.6	69.9	71.4	71.7
Rubber, US	¢/kg	83.2	74.7	77.9	78.2	76.7	75.2	68.7	75.9	80.4	80.2	81.6
Rubber, Singapore	¢/kg	66.7	57.5	64.8	59.5	60.2	59.0	51.3	62.1	67.1	67.4	70.5
Sisal	\$/mt	631.8	699.2	670.0	723.8	732.9	676.6	663.3	670.0	670.0	670.0	670.0
Wool	¢/kg	437.0	418.7	454.0	449.7	430.7	407.0	387.3	455.7	492.0	459.0	444.0

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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

COMMODITY PRICE DATA

Commodity	Unit	----- Annual averages-----			-----Quarterly averages-----					-----Monthly averages-----		
		Jan-Dec 2000	Jan-Dec 2001	Jan-May 2002	Jan-Mar 2001	Apr-Jun 2001	Jul-Sep 2001	Oct-Dec 2001	Jan-Mar 2002	Mar 2002	Apr 2002	May 2002
Fertilizers												
DAP	\$/mt	154.2	147.7	153.7	163.1	143.0	139.1	145.8	155.0	156.0	150.1	153.5
Phosphate rock	b/ \$/mt	43.8	41.8	41.0	43.0	42.1	41.0	41.0	41.0	41.0	41.0	41.0
Potassium chloride	\$/mt	122.5	118.1	114.5	121.5	117.5	117.5	115.8	115.3	116.0	113.8	112.5
TSP	b/ \$/mt	137.7	126.9	135.0	129.0	125.7	124.4	128.5	135.7	138.0	132.0	136.1
Urea, Black Sea, bagged	\$/mt	112.1	105.3	n.a.	118.4	95.9	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Urea, Ukrain, bulk	\$/mt	101.1	95.3	92.4	106.7	84.4	90.3	99.9	96.4	87.5	84.1	88.6
Metals and Minerals												
Aluminum	b/ \$/mt	1,549	1,444	1,371	1,576	1,501	1,379	1,318	1,381	1,405	1,370	1,343
Copper	b/ \$/mt	1,813	1,578	1,571	1,764	1,652	1,472	1,426	1,557	1,605	1,590	1,596
Gold	\$/toz	279.0	271.0	297.7	263.5	267.7	274.5	278.4	290.4	294.1	302.7	314.5
Iron ore	¢/dmtn	28.79	30.03	29.31	30.03	30.03	30.03	30.03	29.31	29.31	29.31	29.31
Lead	b/ ¢/kg	45.4	47.6	48.0	49.3	46.3	47.0	47.9	49.1	48.0	47.2	45.2
Nickel	b/ \$/mt	8,638	5,945	6,466	6,551	6,677	5,495	5,056	6,203	6,538	6,958	6,761
Silver	¢/toz	499.9	438.6	457.2	455.8	439.9	428.5	430.3	450.7	457.0	460.5	473.6
Steel products (8) index	c/ 1990=100	76.4	66.8	64.5	70.9	67.2	65.2	63.7	63.7	63.7	65.7	65.7
Steel, cold rolled coilsheet	\$/mt	385.8	299.2	288.0	319.6	302.0	295.0	280.0	280.0	280.0	300.0	300.0
Steel, hot rolled coilsheet	\$/mt	295.8	216.5	212.0	231.3	224.0	210.8	200.0	200.0	200.0	230.0	230.0
Steel, rebar	\$/mt	244.2	221.5	200.0	249.2	226.7	210.0	200.0	200.0	200.0	200.0	200.0
Steel, wire rod	\$/mt	291.7	302.3	300.0	309.2	300.0	300.0	300.0	300.0	300.0	300.0	300.0
Tin	b/ ¢/kg	543.6	448.4	392.2	511.3	490.8	398.0	393.7	381.2	384.3	402.4	415.0
Zinc	b/ ¢/kg	112.8	88.6	79.2	102.0	93.4	82.6	76.3	79.5	81.9	80.8	77.0
World Bank commodity price indexes for low and middle income countries(1990 =100)												
Petroleum		123.4	106.4	99.5	114.0	116.9	110.5	84.4	91.5	103.3	111.2	112.2
Non-Energy Commodities		86.9	79.0	79.5	82.5	80.2	78.1	75.1	78.6	80.3	80.9	80.9
Agriculture		87.7	79.8	81.3	82.4	80.3	80.0	76.5	80.0	82.0	83.0	83.2
Beverages		88.4	72.1	79.1	74.9	74.4	68.6	70.4	77.4	82.2	82.7	80.6
Food		84.5	86.1	86.3	86.1	84.5	89.9	83.8	85.4	85.9	86.8	88.7
Fats and Oils		96.2	89.0	92.7	87.1	82.2	95.9	90.9	91.6	90.1	92.9	96.0
Grains		79.5	78.2	80.5	81.0	76.7	77.3	77.7	80.7	79.6	79.3	80.9
Other Food		77.7	88.1	84.3	88.0	90.8	92.0	81.5	82.9	85.9	86.0	87.1
Raw Materials		91.4	77.4	76.3	83.1	79.2	75.7	71.6	75.1	76.9	78.2	78.1
Timber		111.0	90.2	90.3	93.9	91.4	89.4	86.2	88.4	89.9	92.7	93.3
Other Raw Materials		78.0	68.6	66.8	75.7	70.8	66.3	61.6	66.0	68.0	68.3	67.7
Fertilizers		105.8	98.8	102.0	100.9	98.5	96.9	98.8	102.3	103.4	100.6	102.5
Metals and Minerals		83.0	75.1	73.0	81.2	78.1	71.6	69.4	72.7	74.1	73.8	73.2

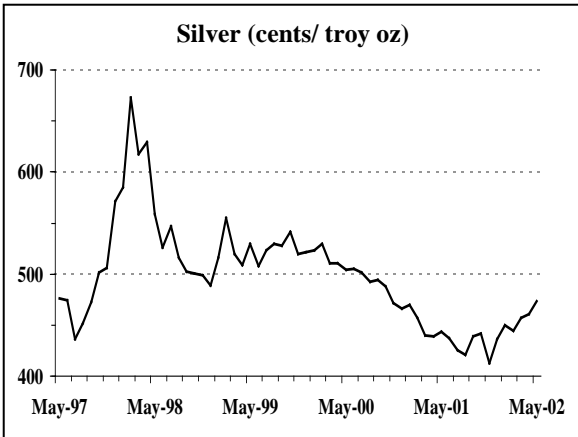
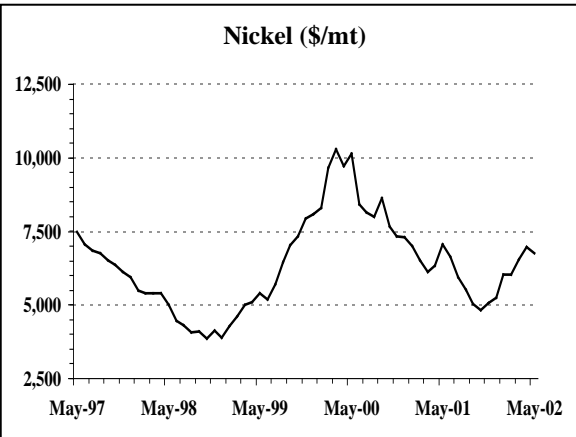
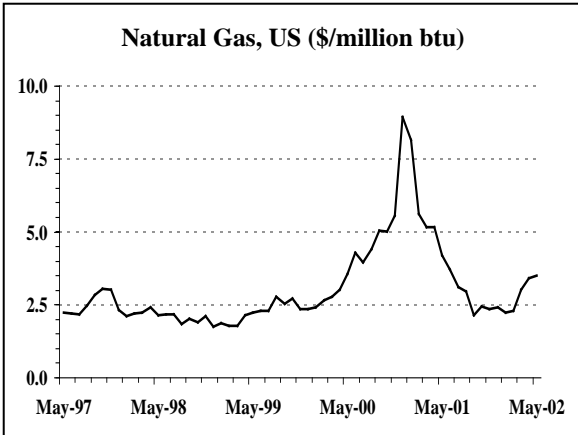
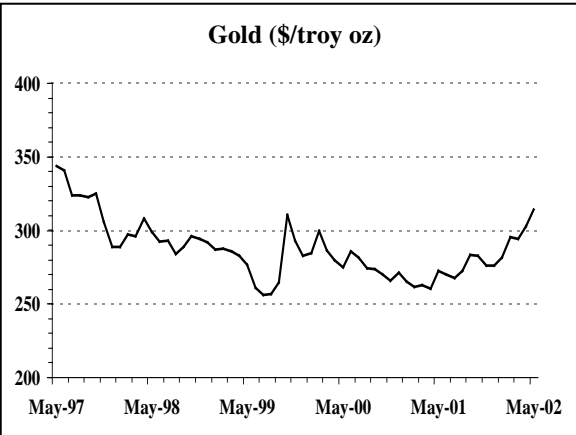
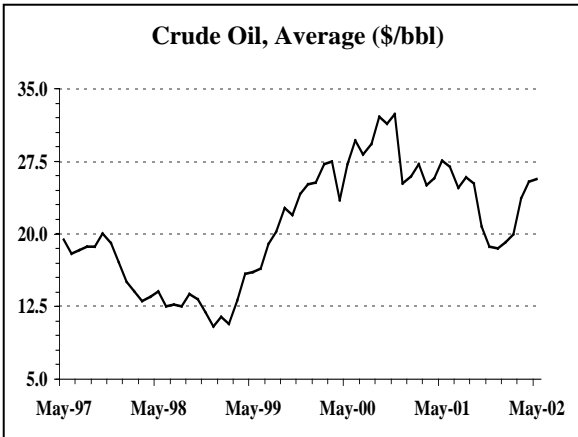
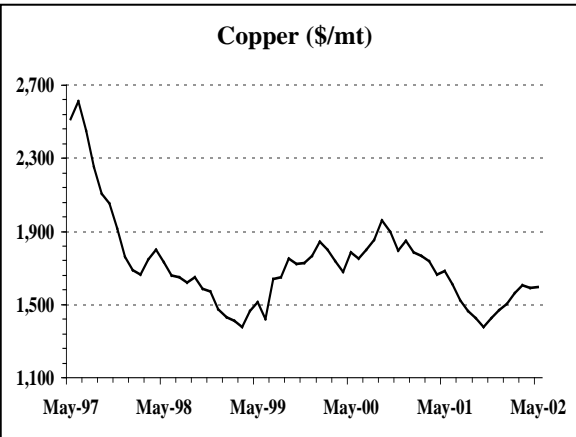
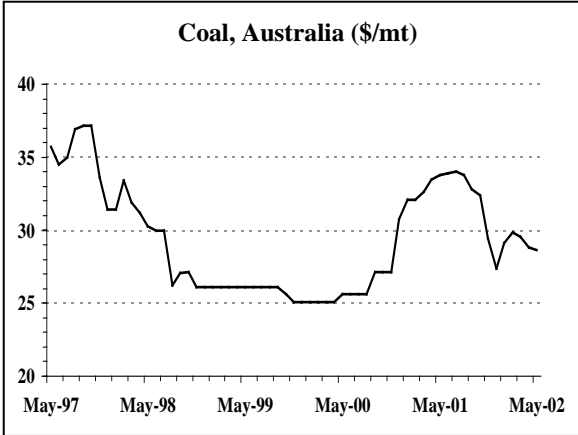
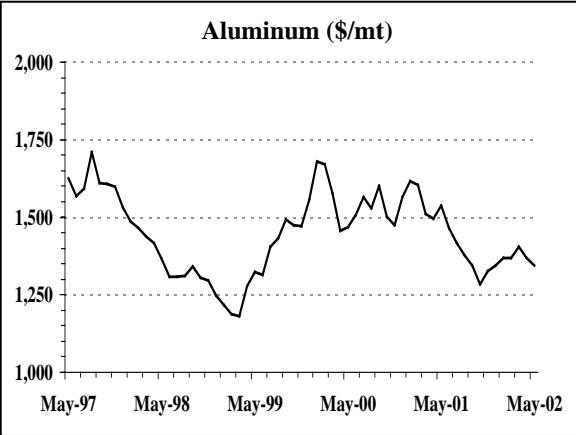
a/ Included in the petroleum ind

b/ Included in the non-energy index

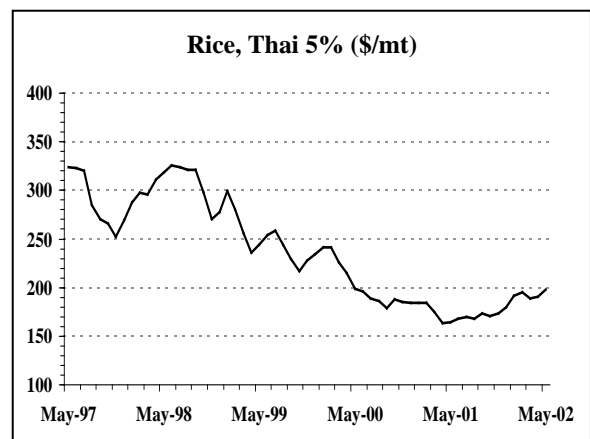
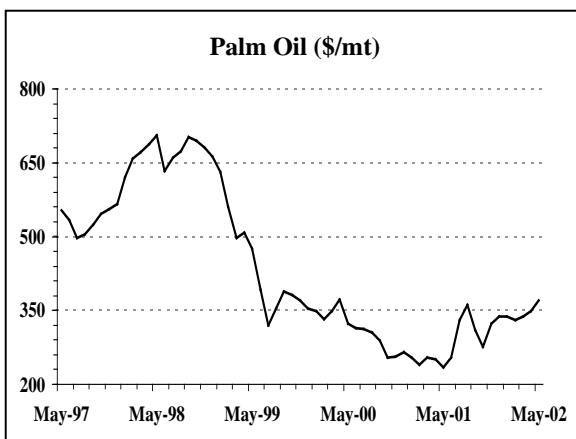
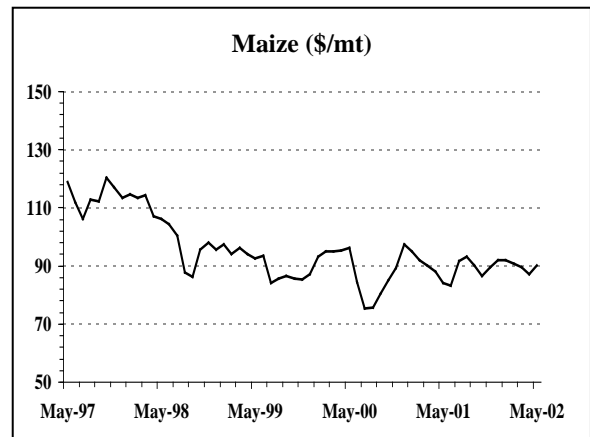
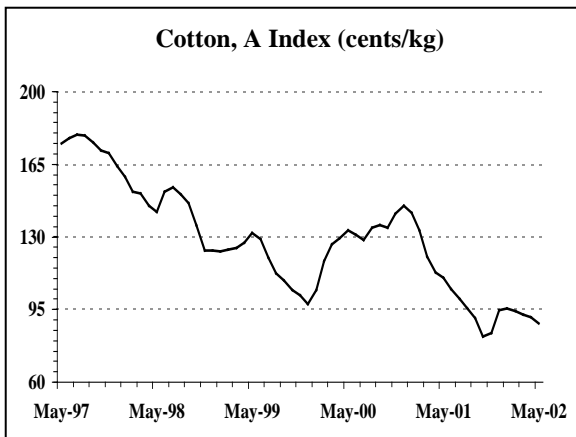
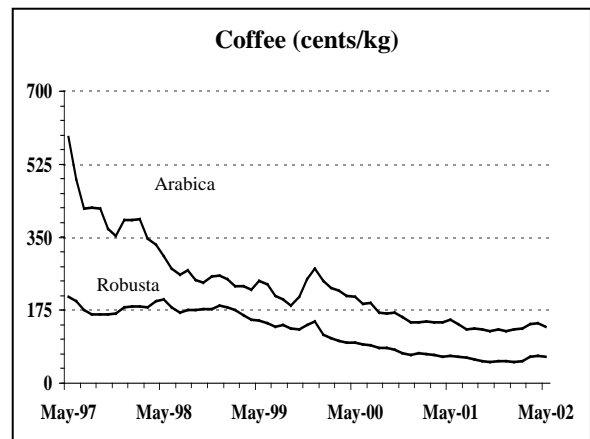
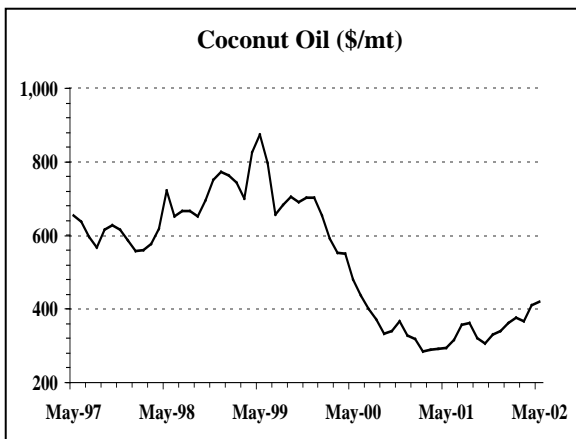
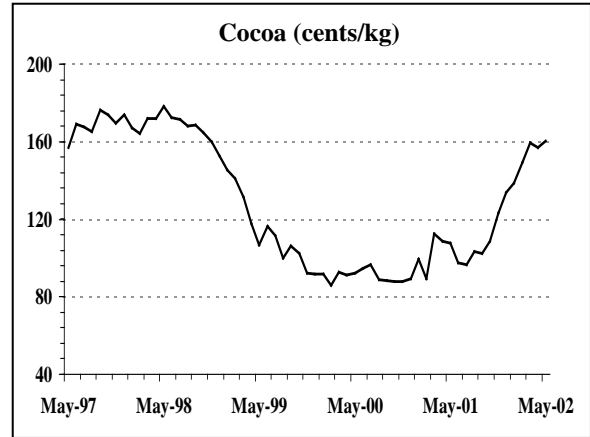
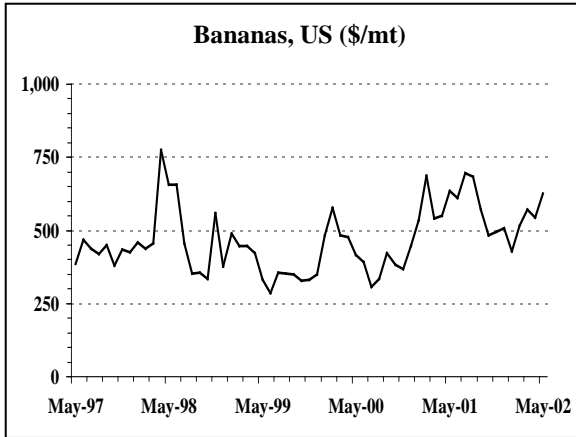
c/ Steel not included in the non-energy index

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Selected Commodity Prices, Nominal US dollars, 1997-2002



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



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