

Commodity Markets Review

July 10, 2009

DECPG, The World Bank

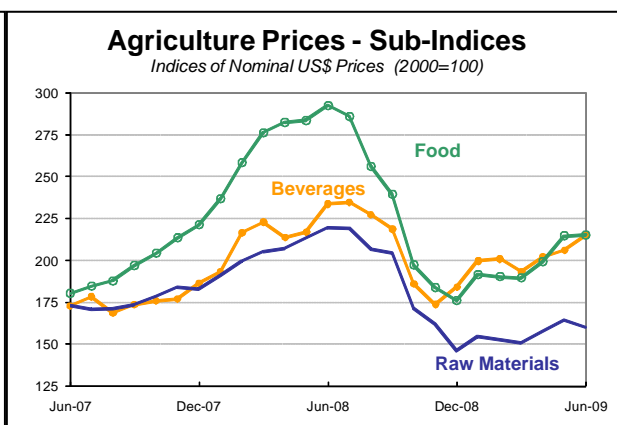
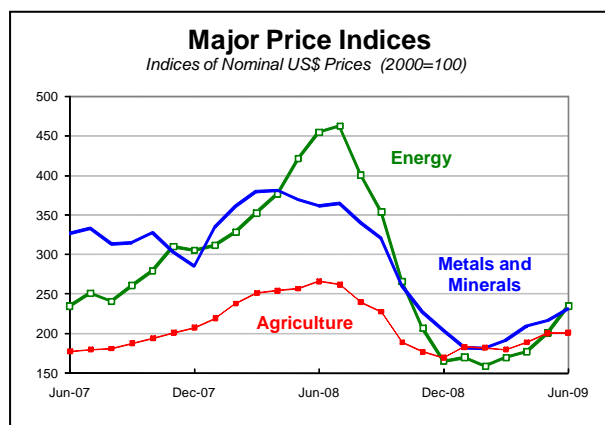
Non-energy commodity prices rose 2.2 percent in June with gains concentrated in metals, while fertilizers prices fell for the tenth straight month but are showing signs of bottoming. During the **first half of 2009**, non-energy commodity prices were up 13.0 percent, with large increases mainly in metals and fats & oils, which were partly offset by large declines in iron ore and fertilizer prices.

Crude oil prices surged 18.9 percent in June, averaging \$69.2/bbl, up 67 percent since December. However, prices fell below \$60/bbl in early July. The earlier gains were influenced by large OPEC production cuts, declining crude oil inventories, and expectations of improving demand. The more recent drop reflects more sober assessments about the path of economic recovery and atypical build-up in U.S. gasoline inventories during the peak summer driving season, suggesting that demand is still weak. U.S. distillate consumption is much weaker than gasoline, down 9 percent year-to-date, reflecting continued weakness in commercial transport and trade. Global oil demand fell 3.6 percent y/y in the first half, with the OECD down 6 percent.

Coal prices rose 10.7 percent in June due to a jump in China's coal imports during the second quarter. With the domestic market now relatively well supplied and underlying consumption subdued, China's imports are expected to ease in the second half of the year.

Agriculture prices were broadly stable, rising only 0.3 percent in June, with relatively strong gains in cocoa, soybeans, and rice prices, essentially offset by large declines in sorghum and fats & oils prices. Cocoa prices surged 9.2 percent because of a major strike that delayed shipments from the Côte d'Ivoire. Soybeans prices rose 7.8 percent on a reduction in U.S. planting intentions as many farmers are switching to maize. There are also fears that an El Niño is forming which might affect South America's soybean crop. Sorghum prices fell 18.8 percent on a sharp increase in stocks, while most fats & oils prices declined on rising production and inventories.

Metals and minerals prices jumped 7.0 percent in June on continued large imports and restocking in China. The largest gains were in nickel and lead, up 18 percent and 16 percent, respectively. Nickel benefited from Chinese stocking of both nickel and stainless steel, and recovery of stainless production elsewhere in Asia and in Europe. Most metals prices have risen significantly during the first half of this year, with Chinese stocking the main driver. However, the latter appears to be ending which, along with a weak demand outlook, has contributed to a decline in prices during late June and early July. The recent rally in prices may trigger reactivation of idled mine and smelting capacity—especially nickel and zinc.



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Major Movers June¹

Crude oil prices surged 18.9 percent on declining inventories on land and at sea, but underlying consumption is still weak and prices have recently slumped.

Nickel prices jumped 18.4 percent on restocking of both nickel and stainless steel in China, as well as recovery in stainless steel production elsewhere in Asia and in Europe.

Lead prices leapt 16.3 percent on large imports into China as well as supportive battery demand, but the domestic market is now well supplied and LME inventories are rising.

Coal prices jumped 10.7 percent on sharply higher imports into China and restocking by domestic utilities.

Copper prices increased 9.7 percent on strong imports and government stocking in China, a tight scrap market, and declining inventories.

Cocoa prices rose 9.2 percent because of delayed shipments from the port of Abidjan due to a major strike. Côte d'Ivoire is the world's largest cocoa supplier.

Tin prices increased 8.6 percent on surging imports into China, but prices dropped sharply in early July on rising LME inventories.

Soybeans prices rose 7.8 percent following a reduction in U.S. planting intentions as farmers switch to maize. There are also fears that El Niño may affect South America's soybean crop.

Aluminum prices rose 7.8 percent on substantial net imports and government stockpiling in China, but the global market remains oversupplied and stocks are high.

Rice prices increased 7.3 percent on tightness in Thailand's export supplies due to delay in the government stock release—although the global market appears well supplied.

Zinc prices rose 5.0 percent on continued Chinese imports and recovery of galvanized steel production in China, but higher prices are leading to reactivation of idled capacity.

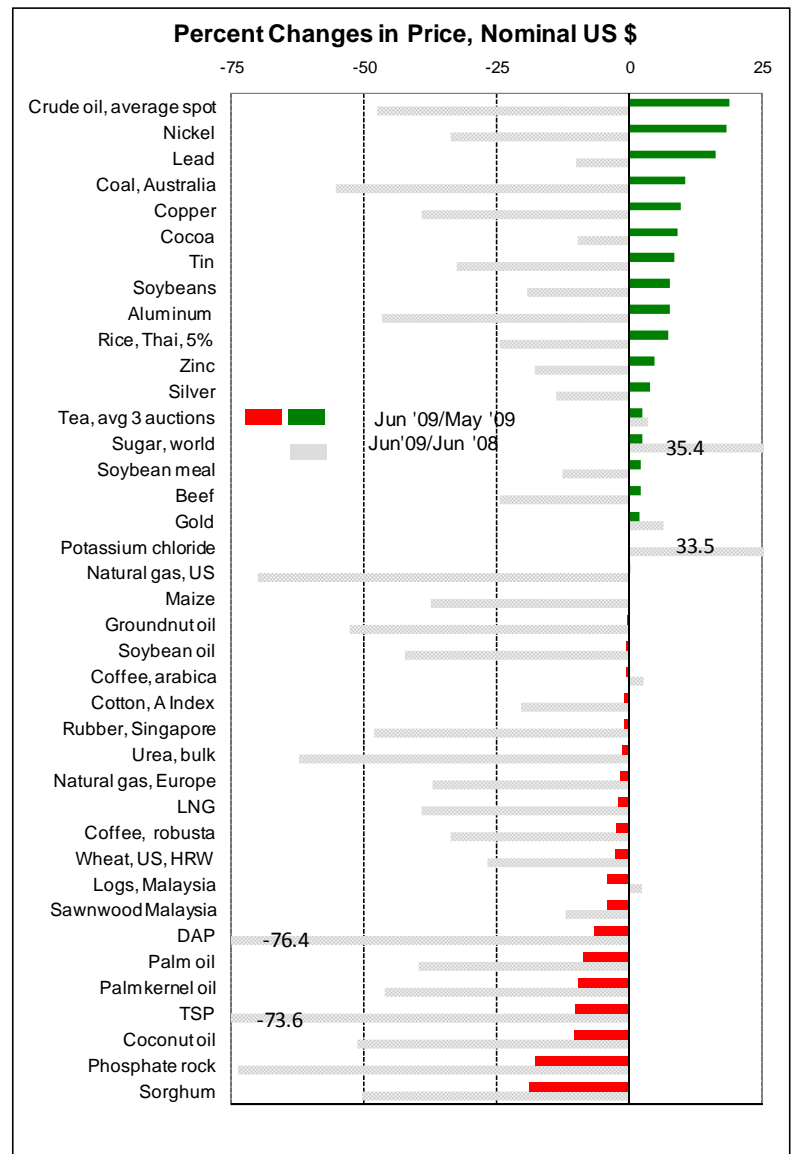
Silver prices rose 3.9 percent on strong investment demand and a weak dollar, but prices have declined from the early-June peak (along with gold) as precious metals have lost some of their appeal to investors.

Palm oil prices dropped 8.9 percent on news of increased production and stocks in Malaysia and Indonesia, the world's key suppliers.

Coconut and palmkernel oil (close substitutes) prices fell 10.5 percent and 9.5 percent, respectively, due to weak demand as many edible oil buyers switch to lower-priced oils.

Phosphate rock, TSP and DAP fertilizer prices fell 17.6, 10.2, and 6.6 percent, respectively, on weak demand and abundant supplies, but Latin American buyers have recently returned suggesting that prices may have bottomed.

Sorghum prices plunged 18.8 percent due to sharp increases in stocks of sorghum and other coarse grains.



¹ Percent change of average June 2009 prices compared to average May 2009 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	Jan-Dec	Jan-Jun	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Apr	May	Jun
		2007	2008	2009	2008	2008	2008	2009	2009	2009	2009	2009
Energy												
Coal, Australia	a/ \$/mt	65.73	127.10	69.20	138.65	162.80	92.97	71.93	66.48	63.56	64.50	71.38
Crude oil, avg, spot	a/ \$/bbl	71.12	96.99	51.65	120.97	115.68	56.00	44.11	59.19	50.28	58.15	69.15
Crude oil, Brent	a/ \$/bbl	72.70	97.64	52.06	122.39	115.60	55.89	44.98	59.13	50.85	57.94	68.62
Crude oil, Dubai	a/ \$/bbl	68.37	93.78	51.74	116.67	113.47	53.67	44.56	58.93	50.18	57.40	69.21
Crude oil, West Texas Int.	a/ \$/bbl	72.28	99.56	51.16	123.85	117.98	58.45	42.80	59.52	49.81	59.13	69.62
Natural gas Index	a/ 2000=100	186.5	267.9	170.6	286.0	284.1	266.2	198.2	143.0	144.7	143.0	141.3
Natural gas, Europe	a/ \$/mmbtu	8.56	13.41	10.06	12.40	14.62	15.75	11.94	8.18	8.51	8.09	7.95
Natural gas, US	a/ \$/mmbtu	6.98	8.86	4.14	11.35	9.03	6.40	4.57	3.71	3.50	3.81	3.81
Natural gas LNG, Japan	a/ \$/mmbtu	7.68	12.53	9.28	11.71	13.33	14.62	10.90	7.66	8.12	7.50	7.35
Non Energy Commodities												
Agriculture												
Beverages												
Cocoa	b/ c/kg	195.2	257.7	259.2	276.4	282.6	224.1	259.7	258.7	258.1	247.5	270.4
Coffee, Arabica	b/ c/kg	272.4	308.2	302.0	315.1	321.2	267.8	283.9	320.2	297.4	332.9	330.2
Coffee, robusta	b/ c/kg	190.9	232.1	170.6	243.6	244.8	192.6	175.8	165.3	166.5	166.7	162.7
Tea, auctions (3), average	b/ c/kg	203.6	242.0	241.2	254.7	272.3	206.6	217.0	265.4	250.9	269.4	276.0
Tea, Colombo auctions	b/ c/kg	252.2	278.9	279.2	298.5	303.2	208.8	261.7	296.7	287.3	296.5	306.2
Tea, Kolkata auctions	b/ c/kg	192.1	225.5	223.1	244.0	260.9	220.2	174.5	271.6	244.4	289.4	281.1
Tea, Mombasa auctions	b/ c/kg	166.5	221.8	221.5	221.6	252.8	190.8	214.9	228.0	221.0	222.3	240.8
Food												
Fats and Oils												
Coconut oil	b/ \$/mt	919	1,224	729	1,499	1,246	772	677	781	747	843	754
Copra	\$/mt	607	816	480	1,013	817	520	447	513	499	559	480
Groundnut oil	b/ \$/mt	1,352	2,131	1,224	2,328	2,417	1,773	1,283	1,165	1,187	1,157	1,151
Palm oil	b/ \$/mt	780	949	661	1,198	928	512	577	744	702	801	730
Palmkernel oil	\$/mt	888	1,130	672	1,420	1,114	609	577	766	717	830	751
Soybean meal	b/ \$/mt	308	424	394	484	450	320	365	424	388	437	446
Soybean oil	b/ \$/mt	881	1,258	807	1,466	1,353	830	755	859	801	892	885
Soybeans	b/ \$/mt	384	523	427	585	566	377	394	460	414	465	502
Grains												
Barley	b/ \$/mt	172.4	200.5	122.9	239.1	216.6	129.5	116.3	129.5	111.3	128.7	148.5
Maize	b/ \$/mt	163.7	223.1	171.4	259.0	244.7	168.4	166.9	176.0	168.5	179.9	179.5
Rice, Thailand, 5%	b/ \$/mt	326.4	650.2	568.9	855.3	703.0	564.4	586.3	551.6	549.7	533.0	572.0
Rice, Thailand, 25%	\$/mt	306.5	n.a.	463.9	n.a.	669.5	449.9	469.4	458.4	446.0	454.0	475.3
Rice, Thailand, 35%	\$/mt	300.1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
* Rice,Thai, A1.Special / Super	\$/mt	272.3	482.3	324.5	693.7	478.6	314.1	323.4	325.7	335.7	322.4	319.0
Sorghum	\$/mt	162.7	207.8	146.7	246.9	214.7	151.0	145.3	148.1	154.1	160.1	130.0
Wheat, Canada	\$/mt	300.4	454.6	323.7	484.4	390.2	322.1	321.9	325.5	315.4	334.6	326.6
Wheat, US, HRW	b/ \$/mt	255.2	326.0	241.1	346.5	317.7	228.1	231.6	250.5	234.2	262.3	255.1
Wheat US SRW	\$/mt	238.6	271.5	191.5	277.8	241.5	182.7	187.4	195.6	182.6	202.5	201.7
Other Food												
Bananas EU	\$/mt	1,037	1,188	1,211	1,263	1,123	944	1,142	1,280	1,292	1,286	1,262
Bananas US	b/ \$/mt	676	844	875	920	775	847	891	858	890	830	854
Fishmeal	\$/mt	1,177	1,133	1,055	1,185	1,198	1,023	1,013	1,096	1,040	1,103	1,146
Meat, beef	b/ c/kg	260.3	313.8	254.0	332.7	372.4	268.0	245.2	262.8	255.5	263.7	269.2
Meat, chicken	b/ c/kg	156.7	169.6	173.8	167.9	177.1	174.7	173.5	174.1	171.2	174.5	176.7
Meat, sheep	c/kg	412.0	458.5	403.7	493.2	477.3	410.0	378.5	428.8	404.4	427.7	454.4
Oranges	b/ \$/mt	957	1,107	831	1,322	1,163	842	799	864	905	888	798
Shrimp, Mexico	b/ c/kg	1,010	1,069	973	1,109	1,048	1,014	976	970	970	970	970
Sugar EU domestic	b/ c/kg	68.09	69.69	52.60	77.59	74.70	51.97	51.44	53.75	52.09	53.84	55.34
Sugar US domestic	b/ c/kg	45.77	46.86	45.85	46.34	51.52	44.72	43.82	47.89	46.83	47.68	49.15
Sugar, world	b/ c/kg	22.22	28.21	31.37	27.01	31.14	26.28	28.85	33.89	30.09	35.36	36.22
Raw Materials												
Timber												
Logs, Cameroon	\$/cum	381.3	526.9	410.7	554.4	548.5	473.8	426.8	394.6	382.5	395.4	406.0
Logs, Malaysia	b/ \$/cum	268.0	292.3	298.9	282.3	277.7	315.7	313.6	284.3	283.1	291.1	278.8
Plywood	c/sheets	640.7	645.5	569.1	647.3	648.6	645.5	572.8	565.5	567.7	565.9	562.7
Sawnwood, Cameroon	\$/cum	760	958	705	1,052	974	771	689	721	684	718	762
Sawnwood, Malaysia	b/ \$/cum	806.3	889.1	821.8	935.8	900.3	859.9	813.7	830.0	815.7	855.4	818.8
Woodpulp	\$/mt	767.0	820.2	554.3	870.7	848.8	711.0	565.1	543.4	538.8	545.4	546.0
Other Raw Materials												
Cotton A Index	b/ c/kg	139.5	157.4	126.5	166.5	168.2	126.9	120.8	132.2	125.2	136.3	135.1
Cotton Memphis	c/kg	142.9	161.5	136.1	171.6	170.0	130.1	129.8	142.4	135.6	150.2	141.4
Rubber, US	c/kg	248.0	284.1	176.4	311.7	329.1	202.8	165.8	187.0	183.6	189.8	187.6
Rubber, Singapore	b/ c/kg	226.3	258.6	156.2	303.5	298.4	159.0	146.0	166.4	162.4	169.3	167.5

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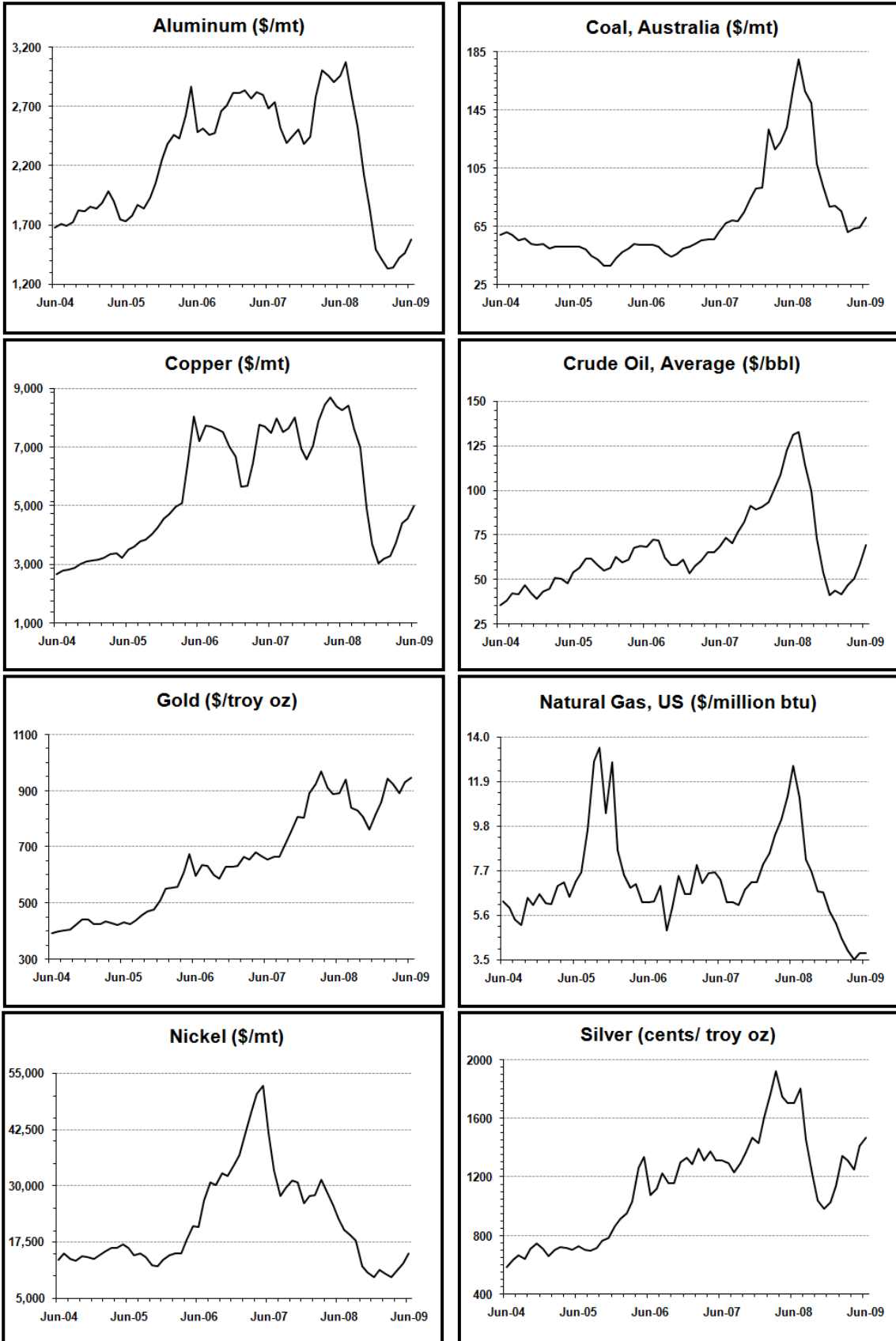
a/ Included in the energy index (2000=100) b/ Included in the non-energy index (2000=100) c/ Steel not included in the non-energy index
 \$ = US dollar ¢ = US cent bbl = barrel cum = cubic meter dmtu = Dry Metric Ton Unit kg = kilogram mmbtu = million British thermal units
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COMMODITY PRICE DATA

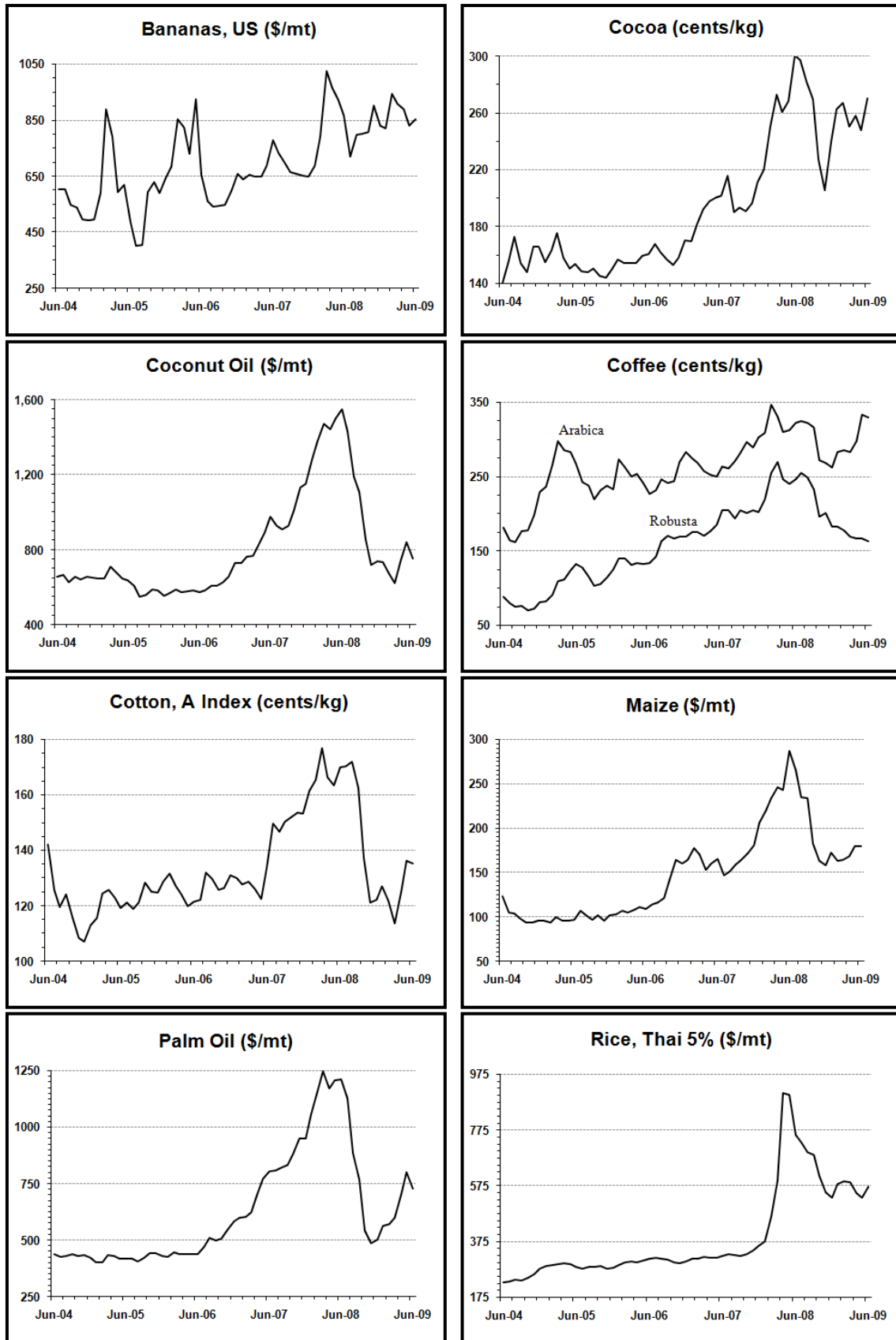
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		Jan-Dec	Jan-Dec	Jan-Jun	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Apr	May	Jun
		2007	2008	2009	2008	2008	2008	2009	2009	2009	2009	2009
Fertilizers												
DAP	b/ \$/mt	433	967	333	1,192	1,154	663	362	304	335	298	278
Phosphate rock	b/ \$/mt	70.9	345.6	153.3	367.5	409.2	371.3	193.3	113.3	125.5	117.5	96.9
Potassium chloride	b/ \$/mt	200.2	570.1	795.9	511.1	635.0	766.7	865.2	726.7	745.0	717.5	717.5
TSP	b/ \$/mt	339	879	285	1,036	1,108	659	322	248	278	245	220
Urea, E. Europe, bulk	b/ \$/mt	309.4	492.7	254.2	575.7	745.4	292.2	267.3	241.1	245.2	240.8	237.4
Metals and Minerals												
Aluminum	b/ \$/mt	2,638	2,573	1,422	2,940	2,787	1,821	1,360	1,485	1,421	1,460	1,574
Copper	b/ \$/mt	7,118	6,956	4,046	8,443	7,680	3,905	3,428	4,663	4,407	4,569	5,014
Gold	\$/toz	696.7	871.7	915.1	896.0	869.6	794.5	908.7	921.5	890.2	928.6	945.7
Iron ore	b/ c/dmtu	84.7	140.6	101.0 R	140.6	140.6	140.6	101.0	101.0	101.0	101.0	101.0
Lead	b/ c/kg	258.0	209.1	132.8	230.7	191.2	124.5	115.7	149.9	138.3	144.0	167.4
Nickel	b/ \$/mt	37,230	21,111	11,696	25,682	18,961	10,843	10,471	12,920	11,166	12,635	14,960
Silver	c/toz	1,341	1,500	1,321	1,720	1,495	1,020	1,265	1,376	1,252	1,411	1,466
* * Steel products index, Japar c/ 2000=10		182.0	289.3	245.0	279.2	338.2	310.4	274.5	215.5	219.0	213.8	213.6
Steel cr coilsheet, Japan, Reir c/ \$/mt		650.0	965.6	866.7	900.0	1100.0	1100.0	1033.3	700.0	700.0	700.0	700.0
Steel hr coilsheet, Japan, Reir c/ \$/mt		550.0	883.3	766.7	833.3	1000.0	1000.0	933.3	600.0	600.0	600.0	600.0
Steel, rebar, Japan, Reinstat c/ \$/mt		521.5	760.2	461.3	837.5	934.2	629.6	472.5	450.0	425.0	450.0	475.0
Steel wire rod, Japan, Reinsta c/ \$/mt		533.3	1009.8	1103.3	950.0	1135.0	1200.0	1200.0	1006.7	1100.0	1020.0	900.0
Tin	b/ c/kg	1,454	1,851	1,227	2,265	2,051	1,310	1,103	1,351	1,174	1,379	1,499
Zinc	b/ c/kg	324.2	187.5	132.3	211.3	177.0	118.5	117.2	147.3	137.9	148.4	155.7
NEW World Bank commodity price indices for low and middle income countries(2000 =100)												
Energy		244.8	342.0	185.4	417.8	406.0	212.9	166.3	204.5	177.5	201.1	235.0
Non Energy Commodities		224.7	272.0	198.8 R	307.8	292.6	206.3	189.9	207.7	200.0	209.3	213.9
Agriculture		180.3	229.5	189.5	259.4	243.5	178.6	181.9	197.0	189.0	200.8	201.3
Beverages		169.9	210.0	202.7	221.4	226.8	181.2	197.9	207.6	201.9	206.0	215.0
Food		184.7	247.4	200.1	286.3	260.5	185.7	190.4	209.7	199.1	214.7	215.3
Fats and Oils		209.0	277.3	209.6	327.7	288.9	182.4	191.4	227.8	211.0	237.4	235.1
Grains		189.0	281.7	223.2	335.2	298.5	218.6	221.3	225.1	216.9	226.8	231.7
Other Food		149.0	177.1	166.6	187.4	188.9	160.2	161.3	171.9	167.4	173.9	174.3
Raw Materials		174.9	195.7	157.0	213.7	210.4	160.0	153.1	160.9	157.9	164.4	160.4
Timber		136.8	150.5	142.4	155.4	150.2	149.4	143.1	141.8	139.8	145.9	139.7
Other Raw Materials		216.6	245.3	172.9	277.4	276.3	171.6	164.0	181.8	177.7	184.7	183.1
Fertilizers		240.1	566.7	338.6	624.1	741.1	492.2	376.6	300.6	314.8	300.2	286.9
Metals and Minerals		314.0	325.7	202.0 R	371.1	342.4	230.6	185.0	219.0	209.4	216.3	231.5

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
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Selected Commodity Prices, Nominal US dollars, 2004-2009



Selected Commodity Prices, Nominal US dollars, 2004-2009 cont'd



Selected Commodity Prices, Nominal US dollars, 2004-2009 cont'd

