

Commodity Markets Review

June 11, 2008

DECPG, The World Bank

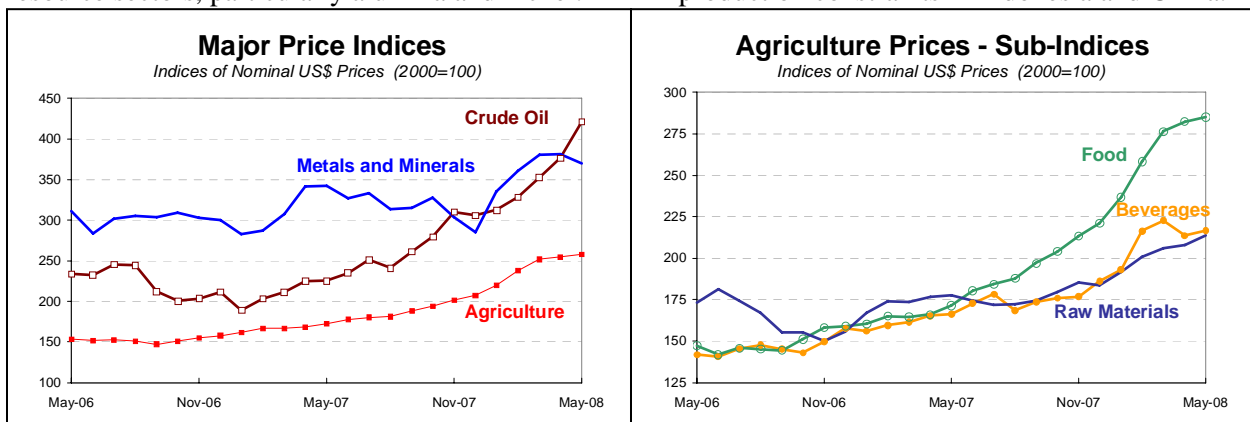
Non-energy commodity prices rose 0.3 percent in May, with moderate gains in a number of agriculture prices that were nearly offset by declines in grains prices and most metals. Fertilizer prices continued to rise sharply, particularly urea, due to higher crop plantings, capacity constraints, and large export taxes in China.

Crude oil prices jumped 12.8 percent in May, to average \$122.6/bbl, and surged in early June with WTI trading above \$139/bbl. Prices have been driven higher by low stocks and increasing concerns about supply amid strong growth in demand in developing countries. Non-OPEC supply growth continues to slow, with only marginal gains this year, while OPEC remains reluctant to raise output. Middle distillate markets are particularly tight as refiners are having difficulty producing sufficient newly-mandated ultra-low sulfur diesel. This is causing refiners to bid-up prices for light crude that are better able to produce the ultra-low sulfur transport fuel.

Natural gas prices in the U.S. rose 10.8 percent in May due to concerns about supply and higher oil prices. Coal prices rose 6.5 percent on various supply shortfalls and uncertainty about China's net export position. A large natural gas outage in offshore Western Australia has the potential to affect a number of resource sectors, particularly alumina and nickel.

Agriculture prices climbed 1.4 percent in May, with increases moderating for the second straight month. The largest growth was a 12 percent increase in beef prices due to strong export demand from Australia, particularly to Russia where domestic production has fallen. Rubber prices rose 7.5 percent on strong demand, supply concerns and higher oil prices. Grains prices fell, reversing 5 months of strong gains, as wheat prices dropped 9 percent on a projected 8.5 percent increase in global supply for the 2008/09 crop year. Rice prices eased but remained high, while corn prices stabilized—although flooding in the U.S. Midwest threatens remaining plantings and yields.

Metals and minerals prices fell 3.1 percent in May, with most metals declining on rising stocks, concerns about global demand, and easing supply balances. Lead prices plunged 20.8 percent due to rising stocks, growing production, and relatively weak demand. Nickel prices dropped 10.5 percent on continued weakness in the stainless steel sector and large supply growth expected over the next year. Copper prices fell 3.5 percent on rising stocks and relatively weak demand, while zinc prices fell 3.6 percent on higher stocks and expectations on strong growth over the next couple of years. Tin prices, however, surged 11.1 percent, due to sharply declining stocks and production constraints in Indonesia and China.



Prepared in the Development Economics Prospects Group (DECPG) by Shane Streifel, Donald Mitchell, John Baffes and Betty Dow. Katherine Rollins is task assistant. This report is available on <http://decpg.worldbank.org>.

Major Movers May¹

Urea and potassium chloride fertilizer prices surged a respective 33.2 percent and 8.5 percent. In the past six months urea, potassium and phosphate fertilizer prices have increased 66, 123 and 145 percent, respectively. The increases reflect strong demand induced by high grain prices, export taxes of 100-135 percent in China, and high energy prices which raise fertilizer production costs.

Crude oil prices leapt 12.8 percent on growing concerns about supply amid low stocks and strong demand in Asia and the Middle East.

Beef prices jumped 12.1 percent on strong export demand from Australia (May was third highest month on record), in particular to Russia where domestic production fell.

Tin prices increased 11.1 percent due to falling stocks, supply restraint in Indonesia, and continued net imports into China.

Natural gas (U.S.) prices rose 10.8 percent on concerns about supply, the Independence Hub outage in April, and lower LNG imports.

Rubber prices gained 7.5 percent reflecting strong Chinese demand, supply concerns, and continued increases in crude oil prices.

Groundnut oil prices rose 6.6 percent following announcement of export embargoes by India and Senegal, the world's key suppliers.

Coal prices increased 6.5 percent due to falling exports in a number of countries and great uncertainty about China's net export position following weather and earthquake disruptions.

Coconut oil prices rose 4.3 percent on weakening exports from the Philippines.

Cocoa prices increased 2.9 percent on lower-than-expected arrivals at Cote d'Ivoire's export port, due to heavy rains.

Palm oil prices rose 2.9 percent due to reduced output in Malaysia and strong demand in India.

Copper prices fell 3.5 percent on rising stocks, relatively weak demand, and some easing of supply pressures.

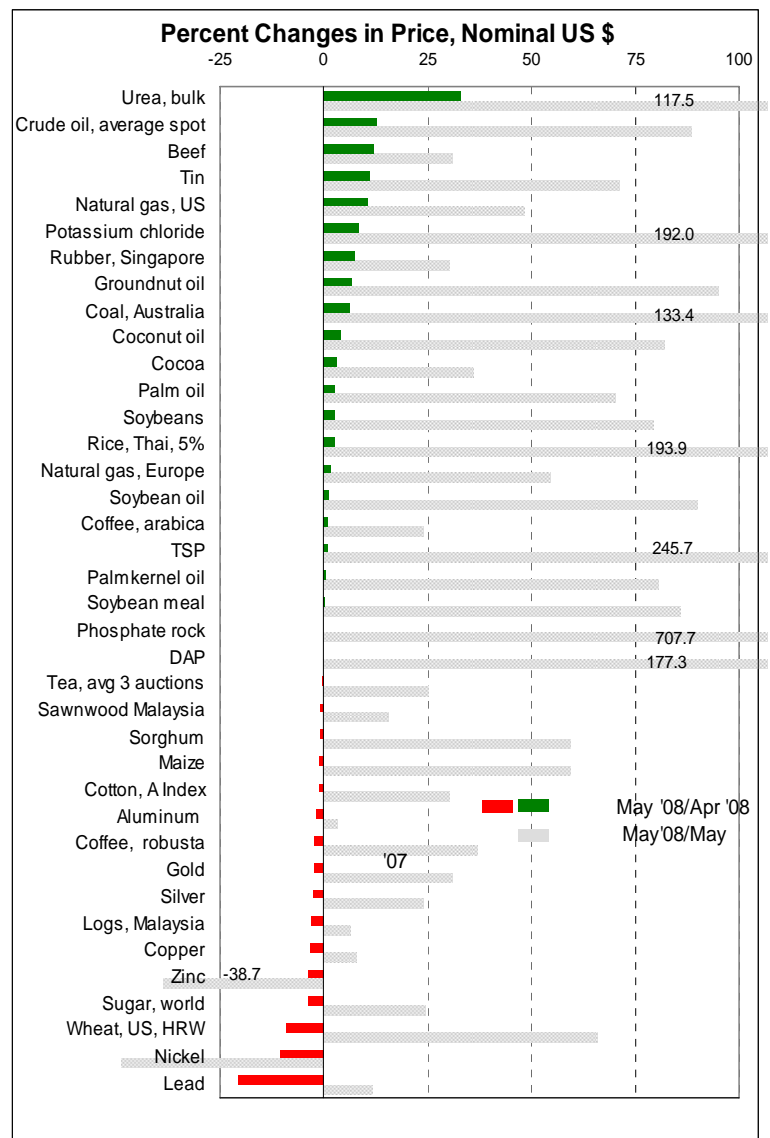
Zinc prices fell 3.6 percent due to rising stocks, recovery of Chinese production, and expectations of strong supply growth in the next two years.

Sugar prices decreased 3.9 percent due to a growing global surplus and expected higher exports from Brazil and Thailand.

Wheat prices plunged 9.2 percent on USDA expectations of an 8.5 percent increase in global production for the 2008/09 crop year.

Nickel prices dropped 10.5 percent, despite falling stocks, on continued weakness in stainless steel production, and large nickel capacity coming on line over the next year or so.

Lead prices plummeted 20.8 percent due to sharply higher stocks, relatively weak demand, and expectations of strong growth in mine and secondary supply.



¹ Percent change of average May 2008 prices compared to average April 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 2006	Jan-Dec 2007	Jan-May 2008	Jan-Mar 2007	Apr-Jun 2007	Jul-Sep 2007	Oct-Dec 2007	Jan-Mar 2008	Mar 2008	Apr 2008	May 2008
Energy												
Coal, Australia	a/ \$/mt	49.09	65.73	119.20	53.19	57.91	68.37	83.47	114.00	118.25	123.00	131.00
Crude oil, avg. spot	a/ \$/bbl	64.29	71.12	103.46	57.23	66.13	73.50	87.61	95.31	101.84	108.76	122.63
Crude oil, Brent	a/ \$/bbl	65.39	72.70	104.83	58.07	68.73	75.04	88.95	96.67	103.28	110.19	123.94
Crude oil, Dubai	a/ \$/bbl	61.43	68.37	99.27	55.58	64.71	69.97	83.21	91.30	96.78	103.47	118.95
Crude oil, West Texas Int.	a/ \$/bbl	66.04	72.28	106.29	58.03	64.96	75.48	90.67	97.94	105.47	112.62	125.01
Natural gas Index	a/ 2000=100	181.6	186.5	251.8	187.9	186.1	174.4	197.7	235.3	247.0	268.5	284.7
Natural gas, Europe	a/ \$/mmbtu	8.47	8.56	11.43	8.51	8.00	8.34	9.37	10.86	11.04	12.19	12.38
Natural gas, US	a/ \$/mmbtu	6.72	6.98	9.46	7.23	7.50	6.17	7.03	8.65	9.40	10.13	11.23
Natural gas LNG, Japan	a/ \$/mmbtu	7.08	7.68	10.91	6.95	7.14	7.68	8.96	10.45	10.96	11.30	11.90
Non Energy Commodities												
Agriculture												
Beverages												
Cocoa	b/ c/kg	159.2	195.2	254.5	181.3	200.0	199.9	199.7	247.7	272.6	260.8	268.4
Coffee, Arabica	b/ c/kg	252.2	272.4	321.7	267.2	255.1	271.1	296.1	328.5	330.5	310.2	312.9
Coffee, robusta	b/ c/kg	148.9	190.9	245.5	172.8	188.3	200.4	202.1	247.3	268.8	245.4	240.0
Tea, auctions (3), average	b/ c/kg	187.2	203.6	240.0	178.0	199.9	211.0	225.6	234.6	226.3	248.8	247.6
Tea, Colombo auctions	b/ c/kg	191.0	252.2	300.2	226.4	231.1	254.7	296.7	305.2	306.1	291.6	293.7
Tea, Kolkata auctions	b/ c/kg	175.4	192.1	200.9	141.5	208.7	211.3	207.1	176.6	163.2	235.2	239.3
Tea, Mombasa auctions	b/ c/kg	195.2	166.5	219.0	166.0	159.8	167.1	173.0	221.8	209.5	219.5	210.0
Food												
Fats and Oils												
Coconut oil	b/ \$/mt	607	919	1,417	754	900	923	1,098	1,379	1,471	1,443	1,505
Copra	\$/mt	403	607	943	499	599	607	724	914	972	963	1,014
Groundnut oil	b/ \$/mt	970	1,352	2,113	1,170	1,190	1,397	1,651	2,007	2,203	2,200	2,345
Palm oil	b/ \$/mt	478	780	1,170	609	762	822	928	1,156	1,249	1,174	1,208
Palmkernel oil	\$/mt	581	888	1,398	678	876	917	1,084	1,375	1,462	1,428	1,435
Soybean meal	b/ \$/mt	209	307	454	256	260	309	402	443	443	470	471
Soybean oil	b/ \$/mt	599	881	1,404	710	794	917	1,105	1,384	1,476	1,425	1,444
Soybeans	b/ \$/mt	269	384	564	318	338	396	485	563	575	558	574
Grains												
Barley	b/ \$/mt	116.6	172.4	225.3	153.4	167.8	173.8	194.6	216.8	228.6	237.8	238.4
Maize	b/ \$/mt	121.9	163.7	230.2	170.9	159.4	152.5	171.9	220.4	234.4	246.4	243.5
Rice, Thailand, 5%	b/ \$/mt	304.9	326.4	654.3	315.6	319.1	327.1	344.0	478.1	594.0	907.0	930.3
Rice, Thailand, 25%	\$/mt	277.1	306.5	n.a.	292.6	297.4	306.5	329.5	n.a.	n.a.	n.a.	n.a.
Rice, Thailand, 35%	\$/mt	272.0	300.1	n.a.	285.8	288.8	298.0	327.7	n.a.	n.a.	n.a.	n.a.
* Rice, Thai, A1.Special / Super	\$/mt	219.5	272.3	568.6	254.5	257.0	265.7	312.0	442.8	537.6	762.7	751.8
Sorghum	\$/mt	122.9	162.7	226.9	175.2	151.4	150.7	173.4	218.7	224.9	240.3	238.2
Wheat, Canada	\$/mt	216.8	300.4	577.3	232.4	244.7	309.0	415.3	621.7	618.8	537.1	484.3
Wheat, US, HRW	b/ \$/mt	192.0	255.2	385.3	198.4	205.7	274.9	341.9	411.8	439.7	362.2	328.8
Wheat US SRW	\$/mt	159.0	238.6	346.1	173.7	187.0	267.5	326.2	384.1	419.6	323.4	255.1
Other Food												
Bananas EU	\$/mt	897	1,037	1,390	1,036	1,045	999	1,068	1,421	1,643	1,440	1,247
Bananas US	b/ \$/mt	677	676	880	647	705	699	652	836	1,027	967	923
Fishmeal	\$/mt	1,166	1,177	1,147	1,251	1,260	1,123	1,075	1,126	1,161	1,168	1,189
Meat, beef	b/ c/kg	254.7	260.3	297.5	261.2	259.9	260.3	259.8	282.1	294.0	302.3	338.9
Meat, chicken	b/ c/kg	138.8	156.7	161.6	147.9	159.3	163.0	156.7	158.8	162.8	164.5	167.3
Meat, sheep	c/kg	403.6	412.0	469.1	394.2	399.3	416.5	437.9	453.6	479.4	489.3	495.3
Oranges	b/ \$/mt	829	957	1,172	817	893	1,135	982	1,103	1,231	1,234	1,318
Shrimp, Mexico	b/ c/kg	1,024	1,010	1,107	988	1,003	1,003	1,045	1,103	1,113	1,113	1,113
Sugar EU domestic	b/ c/kg	64.56	68.09	75.81	65.10	66.98	68.28	72.00	74.51	77.14	78.22	77.29
Sugar US domestic	b/ c/kg	48.76	45.77	45.13	45.17	46.47	46.98	44.48	44.85	45.53	45.16	45.93
Sugar, world	b/ c/kg	32.59	22.22	27.91	23.49	20.90	21.86	22.61	28.42	29.10	27.69	26.61
Raw Materials												
Timber												
Logs, Cameroon	\$/cum	318.5	381.3	540.7	371.3	372.8	371.6	409.6	530.8	562.8	558.9	552.3
Logs, Malaysia	b/ \$/cum	239.4	268.0	291.0	264.8	262.0	269.6	275.5	293.4	304.9	291.8	283.0
Plywood	c/sheets	595.6	640.7	643.2	629.5	639.6	646.7	647.0	640.4	640.9	646.6	648.2
Sawnwood, Cameroon	\$/cum	623	760	1,035	720	725	756	838	1,036	1,069	1,021	1,048
Sawnwood, Malaysia	b/ \$/cum	749.3	806.3	891.1	794.4	807.4	820.9	802.5	860.3	912.5	941.0	933.6
Woodpulp	\$/mt	698.6	767.0	859.0	727.4	751.3	769.8	819.4	850.2	856.0	867.6	877.0
Other Raw Materials												
Cotton A Index	b/ c/kg	126.7	139.5	166.8	128.8	127.4	148.9	153.0	167.9	176.8	166.2	164.1
Cotton Memphis	c/kg	133.5	142.9	172.6	135.9	130.0	150.3	155.5	174.3	187.3	173.5	166.4
Rubber, US	c/kg	231.3	248.0	295.8	241.6	251.6	234.2	264.8	292.6	298.5	300.3	300.9
Rubber, Singapore	b/ c/kg	210.8	229.0	283.7	223.3	233.9	213.8	245.1	275.5	280.9	285.3	306.5

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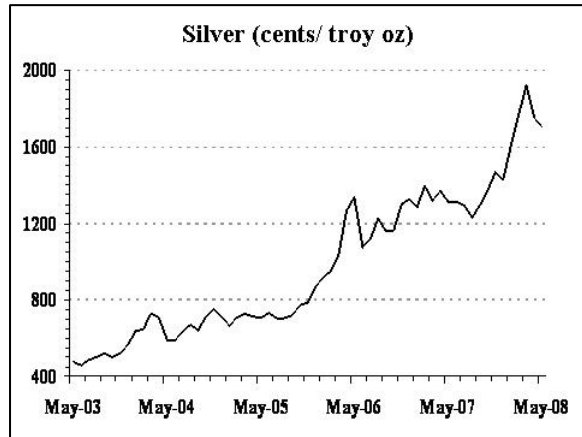
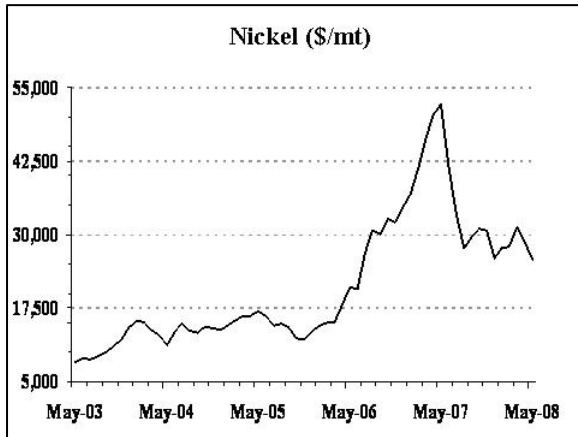
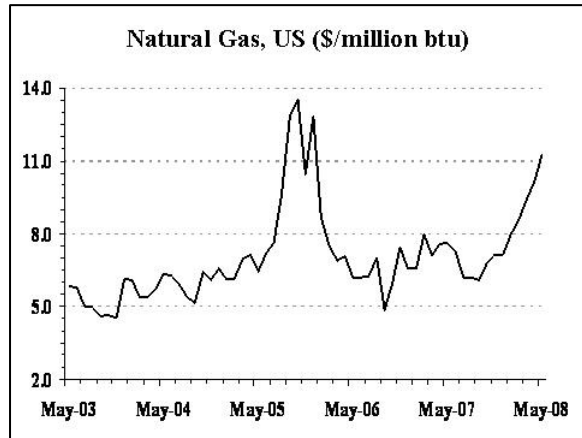
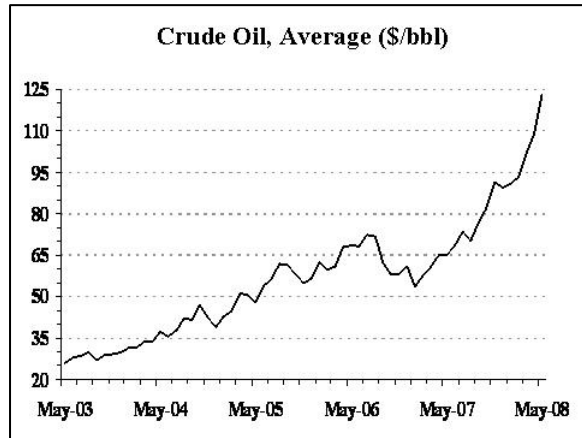
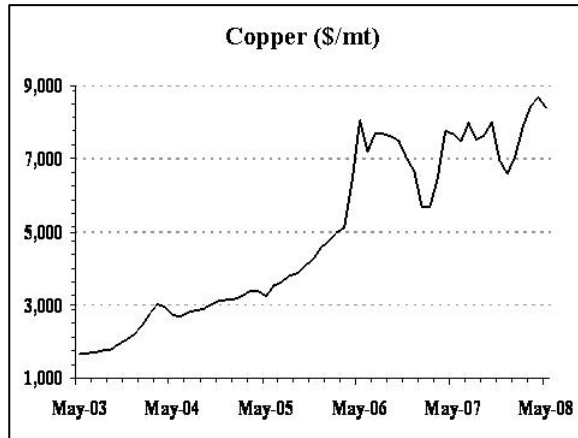
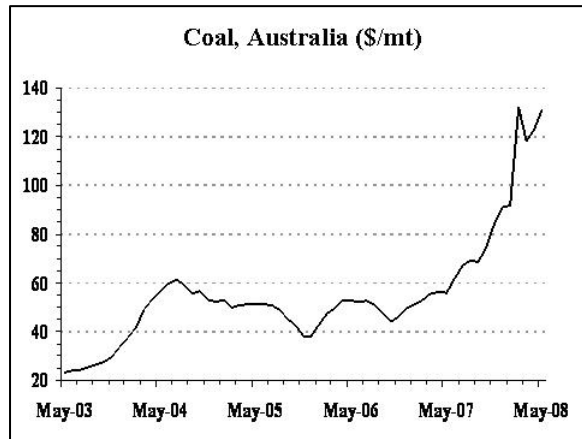
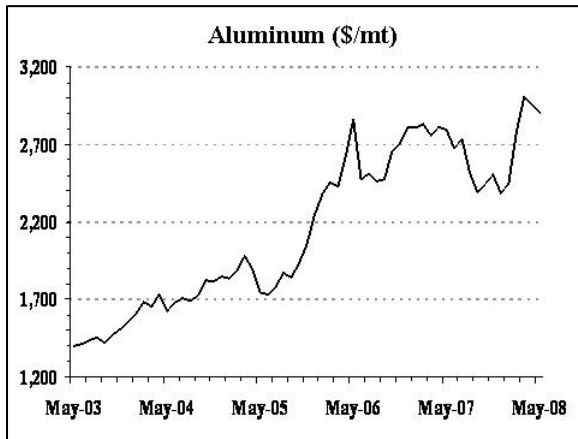
a/ Included in the energy index (2000=100) b/ Included in the non-energy index (2000=100) c/ Steel not included in the non-energy index
 \$ = US dollar ¢ = US cent bbl = barrel cum = cubic meter dmtu = Dry Metric Ton Unit kg = kilogram mmbtu = million British thermal units
 mt = metric ton toz = troy oz n.a. = not available n.q. = no quotation

COMMODITY PRICE DATA

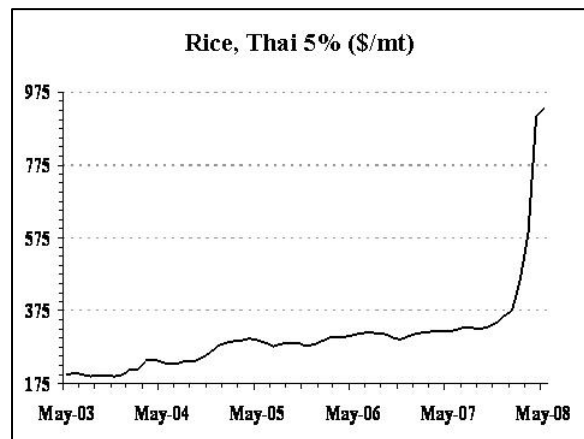
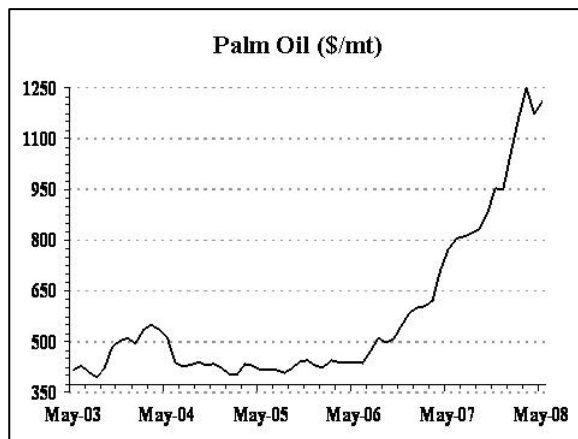
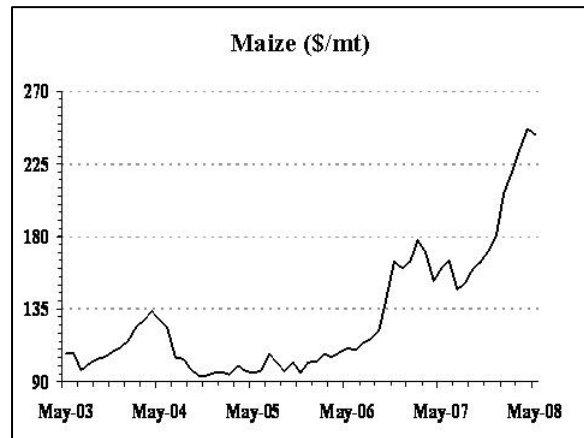
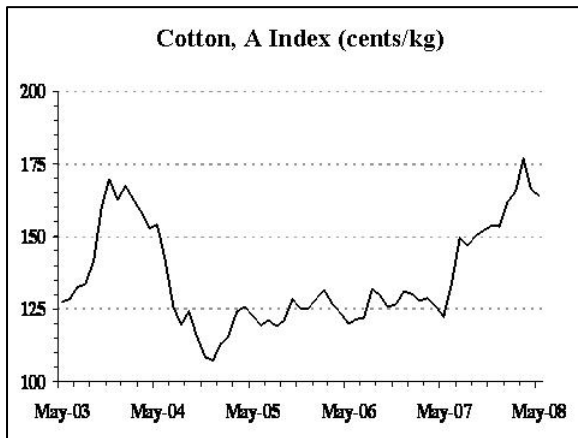
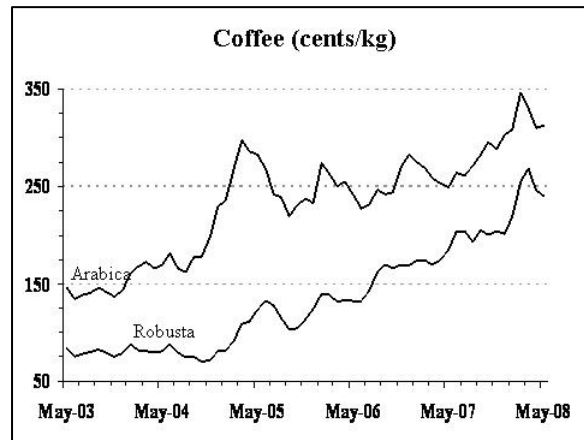
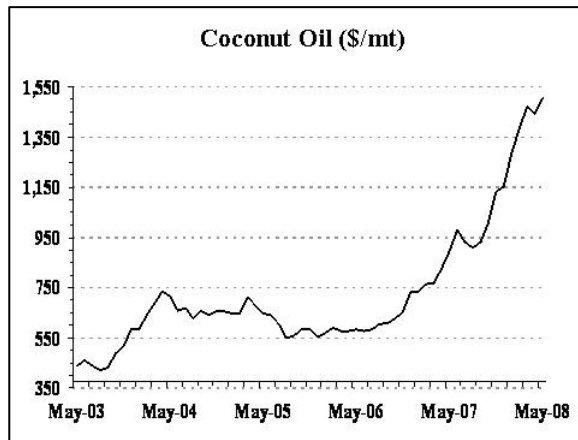
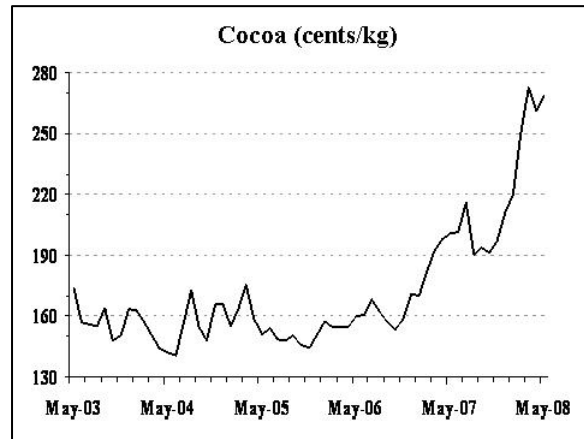
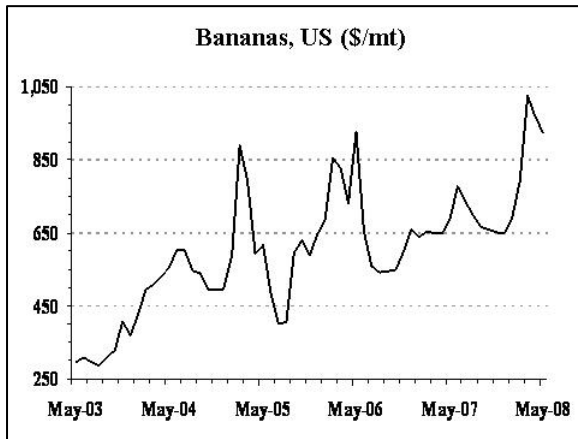
		Annual averages			Quarterly averages				Monthly averages			
		Jan-Dec	Jan-Dec	Jan-May	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Mar	Apr	May
		2006	2007	2008	2007	2007	2007	2007	2008	2008	2008	2008
Fertilizers												
DAP	b/ \$/mt	260	433	996	344	431	433	522	860	1,045	1,201	1,199
Phosphate rock	b/ \$/mt	44.2	70.9	287.6	45.5	59.9	80.0	98.3	234.4	323.1	367.5	367.5
Potassium chloride	b/ \$/mt	174.5	200.2	419.8	175.6	184.8	209.4	230.8	367.7	445.0	477.6	518.3
TSP	b/ \$/mt	202	339	842	226	331	375	425	715	876	1,029	1,037
Urea, E. Europe, bulk	b/ \$/mt	222.9	309.4	434.3	297.4	291.3	283.6	365.4	357.6	377.8	471.3	627.5
Metals and Minerals												
Aluminum	b/ \$/mt	2,570	2,638	2,818	2,801	2,761	2,546	2,444	2,743	3,005	2,959	2,903
Copper	b/ \$/mt	6,722	7,118	8,091	5,933	7,641	7,712	7,188	7,796	8,439	8,685	8,383
Gold	\$/toz	604.3	696.7	915.7	650.3	667.4	681.1	788.0	926.8	968.4	909.7	888.7
Iron ore	b/ c/dmtu	77.4	84.7	140.6	84.7	84.7	84.7	84.7	140.6	140.6	140.6	140.6
Lead	b/ c/kg	129.0	258.0	275.1	178.7	217.6	314.3	321.5	289.9	300.9	282.3	223.5
Nickel	b/ \$/mt	24,254	37,230	28,274	41,440	48,055	30,205	29,219	28,957	31,225	28,763	25,735
Silver	c/toz	1,157	1,341	1,750	1,332	1,336	1,273	1,424	1,765	1,922	1,751	1,705
** Steel products index, Japar	c/ 2000=10	181.6	182.0	240.8	176.8	179.2	179.8	192.0	229.6	248.7	250.6	264.6
Steel cr coilsheet, Japan, Reir	c/ \$/mt	693.8	650.0	777.5	650.0	650.0	650.0	650.0	762.5	800.0	800.0	800.0
Steel hr coilsheet, Japan, Reir	c/ \$/mt	600.0	550.0	720.0	550.0	550.0	550.0	550.0	700.0	750.0	750.0	750.0
Steel, rebar, Japan, Reinstat	c/ \$/mt	443.8	521.5	699.7	484.2	540.8	504.2	556.8	639.4	745.0	790.0	790.0
Steel wire rod, Japan, Reinsta	c/ \$/mt	581.3	533.3	822.4	500.0	530.0	550.0	553.3	754.0	857.0	880.0	970.0
Tin	b/ c/kg	878	1,454	1,981	1,273	1,410	1,498	1,634	1,778	1,980	2,166	2,406
Zinc	b/ c/kg	327.5	324.2	234.7	345.6	366.4	322.7	262.3	243.0	251.1	226.4	218.2
NEW World Bank commodity price indices for low and middle income countries(2000 =100)												
Energy		220.9	244.8	358.2	201.1	228.5	251.1	298.6	331.1	352.7	376.6	421.3
Non Energy Commodities		192.1	224.8	291.5	206.6	226.7	228.8	237.3	281.4	300.9	306.3	307.3
Agriculture		150.4	180.5	244.5	164.8	173.0	183.3	200.9	236.6	251.7	254.6	258.1
Beverages		145.4	169.9	212.5	158.9	167.9	173.3	179.4	210.7	222.8	213.7	216.6
Food		147.0	184.7	267.8	163.4	172.6	189.7	212.9	257.2	276.5	282.5	285.1
Fats and Oils		137.9	208.8	314.6	168.8	191.1	216.2	259.1	310.2	325.5	317.8	324.7
Grains		149.8	189.0	299.9	177.2	174.7	188.3	215.6	274.6	305.0	340.6	335.3
Other Food		156.4	149.0	177.2	143.8	146.5	156.1	149.7	171.9	186.2	183.3	187.4
Raw Materials		161.4	175.8	204.0	171.4	176.4	172.8	182.8	199.5	206.2	207.9	213.7
Timber		126.0	136.8	150.6	134.9	136.2	138.9	137.2	146.8	155.0	157.2	155.2
Other Raw Materials		200.0	218.5	262.5	211.3	220.3	209.8	232.7	257.2	262.2	263.3	277.7
Fertilizers		168.6	240.1	489.9	203.5	224.6	240.2	292.0	409.4	489.9	574.7	646.5
Metals and Minerals		280.3	314.0	365.5	292.6	337.1	320.8	305.7	358.7	380.5	381.7	369.8

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, 2001-2007



Selected Commodity Prices, Nominal US dollars, 2001-2007 cont'd



Selected Commodity Prices, Nominal US dollars, 2001-2007 cont'd

