

Commodity Markets Review

August 12, 2009

DECPG, The World Bank

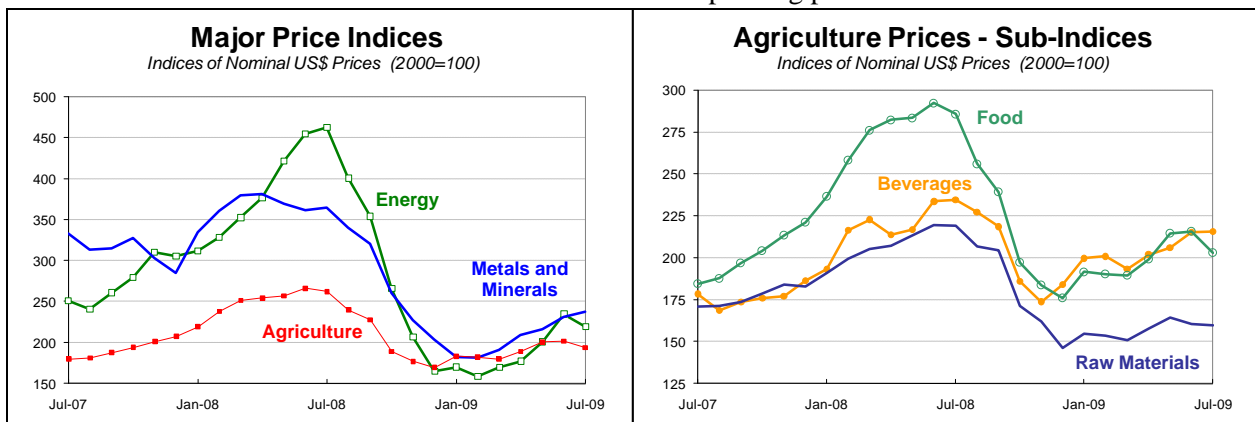
Non-energy commodity prices fell 1.6 percent in July with declines primarily in agriculture due to favorable supply prospects. Metals prices rose on more positive economic sentiment and expectations of metals re-stocking moving beyond China. Weak demand caused some fertilizer prices to continue to fall.

Crude oil prices fell 6.5 percent in July, averaging \$64.7/bbl, following four consecutive monthly gains. Prices slipped below \$60/bbl early in the month, but rebounded in tandem with equity prices, topping \$73/bbl in early August. Expectations of rising demand due to a strengthening economy are tending to push prices higher but stocks remain high and demand continues to decline—albeit at a slower rate. Weak demand in the U.S. has caused refiners to reduce production and crude oil stocks are building once again. There is more than 100 million barrels of crude and products (mainly middle distillate) in floating storage at sea, which is expected to be brought ashore during the second half of the year as demand improves.

Natural gas prices fell sharply in July on weak demand, ample stocks and LNG capacity increases. European gas prices dropped 16 percent, in part due to lagged indexation to oil prices, while surplus supply led to 12 percent fall in LNG prices to Japan. U.S. gas prices declined 11 percent due to abundant storage and mild summer weather.

Agriculture prices dropped 3.9 percent in July, following four straight monthly increases, with declines concentrated in grains and fats & oils—down 9 and 8 percent, respectively—due to favorable supply outlooks. Near-ideal growing conditions in the U.S. have resulted in continued upward revisions to corn and wheat production, with expectations of a record global wheat crop. Soybean prices were also lower on favorable supplies, but downward revisions in U.S. production and strong import demand to China point to a tightening market. Elsewhere sugar prices surged 12 percent to the highest level in more than 28 years due to concerns that a weak monsoon will reduce India’s production.

Metals and minerals prices rose 2.8 percent in July, up for the fifth straight month, as macroeconomic prospects improve and because of expectations of re-stocking shifting from China to OECD countries in the second half of the year. Nickel prices jumped 7 percent due to a strike at Vale Inco’s Canadian operations and recovery in stainless steel production, mainly in China. Aluminum prices—which have lagged the strong gains in other metals this year—rose 6 percent on continued net imports into China, although global inventories and unutilized capacity are large. Silver prices dropped 9 percent on weak industrial and investment demand, while tin prices fell 6 percent due to expanding production in Indonesia.



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

Major Movers July¹

Sugar prices surged 11.7 percent due to concerns that a weak monsoon season will reduce India's production for 2009-10, and also because of unseasonably wet weather in Brazil. India is the world's largest sugar consumer, and Brazil and India are the two largest producers.

Nickel prices jumped 6.8 percent because of a strike at Vale Inco's operations in Canada, as well as a recovery in stainless steel production, mainly in China but also in Europe.

Tea prices rose 6.7 percent due to poor crops in Kenya and Sri Lanka resulting from dryer-than-normal weather.

Cotton prices increased 6.1 percent because of unfavorable weather in India and China, an infestation of pests in Pakistan, and reduced estimates of U.S. production.

Aluminum prices rose 6.0 percent on continued, but slowing, net imports into China. However there is a large global stock overhang and massive excess capacity in aluminum smelting and alumina refining.

Crude oil prices fell 6.5 percent because of weak demand and continued large stocks on-land and at sea.

Sawnwood (Malaysia) prices declined 7.0 percent due to continued weak demand. Global imports of hardwood from developing countries have fallen sharply since early 2008.

Soybeans and soybean oil prices dropped 8.2 and 6.7 percent, respectively, on expectations of favorable production, although China's import demand remains strong and is drawing down stocks.

Potassium chloride and phosphate rock fertilizer prices fell 8.6 percent and 7.1 percent, respectively, as markets generally remain weak. However, demand is picking up, particularly in India.

Silver prices dropped 8.7 percent because of weak industrial and investor demand, but prices have rebounded in early August.

Palmkernel oil and coconut oil (close substitutes) prices fell 10.1 percent and 8.3 percent, respectively, due to increased production of copra and coconut oil in the

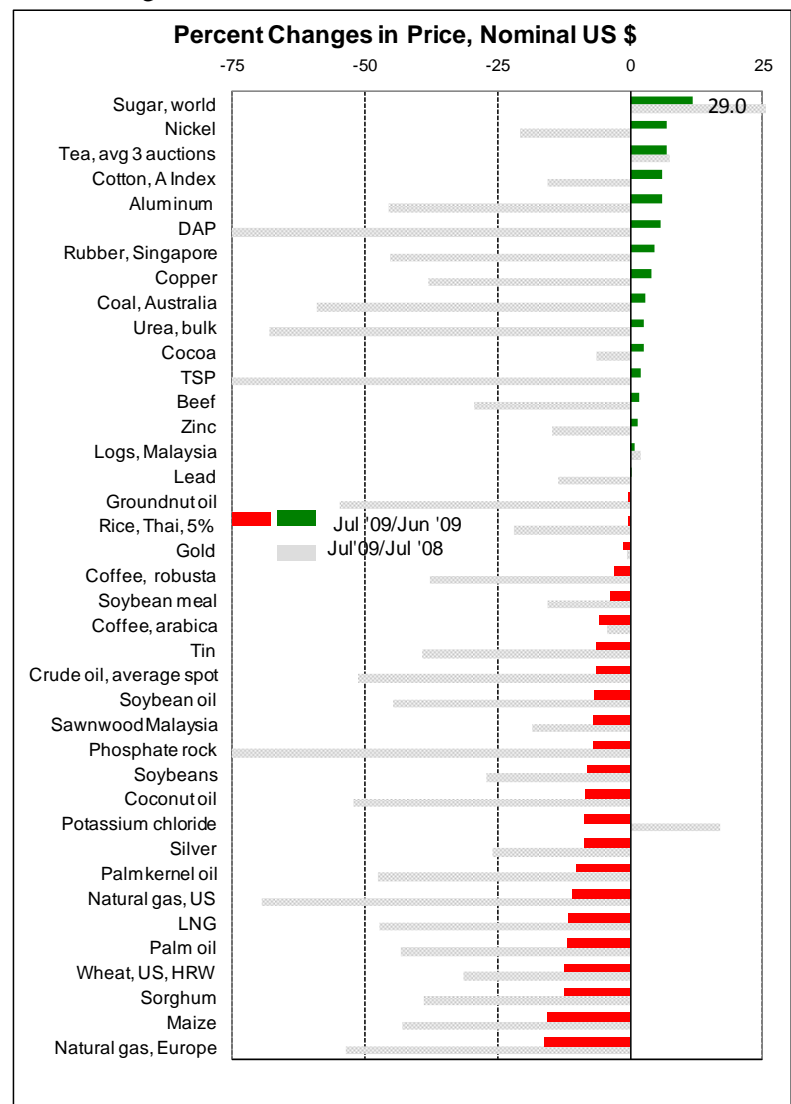
Philippines.

Palm oil prices dropped 12.0 percent on sizeable production increases in Malaysia and Indonesia, the world's key suppliers.

Wheat prices dropped 12.4 percent on expectations of a record global crop.

Maize and sorghum prices plunged 15.6 percent and 12.6 percent, respectively, due to continued upward revisions to U.S. production estimates, amid near-perfect growing conditions.

Natural gas prices in Europe, Japan (LNG), and the U.S. fell 16.1, 11.6, and 10.9 percent, respectively, because of weak overall demand, growing LNG capacity, and mild temperatures and high stocks in the U.S.



¹ Percent change of average July 2009 prices compared to average June 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-Jul	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	May	Jun	Jul
		2007	2008	2009	2008	2008	2008	2009	2009	2009	2009	2009
Energy												
Coal, Australia	a/ \$/mt	65.73	127.10	69.80	138.65	162.80	92.97	71.93	66.48	64.50	71.38	73.38
Crude oil, avg. spot	a/ \$/bbl	71.12	96.99	53.51	120.97	15.68	56.00	44.11	59.19	58.15	69.15	64.67
Crude oil, Brent	a/ \$/bbl	72.70	97.64	53.89	122.39	15.60	55.89	44.98	59.13	57.94	68.62	64.91
Crude oil, Dubai	a/ \$/bbl	68.37	93.78	53.63	116.67	13.47	53.67	44.56	58.93	57.40	69.21	64.97
Crude oil, West Texas Int.	a/ \$/bbl	72.28	99.56	53.01	123.85	17.98	58.45	42.80	59.52	59.13	69.62	64.12
Natural gas Index	a/ 2000=100	186.5	267.9	163.6	286.0	284.1	266.2	198.2	143.0	143.0	141.3	121.4
Natural gas, Europe	a/ \$/mmbtu	8.56	13.41	9.58	12.40	14.62	15.75	11.94	8.18	8.09	7.95	6.67
Natural gas, US	a/ \$/mmbtu	6.98	8.86	4.03	11.35	9.03	6.40	4.57	3.70	3.81	3.80	3.39
Natural gas LNG, Japan	a/ \$/mmbtu	7.68	12.53	8.88	11.71	13.33	14.62	10.90	7.66	7.50	7.35	6.50
Non Energy Commodities												
Agriculture												
Beverages												
Cocoa	b/ c/kg	195.2	257.7	261.8	276.4	282.6	224.1	259.7	258.7	247.5	270.4	277.5
Coffee, Arabica	b/ c/kg	272.4	308.2	303.2	315.1	321.2	267.8	283.9	320.2	332.9	330.2	310.6
Coffee, robusta	b/ c/kg	190.9	232.1	168.8	243.6	244.8	192.6	175.8	165.3	166.7	162.7	158.0
Tea, auctions (3), average	b/ c/kg	203.6	242.0	249.5	254.7	272.3	206.6	217.0	266.1	269.4	278.2	296.8
Tea, Colombo auctions	b/ c/kg	252.2	278.9	289.8	298.5	303.2	208.8	261.7	299.1	296.5	313.6	346.0
Tea, Kolkata auctions	b/ c/kg	192.1	225.5	230.6	244.0	260.9	220.2	174.5	271.3	289.4	280.1	277.1
Tea, Mombasa auctions	b/ c/kg	166.5	221.8	228.0	221.6	252.8	190.8	214.9	228.0	222.3	240.8	267.3
Food												
Fats and Oils												
Coconut oil	b/ \$/mt	919	1224	722	1499	1246	772	677	779	843	747	685
Copra	\$/mt	607	816	475	1013	817	520	447	513	559	480	448
Groundnut oil	b/ \$/mt	1352	2131	1214	2328	2417	1773	1283	1166	1157	1154	1149
Palm oil	b/ \$/mt	780	949	657	1198	928	512	577	743	801	726	639
Palmkernel oil	\$/mt	888	1130	669	1420	1114	609	577	763	830	741	666
Soybean meal	b/ \$/mt	308	424	399	484	450	320	365	424	437	446	429
Soybean oil	b/ \$/mt	881	1258	813	1466	1353	830	755	863	892	896	836
Soybeans	b/ \$/mt	384	523	432	585	566	377	394	461	465	503	462
Grains												
Barley	b/ \$/mt	172.4	200.5	125.4	239.1	216.6	129.5	116.3	129.5	128.7	148.6	140.3
Maize	b/ \$/mt	163.7	223.1	168.6	259.0	244.7	168.4	166.9	176.0	179.9	179.5	151.6
Rice, Thailand, 5%	b/ \$/mt	326.4	650.2	569.7	855.3	703.0	564.4	586.3	552.4	533.0	574.5	572.0
Rice, Thailand, 25%	\$/mt	306.5	n.a.	464.0	n.a.	669.5	449.9	469.4	458.7	454.0	476.0	463.5
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, A1Special / Super	\$/mt	272.3	482.3	324.2	693.7	478.6	314.1	323.4	326.3	322.4	320.8	320.3
Sorghum	\$/mt	162.7	207.8	148.1	246.9	214.7	151.0	145.3	165.8	160.1	153.0	133.8
Wheat, Canada	\$/mt	300.4	454.6	318.7	484.4	390.2	322.1	321.9	325.6	334.6	326.8	288.4
Wheat, US, HRW	b/ \$/mt	255.2	326.0	238.7	346.5	317.7	228.1	231.6	250.5	261.5	256.6	224.9
Wheat US SRW	\$/mt	238.6	271.5	189.2	277.8	241.5	182.7	187.4	195.6	202.5	201.7	175.6
Other Food												
Bananas EU	\$/mt	1037	1188	1205	1263	1123	944	1142	1287	1286	1284	1146
Bananas US	b/ \$/mt	676	844	868	920	775	847	891	858	830	854	827
Fishmeal	\$/mt	1177	1133	1077	1185	1198	1023	1013	1097	1103	1149	1207
Meat, beef	b/ c/kg	260.3	313.8	256.8	332.7	372.4	268.0	245.2	262.8	263.7	269.2	273.4
Meat, chicken	b/ c/kg	156.7	169.6	174.3	167.9	177.1	174.7	173.5	174.1	174.3	176.8	177.5
Meat, sheep	c/kg	412.0	458.5	410.8	493.2	477.3	410.0	378.5	428.7	427.7	453.9	453.7
Oranges	b/ \$/mt	957	1107	815	1322	1163	842	799	864	888	816	715
Shrimp, Mexico	b/ c/kg	1010	1069	973	1109	1048	1014	976	970	970	970	970
Sugar EU domestic	b/ c/kg	68.09	69.69	53.03	77.59	74.70	51.97	51.44	53.75	53.84	55.35	55.63
Sugar US domestic	b/ c/kg	45.77	46.86	46.55	46.34	51.52	44.72	43.82	47.89	47.68	49.15	50.74
Sugar, world	b/ c/kg	22.22	28.21	32.67	27.01	31.14	26.28	28.85	33.89	35.36	36.22	40.45
Raw Materials												
Timber												
Logs, Cameroon	\$/cum	381.3	526.9	410.0	554.4	548.5	473.8	426.8	394.6	395.4	406.0	406.0
Logs, Malaysia	b/ \$/cum	268.0	292.3	296.5	282.3	277.7	315.7	313.6	284.5	291.1	279.3	281.4
Plywood	c/sheets	640.7	645.5	568.2	647.3	648.6	645.5	572.8	565.8	565.9	563.6	561.9
Sawnwood, Cameroon	\$/cum	760	958	715	1052	974	771	689	721	718	762	776
Sawnwood, Malaysia	b/ \$/cum	806.3	889.1	812.9	935.8	900.3	859.9	813.7	829.7	855.4	817.9	760.3
Woodpulp	\$/mt	767.0	820.2	560.0	870.7	848.8	711.0	565.1	549.9	545.4	565.7	575.0
Other Raw Materials												
Cotton A Index	b/ c/kg	139.5	157.4	129.0	166.5	168.2	126.9	120.8	132.4	136.6	135.4	143.6
Cotton Memphis	c/kg	142.9	161.5	135.9	171.6	170.0	130.1	129.8	142.4	150.2	141.4	134.4
Rubber, US	c/kg	248.0	284.1	178.5	311.7	329.1	202.8	165.8	187.0	189.8	187.6	191.4
Rubber, Singapore	b/ c/kg	226.3	258.6	158.9	303.5	298.4	159.0	146.0	166.4	169.3	167.5	174.9

continued on next page

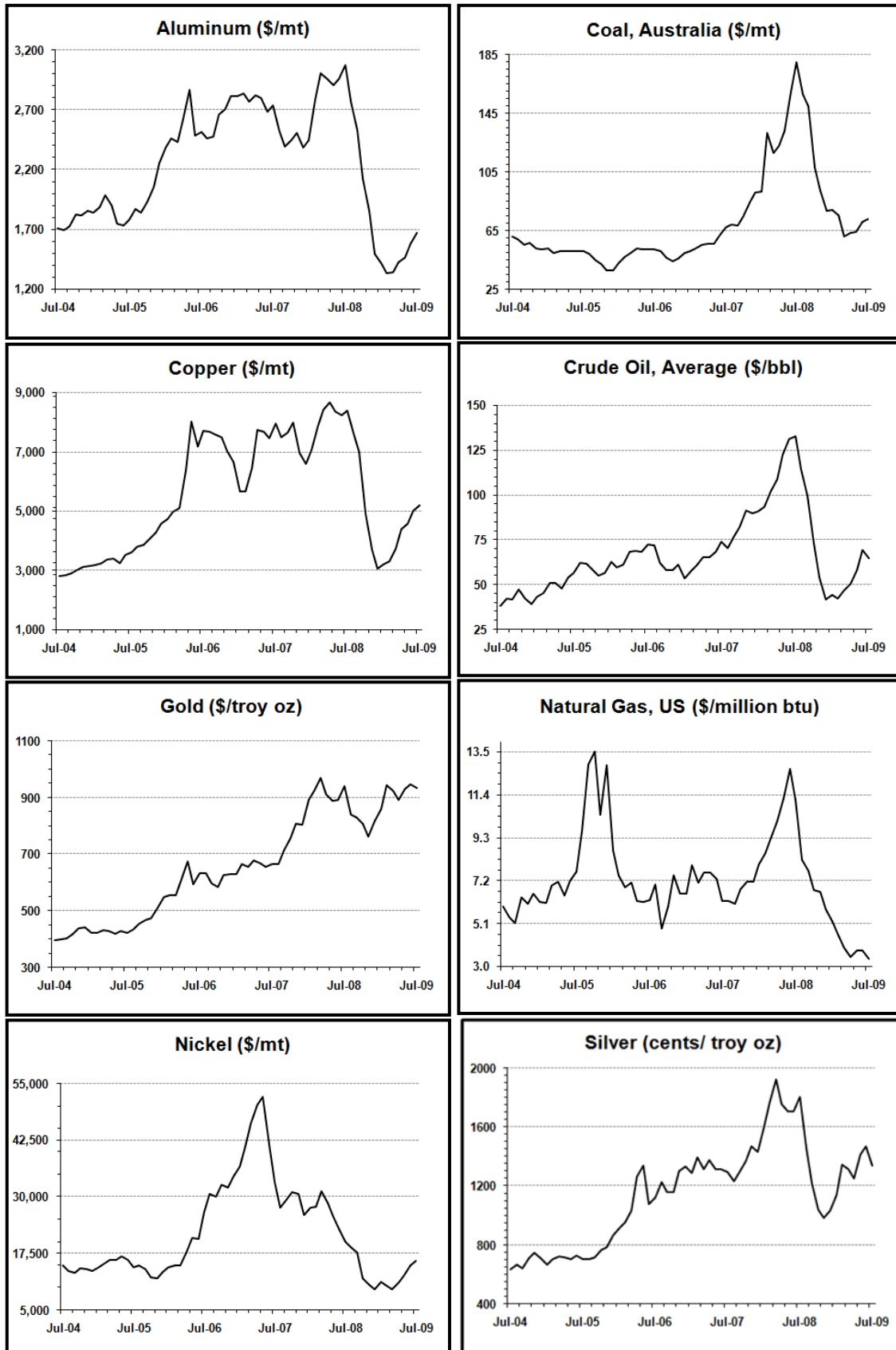
a/ Included in the energy index (2000=100) b/ Included in the non-energy index (2000=100) c/ Steel not included in the non-energy index
 \$ = US dollar ¢ = US cent bbl = barrel cum = cubic meter dmt = Dry Metric Ton Unit kg = kilogram mmbtu = million British thermal units
 mt = metric ton toz = troy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

COMMODITY PRICE DATA

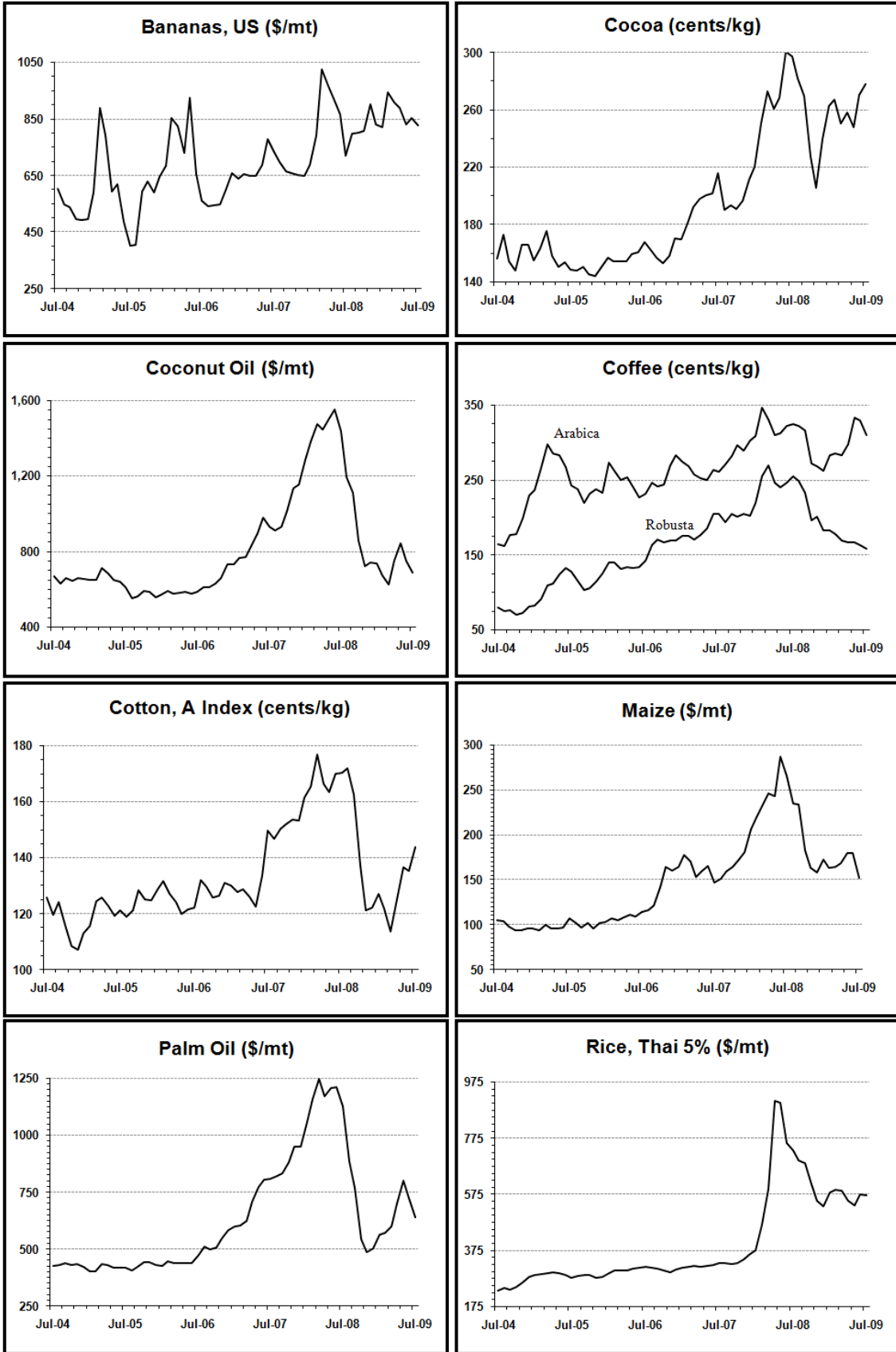
		Annual averages			Quarterly averages					Monthly averages		
		Jan-Dec	Jan-Dec	Jan-Jul	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	May	Jun	Jul
		2007	2008	2009	2008	2008	2008	2009	2009	2009	2009	2009
Fertilizers												
DAP	b/L \$/mt	433	967	327	1,192	1,154	663	362	304	298	278	293
Phosphate rock	b/L \$/mt	70.9	345.6	144.3	367.5	409.2	371.3	193.3	113.3	117.5	96.9	90.0
Potassium chloride	b/L \$/mt	200.2	570.1	775.9	511.1	635.0	766.7	865.2	726.7	717.5	717.5	655.5
TSP	b/L \$/mt	339	879	276	1,036	1,108	659	322	248	245	220	224
Urea, E. Europe, bulk	b/L \$/mt	309.4	492.7	252.7	575.7	745.4	292.2	267.3	241.1	240.8	237.4	243.7
Metals and Minerals												
Aluminum	b/L \$/mt	2,638	2,573	1,457	2,940	2,787	1,821	1,360	1,485	1,460	1,574	1,668
Copper	b/L \$/mt	7,118	6,956	4,213	8,443	7,680	3,905	3,428	4,663	4,569	5,014	5,216
Gold	\$/toz	696.7	871.7	917.8	896.0	869.6	794.5	908.7	921.5	928.6	945.7	934.2
Iron ore	b/L c/dmtu	84.7	140.6	101.0	140.6	140.6	140.6	101.0	101.0	101.0	101.0	101.0
Lead	b/L c/kg	258.0	209.1	137.8	230.7	191.2	124.5	115.7	149.9	144.0	167.4	167.9
Nickel	b/L \$/mt	37,230	21,111	12,308	25,682	18,961	10,843	10,471	12,920	12,635	14,960	15,985
Silver	c/toz	1,341	1,500	1,323	1,720	1,495	1,020	1,265	1,376	1,411	1,466	1,339
** Steel products index, Japan F c/L 2000=100		182.0	289.3	240.2	279.2	338.2	310.4	274.5	215.5	213.8	213.6	211.3
Steel cr coilsheet, Japan, Reins c/L \$/mt		650.0	965.6	842.9	900.0	1100.0	1100.0	1033.3	700.0	700.0	700.0	700.0
Steel hr coilsheet, Japan, Reins c/L \$/mt		550.0	883.3	742.9	833.3	1000.0	1000.0	933.3	600.0	600.0	600.0	600.0
Steel, rebar, Japan, Reinstated c/L \$/mt		521.5	760.2	466.8	837.5	934.2	629.6	472.5	450.0	450.0	475.0	500.0
Steel wire rod, Japan, Reinstated c/L \$/mt		533.3	1009.8	1070.0	950.0	1135.0	1200.0	1200.0	1006.7	1020.0	900.0	870.0
Tin	b/L c/kg	1,454	1,851	1,252	2,265	2,051	1,310	1,103	1,351	1,379	1,499	1,404
Zinc	b/L c/kg	324.2	187.5	135.9	211.3	177.0	118.5	117.2	147.3	148.4	155.7	157.9
NEW World Bank commodity price indices for low and middle income countries(2000 =100)												
Energy		244.8	342.0	190.3	417.8	406.0	212.9	166.3	204.5	201.1	235.0	219.8
Non Energy Commodities		224.7	272.0	200.5	307.8	292.6	206.3	189.9	207.8	209.3	214.1	210.8
Agriculture		180.3	229.5	190.1	259.4	243.5	178.6	181.9	197.1	200.8	201.7	193.8
Beverages		169.9	210.0	204.6	221.4	226.8	181.2	197.9	207.7	206.0	215.2	215.6
Food		184.7	247.4	200.5	286.3	260.5	185.7	190.4	209.8	214.6	215.7	203.2
Fats and Oils		209.0	277.3	210.7	327.7	288.9	182.4	191.4	227.9	237.4	235.3	216.9
Grains		189.0	281.7	221.6	335.2	298.5	218.6	221.3	225.3	226.6	232.5	211.8
Other Food		149.0	177.1	168.1	187.4	188.9	160.2	161.3	171.9	173.9	174.9	177.5
Raw Materials		174.9	195.7	157.5	213.7	210.4	160.0	153.1	161.0	164.6	160.6	160.0
Timber		136.8	150.5	141.0	155.4	150.2	149.4	143.1	141.8	145.9	139.6	132.3
Other Raw Materials		216.6	245.3	175.5	277.4	276.3	171.6	164.0	182.1	185.0	183.5	190.3
Fertilizers		240.1	566.7	329.8	624.1	741.1	492.2	376.6	300.6	300.2	286.9	277.3
Metals and Minerals		314.0	325.7	207.2	371.1	342.4	230.6	185.0	219.0	216.3	231.5	238.1

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

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

