

Commodity Markets Review

September 11, 2007

DECPG, The World Bank

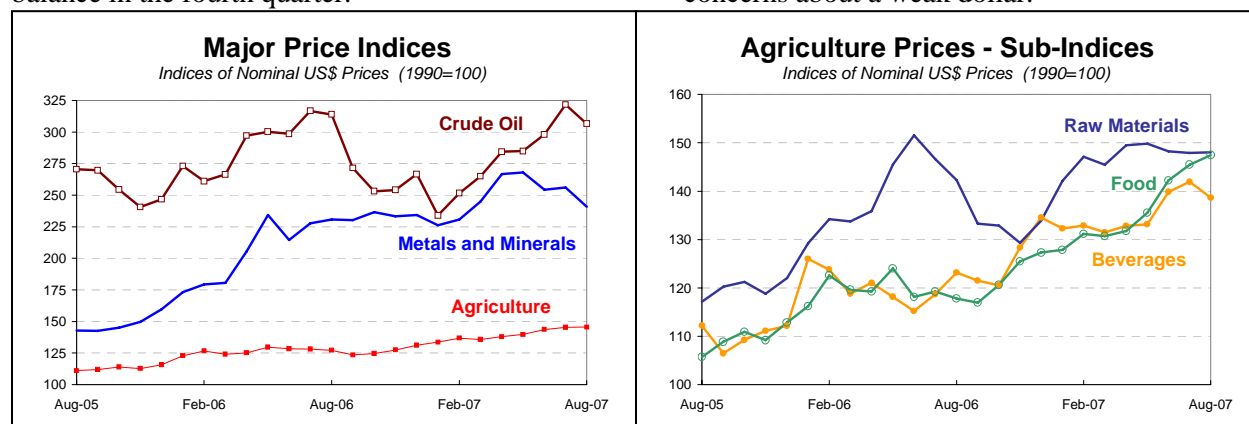
Non-oil commodity prices fell 2.4 percent in August, with sharp declines mainly in metals prices due to fears of an economic slowdown because of a potential credit squeeze. Oil prices also fell, in part because of liquidation by investors to raise cash. Agriculture prices were much less affected, with grains prices up sharply on strong demand, low stocks and drought conditions in a few exporting countries.

Crude oil prices dropped 4.7 percent in August, and averaged \$70.13/bbl, mainly on fears of an economic slowdown due to the credit turmoil. Prices had reached record nominal highs in late July before investors liquidated long positions. However, oil prices proved more resilient than metals and rebounded sharply in early September on concerns about falling stocks, geopolitical concerns, and the U.S. hurricane season that could disrupt offshore production.

OPEC oil ministers agreed in early September to raise production quotas by 0.5 mb/d to 28.5 mb/d (excluding Iraq and newest member Angola which is without quota this year), effective November 1st. The increase may bring little additional oil to the market, as the organization is already producing some 0.9 mb/d over quota. In the absence of additional OPEC oil entering the market, oil inventories are expected to continue to fall and tighten the oil balance in the fourth quarter.

Agriculture prices rose 0.1 percent in August, with grains prices climbing 3.8 percent, offset by declines in beverages and some food prices, such as sugar which is in abundant supply. Wheat prices jumped 9 percent, and have risen to record nominal highs in September, on disappointing crops in major export countries and expected record-low season-ending stocks. Fats & oils prices rose 1.6 percent on continued strong demand for food, feed and fuel amid lower soybean output in the U.S. Among declines, cocoa prices fell 12 percent on improved weather and harvests in Cote d'Ivoire, and coffee robusta prices fell 5 percent on higher exports from Vietnam.

Metals and minerals prices plunged 5.9 percent in August, on concerns about slowing global demand due to reduced liquidity and credit. Nickel prices fell 17 percent, continuing its collapse since May, on large cutbacks in stainless steel output. Zinc prices fell nearly 9 percent on expectations of higher mine supply, while aluminum prices declined 8 percent on rising inventories and still-large production growth in China. Copper prices fell 6 percent, but remain supported by numerous strike actions. Not all metals declined, as tin and lead prices rose due to supply constraints and falling stocks. In addition, gold has risen above \$700/toz in September on safe-haven buying and concerns about a weak dollar.



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 August¹

Wheat prices surged 8.9 percent in response to poor crops in Canada, the EU and Ukraine, and to the USDA's projection that wheat stocks at the end of the current marketing year will fall to the lowest levels relative to consumption since data first became available in 1960.

Sorghum prices jumped 7.1 percent due to large imports from the EU-27 in response to their poor domestic maize crops.

Groundnut oil prices rose 4.6 percent due to lower production in India, and expectations of lower groundnut yields in the U.S. and China.

Potassium chloride prices increased 4.6 percent due to strong demand and limited availability of uncommitted export supplies.

Coffee arabica prices rose 3.9 percent due to Brazil's weaker harvest and strengthening of its currency.

Coal prices increased 3.3 percent on strong demand for power generation, and supply bottlenecks in Australia.

Sugar prices slipped 3.6 percent due to the large surplus in India and the prospects of significant exports.

Crude oil prices fell 4.7 percent on investor liquidation following the credit crisis. However, prices have rebounded on expectations of tightening markets.

Silver prices declined 4.9 percent on investor liquidation following the credit crisis, but have since rebounded on expectations of interest rate cuts and a weaker dollar.

Bananas prices in the U.S. fell 5.0 percent due to a typical seasonal decline owing to the increased availability of local fruit.

Coffee robusta prices decreased 5.5 percent due to a sharp increase in Vietnam's coffee sales which are expected to rise by more than 20 percent this year. Vietnam is the world's second largest coffee supplier after Brazil (and the world's largest robusta supplier).

Copper prices declined 5.9 percent on rising stocks and slowing Chinese imports, but prices have been partly supported by a series of strikes in North and South America and Africa.

Aluminum prices fell 8.1 percent due to rising stocks, continuing large production growth in China, and some pick-up in production elsewhere.

Zinc prices fell 8.5 percent, despite low stocks, on expectations of significant increases in mine production beginning later this year.

Cocoa prices dropped 11.7 percent following reports of an early start of Cote d'Ivoire's main crop harvest after good rains helped trees produce a large number of pods.

Nickel prices plunged 17.4 percent (falling by nearly half since May) due to rising stocks, large cuts in stainless steel production, and substitution to low-grade nickel in China.



¹ Percent change of average August prices compared to average July 2007 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 2005	Jan-Dec 2006	Jan-Aug 2007	Apr-Jun 2006	Jul-Sep 2006	Oct-Dec 2006	Jan-Mar 2007	Apr-Jun 2007	Jun 2007	Jul 2007	Aug 2007
Energy												
Coal, Australia	\$/mt	47.62	49.09	58.77	52.62	50.26	46.60	53.19	57.91	61.60	67.31	69.56
Coal, US	\$/mt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Crude oil, avg, spot	a/ \$/bbl	53.39	64.29	64.23	68.31	68.79	59.02	57.23	66.13	68.19	73.60	70.13
Crude oil, Brent	a/ \$/bbl	54.43	65.39	66.05	69.83	70.09	59.73	58.07	68.73	71.32	77.20	70.80
Crude oil, Dubai	a/ \$/bbl	49.29	61.43	62.19	64.68	65.87	57.33	55.58	64.71	65.76	69.46	67.21
Crude oil, West Texas Int.	a/ \$/bbl	56.44	66.04	64.44	70.43	70.42	59.99	58.03	64.96	67.49	74.14	72.38
Natural gas, Europe	\$/mmbtu	6.33	8.47	8.25	8.27	8.69	8.96	8.51	8.00	8.03	8.13	8.34
Natural gas, US	\$/mmbtu	8.92	6.72	7.08	6.50	6.04	6.66	7.23	7.50	7.30	6.22	6.20
Non Energy Commodities												
Agriculture												
Beverages												
Cocoa	b/ c/kg	153.8	159.2	193.8	158.4	162.3	160.6	181.3	200.0	201.7	215.8	190.5
Coffee, Arabica	b/ c/kg	253.2	252.2	262.5	241.0	240.0	265.5	267.2	255.4	264.0	260.9	271.1
Coffee, robusta	b/ c/kg	111.5	148.9	185.0	132.9	158.1	168.0	172.8	188.3	204.3	203.9	192.8
Tea, auctions (3), average	c/kg	164.7	187.2	194.2	192.3	195.6	182.2	178.0	199.9	207.4	213.0	207.5
Tea, Colombo auctions	b/ c/kg	184.3	191.0	234.7	179.2	190.9	201.1	226.4	231.1	231.3	248.6	256.6
Tea, Kolkata auctions	b/ c/kg	162.1	175.4	185.2	192.5	192.3	173.2	141.5	208.7	225.0	226.7	204.7
Tea, Mombasa auctions	b/ c/kg	147.8	195.2	162.8	205.3	203.5	172.4	166.0	159.8	165.8	163.6	161.3
Food												
Fats and Oils												
Coconut oil	b/ \$/mt	617.0	606.9	850.3	578.7	599.4	671.2	754.3	900.2	979.0	929.0	910.0
Copra	\$/mt	413.7	402.5	562.6	383.0	400.3	443.5	498.6	599.2	653.0	612.8	595.0
Groundnut oil	b/ \$/mt	1,060	970	1,228	896	946	1,121	1,170	1,190	1,209	1,342	1,404
Palm oil	b/ \$/mt	422.1	478.4	718.1	438.7	492.7	545.7	608.7	762.3	805.0	811.0	821.0
Palmkernel oil	b/ \$/mt	627.0	581.1	810.9	557.1	559.0	601.7	677.7	875.7	969.0	924.0	903.0
Soybean meal	b/ \$/mt	214.4	209.2	266.7	197.3	208.3	230.3	255.7	260.3	270.0	289.4	296.0
Soybean oil	b/ \$/mt	544.9	598.6	788.1	576.3	620.3	662.2	709.7	793.9	833.0	885.4	909.0
Soybeans	b/ \$/mt	274.7	268.6	341.0	263.7	263.9	290.0	317.7	338.3	361.0	375.5	385.0
Grains												
Maize	b/ \$/mt	98.7	121.9	160.9	109.3	117.4	155.7	170.9	159.4	165.2	146.8	149.7
Rice, Thailand, 5%	b/ \$/mt	286.3	304.9	320.0	307.6	312.4	300.8	315.6	319.1	323.3	328.8	327.5
Rice, Thailand, 25%	\$/mt	265.4	277.1	297.9	276.0	284.6	276.1	292.6	297.4	300.5	306.8	306.5
Rice, Thailand, 35%	\$/mt	261.8	272.0	289.7	272.9	277.6	268.6	285.8	288.8	293.0	296.6	297.5
Rice, Thai, A1.Special	\$/mt	217.8	218.0	255.3	216.6	219.2	222.5	252.3	255.2	254.5	259.0	261.3
Sorghum	b/ \$/mt	96.2	122.9	158.3	111.7	118.0	158.6	175.2	151.4	154.8	138.5	148.3
Wheat, Canada	\$/mt	197.6	216.8	250.5	212.1	215.4	230.8	232.4	244.7	259.2	277.7	294.9
Wheat, US, HRW	b/ \$/mt	152.4	192.0	213.8	189.6	196.1	208.7	198.4	205.7	223.0	238.4	259.7
Wheat US SRW	\$/mt	135.7	159.0	195.6	144.0	153.0	193.5	173.7	187.0	205.0	225.6	257.4
Other Food												
Bananas EU	\$/mt	1,176	897	1,017	991	768	845	1,036	1,045	977	954	936
Bananas US	b/ \$/mt	602.8	677.2	685.9	770.3	548.5	601.8	647.2	705.0	778.5	733.7	697.2
Beef	b/ c/kg	261.7	254.7	260.4	247.3	257.4	265.0	261.2	259.9	262.1	259.0	261.0
Fishmeal	\$/mt	731	1,166	1,228	1,178	1,334	1,244	1,251	1,260	1,227	1,202	1,087
Lamb	c/kg	443.8	403.6	400.3	410.7	408.5	399.3	394.2	399.3	399.1	408.7	413.6
Oranges	b/ \$/mt	874.7	829.2	937.7	755.5	814.6	920.0	816.7	892.7	935.3	1,142.5	1,231.1
Shrimp, Mexico	b/ c/kg	1,034	1,024	997	1,047	1,047	953	988	1,003	1,003	1,003	1,003
Sugar EU domestic	b/ c/kg	66.54	64.56	66.51	66.78	63.30	64.10	65.10	66.98	66.66	68.14	67.67
Sugar US domestic	b/ c/kg	46.93	48.76	46.19	51.69	47.66	43.85	45.17	46.47	47.01	46.56	48.06
Sugar, world	b/ c/kg	21.79	32.59	22.15	36.53	30.60	25.71	23.49	20.90	20.48	22.44	21.63
Raw Materials												
Timber												
Logs, Cameroon	\$/cum	334.4	318.5	371.1	316.2	314.8	327.4	371.3	372.8	356.9	364.8	371.2
Logs, Malaysia	\$/cum	203.1	239.4	264.3	237.3	240.9	256.6	264.8	262.0	257.9	263.1	270.9
Plywood	c/sheets	508.6	595.6	638.5	577.8	638.3	637.2	629.5	639.6	642.6	649.7	651.1
Sawnwood, Cameroon	\$/cum	559.1	622.9	728.1	617.8	632.9	657.8	720.1	725.1	718.1	744.5	744.9
Sawnwood, Malaysia	\$/cum	659.4	749.3	806.0	743.1	761.9	779.1	794.4	807.4	807.1	826.4	816.7
Woodpulp	\$/mt	635.5	698.6	741.0	682.3	737.1	747.2	727.4	751.3	761.4	746.1	746.1
Other Raw Materials												
Cotton A Index	b/ c/kg	121.7	126.7	133.3	121.8	128.0	127.8	128.8	127.4	133.6	149.6	148.2
Cotton Memphis	c/kg	129.8	133.5	130.5	130.1	137.3	132.7	135.9	130.0	135.9	151.6	150.3
Jute	\$/mt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Rubber, Malaysia	c/kg	n.q.	n.q.	n.q.	n.q.	n.q.	n.q.	n.q.	n.q.	n.q.	n.q.	n.q.
Rubber, US	c/kg	166.1	231.3	243.4	258.7	245.5	199.4	241.6	251.6	253.0	232.2	235.7
Rubber, Singapore	b/ c/kg	150.2	210.8	224.4	245.7	219.2	176.0	223.3	233.9	226.7	210.1	213.4
Sisal	\$/mt	885.0	885.0	885.0	885.0	885.0	885.0	885.0	885.0	885.0	885.0	885.0
Wool	c/kg	580.0	557.6	565.0	555.0	555.3	565.0	565.0	565.0	565.0	565.0	565.0

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a/ Included in the petroleum index 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

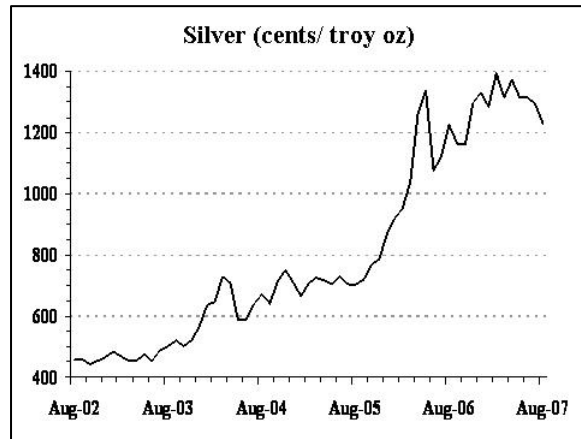
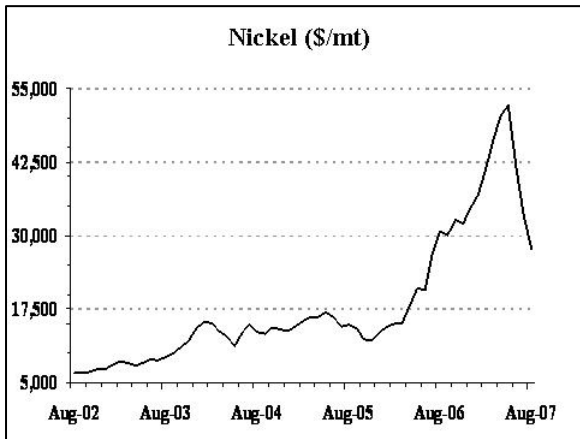
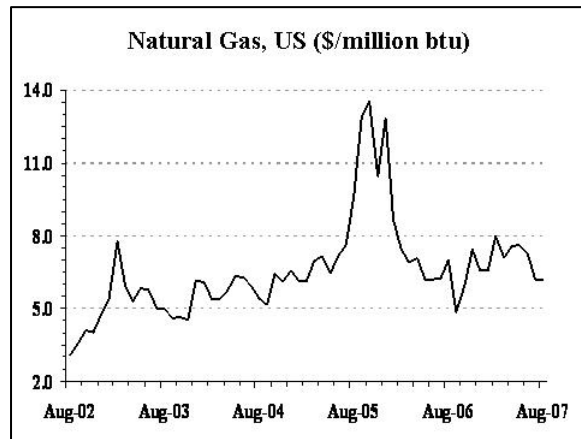
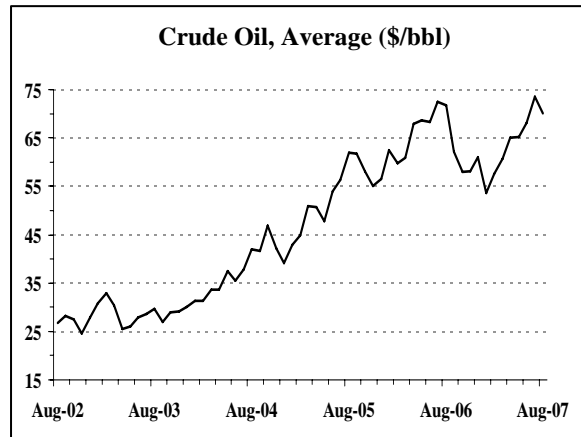
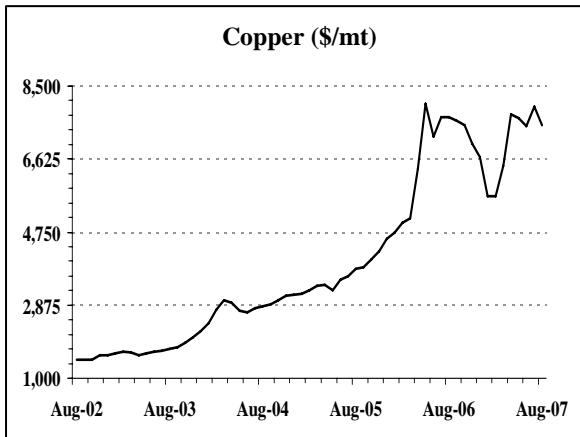
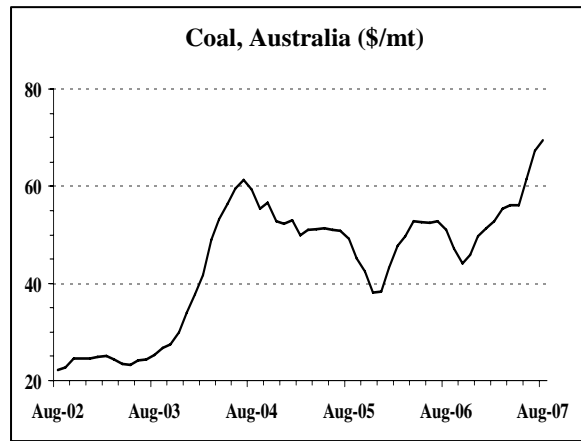
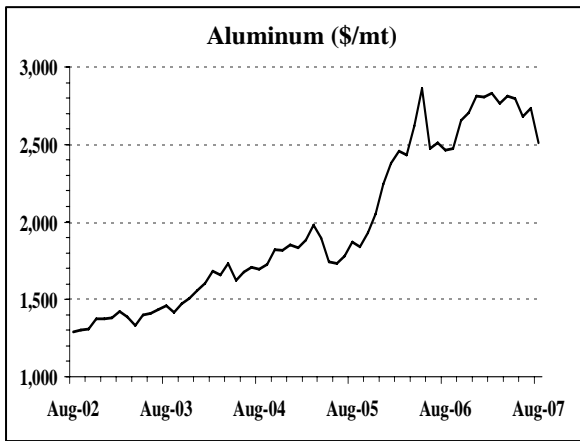
		Annual averages			Quarterly averages					Monthly averages		
		Jan-Dec	Jan-Dec	Jan-Aug	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jun	Jul	Aug
		2005	2006	2007	2006	2006	2006	2007	2007	2007	2007	2007
Fertilizers												
DAP	\$/mt	247.0	260.3	399.0	266.9	260.3	254.2	344.5	431.1	434.5	436.3	429.4
Phosphate rock	b/ \$/mt	42.0	44.2	59.5	43.5	45.5	45.5	45.5	59.9	80.0	80.0	80.0
Pottasium chloride	\$/mt	158.2	174.5	187.1	177.3	174.6	175.0	175.6	184.8	196.9	203.1	212.5
TSP	\$/mt	201.5	219.5	240.0	200.5	236.7	240.0	240.0	240.0	n.a.	n.a.	n.a.
Urea, E. Europe, bagged	\$/mt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Urea, E. Europe, bulk	\$/mt	219.0	222.9	254.2	228.1	210.4	234.0	297.4	291.3	289.0	267.9	269.0
Metals and Minerals												
Aluminum	b/ \$/mt	1,898	2,570	2,742	2,653	2,482	2,724	2,801	2,761	2,677	2,732	2,512
Copper	b/ \$/mt	3,679	6,722	7,024	7,210	7,670	7,068	5,933	7,641	7,474	7,973	7,502
Gold	\$/toz	444.8	604.3	660.5	627.4	621.5	614.5	650.3	667.4	655.7	665.4	665.2
Iron ore CVRD So & No	b/ c/dmtu	65.00	77.35	84.70	77.35	77.35	77.35	84.70	84.70	84.70	84.70	84.70
Lead	b/ c/kg	97.6	129.0	226.2	110.0	119.0	162.7	178.7	217.6	242.5	308.3	312.4
Nickel	b/ \$/mt	14,744	24,254	41,179	19,925	29,154	33,129	41,440	48,033	41,705	33,417	27,598
Silver	c/toz	734	1,157	1,316	1,226	1,169	1,263	1,332	1,336	1,315	1,293	1,231
Steel products (8) index	a/ 1990=100	137.9	134.5	132.7	131.6	135.8	132.1	132.0	133.4	133.5	132.9	132.6
Steel cr coilsheet	\$/mt	733.3	693.8	650.0	666.7	700.0	658.3	650.0	650.0	650.0	650.0	650.0
Steel hr coilsheet	\$/mt	633.3	600.0	550.0	591.7	600.0	558.3	550.0	550.0	550.0	550.0	550.0
Steel, rebar	\$/mt	423.1	443.8	505.3	445.0	450.0	450.0	484.2	540.8	545.0	492.5	475.0
Steel wire rod	\$/mt	579.2	581.3	523.8	575.0	600.0	550.0	500.0	530.0	530.0	550.0	550.0
Tin	c/kg	738.0	878.1	1379.3	852.9	865.3	1033.5	1272.9	1409.8	1410.0	1473.8	1512.3
Zinc	b/ c/kg	138.1	327.5	351.9	329.2	336.3	420.4	345.6	366.4	360.3	354.6	324.4
World Bank commodity price indices for low and middle income countries(1990 =100)												
Energy		233.4	281.0	280.7	298.6	300.7	257.9	250.1	289.1	298.0	321.7	306.5
Non Energy Commodities		121.9	151.9	171.1	153.4	156.0	158.5	163.7	175.5	175.8	177.5	173.3
Agriculture		113.0	126.6	139.8	127.8	126.3	127.8	135.6	140.4	143.6	145.4	145.5
Beverages		116.9	122.5	135.4	118.1	121.1	127.8	132.2	135.3	139.9	141.9	138.6
Food		109.9	120.6	136.5	120.5	118.0	124.5	129.9	136.5	142.2	145.5	147.5
Fats and Oils		122.9	126.4	171.4	119.4	127.1	140.4	155.3	174.3	183.7	189.6	192.7
Grains		103.2	120.9	138.3	117.4	121.7	133.1	137.5	135.8	141.5	140.7	146.1
Other Food		103.1	115.7	107.0	123.1	108.5	106.6	104.9	105.9	108.6	112.1	111.2
Raw Materials		114.1	137.4	147.4	144.3	140.8	132.0	145.3	149.2	148.3	147.9	148.1
Timber		122.5	139.9	150.9	138.7	142.0	146.0	149.1	151.0	150.6	154.2	153.2
Other Raw Materials		108.3	135.7	145.0	148.1	139.9	122.5	142.7	148.0	146.6	143.6	144.6
Fertilizers		134.9	143.5	164.5	135.7	151.8	151.8	151.8	164.8	183.0	183.0	183.0
Metals and Minerals		142.5	215.0	248.4	218.1	229.5	234.7	233.9	262.9	254.2	256.0	240.8

a. Included in the petroleum index, but not in the non-fuel index/

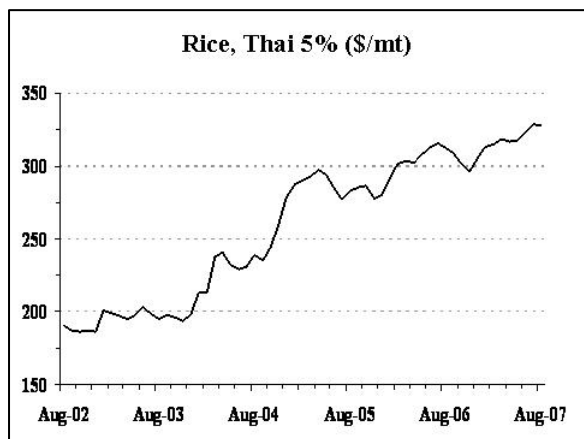
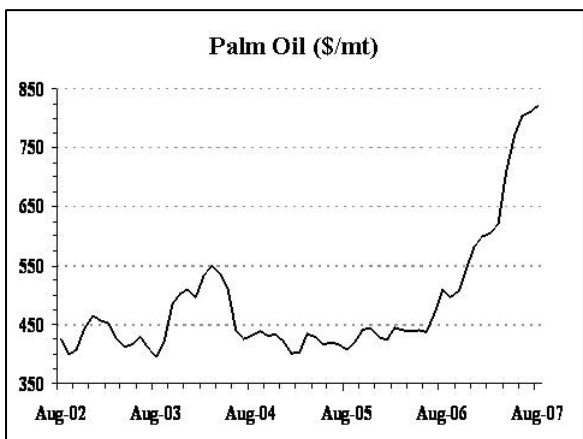
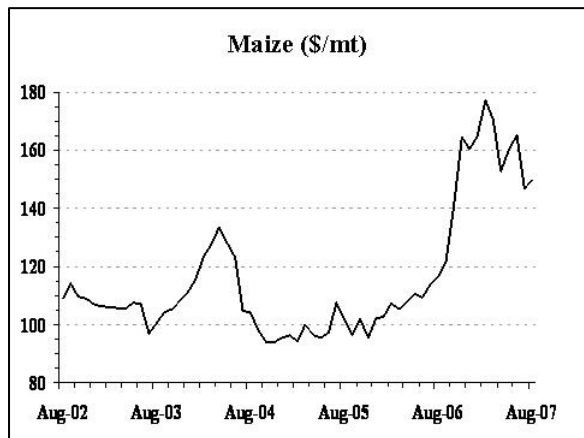
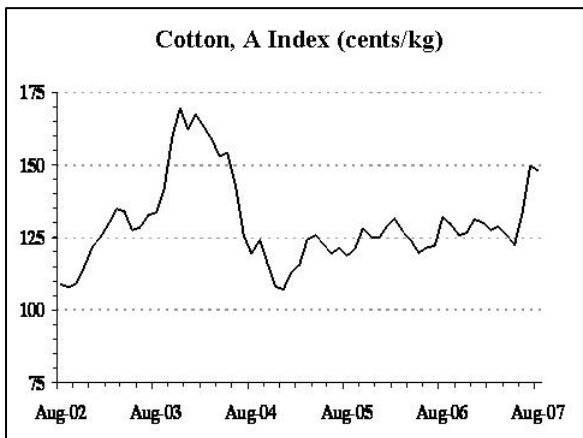
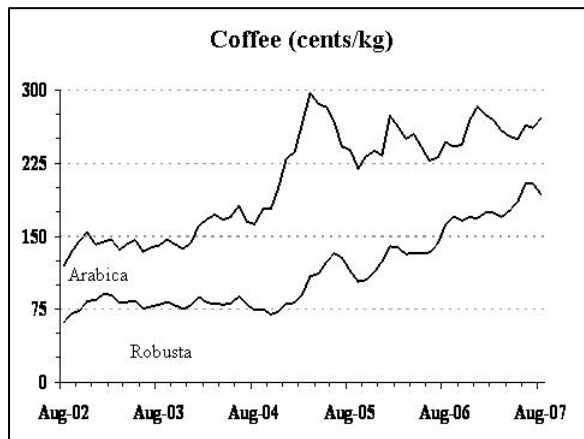
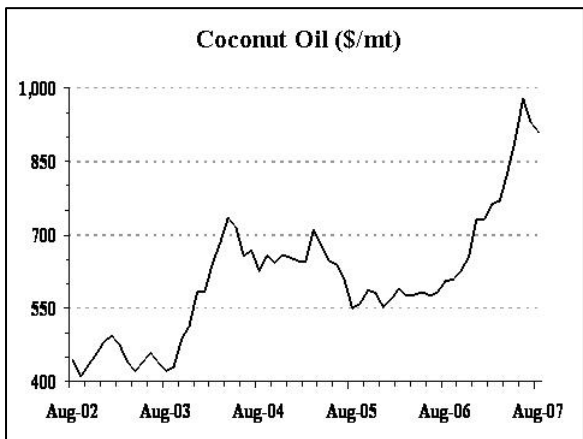
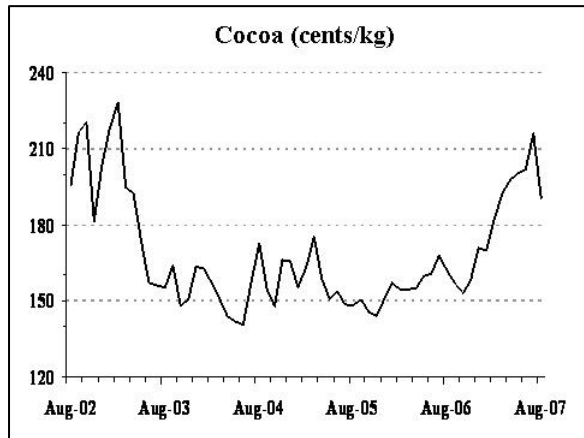
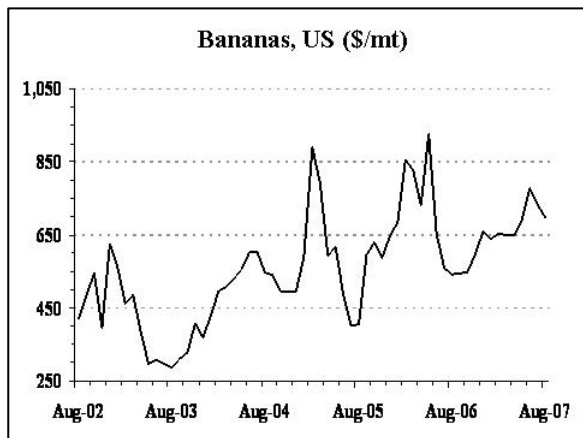
b. Not included in index/

mt = metric ton toz = troy oz n.a. = not available n.q. = no quotation

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

