

# Commodity Markets Review

June 12, 2007

DECPG, The World Bank

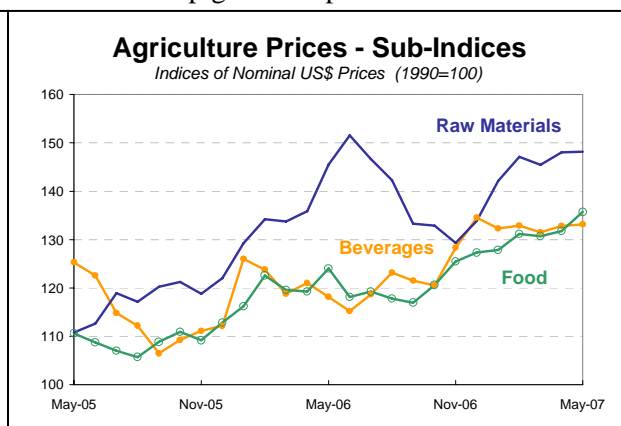
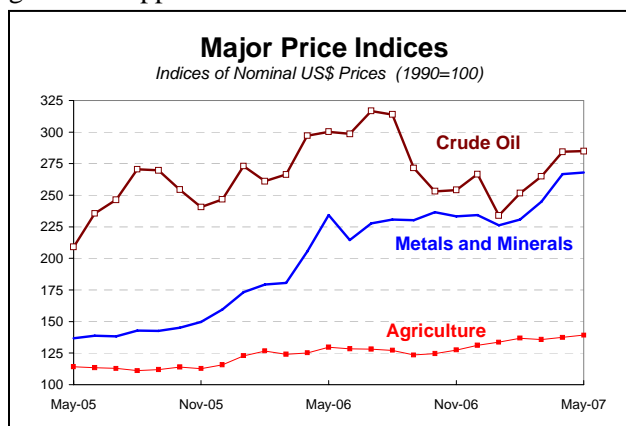
**Non-oil commodity prices increased 1.0 percent in May**, led by continued strong gains in oilseeds prices due to strong demand for livestock feed, and vegetable oils for cooking and biofuels. A number of other commodities rose moderately on various supply concerns.

**Crude oil prices were marginally higher in May, averaging \$65.2/bbl.** Crude oil markets remain well supplied, with U.S. inventories at the upper end of its 5-year range. However, Brent prices topped \$70/bbl in late-May/early-June on geopolitical concerns and fears of supply interruptions. There were further disruptions to Nigeria's oil production following controversial presidential elections, with total shut-in output reaching 0.9 mb/d during May. In addition, the dispute between Iran and the west over its nuclear program stepped up a notch, and there are continuing concerns about crude oil exports from Iraq—including resumption of export flows through the north which have been plagued by pipeline sabotage. OPEC members also continued to edge output lower to meet their agreed targets.

Wholesale gasoline prices in the U.S. fell noticeably in the second half of May on rising gasoline stocks from higher refinery production and imports. Inventories still remain low but continued return of refinery units from maintenance and other outages will raise gasoline supplies.

**Agriculture prices rose 1.3 percent in May**, led by a 5.4 percent gain in fats and oils prices. Palm oil prices jumped 8.7 percent (up 76 percent the past year) on strong import demand from India and China and lower production from Malaysia. Palmkernel oil and coconut oil (close substitutes) rose more than 8 percent on lower coconut production in the Philippines and falling stocks of both oils. Soybean oil and soybean prices were up about 4 percent on rising demand for biodiesel and reduced supply prospects of soybeans in the U.S. Maize prices increased 6 percent on concerns that hot, dry weather may reduce yields amid strong demand for ethanol. Sugar prices fell 3 percent on expectations of record crops in Brazil, Thailand and India.

**Metals and minerals prices rose 0.5 percent in May**, with the strength mainly in zinc, lead and nickel. Zinc prices rebounded the past two months, jumping 8 percent in May, on strong demand to galvanize steel, falling stocks, supply problems, and as China became a net importer in April. Lead prices surged to record nominal highs on continued suspension of the Magellan mine in Australia related to environmental lead poisoning, and concerns about Chinese exports following a 10 percent export tax on June 1<sup>st</sup>. Nickel prices reached record real highs in mid-May, but plunged in early June on rising stocks, easing stainless steel demand, and the rise of low-nickel pig iron output in 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 May<sup>1</sup>

**Palm oil** prices surged 8.7 percent to a 23-year high on strong demand for biodiesel from competing oils—especially rapeseed oil—and slowing production, primarily in Malaysia. For calendar 2007, Malaysia's output will grow 4 percent, the lowest rate since 1998.

**Palmkernel oil and coconut oil** (close substitutes) prices surged 8.6 percent and 8.0 percent, respectively, due to continuing low Philippine production of coconut oil, and a decline in world stocks of both coconut and palmkernel oils.

**Zinc** prices increased 7.7 percent due to falling stocks, strong demand to galvanize steel, supply problems, and as China became a net importer of zinc in April—the first time since October 2006.

**Groundnut oil** prices rose 7.4 percent on expectation of lower production in India.

**Bananas** prices in the U.S. rose 6.4 percent, due to adverse weather conditions in Ecuador which affected both quality and yield.

**Maize** prices rose 5.9 percent amid strong demand for ethanol and concerns about the level of U.S. production, as hot, dry weather threatens yields. The U.S. accounts for one-third of world production and two-thirds of world exports.

**Coffee robusta** prices rose 5.4 percent in response to dry weather conditions in Vietnam, the world's largest robusta supplier.

**Lead** prices rose 5.0 percent on continued suspension of production in Australia due to environmental lead poisoning, other production problems, and concerns about China's exports following a 10 percent export tax on refined lead on June 1<sup>st</sup>.

**Soybean** prices climbed 4.5 percent due to expectations of lower production in the U.S. and increased use of soyoil as a feedstock to produce biodiesel.

**Nickel** prices rose 3.7 percent to record real highs, but started to plunge in the second half of May due to rising stocks, easing of stainless steel demand, and substitution in China.

**Soybean oil** prices increased 3.6 percent due to lower world soybean production during 2007/08

and strong demand for biodiesel production, especially in the U.S. which is estimated to absorb more than one million tons in the current season according to the USDA.

**Sugar** prices decreased 3.0 percent on expectations of record crops in Brazil, India and Thailand, and good prospects for next year's crop, which will cause global ending stocks to rise to a projected 16 percent.

**Cotton** prices fell 3.4 percent in response to declining imports by China.

**Silver** prices fell 4.3 percent on appreciation of the U.S. dollar during the month, and a general sell-off across asset markets.



<sup>1</sup> Percent change of average May prices compared to average April 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	Jan-Dec	Jan-May	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Mar	Apr	May
		2005	2006	2007	2006	2006	2006	2006	2007	2007	2007	2007
<b>Energy</b>												
Coal, Australia	\$/mt	47.62	49.09	54.27	46.88	52.62	50.26	46.60	53.19	55.38	56.12	55.67
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	<u>a/</u> \$/bbl	53.39	64.29	60.38	61.03	68.31	68.79	59.02	57.23	60.60	65.06	65.16
Crude oil, Brent	<u>a/</u> \$/bbl	54.43	65.39	61.81	61.92	69.83	70.09	59.73	58.07	62.14	67.40	67.48
Crude oil, Dubai	<u>a/</u> \$/bbl	49.29	61.43	59.03	57.85	64.68	65.87	57.33	55.58	59.05	63.84	64.54
Crude oil, West Texas Int.	<u>a/</u> \$/bbl	56.44	66.04	60.30	63.33	70.43	70.42	59.99	58.03	60.60	63.94	63.45
Natural gas, Europe	\$/mmbtu	6.33	8.47	8.30	7.97	8.27	8.69	8.96	8.51	8.37	8.00	7.98
Natural gas, US	\$/mmbtu	8.92	6.72	7.38	7.68	6.50	6.04	6.66	7.23	7.12	7.59	7.61
<b>Non Energy Commodities</b>												
<b>Agriculture</b>												
<b>Beverages</b>												
Cocoa	<u>b/</u> c/kg	153.8	159.2	188.4	155.5	158.4	162.3	160.6	181.3	192.4	197.8	200.4
Coffee, Arabica	<u>b/</u> c/kg	253.2	252.2	260.8	262.3	241.0	240.0	265.5	267.2	258.1	252.6	249.7
Coffee, robusta	<u>b/</u> c/kg	111.5	148.9	175.8	136.7	132.9	158.1	168.0	172.8	169.8	175.4	185.0
Tea, auctions (3), average	c/kg	164.7	187.2	185.2	178.7	192.3	195.6	182.2	178.0	177.2	198.1	194.1
Tea, Colombo auctions	<u>b/</u> c/kg	184.3	191.0	228.2	192.7	179.2	190.9	201.1	226.4	242.1	234.3	227.7
Tea, Kolkata auctions	<u>b/</u> c/kg	162.1	175.4	165.1	143.7	192.5	192.3	173.2	141.5	126.6	201.2	199.7
Tea, Mombasa auctions	<u>b/</u> c/kg	147.8	195.2	162.4	199.8	205.3	203.5	172.4	166.0	163.0	158.8	155.0
<b>Food</b>												
<b>Fats and Oils</b>												
Coconut oil	<u>b/</u> \$/mt	617.0	606.9	796.9	578.3	578.7	599.4	671.2	754.3	769.0	827.5	894.0
Copra	\$/mt	413.7	402.5	528.1	383.3	383.0	400.3	443.5	498.6	509.0	552.5	592.0
Groundnut oil	<u>b/</u> \$/mt	1,060	970	1,201	918	896	946	1,121	1,170	1,157	1,202	1,291
Palm oil	<u>b/</u> \$/mt	422.1	478.4	661.6	436.4	438.7	492.7	545.7	608.7	622.0	710.0	772.0
Palmkernel oil	<u>b/</u> \$/mt	627.0	581.1	738.2	606.7	557.1	559.0	601.7	677.7	702.0	795.0	863.0
Soybean meal	<u>b/</u> \$/mt	214.4	209.2	255.6	200.8	197.3	208.3	230.3	255.7	258.0	253.0	258.0
Soybean oil	<u>b/</u> \$/mt	544.9	598.6	735.6	535.3	576.3	620.3	662.2	709.7	718.0	760.8	788.0
Soybeans	<u>b/</u> \$/mt	274.7	268.6	321.4	257.0	263.7	263.9	290.0	317.7	322.0	319.8	334.0
<b>Grains</b>												
Maize	<u>b/</u> \$/mt	98.7	121.9	165.4	105.0	109.3	117.4	155.7	170.9	170.5	152.7	161.7
Rice, Thailand, 5%	<u>b/</u> \$/mt	286.3	304.9	316.0	298.8	307.6	312.4	300.8	315.6	318.7	316.5	316.8
Rice, Thailand, 25%	\$/mt	265.4	277.1	293.9	271.8	276.0	284.6	276.1	292.6	299.3	296.0	295.8
Rice, Thailand, 35%	\$/mt	261.8	272.0	286.2	268.8	272.9	277.6	268.6	285.8	292.7	290.5	283.0
Rice, Thai, A1.Special	\$/mt	217.8	218.0	253.6	213.8	216.6	219.2	222.5	252.3	260.7	257.0	254.2
Sorghum	<u>b/</u> \$/mt	96.2	122.9	165.3	103.5	111.7	118.0	158.6	175.2	170.0	149.5	151.3
Wheat, Canada	\$/mt	197.6	216.8	234.5	208.9	212.1	215.4	230.8	232.4	234.4	236.5	238.6
Wheat, US, HRW	<u>b/</u> \$/mt	152.4	192.0	197.8	173.8	189.6	196.1	208.7	198.4	199.1	198.3	195.7
Wheat US SRW	\$/mt	135.7	159.0	175.7	145.4	144.0	153.0	193.5	173.7	168.5	175.3	182.1
<b>Other Food</b>												
Bananas EU	\$/mt	1,176	897	1,053	984	991	768	845	1,036	1,055	1,120	1,038
Bananas US	<u>b/</u> \$/mt	602.8	677.2	655.6	788.4	770.3	548.5	601.8	647.2	647.6	647.6	689.0
Beef	<u>b/</u> c/kg	261.7	254.7	260.3	249.2	247.3	257.4	265.0	261.2	260.7	259.3	258.4
Fishmeal	\$/mt	731	1,166	1,261	909	1,178	1,334	1,244	1,251	1,268	1,289	1,264
Lamb	c/kg	443.8	403.6	396.2	395.8	410.7	408.5	399.3	394.2	390.4	400.0	398.7
Oranges	<u>b/</u> \$/mt	874.7	829.2	844.4	826.7	755.5	814.6	920.0	820.6	822.8	864.5	895.8
Shrimp, Mexico	<u>b/</u> c/kg	1,034	1,024	994	1,047	1,047	1,047	953	988	990	1,003	1,003
Sugar EU domestic	<u>b/</u> c/kg	66.54	64.56	65.92	64.08	66.78	63.30	64.10	65.10	65.79	67.15	67.12
Sugar US domestic	<u>b/</u> c/kg	46.93	48.76	45.58	51.86	51.69	47.66	43.85	45.17	45.92	46.09	46.32
Sugar, world	<u>b/</u> c/kg	21.79	32.59	22.54	37.50	36.53	30.60	25.71	23.49	23.02	21.43	20.79
<b>Raw Materials</b>												
<b>Timber</b>												
Logs, Cameroon	\$/cum	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Logs, Malaysia	\$/cum	203.1	239.4	264.5	222.9	237.3	240.9	256.6	264.8	269.7	266.0	261.9
Plywood	c/sheets	508.6	595.6	632.9	529.0	577.8	638.3	637.2	629.5	643.8	635.1	641.1
Sawnwood, Cameroon	\$/cum	559.1	622.9	723.5	583.0	617.8	632.9	657.8	720.1	717.4	733.1	724.0
Sawnwood, Malaysia	\$/cum	659.4	749.3	799.6	713.3	743.1	761.9	779.1	794.4	791.5	808.8	806.2
Woodpulp	\$/mt	635.5	698.6	733.8	627.8	682.3	737.1	747.2	727.4	734.7	743.5	743.5
<b>Other Raw Materials</b>												
Cotton A Index	<u>b/</u> c/kg	121.7	126.7	126.9	129.0	121.8	128.0	127.8	128.9	128.7	126.0	121.7
Cotton Memphis	c/kg	129.8	133.5	130.45	134.1	130.1	137.3	132.7	135.9	135.9	130.6	122.5
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	245.3	221.6	258.7	245.5	199.4	241.6	242.3	248.7	253.1
Rubber, Singapore	<u>b/</u> c/kg	150.2	210.8	228.9	202.3	245.7	219.2	176.0	223.3	227.6	235.4	239.5
Sisal	\$/mt	885.0	885.0	885.0	885.0	885.0	885.0	885.0	590.0	885.0	885.0	885.0
Wool	c/kg	580.0	557.6	565.0	555.0	555.0	555.3	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

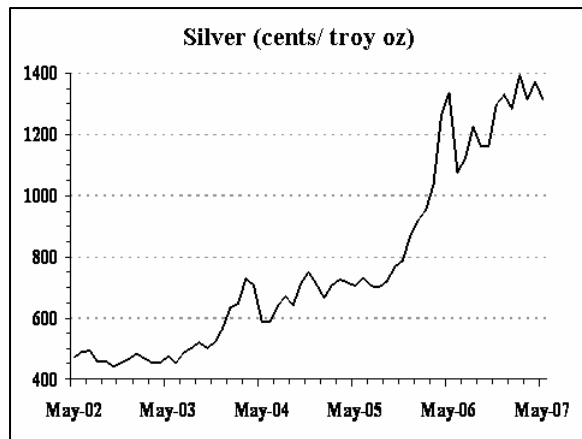
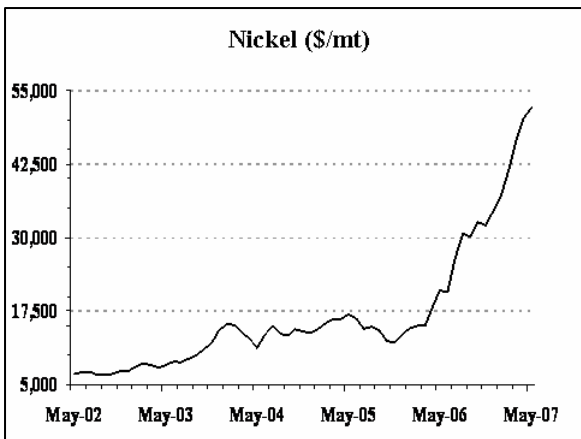
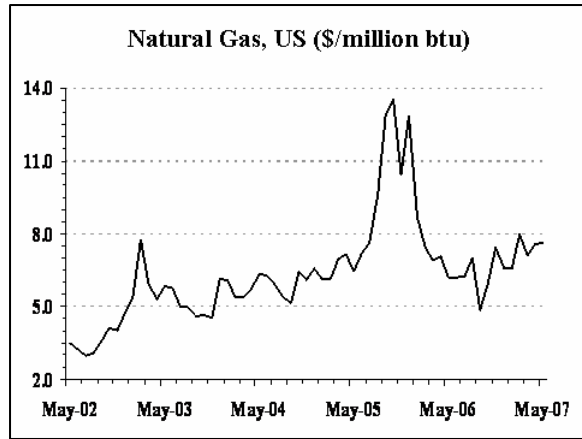
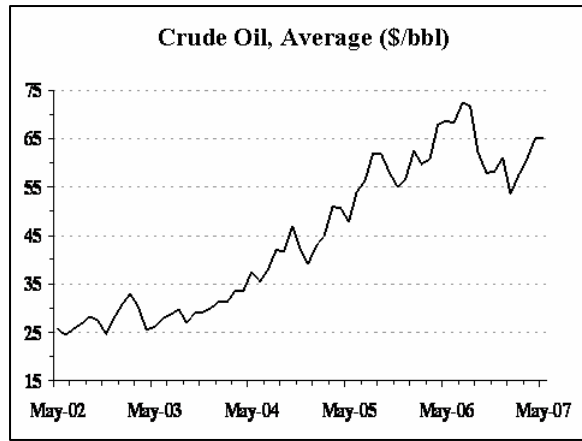
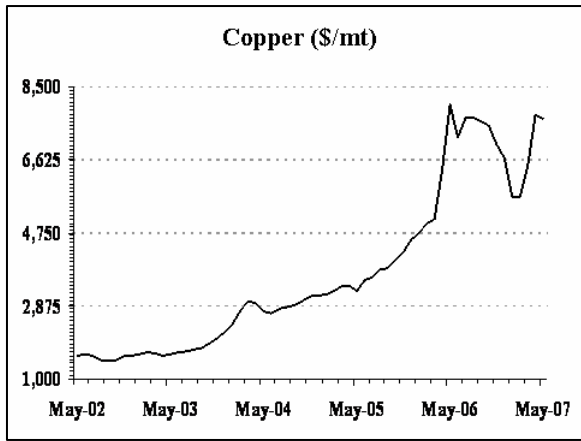
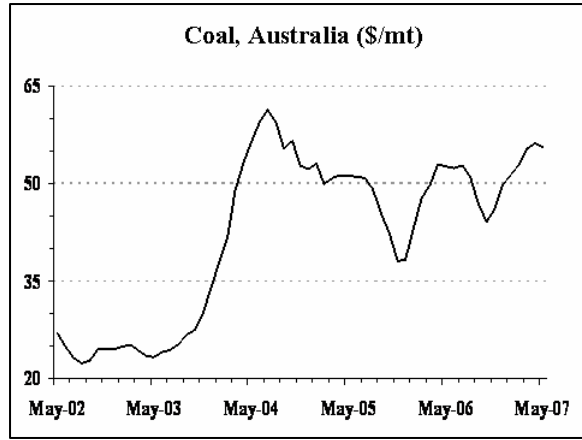
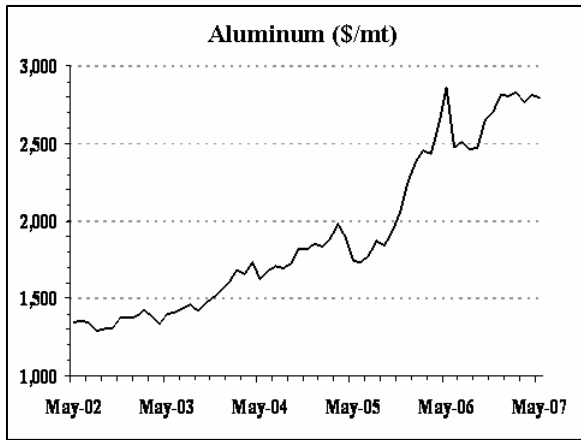
		Annual averages			Quarterly averages				Monthly averages			
		Jan-Dec	Jan-Dec	Jan-May	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Mar	Apr	May
		2005	2006	2007	2006	2006	2006	2006	2007	2007	2007	2007
<b>Fertilizers</b>												
DAP	\$/mt	247.0	260.3	378.4	259.6	266.9	260.3	254.2	344.5	420.5	432.4	426.4
Phosphate rock	b/ \$/mt	42.0	44.2	47.2	42.3	43.5	45.5	45.5	45.5	45.5	45.5	54.1
Pottasium chloride	\$/mt	158.2	174.5	176.9	171.1	177.3	174.6	175.0	175.6	176.9	177.5	180.0
TSP	\$/mt	201.5	139.5	n.a.	200.9	200.5	156.7	n.a.	n.a.	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	295.4	219.2	228.1	210.4	234.0	297.4	318.0	288.5	296.3
<b>Metals and Minerals</b>												
Aluminum	b/ \$/mt	1,898	2,570	2,802	2,421	2,653	2,482	2,724	2,801	2,762	2,815	2,793
Copper	b/ \$/mt	3,679	6,722	6,649	4,940	7,210	7,670	7,068	5,933	6,452	7,766	7,681
Gold	\$/toz	444.8	604.3	659.5	554.0	627.4	621.5	614.5	650.3	654.9	679.4	667.3
Iron ore CVRD So & No	b/ c/dmtu	65.00	77.35	84.70	77.35	77.35	77.35	77.35	84.70	84.70	84.70	84.70
Lead	b/ c/kg	97.6	129.0	189.2	124.2	110.0	119.0	162.7	178.7	191.4	200.1	210.1
Nickel	b/ \$/mt	14,744	24,254	45,343	14,810	19,925	29,154	33,129	41,440	46,325	50,267	52,127
Silver	c/toz	734	1,157	1,337	969	1,226	1,169	1,263	1,332	1,316	1,373	1,315
Steel products (8) index	a/ 1990=100	137.9	134.5	132.5	138.6	131.6	135.8	132.1	132.0	132.5	133.3	133.5
Steel cr coilsheet	\$/mt	733.3	693.8	650.0	750.0	666.7	700.0	658.3	650.0	650.0	650.0	650.0
Steel hr coilsheet	\$/mt	633.3	600.0	550.0	650.0	591.7	600.0	558.3	550.0	550.0	550.0	550.0
Steel, rebar	\$/mt	423.1	443.8	506.0	430.0	445.0	450.0	450.0	484.2	515.0	532.5	545.0
Steel wire rod	\$/mt	579.2	581.3	512.0	600.0	575.0	600.0	550.0	500.0	500.0	530.0	530.0
Tin	c/kg	738.0	878.1	1327.6	760.6	852.9	865.3	1033.5	1272.9	1389.3	1405.3	1414.0
Zinc	b/ c/kg	138.1	327.5	355.1	224.2	329.2	336.3	420.4	345.6	327.1	355.7	383.1
<b>World Bank commodity price indices for low and middle income countries( 1990 =100)</b>												
Energy		233.4	281.0	263.9	266.8	298.6	300.7	257.9	250.1	264.9	284.4	284.8
Non Energy Commodities		121.9	151.9	168.2	139.8	153.4	156.0	158.5	163.6	166.9	174.2	176.0
Agriculture		113.0	126.6	136.6	124.6	127.8	126.3	127.8	135.4	135.8	137.4	139.2
Beverages		116.9	122.5	132.5	122.9	118.1	121.1	127.8	132.2	131.5	132.8	133.1
Food		109.9	120.6	131.4	119.5	120.5	118.0	124.5	129.9	130.7	131.8	135.7
Fats and Oils		122.9	126.4	161.0	118.6	119.4	127.1	140.4	155.3	157.5	165.2	174.2
Grains		103.2	120.9	135.7	111.4	117.4	121.7	133.1	137.5	137.8	132.2	133.8
Other Food		103.1	115.7	104.8	124.7	123.1	108.5	106.6	104.9	104.8	104.1	105.2
Raw Materials		114.1	137.4	146.2	132.4	144.3	140.8	132.0	144.9	145.5	148.0	148.1
Timber		122.5	139.9	149.9	132.8	138.7	142.0	146.0	149.1	149.0	151.5	150.8
Other Raw Materials		108.3	135.7	143.6	132.2	148.1	139.9	122.5	142.1	143.1	145.6	146.3
Fertilizers		134.9	143.5	153.3	134.9	135.7	151.8	151.8	151.8	151.8	151.8	159.6
Metals and Minerals		142.5	215.0	247.2	177.7	218.1	229.5	234.7	233.9	244.8	266.6	267.9

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

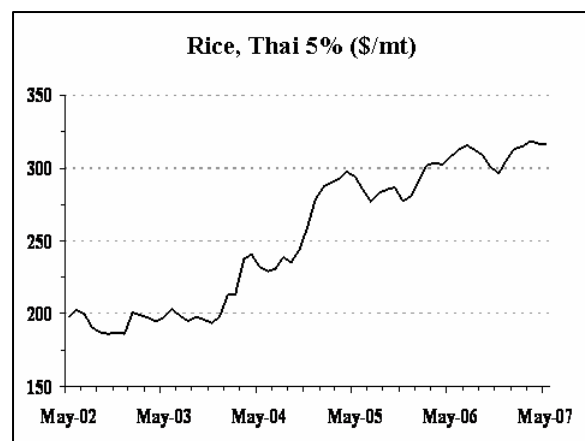
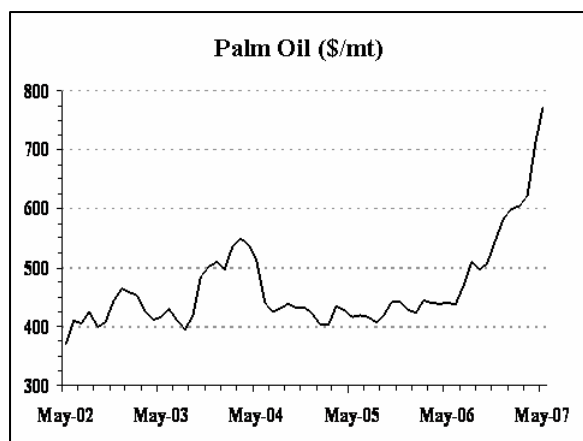
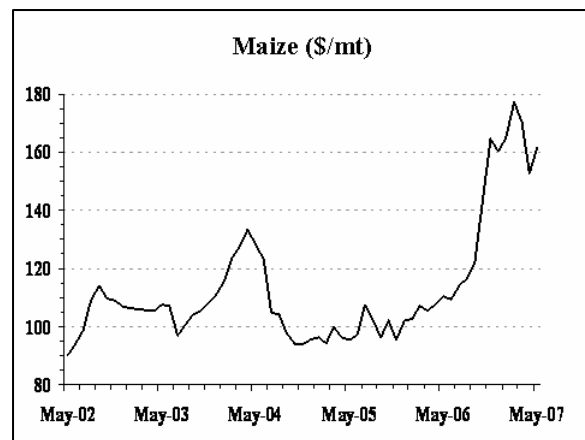
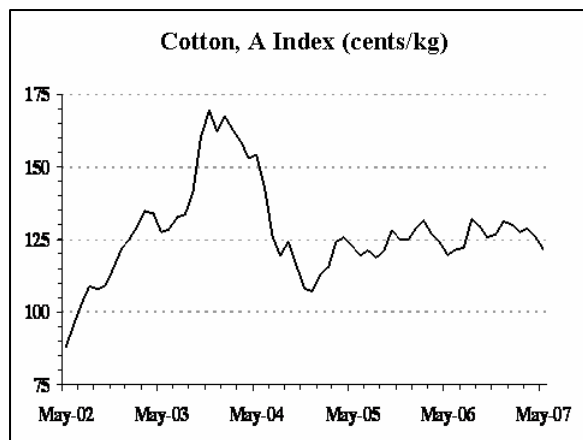
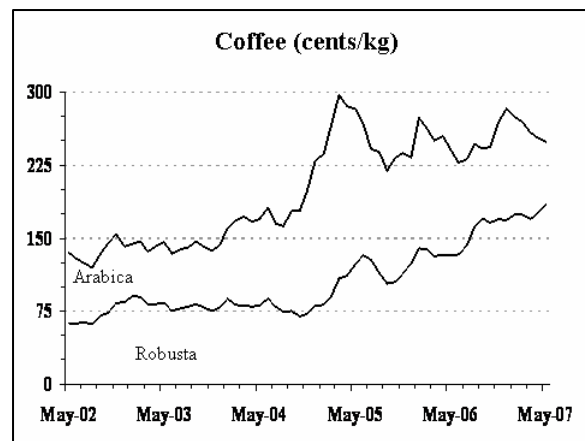
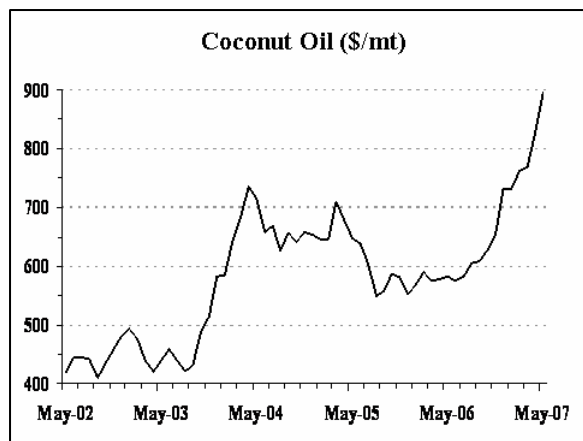
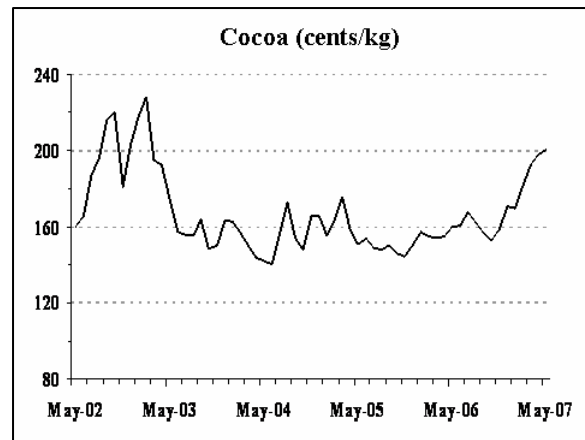
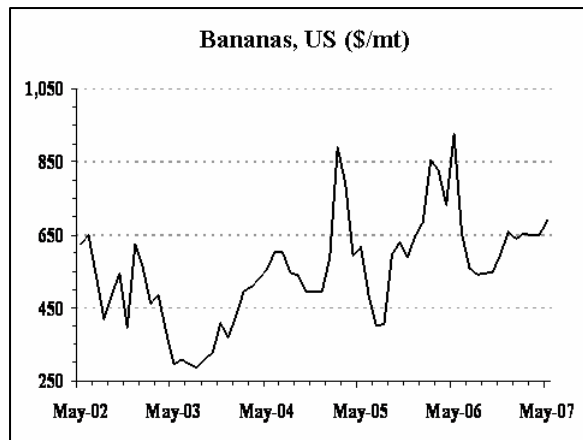
b. Not included in index/

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

