

Commodity Markets Review

May 13, 2010

DECPG, The World Bank

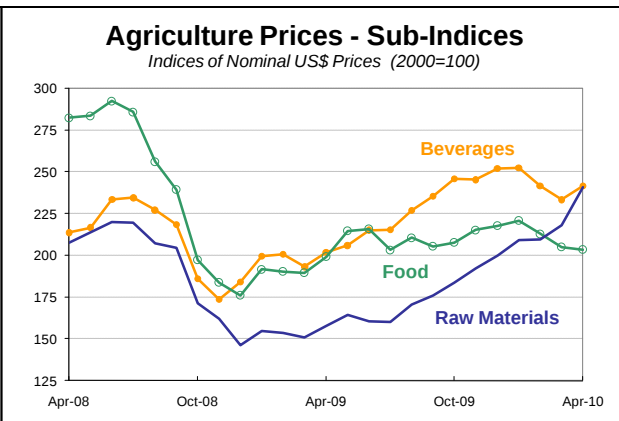
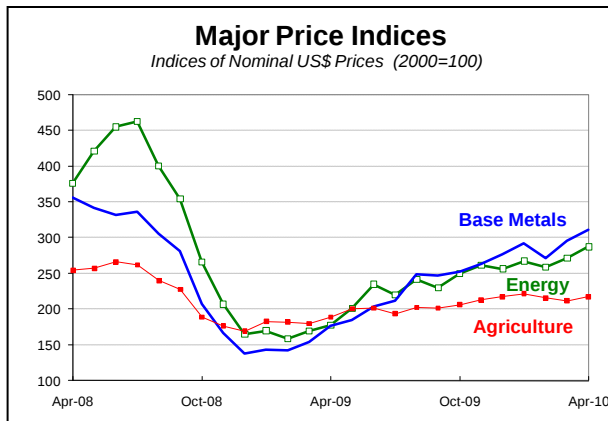
Non-energy commodity prices rose by 9.6 percent in April, with large gains in metals (particularly iron ore—see below). However, prices of industrial commodities plunged in early May due to Eurozone debt woes and a rising dollar.

Crude oil prices rose 6.2 percent in April and surged to near \$87/bbl on the first trading day of May on continued improvement in demand. During the first week of May, however, prices plummeted nearly \$10/bbl due to the sovereign debt crisis. Global oil demand increased for the second straight quarter (up 2.0 percent in 1Q10 from a year earlier). U.S. oil demand rose for the third straight month in April (up 2.0 percent y/y with gasoline demand rising 3.5 percent). Despite the recovery in demand, U.S. stocks of crude and products remain high due to both rising crude imports and larger refinery output. The oil spill in the Gulf of Mexico has not affected oil production, but the impact on the industry could prove long-lasting.

U.S. natural gas prices dropped 6.7 percent in April due to typically weak demand during the shoulder month between heating and cooling seasons. Gas supplies are ample and the inventory-injection season got off to a strong start in April, with stocks well above its 5-year average. Although demand growth (y/y) is recovering, prices continue to be weighed down by gains in unconventional shale gas production.

Agriculture prices increased 2.7 percent in April, led by strong gains in raw materials and beverages, while food prices dipped 0.8 percent. The largest increase was in rubber prices, up 18 percent, fueled by weather-related shortfalls in Southeast Asia and more recently drought in China, amid strong tire demand (mostly in China). Coffee robusta prices rose 6 percent on downward estimates of Vietnam's coffee crop (the world's key robusta supplier). Cocoa prices rose 4 percent on a smaller crop in Côte d'Ivoire (the world's dominant cocoa supplier). Partly offsetting these gains, sugar prices dropped 12 percent and rice prices fell 6 percent on forecasts of large global crops.

Base metals prices rose 5.1 percent in April, and have been up 6 of the last 7 months, on improving demand outside China and falling inventories. However, most metal prices plunged more than 15 percent in early May on Europe's debt crisis. The largest gain in April was nickel, up 16 percent, due to strong demand from stainless steel producers and ongoing strikes in Canada. Iron ore prices—long set by annual contract price negotiations—have moved to quarterly pricing for now, with prices for 2Q10 up 75 percent over 2009 prices. The increase reflects strong import demand in China. This edition introduces a Base Metals Index which excludes iron ore, but retains our Metals and Minerals Index (which includes iron ore).



Prepared in the Development Economics Prospects Group (DECPG) by Shane Streifel, John Baffes and Betty Dow. Sarah Crow is task assistant.

Major Movers April¹

Phosphate Rock and TSP prices jumped 19.0 percent and 5.1 percent, respectively, reflecting relatively strong demand from India, and strengthening demand in Brazil.

Rubber prices rose 18.3 percent due to weather-related shortfalls in Southeast Asia, and more recently drought in China. On the demand side, China's tire makers have ramped up imports to meet strong tire demand and rebuild inventories.

Nickel prices surged 15.9 percent because of strong stainless steel demand, falling stocks, and ongoing strikes at Vale's operations in Canada.

Beef prices increased 7.2 percent due to rising demand in major importing countries amid reduced supplies from Australia where earlier flooding hampered transport for processing.

Tin prices rose 6.5 percent reflecting strong demand by electronics producers, mainly in China.

Coffee robusta prices rose 6.3 percent in response to a downward revision of Vietnam's coffee crop from 16.7 to 14.2 million bags (global robusta output is 53 million bags).

Crude oil prices rose 6.2 percent on continued recovery in demand, but stocks remain high, particularly in the U.S.

Coal prices rose 6.1 percent due to strong demand in China, with the country increasingly importing coal from more distant suppliers, such as Colombia.

Silver prices rose 5.9 percent on strong investment demand and recovery in industrial usage.

Aluminum prices rose 5.0 percent because of continued strong demand outside China, although the country continues to add large new smelting capacity which is limiting price gains.

Natural gas (Europe) prices rose 4.8 percent due to higher oil prices, as gas imports are linked to petroleum prices with a lag.

Cocoa prices rose 4.4 percent reflecting lower arrivals at the port of Abidjan and a smaller crop in Côte d'Ivoire (world's largest supplier).

Lead prices rose 4.3 percent, despite rising inventories, due to strong battery demand.

Sorghum prices fell 3.4 percent due to weak

U.S. feed demand, which is projected to decline by 3 million tons during the current season, almost one percent lower than last season.

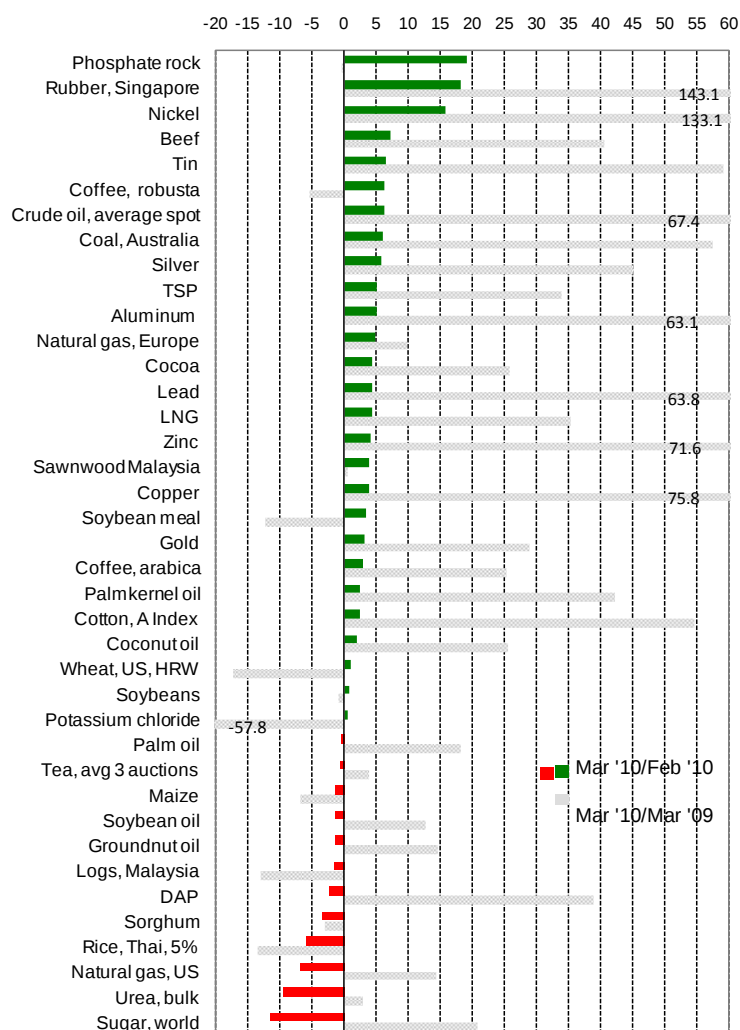
Rice prices fell 5.9 percent on news that Thailand, the world's largest rice exporter, will produce its second-largest crop—reducing fears of a repeat of the 2008 price spike.

Natural gas (U.S.) prices dropped 6.7 percent due to weak seasonal demand, ample supplies, and rising inventories.

Urea prices decreased 9.3 percent on persistent oversupply with significant availability from the Middle East, Egypt and China.

Sugar prices plunged 11.8 percent, down for the third straight month and helping eliminate almost all of the gains of the past 12 months, on forecasts of a large global crop which is expected to offset last season's shortfall.

Percent Changes in Price, Nominal US \$



¹ Percent change of average April 2010 prices compared to average March 2010 prices in nominal U.S. dollars (graph includes 12-month changes in grey).

COMMODITY PRICE DATA

Commodity	Unit	Annual averages				Quarterly averages				Monthly averages		
		Jan-Dec 2008	Jan-Dec 2009	Jan-Apr 2010	Jan-Mar 2009	Apr-Jun 2009	Jul-Sep 2009	Oct-Dec 2009	Jan-Mar 2010	Feb 2010	Mar 2010	Apr 2010
Energy												
Coal, Australia	al \$/mt	127.10	7184	96.43	7193	66.48	7131	77.66	95.19	94.19	94.38	100.15
Crude oil, avg, spot	al \$/bbl	96.99	6176	78.84	44.11	59.19	68.21	75.50	77.06	74.76	79.30	84.18
Crude oil, Brent	al \$/bbl	97.64	6186	78.73	44.98	59.13	68.37	74.97	76.65	74.31	79.27	84.98
Crude oil, Dubai	al \$/bbl	93.78	6175	77.66	44.56	58.93	68.07	75.46	75.86	73.56	77.37	83.09
Crude oil, West Texas Int.	al \$/bbl	99.56	6165	80.12	42.80	59.52	68.21	76.08	78.67	76.41	81.25	84.48
Natural gas Index	al 2000=100	267.9	153.5	168.4	198.2	142.9	123.3	149.4	170.4	172.5	161.1	162.7
Natural gas, Europe	al \$/mmbtu	13.41	8.71	8.97	11.94	8.18	6.91	7.81	8.84	8.80	8.93	9.36
Natural gas, US	al \$/mmbtu	8.86	3.95	4.86	4.57	3.70	3.17	4.36	5.15	5.34	4.29	4.01
Natural gas LNG, Japan	al \$/mmbtu	12.53	8.94	10.52	10.90	7.60	7.91	9.33	10.36	10.52	10.55	11.00
Non Energy Commodities												
Agriculture												
Beverages												
Cocoa	bl c/kg	257.7	288.9	327.6	259.4	257.9	296.4	3418	329.7	329.6	307.7	321.3
Coffee, Arabica	bl c/kg	308.2	317.1	358.5	283.9	320.2	322.7	3417	353.7	348.0	362.7	373.1
Coffee, robusta	bl c/kg	232.1	164.4	152.5	175.8	165.3	160.1	156.4	150.8	149.6	148.3	157.7
Tea, auctions (3), average	bl c/kg	242.0	272.4	274.4	218.0	266.1	303.6	3019	279.0	285.1	262.2	260.7
Tea, Colombo auctions	bl c/kg	278.9	313.7	333.0	261.7	299.1	356.1	338.0	335.1	332.1	332.2	326.7
Tea, Kolkata auctions	bl c/kg	225.5	251.5	210.7	177.4	271.3	273.0	284.4	215.9	229.5	174.4	195.0
Tea, Mombasa auctions	bl c/kg	2218	252.0	279.6	214.9	228.0	281.7	283.2	286.1	293.8	280.0	260.3
Food												
Fats and Oils												
Coconut oil	bl \$/mt	1224	725	861	677	779	711	734	834	798	921	939
Copra	\$/mt	816	480	575	447	513	469	491	557	538	608	628
Groundnut oil	bl \$/mt	2,131	1,184	1,359	1,283	1,166	1,133	1,152	1,359	1,380	1,380	1,361
Palm oil	bl \$/mt	949	683	813	577	743	679	732	808	798	832	830
Palmkernel oil	\$/mt	1,130	700	947	577	763	700	761	922	894	995	1,020
Soybean meal	bl \$/mt	424	408	362	365	424	431	412	369	375	329	340
Soybean oil	bl \$/mt	1,258	849	914	755	863	856	921	917	914	915	903
Soybeans	bl \$/mt	523	437	415	394	461	454	439	417	406	408	411
Grains												
Barley	bl \$/mt	200.5	128.3	145.7	116.3	129.5	122.0	145.5	143.6	137.4	147.0	151.7
Maize	bl \$/mt	223.1	165.5	161.3	166.9	176.0	151.3	167.8	162.7	161.8	159.0	157.1
Rice, Thailand, 5%	bl \$/mt	650.2	555.0	521.2	586.3	552.4	539.0	542.3	536.4	535.0	505.3	475.7
Rice, Thailand, 25%	\$/mt	n.a.	458.1	463.2	469.4	458.7	441.4	462.8	478.0	474.7	448.8	418.7
Rice, Thailand, 35%	\$/mt	n.a.	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	482.3	326.4	389.9	323.4	326.3	309.7	346.1	401.8	405.0	380.3	354.0
Sorghum	\$/mt	207.8	151.1	155.0	145.3	155.8	139.3	163.8	156.9	154.1	154.7	149.4
Wheat, Canada	\$/mt	454.6	300.5	275.4	321.9	325.6	271.2	283.4	279.0	279.0	270.7	264.7
Wheat, US, HRW	bl \$/mt	326.0	224.1	194.8	231.6	250.5	208.8	205.4	195.4	194.0	191.1	192.9
Wheat US SRW	\$/mt	271.5	186.0	192.1	187.4	195.6	165.2	195.6	193.5	191.8	190.0	187.8
Other Food												
Bananas EU	\$/mt	1,188	1,145	1,028	1,142	1,288	1,118	1,032	1,020	976	1,144	1,051
Bananas US	bl \$/mt	844	847	792	891	858	826	813	781	720	838	825
Fishmeal	\$/mt	1,133	1,230	1,713	1,013	1,097	1,276	1,535	1,660	1,627	1,672	1,873
Meat, beef	bl c/kg	313.8	263.6	325.4	245.2	262.8	273.2	273.5	314.2	312.5	334.9	359.1
Meat, chicken	bl c/kg	169.6	171.7	168.1	173.5	174.1	173.9	165.1	167.2	166.9	168.3	170.9
Meat, sheep	c/kg	458.5	427.6	449.8	378.5	428.7	453.3	450.1	447.6	451.4	442.7	456.3
Oranges	bl \$/mt	1,107	909	980	799	870	861	1,107	989	982	897	950
Shrimp, Mexico	bl c/kg	1,069	945	836	976	970	970	864	827	838	838	865
Sugar EU domestic	bl c/kg	69.69	52.44	46.03	51.44	53.76	55.43	49.11	46.38	45.85	45.47	44.98
Sugar US domestic	bl c/kg	46.86	54.88	80.33	43.82	47.89	57.31	70.48	84.31	88.74	77.41	68.38
Sugar, world	bl c/kg	28.21	40.00	47.96	28.85	33.89	46.98	50.29	51.82	55.98	41.14	36.35
Raw Materials												
Timber												
Logs, Cameroon	\$/cum	526.9	421.5	431.0	426.8	394.8	414.9	449.5	431.4	424.3	427.6	429.6
Logs, Malaysia	bl \$/cum	292.3	287.2	251.7	313.6	284.5	279.6	271.1	253.5	252.8	249.6	246.0
Plywood	c/sheets	645.5	564.6	559.1	572.8	565.8	561.5	558.4	557.2	557.2	557.2	564.7
Sawnwood, Cameroon	\$/cum	958.3	748.9	807.6	689.2	721.2	779.0	806.3	804.1	804.9	803.3	818.1
Sawnwood, Malaysia	bl \$/cum	889.1	805.5	796.1	813.7	829.7	771.4	807.4	788.0	781.0	790.6	820.5
Woodpulp	\$/mt	820.2	614.6	792.0	565.1	550.0	627.7	715.6	780.9	776.5	813.7	825.0
Other Raw Materials												
Cotton A Index	bl c/kg	157.4	138.2	182.5	120.8	132.4	141.9	157.7	178.8	176.5	189.2	193.6
Cotton Memphis	c/kg	161.3	145.3	187.0	122.4	137.5	148.8	172.4	183.6	181.3	191.8	197.2
Rubber, US	c/kg	284.1	214.6	358.6	165.8	187.0	221.0	284.7	345.2	343.3	357.1	398.8
Rubber, Singapore	bl c/kg	258.6	192.1	337.7	146.0	166.4	199.3	256.5	318.6	312.7	333.9	394.8

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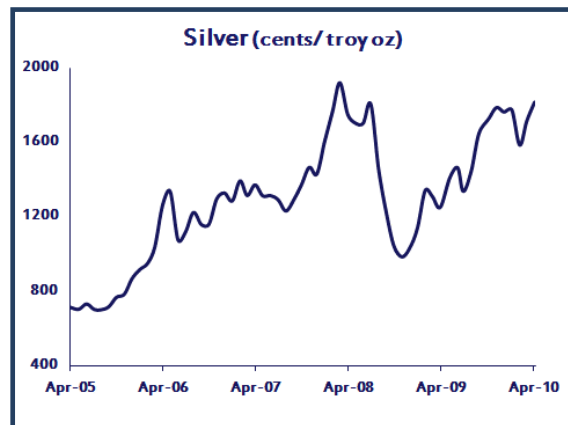
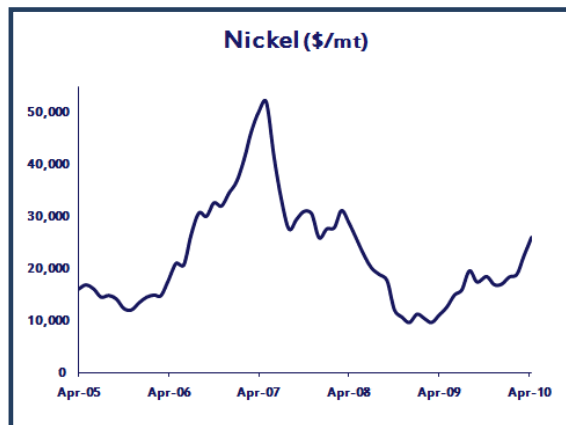
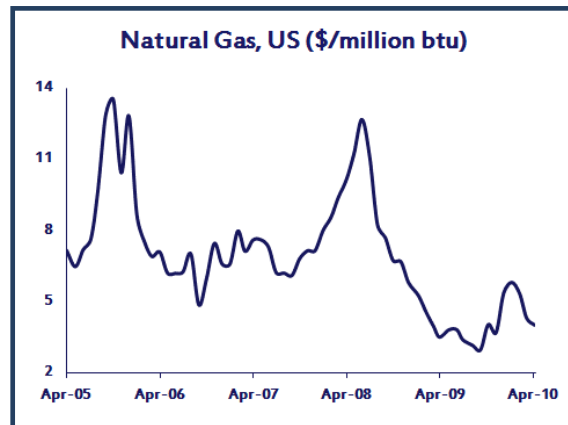
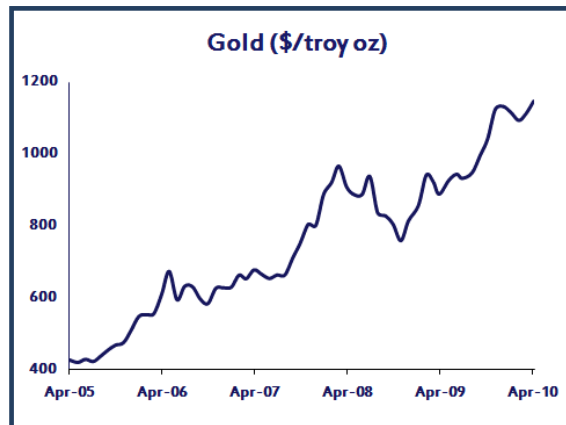
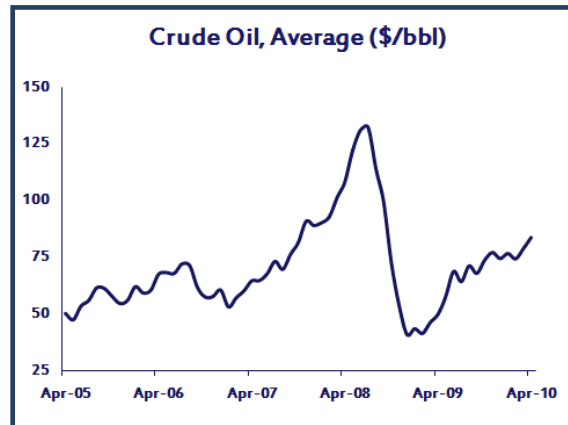
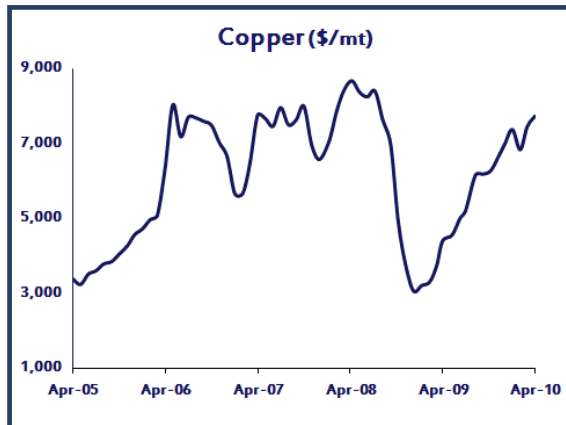
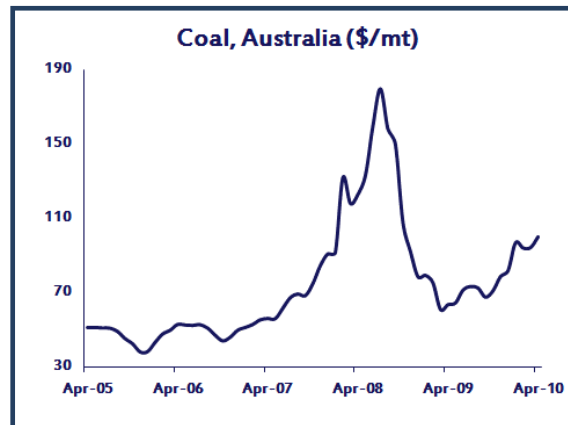
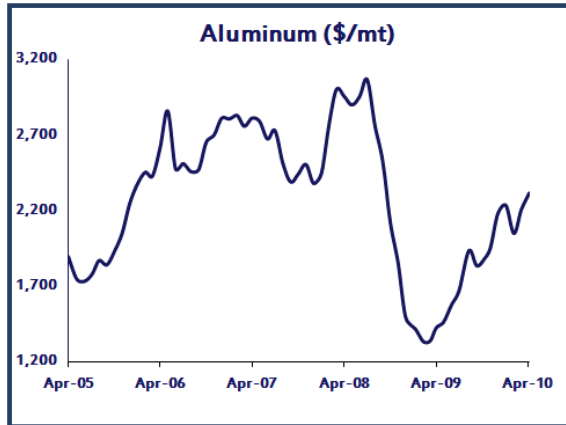
a/ Included in the energy index (2000=100) b/ Included in the non-energy index (2000=100) c/ Steel not included in the non-energy index
d/ base metals plus iron ore e/ Includes aluminum, copper, lead, nickel, tin and zinc
\$ = US dollar ¢ = US cent bbl = barrel cum = cubic meter dmtu = Dry Metric Ton Unit kg = kilogram mmbtu = million British thermal units
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COMMODITY PRICE DATA

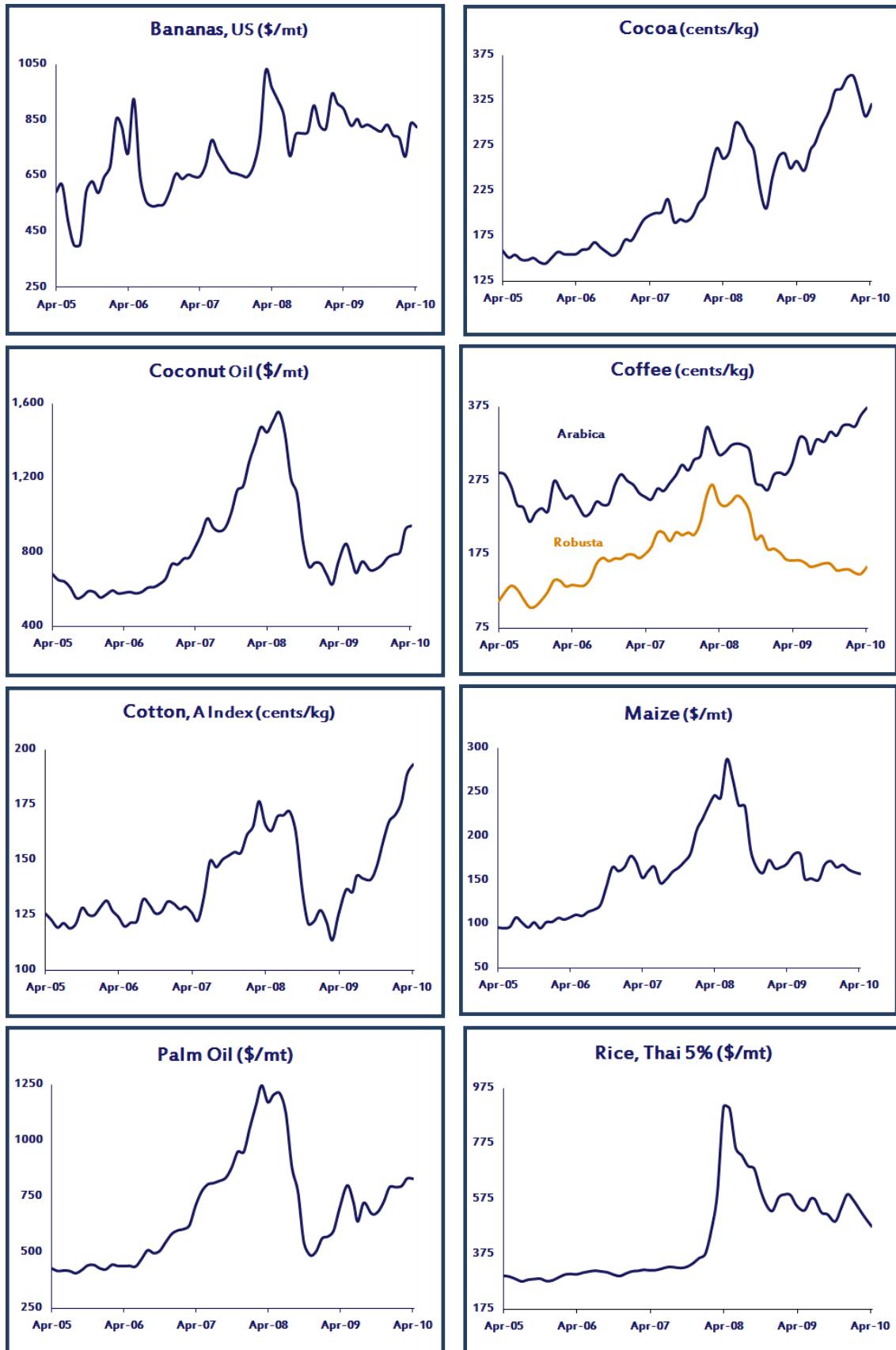
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Fertilizers												
DAP	b/ \$/mt	967.2	323.1	465.1	362.2	303.6	309.6	316.9	464.8	490.5	476.3	466.0
Phosphate rock	b/ \$/mt	345.6	1217	107.8	193.3	113.3	90.0	90.0	102.1	103.8	105.0	125.0
Potassium chloride	b/ \$/mt	570.1	630.4	329.1	865.2	726.7	506.8	423.0	334.0	335.0	312.5	314.4
TSP	b/ \$/mt	879.4	257.4	330.8	3217	247.7	224.7	235.7	316.9	300.0	354.4	372.5
Urea, E. Europe, bulk	b/ \$/mt	492.7	249.6	274.0	267.3	2411	2416	248.3	2810	288.6	278.8	252.7
Metals and Minerals												
Aluminum	b/ \$/mt	2,573	1,665	2,202	1,360	1,485	1,812	2,003	2,163	2,049	2,206	2,317
Copper	b/ \$/mt	6,956	5,150	7,361	3,428	4,663	5,859	6,648	7,232	6,848	7,463	7,745
Gold	\$/toz	872	973	1,119	909	922	960	1,102	1,109	1,095	1,113	1,149
Iron ore	b/ c/dmtu	140.6	1010	119.8	1010	1010	1010	1010	1010	1010	1010	176.5
Lead	b/ c/kg	209.1	1719	223.2	115.7	149.9	192.8	229.3	222.1	212.4	217.2	226.5
Nickel	b/ \$/mt	21,111	14,655	21,477	10,471	12,920	17,700	17,528	19,959	18,976	22,461	26,031
Silver	c/toz	1,500	1,469	1,724	1,265	1,376	1,477	1,760	1,693	1,587	1,715	1,817
** Steel products index, Japan F c/ 2000=100		289	227	217	275	215	211	207	211	209	220	234
Steel cr coilsheet, Japan, Reins c/ \$/mt		966	783	747	1,033	700	700	700	725	700	775	813
Steel hr coilsheet, Japan, Reins c/ \$/mt		883	683	647	933	600	600	600	625	600	675	713
Steel, rebar, Japan, Reinstated c/ \$/mt		760	486	563	473	450	500	522	546	550	578	615
Steel wire rod, Japan, Reinstated c/ \$/mt		1,010	969	754	1,200	1,007	857	814	751	750	753	765
Tin	b/ c/kg	1,851	1,357	1,758	1,103	1,351	1,459	1,517	1,721	1,636	1,755	1,868
Zinc	b/ c/kg	1,875	1,655	230.8	117.2	147.3	176.1	221.4	228.9	215.7	227.5	236.7
NEW World Bank commodity price indices for low and middle income countries(2000 =100)												
Energy		342.0	214.3	271.4	166.3	204.5	230.3	256.1	266.1	259.3	271.7	287.5
Non Energy Commodities		272.0	213.2	249.9	189.9	207.8	219.8	235.2	244.2	239.8	243.8	267.1
Agriculture		229.5	197.8	216.9	181.9	197.1	199.5	212.6	216.6	215.8	212.1	217.8
Beverages		210.0	219.9	242.3	197.9	207.3	226.4	247.9	242.5	241.8	233.4	241.7
Food		247.4	205.1	210.6	190.4	209.8	206.4	213.7	213.0	213.0	205.1	203.4
Fats and Oils		277.3	216.2	224.1	191.4	227.9	220.9	224.5	224.7	223.0	221.1	222.4
Grains		281.7	214.9	202.3	221.3	225.3	202.3	210.8	205.2	204.0	198.1	193.4
Other Food		177.1	181.6	200.3	161.3	172.1	191.2	202.0	204.5	207.9	190.4	187.5
RawMaterials		195.7	168.7	219.4	153.1	161.1	168.9	192.0	212.2	209.4	218.2	240.8
Timber		150.5	138.9	133.6	143.1	141.8	133.6	137.3	132.7	131.7	132.6	136.1
Other RawMaterials		245.3	201.4	313.2	164.0	182.2	207.5	251.8	299.2	294.4	311.7	355.2
Fertilizers		566.7	293.0	259.7	376.6	300.6	252.1	242.8	259.0	260.2	261.5	261.8
Metals and Minerals d/		325.7	235.6	316.4	185.0	219.0	257.6	280.8	299.0	286.8	306.8	368.7
Base Metals (NEW) e/		287.9	208.9	293.2	146.6	188.5	236.0	264.6	287.0	271.9	296.6	311.9

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
d/ base metals plus iron ore e/ Includes aluminum, copper, lead, nickel, tin and zinc
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Selected Commodity Prices, Nominal US dollars, 2005-2010



Selected Commodity Prices, Nominal US dollars, 2005-2010 cont'd



Selected Commodity Prices, Nominal US dollars, 2005-2010 cont'd

