

Commodity Markets Review

April 9, 2009

DECPG, The World Bank

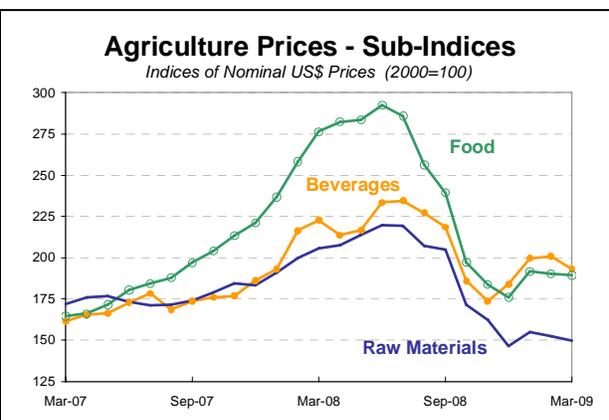
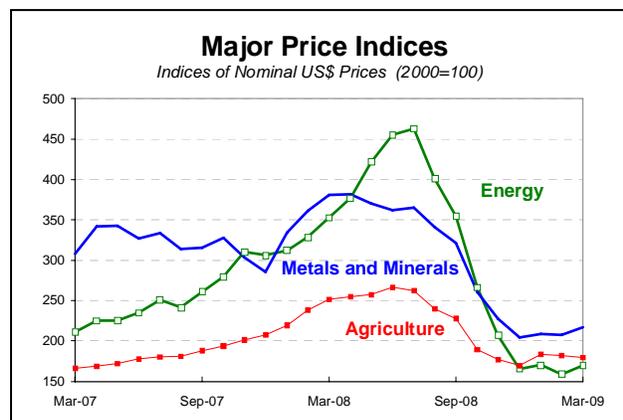
Non-energy commodity prices rose 0.6 percent in March, led by gains in a number of metals prices on strategic stocking in China. These were partly offset by falling agriculture prices on weak demand and ample supplies. For the **first quarter**, non-energy commodities were up 4.5 percent with gains in all main indices except fertilizer prices which plunged 14 percent on weak demand.

Crude oil prices increased 11.5 percent in March, averaging \$46.6/bbl, rising to near \$53/bbl early April which put prices up 28 percent since December. The jump has been due to large OPEC production cuts, with the group's compliance of its combined 4.2 mb/d target rising above 80 percent. OPEC left its quotas unchanged at its March 15th meeting. Oil demand remains very weak, with global consumption in the first quarter likely to have declined by more than 2 mb/d or about 2.5 percent, with most of the net decline coming in the OECD. Crude oil inventories remain high, particularly in the U.S.

Coal prices plunged 19.1 percent on falling power demand, especially in Europe, Japan and elsewhere in Asia, while production capacity continues to climb in the major coal exporting countries, notably Australia, Colombia, Indonesia and South Africa. **U.S. natural gas prices** dropped 12.6 percent on weak industrial and heating demand, and large stocks.

Agriculture prices fell 1.3 percent in March on weak global demand owing to recession. The largest decline was in logs prices, down 10.5 percent, on reduced demand in the construction and wood-product sectors. Soybean meal prices dropped 10 percent due to the large reduction in feed demand from the livestock industry, reflecting reduced meat consumption during the downturn. Cotton prices fell 7 percent on an expected record drop in demand. The recent U.S. Prospective Plantings report showed a 2.8 percent reduction in total area planted, reflecting the effect of sharply lower prices and still-high input costs. And recent wet weather in the U.S. mid-west may delay spring fieldwork.

Metals and minerals prices jumped 4.5 percent in March, with gains of 13 percent for copper and lead and 9 percent for zinc due to purchases by China's Strategic Reserve Bureau in an effort to support domestic lead and zinc producers, and for strategic stocking of copper—the latter leading to strong import growth of refined copper. In addition, the copper scrap market is very tight from a reduction of new scrap availability and reluctance of suppliers to gather and sell old material. However metal consumption is still extremely weak, particularly in industrial countries, and prices could recede once government buying in China ends. Nickel prices fell 7 percent on extremely weak stainless steel demand and 15-year-high inventories.



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

Major Movers March¹

Copper prices surged 13.1 percent on strong import demand by China—largely government stocking—and tightness in scrap supplies in industrial countries.

Lead prices jumped 12.6 percent partly due to strong demand for replacement vehicle batteries from cold winter weather in a number of regions, as well as a dip in inventories.

Crude oil prices rose 11.5 percent on expectations of a tightening market as OPEC continues to take oil off the market, although demand remains weak and U.S. stocks high.

Zinc prices rose 9.4 percent on stocking by China's State Reserve Bureau and declines in LME inventories, and follows massive production cuts in the wake of low prices.

Beef prices increased 4.9 percent on export supply constraints in Australia and some demand strength in Japan and Korea.

Palm oil prices rose 4.4 percent due to strong demand for edible oils in India, and for non-edible uses in Europe (especially Germany). Stocks have also reached historical lows.

Coffee robusta prices decreased 4.9 percent on increased supplies from Uganda (one of world's premium robusta suppliers) as well as reduced likelihood that Brazil will encounter frost.

Groundnut oil prices fell 5.3 percent on declining consumption, as groundnut is a premium oil and thus sensitive to changes in economic conditions.

Cocoa prices declined 6.2 percent on weakening demand, despite a low mid-season crop from Côte d'Ivoire.

Cotton prices fell 6.8 percent as world consumption is expected to fall by 9% in 2008/09, the largest decline since WWII.

Nickel prices dropped 6.8 percent on extremely weak stainless steel demand, and a continued rise of inventories to 15-year highs.

Coconut oil prices fell 7.3 percent due to reduced demand from the oleo-chemical industry which is affected by the downturn in the auto sector.

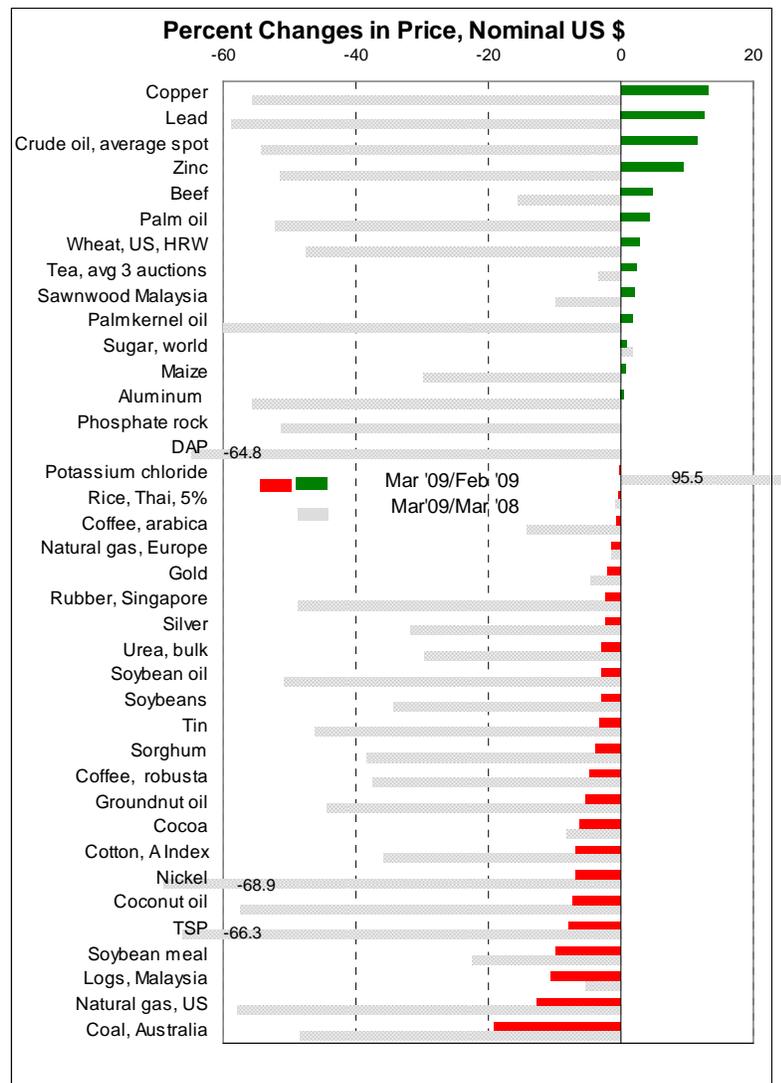
TSP fertilizer prices declined 7.8 on weak global fertilizer demand amid ample supplies.

Soybean meal prices fell 10.0 percent due to unprecedented reduction in oil-meal demand by the livestock industry, reflecting reduced meat consumption during the economic downturn.

Logs (Malaysia) prices fell 10.5 percent owing to reduced demand in the construction and wood-product sectors due to global recession.

Natural gas (U.S.) prices slumped 12.6 percent on continued weak demand from the industrial sector and easing of heating needs as winter winds down, amid ample supply and large stocks.

Coal prices plunged 19.1 percent on declining demand, particularly in Japan and Europe, while production capacity continues to rise in the main exporting countries.



¹ Percent change of average March 2009 prices compared to average February 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-Mar	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Jan	Feb	Mar
		2007	2008	2009	2008	2008	2008	2008	2009	2009	2009	2009
Energy												
Coal, Australia	a/ \$/mt	65.73	127.10	71.93	114.00	138.65	162.80	92.97	71.93	79.40	75.38	61.00
Crude oil, avg, spot	a/ \$/bbl	71.12	96.99	44.11	95.31	120.97	115.68	56.00	44.11	43.86	41.84	46.65
Crude oil, Brent	a/ \$/bbl	72.70	97.64	44.98	96.67	122.39	115.60	55.89	44.98	44.86	43.24	46.84
Crude oil, Dubai	a/ \$/bbl	68.37	93.78	44.56	91.30	116.67	113.47	53.67	44.56	44.97	43.14	45.58
Crude oil, West Texas Int.	a/ \$/bbl	72.28	99.56	42.80	97.94	123.85	117.98	58.45	42.80	41.74	39.15	47.52
Natural gas Index	a/ 2000=100	186.5	267.9	199.0	235.3	286.0	284.1	266.2	199.0	229.6	187.9	179.3
Natural gas, Europe	a/ \$/mmbtu	8.56	13.41	11.94	10.86	12.40	14.62	15.75	11.94	13.89	11.04	10.90
Natural gas, US	a/ \$/mmbtu	6.98	8.86	4.57	8.65	11.35	9.03	6.40	4.57	5.24	4.52	3.95
Natural gas LNG, Japan	a/ \$/mmbtu	7.68	12.53	11.43	10.45	11.71	13.33	14.62	11.43	12.71	10.87	10.70
Non Energy Commodities												
Agriculture												
Beverages												
Cocoa	b/ c/kg	195.2	257.7	259.7	247.7	276.4	282.6	224.1	259.7	262.4	266.7	250.1
Coffee, Arabica	b/ c/kg	272.4	308.2	283.9	328.5	315.1	321.2	267.8	283.9	282.9	285.5	283.3
Coffee, robusta	b/ c/kg	190.9	232.1	175.8	247.3	243.6	244.8	192.6	175.8	182.4	176.9	168.2
Tea, auctions (3), average	b/ c/kg	203.6	242.0	216.9	234.6	254.7	272.3	206.6	216.9	218.6	213.5	218.6
Tea, Colombo auctions	b/ c/kg	252.2	278.9	261.9	305.2	298.5	303.2	208.8	261.9	245.9	254.3	285.6
Tea, Kolkata auctions	b/ c/kg	192.1	225.5	174.5	176.6	244.0	260.9	220.2	174.5	190.6	174.5	158.4
Tea, Mombasa auctions	b/ c/kg	166.5	221.8	214.3	221.8	221.6	252.8	190.8	214.3	219.3	211.8	211.8
Food												
Fats and Oils												
Coconut oil	b/ \$/mt	919	1,224	677	1,379	1,499	1,246	772	677	734	673	624
Copra	\$/mt	607	816	447	914	1,013	817	520	447	479	446	416
Groundnut oil	b/ \$/mt	1,352	2,131	1,287	2,007	2,328	2,417	1,773	1,287	1,343	1,293	1,224
Palm oil	b/ \$/mt	780	949	577	1,156	1,198	928	512	577	562	572	597
Palmkernel oil	\$/mt	888	1,130	577	1,375	1,420	1,114	609	577	570	575	586
Soybean meal	b/ \$/mt	308	424	364	443	484	450	320	364	369	381	343
Soybean oil	b/ \$/mt	881	1,258	754	1,384	1,466	1,353	830	754	789	748	725
Soybeans	b/ \$/mt	384	523	394	563	585	566	377	394	413	390	378
Grains												
Barley	b/ \$/mt	172.4	200.5	116.3	216.8	239.1	216.6	129.5	116.3	121.4	112.5	114.8
Maize	b/ \$/mt	163.7	223.1	166.9	220.4	259.0	244.7	168.4	166.9	172.8	163.4	164.6
Rice, Thailand, 5%	b/ \$/mt	326.4	650.2	586.3	478.1	855.3	703.0	564.4	586.3	580.0	590.8	588.3
Rice, Thailand, 25%	\$/mt	306.5	n.a.	469.4	182.2	n.a.	669.5	449.9	469.4	464.0	472.8	471.5
Rice, Thailand, 35%	\$/mt	300.1	n.a.	n.a.	181.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
* Rice,Thai, A1.Special / Super	\$/mt	272.3	482.3	323.4	442.8	693.7	478.6	314.1	323.4	318.6	319.5	332.0
Sorghum	\$/mt	162.7	207.8	145.3	218.7	246.9	214.7	151.0	145.3	153.3	144.1	138.6
Wheat, Canada	\$/mt	300.4	454.6	321.9	621.7	484.4	390.2	322.1	321.9	340.2	318.5	306.9
Wheat, US, HRW	b/ \$/mt	255.2	326.0	231.6	411.8	346.5	317.7	228.1	231.6	239.1	224.7	230.9
Wheat US SRW	\$/mt	238.6	271.5	187.4	384.1	277.8	241.5	182.7	187.4	195.1	183.4	183.7
Other Food												
Bananas EU	\$/mt	1,037	1,188	1,142	1,421	1,263	1,123	944	1,142	1,028	1,067	1,331
Bananas US	b/ \$/mt	676	844	891	836	920	775	847	891	820	944	909
Fishmeal	\$/mt	1,177	1,133	1,013	1,126	1,185	1,198	1,023	1,013	1,009	1,001	1,029
Meat, beef	b/ c/kg	260.3	313.8	245.2	282.1	332.7	372.4	268.0	245.2	251.6	236.2	247.7
Meat, chicken	b/ c/kg	156.7	169.6	173.5	158.8	167.9	177.1	174.7	173.5	174.9	173.8	171.9
Meat, sheep	c/kg	412.0	458.5	378.5	453.6	493.2	477.3	410.0	378.5	380.7	380.3	374.6
Oranges	b/ \$/mt	957	1,107	799	1,103	1,322	1,163	842	799	783	767	847
Shrimp, Mexico	b/ c/kg	1,010	1,069	976	1,103	1,109	1,048	1,014	976	988	970	970
Sugar EU domestic	b/ c/kg	68.09	69.69	51.44	74.51	77.59	74.70	51.97	51.44	52.31	50.49	51.53
Sugar US domestic	b/ c/kg	45.77	46.86	43.82	44.85	46.34	51.52	44.72	43.82	44.42	43.49	43.55
Sugar, world	b/ c/kg	22.22	28.21	28.85	28.42	27.01	31.14	26.28	28.85	27.76	29.26	29.54
Raw Materials												
Timber												
Logs, Cameroon	\$/cum	381.3	526.9	426.8	530.8	554.4	548.5	473.8	426.8	470.2	421.9	388.2
Logs, Malaysia	b/ \$/cum	268.0	292.3	313.6	293.4	282.3	277.7	315.7	313.6	329.7	322.5	288.6
Plywood	c/sheets	640.7	645.5	563.3	640.4	647.3	648.6	645.5	563.3	574.7	573.0	542.1
Sawnwood, Cameroon	\$/cum	760	958	689	1,036	1,052	974	771	689	698	690	680
Sawnwood, Malaysia	b/ \$/cum	806.3	889.1	816.0	860.3	935.8	900.3	859.9	816.0	818.4	806.7	823.0
Woodpulp	\$/mt	767.0	820.2	578.8	850.2	870.7	848.8	711.0	578.8	606.4	565.0	565.0
Other Raw Materials												
Cotton A Index	b/ c/kg	139.5	157.4	120.8	167.9	166.5	168.2	126.9	120.8	127.2	121.7	113.4
Cotton Memphis	c/kg	142.9	161.5	129.8	174.2	171.6	170.0	130.1	129.8	134.9	131.4	123.3
Rubber, US	c/kg	248.0	284.1	166.8	292.6	311.7	329.1	202.8	166.8	169.8	165.3	165.3
Rubber, Singapore	b/ c/kg	226.3	258.6	146.0	273.5	303.5	298.4	159.0	146.0	148.7	146.3	143.1

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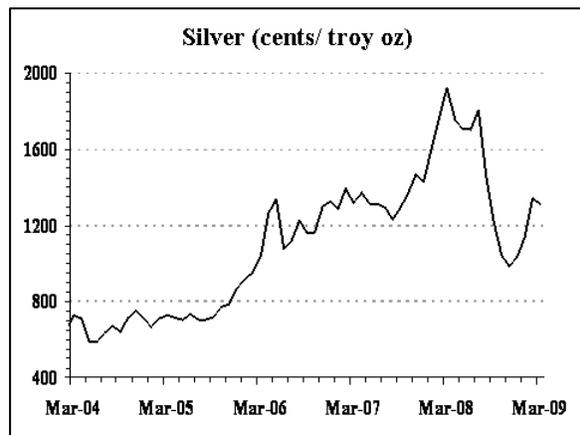
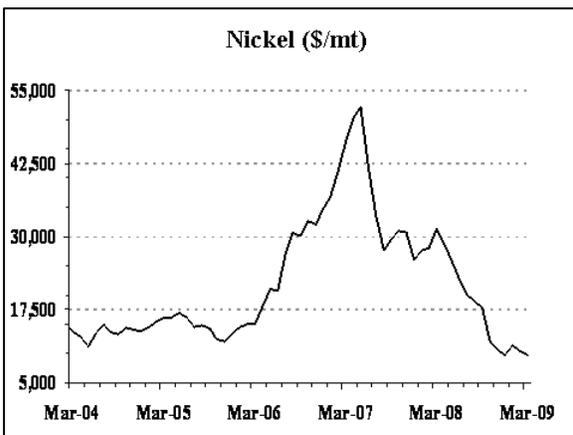
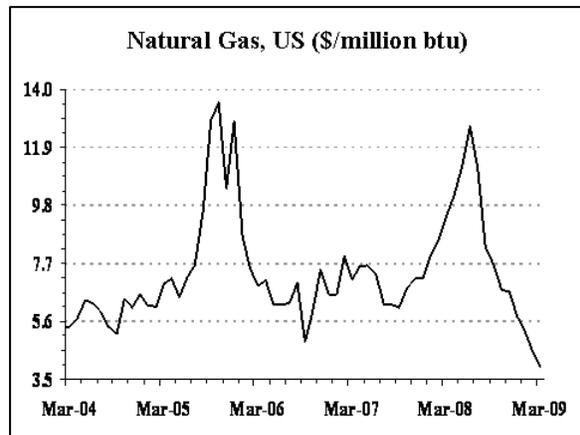
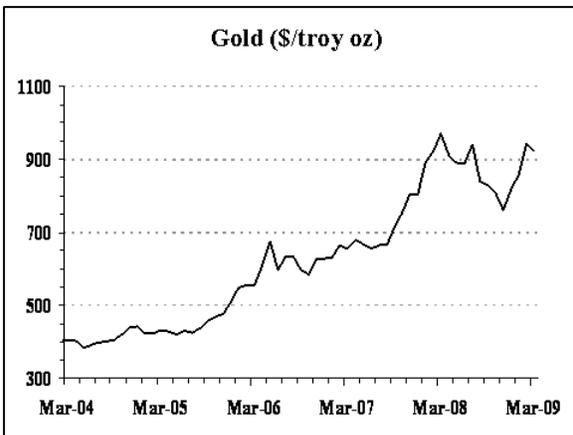
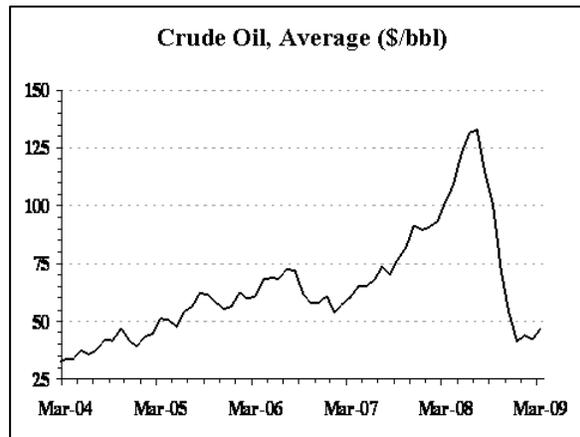
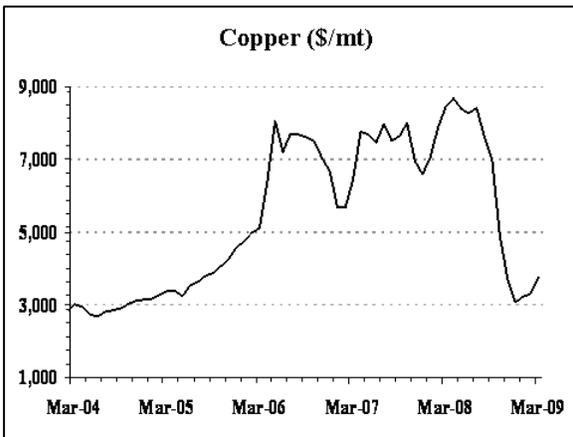
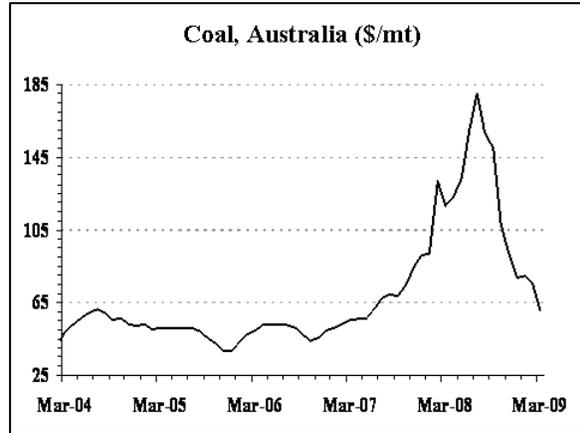
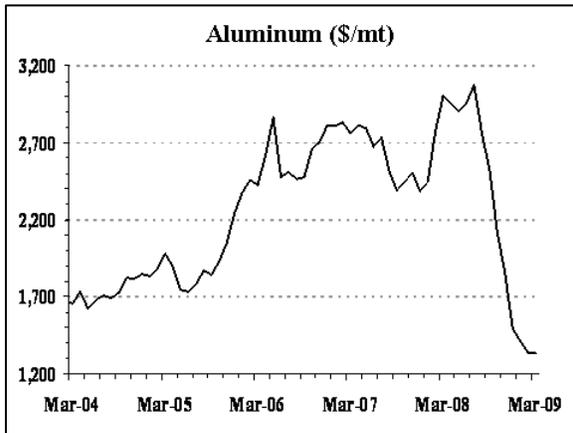
a/ Included in the energy index (2000=100) b/ Included in the non-energy index (2000=100) c/ Steel not included in the non-energy index
 \$ = US dollar ¢ = US cent bbl = barrel cum = cubic meter dmtu = Dry Metric Ton Unit kg = kilogram mmbtu = million British thermal units
 mt = metric ton toz = troy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

COMMODITY PRICE DATA

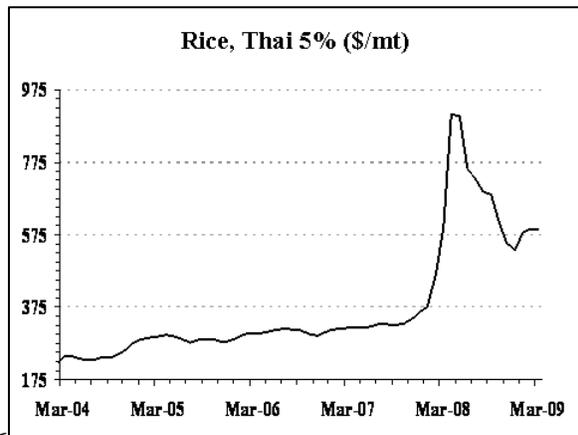
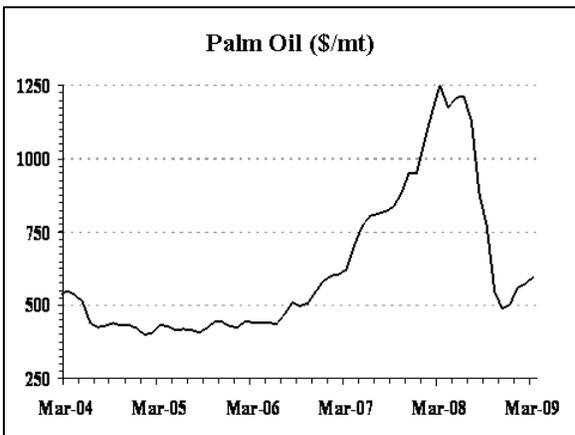
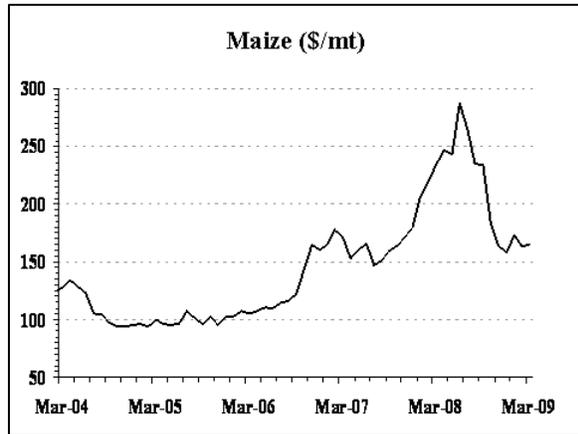
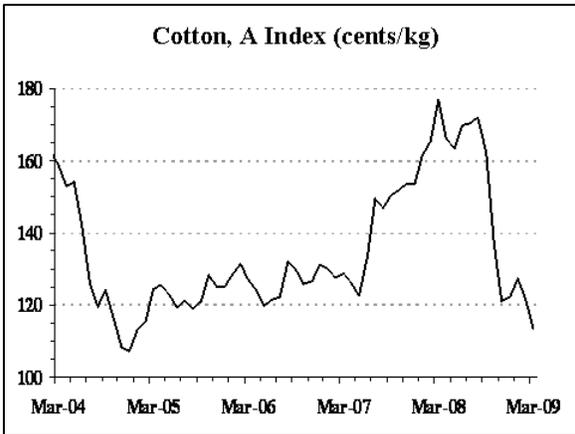
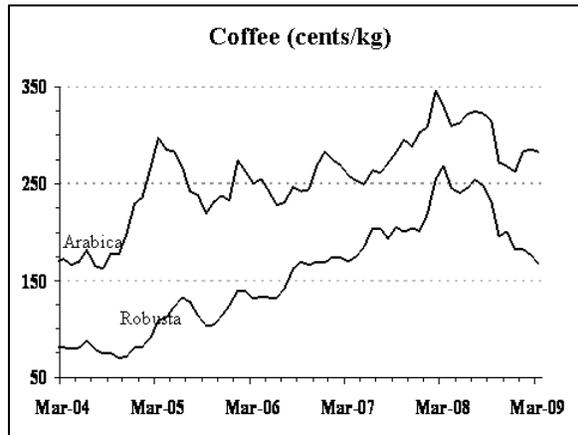
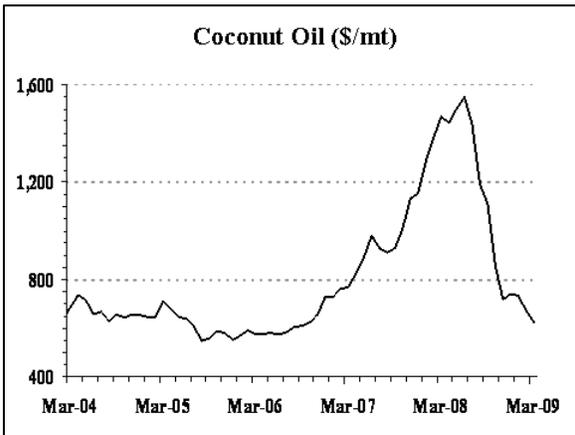
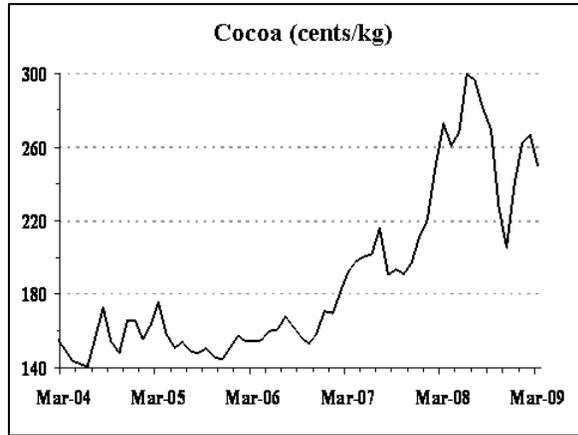
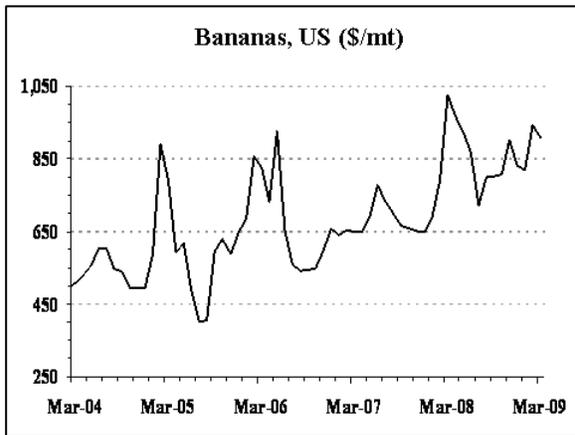
		Annual averages				Quarterly averages				Monthly averages		
		Jan-Dec	Jan-Dec	Jan-Mar	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Jan	Feb	Mar
		2007	2008	2009	2008	2008	2008	2008	2009	2009	2009	2009
Fertilizers												
DAP	b/ \$/mt	433	967	362	860	1,192	1,154	663	362	351	368	368
Phosphate rock	b/ \$/mt	70.9	345.6	193.3	234.4	367.5	409.2	371.3	193.3	265.0	157.5	157.5
Potassium chloride	b/ \$/mt	200.2	570.1	865.2	367.7	511.1	635.0	766.7	865.2	853.1	872.5	870.0
TSP	b/ \$/mt	339	879	322	715	1,036	1,108	659	322	350	320	295
Urea, E. Europe, bulk	b/ \$/mt	309.4	492.7	267.3	357.6	575.7	745.4	292.2	267.3	263.4	273.3	265.4
Metals and Minerals												
Aluminum	b/ \$/mt	2,638	2,573	1,360	2,743	2,940	2,787	1,821	1,360	1,413	1,330	1,336
Copper	b/ \$/mt	7,118	6,956	3,428	7,796	8,443	7,680	3,905	3,428	3,221	3,315	3,750
Gold	\$/toz	696.7	871.7	908.7	926.8	896.0	869.6	794.5	908.7	858.7	943.0	924.3
Iron ore	b/ c/dmtu	84.7	140.6	140.6	140.6	140.6	140.6	140.6	140.6	140.6	140.6	140.6
Lead	b/ c/kg	258.0	209.1	115.7	289.9	230.7	191.2	124.5	115.7	113.3	110.1	123.9
Nickel	b/ \$/mt	37,230	21,111	10,471	28,957	25,682	18,961	10,843	10,471	11,307	10,409	9,696
Silver	c/toz	1,341	1,500	1,265	1,765	1,720	1,495	1,020	1,265	1,140	1,344	1,312
* * Steel products index, Japan c/ 2000=10		182.0	289.3	274.5	229.6	279.2	338.2	310.4	274.5	283.8	284.4	255.4
Steel cr coilsheet, Japan, Reir c/ \$/mt		650.0	965.6	1033.3	762.5	900.0	1100.0	1100.0	1033.3	1100.0	1100.0	900.0
Steel hr coilsheet, Japan, Reir c/ \$/mt		550.0	883.3	933.3	700.0	833.3	1000.0	1000.0	933.3	1000.0	1000.0	800.0
Steel, rebar, Japan, Reinstat c/ \$/mt		521.5	760.2	472.5	639.4	837.5	934.2	629.6	472.5	462.5	485.0	470.0
Steel wire rod, Japan, Reinsta c/ \$/mt		533.3	1009.8	1200.0	754.0	950.0	1135.0	1200.0	1200.0	1200.0	1200.0	1200.0
Tin	b/ c/kg	1,454	1,851	1,103	1,778	2,265	2,051	1,310	1,103	1,137	1,104	1,068
Zinc	b/ c/kg	324.2	187.5	117.2	243.0	211.3	177.0	118.5	117.2	118.7	111.2	121.7
NEW World Bank commodity price indices for low and middle income countries(2000 =100)												
Energy		244.8	342.0	166.4	331.1	417.8	406.0	212.9	166.4	170.2	159.0	169.9
Non Energy Commodities		224.7	272.0	197.9	281.2	307.8	292.6	206.3	197.9	199.2	196.7	197.9
Agriculture		180.3	229.5	181.7	236.4	259.4	243.5	178.6	181.7	183.3	182.0	179.7
Beverages		169.9	210.0	197.9	210.7	221.4	226.8	181.2	197.9	199.7	200.8	193.2
Food		184.7	247.4	190.4	257.2	286.3	260.5	185.7	190.4	191.7	190.3	189.3
Fats and Oils		209.0	277.3	191.2	310.2	327.7	288.9	182.4	191.2	194.6	192.4	186.7
Grains		189.0	281.7	221.3	274.6	335.2	298.5	218.6	221.3	225.0	218.6	220.3
Other Food		149.0	177.1	161.3	171.9	187.4	188.9	160.2	161.3	157.6	161.7	164.5
Raw Materials		174.9	195.7	152.2	198.9	213.7	210.4	160.0	152.2	154.9	152.3	149.5
Timber		136.8	150.5	143.4	146.8	155.4	150.2	149.4	143.4	145.6	143.2	141.4
Other Raw Materials		216.6	245.3	162.0	255.8	277.4	276.3	171.6	162.0	165.1	162.3	158.5
Fertilizers		240.1	566.7	376.6	409.4	624.1	741.1	492.2	376.6	405.0	366.1	358.6
Metals and Minerals		314.0	325.7	211.0	358.7	371.1	342.4	230.6	211.0	208.4	207.6	217.0

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

