

# Commodity Markets Review

April 14, 2008

DECPG, The World Bank

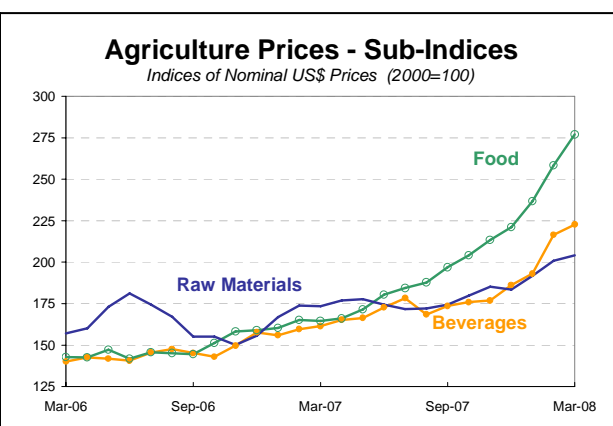
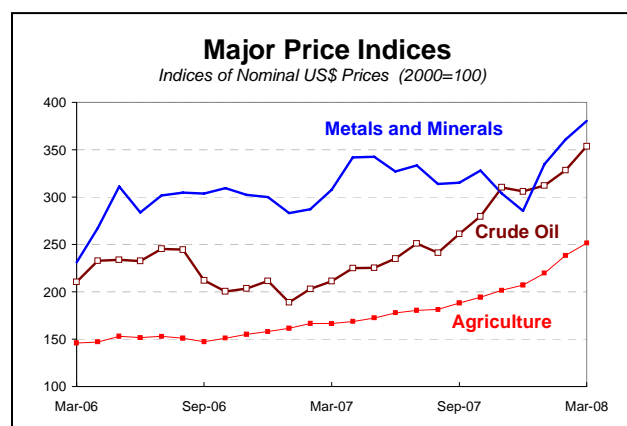
**World Bank Commodity Price Indices have been revised** (see attached note, comparative graphs, and new weights). Weights are based on export values during 2002-2004 and replace those based on 1987-89 exports. The new base year for indices has been brought forward to 2000 from 1990. For the most part, the new and old indices are highly correlated.

**Non-oil commodity prices surged 6.6 percent in March**, but experienced large volatility—generally peaking early in the month and then dropping before rebounding in early April. Prices have been influenced in recent months by investment flows into commodities on concerns about inflation and further weakness in the dollar. There have also been numerous supply concerns across commodities, and there were sharp gains in fertilizer prices due to strong demand and new export taxes.

**Crude oil prices jumped 9.1 percent in March**, to average \$101.8/bbl, and hit record highs of more than \$107/bbl in early April, on declining stocks and worries about oil supply. U.S. inventories of crude and products, while adequate overall, have started to decline, with middle distillates (diesel/heating oil) particularly low. While demand is relatively weak, crude oil supply growth has been less than expected in the U.S., Brazil and Russia. OPEC continues to hold its output steady, and will have an informal discussion this month in Rome.

**Agriculture prices climbed 5.5 percent in March**, led by large gains in food prices due to strong demand, low stocks, weather concerns and rising biofuels production. Rice prices surged 21 percent due to export constraints and concerns about global food price increases, mainly wheat. Maize prices rose 6 percent on expected reductions in plantings in response to increases in other food crop prices and higher U.S. ethanol output. Vegetable oils were up on strong demand and various supply constraints. Cocoa prices rose 9 percent due to protests in Cote d'Ivoire which could disrupt exports, while cotton prices rose 9 percent on reduced U.S. plantings and rising Asian purchases.

**Metals and minerals prices rose 5.4 percent in March**, with the largest gains in tin and nickel. Tin prices jumped 15 percent as stocks continued to drop on supply constraints in Indonesia, while nickel rose 12 percent on an expected rebound in stainless production and production losses in South Africa and Latin America. Aluminum prices rose 8 percent on widespread power outages, particularly in China and South Africa, although shortages have started to ease. Copper prices climbed 7 percent on continued strong demand, numerous supply constraints, and power problems in Chile that could potentially disrupt production this year. Silver and gold prices rose on concerns about the dollar and inflation.



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 March<sup>1</sup>

**Fertilizer prices** soared, with Phosphate Rock, DAP, TSP, Urea and Potassium chloride up 70, 26, 20, 16 and 16 percent, respectively, due to increased demand for spring crop plantings in the northern hemisphere, capacity constraints, and new export taxes by Russia and China to ensure adequate supplies for domestic use.

**Rice** prices leapt 20.9 percent due to strong import demand, export constraints, and concern over global food price increases, mainly wheat.

**Tin** prices surged 15.1 percent on falling stocks, and supply problems in the two largest producing countries, China and Indonesia.

**Groundnut oil** prices jumped 12.4 percent on an export ban in India, and supply constraints in Argentina and Senegal.

**Nickel** prices rose 11.7 percent on signs of a rebound in stainless steel output and strike actions in Latin America.

**Natural gas (U.S.)** prices increased 10.0 percent on falling stocks, cold weather, and lower imports from Canada and by sea (LNG).

**Crude oil** prices rose 9.1 percent on falling stocks and continued supply disappointments.

**Cocoa** prices rose 8.9 percent on violent protests in Cote d'Ivoire (the world's dominant cocoa supplier), which could disrupt exports.

**Cotton** prices rose 8.9 percent on reduced U.S. cotton plantings and rising Asian purchases, including Bangladesh, Taiwan, and China.

**Silver** prices climbed 8.8 percent on strong investment demand owing to concerns about inflation and the falling U.S. dollar.

**Aluminum** prices increased 8.2 percent due to widespread power-related disruptions in China, South Africa, Tajikistan and Brazil.

**Palm oil** prices increased 7.5 percent on increased imports from Russia and India, especially after the Indian government cut its import duty to 20 percent from 45 percent.

**Copper** prices rose 7.0 percent due to continuing strong growth in demand, supply disruptions, and concerns about power problems in Chile, the world's largest producer.

**Coconut oil** prices increased 6.2 percent on the reduced harvest in the Philippines due to earlier

devastation from typhoons.

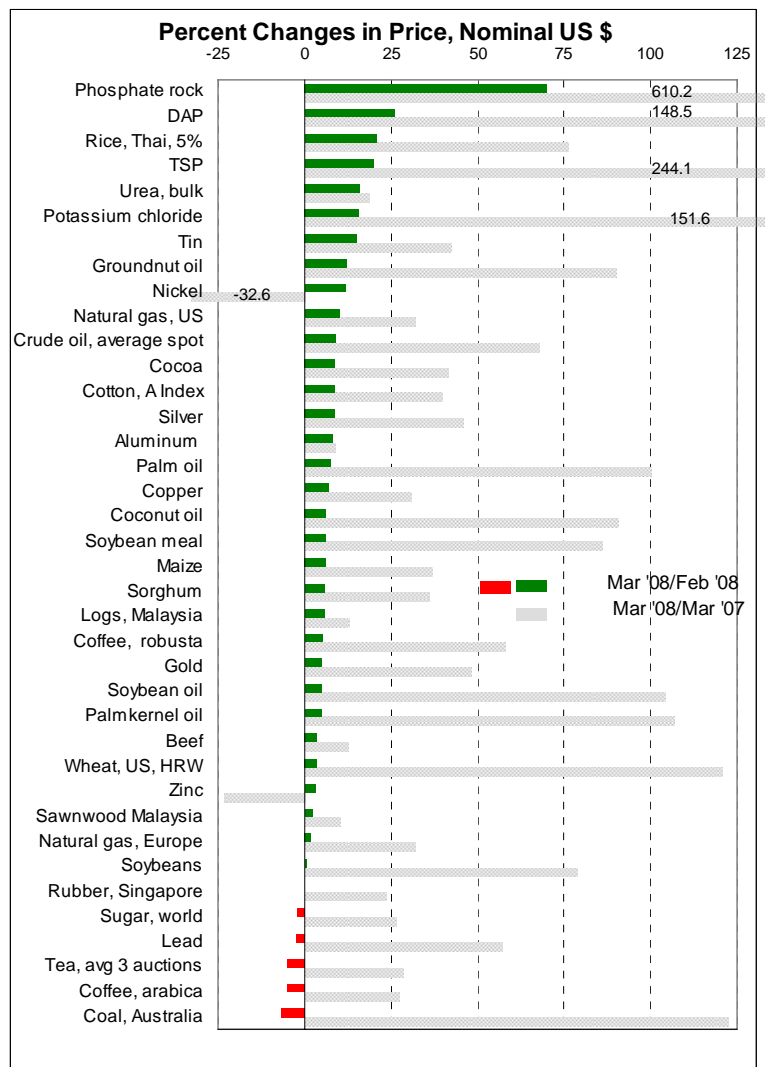
**Soybean meal** prices increased 6.1 percent in response to the increase in maize prices, which is an animal feed substitute.

**Maize and sorghum** prices rose 6.0 percent and 5.9 percent, respectively, due to expected reductions in maize plantings in response to increases in other food crop prices and mandated increases in U.S. ethanol production.

**Tea** prices declined 5.1 percent on an improved production outlook in Kenya with the onset of long rains and recovery of greenleaf from recent frost, as well as end of season low-quality tea in India.

**Coffee arabica** prices fell 5.1 percent on news that Brazil, the world's dominant supplier, will likely increase coffee output to 54 million bags in 2008/09 from last season's 39 million bags.

**Coal** prices dropped 6.6 percent due to easing of weather-related supply tightness and return of Chinese exports to the market.



<sup>1</sup> Percent change of average March 2008 prices compared to average February 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 2006	Jan-Dec 2007	Jan-Mar 2008	Jan-Mar 2007	Apr-Jun 2007	Jul-Sep 2007	Oct-Dec 2007	Jan-Mar 2008	Jan 2008	Feb 2008	Mar 2008
<b>Energy</b>												
Coal, Australia	\$/mt	49.09	65.73	115.67	53.19	57.91	68.37	83.47	115.67	91.75	132.00	123.25
Crude oil, avg. spot	a/ \$/bbl	64.29	71.12	95.31	57.23	66.13	73.50	87.61	95.31	90.69	93.39	101.84
Crude oil, Brent	a/ \$/bbl	65.39	72.70	96.67	58.07	68.73	75.04	88.95	96.67	91.92	94.82	103.28
Crude oil, Dubai	a/ \$/bbl	61.43	68.37	91.30	55.58	64.71	69.97	83.21	91.30	87.17	89.96	96.78
Crude oil, West Texas Int.	a/ \$/bbl	66.04	72.28	97.94	58.03	64.96	75.48	90.67	97.94	92.98	95.38	105.47
Natural gas Index	a/ 2000=100	181.56	186.53	234.94	187.88	186.14	174.43	197.69	234.94	224.96	233.55	246.32
Natural gas, Europe	a/ \$/mmbtu	8.47	8.56	10.86	8.51	8.00	8.34	9.37	10.86	10.70	10.84	11.04
Natural gas, US	a/ \$/mmbtu	6.72	6.98	8.65	7.23	7.50	6.17	7.03	8.65	8.00	8.55	9.40
Natural gas LNG, Japan	a/ \$/mmbtu	7.08	7.68	10.23	6.95	7.14	7.68	8.96	10.23	9.94	10.25	10.50
<b>Non Energy Commodities</b>												
<b>Agriculture</b>												
<b>Beverages</b>												
Cocoa	b/ c/kg	159.2	195.2	247.7	181.3	200.0	199.9	199.7	247.7	220.1	250.4	272.6
Coffee, Arabica	b/ c/kg	252.2	272.4	328.0	267.2	255.1	271.1	296.1	328.0	308.3	346.8	329.0
Coffee, robusta	b/ c/kg	148.9	190.9	247.2	172.8	188.3	200.4	202.1	247.2	218.7	254.5	268.5
Tea, auctions (3), average	b/ c/kg	187.2	203.6	235.0	178.0	199.9	211.0	225.6	235.0	237.7	239.7	227.5
Tea, Colombo auctions	b/ c/kg	191.0	252.2	305.2	226.4	231.1	254.7	296.7	305.2	305.3	304.3	306.1
Tea, Kolkata auctions	b/ c/kg	175.4	192.1	177.4	141.5	208.7	211.3	207.1	177.4	193.6	173.1	165.5
Tea, Mombasa auctions	b/ c/kg	195.2	166.5	222.3	166.0	159.8	167.1	173.0	222.3	214.3	241.7	211.0
<b>Food</b>												
<b>Fats and Oils</b>												
Coconut oil	b/ \$/mt	607	919	1,378	754	900	923	1,098	1,378	1,285	1,382	1,468
Copra	\$/mt	403	607	914	499	599	607	724	914	848	921	972
Groundnut oil	b/ \$/mt	970	1,352	2,006	1,170	1,190	1,397	1,651	2,006	1,861	1,958	2,200
Palm oil	b/ \$/mt	478	780	1,156	609	762	822	928	1,156	1,059	1,160	1,248
Palmkernel oil	b/ \$/mt	581	888	1,371	678	876	917	1,084	1,371	1,277	1,386	1,451
Soybean meal	b/ \$/mt	209	307	456	256	260	309	402	456	434	453	481
Soybean oil	b/ \$/mt	599	881	1,381	710	794	917	1,105	1,381	1,276	1,400	1,467
Soybeans	b/ \$/mt	269	384	563	318	338	396	485	563	541	572	576
<b>Grains</b>												
Barley	b/ \$/mt	116.6	172.4	217.8	153.4	167.8	173.8	194.6	217.8	208.1	216.2	229.1
Maize	b/ \$/mt	121.9	163.7	220.0	170.9	159.4	152.5	171.9	220.0	206.7	220.1	233.3
Rice, Thailand, 5%	b/ \$/mt	304.9	326.4	467.4	315.6	319.1	327.1	344.0	467.4	375.6	464.8	561.8
Rice, Thailand, 25%	\$/mt	277.1	306.5	364.4	292.6	297.4	306.5	329.5	364.4	364.4	n.a.	n.a.
Rice, Thailand, 35%	\$/mt	272.0	300.1	362.0	285.8	288.8	298.0	327.7	362.0	362.0	n.a.	n.a.
Rice, Thai, A1.Special	\$/mt	218.0	269.6	354.6	252.3	255.2	262.7	308.1	354.6	354.6	n.a.	n.a.
Sorghum	b/ \$/mt	122.9	162.7	220.8	175.2	151.4	150.7	173.4	220.8	212.7	218.5	231.3
Wheat, Canada	\$/mt	216.8	300.4	621.7	232.4	244.7	309.0	415.3	621.7	513.8	732.4	618.8
Wheat, US, HRW	b/ \$/mt	192.0	255.2	411.8	198.4	205.7	274.9	341.9	411.8	370.7	425.0	439.7
Wheat US SRW	\$/mt	159.0	238.6	391.1	173.7	187.0	267.5	326.2	391.1	343.8	388.7	440.6
<b>Other Food</b>												
Bananas EU	\$/mt	897	1,037	1,421	1,036	1,045	999	1,068	1,421	1,169	1,451	1,643
Bananas US	b/ \$/mt	677.2	675.8	835.9	647.2	705.0	698.6	652.5	835.9	689.0	792.3	1026.6
Fishmeal	\$/mt	1,166	1,177	1,127	1,251	1,260	1,123	1,075	1,127	1,103	1,114	1,163
Meat, beef	b/ c/kg	254.7	260.3	282.1	261.2	259.9	260.3	259.8	282.1	268.7	283.6	294.0
Meat, chicken	b/ c/kg	138.8	156.7	158.8	147.9	159.3	163.0	156.7	158.8	154.9	158.7	162.8
Lamb	c/kg	403.6	412.0	453.6	394.2	399.3	416.5	437.9	453.6	429.4	451.9	479.4
Oranges	b/ \$/mt	829	957	1,103	817	893	1,135	982	1,103	1,030	1,049	1,231
Shrimp, Mexico	b/ c/kg	1,024	1,010	1,103	988	1,003	1,003	1,045	1,103	1,091	1,105	1,113
Sugar EU domestic	b/ c/kg	64.56	68.09	74.51	65.10	66.98	68.28	72.00	74.51	73.12	73.27	77.14
Sugar US domestic	b/ c/kg	48.76	45.77	44.85	45.17	46.47	46.98	44.48	44.85	44.62	44.40	45.53
Sugar, world	b/ c/kg	32.59	22.22	28.42	23.49	20.90	21.86	22.61	28.42	26.39	29.78	29.10
<b>Raw Materials</b>												
<b>Timber</b>												
Logs, Cameroon	\$/cum	318.5	381.3	530.8	371.3	372.8	371.6	409.6	530.8	483.9	545.7	562.8
Logs, Malaysia	\$/cum	239.4	268.0	293.4	264.8	262.0	269.6	275.5	293.4	287.1	288.4	304.9
Plywood	c/sheets	595.6	640.7	640.4	629.5	639.6	646.7	647.0	640.4	640.9	639.2	604.9
Sawnwood, Cameroon	\$/cum	622.9	759.8	1035.5	720.1	725.1	756.2	838.0	1035.5	954.9	1083.0	1068.7
Sawnwood, Malaysia	\$/cum	749.3	806.3	847.2	794.4	807.4	820.9	802.5	847.2	812.6	855.8	873.2
Woodpulp	\$/mt	698.6	767.0	847.5	727.4	751.3	769.8	819.4	847.5	845.1	849.4	848.0
<b>Other Raw Materials</b>												
Cotton A Index	b/ c/kg	126.7	139.5	169.0	128.8	127.4	148.9	153.0	169.0	161.5	165.5	180.1
Cotton Memphis	c/kg	133.5	142.9	175.5	135.9	130.0	150.3	155.5	175.5	165.6	170.0	190.7
Rubber, US	c/kg	231.3	248.0	292.6	241.6	251.6	234.2	264.8	292.6	282.0	297.4	298.5
Rubber, Singapore	b/ c/kg	210.8	229.0	275.5	223.3	233.9	213.8	245.1	275.5	264.4	281.3	280.9

continued on next page

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

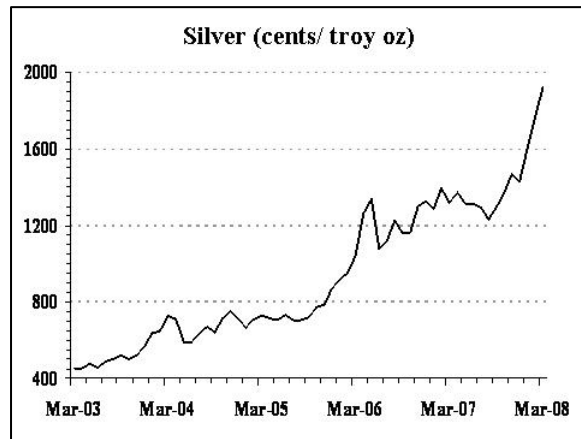
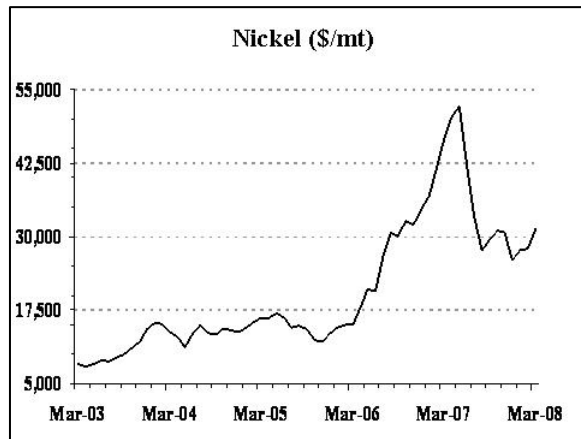
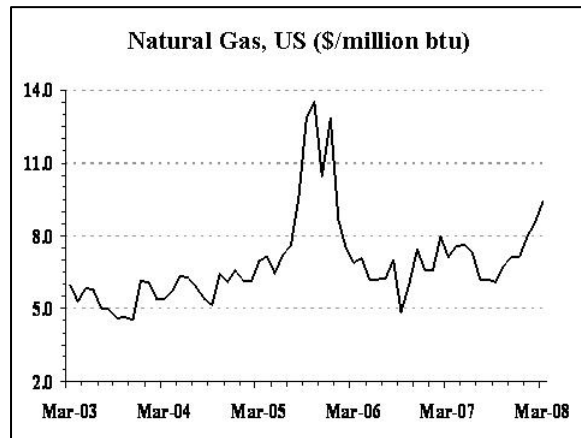
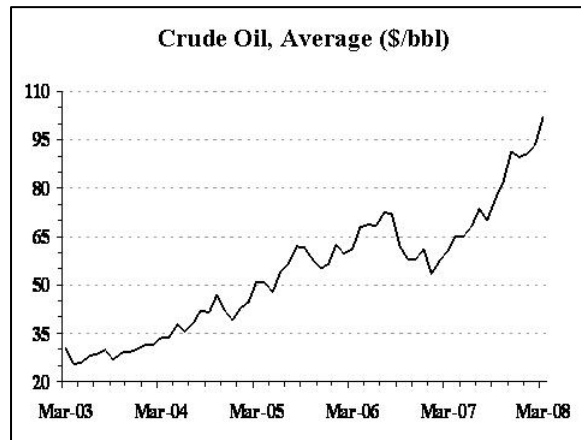
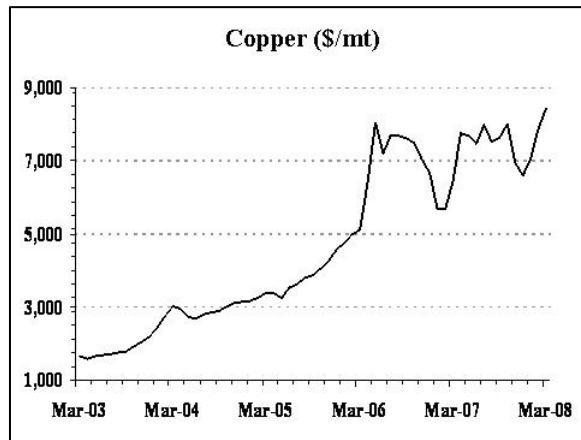
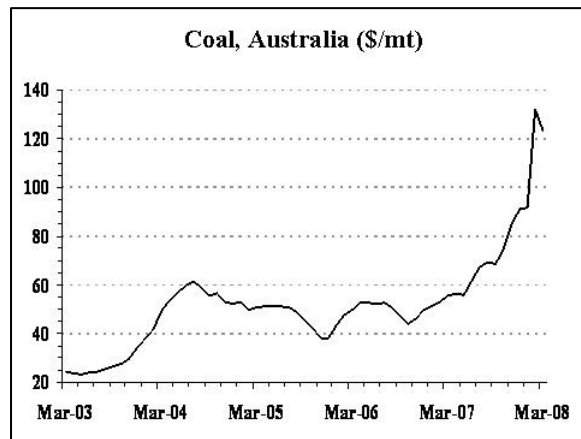
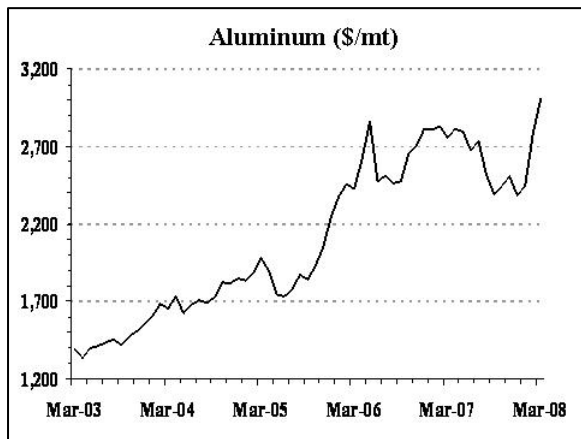
		Annual averages			Quarterly averages				Monthly averages			
		Jan-Dec	Jan-Dec	Jan-Mar	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Jan	Feb	Mar
		2006	2007	2008	2007	2007	2007	2007	2008	2008	2008	2008
<b>Fertilizers</b>												
DAP	\$/mt	260.3	432.5	860.2	344.5	431.1	432.5	522.1	860.2	707.7	828.1	1044.8
Phosphate rock	b/ \$/mt	44.2	70.9	234.4	45.5	59.9	80.0	98.3	234.4	190.0	190.0	323.1
Pottasium chloride	\$/mt	174.5	200.2	367.7	175.6	184.8	209.4	230.8	367.7	273.0	385.0	445.0
TSP	\$/mt	201.6	339.1	714.7	225.7	331.0	375.0	424.5	714.7	539.2	729.4	875.6
Urea, E. Europe, bulk	\$/mt	222.9	309.4	357.6	297.4	291.3	283.6	365.4	357.6	369.7	325.3	377.8
<b>Metals and Minerals</b>												
Aluminum	b/ \$/mt	2,570	2,638	2,743	2,801	2,761	2,546	2,444	2,743	2,446	2,777	3,005
Copper	b/ \$/mt	6,722	7,118	7,796	5,933	7,641	7,712	7,188	7,796	7,061	7,888	8,439
Gold	\$/toz	604.3	696.7	926.8	650.3	667.4	681.1	788.0	926.8	889.6	922.3	968.4
Iron ore CVRD So & No	b/ c/dmtu	77.35	84.70	140.60	84.70	84.70	84.70	84.70	140.60	140.60	140.60	140.60
Lead	b/ c/kg	129.0	258.0	289.9	178.7	217.6	314.3	321.5	289.9	260.8	308.0	300.9
Nickel	b/ \$/mt	24,254	37,230	28,957	41,440	48,055	30,205	29,219	28,957	27,690	27,955	31,225
Silver	c/toz	1,157	1,341	1,765	1,332	1,336	1,273	1,424	1,765	1,606	1,767	1,922
NEW Steel products (8) index, a/ 2000=100		155.3	173.1	184.3	160.4	172.4	176.9	182.8	184.3	184.3	184.3	184.3
Steel cr coilsheet, Belgium	\$/mt	596.9	649.4	675.0	625.5	652.8	651.5	668.0	675.0	675.0	675.0	675.0
Steel hr coilsheet, Belgium	\$/mt	498.2	554.2	590.0	520.5	553.5	558.8	584.0	590.0	590.0	590.0	590.0
Steel, rebar, Belgium	\$/mt	448.0	505.0	540.0	448.1	515.0	524.7	532.2	540.0	540.0	540.0	540.0
Steel wire rod, Belgium	\$/mt	463.8	533.3	570.0	477.8	529.8	555.5	570.0	570.0	570.0	570.0	570.0
OLD Steel products (8) index, a/ 2000=100		176.1	176.4	217.3	172.7	174.6	174.9	183.4	217.3	195.1	222.1	234.7
OLD Steel products (8) index, a/ 1990=100		134.5	134.8	166.0	132.0	133.4	133.6	140.1	166.0	149.1	169.7	179.3
Steel cr coilsheet, Japan, DROP	\$/mt	693.8	650.0	762.5	650.0	650.0	650.0	650.0	762.5	687.5	800.0	800.0
Steel hr coilsheet, Japan, DROP	\$/mt	600.0	550.0	700.0	550.0	550.0	550.0	550.0	700.0	600.0	750.0	750.0
Steel, rebar, Japan, DROP	\$/mt	443.8	521.5	639.4	484.2	540.8	504.2	556.8	639.4	574.8	598.5	745.0
Steel wire rod, Japan, DROP	\$/mt	581.3	533.3	754.0	500.0	530.0	550.0	553.3	754.0	680.0	725.0	857.0
Tin	b/ c/kg	878.1	1453.7	1778.4	1272.9	1409.8	1497.8	1634.2	1778.4	1633.7	1721.0	1980.4
Zinc	b/ c/kg	327.5	324.2	243.0	345.6	366.4	322.7	262.3	243.0	234.0	243.8	251.1
<b>NEW World Bank commodity price indices for low and middle income countries( 2000 =100)</b>												
Energy		220.9	244.8	331.4	201.1	228.5	251.1	298.6	331.4	312.2	328.3	353.5
Non Energy Commodities		192.1	224.9	281.3	206.6	226.7	228.8	237.3	281.3	260.9	282.3	300.8
Agriculture		150.4	180.5	236.5	164.8	173.0	183.3	201.0	236.5	219.7	238.3	251.5
Beverages		145.4	170.1	210.8	159.0	168.2	173.5	179.7	210.8	193.1	216.5	222.7
Food		147.0	184.7	257.4	163.4	172.6	189.7	212.9	257.4	236.8	258.3	277.0
Fats and Oils		137.9	208.8	311.7	168.8	191.1	216.2	259.1	311.7	291.5	313.4	330.3
Grains		149.8	189.0	272.8	177.2	174.7	188.3	215.6	272.8	243.4	275.3	299.8
Other Food		156.4	149.0	171.9	143.8	146.5	156.1	149.7	171.9	158.9	170.5	186.2
Raw Materials		161.4	175.8	199.0	171.4	176.4	172.8	182.8	199.0	191.8	200.8	204.2
Timber		126.0	136.8	145.1	134.9	136.2	138.9	137.2	145.1	139.8	145.7	149.8
Other Raw Materials		200.0	218.5	257.8	211.3	220.3	209.8	232.7	257.8	248.6	261.2	263.7
Fertilizers		168.6	240.1	409.4	203.5	224.6	240.2	292.0	409.4	354.1	384.2	489.9
Metals and Minerals		280.3	314.0	358.7	292.6	337.1	320.8	305.7	358.7	334.8	360.8	380.5
<b>OLD World Bank commodity price indices for low and middle income countries( 1990 =100) DROP</b>												
Energy		281.0	310.8	416.6	250.1	289.1	321.2	382.9	416.6	396.4	408.2	445.1
Non Energy Commodities		151.8	175.7	221.4	163.6	176.9	177.8	184.7	221.4	204.7	222.2	237.3
Agriculture		126.6	145.6	183.7	135.6	140.4	147.0	159.4	183.7	171.5	185.8	193.7
Beverages		122.5	139.4	171.2	132.2	135.2	141.3	149.0	171.2	158.4	177.7	177.6
Food		120.6	146.0	202.1	129.9	136.5	149.4	168.3	202.1	185.8	202.4	218.1
Fats and Oils		126.4	191.2	284.7	155.3	174.3	196.7	238.4	284.7	266.9	285.5	301.6
Grains		120.9	148.8	219.0	137.5	135.8	149.9	172.1	219.0	192.8	221.2	242.9
Other Food		115.7	107.5	125.0	104.9	105.9	110.4	108.7	125.0	115.5	123.8	135.7
Raw Materials		137.4	149.6	169.1	145.3	149.2	148.2	155.5	169.1	162.8	170.4	174.0
Timber		139.9	151.3	159.8	149.1	151.0	153.8	151.2	159.8	153.7	160.8	164.9
Other Raw Materials		135.7	148.4	175.4	142.7	148.0	144.4	158.5	175.4	169.0	177.0	180.3
Fertilizers		136.8	227.2	555.6	149.6	213.3	252.6	293.0	555.6	431.0	522.5	713.2
Metals and Minerals		215.0	244.9	281.9	233.9	263.0	246.1	236.6	281.9	264.3	282.6	298.8

a. Included in the energy index (2000=100)

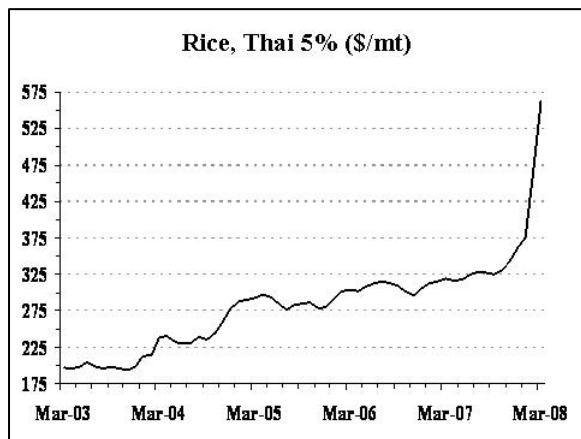
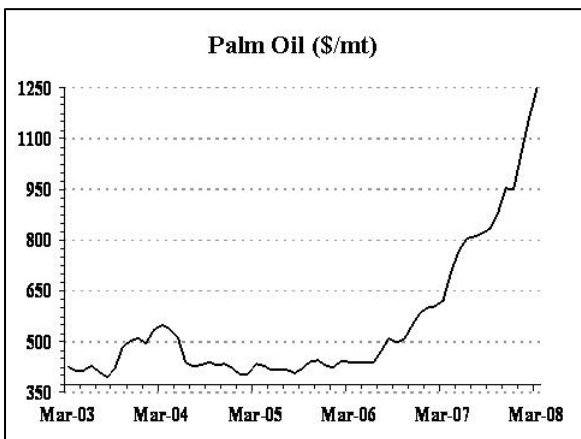
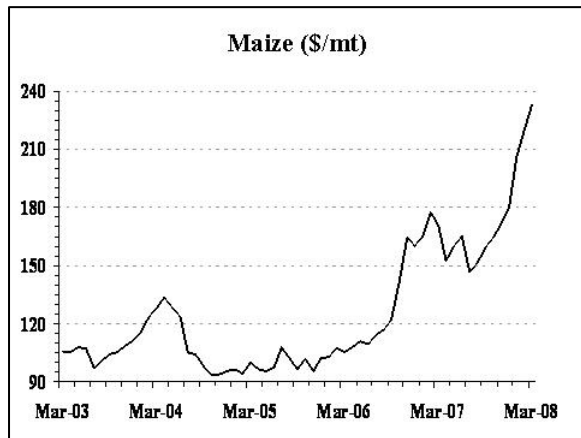
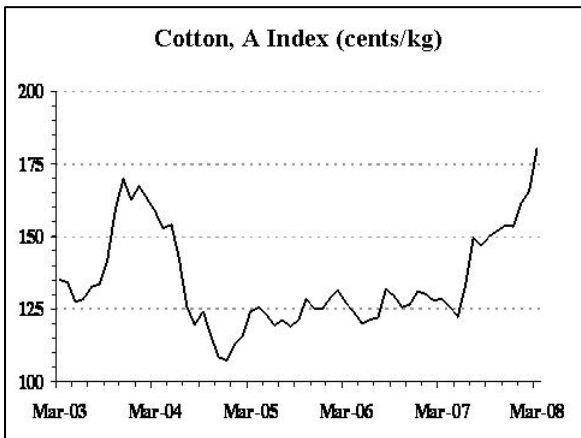
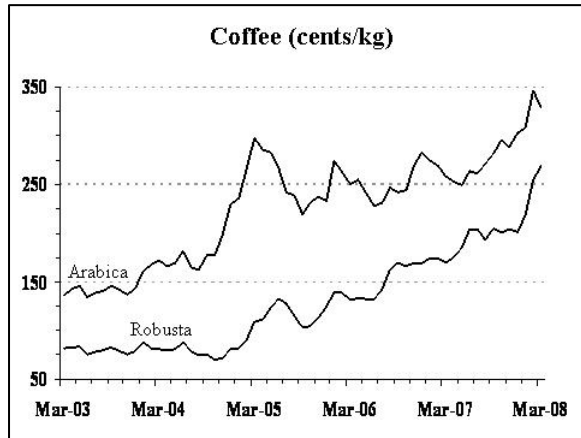
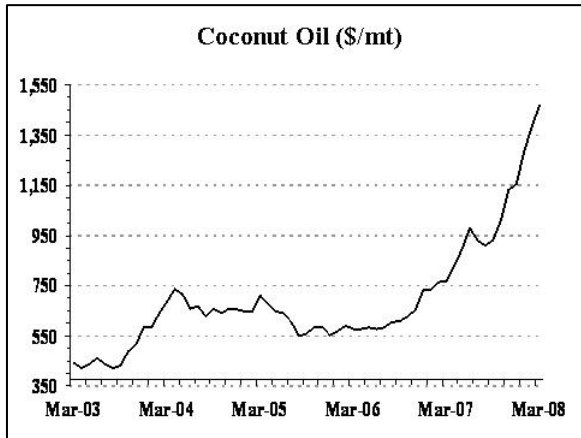
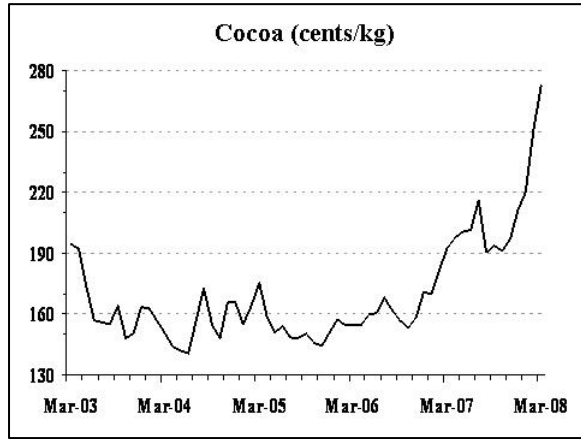
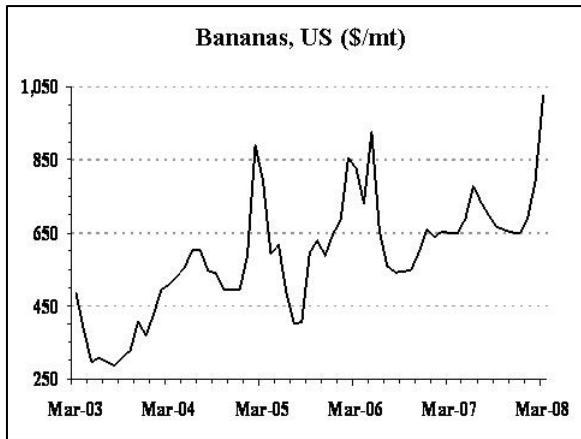
b. Not included in index/

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

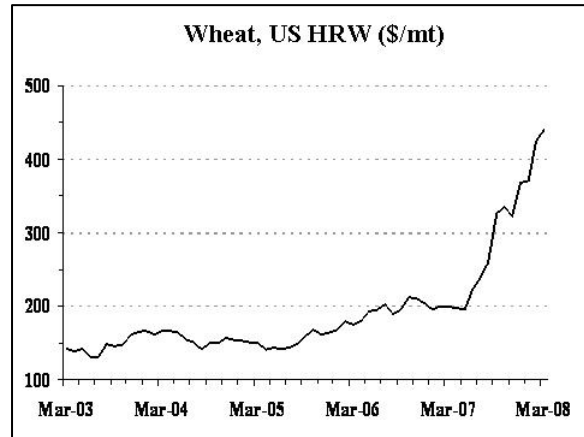
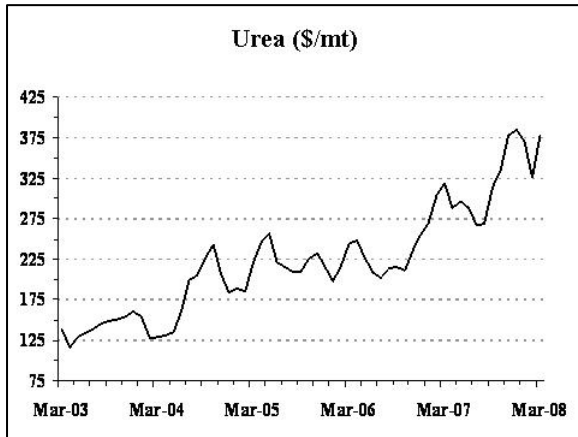
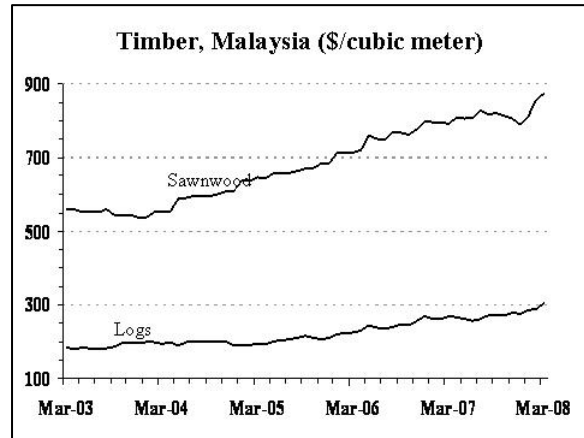
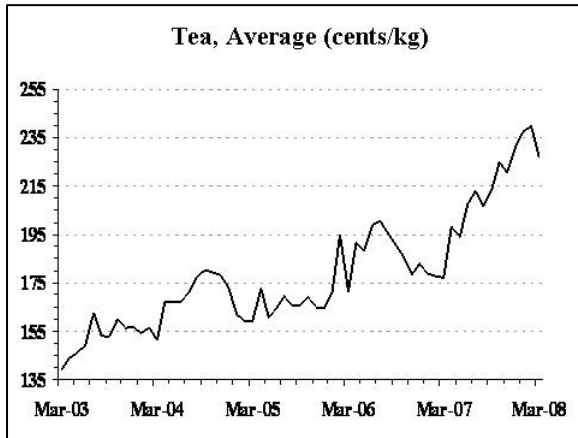
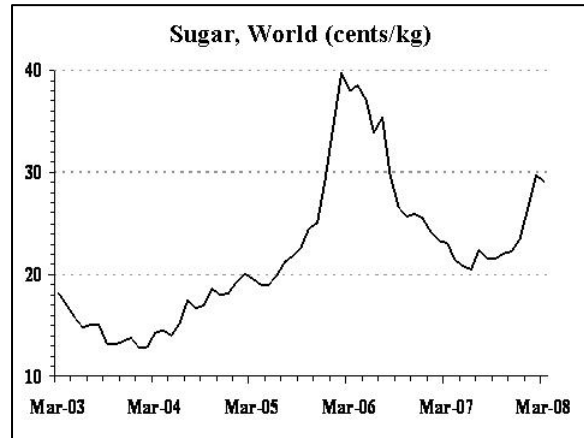
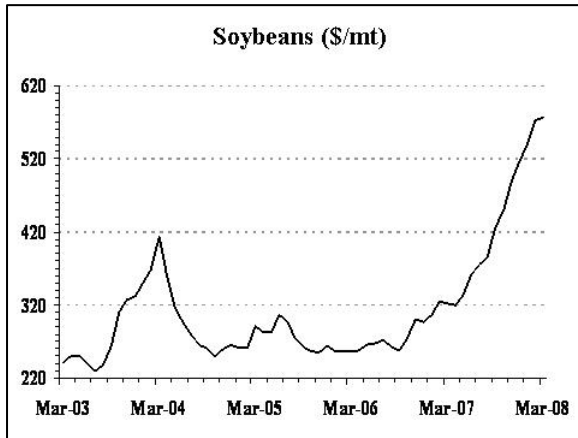
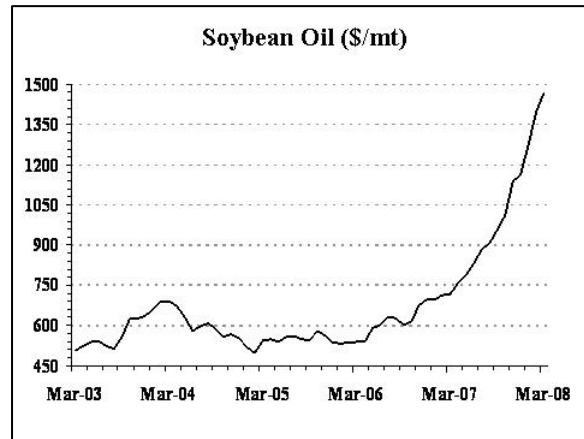
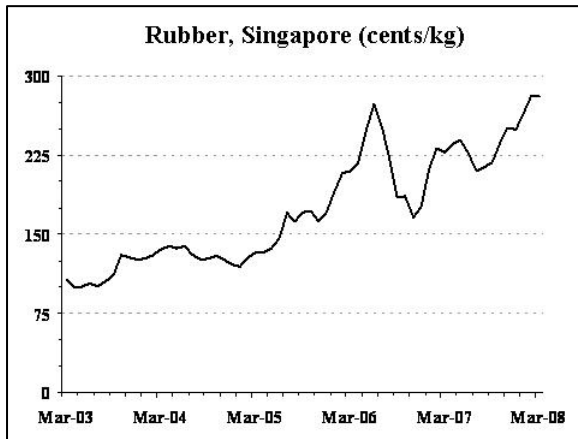
## Selected Commodity Prices, Nominal US dollars, 2001-2007



**Selected Commodity Prices, Nominal US dollars, 2001-2007 cont'd**



## Selected Commodity Prices, Nominal US dollars, 2001-2007 cont'd



## **Changes to the World Bank Commodity Price Index and Price Data**

The April 2008 issue of Commodity Price Data (Pink Sheet) presents several changes:

1. Index weights have been updated.
2. Energy Index has been revised.
3. Steel Index has been revised.
4. Fertilizer Index has been revised.
5. The composition of the commodity basket has been changed slightly.
6. Discontinued series have been dropped from the Commodity Price Data.

### **The World Bank Commodity Price Index**

The World Bank's Commodity Price Index measures prices of primary commodities exported by developing countries. The new weights (see below) are based on the export values during 2002-2004 and replace the previous weights based on average 1987-89 exports. The base year of the new index is 2000=100. The new weights were chosen to include the most recent complete data available. The index is computed according to the Laspeyres formula for years 1960-2008 based on monthly price data. Price series used in the index are in general export (f.o.b.) market prices, or when export prices are not promptly available, other prices such as domestic, import prices (c.i.f.), trade unit values, are used.

### **Energy Index**

The new energy index includes three commodities: coal, crude oil and natural gas, whereas previously it was only crude oil. The new and old indices are similar since crude oil dominates with an index weight of almost 85 percent for the developing countries. A new sub-index for natural gas is also included, weighted by consumption volumes for Europe, U.S. and Japan liquefied natural gas (LNG).

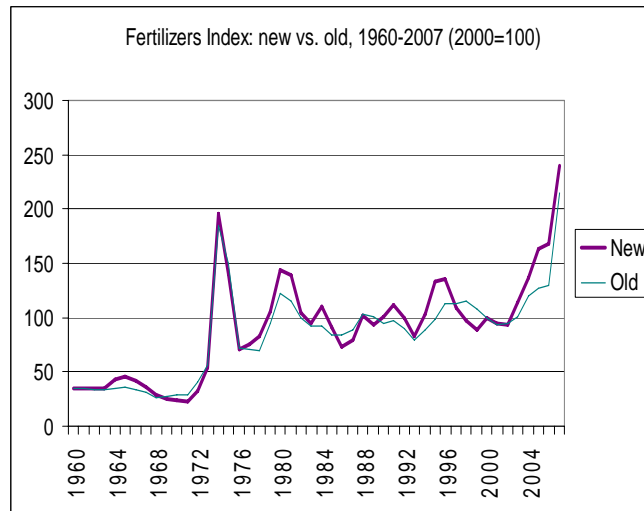
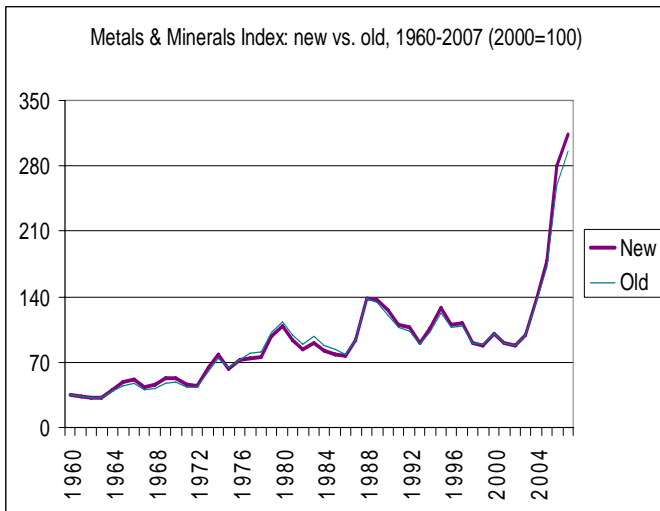
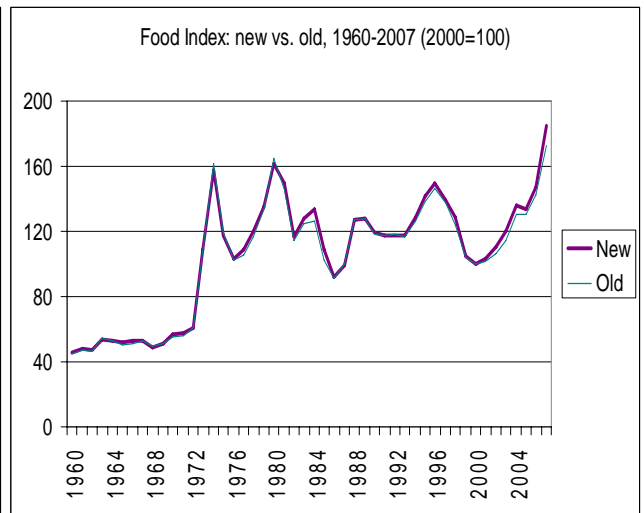
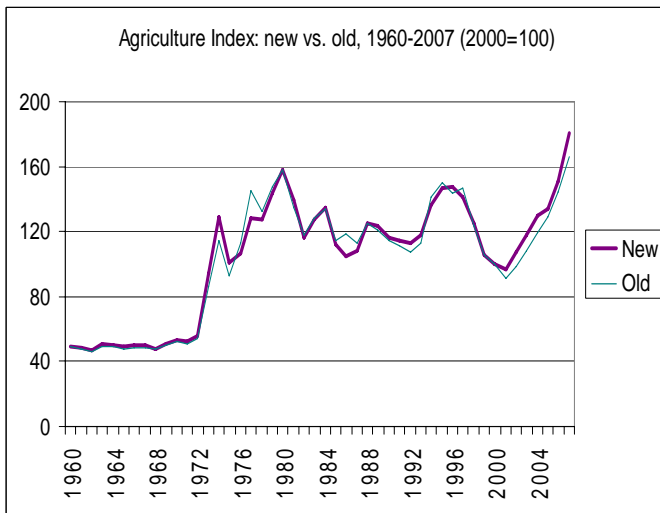
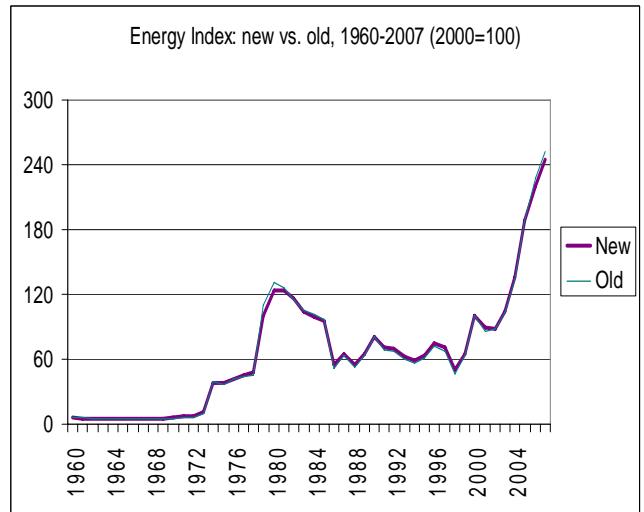
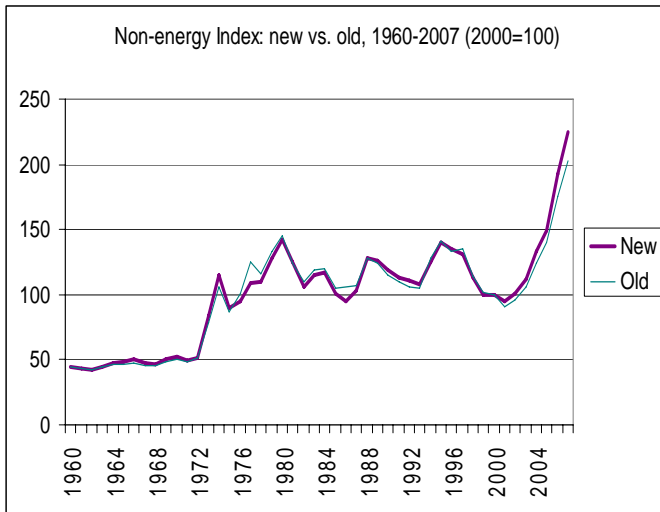
### **Non-energy Index**

The structure of the non-energy index remains unchanged and includes agriculture, fertilizers, and metals and minerals commodities. The weights for fertilizers have increased because the index has been expanded to include additional commodities; the weights for metals and minerals have increased as their prices have risen relative to other commodities; the weights for agricultural commodities have declined. The new non-energy index basket has 34 commodities while the previous index had 32. In response to changes in commodities' trade shares, minor adjustments have been made to the commodities basket, with barley and poultry meat being added. In addition, the weights for oranges now include juice, and the weight for groundnut oil now includes oil as well as groundnuts to reflect their significance in the market. The new fertilizer index contains all major fertilizers (nitrogen, phosphate and potash) whereas the previous contained only phosphate.

### **Comparison Charts and Weights**

For the most part the new and old indices are highly correlated. Below are select charts comparing the new and old indices, followed by the new weights.





## Weights Used in the World Bank Commodity Price Index (in Percent)

based on developing countries' export values 1/ and 2/

Commodity Group	Old Index Average 1987-89	New Index Average 2002-04
<b>Energy</b>	<b>100.0</b>	<b>100.0</b>
Coal	--	4.7
Crude Oil	100.0	84.6
Natural Gas	--	10.8
<b>Non-energy Commodities</b>	<b>100.0</b>	<b>100.0</b>
<b>Agriculture</b>	<b>69.1</b>	<b>64.9</b>
Food	29.4	40.0
Cereals	6.9	11.3
Rice	2.9	3.4
Wheat	1.9	2.8
Maize	1.7	4.6
Sorghum 3/	0.4	--
Barley 3/	--	0.5
Vegetable Oils and Meals	10.1	16.3
Soybeans	2.0	4.0
Soybean Oil	0.8	2.1
Soybean Meal	4.1	4.3
Palm Oil	2.3	4.9
Coconut Oil	0.7	0.5
Groundnut Oil 4/	0.2	0.5
Other Food	12.4	12.4
Sugar	7.5	3.9
Bananas	2.3	1.9
Meat, beef	1.8	2.7
Meat, chicken	--	2.4
Oranges 5/	0.8	1.4
Beverages	16.9	8.4
Coffee	10.8	3.8
Cocoa	3.9	3.1
Tea	2.1	1.5
Agricultural Raw Materials	22.8	16.5
Timber	9.3	8.6
Hardwood	9.3	8.6
Logs	2.9	1.9
Sawnwood	6.4	6.7
Other Raw Materials		
Cotton	5.9	1.9
Natural Rubber	4.8	3.7
Tobacco	2.9	2.3
<b>Metals and Minerals</b>	<b>28.1</b>	<b>31.6</b>
Aluminum	7.9	8.4
Copper	9.3	12.1
Iron Ore	5.4	6.0
Lead	0.5	0.6
Nickel	2.2	2.5
Tin	1.6	0.7
Zinc	1.3	1.3
<b>Fertilizers</b>	<b>2.7</b>	<b>3.6</b>
Natural Phosphate Rock	1.8	0.6
Phosphate	0.9	0.8
Potassium	--	0.7
Nitrogenous	--	1.5

### Notes:

Differences in group totals and components are due to rounding.

-- Price series not included in the index.

1/ Developing countries is represented by Low- and Middle-income Countries (LMIC) as defined by the World Bank Development Data Group Classification of Income Group as of June 20, 2006.

2/ Trade data sources are United Nations' Comtrade Database via World Bank WITS system, Food and Agriculture Organization FAOSTAT Database, International Energy Agency Database, BP Statistical Review of World Energy, World Metal Statistics, World Bureau of Metal Statistics and World Bank staff estimates.

3/ The barley weight includes sorghum for 2002-04.

4/ The groundnut oil weight includes groundnuts for 2002-04, but excludes it in the 1987-89 weight.

5/ The oranges weight includes orange juice for 2002-04, but excludes it in the 1987-89 weight.

World Bank, Development Prospects Group.

April 3, 2008