Commodity Markets Review

January 13, 2010

Non-energy commodity prices rose by 2.7 percent in December, led by relatively strong gains in most metals. For the year 2009, non-energy commodities jumped 28 percent, in part due to an 8 percent decline in the dollar versus the euro. Prices of a number of commodities more than doubled including lead, copper, zinc, rubber and sugar. Fertilizer and natural gas prices recorded declines over the period.

Crude oil prices fell 3.4 percent in December to average $74.9/bbl, but surged above $80/bbl in early January on the back of cold weather across the northern hemisphere. U.S. crude oil inventories remain high but have fallen in the second half of 2009 on sharply lower imports. The huge distillate (heating oil and diesel) overhang is being slowly burned off with the frigid temperatures, but transport demand remains very weak, prolonging conditions of excess supply. Globally, some 145 million barrels of oil are stored at sea, including 45 million barrels of crude and the rest products.

U.S. natural gas prices surged 44.6 percent in December because of colder than normal weather. This resulted in large inventory withdrawals but stocks remain well above their five-year average. Coal prices rose 4.1 percent in December and soared into early January due to cold weather and heavy snow in China that has both driven up demand and disrupted coal transportation to power plants.

Agriculture prices rose 1.9 percent in December, up for the third straight month, on various supply constraints and strong import demand. Rubber prices rose 10 percent due to adverse weather conditions in Malaysia and southern Thailand. Palm oil prices increased 9 percent on strong import demand and lower production in Malaysia. Rice prices climbed 9 percent following reports that the Philippines plans to buy almost 2 million tons because of severe crop damage from a typhoon in late November. Cotton prices increased 7 percent on strong demand by textile manufacturers in East Asia. Sugar prices rose 6 percent on reports of India’s second annual crop shortfall.

Metals and minerals prices rose 4.1 percent in December, capping a strong year of recovery where prices rose in 9 out 10 months since the trough in February. The annual gains were due to strong import demand and restocking in China and significant producer cuts. Global inventories remain high but restocking is expected to extend to other industrial regions this year. The largest increase in December was for aluminum, up 12 percent, due to strong demand in China and tight spot markets. A large quantity of aluminum is being stockpiled in anticipation of higher prices. Zinc prices rose 9 percent on relatively strong demand and some supply tightness in China, while copper increased 5 percent on rebounding Chinese imports in November and December.

Major Movers December

Natural gas (U.S.) prices soared 44.6 percent due to cold-weather-related demand increases and large inventory withdrawals. **DAP and urea fertilizer prices** jumped 24.2 and 6.7 percent, respectively, on rising demand, especially for DAP that also coincided with an unexpected production outage in Morocco. **Aluminum** prices surged 11.8 percent due to continuing imports into China and the fact that a large portion of LME stocks are tied up to meet forward contract agreements. **Rubber** prices increased 10.2 percent due to rising tire demand and adverse weather in Malaysia and southern Thailand. **Palm oil** prices rose 9.1 percent on strong import demand and lower-than-expected production in Malaysia. **Rice** prices climbed 8.9 percent after the Philippines announcement to buy almost 2 million tons of rice because of typhoon damage to its rice crop in late November. **Zinc** prices rose 8.3 percent due to relatively strong apparent demand in China and some supply tightness in the region from heavy snow. **Cotton** prices increased 7.2 percent due to strong demand by East Asian textile manufacturers. **Groundnut oil** prices rose 6.4 percent due to unusually low crops in India and reduced exports from Argentina. **Sugar** prices gained 5.7 percent on lower production in Brazil and reports that India’s sugar cane crop will incur a shortfall for the second year in a row. **Coconut oil and palmkernel oil** prices rose 5.2 percent and 4.3 percent, respectively, due to strong import demand and weak exports from the Philippines and Indonesia. **Copper** prices increased 4.6 percent on strengthening Chinese imports in November and December. **Coal** prices rose 4.1 percent because of strong weather-related demand in China, supply bottlenecks, and very low stocks.

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1 Percent change of average December 2009 prices compared to average November 2009 prices in nominal U.S. dollars (graph includes 12-month changes in grey).
## COMMODITY PRICE DATA

### Energy
- **Coal, Australia**
  - Jan-Dec 2007: 65.73
  - Jan-Dec 2008: 127.10
  - Jan-Dec 2009: 71.75
- **Crude oil, avg. spot**
  - Jan-Dec 2007: 71.12
  - Jan-Dec 2008: 96.99
  - Jan-Dec 2009: 61.76
- **Crude oil, Brent**
  - Jan-Dec 2007: 72.70
  - Jan-Dec 2008: 97.64
- **Crude oil, Dubai**
  - Jan-Dec 2007: 68.37
  - Jan-Dec 2008: 93.78
  - Jan-Dec 2009: 53.67
- **Crude oil, West Texas Int.**
  - Jan-Dec 2007: 72.28
  - Jan-Dec 2008: 99.56
- **Natural gas Index**
  - Jan-Dec 2000-02: 86.55
  - Apr-Jun 2002: 267.99
  - Jul-Sep 2002: 283.13
  - Oct-Dec 2002: 332.26
- **Natural gas, Europe**
  - Jan-Mar 2003: 8.56
  - Apr-Jun 2003: 8.81
  - Jul-Sep 2003: 15.75
  - Oct-Dec 2003: 15.94
- **Natural gas, US**
  - Jan-Mar 2004: 9.38
  - Apr-Jun 2004: 9.86
  - Jul-Sep 2004: 6.40
- **Natural gas LNG, Japan**
  - Jan-Mar 2004: 7.68
  - Apr-Jun 2004: 12.53

### Non Energy Commodities
#### Agriculture
- **Coffee, Arabica**
  - Jan-Dec 2007: 272.42
  - Jan-Dec 2008: 308.22
- **Coffee, robusta**
  - Jan-Dec 2007: 119.90
  - Jan-Dec 2008: 232.11
- **Tea, auctions (3), average**
  - Jan-Dec 2007: 203.62
  - Jan-Dec 2008: 242.02
- **Tea, Colombo auctions**
  - Jan-Dec 2007: 225.78
  - Jan-Dec 2008: 289.13
- **Tea, Kolkata auctions**
  - Jan-Dec 2007: 182.12
  - Jan-Dec 2008: 255.25
- **Soybean oil**
  - Jan-Dec 2007: 66.51
  - Jan-Dec 2008: 221.18
- **Soybeans**
  - Jan-Dec 2007: 381.54
  - Jan-Dec 2008: 523.43

#### Fats and Oils
- **Coconut oil**
  - Jan-Dec 2007: 9.19
  - Jan-Dec 2008: 12.24
- **Copper**
  - Jan-Dec 2007: 657.09
  - Jan-Dec 2008: 816.20
- **Groundnut oil**
  - Jan-Dec 2007: 1325.72
  - Jan-Dec 2008: 2095.20
- **Palm oil**
  - Jan-Dec 2007: 780.94
  - Jan-Dec 2008: 949.04
- **Palmkernel oil**
  - Jan-Dec 2007: 898.14
  - Jan-Dec 2008: 1302.64
- **Soybean meal**
  - Jan-Dec 2007: 306.04
  - Jan-Dec 2008: 420.08
- **Soybean oil**
  - Jan-Dec 2007: 1181.28
  - Jan-Dec 2008: 1589.49
- **Soybeans**
  - Jan-Dec 2007: 381.54
  - Jan-Dec 2008: 523.43

#### Grains
- **Barley**
  - Jan-Dec 2007: 172.40
  - Jan-Dec 2008: 200.50
- **Maize**
  - Jan-Dec 2007: 167.37
  - Jan-Dec 2008: 223.11
- **Rice, Thailand, 5%**
  - Jan-Dec 2007: 326.64
  - Jan-Dec 2008: 552.05
- **Rice, Thailand, 25%**
  - Jan-Dec 2007: 306.55
  - Jan-Dec 2008: 458.16
- **Rice, Thailand, 35%**
  - Jan-Dec 2007: 300.31
  - Jan-Dec 2008: N.a.

#### Other Food
- **Bananas EU**
  - Jan-Dec 2007: 1037.00
  - Jan-Dec 2008: 1188.14
- **Bananas US**
  - Jan-Dec 2007: 676.00
  - Jan-Dec 2008: 844.87
- **Fishmeal**
  - Jan-Dec 2007: 1571.00
  - Jan-Dec 2008: 1230.50
- **Meat, beef**
  - Jan-Dec 2007: 280.03
  - Jan-Dec 2008: 318.95
- **Meat, chicken**
  - Jan-Dec 2007: 166.57
  - Jan-Dec 2008: 169.68
- **Meat, sheep**
  - Jan-Dec 2007: 420.12
  - Jan-Dec 2008: 458.54
- **Orange**
  - Jan-Dec 2007: 957.06
  - Jan-Dec 2008: 1107.94
- **Shrimp, Mexico**
  - Jan-Dec 2007: 1501.00
  - Jan-Dec 2008: 1069.94
- **Sugar EU domestic**
  - Jan-Dec 2007: 68.09
  - Jan-Dec 2008: 69.69
- **Sugar US domestic**
  - Jan-Dec 2007: 45.77
  - Jan-Dec 2008: 64.88

#### Raw Materials
- **Timber**
  - Logs, Cameroon
  - Lumber, Cameroon
  - Plywood, Cameroon
  - Sawwood, Cameroon
  - Sawwood, Malaysia
  - Wood pulp

#### Other Raw Materials
- **Cotton A index**
  - Jan-Dec 2007: 189.50
  - Jan-Dec 2008: 174.54
- **Cotton Memphis***
  - Jan-Dec 2007: 145.91
  - Jan-Dec 2008: 181.42
- **Rubber, US**
  - Jan-Dec 2007: 248.10
  - Jan-Dec 2008: 251.48

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*a/ Included in the energy index (2000-10)  b/ Included in the non-energy index (2000-10)  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  mi = metric ton  ton = troy oz  n.a. = not available  n.q. = no quotation

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### COMMODITY PRICE DATA

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**Commodities:**
- Energy
- Non Energy Commodities
- Agriculture
- Beverages
- Food
- Fats and Oils
- Grains
- Other Food
- Raw Materials
- Other Raw Materials
- Fertilizers
- Metals and Minerals

**Indices:**
- Steel products index, Japan (2000=100)
- Steel coil sheet, Japan, Reinstated
- Steel hr coil sheet, Japan, Reinstated
- Steel hr coil sheet, Japan, Reinstated
- Steel hr coil sheet, Japan, Reinstated
- Steel hr coil sheet, Japan, Reinstated
- Steel, rebar, Japan, Reinstated
- Steel wire rod, Japan, Reinstated

**Units:**
- mt = metric ton     toz = troy oz     n.a. = not available    n.q. = no quotation
- $ = US dollar    ¢ = US cent    bbl = barrel    cum = cubic meter    dmtu = Dry Metric Ton Unit    kg = kilogram    mmbtu = million British thermal units

**New World Bank commodity price indices for low and middle income countries (2000=100)**

*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*
Selected Commodity Prices, Nominal US dollars, 2004-2009 cont'd

- Bananas, US ($/mt)
- Cocoa (cents/kg)
- Coconut Oil ($/mt)
- Coffee (cents/kg) - Arabica, Robusta
- Cotton, A Index (cents/kg)
- Maize ($/mt)
- Palm Oil ($/mt)
- Rice, Thai 5% ($/mt)
Selected Commodity Prices, Nominal US dollars, 2004-2009 cont’d

- Rubber, Singapore (cents/kg)
- Soybean Oil ($/mt)
- Soybeans ($/mt)
- Sugar, World (cents/kg)
- Tea, Average (cents/kg)
- Timber, Malaysia ($/cubic meter)
- Urea ($/mt)
- Wheat, US HRW ($/mt)