

# Commodity Markets Review

October 15, 2002

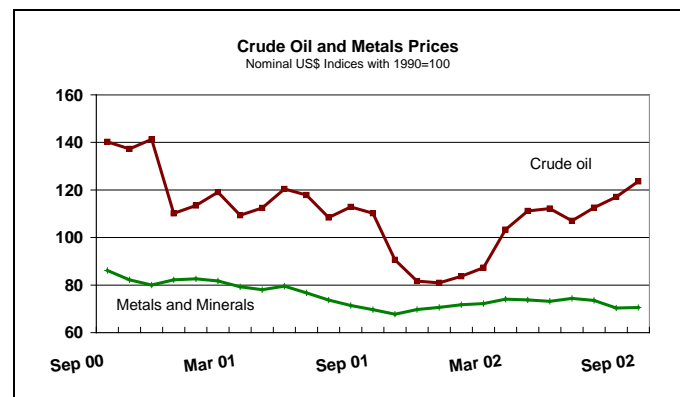
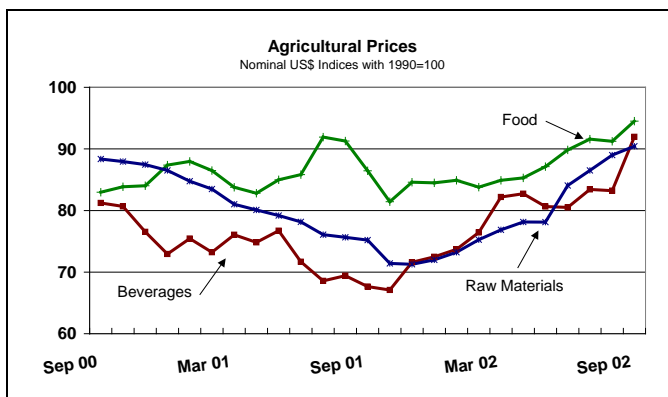
DECPG, The World Bank

**Commodity prices continued to increase in September due mostly to reduced supplies or supply uncertainties, with crude oil prices up 6 percent and non-oil prices up 3.3 percent.** The increase in non-oil prices was led by agricultural prices, while metals and minerals prices, which have not faced significant supply constraints, were marginally higher. Metals and minerals prices are down 6 percent since June due to reduced expectations of demand growth amid uncertainties about the strength of the global economic recovery.

**Agricultural prices rose 4.5 percent in September, to bring the total increase since last October to 24 percent.** Weather conditions, such as the drought in major grain exporting countries and hurricanes in the Caribbean, contributed to higher prices. Cocoa prices rose to 16 year highs as fighting in Cote d'Ivoire spread to the cocoa producing areas. Coffee prices rose sharply, despite large supplies, on the announcement of a voluntary coffee retention scheme by the International Coffee Organization. Other agricultural commodity prices were generally higher, with natural rubber, timber, and tea prices all higher due to reduced supplies. Vegetable oil prices declined, after an extended rally over the past two years, as exports increased.

**Crude oil prices rose nearly 6 percent in September and briefly exceeded \$29/bbl,** as market fundamentals tightened because of OPEC production restraint and a decline in Iraqi exports. OPEC left production quotas unchanged at its September meeting, and crude oil stocks have fallen to relatively low levels in recent weeks. Prices have also been supported by heightened tensions in the Middle East, as President Bush took his case for Iraqi disarmament to the United Nations on September 12<sup>th</sup> and got a resolution from the U.S. Congress approving military force if Iraq fails to comply with U.N. resolutions. Prices are expected to remain high until the Iraqi situation is resolved.

**Metals and minerals prices were marginally higher in September,** but the general sentiment remained bearish because of weak demand and large inventories. Tin prices rose 3 percent on lower supplies and reduced stocks, but most metals and minerals prices were relatively unchanged. Gold prices rose 3 percent to \$319/toz--the sixth consecutive month with prices above \$300—as producer buybacks of hedged positions supported prices, and other factors such as the decline in equity markets, the weak dollar, and the threat of military activity in Iraq also supported prices.



Prepared by a team from the Development Prospects Group of Development Economics (DECPG) under the supervision of Hans Timmer and consisting of Donald Mitchell, Shane Streifel, John Baffes and Betty Dow. Katherine Rollins was the task assistant. This review is available at [www.worldbank.org/prospects](http://www.worldbank.org/prospects).

## Major Movers in September<sup>1</sup>

**Urea** fertilizer prices fell 10.5 percent in September, on increased exports from Baltic suppliers and weaker demand from Brazil and Turkey prior to elections in those countries. Prices had increased 20 percent in the four previous months, and this correction is expected to be followed by further increases.

**Vegetable oil** prices were broadly lower, with coconut oil prices down 7.4 percent, palm kernel oil prices down 6.4 percent, and palm oil prices down 5.9 percent due to increased vegetable oil exports from Indonesia, Malaysia, and Philippines. Vegetable oil prices have nearly doubled during the past two years and are expected to remain firm.

**Cocoa** prices rose 10.3 percent due to the conflict in Côte d'Ivoire, which threatens exports. Côte d'Ivoire is the largest cocoa exporter with about a 50 percent share

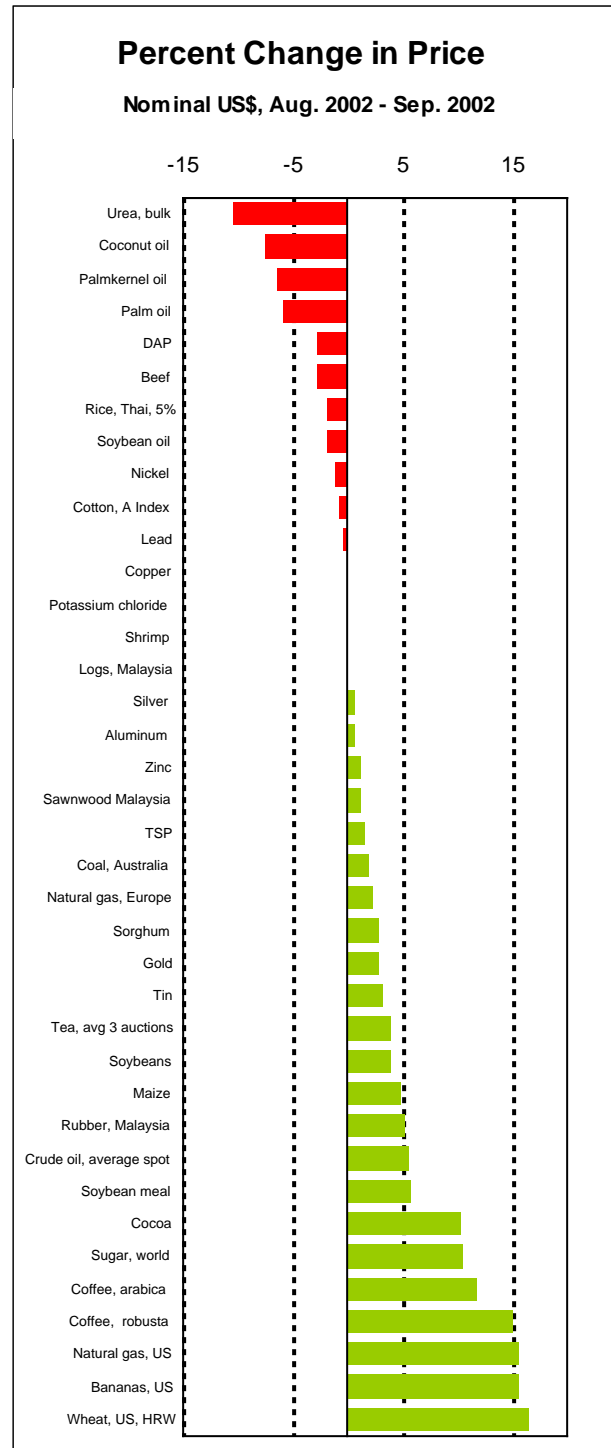
**Sugar** prices rose 10.6 percent due to hurricanes in the Caribbean, and strong import demand from Russia following reduced estimates of production. However, global sugar stocks are large and the largest exporter, Brazil, has a record crop.

**Arabica and robusta coffee** prices rose 11.8 and 15.1 percent, respectively, due to the International Coffee Organization's Resolution 407 which proposes to remove 7 million bags of low quality coffee from exports. Global stocks are extremely large and the voluntary scheme may face substantial challenges. Past efforts to reduce exports have not been very successful.

**Natural gas** prices in the U.S. rose 15.5 percent due to hurricanes in the Gulf of Mexico and strong demand for generating electricity to meet air conditioning needs due to hot weather.

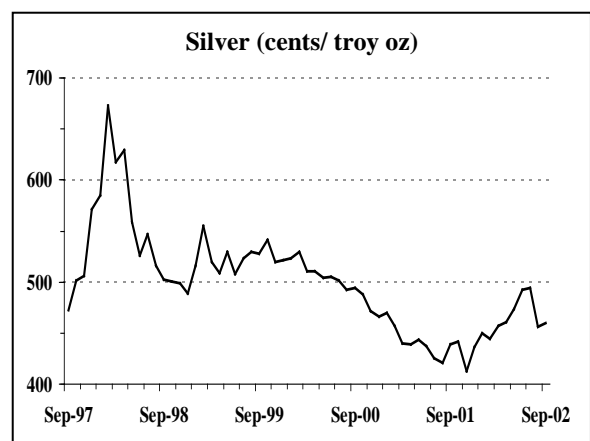
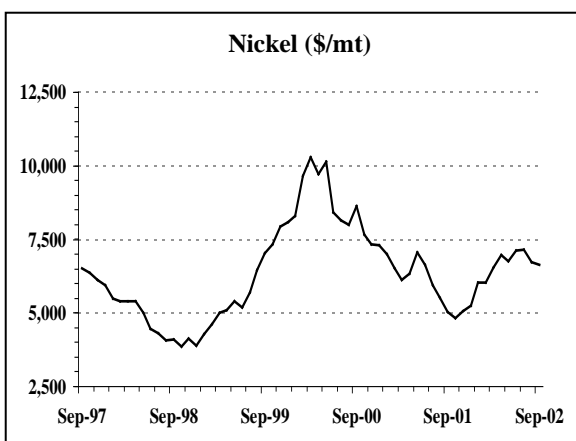
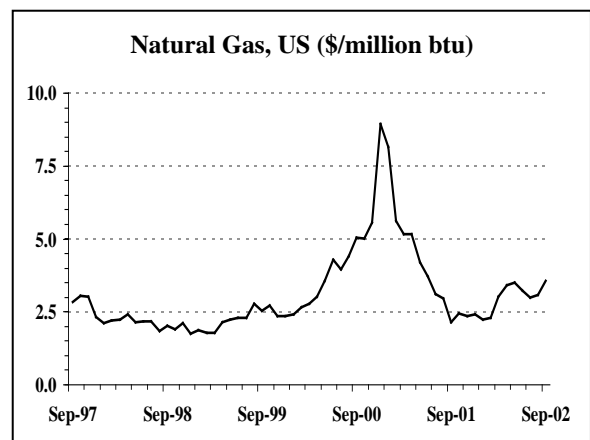
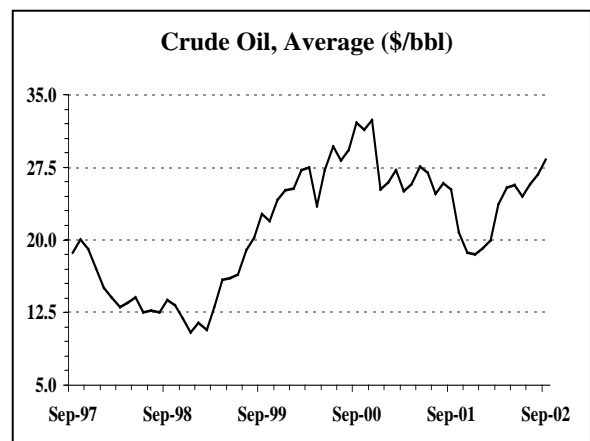
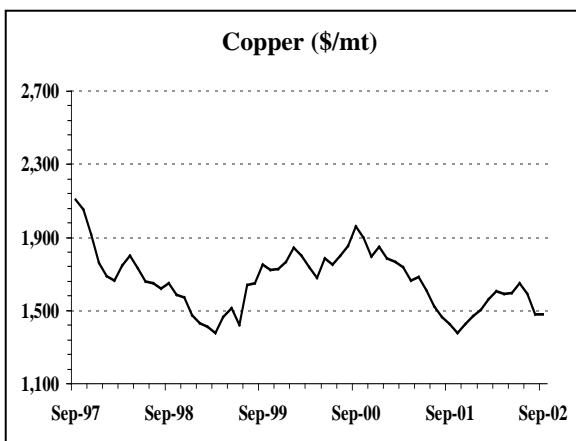
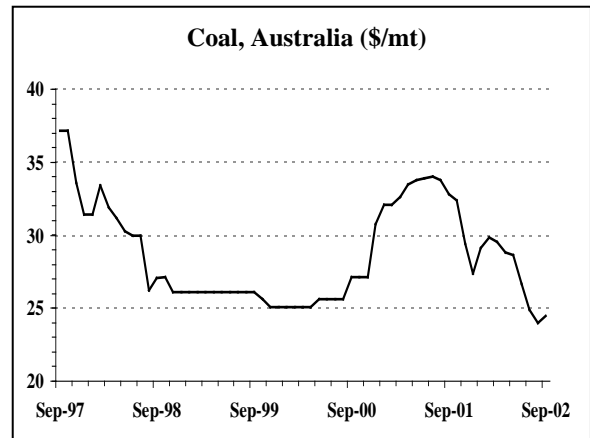
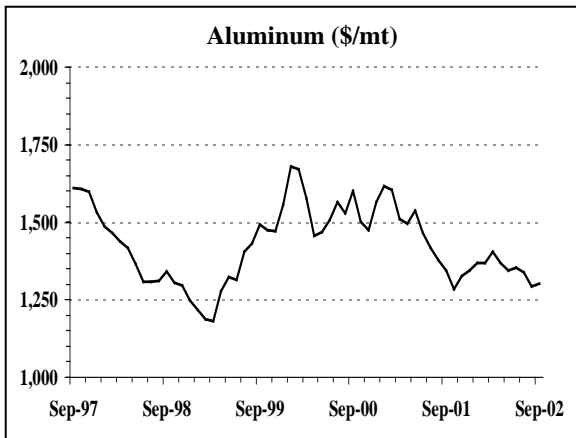
**Banana** prices in the U.S. rose 15.6 percent due the hurricanes in the Gulf of Mexico and Caribbean and the west coast dock strike which halted temporarily imports.

**Wheat** prices rose 16.5 percent due to droughts in Australia, Canada, and the U.S. which have reduced production in those countries by an average of 22 percent compared to the previous year. Stocks are near record lows and further increases are expected.

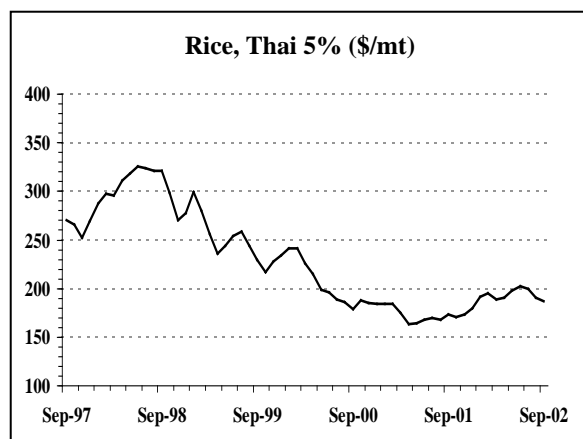
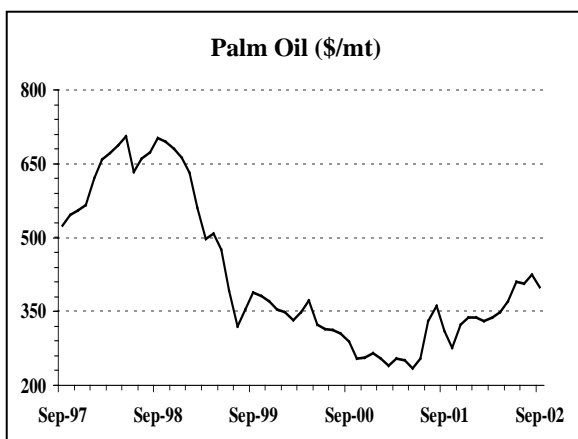
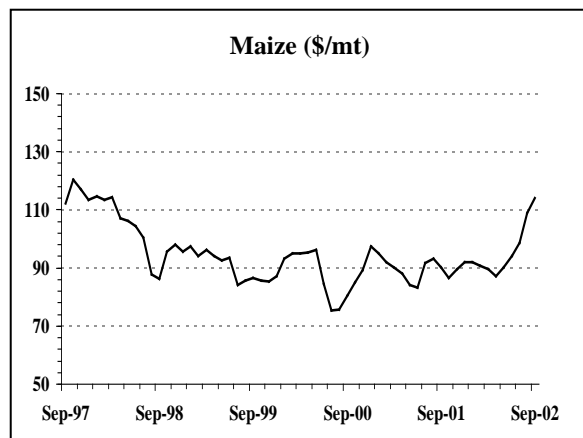
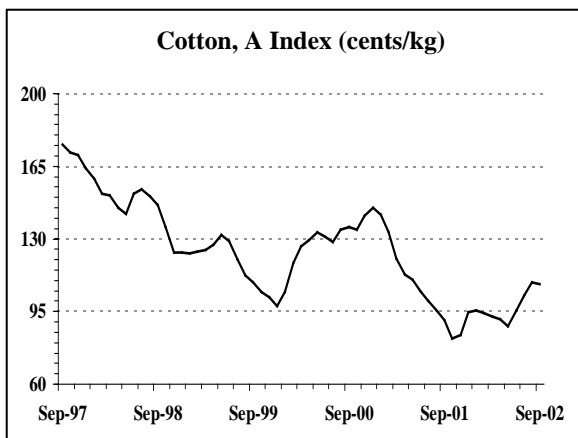
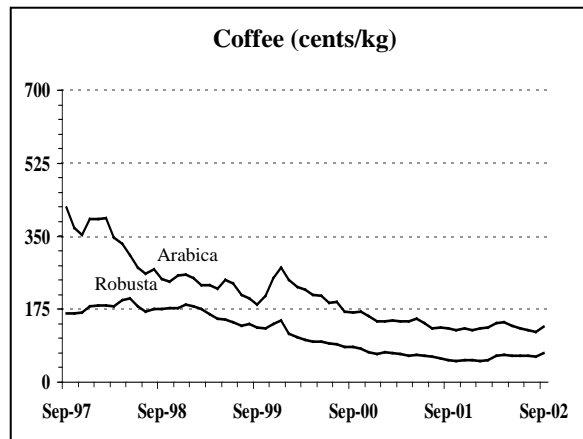
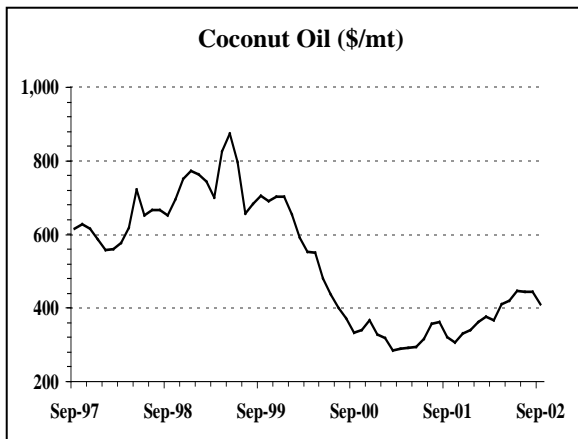
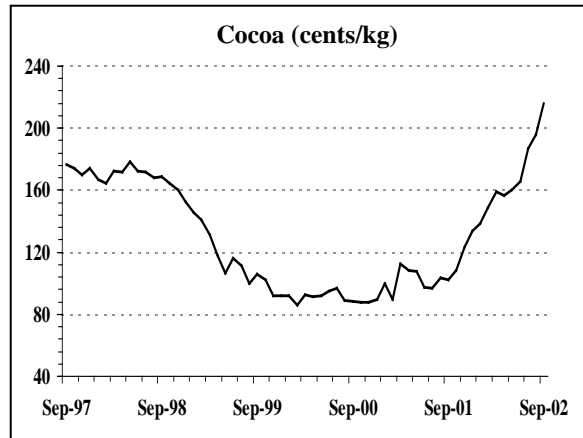
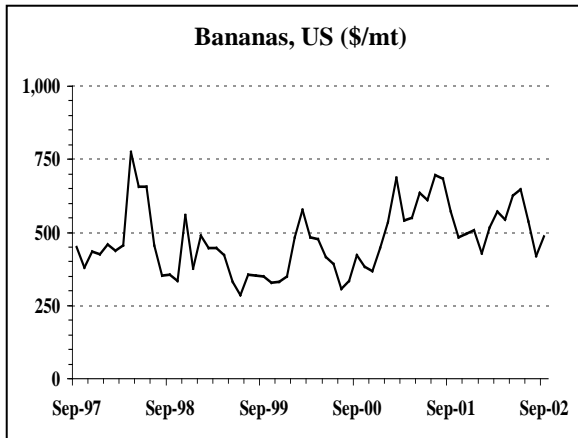


<sup>1</sup> Based on the percent change of average September compared to average August 2002 prices measured in nominal U.S. dollars.

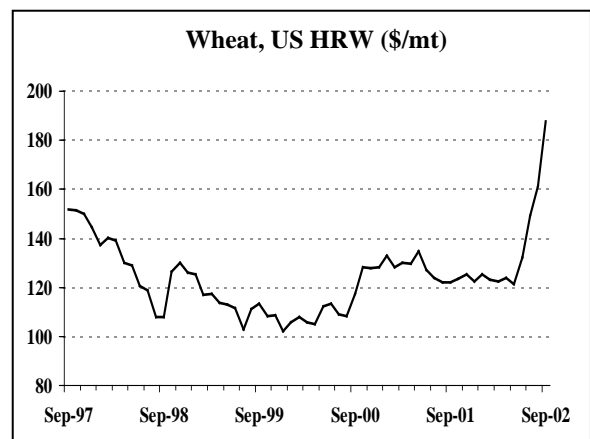
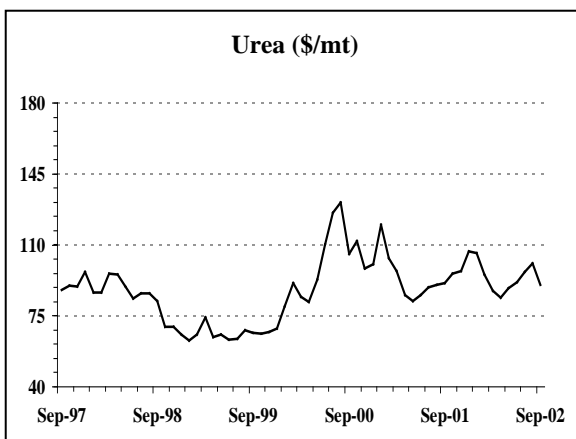
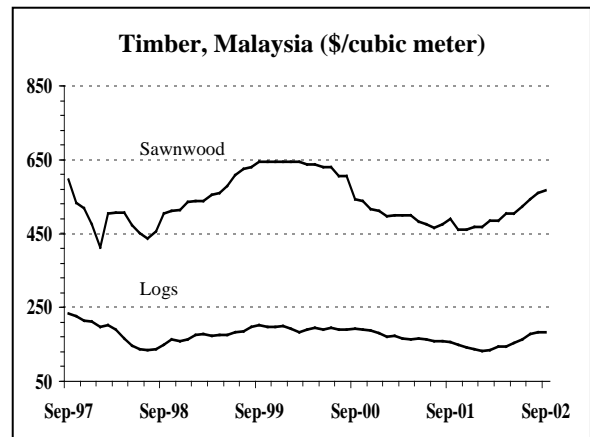
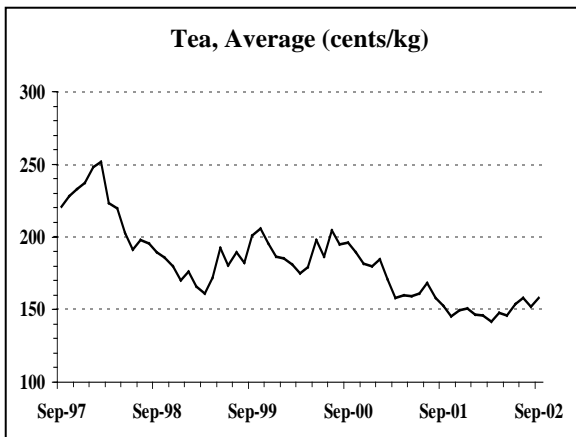
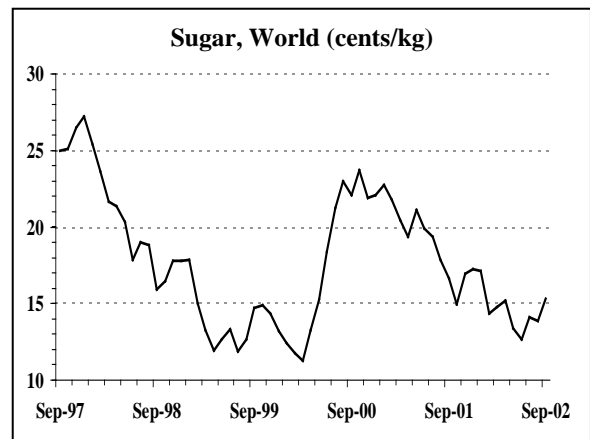
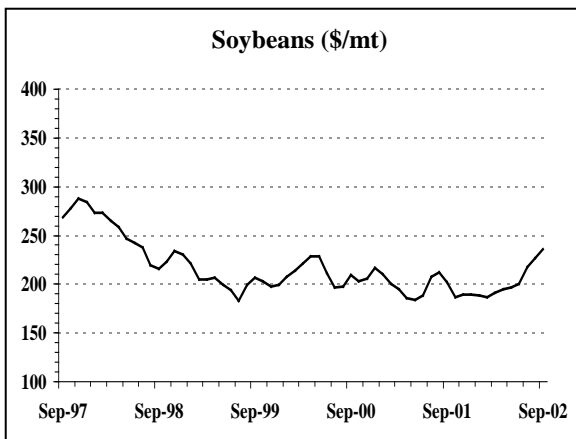
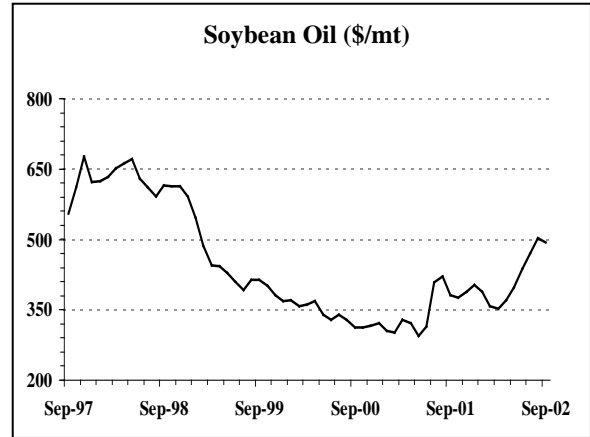
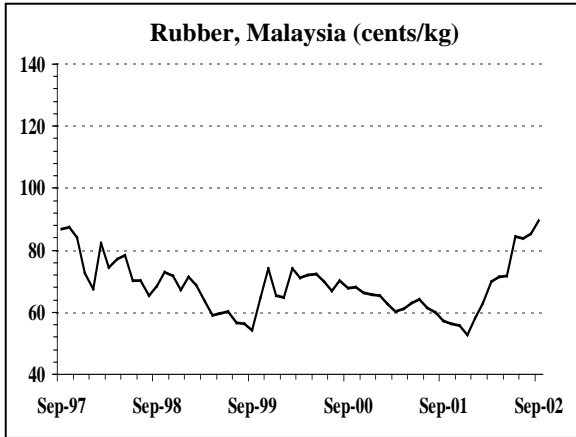
# Selected Commodity Prices, Nominal US dollars, 1997-2002



# Selected Commodity Prices, Nominal US dollars, 1997-2002 cont'd



# Selected Commodity Prices, Nominal US dollars, 1997-2002 cont'd



## COMMODITY PRICE DATA

Commodity	Unit	Annual averages			Quarterly averages				Monthly averages			
		Jan-Dec 2000	Jan-Dec 2001	Jan-Sep 2002	Jul-Sep 2001	Oct-Dec 2001	Jan-Mar 2002	Apr-Jun 2002	Jul-Sep 2002	Jul 2002	Aug 2002	Sep 2002
<b>Energy</b>												
Coal, Australia	\$/mt	26.25	32.31	27.33	33.53	29.72	29.50	28.04	24.45	24.90	24.00	24.45
Coal, US	\$/mt	33.06	44.86	40.02	49.45	46.30	40.31	39.73	n.a.	n.a.	n.a.	n.a.
Crude oil, average spot	a/ \$/bbl	28.23	24.35	24.35	25.28	19.31	20.92	25.20	26.94	25.75	26.78	28.28
Crude oil, Brent	a/ \$/bbl	28.27	24.42	24.38	25.26	19.34	21.16	25.06	26.91	25.77	26.63	28.34
Crude oil, Dubai	a/ \$/bbl	26.08	22.71	23.29	23.90	18.24	20.02	24.28	25.57	24.57	25.32	26.83
Crude oil, West Texas Int.	a/ \$/bbl	30.33	25.92	25.39	26.67	20.36	21.60	26.26	28.32	26.92	28.37	29.67
Natural gas, Europe	\$/mmbtu	3.86	4.06	2.96	3.78	3.46	3.02	2.85	3.01	2.95	3.01	3.08
Natural gas, US	\$/mmbtu	4.31	3.96	3.04	2.73	2.41	2.53	3.38	3.21	2.98	3.09	3.57
<b>Non-Energy Commodities</b>												
<b>Agriculture</b>												
<b>Beverages</b>												
Cocoa	b/ c/kg	90.6	106.9	169.9	100.8	121.8	149.0	161.0	199.7	187.1	195.9	216.1
Coffee, arabica	b/ c/kg	192.0	137.3	132.0	129.7	126.4	133.6	136.2	126.0	124.5	119.6	133.8
Coffee, robusta	b/ c/kg	91.3	60.7	61.5	57.0	52.4	56.1	63.3	65.1	63.1	61.5	70.7
Tea, average 3 auctions	b/ c/kg	187.6	159.8	149.9	159.8	148.6	144.8	149.2	155.8	157.8	151.8	157.8
Tea, Colombo auctions	b/ c/kg	179.3	161.7	156.2	151.2	162.8	168.6	150.0	150.1	139.1	150.1	161.0
Tea, Kolkata auctions	b/ c/kg	180.6	166.1	145.0	181.5	142.6	115.8	153.3	166.0	186.1	155.7	156.1
Tea, Mombasa auctions	b/ c/kg	202.9	151.7	148.6	146.6	140.4	150.1	144.4	151.3	148.0	149.5	156.3
<b>Food</b>												
<b>Fats and Oils</b>												
Coconut oil	b/ \$/mt	450.3	318.1	408.8	347.7	325.3	368.0	425.7	432.7	445.0	443.0	410.0
Copra	\$/mt	304.8	202.1	258.9	222.7	203.0	228.3	265.3	283.0	289.0	290.0	270.0
Groundnut oil	b/ \$/mt	713.7	680.3	656.8	665.7	667.3	667.0	648.0	655.3	635.0	635.0	696.0
Palm oil	b/ \$/mt	310.3	285.7	374.2	334.0	312.7	335.3	377.0	410.3	406.0	425.0	400.0
Palmkernel oil	\$/mt	443.5	308.1	401.9	343.7	310.0	352.0	423.7	430.0	438.0	440.0	412.0
Soybean meal	b/ \$/mt	189.2	181.0	172.8	184.3	179.0	171.7	169.0	177.7	177.0	173.0	183.0
Soybean oil	b/ \$/mt	338.1	354.0	419.1	404.3	389.0	366.7	401.7	489.0	470.0	503.0	494.0
Soybeans	b/ \$/mt	211.8	195.8	204.3	207.3	188.3	188.7	197.3	227.0	218.0	227.0	236.0
<b>Grains</b>												
Maize	b/ \$/mt	88.5	89.6	96.2	91.7	89.3	90.8	90.5	107.3	98.7	108.9	114.1
Rice, Thai, 5%	b/ \$/mt	202.4	172.8	193.7	170.2	174.5	192.0	196.8	192.2	199.6	190.3	186.6
Rice, Thai, 25%	\$/mt	172.8	153.1	175.2	155.5	160.2	172.4	177.0	176.1	181.0	175.0	172.2
Rice, Thai, 35%	\$/mt	167.2	149.1	170.2	151.5	157.0	167.9	170.8	171.8	175.6	171.0	168.8
Rice, Thai, A1. Special	\$/mt	143.5	134.1	148.0	142.1	138.5	145.8	148.5	149.8	152.4	148.3	148.8
Sorghum	b/ \$/mt	88.0	95.2	97.7	94.7	95.2	93.3	89.2	110.5	100.8	113.8	117.0
Wheat, Canada	\$/mt	147.1	151.5	160.4	148.0	148.5	147.4	143.7	190.1	166.0	181.5	222.9
Wheat, US, HRW	b/ \$/mt	114.1	126.8	138.5	122.6	123.7	123.7	125.7	166.1	149.3	161.3	187.8
Wheat, US, SRW	\$/mt	98.9	107.7	121.8	107.2	116.5	117.2	113.1	135.1	123.5	130.1	151.8
<b>Other Food</b>												
Bananas, EU	\$/mt	712.4	777.2	780.9	686.0	677.8	844.9	790.7	707.0	650.7	791.5	679.0
Bananas, US	b/ \$/mt	424.0	583.3	530.8	650.9	495.4	505.7	605.8	480.9	536.8	420.3	485.7
Beef	b/ c/kg	193.2	212.9	218.8	226.1	226.7	230.0	216.1	210.2	214.3	211.1	205.2
Fishmeal	\$/mt	413.0	486.7	609.3	499.0	541.7	589.3	621.7	617.0	619.0	617.0	615.0
Lamb	c/kg	261.9	291.2	323.3	283.9	303.7	311.1	319.2	339.7	339.0	336.6	343.5
Oranges	b/ \$/mt	363.2	595.5	580.4	775.0	438.5	518.8	604.6	617.8	617.2	611.1	625.0
Shrimp	c/kg	1,513	1,517	1,046	1,559	1,230	1,162	983	992	992	992	992
Sugar, EU, domestic	b/ c/kg	55.52	52.86	54.06	52.57	52.77	52.14	53.44	56.61	56.80	56.17	56.86
Sugar, US, domestic	b/ c/kg	42.76	47.04	45.31	46.78	46.97	45.78	43.74	46.41	45.70	46.10	47.44
Sugar, world	b/ c/kg	18.04	19.04	14.54	17.96	16.40	15.42	13.76	14.43	14.09	13.87	15.34
<b>Raw Materials</b>												
<b>Timber</b>												
Logs, Cameroon	\$/cum	275.4	266.1	n.a.	264.7	266.2	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Logs, Malaysia	b/ \$/cum	190.0	159.1	157.3	158.2	143.4	137.2	153.6	180.9	178.8	181.9	182.0
Plywood	c/sheet	448.2	409.8	396.9	402.6	397.0	369.9	389.9	430.7	432.0	432.8	427.5
Sawnwood, Cameroon	\$/cum	489.1	471.9	477.4	475.2	459.6	447.1	473.5	511.4	515.9	508.4	509.9
Sawnwood, Malaysia	b/ \$/cum	594.7	481.4	515.5	476.7	463.9	480.2	510.5	555.9	542.0	559.4	566.4
Woodpulp	\$/mt	664.3	517.3	454.0	432.9	444.0	431.4	443.3	487.3	495.0	483.4	483.4
<b>Other Raw Materials</b>												
Cotton, "A Index"	b/ c/kg	130.2	105.8	97.5	95.6	86.8	94.2	91.6	106.5	102.7	108.9	108.1
Cotton, Memphis	c/kg	146.2	116.6	102.1	108.5	93.6	98.5	98.2	110.0	110.0	110.5	107.9
Jute	\$/mt	277.4	329.4	292.5	347.0	335.0	350.0	n.a.	235.0	240.0	240.0	225.0
Rubber, Malaysia	b/ c/kg	69.1	60.0	75.3	59.5	54.9	63.6	75.9	86.3	83.8	85.3	89.7
Rubber, US	c/kg	83.2	74.7	87.6	75.2	68.7	75.9	85.9	101.0	97.6	99.7	105.6
Rubber, Singapore	c/kg	66.7	57.5	74.1	59.0	51.3	62.1	74.0	86.1	83.1	86.3	88.9
Sisal	\$/mt	631.8	699.2	662.8	676.6	663.3	670.0	668.3	650.0	650.0	650.0	650.0
Wool	c/kg	437.0	418.7	447.1	407.0	387.3	455.7	447.3	438.3	430.0	432.0	453.0

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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

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Commodity	Unit	Annual averages			Quarterly averages					Monthly averages		
		Jan-Dec 2000	Jan-Dec 2001	Jan-Sep 2002	Jul-Sep 2001	Oct-Dec 2001	Jan-Mar 2002	Apr-Jun 2002	Jul-Sep 2002	Jul 2002	Aug 2002	Sep 2002
<b>Fertilizers</b>												
DAP	\$/mt	154.2	147.7	159.3	139.1	145.8	155.0	155.8	167.3	168.5	169.0	164.3
Phosphate rock	b/ \$/mt	43.8	41.8	41.0	41.0	41.0	41.0	41.0	41.0	41.0	41.0	41.0
Potassium chloride	\$/mt	122.5	118.1	113.6	117.5	115.8	115.3	112.9	112.5	112.5	112.5	112.5
TSP	b/ \$/mt	137.7	126.9	133.4	124.4	128.5	135.7	132.3	132.1	127.4	133.3	135.5
Urea, Black Sea, bagged	\$/mt	112.1	105.3	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Urea, Ukrain, bulk	\$/mt	101.1	95.3	93.5	90.3	99.9	96.4	88.2	95.8	96.6	100.7	90.1
<b>Metals and Minerals</b>												
Aluminum	b/ \$/mt	1,549	1,444	1,349	1,379	1,318	1,381	1,356	1,310	1,338	1,292	1,301
Copper	b/ \$/mt	1,813	1,578	1,561	1,472	1,426	1,557	1,611	1,516	1,589	1,480	1,479
Gold	\$/toz	279.0	271.0	305.8	274.5	278.4	290.4	312.8	314.2	313.3	310.3	319.1
Iron ore	c/dmtu	28.79	30.03	29.31	30.03	30.03	29.31	29.31	29.31	29.31	29.31	29.31
Lead	b/ c/kg	45.4	47.6	45.9	47.0	47.9	49.1	45.5	43.0	44.6	42.3	42.1
Nickel	b/ \$/mt	8,638	5,945	6,661	5,495	5,056	6,203	6,946	6,833	7,143	6,717	6,640
Silver	c/toz	499.9	438.6	465.4	428.5	430.3	450.7	475.4	470.1	494.6	456.2	459.4
Steel products (8) index	c/ 1990=100	76.4	66.8	66.5	65.2	63.7	63.7	66.0	69.7	66.5	71.4	71.4
Steel, cold rolled coilsheet	\$/mt	385.8	299.2	311.1	295.0	280.0	280.0	300.0	353.3	300.0	380.0	380.0
Steel, hot rolled coilsheet	\$/mt	295.8	216.5	235.6	210.8	200.0	200.0	236.7	270.0	250.0	280.0	280.0
Steel, rebar	\$/mt	244.2	221.5	202.2	210.0	200.0	200.0	200.0	206.7	200.0	210.0	210.0
Steel, wire rod	\$/mt	291.7	302.3	300.0	300.0	300.0	300.0	300.0	300.0	300.0	300.0	300.0
Tin	b/ c/kg	543.6	448.4	400.2	398.0	393.7	381.2	415.3	404.1	433.1	383.4	395.7
Zinc	b/ c/kg	112.8	88.6	78.1	82.6	76.3	79.5	78.2	76.6	79.5	74.8	75.6
<b>World Bank commodity price indexes for low and middle income countries( 1990 =100 )</b>												
Petroleum		123.4	106.4	106.4	110.5	84.4	91.5	110.1	117.7	112.6	117.1	123.6
Non-Energy Commodities		86.9	79.0	81.5	78.1	75.0	78.3	81.2	84.9	84.2	83.8	86.6
Agriculture		87.7	79.8	84.3	80.0	76.4	79.7	83.5	89.7	87.9	88.5	92.5
Beverages		88.4	72.1	81.6	68.6	70.4	77.4	81.3	86.2	83.4	83.2	92.0
Food		84.5	86.0	88.1	89.9	83.5	84.5	87.4	92.4	91.6	91.2	94.5
Fats and Oils		96.2	89.0	97.9	95.9	90.9	91.6	96.7	105.2	103.9	105.9	106.0
Grains		79.5	78.2	85.5	77.3	77.7	80.7	81.6	94.1	89.4	93.4	99.7
Other Food		77.7	87.9	81.7	92.0	80.7	80.9	83.1	81.0	82.8	78.1	82.2
Raw Materials		91.4	77.4	81.3	75.7	71.6	75.1	80.1	88.7	86.5	89.0	90.4
Timber		111.0	90.2	95.7	89.4	86.2	88.4	94.6	104.0	101.6	104.7	105.8
Other Raw Materials		78.0	68.6	71.5	66.3	61.6	66.0	70.2	78.2	76.2	78.3	79.9
Fertilizers		105.8	98.8	101.2	96.9	98.8	102.3	100.7	100.6	98.3	101.2	102.2
Metals and Minerals		83.0	75.1	72.7	71.6	69.4	72.7	73.8	71.5	73.6	70.4	70.6

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