

Commodity Markets Review

April 14, 2005

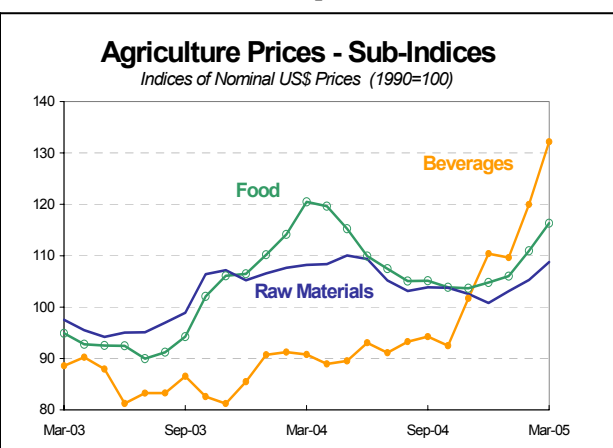
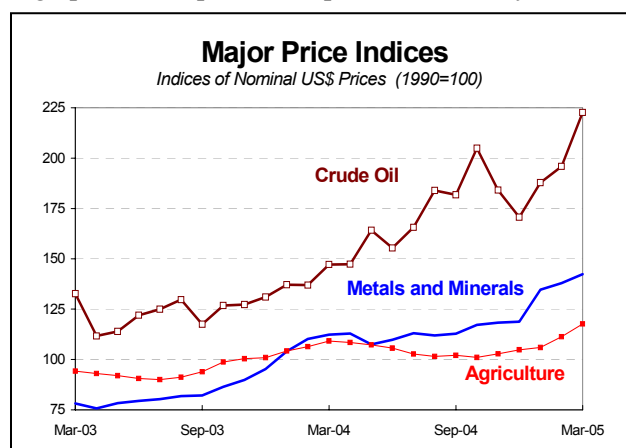
DECPG, The World Bank

Non-oil commodity prices rose 4.8 percent in March, the seventh consecutive monthly rise, and were up 14.2 percent in the first quarter. Most commodity prices were up in March, including all metals prices on extremely low levels of stocks and expectations of strong demand. However, the largest gains were in beverages and fats and oils prices, due to weather and other production problems in the main supply regions.

Crude oil prices surged 13.7 percent in March to \$50.9/bbl, on fears of supply constraints in refining and light crude production, and OPEC's desire for higher prices. For the first quarter, prices were up 30.9 percent. Investment funds increased their net long futures positions significantly in March, partly driven by abandonment of OPEC's price band in January. OPEC stated at its meeting March 16 that it will not consider a new band until the market settles and it receives a report from its long-term committee. OPEC also agreed to raise quotas 0.5 mb/d, but this merely formalizes current production. They also agreed to consider a second increase of 0.5 mb/d should conditions warrant. The organization, led by Saudi Arabia, said it wants commercial oil inventories to rise in the second quarter—a reversal of its policy the last several years—to both lower current high prices and prevent a spike later in the year.

Agricultural prices surged 5.8 percent in March, the largest gain in more than ten years, led by sharp increases for coffee and most fats and oils. Robusta coffee prices soared 19.8 percent on worries of lower production in Vietnam due to drought, and arabica coffee prices climbed 11.5 percent on supply concerns from unfavorable weather and under-investment in Brazil. Fats and oils prices jumped 10.5 percent led by large gains in the soybean complex mainly due to drought in Brazil. Weather and other supply problems raised prices for most of the tropical oils. The only large price decline was for bananas, down 11.0 percent, on favorable supplies.

Metals and minerals prices rose 3.2 percent in March, up seven straight months, with gains of some 3-5 percent in all metals. LME stocks declined for most metals, and nearly all markets are in deficit—the most severe being nickel and lead. The only exception was tin which appears to have moved into a small surplus as stocks rose. Nickel prices rose 5.5 percent on extremely low stocks and strong import demand in China, where producers are switching back to nickel to produce stainless steel. Aluminum prices gained 5.2 percent on an increasingly tight market for it and alumina, falling stocks, and concerns that the Chinese government will curtail power-intensive aluminum exports.



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

Major Movers in March¹

Robusta coffee prices soared 19.8 percent on expectations that drought in Vietnam the next two months could lower production next season. Vietnam accounts for nearly half of world's robusta exports. **Arabica** coffee prices rose 11.5 percent as production in Brazil, the world's top producer and exporter, may suffer from unfavorable weather and a lack of investment over the last four years when prices were weak.

Urea prices surged 17.2 percent due to high prices for natural gas used in production. Agricultural crops may face a setback this season due to a fertilizer shortage.

Crude oil prices climbed 13.7 percent on fears of supply constraints in the face of strong demand, despite a comfortable balance presently.

Soybeans, soymeal and soyoil prices rallied 11.4 percent, 13.0 percent, and 9.9 percent, respectively, due to drought in Brazil and concerns about rust fungus in Argentina.

Palmkernel oil prices jumped by 10.8 percent on tight supplies, increased demand from China's oleochemical industry, and reduced availability of coconut oil.

Coconut oil prices rose 9.9 percent on concerns of a copra shortfall due to tsunami damage to trees and soils in Sri Lanka, India, and Indonesia.

Palm oil prices gained 7.9 percent following news that Malaysian palm oil output declined 12 percent in February.

Cotton prices increased 7.6 percent to \$1.24/kg, the highest level since July 2004, on increased hedge fund buying activity—although the market is still over-supplied.

Cocoa prices gained 7.4 percent following clashes between farmers and pro-government militias in Cote d'Ivoire, which paralyzed cocoa trade from the world's dominant cocoa supplier.

Maize prices rose 6.1 percent due to larger imports from Brazil, and expectations of smaller global production next year due to higher fuel and fertilizer prices.

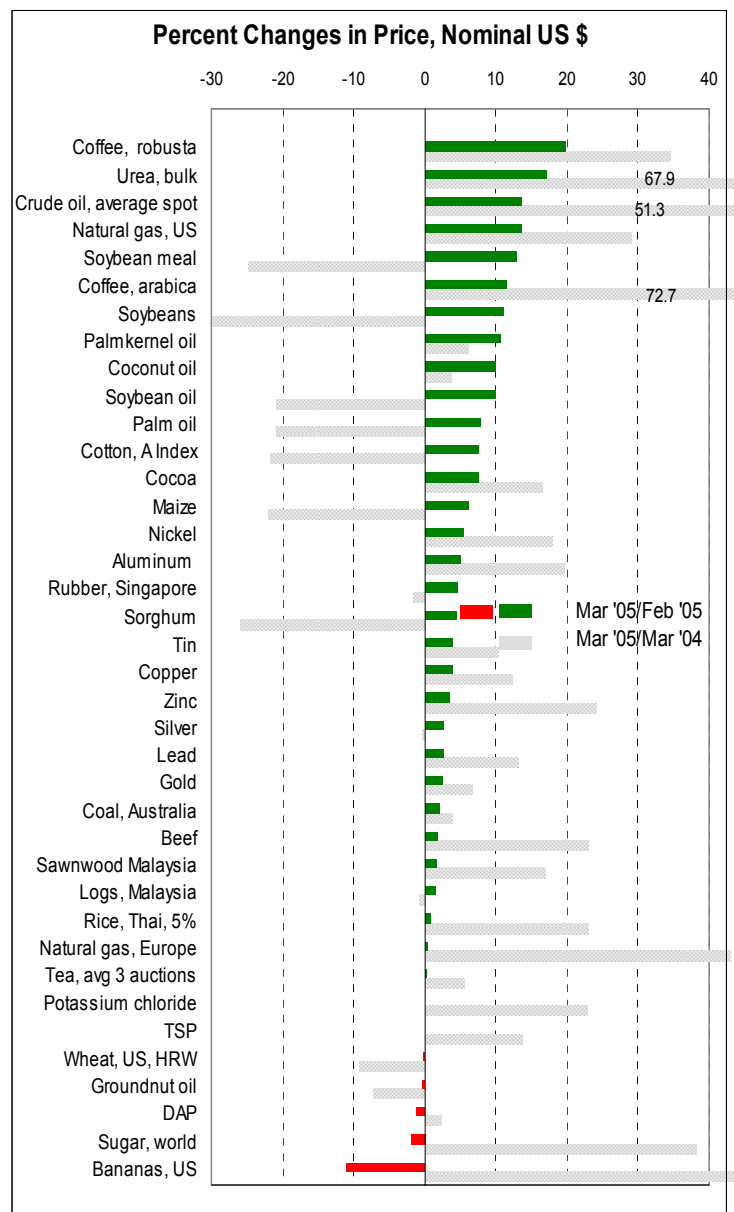
Nickel prices rose 5.5 percent due to very low

stocks and strong import demand in China, as producers reversed last year's substitution away from nickel for production of stainless steel.

Aluminum prices increased 5.2 percent on declining stocks and a tight alumina market that is constraining production.

Rubber prices rose 4.7 percent on increased demand, tight supplies in Thailand and rising prices for its competitor, synthetic rubber, the latter due to higher oil prices.

Bananas prices in the U.S. fell 11 percent on ample crops harvested in Ecuador, following a temporary lull during the February Carnival festivities.



¹ Percent change of average March 2005 prices compared to average February 2005 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 2003	Jan-Dec 2004	Jan-Mar 2005	Jan-Mar 2004	Apr-Jun 2004	Jul-Sep 2004	Oct-Dec 2004	Jan-Mar 2005	Jan 2005	Feb 2005	Mar 2005
Energy												
Coal, Australia	\$/mt	27.84	54.70	53.04	44.56	58.16	60.42	55.65	53.04	54.79	51.65	52.67
Coal, US	\$/mt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Crude oil, avg, spot	a/ \$/bbl	28.90	37.73	46.24	32.12	35.60	40.52	42.68	46.24	42.97	44.82	50.94
Crude oil, Brent	a/ \$/bbl	28.85	38.30	47.64	31.95	35.49	41.59	44.17	47.64	44.28	45.56	53.08
Crude oil, Dubai	a/ \$/bbl	26.74	33.46	41.44	29.18	32.98	36.09	35.57	41.44	37.81	40.94	45.58
Crude oil, West Texas Int.	a/ \$/bbl	31.11	41.44	49.65	35.23	38.34	43.89	48.31	49.65	46.82	47.96	54.17
Natural gas, Europe	\$/mmbtu	3.91	4.28	5.49	3.87	3.96	4.34	4.93	5.49	5.46	5.49	5.52
Natural gas, US	\$/mmbtu	5.49	5.89	6.42	5.62	6.11	5.49	6.36	6.42	6.15	6.14	6.97
Non Energy Commodities												
Agriculture												
Beverages												
Cocoa	b/ c/kg	175.1	155.0	164.7	156.7	142.1	161.2	159.9	164.7	155.2	163.4	175.5
Coffee, Arabica	b/ c/kg	141.5	177.4	266.6	166.8	172.4	168.3	202.1	266.6	236.3	266.5	297.1
Coffee, robusta	b/ c/kg	81.5	79.3	93.8	83.5	82.9	76.6	74.3	93.8	81.5	90.9	108.9
Tea, auctions (3), average	c/kg	151.7	168.6	160.1	153.9	167.2	176.4	176.7	160.1	161.7	159.1	159.6
Tea, Colombo auctions	b/ c/kg	154.1	178.1	193.5	167.5	165.7	177.9	201.4	193.5	195.3	191.1	194.0
Tea, Kokata auctions	b/ c/kg	146.5	172.2	137.7	132.1	183.6	193.2	179.8	137.7	138.9	138.0	136.1
Tea, Mombasa auctions	b/ c/kg	154.4	155.4	149.3	162.3	152.3	158.1	149.1	149.3	150.8	148.3	148.8
Food												
Fats and Oils												
Coconut oil	b/ \$/mt	467.3	660.8	667.3	637.0	703.3	651.0	651.7	667.3	646.0	646.0	710.0
Copra	\$/mt	299.9	450.0	447.8	417.7	489.7	444.3	448.3	447.8	429.5	440.0	474.0
Groundnut oil	b/ \$/mt	1,243.2	1161.0	1152.4	1197.3	1198.7	1117.7	1130.3	1152.4	1162.3	1149.0	1146.0
Palm oil	b/ \$/mt	443.3	471.3	413.3	527.0	497.0	432.3	429.0	413.3	402.0	403.0	435.0
Palmkernel oil	b/ \$/mt	458.8	648.1	662.3	619.0	691.3	629.0	653.0	662.3	636.0	641.0	710.0
Soybean meal	b/ \$/mt	210.9	241.2	213.5	287.7	276.7	204.3	196.0	213.5	207.0	203.5	230.0
Soybean oil	b/ \$/mt	553.9	616.0	521.3	679.3	628.0	597.3	559.3	521.3	521.0	497.0	546.0
Soybeans	b/ \$/mt	264.0	306.5	270.8	377.0	323.0	268.0	258.0	270.8	261.5	261.0	290.0
Grains												
Maize	b/ \$/mt	105.4	111.8	96.8	122.3	128.3	102.3	94.3	96.8	96.3	94.1	99.9
Rice, Thai, 5%	b/ \$/mt	197.6	237.7	289.9	221.3	233.9	235.0	260.5	289.9	287.0	290.0	292.8
Rice, Thai, 25%	\$/mt	181.7	225.4	270.5	207.9	223.7	224.6	245.6	270.5	268.6	270.5	272.5
Rice, Thai, 35%	\$/mt	178.1	222.3	267.6	204.4	221.1	221.9	241.9	267.6	265.4	268.0	269.5
Rice, Thai, A1.Special	\$/mt	151.5	205.1	229.3	186.7	213.4	209.6	210.9	229.3	226.2	231.8	230.0
Sorghum	b/ \$/mt	106.5	109.8	92.9	126.0	121.0	99.8	92.3	92.9	90.0	92.3	96.4
Wheat, Canada	\$/mt	177.4	186.5	200.8	189.6	185.9	174.4	196.1	200.8	204.2	202.6	195.6
Wheat, US, HRW	b/ \$/mt	146.1	156.9	151.9	164.7	161.7	147.6	153.5	151.9	153.6	152.1	151.0
Wheat US SRW	\$/mt	138.6	144.4	145.4	156.6	147.6	133.0	140.6	145.4	142.5	141.6	152.2
Other Food												
Bananas EU (SOPISCO)	\$/mt	790.4	892.0	1284.5	991.1	883.0	705.5	988.3	1284.5	1153.4	1,310.5	1,389.5
Bananas US (UPEB & SOPIS)	b/ \$/mt	374.8	524.6	757.3	477.1	563.0	563.3	494.9	757.3	589.1	890.5	792.3
Beef	b/ c/kg	198.0	251.3	258.8	223.9	245.0	275.1	261.1	258.8	254.1	258.8	263.7
Fish.meal.Hamburg	\$/mt	610.7	648.6	640.6	676.7	646.7	629.0	642.0	640.6	628.0	640.8	653.0
Lamb	c/kg	388.5	459.9	478.1	458.6	453.8	454.4	472.7	478.1	476.2	478.5	479.7
Oranges	b/ \$/mt	680.8	857.5	837.3	828.0	884.2	943.7	774.2	837.3	640.1	742.4	1,129.4
Shrimp, Mexican	b/ c/kg	1,144	1,108	n.a.	1,085	1,119	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Sugar EU domestic	b/ c/kg	59.72	66.97	69.12	67.22	66.05	66.47	68.13	69.12	68.67	69.02	69.68
Sugar US domestic	b/ c/kg	47.37	45.47	45.26	45.74	45.44	44.86	45.84	45.26	45.47	44.89	45.42
Sugar, world	b/ c/kg	15.63	15.80	19.65	13.31	14.59	17.03	18.27	19.65	19.22	20.06	19.67
Raw Materials												
Timber												
Logs, Cameroon	\$/cum	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Logs, Malaysia	\$/cum	187.2	197.3	192.0	197.8	195.0	199.5	196.8	192.0	191.4	191.0	193.7
Plywood	c/sheets	431.9	464.8	515.2	466.3	456.0	454.9	482.0	515.2	513.3	514.9	517.5
Sawnwood, Cameroon	\$/cum	551.6	586.4	602.9	575.5	553.9	594.7	621.5	602.9	603.4	598.6	606.7
Sawnwood, Malaysia	\$/cum	551.0	581.3	639.9	547.8	576.9	594.4	606.1	639.9	636.4	636.4	646.9
Woodpulp	\$/mt	525.7	640.8	672.6	607.5	660.1	658.1	637.5	672.6	661.8	678.0	678.0
Other Raw Materials												
Cotton A Index	b/ c/kg	139.9	136.6	117.6	163.0	149.8	123.1	110.4	117.6	113.0	115.6	124.3
Cotton Memphis	c/kg	156.6	137.5	124.67	165.4	154.1	119.4	116.3	124.7	122.9	119.2	131.9
Jute	\$/mt	242.2	280.6	n.a.	252.5	290.0	290.0	290	n.a.	n.a.	n.a.	n.a.
Rubber, RSS1, Malaysia	c/kg	105.6	n.q.	n.q.	n.q.	n.q.	n.q.	n.q.	n.q.	n.q.	n.q.	n.q.
Rubber, NY	c/kg	122.5	148.3	144.9	146.0	153.3	147.5	146.5	144.9	141.5	146.0	147.3
Rubber, Singapore	b/ c/kg	108.3	130.4	126.5	130.5	138.0	127.8	125.4	126.5	119.6	127.1	133.0
Sisal	\$/mt	697.9	862.1	885.0	793.3	885.0	885.0	885.0	885.0	885.0	885.0	885.0
Wool 64's UK	c/kg	538.8	541.0	583.9	555.7	516.7	534.0	557.4	583.9	575.5	581.5	594.6

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

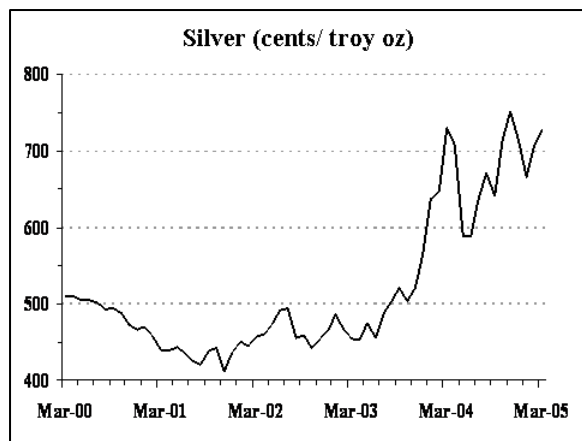
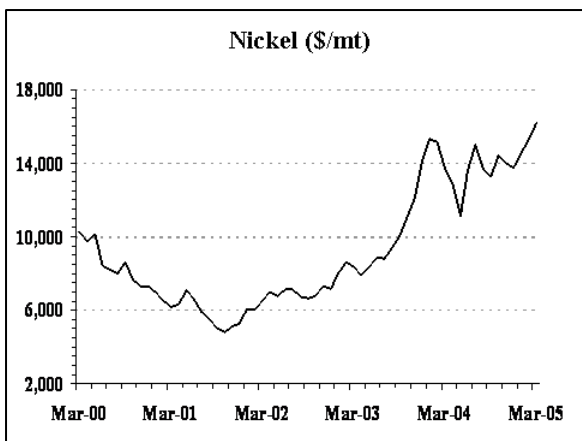
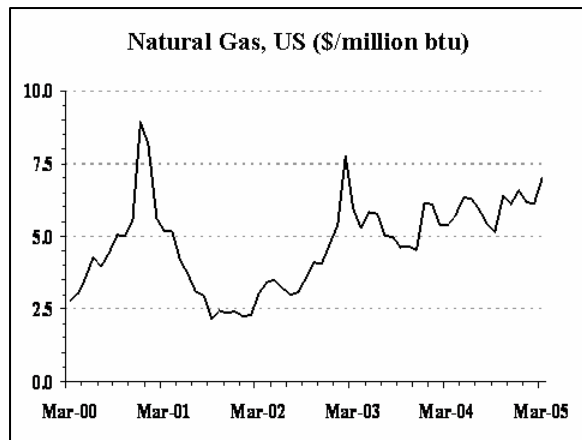
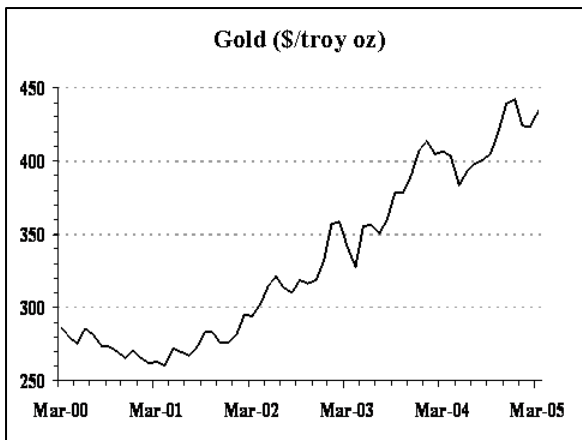
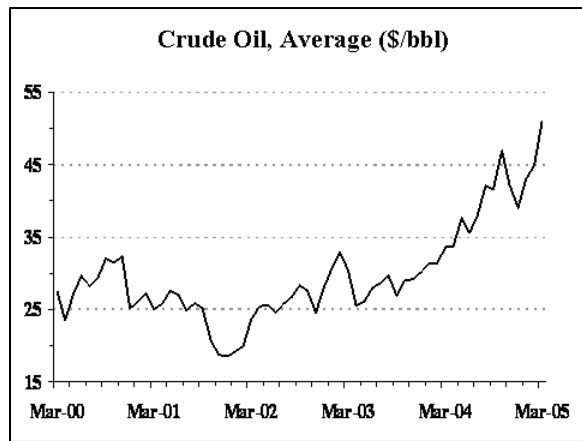
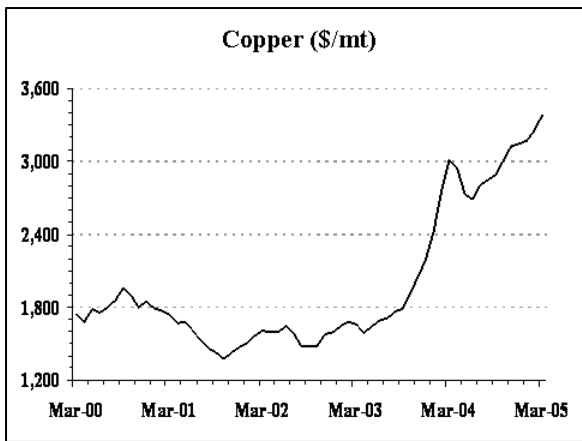
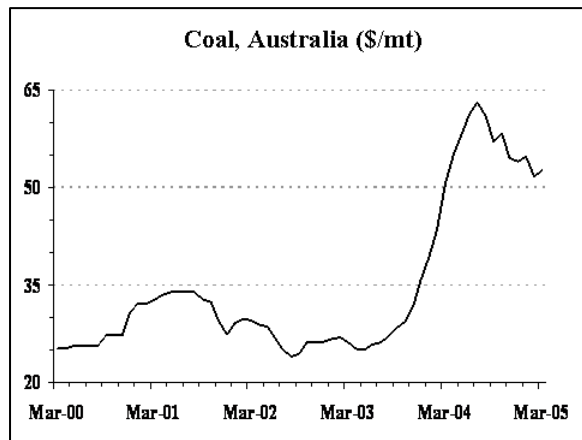
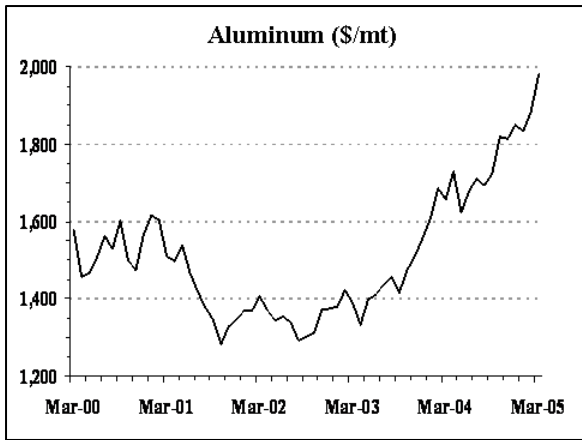
COMMODITY PRICE DATA

		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
		2003	2004	2005	2004	2004	2004	2004	2005	2005	2005	2005
Fertilizers												
DAP	\$/mt	179.4	221.2	226.5	217.9	209.6	222.8	234.6	226.5	228.4	227.0	224.3
Phosphate rock	b/ \$/mt	38.0	41.0	42.0	38.8	41.2	42.0	42.0	42.0	42.0	42.0	42.0
Pottasium chloride	\$/mt	113.3	124.6	147.5	120.0	120.0	120.0	138.2	147.5	147.5	147.5	147.5
TSP	\$/mt	149.3	186.3	202.0	175.4	177.5	193.8	198.5	202.0	202.0	202.0	202.0
Urea, E. Europe, bagged	\$/mt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Urea, E. Europe, bulk	\$/mt	138.9	175.3	197.0	137.1	142.8	210.4	210.9	197.0	189.5	184.9	216.8
Metals and Minerals												
Aluminum	b/ \$/mt	1,431	1,716	1,899	1,649	1,677	1,708	1,828	1,899	1,834	1,883	1,980
Copper	b/ \$/mt	1,779	2,866	3,268	2,731	2,790	2,850	3,093	3,268	3,170	3,254	3,379
Gold	\$/toz	363.5	409.2	427.1	408.4	393.1	401.3	434.0	427.1	424.0	423.4	433.9
Iron ore CVRD So & No	b/ c/dmtu	31.95	37.90	65.00	37.90	37.90	37.90	37.90	65.00	65.00	65.00	65.00
Lead	b/ c/kg	51.5	88.7	97.8	84.4	81.1	93.2	95.9	97.8	95.3	97.8	100.4
Nickel	b/ \$/mt	9,629	13,823	15,348	14,729	12,500	13,991	14,073	15,348	14,505	15,350	16,191
Silver	c/toz	491.1	669.1	699.9	671.4	628.3	650.2	726.2	699.9	665.6	707.3	726.8
Steel products (8) index	a/ 1990=100	78.8	121.5	132.7	100.2	128.6	128.7	128.5	132.7	128.6	132.7	136.9
Steel cr coilsheet	\$/mt	444.6	607.1	683.3	520.0	608.3	650.0	650.0	683.3	650.0	687.5	712.5
Steel hr coilsheet	\$/mt	320.2	502.5	583.3	401.7	508.3	550.0	550.0	583.3	550.0	587.5	612.5
Steel, rebar	\$/mt	265.8	428.8	402.5	390.0	525.0	400.0	400.0	402.5	400.0	400.0	407.5
Steel wire rod	\$/mt	300.0	487.5	550.0	300.0	550.0	550.0	550.0	550.0	550.0	550.0	550.0
Tin	c/kg	489.5	851.3	807.7	692.6	920.7	902.9	889.0	807.7	773.6	808.9	840.7
Zinc	b/ c/kg	82.8	104.8	131.5	107.0	102.8	98.0	111.4	131.5	124.6	132.6	137.2
World Bank commodity price indices for low and middle income countries(1990 =100)												
Energy		126.3	164.9	202.1	140.4	155.6	177.1	186.6	202.1	187.8	195.9	222.7
Non Energy Commodities		91.5	107.5	119.8	107.6	108.4	105.9	108.0	119.8	114.8	119.4	125.1
Agriculture		94.7	104.7	111.6	106.6	107.1	102.1	102.9	111.6	105.9	111.3	117.7
Beverages		87.1	94.0	120.6	90.9	90.5	92.9	101.5	120.6	109.6	120.0	132.2
Food		96.4	110.0	111.1	114.9	114.9	105.9	104.1	111.1	106.0	110.9	116.3
Fats and Oils		120.6	137.1	122.5	157.4	148.8	122.9	119.5	122.5	119.1	118.0	130.3
Grains		90.2	100.2	103.0	102.5	104.9	95.2	98.2	103.0	102.7	102.3	104.2
Other Food		80.1	93.2	106.3	87.1	92.8	98.0	94.8	106.3	97.2	110.1	111.7
Raw Materials		98.2	105.8	105.7	107.5	109.3	104.1	102.4	105.7	103.1	105.3	108.8
Timber		103.7	109.3	118.5	103.9	108.5	111.6	113.4	118.5	117.9	117.9	119.8
Other Raw Materials		94.4	103.4	97.0	109.9	109.8	98.9	94.9	97.0	93.0	96.7	101.2
Fertilizers		106.2	126.6	135.1	119.4	122.6	131.2	133.4	135.1	135.1	135.1	135.1
Metals and Minerals		82.0	112.4	138.4	108.9	110.1	112.6	118.1	138.4	134.7	138.0	142.4

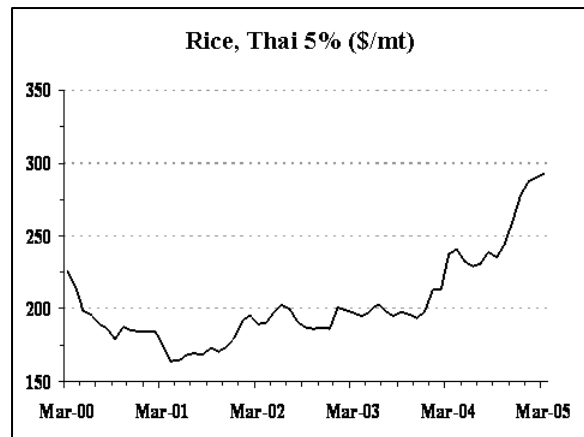
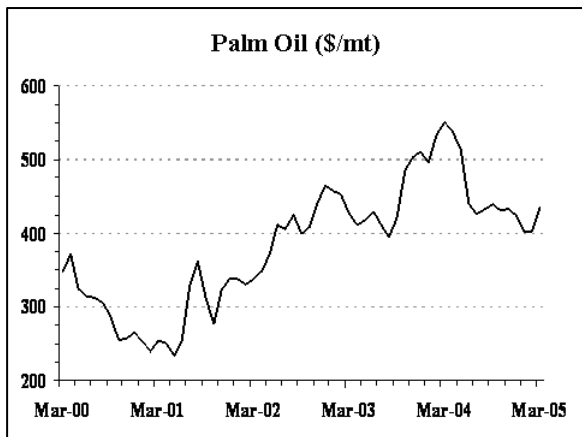
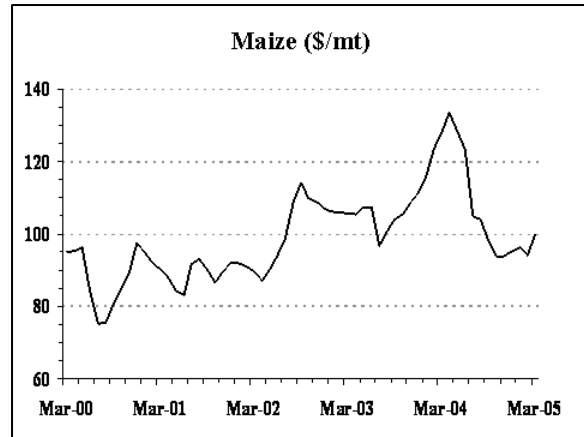
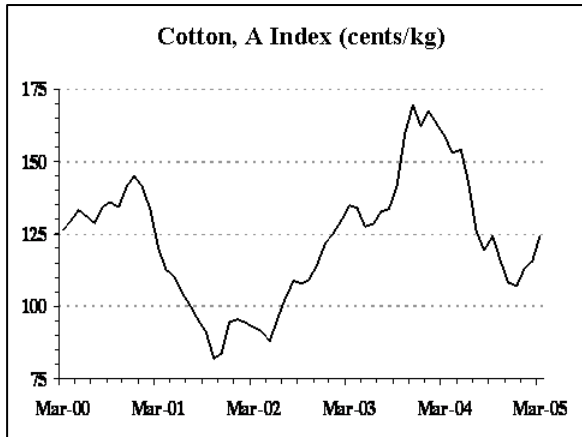
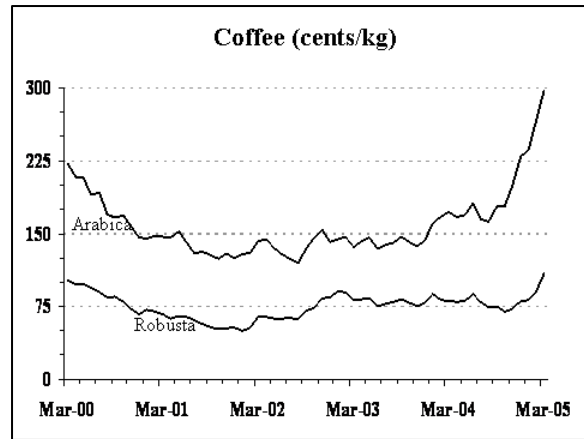
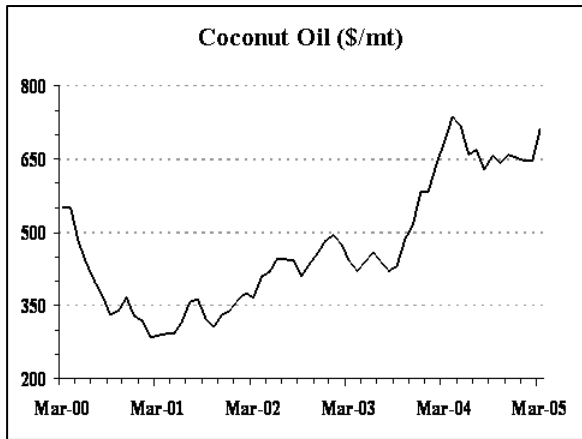
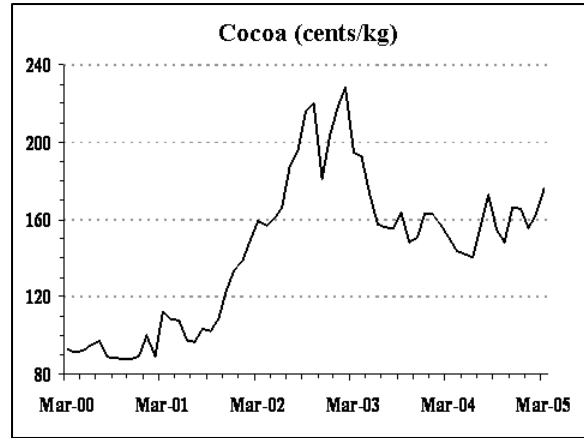
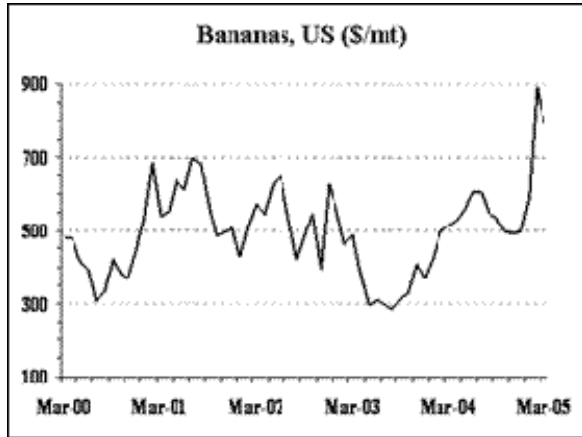
a. Included in the petroleum index, but not in the non-fuel index/

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, 2000-2005 cont'd



Selected Commodity Prices, Nominal US dollars, 2000-2005 cont'd

