GLOBAL ECONOMIC PROSPECTS

2014 / April

COMMODITY MARKETS OUTLOOK

THE WORLD BANK

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About the report

Commodity Markets Outlook is published four times a year in January, April, July and October. The report includes detailed market analysis for most primary commodities, including energy, metals, agriculture, precious metals, and fertilizers. It also includes historical and recent price data as well as price forecasts going up to 2025. Separately, commodity price data are also published at the beginning of each month. The report and data can be accessed at www.worldbank.org/prospects/commodities.

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Overview

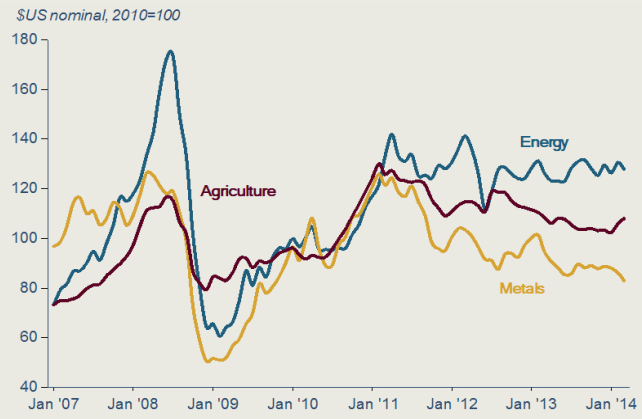
The key commodity price indices were broadly stable during 2014Q1 (figure 1). Energy prices changed little, only 0.4 higher than 2013Q4; agricultural prices increased 1.8 percent on weather-related concerns and metal prices declined 3.2 percent on Chinese demand weakness. A sharp increase in the beverage price index (14 percent higher than 2013Q4) was driven by a rally in coffee (Arabica) prices due to dry weather in Brazil—world's largest coffee supplier (figure 2). The precious metal index changed little (up 1.1 percent from 2013Q4) while fertilizer prices gained 5 percent on the back of strengthening natural gas prices. Despite geopolitical concerns due to the Russia-Ukraine conflict, oil prices were stable during 2014Q1—they averaged $103.7/bbl, $1/bbl below last quarter's average. A weather-induced increase in maize and wheat prices in late February and March 2014 was partly offset by declines in rice prices. The recent adverse weather conditions in South America have been linked to El Nino, which appears increasingly likely this year, according to the U.S. National Oceanic and Atmospheric Administration and Australia's Bureau of Meteorology.

In the baseline scenario, which assumes no macroeconomic shocks or supply disruptions, oil prices are expected to average $103/bbl in 2014, just 1 percent lower than the 2013 average (table 1). This forecast is unchanged from the January 2013 *Commodity Market Outlook* edition. Natural gas prices in the U.S. are expected to remain elevated during 2014 and strengthen even more in the longer term in response to stronger demand from energy intensive industries that are moving to the U.S. EU natural gas and Japanese LNG prices are expected to moderate due to weaker demand—both prices are tied to the price of crude oil. Coal prices are expected to weaken marginally in 2014 but will gain strength in 2015 and onwards as more coal will be used for electricity generation due to substitution away from nuclear power.

Agricultural prices are projected to ease in 2014 under the assumption that current crop conditions will persist for the next crop year. Yet, considerable variation is expected to take place among various groups. Grain prices are expected to drop 10 percent while edible oils & meals, other food items, and agricultural raw materials will change little. Beverage prices are expected to increase more than 13 percent. Metal prices will decline an additional 5 percent in 2014 as new supplies will be coupled with weaker demand, especially by China. Fertilizer prices are expected to decline 11 percent in 2014 mainly in response to new fertilizer plants being built in North America. Similarly, precious metal prices are expected to decline more than 11 percent in 2014 as institutional investors increasingly consider them less attractive "safe haven" investment alternatives; reduced demand by China is expected to play a key role as well.

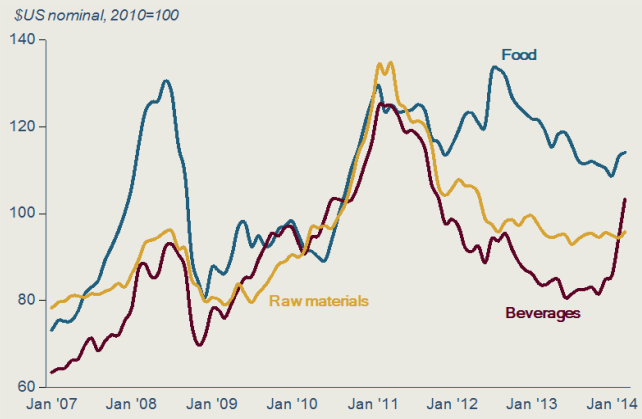
There are a number of risks to the baseline forecasts. Downside risks in the oil market include weaker demand if concerns regarding growth prospects in emerging economies (where most demand growth takes place) materialize. Over the longer term, oil demand could weaken further if substitution between oil and natural gas intensifies.

Figure 1 Commodity price indices



Source: World Bank.

Figure 2 Agriculture price indices



Source: World Bank.

Table 1 **Nominal price indices- actual and forecasts (2010 = 100)**

	ACTUAL					FORECAST		CHANGE (%)		
	2009	2010	2011	2012	2013	2014	2015	2012/13	2013/14	2014/15
Energy	80	100	129	128	127	127	123	-0.1	-0.5	-2.8
Non-Energy	83	100	120	110	102	99	99	-7.2	-2.5	-0.6
Metals	68	100	113	96	91	86	87	-5.5	-5.1	1.3
Agriculture	89	100	122	114	106	105	104	-7.2	-1.0	-1.3
Food	93	100	123	124	116	112	110	-7.1	-3.3	-1.5
Grains	99	100	138	141	128	115	116	-9.3	-10.3	0.9
Oils and meals	90	100	121	126	116	116	113	-8.1	0.3	-3.1
Other food	90	100	111	107	104	103	102	-3.0	-0.8	-1.5
Beverages	86	100	116	93	83	94	88	-10.1	13.3	-6.7
Raw Materials	83	100	122	101	95	95	97	-5.9	-0.4	2.1
Fertilizers	105	100	143	138	114	101	100	-17.4	-10.8	-1.8
Precious metals	78	100	136	138	115	102	100	-16.9	-11.4	-1.8
Memorandum items										
Crude oil ($/bbl)	62	79	104	105	104	103	99	-0.9	-1.2	-3.4
Gold ($/toz)	973	1,225	1,569	1,670	1,411	1,250	1,230	-15.5	-11.4	-1.6

Source: World Bank.

On the upside a key risk is an oil supply disruption in the Gulf and, increasingly, Central Asia. While such disruption could add as much as $50/bbl to the price of oil temporarily, numerous other factors could affect the severity and duration of the outcome, including policy actions regarding emergency reserves, demand curtailment, and OPEC's reaction. Yet, the price risks in the oil market are still weighed on the downside as the likelihood of a supply disruption during the remaining of the year is much lower now than it was a year ago for 2013.

Another source of uncertainty in the medium- and long-term outlook is how OPEC, and especially Saudi Arabia, will react to changing global demand and supply conditions as well as how fast other key players (including Iraq, Iran, Libya) could reach earlier output levels—it takes at least a decade for conflict-induced reduction in oil production capacity to reach pre-conflict levels. Since 2004, when oil prices exceeded $35/bbl (the upper limit of the $25-35 price range envisaged by OPEC at the time), the Organization has responded to price weakness by cutting supplies. But it has also increased supplies when prices exceed the current price range of $100-110.

Price risks on metals depend on new supplies coming on stream and growth prospects of China's economy. Metal prices are down 13 percent since a year ago (q1/q1) and 32 percent lower from their early 2011 peak. The recent weakness reflects anemic demand growth and strong supply response. The prospects of the metal markets depend crucially on Chinese demand, as the country accounts for 45 percent of global metal consumption (up from a mere 5% two decades ago).

Although the key risk in agricultural markets is weather, the risks for this season, which is quite advanced, are limited. According to the global outlook assessment released by the U.S. Department of Agriculture on April 9, 2014 (the last for the 2013/14 crop year), the global maize market is well-supplied— production and stocks are 13 and 19 percent higher than last season. Wheat has improved, yet less so than maize (production and stocks up 8 and 2 percent, respectively this season). The rice market is well-supplied in response to a good crop and the large stocks, some held by the Thai government. Similarly, edible oil and oilseeds markets have limited upside risks. However, if 2014 turns out to be an El Nino year (a probability currently assessed at 50 percent), then oilseeds, wheat, and some tropical commodities may be subjected to upside price risks later in 2014 and 2015—in the past, El Nino has affected crop conditions mainly in the Southern Hemisphere. The last El Nino occurred in 2009-10.

Other risks for agricultural markets are mostly on the downside. The risk of trade policies impacting agricultural (especially food) markets is low as evidenced by the absence of any trade restrictions during the past three years, despite price spikes in several markets. Even the recent Russia-Ukraine conflict did not lead to any trade policies, contrary to widespread fears. The single policy risk would be a release of stocks by the Thai government. Some stock release last month exerted considerable downward pressure on rice prices—they averaged $422/ton in March 2014, the lowest since January 2008. Growth of biofuels has moderated as policy makers increasingly realize that the environmental and energy independence benefits may not outweigh costs.

Energy

After reaching $100/bbl in early 2011 for the first time since the 2008 financial crisis, crude oil prices have fluctuated within a remarkably tight band around $105/bbl, which is also within OPEC's "desired range" (figure 3). In fact, 2011-13 has been one of the least volatile 3-year periods of the recent history of the oil market. This pattern continued in the 2014Q1, when crude oil price averaged $103.7/bbl, 0.8 percent lower than 2013Q4.

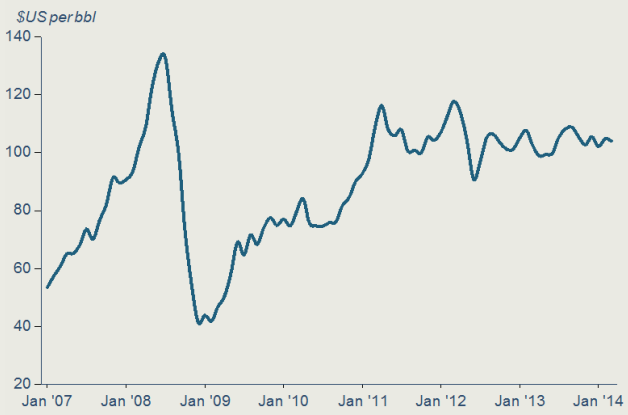
Fluctuations in oil prices have been driven mainly by geopolitical concerns and output disruptions (Libya, Nigeria) on the supply side, and changing developing-country growth prospects on the demand side. Geopolitical risks re-emerged following Russia's annexation of Crimea and the on-going tensions in the eastern Ukraine. Although oil prices spiked to $108/bbl on March 3, on the apparent Russian military intervention in Crimea, they retreated subsequently since no physical disruptions took place in the oil supplies. Russia, world's largest oil producer, accounts for 12 percent of global oil production, thus any supply disruption either on the export side, in transit due to a conflict, or on the import side could have led to a significant price spike. On the positive side, the November 2013 interim deal with Iran led to increased Iranian crude production (up 4 percent in 2014Q1), the first significant quarterly gain in years; exports increased as well. Iraq's production surged in the 2014Q1 as long-awaited upgrades in the southern export terminals were brought on-line. The Libyan government has started negotiations with the rebels in the east who control the four export terminals, but the results have been limited so far.

Recent Developments

Supply disruptions in the Middle East have been counterbalanced almost barrel for barrel by rapid expansion of unconventional oil production in North America (figure 4). These developments have kept the global oil market broadly in balance and prices in the $100-110/bbl range for the last three years. The Saudi government—the balancing producer with the largest spare capacity—has promised to keep the global market well supplied within that range, which it considers to be a fair price.

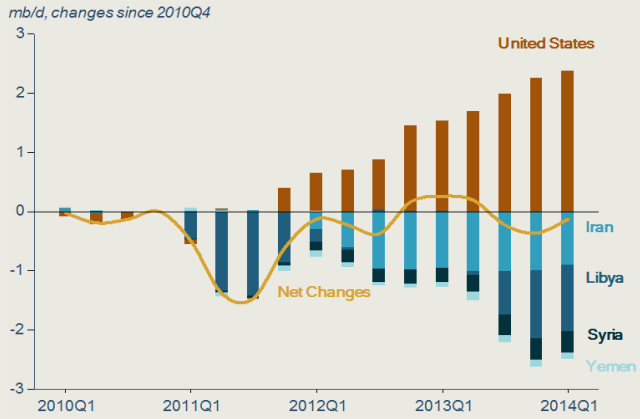
Increased Canadian oil production from tar sands, combined with rapidly rising U.S. shale liquids production (from horizontal drilling and hydraulic fracturing) have contributed to a build-up of crude oil inventories at a time when U.S. oil consumption is moderating and natural gas supplies are increasing rapidly. The stock build-up caused

Figure 3 Oil price (World Bank average)



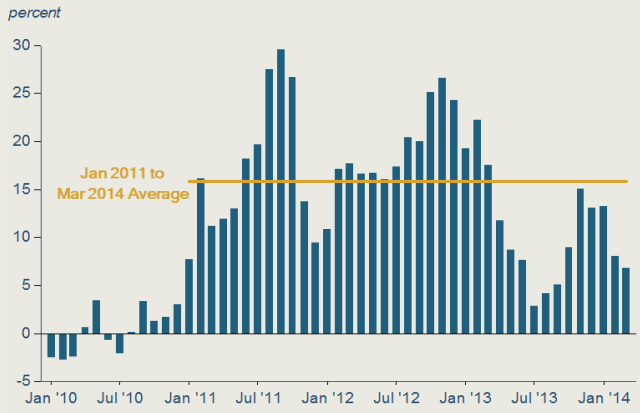
Source: World Bank.

Figure 4 U.S. supply growth and disruptions elsewhere



Source: World Bank, International Energy Agency.

Figure 5 Brent/WTI price differential



Source: World Bank.

West Texas Intermediate (WTI, the U.S. mid-continent price) to diverge from Brent (the international marker) since early 2011. Although the spread reached a high of 30 percent late that year, it narrowed to 7 percent in March of 2014 as the southern leg of the Keystone pipeline was completed and began transporting crude from Cushing towards the refineries in the Gulf of Mexico (figure 5).

Non-OPEC oil output growth remains strong as producers added some 0.7 mb/d to global supplies in 2012 and an additional 1.3 mb/d during 2013, mainly reflecting earlier large-scale investments. Output was flat in 2014Q1 at 55.7 mb/d. The U.S. added some 1.5 mb/d to global crude oil supplies since the beginning of 2012. Currently, the U.S. states of North Dakota and Texas, where most of shale oil production takes place, account for almost half of the total U.S. crude oil supplies—up from 25 percent three years ago (figure 6).

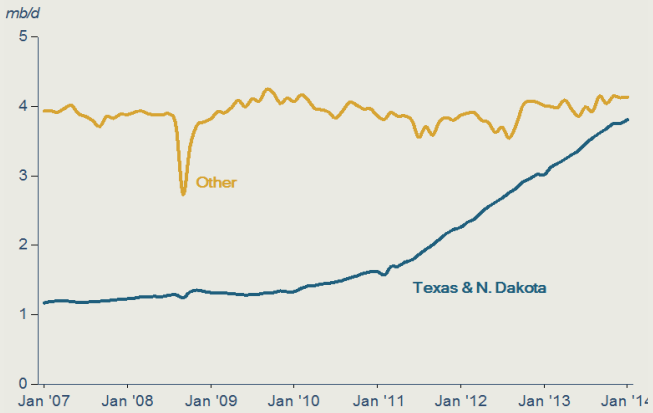
Supply shortfalls in Iran, Libya and Nigeria during 2014Q1 (estimated at 2.6 mb/d) were balanced by increases in Iraqi and Saudi output, thus resulting in a small increase in OPEC output— it averaged 36.5 mb/d in 2014Q1, up from 36.1 mb/d in the previous quarter. For 2013 as a whole, OPEC's output declined by 0.7 mb/d. Yet, this production level is still 10 mb/d higher than in 2002Q2, OPEC's lowest producing quarter in recent history.

OPEC's spare production capacity that began declining in early 2010 has been reversed since 2012Q1 to reach almost 5 mb/d in 2013Q4, the highest since 2011Q1, before easing back to 4.8 mb/b in 2014Q1 on increased output (figure 7). According to the IEA, spare capacity in the global oil market may exceed 7 mb/d by the end of 2014, almost three times higher than 2004-08. Spare capacity will begin declining by 2016 as production in the U.S. slows.OECD industry stocks continued to decline to 2,535 million of barrels, their lowest level since early 2004, as cold winter depleted product stocks in the North America.

World oil demand increased by 0.8 mb/d in 2014Q1 (y/y) with all of the growth coming from non-OECD countries, 1.1 mb/d vs. -0.3 mb/d for OECD countries (figure 8). In contrast to 2013H2, demand in OECD countries during 2014Q1 contracted. This is line with the pattern over the past few years where OECD demand has fallen by 4.5 mb/d, or 9 percent, from its 2005Q1 peak of 51 mb/d. Non-OECD demand remains robust. In fact, during 2014Q1, non-OECD economies consumed as much oil as OECD ones, 45.4 versus 45.6 mb/d.

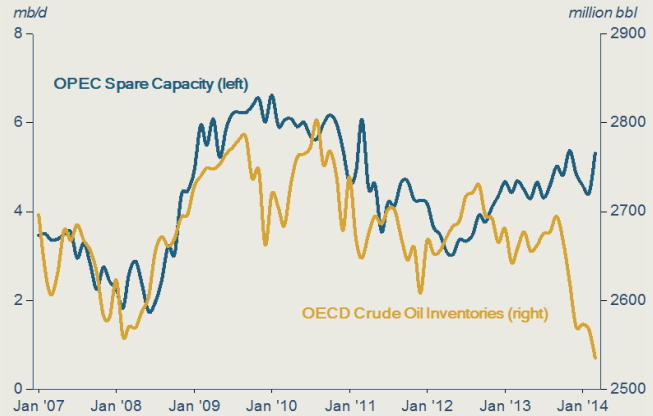
Global natural gas market remains segregated by geography with price differentials between US, European, and Asian prices having reached the largest gaps during

Figure 6 U.S. crude oil production



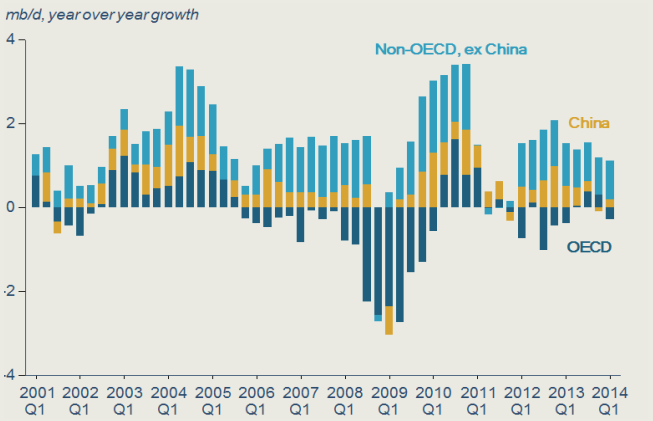
Source: U.S. Energy Information Agency.

Figure 7 OPEC spare capacity and OECD inventory



Source: International Energy Agency.

Figure 8 World oil demand growth



Source: World Bank, International Energy Agency.

2014Q1. Shale gas production in the US has created a glut of supplies that have been walled off from the global markets as the U.S. companies lacked both export infrastructure and permits. Of the 31 facilities, so far only 6 have received export permits to non-NAFTA countries. In terms of capacity, 36 bcf/d (billion cubic feet per day) of export capacity is seeking permits—roughly half of 70 bcf/d of U.S. daily consumption—while 9.3 bcf/d has been approved for export to non-NAFTA countries. Only one long-term export contract has been agreed and LNG is scheduled for export at the end of 2016 once retrofitting of the terminal has been completed .

Outlook and Risks

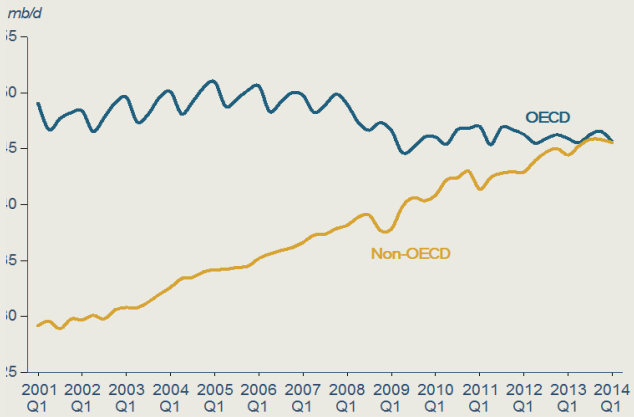
Nominal oil prices are expected to average $103/bbl during 2014 (down from $104/bbl in 2013) and decline to $99/bbl in 2015. In the longer term, real prices are expected to fall due to growing supplies of unconventional oil, efficiency gains, and (less so) substitution away from oil. The key assumption underpinning these projections reflects the upper-end cost of developing additional oil capacity from Canadian oil sands, currently estimated at $80/bbl in constant 2014 dollars.

World demand for crude oil is expected to grow at less than 1.5 percent annually over the projection period, with all the growth coming from non-OECD countries, as has been the case in recent years (figure 8). Consumption growth in OECD economies will continue to be subdued by slow economic growth and efficiency improvements in vehicle transport induced by high prices—including a switch to hybrid, natural gas, and electrically powered transport. Pressure to reduce emissions due to environmental concerns is expected to dampen demand growth at the global level as well.

On the supply side, non-OPEC oil production is expected to continue its upward climb, as high prices have prompted increased use of innovative exploration techniques (including deep-water offshore drilling and extraction of shale liquids) and the implementation of new extractive technologies to increase the output from existing wells.

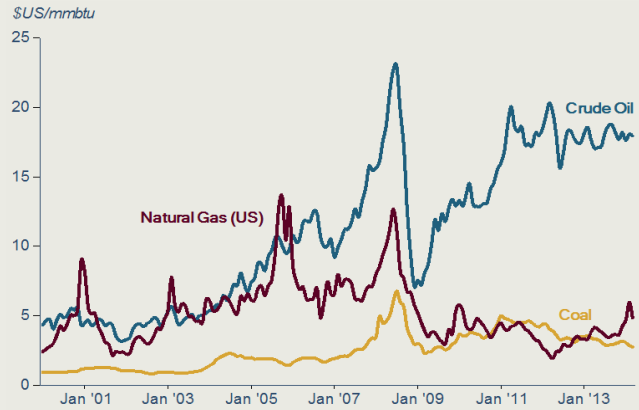
Last, prices of natural gas (in the U.S.) and coal are expected to remain low relative to crude oil and European and Japanese natural gas prices as has been the case during the past few years (figures 10 & 11). Some convergence in prices may take place but its speed (which is expected to be slow) will depend on several factors, including the development of unconventional oil supplies outside the U.S., the construction of LNG export facilities and gas pipelines, relocation of energy intensive industries to the U.S., substitution by coal, and policies.

Figure 9 **Global crude oil consumption**



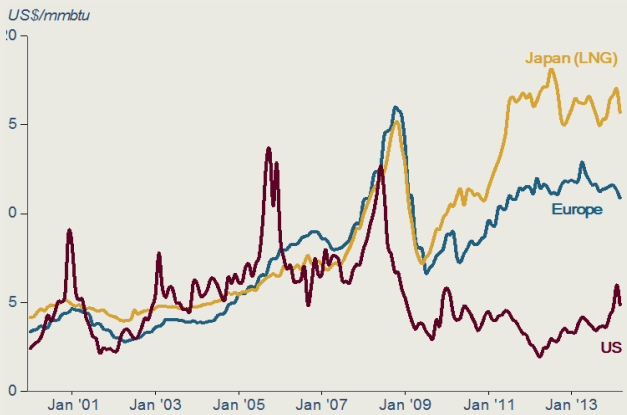
Source: International Energy Agency.

Figure 10 **Energy prices**



Source: World Bank.

Figure 11 **Natural gas prices**



Source: World Bank.

Metals

Following the collapse in metal prices in the wake of the 2008-09 global financial crisis, most prices regained strength and increased almost continuously. The World Bank metals price index reached a high of 126 (2010 = 100) in February 2011, up 164 percent since its December 2008 low (figures 12 & 13). This increase, together with the sustained increases prior to the financial crisis generated large new investments and a strong supply response resulting in a cyclical decline since early 2011. Most of the additional metal supply went to meet demand from China, whose consumption share of world refined metals reached 45 percent at the end of 2012, up from 42 percent in the previous year (and 5 percent two decades ago).

Although the decline in prices was briefly halted during 2013Q4, it continued in 2014Q1 with the World Bank metals price index declining 3 percent. The price declines during 2014Q1 reflect weaker Chinese imports amid a slowdown in investment activity as the government attempts to cool its booming property market. For example, growth of Chinese imports of aluminum, zinc, copper and iron ore has slowed to zero or turned negative in three months to February after experiencing growth rates in excess of 50 percent in three months to November.

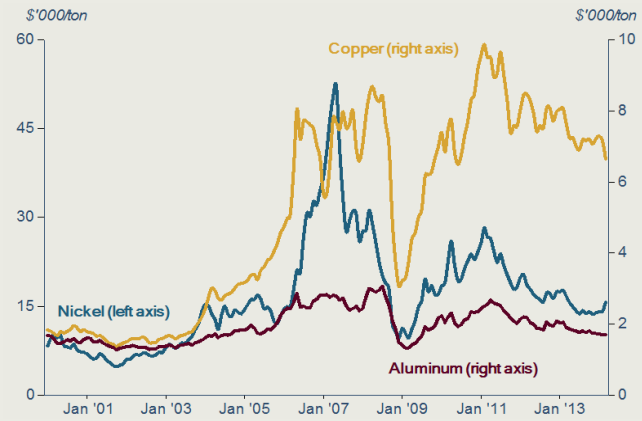
The weakening in metals prices during 2014Q1 has been broad-based. Prices for lead, tin, copper, aluminum and iron ore declined 0.6, 1, 2, 3 and 11 percent respectively. Exceptions to this trend were nickel and zinc whose prices increased (up 6 percent each).

Nickel's strength is due to Indonesia's imposition of an export ban on unprocessed ore in January 2014 as well as concerns that Russian supplies may be curtailed . The two countries account for nearly 40 percent of global mined nickel supply, a key ingredient in stainless steel. China relies heavily on Indonesian nickel ore to produce nickel pig iron, a less expensive alternative to refined nickel. If the Indonesian ore supply is permanently removed from the market, China will be forced to substitute with higher-grade metal, which could dramatically change the market which has been plagued with chronic stocks and over-supply since the financial crisis in 2008.

Global stocks of metals at major exchanges have declined marginally (down 0.5 percent during 2014Q1), but they are considered elevated by historical standards. For example, nickel stocks are up 72 percent at end-2014Q1 (y/y). Aluminum stocks, which have been rising since end-2008, increased just 0.2 percent during the same period, but they remain near their 10-year peaks. Stocks of copper, lead, tin and zinc are all down (approximately 30 percent each) over a year ago, but nonetheless remain well above their 10-year averages.

Metal prices are expected to decline 5 percent in 2013 as new supplies will be coupled with weaker demand, especially by China. Specifically, iron ore is expected to decline the most in 2014 (down 9.1 percent), followed by copper (-7.4 percent), aluminum (-5.2 percent), nickel (-3.1 percent), and lead (-2.5 percent). Tin is not expected to change much while zinc is expected to gain 3 percent. Most price risks are on the downside and depend mostly on the path of the Chinese economy.

Figure 12 **Aluminum, copper and nickel prices**



Source: World Bank.

Figure 13 **Lead, tin, and zinc prices**

Source: World Bank.

Precious Metals

Following sharp declines in 2013, precious metal prices stabilized in 2014Q1. The World Bank's precious metals price index averaged 1 percent higher from the previous quarter (figure 14). The 1.5 percent decline in silver prices in 2014Q1 was balanced by increases in gold and platinum prices, 1.8 and 2.2 percent, respectively

After losing interest in gold during 2013 and slashing their exposure to exchange traded funds (ETFs), investors found new appeal in gold in 2014Q1. Although ETF holdings of gold are down—28 percent lower in March 2013 from a year ago—monthly outflows reversed course and registered an increase of 1 percent in March, the second monthly gain in 14 months. Platinum prices have strengthened as well on labor strikes in South Africa's mines.

Despite the recent strength, the overall weakness in precious metals prices is likely to persist and the index is expected to average 11 percent lower in 2014 compared to 2013 as institutional investors will continue to consider them less attractive "safe haven" alternatives. Precious metals prices are expected to decline an additional 1.8 percent in 2015. Most risks are on the downside as economic conditions improve and the U.S. Federal Reserve eventually increases interest rates. Moreover, persistence of India's restrictions on gold imports to curb its current account deficit and China's efforts to regulate its "shadow banking" system may put additional downward pressure on prices given that gold has been used as collateral in financing deals.

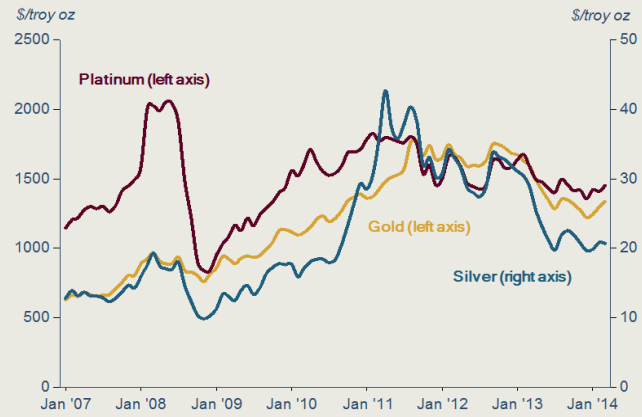
Fertilizers

Although the fertilizer price index gained 4.7 percent in 2014Q1, it is still 21 percent lower than a year ago (and more than 60 lower than its mid-2008 all-time high). Fertilizers are a key input to the production of grains and oilseeds, often exceeding half of purchased input costs. Because natural gas is an important input to some fertilizers, the recent energy revolution and its resulting lower natural gas prices in the U.S. is impacting the fertilizer industry as well. Many fertilizer companies are moving their plants to the US in order to utilize lower natural gas prices. From a longer term perspective, this move is expected to put downward pressure on fertilizer prices.

The fertilizer price index is expected to decline almost 11 percent in 2014 and an additional 2 percent in the each of the next two years—this comes on top of the 17 decline in 2013. Among individual components of the index, phosphate rock is expected to decline 26 percent in 2014, followed by potash (down 16 percent), TSP (down 6 percent), and Urea (down 4 percent). DAP is not expected to change much. This outlook is based on the assumption the U.S natural gas prices will increase at a moderate pace.

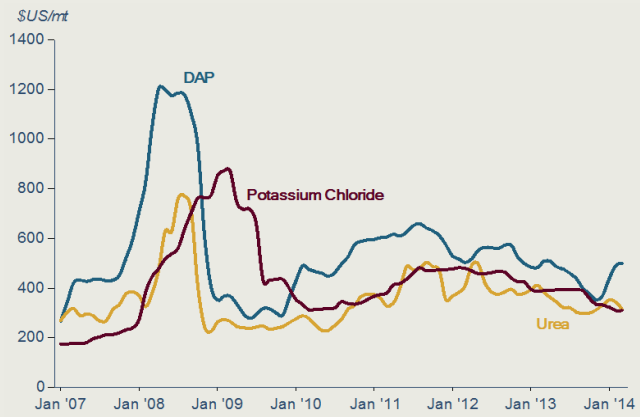
Price risks in the fertilizer markets are balanced. Upside risks include higher than expected natural gas prices in the U.S. which may moderate the 'energy dividend' and hence lower supply response. Also stronger than expected demand growth by emerging economies where commercialization of agriculture (and hence more fertilizer use) could put upward pressure on fertilizer prices.

Figure 14 Precious metal prices



Source: World Bank.

Figure 15 Fertilizer prices



Source: World Bank.

Agriculture

Apart from the coffee-induced rally in the beverage price index, agricultural prices did not move much in 2014Q1. The overall agricultural price index is up 1.8 percent for the quarter but 4.3 percent lower than a year ago. Among key sub-indices, grains are up less than 1 percent for the quarter (almost 25 percent lower than a year ago). Likewise, edible oils & meals and other food items changed very little (figure 16). The large surprise was coffee (Arabica), which gained more than 60 percent in just two months, pushing the beverage price index to a 2.5 year high.

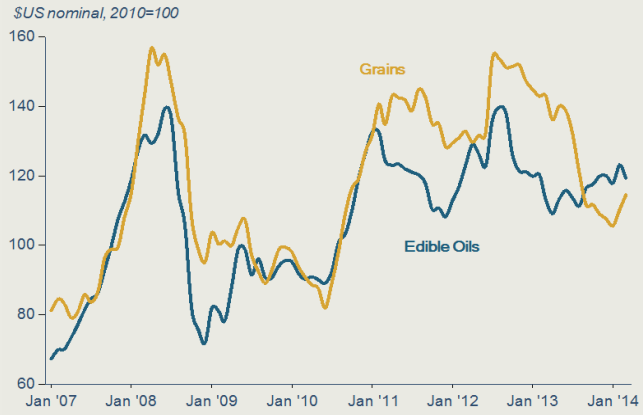
In its April 9, 2014 assessment (the last for the 2013/14 season), the U.S. Department of Agriculture maintained its improved outlook with production of maize, wheat, and rice expected to increase by 12.9, 8.5, and 1.1 percent, respectively from last season (table 2). Increases are expected in the stocks-to-use (S/U) ratios as well, up 7.9, 2.2, and 2.10 percent, (figure 17). The edible oil & meal outlook is comfortable as well with global supplies of the 17 most consumed edible oils set to reach a record 196 million tons in 2013/14, up from last season's 188 million tons, a 4.3 percent increase. Global production of major oilseeds is expected to increase considerably, from 465 million tons in 2012/13 to 492 million tons in the current season (an almost 6 percent increase).

Recent Developments

After reaching record lows in December 2013, maize prices reversed course to end the quarter at $222/ton (figure 18). Although they are 5.3 percent higher than 2013Q4, they are still 31 percent lower than a year ago. Wheat prices gained ground as well to average $324/ton in March 2014, the highest since October 2013. The recovery in maize and wheat prices has been aided by adverse weather in the U.S. and (less so) in South America. Concerns that the Ukraine-Russia conflict may disrupt trade in maize and wheat (and hence trigger a price spike) did not materialize—these countries account for 12 of global trade in these two markets.

Despite the uptick in prices, the global grain market appears to be well supplied. In its April 2014 update, the U.S. Department of Agriculture placed the global maize production estimate at 974 million tons, up from 867 million tons in 2012/13, in turn increasing the S/U ratio from 15.4 to 16.6 percent. Similarly, the global wheat production estimate for 2013/14 stands at 713 million tons, increasing the S/U ratio from 25.9 to 26.5 percent.

Figure 16 Food price indices



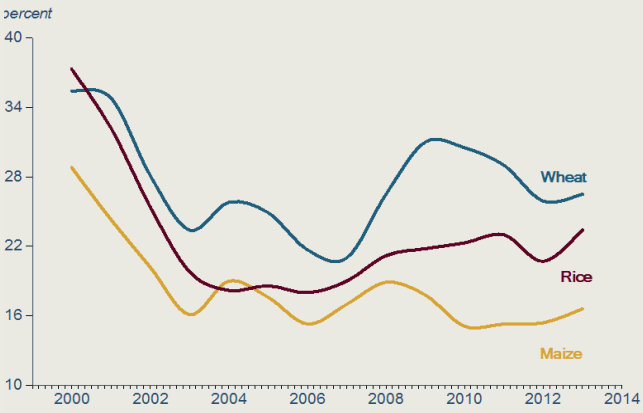
Source: World Bank.

Table 2 Global production (million tons)

	Maize	Rice	Wheat	Soybeans	Palm Oil
1960/61	199.6	150.8	233.5	na	na
1970/71	268.1	213.0	306.5	42.1	1.9
1980/81	408.7	269.9	435.9	80.9	4.9
1990/91	482.0	351.4	588.8	104.3	11.0
2000/01	591.9	399.3	583.2	175.8	24.2
2005/06	700.4	417.9	618.8	220.9	35.8
2006/07	716.1	420.5	596.5	236.3	37.4
2007/08	795.1	432.9	612.6	219.0	41.2
2008/09	800.3	449.1	683.5	211.9	44.2
2009/10	825.0	440.9	687.0	260.6	46.1
2010/11	834.6	450.1	652.4	264.1	48.7
2011/12	886.6	466.9	697.0	239.6	52.0
2012/13	866.9	471.3	656.5	268.1	55.8
2013/14	973.9	475.6	712.5	284.0	58.5

Source: U.S. Department of Agriculture. (April 2014 update)

Figure 17 Grains stock-to-use ratios



Source: U.S. Department of Agriculture. (April 2014 update)

Rice prices averaged $422/ton in March 2014, the lowest since February 2008. The U.S. Department of Agriculture assessment puts the global rice production at 476 million tons, almost 4 million tons above last season's record. The S/U ratio for rice is expected to reach 23.4 percent in 2013/14, the highest since 2002/03. In addition to well-supplied conditions, the rice market has been subjected to the considerable stockpiling by the Thai government. Should Thailand release large amounts of stocks, rice prices may come under downward pressure.

The edible oil & meal price index moved slightly upwards, up 1 percent since 2013Q4 and 2 percent higher than a year ago (figure 19). Although little changes occurred in the three most important components of the index (soybeans, soybean oil, and palm oil), some minor oils moved considerably, palm kernel oil up 21 percent and groundnut oil down 15 percent since 2013Q4. However, soybean prices declined considerably in March (15 percent down from February) following an upbeat report by the U.S. Department of Agriculture that, based on planting intentions, soybean area in the U.S. will hit a record high. Drought concerns in South America have not impacted the soybean complex much.

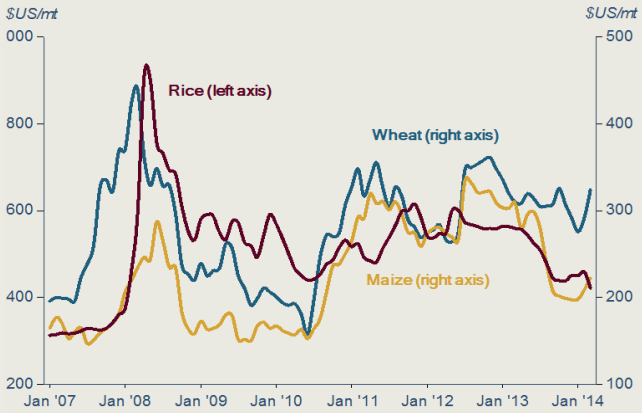
The beverage price index was the big mover of the quarter, 12 percent up since 2013Q4 and 14 percent higher than a year ago, mostly aided by a rally in coffee (Arabica) prices, which increased more than 60 percent in just two months (figure 20). Because of adverse weather in Brazil, the global coffee market is expected to experience a deficit of 5 million bags, from an expected surplus of 1 million bags. Robusta and cocoa prices gained ground as well, up 15 and 6.5 percent in 2014Q1.

Although raw material prices did not change much in 2014Q1 (2.3 percent lower than a year ago), individual prices followed different paths (figure 21). Cotton prices are up 8 percent in the quarter and 5 percent higher than a year ago, mainly in response to the massive purchases by China, mostly for stockpiling purposes—currently China accounts for almost 60 percent of global cotton stocks, pushing the S/U ratio to 86 percent, the highest of the sector's history. On the contrary, natural rubber prices have weakened considerable, down 11 percent since 2013Q4 and almost 30 percent lower than a year ago on ample supplies and weakening demand, especially by China—most natural rubber goes for tire manufacturing.

Outlook and Risks

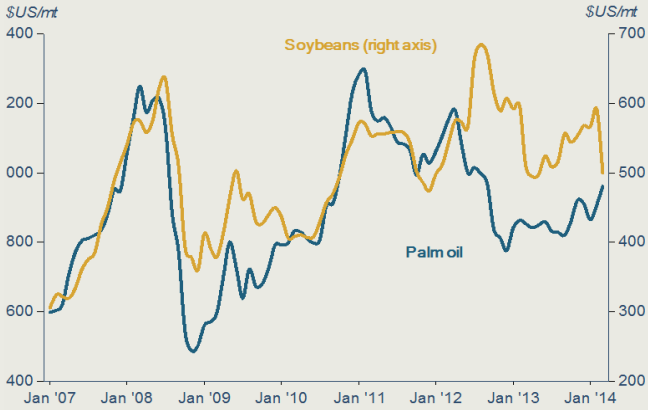
Agricultural commodity prices are projected to decline 1 percent in 2014. Food commodities are expected to decline by 3.3 percent while edible oils & meals and other

Figure 18 Grain prices



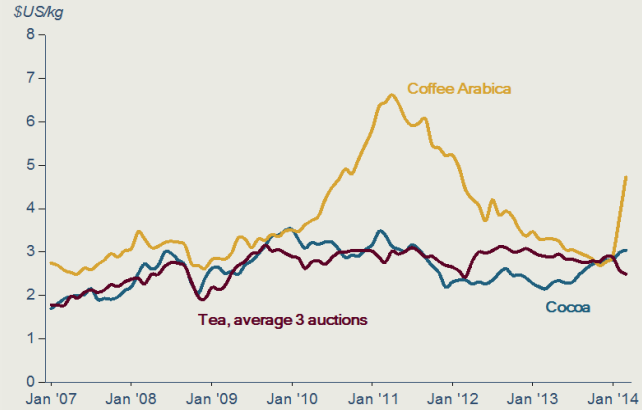
Source: World Bank.

Figure 19 Edible oil prices



Source: World Bank.

Figure 20 Beverage prices



Source: World Bank.

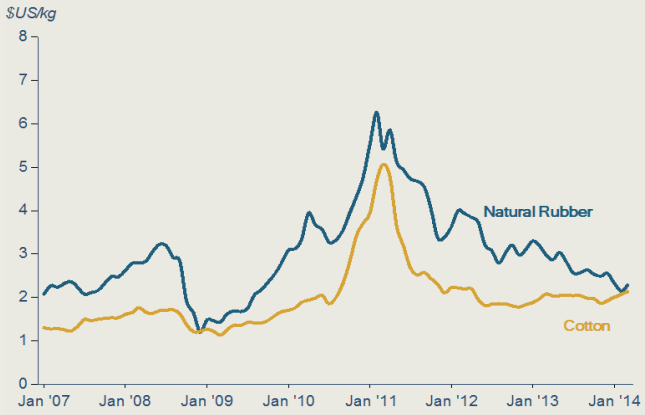
food items are not expected to change much. The largest declines among food commodities will be in the grain group with maize and rice down 13.3 and 15 percent, respectively (wheat prices will remain virtually unchanged). While edible oils & meals will change little at the aggregate, palm oil and soybeans are expected to increase 3.9 and 2.2 percent while soybean oil and soybean meal will decline about 2.5 percent each. Likewise, raw material prices are not expected to change much at the aggregate but a large decline in natural rubber (-14 percent) will be balanced by moderate increases in Logs (Cameroon) and Sawnwood (Malaysia).

A number of assumptions (along with associated risks) underpin this outlook. They include crop conditions, energy prices, and trade policies on the supply side and biofuels along with macroeconomic conditions on the demand side. On crop conditions, it is assumed that the remaining of the 2013/14 and the 2014/15 season's outlook will be along normal trends. In its April 2014 update, the U.S. Department of Agriculture estimated the 2013/14 crop season's grain supplies (production plus stocks of maize, wheat, and rice) at 2.57 billion tons, up 5 percent from last season. Such supplies are adequate to bring stocks to comfortable levels. Furthermore, given that the season is well advanced, the probability of adverse weather impacting the outlook is very low. However, as noted earlier, next season may be impacted by El Nino. Although to is too early to assess, if the 2014/15 season becomes an El Nino year, crops in the Southern Hemisphere are likely to be affected, including edible oils, oilseeds, and tropical commodities.

The baseline forecast also assumes that oil price will remain elevated at $103/bbl in 2014 declining to $99/bbl in 2015. However, fertilizer prices are expected to decline considerably, almost 11 percent in 2014 and an additional 2 percent in 2015. Given agriculture's high energy intensity, the easing of fertilizer prices will relieve some of the input price pressure that the sector has been subjected the past decade. Furthermore, given that oil price risks are on the downside, risks emanating from energy prices are lower compared to last year's assessment.

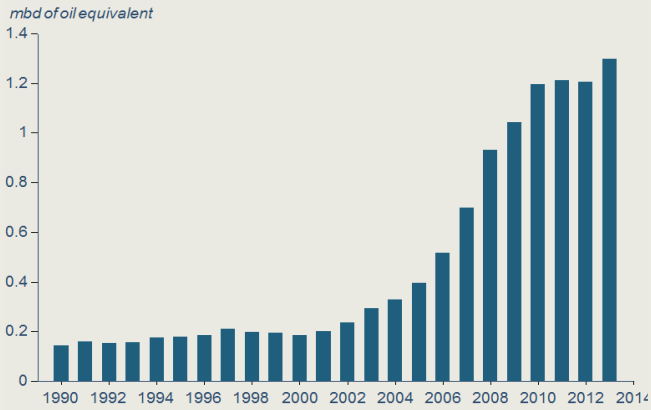
Other risks, including biofuels, trade policies, and investment fund activity, pose less of a threat now than they used to. With the exception of 2013 when biofuel production posted a moderate increase, production changed only modestly during the past three years (figure 22). Based on the experience of the past few years, if the baseline outlook materializes, policy actions are unlikely and, if they take place, will be isolated with only a limited impact. Last, investment fund activity, which was rising until two years ago appears to have stabilized (figure 23).

Figure 21 Raw material prices



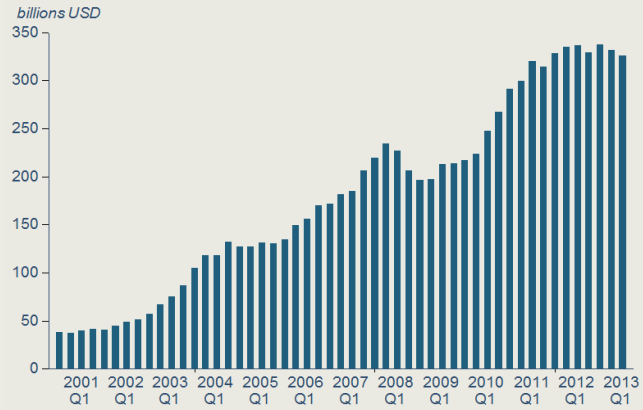
Source: World Bank.

Figure 22 Biofuels production



Source: International Energy Agency, BP.

Figure 23 Assets under management



Source: BarkleyHedge.

Annex I

HISTORICAL COMMODITY PRICES AND PRICE FORECASTS

Table A1.1 World Bank commodities price data

Commodity	Unit		Annual Averages			Quarterly Averages					Monthly Averages		
			Jan-Dec 2011[c]	Jan-Dec 2012	Jan-Dec 2013	Jan-Mar 2013	Apr-Jun 2013	Jul-Sep 2013	Oct-Dec 2013	Jan-Mar 2014	Jan 2014	Feb 2014	Mar 2014
Energy													
Coal, Australia	$/mt	a/	121.4	96.4	84.6	92.9	86.1	77.3	82.0	77.1	81.6	76.3	73.3
Coal, Colombia	$/mt		111.5	84.0	71.9	79.3	71.3	65.8	71.1	68.4	71.3	69.9	64.1
Coal, South Africa	$/mt		116.3	92.9	80.2	84.7	80.4	72.9	83.0	78.4	82.9	77.6	74.6
Crude oil, average	$/bbl		104.0	105.0	104.1	105.1	99.3	107.4	104.5	103.7	102.1	104.8	104.0
Crude oil, Brent	$/bbl	a/	110.9	112.0	108.9	112.9	103.0	110.1	109.4	107.9	107.4	108.8	107.4
Crude oil, Dubai	$/bbl	a/	106.0	108.9	105.4	108.0	100.8	106.2	106.7	104.4	104.0	104.9	104.2
Crude oil, WTI	$/bbl	a/	95.1	94.2	97.9	94.3	94.2	105.8	97.4	98.7	94.9	100.7	100.6
Natural gas, Index	2010=100		108.5	99.2	112.1	109.7	118.6	108.3	111.9	127.6	123.5	137.8	121.6
Natural gas, Europe	$/mmbtu	a/	10.5	11.5	11.8	11.8	12.4	11.5	11.4	11.3	11.6	11.3	10.9
Natural gas, US	$/mmbtu	a/	4.0	2.8	3.7	3.5	4.0	3.6	3.9	5.2	4.7	6.0	4.9
Natural gas, LNG Japan	$/mmbtu	a/	14.7	16.6	16.0	16.2	16.3	15.6	15.7	16.5	16.7	17.0	15.7
Non Energy Commodities													
Agriculture													
Beverages													
Cocoa	$/kg	b/	2.98	2.39	2.44	2.21	2.31	2.47	2.77	2.95	2.82	2.99	3.04
Coffee, arabica	$/kg	b/	5.98	4.11	3.08	3.35	3.20	2.98	2.77	3.83	2.93	3.83	4.72
Coffee, robusta	$/kg	b/	2.41	2.27	2.08	2.28	2.14	2.04	1.85	2.12	1.93	2.11	2.32
Tea, average	$/kg		2.92	2.90	2.86	2.94	2.89	2.79	2.82	2.65	2.87	2.58	2.50
Tea, Colombo auctions	$/kg	b/	3.26	3.06	3.45	3.38	3.29	3.37	3.77	3.72	3.90	3.65	3.59
Tea, Kolkata auctions	$/kg	b/	2.78	2.75	2.73	2.57	3.04	2.76	2.56	1.94	2.16	1.85	1.80
Tea, Mombasa auctions	$/kg	b/	2.72	2.88	2.40	2.87	2.35	2.23	2.14	2.29	2.56	2.22	2.09
Food													
Oils and Meals													
Coconut oil	$/mt	b/	1,730.1	1,110.8	940.6	836.7	838.7	912.3	1,174.7	1,151.7	1,270.0	1,365.0	820.0
Copra	$/mt		1,157.3	740.6	627.0	553.3	560.0	603.3	791.3	766.3	848.0	915.0	536.0
Fishmeal	$/mt		1,537.4	1,558.3	1,747.2	1,868.7	1,821.0	1,699.3	1,599.7	1,632.7	1,531.0	1,564.0	1,803.0
Groundnuts	$/mt		2,086.2	2,174.5	1,377.7	1,360.3	1,400.0	1,380.3	1,370.0	1,355.7	1,366.0	1,320.0	1,381.0
Groundnut oil	$/mt	b/	1,988.2	2,435.7	1,773.0	2,002.0	1,859.7	1,693.7	1,536.8	1,545.7	1,410.0	1,303.0	1,924.0
Palm oil	$/mt	b/	1,125.4	999.3	856.9	852.7	850.3	827.3	897.3	875.7	865.0	908.0	854.0
Palmkernel oil	$/mt		1,648.3	1,110.3	897.2	824.3	836.3	871.3	1,056.7	1,095.0	1,160.0	1,292.0	833.0
Soybean meal	$/mt	b/	398.0	524.1	545.3	531.0	528.3	551.7	570.0	560.3	567.0	594.0	520.0
Soybean oil	$/mt	b/	1,299.3	1,226.3	1,056.7	1,160.3	1,069.7	1,006.0	990.7	1,014.7	943.0	985.0	1,116.0
Soybeans	$/mt	b/	540.7	591.4	538.4	566.3	505.3	527.0	555.0	556.0	566.0	591.0	511.0
Grains													
Barley	$/mt	b/	207.2	240.3	202.2	236.7	230.4	191.0	150.7	129.5	133.4	126.5	128.7
Maize	$/mt	b/	291.7	298.4	259.4	305.0	291.3	241.9	199.4	209.9	198.1	209.3	222.3
Rice, Thailand 5%	$/mt	b/	543.0	563.0	505.9	562.1	541.6	477.3	442.7	443.7	450.0	459.0	422.0
Rice, Thailand 25%	$/mt		506.0	543.8	473.0	537.9	509.4	435.7	408.9	375.0	377.0	382.0	366.0
Rice, Thailand A1	$/mt		458.6	525.1	474.0	532.5	511.1	440.5	411.8	426.7	405.0	449.9	425.1
Rice, Vietnam 5%	$/mt		513.6	434.4	392.4	401.5	387.8	383.1	397.2	391.2	402.0	393.2	378.6
Sorghum	$/mt		268.7	271.9	243.3	292.0	259.9	219.2	202.1	224.2	215.7	223.8	233.0
Wheat, US HRW	$/mt	b/	316.3	313.2	312.2	321.4	313.8	305.8	308.0	297.1	275.5	292.3	323.6
Wheat, US SRW	$/mt		285.9	295.4	276.7	297.6	275.2	257.7	276.4	264.0	246.5	258.7	286.9
Other Food													
Bananas, EU	$/kg		1.12	1.10	1.02	1.10	1.07	0.98	0.94	1.05	0.99	1.05	1.12
Bananas, US	$/kg	b/	0.97	0.98	0.92	0.93	0.91	0.93	0.93	0.95	0.93	0.95	0.96
Meat, beef	$/kg	b/	4.04	4.14	4.07	4.27	4.11	3.89	4.03	4.23	4.14	4.19	4.37
Meat, chicken	$/kg	b/	1.93	2.08	2.29	2.21	2.29	2.34	2.31	2.31	2.30	2.30	2.32
Meat, sheep	$/kg		6.63	6.09	5.65	5.53	5.45	5.56	6.06	6.32	6.18	6.37	6.40
Oranges	$/kg	b/	0.89	0.87	0.97	0.83	1.07	1.14	0.83	0.82	0.74	0.81	0.90
Shrimp, Mexico	$/kg		11.93	10.06	13.84	11.26	12.24	15.15	16.70	17.09	17.09	17.11	17.09
Sugar, EU domestic	$/kg	b/	0.45	0.42	0.43	0.43	0.43	0.43	0.44	0.45	0.44	0.45	0.45
Sugar, US domestic	$/kg	b/	0.84	0.64	0.45	0.46	0.43	0.45	0.46	0.47	0.45	0.48	0.49
Sugar, World	$/kg	b/	0.57	0.47	0.39	0.41	0.39	0.38	0.39	0.37	0.34	0.37	0.39

			Annual Averages			Quarterly Averages					Monthly Averages		
Commodity	Unit		Jan-Dec 2011[c]	Jan-Dec 2012	Jan-Dec 2013	Jan-Mar 2013	Apr-Jun 2013	Jul-Sep 2013	Oct-Dec 2013	Jan-Mar 2014	Jan 2014	Feb 2014	Mar 2014
Raw Materials													
Timber													
Logs, Cameroon	$/cum		484.8	451.4	463.5	456.2	457.4	464.1	476.5	479.6	476.8	478.1	483.8
Logs, Malaysia	$/cum	b/	390.5	360.5	305.4	322.5	301.8	301.1	296.3	289.8	286.6	291.8	290.9
Plywood	¢/sheets		607.5	610.3	560.2	591.6	553.5	552.3	543.6	531.5	525.7	535.3	533.6
Sawnwood, Cameroon	$/cum		825.8	759.3	749.2	740.7	736.2	743.8	776.0	792.9	789.3	793.2	796.3
Sawnwood, Malaysia	$/cum	b/	939.4	876.3	852.8	845.2	837.4	846.0	882.7	901.9	897.8	902.2	905.7
Woodpulp	$/mt		899.6	762.8	823.1	784.0	818.7	830.9	858.7	865.0	865.0	865.0	865.0
Other Raw Materials													
Cotton, A Index	$/kg	b/	3.33	1.97	1.99	1.98	2.04	2.02	1.92	2.07	2.01	2.07	2.14
Rubber, RSS3	$/kg	b/	4.82	3.38	2.79	3.16	2.91	2.59	2.53	2.25	2.33	2.15	2.28
Rubber, TSR20	$/kg		4.52	3.16	2.52	2.96	2.45	2.35	2.31	1.98	2.13	1.89	1.92
Fertilizers													
DAP	$/mt	b/	618.9	539.8	444.9	491.6	489.8	432.1	366.1	476.1	438.3	490.6	499.4
Phosphate rock	$/mt	b/	184.9	185.9	148.1	173.0	166.3	143.2	110.0	104.4	102.2	103.0	108.0
Potassium chloride	$/mt	b/	435.3	459.0	379.2	390.8	392.3	391.9	341.6	314.0	323.0	309.5	309.5
TSP	$/mt	b/	538.3	462.0	382.1	435.0	426.0	366.0	301.3	365.9	322.0	387.5	388.1
Urea, E. Europe	$/mt	b/	421.0	405.4	340.1	396.6	342.4	307.5	313.9	337.5	352.6	344.1	315.8
Metals and Minerals													
Aluminum	$/mt	b/	2,401	2,023	1,847	2,000	1,836	1,783	1,767	1,709	1,727	1,695	1,705
Copper	$/mt	b/	8,828	7,962	7,332	7,918	7,161	7,086	7,163	7,030	7,291	7,149	6,650
Iron ore	$/dmt	b/	168	128	135	148	125	133	135	120	128	121	112
Lead	$/mt	b/	2,401	2,065	2,140	2,290	2,053	2,102	2,114	2,101	2,143	2,108	2,053
Nickel	$/mt	b/	22,910	17,548	15,032	17,296	14,967	13,956	13,909	14,661	14,101	14,204	15,678
Tin	$/mt	b/	26,054	21,126	22,283	24,018	20,902	21,314	22,897	22,636	22,064	22,821	23,024
Zinc	$/mt	b/	2,194	1,950	1,910	2,029	1,842	1,861	1,909	2,026	2,037	2,035	2,008
Precious Metals													
Gold	$/toz	c/	1,569	1,670	1,411	1,631	1,415	1,329	1,271	1,293	1,244	1,300	1,336
Platinum	$/toz	c/	1,719	1,551	1,487	1,632	1,466	1,451	1,396	1,427	1,421	1,410	1,452
Silver	$/toz	c/	35.2	31.1	23.8	30.1	23.2	21.4	20.8	20.5	19.9	20.8	20.7
World Bank commodity price indices for low and middle income countries (2010=100)													
Energy			128.7	127.6	127.4	128.6	123.1	130.2	127.7	128.3	126.4	130.6	127.9
Non Energy Commodities			119.8	109.5	101.7	107.2	101.7	99.2	98.6	98.8	97.8	99.6	98.8
Agriculture			121.6	114.5	106.3	110.1	107.3	104.3	103.5	104.9	102.3	106.0	106.4
Beverages			116.0	92.6	83.3	84.5	83.3	82.2	83.1	94.5	85.8	94.6	103.2
Food			122.5	124.5	115.6	120.7	117.4	113.2	111.2	111.1	108.7	113.1	111.5
Fats and Oils			120.5	126.1	115.9	117.8	112.7	113.8	119.2	118.1	117.9	123.1	113.3
Grains			138.2	141.3	128.2	143.6	138.3	121.6	109.5	110.1	105.5	110.3	114.5
Other Food			111.1	107.1	103.9	104.0	104.7	104.7	102.4	102.8	99.5	102.5	106.6
Raw Materials			122.0	101.3	95.4	97.3	94.9	94.1	95.2	95.1	95.1	94.4	95.7
Timber			117.3	109.1	102.6	103.2	100.9	101.6	104.6	105.8	105.2	106.0	106.3
Other Raw Materials			127.2	92.8	87.4	90.8	88.3	85.9	84.9	83.3	83.9	81.7	84.2
Fertilizers			142.6	137.6	113.7	128.9	119.8	108.2	97.9	102.5	102.4	104.2	100.8
Metals and Minerals			113.5	96.1	90.8	98.7	88.2	87.8	88.5	85.7	88.1	86.2	83.0
Base Metals		d/	113.1	98.0	90.3	98.0	88.7	87.1	87.6	86.5	88.1	86.9	84.4
Precious Metals			136.3	138.5	115.1	135.2	114.6	107.4	103.1	104.3	100.6	105.0	107.3

Source: Bloomberg, Cotton Outlook, Datastream, Fertilizer Week, INFOFISH, INTERFEL Fel Actualités hebdo, International Cocoa Organization, International Coffee Organization, International Rubber Study Group, International Tea Committee, International Tropical Timber Organization, Internatonal Sugar Organization, ISTA Mielke GmbH Oil World, Japan Lumber Journal, MLA Meat & Livestock Weekly, Platts International Coal Report, Singapore Commodity Exchange, Sopisco News, Sri Lanka Tea Board, US Department of Agriculture, US NOAA Fisheries Service, World Gas Intelligence.

Notes: a/ Included in the energy index, b/ Included in the non-energy index, c/ Included in the precious metals index, d/ Metals and Minerals exluding iron ore.

Abbreviations: $ = US dollar bbl = barrel cum = cubic meter dmt = dry metric ton kg = kilogram mmbtu = million British thermal units
mt = metric ton toz = troy oz .. = not available

Table A1.2 World Bank commodities price forecast in nominal U.S. dollars

Commodity	Unit	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Energy														
Coal, Australia	$/mt	84.6	83.0	86.0	87.3	88.6	90.0	91.3	92.7	94.1	95.6	97.0	98.5	100.0
Crude oil, avg, spot	$/bbl	104.1	102.8	99.3	98.1	97.8	97.5	97.3	97.2	97.0	96.9	96.9	96.8	96.7
Natural gas, Europe	$/mmbtu	11.8	11.4	11.0	10.8	10.6	10.4	10.2	9.9	9.8	9.6	9.4	9.2	9.0
Natural gas, US	$/mmbtu	3.7	4.5	4.7	4.9	5.1	5.3	5.5	5.7	6.0	6.2	6.5	6.7	7.0
Natural gas LNG, Japan	$/mmbtu	16.0	15.8	15.0	14.7	14.5	14.2	13.9	13.7	13.4	13.2	13.0	12.7	12.5
Non Energy Commodities														
Agriculture														
Beverages														
Cocoa	$/kg	2.4	2.8	2.5	2.5	2.4	2.4	2.4	2.3	2.3	2.3	2.3	2.2	2.2
Coffee, Arabica	$/kg	3.1	4.0	3.7	3.7	3.7	3.6	3.6	3.6	3.6	3.6	3.5	3.5	3.5
Coffee, robusta	$/kg	2.1	2.1	2.0	2.0	2.0	1.9	1.9	1.9	1.9	1.9	1.8	1.8	1.8
Tea, auctions (3), average	$/kg	2.9	2.7	2.8	2.8	2.8	2.9	2.9	3.0	3.0	3.1	3.1	3.2	3.2
Food														
Oils and Meals														
Coconut oil	$/mt	940.6	1,000.0	980.0	971.7	963.5	955.3	947.2	939.1	931.2	923.3	915.5	907.7	900.0
Groundnut oil	$/mt	1,773.0	1,700.0	1,750.0	1,759.8	1,769.6	1,779.4	1,789.3	1,799.3	1,809.3	1,819.4	1,829.6	1,839.7	1,850.0
Palm oil	$/mt	856.9	890.0	870.0	862.7	855.5	848.4	841.3	834.3	827.3	820.4	813.5	806.7	800.0
Soybean meal	$/mt	545.3	530.0	500.0	492.5	485.1	477.9	470.7	463.7	456.7	449.9	443.2	436.5	430.0
Soybean oil	$/mt	1,056.7	1,030.0	1,020.0	1,018.0	1,016.0	1,014.0	1,012.0	1,010.0	1,008.0	1,006.0	1,004.0	1,002.0	1,000.0
Soybeans	$/mt	538.4	550.0	535.0	532.4	529.9	527.4	524.9	522.4	519.9	517.4	514.9	512.4	510.0
Grains														
Barley	$/mt	202.2	150.0	160.0	161.9	163.8	165.8	167.7	169.7	171.7	173.8	175.8	177.9	180.0
Maize	$/mt	259.4	225.0	235.0	234.5	234.0	233.5	233.0	232.5	232.0	231.5	231.0	230.5	230.0
Rice, Thailand, 5%	$/mt	505.9	430.0	425.0	422.4	419.9	417.3	414.8	412.3	409.8	407.3	404.9	402.4	400.0
Wheat, US, HRW	$/mt	312.2	315.0	305.0	301.9	298.7	295.7	292.6	289.6	286.6	283.7	280.8	277.9	275.0
Other Food														
Bananas, EU	$/kg	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Meat, beef	$/kg	4.1	4.2	4.1	4.1	4.0	4.0	4.0	3.9	3.9	3.9	3.9	3.8	3.8
Meat, chicken	$/kg	2.3	2.3	2.2	2.2	2.2	2.1	2.1	2.1	2.1	2.1	2.0	2.0	2.0
Oranges	$/kg	1.0	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	1.0
Shrimp, Mexico	$/kg	13.8	16.5	15.0	14.8	14.6	14.4	14.2	14.0	13.8	13.6	13.4	13.2	13.0
Sugar, World	$/kg	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Raw Materials														
Timber														
Logs, Cameroon	$/cum	463.5	475.0	480.0	485.2	490.5	495.9	501.3	506.8	512.3	517.9	523.5	529.2	535.0
Logs, Malaysia	$/cum	305.4	300.0	310.0	314.7	319.4	324.2	329.1	334.1	339.1	344.2	349.4	354.7	360.0
Sawnwood, Malaysia	$/cum	852.8	890.0	905.0	921.1	937.6	954.3	971.3	988.6	1,006.3	1,024.2	1,042.5	1,061.1	1,080.0
Other Raw Materials														
Cotton A Index	$/kg	2.0	2.0	2.1	2.1	2.1	2.1	2.1	2.2	2.2	2.2	2.2	2.3	2.3
Rubber, Malaysian	$/kg	2.8	2.4	2.6	2.6	2.6	2.7	2.7	2.7	2.7	2.7	2.8	2.8	2.8
Tobacco	$/mt	4570.1	4700.0	4500.0	4463.7	4427.7	4392.0	4356.6	4321.5	4286.6	4252.0	4217.8	4183.7	4150.0
Fertilizers														
DAP	$/mt	444.9	450.0	445.0	444.5	444.0	443.5	443.0	442.5	442.0	441.5	441.0	440.5	440.0
Phosphate rock	$/mt	148.1	110.0	105.0	103.4	101.8	100.3	98.7	97.2	95.7	94.3	92.8	91.4	90.0
Potassium chloride	$/mt	379.2	320.0	318.0	317.2	316.4	315.6	314.8	314.0	313.2	312.4	311.6	310.8	310.0
TSP	$/mt	382.1	360.0	355.0	354.5	354.0	353.5	353.0	352.5	352.0	351.5	351.0	350.5	350.0
Urea, E. Europe, bulk	$/mt	340.1	325.0	320.0	317.9	315.9	313.9	311.8	309.8	307.8	305.9	303.9	301.9	300.0
Metals and Minerals														
Aluminum	$/mt	1,847	1,750	1,800	1,832	1,865	1,899	1,933	1,967	2,002	2,038	2,075	2,112	2,150
Copper	$/mt	7,332	6,900	6,880	6,872	6,864	6,856	6,848	6,840	6,832	6,824	6,816	6,808	6,800
Iron ore	$/dmt	135	125	128	130	131	133	135	136	138	140	141	143	145
Lead	$/mt	2,140	2,120	2,150	2,160	2,170	2,180	2,189	2,199	2,209	2,220	2,230	2,240	2,250
Nickel	$/mt	15,032	14,800	15,000	15,276	15,557	15,843	16,135	16,432	16,734	17,042	17,355	17,675	18,000
Tin	$/mt	22,283	22,500	22,700	22,920	23,142	23,367	23,593	23,822	24,053	24,287	24,522	24,760	25,000
Zinc	$/mt	1,910	2,000	2,050	2,083	2,116	2,149	2,183	2,218	2,253	2,289	2,326	2,362	2,400
Precious Metals														
Gold	$/toz	1,411	1,250	1,230	1,216	1,203	1,189	1,176	1,163	1,150	1,137	1,125	1,112	1,100
Silver	$/toz	23.8	21.0	20.5	20.6	20.8	20.9	21.1	21.2	21.4	21.5	21.7	21.8	22.0
Platinum	$/toz	1,487	1,400	1,350	1,340	1,329	1,319	1,309	1,299	1,289	1,279	1,269	1,260	1,250

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Table A1.3 World Bank commodities price forecast in real 2010 U.S. dollars

Commodity	Unit	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Energy														
Coal, Australia	$/mt	79.7	77.8	78.9	79.0	79.1	79.2	79.2	79.1	79.0	79.0	78.9	78.7	78.6
Crude oil, avg, spot	$/bbl	98.1	96.4	91.2	88.8	87.3	85.8	84.4	82.9	81.5	80.1	78.7	77.4	76.0
Natural gas, Europe	$/mmbtu	11.1	10.7	10.1	9.8	9.4	9.1	8.8	8.5	8.2	7.9	7.6	7.3	7.1
Natural gas, US	$/mmbtu	3.5	4.2	4.3	4.4	4.5	4.7	4.8	4.9	5.0	5.1	5.3	5.4	5.5
Natural gas LNG, Japan	$/mmbtu	15.0	14.8	13.8	13.3	12.9	12.5	12.1	11.7	11.3	10.9	10.5	10.2	9.8
Non Energy Commodities														
Agriculture														
Beverages														
Cocoa	$/kg	2.3	2.6	2.3	2.2	2.2	2.1	2.1	2.0	1.9	1.9	1.8	1.8	1.7
Coffee, Arabica	$/kg	2.9	3.8	3.4	3.3	3.3	3.2	3.1	3.1	3.0	2.9	2.9	2.8	2.8
Coffee, robusta	$/kg	2.0	2.0	1.8	1.8	1.7	1.7	1.7	1.6	1.6	1.5	1.5	1.5	1.4
Tea, auctions (3), average	$/kg	2.7	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Food														
Fats and Oils														
Coconut oil	$/mt	886.9	937.8	899.4	879.6	860.1	840.6	820.9	801.3	781.9	762.7	744.0	725.6	707.7
Groundnut oil	$/mt	1,671.8	1,594.3	1,606.1	1,593.0	1,579.8	1,565.7	1,550.8	1,535.2	1,519.2	1,503.0	1,486.9	1,470.7	1,454.8
Palm oil	$/mt	808.0	834.7	798.5	781.0	763.8	746.5	729.1	711.8	694.6	677.7	661.2	644.9	629.1
Soybean meal	$/mt	514.1	497.0	458.9	445.8	433.1	420.5	408.0	395.6	383.5	371.7	360.2	349.0	338.1
Soybean oil	$/mt	996.3	965.9	936.2	921.5	907.0	892.2	877.0	861.7	846.3	831.0	815.9	801.0	786.4
Soybeans	$/mt	507.7	515.8	491.0	482.0	473.1	464.0	454.9	445.7	436.5	427.4	418.5	409.7	401.0
Grains														
Barley	$/mt	190.6	140.7	146.8	146.6	146.2	145.8	145.4	144.8	144.2	143.5	142.9	142.2	141.5
Maize	$/mt	244.6	211.0	215.7	212.3	208.9	205.4	201.9	198.4	194.8	191.2	187.7	184.3	180.9
Rice, Thailand, 5%	$/mt	477.0	403.3	390.1	382.4	374.9	367.2	359.5	351.8	344.1	336.5	329.0	321.7	314.5
Wheat, US, HRW	$/mt	294.4	295.4	279.9	273.3	266.7	260.2	253.6	247.1	240.7	234.3	228.2	222.1	216.2
Other Food														
Bananas, EU	$/kg	0.9	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.7	0.7
Meat, beef	$/kg	3.8	3.9	3.8	3.7	3.6	3.5	3.4	3.4	3.3	3.2	3.1	3.1	3.0
Meat, chicken	$/kg	2.2	2.1	2.0	2.0	1.9	1.9	1.8	1.8	1.7	1.7	1.7	1.6	1.6
Oranges	$/kg	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.7
Shrimp, Mexico	$/kg	13.0	15.5	13.8	13.4	13.0	12.6	12.3	11.9	11.6	11.2	10.9	10.5	10.2
Sugar, World	$/kg	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Raw Materials														
Timber														
Logs, Cameroon	$/cum	437.1	445.5	440.5	439.3	437.9	436.3	434.4	432.4	430.1	427.8	425.5	423.1	420.7
Logs, Malaysia	$/cum	288.0	281.3	284.5	284.9	285.2	285.3	285.2	285.0	284.7	284.4	283.9	283.5	283.1
Sawnwood, Malaysia	$/cum	804.1	834.7	830.6	833.9	837.0	839.7	841.8	843.5	844.9	846.1	847.2	848.3	849.3
Other Raw Materials														
Cotton A Index	$/kg	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.8	1.8	1.8	1.8	1.8
Rubber, Malaysian	$/kg	2.6	2.3	2.4	2.4	2.4	2.3	2.3	2.3	2.3	2.3	2.2	2.2	2.2
Tobacco	$/mt	4309.1	4407.7	4130.1	4040.8	3952.9	3864.5	3775.7	3687.0	3599.2	3512.7	3427.7	3344.6	3263.4
Fertilizers														
DAP	$/mt	419.5	422.0	408.4	402.4	396.4	390.2	383.9	377.5	371.1	364.7	358.4	352.1	346.0
Phosphate rock	$/mt	139.7	103.2	96.4	93.6	90.9	88.2	85.6	82.9	80.4	77.9	75.4	73.1	70.8
Potassium chloride	$/mt	357.5	300.1	291.9	287.1	282.5	277.7	272.8	267.9	263.0	258.1	253.2	248.5	243.8
TSP	$/mt	360.2	337.6	325.8	320.9	316.0	311.0	305.9	300.7	295.5	290.4	285.2	280.2	275.2
Urea, E. Europe, bulk	$/mt	320.7	304.8	293.7	287.8	282.0	276.2	270.3	264.4	258.5	252.7	247.0	241.4	235.9
Metals and Minerals														
Aluminum	$/mt	1,741	1,641	1,652	1,659	1,665	1,671	1,675	1,678	1,681	1,684	1,686	1,689	1,691
Copper	$/mt	6,913	6,471	6,314	6,221	6,128	6,033	5,935	5,836	5,736	5,637	5,539	5,442	5,347
Iron ore	$/dmt	128	117	117	117	117	117	117	116	116	115	115	114	114
Lead	$/mt	2,018	1,988	1,973	1,955	1,937	1,918	1,898	1,877	1,855	1,834	1,812	1,791	1,769
Nickel	$/mt	14,173	13,880	13,767	13,829	13,889	13,941	13,983	14,019	14,051	14,078	14,105	14,130	14,154
Tin	$/mt	21,010	21,101	20,834	20,748	20,661	20,561	20,448	20,325	20,196	20,063	19,929	19,794	19,659
Zinc	$/mt	1,801	1,876	1,881	1,885	1,889	1,891	1,892	1,892	1,892	1,891	1,890	1,889	1,887
Precious Metals														
Gold	$/toz	1330.8	1172.3	1128.9	1101.1	1073.8	1046.6	1019.4	992.4	965.8	939.7	914.2	889.2	865.0
Silver	$/toz	22.5	19.7	18.8	18.7	18.6	18.4	18.3	18.1	18.0	17.8	17.6	17.5	17.3
Platinum	$/toz	1401.6	1312.9	1239.0	1212.7	1186.8	1160.8	1134.5	1108.3	1082.4	1056.8	1031.6	1007.0	982.9

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Table A1.4 World Bank indices of commodity prices and inflation, 2010=100

Commodity	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Price indices in nominal US dollars (2010=100)													
Energy	127.4	126.8	123.2	122.1	122.0	121.9	121.9	121.9	122.0	122.2	122.4	122.6	122.8
Non-energy commodities	101.7	99.1	98.5	98.6	98.7	98.8	99.0	99.1	99.3	99.4	99.6	99.8	100.0
Agriculture	106.3	105.3	103.9	103.8	103.6	103.4	103.2	103.1	103.0	102.8	102.7	102.6	102.5
Beverages	83.3	94.4	88.1	87.7	87.3	86.9	86.5	86.1	85.8	85.4	85.1	84.8	84.5
Food	115.6	111.8	110.2	109.5	108.8	108.1	107.5	106.9	106.2	105.6	104.9	104.3	103.7
Fats and oils	115.9	116.2	112.6	111.6	110.7	109.8	108.9	108.0	107.1	106.3	105.4	104.6	103.7
Grains	128.2	115.1	116.1	115.5	114.9	114.3	113.8	113.2	112.7	112.1	111.6	111.0	110.5
Other food	103.9	103.1	101.6	101.2	100.8	100.4	100.0	99.6	99.1	98.7	98.3	97.9	97.5
Raw materials	95.4	95.0	96.9	98.0	99.1	100.3	101.4	102.6	103.8	105.0	106.3	107.5	108.8
Timber	102.6	105.6	107.7	109.6	111.5	113.4	115.3	117.3	119.3	121.4	123.5	125.6	127.8
Other Raw Materials	87.4	83.3	85.1	85.4	85.7	85.9	86.2	86.5	86.8	87.1	87.4	87.7	88.1
Fertilizers	113.7	101.5	99.7	99.1	98.5	97.9	97.3	96.8	96.2	95.6	95.1	94.5	94.0
Metals and minerals [a]	90.8	86.2	87.3	88.0	88.8	89.6	90.4	91.2	92.0	92.9	93.7	94.6	95.5
Base Metals [b]	90.3	86.3	87.2	87.8	88.5	89.2	90.0	90.7	91.4	92.2	93.0	93.7	94.5
Precious Metals	115.1	102.0	100.1	99.4	98.6	97.9	97.2	96.5	95.8	95.1	94.4	93.7	93.1
Price indices in real 2010 US dollars (2010=100) [c]													
Energy	120.1	118.9	113.1	110.5	108.9	107.2	105.6	104.0	102.5	101.0	99.5	98.0	96.6
Non-energy commodities	95.9	92.9	90.4	89.3	88.1	87.0	85.8	84.6	83.3	82.1	80.9	79.8	78.6
Agriculture	100.2	98.7	95.4	93.9	92.5	91.0	89.5	88.0	86.4	84.9	83.5	82.0	80.6
Beverages	78.5	88.5	80.8	79.4	77.9	76.5	75.0	73.5	72.0	70.6	69.2	67.8	66.4
Food	109.0	104.9	101.1	99.1	97.1	95.2	93.2	91.2	89.2	87.2	85.3	83.4	81.5
Fats and oils	109.3	109.0	103.3	101.1	98.8	96.6	94.4	92.2	90.0	87.8	85.7	83.6	81.6
Grains	120.9	107.9	106.5	104.5	102.6	100.6	98.6	96.6	94.6	92.6	90.7	88.8	86.9
Other food	98.0	96.7	93.3	91.6	90.0	88.3	86.6	84.9	83.2	81.5	79.9	78.2	76.6
Raw materials	89.9	89.0	89.0	88.7	88.5	88.2	87.9	87.5	87.2	86.8	86.4	86.0	85.6
Timber	96.7	99.0	98.9	99.2	99.5	99.8	100.0	100.1	100.2	100.3	100.4	100.4	100.5
Other Raw Materials	82.5	78.2	78.1	77.3	76.5	75.6	74.7	73.8	72.9	72.0	71.0	70.1	69.2
Fertilizers	107.2	95.2	91.5	89.7	87.9	86.1	84.3	82.6	80.8	79.0	77.3	75.6	73.9
Metals and minerals [a]	85.6	80.8	80.1	79.7	79.3	78.8	78.3	77.8	77.3	76.7	76.2	75.6	75.1
Base Metals [b]	85.2	80.9	80.0	79.5	79.0	78.5	78.0	77.4	76.8	76.2	75.5	74.9	74.3
Precious Metals	108.5	95.6	91.9	90.0	88.1	86.2	84.2	82.3	80.4	78.6	76.7	74.9	73.2
Inflation indices, 2010=100 [d]													
MUV index [e]	106.1	106.6	109.0	110.5	112.0	113.6	115.4	117.2	119.1	121.0	123.0	125.1	127.2
% change per annum	(1.4)	0.5	2.2	1.4	1.4	1.5	1.5	1.6	1.6	1.6	1.7	1.7	1.7
US GDP deflator	105.2	106.9	106.9	109.0	111.2	113.5	115.8	118.1	120.5	122.9	125.4	127.9	130.5
% change per annum	1.4	1.6	0.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0

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Notes:
a. Base metals plus iron ore.
b. Includes aluminum, copper, lead, nickel, tin and zinc.
c. Real price indices are computed from unrounded data and deflated by the MUV index.
d. Inflation indices for 2013-2025 are projections.
e. Unit value index of manufacture exports (MUV) in US dollar terms for fifteen countries (Brazil, Canada, China, Germany, France, India, Italy, Japan, Mexico, Republic of Korea, South Africa, Spain, Thailand, United Kingdom, and United States).

Description of price series

ENERGY

Coal (Australia), thermal, f.o.b. piers, Newcastle/Port Kembla, 6,700 kcal/kg, 90 days forward delivery beginning year 2011; for period 2002-2010, 6,300 kcal/kg (11,340 btu/lb); prior to year 2002, 6,667 kcal/kg (12,000 btu/lb).
Coal (Colombia), thermal, f.o.b. Bolivar, 6,450 kcal/kg, (11,200 btu/lb) ; during years 2002-July 2005 11,600 btu/lb, less than 0.8% sulfur, 9% ash , 90 days forward delivery.
Coal (South Africa), thermal, f.o.b. Richards Bay, 90 days forward delivery; 6,000 kcal/kg, during 2002-2005, 6,200 kcal/kg (11,200 btu/lb); during 1990-2001 6390 kcal/kg (11,500 btu/lb).

Crude oil, average price of Brent, Dubai and West Texas Intermediate, equally weighed.
Crude oil, U.K. Brent 38° API.
Crude oil, Dubai Fateh 32° API.
Crude oil, West Texas Intermediate (WTI) 40° API.

Natural gas (Europe), average import border price, including UK. As of April 2010 includes a spot price component. Between June 2000 - March 2010 excludes UK.
Natural gas (U.S.), spot price at Henry Hub, Louisiana.
Natural gas LNG (Japan), import price, cif, recent two months' averages are estimates.

NON ENERGY COMMODITIES

BEVERAGES

Cocoa (ICCO), International Cocoa Organization daily price, average of the first three positions on the terminal markets of New York and London, nearest three future trading months.

Coffee (ICO), International Coffee Organization indicator price, other mild Arabicas, average New York and Bremen/Hamburg markets, ex-dock.
Coffee (ICO), International Coffee Organization indicator price, Robustas, average New York and Le Havre/Marseilles markets, ex-dock.

Tea, average three auctions, arithmetic average of quotations at Kolkata, Colombo and Mombasa/Nairobi.
Tea (Colombo auctions), Sri Lankan origin, all tea, arithmetic average of weekly quotes.
Tea (Kolkata auctions), leaf, include excise duty, arithmetic average of weekly quotes.
Tea (Mombasa/Nairobi auctions), African origin, all tea, arithmetic average of weekly quotes.

OILS AND MEALS

Coconut oil (Philippines/Indonesia), bulk, c.i.f. Rotterdam.

Copra (Philippines/Indonesia), bulk, c.i.f. N.W. Europe.

Groundnuts (US), Runners 40/50, shelled basis, c.i.f. Rotterdam.

Groundnut oil (any origin), c.i.f. Rotterdam.

Palm oil (Malaysia), 5% bulk, c.i.f. N. W. Europe.

Palmkernel Oil (Malaysia), c.i.f. Rotterdam.

Soybean meal (any origin), Argentine 45/46% extraction, c.i.f. Rotterdam beginning 1990; previously US 44%.

Soybean oil (Any origin), crude, f.o.b. ex-mill Netherlands.

Soybeans (US), c.i.f. Rotterdam.

GRAINS

Barley (US) feed, No. 2, spot, 20 days To-Arrive, delivered Minneapolis from May 2012 onwards; during 1980 - 2012 April Canadian, feed, Western No. 1, Winnipeg Commodity Exchange, spot, wholesale farmers' price.

Maize (US), no. 2, yellow, f.o.b. US Gulf ports.

Rice (Thailand), 5% broken, white rice (WR), milled, indicative price based on weekly surveys of export transactions, government standard, f.o.b. Bangkok.
Rice (Thailand), 25% broken, WR, milled indicative survey price, government standard, f.o.b. Bangkok.
Rice (Thailand), 100% broken, A.1 Super from 2006 onwards, government standard, f.o.b. Bangkok; prior to 2006, A1 Special, a slightly lower grade than A1 Super.
Rice (Vietnam), 5% broken, WR, milled, weekly indicative survey price, Minimum Export Price, f.o.b. Hanoi.

Sorghum (US), no. 2 milo yellow, f.o.b. Gulf ports.

Wheat (Canada), no. 1, Western Red Spring (CWRS), in store, St. Lawrence, export price.
Wheat (US), no. 1, hard red winter, ordinary protein, export price delivered at the US Gulf port for prompt or 30 days shipment.
Wheat (US), no. 2, soft red winter, export price delivered at the US Gulf port for prompt or 30 days shipment.

OTHER FOOD

Bananas (Central & South America), major brands, free on truck (f.o.t.) Southern Europe, including duties; prior to October 2006, f.o.t. Hamburg.
Bananas (Central & South America), major brands, US import price, f.o.t. US Gulf ports.

Fishmeal (any origin), 64-65%, c&f Bremen, estimates based on wholesale price, beginning 2004; previously c&f Hamburg.

Meat, beef (Australia/New Zealand), chucks and cow forequarters, frozen boneless, 85% chemical lean, c.i.f. U.S. port (East Coast), ex-dock, beginning November 2002; previously cow forequarters.

Meat, chicken (US), broiler/fryer, whole birds, 2-1/2 to 3 pounds, USDA grade "A", ice-packed, Georgia Dock preliminary weighted average, wholesale.

Meat, sheep (New Zealand), frozen whole carcasses Prime Medium (PM) wholesale, Smithfield, London beginning January 2006; previously Prime Light (PL).

Oranges (Mediterranean exporters) navel, EEC indicative import price, c.i.f. Paris.

Shrimp, (Mexico), west coast, frozen, white, No. 1, shell-on, headless, 26 to 30 count per pound, wholesale price at New York.

Sugar (EU), European Union negotiated import price for raw unpackaged sugar from African, Caribbean and Pacific (ACP) under Lome Conventions, c.l.f. European ports.
Sugar (US), nearby futures contract, c.i.f.
Sugar (world), International Sugar Agreement (ISA) daily price, raw, f.o.b. and stowed at greater Caribbean ports.

TIMBER

Logs (West Africa), sapele, high quality (loyal and marchand), 80 centimeter or more, f.o.b. Douala, Cameroon beginning January 1996; previously of unspecified dimension.
Logs (Malaysia), meranti, Sarawak, sale price charged by importers, Tokyo beginning February 1993; previously average of Sabah and Sarawak weighted by Japanese import volumes.

Plywood (Africa and Southeast Asia), Lauan, 3-ply, extra, 91 cm x 182 cm x 4 mm, wholesale price, spot Tokyo.

Sawnwood (Cameroon), sapele, width 6 inches or more, length 6 feet or more, f.a.s. Cameroonian ports.
Sawnwood (Malaysia), dark red seraya/meranti, select and better quality, average 7 to 8 inches; length average 12 to 14 inches; thickness 1 to 2 inch(es); kiln dry, c. & f. UK ports, with 5% agents commission including premium for products of certified sustainable forest beginning January 2005; previously excluding the premium.

Woodpulp (Sweden), softwood, sulphate, bleached, air-dry weight, c.i.f. North Sea ports.

OTHER RAW MATERIALS

Cotton (Cotton Outlook "CotlookA index"), middling 1-3/32 inch, traded in Far East, C/F beginning 2006; previously Northern Europe, c.i.f.

Rubber (Asia), RSS3 grade, Singapore Commodity Exchange Ltd (SICOM) nearby contract beginning 2004; during 2000 to 2003, Singapore RSS1; previously Malaysia RSS1.
Rubber (Asia), TSR 20, Technically Specified Rubber, SICOM nearby contract.

FERTILIZERS

DAP (diammonium phosphate), standard size, bulk, spot, f.o.b. US Gulf.

Phosphate rock (Morocco), 70% BPL, contract, f.a.s. Casablanca.

Potassium chloride (muriate of potash), standard grade, spot, f.o.b. Vancouver.

TSP (triple superphosphate), bulk, spot, beginning October 2006, Tunisian origin, granular, fob; previously US origin, f.o.b. US Gulf.

Urea, (Black Sea), bulk, spot, f.o.b. Black Sea (primarily Yuzhnyy) beginning July 1991; for 1985-91 (June) f.o.b. Eastern Europe.

METALS AND MINERALS

Aluminum (LME) London Metal Exchange, unalloyed primary ingots, high grade, minimum 99.7% purity, settlement price beginning 2005; previously cash price.

Copper (LME), grade A, minimum 99.9935% purity, cathodes and wire bar shapes, settlement price.

Iron ore (any origin) fines, spot price, c.f.r. China, 62% Fe beginning December 2008; previously 63.5%.

Lead (LME), refined, 99.97% purity, settlement price.

Nickel (LME), cathodes, minimum 99.8% purity, settlement price beginning 2005; previously cash price.

Tin (LME), refined, 99.85% purity, settlement price.

Zinc (LME), high grade, minimum 99.95% purity, settlement price beginning April 1990; previously special high grade, minimum 99.995%, cash prices .

PRECIOUS METALS

Gold (UK), 99.5% fine, London afternoon fixing, average of daily rates.

Platinum (UK), 99.9% refined, London afternoon fixing.

Silver (UK), 99.9% refined, London afternoon fixing; prior to July 1976 Handy & Harman. Grade prior to 1962 unrefined silver.