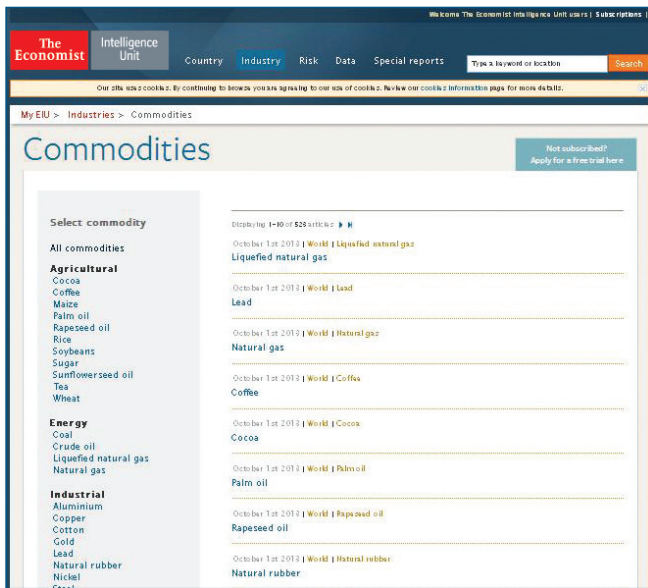


World Commodity Forecasts

Commodity forecasts and analysis from trusted experts

World Commodity Forecasts provides a wide range of essential information for those concerned with the international commodity markets. It delivers price forecasts for the next two years together with forecasts of factors influencing prices including production, consumption and stock levels.



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2 Economist Intelligence Unit commodity price index

Economist Intelligence Unit commodity price index

The Economist Intelligence Unit's food, feedstuffs and beverages (FFB) index fell by just over 20% in 2009. The decline in prices of most agricultural commodities began in the second half of 2008 as part of the financial markets crisis. Values were particularly weak in the first half of 2009 before severe supply disruptions to a number of key agricultural commodities drove a rebound in prices. Commodity prices that recovered strongly include those for arabica coffee, tea, cocoa and sugar. Grains prices, however, remained in the doldrums in 2009, owing to both weaker demand and bumper crops; this depressed the FFB index, which assigns a heavy weighting to the grains complex.

The wider world commodity forecasts (WCF) index, which includes prices for base metals and fibres, is expected to bounce back more strongly than the FFB index in 2010, fuelled by China's insatiable demand for industrial raw materials. We expect a further small contraction in the FFB index in both 2010 and 2011, largely because of a return to more normal harvests in the beverages and sugar markets, in particular. Grains prices will remain depressed owing to ample supplies and stockbuilding. Furthermore, the onset of monetary tightening in China and only a subdued recovery in the OECD suggest that there will be little upward pressure on commodity prices in 2011.

Price forecast summary

(US\$ index: 1990=100; % change year on year)

	Index				% change					
	2007	2008	2009	2010	2011	2007	2008	2009	2010	2011
NCF	176.9	198.9	154.5	170.6	172.2	20.8	12.4	-22.3	10.4	1.0
FFB	167.3	214.5	171.3	164.2	165.3	30.8	28.2	-20.1	-4.1	-1.2
Beverages	153.1	181.8	183.6	192.4	172.0	14.5	18.8	1.0	4.8	-10.6
Grains	180.6	233.2	165.8	146.2	154.3	35.4	29.1	-28.9	-11.8	5.5
Oilseeds	170.6	226.2	176.2	177.8	176.1	46.4	32.6	-22.1	0.9	-1.0
Sugar	80.1	101.9	145.1	140.9	118.5	-32.0	27.3	42.3	-2.9	-15.9

Note: WCF (World commodity forecasts) is an index of 22 hard and soft commodities. FFB (Food, feedstuff and beverages) is a price index of 13 soft commodities. The beverages sector has a weight of 20% in the FFB index, grains 46.4%, oilseeds 28.6% and sugar 4.9%. The FFB index has a weight of 55.6% in the WCF index.

Source: Economist Intelligence Unit.

Investor inflows into commodities have helped to support prices

The prices of nearly all the commodities in our FFB index rose in 2009, owing to a general return of investor risk appetite, the weakness of the US dollar and supply disruptions to some agricultural commodities. Bumper harvests and declining demand from the livestock sector depressed grains markets in 2009, and we expect these constraints to remain in 2010 before prices start to recover in 2011. Stronger economic growth (particularly in the emerging world) will boost feedstock consumption, which, coupled with increasing demand from the biofuels sector, will support prices, particularly of maize.

Demand from the biofuels sector also supported sugar prices in 2009, as did disappointing harvests in Brazil and India. Prices are expected to fall sharply in 2010-11, assuming greater supply as a result of more favourable weather.

World commodity forecasts: food, feedstuffs and beverages July 2010 www.eiu.com © The Economist Intelligence Unit Limited 2010

World Commodity Forecasts delivers

EIU commodity indices and analysis, in-depth individual commodity forecasts, and statistical tables on the following commodities:

Industrial raw materials

Aluminium, coal, copper, cotton, liquefied natural gas, lead, nickel, natural rubber, natural gas, zinc, tin, crude oil, steel, gold.

Food, feedstuffs, and beverages

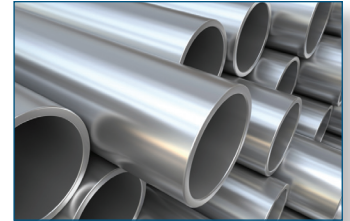
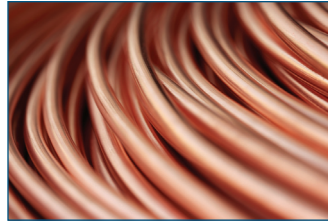
Cocoa, coffee arabica and robusta, wheat, maize, rice, soybeans, palm oil, sunflowerseed oil, rapeseed oil, sugar, tea.

Individual commodity forecasts

Each commodity is also available separately with the same detail provided in the package reports.

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Americas

The Economist Intelligence Unit
750 Third Ave, 5th Floor
New York, NY 10017 USA
Tel: +1 212 698 9717
Fax: +1 212 586 0248
e-mail: americas@eiu.com

Europe, Middle East, & Africa

The Economist Intelligence Unit
20 Cabot Square,
London E14 4QW
United Kingdom
Tel: +44 (0)20 7576 8181
Fax: +44(0)20 7576 8476
e-mail: emea@eiu.com

Asia & Australasia

The Economist Intelligence Unit
6001 Central Plaza
18 Harbour Road, Wanchai
Hong Kong
Tel: + 852 2585 3888
Fax: +852 2802 7638
e-mail: asia@eiu.com