

Gold prices rose in 2010 for the tenth straight year, posting the highest growth rate for any category of assets and most raw materials. After opening for the year at \$1096.25 per ounce, prices seesawed throughout the first quarter of 2010 between \$1040 and \$1160 per ounce, encountering difficulty to reach the record level of \$1200 per ounce posted on 3 December 2009, mainly due to strengthening of the US dollar over this same period.

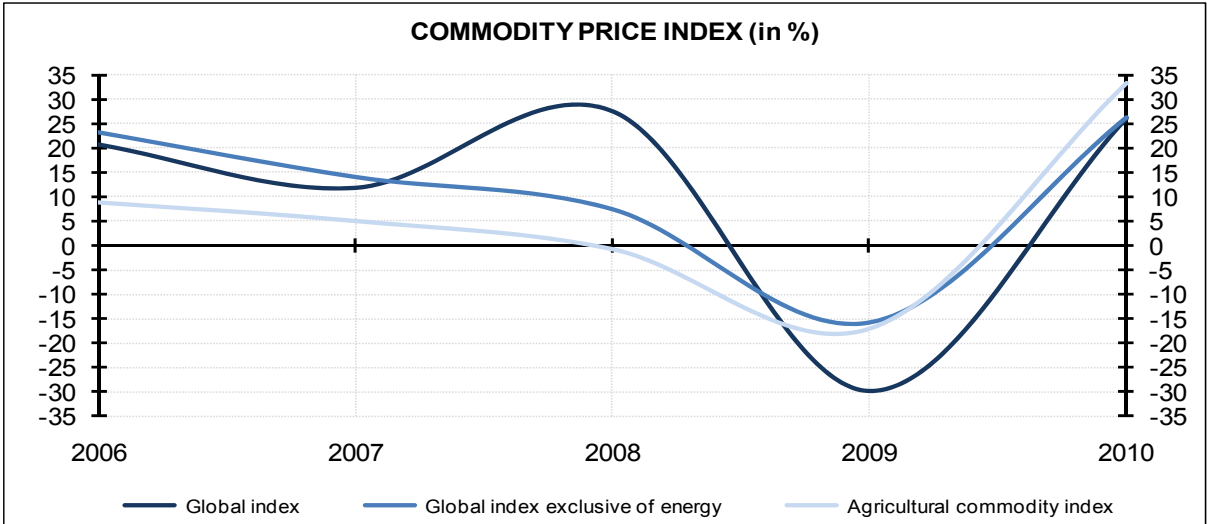
Starting in the second quarter, gold regained its status as a safe haven, boosted by renewed fears fuelled by the risks weighing on the world economic recovery on the one hand and the growing sovereign debt crisis in the euro zone on the other. The price of gold hit \$1430.95 on 7 December 2010, favoured by a new wave of weakness for the US dollar, a renewed concern about the European debt crisis, and new fears about inflation, especially after announcement of the second quantitative easing programme (QE2) adopted by the Federal Reserve. Gold closed for the year at \$1419.95 per ounce, an increase of 29.5% for the year as a whole.

In 2011, Gold the safe heaven par excellence, continued to progress going even beyond the symbolic bar of \$1500 per ounce in a context of world economic uncertainties. Gold closed for the first half-year period at \$1499.60 the ounce (its historical peak was recorded on 11 August : \$ 1813.79 per ounce).

SECTION 4 - COMMODITY PRICES

World commodity prices in 2010 continued on the upward trend that began in the second half of 2009, as economic activity picked up in industrialised countries and international demand rose, especially in emerging countries. The overall price index for these products (expressed in dollars), as established by the International Monetary Fund (IMF), went up by 26.1%, after dropping by almost 30% in 2009.

The most striking increases involved **base metals** (48%), largely due to worldwide economic recovery, and **agricultural raw materials** (some 33%), following the adverse weather that affected certain harvests in the main exporting countries. Similarly, prices for **energy products** rose considerably (by almost 26%), affected by rising international demand (especially in the second half of the year) and by depreciation of the US dollar. **If energy is excluded**, the increase in commodity prices comes to 26.3% on average, after a drop of 15.8% in 2009. This was to the advantage of exporting countries, but it caused deterioration of the trade balance in net importing countries.



Source : IMF International Financial Statistics

World prices increase for most products went on in the first half of **2011**, with more or less marked fluctuations (particularly for crude oil), in line with trends in economic conditions and the balance between supply and demand. But for the year as a whole, prices are expected to stabilise as a result of slowing economic growth in a number of developed countries, notably the United States and Japan, where the economy was affected by fallout from the earth-quake that took place in March.

1. Foodstuffs

International prices for most food products went up considerably in 2010, influenced by a number of factors such as persistent pressure on supply in general, lower prospects for production of certain products (such as cereals, suffering from bad weather in the main producing and exporting countries), higher international demand, and speculation.

Wheat prices began to soar in August 2010, reaching the record levels of September-December 2007, influenced mainly by a poor harvest in Russia due to drought and fires (leading to discontinuation of exports) and depreciation of the US dollar. Prices rose by 49% between end 2009 and end 2010, following a drop of 6.4% a year earlier.

As for **secondary cereals**, a slight drop in production (-0.5%) and greater international demand contributed to higher world prices. **Corn** prices were up by 12% on average, compared to a drop of 25.6% in 2009, with a portion of the harvest being used to manufacture bio-fuel, which became more attractive as crude oil prices soared. Inversely, because of higher production, **rice** prices dropped by 11.5% from 2009 to 2010.

World **sugar** prices followed an upward trend in 2010, reaching a record level of USD 514 a tonne in December (the highest figure in some three decades), up from USD 450 in January. This trend was due to problems in supply, accentuated by downward revision of expected harvests in the wake of adverse weather, especially in Brazil (top producer and exporter in the world) and in Australia, as well as restrictions placed on export by India, the number two producer in the world.

AVERAGE PRICES OF FOODSTUFFS

(In dollars per tonne)

Products	Places of quotation	Averages for the period			Variation in %		
		Dec. 2010	2010	1 st half 2011	Dec.2010 Dec.2009	2010 2009	1 st half 2011 1 st half 2010
Wheat	Gulf Ports U.S.	307	224	335	49.0	0.4	79.1
Corn	Gulf Ports U.S.	251	186	298	52.1	12.0	86.3
Rice	Thailand	537	521	..	-11.4	-11.5	..
Oil :							
.Soybean	Dutch Ports	1,208	925	1,259	39.3	17.5	49.0
.Palm	Malaysia/North Europe	1,171	860	1,162	60.9	33.5	50.5
.Groundnut	Europe	1,753	1,404	1,751	47.1	18.6	29.2
.Olive	United Kingdom	3,004	3,171	3,105	-22.0	-9.6	-5.9
Sugar	Brazil	514	450	..	26.0	37.6	..
Coffee	New York	4,102	3,186	..	41.8	29.8	..
Tea	London	3,521	3,168	3,393	-5.9	0.9	9.1

Source : IMF International Financial Statistics

World **oil** prices posted a clear increase for the main vegetable oils starting the beginning of 2010 and becoming more marked in the last quarter of the year, following a sharp decline in 2009, due in particular to sustained international demand. Prices were high, but not as the record levels of 2008.

Olive oil, on the other hand, went down for the second straight year : -9.6% on average vs. -15.8% in 2009 as world supply exceeded world demand.

2. Industrial raw materials

As the world economy recovered, demand (especially from Asian countries) picked up, and the US dollar lost value, world prices for industrial raw materials enjoyed impressive recovery in 2010, particularly for rubber, cotton and non ferrous metals, essentially copper and tin. Significantly higher prices were also influenced by renewed confidence in investment on commodity markets, inadequate supply of a number of products (especially metals), and lower stocks.

International **cotton** prices went up steadily throughout 2010, reaching a record level in December (\$3709 a tonne vs. \$1706 in January), influenced in particular by high consumption in China (40% of world total) and export restrictions by India.

Prices for **base metals** also went up considerably, especially starting midsummer 2010. This was the case in particular for **tin** and **copper**, for which prices were boosted by economic recovery in industrialised countries and rapid expansion in emerging Asian economies. As for **zinc** and **lead**, price increases for the year as a whole were more moderate and there was even a drop of 3.7% in December for zinc compared to the same month the year before.

AVERAGE INDUSTRIAL RAW MATERIAL PRICES

(In dollars per tonne)

Products	Places of quotation	Averages for December			Variation in %		
		Dec. 2010	2010	1 st half 2011	Dec.2010 Dec.2009	2010 2009	1 st half 2011 1 st half 2010
Cotton	Liverpool	3,709	2,283	3,029	119.1	65.1	60.7
Rubber	Singapore	4,747	3,653	5,505	68.9	90.1	59.2
Copper	London	9,153	7,538	9,400	31.2	45.9	31.9
Tin	London	26,104	20,367	29,358	67.5	49.7	67.7
Zinc	London	2,287	2,160	2,326	-3.7	30.3	7.9
Lead	London	2,413	2,148	2,578	3.7	25.0	23.8
Phosphate	Casablanca	140	123	170	55.6	0.8	49.1

Source : IMF International Financial Statistics

Phosphate prices began to rise in January 2010, up from USD 90 to USD 98 a tonne, an increase of some 9%. After just slightly higher figures over the following two months, prices rose to USD 125 a tonne between April and September, then to USD 140 a tonne in October, remaining at this level until December 2010. This constitutes a USD 50 a tonne increase (+55.6%) between the end of 2009 and the end of 2010. But in terms of annual average, the increase was just 0.8%, compared to a drop of almost 65% a year earlier and a record high of USD 346 per tonne in 2008.

The upward trend in world prices for phosphates and phosphate-based products was influenced by lower supply and higher demand for fertilisers, especially in a context of soaring prices for agricultural products (especially cereals), which encouraged the use of fertilisers to increase yield.

3. Crude oil

After a period of fluctuation, but remaining near the same level as in December 2009 (except for a peak of some USD 85 for a barrel of Brent in April), prices for crude oil followed an upward trend in 2010, especially in the last quarter. In effect, the price for a **barrel of Brent** was USD 91.80 in December 2010, compared to USD 74.67 in December 2009, an increase of some +23%.

In terms of annual average, price hikes for crude oil came to 28.7% for both Brent and American light, after a year of sharp decreases. This increase was due to a recovery in the economic activity in industrialised countries and strong demand from emerging Asian countries, especially China. It should be noted that balance on the world crude oil market was marked by demand that went up at a slightly faster pace than supply (3.4% and 2.5% respectively), despite an increase in production by OPEC (3% vs. -5.9% in 2009). Thus there was a deficit between supply and demand amounting to 0.6 million barrels a day, compared to a slight surplus of 0.2 million barrels the year before.

TRENDS IN CRUDE OIL PRICES ON INTERNATIONAL MARKETS

(In dollars the barrel)

Description	2009	2010	1 st half 2011	Variation in %		
				<u>2009</u> <u>2008</u>	<u>2010</u> <u>2009</u>	<u>1st half 2011</u> <u>1st half 2010</u>
Brent	61.86	79.63	111.01	-36.7	28.7	42.9
Light American	61.69	79.40	98.22	-38.1	28.7	25.5

Source : IMF International Financial Statistics

World prices for crude oil, mainly for the Brent continued to rise **in 2011** at a brisk pace, an adverse factor for Tunisia's trade balance as well as for equalisation expenses. At the end of the first half of this year, the energy deficit worsened, coming to some 386 MTD, while outlays for fuel equalisation are estimated at 1537 MTD for the year as a whole.