

COMMODITY MARKET OVERVIEW

- In the just ended week, the price of Gold and Cocoa inched up whilst that of WTI and Brent Crude declined.
- Gold increased by 0.61% to \$1,587.90 compared to the previous week's price of \$1,578.20.
- WTI and Brent Crude dipped by 4.85% and 4.17% to \$51.56 and \$58.16 respectively to end the trading week.
- Cocoa price also inched up by 1.51% to close the week at \$2,699.56 compared to its price of \$2,659.36 in the previous week.
- On a year-to-date basis Gold and Cocoa have edged up in price whereas the price of WTI and Brent Crude have dropped. Gold and Cocoa increased by 4.25% and 9.85% respectively. WTI and Brent crude oil have declined by 15.56% and 11.88% respectively.
- Year-on year, Gold and Cocoa have improved in price by 19.82% and 25.49% respectively whereas WTI and Brent crude oil have dropped by 4.16% and 4.40%.

MARKET UPDATE AND OUTLOOK

CRUDE OIL

OIL FALLS AS DEMAND FEARS OUTWEIGH HOPES FOR BIGGER OPEC+ CUTS

- Oil prices sank about 1% as fears that energy demand would take a long-term hit from the growing coronavirus outbreak outweighed hopes for more production cuts from OPEC and its allies.

- Oil slid sharply over the past two weeks on concerns over the global economic impact of China's coronavirus, which by the end of the week had claimed 427 lives, infected 20,438 in mainland China and had been detected in roughly two dozen countries.

- Even though in early trading, it bounced higher on hopes of further output cuts from OPEC+, comprising the Organization of the Petroleum Exporting Countries and allies including Russia.

- The producer group could face an uphill battle to put more cuts in place so soon after the existing pact was agreed to and because of uncertainty over how long the virus crisis will last.

- We therefore expect Crude oil prices to remain under pressure this week as the economic impact of the coronavirus could reduce oil consumption for the whole year by 300,000 to 500,000 bpd, roughly 0.5% of global demand.

GOLD

GOLD INCHES HIGHER ON VIRUS CONCERNS; SET FOR MONTHLY GAIN

- Gold prices inched higher on Friday and were set to post their biggest monthly gain in five, as the coronavirus epidemic fuelled economic slowdown concerns, despite the World Health Organization's confidence that the outbreak could be controlled.

- The WHO on Thursday declared the coronavirus outbreak a global emergency, however, it opposed restrictions on travel or trade with China and said the actions taken by Beijing can "reverse the tide".

- Additionally, Gold is considered a safe haven in times of political and economic uncertainty.

- Therefore we expect Gold prices to continue climbing this week as a safe haven riding on the back of the coronavirus and its impact on the global economy in the months ahead.

COCOA

COCOA PRICES SETTLE AT 1-WEEK HIGHS ON GLOBAL SUPPLY CONCERNS

- Cocoa prices rallied to 1-week high on smaller global supplies. Data on Thursday from the Ports Authority of Douala showed that Jan cocoa exports from Cameroon, the world's fifth-biggest cocoa exporter, fell -58% y/y to 7,210 MT from 17,285 MT a year ago.

- Supply concerns were already underpinning cocoa prices after the Ivory Coast government on Monday reported that Ivory Coast farmers sent 59,898 MT of cocoa to ports during Jan 20-26, down -8.6% y/y. On a cumulative basis, however, Ivory Coast farmers have sent a total of 1.411 MMT of cocoa to ports during Oct 1-Jan 26, up +8.5% y/y.

- Also, projected increased rainfall in West Africa is bearish for cocoa prices as it may boost Ivory Coast and Ghana cocoa yields. Satellite imagery on Monday from the U.S. Climate Prediction Center for Jan 19-25 showed above-average rainfall across most of the Ivory Coast, although Ghana still showed some dry conditions.

- We therefore expect the price of cocoa to remain stable this week.

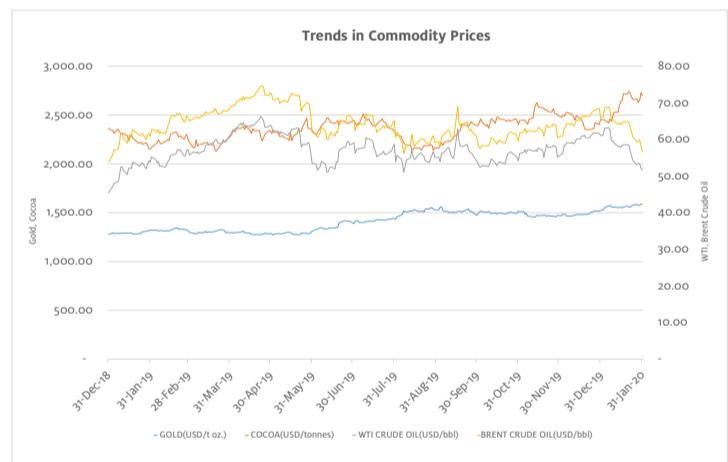
COMMODITY	Unit	Price (week start)	Price (week close)	Previous week close	Wkly (%Δ)
Gold (Comex)	USD/oz	1,583.70	1,587.90	1,578.20	0.61
Cocoa ICCO	USD/ton	2,666.29	2,699.56	2,659.36	1.51
WTI Crude	USD/bbl	53.14	51.56	54.19	(4.85)
Brent Crude	USD/bbl	59.32	58.16	60.69	(4.17)

Source: Bloomberg; International Cocoa Organization

WEEKLY HIGHS AND LOWS				
COMMODITY	Weekly high	Weekly low	YTD (%Δ)	YoY (%Δ)
Gold (Comex)	1,587.90	1,575.80	4.25	19.82
Cocoa ICCO	2,727.70	2,632.45	9.85	25.49
WTI Crude Oil	53.48	51.56	(15.56)	(4.16)
Brent Crude	59.81	58.16	(11.88)	(4.40)

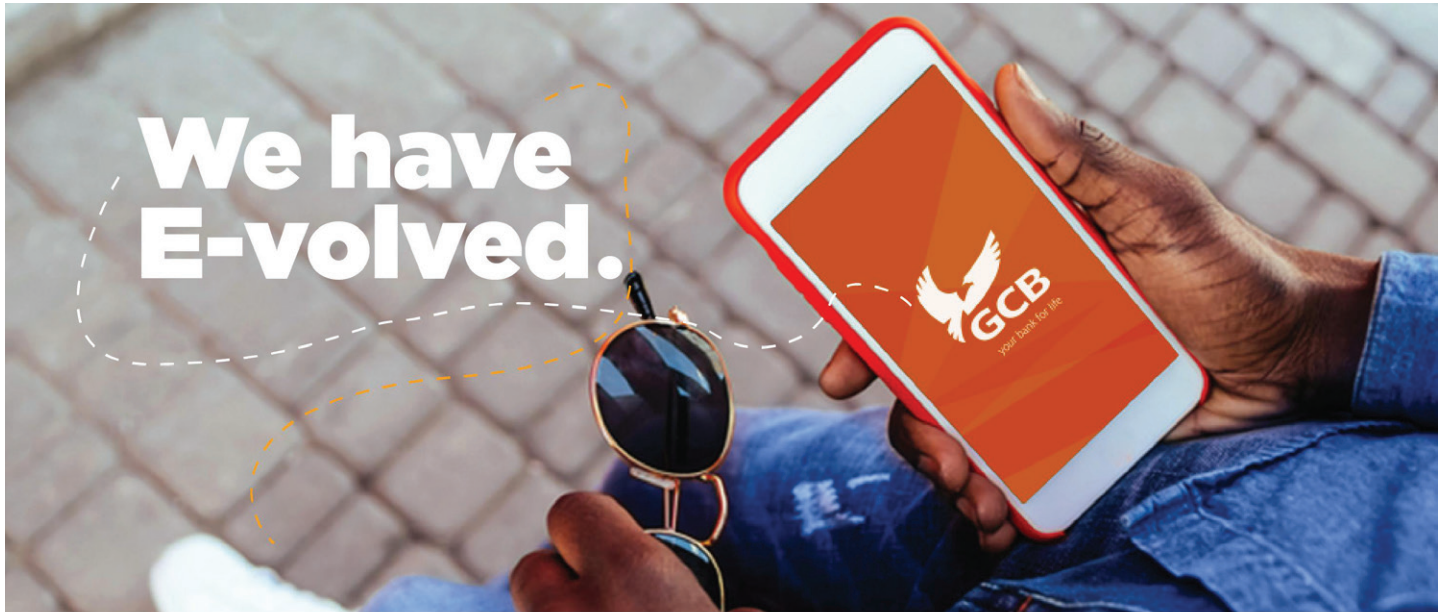
Source: Bloomberg; International Cocoa Organization

Commodity Price, 01 Jan to date



Commodity Market Update

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