

COMMODITY MARKET OVERVIEW

- In the just ended week, prices of Cocoa, WTI and Brent Crude increased whereas Gold witnessed a fall in price.
- Gold dipped by 2% to \$1,700.90 compared to the previous week's price of \$1,723.80.
- WTI and Brent Crude inched up in price by 16.77% and 23.32% to \$19.78 and \$26.44 respectively to close the trading week.
- Cocoa price also edged up by 5.96% to end the week at \$2,402.00 compared to its price of \$2,266.85 in the previous week.
- On a year-to-date basis, gold advanced in price by 11.67% while cocoa dropped by 2.26%. WTI and Brent crude oil also depreciated by 67.61% and 59.94% respectively.
- Year-on year, gold and cocoa inched up in price by 32.45% and 3.92% respectively. WTI and Brent crude oil decreased by 68.90% and 63.37%.

MARKET UPDATE AND OUTLOOK

CRUDE OIL OIL FIRMS, ENDS WITH WEEKLY GAIN, AS OPEC+ BEGINS RECORD CUTS

- U.S. oil prices were 5% higher while Brent crude rose above \$26 per barrel on Friday, with both benchmarks posting their first weekly gain in four weeks as OPEC and its allies embark on record output cuts to tackle a supply glut due to the coronavirus crisis.
- U.S. crude fell to an all-time low and traded negative for the first time on record while Brent hit a near-21-year low as the pandemic eroded demand.
- The Organization of the Petroleum Exporting Countries, Russia and other producers, known as OPEC+, have agreed to cut output by 9.7 million barrels per day from May 1, 2020 which supported oil prices.
- Also supporting oil prices, the U.S. Energy Information Administration said on Wednesday (29/04/2020) crude inventories rose by 9 million barrels last week, less than the 10.6 million-barrel rise analysts had forecast.
- Several countries and regions, including China's central province of Hubei, where the novel coronavirus behind the pandemic was first detected, are relaxing lockdowns put in place to contain the virus. Now, countries are emerging from lockdown, boosting demand just when OPEC+ cuts are kicking in and producers elsewhere are cutting output.
- We therefore expect oil prices to remain stable as demand is likely to recover rapidly.

GOLD GOLD SET FOR WORST WEEK IN SIX AS ECONOMIES LOOK TO REOPEN

- Gold edged lower in holiday-thinned trade on Friday as optimism over economies easing coronavirus lockdowns prompted investors to book profits, keeping bullion on track for its worst week in more than a month.
- Gold has fallen nearly 2% so far last week, its biggest weekly loss since mid-March as most markets were closed for Labour Day in Europe and Asia.
- However, gold's narrative has not changed much. We are in for a gloomy run of economic data over the next few months. Central banks will continue to ease monetary policies, including the U.S. Federal Reserve, which will open up gold to go higher since gold is seen as a safe haven during times of economic turmoil.
- We therefore expect the price of gold to rebound as Central banks and governments around the world have announced massive fiscal and monetary measures to limit economic damage caused by the virus outbreak and restrictions put in place to curtail its spread.

COCOA NY COCOA CLOSES AT 1-1/2 MONTH HIGH ON STRONGER U.S. CHOCOLATE DEMAND AND IVORY COAST LOCKDOWN

- Cocoa prices on settled mixed with NY cocoa climbing to a 1-1/2 month high and London cocoa consolidating below Wednesday's 1-3/4 month high. NY cocoa prices moved higher for a third day on strength in U.S. chocolate demand after Nielsen reported Tuesday (28/04/2020) that U.S. retail chocolate sales rose +5.7% y/y in the eight weeks to April 18.
- Cocoa prices also has support after the Ivory Coast government on Wednesday (29/04/2020) extended its state of emergency from the coronavirus outbreak to May 15, which may disrupt the delivery of cocoa supplies from farms to Ivory Coast ports.
- Cocoa prices saw support from news of reduced cocoa shipments from West Africa. The Ivory Coast government on Monday reported that Ivory Coast farmers sent 23, 2872 MT of cocoa to ports during April 20-26, down -38.4% from a year earlier.
- We expect the price of cocoa in the coming week to remain stable due to stronger-than-expected European cocoa demand for cocoa after the European Cocoa Association reported that European Q1 cocoa processing unexpectedly rose +0.9% y/y to 373,625 MT.

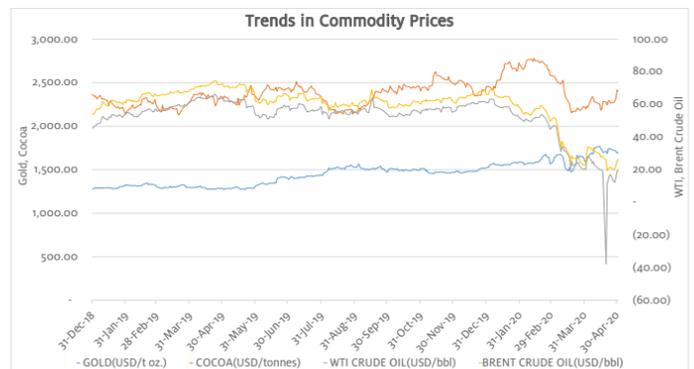
COMMODITY	Unit	Price (week start)	Price (week close)	Previous week close	Wkly (%Δ)
Gold (Comex)	USD/oz	1,723.80	1,700.90	1,735.60	(2.00)
Cocoa ICCO	USD/ton	2,272.96	2,402.00	2,266.85	5.96
WTI Crude	USD/bbl	12.78	19.78	16.94	16.77
Brent Crude	USD/bbl	19.99	26.44	21.44	23.32

Source: Bloomberg; International Cocoa Organization

WEEKLY HIGHS AND LOWS				
COMMODITY	Weekly high	Weekly low	YTD (%Δ)	YoY (%Δ)
Gold (Comex)	1,723.80	1,694.20	11.67	32.45
Cocoa ICCO	2,414.00	2,272.96	(2.26)	3.92
WTI Crude Oil	19.78	12.34	(67.61)	(68.90)
Brent Crude	26.44	19.99	(59.94)	(63.37)

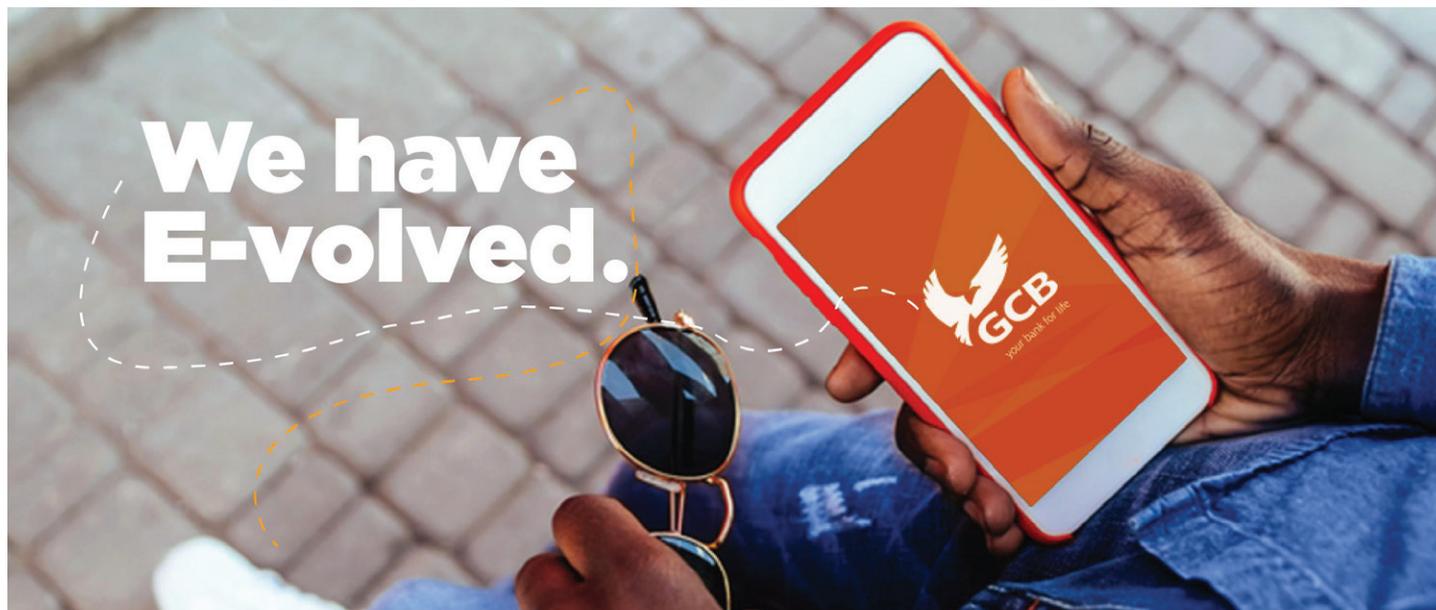
Source: Bloomberg; International Cocoa Organization

Commodity Price, 01 Jan to date



Commodity Market Update

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Customer Service: 0202 111 177 0264 270 236

WhatsApp: 0202 422 422

Web: www.gcbbank.com.gh

Toll Free: 0800 422 422

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Research Contacts

Lawson Oppong-Asante

Email: loppong-asante@gcb.com.gh

Tel: 0302 66 4910 -18

Adomako Osei-Frimpong

Email: aofrimpong@gcb.com.gh

Tel: 0302 66 4910 -18

Michael Bedjrah

Email: mbedjrah@gcb.com.gh

Tel: 0302 66 4910 -18

Treasury & Sales Contacts

Anthony Asare

Email: akasare@gcb.com.gh

Tel: 0302 611 762

Daniel Boateng

Email: daboateng@gcb.com.gh

Head Office:

No 2 Thorpe Link

P. O. Box 134, Accra

Tel: +233 (0)302 664910

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