

COMMODITY MARKET OVERVIEW

- In the just ended week, the price of all tracked commodities in our basket appreciated.
- Gold inched up by 2.26% to \$1,552.40 compared to the previous week's price of \$1,518.10.
- WTI and Brent Crude edged up by 2.15% and 0.65% at \$63.05 and \$68.60 respectively to close the trading week.
- Cocoa price also increased by 1.12% to close the week at \$2,449.55 compared to its price of \$2,422.43 in the previous week.
- On a year-to-date basis however, with the exception of cocoa, all tracked commodities have advanced in price. Gold rose by 1.92% whilst Cocoa dipped by 0.32%. WTI and Brent crude oil have advanced by 3.26% and 3.94% respectively.
- Year-on year, Gold, Cocoa, WTI and Brent crude oil have all improved by 19.89%, 4.43%, 33.89% and 22.61% respectively.

MARKET UPDATE AND OUTLOOK

CRUDE OIL

OIL PRICES JUMP AFTER U.S. AIR STRIKE KILLS TOP IRANIAN COMMANDER

- Oil price surged as much as \$3 a barrel on Friday after the U.S. killing of Iran's top military commander in an air strike in Iraq ratcheted up tensions between Washington and Tehran. The killing sparked fears that escalating conflict in the region could disrupt global oil supplies.

- Traders were spooked after the death of Major General Qassem Soleimani, head of the elite Quds Force who was also one of Iran's most influential figures, and by Iranian Supreme Leader Ayatollah Ali Khamenei's vow of revenge.

- Also, in the United States, crude stocks witnessed their greatest fall since June 2019 as exports exceeded 4 million barrels per day for the first time in history causing Oil futures to mark its highest settlement in more than seven months on Friday.

- Geopolitics tend to be a temporary force on oil markets and we believe this time is no different. We therefore expect oil prices to continue gaining in the medium term as we also anticipate that the two countries would avoid outright war.

GOLD

GOLD PRICES EDGE HIGHER ON U.S.-IRAN TENSIONS

- Gold soared as investors flocked to safety amid heightened tensions between Iran and the US. Gold has soared 7.8% since the end of November 2019.

- Tensions in the Middle East after the United States killed an Iranian general erased New Year's gains for world stocks as investors pushed safe-haven gold to a seven-year high.

- For the upcoming week, we expect Gold prices to keep up with their strong gains on demand for the metal as a haven as investors watch for Iran's next move in the showdown with the US. We foresee geo-political tensions lingering at least for the month of January.

COCOA

COCOA PRICES CLOSE HIGHER ON CONCERN ABOUT DRY CONDITIONS IN WEST AFRICA

- Cocoa prices moved higher on concern that seasonal Harmattan winds in West Africa will lead to dry conditions that may curb Ivory Coast and Ghana cocoa yields. Satellite imagery on Monday from the U.S. Climate Prediction Center for Dec 29-Jan 4 showed little or no rainfall across most of the Ivory Coast and Ghana.

- Cocoa prices also have support on political unrest in the Ivory Coast after the Ivory Coast Government last Friday issued an arrest warrant for opposition presidential candidate Soro based on its accusation that Soro was preparing a coup.

- Cocoa prices were also undercut by the Ghana Cocoa Board's report on Monday that it purchased 496,217 MT of cocoa from farmers during Oct 1- Dec 26, up +8.9% y/y.

- Cocoa supplies from the Ivory Coast, the world's largest cocoa producer, are abundant after the Ivory Coast government on Monday reported that Ivory Coast farmers sent 97,013 MT of cocoa to ports during Dec 23-29, up +7.6% y/y. Also, Ivory Coast farmers sent a total of 1.07 MMT of cocoa to ports during Oct 1-Dec 29, up +9.4% y/y.

- In the week ahead, we therefore expect price of Cocoa to remain steady.

COMMODITY	Unit	Price (week start)	Price (week close)	Previous week close	Wkly (%Δ)
Gold (Comex)	USD/oz	1,518.60	1,552.40	1,518.10	2.26
Cocoa ICCO	USD/ton	2,402.65	2,449.55	2,422.43	1.12
WTI Crude	USD/bbl	61.68	63.05	61.72	2.15
Brent Crude	USD/bbl	68.44	68.60	68.16	0.65

Source: Bloomberg; International Cocoa Organization

WEEKLY HIGHS AND LOWS

COMMODITY	Weekly high	Weekly low	YTD (%Δ)	YoY (%Δ)
Gold (Comex)	1,552.40	1,518.60	1.92	19.89
Cocoa ICCO	2,457.47	2,402.65	(0.32)	4.43
WTI Crude Oil	63.05	61.06	3.26	33.89
Brent Crude	68.60	66.00	3.94	22.61

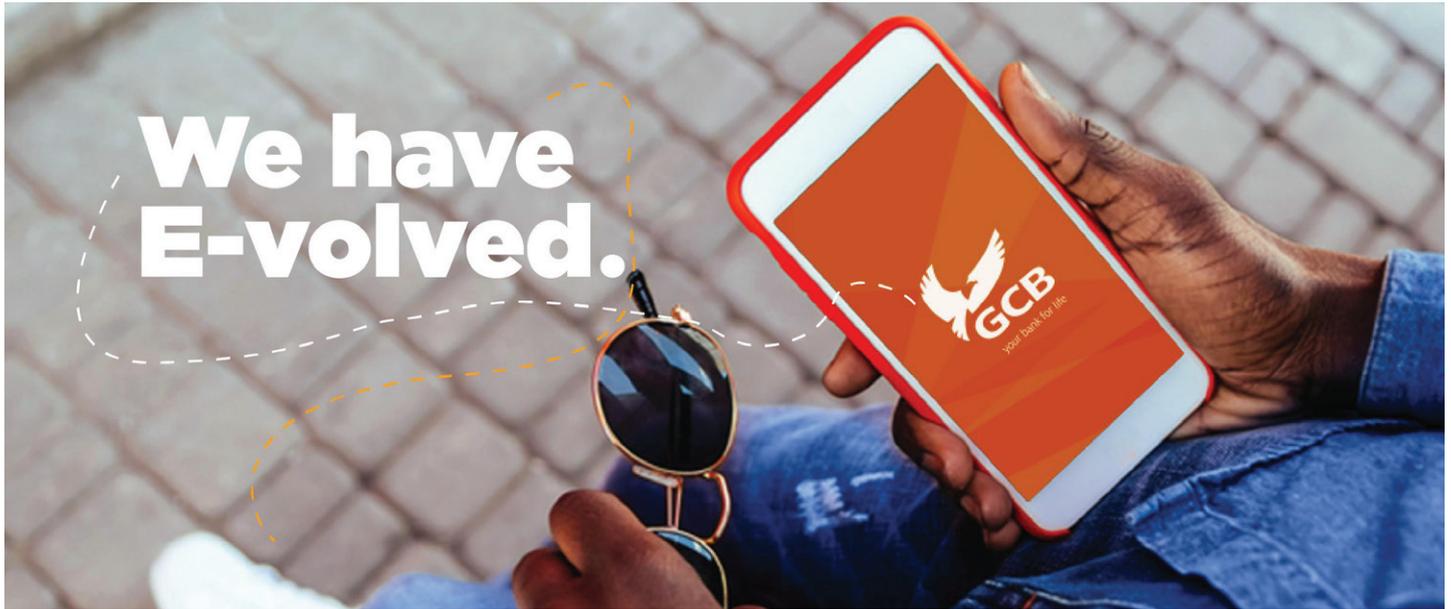
Source: Bloomberg; International Cocoa Organization

Commodity Price, 01 Jan to date



Commodity Market Update

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