

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 RISES IN SECOND WEEKLY GAIN ON OUTPUT CUTS, DEMAND HOPES

- Oil prices settled higher on Friday in their second consecutive week of gains as U.S. producers cut production with the number of drilling rigs falling to a record low, and as more states moved ahead with plans to relax lockdowns intended to halt the coronavirus pandemic.

- The number of operating oil and natural gas rigs fell by 34 to an all-time low of 374 - last week - reflecting data going back 80 years - as the energy industry slashes output and spending to deal with the coronavirus-led crash in fuel demand.

- Also, North American oil companies have shut production faster than analysts expected and are on track to withdraw about 1.7 million barrels per day (bpd) of output by the end of June.

- The market now waits for more data with the expectation that Organization of Petroleum Exporting Countries (OPEC) and allies led by Russia - known as OPEC+ are complying with a record 9.7 million bpd production cuts that began this month.

- We therefore expect oil prices to continue with its price surge as market participants monitor how the economic crisis unfolding in the United States affects oil demand in the coming months.

GOLD GOLD AT NEAR TWO-WEEK HIGH AHEAD OF U.S. JOBS DATA

- Gold hit a near two-week high on Friday as investors awaited U.S. nonfarm payrolls data for pointers on the U.S. economy after a batch of weak economic indicators boosted hopes of more stimuli from the Federal Reserve.

- Also, there are expectations of negative interest rates from the U.S. Federal Reserve and another round of stimulus measures supporting gold prices.

- Gold jumped last session after poor economic readings out of the United States intensified concerns about global economic growth amid tensions between China and U.S. over the coronavirus crisis.

- Central banks around the world have cut interest rates, unveiled unprecedented amounts of stimulus to limit economic damage caused by the coronavirus, which has infected more than 3.86 million people globally.

- We therefore expect the price of gold to remain elevated as disastrous economic data will likely only lead to further global monetary easing.

COCOA COCOA PRICE DECLINE TO A 1-1/2 WEEK LOW

- NY cocoa moved lower on favorable weather conditions in West Africa that should boost cocoa yields. Abundant rain in West Africa should boost cocoa yields in the Ivory Coast and Ghana, the world's two biggest cocoa producers. The U.S. Climate Prediction Center on Monday (04/05/2020) reported that there was above-average rainfall in West Africa during Apr 26-May 2.

- The Ivory Coast government on Monday (04/05/2020) reported that Ivory Coast farmers sent 18,667 MT of cocoa to ports during April 27-May 3, down -42.9% from a year earlier. However, longer-term deliveries are bearish with Ivory Coast cocoa farmers delivering 1.89 MMT of cocoa during Oct 1-May 3, up +1.1% y/y. Also, the Ghana Cocoa Board reported Tuesday that Ghana cocoa purchases from Oct 1- Apr 16 were 698,493 MT, down -0.9% y/y.

- We expect the price of cocoa in the coming week to come under pressure as cocoa inventories in storage have recovered sharply. ICE-monitored cocoa inventories rebounded to a 9-1/2 month high of 4.346 mln bags on Friday (08/05/2020) from December's 3-1/4 year low of 2.688 million bags.

COMMODITY	Unit	Price (week start)	Price (week close)	Previous week close	Wkly (%Δ)
Gold (Comex)	USD/oz	1,713.30	1,713.90	1,700.90	0.76
Cocoa ICCO	USD/ton	2,387.00	2,400.00	2,402.00	(0.08)
WTI Crude	USD/bbl	20.39	24.74	19.78	25.08
Brent Crude	USD/bbl	27.20	30.97	26.44	17.13

Source: Bloomberg; International Cocoa Organization

WEEKLY HIGHS AND LOWS				
COMMODITY	Weekly high	Weekly low	YTD (%Δ)	YoY (%Δ)
Gold (Comex)	1,725.80	1,688.50	12.53	33.75
Cocoa ICCO	2,400.00	2,363.00	(2.34)	5.17
WTI Crude Oil	24.74	20.39	(59.48)	(60.17)
Brent Crude	30.97	27.20	(53.08)	(55.99)

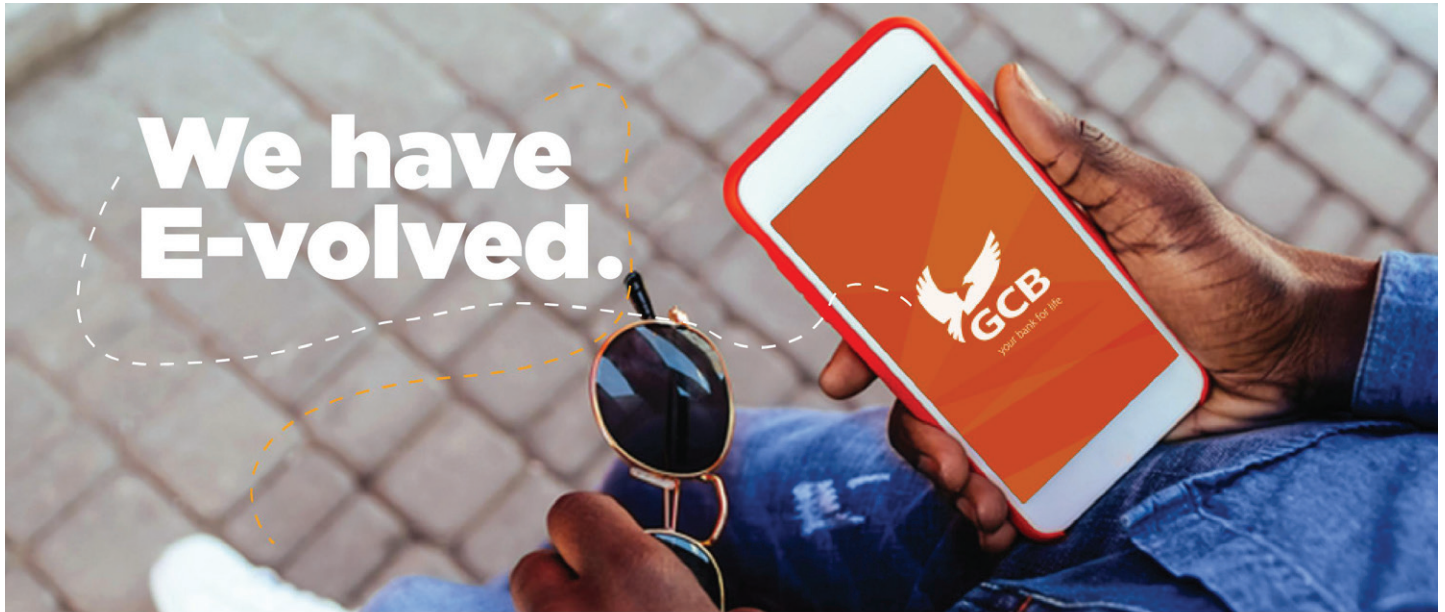
Source: Bloomberg; International Cocoa Organization

Commodity Price, 01 Jan to date



Commodity Market Update

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