

COMMODITY MARKET OVERVIEW

- In the just ended week, the price of Gold and Cocoa appreciated whilst that of WTI and Brent Crude dipped.
- Gold edged up by 0.50% to \$1,560.10 compared to the previous week's price of \$1,552.40.
- WTI and Brent Crude dipped by 6.36% and 5.28% to \$59.04 and \$64.98 respectively to close the trading week.
- Cocoa price also inched up by 3.17% to close the week at \$2,527.10 compared to its price of \$2,449.55 in the previous week.
- On a year-to-date basis Gold and Cocoa advanced in price whereas price of WTI and Brent Crude declined. Gold and Cocoa rose by 2.43% and 2.83% respectively. WTI and Brent crude oil have dipped by 3.31% and 1.55% respectively.
- Year-on year, Gold, Cocoa, WTI and Brent crude oil have all improved by 21.18%, 9.16%, 12.26% and 5.35% respectively.

MARKET UPDATE AND OUTLOOK

CRUDE OIL OIL HOLDS BIGGEST WEEKLY DROP SINCE JULY ON EASING GULF TENSION

- Oil was steady after the biggest weekly drop since July on the back of easing geopolitical tensions in the Middle East.

- The threat of an outright war has receded since Tehran fired missiles at U.S.-Iraqi bases last week in retaliation for Washington's assassination of its top general.

- Oil prices are now back where they were in mid-December, with the market seemingly shrugging off the chance of more disruptions in the Persian Gulf.

- Also, the lack of a geopolitical risk premium is partly due to plentiful supplies of U.S. shale and a torrent of new crude from non-OPEC countries including Brazil, Guyana and Norway. On the demand side, the U.S. and China are set to sign their limited trade deal this week, which may improve sentiment.

- We therefore expect oil prices to remain steady as investor's shift their focus away from easing Mideast tensions to this week's scheduled signing of an initial U.S.-China trade deal whose details remain to be seen.

GOLD GOLD FIRMS ON RENEWED U.S.-IRAN TENSIONS, EYES FIFTH WEEKLY GAIN

- Gold edged higher on Friday, and was on track to post a weekly gain for a fifth straight week, as fresh sanctions on Iran by the United States stoked uncertainty supporting demand for the bullion.

- The targets of the sanctions included Iran's manufacturing, mining and textile sectors as well as senior Iranian officials who Washington said were involved in the Jan. 8 attack on military bases housing U.S. troops.

- Additionally, data from the U.S. Labor Department showed job growth slowed more than expected in December and this helped support the price of the yellow metal.

- For the upcoming week, we expect Gold prices to remain under pressure as optimism in equity markets ahead of the signing of an interim U.S.-China trade deal and lack of further escalation in Middle East tensions diminish bullion's safe-haven appeal.

COCOA COCOA PRICES CLOSE HIGHER WITH NY COCOA AT A 3-1/2 WEEK HIGH

- Cocoa prices rallied Friday for a second day with NY cocoa at a 3-1/2 week high and London cocoa at a 1-1/4 month high. Fund buying pushed cocoa prices higher on Friday on concern that seasonal Harmattan winds in West Africa will lead to dry conditions that may curb Ivory Coast and Ghana cocoa yields.

- Cocoa prices are being undercut by ample cocoa supplies from Ivory Coast, the world's largest cocoa producer. The Ivory Coast government on Monday reported that Ivory Coast farmers sent 84,067 MT of cocoa to ports during Dec 30-Jan 5, up +20.7% y/y. Also, Ivory Coast farmers sent a cumulative total of 1.251 MMT of cocoa to ports during Oct 1-Jan 5, up +10.7% y/y.

- Also, Cocoa prices were undercut by the Ghana Cocoa Board's report on Monday which showed cocoa purchases worth 496,217 MT from farmers during Oct 1- Dec 26, up +8.9% y/y.

- Cocoa inventories in storage have tightened as ICE-monitored cocoa inventories have trended lower over the past six months and posted a 3-year low of 2.688 million bags Dec 26.

- 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	1,568.80	1,560.10	1,552.40	0.50
Cocoa ICCO	USD/ton	2,418.64	2,527.10	2,449.55	3.17
WTI Crude	USD/bbl	63.27	59.04	63.05	(6.36)
Brent Crude	USD/bbl	68.91	64.98	68.60	(5.28)

Source: Bloomberg; International Cocoa Organization

COMMODITY	Weekly high	Weekly low	YTD (%Δ)	YoY (%Δ)
Gold (Comex)	1,574.30	1,560.10	2.43	21.18
Cocoa ICCO	2,527.10	2,418.64	2.83	9.16
WTI Crude Oil	63.27	59.04	(3.31)	12.26
Brent Crude	68.91	64.98	(1.55)	5.35

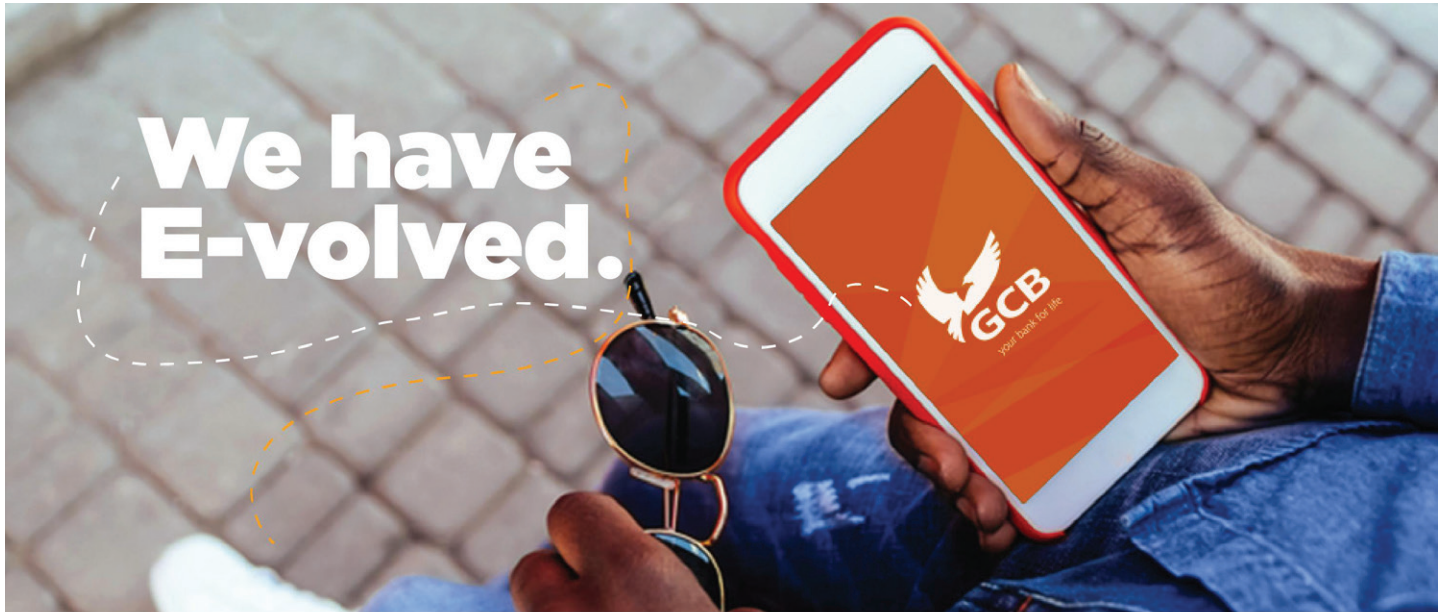
Source: Bloomberg; International Cocoa Organization

Commodity Price, 01 Jan to date



Commodity Market Update

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