

## COMMODITY MARKET OVERVIEW

- In the just ended week, prices of Gold, WTI and Brent Crude appreciated whereas Cocoa dipped in price.
- Gold increased by 2.47% to \$1,756.30 compared to the previous week's price of \$1,713.90.
- WTI and Brent Crude also edged up in price by 18.96% and 4.94% to \$29.43 and \$32.50 respectively to close the trading week.
- Cocoa price declined by -0.04% at \$2,399.00 to end the week compared to its price of \$2,400.00 in the previous week.
- On a year-to-date basis, gold advanced in price by 15.31% while cocoa decline by 2.38%. WTI and Brent crude oil also dropped by 51.80% and 50.76% respectively.
- Year-on year, gold and cocoa improved in price by 35.33% and 3.36% respectively. WTI and Brent crude oil decreased by 52.55% and 54.72%.

## MARKET UPDATE AND OUTLOOK

### CRUDE OIL

#### OIL PRICES JUMP AS DEMAND SHOWS SIGNS OF PICKING UP

- Oil prices jumped on Friday, with benchmark Brent hitting a one-month high and U.S. crude topping \$30, supported by optimism about the reopening of economies and output cuts by major producers.

- U.S. crude prices jumped 19% to their highest since March, on strengthening fuel demand as countries around the world eased travel restrictions they had imposed to curb the spread of the coronavirus.

- Also, The Organization of the Petroleum Exporting Countries and other major producers have cut supplies to reduce a glut, and now there also are signs of improving demand.

- Still, the market remained cautious with the coronavirus pandemic far from over and new clusters of infection emerging in some countries where lockdown restrictions have eased.

- We therefore expect oil prices to continue increasing at a slow pace on the back of global production curbs and recovery expectations.

### GOLD

#### GOLD THRIVES ON FLIGHT TO SAFETY

- Gold jumped more than 1% on Friday to its highest since October 2012 after a batch of weak data knocked hopes for a speedy global economic recovery. Gold rose to its highest as worries regarding the souring U.S.-China relations and bleak U.S. economic data underpinned the safe-haven metal.

- Underscoring the economic impact of the coronavirus epidemic, U.S. retail sales endured a second straight month of record declines in April, putting the economy on track for its biggest contraction in the second quarter since the Great Depression.

- Also, Gold, which tends to appreciate on expectations of lower interest rates, has risen more than 16% this year as central banks have rolled out a wave of rate cuts and other stimulus measures to limit economic damage caused by the virus outbreak.

- Gold tends to benefit from widespread stimulus measures as it is seen as a hedge against inflation and currency debasement, while it is also used as a safe-haven during times of economic and political uncertainties.

- Federal Reserve Chairman, Jerome Powell, over the weekend said that a U.S. economic recovery could stretch deep into next year and a full comeback could depend on a coronavirus vaccine.

- We therefore expect the price of gold to remain high in the coming week.

### COCOA

#### COCOA PRICES SETTLE MIXED AS A FALL IN GBP/USD BOOSTS LONDON COCOA

- Cocoa prices on Friday settled mixed. Concern that weakness in the global economy will hurt demand for commodities, including cocoa, weighed on NY cocoa prices on Friday. Friday's data showed U.S. Apr. manufacturing production fell -13.7% m/m, the biggest decline since the data series began in 1919. Also, German Q1 GDP fell -2.2% q/q, the steepest pace of contraction in 11 years.

- London cocoa eked out a gain Friday on weakness in the British pound. GBP/USD tumbled to a 1-1/2 month low Friday, which boosts the price of cocoa priced in terms of pounds.

- We expect the price of cocoa to remain under pressure as adequate rainfall in West Africa could boost cocoa yields. This could be bearish for prices after satellite imagery from the U.S. Climate Prediction Center on Monday (11/05/2020) showed above-average rainfall across most of the Ivory Coast and Ghana during May 3-9, 2020.

COMMODITY	Unit	Price (week start)	Price (week close)	Previous week close	Wkly (%Δ)
Gold (Comex)	USD/oz	1,698.00	1,756.30	1,713.90	2.47
Cocoa ICCO	USD/ton	2,463.00	2,399.00	2,400.00	(0.04)
WTI Crude	USD/bbl	24.14	29.43	24.74	18.96
Brent Crude	USD/bbl	29.63	32.50	30.97	4.94

Source: Bloomberg; International Cocoa Organization

WEEKLY HIGHS AND LOWS				
COMMODITY	Weekly high	Weekly low	YTD (%Δ)	YoY (%Δ)
Gold (Comex)	1,756.30	1,698.00	15.31	35.33
Cocoa ICCO	2,463.00	2,399.00	(2.38)	3.36
WTI Crude Oil	29.43	24.14	(51.80)	(52.55)
Brent Crude	32.50	29.19	(50.76)	(54.72)

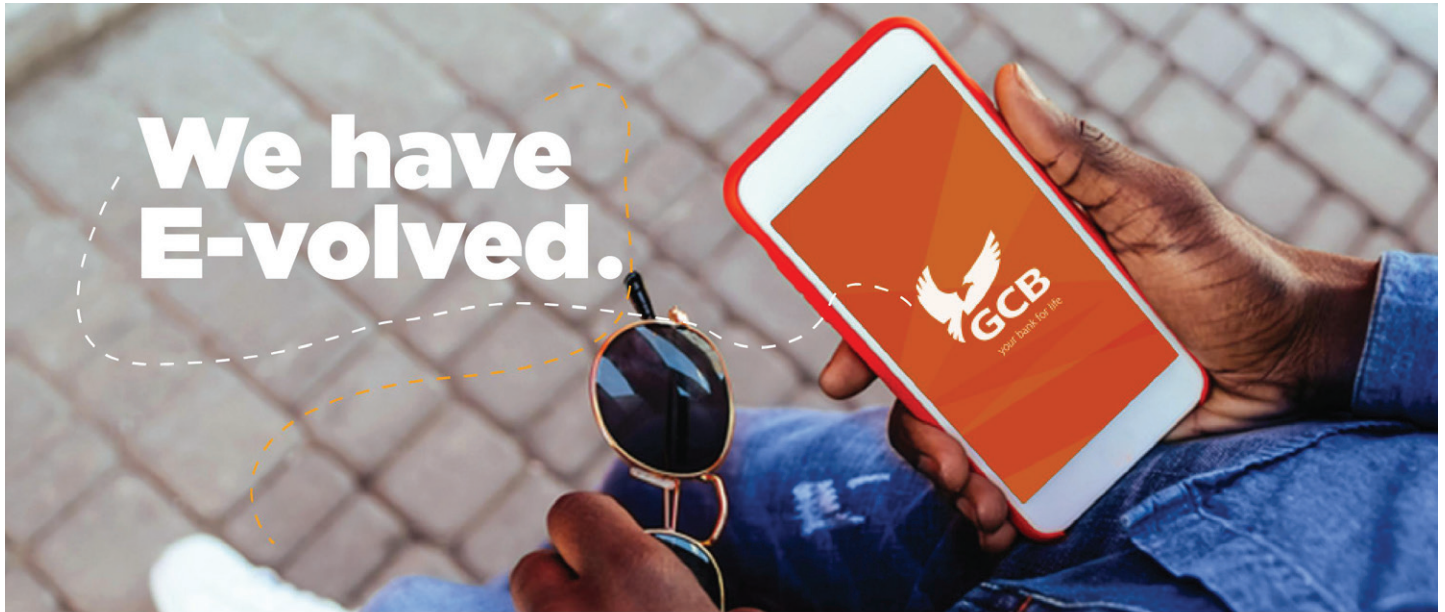
Source: Bloomberg; International Cocoa Organization

Commodity Price, 01 Jan to date



# Commodity Market Update

Date Issued | 18th May, 2020



**Customer Service:** 0202 111 177 0264 270 236

**WhatsApp:** 0202 422 422 **Web:** [www.gcbbank.com.gh](http://www.gcbbank.com.gh)

**Toll Free:** 0800 422 422

**Follow GCB Bank Limited**



## Research Contacts

Lawson Oppong-Asante  
Email: [loppong-asante@gcb.com.gh](mailto:loppong-asante@gcb.com.gh)  
Tel: 0302 66 4910 -18

Adomako Osei-Frimpong  
Email: [aofrimpong@gcb.com.gh](mailto:aofrimpong@gcb.com.gh)  
Tel: 0302 66 4910 -18

Michael Bedjrah  
Email: [mbedjrah@gcb.com.gh](mailto:mbedjrah@gcb.com.gh)  
Tel: 0302 66 4910 -18

## Treasury & Sales Contacts

Anthony Asare  
Email: [akasare@gcb.com.gh](mailto:akasare@gcb.com.gh)  
Tel: 0302 611 762

Daniel Boateng  
Email: [daboateng@gcb.com.gh](mailto:daboateng@gcb.com.gh)

## Head Office:

No 2 Thorpe Link  
P. O. Box 134, Accra  
Tel: +233 (0)302 664910

## Disclaimer

This document has been prepared by the Research Department of GCB Bank Limited solely for information purposes and does not constitute any legally binding obligations on GCB. Any views expressed are those of the Research Department. Any views and commentary in this communication (the views) are short term views of the GCB Research Department from which it originates (the authors) and are not a personal recommendation and do not take into account whether any product or transaction is suitable for any particular investor.

Whilst the information provided in this document has been prepared by GCB Research Department based upon or by reference to sources, materials that GCB believes to be reliably accurate, GCB does not guarantee its completeness or accuracy. The message is for information purposes only as of the date hereof and are subject to change. It is not a recommendation, advice, offer or solicitation to buy or sell a product or service. We do not accept any liability for losses (direct or consequential) which may arise from making use of this document or its contents or reliance on the information contained herein.

All opinions and estimates are given as of the date hereof and are subject to change. GCB is not obliged to inform readers of any such change to such opinions or estimates. This document do not purport to contain all the information that you may desire. In all cases, interested parties should conduct their own investigations and analysis of the transaction described in the document and of the data set forth in the document. In particular it is recommended for interested parties to check that the information provided is in line with their own circumstances with regard to any legal, regulatory, tax or other specialist or technical advice or services, if necessary with the help of a professional advisor.

This document is confidential and may not be reproduced or distributed in whole or in part without the prior written permission of GCB.