

## COMMODITY MARKET OVERVIEW

- In the just ended week, the price of Gold and Cocoa inched up whilst that of WTI and Brent Crude dropped.
- Gold inched up by 0.01% to \$1,560.30 compared to the previous week's price of \$1,560.10.
- WTI and Brent Crude dipped by 0.85% and 0.20% to \$58.54 and \$64.85 respectively to end the trading week.
- Cocoa price also edged up by 7.54% to close the week at \$2,717.75 compared to its price of \$2,527.10 in the previous week.
- On a year-to-date basis Gold and Cocoa improved in price whereas price of WTI and Brant Crude dropped. Gold and Cocoa increased by 2.44% and 10.59% respectively. WTI and Brent crude oil have decreased by 4.13% and 1.74% respectively.
- Year-on year, Gold, Cocoa, WTI and Brent crude oil have all advanced by 20.74%, 18.51%, 12.43% and 6.00% respectively.

## MARKET UPDATE AND OUTLOOK

### CRUDE OIL

#### OIL STEADIES AS CHINESE ECONOMY OFFSETS TRADE OPTIMISM

- Oil prices steadied as sluggish economic growth in China, the world's biggest crude importer, raised concerns over fuel demand and countered optimism from the signing of a China-U.S. trade deal.

- Prices rose on Thursday after China and the United States signed their Phase 1 trade accord. As part of the deal, China committed to an additional \$54 billion in energy purchases. But still, some were skeptical about a fallout from the deal.

- Looking ahead, supply from the Organization of the Petroleum Exporting Countries (OPEC) is expected to exceed demand for its crude, even if OPEC member states comply fully with output cuts agreed with Russia and other producers in a grouping known as OPEC+.

- We therefore expect oil prices to drop further as supply is growing more than overall demand even though OPEC+ has been curbing oil output since 2017 to balance the market and support prices.

### GOLD

#### GOLD GAINS ON HEIGHTENED SAFE-HAVEN INTEREST

- Gold price was moderately higher to end the week due to continued uncertainty about the U.S.-China trade war, Brexit, and lingering fears of a global economic slowdown or recession.

- This uncertainty is compelling most central banks around the world to cut rates, which is supportive of gold prices.

- Additionally, gold prices drifted fractionally higher as U.S. markets remained closed for the Martin Luther King holiday while European markets were content to await the European Central Bank's policy meeting later this week for clues as to how long the current regime of negative interest rates will last.

- For the upcoming week, we expect gold prices to remain steady as investors hedged against lingering tensions in the Middle East and an impeachment trial in Washington.

### COCOA

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

- Cocoa prices rallied sharply on Friday with NY cocoa at a 20-month high and London cocoa at a 6-week high. Strong Asian cocoa demand is boosting prices after data on Friday from the Cocoa Association of Asia showed Q4 Asian cocoa processing rose +8.7% y/y to a record 227,013 MT, better than expectations of +7.5% y/y.

- Cocoa prices also have support after Marex Spectron Group on Thursday raised its global 2019/20 cocoa deficit estimate to -100,000 MT from a previous estimate of -80,000 MT, citing a weaker forecast for cocoa production in West Africa, Ecuador and Indonesia.

- Also, there was positive cocoa demand news on Tuesday after the Malaysian Cocoa Board reported that Malaysia Q4 cocoa grindings rose +23.3% y/y to 89,358 MT and that total 2019 Malaysia cocoa grindings rose +37.7% y/y to 343,726 MT.

- Additionally, Cocoa prices also have support on concern that seasonal Harmattan winds in West Africa will lead to dry conditions that may curb Ivory Coast and Ghana cocoa yields.

- In the week ahead, we project Cocoa Price to remain stable.

COMMODITY	Unit	Price (week start)	Price (week close)	Previous week close	Wkly (%Δ)
Gold (Comex)	USD/oz	1,550.60	1,560.30	1,560.10	0.01
Cocoa ICCO	USD/ton	2,529.24	2,717.75	2,527.10	7.54
WTI Crude	USD/bbl	58.08	58.54	59.04	(0.85)
Brent Crude	USD/bbl	64.20	64.85	64.98	(0.20)

Source: Bloomberg; International Cocoa Organization

WEEKLY HIGHS AND LOWS				
COMMODITY	Weekly high	Weekly low	YTD (%Δ)	YoY (%Δ)
Gold (Comex)	1,560.30	1,544.60	2.44	20.74
Cocoa ICCO	2,717.75	2,529.24	10.59	18.51
WTI Crude Oil	58.54	57.81	(4.13)	12.43
Brent Crude	64.85	64.00	(1.74)	6.00

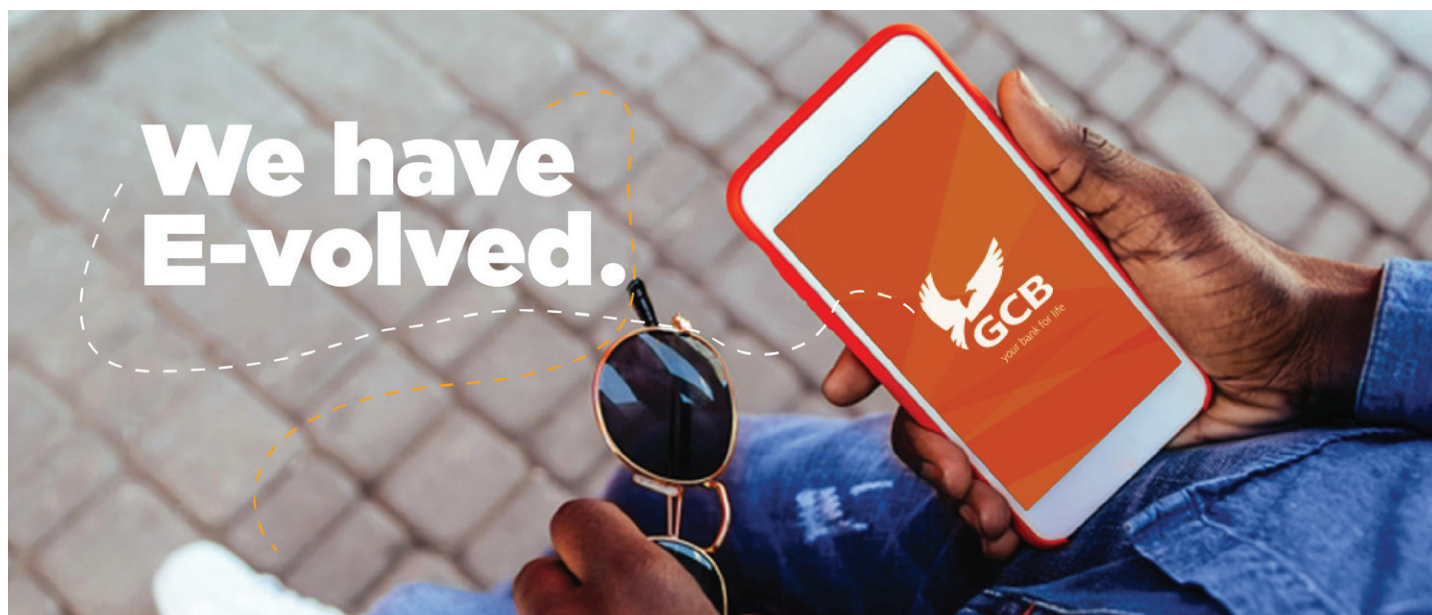
Source: Bloomberg; International Cocoa Organization

## Commodity Price, 01 Jan to date



# Commodity Market Update

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