

COMMODITY MARKET OVERVIEW

- In the just ended week, the price of all tracked commodities in our basket dropped further.
- Gold declined by 1.89% to \$1,488.10 compared to the preceding week's price of \$1,516.70.
- WTI and Brent Crude also dipped by 28.68% and 20.30% to \$22.63 and \$26.98 respectively to close the trading week.
- Cocoa price similarly dropped by 7.41% to end the week at \$2,170.93 compared to its price of \$2,344.65 in the previous week.
- On a year-to-date basis, gold and cocoa have declined in price same as that of WTI and Brent crude. Gold and cocoa were down by 2.30% and 11.66% respectively. WTI and Brent crude oil also went down by 62.94% and 59.12% respectively.
- Year-on year, gold and cocoa have advanced in price by 13.79% and 1.11% respectively whereas WTI and Brent crude oil have decreased by 62.18% and 60.61%.

MARKET UPDATE AND OUTLOOK

CRUDE OIL OIL MARKETS SLUMP AMID CORONAVIRUS CHAOS

- Oil prices dropped further after governments' escalated lockdowns to curb the spread of the global coronavirus outbreak that has slashed the demand for oil as well as threatened a global economic contraction.
- The coronavirus, which has infected more than 325,000 and killed over 14,000 worldwide, has disrupted business, travel and daily life. Many oil companies have rushed to cut spending and some producers have already begun putting employees on furlough.
- The market has had to contend with the twin shocks of the demand destruction caused by the coronavirus pandemic and the unexpected oil price war that erupted between Russia and Saudi Arabia earlier this month.
- Demand is expected to fall by more than 10 million barrels per day (bpd), or about 10% of daily global crude consumption. Oil refiners worldwide are also slashing production or considering cuts as the pandemic has caused the evaporation of fuel demand.
- We therefore foresee oil price to remain under pressure in the coming week as a result of countries slowing their economic activity to combat the coronavirus outbreak.

GOLD GOLD FALLS AS STRONG DOLLAR OVERRIDE STIMULUS

- Gold fell as investors unloaded bullions in exchange for cash after several more countries announced lockdowns to curtail the spread of the coronavirus. This overshadowed policymakers' frantic efforts to cushion the economic impact.
- Major central banks around the world rolled out a wave of fiscal and monetary measures to stem the economic damage from the virus, which has infested more than 300,000 people worldwide.
- Also pressuring gold, the dollar firmed near a three-year peak as the sell-off in equities lifted the currency's safe-haven appeal.
- In the week ahead we expect the price of gold to rebound as the U.S. Federal Reserve plans to mount aggressive new steps to combat the economic impact from the pandemic to boost investors' sentiment.

COCOA NY COCOA FALLS TO A 6-3/4 MONTH LOW ON AMPLE SUPPLY FROM WEST AFRICA

- Cocoa prices on Friday extended this week's losses with NY cocoa at a 6-3/4 month low and London cocoa at a 2-1/2 month low. Robust supply from Ghana and the Ivory Coast, along with ample rain in West Africa, are factors weighing on cocoa prices. There are also concerns that the global spread of the coronavirus pandemic will curb demand for commodities, including cocoa.
- Adequate cocoa supplies from Ghana, the world's second-largest cocoa producer, are weighing on cocoa prices after the Ghana Cocoa Board reported Thursday(19/03/2020) that it purchased 667,754 MT of cocoa from farmers during Oct 1-Feb 13, up +0.6% y/y.
- Also pushing cocoa prices lower is adequate rainfall in West Africa. Monday's data from the U.S. Climate Prediction Center showed above-average rainfall during Mar 8-14 across most of West Africa.
- Another bearish factor was the International Cocoa Organization's (ICO) forecast on March 6 that the global 2019/20 cocoa deficit will narrow to -85,000 MT from -107,000 MT in 2018/19. We therefore expect price to rebound in the week ahead.

COMMODITY	Unit	Price (week start)	Price (week close)	Previous week close	Wkly (%Δ)
Gold (Comex)	USD/oz	1,486.50	1,488.10	1,516.70	(1.89)
Cocoa ICCO	USD/ton	2,277.33	2,170.93	2,344.65	(7.41)
WTI Crude	USD/bbl	28.70	22.63	31.73	(28.68)
Brent Crude	USD/bbl	30.05	26.98	33.85	(20.30)

Source: Bloomberg; International Cocoa Organization

WEEKLY HIGHS AND LOWS				
COMMODITY	Weekly high	Weekly low	YTD (%Δ)	YoY (%Δ)
Gold (Comex)	1,525.80	1,477.90	(2.30)	13.79
Cocoa ICCO	2,277.33	2,154.84	(11.66)	1.11
WTI Crude Oil	28.70	20.37	(62.94)	(62.18)
Brent Crude	30.05	24.88	(59.12)	(60.61)

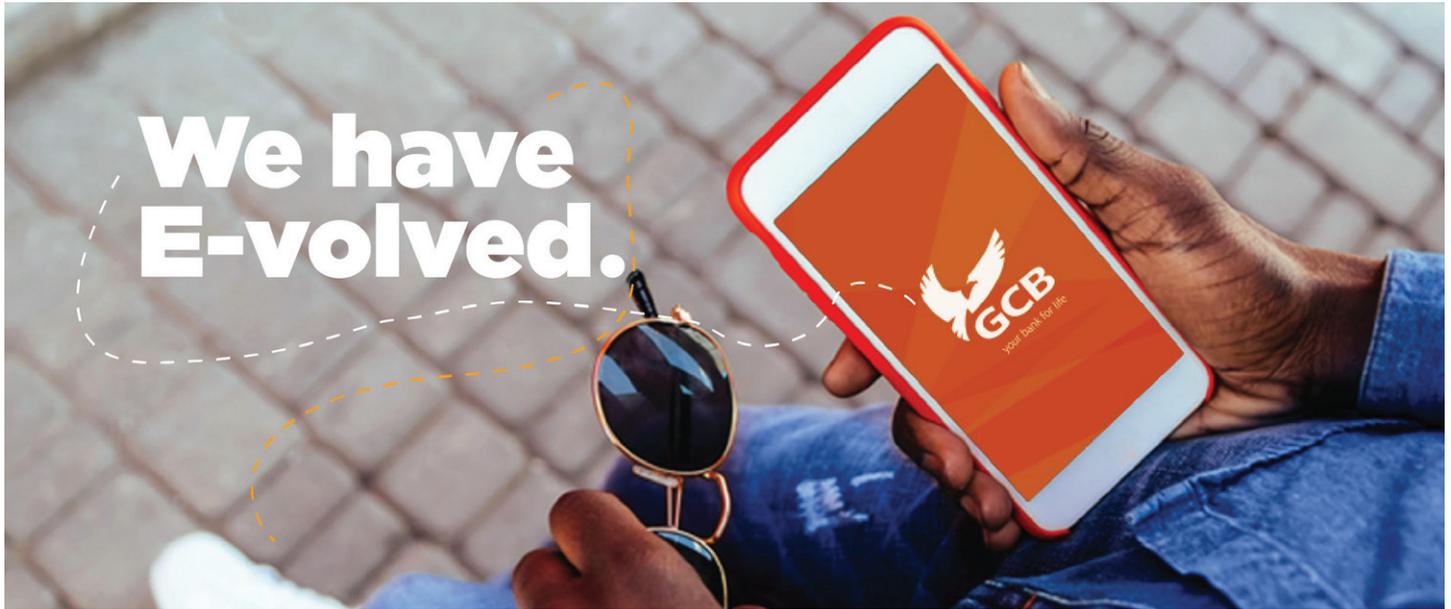
Source: Bloomberg; International Cocoa Organization

Commodity Price, 01 Jan to date



Commodity Market Update

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