

COMMODITY MARKET OVERVIEW

- In the just ended week, the price of Cocoa declined whilst that of Gold, WTI and Brent Crude Oil increased.
- Gold edged up by 3.93% to \$1,648.80 compared to the previous week's price of \$1,586.40.
- WTI and Brent Crude inched up by 2.56% and 2.06% to \$53.38 and \$58.50 respectively to end the trading week.
- Cocoa price dipped by 0.51% to close the week at \$2,738.51 compared to its price of \$2,752.58 in the previous week.
- On a year-to-date basis gold and cocoa have appreciated in price whereas the price of WTI and Brent crude have depreciated. Gold and cocoa went up by 8.25% and 11.44% respectively. WTI and Brent crude oil have dropped by 12.58% and 11.36% respectively.
- Year-on year, gold and cocoa have increased in price by 24.18% and 20.39% respectively whereas WTI and Brent crude oil have decreased by 6.29% and 12.78%.

MARKET UPDATE AND OUTLOOK

CRUDE OIL

OIL PRICE ROSE AS U.S. CRUDE STOCKS BUILD LESS THAN EXPECTED

- Oil price were up after the U.S. government reported a much smaller-than-anticipated rise in crude stocks, but gains were capped by worries about the spread of the Coronavirus outside China.

- Data from the U.S. Energy Information Administration (EIA) showed crude inventories rose by only 414,000 barrels last week, much less than the 2.5 million barrel build predicted.

- However, scores of new coronavirus cases and the first death recorded in South Korea fanned fears of a global pandemic as this suggested it could be more contagious than previously thought.

- Also supporting oil prices were U.S. sanctions last week on a trading unit of Russian oil giant Rosneft for its ties with Venezuela's state-run PDVSA and conflict in Libya that has led to a blockade of its ports and oilfields..

- Despite China's move to cut its benchmark lending rate to ease some worries about slowing demand in the world's second-biggest oil consumer and largest crude oil importer is a limited solution in reviving economic activity. We therefore expect crude oil prices to continue soaring as negative sentiments from the coronavirus are unlikely to dissipate any moment from now.

GOLD

GOLD SPIKES TO A NEAR 7-YEAR HIGH AS INVESTORS FLEE TO SAFETY AMID CORONAVIRUS WORRIES

- Gold prices surge as concerns over the spread of the coronavirus continued to sustain the yellow metal.

- Gold markets rallied rather significantly during the trading session on Friday, as investors worried about global economic growth in the face of sharply rising coronavirus cases outside China. At this point, investors view gold and other assets like government bonds and the U.S. dollar as safe havens during times of stress.

- Furthermore, the number of Coronavirus cases in Italy spiked during the weekend, with the total number of cases now at 157 from 3. The surge has resulted in a travel ban, affecting 50,000 people southeast of Milan. Some towns around Milan and Venice have been quarantined and Austria has said it is considering closing its border. This reflects the distress of some neighboring European countries and as such the higher demand for the safe haven metal.

- Since the virus remains a threat to the global economy and has no cure yet, investors are seen looking for a safe haven in gold as they wait to see what happens next.

-In the week ahead, we expect Gold prices to gain as the virus continues to grow, killing over 2600 people and reported cases surpassing 70,000.

COCOA

COCOA PRICE CLOSED LOWER ON FORECASTS FOR WEEKEND RAINS IN WEST AFRICA

- Cocoa price on Friday gave up early gains and closed lower on updated weather forecasts that called for weekend rains in West Africa. Cocoa prices had initially opened higher Friday on data showing smaller cocoa output from Ghana, the world's second-largest cocoa producer. The Ghana Cocoa Board on Friday reported that it purchased 656,303 MT of cocoa from farmers during Oct 1-Feb 6, down -1.2% y/y.

- Current supplies are ample after the Ivory Coast government on Monday reported that Ivory Coast farmers on a cumulative basis sent 1.57 MMT of cocoa to ports during October 1, 2019-February 16, 2020 up +8.3% y/y.

- We therefore expect the prices of cocoa to rebound in the coming week.

COMMODITY	Unit	Price (week start)	Price (week close)	Previous week close	Wkly (%Δ)
Gold (Comex)	USD/oz	1,586.40	1,648.80	1,586.40	3.93
Cocoa ICCO	USD/ton	2,751.06	2,738.51	2,752.58	(0.51)
WTI Crude	USD/bbl	52.05	53.38	52.05	2.56
Brent Crude	USD/bbl	57.32	58.50	57.32	2.06

Source: Bloomberg; International Cocoa Organization

WEEKLY HIGHS AND LOWS				
COMMODITY	Weekly high	Weekly low	YTD (%Δ)	YoY (%Δ)
Gold (Comex)	1,648.80	1,586.40	8.25	24.18
Cocoa ICCO	2,751.06	2,729.49	11.44	20.39
WTI Crude Oil	53.88	52.05	(12.58)	(6.29)
Brent Crude	59.31	57.32	(11.36)	(12.78)

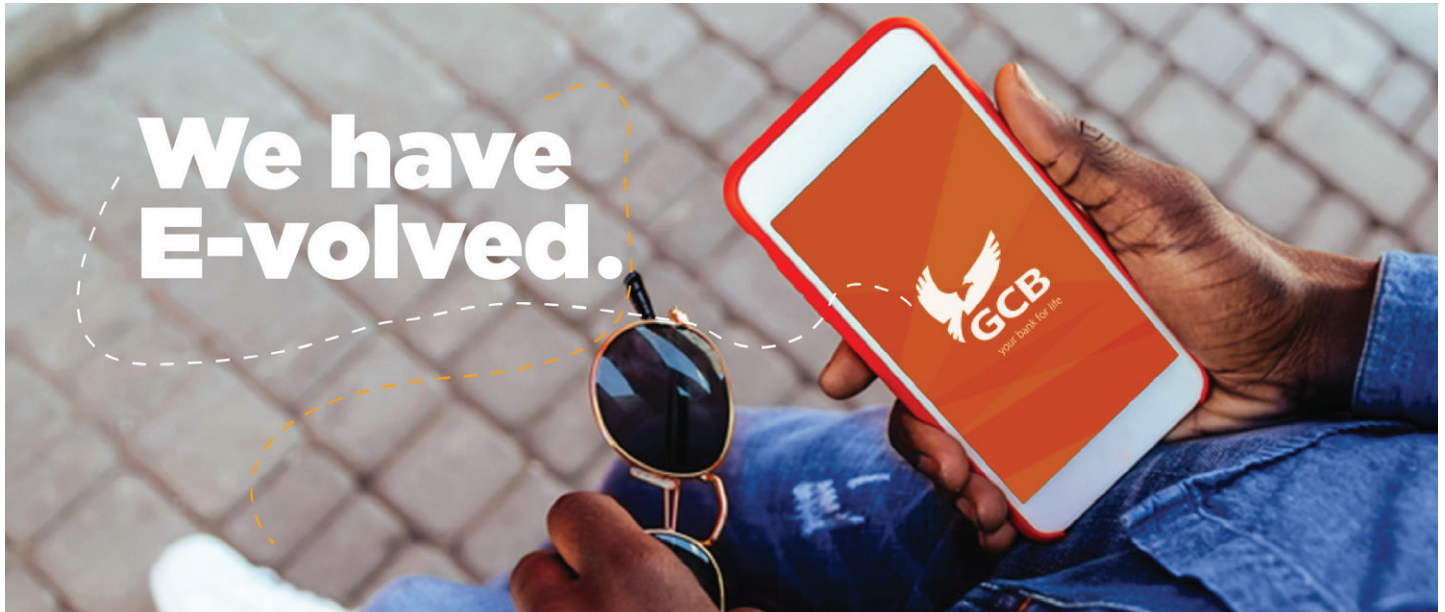
Source: Bloomberg; International Cocoa Organization

Commodity Price, 01 Jan to date



Commodity Market Update

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