

## COMMODITY MARKET OVERVIEW

- In the just ended week, the price of Gold increased whilst that of Cocoa, WTI and Brent Crude decreased.
- Gold edged up by 1.15% to \$1,578.20 compared to the previous week's price of \$1,560.30.
- WTI and Brent Crude dipped by 7.43% and 6.41% to \$54.19 and \$60.69 respectively to end the trading week.
- Cocoa price also dropped by 2.15% to close the week at \$2,659.36 compared to its price of \$2,717.75 in the previous week.
- On a year-to-date basis Gold and Cocoa have advanced in price whereas the price of WTI and Brent Crude have dipped. Gold and Cocoa increased by 3.62% and 8.22% respectively. WTI and Brent crude oil have decreased by 11.25% and 8.05% respectively.
- Year-on year, Gold, Cocoa and WTI have improved in price by 22.73%, 19.63% and 2% respectively whereas Brent crude oil has dropped by 0.65%.

## MARKET UPDATE AND OUTLOOK

### CRUDE OIL

#### CRUDE FALLS AGAIN ON SUPPLY/DEMAND IMBALANCE

- Oil prices headed lower on Friday, as the spread of the corona virus in China had a significant impact on growth in the world's largest importer of crude.

- The current situation in China concerning the outbreak has already killed demand for 200,000 barrels of refined products as estimated by S&P Global.

- It was reported that the shutdown of transportation in Hubei province, where the disease was first noted, has probably eliminated about 50,000 to 70,000 barrels a day of demand.

- We therefore expect Crude oil prices to remain under pressure this week as the Coronavirus continue to limit imports from (China) the largest importer globally-creating global surplus, while OPEC moves to further tighten supply.

### GOLD

#### GOLD CREEPS HIGHER AS HEDGE TO CHINA'S CORONAVIRUS

- The yellow metal hit two-week highs on Friday, creeping toward the \$1,580-per-ounce level targeted by gold bugs on worldwide fears over the economic fallout of china plagued coronavirus.

- Gold had initially been slow to react to potential economic fallout from coronavirus, but caught up over the past two days. The virus had investors and traders taking the long position on gold for safe haven purposes as they wait for reports on how the crisis will play out in China since it has been reported to take a toll on China's GDP.

- Additionally, fears of a global contagion from the coronavirus has pummeled stock markets worldwide, with Wall Street's S&P500 Index down almost 1% on Friday, heading for its biggest drop since October, as investor's dumped risk everywhere and piled into the safety of gold.

- Our expectation therefore is for gold prices to continue soaring this week as the United States has also recorded it first coronavirus case in the Washington State.

### COCOA

#### COCOA PRICES CLOSE LOWER ON SIGNS OF AMPLE GLOBAL SUPPLIES

-Cocoa prices closed lower on Friday on signs of ample supplies after the International Cocoa Association (ICCO) said that results of its latest survey showed that global 2018/19 cocoa ending stocks have risen +1.4% y/y to 1.538 MMT.

- Cocoa prices were already on the defensive on signs of increased cocoa production in Ghana after the Ghana Cocoa Board on Thursday reported that it purchased 569,781 MT of cocoa from farmers during Oct 1- Jan 2, up +8.4% y/y.

- Also, concern that high cocoa prices may be undercutting chocolate demand would put pressure on cocoa prices. Barry Callebaut, the world's largest cocoa-product maker, reported Wednesday that global chocolate volume growth was flat in the Sep-Nov period.

- We expect the prices of cocoa to bounce back in the upcoming week due to recent strong Asian cocoa demand reported by the Cocoa Association of Asia and the dry season in West Africa which has the ability to reduce the supply of cocoa to the market.

COMMODITY	Unit	Price (week start)	Price (week close)	Previous week close	Wkly (%Δ)
Gold (Comex)	USD/oz	1,560.30	1,578.20	1,560.30	1.15
Cocoa ICCO	USD/ton	2,716.43	2,659.36	2,717.75	(2.15)
WTI Crude	USD/bbl	58.54	54.19	58.54	(7.43)
Brent Crude	USD/bbl	64.85	60.69	64.85	(6.41)

Source: Bloomberg; International Cocoa Organization

WEEKLY HIGHS AND LOWS				
COMMODITY	Weekly high	Weekly low	YTD (%Δ)	YoY (%Δ)
Gold (Comex)	1,578.20	1,556.70	3.62	22.73
Cocoa ICCO	2,739.57	2,659.36	8.22	19.63
WTI Crude Oil	58.54	54.19	(11.25)	2.00
Brent Crude	64.85	60.69	(8.05)	(0.65)

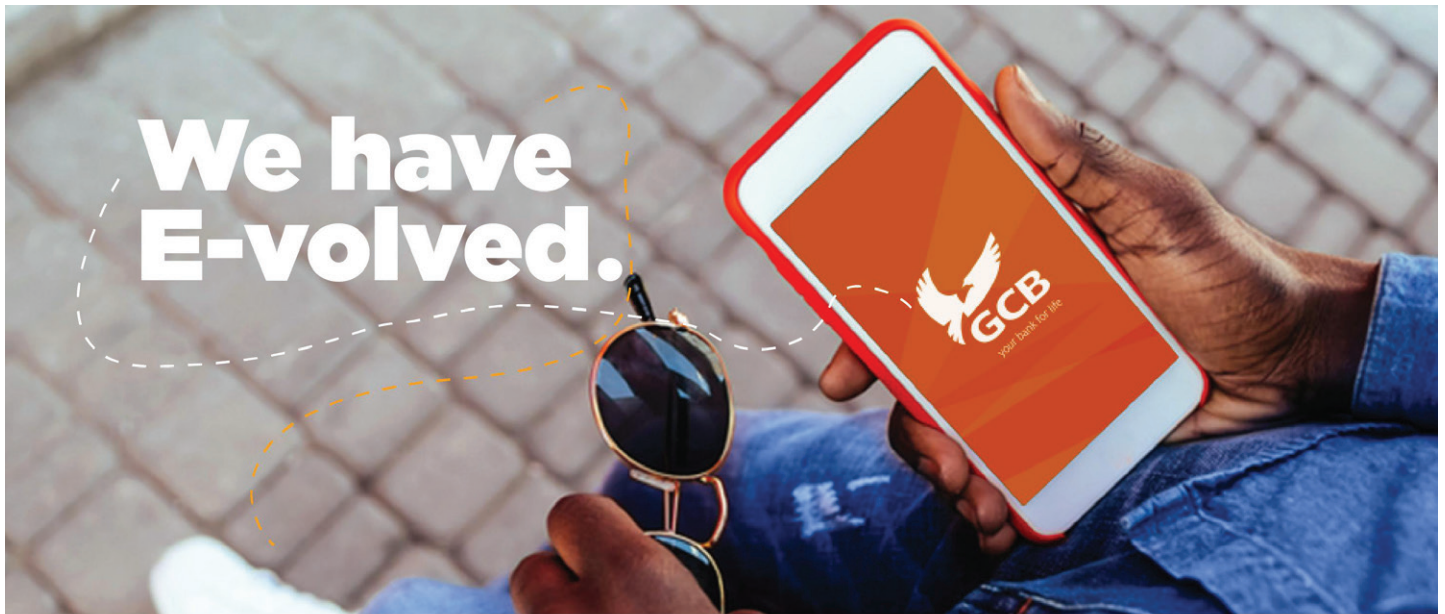
Source: Bloomberg; International Cocoa Organization

## Commodity Price, 01 Jan to date



# Commodity Market Update

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**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

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## 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

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