

## COMMODITY MARKET OVERVIEW

- In the just ended week, the price of gold and cocoa appreciated whilst the price of WTI and Brent crude depreciated further.
- Gold went up by 11.16% to \$1,654.10 compared to the earlier week's price of \$1,488.10.
- WTI and Brent Crude dipped by 4.95% and 7.60% to \$21.51 and \$24.93 respectively to end the trading week.
- Cocoa price also inched up by 0.47% to end the week at \$2,181.13 compared to its price of \$2,170.93 in the previous week.
- On a year-to-date basis, gold inched up in price by 8.60% whereas cocoa declined by 11.24%. WTI and Brent crude oil also dropped by 64.77% and 62.23% respectively.
- Year-on year, gold improved in price by 25.61% whilst cocoa declined by 2.34%. WTI and Brent crude oil also dipped by 63.79% and 63.25%.

## MARKET UPDATE AND OUTLOOK

### CRUDE OIL OIL MARKETS SLUMP AMID CORONAVIRUS CHAOS

- Oil prices plunged 5% on Friday and posted a fifth straight weekly loss as demand destruction caused by the coronavirus outweighed stimulus efforts by policymakers around the world.
- Both WTI and Brent crude are down nearly two thirds this year. The coronavirus-related slump in economic activity and fuel demand has forced massive retrenchment in investment of oil and other energy companies.
- Also, the Organization of the Petroleum Exporting Countries (OPEC) and its de facto leader Saudi Arabia this month failed to reach agreement with other producers, including Russia, to curb oil production to support prices.
- With 3 billion people in lockdown, we are expecting a decline of more than 7.4 million bpd on average. We therefore foresee oil price to remain under pressure in the week ahead.

### GOLD GOLD RISES AS CORONAVIRUS SPREADS

- Gold prices edged higher after an extension of restrictions in the United States exacerbated concerns about the economic toll of the coronavirus pandemic and prompted investors to sought safe-haven assets.
- Gold was able to shake its recent mantle as a risk asset and became more of a haven asset again, especially after the extension of national social-distancing controls.
- The coronavirus has already driven the global economy into recession and countries have responded with very massive spending to avoid a cascade of bankruptcies and emerging market debt defaults.
- We therefore expect the price of gold to remain stable even though it's tough to be a buyer in any market in these conditions especially with the ultimate ramifications of the COVID-19 outbreak still so uncertain.

### COCOA COCOA CLOSSES HIGHER ON CONCERN ABOUT SUPPLY DISRUPTIONS IN THE IVORY COAST

- NY cocoa rose on concerns that Ivory Coast cocoa supplies may be disrupted after Ivory Coast's President on Tuesday (24/03/2020) imposed a state of emergency and limited the movement of people within the country to contain the spread of the coronavirus. This is likely to slow the transport of cocoa supplies to Ivory Coast ports and delay deliveries.
- Monday's data from the Ivory Coast government was positive for cocoa prices as it showed Ivory Coast farmers sent only 25,560 MT of cocoa to ports from Mar 16-22, down -26.7% from the same time last year, although on a cumulative basis farmers sent 1.721 MMT of cocoa to ports during Oct 1-Mar 22, up +6.6% y/y.
- Also, cocoa prices received a boost Monday from news of inadequate rainfall in West Africa. Monday's data from the U.S. Climate Prediction Center showed below-average rainfall during Mar 15-21 across most of West Africa.
- However, adequate cocoa supply from Ghana, the world's second-largest cocoa producer, is a negative factor for cocoa prices after the Ghana Cocoa Board reported on Monday that it purchased 680,139 MT of cocoa from farmers during Oct 1-Feb 27, up +0.3% y/y. We therefore expect price to remain stable in the week ahead due to demand and supply factors.

COMMODITY	Unit	Price (week start)	Price (week close)	Previous week close	Wkly (%Δ)
Gold (Comex)	USD/oz	1,572.70	1,654.10	1,488.10	11.16
Cocoa ICCO	USD/ton	2,171.28	2,181.13	2,170.93	0.47
WTI Crude	USD/bbl	23.36	21.51	22.63	(4.95)
Brent Crude	USD/bbl	27.03	24.93	26.98	(7.60)

Source: Bloomberg; International Cocoa Organization

COMMODITY	Weekly high	Weekly low	YTD (%Δ)	YoY (%Δ)
Gold (Comex)	1,663.30	1,572.70	8.60	25.61
Cocoa ICCO	2,208.10	2,171.28	(11.24)	(2.34)
WTI Crude Oil	24.49	21.51	(64.77)	(63.79)
Brent Crude	27.39	24.93	(62.23)	(63.25)

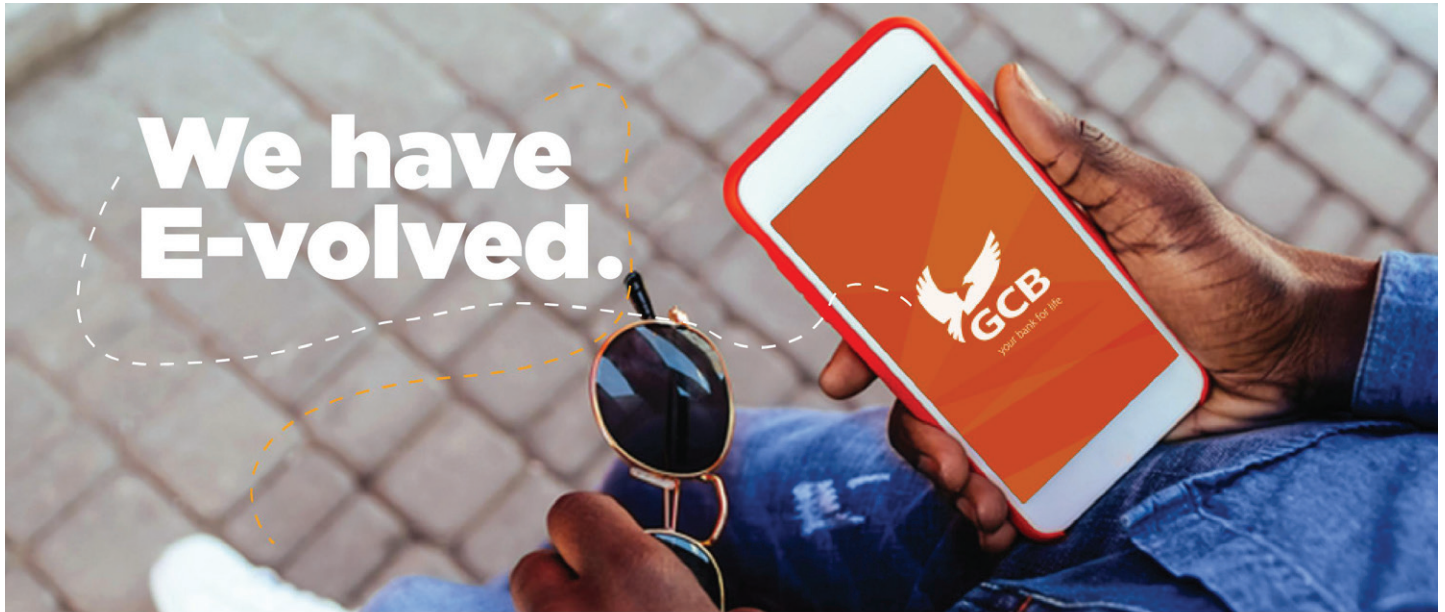
Source: Bloomberg; International Cocoa Organization

### Commodity Price, 01 Jan to date



# Commodity Market Update

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