

## COMMODITY MARKET OVERVIEW

- In the just ended week, the price of all tracked commodity in our basket declined.
- Gold declined by 4.98% to \$1,566.70 compared to the previous week's price of \$1,648.80.
- WTI and Brent Crude also dropped by 16.15% and 15.09% to \$44.76 and \$49.67 respectively to end the trading week.
- Cocoa price dipped by 5.61% to close the week at \$2,584.87 compared to its price of \$2,738.51 in the previous week.
- On a year-to-date basis gold and cocoa have inched up in price whereas the price of WTI and Brent crude have dipped. Gold and cocoa were up by 2.86% and 5.18% respectively. WTI and Brent crude oil have dropped by 26.70% and 24.74% respectively.
- Year-on year, gold and cocoa have improved in price by 19.04% and 14.97% respectively whereas WTI and Brent crude oil have reduced by 21.78% and 24.78%.

## MARKET UPDATE AND OUTLOOK

### CRUDE OIL

#### OIL PRICES SINK TO LOWEST IN OVER A YEAR, THE BIGGEST WEEKLY DROP SINCE 2016

- Oil prices slumped on Friday to their lowest in more than a year, causing futures to drop by the most in a week since 2016, as the spread of the coronavirus stoked fears that a slowing global economy would hit energy demand.

- The coronavirus spread further, with cases reported for the first time in six countries across three continents, battering markets and leading the World Health Organization (WHO) to raise its impact risk alert.

- Coronavirus panic also caused prices in global stock markets as well as industrial and precious metals to tumble with losses amounting to \$5 trillion.

- In the week ahead, focus will be on the meeting between the Organization of the Petroleum Exporting Countries (OPEC) and allies including Russia, collectively known as OPEC+. OPEC+ is expected to deliver a deeper production cut as oil prices remain in free-fall. We therefore expect crude oil prices to rebound.

### GOLD

#### GOLD SLIDES TO 1-WK LOW AS CORONAVIRUS WORSENS

- Gold slid more than 1% to its lowest in a week on Friday as the recent price rallies prompted investors to take profits as the spread of coronavirus gathered pace.

- Four more countries (Czech Republic, Scotland, Dominican Republic and Indonesia) reported their first virus cases, with countries other than China now accounting for about three-quarters of new infections.

- The virus scare sent world share markets plunging again on Friday, compounding their worst week since the 2008 global financial crisis.

- One might imagine that there would be robust demand for gold in this environment, yet precisely the opposite is true. This is because market sentiment is being ruled by fear of the virus causing investors to cash and liquidate investments, as well sell profitable investments due to margin calls and also to cover other investment losses.

- In the week ahead, we expect gold prices to rebound on the potential for interest rate cuts by the U.S. Federal Reserve to soften the economic impact of coronavirus outbreak.

### COCOA

#### NY COCOA CLOSES AT A 1-1/2 MONTH LOW ON CONCERN THE CORONAVIRUS WILL UNDERCUT GLOBAL COCOA DEMAND

- Cocoa prices on Friday extended its week's decline with NY cocoa at a 1-1/2-month low and London cocoa at a 1-month low. Cocoa prices are under pressure on concern the spread of the coronavirus will derail the global economy and the demand for commodities, including cocoa.

- Cocoa prices were already on the defensive on the outlook for a smaller global cocoa deficit. Marex Spectron on Tuesday (25/02/2020) reduced its global 2019/20 cocoa deficit estimate to 25,000-50,000 MT from a Jan estimate of 100,000 MT, citing timely rains that may boost West African cocoa yields.

- Cocoa prices are also under pressure from ample cocoa supplies from the Ivory Coast, the world's biggest producer. The Ivory Coast government on Monday reported that Ivory Coast farmers sent 37,128 MT of cocoa to ports from Feb 17-23, up +40% from the same time last year.

- We therefore expect the prices of cocoa to rebound in the coming week as news from the Ghana Cocoa Board indicated that it purchased 656,303 MT of cocoa from farmers during Oct 1, 2019-Feb 6, 2020, down by -1.2% y/y.

COMMODITY	Unit	Price (week start)	Price (week close)	Previous week close	Wkly (%Δ)
Gold (Comex)	USD/oz	1,676.60	1,566.70	1,648.80	(4.98)
Cocoa ICCO	USD/ton	2,703.24	2,584.87	2,738.51	(5.61)
WTI Crude	USD/bbl	51.43	44.76	53.38	(16.15)
Brent Crude	USD/bbl	56.3	49.67	58.5	(15.09)

Source: Bloomberg; International Cocoa Organization

WEEKLY HIGHS AND LOWS				
COMMODITY	Weekly high	Weekly low	YTD (%Δ)	YoY (%Δ)
Gold (Comex)	1,676.60	1,566.70	2.86	19.04
Cocoa ICCO	2,703.24	2,584.87	5.18	14.97
WTI Crude Oil	51.43	44.76	(26.70)	(21.78)
Brent Crude	56.30	49.67	(24.74)	(24.78)

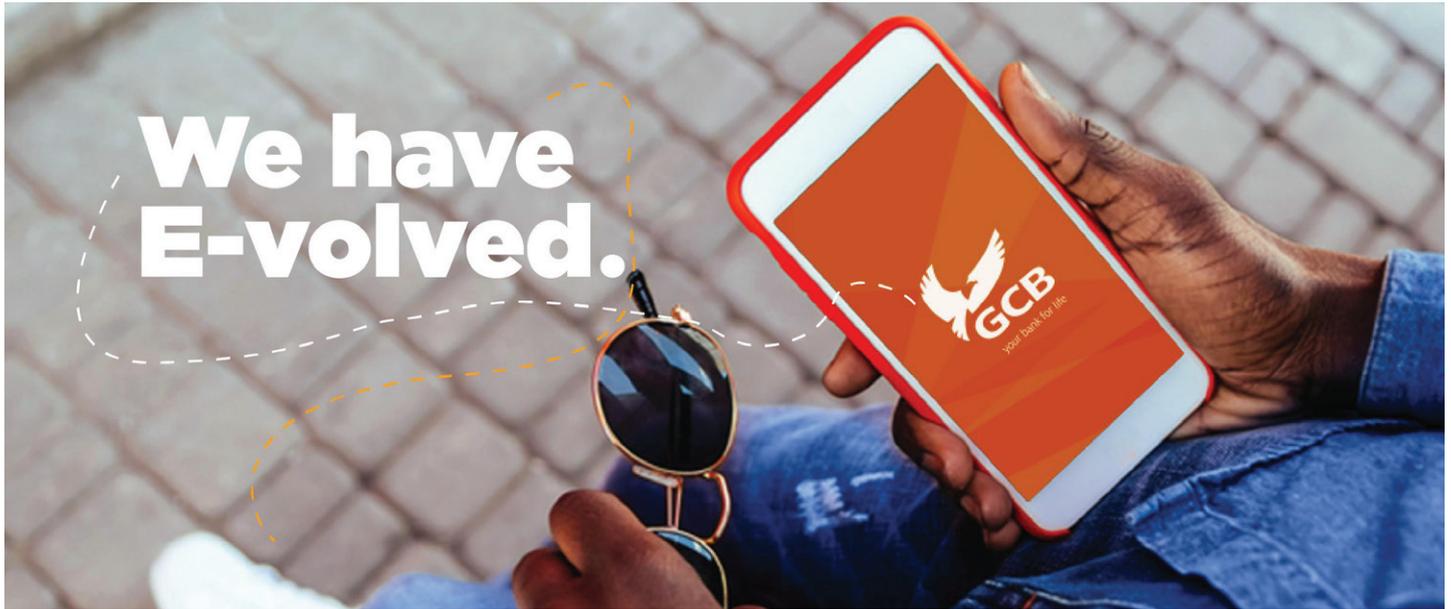
Source: Bloomberg; International Cocoa Organization

### Commodity Price, 01 Jan to date



# Commodity Market Update

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