

COMMODITY MARKET OVERVIEW

- In the just ended week, the price of gold and cocoa inched up whereas WTI and Brent crude dipped.
- Gold edged up by 6.51% to \$1,752.80 compared to the preceding week's price of \$1,645.70.
- WTI and Brent Crude declined in price by 19.69% and 7.71% to \$22.76 and \$31.48 respectively to end the trading week.
- Cocoa price as well increased by 2.81% to end the week at \$2,280.84 compared to its price of \$2,218.47 in the previous week.
- On a year-to-date basis, gold appreciated in price by 15.08% while cocoa depreciated by 7.19%. WTI and Brent crude oil also declined by 62.73% and 52.30% respectively.
- Year-on year, gold improved in price by 33.98% whilst cocoa dropped by 3.90%. WTI and Brent crude oil also edged lower by 64.43% and 55.42%.

MARKET UPDATE AND OUTLOOK

CRUDE OIL OIL SINKS AS MARKET DOUBTS OPEC SUPPLY CUTS WILL BE ENOUGH

- Oil prices tumbled on Thursday on doubts that a deal between OPEC and allies to make a record oil supply cut would be enough to offset the collapse in global fuel demand caused by the coronavirus pandemic.
- The Organization of the Petroleum Exporting Countries and its allies including Russia, a group known as OPEC+, agreed to cut output by 10 million barrels per day from May.
- OPEC+ expects other producers including the United States to cut another 5 million bpd. But Washington has not offered to participate, and even if it did, the combined reduction in supply would be about half the 30% world-wide fall in demand.
- However, OPEC said it would ease output cuts between July and December to 8 million bpd and to 6 million barrels between January 2021 and April 2022.
- We therefore expect oil prices to rebound as OPEC+ had considered curbs as great as 15 million to 20 million barrels per day (bpd) cut.

GOLD GOLD CLIMBS TO 7-YEAR HIGH ON GROWTH FEARS, STIMULUS MEASURES

- Gold prices rose to their highest in more than seven years as concerns over global economic growth and a wave of stimulus measures from central banks and governments lifted bullion's appeal.
- Gold tends to benefit from widespread stimulus measures from central banks, as it is often seen as a hedge against inflation and currency debasement. Lower interest rates also cut the opportunity cost of holding non-yielding bullion.
- Also, further supporting the price of gold was a slip in the dollar against a basket of major currencies.
- Enough safe-haven demand remains for gold to counter pressure from any further weakness in stocks going into the company earnings season.
- We therefore expect the price of gold to remain stable in the coming week as uncertainty (due to the virus) continues and supports the safe-haven demand.

COCOA COCOA PRICES CLOSE LOWER ON CONCERN ABOUT REDUCED CHOCOLATE SALES

- Cocoa prices on Thursday retreated on global demand concerns. The coronavirus pandemic has devastated chocolate sales for Easter, a typically strong time of the year for consumer chocolate demand. Nielsen reported Thursday that chocolate confectionery sales in Britain dropped -21% in the week to March 28 from a year earlier.
- The coronavirus pandemic is undercutting cocoa demand as the global lockdown of millions of people curbs demand for chocolate and other cocoa products. Research firm IRI last Wednesday reported that U.S. chocolate sales slumped -13% in the four weeks ended March 22.
- News of reduced short-term cocoa shipments in West Africa is a supportive factor for cocoa. The Ivory Coast government on Monday reported that Ivory Coast farmers sent 32,263 MT of cocoa to ports during March 30-April 5, down -36.4% from a year earlier.
- We therefore expect price to rebound 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	1,693.90	1,752.80	1,645.70	6.51
Cocoa ICCO	USD/ton	2,312.19	2,280.84	2,218.47	2.81
WTI Crude	USD/bbl	26.08	22.76	28.34	(19.69)
Brent Crude	USD/bbl	33.05	31.48	34.11	(7.71)

Source: Bloomberg; International Cocoa Organization

WEEKLY HIGHS AND LOWS				
COMMODITY	Weekly high	Weekly low	YTD (%Δ)	YoY (%Δ)
Gold (Comex)	1,752.80	1,683.70	15.08	33.98
Cocoa ICCO	2,280.84	2,312.19	(7.19)	(3.90)
WTI Crude Oil	26.08	22.76	(62.73)	(64.43)
Brent Crude	33.05	31.48	(52.30)	(55.42)

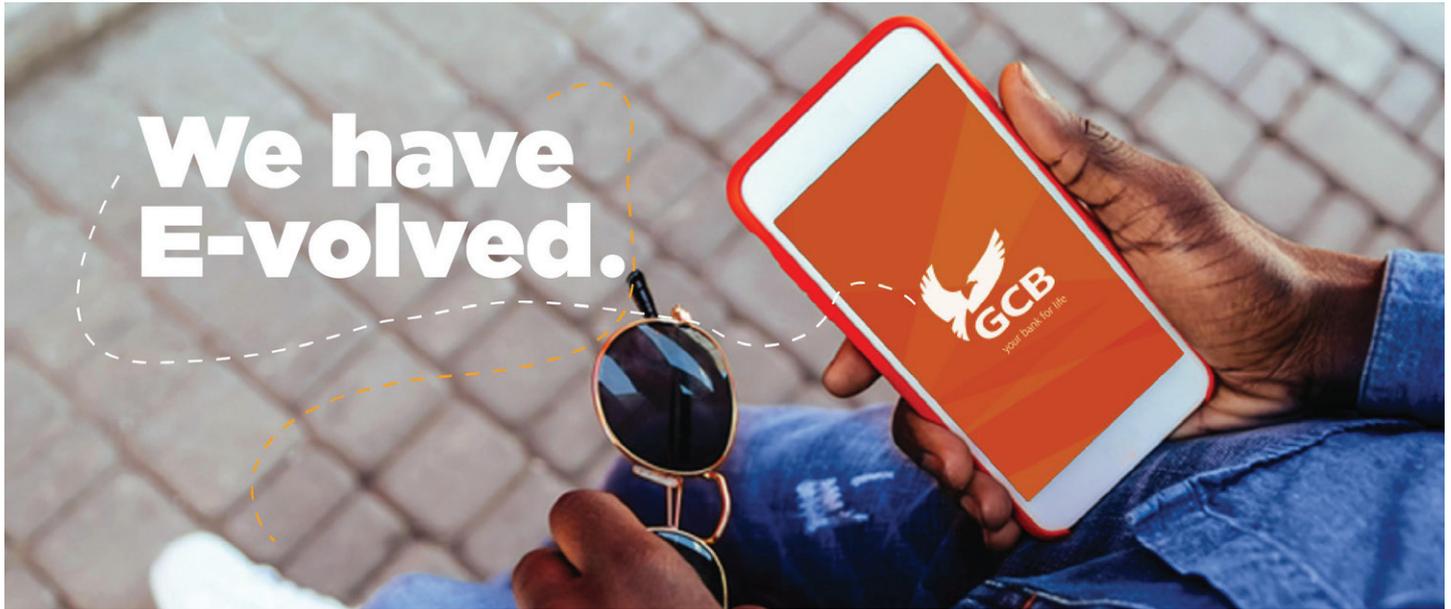
Source: Bloomberg; International Cocoa Organization

Commodity Price, 01 Jan to date



Commodity Market Update

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