

COMMODITY MARKET OVERVIEW

- In the just ended week, the price of cocoa appreciated while that of gold, WTI and Brent crude depreciated in price.
- Gold dipped by 3.08% to \$1,698.90 compared to the prior week's price of \$1,752.80.
- WTI and Brent Crude also dropped in price by 19.73% and 10.80% to \$18.27 and \$28.08 respectively to close the trading week.
- Cocoa price edged up by 0.08% to end the week at \$2,282.56 compared to its price of \$2,280.84 in the previous week.
- On a year-to-date basis, gold advanced in price by 11.54% while cocoa declined by 7.12%. WTI and Brent crude oil also dipped by 70.08% and 57.45% respectively.
- Year-on year, gold increased in price by 33.05% whilst cocoa decreased by 3.32%. WTI and Brent crude oil were also down by 71.35% and 60.79%.

MARKET UPDATE AND OUTLOOK

CRUDE OIL

OIL FALLS AS WEAK CHINESE DATA, GROWING U.S. SUPPLIES OFFSET TRUMP'S PLAN TO EASE LOCKDOWN

- Oil prices were down on Friday, with weak Chinese economic figures and rapidly filling U.S. crude storage offsetting bullishness built on U.S. President Donald Trump's outlines for the U.S. economy to emerge from the coronavirus shutdown.

- Oil prices have declined 20% this week even after OPEC agreed to a historic production cut in an effort to stabilize the industry ravaged by the coronavirus pandemic, which has curtailed global demand.

- U.S. crude futures hit a more than 18-year-low, extending their losses in comparison to global benchmark Brent, in part due to the coming expiration of the current May contract.

- Fuel demand worldwide is down by roughly 30%. That prompted major producers including Russia, a grouping known as OPEC+, to agree to cut output by 10 million bpd last weekend.

- We therefore expect oil prices to rebound as U.S. plans to ease lockdown measures after Trump laid out new guidelines for states to emerge from a coronavirus shutdown in a three-stage approach.

GOLD

GOLD SLIDES 3% AS TRUMP'S RESTART PLAN BOOSTS RISK SENTIMENT

- Gold dropped about 2% on Friday after President Donald Trump's new guidelines to re-open the U.S. economy and encouraging early data related to a potential COVID-19 treatment drove investors towards riskier assets.

- Late on Thursday (16/04/2020), Trump outlined a plan to ease the shutdown in a staggered three-stage process, but the plan was a set of recommendations rather than orders and left the decision largely up to state governors.

- Also dipping the mental, a report detailed encouraging data from trials of U.S. drug maker Gilead Sciences Inc.'s experimental drug Remdesivir in severely ill COVID-19 patients.

- Gold will remain supported by the boatload of monetary and fiscal stimulus that will be in place for the foreseeable future.

- We therefore expect the price of gold to rebound in the coming week.

COCOA

COCOA PRICES CLOSE LOWER ON CONCERN ABOUT REDUCED CHOCOLATE SALES

- Cocoa prices on Friday rallied sharply with NY cocoa at a 1-week high on signs of strength in global cocoa demand. Friday's data from the Cocoa Association of Asia showed Asia Q1 cocoa grindings fell by only -0.5% y/y to 207,356 MT, much better than expectations of -9% y/y.

- Also, the National Confectioners Association reported that North American Q1 cocoa grindings fell -5.1% y/y to 115,591 MT, slightly stronger than consensus of -5.3% y/y.

- Cocoa prices were already well supported after Barry Callebaut, the world's largest cocoa processor, said on Thursday (16/04/2020) that demand for chocolate in China is showing signs of strong recovery after chocolate shops were reopened after being shut down for the coronavirus outbreak.

- Another positive for cocoa prices was Tuesday's news from the Ivory Coast government that Ivory Coast farmers sent 39,319 MT of cocoa to ports during April 6-12, down -6.4% from a year earlier. We therefore expect price to remain stable in the week ahead.

COMMODITY	Unit	Price (week start)	Price (week close)	Previous week close	Wkly (%Δ)
Gold (Comex)	USD/oz	1,768.90	1,698.80	1,752.80	(3.08)
Cocoa ICCO	USD/ton	2,252.20	2,282.56	2,280.84	0.08
WTI Crude	USD/bbl	20.11	18.27	22.76	(19.73)
Brent Crude	USD/bbl	29.60	28.08	31.48	(10.80)

Source: Bloomberg; International Cocoa Organization

COMMODITY	Weekly high	Weekly low	YTD (%Δ)	YoY (%Δ)
Gold (Comex)	1,768.90	1,698.80	11.54	33.05
Cocoa ICCO	2,282.56	2,182.36	-7.12	-3.32
WTI Crude Oil	20.11	18.27	-70.08	-71.35
Brent Crude	29.60	27.69	-57.45	-60.79

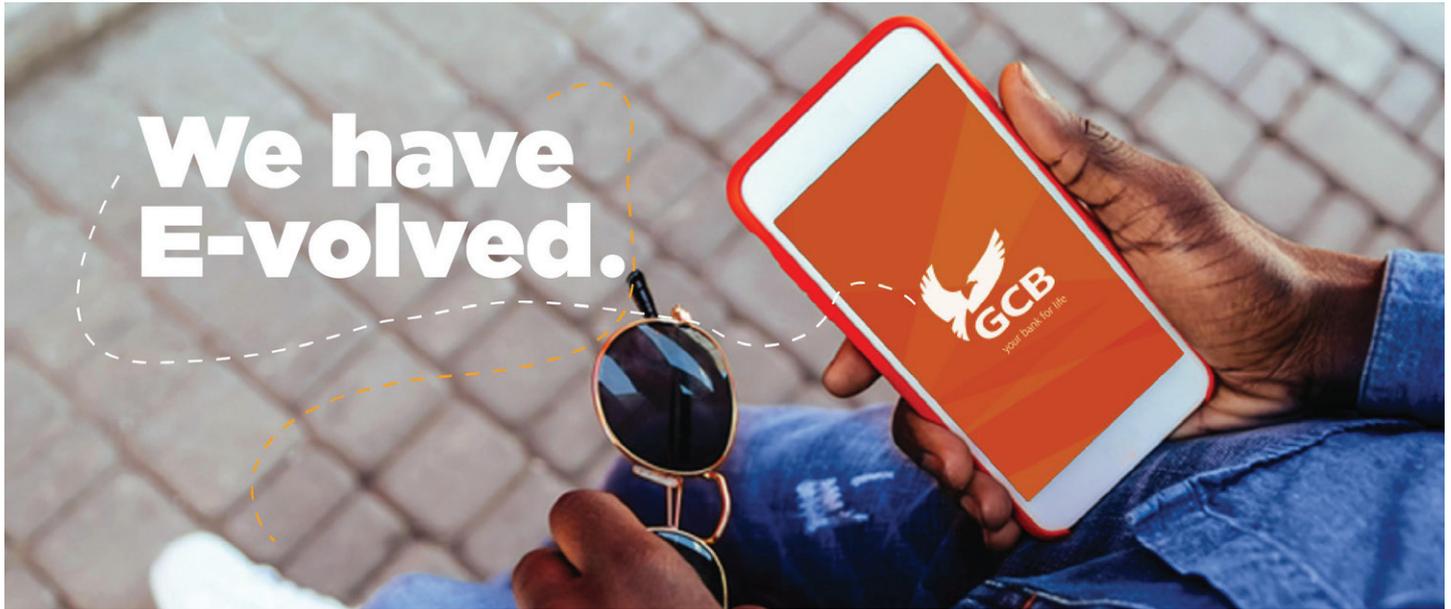
Source: Bloomberg; International Cocoa Organization

Commodity Price, 01 Jan to date



Commodity Market Update

Date Issued | 20th April, 2020



Customer Service: 0202 111 177 0264 270 236

WhatsApp: 0202 422 422 **Web:** www.gcbbank.com.gh

Toll Free: 0800 422 422

Follow GCB Bank Limited



Research Contacts

Lawson Oppong-Asante
Email: loppong-asante@gcb.com.gh
Tel: 0302 66 4910 -18

Adomako Osei-Frimpong
Email: aofrimpong@gcb.com.gh
Tel: 0302 66 4910 -18

Michael Bedjrah
Email: mbedjrah@gcb.com.gh
Tel: 0302 66 4910 -18

Treasury & Sales Contacts

Anthony Asare
Email: akasare@gcb.com.gh
Tel: 0302 611 762

Daniel Boateng
Email: daboateng@gcb.com.gh

Head Office:

No 2 Thorpe Link
P. O. Box 134, Accra
Tel: +233 (0)302 664910

Disclaimer

This document has been prepared by the Research Department of GCB Bank Limited solely for information purposes and does not constitute any legally binding obligations on GCB. Any views expressed are those of the Research Department. Any views and commentary in this communication (the views) are short term views of the GCB Research Department from which it originates (the authors) and are not a personal recommendation and do not take into account whether any product or transaction is suitable for any particular investor.

Whilst the information provided in this document has been prepared by GCB Research Department based upon or by reference to sources, materials that GCB believes to be reliably accurate, GCB does not guarantee its completeness or accuracy. The message is for information purposes only as of the date hereof and are subject to change. It is not a recommendation, advice, offer or solicitation to buy or sell a product or service. We do not accept any liability for losses (direct or consequential) which may arise from making use of this document or its contents or reliance on the information contained herein.

All opinions and estimates are given as of the date hereof and are subject to change. GCB is not obliged to inform readers of any such change to such opinions or estimates. This document do not purport to contain all the information that you may desire. In all cases, interested parties should conduct their own investigations and analysis of the transaction described in the document and of the data set forth in the document. In particular it is recommended for interested parties to check that the information provided is in line with their own circumstances with regard to any legal, regulatory, tax or other specialist or technical advice or services, if necessary with the help of a professional advisor.

This document is confidential and may not be reproduced or distributed in whole or in part without the prior written permission of GCB.