

## COMMODITY MARKET OVERVIEW

- In the just ended week, the price of all tracked commodities in our basket dropped further.
- Gold declined by 1.89% to \$1,488.10 compared to the preceding week's price of \$1,516.70.
- WTI and Brent Crude also dipped by 28.68% and 20.30% to \$22.63 and \$26.98 respectively to close the trading week.
- Cocoa price similarly dropped by 7.41% to end the week at \$2,170.93 compared to its price of \$2,344.65 in the previous week.
- On a year-to-date basis, gold and cocoa have declined in price same as that of WTI and Brent crude. Gold and cocoa were down by 2.30% and 11.66% respectively. WTI and Brent crude oil also went down by 62.94% and 59.12% respectively.
- Year-on year, gold and cocoa have advanced in price by 13.79% and 1.11% respectively whereas WTI and Brent crude oil have decreased by 62.18% and 60.61%.

## MARKET UPDATE AND OUTLOOK

### CRUDE OIL OIL MARKETS SLUMP AMID CORONAVIRUS CHAOS

- Oil prices dropped further after governments' escalated lockdowns to curb the spread of the global coronavirus outbreak that has slashed the demand for oil as well as threatened a global economic contraction.
- The coronavirus, which has infected more than 325,000 and killed over 14,000 worldwide, has disrupted business, travel and daily life. Many oil companies have rushed to cut spending and some producers have already begun putting employees on furlough.
- The market has had to contend with the twin shocks of the demand destruction caused by the coronavirus pandemic and the unexpected oil price war that erupted between Russia and Saudi Arabia earlier this month.
- Demand is expected to fall by more than 10 million barrels per day (bpd), or about 10% of daily global crude consumption. Oil refiners worldwide are also slashing production or considering cuts as the pandemic has caused the evaporation of fuel demand.
- We therefore foresee oil price to remain under pressure in the coming week as a result of countries slowing their economic activity to combat the coronavirus outbreak.

### GOLD GOLD FALLS AS STRONG DOLLAR OVERRIDE STIMULUS

- Gold fell as investors unloaded bullions in exchange for cash after several more countries announced lockdowns to curtail the spread of the coronavirus. This overshadowed policymakers' frantic efforts to cushion the economic impact.
- Major central banks around the world rolled out a wave of fiscal and monetary measures to stem the economic damage from the virus, which has infested more than 300,000 people worldwide.
- Also pressuring gold, the dollar firmed near a three-year peak as the sell-off in equities lifted the currency's safe-haven appeal.
- In the week ahead we expect the price of gold to rebound as the U.S. Federal Reserve plans to mount aggressive new steps to combat the economic impact from the pandemic to boost investors' sentiment.

### COCOA NY COCOA FALLS TO A 6-3/4 MONTH LOW ON AMPLE SUPPLY FROM WEST AFRICA

- Cocoa prices on Friday extended this week's losses with NY cocoa at a 6-3/4 month low and London cocoa at a 2-1/2 month low. Robust supply from Ghana and the Ivory Coast, along with ample rain in West Africa, are factors weighing on cocoa prices. There are also concerns that the global spread of the coronavirus pandemic will curb demand for commodities, including cocoa.
- Adequate cocoa supplies from Ghana, the world's second-largest cocoa producer, are weighing on cocoa prices after the Ghana Cocoa Board reported Thursday(19/03/2020) that it purchased 667,754 MT of cocoa from farmers during Oct 1-Feb 13, up +0.6% y/y.
- Also pushing cocoa prices lower is adequate rainfall in West Africa. Monday's data from the U.S. Climate Prediction Center showed above-average rainfall during Mar 8-14 across most of West Africa.
- Another bearish factor was the International Cocoa Organization's (ICO) forecast on March 6 that the global 2019/20 cocoa deficit will narrow to -85,000 MT from -107,000 MT in 2018/19. We therefore expect price to rebound in the week ahead.

COMMODITY	Unit	Price (week start)	Price (week close)	Previous week close	Wkly (%Δ)
Gold (Comex)	USD/oz	1,486.50	1,488.10	1,516.70	(1.89)
Cocoa ICCO	USD/ton	2,277.33	2,170.93	2,344.65	(7.41)
WTI Crude	USD/bbl	28.70	22.63	31.73	(28.68)
Brent Crude	USD/bbl	30.05	26.98	33.85	(20.30)

Source: Bloomberg; International Cocoa Organization

WEEKLY HIGHS AND LOWS				
COMMODITY	Weekly high	Weekly low	YTD (%Δ)	YoY (%Δ)
Gold (Comex)	1,525.80	1,477.90	(2.30)	13.79
Cocoa ICCO	2,277.33	2,154.84	(11.66)	1.11
WTI Crude Oil	28.70	20.37	(62.94)	(62.18)
Brent Crude	30.05	24.88	(59.12)	(60.61)

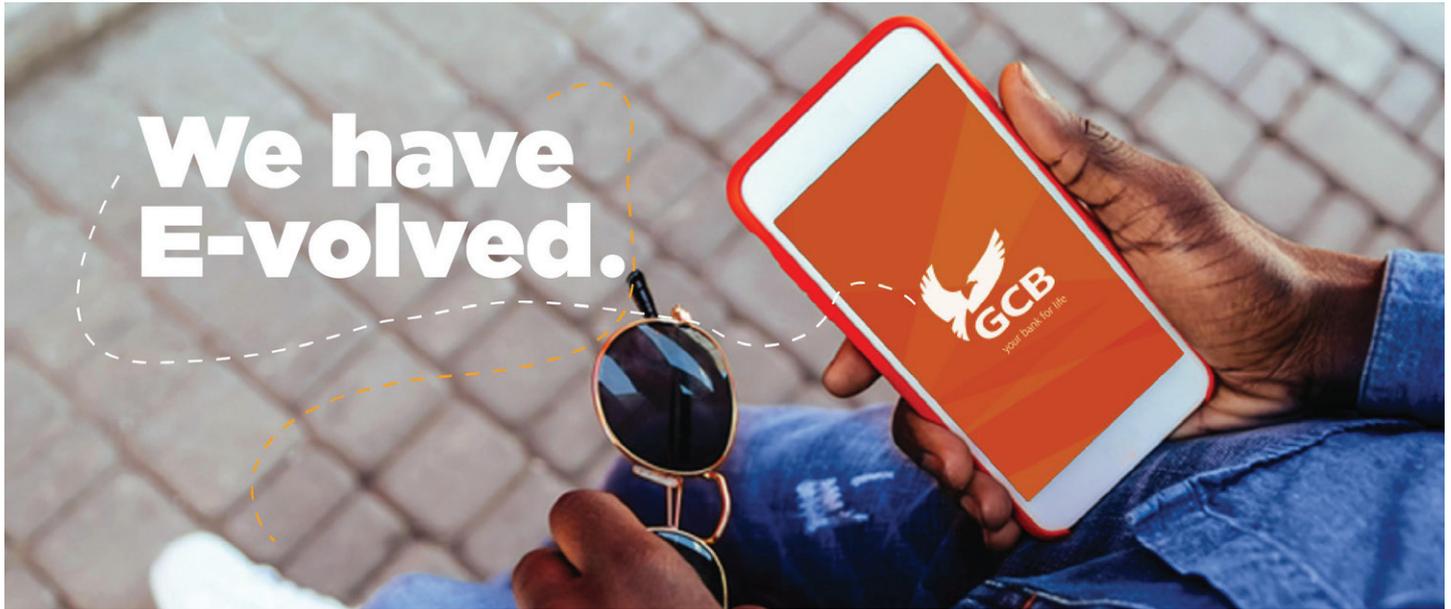
Source: Bloomberg; International Cocoa Organization

### Commodity Price, 01 Jan to date



# Commodity Market Update

Date Issued | 23rd March, 2020



**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

**Follow GCB Bank Limited**



## 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

## 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.