

# Commodity Market Update

Date Issued | 20th July, 2020

## COMMODITY MARKET OVERVIEW

- In the just ended week, Gold inched up in price while Cocoa dipped to end the week, whereas WTI Crude increased in price and Brent Crude declined in price.
- Gold advanced by 0.45% to \$1,810.00 compared to the previous week's price of \$1,801.90.
- WTI edged up in price by 0.10% to \$40.59 and Brent Crude dipped in price by 0.23% to \$43.14 to end the trading week.
- Cocoa price also weakened by 1.15% at \$2,061.39 to close the week compared to its price of \$2,085.34 in the previous week.
- On a year-to-date basis, gold appreciated in price by 18.84% while cocoa reduced by 16.12%. WTI and Brent crude oil also depreciated by 33.52% and 34.64% respectively.
- Year-on year, gold edged up by 27.17% while cocoa declined in price by 13.73%. WTI and Brent crude oil also fell by 28.51% and 32.23%.

## MARKET UPDATE AND OUTLOOK

### CRUDE OIL

#### OIL STEADY AS VIRUS INFECTIONS RISE BUT HOPES FOR VACCINE LENDS SUPPORT

- Oil prices were little changed on Friday as coronavirus cases increased in many countries, though a flurry of announcements about a potential COVID-19 vaccine and ongoing talks over a European Union fund to revive economies hit by the pandemic curbed losses.
- An experimental coronavirus vaccine being developed by AstraZeneca (AZN.L) and Britain's University of Oxford was safe and produced an immune response in early-stage clinical trials, data showed, keeping alive the hope it could be in use by the end of the year.
- While fuel demand has recovered from a 30% drop in April after many countries imposed strict lockdowns, usage is still below pre-pandemic levels. U.S. retail gasoline demand is falling again as infections rise.
- Rising tension between China and the United States also put pressure on prices.
- We therefore expect the price of oil to remain steady in the week ahead as investors are looking to the EU summit for trading cues, with leaders showing the first signs of compromise over carving up a proposed 750 billion euro (\$858.3 billion) recovery fund to revive economies.

### GOLD

#### GOLD CLIMBS AS GROWTH RISKS REMAIN, EYES 6TH WEEKLY GAIN

- Gold jumped on Friday, poised for its sixth consecutive weekly gain, as a record-breaking rise in coronavirus infections in the United States fueled uncertainty about an economic recovery, while a weaker greenback also added support.
- Coronavirus cases continue to surge in the United States, and experts at the U.S. Centers for Disease Control and Prevention have warned that cases and deaths could rise this autumn and winter.
- The United States shattered its daily record for coronavirus infections, prompting some states to impose partial lockdowns, while the number of global cases crossed 13.89 million.
- A sharp rise in stimulus packages globally to shield economies from the fallout of the coronavirus has driven safe-haven gold 19% higher so far this year.
- We therefore expect the price of gold to remain stable in the week ahead as the sheer scale of the stimulus so far will be sufficient to keep gold prices well supported.

### COCOA

#### COCOA PRICES LARGELY CHANGED ON MIXED GLOBAL COCOA DEMAND

- Cocoa prices on Friday settled mixed on uneven global cocoa demand. Cocoa prices found support early Friday after the Cocoa Association of Asia reported that Asia Q2 cocoa processing fell -6% y/y to 202,674 MT, a smaller decline than expectations of -9.3% y/y.
- However, cocoa prices gave up most of their gains after the North American Confectioners Association reported Q2 North American cocoa processing fell -11% to 110,776 MT, a bigger decline than expectations of -8% y/y.
- On Thursday (16/07/2020), the European Cocoa Association reported that European Q2 cocoa grindings fell -8.9% y/y to 314,108 MT, weaker than expectations of -8.0% y/y and the biggest drop in 8 years.
- In a supportive factor, the Cocoa Association of Nigeria, the world's fifth-biggest cocoa producer, cut its Nigeria 2019/20 cocoa production estimate on Friday to 148,750 MT from a previous estimate of 181,475 MT, citing the spread of the fungal black pod disease caused by heavy rain in Nigeria's main growing areas.
- We therefore expect the price of cocoa to remain stable this week.

COMMODITY	Unit	Price (week start)	Price (week close)	Previous week close	Wkly (%Δ)
Gold (Comex)	USD/oz	1,814.10	1,810.00	1,801.90	0.45
Cocoa ICCO	USD/ton	2,088.47	2,061.39	2,085.34	(1.15)
WTI Crude	USD/bbl	40.10	40.59	40.55	0.10
Brent Crude	USD/bbl	42.72	43.14	43.24	(0.23)
Source: Bloomberg; International Cocoa Organization					

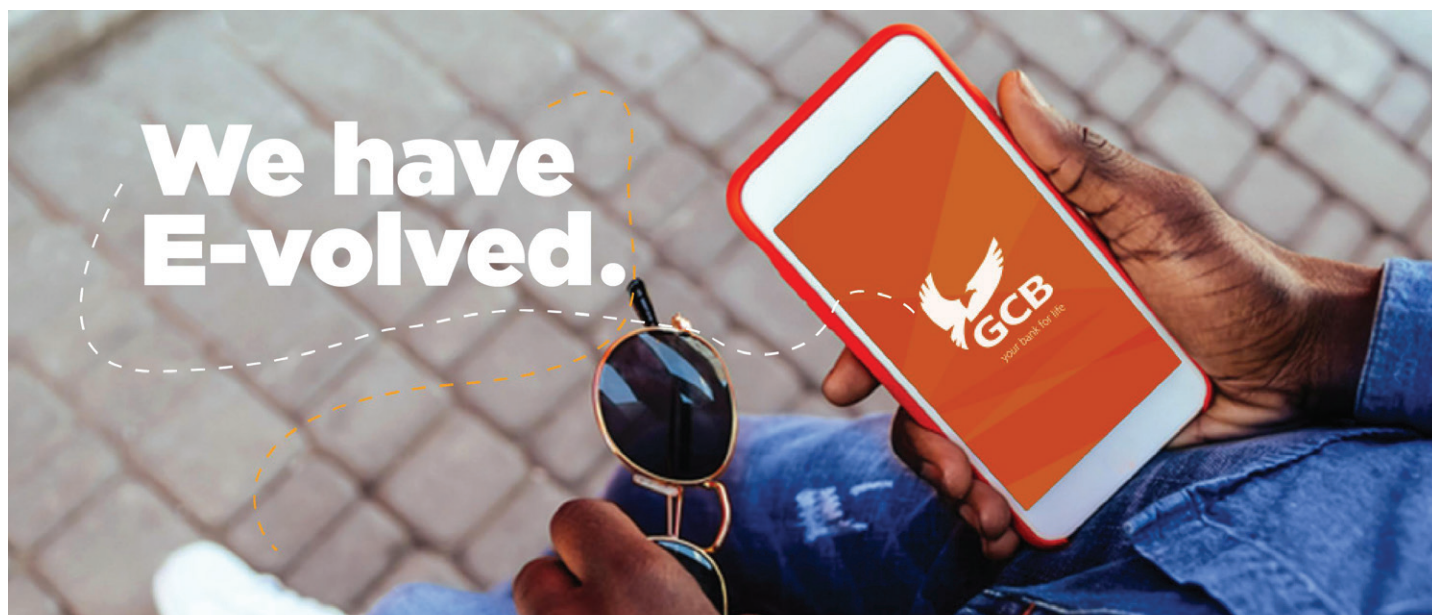
WEEKLY HIGHS AND LOWS				
COMMODITY	Weekly high	Weekly low	YTD (%Δ)	YoY (%Δ)
Gold (Comex)	1,814.10	1,800.30	18.84	27.17
Cocoa ICCO	2,088.47	2,045.65	(16.12)	(13.73)
WTI Crude Oil	41.20	40.10	(33.52)	(28.51)
Brent Crude	43.79	42.72	(34.64)	(32.23)
Source: Bloomberg; International Cocoa Organization				

## Commodity Price, 01 Jan to date



# Commodity Market Update

Date Issued | 20th July, 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 Bedjah

Email: [mbedjah@gcb.com.gh](mailto:mbedjah@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.