

Commodity Market Update

Date Issued | 24th August, 2020

COMMODITY MARKET OVERVIEW

- In the just ended week, Gold, Cocoa and Brent Crude dropped in price to end the week, whereas WTI increased in price.
- Gold declined by 0.14% to \$1,947.00 compared to the previous week's price of \$1,949.80.
- WTI Crude appreciated by 0.79% to \$42.34 while Brent Crude dipped in price by 1% to \$44.35 to end the trading week.
- Cocoa price also edged lower by 2.21% at \$2,280.50 to close the week compared to its price of \$2,332.05 in the previous week.
- On a year-to-date basis, gold went up in price by 27.83% while cocoa decreased by 7.20%. WTI and Brent crude oil also fell by 30.66% and 32.80% respectively.
- Year-on year, gold and cocoa rose by 28.46% and 5.32% respectively. WTI and Brent crude oil also decreased by 23.96% and 26.45% accordingly.

MARKET UPDATE AND OUTLOOK

CRUDE OIL

OIL PRICES EDGE LOWER ON DEMAND WORRIES AND STRONGER DOLLAR

- WTI Crude prices fairly rose by 0.79% while Brent Crude dipped by 1% this week due to lingering fears about the strength of global demand that dominated the news which went on to dry investors' appetite during the week dragging oil prices.

- The uncertainty created by the global pandemic caused most of the news network to predict another down turn in oil price which cautioned investors to pull out of the market.

- The rise of COVID-19 numbers of new infections in Spain and France also raised fears of an economic down turn. The hanging doom over the oil market restricted further investment in the oil market during the week.

- We expect Crude oil prices to remain stable in the upcoming week due to a storm in the Gulf of Mexico forcing the shutdown of oil rigs which may affect supply.

GOLD

GOLD FALLS DUE TO STRONGER DOLLAR AND POTENTIAL VACCINE

- The rebound of the dollar dragged gold prices during the week. Gold prices fell during the week due to higher real yields in the U.S. This had investors looking at other investment markets like the stock market to make more gains.

- Gold like any other commodity is subject to fall when dollar rises in the market because the commodity becomes too expensive for consumers to purchase.

- The price of the yellow metal also took a step back due to a potential vaccine for corona virus. The virus which has propelled the price of the precious metal had investors retreating from the safe haven after hopes were raised when news of a vaccine hit the market.

- For the coming week, the precious yellow metal is expected to come under minimal pressure as growing optimism about U.S.-China trade relations boosted risk appetite as investors awaited a speech by Federal Reserve Chair Jerome Powell this week.

COCOA

NY COCOA PRICES ARE UNDERCUT BY NEGATIVE FITCH FORECASTS

- Cocoa prices on Friday (21/08/2020) fell to a new 2-week low. NY cocoa prices were undercut early Friday by news of Fitch's downward revision in its price outlook for cocoa.

- Fitch Solutions on Thursday (20/08/2020) downgraded its price outlook for cocoa prices through 2024 due to reduced chocolate consumption caused by the pandemic.

- Investors lost appetite in the cocoa market when Fitch said that cocoa prices will struggle in the coming weeks due to improving supply prospects in West Africa. Fitch is forecasting global cocoa surpluses of 100,000 MT for 2019/20 and 53,000 MT in 2020/21, showing ample supplies versus the 4,000 MT deficit seen in 2018/19.

- We expect cocoa prices to remain steady this upcoming week due to continued robust production from Ivory Coast coupled with weak demand.

COMMODITY	Unit	Price (week start)	Price (week close)	Previous week close	Wkly (%Δ)
Gold (Comex)	USD/oz	1,998.70	1,947.00	1,949.80	(0.14)
Cocoa ICCO	USD/ton	2,316.87	2,280.50	2,332.05	(2.21)
WTI Crude	USD/bbl	42.89	42.34	42.01	0.79
Brent Crude	USD/bbl	45.37	44.35	44.8	(1.00)
Source: Bloomberg; International Cocoa Organization					

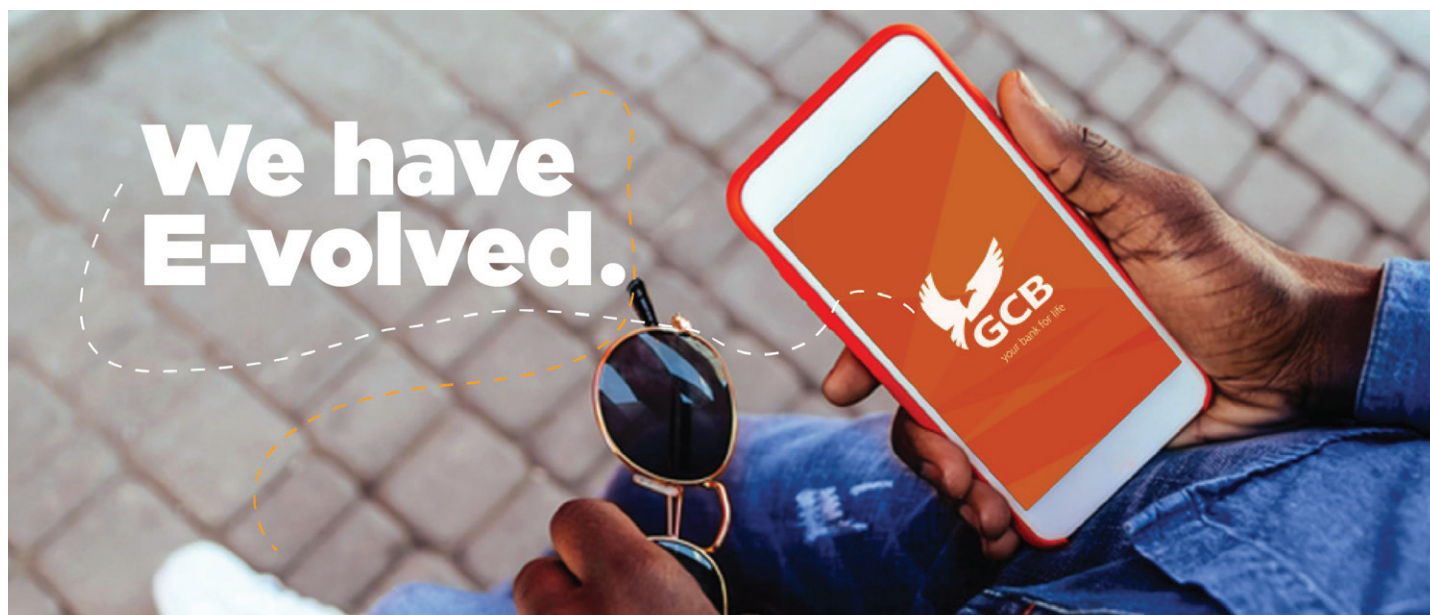
WEEKLY HIGHS AND LOWS				
COMMODITY	Weekly high	Weekly low	YTD (%Δ)	YoY (%Δ)
Gold (Comex)	2,013.10	1,946.50	27.83	28.46
Cocoa ICCO	2,322.64	2,280.50	(7.20)	5.32
WTI Crude Oil	42.93	42.34	(30.66)	(23.96)
Brent Crude	45.46	44.35	(32.80)	(26.45)
Source: Bloomberg; International Cocoa Organization				

Commodity Price, 01 Jan to date



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