

# Commodity Market Update

Date Issued | 27th July, 2020

## COMMODITY MARKET OVERVIEW

- In the just ended week, all tracked commodities in our basket edged up in price.
- Gold improved by 6.36% to \$1,925.20 compared to the previous week's price of \$1,810.00.
- WTI and Brent Crude increased in price by 1.72% and 0.46% to \$41.29 and \$43.34 respectively to close the trading week.
- Cocoa price also advanced by 2.16% at \$2,105.90 to close the week compared to its price of \$2,061.39 in the previous week.
- On a year-to-date basis, gold inched up in price by 26.40% whereas cocoa declined by 14.31%. WTI and Brent crude oil also fell by 32.38% and 34.33% respectively.
- Year-on year, gold was up by 35.14% while cocoa dropped in price by 13.22%. WTI and Brent crude oil was also down by 26.12% and 31.40% accordingly.

## MARKET UPDATE AND OUTLOOK

### CRUDE OIL OIL PRICES RISE AS WEAK DOLLAR NEUTRALIZES LOW DEMAND

- Oil price was one of the beneficiaries of the weak dollar. Oil prices rose as importers of crude oil took advantage of the weak dollar to offset low demand experienced from the rise of COVID-19 cases.

- Crude oil importers exploited the weak dollar to acquire more crude volumes which in turn offset a low global demand for oil.

- Furthermore, the persistent cuts made by OPEC members to meet global demand also supported oil prices last week.

- We expect Crude oil prices to slip this week due to increased tension between the world's two biggest economies; US and China, that has been escalated due to the closures of consulates in Houston and Chengdu.

### GOLD GOLD CLIMBS TO ALL TIME HIGH ON WEAK DOLLAR AND PANDEMIC SECOND WAVE

- Gold prices rose during the week as it gained momentum from the weak dollar and the uncertainty created by a possibility of a second wave of COVID-19.

- Gold prices rose to a new closing record for the first time since 2011 which was fueled by nervous investors adding bullions to their portfolios as the surge of coronavirus muddies the global economic outlook.

- Like any other commodity priced in dollars, Gold is likely to experience a rise when dollar falls. This explains the sharp rise in the price of gold as it took advantage of the weak dollar that also created uncertainty in the economy

- For the coming week, the precious yellow metal is expected to continue to rise as more investors will continue to seek a safe haven in the metal due to the recent escalation in tensions between China and US, following the closure of China's consulate in Houston.

### COCOA COCOA PRICES CLOSE HIGHER ON WEAK DOLLAR AND POSSIBLE REDUCTION IN IVORY COAST FORWARD COCOA SALES

- Cocoa prices on Friday (24/07/2020) closed higher due to a fall in the dollar index to a new 1-3/4-year low. The fall of dollar usually benefits most commodities priced in dollars like cocoa.

- Additionally, comments from the Ivory Coast agricultural minister on Friday (17/07/2020) was supportive of cocoa prices when he said he wants less Ivory Coast cocoa sold through forward sales, which will reduce the supplies of cocoa on the global market.

- Cocoa prices saw strength early last week on news of reduced cocoa output from Ghana, the world's second-largest cocoa producer. The Ghana Cocoa Board reported Monday (20/07/2020) that cocoa purchases from farmers were down -4.3% y/y to 742,725 during Oct-1-Jun 4.

- We expect cocoa prices to remain stable this week as ample rainfall this raining season has the potential to increase production.

COMMODITY	Unit	Price (week start)	Price (week close)	Previous week close	Wkly (%Δ)
Gold (Comex)	USD/oz	1,817.40	1,925.20	1,810.00	6.36
Cocoa ICCO	USD/ton	2,099.23	2,105.90	2,061.39	2.16
WTI Crude	USD/bbl	40.81	41.29	40.59	1.72
Brent Crude	USD/bbl	43.28	43.34	43.14	0.46

Source: Bloomberg; International Cocoa Organization

WEEKLY HIGHS AND LOWS				
COMMODITY	Weekly high	Weekly low	YTD (%Δ)	YoY (%Δ)
Gold (Comex)	1,925.20	1,817.40	26.40	35.14
Cocoa ICCO	2,105.90	2,073.18	(14.31)	(13.22)
WTI Crude Oil	41.96	40.81	(32.38)	(26.12)
Brent Crude	44.32	43.28	(34.33)	(31.40)

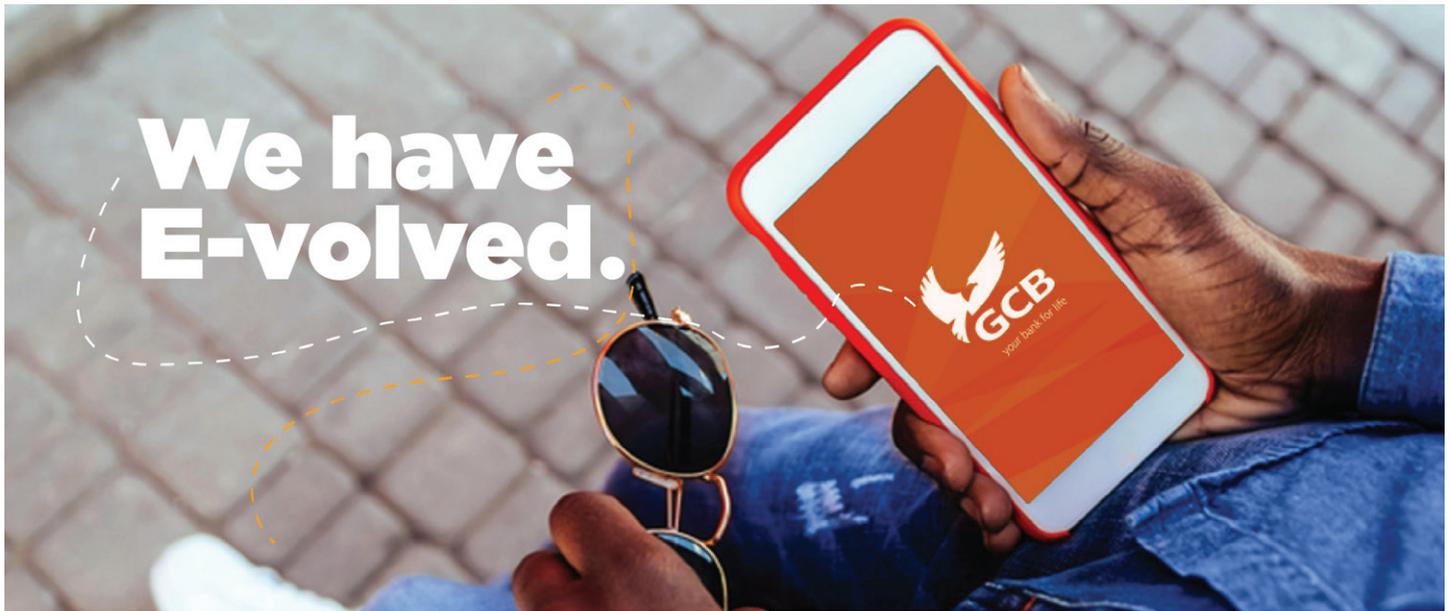
Source: Bloomberg; International Cocoa Organization

Commodity Price, 01 Jan to date



# Commodity Market Update

Date Issued | 27th 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 GCBBankLimited**



## 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.