



COMMODITY MARKET UPDATE

1st March, 2021

COMMODITY MARKET OVERVIEW

-In the just ended week, the price of all tracked commodities improved in price with the exception of Gold.
 -Gold price dipped by 2.73% to \$1,728.80 compared to the previous week's price of \$1,777.40.
 - WTI and Brent Crude increased by 3.81% and 5.12% at \$61.50 and \$66.13 respectively to close the trading week.
 -Cocoa price also advanced by 5.71% at \$2,507.04 to close the week compared to its price of \$2,371.71 in the previous week.
 -On a year-to-date basis, gold was down by 8.78% and cocoa edged up by 3.41% while WTI and Brent crude oil gained 26.75% and 27.66% respectively.
 -Year-on year, gold inched up by 5.22% and cocoa dropped by 5.29%. While WTI and Brent crude oil went up by 26.21% and 23.77% respectively.

MARKET UPDATE AND OUTLOOK

CRUDE OIL

OIL FUTURES EDGE HIGHER AHEAD OF CRITICAL OPEC+ MEETING

-Oil prices rose on Friday (26/02/2021), supported by optimism about COVID-19 vaccinations, a U.S. stimulus package and growing factory activity in Europe despite coronavirus restrictions.
 - Saudi Arabia's output curbs, the improving demand outlook as vaccines are rolled out, and the growing popularity of commodities as a hedge against inflation have pushed oil prices higher.
 -The Organization of Petroleum Exporting Countries and its allies will decide how much output gets restored and at what pace with current reductions amounting to just over 7 million barrels a day, or 7% of global supply.
 -The 23-nation coalition will choose whether to revive a 500,000-barrel tranche in April, and in addition, whether the Saudis confirm an extra 1 million barrels they've taken offline will return as scheduled.
 -OPEC+ may decide to ease current output curbs when they meet on March 4, 2021 or would still agree to maintain supply discipline.
 -Either way, we expect oil prices to trade sideways with OPEC+ endeavoring to keep global oil production below demand amidst possible deterioration in the COVID-19 situation and lifting of U.S. sanctions on Iran could hold back oil's recovery.

GOLD

GOLD SET FOR SECOND MONTHLY DIP AS HIGH U.S. YIELDS ERODE APPEAL

-Gold tumbled 3% to an eight-month low on Friday (26/02/2021) to its worst month since November 2016 as a stronger dollar and elevated U.S. Treasury yields hammered non-yielding bullion's appeal.
 - U.S. Treasury yields have risen by more than 50 basis points so far this year, eroding gold's status as an inflation hedge since that translates into higher opportunity costs to hold bullion.
 - The main factor weighing on gold is the surge in bond yields, which makes gold less attractive because it doesn't pay any interest.
 -While gold often benefits from expectations for more stimulus measures, given its status as an inflation hedge, government debt has turned out to be a more attractive bet for investors of late since bullion does not pay any fixed interest.
 -However, we expect gold to rebound as a retreat in U.S. Treasury yields will push investors to the yellow metal again as a refuge from inflation following the passage of the \$1.9 trillion U.S. stimulus package.

COCOA

COCOA PRICES WEAKEN ON FORCEFUL COCOA OUTPUT

- Cocoa prices retreated to a 3-1/2-week low. Abundant supplies weighed on prices after data from the Ivory Coast showed that Ivorian farmers sent 69,864 MT of cocoa

to ports, down -4.5% from the year-earlier period, although total arrivals for the season was 202,061 MT, up +14% from the year-earlier period.

-Rainfall was poor last week in most of Ivory Coast's cocoa regions, but good soil moisture content from previous rains left farmers optimistic for the upcoming mid-crop harvest.
 -Farmers across the country, the world's top cocoa producer reported that medium and large-sized pods were ripening on the trees and that harvesting would start soon.
 -However, there was no rain last week in the southern region of Divo and poor rainfall in Agboville in the south and Abengourou in the east even though farmers still remained optimistic for the mid-crop because of strong soil moisture content.
 -We therefore expect the price of Cocoa to be pressured on the back of demand and supply factors.

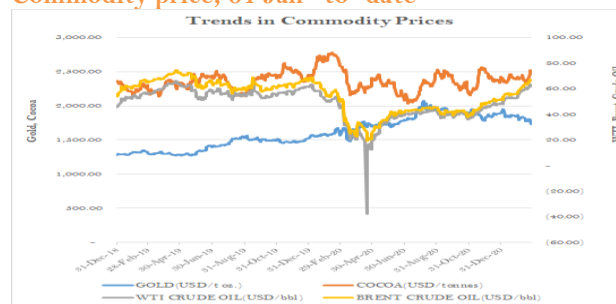
COMMODITY	Unit	Price (week start)	Price (week close)	Previous week close	Wkly (%Δ)
Gold (Comex)	USD/oz	1,808.40	1,728.80	1,777.40	(2.73)
Cocoa ICCO	USD/ton	2,422.60	2,507.04	2,371.71	5.71
WTI Crude	USD/bbl	61.70	61.50	59.24	3.81
Brent Crude	USD/bbl	65.24	66.13	62.91	5.12

Source: Bloomberg; International Cocoa Organization

WEEKLY HIGHS AND LOWS				
COMMODITY	Weekly high	Weekly low	YTD (%Δ)	YoY (%Δ)
Gold (Comex)	1,808.40	1,728.80	(8.78)	5.22
Cocoa ICCO	2,520.12	2,422.60	3.41	(5.29)
WTI Crude Oil	63.53	61.50	26.75	26.21
Brent Crude	67.04	65.24	27.66	23.77

Source: Bloomberg; International Cocoa Organization

Commodity price, 01 Jan -to- date





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