

COMMODITY MARKET OVERVIEW

- In the just ended week, prices of all commodities in our basket of tracked commodities dipped in price with the exception of Brent crude.

-Gold price dropped by 0.53% to \$1,734.70 compared to the previous week's price of \$1,743.90.

-WTI crude declined by 0.73% at \$60.97 while Brent Crude on the other hand advanced by 0.06% at \$64.57 to close the trading week.

-Cocoa price was also down by 0.58% at \$2,414.94 to close the week compared to its price of \$2,429.12 in the previous week.

-On a year-to-date basis, gold and cocoa decreased in price by 8.46% and 0.39% respectively whereas WTI and Brent crude oil went up by 25.66% and 24.65% respectively.

-Year-on year, gold and cocoa edged up by 4.48% and 10.38% respectively. Similarly, WTI and Brent crude oil was up by 169.78% and 145.14% respectively.

MARKET UPDATE AND OUTLOOK

CRUDE OIL

OIL FALLS AS SUEZ SHIP PARTIALLY REFLOATED, MARKET WEIGHS DEMAND

-Oil retreated as a container ship that has blocked the Suez Canal for nearly a week was refloated and traffic in the waterway resumed, while fuel demand in Europe remained weak amid renewed lockdowns to curb a new wave of coronavirus infections.

-Also, countries in Europe are renewing restrictions to curb COVID-19 cases, which will reduce demand from the region. Germany, the largest European economy, saw its biggest increase in coronavirus cases since January.

-Further, the strong dollar also weighed on oil prices. The dollar hit a new four-month high against the euro as the U.S. pandemic response continued to outpace Europe's. A rising U.S. dollar makes greenback-denominated oil more expensive for holders of other currencies.

-We however expect oil prices to rebound this week with an end to the Suez Canal crisis.

GOLD

GOLD SET FOR FIRST WEEKLY DIP IN THREE WEEKS ON HIGHER DOLLAR, YIELDS

-Gold prices gained slightly on Friday but a stronger dollar and a rise in U.S. Treasury yields put the metal on course for its first weekly decline in three weeks.

-A stronger dollar makes holding greenback-denominated bullion more expensive for those holding other currencies, while higher yields raise the non-yielding metal's opportunity cost.

-A firmer dollar and rising yields pressuring gold are one side of the coin and rising coronavirus cases and the Fed's low-interest rate policy lifting it are the other, noting it remains unclear which side will ultimately prevail.

-However the rapid recovery of the U.S. economy, with vaccine numbers ramping up is a near term negative for gold prices.

-We therefore expect gold to trade sideways as a firm dollar and rising U.S. Treasury Yields weigh on the safe-haven metal's appeal.

COCOA

COCOA PRICES SAW A LITTLE CHANGE AS THEY CONSOLIDATED ABOVE LAST WEEK'S 1-MONTH LOWS

-Cocoa prices on Friday was nearly unchanged as they consolidated above last week's 1-month lows. Demand concerns and ample supplies are weighing on cocoa prices. Chocolate demand in Europe may suffer after France, Italy, and Germany all widened their pandemic lockdown measures in an attempt to contain the third wave of Covid.

-Abundant cocoa supplies are also undercutting cocoa prices. Supplies are adequate from the Ivory Coast, the world's largest cocoa producer, after the Ivory Coast government reported Monday that cumulative cocoa bean deliveries to Ivory Coast ports during Oct 1-Mar 21 were up +0.6% y/y at 1.74 MMT.

-A negative factor for cocoa was the February 26 projection from the International Cocoa Organization (ICCO) that global 2020/21 cocoa production will climb +2.5% y/y to 4.8 MMT and that the global 2020/21 cocoa surplus will widen to +102,000 MT from +10,000 MT in 2019/20.

We therefore expect the price of Cocoa to be weighed by the forecast of ample cocoa supply in the current season in the week ahead.

COMMODITY	Unit	Price (week start)	Price (week close)	Previous week close	Wkly (%Δ)
Gold (Comex)	USD/oz	1,740.40	1,734.70	1,743.90	(0.53)
Cocoa ICCO	USD/ton	2,429.44	2,414.94	2,429.12	(0.58)
WTI Crude	USD/bbl	61.56	60.97	61.42	(0.73)
Brent Crude	USD/bbl	64.62	64.57	64.53	0.06

Source: Bloomberg; International Cocoa Organization

WEEKLY HIGHS AND LOWS

COMMODITY	Weekly high	Weekly low	YTD (%Δ)	YoY (%Δ)
Gold (Comex)	1,740.40	1,727.30	(8.46)	4.48
Cocoa ICCO	2,429.44	2,386.93	(0.39)	10.38
WTI Crude Oil	61.56	57.76	25.66	169.78
Brent Crude	64.62	60.79	24.65	145.14

Source: Bloomberg; International Cocoa Organization

Commodity price, 01 Jan -to- date





COMMODITY MARKET UPDATE

29th March, 2021