

Commodity Market Update

Date Issued | 12th April, 2021

COMMODITY MARKET OVERVIEW

- In the just ended week, the price of all tracked commodities declined in price with the exemption of Gold.
- Gold price improved by 0.95% to \$1,744.80 compared to the previous week's price of \$1,728.40.
- WTI and Brent Crude on the contrary weakened by 3.47% and 2.94% at \$59.32 and \$62.95 respectively to close the trading week.
- Cocoa price also dropped by 2.92% at \$2,304.74 to close the week compared to its price of \$2,374.10 in the previous week.
- On a year-to-date basis, gold and cocoa decreased in price by 7.93% and 4.93% respectively whereas WTI and Brent crude oil went up by 22.26% and 21.53% respectively.
- Year-on year, gold dipped by 0.46% and cocoa advanced by 1.05%. Whereas WTI and Brent crude oil rose by 160.63% and 99.97% respectively.

MARKET UPDATE AND OUTLOOK

CRUDE OIL

OIL EDGES LOWER ON MIXED SUPPLY AND DEMAND OUTLOOK

- Oil prices edged lower on Friday (09/04/2021) on rising supplies from major producers and concerns over a mixed picture on the COVID-19 pandemic's impact on fuel demand.

- Downward pressure has been exerted by the decision of the Organization of the Petroleum Exporting Countries (OPEC) and its allies, known as OPEC+, to increase supplies by 2 million barrels per day between May and July.

- Thus favorable oil demand prospects would be largely offset by the expected increase in OPEC+ production that could be approximating 2 million barrels per day by the end of July.

- Meanwhile U.S. drillers kept the number of oil rigs unchanged last week, energy services firm Baker Hughes Co indicated, with analysts forecasting more rigs were needed to keep production steady.

- Renewed lockdowns in some parts of the world and problems with vaccination programs could threaten the oil demand.

- We therefore expect oil prices to rally on optimism over a rebound in the U.S. economy as coronavirus vaccinations accelerated as well as rising tensions in the Middle East, though rising COVID-19 cases elsewhere would keep a lid on prices

GOLD

GOLD UP 1% ON WEEK AFTER FENCING WITH U.S. YIELDS, DOLLAR

- Gold prices recorded a weekly gain, the first rise in 3 weeks, as both the dollar and Treasury yields retreated and initial jobless claims unexpectedly rose for the 2nd week.

-The Federal Reserve reiterated expectations it would not taper anytime soon and that interest rates would remain low for some time despite a stronger economic outlook which provided support for gold price.

-In addition to gold's safe-haven appeal, U.S. Federal Reserve Chair Jerome Powell signaled the central bank is nowhere near reducing its economic support, and warned an uptick in COVID-19 cases could slow the recovery.

-Also, the dollar hit a more than one-week low, making gold less expensive for holders of other currencies and limiting gold's losses.

-Looking ahead, gold is facing pressure from strong economic data coming from the US and China and an accelerating vaccination rollout. On the other hand, the Fed's dovish tone, fiscal stimulus and lockdowns in Europe and some parts of Asia could boost safe-haven demand for bullion. We therefore expect gold prices to trade sideways this week.

COCOA

COCOA PRICES FALL TO MULTI-MONTH LOWS ON THE OUTLOOK FOR AMPLE SUPPLIES AND DEMAND CONCERNS

- Cocoa prices on Friday moved lower, with NY cocoa falling to a 5-month low and London cocoa falling to a 4-month nearest-futures low. The outlook for bumper cocoa crops in West Africa undercut cocoa prices and fueled fund selling in cocoa futures. Cocoa farmers in the Ivory Coast and Ghana are reporting favorable growing conditions that bode well for the mid-crop harvest that just began.

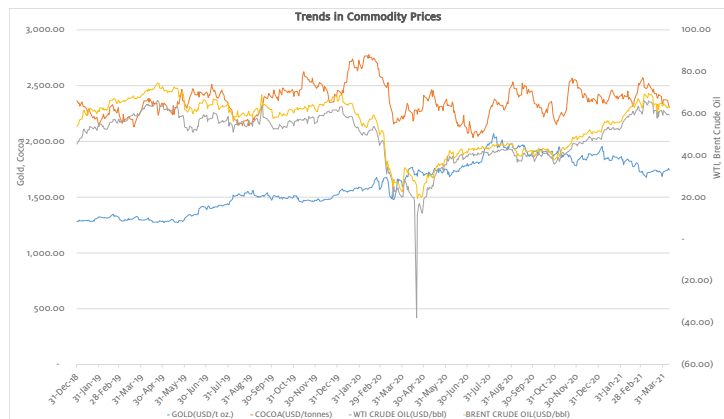
- Cocoa supplies are ample from the Ivory Coast, the world's largest cocoa producer. The Ivory Coast government reported that cumulative cocoa bean deliveries to Ivory Coast ports during Oct 1-Apr 4 were unchanged y/y at 1.78 MMT. Also, current inventories are abundant after ICE-monitored cocoa inventories climbed to a 1-3/4 year high.

- Demand concerns are also 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.

- We therefore expect the price of cocoa to be subdued this week due to concerns of oversupply. However, a more positive news for cocoa this week could be Citigroup's forecast of its global 2020/21 cocoa surplus estimate to +150,000 MT from a prior estimate of +275,000 MT.

COMMODITY	Unit	Price (week start)	Price (week close)	Previous week close	Wkly (%Δ)
Gold (Comex)	USD/oz	1,743.00	1,744.80	1,728.40	0.95
Cocoa ICCO	USD/ton	2,370.76	2,304.74	2,374.10	(2.92)
WTI Crude	USD/bbl	59.33	59.32	61.45	(3.47)
Brent Crude	USD/bbl	62.74	62.95	64.86	(2.94)
Source: Bloomberg; International Cocoa Organization					

WEEKLY HIGHS AND LOWS				
COMMODITY	Weekly high	Weekly low	YTD (%Δ)	YoY (%Δ)
Gold (Comex)	1,758.20	1,741.60	(7.93)	(0.46)
Cocoa ICCO	2,370.76	2,304.74	(4.93)	1.05
WTI Crude Oil	59.77	59.32	22.26	160.63
Brent Crude	63.20	62.95	21.53	99.97
Source: Bloomberg; International Cocoa Organization				



Commodity Market Update

Date Issued | 12th April, 2021



Road Myth
**“My senses
are ~~sharper~~
when drunk.”**

Debunking Myths 101

Customer Service: 0202 111 177 0264 270 236

WhatsApp: 0202 422 422

Web: www.gcbbank.com.gh

Toll Free: 0800 422 422

Follow GCB Bank Limited



Research Contacts

Lawson Oppong-Asante

Email: loppong-asante@gcb.com.gh

Tel: 0302 66 4910 -18

Adomako Osei-Frimpong

Email: aofrimpong@gcb.com.gh

Tel: 0302 66 4910 -18

Michael Bedjah

Email: mbedjah@gcb.com.gh

Tel: 0302 66 4910 -18

Treasury & Sales Contacts

Anthony Asare

Email: akasare@gcb.com.gh

Tel: 0302 611 762

Daniel Boateng

Email: 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.