

Commodity Market Update

Date Issued | 10th May, 2021

COMMODITY MARKET OVERVIEW

- In the just ended week, the price of all tracked commodities increased in price.
- Gold price advanced by 3.60% to \$1,831.30 compared to the previous week's price of \$1,767.70.
- WTI and Brent Crude improved by 2.08% and 1.53% at \$64.90 and \$68.28 respectively to close the trading week.
- Cocoa price also went up by 1.10% at \$2,408.20 to close the week compared to its price of \$2,382.00 in the previous week.
- On a year-to-date basis, gold and cocoa reduced in price by 3.37% and 0.67% respectively whereas WTI and Brent crude oil went up by 33.76% and 31.81% respectively.
- Year-on year, gold and cocoa was up 6.11% and 1.14% respectively. Likewise, WTI and Brent crude oil gained 175.58% and 131.77% respectively.

MARKET UPDATE AND OUTLOOK

CRUDE OIL

OIL NOTCHES SECOND WEEKLY GAIN DESPITE INDIA VIRUS SURGE

- Oil edged up slightly on Friday even as the COVID-19 crisis in India worsened, and prices notched a second weekly gain against the backdrop of optimism over a global economic recovery.

-Brent crude futures ended the week at \$68.28 a barrel while U.S. West Texas Intermediate (WTI) crude settled at \$64.90 a barrel, both up by more than 1%.

- The two benchmarks rose by more than 1% on the week, their second consecutive weekly gain, as easing COVID-19 restrictions on movement in the United States and Europe, recovering factory operations and coronavirus vaccinations pave the way for a revival in fuel demand.

- Though, crude imports by the world's biggest buyer fell 0.2% in April from a year earlier to 40.36 million tonnes, or 9.82 million barrels per day (bpd), the lowest since December.

- The recovery in oil demand, however, has been uneven as surging COVID-19 cases in India reduce fuel consumption in the world's third-largest oil importer and consumer.

- We therefore expect oil prices to remain relatively stable in the coming week as lockdowns are eased and pent-up demand is released during the summer driving season.

GOLD

GOLD HOVERS NEAR 2-1/2-MONTH HIGH ON WEAKER U.S. DOLLAR, BOND YIELDS

- Gold prices on Friday (07/05/2021) hovered near a 2-1/2-month high, aided by a pullback in the dollar and Treasury yields as investors cautiously waited for the U.S. non-farm payrolls data for further cues on the health of the world's biggest economy.

- Gold prices also edged higher as tepid U.S. jobs numbers last week cemented expectations that interest rates will remain low for some time, denting the dollar and boosting non-yielding metal's appeal.

- The lower-than-expected job numbers came as a speed bump on investors' hopes of a roaring recovery in the world's largest economy and tamped down bets on the U.S. Federal Reserve tightening policy earlier than expected.

- The U.S. central bank wants to keep monetary policy loose for the foreseeable future, but the economic recovery gaining pace has fanned speculations of a pullback in support sooner than expected.

- We therefore expect gold price to remain stable in the coming week as the U.S. central bank has pledged to keep interest rates low until inflation and employment pick up.

COCOA

COCOA PRICES CLOSE HIGHER FOR A THIRD DAY ON DOLLAR WEAKNESS AND COMMODITY DEMAND OPTIMISM

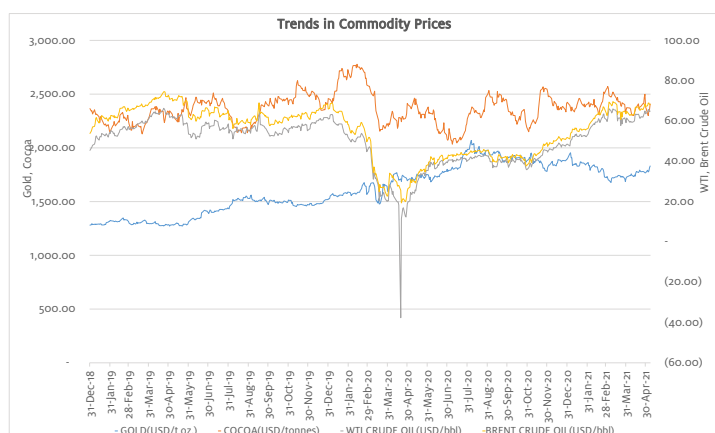
- Cocoa prices on Friday (07/05/2021) moved higher to end the week. A slump in the dollar index supported gains in most commodities priced in dollars, including cocoa.

- Commodities continued to rally, with the CRB Commodity Index climbing to a near 3-year high, on the outlook for increased demand as the pace of global Covid vaccinations picks up and allows more countries to reopen their economies.

- We however expect cocoa prices to come under pressure due to the outlook for bumper cocoa crops in West Africa. This is undercutting cocoa prices and has sparked 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.

COMMODITY	Unit	Price (week start)	Price (week close)	Previous week close	Wkly (%Δ)
Gold (Comex)	USD/oz	1,791.80	1,831.30	1,767.70	3.60
Cocoa ICCO	USD/ton	2,320.39	2,408.20	2,382.00	1.10
WTI Crude	USD/bbl	64.49	64.90	63.58	2.08
Brent Crude	USD/bbl	67.56	68.28	67.25	1.53
Source: Bloomberg; International Cocoa Organization					

WEEKLY HIGHS AND LOWS				
COMMODITY	Weekly high	Weekly low	YTD (%Δ)	YoY (%Δ)
Gold (Comex)	1,831.30	1,776.00	(3.37)	6.11
Cocoa ICCO	2,408.20	2,300.09	(0.67)	1.14
WTI Crude Oil	65.69	64.49	33.76	175.58
Brent Crude	68.96	67.56	31.81	131.77
Source: Bloomberg; International Cocoa Organization				



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

Debunking Myths 101

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