

# Commodity Market Update

Date Issued | 26th April, 2021

## COMMODITY MARKET OVERVIEW

- In the just ended week, the price of all tracked commodities declined in price with the exception of cocoa.

- Gold price weakened by 0.13% to \$1,777.80 compared to the previous week's price of \$1,780.20.

- WTI and Brent Crude also dipped by 1.57% and 0.99% at \$62.14 and \$66.11 respectively to close the trading week.

- Cocoa price on the other hand went up by 0.35% at \$2,387.80 to close the week compared to its price of \$2,379.56 in the previous week.

- On a year-to-date basis, gold and cocoa was down in price by 6.19% and 1.51% respectively. Conversely, WTI and Brent crude oil went up by 28.07% and 27.63% respectively.

- Year-on year, gold and cocoa improved by 1.86% and 4.14% respectively. Also, WTI and Brent crude oil advanced by 276.61% and 209.94% respectively.

## MARKET UPDATE AND OUTLOOK

### CRUDE OIL

#### OIL FALLS ON INDIA'S COVID SURGE, SUPPLY INCREASE

- Oil fell on Friday (23/04/2021) on fears that surging COVID-19 cases in India will dent fuel demand in the world's third-biggest oil importer, while the end of a force majeure on exports from a Libyan terminal and an expected supply increase from OPEC+ added to pressure.

- Concerns over lower crude production in Libya offset expectations that rising coronavirus cases in India and Japan would cause energy demand to decline weighed on oil prices.

- India saw a fifth straight day of record jump to 352,991 new virus cases, while Japan announced its third state of emergency for Tokyo, Osaka, and two other prefectures.

-Also, pressuring prices further last week were EIA data showing a surprise US inventory build. As a result, the US benchmark finished the week almost 2% lower while Brent ended the week down 1%.

- We therefore expect oil prices to trade sideways this week as the market is tending to focus more on the bad news from India and Japan at present, where the number of new coronavirus cases has risen sharply, prompting increased mobility restrictions to be imposed.

### GOLD

#### GOLD BELOW 2-MONTH HIGHS

-Gold slipped on Friday (23/04/2021), amid a slightly weaker dollar and Treasury yields and as investors digest rising coronavirus infections and await the Fed interest rate decision during the week.

- Covid-19 cases are surging at a record pace in India and in Japan, some cities declared the state of emergency, roasting demand for safety. At the same time, the Fed is expected to keep its ultra-easy monetary policy while fresh data for the US continues to point to a strong economic recovery which weighed on gold price.

- With the focus turning to the Fed, gold speculators are raising concerns that central bank policymakers might signal its intention to reduce its emergency stimulus measures in the coming week. This is not the same as an interest rate hike, but it is a form of tightening that could be bearish for gold prices.

### COCOA

#### COCOA PRICES SEE SUPPORT FROM A WEAK DOLLAR AND CHOCOLATE-DEMAND OPTIMISM

- Cocoa prices rose to end the week at \$2,387/tonne after hitting a five-month low of \$2,347/tonne on March 30th, 2021, as traders weighed prospects of higher demand amid upbeat economic data for the US and Europe.

- Cocoa prices traded steady to modestly higher throughout the week as a weak dollar underpinned most commodity prices, including cocoa. Optimism about chocolate demand also supported cocoa prices after the CEO of Barry Callebaut, the world's largest manufacturer of cocoa and chocolate products, said on Thursday that he sees a very strong rebound in chocolate demand in most of Asia with a "remarkable" recovery in China and "impressive" performance in India.

- Oversupply concerns also prevented further cocoa gains as rainfalls in Ivory Coast has lifted April to September mid-crop expectations.

- Meantime, the country's cocoa regulator announced it would reimburse exporters for their expenses related with the implementation of a premium meant to tackle farmer poverty.

- Looking ahead, the progress in the rollout of vaccines and the easing of restrictions in the US and Europe could drive up demand and support cocoa prices.

COMMODITY	Unit	Price (week start)	Price (week close)	Previous week close	Wkly (%Δ)
Gold (Comex)	USD/oz	1,770.60	1,777.80	1,780.20	(0.13)
Cocoa ICCO	USD/ton	2,409.60	2,387.80	2,379.56	0.35
WTI Crude	USD/bbl	63.38	62.14	63.13	(1.57)
Brent Crude	USD/bbl	67.05	66.11	66.77	(0.99)

Source: Bloomberg; International Cocoa Organization

WEEKLY HIGHS AND LOWS				
COMMODITY	Weekly high	Weekly low	YTD (%Δ)	YoY (%Δ)
Gold (Comex)	1,793.10	1,770.60	(6.19)	1.86
Cocoa ICCO	2,409.60	2,359.69	(1.51)	4.14
WTI Crude Oil	63.38	61.35	28.07	276.61
Brent Crude	67.05	65.32	27.63	209.94

Source: Bloomberg; International Cocoa Organization



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Road Myth

“My senses  
are ~~sharper~~  
when drunk.”

*Debunking Myths 101*

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