

Commodity Market Update

Date Issued | 16th August, 2021

COMMODITY MARKET OVERVIEW

- In the just ended week, the price of all tracked commodities increased in price except Brent Crude price.
- Gold price advanced by 0.86% to end the week at \$1,778.20 compared to the previous week's price of \$1,763.10.
- WTI improved in price by 0.23% at \$68.44 whereas Brent Crude decreased in price by 0.16% at \$70.59 to close the trading week.
- Cocoa price was up by 4.48% at \$2,512.70 to close the week compared to its price of \$2,405.01 in the previous week.
- On a year-to-date basis, gold fell by 6.17% while cocoa reduced by 3.64%. On the other side, WTI and Brent crude oil inched up in price by 41.06% and 36.27% respectively.
- Year-on year, gold went down by 9.75%, however cocoa strengthened by 6.98%. WTI and Brent crude oil on the other hand edged up by 62.03% and 57.01% respectively.

MARKET UPDATE AND OUTLOOK

CRUDE OIL

OIL DIPS, LITTLE CHANGED ON WEEK DESPITE WEAKER DEMAND FORECASTS

- Oil prices dipped on Friday (13/08/2021) and ended the week little changed after weathering concerns from banks and the International Energy Agency that the spread of coronavirus variants is slowing oil demand.

- For the week, Brent fell less than 1%, after dropping 6% last week, its largest week of losses in four months. Last week WTI slumped nearly 7% in its biggest weekly decline in nine months but improved slightly by 0.23% to end the week.

- The IEA said demand for crude oil ground to a halt in July and was set to rise at a slower pace over the rest of the year because of surging infections from the Delta variant of the coronavirus.

- Still, oil has remained supported by improved demand in the world's top consumer, the United States and other nations where the COVID-19 vaccination rate is higher.

- While the IEA's report was pretty dour on demand, in the near term, it's pretty clear that there's a supply deficit and that's likely to continue as we're seeing airline travel restrictions get lifted in the U.S.

- We expect oil prices to trade sideways this week as the spread of the Delta variant of the coronavirus could slow the recovery of global oil demand.

GOLD

GOLD UP AS U.S. CONSUMER SENTIMENT DIVE EASES EARLY TAPERING FEARS

- Gold rose about 1% on Friday (13/08/2021) after a survey showing that U.S. consumer sentiment dived in early August calmed investor concerns over an early tapering of the Federal Reserve's asset purchases.

- The precious metal has recovered sharply after sliding to an over four-month low spurred by fears the Federal Reserve would begin cutting back economic support after a strong U.S. jobs report last week.

- The ongoing COVID disruption means it is more likely that central banks globally will continue to provide stimulus, which ultimately feeds back into inflation and higher gold prices in the long term.

- Providing further support to bullion was increased physical demand, particularly from top consumers India and China.

- We expect gold price to trade sideways in the week ahead with safe-haven buying driven by COVID-19 related concerns, and as investors look for more direction from the Federal Reserve on monetary policy.

COCOA

COCOA PRICES JUMP ON SUSPENDED FORWARD SALES FROM IVORY COAST

- Cocoa prices on Friday (13/08/2021) rallied to 2-3/4 month highs. Cocoa prices rallied Friday after the Ivory Coast cocoa regulator suspended forward cocoa sales for the 2021//22 season, which may lead to tighter global cocoa supplies.

- Cocoa prices were already in rally mode on signs of strength in chocolate and cocoa demand after IRI reported that U.S. retail sales of chocolate confections in the four weeks through July 11 rose +5.8% y/y.

- Also, data from the exporter group Gepex, a group of the world's six biggest cocoa grinders, showed that July Gepex cocoa processing rose +7.3% y/y to 50,088 MT.

- Cocoa supplies from the Ivory Coast, the world's largest cocoa producer, remain ample. The Ivory Coast government reported Monday that Ivory Coast farmers sent 2.38 MMT of cumulative cocoa to ports during Oct 1-Aug 8, up +6.3% y/y.

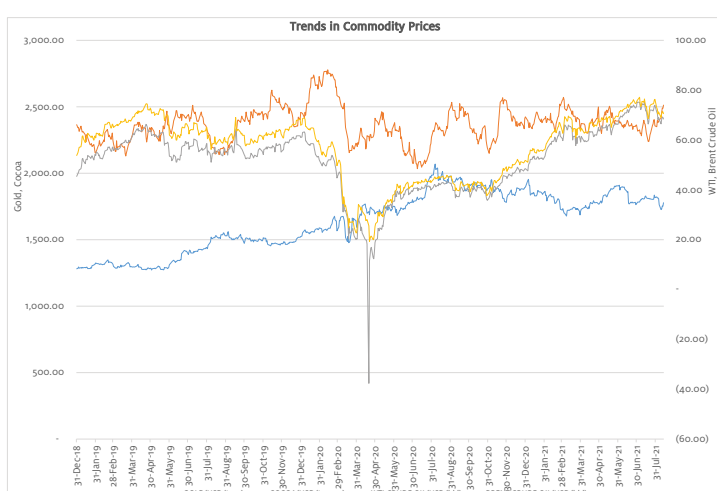
- In the week ahead, we expect cocoa price to remain stable amid concerns about cold weather in top grower Ivory Coast which may slow the start of the main crop in October. Ivory Coast cocoa grinders processed 452,000 tonnes of beans by the end of July, down 3.6% from a year ago, data from cocoa exporters' association GEPEX showed.

COMMODITY	Unit	Price (week start)	Price (week close)	Previous week close	Wkly (%Δ)
Gold (Comex)	USD/oz	1,726.50	1,778.20	1,763.10	0.86
Cocoa ICCO	USD/ton	2,411.34	2,512.70	2,405.01	4.48
WTI Crude	USD/bbl	66.48	68.44	68.28	0.23
Brent Crude	USD/bbl	69.04	70.59	70.7	(0.16)

Source: Bloomberg; International Cocoa Organization

WEEKLY HIGHS AND LOWS				
COMMODITY	Weekly high	Weekly low	YTD (%Δ)	YoY (%Δ)
Gold (Comex)	1,778.20	1,726.50	(6.17)	(9.75)
Cocoa ICCO	2,512.70	2,411.34	3.64	6.98
WTI Crude Oil	69.25	68.29	41.06	62.03
Brent Crude	71.44	69.04	36.27	57.01

Source: Bloomberg; International Cocoa Organization



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