

# Commodity Market Update

Date Issued | 6th September, 2021

## COMMODITY MARKET OVERVIEW

- In the just ended week, the price of all tracked commodities improved in price except the price of Brent Crude.
- Gold price went up by 0.78% to end the week at \$1,833.70 compared to the previous week's price of \$1,819.50.
- WTI Crude rose by 0.80% at \$69.29 while Brent Crude ended lower by 0.12% at \$72.61 to close the trading week.
- Cocoa price similarly increased by 1.89% at \$2,569.93 to close the week compared to its price of \$2,522.33 in the previous week.
- On a year-to-date basis, the price of gold weakened by 3.24% while cocoa was up by 6.00%. WTI and Brent crude oil edged up in price by 42.81% and 40.17% respectively.
- Year-on year, gold declined by 5.37%, but cocoa went up by 3.03%. WTI and Brent crude oil in the same way inched up by 67.49% and 64.76% respectively.

## MARKET UPDATE AND OUTLOOK

### CRUDE OIL

#### OIL SLIPS AS WEAK U.S. JOBS REPORT GIVES 'REALITY CHECK'

- Oil prices fell on Friday (03/09/2021) after a weaker than expected U.S. jobs report indicated a patchy economic recovery that could mean slower fuel demand during a resurgent pandemic.

- Losses were capped by concerns that U.S. supply would remain limited in the wake of Hurricane Ida, which cut production from the U.S. Gulf of Mexico.

- Non-farm payrolls missed expectations with an increase of 235,000 jobs amid a softening in demand for services and persistent worker shortages as COVID-19 infections soared. Economists polled by Reuters had forecast non-farm payrolls would increase by 728,000 jobs.

- Meanwhile oil and gas production in the U.S. Gulf of Mexico remained largely halted in the aftermath of Hurricane Ida, with 1.7 million barrels, or 93%, of daily crude output suspended, according to offshore regulator the Bureau of Safety and Environmental Enforcement.

- We therefore expect oil prices to stay under pressure in the coming week with global oil supplies increasing as the Organization of the Petroleum Exporting Countries and their allies, a grouping known as OPEC+, has agreed to raise output by 400,000 barrels per day each month between August and December.

### GOLD

#### GOLD CLIMBS AS SLOWER U.S. JOBS GROWTH CLOUDS FED TAPER TIMELINE

- Gold advanced to its highest in 2-1/2 months on Friday (03/09/2021), as a slower-than-expected U.S. jobs growth in August drove the dollar lower, casting doubts on the Federal Reserve's tapering timeline.

- U.S. job growth came in well below expectations in August amid a jump in COVID-19 infections.

- The dollar index slipped soon after the report, bolstering gold's appeal for those holding other currencies.

- Fed Chair Jerome Powell said that if job growth continued, the Fed could start cutting asset purchases this year, but would remain cautious about raising interest rates.

- While gold is considered a hedge against inflation and currency debasement, caused by unprecedented stimulus measures, lower interest rates also reduce the opportunity cost of holding non-yielding bullion.

- We expect gold price to remain stable in the coming week after disappointing U.S. jobs data raised hopes the Federal Reserve could wait a bit longer to pare its stimulus measures.

### COCOA

#### COCOA RALLIES ON STRONG CHOCOLATE DEMAND

- Cocoa prices on Friday (03/09/2021) settled moderately higher with Dec NY cocoa at a 2-week high and futures for Sep climbing to a 5-3/4 month high. Signs of stronger chocolate demand are pushing prices higher after IRI reported that U.S. retail sales of chocolate confections in the four weeks through Aug 8, 2021 rose +6.3% y/y.

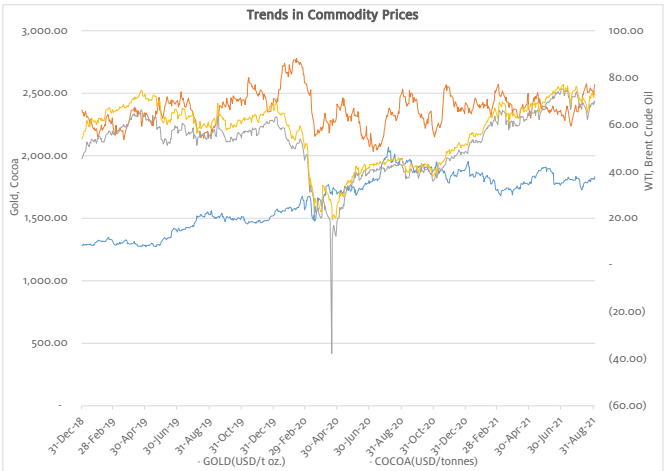
- Cocoa prices also garnered support from a weak dollar after the dollar index tumbled to a 4-week low on Friday.

- Tighter U.S. cocoa supplies are supportive for prices after ICE-monitored U.S. cocoa inventories fell to a 3-month low, down from the record high of 5.86 mln bags (data from 1999) posted on June 30, 2021.

- In the week ahead, we expect cocoa price to trade sideways on demand and supply fundamentals.

COMMODITY	Unit	Price (week start)	Price (week close)	Previous week close	Wkly (%Δ)
Gold (Comex)	USD/oz	1,812.20	1,833.70	1,819.50	0.78
Cocoa ICCO	USD/ton	2,522.33	2,569.93	2,522.33	1.89
WTI Crude	USD/bbl	69.21	69.29	68.74	0.80
Brent Crude	USD/bbl	73.41	72.61	72.70	(0.12)
Source: Bloomberg; International Cocoa Organization					

WEEKLY HIGHS AND LOWS				
COMMODITY	Weekly high	Weekly low	YTD (%Δ)	YoY (%Δ)
Gold (Comex)	1,833.70	1,811.50	(3.24)	(5.37)
Cocoa ICCO	2,569.93	2,484.58	6.00	3.03
WTI Crude Oil	69.99	68.50	42.81	67.49
Brent Crude	73.41	71.59	40.17	64.76
Source: Bloomberg; International Cocoa Organization				



# Commodity Market Update

Date Issued | 6th September, 2021



## Research Contacts

Lawson Oppong-Asante  
Email: [loppong-asante@gcb.com.gh](mailto:loppong-asante@gcb.com.gh)  
Tel: 0302 66 4910 -18

Adomako Osei-Frimpong  
Email: [aofrimpong@gcb.com.gh](mailto:aofrimpong@gcb.com.gh)  
Tel: 0302 66 4910 -18

Michael Bedjah  
Email: [mbedjah@gcb.com.gh](mailto:mbedjah@gcb.com.gh)  
Tel: 0302 66 4910 -18

## Treasury & Sales Contacts

Anthony Asare  
Email: [akasare@gcb.com.gh](mailto:akasare@gcb.com.gh)  
Tel: 0302 611 762

Daniel Boateng  
Email: [daboateng@gcb.com.gh](mailto: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.