

COMMODITY MARKET UPDATE

11th October, 2021

COMMODITY MARKET OVERVIEW

-In the just ended week, the price of all tracked commodities inched up in price with the exception of the price of Gold.
 -Gold price decreased by 0.06% to end the week at \$1,757.40 compared to the previous week's price of \$1,758.40.
 -On the other hand, WTI and Brent Crude improved in price by 4.57% and 3.92% at \$79.35 and \$82.39 respectively to close the trading week.
 -Cocoa price similarly appreciated by 1.40% at \$2,664.46 to close the week compared to its price of \$2,627.59 in the previous week.
 -On a year-to-date basis, the price of gold fell by 7.27% however, cocoa advanced by 9.90%. As well WTI and Brent crude oil went up in price by 63.54% and 59.05% respectively.
 -Year-on year, gold was down by 7.27%, on the other hand, cocoa, WTI and Brent Crude rose by 14.10%, 92.64% and 90.10% respectively.

MARKET UPDATE AND OUTLOOK

CRUDE OIL

OIL CLIMBS ON SWITCH FROM GAS AND DOUBTS OVER U.S. RELEASING RESERVES

-Oil prices rose on Friday (08/10/2021), on signs some industries have begun switching fuel from high priced gas to oil and on doubts the U.S. government would release oil from its strategic reserves for now.

--Overall, the week's run-up has been spurred by soaring gas prices encouraging a switch to oil for power generation by some industries, along with a decision by the Organization of Petroleum Exporting Countries and allies (OPEC+), to stick to plans to add only 400,000 barrels per day of supply in November.

-Also, Prices have risen due to upsurge in demand on the back of revival in economic activities as more economies globally are gradually getting out of Covid lockdowns. This has seen Brent advancing for five weeks and U.S. crude for seven.

-The pace of economic recovery combined with cold weather have increased the demand for energy, while pressure on governments to accelerate the transition to cleaner energy have slowed investment in oil projects to boost supplies.

-In the week ahead, we expect oil prices to remain upbeat amid a pick-up in economic activity and restrained supplies from major producers.

GOLD

GOLD FLAT AS FED EXPECTED TO STICK TO TAPERING PLANS

- Gold prices were flat on Friday (08/10/2021) as the bullion was caught between a dip in the dollar and fears that the U.S. Federal Reserve would start paring stimulus this year despite weak jobs data.

-Data from the Labor Department on Friday showed U.S. nonfarm payrolls increased by 194,000 jobs last month way below economists' forecast of 500,000.

-Weighing on the bullion also is the expectation that the Fed may move to begin reducing its support for the economy next month despite a sharp slowdown in jobs gains last month.

-We therefore expect gold to trade slightly lower in the coming week as investors focus on the direction of the U.S. labour market data due this week, considered key to the Federal Reserve's schedule for tapering monetary stimulus.

COCOA

COCOA PRICES CLOSE MODERATELY HIGHER

-Cocoa prices on Friday posted moderate gains and NY cocoa rallied to a 9-3/4 month high, and London cocoa climbed to a 6-3/4 month high.

- Cocoa prices had support from demand optimism and tighter supplies. An easing of the pandemic, which would allow more economies to reopen, is positive for cocoa demand.

- Tighter cocoa supplies are also supportive of prices after ICE-monitored U.S. cocoa inventories fell to a 4-month low, down from the record high of 5.86 mln bags. Also, ICE-monitored EU cocoa inventories fell to a 7-3/4-month low.

-The outlook for a smaller cocoa crop in Ghana was also supportive for prices after the Ghana Cocoa Board projected a 2021/22 cocoa harvest of 950,000 MT, down -5.6% y/y from 1.06 MMT projected for the 2020/21 crop.

-We therefore expect the price of cocoa to come under pressure this week supported by news of ample cocoa supplies after the Ivory Coast government reported farmers sent 1,341 MT of cumulative cocoa to Ivory Coast ports during Sep 27-Oct 3.

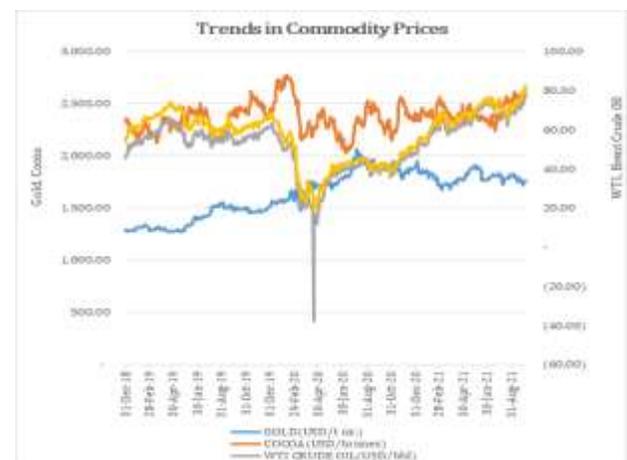
COMMODITY	Unit	Price (week start)	Price (week close)	Previous week close	Wkly (%Δ)
Gold (Comex)	USD/oz	1,767.60	1,757.40	1,758.40	(0.06)
Cocoa ICCO	USD/ton	2,662.51	2,664.46	2,627.59	1.40
WTI Crude	USD/bbl	77.62	79.35	75.88	4.57
Brent Crude	USD/bbl	81.26	82.39	79.28	3.92

Source: Bloomberg; International Cocoa Organization

WEEKLY HIGHS AND LOWS				
COMMODITY	Weekly high	Weekly low	YTD (%Δ)	YoY (%Δ)
Gold (Comex)	1,767.60	1,757.40	(7.27)	(7.27)
Cocoa ICCO	2,665.53	2,643.27	9.90	14.10
WTI Crude Oil	79.35	77.43	63.54	92.64
Brent Crude	82.56	80.74	59.05	90.10

Source: Bloomberg; International Cocoa Organization

Commodity price, 01 Jan –to- date





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