

Commodity Market Update

Date Issued | 4th October, 2021

COMMODITY MARKET OVERVIEW

- In the just ended week, the price of all tracked commodities advanced in price.
- Gold price appreciated by 0.38% to end the week at \$1,758.40 compared to the previous week's price of \$1,751.70.
- WTI and Brent Crude likewise increased in price by 2.57% and 1.52% at \$75.88 and \$79.28 respectively to close the trading week.
- Cocoa price also improved by 3.93% at \$2,627.59 to close the week compared to its price of \$2,528.20 in the previous week.
- On a year-to-date basis, the price of gold tumbled by 7.21% while that of cocoa rose by 8.38%. WTI and Brent crude oil as well strengthened in price by 56.39% and 53.05% respectively.
- Year-on year, gold went down by 8.24%, quite the opposite for cocoa, WTI and Brent Crude, which inched up by 10.81%, 95.97% and 93.70% respectively.

MARKET UPDATE AND OUTLOOK

CRUDE OIL

OIL SETTLES NEAR 3-YEAR HIGH AHEAD OF OPEC+ MEETING

- Oil traded higher on Friday (01/10/2021), on expectations that OPEC ministers will maintain a steady pace in raising supply.
- Brent crude rose 1.52% to settle at \$79.28 in its fourth weekly rise. U.S. West Texas Intermediate (WTI) rose by 2.57% to settle at \$75.88 in a sixth week of gains.
- The Organization of the Petroleum Exporting Countries and allies, known as OPEC+, meets this week. The group is slowly unwinding record output cuts made last year, although sources say it is considering doing more to boost production.
- OPEC+ is facing pressure from consumers such as the United States and India to produce more to help reduce prices as demand has recovered faster than anticipated in some parts of the world.
- Oil is also finding support as a surge in natural gas prices globally prompts power producers to move away from gas. Generators in Pakistan, Bangladesh and the Middle East have started switching fuels.
- In the week ahead, we expect oil prices to be steady as OPEC and its allies meet this week to decide on output after a recent rally in prices reflecting recovering demand and supply disruptions.

GOLD

GOLD STEADIES AS INFLATIONARY CONCERNS COUNTER FIRMER DOLLAR

- Gold prices held steady on Friday (01/10/2021) as lingering concerns over higher inflation and a slowdown in economic growth countered pressure from a firmer dollar.
- Gold is traditionally seen as an inflation hedge, although reduced central bank stimulus and interest rate hikes tend to push government bond yields up, translating into a higher opportunity cost for holding gold that pays no interest.
- Providing a floor to gold, European stocks fell following a slide in Wall Street and Asia on expectations that euro zone inflation could jump, amid slowing economic growth.
- Also providing some support to the safe-haven metal were concerns over the broader economic impact of Chinese property developer Evergrande's debt crisis.
- Our expectation is for gold to trade steadily riding on the back of debt crisis of Chinese property giant Evergrande in the coming week.

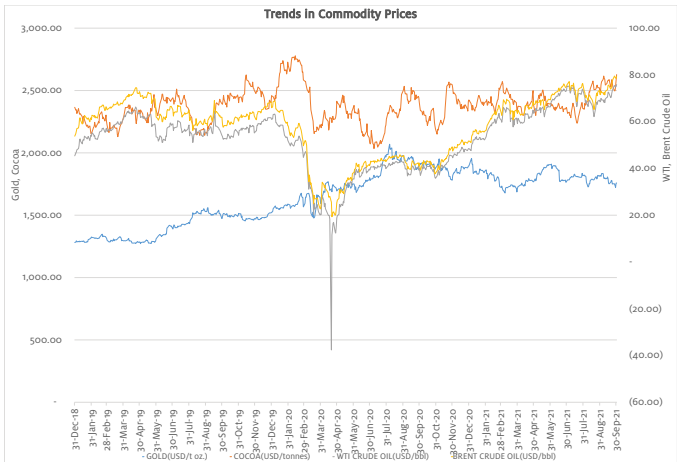
COCOA

COCOA CLIMBS ON DEMAND OPTIMISM AS THE PAN-DEMIC EASES

- Cocoa prices on Friday (01/10/2021) move sharply higher to end the week, with NY cocoa at a 3-1/2 week high and London cocoa at a 6-1/2 month high. Cocoa prices are climbing on optimism that cocoa demand may improve as the pandemic recedes.
- Also, the announcement of the promising results from Merk's Covid drug that cut hospitalizations and deaths by 50% also bolsters optimism that the pandemic will be contained, which could boost economic growth and demand for commodities, including cocoa.
- Tighter cocoa supplies are also supportive for prices after ICE-monitored U.S. cocoa inventories fell to a 3-3/4-month low, down from the record high of 5.86 mln bags posted on June 30. Also, ICE-monitored EU cocoa inventories fell to a 7-1/2-month low.
- We expect price of cocoa to remain steady supported by news of ample cocoa supplies which is bearish for prices after the Ivory Coast government reported that Ivory Coast farmers sent 2.46 MMT of cumulative cocoa to Ivory Coast ports during Oct 1-Sep 26, up +7.0% y/y.

COMMODITY	Unit	Price (week start)	Price (week close)	Previous week close	Wkly (%Δ)
Gold (Comex)	USD/oz	1,752.00	1,758.40	1,751.70	0.38
Cocoa ICCO	USD/ton	2,497.70	2,627.59	2,528.20	3.93
WTI Crude	USD/bbl	75.45	75.88	73.98	2.57
Brent Crude	USD/bbl	79.53	79.28	78.09	1.52
Source: Bloomberg; International Cocoa Organization					

WEEKLY HIGHS AND LOWS				
COMMODITY	Weekly high	Weekly low	YTD (%Δ)	YoY (%Δ)
Gold (Comex)	1,758.40	1,722.90	(7.21)	(8.24)
Cocoa ICCO	2,627.59	2,497.12	8.38	10.81
WTI Crude Oil	75.88	74.83	56.39	95.97
Brent Crude	79.53	78.52	53.05	93.7
Source: Bloomberg; International Cocoa Organization				



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