

Commodity Market Update

Date Issued | 22nd November, 2021

COMMODITY MARKET OVERVIEW

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

- Gold price fell by 0.76% to end the week at \$1,854.30 compared to the previous week's price of \$1,868.50.

- On the other hand, Cocoa price advanced by 2.91% at \$2,458.20 to close the week compared to its price of \$2,388.76 in the previous week.

-Then again, WTI and Brent Crude tumbled in price by 6.00% and 3.99% at \$75.94 and \$78.89 respectively to close the trading week.

- On a year-to-date basis, the price of gold was down by 2.15% whereas Cocoa went up by 1.40%. Also, WTI and Brent crude oil edged up in price by 56.51% and 52.30% respectively.

- Year-on year, gold and cocoa declined by 0.39% and 0.79% respectively. On the other hand, WTI and Brent Crude went up by 81.94% and 78.48% respectively.

MARKET UPDATE AND OUTLOOK

CRUDE OIL

OIL PRICES POST THIRD WEEKLY DROP AFTER VOLATILE WEEK

- Oil prices fell below \$80 a barrel on Friday (19/11/2021) as surging COVID-19 cases in Europe threatened to slow the economic recovery while investors also weighed a potential release of crude reserves by major economies to cool prices.

- Both benchmarks declined for the fourth consecutive week, for the first time since March 2020.

- Austria became the first country in western Europe to reimpose a full coronavirus lockdown this autumn to tackle a new wave of COVID-19 infections across the region. While Germany, Europe's largest economy, warned it may also have to move to a full lockdown.

- Also, the White House on Friday pressed the OPEC producer group again to maintain adequate global supply, days after U.S. discussions with some of the world's biggest economies over potentially releasing oil from strategic reserves to quell high energy prices.

- Speculation about a U.S. SPR release already pushed oil prices down about \$4 a barrel in recent weeks and additional supplies of up to 100 million barrels are already priced in.

- We therefore expect oil price to remain pressured from the prospects of a coordinated reserve release by major oil-consuming nations and on demand concerns as the COVID-19 situation worsen in Europe.

GOLD

GOLD HITS 2-WEEK LOW AS FIRM DOLLAR, FED TAPER TIMELINE LOOM

- Gold prices fell to a one-week low on Friday (19/11/2021), weighed down by gains in the dollar after Federal Reserve Governor Christopher Waller called for early tapering of economic support to help chart a tighter monetary policy.

- Waller said the U.S. central bank should increase the pace of its reduction in bond purchases to give more leeway to raise interest rates from their near zero level.

- Further pressuring bullion was a stronger dollar index, the dollar rose 0.5% against its rivals, making gold more expensive for other currency holders.

- We therefore expect gold to remain under pressure as traders are caught between concerns over broadening inflationary risks and the prospects of quicker interest rate hikes, which challenge bullion's appeal as an inflation hedge.

COCOA

COCOA PRICES CLIMB ON TIGHTER SUPPLIES FROM IVORY COAST

- Cocoa prices on Friday (19/11/2021) posted moderate gains, with NY cocoa climbing to a new 2-week high. Cocoa prices have pushed higher this week on signs of smaller cocoa supplies from the Ivory Coast.

- The Ivory Coast government reported that Ivory Coast cocoa farmers sent a cumulative 531,547 MT of cocoa to Ivory Coast ports from Oct 1-Nov 14, down -10.9% from the same time last year.

- Improved demand prospects for cocoa supported prices after Barry Callebaut AG, the world's biggest cocoa processor, reported that the global chocolate confectionery market grew +1.8% in the year through August and that chocolate demand has surpassed pre-pandemic levels.

- Also a supportive factor for cocoa prices, Gepex, an exporter group that contains six of the world's biggest cocoa grinders, reported that the group's Oct cocoa processing rose +8.2% y/y to 53,906 MT.

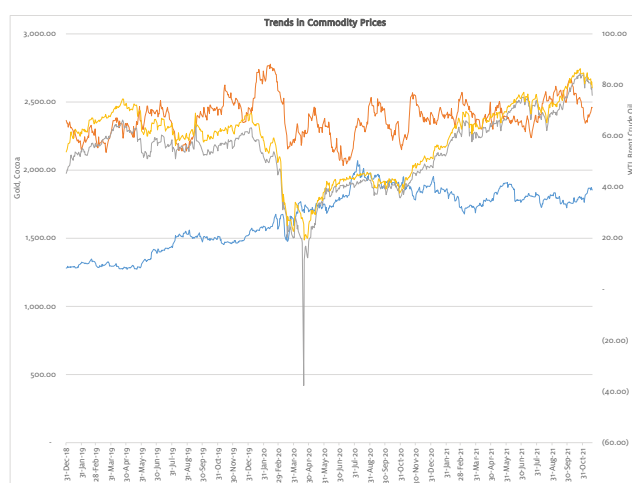
- We therefore expect the price of cocoa to be stable supported by tighter cocoa supplies after ICE-monitored U.S. cocoa inventories fell to a 6-1/4-month low, down from the record high of 5.86 mln bags (data from 1999) posted on June 30,2021.

COMMODITY	Unit	Price (week start)	Price (week close)	Previous week close	Wkly (%Δ)
Gold (Comex)	USD/oz	1,866.60	1,854.30	1,868.50	-0.76
Cocoa ICCO	USD/ton	2,417.37	2,458.20	2,388.76	2.91
WTI Crude	USD/bbl	80.88	75.94	80.79	-6.00
Brent Crude	USD/bbl	82.05	78.89	82.17	-3.99

Source: Bloomberg; International Cocoa Organization

WEEKLY HIGHS AND LOWS				
COMMODITY	Weekly high	Weekly low	YTD (%Δ)	YoY (%Δ)
Gold (Comex)	1,872.80	1,854.10	(2.15)	(0.39)
Cocoa ICCO	2,461.45	2,417.37	1.40	(0.79)
WTI Crude Oil	80.88	75.94	56.51	81.94
Brent Crude	82.43	78.89	52.30	78.48

Source: Bloomberg; International Cocoa Organization



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