

Commodity Market Update

Date Issued | 14th February, 2022



COMMODITY MARKET OVERVIEW

- In the just ended week, the price of all tracked commodities increased in price.
- Gold price rose by 1.90% to end the week at \$1,842.10 compared to the previous week's price of \$1,807.80.
- Also, Cocoa price appreciated by 2.87% at \$2,650.64 to close the week compared to its price of \$2,576.57 in the previous week.
- Then again, WTI and Brent Crude gained in price by 0.86% and 1.25% at \$93.10 and \$94.44 respectively to close the trading week.
- On a year-to-date basis, the price of gold and cocoa was up by 0.74% and 8.66% respectively. Similarly, WTI and Brent crude oil advanced in price by 23.79% and 21.42% respectively.
- Year-on year, the price of gold and cocoa edged up by 0.84% and 11.44% respectively. Likewise, WTI and Brent Crude went up by 59.86% and 54.47% respectively.

MARKET UPDATE AND OUTLOOK

CRUDE OIL

OIL RISES AS IEA SEES TIGHT MARKET

- Oil prices rose more than 1% to around \$93 per barrel on Friday (11/02/2022), after the IEA said if the persistent gap between OPEC+ output and its target levels continues, supply tensions will rise, increasing the likelihood of more volatility and upward pressure on prices.

- The IEA also pointed out that Saudi Arabia and the United Arab Emirates could pump more oil as they still have spare capacity. The Paris-based agency also said that demand for oil would rise by 3.2 million barrels a day this year, roughly 100,000 barrels less than it said it was expecting last month.

- Also, the price of oil was supported after US warned of an imminent Russian invasion of Ukraine, potentially triggering sanctions and disrupting energy flows in the region. The US said that a war in Ukraine could begin "any day now" and urged Americans there to leave immediately, rattling global financial markets.

- Meanwhile, investors continued to monitor developments in a possible revival of the 2015 Iran nuclear deal, but a senior Iranian security official said that progress in talks was becoming "more difficult."

- We therefore expect oil price to remain stable at the current trading price as investors weigh a surprise decline in US crude inventories against signs of progress in reviving the Iran nuclear deal.

GOLD

GOLD HOVERS NEAR 3-MONTH HIGH ON UKRAINE TENSIONS

- Gold increased to a 12-week high of \$1,842/oz as metal's safe-haven appeal was boosted by growing geopolitical tensions. White House has warned Russia could invade Ukraine during the Olympics, as more Russian troops were moved towards the border, urging Americans to leave.

- Also, inflation concerns added to the bullish trend after data showed US inflation hit 7.5% in January, accelerating at its fastest pace since February 1982 and posting higher than predicted. Treasury yields spiked in reaction to the data, with the benchmark 10-year yield breaking above 2% for the first time since 2019.

- We therefore expect gold price to continue trading high as geopolitical risks boost its safe-haven appeal.

COCOA

COCOA CLIMBS ON FUND BUYING OF COMMODITIES AS AN INFLATION HEDGE

- Cocoa prices settled moderately higher, with NY cocoa posting a new 4-month nearest-futures high and London cocoa posting a 3-3/4 month high.

- Cocoa prices are climbing on concern the seasonal Harmattan winds in West Africa will dry out cocoa crops and reduce cocoa mid-crop output in the Ivory Coast and Ghana. Some cocoa farmers in the Ivory Coast and Ghana have reported inadequate soil moisture due to the Harmattan winds and a lack of rain.

- Cocoa prices also moved higher after U.S. Jan CPI rose +7.5% y/y, the largest increase in nearly 40 years, which prompted fund buying of commodities as a hedge against inflation.

- An improvement in the pandemic is also supportive of cocoa prices. The 7-day average of new U.S. COVID infections fell to a 1-1/2 month low of 219,390, which may ease travel restrictions and boost chocolate demand as more travelers flock to airports, a significant source of chocolate sales.

- We therefore expect the price of cocoa to stay stable this week as Europe and North America, have begun removing COVID restrictions which appears to be boosting the demand in chocolate.

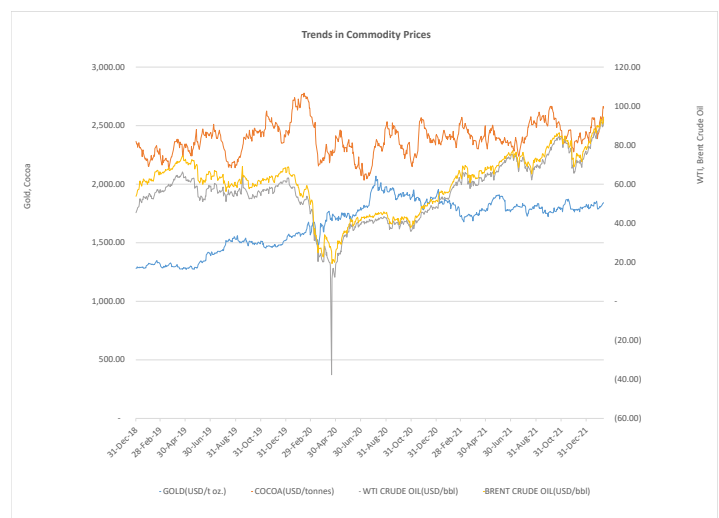
COMMODITY	Unit	Price (week start)	Price (week close)	Previous week close	Wkly (%Δ)
Gold (Comex)	USD/oz	1,821.80	1,842.10	1,807.80	1.90
Cocoa ICCO	USD/ton	2,544.27	2,650.64	2,576.57	2.87
WTI Crude	USD/bbl	91.32	93.10	92.31	0.86
Brent Crude	USD/bbl	92.69	94.44	93.27	1.25

Source: Bloomberg; International Cocoa Organization

WEEKLY HIGHS AND LOWS				
COMMODITY	Weekly high	Weekly low	YTD (%Δ)	YoY (%Δ)
Gold (Comex)	1,842.10	1,821.80	0.74	0.84
Cocoa ICCO	2,663.84	2,544.27	8.66	11.44
WTI Crude Oil	93.1	89.36	23.79	59.86
Brent Crude	94.44	90.78	21.42	54.47


Source: Bloomberg; International Cocoa Organization

Commodity Price, 01 Jan to date



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**"Of late,
I dey feel severe
chest pains and cough.
I for hide my symptoms
before boys go
label me as
COVID-19 patient!"**

**Stigma prevents people from
seeking the needed medical attention.**

#StopTheStigma



**When you see this,
wash your hands.**

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