

## COMMODITY MARKET OVERVIEW

- In the just ended week, the price of Gold and Cocoa depreciated while WTI and Brent Crude gained in price.
- Gold price dropped by 2.59% to end the week at \$1,786.60 compared to the previous week’s price of \$1,834.10.
- Likewise, Cocoa price dipped by 3.33% at \$2,420.58 to close the week compared to its price of \$2,503.86 in the previous week.
- However, WTI and Brent Crude on the other hand appreciated in price by 1.97% and 2.43% at \$86.82 and \$90.03 respectively to close the trading week.
- On a year-to-date basis, the price of gold and cocoa was down by 2.30% and 0.77% respectively. On the other hand, WTI and Brent crude oil improved in price by 15.44% and 15.75% respectively.
- Year-on year, gold tumbled by 2.97% whereas Cocoa, WTI and Brent Crude edged higher by 1.26%, 65.88% and 62.13% respectively.

## MARKET UPDATE AND OUTLOOK

### CRUDE OIL OIL RISES ON GEOPOLITICAL RISKS, SUPPLY SHORTAGE

- Oil prices jumped around 2% to above \$88 a barrel on Friday (28/01/2022), holding at levels not seen since 2014 and are on track for a sixth straight week of gains, amid tight supply and prospects of strong demand.
- Worries over supply disruptions due to geopolitical risks in Ukraine also helped to support the oil market.
- Oil prices have gained about 15% since the start of the year as geopolitical tensions in Eastern Europe involving Russia, the second-largest oil producer and a key natural gas provider to Europe, and in the Middle East stoked fears of supply disruptions.
- On the demand side, China’s crude oil imports could rebound by 6-7% this year as buyers step up purchases for new refining units and to replenish low inventories, according to a Reuters report.
- Meanwhile, the OPEC+ meeting this week will be in the spotlight. The group is expected to ratify another modest production increase of 400,000 bpd in March although the cartel has been struggling to accomplish with the output rise.
- We therefore expect oil price to remain stable on supply tightness and a policy of moderate output increases from major producers.

### GOLD GOLD SET FOR WORST WEEK SINCE NOV AS RATE HIKE BETS BOOST DOLLAR

- Gold extended declines on Friday (28/01/2022) and was set for its worst week since late November as growing expectations for U.S. interest rate hikes pushed the dollar to a multi-month high, making bullion less attractive for overseas buyers.
- Gold prices slipped below its 100-day and 200-day moving averages in the last week, after the U.S. Federal Reserve reaffirmed plans to end its pandemic-era bond purchases and signaled an interest rate hike in March.
- The rising rates expectations set the dollar on track for its biggest weekly rise in seven months, making gold more expensive for holders of other currencies.
- However, gold's credentials as an inflation hedge is likely to attract renewed attention with rising stock market volatility amid a market adjusting to a rising interest rate environment.
- We still expect gold price to remain under pressure after US central bank indicated that it would likely hike interest rates in March and begin reducing its balance sheet soon after to combat inflation, with markets pricing in five quarter-point rate hikes for this year.

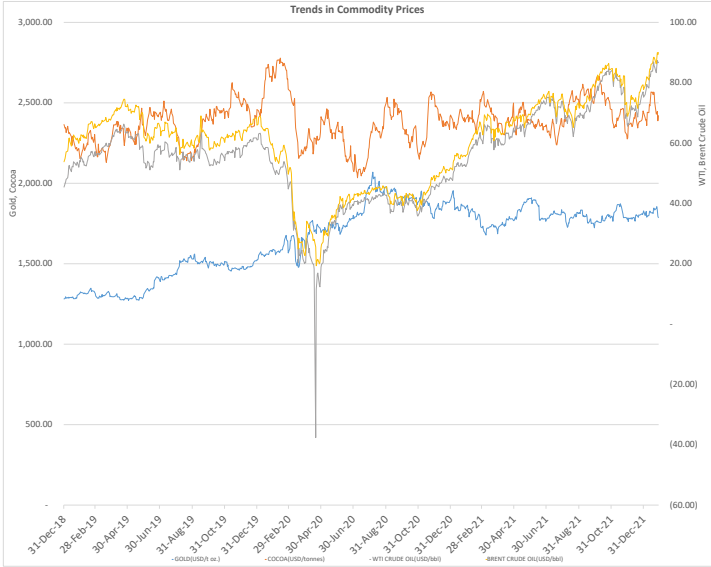
### COCOA COCOA CLOSE TO 3-WEEK LOW ON WEAK NORTH AMERICAN GRINDING DATA

- Cocoa futures traded close to a 3-week low of around \$2500 a tonne after the North American cocoa grindings, a measure of demand, unexpectedly fell 1.2% year-on-year to 116,613 tonnes in the fourth quarter of 2021.
- Dollar strength weighed on cocoa prices after the dollar index rallied to a 1-1/2 year high.
- Also, cocoa prices were under pressure on concern a worsening pandemic in Europe may lead to travel restrictions that may curb chocolate demand. Germany reported a record 203,1360 new Covid infections last week.
- At the same time, exporter's data showed that Cocoa arrivals at ports in top grower Ivory Coast fell 0.9% from Oct. 1 to Jan. 23 versus the same period a year ago.
- However, traders expect improved demand conditions as both European and Asian fourth-quarter grinds rose by 6.3% year on year.
- We therefore expect the price of cocoa to remain stable in the week ahead as recent data shows improved U.S. chocolate demand as data from researcher IRI shows U.S. retail chocolate sales in Q4 rose +5% y/y.

COMMODITY	Unit	Price (week start)	Price (week close)	Previous week close	Wkly (%Δ)
Gold (Comex)	USD/oz	1,844.20	1,786.60	1,834.10	(2.59)
Cocoa ICCO	USD/ton	2,429.64	2,420.58	2,503.86	(3.33)
WTI Crude	USD/bbl	83.31	86.82	85.14	1.97
Brent Crude	USD/bbl	86.27	90.03	87.89	2.43
Source: Bloomberg; International Cocoa Organization					

WEEKLY HIGHS AND LOWS				
COMMODITY	Weekly high	Weekly low	YTD (%Δ)	YoY (%Δ)
Gold (Comex)	1,855.00	1,786.60	(2.30)	(2.97)
Cocoa ICCO	2,446.47	2,388.42	(0.77)	1.26
WTI Crude Oil	87.35	83.31	15.44	65.88
Brent Crude	90.03	86.27	15.75	62.13
Source: Bloomberg; International Cocoa Organization				

### Commodity Price, 01 Jan to date



# Commodity Market Update

Date Issued | 31st January, 2022



## CHECKLIST FOR THE WEEKEND

- ✓ *Disinfect your car*
- ✓ *Disinfect the surfaces at home*
- ✓ *Keep new nose masks in your car*
- ✓ *Wash & Iron re-usable nose masks*
- ✓ *Wear a mask when you go out of your house*



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