

COMMODITY MARKET OVERVIEW

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

-Gold price rose by 4.19% to end the week at \$1,966.60 compared to the previous week's price of \$1,887.60.

-On the other hand, Cocoa price decreased by 0.56% at \$2,473.13 to close the week compared to its price of \$2,487.02 in the previous week.

-As well, WTI and Brent Crude edged up in price by 26.30% and 20.61% at \$115.68 and \$118.11 respectively to close the trading week.

-On a year-to-date basis, the price of gold and cocoa gained 7.55% and 1.39% respectively. Similarly, WTI and Brent crude oil also advanced in price by 53.81% and 51.85% respectively.

- Year-on year, the price of cocoa dipped by 3.15%. Then again, gold, WTI and Brent Crude appreciated by 15.63%, 81.23% and 76.97% respectively.

MARKET UPDATE AND OUTLOOK

CRUDE OIL

OIL CONTINUE TO TRADE HIGH DUE TO RUSSIA UKRAINE WAR

-Oil prices rallied sharply before paring some gains to trade above \$110 per barrel on Friday (04/03/2022) following reports that smoke was visible from a nuclear power plant in Ukraine, the largest in Europe, after an attack by Russian troops.

-Prior to the increase on Friday, the US oil benchmark slid from a 14-year high and closed at \$107.67 on Thursday (03/03/2022) amid speculations of a deal with Iran that could allow it to increase crude exports. Iran can reach its maximum oil production capacity in less than one or two months if sanctions are lifted, according to oil minister Javad Owji.

-Crude markets have experienced extreme volatility since Russia's invasion of Ukraine, as a rapidly deteriorating situation and sweeping sanctions stoked fears of further supply disruptions.

-The US took aim at Russia's oil refining sector with new export curbs, but has so far stopped short of targeting Russia's oil and gas exports amid concerns over energy prices.

-Also supporting crude prices is the closure of Libya's El Feel and Sharara oilfields resulted in the loss of 330,000 barrels per day (bpd), from the National Oil Corporation (NOC). Libya, an OPEC member, produced about 1.2 million bpd of crude in 2021, according to U.S. energy data.

-We therefore expect oil price to soar after Western nations imposed more sanctions on Russia raising fears of supply disruptions from one of the world's largest producers of oil and gas.

GOLD

GOLD EDGES UP AS UKRAINE CRISIS LIFTS DEMAND

-Gold edged up toward \$1,970 an ounce on Friday (04/03/2022) and recorded a weekly gain as investors remained on edge over the Russia-Ukraine conflict.

-Markets were rattled earlier in the day following reports of a Russian attack in Europe's largest nuclear power plant located in Ukraine, but concerns have since eased after Ukrainian officials said that the facility has been secured.

-Investors also continued to grapple with the economic ramifications of the war in Ukraine, with the World Bank president saying that it will cut global economic growth at a time inflation was already rising.

-Meanwhile, Federal Reserve chair Jerome Powell reassured investors that the central bank remains committed to tame inflation while pointing to a smaller 25 basis point rate hike in March.

-We expect gold price to trade high in the coming week as geopolitical and economic uncertainties stemming from the Russia-Ukraine war lift demand for the safe-haven metal.

COCOA

COCOA POSTS MODERATE LOSSES ON DEMAND CONCERNS AND DOLLAR STRENGTH

-Cocoa prices extended losses, with NY cocoa posting a 1-3/4-month low and London cocoa posting a 2-1/2-month low.

-Cocoa prices are under pressure on concern Russia's invasion of Ukraine will curb air travel throughout Western Europe and curb chocolate demand at airports, a significant source of chocolate sales.

-In addition, a stronger dollar also pressured cocoa prices.

-Also, signs of ample cocoa supplies from the Ivory Coast is also putting pressure on the price of cocoa. The Ivory Coast government reported that Ivory Coast cocoa farmers sent a cumulative 1.74 MMT of cocoa to Ivory Coast ports from Oct 1-March 6, up +3.0% y/y.

-We however expect the price of cocoa to rebound this week on signs of stronger global cocoa demand after data from Gepex, a cocoa exporter group that includes six of the world's biggest cocoa grinders, showed Gepex Feb cocoa processing rose +8.7% y/y to 50,699 MT.

COMMODITY	Unit	Price (week start)	Price (week close)	Previous week close	Wkly (%Δ)
Gold (Comex)	USD/oz	1,900.70	1,966.60	1,887.60	4.19
Cocoa ICCO	USD/ton	2,422.96	2,473.13	2,487.02	(0.56)
WTI Crude	USD/bbl	95.72	115.68	91.59	26.30
Brent Crude	USD/bbl	97.97	118.11	97.93	20.61

Source: Bloomberg; International Cocoa Organization

WEEKLY HIGHS AND LOWS				
COMMODITY	Weekly high	Weekly low	YTD (%Δ)	YoY (%Δ)
Gold (Comex)	1,966.60	1,900.70	7.55	15.63
Cocoa ICCO	2,473.13	2,405.70	1.39	(3.15)
WTI Crude Oil	115.68	95.72	53.81	81.23
Brent Crude	118.11	97.97	51.85	76.97

Source: Bloomberg; International Cocoa Organization

Commodity price, 01 Jan –to- date

COMMODITY MARKET UPDATE

8th March, 2022

