

# Commodity Market Update

Date Issued | 14th March, 2022



## COMMODITY MARKET OVERVIEW

- In the just ended week, the price of gold and cocoa appreciated while WTI and Brent Crude declined in price.
- Gold price improved by 0.94% to close the week at \$1,985.00 compared to the previous week's price of \$1,966.60.
- In the same way, Cocoa price increased by 1.02% at \$2,498.46 to close the week compared to its price of \$2,473.13 in the previous week.
- On the other hand, WTI and Brent Crude plunged in price by 5.49% and 4.61% at \$109.33 and \$112.67 respectively to close the trading week.
- On a year-to-date basis, the price of gold and cocoa went up by 8.55% and 2.42% respectively. Also, WTI and Brent crude oil strengthened in price by 45.37% and 44.86% respectively.
- Year-on year, the price of cocoa stumbled by 0.84%. However, gold, WTI and Brent Crude edged up by 15.23%, 65.60% and 61.81% respectively.

## MARKET UPDATE AND OUTLOOK

### CRUDE OIL

#### OIL HEADS FOR SHARP WEEKLY DECLINE

- Oil prices traded around \$109 per barrel on Friday (11/03/2022) and were on track for their biggest weekly drop since November, 2021 as investors weighed escalating bans on Russian oil against efforts to bring more supply to the market from other major producers.

- Having touched a 14-year high of \$130.5 earlier last week in anticipation of Russian oil embargoes, crude prices reversed dramatically on indications that Europe would not join its allies in banning Russian oil and on potential supply additions from Iran, Venezuela and the UAE.

- In addition, surging coronavirus cases in China, which already led to new lockdowns and raised fears about slowing demand from the world's largest crude oil importer weighed on oil prices.

- Meanwhile, analysts warned that other members of OPEC+ will unlikely be able to fill the supply gaps from the oil ban against Russia, which is the second largest crude exporter and supplies about 3 million barrels a day of crude to Europe's OECD countries.

- We therefore expect oil price to trade lower on hopes for a diplomatic solution to the Russia-Ukraine war while fresh lockdowns in China cloud the outlook for demand.

### GOLD

#### GOLD WEAKENS AHEAD OF PIVOTAL FED MEETING

- Gold held below \$2,000 an ounce on Friday (11/03/2022) but ended the week higher after retreating from a near record high earlier last week, as investors weighed geopolitical uncertainties against a commodity-driven rise in inflation which prompted central banks to signal willingness to tighten monetary policy sooner.

- The European Central Bank said it would phase out its large bond-buying program sooner than expected to pave the way for interest rate increases later this year, citing the Russia-Ukraine war which could put a drag on economic growth and push inflation higher.

- Investors are also bracing for the Federal Reserve policy meeting this week where it is set to raise interest rates by 25 basis points, with US inflation rising to a fresh 40-year high of 7.9% in February.

- Meanwhile, markets were kept on edge after the first round of talks between the Russian and Ukrainian foreign ministers failed to yield a ceasefire.

- We expect gold price to trade lower in the coming week as traders brace for an upcoming rate hike from the Federal Reserve

### COCOA

#### COCOA HOVERS AROUND \$2600

- Cocoa prices climbed to 3-week highs and settled moderately higher. Signs of stronger global cocoa demand have underpinned cocoa prices. 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.

- However, consumption of goods like chocolate and coffee is set to decrease as the geopolitical crisis connected with Russian invasion of Ukraine is set to put some curbs on travel and in turn airports, at which most of the sales occur. This comes at a time when the demand for chocolate and coffee is still recovering from the pandemic.

- In addition, fears of low supplies amid dry conditions in top producers Ivory Coast and Ghana is expected to weigh on prices. Farmers worried that continuous lack of rains in top growing regions of Ivory Coast has damaged the quality of beans and could reduce the size of the April-to-September mid-crop.

- We therefore expect price to trade lower in the week ahead as investors weigh expectations of lower global demand against supply constraints.

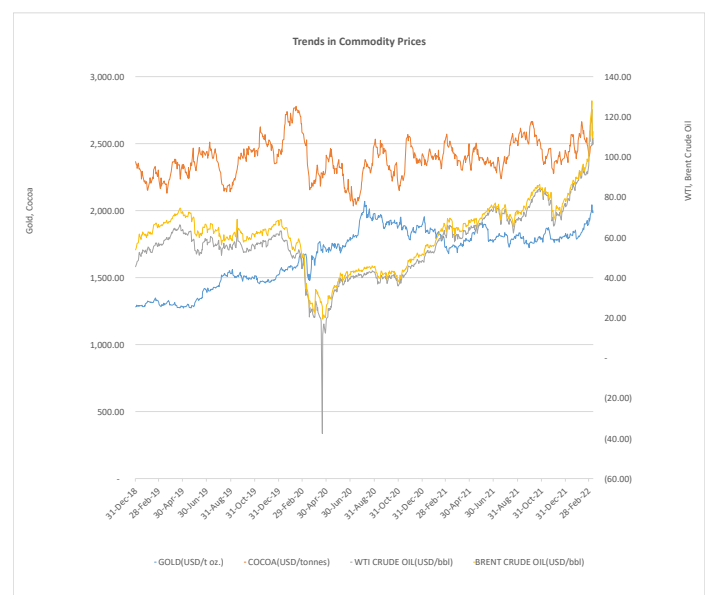
COMMODITY	Unit	Price (week start)	Price (week close)	Previous week close	Wkly (%Δ)
Gold (Comex)	USD/oz	1,995.90	1,985.00	1,966.60	0.94
Cocoa ICCO	USD/ton	2,486.91	2,498.46	2,473.13	1.02
WTI Crude	USD/bbl	119.40	109.33	115.68	(5.49)
Brent Crude	USD/bbl	123.21	112.67	118.11	(4.61)

Source: Bloomberg; International Cocoa Organization

WEEKLY HIGHS AND LOWS				
COMMODITY	Weekly high	Weekly low	YTD (%Δ)	YoY (%Δ)
Gold (Comex)	2,043.30	1,985.00	8.55	15.23
Cocoa ICCO	2,528.14	2,486.91	2.42	(0.84)
WTI Crude Oil	123.70	106.02	45.37	65.60
Brent Crude	127.98	109.33	44.86	61.81



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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