

Commodity Market Update

Date Issued | 21st February, 2022



COMMODITY MARKET OVERVIEW

- In the just ended week, the price of all tracked commodities plunged in price with the exception of gold price.
- Gold price inched up by 3.13% to end the week at \$1,899.80 compared to the previous week's price of \$1,842.10.
- On the other hand, Cocoa price stumbled by 4.43% at \$2,533.16 to close the week compared to its price of \$2,650.64 in the previous week.
- Also, WTI and Brent Crude similarly dropped in price by 2.18% and 0.95% at \$91.07 and \$93.54 respectively to close the trading week.
- On a year-to-date basis, the price of gold and cocoa appreciated by 3.89% and 3.85% respectively. In the same way, WTI and Brent crude oil improved in price by 21.09% and 20.26% respectively.
- Year-on year, the price of gold and cocoa increased by 7.03% and 9.02% respectively. As well, WTI and Brent Crude was up by 50.48% and 46.32% respectively.

MARKET UPDATE AND OUTLOOK

CRUDE OIL

OIL EXTENDS LOSSES, SET FOR 1ST WEEKLY DROP THIS YEAR

- Oil prices extended losses to more than 1% and headed to their first weekly decline since the second week of December, 2021, as escalating violence in Donetsk heightened concerns over supply disruptions from a possible Russia-Ukraine war, offsetting prospects of Iranian oil returning to global markets.

- The Donetsk People's Republic started evacuating civilians from the region amid heavy shelling, while Russian media said a car exploded near a government building in Donetsk.

- Earlier, signs of advances in US-Iran nuclear talks pressured crude futures, as a potential deal could release about 1.3 million barrels of supply.

- Reuters reported that a deal to revive the 2015 Iran nuclear deal is taking shape, with a draft accord outlining a sequence of steps that would eventually lead to granting waivers on oil sanctions, and bring about 1 million barrels a day of oil back to the market.

- Oil is expected to hold in the \$90 to \$100 a barrel range despite the potential return of Iranian oil exports, as geopolitical uncertainties and a tight global market, driven by capacity constraints and demand recovery continue to keep energy prices elevated.

- We therefore expect oil price to remain steady at the current trading price as the prospect of Iranian oil returning to the market outweigh fears of possible supply disruptions from a Russia-Ukraine conflict.

GOLD

GOLD HEADS FOR 3RD WEEKLY ADVANCE

- Gold prices remained near \$1,900 on Friday (18/02/2022), consolidating the third weekly advance in a row, as investors were monitoring the situation on the Russian Ukrainian border.

- The markets calmed down a bit after the US said it agreed to meet Russia this week for talks while news came that Moscow-backed separatists in Donbas have ordered the evacuation of civilians to Russia heightening fears that Russia is planning to invade Ukraine.

- At the same time, investors remained concerned about the next Fed steps after St. Louis Fed President Bullard repeated his call for Fed's strong action and Cleveland Fed President Mester said she supports hiking rates faster if needed.

- We however expect gold price to ease after the US president agreed to meet with his Russian counterpart to de-escalate tensions over Ukraine.

COCOA

COCOA PRICES SLIDE AS CROP CONDITIONS IMPROVE IN IVORY COAST

- Cocoa prices on Friday (18/02/2022) settled moderately lower, with NY cocoa falling to a 2-1/2-week low and London cocoa dropping to a 3-week low. Recent rain in the Ivory Coast has eased mid-crop concerns and led to the sale of cocoa futures.

- In addition, an extreme long cocoa position by funds raises the possibility of long-liquidation pressure after weekly COT data showed that funds boosted their net-long positions in NY cocoa by 19,523 in the week ended Feb 8, 2022 to an 11-month high of 34,358 long positions.

- An improvement in the pandemic is also supportive of cocoa prices. The 7-day average of new U.S. Covid infections fell to a 2-1/2-month low of 118,323, which may ease travel restrictions and boost chocolate demand as more travelers' flock to airports, a significant source of chocolate sales.

- Additionally, tighter cocoa inventories were supportive for cocoa prices after ICE-monitored U.S. cocoa inventories fell to a 9-1/2-month low, down from the record high of 5.86 mln bags (data from 1999). Also, ICE-monitored EU cocoa inventories fell to a 9-1/2-month low.

- We expect the price of cocoa to trade sideways this week on the back of demand and supply dynamics in the cocoa sector discussed above.

COMMODITY	Unit	Price (week start)	Price (week close)	Previous week close	Wkly (%Δ)
Gold (Comex)	USD/oz	1,869.40	1,899.80	1,842.10	3.13
Cocoa ICCO	USD/ton	2,573.04	2,533.16	2,650.64	(4.43)
WTI Crude	USD/bbl	95.46	91.07	93.10	(2.18)
Brent Crude	USD/bbl	96.48	93.54	94.44	(0.95)

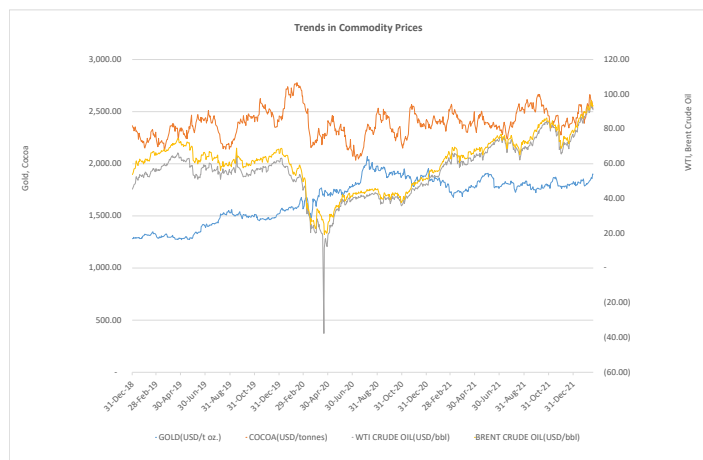
Source: Bloomberg; International Cocoa Organization

WEEKLY HIGHS AND LOWS

COMMODITY	Weekly high	Weekly low	YTD (%Δ)	YoY (%Δ)
Gold (Comex)	1,902.00	1,856.20	3.89	7.03
Cocoa ICCO	2,598.19	2,533.16	3.85	9.02
WTI Crude Oil	95.46	91.07	21.09	50.48
Brent Crude	96.48	92.97	20.26	46.32



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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