

# Commodity Market Update

Date Issued | 21st March, 2022



## COMMODITY MARKET OVERVIEW

- In the just ended week, the price of all tracked commodities plunged in price.
- Gold price decreased by 2.57% to close the week at \$1,933.90 compared to the previous week's price of \$1,985.00.
- Just as the Gold, Cocoa price declined by 2.93% at \$2,425.16 to close the week compared to its price of \$2,498.46 in the previous week.
- Also, WTI and Brent Crude tumbled in price by 4.23% and 4.21% at \$104.70 and \$107.93 respectively to close the trading week.
- On a year-to-date basis, the price of cocoa fell by 0.58%. On the other hand, Gold, WTI and Brent crude oil improved in price by 5.76%, 39.21% and 38.76% respectively.
- Year-on year, the price of cocoa dipped by 1.77%. Then again, gold, WTI and Brent Crude edged up by 11.49%, 74.5% and 70.56% respectively.

## MARKET UPDATE AND OUTLOOK

### CRUDE OIL

#### OIL PAUSES RALLY, POISED FOR 2ND WEEK OF LOSSES

- Oil prices steadied around \$105 per barrel on Friday (18/03/2022), after an 8% rally in the previous week as ongoing peace talks between Russia and Ukraine did not yield significant progress, raising fears of further sanctions and prolonged disruption to oil supply.

- A Kremlin spokesperson denying reports of major progress in peace talks over Ukraine, Putin's speech against "traitors and scum" at home who helped the West and Biden calling Putin a "war criminal" all added to market jitters about an extended conflict.

- Meanwhile, the US oil benchmark is still on track to drop for a second straight week, having fallen significantly from a recent high of \$130.5 per barrel reached on Mar. 7, 2020 as traders continued to assess geopolitical and economic uncertainties.

- We therefore expect oil price to trade slightly higher as the Ukraine conflict show little sign of easing, while major oil producers struggle to meet their allotted quotas under a supply agreement.

### GOLD

#### GOLD SET FOR WORST WEEK SINCE NOVEMBER

- Gold weakened on Friday (18/03/2022), as the prospect of further interest rate increases outweighed haven demand spurred by geopolitical and economic uncertainties.

- Analysts argued that while a quarter point rate hike was widely expected, the aggressive plan for six more rate increases over the course of this year was more hawkish than anticipated.

- US Treasury yields rose to their highest in more than two-and-a-half years ahead of the announcement, further pressuring gold.

- Also, the bullion was down as optimism over the peace talks on the Russia-Ukraine war lifted sentiment in wider financial markets, denting demand for safe-haven assets.

- We therefore expect gold price to trade sideways in the coming week as investors will be watching for adjustments to the economic outlook, the path of rates and the likely schedule of asset tapering given added uncertainty from the Russia-Ukraine war.

### COCOA

#### COCOA PRICES DECLINE ON AMPLE IVORY COAST COCOA SUPPLIES

- Cocoa prices closed moderately lower, with NY cocoa falling to a 1-3/4-month low and London cocoa posting a 2-week low. Ample cocoa supply from the Ivory Coast is pressuring cocoa prices. The Ivory Coast government reported that Ivory Coast cocoa farmers sent a cumulative 1.79 MMT of cocoa to Ivory Coast ports from Oct 1-March 13, up +4.1% y/y.

- Meanwhile, the price of Cocoa is projected to see some underlying support from optimism that easing Covid infections will boost chocolate demand as pandemic restrictions are lifted.

- The 7-day average of new U.S. Covid infections fell to an 8-month low of 31,098, which may ease travel restrictions and boost chocolate demand as more travelers flock to airports, a significant source of chocolate sales.

- In addition, the International Cocoa Organization (ICCO) projected that global 2021/22 cocoa production would fall -5.2% y/y to 4.955 MMT from a record 5.226 MMT in 2020/21.

- ICO also estimates the global 2021/22 cocoa market will fall into a deficit of -181,000 MT from a surplus of +215,000 in 2020/21.

- We therefore expect the price to rebound in the week ahead due to demand and supply dynamics.

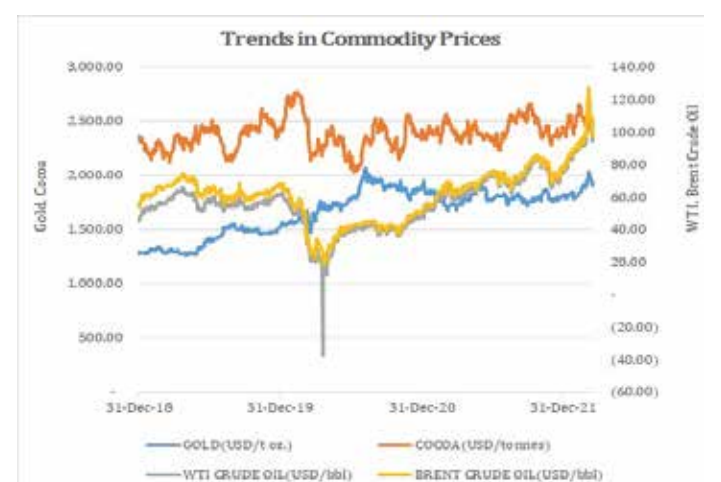
COMMODITY	Unit	Price (week start)	Price (week close)	Previous week close	Wkly (%Δ)
Gold (Comex)	USD/oz	1,960.80	1,933.90	1,985.00	(2.57)
Cocoa ICCO	USD/ton	2,483.61	2,425.16	2,498.46	(2.93)
WTI Crude	USD/bbl	103.01	104.70	109.33	(4.23)
Brent Crude	USD/bbl	106.90	107.93	112.67	(4.21)

Source: Bloomberg; International Cocoa Organization

COMMODITY	Weekly high	Weekly low	YTD (%Δ)	YoY (%Δ)
Gold (Comex)	1,960.80	1,914.30	5.76	11.49
Cocoa ICCO	2,483.61	2,395.39	(0.58)	(1.77)
WTI Crude Oil	104.70	95.04	39.21	74.50
Brent Crude	107.93	98.02	38.76	70.56



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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