

Commodity Market Update

Date Issued | 11th April, 2022



COMMODITY MARKET OVERVIEW

- In the just ended week, the price of gold and cocoa increased in price whereas WTI and Brent Crude decreased in price.
- Gold price appreciated by 1.14% to close the week at \$1,945.60 compared to the previous week's price of \$1,923.70.
- Cocoa price as well advanced by 1.81% at \$2,521.30 to close the week compared to its price of \$2,476.41 in the previous week.
- WTI and Brent Crude on the other hand tumbled in price by 1.02% and 1.54% at \$98.26 and \$102.78 respectively to close the trading week.
- On a year-to-date basis, the price of gold and cocoa went up by 6.40% and 3.36% respectively. Also, WTI and Brent crude oil was up in price by 30.65% and 32.14% respectively.
- Year-on year, the price of gold and cocoa improved by 10.66% and 8.31% respectively. In the same way, WTI and Brent Crude gained by 64.87% and 62.63% respectively.

MARKET UPDATE AND OUTLOOK

OIL HEADS FOR SECOND STRAIGHT WEEKLY LOSS

-Oil price declined on Friday (08/04/2022) and headed for their second straight weekly decline, amid plans for a massive reserve release and demand concerns in top importer China.

-The US benchmark is down about 3% so far last week, losing the bulk of the gains seen since Russia's invasion of Ukraine started in late February.

-IEA member states agreed last week to tap 60 million barrels of oil from strategic reserves, on top of a 180 million barrel release announced by the US last week, aimed at cooling energy prices.

-Meanwhile, since March, China has been battling its biggest COVID wave yet with Shanghai now being the largest hotspot and all 25 million residents under lockdown.

-Also, investors are also closely monitoring sanctions against Russian energy after the EU banned coal imports from Russia while preparing an embargo on oil, gas, and nuclear fuel.

-We therefore expect oil price to remain under minimal pressure this week as member's nations of the International Energy Agency plan to release 60 million barrels over the next six months, with the US matching that amount as part of its 180 million barrel release announced in March.

GOLD SET TO END WEEK LITTLE CHANGED

- Gold traded around \$1,945 an ounce on Friday (08/04/2022) and ended the week little changed, as the Federal Reserve's aggressive tightening plans countered inflation concerns intensified by the Ukraine war and mounting sanctions on Russia.

-The latest Federal Reserve minutes showed that officials planned to reduce the central bank's massive balance sheet by about \$95 billion a month, and indicated that one or more 50 basis point interest rate hikes could be warranted to combat surging inflation.

- The central bank's hawkish stance lifted the dollar and Treasury yields to multi-year highs, pressuring gold prices.

-Meanwhile, investors are closely monitoring sanctions against Russian energy after the EU banned coal imports from Russia, while preparing an embargo on Russian oil, gas and nuclear fuel.

-We therefore expect gold price to remain firm in the coming week as the Federal Reserve's aggressive tightening plans countered fresh concerns over Russia's attacks in eastern Ukraine.

COCOA EDGES UP ON SUPPLY FEARS

-Cocoa prices rallied to 3-week highs on concern about cocoa crop quality in the Ivory Coast. Bloomberg reported that the dry season had taken its toll on quality. In addition, the report said that a lack of rainfall in Nigeria has hurt cocoa pod development and the prospects for the mid-crop.

- Also, cocoa prices were supported on prospects of lower supplies amid poor crop in Ghana, world's second largest producer of cocoa.

-Figures from marketing board COCOBOD showed Ghana's graded and sealed cocoa arrivals stood at 524,000 tonnes between October 1- March 31, down 34% from the same period last season.

-Cocoa prices have some 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 8-1/2-month low of 25,900, which may ease travel restrictions and boost chocolate demand as more travelers' flock to airports, a significant source of chocolate sales.

-We therefore expect the price to remain stable 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 | 1,934.00 | 1,945.60 | 1,923.70 | 1.14 |
| Cocoa ICCO | USD/ton | 2,453.30 | 2,521.30 | 2,476.41 | 1.81 |
| WTI Crude | USD/bbl | 103.28 | 98.26 | 99.27 | (1.02) |
| Brent Crude | USD/bbl | 107.53 | 102.78 | 104.39 | (1.54) |

Source: Bloomberg; International Cocoa Organization

| WEEKLY HIGHS AND LOWS | | | | |
|-----------------------|-------------|------------|----------|----------|
| COMMODITY | Weekly high | Weekly low | YTD (%Δ) | YoY (%Δ) |
| Gold (Comex) | 1,945.60 | 1,923.10 | 6.40 | 10.66 |
| Cocoa ICCO | 2,521.30 | 2,433.40 | 3.36 | 8.31 |
| WTI Crude Oil | 103.28 | 96.03 | 30.65 | 64.87 |
| Brent Crude | 107.53 | 100.58 | 32.14 | 62.63 |

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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