

COMMODITY MARKET UPDATE

19th April, 2022

COMMODITY MARKET OVERVIEW

-In the just ended week, the price of all tracked commodities appreciated with the exception of Cocoa price.
 -Gold price increased by 1.51% to close the week at \$1,974.90 compared to the previous week's price of \$1,945.60.
 -Cocoa price on the other hand stumbled by 1.13% at \$2,492.69 to close the week compared to its price of \$2,521.30 in the previous week.
 - On the contrary, WTI and Brent Crude also increased in price by 8.84% and 8.68% at \$106.95 and \$111.70 respectively to close the trading week.
 -On a year-to-date basis, the price of gold and cocoa were up by 8.00% and 2.19% respectively. Similarly, WTI and Brent crude oil inched up in price by 42.20% and 43.61% respectively.
 -Year-on year, the price of gold and cocoa edged up by 13.74% and 6.22% respectively. Also, WTI and Brent Crude advanced by 69.36% and 67.77% respectively.

MARKET UPDATE AND OUTLOOK

CRUDE OIL

OIL RISES AS SUPPLY CONCERNS LINGER

-Oil prices rose on Thursday (14/04/2022), scaling its highest in over 2 weeks, as a deepening crisis in Ukraine raised the prospect of heavier western sanctions on Russian oil in an already tight global energy market.
 -Tensions grew as Ukrainian soldiers resisted a Russian ultimatum to lay down arms in the pulverized port of Mariupol, providing no signs of ceasefire.
 -The IEA has warned that roughly 3 million bpd of Russian oil could be shut in from May onwards due to sanctions, or buyers voluntarily shunning Russian cargoes.
 -The gradual ban would give time for European buyers to look for alternative supplies or future drilling options, while necessities in the near-term could be met by the IEA release from reserves of 240 million barrels of crude.
 -Also adding to the pressure on crude prices is the halt in operations at El Feel oilfield and Zuteina oil port in Libya after protesters took over the sites.
 -Also, other major global oil trading hubs are also planning to curtail crude and fuel purchases from Russia's state-controlled oil companies in May, according to Reuters.
 -We therefore expect oil price to rally this week as traders digest concerns of tight supply after news reports said EU countries were drafting a phased ban on Russian oil imports.

GOLD

GOLD POSTS 2ND STRAIGHT WEEKLY GAIN

-Gold closed at \$1,974.90 an ounce on Thursday (14/04/2022), posting its second straight weekly gain, as the Ukraine crisis and broadening inflationary pressures lifted the safe-haven metal's appeal, while investors seemed to look past impending interest rate hikes from the Federal Reserve.
 -The latest data showed that the US annual inflation rate rose 8.5% in March, accelerating at its fastest pace since December 1981.
 - Meanwhile, investors remained on edge over the Ukraine war after US President Joe Biden announced an additional \$800 million in military assistance to Ukraine on Wednesday, ahead of a wider Russian assault expected in eastern Ukraine.
 -Uncertainties and a potential escalation in the Ukraine war have also pushed commodity prices higher, creating a more inflationary environment.
 -We therefore expect gold price to remain stable in the coming week as the Russia-Ukraine conflict showed no signs of abating, driving investors to the safety of bullion.

COCOA

COCOA FALLS ON ABUNDANT SUPPLIES

-Cocoa futures fell back to around \$2,492.69 per tonne, the lowest in one month, amid prospects of abundant global supplies from key producing regions of Africa like Ivory Coast, Cameroon and Nigeria.

- Data showed farmers sent a cumulative 1.9 MMT of cocoa to Ivory Coast ports from Oct 1- April 10, up +6.7% from the same period last year while Nigeria's February exports rose 148% year-on-year to 27,656 MT.
 -Adding to the bearish tone, ICE US cocoa inventories also rose to a 4-month high of 4.84 million bags.
 -At the same time, prospects of increased precipitation in West Africa are set to boost soil moisture levels and promote the flowering of cocoa trees, further pressurizing the prices.
 -We therefore expect the price to remain under minimal pressure in the week ahead on abundant global cocoa supplies.

COMMODITY	Unit	Price (week start)	Price (week close)	Previous week close	Wkly (%Δ)
Gold (Comex)	USD/oz	1,948.20	1,974.90	1,945.60	1.51
Cocoa ICCO	USD/ton	2,510.33	2,492.69	2,521.30	(1.13)
WTI Crude	USD/bbl	94.29	106.95	98.26	8.84
Brent Crude	USD/bbl	98.48	111.70	102.78	8.68

Source: Bloomberg; International Cocoa Organization

WEEKLY HIGHS AND LOWS

COMMODITY	Weekly high	Weekly low	YTD (%Δ)	YoY (%Δ)
Gold (Comex)	1,984.70	1,948.20	8.00	13.74
Cocoa ICCO	2,510.33	2,476.59	2.19	6.22
WTI Crude Oil	106.95	94.29	42.20	69.36
Brent Crude	111.70	98.48	43.61	67.77

Source: Bloomberg; International Cocoa Organization

Commodity price, 01 Jan –to- date





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