

Commodity Market Update

Date Issued | 28th March, 2022



COMMODITY MARKET OVERVIEW

- In the just ended week, the price of all tracked commodities edged up in price.
- Gold price improved by 1.34% to close the week at \$1,959.80 compared to the previous week's price of \$1,933.90.
- Cocoa price as well advanced by 0.92% at \$2,447.47 to close the week compared to its price of \$2,425.16 in the previous week.
- In the same way, WTI and Brent Crude went up in price by 8.79% and 11.79% at \$113.90 and \$120.65 respectively to close the trading week.
- On a year-to-date basis, the price of gold and cocoa increased by 7.17% and 0.33% respectively. Also, WTI and Brent crude oil was up in price by 51.44% and 55.12% respectively.
- Year-on year, the price of gold and cocoa increased by 13.46% and 1.13% respectively. Then again, WTI and Brent Crude appreciated by 94.50% and 94.75% respectively.

MARKET UPDATE AND OUTLOOK

CRUDE OIL

OIL REBOUNDS, BOOKS 10% WEEKLY GAIN

- Oil turned positive on Friday (25/03/2022), with WTI crude futures rebounding 8.79% to settle at \$113.9 per barrel on reports of missile strike and fire at Saudi Aramco facility.

- Brent crude rose 11.79% last week, after having fallen for the past two weeks, fueled by fears of further supply disruptions due to sanctions against Russia, a prolonged shutdown of the Caspian Pipeline Consortium terminal damaged by a major storm and a decline in US crude inventories.

- Also, the US and its allies are discussing a possible further coordinated release of oil from storage to help calm markets roiled by the Russia-Ukraine conflict.

- The US was also set to unveil a deal on Friday (25/03/2022) to supply Europe with more US LNG (Liquefied natural gas) as the EU seeks to reduce its reliance on Russian energy, according to Reuters.

- We however expect oil price to be stressed in anticipation of a drop of fuel demand in China after authorities in Shanghai said they would shut the country's financial hub to carry out Covid-19 testing over a nine-day period.

GOLD

GOLD HEADS FOR WEEKLY ADVANCE

- Gold prices steadied around \$1,960 an ounce on Friday (25/03/2022), as investors looked to hedge against risks arising from the Ukraine crisis and a commodity-driven rise in inflation.

- Investors continued to be roiled by events in Ukraine as the war continued. NATO said it would strengthen its defences in Eastern Europe while Ukraine's President Volodymyr Zelenskyy has called for more pressure on Russia.

- In the latest developments, western leaders piled on military and humanitarian aid for Ukraine and denounced Russia's invasion of its neighbor as "barbarism."

- British Prime Minister Boris Johnson also suggested there was evidence that Russia was trying to get around sanctions using gold reserves.

- Keeping a lid on prices were expectations of higher interest rates, with markets recalibrating a higher probability of the Fed lifting rates by 50 rather than 25 basis points in May to tame inflation.

- We therefore expect gold price to trade sideways in the coming week as investors remain cautious after Federal Reserve officials signaled a more aggressive approach to monetary tightening this year to combat rising inflation.

COCOA

COCOA PRICES CLIMB ON OPTIMISM CHOCOLATE DEMAND WILL IMPROVE

- Cocoa prices rallied to 1-week highs and closed moderately higher. Cocoa prices are seeing 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 29,892, which may ease travel restrictions and boost chocolate demand as more travelers flock to airports, a significant source of chocolate sales.

- Signs of stronger global cocoa demand was supportive for prices after Gepex, a cocoa exporter group that includes six of the world's biggest cocoa grinders, reported that Gepex cocoa processing rose +8.7% y/y to 50,699 MT.

- 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 remain stable in the week ahead due to demand and supply dynamics.

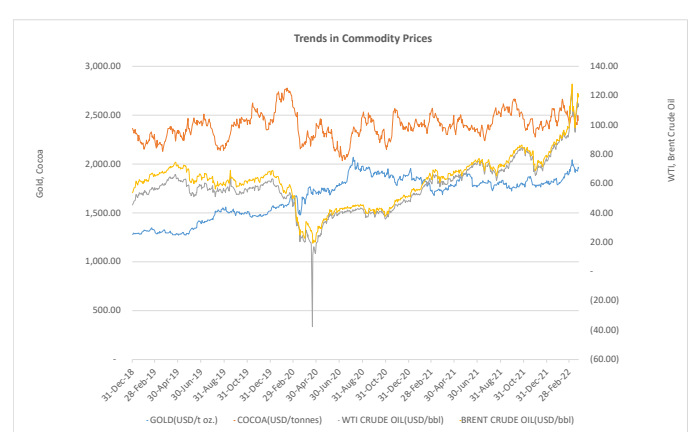
COMMODITY	Unit	Price (week start)	Price (week close)	Previous week close	Wkly (%Δ)
Gold (Comex)	USD/oz	1,934.80	1,959.80	1,933.90	1.34
Cocoa ICCO	USD/ton	2,402.80	2,447.47	2,425.16	0.92
WTI Crude	USD/bbl	112.12	113.90	104.70	8.79
Brent Crude	USD/bbl	115.62	120.65	107.93	11.79

Source: Bloomberg; International Cocoa Organization

WEEKLY HIGHS AND LOWS				
COMMODITY	Weekly high	Weekly low	YTD (%Δ)	YoY (%Δ)
Gold (Comex)	1,967.70	1,926.70	7.17	13.46
Cocoa ICCO	2,496.77	2,402.80	0.33	1.13
WTI Crude Oil	114.93	111.76	51.44	94.50
Brent Crude	121.60	115.48	55.12	94.75


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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