

Commodity Market Update

Date Issued | 25th April, 2022



COMMODITY MARKET OVERVIEW

- In the just ended week, the price of all tracked commodities tumbled to end the week.
- Gold price dipped by 2.06% to close the week at \$1,934.30 compared to the previous week's price of \$1,974.90.
- As well, Cocoa price plunged by 2.53% at \$2,429.52 to close the week compared to its price of \$2,492.69 in the previous week.
- In the same way, WTI and Brent Crude dipped in price by 4.56% and 4.52% at \$102.07 and \$106.65 respectively to close the trading week.
- On a year-to-date basis, the price of Gold, WTI and Brent Crude appreciated by 5.78%, 35.71% and 37.12% respectively. However, Cocoa depreciated in price by 0.40%.
- Year-on year, the price of gold and cocoa went up by 8.55% and 1.93% respectively. Similarly, WTI and Brent Crude improved by 66.16% and 63.07% respectively.

MARKET UPDATE AND OUTLOOK

CRUDE OIL OIL POSTS WEEKLY DECLINE

- Oil prices were down by nearly 2% to around \$102 per barrel on Friday (22/04/2022), posting a weekly loss of nearly 5%, weighed down by the prospect of higher interest rates, weaker global growth and slower demand from top importer China, even as the EU considered a ban on Russian oil.

- Concerns about the Ukraine conflict fanning inflation and denting economic growth dominated trading in the second half of the week. The IMF slashed its global growth forecast by nearly an entire percentage point.

- At the same time, Federal Reserve chair Jerome Powell indicated more aggressive rate hikes ahead to control inflation, dragging risk sentiment.

- Also China's demand for gasoline, diesel and aviation fuel in April is expected to decline 20% YoY, Bloomberg reported, which is equivalent to a drop in crude oil consumption of about 1.2 million barrels a day.

- Meanwhile, volatility is expected to continue with oil markets remaining tight as major producers struggle to meet output targets while the threat of an EU ban on Russian oil looms.

-We therefore expect oil price to remain under pressure this week amid mounting concerns that prolonged Covid lockdowns in China and rapid rate hikes in the US would weigh on global economic growth and demand for oil.

GOLD GOLD SET FOR WEEKLY LOSS ON STRONG DOLLAR, YIELDS

- Gold slipped by 2.06% on Friday (22/04/2022), extending a selloff in the previous week and hitting its lowest in nearly 3 weeks, as the prospect of faster Federal Reserve policy tightening continued to support the dollar and US Treasury yields, while denting demand for bullion.

- Speaking at a panel hosted by the IMF, Fed Chair Jerome Powell said a 50-basis point interest rate increase was on the table for May and reiterated that Fed officials were committed to front-end loading inflation-fighting efforts.

- The dollar index hit fresh 2-year highs following the remarks, while benchmark 10-year US yields held near 3-year highs as investors prepared for the Federal Reserve to aggressively raise interest rates to bring decades-high inflation under control.

- Meanwhile, investors remained cautious of geopolitical uncertainties and the risk of stagflation, which may drive safe-haven demand and support gold prices.

- We therefore expect gold price to rebound in the coming week as the global outlook remained clouded by the Russia-Ukraine war, which showed no signs of de-escalation, while

rising inflation continue to boost gold's appeal as an inflation hedge.

COCOA COCOA DROPS TOWARD 5-WEEK LOW

- Cocoa prices on Friday (22/04/2022) extended its losses for the week, with NY cocoa falling to a 5-week low and London cocoa falling to a 2-week low.

- Demand concerns weighed on cocoa prices after the North American Confectioners Association reported Q1 North American cocoa grindings fell -2.8% y/y to 114,694 MT. Also, the Cocoa Association of Asia reported Asian Q1 cocoa grindings fell -0.25% y/y to 213,313 MT.

- Adding to the pressure, World's top producer Ivory Coast exported a total 1.9 million tonnes of cocoa during the October 1st to April 10th season, 6.7% higher than the corresponding period of the previous year while Nigeria's February exports rose 148% on the year to 27.6 thousand tonnes.

- Further, US inventories rose to a 4-month high of 4.48 million bags. Meanwhile, prospects of increased precipitation in West Africa are set to boost soil moisture levels and promote the flowering of cocoa trees, further easing prices.

- We therefore expect the price to continue trading lower 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 | 1,986.40 | 1,934.30 | 1,974.90 | (2.060) |
| Cocoa ICCO | USD/ton | 2,466.99 | 2,429.52 | 2,492.69 | (2.530) |
| WTI Crude | USD/bbl | 108.21 | 102.07 | 106.95 | (4.560) |
| Brent Crude | USD/bbl | 113.16 | 106.65 | 111.70 | (4.520) |

Source: Bloomberg; International Cocoa Organization

| WEEKLY HIGHS AND LOWS | | | | |
|-----------------------|-------------|------------|----------|----------|
| COMMODITY | Weekly high | Weekly low | YTD (%Δ) | YoY (%Δ) |
| Gold (Comex) | 1,959.00 | 1,934.30 | 5.78 | 8.55 |
| Cocoa ICCO | 2,480.45 | 2,429.52 | (0.40) | 1.93 |
| WTI Crude Oil | 108.21 | 102.07 | 35.71 | 66.16 |
| Brent Crude | 113.16 | 106.65 | 37.12 | 63.07 |



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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