

# Commodity Market Update

Date Issued | 13th June, 2022



## COMMODITY MARKET OVERVIEW

- In the just ended week, the price of all tracked commodities appreciated except the price of Cocoa.
- Gold price edged up by 1.37% to close the week at \$1,875.50 compared to the previous week's price of \$1,850.20.
- Cocoa price on the other hand dropped by 2.65% at \$2,308.21 to close the week compared to its price of \$2,371.02 in the previous week.
- WTI and Brent Crude also advanced in price by 1.51% and 1.91% at \$120.67 and \$122.01 respectively to close the trading week.
- On a year-to-date basis, the price of Gold inched up by 2.56% whereas Cocoa dipped by 5.37%. WTI and Brent Crude on the other hand went up by 60.44% and 56.87% respectively.
- Year-on year, the price of gold and cocoa plunged by 1.10% and 2.48% respectively. However, WTI and Brent Crude improved by 71.67% and 68.24% respectively.

## MARKET UPDATE AND OUTLOOK

### CRUDE OIL OIL AT 14-YEAR HIGH ON FALLING US STOCKPILES

- Oil prices ended the week higher on Friday (10/06/2022) after settling more than 1% higher, amid signs of further market tightness in US crude inventories.

- Crude stocks at the Cushing hub dropped to the lowest since early March, while gasoline inventories are at the lowest seasonal level in eight years, EIA data showed.

- Fuel consumption is rising even as retail gasoline prices approach a record \$5 per gallon, with the four-week average for motor fuel demand rising to 9 million barrels a day for the first time this year following the Memorial Day weekend.

- Oil prices have been pushed higher this year as economies recovered from the pandemic, while Russia's invasion of Ukraine disrupted trade flows and caused further tightening.

- Also, China's ongoing reopening after recent lockdowns also added to the buying pressure.

- Meanwhile, Goldman Sachs said that prices needed to rally further before achieving the demand destruction required for market re-balancing.

- This week, our expectation is for a continuous uptick in crude oil prices amid signs of further market tightness in US crude inventories.

### GOLD GOLD PRICES FALL FURTHER AFTER UPBEAT PAYROLLS

- Gold eased on Friday (10/06/2022), as a strong dollar and elevated Treasury yields dimmed bullion's appeal in the run-up to US inflation data that should guide the Federal Reserve's rate hike timeline.

- The US annual core inflation rate is expected to ease further in May, indicating that decades-high inflation had peaked in March. The data will be crucial for the path of Fed policy and whether the central bank will raise rates less aggressively after July as it tries to rein in inflation without tipping the economy into recession.

- The Fed is set to deliver two more 50 basis point rate hikes at its June and July meetings following a similar move in May, which has pressured gold in recent months.

- Meanwhile, risks to the global economic outlook arising from the war in Ukraine, rising borrowing costs, ongoing supply disruptions, and high commodity prices continued to offer the bullion some support.

- We therefore expect gold price to trade slightly lower in the coming week as a stronger dollar and soaring Treasury yields dim bullion's appeal.

### COCOA COCOA HITS 6-MONTH LOW ON WEAK DEMAND

- Cocoa futures on ICE retreated below \$2400 per tonne, the lowest in 6 months and down more than 20% from a 4-year high of \$3054 hit in November last year, amid signs of weak demand.

- Latest data showed that cocoa inventories at ICE depots rose to a 10-½-month high of 5.817 million bags, reflecting subdued demand.

- At the same time, farmers in the Ivory Coast and Ghana, the world's two largest cocoa producers have reported favorable weather conditions that should boost cocoa yields.

- We therefore expect the price of cocoa to trade moderately lower in the coming week on lower global demand amid soaring inflation and recession fears.

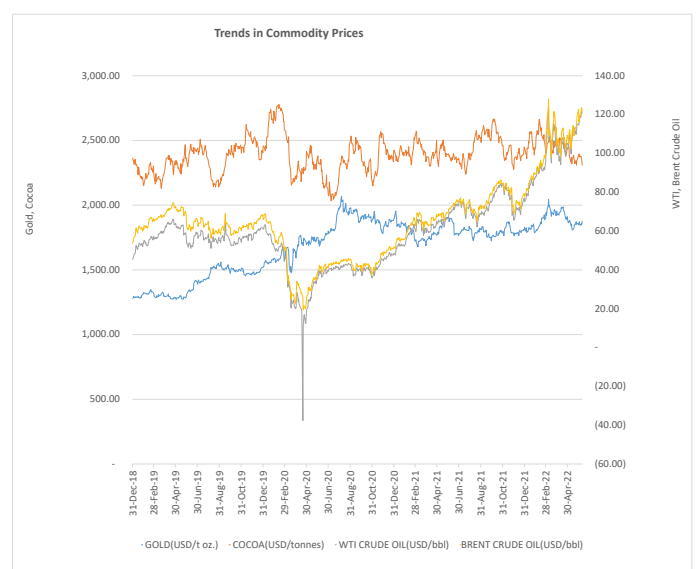
COMMODITY	Unit	Price (week start)	Price (week close)	Previous week close	Wkly (%Δ)
Gold (Comex)	USD/oz	1,843.70	1,875.50	1,850.20	1.37
Cocoa ICCO	USD/ton	2,378.70	2,308.21	2,371.02	(2.65)
WTI Crude	USD/bbl	118.50	120.67	118.87	1.51
Brent Crude	USD/bbl	119.51	122.01	119.72	1.91

Source: Bloomberg; International Cocoa Organization

WEEKLY HIGHS AND LOWS				
COMMODITY	Weekly high	Weekly low	YTD (%Δ)	YoY (%Δ)
Gold (Comex)	1,875.50	1,843.70	2.56	(1.10)
Cocoa ICCO	2,378.70	2,308.21	(5.37)	(2.48)
WTI Crude Oil	122.11	118.50	60.44	71.67
Brent Crude	123.58	119.51	56.87	68.24


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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