



COMMODITY MARKET UPDATE

4th July, 2022

COMMODITY MARKET OVERVIEW

-In the just ended week, the price of gold and cocoa declined whereas WTI and Brent Crude appreciated in price.
 -Gold price stumbled by 0.73% to close the week at \$1,813.00 compared to the previous week's price of \$1,826.40.
 -Cocoa price also weakened by 0.71% at \$2,227.71 to close the week compared to its price of \$2,332.41 in the previous week.
 -On the other hand, WTI and Brent Crude advanced in price by 0.75% and 2.32% at \$108.43 and \$111.63 respectively to close the trading week.
 -On a year-to-date basis, the price of Gold and Cocoa edged lower by 4.33% and 8.11% respectively but, WTI and Brent Crude improved in price by 123.47% and 115.50% respectively.
 -Year-on year, the price of cocoa plunged by 4.76%. However, Gold, WTI and Brent Crude increased by 2.04%, 44.13% and 47.19% respectively.

MARKET UPDATE AND OUTLOOK

CRUDE OIL

OIL GAINS ON GLOBAL SLOWDOWN CONCERNS

-Oil prices improved on Friday (01/07/2022), as investors continued to assess how tight global supplies remain amid a deteriorating demand outlook.
 -OPEC+ agreed earlier last week to stick to its output strategy, increasing production by 648,000 barrels per day in July and August, despite signs that the physical crude market remains very tight.
 -Supply outages in Libya and expected shutdowns in Norway also add to the bullish outlook.
 -Oil has come under pressure as signs of an impending US recession, driven by the Federal Reserve's aggressive fight against inflation, prompted a wave of selling in commodities.
 -Investors are also tracking China's slow emergence from virus restrictions amid recurring outbreaks throughout the country.
 -OPEC+ also struggled to pump more crude due to underinvestment, capacity limits and political unrest in some member states.
 -This week, we expect oil price to continue climbing as investors assess looming risks of a demand-sapping global economic slowdown despite ongoing supply-side issues.

GOLD

GOLD HOVERS AT NEAR 7-WEEK LOW

-Gold weakened toward \$1,800 an ounce on Friday (01/07/2022), hovering at its lowest levels in nearly seven weeks as a strong dollar continued to dampen bullion demand, while a broad selloff in risk assets forced investors to liquidate gold positions to offset losses in other holdings.
 -The dollar is on track to gain markedly against a basket of other major currencies as the Federal Reserve led a global wave of aggressive monetary tightening to combat surging inflation.
 -Fed policymakers indicated last week a strong commitment to bringing down inflation even at the risk of a recession, signaling another 75 basis point rate increase in July, 2022.
 -We expect gold price to remain under pressure from a strong dollar and a broader decline in commodity prices in the coming week.

COCOA

COCOA HITS 49-WEEK LOW ON DEMAND WOES

-Cocoa futures on ICE slumped at the start of the third quarter, the lowest in almost a year, weighed down by fears about a looming recession and soaring inflation, as well as improved crop prospects in top producer Ivory Coast.

-Weak economic data in the US last week gave strength to expectations that aggregate demand has already started to fall, and during periods of hardships, spending usually falls the most on non-essential and luxury goods, such as cocoa products.
 -Additionally, Barry Callebaut has halted production at its Belgium site, the world's largest chocolate factory, due to the discovery of salmonella in chocolate lots.
 -On the supply side, previous concerns about sluggish output in top growers were offset by reports of plentiful rains, which should augur well for a strong start to the October-March crop season.
 -We expect the price of cocoa to continue trading slightly lower in the coming week as surging inventories and prospects for weaker demand amid signs of slowing global growth continue to pressure the market.

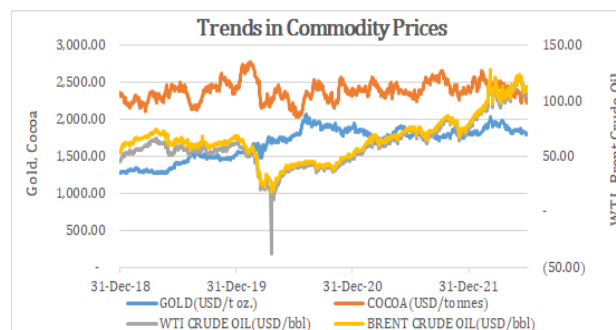
COMMODITY	Unit	Price (week start)	Price (week close)	Previous week close	Wkly (%Δ)
Gold (Comex)	USD/oz	1,826.60	1,813.00	1,826.40	(0.73)
Cocoa ICCO	USD/ton	2,311.76	2,227.71	2,332.41	(4.49)
WTI Crude	USD/bbl	109.57	108.43	107.62	0.75
Brent Crude	USD/bbl	110.98	111.63	109.10	2.32

Source: Bloomberg; International Cocoa Organization

WEEKLY HIGHS AND LOWS				
COMMODITY	Weekly high	Weekly low	YTD (%Δ)	YoY (%Δ)
Gold (Comex)	1,826.60	1,800.60	(4.33)	2.04
Cocoa ICCO	2,311.76	2,227.71	(8.11)	(4.76)
WTI Crude Oil	111.76	105.76	123.47	44.13
Brent Crude	113.80	109.03	115.50	47.19

Source: Bloomberg; International Cocoa Organization

Commodity price, 01 Jan –to- date





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