

# Commodity Market Update

Date Issued | 6th April, 2021

## COMMODITY MARKET OVERVIEW

- In the just ended week, the price of Gold and Cocoa weakened in price whereas WTI Crude and Brent Crude strengthened in price.
- Gold price was down by 0.36% to \$1,728.40 compared to the previous week's price of \$1,734.70.
- WTI and Brent Crude on the other hand improved by 0.79% and 0.45% at \$61.45 and \$64.86 respectively to close the trading week.
- Cocoa price decreased by 1.69% at \$2,374.10 to close the week compared to its price of \$2,414.94 in the previous week.
- On a year-to-date basis, gold and cocoa was down in price by 8.80% and 2.07% respectively whereas WTI and Brent crude oil appreciated by 26.65% and 25.21% respectively.
- Year-on year, gold and cocoa inched up by 8.61% and 7.85% respectively. Likewise, WTI and Brent crude oil also gained 202.56% and 162.17% respectively.

## MARKET UPDATE AND OUTLOOK

### CRUDE OIL

#### OIL RISES AS OPEC+ DECIDES ON PRODUCTION POLICY

- Oil prices surged on Thursday (01/04/2021) after news that OPEC+ reached a deal to gradually ease production cuts from May.

- OPEC+, which comprises the Organization of the Petroleum Exporting Countries, Russia and other allied producers, agreed to ease production curbs by 350,000 barrels per day (bpd) in May, another 350,000 bpd in June and further 400,000 bpd or so in July.

- During this meeting, cuts implemented by OPEC+ would be just above 6.5 million bpd from May, compared with slightly below 7 million bpd in April.

- Oil also found some support after Biden outlined a \$2.3 trillion spending plan to invest in traditional projects, such as roads and bridges, alongside tackling climate change.

- OPEC+ has reduced output by about 7 million bpd to support prices and reduce oversupply. In addition, Saudi Arabia made an extra 1 million bpd voluntary cut. OPEC+ has trimmed its oil demand growth forecast for this year by 300,000 bpd because of renewed lockdowns.

- We however expect oil prices to remain stable this week despite the new wave as France entered its third national lockdown and schools closed for three weeks to try to contain a third wave of COVID-19 infections.

### GOLD

#### GOLD EASES AS STOCKS GAIN ON ROBUST U.S. JOBS DATA

- Gold prices edged lower on Thursday (01/04/2021) as robust U.S. jobs data fuelled hopes for a rapid economic recovery and bolstered global equities, denting bullion's appeal.

- The U.S. economy created the most jobs in seven months in March as more Americans got vaccinated and the government doled out additional pandemic relief money.

- Also, the dollar hit a more than one-week low, making gold less expensive for holders of other currencies and limiting gold's losses.

- Meanwhile, U.S. President Joe Biden's announcement of a long-awaited \$2 trillion-plus job plan last week has fueled concerns over inflation.

- We therefore expect gold to trade sideways as investors awaits minutes of the last FED meeting on Wednesday (07/04/2021) for further clues on monetary policy outlook.

### COCOA

#### NY COCOA SETTLES AT A 4-3/4 MONTH LOW ON ABUNDANT SUPPLY AND SUSPECT DEMAND

- NY cocoa prices sank to a 4-3/4-month low. Cocoa prices remain under pressure from both supply and demand concerns. The outlook for bumper cocoa crops in West Africa is undercutting cocoa prices. Cocoa farmers in the Ivory Coast and Ghana are reporting favorable growing conditions that bode well for the mid-crop harvest that has just begun.

- Demand concerns are also weighing on cocoa prices. Chocolate demand in Europe may suffer after France, Italy, and Germany all widened their pandemic lockdown measures in an attempt to contain the third wave of COVID.

- Cocoa supplies are ample from the Ivory Coast, the world's largest cocoa producer. The Ivory Coast government reported that cumulative cocoa bean deliveries to Ivory Coast ports during Oct 1-Mar 28 were up +1.1% y/y at 1.77 MMT. Also, current inventories are abundant after ICE-monitored cocoa inventories climbed to a 1-3/4 year high Monday.

- We therefore expect the price of Cocoa to trade sideways on abundant supply and low demand in the week ahead.

COMMODITY	Unit	Price (week start)	Price (week close)	Previous week close	Wkly (%Δ)
Gold (Comex)	USD/oz	1,714.60	1,728.40	1,734.70	(0.36)
Cocoa ICCO	USD/ton	2,402.98	2,374.10	2,414.94	(1.69)
WTI Crude	USD/bbl	61.56	61.45	60.97	0.79
Brent Crude	USD/bbl	64.98	64.86	64.57	0.45

Source: Bloomberg; International Cocoa Organization

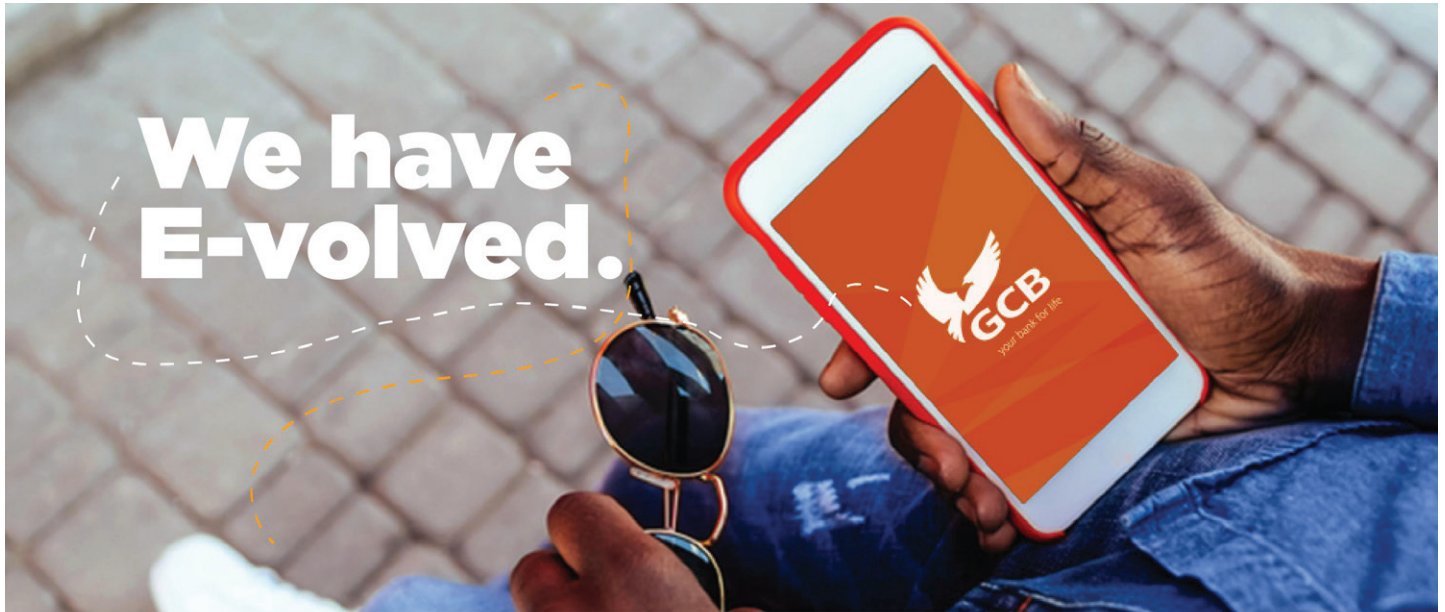
WEEKLY HIGHS AND LOWS				
COMMODITY	Weekly high	Weekly low	YTD (%Δ)	YoY (%Δ)
Gold (Comex)	1,728.40	1,686.00	(8.80)	8.61
Cocoa ICCO	2,402.98	2,336.02	(2.07)	7.85
WTI Crude Oil	61.56	59.16	26.65	202.56
Brent Crude	64.98	63.54	25.21	162.17

Source: Bloomberg; International Cocoa Organization



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**Customer Service:** 0202 111 177 0264 270 236

**WhatsApp:** 0202 422 422 **Web:** [www.gcbbank.com.gh](http://www.gcbbank.com.gh)

**Toll Free:** 0800 422 422

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## Research Contacts

Lawson Oppong-Asante  
Email: [loppong-asante@gcb.com.gh](mailto:loppong-asante@gcb.com.gh)  
Tel: 0302 66 4910 -18

Adomako Osei-Frimpong  
Email: [aofrimpong@gcb.com.gh](mailto:aofrimpong@gcb.com.gh)  
Tel: 0302 66 4910 -18

Michael Bedjarah  
Email: [mbedjarah@gcb.com.gh](mailto:mbedjarah@gcb.com.gh)  
Tel: 0302 66 4910 -18

## Treasury & Sales Contacts

Anthony Asare  
Email: [akasare@gcb.com.gh](mailto:akasare@gcb.com.gh)  
Tel: 0302 611 762

Daniel Boateng  
Email: [daboateng@gcb.com.gh](mailto:daboateng@gcb.com.gh)

## Head Office:

No 2 Thorpe Link  
P. O. Box 134, Accra  
Tel: +233 (0)302 664910

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