



**GALT & TAGGART**  
CREATING OPPORTUNITIES

# Commodities Monthly Outlook

12 December 2023

**Eva Bochorishvili**

Head of Research | [evabochorishvili@gt.ge](mailto:evabochorishvili@gt.ge) | +995 322 401 111 ext.8036

**Kakhaber Samkurashvili**







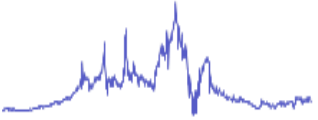

Head of Sector Research | [ksamkurashvili@gt.ge](mailto:ksamkurashvili@gt.ge) | +995 322 401 111 ext.4298

**Sergi Kurashvili**

Senior Analyst | [s.kurashvili@gt.ge](mailto:s.kurashvili@gt.ge) | +995 322 401 111 ext.3654



## Commodity price dynamics

Commodity	Price	Change, m/m*	Change, YTD	Price change from January 2021 up to date
<b>Ammonium Nitrate</b> US\$/ton	172.5	-14.8%	-52.7%	
<b>Brent Oil</b> US\$/bbl	82.8	-5.2%	-3.6%	
<b>Copper</b> US\$/ton	8,387.5	+4.5%	+0.3%	
<b>Ferrosilicon (China)</b> US\$/ton	1,335.0	-1.5%	-18.9%	
<b>Ferrosilicon (Europe)</b> US\$/ton	1,339.5	-0.3%	-32.4%	
<b>Gold</b> US\$/troy oz	2,036.4	+2.7%	+11.6%	
<b>Natural gas</b> US\$/mwh	45.7	+10.8%	-34.3%	
<b>Wheat</b> US\$/ton	255.5	+5.8%	-9.5%	

Source: Bloomberg

\*m/m prices reflect end of month figures



# Energy

## Brent oil

In November 2023, Brent oil price was down 5.2% m/m. Investors traded with caution amid planned OPEC+ meeting, that was unexpectedly postponed from November 26 to November 30 due to disagreement over output quotas. Crude posted modest gains early in the morning of November 30, the day of the meeting, as the market awaited deeper cuts helping the swelling supply. Despite the announced additional cuts of 900k barrels per day, investors were left unsatisfied by lack of clarity whether the cuts will be fully implemented. Consequently, oil continued its sixth straight weekly drop. As for the upcoming year, Goldman Sachs expects Brent to trade in range of \$80 to \$100, while BMI suggests Brent to average \$85 in 2024.

## Natural gas

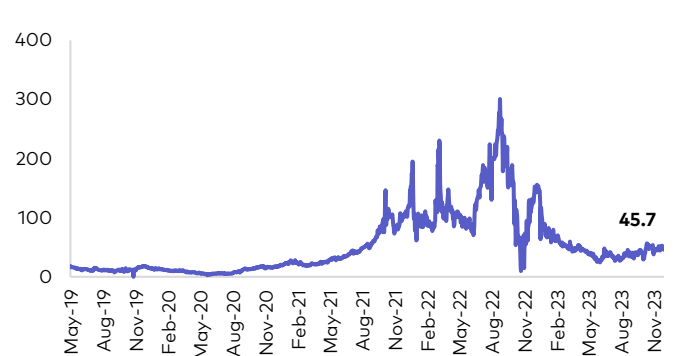
In November 2023, natural gas price was up 10.8% m/m. Despite the monthly gain, it posted substantial decline in the second half of the month, losing 12.3% in two weeks. Europe entered winter with over 95% full tanks, while US Energy Information Administration (EIA) published two consecutive unexpected build-ups of inventories. On November 16th it reported 76.5% more increase of reserves than anticipated, accumulating storage circa 5.6% above the 5-year average. Additionally, a week later, on November 24th, EIA reported another increase of inventory, while the market awaited a modest decline. Larger than expected supply paired with mild weather forecasts brought natural gas price to \$45.7 per mwh by the month-end.

**Figure 1: Brent oil Continuous Contract (BRN00), US\$/bbl**



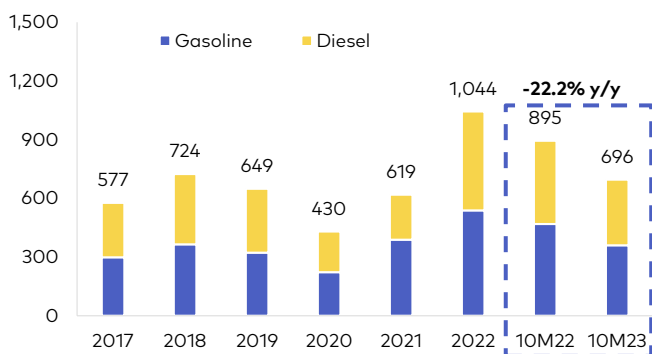
Source: Bloomberg

**Figure 2: Natural gas price (ICE Endex Dutch TTF), US\$/mwh**



Source: Bloomberg

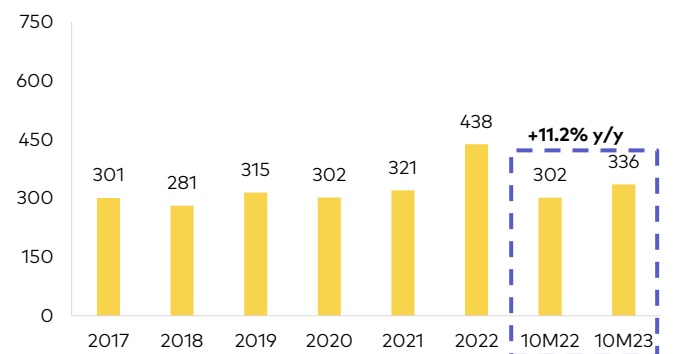
**Figure 3: Oil products import to Georgia, US\$ mn**



The gasoline and diesel import value decreased by 22.2% y/y in 10M23 driven by the uptake of relatively cheaper import markets.

Source: Geostat

**Figure 4: Natural gas import to Georgia, US\$ mn**



The natural gas import value increased by 11.2% y/y in 10M23, driven by growth of both price and volume. The latter was up by 6.9% y/y to 2.4 million cubic meters.

Source: Geostat



# Agriculture

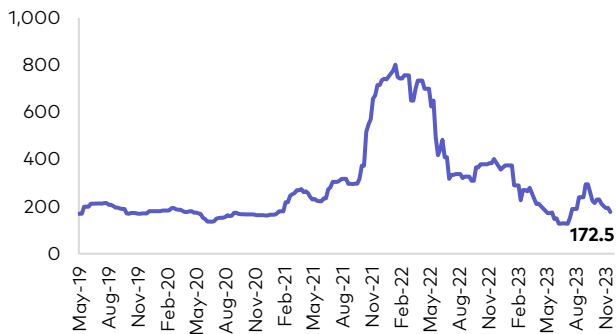
## Ammonium nitrate

In November 2023, ammonium nitrate price was down 12.3% m/m. Fertilizers are expected to trade in a narrow range this winter with different factors offsetting each other. Ammonium nitrate's key component – natural gas cost pressure is expected to ease. Additionally, China is likely to keep expanding its inventories rather focusing on export. Beijing limited exports in September and is expected to be largely absent from the export trade until 2Q24. Global fertilizer trade usually peaks in 4Q driven by Brazil and India that, according to Bloomberg, are anticipated to abstain from large purchases this year. World Bank and Bloomberg forecast fertilizer prices to fall in 2024 with limited upside prospect as input costs decline and demand and supply changes more-or-less offset each other.

## Wheat

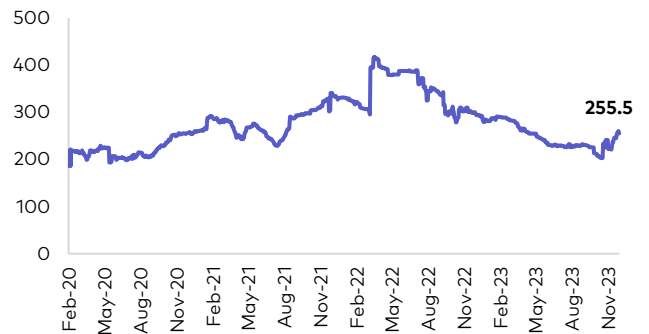
In November 2023, wheat price was up 5.8% m/m. The price of wheat has been decreasing over the past year, which is the result of the gradual stabilization of exports from Ukraine. Key driver of the rally that started earlier in October was the worry over supplies. Earlier this year Chinese crops were damaged by a flood, increasing Beijing's appetite to import the commodity, setting up the country to buy record volumes of wheat by the end of the year. In late November, one of the world's largest exporter's – Australia's crops were hit by a sudden storm, shrinking the potential supply that was already expected to be low due to drought earlier in the year. Consequently, upward pull is likely on the wheat prices in the near term.

**Figure 5: Black Sea ammonium nitrate spot price, US\$/ton**



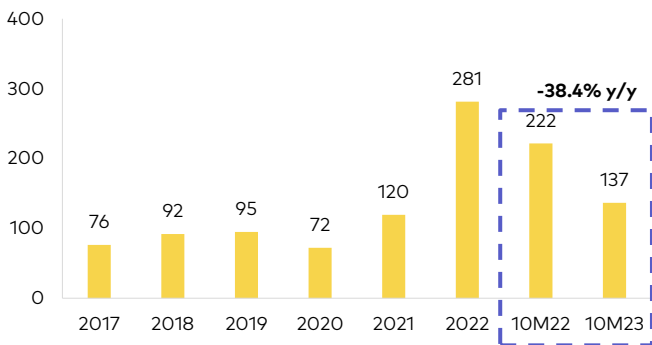
Source: Bloomberg

**Figure 6: Black Sea Wheat Financially Settled (Platts) Futures, US\$/ton**



Source: Bloomberg

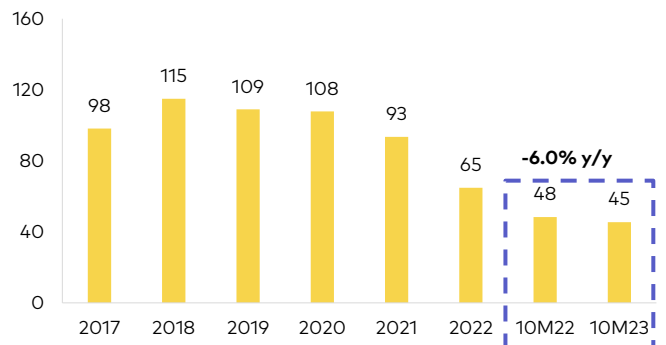
**Figure 7: Nitrogenous fertilizers export from Georgia, US\$ mn**



The nitrogen fertilizers export value decreased by 38.4% y/y in 10M23, which is related to a sharp decrease in prices, as the volume of exports increased by 3.5% y/y to 371,000 tons.

Source: Geostat

**Figure 8: Wheat import to Georgia, US\$ mn**



Wheat import value decreased by 6.0% y/y in 10M23. In recent years, the import of wheat in Georgia is being substituted by the import of wheat flour and the increase of local production.

Source: Geostat



# Metals & ores

## Copper ores and concentrates

In November 2023, copper price was up 4.5% m/m. Previous months' losses were due to rising inventories and low demand from developed economies. Analysts expected 2024 supply of copper to exceed demand by almost half a million metric tons, pushing prices further down. On the contrary, recent developments in Panama and Peru reversed the expectations. Court of Panama declared Canadian miner - First Quantum's mining operations unconstitutional, while Peru's union (half of total workers) went on strike. Potential low supply from the two major copper producers may send market into deficit in 2024.

## Ferrosilicon

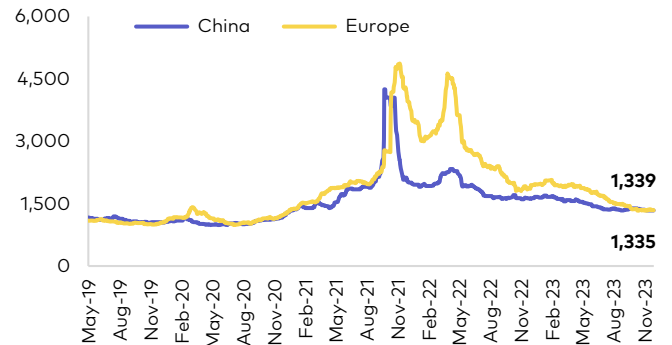
In November 2023, European ferrosilicon was down by 0.3% m/m, while its Chinese counterpart decreased by 1.5% m/m. Chinese ferrosilicon's slight gain (3.7%) in September turned out not to be a reversal in price trend, rather a temporary correction. The year was rough for both – European commodity losing 32.4% YTD and Chinese 18.8% YTD. Low global prices were reflected in Georgian foreign trade, with 68.0% y/y decrease in ferroalloy exports.

**Figure 9: LME copper spot price, US\$/ton**



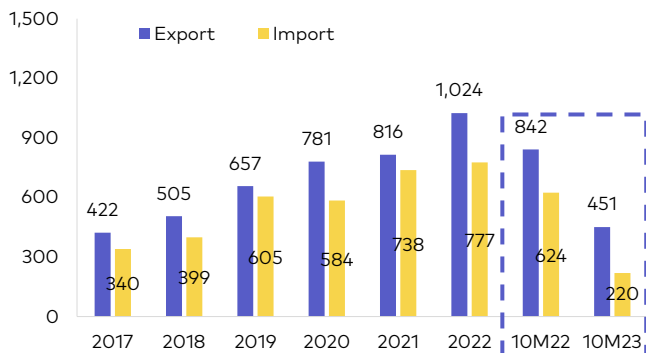
Source: Bloomberg

**Figure 10: Ferrosilicon (75% grade) price, US\$/ton**



Source: Bloomberg

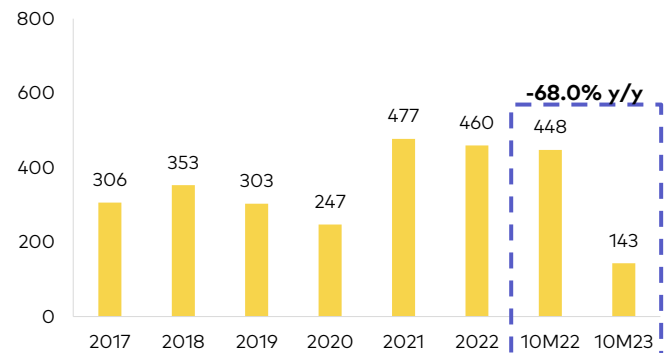
**Figure 11: Copper (including ores) external trade of Georgia, US\$ mn**



The majority of copper external trade represents re-export and depends on external factors. The volume of exported copper decreased by 37.2% y/y to 220,888 tons in 10M23.

Source: Geostat

**Figure 12: Ferroalloy export from Georgia, US\$ mn**



The ferroalloy export value decreased by 68.0% y/y in 10M23, likely driven by a sharp decline in prices, which prompted producers to reduce the volume of exports as well.

Source: Geostat

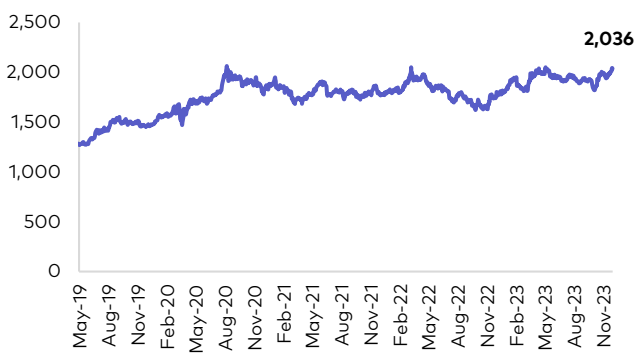


# Precious metals

## Gold

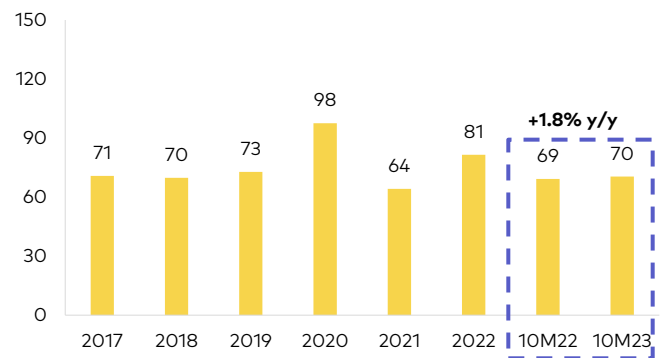
In November 2023, gold price was up 2.6% m/m. It rallied 11.4% since the beginning of October and settled at the highest level since April 2023, when uncertainties about the possible banking crisis pushed the prices up. This time around Israel-Hamas war and worries about the possible related supply disruptions hoarded investor funds to safe haven. Additionally, anticipated cuts of interest rates and possibly weaker U.S. dollar fuel gains of the precious metal. Analysts expect the rally to continue and do not rule out the possibility of reaching \$2,200 per ounce in late 2024. According to TD Securities, gold prices should average \$2,100 in 2Q24.

Figure 13: Gold price, US\$/troy ounce



Source: Bloomberg

Figure 14: Gold export from Georgia, US\$ mn



The gold export value increased by 1.8% y/y in 10M23, driven by higher prices, as the volume of exports decreased by 2.2% to 2.19 tons.

Source: Geostat



## Disclaimer

This document is the property of and has been prepared by JSC Galt & Taggart ("Galt & Taggart"), a member of Bank of Georgia group PLC ("Group") solely for informational purposes and independently of the respective companies mentioned herein. This document does not constitute or form part of, and should not be construed as, an offer or solicitation or invitation of an offer to buy, sell or subscribe for any securities or assets and nothing contained herein shall form the basis of any contract or commitment whatsoever or shall be considered as a recommendation to take any such actions.

Galt & Taggart is authorized to perform professional activities on the Georgian market. The distribution of this document in certain jurisdictions may be restricted by law. Persons into whose possession this document comes are required by Galt & Taggart to inform themselves about and to observe any and all restrictions applicable to them. This document is not directed to, or intended for distribution, directly or indirectly, to, or use by, any person or entity that is a citizen or resident located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction.

Investments (or any short-term transactions) in emerging markets involve significant risk and volatility and may not be suitable for everyone. The recipients of this document must make their own investment decisions as they believe appropriate based on their specific objectives and financial situation. When doing so, such recipients should be sure to make their own assessment of the risks inherent in emerging market investments, including potential political and economic instability, other political risks including without limitation changes to laws and tariffs, and nationalization of assets, and currency exchange risk.

No representation, warranty or undertaking, express or implied, is or will be made by Galt & Taggart or any other member of the Group or their respective directors, employees, affiliates, advisers or agents or any other person as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of this document and the information contained herein (and whether any information has been omitted from this document) and no reliance should be placed on it. This document should not be considered as a complete description of the markets, industries and/or companies referred to herein. Nothing contained in this document is, is to be construed as, or shall be relied on as legal, investment, business or tax advice, whether relating to the past or the future, by Galt & Taggart any other member of the Group or any of their respective directors, employees, affiliates, advisers or agents in any respect. Recipients are required to make their own independent investigation and appraisal of the matters discussed herein. Any investment decision should be made at the investor's sole discretion. To the extent permitted by law, Galt & Taggart, any other member of the Group and their respective directors, employees, affiliates, advisers and agents disclaim all liability whatsoever (in negligence or otherwise) for any loss or damages however arising, directly or indirectly, from any use of this document or its contents or otherwise arising in connection with this document, or for any act, or failure to act, by any party, on the basis of this document.

The information in this document is subject to verification, completion and change without notice and Galt & Taggart is not under any obligation to update or keep current the information contained herein. The delivery of this document shall not, under any circumstances, create any implication that there has been no change in the information since the date hereof or the date upon which this document has been most recently updated, or that the information contained in this document is correct as at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. No representation or warranty, expressed or implied, is made by Galt & Taggart or any other member of the Group, or any of their respective directors, employees, affiliates, advisers or agents with respect to the accuracy or completeness of such information.

The information provided and opinions expressed in this document are based on the information available as of the issue date and are solely those of Galt & Taggart as part of its internal research coverage. Opinions, forecasts and estimates contained herein are based on information obtained from third party sources believed to be reliable and in good faith, and may change without notice. Third party publications, studies and surveys generally state that the data contained therein have been obtained from sources believed to be reliable, but that there is no guarantee of the accuracy or completeness of such data. Accordingly, undue reliance should not be placed on any such data contained in this document. Neither Galt & Taggart, any other member of the Group, nor their respective directors, employees, affiliates, advisers or agents make any representation or warranty, express or implied, of this document's usefulness in predicting the future performance, or in estimating the current or future value, of any security or asset.

Galt & Taggart does, and seeks to do, and any other member of the Group may or seek to do business with companies covered in its research. As a result, investors should be aware of a potential conflict of interest that may affect the objectivity of the information contained in this document.

Unauthorized copying, distribution, publication or retransmission of all or any part of this document by any medium or in any form for any purpose is strictly prohibited.

The recipients of this document are responsible for protecting against viruses and other destructive items. Receipt of the electronic transmission is at risk of the recipient and it is his/her responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

### Head of Research

Eva Bochorishvili | evabochorishvili@gt.ge

### Analyst

Dachi Mujirishvili | dmujirishvili@gt.ge

### Head of Macroeconomic Analysis and Forecasting

Lasha Kavtaradze | lashakavtaradze@gt.ge

### Analyst

Mariam Okropiridze | maokropiridze@gt.ge

### Head of Analytics

Giorgi Iremashvili | giremashvili@gt.ge

### Analyst

Otar Tsukhishvili | otsukhishvili@gt.ge

### Head of Sector Research

Kakhaber Samkurashvili | ksamkurashvili@gt.ge

### Head of Sector

Mariam Chakhvashvili | mchakhvashvili@gt.ge

**Address:** 3 Pushkin Street, Tbilisi 0105, Georgia

**Tel:** + (995) 32 2401 111

**Email:** research@gt.ge

### Head of Sector

Tatia Mamrikishvili | tmamrikishvili@gt.ge

### Senior Analyst

Giorgi Tskitishvili | g.tskitishvili@gt.ge

### Senior Analyst

Zurab Tavklishvili | ztavklishvili@gt.ge

### Senior Analyst

Sergi Kurashvili | s.kurashvili@gt.ge