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CREATING OPPORTUNITIES

# Commodities Monthly Outlook

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## Commodity price dynamics

Commodity	Price	Change, m/m*	Change, YTD	Price change from Jan-21 to date
<b>Ammonium Nitrate</b> US\$/ton	190.0	+49.0%	-49.3%	
<b>Brent Oil</b> US\$/bbl	85.6	+14.2%	-0.4%	
<b>Copper</b> US\$/ton	8,800.0	+5.7%	+5.2%	
<b>Ferrosilicon (China)</b> US\$/ton	1,375.0	-0.7%	-16.4%	
<b>Ferrosilicon (Europe)</b> US\$/ton	1,541.0	-8.9%	-22.2%	
<b>Gold</b> US\$/troy oz	1,965.1	+2.4%	+7.7%	
<b>Natural gas</b> US\$/mwh	30.0	-24.9%	-56.9%	
<b>Wheat</b> US\$/ton	235.3	+3.0%	-24.5%	

Source: Bloomberg

\*m/m prices reflect end of month figures



# Energy

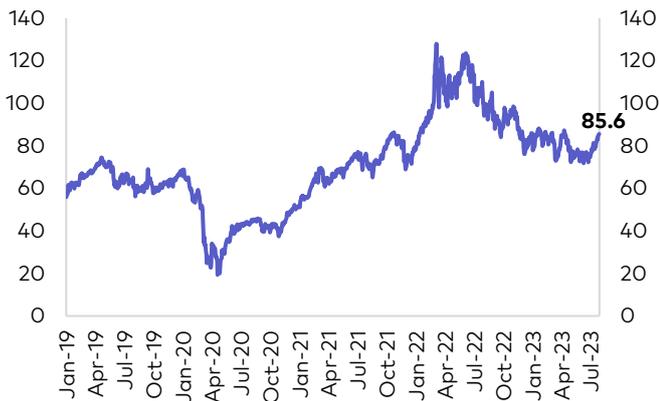
## Brent oil

In July 2023, the price of Brent oil increased by 14.2% m/m due to the string of production cut announcements by OPEC+ members. Additionally, surge in oil prices owes much to China's stimulus measures and the reopening of their economy, according to Goldman Sachs. Goldman Sachs forecasts oil price to be close to current level at the end of 2023, with further upward push towards US\$93 by 2Q24.

## Natural gas

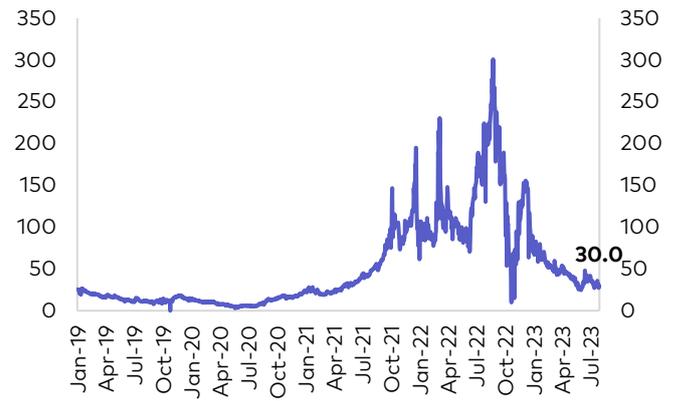
In July 2023, natural gas price was down 24.9% m/m as the presence of abundant inventories balanced out potential supply risks. Furthermore, there is an anticipation of increased wind generation from Germany to the UK in the upcoming days, which will lead to a decrease in the demand for natural gas. Overall prices are down 56.9% from the start of the year, attributed to milder weather, slow global economic activity, and gas-saving measures in Europe.

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



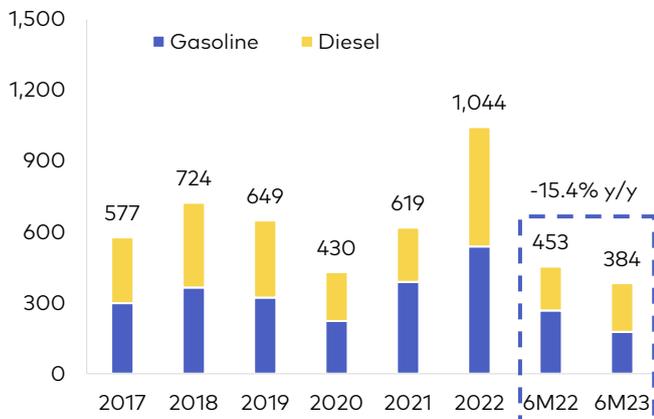
Source: Bloomberg

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



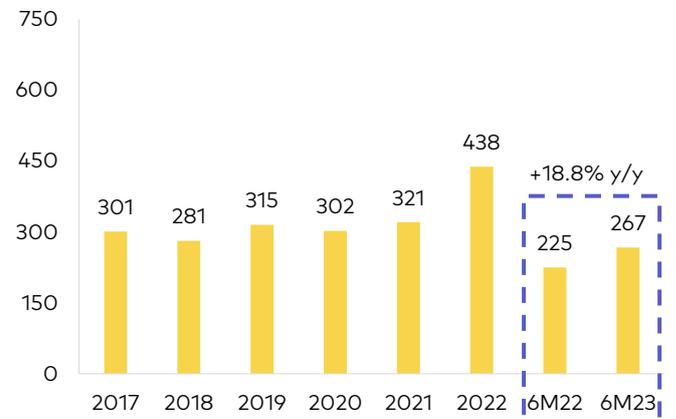
Source: Bloomberg

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



Source: Geostat

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



Source: Geostat



# Agriculture

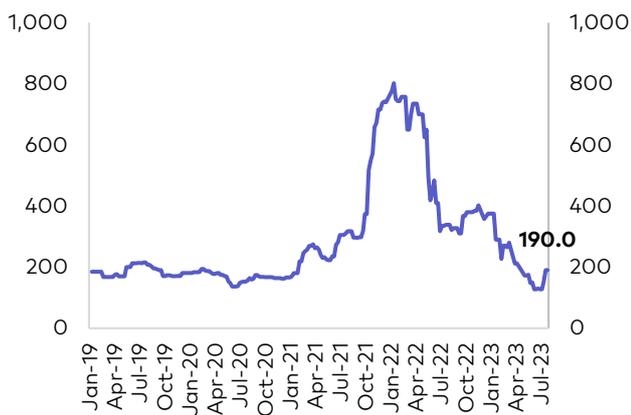
## Ammonium nitrate

In July 2023, ammonium nitrate price was up 49.0% m/m. However, growth was driven by low base effect, as prices hit 5-year minimum in Jun-23. The prices of fertilizers have been declining since the end of 2021, primarily due to the decrease in natural gas prices, as fertilizer production relies heavily on gas. This decline is also attributed to the global economy finding alternative input sources and establishing new production facilities, effectively adjusting to the challenges presented by the conflict in Ukraine.

## Wheat

In July 2023, wheat price was up 3.0% m/m. Wheat futures soared in the middle of July due to Russia's decision to withdraw from a critical agreement that permitted the export of grain from Ukraine, raising uncertainty in the wheat market. Ukraine, known for its substantial production of grains, once held the position of the world's fifth-largest wheat exporter (10% of global exports). Notably, before the suspension of the Grain Deal, Black Sea Wheat Futures had fallen by 24.9% since Jan-23.

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



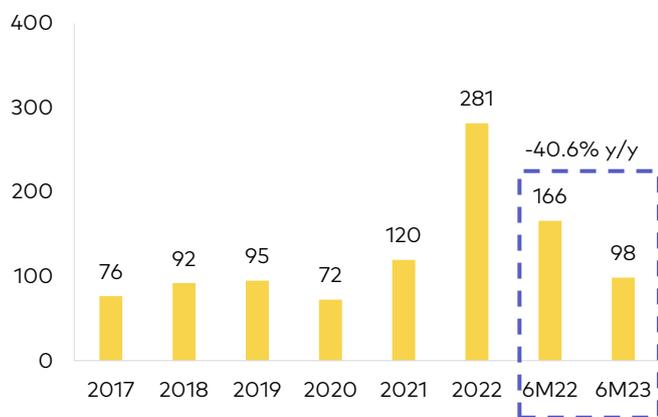
Source: Bloomberg

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



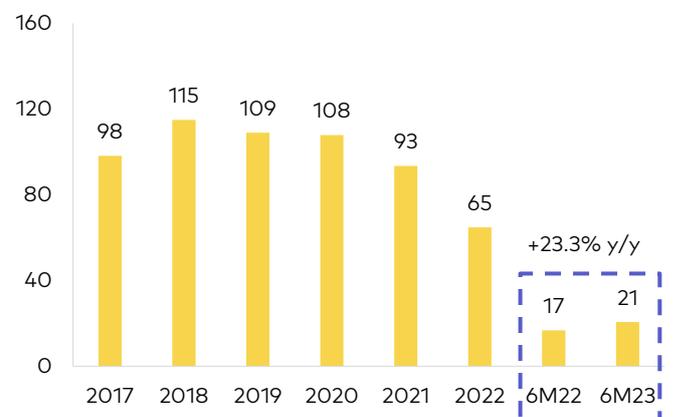
Source: Bloomberg

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



Source: Geostat

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



Source: Geostat



# Metals & ores

## Copper ores and concentrates

In July 2023, copper price was up 5.7% m/m on the back of China releasing further policy guidelines to implement measures to better address homebuyers' needs. At the beginning of the 2023, China's post-pandemic reopening boosted metals, but slow economic progress later led to investor sell-off. Furthermore, a deceleration in the real estate sectors of some advanced economies also contributed to the price decrease. Nevertheless, the long-term prospects for this commodity remain positive due to its critical role in renewable energy and the production of electric vehicles.

## Ferrosilicon

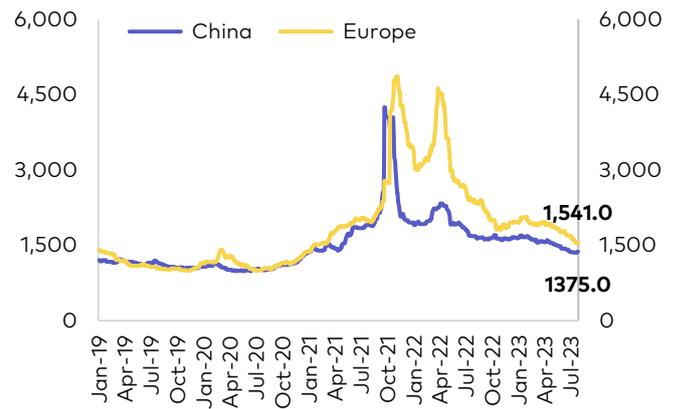
In July 2023, prices of Chinese and European ferrosilicon were down by 0.7% m/m and 8.9% m/m, respectively. After reaching their highest levels in 2021, the prices of ferroalloys are gradually decreasing. So far in 2023, the effects of China's economic recovery have not been reflected in the ferroalloys market, as the effects of stimulus policies on construction and other important sectors take some time to show.

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



Source: Bloomberg

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



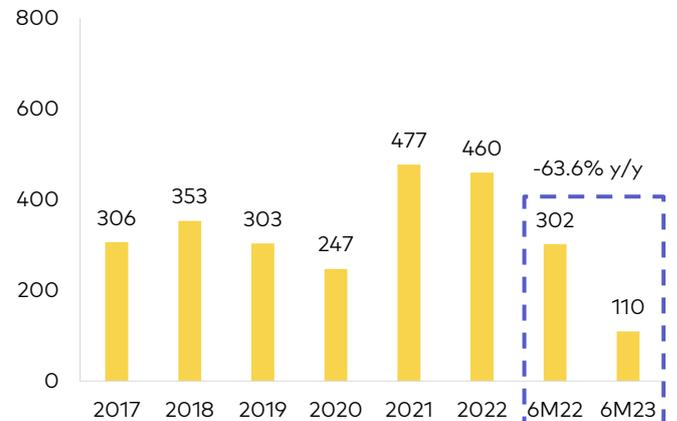
Source: Bloomberg

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



Source: Geostat

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



Source: Geostat

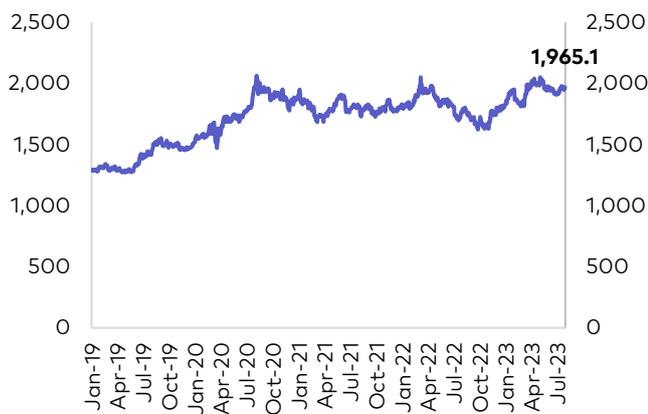


# Precious metals

## Gold

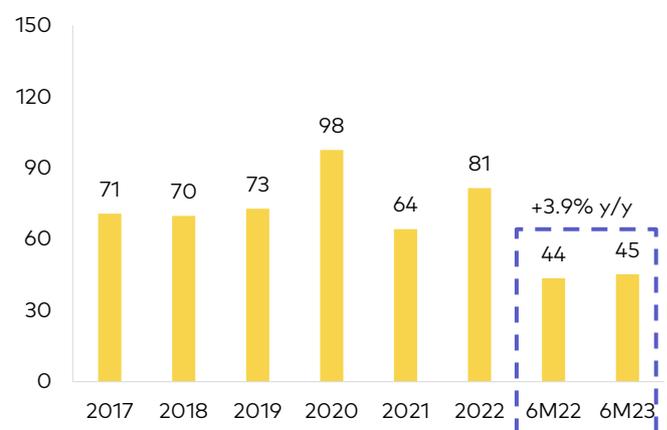
In July 2023, gold price was up 2.4% m/m. Despite slowing demand from central banks in 2Q23, gold prices have remained strong, rallying amid signs of the US monetary tightening cycle nearing its end. Gold is viewed as a safe haven for investors during uncertain times and as a hedge against inflation. JP Morgan forecasts the prices to surpass US\$2,000 mark at the end of the year and reach new record levels in 2024 as interest rates begin to decline.

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



Source: Bloomberg

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



Source: Geostat



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