



GALT & TAGGART
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
Ammonium Nitrate US\$/ton	147.5	-19.2%	-60.7%	
Brent Oil US\$/bbl	77.0	-0.9%	-10.4%	
Copper US\$/ton	8,106.0	-5.0%	-3.1%	
Ferrosilicon (China) US\$/ton	1,485.0	-3.9%	-9.7%	
Ferrosilicon (Europe) US\$/ton	1,790.2	-7.3%	-9.7%	
Gold US\$/troy oz	1,946.5	-2.1%	+6.7%	
Natural gas US\$/mwh	25.4	-42.5%	-64.1%	
Wheat US\$/ton	250.0	-9.1%	-19.7%	

Source: Bloomberg

*m/m prices reflect end of month figures



Energy

Brent oil

In May 2023, Brent oil price was down 0.9% m/m, after a rapid increase in oil prices in Apr-23 following OPEC announcement on production cuts. However, the prices quickly subsided back amid worries about a global economic downturn. Due to weaker growth prospects in advanced economies, average annual price of Brent oil is expected at \$84.0/bbl in 2023 (-15.9% y/y) and at \$86.0/bbl (+2.4% y/y) in 2024, according to World Bank.

Natural gas

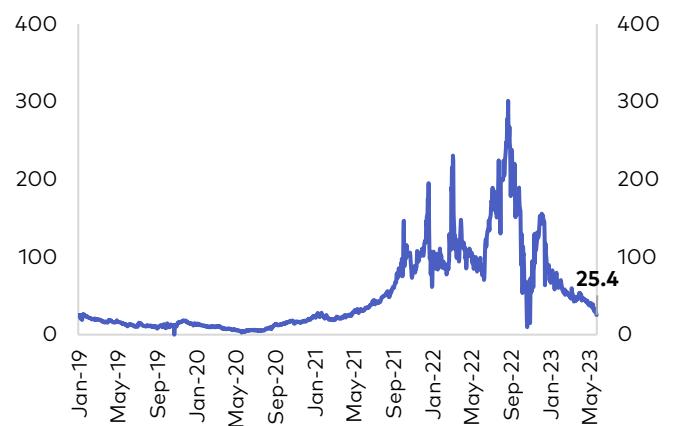
In May 2023, natural gas price was down 42.5% m/m. Price hit record high in 2022 due to reduced Russian supply and the reopening of the economies post-pandemic. The gradual decline in prices could be attributed to milder weather, slowing global economic activity and gas-saving measures in Europe. Average annual price of natural gas (Europe) is expected at \$19.0/mmbtu (-52.9% y/y) in 2023 and at \$17.0/mmbtu (-10.5% y/y) in 2024, according to World Bank.

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



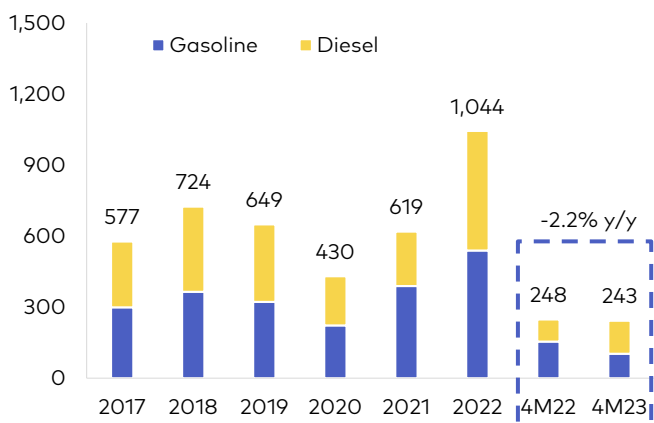
Source: Bloomberg

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



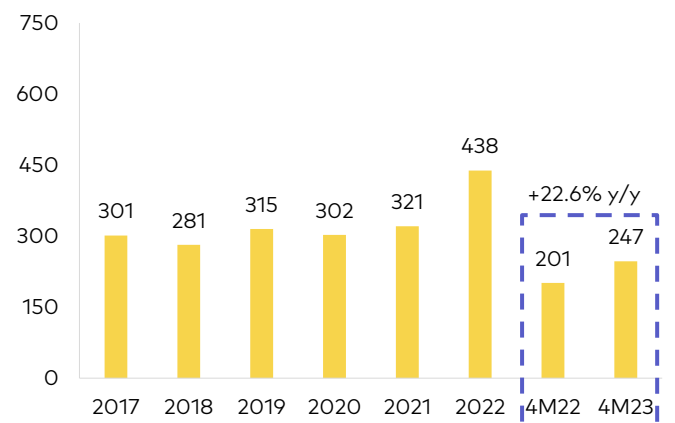
Source: Bloomberg

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



Source: Geostat

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



Source: Geostat



Agriculture

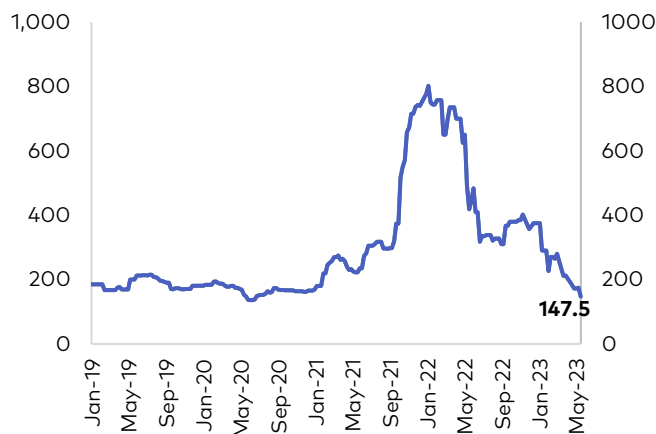
Ammonium nitrate

In May 2023, ammonium nitrate price was down 19.2% m/m. Fertilizer prices have been decreasing since end-21 and decline is largely attributed to falling natural gas prices (fertilizer production requires substantial amount of gas), improved supply prospects and redirection of trade. Contrary to the expected scarcity due to sanctions on Russia, the price has been falling as Russian export has been redirected from Europe to (mostly) China and India.

Wheat

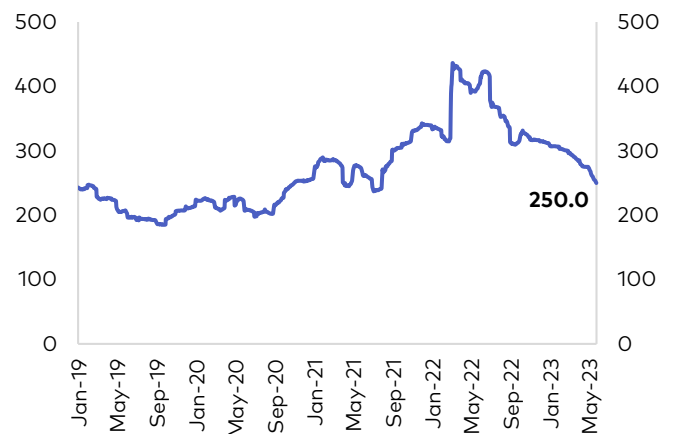
In May 2023, wheat price was down 9.1% m/m. According to World Bank, assuming that there are not further disruptions from the war in Ukraine, due to anticipation of good harvests from the major grain producing countries (Australia, Canada, Russia and USA), average annual price of wheat (US., HRW) is expected at \$355.0/ton in 2023 (-17.4% y/y) and at \$335.0/ton (-5.6% y/y) in 2024.

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



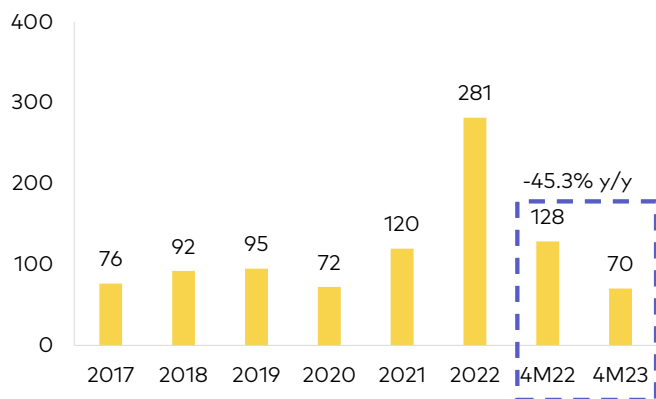
Source: Bloomberg

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



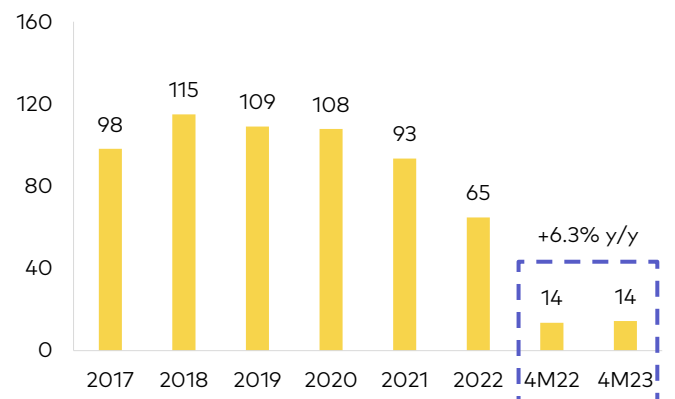
Source: Bloomberg

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



Source: Geostat

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



Source: Geostat



Metals & ores

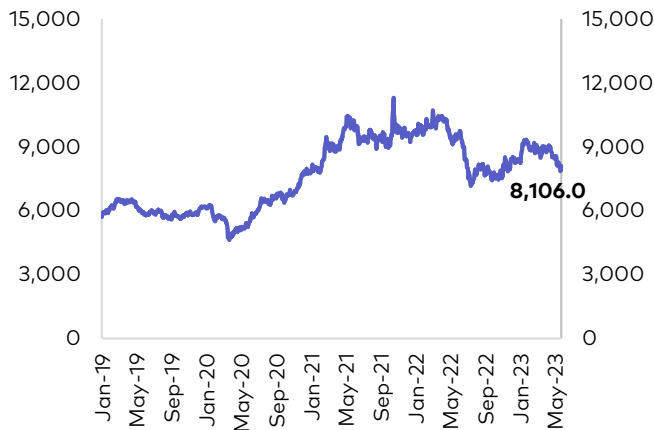
Copper ores and concentrates

In May 2023, copper price was down 5.0% m/m. Overall, copper price has been relatively stable in 2023 so far, ranging between US\$ 8,500 and US\$ 9,000 per ton. China's reopening and subsequent economic recovery in 1Q23 has not been supportive to copper price, which can be explained by expectations adjusting toward a less metal-intensive recovery in China and a slowdown in real estate sectors in some advanced economies. Average annual price of copper is expected at \$8,500.0/ton in 2023 (-3.7% y/y) and at \$8,000.0/ton (-5.9% y/y) in 2024, according to World Bank.

Ferrosilicon

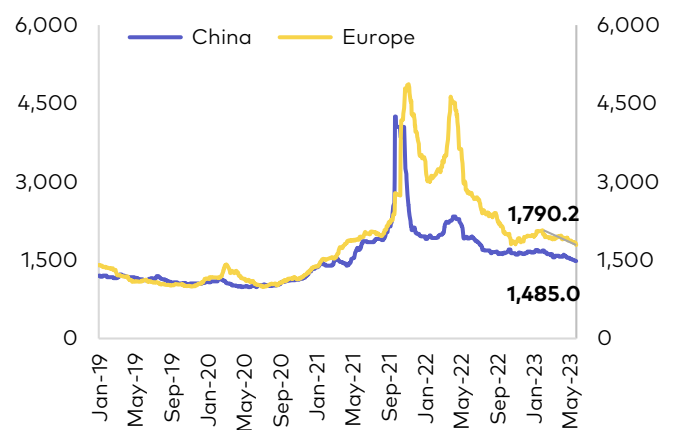
In May 2023, prices of Chinese and European ferrosilicon were down by 3.9% m/m and 7.3% m/m, respectively. Prices of ferroalloys peaked in 2021 and, after temporary setback spiked again during the onset of the Russia-Ukraine war. However, Chinese property sector crisis and zero-COVID policy on the one hand, and negative macroeconomic sentiments in Europe on the other, have put pressure on the demand since 2H22. China's economic recovery in 2023 has not had any significant positive effect on prices.

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



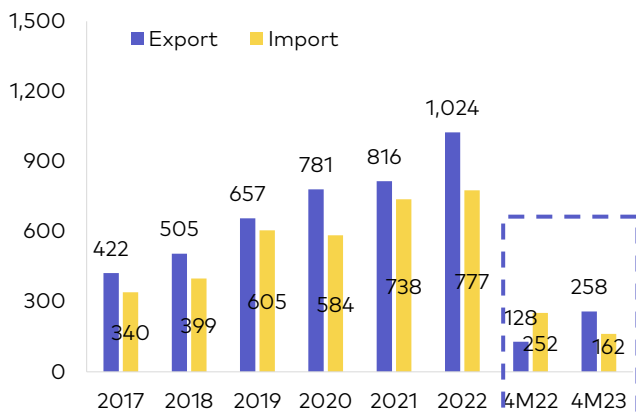
Source: Bloomberg

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



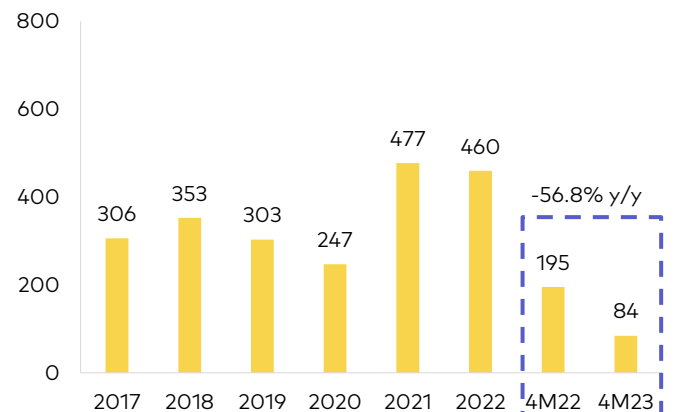
Source: Bloomberg

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 May 2023, gold price was down 2.1% m/m. Gold is deemed to be safe-haven asset during periods of uncertainty and high inflation. The demand for it has been increasing amid US/European banking crisis in 2023, which contributed to the price rally in recent months, reaching US\$ 2,000 per troy ounce in Apr-23.

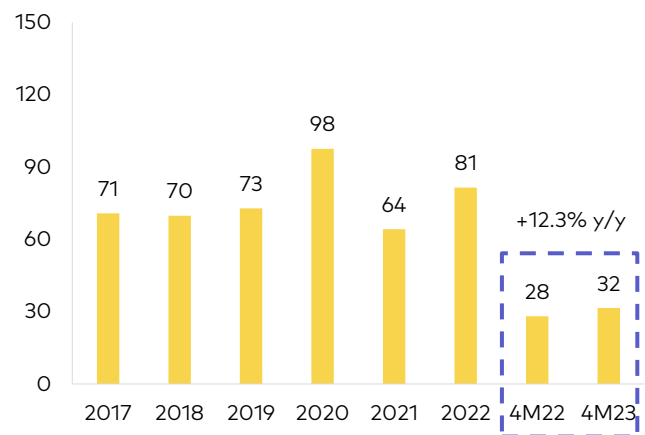
Due to the inverse relationship with interest rates and, therefore, US dollar, the outlook for gold price is positive for 2023 because of expected pause of Fed rate hikes. Average annual price of gold is expected at \$1,900.0/troy ounce in 2023 (+5.5% y/y) and at \$1,750.0/troy ounce (-7.9% y/y) in 2024, according to World Bank.

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



Source: Bloomberg

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



Source: Geostat



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