

# The Commodities Feed: Gold holds above \$2,000/oz

Gold has been trading in a narrow range awaiting clues on the outlook for US interest rates, and we believe Fed policy will remain key to the outlook for gold prices in the months ahead



## Metals – Gold awaits clues on Fed outlook

Gold has been trading above \$2,000/oz so far this week, with the market awaiting clues on the outlook for US interest rates. The Federal Reserve is set to release minutes of its recent meeting midweek. We believe Fed policy will remain key to the outlook for gold prices in the months ahead. Higher borrowing costs are typically negative for gold.

The total known ETF holdings of gold continue to decline with the bets on early rate cuts from major central banks fading. They have dropped by around 1m oz in the month so far.

## Energy – Crude trades flat

Crude oil continues to trade flat this week as the market cautiously evaluates development in the Middle East. Recently the US has proposed a temporary ceasefire to the Israel-Hamas conflict while the UN Security Council is also voting on another resolution of ceasefire backed by Arab nations. The market sentiments remain mixed for now as geopolitical tensions offset the softer

demand outlook.

India's imports of Russian crude oil have softened this year, especially Sokol crude oil due to higher prices, disrupted refined products exports and some challenges regarding the financial arrangements due to the cap on Russian oil prices. India's imports of Russian crude oil dropped around 35% in January compared to last year's peak level. India's exports of diesel and other refined products to Europe have been curtailed amid shipping disruptions.

## Agriculture – Indian sugar output falls

Recent data from the Indian Sugar & Bio-energy Manufacturers Association (ISMA) shows that 2023/24 sugar production in India fell 2.5% year-on-year to 22.4mt (excluding sugar diverted for ethanol production) through until 15 February, compared to 23mt during the same period last year. The group further said that 505 mills were crushing cane by mid-February compared to 502 mills at the same time last year.

The latest data from the Uganda Coffee Development Authority shows that Uganda shipped 481.6k bags (the highest since October) of coffee in January, up 19.8% month-on-month as exporters unloaded stockpiles citing high global prices. However, the coffee exports for January are down 2.5% YoY due to a smaller arabica harvest in the Elgon region, while cumulative shipments fell 2% YoY to 1.78m bags for the season until January.

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