



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	127.5	-13.6%	-66.0%	
Brent Oil US\$/bbl	74.9	+3.1%	-12.8%	
Copper US\$/ton	8,322.1	+3.1%	-0.5%	
Ferrosilicon (China) US\$/ton	1,385.0	-5.5%	-15.8%	
Ferrosilicon (Europe) US\$/ton	1,692.3	-3.6%	-14.6%	
Gold US\$/troy oz	1,919.4	-2.2%	+5.2%	
Natural gas US\$/mwh	40.0	+43.1%	-42.6%	
Wheat US\$/ton	228.5	-7.7%	-26.6%	

Source: Bloomberg

*m/m prices reflect end of month figures



Energy

Brent oil

In June 2023, the price of Brent oil increased by 3.1% m/m. This continued the overall stable trend observed since May. However, there was a moderate rise in mid-June as Asian refiners boosted their purchases. Earlier in April 2023, oil prices surged rapidly following an announcement by OPEC+ regarding production cuts. Unfortunately, these price gains were short-lived, as worries about a potential global economic downturn caused the prices to quickly subside.

Natural gas

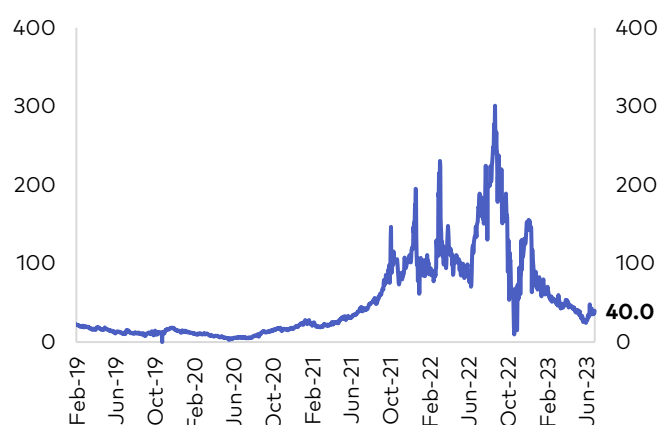
In June 2023, natural gas price was up 43.1% m/m due to extended production disruptions in Norway offsetting weak demand. The market also saw a considerable increase in price volatility, with the recent unrest in Russia adding to the turmoil in the market. Despite spike in June, overall prices are down 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



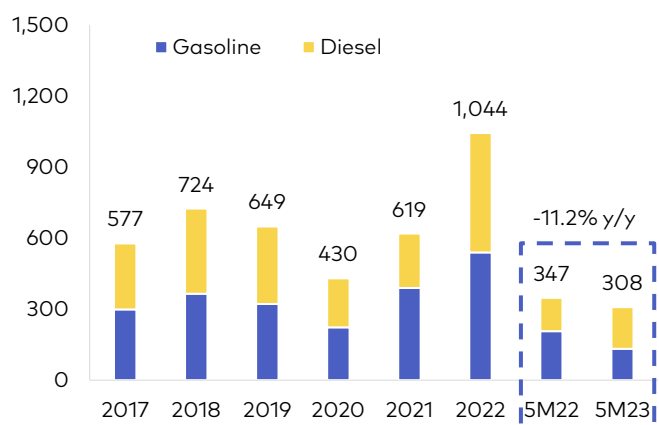
Source: Bloomberg

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



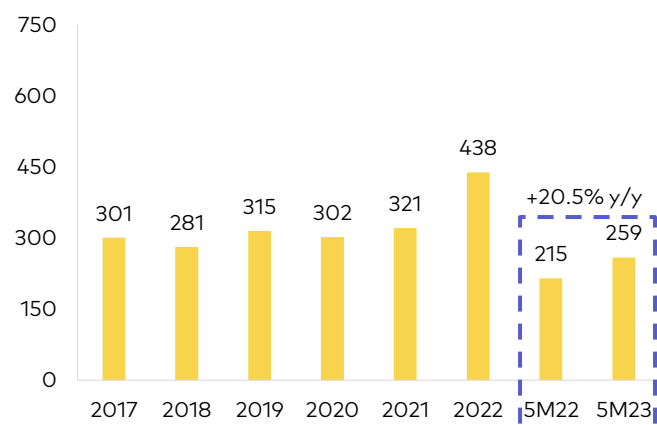
Source: Bloomberg

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



Source: Geostat

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



Source: Geostat



Agriculture

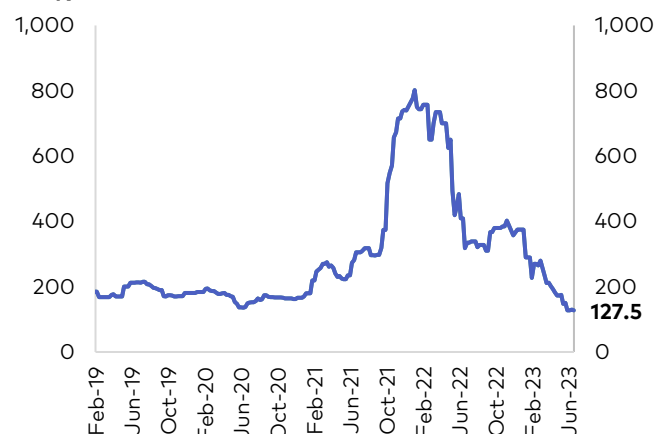
Ammonium nitrate

In June 2023, ammonium nitrate price was down 13.6% m/m. 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 can also be attributed to improved supply prospects and a shift in trade patterns. Despite expectations of scarcity resulting from sanctions on Russia, the price of ammonium nitrate has been decreasing as Russian exports have been redirected from Europe to mainly China and India.

Wheat

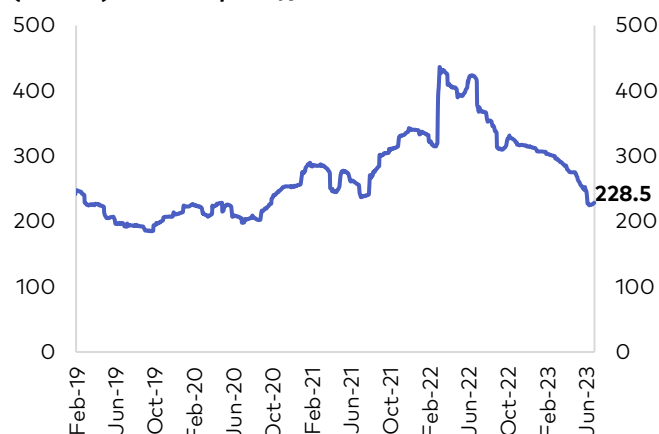
In June 2023, wheat price was down 8.3% m/m. While the recent unrest in Russia, the top exporter, had limited impact on Black Sea futures prices, investors were still evaluating the risks associated with future supply. As a result, Wheat Chicago futures reached a four-month high in June 2023. Notably, grain prices could increase if the Black Sea Grain Initiative is not extended.

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



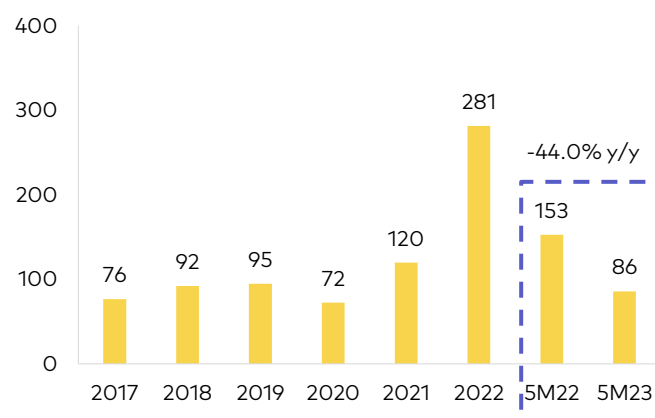
Source: Bloomberg

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



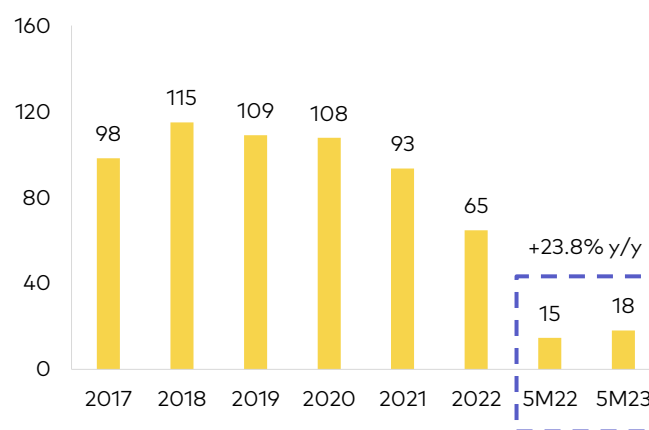
Source: Bloomberg

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



Source: Geostat

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



Source: Geostat



Metals & ores

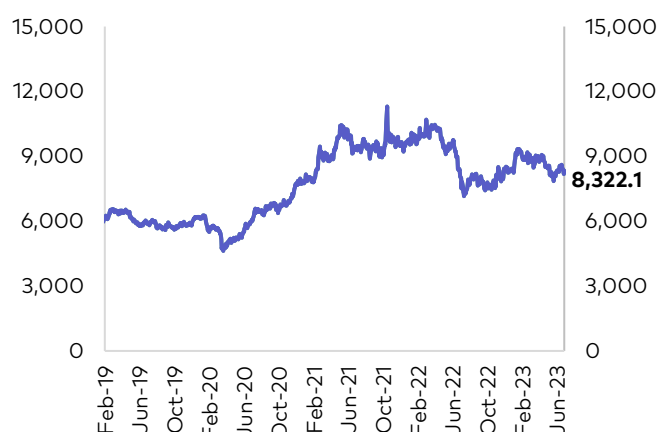
Copper ores and concentrates

In June 2023, copper price was up 2.7% m/m. Thus far in 2023, the price of copper has demonstrated relative stability, fluctuating between US\$8,500 and US\$9,000 per ton. This can be attributed to a slower-than-anticipated post-pandemic economic recovery in China and a deceleration in the real estate sectors of certain advanced economies. Nevertheless, the long-term prospects for this commodity remain positive due to its critical role in renewable energy systems and the production of electric vehicles.

Ferrosilicon

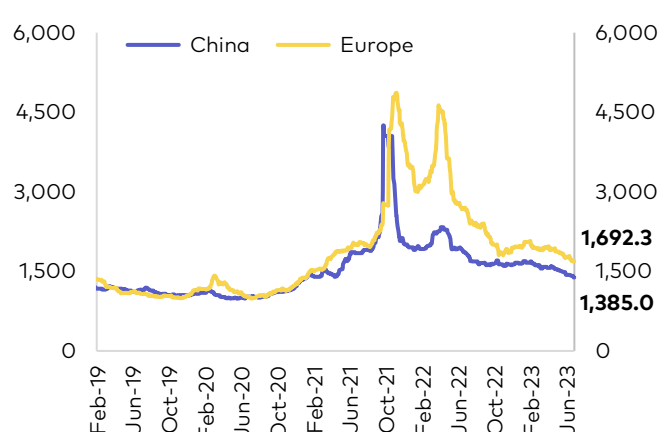
In June 2023, prices of Chinese and European ferrosilicon were down by 6.7% m/m and 4.3% m/m, respectively. After reaching their highest levels in 2021, the prices of ferroalloys experienced a sudden increase during the initial stages of the Russia-Ukraine war. However, the combination of the Chinese property sector crisis and the zero-COVID policy, along with negative economic sentiments in Europe, has exerted downward pressure on demand since 2H22. Despite China's economic recovery in 2023, there has been no notable positive impact on the prices of ferroalloys.

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



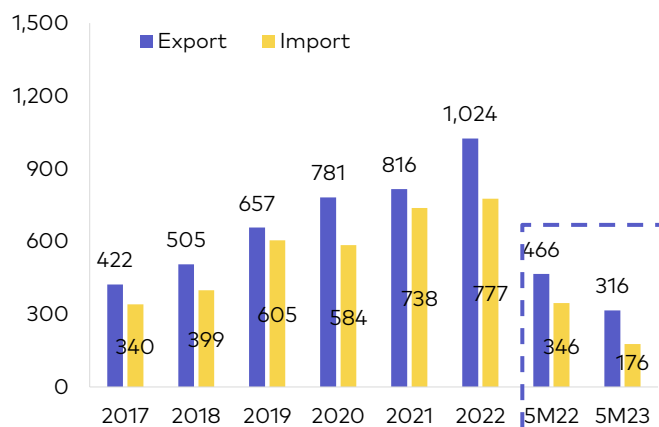
Source: Bloomberg

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



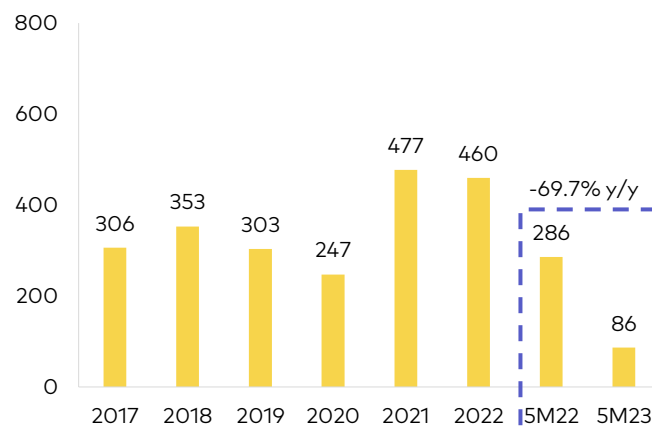
Source: Bloomberg

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

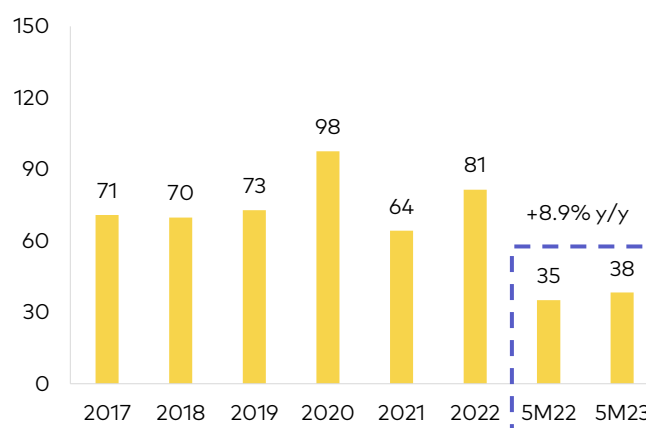
In June 2023, gold price was down 2.2% m/m, starting to decline from mid-month as demand on the bullion in China faltered amid slow economic recovery. Gold is deemed to be safe-haven asset during periods of uncertainty and high inflation. The demand for it has been increasing amid US/European banking crisis in 2023, which contributed to the price rally in recent months, reaching US\$ 2,000 per troy ounce in Apr-23.

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



Source: Bloomberg

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



Source: Geostat



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