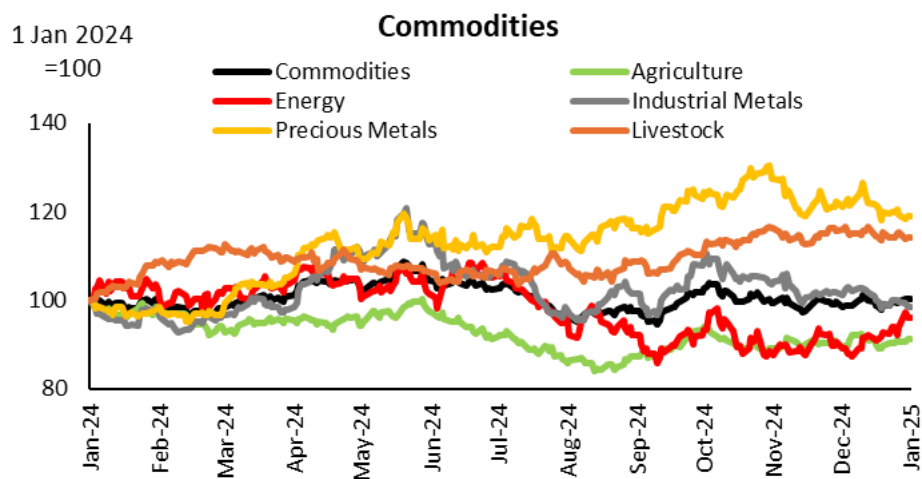


Monthly Commodity Outlook

24 January 2025

Month in Review:

Commodities (BCOM index) closed relatively flat in 2024, as gains in the precious metals and livestock subindices were offset by losses in the agriculture, energy and industrial metals subindices. A stronger DXY profile and tepid Chinese demand were among the factors that could explain the marginal change in 2024. Heading into 2025, the picture remained fairly mixed, with 16 out of 31 commodities on our tracking list performing strongly. Notably, the *Energy* market performed strongly.



Source: Bloomberg, OCBC.

In the *Energy* market, crude oil prices broke out after trading within a tight range for more than two consecutive months. Specifically, Brent reached a high of USD82.6/bbl on 15 January, marking the highest level since 26 July 2024. Since then, the rally in crude oil has tapered off following US President Donald Trump's sweeping executive orders to boost oil, gas and other mineral production, which compounded the effects of easing geopolitical tensions in the Middle East and the Red Sea. Meanwhile, gold prices regained ground in January after a corrective pullback in the previous month, as global easing in monetary policy remains intact. In contrast, the *Metals and Minerals* market remains generally weak. In the *agriculture* market, the picture remains mixed. Prices for beverages, including cocoa and coffee, continue to be elevated, while food prices have shown variability. Prices continue to be affected by weather disruptions, evolving policies such as the biofuel mandate, and fluctuating input costs. Focusing specifically on the edible oil market, soybean oil prices experienced an uptick at the beginning of 2025, while crude palm oil (CPO) saw a notable decline, marking a reversal from the price trends observed in 2024. Looking ahead, while CPO may trade within a range in 1Q25, we expect prices to moderate in the following quarters (more details can be found in the palm oil section).

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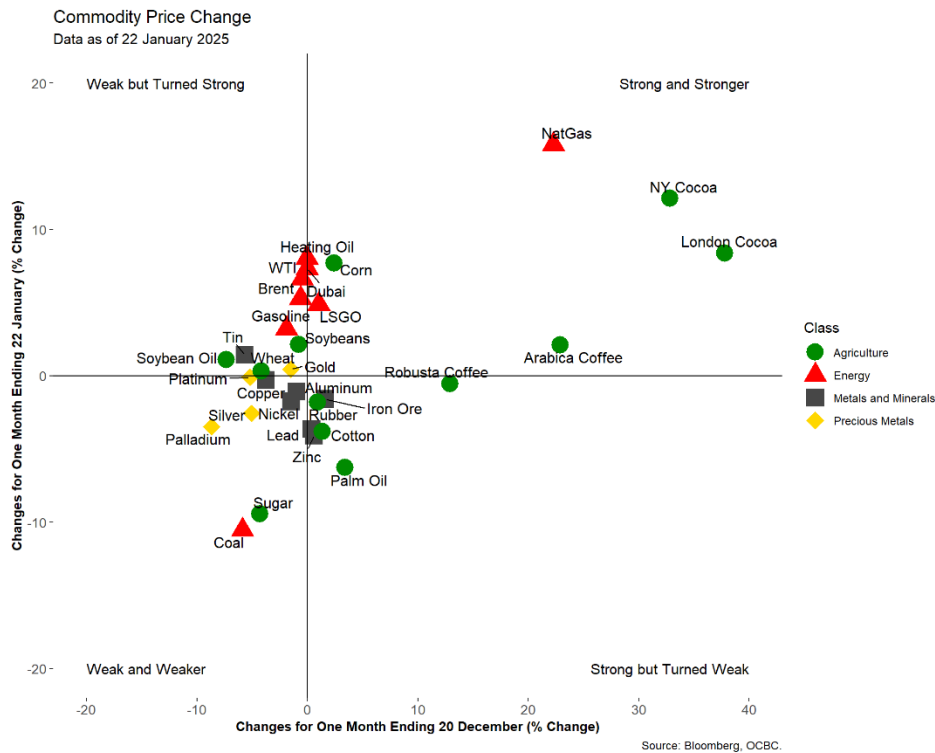
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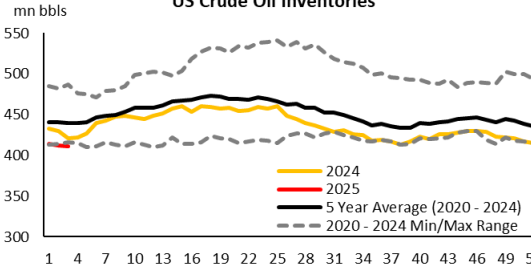
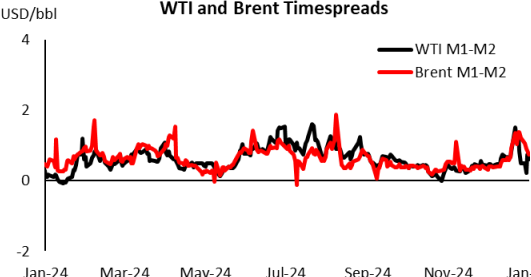
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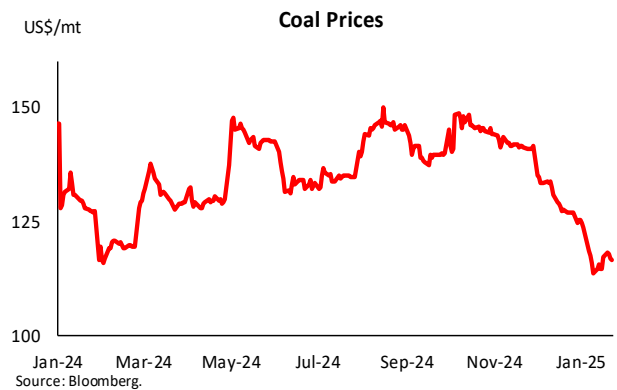
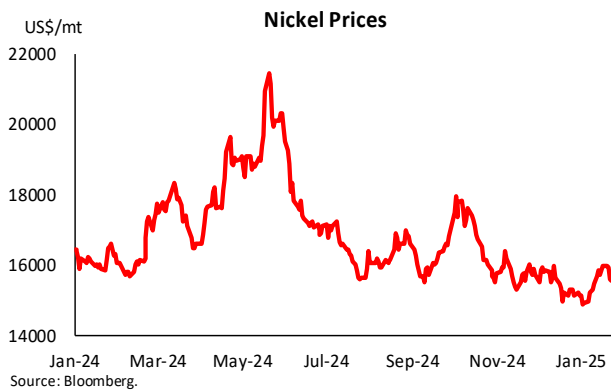
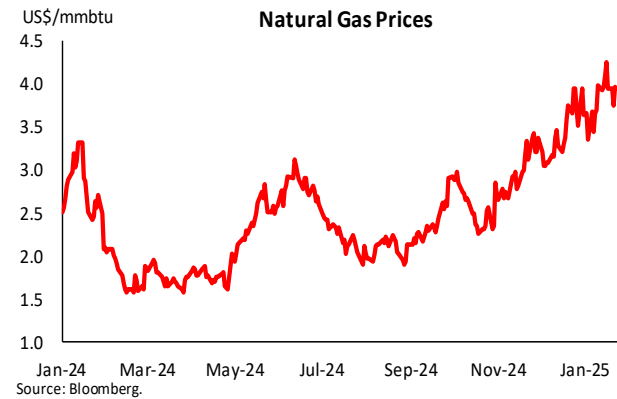
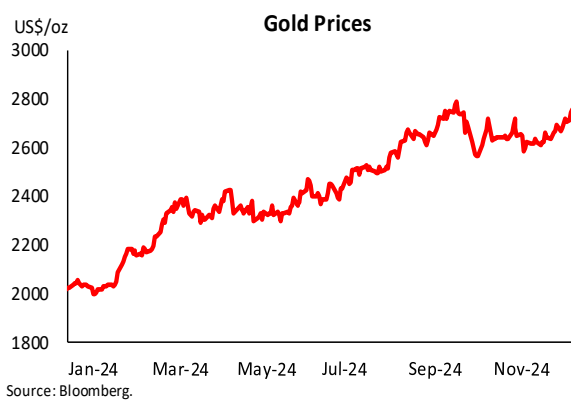
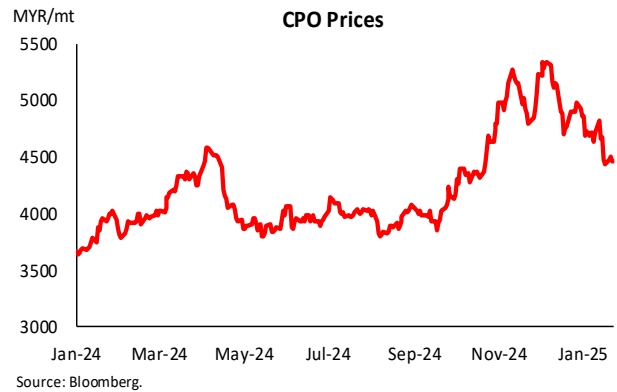
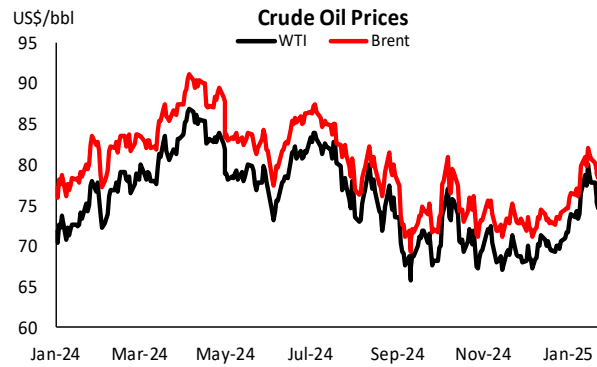


Summary Views

Commodity	Latest Developments and Outlook	Charts																								
Oil	<p>Crude oil benchmarks started the year on a strong note after the Biden administration introduced some of the harshest sanctions against Russia’s oil sector on 10 January. Colder-than-expected weather in Europe and the US, which led to stronger demand for heating fuels, along with dwindling US crude oil inventories were other factors supporting the upward momentum in oil prices. Since then, the rally in crude oil prices have tapered off following US President Donald Trump’s sweeping executive orders aimed at boosting oil, gas, and other mineral production, which compounded the effects of easing geopolitical tensions in the Middle East and the Red Sea. The first phase of the Israel-Hamas ceasefire appears to be holding well, thereby increasing optimism for more fruitful discussions regarding subsequent phases and eventually a permanent ceasefire and reconstruction of the Gaza strip.</p> <p>Technical indicators, such as time spreads, have narrowed but remain in backwardation. Specifically, Brent time spreads narrowed to USD0.7/bbl, down from an intra-month high of USD1.4/bbl on 16 January. As of the early Asian trading session on 24 January, WTI and Brent crude traded at USD74.5/bbl and USD78.1/bbl, respectively. Month-to-date, this represents a 7.8% and 5.4% decline from their intra-month highs of USD80.8/bbl and USD82.6/bbl, respectively.</p> <p>While we have noted that the current corridor of USD78-83/bbl for Brent is a relatively comfortable range in the near-term (see our report: <i>Prices surged following sanctions on Russia</i>, 13 January 2025), we have not changed our base case for Brent oil prices to average USD77/bbl in 2025, down from USD79.9/bbl in 2024. US President Donald Trump’s policies will remain in the spotlight, particularly his stance on the Iranian oil sector. A tougher approach could further exacerbate disruptions in global oil supply and lead to a spike in oil prices. That said, we are not overly concerned, as any supply shock should ease quickly, with OPEC+ members looking to unwind their additional voluntary production cuts (second tranche) in April 2025. If needed, there is also considerable amount of available spare crude oil capacity from the group that could be called upon to cushion the impact.</p>	<div><p>US Crude Oil Inventories</p><p>Source: EIA, OCBC</p></div> <div><p>WTI and Brent Timespreads</p><p>Source: Bloomberg, OCBC.</p></div>																								
<p>Price forecast:</p> <table><tr><th>USD/bbl</th><th>23 Jan Close</th><th>FC 1Q25</th><th>FC 2Q25</th><th>FC 3Q25</th><th>FC 4Q25</th><th>2024</th><th>FC 2025</th></tr><tr><td>Brent</td><td>78.3</td><td>74.2</td><td>78.4 ↑</td><td>76.5 ↓</td><td>77.0 ↑</td><td>79.9</td><td>77 ↓</td></tr><tr><td>WTI</td><td>74.6</td><td>70.7</td><td>74.8 ↑</td><td>73.2 ↓</td><td>73.4 ↑</td><td>75.8</td><td>73 ↓</td></tr></table> <p>Note: Last updated on 24 January 2025. Forecasts (FC) are based on OCBC estimates. Price arrows are compared to previous period, i.e., 2Q25 average of USD78.4/bbl where ↑, ↓, and →, suggest higher, lower, and flat price from previous period, respectively. 2024 price is the average of daily closing prices. Source: EIA, IEA, OPEC, Bloomberg, Reuters, OCBC.</p>			USD/bbl	23 Jan Close	FC 1Q25	FC 2Q25	FC 3Q25	FC 4Q25	2024	FC 2025	Brent	78.3	74.2	78.4 ↑	76.5 ↓	77.0 ↑	79.9	77 ↓	WTI	74.6	70.7	74.8 ↑	73.2 ↓	73.4 ↑	75.8	73 ↓
USD/bbl	23 Jan Close	FC 1Q25	FC 2Q25	FC 3Q25	FC 4Q25	2024	FC 2025																			
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Commodity	Latest Developments and Outlook	Charts																
Palm Oil	<p>We expect benchmark CPO prices to ease, albeit remaining at relatively elevated levels, to around MYR4,500/mt in 2025 from MYR4,826/mt in 2024, before moderating further in the following quarters. The recent downward price movement - dropping over MYR900 since the December high - reflects a confluence of factors, including lower demand due to buyers shifting toward more price-competitive soybean oil, positive CPO production trends, and policy uncertainties stemming from US President Trump's energy plans, among others.</p> <p>The ~33% surge in CPO prices in 2024, compared to a ~17% drop in soybean oil prices, caused the former to trade at a rare premium for much of 4Q24. But the shift toward cheaper alternatives was evident in January 2025, with soybean oil prices rising by 13.2% while CPO prices declined by over 8%. Indeed, Intertek's survey indicates that Malaysia's palm oil shipments during the first 20 days of 2025 may have fallen by over 18.2% MoM, as refiners in key importing countries increased their soybean and sunflower oil purchases. This follows the 10% MoM decline in Malaysia's palm oil shipments in December 2024.</p> <p>Nonetheless, the B40 biodiesel mandate in Indonesia, effective February 2025, is expected to reduce the country's exportable CPO supply by 2mn tonnes, potentially limiting downside risks to prices. Additionally, prices may see a temporary uptick driven by increased demand ahead of Ramadan in March, though the recent strength of the ringgit may cap any significant upward movement.</p> <p>Focusing on supply, Malaysia's CPO production fell by 8.3% MoM to 1.5mn tonnes in December, reflecting the ongoing weak production season. However, cumulative 2024 CPO production rose by 4.2% YoY to 19.3mn tonnes - the highest since 2019. In contrast, Indonesia's latest data shows cumulative January–October 2024 CPO production declined by 4.3% YoY to 40mn tonnes. For the full year, we expect Indonesia's 2024 CPO production to lag behind 2023 levels, underscoring the lack of meaningful productivity improvements.</p> <p>In the medium term, policy developments warrant close monitoring. Notably, President Trump's recent decision to withdraw the US from the Paris Agreement - for the second time - while simultaneously prioritizing domestic oil and gas production could weigh on biofuel demand and, by extension, soybean demand. If materialized, this could indirectly place additional downward pressure on CPO prices.</p>	<div><p>CPO Production Trends</p><p>mn tonnes</p><p>■ Indonesia ■ Malaysia — Combined</p><p>2Q20 4Q20 2Q21 4Q21 2Q22 4Q22 2Q23 4Q23 2Q24 4Q24</p><p>Note: Data for Indonesia only shown up until 3Q24. Source: GAPKI, MPOB, CEIC, OCBC.</p></div> <div><p>India Palm Oil Imports</p><p>mn ton</p><p>— 2015-19 Avg — 2022 — 2023 — 2024</p><p>Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec</p><p>Source: The Solvent Extractors' Association, Bloomberg, OCBC.</p></div> <div><p>Indonesia CPO Domestic Consumption</p><p>mn tonnes</p><p>■ Foodstuff ■ Biodiesel ■ Oleochemical</p><p>2020 2021 2022 2023 YTD 2024</p><p>Note: Indonesia has consistently increased its biofuel blending mandate from B15 in 2015 to B35 in 2023. Latest data as of October 2024. Source: GAPKI, CEIC, OCBC.</p></div>																
<p>Price forecast:</p> <table><tr><th>MYR/mt</th><th>23 Jan Close</th><th>FC 1Q25</th><th>FC 2Q25</th><th>FC 3Q25</th><th>FC 4Q25</th><th>2024</th><th>FC 2025</th></tr><tr><td>Malaysia CPO</td><td>4,468</td><td>4,500</td><td>4,400 ↓</td><td>4,200 ↓</td><td>4,000 ↓</td><td>4,218</td><td>4,200 ↓</td></tr></table> <p>Note: Last updated on 24 January 2025. Forecasts (FC) are based on OCBC estimates. Price arrows are compared to previous period, i.e., 2Q25 average of MYR4,400/mt where ↑, ↓, and →, suggest higher, lower, and flat price from previous period (i.e 1Q25 average of MYR4,500). 2024 price is the average of daily closing prices. Source: MPOB, GAPKI, Intertek Testing Services, The Solvent Extractor's Association, CEIC, Bloomberg, OCBC.</p>			MYR/mt	23 Jan Close	FC 1Q25	FC 2Q25	FC 3Q25	FC 4Q25	2024	FC 2025	Malaysia CPO	4,468	4,500	4,400 ↓	4,200 ↓	4,000 ↓	4,218	4,200 ↓
MYR/mt	23 Jan Close	FC 1Q25	FC 2Q25	FC 3Q25	FC 4Q25	2024	FC 2025											
Malaysia CPO	4,468	4,500	4,400 ↓	4,200 ↓	4,000 ↓	4,218	4,200 ↓											

Commodity	Latest Developments and Outlook	Charts																		
Gold	<p>Following the corrective pullback in December, gold prices drifted higher YTD as global easing in monetary policy remains intact. The recent downtick in US CPI has also kept hopes for Fed rate cuts alive, despite chatters about tariffs stoking inflation in the US. Our house view still looks for three 25bps of Fed funds rate cuts in 2025, as labour tightness continues to ease while disinflation trend remains intact. Elsewhere China reported adding gold to its reserves for the second consecutive month, contributing to gold’s upward momentum. In the near term, there may still be momentum for gold to creep higher, possibly challenging its all-time high of 2790 levels, as USD eases from record high. US President Donald Trump’s recent comments on China and interest rates have weighed on USD. He told Fox news that his conversation with President Xi went well and that he believes he can make a deal with Xi regarding trade issues, preferring not to impose tariffs on China. Separately, overnight, he will demand lower interest rates immediately. The less drastic or no immediate tariffs are playing a bigger role in supporting risk sentiments while also taming the USD bulls.</p> <p>XAU was last at 2772 levels. Bullish momentum on daily chart intact while RSI rose to near overbought conditions. Upside risk intact. Resistance at 2790. Support at 2720, 2680 (21 DMA).</p> <p>More broadly, our constructive outlook on gold remains intact. The potential ballooning of US debt may revive the de-dollarisation narrative, thereby increasing demand for gold. While geopolitical risks may have dialled down slightly, they have yet to go away. Protectionism measures also pose upside risks worth monitoring. As such, gold may still offer a safe harbour in times of uncertainty. Additionally, most central banks are still easing monetary policy, albeit at a slower pace. Overall, these factors remain supportive of gold prices.</p>	<p>Global Easing Remains Underway, Supportive of Gold Prices</p> <p>Gold, CFR Global Monetary Policy Tracker</p> <p>Gold prices tend to rise when global monetary easing accelerates</p> <p>Gold prices tend to fall when global monetary tightening accelerates</p> <p>Gold (\$/oz, LHS, Inverted) Index of Global easing (-) / Tightening (+)</p>																		
<p>Price forecast (End-period):</p> <table><tr><th>USD/oz</th><th>23 Jan Close</th><th>FC 1Q25</th><th>FC 2Q25</th><th>FC 3Q25</th><th>FC 4Q25</th><th>2024</th><th>FC 2025</th><th>FC 2026</th></tr><tr><td>Gold</td><td>2755</td><td>2670</td><td>2690 ↑</td><td>2700 ↑</td><td>2720 ↑</td><td>2624</td><td>2720 ↑</td><td>2790 ↑</td></tr></table> <p><i>Note: Last Updated on 24 January 2025. Forecasts (FC) are based on OCBC estimates. Price arrows are compared to previous period, i.e., 2Q25 (end-period) of USD2690/oz where ↑, ↓, and →, suggest higher, lower, and flat price from previous period, respectively. These are not meant to serve as point forecast for the quarter-end but meant as trajectory bias of the currency pair. Source: Bloomberg, OCBC.</i></p>			USD/oz	23 Jan Close	FC 1Q25	FC 2Q25	FC 3Q25	FC 4Q25	2024	FC 2025	FC 2026	Gold	2755	2670	2690 ↑	2700 ↑	2720 ↑	2624	2720 ↑	2790 ↑
USD/oz	23 Jan Close	FC 1Q25	FC 2Q25	FC 3Q25	FC 4Q25	2024	FC 2025	FC 2026												
Gold	2755	2670	2690 ↑	2700 ↑	2720 ↑	2624	2720 ↑	2790 ↑												



Source: Bloomberg.

Last Updated: 24 January 2025

	Level (As of 24 Jan 25)	Δ 1W (%)	Δ 1M (%)	Δ YTD (%)	Bloomberg Ticker
Gold (USD/oz)	2773.3	2.6	6.0	5.7	<i>XAU Curncy</i>
Silver (USD/oz)	30.7	1.3	3.7	6.4	<i>XAG Curncy</i>
US Dollar Index	107.9	-1.0	-0.4	-0.6	<i>DXY Curncy</i>
Brent (USD/bbl)	78.2	-3.2	6.3	4.8	<i>CO1 Comdty</i>
WTI (USD/bbl)	74.5	-5.3	6.3	3.9	<i>CL1 Comdty</i>
Natural Gas (USD/MMBtu)	3.9	-7.7	-0.4	8.2	<i>NG1 Comdty</i>
Palm Oil (MYR/mt)	4477.0	0.8	-8.5	-7.9	<i>KO1 Comdty</i>
Soybean Oil (USD/lb)	44.6	-1.0	11.9	12.0	<i>BO1 Comdty</i>
Rapeseed Oil (EUR/mt)	526.3	0.2	0.1	2.9	<i>IJ1 Comdty</i>
Copper (USD/lb)	437.2	-1.6	8.0	8.6	<i>HG1 Comdty</i>
Nickel (USD/mt)	15522.3	-1.9	2.7	2.5	<i>LN1 Comdty</i>
Aluminium (USD/mt)	2631.2	-0.4	5.0	3.7	<i>LA1 Comdty</i>
Coal (USD/mt)	116.5	1.6	-8.1	-7.0	<i>XW1 Comdty</i>
Dry Baltic Index	824.0	-19.5	-17.4	-17.4	<i>BDIY Index</i>

Source: Bloomberg.

Last Updated: 24 January 2025

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