

FOCUS ECONOMICS OIL & GOLD CONSENSUS FORECAST

5 MAY

PUBLICATION DATE 5 May 2020

FORECASTS COLLECTED 29 April–4 May 2020

INFORMATION AVAILABLE Up to and including 4 May 2020

NEXT EDITION 19 May 2020

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Brent Crude Oil

State of Play

The extremely downbeat demand backdrop due to sweeping lockdowns to contain Covid-19 continued to batter the oil market in recent weeks. Record output cuts announced by OPEC+ on 12 April failed to revive oil prices and collapsing demand sent them diving to near two-decade lows on 21 April. Oil prices remained subdued through early May on fears of a prolonged recession and shrinking storage capacity; in late April, WTI futures slipped into negative territory for the first times in history. On 4 May, Brent crude oil traded at USD 28.2 per barrel, down 20.1% on a monthly basis.

Outlook

The oil price outlook continued to deteriorated in May, leading panelists to further slash their price projections. Global demand is set to remain severely curtailed in the months ahead, which, coupled with limited and quickly evaporating storage capacity, will weigh on prices in the short-term. Although a gradual recovery in prices is expected in the second half of 2020, marked volatility is likely to be sustained, amid uncertainty over the full economic impacts of the pandemic. Our panelists see prices averaging USD 35.0 per barrel (pb) in Q4 2020 and USD 45.4 pb in Q4 2021.

Quarterly forecasts

Individual Forecasts	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22
ABN AMRO Bank	28.0	30.0	40.0	48.0	48.0	45.0	48.0	50.0
BayernLB	20.0	25.0	30.0	35.0	40.0	45.0	50.0	55.0
BBVA Research	25.0	36.3	42.9	44.5	50.8	51.6	52.2	53.8
BMO Capital Markets	33.0	40.0	43.9	50.0	50.0	55.0	55.0	60.0
BNP Paribas	29.0	35.0	48.0	58.0	52.0	54.0	56.0	-
Capital Economics	28.0	34.0	40.0	46.5	49.0	51.5	54.0	-
Citigroup Global Mkts	17.0	35.0	45.0	50.0	55.0	59.0	60.0	-
Commerzbank	35.0	43.0	50.0	50.0	52.0	-	-	-
Danske Bank	35.0	35.0	35.0	44.0	44.0	44.0	44.0	-
DekaBank	29.0	32.0	-	38.0	-	-	-	-
Desjardins Group	27.0	34.0	39.0	43.0	48.0	52.0	54.0	55.0
Deutsche Bank	25.0	25.0	35.0	-	-	-	-	-
E2 Economia	32.0	36.0	39.0	41.3	43.3	45.3	47.3	48.9
Ecoanalítica	23.8	22.6	22.4	-	-	-	-	-
EIU	27.0	30.0	37.0	35.0	40.0	40.0	45.0	50.0
Emirates NBD	28.0	30.0	35.0	40.0	45.0	45.0	50.0	-
Euromonitor Int.	26.5	28.3	30.0	33.2	37.4	42.2	46.7	-
Goldman Sachs	25.0	30.0	37.5	45.0	52.5	60.0	65.0	-
ING	20.0	35.0	45.0	50.0	60.0	60.0	63.0	-
Investec	35.0	40.0	45.0	47.0	50.0	51.5	52.4	53.1
Itaú Unibanco	34.3	34.7	34.7	39.9	39.9	39.8	39.8	-
JPMorgan	29.0	32.0	35.0	32.0	-	-	-	-
Julius Baer	26.7	32.5	35.0	40.0	45.0	50.0	52.5	-
Moody's Analytics	33.0	35.0	36.0	45.5	50.4	56.1	58.4	60.3
NORD/LB	25.0	27.0	30.0	35.0	40.0	44.0	46.0	48.0
OCBC Bank	30.0	35.0	40.0	42.0	45.0	45.0	45.0	-
Oxford Economics	25.0	28.0	30.0	31.0	33.8	36.8	39.3	41.5
Pezco Economics	33.6	36.9	40.6	40.8	42.4	46.0	48.6	48.3
Standard Chartered	23.0	28.0	35.0	39.0	43.0	45.0	50.0	52.0
TD Securities	29.0	36.0	42.0	44.0	45.0	47.0	49.0	-
UBS	25.0	30.0	35.0	-	-	-	-	-
UniCredit	35.0	-	40.0	-	-	-	-	-
United Overseas Bank	20.0	25.0	30.0	35.0	-	-	-	-
Xerfi	29.7	33.2	36.4	38.8	39.9	40.8	41.2	-
Summary								
Minimum	17.0	22.6	22.4	31.0	33.8	36.8	39.3	41.5
Maximum	35.0	43.0	50.0	58.0	60.0	60.0	65.0	60.3
Median	28.0	33.2	37.0	41.7	45.0	45.6	50.0	52.0
Consensus	27.8	32.4	37.6	42.1	46.0	48.1	50.5	52.0

Gold

State of Play

Gold prices gained further ground in the second half of April, amid the rapidly deteriorating economic panorama. Unprecedented stimulus measures announced by major central banks, coupled with elevated fears of a prolonged global recession after a sharp Q1 contraction in major economies, sent investors flocking for safe-haven assets. This more than offset sagging physical demand for gold with prices soaring to a near one-decade high at the end of April. The grim economic background kept prices remained elevated through early May with gold trading at USD 1704 per troy ounce on 4 May, up 5.3% month-on-month.

Outlook

Gold prices are expected to remain elevated this year and next, chiefly thanks to sturdy safe-haven demand due to severe economic impacts stemming from Covid-19. Geopolitical uncertainties—including Sino-American relations, the U.S. presidential elections and tensions in the Middle East—also bode well for gold prices ahead, although softer jewelry demand is likely to limit the upturn. FocusEconomics project gold prices to average USD 1,650 per troy ounce in Q4 2020 and USD 1,647 per troy ounce in Q4 2021.

Quarterly forecasts

Individual Forecasts	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22
ABN AMRO Bank	1,628	1,613	1,675	1,713	1,738	1,763	1,788	-
BayernLB	1,750	1,775	1,800	1,825	1,850	1,875	1,900	-
BMO Capital Markets	1,740	1,625	1,650	1,540	1,540	1,540	1,540	1,540
BNP Paribas	1,675	1,610	1,550	1,510	1,505	1,530	1,450	-
Capital Economics	1,635	1,675	1,625	1,600	1,600	1,600	1,600	1,595
Citigroup Global Mkts	1,600	1,675	1,700	1,800	1,900	2,000	2,000	-
Commerzbank	1,650	1,600	1,650	1,650	1,600	-	-	-
Credit Suisse	1,800	-	-	1,750	-	-	-	-
DekaBank	1,660	1,650	-	1,640	-	-	-	-
Desjardins Group	1,668	1,630	1,603	1,580	1,547	1,520	1,500	1,475
Deutsche Bank	1,680	1,740	1,800	-	-	-	-	-
E2 Economia	1,588	1,611	1,634	1,654	1,699	1,737	1,765	1,781
EIU	1,700	1,650	1,550	1,475	1,400	1,450	1,500	1,450
Emirates NBD	1,650	1,650	1,500	-	-	-	-	-
Euromonitor Int.	1,590	1,567	1,557	1,551	1,548	1,545	1,543	-
Goldman Sachs	-	1,600	1,650	-	1,800	-	-	-
Investec	1,650	1,600	1,550	1,500	1,450	1,400	1,400	1,350
Itaú Unibanco	1,662	1,664	1,667	1,661	1,664	1,667	1,671	-
JPMorgan	1,765	1,780	1,690	1,680	-	-	-	-
Julius Baer	1,700	1,700	1,650	1,600	1,575	1,575	1,550	-
Moody's Analytics	1,552	1,534	1,562	1,635	1,709	1,777	1,819	1,841
Noah Sieberana	1,670	1,800	2,200	2,400	2,600	2,600	2,400	2,200
Oxford Economics	1,611	1,575	1,524	1,488	1,472	1,460	1,449	1,436
Pezco Economics	1,746	1,785	1,799	1,814	1,878	1,932	1,971	2,016
Standard Chartered	1,725	1,675	1,650	1,650	1,675	1,710	1,645	1,550
TD Securities	1,625	1,650	1,700	1,775	1,825	1,900	2,000	-
United Overseas Bank	1,650	1,700	1,750	1,800	-	-	-	-
Summary								
Minimum	1,552	1,534	1,500	1,475	1,400	1,400	1,400	1,350
Maximum	1,800	1,800	2,200	2,400	2,600	2,600	2,400	2,200
Median	1,661	1,650	1,650	1,650	1,664	1,667	1,645	1,550
Consensus	1,668	1,659	1,667	1,679	1,694	1,715	1,710	1,658

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