



Commodities Weekly

Issue 04-2023

Date: 22 Jan 2023

Bloomberg Commodity Index

112.13▲



Components:

Energy: (WTI Crude Oil, Natural Gas, Brent Crude Oil, Low Sulphur Gas Oil, RBOB Gasoline, ULS Diesel)

Grains: (Corn, Soybeans, Soybean Meal, Chicago Wheat, Soybean Oil, Kansas HRW Wheat)

Industrial Metals: (COMEX Copper, LME Zinc, LME Aluminium, LME Nickel)

Precious Metals: (Gold, Silver)

Softs: (Sugar, Coffee, Cotton)

Livestock: (Live Cattle, Lean Hogs)

Weekly Snapshot

Objective: Recent increase in commodity import and volatility in global market raised the concern for proper management of commodity prices. BRAC Bank Ltd. has always been highly active in introducing different hedging products as well as informing clients with latest market trends. In light of this we are issuing this commodity update to inform our clients about the latest trend and updates in global commodity market.

Commodity Name	Unit	Closing Price	% Δ Weekly	% Δ MoM	% Δ YoY	YTD High	YTD Low
Wheat	\$c/BSH	741.40	▼ 0.30%	▼ 1.20%	▼ 6.18%	794.40	720.40
Sugar	\$c/LBS	19.72	▼ 0.05%	▼ 4.18%	▲ 4.17%	20.25	18.92
Soybean	\$c/BSH	1,504.40	▼ 2.20%	▲ 0.08%	▲ 5.53%	1,548.40	1,462.00
Palm Oil	\$/Ton	906.00	▲ 2.46%	▲ 4.50%	▼ 29.71%	969.00	874.25
Cotton	\$c/LBS	86.70	▲ 5.36%	▲ 8.39%	▼ 29.44%	87.97	80.37
Brent Crude	\$/BBL	87.63	▲ 2.76%	▲ 8.61%	▲ 4.63%	87.85	77.61
LNG	\$/MMBTU	22.00	▼ 4.35%	▼ 42.11%	▼ 32.52%	25.00	22.00
Steel	\$/Ton	715.00	▼ 1.38%	▲ 6.72%	▼ 50.28%	744.00	713.00
LME Zinc	\$/Ton	3,420.50	▲ 2.90%	▲ 15.36%	▼ 5.90%	3,466.50	2,947.00
Gold	\$/Ozs	1,926.57	▲ 0.33%	▲ 6.01%	▲ 4.80%	1,937.49	1,823.60

Wheat

Last Price USc **741.40**/BSH

Chicago Board of Trade wheat futures ended higher on Friday on technical buying, including short covering and better-than-expected weekly U.S. export sales. CBOT March soft red winter wheat [WH3](#) settled up 7 cents at \$7.41-1/2 per bushel. For the week, the CBOT March contract fell 2-1/4 cents a bushel or 0.3%. K.C. March hard red winter wheat [KWH3](#) settled Friday up 16 cents at \$8.48 a bushel and MGEX March spring wheat [MWEH3](#) rose 8-3/4 cents to end at \$9.12-3/4. The U.S. Department of Agriculture reported [export sales](#) of U.S. wheat in the week to Jan. 12 at 508,100 tonnes (old and new crop years combined), above a range of [trade expectations](#) for 75,000 to 475,000 tonnes. [EXP/WHE](#)

Technical:

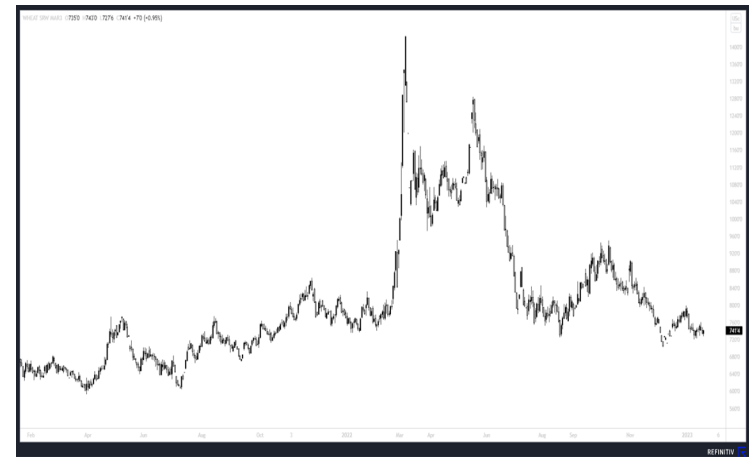
Wheat ends up on short-covering, better-than-expected U.S. export data. Next level to watch 700.00.

Support:

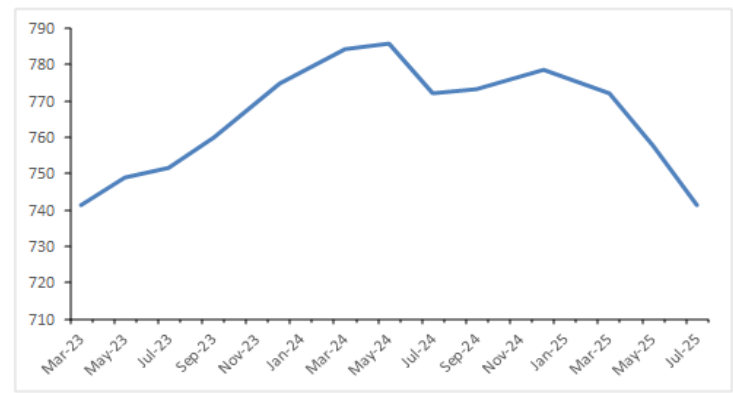
- 712.60 = Oct 2021 Low
- 671.40 = Sep 2021 Low

Resistance:

- 794.40 = Jan 2023 High
- 831.40 = Jan 2022 High



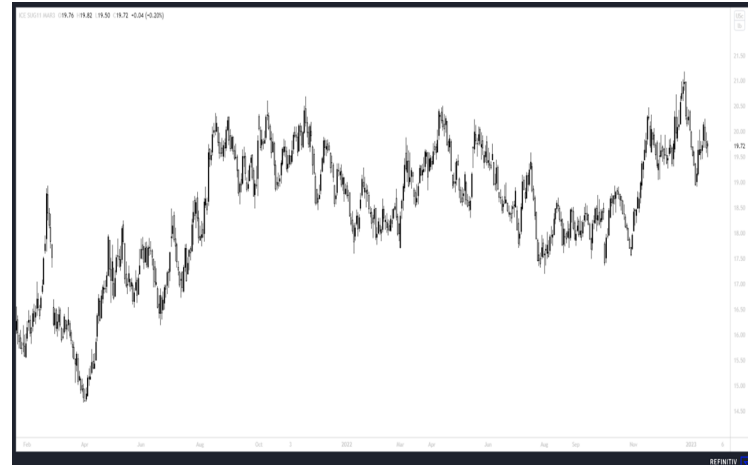
Futures Curve



Sugar

Last Price USc **19.72**/LBS

March raw sugar [SBc1](#) rose 0.04 cents, or 0.2%, at 19.72 cents per lb. The contract was basically flat in the week. The market is trying to consolidate around 19.70 cents with little producer or end-user interest at current levels. Market did not react on Thursday to news that [India is not looking at allowing more sugar exports](#) this season. Traders had long bet the world's biggest sugar producer would permit a second tranche of overseas shipments. France's plans to allow [sugar beet farmers to continue using a banned pesticide](#) for another year have been halted by a European Union court decision. March white sugar [LSUc1](#) was little changed at \$546.40 a tonne.



Technical:

Funds boost long position in raw sugar, next level to watch 20.00.

Support:

18.92 = Jan 2023 Low

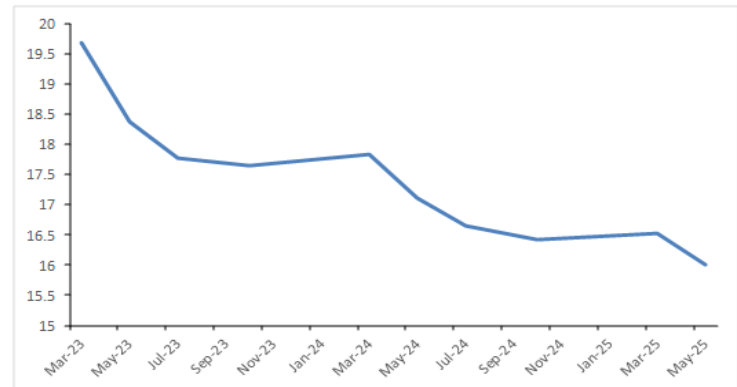
18.30 = May 2022 Low

Resistance:

20.04 = Jan 2023 High

20.48 = Nov 2022 High

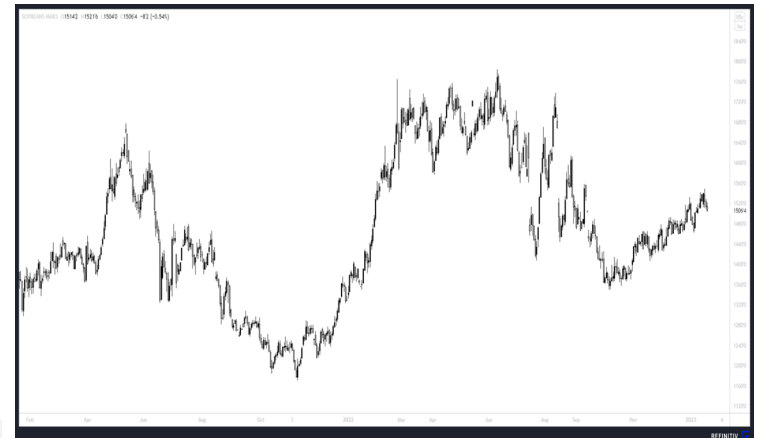
Futures Curve



Soybean

Last Price USc **1,504.40**/BSH

Chicago Board of Trade soybean futures fell on Friday for a third straight session, hitting a one-week low on forecasts for beneficial rains in Argentina's drought-hit crop belt. CBOT March soybeans [SH3](#) settled down 8-1/4 cents at \$15.06-1/2 per bushel after a dip to \$15.04, the contract's lowest since Jan. 12. For the week, the March contract fell 21-1/4 cents per bushel or 1.4%. CBOT March soymeal [SMH3](#) ended down \$7.50 at \$463.70 per short ton and March soyoil [BOH3](#) tumbled 1.18 cents to finish at 61.97 cents per pound.



Technical:

Soybeans declines on rains forecast for Argentina; ends week down 1.4%, next level to watch 1,480.00.

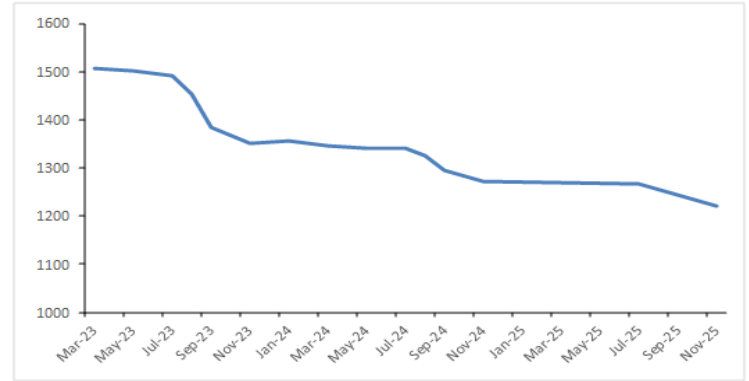
Support:

- 1,485.00 = Feb 2022 High
- 1,443.60 = Aug 2022 High

Resistance:

- 1,558.25 = Sep 2022 High
- 1,615.20 = May 2022 Low

Futures Curve



Palm Oil

Malaysian palm oil futures rose on Friday as rival oils lent support, ending the week with a modest weekly gain, despite lacklustre export data. The benchmark palm oil contract [FCPOc3](#) for April delivery on the Bursa Malaysia Derivatives Exchange gained 0.39% to 3,904 ringgit (\$911.51) a tonne by closing time. The contract gained 1.64% for the week. Palm was trading in a range as strength in the Dalian market supported palm prices. Dalian's most-active soyoil contract [DBYv1](#) gained 0.60%, while its palm oil contract [DCPv1](#) was up 0.56%. Soyoil prices on the Chicago Board of Trade [BOc2](#) were up 0.16%. Palm oil is affected by price movements in related oils as they compete for a share in the global vegetable oils market.

Technical:

Palm tracks rival oil higher despite weak export data, demand woes, next level to watch 870.00.

Support:

874.00 = Jan 2023 Low

856.00 = Jun 2021 Low

Resistance:

950.00 = Dec 2022 High

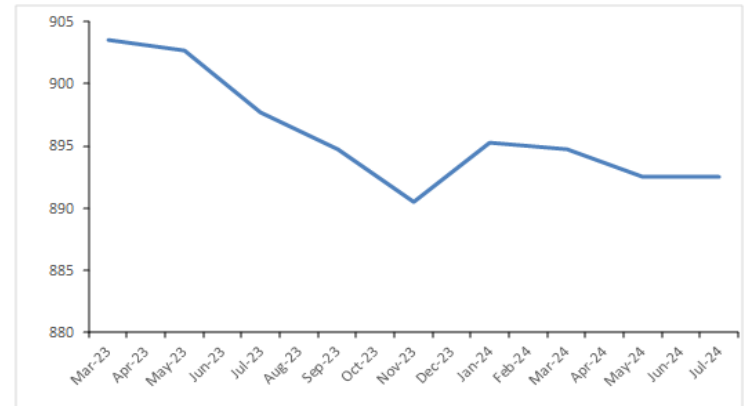
997.00 = Aug 2022 High

Last Price

USD **906.00**/Ton



Futures Curve



Cotton

Last Price

USc **86.70**/LBS

ICE cotton futures rose 3% on Friday and were headed for their best week in more than two months, supported by strong U.S. export numbers and on hopes of an uptick in demand from top consumer China. The cotton contract for March [CTH3](#) rose 2.26 cents, or about 2.7%, to 85.65 cents per lb. It traded in a range of 83.57 cents to 85.84 cents a lb. The contract gained about 3.9% so far this week. Oil headed for a second weekly gain due to brightening economic prospects for China and expectations of a boost to fuel demand in the world's second-biggest economy. [O/R](#) Higher oil prices make polyester, a cotton substitute, more expensive. Polyester's [demand is expected to improve](#) with upcoming wedding season in domestic market and shift in China's zero COVID policy.

Technical:

Cotton see best week in over 2-months on strong export sales data. Next level to watch 90.00.

Support:

77.65 = Apr 2021 Low

72.00 = Nov 2022 Low

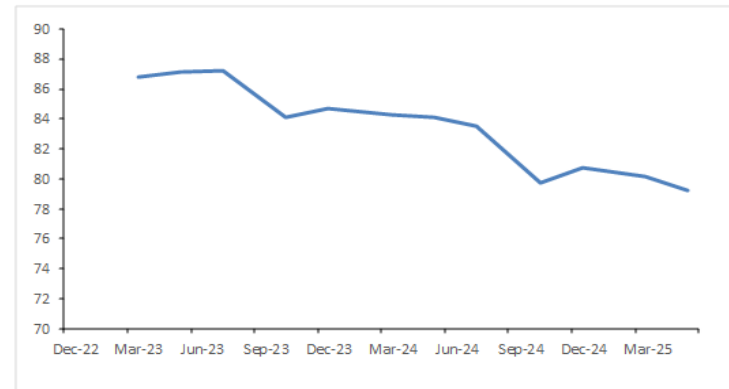
Resistance:

90.85 = Jul 2022 Low

96.14 = Oct 2022 High



Futures Curve

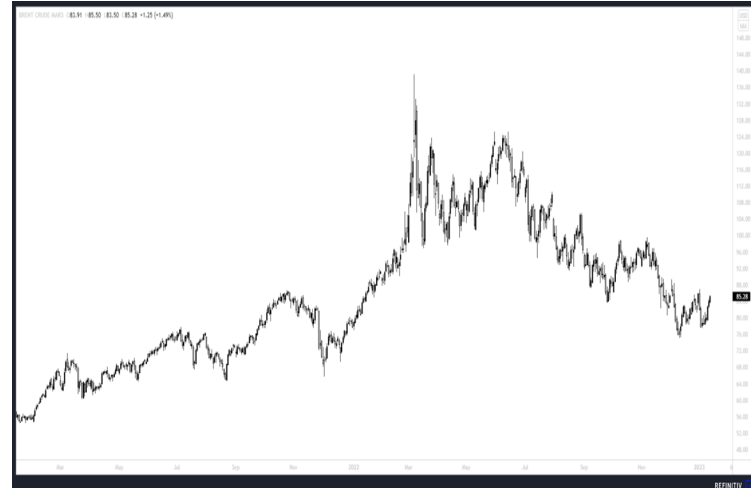


Brent Crude

Last Price

USD **87.63**/BBL

Oil settled up about \$1 a barrel on Friday and notched a second straight weekly gain as China's economic prospects brightened, boosting expectations for fuel demand in the world's second-biggest economy. Brent [LCOc1](#) crude settled at \$87.63 a barrel, up \$1.47, or 1.7%. U.S. crude [CLc1](#) settled at \$81.31 a barrel, gaining 98 cents, or 1.2%. For the week, Brent logged a 2.8% increase and the U.S. benchmark saw a 1.8% rise. Oil was also supported by hopes that the U.S. Federal Reserve will soon downshift to smaller interest rate hikes, which could brighten the U.S. economic outlook. Oil rose despite [U.S. inventory figures](#) this week showing crude stockpiles rose by 8.4 million barrels in the week to Jan. 13 to about 448 million barrels, the highest since June 2021.



Technical:

Oil settles up more than 1% on China demand outlook, second weekly gain, next level to watch 90.00.

Support:

83.65 = Sep 2022 Low

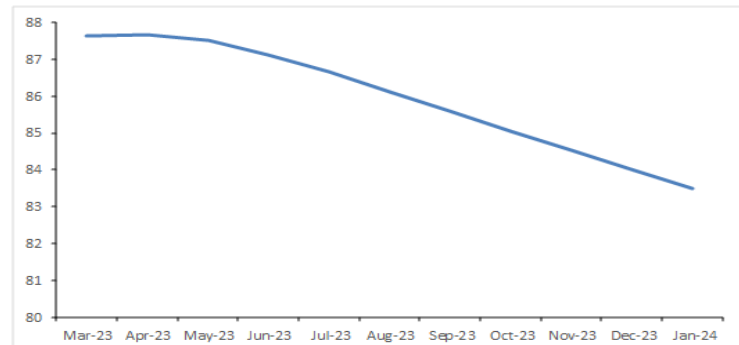
77.61 = Jan 2023 Low

Resistance:

92.33 = Nov 2022 Low

96.99 = Sep 2022 High

Futures Curve

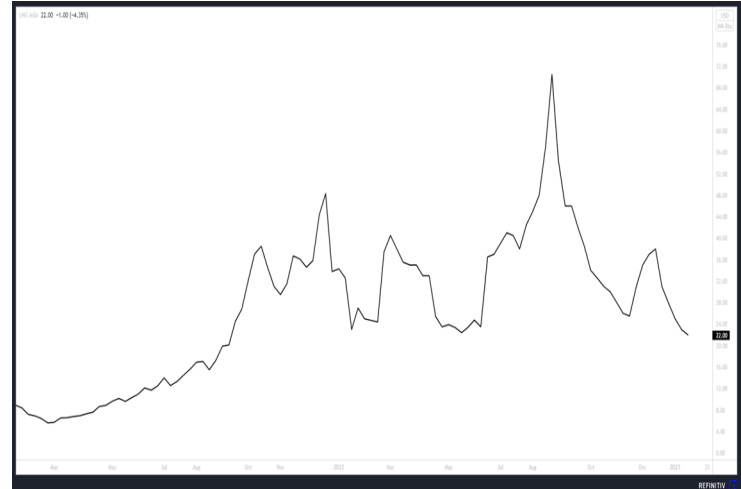


LNG

Last Price

USD **22.00**/MMBTU

Asian spot liquefied natural gas (LNG) prices fell for the fifth week in a row on ample inventories and tepid demand ahead of the Lunar New Year holiday, amid low gas prices in Europe where storage levels are above the five-year average. The average LNG price for March delivery into northeast Asia [LNG-AS](#) was \$22 per million British thermal units (mmBtu), down \$1, or 4.3%, from the previous week. Prices have fallen more than 21% since the start of 2023. The lower prices have encouraged some southern Asian countries to return to the market including India's [GAIL](#) and Thailand's [PTT](#). [LNG/TEND](#) In Europe, gas prices were down amid healthy storage levels and supply. The EU Agency for the Cooperation of Energy Regulators (ACER) published [its first LNG price assessment](#) on Thursday for Northwest Europe at 56.77 euros per megawatt hour (MWh).



Technical:

Asia spot prices extend downward trend ahead of Lunar New Year. Next level to watch 19.00.

Support:

19.90 = Sep 2021 Low

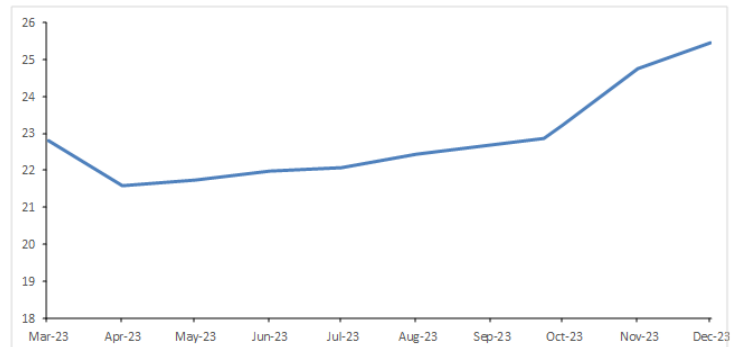
15.50 = Aug 2021 Low

Resistance:

31.00 = Nov 2022 High

38.00 = Dec 2022 High

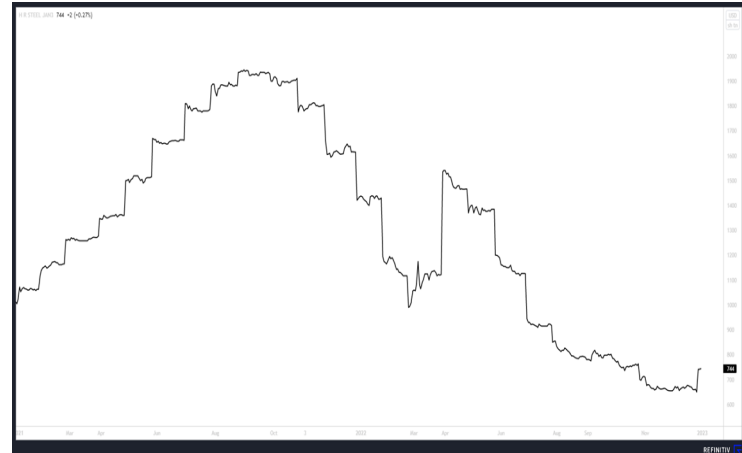
Futures Curve



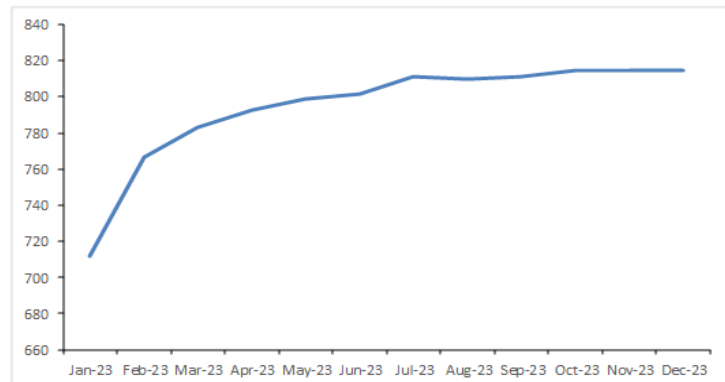
Steel (HRC)

Last Price USD **715.00**/ tons

Iron ore futures rose on Friday as continued optimism about an economic recovery in top steel producer China lifted demand sentiment, although they still posted weekly losses due to a slump in prices early in the week. The most-traded May iron ore on China's Dalian Commodity Exchange [DCIOcv1](#) ended day-time trade 1.8% higher at 865.0 yuan (\$127.51) a tonne. On the Singapore Exchange, the benchmark February iron ore [SZZFG3](#) was up 1.8% at \$125.95 a tonne. Sentiment is riding high as optimism for stronger Chinese demand continues to rise. The most-active rebar contract on the Shanghai Futures Exchange [SRBcv1](#) was largely unchanged, down 0.02%, hot-rolled coil [SHHCcv1](#) edged down 0.3%, meanwhile stainless steel [SHSScv1](#) inched 0.03% higher, and wire rod [SWRcv1](#) gained 0.2%. Dalian coking coal [DJMcv1](#) fell 0.6% while coke [DCJcv1](#) rose 0.1%.



Futures Curve of SHFE Steel Futures



Technical:

Iron ore futures buoyed by China demand sentiment despite early-week slump. Next level to watch 700.00.

Support:

650.00 = Dec 2022 Low

596.00 = Mar 2020 High

Resistance:

790.00 = Oct 2022 High

820.00 = Sep 2022 Low

LME Zinc

Last Price USD **3,420.50**/Tons

LME and SHFE base metals closed mixed overnight. A number of economic data showed that the growth of the US economy is slowing down after the US Fed raised interest rates several times. The market expects the Fed to gradually slow down or even stop raising interest rates. The Chinese spot market was basically stagnant for the Chinese New Year holiday. LME copper added 0.37%, aluminium fell 2.07%, lead dropped 1.7%, and zinc gained 1.07%; LME zinc closed at \$3,416/mt on Thursday, up \$36/mt or 1.07%. The open interest added 2,747 lots to some 200,000 lots. LME zinc inventory kept falling. The most traded SHFE 2303 zinc contract closed at 24,580 yuan/mt overnight, up 195 yuan/mt or 0.8%. The open interest added 2,019 lots to 100,000 lots. The fundamentals offered limited support to zinc price. The current price move was pushed by the capital front, and the macro sentiment is of concern.



Technical:

Base metals closed mixed on cooling expectations for rate hikes, next level to watch 3,405.00.

Support:

3,276.00 = Oct 2021 High

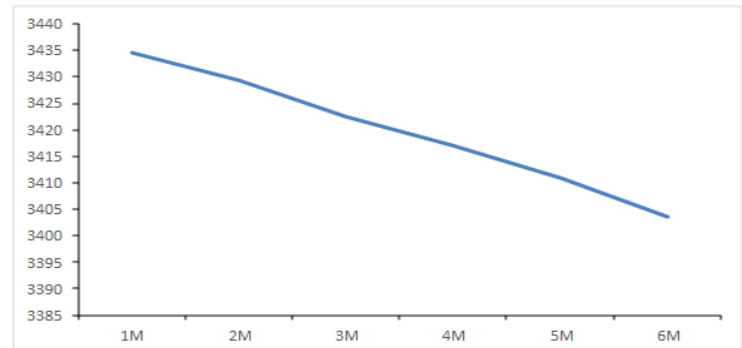
3,100.00 = Sep 2021 High

Resistance:

3,405.00 = Jun 2022 High

3,528.00 = Dec 2021 High

LME Zinc Forward Curve



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