



Commodities Weekly

Issue 05-2023

Date: 29 Jan 2023

Bloomberg Commodity Index

111.61 ▼



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	750.00	▲ 1.16%	▼ 4.51%	▼ 4.60%	794.40	712.40
Sugar	\$c/LBS	20.96	▲ 6.29%	▲ 3.97%	▲ 15.16%	21.03	18.92
Soybean	\$c/BSH	1,509.40	▲ 0.33%	▼ 1.78%	▲ 2.68%	1,548.40	1,462.00
Palm Oil	\$/Ton	913.00	▲ 0.77%	▼ 0.87%	▼ 34.03%	969.00	874.25
Cotton	\$c/LBS	86.89	▲ 0.22%	▲ 4.36%	▼ 29.79%	88.88	80.37
Brent Crude	\$/BBL	86.66	▼ 1.11%	▲ 4.08%	▼ 1.83%	89.09	77.61
LNG	\$/MMBTU	19.50	▼ 11.36%	▼ 37.10%	▼ -27.78%	25.00	19.50
Steel	\$/Ton	775.00	▲ 8.39%	▲ 4.59%	▼ -33.76%	782.00	705.00
LME Zinc	\$/Ton	3,413.50	▼ 0.20%	▲ 14.37%	▼ -5.43%	3,466.50	2,947.00
Gold	\$/Ozs	1,927.34	▲ 0.04%	▲ 6.83%	▲ 7.61%	1,949.09	1,823.60

Wheat

Last Price

USc **750.00**/BSH

U.S. wheat futures closed up, supported by signs of rising overseas demand and concerns about crop shortfalls in war-torn Ukraine and Russia, key suppliers on the export market. K.C. hard red winter wheat futures, which track the high-protein crop grown in the U.S. Plains, notched the biggest gains, rising 2.4%. Ukraine's wheat production is set to fall as farmers reduce planting due to the war, with the Ukraine Grain Association projecting that the 2023 crop will not exceed 16 million tonnes. The benchmark Chicago Board of Trade March soft red winter wheat contract [WH3](#) settled up 11-1/4 cents at \$7.52-1/2 a bushel. MGEX spring wheat futures for March delivery [MWEH3](#) gained 6-3/4 cents to \$9.16-1/4 a bushel and K.C. March hard red winter wheat futures [KWH3](#) were 20 cents higher at \$8.63-1/4 a bushel.

Technical:

Wheat firm on strong overseas demand, war concerns. Next level to watch 790.00.

Support:

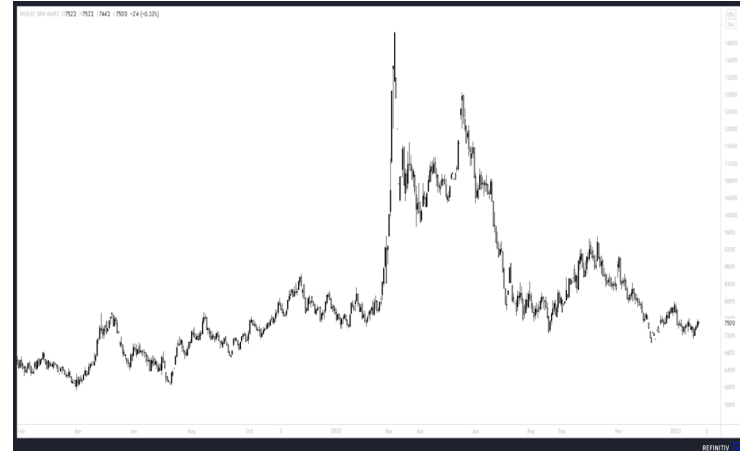
712.60 = Oct 2021 Low

671.40 = Sep 2021 Low

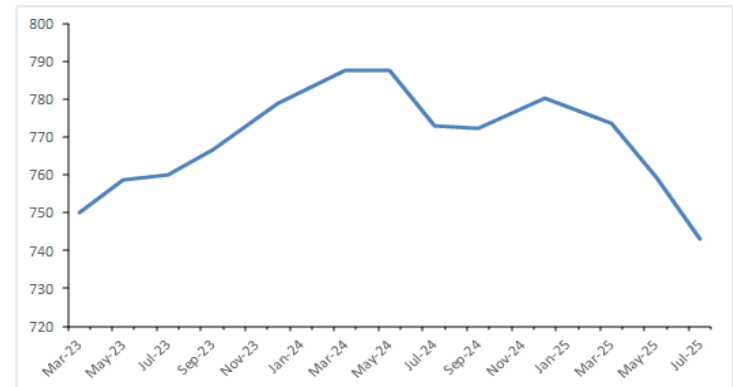
Resistance:

794.40 = Jan 2023 High

831.40 = Jan 2022 High



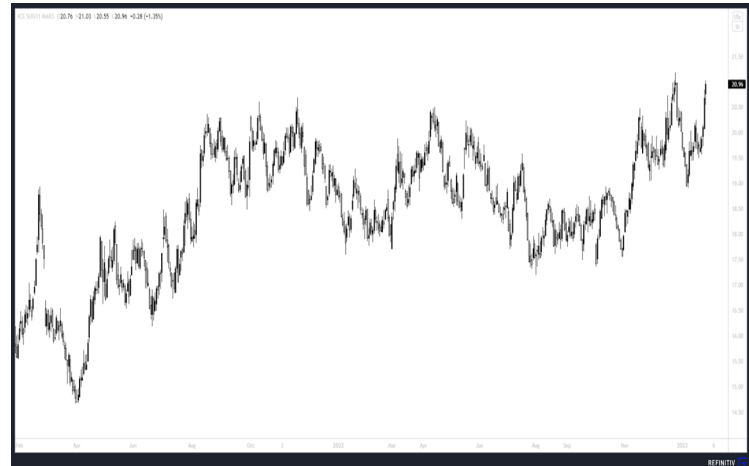
Futures Curve



Sugar

Last Price USc **20.96**/LBS

Raw sugar futures on ICE closed higher on Friday, hitting a one-month peak and just shy of a 6-year high hit late in December. March raw sugar [SBc1](#) settled up 0.28 cents, or 1.4%, at 20.96 cents per lb, having hit a one-month high of 21.03 cents earlier. The contract had a weekly gain of 6.3%. The recent run-up in prices has been driven partly by a fund buying, along with a diminishing outlook for sugar output in India's [top producing state](#) Maharashtra, which could curb exports from the world's second-largest exporter. Changes in [Brazil's fuel policy](#) could also boost production of ethanol at the expense of sugar in the world's top grower. March white sugar [LSUc1](#) rose \$7.40, or 1.3%, at \$562.40 a tonne. It gained 2.9% in the week.



Technical:

Sugar sets one-month peak, gains 6.3% in the week, next level to watch 21.50.

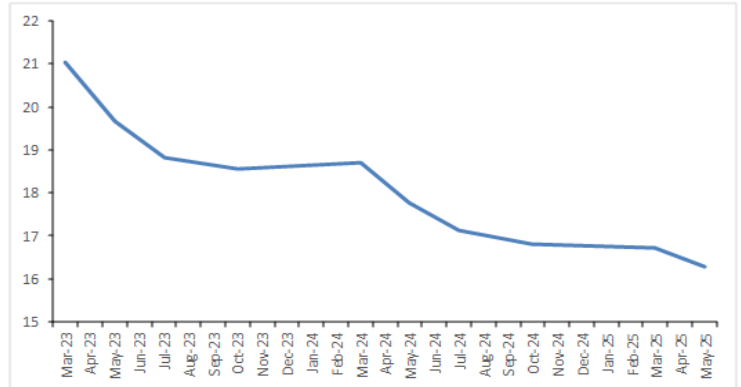
Support:

20.61 = Oct 2021 High
 20.05 = Sep 2021 High

Resistance:

21.49 = Feb 2017 High
 22.59 = Nov 2016 High

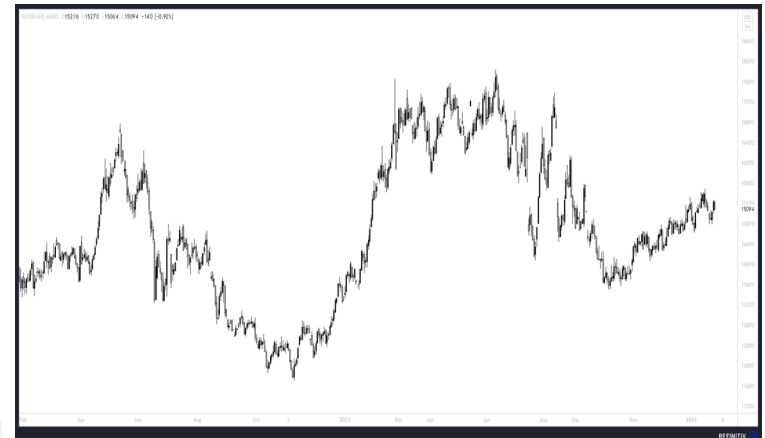
Futures Curve



Soybean

Last Price USc **1,509.40**/BSH

Chicago Board of Trade soybean futures fell on Friday on a round of fund selling ahead of the weekend as prospects for harvest in Argentina improved. Weakness in the crude oil market added pressure to soy futures. The benchmark CBOT March soybean futures contract [SH3](#) settled down 14 cents at \$15.09-1/2 a bushel. The contract fell below a key technical support line at its 10-day moving average. CBOT March soymeal futures [SMH3](#) were down \$3.60 at \$473.50 a ton and CBOT March soyoil [BOH3](#) lost 0.17 cent to 60.62 cents per lb. For the week, soybean futures [Sv1](#) gained 0.2% and soymeal futures [SMv1](#) were up 2.1%. Soyoil futures [BOv1](#) were down 2.2% this week, their fifth straight weekly loss.



Technical:

Soybeans fall on selling by investment funds, next level to watch 1,480.00.

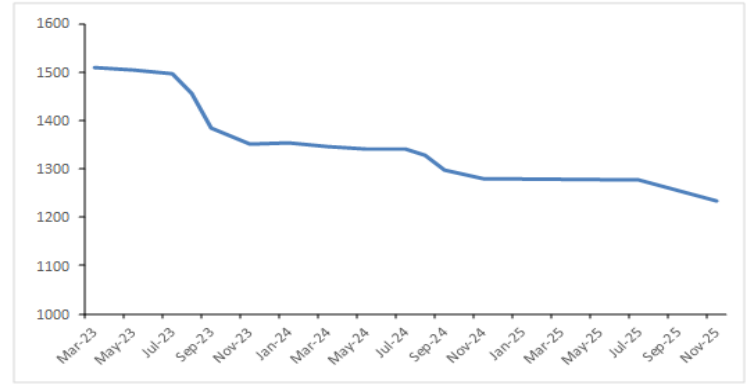
Support:

- 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



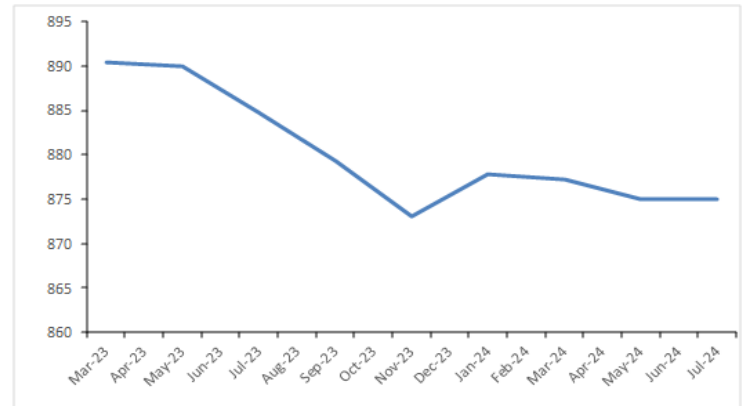
Palm Oil

Last Price USD **913.00**/Ton

Malaysian palm oil futures rose for a second straight session on Friday on bargain hunting amid a recovery in rival oils, ending the week with modest gains. The benchmark palm oil contract [FCPOc3](#) for April delivery on the Bursa Malaysia Derivatives Exchange jumped 3.41% to close the day at 3,910 ringgit (\$921.95) per tonne, adding to Thursday's 0.75% gain. Palm gained 0.46% for the week. Palm oil is affected by price movements in related oils as they compete for a share in the global vegetable oils market.



Futures Curve



Technical:

Palm extends gains on bargain buying, ends the week higher, next level to watch 950.00.

Support:

874.00 = Jan 2023 Low

856.00 = Jun 2021 Low

Resistance:

950.00 = Dec 2022 High

997.00 = Aug 2022 High

Cotton

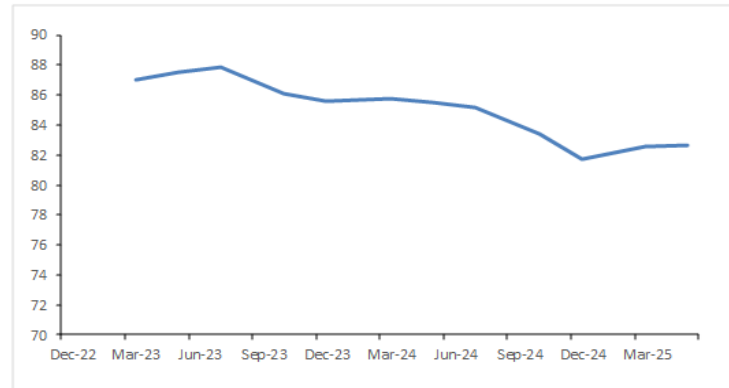
Last Price

USc **86.89**/LBS

ICE cotton futures fell on Friday, on course for a weekly loss, pushed by a higher dollar and lower trading volumes in a volatile trading week. The cotton contract for March [CTH3](#) fell 1.1 cent, or about 1.3%, to 86.4 cents per lb. It traded between 86.11 cents and 87.56 cents a lb. The dollar edged up after data showed falling U.S. consumer spending and cooling inflation, making cotton more expensive for overseas buyers. [USD/](#) Oil prices reversed gains after rising for a second session on Friday. [O/R](#) Lower oil prices make polyester, a cotton substitute, less expensive. Cotton gained over 2% on stronger weekly U.S. exports and upbeat sentiment from the wider financial markets on Thursday.



Futures Curve



Technical:

Cotton posted modest gain for the week on higher dollar, thin-volume trade. 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

Brent Crude

Last Price

USD **86.66**/BBL

Oil prices settled lower on Friday, making their weekly finish flat to lower, as indications of strong Russian oil supply offset better-than-expected U.S. economic growth data, strong middle distillate refining margins and hopes of a rapid recovery in Chinese demand. Brent [LC0c1](#) futures settled down 81 cents, or 0.9%, at \$86.66 per barrel, up just 3 cents from last week's settlement. U.S. crude [CLc1](#) fell \$1.33, or 1.6 %, to settle at \$79.68, 2% lower on the week. Oil loadings from Russia's Baltic ports are set to [rise by 50%](#) this month from December as sellers try to meet strong demand in Asia and benefit from rising global energy prices. Meanwhile, OPEC+ delegates meet next week to review crude production levels, with sources from the oil producer group expecting [no change](#) to current output policy.



Technical:

Oil prices settle lower on stronger supply outlook, next level to watch 83.00.

Support:

83.65 = Sep 2022 Low

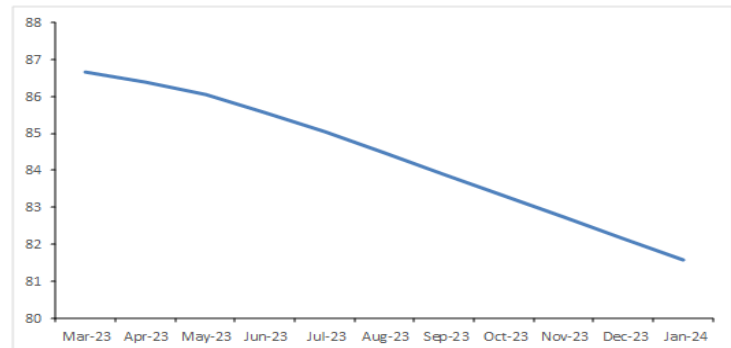
77.61 = Jan 2023 Low

Resistance:

92.33 = Nov 2022 Low

96.99 = Sep 2022 High

Futures Curve

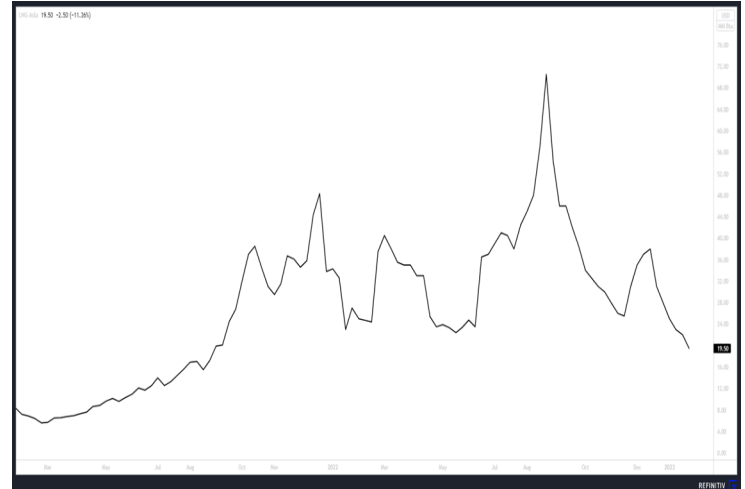


LNG

Last Price

USD **19.50**/MMBTU

Asian spot liquefied natural gas (LNG) prices fell for a sixth consecutive week due to weak trading activity during the Lunar New Year holiday in Asia and lower gas prices in Europe. The average LNG price for March delivery into northeast Asia [LNG-AS](#) was \$19.50 per million British thermal units (mmBtu), down \$2.50, or 11.4%, from the previous week, industry sources estimated. Prices have fallen more than 34% year-to-date. Japanese LNG purchases will likely remain quite minimal as power utilities still hold a decent stock buffer for the time of year. However, there is some anticipation of higher spot activity from Chinese buyers following the holidays due to the cold weather and the gradual re-opening of the economy. In Europe, gas prices remained lower on robust LNG imports, high inventories and milder weather.

**Technical:**

Asian spot prices extend downtrend, tracking lower prices in Europe. Next level to watch 16.00.

Support:

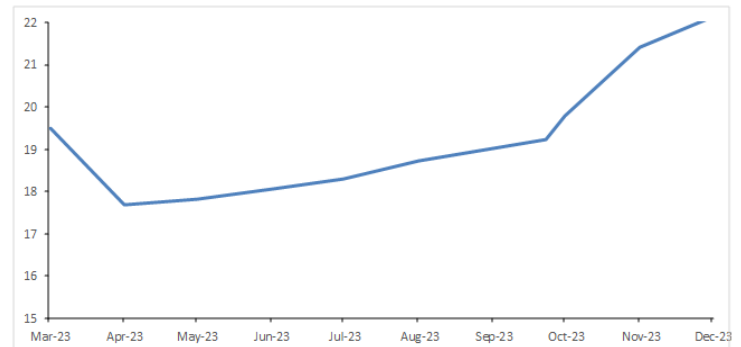
15.50 = Aug 2021 Low

12.55 = Jul 2021 Low

Resistance:

23.00 = Jan 2022 Low

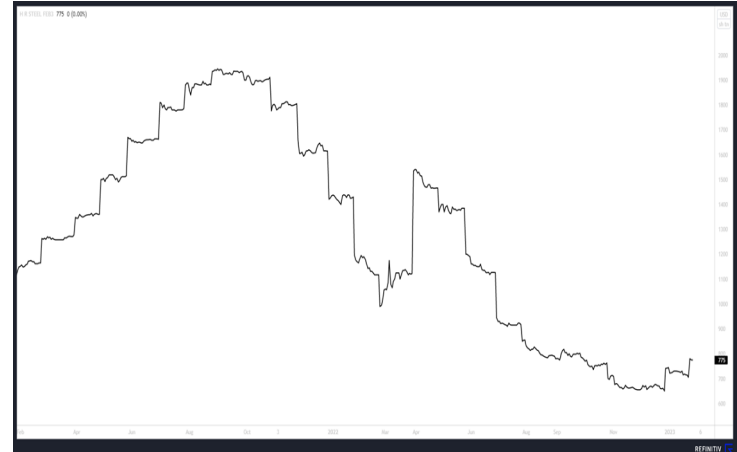
25.00 = Jan 2023 High

Futures Curve

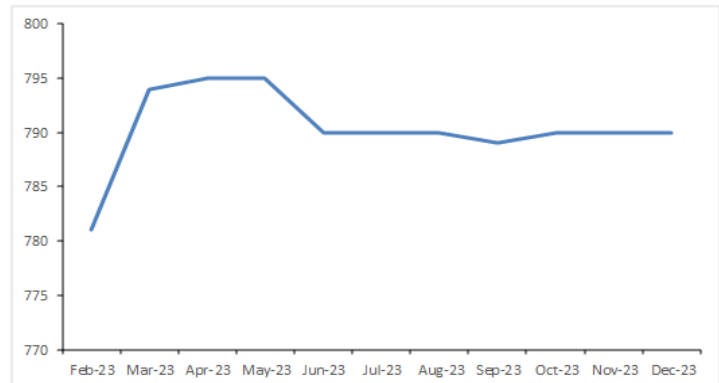
Steel (HRC)

Last Price USD **775.00**/ tons

The price of spot iron ore has been one of the major beneficiaries of expectations of strong demand as China re-opens its economy after abandoning its strict zero-COVID policy. The spot price of benchmark 62% iron ore [MTIOQIN62=ARG](#), as assessed by commodity price reporting agency Argus, ended at \$126 a tonne on Jan. 20. This is up 7.1% from the beginning of the year and the steel raw material has now surged 59.5% since its low last year of \$79 a tonne, reached on Oct. 31. The front-month contract [DCIOcv1](#) hit a 17-month high of 896.50 yuan (\$132.23) a tonne on Jan. 13, although it has retreated a touch since then to close at 856.60 yuan on Jan. 20. Its steel [production](#) rose 4.5% to 77.89 million tonnes in December from November, although annual output was 1.10 billion tonnes, down 2.1% from the record high achieved in 2021.



Futures Curve of SHFE Steel Futures



Technical:

Iron ore price rally justified as China's January imports surge. Next level to watch 820.00.

Support:

705.00 = Jan 2023 Low

650.00 = Dec 2022 Low

Resistance:

820.00 = Sep 2022 High

848.00 = Aug 2022 High

LME Zinc

Last Price USD **3,413.50**/Tons

LME zinc extended the strong momentum during the Chinese New Year (CNY) holiday. As of Friday January 20, LME zinc closed at \$3,448/mt, up \$25.5/mt or 0.75% during the holiday. LME zinc ingot inventory stood at 17,675 mt on the same day, a drop of 975 mt during this period, with warehouses in Singapore contributing the major decline. First of all, the overseas market had strong expectations for demand recover after China relaxed the pandemic control measures. In addition, European smelters currently have no plans to resume the production, and falling LME inventory offered strong support to spot prices.



Technical:

Zinc prices gaining strong support from stimulus policy and recovering demand post CNY holiday, next level to watch 3,405.00.

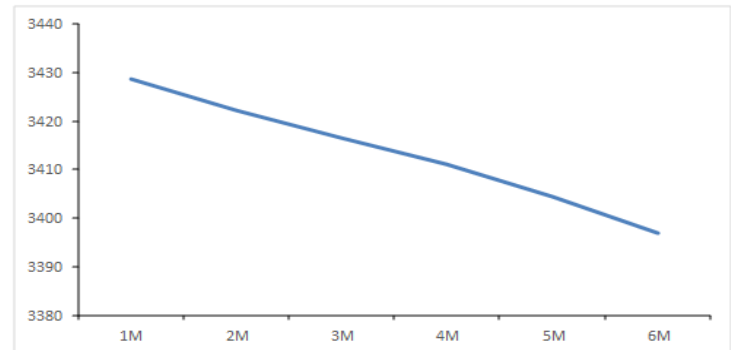
Support:

- 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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