



 **BRAC BANK**

# Commodities Weekly

Issue 06-2023

Date: 05 Feb 2023

# Bloomberg Commodity Index

107.07 ▼



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)  
Livesstock: (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
<u>Wheat</u>	\$c/BSH	<b>756.60</b>	▲ 0.88%	▼ 2.44%	▲ 0.21%	<b>794.40</b>	<b>712.40</b>
<u>Sugar</u>	\$c/LBS	<b>21.24</b>	▲ 1.34%	▲ 7.82%	▲ 18.07%	<b>21.86</b>	<b>18.92</b>
<u>Soybean</u>	\$c/BSH	<b>1,532.00</b>	▲ 1.50%	▼ 0.51%	▼ 0.79%	<b>1,548.40</b>	<b>1,462.00</b>
<u>Palm Oil</u>	\$/Ton	<b>874.00</b>	▼ 4.27%	▼ 9.80%	▼ 36.02%	<b>969.00</b>	<b>861.00</b>
<u>Cotton</u>	\$c/LBS	<b>85.43</b>	▼ 1.68%	▲ 2.75%	▼ 33.06%	<b>88.88</b>	<b>80.37</b>
<u>Brent Crude</u>	\$/BBL	<b>79.94</b>	▼ 7.75%	▼ 2.63%	▼ 3.00%	<b>89.09</b>	<b>77.61</b>
<u>LNG</u>	\$/MMBTU	<b>18.50</b>	▼ 5.13%	▼ 33.93%	▼ 26.00%	<b>25.00</b>	<b>18.50</b>
<u>Steel</u>	\$/Ton	<b>797.00</b>	▲ 2.84%	▲ 10.39%	▼ 32.80%	<b>798.00</b>	<b>705.00</b>
<u>LME Zinc</u>	\$/Ton	<b>3,241.50</b>	▼ 5.04%	▲ 7.87%	▼ 10.27%	<b>3,466.50</b>	<b>2,947.00</b>
Gold	\$/Ozs	<b>1,865.53</b>	▼ 3.21%	▲ 1.42%	▲ 3.39%	<b>1,959.60</b>	<b>1,823.60</b>

# Wheat

Chicago Board of Trade wheat futures closed lower on Friday on profit-taking after the most-active March contract [WH3](#) reached a one-month high and as traders awaited fresh fundamental news. An upturn in the dollar [DXY](#) added pressure, in theory making U.S. grains less competitive globally. The dollar [rose](#) after strong U.S. jobs data raised concerns about higher interest rates. CBOT March soft red winter wheat [WH3](#) settled down 4-1/4 cents at \$7.56-3/4 per bushel, retreating after a climb to \$7.76-1/2, its highest since Jan. 4. For the week, the CBOT March contract rose 6-3/4 cents a bushel or 0.9%, its second straight weekly climb. K.C. March hard red winter wheat [KWH3](#) ended Friday down 7-3/4 cents at \$8.73 a bushel and MGEX March spring wheat [MWEH3](#) fell 3-1/4 cents to \$9.21-1/2.

## Technical:

Wheat ends lower on profit-taking after one-month high. Next level to watch 790.00.

## Support:

712.60 = Oct 2021 Low

671.40 = Sep 2021 Low

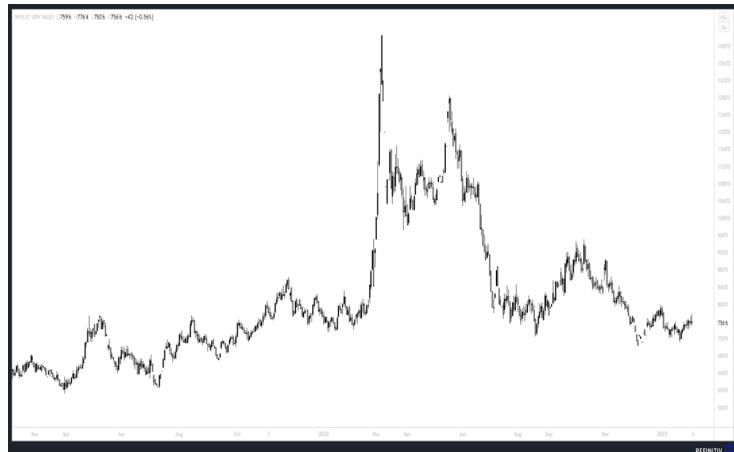
## Resistance:

794.40 = Jan 2023 High

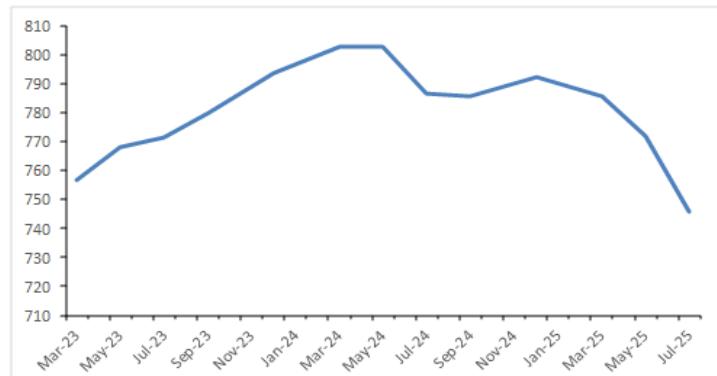
831.40 = Jan 2022 High

Last Price

USc **756.60**/BSH



Futures Curve

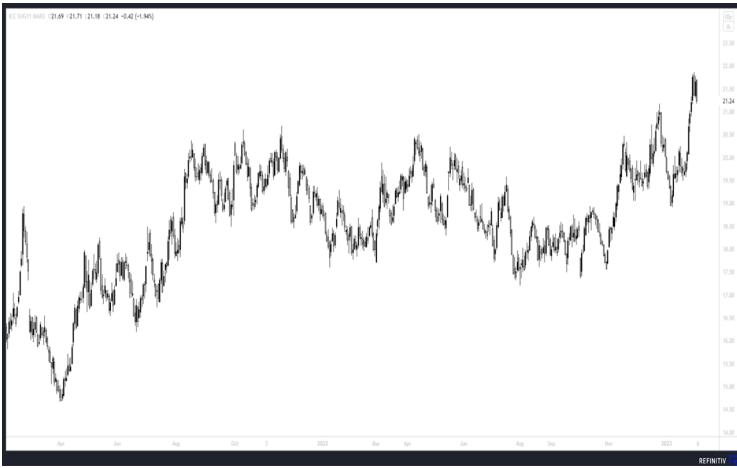


# Sugar

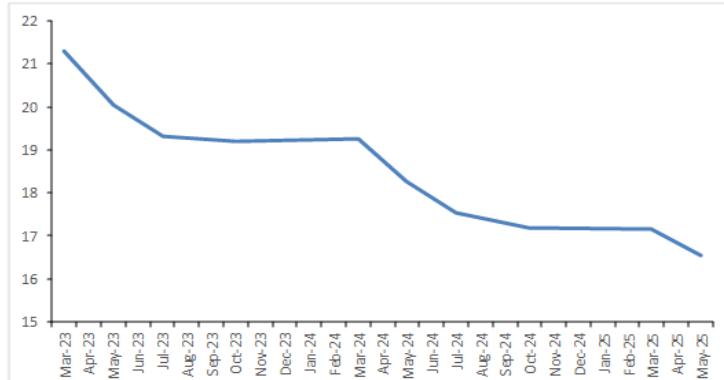
Raw sugar futures fell on Friday, with the market slipping further from a six-year peak set earlier in the week. March raw sugar [SBc1](#) was 0.9% down at 21.47 cents per lb, having hit a six-year peak of 21.86 cents on Wednesday. The market's recent rise was driven partly by lower than expected production in India, which heightened concern about tight supplies. Heavy rainfall in India, the world's second-largest producer, has led to a reduction in sugar cane crushing and "catalysed an upward move in sugar prices". Brazil's decision to [end a tax exemption](#) on imports of fuel ethanol could also potentially lead to more use of cane to produce the biofuel domestically at the expense of sugar. March white sugar [LSUc1](#) fell 1.3% to \$559.50 a tonne.

Last Price

USc **21.24**/LBS



Futures Curve



## Technical:

Sugar slips further from recent peak, 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

# Soybean

Chicago Board of Trade soybean futures rose on Thursday as uncertainty about crop prospects in Argentina lifted soymeal futures to life-of-contract highs. March soybeans [SH3](#) were down 3-1/4 cents at \$15.31 per bushel while March soymeal [SMH3](#) was up \$4.60 at \$496.40 per short ton after reaching \$500.40, the highest price on a continuous chart of the most-active soymeal contract [SMv1](#) since June 2014. Meanwhile, soybean futures [SH3](#) sagged as traders anticipated a record-large soy harvest in Brazil, and as a drop in crude oil futures [CLc1](#) weighed on soyoil, used in biodiesel fuel. Crude oil declined after strong U.S. jobs data raised concerns about higher interest rates. [O/R](#)

## Technical:

Soybeans climb as soymeal futures set life-of-contract highs, next level to watch 1,600.00.

## Support:

1,485.00 = Feb 2022 High

1,443.60 = Aug 2022 High

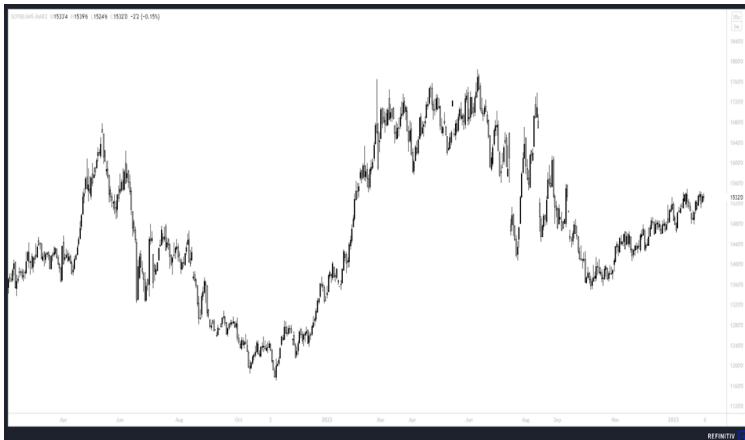
## Resistance:

1,615.20 = May 2022 Low

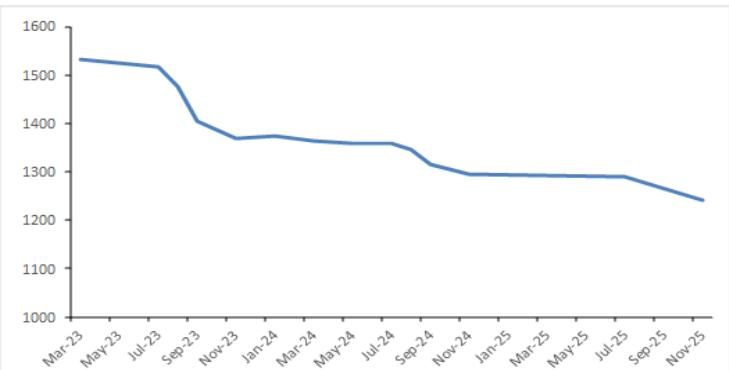
1,683.20 = Jul 2022 High

Last Price

USC **1,532.00**/BSH



## Futures Curve



# Palm Oil

Malaysian palm oil futures edged higher on Friday on a weaker ringgit and profit-taking ahead a long weekend, but they still posted weekly losses. The benchmark palm oil contract [FCPOc3](#) for April delivery on the Bursa Malaysia Derivatives Exchange rose 97 ringgit, or 2.59%, to 3,848 ringgit (\$904.14) a tonne by the end of trading hours on Friday. The contract declined 1.38% for the week. Palm futures rebound on Friday was also supported by expectation of lower production in January. Dalian's most-active soyoil contract [DBYcv1](#) fell 0.28%, while its palm oil contract [DCPcv1](#) rose 1.01%. Soyoil prices on the Chicago Board of Trade [B0c2](#) were up 0.31%. Palm oil is affected by price movements in related oils as they compete for a share in the global vegetable oils market.

## Technical:

Palm rises on profit-taking, but posts weekly losses, next level to watch 830.00.

## Support:

833.00 = Dec 2022 Low

785.00 = Nov 2020 Low

## Resistance:

950.00 = Dec 2022 High

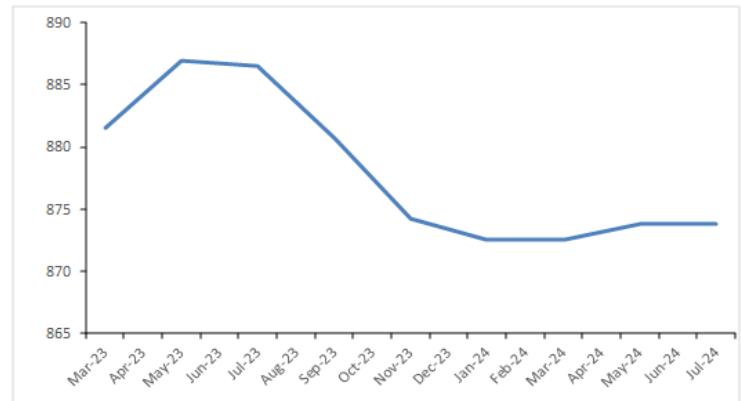
997.00 = Aug 2022 High

Last Price

USD **874.00**/Ton



## Futures Curve



# Cotton

ICE cotton futures fell more than 1% on Friday and were on track for a weekly dip, weighed down by a stronger U.S. dollar and weak sentiment in the wider financial markets. The cotton contract for March [CTH3](#) rose 1.12 cents, or 1.3%, to 85.27 cents per lb. The contract was down more than 1% so far this week. The dollar jumped 1% to a three-week high against its rivals, making cotton more expensive for other currency holders. [USD/](#) Data showed [U.S. job growth](#) accelerated sharply in January while the unemployment rate hit a more than 53-1/2-year low of 3.4%, pointing to a persistently tight labor market. The robust jobs data raised worries that the U.S. Federal Reserve would keep interest rates higher for longer in its fight against inflation, which dented investors' appetite for riskier assets. [N](#)

## Technical:

Cotton slips over 1% on dollar strength, risk-off sentiment. Next level to watch 80.00.

## Support:

77.65 = Apr 2021 Low

72.00 = Nov 2022 Low

## Resistance:

90.85 = Jul 2022 Low

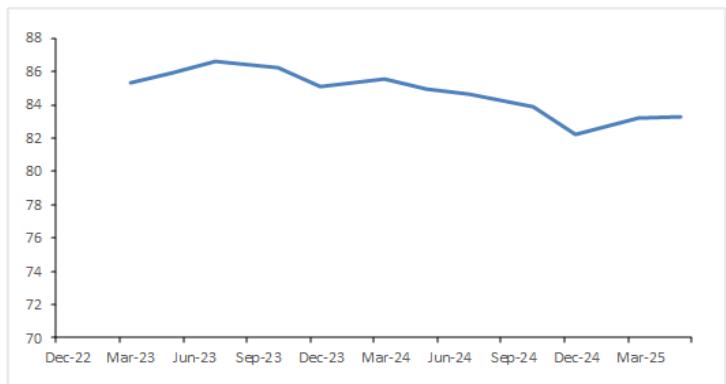
96.14 = Oct 2022 High

Last Price

USC **85.43**/LBS



Futures Curve



# Brent Crude

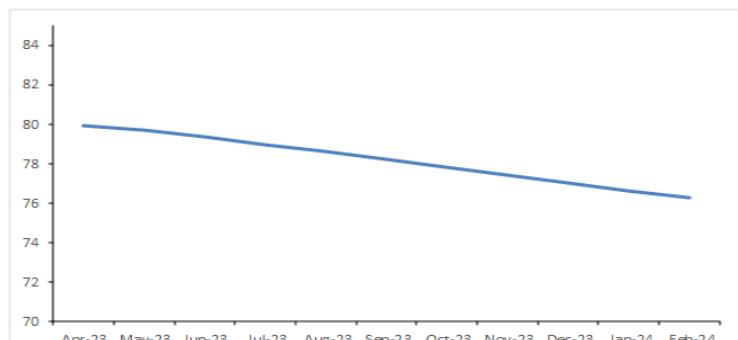
Oil prices fell to over three-week lows on Friday in a volatile session, after strong U.S. jobs data raised concerns about higher interest rates and as investors sought more clarity on the imminent EU embargo on Russian refined products. Brent crude futures [LC0c1](#) fell \$2.23, or 2.7%, to \$79.94 a barrel, after rising to a session high of \$84.20. It hit a session low of \$79.72, its lowest since Jan. 11. U.S. West Texas Intermediate crude (WTI) [CLc1](#) ended down \$2.49, or 3.3%, at \$73.39, after trading between \$78.00 and \$73.13, its lowest since Jan. 5. Brent registered a 7.8% decline this week while WTI dropped 7.9%. The U.S. central bank on Wednesday [scaled back](#) to a milder rate increase than those over the past year, but policymakers also projected that "ongoing increases" in borrowing costs would be needed.

Last Price

USD **79.94**/BBL



Futures Curve



## Technical:

Oil falls about 3% as strong U.S. jobs data prompt interest rate concerns, next level to watch 75.00.

## Support:

75.11 = Dec 2022 Low

70.42 = Sep 2021 Low

## Resistance:

85.50 = Nov 2021 High

91.70 = Jan 2022 High

# LNG

Prices of Asian spot liquefied natural gas (LNG) eased for a seventh consecutive week, falling to a near one-and-a-half year low, amid ample inventories in North Asia and Europe. The average LNG price for March delivery into Northeast Asia [LNG-AS](#) was at \$18.50 per million British thermal units (mmBtu), industry sources estimated, its lowest levels since August 2021. This is \$1, or 5.1%, lower than the previous week, and down 34% since the start of the year. The second largest LNG exporter in the U.S. had [sought approval](#) from federal regulators to start loading LNG onto ships at its long-idled export plant in Texas, according to a filing made available on Thursday. But analysts do not expect Freeport to reach full capacity until mid-March or later. Bangladesh also aims to [buy more](#) spot cargoes in the next few months, said officials at the country's national gas company, reversing a government decision to halt spot purchases after prices spiked last year.

## Technical:

Asian spot prices ease to over one-year low amid ample inventory levels. Next level to watch 16.00.

## Support:

15.50 = Aug 2021 Low

12.55 = Jul 2021 Low

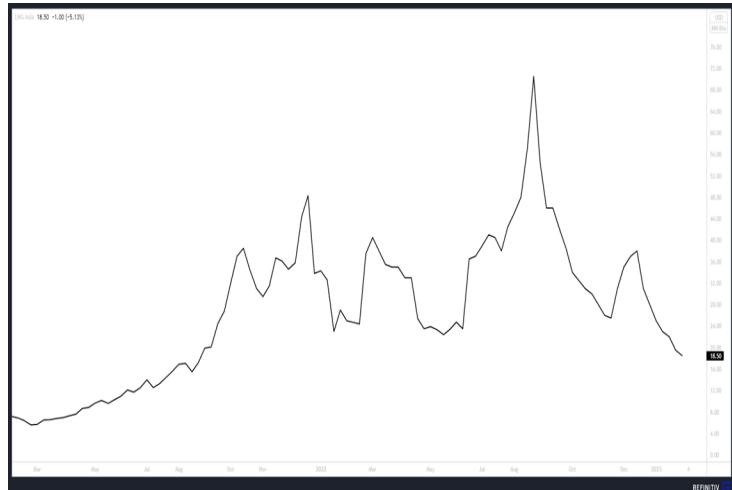
## Resistance:

23.00 = Jan 2022 Low

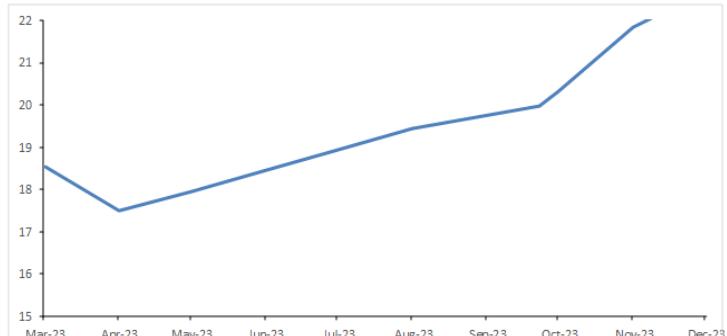
25.00 = Jan 2023 High

Last Price

USD **18.50**/MMBTU



## Futures Curve



# Steel (HRC)

Dalian iron ore futures dipped on Friday, deepening weekly losses as traders reassessed demand prospects in top steel producer China and exercised caution after market regulators repeatedly warned against excessive price speculation. The steelmaking ingredient's most-active May contract on China's Dalian Commodity Exchange [DCIOcv1](#) ended daytime trade 0.4% lower at 853.50 yuan (\$126.52) a tonne, after earlier hitting a fresh two-week low of 834 yuan. The contract has declined 1.2% so far in the week. Steel benchmarks on the Shanghai Futures Exchange also fell, with rebar shedding [SRBcv1](#) 0.8%, hot-rolled coil [SHHCcv1](#) slipping 0.4%, and wire rod [SWRcv1](#) dipping 1%. Stainless steel [SHSScv1](#) dropped 0.7%. Supply-side risks also weighed on market sentiment.

## Technical:

Iron ore retreats on China demand rethink, price curbs worry. Next level to watch 850.00.

## Support:

768.00 = Nov 2018 Low

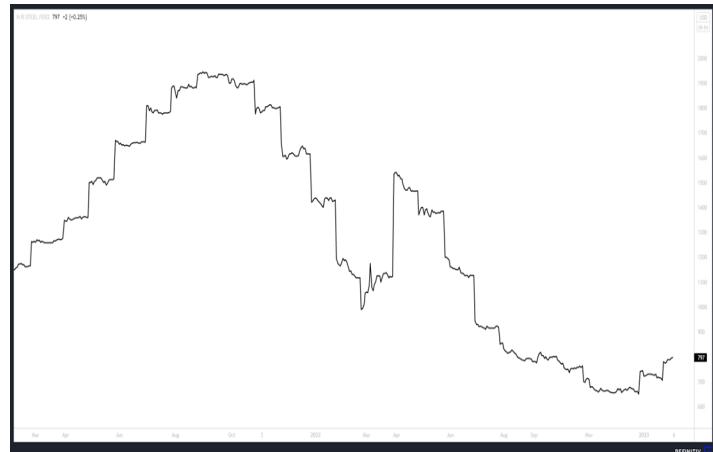
705.00 = Jan 2023 Low

## Resistance:

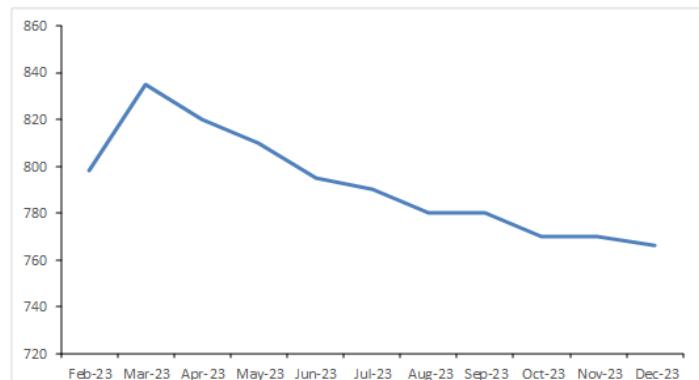
848.00 = Aug 2022 High

877.00 = Apr 2018 High

Last Price USD **797.00**/ tons



Futures Curve of SHFE Steel Futures



# LME Zinc

Zinc prices slid to a three-week low on Friday after a surge in inventories and a spike in the dollar as metals demand in China remained lacklustre despite the world's top metals consumer having scrapped COVID-19 controls. Three-month zinc [CMZN3](#) on the London Metal Exchange (LME) dropped 4.8% to \$3,219 a tonne, the weakest since Jan. 12. Zinc has gained about 8% so far this year. Zinc extended losses after U.S. job growth [accelerated sharply](#) in January, sending the dollar index [=USD](#) surging. [/FRX Zinc stocks](#) on the LME have sunk to the lowest levels since 1989 but have soared in China. Inventories in warehouses registered with the Shanghai Futures Exchange [ZN-STX-SGH](#) have more than doubled to 91,616 tonnes since Jan. 20, data showed on Friday in the first such report since China's Lunar New Year holiday.

Last Price USD **3,241.50/Tons**



## Technical:

Zinc slumps on inventory jump, weak Chinese demand, strong dollar, next level to watch 3,405.00.

## Support:

3,276.00 = Oct 2021 High

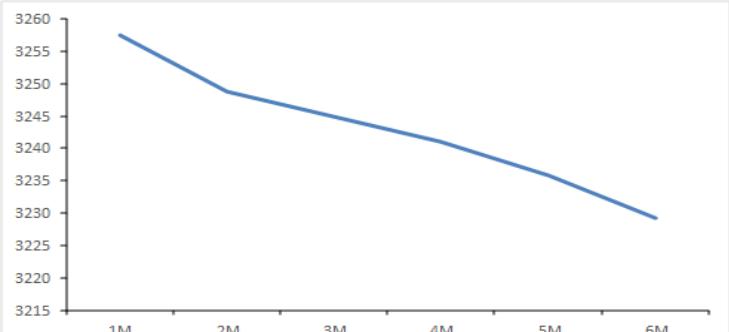
3,100.00 = Sep 2021 High

## Resistance:

3,405.00 = Jun 2022 High

3,528.00 = Dec 2021 High

## LME Zinc Forward Curve



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