



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)

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

Wheat

Last Price

USc **756.60**/BSH

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:

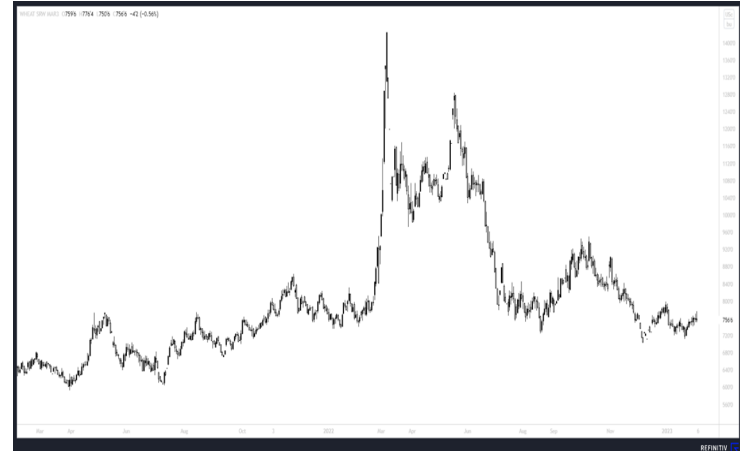
712.60 = Oct 2021 Low

671.40 = Sep 2021 Low

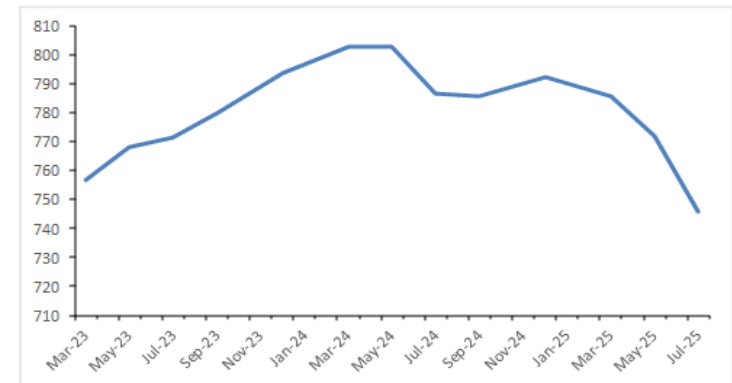
Resistance:

794.40 = Jan 2023 High

831.40 = Jan 2022 High



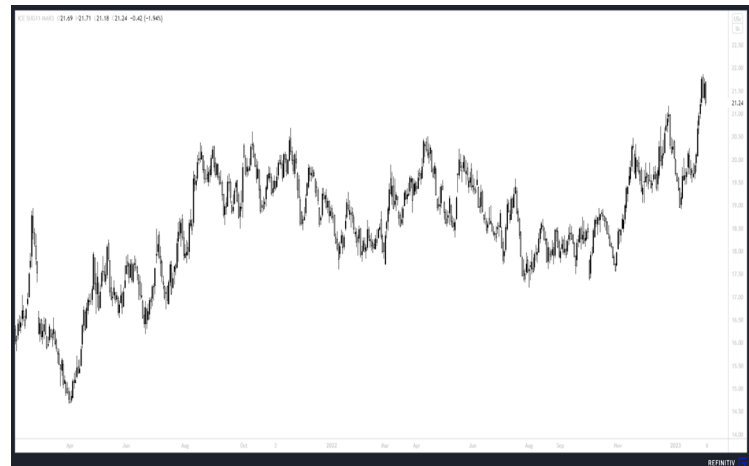
Futures Curve



Sugar

Last Price USc **21.24**/LBS

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.

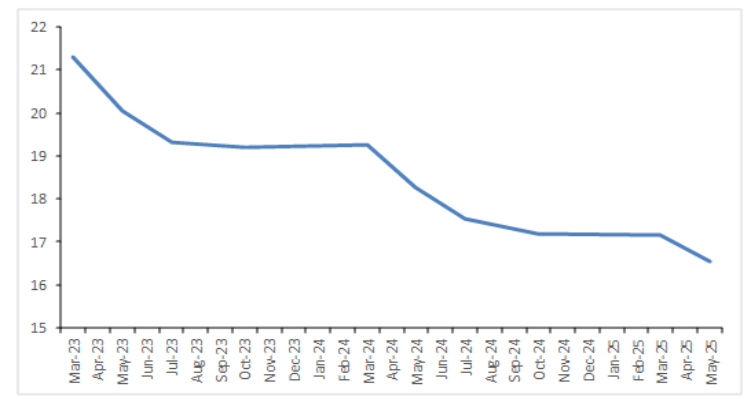


Technical:
 Sugar slips further from recent peak, next level to watch 21.50.

Support:
 20.61 = Oct 2021 High
 20.05 = Sep 2021 High

Resistance:
 21.49 = Feb 2017 High
 22.59 = Nov 2016 High

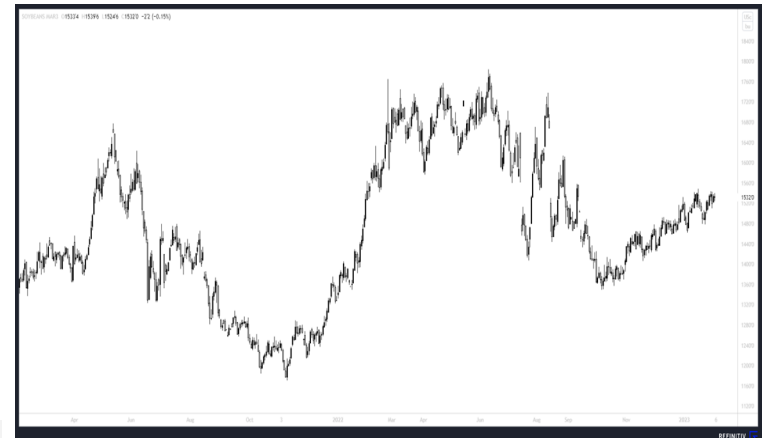
Futures Curve



Soybean

Last Price USc **1,532.00**/BSH

Chicago Board of Trade soybean futures rose on Thursday as uncertainty about crop prospects in Argentina lifted soybean futures to life-of-contract highs. March soybeans [SH3](#) were down 3-1/4 cents at \$15.31 per bushel while March soybean meal [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 soybean meal 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 soybean meal, 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 soybean meal futures set life-of-contract highs, next level to watch 1,600.00.

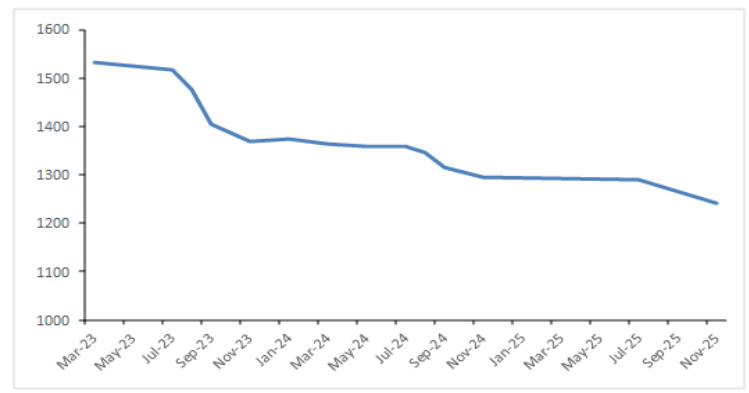
Support:

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

Futures Curve



Palm Oil

Last Price USD **874.00**/Ton

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 [BOc2](#) 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

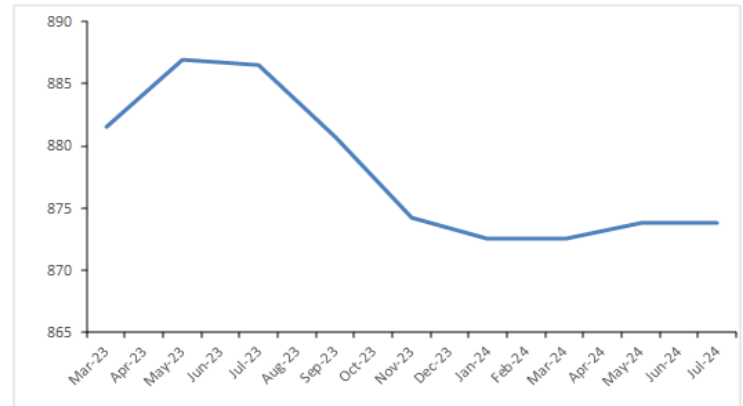
785.00 = Nov 2020 Low

Resistance:

950.00 = Dec 2022 High

997.00 = Aug 2022 High

Futures Curve



Cotton

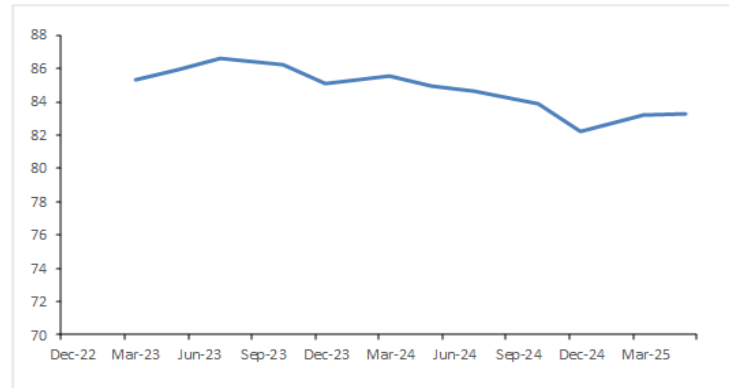
Last Price

USc **85.43**/LBS

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](#)



Futures Curve



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

Brent Crude

Last Price

USD **79.94**/BBL

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 [LCOc1](#) 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.



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

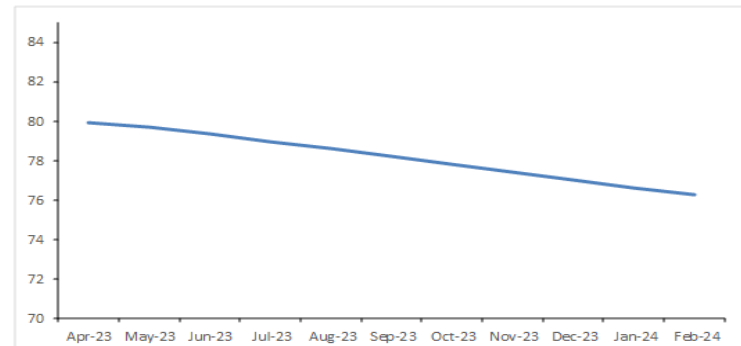
70.42 = Sep 2021 Low

Resistance:

85.50 = Nov 2021 High

91.70 = Jan 2022 High

Futures Curve

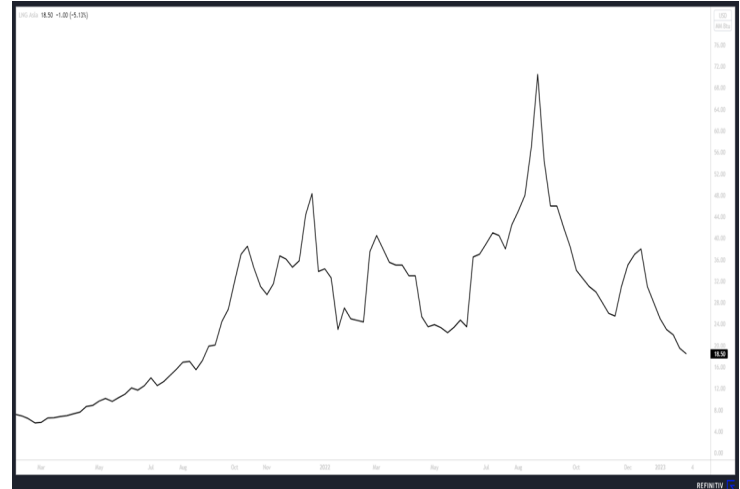


LNG

Last Price

USD **18.50**/MMBTU

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

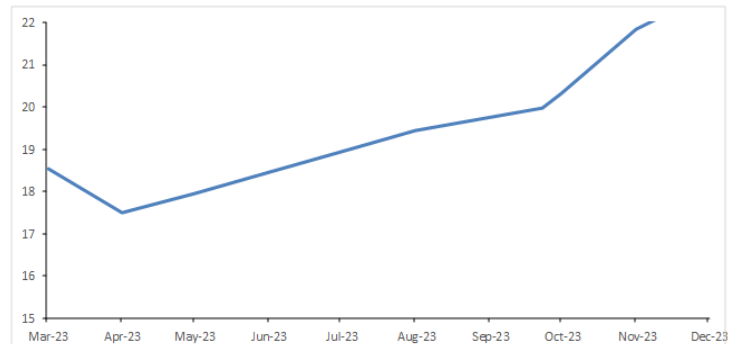
12.55 = Jul 2021 Low

Resistance:

23.00 = Jan 2022 Low

25.00 = Jan 2023 High

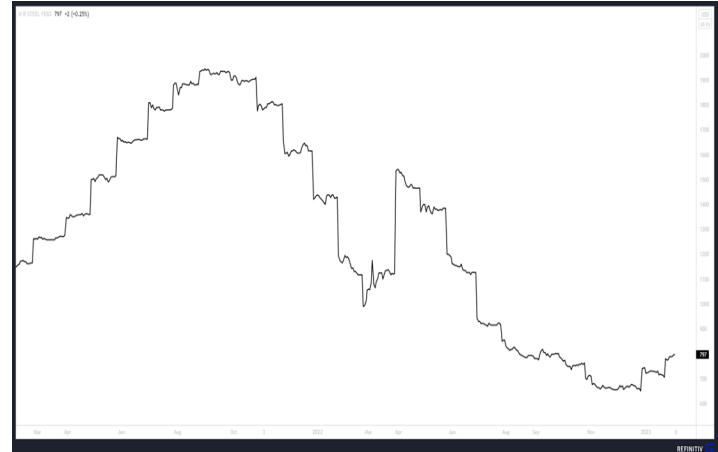
Futures Curve



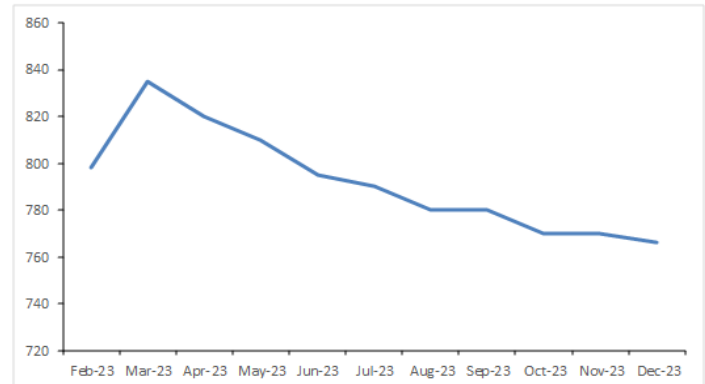
Steel (HRC)

Last Price USD **797.00**/ tons

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.



Futures Curve of SHFE Steel Futures



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

LME Zinc

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

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.



Technical:

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

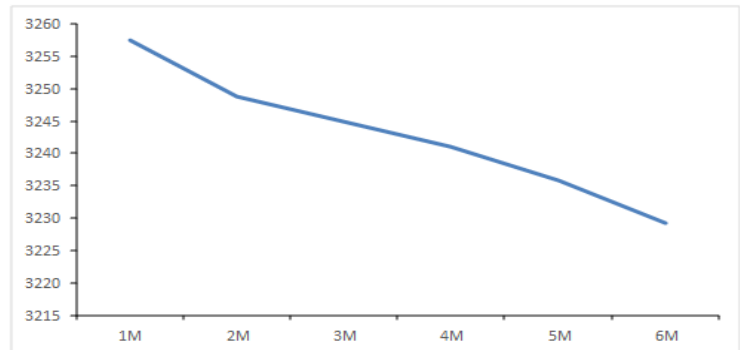
Support:

- 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



Contact

Swift: BRAKBDDH, Reuters Dealing Code: "BRAC", Group email: dealing.room@bracbank.com
Web: www.bracbank.com

Md. Shaheen Iqbal

Head of Treasury & Financial Institutions
E-mail: shaheen.iqbal@bracbank.com
Cell: +880 1713 049433

Fouzia Rahman

Head of Markets, Treasury & Financial Institutions
E-mail: fouzia.rahman@bracbank.com
Cell: +880 1713 493937

Nawshaba Aziz

Sr. Relationship Manager Corporate Sales & FX,
Treasury & Financial Institutions
E-mail: nawshaba.aziz@bracbank.com
Cell: +88 01730 796810

Lailun Nahar Tonny

Sr. Manager, Treasury & Financial Institutions
E-mail: lailunnahar.tonny@bracbank.com
Cell: +88 01730 796820

Mohammad Humayun Rashid

Sr. Manager, Treasury & Financial Institutions
E-mail: humayun.rashid@bracbank.com
Cell: +880 1723 935623

Maruf Hassan

Associate Manager, Treasury & Financial Institutions
E-mail: maruf.hassan29443@bracbank.com
Cell: +880 1847 419487

Disclaimer

This document is for information purposes only and does not take into account specific circumstances of any recipient. The information contained herein does not constitute the provision of investment advice. It is not intended to be and should not be construed as a recommendation, offer or solicitation to acquire, or dispose of, any of the financial instruments and/or securities mentioned in this document and will not form the basis or a part of any contract or commitment whatsoever. Investors should seek independent professional advice and draw their own conclusions regarding suitability of any transaction including the economic benefits, risks, legal, regulatory, credit, accounting and tax implications. The information in this document is based on public data obtained from sources believed by BRAC Bank to be reliable and in good faith, but no representations, guarantees or warranties are made by BRAC Bank with regard to accuracy, completeness or suitability of the data. BRAC Bank has not performed any independent review or due diligence of publicly available information regarding an unaffiliated reference asset or index. The opinions and estimates contained herein reflect the current judgment of the author(s) on the date of this document and are subject to change without notice. The opinions do not necessarily correspond to the opinions of BRAC Bank. BRAC Bank does not have an obligation to update, modify or amend this document or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate. This communication may contain trading ideas where BRAC Bank may trade in such financial instruments with customers or other counterparties. Any prices provided herein (other than those that are identified as being historical) are indicative only, and do not represent firm quotes as to either size or price. The past performance of financial instruments is not indicative of future results. No assurance can be given that any financial instrument or issuer described herein would yield favorable investment results. Any forecasts or price targets shown for companies and/or securities discussed in this document may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information and/or the subsequent transpiration that underlying assumptions made by BRAC Bank or by other sources relied upon in the document were inapposite. BRAC Bank and or its affiliates may act as a market maker in the instrument(s) and or its derivative that has been mentioned in our research reports. Employees of BRAC Bank and or its affiliates may provide written or oral commentary, including trading strategies, to our clients and business units that may be contrary to the opinions conveyed in this research report. BRAC Bank may perform or seek to perform investment banking services for issuers mentioned in research reports. Neither BRAC Bank nor any of its respective directors, officers or employees accepts any responsibility or liability whatsoever for any expense, loss or damages arising out of or in any way connected with the use of all or any part of this document. BRAC Bank may provide hyperlinks to websites of entities mentioned in this document, however the inclusion of a link does not imply that BRAC Bank endorses, recommends or approves any material on the linked page or accessible from it. BRAC Bank does not accept responsibility whatsoever for any such material, nor for any consequences of its use. This document is for the use of the addressees only and may not be reproduced, redistributed or passed on to any other person or published, in whole or in part, for any purpose, without the prior, written consent of BRAC Bank. The manner of distributing this document may be restricted by law or regulation in certain countries, including the United States. Persons into whose possession this document may come are required to inform themselves about and to observe such restrictions. By accepting this document, a recipient hereof agrees to be bound by the foregoing limitations.