



Commodities Weekly

Issue 02-2021

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.

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Wheat

Last Price USc **638.75**/BSH

Chicago Board of Trade wheat futures closed lower on Friday on technical selling and profit-taking following six-year highs set this week. CBOT March soft red winter wheat [WH1](#) settled down 3-1/2 cents at \$6.38-3/4 per bushel, retreating farther from Tuesday's peak of \$6.64-1/2, the highest on a continuous chart of the most-active wheat contract [WV1](#) since December 2014. For the week, the CBOT March contract ended down 1-3/4 cents a bushel or 0.3%, halting a two-week advance. K.C. March hard red winter wheat [KWH1](#) ended down 3-3/4 cents on Friday at \$5.94-3/4 a bushel while MGEX March spring wheat [MWEH1](#) rose 4-1/2 cents to settle at \$6.07-3/4.

Technical:

Wheat ends down on profit-taking after 6-year highs. Next level to watch 615.00.

Support:

615.75 = Jul 2015 High

580.00 = Nov 2020 Low

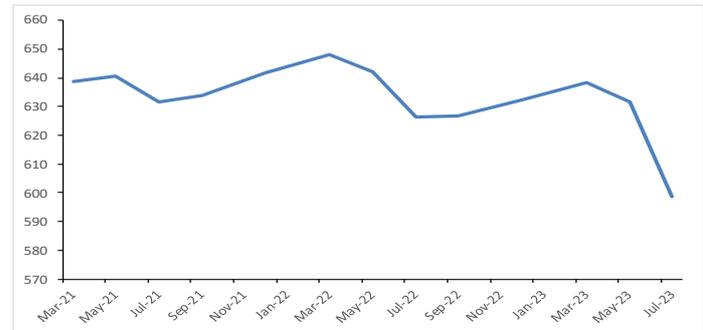
Resistance:

664.50 = Jan 2021 High

677.00 = Dec 2014 High



Futures Curve



Sugar

Last Price

USc **15.60** / LBS

Raw sugar futures on ICE closed stable on Friday after the previous session's 4% dive, ending the week little changed. March raw sugar [SBc1](#) closed flat at 15.60 cents per lb. It had posted a 4% loss on Thursday after touching a 3-1/2 year peak of 16.33 cents. The market is consolidating before attempting another move higher as funds continue to bet on a global economic recovery and are broadly optimistic about agricultural commodities. Indian sugar mills are aggressively signing export contracts after New Delhi approved a subsidy for overseas sales and as global prices hit their highest in 3 -1/2 years. Brazilian mills have hedged around 17.25 million tonnes of future sugar sales using ICE contracts, or 69% of expected exports in the 2021-22 season. March white sugar [LSUc1](#) rose 1% to \$437.10 a tonne.

Technical:

Sugar ends week little changed, next level to watch 15.00.

Support:

14.23 = Nov 2020 Low

13.31 = Oct 2020 Low

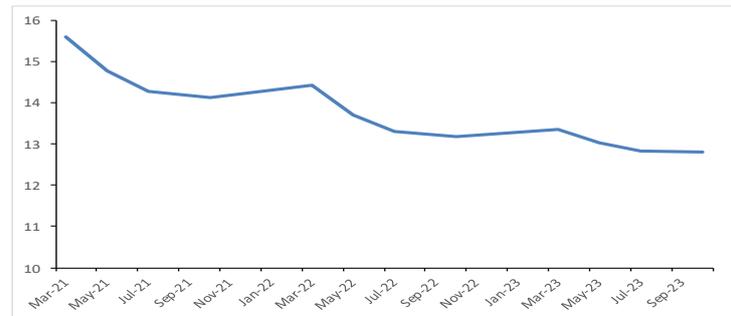
Resistance:

15.90 = Feb 2020 High

16.59 = May 2015 High



Futures Curve



Soybean

Last Price

USc **1,375.75**/ BSH

U.S. soybean futures resumed their rally on Friday after a light setback a day earlier, climbing to 6-1/2-year highs on signs of fresh export demand and expectations that key U.S. crop reports next week will indicate tightening global supplies. Chicago Board of Trade March soybeans [SH1](#) settled up 19-1/2 cents at \$13.74-3/4 per bushel after reaching \$13.86, the highest price on a continuous chart of the most-active contract [Sv1](#) since June 2014. Soybeans rose on expectations for the U.S. Department of Agriculture in monthly supply/demand reports due Jan. 12 to tighten its forecasts of U.S. soy and corn ending stocks - the amount left at the end of the 2020/21 marketing year on Aug. 31, 2021, and carried over into the next marketing year.

Technical:

Soybeans to 6-1/2-year top on expectations of tightening stocks, next level to watch 1,400.00.

Support:

1,321.50 = Dec 2020 High

1,260.00 = Jan 2014 Low

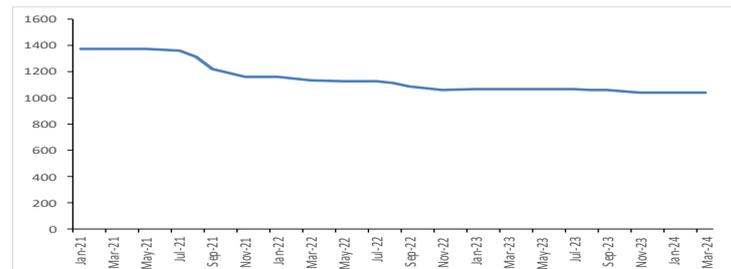
Resistance:

1,453.75 = Aug 2013 High

1,536.75 = May 2014 High



Futures Curve



Cotton

Last Price

USc **79.77** /LBS

ICE cotton futures were little changed on Friday as hopes of more fiscal stimulus to boost the U.S. economy eclipsed pressure from firmer dollar and benchmark Treasury yields, while the natural fiber was on track to post its second weekly gain. The cotton contract for March [CTH1](#), [CTc1](#) was steady at 79.79 cents per lb. It traded within a range of 79.55 and 80.39 cents a lb. The contract was up about 2.1% so far this week, its second straight weekly gain. The U.S. currency [.DXY](#) scaled a more than one-week high, having touched a multiyear low earlier in the week, while the benchmark 10-year yield [US10YT=RR](#) rose to its highest since March. [USD/US/](#) A rising dollar makes greenback-denominated cotton costlier for investors holding other currencies.

Technical:

Cotton steadies as stimulus hopes offset stronger dollar, yields, next level to watch 83.00.

Support:

69.25 = Dec 2020 Low

65.84 = Sep 2020 High

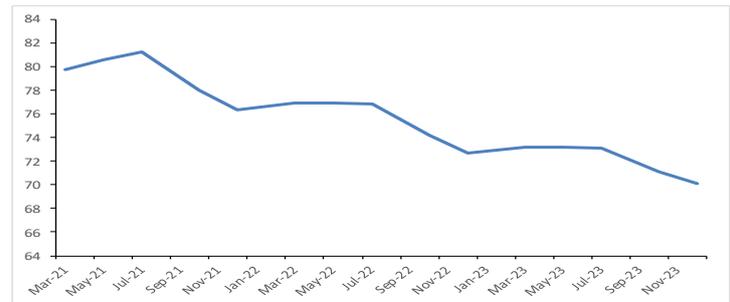
Resistance:

83.93 = Sep 2018 High

87.18 = May 2017 High



Futures Curve



Steel

Last Price USD **1,070.00**/ tons

China's iron ore futures rose for a sixth straight session on Friday, marking their first weekly gain since mid-December as steel mills and traders replenished their stocks of the steelmaking ingredient ahead of the Lunar New Year holiday. Iron ore on the Dalian Commodity Exchange [DCIOcv1](#) ended daytime trading up 2.3% at 1,067 yuan (\$165.04) a tonne, after earlier hitting 1,079 yuan, its strongest since Dec. 22. Construction steel rebar on the Shanghai Futures Exchange [SRBcv1](#) rose 1.7%, while hot-rolled coil [SHHCcv1](#) advanced 1.1%. Stainless steel [SHSScv1](#) gained 0.1%.

Technical:

Steel futures leaps on restocking demand, virus curbs in China's Hebei, next level to watch 1,100.00.

Support:

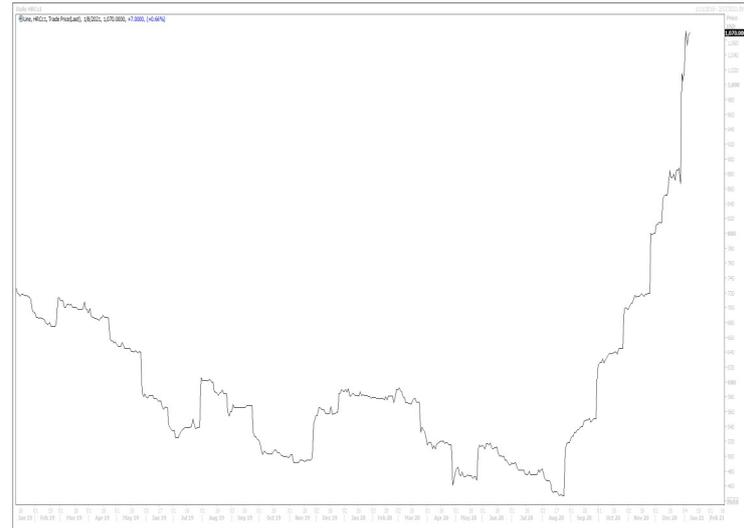
1,015.00 = Jan 2021 Low

942.00 = May 2018 High

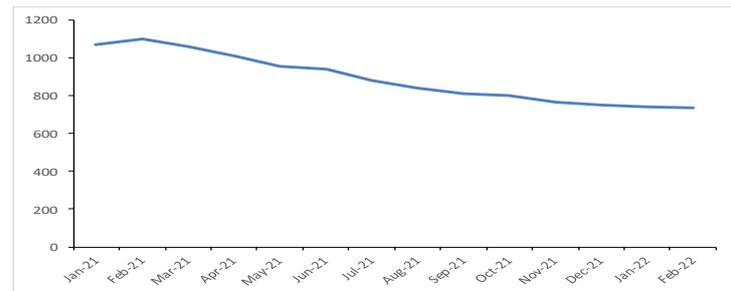
Resistance:

1,100.00 = Psychological Level

1,150.00 = Psychological Level



Futures Curve of SHFE Steel Futures



Brent Crude

Last Price

USD **55.99**/BBL

Oil prices hit their highest level in nearly a year on Friday, gaining 8% on the week, supported by Saudi Arabia's pledge to cut output and strong gains in major equity markets. Brent crude [LC0c1](#) settled at \$55.99 a barrel, climbing \$1.61, or 3%, on the day and 8.1% on the week. West Texas Intermediate crude futures (WTI) [CLc1](#) closed at \$52.24 a barrel, gaining \$1.41, or 2.8%, also its highest since late February. WTI posted a weekly gain of 7.7%. Saudi Arabia this week pledged extra, voluntary oil output cuts of 1 million barrels per day (bpd) in February and March as part of a deal under which most OPEC+ producers will hold production steady during new lockdowns.



Technical:

Oil rises to 11-month high, logs weekly gain on Saudi output cut, next level to watch 60.00.

Support:

50.56 = Jan 2021 Low

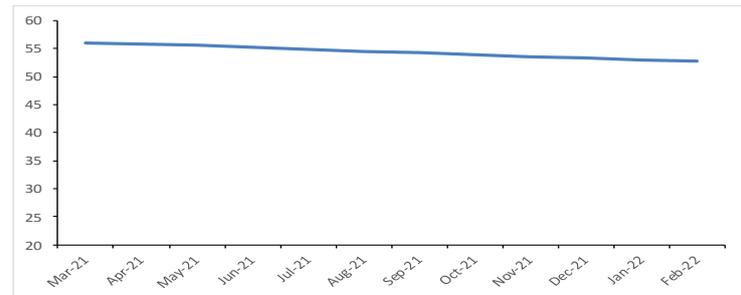
46.82 = Dec 2020 Low

Resistance:

60.00 = Feb 2020 High

64.60 = Nov 2019 High

Futures 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

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

Nawshaba Aziz

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

Lailun Nahar Tonny

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

Mohammod Humayun Rashid

Manager, Treasury & Financial Institutions
E-mail: humayun.rashid@bracbank.com
Cell: +880 1673 564622

Sadab Zayeeem

Associate Manager, Treasury & Financial Institutions
E-mail: sadab.zayeeem@bracbank.com
Cell: +880 1844 611953

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