



# Commodities Weekly

Issue 03-2021

# 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 **675.50**/BSH

U.S. wheat futures rose on Friday, supported by Russia's plan to double its tax on exports of the grain. Wheat traded both sides of unchanged, ending in positive territory but well below the day's peaks after hitting its highest level since 2014 overnight. Leading world supplier Russia's tax plans fanned concerns about reduced global availability. CBOT March soft red winter wheat [WH1](#) settled 5 -1/2 cents higher at \$6.75-1/2 a bushel. The most-active contract [Wv1](#) peaked at \$6.93 overnight, its highest since May 2014. K.C. March hard red winter wheat [KWH1](#) was up 7-3/4 cents at \$6.44-1/4 a bushel. K.C. futures, which track the crop that makes up the bulk of U.S. exports, hit overnight their highest since December 2014.

### Technical:

Wheat rises on Russian export tax plan. Next level to watch 700.00.

### Support:

644.50 = Dec 2020 High

615.75 = Jul 2015 High

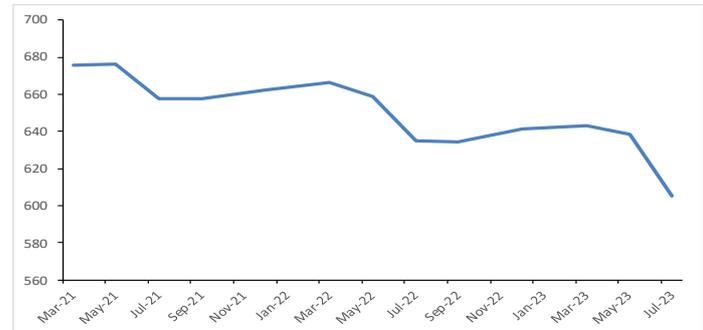
### Resistance:

693.00 = Jan 2021 High

735.00 = May 2014 High



### Futures Curve



# Sugar

Last Price USc **16.45** / LBS

Raw sugar futures on ICE closed 5.2% up on Thursday, setting the highest price in more than 3-1/2 years, as funds remain keen on commodities, especially those with near term supply tightness like sugar. March raw sugar [SBc1](#) rose 5.2% to 16.67 cents per lb, the highest price since April 19, 2017. There was market talk of continuous buying from Indonesia, with origins seen as Australia, India and Brazil, while financial investors were seen as adding long positions. March white sugar [LSUc1](#) rose 4% to \$464.40 a tonne, the highest price since May, 2017. There are also reports of container shortages, which could delay some white sugar deliveries.



**Technical:**

Sugar jumps 5% to highest price since April, 2017, next level to watch 17.00.

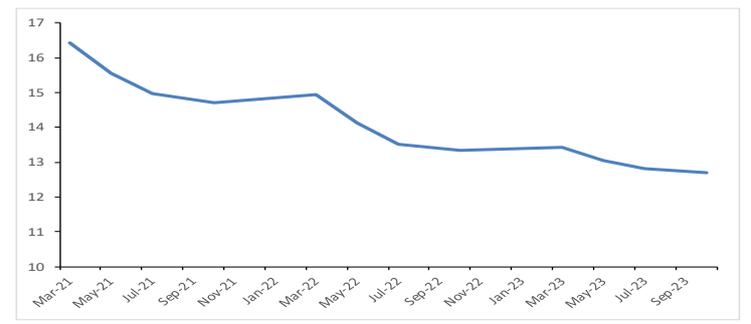
**Support:**

- 15.90 = Feb 2020 High
- 14.24 = Oct 2018 High

**Resistance:**

- 17.18 = Apr 2017 High
- 18.04 = Jul 2014 High

**Futures Curve**



# Soybean

Last Price USc **1,416.75** / BSH

Chicago Board of Trade soybean futures fell on Friday, notching the biggest daily loss since Dec. 9 on pressure from a report that showed the U.S. crush was smaller than expected in December. Some profit-taking ahead of the weekend following the market's rise to a 6-1/2-year high earlier this week. Soyoil futures dropped sharply, following a steep decline in the crude oil market. Soymeal futures also ended in negative territory. But soybeans still posted a weekly gain of 3.1%. The most-active contract [Sv1](#) has risen for five weeks in a row, its longest stretch since a six-week rally that ended in late September.

**Technical:**

Soybeans drop after NOPA report misses expectations, next level to watch 1,450.00.

**Support:**

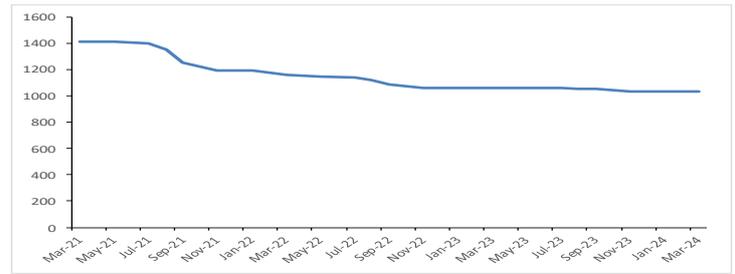
- 1,321.50 = Dec 2020 High
- 1,260.00 = Jan 2014 Low

**Resistance:**

- 1,456.00 = Aug 2011 High
- 1,536.75 = May 2014 High



**Futures Curve**



# Cotton

Last Price USc **80.70**/LBS

ICE cotton futures edged lower in thin trade on Friday, hurt by a stronger dollar, although a recent bullish U.S. demand and supply outlook kept the natural fiber on track for its third straight weekly rise. The cotton contract for March [CTH1](#), [CTc1](#) fell 0.05 cent, or 0.1%, to 81.43 cents per lb. The contract was up about 1.7% so far this week. The U.S. dollar [.DXY](#) rose 0.5% to a three-week high against key rivals, making greenback-denominated cotton more expensive for investors holding other currencies. [.USD/](#) Total futures market volume fell by 10,040 to 14,716 lots. Certificated cotton stocks [CERT-COT-STX](#) deliverable as of Jan. 14 remained unchanged at 68,681 480-lb bales in the previous session.

### Technical:

Cotton slips on dollar strength, but made third weekly gain, next level to watch 82.00.

### Support:

78.39 = Dec 2020 High

69.25 = Dec 2020 Low

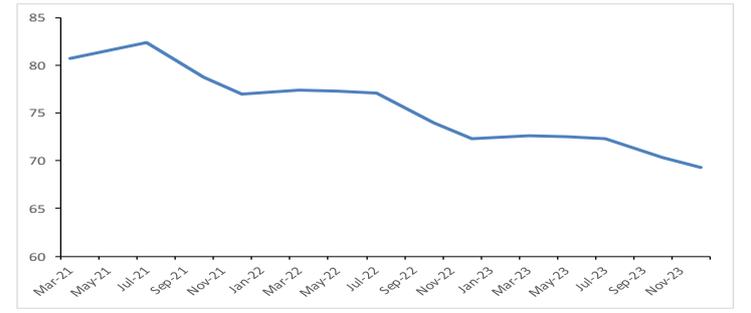
### Resistance:

83.93 = Sep 2018 High

87.18 = May 2017 High



### Futures Curve



# Steel

Last Price USD **1,066.00**/ tons

Steel futures closed higher Friday in daytime trading on the Shanghai Futures Exchange. The most active construction steel rebar contract for May 2021 delivery was up 79 yuan (about 12.22 U.S. dollars) to close at 4,360 yuan a tonne. The most active May 2021 contract for hot rolled coils, mainly used in cars and appliances, was up 60 yuan to close at 4,489 yuan a tonne. Dalian iron ore futures dciovc1, coking coal futures djmcv1 rise 3% in Friday trade. Most-traded shanghai steel rebar futures srbcv1 rise 3% on Friday.

## Technical:

China steel inventory continued to post faster increase on week amid shrinking demand, next level to watch 1,100.00.

## Support:

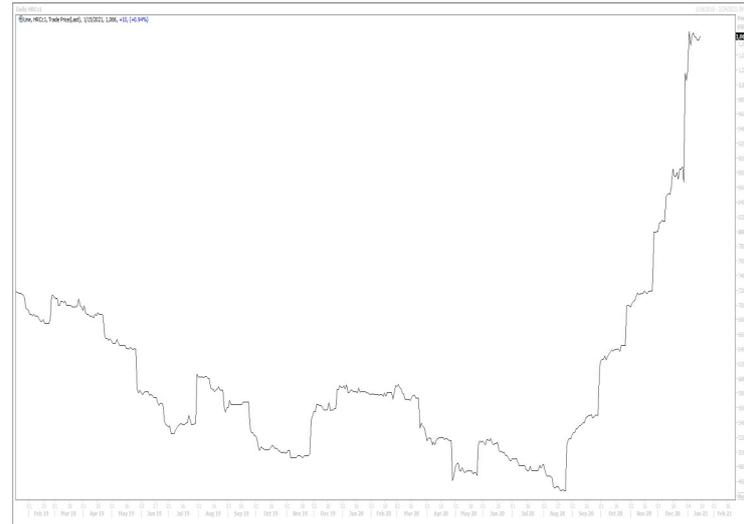
1,015.00 = Jan 2021 Low

942.00 = May 2018 High

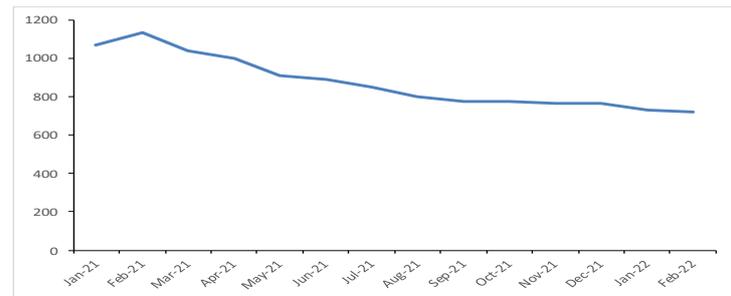
## Resistance:

1,100.00 = Psychological Level

1,150.00 = Psychological Level



Futures Curve of SHFE Steel Futures



# Brent Crude

Last Price USD **55.10**/BBL

Oil prices fell more than 2% on Friday, with both contracts posting a loss on the week as concerns about Chinese cities in lockdown due to coronavirus outbreaks tempered a rally driven by strong import data from the world's biggest crude importer. Brent fell \$1.32, or 2.3%, to settle at \$55.10 a barrel. U.S. West Texas Intermediate crude [CLc1](#) settled down \$1.21, or 2.3%, at \$52.36 a barrel. Both benchmarks, which hit their highest in nearly a year earlier in the week, posted their first weekly declines in three weeks, with Brent down 1.6% on the week and U.S. crude down about 0.4%. While producers are facing unparalleled challenges balancing supply and demand equations with calculus involving vaccine rollouts versus lockdowns, financial contracts have been boosted by strong equities and a weaker dollar, which makes oil cheaper, along with strong Chinese demand.

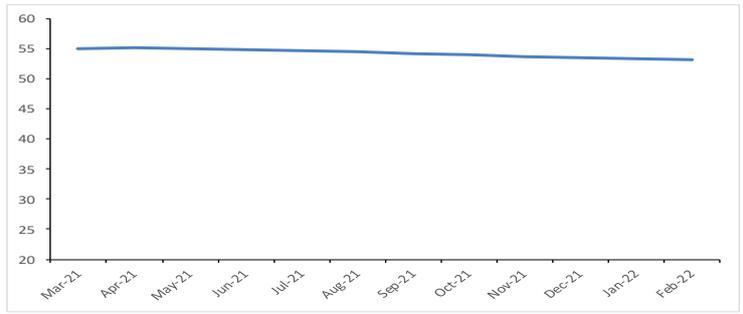


**Technical:**  
Oil drops over 2% on China lockdowns, U.S. stimulus concerns, next level to watch 50.00.

**Support:**  
50.56 = Jan 2021 Low  
46.82 = Dec 2020 Low

**Resistance:**  
60.00 = Feb 2020 High  
64.60 = Nov 2019 High

## Futures Curve



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