



 **BRAC BANK**

Commodities Weekly

Issue 04-2021

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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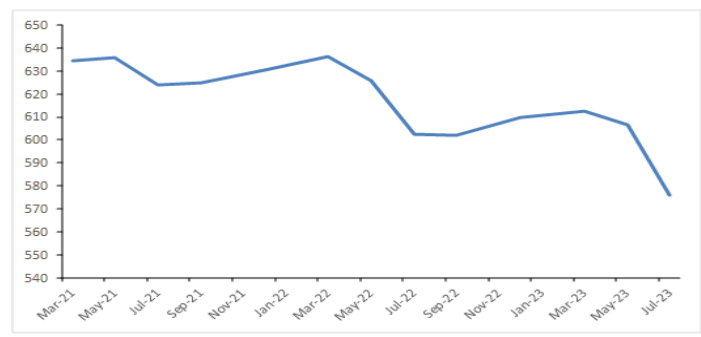
Wheat

Last Price USc **634.50**/BSH

U.S. wheat futures fell on Friday, marking the biggest weekly decline in more than five months after rallying alongside corn and soybeans. The most-active CBOT wheat futures contract [Wv1](#) lost 26-1/4 cents to end at \$6.34-1/2 per bushel, dropping 4%, its biggest fall since August 12, 2019. K.C. hard red winter wheat futures [KWH1](#) lost 22-1/2 cents to \$6.13-1/4 per bushel and MGEX spring wheat [MWEH1](#) ended 22-3/4 cents lower at \$6.12-1/2 per bushel. For the week, the most-active wheat contract fell 41 cents, losing 6%, its biggest drop since the week ending August 7, 2020.



Futures Curve



Technical:

Wheat futures fall for biggest weekly loss in five months. Next level to watch 600.00.

Support:

- 615.75 = Jul 2015 High
- 579.50 = Nov 2020 Low

Resistance:

- 693.00 = Jan 2021 High
- 735.00 = May 2014 High

Sugar

Last Price USc **15.87** / LBS

Raw sugar futures on ICE fell on Friday, hitting their lowest in a week in a further retruceat from last week's 3-1/2-year peak as risk-off sentiment in the wider financial markets reduced fund buying. [MKTS/GLOB O/R USD/](#) March raw sugar [SBc1](#) fell 1% to 15.87 cents per lb and during the session hit a one-week low of 15.80. A fund-driven rally has faded, but there was unlikely to be a price collapse, with funds eager, on balance, to resume buying and the price retreat likely to inspire bargain-hunting by end-users. It would seem unlikely sugar prices will rally back to the highs especially as the funds will need to concentrate on rolling their front month positions before too long. March white sugar [LSUc1](#) fell \$5.50 to \$444.80 a tonne.

Technical:

Sugar hits 1-week low on risk-off sentiment, next level to watch 15.50.

Support:

15.40 = Jan 2021 Low

14.24 = Oct 2018 High

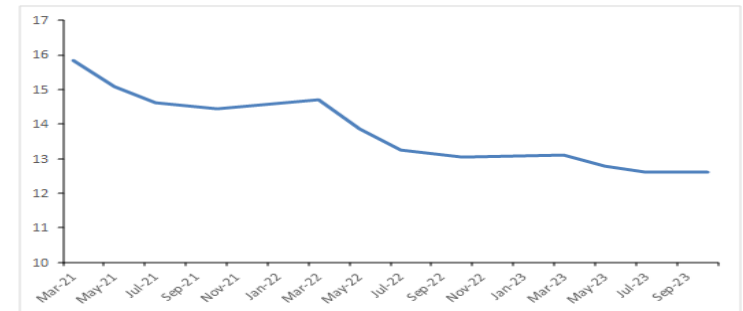
Resistance:

16.75 = Jan 2021 High

17.18 = Apr 2017 High



Futures Curve



Soybean

Last Price USc **1,311.75** / BSH

Chicago soybean futures slid more than 4% on Friday as rains in key South American growing areas offered relief amid tight global supplies, overshadowing strong weekly U.S. export data. The Chicago Board of Trade (CBOT) most-active soybean contract [Sv1](#) ended 58-1/2 cents lower at \$13.11-3/4 per bushel, its biggest loss since Aug. 10, 2018. For the week, CBOT's most-active soybean contract lost \$1.05, dropping 7.4%, its biggest decline since July 4, 2014. The USDA also confirmed private sales of another 136,000 tonnes of U.S. soybeans to China. Brazil's soybean harvest has been slow to start, which could impact U.S. markets.

Technical:

Soybeans dive to biggest weekly loss in 6-1/2 years on profit-taking, next level to watch 1,250.00.

Support:

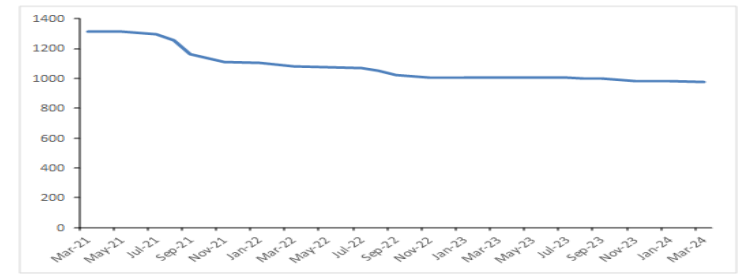
- 1,260.00 = Jan 2014 Low
- 1,200.00 = Nov 2020 High

Resistance:

- 1,353.50 = Dec 2013 High
- 1,410.00 = Jul 2014 High



Futures Curve



Cotton

Last Price

USc **81.56**/LBS

Cotton prices fell more than 1% on Friday as a firmer dollar and profit taking precipitated a pullback from an over two-year peak scaled in the previous session. The cotton contract for March [CTH1](#), [CTc1](#) fell 0.93 cent, or 1.1%, to 81.64 cents per lb, the day after touching its highest level since September 2018. The contract is up more than 1% so far this week, on track for its fourth consecutive weekly rise. The U.S. dollar [.DXY](#) firmed against key rivals, making greenback-denominated cotton costlier for investors holding other currencies. [USD/](#). Certificated cotton stocks [CERT-COT-STX](#) deliverable as of Jan. 21 totaled 71,702 480-lb bales, up from 70,649 in the previous session.

Technical:

Cotton futures down over 1%, but made fourth straight weekly gain, next level to watch 82.00.

Support:

78.39 = Dec 2020 High

69.25 = Dec 2020 Low

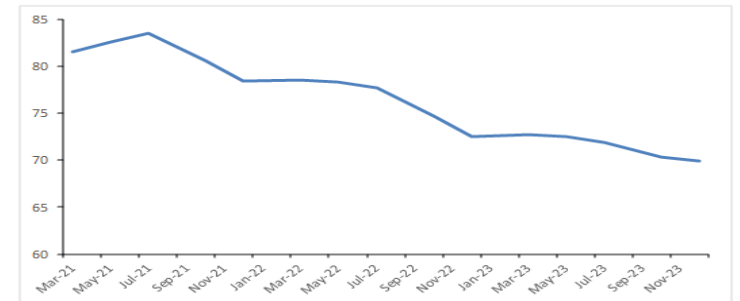
Resistance:

83.06 = Jan 2021 High

83.93 = Sep 2018 High



Futures Curve



Steel

Last Price USD **1,058.00**/ tons

Iron ore futures fell on Friday as near-term demand prospects darkened in top steel producer China, which is battling its worst COVID-19 outbreak since March, but concerns over possible supply disruptions in key exporter Australia lent some support. Iron ore on China's Dalian Commodity Exchange [DCIOcv1](#) ended daytime trading 0.5% lower at 1,046.50 yuan (\$161.71) a tonne, surrendering early gains. The steelmaking raw material lost 1% to \$165.91 a tonne on the Singapore Exchange [SZZFG1](#) by 0707 GMT. Rebar on the Shanghai Futures Exchange [SRBcv1](#) fell 0.6%, while hot-rolled coil [SHHCcv1](#) dipped 0.8%. Stainless steel [SHSScv1](#) slumped 2.5%. The most active construction steel rebar contract for May 2021 delivery was down 26 yuan (about 4.02 U.S. dollars). The most active May 2021 contract for hot rolled coils was down 35 yuan a tonne.

Technical:

China steel futures close lower as China battles fresh COVID-19 outbreak, next level to watch 1,000.00.

Support:

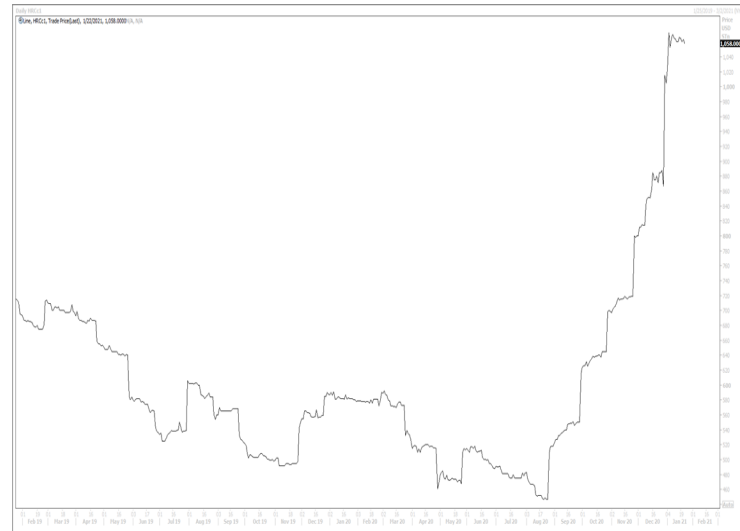
1,015.00 = Jan 2021 Low

942.00 = May 2018 High

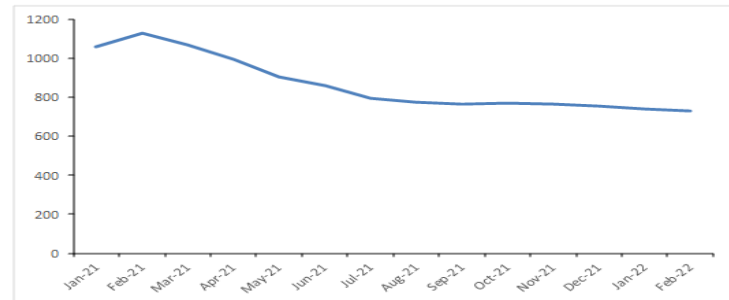
Resistance:

1,100.00 = Psychological Level

1,150.00 = Psychological Level



Futures Curve of SHFE Steel Futures



Brent Crude

Last Price

USD **55.41**/BBL

Oil prices settled lower on Friday, weighed down by a build in U.S. crude inventories and worries that new pandemic restrictions in China will curb fuel demand in the world's biggest oil importer. Brent crude [LC0c1](#) futures fell 69 cents to settle at \$55.41 a barrel, for a 0.4% change on the week. U.S. West Texas Intermediate (WTI) crude [CLc1](#) futures fell 86 cents, or 1.6%, settling at \$52.27, nearly unchanged from the beginning of the week. Overall U.S. crude inventories surprisingly rose by 4.4 million barrels in the most recent week, versus expectations for a draw of 1.2 million barrels. While U.S. crude oil stockpiles rose unexpectedly last week, refineries hiked output to their highest capacity usage since March and demand for gasoline and diesel increased week on week.

Technical:

Oil falls on China's COVID-19 cases, high crude build, next level to watch 50.00.

Support:

50.56 = Jan 2021 Low

46.82 = Dec 2020 Low

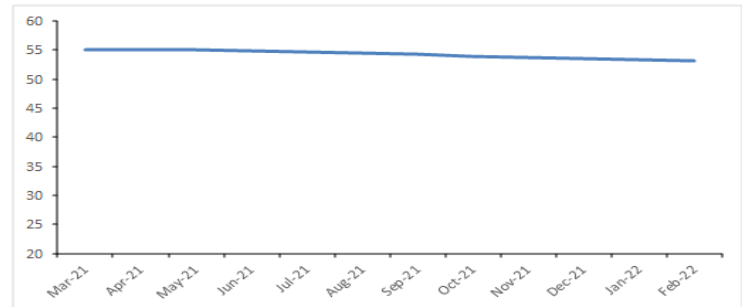
Resistance:

57.42 = Jan 2021 High

60.00 = Feb 2020 High



Futures Curve



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