



 **BRAC BANK**

Commodities Weekly

Issue 39-2020

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 **593.25**/BSH

Chicago Board of Trade soft red winter wheat futures ended mixed on Friday as early strength from technical buying and spillover support from higher corn and soybeans faded late in the day. CBOT December soft red winter wheat futures [WZO](#) closed 1-1/2 cents higher at \$5.93-1/4 per bushel but held technical chart support at its 50-day moving average. Actively traded March futures [WH1](#) were 3/4 cent higher at \$5.99-1/2 a bushel, down 0.4% in the week. K.C. March hard red winter wheat futures [KWH1](#) finished 2-1/4 cents higher at \$5.59-1/4 per bushel. MGEX March spring wheat [MWEH1](#) fell 2-1/4 cents to end at \$5.61 per bushel.

Technical:

Wheat trade ends mixed. Next level to watch 560.00.

Support

561.25 = Oct 2020 Low

525.00 = Sep 2020 Low

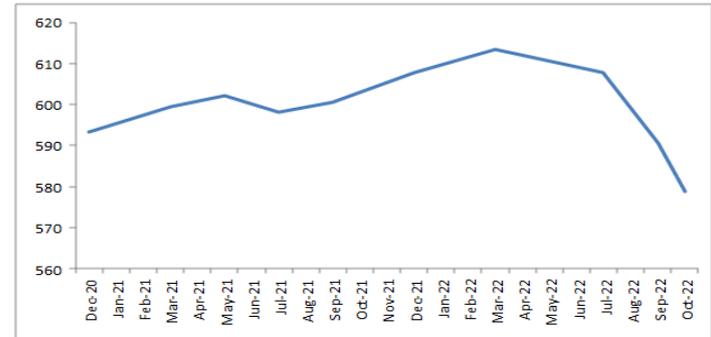
Resistance:

626.75 = Nov 2020 High

677.00 = Dec 2014 High



Futures Curve



Sugar

Last Price

USc **15.21**/ LBS

Speculators increased their net long position in raw sugar on ICE Futures U.S. in the week to Nov. 17 by 11,543 contracts for a total net long bet of 201,971 contracts, data from the U.S. Commodity Futures Trading Commission (CFTC) showed on Friday. Despite a small liquidation in the week before, money managers and hedge funds remain with a very large long position in raw sugar, the largest since 2016, in a moment when the market looks for direction with traders seeing a somewhat tight market until the new crop in Brazil starts around March.



Technical:

Sugar price reaches a 7-month high, next level to watch 15.66.

Support:

14.23 = Nov 2020 Low

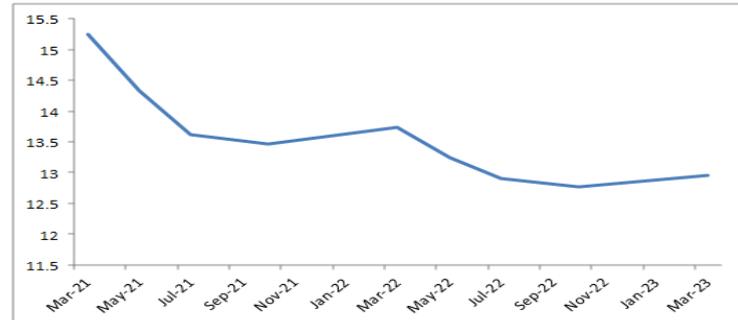
13.31 = Oct 2020 Low

Resistance:

15.66 = Nov 2020 High

15.90 = Feb 2020 High

Futures Curve



Soybean

Chicago Board of Trade soybean futures climbed to their highest in more than four years on Friday as worries about tightening U.S. supplies and dry conditions in South America boosted prices for the sixth straight session. CBOT benchmark January soybeans [SF1](#) ended 3-1/2 cents higher at \$11.81 per bushel after peaking at \$11.96-3/4, the highest level for a most-active contract [Sv1](#) since June 13, 2016. January soybean futures ended the week up 2.9%, its third straight weekly gain. CBOT soyoil futures posted contract highs in nearby months but closed lower on the day. Deferred soy meal contracts posted life-of-contract highs and the market ended mostly higher.

Technical:

Soybeans hit 4-year peak on supply concerns, dryness in South America, next level to watch 1,210.00.

Support:

1,094.00 = Oct 2020 High

1,042.00 = Nov 2020 Low

Resistance:

1,208.50 = Jun 2016 High

1,255.00 = Nov 2013 Low

Last Price

USc **1,181.00**/ BSH



Futures Curve



Cotton

Last Price

USc **70.88**/LBS

Cotton rose to a more than three-week high on Friday and was headed for its biggest weekly gain in five, as Pfizer's move to get authorization for its COVID-19 vaccine lifted hopes for an economic recovery and rebound in demand. The cotton contract for March [CTH1](#), [CTc2](#) rose 0.79 cent, or 1.1%, to 72.46 cents per lb, having earlier reached its highest since Oct. 28 at 72.60 cents. The contract was up 2.9% so far this week, the most since the week ended Oct. 16. Cotton fell to multi-year lows in April, after virus-induced restrictions weighed on economic activity and apparel demand, but was propped up later in the year by crop damage worries from Hurricanes Sally and Delta.

Technical:

Cotton posted best week in over a month on vaccine-led demand hopes, next level to watch 75.00.

Support:

65.84 = Sep 2020 High

57.26 = Jun 2020 Low

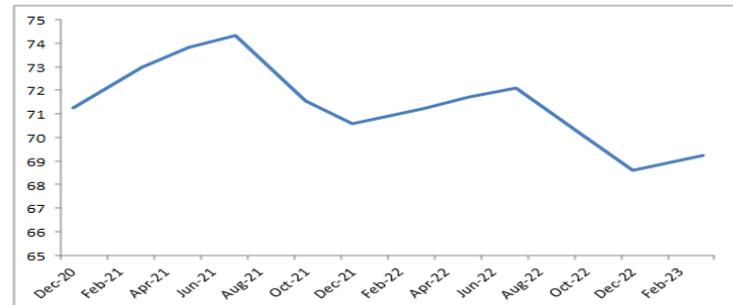
Resistance:

75.91 = May 2019 High

80.93 = May 2019 High



Futures Curve



Steel

Last Price

USD **718.00**/ tons

Iron ore futures rose on Friday, with the Dalian benchmark marking its biggest weekly gain since early-August, as shrinking steel inventories at mills in China encouraged traders of the steelmaking raw material to push prices higher. Iron ore on China's Dalian Commodity Exchange [DCIOcv1](#), closed 1.7% higher at 887.50 yuan (\$135.12) a tonne, advancing for a fifth straight day. It gained 6.9% for the week.

Steel futures closed higher Friday in daytime trading on the Shanghai Futures Exchange. The most active construction steel rebar contract for January 2021 delivery was up 42 yuan (about 6.38 U.S. dollars) to close at 3,977 yuan a tonne. The most active January 2021 contract for hot rolled coils, mainly used in cars and appliances, was up 9 yuan to close at 4,084 yuan a tonne.

Technical:

China steel futures close higher, next level to watch 775.00

Support:

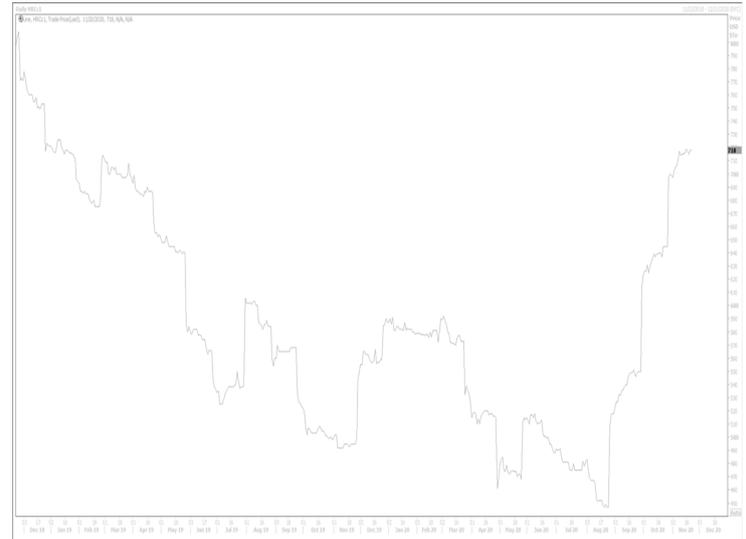
654.00 = May 2019 High

596.00 = Mar 2020 High

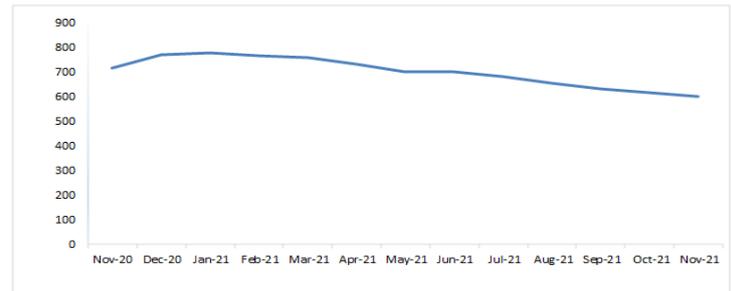
Resistance:

778.00 = Dec 2018 High

828.00 = Nov 2018 High



Futures Curve of SHFE Steel Futures



Brent Crude

Last Price

USD **44.96**/BBL

Oil prices rose about 1% higher on Friday and posted a third consecutive weekly rise, buoyed by successful COVID-19 vaccine trials, while renewed lockdowns in several countries to limit the spread of the coronavirus capped gains. Brent crude [LCOc1](#) futures rose 76 cents, or 1.7%, to settle at \$44.96 a barrel. The more active U.S. West Texas Intermediate (WTI) January crude contract [CLc2](#) gained 52 cents, or 1.2% to \$42.42 a barrel. The WTI contract for December [CLc1](#), which expired on Friday, rose 41 cents, or 1%, to settle at \$42.15 a barrel. Both benchmarks gained about 5% this week. OPEC+, which meets on Nov. 30 and Dec. 1, is looking at options to delay by at least three months from January the tapering of their 7.7 million barrel per day (bpd) cuts by around 2 million bpd.



Technical:

Oil rises about 1%, posts third week of gains on vaccine hopes, next level to watch 50.00.

Support:

39.30 = Sep 2020 Low

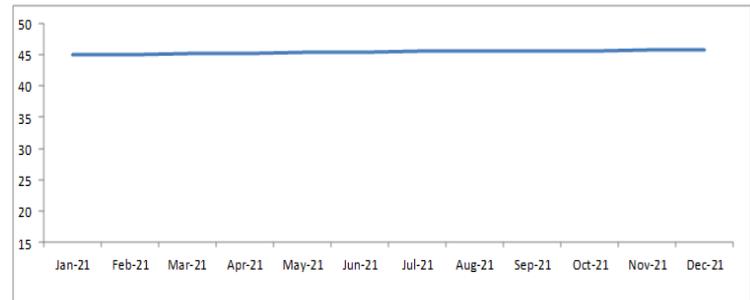
35.74 = Nov 2020 Low

Resistance:

53.90 = Mar 2020 High

60.00 = Feb 2020 High

Futures Curve



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