



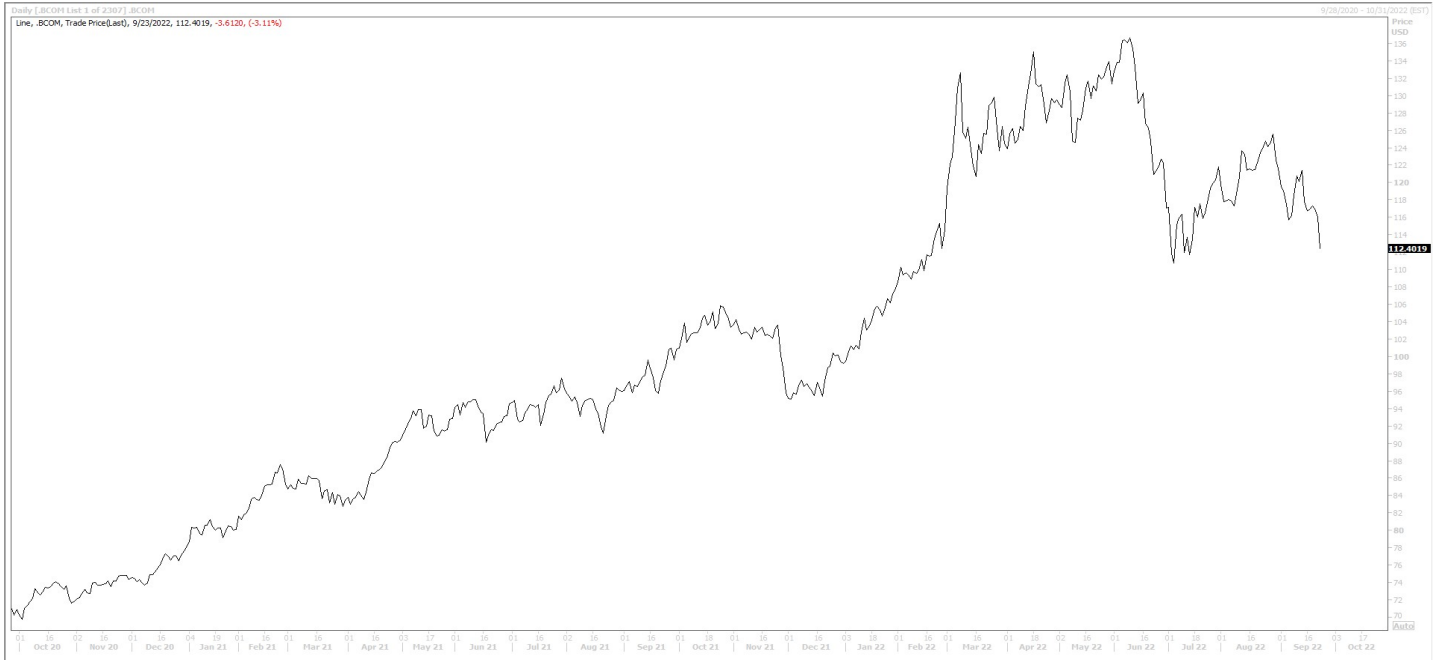
Commodities Weekly

Issue 25-2022

Date: 25 Sep 2022

Bloomberg Commodity Index

112.4019 ▼



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.

Details	Commodity Name	Closing Price	Weekly Change(%)	MoM Change(%)	YoY Change(%)
Page 4	Wheat	880.50	▲ 2.41%	▲ 12.56%	▲ 22.76%
Page 5	Sugar	18.28	▲ 2.24%	▲ 2.18%	▼ 6.21%
Page 6	Soybean	1,425.75	▼ 1.57%	▼ 8.97%	▲ 11.03%
Page 7	Palm Oil	803.00	▼ 0.50%	▼ 14.76%	▼ 27.92%
Page 8	Cotton	94.49	▼ 6.67%	▼ 18.73%	▲ 1.26%
Page 9	Brent Crude	86.15	▼ 5.69%	▼ 14.04%	▲ 11.52%
Page 10	LNG	42.00	▼ 8.70%	▼ 25.66%	▲ 75.00%
Page 11	Steel	802.00	▲ 1.65%	▲ 2.30%	▼ 58.45%
Page 12	LME Zinc	3,008.00	▼ 4.61%	▼ 13.67%	▼ 2.69%

Wheat

Last Price

USc **880.50**/BSH

Chicago Board of Trade wheat futures fell more than 3% on Friday, joining broad declines in commodities and equities tied to mounting fears of a global recession that could hurt demand for goods. CBOT December soft red winter wheat [WZ2](#) settled down 30-1/4 cents at \$8.80-1/2 per bushel. However, for the week, the contract rose 20-3/4 cents a bushel or 2.4%, buoyed by escalating tensions in Ukraine that could further disrupt vital Black Sea grain exports. K.C. December hard red winter wheat [KWZ2](#) ended down 29 cents at \$9.50-1/2 a bushel, and MGEX December spring wheat [MWEZ2](#) fell 28-1/2 cents to finish at \$9.49-1/4. Additional pressure stemmed from rising estimates of an expected record-large Russian wheat harvest and ongoing grain shipments from Ukraine through a Black Sea corridor.

Technical:

Wheat sags as recession fears pressure commodities. Next level to watch 925.00.

Support:

725.75 = Aug 2022 Low

671.50 = Sep 2021 Low

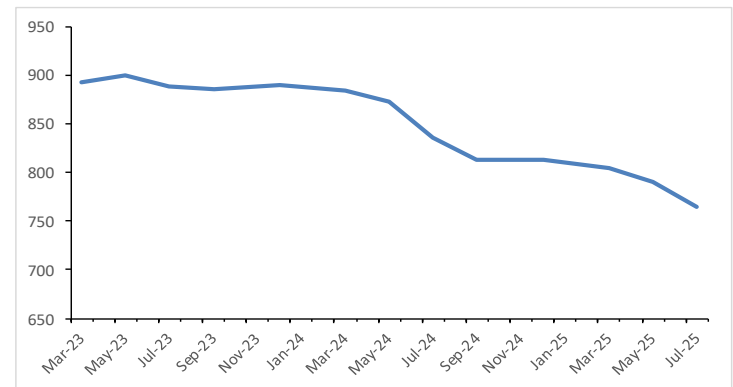
Resistance:

925.50 = Sep 2022 High

951.25 = Feb 2022 High



Futures Curve



Sugar

Last Price

USc **18.28**/LBS

Sugar futures on ICE closed all down on Friday on heightened concerns about a global economic downturn against the backdrop of rising interest rates. October raw sugar SBC1 settled down 0.21 cent, or 1.1%, at 18.28 cents per lb. The market has some support from short-term supply tightness in both raw and white sugar although there is still generally expected to be a global surplus in the 2022/23 season. A shift toward using more cane to make sugar rather than cane-derived biofuel ethanol in top producer Brazil should also ensure there are ample supplies in the medium-term. December white sugar LSUc1 \$4.20, or 0.8%, at \$532.70 a tonne.



Technical:

Sugar price falls as economic outlook dims, next level to watch 16.70.

Support:

16.73 = Jul 2021 Low

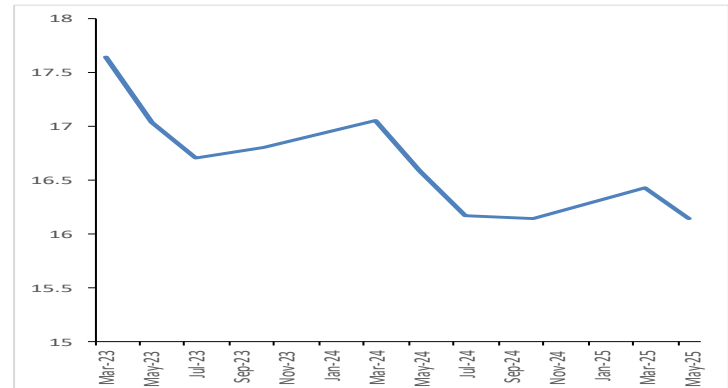
14.68 = Apr 2021 Low

Resistance:

18.81 = Jul 2021 High

19.59 = Jul 2022 High

Futures Curve



Soybean

Last Price USc **1,425.75**/BSH

Chicago Board of Trade soybean futures closed lower for a third straight session on Friday, joining a widespread sell-off in commodities and equities tied to mounting fears of a global recession. CBOT November soybeans [SX2](#) settled down 31-1/4 cents at \$14.25-3/4 per bushel. For the week, the November contract fell 22-3/4 cents a bushel or 1.6%. CBOT December soyoil [BOZ2](#) ended Friday down 2.78 cents at 63.68 cents per lb and December soymeal [SMZ2](#) fell \$5.60 to finish at \$423.30 per short ton. Spillover pressure was noted from U.S. crude oil [CLc1](#) futures, which tumbled about 5% on fears of a recession curbing demand for energy. Soyoil sometimes follows trends in crude oil due to its role as the main U.S. feedstock for biodiesel fuel. [O/R](#)



Technical:

Soybeans end down on macroeconomic fears, U.S. harvest weather, next level to watch 1,375.00.

Support:

1,375.75 = Dec 2021 Dec

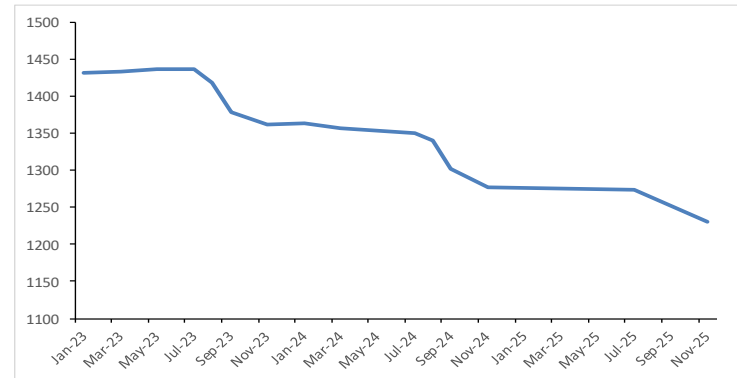
1,353.00 = Jul 2021 Low

Resistance:

1,480.00 = Jul 2021 Low

1,576.75 = Apr 2022 Low

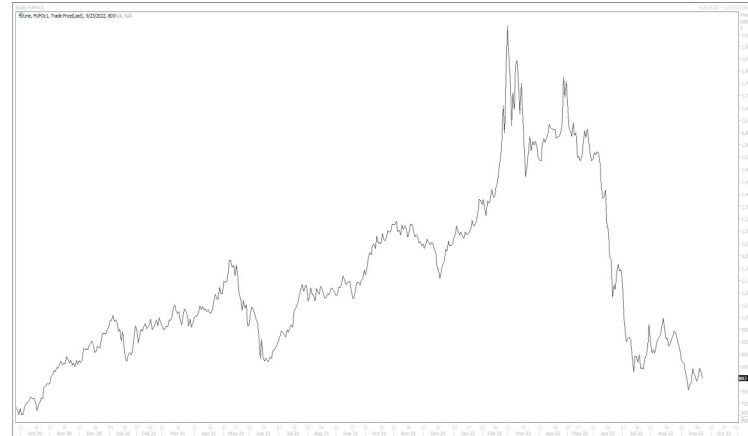
Futures Curve



Palm Oil

Last Price USc **803.00**/BSH

Malaysian palm oil futures fell for a second day after a leading analyst warned prices would plunge by more than 30% by the end of this year due to ample supply and weaker demand. The benchmark palm oil contract [FCPOc3](#) for December delivery on the Bursa Malaysia Derivatives Exchange slid 93 ringgit, or 2.43%, to 3,733 ringgit (\$815.60) a tonne. The contract, however, logged a second straight weekly gain, up 0.2%. Palm oil prices will plunge to 2,500 ringgit (\$547.29) by the end of December, weighed down by improving production, demand destruction and a slowdown in major economies. The contract rallied to a record high in March after Russia's invasion of Ukraine triggered a global edible oil shortage, but prices have plunged by nearly 50% since, partly due to jitters over a global recession.



Technical:

Palm falls over 2% as leading analyst warns of weak demand, improved supply, next level to watch 703.00.

Support:

703.00 = Feb 2020 High

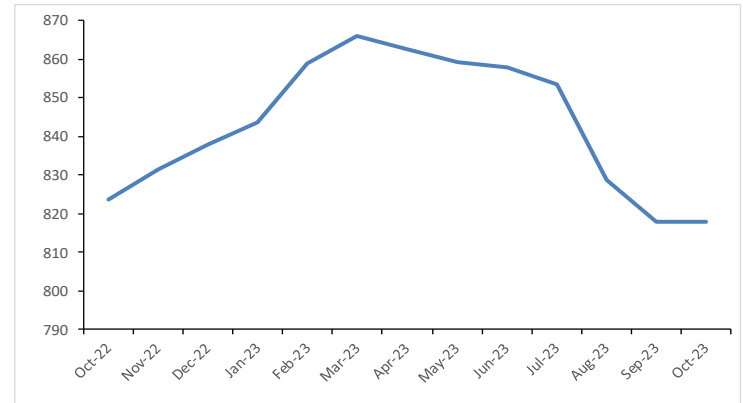
653.00 = Aug 2020 Low

Resistance:

884.00 = Aug 2022 Low

925.00 = Jul 2021 Low

Futures Curve



Cotton

Last Price

USc **94.49**/LBS

ICE cotton futures slumped over 4% on Friday as a strong U.S. dollar and worries over the broader economic outlook continued to dominate the market and pressure prices in the natural fiber's worst week in four. Cotton contracts for December [CTZ2](#) were down 4 cents, or 4.1%, to the current lower trading limit of 92.54 cents per lb. Prices were down for the second straight week, having fallen about 6.8% so far. "Cotton is not trading cotton" and is instead tracking and coming under pressure from macro information like the dollar's strength and a negative economic outlook.



Technical:

Cotton falls over 4% with no respite from dollar, economic worries. Next level to watch 89.00.

Support:

89.79 = Sep 2021 Low

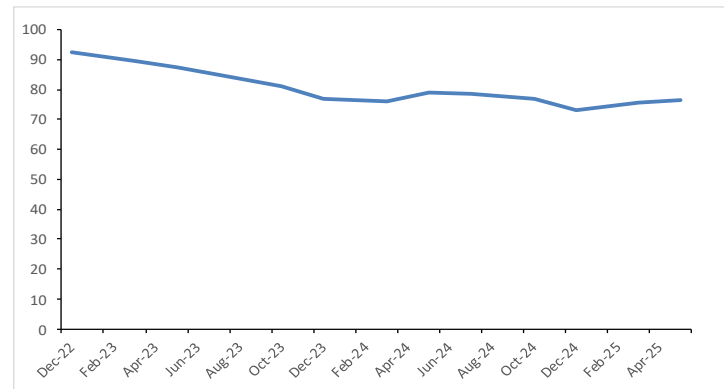
82.30 = Jun 2021 Low

Resistance:

109.00 = Jul 2022 High

115.33 = Dec 2021 High

Futures Curve

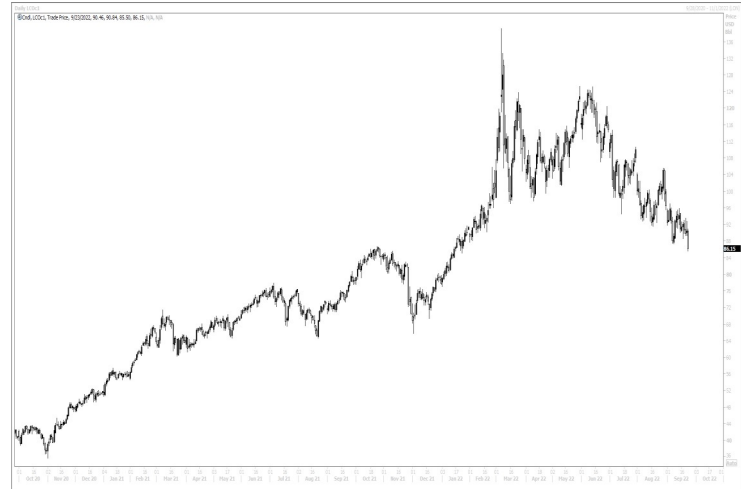


Brent Crude

Last Price

USD **86.15**/BBL

Oil prices plunged about 5% to an eight-month low on Friday as the U.S. dollar hit its strongest level in more than two decades and on fears rising interest rates will tip major economies into recession, cutting demand for oil. Brent [LCOc1](#) futures fell \$4.31, or 4.8%, to settle at \$86.15 a barrel, down about 6% for the week. U.S. West Texas Intermediate (WTI) crude [CLc1](#) fell \$4.75, or 5.7%, to settle at \$78.74, down about 7% for the week. It was the fourth straight week of declines for both benchmarks, the first time this has happened since December. Both were in technically oversold territory, with WTI on track for its lowest settlement since Jan. 10 and Brent for its lowest since Jan. 14. U.S. gasoline [RBc1](#) and diesel [HOC1](#) futures were also down more than 5%.



Technical:

Oil plunges to eight-month low on strong dollar, recession fears, next level to watch 80.00.

Support:

80.75 = Sep 2021 High

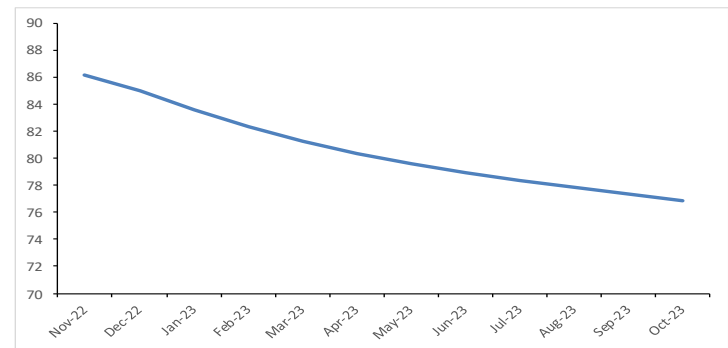
77.04 = Jan 2022 Low

Resistance:

91.51 = Aug 2022 Low

97.57 = Apr 2022 Low

Futures Curve

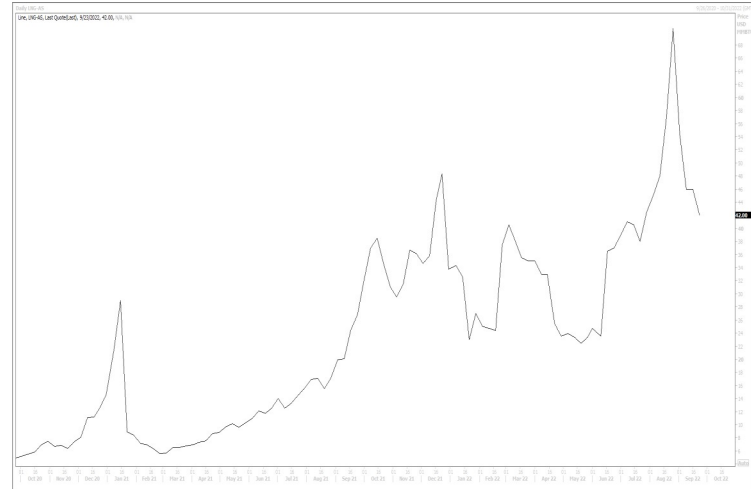


LNG

Last Price

USD **42.00**/MMBTU

Asian spot liquefied natural gas (LNG) prices continued to fall this week as Japan and Korea remain well supplied at least until October, while the market awaits signals of a Chinese demand rebound. The average LNG price for November delivery into north-east Asia [LNG-AS](#) was 42 per million British thermal units (mmBtu), down \$4, or 8.7% pct, from the previous week. Market could see further price decline, with the bulk of start of winter being already booked. Weather will be a factor and of course, China, could make an appearance. In Europe, a combination of high inventory levels and governments' efforts to curb demand are keeping the Dutch gas benchmark at much lower levels compared to a month ago. However, many uncertainties remain, not only regarding the remaining Russian gas flows towards Europe, but also whether the current LNG inflow can be maintained and when for instance colder weather starts to kick in Asia.



Technical:

Asian spot prices soften on sufficient stock. next level to watch 37.00.

Support:

37.00 = Jun 2022 High

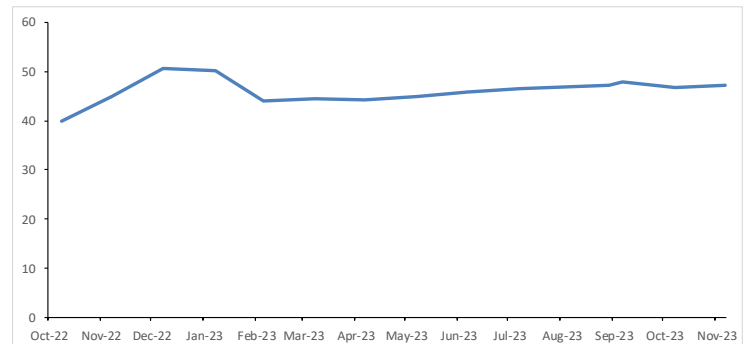
29.50 = Dec 2021 Low

Resistance:

54.50 = Sep 2022 High

70.50 = Aug 2022 High

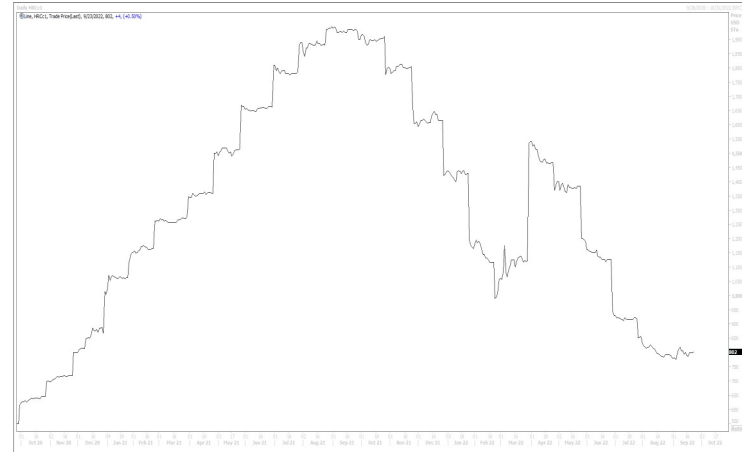
Futures Curve



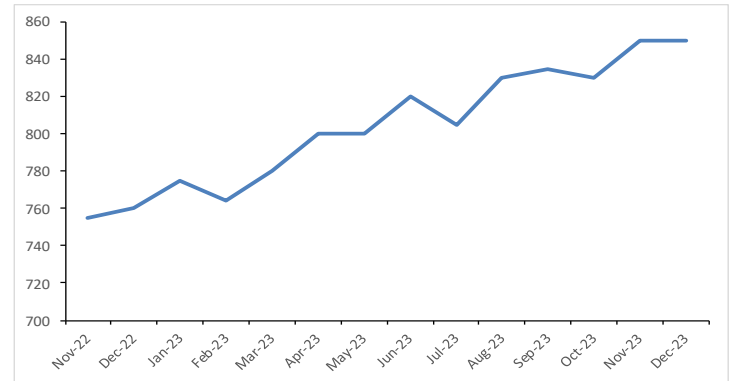
Steel (HRC)

Last Price USD **802.00**/ tons

Ferrous futures in top steel producer China rose on Friday, with rebar hitting a one-week high and iron ore set for its third straight weekly gain, buoyed by signs of increased activity in the country's construction sector and pre-holiday demand. The most-active January rebar contract on the Shanghai Futures Exchange [SRBcv1](#) ended daytime trade 1.3% higher at 3,766 yuan (\$530.61) a tonne, after touching its highest since Sept. 15 at 3,787 yuan. The most-traded January iron ore contract on the Dalian Commodity Exchange [DCIOcv1](#) climbed 1.3% to 719 yuan (\$101.30) a tonne. Shanghai hot-rolled coil [SHHCcv1](#) rose 1.4%, while stainless steel [SHSScv1](#) dipped 1.5%. Dalian coking coal [DJMcv1](#) and coke [DCJcv1](#) climbed 0.8% and 0.1% respectively.



Futures Curve of SHFE Steel Futures



Technical:

Rebar, iron ore prices rise on China pre-holiday demand. Next level to watch 868.00.

Support:

- 765.00 = Sep 2022 Low
- 697.00 = Nov 2020 Low

Resistance:

- 868.00 = Sep 2018 High
- 930.00 = Jul 2022 High

LME Zinc

Last Price USD **3,008.00**/Tons

Shanghai nonferrous metals closed mixed. On the macro front, the most important event this week is the Fed's regular meeting in September. The Fed's post-meeting statement is unusually hawkish, and it is expected that by the end the year, there will have another interest rate hike by 100-125 basis points. The most-traded SHFE 2210 zinc closed up 0.32% or 80 yuan/mt at 24,760 yuan/mt, with open interest down 5,094 lots to 86,350 lots. SMM zinc social inventory recorded 92,700 mt as of September 23, and the low inventory offered momentum to zinc prices. SHFE/LME zinc price ratio rose to a high of 7.8, and SHFE zinc continued to outperform LME zinc. The import window of zinc concentrate opened theoretically. The restrictions on explosives use will have limited impact on the mine supply end.



Technical:

Shanghai Nonferrous Metals Closed Mixed on Unexpectedly Hawkish US Fed Stance , next level to watch 2,950.00.

Support:

2,948.50 = Jul 2022 Low

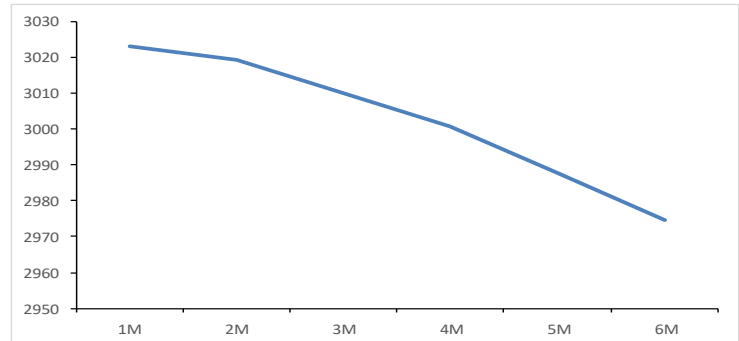
2,822.50 = Jun 2021 Low

Resistance:

3,259.50 = Sep 2022 High

3,308.50 = Jul 2022 High

LME Zinc Forward Curve



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