



Commodities Weekly

Issue 03-2022

Date: 17 Jan 2022

Bloomberg Commodity Index

103.54 USD

+0.50 +0.48% ▲

1D 1M 6M YTD 1Y **5Y**

Q Add a comparison



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)

Precious Metals: (Gold, Silver)

Softs: (Sugar, Coffee, Cotton)

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(%)	MTM Change(%)	YTD Change(%)
Page 4	Wheat	741.50	▼ 2.21%	▼ 3.80%	▼ 3.80%
Page 5	Sugar	18.31	▲ 1.44%	▼ 3.02%	▼ 3.02%
Page 6	Soybean	1,356.75	▼ 3.18%	▲ 2.11%	▲ 2.11%
Page 7	Cotton	119.70	▲ 3.98%	▲ 6.31%	▲ 6.31%
Page 8	Steel	1,437.00	▲ 1.55%	▲ 0.14%	▲ 0.14%
Page 9	Brent Crude	86.06	▲ 5.27%	▲ 10.65%	▲ 10.65%
Page 10	LME Zinc	3,521.00	▼ 0.34%	▼ 0.37%	▼ 0.37%
Page 11	Scrap Steel	492.00	▲ 5.13%	▲ 5.13%	▲ 5.13%

Wheat

Last Price USc **741.50**/BSH

U.S. wheat futures closed lower on Friday on expectations for increasing global supplies, with hard wheat markets touching their lowest prices in months. CBOT March soft red winter wheat [WH2](#) settled down 5-1/4 cents at \$7.41-3/4 per bushel and touched its lowest price since Jan. 7. K.C. March hard red winter wheat [KWH2](#) ended down 14-3/4 cents at \$7.45 a bushel and reached its lowest price since Oct. 15. MGEX March spring wheat [MWEH2](#) fell 17-1/4 cents to finish at \$8.78-1/4 and hit its lowest price since Sept. 22.



Technical:

K.C. wheat, MGEX wheat hit multi-month lows. Next level to watch 700.00.

Support:

712.75 = Oct 2021 Low

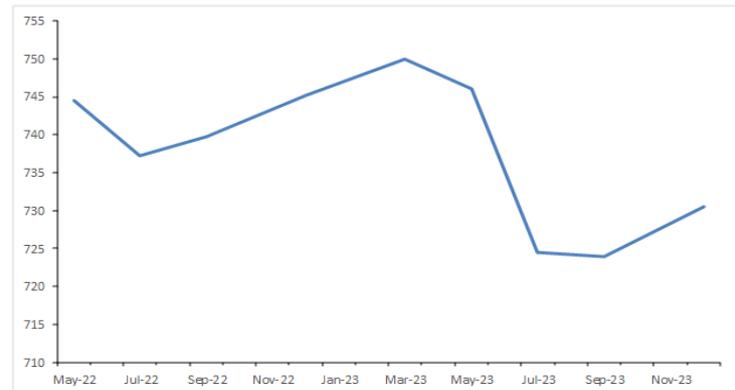
672.00 = Sep 2021 Low

Resistance:

824.00 = Dec 2021 High

863.25 = Nov 2021 High

Futures Curve



Sugar

Last Price

USc **18.31**/LBS

Raw sugar futures on ICE edged higher on Friday, with a diminishing production outlook in China raising the prospect of higher than previously expected imports. March raw sugar [SBc1](#) rose 0.3% to 18.14 cents per lb by 1250 GMT. The front month has slowly regained some ground after falling to a 5-1/2-month low of 17.60 cents on Monday. The upside appeared limited, however, with improving production outlooks for Thailand and India likely to temper any bullish sentiment related to China. Higher oil prices also provided support to sugar prices on Friday, increasing the likelihood that mills could use more cane to produce biofuel ethanol rather than sugar. March white sugar [LSUc1](#) edged up by 0.02% to \$497.40 a tonne.



Technical:

Raw sugar price advance , next level to watch 19.00.

Support:

17.60 = Jan 2022 Low

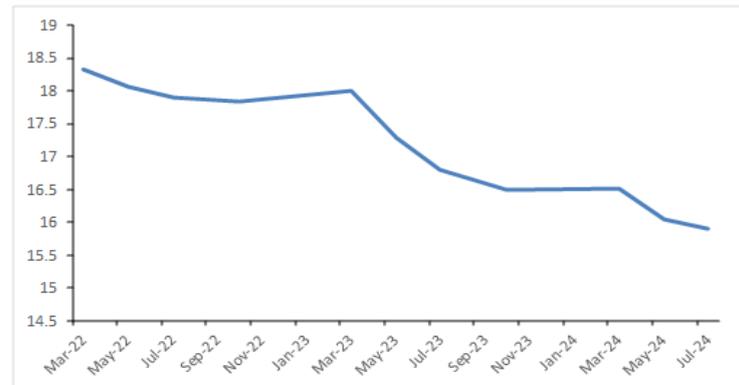
16.73 = Jul 2021 Low

Resistance:

19.90 = Dec 2021 High

20.37 = Aug 2021 High

Futures Curve



Soybean

Last Price USc **1,356.75**/BSH

Chicago Board of Trade soybean futures extended losses on Friday on forecasts for rains to aid crops in dry areas of South America. CBOT most-active March soybeans [SH2](#) settled down 7-1/2 cents at \$13.69-3/4 per bushel and touched its lowest price since Jan. 4. CBOT March soyoil [BOH2](#) ended up 0.02 cent at 58.46 cents per pound, while March soymeal [SMH2](#) slid \$3.30 to settle at \$405.60 per short ton. Traders liquidated some long positions ahead of a three-day U.S. holiday weekend. The CBOT will be closed on Monday for Martin Luther King Jr Day. Beneficial rains are expected to hit Argentina this weekend, after hot, dry conditions have stressed crops. China, the world's top soybean buyer, reduced soybean imports in 2021 from the previous year, the first annual drop since 2018.

Technical:

Soybean ends lower on South America rains, long liquidation, next level to watch 1,330.00.

Support:

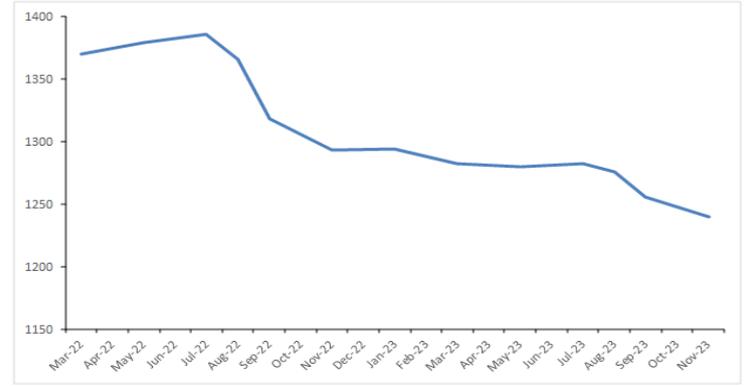
- 1,332.00 = Jan 2022 Low
- 1,298.00 = Jan 2021 Low

Resistance:

- 1,406.00 = Jan 2022 High
- 1,466.00 = Aug 2021 High



Futures Curve



Cotton

Last Price

USc **119.70**/LBS

ICE cotton futures rose over 1.5% on Friday and were set for their sixth straight weekly rise, helped by strong demand and a cut in the forecast for U.S. output and inventories in the latest monthly federal supply and demand report. The cotton contract for March [COT2](#) was up 1.96 cents, or 1.7%, at 118.80 cents per pound. It traded within a range of 116.26 and 119.70 cents a lb. The contract has gained nearly 3% so far this week. Higher crude oil prices also offering support. Higher oil prices make polyester, a substitute for cotton, more expensive. Total futures market volume fell by 17,529 to 12,925 lots. Data showed total open interest gained 407 to 248,032 contracts in the previous session.

Technical:

Cotton posted sixth straight weekly rise on strong demand, next level to watch 121.00.

Support:

115.33 = Dec 2021 High

111.50 = Nov 2021 Low

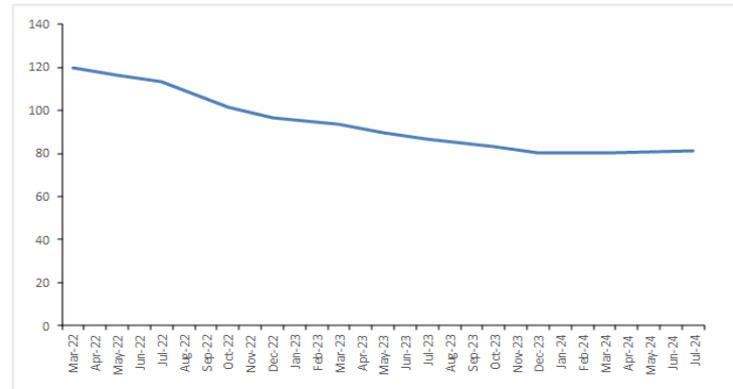
Resistance:

121.67 = Nov 2021 High

130.50 = Oct 2020 High



Futures Curve



Steel

Last Price USD **1,437.00**/ tons

Chinese steelmaking raw materials dropped on Friday, with coking coal and coke futures diving around 4% and iron ore prices dipping about 3%, as the market is on the lookout for government policy towards steel output controls. Benchmark iron ore futures [DCIOcv1](#) slipped 2.3% to 722 yuan per tonne, while spot 62% iron ore [SHCCN-IRNOR62](#) inched up \$0.5 to \$132.5 on Thursday. China's December iron ore imports slumped 18% month-on-month to 86.07 million tonnes, sending its annual purchase to 1.12 billion tonnes in 2021, down from the record high a year earlier. Steel prices on the Shanghai Futures Exchange all fell. Shanghai stainless steel futures [SHSScv1](#), for February delivery, ended down 0.8% to 17,895 yuan a tonne.

Technical:

China steelmaking ingredients drop on demand uncertainties. Next level to watch 1,500.00.

Support:

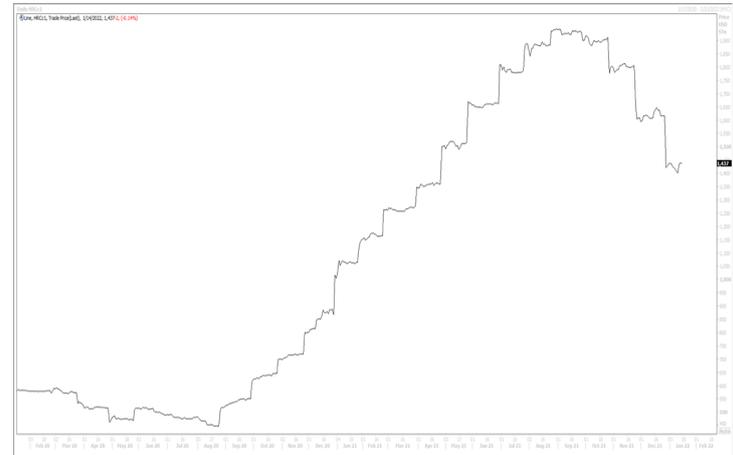
1348.00 = Mar 2021 High

1156.00 = Jan 2021 High

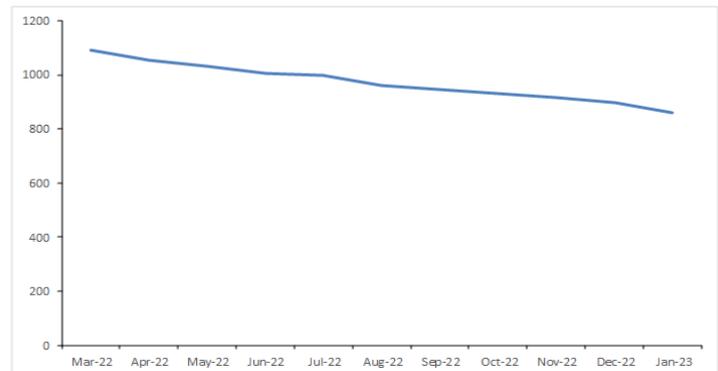
Resistance:

1505.00 = Apr 2021 High

1,680.00 = May 2021 High



Futures Curve of SHFE Steel Futures



Brent Crude

Last Price

USD **86.06**/BBL

Oil futures settled higher on Friday, boosted by supply constraints and worries of a Russian attack on neighbouring Ukraine, pushing prices toward their fourth weekly gain despite sources saying China is set to release crude reserves around the Lunar New Year. Brent crude futures [LCOc1](#) settled \$1.59, or 1.9%, higher at a 2-1/2-month high of \$86.06 a barrel, gaining 5.4% in the week. U.S. West Texas Intermediate crude [CLc1](#) gained \$1.70, or 2.1%, to \$83.82 per barrel, rising 6.3% in the week. Both Brent and U.S. futures entered overbought territory for the first time since late October. The U.S. Energy Department on Thursday said it had sold 18 million barrels of strategic crude oil. U.S. oil rigs also rose 11 to 492 this week, their highest since April 2020. China posted its first annual decline in crude oil imports in two decades, though traders expect imports to recover this year.

Technical:

Oil's bull run rolls on despite possible China reserves release, next level to watch 90.00.

Support:

80.75 = Sep 2021 High

76.60 = Jun 2021 High

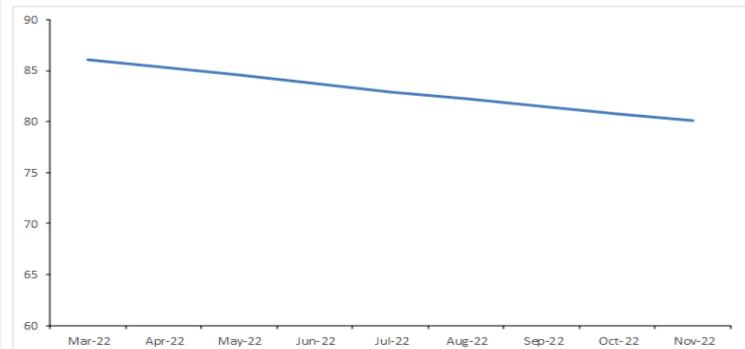
Resistance:

96.23 = Oct 2014 High

103.30 = Sep 2014 High



Futures Curve



LME Zinc

Last Price

USD **3,521.00**/Tons

LME zinc opened at \$3,548/mt last Friday, and hit a high of \$3,598/mt before falling back to \$3,504/mt, and closed at \$3,535.5/mt, a decrease of \$25/mt or 0.7%. The trading volume rose to 8,546 lots, and open interest added 3,175 lots to 257,000 lots. LME zinc inventory decreased by 1,275 mt to 183,675 mt, a drop of 0.69%. The US dollar index rebounded, which will put pressure on zinc prices. The European energy issues will remain the market focus. LME zinc is expected to move between \$3,510-3,560/mt on Monday.



Technical:

LME zinc dropped 0.7%, next level to watch 3,550.00.

Support:

3,482.00 = Dec 2021 High

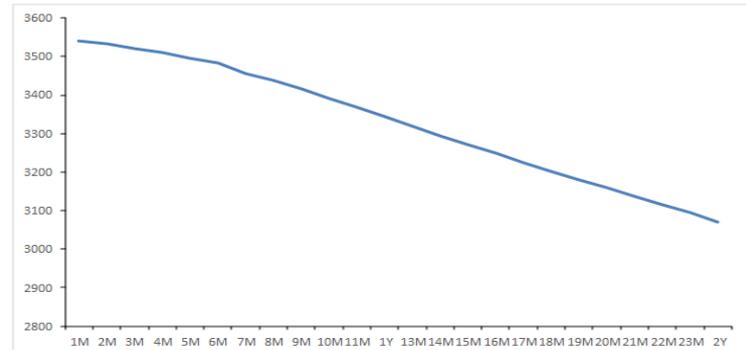
3,117.50 = Sep 2021 High

Resistance:

3,655.50 = Oct 2021 High

3,944.50 = Nov 2021 High

LME Zinc Forward Curve



Scrap Steel

Last Price

USD **492.00**/Tons

Steel scrap prices generally rose in the major importer markets in the week ended Friday January 14, with Asian markets bidding higher amid firmer demand while mills in Turkey have cooled their buying interest again following a jump in prices late last week. Turkish steelmakers retreat from deep-sea market after recent bookings. US exporters close deals to Bangladesh, Turkey. Vietnamese scrap prices jump amid bullish Asian sentiment. Chinese local scrap in tight supply ahead of new year holiday. Taiwan import prices gain throughout week. And Indian prices also rise as customers accept higher offers.

Technical:

Steel scrap prices jump in Asia, Turkey cools after recent rise. Next level to watch 500.00.

Support:

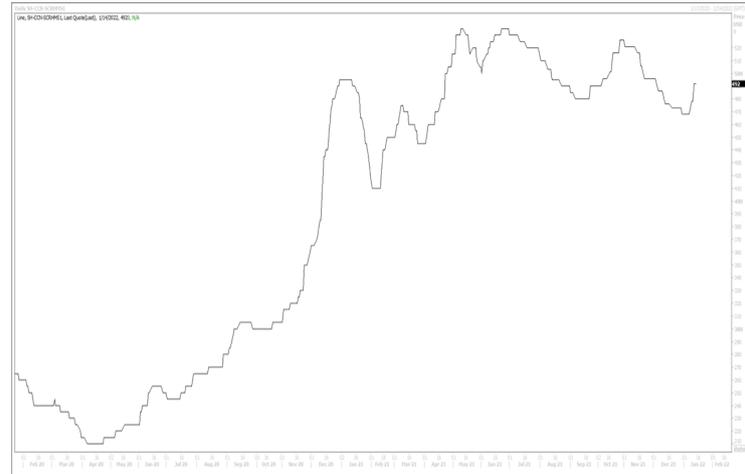
445.00 = Mar 2021 Low

410.00 = Feb 2021 Low

Resistance:

526.00 = Oct 2021 High

565.00 = Sep 2008 High



LME Scrap Steel Forward Curve



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