



# Commodities Weekly

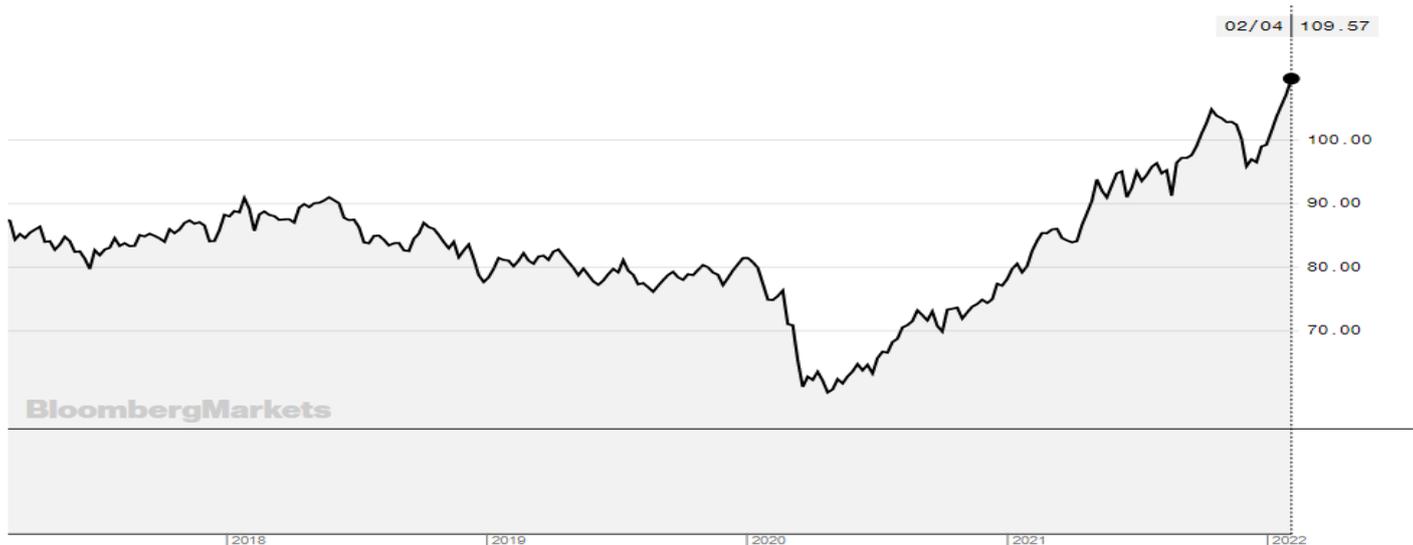
Issue 05-2022

Date: 07 Feb 2022

# Bloomberg Commodity Index

**109.57** USD +0.23 +0.21% ▲

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



BloombergMarkets

**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(%)
<a href="#">Page 4</a>	Wheat	<b>763.25</b>	 2.93%	 0.26%	 15.12%
<a href="#">Page 5</a>	Sugar	<b>18.23</b>	 0.16%	 0.05%	 15.16%
<a href="#">Page 6</a>	Soybean	<b>1,553.50</b>	 5.68%	 4.26%	 13.39%
<a href="#">Page 7</a>	Cotton	<b>126.74</b>	 2.41%	 -0.65%	 57.17%
<a href="#">Page 8</a>	Steel	<b>1,190.00</b>	 1.71%	 2.15%	 3.57%
<a href="#">Page 9</a>	Brent Crude	<b>93.27</b>	 3.60%	 2.26%	 66.91%
<a href="#">Page 10</a>	LME Zinc	<b>3,612.50</b>	 0.08%	 0.74%	 36.27%
<a href="#">Page 11</a>	Scrap Steel	<b>502.00</b>	 0.00%	 0.00%	 15.40%

# Wheat

Last Price

USc **763.25**/BSH

Chicago Board of Trade wheat futures firmed on Friday in a short-covering and technical-buying bounce from a three-week low posted the prior day. CBOT March soft red winter wheat [WH2](#) settled up 11-1/2 cents at \$7.63-1/4 per bushel after dipping to \$7.40 on Thursday, its lowest since Jan. 14. The contract held technical chart support at its 200-day moving average but ended the week down 2.9%. K.C. March hard red winter wheat [KWH2](#) ended up 16-3/4 cents at \$7.85-3/4 a bushel and MGEX March spring wheat [MWEH2](#) added 12-1/4 cents to end at \$9.13. Grains markets are looking ahead to next week's monthly U.S. Department of Agriculture (USDA) supply-and-demand report.

### Technical:

Wheat ends higher on short-covering, technical buying. Next level to watch 800.00.

### 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 **18.23**/LBS

Raw sugar futures on ICE rose on Friday, with investors encouraged by gains in wider financial markets to snap up bargains after prices hit their lowest in 3-1/2 weeks during the previous session. March raw sugar [SBC1](#) settled up 0.24 cent, or 1.3%, at 18.23 cents per lb, having hit the lowest level since Jan. 10 on Thursday at 17.77 cents. Sugar will struggle to claw its way above 19 cents because of good crop prospects in key producers India and Thailand, as well as expectations that even top producer Brazil's crop is set to recover from adverse weather last year. March white sugar [LSUc1](#) rose \$6.00, or 1.2%, at \$498.50 a tonne.



## Technical:

Raw sugar recovers from 3-1/2-week low, next level to watch 19.00.

## Support:

17.60 = Jan 2022 Low

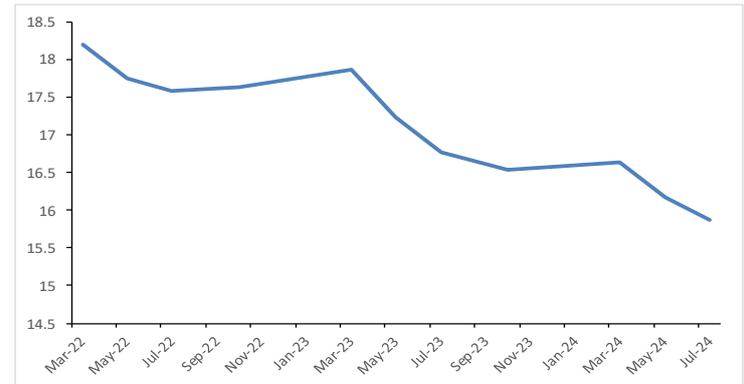
16.73 = Jul 2021 Low

## Resistance:

19.90 = Dec 2021 High

20.37 = Aug 2021 High

## Futures Curve



# Soybean

Last Price

USc **1,553.50**/BSH

Chicago Board of Trade soybean futures closed higher on Friday on worries about the weather-reduced South American harvest and solid U.S. export demand, though gains were held in check at times by end-of-week profit-taking. CBOT March soybeans [SH2](#) settled up 9-1/4 cents at \$15.53-1/2 per bushel, but failed again to rise above a contract high of \$15.64 posted at midweek. The contract was up 5.7% for the week after rallying on Wednesday to the highest for a most-active contract [Sv1](#) in nearly eight months. CBOT March soymeal [SMH2](#) ended up \$6.80 at \$443.90 per short ton, while March soyoil [BOH2](#) fell 0.39 cent to finish at 65.36 cents per pound. Argentina's soy crop faces a make-or-break period ahead as the risk of drought creeps back, with rainfall "erratic" and heavy precipitation looking unlikely until the second half of the month.

## Technical:

Soybeans gain on shrinking South American crops, next level to watch 1,600.00.

## Support:

1,485.00 = Feb 2022 Low

1,378.00 = Apr 2021 Low

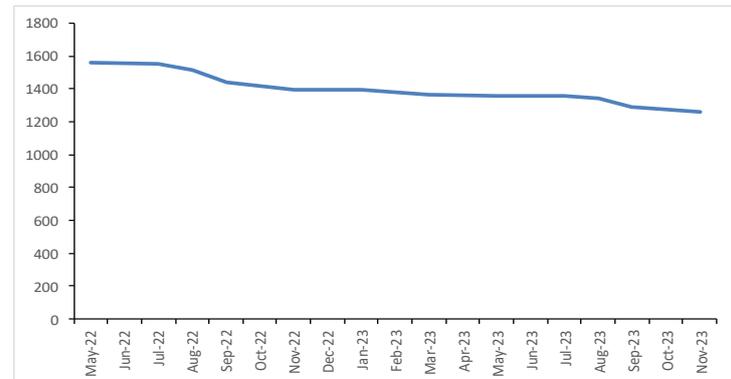
## Resistance:

1,608.75 = Apr 2021 High

1,677.25 = May 2021 High



## Futures Curve



# Cotton

Last Price

USc **126.74**/LBS

ICE cotton futures dipped on Friday, as a stronger dollar made it more expensive for overseas buyers, although the natural fiber was still on course for the eighth consecutive weekly rise on strong demand. The front-month contract on ICE futures for March [CTc1](#) fell 1.04 cent, or 0.8%, at 126.74 cents per lb. The contract is up about 2.3% so far this week. The U.S. dollar rose after data showed the U.S. created far more jobs than expected, raising the chances of a larger Federal Reserve interest rate hike in March. [USD/](#) Total futures market volume fell by 6,914 to 34,656 lots. Data showed total open interest gained 3,067 to 264,665 contracts in the previous session.

## Technical:

Cotton slips on firm dollar, but posted 8th weekly rise, next level to watch 130.00.

## Support:

116.48 = Oct 2021 High

111.50 = Nov 2021 Low

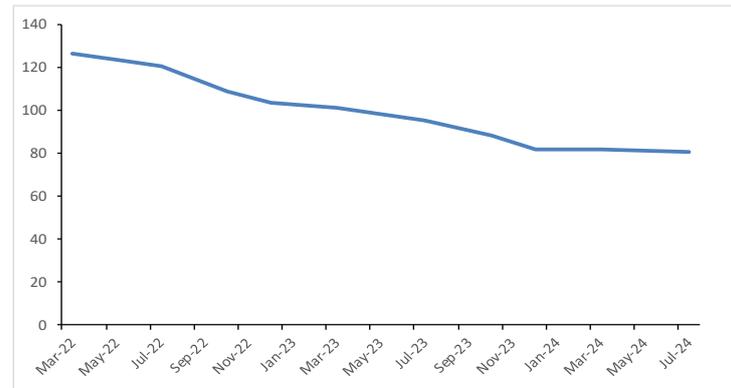
## Resistance:

130.50 = Oct 2020 High

142.09 = May 2011 Low



## Futures Curve



# Steel

Last Price USD **1,190.00**/ tons

On the supply side, the recent Winter Olympics-oriented production restrictions have been issued one after another. Taking Tangshan City as an example, in the first quarter of 2022, the total crude steel output affected by the off-peak production scheme in Tangshan City will be around 8.91 million mt, close to 30% of the output in the same period in 2021.

On the demand side, a series of macro policies, including infrastructure investment, newly-started construction projects, interest rate and RRR cuts, tax and expense cuts, etc., have served as a combination tool to the demand. To sum up, HRC will see narrowing supply and gradual recovery of demand after the CNY holiday.

### Technical:

Steel Prices Will Be Strongly Supported by the Infrastructure Construction . Next level to watch 1,250.00.

### Support:

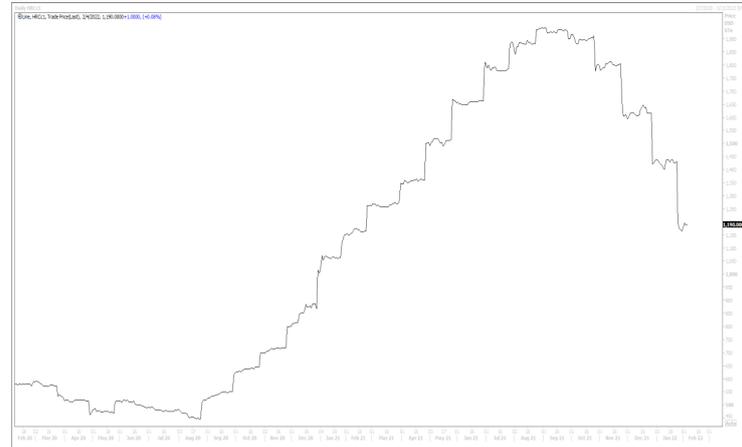
1,150.00 = Jan 2022 Low

1,015.00 = Jan 2021 Low

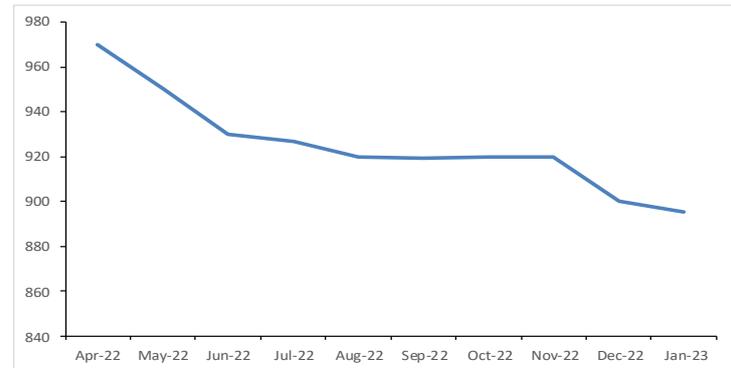
### Resistance:

1,265.00 = Feb 2021 High

1,348.00 = Mar 2021 High



### Futures Curve of SHFE Steel Futures



# Brent Crude

Last Price

USD **93.27** /BBL

Oil prices surged to seven-year highs on Friday, extending their rally into a seventh week on ongoing worries about supply disruptions fueled by frigid U.S. weather and ongoing political turmoil among major world producers. Brent crude [LCOc1](#) rose \$2.16, or 2.4%, to settle at \$93.27 a barrel having earlier touched its highest since October 2014 at \$93.70. U.S. West Texas Intermediate crude [CLc1](#) ended \$2.04, or 2.3%, higher at \$92.31 a barrel after trading as high as \$93.17, its highest since September 2014. Brent ended the week 3.6% higher, while WTI posted a 6.3% rise in their longest rally since October. Crude prices, which have already rallied about 20% so far this year, are likely to surpass \$100 per barrel due to strong global demand. Tight oil supplies pushed the six-month market structure for WTI [CLc1-CLc7](#) into steep backwardation of \$9.06 a barrel on Friday, its widest since September 2013.



## Technical:

Oil hits seven-year highs as rally extends to a 7th week, next level to watch 96.00.

## Support:

87.72 = Feb 2022 Low

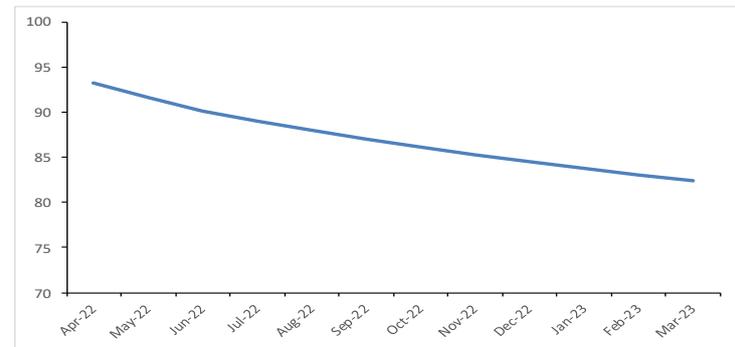
77.84 = Jul 2021 High

## Resistance:

96.23 = Oct 2014 High

103.30 = Sep 2014 High

## Futures Curve



# LME Zinc

Last Price

USD **3,612.50**/Tons

apart from the production suspensions in answering to environmental protection requirements, some smelters also cut the production amid pressures from the mining side. In addition, some mid and small-sized smelters in Hunan underwent longer-than-usual maintenance. The domestic refined zinc output is likely to stand at 523,000 mt in January, and 487,000 mt in February due to the CNY holiday factor. The seasonal increase in zinc inventories has already surfaced as the downstream was closed for CNY holiday one after another. And the rising inventory will increasingly weigh on the prices. SMM believes that the inventory will rise by around 119,000 mt in February post the holiday, a low compared with the past few years. How fast the inventory will drop after the demand side returns to normal post the holiday is also worth of attention.



## Technical:

Zinc Investors Shall Go Long on Dips amid Less-than-Expected Inventory Accumulation, next level to watch 3,650.00.

## Support:

3,482.00 = Dec 2021 High

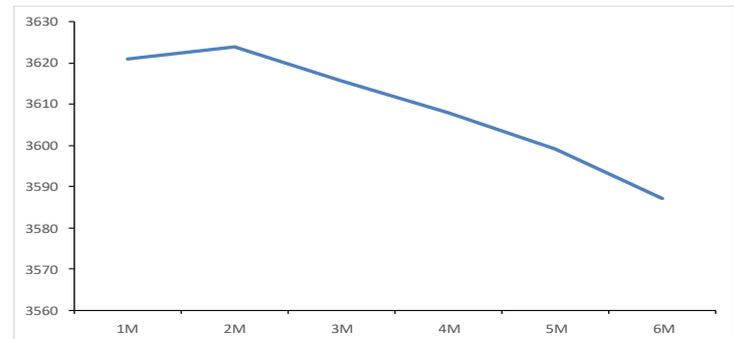
3,117.50 = Sep 2021 High

## Resistance:

3,655.50 = Oct 2021 High

3,944.50 = Nov 2021 High

## LME Zinc Forward Curve



# Scrap Steel

Last Price

USD **502.00**/Tons

Prices for imported scrap in India and Pakistan were mixed in the week ended Friday February 4, although there were only a few deals being heard done and suppliers were mostly holding their offer prices in expectation of renewed consumer demand next week. Turkey continued to make global deep-sea ferrous cargo purchases at higher prices in the week while East Asian markets, with the exception of South Korea, were broadly inactive for celebrations of the lunar new year in the region. The United Kingdom light iron price held stable during the week but is expected to track stronger export markets into Turkey in trading activity next week.

**Technical:**

Asian scrap markets consolidate position, expect renewed demand. Next level to watch 510.00.

**Support:**

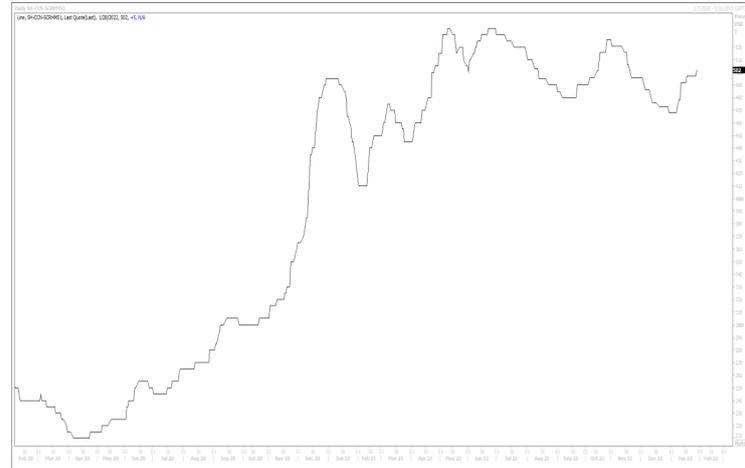
445.00 = Mar 2021 Low

410.00 = Feb 2021 Low

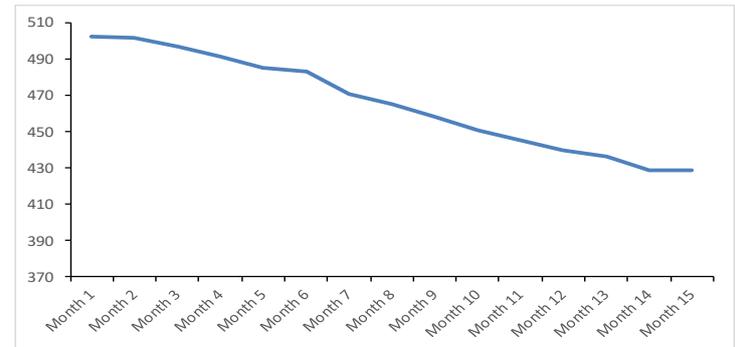
**Resistance:**

526.00 = Oct 2021 High

565.00 = Sep 2008 High



**LME Scrap Steel Forward Curve**



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