



 **BRAC BANK**

Commodities Weekly

Issue 22-2021

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 3	Wheat	687.75	▲ 3.65%	▼ 10.01%	▲ 7.38%
Page 4	Sugar	17.71	▲ 2.02%	▲ 0.91%	▲ 14.33%
Page 5	Soybean	1,583.75	▲ 3.48%	▼ 1.35%	▲ 20.41%
Page 6	Cotton	85.80	▲ 4.48%	▼ 4.11%	▲ 9.83%
Page 7	Steel	1,653.00	▼ 0.72%	▲ 8.82%	▲ 64.48%
Page 8	Brent Crude	71.89	▲ 3.25%	▲ 5.58%	▲ 38.78%
Page 9	LME Zinc	3,010.50	▼ 1.62%	▲ 2.28%	▲ 9.43%
Page 10	Scrap Steel	510.00	0.00%	▼ 0.97%	▲ 3.03%

Wheat

Last Price

USc **687.75**/BSH

Chicago Board of Trade soft red wheat futures gained on Friday, supported by persistent dryness and above-average temperatures across the Northern U.S. plains. CBOT July soft red winter wheat [WN1](#) ended 11-1/2 cents higher at \$6.87-3/4 per bushel. K.C. July hard red winter wheat [KWN1](#) added 12-1/4 cents to end at \$6.36-1/2. MGEX spring wheat for July delivery [MWEN1](#) settled 35-1/4 cents higher at \$8.12-3/4 per bushel, with nearly every contract month marking life-of contract highs. For the week, CBOT wheat's most-active contract [Wv1](#) increased 24-1/4 cents, a 3.65% weekly gain. U.S. wheat export sales eased to 365,100 tonnes for the week ended May 27, down from the previous four weeks. Export shipments of 243,200 tonnes were down 56% from the prior four-week average.



Technical:

CBOT wheat lifts as hot, dry U.S. weather threatens yields. Next level to watch 700.00.

Support:

639.50 = May 2021 Low

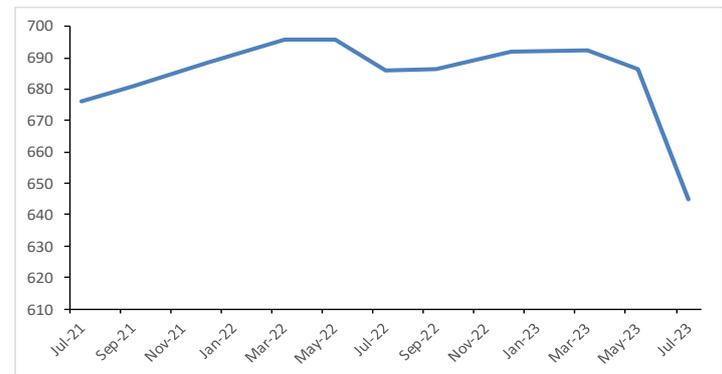
603.50 = Jan 2015 High

Resistance:

694.75 = Sep 2013 High

714.50 = Jun 2013 High

Futures Curve



Sugar

Last Price

USc **17.71**/ LBS

July raw sugar [Sbc1](#) settled up 0.28 cent, or 1.6%, at 17.71 cents per lb. Dealers noted showers were forecast in some parts of Brazil over the next few days but there remained concern that poor soil moisture could reduce the cane crush in the key Centre-South region. Demand for sugar in Brazil, however, has been weakened by the pandemic, which has also led to a shift to using more cane to make the sweetener rather than biofuel ethanol. The International Sugar Organization (ISO) on Friday forecast a smaller than previously expected global sugar deficit, with the revision driven largely by lower consumption. India's decision to bring forward sales of fuel containing 20% ethanol to 2023 from 2025 boosted the longer-term outlook for sugar. August white sugar [LSUc1](#) rose \$6.90, or 1.5%, at \$466.50 a tonne.



Technical:

Raw sugar futures on ICE closed higher on Friday, next level to watch 17.90.

Support:

16.70 = Mar 2021 High

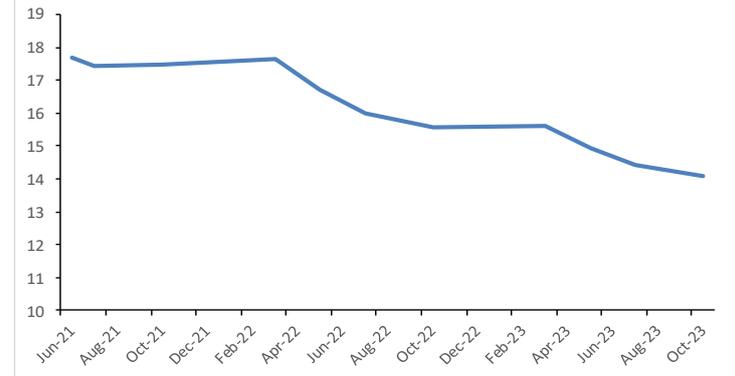
16.23 = Apr 2016 High

Resistance:

17.98 = Jun 2014 High

18.94 = Feb 2021 High

Futures Curve



Soybean

Last Price

USc **1,583.75** / BSH

Chicago Board of Trade soybean futures climbed on Friday as traders assessed forecasts for hot, dry weather across much of the U.S. Midwest. CBOT July soybeans [SN1](#) ended 34-1/2 cents higher at \$15.83-3/4 per bushel, while new-crop November soybeans [SX1](#) added 32 cents to \$14.35-1/2. CBOT July soymeal [SMN1](#) gained \$4.60 to \$396.20 a ton and CBOT July soyoil [BON1](#) lifted 2.49 cents to 71.34 cents per lb. For the week, CBOT's most-active soybean contract [Sv1](#) added 52-1/4 cents, a 3.48% weekly gain. U.S. soybean export sales of 198,000 tonnes were down significantly from the previous four-week average during the week ended May 27, according to the U.S. Department of Agriculture. Export shipments of 221,700 tonnes were at a marketing-year low.



Technical:

CBOT soybeans gain on U.S. weather concerns, next level to watch 1,600.00.

Support:

1,489.25 = May 2021 Low

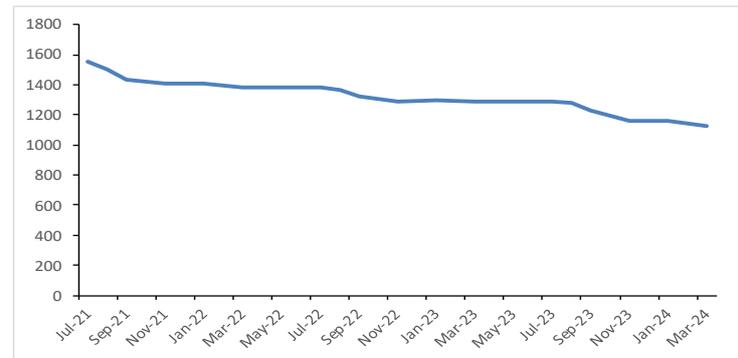
1,453.50 = Mar 2021 High

Resistance:

1,608.75 = Apr 2021 High

1,677.25 = May 2021 High

Futures Curve



Cotton

Last Price

USc **85.80**/LBS

ICE cotton futures gained ground on Friday after a weekly federal report showed higher export sales of the natural fiber, while a weaker dollar added further support. Cotton contracts for December [CTZ1](#), [CTc3](#) rose 0.82 cent, or 1%, to 85.86 cents per lb by 11:49 am EDT (1549 GMT). It traded within a range of 84.4 and 86.85 cents a lb. Cotton prices were also set for their best week since April, rising 3.1%. The U.S Department of Agriculture (USDA)'s weekly export sales report showed net sales of 180,800 Running Bales for the 2020/2021 marketing year, 6% above the previous week and 82% higher than the prior 4-week average. Also aiding cotton's rise, the dollar index fell 0.4%, lowering the cost of greenback denominated cotton for buyers holding other currencies.



Technical:

Cotton rises on robust export sales, weaker dollar, next level to watch 90.00.

Support:

81.50 = May 2021 Low

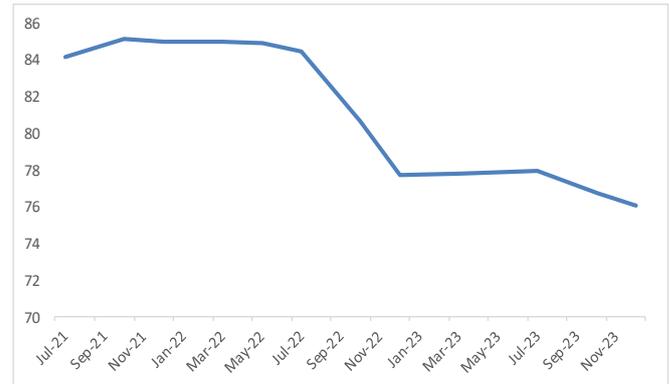
77.12 = Mar 2021 Low

Resistance:

91.00 = May 2021 High

92.95 = Feb 2021 High

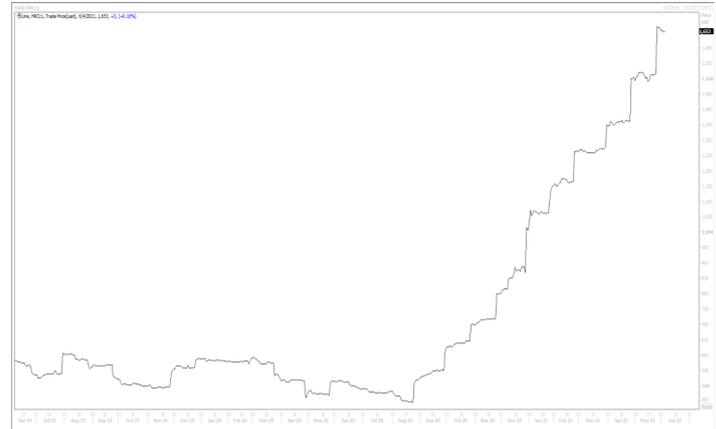
Futures Curve



Steel

Last Price USD **1,653.00**/ tons

The most-traded construction rebar on the Shanghai Futures Exchange [SRBcv1](#) for October delivery jumped 1.4% to 5,159 yuan (\$805.41) a tonne and logged the first weekly gain in four by 4.6%. Hot rolled coils [SHHCcv1](#), used in cars and home appliances, edged up 0.2% to 5,434 yuan a tonne at close. They increased 2% for the week. Stockpiles of rebar held by traders and at mills fell 3.3% to 10.42 million tonnes as of Thursday, while hot rolled coils inventories increased 0.9% to 3.54 million tonnes. Shanghai stainless steel futures [SHSScv1](#), for July delivery, fell 3.7% to 15,535 yuan a tonne. Prices for steelmaking ingredients on the Dalian Commodity Exchange declined. Benchmark iron ore futures [DCIOcv1](#), for September delivery, closed down 1.9% at 1,169 yuan per tonne. They surged 9.9% this week.



Technical:

Steel futures jump, but prices were kept in check by demand concerns. Next level to watch 1,700.00.

Support:

1,485.00 = May 2021 Low

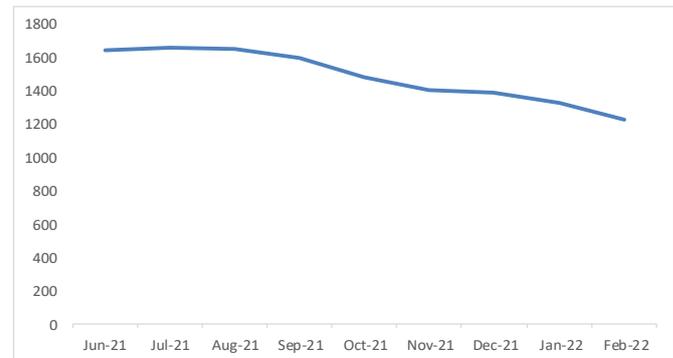
1,345.00 = Apr 2021 Low

Resistance:

1,700.00 = Psychological Level

1,750.00 = Psychological Level

Futures Curve of SHFE Steel Futures



Brent Crude

Last Price

USD **71.89**/BBL

Oil extended gains on Friday, with Brent topping \$72 a barrel for the first time since 2019, as OPEC+ supply discipline and recovering demand countered concerns about a patchy COVID-19 vaccination rollout around the globe. Brent crude [LC0c1](#) rose 58 cents, or 0.8%, to settle at \$71.89 a barrel, after touching \$72.17, its highest since May 2019. U.S. West Texas Intermediate crude [CLc1](#) rose 81 cents, or 1.2%, to settle at \$69.62. The session high was \$69.76, its highest since October 2018. Oil prices drifted higher after U.S. energy firms this week cut the number of oil and natural gas rigs operating, for the first time in six weeks. Brent rose about 3% on the week while U.S. crude notched gains of nearly 5%. It is the second week of gains for both contracts.



Technical:

Oil hits two-year high on OPEC+ discipline, next level to watch 72.00.

Support:

64.57 = May 2021 Low

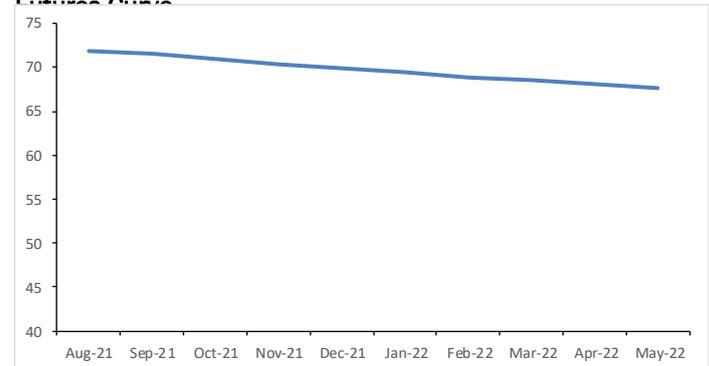
61.25 = Apr 2021 Low

Resistance:

73.40 = May 2019 High

75.60 = Apr 2019 High

Future Curve



LME Zinc

Last Price

USD **3,010.50**/Tons

The most-active SHFE 2107 zinc contract closed down 2.04% at 22,520 yuan/mt. Open interest fell 14,901 lots to 92,684 lots. The data of ADP employment and ISM service industry in the US showed that the economy was recovering rapidly, which continued to arouse the worry of the Federal Reserve's code reduction and easing. US stocks fell, US bond yields and US dollar index rose, non-ferrous metals were generally weak, and zinc prices went down. On the fundamentals, the supply of smelting continued to recover in June and July, suppressing zinc prices. 20-day moving average will be monitored tonight, and zinc prices are expected to continue to weaken under pressure.



Technical:

Nonferrous metals on the SHFE including zinc fell across the board, next level to watch 3,000.00.

Support:

2,955.00 = May 2021 High

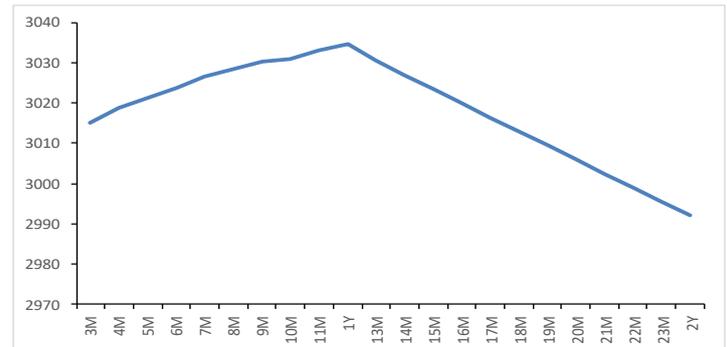
2,930.00 = Apr 2019 High

Resistance:

3,028.00 = Apr 2021 High

3,068.00 = May 2021 High

LME Zinc Forward Curve

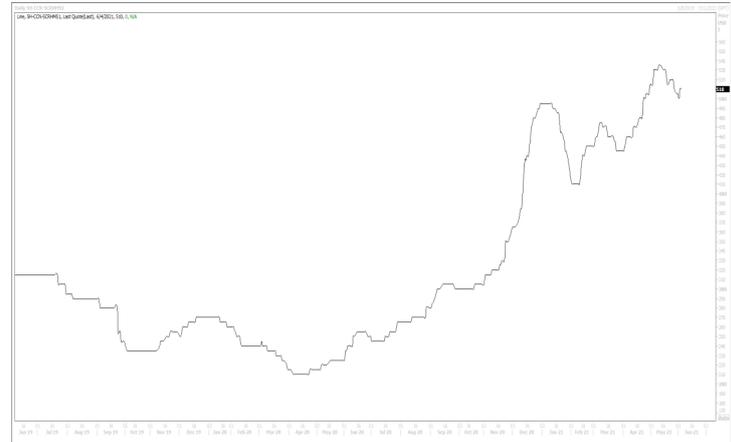


Scrap Steel

Last Price

USD **510.00**/Tons

Steel-scrap margins and high-grade premiums prevalent in recent months are likely to persist in the short term but should fall away by the end of the year. In the US in April, steel scrap No1 busheling, consumer buying price, delivered mill Chicago was at \$550 per gross ton and shredded scrap consumer buying price in Chicago at \$430 per ton, putting the spread between the two grades at \$120 per ton. The gap in the US fell to \$100 per ton in May after shredded gained \$20 per ton while busheling remained flat, but that is still above the \$93-per-ton gap for prime versus shredded on a cost-yield basis.



Technical:

Price rises and this trend is likely to persist in the short term, next level to watch 515.00.

Support:

495.00 = Dec 2020 High

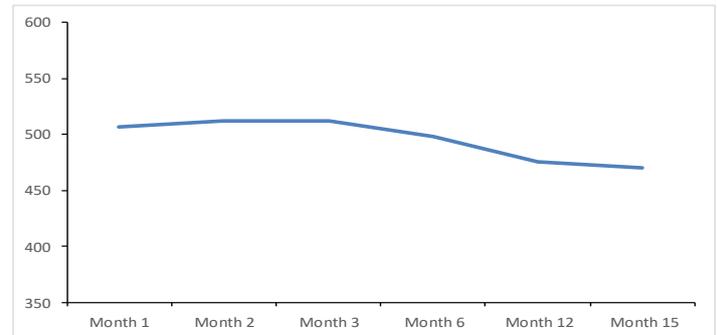
450.00 = Feb 2021 High

Resistance:

535.00 = May 2021 High

565.00 = Sep 2008 High

LME Scrap Steel Forward Curve



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