



 **BRAC BANK**

Commodities Weekly

Issue 23-2021

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 | 680.75 | ▼ 1.02% | ▼ 6.30% | ▲ 6.28% |
| Page 4 | Sugar | 17.54 | ▼ 0.96% | ▲ 2.51% | ▲ 13.23% |
| Page 5 | Soybean | 1,508.50 | ▼ 4.75% | ▼ 6.44% | ▲ 14.69% |
| Page 6 | Cotton | 87.00 | ▲ 1.40% | ▲ 2.38% | ▲ 11.37% |
| Page 7 | Steel | 1,647.00 | ▼ 0.36% | ▲ 9.80% | ▲ 63.88% |
| Page 8 | Brent Crude | 72.69 | ▲ 1.11% | ▲ 8.41% | ▲ 40.33% |
| Page 9 | LME Zinc | 3,044.50 | ▲ 1.13% | ▲ 4.26% | ▲ 10.67% |
| Page 10 | Scrap Steel | 520.00 | ▲ 1.96% | ▼ 2.80% | ▲ 5.05% |

Wheat

Last Price

USc **680.75**/BSH

U.S. wheat futures ended lower on Friday as better-than-anticipated rains soaked the drought-stressed spring crop in the northern Plains and as the U.S. dollar firmed. Wheat prices also felt spillover pressure from sinking corn and soybean markets, which fell after Reuters reported that the White House was considering ways to offer oil refiners relief from biofuel blending mandates. The benchmark CBOT July soft red winter wheat futures contract [WN1](#) ended 3 cents lower at \$6.80-3/4 a bushel. For the week, the contract was down 1%, its fourth weekly drop in five weeks. K.C. July hard red winter wheat [KWN1](#) was 2-1/4 cents lower at \$6.38 a bushel, and MGEX spring wheat for July delivery [MWEN1](#) was 10-3/4 cents lower at \$7.64-3/4 a bushel.

Technical:

U.S. wheat futures retreat as spring crop receives rain. Next level to watch 700.00.

Support:

639.50 = May 2021 Low

603.50 = Jan 2015 High

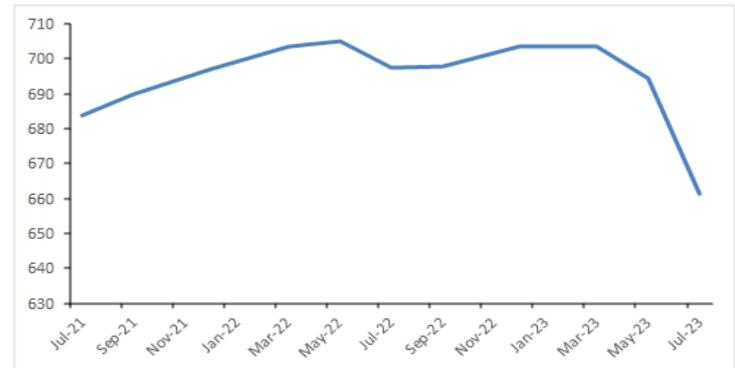
Resistance:

694.75 = Sep 2013 High

714.50 = Jun 2013 High



Futures Curve



Sugar

Last Price USc **17.54**/ LBS

Sugar prices on ICE closed down on Friday due to signs of ample supplies, though the market remained within recent ranges. July raw sugar [SBC1](#) settled down 0.12 cent, or 0.7%, at 17.54 cents per lb. August white sugar [LSUc1](#) settled down \$3.40, or 0.7%, at \$451.30 a tonne. Dealers said the widening discounts for front month versus second month raw and white sugar [SB-1=R](#), [LSU-1=R](#) indicated nearby supplies remained plentiful, but added there was good buying from end-users at around 17.60, keeping prices range-bound. There was also talk of high shipping rates hurting physical demand, with some buyers willing to postpone deals and wait for freight rates to fall. Data showed sugar production in the key Center-South region of top producer Brazil totalled 2.62 million tonnes in the second half of May - above market expectations.



Technical:

Sugar prices fall on ample supplies, next level to watch 17.90.

Support:

17.20 = Oct 2014 High

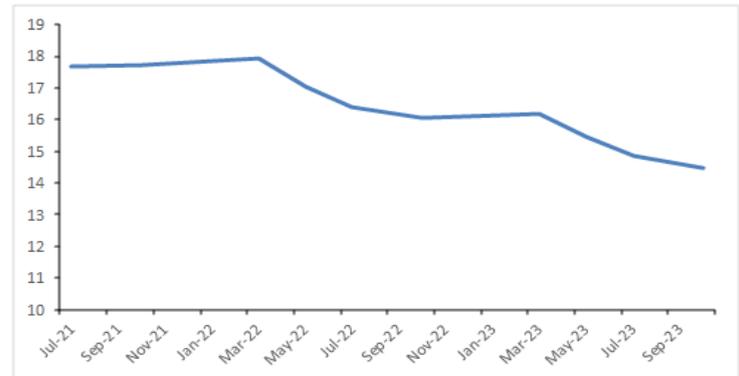
16.70 = Mar 2021 High

Resistance:

17.98 = Jun 2014 High

18.94 = Feb 2021 High

Futures Curve



Soybean

Last Price USc **1,508.50**/ BSH

U.S. soybean futures fell sharply on Friday, led by plunging soyoil prices after Reuters reported that the White House was considering relief from biofuel blending laws for oil refiners, which could limit demand for soyoil. Some crop-boosting rain in dry areas of the Midwest and northern Plains also triggered selling and profit-taking ahead of the weekend. CBOT July soybeans [SN1](#) ended down 35-1/2 cents at \$15.08-1/2 a bushel. The contract was down 4.8% on the week, the sharpest weekly drop since mid-January. New-crop November futures [SX1](#) were down 20-3/4 cents at \$14.38-3/4 a bushel. CBOT July soymeal [SMN1](#) was \$1.70 higher at \$383.30 a ton. CBOT July soyoil [BON1](#) ended 3.48 cents lower at 66.98 cents per lb after spending much of the session down the daily 3.5-cent limit.



Technical:

CBOT soybeans drop as biofuel blending fears sink soyoil, next level to watch 1,500.00.

Support:

1,489.25 = May 2021 Low

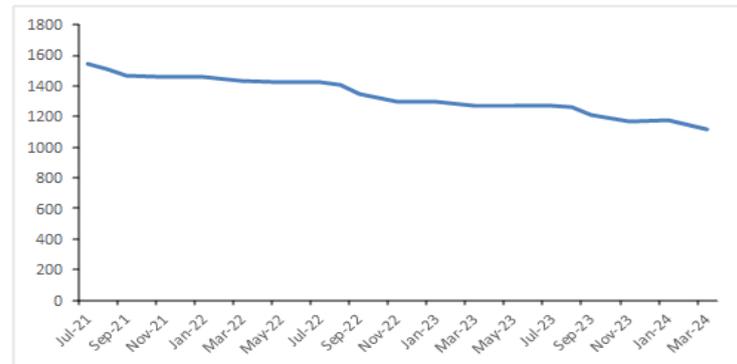
1,453.50 = Mar 2021 High

Resistance:

1,536.75 = May 2014 High

1,608.75 = Apr 2021 High

Futures Curve



Cotton

Last Price

USc **87.00**/LBS

ICE cotton futures jumped to their highest in more than a month on Thursday after a U.S. supply and demand report slashed the U.S. and world ending stocks for the 2021/22 crop. Cotton contracts for December [CTZ1](#), [CTc3](#) rose 0.83 cent, or 1%, at 88.17 cents per lb, by 2:11 p.m EDT (1811 GMT), having hit its highest since May 6 to 88.20 cents. The June World Agricultural Supply and Demand Estimates (WASDE) report raised U.S. export projections by 100,000 bales to 14.8 million bales, in turn reducing ending stock estimates by 200,000 bales to 2.9 million bales. Global ending stocks were also projected lower by 1.7 million bales to 89.3 million. The monthly report kept its U.S. 2021/22 production and consumption unchanged from last month.



Technical:

Cotton hits five-week peak on lower ending stock estimates, next level to watch 90.00.

Support:

81.50 = May 2021 Low

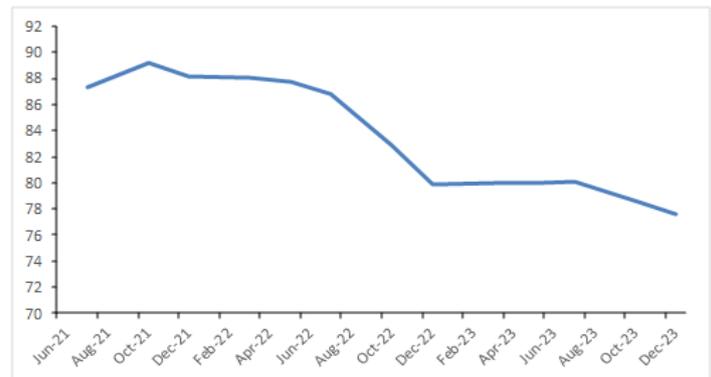
77.12 = Mar 2021 Low

Resistance:

91.00 = May 2021 High

92.95 = Feb 2021 High

Futures Curve



Steel

Last Price USD **1,647.00**/ tons

Iron ore jumped on Thursday, despite renewed government focus on commodity inflation in top steel producer China, as benchmark steel futures in Shanghai stretched gains, lifting prices of steelmaking raw materials. The most-traded iron ore for September delivery on China's Dalian Commodity Exchange [DCIOcv1](#) ended the morning trade 0.9% higher at 1,180 yuan (\$184.84) a tonne. July iron ore on the Singapore Exchange [SZZFN1](#) rose 1.5% to \$207.90 a tonne. The overall sentiment was positive with spot iron ore prices also extending gains, supported by strong fundamentals, analysts said. The benchmark 62% iron ore traded at \$213 a tonne on Wednesday, the highest since May 19, based on SteelHome consultancy data, although buying interest was stronger in lower-grade but cheaper materials as steel profit margins in China have recently narrowed.

Technical:

Iron ore pushes higher as Shanghai steel futures jump over 3%.
Next level to watch 1,700.00.

Support:

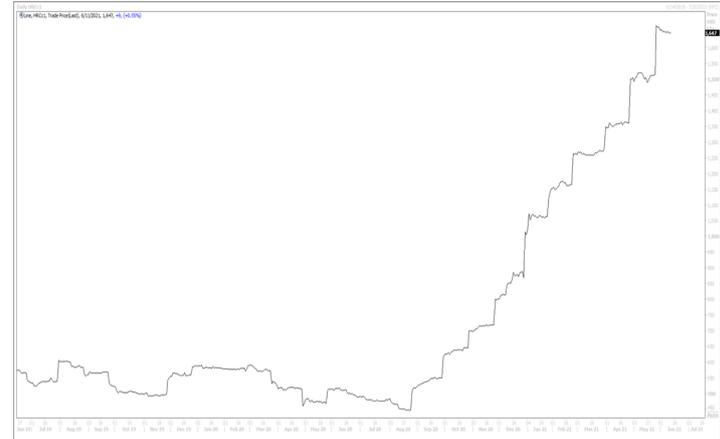
1,485.00 = May 2021 Low

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 **72.69**/BBL

Oil prices reached fresh multi-year highs on Friday, closing out a third straight week of gains on an improved outlook for worldwide demand as rising COVID-19 vaccination rates help lift pandemic curbs. Brent crude [LCOc1](#) futures settled at \$72.69 a barrel, rising 17 cents after reaching their highest since May 2019. For the week, Brent was up 1%. U.S. West Texas Intermediate (WTI) crude [CLc1](#) futures settled at \$70.91 a barrel, up 62 cents, settling at their highest since October 2018. WTI was up 1.9% on the week. Brent crude prices are expected to reach \$80 per barrel this summer as vaccine rollouts boost global economic activity.



Technical:

Oil hits multi-year highs in third weekly gain on demand recovery, next level to watch 75.00.

Support:

64.57 = May 2021 Low

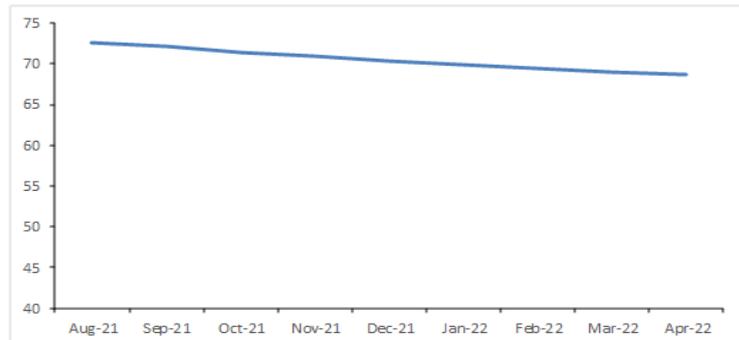
61.25 = Arp 2021 Low

Resistance:

73.40 = May 2019 High

75.60 = Apr 2019 High

Futures Curve



LME Zinc

Last Price

USD **3,044.50**/Tons

The most-active SHFE 2107 zinc contract closed up 1.2% at 22,740 yuan/mt. Open interest fell 1,231 lots to 87,451 lots. The CPI of the US in May exceeded expectations again, indicating that the inflation pressure in the US continued to rise, and the market reaction was relatively dull, with the US dollar index slightly rising in the near term. According to SMM news, the supply side gradually loosened, while the trend of consumption weakening was also obvious.



Technical:

Nonferrous metals on the SHFE including zinc fell across the board, next level to watch 3,050.00.

Support:

3,033.00 = May 2021 High

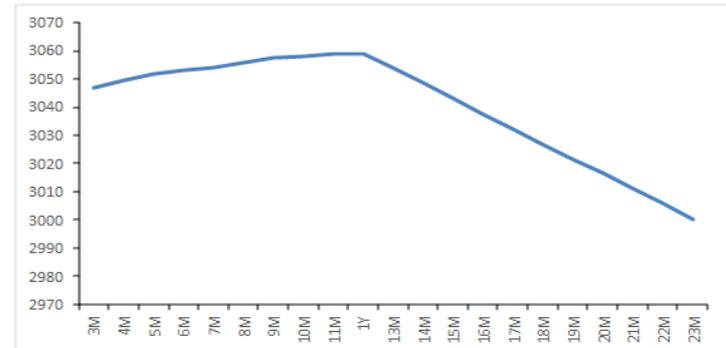
2,955.00 = May 2021 High

Resistance:

3,068.00 = May 2021 High

3,085.00 = May 2021 High

LME Zinc Forward Curve

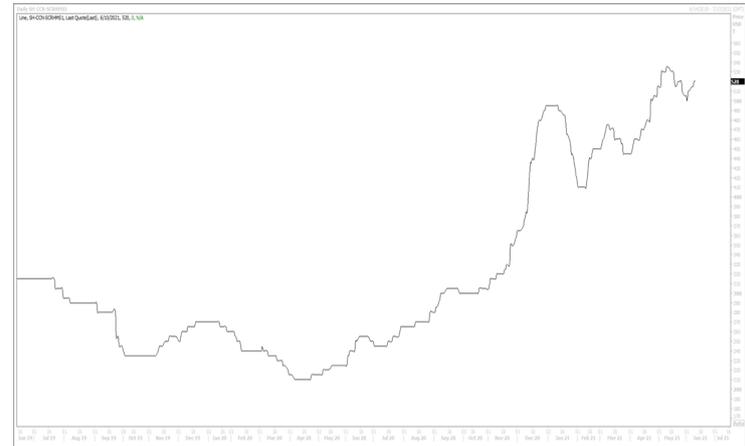


Scrap Steel

Last Price

USD **520.00**/Tons

Prices for steel scrap imported into China rebounded after bullish sentiment dominated Chinese steel markets on Friday. The most traded rebar and hot-rolled coil futures contracts on the Shanghai Futures Exchange (SHFE) closed higher by 3.74% and 3.13% respectively on Friday afternoon. Chinese traders were energized after the rise in futures and physical ferrous markets on Friday, with some trading companies bidding as high as \$540-550 per tonne cfr northern China for heavy scrap (HS) - equivalent to around \$530-540 per tonne cfr eastern China. Offers for HS from Japan were heard at \$560 per tonne cfr China on Friday.



Technical:

Bullish sentiment pushes up scrap steel prices, next level to watch 530.00.

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



Contact

Swift: BRAKBDDH, Reuters Dealing Code: "BRAC", Group email: dealing.room@bracbank.com
Web: www.bracbank.com

Md. Shaheen Iqbal

Head of Treasury & Financial Institutions
E-mail: shaheen.iqbal@bracbank.com
Cell: +880 1713 049433

Fouzia Rahman

Head of Markets, Treasury & Financial Institutions
E-mail: fouzia.rahman@bracbank.com
Cell: +880 1713 493937

Nawshaba Aziz

Sr. Relationship Manager Corporate Sales & FX,
Treasury & Financial Institutions
E-mail: nawshaba.aziz@bracbank.com
Cell: +88 01730 796810

Lailun Nahar Tonny

Sr. Manager, Treasury & Financial Institutions
E-mail: lailunnahar.tonny@bracbank.com
Cell: +88 01730 796820

Mohammad Humayun Rashid

Manager, Treasury & Financial Institutions
E-mail: humayun.rashid@bracbank.com
Cell: +880 1723 935623

Maruf Hassan

Associate Manager, Treasury & Financial Institutions
E-mail: maruf.hassan29443@bracbank.com
Cell: +880 1847 419487

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