



Commodities Weekly

Issue 24-2021

Date: 27 June,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	637.00	▼ 3.89%	▼ 5.80%	▼ 0.55%
Page 4	Sugar	16.90	▲ 2.86%	▼ 1.29%	▲ 9.10%
Page 5	Soybean	1,329.75	▼ 4.75%	▼ 13.48%	▲ 1.10%
Page 6	Cotton	86.43	▲ 2.38%	▲ 4.62%	▲ 10.64%
Page 7	Steel	1,664.00	▲ 0.18%	▼ 0.06%	▲ 65.57%
Page 8	Brent Crude	76.18	▲ 3.63%	▲ 9.67%	▲ 47.07%
Page 9	LME Zinc	2,907.50	▲ 3.01%	▼ 5.01%	▲ 5.69%
Page 10	Scrap Steel	535.00	▲ 0.94%	▲ 2.88%	▲ 8.08%

Wheat

Last Price

USc **637.00**/BSH

U.S. wheat futures closed mixed on Friday, with winter wheat offerings falling on seasonal harvest pressure while spring wheat contracts soared on concerns about crops wilting under drought stress in the northern U.S. Plains. The front-month MGEX spring wheat contract [MWEC1](#), which has risen for six days in a row, hit its highest since June 7. The most-active Chicago Board of Trade soft red winter wheat contract [WV1](#) fell to its lowest since April 14. CBOT September soft red winter wheat [WU1](#) settled down 11-1/4 cents at \$6.40-3/4 a bushel. MGEX September spring wheat [MWEU1](#) was up 6-1/4 cents at \$8.11-1/2 and K.C. September hard red winter wheat [KWU1](#) was 6 cents lower at \$6.08-1/2.



Technical:

CBOT, KCBT wheat futures fall; MGEX futures rally. Next level to watch 625.00.

Support:

603.50 = Jan 2015 High

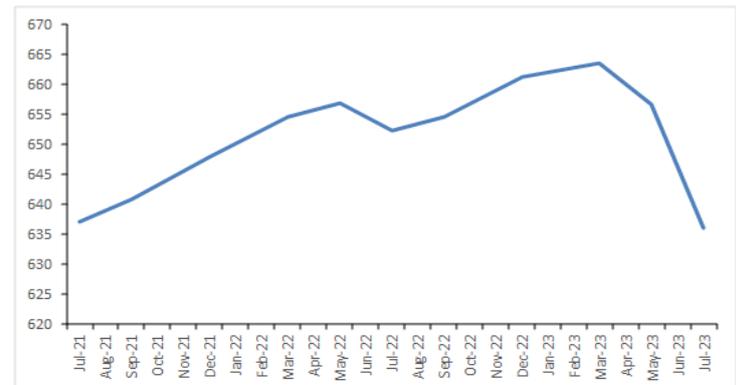
593.25 = Mar 2021 Low

Resistance:

683.50 = Feb 2021 High

714.50 = Jun 2013 High

Futures Curve



Sugar

Last Price

USc **16.90**/ LBS

July raw sugar [SBc1](#) settled down 0.03 cent, or 0.2%, at 16.90 cents per lb. The contract gained 2.9% in the week. The market remains firmly in the 150-point range seen this month, with Thursday's gains speculative in nature given still-bearish technical signals. Brazilian mills in the main center-south region produced 2.19 million tonnes of sugar in the first half of June, 14% less than a year earlier and below market expectations. August white sugar [LSUc1](#) settled up \$1.00, or 0.2%, at \$427.80 a tonne.



Technical:

Raw sugar was little changed, next level to watch 17.00.

Support:

16.23 = Apr 2016 High

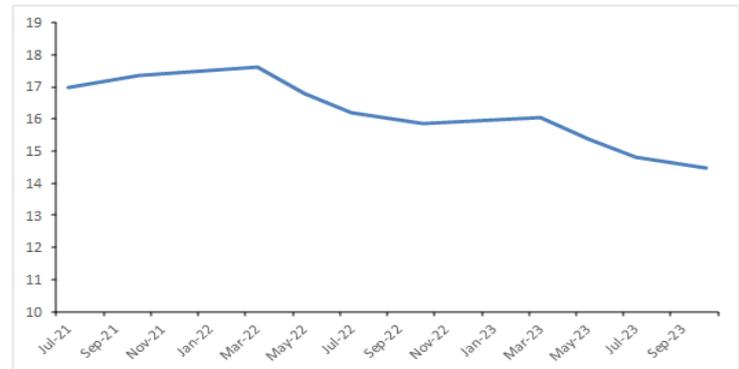
15.85 = Dec 2015 High

Resistance:

17.20 = Oct 2014 High

17.98 = Apr 2021 High

Futures Curve



Soybean

Last Price USc **1,329.75**/ BSH

Chicago Board of Trade soybean futures dropped 1.7% to their low-est in a week on Friday on concerns about reduced demand for the oilseed from the biofuel industry. The U.S. Supreme Court on Friday bolstered a bid by small oil refineries to win exemptions from a federal law requiring increasing levels of ethanol and other renewable fuels to be blended into their product. The ruling also weighed heavily on soyoil futures, which sank 5.3%. Soymeal futures ended firm following the U.S. Agriculture Department's announcement that private exporters reported the sale of 112,200 tonnes of soymeal to Mexico. CBOT November soybeans [SX1](#) settled down 22 cents at \$12.69-3/4 a bushel. The most-active contract [Sv1](#) was down 3.3% this week, its third straight weekly decline.



Technical:

CBOT soybeans drop on demand fears after U.S. Supreme Court ruling, next level to watch 1,300.00.

Support:

1321.50 = Dec 2020 High

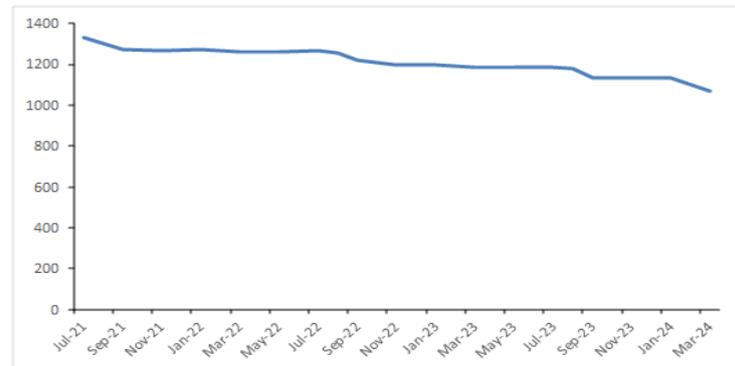
1208.50 = Jun 2016 High

Resistance:

1364.25 = Mar 2021 Low

1378.00 = Jan 2013 Low

Futures Curve



Cotton

Last Price

USc **86.43**/LBS

ICE cotton futures climbed to a more than one-week peak on Friday and headed for a weekly gain, boosted by a weaker dollar and concerns over crop quality after heavy rains lashed major growing regions. Cotton contracts for December [CTZ1](#), [CTc3](#) rose 0.30 cent, or 0.4%, at 87.03 cents per lb, by 12:13 a.m. EDT (1613 GMT), after hitting their highest since June 14 at 87.55 cents. For the week, prices were up 2%. The dollar [.DXY](#) eased against rivals, making cotton affordable for other currency holders. Total futures market volume fell by 7,219 to 8,418 lots. Data showed total open interest gained 1,846 to 210,003 contracts in the previous session.



Technical:

ICE cotton scales over 1-week peak on concerns over crop quality, next level to watch 90.00.

Support:

81.50 = May 2021 Low

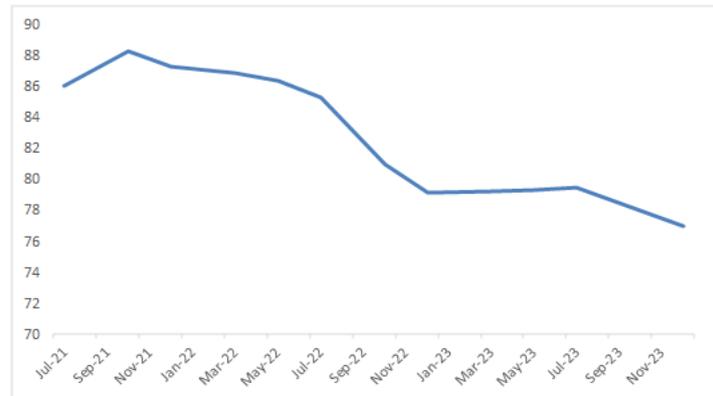
77.12 = Mar 2021 Low

Resistance:

91.00 = May 2021 High

92.95 = Feb 2021 High

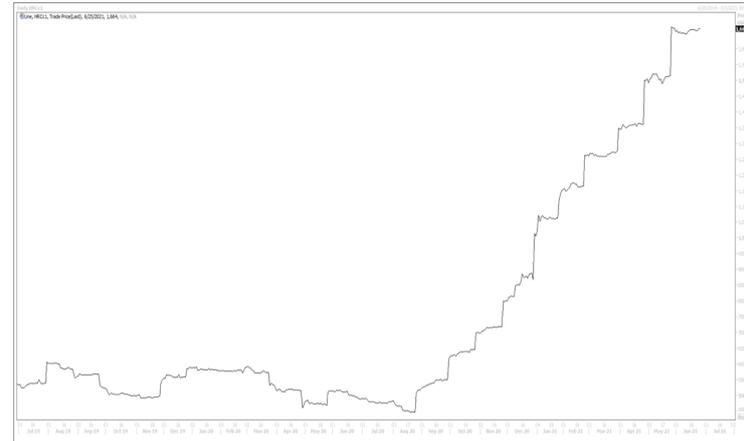
Futures Curve



Steel

Last Price USD **1,664.00**/ tons

Chinese steel and iron ore futures rose on Friday, while coking coal and coke both gained nearly 5% against a backdrop of strong demand at mills and supply tightness. The most-traded coke futures on the Dalian Commodity Exchange [DCJcv1](#), for September delivery, jumped 1.1% to 2,827 yuan (\$438.21) per tonne at close. They rose 5% for the week. Coking coal futures on the Dalian bourse [DJMcv1](#) inched 0.2% lower to 2,045 yuan a tonne, but logged a 4.6% gain this week. Inventories of coking coal held by 100 coking plants and 110 steel mills, fell 3.2% to 15.7 million tonnes as of Thursday, from a week earlier due to a supply crunch amid environmental and safety production inspections. Benchmark iron ore futures [DCIOcv1](#) increased 1.2% to 1,185 yuan per tonne. Spot prices for 62% iron ore [SH-CCN-IRNOR62](#) fell \$2 to \$217 a tonne.



Technical:

Chinese steel futures rise; coking coal, coke log weekly gains. Next level to watch 1,700.00.

Support:

1,485.00 = May 2021 Low

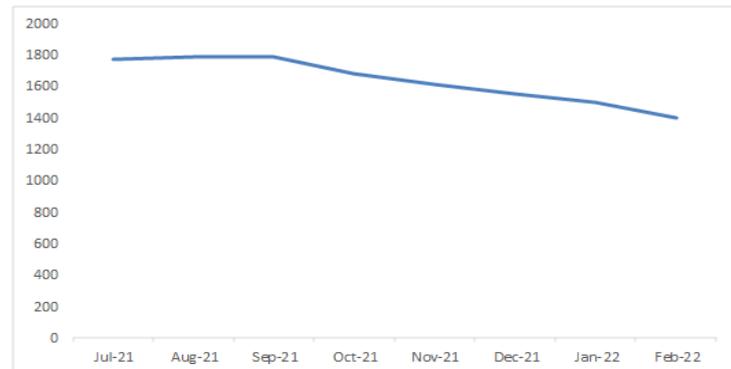
1,345.00 = Apr 2021 Low

Resistance:

1,700.00 = Psychological Level

1,750.00 = Psychological Level

Futures Curve of SHFE Steel Futures



Brent Crude

Last Price

USD **76.18**/BBL

Oil prices climbed to their highest since October 2018 on Friday, putting both benchmarks up for a fifth week in a row on expectations demand growth will outstrip supply and OPEC+ will be cautious in returning more crude to the market from August. Brent futures [LCOc1](#) rose 62 cents, or 0.8%, to settle at \$76.18 a barrel, while U.S. West Texas Intermediate (WTI) crude [CLC1](#) rose 75 cents, or 1.0%, to \$74.05. Those were the highest closes for both benchmarks since October 2018 and put both contracts up over 3% for the week. Meanwhile, the number of U.S. oil rigs, an early indicator of future output, fell one to 372 this week. Despite that small decline, the rig count gained 13 in June, its 10th monthly rise and increased 48 in the second quarter, its third consecutive quarterly rise.



Technical:

Oil rises for 5th week to highest since 2018 on strong demand, next level to watch 80.00.

Support:

64.57 = May 2021 Low

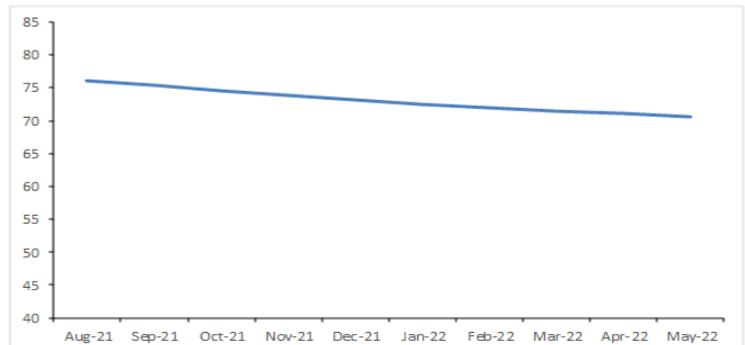
61.25 = Apr 2021 Low

Resistance:

79.70 = Jun 2018 High

82.87 = Sep 2018 High

Futures Curve



LME Zinc

Last Price

USD **2,907.50**/Tons

The most-active SHFE 2108 zinc contract closed down 0.37% at 21,760 yuan/mt. Open interest rose 11,081 lots to 95,802 lots. The final GDP of the US in the first quarter increased by 6.4% month on month in line with expectations. Biden said he reached an infrastructure agreement with senators from both parties. At the same time, although the number of initial jobless claims as of June 19 was higher than expected, it showed a downward trend compared with last week. It indicates that the economy is still in a steady recovery, driving LME zinc upward. Social stocks still kept decreasing this week. The inbound quantity in Guangdong and Shanghai did not recover, while the overall zinc prices were low this week, which stimulated the downstream enterprises to actively stockpile. It is expected that the contract will keep fluctuating in the near term.



Technical:

SHFE zinc in a steady recovery, next level to watch 2,930.00.

Support:

2,900.00 = Mar 2019 High

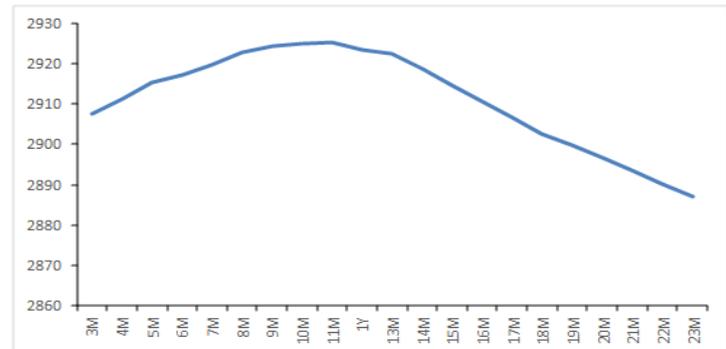
2,890.00 = Dec 2020 High

Resistance:

2,928.00 = Feb 2021 High

2,948.00 = Apr 2019 High

LME Zinc Forward Curve

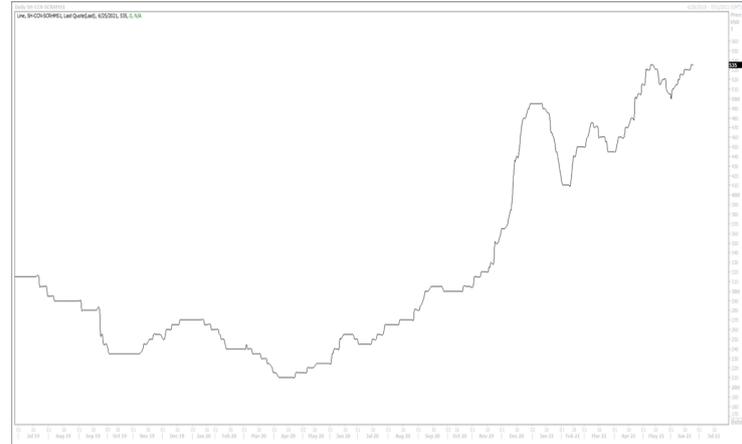


Scrap Steel

Last Price

USD **535.00**/Tons

Export activity from Japan has been scarce this week, with [domestic steelmakers in Japan](#) and a handful of buyers in South Korea continuing to pay higher prices for the material, according to sources. Offers for HRS101-grade steel scrap were at ¥63,000 (\$569) per tonne fob Japan on Friday. The offers were much higher than Chinese buyers' ideas of workable prices. Key market participants estimated that acceptable prices for buyers in China would be \$530-540 per tonne cfr northern China and \$520-530 per tonne cfr eastern China. That compares with prices of around \$535 per tonne fob paid by regular buyers for HS this week, which with freight costs added, would come to around \$570-580 per tonne cfr China.



Technical:

Strong Japanese domestic market makes deals difficult, next level to watch 550.00.

Support:

525.00 = Feb 2011 High

495.00 = Dec 2020 High

Resistance:

565.00 = Sep 2008 High

580.00 = Mar 2008 High

LME Scrap Steel Forward Curve



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