



# Commodities Weekly

Issue 26-2021

Date: 12 July, 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(%)
<a href="#">Page 3</a>	Wheat	609.00	▼ 5.69%	▼ 10.74%	▼ 4.92%
<a href="#">Page 4</a>	Sugar	17.28	▼ 4.79%	▼ 2.54%	▲ 11.56%
<a href="#">Page 5</a>	Soybean	1,408.75	▼ 2.96%	▼ 9.84%	▲ 7.11%
<a href="#">Page 6</a>	Cotton	88.07	▲ 2.37%	▲ 1.67%	▲ 12.74%
<a href="#">Page 7</a>	Steel	1,790.00	▲ 0.06%	▲ 8.48%	▲ 78.11%
<a href="#">Page 8</a>	Brent Crude	75.55	▼ 0.81%	▲ 4.61%	▲ 45.85%
<a href="#">Page 9</a>	LME Zinc	2,977.00	▲ 1.43%	▼ 1.39%	▲ 8.22%
<a href="#">Page 10</a>	Scrap Steel	530.00	0.00%	▲ 1.92%	▲ 7.07%

# Wheat

Last Price USc **609.00**/BSH

Chicago Board of Trade soft red winter wheat softened on Friday as wheat harvest progresses across the Eastern belt, while lower corn prices added pressure. CBOT September soft red winter wheat [WU1](#) ended 3 cents lower at \$6.15 per bushel. MGEX September spring wheat [MWEU1](#) settled 9-1/4 cents higher at \$8.14-1/4 per bushel. K.C. hard red winter wheat for September delivery [KWU1](#) climbed 6 cents higher, ending at \$5.94 per bushel. For the week, CBOT's most-active wheat contract [Wv1](#) fell 37-3/4 cents, a 5.78% decrease. Weekly wheat export sales totaled 290,800 tonnes for the week ended July 1, according to the U.S. Department of Agriculture, in line with market expectations.



## Technical:

CBOT wheat eases as rains pressure grain complex. Next level to watch 600.00.

## Support:

593.25 = Mar 2021 Low

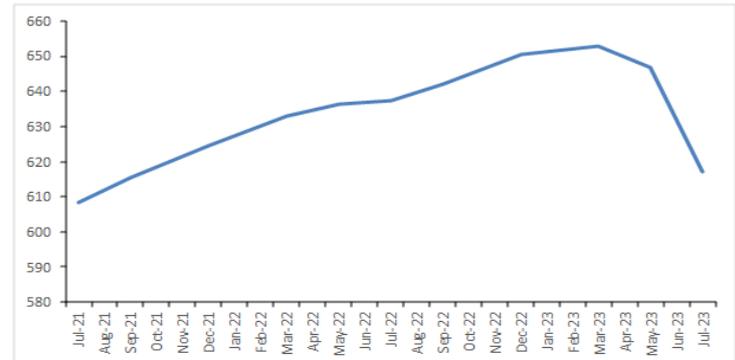
580.00 = Nov 2020 Low

## Resistance:

645.00 = Dec 2020 High

683.50 = Feb 2021 High

## Futures Curve



# Sugar

Last Price USc **17.28**/ LBS

October raw sugar [SBV1](#) fell by 0.06 cents, or 0.3%, to 17.39 cents per lb. Investment funds have been scaling back a net long position during the past few days against the backdrop of talk about selling interest from India and concern over weak global demand. August white sugar [LSUc1](#) fell by \$2.40, or 0.55%, to \$430.80 a tonne.



## Technical:

Raw sugar slipped, next level to watch 17.00.

## Support:

16.23 = Apr 2016 High

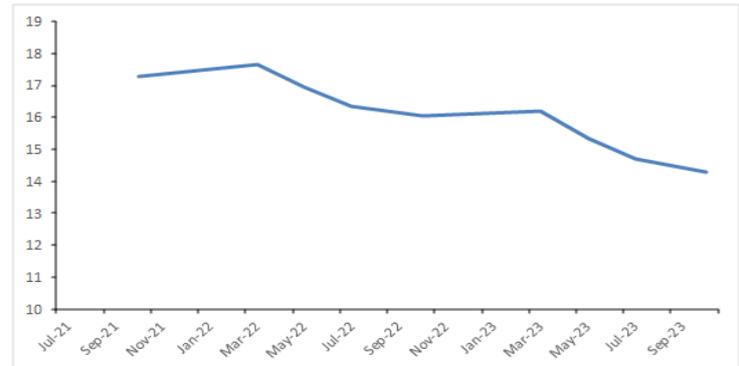
15.85 = Dec 2015 High

## Resistance:

17.98 = Apr 2021 High

18.25 = May 2021 High

## Futures Curve



# Soybean

Last Price USc **1,408.75**/ BSH

Chicago Board of Trade soybean futures fell on Thursday after volatile movement in both directions as traders weighed cooler, rainy forecasts against ongoing dryness across parts of the U.S. Midwest. Traders squaring positions ahead of USDA's monthly World Agricultural Supply and Demand Estimates report on Monday. USDA said export sales of soybeans totaled 182,300 tonnes, in line with market expectations for 100,000 to 775,000 tonnes. CBOT November soybeans [SX1](#) last traded down 3-1/4 cents at \$13.16-1/4 a bushel.



**Technical:**

CBOT soybeans fall after earlier gains on weather uncertainty, next level to watch 1,400.00.

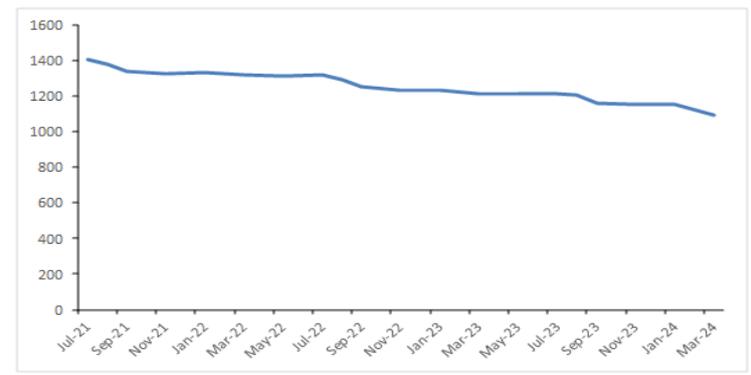
**Support:**

1378.00 = Jan 2013 Low  
 1364.25 = Mar 2021 Low

**Resistance:**

1480.00 = Jul 2021 High  
 1511.75 = Jun 2014 High

**Futures Curve**



# Cotton

Last Price

USc **88.07** /LBS

ICE cotton climbed by about 1% on Friday on positive weekly federal export sales data and a slide in the dollar, priming the natural fiber for a second weekly ascent in three weeks. Cotton contracts for December [CTZ1](#) rose 0.51 cent, or 0.6%, to 87.39 cents per lb, at 12:09 p.m. EDT (1609 GMT), having gained as much as 1.2% earlier. The contract is up by about 0.5% so far this week. The United States Department of Agriculture's weekly export sales report showed net sales of 52,100 running bales (RB) for the 2020/2021 marketing year, up 22% from the previous week but down 38% from the prior four-week average.



### Technical:

Cotton futures poised to end week on a high on firmer exports, next level to watch 90.00.

### Support:

81.50 = May 2021 Low

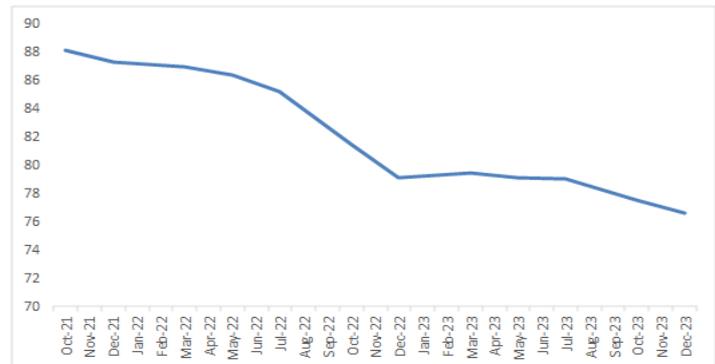
77.12 = Mar 2021 Low

### Resistance:

91.00 = May 2021 High

92.95 = Feb 2021 High

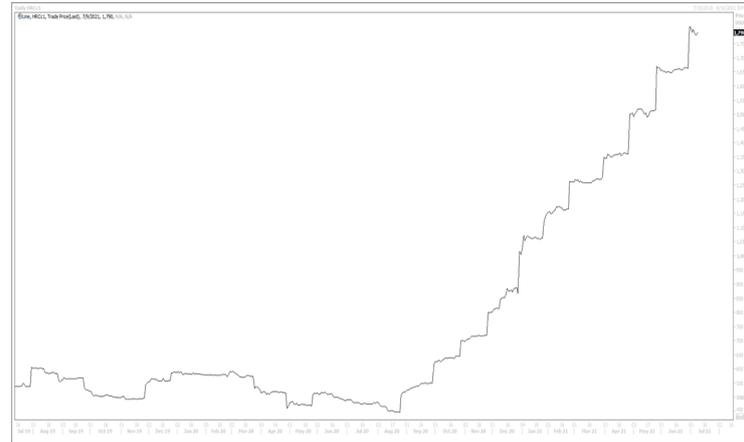
### Futures Curve



# Steel

Last Price USD **1,790.00**/ tons

Shanghai steel futures extended gains to hit an eight-week high on Monday, after China's latest monetary policy easing measure fuelled a rally driven by concerns about output curbs in the world's top steel producer. Construction steel rebar on the Shanghai Futures Exchange [SRBcv1](#) rose as much as 3.3% to 5,532 yuan (\$854.47) a tonne, its highest level since May 19. Hot rolled steel coil [SHHCcv1](#) climbed 3.5% to 5,948 yuan a tonne, also a peak since May 19. Stainless steel [SHSScv1](#) jumped 1.8% to 17,495 yuan a tonne. The People's Bank of China announced on Friday afternoon it would cut the banks' reserve requirement ratio by 50 basis points, effective from July 15, releasing around 1 trillion yuan to underpin an economic recovery that is starting to lose momentum. Still, doubts linger if China could stick to the plan.



## Technical:

Shanghai steel futures scale 8-week peak on China RRR cut. Next level to watch 1,800.00.

## Support:

1,680.00 = May 2021 High

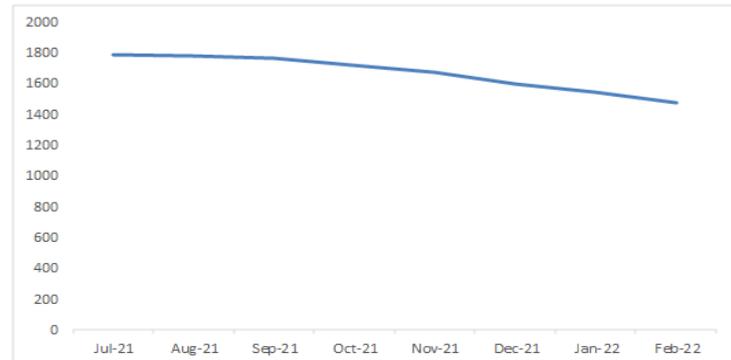
1,630.00 = Jun 2021 Low

## Resistance:

1,800.00 = Psychological Level

1,850.00 = Psychological Level

## Futures Curve of SHFE Steel Futures



# Brent Crude

Last Price

USD **75.55**/BBL

Crude futures slipped on Monday as concerns over slowing global growth outweighed the prospect of tightening supply after talks among key producers to raise output in coming months stalled. Brent crude [COC1](#) for September fell 15 cents, or 0.2%, to \$75.40 a barrel by 0411 GMT while U.S. West Texas Intermediate crude [CL1](#) for August was at \$74.44 a barrel, down 12 cents, or 0.2%. The spread of coronavirus variants and unequal access to vaccines threaten the global economic recovery, finance chiefs of the G20 large economies warned on Saturday. Oil prices slumped last Tuesday after OPEC+, did not reach an agreement to increase output from August. This was because the United Arab Emirates rejected a proposed eight-month extension to OPEC+ output curbs.



**Technical:**

Oil prices slip as economic worries offset tightening supplies, next level to watch 75.50.

**Support:**

64.57 = May 2021 Low

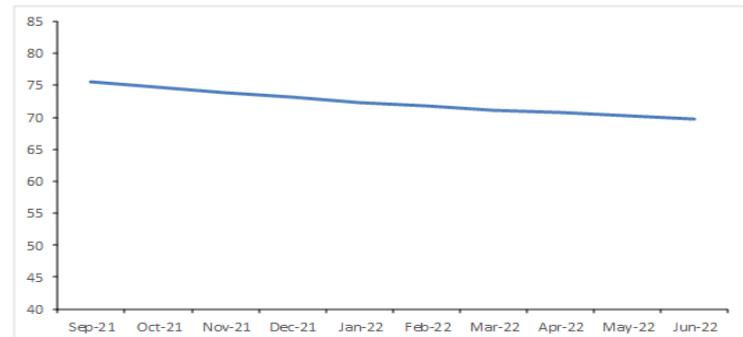
61.25 = Apr 2021 Low

**Resistance:**

79.70 = Jun 2018 High

82.87 = Sep 2018 High

**Futures Curve**



# LME Zinc

Last Price

USD **2,977.00**/Tons

Three-month LME zinc rose 1.29% to close at \$2,978/mt on last Friday. Zinc stocks at LME-listed warehouses fell 100 mt to 251,200 mt. Last Friday, the weak US dollar provided basic support for LME zinc. The People's Bank of China announced a 0.5-percentage-point RRR cut, releasing trillions of funds, and the liquidity was loose, which supported LME zinc. The contract will test pressure from \$3,000/mt in the near term. The contract is likely to trade between \$2,930-2,980/mt today. The most-liquid SHFE 2108 zinc contract rose 1.03% to end at 22,520 yuan/mt in overnight trading. SMM refined zinc output continued to increase month on month in June, and social inventories continued to pile up in the off-season of consumption, which is expected to limit the upside space of zinc prices. The SHFE zinc contract is expected to move between 22,000-22,500 yuan/mt.

## Technical:

Zinc rose as investors watched regional covid situation, next level to watch 3,000.00.

## Support:

2,955.00 = May 2021 High

2,930.00 = Apr 2019 High

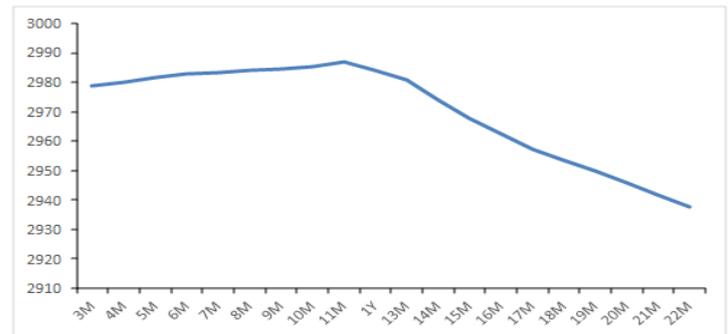
## Resistance:

3,033.00 = May 2021 High

3,068.00 = May 2021 High



## LME Zinc Forward Curve

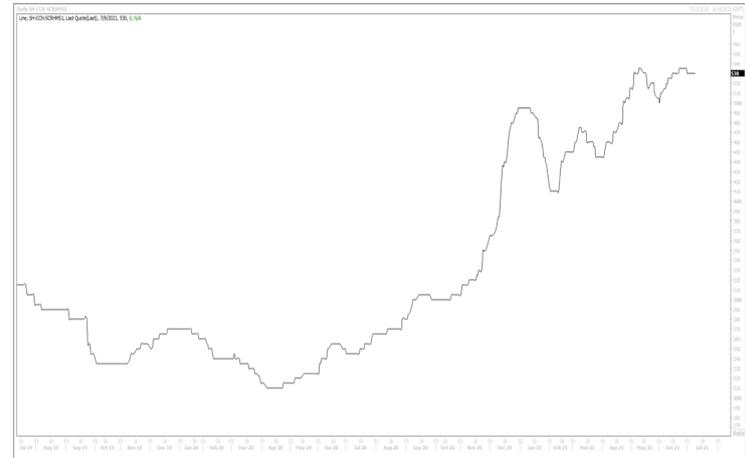


# Scrap Steel

Last Price

USD **530.00**/Tons

Stifled automotive output this year, driven by a supply shortage of semiconductor chips used in vehicles, has tightened prime scrap availability and widened the spreads between this grade of steelmaking raw material and obsolete scrap. While wide prime-over-obsolete spreads have been most pronounced in the United States, they are also present in European and Asian markets. But automotive output across the globe is forecast to rise in the third quarter, which should narrow these spreads. Following Chinese authorities' attempts to cool domestic commodity prices in May, China's domestic scrap market in June was far less volatile than a month earlier. Meanwhile, scrap has maintained its appeal in relation to other steelmaking raw materials from a price perspective, and indicators suggest that scrap consumption has been broadly increasing across China this year.



## Technical:

Drop in global auto output causes steel scrap price spreads to widen, next level to watch 540.00.

## Support:

525.00 = Feb 2011 High

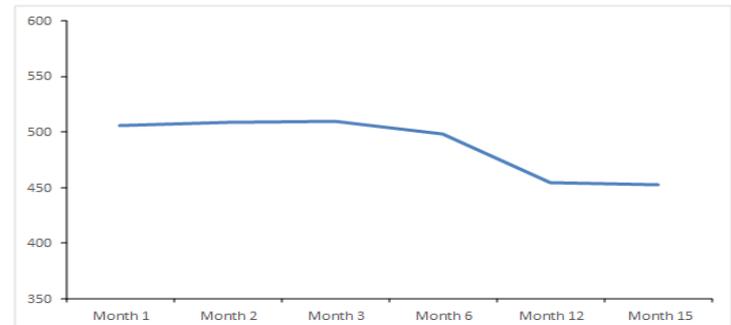
495.00 = Dec 2020 High

## Resistance:

565.00 = Sep 2008 High

580.00 = Mar 2008 High

## LME Scrap Steel Forward Curve



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