



Commodities Weekly

Issue 30-2021

Date: 16 Aug, 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	762.25	▲ 6.02%	▲ 10.07%	▲ 19.01%
Page 4	Sugar	19.95	▲ 6.80%	▲ 12.65%	▲ 28.79%
Page 5	Soybean	1,424.25	▲ 0.14%	▼ 2.10%	▲ 8.29%
Page 6	Cotton	95.21	▲ 3.02%	▲ 4.97%	▲ 21.88%
Page 7	Steel	1,880.00	▼ 0.27%	▲ 5.62%	▲ 87.06%
Page 8	Brent Crude	70.59	▼ 0.16%	▼ 4.08%	▲ 36.27%
Page 9	LME Zinc	3,033.50	▲ 1.68%	▲ 1.02%	▲ 10.27%
Page 10	Scrap Steel	495.00	▼ 2.94%	▼ 5.71%	0.00%

Wheat

Last Price

USc **762.25**/BSH

U.S. wheat futures climbed to 8-1/2-year highs on Friday and European wheat futures extended gains, led by fresh contract highs in Paris, after steep cuts to world stockpiles in a U.S. government report fuelled supply worries. Chicago Board of Trade September wheat [WU](#) settled up 8-3/4 cents at \$7.62-1/4 per bushel, after reaching \$7.74-3/4, the highest price on a continuous chart of the most-active CBOT wheat contract [Wv1](#) since February 2013. MGEX September spring wheat touched \$9.53 a bushel, the highest spot price [MWEc1](#) since November 2012. Wheat extended advances a day after the U.S. Department of Agriculture slashed its forecast of global 2021-22 wheat production and ending stocks, citing poor weather in Russia, Canada and the United States.



Technical:

Wheat rises to 8-1/2-year highs on world supply worries. Next level to watch 774.00.

Support:

683.50 = Feb 2021 High

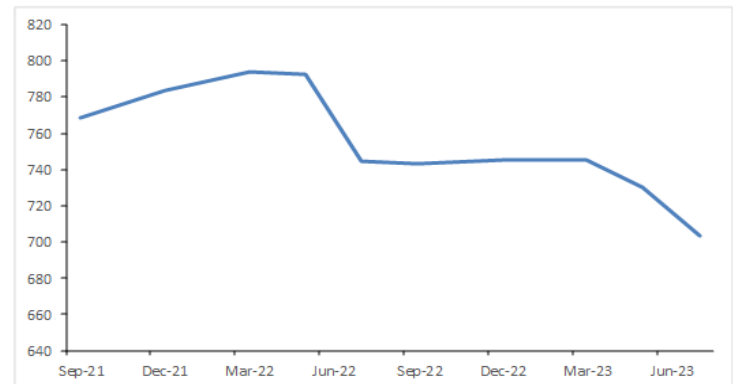
645.00 = Dec 2020 High

Resistance:

777.75 = Aug 2021 High

838.25 = Aug 2012 Low

Futures Curve



Sugar

Last Price

USc **19.95**/ LBS

Raw sugar futures on ICE rose 2% on Friday, hitting their highest in 4-1/2 years on Friday, above the 20 cent per lb level following downgrades to the production outlook in top producer Brazil. October raw sugar [SBC1](#) settled up 0.41 cent, or 2.1%, at 19.95 cents per lb, having hit 20.10 cents per lb earlier in the session, its highest since February 2017. Sugar has an upside bias given the production outlook in Brazil, but there may be a limit to the gains in the short term as physical demand is muted and freight rates hover around the highest in 10 years. October white sugar [LSUc1](#) rose \$15.00, or 3.2%, at \$491.10 a tonne.



Technical:

Raw sugar closes 2% up to fresh 4-1/2 year high, next level to watch 21.00.

Support:

18.94 = Feb 2021 High

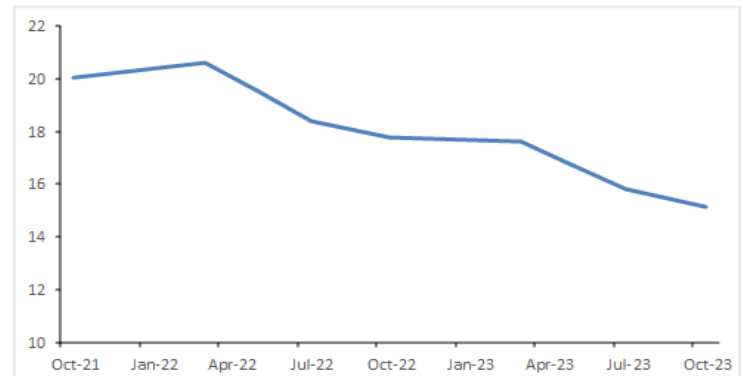
18.10 = Dec 2016 Low

Resistance:

21.49 = Oct 2017 High

23.90 = Jul 2016 High

Futures Curve



Soybean

Last Price USc **1,424.25**/ BSH

Chicago Board of Trade soybean futures closed higher on Friday on renewed export demand for U.S. supplies and fears of tightening global vegetable oil supplies. CBOT November soybean futures [SX1](#) settled at \$14.25 per bushel. For the week, the November contract rose 28-1/4 cents a bushel, or 2.1%, rebounding after last week's 0.9% decline. CBOT most-active December soyoil [BOZ1](#) rose 1.70 cents to settle at 63.28 cents per pound, and December soymeal [SMZ1](#) ended up \$1.90 at \$360.40 per short ton. The CBOT August soybean [SQ1](#), soyoil [BOQ1](#) and soymeal [SMQ1](#) futures contracts expired quietly.



Technical:

Soybeans close higher on export demand, next level to watch 1,487.50.

Support:

1364.25 = Mar 2021 Low

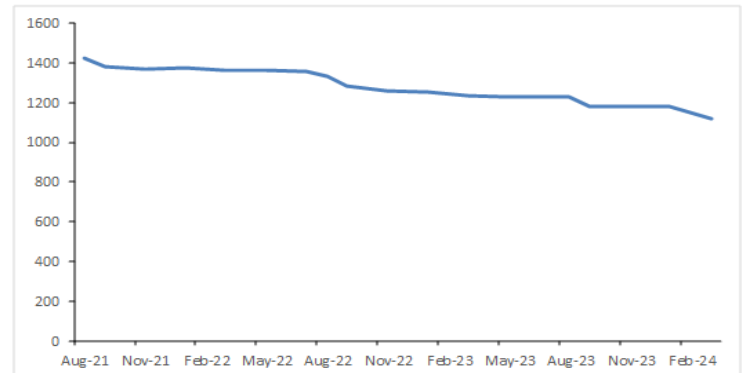
1326.00 = Feb 2021 Low

Resistance:

1480.00 = Jul 2021 High

1511.75 = Jun 2014 High

Futures Curve



Cotton

Last Price

USc **95.21**/LBS

ICE cotton futures on Friday moved to a contract high on momentum from the U.S. Department of Agriculture (USDA) cutting its production estimates, which put prices on track for their best week since early June. Cotton contracts for December [CTZ1](#) closed at 95.21 cents per lb, extending its record-setting run to hit a new contract high of 94.70 earlier. Prices have risen about 3% last week. Cotton futures were also buttressed by a sharp dip in the dollar [.DXY](#) and an uptick in Chicago wheat and soybeans.



Technical:

Cotton forges ahead, posted for best week in over 2 months on WASDE boost, next level to watch 97.00.

Support:

89.74 = May 2021 High

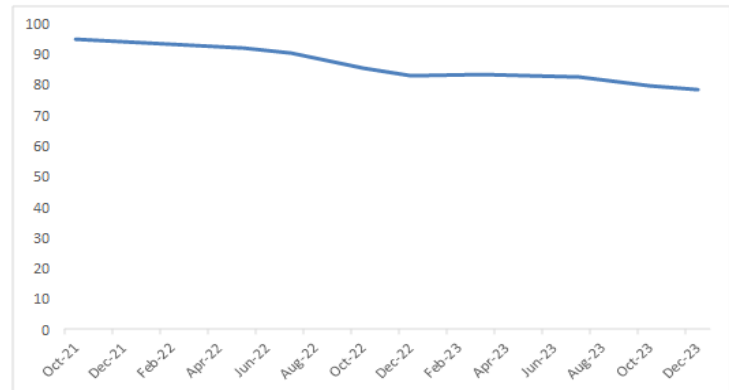
87.18 = May 2017 High

Resistance:

96.50 = Jun 2018 High

97.35 = Mar 2014 High

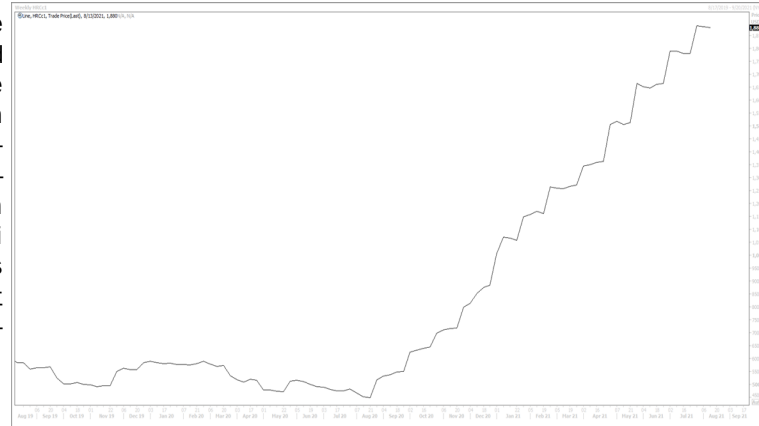
Futures Curve



Steel

Last Price USD **1,880.00**/ tons

Chinese steel futures declined on Monday, with rebar leading the declines after falling to an over 10-day low, as slower-than-expected growth in industrial output and cooling construction activities in the country weighed on prices. China's industrial production rose 6.4% in July from the same month a year earlier, missing market expectations of 7.8% growth and slowing from an 8.3% surge in June. Hot-rolled coils [SHHCcv1](#), used in the manufacturing sector, edged down 0.8% to 5,703 yuan a tonne. Stainless steel futures on the Shanghai bourse [SHSScv1](#) slipped 1.2% to 18,105 yuan per tonne. China's crude steel output had declined for two straight months and stood at 86.79 million tonnes in July as Beijing reinforced production controls.



Technical:

Chinese steel futures fall on subdued economic data. Next level to watch 1,900.00.

Support:

1,680.00 = May 2021 High

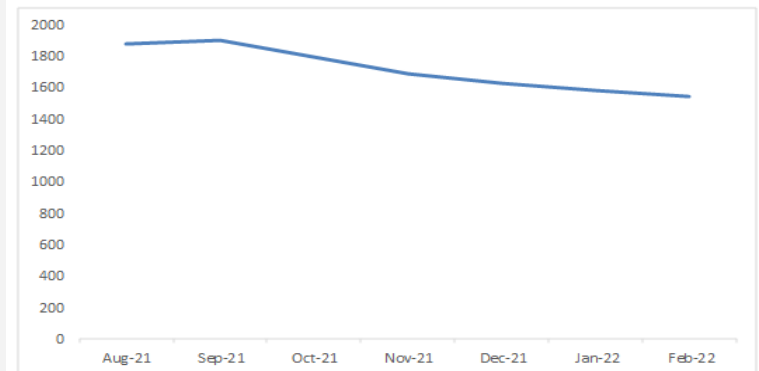
1,630.00 = Jun 2021 Low

Resistance:

1,900.00 = Psychological Level

1,950.00 = Psychological Level

Futures Curve of SHFE Steel Futures



Brent Crude

Last Price

USD **70.59**/BBL

Oil prices fell by about 2% on Monday, dropping for a third session, after official data showed that refining throughput and economic activity slowed in China in an indication that COVID-19 outbreaks are crimping the world's second-largest economy. Brent crude [LCOc1](#) was down \$1.22, or 1.7%, at \$69.37 a barrel by 1211 GMT. U.S. oil [CLc1](#) fell by \$1.35, or 2%, to \$67.09. Chinese factory output and retail sales growth slowed sharply in July, data showed, missing expectations as flooding and fresh outbreaks of COVID-19 disrupted business activity. Doubts about the speed of economic recovery were also heightened after U.S. consumer sentiment dropped sharply in early August to its lowest in a decade, a University of Michigan survey showed late last week. Rising demand for crude oil reversed course in July and was expected to increase at a slower rate over the rest of 2021 because of surging COVID-19 infections from the Delta variant.



Technical:

Oil prices drop amid faltering demand outlook in China, next level to watch 68.00.

Support:

64.57 = May 2021 Low

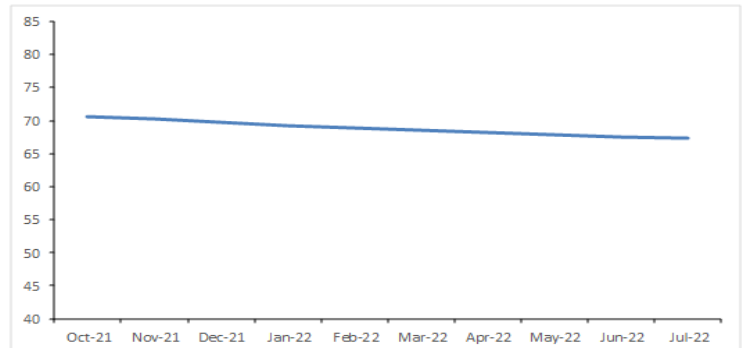
61.25 = Apr 2021 Low

Resistance:

79.70 = Jun 2018 High

82.87 = Sep 2018 High

Futures Curve



LME Zinc

Last Price

USD **3,033.50**/Tons

SHFE zinc closed 1.6% above to 22400 yuan/mt, with open interest down 2540 lots to 63133 lots.

On the macro front, China economic indexes released today were mostly below expectations, triggering market concerns over the recovery process. Meanwhile, the resurgence of COVID-19 pandemic since end of July will bring more uncertainties to Chinese economy, and keep disrupting the consumption market.

On the fundamentals, the de-stocking of social zinc inventories will extend into this week and the near future, thus underpin zinc prices.



Technical:

Zinc closed above expected loss readings, next level to watch 3,050.00.

Support:

2,955.00 = May 2021 High

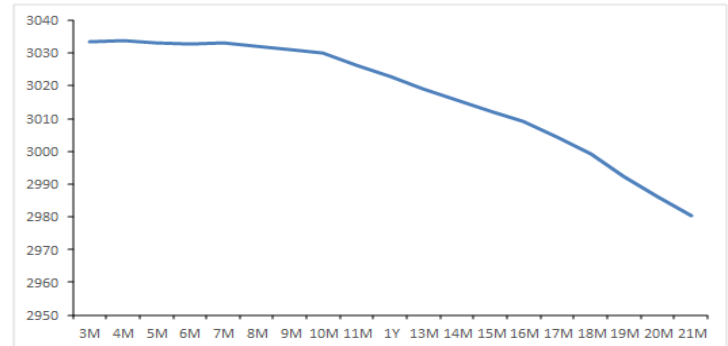
2,930.00 = Apr 2019 High

Resistance:

3,051.00 = Aug 2021 High

3,068.00 = May 2021 High

LME Zinc Forward Curve



Scrap Steel

Last Price

USD **495.00**/Tons

Lower-priced Russian-origin steel scrap offers to China were heard on Friday August 13, but prices were still not low enough to entice Chinese buyers to enter the market. Offers for 2,000 tonnes of Russian-origin plate and structural (P&S), which is generally of equivalent quality to heavy scrap (HS), were heard at \$530 per tonne cfr China, on Friday August 13. Recent sales for bulk Russian scrap were heard at \$495 per tonne cfr South Korea for 90,000 tonnes of A3 material in early August, but with Korean mills hesitant to pay above \$480 per tonne cfr for bulk scrap on Friday, added to lower steel prices in the Russian market, cheaper scrap is now available from the country. Offers from Japan were still in the range of \$585-590 per tonne cfr China for HS, but volumes were limited with Japanese suppliers away from the market for the Obon holidays August 12-16.

Technical:

Lower-cost Russian scrap emerges in China market, next level to watch 520.00.

Support:

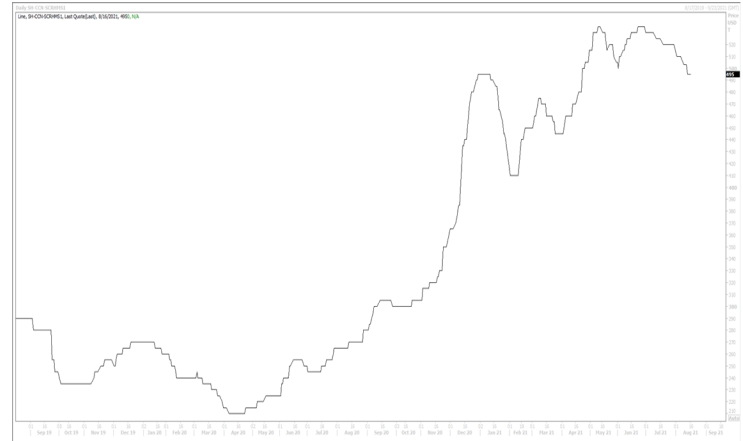
475.00 = Mar 2021 High

445.00 = Apr 2021 Low

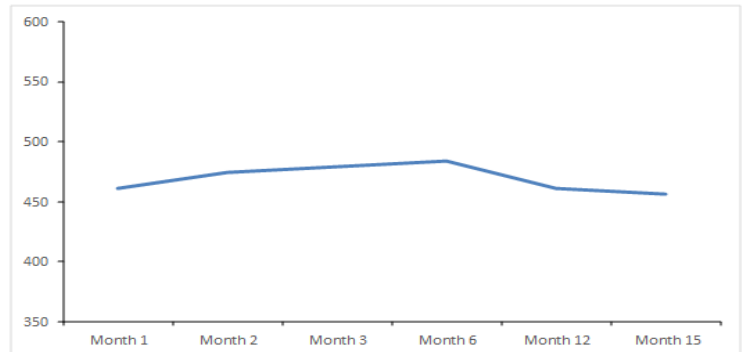
Resistance:

505.00 = May 2021 Low

565.00 = Sep 2008 High



LME Scrap Steel Forward Curve



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