



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

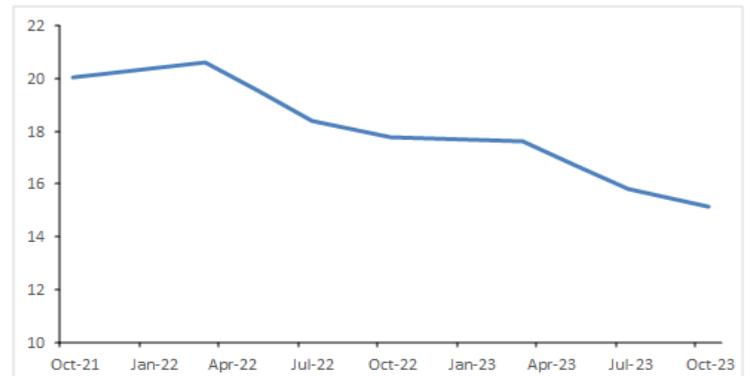
18.10 = Dec 2016 Low

Resistance:

21.49 = Oct 2017 High

23.90 = Jul 2016 High

Futures Curve



Soybean

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

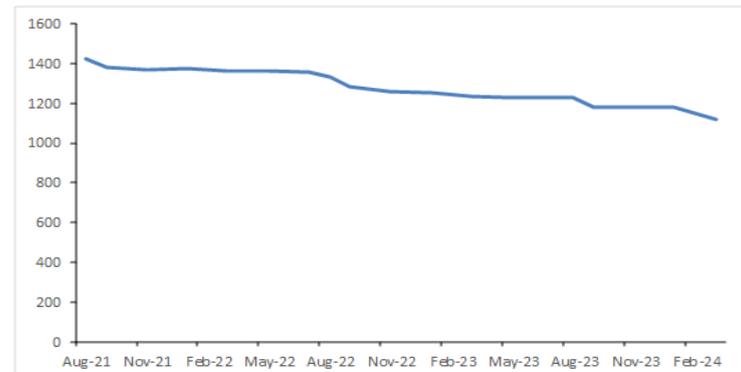
1511.75 = Jun 2014 High

Last Price

USc **1,424.25**/ BSH



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

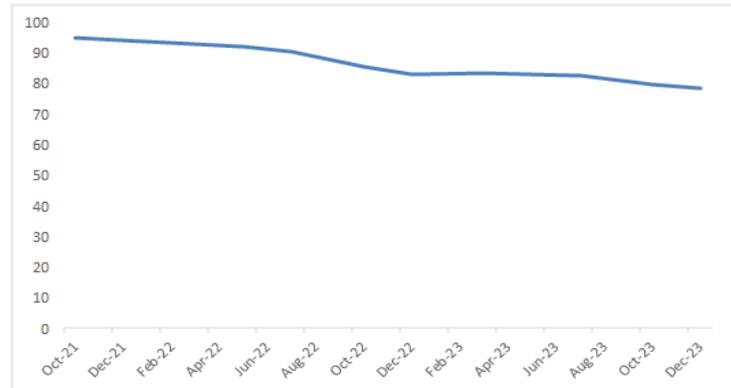
87.18 = May 2017 High

Resistance:

96.50 = Jun 2018 High

97.35 = Mar 2014 High

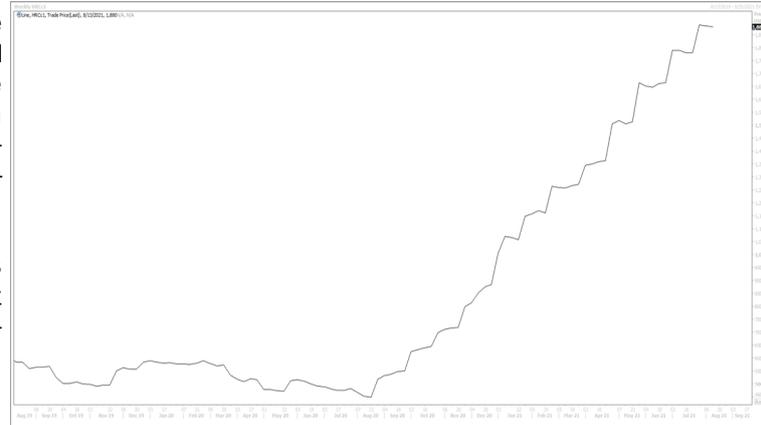
Futures Curve



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

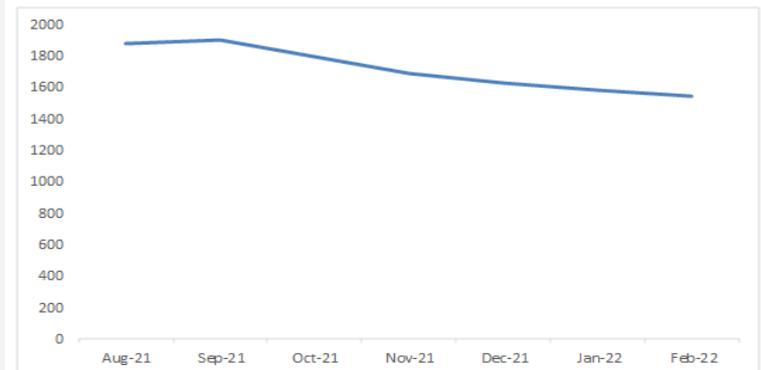
1,630.00 = Jun 2021 Low

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

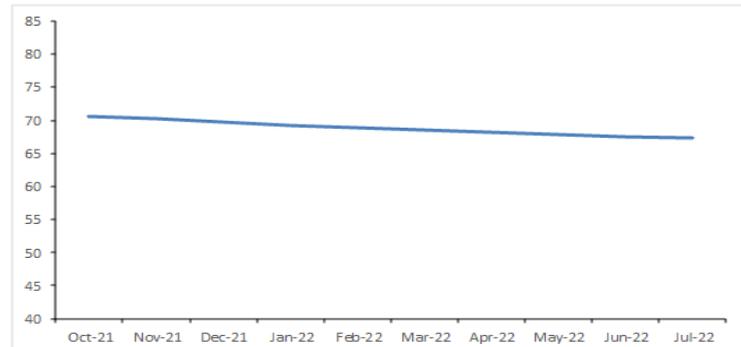
61.25 = Apr 2021 Low

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

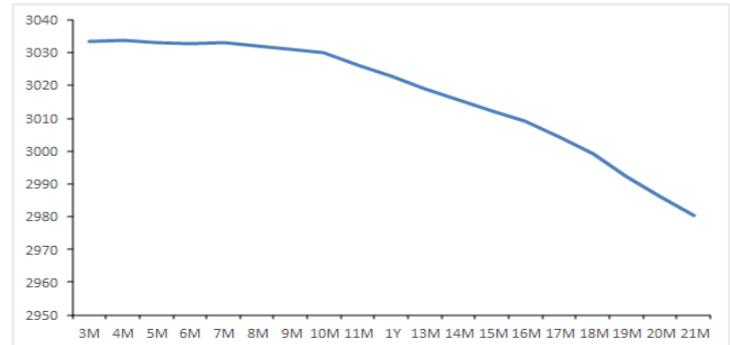
2,930.00 = Apr 2019 High

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:

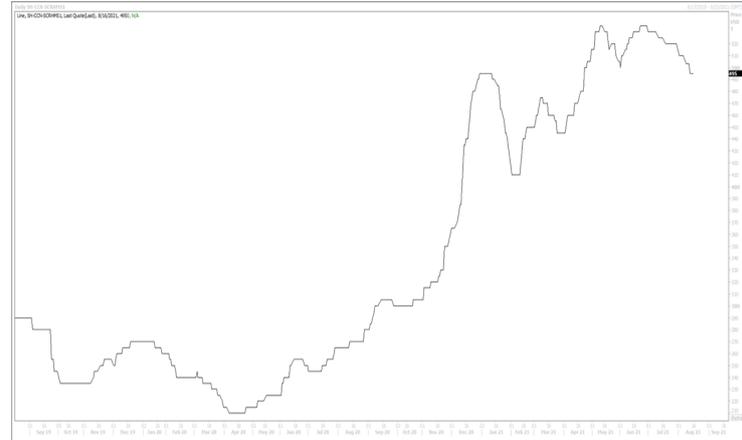
475.00 = Mar 2021 High

445.00 = Apr 2021 Low

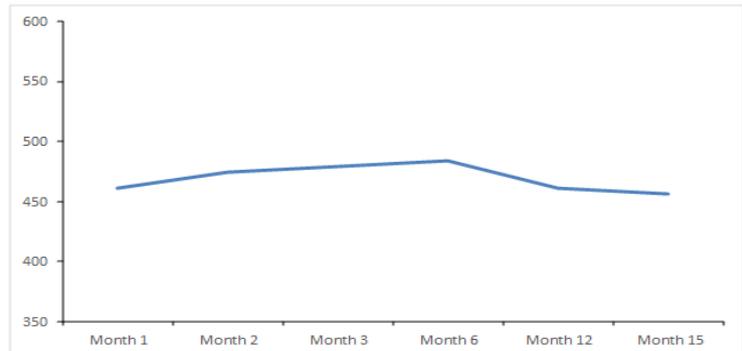
Resistance:

505.00 = May 2021 Low

565.00 = Sep 2008 High



LME Scrap Steel Forward Curve



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

Disclaimer

This document is for information purposes only and does not take into account specific circumstances of any recipient. The information contained herein does not constitute the provision of investment advice. It is not intended to be and should not be construed as a recommendation, offer or solicitation to acquire, or dispose of, any of the financial instruments and/or securities mentioned in this document and will not form the basis or a part of any contract or commitment whatsoever. Investors should seek independent professional advice and draw their own conclusions regarding suitability of any transaction including the economic benefits, risks, legal, regulatory, credit, accounting and tax implications. The information in this document is based on public data obtained from sources believed by BRAC Bank to be reliable and in good faith, but no representations, guarantees or warranties are made by BRAC Bank with regard to accuracy, completeness or suitability of the data. BRAC Bank has not performed any independent review or due diligence of publicly available information regarding an unaffiliated reference asset or index. The opinions and estimates contained herein reflect the current judgment of the author(s) on the date of this document and are subject to change without notice. The opinions do not necessarily correspond to the opinions of BRAC Bank. BRAC Bank does not have an obligation to update, modify or amend this document or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate. This communication may contain trading ideas where BRAC Bank may trade in such financial instruments with customers or other counterparties. Any prices provided herein (other than those that are identified as being historical) are indicative only, and do not represent firm quotes as to either size or price. The past performance of financial instruments is not indicative of future results. No assurance can be given that any financial instrument or issuer described herein would yield favorable investment results. Any forecasts or price targets shown for companies and/or securities discussed in this document may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information and/or the subsequent transpiration that underlying assumptions made by BRAC Bank or by other sources relied upon in the document were inapposite. BRAC Bank and or its affiliates may act as a market maker in the instrument(s) and or its derivative that has been mentioned in our research reports. Employees of BRAC Bank and or its affiliates may provide written or oral commentary, including trading strategies, to our clients and business units that may be contrary to the opinions conveyed in this research report. BRAC Bank may perform or seek to perform investment banking services for issuers mentioned in research reports. Neither BRAC Bank nor any of its respective directors, officers or employees accepts any responsibility or liability whatsoever for any expense, loss or damages arising out of or in any way connected with the use of all or any part of this document. BRAC Bank may provide hyperlinks to websites of entities mentioned in this document, however the inclusion of a link does not imply that BRAC Bank endorses, recommends or approves any material on the linked page or accessible from it. BRAC Bank does not accept responsibility whatsoever for any such material, nor for any consequences of its use. This document is for the use of the addressees only and may not be reproduced, redistributed or passed on to any other person or published, in whole or in part, for any purpose, without the prior, written consent of BRAC Bank. The manner of distributing this document may be restricted by law or regulation in certain countries, including the United States. Persons into whose possession this document may come are required to inform themselves about and to observe such restrictions. By accepting this document, a recipient hereof agrees to be bound by the foregoing limitations.