



# Commodities Weekly

Issue 31-2021

Date: 22 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(%)
<a href="#">Page 3</a>	Wheat	714.25	▼ 6.30%	▲ 3.14%	▲ 11.51%
<a href="#">Page 4</a>	Sugar	19.58	▼ 1.85%	▲ 10.56%	▲ 26.40%
<a href="#">Page 5</a>	Soybean	1,293.75	▼ 9.16%	▼ 11.07%	▼ 1.63%
<a href="#">Page 6</a>	Cotton	93.90	▼ 1.38%	▲ 3.53%	▲ 20.20%
<a href="#">Page 7</a>	Steel	1,880.00	↔ 0.00%	▲ 5.62%	▲ 87.06%
<a href="#">Page 8</a>	Brent Crude	65.18	▼ 7.66%	▼ -11.43%	▲ 25.83%
<a href="#">Page 9</a>	LME Zinc	2,928.50	▼ 3.46%	▼ 2.48%	▲ 6.45%
<a href="#">Page 10</a>	Scrap Steel	495.00	↔ 0.00%	▼ -5.71%	↔ 0.00%

# Wheat

Last Price USc **714.25**/BSH

Chicago Board of Trade wheat futures closed lower on Friday on technical selling and spillover weakness from corn and soybeans amid worries about the health of the global economy. CBOT December soft red winter wheat [WZ1](#) settled down 14-1/2 cents at \$7.28-1/4 per bushel. For the week, the contract fell 46 cents per bushel or 5.9%, retreating after a three-week climb. K.C. December hard red winter wheat [KWZ1](#) ended down 12-1/2 cents on Friday at \$7.15-3/4 a bushel and MGEX December spring wheat [MWEZ1](#) fell 2-1/4 cents at settle at \$9.02-1/4. Strength in the dollar this week hung over the market, making U.S. grains less competitive globally.



**Technical:**

Wheat slides in sympathy with corn and soybeans. Next level to watch 693.00.

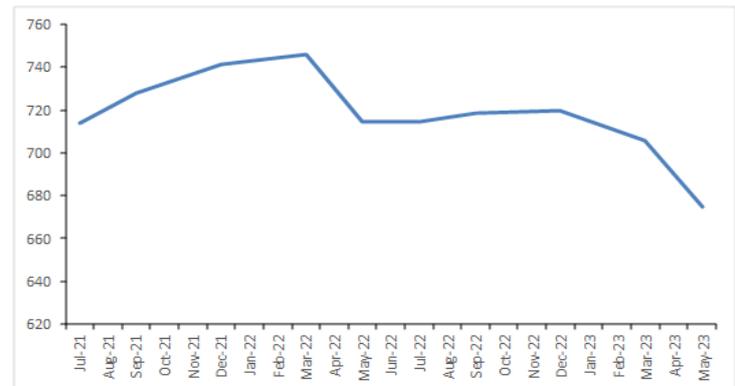
**Support:**

- 693.00 = Jan 2021 High
- 645.00 = Dec 2020 High

**Resistance:**

- 774.75 = Aug 2021 High
- 838.25 = Aug 2012 Low

**Futures Curve**



# Sugar

Last Price

USc **19.58**/LBS

Raw sugar [SBc1](#) is forecast to end this year with an annual gain of more than 30% as a diminished outlook for production in Brazil helps swing the global market into deficit. October raw sugar [SBc1](#) settled down 0.21 cent, or 1.1%, at 19.58 cents per lb, having hit a week low earlier in the session. The market was suffering a short-term setback after climbing to a 4-1/2 year peak of 20.37 cents on Tuesday but remained underpinned by the prospect of lower production in Centre-South Brazil this season. October white sugar [LSUc1](#) fell by \$5.50, or 1.1%, to \$489 a tonne.



## Technical:

Sugar prices to rise further, global deficits expected, next level to watch 20.50.

## Support:

18.81 = Jul 2021 High

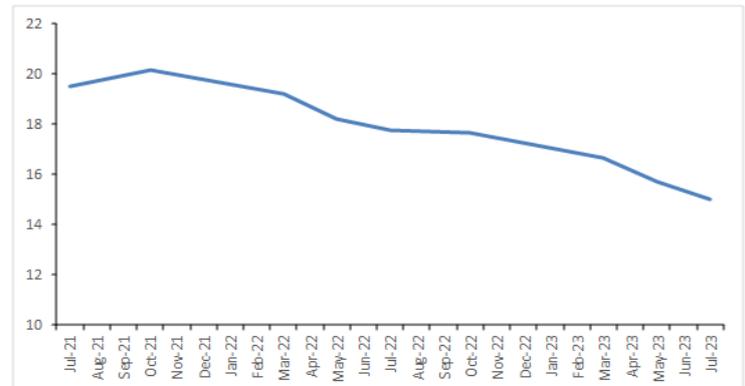
17.74 = Aug 2021 Low

## Resistance:

20.37 = Aug 2021 High

21.49 = Oct 2017 High

## Futures Curve



# Soybean

Last Price USc **1,293.75**/BSH

Chicago Board of Trade soybean futures fell to a 7-1/2 week low on Friday on concerns about soyoil demand from the biofuels sector and as drought-parched crops in the northwestern U.S. Midwest were due to receive needed rain. CBOT November soybean futures [SX1](#) touched their lowest since June 28 and settled down 29-1/4 cents at \$12.90-3/4 per bushel. In the week, November futures were down 5.4%, the steepest weekly drop in two months. CBOT most-active December soyoil [BOZ1](#) fell by its daily 3.5-cent trading limit on Friday but ended down 3.27 cents at 56.65 cents per pound. December soymeal [SMZ1](#) rose \$1.30 to settle at \$354.90 per short ton.



## Technical:

Soybeans drop on biofuel demand concerns, Midwest rain forecast, next level to watch 1,200.00.

## Support:

1200.00 = Nov 2020 High

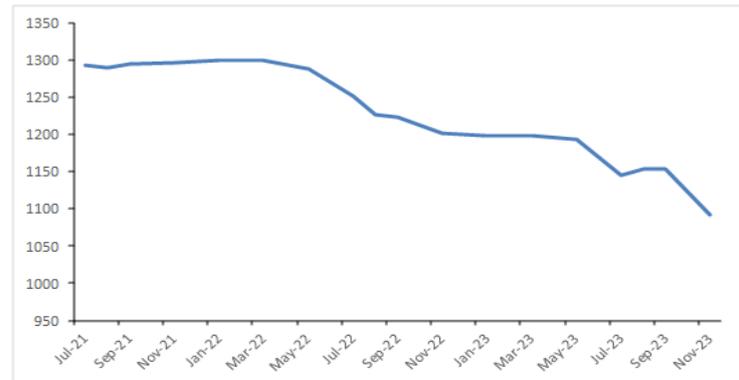
1094.00 = Oct 2020 High

## Resistance:

1480.00 = Jul 2021 High

1511.75 = Jun 2014 High

## Futures Curve



# Cotton

Last Price

USc **93.90**/LBS

ICE cotton futures recovered some ground after dipping to an over one-week low on Friday, but were bound for a weekly dip on worries that rising COVID-19 cases could derail demand, while uncertainties prevailed over crop conditions. The cotton futures contract for December [C1Z1](#) added 0.36 cent, or 0.4%, to 93.12 cents per lb, having earlier hit its lowest since Aug. 12 at 91.80 cents. Cotton leaped to an over seven-year peak on Tuesday, but has backed off from those highs and is en route to its first weekly fall in two months. Total futures market volume fell by 5,722 to 21,304 lots. Data showed total open interest gained 3,134 to 267,752 contracts in the previous session.



## Technical:

Cotton posted first weekly drop in 2 months on demand risks, next level to watch 90.00.

## Support:

89.74 = May 2021 High

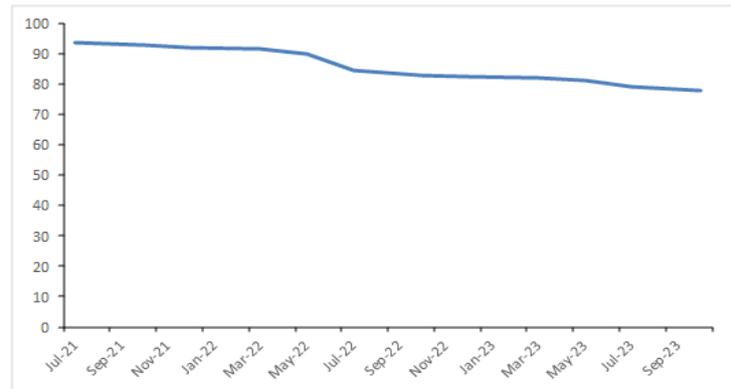
87.18 = May 2017 High

## Resistance:

96.50 = Jun 2018 High

97.35 = Mar 2014 High

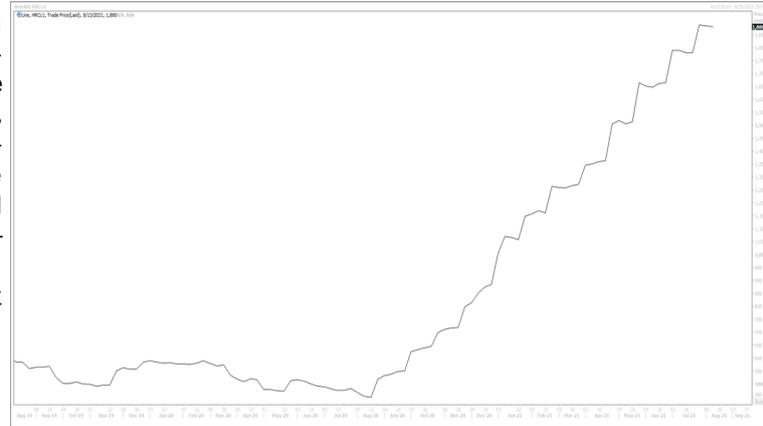
## Futures Curve



# Steel

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

Prices of hot-rolled coil in China's domestic market edged higher on Friday August 20 following two days of sharp losses sparked by increased demand concerns. The most-traded HRC contract on the Shanghai Futures Exchange rallied from seven-week lows on Friday, buoyed by likely demand recovery from a seasonal lull and the ongoing production curbs. Flat steel buying was slow in Turkey during the week ending Friday August 20 because sources expect prices to fall due to the decreasing iron ore price. Sentiment in the European hot-rolled coil market turned negative this week due to the downtrend in the global market, falling feedstock prices and competitive import offers.



## Technical:

Chinese steel domestic prices rally amid active trades. 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 **65.18**/BBL

Oil prices closed out their biggest week of losses in more than nine months with another down day on Friday, as investors sold futures in anticipation of weakened fuel demand worldwide due to a surge in COVID-19 cases. Brent crude [LCOc1](#) fell 8% on the week, settling down \$1.27, or 1.9%, to \$65.18 a barrel, its lowest since April and down about 8% for the week. U.S. West Texas Intermediate (WTI) crude [CLc1](#) for September settled down \$1.37, or 2.2%, to \$62.32 a barrel on Friday, to lose more than 9% for the week. The U.S. dollar hit a nine-month high on signs the U.S. Federal Reserve is considering reducing stimulus this year. Oil prices move inversely to the U.S. currency, making oil more expensive for foreign purchasers when the dollar rallies. Futures contracts suggest that the market expects plenty of supply in coming months, indicating that near-term supply will not be as tight as the market had expected.



## Technical:

Oil posts biggest week of losses in nine months as Delta variant, next level to watch 64.00.

## Support:

64.57 = May 2021 Low

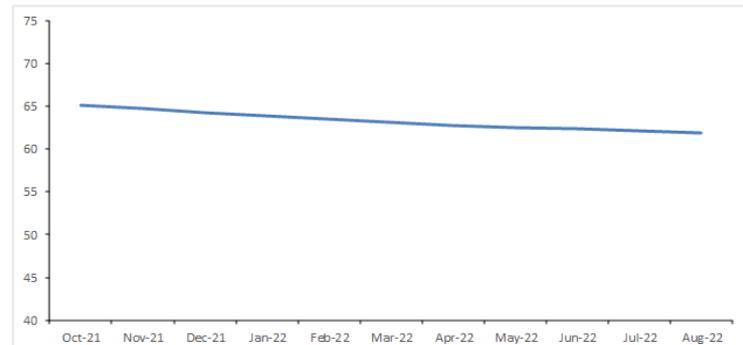
61.25 = Apr 2021 Low

## Resistance:

75.39 = Aug 2021 High

77.84 = Jul 2021 High

## Futures Curve



# LME Zinc

Last Price

USD **2,928.50**/Tons

Shanghai nonferrous metals market mostly closed in the negative territory as the US monthly meeting minutes showed that Fed officers have agreed to discuss tapering QE within this year. The most-traded SHFE zinc closed down 0.27% or 60 yuan/mt to 22440 yuan/mt, with open interest down 9265 lots to 51552 lots. On the fundamentals, social inventories of zinc ingots across seven major markets in China added by 6100 mt, a bigger increase than the previous session. Zinc prices are likely to remain low amid weakening expectations for high season due to COVID-19 pandemic and eased power restrictions on the supply side.



**Technical:**

Nonferrous metals closed with major losses as tapering QE likely to happened this year, next level to watch 2,850.00.

**Support:**

2,828.00 = Jun 2021 Low

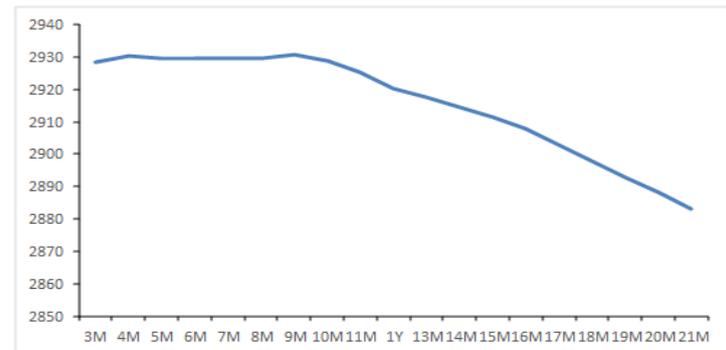
2,758.00 = Apr 2020 Low

**Resistance:**

3,051.00 = Aug 2021 High

3,068.00 = May 2021 High

**LME Zinc Forward Curve**

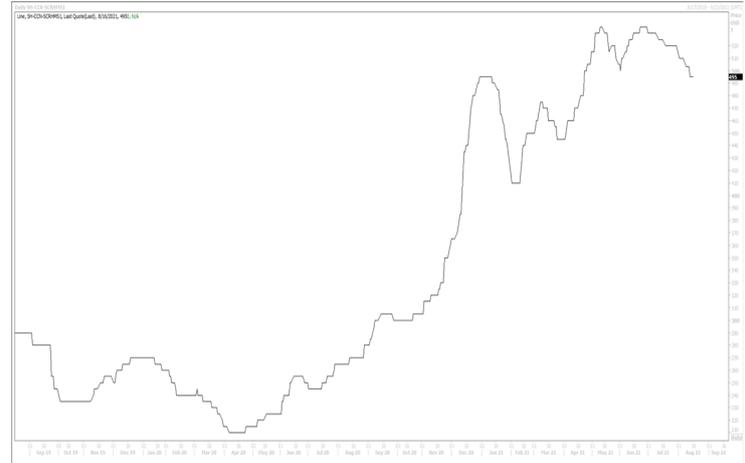


# Scrap Steel

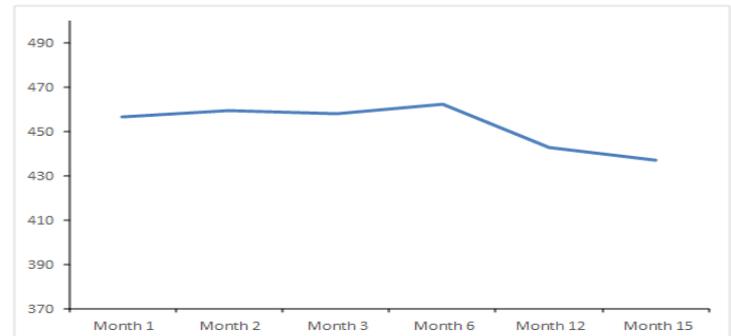
Last Price

USD **495.00**/Tons

Increasingly higher bulk freight rates have resulted in deep-sea cargoes of ferrous scrap being offered at higher prices to Bangladesh in the past week. Cargoes of heavy melt scrap 1&2 (80:20) from the United States West Coast were heard to have been offered at \$540 per tonne cfr while shredded was offered at \$545-550 per tonne cfr this week. Freight for bulk cargoes plying this route was around \$95-100 per tonne on Thursday compared with \$70-75 per tonne at the start of July amid persistent congestion at Bangladesh's Chittagong Port and a shortage of vessels, But despite this, steelmakers in the country are unwilling to match the offer prices because purchase prices for the steelmaking raw material in Turkey have been retreating in recent days.



**LME Scrap Steel Forward Curve**



**Technical:**

Higher freight boosts deep-sea offers from US, 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

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