



Commodities Weekly

Issue 32-2021

Date: 29 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	718.50	▲ 0.60%	▲ 3.75%	▲ 12.18%
Page 4	Sugar	20.04	▲ 2.35%	▲ 13.16%	▲ 29.37%
Page 5	Soybean	1,359.25	▲ 5.06%	▼ 6.56%	▲ 3.35%
Page 6	Cotton	96.27	▲ 2.52%	▲ 6.14%	▲ 23.23%
Page 7	Steel	1,941.00	▲ 3.24%	▲ 9.04%	▲ 93.13%
Page 8	Brent Crude	72.70	▲ 11.54%	▼ 1.21%	▲ 40.35%
Page 9	LME Zinc	3,002.00	▲ 2.51%	▲ 0.13%	▲ 9.12%
Page 10	Scrap Steel	490.00	▼ 1.01%	▼ 6.67%	▼ 1.01%

Wheat

Last Price

USc **718.50**/BSH

Chicago Board of Trade wheat futures ended lower on Friday as profit-taking and technical selling more than offset support from thinner world supplies. CBOT December soft red winter wheat [WZ1](#) fell 6-3/4 cents to \$7.32-1/2 per bushel on Friday, but was up 0.6% in the week. K.C. December hard red winter wheat [KWZ1](#) dropped 4-1/4 cents to \$7.24 a bushel and MGEX December spring wheat [MWEZ1](#) added 6-1/4 cents to settle at \$9.17-3/4 per bushel. Russian agriculture consultancy Sovecon cut its wheat export forecast to the lowest in five years, due in part to a smaller crop.

Technical:

Wheat eases in profit taking and technical selling setback. Next level to watch 693.00.

Support:

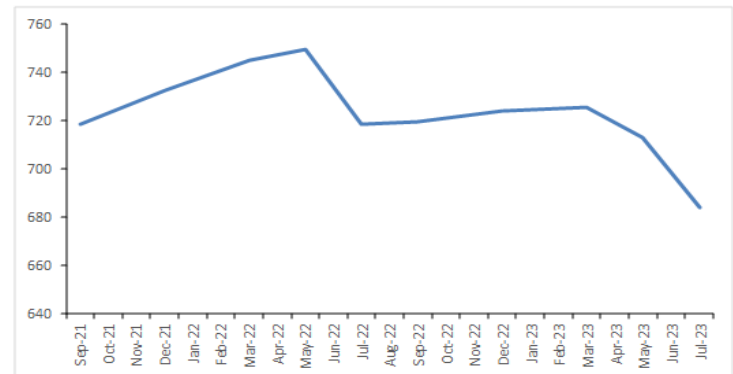
- 693.00 = Jan 2021 High
- 645.00 = Dec 2020 High

Resistance:

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



Futures Curve



Sugar

Last Price

USc **20.04**/LBS

October raw sugar [SBc1](#) closed up 0.36 cent, or 1.8%, at 20.04 cents per lb, after earlier touching a weekly high of 20.10. The market was underpinned by the prospect of a global deficit in the upcoming 2021/22 season driven partly by lower-than-expected production in Brazil. The International Sugar Organization (ISO) on Friday forecast a global sugar deficit of 3.8 million tonnes in the 2021/22 season. The market continues to have concern on the Brazilian crop. The rain that was supposed to come looks lighter now and contained largely to the southern part of Sao Paulo (state). The market has a positive bias technically. October white sugar [LSUc1](#) rose by \$10.20, or 2.1%, to \$487.40 a tonne.



Technical:

Funds cut long position in sugar, next level to watch 20.50.

Support:

18.81 = Jul 2021 High

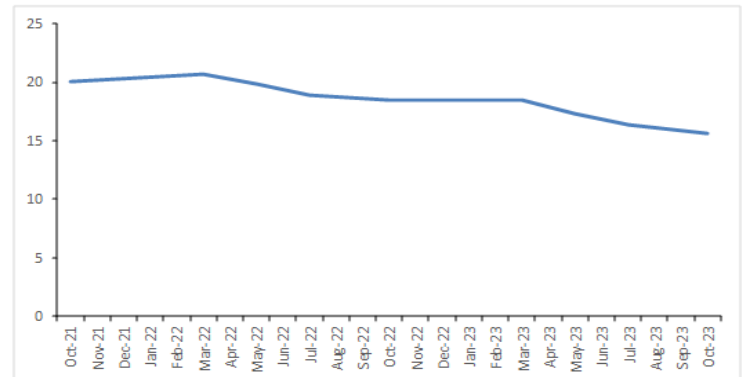
17.74 = Aug 2021 Low

Resistance:

20.37 = Aug 2021 High

21.49 = Oct 2017 High

Futures Curve



Soybean

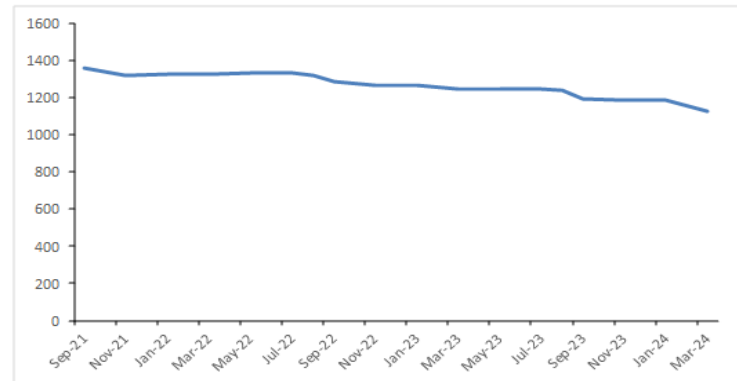
Last Price

USc **1,359.25**/BSH

Chicago Board of Trade soybean futures eased on Friday as rainfall across the U.S. Midwest aided crops, with losses limited by continued exports. CBOT November soybean futures [SX1](#) settled 3 cents lower at \$13.23-1/4 per bushel. The contract was up 2.5% on the week after tumbling 5.4% last week. CBOT most-active December soyoil [BOZ1](#) ended 0.31 cent higher at 60.34 cents per pound. December soymeal [SMZ1](#) fell \$3.50 to settle at \$352.40 per short ton. The northern and central Midwest received rains this week, aiding in pod filling, meteorologists said. More rain is expected in the northwestern Midwest over the next 10 days, offering some relief to the drought-hit region.



Futures Curve



Technical:

Soybeans ease on rains in drought-hit western Midwest, next level to watch 1,400.00.

Support:

1,323.50 = Jun 2021 Low

1,281.50 = Aug 2021 Low

Resistance:

1,466.00 = Aug 2021 High

1511.75 = Jun 2014 High

Cotton

Last Price

USc **96.27** /LBS

ICE cotton futures were primed for their third weekly gain in the past four weeks on Friday, propped up by a weaker dollar and stable demand. Cotton contracts for December [CTZ1](#) were up 0.57 cent, or 0.6%, to 96.27 cents per lb. The dollar [.DXY](#) pulled back, potentially lifting demand for the natural fiber by making it less expensive for buyers holding other currencies. [USD/](#) Market participants were also keeping a close watch on Hurricane Ida as it moves to the northern U.S. Gulf of Mexico. The December contract has gone up about 1.7% so far this week, rebounding from the previous week's dip. Total futures market volume fell by 2,318 to 13,352 lots. Data showed total open interest fell 319 to 269,525 contracts in the previous session.

Technical:

Cotton up on firm demand, weaker dollar, next level to watch 97.50.

Support:

92.95 = Feb 2021 High

89.74 = May 2021 High

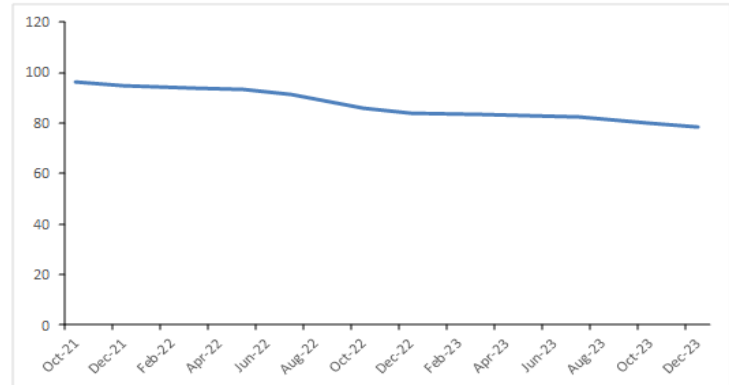
Resistance:

97.35 = Mar 2014 High

99.47 = Jan 2012 High



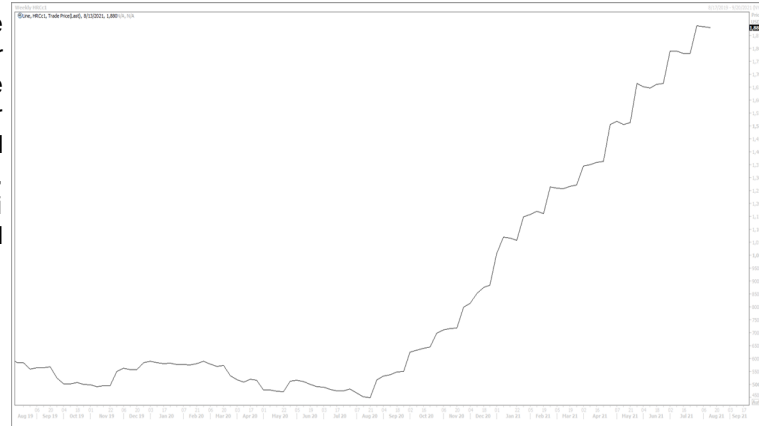
Futures Curve



Steel

Last Price USD **1,941.00**/ tons

Stocks of the five major finished steel products at the 184 Chinese steel mills sampled reversed down over August 19-25 after the prior week's rise, mainly thanks to the improvement in demand and the lower output of domestic steel mills. Inventories of the five major steel products comprising rebar, wire rod, hot-rolled coil, cold-rolled coil and medium plate totalled 6.2 million tonnes as of August 25, down by 166,500 tonnes or 2.6% on week. Rebar on the Shanghai Futures Exchange [SRBcv1](#) gained 0.1%, while hot-rolled coil [SHHCcv1](#) slipped 0.6%. Stainless steel [SHSScv1](#) dropped 0.9%.



Technical:

China mills' steel stocks retreat, demand improve. Next level to watch 1,900.00.

Support:

1,900.00 = Jul 2021 High

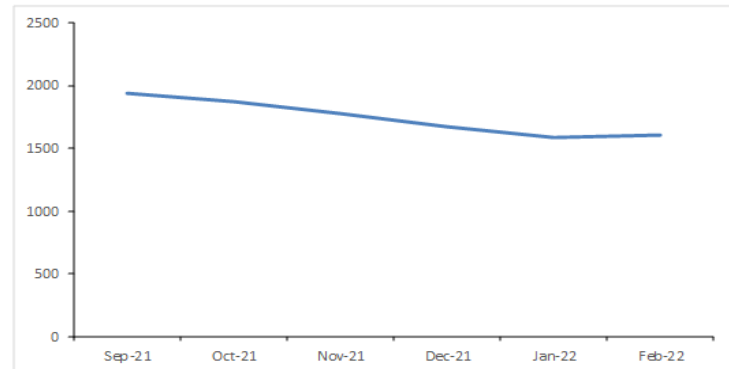
1,815.00 = Jun 2021 High

Resistance:

2,000.00 = Psychological Level

2,050.00 = Psychological Level

Futures Curve of SHFE Steel Futures



Brent Crude

Last Price

USD **72.70**/BBL

Oil prices rose 2% on Friday, posting their biggest weekly gains in over a year, as energy firms began shutting U.S. production in the Gulf of Mexico ahead of a major hurricane expected to hit early next week. Brent [LC0c1](#) futures rose \$1.63, or 2.3%, to settle at \$72.70 a barrel, while U.S. West Texas Intermediate (WTI) crude [CLc1](#) rose \$1.32, or 2.0%, to settle at \$68.74. That was the highest close for Brent since Aug. 2 and for WTI since Aug. 12. For the week, Brent gained over 11% and WTI rose more than 10%, which was the biggest weekly percentage gains for both since June 2020. Oil producers on Friday have shut-in 59% of Gulf of Mexico crude production as the ninth-named storm of the season barreled towards the key U.S. offshore oilfields, according to the Bureau of Safety and Environmental Enforcement (BSEE). Gulf of Mexico offshore wells account for 17% of U.S. crude production, while over 45% of total U.S. refining capacity lies along the Gulf Coast.



Technical:

Oil posts biggest weekly gains in over a year ahead of Hurricane Ida, next level to watch 75.00.

Support:

69.29 = Jun 2021 Low

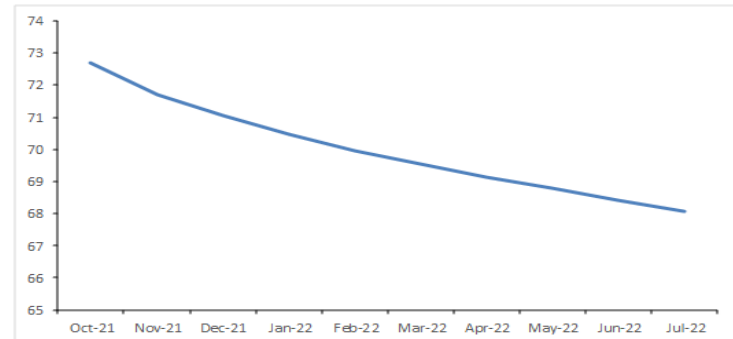
64.57 = May 2021 Low

Resistance:

75.39 = Aug 2021 High

77.84 = Jul 2021 High

Futures Curve



LME Zinc

Last Price

USD **3,002.00**/Tons

The most-traded SHFE 2110 zinc closed down 0.91% at 22385 yuan/mt, with open interest down 4173 lots. SMM data showed domestic inventories in the seven major markets in China totalled 126200 mt, down 2400 mt on the week and down 3800 mt from Monday August 23, following the trend of stainless steel. SMM0# zinc was lowered to 22500 yuan/mt.

On the other hand, the third round of government reserves release came earlier than expected, and is likely to enter the end market as early as mid-September for stockpiling before Mid-autumn Festival. However, the amount to be released was not that many as expected, resulting in quiet market response.



Technical:

Nonferrous metals closed with mixed performance: Zinc up by 2.5%, next level to watch 2,850.00.

Support:

2,828.00 = Jun 2021 Low

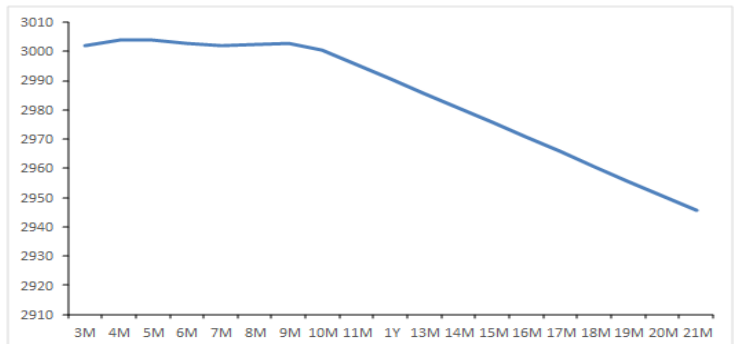
2,758.00 = Apr 2020 Low

Resistance:

3,051.00 = Aug 2021 High

3,068.00 = May 2021 High

LME Zinc Forward Curve



Scrap Steel

Last Price

USD **490.00**/Tons

Prices for shredded steel scrap into Pakistan and India have decreased in the week to Friday August 27. Demand in India remained muted due to the monsoon season, and trading activity in Pakistan continues to remain high. Over the weekend, prices on the market fell, with deals heard at \$515-530 per tonne throughout the week to August 27, compared with a deal level of \$540 per tonne on Friday August 20. Shredded offers moved down during the week to \$515-530 per tonne, and mills were heard bidding at \$515-520 per tonne. Sellers, however, were not generally willing to accept these levels. A weaker international market also weighed on pricing decisions. Offers and deals were heard for Dubai origin HMS 1 and HMS 1&2 (90:10) at \$500-505 per tonne cfr this week, down from \$515-520 per tonne the previous week.

Technical:

Import prices continue to decline, next level to watch 475.00.

Support:

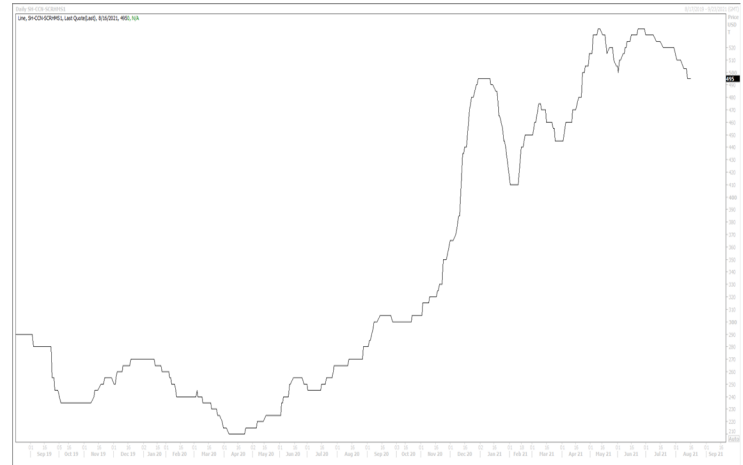
475.00 = Mar 2021 High

445.00 = Apr 2021 Low

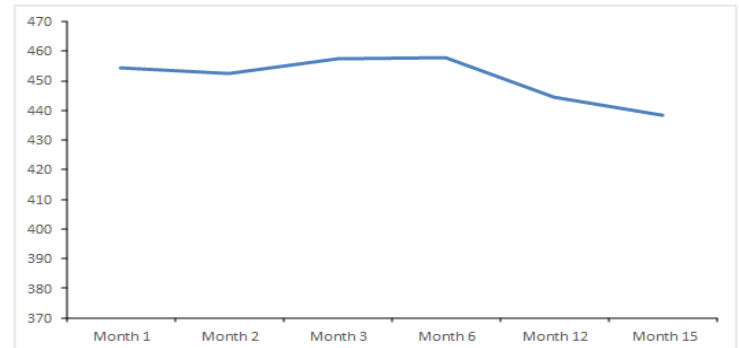
Resistance:

505.00 = May 2021 Low

565.00 = Sep 2008 High



LME Scrap Steel Forward Curve



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