



Commodities Weekly

Issue 34-2021

Date: 14 Sep, 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	675.00	▼ 5.53%	▼ 10.42%	▲ 5.39%
Page 4	Sugar	18.79	▼ 4.23%	▼ 3.84%	▲ 21.30%
Page 5	Soybean	1,275.25	▼ 0.60%	▼ 9.01%	▼ 3.04%
Page 6	Cotton	95.23	▼ 0.41%	▲ 1.56%	▲ 21.90%
Page 7	Steel	1,927.00	▼ 0.72%	▲ 2.50%	▲ 91.74%
Page 8	Brent Crude	72.92	▲ 0.43%	▲ 2.26%	▲ 40.77%
Page 9	LME Zinc	3,119.00	▲ 4.09%	▲ 4.23%	▲ 13.38%
Page 10	Scrap Steel	480.00	▼ 1.03%	▼ 4.57%	▼ 3.03%

Wheat

Last Price

USc **675.00**/BSH

CBOT wheat seen stabilizing ahead of the USDA's supply/demand reports. The December contract [WZ1](#) pared losses after dipping to \$6.88-3/4 a bushel in early moves, its lowest since July 28. The USDA reported export sales of U.S. wheat in the week ended Sept. 2 at 388,400 tonnes, in line with trade expectations for 200,000 to 450,000 tonnes. CBOT December soft red winter wheat [WZ1](#) last traded up 1/4 cent at \$6.92-1/2 per bushel. K.C. December hard red winter wheat [KWZ1](#) was last up 2 cents at \$6.84-3/4 while MGEX December spring wheat [MWEZ1](#) was last down 3-1/2 cents at \$8.69 a bushel.



Technical:

CBOT wheat steady to up 1 cent per bushel . Next level to watch 695.00.

Support:

663.25 = Mar 2021 High

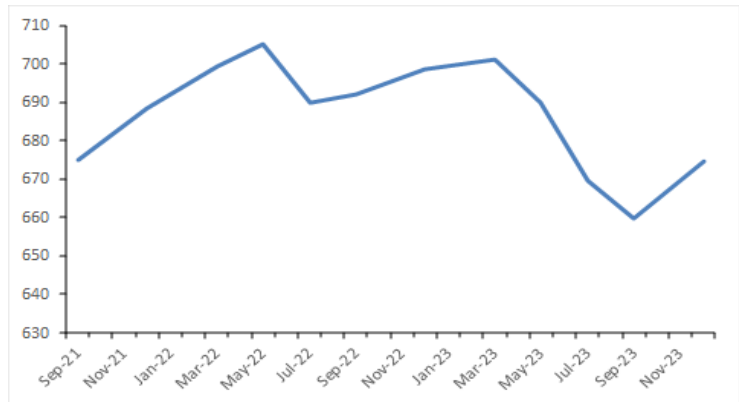
645.00 = Dec 2020 High

Resistance:

693.00 = Jan 2021 High

774.75 = Aug 2021 High

Futures Curve



Sugar

Last Price USc **18.79**/LBS

October raw sugar [SBc1](#) settled down 0.45 cent, or 2.3%, at 18.79 cents per lb, having hit its lowest price since early August at 18.73 cents. Sugar seems to have lost the bullish edge it had in July and August, with demand falling as freight rates soar, and with poor output in top producer Brazil already priced in. Those factors have prompted funds to book profits, reducing their net long position. Unica showed Brazil's centre-south sugar production rising 0.7% late in August, but said the crop will end ahead of time, as soon as October. The USDA increased its estimates for U.S. sugar demand and imports. October white sugar [LSUc1](#) fell 1.7% to \$466.90 a tonne.



Technical:

Raw sugar at one-month low as funds liquidate, next level to watch 19.00.

Support:

17.98 = Apr 2021 High

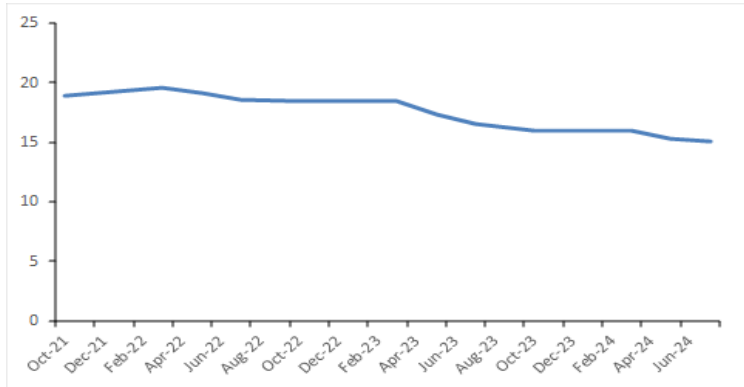
17.74 = Aug 2021 Low

Resistance:

20.37 = Aug 2021 High

21.49 = Oct 2017 High

Futures Curve



Soybean

Last Price USc **1,275.25**/BSH

CBOT November soybeans [SX1](#) settled 16 cents higher at \$12.86-1/2 a bushel. December soybean futures [SMZ1](#) added \$4.60 to \$342.50 a ton and December soyoil [BOZ1](#) was .20 cent lower at 55.99 cents per lb. For the week, CBOT's most-active soybean contract [Sv1](#) fell 5-1/2 cents, a 0.43% dip. The USDA confirmed a private sale of 132,000 tonnes of U.S. soybeans to China for 2021/22 delivery. U.S. soybean production was seen at 4.374 billion bushels, the third largest season on record for the oilseed, the USDA said. The USDA reported export sales of U.S. soybeans in the week ended Sept. 2 at 1,471,900 tonnes, in line with trade expectations. A total of 1,805,800 tonnes in sales were carried over from the 2020/21 marketing year, which ended Aug. 31.



Technical:

CBOT soybeans climb on demand optimism, next level to watch 1,300.00.

Support:

1,208.50 = Jun 2016 High

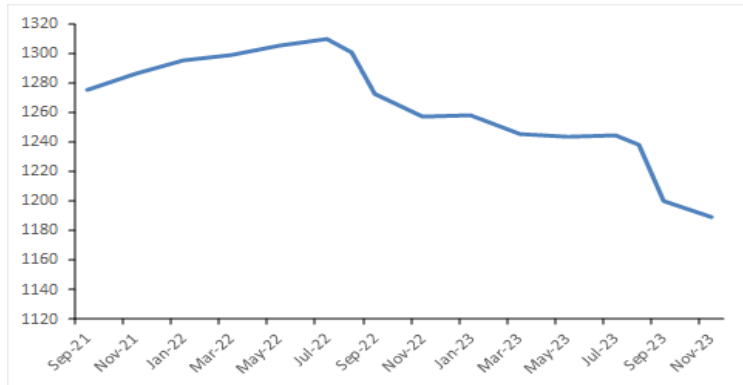
1,142.50 = Dec 2020 Low

Resistance:

1,336.25 = Aug 2014 High

1,466.00 = Aug 2021 High

Futures Curve



Cotton

Last Price

USc **95.23**/LBS

ICE cotton futures rose on Friday, as projections of higher exports offset a hike in estimated U.S. production in a monthly supply and demand report released by the United States Department of Agriculture (USDA). Cotton contracts for December [CTZ1](#) rose 0.38 cent, or 0.4%, to 93.60 cents per lb. In its September World Agricultural Supply and Demand Estimates (WASDE) report, the USDA projected U.S. production at 18.5 million bales, 1.2 million bales higher than the previous month. The agency, however, increased its estimate for U.S. exports by 500,000 bales to 15.5 million bales, leaving its forecast for ending stocks at 3.7 million bales. Further supporting the brighter outlook for exports, in a separate report, the USDA reported net sales of 453,000 running bales for 2021/2022 in the week to Sept 2.

Technical:

Cotton rises as higher U.S. exports triumph increased output projections, next level to watch 96.00.

Support:

92.95 = Feb 2021 High

89.74 = May 2021 High

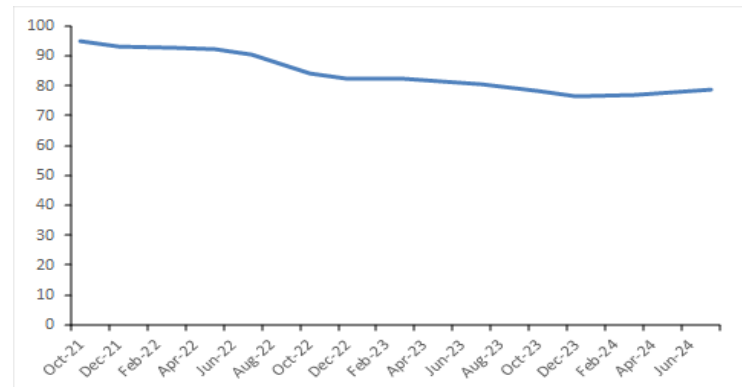
Resistance:

97.35 = Mar 2014 High

99.47 = Jan 2012 High



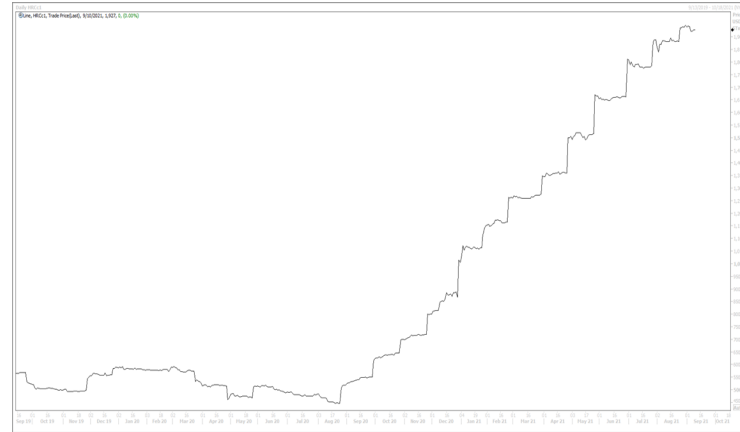
Futures Curve



Steel

Last Price USD **1,927.00**/ tons

Iron ore futures in top steel producer China dropped on Friday to head for a second consecutive weekly loss, with the benchmark Dalian price hovering near its lowest in seven months on fears of more steel production curbs. The most-traded January iron ore on the Dalian Commodity Exchange [DCIOcv1](#) ended daytime trading 0.3% lower at 732.50 yuan (\$113.66) a tonne. It touched 717.50 yuan a tonne on Thursday, the weakest since Feb. 4. The steelmaking ingredient's October contract on the Singapore Exchange [SZZFV1](#) shed 0.4% to \$129.15 a tonne by 0703 GMT. Spot iron ore tumbled to a nine-month low of \$131.50 a tonne on Thursday. China has vowed to limit crude steel output this year at no higher than its 2020 production to curb industrial pollution. But news of possible further restrictions rattled the market.



Technical:

Iron ore set for second weekly loss on China demand collapse. Next level to watch 2,000.00.

Support:

1,900.00 = Jul 2021 High

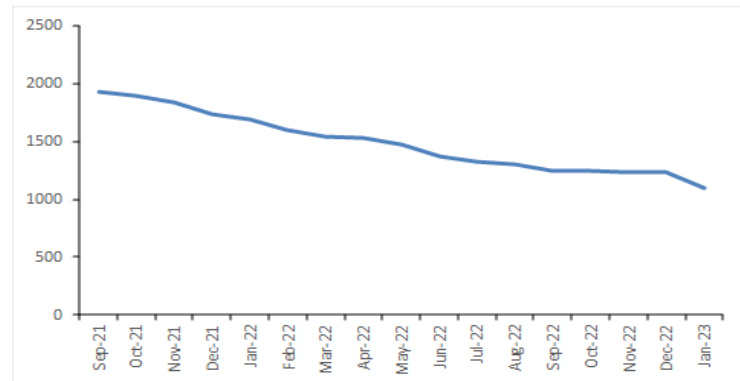
1,815.00 = Jun 2021 High

Resistance:

2,000.00 = Psychological Level

2,050.00 = Psychological Level

Futures Curve of SHFE Steel Futures



Brent Crude

Last Price

USD **72.92**/BBL

Oil rose to briefly top \$73 a barrel on Friday, supported by growing signs of supply tightness in the United States as a result of Hurricane Ida and as U.S.-China trade hopes gave riskier assets a boost. About three quarters of the U.S. Gulf's offshore oil production, or about 1.4 million barrels per day, has remained halted since late August. That is roughly equal to what OPEC member Nigeria produces. Brent crude [LCOc1](#) rose to settle at \$1.47, or 2.3%, to \$72.92. The session high was \$73.15 a barrel. U.S. West Texas Intermediate (WTI) crude [CLc1](#) rose \$1.58, or 2.3%, to \$69.72. Both grades posted a small gain on the week. Brent has rallied 41% this year on supply cuts by the Organization of the Petroleum Exporting Countries and some demand recovery from the pandemic. Oil and equity markets also got a boost from news of a call between U.S. President Joe Biden and his Chinese counterpart Xi Jinping. The call raised hopes for warmer relations and more global trade.



Technical:

Oil rallies to \$73 on tight U.S. supplies, Biden-Xi call, next level to watch 75.00.

Support:

69.29 = Jun 2021 Low

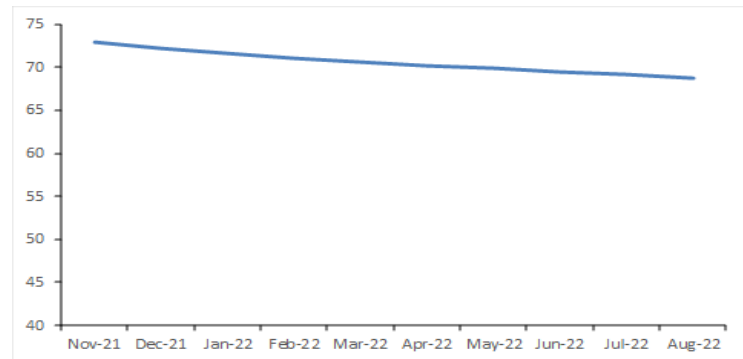
64.57 = May 2021 Low

Resistance:

75.39 = Aug 2021 High

77.84 = Jul 2021 High

Futures Curve



LME Zinc

Last Price

USD **3,119.00**/Tons

The most-traded SHFE 2110 zinc closed up 0.55% or 125 yuan/mt at 22940 yuan/mt, with open interest down 3191 lots to 113017 lots. On the macro front, China PPI index was better than expected due to rising commodity prices and right raw material supply. On the fundamentals, zinc output in September is likely to add 11,800 mt from the previous month. Supply was sufficient, and is likely to surpass demand, when taking into consideration the 50,000 mt of released national reserves. However, the pricing of zinc has deviated from the fundamentals framework due to influences from coal prices.



LMZ50503 Comdty (LME ZINC 3MO (\$)) Candle chart Daily 01MAR2019-12SEP2021 Copyright© 2021 Bloomberg Finance L.P. 12-Sep-2021 19:33:45

Technical:

Zinc advanced as finished in the positive territory as the US dollar index continued to fall, next level to watch 3,050.00.

Support:

2,828.00 = Jun 2021 Low

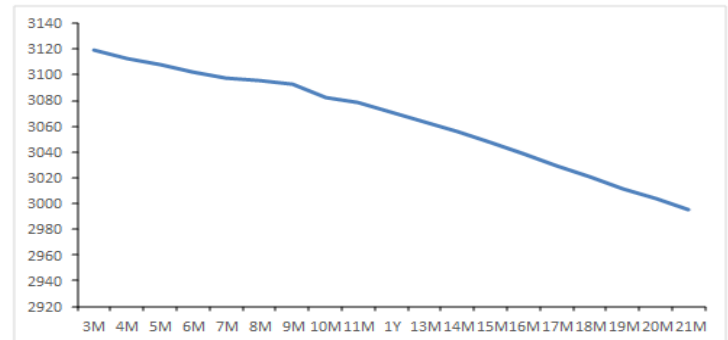
2,758.00 = Apr 2020 Low

Resistance:

3,051.00 = Aug 2021 High

3,068.00 = May 2021 High

LME Zinc Forward Curve

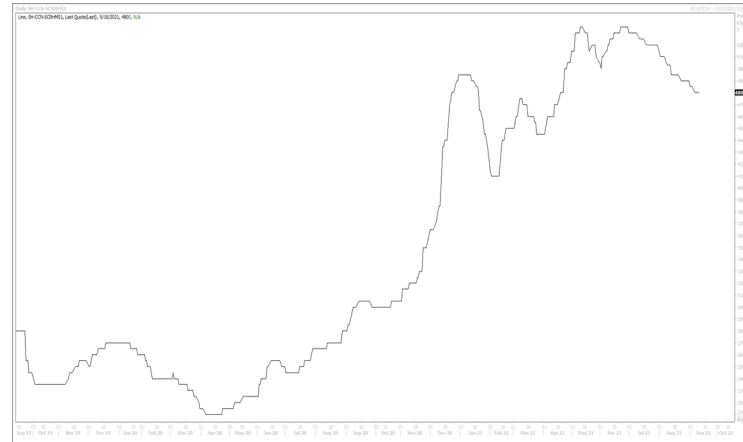


Scrap Steel

Last Price

USD **480.00**/Tons

The monthly ferrous scrap settlement in the United States has barely concluded and market participants are already looking ahead to what is in store for October. There is pessimism brewing on the next direction of prime scrap, yet optimism is brightening the outlook for secondary grades such as shredded scrap. Usually in a downward market, mills drag out their entrance to psychologically push sentiment lower. The mills bypassed this tactic in September and entered on the second day of the month, knowing full well that time was not on their side with two holidays interrupting the trade. By Tuesday September 7, mills were in and out of the market, for the most part, with prime scrap falling by \$40 per gross ton in the US South and \$50 per ton in the Midwest and Ohio Valley.



Technical:

US domestic ferrous scrap outlook negative on prime scrap in October, but shred hazy, next level to watch 485.00.

Support:

445.00 = Apr 2021 Low

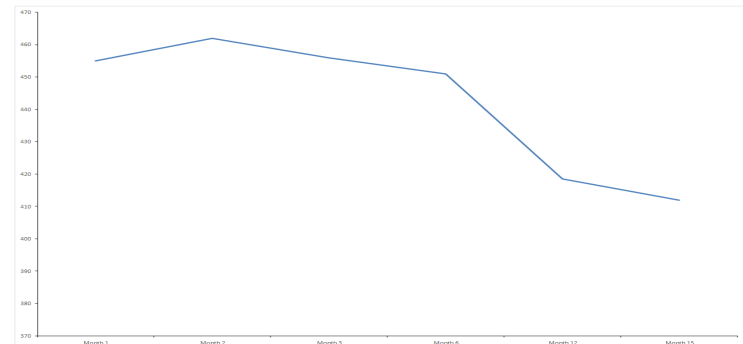
410.00 = Feb 2021 Low

Resistance:

505.00 = May 2021 Low

565.00 = Sep 2008 High

LME Scrap Steel Forward Curve



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