



# Commodities Weekly

Issue 39-2021

Date: 18 Oct, 2021

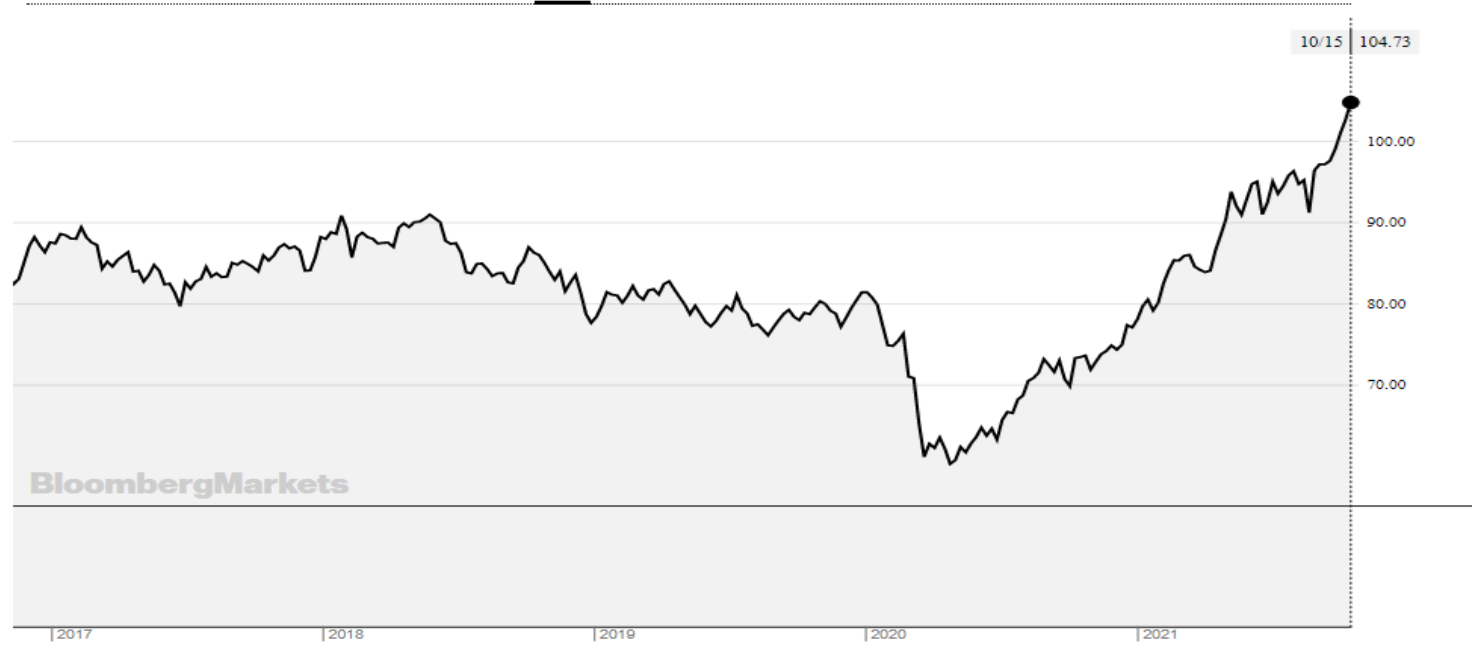
# Bloomberg Commodity Index

**104.52** USD

-0.21 -0.20% ▼


























1D 1M 6M YTD 1Y **5Y**



BloombergMarkets

# 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 4</a>	Wheat	<b>734.00</b>	0.00%	 1.21%	 14.60%
<a href="#">Page 5</a>	Sugar	<b>19.80</b>	 2.41%	 0.61%	 27.82%
<a href="#">Page 6</a>	Soybean	<b>1,217.75</b>	 2.03%	 10.95%	 7.41%
<a href="#">Page 7</a>	Cotton	<b>107.33</b>	 2.96%	 12.55%	 37.39%
<a href="#">Page 8</a>	Steel	<b>1,898.00</b>	 0.85%	 1.96%	 88.86%
<a href="#">Page 9</a>	Brent Crude	<b>85.87</b>	 4.22%	 20.82%	 65.77%
<a href="#">Page 10</a>	LME Zinc	<b>3,794.50</b>	 27.23%	 25.85%	 37.93%
<a href="#">Page 11</a>	Scrap Steel	<b>496.00</b>	 1.22%	 1.22%	 0.20%

# Wheat

Last Price USc **734.00**/BSH

Chicago Board of Trade wheat futures rose on Friday, reversing earlier losses with support from a rally in Europe where strong exports and concern over availability remained in focus. CBOT December soft red winter wheat [WZ1](#) settled the day up 9-1/4 cents at \$7.34 a bushel. K.C. hard red winter wheat for December delivery [KWZ1](#) was up 13 cents at \$7.44 a bushel and MGEX December spring wheat futures [MWEZ1](#) were 8-1/4 cents higher at \$9.68-1/4 a bushel. For the week, CBOT soft red winter wheat [Wv1](#) was unchanged. Euronext wheat extended a rally on Friday to set new contract highs as rumors of further sales of France's crop to China underscored strong demand and tightening availability in Europe.

### Technical:

U.S. wheat futures rise on European grain rally. Next level to watch 775.00.

### Support:

718.00 = Jul 2021 High

693.00 = Jan 2021 High

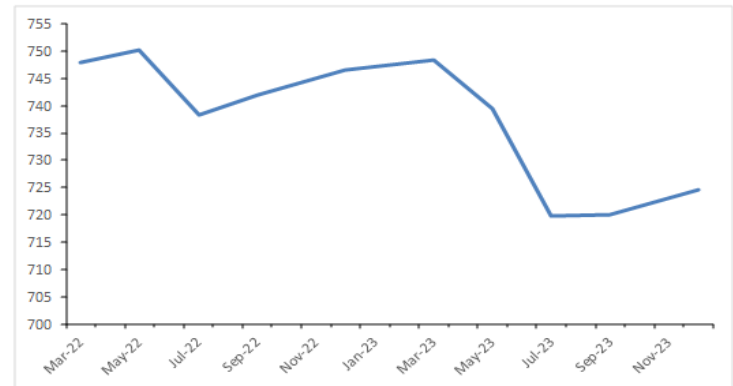
### Resistance:

774.75 = Aug 2021 High

829.50 = Nov 2012 Low



### Futures Curve



# Sugar

Last Price

USc **19.80**/LBS

Raw sugar futures on ICE recovered on Friday from two week lows hit in the previous session amid improved sentiment in the wider financial markets and worries over global weather patterns. [MKTS/GLOB](#). March raw sugar [SBc1](#) rose 0.9% to 19.77 cents per lb by 1409 GMT, having touched its lowest since the end of September at 19.48 on Thursday. Brazilian mill groups are certainly watching this after the year they saw this last season. La Nina developing is no guarantee Brazilian cane will suffer, but it could also bring more rain to India and Thailand. December white sugar [LSUc1](#) rose 1.1% to \$518.40 a tonne.



## Technical:

Raw sugar recovers from two-week lows, next level to watch 20.50.

## Support:

19.48 = Oct 2021 Low

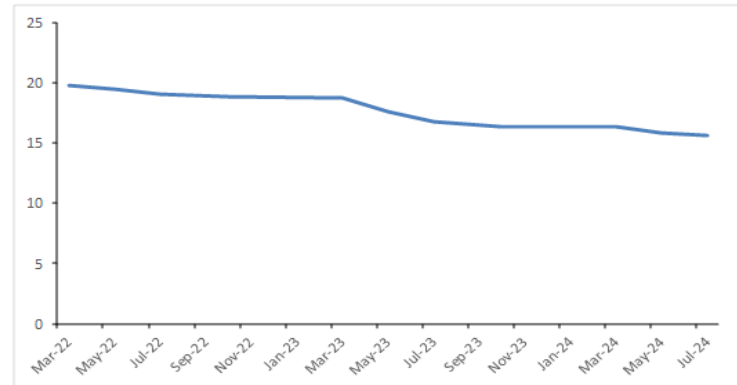
18.49 = Sep 2021 Low

## Resistance:

20.61 = Oct 2021 High

20.94 = Jun 2016 High

## Futures Curve



# Soybean

Last Price USc **1,217.75**/BSH

Chicago soybean futures prices rose on Friday, supported by technical buying and renewed hopes of export demand. CBOT November soybeans [SX1](#) settled up 11-1/4 cents at \$12.17-3/4 a bushel. CBOT December soyoil [BOZ1](#) was up 0.85 cent at 61.29 cents per lb, and CBOT December soymeal [SMZ1](#) was \$2.50 higher at \$316.60 per ton. But for the week, soybeans [Sv1](#) were down 2.03%, soyoil [BOv1](#) was down 0.36% and soymeal [SMv1](#) was down 0.66%. For the week ended Oct. 7, U.S. exporters sold 1.15 million tonnes of soybeans, up 10% from the previous week and in line with analyst expectations. The U.S. soybean crush hit a three-month low in September and fell below an average of trade estimates.



**Technical:**

Soybean futures firm on technical buying, export demand hopes, next level to watch 1,250.00.

**Support:**

1,184.50 = Oct 2021 Low

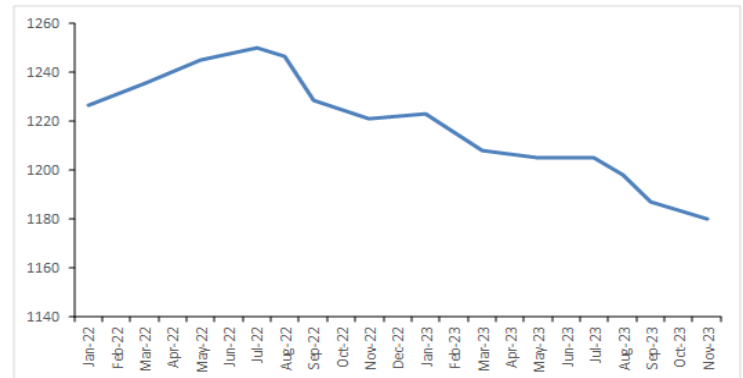
1,142.50 = Dec 2020 Low

**Resistance:**

1,262.50 = Oct 2021 High

1,308.00 = Sep 2021 High

**Futures Curve**



# Cotton

Last Price

USc **107.33**/LBS

ICE cotton futures eased on Friday after a weekly report showing a drop in U.S. sales knocked out gains from an early surge in the December contract. The cotton contract for December [CTZ1](#) fell 0.3% to 106.82 cents per lb, having jumped 3.7% to trade limit up at 111.10 cents per lb, in premarket trading. The U.S. Department of Agriculture's (USDA) weekly export sales report showed a drop in net sales for 2021/2022. China, a primary destination for U.S. cotton over the two prior weeks, saw increases of 12,100 running bales, [EXP/COT](#) On Tuesday, cotton retreated sharply after the USDA raised forecasts for global production, but cut Chinese consumption estimates. The December contract is now down over 3% for the week.



## Technical:

Cotton futures back-pedal after drop in weekly exports, next level to watch 100.00.

## Support:

99.47 = Jan 2012 High

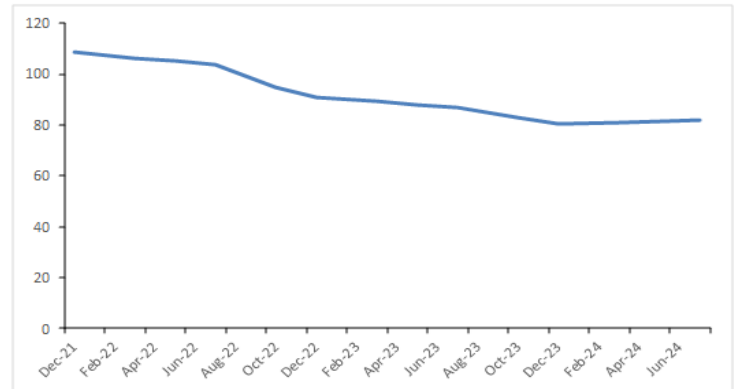
92.95 = Feb 2021 High

## Resistance:

114.19 = Sep 2011 High

116.48 = Oct 2021 High

## Futures Curve



# Steel

Last Price USD **1,898.00**/ tons

The most-actively traded HRC contract on the Shanghai Futures Exchange rebounded from a one-month low of 5,421 yuan per tonne on Monday after two consecutive days of substantial losses at the end of last week. More than 10 Chinese provinces have cut off or limited electricity supply to energy-intensive sectors, including steel, to ease power shortages or in an effort to meet their annual targets of reducing energy consumption by year end. In Tangshan, China's steelmaking hub in northern Hebei province, blast furnace operators have had their electricity supply reduced by 30-40% while rerollers have been told to suspend their operations from Monday until further notice.

**Technical:**

China's HRC prices rebound; power cuts weigh on steel. Next level to watch 1,950.00.

**Support:**

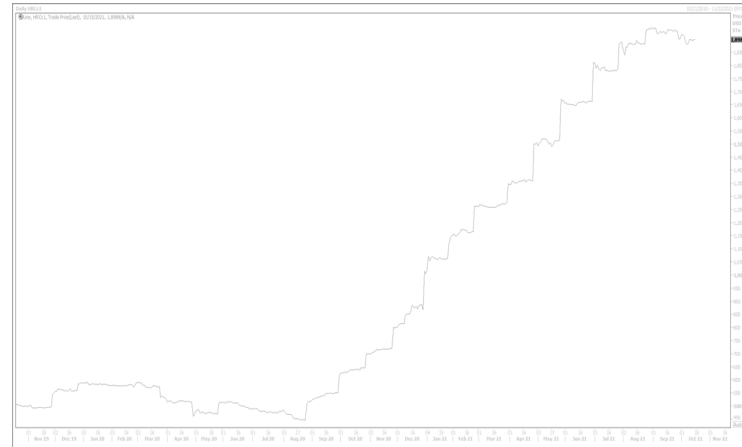
1,815.00 = Jun 2021 High

1,680.00 = May 2021 High

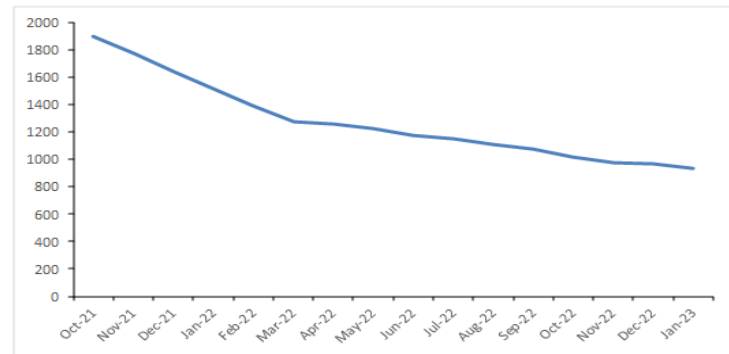
**Resistance:**

1,945.00 = Sep 2021 High

2,000.00 = Psychological Level



Futures Curve of SHFE Steel Futures





# Brent Crude

Last Price

USD **85.87**/BBL

Oil prices hit their highest level in years on Monday as demand recovers from the COVID-19 pandemic, boosted by more custom from power generators turning away from expensive gas and coal to fuel oil and diesel. Brent crude oil [LCOc1](#) futures rose 90 cents, or 1.1%, to \$85.76 a barrel by 0445 GMT, after hitting a session-high of \$86.04, the highest price since October 2018. U.S. West Texas Intermediate (WTI) crude [CLc1](#) futures climbed \$1.23, or 1.5%, to \$83.51 a barrel, after hitting a session-high of \$83.73, highest since October 2014. Both contracts rose by at least 3% last week. The U.S. oil and gas rig count, an early indicator of future output, rose 10 to 543 in the week to Oct. 15, its highest since April 2020. China's economy, meanwhile, likely grew at the slowest pace in a year in the third quarter, hurt by power shortages, supply bottlenecks and sporadic COVID-19 outbreaks.



## Technical:

Oil prices climb as COVID recovery, power generators stoke demand, next level to watch 86.74.

## Support:

80.75 = Sep 2021 High

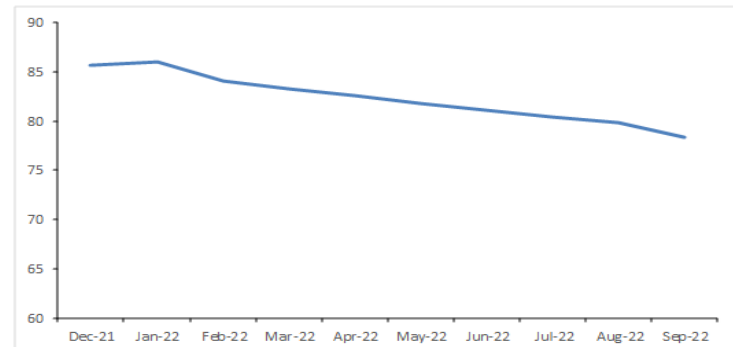
77.84 = Jul 2021 High

## Resistance:

86.74 = Oct 2018 High

89.58 = May 2010 High

## Futures Curve



# LME Zinc

Last Price

USD **3,794.50**/Tons

The most-traded SHFE 2111 zinc closed up 3.27% or 815 yuan/mt at 25720 yuan/mt, with open interest down 12597 lots to 98966 lots. The supply side of zinc has been greatly impacted by the power rationing, which is likely to be the new normal in Q4. The demand of the downstream sector, including galvanising, zinc alloy and zinc dioxide, is also sluggish due to the power rationing. The influences of power cuts are greater to the supply side than the demand. But the zinc supply is unlikely to be that tight amid the fourth batch of released national reserves.



**Technical:**

Nonferrous Metals All Closed with Big Gains amid Global Energy Crisis, next level to watch 3,140.00.

**Support:**

3,133.50 = Sep 2021 High

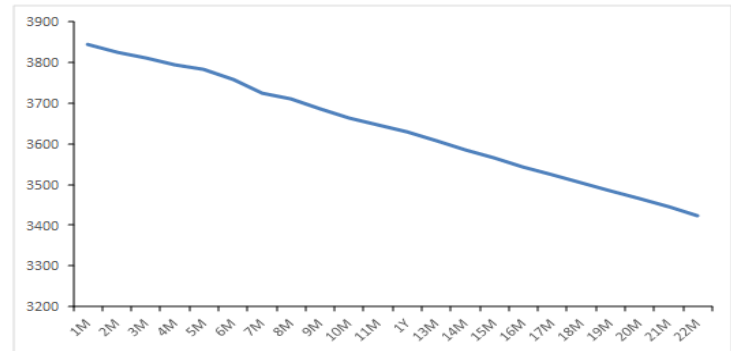
3,095.00 = Jun 2021 High

**Resistance:**

3,944.00 = Oct 2021 High

4,000.00 = Psychological Level

**LME Zinc Forward Curve**



# Scrap Steel

Last Price

USD **496.00**/Tons

Prices increases have triggered demand for billet and long steel products in the week to October 8, leading Turkish mills to book more deep-sea cargoes for November shipments. A steel mill in the Iskenderun region booked a European cargo comprising HMS 1&2 (75:25) at \$440 per tonne, shredded at \$455 and bonus at \$460 per tonne cfr. A steel producer in the Marmara region booked a Baltic Sea cargo consisting of HMS 1&2 (80:20) at \$451 per tonne cfr. Another steel mill in the Iskenderun region booked a Venezuelan cargo at \$450 per tonne cfr for 25,000 tonnes of HMS 1&2 (80:20). The upturn in the deep-sea scrap import prices were supported by improving billet and finished long steel demand. As a result of the lack of fresh trading activity on Friday, the daily scrap indices remained stable at the end of the week.

**Technical:**

Better steel demand spurs deep-sea scrap buys, next level to watch 505.00.

**Support:**

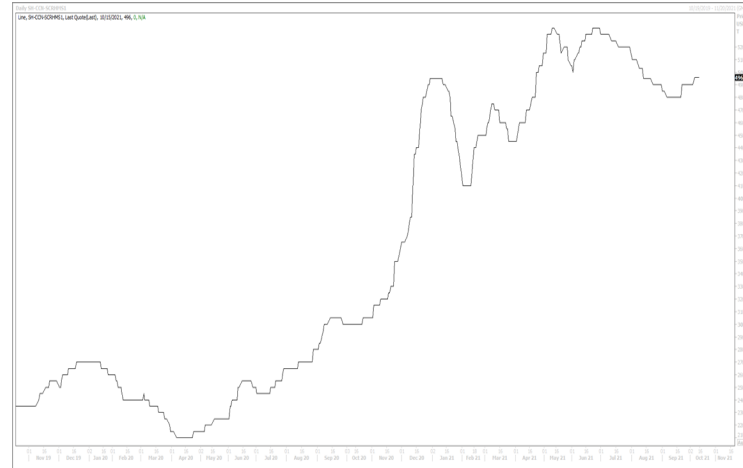
445.00 = Apr 2021 Low

410.00 = Feb 2021 Low

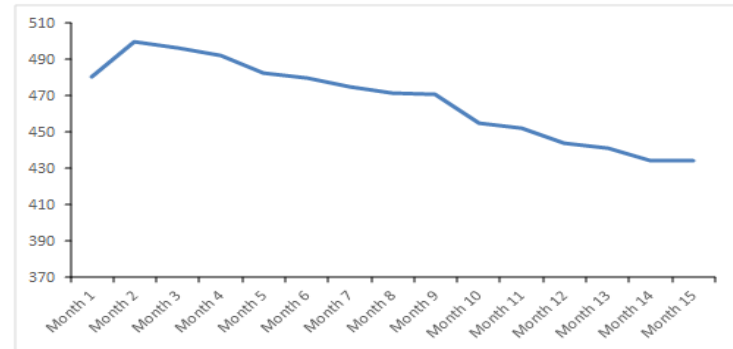
**Resistance:**

505.00 = May 2021 Low

565.00 = Sep 2008 High



**LME Scrap Steel Forward Curve**



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