



# Commodities Weekly

Issue 45-2021

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# Bloomberg Commodity Index



# 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>782.00</b>	 1.57%	 4.28%	 22.09%
<a href="#">Page 5</a>	Sugar	<b>19.71</b>	 5.12%	 1.50%	 27.24%
<a href="#">Page 6</a>	Soybean	<b>1,267.75</b>	 0.04%	 2.74%	 3.61%
<a href="#">Page 7</a>	Cotton	<b>106.23</b>	 2.81%	 9.74%	 35.98%
<a href="#">Page 8</a>	Steel	<b>1,606.00</b>	 0.56%	 11.37%	 59.80%
<a href="#">Page 9</a>	Brent Crude	<b>75.15</b>	 7.54%	 8.54%	 45.08%
<a href="#">Page 10</a>	LME Zinc	<b>3,328.50</b>	 5.28%	 1.87%	 20.99%
<a href="#">Page 11</a>	Scrap Steel	<b>486.00</b>	 2.02%	 6.72%	 1.82%

# Wheat

Last Price USc **782.00**/BSH

U.S. winter wheat futures firmed on Friday, supported by signs of demand from China and bargain buying after sinking to a one-month low on Thursday. Chinese buyers have been making large purchases of French and Australian wheat in the last week taking advantage of a pause in surging prices to cover some of their feed grain needs. The benchmark CBOT March soft red winter wheat contract [WH2](#) settled up 8-1/2 cents at \$7.85-1/4 a bushel. MGEX spring wheat for March delivery [MWEH2](#) was 1-1/2 cents lower at \$10.20-3/4 a bushel and K.C. March hard red winter wheat futures [KWH2](#) were up 6-1/4 cents at \$8.02-3/4 a bushel. For the week CBOT SRW was down 2.3%, K.C. HRW was down 2.6% and MGEX spring wheat was flat.



## Technical:

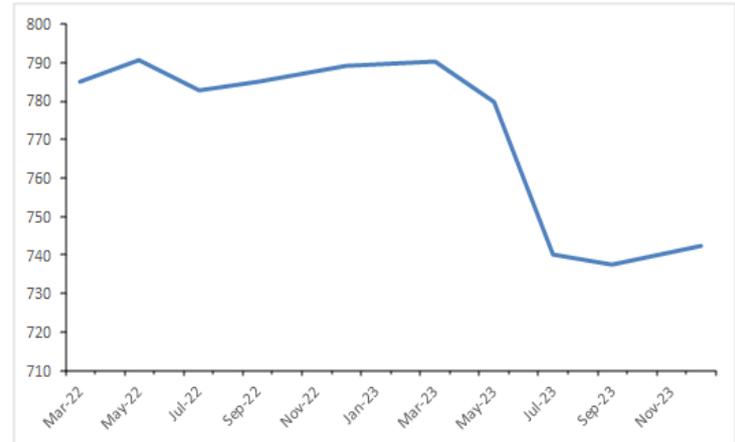
CBOT wheat closes firm with export demand in focus. Next level to watch 800.00.

## Support:

- 780.00 = Oct 2021 High
- 732.75 = Sep 2021 High

## Resistance:

- 841.00 = Aug 2010 High
- 904.25 = Oct 2012 High



# Sugar

Last Price USc **19.71/LBS**

March raw sugar [SBc1](#) rose 0.05% to 19.70 cents per lb. Broader macro-influences continue to play a major role in sugar market trends with recent concerns about the new COVID-19 variant prompting funds to scale-back long positions in the sweetener. The market derived some support from the likely extension of La Nina weather conditions through the upcoming northern hemisphere winter. La Nina can lead to drier-than-normal weather in southern Brazil, a region which suffered from drought this year, potentially impacting the sugarcane crop next year. March white sugar [LSUc1](#) rose 0.1% to \$511.40 a tonne.



## Technical:

sugar edge higher, next level to watch 20.00.

## Support:

17.98 = Apr 2021 High

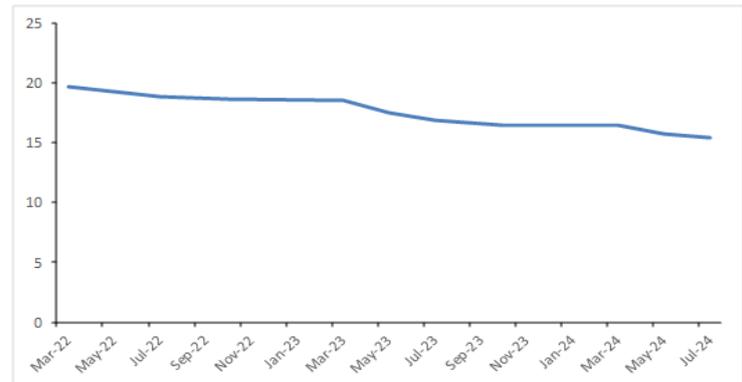
17.74 = Aug 2021 Low

## Resistance:

20.37 = Aug 2021 High

21.49 = Oct 2017 High

## Futures Curve



# Soybean

Last Price

USc **1,267.75**/BSH

Chicago Board of Trade soybean futures rose for the third day in a row on Friday, led higher by gains in the soymeal market. Soyoil futures were weaker, with the most active-contract hitting its lowest since mid-June. CBOT January soybean futures [SF2](#) closed up 3-1/4 cents at \$12.67-3/4 a bushel. CBOT January soymeal [SMF2](#) was \$7.10 higher at \$366.80 a ton and January soyoil [BOF2](#) was down 1.16 cents at 53.69 cents per lb. The January soymeal contract broke through technical resistance at its 200-day moving average for the first time since Nov. 22. For the week, soybean futures were up 0.04%, soymeal was up 2.3% and soyoil was down 6.2%.



**Technical:**

CBOT soybeans close higher on soymeal strength, next level to watch 1,270.00.

**Support:**

1,171.25 = Nov 2021 Low

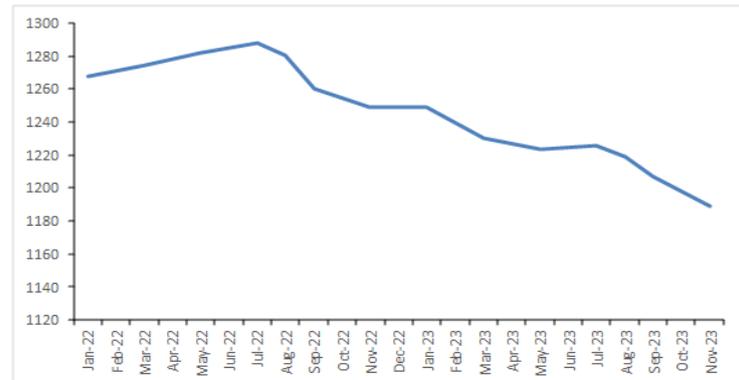
1,142.50 = Dec 2020 Low

**Resistance:**

1,308.00 = Sep 2021 High

1,321.50 = Dec 2020 High

**Futures Curve**



# Cotton

Last Price

USc **106.23**/LBS

ICE cotton futures steadied on Thursday after the U.S. Department of Agriculture (USDA) lowered global production and ending stocks estimates for the 2021/22 crop year in its monthly supply-demand report. Cotton contracts for March [CTH2](#) settled down 0.13 cents, or 0.1%, at 106.59 cents per lb, after falling 1.6% earlier in the session. The USDA slightly raised its U.S. production estimate to 18.28 million bales, while ending stocks estimates were unchanged at 3.40 million bales. China opposed the legislation passed by the U.S. House of Representatives to ban imports from Xinjiang over concerns about forced labour and will adopt necessary countermeasures to safeguard its interests. Total futures market volume rose by 826 to 17,672 lots. Data showed total open interest fell 13 to 234,900 contracts in the previous session.

## Technical:

Cotton steadies after USDA trims global output, stocks outlook, next level to watch 110.00.

## Support:

103.50 = Oct 2021 Low

97.35 = Mar 2014 High

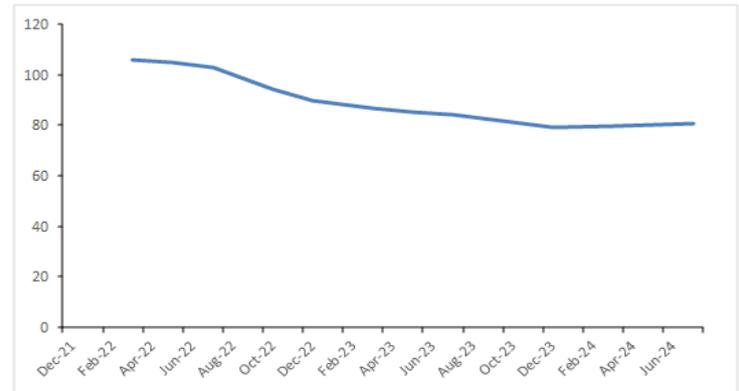
## Resistance:

128.00 = Dec 2010 Low

139.61 = Jan 2011 Low



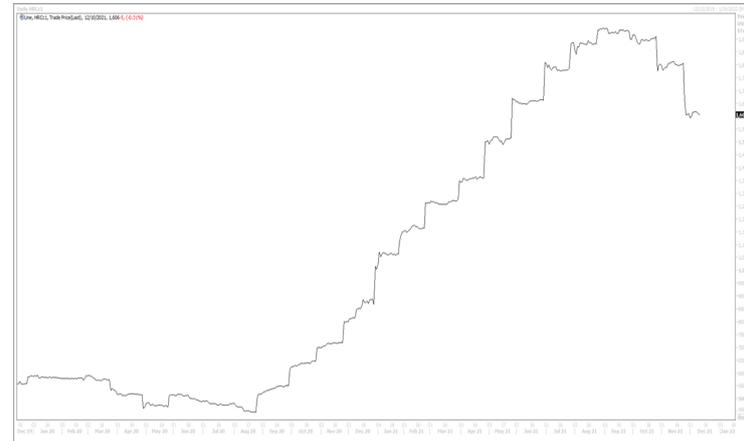
## Futures Curve



# Steel

Last Price USD **1,606.00**/ tons

Iron ore futures slipped on Friday, as rising portside inventory of the steelmaking ingredient in top steel producer China, along with weak demand, signaled prices could further weaken in 2022. While falling steel inventories in China may signal an improvement in downstream demand. Iron ore prices could hit \$75 a tonne by end-2022, he said, as tight steel production controls to curb emissions in China are likely to remain in place. Spot iron ore in China traded at \$109 a tonne on Thursday, up 4.3% from last week, but 53% off its record peak scaled in May. Construction steel rebar SRBcv1 on the Shanghai Futures Exchange shed 0.3%, while hot-rolled coil SHHCcv1 lost 1%. Stainless steel SHSScv1 fell 0.5%.



## Technical:

Iron ore falls as high China inventory dampens 2022 price outlook. Next level to watch 1,630.00.

## Support:

1505.00 = Apr 2021 High

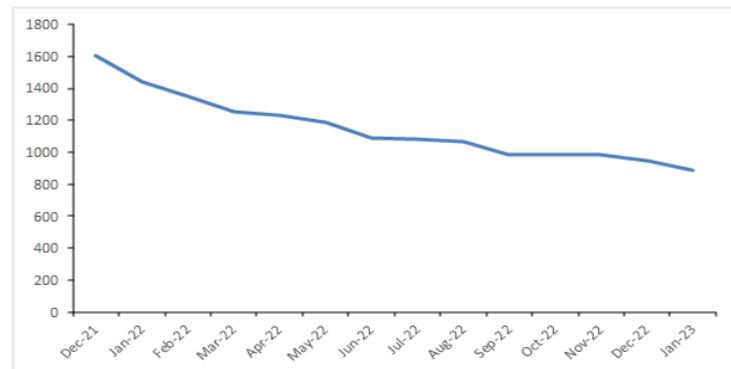
1485.00 = May 2021 Low

## Resistance:

1,680.00 = May 2021 High

1,775.00 = Oct 2021 Low

## Futures Curve of SHFE Steel Futures



# Brent Crude

Last Price

USD **75.15**/BBL

Oil prices rose slightly on Friday and posted their biggest weekly gain since late August, with market sentiment buoyed by easing concerns over the Omicron coronavirus variant's impact on global economic growth and fuel demand. The Brent and U.S. West Texas Intermediate (WTI) crude benchmarks each posted gains of about 8% this week, their first weekly gain in seven, even after a brief bout of profit-taking. Brent futures [LCOc1](#) settled up 73 cents, or 1%, at \$75.15 a barrel, after falling 1.9% on Thursday. WTI [CLc1](#) rose 73 cents, or 1%, to \$71.67 after sliding 2% in a volatile session the previous day. U.S. consumer prices rose further in November to produce the largest year-on-year rise since 1982, government data showed, adding to bullish sentiment on oil demand. Keeping a lid on prices are faltering domestic air traffic in China, owing to tighter travel restrictions, and weaker consumer confidence after repeated small outbreaks.



## Technical:

Oil prices post biggest weekly gain since August, next level to watch 80.00.

## Support:

67.70 = Feb 2021 High

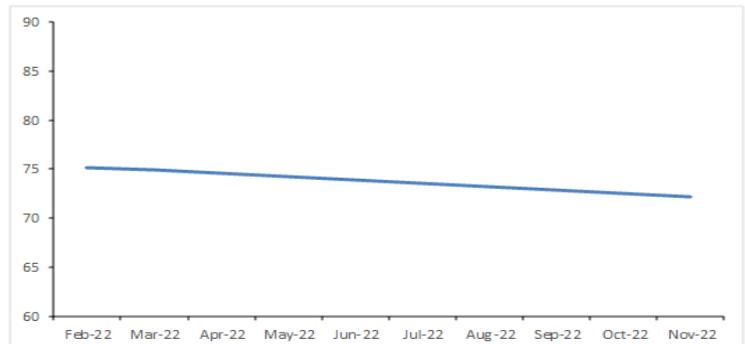
57.23 = Sep 2019 Low

## Resistance:

77.84 = Jul 2021 High

80.75 = Sep 2021 High

## Futures Curve



# LME Zinc

Last Price

USD **3,328.50**/Tons

The most-traded SHFE 2201 zinc closed up 0.06% or 15 yuan/mt at 23445 yuan/mt, with open interest down 2678 lots to 72096 lots. On the fundamentals, LME zinc inventory added 14,025 mt to 164,425 mt. Meanwhile, according to SMM survey, the zinc ingot social inventories across seven major markets in China totalled 125,300 mt as of Friday December 10, down 4,800 mt from last Friday. The weekly decline in domestic social inventory implied warming downstream demand, which boosted market confidence to some extent. On the supply side, the zinc ingot output fell short due to environmental protection-related restrictions. In other words, the fundamentals of zinc were favourable to zinc prices, coupled with low inventory. However, the downstream purchased on rigid demand, and the environmental protection policies also suppressed the demand side.



**Technical:**

Shanghai zinc rose slightly, next level to watch 3,400.00.

**Support:**

3,117.50 = Sep 2021 High

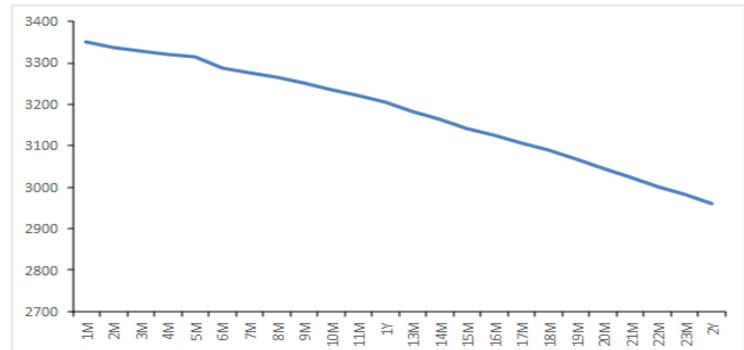
3,095.00 = Jun 2021 High

**Resistance:**

3,373.00 = Nov 2021 High

3,655.50 = Oct 2021 High

**LME Zinc Forward Curve**

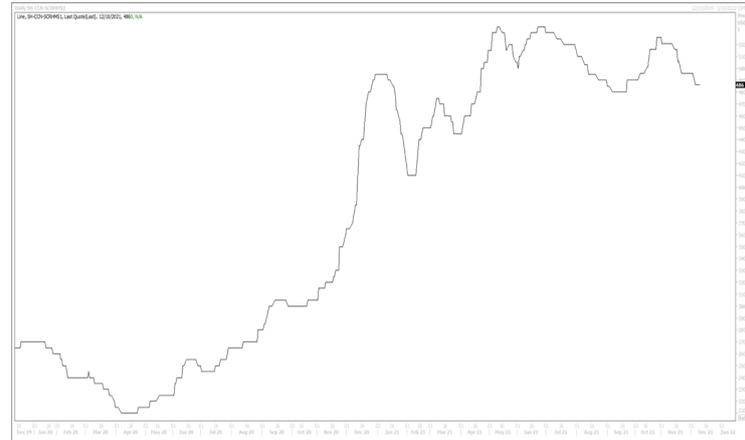


# Scrap Steel

Last Price

USD **486.00**/Tons

The global scrap markets were characterized by thin trading and falling prices in the trading week to December 10, with many major regions following a fall in Turkey. Turkish mills book cargoes lower prices and US export prices are supported by material tightness. Vietnam scrap market flat on lack of purchasing, while Chinese scrap prices remain stable as well. Taiwan scrap prices follow recent Turkish connection. Indian prices weaken in line with global markets.



**Technical:**

Prices fall in global scrap markets in thin trading conditions, next level to watch 500.00.

**Support:**

480.00 = Sep 2021 Low

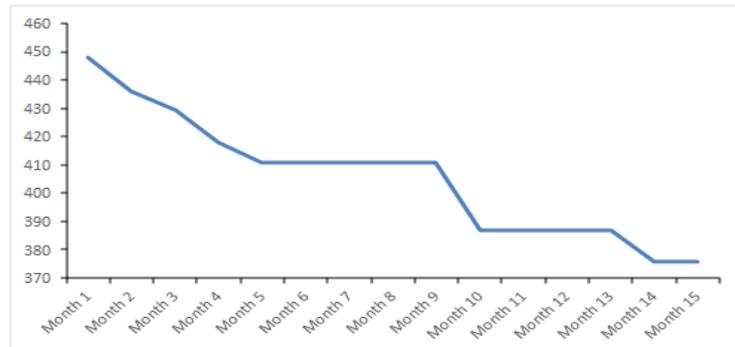
445.00 = Apr 2021 Low

**Resistance:**

526.00 = Oct 2021 High

565.00 = Sep 2008 High

**LME Scrap Steel Forward Curve**



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