ADM Investor Services, Inc.

Weekly Futures Market Summary

November 20, 2023 **by the ADMIS Research Team**

BONDS:

In retrospect, the treasury markets saw confirmation of a tectonic shift in market sentiment from a long-held inflation fear to broad acceptance that inflation has been put under control. The bull camp has also benefited from a shift in macroeconomic views toward the US with broadening concern that the US economy is stagnating and might begin to contract. Yet another potential historic bullish issue is the market's large and long-held net spec and fund short positioning and that combines with equally aggressive leveraged short bond positions held by ETFs. In other words, further upside gains through critical chart resistance levels could spark a massive stop loss buying wave!

US treasuries started off the week on the back foot given a measure of risk on sentiment flowing from global equity markets. However, with the US devoid of scheduled economic data at the start of this week, the 20-year US bond auction Monday might have a larger than normal impact on prices, especially with the last auction posting very dismal results! In fact, with December bonds trading eight points above levels one month ago, the bull camp will need a steady progression of softening evidence to continue to reverse the seven-month-old downtrend started in early April. In retrospect, the previous auction had such poor demand some suggested the treasury could have or should have canceled the auction!

In short, market focus will shift back to supply, with no change in Chinese interest rates and soft German producer prices providing minimal cushion against impending auction pressure. However, it is possible that bargain hunters will buy dips to support in December bonds and December notes. Not surprisingly, the eight-point rally off last month's lows has dramatically reduced the net spec and fund short in bonds from 194,486 contracts at the beginning of last month to only 52,818 contracts last week, which leaves open the prospect of more short covering buying but could eventually mean aggressively selling fuel will be pilling up on the sidelines.

The Commitments of Traders report for the week ending November 14th showed Bonds Non-Commercial & Non-Reportable traders are net short 52,818 contracts after net buying 8,168 contracts. While the treasury notes have leveled their massive net spec and fund short positioning over the last month the market as of last Tuesday was nearly 600,000 contracts! The COT report for T-Notes showed Non-Commercial & Non-Reportable traders added 90,673 contracts to their already short position and are now net short 574,119.

CURRENCIES:

While the dollar managed to arrest its sharp early washout late last week and build consolidation around the 104.00 level, we see the path of least resistance pointing down. Obviously, the markets are very convinced the Fed is on hold for the foreseeable future and signs of slowing in the US should add additional liquidation pressure in the dollar trade. Fortunately for dollar bulls, fundamental signals suggest selling all currencies which is not feasible.

With the downside breakout extensions at the start of this week, the trade continues to extract interest rate differential edge premium from the dollar with some background bearishness toward the dollar in place because of residual fear of dollar vigilante selling from the failure of the US to address its exploding debt condition. With Monday's US economic report slate empty, the mid-day treasury auction could be the "feature" of the session (which favors the Dollar bears) with the last treasury auction showing very poor results.

While the dollar could be considered significantly oversold from a technical perspective, given the November slide of 350 points, the last positioning report showed speculators still long a hefty amount which could continue to feed stop loss selling. The November 14th Commitments of Traders report showed Dollar Non-Commercial & Non-Reportable traders were net long 20,381 contracts after increasing their already long position by 217 contracts.

While the windfall in the euro from the sharp dollar washout has resulted in new highs for the move and has increased the caliber of support from the 20-day moving average, the euro lacks a European centric bullish theme. In other words, the euro is rising because the dollar is falling not because money sees Europe as the place to be. In fact, German producer prices showed a contraction which easily adds to a strong probability the ECB is as firmly on hold as the US Fed. The November 14th Commitments of Traders report showed Euro Non-Commercial & Non-Reportable traders were net long 146,896 contracts after increasing their already long position by 27,380 contracts.

Like other currencies, the pound is showing signs of breaking out of last week's sideways consolidation to the upside. In fact, the pound this morning sits just above its 200-day moving average. Even though the dollar has fallen from favor, the Canadian dollar has been unable to benefit as economists see the developing slowdown in the US as a major negative macroeconomic headwind for the Canadian economy. Pushed into the market we are bearish to the Canadian with a retest of support possible if the dollar catches a modest temporary bid head of the US auction.

STOCKS:

The bull camp is emboldened by the market's capacity last week to avoid corrective action in the face of disappointing developments and because of the market's resiliency following the action. With the corporate earnings headlines this week and downbeat expectations for the upcoming holiday shopping season the strength in equities is very likely the result of the decline in interest rates and relief that inflation expected to come under control. In fact, if the markets were exclusively focused on corporate news this week, there would be concern as positive earnings by some retailers required heavy discounting which can reduce future profit margins.

Global equity markets were mostly higher as they started out the holiday shortened trading week on a positive footing. With the equity markets holding together in the face of evidence of a weakening US economy last week the bull camp retains an edge early this week. However, a large component of the bull case is the hope or need to see implied US Treasury yields decline further and that could make the mid-day US Treasury auction one of the key developments for stocks early this week.

With the S&P clearly respecting 4500 as support for most of last week, and generally higher global equity market action early this week, investors are not fearful of the overbought condition from the upside explosion in prices from last week. In fact, the latest COT positioning report showed the S&P still net spec short more than 50,000 contracts indicating more short covering buying is possible and perhaps that will combine with fresh speculative buying if holiday shopping season chatter is positive in the buildup to

Black Friday! The November 14th Commitments of Traders report showed E-Mini S&P Non-Commercial & Non-Reportable traders are net short 51,566 contracts after net buying 20,932 contracts.

Large company shares are under scrutiny with talk of layoffs at Citigroup, resignation of a large auto manufacturing division head and reports of hedge fund selling consumer staples. Dow Jones $5 positioning in the Commitments of Traders for the week ending November 14th showed Non-Commercial & Non-Reportable traders were net short 41,799 contracts after decreasing their short position by 754 contracts. While all the markets have been coiling since the beginning of last week, the coil in the NASDAQ is by far the "tightest" which could signal a volatility event into the coming holiday.

Typically, the stock market sees several waves of optimism ahead of the Black Friday launch of the shopping season. However, early chatter is sales this year will require deep discounts, but tech sector stocks should see less discounting pressure than physical goods companies. Nasdaq Mini positioning in the Commitments of Traders for the week ending November 14th showed Non-Commercial & Non-Reportable traders reduced their net long position by 7,487 contracts to a net long 865 contracts.

GOLD, SILVER & PLATINUM:

We see the action in gold and silver early this week as very discouraging and defeating for the bull camp, especially in gold given the sharp range down extension US dollar. In fact, with the Indian government pegging October gold imports jumped by 60% over year ago levels (the highest in 31 months), a surging bear case in the dollar and expectations the FOMC meeting minutes will again confirm the US rate hike cycle is done, the gold market should be up $11 instead of down $11.

In addition to the strong jump in Indian gold imports, the Reserve Bank of India added 9 tons of gold in the third quarter which should revitalize hopes of ongoing global central bank gold purchases. Unfortunately for the bull camp China held interest rates steady (leaving that economy mired in a slowdown) and German producer prices contracted which erodes hope for improved physical gold demand from Germany. Granted, the gold and silver trade might be undermined by the slight uptick in implied US treasury yields but that is hardly justification for the type of early slide in gold prices.

However, the most recent COT positioning report shows a net spec and fund long in gold of 183,033 contracts and therefore the potential for further stop loss selling is very high. Fortunately for the bull camp in silver the net spec and fund long is nondescript and within the last four months range suggesting stop loss selling should be more modest than in gold. The November 14th Commitments of Traders report showed Silver Managed Money traders net bought 7,353 contracts and are now net long 9,584 contracts. Non-Commercial & Non-Reportable traders net bought 2,034 contracts and are now net long 30,815 contracts.

The November 14th Commitments of Traders report showed Platinum Managed Money traders added 15,296 contracts to their already short position and are now net short 16,659. Non-Commercial & Non-Reportable traders are net long 2,657 contracts after net selling 9,370 contracts. Palladium positioning in the Commitments of Traders for the week ending November 14th showed Managed Money traders were net short 10,916 contracts after increasing their already short position by 423 contracts. Non-Commercial & Non-Reportable traders are net short 11,477 contracts after net selling 413 contracts.

COPPER:

Copper prices continue to power ahead early this week as the dollar weakens to its lowest level in almost three months. However, there have been a lot of gloomy stories coming out of China with worsening housing outlooks and worries over ING bank getting caught up in the bankruptcy of China's largest copper trader. Furthermore, copper has managed to rise despite the Peoples Bank of China leaving interest rates unchanged despite their beleaguered real estate driven economy. In the end, copper continues to rise despite all this bad news suggesting the trade at its core is relieved with the end of the historic global rate hike cycle.

The charts in copper also favor the bull camp with higher lows and higher highs unfolding since the mid-November spike down reversal. Fortunately for the bull camp, the latest positioning report showed the speculative trade remained short, indicating more stop loss buying potential in the near term. The Commitments of Traders report for the week ending November 14th showed Copper Managed Money traders added 3,798 contracts to their already short position and are now net short 11,576. Non-Commercial & Non-Reportable traders net sold 5,631 contracts and are now net short 16,775 contracts.

ENERGY COMPLEX:

Higher action in crude oil early this week (a three-day high) in the face of a 24% week over week rise in global crude oil in floating storage is surprising given the aggressive downside action last week. However, the high to low washout in crude oil last week of $7.50 was justified by a very severe downgrade in global economic prospects following signs the US economy is slowing. Perhaps the trade is experiencing limited short covering from last week's sharp slide with the January crude oil contract crossing up the shorts by regaining the 200-day moving average at $76.20.

While there is a debate among analysts and oil market players, there are those who think OPEC+ could announce further production cutbacks which would clearly put a floor under prices. While news suggesting China is buying for reserves could be seen as bullish, we think that signals a lack of need or urgency for domestic product supply. Granted, there are ongoing concerns of a sudden Middle East supply disruption but with the declines of the last four weeks, crude oil prices now have very minimal or no war premium in prices.

However, it is possible that prices will see minimal lift from the 12th round of EU sanctions against Russia which require details on cargo transactions with Russia. Furthermore, the US began to police compliance with sanctions regarding prices of tankers carrying Russian oil to the world markets. Apparently, the US has notified 100 shipping companies and has requested information on transactions with the Russians. However, not all will comply with US sanctions and the US will have little recourse against that supply flow.

In our opinion, sanctions against Russia have not worked and minimal tinkering with barriers to supply flow is unlikely to yield noticeable benefits. In retrospect, a large portion of last week's sharp washout was the result of US crude production remaining at or posting new record levels with the latest data showing 13.2 million barrels per day of output. Bullish sentiment in the market is clearly absent with prices failing to react last week to a Bloomberg article suggesting that OPEC+ might consider deepening production cuts the bull camp is not easily revived.

Last week, the Baker Hughes oil rig drilling count rose by six which is the largest single week increase since February. While the net spec and fund long positioning in crude oil has come down significantly over the last several weeks, and the net spec and fund long from the report mark off is overstated with the market from the report into last week's low declining by more than six dollars a barrel there is the capacity for more long liquidation!

The Commitments of Traders report for the week ending November 14th showed Crude Oil Managed Money traders are net long 124,296 contracts after net selling 11,257 contracts. Non-Commercial & Non-Reportable traders net sold 28,354 contracts and are now net long 282,678 contracts. Unfortunately for the bull camp spec long positioning is still 70,000 contracts longer than was posted at the beginning of July when prices were trading at $70.00.

Even though the gasoline market managed to aggressively reject last Thursday's washout, closed sharply higher Friday, and started off strong this morning, the bull camp should have limited ammunition. In fact, while China has reduced product exports that should be offset by Russia projecting a saturated domestic fuel market which should in turn result in December Russian fuel exports jumping sharply! It is also unfortunate for the bull camp that the latest net spec and fund long in gasoline was still 28,000 contracts longer than one month prior as that indicates further stop loss selling is possible.

Gasoline (RBOB) positioning in the Commitments of Traders for the week ending November 14th showed Managed Money traders net long 51,268 contracts after increasing their already long position by 8,800 contracts. Non-Commercial & Non-Reportable traders net bought 9,531 contracts and are now net long 62,453 contracts. Certainly, prices could see support from the US driving holiday this week but that is not a surprise, and the trade has already been presented with forecasts from a US auto club that the US will see the most travel of the pandemic era so fresh demand lift should be modest.

While the EIA year-over-year surplus of gasoline has been cut in half over the last two weeks, gasoline retains the only year-over-year surplus stocks reading of the main product markets. However, EIA implied gasoline demand readings continue to be strong with the last two readings significantly above year ago levels! Clearly, the diesel market posted the worst close to last week's trading, (crude oil and gasoline had very sharp recoveries from last week's lows last Friday) with a four-day low barely rejected and the market closing minimally higher.

Additional negative technical signals were present in the weekly positioning report with the net spec and fund long 40,000 contracts above the 2023 low spec long! The Commitments of Traders report for the week ending November 14th showed Heating Oil Managed Money traders added 5,786 contracts to their already long position and are now net long 34,272. Non-Commercial & Non-Reportable traders net bought 86 contracts and are now net long 52,351 contracts. While the charts look vulnerable, we caution those pressing the short side as global diesel stocks remain tight but have not been important recently considering lack of significant broad-based cold in the northern hemisphere. In fact, diesel stocks have declined 9 straight weeks!

The initial headline focus for natural gas this week is the fact that European storage is at capacity thereby reducing and/or eliminating bargain hunting buying on the continent. In fact, there were also signs early this week that China and other Asian countries were "full up" on winter inventories and that should severely limit bargain hunting buying. While a strong El Nino can result in very heavy snowfall amounts in Europe that does not definitively signal extremely cold temperatures which are needed for the bull camp to gain any respect.

With a sharp range down extension into new contract lows last Friday, natural gas prices remain in a downdraft. Periodic fresh record production data from the US, periodic minimal export facility glitches, generally normal to mild northern hemisphere temperatures and fresh fears of US slowing should leave both supply and demand conditions with the bear camp. While the most recent COT positioning report likely understates the size of the net spec and fund short (prices into the low Friday were down $0.14 from the report mark off) the market is not likely to be mostly sold out yet. In fact, the largest net spec and fund short this year was 150,872 contracts.

The November 14th Commitments of Traders report showed Natural Gas Managed Money traders added 34,028 contracts to their already short position and are now net short 70,306. Non-Commercial & Non-Reportable traders added 33,003 contracts to their already short position and are now net short 83,932. This week's Baker Hughes rig operating count showed a decline of four gas rigs operating with 114 rigs operating matching the lowest level since early September. In our opinion, the natural gas market might only bottom out after the market is completely exhausted.

BEANS:

Beneficial rains expected in northern Brazil next week will offer some temporary relief to stressed crops and that has given the edge to the bear camp. Rains are forecast to begin Sunday and last through Thursday of next week in the northern half of Brazil. No change in the forecast for southern Brazil, as periodic heavy rains are expected over the next week. Argentina's crop conditions have improved on recent rains and the forecast looks mostly favorable.

NOPA crush showed US soybean processors crushed a record amount of soybeans in October, while end-of-month soyoil stocks fell to the lowest in almost nine years. NOPA members, which account for around 95% of the U.S. soybean crush, processed 189.774 million bushels of soybeans last month, up 14.7% from the 165.456 million bushels processed in September and up 2.9% from the October 2022 crush of 184.464 million bushels.

The average pre-report guests was 187.237 million bushels. It was the largest crush for any month on record, topping the previous all-time high of 186.438 million bushels crushed in December 2021. Soyoil stocks as of Oct. 31 fell for a sixth straight month to 1.099 billion pounds, below the average trade estimate of 1.188 billion and the lowest end-of-month oil supply since December 2014.

NOPA member oil supplies were down 0.8% from the 1.108 billion pounds on hand at the end of September and down 28.1% from stocks totaling 1.528 at the end of October last year. Biden and Xi met yesterday in San Francisco and reports afterwards suggested progress was made on military communication, AI and the opioid problem, however, there were no agreements announced regarding agriculture trade.

Argentina's runoff election will be held this Sunday and the race between the current Economy Minister and the far-right libertarian is expected to be very close. Weekly export sales will be released today and will include the very large Chinese purchases last week. The range of estimates is 2.9 to 4.5 million tonnes. Meal exports are expected in a range of 100,000 to 500,000 tonnes. January beans tested resistance at 14.00 yesterday and hit a two and half month high, but expected Brazilian rains are a bearish factor and can we see further pullback likely. January support is 13.45.

CORN:

Ideas of potential improvement in South American weather next week is keeping the bear camp in control. Central and northern Brazil are expected to see good rains starting late this weekend and into late next week. Southern Brazil, on the other hand, will see more excessive rains over the next seven days. Argentina's weather looks mostly favorable. Weekly export sales are expected today in a range of 900,000- 1,700,000 tons.

US and China's leadership met yesterday in San Francisco, but grain trade did not appear to be a major part of the discussions. Strategy Grains raised their EU production estimate to 61 million tons, compared to 60.6 million last month. The Argentine runoff election will be this Sunday and is extremely important to the future of the country and especially the agriculture sector. The race is expected to be very tight. The bear camp remains in charge until December prices can move above the 4.82 level on December futures.

Ethanol average daily production for the week ending November 10 averaged 1.047 million barrels. This was up 0.5% from last week and up 3.6% from last year. The 5-year average for this week is 1.025 million barrels per day. Ethanol production for the week was 7.329 million barrels. Ethanol stocks were 20.954 million barrels. This was the lowest since December 24, 2021. This was down 0.2% from last week and down 1.6% from last year. The 5-year average stocks for this week is 21.248 million barrels.

The amount of corn used for the week is estimated at 103.92 million bushels. Cumulative corn use for the crop year has reached 1.032 billion bushels. Corn use needs to average 101.86 million bushels per week to meet the USDA's marketing year forecast of 5.325 billion bushels. Previous week: Ethanol average daily production for the week ending November 3 averaged 1.042 million barrels. This was down 1.0% from last week and down 0.9% from last year. The 5-year average for this week is 1.040 million barrels per day. Ethanol production for the week was 7.294 million barrels.

WHEAT:

The bear camp remains firmly in charge after December Chicago prices hit their lowest since October 12 on continued ideas of ample supplies and weak global prices. Harvest is moving forward in Australia and early yields have not been as bad as expected. Strategy grains slightly raised their EU SRW production to 125.8 million tonnes compared to 125.6 million last month. Ukraine has sown 91% of its winter wheat and has seen improved conditions after a dry October.

Weekly export sales today are expected in a range of 250,000 to 500,000 tonnes. In demand news, Tunisia is tendering for another 25,000 tonnes of durum wheat and South Korea for 50,000 tonnes of feed wheat. Southern Plains rains are still slated for early next week. The Ukraine and UK shipping insurance program is another bearish item as it may encourage more grain transit through Ukraine's corridor. Bullish news is hard to find and the sideways trend on December futures since the beginning of October remains intact.

HOGS:

February hogs continue to chop around inside their November range as they search for a bullish fundamental to extend their rally off the October contract lows. Above normal US pork production trends this quarter and next could limit upside potential, and hog weights are slightly above average for this time of year. The CME Lean Hog Index as of November 15 was 75.68, down from 76.06 the previous session and 76.87 the previous week. The USDA estimated hog slaughter came in at 485,000 head Friday and 246,000 head for Saturday. This brought the total for last week to 2.649 million head, up from 2.577 million the previous week and 2.598 million a year ago.

Estimated US pork production last week was 563.6 million pounds, up from 546.3 million the previous week and 560.3 million a year ago. The USDA pork cutout, released after the close Friday, came in at $87.15, up $1.82 from Thursday but down from $87.72 the previous week. China imported 90,000 tonnes of pork in October, down 41% from a year ago, according to data released by the China's General Administration of Customs on Saturday. Cumulative imports for 2023 have reached 1.37 million tonnes, down 0.8% from a year ago.

China's national average spot pig price today was up 2.3% from Friday and up 6.0% for the month. February hogs are trading at a 0.76 discount to the futures versus premium of 3.21 a year ago and a five-year average premium of 5.30. This is slightly bullish to the futures. Friday's Commitments of Traders report showed managed money traders were net sellers of 178 contracts of lean hogs for the week ending November 14, reducing their net long to 13,209. This is near the low end of the historic range, which reduces the threat of fund long liquidation.

CATTLE:

Last Friday's Cattle on Feed report came in neutral to slightly bullish, which could support the market this week. The report showed placements for the month of October at 103.8% of last year versus average trade expectations of 104.9% and 106.0% and a range of expectations from 99.8% to 108.1%. Marketings for October came in at 97.5% of last year versus 98% expected (range 97-98.5). Cattle on

Feed supply as of November 1st came in at 101.7% of last year versus 101.9% expected (range 100.9% to 102.6%). Placements were below average expectations but not by very much. The on-feed number was neutral, and the marketings number was slightly negative.

The USDA estimated cattle slaughter came in at 121,000 head Friday and 20,000 head for Saturday. This brought the total for last week to 636,000 head, up from 618,000 the previous week but down from 672,000 a year ago. The estimated average dressed cattle weight last week was 834 pounds, unchanged from the previous week and down from 838 a year ago. The 5-year average weight for that week is 835 pounds. Estimated beef production last week was 529.2 million pounds, down from 561.7 million a year ago. The USDA boxed beef cutout was down 94 cents at mid-session Friday and closed 85 cents lower at $293.87. This was down from $300.46 the previous week and was the lowest it had been since April 10.

Cash live cattle traded in moderate volume on Friday at prices that were close to where they were earlier in the week. As of Friday afternoon, the five-area weighted average price was $177.80, down from $179.88 the previous week. China imported 220,000 tonnes of beef in October, down 12% from a year ago, according to China's General Administration of Customs. Imports are up 2.9% year to date. Friday's Commitments of Traders report showed managed money traders were net sellers of 15,385 contracts of live cattle for the week ending November 14, reducing their net long to 41,554. This is their smallest net long in over a year. The selling trend is short-term negative.

COCOA:

Cocoa’s 3-day rebound recovered all of its losses from last Tuesday’s downdraft as the market continues to find support from bullish supply developments. While global demand has been resilient during a 14-month uptrend, cocoa prices are now at their highest levels since the late 1970’s. As a result, near-term demand concerns leave the cocoa market vulnerable to a near-term pullback. March cocoa was able to build onto early strength as it posted a sizable gain during Friday’s trading session. For the week, March cocoa finished with a gain of 94 points (up 2.3%) and a seventh positive weekly result in a row.

A Nigerian commodity exchange forecast their nation’s cocoa production will come in 4.4% below last year’s output, which reinforced West African supply issues that have underpinned cocoa prices close to 45-year highs. Despite higher minimum farmgate prices this year, Ivory Coast port arrivals are already well behind last season’s pace which provided more evidence of lower West African production.

A moderate rally in the Euro and British Pound provided carryover support to the cocoa market as that should help European grinders with acquiring near-term cocoa supplies. There have been reports that major multinational firms are starting to hold off on purchasing 2024/25 ivory Coast cocoa. While this is due in part to implementing new traceability measures, the main factor has been cocoa’s multi-decade prices as those firms are asking for a sizable reduction in the origin differential.

The Commitments of Traders report for the week ending November 14th showed Cocoa Managed Money traders net sold 902 contracts and are now net long 67,719 contracts. CIT traders reduced their net long position by 3,462 contracts to a net long 32,805 contracts. Non-Commercial No CIT traders were net long 52,114 contracts after increasing their already long position by 5,504 contracts. Non-Commercial & Non-Reportable traders added 2,105 contracts to their already long position and are now net long 75,674.

COFFEE:

Coffee’s October/November rally appears to have run out of steam as it will start out this week’s trading 9.70 cents below last Thursday’s 4 1/2 month high. Unless the market can find fresh bullish supply news, coffee prices are likely to extend this pullback in front of Thursday’s holiday. March coffee followed through on last Thursday’s reversal by falling to a 2-week low before finishing Friday’s trading session with a sizable loss. For the week, March coffee finished with a loss of 3.90 cents (down 2.3%) which broke a 2-week winning and was a negative weekly reversal.

ICE exchange coffee stocks were unchanged again on Friday and remain at a 24 1/2 low, but that has been offset by a buildup of more than 14,000 bags of coffee waiting to be graded at ICE exchange warehouses. This would indicate that ICE exchange coffee are close to putting in a near-term low, and that pressured the coffee market late this week. Safras and Mercado said that Brazil's producers have sold 64% of their 2023/24 coffee production as of last Monday, which compares to 65% of the 2022/23 crop on that date last year and a 5-year average of 66% on that date. However, Safras and Mercado also noted that Brazilian producers have become more aggressive with their selling in recent weeks, and that could last through the end of this month.

Optimism that Brazil's upcoming 2024/25 Arabica crop will exceed this season's output also weighed on coffee prices going into the weekend. Updated weather forecasts for Brazil's main Arabica growing regions have daily rainfall starting late this week which should benefit their upcoming 2024/25 crop. The November 14th Commitments of Traders report showed Coffee Managed Money traders were net long 23,891 contracts after increasing their already long position by 7,567 contracts. CIT traders are net long 56,786 contracts after net buying 1,197 contracts. Non-Commercial No CIT traders are net long 11,207 contracts after net buying 5,379 contracts. Non-Commercial & Non-Reportable traders were net long 29,522 contracts after increasing their already long position by 6,751 contracts.

COTTON:

March cotton is correcting an oversold condition following a steep selloff from September, and it has drawn support from a more optimistic demand tone recently. US export sales have picked up over the past few weeks. Last week's report showed net sales for the week ending November 9 at 358,735 bales, which was down from 439,698 bales the previous week and 544,953 the week before that, but they were still the third highest since June. China has been an active buyer, which is also supportive. Strength in US equity and bond markets last week lent support, and the dollar fell to its lowest level since early September. The cheaper dollar makes US cotton more competitive on the world market.

However, a turn lower in equity markets today could pull support from cotton. We hear reports that some Brazilian farmers are replacing soy planted area with cotton in Mato Grosso due to hot and dry conditions there. Typically, cotton represents 10% to 13% of the planted area in the region, and Brazilian analysts are now saying that number could rise to 20%. This could boost Brazilian exports in 2024, but it could also encourage more selling of old crop supplies. Friday's Commitments of Traders report showed managed money traders were net sellers of 14,564 contracts of cotton for the week ending November 14, which moved them from a net long position to a net short of 5,899. The selling trend is negative.

SUGAR:

Sugar prices were in an uptrend for most of this year, with the market gaining 10.75 cents in value from the low in early January to their early November high (up 61%). The market appears to have lost upside momentum this month and looks to be vulnerable to a sizable downside move over the rest of this month. March sugar held within its tight 3-day range as they finished Friday's trading session with a minimal loss. For the week, March sugar finished with a loss of 11 ticks (down 0.4%) and a second negative weekly loss in a row.

India and Thailand (who combined accounted for 24% of global production during the 2022/23 season) are both expected to see sharp declines in production in 2023/24, and many analysts are expecting a global production deficit. Earlier this month, however, the International Sugar Association lowered its forecast for the 2023/24 deficit from 2.2 million tonnes to 330,000 tonnes. They cited Brazil's record

Center-South sugar production this year, which as of the end of October was running 6.872 million tonnes ahead of last season's pace, a gain of 22.6%. The sugar market found support in recent weeks from congestion at Brazil's ports, which has slowed the arrival of their record output to international markets. Despite the export bottleneck,

Brazil's Center-South mills have kept sugar's share of 2023/24 crushing at 49.4% which compares to 45.8% over the same timeframe last season. China's October sugar imports came in at 920,000 tonnes which was 78% above last year, but their January-October sugar import total of 3.04 million tonnes is 24% behind last season's pace. The November 14th Commitments of Traders report showed Sugar Managed Money traders are net long 184,248 contracts after net selling 16,576 contracts. CIT traders were net long 152,710 contracts after decreasing their long position by 19,930 contracts. Non-Commercial No CIT traders net bought 3,040 contracts and are now net long 138,699 contracts. Non-Commercial & Non-Reportable traders were net long 252,594 contracts after decreasing their long position by 9,901 contracts.