ADM Investor Services, Inc.

Weekly Futures Market Summary

April 1, 2024 **by the ADMIS Research Team**

BONDS:

The path of least resistance was higher in treasuries late last week as the trade once again managed to shape a neutral inflation reading into a supportive result. In other words, the headline personal consumption expenditure matched expectations and matched the prior month while the core PCE came in at 2% versus 2.1% expectations and 2.1% previously. Apparently, the lower-than-expected initial claims reading was offset by a higher-than-expected ongoing claims reading while the upward revision in US GDP was simply discounted altogether! In retrospect, the treasury trade has settled into a bullish bias with the trade shaping scheduled data to their advantage! Clearly, there were some disappointments in March US inflation related reports, but trade perceptions are fixated on a June cut.

Two weeks ago, soft data from the US was prominent, while last week the data was more benign. In fact, expectations for three interest rate cuts this year have been reduced with current expectations of a June rate cut at only 65%! However, the US nonfarm payroll report is scheduled for release on Friday with nonfarm payrolls expected to add only 200,000 jobs versus 275,000 last month. General expectations for the scheduled data early this week favor the bear camp, but a bullish bias is likely to support bonds and Notes on breaks. However, with the gains since the last COT positioning report was measured, the net spec and fund long position in bonds is likely at or above the levels seen in the early and very anxious Covid breakout in February 2020!

Bonds positioning in the Commitments of Traders for the week ending March 26th showed Non-Commercial & Non-Reportable traders are net long 34,526 contracts after net buying 13,680 contracts. For T-Notes Non-Commercial & Non-Reportable traders added 5,890 contracts to their already short position and are now net short 510,508. Global equity markets at the start of this week were mostly higher except for the markets in Spain which traded 0.33% lower. Critical economic news included a Japanese Tankan Large manufacturing index reading come in better than expectations as did the Japanese Tankan All Industry Capex showed and non-manufacturing index readings improved, the Chinese Caixin cactus in manufacturing PMI came in slightly better than expected.

CURRENCIES:

While treasury and equity markets saw last Friday's US scheduled data as benign, the currency markets saw the data as supportive to the dollar. However, economic competition against the dollar is slim and the trade deep down knows the US Fed will not cut rates until they are very convinced that inflation has been slayed. From a simple macroeconomic differential edge, the US dollar should continue to rise as US GDP was revised upward from 3.2% to 3.4%, while German retail sales collapsed, and UK GDP fell by 0.3%. Apparently, the dollar trade is not buying into the gold market theme of a June US rate cut or embracing the idea that global players are dumping dollars for gold.

While the CME Fed Watch tool Monday morning had a June rate cut probability of 65.9%, the dollar is close to five-month highs despite the daily chorus of rate cut chatter. Therefore, the dollar trade looks to be focused on potential investment yield from growth in the US stock market and/or from physical US assets and is not focused on interest rate differential returns. Nonetheless, we are very suspicious of the bull case with this week's wave of monthly payroll/jobs data expected to be Goldilocks. The Commitments of Traders report for the week ending March 26th showed Dollar Non-Commercial & Non-Reportable traders are net long 996 contracts after net selling 687 contracts.

The chart action in the euro favors the bear camp with the currency seemingly poised to return to the early February lows. Apparently, the euro is not supported by favorable Greek manufacturing growth last month perhaps because of aggressive infighting within the EU where criticisms and name-calling have surfaced regarding the French and Italian Prime Ministers. Euro positioning in the Commitments of Traders for the week ending March 26th showed Non-Commercial & Non-Reportable traders net sold 22,797 contracts and are now net long 51,682 contracts.

While the US dollar is not showing definitive strength, the pound appears to be out-of-favor and undermined by internal issues. However, dollar dominance is suspect, and the June Pound has solid consolidation low support just under the early trade on Monday. Nonetheless, the bias is down. Clearly the Canadian dollar is the most likely to stand up to residual strength in the dollar with solid consolidation low support However, today's Canadian S&P global manufacturing PMI reading for March probably needs a print above the growth/no growth 50.0 level to avoid a setback to consolidation low support in the Canadian Dollar.

STOCKS:

The equity markets survived the last of three monthly key US inflation reports without disrupting the bullish environment. In fact, like the treasury markets, the equity markets continue to discount signs of inflation and embrace any sign of slightly softer inflation. Along those lines, the CME Fed Watch tool yesterday afternoon suggested a 55% chance of a June rate cut which improved to 61% after Friday's scheduled report sweep. In retrospect, the equity markets seem to lose some upside momentum early last week, but the fear of missing out continues to result in higher lows and higher highs. Global equity markets were mostly higher at the start of this week except for the markets in Spain which traded 0.33% lower. Clearly, the bull camp retains control with constant hope of a June rate cut seemingly smoothing over potential threats to equity markets. In addition to favorable Chinese manufacturing data, investors are also hopeful of "Goldilocks" US PMI numbers and hopeful of US jobs data which shows modest growth.

With new all-time highs posted early this week despite several negative Tesla headlines and global stocks trading higher in the face of Chinese criticism of US export rules, the bull camp is apparently solid. While the most recent CME Fed watch tool pegs the prospects of a June rate cut at only 65%, the bull camp seems to think the odds of a June cut are much higher. Fortunately for the bull camp, the latest positioning report shows the S&P still "net spec and fund short" and the charts continue to present very uniform uptrend channel patterns. The March 26th Commitments of Traders report showed E-Mini S&P Non-Commercial & Non-Reportable traders are net short 86,736 contracts after net buying 27,738 contracts.

Like the S&P futures, Dow futures have also posted new highs and appear to have extended the second half of March bullish bias into the month of April. While interest rates have not plummeted, the bias for lower rates is entrenched and traders/investors have been willing to embrace virtually unchanged inflation readings into the belief that inflation is coming down. The Commitments of Traders report for the week ending March 26th showed Dow Jones $5 Non-Commercial & Non-Reportable traders were net long 24,246 contracts after decreasing their long position by 387 contracts.

Obviously, the NASDAQ is the laggard in today's action perhaps because of negative news from Tesla and from trouble for Microsoft regarding AI. Apparently, global regulators have demanded Microsoft separate Teams and Office products because of antitrust concerns. The March 26th Commitments of Traders report showed Nasdaq Mini Non-Commercial & Non-Reportable traders were net long 2,064 contracts after decreasing their long position by 15,386 contracts. Nonetheless, the path of least resistance is up in the NASDAQ as the broad market rally lifts all boats.

GOLD, SILVER & PLATINUM:

The views that gold prices are being pulled higher by Bitcoin were dealt a blow early this week with gold at times trading nearly $40 an ounce higher and bitcoin at times trading $2,000 lower. Another potential myth regarding the record run in gold is talk that global central bankers are dumping the dollar in favor of long gold positions. While we suspect central bankers have investment plans in motion to buy gold, the dollar has not suffered from a massive rotation. On the other hand, hedge fund managers continue to build up their long positions. In fact, adjusted for the gains since the current COT positioning report was released in June gold has gained more than $80 an ounce thereby likely putting the spec and fund long at the highest level since April of 2022!

The March 26th Commitments of Traders report showed Gold Managed Money traders are net long 157,720 contracts after net buying 253 contracts. Non-Commercial & non-reportable traders added 3,890 contracts to their already long position and are now net long 236,610. So far, small investors have not rushed into gold ETF holdings with current gold ETF holdings down 4% versus holdings at the beginning of the year. Nonetheless, the gold trade remains fixated on the perception that the US and other central bankers are poised to cut rates despite the potential to rekindle the smoldering embers of inflation. In retrospect, gold open interest fell back sharply last week following a blowoff rally and reversal and now looks to rebuild in a fashion that confirms the upward bias.

Not to be left out, silver has also managed a range up extension but remains well below its March highs and adjusted for the gains since the last positioning report was measured silver likely has the largest net spec and fund long since April 2022. Silver positioning in the Commitments of Traders for the week ending March 26th showed Managed Money traders reduced their net long position by 7,637 contracts to a net long 30,182 contracts. Non-Commercial & non-reportable traders net sold 1,385 contracts and are now net long 62,720 contracts. Critical support in May silver today is $25.05 with key resistance and a pivot point at $25.41.

The March 26th Commitments of Traders report showed Platinum Managed Money traders were net short 2,741 contracts after decreasing their short position by 1,084 contracts. Non-Commercial & non-reportable traders were net long 13,941 contracts after increasing their already long position by 426 contracts. Palladium positioning in the Commitments of Traders for the week ending March 26th showed Managed Money traders were net short 10,081 contracts after decreasing their short position by 58 contracts. Non-Commercial & non-reportable traders are net short 9,981 contracts after net buying 173 contracts.

COPPER:

Apparently, the copper trade has been able to discount last Friday's 1.8% week over week jump in Shanghai copper warehouse stocks, which is surprising considering the rapid "trend" of building stocks at the exchange. However, copper should be cheered by a favorable Chinese Caixin Manufacturing PMI reading for March, but the gains were fractional. Perhaps the trade is cheered by signs of reduced refined copper production plans from several Japanese companies for the first half of 2024.

Unfortunately for the bull camp the net spec and fund long positioning in copper is burdensome with the May contract at this morning's high sitting nearly 7 cents above the level where the report put the copper market at the largest net spec and fund long since April 2022. Copper positioning in the Commitments of Traders for the week ending March 26th showed Managed Money traders are net long 20,269 contracts after net selling 19,001 contracts. Non-Commercial & non-reportable traders are net long 32,022 contracts after net selling 10,611 contracts.

ENERGY COMPLEX:

With a new high for the move and the highest trade since mid-October the bull camp in crude oil starts the week with the edge. The bull camp is cheered by a favorable Chinese manufacturing PMI reading, a 19% week over week drop in global floating crude supply, and by chatter that Saudi Arabia will raise prices to Asian customers because of solid demand signals! However, Bloomberg has coverage indicating that US suppliers are beginning to gain market share from OPEC plus members which from a longer-term perspective erodes the power of Middle East producers. In a slight WTI positive, India has apparently halted crude purchases from Venezuela because the upcoming expiration of a waiver of US sanctions.

Another lift for crude prices is the realization that US refiners are taking in significant crude supplies (7.2 million barrels in January) from, Venezuela clearly indicating refiners in the US are ramping up their activity in anticipation of stronger seasonal and macroeconomic demand. While US production remains strong and periodically posts record output, US crude oil output in January declined by 6% from severe cold thereby reducing the buildup of domestic crude oil supply in the typical refinery maintenance period.

Another supportive development came from the Russian oil minister who indicated his country will cut output this quarter to catch up with other OPEC plus output restraint compliance. While the most recent COT positioning report is understated given a two dollar per barrel rally after the report was measured the market in general retains significant buying fuel. Crude Oil positioning in the Commitments of Traders for the week ending March 26th showed Managed Money traders net sold 2,526 contracts and are now net long 217,439 contracts. Non-Commercial & non-reportable traders net long 329,957 contracts after net buying 6,272 contracts.

Clearly, the gasoline market is in less favor than crude oil in the early action this week and we suspect that is largely the result of the massive jump in the US refinery operating rate over the past two months, which is likely to result in a near-term buildup in gasoline inventories. In fact, US refiners showed significant appetite for Venezuelan oil which confirms the sharp jump in US refinery activity. Unfortunately for the bull camp, the net spec and fund long position in gasoline is severely overbought especially with the high early this week showing prices four cents above the level where the COT report was measured. in our opinion the net spec and fund long adjusted to the high early this week is likely the longest positioning since January 2021.

The March 26th Commitments of Traders report showed Gas (RBOB) Managed Money traders are net long 79,049 contracts after net buying 2,508 contracts. Non-Commercial & non-reportable traders net long 88,181 contracts after increasing their already long position by 6,153 contracts. With the Russian oil minister indicating there was no need for a Russian diesel export ban, another bullish force has been removed from the diesel trade. Fortunately for the bull camp, the net spec and fund long position in diesel has been plunging which in turn could mitigate upcoming downside price action. The Commitments of Traders report for the week ending March 26th showed Heating Oil Managed Money traders are net long 3,444 contracts after net selling 7,523 contracts. Non-Commercial & non-reportable traders reduced their net long position by 4,847 contracts to a net long 27,946 contracts.

With natural gas managing to consolidate and then bounce from the latest contract low at the end of last week, the short-term oversold condition is partially leveled which could allow for renewed selling and further contract lows this week. In a longer-term/big picture negative the Russian national gas company has resumed gas pipeline shipments to China and Russian gas shipments to Europe remain steady. From this point forward reports of below normal US temperatures will have very little supportive capacity for gas prices as we expect weekly inventory reports will return to an entrenched pattern of injections.

However, the latest EIA natural gas in storage report posted another "draw" which has potentially helped gas build suspect consolidation support. The weekly natural gas storage report showed a draw of 36 bcf. Total storage stands at 2,296 bcf or 41.1% above the 5 year average. Over the last four weeks natural gas storage has declined 78 bcf. Natural Gas positioning in the Commitments of Traders for the week ending March 26th showed Managed Money traders were net short 85,436 contracts after decreasing their short position by 2,002 contracts. Non-Commercial & Non-Reportable traders were net short 92,665 contracts after increasing their already short position by 19,932 contracts.

BEANS:

Thursday's USDA quarterly stocks and intended acreage report did not offer much for the bull camp as acres were nearly right on the estimates and quarterly stocks were above guesses. Total US crop acres were down 6.4 million from last season as the lower prices has the farmer hesitant to plant marginal acres. On-farm stocks were up 24% from last year, while off-farm stocks were down 3%. Combined bean and corn acreage was 1.7 million acres below the total of 2023.

US crop area under drought shrunk 9% last week to 21% and an active pattern is expected over the next week for the Eastern corn belt, with light showers in the West. NASS crush comes out after the close today and the average Reuters estimate is 196.40 million bushels and bean oil stocks 2.244 billion pounds. Our friends at Crushtraders.com estimate crush at 194.98 million bushels and bean stocks at 2.185 billion pounds. May prices did hold steady despite the neutral to bearish report Thursday but ample rains coming to the Eastern corn belt this week and ongoing harvest in South America will keep rallies and check.

CORN:

Last Thursday's bullish acreage number surprised the trade and corn stocks were slightly below estimates as well. However, more reports of avian flu in dairy cattle is a negative to start the week. Combined corn/bean acreage was down 1.7 million from last season. This could be the low-end of the corn acreage estimates for the year as an early planting start could increase corn acres in the end of June final report. The surprise low acreage number raises the importance of weather this season as a small drop in yield could have an outsized effect on price action.

One reason why Thursday's post-report rally stalled was despite corn stocks being slightly below the average guess, they were still the highest in 5 years. On-farm stocks were up 24% from last year, while off-farm stocks were down 1%. Over the weekend, there were further reports of avian flu in Michigan and Idaho dairy cattle. This could renew worries over cattle feed demand this week. The Eastern corn belt is expecting further beneficial rains this week. While May corn did briefly move above resistance Thursday, renewed worries over the cattle flu may keep prices under pressure today. A move above Thursday's May high of 448 would target next resistance at 463.

WHEAT:

Thursday's USDA report for wheat featured slightly larger than expected acreage and larger than expected stocks, offering little for the bull camp. The lone bright spot was a larger than expected decline in SRW acres. Spillover support from corn lifted the market as well as growing dryness in Russia/Ukraine wheat areas, which will see only very light showers over the next 10 days, Russian attacks on Ukraine port infrastructure continue. Over the weekend, the Russian government granted phytosanitary certificates to several RIF ships, and they were allowed to leave port with their grain cargoes.

Weekly wheat condition reports begin this afternoon, and expectations are good/excellent conditions will be in a range of 53% to 61%. Some rains are expected over the southern Plains today with another shot this coming weekend. Other than the dryness creeping into Russia/Ukraine and too much rain in parts of the EU, there is no other major crop threats around the world for the bull camp to get excited about. In a bit of demand news, Saudi Arabia bought 795,000 tonnes of optional origin wheat with offers coming from the Americas, Black Sea, and the EU.

Normally, large tenders like this are bullish, but now the numerous offers highlight plentiful world supplies instead. Farmers will be checking their fields this week for any damage from the cold temperatures last week. Prices are giving back a good bit of Thursday's post-report gains and with all wheat acres above guesses and stocks above guesses, longer-term bearish headwinds remain in place. But for the short run, spillover strength from corn and short covering in wheat (as prices did not fall on the bearish report), are supportive factors heading into the week. Post-report, traders will be watching for signs of damage in the southern Plains from this week's cold low temperatures.

Supportive news early this week came from the EU estimating their SRW crop for 2024/25 at 120.8 million tonnes, down 4% from the 125.6 million in the 2023/24 season. In addition, EU ending stocks for 24/25 are now expected at 12.1 million tonnes, compared to 19.9 million last season. Russian and Ukraine dryness must be monitored, although not a major market factor yet. Bearish plentiful world supplies are predicated on a large Russian crop and if their dryness continues into mid-April, the market will begin to pay attention.

HOGS:

The USDA Hogs and Pigs report (released after the close on Thursday) was not a big shocker, but it did show inventory and pig crop numbers coming in at the bearish end of expectations. The report showed the March 1 US hog inventory at 100.6% of last year versus an average trade expectation of 100.1% and a range of expectations from 98.8% to 100.9%. Kept for breeding came in at 97.9% of last year versus 97.1% expected (range 95.2%-99%), and market hogs at 100.8% versus 100.4% expected. The weight categories of under 50 pounds, 50-119 pounds, and 120-179 pounds all came in above expectations. Only the heaviest category (180 and over) was lower. This may support the nearby contract against the deferreds early this week.

The September-November pig crop was 109.1% of last year versus 101.4% expected (range 100.4%-102.5%). Pigs per litter averaged 11.53 versus 11.02 last year, 104.6% of a year ago versus 103.3% expected. The hog market did draw support from a strong export sales report on Thursday, with US pork sales for the week ending March 21 at 55,319 tonnes, up from 33,829 the previous week and the highest since December 13. The largest buyer was Mexico at 32,796 tonnes, followed by Japan at 5,696. China bought just 353 tonnes. The CME Lean Hog Index as of March 26 was 84.25, up from 83.69 the previous session and 83.21 the previous week. The USDA estimated hog slaughter came in at 2.404 million head last week, down from 2.532 million the previous week and 2.484 million a year ago.

Estimated US pork production was 517.6 million pounds, down from 545.8 million the previous week and 539.2 million a year ago. The USDA pork cutout ended last week at $93.06, up from $92.81 the previous week. Friday's Commitments of Traders report showed managed money traders were net buyers of 2,074 contracts of lean hogs for the week ending March 26, increasing their net long to 64,951. The net long is in the upper end of the historic range, which leaves the market vulnerable to selling if support levels are taken out.

CATTLE:

Last week's break in April cattle below may have been too far, too fast, and we may see some consolidation between 180 and 185 this week. Reports are that traders viewed last week's cash cattle trade as stronger than expected considering the break in the futures. As of Friday afternoon, the five-area weighted average price was $188.02, down from $189.44 the previous week. The weekly export sales report on Thursday showed US beef sales for the week ending March 21 at 12,645 tonnes, up from 10,979 the previous week and above the four-week average of 12,217. The largest buyer was South Korea at 3,437 tonnes, followed by Japan at 3,371, and China at 1,992.

The USDA estimated cattle slaughter came in at 586,000 head last week, down from 598,000 the previous week and 644,766 a year ago. The estimated average dressed cattle weight last week was 843 pounds, up from 839 the previous week and 824 a year ago. The 5-year average weight for that week is 823 pounds. Estimated beef production last week was 493.0 million pounds, down from 530.3 million a year ago. The USDA boxed beef cutout ended last week at $306.72, down from $310.72 the previous week and was the lowest it had been since March 7. Friday's Commitments of Traders report showed managed money traders were net sellers of 3,227 contracts of live cattle for the week ending March 26, reducing their net long to 59,164. The net long is towards the middle of the historic range and is far from overbought.

COCOA:

After being seen as an irrational price level at the start of the month, the cocoa market finished March by climbing above 10,000 twice last week. In both cases, cocoa prices finished the session with a daily loss, and that could make it more difficult for the market to have a sizable upside move from current price levels early in April. May cocoa was unable to hold onto early strength and could not sustain midsession and late rebounds as it finished Thursday’s trading session with a moderate loss. For the holiday-shortened week, however, May cocoa finished with a gain of 827 points (up 8.8%) which was an eleventh positive weekly result over the past 12 weeks.

While commercials continue to step up to the long side of the market, concern that demand may suffer when chocolate prices reflect higher raw material costs have started to increase. Last week and over the weekend, there were news stories in many mainstream media outlets on the high cost of chocolate during the Easter holiday, a traditional time for chocolate purchases. While many of those reports mentioned the supply issues that have fueled cocoa’s 18-month uptrend, this could lead to longer-term demand issues if prices remain elevated during the second and third quarters. In addition, a pullback in the Euro put carryover pressure on the cocoa market going into the holiday weekend as Europe continues to be the largest cocoa processing region despite having no domestic sourcing of cocoa beans.

Cocoa positioning in the Commitments of Traders for the week ending March 26th showed Managed Money traders reduced their net long position by 4,878 contracts to a net long 21,874 contracts. CIT traders were net long 21,691 contracts after increasing their already long position by 1,275 contracts. Non-Commercial No CIT traders net sold 2,345 contracts and are now net long 14,782 contracts. Non-Commercial & Non-Reportable traders were net long 32,564 contracts after decreasing their long position by 1,304 contracts. The COT report showed a decline in the spec net long and managed money net long as prices rose 1,595 points between measuring dates, which indicates short-covering has been a source of strength.

COFFEE:

Coffee prices continue to face bearish supply developments, but the market has rebounded from a near-term pullback three times since the start of this year. If improving global risk sentiment can strengthen the near-term demand outlook, coffee prices can regain upside momentum early this week. May coffee came under pressure and stayed on the defensive all day as it finished Thursday's inside-day trading session with a moderate loss. For the week, May coffee finished with a gain of 4.00 cents (up 2.2%) and a second positive weekly result in a row.

ICE exchange coffee stocks rose by 11,330 bags on Thursday and finished March at 595,209 bags, which was the highest month-end total since April 2023 and their largest monthly increase since December 2022. This continued to pressure coffee prices going into the holiday weekend as it reflects large 2023/24 production from Brazil as well as lukewarm near-term demand in Europe where most ICE exchange coffee stocks are stored.

A pullback to a 1-week low in the Brazilian currency put additional pressure on coffee prices as that could make Brazilian producers more aggressive with marketing their remaining coffee supply to foreign customers. First quarter Vietnamese coffee exports were 44% above last year's total, but the recent surge in Robusta prices to 16-year highs may encourage Vietnam's farmers to hold onto their remaining 2023/24 supply, and that in turn should provide across the board support to coffee prices. On the demand side, restaurant and retail shop consumption should benefit from the longer-term decline of inflation in many developed economies.

The March 26th Commitments of Traders report showed Coffee Managed Money traders are net long 47,936 contracts after net buying 5,562 contracts. CIT traders net sold 1,063 contracts and are now net long 50,069 contracts. Non-Commercial No CIT traders net bought 5,815 contracts and are now net long 34,284 contracts. Non-Commercial & Non-Reportable traders were net long 54,874 contracts after increasing their already long position by 5,044 contracts. Although coffee's net spec position has seen a sharp increase over the past few months, it is still below the highs seen in early 2022.

COTTON:

May cotton was higher at the start of this week, extending its gains in the wake of Thursday's USDA prospective plantings report. The report put US 2024/25 cotton planted area at 10.673 million acres, below the average expectation of 10.906 million and down from a forecast of 11.0 million at the USDA outlook forum in February. This was up from 10.23 million planted in 2023/24 but well below the 13.75 million in 2022/23. The weekly drought monitor showed 6% of US cotton production area under drought as of March 26, down from 7% the previous week and 47% a year ago. However, the drought monitor shows abnormally dry to severe drought conditions persist in some Texas growing areas, indicating they need rain.

US cotton export sales for the week ending March 21 came in at 98,150 bales for the 2023/24 (current) marketing year and 72,225 for 2024/25 for a total of 170,375. This was up from 131,754 the previous week and was the second largest since February 15. Crops in Brazil are rated favorably, and the South Africa and Australian crop harvests are just getting started. Friday's Commitments of Traders showed managed money traders were net sellers of 5,054 contracts of cotton for the week ending March 26, reducing their net long to 84,468. Despite two weeks of selling, the net long is still in the upper end of the historic range, which suggests the market is vulnerable to heavy selling if support levels are violated.

SUGAR:

Sugar prices continue to see coiling action, but they have lifted well clear of their early March lows. With the market receiving bullish supply news from Brazil, sugar prices should maintain upside momentum this week. May sugar was able to reach a 1-month high before finishing Thursday with a moderate gain. For the week, May sugar finished with a gain of 0.67 cent (up 3.1%) which a third weekly gain over the past four weeks.

There was a strong early start to Brazil's Center-South cane harvesting and crushing as Unica reported first half March cane crushing was 267% larger than last season, which indicates that this season's operations may reach full speed earlier than normal. Center-South mills normally wrap up their season's operations by the end of December, so much larger than normal crushing totals in January and February were thought to maximize the 2023/24 cane harvest and leaving little "leftover" cane for this season.

There has been drier than normal weather over Brazil's major cane-growing regions since the start of this year, and that could negatively impact yields of cane harvested later this year. While there are indications that Brazil is ramping up corn-based ethanol production, Center-South mills continue to hold ethanol's share of cane crushing at levels roughly in-line with last year. Despite late improvement with this season's cane production, India is likely to maintain their sugar export ban until next year, and that continued to underpin sugar prices going into the holiday weekend.

The Commitments of Traders report for the week ending March 26th showed Sugar Managed Money traders net bought 13,004 contracts and are now net long 68,512 contracts. CIT traders were net long 144,222 contracts after decreasing their long position by 6,724 contracts. Non-Commercial No CIT traders added 16,437 contracts to their already long position and are now net long 24,448. Non-Commercial & Non-Reportable traders were net long 103,100 contracts after increasing their already long position by 26,595 contracts. Sugar's managed money net long position has increased over the past few months but is well below levels seen during much of last year.

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