ADM Investor Services, Inc.

Weekly Futures Market Summary

April 22, 2024 **by the ADMIS Research Team**

BONDS:

With an empty US scheduled report at the end of last week, the treasury markets focused their attention on the aftermath of the attack on Iranian facilities. Since the treasury markets saw very modest flight to quality lift from the potential explosion in conflict, the temporary decline of Middle East anxiety did not result in a letdown in treasury prices. Furthermore, the markets probably found modest resistance from comments from the Fed's Goolsbee (typically a dovish member) suggesting stalled progress on inflation justifies the Fed to remain on hold. We think the US economy is in a waffling mode, with the economy fighting to maintain minimal forward motion, and inflation steady or minimally declining.

Therefore, the April washout in treasuries was justified especially with the treasury bond market recently holding an unusual net spec and fund long. However, bond spec positioning shifted into a net short last week, suggesting pent-up selling interest has been revived. On the other hand, for bonds to use up a significant portion of the selling fuel probably requires the net short to reach 154,000 contracts. Bond positioning in the Commitments of Traders for the week ending April 16th showed Non-Commercial & Non-Reportable traders net bought 66,234 contracts which moved them from a net short to a net long position of 26,349 contracts.

For T-Notes Non-Commercial & Non-Reportable traders are net short 511,526 contracts after net buying 35,508 contracts. Looking ahead to this week's economic report schedule, the markets will see relatively thin news in the first two trading sessions with an auction cycle starting Tuesday with 2-year notes and concluding with seven-year notes on Thursday. While interest in US treasury supply could revert to the anemic levels seen prior to last week's long-end improvement, it is possible the 114-00 level in June bonds could be seen as a value. Late in the week the markets will be presented with durable goods and the ultra-important PCE report will once again be seen as a major signal for timing of the long-awaited US rate cut.

CURRENCIES:

In retrospect, the action in the dollar last week should have discouraged the bull camp as a major flight to quality incident, less dovish US Federal Reserve dialogue and rising prospects of a European rate cut in June failed to lift the currency index. With geopolitical and market uncertainties remaining widespread, we suspect the dollar will remain underpinned even if it is unable to rally aggressively. While the decision to hold rates steady in China adds minimal headwinds for the dollar to start this week, the ability of Washington legislators to strike a compromise could be seen as supportive of the dollar and surprising to US citizens. The April 16th Commitments of Traders report showed Dollar Non-Commercial & Non-Reportable traders are net long 1,286 contracts after net buying 871 contracts.

The dollar is not showing definitive direction this week and that probably means the euro will also settle in a range with outer edges of 1.07155 and 1.06285. However, the euro could remain under pressure given a lack of confidence in the European economy and ultimately from the rising potential for Russia to win the war because of a lack of tangible support from European countries. In the end, if Ukraine falls, we suspect Europe will see massive capital flight. The April 16th Commitments of Traders report showed Euro Non-Commercial & Non-Reportable traders were net long 21,484 contracts after decreasing their long position by 29,440 contracts.

With the aggressive range down action early this week following aggressive range down action Friday, the Pound has hit an air pocket on the charts and is likely headed below 1.230. While nagging inflation in the form of record asking prices for UK homes could increase the prospects of a Bank of England rate cut, the Pound trade might see fighting inflation as a problem especially with the UK economy waffling.
In retrospect, the Canadian dollar appears to have made a solid technical bottom with last week's low especially with short-term technical indicators tremendously oversold and shifting into a buy mode in the second half of last week. While we see the potential to settle in above 73.00, the Canadian lacks distinctly bullish internal fundamentals and could run into heavy resistance.

STOCKS:

While anxiety over the Middle East situation has moderated, equities did not show much in the way of a relief rally at the end of last week. In fact, a failure to hold last week's low this week could easily rekindle fresh selling. The market should have been supported from a favorable Procter and Gamble forecast, Netflix earnings and an upward revision in the outlook for airlines from improving business travel. Global equity markets at the start of this week were mostly higher with exceptions in China, and Russia.

While the NASDAQ did not confirm a key bottom like the Dow and S&P on Friday, with a large range down and significant recovery (back above the middle of the range) it is possible the rate of declines will slow. However, US political rancor, the decision by the Peoples Bank of China to leave interest rates unchanged and unending bearish corporate news flow from Tesla and reports that Western financial firms are exiting China because of adverse conditions should mitigate short covering buying and fresh buying.

As indicated already, the S&P managed a classic bottoming trade on Friday with a large range down rejected and a close above the midpoint of the range. With the S&P following the COT report declining 141 points, the net spec and fund long basis the COT report is likely dramatically overstated. Therefore, the S&P probably has some buying fuel especially if Friday's high of 5058 is regained. The April 16th Commitments of Traders report showed E-Mini S&P Non-Commercial & Non-Reportable traders added 149,072 contracts to their already long position and are now net long 159,715.

With a large range down washout and very strong close on Friday, combined with a five-day high early today, the Dow looks to have upside follow-through capacity. However, investors are likely to remain cautious toward large Cap stocks and financial institutions, given recent US interest rate spikes and evidence Western financial institutions are vacating China due to an unlevel playing field with Chinese institutions. The Commitments of Traders report for the week ending April 16th showed Dow Jones $5 Non-Commercial & Non-Reportable traders reduced their net long position by 1,760 contracts to a net long 16,736 contracts.

With the NASDAQ failing miserably last Friday and closing miserably, short covering gains early this week should be hard-fought and difficult to maintain. In fact, Tesla news continues to be negative for the tech sector with the iconic stock expected to remain under significant pressure. The Commitments of Traders report for the week ending April 16th showed Nasdaq Mini Non-Commercial & Non-Reportable traders were net long 18,202 contracts after increasing their already long position by 3,031 contracts.

GOLD, SILVER & PLATINUM:

The vibe in the Middle East seems to suggest that the "tit-for-tat" fighting between Israel and Iran will pause, and that has obviously punctured bullish sentiment in gold and silver. Therefore, the focus of gold and silver is likely to shift back to action in the dollar and US treasury yields. While silver ETF holdings continue to decline very rapidly, gold ETF holdings declines are less significant. Last week gold ETF holdings declined by 478,713 ounces, while silver ETF holdings declined by 22.8 million! Even though we suspect the Chinese central bank will continue to add to reserves (following 17 straight months of purchases) we suspect lower prices will have only a marginal impact on the size of Chinese Central Bank purchases. However, we suspect China's desire to diversify away from US dollar instruments will entrench consistent buying out of China.

There was a report over the weekend of massive recent Russian gold buying from Singapore. The initial invasion of Ukraine focused sanctions on Russia's utilization of gold as a currency, with restrictions on their currency requiring the use of a non-sanctioned currency. The Allies have had difficulty enforcing what sanctions are already in place, and blocking Russian gold shipments should be harder than oil given their smaller portable size. Unfortunately for the bull camp, the gold contract significantly overbought in its net spec and fund categories with the report last week registering the highest net long since June 2021. It should also be noted that the post COT report rally of $34 likely means the positioning report understated the size of the net long.

The Commitments of Traders report for the week ending April 16th showed Gold Managed Money traders were net long 172,861 contracts after decreasing their long position by 6,281 contracts. Non-Commercial & non-reportable traders reduced their net long position by 2,460 contracts to a net long 252,643 contracts. While short-term technical signals in silver like stochastics are in “sell” mode, the silver market has built a credible layer of consolidation support. Nonetheless, silver will continue to take direction from gold, the dollar, and to a lesser degree from the equity markets. Unfortunately for the bull camp, the net spec and fund long in silver last week was the highest since May 2021 with the market into the high Friday gaining $0.73 potentially leaving the net spec and fund long near the highest level since February 2020.

The Commitments of Traders report for the week ending April 16th showed Silver Managed Money traders net bought 2,466 contracts and are now net long 40,962 contracts. Non-Commercial & Non-Reportable traders added 2,068 contracts to their already long position and are now net long 72,813. The April 16th Commitments of Traders report showed Platinum Managed Money traders are net long 11,017 contracts after net selling 1,768 contracts. Non-Commercial & Non-Reportable traders net sold 1,121 contracts and are now net long 26,295 contracts. The Commitments of Traders report for the week ending April 16th showed Palladium Managed Money traders net bought 41 contracts and are now net short 9,494 contracts. Non-Commercial & Non-Reportable traders are net short 8,982 contracts after net selling 77 contracts.

COPPER:

The beat goes on with copper forging another higher high early this week and managing the upside action without the Chinese Central Bank supporting the Chinese economy with a reduction in interest rates overnight. While we are surprised with the copper market's capacity to rally, a prediction from the Antofagasta CEO of increased demand in the "Americas" and a 2024 deficit in a range of 200,000 to 300,000 tonnes that provides badly needed fundamental support for the bull case. However, the copper market is significantly overbought from short-term technical measures and from the net spec and fund long as measured by the COT report.

Last Tuesday, the copper market net spec and fund long reached the highest level since May 2021 and after the report added $0.26 indicating the net spec and fund long reading was likely very understated.

The April 16th Commitments of Traders report showed Copper Managed Money traders net bought 2,263 contracts and are now net long 52,950 contracts. Non-Commercial & non-reportable traders net bought 4,944 contracts and are now net long 55,953 contracts. On the other hand, the record net spec and fund long in copper is 82,302 contracts from February 2021 suggesting it retains buying fuel. In the end, if the contrived reduction in Chinese smelting capacity sparked the rally, we expect higher pricing to bring some smelting activity back online especially given increased seasonal demand ahead.

ENERGY COMPLEX:

With Friday's major range up move, and very poor close, combined with a downside breakout and a new low for the month of April, the bear camp has confirmed it controls the crude oil market to start the new trading week. Apparently, the Israeli retaliation was seemingly absorbed by Iran and with Israel seemingly temporarily satiated with their attacks, fear of a disruption of Middle East supply looks to abate temporarily. In fact, with Friday's sharp range up and definitive reversal that could usher in a temporary extension of downside volatility. However, the markets should not rule out a Middle East reaction to the US passage of a $95 billion of an aid package to Ukraine and Israel as that could prompt a backlash from those supporting the Palestinians. Looking to the internal fundamental setup in oil this week, the markets carry over residual energy demand concerns and longer-term bearishness from an increase in the US rig operating count.

In a slightly positive development, a report that global crude oil in floating storage fell by 18% on the week (a private survey by Vortexa) could rekindle talk that global oil markets will remain in deficit. Fortunately for the bull camp, the net spec and fund long in crude oil was relatively modest prior to the markets slide from the report of $3.76 per barrel and that could bring the speculative long down and reduce the prospect of waves of stop loss selling. The April 16th Commitments of Traders report showed Crude Oil Managed Money traders reduced their net long position by 34,253 contracts to a net long 203,897 contracts. Non-Commercial & non-reportable traders net sold 7,251 contracts and are now net long 346,324 contracts. It should be noted that stochastics and RSI offered sell signals last week indicating a test of sub $80.00 pricing is likely. The trade should see an increase in seasonal demand but will need to see evidence of a Chinese recovery and or fresh fighting in the Middle East to throw off the current liquidation bias.

Even though weekly injections to EIA gasoline inventories have not been notable over the prior two weeks reports of heavy European gasoline imports to the US, rising seasonal US refinery activity and a lack of early seasonal demand improvement could present clearly negative US supply news this week. However, implied gasoline demand should begin rising and should be 1 million barrels per day more than current levels into the normal seasonal high in late June. Unfortunately for the bull camp, the net spec and fund long in gasoline is at the highest level since January 2021 leaving gasoline vulnerable to the heaviest stop loss selling of the petroleum complex. However, since the last positioning report gasoline prices have retrenched $0.19, thereby likely bringing down the net spec and fund long.

The Commitments of Traders report for the week ending April 16th showed Gas (RBOB) Managed Money traders reduced their net long position by 5,401 contracts to a net long 79,525 contracts. Non-Commercial & non-reportable traders were net long 91,256 contracts after decreasing their long position by 4,702 contracts. While the gasoline market was the most overbought petroleum market from a net spec and fund perspective, the diesel market was the least overbought and therefore could see smaller declines ahead. In fact, with the diesel market into the Friday low, $0.13 below the level where the COT report was measured, the net spec and fund long is at the smallest level since April of last year. The April 16th Commitments of Traders report showed Heating Oil Managed Money traders net sold 5,315 contracts and are now net long 3,218 contracts. Non-Commercial & non-reportable traders net-long 25,243 contracts after decreasing their long position by 6,543 contracts.

We see the natural gas market in a sideways to lower track with US supplies likely to build and demand likely to remain extremely low. In retrospect, America has clearly entered the injection season and without a series of small injections and consistent near-capacity exports, we see little chance of a reversal to the upside. In fact, the net spec and fund short in natural gas remains moderate, leaving the market capable of ongoing short selling. The April 16th Commitments of Traders report showed Natural Gas Managed Money traders net sold 26,003 contracts and are now net short 114,389 contracts. Non-Commercial & non-reportable traders net sold 2,161 contracts and are now net short 109,225 contracts. In a minimally supportive development, the Russian national gas company Gazprom has reportedly shutdown "dozens" of gas wells due to regional flooding.

BEANS:

A technical reversal higher last Friday may take the focus off bearish US weather for the short-term and we give the slight edge to the bull camp today. The weekend was mostly dry across the Midwest and this week will feature mostly dry conditions until Friday, when rains are forecast through the central Midwest. Above normal temperatures will be centered in the southeast US but a warm-up across the Midwest will occur this week as well. Also, USDA announced a morning flash sale of 121,500 tonnes of beans to Unknown. 13,500 tonnes were for old crop and 108,000 tonnes for new crop.

The lack of sales in the new crop position destined to China compares with 800,000 tonnes on the books at this time last year and that was considered light compared to prior years. China's US bean imports in March were down 50% from year ago, while Brazil's exports to China were up 81%. Brazil bean harvest is near 90% done and Argentine harvest has fallen a behind normal due to the recent wet weather. US planting this afternoon should be near 6-9% done.

A surprisingly strong rally in meal Friday sparked a short covering rally aided by oversold technical conditions, which sparked a reversal higher on the daily chart. While the weather favors the bear camp, Friday's reversal rally is an indication the bear news may be digested. July bean resistance is 1186 and a strong close today would confirm a technical turn higher for the short term.

Soybeans positioning in the Commitments of Traders for the week ending April 16th showed Managed Money traders were net short 167,875 contracts after increasing their already short position by 28,565 contracts. CIT traders reduced their net long position by 5,348 contracts to a net long 116,504 contracts. Non-Commercial No CIT traders net sold 22,160 contracts and are now net short 181,242 contracts. Non-Commercial & Non-Reportable traders added 26,172 contracts to their already short position and are now net short 190,618.

The Commitments of Traders report for the week ending April 16th showed Soyoil Managed Money traders were net short 53,295 contracts after increasing their already short position by 49,167 contracts. CIT traders are net long 126,586 contracts after net selling 11,026 contracts. Non-Commercial No CIT traders were net short 75,273 contracts after increasing their already short position by 17,485 contracts. Non-Commercial & Non-Reportable traders are net short 43,324 contracts after net selling 29,951 contracts.

The April 16th Commitments of Traders report showed Soymeal Managed Money traders were net short 10,543 contracts after decreasing their short position by 13,529 contracts. CIT traders are net long 93,892 contracts after net buying 7,118 contracts. Non-Commercial No CIT traders net bought 6,482 contracts and are now net short 38,457 contracts. Non-Commercial & Non-Reportable traders were net short 1,360 contracts after decreasing their short position by 5,171 contracts.

CORN:

July corn prices have moved back into the recent trading range after falling below the lower boundary last week, which keeps the technicals neutral and gives some hope to the bull camp that last week's 0.618 retracement low will hold. A mostly dry week for the Midwest will be conducive to planting until showers begin Friday, extending through next week. USDA says 8 states have confirmed avian flu in dairy cattle and they confirmed cow to cow transmission. This may revive feed demand fears, but USDA seems to want to avoid any drastic action like culling of herds. Cash corn basis, especially in the Western corn belt, is steady to strong as farmers are busy with planting preparation.

Commitment of Trader's data showed funds added 16,000 contracts short and hold a net short of 279,570 contracts as of Tuesday of last week, still a very large short position for this time of the year. The EPA confirmed the temporary waiver for E-15 gasoline sales this summer, which will serve to smooth out the normal seasonal ethanol demand dip seen in the summer months. Support last Friday came from a morning flash sale of 216,500 tonnes of corn sold to Mexico, with 23,000 for old crop and 193,500 for new crop and reports of better demand for US corn off the Pacific Northwest Coast. Mexico's US imports continue very strong due to their ongoing drought.

July corn's turn higher Friday, rebounding back into the sideways range, may be considered a rejection of the downside breakout. The Commitments of Traders report for the week ending April 16th showed Corn Managed Money traders net sold 16,016 contracts and are now net short 279,570 contracts. CIT traders are net long 278,380 contracts after net selling 220 contracts. Non-Commercial No CIT traders net sold 10,871 contracts and are now net short 280,482 contracts. Non-Commercial & Non-Reportable traders are net short 242,573 contracts after net selling 17,684 contracts.

WHEAT:

Rains in the southern Plains late this upcoming weekend and early next week once again looks to miss most of the Southwest HRW areas with only light precipitation expected there and that is expected to underpin prices early this week. In addition, Russia struck grain storage facilities in the Ukraine's Odessa region port of Pivdennyi Friday and Ukraine struck another Russian oil refinery. The halt on deliveries to the Chornomorsk port has been lifted after repairs to the railway. The US Congress passed a large weapons package for Ukraine over the weekend, which now goes to the Senate for a vote.

SovEcon lowered their Russian crop production to 93 million tonnes, down from 94 million last month. Forecasts for ongoing dryness in southern Russia and eastern Ukraine for the next 10 days continues to be a nagging issue for the crops but there is still time for rains to help. Talk of India wheat imports has increased after Friday's report their government wheat reserves hit a 16-year low. The strong rally Friday suggests further gains early this week. July Chicago wheat resistance is 577 and 588. We give the edge to the bull camp to start the week.

Wheat positioning in the Commitments of Traders for the week ending April 16th showed Managed Money traders are net short 96,403 contracts after net selling 9,835 contracts. CIT traders were net long 116,709 contracts after increasing their already long position by 687 contracts. Non-Commercial No CIT traders are net short 122,008 contracts after net selling 12,715 contracts. Non-Commercial & Non-Reportable traders net sold 10,680 contracts and are now net short 66,274 contracts.

KC Wheat positioning in the Commitments of Traders for the week ending April 16th showed Managed Money traders added 4,620 contracts to their already short position and are now net short 49,231. CIT traders are net long 71,243 contracts after net selling 721 contracts. KC Wheat Non-Commercial No CIT traders hit a new extreme short of 65,723 contracts. Non-Commercial No CIT traders net sold 1,935 contracts and are now net short 65,723 contracts. KC Wheat Non-Commercial & Non-Reportable traders hit a new extreme short of 45,659 contracts. Non-Commercial & Non-Reportable traders added 3,004 contracts to their already short position and are now net short 45,659.

HOGS:

The hog market appears to have moved into a consolidation mode after its quick selloff from contract highs at 111.25 on April 10, but it also found support last week at the 0.382 retracement of the rally from the contract low on January 2 to that contract high. A report Friday that China's sow herd at the end of March was down 7.3% from a year ago provided a bit of bullish fundamental news. The CME Lean Hog Index as of April 17 was 91.46, up from 91.36 the previous session and 89.84 the previous week. The USDA estimated hog slaughter came in at 2.487 million head last week, up from 2.485 million the previous week and 2.453 million a year ago.

Estimated US pork production last week was 536.0 million pounds, up from 534.6 million the previous week and 532.1 million a year ago. The USDA pork cutout, released after the close Friday, came in at $99.17, down 4 cents from Thursday and down from $100.17 the previous week. Friday's Commitments of Traders report showed managed money traders were net sellers of 6,006 contracts of lean hogs for the week ending April 16, reducing their net long to 86,645. This was coming off the record net long of 92,731 from the previous week. The relatively modest managed money selling indicates that fund liquidation was not a big factor in the selloff from the record high.

CATTLE:

Friday's Cattle on Feed Report showed placements for the month of March at 87.7% of last year versus an average trade expectation of 92.3% and a range of estimates from 89.3% to 94.7%. Marketings came in at 86.3% versus 88.6% expected (range 86.5%-91.3%). On feed supply as of April 1 came in at 101.5% of last year versus 102.0% expected (range 101.6%-102.5%). Placements coming in below the lower end of pre-report estimates put a bullish spin on the report. However, a report after the close on Friday that the USDA had confirmed cow-to-cow transmission in the spread of bird flu virus in dairy herds could undermine support. The USDA also confirmed that the virus has been detected in dairy cattle in 8 states and that the virus is still spreading. The USDA has not imposed any quarantines. USDA estimated cattle slaughter totaled 620,000 head last week, up from 603,000 the previous week but down from 625,000 a year ago.

The estimated average dressed cattle weight last week was 847 pounds, unchanged from the previous week and up from 815 a year ago. The 5-year average weight for that week is 819 pounds. Estimated beef production last week was 524.3 million pounds, up from 508.8 million a year ago. Cash cattle traded in strong volume on Friday. As of Friday afternoon, the five-day, five-area weighted average price was $182.40, down from $183.49 the previous week. The USDA boxed beef cutout was down 13 cents on Friday at $295.67. This was down from $300.57 the previous week and was the lowest it had been since February 15. Friday's Commitments of Traders report showed managed money traders were net sellers of 4,675 contracts of cattle for the week ending April 16, reducing their net long to 32,301. This was the lowest it had been since January 30 and was far from overbought. The selling trend is short-term negative.

COCOA:

The cocoa market has found relief from demand concerns as the three major processing regions had first quarter grinding results above market forecasts. As focus shifts back to ongoing supply issues, cocoa prices should extend their longer-term uptrend further into new high ground. July cocoa was able to rebound from early pressure and climbed up to a new contract high before finishing Friday’s trading with a very large gain. For the week, July cocoa finished with a gain of 986 points (up 9.4%) and a ninth positive weekly result in a row.

Cocoa processers used existing stocks instead of purchasing this season's cocoa beans for a portion of first quarter grindings, which bodes well for demand staying resilient in the face of extreme cocoa prices. At some point, however, those cocoa stocks will have to be built up again which could be problematic if prices remain at historically high levels into next season.

At that point, higher raw material costs will be reflected in retail prices to a greater degree, and that will diminish consumer demand for chocolates. The West African supply situation remains firmly bullish, and that continues to underpin cocoa prices during the second quarter. There is daily rainfall in the forecast for West African growing areas through this weekend that should benefit their upcoming production, but this season's output is still widely expected to come in far below last season's levels.

The April 16th Commitments of Traders report showed Cocoa Managed Money traders reduced their net long position by 3,530 contracts to a net long 16,136 contracts. CIT traders net sold 88 contracts and are now net long 19,556 contracts. Non-Commercial No CIT traders net sold 731 contracts and are now net long 11,099 contracts. Non-Commercial & Non-Reportable traders reduced their net long position by 614 contracts to a net long 28,291 contracts.

COFFEE:

Coffee prices avoided significant downside follow-through from last Thursday's wide-sweeping key reversal, and they will start today's action with a 23% gain for the month of April. Vietnam's supply issues continue to underpin prices, but an improving outlook for South American producers leaves the market vulnerable to a near-term pullback. July coffee fell back from early highs but was able to find their footing late in the day as they finished Friday's trading session with a mild gain. For the week, July coffee finished with a gain of 11.40 cents (up 5.2%) which was a fifth weekly gain in a row.

Drier than normal conditions due in large part to El Nino have the market expecting Vietnam's 2024/25 crop to have a sharp decline from this season. This has encouraged Vietnamese farmers to hold onto their remaining coffee supply, and that continues to underpin coffee prices. Middle East tensions remain high which increases the likelihood of Red Sea shipping bottlenecks, and that provided support to coffee prices late this week. ICE exchange coffee stocks increased by 7,980 bags on Friday to reach their highest level since May 2023. This reflects lukewarm out-of-home demand in Europe that has weighed on coffee prices since the start of this year.

The April 16th Commitments of Traders report showed Coffee Managed Money traders hit a new extreme long of 71,811 contracts. Managed Money traders added 4,926 contracts to their already long position and are now net long 71,811. CIT traders net sold 1,839 contracts and are now net long 52,581 contracts. Non-Commercial No CIT traders are net long 53,433 contracts after net buying 4,883 contracts. Coffee Non-Commercial & Non-Reportable traders hit a new extreme long of 79,584 contracts. Non-Commercial & Non-Reportable traders added 3,413 contracts to their already long position and are now net long 79,584.

COTTON:

Last Friday's Commitments of Traders report showed managed money traders were net sellers of 25,890 contracts of cotton for the week ending April 16, reducing their net long to 36,142. As recently as March 5 these traders were next long 93,361. July cotton prices fell 20.15 (20%) during that timeframe, and a substantial portion of the selling appears to be fund liquidation. The steady rise in the dollar over the past several months undermines US export prospects at a time when competition is expected from Brazil and Australia as their crops come in.

US soil moisture conditions last week were much improved over the past two years, with approximately 9% of US production in an area experiencing drought versus 40% a year ago and 55% two years ago. This bodes well for a strong start for the US crop this year. However, with the market having sold off to its lowest level since late last year, it could be vulnerable to any sort of bad weather news.

SUGAR:

Sugar prices remain near the bottom end of their April selloff, but they were able to finish last week clear of Wednesday's 1-year low. With the market receiving bullish supply news going into the weekend, sugar may be able to regain and sustain upside momentum early this week. July sugar was unable to hold onto early gains as it finished Friday's trading session with a moderate loss. For the week, July sugar finished with a loss of 0.63 cent (down 3.1%) which was a third negative weekly result in a row. Forecasts for India to have above average monsoon rainfall this year that should benefit their upcoming cane crop put pressure on sugar prices late last week.

Brazil's Center-South cane harvesting and crushing is off to a strong start this year, and that has also weighed on sugar prices late this week. Thailand's Sugar and Cane Board said that their nation's 2023/24 sugar production will come in at 8.71 million tonnes which is a 21.7% decline from their 2022/23 output. A USDA attaché forecast Brazil's 2024/25 nationwide sugar production at 44.0 million tonnes, which compares to 45.54 million for the just completed 2023/24 season. The USDA's FAS projected India's 2024/25 sugar production at 34.5 million tonnes, but also reduced their 2023/24 sugar production estimate by 2.0 million tonnes to 34.0 million.

The Commitments of Traders report for the week ending April 16th showed Sugar Managed Money traders were net long 34,918 contracts after decreasing their long position by 43,456 contracts. CIT traders net bought 13,650 contracts and are now net long 164,850 contracts. Non-Commercial No CIT traders net sold 37,412 contracts which moved them from a net long to a net short position of 10,552 contracts. Non-Commercial & Non-Reportable traders reduced their net long position by 62,960 contracts to a net long 28,666 contracts. Sugar's net spec long is at the lowest level since late 2022 which will make it easier for the market to sustain a recovery move.

>>Questions? Please contact us at + 1 877 690 7303 or via email at sales@admis.com for comments on this report or would like more information about our ADMIS research reports.

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