



Weekly Futures Market Summary

March 21, 2022

by the ADMIS Research Team

BONDS:

Apparently the treasury trade was positioning for fresh flight to quality conditions over the weekend as prices remained firm in the face of comments from the Fed's Bullard suggesting rates should top 3% and in the wake of comments from the Fed's Waller who says a series of half-point rate increases might be needed at coming meetings. In conclusion, long-term trend is down but short-term war forces discourage sellers. Treasuries have started out with an inside-day range as they are finding moderate pressure coming into this week's action.

While the situation in Ukraine saw little change over the weekend, there has not been fresh safe-haven flows to Bonds and Notes. As a result, a generally positive tone for US data along with hawkish Fed commentary continues to weigh on Treasury prices. The latest US existing home sales reading was lower than expected and reached a 6-month low. While the longer-term trend remains down, apparently the treasury trade was positioning for fresh flight to quality conditions over the weekend as short-term war forces discourage sellers. As a result, Treasuries remained firm in the face of comments from the Fed's Bullard who suggested rates should top 3%.

In addition, the Fed's Waller said that US data is basically screaming at us to go for a 0.50% rate, while the Fed's Barkin said that he was very open to a 0.50% move if inflation does not begin to settle. Bonds positioning in the Commitments of Traders for the week ending March 15th showed Non-Commercial & Non-Reportable traders were net long 15,693 contracts after decreasing their long position by 12,255 contracts. In the T-Notes market, Non-Commercial & Non-Reportable traders net bought 1,095 contracts and are now net short 530,223 contracts.

CURRENCIES:

In retrospect, the significant action in currencies of late suggests a possible major trend shift is in the offing. It appears that the trade is finding newfound interest in the euro, Swiss franc, and Pound in a fashion that suggests the trade is positioning for a reduction in anxiety from the war. In our opinion, it is premature to expect all clear and we view the dollar as cheap into this week's trade. The Dollar has started out this week within a fairly tight range and is holding a minimally positive tone. There have

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been few changes in the situation in Ukraine over the weekend along with signs of progress on relaxing Chinese COVID restrictions, and that has fueled mild safe-haven outflows from the Dollar.

Fed officials continue to make hawkish comments that point to 5 or 6 more Fed rate hikes by the end of this year, but that will require ongoing strength in US data along with multi-decade high inflation levels being sustained over that timeframe. The Dollar will have few US economic numbers early this week to stem safe-haven outflows. Dollar positioning in the Commitments of Traders for the week ending March 15th showed Non-Commercial & Non-Reportable traders are net long 31,944 contracts after net selling 5,922 contracts.

The Euro continues to see a pattern of "higher lows" as it may be in the early stages of a longer-term upside move. While it has faced a potential cut-off of Russian crude oil and natural gas supply as well as a wave of Ukrainian refugees that will tax their resources, keep in mind that the Euro zone had been on the mend since last year, with euro zone unemployment reaching a multi-decade low. The Euro can find support from indications that the European Central Bank may be heading towards a hawkish policy shift later this year. The Commitments of Traders report for the week ending March 15th showed Euro Non-Commercial & Non-Reportable traders were net long 43,214 contracts after decreasing their long position by 43,838 contracts.

The Yen remains on the defensive early this week and is within striking distance of reaching a new 6-year low. While there has been some improvement in recent Japanese data, particularly with their inflation readings, the Yen has been weakened by safe-haven outflows and the Bank of Japan's reluctance to raise Japanese rates. The Swiss franc continues to lift further clear of last week's low and is finding mild early strength this week. While it was weakened by intervention from the Swiss National Bank (SNB) after it had reached parity with the euro, the Swiss economy has been resilient with the unemployment rate falling back to pre-pandemic levels in February while Swiss CPI reached its highest year-over-year rate since 2008. The Swiss franc should find support from ideas that the SNB may have to take a hawkish shift in monetary policy.

The Pound has been unable to shake off choppy price action as it is finding moderate pressure at the start of this week. While the Bank of England hiked UK rates a day after the Fed's US rate hike, they were more dovish in tone than the market was expecting, and that could make it difficult for the Pound to sustain upside momentum this week. The Pound may need to see a "risk on" mood in global markets in order to extend its recovery move from its March lows. The Canadian dollar came close to reaching a new 7 1/2 week high, but has fallen back into negative territory early this week. While stronger energy prices are providing underlying support, a mildly negative tone to global risk sentiment may be putting some brakes on the Canadian dollar's 4-session winning streak. The Canadian dollar should benefit from recent strength in Canadian data as well as rising crude oil prices.

STOCKS:

While the US equity markets opened lower last Friday, they showed bargain-hunting buying early, but we see increased risk to longs positions because of China's stance against the US because of the war and the likelihood that the Chinese stance will embolden the Russian president to continue. The markets should be boosted by the potential for a very large Boeing 737 order, the market's ability to shrug off

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the Fed interest rate hike and from hope and some quadrants of a cease-fire. In conclusion, we see the risk to longs as substantial but favor the upside from a trend perspective. Global markets have had a comparatively subdued start to the week as they have been unable to regain last week's generally positive tone coming into this morning's action. The Chinese city of Shenzhen will lift several of their COVID restrictions, while the People's Bank of China left rates unchanged at their latest monetary policy meeting. The latest reading on German PPI came in slightly below trade forecasts, while Ukrainian authorities have rejected a Russian proposal to surrender the city of Mariupol.

The 4-day surge higher in prices to the highest level since mid-February is a bullish technical development but leaves the market slightly overbought. The market seems to be pricing in some type of end to the conflict in the Black Sea. Traders will continue to monitor developments in Ukraine. Another surge higher in crude oil over the weekend is seen as a bearish development as food and energy prices near record highs will pull down consumer disposable income after food and energy. The market may need to see some news which points toward a resolution of the Ukrainian/Russia conflict soon, or profit taking selling could emerge. The March 15th Commitments of Traders report showed E-Mini S&P Non-Commercial & Non-Reportable traders reduced their net long position by 15,199 contracts to a net long 126,000 contracts.

The Dow took on extra selling pressure from Boeing after a plane crash in China. The 4-day rally is impressive and suggests a volatility event from the war looks likely soon. With the market pricing in a move towards a peaceful resolution, status quo news from Ukraine could weigh on the market in the days ahead. The rally to the highest level since February 17 seems meaningful. Dow Jones \$5 positioning in the Commitments of Traders for the week ending March 15th showed Non-Commercial & Non-Reportable traders net sold 596 contracts and are now net short 14,138 contracts. The March 15th Commitments of Traders report showed Nasdaq Mini Non-Commercial & Non-Reportable traders were net long 5,482 contracts after decreasing their long position by 9,996 contracts.

GOLD, SILVER & PLATINUM:

A lack of progress towards peace in Ukraine leave the possibility of further escalation, which could spark a resumption of flight to quality buying in the metals. Fed tightening should be negative for the metals, but the ongoing war counters that. Despite talk of negotiations, many are arguing that the Russia/Ukraine war could be head towards a stalemate. Ukraine holding its ground militarily, but Russia is mercilessly shelling cities. If the EU comes through with restrictions on Russian crude oil imports, we could expect another move higher in crude oil and possibly more buying in gold and silver. Friday's Commitments of Traders report showed managed money traders were net sellers of 28,193 contracts of gold for the week ending March 15, reducing their net long to 147,501.

Non-commercial & non-reportable traders were net sellers of 20,338, reducing their net long to 332,445. In silver, managed money traders were net sellers of 781, reducing their net long to 48,467. Non-commercial & non-reportable traders were net sellers of 2,896, reducing their net long to 69,486. ETF gold holdings increased 317,109 ounces on Friday to 104.4 million, for the seventh straight day of increases. They are up 6.6% this year. Silver holdings increased 2.09 million ounces to 897.7 million, up 1.3% year to date. The buying trend is supportive. Spot silver's 50-day moving average crossed the 200-day on Friday, which is a bullish technical indicator, known as the "golden cross."

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News that Shenzhen, China will lift several COVID restrictions offers support to the PGMs, as a recovery of computer chip production brings a sigh of relief to automobile manufacturers and supports autocatalyst demand. The Ukraine war had spiked palladium prices because Russia is a big exporter of that metal, but then the Covid shutdowns in Shanghai and Shenzhen threatened demand, so the Shenzhen news should support palladium if other cities can avoid shutdowns. June palladium saw wild action over the past month, and the market has already corrected more than 50% of its rally from the December low to the March 7 high. ETF palladium holdings increased 1,271 ounces on Friday to 545,300, up 1.4% year to date. The buying trend is supportive.

Friday's Commitments of Traders report showed managed money traders were net sellers of 401 contracts of palladium, reducing their net long to 494 contracts. Non-commercial & non-reportable traders were net sellers of 783, which took them from a net long position to a net short 214. These positions are basically "flat." April platinum has followed a similar trajectory to palladium, as it too is sitting at roughly the half-way point of the December-March rally. Managed money traders were net sellers of 10,597 contracts of platinum for the week ending March 15, reducing their net long to 15,479. Non-commercial & non-reportable traders were net sellers of 9,710, reducing their net long to 27,733. The selling trend was short-term negative.

COPPER:

While copper's 3-day winning streak resulted in a positive weekly reversal with prices more than 25 cents above last Tuesday's 2 1/2 week low, they are finding significant pressure coming into this week's action. Demand concerns from China are shadowing the market, and copper may have trouble regaining upside momentum early this week. Shanghai exchange copper stocks had their largest weekly decline since May 2020 last week, which was supportive to copper on Friday. Protests at a Peruvian mining complex provided additional support. China's refined copper production during January and February was 4.5% ahead of last year's pace.

A generally positive tone to global stock markets last week could point to an improvement in term demand prospects. While Shenzhen is starting to lift restrictions, COVID lockdowns could lead to a downtick in Chinese economic activity if they expand through the country. LME copper stocks have seen an eight daily increase over the past 11 sessions and have reached a 6-week high. Copper positioning in the Commitments of Traders for the week ending March 15th showed managed money traders net sold 12,942 contracts, reducing their net long to 29,307 contracts. Non-Commercial & Non-Reportable traders were net sellers of 13,304, reducing their net long 27,206.

ENERGY COMPLEX:

The Russia/Ukraine war intensified over the weekend, and there was no sign of progress with cease fire talks, helping to send May crude higher overnight. The lack of progress toward peace has reignited talk of a full shutdown in Russian oil exports to Europe. The International Energy Agency has stated that next month the world will see 3 million barrels per day less supply because of the Russian embargo. OPEC Plus nations had 136% compliance with their production cuts during February, which resulted in those nations being more than 1 million barrels per day (bpd) below quota. Over the weekend, a group of Yemeni rebels attacked Saudi energy and water desalination facilities, which caused some damage and a

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reduction in refinery output. During January, Saudi crude oil production reached 10.145 million bpd, with exports at 6.996 million, both the highest since April 2020.

During January and February, the Saudis passed Russia as the largest source of imports into China at 14.608 million tonnes. Russia's exports into China came in at 12.667 million tonnes, 9.1% below last year. Iran's Oil Minister said that they will try to increase their exports from 1.2 million bpd to 1.4 million. The latest Baker Hughes US oil rig count fell 3 rigs to 524. This was still the second highest number since April 2020. Canadian oil rigs declined 24 to a 10-week low. The Commitments of Traders report showed managed money traders were net sellers of 18,795 contracts of crude oil for the week ending March 15, reducing their net long to 258,739. Non-commercial & non-reportable traders were net sellers of 38,748, reducing their net long to 446,195.

RBOB and ULSD extended their recovery moves following strong gains on Friday with strength early this week. Russia's invasion of Ukraine led to a sharp drop in their petroleum product exports into western Europe as well as a complete suspension of exports to the US, and that continues to be a source of support. Average US retail "pump" prices for regular unleaded gasoline have fallen more than 10 cents per gallon from their highs earlier in the month. With the spring break travel season now in full swing, prices may be close to a near-term floor. US distillate stocks remain near their lowest levels in nearly 8 years and continue to have the tightest supply setup of the complex. The Commitments of Traders report showed managed money traders were net sellers of 6,433 contracts of RBOB last week, reducing their net long to 55,118. These traders were net sellers of 4,234 contracts of ULSD, reducing their net long to 11,423. The selling trend is short-term negative.

Natural gas is increasingly being seen as a bridge to clean energy. China is in the process of shifting their electrical generation from coal to liquefied natural gas (LNG). The reduction of Russian supply to the West has intensified the construction of US LNG export terminals. At present, we think US export demand is limited by capacity issues, not by a lack of interested buyers. One sign of healthy demand is the increased purchasing competition between Asia and Europe. With the most recent EIA weekly storage report showing inventories 17% below the five-year average, we appear to have moved back into a tight-supply situation. Friday's Commitments of Traders report showed managed money traders were net buyers of 1,946 contracts for the week ending March 15, reducing their net short to 13,480. Non-commercial & non-reportable traders were net sellers of 8,074, increasing their net short to 105,270.

BEANS:

Argentina has raised the export tax rate on soy oil and meal by two percentage points to 33% until the end of the year in a bid to combat domestic inflation. The government has declared a "war" on inflation, which is running at above 50% annually. Traders continue to monitor diplomatic efforts on Russia's invasion of Ukraine which continues to disrupt Black Sea crop exports and is likely to impact new crop production as well. With raging food and fuel prices, protectionist actions from Indonesia, Brazil and Argentina remain a concern. May soybean oil closed sharply lower on the session Friday and the selling drove the market down to the lowest level since February 28. Prices for soybean meal are still on the rise in Brazil as strong demand for exports due to strong global demand due to a possible increase in the export tariff on meal and oil from Argentina has helped to support.

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Importers may shift more demand to Brazil and the US. In the first two months of 2022, Brazil exported 3.073 million tonnes of soybean meal, a record for the period. Palm oil fell to the lowest level in four weeks as production in Malaysia is expected to recover this month, and Indonesia scrapped its domestic market obligation policy. The market fell 5.1% on Friday, the lowest since February 18th. Indonesia has issued new rules that boost the export levy starting March 18. Indonesia scrapped the domestic market obligation effective from March 20. Just a week ago, the government set rules that required companies to direct 30% of their exports to the local market.

Soybeans positioning in the Commitments of Traders for the week ending March 15th showed Managed Money traders reduced their net long position by 1,024 contracts to a net long 170,690 contracts. For soybean oil, Managed Money traders added 3,502 contracts to their already long position and are now net long 89,171. Non-Commercial & Non-Reportable traders net bought 2,048 contracts and are now net long 109,283 contracts. For meal, Managed Money traders are net long 103,159 contracts after net buying 6,532 contracts. Non-Commercial & Non-Reportable traders added 9,065 contracts to their already long position and are now net long 155,228.

CORN:

The export and ethanol usage pace is running higher than trade expectations, and traders suspect that US corn will stay in strong demand with Ukraine corn locked in the Black Sea, and new crop plantings in Ukraine in question. The market has consolidated near the highs for the last 12 trading sessions as shallow support continues to hold. The market closed 20 3/4 cents lower on the week and the setback off of the March 4 contract high has helped correct the overbought technical condition of the market. December corn managed to close slightly higher last Friday. War in Ukraine and drought in Brazil plus a more protectionist tone in Argentina may support even stronger demand for US corn. Costs to ship grains and soybeans on the Mississippi River have soared to an almost eight-year high. Russia's invasion of Ukraine has damaged ports in the Black Sea and this has halted corn shipments.

The International Grain Council cut its forecast for 2021/22 Ukrainian corn exports to 21 million tonnes from a previous forecast of 31.9 million, a decline of 10.9 million tonnes or 429 million bushels. US 2021/22 corn exports are currently forecast at 2.500 billion bushels. The amount of corn used in last week's US ethanol production is estimated at 104.2 million bushels. Usage needs to average 100.5 million bushels per week to meet the USDA estimate. US corn export sales for 2021/22 have reached 82% of the USDA's forecast for the marketing year versus a five-year average of 76% for this time of year. Corn positioning in the Commitments of Traders for the week ending March 15th showed Managed Money traders were net long 372,909 contracts after increasing their already long position by 4,125 contracts for the week. Non-Commercial & Non-Reportable traders were net long 450,917 contracts after increasing their already long position by 15,112 contracts.

WHEAT:

A lack of progress or movement towards a peaceful resolution soon helped to support the market early this week. Traders will continue to monitor the US weather, and also any developments for the Black Sea infrastructure. Diplomatic efforts will also be monitored. May wheat closed sharply lower on the session Friday but with an inside trading session. Heavy rains across Kansas and Oklahoma helped to pressure the market. In the last several days, Western Kansas received 1/10 to 1/4 of an inch of rain and

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central and eastern Kansas got 1/2 to 1 inch of rain with some places near 1 1/2 inches. The 1-5 day forecast shows 3/4 of an inch to 1 1/2 inches for much of Kansas and Oklahoma. The 6-10 day forecast models showed dry weather, but the 8-14 day forecast models show above normal precipitation which is a bearish development.

May wheat closed near 42 3/4 cents lower on the week and experienced the lowest close since March 2. May Kansas City wheat closed sharply lower on the day as well and managed to close near 21 cents lower on the week. Canada cut 2022-23 wheat ending stocks by 450,000 tonnes to 4.7 million tonnes. China sold 522,804 tonnes of wheat, or 99.61% of the total offer, at an auction of the state reserves on March 16. The Brazil government will reduce more taxes and import tariffs to face the cost increase triggered by Russia's invasion of Ukraine, Economy Minister Paulo Guedes said during an event. Brazil's government plans on reducing IPI taxes by another 35%.

While other countries have shown some protectionist measures, India appears to be more active at setting up exports for many of the regions key importing countries. This could help relieve some of the stress of losing Black Sea exports. The March 15th Commitments of Traders report showed Wheat Managed Money traders added 2,737 contracts to their already long position and are now net long 22,945. Non-Commercial & Non-Reportable traders net bought 1,322 contracts and are now net long 15,868 contracts. For KC Wheat, Managed Money traders are net long 44,236 contracts after net selling 470 contracts. Non-Commercial & Non-Reportable traders net bought 963 contracts and are now net long 47,653 contracts.

HOGS:

April hogs closed moderately lower on Friday, which was their lowest close since March 4. Slaughter has been coming in a little closer to expectations recently, in contrast to the much lower than expected pace in January and February. Weight data is also a bit higher than normal, which suggest some hogs are backed up in the country. The USDA estimated hog slaughter came in at 475,000 head Friday and 58,000 head for Saturday. This brought the total for last week to 2.435 million head, down from 2.475 million the previous week and down 3.5% from a year ago. Estimated US pork production was 530.6 million pounds last week, down from 540.1 million the previous week and down 3.35% from a year ago.

The USDA pork cutout, released after the close Friday, came in at \$102.66, down from \$103.73 on Thursday but up from \$100.79 the previous week. The CME Lean Hog Index as of March 16 was 100.77, up from 100.41 the previous session and 99.91 the previous week. Friday's Commitments of Traders report showed managed money traders were net sellers of 2,674 contracts of lean hogs for the week ending March 15, reducing their net long to 63,345. The long liquidation selling trend is a bearish technical development and suggests increase selling if support levels are violated. Non-commercial, no CIT traders were net sellers of 11,330 for the week, reducing their net long to 29,141.

CATTLE:

There is a somewhat positive tilt to the demand side of the equation given the strong gains in the stock market last week, but demand is still a concern, and weights remain higher than normal. Traders have been worried that consumer spendable income could collapse in the next few weeks due to the

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increases in food and energy costs. The rally in live cattle prices off the March 4 low has been accompanied by a decline in open interest, indicating that the move was based on short covering and not new buying. This is not a good foundation for a bull market. US beef production is expected to decline 170 million pounds in the second quarter from the first quarter. This would be only the second time since 1987 that production will have declined during that period.

Second quarter production is normally 200-400 million pounds higher than the first quarter. This unusual decline suggests there will be a stronger than normal seasonal increase in June Cattle prices this year. The USDA estimated cattle slaughter came in at 100,000 head Friday and 44,000 head for Saturday. This brought the total for last week to 644,000 head, unchanged from the previous week but up from 629,000 a year ago. The estimated average dressed cattle weight last week was 842 pounds, unchanged from the previous week and up from 833 a year ago. Estimated beef production was 530.6 million pounds, up from 522.8 million a year ago. The USDA boxed beef cutout was up \$2.56 at mid-session Friday and closed \$1.11 higher at \$258.16. This was up from \$254.71 the previous week and was the highest the cutout had been since February 25.

Cash live cattle ended last week with a weighted average price 138.58 versus 138.32 the previous week. Argentina's Agriculture Minister warned beef producers that if they don't comply with a domestic quota at subsidized prices, they won't get export permits. Argentina is a top beef exporter, but local consumption seems to always take priority. Friday's Commitments of Traders report showed managed money traders were net buyers of 1,593 contracts of live cattle for the week ending March 15, increasing their net long to 40,144. Non-commercial, no CIT traders were net sellers of 11,653, reducing their net long to 11,211. Non-commercial & non-reportable traders were net buyers of 3,379, increasing their net long to 48,309.

COCOA:

Cocoa prices were unable to complete a positive weekly reversal, but they will start this week more than 80 points above last Thursday's 2 1/2 month low. While near-term demand remains a concern, cocoa has bullish supply developments that can help to underpin prices early this week. May cocoa was able to shake off early pressure and hold its ground in positive territory as it finished Friday's trading session with a sizable gain. For the week, however, May cocoa finished with a loss of 83 points (down 3.2%) which was a third negative weekly result over the past 5 weeks.

A rebound in European and US equity markets provided cocoa with carryover support, as their recovery move late last week can help to soothe demand concerns fueled by the Russian invasion of Ukraine. While the Eurocurrency continues to see volatile price action, it has lifted well clear of its multi-year low in early March. As a result, that should provide cocoa with carryover support as that will make it easier for Euro zone grinders to acquire near-term supplies.

Expectations for lower global production this season also supported cocoa prices, as that will occur as global grindings should post a record high total above 5 million tonnes this season. Many West African growing areas have rainfall in the forecast starting Tuesday and going through the weekend, although daily rain total are expected to be under 0.25 while high temperatures should climb above 95 degrees Fahrenheit.

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The Commitments of Traders report for the week ending March 15th showed Cocoa Managed Money traders net bought 1,577 contracts and are now net long 25,492 contracts. CIT traders net sold 3,611 contracts and are now net long 33,788 contracts. Non-Commercial No CIT traders net bought 1,153 contracts and are now net long 3,898 contracts. Non-Commercial & Non-Reportable traders reduced their net long position by 923 contracts to a net long 33,463 contracts.

COFFEE:

While coffee was unable to complete a positive weekly reversal, it will start this week's action nearly 10.00 cents above last Tuesday's 4-month low. Although the market continues to receive bearish news from rising warehouse supply, coffee has a bullish supply outlook that can fuel a recovery move. May coffee was able to regain upside momentum as it finished Friday's trading session with a sizable gain. For the week, however, May coffee finished with a loss of 1.90 cents (down 0.9%) which was a fifth negative weekly result in a row. The Brazilian currency shook off significant early pressure and climbed more than 0.50% in value as it is within striking distance of a new 8-month high.

This provided the coffee market with carryover support, as increasing currency strength will ease pressure on Brazil's farmers to market their remaining near-term coffee supplies to foreign customers. In addition, production issues with upcoming Brazilian and Colombian production continue to underpin coffee prices as those two nations combined account for more than half of global Arabica output. The current La Nina weather event is now expected to last until mid-year, and that should result in drier than normal conditions for Brazilian growing areas while Colombia's coffee-growing regions should see heavier than normal rainfall.

ICE exchange coffee stocks rose by 13,329 bags on Friday and are more than 96,000 bags above their February month-end total. Coffee positioning in the Commitments of Traders for the week ending March 15th showed Managed Money traders were net long 28,915 contracts after decreasing their long position by 10,194 contracts. CIT traders are net long 40,434 contracts after net selling 1,395 contracts. Non-Commercial No CIT traders are net long 20,535 contracts after net selling 13,205 contracts. Non-Commercial & Non-Reportable traders are net long 40,791 contracts after net selling 12,113 contracts.

COTTON:

The cotton market experienced an impressive upside breakout to new contract highs on Friday as commercial buyers were active and the market is up again this morning. May cotton even managed to trade limit up as strong mill buying was noted. Export sales have remained very strong over the past month even with the relatively high price, and this helped to support strong buying. There is a little decent rain in the Panhandle, but only about 1/4 of an inch near Lubbock, Texas and the rest of West Texas for the 1-5 day forecast.

The 6-10 day forecast is warm and dry, while the 8-14 day forecast models show some above normal precipitation for the Panhandle. Friday's Commitments of Traders report showed managed money traders were net sellers of 3,079 contracts of cotton for the week ending March 15, reducing their net long to 67,127. Non-commercial, no CIT traders were net sellers of 6,309, reducing their net long to

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59,333. Non-commercial & non-reportable traders were nets sellers of 2,911, reducing their net long to 96,165.

SUGAR:

Sugar prices will start this week in a near-term consolidation zone well below their early March highs, but they finished last week's trading on an upbeat note. While they will need continued strength in key outside markets, sugar should also start to benefit from a bullish production shift over the next few months. May sugar was able to shake off early pressure as it finished Friday's trading session with a moderate gain. For the week, however, May sugar finished with a loss of 31 ticks (down 1.6%) which was a second negative weekly result in a row. The Brazilian currency shook off early pressure and rallied back to within striking distance of a new 8-month high, which provided sugar prices with carryover support as that eases pressure on Brazil's Center-South mills to produce sugar for the global export marketplace.

After choppy early action, energy markets were able to extend their recovery moves which in turn provided sugar prices with additional support late on Friday. Center-South mills should see a notable shift in their crushing towards ethanol production during the upcoming 2022/23 season, as several mills have started operations this year by exclusively producing ethanol. Forecast for this season's India sugar production have been on the rise with some climbing up to 34 million tonnes, but a major Indian sugar company said that their nation should reach a 10% ethanol blending with gasoline this year.

China's January/February sugar imports came in at 820,000 tonnes, which was 22% below last year's comparable total. The March 15th Commitments of Traders report showed Sugar Managed Money traders are net long 135,135 contracts after net selling 4,828 contracts. CIT traders were net long 238,984 contracts after increasing their already long position by 36,156 contracts. Non-Commercial No CIT traders net sold 42,368 contracts and are now net long 56,723 contracts. Non-Commercial & Non-Reportable traders net sold 11,509 contracts and are now net long 192,604 contracts.

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