



## Weekly Futures Market Summary

**April 4, 2022**

**by the ADMIS Research Team**

### **BONDS:**

The treasury markets ranged sharply lower and initially added to those declines through the nonfarm payroll report, but recovered going into last week. The recovery in treasury bond prices coincided with the downside reversal in equities and might have been assisted by a recovery in the US dollar. It should be noted that the US yield curve inverted in the wake of last Friday's jobs figures which posted a 2 year low in the US unemployment rate and an increase in average hourly earnings on a year-over-year basis. While the war rages on and will periodically provide flight to quality buying support for treasury bond and notes prices, hawkish Fed dialogue (San Francisco Fed President Daly indicated she is in favor of a 50-basis point hike next month), the war rages on, nonfarm payrolls were more negative to prices than positive, and the charts favor the bear camp early on.

The trade will be presented with a US factory order report which is expected to show a slight contraction on a month over month basis. Not surprisingly, the trade continues to draw recession signals from periodic inversion of the US yield curve, even though the unemployment rate on Friday for March fell to a historically low-level. Bonds positioning in the Commitments of Traders for the week ending March 29th showed Non-Commercial & Non-Reportable traders went from a net short to a net long position of 2,596 contracts after net buying 6,287 contracts. Therefore, near term short covering has likely run its course with last week's rally likely driven by technical stop loss buying. The T-Note market is also holding a large net spec and fund short, thereby leaving the prospect of short covering buying if June Notes fail to hold 121-34. T-Note positioning showed Non-Commercial & Non-Reportable traders are net short 573,863 contracts after net selling 23,959 contracts.

### **CURRENCIES:**

Apparently last Friday's US jobs data was viewed favorably by dollar traders as prices initially flared sharply higher and continue to grind higher. It is possible that reports of a Ukrainian helicopter attack of a Russian fuel depot (inside Russia) confirm Ukraine is more than holding on against Russian forces. Seeing Ukrainian forces on the offense is likely to enrage the Russian president and in turn reduces the chances of a cease-fire compromise. With talk of strengthening sanctions on Russia following signs that Russia has shifted its focus to the countryside, it is not surprising to see the dollar index tracking higher

**ADMIS.com | 312.242.7000 | Chicago | New York | London | Hong Kong | Singapore | Taipei | Shanghai**

The information and comments contained herein is provided by ADM Investor Services, Inc. ("ADMIS") and NOT ADM. Futures and options trading involve significant risk of loss and may not be suitable for everyone. Therefore, carefully consider whether such trading is suitable for you in light of your financial condition. This report includes information from sources believed to be reliable and accurate as of the date of this publication, but no independent verification has been made and we do not guarantee its accuracy or completeness. Any reproduction or retransmission of this report without the express written consent of ADM Investor Services, Inc. is strictly prohibited. Again, the information and comments contained herein is provided by ADMIS and in no way should be construed to be information provided by ADM. Copyright © ADM Investor Services, Inc.

early this week. The March 29th Commitments of Traders report showed Dollar Non-Commercial & Non-Reportable traders are net long 35,086 contracts after net buying 1,587 contracts.

With a lower low in the euro early this week, the switch in Russian tactics in Ukraine rekindles concern for recession in the European economy as the war looks to extend into the future. In fact, with the West continuing to document war crimes by Russia, Russian leadership must fight on or face international prosecution. In fact, over the weekend there were reports of mass civilian killings by the Russians and that also puts the Russian leadership in all or nothing position. Other signs of bearishness toward the euro include a very significant drop in euro zone investor morale, and European stocks tracking lower in the face of higher global equity markets. The March 29th Commitments of Traders report showed Euro Non-Commercial & Non-Reportable traders net bought 1,922 contracts and are now net long 49,879 contracts.

With the Yen early last week forging a massive, short covering bounce and the currency shifting negative on the charts last Thursday, a resumption of the March slide is now expected. However, the currency has not been able to benefit from a very hawkish stance by the Bank of Japan regarding the "need" for even Japanese higher rates. Like the euro, the Swiss franc has been impacted by market fears that the war in Ukraine is likely to continue for the foreseeable future (following a shift in Russian tactics from urban to rural fighting) clearly points a lack of Russian interest in negotiating peace.

While the path of least resistance in the Pound is down to start the new trading week, a Bank of England speech should help to cushion the Pound. However, war developments leave the bear camp in the Pound with an edge. Near term and unreliable support in the June Pound is 1.3083 with more. With a pattern of lower highs and lower lows following last week's 2-month high, the technical track in the Canadian dollar appears to have shifted down. While US treasury yields have moderated, the interest rate differential between the US and Canada remains in favor of dollar bulls and Canadian bears. However, the Canadian is the most likely nondollar currency to find close in support.

#### **STOCKS:**

The equity markets chopped around both sides of unchanged last Friday with US jobs data conflicting. The S&P did forge a 3 day low thereby extending the recent negative chart set up. The market initially drafted support from a \$5 per share gain in Game stop shares (+2.9%) but that supportive news was offset by a Ford vehicle recall of 737,000, signs that auto production continues to be hindered by parts shortages and by dual Amazon negatives of a government probe and a unionization vote expected to favor the unions.

Global equity markets at the start of this week were generally higher with the European continent markets lagging the rest of the world. While investors took solace from the fact that the US job market continues to strengthen, with that news came hawkish dialogue from the San Francisco Fed President. However, some market analysts see large corporate cash levels as a potential bullish catalyst this week. On the other hand, Amazon will see the beginning of organized labor at some facilities and J.P. Morgan CEO Jamie Dimon warned of the company's, financial exposure to Russia as that fosters concern toward other large financial entities.

**ADMIS.com | 312.242.7000 | Chicago | New York | London | Hong Kong | Singapore | Taipei | Shanghai**

The information and comments contained herein is provided by ADM Investor Services, Inc. ("ADMIS") and NOT ADM. Futures and options trading involve significant risk of loss and may not be suitable for everyone. Therefore, carefully consider whether such trading is suitable for you in light of your financial condition. This report includes information from sources believed to be reliable and accurate as of the date of this publication, but no independent verification has been made and we do not guarantee its accuracy or completeness. Any reproduction or retransmission of this report without the express written consent of ADM Investor Services, Inc. is strictly prohibited. Again, the information and comments contained herein is provided by ADMIS and in no way should be construed to be information provided by ADM. Copyright © ADM Investor Services, Inc.

While the June S&P aggressively rejected 4500 last week and appeared to be tracking positively early this week, corporate are limiting while Fed rate hike talk is probably discouraging some investors. From a technical perspective, the S&P is likely to experience short covering buying as the specs are now "net short". The Commitments of Traders report for the week ending March 29th showed E-Mini S&P Non-Commercial & Non-Reportable traders are net short 53,871 contracts after net buying 1,135 contracts. Short covering bounce and minimal net spec and fund buying.

Obviously, the J.P. Morgan announcement of their exposure to Russian losses to the tune of \$1 billion is thickening resistance on the charts. However, like the S&P, Dow futures remain net spec and fund short which should increase the likelihood of the index respecting support. The March 29th Commitments of Traders report showed Dow Jones \$5 Non-Commercial & Non-Reportable traders added 4,883 contracts to their already short position and are now net short 20,415.

The NASDAQ is likely seeing some headwinds from news that Tesla will not resume production today in Shanghai and the tech sector is also undermined because of news that Starbucks will halt share buybacks. The March 29th Commitments of Traders report showed Nasdaq Mini Non-Commercial & Non-Reportable traders were net short 34,540 contracts after increasing their already short position by 18,263 contracts.

#### **GOLD, SILVER & PLATINUM:**

Despite negative outside market forces like higher rates, a stronger dollar and lower economic uncertainty following the US jobs report, the gold and silver markets were tracking higher early this week. Even though the most recent monthly jobs report failed to match growth expectations, the unemployment rate fell to at least 50-year lows and that in turn prompted the San Francisco Fed President to suggest she was now in favor of a 50-basis point rate hike in May. On Friday, gold ETFs added 176,458 ounces to their holdings bringing the year-to-date gain to 8.2%. Last week gold ETF holdings increased by 201,282 ounces. Also on Friday, silver ETFs increased their holdings by 2.1 million ounces bringing the year-to-date change in holdings to +1%.

The most recent US nonfarm payroll report came in with a positive, but not as strong as expected reading and for some that reduces the probability of a 50-basis point rate hike from the US Fed next month. From a technical perspective, the gold market two weeks ago had the largest net spec and fund long since March 2020, but that was brought down to a more balanced position in the latest report. The Commitments of Traders report for the week ending March 29th showed Gold Managed Money traders were net long 130,126 contracts after decreasing their long position by 3,866 contracts. Non-Commercial & Non-Reportable traders are net long 305,994 contracts after net selling 8,695 contracts.

The silver market has also reduced its net spec and fund long, but a moderate wave of stop loss selling could be seen. The March 29th Commitments of Traders report showed Silver Managed Money traders reduced their net long position by 1,813 contracts to a net long 42,429 contracts. Non-Commercial & Non-Reportable traders are net long 62,124 contracts after net selling 4,412 contracts. Going forward, this week will present a somewhat thin global economic report slate, with global PMI and import-export prices unlikely to have a direct impact on precious metals. However, it is possible that grain prices could be an inflationary spark for precious metals as a shift in Russian tactics to capture broad swaths of Ukraine territory could totally prevent or seriously delay planting at the world's number four corn

**ADMIS.com | 312.242.7000 | Chicago | New York | London | Hong Kong | Singapore | Taipei | Shanghai**

The information and comments contained herein is provided by ADM Investor Services, Inc. ("ADMIS") and NOT ADM. Futures and options trading involve significant risk of loss and may not be suitable for everyone. Therefore, carefully consider whether such trading is suitable for you in light of your financial condition. This report includes information from sources believed to be reliable and accurate as of the date of this publication, but no independent verification has been made and we do not guarantee its accuracy or completeness. Any reproduction or retransmission of this report without the express written consent of ADM Investor Services, Inc. is strictly prohibited. Again, the information and comments contained herein is provided by ADMIS and in no way should be construed to be information provided by ADM. Copyright © ADM Investor Services, Inc.

exporter! From a short-term perspective, the rally in the dollar at the end of last week presents initial headwinds.

With the June palladium contract forging a 4-day high at the end of last week, and trading near last week's highs in the early going this week, the bull camp maintains a slight edge. On Friday palladium ETFs reduced their holdings by a mere 586 ounces, and holdings last week declined by 4658 ounces, but those holdings are still 1.2% higher on the year. Unfortunately for the bull camp, recent ETF flows in the PGM markets have presented more daily outflows than inflows, thereby suggesting retail or small investor demand is soft despite what has probably become a very slow movement of supply out of Russia. We have little doubt that smuggling is occurring, but the volume of flow should not keep pace with world demand especially if China avoids serious slowing from its current lockdown efforts. Fortunately for the bull camp, the COT positioning report continues to show palladium holding a "net spec and fund short" and that should mitigate stop loss selling and could potentially facilitate fresh bargain-hunting buying.

The March 29th Commitments of Traders report showed Palladium Managed Money traders went from a net long to a net short position of 387 contracts after net selling 676 contracts. Non-Commercial & Non-Reportable traders net sold 1,124 contracts and are now net short 1,357 contracts. The charts in the platinum market are patently bearish with the market attempting to build a layer of consolidation support. While the net spec and fund long positioning in platinum is slightly burdensome to the bull camp, that positioning has retreated from a significant overbought condition over the last 3 weeks. The Commitments of Traders report for the week ending March 29th showed Platinum Managed Money traders were net long 8,864 contracts after decreasing their long position by 6,845 contracts. Non-Commercial & Non-Reportable traders were net long 20,998 contracts after decreasing their long position by 6,707 contracts.

#### **COPPER:**

With an extremely poor finish to the trade last week, the bias in copper prices has shifted down. In retrospect, a series of disappointing Chinese economic data points and a pattern of inflows to LME copper warehouse stocks last week suggest both supply and demand favor the bear camp. Fortunately for the bull camp, the weekly Shanghai copper warehouse stocks posted a 4th straight week of declines and have fallen back below 100,000 tonnes. Some long-term studies point to a narrowing of the anticipated world deficit in copper because of China even though some Russian supply will be lost.

Fortunately for the bull camp, the most recent COT positioning report showed a very modest net spec and fund long which is probably overstated due to the slide in prices after the report was calculated. The March 29th Commitments of Traders report showed Copper Managed Money traders added 4,969 contracts to their already long position and are now net long 41,490. Non-Commercial & Non-Reportable traders added 3,091 contracts to their already long position and are now net long 38,012.

#### **ENERGY COMPLEX:**

While the strategy of the Russian president is difficult to determine, analysts suggest the Kremlin has shifted its focus away from taking cities and instead is looking to secure rural areas of Ukraine.

**ADMIS.com | 312.242.7000 | Chicago | New York | London | Hong Kong | Singapore | Taipei | Shanghai**

The information and comments contained herein is provided by ADM Investor Services, Inc. ("ADMIS") and NOT ADM. Futures and options trading involve significant risk of loss and may not be suitable for everyone. Therefore, carefully consider whether such trading is suitable for you in light of your financial condition. This report includes information from sources believed to be reliable and accurate as of the date of this publication, but no independent verification has been made and we do not guarantee its accuracy or completeness. Any reproduction or retransmission of this report without the express written consent of ADM Investor Services, Inc. is strictly prohibited. Again, the information and comments contained herein is provided by ADMIS and in no way should be construed to be information provided by ADM. Copyright © ADM Investor Services, Inc.

Therefore, the Russians are not yet considering compromise and therefore oil sanctions are likely set to extend well into the future. By many measures, the war is intensifying with reports last week suggesting a Ukrainian strike against a fuel depot in Russia, and the Russians over the weekend in turn hitting a key Ukrainian refinery and other critical infrastructure in the port of Odessa. Therefore, it is logical to assume that sanctions on Russian oil exports will continue well into the future with the transactions underway at the time of embargo likely completed now. With reports of a decline in Russian March oil output (-50,000 barrels per day) and several countries announcing the likelihood of additional sanctions against Russia, gradual tightening of world supply is likely and that should help cushion crude oil prices well above the level (\$90) where the initial war premium began to register in prices.

However, Chinese demand fears remain in place following Soft Chinese data last week and from ongoing reports of extreme lockdown orders in China leaves demand fears in a front and center standing. In fact, reports are that a single infection in a Chinese housing complex will result in the entire complex being locked down. As indicated last week, estimates on lost Chinese oil demand from a broad lockdown range from 600,000 barrels per day to as high as 1.2 million barrels per day and that is very significant to the markets. However, it should be noted that the most recent OPEC plus monthly production reading showed a gain of only 90,000 barrels per day (instead of the 420,000 barrel per day agreement allowance). Therefore, soft demand is countervailed by the lack of supply recovery. With the most recent COT positioning report showing one of the smallest net spec and fund long since February 2020, and crude oil prices falling \$5 per barrel from the report, the net spec and fund long could be near two-year lows!

Crude Oil positioning in the Commitments of Traders for the week ending March 29th showed Managed Money traders were net long 257,908 contracts after decreasing their long position by 5,949 contracts. Non-Commercial & Non-Reportable traders reduced their net long position by 20,051 contracts to a net long 429,874 contracts. In the end, if the Russians are not interested in a cease-fire, the cramped supply in the world oil market will tighten further as buyers of oil chase a smaller number of barrels. On the other hand, a growing list of countries have agreed to join the US and IEA in releasing strategic supply and that discourages would be buyers. This week's US Baker Hughes rig drilling count increased by two putting overall oil and gas rigs operating 57% above year ago levels! It should be noted that the US rig operating count has increased for a record 20 months in a row.

The charts in the unleaded market favor the bear camp with recent global traffic congestion studies showing less activity in many global metro areas. Fortunately for the bull camp, the most recent COT positioning report showed a very minimal net spec and fund long which in turn should help the market respect support. The Commitments of Traders report for the week ending March 29th showed Gas (RBOB) Managed Money traders reduced their net long position by 3,311 contracts to a net long 55,026 contracts. Non-Commercial & Non-Reportable traders net sold 6,561 contracts and are now net long 47,768 contracts. The gasoline market should see ongoing demand from spring breaks and from improving weather in the northern hemisphere. The ULSD market has slightly fewer negative chart signals than gasoline and the net spec and fund long in diesel is nearly "flat", thereby reducing stop loss selling potential and perhaps setting the stage for bottom picking. Heating Oil positioning in the Commitments of Traders for the week ending March 29th showed Managed Money traders are net long 10,336 contracts after net buying 1,527 contracts. Non-Commercial & Non-Reportable traders were net long 7,528 contracts after increasing their already long position by 2,910 contracts.

**ADMIS.com | 312.242.7000 | Chicago | New York | London | Hong Kong | Singapore | Taipei | Shanghai**

The information and comments contained herein is provided by ADM Investor Services, Inc. ("ADMIS") and NOT ADM. Futures and options trading involve significant risk of loss and may not be suitable for everyone. Therefore, carefully consider whether such trading is suitable for you in light of your financial condition. This report includes information from sources believed to be reliable and accurate as of the date of this publication, but no independent verification has been made and we do not guarantee its accuracy or completeness. Any reproduction or retransmission of this report without the express written consent of ADM Investor Services, Inc. is strictly prohibited. Again, the information and comments contained herein is provided by ADMIS and in no way should be construed to be information provided by ADM. Copyright © ADM Investor Services, Inc.



While the natural gas market has not made a higher high since last Thursday, the market appears poised for further gains. In fact, despite the proximity to contract highs the net spec and fund positioning in natural gas remains significantly "short", leaving open the potential for further short covering buying. The March 29th Commitments of Traders report showed Natural Gas Managed Money traders net bought 6,230 contracts which moved them from a net short to a net long position of 179 contracts. Non-Commercial & Non-Reportable traders reduced their net short position by 14,300 contracts to a net short 92,087 contracts. While comments from the Kremlin suggest Russia will not undermine their reputation as a reliable gas supplier to the West, Germany is expected to implement fresh sanctions against Russia this week and that could prompt the Russian national gas company to reverse recent Western supply flow. The US Baker Hughes rig operating count last week showed a gain in gas rigs operating of one which puts the rig count at the highest level since October 2019.

#### **BEANS:**

November soybeans closed moderately lower on the session Friday and the selling push the market down to the lowest level since February 4. A continuation of the selling pressure after Thursday's sharp break helped to pressure the market with meal leading the market lower. Soybean oil closed moderately higher on the session and May soybeans closed sharply lower on the day with the market now down as much as \$1.55 3/4 in just seven trading sessions. The higher than expected March 1st stocks report showed that demand for old crop soybeans was below trade expectations, and the record high planted area leaves new crop supply at potentially much higher than expected. With the strong palm oil exports in March, traders believe Malaysia palm oil stocks may have dropped to a one year low. The Bloomberg survey suggests stocks declined for a 5th month in a row to the smallest since March 2021.

US soybean crush for February was 174.42 million bushels. This was at the lower end of pre-report estimates. The daily crush pace hit a new record for the month of February at a 6.23 million-bushel rate, beating the previous record of 6.05 in 2020. The cumulative crush for the marketing year has reached 1.12 billion bushels 50.5% of the USDA's current estimate for the marketing year. As of February last year, the cumulative crush had reached 52.0% of the USDA forecast of 1.11 billion bushels. US soybean oil stocks in February came in at 2.566 billion pounds versus 2.500 last month and 2.306 last year. The previous largest stock level for this month was 2.425 (2018).

If we plug the new acreage estimate into the 2022/23 USDA Outlook numbers, adjust beginning stocks for the 2022/23 season to 328 million bushels to reflect the higher March 31 grain stocks (instead of 285 from the last USDA report), and use the current yield estimate of 51.5 bushels per acre, ending stocks would project to 459 million bushels. If yield were to match the previous record at 51.9 bushels per acre, ending stocks would increase to 495 million bushels and result in a stocks/usage ratio of 10.9%. This would be the highest the ratio has been since the 2019/20 season.

The March 29th Commitments of Traders report showed Soybeans Managed Money traders are net long 156,273 contracts after net selling 17,919 contracts. The selling trend is a short-term bearish force. Non-Commercial & Non-Reportable traders are net long 151,490 contracts after net selling 21,986 contracts. For Soybean Meal, Managed Money traders were net long 78,601 contracts after decreasing their long position by 5,477 contracts. For meal, Managed Money traders net sold 1,216 contracts and are now net long

**ADMIS.com | 312.242.7000 | Chicago | New York | London | Hong Kong | Singapore | Taipei | Shanghai**

The information and comments contained herein is provided by ADM Investor Services, Inc. ("ADMIS") and NOT ADM. Futures and options trading involve significant risk of loss and may not be suitable for everyone. Therefore, carefully consider whether such trading is suitable for you in light of your financial condition. This report includes information from sources believed to be reliable and accurate as of the date of this publication, but no independent verification has been made and we do not guarantee its accuracy or completeness. Any reproduction or retransmission of this report without the express written consent of ADM Investor Services, Inc. is strictly prohibited. Again, the information and comments contained herein is provided by ADMIS and in no way should be construed to be information provided by ADM. Copyright © ADM Investor Services, Inc.

99,948 contracts. Non-Commercial & Non-Reportable traders net sold 5,160 contracts and are now net long 147,270 contracts.

#### **CORN:**

December corn posted a new contract high, and a new contract high close on the session Friday, and again early this week with follow-through buying from Thursday's bullish USDA reports. The market managed to close 19 cents higher on the session. Record high fertilizer prices may help limit yields around the world, and also hold down planted acreage. Weakness in soybeans and wheat helped to keep old crop corn weak. May corn closed moderately lower on the session Friday, and down 19 cents on the week. Brazil exported 14,278 tonnes of corn in March, as compared with 292,013 tonnes one year ago.

If we plug the new planted acreage estimate into the 2022/23 balance sheet and assume beginning stocks at 1.350 billion bushels and use the USDA Outlook Forum yield of 181 bushels per acre, ending stocks would project to 1.359 billion bushels. Record fertilizer prices may cause producers to use less, which would pull yields down from the current forecast. Plugging the previous record yield of 177 bushels into the balance sheet would leave ending stocks at 1.032 billion bushels and result in a stock/use ratio of 7.0%. This would be the tightest since the 1995/96 season and the second tightest on record. Using a simple five-year average yield would push ending stocks down to 770 million bushels with a 5.2% stocks/usage ratio. This would also be the second tightest on record.

U.S. senators are calling for planting on conserved land in response to Ukraine crisis. Two senators are joining farm groups and other lawmakers in calling on the U.S. Department of Agriculture to allow farmers to plant conservation acres this spring in response to the Russian invasion of Ukraine. The USDA is opposed to the idea, according to a letter sent from Vilsack to the National Grain and Feed Association (NGFA) on March 31. "Quickly converting (CRP) land to crop production is clearly unfeasible" and would have negative long-term consequences for the climate and land, the letter said. Farm groups called on Vilsack this month to allow farmers to plant on the more than 4 million acres of "prime farmland" currently enrolled in CRP.

The demand setup for US corn remains strong. Cumulative US corn export sales for the 2021/22 marketing year have reached 84.5% of the USDA forecast versus a five-year average of 81.0% for this time of year. The amount of corn used in last week's US ethanol production was estimated at 105.2 million bushels. Usage needs to average 100 million bushels per week to meet the USDA's forecast for the marketing year. China's wheat crop is reported to be down significantly this year due to extreme flooding. A shortage of wheat could boost corn consumption there this year. The March 29th Commitments of Traders report showed Corn Managed Money traders reduced their net long position by 29,497 contracts to a net long 354,604 contracts. The long liquidation selling trend is a short-term bearish force. Non-Commercial & Non-Reportable traders are net long 403,966 contracts after net selling 50,811 contracts in just one week.

#### **WHEAT:**

May wheat closed sharply lower on the session Friday and experienced the lowest close since March 1. For the week, the market was down \$1.17 3/4. With the Russia/Ukraine war still in progress, there are

**ADMIS.com | 312.242.7000 | Chicago | New York | London | Hong Kong | Singapore | Taipei | Shanghai**

The information and comments contained herein is provided by ADM Investor Services, Inc. ("ADMIS") and NOT ADM. Futures and options trading involve significant risk of loss and may not be suitable for everyone. Therefore, carefully consider whether such trading is suitable for you in light of your financial condition. This report includes information from sources believed to be reliable and accurate as of the date of this publication, but no independent verification has been made and we do not guarantee its accuracy or completeness. Any reproduction or retransmission of this report without the express written consent of ADM Investor Services, Inc. is strictly prohibited. Again, the information and comments contained herein is provided by ADMIS and in no way should be construed to be information provided by ADM. Copyright © ADM Investor Services, Inc.

plenty of wheat exports still in question from the region. Russia President Putin warned that he could limit supplies of agricultural products to friendly countries only. This could be a major disruption.

The US government has released images of damage to grain storage facilities in eastern Ukraine. In addition, US crop conditions are poor and traders see the potential for a significant drop in production from China. SovEcon hiked their Russia wheat export outlook due to rapid March sales. Russia wheat exports are now seen at 33.9 million tons, up 0.4 million from an earlier outlook, despite the impact of the war.

India is aiming to export a record 10 million tonnes of wheat for the 22-23 season due to rising global demand because of the Russia-Ukraine war. India exported a record 7 million tonnes of wheat for the 21-22 season. The five day forecast for the central and southern Plains shows almost no rain except for a little in southeastern Oklahoma. The 6-10 day forecast models show above normal temperatures and below normal precipitation for the Western sections of the winter wheat belt.

The 8-14 day forecast models show normal to below normal precipitation for the region. The March 29th Commitments of Traders report showed Wheat Managed Money traders are net long 19,439 contracts after net selling 72 contracts. CIT traders were net long 166,210 contracts after increasing their already long position by 1,173 contracts. For KC wheat, Managed Money traders reduced their net long position by 479 contracts to a net long 45,310 contracts. Non-Commercial & Non-Reportable traders net sold 555 contracts and are now net long 47,352 contracts.

#### **HOGS:**

June hogs closed lower on the session Friday and down sharply from the highs. The market closed 542 points (4.3%) lower for the week and the weekly key reversal helps to confirm a short-term peak may be in place. The market is still operating under the negative technical influence of the sweeping key reversal from Thursday, and June hogs continue to hold a huge premium to the cash market. The USDA pork cutout, released after the close Friday, came in at \$101.96, down \$4.52 from Thursday and down from \$108.15 the previous week. The CME Lean Hog Index as of March 30 was \$103.13, down from \$103.66 the previous session but up from \$102.25 a week prior.

The USDA estimated hog slaughter came in at 467,000 head Friday and 61,000 head for Saturday. This brought the total for last week to 2.442 million head, up from 2.419 million the previous week but down from 2.460 million a year ago. Estimated US pork production last week was 532.7 million pounds, up from 527.6 million the previous week and down from 533.2 million a year ago. Friday's Commitments of Traders report showed managed money traders were net buyers of 6,697 contracts, increasing their net long to 69,131. Non-commercial, no CIT traders were net buyers of 9,110, increasing their net long to 36,644. The buying trend is a short-term positive force. Cumulative pork export sales for 2022 have reached 577,900 tonnes, down from 840,500 a year ago and below the five-year average of 651,900.

#### **CATTLE:**

June cattle opened higher on the session Friday but closed sharply lower on the day. Continued demand concerns have helped support some long liquidation selling in the cattle market, and short-term technical indicators are rolling over and suggest at least a technical correction might be in order. The

**ADMIS.com | 312.242.7000 | Chicago | New York | London | Hong Kong | Singapore | Taipei | Shanghai**

The information and comments contained herein is provided by ADM Investor Services, Inc. ("ADMIS") and NOT ADM. Futures and options trading involve significant risk of loss and may not be suitable for everyone. Therefore, carefully consider whether such trading is suitable for you in light of your financial condition. This report includes information from sources believed to be reliable and accurate as of the date of this publication, but no independent verification has been made and we do not guarantee its accuracy or completeness. Any reproduction or retransmission of this report without the express written consent of ADM Investor Services, Inc. is strictly prohibited. Again, the information and comments contained herein is provided by ADMIS and in no way should be construed to be information provided by ADM. Copyright © ADM Investor Services, Inc.



longer-term supply fundamentals for the next few months look supportive for the market, but there are short-term demand concerns and the market is technically overbought. The USDA boxed beef cutout was down 96 cents at mid-session Friday and closed \$1.25 lower at \$267.14. This was up from \$262.64 the previous week. The USDA estimated cattle slaughter came in at 109,000 head Friday and 40,000 head for Saturday. This brought the total for last week to 639,000 head, down from 659,000 the previous week but up from 603,000 a year ago.

The estimated average dressed cattle weight last week was 839 pounds, down from 841 the previous week but up from 829 a year ago. The 5-year average weight for that week is 814.6 pounds. Estimated beef production last week was 532.7 million pounds, up from 499.2 million a year ago. Cash live cattle traded in light volume at varying price levels on Friday. In Iowa/Minnesota 624 head traded at 141-142 with an average price of 141.37, and in Nebraska 379 head traded at 138. The 5-day, 5-area weighted average price as of Friday afternoon was 139.38 versus 138.95 the previous week. Friday's Commitments of Traders report showed managed money traders were net buyers of 9,886 contracts of live cattle for the week ending March 29, increasing their net long to 51,764. Non-commercial, no CIT traders were net buyers of 7,080, increasing their net long to 20,517. The buying trend is a short-term positive force.

#### **COCOA:**

Cocoa prices saw volatile action during the first quarter, and once again could not sustain last week's recovery move into the weekend. With near-term demand concerns remaining a front and center issue for the market, cocoa is likely to remain on the defensive early this week. May cocoa continued to see downside follow-through after Thursday's negative reversal as they remained under pressure to finish Friday's trading session with a sizable loss. For the week, however, May cocoa finished with a gain of 37 points (up 1.4%) which was a second positive weekly result in a row.

While European and US equity markets were able to grind out modest gains, that carryover support was more than offset by a pullback in the Eurocurrency that will make it more difficult for Euro zone grinders to acquire near-term cocoa supply. In addition, ongoing COVID lockdowns in several Chinese cities weighed on cocoa's near-term Asian demand outlook. While these lockdowns did not occur until late in the first quarter, they will cast a shadow of Asia's second quarter demand outlook.

Reports that a large number of Ivory Coast main crop cocoa beans did not meet export quality provided some measure of support. However, most of those cocoa beans will be processed by Ivory Coast grinders and will enter the global supply chain as cocoa product exports. Several West Africa growing regions have seen an increase in rainfall as the region's dry season winds down. As a result, this should have a beneficial impact on West Africa's mid-crop cocoa production this season.

The Commitments of Traders report for the week ending March 29th showed Cocoa Managed Money traders are net long 32,290 contracts after net buying 10,624 contracts. CIT traders are net long 31,951 contracts after net buying 841 contracts. Non-Commercial No CIT traders are net long 14,672 contracts after net buying 8,614 contracts. Non-Commercial & Non-Reportable traders are net long 43,168 contracts after net buying 9,614 contracts.

**ADMIS.com | 312.242.7000 | Chicago | New York | London | Hong Kong | Singapore | Taipei | Shanghai**

The information and comments contained herein is provided by ADM Investor Services, Inc. ("ADMIS") and NOT ADM. Futures and options trading involve significant risk of loss and may not be suitable for everyone. Therefore, carefully consider whether such trading is suitable for you in light of your financial condition. This report includes information from sources believed to be reliable and accurate as of the date of this publication, but no independent verification has been made and we do not guarantee its accuracy or completeness. Any reproduction or retransmission of this report without the express written consent of ADM Investor Services, Inc. is strictly prohibited. Again, the information and comments contained herein is provided by ADMIS and in no way should be construed to be information provided by ADM. Copyright © ADM Investor Services, Inc.

**COFFEE:**

Coffee prices survived a retest of their mid-March lows and held their ground above their 200-day moving average as they finished last week's trading on an upbeat note. While the market will continue to have questions on near-term demand prospects, coffee is seeing bullish supply developments that can help the market maintain upside momentum during the early stages of the second quarter. May Coffee reached a 3 1/2 week high, but ran out of upside momentum late in the day as they finished Friday's trading session with a moderate gain and a third positive daily result in a row. For the week, May coffee finished with a gain of 6.55 cents (up 3.0%) and a second positive weekly result in a row.

The Brazilian currency rallied up to a new 2-year high, which provided coffee with carryover support as that should ease pressure on Brazil's farmers to market their remaining near-term coffee supply. Brazil's government said that their March coffee exports came in at 203,112 tonnes (3.385 million bags) which was 15.9% below last year's total. Although most of those exports came from Brazil's 2021/22 "off-year" crop, this also reflects the negative weather that their coffee trees have seen over the past 1 1/2 years. In fact, supply issues due to the La Nina weather event have also underpinned coffee prices late last week as Colombia's production has also been negatively affected.

ICE exchange coffee stocks rose by 4,726 bags on Friday, but remain below the 1.1 million bag level. The March 29th Commitments of Traders report showed Coffee Managed Money traders were net long 24,632 contracts after decreasing their long position by 2,457 contracts. CIT traders reduced their net long position by 228 contracts to a net long 39,248 contracts. Non-Commercial No CIT traders were net long 15,734 contracts after decreasing their long position by 2,928 contracts. Non-Commercial & Non-Reportable traders were net long 34,566 contracts after decreasing their long position by 4,043 contracts.

**COTTON:**

May cotton closed lower for the second day in a row last Friday as the bearish USDA report continued to sink in. The market closed 14.57 lower for the week, a 13% decline. The dollar was higher and crude oil and the stock market was lower, all of which was negative for cotton. The 1-5 day forecast models for West Texas show no rain. The 6-10 day forecast models show above normal temperatures and below normal precipitation.

On top of very poor soil conditions in the key US producing areas, pink bollworm issues in India have helped drive the market up to all-time high pricing. Friday's Commitments of Traders report showed managed money traders were net buyers of 1,351 contracts of cotton for the week ending March 29, increasing their net long to 75,707. Non-commercial, no CIT traders were net sellers of 2,533, reducing their net long to 61,363. Non-commercial & non-reportable traders were net sellers of 2,487, reducing their net long to 102,338.

**SUGAR:**

Sugar prices finished last week within a fairly tight consolidation zone within striking distance of a new 4-week highs. While global risk sentiment and key outside markets have seen mixed results over the past few weeks, sugar continues to see bullish supply developments that can help to extend an upside

**ADMIS.com | 312.242.7000 | Chicago | New York | London | Hong Kong | Singapore | Taipei | Shanghai**

The information and comments contained herein is provided by ADM Investor Services, Inc. ("ADMIS") and NOT ADM. Futures and options trading involve significant risk of loss and may not be suitable for everyone. Therefore, carefully consider whether such trading is suitable for you in light of your financial condition. This report includes information from sources believed to be reliable and accurate as of the date of this publication, but no independent verification has been made and we do not guarantee its accuracy or completeness. Any reproduction or retransmission of this report without the express written consent of ADM Investor Services, Inc. is strictly prohibited. Again, the information and comments contained herein is provided by ADMIS and in no way should be construed to be information provided by ADM. Copyright © ADM Investor Services, Inc.

move early this week. May sugar continued their late March coiling pattern into the new month and quarter as it finished Friday's inside-day trading session with a moderate loss. For the week, May sugar finished with a loss of 24 ticks (down 1.2%) for a third negative weekly result over the past 4 weeks.

Gains in the Brazilian currency provided early support for the sugar market as that eases pressure on Brazil's Center-South mills to produce sugar for export, while expectations that India's 2021/22 sugar production and sugar exports may reach record highs pressured the market going into the weekend. Energy prices finished last week near the bottom end of their late March trading range, and that may dampen prospects for near-term ethanol demand improvement.

Center-South mills will be ramping up their 2022/23 harvesting and crushing over the next few weeks. With a number of mills already starting their operations to exclusively produce ethanol, sugar's share of 2022/23 Center-South crushing looks to be significantly below 2021/22's 45% share. Brazil's government said that their March sugar exports came in at 1.444 million tonnes, which was 26.7% below last year's total which reflects the weather issues that the Center-South cane crop went through since mid-2020.

Sugar positioning in the Commitments of Traders for the week ending March 29th showed Managed Money traders net bought 10,310 contracts and are now net long 150,232 contracts. CIT traders were net long 237,308 contracts after increasing their already long position by 714 contracts. Non-Commercial No CIT traders reduced their net long position by 121 contracts to a net long 56,560 contracts. Non-Commercial & Non-Reportable traders net bought 5,984 contracts and are now net long 207,569 contracts.

**Please contact us at + 1 877 690 7303 or via email at [sales@admis.com](mailto:sales@admis.com) for questions or comments on this report or would like more information about our ADMIS research reports.**

*Follow ADMIS on Social Media*



**ADMIS.com | 312.242.7000 | Chicago | New York | London | Hong Kong | Singapore | Taipei | Shanghai**

The information and comments contained herein is provided by ADM Investor Services, Inc. ("ADMIS") and NOT ADM. Futures and options trading involve significant risk of loss and may not be suitable for everyone. Therefore, carefully consider whether such trading is suitable for you in light of your financial condition. This report includes information from sources believed to be reliable and accurate as of the date of this publication, but no independent verification has been made and we do not guarantee its accuracy or completeness. Any reproduction or retransmission of this report without the express written consent of ADM Investor Services, Inc. is strictly prohibited. Again, the information and comments contained herein is provided by ADMIS and in no way should be construed to be information provided by ADM. Copyright © ADM Investor Services, Inc.