ADM Investor Services, Inc.

Weekly Futures Market Summary

April 15, 2024 **by the ADMIS Research Team**

BONDS:

The treasury markets were deserving of a short covering bounce to end the trading week last Friday, even if the longer-term trend remains firmly in favor of the bear camp. We suspect growing anxiety from US equity market losses, the dramatic escalation of Middle East fear, rekindled economic concerns toward China and the unrelenting gains in gold are beginning to prompt bargain hunting buying of treasuries. While treasury bonds have initially managed to respect last week's quasi double low starting at 114-31, the charts suggest lower lows are ahead.

Even though the US saw some softening data last week, the markets have embraced the view that the US economy continues to improve, and inflation has remains sticky. In fact, Reuters suggests the US economic engine is helping pull the world forward but suggests inflation is still a threat to derail global growth. In a minimally supportive US Treasury development, the European Central Bank is thought to be poised to cut interest rates three times before the end of this year with some analysts suggesting the ECB wants to display independence from the US Fed suggesting they will cut before the US.

However, this week's early treasury market focus is likely to shift inward to US retail sales which are expected to come in softer than last month. Furthermore, expectations for the New York Empire State Manufacturing Index for April call for improvement but the index is likely to remain deep in negative territory. The April 9th Commitments of Traders report showed Bonds Non-Commercial & Non-Reportable traders were net short 39,885 contracts after increasing their already short position by 25,752 contracts. For T-Notes Non-Commercial & Non-Reportable traders were net short 547,034 contracts after decreasing their short position by 29,331 contracts. Even though the net spec and fund long in treasuries has shifted from a net spec long into a net spec and fund short of 39,000 contracts that short positioning is understated given the market's three point slide after the COT report was measured.

CURRENCIES:

With last week's aggressive three-day rally in the dollar of more than 200 points, the bull case toward the dollar might be temporarily overstated. However, the US March inflation report cycle clearly indicated US inflation is not coming down as much as hoped for at the Fed. Furthermore, a historic runup in gold and an uneasy feeling throughout the markets of something bad ahead is likely to keep the dollar firm from flight to quality buying.

While the dollar did not make a new high for the move at the start of this week, the index sits just under the spike highs from Friday indicating the bull bias has extended into the new trading week. Obviously, the Iranian drone attacks on Israel is a definitive source of support for the dollar which becomes a flight to quality hedge against all-out war in the Middle East. Unfortunately for the bull camp US economic data and price/inflation measures have been countervailing which in turn has escalated debate on US rate cut timing.

As of this writing there is only a 21.6% chance of a June US rate cut and this morning's US retail sales report is expected to post positive but slower readings than in the prior month and that could result in a 30-point dollar index setback from early trade levels. However, moderate retrenchment in the dollar should be viewed as buying opportunities in the near-term. For the bull camp the massive range up moves from last week leaves little in the way of close in support on the chartsDollar positioning in the Commitments of Traders for the week ending April 9th showed Non-Commercial & Non-Reportable traders are net long 415 contracts after net buying 126 contracts.

While the euro has not forged a lower low in the early trade this week, the currency remains severely damaged on its charts and is undermined further by signs of softening economy. However, the latest euro zone industrial production rebounded back into positive territory, but that news was mostly offset by ECB comments suggesting the euro zone will see three rate cuts this year. The 9th Commitments of Traders report showed Euro Non-Commercial & Non-Reportable traders added 19,100 contracts to their already long position and are now net long 50,924.

While the Pound charts are injured, seeing the country attempt to solidify laws on asylum could help underpin the UK currency. While a major jump in trading volume on last Friday's spike down move could suggest bargain hunting interest in the Canadian dollar surfaced at last week's low. However, the Canadian dollar is likely to remain undermined by Canadian budget wrangling and market views that the Canadian government is battling deteriorating finances.

STOCKS:

In retrospect, the equity markets saw a very bearish week of headlines last week with the most prominent bearish development yet another pushing back of US interest rate cut timing. Adding to investor anxiety is a significant jump in US interest rates, unending negative Boeing headlines somewhat disappointing bank sector earnings. However, the market’s recent slide has not produced high anxiety levels and therefore the markets probably have not exhausted selling interest yet. Over the weekend, Iran launched an attack on Israel using drones and missiles, virtually all of which were shot down by Israeli, US, and UK defense weapons. Global equity markets at the start of this week were generally higher with markets tracking positive barely outnumbering those trading lower. Unfortunately for the bull camp, the charts remain bearish with the hard range down and poor closes from Friday leaving the markets injured and vulnerable to more losses.

With geopolitical negatives arising from several angles, charts maintaining bearish patterns, the US Fed thought to be on hold for now and the potential for an upside breakout in US treasury yields, the bear camp should remain confident. In fact, it is difficult to think Israel will not retaliate even with the international community urging Israel to turn the other cheek (which is unlikely). With the S&P transitioning into a net long in the latest positioning report it appears bargain hunting buying surfaced with the S&P last week thereby showing some respect of the 5200 level. The Commitments of Traders report for the week ending April 9th showed E-Mini S&P Non-Commercial & Non-Reportable traders net bought 22,430 contracts which moved them from a net short to a net long position of 10,643 contracts.

Clearly, the Dow has shown the most vulnerability to the disappointment over the slide in US central bank rate cut hope. The charts also remain bearish with this morning's early low nearly taking out the Friday spike low. Unfortunately for the bull camp the Dow futures remain net spec and fund long as of last Tuesday which explains some of the hard losses at the end of last week (stop loss selling). The Commitments of Traders report for the week ending April 9th showed Dow Jones $5 Non-Commercial & Non-Reportable traders net sold 1,391 contracts and are now net long 18,496 contracts.

As opposed to the Dow, the NASDAQ has held up the best of the actively traded stock index futures markets. While the US award to stimulate domestic chip production from last week is supportive, US officials are disappointed Huawei decided to use Intel AI chips in its computers as many lawmakers want to revoke licensing that allows Intel to provide chips to Chinese companies. The April 9th Commitments of Traders report showed Nasdaq Mini Non-Commercial & Non-Reportable traders are net long 15,171 contracts after net buying 12,392 contracts.

GOLD, SILVER & PLATINUM:

In addition to the major swing higher at the end of last week exaggerating the overbought conditions of gold and silver, the trade will likely have to contend with a surging US dollar, which is nearing the highest level in 5 1/2 months. Fortunately for the bull camp, US interest rates fell back slightly on Friday with traders thinking the upward track in interest rates will now abate. However, the Iranian drone attack directly against Israel is clearly an expansion of the fighting and could mean a country fighting a country instead of a country fighting a terrorist group!

Furthermore, seeing Israel and Iran engage with more significant armament will certainly cause shipping disruptions in the area and is likely to reduce Iranian oil exports. On the other hand, Iranian officials indicated their attack was simple retaliation for Israel's targeting of their officials in Syria and they say now the matter is concluded! While the suggestion Iran is appeased for the attack on its Syrian consulate seems to temper tensions, it is unlikely the Israelis will stand back and take the attacks.

In a slightly negative development, gold ETF holdings last week saw outflow of 481,361 ounces while silver ETF holdings declined by 9.5 million ounces. According to Goldman Sachs, the gold market is now an "Unshakeable bull market" likely to extend because of emerging market central bank buying, rising Asian retail investment and escalating US political uncertainty into the election. Therefore, gold and silver look as if they are in a flight to quality environment again but given severe outside market headwinds in the extreme ($ and Rates), and severe overbought technical signals, daily trading ranges could now become extreme.

In fact, since the last COT positioning was measured gold prices rallied $76.00 and therefore the net spec and fund long in gold might be at the highest level since March 2022. The April 9th Commitments of Traders report showed Gold Managed Money traders net bought 929 contracts and are now net long 179,142 contracts. Non-Commercial & Non-Reportable traders net long 255,103 contracts after net buying 2,089 contracts. Unfortunately for the bull camp, the explosion up above $30 in July silver and subsequent close nearly $1.00 below the high on Friday signals a classic reversal on the charts.

The Commitments of Traders report for the week ending April 9th showed Silver Managed Money traders are net long 38,496 contracts after net buying 4,412 contracts. Non-Commercial & Non-Reportable traders were net long 70,745 contracts after increasing their already long position by 3,840 contracts. Platinum positioning in the Commitments of Traders for the week ending April 9th showed Managed Money traders net bought 12,776 contracts and are now net long 12,785 contracts. Non-Commercial & Non-Reportable traders net bought 11,482 contracts and are now net long 27,416 contracts. Palladium positioning in the Commitments of Traders for the week ending April 9th showed Managed Money traders net bought 1,147 contracts and are now net short 9,535 contracts. Non-Commercial & Non-Reportable traders were net short 8,905 contracts after decreasing their short position by 1,250 contracts.

COPPER:

While the May copper contract forged a significantly higher high upward thrust early this week, as of this writing the market is trading nearly $0.11 under its early high! A portion of the sharp rally in copper prices could be the result of various copper exchanges, and government entities pushing to enforce a ban on

Russian copper supply flow into the LME as that could obviously pinch world supply. However, reports are that China is already purchasing disguised copper from Russia to avoid sanctions designed to punish Russia. A fresh bullish headline from early this week came from Citgroup who upwardly revised their copper price forecasts for the second and third quarters.

While the copper market has certainly managed to charge higher in the face of significant disappointment over the Chinese economic condition, it has gained sharply in the face of a stronger dollar and has even climbed in the face of ongoing rebuilding of Shanghai copper warehouse inventories. However, the copper market is seriously overbought in the net spec and fund long positioning with the rally of $0.06 after the report likely putting the net spec and fund long up to the highest level since April 2021. Copper positioning in the Commitments of Traders for the week ending April 9th showed Managed Money traders were net long 50,687 contracts after increasing their already long position by 35,325 contracts. Non-Commercial & non-reportable traders are net long 51,009 contracts after net buying 20,740 contracts.

ENERGY COMPLEX:

The energy markets' lack of significant upside extension following the weekend Iranian drone attack of Israel is disappointing to the bull camp. Like several other physical commodity markets, the crude oil market ranged sharply higher early Friday and promptly fell back $2.00 from the early high in a fashion suggesting the markets may have over factored Iranian retaliation. However, with Iran launching direct drone attacks on Israel, one could consider the war has expanded as feared. On the other hand, the Iranians seem to suggest their retaliation was justified by the attack of their personnel in Syria and seemed to indicate the matter should now be settled as they have avenged the deaths of Iranian military officers in Syria. Unfortunately, Israel is unlikely to allow the direct attacks go unpunished. While Chinese January through March crude oil imports gained 0.7%, the trade was probably expecting larger imports.

A fresh limiting development is an 11% increase in crude oil in global floating storage with that report presenting another massive buildup in US Gulf Coast crude oil supplies (+242%). Unfortunately for the bull camp, US oil inventories appear to be in a building cycle with three straight weeks of inflow to EIA crude oil inventories totaling 12 million barrels and given a narrowing the annual inventory deficit from 36 million barrels on March 15th to only 13 million barrels as of April 5th. With June crude oil from the last COT report into the high Friday gaining $2.70 we suspect the net spec and fund long is now at the highest level since May 2022. The April 9th Commitments of Traders report showed Crude Oil Managed Money traders are net long 238,150 contracts after net buying 8,666 contracts. Non-Commercial & non-reportable traders net bought 7,420 contracts and are now net long 353,575 contracts. Without a big picture macroeconomic meltdown led by equities, the threat against Middle East oil supply should provide support for crude oil.

At times last week, the gasoline market was the strongest petroleum market but with the significant range up reversal last Friday (July gasoline closed more than four cents below its high) combined with an inflated net spec and fund long positioning that leaves the RBOB market vulnerable to start the new trading week. In fact, with a rally after the COT report was measured, the RBOB market is nearing the longest net spec level seen since the beginning of the pandemic. The April 9th Commitments of Traders report showed Gas (RBOB) Managed Money traders were net long 84,926 contracts after increasing their already long position by 1,294 contracts. Non-Commercial & non-reportable traders are net long 95,958 contracts after net selling 566 contracts.

As the gasoline market has shown signs of being the leadership market on rallies, the diesel market has shown its capacity to lead on the downside. Clearly supply fundamentals have turned against the bull camp but fortunately the net spec and fund long in diesel is not dramatically overdone. Heating Oil positioning in the Commitments of Traders for the week ending April 9th showed Managed Money traders added 2,662 contracts to their already long position and are now net long 8,533. Non-Commercial & non-reportable traders reduced their net long position by 2,293 contracts to a net long 31,786 contracts.

With the June natural gas contract posting a nine-day low on Friday, the market could be poised to retest contract lows at $1.928. In retrospect, the weekly injection report showed a reading near the upper end of the injections estimates which could be seen as the end of the withdrawal season and the beginning of the injection season. While not a major decline, inventories relative to five-year average levels declined minimally but overall remained a very negative influence with supplies still 38.4% above 5-year average levels.

However, with the market sliding after the release of the COT positioning report (down nine cents into Friday's low) the net spec and fund short is building the largest of the last four weeks range! The April 9th Commitments of Traders report showed Natural Gas Managed Money traders were net short 88,386 contracts after increasing their already short position by 5,204 contracts. Non-Commercial & non-reportable traders net sold 10,732 contracts and are now net short 107,064 contracts.

BEANS:

A rather subdued start to the week given the increased geopolitical risks after Iran attacked Israel, although the attack seemed more for show as it was telegraphed well ahead of time and resulted in very minor damage. Israel has not indicated how or if they will respond. Mostly dry conditions prevailed over the weekend for the Midwest, but the 1-5 day forecast shows good rains over the next few days for the central Midwest, including Iowa. The moisture is seen as beneficial since it is too early for traders to worry too much about precipitation delaying planting.

Temperatures in the 20s and 30s for lows will be seen late this week in the upper half of the Midwest but the 8-14 day forecast shows above normal temperatures returning. NOPA March crush will be released at 11 AM today and the average Reuters estimate is 197.8 million bushels while the average Bloomberg estimate is 194.9. Bean oil stocks average Reuters estimate is 1.792 billion pounds with Bloomberg at 1.798 billion. Our friends at Crushtraders.com are estimating crush at 198.6 million bushels and bean oil stocks at 1.785 million.

German oilseed consultancy Oil World says the Argentine harvest has pressured Argentine meal prices to their lowest since 2020 but expect Brazil's biofuel requirements will take increasing imports of Argentine soyoil. Sunflower oil has become the cheapest oil around the globe due to Ukraine and Russia having plentiful exportable supplies. Brazil harvest is now 85% complete and Safras updated their Brazil production number to 151.25 million tonnes Friday, up from 148.6 in their previous forecast but well below the USDA's number Thursday of 155 million.

Over the past 6 seasons, it is common for the difference between CONAB and USDA to be 1-4 million tonnes. However, this year's 9 million tonne differential is highly unusual. Increasing geopolitical tensions generally mean an increase in volatility and can result in funds reducing risk. In the case of beans, they would need to exit short positions to do that. For that reason, we see a high likelihood that price breaks will find good support in the near-term.

Soybean positioning in the Commitments of Traders for the week ending April 9th showed Managed Money traders are net short 139,310 contracts after net selling 1,054 contracts. CIT traders net sold 2,745 contracts and are now net long 121,852 contracts. Non-Commercial No CIT traders were net short 159,082 contracts after increasing their already short position by 2,720 contracts. Non-Commercial & Non-Reportable traders net sold 2,385 contracts and are now net short 164,446 contracts.

The April 9th Commitments of Traders report showed Soyoil Managed Money traders net sold 12,511 contracts which moved them from a net long to a net short position of 4,128 contracts. CIT traders net bought 101 contracts and are now net long 137,612 contracts. Non-Commercial No CIT traders were net short 57,788 contracts after increasing their already short position by 5,653 contracts. Non-Commercial &

non-reportable traders added 11,700 contracts to their already short position and are now net short 13,373.

The April 9th Commitments of Traders report showed Soymeal Managed Money traders net bought 18,820 contracts and are now net short 24,072 contracts. CIT traders added 4,962 contracts to their already long position and are now net long 86,774. Non-Commercial No CIT traders are net short 44,939 contracts after net buying 11,486 contracts. Non-Commercial & non-reportable traders were net short 6,531 contracts after decreasing their short position by 21,284 contracts.

CORN:

Corn prices have not seen an increase in volatility so far from the Iranian attack on Israel over the weekend, but if Israel does respond, that could further elevate the risks of all-out Mideast war and potentially result in global buyers stepping up to secure additional supplies. The market seems unconcerned about that at the moment. Managed Money remains heavily short but doesn't appear worried enough yet to pare down those short positions. The upper Plains and Midwest will see some moisture midweek, but low temperatures will be in the 20s and 30s across the area late this week into the weekend before warming to above normal levels in the 8-14 day timeframe.

Central Brazil's Safrinha corn areas are seeing some partial relief but turn dry again after midweek. After canceling some Ukraine cargoes, there is talk China may be looking to cancel some EU purchases to slow arrivals and boost prices for the Chinese farmer. Significant drought in Mexico is focused on the Sinaloa region, where the majority of production of white corn for tortillas is produced, and that is expected to keep Mexican demand for US corn very strong. Commitment of Traders data showed funds increased short positions by 4,000 contracts to 263,554 contracts, a 5-week high. As we mentioned earlier, it is very possible funds may seek to pare down the short position to lower their risk if volatility rises.

The April 9th Commitments of Traders report showed Corn Managed Money traders are net short 263,554 contracts after net selling 3,998 contracts. CIT traders reduced their net long position by 11,455 contracts to a net long 278,600 contracts. Non-Commercial No CIT traders reduced their net short position by 2,520 contracts to a net short 269,611 contracts. Non-Commercial & Non-Reportable traders added 4,974 contracts to their already short position and are now net short 224,889.

WHEAT:

Surprisingly, prices were weaker at the start of this week after the weekend attacks by Iran on Israel. The attack was more of a show as it was well telegraphed and caused very minor damage, which could mitigate the aggressiveness of Israel's response. Iran's seizure of a cargo ship owned by an Israeli firm also escalates transportation risks in the region. Many countries in the Middle East are reliant on wheat imports and fears of a wider regional war in the Middle East could result in additional buying to build stockpiles in countries that rely heavily on wheat imports.

In addition to the Middle East tensions, Russia seems to be on a mission to damage Ukraine infrastructure which is expected to slow Ukraine exports over time. Dryness in southern Russia is ongoing and rains in the central and upper US Plains are expected to shrink the drought area somewhat this week, although Western Kansas looks to miss out again. Commitment of Trader's data showed managed Money decreased their shorts a little over 5000 contracts to 86,568 contracts net short, a 3-week low. HRW conditions are expected to decline slightly on this afternoon's crop progress report. July Chicago wheat has fallen below trendline support from last week.

The April 9th Commitments of Traders report showed Wheat Managed Money traders net bought 5,376 contracts and are now net short 86,568 contracts. CIT traders are net long 116,022 contracts after net buying 5,039 contracts. Non-Commercial No CIT traders reduced their net short position by 7,351 contracts to a net short 109,293 contracts. Non-Commercial & Non-Reportable traders reduced their net short position by 6,765 contracts to a net short 55,594 contracts.

KC Wheat positioning in the Commitments of Traders for the week ending April 9th showed Managed Money traders added 4,137 contracts to their already short position and are now net short 44,611. CIT traders reduced their net long position by 3,176 contracts to a net long 71,964 contracts. KC Wheat Non-Commercial No CIT traders hit a new extreme short of 63,788 contracts. Non-Commercial No CIT traders were net short 63,788 contracts after increasing their already short position by 2,683 contracts. Non-Commercial & Non-Reportable traders are net short 42,6

HOGS:

June hogs are under the negative influence of a key reversal top from last week. Pork prices have eased after reaching their highest levels since last summer, and slaughter and pork production have picked up the past couple of weeks. The first retracement of the rally from the contract low on January 2 to last week's contract high comes in at 101.20, which could be an initial support level today. Friday's Commitments of Traders showed managed money traders were net long 92,731 contracts as of April 9, their biggest since 2013. This data was as of
last Tuesday, the day before the market experienced its key reversal lower and no doubt contributed to the heavy selling last Wednesday and Friday.

The USDA estimated hog slaughter came in at 2.485 million head last week, up from 2.421 million the previous week and 2.427 million a year ago. Estimated US pork production last week was 534.6 million pounds, up from 521.2 million the previous week and 527.2 million a year ago. The USDA pork cutout, released after the close Friday, came in at $100.17, down 10 cents from Thursday but up from $97.84 the previous week. The CME Lean Hog Index as of April 10 was 89.84, up from 88.78 the previous session and 85.88 the previous week.

CATTLE:

Despite a disappointing cash trade last week, June live cattle may find support around 169.00, the bottom of a month-long consolidation that lasted from mid-December from mid-January. At Friday's low the market had fallen 16.375 from the March peak, while cash live cattle prices have fallen only 4.00 during the same period, which suggests that fund selling may have gotten ahead of the market. Cash live cattle were lower last week. As of Friday afternoon, the five-day, five-area weighted average price was $183.48, down from $185.53 the previous week and down from a peak of $189.44 on March 22. The USDA estimated cattle slaughter came in at 603,000 head last week, down from 613,000 the previous week and 611,000 a year ago.

The estimated average dressed cattle weight last week was 847 pounds, up from 845 the previous week and 819 a year ago. The 5-year average weight for that week is 821 pounds. Estimated beef production last week was 509.8 million pounds, up from 499.7 million a year ago. The USDA boxed beef cutout was $2.20 higher on Friday at $300.57. This was up from $297.17 the previous week. Texas Agriculture Commissioner Sid Miller commented that avian influenza concerns have been a little bit overhyped. He pointed out that the state has not seen any additional infections in here weeks. Friday's Commitments of Traders report showed managed money traders were net sellers of 16,305 contracts of live cattle for the week ending April 9, reducing their net long to 36,976. This was their fourth straight week of selling.

COCOA:

After a lower close on Friday, July cocoa gapped higher at the start of this week and traded to new a contract high, with the nearby contract trading to a new all-time high. Ivory Coast port arrivals for the week ending April 14 totaled 13,000 tonnes, down from 29,000 for the same week last year. Total arrivals for the 2023/24 marketing year have reached 1.317 million tonnes, down 28% from the same period last year. The mid-crop appears to be starting out weak after the prolonged heat wave and record temperatures last month. The slow arrivals may also be reflecting growers' frustration that the Ivory Coast marketing board, the CCC, was not more aggressive in raising the official farmgate price. Farmer groups are asking authorities for increase to 2,500 West African francs ($4) per kilo from the 1,500 ($2.50) announced earlier this month, which itself was an increase of 50% from the previous level.

It had been hoped that the 50% increase would be enough to draw more cocoa to port, but that does not appear to be the case, especially with futures prices up 227% since the start of the marketing year. European and North American grind numbers are due to be released this week, and that may present an opportunity for some negative demand news. The trade is already expecting modest a decline due to lower availability of beans. The funds continue to back away from longs, while the commercials are gradually covering their net shorts. Friday's Commitments of Traders showed managed money traders were net sellers of 53 contracts of cocoa for the week ending April 9, reducing their net long to 19,666. This is down from a net long of 64,000 in January. Commercial traders were net buyers of 1,544, reducing their net short to 28,906. This is their smallest net short since February 2023.

COFFEE:

July coffee closed well off its highs on Friday after reaching its highest level since January 2022, and this makes Friday's high at 229.75 a formidable resistance area. Vietnam's rainy season is normally well advanced by now, but a prolonged heatwave this year is viewed at damaging for their 2024/25 robusta crop. This follows a 2023/24 crop that is estimated to be down 20% from 2022/23. Houthi attacks in the Red Sea have forced shippers to take a much longer route around South Africa instead of the Suez Canal, and this has slowed the arrival of robusta supplies in Europe and forced European grinders to rely more on coffee from Brazil.

There are also concerns about Brazil's 2024/25 crop after heavy rains earlier this month reportedly damaged trees. Friday's Commitments of Traders report showed managed money traders were net buyers of 9,650 contracts of coffee for the week ending April 9, increasing their net long to 66,885. This was a new record, which leaves the market vulnerable to heavy selling if support levels are violated. The net long was probably more extreme by Friday given the market had climbed another 18 cents since the data was collected.

COTTON:

July cotton was higher at the start of this week as the market seems to have fallen too far too fast after an 18% decline from its February peak. Last week's USDA supply demand report held few surprises, but it did come in at the bullish end of expectations, with US 2023/24 ending stocks unchanged at 2.5 million bales versus an average expectation of 2.56 million and world ending stocks at 83.08 million bales versus 83.38 million expected. USDA left Brazilian and Australian production unchanged, but they did increase Brazilian exports to 11.7 million from 11.2 million in March and Australian exports to 6.00 million from 5.75 million.

Crude oil was down early this week in the wake of the Iranian attack on Israel, as the damage was less than feared after the warnings of the past couple of weeks, but the rally in crude oil since the start of the year does lend support to cotton. However, the strength in the dollar undermines support as it makes US cotton more expensive on the export market. Friday's Commitments of Traders report showed managed money traders were net sellers of 18,556 contracts of cotton for the week ending April 9, reducing their net long to 62,032. This is down from 2 1/2 year high of 94,038 from March. The selling trend is short-term negative.

SUGAR:

The sugar market may draw some support early this week from a statement by a senior Indian Food Ministry official that the government is not considering allowing sugar exports for the rest of the 2023/24 season, despite requests to do so from sugar manufacturers. The key industry group ISMA had requested that exports be allowed in the wake of improved production reports since the start of the year. Last week a government official said that they would like to see any additional cane output go towards ethanol production.

The Indian government also reported that it expects average monsoon rains in this year, with amounts coming in at 106% of the long-term average. Below average monsoon last year hurt sugar production, which is what led to the export restriction and confirms unofficial reports from last week. Friday's Commitments of Traders report showed managed money traders were net sellers of 10,789 contracts of sugar for the week ending April 9, reducing their net long to 78,374. This is relatively neutral compared to a record net long of 285,000 and a record net short of 235,000.