Weekly Futures Market Summary

by the ADMIS Research Team
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BONDS:
Once again, the treasury market stood up to US economic data late last week that should have forced prices sharply lower. In fact, bond and note prices held in positive territory Friday in the face of a midsession upside breakout in equities in a testament to the resolve of the bull camp and perhaps as a signal of the Federal Reserve's resolve to "hold rates down". In retrospect, treasury prices have also discounted distinct price pressures from surging grain prices and the potential for a multiyear upside breakout in copper prices ahead.

In our opinion, the treasury markets have been trading contrary to economic data despite signs that the virus is coming under control in the US and economic activity in many places is trending back in the direction of normal. However, the treasury markets could have a key test on Wednesday from the Federal Reserve’s Open Market Committee meeting, with the Fed likely noting some progress in the economy and perhaps taking note of classic firming CPI and PPI inflation signals. While China could become proactive against rising commodity prices and snuff out inflation prospects temporarily. seeing the Chinese indicate they will "stimulate domestic demand" should mean inflation will not soften for long!

After week of very scant US scheduled data flows. this week starts out with a US durable goods orders report for March with expectations calling for a gain of 2 1/2%. In our opinion, after a contraction in durable goods last month that could create the potential for a strong bounce back gain this month! From a technical perspective, the treasury bond market has carved out a very uniform uptrend channel pattern and given a net spec and fund short of 177,000 contracts, the bull camp would seem to have the initial edge early this week.

The April 20th Commitments of Traders report showed Bonds Non-Commercial & Non-Reportable traders added 3,222 contracts to their already short position and are now net short 177,714. While the note market trend is not as uniform as the bond market, the net spec short is much smaller (relatively speaking) and the prior 3 day's action hints at a slight corrective tilt. In the T-Notes market Non-Commercial & Non-Reportable traders were net short 196,270 contracts after decreasing their short position by 20,540 contracts.

CURRENCIES:

While we see the action in the currency markets late last week as a temporary pause in trend action, it is possible that the dollar is poised for a slide back to the late February/early January consolidation lows and recovery currencies to regain some momentum this week. However issues limiting the upside in those recovery currencies (euro, Swiss franc, and British pound) are the troublesome daily infection rate above 300,000 per day in India and signs that US daily infections are still not falling away definitively.

In our opinion, the slide in the dollar is the expected fundamental result of the Fed sticking by its resolve to "hold rates down" until the pandemic is over, employment is strong, and inflation surpasses their targeting by a noted amount. In other words, the world expects the US yield differential to encourage outflows from treasury holdings and in the event US infections show low readings this week a return to 90.00 is likely. The April 20th Commitments of Traders report showed Dollar Non-Commercial & Non-Reportable traders reduced their net long position by 2,183 contracts to a net long 6,745 contracts.

With a fresh upside breakout in the euro taking place despite disappointing German IFO data, it-is-clear that international forces are driving the euro. We see near term upside targeting at 1.2139 and expect the uptrend to continue unless US data disappoints and or the Indian situation appears to be capable of negatively impacting global affairs. The Commitments of Traders report for the week ending April 20th showed Euro Non-Commercial & Non-Reportable traders added 20,557 contracts to their already long position and are now net long 126,131.

With the Yen out-of-favor for a very long time, the uniform uptrend channel so far in April very impressive suggests a sustainable uptrend has likely settled into place. Like the euro, the Yen is not being driven exclusively by domestic information. However, Japan did see signs of inflation from a corporate service price index, but also saw strength from current conditions index readings for February. Directly ahead the Yen is seen as a significantly undervalued currency, with the potential for large gains from risk on.

Not to be left out the Swiss also has a very uniform uptrend channel and more than corrected its overbought condition from the beginning of the year with an 800-point slide. Uptrend channel support today is 1.0915 and targeting is seen at 1.1017. However, the Pound continues to be "left out" of the nondollar currency swing higher. As opposed to several months ago when the UK saw another lockdown, the Pound should not be held down by its infection situation. Unfortunately, the currency sits just above the midpoint of a 250-point range and appears to be set to remain in a choppy trendless condition.

With an upside breakout to a 40-day high in the Canadian dollar and the dollar ranging down sharply, we suspect the Canadian is poised to return to the March high. We suspect that the Canadian is also benefiting from the improved infection counts situation in the US as Canada is likely to find itself with as much vaccine as it can distribute. Another issue adding to the bull case in the Canadian is a recent Canadian spending announcement. Near term targeting in the Canadian is now seen at 80.54.

STOCKS:

While the equity markets showed choppy two-sided price action in the trade late last week they ultimately regain their bullish footing and forged new highs for the week and would appear to be a delayed reaction to a sweep of positive US manufacturing PMI and housing data. Certainly the stock markets were overbought into last week's highs, but the correction from that high of 73 points in the S&P appears to have balanced the market and paved the way for the beginning of another wave top. Global equity markets were mixed at the start of this week with declines seen in Pacific rim stocks, and European stocks waffling around both sides of unchanged in the early trade.

In retrospect, conditions for equities appear to be very positive, with the markets at times seeing favorable scheduled data and falling yields from the treasury markets. Unfortunately for the bull camp, the markets last week saw a large wave of favorable earnings but initially fell of that news. Looking forward the markets cannot help but have a measure of concern for this week's Fed dialogue as classic price measures are showing inflation on the ground and the Fed has its meeting and statement due out on Wednesday!

With the S&P correcting hard at times last week and recovering from that washout, the index should be in a more balanced position to start this week than it was last week. However, all market measures are likely to be impacted by the Tesla earnings released after the close Monday, as that stock has been a major bellwether for the broad market and for the tech sector. The Commitments of Traders report for the week ending April 20th showed E-Mini S&P Non-Commercial & Non-Reportable traders were net long 30,615 contracts after decreasing their long position by 8,260 contracts.

While the situation in India (record daily infections) is a potential major negative for investors, news that US infections are coming down and given that rates recently have declined in the face of positive data, leaves large stocks in the Dow in a sweet spot. Using last week's sideways consolidation range as a measuring tool, (500 points) we see prices headed toward 34,500. The April 20th Commitments of Traders report showed Dow Jones $5 Non-Commercial & Non-Reportable traders net bought 2,935 contracts which moved them from a net short to a net long position of 679 contracts.

The NASDAQ continues to post the weakest chart action, with rotation out of stay-at-home stocks and the tech sector facing spillover pressure from potential regulation. Therefore, we suspect NASDAQ will continue to lag the rest of the market. In fact, the NASDAQ is likely to face a significant test from Tesla earnings, especially after Tesla undermined broad market sentiment following a deadly crash last week. Nasdaq Mini positioning in the Commitments of Traders for the week ending April 20th showed Non-Commercial & Non-Reportable traders reduced their net short position by 4,083 contracts to a net short 6,729 contracts.

GOLD, SILVER & PLATINUM:
Despite a poor finish at the end of last week gold and silver are showing very minor positive action to start out this week and we attribute that to a fresh downside breakout in the dollar. Last week, the precious metal markets correlated with treasuries, but with the fresh downside breakout in the dollar that outside market force could be controlling prices today. Fortunately for the bull camp, the gold market saw several very supportive developments last week. First and foremost, seeing the Chinese move to lessen restrictions for gold imports provides a major potential avenue for demand, but the bull camp should garner additional initial assistance following a downside extension in the dollar last week and what appears to be an ongoing uptrend in bonds (falling rates).

However, for the gold market a major demand threat looms large in the wake of a daily Indian infection rates approaching 350,000. With the rate of infection expanding, current lockdowns should be extended, and new lockdowns are likely to be implemented. Therefore, without sharp ongoing declines in the dollar and US interest rates, the bull camp in gold should be nervous about India. From a technical perspective, the net spec and fund long position in gold has remained near the lowest level since June 2019, but the market is certainly capable of a slide this week unless a very favorable global economic vibe serves to distract the market from the Indian debacle.

The April 20th Commitments of Traders report showed Gold Managed Money traders added 4,534 contracts to their already long position and are now net long 69,300. Non-Commercial & Non-Reportable traders net bought 8,480 contracts and are now net long 217,977 contracts. Last week gold ETF holdings declined by a very modest 18,858 ounces and are now 7.2% lower year to date. Pushed into the market, we favor the bear case with a likely corrective track, with a decline to the bottom of the first half of April consolidation down at $1,727 possible if Indian gold demand fears are accentuated by severe outside market pressures like a recovering dollar and or jumping US interest rates.

In the silver market, it escaped last week without as much technical damage as was seen in gold. While a catastrophe in India will negatively impact all commodities, silver should be less impacted by the Indian demand threat than gold but is also likely to "follow" gold. From a technical perspective, the net spec and fund long in silver is somewhat overdone and vulnerable to stop loss selling this week. The April 20th Commitments of Traders report showed Silver Managed Money traders were net long 34,405 contracts after increasing their already long position by 5,520 contracts. Non-Commercial & Non-Reportable traders are net long 61,533 contracts after net buying 5,699 contracts. Last week, silver ETFs reduced their holdings by 3.4 million ounces, but those holdings remain 3.6% higher on the year. Without a massive risk on global wave of optimism, we see silver retesting the consolidation low at $25.69.

With another new all-time high forged at the end of last week, the palladium charts remain in favor of the bull camp. However, open interest peaked out and started to decline after the large spike up last Wednesday and for some that suggests prices above $2,800 are expensive. However, the market should see support from an analyst forecast that palladium will be in deficit of about 1 million ounces this year because of surging demand and level supply. The analyst from UBS targeted $3,000 in the coming weeks! Therefore, the palladium market clearly needs "risk on" overall market conditions but could still perform relatively better than other markets because of signs that China will be working to stimulate domestic demand in its economy. Last week, palladium ETF holdings increased by 5938 ounces and currently sit 2.3% higher on the year. As opposed to platinum, the net spec and fund long in palladium remains historically low which is highly unusual given that prices continue to make record highs! The Commitments of Traders report for the week ending April 20th showed Palladium Managed Money traders net sold 6 contracts and are now net long 3,688 contracts. Non-Commercial & Non-Reportable traders are net long 3,270 contracts after net selling 244 contracts.

Clearly, the platinum market continues to lag other "recovery commodities" and is clearly not drafting much spillover buying from palladium. In fact, spread differentials between the two markets at times have traded above $1,700 which if sustained over a long period of time will result in a-number-of manufacturing substitutions. However, in a very surprising ongoing situation, the net spec and fund long in platinum is at a relatively high level considering the market has basically chopped sideways for the first 4 months of this year! The Commitments of Traders report for the week ending April 20th showed Platinum Managed Money traders were net long 16,074 contracts after increasing their already long position by 1,096 contracts. Non-Commercial & Non-Reportable traders were net long 34,798 contracts after increasing their already long position by 260 contracts.

COPPER:
With a very strong finish last week, news that China intends to stimulate domestic consumer demand, news that China is forcing reduced smelting for clean-air purposes and a noted reduction in the net spec and fund long position since the first week of February, the bull camp has a-number-of issues in its favor to start the week. While it is unclear how quickly the Chinese can stimulate domestic demand, that clearly reduces the number of those interested in selling copper.

In fact, it is possible that copper could continue to grind out gains even if areas outside of China experience risk off conditions. However, London-copper hit a 10 year high despite last week's prediction of a January global copper surplus of 28,000 tonnes from the international copper study group. The April 20th Commitments of Traders report showed Copper Managed Money traders are net long 45,083 contracts after net buying 6,810 contracts. Non-Commercial & Non-Reportable traders were net long 56,852 contracts after increasing their already long position by 7,269 contracts.

ENERGY COMPLEX:
The bull camp has seen several bullish developments at the start of this week, and yet prices displayed early weakness. In addition to comments from a major oil player in Russia that the OPEC plus deal to restrain production is likely to become a fixture and given a decline in crude oil floating storage of 13% last week, one might have expected prices to have rallied. So far, the financial markets are not concerned that the Indian infection situation will be exported to nearby countries, but energy prices are factoring in some reduction in Indian energy demand. The question becomes just how long will India's economy be held back by restricted activity, and will world economic sentiment improve despite Indian troubles?

OPEC is seeking lobbying assistance against the US antitrust charges and one wonders if that will anger some members and increase the odds of a "price war". However, it goes without saying that the US is not as vulnerable as many OPEC producers to sharply lower prices. On the other hand, the US President has called on the world to make good on climate promises and that is a major demand threat that should not be discounted. Last week the Baker Hughes oil rig count in the US fell by one while Canadian oil rigs operating was unchanged. Nonetheless, there is an upward trend in drilling rigs operating which is not surprising considering that WTI has settled in above $60 per barrel.

In addition to Indian demand fears (their latest daily record was 349,000 infections in a 24-hour period) the US saw 3 days last week where the daily tally jumped enough to be concerning. While the net spec and fund long in crude oil has been brought down it remains near some of the highest level since April 2019! The April 20th Commitments of Traders report showed Crude Oil Managed Money traders net sold 4,455 contracts and are now net long 364,466 contracts. Non-Commercial & Non-Reportable traders were net long 593,056 contracts after increasing their already long position by 6,789 contracts.

In our opinion, without a very definitive global risk on vibe prices are vulnerable to further corrective action.

In retrospect, the gasoline market at the end of last week settled into a tight coiled pattern with a range of $2.0217 and $1.9665, but that range was violated early this week and pushed into the market, we favor the downside. While Indian demand news in prior month's data showed improvement, we suspect that is being reversed and will likely be a force hanging heavy on the RBOB trade. It should also be noted that headlines from Asia continue to tout significant product flows from China, but that negative news is partially offset by a decline in last week's Amsterdam, Rotterdam and Antwerp gasoline inventory readings. Fortunately for the bull camp, the net spec and fund long positioning in gasoline is very modest and therefore liquidation action might be modest.

The April 20th Commitments of Traders report showed Gas (RBOB) Managed Money traders added 5,016 contracts to their already long position and are now net long 60,973. Non-Commercial & Non-Reportable traders net bought 6,587 contracts and are now net long 59,301 contracts. While the net spec and fund long in the diesel market is numerically low, the spec long was in the upper end of the range of net longs seen since October 2018! The April 20th Commitments of Traders report showed Heating Oil Managed Money traders net bought 65 contracts and are now net long 16,959 contracts. Non-Commercial & Non-Reportable traders added 1,652 contracts to their already long position and are now net long 31,362. With US security checkpoint numbers continuing to disappoint and reports of significant diesel supply flowing from China, resistance should thicken in the June ULSD contract at $1.8674.

In retrospect, it would appear as if the rally in natural gas has run its course. In fact, while the cold weather in Europe is expected to continue for two weeks, the market probably factored that into prices last week, and the US has seen temperatures warm up for all areas except for the Southwest and Northwest. The Baker Hughes gas drilling rig count was unchanged at 94 rigs last week while Canadian gas rigs operating fell by one to just 38 rigs which is the lowest reading since October of last year.

The April 20th Commitments of Traders report showed Natural Gas Managed Money traders are net long 40,167 contracts after net buying 21,576 contracts. Non-Commercial & Non-Reportable traders were net short 27,296 contracts after decreasing their short position by 4,141 contracts. In our opinion, the bull camp faces a major test to start the new trading week. US temperatures have become less supportive, prices are short-term overbought from a 13-day low to high rally of $0.33 and the threat of lost Indian demand is a psychological negative!

BEANS:

The lack of rain for the Brazil 2nd corn crop has supported corn prices overnight and this helped to support soybeans. July soybeans managed to post a new contract high this morning and Friday. The market closed 93 1/2 cents higher for the week and remains extremely overbought and the rally has been led by soybean oil. July soybean oil closed lower on the session Friday after trading to a contract high and the key reversal might be seen as a short-term bearish force. The market hit a new contract high early this week, and a higher close is now needed to avoid technical selling. A more normal outlook for precipitation and temperatures for the Midwest for the next two weeks should help the crop get planted very quickly. Missouri and the southern half of Illinois and Indiana look to receive 1 1/2 to 3 inches of rain in the next five days.

The 6-10 and 8-14 day models show above normal precipitation for the northwestern Corn Belt. With the extreme overbought condition, it will take a steady flow of bullish news to hold the market in a steep uptrend. Exporters confirmed a sale of 132,000 tonnes of US soybeans sold to China. Argentina officials are considering an increase in grain export taxes. Current taxes are 33% on soybean exports and 31% on meal and oil and the government is attempting to control inflation. Traders do not anticipate deliveries against the May contract and this, along with weakness in the US dollar were seen as positive forces this past week.

Soybeans positioning in the Commitments of Traders for the week ending April 20th showed managed money traders were net long 172,544 contracts after increasing their already long position by 30,286 contracts in just one week. This is still well shy of the 2012 peak net long of 253,889 contracts. Non-Commercial & Non-Reportable traders added 38,807 contracts to their already long position and are now net long 207,911. Soyoil positioning showed managed money traders net bought 8,827 contracts for the week and are now net long 89,992 contracts. Non-Commercial & Non-Reportable traders added 6,991 contracts to their already long position and are now net long 115,680. For soymeal, managed money traders added 4,217 contracts to their already long position and are now net long 48,047. Non-Commercial & Non-Reportable traders are net long 105,844 contracts after net buying 13,226 contracts.

CORN:

Most of the central growing regions for Brazil corn look to be near completely dry over the next 10 days and this forecast sparked strong buying overnight. Given the extreme overbought condition of the market and a less threatening Midwest forecast, the market is vulnerable to a significant correction "if" the Brazil forecast changes but if not, significant crop damage is possible. The lack of rain in the forecast for Brazil is a bullish force. Crop conditions in Brazil have been deteriorating in the last several weeks, and another dry week could spark increase concerns for the crop. Traders are already adjusting their Brazil corn crop estimates lower. For the week, July corn finished with a gain of 58 3/4 cents.

Continued import demand from China continues to be a major source of strength for the corn market, which is as overbought as the market can be. Traditional technical indicators are showing extreme measures, while the 50-day moving average for July corn is $1.01 below the market. Brazil crop issues persist but a more normal outlook for precipitation and temperatures for the Midwest for the next two weeks should help the crop get planted very quickly and might ease US crop concerns. Missouri and the southern half of Illinois and Indiana look to receive 1 1/2 to 3 inches of rain in the next five days. The 6-10 and 8-14 day models show above normal precipitation for the northwestern Corn Belt, including the Dakotas.

Exporters confirmed a sale of 336,000 tonnes of US corn to unknown destination and also 136,680 tonnes to Guatemala. South Korea firms also bought 201,000 tonnes of corn in an international tender and a different feed company bought 137,000 tonnes of corn. Argentina officials are considering an increase in grain export taxes. Current taxes are 12% on corn and the government is attempting to control inflation. The April 20th Commitments of Traders report showed managed money traders net sold 17,995 contracts for the week and are now net long 383,998 contracts. Non-Commercial & Non-Reportable traders net sold 7,443 contracts and are now net long 487,560 contracts.

WHEAT:

The US weather forecast has improved with hefty rain totals in the 5-day forecast models for the southern Plains, especially Oklahoma and the southeastern quadrant of Kansas. The 6 to 10 day forecast calls for above normal temperatures and normal to above normal precipitation for much of the Plains. Egypt is tendering for wheat with results expected today. The market has followed the other grains higher and questionable weather added to the positive tone. However, it looks like a little more normal weather could spark some selling pressure due to the extreme overbought condition of the market.

July wheat closed higher on the session Friday and managed to post a new contract high and up to the highest level since 2014. The wheat market closed 57 1/4 cents higher on the week and is now showing an extreme overbought condition. It is rare that the market is trading near $0.75 above the 50 day moving average. Ukraine grain harvest could rise by almost 9% to 70.7 million tonnes in 2021, Ukraine's Institute of Agrarian Economy said today.

The scientists said in a report the harvest of wheat could total 28.5 million tonnes and corn could total 31.1 million tonnes. The forecast is far below the government estimate of more than 75 million tonnes. Another selloff in the US dollar helped to support as traders noticed weekly export sales coming in well above trade expectations this week. Strength in the other grains helped to support as well. For the Canadian acreage report, traders see wheat planted area at 23.7 million acres, 22.5-24.7 range, as compared with 24.98 million acres last year.

The Commitments of Traders report for the week ending April 20th showed wheat managed money traders went from a net short to a net long position of 1,583 contracts after net buying 14,800 contracts for the week. Non-Commercial No CIT traders are net short 25,339 contracts after net buying 15,120 contracts for the week. For KC Wheat, managed money traders added 7,719 contracts to their already long position and are now net long 18,747. Non-Commercial & Non-Reportable traders are net long 20,591 contracts after net buying 9,232 contracts for the week.

HOGS:

The hog market has seen volatile price action over the last few weeks with a clash of talk of good demand for pork in the US, but sluggish export news. If China backs away from aggressive imports of US pork, there will be more to absorb and this could pressure pork values. The USDA pork cutout, released after the close Friday, came in at $110.06, down $3.22 from $113.28 on Thursday and $110.80 the previous week. This was the lowest the cutout had been since April 14. June hogs closed sharply higher on the session Friday and near the highs.

Demand signals for both hogs and cattle are still positive for the next month or so and the discount of June to the cash market may have provided some support. In addition, while China pork production is on the mend, China officials still believe pork imports for 2021 will be higher than 2020 as long as China pork prices remain well above import prices. The monthly cold storage report carried a bullish tilt. The CME Lean Hog Index as of April 21 was 105.99, up from 105.12 the previous session and 103.03 the previous week.

The USDA estimated hog slaughter came in at 474,000 head Friday and 63,000 head for Saturday. This brought the total for last week to 2.473 million head, up from 2.469 million the previous week and 1.991 million a year ago. Friday's Commitments of Traders showed managed money traders were net sellers of 4,714 contracts of lean hogs for the week ending April 20, reducing their net long to 73,246. This is a long liquidation selling trend. China's national average spot pig price as of April 26 was down 1.2% from Friday. For the month prices are down 7.75% and down 34.6% year to date.

CATTLE:

Last Friday's Cattle on Feed Report was considered supportive for the market. Placements for the month of March came in at 128.3% of last year which was well below trade estimates at 133.9% of last year and right near the low end of trade expectations. Marketing's for the month of March came in at 101.5% of last year which was near the high end of trade expectations. As a result, total cattle supply on feedlots as of April 1 came in at 105.3% of last year as compared with trade expectations at 106.1% of last year. This was also near the low end of trade expectations and is considered supportive. With the sharp selloff of the last two weeks, and a very strong beef market last week, the market looks set for a recovery bounce.

The USDA boxed beef cutout was up $1.01 at mid-session Friday and closed $1.46 higher at $283.77. This was up from $276.05 the previous week and was the highest the cutout had been since June 3. Cash live cattle trade was very light on Friday after trending modestly lower all week. As of Friday afternoon, the 5-day, 5-area weighted average price was 121.20, down from 121.81 the previous week. While the demand factors remain quite positive, the discount of June cattle to the cash market plus high feed prices are factors which may spark a short-term bulge in production. Average weights remain higher than traders expected and this could boost short-term production as well.

Strong beef prices should provide underlying support and could support higher cash trade into early May as the demand remains very strong. The USDA estimated cattle slaughter came in at 113,000 head Friday and 74,000 head for Saturday. This brought the total for last week to 665,000 head, up from 640,000 the previous week and 470,000 a year ago. Friday Commitments of Traders report showed managed money traders were net sellers of 15,912 contracts of live cattle for the week ending April 20, reducing their net long to 71,319 which is a long liquidation selling trend. Non-commercial, no CIT traders were net sellers of 14,030, reducing their net long to 49,984.

COCOA:
While cocoa's near-term demand concerns remain a front-and-center issue, the longer-term demand outlook should continue to improve as COVID vaccines receive more widespread distribution around the globe. If West African mid-crop production does not live up to early market expectations, cocoa should be able to extend a recovery move through the rest of April. July cocoa was able to bounce back from early and midsession pressure as it finished Friday's trading session with a moderate gain and a third positive daily result in a row. For the week, however, July cocoa finished with a loss of 14 points (down 0.6%) which was a fifth negative weekly result over the past 6 weeks and was also a negative weekly reversal from last Tuesday's 4 1/2 week high.

A sharp rally in the Eurocurrency last Friday provided cocoa with carryover support as that can help to soothe European near-term demand concerns. In addition, a strong rally in US equity markets on Friday may result in early strength for Asian and European equities this week which should also provide carryover support to cocoa prices. Several major global chocolate makers including Barry Callebaut have a positive outlook for upcoming chocolate demand, and that provided underlying support to cocoa prices going into the weekend.

Nigeria's March cocoa exports were 127% above last year's total and 93% above February's total and while that is due in part to delayed first quarter shipments, it also reflects some improvement in global cocoa demand. West African growing areas have rainfall in the forecast for most days through the middle of next week, but daily high temperatures will climb above 90 degrees Fahrenheit in many regions which will limit any benefit for their upcoming mid-crop cocoa production.

Cocoa positioning in the Commitments of Traders for the week ending April 20th showed Managed Money traders are net long 14,686 contracts after net selling 1,228 contracts. CIT traders are net long 32,961 contracts after net selling 2,929 contracts. Non-Commercial No CIT traders are net long 4,643 contracts after net buying 1,689 contracts. Non-Commercial & Non-Reportable traders reduced their net long position by 886 contracts to a net long 32,967 contracts.

COFFEE:
Coffee prices regained upside momentum late last week and are within striking distance of their highest levels since December 2019. With more evidence of a bullish supply outlook and stronger global risk sentiment, coffee is in good position to extend its April rally early this week. July coffee was able to extend Thursday's upside breakout move as it reached a new 7 1/2 week high before finishing Friday's trading session with a sizable gain. For the week, July coffee finished with a gain of 7.30 cents (up 5.6%) and a third positive weekly result in a row.

Although daily high temperatures will only reach the low 80's Fahrenheit over that timeframe, there is no rain in the forecast for Brazil's major Arabica-growing regions through the middle of next week. Following drier than normal conditions starting last year, this has provided underlying support to the coffee market as that increases the likelihood that their upcoming 2021/22 "off-year" coffee crop will come in sharply below the previous season's total.

Even after this month's recovery move, the head of the Brazilian exporter associations Cecafe that it was unclear whether the market had fully priced-in the outlook for Arabica supply and demand. The positive turnaround in global risk sentiment late on Friday was also a source of strength for coffee prices as that should provide a boost to supermarket and internet coffee sales. ICE exchange coffee stocks rose by 450 bags on Friday to reach a new 1-year high and with 5 session left in April remain on track for a seventh monthly increase in a row which would be the longest monthly build streak since January of 2019.

The Commitments of Traders report for the week ending April 20th showed Coffee Managed Money traders net bought 7,790 contracts and are now net long 18,289 contracts. CIT traders net bought 2,644 contracts and are now net long 74,052 contracts. Non-Commercial No CIT traders were net long 17,733 contracts after increasing their already long position by 6,416 contracts. Non-Commercial & Non-

Reportable traders were net long 39,777 contracts after increasing their already long position by 7,022 contracts.

COTTON:
The new high for the move for December cotton early this week followed by a push lower could become a negative technical development if the market closes significantly lower. Friday's rally pushed the market up to its highest level since March 8. Sharply higher prices for corn, wheat, and soybeans last week have finally put some upward pressure on cotton, which will be competing for acreage with those crops. The dollar closed sharply lower and down to its lowest level since March 2, which is also supportive to US export crops like cotton. On top of that, concern is building for the cotton crop in West Texas, where drought conditions continue. The Drought Monitor this week showed the drought steady to worse, and the 6-10 and 8-14 day forecasts call for below normal precipitation in the region.

The trade is debating whether the drought will show up in lower planted acreage or higher abandonment rates. However, most of key growing areas of Texas look to receive 1-2 inches in the next five days before dryness returns for the 6-14 day models. Friday's Commitments of Traders report showed managed money traders were net buyers of 1,806 contracts of cotton for the week ending April 20, increasing their net long to 51,892. Non-commercial & non-reportable traders were net buyers of 2,002, increasing their net long to 82,069 contracts.

SUGAR:
While sugar prices ran out of near-term upside momentum late last week, they remain within striking distance of new multi-year highs. With an increasingly bullish Brazilian supply outlook providing support, sugar should finish the month by extending its April recovery move. July sugar avoided downside follow-through from Thursday's negative key reversal and retested a contract high before finishing Friday's trading session at unchanged levels. For the week, July sugar finished with a gain of 31 ticks (up 1.9%) and a third positive weekly result in a row.

A rebound in energy prices provided the sugar market with carryover support as that can give a boost to Brazilian domestic ethanol demand. In addition, the prospect that Brazil's Center-South production will fall sharply from last season's output provided additional strength to sugar prices going into the weekend. While daily high temperatures will only reach the mid-80's Fahrenheit in many areas, Brazil's Central-South cane-growing regions have no rain in the forecast until the middle of next week. This follows drier than normal conditions since last year, with Somar Meteorologia estimating they had the driest January-April period since 2017 and Czarnikow projecting their driest April in a decade.

As a result, analysts have dialed back 2021/22 Center-South cane crop forecasts with some falling below 550 million tonnes versus 2020/21's 605.46 million. Even if sugar's share of crushing remains close to last season's 46%, Central-South sugar production should come in well below the 2020/21 season's 38.46 million tonnes. Thailand's 2020/21 cane crush has mostly wrapped up with a second season in a row near multi-decade low sugar production, while a freeze over French growing fields earlier this month could result in the EU's 2021/22 sugar production having a third straight decline.

Sugar positioning in the Commitments of Traders for the week ending April 20th showed Managed Money traders were net long 223,302 contracts after increasing their already long position by 45,067 contracts. CIT traders net bought 9,831 contracts and are now net long 234,479 contracts. Non-Commercial No CIT traders are net long 160,041 contracts after net buying 42,304 contracts. Non-Commercial & Non-Reportable traders are net long 308,431 contracts after net buying 57,019 contracts.

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