ADM Investor Services, Inc.

Weekly Futures Market Summary

by the ADMIS Research Team
June 21, 2021

BONDS:
In our opinion, the Treasury bond market overreacted to a series of softer than expected US data points, to the prospect of a puncturing of the inflation story following huge commodity price declines and most specifically in the wake of the statements from the US Federal Reserve. In fact, the Fed statement acknowledged the potential that inflation might be "more persistent" than previously expected and it also indicated the US economy continues to grow and more jobs will be added. Therefore, the gains in the bonds this week appear to be partly the result of technical short covering (from a large net spec and fund short), but also because the Fed might be turning prematurely hawkish!

In retrospect, the significant rally in Treasury bond prices off last week's low, into the overnight high of 6 points, seems to be a massive overreaction to "relief" that the Fed was not closer to removing the simulative punch bowl as was thought ahead of the FOMC meeting. Taking a step back, seeing some Fed members pull forward their "expectations" for higher rates from 2023, into 2022, clearly is of little concern to the bull camp. Certainly, US economic data has shown deceleration of the recovery, and we suspect that improved data from the broadest national reopening wave of the pandemic will not show up in regularly scheduled US readings until the next jobs report in the first week of July.

On the other hand, massive declines in a-number-of physical commodities recently punctures the inflationary vibe in the markets and without improved global growth proof, it could be difficult to rekindle inflation fear selling in the treasury markets. On the other hand, the treasury yield curve flattened, and that usually signals hawkish vibes in the marketplace. Developments of importance early this week included a "no change" in interest rates in China from the PBOC, further evidence of significant price gains in a house price index reading in the UK and a slightly disappointing Australian retail sales reading for May on a month over month basis.

CURRENCIES:
In retrospect, the gains in the dollar last week were very surprising, especially with US scheduled data continuing to disappoint and the markets clearly overreacting to last week's large washout in physical commodity prices. However, many nondollar currencies entrenched in a "recovery currency" condition and therefore some measure of decline was deserved in the Swiss franc and euro. In our opinion, the

dollar is significantly short-term overvalued and lacks the basis for the massive run-up over the prior 2 weeks.

Obviously, the bull camp was emboldened by the Fed's hawkish stance shift last week, but signs of a puncturing of the commodity bull wave and evidence of deceleration in the US recovery could make current resistance at 92.36 formidable in the September dollar index. In fact, unless the dollar rallies off a soft Chicago Fed national activity index (thereby revealing a safe-haven focus) we suggest longs bank profits and aggressive shorts consider buying at or in the money put options.

A recovery currency status leaves pressure hanging over the Eurocurrency to start the new trading week. While the trade might be overstating the potential drag on the global economy from the slight hawkish drift at the US Federal Reserve, the more problematic issue for the bull camp is a developing trend of disjointed global data and the delta variant. Certainly, the 1.1900 level could eventually be a key bottom, we leave the edge with the bear camp unless a significant wave of economic optimism returns to the marketplace.

While the Yen forged a significant short covering rally and a 5-day high, the bull camp lacks a solid fundamental case, and the technical action also favors the bear camp. In fact, the Yen made a bid at downtrend channel resistance and appears to have seen buying interest evaporate on that rally! As in the Euro, the Swiss franc is undermined as-a-result of its "recovery currency status" with global economic sentiment undermined by an obvious deceleration in scheduled data.

In fact, seeing the US Federal Reserve perceived to be shifting toward a hawkish stance probably prompts more money to leave the Swiss franc for potential higher yielding US instruments. Furthermore, the Fed shift might be seen as a premature move that could impair or slow the global recovery. On the other hand, the Swiss did forge a quasi-double low and that could discourage what could easily be an ultimate test of 1.08.

On one hand, the Pound forged a lower low for the move early this week, but clearly rejected that slide aggressively. Perhaps news that the Bank of England remains split on tapering quantitative easing is a double-edged sword, as the bank did express concern for inflation. As in many other financial markets, the bull camp in the Pound needs something surprisingly substantial from a key fundamental development to shut off the slide and avoid a sub 1.375 trade this week.

It is possible that the Canadian dollar reached a value zone but so far, we do not see the fundamental justification to call for a low in the currency. While the bearish shockwaves from the US Federal Reserve (perceived shift in stance) leaves pressure on the Canadian, we suspect that pressure will moderate but not stop the slide.

STOCKS:

While some will suggest that the stock market was overbought and that this week's slide was merely a temporary correction, the near perfect storm of economic conditions has deteriorated slightly. The primary change in the marketplace is the subtle hawkish shift by the US Federal Reserve, especially with that change coming on top of several weeks of disappointing US economic data. In retrospect, the taper tantrum seen last week was not as significant as might have been expected and that could limit the magnitude of the slide ahead.

Global equity markets were mixed at the start of this week with weakness seen throughout Asia and minimally positive action seen in most of Europe, and a positive start in the US. Certainly, part of the strength in the US equity markets was largely the result of a significant (albeit temporary) decline in US treasury yields, with the overall market also benefiting from expectations of new highs in the NASDAQ at some point in the coming days. On the other hand, an as expected slide in the Chicago Fed national activity index could spark a temporary setback.

While the S&P rejected a new low for the move and was roughly 51 points above its early week low into the US opening Monday, we are skeptical of the bull case as last week's slightly hawkish shift in the Fed, a loss of forward acceleration in the US economy and the inability to fully "snuff out" US infections leaves investors suspicious of a last minute surge in infections from the "Delta variant". Going forward, the inability to hold above an uptrend support line, could restart aggressive selling, while regaining the 4200 level could restart aggressive buying.

Not surprisingly, the Dow futures knifed lower and temporarily breached the even number 33,000 level in early action this week, and that should leave the bear camp confident and undermine a portion of the bull camp. While the markets do not appear to be overly concerned about a resurgence of US infections from the Delta variant, some would be buyers could be discouraged by the 2-day jump in daily infections toward the 12,000 level. While the 33,000 level could prove to be a critical low, we suspect the market will see periodic trades below that level until macroeconomic sentiment is bolstered by a headline of substance. The NASDAQ remains the strongest component of the markets with the trade apparently expecting "stay-at-home", Internet-based business and technological advances offering the index broader appeal and is seen as an all-weather index.

GOLD, SILVER & PLATINUM:

Apparently, gold and silver prices were cheered early this week by the latest upside extension in treasury prices (yields reached the lowest level since mid-February) and to a lesser degree by a slightly weaker US dollar in the early going. However, China continues to express its disdain for speculative activity in key industrial material prices with an investigation launched into the spot iron ore market and that leaves a dark cloud hanging over many markets where China is a significant demand source and a source of inflation!

On the other hand, China has announced the shutdown of bitcoin mining in the country, with press outlets this morning indicating the crackdown will result in 90% of all bitcoin mining in the country being shut down! Surprisingly, September Bitcoin prices gapped lower and as of this writing it is trading more than $8,000 below last week's highs and some suggest the move to prevent mining will coincide with an aggressive crackdown on Chinese Bitcoin trading and investing in China. However, the question becomes will the Chinese crackdown on cryptocurrencies result in a rotation back to the gold and silver markets in China?

While the bull case in the gold market has not been particularly impressive and given the veritable upside explosion in the dollar, outside market influences look to leave headwinds in the face of the gold trade. On the other hand, the sharp decline in prices over the prior 2 weeks has reportedly sparked gold buying in India, but not as much interest in China. We would note that Chinese discounts have been cut by one third over a 5-day period and Singapore dealers at the end of last week apparently saw increased gold buying off increased inflation concerns.

It should also be noted that gold ETFs on Friday saw their biggest one-day inflow since March 19th, with an inflow of 282,753 ounces, which in turn means that Gold ETF holdings last week ultimately increased by 211,320 ounces. Unfortunately for the bull camp in silver, ETF holdings on Friday declined by 4.1 million ounces bringing the net reduction last week to a level of 3.2 million ounces. While we see the gold market's reaction to the Federal Reserve dialogue as overdone, the charts are "extremely negative", and a sub $1,760 trade could dash fresh hopes of the bull camp from this morning's recovery.

Looking ahead, the Dollar Index might have to fall back below 91.80 to moderately alleviate currency-related pressure and/or data will need to soften enough to drain the fear of higher rates back out of the precious metals market. Unlike gold, the September silver contract appears to have reached a potentially credible even number support level of $26.00, with the sharp trade lower last Thursday potentially exhausting selling interest.

In fact, the September silver contract ranged sharply lower at the start of this week, but then rejected the probe and clawed back above $26.00. However, in the end the September silver contract will have to avoid a close below $26.00 to begin to repair the charts. In our opinion, the silver bulls also need help from improved economic sentiment and/or sharp sustained recovery in equity prices, as the recent wash has deflated inflation inspired bullish sentiment. For now, the hope for inflation has been punctured and could take time to rebuild!

Like the gold market, the palladium charts are extremely negative with severe range down action last week leaving September palladium without close in and credible support and in turn leaving bargain hunting buyers hesitant to step into fresh positions. However, it should be noted that palladium ETF holdings on Friday increased by a notable 4,487 ounces, they increased by a net 12,262 ounces last week, and the year-to-date gain in holdings is now significant at +7.2%.

While palladium ETF holdings have shown periodic gains, investment demand so far, has failed to impress enough to become a primary driving force for prices. In fact, without a pickup in open interest and trading volume on the approach of $2,400 (indicating exhaustion selling or bargain hunting) it is likely that bullish buzz will remain absent from the palladium market.

Not to be left out, the platinum charts were also severely damaged again with a range down extension, and the market seemingly having little in the way of close in support. Fortunately for the bull camp, last Thursday's major slide was forged on the highest volume since December and resulted in a decline in open interest and that should remove another layer of weak handed longs and help exhaust the downtrend quicker. Fortunately for the bull camp, platinum ETF holdings last week increased by 18,139 ounces and holdings remain 2.7% higher for the year!

COPPER:
Like many other physical commodities, last week's macroeconomic letdown and significant physical commodity market liquidation waves have injured sentiment in copper on several different occasions. In fact, with China announcing investigations into the spot iron ore trade, it is clear the Chinese government is serious about deflating material prices and without a noted change in key demand fundamental issues, July copper might be on a direct path to retest $4.00. In fact, the threat of Chinese dumping looms large and has likely discouraged would-be bargain-hunting buying despite the huge May and June slide of $0.79!

In our opinion, the Chinese threat is nearly all-encompassing, but it should also be noted that China May refined copper output increased by 10.2% on a year-over-year basis and May Chinese copper concentrate imports increased by 1.2%. On the other hand, Chinese May copper cathode imports declined by 8.6% while copper scrap imports into China declined by 16.8%! Certainly, seeing Shanghai copper stocks decline last week, and seeing LME copper warehouse stocks decline for the first time in over a week offers some supply side support, but we suspect Chinese dumping fears or significant scrutiny of Chinese copper import trading operations will give the bear camp a residual edge.

ENERGY COMPLEX:
All things considered, the action in the crude oil market has been very impressive and indicative of residual bullish control, as demand could have easily been undermined as-a-result of events and data released over the past 3 weeks. However, the bull camp should be emboldened Monday morning by news that Indian May crude oil imports rose by 18.2% over year ago levels, but that supportive news was more than offset by a 5.5% month over month decline in Indian oil imports. Limiting the upside in crude oil prices is the revelation that new Chinese crude oil import quota levels were down 35% versus year ago levels as that could be a development that signals soft Chinese demand or more likely is another attempt by the Chinese government to knock back the price of a key physical input to their economy.

It is possible that last week's broad-based commodity liquidation wave served to temporarily reverse the well-defined uptrend channel that began in earnest on May 24th, but that setback could also put the market on a firmer technical basis going forward. In fact, the trade managed to reject two violations of the $70.00 level and that in turn should be a key pivot point to start the new trading week. Furthermore, the bull camp should be able to hold prices above the $70.00 level in the wake of news that global floating storage last week declined by 9.6%, but also because of a pop-up tropical storm (Claudette) near New Orleans as that could disrupt shipping but is unlikely to cause damage.

Last week's Baker Hughes oil rig count showed an increase of 8, pushing the count to the highest level since April 24th, 2020. It should also be noted that Canadian oil rigs operating increased by "15" and in turn reached a 15-week high. While the sharp increases in the rig operating counts is long-term bearish and the build in rig activity has been underway for quite some time, the immediate impact on prices from the increases is limited. Obviously, the correction at the end of last week was driven by the reaction to the US Federal Reserve meeting, classic technical corrective action and from demand fears fostered by data and broad-based commodity price weakness, but apparently Goldman Sachs sees the setback as a "buying opportunity" as they continue to project oil prices reaching $80 per barrel.

Like the crude oil market, the gasoline market corrected definitively last week and has aggressively rejected a probe below $2.10 in the August contract in a sign of potential value at that level. In looking ahead, we would expect further improvements in weekly implied gasoline demand readings as the summer vacation period in North America gathers pace, opening up-relief driving continues to expand, but also because the uncertainty of flying has forced those planning trips to choose driving trips. While the US President indicated he was opposed to raising the federal gas tax to pay for infrastructure spending, the real stance of the President is not against increasing taxes but against tying the increase in taxes to the rate of inflation. Unfortunately for the bull camp, the surging US dollar is negatively impacting US gasoline exports as a rough analysis of US gasoline costs to foreign buyers last week temporarily reached the highest level since October 2014!

While the US saw TSA airport security checkpoint readings rose above 2 million for two consecutive days, the bear camp in ULSD has been thrown a bone following news that American Airlines was reducing its flight schedule because of labor shortages and other restraints. On the other hand, press reports a significant decline in Chinese diesel exports could signal some tightness inside China or that could be an effort by the Chinese government to deflate oil prices. As in gasoline, we expect additional inflows to diesel and distillate stock levels this week as the 92.6% US refinery operating rate is likely providing slightly more supply than supply being consumed. We give a slight edge to the bear camp and therefore, global scheduled data is likely to be important to the ULSD trade at the beginning of this week.

While August natural gas has built solid chart support, Friday's close below the prior 5 closes and an early violation of the $3.20 level suggests the charts are vulnerable. The latest forecast has hot US West temperatures expanding east, but that is offset by a forecast for cooler temps in the East. In our opinion, tropical storm Claudette has popped up so close to shore that it is unlikely to strengthen quickly. This week's Baker Hughes gas rig operating count increased by one, while Canadian gas rigs operating increased by 9 and reached an 11-week high. We are a skeptical bull with any close below $3.20 potentially a major corrective signal of even more declines, but gas prices at $3.20 are very cheap from a historical basis, but also from a cyclical basis. However, the market currently lacks a bullish catalyst to put natural gas in vogue among the funds. Aggressive traders might buy dips below $3.20, but not tolerate a close below that level.

BEANS:

The short-term forecast shows 1 to 2 inches of rain for the eastern half of Iowa and into the northern half of Illinois. This is a negative development, but the 6-10 day forecast is dry for the Western Corn Belt and for northern Illinois. The 8-14 day forecast models show dry Iowa but wet Illinois. The Dakotas, Nebraska and Minnesota do not appear to have enough rain over the next two weeks and crop conditions could continue to deteriorate. It is still early in the season, and there is plenty of opportunity for the weather to turn bad, so a slightly drier forecast Friday had traders on edge going into the weekend. At the low Thursday, November soybeans had fallen $2.36 or 16% from their close last Friday.

Remember, most of Iowa is under some sort of drought condition, and the Dakotas have been too dry for too long. China imported 9.23 million tons of soybeans from Brazil in May, up from 5.08 million tonnes in April. Imports were also up from 8.86 million tonnes imported by China a year ago. China bought 244,431 tonnes of soybeans from the US in May, down 50% from year ago. For the first five months of the year, China bought 15.66 million tonnes of Brazil soybeans down from 22.04 million the same period last year. Imports from the US came in at 21.53 million tonnes, more than double the level of 8.97 million tonnes the previous year.

CORN:
The short-term weather forecasts may be enough to pressure the corn market with Iowa and northern Illinois expected to get decent amounts of rainfall over the next five days with plenty of areas over 1 inch. The 6-10 day and 8-14 day forecast models show plenty of dryness for the Dakotas, Nebraska and Minnesota for the next two weeks and this might provide support on any further short-term pullback. Friday's price action was impressive and if outside market forces ease, the market is in position to bounce.

The corn market needs a record yield to avoid tightness ahead and crop conditions so far are a bit below average. China imported 1.89 million tons of corn from the U.S. in May, the highest amount in data going back to 2009, according to customs data released Monday. Imports rose from 1.3 million in April. Shipments from Ukraine were 1.26 million tonnes, the highest since January. December corn has clawed back a large portion of Thursday losses as they finished Friday's trading session with a sizable gain.

Uncertainty about the weather was a counterpoint to negative outside market forces as the dollar was up sharply for the third session in a row, but corn is up more than 32 cents in spite of that pressure. Weather for the Corn Belt is looking slightly drier for much of the western Corn Belt except for Iowa. Traders are keenly aware that forecasts can change quickly. This is put into stronger relief given the tight supply/strong demand situation the market was in coming into this growing season.

WHEAT:
The short-term weather forecast carries a bullish tilt for spring wheat areas. The 1-5 day forecast shows very little rain for the Dakotas or Minnesota. The 6-10 day and 8-14 day models show above normal temperatures and below normal precipitation for this time frame. This is a supportive force as Minnesota and parts of the Dakotas have seen very little rain in the past seven days.

Chicago, KC and Minneapolis wheat all recovered from Thursday's steep selloff with sizable gains during Friday's trading session. A threatening weather forecast for spring wheat areas is providing a lift to the Minneapolis contract, while KC and Chicago seem to be drawing strength from a general recovery across the grain markets and have not been pressured by the sharply higher dollar.

HOGS:
The hog market remains in a steep downtrend off of the June 8 high as a collapse in pork values in the US, and a collapse in pig prices in China has traders nervous that US pork exports are on the decline. Pork values are down 8.9% in just one week and traders see the seasonal advance in production in July and August as a potential bearish force. The market is extremely oversold from a short-term technical perspective but there is still no sign of a short-term low. China's government-backed livestock industry

body urged pig farmers not to panic as hog prices fell further and investors continue to sell shares in major livestock producers.

Hog margins in China are at their lowest level since 2014 as high feed costs and higher hygiene costs have eroded profits for most producers. China's national average spot pig price as of June 21 was down 6.72% from the previous day. For the month, prices are down 26.5% and down 64% year to date. Dalian live hog futures were down 4.7% today and down 23.40% for the month. The USDA pork cutout, released after the close Friday, came in at $119.05, down $4.36 from $123.41 on Thursday and $130.66 the previous week. The CME Lean Hog Index as of June 16 was 121.68, down from 122.60 the previous session but up from 119.91 the previous week.

The USDA estimated hog slaughter came in at 470,000 head Friday and 60,000 head for Saturday. This brought the total for last week to 2.443 million head, up from 2.440 million the previous week but down from 2.593 million a year ago. August hogs probed below Thursday's low on Friday as outside market forces continued to pressure the hog market, with the dollar up sharply for the third session in a row Friday, putting pressure on US export markets like pork. The technical action is weak, with the market gapping lower on the open Thursday and closing below the 50-day moving average. China pork imports from all locations in May reached 370,000 tonnes, down 2.2% from a year ago. Year to date imports reached 1.96 million tonnes, up 13.7% from last year's pace.

CATTLE:
The USDA boxed beef cutout was down 78 cents at mid-session Friday and closed $2.97 lower at $323.28. This was down from $337.56 the previous week and was the lowest the cutout had been since May 17. Cash live cattle prices continued with their firm tone on Friday but at light volume. In Kansas 65 head traded at 122 versus an average of 119.70 last week. In Nebraska 376 head traded at 123-124 with an average price of 123.47 versus an average of 120.13 last week. In Texas/Oklahoma 318 head traded at 120-122 with an average price of 120.74 versus an average of 119.53 last week. As of Friday afternoon, the 5-day, 5-area weighted average was 122.70 versus 120.00 the previous week.

August cattle staged a modest recovery rally on Friday after Thursday's steep selloff, but they were back near unchanged by mid-morning and ultimately finished Friday's trading with a mild gain. The dollar was up sharply for the third session in a row, which added pressure to US export markets like beef. Traders will be watching the beef market closely over the next couple of weeks as prices tend to decline once 4th of July bookings are complete.

Average estimated dressed cattle weights for the week ending June 19 came in at 821 pounds, down from 822 from the previous week and down from 828 a year ago. The 5-year average weekly weight for that week is 810.4. Estimated beef production for the same week came in at 543.1 million pounds, up from 533.2 million a year ago. The USDA estimated cattle slaughter came in at 117,000 head Friday and 69,000 head for Saturday. This brought the total for last week to 663,000 head, down from 665,000 the previous week but up from 646,000 a year ago.

COCOA:
Cocoa prices are down for the month and quarter and are approaching a retest of their 2021 low from early May. With the likelihood of a global demand rebound over the second half of this year, however,

cocoa prices are now well into “bargain” territory and may be closing in on a longer-term low. September cocoa gave back early gains and reached a new 6-week low before finishing Friday’s trading session with a moderate loss and a fourth negative daily result in a row.

For the week, September cocoa finished with a loss of 30 points (down 1.2%) which was a fifth negative weekly result in a row. The Eurocurrency has lost more than 2% in value since the FOMC meeting results were announced on Wednesday, and that has become a major source of carryover pressure on the cocoa market as the Euro zone nations account for over 30% of global cocoa processing. Several Asian nations have delayed relaxing their COVID restrictions over the past few months, and that has had a negative impact on second quarter Asian demand.

Ample near-term West African supply has also weighed on cocoa prices, particularly following reports that Ghana’s Cocobod have raised their 2020/21 full-season production forecast up to 1 million tonnes. The International Cocoa Organization estimates Ivory Coast will have a record high production total of 2.225 million tonnes this season. In spite of a La Nina weather event, this year’s West African dry season left many areas with drier than normal moisture levels. In order for both West African nations to reach those output levels, they will need to decent rainfall over the next month for their late mid-crop harvest.

COFFEE:
After reaching a multi-year high at the start of June, coffee prices have been on the defensive as the “risk off” mood throughout commodity market fueled a retest of the late May lows. With a bullish supply outlook providing support, a positive turnaround at the end of last week could indicate that coffee has found a near-term low. September coffee reached a new 1-month low before rebounding late in the day to finish Friday’s trading session with a modest gain and a positive daily reversal. For the week, September coffee finished with a loss of 7.65 cents (down 4.8%) and a third negative weekly result in a row.

Coffee was pressured by the negative turnaround in the Brazilian currency from last Friday’s new 1-year high, as a period of extended weakness may encourage Brazil’s farmers to market their coffee to foreign customers. Brazil’s major Arabica-growing areas has mostly dry weather in the forecast through the middle of next week, which may aid with harvesting of this season’s crop but will have a negative impact on their 2022/23 coffee production.

There are reports that North American roasters are seeing very tight near-term supply of Colombian coffee due to export disruptions over the past few months, with some analysts not expecting to see a normal supply flow until August. Sluggish global risk sentiment has fueled near-term demand concerns for coffee, particularly in regions that are slow to relax their COVID restrictions. One of those regions is Europe where most ICE exchange coffee stocks are warehoused, as saw an increase of 7,978 bags which lifted those stocks to a new 15-month high.

COTTON:
The cotton market has seen coiling price action over the past 4 sessions as December cotton closed higher on Friday as it stayed within Thursday's big range down. The cotton market apparently

disregarded a third straight sizable gain and a new 2 1/2 month high in the dollar, and focused instead on potential weather problems, strength in the grain markets, and the possibility that US cotton acreage could come in lower than current estimates. The 1-5 day weather forecast calls for moderate to heavy rainfall from east Texas to the Atlantic Coast, with light to none over west Texas growing areas.

The 6-10 and 8-14-day weather forecasts call for above normal temps and below normal precipitation for west Texas as well, and that will cause soils to dry out even further. India's monsoon has slowed down over the past week before it reached several of their northern growing areas, and that may have a negative impact on their upcoming production. China's May cotton imports came in at 170,000 tonnes which was 147% above last year's total. China 2021 imports so far have come in at 1.37 million tonnes which is running 70% ahead of last year's pace.

SUGAR:
With a sizable net spec long position, sugar had plenty of fuel for additional long liquidation during the post-FOMC “risk off” mood seen in many commodities. Key outside markets remain close to their recent highs while Brazilian production should see a sizable decline from last season, both of which can help sugar prices find their footing this week. October sugar was unable to hold onto early strength as it fell into negative territory and reached a 7-week low before finishing Friday’s trading session with a modest loss. For the week, however, October sugar finished with a loss of 101 ticks (down 5.7%) and a second negative weekly result in a row.

A rebound in energy prices provided an early source of carryover support to the sugar market as that can strengthen Brazilian domestic ethanol demand. However, that was offset by the Brazilian currency which fell over 1.5% on the day after earlier reaching a new 1-year high. While it remains far above price levels seen during March and April, the Brazilian Real’s pullback weighed on sugar prices as that could encourage Brazil’s Center-South mills to favor sugar over ethanol with their crushing.

Center-South cane-growing regions have a mostly dry forecast through the middle of next week and while that should help out with harvesting and crushing, those conditions should also have a negative impact on late-harvested cane this season. This year’s Indian monsoon has slowed down over the past week, and that has impacted some cane-growing region of western Uttar Pradesh. China’s May sugar imports came in at 180,000 tonnes which was 38% lower than last year’s total, but their 2021 sugar import total so far of 1.61 million tonnes is running 94% ahead of last year’s pace.

Please contact us at 1.877.690.7303 or via email at sales@admis.com for any questions or comments on this report or would like more information about ADMIS research.