

Commodities Markets Report

By **Max Schulz**

🕒 | **Week 18 | April 30th**



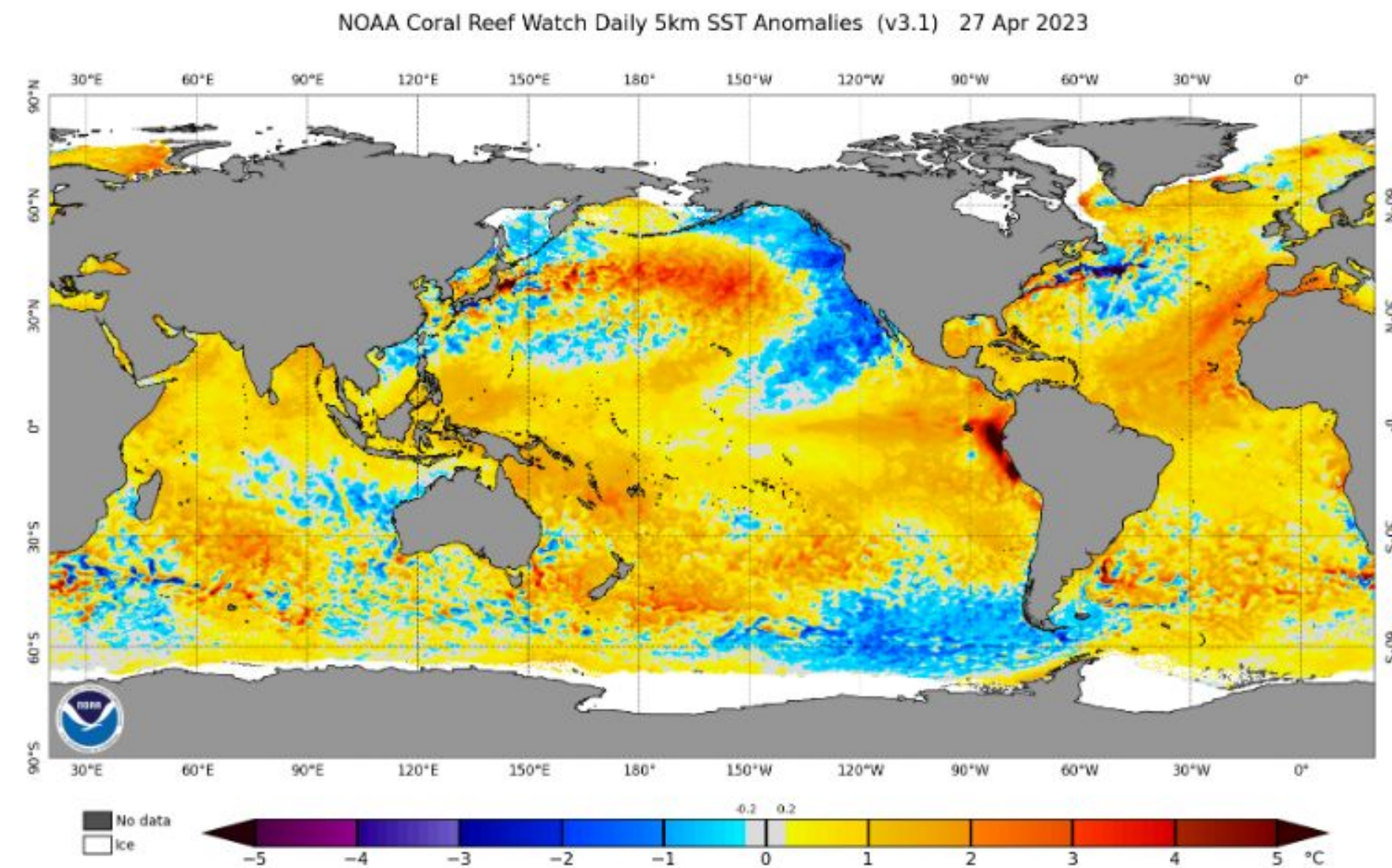


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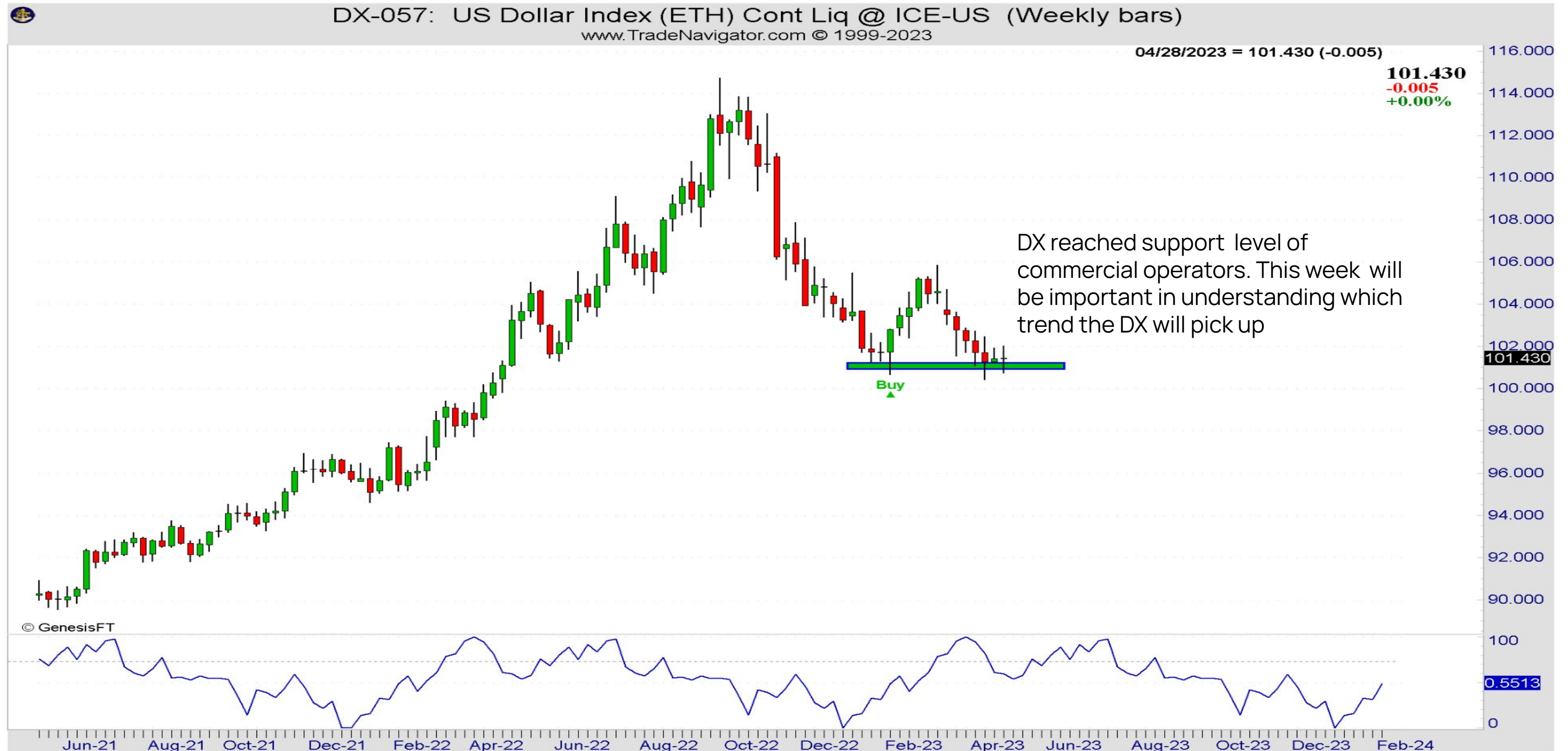
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Global weather review

- Exceptionally warm conditions are being driven by the end of a persistent triple-dip La Niña and a rapid transition into warmer El Niño conditions.
- Taking the first three months of the year, global surface temperatures so far are tied as the fourth warmest on record, after 2016, 2020 and 2017.
- March 2023 was the second warmest since records began in the mid-1800s, with record warm temperatures in parts of central Asia, coastal China, and Japan, as well as South America.
- India's IMD predicts pleasant weather during April-end, no heatwave.
- In Brazil showers diminished in corn and cotton areas in central and northeastern Brazil, but beneficial rain continued for second-crop corn farther south
- West Africa weather remained favorable with showers across the country.



Dollar Index



Goldman Sachs Commodities Index



Sugar: Buy

- Sugar prices closed unchanged on Friday
- Sugar prices picked up an uptrend on speculation that lower than expected sugar production in India will prompt the government to curb sugar exports.
- Indian Sugar Mills Association cut its 2022/23 sugar production estimate to 32.8 MMT from 34 MMT.
- India's Food Secretary said India is likely to ban additional sugar exports this year due to lower than expected sugar production.
- India allowed 6 MMT of sugar exports in 2022/23 after permitting 11.2 MMT 2022, -46% y/y.
- International Sugar Organization on Feb 24 raised 2023 global sugar deficit estimate to -2.25 MMT from prior -1.67 MMT and cut its 2023 global sugar surplus to 4.15 MMT from 6.19 MMT.
- The European Association of Sugar Manufacturers in Dec forecasted that EU 2022/23 sugar output would fall -7% y/y to 15.5 MMT.

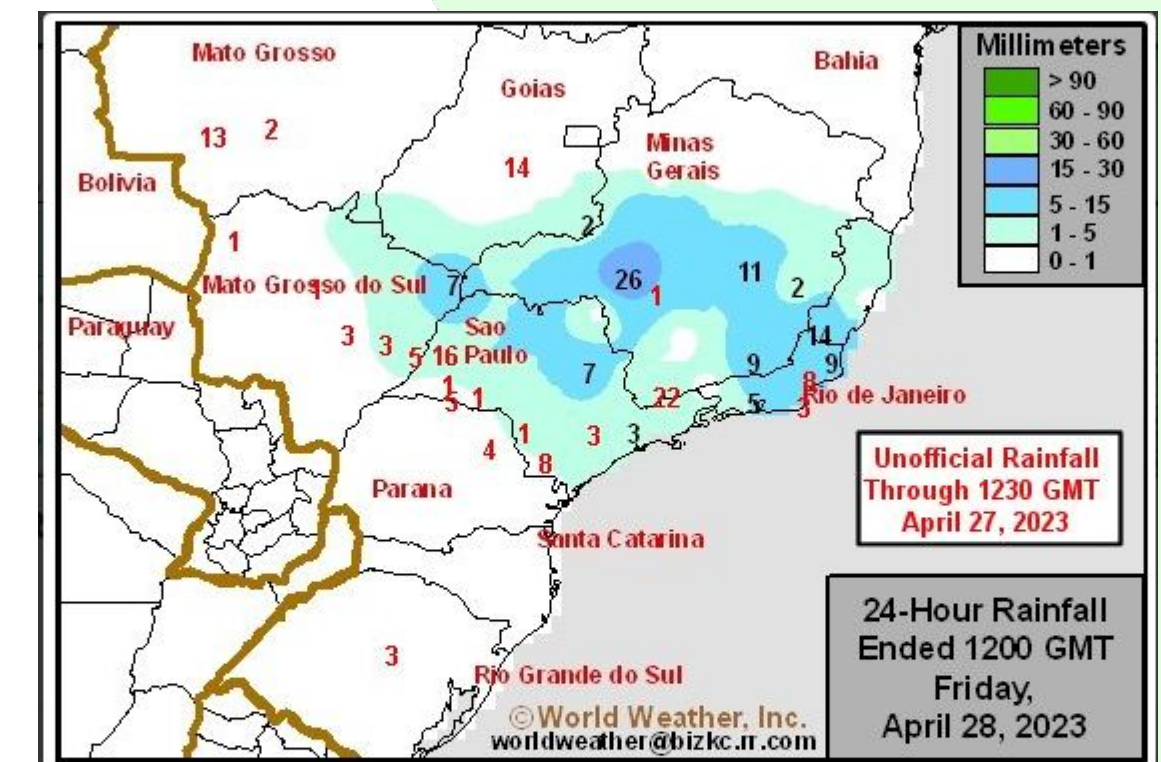
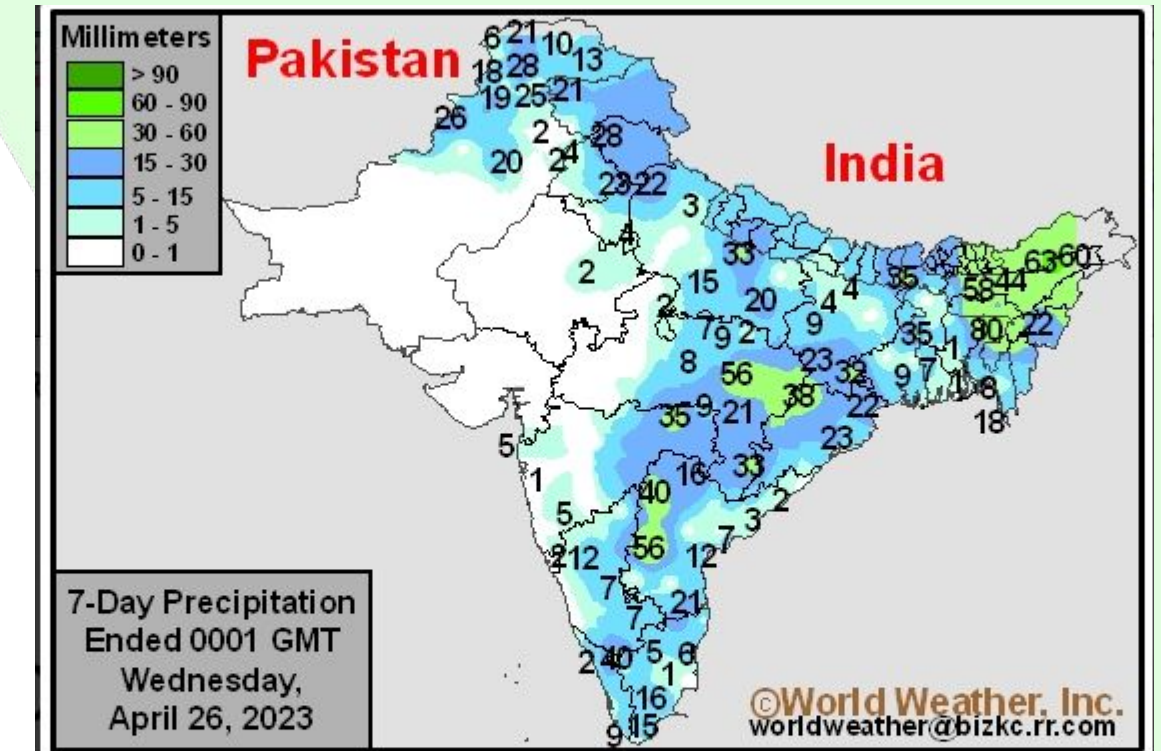


- **Sugar prices are bullish on lower production in India and Europe, rising deficit.**



Weather outlook

- The India Meteorological Department (IMD) has predicted pleasant weather during April-end in most parts of the country. Giving a sign of relief, IMD in its latest forecast said there won't be searing heatwave conditions that had rattled people this week. According to the IMD, the eastern disturbance is expected to begin influencing the weather on Sunday and Monday and will keep the mercury below 40 degrees Celsius at least till 28 April in Delhi. The weather agency added that a cyclonic circulation lies over northwest Madhya Pradesh and another over interior Tamil Nadu. IMD said several Indian states will not experience heatwaves this week. On Saturday, the heatwave conditions abated from Gangetic West Bengal, Bihar, and Odisha.
- Rainfall tapered off in key corn and cotton production areas of central and northeastern Brazil, typical for this time of year as seasonal dryness approaches. Amounts totaled 2 to 25 mm from Mato Grosso eastward, with few interior farming areas receiving higher amounts. The dryness extended southward through Minas Gerais and northern sections of both Mato Grosso do Sul and São Paulo. Warm weather accompanied the dryness, exacerbating the impact of the dryness on immature crops, as highest daytime temperatures reached the middle 30s (degrees C) in most of the aforementioned areas. Farther south, generally dry conditions favored maturing summer crops in Rio Grande do Sul but other key production areas – including Paraná and neighboring locations in Mato Grosso do Sul and São Paulo – recorded moderate to heavy rain (25-50 mm, locally higher).



Sugar price chart



Cocoa: Buy

- Cocoa prices closed higher.
- Cocoa Association of Nigeria reported Thursday that Nigeria's Mar cocoa exports fell -42% m/m and -34% y/y to 18,656 MT. Nigeria is the world's 5th-largest cocoa bean producer.
- Cocoa prices rallied sharply over the past 5 weeks on signs of improved cocoa demand and tighter global supplies.
- Ivory Coast Government reported that farmers sent 1.89 MMT of cocoa to ports for 2023 marketing year (October 1 through April 23), -5.0% y/y.
- Ivory Coast mid-crop, the smaller of the country's two annual harvests that began April 1, is expected to fall -25% y/y to 450,000 MT.
- National Confectioners Association reported Q1 North America cocoa grindings rose +2.4% m/m but fell -4.4% y/y to 109,666
- Cocoa Association of Asia reported that Q1 Asia cocoa grindings rose +4.09% y/y to 222,028 MT.
- Gepex reported that Q1 cocoa processing increased +22% y/y to 189,405 MT.

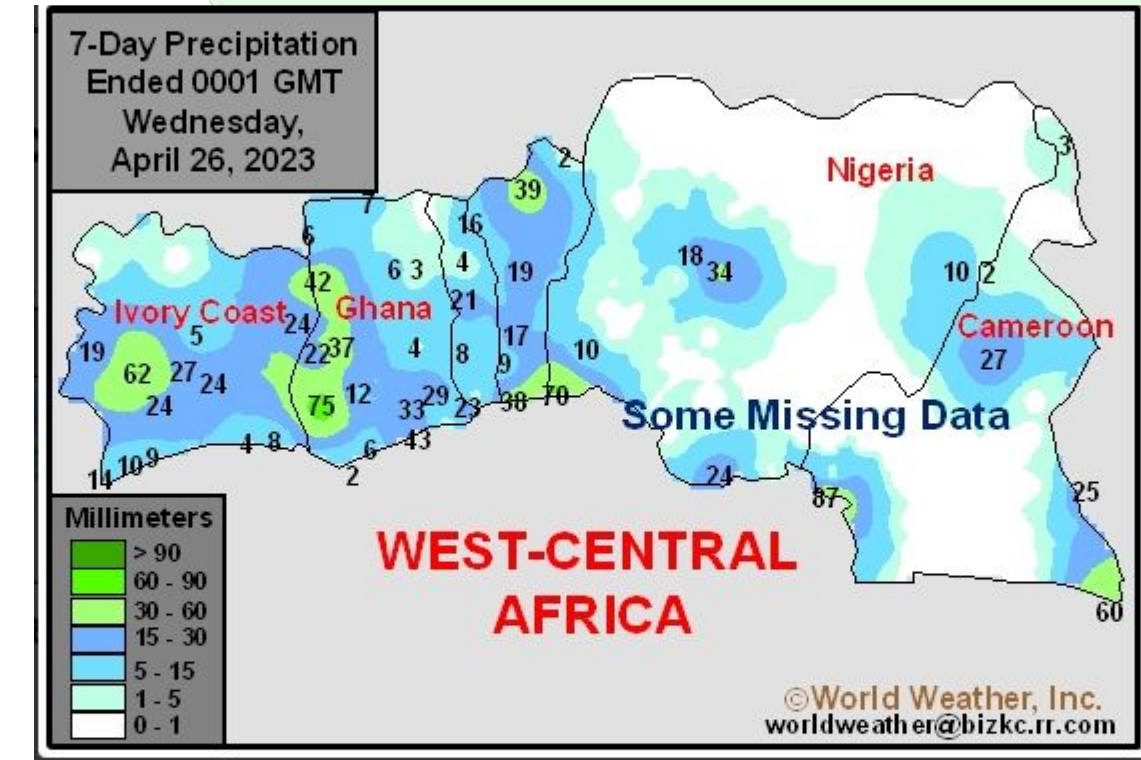


- ICCO reported that global 2022/23 cocoa stockpiles would fall -3.5% y/y to 1.653 MMT.
- **Cocoa prices find bullish support on lower global production, higher demand, lower ending stocks.**

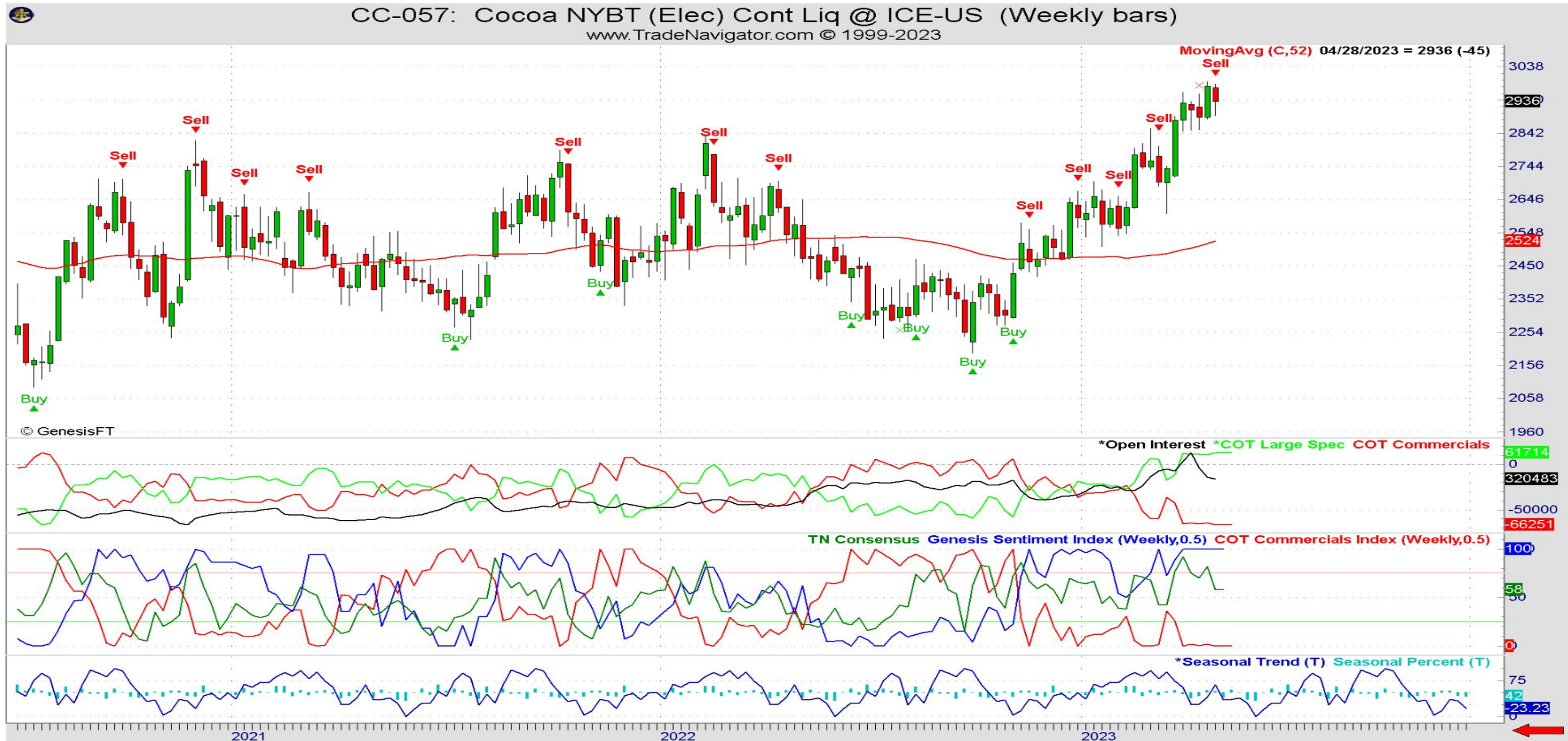


Weather outlook

- West Africa remained wet which is beneficial for cocoa trees.
- Rain was common across Ghana on Thursday where amounts were light to heavy while scattered showers brought light to moderate rain to parts of Ivory Coast and southeastern Nigeria. A large part of southern Benin received light rain while a few light showers occurred in Cameroon. Daily rounds of showers and thunderstorms will continue through the next week in west-central Africa. All coffee and cocoa production areas will be impacted by rain multiple times during the forecast period with Cameroon wettest and Ivory Coast and Ghana seeing the least rain.



Cocoa price chart



Special Market Situation

SMS - refers to a set of market indicators (COT data) that indicates major market turnarounds. For example: if a market is oversold - it is likely the price will go up, if overbought - downward movement is expected.

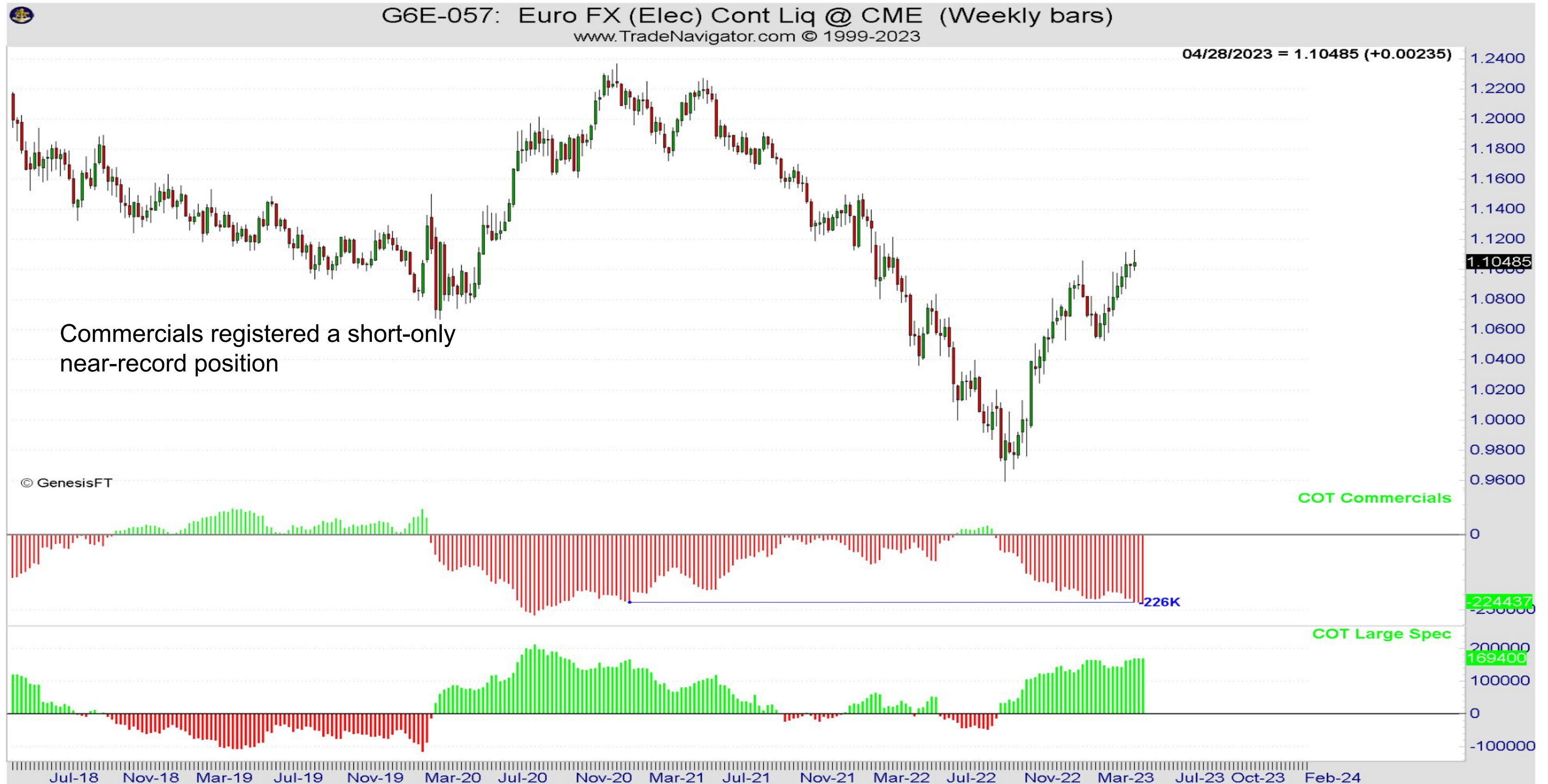
Special situation trade setups are selected based on 10+ years of trading experience, but there are no guarantees that any trade will prove profitable or will not produce a loss. A trade may require more than one entry attempt. You alone are responsible for your trading decisions. It is up to you to control the risk by using stop losses.

This special situation does not claim immediate practical application. Actionable buy and sell signals are published on our website charts every week.

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Soybean Oil







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