



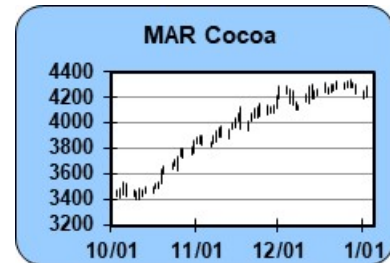
## DAILY SOFTS COMMENTARY Wednesday January 03, 2024

### DAILY COCOA COMMENTARY

1/3/2024

#### Sluggish global equity markets weaken near-term demand outlook

Cocoa prices have lost upside momentum this morning due to negative global risk sentiment and pressure from key outside markets. The Euro, British Pound and US equities have started 2024 with sizable losses that put carryover pressure on cocoa prices as their weakness could soften near-term demand prospects. However, supply fundamentals look to be returning front-and-center as the new trading year begins. The latest weekly Ivory Coast port arrivals total came in at 80,000 tonnes, 9,000 below the comparable period from last year. This brings their full season total to 827,000 tonnes which is 34.4% behind last season's pace. While West Africa is well into its dry season, heavy rainfall during September and October left soil moisture at adequate levels, and that has increased optimism towards upcoming midcrop production. Many West African growing areas do not have adequate fertilizer and pesticide coverage, so recent wet weather increases the chances for diseases and pests to spread. As a result, a significantly diminished West African production outlook this season should support prices near-term.



#### TODAY'S MARKET IDEAS:

With West Africa continuing to show signs of much lower production this season, cocoa prices should remain well supported in the near term. Near-term support for March cocoa is at 4215 while resistance is up at 4300.

#### NEW RECOMMENDATIONS:

None.

#### PREVIOUS RECOMMENDATIONS:

None.

#### COCOA TECHNICAL OUTLOOK:

Note: Data is collected using the closing values of the previous session and calculations and analysis are run at the same time. Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report. Data sources can and do produce bad ticks that can cause computation errors. Please verify before use.

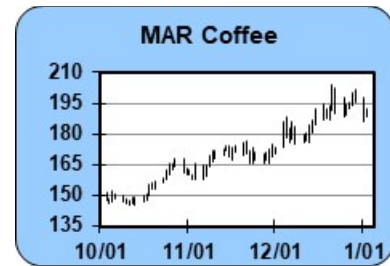
COCOA (MAR) 01/03/2024: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The cross over and close above the 18-day moving average is an indication the intermediate-term trend has turned positive. Since the close was above the 2nd swing resistance number, the market's posture is bullish and could see more upside follow-through early in the session. The next downside target is 4173. The next area of resistance is around 4318 and 4346, while 1st support hits today at 4232 and below there at 4173.

### DAILY COFFEE COMMENTARY

1/3/2024

## "Risk off" mood in global markets weakens out-of-home demand outlook

Coffee prices have found their footing well above last Friday's low, but they remain over 13 cents below their late December highs. While the market will have to overcome negative global risk sentiment, coffee continues to find support from recent bullish supply developments. Drier than normal conditions over Robusta growing regions in Vietnam, Indonesia and Brazil have supported coffee prices early this week. Vietnam's 2023 coffee exports were 9.6% below their 2022 total. While their farmers held back on sales to wait for higher prices, last year's export decline also reflects Vietnam's 2022/23 and 2023/24 production being the two lowest over the past seven seasons. The Brazilian currency lost 1.4% in value on Tuesday, and that kept further coffee price gains in check as Brazil's farmers may be encouraged to market their near-term coffee supply to foreign customers. ICE exchange coffee stocks were unchanged on Tuesday after finishing December with the second lowest month-end total this century. This shows some improvement in demand, particularly in Europe where most of those coffee stocks are located.



### TODAY'S MARKET IDEAS:

With Vietnamese growing areas looking at potential water shortages from March through June, Robusta supply issues will continue to support coffee prices. Near-term support for March coffee is at 185.75 while resistance is up at 193.50.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

None.

### COFFEE TECHNICAL OUTLOOK:

Note: Data is collected using the closing values of the previous session and calculations and analysis are run at the same time. Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report. Data sources can and do produce bad ticks that can cause computation errors. Please verify before use.

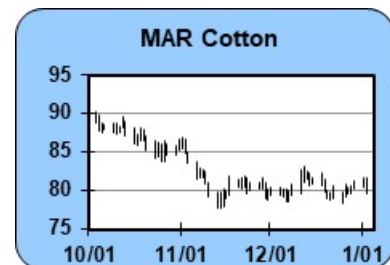
COFFEE (MAR) 01/03/2024: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The intermediate trend could be turning up with the close back above the 18-day moving average. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside target is 186.48. The next area of resistance is around 192.10 and 194.27, while 1st support hits today at 188.20 and below there at 186.48.

## DAILY COTTON COMMENTARY

1/3/2024

### Lower production this season can help market maintain upside momentum

The cotton market started 2024 by breaking a six-session winning streak as near-term demand concerns outweighed the prospects for fresh export business. While a "risk off" mood in global markets should weigh on prices, they should stay well clear of their late December lows. There was hope of fresh export sales business following the holiday weekend that gave an early boost to prices, but they failed to materialize.



The Dollar's sizable gain on Tuesday also pressured prices as a stronger Dollar diminishes US cotton in the global export market. In addition, a more than 1% loss in the Brazilian currency Tuesday providing a "double

whammy" for the cotton market as that should make Brazilian cotton more appealing to export customers.

There are reports that India's government is looking at shifting their domestic cotton growing areas from disease-infested fields to disease-free irrigated areas. This could provide a significant boost to India's upcoming cotton production which has fallen well below its record high from the 2017/18 season, and that in turn could result in a sizable boost to India's cotton exports.

#### **TODAY'S MARKET IDEAS:**

A stronger Dollar combined with weaker US equity markets could weigh on cotton prices this morning. However, with this season's global production at a 7-year low and US production at a 14-year low, cotton prices have found their footing and should maintain upside momentum early in today's action. Near-term support for March cotton is at 79.75 while resistance is up at 81.30.

#### **NEW RECOMMENDATIONS:**

None.

#### **PREVIOUS RECOMMENDATIONS:**

None.

#### **COTTON TECHNICAL OUTLOOK:**

Note: Data is collected using the closing values of the previous session and calculations and analysis are run at the same time. Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report. Data sources can and do produce bad ticks that can cause computation errors. Please verify before use.

COTTON (MAR) 01/03/2024: The market back below the 40-day moving average suggests the longer-term trend could be turning down. Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The close below the 18-day moving average is an indication the intermediate-term trend has turned down. The market setup is somewhat negative with the close under the 1st swing support. The next upside target is 82.39. The next area of resistance is around 80.97 and 82.39, while 1st support hits today at 78.91 and below there at 78.27.

COTTON (JUL) 01/03/2024: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The close above the 9-day moving average is a positive short-term indicator for trend. The outside day down and close below the previous day's low is a negative signal. The swing indicator gave a moderately negative reading with the close below the 1st support number. The near-term upside target is at 83.99. The next area of resistance is around 82.76 and 83.99, while 1st support hits today at 80.96 and below there at 80.40.

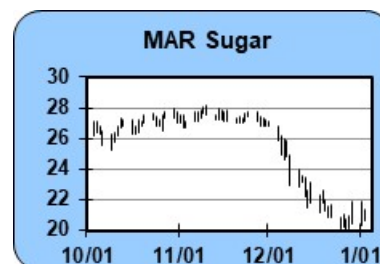
## **DAILY SUGAR COMMENTARY**

1/3/2024

### **India and Thailand's production decline continues to provide support**

Sugar continues to see coiling price action at the start of the new trading year, but the market has been able to hold its ground above its late December lows. With south Asian supply issues providing support, sugar should be able to extend a recovery move during early January. A major Indian trade group reported their nation's fourth quarter 2023 sugar production at 11.21 million tonnes, a 7.6% decline from last year's fourth quarter total which has provided support to the sugar market.

India's state of Maharashtra saw a 19.4% decline from last year while the state of Karnataka had a 10.1% decline from last year. However, India's Uttar Pradesh state had a 12.5% increase in sugar production over fourth quarter 2022 resulting from their mills having started their 2023/24 operations earlier than normal. India's decision to allow for 1.7 million tonnes of sugar production to be diverted to ethanol production has also provided support to prices. Thailand's 2023/24 sugar production is expected to have



a sizable decline from last season, due in large part to drier than normal conditions from El Nino. This has provided support to sugar prices, as that will result in a sizable decline in their sugar exports while India continues to ban sugar exports so far this season.

**TODAY'S MARKET IDEAS:**

Brazil's Center-South sugar production will have a record high this season and is likely to rise even higher next season, but the sugar market should find near-term support from this season's production issues in India and Thailand. While trading will be choppy early this season, sugar prices should continue to climb further away from last week's lows. Near-term support for March sugar is at 20.65 while resistance is up at 21.65.

**NEW RECOMMENDATIONS:**

Buy a March Sugar 21.00/23.00 bull call spread at 0.50 or better with an objective of 1.70. Risk the spread to 0.15.

**PREVIOUS RECOMMENDATIONS:**

None.

**SUGAR TECHNICAL OUTLOOK:**

Note: Data is collected using the closing values of the previous session and calculations and analysis are run at the same time. Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report. Data sources can and do produce bad ticks that can cause computation errors. Please verify before use.

SUGAR (MAR) 01/03/2024: The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. A positive signal for trend short-term was given on a close over the 9-bar moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside target is 21.72. The next area of resistance is around 21.29 and 21.72, while 1st support hits today at 20.51 and below there at 20.17.

**OJ TECHNICAL OUTLOOK:**

Note: Data is collected using the closing values of the previous session and calculations and analysis are run at the same time. Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report. Data sources can and do produce bad ticks that can cause computation errors. Please verify before use.

ORANGE JUICE (MAR) 01/03/2024: The crossover up in the daily stochastics is a bullish signal. The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The market has a bullish tilt coming into today's trade with the close above the 2nd swing resistance. The next upside objective is 330.80. The next area of resistance is around 328.05 and 330.80, while 1st support hits today at 317.05 and below there at 308.75.

**DAILY TECHNICAL STATISTICS**

	CLOSE	9 DAY RSI	14 DAY RSI	14 DAY SLOW STOCH D	14 DAY SLOW STOCH K	4 DAY M AVG	9 DAY M AVG	18 DAY M AVG	45 DAY M AVG	60 DAY M AVG
<b>SOFTS MARKETS COMPLEX</b>										
SBAH24	20.90	38.71	35.59	16.61	21.27	20.96	20.84	21.64	24.89	25.45
CTAH24	79.94	46.04	46.17	41.19	45.80	80.61	80.00	80.44	80.65	82.09
CTAN24	81.86	51.57	49.79	51.46	59.96	82.33	81.53	81.73	82.00	83.39
CCAH24	4275	55.47	57.86	63.82	53.93	4251.75	4276.33	4253.72	4121.27	3997.93
OJAH24	322.55	32.20	34.46	7.37	8.96	317.68	330.16	346.83	364.89	363.61
KCAH24	190.15	50.86	54.42	65.37	57.19	193.55	194.22	189.27	178.27	172.82
MAG24	15.63	31.41	30.74	13.37	14.81	15.74	15.70	16.12	16.88	17.24

Calculations based on previous session. Data collected 01/02/2024

Data sources can & do produce bad ticks. Verify before use.

**DAILY SWING STATISTICS**

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>SOFTS MARKETS COMPLEX</b>						
SBAH24	Sugar	20.16	20.51	20.94	21.29	21.72
CTAH24	Cotton	78.27	78.91	80.33	80.97	82.39
CTAN24	Cotton	80.39	80.95	82.19	82.76	83.99
CCAH24	Cocoa	4172	4231	4259	4318	4346
OJAH24	Orange Juice	308.70	317.00	319.75	328.05	330.80
KCAH24	Coffee	186.47	188.20	190.37	192.10	194.27
MAG24	Milk	15.45	15.51	15.69	15.75	15.93

**Calculations based on previous session. Data collected 01/02/2024**

**Data sources can & do produce bad ticks. Verify before use.**

*\*\*\*This report includes information from sources believed to be reliable and accurate as of the date of this publication, but no independent verification has been made and we do not guarantee its accuracy or completeness. Opinions expressed are subject to change without notice. Any information or recommendation contained herein: (i) is not based on, or tailored to, the commodity interest or cash market positions or other circumstances or characterizations of particular investors or traders; (ii) is not customized or personalized for any such investor or trader; and (iii) does not take into consideration, among other things, risk tolerance, net worth, or available risk capital. Any use or reliance upon the information or recommendations is at the sole discretion and election of the subscriber. The risk of loss in trading futures contracts or commodity options can be substantial, and traders should carefully consider the inherent risks of such trading in light of their financial condition. Any reproduction or retransmission of this report without the express written consent of Lakefront Futures is strictly prohibited.*