

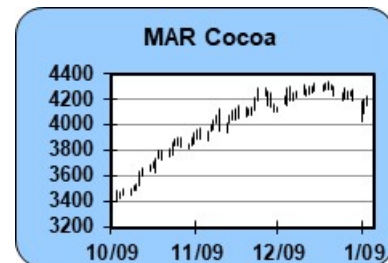


DAILY COCOA COMMENTARY

1/11/2024

Recovery move in jeopardy if US CPI shows a surprise uptick later today

Cocoa prices fully recovered from Monday's 170-point downdraft (or -4%) in only two sessions and they are now on-track for a positive weekly reversal from an 8-week low. The market will have to get past critical inflation data later today, however, and that will leave cocoa prices vulnerable to a near-term pullback. The BMI unit of Fitch Solutions forecast cocoa having a 2023/24 global production deficit of 170,000 tonnes versus a deficit of 90,000 tonnes in 2022/23. Ivory Coast and Ghana production disruptions from drier than normal weather contribute to yearly deficit increase. A group of major Ivory Coast cocoa processors said that their December grindings came in at 62,682 tonnes, which was 7% above last year's 58,554 tonnes. Ivory Coast is now the world largest cocoa grinding nation with the International Cocoa Organization estimating their 2022/23 grindings total at 770,000 tonnes (15.4% of the world total). The Netherlands is the second largest grinder at 600,000 tonnes. Most of Ivory Coast's cocoa products are exported, so their grindings are more a reflection of global demand than domestic.



TODAY'S MARKET IDEAS:

Demand for chocolate products tends to weaken as inflation rises, so a surprise uptick in the year-over-year US CPI rate could put the brakes on cocoa's recovery move. If that occurs, cocoa prices may fall back towards a retest of their 50-day moving average at 4140. Near-term resistance for March cocoa is 4290 while support is down at 4175.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COCOA TECHNICAL OUTLOOK:

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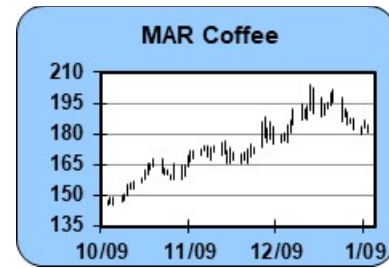
COCOA (MAR) 01/11/2024: The cross over and close above the 40-day moving average indicates the longer-term trend has turned up. The daily stochastics gave a bullish indicator with a crossover up. Positive momentum studies in the neutral zone will tend to reinforce higher price action. The close below the 9-day moving average is a negative short-term indicator for trend. The market has a slightly positive tilt with the close over the swing pivot. The near-term upside objective is at 4279. The next area of resistance is around 4245 and 4279, while 1st support hits today at 4167 and below there at 4122.

DAILY COFFEE COMMENTARY

1/11/2024

Benefiting from improved global risk sentiment this morning

The coffee market continues to hold above the 50-day moving average and should benefit from stronger global risk sentiment early today. Updated weather forecasts have Brazil's major Arabica growing regions having rain in the forecast for all but one day through late next week, and that has pressured coffee prices this week as that should benefit Brazil's 2024/25 Arabica crop. The USDA has forecast the top 5 Arabica-growing nations to have a combined production increase of 8.55 million bags during the 2023/24 season. As a result, this could weigh on coffee prices as it could start to offset support from the supply issues seen in major Robusta growing areas. ICE exchange coffee stocks rose by 1,687 bags on Wednesday and at 258,093 bags are at a new 2024 high. While there are now 34,722 bags waiting to go through the exchange grading process, 2,882 of the 4,695 bags that were graded Wednesday failed to be approved.



TODAY'S MARKET IDEAS:

Wednesday's 61% grading rejection rate of ICE exchange coffee stocks followed Tuesday's 44% rejection rate. That may indicate a large amount of coffee that is waiting to be graded will not be approved. This may not be enough on its own to fuel an extended upside move, but it should help the market continue to hold above the 50-day moving average which is at 179.75 today. Near-term support for March coffee is at 180.50 while resistance is up at 184.75.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COFFEE TECHNICAL OUTLOOK:

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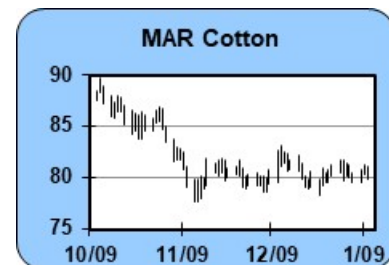
COFFEE (MAR) 01/11/2024: The close below the 40-day moving average is an indication the longer-term trend has turned down. Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside target is 177.48. The next area of resistance is around 183.35 and 186.27, while 1st support hits today at 178.95 and below there at 177.48.

DAILY COTTON COMMENTARY

1/11/2024

Rebound in Chinese equities providing early support

With near-term demand concerns soothed by stronger global risk sentiment, cotton prices are on-track for their second "up" day of January. March cotton was unable to hold onto early strength as it posted a sizable loss Wednesday, but it has shaken off early pressure and is showing moderate gains early in today's action. China has been the largest importer of US cotton over the past few weeks, so today's rebound in Chinese equity markets has provided support to cotton prices this morning. Today's USDA's weekly export sales report is likely to come in well below the last "pre-holiday" report (covering the week of December 21st) at 372,497 bales. Last week's report (covering the week of December 28th) had sales at 131,063 bales and covered both the Christmas and Boxing Day holidays. Today's report will only cover the New Year's



Day holiday and may also reflect fresh export business. The Brazilian government agency Conab increased their nation's 2023/24 cotton production estimate from 3.061 million up to 3.099 million tonnes. That is lower than the 3.173 million tonnes during the 2022/23 season. Cotton Australia estimates Australia's 2023/24 production will be 4.5 million bales. Their previous estimate was a range of 4.0 to 4.5 million bales. Heavy rainfall earlier this season in their eastern growing areas led to favorable conditions for farmers to plant more cotton acreage. This is still down from 5.5 million last season.

TODAY'S MARKET IDEAS:

Cotton has found early support from the positive tone of Chinese equities and global risk sentiment and will take direction from the results of the USDA weekly export sales report. Unless this week's report has sales close to the level seen in last week's report, cotton should remain well supported going into tomorrow's WASDE report. Near-term support for March cotton is at 80.15 while resistance is at 81.75.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COTTON TECHNICAL OUTLOOK:

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COTTON (MAR) 01/11/2024: The close under the 40-day moving average indicates the longer-term trend could be turning down. Positive momentum studies in the neutral zone will tend to reinforce higher price action. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The close below the 1st swing support could weigh on the market. The near-term upside target is at 81.52. The next area of resistance is around 80.77 and 81.52, while 1st support hits today at 79.59 and below there at 79.17.

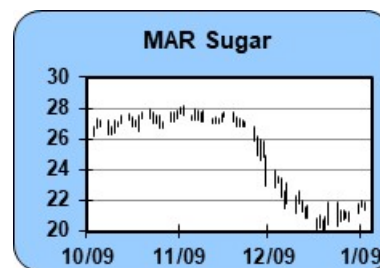
COTTON (JUL) 01/11/2024: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The market's close below the 1st swing support number suggests a moderately negative setup for today. The near-term upside target is at 83.17. The next area of resistance is around 82.59 and 83.17, while 1st support hits today at 81.67 and below there at 81.33.

DAILY SUGAR COMMENTARY

1/11/2024

Unica Center-South supply report should provide direction over rest of week

While sugar is still on course for a second positive weekly result in a row, the results of Unica's supply report on Brazil's Center-South for the second half December will be the main diver of market direction. The report is due out today at 8AM CST (2PM GST). From the start of April through the first half of December, Center-South sugar production was 41.746 million tonnes which was 25.16% ahead of last season's 33.354 million tonnes. Over the same timeframe, the Center-South cane crush came in at 638.391 million tonnes which was 18.29% ahead of last season's 539.683 million tonnes. This morning's report should show Brazil's Center-South sugar production staying on a record high sugar production pace. Sugar's share of Center-South crushing from April through mid-December has been 49.14%, which compares with a 45.95% share over the same timeframe last season. Weather issues in Australia and Thailand should lead to lower upcoming sugar production from both nations which should continue to lend support to prices.



TODAY'S MARKET IDEAS:

While sugar production will certainly come in above last season, a relatively low number will indicate their harvesting and crushing operations are winding down. This could provide fresh support to sugar prices late this week. Near-term support for March sugar is at 20.95 while resistance is at 21.90.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

SUGAR TECHNICAL OUTLOOK:

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SUGAR (MAR) 01/11/2024: The moving average crossover up (9 above 18) indicates a possible developing short-term uptrend. Positive momentum studies in the neutral zone will tend to reinforce higher price action. A positive signal for trend short-term was given on a close over the 9-bar moving average. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next upside target is 22.11. The next area of resistance is around 21.70 and 22.11, while 1st support hits today at 21.12 and below there at 20.95.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (MAR) 01/11/2024: Daily stochastics are trending lower but have declined into oversold territory. The market's short-term trend is negative as the close remains below the 9-day moving average. The market tilt is slightly negative with the close under the pivot. The next downside objective is now at 290.20. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 300.75 and 306.25, while 1st support hits today at 292.75 and below there at 290.20.

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
SOFTS MARKETS COMPLEX										
SBAH24	21.41	46.72	41.80	46.89	60.69	21.49	21.24	21.16	24.09	24.90
CTAH24	80.18	47.88	47.83	54.80	57.79	80.38	80.50	80.14	80.25	81.38
CTAN24	82.13	51.37	50.64	66.08	67.59	82.29	82.35	81.74	81.66	82.78
CCAH24	4206	48.72	50.82	39.32	41.84	4166.50	4210.11	4246.28	4164.18	4068.72
OJAH24	296.75	25.40	29.40	12.17	8.05	307.58	316.11	331.31	358.32	360.08
KCAH24	181.15	39.53	45.54	23.58	14.53	182.36	186.41	190.01	181.06	176.23
MAG24	16.22	62.07	52.29	31.99	53.88	15.87	15.74	15.79	16.61	17.00

Calculations based on previous session. Data collected 01/10/2024

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

DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
SOFTS MARKETS COMPLEX						
SBAH24	Sugar	20.95	21.12	21.53	21.70	22.11
CTAH24	Cotton	79.16	79.58	80.34	80.77	81.52
CTAN24	Cotton	81.33	81.67	82.25	82.59	83.17
CCAH24	Cocoa	4121	4166	4200	4245	4279
OJAH24	Orange Juice	290.15	292.70	298.20	300.75	306.25
KCAH24	Coffee	177.47	178.95	181.87	183.35	186.27

MAG24 Milk 15.80 16.04 16.15 16.39 16.50

Calculations based on previous session. Data collected 01/10/2024

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