



DAILY SOFTS COMMENTARY

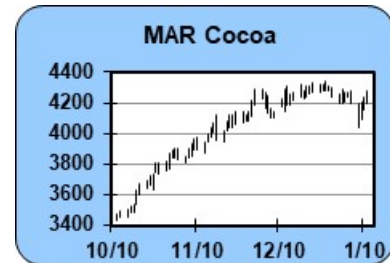
Friday January 12, 2024

DAILY COCOA COMMENTARY

1/12/2024

A bigger production deficit forecast for 2023/24.

March cocoa gapped higher overnight, which put the market back near contract highs. The BMI unit of Fitch Solutions is projecting a 2023/24 global production deficit of 170,000 tonnes, which is significantly larger than the 90,000-tonne deficit they have estimated for 2022/23. They also said they expect prices to soften due to lower demand. The December US CPI came in higher than trade forecasts at +3.4% year-over-year, but this was far below the +6.5% rate from December 2022. The rate for food and beverages fell to a 30-month low of 2.7%. The long-term trend of declining inflation offers a counterpoint to the argument that high cocoa prices will shut off demand. Chocolate is a "small luxury," and demand has been resilient against high prices.



TODAY'S MARKET IDEAS:

Projections of an even larger global production deficit for 2023/24 are supporting a move back to contract highs. A move through 4343 in March cocoa would leave the next upside target at 4478, the 46-year high in the nearby contract that was set in October. Look for support at 4244.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COCOA TECHNICAL OUTLOOK:

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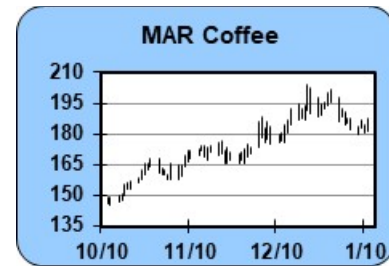
COCOA (MAR) 01/12/2024: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The cross over and close above the 18-day moving average indicates the intermediate-term trend has turned up. Market positioning is positive with the close over the 1st swing resistance. The next upside objective is 4337. The next area of resistance is around 4314 and 4337, while 1st support hits today at 4234 and below there at 4176.

DAILY COFFEE COMMENTARY

1/12/2024

Strikes on Houthi bases increase tensions but show resolve.

A large portion of coffee exports from Africa and southeast Asia to Europe travel through the Red Sea, and the recent flare-up in missile and drone attacks on ships in that area have underpinned prices. The US and allies responded with drone attacks on several Houthi targets overnight, escalating tensions but also hitting some key areas. March coffee was lower overnight but stayed inside yesterday's range. Crude oil was higher on the reports of the strikes, but the stock market was mixed, as it did not seem to know how to react. Vietnamese farmers are reportedly holding back on sales and dragging their feet on delivering on previous commitments due to the shipping uncertainty, and this has helped lift London Robusta futures back to contract highs this week. Yesterday's CPI report showed December US food and beverage CPI fell to its lowest year-over-year rate since June 2021 at 2.7%. The long-term decline in inflation in developed economies is viewed as supportive to restaurant and retail shop consumption. ICE exchange coffee stocks were unchanged on Thursday after no grading took place. There are now 48,000 bags waiting to be graded.



TODAY'S MARKET IDEAS:

US attacks against Houthi military locations may add to market anxiety, but it also shows increased resolve on the part of the US to keep shipping lanes open. March coffee has held above the 50-day moving average this week, which may support a short covering rally. Look for support at 179.50, with resistance at 188.85 and 191.70.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COFFEE TECHNICAL OUTLOOK:

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COFFEE (MAR) 01/12/2024: The cross over and close above the 40-day moving average indicates the longer-term trend has turned up. Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's short-term trend is negative as the close remains below the 9-day moving average. Market positioning is positive with the close over the 1st swing resistance. The next downside objective is now at 177.25. The next area of resistance is around 187.55 and 191.25, while 1st support hits today at 180.55 and below there at 177.25.

DAILY COTTON COMMENTARY

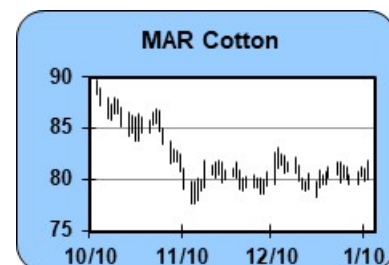
1/12/2024

Could be exposed to surprises in today's USDA reports.

Cotton prices have started to break out above the recent consolidation zone, as export demand for US cotton has shown some improvements. If the market can avoid any bearish surprises from the USDA WASDE report today, it could go into the weekend on an upbeat note.

Yesterday's weekly Export Sales Report showed US cotton sales for the week ending January 4 at 262,478 bales for the 2023/24 (current) marketing year and 22,000 for 2024/25 for a total of 284,478. This was up from 131,063 the previous week but down from 372,497 on December 21. It was the second highest since mid-November.

Cumulative sales for 2023/24 have reached 77.5% of the USDA forecast for the marketing year versus a 5-year average of 78.6%. The trade seems to be expecting little or no changes in today's USDA WASDE report, which



could leave the market vulnerable to a surprise. A Bloomberg survey has an average trade expectation for US 2023/24 cotton ending stocks at 3.11 million bales, with a range of estimates from 2.85 to 3.30 million. This would be up nearly unchanged from 3.10 million in the December update. Production is expected to come in at 12.77 million bales, which is basically unchanged from the December estimate at 12.78 million. Exports are forecast at 12.10 million bales versus 12.20 million in December. World ending stocks are projected at 82.41 million bales versus 82.40 million in December.

TODAY'S MARKET IDEAS:

March cotton has traded to its highest level since mid-December on decent export sales, but traders will be watching today's USDA supply/demand report for direction. A neutral to bullish report could lift the market back to the December high of 83.13. Look for support at 80.00.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COTTON TECHNICAL OUTLOOK:

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COTTON (MAR) 01/12/2024: The market now above the 60-day moving average suggests the longer-term trend has turned up. Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The market's close above the 9-day moving average suggests the short-term trend remains positive. A positive setup occurred with the close over the 1st swing resistance. The next upside target is 83.10. The next area of resistance is around 82.32 and 83.10, while 1st support hits today at 80.40 and below there at 79.25.

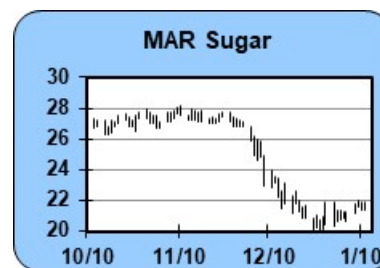
COTTON (JUL) 01/12/2024: The major trend could be turning up with the close back above the 60-day moving average. Rising stochastics at overbought levels warrant some caution for bulls. The close above the 9-day moving average is a positive short-term indicator for trend. The market setup is supportive for early gains with the close over the 1st swing resistance. The near-term upside objective is at 84.24. The next area of resistance is around 83.61 and 84.24, while 1st support hits today at 82.27 and below there at 81.57.

DAILY SUGAR COMMENTARY

1/12/2024

Brazil cane crush focusing more on ethanol.

The UNICA bimonthly sugar supply report showed Brazilian Center-South sugar production for the second half of December at 236,000 tonnes, 35.6% above the same period last year. Mills have extended their crushing season this year due to dry weather, but sources say there is not much cane left to harvest. This suggests there will be little left over when harvest resumes later this year. Second-half December cane crush came in at 4.872 million tonnes, 79.9% above last year. Ethanol production was 526 million liters, up 62.9%. Sugar's share of crushing fell to 37.1% from 43.4% in the first half of December and 47.0% a year ago. Domestic ethanol sales for all of December totaled 2.709 billion liters, 17.7% above last year. This was the fifth month in a row that sales exceeded year-ago levels. The 6% shift in crushing from sugar to ethanol suggests improving ethanol demand. It may also be an indicator that this season's crushing operations are nearing an end. There have been few if any signs that India will resume sugar exports this quarter, and Thailand's exports are expected to be significantly lower this season, both of which underpin sugar prices. Crude oil prices were sharply higher overnight in reaction to the US strikes on Houthi targets, and this provides



additional support to sugar.

TODAY'S MARKET IDEAS:

Brazil's sugar crushing operations are approaching their end for the season, which eases the supply burden. Ethanol sales are increasing, and the rally in crude overnight provides additional support to the sugar market. A move above 22.00 in March sugar would leave 23.13 as an initial upside target. Look for support at 21.30.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

SUGAR TECHNICAL OUTLOOK:

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SUGAR (MAR) 01/12/2024: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The market's short-term trend is positive on the close above the 9-day moving average. The upside daily closing price reversal gives the market a bullish tilt. The market setup is supportive for early gains with the close over the 1st swing resistance. The near-term upside objective is at 22.27. The next area of resistance is around 22.05 and 22.27, while 1st support hits today at 21.47 and below there at 21.10.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (MAR) 01/12/2024: The daily stochastics have crossed over up which is a bullish indication. Daily momentum studies are on the rise from low levels and should accelerate a move higher on a push through the 1st swing resistance. The market's short-term trend is negative as the close remains below the 9-day moving average. The outside day up and close above the previous day's high is a positive signal. A positive setup occurred with the close over the 1st swing resistance. The next upside target is 317.55. The next area of resistance is around 313.15 and 317.55, while 1st support hits today at 298.05 and below there at 287.20.

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	21.76	52.32	45.48	54.38	69.37	21.65	21.24	21.14	23.95	24.81
CTAH24	81.36	59.66	55.22	58.71	66.55	80.67	80.54	80.17	80.26	81.29
CTAN24	82.94	60.14	56.14	68.41	73.07	82.48	82.41	81.80	81.67	82.69
CCAH24	4274	56.52	56.02	44.56	55.05	4184.00	4212.11	4246.67	4171.58	4079.70
OJAH24	305.60	34.78	35.29	12.45	13.00	303.93	315.04	327.93	357.25	359.24
KCAH24	184.05	45.81	49.02	21.23	16.54	182.68	184.86	189.65	181.33	176.71
MAG24	15.87	48.23	44.18	37.78	49.37	15.95	15.76	15.76	16.57	16.96

Calculations based on previous session. Data collected 01/11/2024

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	21.09	21.46	21.68	22.05	22.27

CTAH24	Cotton	79.24	80.39	81.17	82.32	83.10
CTAN24	Cotton	81.56	82.27	82.90	83.61	84.24
CCAH24	Cocoa	4175	4233	4256	4314	4337
OJAH24	Orange Juice	287.15	298.00	302.35	313.15	317.55
KCAH24	Coffee	177.25	180.55	184.25	187.55	191.25
MAG24	Milk	15.41	15.57	16.00	16.16	16.59

Calculations based on previous session. Data collected 01/11/2024

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