

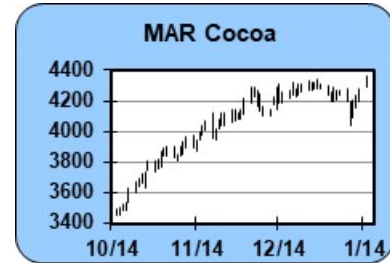


DAILY SOFTS COMMENTARY
Tuesday January 16, 2024

DAILY COCOA COMMENTARY
1/16/2024

Grindings reports later this week could make traders cautious.

Cocoa prices rallied 324 points (+8%) from Monday's 8-week low through midsession Friday, and it extended those gains overnight. Reports that commercial buyers became more aggressive following last week's pullback provided support. Ivory Coast port arrivals totaled 41,000 tonnes for the week ending January 14, down from 70,000 for the same week last year. This brings the total for the season that began on October 1 to 914,000 tonnes, down 36% from last year. However, the weather in Ivory Coast appears to be cooperating. Rainfall was above average for most of Ivory Coast's cocoa growing regions for the second straight week, boosting the growth of small pods ahead of the April-September mid-crop. The region is currently in its dry season, which runs from mid-November to March, and it appears that it has so far avoided much damage from the seasonal dry Harmattan winds. There had been lingering concerns that El Nino could bring drier than normal conditions to the region this winter, and so far, that does not appear to be happening. Fourth quarter grindings data from Europe and North America will be released on Thursday, and traders could grow cautious as we move through the week. The last three marketing years produced the three highest global grindings totals on record, with top cocoa processor Ivory Coast seeing a 25% increase over that timeframe. Friday's Commitments of Traders report showed managed money traders were net sellers of 3,826 contracts of cocoa for the week ending January 9, reducing their net long to 59,116. The record net long is 79,541 from September. Their position is still relatively high, but there is room for buying if funds decide to add to their positions.



TODAY'S MARKET IDEAS:

Despite reports of two weeks of good rain in Ivory Coast, the traded is still expecting a third global production deficit in 2023/24. Look for support in March cocoa at 4285, with resistance at 4398.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 1/2/2024 - 1/9/2024						
	Non-Commercial			Commercial	Non-Reportable	
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Softs						
Cocoa	57,695	-3,101	-55,830	+5,059	-1,865	-1,958

COCOA TECHNICAL OUTLOOK:

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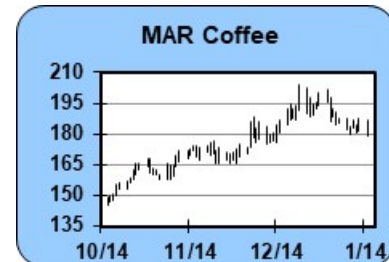
COCOA (MAR) 01/16/2024: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The close above the 9-day moving average is a positive short-term indicator for trend. The gap upmove on the day session chart is a bullish indicator for trend. A positive setup occurred with the close over the 1st swing resistance. The next upside target is 4395. The next area of resistance is around 4359 and 4395, while 1st support hits today at 4287 and below there at 4250.

DAILY COFFEE COMMENTARY

1/16/2024

Robusta prices reach 16-year highs on Houthi attacks.

The coffee market seems torn between large Arabica supply and tight Robusta supplies and shipping disruptions through the Red Sea. London Robusta prices reached a new 16-year high on Friday and extended the rally overnight. A Houthi anti-ship ballistic missile struck a US-owned and operated cargo ship on Monday. Container freight rates have increased 150% due in the wake of the Houthi attacks on ships in the Red Sea, and this is driving costs higher for European roasters, particularly for Robusta beans coming from Vietnam and Indonesia. The attacks have roasters seeking substitute beans from Brazil and Uganda, which lends support to Arabica prices as well. There are also reports of growers in Vietnam hoarding their (Robusta) beans, as their 2023/24 harvest draws to a close. Output is forecast at around 1.66 million tonnes, based on a survey by Bloomberg. This would be around 7% lower than last year. However, many of the world's largest Arabica-growing nations looking at larger production this season, which could limit gains in the NY futures. Cecafer reported that Brazil's green coffee exports were roughly 3.78 million bags in December, up from 2.9 million a year ago, a 31% gain. The USDA expects the five largest Arabica-producing nations to have a combined production increase of more than 8.5 million bags this season. ICE exchange coffee stocks rose by 3,380 bags on Friday and now have more than 50,000 bags waiting to be graded. Stocks are more than 10,000 bags above where they were at the end of December and are on track for a second monthly increase in a row. Friday's Commitments of Traders report showed managed money traders were net buyers of 1,066 contracts of coffee for the week ending January 9, increasing their net long to 42,143. This is their largest net long since August 2022 but is short of the record net long of 60,133 from February of that year. This could leave the market vulnerable to heavy selling if support levels are taken out.



TODAY'S MARKET IDEAS:

The breakout rally in London coffee could leave the bulls in control to start today. March coffee found support at the 50-day moving average on Friday, and that level, around 179.00-180.00 could be key support. Look for resistance at 187.95 and 189.20.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 1/2/2024 - 1/9/2024

	Non-Commercial		Commercial		Non-Reportable	
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Softs						
Coffee	47,417	+1,304	-49,218	-1,837	1,801	+533

COFFEE TECHNICAL OUTLOOK:

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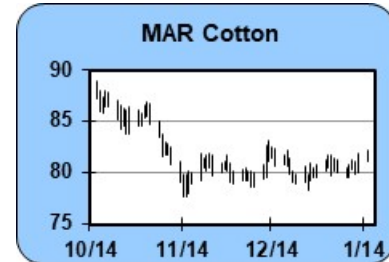
COFFEE (MAR) 01/16/2024: The major trend has turned down with the cross over back below the 40-day moving average. Daily stochastics are trending lower but have declined into oversold territory. A negative signal for trend short-term was given on a close under the 9-bar moving average. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside target is now at 173.62. The next area of resistance is around 183.92 and 189.31, while 1st support hits today at 176.08 and below there at 173.62.

DAILY COTTON COMMENTARY

1/16/2024

Global demand continues to disappoint.

The cotton market saw a brief rally on bullish US numbers in Friday's USDA monthly supply/demand report but quickly gave up those gains when the world number came in bearish. A revision lower for 2023/24 global consumption was particularly concerning to the bulls, as the US exports face stiff competition from Brazil and Australia, and it seems that only a boost in global demand will lift the market out of its 2 1/2 month trading range. In the report, US 2023/24 cotton production came in at 12.43 million bales versus 12.77 million expected (range 12.50-12.95) and 12.78 million in the December update. Ending stocks came in at 2.90 million versus 3.11 million (range 2.85-3.30 million) and 3.10 million in December. World ending stocks came in at 84.38 million bales versus 82.41 million expected (range 81.90-83.00) and 82.40 million in December. The US numbers were bullish, with both production and ending stocks coming in below average expectations and near or below the low end of the expected range. However, world ending stocks were only slightly below the average guess, and usage was lowered to 112.43 million bales versus 113.68 million expected (range 113.00-114.00) and 113.73 million in December. Chinese production was increased to 27.50 million bales from 27.00 million previously. Friday's Commitments of Traders report showed managed money traders were net sellers of 2,484 contracts of cotton for the week ending January 9, increasing their net short to 6,872. This is close to a neutral position.



TODAY'S MARKET IDEAS:

March cotton traders need to see stronger export demand to emerge ahead of the Lunar New Year, which arrives February 10, to break out of its 2-month trading range. Look for support around 80.30, with resistance at 82.22.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 1/2/2024 - 1/9/2024						
	Non-Commercial		Net Position	Commercial		Non-Reportable
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	
Softs						
Cotton	8,892	+83	-9,042	-546	150	+462

COTTON TECHNICAL OUTLOOK:

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COTTON (MAR) 01/16/2024: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The close above the 9-day moving average is a positive short-term indicator for trend. The market could take on a defensive posture with the daily closing price reversal down. The market has a slightly positive tilt with the close over the swing pivot. The near-term upside target is at 82.63. The next area of resistance is around 81.88 and 82.63, while 1st support hits today at 80.73 and below there at 80.32.

COTTON (JUL) 01/16/2024: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The close above the 9-day moving average is a positive short-term indicator for trend. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside target is at 83.97. The next area of resistance is around 83.41 and 83.97, while 1st support hits today at 82.47 and below there at 82.08.

DAILY SUGAR COMMENTARY

1/16/2024

Corrective rally underway as Brazil harvest winds down.

March sugar is in a corrective mode following its steep selloff from the November high to the late December low. The Brazilian harvest has been extended into this year due in part to drier than normal weather, but it is expected to wind down by the end of the month. The extended harvest leaves less carryover cane to be crushed in the 2024/25 season, which starts in April. Brazil's 2023/24 Center-South sugar production remains well ahead of last season's pace, but last week's Unica supply report showed sugar's share of crushing falling to 37% during the second half of December, which was far below the 47%

share it held during the same period last year. This suggests improving Brazilian ethanol demand. The Brazilian analytics firm Datagro forecast their nation's upcoming 2024/25 Center-South sugar production to reach a record 43.1 million tonnes. Despite the strong Brazilian production this year, the sugar market is faced with low global stocks and poor crops in Asia. Egypt's state grains buyer GASC struck a deal to buy 100,000 tonnes of imported raw sugar. India has put a 50% duty on Molasses exports derived from the extraction or refining of sugar. India is trying to maintain adequate sugar supply for domestic consumption while also supporting ethanol production by promoting the use of molasses for that purpose. Friday's Commitments of Traders report showed managed money traders were net sellers of 2,305 contracts of sugar for the week ending January 9, reducing their net long to 15,892. This is their smallest net long since October 2022 and leaves the funds well positioned to become active buyers if they choose.



TODAY'S MARKET IDEAS:

With the Brazilian production winding down, the sugar market may focus more on otherwise tight global supply. March sugar's breakout above the recent consolidation overnight after successfully testing support at the 21-day moving average last week leaves the next upside target at 23.13, the first retracement of the November-December selloff. Look for support at 2125.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 1/2/2024 - 1/9/2024

	Non-Commercial		Net Position	Commercial		Non-Reportable	
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	Weekly Net Change	
Softs							
Sugar	40,209	-2,931	-54,376	+7,573	14,168	-4,640	

SUGAR TECHNICAL OUTLOOK:

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SUGAR (MAR) 01/16/2024: Studies are showing positive momentum but are now in overbought territory, so some

caution is warranted. A positive signal for trend short-term was given on a close over the 9-bar moving average. The daily closing price reversal down puts the market on the defensive. The market tilt is slightly negative with the close under the pivot. The near-term upside objective is at 22.07. The next area of resistance is around 21.80 and 22.07, while 1st support hits today at 21.42 and below there at 21.30.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (MAR) 01/16/2024: Daily stochastics are showing positive momentum from oversold levels, which should reinforce a move higher if near term resistance is taken out. The close below the 9-day moving average is a negative short-term indicator for trend. The daily closing price reversal down is a negative indicator for prices. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside objective is at 313.15. The next area of resistance is around 308.60 and 313.15, while 1st support hits today at 300.80 and below there at 297.50.

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	21.61	49.80	44.19	60.67	73.25	21.62	21.35	21.12	23.82	24.71
CTAH24	81.31	59.02	54.86	61.60	67.37	80.90	80.58	80.24	80.30	81.22
CTAN24	82.94	60.14	56.14	70.50	74.66	82.65	82.42	81.90	81.71	82.62
CCAH24	4323	61.29	59.36	52.24	67.58	4241.25	4226.22	4251.06	4180.87	4090.73
OJAH24	304.65	34.29	34.97	13.92	16.86	302.55	314.17	324.61	356.31	358.35
KCAH24	180.00	39.39	44.72	18.35	12.57	182.33	183.94	189.13	181.57	177.10
MAG24	15.90	49.32	44.97	40.97	47.35	15.99	15.78	15.75	16.53	16.92

Calculations based on previous session. Data collected 01/12/2024

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	21.29	21.41	21.68	21.80	22.07
CTAH24	Cotton	80.31	80.72	81.47	81.88	82.63
CTAN24	Cotton	82.07	82.46	83.02	83.41	83.97
CCAH24	Cocoa	4249	4286	4322	4359	4395
OJAH24	Orange Juice	297.45	300.75	305.30	308.60	313.15
KCAH24	Coffee	173.61	176.07	181.46	183.92	189.31
MAG24	Milk	15.65	15.78	15.89	16.02	16.13

Calculations based on previous session. Data collected 01/12/2024

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