

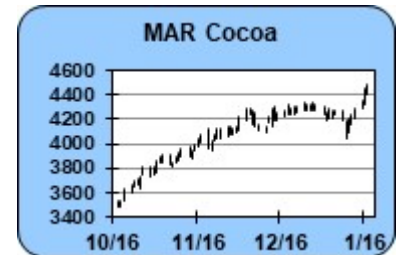


DAILY SOFTS COMMENTARY Thursday January 18, 2024

DAILY COCOA COMMENTARY 1/18/2024

European and Asian grindings fall, as expected.

European fourth-quarter cocoa grindings data released overnight came in at 350,739 tonnes, down 2.5% from the same period in 2022. Traders were expecting a decline of 2%-5%. Asian grindings totaled 211,202 tonnes in the fourth quarter, down 8.5% from 2022. Their total grindings for 2023 reached 858,675 tonnes, down 5% from 2022. March cocoa fell on the news but quickly recovered back to yesterday's contract highs. Traders seem to view the drop in grindings as a reflection of tight supply rather than soft demand. Next up is North American grindings, which are also expected to decline. Major West African growing nations are looking at a sharp drop in production this season. There are reports that near-term supplies have tightened in Cameroon. Ivory Coast has seen a 37% decline in this season's port arrivals. There are also concerns that the recent gang violence in Ecuador, the world's third largest cocoa producer, could disrupt exports out of that nation.



TODAY'S MARKET IDEAS:

European and Asian fourth quarter grind numbers came in lower, as expected, and that leaves the North American result later today as the final arbiter. Cocoa's rally the past two weeks has been impressive, but the market has not penetrated last month's 46 1/2 year high at 4478 on the nearby chart. A move above there would leave the next upside target at 4589. Getting past the grind data unscathed may allow that to happen.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COCOA TECHNICAL OUTLOOK:

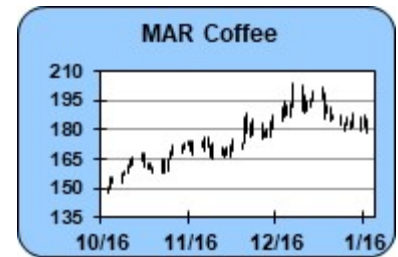
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COCOA (MAR) 01/18/2024: Rising stochastics at overbought levels warrant some caution for bulls. The close above the 9-day moving average is a positive short-term indicator for trend. The close over the pivot swing is a somewhat positive setup. The next upside target is 4517. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 4484 and 4517, while 1st support hits today at 4412 and below there at 4373.

DAILY COFFEE COMMENTARY 1/18/2024

Weaker real encourages Brazilian grower selling.

March coffee fell below key technical support levels yesterday, suggesting further weakness ahead. A setback in London Robusta futures after reaching their highest level in 29 years earlier in the week pulled support from the NY Arabica contract. The Houthi attacks on ships in the Red Sea are threatening Robusta deliveries to Europe, and there are reports that shipping costs have increased by 150%. There are also ongoing reports that Vietnamese growers are reluctant to sell as they hold out for higher prices. ICE Robusta stocks have fallen to historic lows, but Arabica stocks increased by 8,150 bags yesterday, and they are now more than 16,000 bags above where they were at the end of December. The Brazilian real declined more than 1.5% so far this week, which may encourage Brazilian farmers to sell their beans.



TODAY'S MARKET IDEAS:

March coffee closed below the 50-day moving average for the first time since October yesterday, and it held below that level overnight. It also broke below the recent consolidation and traded to its lowest level since October 11. This leaves 174.45 as the next downside objective. Look for resistance at 181.40 and 185.00.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COFFEE TECHNICAL OUTLOOK:

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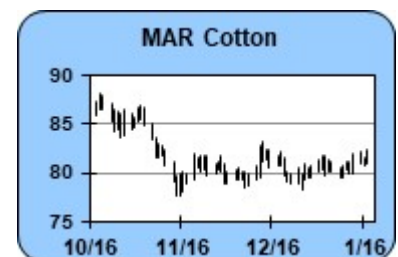
COFFEE (MAR) 01/18/2024: The close below the 40-day moving average is an indication the longer-term trend has turned down. Daily stochastics are trending lower but have declined into oversold territory. The market's short-term trend is negative as the close remains below the 9-day moving average. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside objective is 173.68. The next area of resistance is around 182.60 and 187.27, while 1st support hits today at 175.80 and below there at 173.68.

DAILY COTTON COMMENTARY

1/18/2024

Turning positive on demand.

Cotton traders have turned optimistic this week towards demand. The market has seen choppy action, but it has been maintaining a slight uptrend off the December low, and yesterday it traded to its highest level since December 8. A larger than expected increase in US retail sales for the month of December lent support, especially the 1.5% increase in clothing store sales. Other data showed China's economy grew 5.3% in 2023, which was above the official target. Traders are hoping that Friday's export sales report will show strong sales to China. Last week's report showed the US sold 284,478 bales for the week ending January 4, of which 117,862 were destined for China. Traders are hoping there may be some more export business ahead of the Lunar New Year. The Beijing-based Customs General Administration reported overnight that China imported 260,000 tonnes of cotton in December, down from 310,000 in November and down 54.9% from December 2022. Total imports for 2023 reached 1.960 million tonnes, up 1.1% from 2022.



TODAY'S MARKET IDEAS:

March cotton traded right to the 0.382 retracement of the September-November decline yesterday, and that level,

82.45, will act as initial resistance today, followed by 83.13. Look for support at 82.06 and 81.98.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COTTON TECHNICAL OUTLOOK:

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COTTON (MAR) 01/18/2024: 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 market has a slightly positive tilt with the close over the swing pivot. The next upside target is 83.15. The next area of resistance is around 82.42 and 83.15, while 1st support hits today at 80.98 and below there at 80.28.

COTTON (JUL) 01/18/2024: Rising stochastics at overbought levels warrant some caution for bulls. The market's close above the 9-day moving average suggests the short-term trend remains positive. With the close over the 1st swing resistance number, the market is in a moderately positive position. The near-term upside target is at 84.59. The next area of resistance is around 83.98 and 84.59, while 1st support hits today at 82.72 and below there at 82.06.

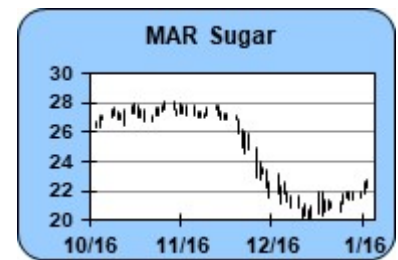
DAILY SUGAR COMMENTARY

1/18/2024

Recovery intact as Brazil harvest winds down.

The 2024 recovery in the sugar market remains intact, as prices recovered overnight after a minor setback yesterday. March sugar is under the bullish influence of a move above the 21-day moving average earlier this month and a breakout above resistance at 22.00 this week. The Brazilian real has declined 1.5% so far this week, but that does not appear to have pressured sugar prices. The Brazilian trade group Unica said that they expect 2024/25 Center-South cane crop to be "good," which may have weighed on prices yesterday.

However, after a 29% decline from November's high to last month's low, the market appears to have absorbed the large Brazilian crop for 2023/24, and the 2024/25 crop is still off in future. With the Brazilian harvest winding down, the focus has shifted back to lower Asian output this year and relatively tight global supplies. Earlier this week India's National Federation of Cooperative Sugar Factories said that their nation's 2023/24 sugar production for the marketing year that began on October 1 had reached 14.87 million tonnes as of January 15, a 7% decline from the same period in 2022/23. Citi said the bullish reversal in sugar may be enough to push prices another 10-15% higher over the next three to six months.



TODAY'S MARKET IDEAS:

The next upside target for March sugar comes in at 23.13, the first retracement of the November-December selloff, followed by 24.08. Look for support at 22.00.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

SUGAR TECHNICAL OUTLOOK:

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SUGAR (MAR) 01/18/2024: 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 daily closing price reversal down is a negative indicator for prices. The market tilt is slightly negative with the close under the pivot. The near-term upside target is at 22.88. The next area of resistance is around 22.59 and 22.88, while 1st support hits today at 22.11 and below there at 21.92.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (MAR) 01/18/2024: The daily stochastics have crossed over down which is a bearish indication. Daily stochastics are trending lower but have declined into oversold territory. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The close below the 2nd swing support number puts the market on the defensive. The next downside objective is now at 283.00. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 295.50 and 302.55, while 1st support hits today at 285.75 and below there at 283.00.

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	22.35	59.14	51.30	72.99	83.54	22.06	21.70	21.24	23.59	24.55
CTAH24	81.70	62.90	57.33	65.53	69.59	81.43	80.82	80.49	80.44	81.06
CTAN24	83.35	64.71	59.03	72.99	75.43	83.05	82.60	82.18	81.83	82.47
CCAH24	4448	70.70	66.45	69.03	84.73	4368.50	4266.67	4268.67	4202.47	4116.37
OJAH24	290.65	27.05	30.17	13.70	11.62	300.00	306.39	316.98	353.55	356.24
KCAH24	179.20	40.72	44.70	16.39	12.94	182.13	182.61	187.52	181.97	177.85
MAG24	15.71	42.82	41.00	38.46	34.21	15.80	15.81	15.74	16.44	16.82

Calculations based on previous session. Data collected 01/17/2024

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	21.92	22.11	22.40	22.59	22.88
CTAH24	Cotton	80.27	80.98	81.71	82.42	83.15
CTAN24	Cotton	82.05	82.71	83.32	83.98	84.59
CCAH24	Cocoa	4373	4412	4445	4484	4517
OJAH24	Orange Juice	282.95	285.70	292.75	295.50	302.55
KCAH24	Coffee	173.67	175.80	180.47	182.60	187.27
MAG24	Milk	15.55	15.61	15.75	15.81	15.95

Calculations based on previous session. Data collected 01/17/2024

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