



DAILY SOFTS COMMENTARY

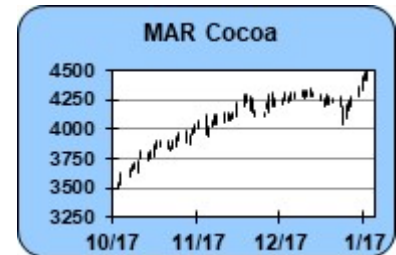
Friday January 19, 2024

DAILY COCOA COMMENTARY

1/19/2024

Relieved that grind data was not as low as expected.

Fourth quarter 2023 grindings for European, Asia, and North America all declined from the previous year, but the results were not as low as expected, and the cocoa market responded with a move to new 46 1/2 year highs. During yesterday's session, the European Cocoa Association reported 4th quarter grindings at 350,739 tonnes, down 2.5% from last year, but this compares to expectations for declines of 2-5%. This was the second lowest 4th quarter grind of the past seven years. Only pandemic-hit 2020 was smaller. The Cocoa Association of Asia put their 4th-quarter grindings at 211,202 tonnes, 8.5% below last year but in line with expectations. This was their lowest 4th quarter grind since 2018 and the lowest total for any quarter since the 3rd quarter of 2021. After the close yesterday, the National Confectionaries Association put North American 4th quarter grindings at 103,971 tonnes, down 2.95% from 2022, but this was better than expectations calling for a decline of 6-8%. It was the smallest 4th quarter North American grind since 2009. Demand seems more resilient than feared. It is not surprising that the grind was down given the limited supply and high prices. Recall that the trade is expecting a third global deficit in a row for 2023/24.



TODAY'S MARKET IDEAS:

March cocoa gapped higher overnight to new contract highs, and the nearby chart managed to break above the 46 1/2 year high from December. This leaves the next upside objective at 4589. Look for support at 4450 and 4406.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COCOA TECHNICAL OUTLOOK:

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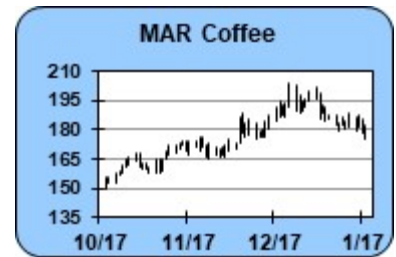
COCOA (MAR) 01/19/2024: The upside crossover (9 above 18) of the moving averages suggests a developing short-term uptrend. Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market has a slightly positive tilt with the close over the swing pivot. The near-term upside target is at 4539. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 4499 and 4539, while 1st support hits today at 4417 and below there at 4375.

DAILY COFFEE COMMENTARY

1/19/2024

Red Sea shipping problems boost demand for Brazilian beans.

March coffee's reversal off a six-week low yesterday indicated strong buying interest. The attacks on cargo ships in the Red Sea have roiled the global coffee trade, sending Robusta prices to their highest level in 29 years and lending support to Arabica as well. A Bloomberg report said that buyers of Robusta beans are avoiding purchases from Vietnam due to surging shipping costs and longer than normal travel times and are switching to origins that do not require passage through the Red Sea, particularly Brazil. This report contrasts with stories earlier this week saying Vietnamese farmers were holding out, waiting for higher prices. The Brazilian government agency Conab has forecast the nation's 2024/25 coffee production at 58.1 million bags, up from 55.1 million in 2023/24. Arabica production is expected to come in around 40.75 million bags, up 4.7% from 2023/24. The 2024/25 crop year is an "on" year in the biennial cycle.



TODAY'S MARKET IDEAS:

The reversal off a six-week low coupled with the market's oversold condition suggests there could be follow-through buying today. Red Sea shipping problems could continue to support Robusta prices, which would lend carryover support to Arabica. Look for resistance in March NY coffee at 188.05, with support at 175.55.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COFFEE TECHNICAL OUTLOOK:

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COFFEE (MAR) 01/19/2024: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The close below the 9-day moving average is a negative short-term indicator for trend. It is a slightly negative indicator that the close was under the swing pivot. The next downside objective is now at 172.65. The next area of resistance is around 183.34 and 186.24, while 1st support hits today at 176.55 and below there at 172.65.

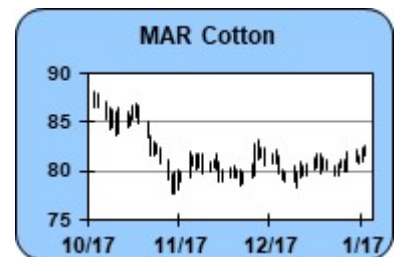
DAILY COTTON COMMENTARY

1/19/2024

Bulls hoping for a strong export sales number today.

The cotton market seems to be encouraged by the positive US economic data this week, with a strong December retail sales number on Wednesday (especially clothing stores) and strong Housing Permits and low initial unemployment claims numbers yesterday. The recovery in the US stock market this week also lends support on ideas it is bullish for consumption. March cotton extended its rally overnight and traded to its highest level since December 8.

The market has pushed through the 0.382 retracement of the September-November decline at 82.51, and that level could be a key support area today. Bullish traders are hoping that today'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. However, the steady rally in the dollar off its December lows makes US cotton exports less competitive. Louis Dreyfus has agreed to acquire the rest of its Australian partner Namoi Cotton. They are the largest cotton processing and supply chain business in Australia.



TODAY'S MARKET IDEAS:

March cotton may need a strong export sales number this morning to extend its rally. The move above the 0.382 retracement of the September-November decline leaves the next upside target at 83.97. Interim resistance comes in at 83.13 and 83.62. Look for support at 82.48 and 81.70.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COTTON TECHNICAL OUTLOOK:

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COTTON (MAR) 01/19/2024: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. 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 near-term upside target is at 83.26. The next area of resistance is around 82.98 and 83.26, while 1st support hits today at 82.04 and below there at 81.37.

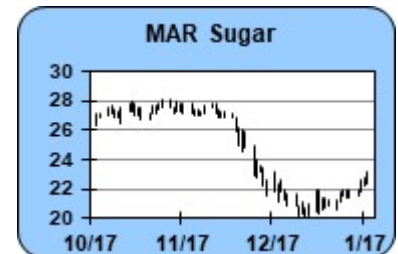
COTTON (JUL) 01/19/2024: Momentum studies are trending higher but have entered overbought levels. The close above the 9-day moving average is a positive short-term indicator for trend. The close over the pivot swing is a somewhat positive setup. The next upside target is 84.50. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 84.31 and 84.50, while 1st support hits today at 83.61 and below there at 83.11.

DAILY SUGAR COMMENTARY

1/19/2024

Cyclone in Queensland adds to supply concerns.

March sugar has staged an impressive rally off the December low, but this has put the market in a short-term overbought condition, which could leave it vulnerable to a setback. Lower production in India and Thailand is outweighing the strong Brazilian crop in the market's eyes. India's sugar output is running 7% behind last season, and Thailand's 2023/24 production is expected to come in around 8-8.5 million tonnes, down 25% from 2022/23. Brazil's major cane-growing regions have forecasts for daily rainfall through late next week, which should benefit their upcoming 2024/25 crop. Dry weather in Brazil extended the harvest and crushing season into this year, but it has also sparked concerns about the upcoming crop. Cane growers in Queensland, Australia are bracing for a tropical cyclone that is forming off the coast and is expected to hit by late Sunday or early Monday. This would be the second cyclone in a little more than a month. The previous storm flooded croplands and left residents stranded on top of houses. Queensland is Australia's biggest sugar producing state. China imported 500,000 tonnes of sugar in December, down 4.3% from the previous year. Their total imports for 2023 reached 3.97 million tonnes, down 25% from 2022. Since the start of the year, the sugar market has received bullish supply news from India (an ongoing export ban), Thailand (a sharp drop in output), Australia (cyclone flooding) and Brazil (crushing shift towards ethanol). These nations are the world's four top exporters and account for 77% of the global trade.



TODAY'S MARKET IDEAS:

Long-term fundamentals are supportive, but the market has gotten overbought technically. The cyclone in Australia lends some more supply anxiety, but a wet trend in Brazil could change the mood. March sugar pushed through the 0.382 retracement of the November-December decline overnight, and that level, 23.13, could be a bull/bear line, as a move back below that line could trigger some selling. The next upside objective is 24.08. Look for support on a break at 22.55.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

SUGAR TECHNICAL OUTLOOK:

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SUGAR (MAR) 01/19/2024: The major trend could be turning up with the close back above the 40-day moving average. Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market's close above the 2nd swing resistance number is a bullish indication. The next upside objective is 23.80. The next area of resistance is around 23.49 and 23.80, while 1st support hits today at 22.59 and below there at 21.99.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (MAR) 01/19/2024: Momentum studies are declining, but have fallen to oversold levels. The close below the 9-day moving average is a negative short-term indicator for trend. The daily closing price reversal up is a positive indicator that could support higher prices. The market setup is supportive for early gains with the close over the 1st swing resistance. The next downside objective is 286.45. The next area of resistance is around 302.55 and 305.90, while 1st support hits today at 292.85 and below there at 286.45.

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	23.04	66.66	57.03	77.88	87.67	22.38	21.92	21.36	23.50	24.48
CTAH24	82.51	69.66	62.00	69.88	78.57	81.71	81.08	80.67	80.51	81.03
CTAN24	83.96	70.41	62.94	76.04	82.15	83.30	82.81	82.37	81.90	82.44
CCAH24	4458	71.39	66.97	75.14	87.36	4414.50	4288.67	4276.94	4212.33	4128.67
OJAH24	297.65	35.14	35.12	13.43	12.89	298.03	303.11	313.96	352.17	355.05
KCAH24	179.95	42.17	45.57	15.74	14.43	181.10	181.99	186.93	182.18	178.11
MAG24	15.65	40.70	39.72	35.10	28.39	15.75	15.81	15.74	16.40	16.77

Calculations based on previous session. Data collected 01/18/2024

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	21.98	22.58	22.89	23.49	23.80
CTAH24	Cotton	81.36	82.03	82.31	82.98	83.26
CTAN24	Cotton	83.10	83.61	83.80	84.31	84.50
CCAH24	Cocoa	4375	4417	4457	4499	4539
OJAH24	Orange Juice	286.40	292.80	296.15	302.55	305.90
KCAH24	Coffee	172.65	176.55	179.45	183.34	186.24
MAG24	Milk	15.50	15.55	15.68	15.73	15.86

Calculations based on previous session. Data collected 01/18/2024

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