



## DAILY SOFTS COMMENTARY Tuesday January 23, 2024

### DAILY COCOA COMMENTARY 1/23/2024

#### Historic rally continues.

March cocoa was higher again overnight, as the market continued its long-term rally to historic, 46-year highs. It has been led higher by low production out of west Africa, which was reinforced on Sunday with another low Ivory Coast port arrivals number. This week's update showed 41,000 tonnes arriving for the week ending January 21, down from 64,000 tonnes for the same period last year. Total arrivals since the season began on October 1 have reached 955,000 tonnes, down 36% from last year. Ivory Coast growers remain optimistic about the mid-crop, which will run from April through September. Reuters reports that although rain was scarce last week in most of the cocoa regions, good soil moisture content helped boost the development of many small pods, and given the number of pods on the trees, growers expect the mid-crop to start off stronger than last year. They also said significant numbers of pods were still leaving the bush for the October-March main crop. One grower said they need one good rain in February for the quality of the mid-crop to be good. The dry season runs until March, and harvest is still several weeks off. The Australian Bureau of Meteorology is reporting that El Nino ocean-warmth is past its peak, with seas surface temperatures in the central tropical Pacific now declining and a return to normal expected in the southern hemisphere's autumn. This could ease concerns about global production.



#### TODAY'S MARKET IDEAS:

Ivory Coast farmers are optimistic about the upcoming crop, but harvest is still several weeks off. RSI and stochastic are at technically overbought levels, and that leaves the market vulnerable to a correction, but there has been no indication of a top. Instead, the market keeps making new highs. Look for support in March cocoa at 4500.

#### NEW RECOMMENDATIONS:

None.

#### PREVIOUS RECOMMENDATIONS:

None.

#### COCOA TECHNICAL OUTLOOK:

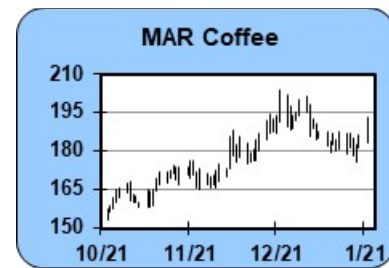
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COCOA (MAR) 01/23/2024: Momentum studies are trending higher but have entered overbought levels. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market has a slightly positive tilt with the close over the swing pivot. The next upside target is 4644. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 4604 and 4644, while 1st support hits today at 4526 and below there at 4489.

### DAILY COFFEE COMMENTARY 1/23/2024

## Shipping delays continue as Houthis remain defiant.

March coffee was moderately lower overnight following a steep, three-day rally that took the market to its highest level since December 29. Houthi attacks in the Red Sea are slowing down the shipment of robusta coffee from Asia to Europe, and robusta prices have reached their highest level in 16 years as a result. The US and UK leveled new attacks on Houthi strongholds overnight, but the Houthi leader remains defiant. The rally in robusta coffee has lent support to Arabica as well, and there are reports of shipping delays at Brazil's major coffee-exporting port of Santos due to a lack of containers. Drier than normal weather in Brazil's Arabica growing regions has also raised concerns about the upcoming crop. ICE exchange coffee stocks increased by 870 bags on Monday and are on-track for a second monthly increase in a row. There are 38,399 bags waiting to go through the exchange's grading process, but 9,758 bags of the 10,903 that were graded on Monday failed to be approved.



### TODAY'S MARKET IDEAS:

Shipping delays through the Red Sea could keep prices elevated. March coffee traded right to the 0.618 retracement of the December-January selloff yesterday, and that level, 193.15 becomes key resistance. Look for support at 187.25 and 181.85.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

None.

### COFFEE TECHNICAL OUTLOOK:

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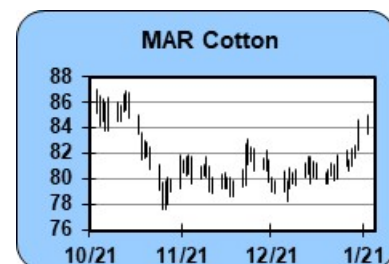
COFFEE (MAR) 01/23/2024: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The cross over and close above the 18-day moving average is an indication the intermediate-term trend has turned positive. The market's close above the 2nd swing resistance number is a bullish indication. The next upside objective is 199.93. The next area of resistance is around 197.07 and 199.93, while 1st support hits today at 187.43 and below there at 180.64.

## DAILY COTTON COMMENTARY

1/23/2024

### More bullish demand news needed to extend rally?

March cotton fell overnight after a strong, two-day rally off a bullish turn in demand expectations, but it held most of its gains. Last week's export sales report showed the strongest sales since November 2 and shipments the highest since last June. Market bulls had hoped to see a burst of sales ahead of the Lunar New Year, and they got their wish. This question is whether sales will continue to be strong or whether the recent surge was a flash in the pan. The market has also drawn support from strong US consumer confidence readings and a rally in US equity markets to new all-time highs. Against this is a better-than-expected outlook from Australia after recent rainfall defied expectation that El Nino would bring drier than normal conditions. Some landowners are saying this is the greenest summer in memory. Rains have mainly fallen on the eastern and southern regions. Cotton Australia, an industry association, has raised its production forecast to 4.4-4.5 million bales from around 4 million a few months ago. S&P Global is forecasting US all cotton plantings for 2024



at 10.675 million acres. This would be up from the 10.23 million planted last year but below the 13.75 million in 2022.

#### **TODAY'S MARKET IDEAS:**

The cotton market probably needs more bullish demand news to extend its recent rally, as supply news could be turning bearish. More stock market gains would help. The next upside target is 85.47, the 0.618 retracement of the September-November decline, and a failure to approach that level could bring in sellers. Look for support at 83.54.

#### **NEW RECOMMENDATIONS:**

None.

#### **PREVIOUS RECOMMENDATIONS:**

None.

#### **COTTON TECHNICAL OUTLOOK:**

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COTTON (MAR) 01/23/2024: Rising stochastics at overbought levels warrant some caution for bulls. A positive signal for trend short-term was given on a close over the 9-bar moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside target is at 85.99. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 85.55 and 85.99, while 1st support hits today at 84.11 and below there at 83.10.

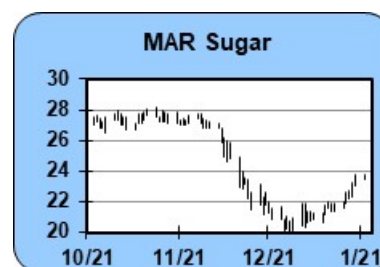
COTTON (JUL) 01/23/2024: Rising stochastics at overbought levels warrant some caution for bulls. The close above the 9-day moving average is a positive short-term indicator for trend. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside target is at 87.35. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 86.94 and 87.35, while 1st support hits today at 85.57 and below there at 84.60.

## **DAILY SUGAR COMMENTARY**

**1/23/2024**

### **El Nino threat easing.**

Rains in Australia have defied expectations for the dry summer that had been widely anticipated due to El Nino. The southern and eastern regions of the nation have benefited, and sugar yields have increased there. However, this has been offset by damage to crops in the northern regions from Cyclone Jasper earlier this month. Another system, expected to be named Tropical Cyclone Kirrily today, is expected to hit landfall overnight Thursday. The Australian Bureau of Meteorology is reporting that El Nino ocean-warmth is past its peak, with seas surface temperatures in the central tropical Pacific now declining and a return to normal expected in the southern hemisphere's autumn. The Indian Sugar Mills Association is estimating India's October 1-January 15 sugar output at 14.95 million tonnes, down from 15.79 million for the same period last year. However, this is higher than they previously forecast, and the group is seeking an additional 1-1.2 million tonnes of sugar diversion towards ethanol. The Unica report on Brazilian sugar production for the first half of January is expected to come out later this week. Production has been running at a record pace, and it will be interesting to see how much output has slowed for the season. The harvest season normally lasts until the rains start in late November or early December, but it was extended this year due to abnormally dry conditions. But if production remains higher than expected, it could raise concerns about dry conditions damaging upcoming cane production. Reuters reports that the European Union is facing calls to limit the flood of sugar imports from Ukraine, this time from sugar producers in Africa, the Caribbean, and the Pacific. The EU had lifted import duties on Ukrainian sugar



after the start of the Russia-Ukraine war in 2020.

**TODAY'S MARKET IDEAS:**

India's sugar production is not as low as feared, and the weather news out of Australia is mixed. March sugar found resistance at the 50-day moving average yesterday and stopped well short of the 50% retracement of the November-December selloff. The market has also gotten short term overbought, which could put the bulls on the defensive if the cyclone in Australia is not particularly damaging. Look for resistance at 23.74 and 24.08, with support at 23.13 and 22.32.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None.

**SUGAR TECHNICAL OUTLOOK:**

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SUGAR (MAR) 01/23/2024: Momentum studies are trending higher but have entered overbought levels. A positive signal for trend short-term was given on a close over the 9-bar moving average. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside target is 23.86. The next area of resistance is around 23.65 and 23.86, while 1st support hits today at 23.34 and below there at 23.22.

**OJ TECHNICAL OUTLOOK:**

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ORANGE JUICE (MAR) 01/23/2024: 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 close above the 9-day moving average is a positive short-term indicator for trend. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside target is 326.15. The next area of resistance is around 316.40 and 326.15, while 1st support hits today at 300.30 and below there at 293.90.

**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
<b>SOFTS MARKETS COMPLEX</b>										
SBAH24	23.50	69.82	60.08	85.09	91.08	23.12	22.38	21.70	23.33	24.35
CTAH24	84.83	81.20	71.80	78.50	88.00	83.25	81.99	81.22	80.69	81.01
CTAN24	86.26	82.79	73.53	82.78	90.30	84.72	83.60	82.93	82.08	82.42
CCAH24	4565	75.47	70.83	84.11	91.57	4513.50	4383.11	4307.44	4236.78	4155.28
OJAH24	308.35	45.50	41.87	18.94	25.49	301.10	301.52	311.11	349.41	352.96
KCAH24	192.25	61.07	57.77	26.55	43.03	184.14	183.46	186.43	182.91	178.87
MAG24	15.89	51.95	47.05	33.49	33.93	15.76	15.86	15.77	16.33	16.69

Calculations based on previous session. Data collected 01/22/2024

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

**DAILY SWING STATISTICS**

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>SOFTS MARKETS COMPLEX</b>						
SBAH24	Sugar	23.22	23.33	23.54	23.65	23.86
CTAH24	Cotton	83.09	84.10	84.54	85.55	85.99

CTAN24	Cotton	84.59	85.57	85.97	86.94	87.35
CCAH24	Cocoa	4488	4526	4566	4604	4644
OJAH24	Orange Juice	293.85	300.25	310.00	316.40	326.15
KCAH24	Coffee	180.63	187.42	190.28	197.07	199.93
MAG24	Milk	15.66	15.77	15.89	16.00	16.12

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