

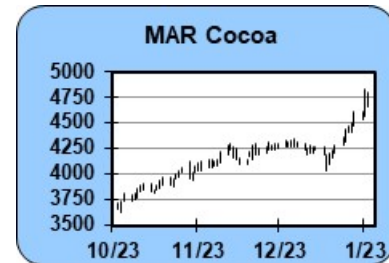


## DAILY SOFTS COMMENTARY Thursday January 25, 2024

### DAILY COCOA COMMENTARY 1/25/2024

**New high overnight as market tries to resume its uptrend.**

March cocoa pushed through Tuesday's contract high by \$5 overnight but retreated from that level. A failure to decisively push through there today could spark some profit taking. The market has seen daily ranges of \$110 or more in six of the last 12 sessions, so despite a bullish supply/demand setup, it remains vulnerable to a sharp downside move. West African supply issues continue to provide support, and there have been positive signs on the demand front that have given fresh strength to the market this past week. Asia showed a significant drop in 4th quarter grindings, and the stimulus measures in China and the boost to their economic outlook are viewed as positive for demand. There was a Bloomberg story highlighting Tuesday's option volume of 72,400 versus a 20-day average of 10,865. Many of these trades were for very large "condor" spreads in the May and September contracts. A condor is a sophisticated option strategy, and the volume of trade suggests there is fresh institutional interest. The range of maximum profitability for these strategies is at or below the current prices for the May and September contracts.



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

Cocoa's managed money net long position was already near the top of the historic range as of last Tuesday and the recent leg high suggests that position has gotten even larger. This crowded market could be vulnerable to a sharp setback if sentiment turns negative. Look for resistance in March cocoa at 4840, with support at 4692. Sellers beware; the main trend is up, and volatility is high.

#### **NEW RECOMMENDATIONS:**

None.

#### **PREVIOUS RECOMMENDATIONS:**

None.

#### **COCOA TECHNICAL OUTLOOK:**

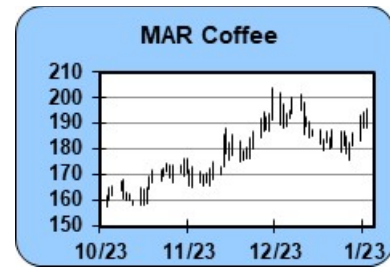
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COCOA (MAR) 01/25/2024: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market setup is supportive for early gains with the close over the 1st swing resistance. The near-term upside objective is at 4909. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 4860 and 4909, while 1st support hits today at 4710 and below there at 4609.

### DAILY COFFEE COMMENTARY 1/25/2024

## Rain in Brazil sparks a selloff.

While London Robusta coffee extended its rally to a new 16-year high yesterday, the New York Arabica market exhibited topping action when it closed lower after trading to a new high for the move. Forecasts for rain over Brazil's Arabica-growing regions next week eased dryness concerns and sparked some profit taking. The market extended its losses slightly overnight. It could still draw underlying support from the Robusta market, which reached new contract highs yesterday and held most of those gains overnight. The Robusta market has drawn support from tight supplies in Europe in the wake of Houthi attacks on shipping in the Red Sea. There are also reports that Vietnamese farmers are reluctant to sell their Robusta beans as they hold out for higher prices. ICE exchange coffee stocks increased by 1,585 bags on Wednesday, and there are now more than 53,000 bags waiting to be graded. Of the 5,220 bags that went through the review process yesterday, 2,425 bags failed to be approved.



### TODAY'S MARKET IDEAS:

Yesterday's reversal from a 4-week high in March coffee could signal a near term top, but it could continue to draw support from the Robusta market. Buying support comes in at 185.65 and 183.25, with resistance at 190.50.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

None.

### COFFEE TECHNICAL OUTLOOK:

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COFFEE (MAR) 01/25/2024: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The market's short-term trend is positive on the close above the 9-day moving average. The daily closing price reversal down is a negative indicator for prices. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next upside objective is 198.33. The next area of resistance is around 193.27 and 198.33, while 1st support hits today at 185.63 and below there at 183.04.

## DAILY COTTON COMMENTARY

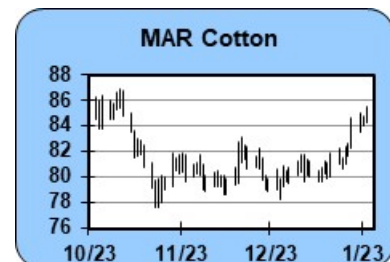
1/25/2024

### China stimulus efforts could boost demand expectations.

After a one-day setback, March cotton has resumed its uptrend and has reached its highest level since October 30. It extended its gains overnight but fell back to unchanged on the day as the session progressed, as traders grew cautious ahead of this morning's weekly USDA export sales report. The news this week about the stimulus measures in China has boosted the demand outlook for US cotton.

China has been the number one buyer of US cotton for the 2023/24 marketing year, and the recent surge in export sales has been primarily due to Chinese buying. Traders will be looking to today's report to see if

sales can maintain their recent strong pace. Last week's report showed net sales of 437,647 bales for the week ending January 11. This was up from 284,478 the previous week and was the highest since November 2. China was the largest buyer at 227,708 bales. The rally in US equity markets has also boosted demand expectations. Some traders are suggesting that the US is close to running out of cotton to sell and that mid-south cotton is



basically sold out with only 10-15% left in farmers' hands.

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

If the export sales report is disappointing, it could send prices lower. March cotton traded above the 0.618 retracement of the September-November selloff at 85.47 at times overnight, and that level could be a bull/bear line today. Look for round-number resistance at 86.00, followed by 86.90, with support at 84.29 and 83.97.

#### **NEW RECOMMENDATIONS:**

None.

#### **PREVIOUS RECOMMENDATIONS:**

None.

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

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COTTON (MAR) 01/25/2024: 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. Since the close was above the 2nd swing resistance number, the market's posture is bullish and could see more upside follow-through early in the session. The near-term upside target is at 86.34. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 86.00 and 86.34, while 1st support hits today at 84.80 and below there at 83.95.

COTTON (JUL) 01/25/2024: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's short-term trend is positive on the close above the 9-day moving average. Since the close was above the 2nd swing resistance number, the market's posture is bullish and could see more upside follow-through early in the session. The next upside target is 88.28. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 87.87 and 88.28, while 1st support hits today at 86.55 and below there at 85.64.

### **DAILY SUGAR COMMENTARY**

**1/25/2024**

#### **Unica report could set direction later today.**

The sugar market has seen a significant rally this month, and it has blown through resistance levels with barely a pause. This has put it in a short term overbought condition as it faces the twice-monthly Unica report on Brazilian sugar production later today. The previous report showed Brazil Center-South sugar production running 25% ahead of last year and ethanol production 14% higher on a 19% increase in cane output. The harvest season normally ends when the rains come in late November or early December, but it was extended this year due to abnormally dry conditions. Recent reports have shown a shift in crushing activity to more ethanol and less sugar. Dry conditions have raised concerns about the upcoming cane crop, but rainfall is in the forecast for the coming week. In Australia, tropical Cyclone Kirrily has strengthened into a Category 3 with wind gusts at 103 mph. It is expected to hit landfall today in Queensland, the primary cane growing area. The previous Cyclone, Jasper, caused widespread flooding and damaged sugar crops, and traders are on the lookout for a repeat. Reuters reports that India is planning an 8% increase for the floor price that mills must pay for sugar cane in the 2024/25 season, as it attempts to boost production.



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

Sugar's share of crushing could be a key focus in today's Unica report, as it may indicate that mills are making a further shift towards ethanol production. The market short term overbought, which leaves it vulnerable to a

correction if the report is viewed as negative. Look for resistance in March sugar at 24.85 and 25.04, with support at 23.60 and 23.04.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None.

**SUGAR TECHNICAL OUTLOOK:**

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SUGAR (MAR) 01/25/2024: The market now above the 60-day moving average suggests the longer-term trend has turned up. Rising stochastics at overbought levels warrant some caution for bulls. The market's short-term trend is positive on the close above the 9-day moving average. The market's close above the 2nd swing resistance number is a bullish indication. The next upside objective is 25.31. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 25.00 and 25.31, while 1st support hits today at 23.92 and below there at 23.14.

**OJ TECHNICAL OUTLOOK:**

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ORANGE JUICE (MAR) 01/25/2024: 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 is an indication the intermediate-term trend has turned positive. The close over the pivot swing is a somewhat positive setup. The near-term upside objective is at 316.35. The next area of resistance is around 313.80 and 316.35, while 1st support hits today at 308.40 and below there at 305.50.

**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
<b>SOFTS MARKETS COMPLEX</b>										
SBAH24	24.46	77.42	66.57	90.07	94.86	23.82	22.95	22.09	23.19	24.24
CTAH24	85.40	80.92	72.66	85.92	93.19	84.70	83.00	81.75	80.87	80.98
CTAN24	87.21	86.02	76.81	89.30	95.11	86.30	84.59	83.47	82.28	82.42
CCAH24	4785	84.46	78.64	85.41	87.99	4641.75	4499.89	4355.00	4267.53	4185.33
OJAH24	311.10	48.56	43.82	25.87	33.14	308.78	303.64	309.88	345.92	350.79
KCAH24	189.45	55.23	54.27	45.20	61.55	189.95	185.36	185.89	183.71	179.86
MAG24	15.58	39.69	39.81	29.30	23.21	15.74	15.76	15.75	16.22	16.60

Calculations based on previous session. Data collected 01/24/2024

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	23.13	23.91	24.22	25.00	25.31
CTAH24	Cotton	83.94	84.80	85.14	86.00	86.34
CTAN24	Cotton	85.64	86.55	86.96	87.87	88.28
CCAH24	Cocoa	4609	4710	4759	4860	4909
OJAH24	Orange Juice	305.45	308.35	310.90	313.80	316.35
KCAH24	Coffee	183.03	185.62	190.68	193.27	198.33
MAG24	Milk	15.41	15.49	15.59	15.67	15.77

**Calculations based on previous session. Data collected 01/24/2024  
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