



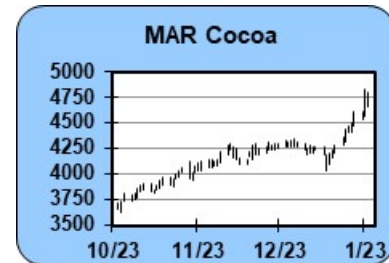
## DAILY SOFTS COMMENTARY Friday January 26, 2024

### DAILY COCOA COMMENTARY 1/26/2024

#### Demand concerns not verified by data.

Over the past three sessions, March cocoa has seen daily ranges of \$150 or more, and on Tuesday and Thursday the market closed more than \$200 off its daily high. The International Cocoa Organization said in a report that the high shipping costs on top of high cocoa prices could hurt demand. With prices at 46-year highs, traders are concerned about demand destruction, but so far, these fears have not been verified by the grind data, which have seen smaller reductions than expected.

Bloomberg reported that several processing firms in Ghana had to shut down operations due to a shortage of cocoa beans, and Ivory Coast has halted forward sales of their upcoming 2024/25 crop until they get a better idea of production. An Ivory Coast official said that starting in 2025, their nation will not be able to export cocoa to the EU if the origination of the cocoa is untraceable. In a final accounting, the ICCO calculated world cocoa stocks in warehouses at 1.744 million tonnes as of September 30, 2023, down from 1.843 million in 2022 and 2.059 million in 2021. This was unchanged from their estimates from the fourth-quarter 2023 bulletin, leaving the production deficit for 2022/23 at 99,000 tonnes. Another, larger deficit is expected for 2023/24 after the poor main crop performance this past fall. Recent comments from Ivory Coast farmers indicate they are more optimistic about the prospects for the mid-crop, which starts in April.



#### TODAY'S MARKET IDEAS:

Recent volatile action could be symptomatic of a major top, but selling this market carries high risk. Retracement support of the rally off the January 8 low to this week's high comes in at 4529, 4434, and 4340. Resistance comes in at 4840.

#### NEW RECOMMENDATIONS:

None.

#### PREVIOUS RECOMMENDATIONS:

None.

#### COCOA TECHNICAL OUTLOOK:

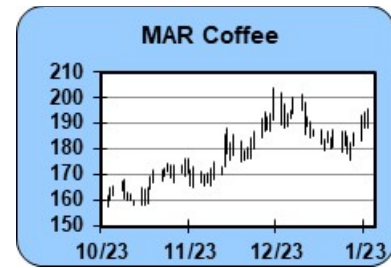
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COCOA (MAR) 01/26/2024: The daily stochastics have crossed over down which is a bearish indication. Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. A positive signal for trend short-term was given on a close over the 9-bar moving average. The outside day down is somewhat negative. The market setup is somewhat negative with the close under the 1st swing support. The next downside objective is now at 4445. The next area of resistance is around 4740 and 4905, while 1st support hits today at 4510 and below there at 4445.

### DAILY COFFEE COMMENTARY 1/26/2024

## New contract highs for robusta coffee supports NY futures.

Coffee prices have seen volatile price action over the past seven sessions, but the market continues to stay above the 50-day moving average and remains on track for a positive weekly result. There has been a rebound in global risk sentiment this week, and that has improved demand expectations and attracted new buyers. The NY Arabica market has also drawn support from London robusta futures, which traded to new contract highs overnight. The Houthi attacks on cargo ships in the Red Sea since the start of the year have delayed the movement of robusta beans from Asia to Europe as ships have gotten diverted around Africa. Rain in the forecast for Brazil's major Arabica growing regions helped pressure Arabica prices yesterday on ideas it will improve prospects for their 2024/25 crop. However, there were also concerns that some areas could see flooding. ICE exchange coffee stocks fell 3,142 bags on Thursday, but they remain on course for a second monthly increase in a row, something that has not occurred since January 2023. There are 65,278 bags pending review.



### TODAY'S MARKET IDEAS:

March coffee rallied 3 cents from its mid-session low yesterday, and it followed with further gains overnight. This leaves the short-term uptrend intact, with Wednesday's high at 195.75 in the market's sights. Additional resistance comes in at 201.35, with support at 186.00.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

None.

### COFFEE TECHNICAL OUTLOOK:

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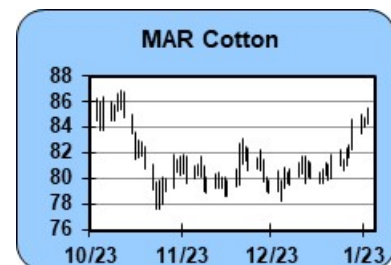
COFFEE (MAR) 01/26/2024: The upside crossover (9 above 18) of the moving averages suggests a developing short-term uptrend. Positive momentum studies in the neutral zone will tend to reinforce higher price action. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market's close below the pivot swing number is a mildly negative setup. The next upside target is 193.33. The next area of resistance is around 190.02 and 193.33, while 1st support hits today at 183.88 and below there at 181.04.

## DAILY COTTON COMMENTARY

1/26/2024

### Traders wary of a slowdown in export sales.

March cotton set back overnight after achieving a technical objective yesterday. The market has seen a strong rally over the past week and a half on an improving demand outlook that was driven by strong weekly export sales reports. Yesterday's report was a bit disappointing, as it showed US cotton sales for the week ending January 18 at 207,044 bales, down from 437,647 the previous week and below the four-week average of 265,058. Cumulative sales for 2023/24 have reached 9.513 million bales, up from 9.282 million a year ago but below the five-year average of 11.193 million for this point in the marketing year. Sales have reached 84% of the USDA forecast for the marketing year versus a five-year average of 82%. The largest buyer was China at 103,324 bales, followed by Vietnam at 33,801 and Bangladesh at 21,676. China has the most commitments for 2023/24 at 3.865 million bales, followed by Pakistan at 1.395 million and Vietnam at 898,800.



Traders are expecting business to China to slow down with the approach of the Lunar New Year holiday on February 10. The rally in the US stock market has also boosted demand expectations, and if it continues, it could lend further support to cotton. USDA has announced Special Import Quota #15 for upland cotton, to be established on February 1, allowing the importation of 28,475 bales.

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

March cotton closed above the 0.618 retracement of the September-November selloff yesterday, but it fell back below it overnight, and that level, 85.47, could be a key bull/bear line today. Look for support at 83.97, with resistance at 86.90. The market is overbought, and the bulls may be anxious to take profits, especially if they fear a slowdown in export sales.

#### **NEW RECOMMENDATIONS:**

None.

#### **PREVIOUS RECOMMENDATIONS:**

None.

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

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COTTON (MAR) 01/26/2024: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's close above the 9-day moving average suggests the short-term trend remains positive. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside objective is 86.35. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 86.13 and 86.35, while 1st support hits today at 85.39 and below there at 84.86.

COTTON (JUL) 01/26/2024: Momentum studies are trending higher but have entered overbought levels. The market's short-term trend is positive on the close above the 9-day moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside target is 88.18. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 87.97 and 88.18, while 1st support hits today at 87.21 and below there at 86.66.

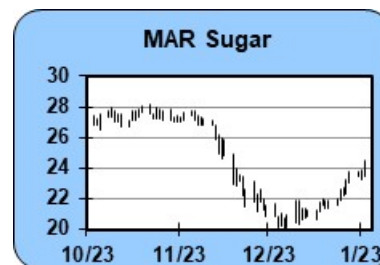
### **DAILY SUGAR COMMENTARY**

1/26/2024

#### **Heavy rains could damage Australia's crop.**

The sugar market remains on-track for a fourth positive week in a row and its first monthly gain since October. The market was higher overnight after a mild setback yesterday. Tropical Cyclone Kyrily has made landfall in Queensland, Australia as a Category 3 storm, the biggest cyclone to hit the coast in almost five years. The storm has weakened to a tropical low, but it is expected to bring heavy rain and possibly damaging winds as it moves inland. The previous Cyclone, Jasper, damaged sugar crops, and officials are watching this one closely. Queensland accounts for 95% of Australia's sugar output.

Yesterday's Unica report showed Brazil's Center-South sugar cane crushing at 1.110 million tonnes in the first half of January, up from 440,000 for the same period last year but down from 4.872 million in the second half of December and 19.083 million in first half of December. Total cane crush for 2023/24 is running 19% ahead of last year. Ethanol's share continues to gain as the season winds down, reaching 65.8% in the first half of January versus 62.9% in the second half Of December and 56.6% in the first half of December. Sugar production during the first half of January totaled 48,000 tonnes versus 236,000 during the second half of December and 19,000 tonnes a year ago. Earlier this week there was talk that the extended dry period in Brazil would result in a smaller



cane crop in 2024/25, but a rainy forecast has eased those concerns.

**TODAY'S MARKET IDEAS:**

Brazil's 2023/24 Center-South sugar production has reached a record high, but the season is winding down, and the shift in crushing towards ethanol production may underpin sugar prices. The next upside objective for March sugar comes in at 25.04, with intermediate resistance at 24.62 and 24.85. Look for support at 23.54.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None.

**SUGAR TECHNICAL OUTLOOK:**

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SUGAR (MAR) 01/26/2024: The close below the 60-day moving average is an indication the longer-term trend has turned down. 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 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 24.85. The next area of resistance is around 24.39 and 24.85, while 1st support hits today at 23.69 and below there at 23.46.

**OJ TECHNICAL OUTLOOK:**

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ORANGE JUICE (MAR) 01/26/2024: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The intermediate trend has turned down with the cross over back below the 18-day moving average. The swing indicator gave a moderately negative reading with the close below the 1st support number. The near-term upside target is at 314.45. The next area of resistance is around 310.75 and 314.45, while 1st support hits today at 303.75 and below there at 300.40.

**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	24.04	68.65	61.75	90.51	91.38	23.94	23.20	22.22	23.12	24.19
CTAH24	85.76	82.23	73.86	89.06	95.35	85.15	83.49	82.01	80.96	80.97
CTAN24	87.59	87.12	77.99	91.79	96.77	86.86	85.11	83.76	82.39	82.43
CCAH24	4625	64.44	64.75	84.43	82.46	4652.25	4538.89	4375.50	4279.02	4197.75
OJAH24	307.25	44.74	41.80	29.60	37.04	308.66	303.83	309.44	343.89	349.64
KCAH24	186.95	50.83	51.50	50.09	59.86	190.40	185.68	185.27	184.16	180.30
MAG24	15.86	52.03	47.95	29.06	28.60	15.76	15.76	15.76	16.18	16.57

Calculations based on previous session. Data collected 01/25/2024

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	23.45	23.69	24.15	24.39	24.85
CTAH24	Cotton	84.85	85.38	85.60	86.13	86.35

CTAN24	Cotton	86.66	87.21	87.42	87.97	88.18
CCAH24	Cocoa	4445	4510	4675	4740	4905
OJAH24	Orange Juice	300.35	303.70	307.40	310.75	314.45
KCAH24	Coffee	181.03	183.87	187.18	190.02	193.33
MAG24	Milk	15.45	15.69	15.78	16.02	16.11

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