

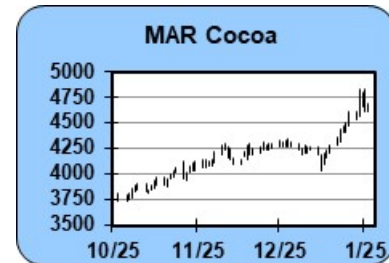


## DAILY SOFTS COMMENTARY Monday January 29, 2024

### DAILY COCOA COMMENTARY 1/29/2024

#### Reversal lower after bullish news can worry bulls.

March cocoa was higher overnight, but it remained well below last week's high. An outside reversal day last Thursday has the bulls on edge. The International Cocoa Organization (ICCO) released their annual review of global cocoa stocks last week, and they reduced their 2022/23 ending stocks forecast by 110,000 tonnes to 1.690 million. This was down from 1.796 million for 2021/22 and 1.818 million for 2020/21, but the market's failure to follow through on this news may have the longs nervous. Bloomberg reported that Ghana's cocoa arrivals through January 12 were 30% below the same period last year. Ivory Coast cocoa arrivals totaled 53,000 tonnes for the week ending January 28, down from 60,000 from the same week last year, a 12% decline. Total arrivals since the season began have reached 1.008 million tonnes versus 1.542 million a year ago, a 35% decline. Friday's Commitments of Traders report showed managed money traders were net buyers of 6,690 contracts of cocoa for the week ending January 23, increasing their net long to 70,661. The net long is hovering around record highs, which leaves the market vulnerable to heavy selling if support levels are taken out. The prospect of a third global supply deficit in 2023/24 continues to provide underlying support, but there are nagging concerns that high prices will lower demand.



#### TODAY'S MARKET IDEAS:

The extreme volatility in the cocoa market last week leaves it vulnerable to a pullback, but traders should be aware that previous attempts to sell this market have been met with quick losses. Initial support for March cocoa comes in at 4532, the 0.382 retracement of the rally off the January low. Look for resistance at 4752.

#### NEW RECOMMENDATIONS:

None.

#### PREVIOUS RECOMMENDATIONS:

None.

#### COCOA TECHNICAL OUTLOOK:

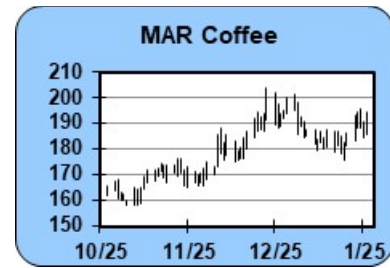
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COCOA (MAR) 01/29/2024: Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market tilt is slightly negative with the close under the pivot. The next downside target is now at 4582. The next area of resistance is around 4713 and 4745, while 1st support hits today at 4631 and below there at 4582.

### DAILY COFFEE COMMENTARY 1/29/2024

## ICE exchange stocks stay tight; shipping backups continue.

March coffee was close to unchanged this morning and in the upper end of last week's range. Shipments from Asia to Europe continue to face bottlenecks in the Red Sea. There are also reports of a shipping container shortage at Brazilian ports, which could slow movement out of Brazil. The recent rains in Brazil have been confined mostly to the northern half of the coffee belt, but forecasts are calling for showers in central areas in early February. There have been concerns that the lack of rain would hurt the 2024/25 crop, which is the "on" year in their biennial cycle. ICE exchange coffee stocks fell 5,130 bags on Friday, taking them below where they were at the end of December. There are 73,708 bags pending review. Vietnam exported 96,000 tonnes of coffee in the first two weeks of January, up 4.2% from a year earlier, according to government data released today. Friday's Commitments of Traders report showed managed money traders were net buyers of 3,413 contracts of coffee for the week ending January 23, increasing their net long to 46,141. This is their largest net long since last March. The record is 60,133 from last February.



### TODAY'S MARKET IDEAS:

ICE exchange stocks remain stubbornly tight, as tight global supplies are made worse by the shipping problems through the Red Sea. A move above 195.75 in March coffee would leave the next upside target at 200.00. Look for support at 186.35.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

None.

### COFFEE TECHNICAL OUTLOOK:

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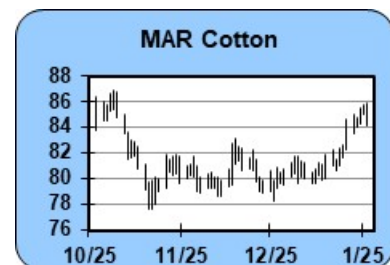
COFFEE (MAR) 01/29/2024: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The close above the 9-day moving average is a positive short-term indicator for trend. Since the close was above the 2nd swing resistance number, the market's posture is bullish and could see more upside follow-through early in the session. The next upside objective is 200.92. The next area of resistance is around 198.25 and 200.92, while 1st support hits today at 189.45 and below there at 183.33.

## DAILY COTTON COMMENTARY

1/29/2024

### Slowdown in exports a concern.

March cotton edged higher overnight following Friday's sharp reversal lower. The market has found support in recent weeks on strong US export sales reports, but last week's report was a disappointment, and traders may be worried that exports will slow down as the Chinese New Year holiday approaches. Traders are also concerned that the rally this month has priced the US out of the world market. Thursday's export sales report showed 142,000 bales of cotton were exported or the week ending January 18. They had been above 200,000 for the previous five weeks, and they had reached a marketing year high of 257,695 on January 11. Friday's Commitments of Traders report showed managed money traders were net buyers of 26,518 contracts of cotton for the week ending January 23, taking them from a net short position to a net long of 24,502. This is their largest net long since October 31 but well off the record 109,000 from 2018. The consistent rally in



US equity market has provided underlying support, and cotton may need to see further gains to avoid a selloff.

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

The rally this month may have priced US cotton out of the world market, and Friday's reversal from a three-month high could hold the market for a while. Look for resistance in March cotton at 85.21, with support at 82.98.

#### **NEW RECOMMENDATIONS:**

None.

#### **PREVIOUS RECOMMENDATIONS:**

None.

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

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COTTON (MAR) 01/29/2024: The daily stochastics gave a bearish indicator with a crossover down. Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. A positive signal for trend short-term was given on a close over the 9-bar moving average. The outside day down and close below the previous day's low is a negative signal. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside objective is 82.99. The next area of resistance is around 85.22 and 86.39, while 1st support hits today at 83.52 and below there at 82.99.

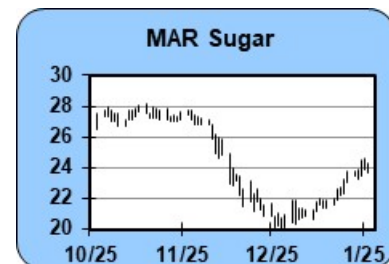
COTTON (JUL) 01/29/2024: A bearish signal was triggered on a crossover down in the daily stochastics. Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. A positive signal for trend short-term was given on a close over the 9-bar moving average. A negative signal was given by the outside day down. The market is in a bearish position with the close below the 2nd swing support number. The next downside target is now at 85.11. The next area of resistance is around 87.07 and 88.11, while 1st support hits today at 85.57 and below there at 85.11.

### **DAILY SUGAR COMMENTARY**

**1/29/2024**

#### **Global supplies remain tight.**

March sugar was higher overnight, as it continued to draw support from tight Asian supplies and a potential slowdown in shipping from Brazil due to a lack of containers. The attacks on ships in the Red Sea have sent shipping costs higher, as ships get diverted around Africa. The situation appears to be far from getting resolved. The Unica report last week showed Brazil's cane crush was still running well ahead of last year, even as the season has wound down. Center-South crush was 1.110 million tonnes in the first half of January, up from 440,000 for the same period last year. But to keep this in perspective, crush was 4.872 million in the second half of December and 19.083 million in the first half of December, so the overall impact of current activity on global supply is not great. Total cane crush for 2023/24 is running 19% ahead of last year. In Australia, Cyclone Kirrily did not produce the type of widespread, damaging rains that Jasper did. It was described as a "wind event" that did cause some local damage to cane crops, but it was faster moving, which kept rainfall amounts down. However, meteorologists pointed out that the moisture is still in the atmosphere, leaving the potential for an extended rain event. Kirrily landed in Queensland, which is where 95% of Australia's cane is grown. Friday's Commitments of Traders report showed managed money traders were net buyers of 14,133 contracts of sugar for the week ending January 23, increasing their net long to 28,921. This is a very small net long relative to the 200,000+ from November.



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

Shipping concerns through the Red Sea and out of Brazil could support sugar prices during the first part of this week, but March sugar may find heavy resistance at the 200-day moving average at 24.86 and at 25.04, which is the 0.618 retracement of the decline from the November high to the December low. Look for support at 23.46 and 23.13.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None.

**SUGAR TECHNICAL OUTLOOK:**

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SUGAR (MAR) 01/29/2024: The daily stochastics gave a bearish indicator with a crossover down. Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. 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 downside objective is 23.19. The next area of resistance is around 24.11 and 24.56, while 1st support hits today at 23.43 and below there at 23.19.

**OJ TECHNICAL OUTLOOK:**

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ORANGE JUICE (MAR) 01/29/2024: Positive momentum studies in the neutral zone will tend to reinforce higher price action. 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 near-term upside target is at 324.70. The next area of resistance is around 322.20 and 324.70, while 1st support hits today at 312.30 and below there at 304.85.

**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	23.77	63.46	58.80	89.08	86.24	24.01	23.44	22.40	23.04	24.14
CTAH24	84.37	63.33	62.44	88.83	88.38	85.03	83.83	82.20	81.03	80.97
CTAN24	86.32	67.19	65.87	91.14	89.85	86.88	85.48	83.95	82.48	82.43
CCAH24	4672	67.02	66.61	83.37	81.27	4679.00	4577.67	4401.94	4292.82	4211.33
OJAH24	317.25	55.07	48.44	36.51	50.33	310.89	305.22	309.70	341.87	348.50
KCAH24	193.85	60.59	57.89	56.74	70.04	190.80	187.22	185.58	184.67	180.89
MAG24	16.05	58.81	52.86	32.47	39.30	15.80	15.77	15.78	16.16	16.54

Calculations based on previous session. Data collected 01/26/2024

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	23.18	23.42	23.87	24.11	24.56
CTAH24	Cotton	82.99	83.52	84.69	85.22	86.39
CTAN24	Cotton	85.11	85.57	86.61	87.07	88.11
CCAH24	Cocoa	4581	4631	4663	4713	4745
OJAH24	Orange Juice	304.80	312.25	314.75	322.20	324.70
KCAH24	Coffee	183.32	189.45	192.12	198.25	200.92

MAG24	Milk	15.81	15.95	16.02	16.15	16.22
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