



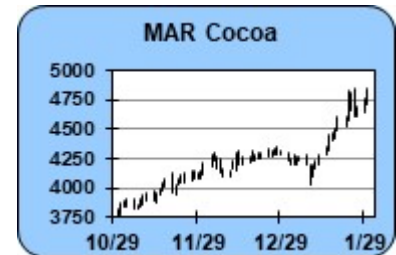
DAILY SOFTS COMMENTARY Wednesday January 31, 2024

DAILY COCOA COMMENTARY

1/31/2024

Hot and dry in West Africa.

March cocoa has recovered all its losses from last Thursday's key reversal lower and is in a good position to form another leg higher. The market traded to \$4843 yesterday, \$3 above last week's 47 1/2 year high. Reports that the Harmattan winds have returned to Ivory Coast and that they are threatening mid-crop production contrast with reports last week that the Harmattan had been moderate and that the crop was doing well. West Africa is in the middle of its dry season. There is no rain in the forecast through late next week, and daily high temperatures could reach 100 degrees Fahrenheit or higher in some regions. January's combination of improving global risk sentiment and declining inflation have been viewed as positive for demand. Bernstein raised its price target for Hershey, noting strong revenue growth prospects from price increases and improving sales volume. If the Fed's FOMC commentary is viewed as hawkish, it could make cocoa bulls reluctant to push higher, but we suspect the weather in West Africa will take precedence.



TODAY'S MARKET IDEAS:

The move to another new contract high yesterday in March cocoa sets the stage for another leg higher, with some technical traders suggesting the next target is up around \$4880. Look for support at \$4770.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COCOA TECHNICAL OUTLOOK:

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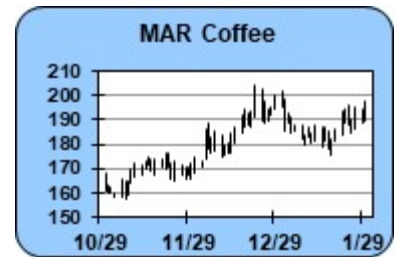
COCOA (MAR) 01/31/2024: The crossover up in the daily stochastics is a bullish signal. Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The close above the 9-day moving average is a positive short-term indicator for trend. With the close over the 1st swing resistance number, the market is in a moderately positive position. The near-term upside objective is at 4922. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 4870 and 4922, while 1st support hits today at 4740 and below there at 4661.

DAILY COFFEE COMMENTARY

1/31/2024

Rains could bring relief to Brazilian crop.

Key coffee growing regions in Brazil are expected to see some rain over the next week, which could bring relief to the crop. March coffee was slightly lower overnight after trading to its highest level since December 29 yesterday. The market has drawn support from tight global supply and a generally positive economic tone. The FOMC meeting results due out after today's close could affect market sentiment and the inflation outlook, and this could impact out-of-home demand expectations for coffee. Daily rainfall is in the forecast for Brazil's major Arabica growing regions through late next week, which should benefit their upcoming crop. Somar Meteorologia reported on Monday that Brazil's Minas Gerais region received only 25 mm of rain in the past week, 53% of the historical average. There has been a surge in Vietnamese robusta exports over recent weeks, but global supplies remain tight. Indonesia's robusta exports totaled 4,705.59 tonnes in December, down from 52,382.60 for the same period in 2022. ICE exchange coffee stocks fell back below their December month-end level on Monday, but the 7,104-bag increase yesterday put them only 655 bags lower on the month. There are 66,911 bags pending review.



TODAY'S MARKET IDEAS:

If the rainfall in Brazil comes up short of expectations, coffee could extend its rally back towards the December high. Look for resistance for March coffee at 197.25, with support at 189.50.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COFFEE TECHNICAL OUTLOOK:

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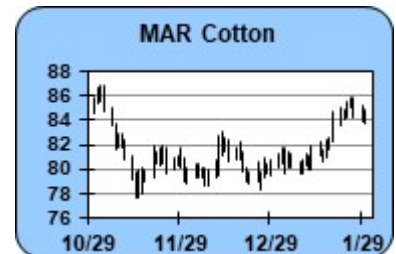
COFFEE (MAR) 01/31/2024: Rising stochastics at overbought levels warrant some caution for bulls. The close above the 9-day moving average is a positive short-term indicator for trend. Market positioning is positive with the close over the 1st swing resistance. The near-term upside objective is at 202.02. The next area of resistance is around 198.20 and 202.02, while 1st support hits today at 189.80 and below there at 185.23.

DAILY COTTON COMMENTARY

1/31/2024

Poor China PMI numbers raise more concerns about demand.

Traders are less optimistic about cotton demand than they were a week ago, in the wake of last Thursday's disappointing export sales report. March cotton has been consolidating since putting in a three-month high on Friday. The recent surge in exports was anticipated to some extent, as cash trades had been looking for China to step up its purchases ahead of the Lunar New Year holiday. However, the amount of purchases from the US may have been better than expected. Disappointing economic data from China overnight could raise new concerns about demand, however. The official purchasing managers' index (PMI) increased to 49.2 in January from 49.0 in December, but it was still below 50, which is the border between contraction and expansion. The new orders sub-index was 49.0, below 50 for the fourth straight month, and the new export orders index registered 47.2, showing contraction for the 10th straight month. In contrast, a strong US consumer confidence reading yesterday was viewed as bullish for domestic demand, and the better-than-expected Euro Zone GDP was also supportive. The trade will be looking to this afternoon's FOMC update, as a hawkish statement could raise additional demand concerns.



TODAY'S MARKET IDEAS:

March cotton could see some pressure today after the poor showing for Chinese PMI overnight. Look for support at 83.65 and 83.00. A close back above 85.47 cotton could set the stage for another leg higher.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COTTON TECHNICAL OUTLOOK:

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COTTON (MAR) 01/31/2024: Daily stochastics turning lower from overbought levels is bearish and will tend to reinforce a downside break especially if near term support is penetrated. The close above the 9-day moving average is a positive short-term indicator for trend. The daily closing price reversal up on the daily chart is somewhat positive. The close over the pivot swing is a somewhat positive setup. The next downside target is 83.26. The next area of resistance is around 85.41 and 85.81, while 1st support hits today at 84.14 and below there at 83.26.

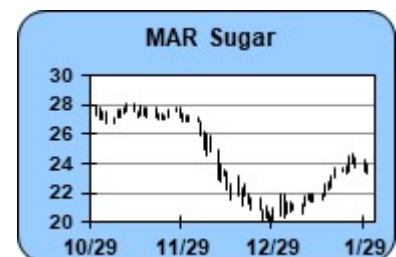
COTTON (JUL) 01/31/2024: Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. The market's close above the 9-day moving average suggests the short-term trend remains positive. The upside closing price reversal on the daily chart is somewhat bullish. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside objective is 85.48. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 87.38 and 87.69, while 1st support hits today at 86.28 and below there at 85.48.

DAILY SUGAR COMMENTARY

1/31/2024

Needed rain in the forecast for Brazil.

Major cane-growing regions in Brazil are forecast to see daily rainfall through late next week, which may slow down this season's late harvest and crushing activity, but it would also ease concerns about the upcoming crop. If the rains come up short of expectations, it could support a move in March sugar through last week's highs. India's sugar production totaled 18.7 million tonnes in the first four months of the season that started on October 11, down from 19.3 million for the same period last year. India has shown no sign of relaxing its sugar export ban. The poor crops in India and Thailand for the 2023/24 marketing year have been offset by record production in Brazil.

**TODAY'S MARKET IDEAS:**

If Brazil's rainfall comes up short of expectations, March sugar could see a test of the 24.62 high. A move above the 200-day moving average, currently around 24.86, would also be significant. Look for support at 23.50 and 23.29.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

SUGAR TECHNICAL OUTLOOK:

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SUGAR (MAR) 01/31/2024: 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. The upside daily closing price reversal gives the market a bullish tilt. The market has a slightly positive tilt with the close over the swing pivot. The next downside target is 23.06. The next area of resistance is around 24.27 and 24.51, while 1st support hits today at 23.55 and below there at 23.06.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (MAR) 01/31/2024: The market now above the 60-day moving average suggests the longer-term trend has turned up. The moving average crossover up (9 above 18) indicates a possible developing short-term uptrend. 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. The market has a bullish tilt coming into today's trade with the close above the 2nd swing resistance. The near-term upside objective is at 368.80. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 363.00 and 368.80, while 1st support hits today at 341.90 and below there at 326.55.

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 | 23.91 | 63.56 | 59.27 | 83.93 | 79.60 | 23.81 | 23.73 | 22.71 | 22.87 | 24.02 |
| CTAH24 | 84.78 | 65.72 | 64.01 | 85.53 | 82.70 | 84.79 | 84.50 | 82.66 | 81.20 | 81.03 |
| CTAN24 | 86.83 | 70.59 | 68.16 | 88.05 | 85.60 | 86.77 | 86.25 | 84.43 | 82.69 | 82.51 |
| CCAH24 | 4805 | 73.56 | 71.42 | 84.24 | 86.42 | 4708.50 | 4651.00 | 4458.83 | 4322.49 | 4242.40 |
| OJAH24 | 352.40 | 74.76 | 64.36 | 58.53 | 81.21 | 328.55 | 316.33 | 311.36 | 339.36 | 347.71 |
| KCAH24 | 194.00 | 58.92 | 57.02 | 65.47 | 74.54 | 191.01 | 189.31 | 185.96 | 185.68 | 181.88 |
| MAH24 | 16.93 | 66.70 | 59.93 | 46.22 | 67.33 | 16.67 | 16.31 | 16.31 | 16.70 | 17.02 |

Calculations based on previous session. Data collected 01/30/2024

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 | 23.05 | 23.54 | 23.78 | 24.27 | 24.51 |
| CTAH24 | Cotton | 83.25 | 84.13 | 84.53 | 85.41 | 85.81 |
| CTAN24 | Cotton | 85.47 | 86.27 | 86.58 | 87.38 | 87.69 |
| CCAH24 | Cocoa | 4660 | 4739 | 4791 | 4870 | 4922 |
| OJAH24 | Orange Juice | 326.50 | 341.85 | 347.65 | 363.00 | 368.80 |
| KCAH24 | Coffee | 185.22 | 189.80 | 193.62 | 198.20 | 202.02 |
| MAH24 | Milk | 16.45 | 16.65 | 17.00 | 17.20 | 17.55 |

Calculations based on previous session. Data collected 01/30/2024

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