

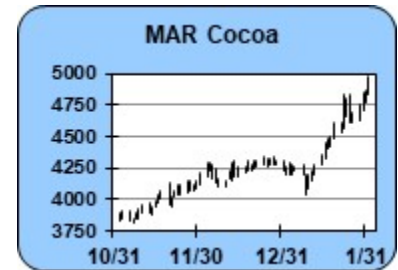


DAILY SOFTS COMMENTARY Friday February 02, 2024

DAILY COCOA COMMENTARY 2/2/2024

Higher than normal temps in forecast for West Africa.

March cocoa extended yesterday's gains overnight to trade to a new contract (and 47-year) high. The market is already expecting a third global production deficit in a row for 2023/24, and the recent hot and dry conditions in West Africa are threatening to make the supply even tighter. The dry, Harmattan winds have descended on the region, bringing temperatures above 100 degrees Fahrenheit to some areas. This is expected to damage developing pods for the upcoming mid-crop production, which runs from April to October. Forecasts call for temperatures to continue to be above normal over the next few weeks. There are concerns that high prices will start to eat into demand, but the question is, at what level? Recall that fourth-quarter 2023 grind totals were down but not as much as expected.



TODAY'S MARKET IDEAS:

The cocoa market is overbought, but there is no sign of a top. With the move above 5000 overnight, the next resistance area for March cocoa comes in at 5050.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COCOA TECHNICAL OUTLOOK:

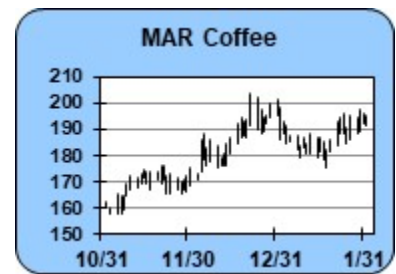
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COCOA (MAR) 02/02/2024: Momentum studies are trending higher but have entered overbought levels. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market has a bullish tilt coming into today's trade with the close above the 2nd swing resistance. The next upside target is 5083. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 5032 and 5083, while 1st support hits today at 4880 and below there at 4778.

DAILY COFFEE COMMENTARY 2/2/2024

Big jump in ICE exchange stocks yesterday.

March coffee was lower overnight, but it stayed inside yesterday's range. A risk-on mood has provided underlying support this week, but a jump in ICE exchange stocks may make the bulls concerned as we head into the weekend, especially if today's US jobs report is a disappointment. ICE coffee stocks increased by 12,064 bags yesterday, and they are now 10,669 bags above where they were at the end of 2023. Of the 22,311 bags that went through grading process, 10,151 (45%) failed. Concerns about dry conditions in Brazil have provided underlying support to coffee since the middle of last month, and the trade will be focused on the chances of rain there in the next couple of weeks. Earlier this week, the Brazilian trade group Comexim raised its forecast for 2023/24 Brazilian coffee exports by 3.4 million bags to 44.9 million, but they also lowered the forecast for 2024/25 production. Honduras' coffee exports fell 8.6% in January from a year earlier, according to the Honduran Coffee Institute (IHCAFE). Cumulative exports from October through January totaled 781,640 bags, down 3.5% from the same period in 2022/23. Costa Rican exports fell 28% in January versus last year, according to the Coffee Institute of Costa Rica (ICAFC). They cited a smaller harvest and robust international supplies. The expect Costa Rica to export around 1.3 million bags for 2023/24, down 13% from the previous season. Robusta coffee trading in Vietnam is getting sluggish with the approach of the Lunar New Year holiday next week. Farmers there have been reluctant to sell, as they have been holding out for higher prices.



TODAY'S MARKET IDEAS:

If risk appetites turn negative, March coffee could see a wave of profit-taking and may complete a negative weekly reversal from Tuesday's 5-week high. Look for resistance in at 197.45, with support at 189.75.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COFFEE TECHNICAL OUTLOOK:

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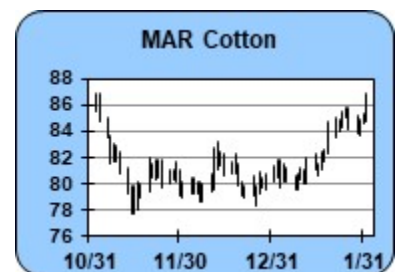
COFFEE (MAR) 02/02/2024: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. A positive signal for trend short-term was given on a close over the 9-bar moving average. The upside daily closing price reversal gives the market a bullish tilt. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside target is at 197.86. The next area of resistance is around 196.27 and 197.86, while 1st support hits today at 192.13 and below there at 189.57.

DAILY COTTON COMMENTARY

2/2/2024

US cotton attracting strong buyers.

March cotton rallied sharply yesterday on a strong weekly export sales report and traded to its highest level since October 27. It held those gains overnight. Traders have noted the strong pace of export sales over the past few months, and a pickup in shipments since the start of the year have reinforced ideas that global supplies may be tighter than previously thought. Yesterday's export sales report showed US cotton sales for the week ending January 25 at 349,365 bales for the 2023/24 (current) marketing year and 25,168 for 2024/25 for a total of 374,533. This was up from 207,044 the previous week and was the second highest since November 2. Exports for the week totaled 396,711 bales, up from 142,242 the previous week and the highest since April 2023. Cumulative sales have reached 87% of the USDA forecast for the 2023/24 marketing year versus a five-year



average of 83% for this point in the season. The largest buyer this week was China at 133,203 bales, followed by Vietnam at 82,788 and Pakistan at 81,701. China has the most commitments for 2023/24 at 4.0 million bales, followed by Pakistan at 1.5 million and Vietnam at just under 1 million. The USDA supply/demand report will be released next Thursday. Last month's report put US 2023/24 cotton ending stocks at 2.9 million bales, which was the lowest since 2016/17. Stocks/usage at 20.7% was also the lowest since 2016/17 as well.

TODAY'S MARKET IDEAS:

The strong export pace suggests near term global supplies are tight. Look for resistance in March cotton 88.08, with support at 85.80.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COTTON TECHNICAL OUTLOOK:

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COTTON (MAR) 02/02/2024: The daily stochastics have crossed over up which is a bullish indication. 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. The market's close above the 2nd swing resistance number is a bullish indication. The next upside target is 88.27. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 87.53 and 88.27, while 1st support hits today at 85.44 and below there at 84.07.

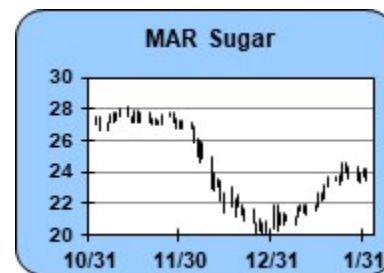
COTTON (JUL) 02/02/2024: The crossover up in the daily stochastics is a bullish signal. Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market's close above the 2nd swing resistance number is a bullish indication. The near-term upside objective is at 89.82. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 89.18 and 89.82, while 1st support hits today at 87.31 and below there at 86.07.

DAILY SUGAR COMMENTARY

2/2/2024

Rain forecast in Brazil could ease new crop concerns.

March sugar is in danger of breaking a four-week winning streak. Lower crude oil prices provide outside market pressure, and indications that Brazil will finish this season with a record exports have weighed on prices as well. The trade has been concerned that the drier than normal conditions in parts of Center South Brazil could affect the upcoming crop. Some areas are expected to see rain in the coming week, which could ease some of those concerns. Soil moisture levels are mixed across the region. The India Food Secretary stated that yesterday India has no plans to divert more sugar for ethanol production and that so far it has allowed mills to convert more than 1.7 million tonnes of sugar for ethanol. Ukraine's white beet sugar output jumped to 1.8 million tonnes in 2023 from around 1 million in 2022, according to the Ukrainian Agriculture Ministry. New Zealand's National Institute for Water and Atmospheric Research has given El Nino a 100% chance of persisting through April but a 65% chance of neutral ENSO conditions in May-July.



TODAY'S MARKET IDEAS:

A potential bull flag is forming in March sugar that would be confirmed with a trade above 24.08. A break below 23.13 could spark heavy selling, as that would suggest a resumption of the selloff from last week's high.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

SUGAR TECHNICAL OUTLOOK:

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SUGAR (MAR) 02/02/2024: The close under the 60-day moving average indicates the longer-term trend could be turning down. 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 market's short-term trend is negative as the close remains below the 9-day 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 objective is 22.92. The next area of resistance is around 23.95 and 24.49, while 1st support hits today at 23.17 and below there at 22.92.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (MAR) 02/02/2024: 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. The market setup is supportive for early gains with the close over the 1st swing resistance. The next upside objective is 375.40. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 372.55 and 375.40, while 1st support hits today at 361.10 and below there at 352.45.

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	23.56	55.15	54.63	80.86	76.40	23.78	23.85	23.02	22.72	23.89
CTAH24	86.49	75.35	70.81	86.00	87.61	85.18	85.07	83.29	81.45	81.15
CTAN24	88.25	78.35	73.79	88.45	89.82	87.14	86.93	85.04	82.97	82.64
CCAH24	4956	79.60	76.07	87.47	91.10	4828.75	4732.89	4531.83	4357.13	4274.98
OJAH24	366.80	79.54	68.97	76.00	92.11	353.33	329.47	315.59	337.87	348.25
KCAH24	194.20	59.20	57.20	73.23	80.42	192.88	191.88	187.07	186.81	182.80
MAH24	17.52	76.25	68.62	62.53	79.95	17.11	16.56	16.42	16.68	16.99

Calculations based on previous session. Data collected 02/01/2024

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	22.91	23.16	23.70	23.95	24.49
CTAH24	Cotton	84.06	85.43	86.16	87.53	88.27
CTAN24	Cotton	86.06	87.30	87.94	89.18	89.82
CCAH24	Cocoa	4777	4879	4930	5032	5083
OJAH24	Orange Juice	352.40	361.05	363.90	372.55	375.40
KCAH24	Coffee	189.56	192.12	193.71	196.27	197.86
MAH24	Milk	16.59	17.13	17.36	17.90	18.13

Calculations based on previous session. Data collected 02/01/2024

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