

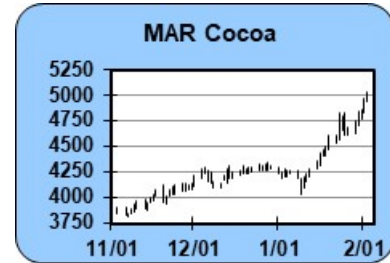


**DAILY SOFTS COMMENTARY**  
Monday February 05, 2024

**DAILY COCOA COMMENTARY**  
2/5/2024

**Marching towards \$5500.**

March cocoa was sharply higher overnight and traded to new contract (and 46-year) highs. The market broke above the \$5000 level on Friday and passed a test of that level overnight. Recent dry and very warm conditions in West Africa are expected to negatively impact mid-crop production, which begins in April. There are indications that the El Nino event may end during the second quarter, which could mean better conditions as the season moves forward. But in the meantime, global supplies are very tight. Ivory Coast port arrivals totaled 43,354 tonnes for the week ending February 4. Total arrivals since the season began on October 1 have reached 1.04 million tonnes, down from 1.71 million a year ago, a 39% decline. Friday's Commitments of Traders report showed managed money traders were net sellers of 6,552 contracts of cocoa for the week ending January 30, reducing their net long to 64,109. This is still close to the all-time high of 78,397 from last July.



**TODAY'S MARKET IDEAS:**

The cocoa market is technically overbought, but there is no indication of a top. The last time prices were this high was in the mid-1970s when they peaked around \$5500. Support has moved up to \$5000.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None.

| Commitment of Traders - Futures and Options - 1/23/2024 - 1/30/2024 |                |                   |              |                   |                |                   |
|---|----------------|-------------------|--------------|-------------------|----------------|-------------------|
|   | Non-Commercial |                   | Commercial   |                   | Non-Reportable |                   |
|   | Net Position   | Weekly Net Change | Net Position | Weekly Net Change | Net Position   | Weekly Net Change |
| <b>Softs</b>  |                |                   |              |                   |                |                   |
| <b>Cocoa</b>  | 64,234         | -5,592            | -68,135      | +3,948            | 3,901          | +1,644            |

**COCOA TECHNICAL OUTLOOK:**

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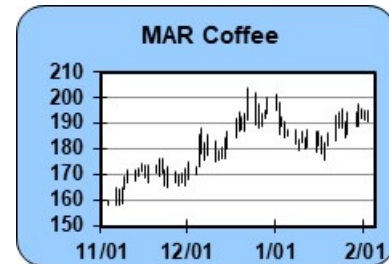
COCOA (MAR) 02/05/2024: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's short-term trend is positive on the close above the 9-day moving average. The close over the pivot swing is a somewhat positive setup. The near-term upside objective is at 5090. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 5055 and 5090, while 1st support hits today at 4963 and below there at 4905.

## DAILY COFFEE COMMENTARY

2/5/2024

### Robusta market underpins NY Arabica futures.

March coffee has backed off from Tuesday's five-week high and may face additional pressure from a negative shift in global risk sentiment after the US Fed Chair further lowered expectations for an upcoming rate cut when he indicated that there was still a way to go before inflation got down to the targeted 2%. ICE exchange Arabica coffee stocks rose 4,997 bags on Friday, putting them 17,061 bags higher than where they were on January 31. There are 65,114 bags pending approval, which is also negative. However, the market is still facing extremely tight Robusta supplies, with poor back-to-back crops in Vietnam and shipping problems through the Red Sea limiting movement to Europe. There were reports overnight that farmers in Vietnam are refusing to deliver coffee they have sold unless contracts are renegotiated. The country had its poorest crop in six years in 2022/23, and some contracts were rolled forward to 2023/24. Vietnam harvested 26.3 million bags in 2022/23, and the 2023/24 total is not expected to come in at 26.6 million, which is not much better. Friday's Commitments of Traders report showed managed money traders were net buyers of 2,469 contracts of coffee for the week ending January 30, increasing their net long to 48,610. This is their largest net long since March 2022 and leaves the market vulnerable to heavy selling if support levels are taken out. The record is 60,133 from February 2022.



### TODAY'S MARKET IDEAS:

The buildup of ICE exchange Arabica coffee stocks is negative, but tight Robusta supplies should continue to provide support to the NY (Arabica) prices. Look for support in March coffee at 189.10 and 186.50, with resistance at 197.45.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

None.

| Commitment of Traders - Futures and Options - 1/23/2024 - 1/30/2024 |                |                   |              |                   |                |                   |
|---|----------------|-------------------|--------------|-------------------|----------------|-------------------|
|   | Non-Commercial |                   | Commercial   |                   | Non-Reportable |                   |
|   | Net Position   | Weekly Net Change | Net Position | Weekly Net Change | Net Position   | Weekly Net Change |
| <b>Softs</b>  |                |                   |              |                   |                |                   |
| Coffee  | 55,708         | +2,194            | -57,439      | -2,361            | 1,731          | +167              |

### COFFEE TECHNICAL OUTLOOK:

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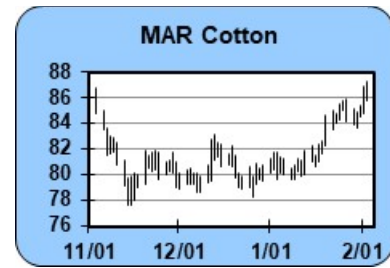
COFFEE (MAR) 02/05/2024: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's close above the 9-day moving average suggests the short-term trend remains positive. The close below the 1st swing support could weigh on the market. The near-term upside target is at 196.91. The next area of resistance is around 194.22 and 196.91, while 1st support hits today at 189.68 and below there at 187.82.

## DAILY COTTON COMMENTARY

2/5/2024

**US cotton attracting strong buyers.**

March cotton extended its uptrend overnight to trade to its highest level since October 16. Cotton traders have been impressed with the pace of US export sales lately, and last week's strong report sparked a new leg higher. The strong pace of exports suggests global supplies are tighter than previously thought. Open interest has been climbing on the rally, which is bullish as well. The dollar had an outside day higher on Friday to trade to its highest level since November 17, and it extended its gains overnight. This move could dampen US export prospects, but it does not appear to have had much impact on the cotton prices so far. With cumulative 2023/24 US export sales currently running at 87% of the USDA forecast versus a five-year average of 83% for this point in the season, traders may be expecting an increase in the USDA export forecast in Thursday's monthly supply/demand report, which could tighten ending stocks. Friday's Commitments of Traders report showed managed money traders were net buyers of 4,145 contracts of cotton for the week ending January 30, increasing their net long to 28,647. This is their largest net long since October 17 but well short of their 2023 high of 54,343 and the record net long of 108,000. The buying trend is short-term supportive.



**TODAY'S MARKET IDEAS:**

The increase in open interest on the recent rally is bullish, but the market is in overbought territory. The next resistance area for March cotton comes in at 88.08, with support at 85.80.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None.

| Commitment of Traders - Futures and Options - 1/23/2024 - 1/30/2024 |                |                   |              |                   |              |                |
|---|----------------|-------------------|--------------|-------------------|--------------|----------------|
|   | Non-Commercial |                   | Net Position | Commercial        |              | Non-Reportable |
|   | Net Position   | Weekly Net Change |              | Weekly Net Change | Net Position |                |
| <b>Softs</b>  |                |                   |              |                   |              |                |
| Cotton  | 45,788         | +4,895            | -50,631      | -6,812            | 4,843        | +1,918         |

**COTTON TECHNICAL OUTLOOK:**

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COTTON (MAR) 02/05/2024: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's short-term trend is positive on the close above the 9-day moving average. The close over the pivot swing is a somewhat positive setup. The next upside objective is 88.35. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 87.87 and 88.35, while 1st support hits today at 86.35 and below there at 85.32.

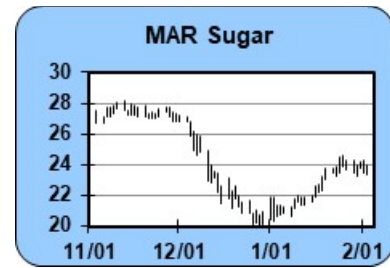
COTTON (JUL) 02/05/2024: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The close above the 9-day moving average is a positive short-term indicator for trend. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside objective is at 89.74. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 89.37 and 89.74, while 1st support hits today at 88.02 and below there at 87.03.

**DAILY SUGAR COMMENTARY**

2/5/2024

**Tight global supplies provide underlying support.**

Sugar prices overcame a negative shift in global risk sentiment late Friday and found support from bullish supply developments. In response to lower production this season, the Indian government has restricted sugar exports, and it has restricted the amount of cane juice to be allocated for ethanol production to 1.7 million tonnes. Some trade groups have advocated for an additional 1.5 million to 1.8 million, but there has been no movement on that end. There has also been a rebound in Brazilian ethanol demand, which could encourage some movement away from sugar production there as well. The rally in sugar prices of the January lows seems designed to discourage such a shift. The market analysis from BMI said they anticipate that Brazilian sugar exports will face constraints starting in March, as the grain harvest begins and starts to compete with sugar for port space. Friday's Commitments of Traders report showed managed money traders were net buyers of 14,876 contracts of sugar for the week ending January 30, increasing their net long to 43,797. They were net long 188,000 in late November, so there is plenty of room for funds to buy if they turn bullish. The buying trend is short-term positive.



**TODAY'S MARKET IDEAS:**

Brazilian exports could be slowing down, and production issues in Thailand, India and possibly and Australia could keep supplies tight. If March sugar trades above 24.09 today, the selloff from the January 25 high could be viewed as a bull flag by technical traders. Additional resistance comes in at 24.24 and 24.62, with support at 23.11.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None.

| Commitment of Traders - Futures and Options - 1/23/2024 - 1/30/2024 |                |                   |              |                   |              |                   |
|---|----------------|-------------------|--------------|-------------------|--------------|-------------------|
|   | Non-Commercial |                   |              | Commercial        |              | Non-Reportable    |
|   | Net Position   | Weekly Net Change | Net Position | Weekly Net Change | Net Position | Weekly Net Change |
| <b>Softs</b>  |                |                   |              |                   |              |                   |
| <b>Sugar</b>  | 62,852         | +11,258           | -85,300      | -8,310            | 22,448       | -2,948            |

**SUGAR TECHNICAL OUTLOOK:**

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SUGAR (MAR) 02/05/2024: The market now above the 60-day moving average suggests the longer-term trend has turned up. 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 below the 9-day moving average is an indication the short-term trend remains negative. The upside daily closing price reversal gives the market a bullish tilt. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside target is 23.07. The next area of resistance is around 24.24 and 24.48, while 1st support hits today at 23.54 and below there at 23.07.

**OJ TECHNICAL OUTLOOK:**

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ORANGE JUICE (MAR) 02/05/2024: 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. There could be more upside follow through since the market closed above the 2nd swing resistance. The next upside objective is 399.95. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 392.05 and 399.95, while 1st support hits today at 371.05 and below there at 357.90.

## DAILY TECHNICAL STATISTICS

|                              | CLOSE  | 9 DAY<br>RSI | 14 DAY<br>RSI | 14 DAY<br>SLOW<br>STOCH D | 14 DAY<br>SLOW<br>STOCH K | 4 DAY<br>M AVG | 9 DAY<br>M AVG | 18 DAY<br>M AVG | 45 DAY<br>M AVG | 60 DAY<br>M AVG |
|------------------------------|--------|--------------|---------------|---------------------------|---------------------------|----------------|----------------|-----------------|-----------------|-----------------|
| <b>SOFTS MARKETS COMPLEX</b> |        |              |               |                           |                           |                |                |                 |                 |                 |
| SBAH24                       | 23.89  | 59.49        | 57.39         | 79.10                     | 75.58                     | 23.87          | 23.89          | 23.14           | 22.66           | 23.83           |
| CTAH24                       | 87.11  | 77.95        | 72.85         | 87.64                     | 90.91                     | 85.89          | 85.33          | 83.66           | 81.62           | 81.26           |
| CTAN24                       | 88.70  | 80.26        | 75.31         | 90.01                     | 93.14                     | 87.73          | 87.20          | 85.40           | 83.14           | 82.75           |
| CCAH24                       | 5009   | 81.31        | 77.46         | 89.32                     | 93.00                     | 4898.00        | 4782.22        | 4582.67         | 4375.09         | 4292.78         |
| OJAH24                       | 381.55 | 83.31        | 72.94         | 81.73                     | 93.18                     | 364.40         | 337.60         | 319.56          | 337.45          | 348.71          |
| KCAH24                       | 191.95 | 54.43        | 54.39         | 75.00                     | 78.55                     | 193.55         | 191.85         | 187.65          | 187.23          | 183.14          |
| MAH24                        | 17.38  | 70.69        | 64.97         | 68.31                     | 79.89                     | 17.19          | 16.70          | 16.48           | 16.68           | 16.98           |

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

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        | 23.06     | 23.53     | 23.77  | 24.24    | 24.48    |
| CTAH24                       | Cotton       | 85.31     | 86.35     | 86.83  | 87.87    | 88.35    |
| CTAN24                       | Cotton       | 87.02     | 88.01     | 88.38  | 89.37    | 89.74    |
| CCAH24                       | Cocoa        | 4904      | 4962      | 4997   | 5055     | 5090     |
| OJAH24                       | Orange Juice | 357.85    | 371.00    | 378.90 | 392.05   | 399.95   |
| KCAH24                       | Coffee       | 187.81    | 189.67    | 192.36 | 194.22   | 196.91   |
| MAH24                        | Milk         | 16.82     | 17.07     | 17.43  | 17.68    | 18.03    |

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

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