

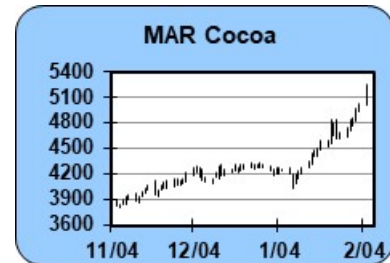


DAILY SOFTS COMMENTARY Tuesday February 06, 2024

DAILY COCOA COMMENTARY 2/6/2024

Ivory Coast mid-crop forecast down 18%-21% from last year.

March cocoa extended yesterday's rally overnight to another new 46-year high. The market is focusing on the hot, dry conditions in Ivory Coast, Ghana, and Nigeria, which are raising concerns about the upcoming mid-crop. Aggressive spec buying has extended the recent rally into overbought territory, but there has been no top indicator. Farmers interviewed this week said that cocoa pods were developing well on trees in Ivory Coast last week but that adequate rain was needed in the next 15 days to improve soil moisture. Traders are watching the progression of the Harmattan, as a severe one can kill small pods. They are also worried about it affecting 2024/25 main crop production. Bloomberg reported today that Ivory Coast could see a shortfall of 70,000 to 100,000 tonnes relative to the contracted main-crop sales. Sources said the country's regulatory body, the Cocoa-Coffee Council (CCC) has sold about 1.35 million tonnes in forward contracts for the 2023/24 main crop, which runs through March. A spokesman for CCC did not return calls. Forward sales of the 2024/25 main crop have already been halted. Sources inside the CCC said the group expects April-September mid-crop production to fall to 400,000-450,000 tonnes, down from 550,000 last year. The CCC reportedly sold 250,000-350,000 of the mid-crop already. There are reports that a Ghanaian processing firm has asked the nation's regulator, Cocobod, for permission to import cocoa beans. This underscores the tight supply situation there.



TODAY'S MARKET IDEAS:

The all-time high for NY cocoa occurred in the July 1977 contract, when it reached \$5379 just a few days before it went off the board. The market is technically overbought, leaving it vulnerable to wild swings, but there is no top in sight. Global supplies are tight and there has been no indication that relief is coming. The next upside target is \$5379, with support at \$5009.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COCOA TECHNICAL OUTLOOK:

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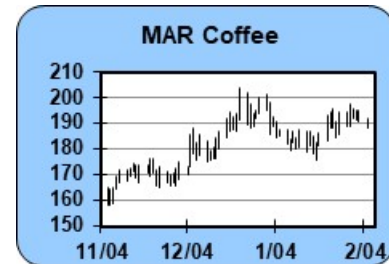
COCOA (MAY) 02/06/2024: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. A positive signal for trend short-term was given on a close over the 9-bar moving average. There could be more upside follow through since the market closed above the 2nd swing resistance. The near-term upside objective is at 5228. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 5166 and 5228, while 1st support hits today at 4982 and below there at 4860.

DAILY COFFEE COMMENTARY

2/6/2024

Arabica supply estimates climb; ICE stocks increasing.

March coffee was slightly lower overnight as it extended Monday's selloff. The recent buildup of ICE exchange coffee stocks, revisions higher in Brazilian production, and a strengthening Brazilian real are three negatives that could inspire further declines. ICE stocks increased by 14,465 bags on Monday to 281,455. Of the total graded, 2,595 failed. There are 52,759 pending review. Stocks are up 31,626 bags (+13%) since the end of January. The pullback in the Brazilian real to its lowest level in three months weighed on the coffee prices yesterday on ideas it would make Brazilian growers more aggressive at marketing their coffee supply. Safras and Mercado raised its 2022/23 Brazil coffee crop estimate to 61.1 million bags from a previous estimate of 58.9 million. Somar Meteorlogia reported that Brazil's Minas Gerais region received 30.9 mm of rain in the past week, which was 49% of the historical average. However, the forecast for the region has a chance of thunderstorms every day from today through next Monday, with the biggest chances Thursday through Saturday. The Robusta market has been underpinned by supply tightness in Europe, driven partly by disruptions in the flow from Asian producers through the Red Sea. There are also reports that farmers in Vietnam are refusing to deliver coffee they have already sold unless the contracts are renegotiated, which adds to the tightness.



TODAY'S MARKET IDEAS:

Fundamentals for March coffee have turned negative with a buildup in ICE exchange stocks and recent revisions higher in Brazilian production. The break below Monday's low of 188.50 leaves the next downside target at 186.50, followed by 183.30. Look for resistance at 187.30.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COFFEE TECHNICAL OUTLOOK:

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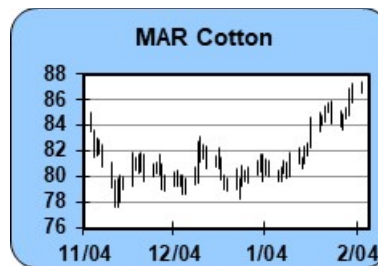
COFFEE (MAY) 02/06/2024: The daily stochastics have crossed over down which is a bearish indication. Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. The market's short-term trend is negative as the close remains below the 9-day moving average. The close below the 1st swing support could weigh on the market. The next downside target is 183.47. Short-term indicators on the defensive. Consider selling an intraday bounce. The next area of resistance is around 188.52 and 190.76, while 1st support hits today at 184.88 and below there at 183.47.

DAILY COTTON COMMENTARY

2/6/2024

Buoyed by exports; open interest shows active buyers.

March cotton is close to taking out Monday's four-month high this morning, as the market continued to defy a strong dollar and disappointment that the long-awaited Fed rate cut appears to have been pushed off into the future. Recent strength in weekly US exports has supported a move to levels not seen since harvest, when the market was coming to grips with the US production shortfalls due to drought. The strong export pace has traders thinking the 2023/24 crop could be nearly sold out. For the USDA supply/demand report on Thursday, the average trade expectation for US 2023/24 ending stocks is 2.86 million bales, with a range of guesses from 2.65 to 3.00 million. This would be down from 2.90 million in the January update. Exports are expected to be around 12.09 million bales (range 12.00-12.25) versus 12.01 million in January. World ending stocks are expected to come in around 84.37 million bales versus 84.38 million in January, with world consumption at 112.33 million bales versus 112.43 million in January.



TODAY'S MARKET IDEAS:

Open interest has been climbing on the recent rally, which is bullish even is short-term technical indicators are flashing overbought. Look for resistance in March cotton at 88.08, with support at 85.83.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COTTON TECHNICAL OUTLOOK:

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COTTON (MAY) 02/06/2024: 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. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside target is at 88.83. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 88.44 and 88.83, while 1st support hits today at 87.62 and below there at 87.18.

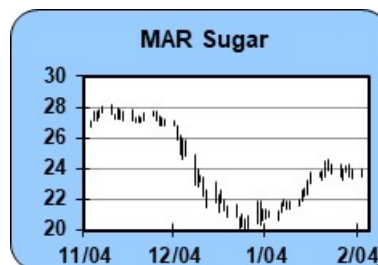
COTTON (JUL) 02/06/2024: Rising stochastics at overbought levels warrant some caution for bulls. The close above the 9-day moving average is a positive short-term indicator for trend. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside objective is 89.21. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 88.88 and 89.21, while 1st support hits today at 88.16 and below there at 87.77.

DAILY SUGAR COMMENTARY

2/6/2024

Stronger Brazilian production, bigger surplus.

March sugar traded in a narrow range overnight near the bottom of yesterday's range. Record sugar production in Brazil continues to exert pressure on the market, even in the face of lower production in India and Thailand. StoneX is now projecting a 2023/24 global sugar surplus of 3.4 million tonnes versus their previous estimate of 730,000. They credit the record production from Brazil this season. As of January 15, South-Center Brazilian production was running 25% ahead of last year. The pullback in the Brazilian real to its lowest level in three months



provides additional incentive for mills to produce sugar for export. This contrasts with the concerns about Brazil's 2024/25 crop due in the wake of the dry conditions of the past few months. A recent improvement in rain amounts may have mitigated some of those worries.

TODAY'S MARKET IDEAS:

The revisions higher the global sugar surplus could undermine the recent strength in the sugar market, especially if other forecasters follow suit. However, a potential bull flag is forming that could be confirmed with a move above 24.01. Look for support at 23.29 and 23.00.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

SUGAR TECHNICAL OUTLOOK:

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SUGAR (MAY) 02/06/2024: The close under the 60-day moving average indicates the longer-term trend could be turning down. Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The market's close below the pivot swing number is a mildly negative setup. The next downside target is now at 22.39. The next area of resistance is around 22.99 and 23.28, while 1st support hits today at 22.55 and below there at 22.39.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (MAR) 02/06/2024: 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 tilt is slightly negative with the close under the pivot. The next upside objective is 381.40. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 377.75 and 381.40, while 1st support hits today at 371.05 and below there at 367.95.

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										
SBAK24	22.77	53.43	53.72	76.71	70.61	22.95	23.06	22.51	21.94	22.95
CTAK24	88.03	77.21	73.00	90.01	92.77	87.56	86.79	85.11	82.73	82.29
CTAN24	88.52	77.20	73.48	91.28	93.82	88.15	87.43	85.73	83.31	82.87
CCAK24	5074	85.48	80.96	91.93	94.52	4906.00	4763.22	4571.89	4342.56	4267.80
OJAH24	374.40	75.69	68.38	84.77	90.84	369.89	344.98	323.52	336.94	349.17
KCAK24	186.70	50.51	51.97	78.16	77.51	189.40	188.14	184.56	184.80	181.17
MAH24	17.77	76.14	69.79	74.57	87.09	17.40	16.90	16.55	16.69	16.97

Calculations based on previous session. Data collected 02/05/2024

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					

SBAK24	Sugar	22.38	22.54	22.83	22.99	23.28
CTAK24	Cotton	87.17	87.61	88.00	88.44	88.83
CTAN24	Cotton	87.77	88.16	88.49	88.88	89.21
CCAK24	Cocoa	4860	4982	5044	5166	5228
OJAH24	Orange Juice	367.90	371.00	374.65	377.75	381.40
KCAK24	Coffee	183.46	184.87	187.11	188.52	190.76
MAH24	Milk	17.06	17.48	17.63	18.05	18.20

Calculations based on previous session. Data collected 02/05/2024

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