



DAILY SOFTS COMMENTARY

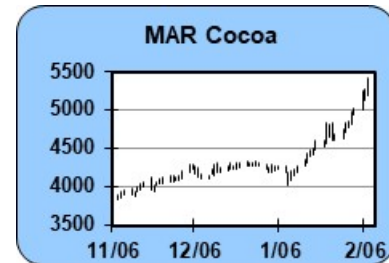
Thursday February 08, 2024

DAILY COCOA COMMENTARY

2/8/2024

Production problems run deep.

March cocoa gapped higher overnight to trade to another new all-time high. The market broke through a previous all-time high from July 1977 yesterday, with this latest leg in long the bull market being fed by recent hot and dry weather in West Africa. A reportedly severe Harmattan wind this season is adding to the production problems that have plagued the region since last summer when excessive moisture damaged the main crop harvest and induced swollen shoot disease in some trees. The Ivory Coast Coffee and Cocoa Council recently lowered its midcrop forecast to 400,000-450,000 tonnes from 550,000 last year. Ghana's production is estimated to be down 200,000 tonnes for 2023/24, and there is talk that Ivory Coast has oversold its crop by 70,000-100,000 tonnes. Traders wonder when high prices will cut off demand and/or encourage more production. Chocolate is a "small luxury" that can withstand a certain amount of price inflation. Chocolate prices at groceries in the US rose 11% at the end of January compared to a year earlier, and there was a decline in sales. The production problems are long term. Aging trees and damage from swollen shoot disease can't be fixed in a season. It doesn't help that the weather has not been cooperating for the past nine months.



TODAY'S MARKET IDEAS:

The cocoa market may be technically overbought, and open interest has declined on the recent rally, which suggests a loss of momentum, but sellers beware. The market is extremely volatile, and there has been no indication of a top.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COCOA TECHNICAL OUTLOOK:

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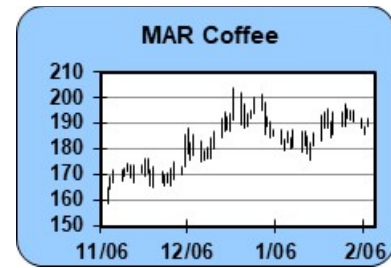
COCOA (MAY) 02/08/2024: Momentum studies are trending higher but have entered overbought levels. The market's close above the 9-day moving average suggests the short-term trend remains positive. Market positioning is positive with the close over the 1st swing resistance. The next upside target is 5402. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 5337 and 5402, while 1st support hits today at 5145 and below there at 5018.

DAILY COFFEE COMMENTARY

2/8/2024

Tight robusta supplies lift Arabica prices.

March coffee was slightly lower overnight but inside yesterday's range. The daily increases in ICE exchange Arabica stocks took a pause on Wednesday, as they were unchanged at 288,745 bags. They are up 38,916 bags since the end of January, and there are 55,014 pending review. Colombian output continues to see improvement over last year. That nation produced 959,000 bags of washed Arabica coffee in January, up 10.5% from January 2023. Exports totaled 935,000 bags, up 12.4% from a year earlier. They produced 11.3 million bags in 2023, up 2% from 2022. Brazil exported 223,975 tonnes of green coffee in January, up from 169,553 a year prior (+32%). Global robusta supplies remain very tight, Vietnamese farmers are reluctant to sell, and the attacks on ships in the Red Sea have slowed the movement of coffee from Asia to Europe. The robusta shortage has shifted some demand to Arabica coffee. There have been reports that shipments of Ethiopian coffee have been interrupted by the attacks as well. The International Coffee Organization reported that world coffee exports rose 13.6% in December relative to the previous year. Arabica exports were up 16.0% and robusta up 10.7%. Total exports since the season began in October were up 6.8% from year-ago, with Arabica 9.1% higher and robusta up 3.4%.



TODAY'S MARKET IDEAS:

March coffee market has been in a coiling pattern since December, with strong Brazilian production being weighed against very tight robusta supplies. Trendline support comes in at 187.90 today, with resistance at 196.30.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COFFEE TECHNICAL OUTLOOK:

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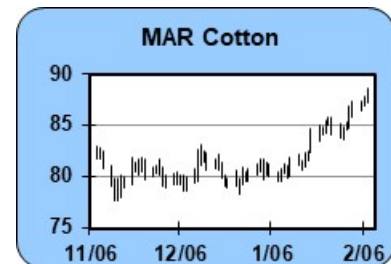
COFFEE (MAY) 02/08/2024: The cross over and close above the 40-day moving average is an indication the longer-term trend has turned positive. Declining momentum studies in the neutral zone will tend to reinforce lower price action. The market's short-term trend is negative as the close remains below the 9-day moving average. The market setup is supportive for early gains with the close over the 1st swing resistance. The next downside objective is now at 184.50. The next area of resistance is around 189.35 and 190.50, while 1st support hits today at 186.35 and below there at 184.50.

DAILY COTTON COMMENTARY

2/8/2024

Export sales and supply/demand reports today.

The strong export pace in recent weeks has sparked a rally in March cotton to its highest levels since before harvest, when the market was focused on the drought-damaged US crop. There is talk that the 2023/24 crop is just about sold out and that selling has dried up. Sales could start to slow down ahead of the Lunar New Year holidays, which start tomorrow. China raised its cotton import forecast by 150,000 tonnes (700,000 bales) to 2 million tonnes (9 million bales). They have been the number-one buyer of US cotton this year. Last week's export sales report showed net sales of 374,533 bales for the week ending January



25, which was the second highest since November. Sales have been above 200,000 in five of the last six weeks. Shipments totaled 396,711 in last week's report, which was the highest since last April. For the report supply/demand report today, 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. A US court has nullified the government's latest approvals of dicamba-based weedkillers (such as Roundup). This is a concern to cotton and soybean growers who use varieties that are genetically engineered to resist them, and it could cause production problems going forward.

TODAY'S MARKET IDEAS:

The export sales report could offer support if it shows another strong week, but the reaction may be muted until the supply/demand data is released. The trade does not seem to be expecting much change in supply/demand, which could leave the market vulnerable to a surprise. Look for resistance at 89.75 and 90.29, with support at 87.21 and 86.45.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COTTON TECHNICAL OUTLOOK:

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COTTON (MAY) 02/08/2024: 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 has a bullish tilt coming into today's trade with the close above the 2nd swing resistance. The next upside target is 90.51. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 90.03 and 90.51, while 1st support hits today at 88.57 and below there at 87.60.

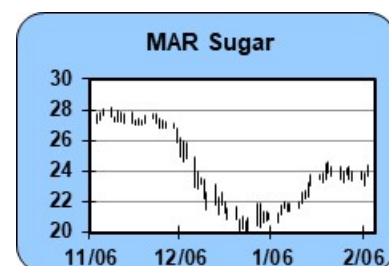
COTTON (JUL) 02/08/2024: Rising stochastics at overbought levels warrant some caution for bulls. The market's close above the 9-day moving average suggests the short-term trend remains positive. There could be more upside follow through since the market closed above the 2nd swing resistance. The near-term upside objective is at 90.55. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 90.18 and 90.55, while 1st support hits today at 89.00 and below there at 88.19.

DAILY SUGAR COMMENTARY

2/8/2024

Brazil January sugar exports up 58% from a year ago.

The sugar market is conflicted by the record Brazilian crop and the shortfalls in India and Thailand this year. 2023/24 Brazilian production is at record levels. Brazil exported 3.202 million tonnes of sugar in January, up from 2.026 million a year ago (+58%). The season was extended by the unusually dry conditions at the end of 2023 and into this year, which has kept harvest and crushing activity running above year-ago levels through mid-January. However, this is a two-edged sword, as the dry conditions can also mean lower production in 2024/25. Rain in the forecast for South-Central Brazil starting Saturday and continuing for the next 12 days offer a chance for relief.



TODAY'S MARKET IDEAS:

Technical traders may be encouraged by the breakout of a bull flag formation in March sugar yesterday. It did not exactly follow through on the rally, and it closed back on the resistance line. That level, 23.88 could be a key bull/bear line today. The next upside target comes in 24.87, the 200-day moving average, followed by the retracement at 25.04. Look for support at 23.31.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

SUGAR TECHNICAL OUTLOOK:

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SUGAR (MAY) 02/08/2024: The cross over and close above the 60-day moving average is an indication the longer-term trend has turned positive. Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. A positive signal for trend short-term was given on a close over the 9-bar moving average. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside target is now at 22.56. The next area of resistance is around 23.54 and 23.92, while 1st support hits today at 22.86 and below there at 22.56.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (MAR) 02/08/2024: Rising stochastics at overbought levels warrant some caution for bulls. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market's close above the 2nd swing resistance number is a bullish indication. The next upside target is 399.40. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 396.55 and 399.40, while 1st support hits today at 385.35 and below there at 376.85.

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
SOFTS MARKETS COMPLEX										
SBAK24	23.20	60.74	58.20	71.50	67.26	22.97	22.97	22.73	21.86	22.85
CTAK24	89.30	82.62	77.19	92.38	94.60	88.47	87.24	85.89	83.11	82.59
CTAN24	89.59	82.13	77.20	93.46	95.59	88.92	87.84	86.47	83.68	83.16
CCAK24	5241	88.86	84.14	93.11	94.43	5086.75	4886.56	4680.56	4385.58	4309.25
OJAH24	390.90	80.65	72.81	89.72	94.81	381.96	362.04	332.94	337.02	350.14
KCAK24	187.85	53.33	53.41	73.70	69.22	187.16	188.48	185.28	185.03	181.61
MAH24	17.33	61.20	59.61	76.66	76.24	17.48	17.21	16.65	16.69	16.95

Calculations based on previous session. Data collected 02/07/2024

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	22.56	22.86	23.24	23.54	23.92
CTAK24	Cotton	87.59	88.57	89.05	90.03	90.51

CTAN24	Cotton	88.19	89.00	89.37	90.18	90.55
CCAK24	Cocoa	5018	5145	5210	5337	5402
OJAH24	Orange Juice	376.80	385.30	388.10	396.55	399.40
KCAK24	Coffee	184.50	186.35	187.50	189.35	190.50
MAH24	Milk	16.95	17.10	17.39	17.54	17.84

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