

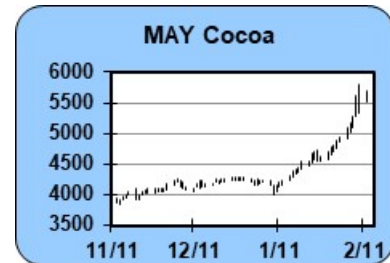


DAILY SOFTS COMMENTARY Tuesday February 13, 2024

DAILY COCOA COMMENTARY 2/13/2024

Thunderstorms for Ivory Coast today.

May cocoa experienced its first lower close since January 25 yesterday, but it has held its ground near the upper end of Friday's rally. No rain fell last week in most of Ivory Coast's main growing regions, which adds to the concern about the upcoming mid-crop. There are increased chances of rain for Ivory Coast over the next couple of weeks, including an 80% chance of thunderstorms today, but the probability stays below 50% on most days. Citibank said in a report released yesterday that cocoa prices could reach \$6,100-\$6,300 per tonne over the next month, and it added that there are risks prices could reach \$7,000 to \$10,000 if West Africa supply outlooks continue to deteriorate and demand fails to meaningfully contract this spring. They also mentioned the potential for a 20% selloff in the next 8-12 months due to possible recessions in some markets, demand destruction, and substitution effects. The ICCO is expected to release its first official estimate of 2023/24 global supply in its first quarter update, which could be released this month.



TODAY'S MARKET IDEAS:

May cocoa's first lower close in 12 sessions could get longs nervous and embolden those who are eager to pick a top. Open interest declined 13% between January 23 and last Friday, during a time when the May futures rallied 23%. This indicates a loss of upside momentum. However, the fundamental picture is not likely to change until West Africa sees some good rain, and picking a top in this market is risky.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COCOA TECHNICAL OUTLOOK:

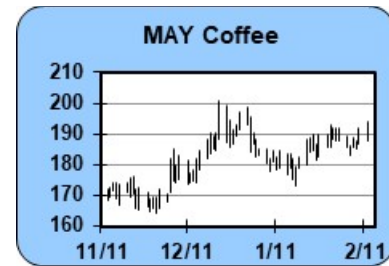
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COCOA (MAY) 02/13/2024: Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market has a slightly positive tilt with the close over the swing pivot. The next downside target is now at 5409. Caution is warranted with the RSI over 90, as the market may be limited on further gains. The next area of resistance is around 5674 and 5772, while 1st support hits today at 5492 and below there at 5409.

DAILY COFFEE COMMENTARY 2/13/2024

Rain in Brazil can ease new crop concerns.

May coffee was lower overnight but inside Monday's range. The chart shows a series of higher highs and higher lows, which bodes well for a continuation of the uptrend and a possible test of the December high. Tight robusta supplies have supported Arabica prices, and supplies have gotten even tighter with the Houthi attacks in the Red Sea. The attacks have raised the shipping cost from Asia to Europe and have sent more business to Brazil. Another attack over the weekend was further evidence that this problem will not be solved quickly. Brazil is quiet this week because of Carnival. ICE exchange Arabica stocks totaled 297,470 bags on Monday, down from 297,795 on Friday, with 38,854 pending review. Robusta stocks fell to a record low 2,461 lots. The key Brazilian growing area of Minas Gerais has forecasts for thunderstorms every day for the next two weeks, which can ease concerns about dry weather the region has experienced over the past couple of months.



TODAY'S MARKET IDEAS:

A series of higher highs and higher lows suggests May coffee could test the December high of 200.75. Initial resistance comes in at 194.05, followed by 195.40. Look for support at 185.85 and 183.50.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COFFEE TECHNICAL OUTLOOK:

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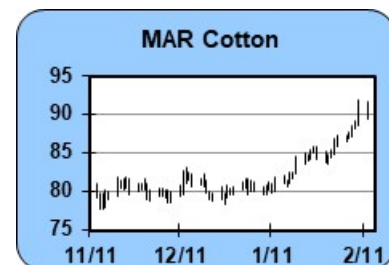
COFFEE (MAY) 02/13/2024: A bullish signal was given with an upside crossover of the daily stochastics. Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The close above the 9-day moving average is a positive short-term indicator for trend. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside objective is 197.32. The next area of resistance is around 194.30 and 197.32, while 1st support hits today at 188.00 and below there at 184.73.

DAILY COTTON COMMENTARY

2/13/2024

Volatility, drop in open interest a concern for the bulls.

May cotton has traded to its highest level since August 2022, but it has seen heavy volatility and wide ranges over the past two sessions, which could make recent longs nervous. US cotton mill use is expected to be the lowest since 1885 this year, nearly 15% lower than last year. One factor in the decline is the tight supply of available cotton after US production fell last year due to drought. Exports are down from last year as well, but they were revised higher in this month's USDA supply/demand report. Ending stocks are down from last year too. The surprisingly strong pace for US exports has been a key driver behind the rally. The annual USDA Outlook Forum is this week, and on Thursday USDA will release its long-term forecasts for US production, including a look at the 2024/25 crop. These reports do not usually offer many surprises, as they tend to follow long-term trends and do not take weather into account. However, the recent US drought monitor showed 19% of US cotton production was in an area experiencing drought, particularly the Delta.



TODAY'S MARKET IDEAS:

Open interest declined on the recent spike higher, which shows a possible slowdown in upside momentum that could make the bulls nervous. China buying may be absent this week due to the New Year Holiday. The next resistance for May cotton comes in at 93.50, with support at 90.00.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COTTON TECHNICAL OUTLOOK:

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COTTON (MAY) 02/13/2024: A crossover down in the daily stochastics is a bearish signal. Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market could take on a defensive posture with the daily closing price reversal down. The market's close below the pivot swing number is a mildly negative setup. The next downside target is now at 89.01. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 92.44 and 93.58, while 1st support hits today at 90.16 and below there at 89.01.

COTTON (JUL) 02/13/2024: The daily stochastics have crossed over down which is a bearish indication. Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market could take on a defensive posture with the daily closing price reversal down. The market's close below the pivot swing number is a mildly negative setup. The next downside target is now at 89.38. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 92.55 and 93.55, while 1st support hits today at 90.47 and below there at 89.38.

DAILY SUGAR COMMENTARY

2/13/2024

Rain in Brazil eases 2024/25 crop concerns.

May sugar extended yesterday's selloff overnight but was back around unchanged this morning. The market has been chopping around inside the range of the past couple of weeks, but its failure to take out the January high last week, much less key resistance at the 200-day moving average, has clearly disappointed the bulls. Yesterday's decline may be attributable to the rains forecast for this week for Center-South Brazil. Traders have been concerned about the dry weather there this year, but the forecast shows a 59% chance of rain in 11 out of the next 14 days. The possibility of La Nina arriving in late summer adds to the concern about dryness in South American growing regions.



TODAY'S MARKET IDEAS:

May sugar probed below the 50-day moving average overnight, and that level, 22.78, could be a key bull/bear line today. A clear break below there would leave the next support at 22.44, followed by 22.15. Key resistance comes in at 23.66.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

SUGAR TECHNICAL OUTLOOK:

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SUGAR (MAY) 02/13/2024: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The close below the 18-day moving average is an indication the intermediate-term trend has turned down. The close below the 2nd swing support number puts the market on the defensive. The next downside objective is now at 22.44. The next area of resistance is around 23.09 and 23.45, while 1st support hits today at 22.59 and below there at 22.44.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (MAR) 02/13/2024: Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. The close below the 9-day moving average is a negative short-term indicator for trend. The gap down on the day session chart is bearish with more selling pressure possible today. The market is in a bearish position with the close below the 2nd swing support number. The next downside objective is now at 341.55. The next area of resistance is around 361.70 and 373.80, while 1st support hits today at 345.60 and below there at 341.55.

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 | | | | | | | | | | |
| SBAK24 | 22.84 | 50.65 | 52.55 | 65.20 | 57.67 | 23.14 | 23.02 | 22.98 | 21.83 | 22.70 |
| CTAK24 | 91.30 | 78.18 | 76.22 | 93.22 | 91.72 | 90.63 | 89.01 | 87.33 | 83.84 | 83.10 |
| CTAN24 | 91.51 | 79.44 | 77.24 | 94.23 | 92.71 | 90.81 | 89.41 | 87.83 | 84.39 | 83.65 |
| CCAK24 | 5583 | 91.11 | 87.38 | 90.51 | 87.23 | 5489.50 | 5187.67 | 4884.78 | 4483.78 | 4388.00 |
| OJAH24 | 353.65 | 49.30 | 52.47 | 81.59 | 70.72 | 375.48 | 373.60 | 344.97 | 337.61 | 350.32 |
| KCAK24 | 191.15 | 59.06 | 56.93 | 70.02 | 71.07 | 189.09 | 188.78 | 187.12 | 185.84 | 182.50 |
| MAH24 | 17.26 | 57.58 | 57.01 | 68.93 | 64.30 | 17.19 | 17.31 | 16.81 | 16.66 | 16.91 |

Calculations based on previous session. Data collected 02/12/2024

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 | 22.43 | 22.58 | 22.94 | 23.09 | 23.45 |
| CTAK24 | Cotton | 89.00 | 90.15 | 91.29 | 92.44 | 93.58 |
| CTAN24 | Cotton | 89.37 | 90.46 | 91.46 | 92.55 | 93.55 |
| CCAK24 | Cocoa | 5408 | 5492 | 5590 | 5674 | 5772 |
| OJAH24 | Orange Juice | 341.50 | 345.55 | 357.65 | 361.70 | 373.80 |
| KCAK24 | Coffee | 184.72 | 188.00 | 191.02 | 194.30 | 197.32 |
| MAH24 | Milk | 16.72 | 16.99 | 17.25 | 17.52 | 17.78 |

Calculations based on previous session. Data collected 02/12/2024

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