



DAILY SOFTS COMMENTARY Thursday February 15, 2024

DAILY COCOA COMMENTARY 2/15/2024

Demand concerns increasing.

Demand concerns are creeping into the cocoa market after its 17-month rally to all-time highs. A Reuters story said that Hershey and Cadbury were planning additional price hikes, and this follows Hershey's latest quarterly sales volume falling 6.6% below the previous year's total. Demand has been resilient to this point, with much of the price gain yet to reach the consumer. The sweeping price action in May cocoa as it reached another new all-time high has made the bulls tentative. And a steady decline in open interest since mid-January is negative technical action that could signal a top. Global supplies are tight, recent dry weather in West Africa has lowered expectations for the mid-crop, and it takes several years to bring newly planted trees into production. High prices may be the new normal, but demand may start to limit gains.



TODAY'S MARKET IDEAS:

Open interest has declined 19% since January 23, at a time when prices have increased 27%, which indicates that traders have been liquidating longs on the rally and is negative technical action. May cocoa has been consolidating last week's rally this week, which could embolden an attempt to take out last week's all-time high. Look for resistance at 5715 and 5798, with support at 5507 and 5278.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COCOA TECHNICAL OUTLOOK:

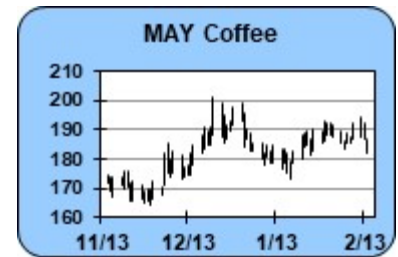
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COCOA (MAY) 02/15/2024: Daily stochastics turning lower from overbought levels is bearish and will tend to reinforce a downside break especially if near term support is penetrated. A positive signal for trend short-term was given on a close over the 9-bar moving average. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is now at 5433. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 5663 and 5749, while 1st support hits today at 5505 and below there at 5433.

DAILY COFFEE COMMENTARY 2/15/2024

Brazil rain and increase in ICE exchange stocks.

Rainfall in the forecast for Brazil and a higher ICE exchange stocks have pressured the coffee market this week. May coffee is approaching key support at the 0.618 retracement of the bounce off the January lows, and a failure to hold that level could set the market up for a resumption of the downtrend off the December highs. ICE exchange coffee stocks increased 5,017 bags yesterday. They climbed above the 300,000-bag level for the first time since November and were more than 53,000 above where they were at the end of January. There is daily rainfall in the forecast for Brazil's major Arabica growing regions through the end of next week. There are several more months before harvest begins, but this marks an improvement over the consistently dry conditions that have persisted up until this week. Vietnam robusta prices have softened, but they remain elevated amid tight supplies and lackluster trade after the week-long Lunar New Year break.



TODAY'S MARKET IDEAS:

May coffee fell below the 50-day moving average for the first time since mid-January yesterday, and it also fell below the 50% retracement of the recovery off the January low. A break below support at 181.10 would suggest that the rally since mid-January was nothing more than a short-term correction of a major decline off the December high. This would leave the next support at 173.10. Look for resistance today at 186.05, followed by 188.05.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COFFEE TECHNICAL OUTLOOK:

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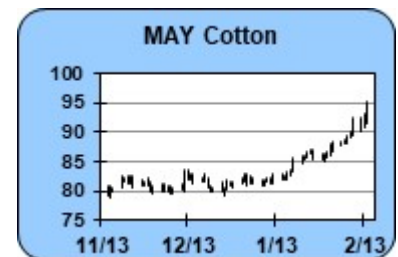
COFFEE (MAY) 02/15/2024: The market back below the 60-day moving average suggests the longer-term trend could be turning down. The moving average crossover down (9 below 18) indicates a possible developing short-term downtrend. Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The intermediate trend has turned down with the cross over back below the 18-day moving average. More selling pressure is likely given yesterday's gap lower price action on the day session chart. The close below the 2nd swing support number puts the market on the defensive. The next downside objective is 179.15. The next area of resistance is around 185.00 and 187.95, while 1st support hits today at 180.60 and below there at 179.15.

DAILY COTTON COMMENTARY

2/15/2024

Tight US supply supports market despite dollar rally.

Early USDA projections for 2024/25 US cotton planted area came in at the upper end of trade expectations, and this has put some pressure on the market this morning. This is the first outlook for the upcoming marketing year and does not have the rigor of the March 31 Prospective Plantings report. Prior to the report's release, May cotton had approached the contract high from May 2022. The nearby contract has traded to its highest level since October 2022, breaking out of a long consolidation pattern that stretches back more than a year, which is a technically bullish development. The Outlook numbers showed US cotton planted area at 11.0 million acres, up from 10.2 million last year but still the second lowest since 2016. This was above a pre-report guess of 10.7 million. Production was forecast at 16.00 million bales versus 12.43 million in 2023/24 and 15.2 million expected. Ending stocks were forecast 3.5 million bales versus 2.8 million in 2023/24 and right on the guess. Nearby US



cotton supply is tight after the US' poor crop last year, and the pace of exports has surpassed expectations in recent weeks. Last week's export sales report showed net sales of 318,668 bales for the week ending February 1, down from 374,533 the previous week. The four-week total had reached 1.338 million bales, which was the highest since November. Traders will be watching today's report to see if sales follow the same general pattern. The EPA said yesterday that farmers can use some of their existing supplies of weedkillers containing the chemical dicamba, despite a federal court ruling last week that halted sprayings. These pesticides are used on GMO soybeans and cotton. The EPA said growers could use pesticides that were already in their possession or in channels of trade and outside the control of pesticide companies.

TODAY'S MARKET IDEAS:

May cotton came very close to taking out the contract highs overnight, but it has also reached overbought levels and could be subject to a setback. Today's export report will reflect sales as of last Thursday, just ahead of the Lunar New Year, so they could still be strong. The breakout of a 13-month consolidation on the nearby chart is long-term bullish.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COTTON TECHNICAL OUTLOOK:

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COTTON (MAY) 02/15/2024: Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. The close above the 9-day moving average is a positive short-term indicator for trend. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next downside target is 89.95. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 96.33 and 97.76, while 1st support hits today at 92.43 and below there at 89.95.

COTTON (JUL) 02/15/2024: Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. 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 downside objective is now at 90.49. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 96.05 and 97.14, while 1st support hits today at 92.73 and below there at 90.49.

DAILY SUGAR COMMENTARY

2/15/2024

Bounce off key support but rains in Brazil are negative.

May sugar's failure to take out the January highs (and climb above the 200-day moving average) has been a disappointment to the bulls. Rainfall in the forecast for Brazil has improved the outlook for the 2024/25 crop, but traders are wary of it being enough. The Center-South cane-growing regions have rain in the forecast through the end of next week. A Reuters poll of 12 analysts called for raw sugar prices to increase 19% in 2024 as the global market shifts into deficit in the coming season. Center South Brazil production is expected to remain strong, even with a drop in cane output, because mills are expected to favor sugar production over ethanol, but that is not expected to be enough to offset declines in Asia. The poll's median estimate called for a global sugar surplus of 500,000 tonnes in the 2023/24 (current) marketing year and a deficit of 700,000 in 2024/25. The new year begins April 1. India's 2023/24 production is estimated at 31.6 million tonnes, and it is expected to fall to 29 million in 2024/25.



TODAY'S MARKET IDEAS:

May sugar fell near the 50-day moving average yesterday and bounced, and that line, 21.97, could be key support today. A break below there would leave support at 21.71 and 21.26. The market's failure to climb above the 200-day moving average after three attempts has been a disappointment for the bulls. But if the upcoming rains in Brazil come up short of expectations, then the bulls may be emboldened to resume the uptrend.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

SUGAR TECHNICAL OUTLOOK:

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SUGAR (MAY) 02/15/2024: The market now above the 60-day moving average suggests the longer-term trend has turned up. Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The close below the 9-day moving average is a negative short-term indicator for trend. The upside daily closing price reversal gives the market a bullish tilt. The market has a slightly positive tilt with the close over the swing pivot. The next downside target is 21.86. The next area of resistance is around 23.12 and 23.39, while 1st support hits today at 22.36 and below there at 21.86.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (MAR) 02/15/2024: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The close below the 9-day moving average is a negative short-term indicator for trend. Market positioning is positive with the close over the 1st swing resistance. The next downside objective is 347.65. The next area of resistance is around 367.15 and 370.00, while 1st support hits today at 356.05 and below there at 347.65.

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	22.74	48.86	51.23	53.48	43.54	22.88	22.95	23.00	21.84	22.60
CTAK24	94.38	85.77	82.38	91.42	90.26	92.49	90.39	88.34	84.32	83.49
CTAN24	94.39	86.80	83.29	92.50	91.83	92.58	90.66	88.79	84.85	84.02
CCAK24	5584	83.68	82.69	88.38	86.02	5604.50	5366.67	5013.06	4547.44	4442.02
OJAH24	361.60	54.37	55.56	70.31	60.35	360.13	372.44	350.96	337.29	349.27
KCAK24	182.80	40.97	45.60	61.35	47.15	188.38	187.56	187.78	186.28	182.91
MAH24	17.02	49.62	51.58	65.51	60.05	17.17	17.31	16.94	16.66	16.88

Calculations based on previous session. Data collected 02/14/2024

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	21.85	22.35	22.62	23.12	23.39
CTAK24	Cotton	89.94	92.42	93.85	96.33	97.76

CTAN24	Cotton	90.48	92.72	93.81	96.05	97.14
CCAK24	Cocoa	5433	5505	5591	5663	5749
OJAH24	Orange Juice	347.60	356.00	358.80	367.15	370.00
KCAK24	Coffee	179.15	180.60	183.55	185.00	187.95
MAH24	Milk	16.58	16.74	17.13	17.29	17.68

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