

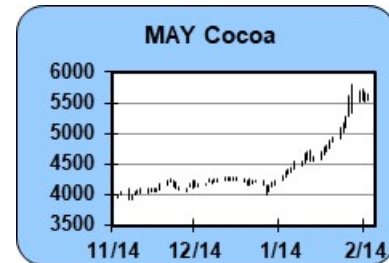


DAILY SOFTS COMMENTARY Friday February 16, 2024

DAILY COCOA COMMENTARY 2/16/2024

Toppy action but breaks could be short-lived.

It may be dangerous to say so, but May cocoa is looking increasingly topy after reaching its latest historic high a week ago. Global supplies are tight and look like they could stay that way for the foreseeable future. The question is whether demand will pull back enough to stabilize prices. A steady decline in open interest since mid-January is negative technical action. Call premium is starting to flatten, which also indicates the speculative fervor is easing. Sellers in this market have been repeatedly disappointed, however. The weather forecast for key growing regions in Ivory Coast show daily highs in the 100s and little rain for the next two weeks. Cocoa bean shortages have shut down Ghanaian cocoa processors intermittently over the last few months, and like Ivory Coast, their port arrivals are running 30% or more behind a year ago. The Ivory Coast Coffee & Cocoa Board said that they will not default on export contracts despite the drop in cocoa production so far in 2023/24. They did say they will postpone contracts if they to but that they will meet their commitments. There are expectations that chocolate manufacturers will reduce the size of their candy bars, which could help ease supply pressures.



TODAY'S MARKET IDEAS:

There is no end in sight to the cocoa shortage, but the question is whether prices reached a high enough level to shut off demand. This seems to be happening to some degree. The steep decline in open interest is a negative technical development. However, the tight supply suggests breaks could be short-lived, unless the Harmattan wind eases and rain comes to West Africa. Look for support in May cocoa 5318, with resistance at 5558.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COCOA TECHNICAL OUTLOOK:

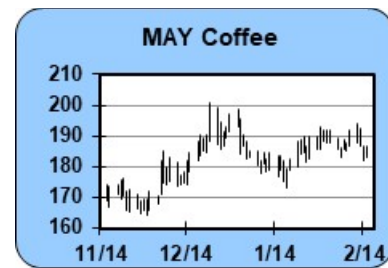
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COCOA (MAY) 02/16/2024: Daily stochastics turning lower from overbought levels is bearish and will tend to reinforce a downside break especially if near term support is penetrated. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market has a slightly positive tilt with the close over the swing pivot. The next downside target is 5498. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 5657 and 5706, while 1st support hits today at 5553 and below there at 5498.

DAILY COFFEE COMMENTARY 2/16/2024

Crop prospects, supply looking better.

May coffee fell below moving average support this week, and it has failed on two attempts to move above it, and a failure to do so in today's session could encourage a bigger selloff. Brazilian Arabica growing areas have rain in the forecast through late next week, which should benefit their upcoming crop, and this has weighed on prices this week. Vietnamese robusta prices were softer this week, but supplies remain tight. ICE exchange coffee stocks were unchanged on Thursday at 302,462 bags. They have climbed above 300,000 for the first time since November. The supply buildup has been gradual, but it has pulled fundamental support from the market. Through January, Colombia's 12-month annualized production pace has risen to 11.438 million bags, the fifth straight monthly increase. This is still well below the readings for January 2020 (14.506 million) and January 2021 (13.956 million), but it is their highest 12-month total since November 2022.



TODAY'S MARKET IDEAS:

Rains in Brazil, a continued recovery in Colombian output, and the increase in ICE exchange coffee stocks could have May coffee testing Wednesday's three-week low today. Look for resistance at 188.05 with support at 182.10.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COFFEE TECHNICAL OUTLOOK:

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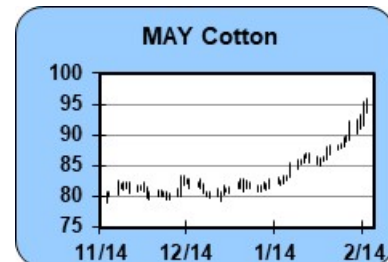
COFFEE (MAY) 02/16/2024: The market now above the 60-day moving average suggests the longer-term trend has turned up. Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. A negative signal for trend short-term was given on a close under the 9-bar moving average. A positive setup occurred with the close over the 1st swing resistance. The next downside objective is 181.30. The next area of resistance is around 186.95 and 188.50, while 1st support hits today at 183.35 and below there at 181.30.

DAILY COTTON COMMENTARY

2/16/2024

Strong export pace surprises trade.

May cotton is close to taking out its contract high from May 2022 at 96.13, but this price does not look particularly high when compared to the long-term charts. Nearby cotton has broken out above a long-term consolidation stretching back to October 2022, which could be a major turning point for the market. The export sales report yesterday was not particularly impressive, but the strong pace of physical exports allowed the market to extend its recent rally. Sales and exports have exceeded previous expectations, as the market had feared stronger competition from Brazil and Australia. Yesterday's report showed US cotton sales for the week ending February 8 at 168,209 bales, down from 318,665 the previous week and the lowest since December 28. Total exports for the week came in at 276,057 bales, which was up from 248,512 the previous week and the second highest since last June. Cumulative sales for 2023/24 have reached 89% of the USDA forecast for the marketing year versus a five-year average of 86% for this point in the season. The largest buyer this week was China at 57,812 bales, followed by Turkey at 34,716 and Pakistan 28,620. Earlier in the session,



the USDA Outlook Forum projected 2024/25 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. The weekly US drought monitor showed 13% of US cotton production area was in drought as of February 13, down from 19% the previous week.

TODAY'S MARKET IDEAS:

May cotton seems destined to test the contract high at 96.13, which may occur today. Prices have gotten lofty after a 9.56-cent, 11% rally so far this month, and longs may be tempted to take profits going into the weekend. Weekly nearby cotton has broken out above a 17-month consolidation, leaving an initial retracement objective of 103.75.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COTTON TECHNICAL OUTLOOK:

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COTTON (MAY) 02/16/2024: The daily stochastics gave a bullish indicator with a crossover up. Momentum studies are trending higher but have entered overbought levels. 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 97.34. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 96.44 and 97.34, while 1st support hits today at 94.18 and below there at 92.81.

COTTON (JUL) 02/16/2024: The daily stochastics gave a bullish indicator with a crossover up. 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. The market has a slightly positive tilt with the close over the swing pivot. The next upside objective is 96.86. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 96.25 and 96.86, while 1st support hits today at 94.40 and below there at 93.15.

DAILY SUGAR COMMENTARY

2/16/2024

Talk of shipping delays out of Brazil.

The rains in Brazil this week have improved the prospects for the upcoming Brazilian crop, but lower production in India and Thailand continue to underpin the market. India is still absent from the export market, and there is talk of shipping delays out of Brazil. The bi-weekly UNICA supply report showed Brazil Center-south sugar production totaled 28,000 tonnes for the second half of January, down from 48,000 in the first half but up 68% from a year ago. Production continues to wind down for the 2023/24 marketing year, and the recent numbers were a fraction of what they were during the peak production period last fall.

Cumulative production for 2023/24 has reached 42.129 million tonnes, up 26% from a year ago. On an earnings call, the CFO of Brazilian sugar and ethanol producer Jalles Machado said that most of the areas that supply sugar cane for its mills are seeing favorable weather ahead of the next harvest, which begins in April. He stated that rains in January were better than the previous year and above the historical average in the state of Goias, which accounts for more than 70% of that company's cane output. The shift to La Nina expected for the second half of 2024 would be favorable as rains would hit Goias earlier than usual. He also commented that ethanol prices in Brazil remain low due to high stockpiles. There were 261,950 tonnes of white sugar tendered



against the March London contract. This was in line with trade expectations, but the fact that most of the deliveries came from UAE suggested that buyers have secured their needs for Ramadan, which is next month. Tropical storm Lincoln is expected to hit northern Australia in the coming days. This would be the third major storm in two months. However, it is expected to reach only a Category 1 versus Category 3 for a previous one, Jasper, that brought heavy flooding to cane growing areas. An intervening storm, Kirrily, did not cause any significant damage.

TODAY'S MARKET IDEAS:

Despite a softer tone this week, May sugar has managed to hold above the first retracement of the December-January rally, and that level, 22.19 is key support. A break below there would leave the next downside targets at 21.73 and 21.27. Look for resistance at 22.92 and 23.66.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

SUGAR TECHNICAL OUTLOOK:

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SUGAR (MAY) 02/16/2024: The close below the 60-day moving average is an indication the longer-term trend has turned down. Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The market's short-term trend is negative as the close remains below the 9-day moving average. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside objective is 21.79. The next area of resistance is around 22.52 and 22.92, while 1st support hits today at 21.96 and below there at 21.79.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (MAR) 02/16/2024: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The market's close below the 9-day moving average is an indication the short-term trend remains negative. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside target is 351.60. The next area of resistance is around 371.50 and 379.05, while 1st support hits today at 357.80 and below there at 351.60.

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	22.24	39.03	44.90	46.00	31.05	22.61	22.86	22.97	21.85	22.53
CTAK24	95.31	87.31	83.78	91.53	91.75	93.26	91.19	88.86	84.60	83.71
CTAN24	95.33	88.37	84.73	92.97	93.90	93.35	91.39	89.29	85.13	84.23
CCAK24	5605	84.17	83.04	87.41	85.46	5606.00	5442.22	5074.00	4579.84	4467.40
OJAH24	364.65	56.20	56.72	66.20	57.99	357.88	370.57	354.08	337.12	348.71
KCAK24	185.15	46.39	48.78	54.35	40.36	186.79	187.13	187.65	186.35	183.22
MAH24	16.80	44.53	47.87	59.90	48.67	17.13	17.25	16.97	16.65	16.86

Calculations based on previous session. Data collected 02/15/2024

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	21.78	21.95	22.35	22.52	22.92
CTAK24	Cotton	92.80	94.17	95.07	96.44	97.34
CTAN24	Cotton	93.15	94.39	95.01	96.25	96.86
CCAK24	Cocoa	5498	5553	5602	5657	5706
OJAH24	Orange Juice	351.55	357.75	365.30	371.50	379.05
KCAK24	Coffee	181.30	183.35	184.90	186.95	188.50
MAH24	Milk	16.56	16.67	16.81	16.92	17.06

Calculations based on previous session. Data collected 02/15/2024

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