



DAILY SOFTS COMMENTARY
 Tuesday February 20, 2024

DAILY COCOA COMMENTARY
 2/20/2024

Buyers emerging after a brief selloff.

May cocoa bounced overnight after Friday's selloff. Some traders viewed the break as merely profit taking ahead of the long weekend, leaving the market ready to resume its uptrend this week. There are increasing concerns that consumer demand will weaken as candy makers raise their prices and/or reduce the size of their chocolate bars in response to the record cocoa prices. Many chocolate manufacturers have chosen to work down a larger portion of their cocoa stocks than normal, and they may have yet to meet the full brunt of the cocoa rally. Ivory Coast port arrivals totaled 36,000 tonnes for the week ending February 18, up from 22,000 for the same week last year. This is the first time that arrivals have been above year-ago levels in some time. However, total arrivals for the marketing year that began on October 1 have reached 1.128 million tonnes, down 32% from last year. Ivory Coast growing areas have chance of rain next week, but in general the forecast remains hot and dry. Likewise with Ghana. Only Cameroon seems to be getting any rain at this point. The strength of the Harmattan this year has raised concerns about the upcoming mid-crop. Friday's Commitments of Traders report showed managed money traders were net sellers of 12,217 contracts of cocoa for the week ending February 13, reducing their net long to 46,536. This is their smallest net long since March 2023 and is down from the record 79,541 from September. Clearly there is room for more liquidation if funds start to bail, but on the other hand, the net long has become less burdensome.



TODAY'S MARKET IDEAS:

Demand concerns are emerging, but West African mid-crop production is threatened by extremely dry conditions. The recovery in May cocoa overnight after Friday's selloff could encourage new buying and a resumption of the uptrend. The steep decline in open interest on the recent rally is a nagging concern for the bulls. Look for resistance in May cocoa at 5715 and 5798, with support at 5341. A break below there could set the market back to 5241.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 2/6/2024 - 2/13/2024						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Softs						
Cocoa	42,899	-14,570	-48,017	+14,258	5,118	+311

COCOA TECHNICAL OUTLOOK:

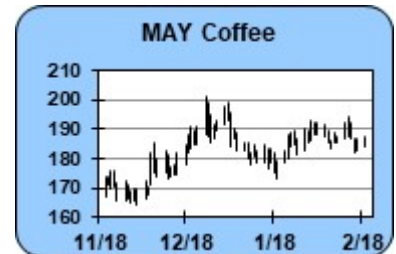
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COCOA (MAY) 02/20/2024: Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. The market's short-term trend is negative as the close remains below the 9-day moving average. The close below the 2nd swing support number puts the market on the defensive. The next downside objective is now at 5132. The next area of resistance is around 5476 and 5673, while 1st support hits today at 5206 and below there at 5132.

DAILY COFFEE COMMENTARY
2/20/2024

Needed rainfall reaching Brazil.

Coffee's two-day recovery move has lifted the market away from a potential downside breakout and back towards the middle of the late January/February consolidation zone. But with bearish supply developments continuing to weigh on prices, the market needs to see an improving demand outlook to maintain upside momentum. May coffee finished last week with a negative weekly reversal from last Monday's 7-week high. Brazil's key growing region of Minas Gerais received 2.25 inches of rain last week, 101% of the historical average. More is expected through Friday, then it is expected to taper off until the following Friday. Itau BBA has forecast Brazil's 2024/25 combined Arabica and Robusta production at 69.4 million bags, up from 66.3 million in 2023/24. ICE exchange coffee stocks rose by 4,800 bags on Friday to reach their highest levels since November. There are 65,717 bags waiting to be graded. Friday's Commitments of Traders report showed managed money traders were net buyers of 2,359 contracts of coffee for the week ending February 13, increasing their net long to 50,539. This is their largest net long since March 2022 and is close to the record 59,000 from 2016. This leaves the market vulnerable to heavy selling if support levels are taken out.



TODAY'S MARKET IDEAS:

Active rainfall, increasing ICE stocks, a burdensome net long held by funds, and a technical reversal last week suggest the bears could have the upper hand. May coffee closed the gap from last Wednesday overnight, which leaves the next resistance area around 190.20 and then 192.30. Trendline support comes in at 183.80 today, and a break below there could spark a move back to 181.10.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 2/6/2024 - 2/13/2024						
	Non-Commercial		Commercial	Non-Reportable		
	Net Position	Weekly Net Change		Weekly Net Change	Weekly Net Change	
Softs						
Coffee	57,989	+3,199	-59,174	-3,205	1,184	+4

COFFEE TECHNICAL OUTLOOK:

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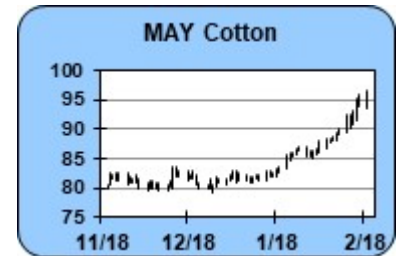
COFFEE (MAY) 02/20/2024: The market now above the 40-day moving average suggests the longer-term trend has turned up. Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. A negative signal for trend short-term was given on a close under the 9-bar moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside objective is now at 182.37. The next area of resistance is around 188.62 and 190.06, while 1st support hits today at 184.78 and below there at 182.37.

DAILY COTTON COMMENTARY

2/20/2024

Heavy selling emerges, as longs start to lose faith.

May cotton sold off hard overnight following an outside reversal lower on Friday. This followed six consecutive weeks of gains off surprisingly strong export activity. The National Cotton Council's annual early season plantings intentions survey put 2024 cotton planted area at 9.8 million acres, down 3.7% from 10.23 million in 2023. This contrasts with the 11.0 million acres from the USDA Outlook Forum numbers last week. But the report also called for US ending stock to increase slightly to 2.9 million bales in 2024/25. Last week the US EPA said farmers could use existing supplies of dicamba weedkillers, despite a federal court ban the previous week that halted sprayings. Last week's export sales report (released Thursday) showed net sales of 168,208 bales for the week ending February 8, the lowest weekly total since December 28. This may have added to concerns that the key driver of the recent rally was running out of steam. Friday's Commitments of Traders report showed managed money traders were net buyers of 25,215 contracts of cotton for the week ending February 13, increasing their net long to 71,559. This is their largest net long since May 2022 and is in the upper echelons of the historic range. The all-time high was 108,000 from January 2022. Over the past four weeks, the net position has gone from a net short of 2,016 to the current net long of 71,559, a gain of 73,575.



TODAY'S MARKET IDEAS:

A near record net long held by the funds left the cotton market vulnerable to heavy selling, and that combined with poor technical action on Friday, a turn lower in weekly export sales, and easing of EPA restrictions on dicamba to spark panic selling overnight. The action suggests at least a near-term top is in place. Look for support in May cotton at 90.84 and 89.90, with resistance at 94.42.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 2/6/2024 - 2/13/2024						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Softs						
Cotton	84,270	+22,462	-93,500	-24,554	9,229	+2,091

COTTON TECHNICAL OUTLOOK:

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COTTON (MAY) 02/20/2024: A bearish signal was triggered on a crossover down in the daily stochastics. Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. A positive signal for trend short-term was given on a close over the 9-bar moving average. The daily closing price reversal down puts the market on the defensive. The market tilt is slightly negative with the close under the pivot. The next downside target is 91.80. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 95.86 and 97.59, while 1st support hits today at 92.97 and below there at 91.80.

COTTON (JUL) 02/20/2024: The daily stochastics have crossed over down which is a bearish indication. Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. The market's short-term trend is positive on the close above the 9-day moving average. The daily closing price reversal down puts the market on the defensive. The market tilt is slightly negative with the close under the pivot. The next downside target is 91.88. The 9-day RSI over 70 indicates the market is approaching overbought levels.

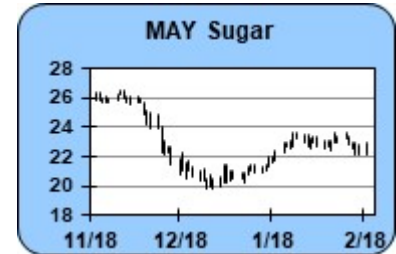
The next area of resistance is around 95.83 and 97.48, while 1st support hits today at 93.03 and below there at 91.88.

DAILY SUGAR COMMENTARY

2/20/2024

Rains in Brazil could be a relief for growers.

Sugar's wide-sweeping price action over the last three sessions did not result in a retest of the 50-day moving average, which is technically supportive, but the market did finish with its first weekly decline in eight weeks. Daily rainfall is expected in Center-South Brazil over the next two weeks, with only one day having a probability below 60%. Late last week, analysts were saying they were concerned that the recent rain had not been enough to replenish moisture, but the forecast seems to offer a better chance for this to happen. The rain is needed, but it will slow down what little remains to be harvested from last season. The dry conditions to date have extended last season's harvest, which means there will be less harvest-ready cane available once the rains end. This may prevent harvest and crushing activity from returning to full speed until mid-April, and it could keep near-term sugar supplies relatively tight. There were reports last week that Brazilian ports continued to see delays. Early trades forecasts have next season's Indian sugar production coming in at 29 million tonnes, well below the current season's output. This would increase the chances for India to keep their sugar export ban in place through the rest of the season. Cyclone Lincoln did not appear to impact cane growing areas in northern Queensland, Australia. Friday's Commitments of Traders report showed managed money traders were net buyers of 4,934 contracts of sugar for the week ending February 13, increasing their net long to 59,994. This was not a burdensome level, as it was well below the 200,000 they were long as recently as November. For much of last year, the net long ranged between 140,000 and 240,000. The buying trend is short-term positive.



TODAY'S MARKET IDEAS:

Regular rain in the forecast for Center-South Brazil over the next two weeks would seem to reduce one of the key supportive factors present in the market since late last year. However, it also means near term supply could tighten. We lean bearish, with key support in May sugar at 22.13 and at the 50-day moving average at 21.89. Look for resistance at 22.90.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 2/6/2024 - 2/13/2024						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Softs						
Sugar	78,868	+10,122	-99,293	-10,173	20,425	+51

SUGAR TECHNICAL OUTLOOK:

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SUGAR (MAY) 02/20/2024: The major trend could be turning up with the close back above the 60-day moving average. Declining momentum studies in the neutral zone will tend to reinforce lower price action. 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 target is 21.87. The next area of resistance is around 22.93 and 23.24, while 1st support hits today at 22.25 and below there at 21.87.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (MAR) 02/20/2024: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. 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 downside target is 356.35. The next area of resistance is around 378.05 and 383.00, while 1st support hits today at 364.75 and below there at 356.35.

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	22.59	47.37	49.59	41.00	30.99	22.55	22.84	22.95	21.87	22.47
CTAK24	94.42	78.19	77.47	90.42	88.21	94.04	91.90	89.34	84.88	83.91
CTAN24	94.43	78.34	77.78	91.73	89.25	94.08	92.05	89.74	85.40	84.43
CCAK24	5341	59.02	65.19	84.05	77.32	5545.50	5471.89	5117.56	4605.82	4489.33
OJAH24	371.40	60.17	59.27	63.08	56.83	362.31	370.23	357.61	337.33	348.09
KCAK24	186.70	49.81	50.81	49.49	39.76	185.68	187.13	187.63	186.44	183.49
MAH24	16.84	45.67	48.60	53.17	39.71	17.02	17.14	17.02	16.64	16.84

Calculations based on previous session. Data collected 02/16/2024

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	21.86	22.24	22.55	22.93	23.24
CTAK24	Cotton	91.79	92.96	94.69	95.86	97.59
CTAN24	Cotton	91.88	93.03	94.68	95.83	97.48
CCAK24	Cocoa	5131	5205	5402	5476	5673
OJAH24	Orange Juice	356.30	364.70	369.65	378.05	383.00
KCAK24	Coffee	182.36	184.77	186.21	188.62	190.06
MAH24	Milk	16.62	16.72	16.86	16.95	17.09

Calculations based on previous session. Data collected 02/16/2024

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