



DAILY SOFTS COMMENTARY

Wednesday February 21, 2024

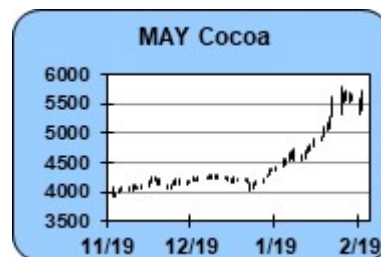
DAILY COCOA COMMENTARY

2/21/2024

West Africa forecast has no rain for another 6 days.

Cocoa traders have put aside concerns about demand destruction and are focusing again on the dire conditions in the world's primary production region. The May contract traded to a new contract high overnight, as concerns about the upcoming mid-crop worsened with the ongoing dry conditions in West Africa.

Soil moisture has fallen sharply, and there have been reports that small pods and leaves are drying up and falling to the ground. Key Ivory Coast growing locations of Doala and Yamoussukro had no rain last week versus five-year averages of 7.5-9 mm, and Western Soubre had 0.2 mm versus 8.7 mm on average. Ivory Coast has chances of rain next Tuesday-Saturday, with probabilities of 55% or higher in four out of five days. Daily highs are in the upper 90s to low 100s most days in the next two weeks. Ivory Coast customs data showed that the nation exported 171,246 tonnes of cocoa in January, down from 268,028 in January 2023, a 36% decline.



TODAY'S MARKET IDEAS:

With little chance of rain for the next six days, the West African mid-crop outlook continues to decline, pushing recent demand concerns aside. A near-term upside objective for May cocoa is 5915, with support at 5629.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COCOA TECHNICAL OUTLOOK:

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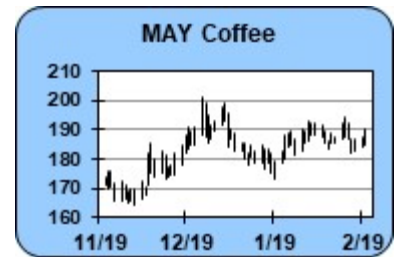
COCOA (MAY) 02/21/2024: Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. A positive signal for trend short-term was given on a close over the 9-bar moving average. A positive setup occurred with the close over the 1st swing resistance. The next downside objective is 5244. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 5805 and 5949, while 1st support hits today at 5453 and below there at 5244.

DAILY COFFEE COMMENTARY

2/21/2024

Brazil production outlook improving.

Recent rainfall over Brazil's major Arabica growing regions looks beneficial for the 2024/25 crop. Brazil's Cepea said that if weather conditions remain favorable, the harvest may start in late April to early May, which would bring the crop to port earlier than normal. Brazil's Cooxupe, the country's number-one coffee exporter, said yields in the areas where it operates will likely be higher than initially expected. The current forecast for Minas Gerais calls for the rains to continue through Friday, take a pause for a week, and then resume the following Friday, March 1. ICE exchange coffee stocks were unchanged on Tuesday, but they are 57,433 bags above their January month-end total, and there are 108,742 bags pending review. The steady rise in stocks is viewed as an indicator of slowing consumption. Vietnam's (robusta) coffee exports in January totaled 238,266 million tonnes, up 67.4% from a year earlier and up 14.8% from December, this according to government data.



TODAY'S MARKET IDEAS:

The outlook for Brazilian production has improved with the increased rainfall in their key growing areas, and reports that Vietnamese exports increased from year ago levels in January is the first bearish news from that county in some time. May coffee is in a coiling pattern, with trendline support today at 182.30 and resistance at 192.95. The fundamental news seems to favor the bears.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COFFEE TECHNICAL OUTLOOK:

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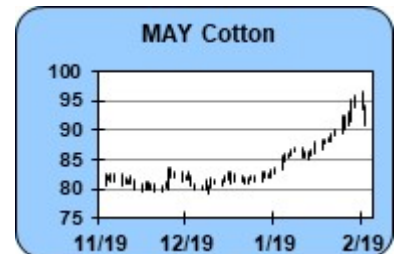
COFFEE (MAY) 02/21/2024: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The close below the 9-day moving average is a negative short-term indicator for trend. The market could take on a defensive posture with the daily closing price reversal down. The close over the pivot swing is a somewhat positive setup. The next downside objective is 181.10. The next area of resistance is around 189.10 and 192.50, while 1st support hits today at 183.40 and below there at 181.10.

DAILY COTTON COMMENTARY

2/21/2024

Fund long liquidation after buying spree.

Profit taking and concerns that the rally had gone too far off the export theme sparked a sharp selloff in May cotton on Tuesday. Fund traders had been aggressive buyers over the past month, going from a net short of 2,016 contracts on January 16 to a net long of 71,599 on February 13. This was their largest net long since May 2022. The aggressive buying pace left the market vulnerable to heavy selling. The relatively small export sales reported last week had traders concerned that the recent surprisingly strong pace of sales had peaked. The Cotton Association of India is estimated Indian 2023/24 cotton production at 29.41 million (170-kg) bales (24.02 million US bales) for the marketing year that began on October 1. This is down from 31.89 million bales (26.04 million US) the previous season. The recent USDA supply demand report had Indian 2023/24 production at 25.00 million US bales and 2022/23 at 26.30 million. India uses most of their production domestically, with the USDA forecasting 2023/24 exports at 1.600 million US bales.



TODAY'S MARKET IDEAS:

The mood has quickly turned negative for cotton as the market fears the US export pace has reached a peak. First retracement support of the rally off the November lows in May cotton comes in at 89.73, followed by 87.66. Look for resistance at 92.80 and 93.52.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COTTON TECHNICAL OUTLOOK:

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COTTON (MAY) 02/21/2024: Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. A negative signal for trend short-term was given on a close under the 9-bar moving average. There could be some early pressure today given the market's negative setup with the close below the 2nd swing support. The next downside target is 88.68. The next area of resistance is around 93.41 and 95.57, while 1st support hits today at 89.97 and below there at 88.68.

COTTON (JUL) 02/21/2024: Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. The market's short-term trend is negative as the close remains below the 9-day moving average. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside target is now at 88.73. The next area of resistance is around 93.21 and 95.42, while 1st support hits today at 89.87 and below there at 88.73.

DAILY SUGAR COMMENTARY

2/21/2024

Rains in Brazil boosting crop expectations.

May sugar continues to hold above the 50-day moving average, but just barely, and this level may be a key bull/bear line today. Weather trends in Brazil have turned bearish, with recent rainfall in the Center-South cane growing regions being viewed as beneficial to the upcoming crop. There are even some who are calling for another year of record production in 2024/25. Archer Consulting said that Brazilian mills had hedged 72% of their 2024/25 sugar exports by the end of January versus 64% at that point a year ago. This suggests that there could be less hedge selling by mills this month and next month, which could provide underlying support to the market.



TODAY'S MARKET IDEAS:

Recent rainfall in Center-South Brazil has boosted expectations for the upcoming crop. May sugar tested 50-day moving average support yesterday and overnight, and that level, 21.89 could be key support today. A break below there would leave downside targets at 21.50 and 21.25. Look for resistance at 22.90.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

SUGAR TECHNICAL OUTLOOK:

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SUGAR (MAY) 02/21/2024: The major trend has turned down with the cross over back below the 60-day moving average. Daily stochastics are trending lower but have declined into oversold territory. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The market setup is somewhat negative with the close under the 1st swing support. The next downside objective is 21.61. The next area of resistance is around 22.51 and 22.81, while 1st support hits today at 21.91 and below there at 21.61.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (MAR) 02/21/2024: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The market's short-term trend is positive on the close above the 9-day moving average. The market has a slightly positive tilt with the close over the swing pivot. The next downside target is 364.10. The next area of resistance is around 378.00 and 384.90, while 1st support hits today at 367.60 and below there at 364.10.

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	22.21	40.59	45.10	36.00	26.01	22.45	22.77	22.87	21.90	22.40
CTAK24	91.69	57.49	62.03	85.90	76.84	93.95	92.26	89.62	85.10	84.09
CTAN24	91.54	55.55	60.59	86.42	75.80	93.92	92.35	89.98	85.61	84.59
CCAK24	5629	70.01	72.21	82.56	79.59	5539.75	5529.89	5169.67	4637.84	4515.05
OJAH24	372.80	60.99	59.80	60.13	54.23	367.61	369.33	361.04	337.67	347.68
KCAK24	186.25	48.80	50.19	45.70	38.13	185.23	187.26	187.64	186.46	183.80
MAH24	16.99	50.01	51.33	47.39	35.84	16.91	17.09	17.09	16.63	16.83

Calculations based on previous session. Data collected 02/20/2024

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	21.61	21.91	22.21	22.51	22.81
CTAK24	Cotton	88.67	89.96	92.12	93.41	95.57
CTAN24	Cotton	88.72	89.86	92.07	93.21	95.42
CCAK24	Cocoa	5243	5452	5596	5805	5949
OJAH24	Orange Juice	364.05	367.55	374.50	378.00	384.90
KCAK24	Coffee	181.10	183.40	186.80	189.10	192.50
MAH24	Milk	16.72	16.88	16.94	17.10	17.16

Calculations based on previous session. Data collected 02/20/2024

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