

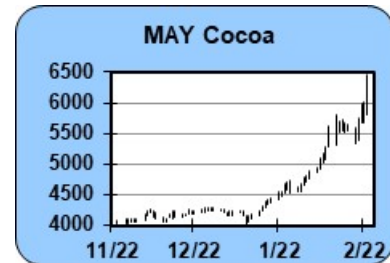


DAILY SOFTS COMMENTARY
Monday February 26, 2024

DAILY COCOA COMMENTARY
2/26/2024

Another new high; extremely volatile conditions.

May cocoa extended Friday's gains overnight to trade to new contract highs. Last week saw four daily ranges of \$300 or more, including a \$631 range on Friday. Extreme volatility often precedes a long-term shift in trend, but the market still has a very bullish supply outlook. It is looking at a significant global production deficit for the 2023/24 marketing year, and early signs point to another one in 2024/25. West African mid-crop production has been dealt a blow by the severity of the Harmattan wind. However, Ivory Coast growing areas could see some rain in the next couple of weeks, which may ease some of those concerns. For example, Yamoussoukro has a greater than 50% probability of receiving rain in eight of the next 14 days. Daily highs are still in the upper 90s. The International Cocoa Organization's market report for January showed that as of February 4, estimated that marketing year arrivals at Ivorian ports were down 34% from 2022/23 to 1.051 million tonnes and that in Ghana, graded and sealed purchases were down 35% to 351,000 tonnes. It pointed out that grindings data published by the regional associations for the fourth quarter of 2023 did not show significant changes from the previous two years. The report mentioned structural issues that will keep cocoa supplies tight, such as aged trees, remunerative farm gate prices, and climatic challenges. They also expressed concern that the decline in supply could steepen as enforcement of the EU regulations on deforestation gets closer. Ivory Coast port arrivals for the week ending February 25 were estimated at 34,773 tonnes. Cumulative arrivals for the marketing year that began in October have reached 1.16 million tonnes down 32% from 1.7 million a year ago. Friday's Commitments of Traders report showed managed money traders were net sellers of 3,763 contract of cocoa for the week ending February 20, reducing their net long to 42,773. This is their smallest net long since March 2023. Open interest has fallen 27% since January 23, at a time the price has gone from \$4557 to \$6544. Trade volume is lower too. None of this is technically supportive, but the high could be several hundred dollars away.



TODAY'S MARKET IDEAS:

The question for the cocoa market is how high prices will need to go to shut off demand. The steady decline in open interest and the drop in volume indicate a loss of momentum and it also suggests the market may be approaching the culmination of the bull market. However, the high could be several hundred dollars away.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 2/13/2024 - 2/20/2024						
	Non-Commercial		Commercial		Non-Reportable	
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Softs						
Cocoa	39,319	-3,580	-43,336	+4,681	4,017	-1,101

COCOA TECHNICAL OUTLOOK:

Note: Data is collected using the closing values of the previous session and calculations and analysis are run at the same time. Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report. Data sources can and do produce bad ticks that can cause computation errors. Please verify before use.

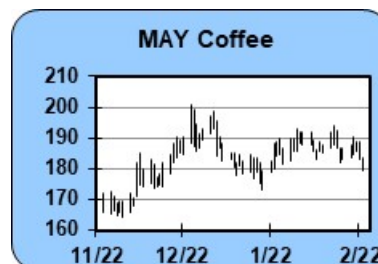
COCOA (MAY) 02/26/2024: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's close above the 9-day moving average suggests the short-term trend remains positive. There could be more upside follow through since the market closed above the 2nd swing resistance. The next upside objective is 6824. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 6571 and 6824, while 1st support hits today at 5941 and below there at 5563.

DAILY COFFEE COMMENTARY

2/26/2024

Fund net long leaves market vulnerable to heavy selling.

May coffee broke below its recent consolidation on Friday and extended those losses overnight to trade to its lowest level since January 19. Recent rainfall in Brazil has eased concerns about the upcoming crop. Robusta futures have also broken below recent consolidation after reaching 29-year highs last month, and this has pulled support from NY Arabica prices. The weather forecast for Minas Gerais, Brazil calls for mostly dry conditions through Wednesday, but the following 12 days have a greater than 50% probability of rain each day, with only two of those days below 60%. Colombia's annualized production pace has increased for five months in a row, and it reached a 15-month high in January. ICE exchange coffee stocks increased by 8,330 bags on Friday to reach 315,827. This is up from a 24-year low of 224,066 bags from early December. There are 127,421 pending review. Friday's Commitments of Traders showed managed money traders were net sellers of 4,710 contracts of coffee for the week ending February 20, reducing their net long to 45,829. This is close to the record net long of 60,133 from February 2022 and leaves the market vulnerable to heavy selling if support levels fail to hold.



TODAY'S MARKET IDEAS:

Rainfall in Brazil and a loss of support from the robusta market put the ball in the bears' court. A break below support in May NY coffee at 179.25 would leave the next downside target at 173.10. Interim support comes in at 177.00. Look for resistance at 186.20. The large net long held by the funds leaves the market vulnerable to heavy selling.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 2/13/2024 - 2/20/2024

	Non-Commercial		Net Position	Commercial		Non-Reportable	
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	Weekly Net Change	
Softs							
Coffee	53,560	-4,429	-54,067	+5,107	507	-677	

COFFEE TECHNICAL OUTLOOK:

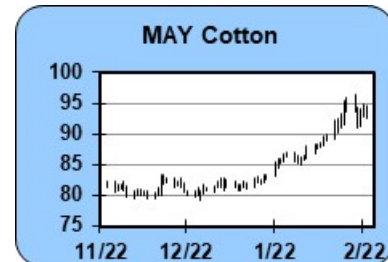
Note: Data is collected using the closing values of the previous session and calculations and analysis are run at the same time. Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report. Data sources can and do produce bad ticks that can cause computation errors. Please verify before use.

COFFEE (MAY) 02/26/2024: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The market's short-term trend is negative as the close remains below the 9-day moving average. The market tilt is slightly negative with the close under the pivot. The next downside objective is now at 176.68. The next area of resistance is around 182.45 and 185.27, while 1st support hits today at 178.15 and below there at 176.68.

DAILY COTTON COMMENTARY
2/26/2024

Fund net long leaves market vulnerable to heavy selling.

May cotton is consolidating its rally from the November low to the contract high from earlier this month. US exports have slowed from the surprisingly strong pace earlier this year, but supplies are reportedly tight after the poor crop last season. Friday's export sales report showed US cotton sales for the week ending February 15 at 130,468 bales for the 2023/24 (current) marketing year and 58,108 for 2024/25 for a total of 188,576. This was up from 168,209 the previous week but was the second lowest since December 28. This was the largest new-crop sale since October. Cumulative sales for 2023/24 have reached 90% of the USDA forecast for the marketing year versus a five-year average of 89% for this point in the season. The largest buyer this week was Bangladesh at 50,579 bales, followed by Turkey at 49,465 and Mexico at 25,108. China bought only 6,905 bales. This is the first time in weeks they were not the biggest buyer, probably due to the Lunar New Year holidays. Friday's Commitments of Traders report showed managed money traders were net buyers of 14,520 contracts of cotton for the week ending February 20, increasing their net long to 86,079. This is their largest net long since October 2021 and represents a significant jump in a relatively short period of time. As recently as January 16 they were net short 2,016. This leaves the market vulnerable to heavy selling of the funds start to bail. The net long reached a peak of 96,743 in 2021, and the record is 108,778 from 2018. Soil moisture improvements in US growing regions could get the 2024 crop off to a strong start, and the market has done a good job bidding for acreage this year.



TODAY'S MARKET IDEAS:

May cotton is in a coiling pattern with key support at 90.84 and resistance at 96.42. Aggressive fund buying has left the market vulnerable to heavy selling if support levels are violated. Retracement targets include 89.73 and 87.66.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 2/13/2024 - 2/20/2024						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Softs						
Cotton	97,442	+13,172	-106,165	-12,665	8,723	-506

COTTON TECHNICAL OUTLOOK:

Note: Data is collected using the closing values of the previous session and calculations and analysis are run at the same time. Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report. Data sources can and do produce bad ticks that can cause computation errors. Please verify before use.

COTTON (MAY) 02/26/2024: Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. The close above the 9-day moving average is a positive short-term indicator for trend. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is now at 91.50. The next area of resistance is around 94.52 and 95.61, while 1st support hits today at

92.46 and below there at 91.50.

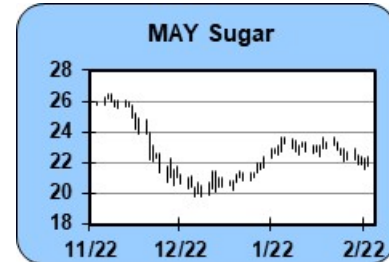
COTTON (JUL) 02/26/2024: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside objective is now at 90.87. The next area of resistance is around 93.58 and 94.71, while 1st support hits today at 91.66 and below there at 90.87.

DAILY SUGAR COMMENTARY

2/26/2024

Oversold status could lead to some choppy action.

Recent rainfall in Center-South Brazil has improved the outlook for the upcoming cane crop, which officially begins on April 1. May sugar finished last week with its first close below the 50-day moving average since January 22. The market bounced off retracement support around 21.71 overnight. It has become short-term oversold, but the fundamentals seem to favor the bear camp. Friday's Commitments of Traders report showed managed money traders were net sellers of 3,057 contracts of sugar for the week ending February 20, reducing their net long to 56,937. As recently as November, the net long was above 200,000 contracts, and the record is 286,000 from 2016, so the current net long is far from burdensome. Word is that traders will be watching the expiry of the March contract this week, (Thursday) to see how much appetite there is to receive sugar.



TODAY'S MARKET IDEAS:

May sugar may see some choppy action, but the fundamentals seem to lean bearish, and the market has recently broken below key support level. A break below last week's low at 21.56 would leave the next downside target at 21.25 and could set the market up for a test of the December low at 19.80. Look for resistance at 22.59 and 22.76.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 2/13/2024 - 2/20/2024						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Softs						
Sugar	70,315	-8,553	-76,588	+22,705	6,272	-14,153

SUGAR TECHNICAL OUTLOOK:

Note: Data is collected using the closing values of the previous session and calculations and analysis are run at the same time. Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report. Data sources can and do produce bad ticks that can cause computation errors. Please verify before use.

SUGAR (MAY) 02/26/2024: The market back below the 40-day moving average suggests the longer-term trend could be turning down. Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The market's close below the 9-day moving average is an indication the short-term trend remains negative. 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 objective is 21.30. The next area of

resistance is around 22.14 and 22.58, while 1st support hits today at 21.50 and below there at 21.30.

OJ TECHNICAL OUTLOOK:

Note: Data is collected using the closing values of the previous session and calculations and analysis are run at the same time. Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report. Data sources can and do produce bad ticks that can cause computation errors. Please verify before use.

ORANGE JUICE (MAR) 02/26/2024: 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 objective is 352.70. The next area of resistance is around 385.90 and 392.65, while 1st support hits today at 365.95 and below there at 352.70.

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	21.82	34.30	40.69	27.29	21.34	22.12	22.39	22.72	21.96	22.21
CTAK24	93.49	61.52	64.37	77.76	73.22	93.22	93.37	90.90	85.97	84.72
CTAN24	92.62	57.70	61.50	74.05	66.09	92.66	93.16	91.03	86.40	85.16
CCAK24	6256	82.99	81.69	84.08	85.57	5901.50	5707.89	5400.89	4756.53	4611.08
OJAH24	375.90	61.00	59.73	50.06	46.16	370.24	364.87	369.17	337.90	346.22
KCAK24	180.30	37.27	42.52	33.86	21.50	184.45	185.74	187.21	186.23	184.64
MAH24	17.30	59.32	57.16	37.49	35.49	17.10	17.08	17.18	16.65	16.81

Calculations based on previous session. Data collected 02/23/2024

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	21.30	21.50	21.94	22.14	22.58
CTAK24	Cotton	91.50	92.46	93.56	94.52	95.61
CTAN24	Cotton	90.87	91.66	92.79	93.58	94.71
CCAK24	Cocoa	5562	5940	6193	6571	6824
OJAH24	Orange Juice	352.65	365.90	372.65	385.90	392.65
KCAK24	Coffee	176.67	178.15	180.97	182.45	185.27
MAH24	Milk	16.98	17.17	17.25	17.44	17.52

Calculations based on previous session. Data collected 02/23/2024

Data sources can & do produce bad ticks. Verify before use.

***This report includes information from sources believed to be reliable and accurate as of the date of this publication, but no independent verification has been made and we do not guarantee its accuracy or completeness. Opinions expressed are subject to change without notice. Any information or recommendation contained herein: (i) is not based on, or tailored to, the commodity interest or cash market positions or other circumstances or characterizations of particular investors or traders; (ii) is not customized or personalized for any such investor or trader; and (iii) does not take into consideration, among other things, risk tolerance, net worth, or available risk capital. Any use or reliance upon the information or recommendations is at the sole discretion and election of the subscriber. The risk of loss in trading futures contracts or commodity options can be substantial, and traders should carefully consider the inherent risks of such trading in light of their financial condition. Any reproduction or retransmission of this report without the express written consent of Lakefront Futures is strictly prohibited.