

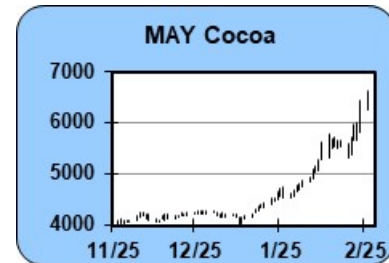


DAILY SOFTS COMMENTARY Tuesday February 27, 2024

DAILY COCOA COMMENTARY 2/27/2024

West Africa forecast shows some rain, but will it be enough?

The severity of the Harmattan wind this season has lowered expectations for the West African mid-crop to a degree that traders are now thinking the 2023/24 global supply deficit will reach 500,000 tonnes. This compares to deficits of 116,000 in 2022/23 and 216,000 in 2021/22 and would be the largest on record going back to 1960. Farmers in Ivory Coast say abundant rains are needed in the next two weeks to limit damage on plantations. No rain fell in Daloa last week versus a five-year average of 11.6 mm for the corresponding week. Bongouanou and Yamoussoukro also got no rain last week. Soubre received 6.35 mm, 2.9 below average. Daloa does have rain in the forecast with daily probabilities above 58% for the next five days, likewise with Bongouanou, Yamoussoukro, and Soubre. Ivory Coast cocoa arrivals totaled 35,000 tonnes for the week ending February 25, up from 20,000 for the same period a year ago. Cumulative arrivals have reached 1.163 million tonnes, down 30% from 1.667 million for the same period last year.



TODAY'S MARKET IDEAS:

Expectations for 2023/24 production continue to decline, as West Africa desperately needs rain. Ivory Coast forecasts have a better than 50% chance of rain over the next five days, but will it be enough? Look for resistance in May cocoa at 6648, with support at 6256 and 6018.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COCOA TECHNICAL OUTLOOK:

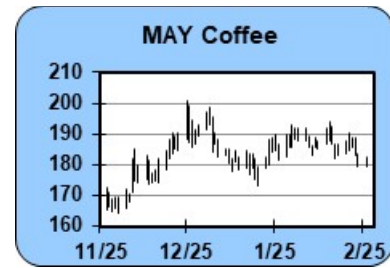
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COCOA (MAY) 02/27/2024: Rising stochastics at overbought levels warrant some caution for bulls. A positive signal for trend short-term was given on a close over the 9-bar moving average. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside objective is at 6893. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 6751 and 6893, while 1st support hits today at 6363 and below there at 6118.

DAILY COFFEE COMMENTARY 2/27/2024

Rain in Brazil has improved crop outlook.

Coffee's inability to complete a positive daily reversal yesterday sets the stage for further downside action this week. Recent rainfall in Brazil's major Arabica growing regions has improved the outlook for the upcoming 2024/25 crop after the region received below average rainfall earlier in the season. Somar Meteorologia reported yesterday that Brazil's Minas Gerais region received 59.5 mm in the past week, 131% of the historical average. More rain is expected this weekend. ICE exchange coffee stocks increased by 8,640 bags yesterday to 332,797. This is up 82,000 bags from January 31. There were 125,881 pending review. Robusta coffee was undercut last week when Vietnam reported their January exports rose 14.8% from December and 67.4% from January 2023.



TODAY'S MARKET IDEAS:

The recent wetter trend in Brazil's key coffee growing region has improved the outlook for the upcoming crop. May coffee broke below trendline support last week, and overnight it fell below the 0.382 retracement of the October-December rally, leaving the next key support at the January low (and 50% retracement) at 173.10. Look for resistance at 183.90.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COFFEE TECHNICAL OUTLOOK:

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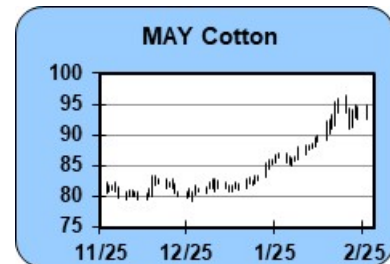
COFFEE (MAY) 02/27/2024: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The market's close below the pivot swing number is a mildly negative setup. The next downside target is now at 177.03. The next area of resistance is around 181.20 and 183.42, while 1st support hits today at 178.00 and below there at 177.03.

DAILY COTTON COMMENTARY

2/27/2024

New contract highs on demand expectations?

May cotton rallied to new contract highs overnight, as a sharp increase in Chinese equity markets overnight boosted demand expectations. US exports have been better than expected over the past few months, even if they have slipped over the past couple of weeks. Perhaps traders are expecting China to return as an active buyer now that the Lunar New Year holidays are over. The US supply situation looks tight for the remainder of the marketing year, but the US is expected to see an increase in planted acreage this coming season. Last week's US drought monitor showed 10% of the US cotton production area was experiencing drought versus 45% a year ago. Nearby cotton futures have broken above out above a 16-month consolidation this month, which is a bullish long-term development.



TODAY'S MARKET IDEAS:

The move to new highs overnight leaves the next upside target for May cotton at the gap on the nearby chart

98.70-101.25. Look for support at 95.00. Funds have been aggressive buyers over the past month, leaving the market vulnerable to heavy selling if support levels are taken out.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COTTON TECHNICAL OUTLOOK:

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COTTON (MAY) 02/27/2024: Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. The market's short-term trend is positive on the close above the 9-day moving average. The outside day up is a positive signal. The market setup is supportive for early gains with the close over the 1st swing resistance. The next downside objective is now at 91.86. The next area of resistance is around 95.99 and 96.63, while 1st support hits today at 93.61 and below there at 91.86.

COTTON (JUL) 02/27/2024: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. A positive signal for trend short-term was given on a close over the 9-bar moving average. The upside closing price reversal on the daily chart is somewhat bullish. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next downside target is 91.16. The next area of resistance is around 94.70 and 95.24, while 1st support hits today at 92.66 and below there at 91.16.

DAILY SUGAR COMMENTARY

2/27/2024

Lack of rain a concern for Brazil, but forecast is wetter.

The sugar market seemed to find support yesterday from recurring concerns about lower 2024/25 production in Center-South Brazil. Sucden commented that last year, rains in December-February were 25% above average, while this year they have been 30% below average. The forecast shows increased chances of rain over the next couple of weeks, with daily probabilities above 50% for all but three days. Sucden has forecast Brazil's 2024/25 Center-South sugar production to come in at 40.8 million tonnes, down 1.8 million from 2023/24. They put India's production at 28 million tonnes, down 1.8 million from 2023/24 and an 8-year low. They also said that India was likely to be "detached" from the world market over the current and upcoming seasons and that the depletion of water reservoir levels have hurt cane plantings in southern India. Sucden also said they expect Thailand's 2023/24 production to be down 20% from last season but that it could recover in 2024/25 due to high prices. Unica will release its Brazil sugar production report covering first half of February today. The previous report showed Center South sugar output for the 2023/24 marketing year was running 25.5% higher than a year ago. Harvest and crushing operations have been winding down for the season and are not expected to return to full speed until mid-April. French sugar producer Toreos said it plans to produce 2 million tonnes of sugar in Brazil in 2024/25 versus 1.9 million in 2023/24 and that it will increase its total cane allocation for sugar production to 70% from 67%. However, they also said they see the total cane crop in Center-South Brazil to be 600 million tonnes in 2024/25 versus 660 million in 2023/24, due to insufficient rains. Industry expectations range from 580 to 650 million tonnes.



TODAY'S MARKET IDEAS:

Dry conditions in Brazil this season have lowered expectations for this year's crop, but a wetter forecast may start to improve the outlook. May sugar held above last week's low yesterday, and that level, 21.56, will be key support today. A break below there would leave the next support at 21.28. Look for resistance at 22.70.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

SUGAR TECHNICAL OUTLOOK:

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SUGAR (MAY) 02/27/2024: The major trend could be turning up with the close back above the 60-day moving average. Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. A negative signal for trend short-term was given on a close under the 9-bar moving average. The upside daily closing price reversal gives the market a bullish tilt. A positive setup occurred with the close over the 1st swing resistance. The next downside objective is now at 21.25. The next area of resistance is around 22.59 and 22.97, while 1st support hits today at 21.73 and below there at 21.25.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (MAR) 02/27/2024: Declining momentum studies in the neutral zone will tend to reinforce lower price action. 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 364.45. The next area of resistance is around 386.15 and 393.20, while 1st support hits today at 371.80 and below there at 364.45.

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	22.16	43.44	45.82	26.23	24.12	22.11	22.31	22.67	21.99	22.15
CTAK24	94.80	66.25	67.54	77.04	75.62	94.00	93.76	91.39	86.29	84.96
CTAN24	93.68	62.34	64.54	71.45	66.26	93.19	93.40	91.41	86.68	85.38
CCAK24	6557	86.43	84.56	85.71	88.97	6133.50	5816.11	5501.89	4807.93	4650.95
OJAH24	378.90	62.88	60.92	49.69	48.96	371.78	367.68	370.64	338.31	345.86
KCAK24	179.60	36.09	41.70	27.41	14.53	182.79	184.46	186.62	185.79	184.79
MAH24	17.58	65.68	61.49	39.88	44.67	17.25	17.12	17.22	16.68	16.81

Calculations based on previous session. Data collected 02/26/2024

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	21.24	21.72	22.11	22.59	22.97
CTAK24	Cotton	91.85	93.60	94.24	95.99	96.63
CTAN24	Cotton	91.16	92.66	93.20	94.70	95.24
CCAK24	Cocoa	6117	6363	6505	6751	6893
OJAH24	Orange Juice	364.40	371.75	378.80	386.15	393.20
KCAK24	Coffee	177.02	178.00	180.22	181.20	183.42
MAH24	Milk	17.21	17.42	17.52	17.73	17.83

Calculations based on previous session. Data collected 02/26/2024

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