

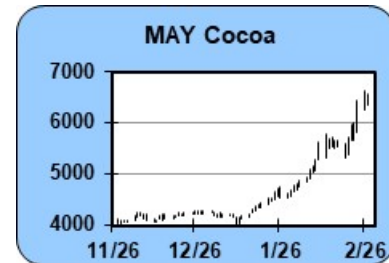


DAILY SOFTS COMMENTARY Wednesday February 28, 2024

DAILY COCOA COMMENTARY 2/28/2024

Another setback but no top in sight.

May cocoa sold off overnight after it failed to overtake Monday's contract high on Tuesday. There has been no letup from West African supply issues, but traders are wondering how high the market can go. There is also the nagging concern about demand. Ivory Coast Agriculture Minister said Ivorian output could fall 25% this year but no more than that. They are currently expecting a 20% drop as they await the mid-crop. Ivory Coast port arrivals are running about 30% behind last season's pace. The late stages of West Africa's dry season have seen little rainfall and very high temperatures, and it may be optimistic to think that Ivory Coast mid-crop output will fare any better than the main crop did. For perspective, a 25% decline in Ivory Coast production from the 2022/23 season would come at 545,000 tonnes, which would be larger than the full-season output of every other nation except for Ghana. Ghana is looking at a year-over-year decline of 120,000 tonnes or more. There is a chance of rain for four of the next 10 days in Ivory Coast growing regions, but daily highs are in the upper 90s or even 100 degrees F.



TODAY'S MARKET IDEAS:

May cocoa may be technically overbought, but there is no indication of a top, and the supply situation does not show any sign of improving. We may see commercial buying emerge on breaks as end-users attempt to cover their needs. Retracement support comes in at 5638, but we suspect commercial buyers may be too anxious to wait for a pullback to that level.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COCOA TECHNICAL OUTLOOK:

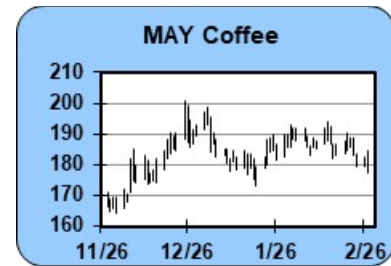
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COCOA (MAY) 02/28/2024: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The close above the 9-day moving average is a positive short-term indicator for trend. It is a slightly negative indicator that the close was lower than the pivot swing number. The next upside target is 6685. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 6564 and 6685, while 1st support hits today at 6346 and below there at 6248.

DAILY COFFEE COMMENTARY 2/28/2024

Tight robusta supplies still support.

May coffee's reversal yesterday is bullish and suggests a tentative low is in place. The market recently broke below consolidation on ideas improving rainfall in Brazil had eased concerns about the upcoming crop, but a traders cited a drier pattern emerging over the next several days. The forecasts show a greater than 50% chance of rain in 9 of the next 10 days, but many of the days only call for "occasional" rain or thunderstorms. Tight robusta supplies in Vietnam have been a supportive factor as well, but they may lose their impact as Brazil's robusta harvest is expected to start next month. ICE exchange coffee stocks reached a new 3-month high at 333,771 bags on Tuesday, but 5,698 of the 6,672 bags that went through the grading process failed approval. There are 166,000 bags waiting to be graded, but the low approval rate makes one wonder how much will make it into ICE warehouses. Dealers said Vietnam supplies remained tight with many farmers holding fast in the hope that prices will rise. This contrasts with the higher-than-expected Vietnamese exports for January that were reported last week.



TODAY'S MARKET IDEAS:

The outside-day higher close after falling to its lowest level in 5 1/2 weeks yesterday presents a possible near-term low for May coffee. Key support comes in at 177.50, and a break below there would target 173.10. Look for resistance at 186.10.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COFFEE TECHNICAL OUTLOOK:

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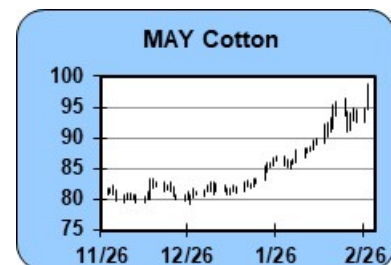
COFFEE (MAY) 02/28/2024: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The outside day up is a positive signal. Market positioning is positive with the close over the 1st swing resistance. The next downside target is 174.95. The next area of resistance is around 186.60 and 189.15, while 1st support hits today at 179.50 and below there at 174.95.

DAILY COTTON COMMENTARY

2/28/2024

Limit up overnight as fund buying accelerates.

May cotton traded to new contract highs again overnight and reached the expanded, 5.00-cent limit. Spec fund buying has been aggressive, especially after the nearby contract broke out above at 15-month consolidation pattern this month. Managed money traders have gone from a net short of 6,872 contracts on January 9 to a net long 86,079 as of February 20. US supplies are tight, and there is a seasonal tendency for prices to rise this time of year. The February USDA supply/demand report released earlier this month showed US 2023/24 ending stocks at 2.8 million bales, down from 4.25 million a year ago and the lowest since 2016/17. World ending stocks were estimated at 83.70 million bales, up from 82.97 in 2022/23 and the highest since 2019/20. Weekly export sales have been on the low side for the past couple of reports, but traders may be thinking China will reemerge as strong buyers now that the Lunar New Year holidays are over. Wildfires in



the Texas high plains and in Oklahoma are probably a bigger concern to the cattle market than cotton as they seem to be affecting mostly grasslands, but the situation bears watching. Texas Governor Abbot has declared disaster areas in 60 counties, and the fires were expected to worsen overnight.

TODAY'S MARKET IDEAS:

Nearby cotton filled the gap from September 2022 at 101.24 overnight reached the 0.382 retracement of the decline from the May 2022 high to the October 2022 low. This leaves the next upside objective at the 50% retracement at 114.11. After an 11.30-cent, 12% rally in three days, the market may be getting ahead of its skis.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COTTON TECHNICAL OUTLOOK:

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COTTON (MAY) 02/28/2024: The crossover up in the daily stochastics is a bullish signal. 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. The market's close above the 2nd swing resistance number is a bullish indication. The next upside objective is 101.99. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 100.93 and 101.99, while 1st support hits today at 96.67 and below there at 93.48.

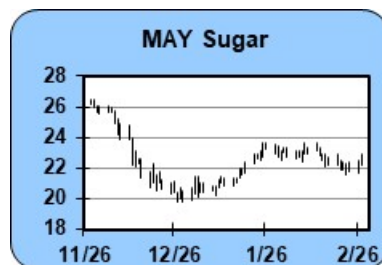
COTTON (JUL) 02/28/2024: A bullish signal was given with an upside crossover of the daily stochastics. Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. A positive signal for trend short-term was given on a close over the 9-bar moving average. Since the close was above the 2nd swing resistance number, the market's posture is bullish and could see more upside follow-through early in the session. The near-term upside target is at 100.81. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 99.77 and 100.81, while 1st support hits today at 95.59 and below there at 92.46.

DAILY SUGAR COMMENTARY

2/28/2024

ISO widens its forecast for the 2023/24 global sugar deficit.

The International Sugar Organization increased its forecast for the global sugar deficit for 2023/24 to 689,000 tonnes from its previous forecast of 335,000 tonnes in November. A Reuters poll recently had a median forecast for a 500,000-tonne surplus. ISO lowered global 2023/24 production to 179.7 million tonnes from 179.9 million previously and increased consumption to 180.4 million from 180.2 million. Brazilian production was increased to 44.52 million tonnes from 43.07 million previously, but Thailand's production was cut to 8.24 million from 9.48 million. Rainfall over Brazil's Center-South cane growing regions has been below normal for the past few months, and this is expected to have a negative impact on their upcoming 2024/25 cane crop. Brazil's record production this year has helped offset steep declines in India and Thailand, but they will be hard-pressed to repeat last year's performance. Thailand may recover with the end of El Nino and because high sugar prices could attract more cane planting.



TODAY'S MARKET IDEAS:

Revisions higher for the global supply deficit for 2023/24 could support an extension of this week's rally. The

widening premium of the March contract to the deferreds as it goes into expiration highlights the tight near-term supply. May sugar has approached the 200-day moving average four times since mid-January but has failed to move above that line, which at 23.60, acts as a key resistance area. Look for support at 21.93.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

SUGAR TECHNICAL OUTLOOK:

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SUGAR (MAY) 02/28/2024: The major trend could be turning up with the close back above the 40-day moving average. The daily stochastics gave a bullish indicator with a crossover up. Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The intermediate trend could be turning up with the close back above the 18-day moving average. Market positioning is positive with the close over the 1st swing resistance. The near-term upside target is at 23.40. The next area of resistance is around 23.07 and 23.40, while 1st support hits today at 22.29 and below there at 21.83.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (MAR) 02/28/2024: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The market back below the 18-day moving average suggests the intermediate-term trend could be turning down. The close below the 1st swing support could weigh on the market. The next downside objective is 362.65. The next area of resistance is around 373.15 and 379.50, while 1st support hits today at 364.75 and below there at 362.65.

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	22.68	54.36	52.57	29.05	34.67	22.21	22.32	22.64	22.04	22.10
CTAK24	98.80	76.27	74.90	79.54	84.54	95.39	94.51	92.08	86.71	85.27
CTAN24	97.68	74.29	73.16	73.62	77.96	94.40	94.02	91.99	87.06	85.66
CCAK24	6455	80.24	79.98	86.64	88.50	6282.00	5905.33	5596.39	4856.62	4688.00
OJAH24	368.90	53.38	55.15	48.27	45.42	373.31	369.61	371.32	338.69	345.39
KCAK24	183.05	45.60	47.11	25.52	21.74	181.53	183.90	186.18	185.67	185.01
MAH24	17.28	54.94	54.86	42.67	48.25	17.33	17.10	17.24	16.70	16.81

Calculations based on previous session. Data collected 02/27/2024

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	21.82	22.28	22.61	23.07	23.40
CTAK24	Cotton	93.47	96.67	97.73	100.93	101.99
CTAN24	Cotton	92.45	95.59	96.63	99.77	100.81
CCAK24	Cocoa	6247	6345	6466	6564	6685
OJAH24	Orange Juice	362.60	364.70	371.05	373.15	379.50
KCAK24	Coffee	174.95	179.50	182.05	186.60	189.15

MAH24	Milk	16.88	17.05	17.34	17.50	17.79
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